


Commercial and Industrial Land Use Study

Prepared by:

parioplan

In association with:

Colliers INTERNATIONAL

June 18, 2018

Prepared for:

Regional Municipality of Wood Buffalo

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REGIONAL MUNICIPALITY OF WOOD BUFFALO

By

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EXECUTIVE SUMMARY

Project Purpose

The Regional Municipality of Wood Buffalo (RMWB) engaged ParioPlan Inc. and Colliers International to undertake a *Commercial and Industrial Land Use Study* (CILUS) to assess and understand the current situation and future growth prospects for commercial and industrial land requirements until 2030. This report is an update to the previous CILUS, completed in January of 2010.

Key Findings

1. New Developments
   The 2010 CILUS identified that the RMWB was underserved in commercial and industrial land, however, since that time, a large amount of land and several new developments have been approved to fill the gaps in the office, hotel, retail and service commercial, and industrial sectors, including:

   - Eagle Ridge
   - Quarry Ridge
   - Prairie Creek Business Park
   - Athabasca Power Centre
   - Parsons Creek Commercial Parcels
   - Stoneycreek Village
   - Saline Creek/Rotary Lands area
   - Chipewyan Prairie Commercial Park
   - Airport Lands
   - Microtel Hotel and Suites
   - Best Western Plus Sawridge Suites
   - East Village Suites
   - River Station Suite Hotel
   - The rebuild of the Super 8 Motel
   - L Robert Industrial Park
   - Rickard Industrial Land Phase 2
   - Industrial Sites along Saprae Creek Trail

2. Office Market
   Since the completion of the 2010 CILUS, the market for office space in the RMWB has changed significantly. Based upon the inventory that Colliers International Consulting carried out in January 2017, the findings show a high vacancy rate of 31.5% in the Urban Service Area.

Total Leaseable Area (square feet)	Leased Area (square feet)	Vacant Area (square feet)	Vacancy
605,689	414,979	190,709	31.5%

   The RMWB has sufficient vacant office space as well as shovel ready lands, particularly in the City Centre, that can accommodate new office space. **The RMWB does not require the allocation of any additional lands for office development until the vacancy rate drops to 10%.**

3. Hotel Market

By the end of 2017, the inventory of hotel rooms within the community increased from 2,075 to 2,214 with the opening of the Microtel Inn & Suites. An occupancy level of approximately 54.2% for Fort McMurray is noted this year. The occupied rooms metric refers to the number of nights that a hotel room is occupied in a year and is calculated by multiplying the occupancy level by the number of rooms and multiplying that product by 365, the number of nights in a year.

Total Supply of Hotel Rooms in Fort McMurray (units)	Occupied Room Nights	Vacant Room Nights	Vacancy
2,075	424,589	332,786	45.8%

In terms of new development, it is noted that approximately one-third of the new supply will come from the expansion of existing hotels and two-thirds of the new supply will come from newly built facilities. Based on these observations, **the commercial land requirement in Fort McMurray for hotel development is estimated at approximately 1.08 hectares (2.67 acres) over the next five years.**

4. Industrial Market

The current supply of industrial land in RMWB is 999.81 gross hectares (2,470.63 acres), which includes approximately 221.11 hectares (546.24 acres) of shovel ready land that can accommodate new industrial development within 6 months. Currently, there are three business parks, namely Mackenzie Industrial Park, Taiga Nova Eco-Industrial Park, and L. Robert Industrial Park, that provide industrial land with servicing in the Urban Service Area. The Prairie Creek Business Park will offer additional 287.80 hectares (711.18 acres) of industrial land and is in the process of getting serviced. Need for industrial lands in the rural service area is provided by a number of dry servicing business parks such as the Rickards Landing, located near the intersection of Highway 63 and 881, as well the Chipewyan Prairie Commercial Park near Janvier, amongst other smaller industrial subdivisions. The following table provides a breakdown of industrial land allocation by area:

	Industrial Land Allocation (hectares)	Shovel Ready Industrial Land (hectares)	Industrial Land Surplus at Peak Demand (2020) (hectares)
Rural North	53.19	8.21	-37.52
Fort McMurray and Environs	773.56	126.52	301.16
Rural South	173.06	86.38	-114.16
Total	999.81	221.11	149.48

Based on the OSCA Employment and Population Projection, it is estimated that RMWB will experience peak demand for industrial land in 2020 requiring approximately 850 gross hectares (2,100.44 acres). Comparing that with the current total allocation of industrial land, **the RMWB will have a surplus land allocation of approximately 149.5 hectares (369.43 acres).** A breakdown by region is provided in the table above, with negative values indicating a shortage of land.

Additionally, there is a total of 4,493,240 square feet of leasable built up space in the industrial areas out of which 3,939,578 square feet has been leased, leaving a vacancy rate of 12.07% within the developed industrial areas. This vacancy value is too high to be considered healthy.

5. Retail and Service Commercial Market

Within the RMWB, the bulk of retail activity is focused in Fort McMurray spread across nine (9) retail centres in Fort McMurray. **There is a total of 2,703,108 square feet of retail development in Fort McMurray, of which 138,064 square feet are vacant.** Based on a full inventory analysis of retail developments in Fort McMurray conducted in the winter of 2017, the current retail vacancy in Fort McMurray is 5.1% which is considered low by industry norms.

Total Leaseable Area (square feet)	Leased Area (square feet)	Vacant Area (square feet)	Vacancy
2,703,108	**2,565,044**	**138,064**	**5.1%**

Using the population projection to calculate demand, and a projected market capture rate, **the RMWB can support an additional 530,297 square feet of retail development by 2026.**

Adding 530,297 square feet of net floor area would require approximately 18.47 hectares (45.64 acres) of undeveloped land. Comparing that to the currently available shovel ready commercial land supply of 125.10 hectares (309.15 acres), **the RMWB will have a surplus of commercial land**. A significant portion of this surplus land is available through major projects which are also serviced such as the Quarry Ridge Development, the Eagle Ridge Development, Parsons Creek Phase 1 and parts of the Saline Creek Area.

Based on the conclusions of this report, a series of recommendations are made to support a strategic and efficient approach to commercial and industrial development. The significance of the surplus or shortage of shovel-ready land is reflected in the specific recommendations found in Chapter 7. An action plan with timelines and responsibilities can be found in Appendix 4: Action Plan.

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1.0 INTRODUCTION

1.1 Background and Purpose

The Regional Municipality of Wood Buffalo (RMWB) is located in the northeast corner of Alberta. With an area of 66,361 km^2, it is one of the largest municipalities in the country. The economic heart of the RMWB is Fort McMurray, an urban area home to the bulk of the population. The RMWB contains a number of hamlets as well, including Conklin, Janvier, Anzac, Gregoire Lake Estates, Saprae Creek Estates, Draper, Fort McMurray, Fort McKay, Fort Chipewyan, and Fort Fitzgerald.

The Regional Municipality of Wood Buffalo engaged ParioPlan Inc. and Colliers International to undertake a *Commercial and Industrial Land Use Study* (CILUS) to assess and understand the current situation and future growth prospects for commercial and industrial land requirements. The previous CILUS for the RMWB was completed in January of 2010.

The RMWB is facing a number of challenges due to the tight link between the local economy and the oil and gas sectors, such as a lack of employment, high vacancy rates, and reduction in property values. A more diversified economy would strengthen the RMWB by creating resilience to the more volatile energy sector. The destruction of a large number of homes and the interruption to normal business associated with the wildfire in May 2016 has further compounded the economic situation affecting the demand for commercial and industrial space. This report forecasts industrial demand until 2030 and commercial demand until 2026. This time horizon is based on the population and employment projection provided by the RMWB.

The key objectives of this updated CILUS are the following:

1. To support a strategic approach to lands planning, marketing, and implementation;
2. To evaluate the degree to which regional and local demand for different types of industrial land is being met in appropriate locations consistent with regional sustainability goals;
3. To create a more resilient region that can reduce reliance on the oil and gas sector and conduct business in a more efficient manner by determining the optimal locations for developments;
4. To undertake a land use analysis with the goal of maximizing the land use efficiency of participating industries and by the municipality;
5. Support strategic economic development and link commercial and industrial strategies to land use, rural, and environmental protection priorities; and
6. Ensure that the RMWB remains competitive in its ability to attract commercial and industrial development.

The project methodology is provided in Appendix 1: Project Methodology.

1.2 Study Limitations

Due to the methodology used in this report, there are a number of limitations that may affect the validity of the findings. Effort has been made to minimize these limitations as much as possible. The limitations identified by the Consultant Team are as follows:

1. The vacancy survey conducted by Colliers International was conducted in January of 2017. This survey was completed at a point in time, therefore the information gathered has, and will, continue to change as spaces are occupied and new development takes place.

2. While the windshield survey method for assessing the occupancy and vacancy of commercial and industrial development in Fort McMurray was supplemented by discussions with realtors and assessment data provided by the RMWB, it is still possible that human error could have been made in the data collection.

3. The Consultant Team relied on existing statutory plans and regulations provided by the Regional Municipality of Wood Buffalo. As such, some information was not available or was limited (such as land use tables were not available in many of the Area Structure Plans). Many plans were created assuming very high growth scenarios and may not be realistic at this time. The Consultant Team used what was available to inform the study and it is assumed to be accurate.

4. Due to the effects of the economic recessions associated with depressed oil prices and the 2016 Wildfire and the resulting evacuation, the population and projected growth numbers were derived from uncertain circumstances and incomplete data. The Consultant Team has used the most recent data available, as approved by the RMWB, but changing economic conditions and the wildfire recovery process may affect the rate of population growth. As with any population projection, there is a degree of inaccuracy and assumptions; any projections must be used taking these factors into account.

5. Limited information was available regarding commercial and industrial land on First Nation land within the Regional Municipality of Wood Buffalo. The Consultant Team was able to receive information from the Fort McKay First Nation.

This Study was completed using the information available, however, if the market scenario or population forecast changes, the corresponding results would be inaccurate.

1.3 Study Assumptions

In order to complete the work required for this report, the Consultant Team made the following assumptions:

1. To forecast future demand for commercial and industrial land, the Consultant Team used OSCA population and employment projections provided by the RMWB. It is assumed that these projections are an accurate assessment of the RMWB's future population and employment growth. These projections include the

shadow population in Fort McMurray and the hamlets but does not include project accommodation population.

2. To assess the amount of existing commercial and industrial space and vacancies, Colliers undertook a windshield survey of the Urban Service Area and used assessment data provided by the RMWB. Commercial and industrial space in the rural areas was evaluated using satellite imagery along with GIS data provided by the Municipality. It is assumed that the information provided by the Municipality is accurate.

3. In determining the supply and demand of commercial area, it was assumed that areas zoned with a mixed-use designation would have commercial uses occupy the first-floor area and comprise an area equivalent to 20% of the gross parcel area.

4. The description of commercial and industrial trends was completed in February 2017. Trends stated in this document reflect the current state at that time and are expected to change in the next 20 years.

5. Based on conversations with Development Officers from the RMWB, the Urban Service Area will continue to be the primary growth area within the Municipality. The smaller hamlets and rural areas have seen little to no growth in the past 5 years and it is assumed this trend will continue.

6. The RMWB region contains a significant shadow population, defined as temporary residents employed in the region for more than thirty (30) days. The shadow population residing in Fort McMurray and the Hamlets have been incorporated into demand calculations, but it is assumed the shadow population living in work camps will not significantly alter the demand for commercial and industrial land in the RMWB.

1.4 Policy Context and Background Document Review

The following documents were deemed to offer direction on the location and provision of commercial and industrial land in the RMWB. Area Structure Plans, Area Redevelopment Plan, and Outline Plans were also considered, but are discussed in 4.0 LAND USE ASSESSMENT - SUPPLY as they relate to a specific area.

1.4.1 Comprehensive Regional Infrastructure Sustainability Plan (CRISP)

The CRISP is a Government of Alberta long-term plan for the Athabasca Oil Sands Area (AOSA). The document anticipates future population and economic growth in the AOSA and details a strategic plan for the provision of future infrastructure and community development to best support growth and development. The AOSA encompasses the southern portion of the RMWB as well as portions of adjacent municipalities. The document identifies a clear link between oil sands development and the economic growth of communities in the AOSA. The CRISP uses a framework of indicators to establish a phasing plan for infrastructure provision.

As increased oil sands production drives employment, the population of AOSA is anticipated to increase by 119% from 2008 to 2045. Strategic actions outlined in the CRISP include developing a regional transit strategy, identify and enhance transportation corridors, and ensure water and wastewater provision is adequate.

1.4.2 RMWB Municipal Development Plan Bylaw No. 11/027

The RMWB *Municipal Development Plan* (MDP) was approved in 2011. This document provides an integrated plan for development in the urban area, rural hamlets, and hinterland. The Plan was given a twenty-year timeframe and will remain in effect until 2030. The document predicts a regional population of 231,000 residents by 2030, required approximately 2,850 hectares of residential land, approximately 1,400 hectares of commercial land, and 5,700 hectares of industrial land. Included in the plan are strategic policy directions to manage regional, urban, and rural growth.

The Plan outlines six (6) goals for the municipality: Responsible Development, Environmental Stewardship, Economic Resilience, Home and Belonging, Vibrant Culture, and Working Together. Specific directions described in the MDP that relate to commercial and industrial land in the Municipality include:

- U.1.1 – Establishing the City Centre as a focal point;
- U.1.4 – Promoting the concentration of employment lands;
- U.1.5 – Plan for a hierarchy of retail and commercial centres;
- U.1.6 – Support expansion and economic development in the Airport Area;
- C.1.1 – Accommodate population and economic growth in Anzac.

Goal 3 of the MDP is Economic Resilience and describes specific actions such as:

- 3.1.1 – Promote commercial and retail development;
- 3.1.2 – Support strong secondary industrial sectors;
- 3.1.3 – Promote the development of local small business; and
- 3.1.4 – Pursue tourism opportunities.

The MDP is expected to be reviewed and updated to take into consideration lower growth.

1.4.3 RMWB Land Use Bylaw No. 99/059

The Land Use Bylaw (LUB) regulates the use and development of land within the RMWB. The LUB provides the zoning framework, as well as the permitted and discretionary uses and additional site provisions associated with each district in the RMWB. The LUB currently describes 25 districts for commercial and industrial purposes. A table of each commercial and industrial district and their purpose statement in the LUB is provided in Appendix 2: Commercial and Industrial Land Use Districts

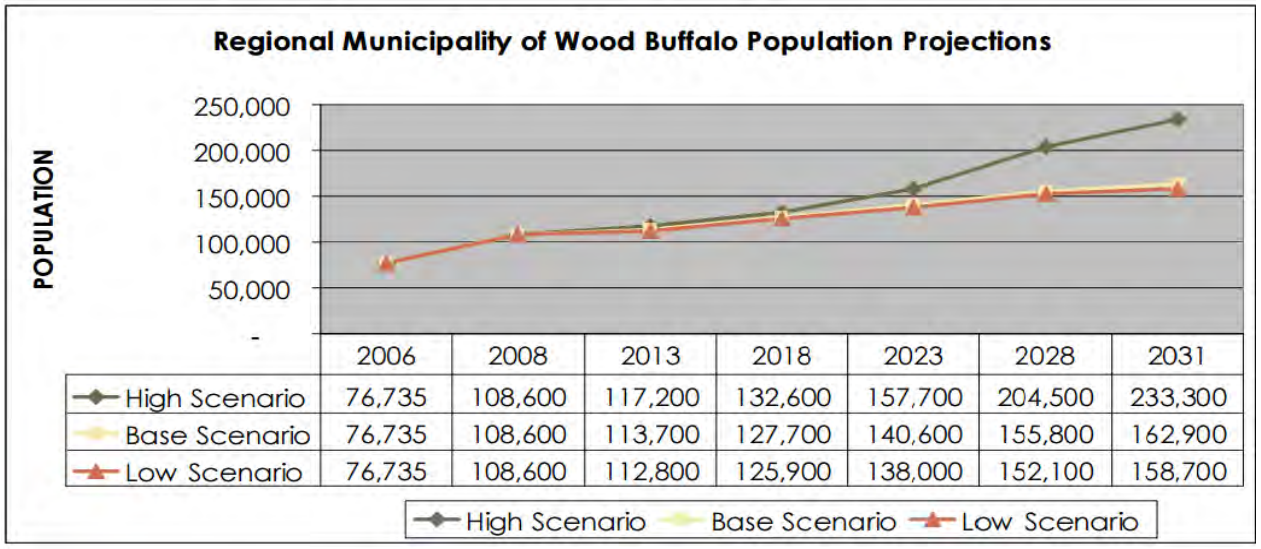
1.4.4 2010 Regional Municipality of Wood Buffalo Commercial and Industrial Land Use Study (CILUS)

In 2010, the RMWB approved a CILUS Report which identified the following gaps and needs

- Commercial:
  - Based on industry norms, the RMWB was underserved in Non-Food Store Retail Businesses and in vacant commercial space.
  - Non-Food Store Retail was reported to be generally underserved in all retail categories, including furniture and home furnishing, electronics and appliances, home improvement, building supply, and garden centres.
  - Vacant land was significantly less than what was considered healthy for a market. It was noted that almost all vacant commercially designated lands are located in the Gregoire area of the Urban Service Area, along the east side of Highway 63.
  - The RMWB has very little market availability for office space. The "downtown area should be looking to establish two or three multi-storey office buildings that are capable of supporting various tenants engaged in professional services".
- Industrial:
  - There is a "*critical need for industrial business parks in the Urban Service Area*". It was found that the RMWB could support one or possibly two business parks of larger scale than the Mackenzie Business Park.
  - There is a limited supply of vacant industrial space in the RMWB, leading to high industrial land value.

The 2010 CILUS determined the RMWB currently has a supply of 240 hectares (593.06 acres) of land allocated for commercial use and 420 hectares (1,037.86 acres) of land allocated for industrial use.

Figure 1: 2010 CILUS Population Projections



The 2010 CILUS assumed that the population and workforce growth would give to a high or low projection by 2031. The High Growth Scenario projected a population of 233,300 residents, while the Low Growth Scenario projected a population of 158,700. Since the 2010 CILUS, the economic conditions of the RMWB have changed considerably.

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2.0 ECONOMIC OVERVIEW

Key Findings

- The May 2016 Wildfire was one of the costliest disasters in Canadian history. The destruction or damage of an estimated 1,935 residential and 23 commercial and industrial structures, and a halt to economic activity in Fort McMurray.
- The shutdown of activity in Fort McMurray and the surrounding oil sands facilities was a major hit to the local economy in the short term.
- Due to the wildfire, it is estimated that the real GDP of the RMWB experienced a 12% loss compared to the pre-wildfire baseline scenario.
- The rebuilding effort was expected to boost real GDP in the municipality by 3.8 percent and employment by 4.0 percent from 2016 to 2017, with the construction industry accounting for the lion's share of the gains.
- Despite the significant costs, it is projected that the GDP in the following years will increase due to the rebuilding and recovery effort.
- It is estimated by the Conference Board of Canada that $5.3 billion dollars will be reinvested into the Province, through insurance and government payments. According to the Insurance Bureau of Canada, insurance claims are expected to total $3.6 billion, with $2.4 billion being for personal insurance such as home and automotive claims. The replacement of household goods lost in the fire is expected to add $600 million to household consumption, some of which will go towards local businesses.
- The population is projected to increase from 76,580 in 2016 to 86,318 in 2030.
- The employment is projected to decrease from 39,450 jobs in 2016 to 36,600 jobs in 2030.

2.1 Socio-Economic Forecast

Fort McMurray is considered the heart of Canada's Oil Sands, located in the Athabasca Oil Sands, a large reserve of crude bitumen. The economy also relies on natural gas and oil extraction, construction, and forestry as economic drivers. The major employers in the oil and gas industry are Syncrude Canada, Suncor Energy Inc., and Canadian Natural Resources, however, a number of other oil investment companies are involved in the Athabasca Oil Sands. Employers in the construction sector include PCL Construction, AECOM, and the North American Construction Group. Alberta Pacific Forest Industries, Millar Western Forest Products, and Northland Forest Products are employers in the forestry sector. Government agencies are also major employers in the region. This is not an exhaustive list of significant employers in the region. The economy of the RMWB experiences periods of boom and bust associated with resource based economies, as can be seen in the downturn that resulted from the decrease in oil and gas prices from 2014 to 2016.

Access to the RMWB from the south and southwest is provided by Highways 63 and 881. Additionally, the Fort McMurray International Airport has domestic flights from Calgary, Edmonton, Toronto, and Vancouver, as well as a regional airport in Fort Chipewyan. There is also a CN rail line in the region, with the Lynton terminal near Fort McMurray.

In 2017, the RMWB obtained updated information with respect to the overall economic impact of the wildfire, as knowing the variance pre-to-post fire is critical to the recovery efforts. The RMWB approved an updated population and employment projection produced by the Oil Sands Community Alliance (OSCA), which was then used as an input for this report.

2.1.1 Effects of the Downturn

The Conference Board of Canada, a not-for-profit applied research organization, released a report titled Economic Outlook: Economic Insights into Wood Buffalo, detailing the effects of the 2015 economic downturn on the RMWB's economy and the projected economic conditions. Because the economic growth of the RMWB is closely tied to the global price of oil, the declining oil price over the course of 2014 and 2015 resulted in significant declines in GDP and employment. In 2015, the real GDP of the RMWB declined by 2.7% and employment by 1.7%. The downturn was projected to continue through 2016; real GDP was expected to fall by 0.9%.

The figure below shows increasing price of industrial land in Fort McMurray from 2009 to 2014 and the decline in industrial land sale price following the decline in oil and gas price in 2014. Note that there were no transactions in 2007.

Figure 2: Average Sale Price per Acre of Industrial Land 2005-2015

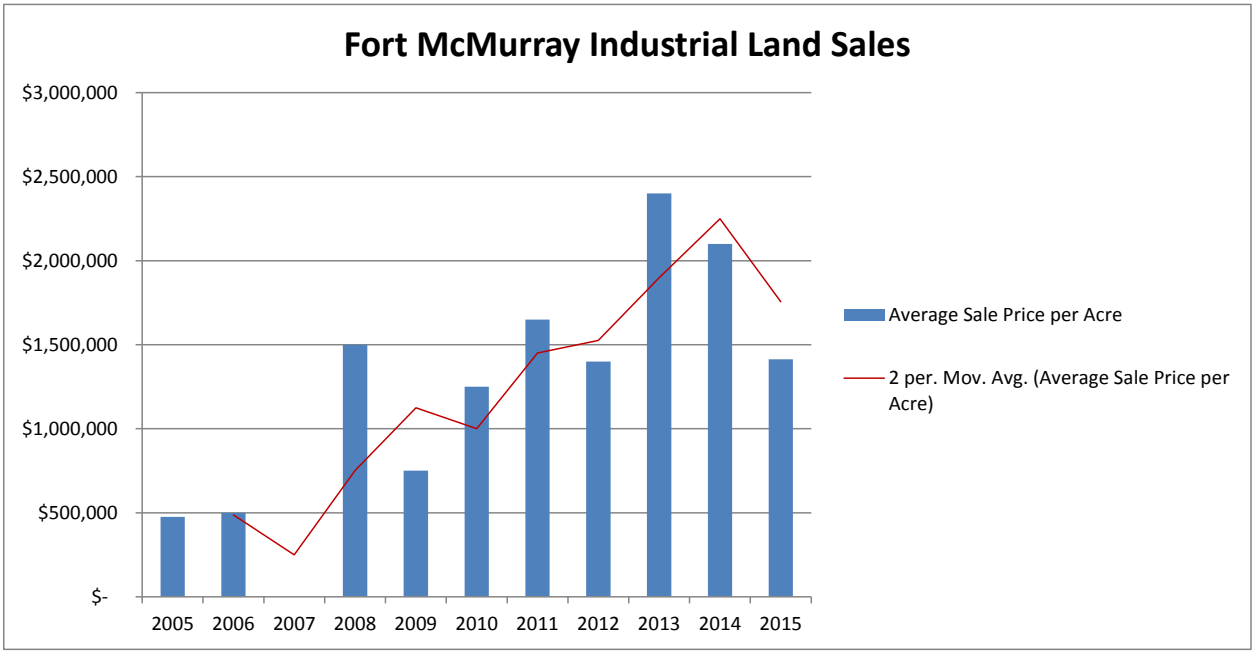
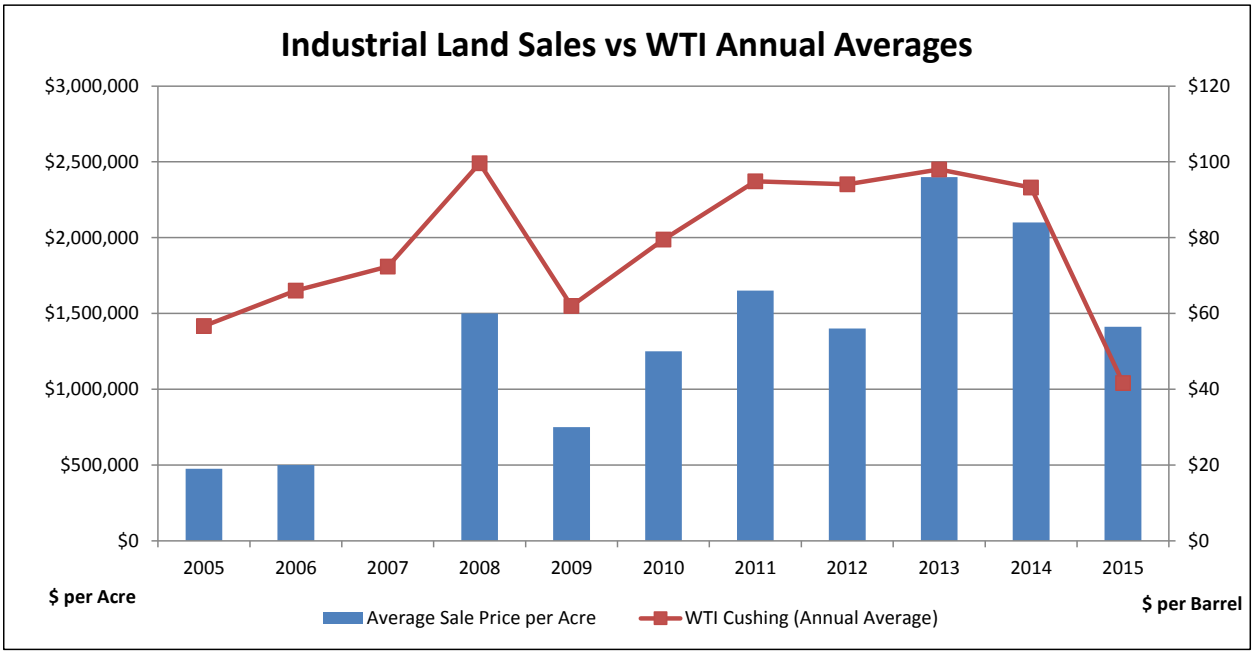


Figure 3: Industrial Land Sales per Acre Compared to the price of Oil per Barrel 2005-2015



As illustrated in the graph above graph, a consistent trend is noted when comparing industrial land sales with the annual stated price of oil for each year prior to 2015. In particular, as oil prices were at levels of $80 to $100 per barrel, industrial land prices tended to be at their peak levels of $2,000,000 to $2,500,000 per acre. That being said, it must be noted that there were only limited transactions during 2013 and 2014 of serviced industrial land within the Fort McMurray City limits due to minimal availability. However, it cannot be ignored that oil prices are very much an influential contributing factor towards real estate value as well as demand in this market.

Beyond 2016, the Conference Board of Canada projected that economic growth would continue in the Municipality, but the rate of GDP growth would be far slower than the rapid growth that characterized the RMWB from 2010 to 2014. In 2016, the RMWB experienced the tragedy of the May 2016 Wildfire, which had a significant effect in worsening the economic conditions of the Municipality.

2.1.2 Effects of the May 2016 Wildfire

On May 1, 2016, the wildfire began southwest of Fort McMurray, Alberta, destroying approximately 1,900 homes and buildings, including 23 commercial and industrial buildings, and forcing the largest wildfire evacuation in Alberta history. It continued to spread across northern Alberta and into Saskatchewan, consuming forested areas and impacting Athabasca oil sands operations.

On May 18, the Alberta government provisionally announced a phased re-entry of residents into Fort McMurray starting on June 1 and ending on June 15, given that a set of key conditions is met, including: that the wildfire no

longer poses a threat and that hazardous areas can be secured; that local government can be re-established; and that essential services such as emergency services, transportation, utilities and essential businesses can be re-established, as well as the infrastructure that supports these services. Some undamaged homes were declared unsafe for reoccupation, due to contamination from arsenic and heavy metals.

As of the Effective Date of this report, the number of returnees to the region is uncertain, and actual population forecasts, as well as local vacancies in all asset classes, continue to be problematic to assess. The May 2016 Wildfire destroyed 10 percent of Fort McMurray's housing. How the housing market will react to the wildfire depends on the nature of government relief, underlying economic growth and migration from Fort McMurray.

The initial cost for the province to fight the May 2016 Wildfire was $615 million. The figure does not include the loss of revenue from the break in oil sands production, loss of royalty revenue, and the cost of the cleanup. It also does not include the cost of property loss, which is expected to be in the billions. The November 2016 Conference Board of Canada report, *The Economic Impacts of the 2016 Wildfire* details both the costs of damages and delayed production as well as projected economic activity until 2019. The May 2016 Wildfire was one of the costliest disasters in Canadian history. The fire caused the evacuation of over 88,000 residents and a halt to economic activity in Fort McMurray and the surrounding areas. The delays resulted in oil production losses totalling 47 million barrels and costing producers $1.4 billion in revenue in 2016. The disaster also resulted in significant government costs; the Alberta Government paid an additional $369 million for firefighting above the value estimated in the provincial 2016/2017 budget, allocated $195 million for the Wood Buffalo Wildfire Disaster Recovery Program, and paid approximately $200 million in public assistance to households that had to relocate.

The shutdown of activity in Fort McMurray and the surrounding oil sands facilities is a major hit to the local economy in the short term. In regard to commercial and industrial real estate demand and vacancy, it is expected these will also stabilize in the short term with the immediate need for space and land for on-going re-construction and continued service to the oil sands sector throughout the Municipality. At the provincial level, however, much of the economic activity lost in Fort McMurray will accrue elsewhere. Families moved temporarily to other areas, mostly within Alberta, and they spent on food and accommodations and other services — with much of the spending covered by insurance, donations, or government transfers.

2.1.3 Effects of the Wildfire Recovery Effort and Forecast Growth

The Conference Board of Canada Report *Provincial Outlook Winter 2016*, assessed the post-wildfire scenario for the RMWB. The Conference Board expects 2,574 new homes to be built along with repair works, the furnishing of homes, and purchases of new cars, helping to boost residential construction spending and retail sales.

In addition to the massive residential rebuilding effort, it is assumed that the 23 commercial and industrial structures that were destroyed in the fires will be rebuilt. Because the municipality lacks economic and retail diversity, many inputs such as construction materials, household durables, and services required will be imported. As such, the rebuilding effort will indirectly bolster economic activity in other parts of Alberta and in the rest of Canada. Still, despite these leakages, we expect the rebuilding effort to boost sales in the RMWB as well.

The economic activity generated by the Wood Buffalo rebuilding effort and other spending, both private and public, will help governments recoup some funds. Unfortunately, the sizable loss in oil sands revenues that occurred in

2016, affecting corporate income tax collections at both provincial and federal levels, will not be recouped even over the four-year recovery horizon. In addition, Alberta will suffer a net loss to royalty revenues from the one-time hit to production in 2016.

Overall, the federal government stands to recover about $142 million over the 2016–19 period, while the provincial government could recover only $40 million given generally lower tax rates and its dependence on royalty revenues. It is estimated by the Conference Board of Canada that $5.3 billion dollars will be reinvested into the Province, through insurance and government payments. According to the Insurance Bureau of Canada, insurance claims are expected to total $3.6 billion, with $2.4 billion being for personal insurance such as home and automotive claims. The replacement of household goods lost in the fire is expected to add $600 million to household consumption, some of which will go towards local businesses.

According to the Conference Board of Canada Economic Outlook, in 2016, the RMWB had a GDP of $12.5 billion (2007 dollars). The GDP grew significantly over 2017 and is expected to maintain slow growth from 2018 to 2021. According to the labour force survey produced by Statistics Canada for April 2018, the Wood Buffalo-Cold Lake region had an unemployment rate of 6.0%, employment rate of 73.1%, and a participation rate of 77.7%.

Economy of Alberta – Post wildfire

To provide context for the economy of Wood Buffalo, the following statistics from the same April 2018 labour force characteristics table are provided for the Province of Alberta. Alberta has a population of 3,454,500 with a labour force of 2,469,700. The Province of Alberta has a participation rate of 71.5%, an employment rate of 66.7%, and an unemployment rate of 6.7%. In 2016, the province had a GDP of $290.6 billion.

2.2 Commercial and Industrial Rents and Absorption

Commercial and industrial absorption rates were not available from the RMWB and from discussions with the realtors as demand for investment real estate has weakened amid decreasing expectation of rental rates and increased vacancy.

This reflects how availability of commercial office space had gone up significantly in recent years. New commercial sites such as the Quarry Ridge project (by Camgill), commercial and industrial lands at the airport, commercial lands at Saline Creek and Parsons Creek Phase 1 and 2 (town centre site) have offered significant increases in supply, with very little or no uptake in the form of new developments. Similarly, new industrial lands were brought into the market by likes of L. Robert Industrial Park, Prairie Creek, with very little uptake of parcels. The projects built on L. Robert Industrial Park also have vacancies, suggesting they were built on speculative basis.

Due in large part to the more restrictive financing market, as opposed to the actual quality of the real estate, several lenders have retreated from the market; curtailed their commercial lending activity; become more selective in their loan commitments; required a higher equity component; or are generally unwilling to accept higher *Capitalization Rates*.

Figure 4: Fort McMurray Average Industrial Lease Rates

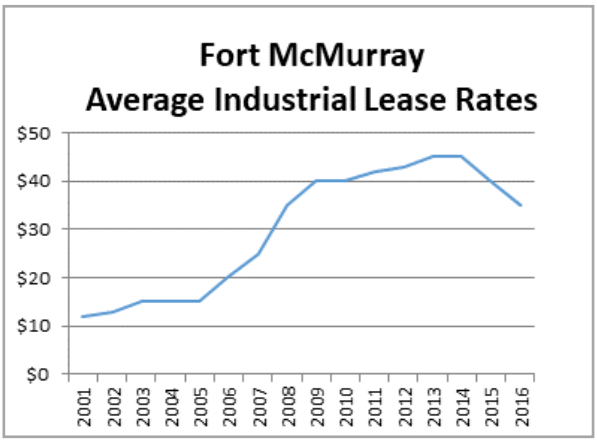
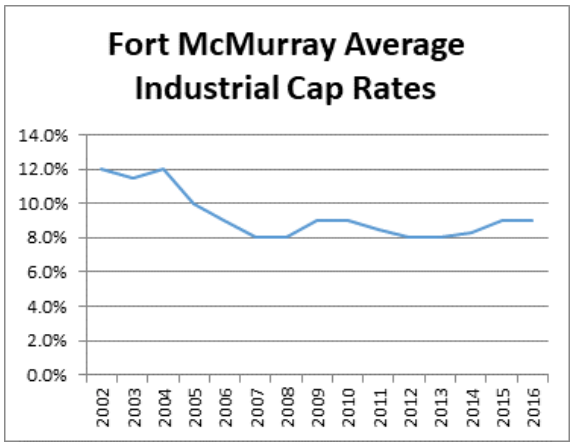


Figure 5: Fort McMurray Average Industrial Cap Rates



Indications are that increasing trends in *Overall Capitalization Rates* for industrial investment assets continued throughout 2017. In further support of this it is anticipated that rental rates will decrease as increasing vacancy rates, less demand, and stabilized construction costs will place continued downward pressure on rental rates in the Fort McMurray market (see graphs above).

2.3 Population Growth Projections

The Consultant Team utilised a population projection commissioned by the Oil Sands Community Alliance (OSCA), which was approved by the RMWB Council. This projection accounts for the depressed oil and gas prices and resulting decreased workforce requirements for oil sands operation as well as the impacts of the 2016 Wildfire and recovery effort.

The OSCA projection includes both the permanent and shadow population in urban and rural communities in the RMWB. The projection does not include work camp population, which fluctuates as workers fly-in and fly-out. The Conference Board of Canada does provide a projection of work camp projections but only until 2021. The RMWB administration was requested by Council to use the OSCA population; this request was then passed onto the Consultant Team.

2.3.1 Population Forecast 2016-2030

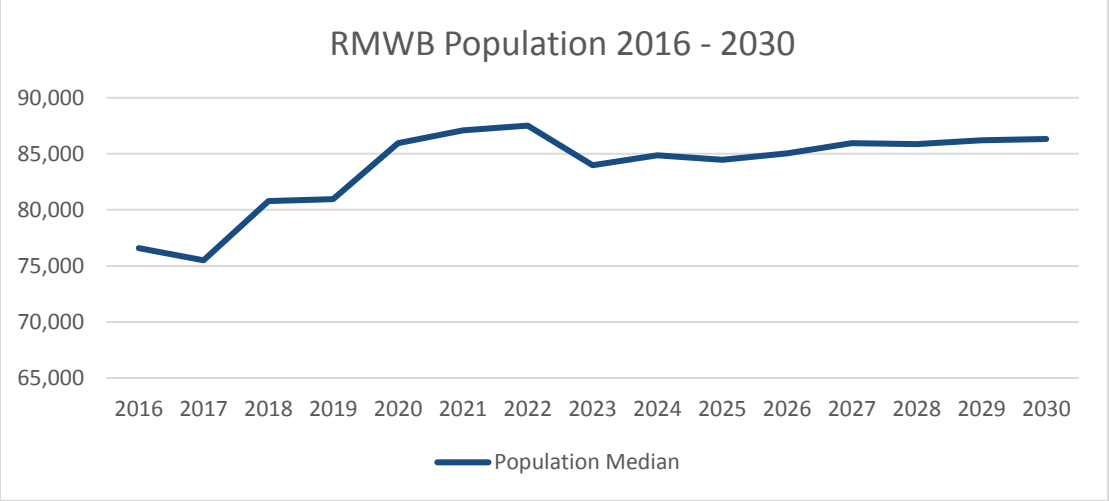
The OSCA projection generated a high and low growth forecast scenario for the Regional Municipality of Wood Buffalo, separated into urban and rural population. The peak population of 85,100 is expected to occur in 2022. Because the OSCA projection provides the upper and lower boundary, the Consultant Team has used a median population for each of the following years:

Table 1: Population Forecast 2017-2030

	Urban			Rural			Total		
Year	High	Low	Median	High	Low	Median	High	Low	Median
2016	74,200	71,800	73,000	3,580	3,580	3,580	77,780	75,380	76,580
2017	75,500	68,700	72,100	3,419	3,378	3,399	78,919	72,078	75,499
2018	79,200	75,000	77,100	3,715	3,633	3,674	82,915	78,633	80,774
2019	79,600	75,000	77,300	3,703	3,620	3,662	83,303	78,620	80,962
2020	83,800	80,300	82,050	3,942	3,859	3,901	87,742	84,159	85,951
2021	84,700	81,600	83,150	3,993	3,910	3,952	88,693	85,510	87,102
2022	85,100	82,000	83,550	4,005	3,922	3,964	89,105	85,922	87,514
2023	81,800	78,600	80,200	3,833	3,751	3,792	85,633	82,351	83,992
2024	82,700	79,400	81,050	3,866	3,783	3,825	86,566	83,183	84,875
2025	82,300	79,000	80,650	3,842	3,760	3,801	86,142	82,760	84,451
2026	82,900	79,500	81,200	3,863	3,781	3,822	86,763	83,281	85,022
2027	83,800	80,400	82,100	3,902	3,820	3,861	87,702	84,220	85,961
2028	83,700	80,300	82,000	3,895	3,813	3,854	87,595	84,113	85,854
2029	84,100	80,600	82,350	3,908	3,826	3,867	88,008	84,426	86,217
2030	84,200	80,700	82,450	3,909	3,827	3,868	88,109	84,527	86,318

The following graph represents the population projections for the RMWB over the forecast period.

Figure 6: Population Forecast 2016-2030



2.4 Employment Growth Projections

In order to complete the industrial demand analysis, the Consultant Team used employment projection figures commissioned by OSCA and provided by the RMWB.

2.4.1 Employment Growth Forecast 2016-2030

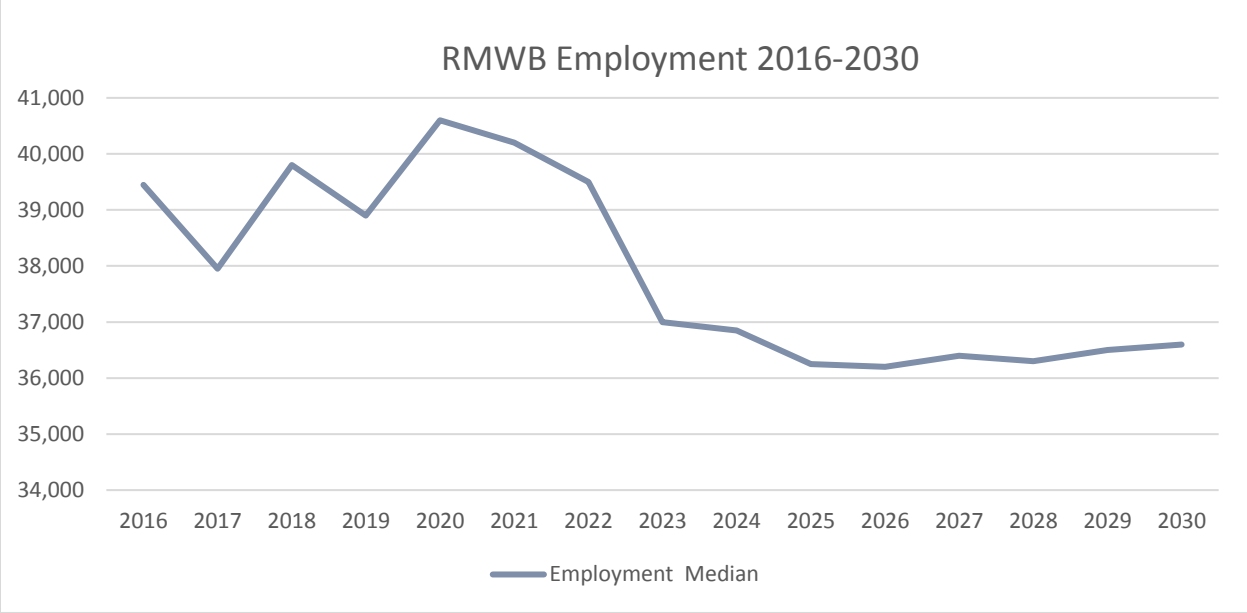
Because the employment forecast provides an upper and lower boundary, the Consultant Team has taken the median employment forecast for each of the following years. The peak employment of 41,500 is expected to occur in 2020.

Table 2: Employment Forecast 2016-2030

Year	High	Low	Median
2016	40,100	38,800	39,450
2017	39,800	36,100	37,950
2018	40,900	38,700	39,800
2019	40,100	37,700	38,900
2020	41,500	39,700	40,600
2021	41,000	39,400	40,200
2022	40,300	38,700	39,500
2023	37,800	36,200	37,000
2024	37,600	36,100	36,850
2025	37,000	35,500	36,250
2026	37,000	35,400	36,200
2027	37,200	35,600	36,400
2028	37,100	35,500	36,300
2029	37,300	35,700	36,500
2030	37,400	35,800	36,600

The following graph represents the employment projections for the forecast time period.

Figure 7: Employment Forecast 2016-2030



3.0 LEARNING FROM OTHER PLACES: TRENDS AND BEST PRACTICES

Key Findings

Retail

- With the decline in power centres and the increasing popularity of neighbourhood retail streets and lifestyle centres, careful consideration has to be given to an appropriate mix of retail typologies and the policy and infrastructure to support them.
- Omni-channel retail (e-commerce) is on the rise in Canada and the rest of the world as technological advances have made it cheap, convenient, and quick for consumers. Retailers are moving towards needing less physical space and more fulfillment and warehousing to fill orders. This is leading towards less demand for large retail space and increasing demand for industrial space.
- Traditionally there was a correlation between the size of a retail centre and retail metrics such as visit frequency, trade area capture, and position on the spectrum from discount to luxury. The retail hierarchy has flattened out to resemble a system of retail clusters and corridors. As a result, conveniently located shopping centres are being replaced by larger retail clusters, with a much greater selection of merchandise than could be offered by traditional community shopping centres and large shopping malls and power centres are being converted to smaller lifestyle centres and retail clusters.

Office

- Telecommuting is becoming a popular option for many people wanting a comfortable and flexible working environment and a higher quality of life. This trend is expected to continue as working from home becomes easier and more widely accepted in the workplace. This will decrease the demand for traditional office space while shared offices or collaborative spaces will become common.
- Offices in North America are shrinking and becoming more efficient due to new and portable technology. The average worker will have an expected 151 square feet of office in 2017 but have access to more common space and amenities within the buildings they work in. Support for these new offices can be offered by creating mixed-use zoning and bonuses for building with included amenities.

Industrial

- Eco-industrial developments that share resources and products are becoming more popular, with several prominent examples across Canada, including the Taiga Nova park in the RMWB. Eco-Industrial Parks accommodate industrial growth in a way that optimizes efficiency of land use and increases profits while simultaneously minimizing environmental damage.
- Continuing growth of online shopping is driving up demand for warehousing space containing distribution and fulfilment centres with high ceilings and modern logistics technology to quickly move and distribute products. Large scale warehousing is needed to store and distribute products on a national and regional scale while smaller “Last-Mile” distribution points in close proximity to their customer base are in short supply. This is driving demand for warehousing space across the board and in a variety of locations.
- Industrial parks and space are moving towards not only having zoning for light, medium and heavy uses but incorporating alternative types of industrial development such as dry industrial parks and intermodal and distribute products. Large scale warehousing is needed to store and distribute products on a national and regional scale while smaller “Last-Mile” distribution points in close proximity to their customer base are in short supply. This is driving demand for warehousing space across the board and in a variety of locations.
- Industrial parks and space are moving towards not only having zoning for light, medium and heavy uses but incorporating alternative types of industrial development such as dry industrial parks and intermodal facilities to transport goods. Dry industrial parks offer a lower servicing standard and cheaper rates for use that do not require servicing while intermodal facilities offer better options for quicker and more agile supply chain operations for nearby businesses. These trends are creating demand for large tracts of land for moving and storing goods along supply chains.

3.1 Retail Development Trends

In recent years, North American retailing and retail development has been more evolutionary than revolutionary. Some of the most fundamental changes that have been experienced by retailers in recent years have been the transition of the shopping centre industry with the evolution of the "power centre" and other new retail formats. Power centres continue to enhance their tenant selections and design standards, while enclosed mall owners are expanding, remerchandising, and repositioning their properties to maintain their competitiveness and relevance to today's consumers. In this section, we discuss some of the more prevalent trends in the retail and commercial development industries, including:

- Power Centres and Large Format Retailers;
- Blurring of the Retail Hierarchy;
- Lifestyle Centres;
- Town Centre and Mixed-use Developments;
- Redevelopment of Obsolete Malls;
- Rebuilding Neighbourhood and Downtown Retail;
- Transit Oriented Development; and
- Omni Channel Retail

3.1.1 Power Centres and Large Format Retailers

The advent of larger and larger store sizes and the increasing popularity of lower cost, industrial-style retail warehouse stores have altered the competitive position of the traditional regional shopping centre. In Canada, many power centres began with tenants such as a warehouse membership club and home improvement centre. They evolved from their discount warehouse beginnings in the 1970s and 1980s to account for the greatest portion of new retail real estate in the 1990s and 2000s.

Traditionally, big box stores fell largely into two categories: 1) those focused on using their corporate size and buying power to achieve cost savings to the consumer (e.g. Costco, Walmart, etc.); and 2) those that used their store size to provide the maximum assortment of styles, brands and merchandise within a single category (e.g. Toys R' Us, Indigo/Chapters, PetSmart, Staples, etc.)

In the last decade, due to competition largely from online retailers, a greater variety of retailers have developed 'big box' formats. Supermarkets and drugstores, for example, are seeking the same locations as power centres. Now these stores are becoming significantly larger and are relying on a broader population base. Many retailers are now changing from a strategy of multiple outlets serving local neighbourhoods to fewer, regional serving operations. This has had an impact on small and midsized shopping nodes such as strip centres and small enclosed malls.

This trend of large retail floor plates and stores with regional draws has distinct land use implications. Large format retailers seek large vacant land parcels in locations which offer high profile highway and arterial access. Unlike community and neighbourhood retailing, large format retailers do not necessarily require the same close proximity to residential areas, since their offerings and merchandising approach encourage consumers to travel via arterial

roads from a further distance, less frequently. Large format retailers have typically followed two locational strategies:

1. **Low-cost locations** on industrial lands or greenfield sites on the urban fringe that provide for expansive parking areas and regional accessibility. Because industrial lands have needs for large truck movements and highway access, they have aligned locational characteristics for large format retailers.

2. **Clustering** around existing regional shopping centres and older power centres, known as "shadow anchors". This is accomplished through both redevelopment and greenfield development, and results in super-regional retail clusters.

Why has this Trend been Successful?

Big box retailing and power centres have been hugely successful due to their ability to use economies of scale and agglomeration, together with low real estate costs, to offer the consumer:

- Low prices;
- Merchandise variety;
- Brand depth within merchandise categories;
- Convenient connections to the highway and arterial road network;
- Abundant and visible parking; and,
- Simplicity in internal orientation in contrast with enclosed shopping malls.

All of these attributes appeal to modern consumers' increased need for time and cost savings.

Implications for Planners

While appealing to basic consumer needs, power centres and big box retailers are in obvious contrast to the goals of sustainable development. They score very poorly in terms of urban form, transit supportiveness, walkability, and integration with surrounding communities. In developing guidelines for future commercial development, planners must seek to strike an appropriate balance between the beneficial attributes of large format retailing and the desire for sustainable community design.

3.1.2 Blurring of the Retail Hierarchy

Historically, a retail hierarchy existed, and simply mentioning the anchor tenants and the centre size would also convey other meaningful metrics such as the visit frequency, the trade area size, and its market position from discount centre to luxury mall. The gradual progression of changes in retail formats described above has altered the role and function of existing and planned commercial areas. The presence and number of department store tenants; or a centre's Gross Leasable Area (GLA) is no longer the major factor distinguishing levels of the retail hierarchy. At one time, the number of traditional department stores (e.g. Eatons, Sears, The Bay, Simpsons) was a defining characteristic of the upper levels of the retail hierarchy and also dictated the market size and trade area reach a centre was likely to achieve. A shopping centre with one traditional department store was classified as a "sub-regional centre". A shopping centre with two traditional department stores was classified as a "regional centre" and a shopping centre with three or more traditional department stores was classified as a "super regional centre".

Although the size of a power centre can provide some guidance as to where in the hierarchy it might fit, size alone is not a good determinant of function in today's retail environment. For example, a 300,000 square foot power centre with a Walmart Supercentre and a Canadian Tire, will serve different needs than a similar sized centre containing a Costco and an IKEA. Furthermore, large format retailers often develop over time on adjoining sites and not necessarily as a single planned shopping centre. Often this leads to a patchwork of plan amendments and land use designations within what is effectively a single commercial cluster or "power node". At the same time, many successful retailers have broadened their merchandise offerings to non-traditional lines. (e.g. groceries in Walmart; clothing and home décor in Real Canadian Superstore; snack foods in Canadian Tire; frozen and refrigerated goods in Shoppers Drug Mart and London Drugs).

The retail hierarchy has flattened out to resemble a system of retail clusters and corridors. Smaller stand-alone community shopping centres cannot compete with emerging power centres and power nodes. As a result, conveniently located shopping centres are being replaced by larger retail clusters, with a much greater selection of merchandise than could be offered by traditional community shopping centres.

Why has this Trend been Successful?

Consumers are demanding increased variety and time saving shopping opportunities, while at the same time, large retail organizations have the distribution networks and supplier leverage to effectively handle broader merchandise lines.

Implications for Planners

Commercial developers cannot be innovative in their centre designs unless the retailers demand it. Retailers loathe to establish stores that deviate from what they know the consumer wants, as they are in an extremely competitive market. Planning according to a rigid hierarchy is difficult and may not necessarily result in the desired outcome. Many restrictive commercial policies based on store types have become outdated, as stores expand into new product lines. For example, many communities which had by-laws restricting supermarkets on certain sites were powerless to prevent Walmart from constructing major grocery components. Similarly, the size of a retail site is not necessarily an indication of the level of the hierarchy it will ultimately serve. To respond to this trend, planning policies should place more emphasis on location and community design rather than on regulating store types. While a distinction still needs to be made between neighbourhood-oriented retailing and retailers serving a more City-wide or wider serving function, the fine-grained hierarchy of the past is impractical given today's trends.

3.1.3 Lifestyle Centres and Town Centre Developments

As an alternative to the power centre, which has been criticized for not adapting to non-automobile trips and lacking the aesthetic form and appeal required to attract the upscale market, some development companies are turning to "lifestyle centres" and other hybrids. Lifestyle centres have been operating in the United States for over 20 years, however, what constitutes a lifestyle centre is often considered a difficult question to answer as more are built and the format evolves to fit different market needs. Not only has the size of "lifestyle centres" changed over the years, but also their design and tenant mix. The term "lifestyle centre" is now being referred to as a "catch-all term" for a number of diverse projects across North America.

Lifestyle centres are aiming to strike a balance between the mall shopping experience, the high street shopping experience, and the need for big box specialty tenants to create a regional draw. Currently, lifestyle centres are mainly developed in the United States and can have both interior and exterior components. In Canada, the first "lifestyle centre" was developed as part of Park Royal Shopping Centre in North Vancouver. Many of these centres focus on high fashion and include upscale retailers such as Pottery Barn, Williams Sonoma, Restoration Hardware, Ann Taylor, etc. The Shops at Don Mills recently opened in April 2009 in Toronto at Don Mills Road and Lawrence Avenue on the site of the former Don Mills Centre. The new centre incorporates pedestrian networks, a water feature, gathering spaces and ample parking into its design. To differentiate lifestyle centres from typical power centres, developers have used theming, internal pedestrian connections, high quality design, and entertainment and dining attractions.

Industry experts have often questioned why the lifestyle centre concept has been slow to emerge in Canada.

The Shops at Don Mills, Toronto
Source: http://blog.navut.com/top-10-best-malls-christmas-shopping-in-toronto/

Park Royal Shopping Centre, Vancouver
Source: http://shopparkroyal.com/village-park-royal

The Shoppes at Arbor Lakes, Maple Grove, Minnesota
Source: http://www.minneapolisnorthwest.com/blog/blog-locals-love-it-arbor-lakes-shopping-dining/

As indicated in a publication by the Centre for the Study of Commercial Activity (CSCA) "lifestyle developments in Canada have been minimal due to a few significant differences between the Canadian and American marketplace, including:

- The cold climate through winter means shoppers will not want to walk around a lifestyle streetscape with an open-air configuration;
- The relatively uniform distribution of affluent households in Canadian cities compared to American cities pushes luxury retailers to central locations in Canadian downtowns rather than suburban lifestyle centres; and,
- The comparative conservatism of Canadian retail development compared to south of the border."

The CSCA indicates, however, that open-air centres in the form of power centres have been successful in Canada based on their widespread growth, indicating that Canadians are willing to withstand cold temperatures. In the U.S., the cold climate has not had an impact as there are numerous open-air lifestyle centres that have been developed in the northern Snowbelt region with design and technology to offer shelter from the elements. For example, Oakbrook Center and Old Orchard are two successful open-air shopping centres in the Chicago area, a notoriously cold and snowy region in the US. The lack of lifestyle centres in Canada has likely more to do with income characteristics and shortage of high-end specialty retailers.

The CSCA indicates that, unlike the US, Canada has not witnessed the same degree of suburbanization of affluence; instead Canadian suburbs are immersed in the "middle-ground", making it harder to identify markets for lifestyle-type developments. Despite the fact that lifestyle-type centres have been slow to emerge in Canada, there is increased impetus to develop alternative retail formats. The CSCA indicates that the traditional power centre has entered the mature stage of its lifecycle and that consumers are fatigued with the concept. New forms of retail development with so-called "lifestyle" components are emerging in Canada. In addition, existing centres are re-inventing themselves with the addition of new "lifestyle-focused" components. As indicated by the CSCA, in some cases, the new format centres can be considered as "more sophisticated power centres with design features to soften the function and form of the centres". Terms such as "power town", "power plus centre", and "omni-centre" are being used to describe centres which incorporate aspects of power centres, lifestyle centres and malls. This has led to a number of new format centres with lifestyle components being built across Canada in recent years, with others planned or under construction.

The emergence of "new urbanism" or neo-traditional development as an approach to community planning has resulted in a renewed focus on town centre and pedestrian-focused "main street" retailing in new community developments. The town centre is usually seen as a focal point for not only retailing and commercial services but also for residential and employment development. In some new communities, town centres are developed in an open air, pedestrian-friendly format, combining commercial, entertainment, institutional and civic uses. Sidewalk cafes, live-work units, public squares and recreation trails are incorporated to introduce humanizing elements into the suburban landscape.

Historically, village or town centres included uses such as markets, shops, civic buildings, offices, hotels and gathering spaces where the 'mixed use' concept was a given. The interplay between these uses created an exciting and active place for the community to gather at all times of the day. These historic centres have the benefit of an established mix of uses. Developing an appropriate mix in a new centre or trying to introduce new uses into an existing centre can present a number of challenges for both developers and municipalities. Challenges can include differing

absorption rates for retail and residential uses and stigmatisms associated with noise levels along main streets or above different street level uses, such as restaurants or bars. There may also be longer term challenges such as after a retail space has passed its effective lifespan of 20-30 years and the residential units above are comparatively young, what is the process for redeveloping the retail? Do residents have a say in the matter?

However, creative and thoughtful solutions can usually be found to overcome these challenges. Proper transitioning or buffering, both vertically and horizontally, can help to significantly mitigate noise and privacy concerns in mixed-use developments. Higher density residential units used as a buffer between busy main streets and surrounding lower density residential areas has been successful in many developments and is becoming almost standard practice. Offices developed between at-grade commercial and residential units can act as a vertical buffer allowing residents additional levels of privacy and separation between their homes and the public streetscape.

While there are a number of well-known and successful examples in the United States, town centre retailing has been much more difficult to implement in Canada. Nonetheless, McKenzie Towne High Street in South-East Calgary represents a unique Canadian example of integrating street-related retailing into a greenfield residential neighbourhood. The High Street comprises a linear commercial avenue lined with shops and services. At the top of the commercial street is a supermarket, which acts as an anchor for the retail district. Community and institutional uses are also included within the commercial area.

An important lesson for developing successful commercial centres along major arterials can be drawn from examples across North America:

- Street-facing retail is one of the keys to successful arterial commercial retail.
- Double loading retail on both sides of commercial streets can improve pedestrian activity;
- Maintaining narrow storefronts as opposed to long, blank walls increases pedestrian interest
- Arterial streets can often be too wide and blocks too long for pedestrians. A pragmatic approach to street design and commercial activity is necessary.

Why has this Trend been Successful?

Lifestyle and town centres have proven successful because they offer an alternative retail experience to the power centre. In some ways, they offer a balance between the large format stores and variety offered by power centres, the ambience of a downtown commercial district, and the carefully curated tenant mixes of malls. However, the expense of developing and operating lifestyle centres coupled with the need to attract retailers with very distinct characteristics has restricted them to primarily affluent communities in the United States. With a more uniform income distribution and smaller selection of retailers, Canada has had limited success in attracting true lifestyle centre developments. Town centres often blend together both public and private elements and are often conceptualized and encouraged by municipalities. Through a co-operative development approach, they can be both profitable for the developers and provide a range of public benefits, such as high-quality design, public open spaces, a pedestrian environment and strong ties to the public transit network.

Implications for Planners

While some municipalities have viewed lifestyle centres as an alternative to power centre development, this is not a realistic perspective owing to the significant differences in the real estate economics and market orientation of these two very different concepts. However, many lifestyle and town centres have pioneered innovative design strategies that can be integrated into retail centre designs, such as public open spaces, mixed-use formats, street-

front retailing, pedestrian-friendly environments, and integrating enclosed mall components into open air centres. As a result, lifestyle centres can provide a good basis for developing design guidelines for new commercial developments.

3.1.4 The Redevelopment of Obsolete Malls and Large Format Stores

Across Canada, older and uncompetitive community-scale shopping centres are being renewed as town centres with both retail and non-retail uses. In many cases, community shopping centres in mature neighbourhoods are being redeveloped as high density residential projects. This is occurring due to the competitive challenges posed by large format retailers and power centres, and also due to high density residential emerging as the highest and best use in most major Canadian markets.

An emerging trend is the reuse, including tearing down and retrofitting, of space left behind after large format or big box stores have closed or relocated. New non-commercial uses have included schools, libraries, medical centres, seniors' centres, and churches. Some communities in the United States have also introduced policies that require retailers to help redevelop the space that is left behind after big box stores are no longer operating. Some policies have required retailers to tear down stores that are empty for more than a year, while others have introduced design standards that require landscaping and more than one main entrance, so the building can accommodate multiple tenants in the future (e.g. City of Marietta, Georgia). Others, such as the City of Wauwatosa in Wisconsin, have adopted provisions to ensure that vacated big box stores do not sit vacant for extended periods of time.

Why has this Trend been Successful?

As noted previously, the economics are no longer working for smaller enclosed shopping centres in many Canadian markets. While a number have been able to reposition themselves, many have succumbed to competition from power centres and big box development.

Implications for Planners

As noted previously, planners must take a long-term view with commercial sites to recognize opportunities for intensification and changing functions. Residential development on the sites of obsolete malls has proven to be successful both to the owner and in terms of providing for a more sustainable urban form.

3.1.5 Re-emerging Neighbourhood Retail Streets

Over the past five decades, retailing in many urban neighbourhoods has hollowed out, due to suburban shopping centre competition combined with related demographic change. More recently, however, a re-emergence of the popularity of older urban neighbourhoods has led to the revitalization of some neighbourhood pedestrian retail strips.

Whyte Avenue, Edmonton
Source: http://www.thelocalgood.ca/shop-til-you-drop-the-independent-side-of-edmontons-retail-culture/

Why has this Trend been Successful?

Opportunities to re-establish retailing along neighbourhood commercial streets will likely increase in the future, as urban lifestyles are becoming more affordable for young people and popular among empty nesters, seniors, and immigrants. Municipalities across North America are adopting policies to redirect growth back into existing communities through investment incentives and innovative planning policies.

Implications for Planners

While many municipalities are looking towards lifestyle centres, town centres, and redeveloped suburban malls as a way of reintroducing pedestrian oriented shopping, neighbourhood streets such as Edmonton's Whyte Avenue represent authentic pedestrian precincts that are far easier to market and grow than attempting to recreate that experience in a planned retail development. Policies and incentives (where necessary) must be in place to allow existing commercial streets to flourish and function to support the surrounding neighbourhoods. When developing planning policies for retail sites, municipalities must envision land uses more fluidly, recognizing uses and densities that may supersede those in existence or proposed. Flexibility should be built into strategic sites to allow for intensification and mixed land uses.

3.1.6 Transit Oriented Development (TOD)

Generally speaking, retail on its own is not heavily influenced by transit, although it can represent an important element of successful mixed-use areas. Vibrant retail destinations help to support high density residential and office development around major transit terminals. One of the most successful transit-oriented developments in Canada is Burnaby's Metrotown Centre, which includes three adjacent shopping centres together with offices and residential towers connected to the SkyTrain system.

Why has this Trend been Successful?

The significant investment by governments in urban transit systems has led to planning policies and incentives to encourage high density developments around transit nodes. The previously strong suburban office market and now strong high density residential market has facilitated transit-oriented development at strategic nodes in major centres.

Implications for Planners

Historically, transit-oriented development has occurred at some, but not all nodes along transit connections. Planners must recognize the market for high density development is finite and be careful to ensure that policies are consistent with the quantum of demand. Office uses are most influenced by transit, which at the same time, are the most difficult to develop due to limited demand and competition from low cost business park sites. It will be important to reserve the prime sites adjacent to the transit stations for the highest density office uses. Planners should recognize that transit by itself is not a generator of retail demand. Rather, retail uses can be focused around transit stops – particularly where two bus routes connect. Furthermore, retail uses should have access to appropriate amounts of parking to supplement the transit market.

3.1.7 Omni Channel Retail

There have always been non-bricks and mortar ways for consumers to access goods and services. Even just before the advent of the Internet, catalogue sales via telephone, wholesaling, direct-to-consumer clubs, door-to-door sales and the like had varying degrees of consumer acceptance. Today, wholesale clubs (e.g. Costco) are basically retailers, and all other alternative forms of selling have been eclipsed by the "omni-channel", an industry term for the process wherein shoppers purchase from a retailer in ways other than in-store, such as online or via their tablet or mobile phone.

In Canada, "non-store retail" sales amounted to $23.0 billion in 2014. This only represented 4.7% of total retail sales, and almost certainly under-represents the scale of online sales in this country. If we assume that on average, bricks and mortar retailers in Canada were achieving sales productivity of $300 per square foot, then sales via omni-channel replaced 76.7 million square feet of retail floor area in 2014. For reference, 76.7 million square feet of space is equivalent to the shopping centre inventories of Vancouver, Halifax, Ottawa and Victoria combined. Colliers calculated that in 2012 non-store sales in Canada replaced 61.9 million square feet of retail floor area. Therefore, in only 2 years, the growth of non-store retail sales in Canada was the equivalent of 14.8 million square feet. Based on discussions with shopping centre developers, the rate of online purchasing in the RMWB is potentially much higher than the national average.

Why has this Trend been Successful?

In the last decade, technological advances have made it very cheap, convenient, and quick for consumers to buy online and have merchandise shipped directly to their door. For more remote communities, and particularly those where retail development has not kept pace with income and/or population growth, online shopping gives people access to merchandise not available in their community.

Implications for Planners

Smaller retail spaces are already becoming the norm as retailers move fulfillment and warehousing functions to industrial districts. The emergence of this trend is leading to a reduced need for large retail spaces. The increased desirability of online purchasing will affect the demand for retail space in the RMWB. Planners need to keep up to date on the rates of omni-channel purchasing and how this is affecting the demand for space. As purchasing increases, certain stores or retail categories will reduce their brick and mortar presence for commercial space while increasing the space for industrial warehousing uses. Identifying these trends ahead of time allows planners to manage the supply and demand for commercial and industrial space. Traditional square foot per person metrics for retail categories will also change. Adapting metrics for calculating land and space needed in Area Structure Plans, Outline Plans, and Municipal Development Plans will be vital for planners to address the omni-channel retailing trend. Planners may consider providing smaller retail floor areas and allowing more space for warehouses and distribution centres.

3.2 Office Space Trends

3.2.1 Telecommuting

Telecommuting is becoming a popular option for many people wanting to give up lengthy and unpleasant commutes for the convenience and comfort of working from home. Moving to a remote location for work saves both employers and employees time and money. Employers save the costs of having to expand office space to accommodate new employees while employees save time and money in transportation costs. Some estimates have pegged the costs savings for employers at $11,000 per employee per year and telecommuters could save between $2,000 and $7,000 per year[1].

In today's society, professional and personal lives are becoming more blurred and the typical 8-5 office hours are being changed and adapted to fit lifestyles. More and more people are more concerned about a high quality of life rather than salary or benefits. They want a comfortable and flexible working environment that is adaptive to their needs and lifestyles. In Canada, more than 1.7 million paid employees work from home at least once a week, up

[1]Lister, Kate and Harnish, Tom, *Latest Telecommunication Statistics,* Global Workplace Analytics, March 2016 http://globalworkplaceanalytics.com/telecommuting-statistics

almost 23 percent from 2010 according to Statistics Canada. This trend is expected to continue as working from home becomes easier and more widely accepted in the workplace[2].

Implications for Planners

Not only will more people work from home but those that do will do so more often, increasing the number of days per week spent at home versus the office. Improvements in telecommunication mean offices do not need to be centralized into a single office space, and instead business can be conducted through employees working in several locations, connected through phone lines and wireless internet. This will decrease the demand for office space as many companies will not require additional space for new employees. Shared offices or collaborative spaces will become common as people who work alternate days will share space with other telecommuters. The RMWB already allows for home occupation as a permitted use in most residential zones. Home Occupation permits are issued same-day at the front counter and home-based business permits are approved quickly. The RMWB should ensure that this expediency remains the case to continue to support home-based employment.

3.2.2 Office Buildings and Work Space

Offices across North America are shrinking in size and undergoing major changes to the types of spaces provided and amenities available. The average amount of space per worker in North America dropped to 176 square feet in 2012 from 225 in 2010 with a further drop expected in 2017 to an average of 151 square feet[3]. These new smaller offices have less space for desks and more room for conference rooms or other activity spaces. Increasing rents and rising costs mean one way for businesses to reduce overall costs is to reduce the amount of space occupied.

One of the biggest trends is a shift towards smaller individual workspaces and larger and more varied collaborative spaces. Individual spaces are shrinking in part due to the use of laptops, mobile phones, and software that virtually eliminates the need for bulky hardware and paper creates less demand for personal office and desk space.

Office buildings themselves are also becoming more efficient. With the reduced size of personal offices, elimination of large corner offices, and more mobile workplace technology, floor layouts are becoming better planned, flexible, and adaptive. Conference room furniture is being replaced by smaller more flexible tables and chairs that can be moved to set up for a training session one day and a meet and greet another. Hallways are being utilized as collaborative space with leftover areas at the end of corridors being used as informal gathering spaces[4].

Construction techniques are trending towards more efficient and sustainable building practices. In Canada, 50% of builders stated that more than 60% of their projects incorporated significant energy efficient and sustainable components. These range from high efficiency HVAC systems, to green roofs, to use of recycled materials in both

[2]Marowits, Ross, *Telecommuting Growing as Companies Look to Save Money, Respond to Employees*, May 23, 2016. http://www.cbc.ca/news/business/telecommuting-growing-as-companies-look-to-save-money-respond-to-employees-1.3596420

[3]Barron, James. *As Office Space Shrinks, So Does Privacy for Workers.* The New York Times. February 22, 2016 https://www.nytimes.com/2015/02/23/nyregion/as-office-space-shrinks-so-does-privacy-for-workers.html?_r=1

[4]Jackson, Sherry. *The Death of the* Cubicle. Upstate Business Journal. September 15, 2016 https://upstatebusinessjournal.com/news/the-death-of-the-cubicle/

new construction and building retrofits. Office construction moving towards sustainable practices is due to a number of factors including an increase in client demand for "green spaces", organizations wanting to "do the right thing", lower operating costs due to efficiency gains, and public demonstrations of corporate sustainability. Of special note is the rise in interest for eco-districts and eco-industrial parks to continue the green building trend and push the envelope of what can be done[5].

What employees want in workspaces is undergoing a major shift. Many employers, in order to attract and keep high quality employees, are providing more comfortable workspaces and amenities that increase quality of life including cafes, yoga studios, outdoor spaces, standing work areas, and refuge rooms. A study of office space planning best practices reveals office space works best in a mixed–use settings, to reduce commuting times and provide amenities for office employees. Green buildings were also identified as a best practice principle, as new and existing offices can be made energy efficient and reduce environmental impacts[6].

Implications for Planners

In order to attract businesses and adapt to changing trends, the RMWB must acknowledge the shrinking office layouts, incentivize eco-friendly buildings, and support employee amenities through methods like mixed-use zoning and bonuses for buildings that provide amenities. The RMWB has already implemented a successful eco-friendly complex in the form of the Taiga Nova Eco-Industrial Park, which contains efficient buildings and infrastructure, uses drainage swales that allow for the growth of natural vegetation and a stormwater pond that serves as a wildlife habitat, provides preferential parking for hybrids and vehicles used for carpools, and uses solar lights along a walking trails. The successes of the Taiga Nova green initiatives can provide insights into creating eco-friendly developments in the future.

3.2.3 Live Work Formats

The live-work unit is one of the oldest forms of housing. Known as shop houses or cottage industries, many people lived in the same building in which business and commerce took place. Live-work units are dwelling units that contain, to varying extents, a workplace or space to conduct business. These units can be arranged in several different configurations, with working spaces being above the living area, behind the living area, or contained in a separate accessory building. Although the live-work unit fell out of popularity during the industrial revolution, this old idea has gained recent popularity. Live-work is being modernized to meet the needs of entrepreneurs, small businesses, and professionals being driven by advances in telecommunication, commutes becoming long and unpleasant, and the desire to reduce carbon footprints. Employees and business moving to live-work units are being fueled by the desire for reduced transportation costs, greater work flexibility, a better work life balance, and a better overall quality of life[7].

[5]Mcgraw Hill Construction, Canada Green Building Trends: Benefits Driving the New and Retrofit Market. Canada Green Building Council.

[6]Steiner, F. and Butler, K, *Planning and Urban Design Standards*, American Planning Association and Wiley Graphics, 2007

[7]Marina Khoury, *Leaning Towards Live-Work Units*. The Project for Lean Urbanism, http://leanurbanism.org/wp-content/uploads/2014/06/Khoury_LiveWork.pdf

Live-work plays an important role in the development and incubation of small businesses and entrepreneurs, especially those that cannot afford commercial space. These businesses often start in a spare room and progress through to a live-work unit and then into dedicated space for the business. By creating live-work spaces and the regulations that allow them, governments can create opportunities for business growth and development.
While the current LUB does not have an explicit Live Work district, zoning for residential buildings allows home occupation as a permitted use and home business as a discretionary use, allowing for live work formats to exist. Live work also affects the optimal supply of commercial land, as some commercial and office demand will be accommodated by activities locating on residential land.

Implications for Planners

In order to make live-work units feasible, there needs to be changes to regulations and permitting. Municipal regulations and building code requirements have not kept up to date in regard to live work units. Zoning regulations are often too limiting and building code requirements too onerous and expensive to make live-work units a viable option. Creating mixed-use zoning and ensuring the expediency of home based business permits would help make live-work units more viable[8].

3.3 Industrial Trends

3.3.1 Eco-Industrial Development

An Eco-Industrial Park describes several industries that locate in an area to share resources and products. Eco-industrial parks come with the benefits of reduced environmental impact and increased profits[9].

There are a number of Eco-Industrial parks in Canada, including the Burnside Park in Halifax, the Innovista Industrial Park in Hinton, and the existing Taiga Nova Eco-Industrial Park in Fort McMurray. Eco-industrial parks use several features in pursuit of the goals of economic growth and sustainable practices. These features can include:

- Strategic Economic Development: Firms can fill niches to the benefit of other firms in the area.
- By-product Synergy: Firms can enter a mutually beneficial system of "industrial symbiosis", in which they beneficially exchange materials. The waste and by-products of one firm can be used as inputs in the processes of another firm, saving the first firm from the cost of waste disposal and provide a valuable, reliable input for the second. Eco-Industrial Parks can optimize energy uses by cogeneration. At the Kalundborg Eco-Industrial Park in Denmark, the power plants feed waste steam and hot water to other

[8]Marina Khoury, *Leaning Towards Live-Work Units*. The Project for Lean Urbanism, http://leanurbanism.org/wp-content/uploads/2014/06/Khoury_LiveWork.pdf

[9]Hein AM, Jankovic M, Farel R, Yannou B. *A Conceptual Framework for Eco-Industrial Parks*. ASME. International Design Engineering Technical Conferences and Computers and Information in Engineering Conference, Volume 4: 20th Design for Manufacturing and the Life Cycle Conference; 9th International Conference on Micro- and Nanosystems. https://www.researchgate.net/publication/281063831_A_Conceptual_Framework_for_Eco-Industrial_Parks

plants that use it as an input. Waste heat from the plant is used to dry boards at another plant. Sharing these materials is beneficial to both firms and increases efficiency in the park[10].

- Green infrastructure: Eco-industrial parks can implement a variety of methods to reduce their environmental footprint. For example, the development concept for the Innovista Eco-Industrial Park includes policies for natural stormwater management, alternative energy policies, recycling water, and natural heating and ventilation[11].
- Networking Services: Industries in an Eco-Industrial Park can share marketing, transportation, and research, lessening the cost for each firm. A single industrial park can share office facilities, meeting rooms, and employee amenities, like cafeterias, gyms, and daycares[12]. Businesses benefit from these cost-sharing opportunities[13].

Implications for Planners

Developing an eco-industrial park comes with significant benefits for the RMWB, through achieving sustainability goals, and the industries that locate in the area, through cost saving share programs and industrial symbiosis. The Taiga Nova Eco-Industrial Park provided an additional tax base and met a demand for new industrial land. Eco-Industrial Parks accommodate additional industrial growth in a way the optimizes efficiency and increases profits while simultaneously minimizing environmental damage.

3.3.2 Warehousing / Distribution

The continuing growth of online shopping is driving up demand for distribution and fulfilment centres with high ceilings and modern logistics technology to quickly move and distribute products. E-Commerce vendors are increasingly offering very short delivery times, same-day or next day shipping in many cases, that require distribution facilities closer to customers in order to meet delivery standards. Mega-warehouses are still in demand but there is a rising need for smaller buildings located in, or a short drive from, major population centres.

Large and mega-warehouses are needed for bulk storage and transportation of products across large geographic areas. E-Commerce retailers committed to short delivery times are now looking at “Last-Mile” distribution centres located within a 10-30 minute drive of customers in order to meet delivery promises[14]. As the need for “Last-Mile” distribution and fulfillment centres scales up and delivery times shrink, the need to have inventory close to consumers is causing industry to look to older infill warehouse space and new builds. Both new sites and infill sites are being fitted with trucking accommodations, automated sorting and delivery bays and vehicles, and employee accommodations in order to meet the needs of e-commerce operations.

[10]Lowe, Ernest A. 2001. *Eco-industrial Park Handbook for Asian Developing Countries*. A Report to Asian Development Bank, Environment Department, Indigo Development, Oakland, CA

[11]Innovista Eco-Industrial Park Development Guidelines: http://www.hinton.ca/DocumentCenter/Home/View/1596

[12]Lowe, Ernest A. 2001. Eco-industrial Park Handbook for Asian Developing Countries. A Report to Asian Development Bank, Environment Department, Indigo Development, Oakland, CA

[13]Indigo Dev: http://www.indigodev.com/Ecoparks.html#EIP_elements

[14]PwC and the Urban Land Institute, *Real Estate Trends 2017,* 2016

Demand for refrigerated warehousing is growing as well[15]. With the introduction of e-commerce food delivery and "click and pick-up" grocery services that offer fresh food delivery, keeping products fresh is important. These refrigerated warehouses are being sought in the same "Last-Mile" areas as non-refrigerated e-commerce fulfillment centres as location and delivery times are paramount for quality service.

Implications for Planners

Customers increasingly expect a wide variety of choice and instant gratification in e-commerce. Vendors are expected to not only have a product in stock but be able to deliver it quickly too. E-commerce warehousing and fulfillment centres play a key role in meeting this demand. Large scale warehousing is needed to store and distribute products on a national and regional scale while smaller "Last-Mile" distribution points in close proximity to their customer base are in short supply. Last Mile distribution warehouses may drive demand for industrial land in strategic intermodal locations. Planners should respond to demand by providing land for Last Mile distribution warehouses at intermodal locations, including the Fort McMurray International Airport.

3.3.3 Dry Industrial Parks

Dry industrial uses describe industrial activities that do not require water or sewage servicing. The activities are able to function without requiring water in excess of what is available onsite. In the RMWB, dry industrial uses locate on sites zoned BIU – Business Industrial Unserviced or BI-Business Industrial. These sites can accommodate a variety of industrial activities and are especially suited for laydown yards, warehousing, transportation, and outdoor storage.

Approving land for dry industrial uses can be beneficial for the RMWB. The uses that can locate on these lands are often in demand by the commercial and industrial sectors in the RMWB and can be introduced into the market quickly, as water and sewage infrastructure are not provided. The success of dry industrial land is evidenced by Rickard's Landing, an area of unserviced industrial land at the intersection of Highway 63 and Highway 881. Despite not being serviced, the area has attracted a number of dry industrial users. The RMWB can use the allocation of BIU land to accommodate needed dry industrial uses quickly without needing to provide infrastructure.

Implications for Planners

Unserviced industrial land can also be used to bring land into the market for industrial use for the time being, with servicing to be provided further in the development cycle. This practice has already occurred with the sale of Prairie Creek land, which is approved to function as an unserviced site but is anticipated to be serviced at a later time. Approving land for dry industrial activity can be utilized by the RMWB to quickly provide industrial land for low order uses, such as storage, or to anticipate further industrial serviced land.

[15]Ahlburn, Aaron, *Five Trends That Will Shape the Industrial Sector in 2016,* 2015 Winter, http://www.naiop.org/en/Magazine/2015/Winter-2015-2016/Business-Trends/Five-Trends-That-Will-Shape-the-Industrial-Sector-in-2016.aspx

3.3.4 Best Practices in Industrial Zoning

In the RMWB, industrial uses locate on parcels zoned BI-Business Industrial or BIU-Business Industrial Unserviced. These districts, defined in the LUB, allow for a variety of industrial and commercial uses, provided they do not adversely affect surrounding non-industrial uses. All uses in this zoning are discretionary. While the RMWB LUB does not distinguish between different types of industrial activity, other municipalities in Alberta and around North America have zoning distinctions between various types of industrial use. The trend in municipalities is separating industrial uses into a hierarchy based on the scale of development and impact on surrounding areas.

Several Municipalities across North America have created an industrial hierarchy of zoning for industrial land, including Portland, San Jose, Baltimore, San Francisco, and Chicago[16]. Industrial zonings of this type would allow the RMWB to minimize land use conflicts by locating only light industrial near commercial, institutional, and residential uses and locating medium and heavy industrial uses away from non-complimentary adjacent uses. A zoning system of this kind will also allow the RMWB to classify some industrial uses as permitted, improve the ease with which developers can utilize industrial land. Below describes the industrial zoning in Edmonton, a working example of a zoning hierarchy.

Light Industrial

In the City of Edmonton Bylaw[17], Light Industrial is described as an industrial use in which no nuisance is generated outside of an enclosed building.

Medium Industrial

In the City of Edmonton LUB[18], Medium Industrial encompasses industrial uses where some of the activity occurs outside of an enclosed building, including outdoor storage. However, no nuisance or adverse effects extend beyond the boundaries of the site. Light and medium industrial uses are compatible with surrounding commercial, institutional, and residential uses.

Heavy Industrial

In the City of Edmonton LUB, Heavy Industrial describes an industrial use in which the nature of the activity generates nuisance or adverse effects that extend beyond the confines of the site. As a result, these zones are incompatible with adjacent commercial, residential, and institutional uses[19]

In order to attract and maintain industry, the industrial zoning can be further made more attractive to developers. The City of Grande Prairie's Industrial Recruitment Strategy asks the municipality to consider lowering the servicing and infrastructure capacity to areas where conventional servicing would be expensive. This process would lower the price of land by eliminating underutilized infrastructure, such as sidewalks. The City of Grande Prairie also

[16]*Best Practices by City: Industrial Zoning*, https://www.communicationsmgr.com/projects/1355/docs/Best%20Practices%20Chart%20-%20Zoning%20Summary%20.pdf

[17]City of Edmonton, *Zoning Bylaw 12800*, Amended March 20, 2017

[18]City of Edmonton, *Zoning Bylaw 12800*, Amended March 20, 2017

[19] City of Edmonton, *Zoning Bylaw 12800*, Amended March 20, 2017

recommended lowering parking standards in industrial areas[20], which may be served by shuttle or transit and which may require fewer employees per hectare due to automation. The RMWB can consider lowering the development standards in certain areas to lower the price of land, attracting and retaining new and old industrial users.

Implications for Planners:

The RMWB can also look to implement zoning changes to improve the quality of developments, intensify industrial uses, and attract developers. A paper written to support industrial intensification[21] identified the following actions as recommendations for best practices in industrial zoning. The first recommendation was that the RMWB provide flexible zoning, that eliminated maximum heights and FARs, as warehouses are becoming larger. Flexible zoning also entices developers while minimizing externalities on adjacent users, typically other industrial uses that do not suffer from shading or diminished views.

3.3.5 Aerotropolis

Aerotropolis describes a region where infrastructure and development are centred around an airport, acting as an economic driver for the region. The airport attracts a number of firms to locate in the surrounding areas, creating a concentration of commercial and industrial activity[22]. Business located around an airport experience numerous advantages that incentivize development and lead to increased development in the surrounding region.

Airports can generate significant job number and accommodate thousands of passengers at a time[23]. The significant volume of traffic generated by an airport creates an attractive location for retail development, including restaurants, entertainment facilities, cultural facilities, and high-end retail. Not only can retail serve airport users, but shops in the terminal and surrounding areas can also capitalize on local residents. The Fort McMurray International Airport is located on Saprae Creek Trail making it easily accessible by vehicle. A number of communities nearby, including Saprae Creek Estates and the proposed Saline Creek neighbourhood, would fall within the airport lands commercial development catchment area, providing service to both passengers and the local community.

Hotels also see advantages of locating near airports, including business from overnight visitors and tourists visiting the city in need of accommodation. Hotels can also provide meeting space and conference rooms for business needs. The benefits of an airport location incentivize office development in the Aerotropolis concept. Proximity to the airport provides quick access to flights for offices where employees must travel frequently. These offices can also be associated with airport logistics and logistics for other Aerotropolis uses[24]. In Central Alberta, the Edmonton

[20]City of Grande Prairie, Industrial Attraction Strategy, 2012

[21]Metro Vancouver, *Best Practices for the Intensive Use of Industrial Land,* MetroVancouver http://www.metrovancouver.org/services/regional-planning/PlanningPublications/BestPracticesfortheIntensiveUseofIndustrialLandDiscussionPaper29Oct2012.pdf

[22]Dr John Kasarda, *Airport Cities: The Evolution*. Airport World. http://www.airport-world.com/features/airport-design/2555-airport-cities-the-evolution.html

[23]Dr John Kasarda, *Global Airport City*. Airports Council International, UNC, Insight Publishing. http://www.aerotropolis.com/files/GlobalAirportCities.pdf

[24]Dr John Kasarda. *Global Airport City*. Airports Council International, UNC, Insight Publishing. http://www.aerotropolis.com/files/GlobalAirportCities.pdf

International Airport in Leduc County is spurring the development of offices, business parks, light industrial manufacturing, lifestyle centre retail, and warehousing and distribution facilities. If successful, the airport and surrounding uses will contribute a significant amount of employment and economic growth in Leduc County.

Aerotropolis development also benefits industrial uses. Airside industrial uses, industry that relates to air travel, logically must locate near the airport, but there is also the possibility for landside industrial to locate in the area as well. Landside industrial benefit from the proximity to the airport, allowing the movement of goods via air freight. Airport locations are typically at a nexus of intermodal transportation networks, by air, ground, and potentially rail. Near the airport and with access to Saprae Creek Trail, warehousing and transportation uses in the area would benefit from the ability to move goods between modes quickly and efficiently. As e-commerce and delivery requirements increase, the viability of locating air to ground warehousing and transportation increases as well.

Implications for Planners

Municipalities across North America and the world have benefitted from aerotropolises, including Fort Worth-Dallas, Chicago, Memphis, Miami, Orlando, and Kuala Lumpur[25]. Some Aerotropolis areas have historically developed organically, but the RMWB can undertake a number of actions to support the development in the area. Mobility is of key importance, as infrastructure is required to get employees and customers to developments, as well as supporting transportation. Improving the public space and through attractive design and public art create an attractive environment that further incentivizes the location of commercial and industrial uses. The Fort McMurray International Airport represents a development opportunity as an economic engine. The RMWB can utilize an Aerotropolis development concept to encourage and support commercial, hotel, office, and industrial activity on airport lands.

3.3.6 Intermodal Facilities

Intermodal facilities have become increasingly common fixtures in the transportation industry as a new era in supply chain management in emerging. The birth of e-commerce and the consumer buying habits it induced has forced retailers to rethink their supply chains. As consumers become accustomed to the convenience of online shopping, expectations for quick delivery and product availability increase. Next day shipping options are becoming increasingly popular causing e-commerce businesses to build quicker and more agile supply chains.

The CN Lynton Facility
Source: http://www.green-plan.com/rail/

State-of-the-art intermodal facilities are being built across North America to supply the needed transportation for goods and products driven by traditional and e-commerce retailing. Access to Intermodal facilities allows

[25]Dr John Kasarda, Aerotropolises and Airport Cities Listed, 2013.
http://www.aerotropolis.com/files/2013_AerotropolisStatus.pdf

organizations to avoid many of the challenges and barriers to efficient transportation such as increasing traffic and labour shortages in the trucking industry.

The CN Lynton facility in the RMWB is an existing intermodal facility, serviced by both the railroad and Saprae Creek Trail. This facility can accommodate the transition from rail freight to truck freight and vice versa. Saprae Creek Trail also connects Lynton with the Fort McMurray International Airport.

Implications for Planners

As more intermodal facilities come online many business and transportation groups are realizing the need for additional storage near these intermodal hubs and the major markets they supply. More cargo owners are searching for build-to-suit storage centres, unserviced space for container storage, and prime locations to build intermodal facilities to meet demand[26]. These uses create large demands for industrial land as intermodal facilities and the requisite storage space is land intensive. With the increase in e-commerce, the need for intermodal facilities and product storage is only expected to increase alongside warehousing and fulfillment centres.

3.4 Summary

The analysis of best practices and recent trends is intended to guide the policy recommendations in this report and assist the RMWB in better attracting and accommodating commercial and industrial uses in the current and evolving market. The following is a summary of the trends detailed above and the impacts that they will have on commercial and retail development in the RMWB:

Retail Trends:

- Retailers are turning to either large format stores located in power centres serving regional demand or to smaller lifestyle centres and neighbourhood street retailing. The middle ground retail of strip centres and enclosed malls are in decline. Power centres are looking for low cost locations close to arterial and major transportation routes where multiple large format retailers can cluster.
- Neighbourhood retail centres and lifestyle centres are replacing the empty spaces left by retailers pushed out by power centres and larger format stores. These typologies aim to balance the experience of shopping with the number of goods offered. A rising popularity and affordability of urban lifestyles is driving these typologies to re-emerge across North America.
- Omni-channel or e-commerce is an area of intense growth in the retail market. With more and more people turning to online shopping the need for physical space is declining and could lead to more retailers demanding less space for storefronts and more space for warehousing.
- The RMWB should strategize retail recruitment around these trends. Identify areas where power centres could be located to serve a large area and where existing buildings and infrastructure exist that could be

[26]Chapman, Robert and Mullarkey, Matt, *Intermodal Hubs and the Industrial Real Estate Boom,* Summer 2015, http://www.naiop.org/en/Magazine/2015/Summer-2015/Business-Trends/Intermodal-Hubs-and-the-Industrial-Real-Estate-Boom.aspx

redeveloped and marketed as lifestyles centres or neighbourhood street commercial to capitalize on future demand for these retail trends.

Office Trends:

- Office space per worker has been shrinking for a variety of reasons. The prevalence of live-work spaces, more open and efficient office layouts and telecommuting workers have all reduced the required space per employee. As a result of this trend, the RMWB must account for smaller offices when allocating space for office use to avoid creating a market with a high vacancy rate.
- Office employers are also attempting to increase the number of amenities they can provide for employees. In order to attract offices into the RMWB, the Municipality could implement policies that support mixed-use, create more eco-friendly buildings, and incentivize desired amenities to locate near office space. Creating attractive office spaces will allow the RMWB to better attract and retain companies.

Industrial Trends:

- Warehousing and distribution capabilities are becoming increasingly valuable and important, driven by increases in e-commerce. Firms require the ability to quickly store and ship products into and out of the Municipality. Providing space for warehousing and transportation can be achieved through modifying the Land Use Bylaw to add light, medium, and heavy industrial zoning. This modification would give the Municipality greater control over which types of industrial and commercial activities locate where and minimize conflict between industrial and surrounding land uses.
- The Fort McMurray International Airport and CN Lynton facility both implement intermodal capabilities and can incentivize industrial activities to locate there due to access to travel and freight by air, vehicle, and rail.
- The RMWB has already implemented dry industrial facilities in some locations. As evidenced by the growth of Rickard's Landing, some industrial uses can and will locate of unserviced areas, providing the RMWB an opportunity to bring industrial land into the market for certain uses without needing to provide water and sewage infrastructure.

The following tables provide an at a glance description of the trends and the potential recommended actions the RMWB can instate to strategically anticipate these trends

Table 3: Summary of Trends and Best Practices

Retail Development Trends

Trend	*Implication for Planners*	*Recommended Action*
Power Centres and Large Format Retailers	Need to balance urban form, walkability, and community integration with consumer desires and large format benefits.	Because power centres fail in many ways to achieve the goals of sustainable development, where power centres are necessary, planners should attempt to encourage greater transit use, walkability, and integration with the adjacent communities.

Blurring of Retail Hierarchy	Hierarchy in store and site size is not linear anymore. Many stores have a mix of goods and services and serve a range of customers.	Planning policies need to place emphasis on retail location and community design rather than regulating store uses/types.
Lifestyle Centres and Town Centre Developments	These retail formats do not replace power centre developments and require different regulatory and urban design considerations.	Incorporate innovative retail centre designs pioneered by these formats to create design guidelines that offer an alternative retail experience to malls or large format retail.
Redevelopment of Obsolete Malls and Large Format Stores	The economics on smaller enclosed shopping centres no longer pan out. Uses on old retail sites should be looked at long term and not restricted to commercial uses.	Look at long term opportunities for intensification and changing uses. Residential development on these sites has been proven successful.
Re-Emerging Neighbourhood Retail Streets	Neighbourhood streets are becoming popular sites for retail and commercial developments. They are far easier to market and grow than attempting to recreate a street-oriented shopping experience in a planned development.	Create flexible retail policies for "main streets" that recognize densities and uses may supersede or change from those in existence now.
Transit Oriented Development (TOD)	Recognize there is a finite demand for high density development. Transit itself does not create demand for retail but retail can be focused around stops.	Plan for an appropriate amount and mix of retail, office, and residential to meet demand and site context. Do not expect transit to increase retail demand.
Omni-Channel Retail	Smaller retail spaces are becoming the norm and retailers are demanding more warehouse and fulfillment centre space close to population centres with easy transportation connections for delivery.	Consider the future demand for warehousing space and transportation systems for online retailers and delivery to consumers.

Industrial Trends

Trend	*Implication for Planners*	*Recommended Action*
Eco-Industrial Development	Offers the area environmental sustainability, waste reduction, and efficiency in industrial space usage.	Market to potential clients the benefits of eco-industrial and ensure zoning and regulations enable development.
Warehousing/Distribution	E-commerce is driving demand for warehouse space, fulfilment centres, and distribution of these goods in close proximity to population centres.	Look for opportunities to locate warehousing and fulfillment centres close to population centres. Of special interest is infill warehouse space in locations close to transportation routes.

Industrial Zoning	Many municipalities have several industrial zones so that conflicting land uses can be separated and better controlled.	Implement a light/medium/heavy industrial zoning classification.
Aerotropolis	Clustering of industrial uses results in a more efficient use of land and transportation systems. It can greatly benefit the regional economy and attract development.	Conduct a feasibility study to determine the interest and possible layout of an aerotropolis.
Intermodal Facilities	Build to suit warehousing and storage space is needed by intermodal facilities; these are often land intensive and require good transportation connections.	Create industrial space near intermodal facilities and transportation connections. Ensure regulations allow for different types of storage.
Dry Industrial Parks	Many businesses like the low cost of unserviced land. They can also be used to bring land to market and have services brought in later.	Provide land for dry industrial parks with the opportunity to add services later to bring industrial parks up to higher standards.

Office Space Trends

Trend	*Implication for Planners*	*Recommended Action*
Telecommuting	Fewer employees are working at a centralized office decreasing the demand for office space. Share and collaborative spaces are becoming more common.	Plan for less office space demand for companies while creating regulatory policies that allow for collaborative office and workspace.
Office Buildings and Workspaces	Workplaces are evolving to become more environmentally sustainable with smaller individual workspaces and including quality of life amenities and services.	Recognize a decreasing demand for office space, incentivize eco-friendly office buildings, and support employee amenities through mixed use zoning. Explore opportunities for incentivizing amenity space, such as reduced off-site levies, tax grants, and density bonusing.
Live-Work Formats	This format often benefits from more flexible zoning and building code requirements. Helps incubate business startups and promotes mixed use.	Change zoning, building code requirements, and relax parking requirements for live-work formats.

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4.0 LAND USE ASSESSMENT - SUPPLY

Key Findings

- The largest supply of commercial land is available in the Urban Service Area and immediate surrounding areas. Rural North and Rural South RMWB areas contain the hamlets and country residential and allocate 62.20 hectares on commercial land with 35.90 hectares of this being shovel ready. Fort McMurray and environs allocates 553.37 hectares of commercial land, of which 125.10 hectares are shovel ready.

- On the industrial side, Fort McMurray and Environs allocates 773.56 hectares of industrial land, of which 126.52 hectares are shovel ready while the rural areas contain 226.25 hectares of industrial land of which 94.59 hectares is shovel ready.

- Of the commercial and industrial land allocated in the RMWB, currently 26% of commercial land and 22% of industrial land is shovel-ready, or available for immediate development.

- A number of industrial developments on Crown land and First Nation land affect the demand for industrial land in the RMWB. These include existing development and planned development on First Nation Reserves and on land leased to petrochemical companies for oil sands operations and supporting industry and businesses.

4.1 Overview

The majority of land surrounding the Urban Service Area is owned by the Province of Alberta in the name of the Crown. Therefore, it is important to understand the Government of Alberta's Public Lands Administration Regulation, AR 187/2011. From time to time, the RMWB needs to adjust its urban land base to accommodate residential, commercial and industrial growth. The need for additional land, as well as the regional municipality's growth management strategy, were outlined in its Municipal Development Plan, Bylaw No. 11/027, October 2011. The sale of Crown land is phased as the municipality grows over a period of time to coordinate land sales with planning for growing infrastructure needs. Land is sold to the municipality and title to the land is transferred under authority of the Public Lands Act. Since the Province has control of the land, the RMWB is not in a position to address short-term needs from the industry as phasing and location are not within the municipality's control.

4.2 Land Use Assessment

In order to analyse the existing supply of commercial and industrial land in the RMWB, the Consultant Team determined the allocation of commercial and industrial land, vacancy on those lands, and the amount of land that can be considered shovel-ready. Shovel-ready land is defined as land that is zoned for commercial and industrial use, subdivided, and in a condition where a developer could begin construction within six months. Within the Urban Service Area, shovel ready projects are serviced. These lands are considered immediately available for commercial or industrial development.

Land allocated for commercial or industrial use describes land either zoned for a respective use in GIS or land described within an approved Outline Plan or Area Structure Plan at the time of analysis, January 2017. There are several ASPs that describe the provision of commercial or industrial land that has yet to be reflected in zoning. It is worth considering that many of these ASPs were developed with the anticipation of a high growth scenario in the RMWB. With the changed economic conditions, these plans may no longer provide an accurate description of future growth. Data on industrial and commercial projects locating on Crown or First Nation land is reported where information was available but is not included quantitatively in determining supply.

4.3 Hierarchy of Retail and Commercial

We recommend that the hierarchy of retail and commercial centres incorporate and more closely reflect today's retail trends and formats described in Chapter 3 of this report. The increase in online shopping, home-delivery and loss of anchor large chains as Target and Sears, has blurred the traditional hierarchy of retail and commercial centres. The clear hierarchy of neighbourhood, district, and regional and highway commercial centre is difficult to define which increases competition and makes allocation and timing of development even more relevant when allowing new commercial developments.

The neighbourhood strip mall requires a new take in the form of corner stores in close proximity to residential areas. Municipalities are starting to realize that residential density in a place where commercial is spread apart provides greater tax base but does not provide the kind of urban environment that entices people to choose a specific place where to live.

Developers are no longer building covered malls but rather repurposing existing ones to avoid using common-area charges and to introduce internal gridded streets to provide more exposure to passing vehicles and foot traffic.

Highway or gateway commercial uses still take advantage along auto-oriented highway corridors and vehicle uses sell as service stations, hotels, motels, car dealerships but also light industrial uses. Small hamlets like Anzac, Fort McKay, Conklin and Janvier have small populations so it is important that their commercial areas have highway exposure to take advantage of the additional market demand generated by members of the travelling population.

In downtowns and new urban neighborhoods main street retailing is becoming more desirable, with storefronts built to the street with residential and/or office uses above and parking in the rear. There is a tremendous opportunity for the RMWB to reflect its planning and retail recruitment efforts in the City-Centre. There are numerous vacant and underutilized parcels that are fully serviced that could be develop for commercial purposes, either as standalone commercial uses or as mixed-use developments, but which are in direct competition with other readily available locations.

Timely release of Crown Lands of Strategic Locations

When there is demonstrated demand for commercial and industrial land that exceeds the vacant and undeveloped land available, the RMWB should make representation to the Province of Alberta to release additional Crown Lands in a timely manner at strategic locations recommended by the RMWB. Although since the 2010 CILUS report additional Crown Lands have been released for residential, commercial, and industrial land, more can be done in this regard. The RMWB should consider implementing a vacancy monitoring tool to determine when vacancy rates become too low, at which point they can make representation to the Province. A shortage of land available for development constrains the supply and drives up the cost making the RMWB less competitive in attracting commercial and industrial development. This is aggravated by the long timelines needed after land is made available for planning and engineering approvals to get land from its raw state to a point where it is shovel ready for the issuance of a Development Permit

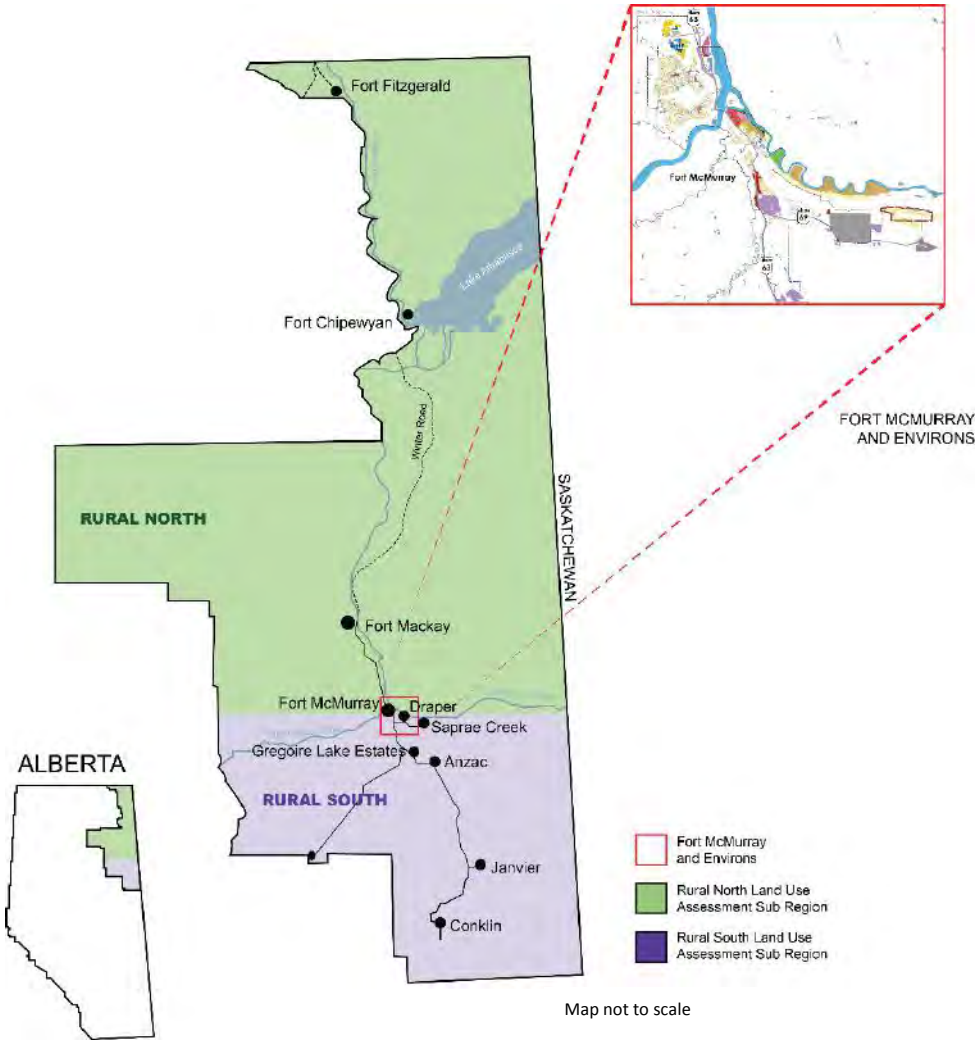
4.4 Sub-Regions

For the purposes of assessing existing supply, the RMWB has been divided into three areas as delineated in Map 1: Wood Buffalo Land Use Assessment Sub-Regions:

Table 4: Sub-Regions

Sub-Region	Description
Fort McMurray and Environs	This area includes the Urban Service Area, which contains the built urban area of Fort McMurray, as well as projects outside the Urban Service Area boundary that are intended for future urban development
Rural North	This area includes rural hamlets and other areas north of the Urban Service Area
Rural South	This area includes rural hamlets and other areas south of the Urban Service Area

Map 1: Wood Buffalo Land Use Assessment Sub-Regions



4.5 Fort McMurray and Environs

The Fort McMurray and environs area encompasses the Urban Service Area and developments in the immediate surrounding area that draw employment from Fort McMurray. The Fort McMurray and Environs Sub-Region is shown in Map 1: Wood Buffalo Land Use Assessment Sub-Regions.

This sub-chapter of the report describes commercial and industrial areas in both the Urban Service Area and the surrounding environs as they share the same labour market and trade area and therefore the same demand for industrial and commercial land. Commercial and Industrial developments have been arranged from north to south indicating where development is, or is planned to be, located.

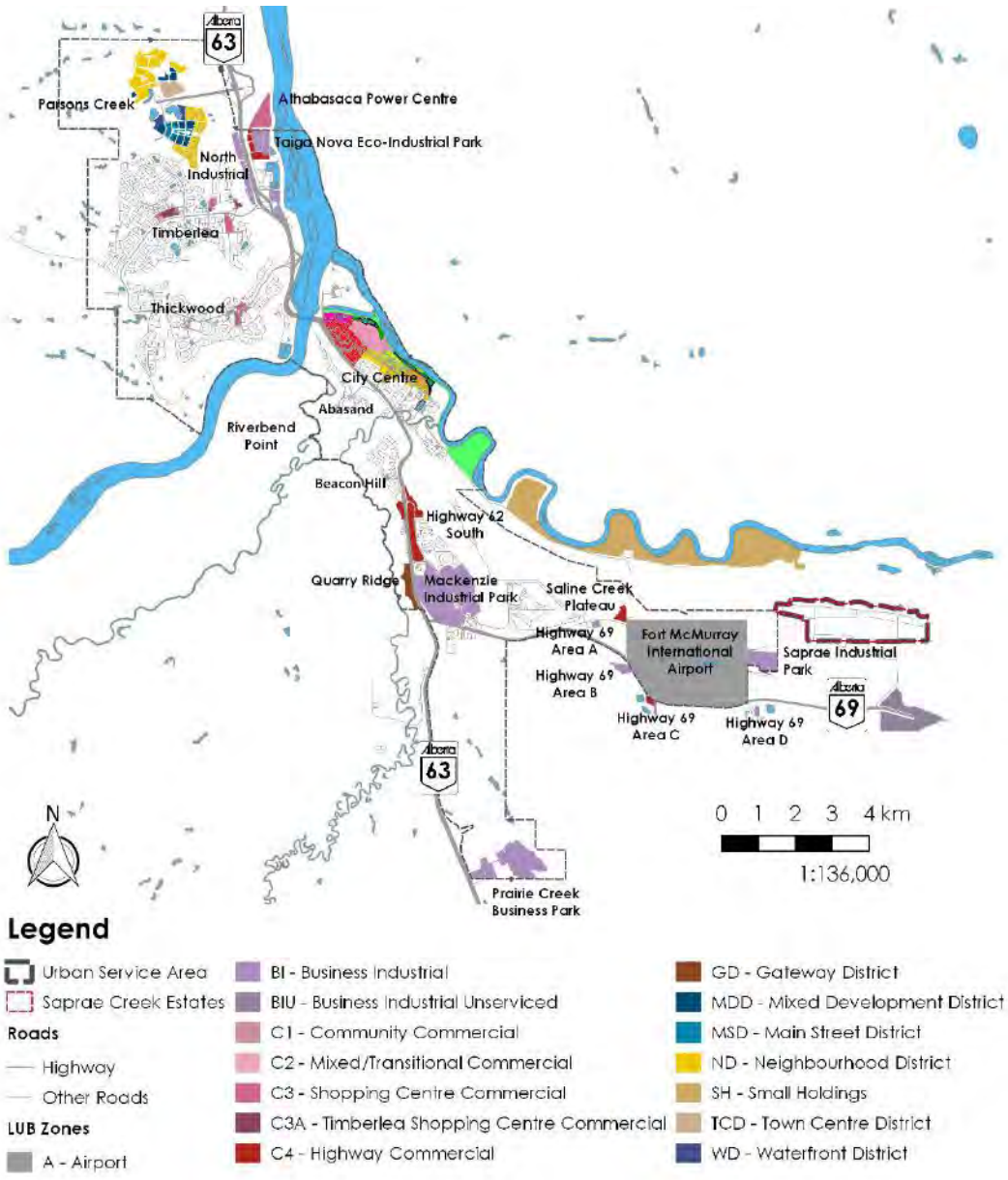
Table 5: Commercial and Industrial Development in Fort McMurray and Environs

Commercial	**Industrial**
Parsons Creek	Taiga Nova Eco-Industrial Park
Athabasca Power Centre	Along Highway 63, north of the City Centre
Taiga Nova Eco-Industrial Park	Mackenzie Industrial Park
Timberlea and Thickwood Communities	Airport Lands and along Saprae Creek Trail
City Centre	L Robert Industrial Park (formerly Saprae Industrial Park)
Riverbend Point	CN Lynton Facility
Along Highway 63 south of the City Centre, including the Quarry Ridge Development	Prairie Creek Business Park
Saline Creek	
Airport Lands	
Along Saprae Creek Trail (Highway 69)	
Prairie Creek Business Park	

4.5.1 Urban Service Area

Map 2: Urban Service Area displays the extent of the Urban Service Area boundary. The Urban Service Area is anticipated to experience the majority of the Municipality's growth, increasing by 5,818 residents in the high growth scenario and 2,318 residents under the low growth scenario from 2016 to 2030. Fort McMurray is the largest settlement in the RMWB, and also accommodates the majority of the population.

Map 2: Urban Service Area



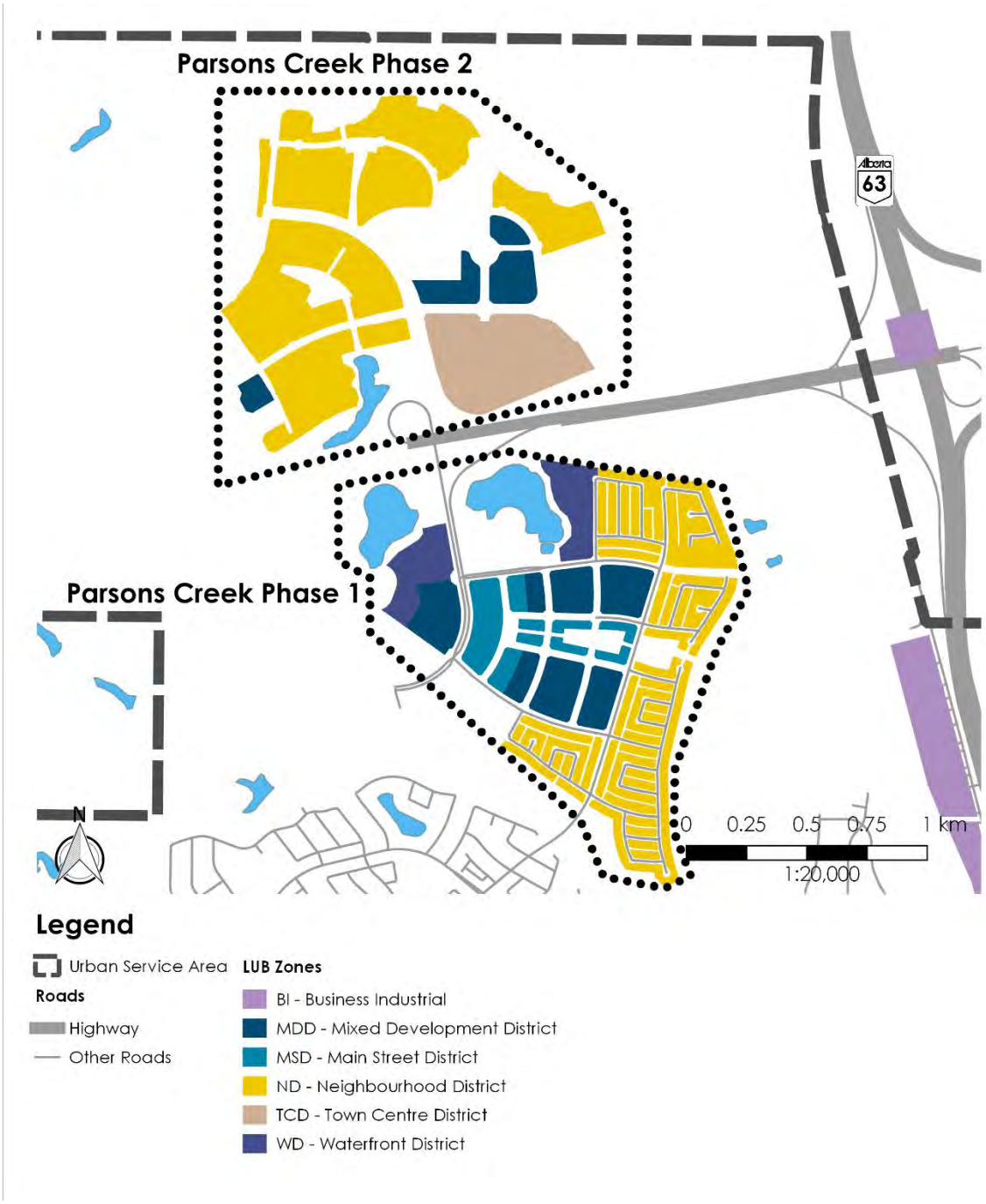
4.5.1.1 Parsons Creek

Parsons Creek is an 817 hectares (2018 acres) neighbourhood located in the north of the Urban Service Area, being developed in three phases. Parsons Creek is envisioned to be a high-quality mixed-use development, incorporating commercial and residential uses. Commercial uses will be directed to locate in Main Street, Mixed Development, Waterfront, Civic, and Town Centre Districts, as described in the Land Use Bylaw. The commercial areas are currently undeveloped. Development in Parsons Creek is guided by the *Parsons Creek Outline Plan.* The Phase 1 area is shovel ready. Access to the site is provided from Highway 63.

Table 6: Parsons Creek Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	**Commercial Land Shovel Ready (hectares)**
Phase 1		
MSD - Main Street District	10.29	10.29
MDD - Mixed Development District	23.14	23.14
WD - Waterfront District	12.06	12.06
CD - Civic District	5.20	5.20
Phase 1 Total	50.69	50.69
Phase 2		
TCD - Town Centre District	20.52	0
WD - Waterfront District	4.75	0
MDD - Mixed Development District	10.09	0
Phase 2 Total	35.36	0
Total	**86.05**	**50.69**

Map 3: Parsons Creek



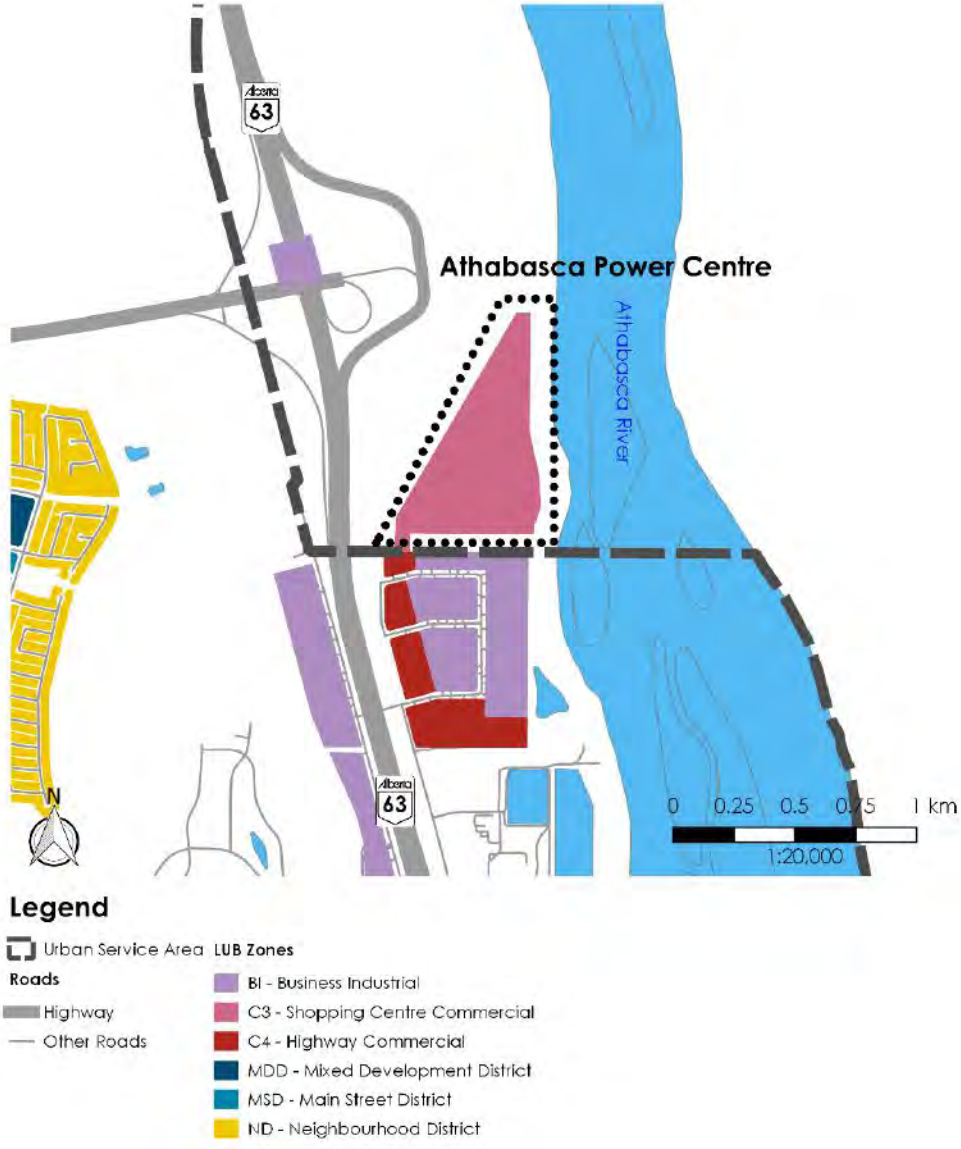
4.5.1.2 Athabasca Power Centre

The Athabasca Power Centre is located North of the Urban Service Area and east of Highway 63. Athabasca Power Centre encompasses an area of 29.26 hectares (72.30 acres). The area is intended to accommodate small and large commercial development and is zoned **C3 – Commercial Shopping Centre.** Currently, there has been no development in the area. Development of this area is guided by the *Athabasca Power Centre Area Structure Plan*. The area is not shovel ready, as it lacks servicing and access.

Table 7: Athabasca Power Centre Commercial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)
C4 – Highway Commercial	29.26	0

Map 4: Athabasca Power Centre



4.5.1.3 Urban Service Area North Industrial

North of the Athabasca River, there are a number of parcels zoned **BI-Business Industrial** located along the Highway 63. These parcels provide a total of 43.80 gross hectares (108.23 acres) industrial land. Based on the Consultant Team assessment, there are 28.07 hectares (69.37 acres) fully built out. These parcels have a vacancy rate of 21.97%. Much of this vacancy is due to a single structure on 885 Memorial Drive. This area is serviced, with access provided by from Highway 63.

Table 8: Industrial Leaseable and Vacant Space in the Urban Service Area North Industrial Parcels

Total Leaseable Area (ft^2)	Vacant Area (ft^2)	Vacancy
619,215	136,026	21.97%

Table 9: Urban Service Area North Industrial Land Allocation

	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
BI - Business Industrial District	43.80	15.73

4.5.1.4 Taiga Nova Eco-Industrial Park

The Taiga Nova Eco-Industrial park is located along Highway 63, near the northern boundary of the Urban Service Area. This park accommodates industrial and commercial development, with parcels zoned **BI – Business Industrial** and parcels zoned **C4 – Highway Commercial** fronting Highway 63. The park is serviced and mostly built out. Vacancy information is provided in Table 10: Commercial and Industrial Leaseable and Vacant Space in Taiga Nova Eco-Industrial Park. Access is provided from Highway 63. The park was designed considering sustainability goals and utilizes green infrastructure to accommodate industrial activity in a sustainable manner. Since its construction in 2011, the park has rapidly filled and is mostly occupied.

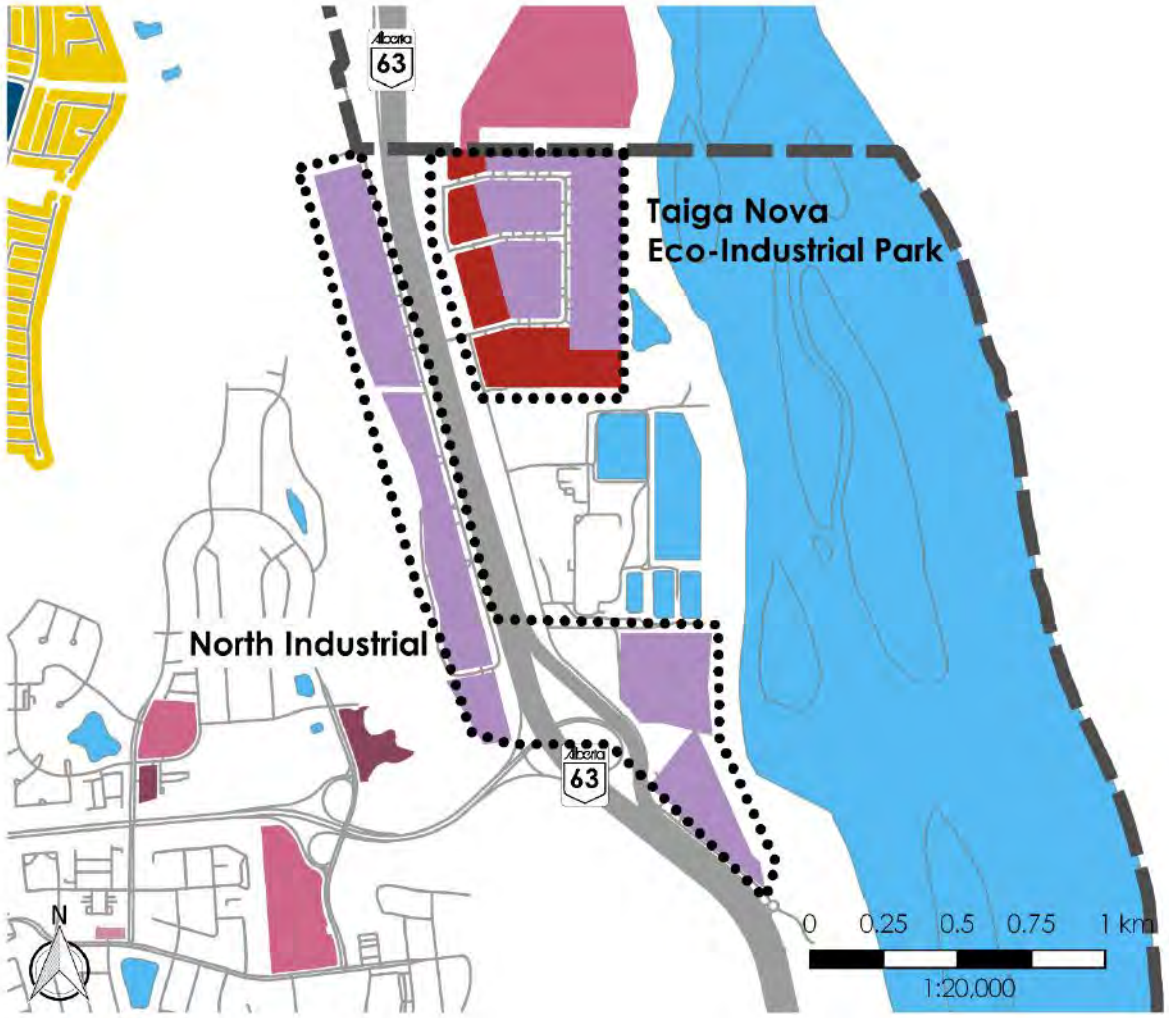
Table 10: Commercial and Industrial Leaseable and Vacant Space in Taiga Nova Eco-Industrial Park

	Total Leaseable Area (ft^2)	Vacant Area (ft^2)	Vacancy
Commercial Land	210,388	20,000	9.51%
Industrial Land	621,483	25,864	4.16%

Table 11: Taiga Nova Eco-Industrial Park Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
C4 - Highway Commercial District	14.89	1.99	0	0
BI - Business Industrial District	0	0	24.40	4.07
Total	**14.89**	**1.99**	**24.40**	**4.07**

Map 5: Taiga Nova Eco-Industrial Park and Urban Service Area North Industrial



Legend

Urban Service Area

Roads

Highway

Other Roads

LUB Zones

BI - Business Industrial

C1 - Community Commercial

C3 - Shopping Centre Commercial

C3A - Timberlea Shopping Centre Commercial

C4 - Highway Commercial

MDD - Mixed Development District

ND - Neighbourhood District

4.5.1.5 Timberlea and Thickwood

Timberlea

The neighbourhood of Timberlea is a large, established community in northern Fort McMurray. The neighbourhood encompasses an area of 1,078 hectares (2,663.85 acres). The area is predominantly residential but does include commercial development, focused in Timberlea Landing and the Eagle Ridge mixed use development, which is under construction. Development in the community is guided by the *Timberlea ASP.* The area is serviced and mostly built out. Confederation Way provides access to Timberlea from Highway 63.

Thickwood

The community of Thickwood is located south of Timberlea and north of the Athabasca River. Like Timberlea, the neighbourhood is predominantly residential but does allocate space for commercial development. The neighbourhood is not guided by a statutory plan. The area is shovel ready and Thickwood Boulevard provides access to the neighbourhood from Highway 63. Vacancy information for Timberlea and Thickwood is provided in Table 12: Commercial Leaseable and Vacant Space in Timberlea and Thickwood.

Table 12: Commercial Leaseable and Vacant Space in Timberlea and Thickwood

	Total Leaseable Area (ft^2)	Vacant Area (ft^2)	Vacancy
Timberlea	557,836	41,823	7.50%
Thickwood	377,235	7,786	2.06%

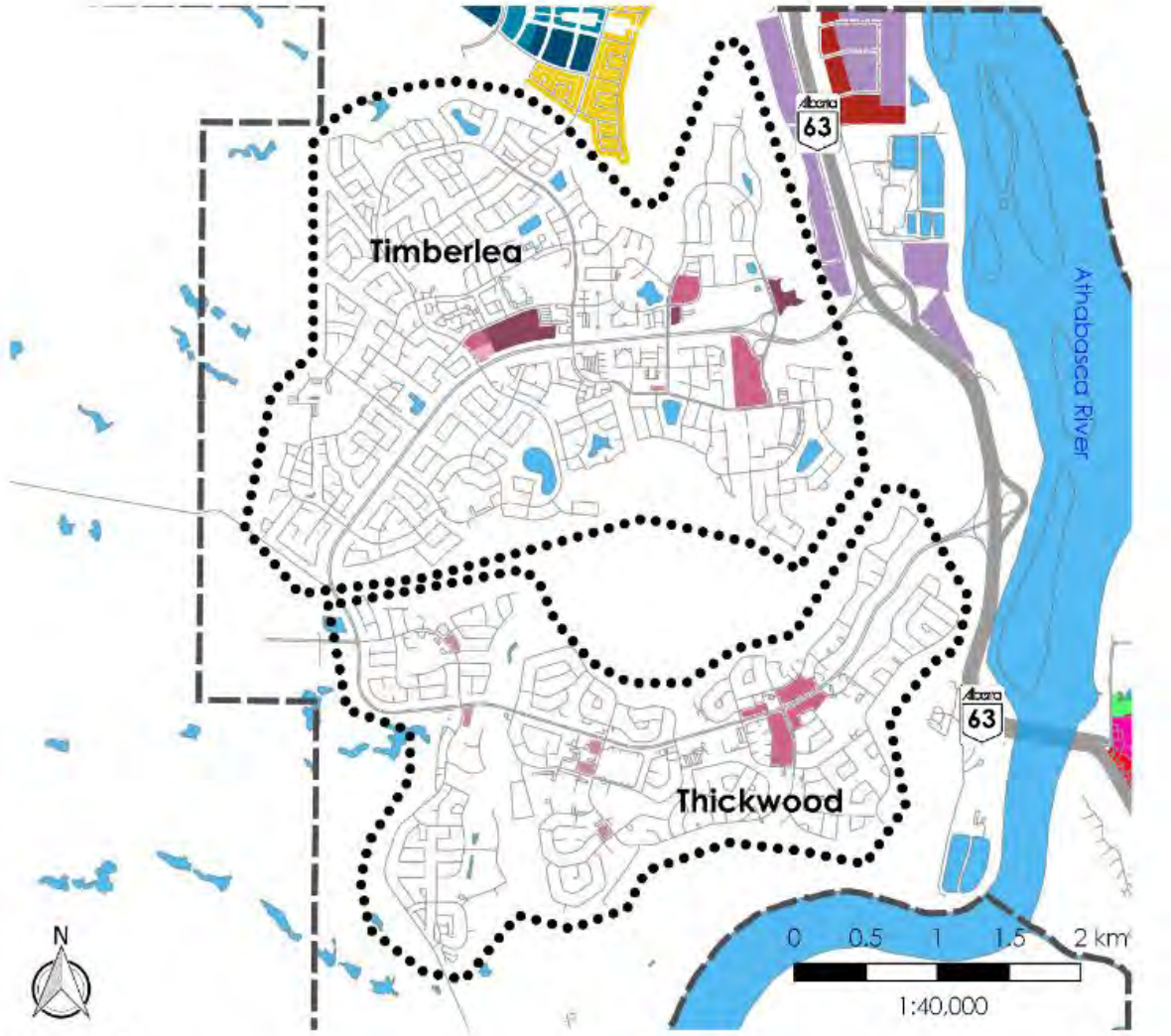
Stonecreek

Stonecreek is located in the northeast of the Timberlea ASP area. This area is also predominantly residential but does allocate areas for commercial and mixed-use development. Development is guided by the *Stonecreek Outline Plan.* The area is shovel ready for development.

Table 13: Timberlea, Thickwood, and Stonecreek Commercial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)
Timberlea		
C1 - Community Commercial District	0.39	0
C2 - Mixed/Traditional Commercial District	1.17	0
C3 - Shopping Centre Commercial District	10.18	8.68
C3A - Timberlea Shopping Centre Commercial District	8.3	0
Total Timberlea	20.04	8.68
Stonecreek		
C3 - Shopping Centre Commercial District	3.26	0
C3A - Timberlea Shopping Centre Commercial District	3.46	0
Total Stonecreek	6.72	0
Thickwood		
C1 - Community Commercial District	3.55	0
C3 - Shopping Centre Commercial District	11.11	0
Total Thickwood	14.66	0
Total	**41.42**	**8.68**

Map 6: Thickwood and Timberlea



Legend

Urban Service Area

Roads

Highway

Other Roads

LUB Zones

BI - Business Industrial

C1 - Community Commercial

C2 - Mixed/Transitional Commercial

C3 - Shopping Centre Commercial

C3A - Timberlea Shopping Centre Commercial

C4 - Highway Commercial

MDD - Mixed Development District

MSD - Main Street District

ND - Neighbourhood District

WD - Waterfront District

4.5.1.6 City Centre

The City Centre area is bound to the east by the Clearwater River, to the north by the Athabasca River, and to the west by Highway 63. The area is intended to accommodate commercial, office, and residential development. The RMWB has adopted a *City Centre Area Redevelopment Plan* and *City Centre Land Use Bylaw* to regulate the use and development for the unique zones of the City Centre. The CCARP divides the area into four zones:

- Major Redevelopment Zone: This area is intended to be of the highest density and contain the primary office zone west of Hardin Street and the primary retail zone east of Hardin of Street
- Franklin Avenue Reurbanization Zone: This area is intended to accommodate commercial and office development. Franklin Street is intended to be a main street and provide a main street shopping experience
- Neighbourhood Stabilization Zone: This area is intended to be residential but allows for small scale commercial.
- Recreation Zone: This area is intended to be the primary recreational hub of Fort McMurray and allows ancillary commercial and retail uses that are compatible with the recreational focus of the areas.

Vacancy information for the City Centre is provided in Table 14: Retail and Office Leaseable and Vacant Space in the City Centre. The area is shovel ready and has the servicing capacity to accommodate higher density development. The undeveloped and vacant spaces in the City Centre are available for further development. The City Centre area is accessible from Highway 63 and through transit service.

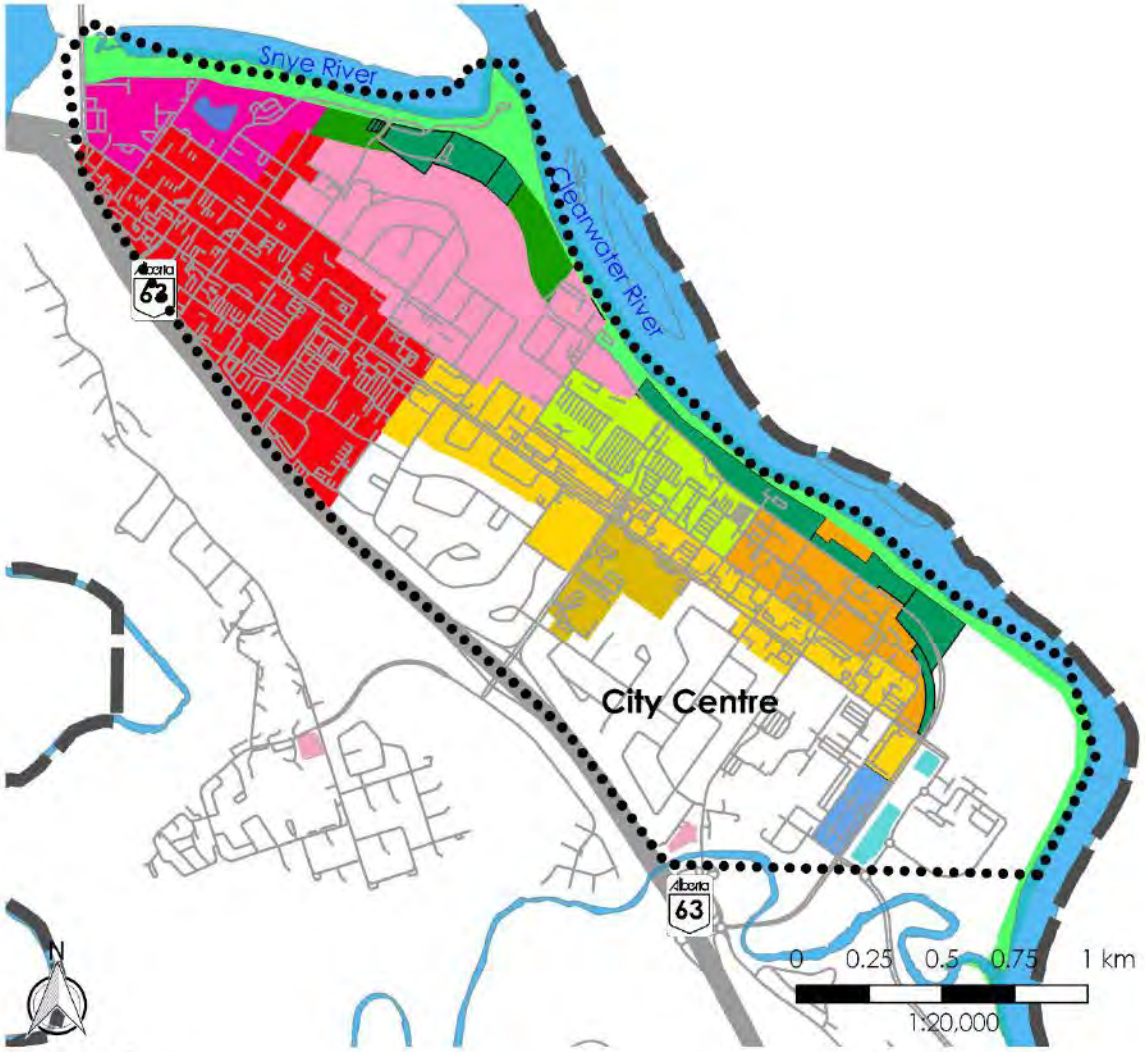
Table 14: Retail and Office Leaseable and Vacant Space in the City Centre

	Total Leaseable Area (ft^2)	Vacant Area (ft^2)	Vacancy
Retail	2,271,766	105,302	4.64%
Office	258,833	106,178	41.02%

Table 15: City Centre Commercial Land Allocation

Zoning	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)
Major Redevelopment Zone		
CBD1 - Central Business District	75.21	3.26
BOR1 - Borealis	18.59	1.11
SCL1 - Snyeside/Clearwater Core	51.82	1.64
SCL2 - Snyeside/Clearwater High Density	6.54	3.65
Franklin Avenue Reurbanization Zone		
PRA1 - Prairie West of Queen Mixed Use	19.68	0.56
PRA2 - Prairie East of Queen Mixed Use	17.50	2.53
FRA1 - Franklin Core	40.79	4.29
Neighbourhood Stabilization Zone		
SR1 - South Riverfront	3.80	0.79
LBL-C - Longboat Landing Commercial	1.93	0
Total	**235.86**	**17.83**

Map 7: City Centre



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Urban Service Area

Urban Service Area

Roads

Highway

Other Roads

Residential Zones

City Centre Land Use Bylaw Districts

BOR1 - Borealis

CBD1 - Central Business District

FRA1 - Franklin Core

LBL-C - Longboat Landing Commercial

PRA1 - Prairie West of Queen Mixed Use

PRA2 - Prairie East of Queen Mixed Use

PR-CC - Parks and Recreation City Centre

PS-CC - Public Services City Centre

RIVF - Riverfront

SCL1 - Snyeside / Clearwater Core

SCL2 - Snyeside / Clearwater High Density

SR1 - South Riverfront

4.5.1.7 Riverbend Point

Riverbend Point is envisioned as a community west of the Urban Service Area, south of the Athabasca River and west of Horse River. This area was designed to be a self-contained complete community, anchored by a mixed-use centre that allows for office and retail uses. Currently, this area is still zoned **UE – Urban Expansion** and is undeveloped. Development in this area is described by the Riverbend Point ASP, adopted in 2011. Currently, the area is not shovel ready, as it lacks servicing and access.

Table 16: Riverbend Point Commercial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)
Village Core	1.68	0

4.5.1.8 Abasand Heights

Abasand Heights is a residential neighbourhood that was significantly affected by the 2016 wildfire. The area does contain one area zoned as **C2 – Mixed/Transitional Commercial**. At the time of the windshield survey, this structure was subject to fire damage and vacancy information was unavailable.

Table 17: Abasand Heights Commercial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)
C2 – Mixed/Transitional Commercial	0.60	0

4.5.1.9 Beacon Hill

Within the Beacon Hill residential neighbourhood, there is a strip mall zoned **C1 – Community Commercial.** This mall appears fully built out.

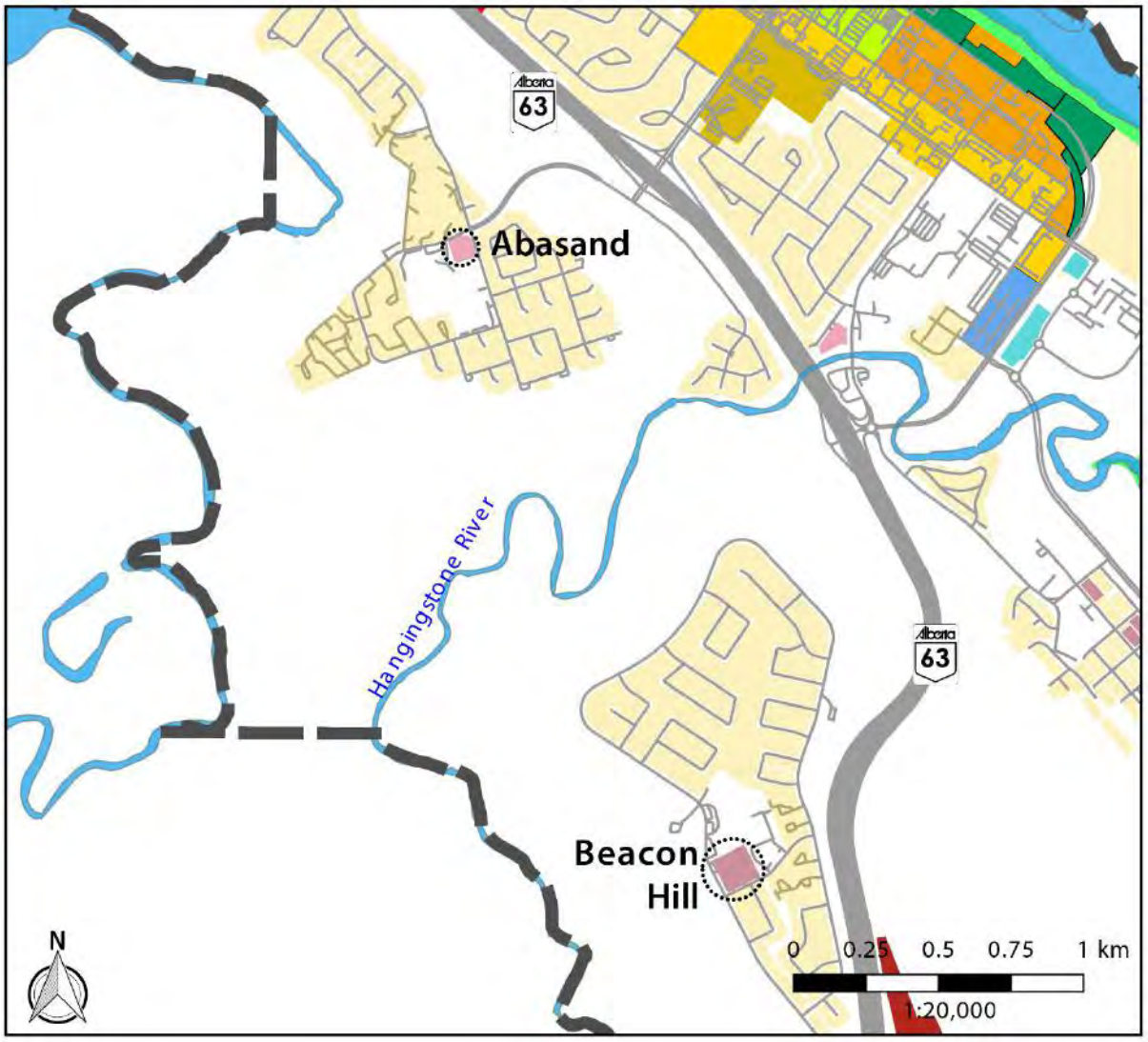
Table 18: Beacon Hill Commercial Leaseable and Vacant Space

Total Leaseable Area (ft^2)	Vacant Area (ft^2)	Vacancy
14,475	0	0

Table 19: Beacon Hill Commercial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)
C1 – Community Commercial	1.54	0

Map 8: Abasand Heights and Beacon Hill



Legend

Urban Service Area

Roads

Highway

Other Roads

LUB Zones

C1 - Community Commercial

C2 - Mixed/Transitional Commercial

4.5.1.10 Highway 63 South

South of the Hangingstone River, there are three **C4 – Highway Commercial** areas along Highway 63. These areas provide gross commercial land of 29.08 hectares (71.86 acres) east of Highway 63 and south of Gregoire Drive, 6.11 hectares (15.10 acres) west of Highway 63, and 9.66 hectares (23.87 acres) east of Highway 63 and north of Gregoire Drive. This area is built out and has a commercial vacant area of 23,920 ft^2 with a commercial vacancy rate of 7.10%. This area is shovel ready.

Recently, two parcels along Highway 63 north of Mackenzie Boulevard has been rezoned to **C3 – Shopping Centre District** to allow for mixed use development. This rezoning change has not yet been reflected in the RMWB GIS information and are thus not reflected in the map and table, as the size of the parcels is unknown.

Table 20: Commercial Leaseable and Vacant Space in Highway 63 South Commercial Parcels

Total Leaseable Area (ft^2)	Vacant Area (ft^2)	Vacancy
336,873	23,920	7.10%

Table 21: Highway 63 South Commercial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)
C4 - Highway Commercial District	44.85	0

4.5.1.11 Mackenzie Industrial Park

The Mackenzie Industrial Park is located north of the intersection of Highway 63 and Saprae Creek Trail and provides 190.07 gross hectares (469.67 acres) of land zoned **BI - Business Industrial**, accommodating a variety of industrial activities. The area is serviced and mostly built out. Vacancy information is provided in Table 22: Industrial Leaseable and Vacant Space in Mackenzie Industrial Park. While there is some undeveloped land in the Industrial Park that can considered shovel-ready, it is currently being used for storage purposes.

Table 22: Industrial Leaseable and Vacant Space in Mackenzie Industrial Park

Total Leaseable Area (ft^2)	Vacant Area (ft^2)	Vacancy
3,223,384	364,748	11.32%

Table 23: Mackenzie Industrial Park Industrial Land Allocation

	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
BI - Business Industrial District	190.07	7.97

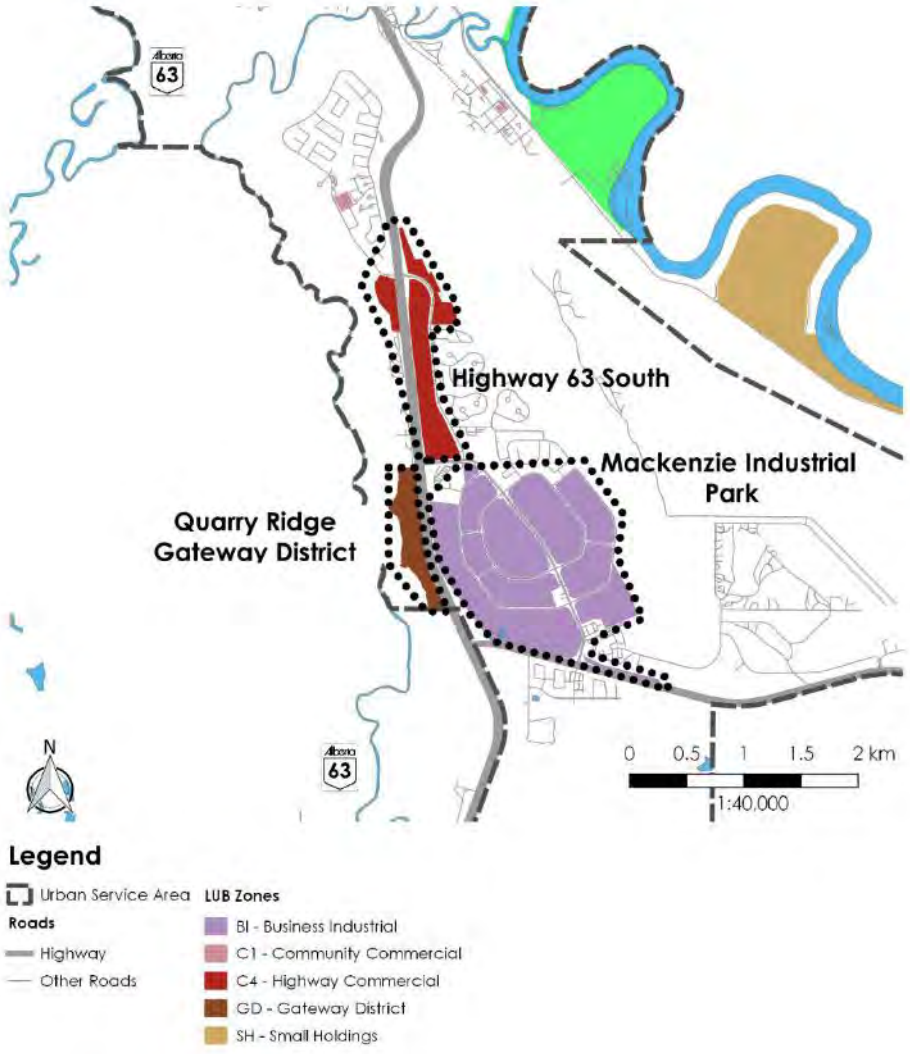
4.5.1.12 Quarry Ridge

Quarry Ridge is located southwest of the intersection of Highway 63 and Mackenzie Boulevard with a gross area of 22.36 hectares (55.25 acres). The parcel allows for commercial development and is zoned as **GD – Gateway District**. The area is currently undeveloped but is serviced and shovel ready and Phase 1 construction is underway. Access to the site will be provided off of Highway 63.

Table 24: Quarry Ridge Commercial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)
GD – Gateway District	22.36	22.36

Map 9: Highway 63 South, Mackenzie Industrial Park, And Quarry Ridge



4.5.1.13 Saline Creek

Saline Creek is located in the southeast portion of the Urban Service Area, immediately west of the Airport Lands. The area is guided by the *Saline Creek ASP* and development is further detailed in two approved Outline Plans, detailed below:

Keyano College Outline Plan

The *Keyano College Outline Plan* guides development of 213 hectares (526 acres) located within the Saline Creek ASP area, owned by Keyano College. This area allows for residential and commercial uses. The Outline Plan area is not zoned and is not considered shovel ready.

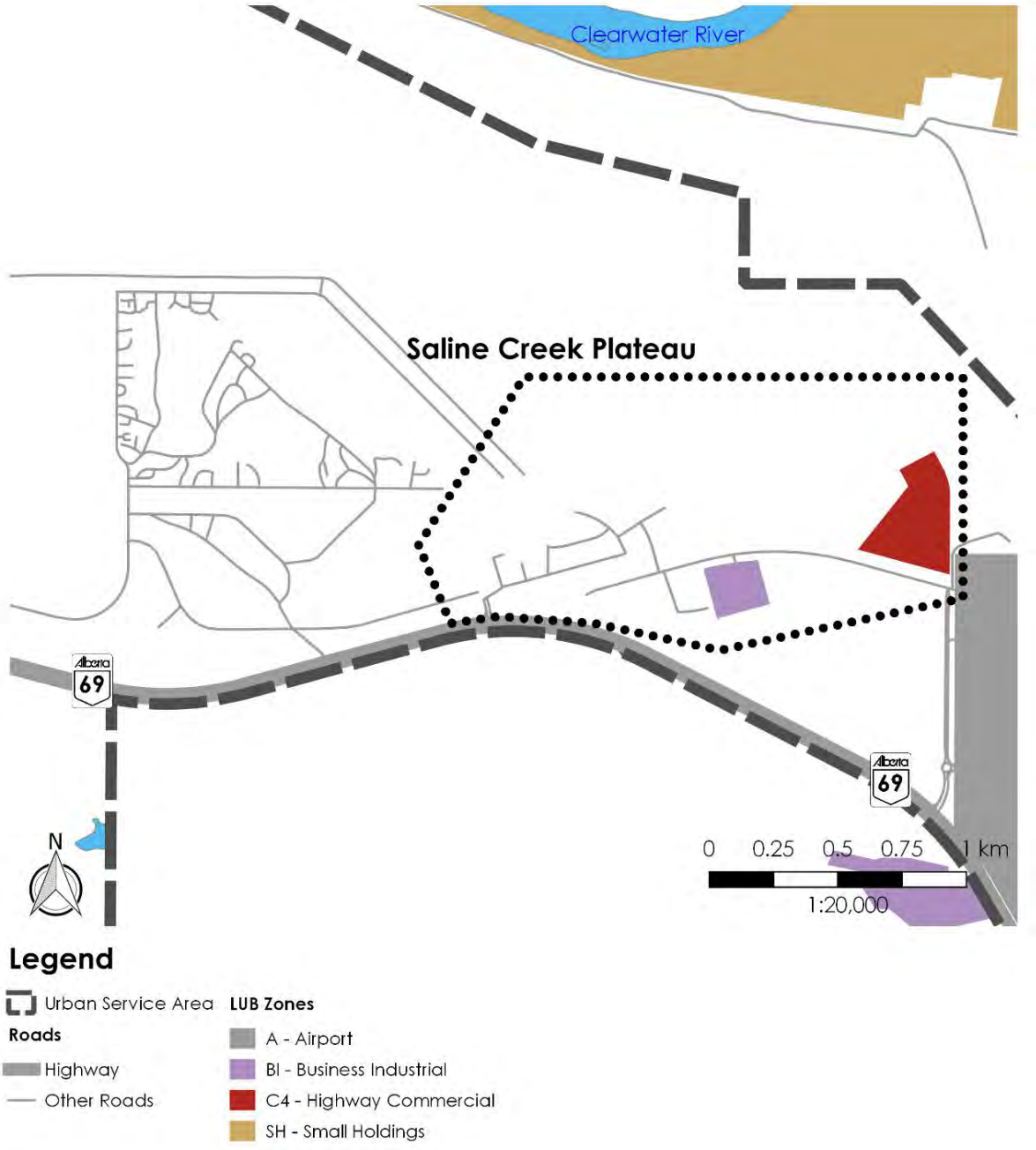
Rotary Lands Outline Plan

The *Rotary Lands Outline Plan* guides development on the easternmost parcel in the Saline Creek ASP. The plan envisions a residential community, a golf course, and airport commercial development on the east section of the area. This area is currently undeveloped. Some of the regions are zoned for their intended use and are considered shovel ready.

Table 25: Saline Creek Commercial Land Allocation

	Commercial Land Allocation (hectares)	**Commercial Land Shovel Ready (hectares)**
Keyano College		
Village Commercial District	6.21	0
Regional Commercial District	11.73	0
Convenience Commercial District	3.67	0
Total Keyano College	21.61	0
Rotary Lands		
Airport Commercial District	14.13	9.84
Total Rotary Lands	14.13	9.84
Total	**35.74**	**9.84**

Map 10: Saline Creek



4.5.1.14 Highway 69 / Clearwater and Fort McMurray International Airport

There are a number of commercial and industrial areas located along Highway 69, southeast of Fort McMurray. This area contains the Fort McMurray International Airport, the L Robert Industrial Park, and the CN Lynton facility. There are also a number of small commercial and industrial zoned parcels located along Saprae Creek Trail. Development in this area is guided by the *Highway 69 / Clearwater Area Structure Plan*, although the plan area does not include the Fort McMurray International Airport, which is guided by the *Fort McMurray Regional Airport Area Structure Plan*.

L Robert Industrial Park

The L Robert Industrial Park, recently renamed from Saprae Industrial Park, is located east of the Fort McMurray International Airport. Development of the 38.43 hectare (94.97 acre) park is guided by the Saprae Industrial Park Outline Plan. The park is serviced and shovel ready, but development has been limited. The current vacant area is 29,087 square feet and a vacancy rate is 68.18%. The site is accessible from Saprae Creek Trail.

Table 26: Industrial Leaseable and Vacant Space in L Robert Industrial Park

Total Leaseable Area (ft^2)	Vacant Area (ft^2)	Vacancy
42,659	29,087	68.18%

Fort McMurray International Airport

Located six kilometres southeast of Fort McMurray, the Fort McMurray International Airport is the third largest airport in Alberta by passenger volume. The Airport Lands are zoned as **A-Airport** and development is guided by the by the *Fort McMurray Regional Airport Area Structure Plan*, which allows for landside and airside industrial and commercial activities on airport lands.

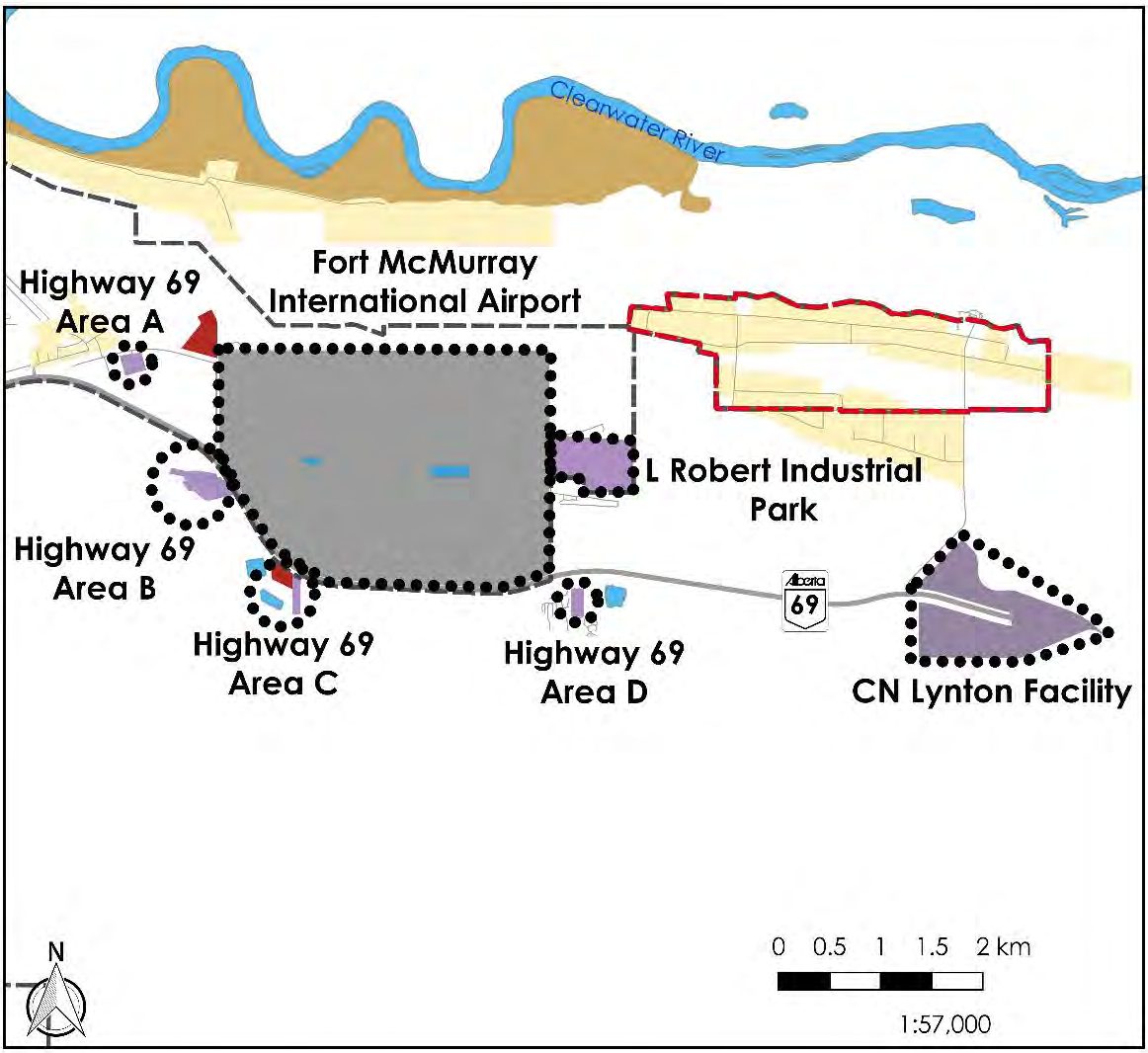
In 2016, the Fort McMurray International Airport Authority produced the *Open for Business: Land Development Opportunities* document, which details the various commercial and industrial sites available on site. Because this document was the most recently released by the Airport Authority, it was deemed the information within was the most accurate assessment of existing conditions. There are three parks described:

- The Snow Eagle Aviation Park: provides eight hectares of shovel ready land with airside access.
- The Snow Bird Prestige Commercial Park: provides ten hectares of serviced commercial areas and 4 hectares of serviced industrial lots with airside access.
- Golden Hawk Commercial Park: provides 57 hectares of landside industrial parcels but is not shovel ready.

Table 27: Highway 69/Clearwater Area and Fort McMurray Airport Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
L Robert Industrial Park				
BI - Business Industrial	0	0	38.43	31.48
Fort McMurray International Airport				
Snow Eagle Aviation Park			8.0	8.0
Snow Bird Prestige Park	10.0	10.0	4.0	4.0
Golden Hawk Commercial Park			57.0	0
Total	10.0	10.0	69.0	12.0
Other Areas along Saprae Creek Trail				
Area A			4.10	0
Area B			10.96	0
Area C	3.71	3.71	3.04	0
Area D			3.44	0
CN Lynton Facility			98.52	46.77
Total	**13.71**	**13.71**	**227.49**	**90.25**

Map 11: Highway 69 / Clearwater and Fort McMurray International Airport



Legend

- Urban Service Area
- Saprae Creek Estates

Roads

- Highway
- Other Roads

LUB Zones

- A - Airport
- BI - Business Industrial
- BIU - Business Industrial Unserviced
- C4 - Highway Commercial

- Residential Zones

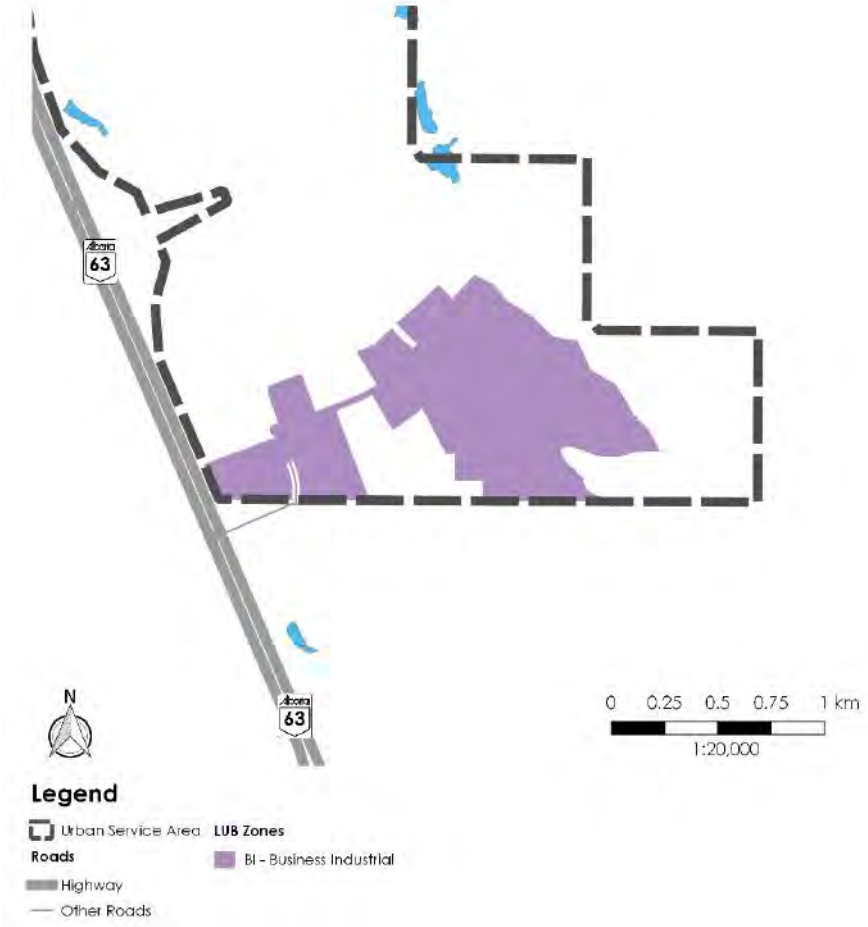
4.5.1.15 Prairie Creek Business Park

The Prairie Creek Business Park is located 10 kilometres south of Fort McMurray by Highway 63. The Prairie Creek Business Park consists of a gross area of 396.79 hectares (980.51 acres). This park is intended for industrial and commercial development. Currently, the area has only been partly zoned as **BI – Business Industrial**. Development is guided by the *Prairie Creek Business Park Outline Plan.* The area is mostly undeveloped and the entire area is unserviced, however a development permit for an 8.50 hectare site has been issues and approves unserviced use. The park will be accessible from Highway 63.

Table 28: Prairie Creek Business Park Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
C4 - Highway Commercial District	25.41	0	0	0
BI - Business Industrial District	0	0	287.80	8.5
Total	**25.41**	**0**	**287.80**	**8.5**

Map 12: Prairie Creek Business Park



4.5.1.16 Summary of the Fort McMurray and Environs

Table 29: Fort McMurray and Environs Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	Shovel Ready Commercial Land (hectares)	Industrial Land Allocation (hectares)	Shovel Ready Industrial Land (hectares)
Parsons Creek	86.05	50.69		
Athabasca Power Centre	29.26	0		
Highway 63 North Industrial			43.80	15.73
Taiga Nova Eco-Industrial Park	14.89	1.99	24.40	4.07
Timberlea and Thickwood	41.42	8.68		
City Centre	235.86	17.83		
Riverbend Point	1.68	0		
Abasand Heights	0.60	0		
Beacon Hill	1.54	0		
Highway 63 South Commercial	44.85	0		
Mackenzie Industrial Park			190.07	7.97
Quarry Ridge	22.36	22.36		
Saline Creek	35.74	9.84		
Airport Lands	10.00	10.00	69.0	12.00
L Robert Industrial Park			38.43	31.48
Saprae Creek Trail Parcels	3.71	3.71	21.54	0
CN Lynton Facility			98.52	46.77
Prairie Creek Business Park	25.41	0	287.80	8.5
Total	**553.37**	**125.10**	**773.56**	**126.52**

4.6 Rural North

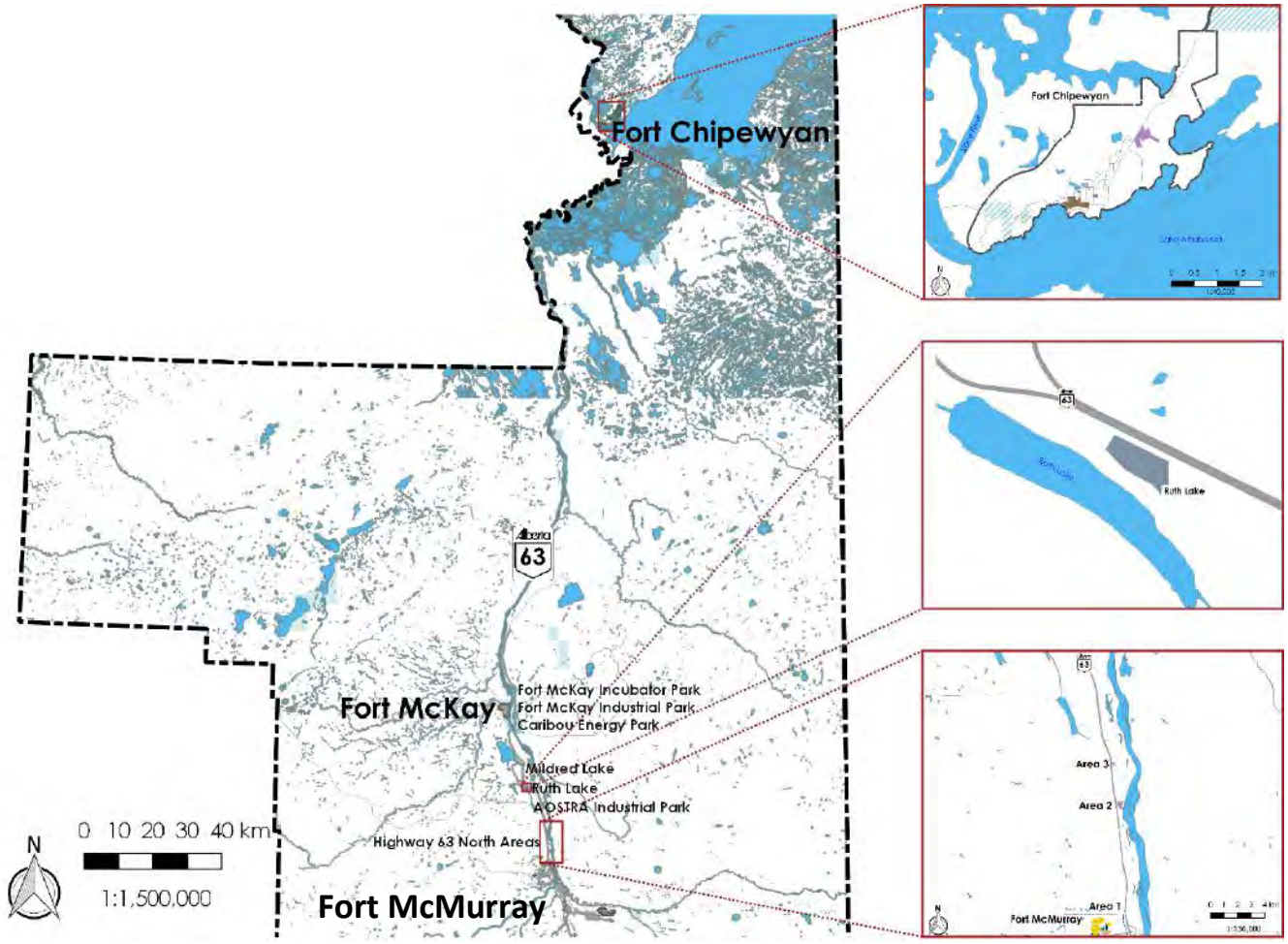
The rural area north of Fort McMurray contains three hamlets and a number of industrial areas. Hamlets in the Rural North area include Fort McKay, Fort Chipewyan, and Fort Fitzgerald. Of the three, Fort Chipewyan is the only hamlet of these to allocate commercial and industrial land. Contained within this area is the Highway 63 North Corridor, which provides access to a number of oil sands operations and supportive industrial lands.

Table 30: Commercial and Industrial Development in the Rural North Area

Rural North Hamlet / Highway Areas	Commercial	Industrial
Fort Chipewyan	Hamlet Commercial	Business Industrial
Fort McKay		Fort McKay Caribou Energy Park and Fort McKay Industrial Park
		Fort McKay Incubator Park
AOSTRA Industrial Park		AOSTRA Industrial Park
Mildred Lake		Mildred Lake Industrial Area
Ruth Lake		Ruth Lake Industrial Area
Highway 63 North Corridor		Area 1
		Area 2
		Area 3

A number of these industrial areas are located on Crown land or First Nation land. Some third party industrial service providers are integrated into mining and in-situ facilities. There are also a number of work camps in the rural north area, which may contain commercial services to serve the camp population and potentially the general public. The Consultant Team has listed some known industrial sites, as they do affect industrial demand for land in the RMWB, but it should be noted that these lands are not under the regulatory control of the RMWB.

Map 13: Rural North



Legend

- Urban Service Area
- **Roads**
  - Highway
  - Other Roads
- **LUB Zones**
  - BI - Business Industrial
  - C3 - Shopping Centre Commercial
  - MDD - Mixed Development District
  - ND - Neighbourhood District
  - SI - Support Industrial
  - TCD - Town Centre District
  - BI - Business Industrial
  - HC - Hamlet Commercial

4.6.1 Fort McKay: Caribou Energy Park and Fort McKay Industrial Park

While the Hamlet of Fort McKay contains no industrial or commercial land, there are a number of industrial parks located on Fort McKay First Nation land. Located 54 kilometres north of Fort McMurray, the Caribou Energy Park and Fort McKay Industrial Park are jointly owned by the Fort McKay Group of Companies and Waiward Management Inc. Based on information provided on the Fort McKay Caribou Energy Park website in February of 2017, the park offers 80.94 hectares (200 acres) of leasable land of which 11.09 hectares (27.4 acres) are shovel ready land for dry industrial uses. The Consultant Team was unable to acquire detailed data on vacancy and development from the consultation with the Fort McKay First Nation representative. The two parks are unserviced but based on a discussion with a representative of the Fort McKay First Nation, the unserviced nature of these parks is not considered a barrier to development. These sites are accessible off of Highway 63.

4.6.2 Fort McKay Incubator Park

The Fort McKay Incubator Park is also located on Fort McKay First Nation land. This park is intended to accommodate small businesses owned by the Fort McKay First Nation band members. The park is divided into two sections; the first is completely developed and the second is undeveloped.

4.6.3 AOSTRA Industrial Park

Located on AOSTRA Road, the AOSTRA Industrial Park contains 282 net hectares (697 acres) of land, supporting adjacent mining activities. This area is zoned **RD – Rural District**.

4.6.4 Mildred Lake

Approximately 40 kilometres north of Fort McMurray, the Mildred Lake Industrial Area contains approximately 68 net hectares (168 net acres) accommodating a construction equipment supplier. This area is built out and is zoned **RD – Rural District.**

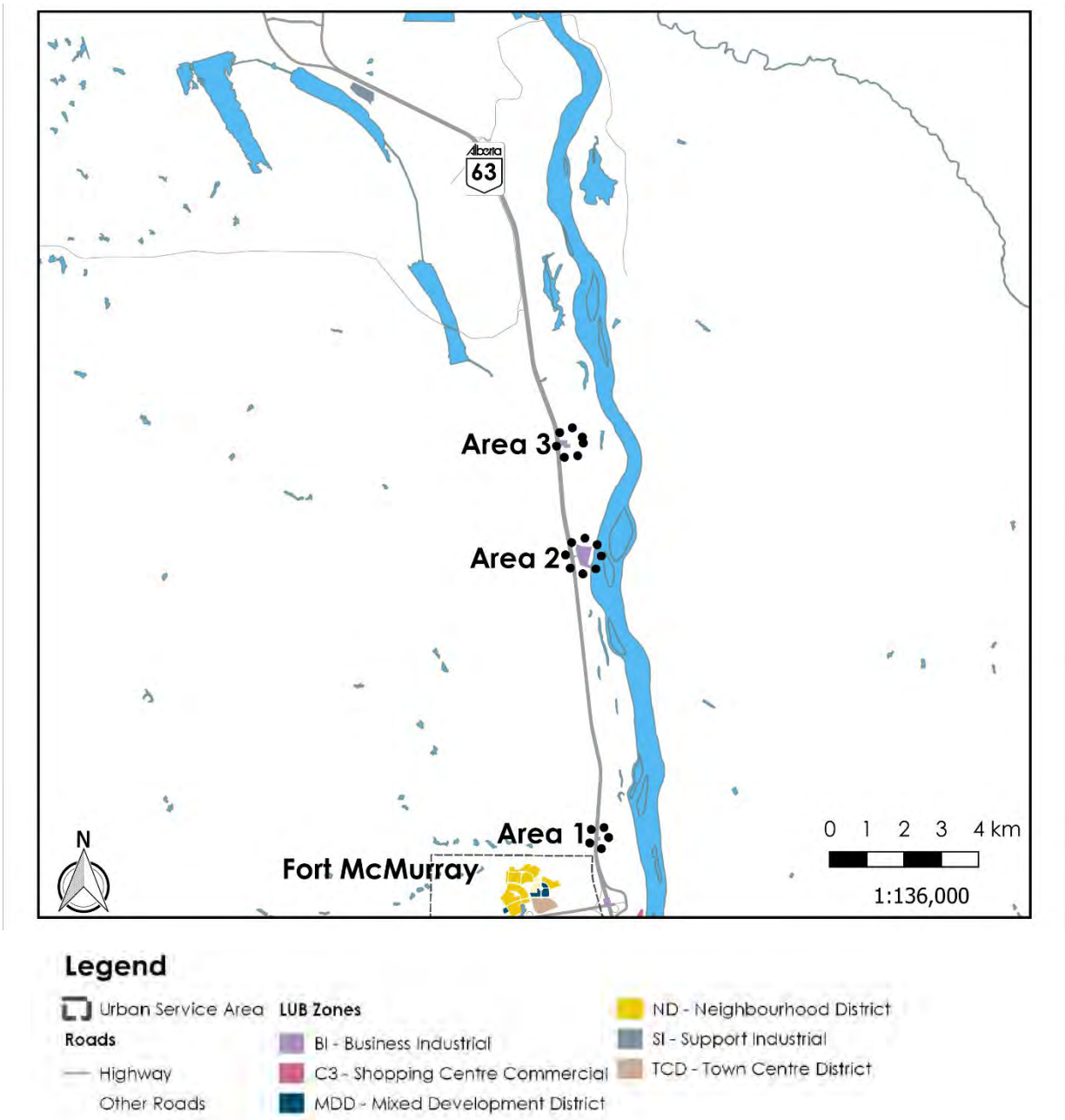
4.6.5 Ruth Lake

Located approximately 33 kilometres north of Fort McMurray, the Ruth Lake Industrial Area is zoned **SI-Support Industrial**, containing a gross area of 17.91 hectares (44.25 acres). The area is undeveloped.

4.6.6 Other Highway 63 North Areas

There are two parcels zoned **BI – Business Industrial** areas along Highway 63 north of the Urban Service Area. These parcels are all fully developed. A map of these areas is provided in Map 13: Highway 63 North parcels labelled as Area 1, Area 2, and Area 3.

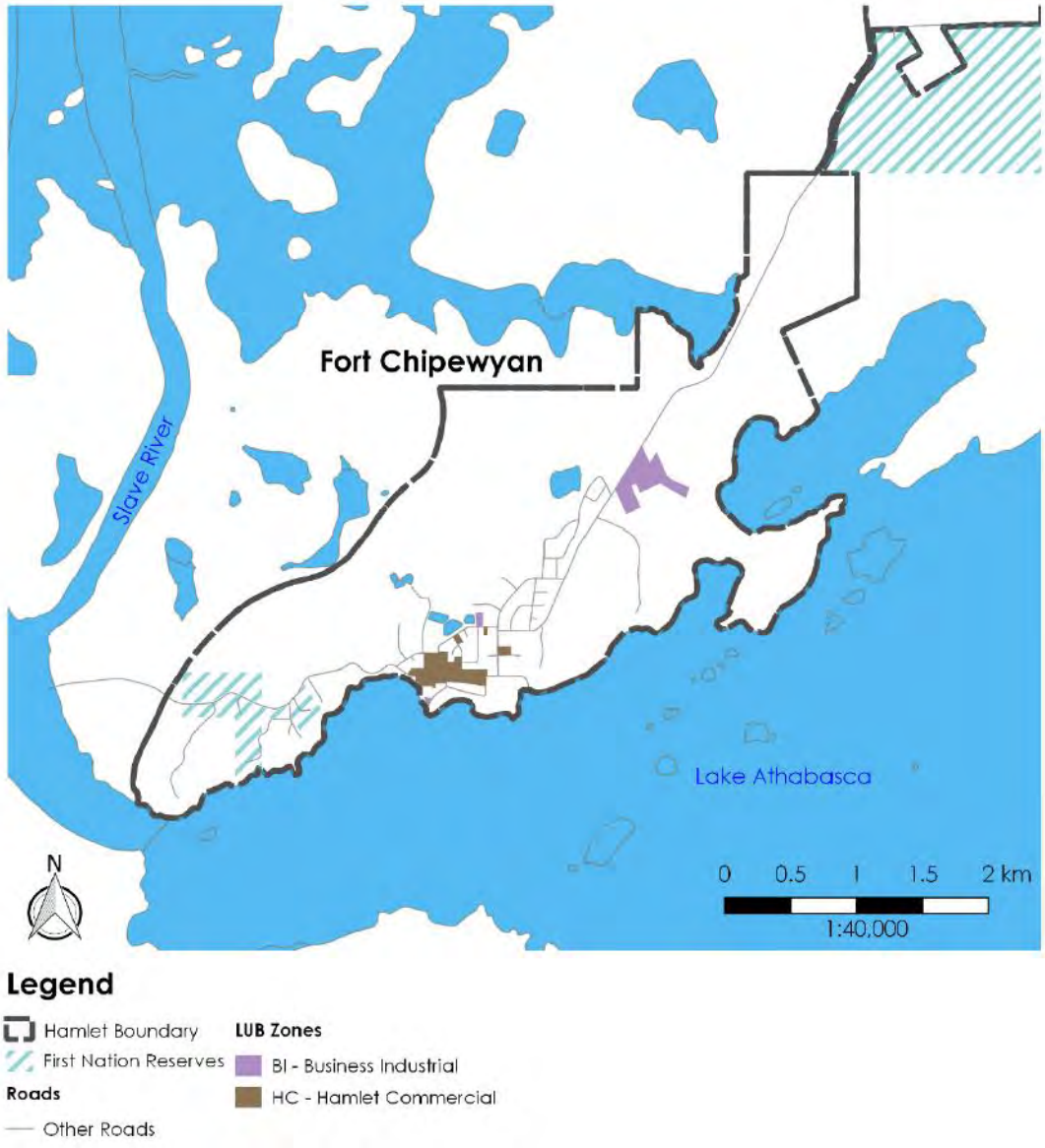
Map 14: Highway 63 North



4.6.7 Fort Chipewyan

Located 250 kilometres north of Fort McMurray, Fort Chipewyan is a community located north of Lake Athabasca. This hamlet contains both commercial and industrial uses, zoned **HC – Hamlet Commercial** and **BI – Business Industrial** respectively. These areas are partially developed. Currently, there is no approved ASP for Fort Chipewyan. Industrial and commercial development is limited in this area due to the limited accessibility of the community. In summer, the community can be reached by plane, via an airstrip to the north, and by boat. In winter, a seasonal ice road becomes available to access the hamlet.

Map 15: Fort Chipewyan



4.6.8 Summary of Rural North

The following is a summary of industrial development, not including developments located on Crown land or on First Nation land:

Table 31: Rural North Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
Ruth Lake Support Industrial			17.91	0
Highway 63 Industrial			23.63	0
Fort Chipewyan	10.85	2.30	11.65	8.21
Total	**10.85**	**2.30**	**53.19**	**8.21**

4.7 Rural South

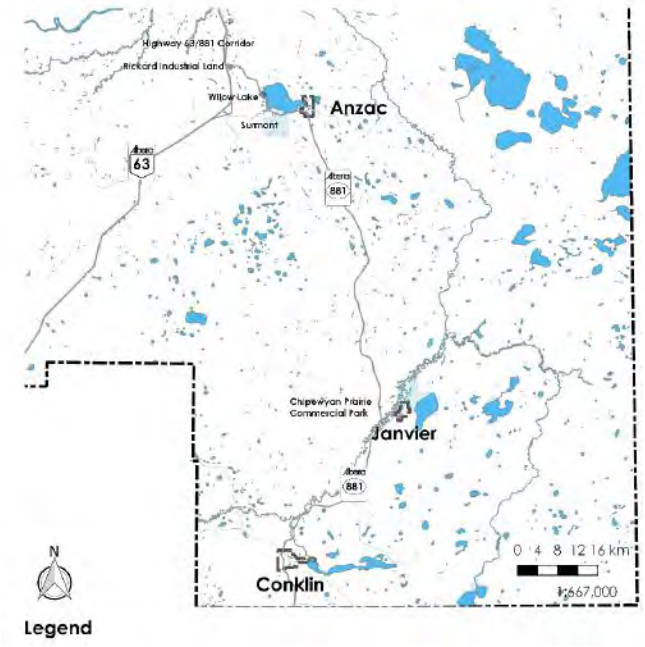
The Rural South area encompasses three Hamlets with commercial or industrial land, as well as other commercial and industrial areas.

Highway 881 connects Fort McMurray, via a connection with Highway 63, to Lac La Biche. The highway also provides access to the Hamlets and the developments in the Rural South. Like the Rural North, many industrial service providers are often located at the mine location. There are also a number of work camps in the rural south area, which may contain commercial services for the camp population and potentially the general public. It is noted that there are a number of commercial and industrial activity that occurs on Crown Land that could be located on RMWB parcels.

Table 32: Commercial and Industrial Development in the Rural South Area

Hamlets and Highway 881 South Corridor	Commercial	Industrial
Highway 63/881 Corridor	Highway Commercial	Business Industrial
		Rickard Industrial Lands
		Chipewyan Prairie Commercial Park
	Highway 63/881 Corridor South	Highway 63/881 Corridor South
Gregoire Lake Estates		Surmont Industrial Park
Anzac	Hamlet Commercial	Business Industrial
Janvier	Hamlet Commercial	Business Industrial
Conklin	Hamlet Commercial	Business Industrial

Map 16: Rural South



4.7.1 Chipewyan Prairie Commercial Park

Located on Highway 881 at the 217 kilometer marker, the Chipewyan Prairie Commercial Park allocates 40.47 hectares (100 acres) for commercial and industrial developments. This park is located on Chipewyan Prairie Dene First Nation land and is managed by the Prairie Dene Development Corporation Band. The site is undeveloped. Based on information provided by the website, the park is fully serviced.

4.7.2 Highway 63/881 Corridor South

There are a number of **BI – Business Industrial** and **C4 – Highway Commercial** parcels located along Highway 63 and Highway 881 south of Fort McMurray. Development for the area is guided by the Highway 63/881 Area Structure Plan, although there are a number of areas envisioned in the plan that are not evident in development.

Table 33: Highway 63/881 Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	**Commercial Land Shovel Ready (hectares)**
C4 - Highway Commercial Intersection of Highway 63 and Highway 881	2.29	2.29
C4-Highway Commercial Highway 881 west of Janvier	15.45	15.45
Total	**17.74**	**17.74**

4.7.3 Rickard Industrial Lands

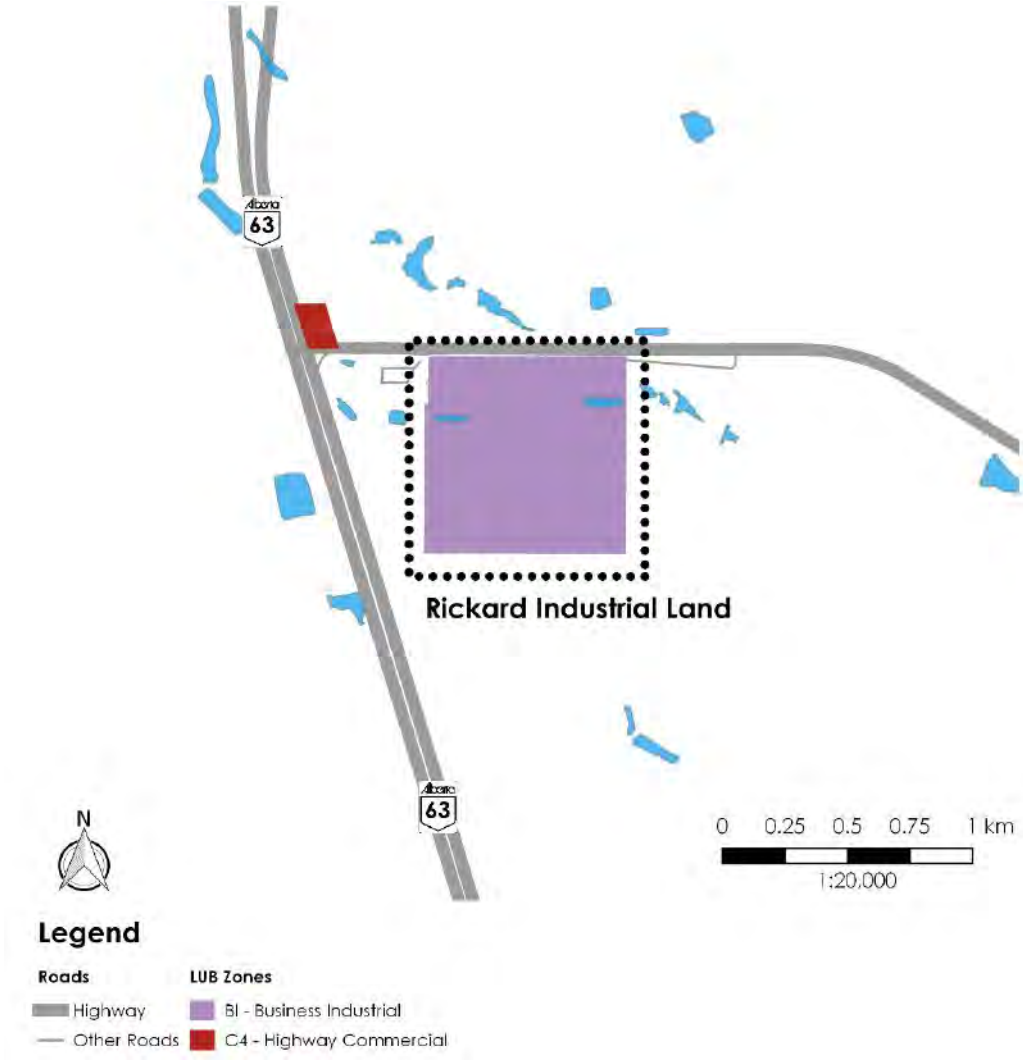
Located 14 kilometres south of the Fort McMurray Urban Service Area by Highway 881, Rickard Industrial Lands contains 64.4 hectares (159.14 acres) of land zoned **BI—Business Industrial**. Development in this area is guided by the *Rickard Industrial Lands Outline* Plan, adopted in 2013. This industrial park is unserviced, using only on-site water.

The Industrial Park is mostly built out. Using aerial photography and exterior evaluations, the Consultant Team has determined there are 14.33 hectares (35.42 acres) of undeveloped, shovel ready land for unserviced use.

Table 34: Rickard Industrial Land Allocation

	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
BI - Business Industrial	64.40	14.33

Map 17: Rickard Industrial Land



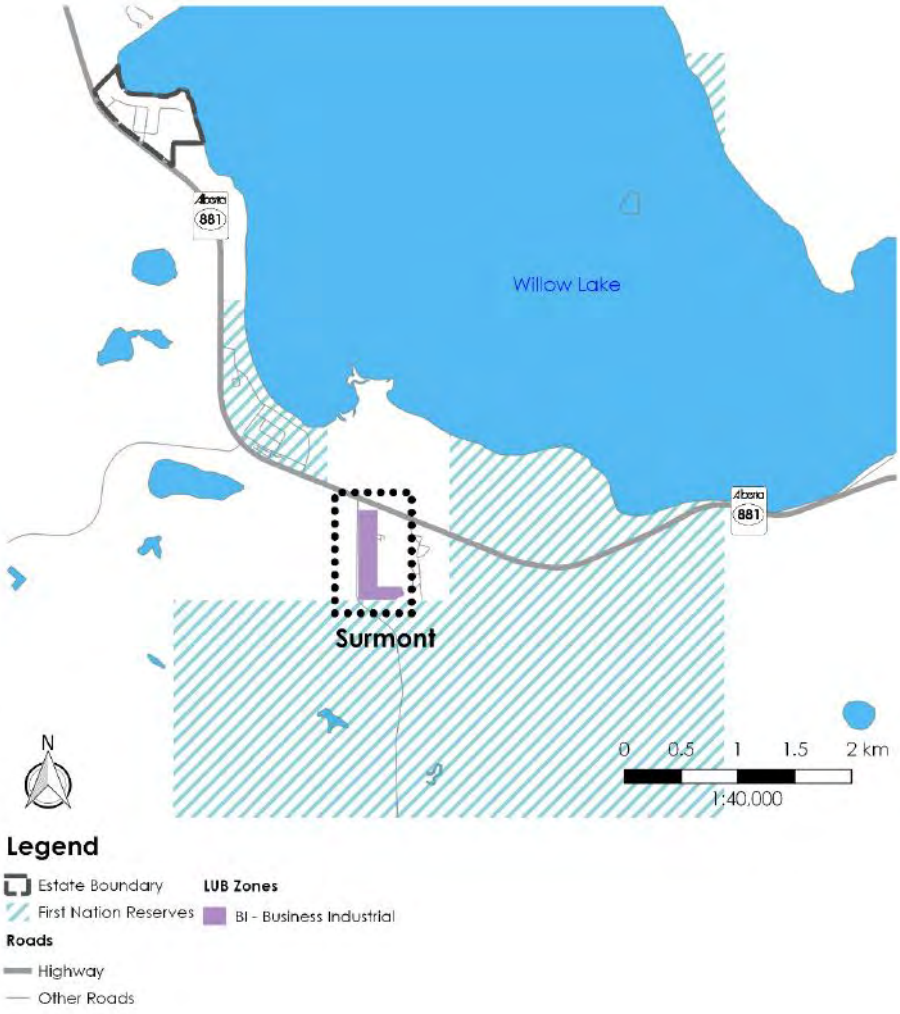
4.7.4 Surmont Industrial Park

Located 30 kilometres south of the Urban Service Area, the Willow Lake ASP (Bylaw No 15/006) guides development in the areas adjacent to Willow Lake, including the community of Gregoire Lake Estates. This area does allow for industrial development in the Surmont Industrial Park, located south of Willow Lake and accessible by Highway 881.

Table 35: Surmont Industrial Park Land Allocation

	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
BI - Business Industrial	15.81	2.95

Map 18: Surmont Industrial Park



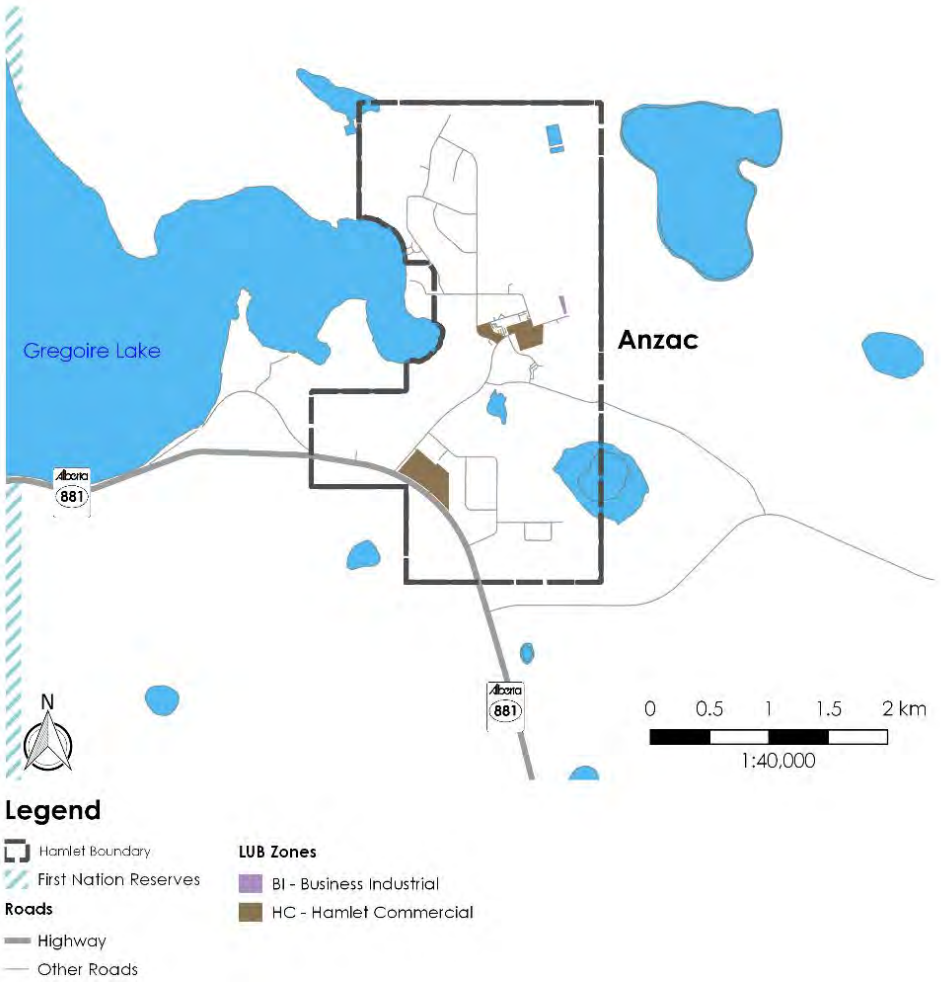
4.7.5 Anzac - Hamlet Commercial / Business Industrial

The Anzac ASP (Bylaw No. 12/018) guides development in the Hamlet of Anzac, located approximately 45 kilometres south of Fort McMurray and accessible by Highway 881. Anzac allows for commercial development in the Community Core and along Highway 881. These parcels are zoned **HC – Hamlet Commercial**. Industrial development is allowed in one parcel zoned **BI – Business Industrial**. Anzac is accessible off of Highway 881.

Table 36: Anzac Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
HC - Hamlet Commercial	17.03	4.33		
BI - Business Industrial			0.50	0.39
Total	**17.03**	**4.33**	**0.50**	**0.39**

Map 19: Anzac - Hamlet Commercial / Business Industrial



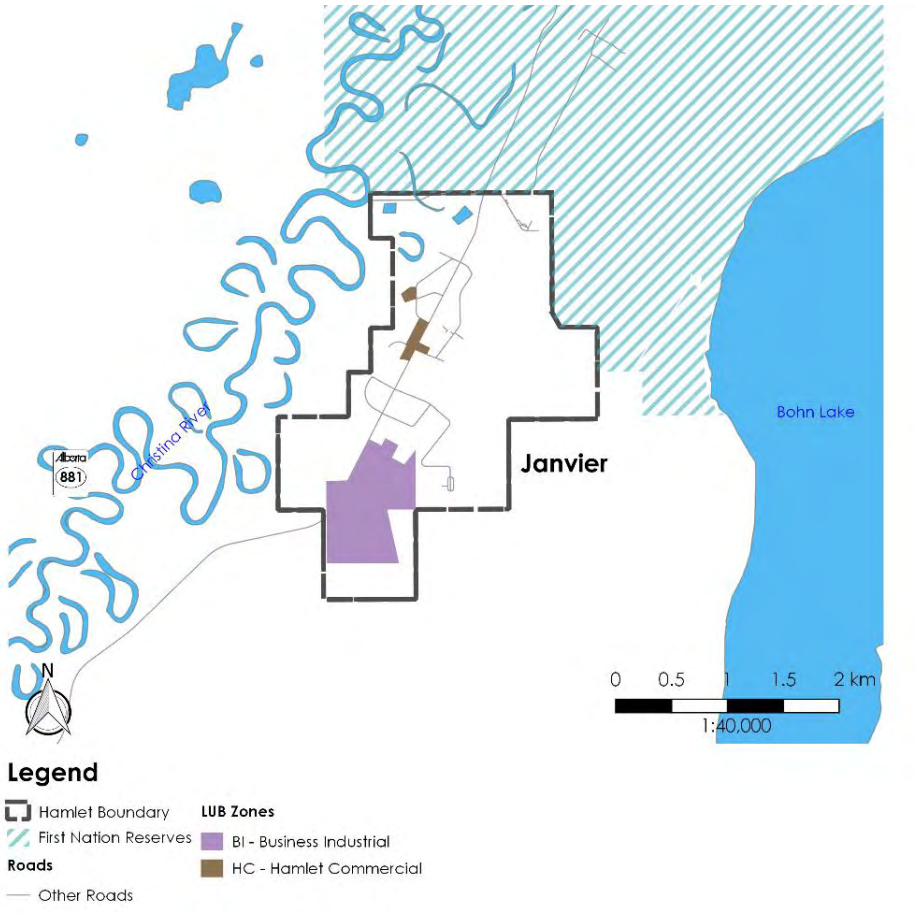
4.7.6 Janvier - Hamlet Commercial / Business Industrial

The Hamlet of Janvier is located 120 kilometres south of Fort McMurray. The hamlet provides areas for commercial and industrial development. There are two commercial parcels, zoned **HC – Hamlet Commercial**. These parcels are partially developed. In the southern part of the hamlet, there is a large parcel zoned **BI – Business Industrial**. This area is currently undeveloped. The construction of the Chipewyan Prairie Commercial Park, located five (5) kilometres from Janvier, alleviates some of the need for additional industrial land in the Hamlet. Development in Janvier is guided by the Javier Area Structure Plan and the hamlet is accessible off of Highway 881.

Table 37: Janvier Commercial and Industrial Land Use Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
HC - Hamlet Commercial	5.82	3.93		
BI - Business Industrial			64.62	64.62
Total	**5.82**	**3.93**	**64.62**	**64.62**

Map 20: Janvier - Hamlet Commercial / Business Industrial



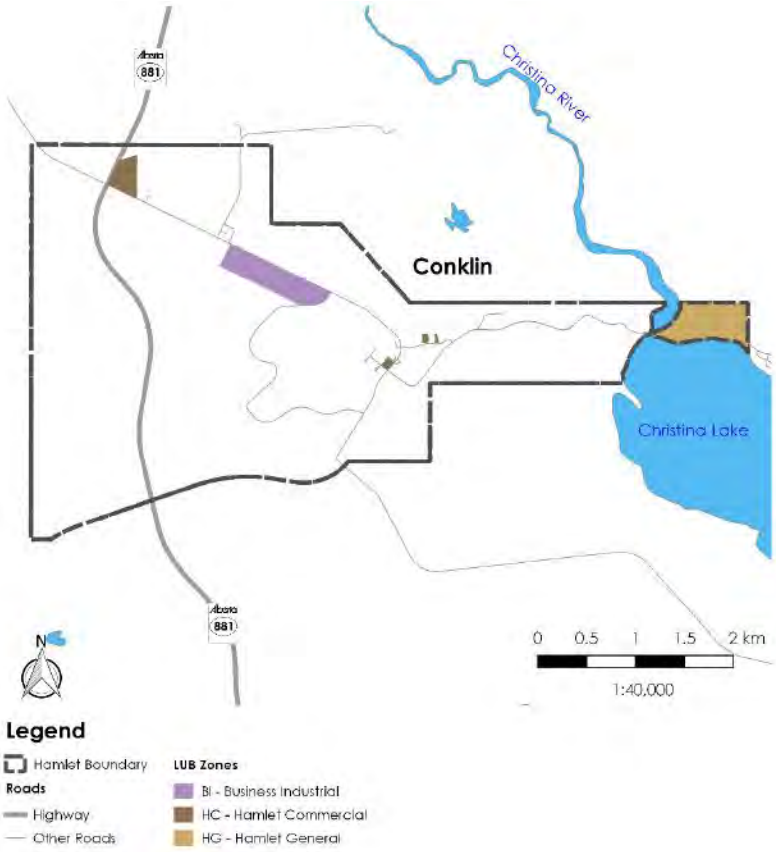
4.7.7 Conklin - Hamlet Commercial / Business Industrial

The hamlet of Conklin is located 160 km southeast of Fort McMurray. The hamlet allocates space for both commercial and industrial development. There are three commercial parcels zoned **HC – Hamlet Commercial**. Industrial development is to be located in the **BI – Business Industrial** parcel south of Northland Drive. These areas are both partially developed. There is business activity being conducted in residential areas that would be more appropriately located in **BI – Business Industrial** areas, indicating the appropriateness of the supply may not reflect the needs of demanding businesses. This is further explored in the next chapter. Development of Conklin is guided by the Conklin Area Structure Plan. Conklin is accessible from Highway 881.

Table 38: Conklin Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	Commercial Land Shovel Ready (hectares)	Industrial Land Allocation (hectares)	Industrial Land Shovel Ready (hectares)
HC - Hamlet Commercial	10.76	7.60		
BI - Business Industrial			27.73	4.09
Total	**10.76**	**7.60**	**27.73**	**4.09**

Map 21: Conklin - Hamlet Commercial / Business Industrial



4.7.8 Summary of Rural South

The following table provides a summary of commercial and industrial land in rural south:

Table 39: Rural South Commercial and Industrial Land Allocation

	Commercial Land Allocation (hectares)	Shovel Ready Commercial Land (hectares)	Industrial Land Allocation (hectares)	Shovel Ready Industrial Land (hectares)
Anzac	17.03	4.33	0.50	0.39
Conklin	10.76	7.60	27.73	4.09
Janvier	5.82	3.93	64.62	64.62
Other Commercial Areas (Located along Highway 63/881)	17.74	17.74	0	0
Rickard Industrial Land	0	0	64.40	14.33
Surmont Industrial Park	0	0	15.81	2.95
Total	**51.35**	**33.60**	**173.06**	**86.38**

4.8 Summary of Total Land Allocation

The following tables provide a breakdown of commercial and industrial land by area:

Table 40: Commercial Land in the RMWB

	Commercial Land Allocation (hectares)	**Shovel Ready Commercial Land (hectares)**
Rural North	10.85	2.30
Fort McMurray and Environs	553.37	125.10
Rural South	51.35	33.60
Total	**615.57**	**161.00**

Table 41: Industrial Land in the RMWB

	Industrial Land Allocation (hectares)	**Shovel Ready Industrial Land (hectares)**
Rural North	53.19	8.21
Fort McMurray and Environs	773.56	126.52
Rural South	173.06	86.38
Total	**999.81**	**221.11**

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5.0 DEMAND METRICS

Key Findings

Retail

- Fort McMurray has a retail vacancy of 5.1% which is on the low side of what is considered a healthy vacancy rate for commercial/retail vacancy rates (5-10%).
- At peak demand, occurring in 2026, the RMWB could support an additional 18.47 gross hectares (45.64 acres) of new commercial development.
- In the Rural North, there are 2.3 hectares (5.68 acres) of shovel ready commercial demand while the Rural South has a total of 33.60 hectares (83.02 acres) of shovel ready land. With a population increase of 288 residents spread across all the hamlets during the forecast period, there will be ample undeveloped land available in the rural areas.
- Overall, the RMWB has more than sufficient commercial land to meet demand over the next ten years.

Office

- Based on an inventory in January 2017, there is a high vacancy rate in office space of 31.49% in the Urban Service Area. In addition, the City Centre has a large amount of land ready for redevelopment that is available for future demand for office space.
- A few projects are on hold that would introduce more office space to the market further increasing the supply and possibly the vacancy.
- With the recent downturn in global oil prices, there is a focus to moving petrochemical company operations on site if possible. Calgary, home to a number of petrochemical head offices is seeing a vacancy rate of 25.13% in downtown offices. This reflects the decrease in demand for office in the RMWB as well and both are not projected to increase substantially over the forecast period.
- Overall, the RMWB has sufficient existing office space as well as shovel ready lands in the City Centre if demand does increase.

Hotel

- Projecting hotel demand is an inexact and difficult exercise as there are no standard or quantitative manner to forecast the timing and degree of hotel development based on room and hotel statistics.
- Based on projections of a moderate improvement in the economy, the land requirement for new hotels in the RMWB is expected to be 1.08 hectares (2.67 acres) over the next five years to 2021.

Industrial

- At peak demand, occurring in 2020, the RMWB would have a demand for 850 gross hectares (2,100.44 acres) of industrial land with a supply of 999.81 hectares (2,470.63 acres) resulting in an industrial land surplus of 149.48 hectares (369.38 acres). Years before and after this would see an even greater surplus as demand is less during these time periods.

- Overall, Fort McMurray and environs will have an excess supply of industrial land with supply exceeding demand by 301.16 hectares (744.20 acres) at the peak of demand projected to be in 2020.
- Rural North industrial land demand does exceed the existing supply by 37.52 hectares (92.72 acres) at peak (2020) but does not take into account industrial activities that locate on crown land, oil sands projects, or First Nation land.
- Rural South industrial land demand does exceed the existing supply by 114.16 hectares (282.10 acres) at peak (2020) but does not take into account industrial activities located in the Chipewyan Prairie Industrial Park which provide an additional 40.47 hectares (100 acres) of land. This reduces the shortage at peak demand to 72.9 hectares (180.14 acres). The Rural South is the only geographic area that requires more industrial land allocated.
- Overall the RMWB has ample industrial lands to meet demand over the forecast period.

This chapter divides employment lands into retail and services commercial, office, hotel, and industrial. Supply and demand were assessed in a gap analysis to determine the shortage or surplus of land in the forecast time period.

5.1 Retail and Service Commercial Analysis

5.1.1 Market Overview

The focus of the retail and service commercial analysis is on the Fort McMurray Trade Area, the retail service hub for the RMWB. The rural hamlets are discussed at the end of this section. Colliers undertook a full inventory analysis for retail developments in Fort McMurray. The following table outlines a summary of this comprehensive inventory by geographic area:

Table 42: Retail Space in Fort McMurray by Geography and Major Retail Category

Retail Category	City Centre (ft^2)	North Fort McMurray (ft^2)	South Fort McMurray (ft^2)	Total (ft^2)
Automotive	66,000	-	57,400	124,000
Furniture and home furnishing stores (442)	48,000	11,457	20,000	79,457
Electronics and appliance stores (443)	27,800	2,222	1,500	31,522
Building material and garden equipment and supplied dealers (444)	148,000	-	20,000	168,000
Food and beverage stores				
Grocery Stores				
Supermarkets and other grocery (except convenience) stores (44511)	191,000	230,868	20,000	441,868
Convenience stores (44512)	4,300	23,647	11,400	39,347
Specialty food stores (4453)	2,500	8,472	1,500	12,472
Beer wine and liquor stores (4453)	25,500	34,582	10,700	70,782
Health and personal care stores (446)	33,500	82,847	2,500	118,847
Clothing and clothing accessories stores (448)	133,700	18,819	4,500	157,019
Sporting goods, hobby, book, and music stores (451)	36,800	3,000	5,000	44,800
General merchandise stores (452)	439,750	8,000	-	447,750
Miscellaneous store retailers (453)	27,500	11,224	1,360	40,084
Food and Beverage Establishments	166,360	123,404	47,570	337,334
Service Commercial	201,300	194,460	56,000	451,760
Vacant	105,302	8,986	23,776	138,064
Total	**1,657,912**	**761,990**	**283,206**	**2,703,108**

Table Source: Colliers International

Table 43: Retail Vacancy in Fort McMurray

	City Centre	North Fort McMurray	South Fort McMurray
Vacancy Rate	6.3%	1.2%	8.4%

Findings of this comprehensive vacancy analysis show that current retail vacancy in Fort McMurray is very low. The City Centre presents the greatest opportunity for redevelopment in Fort McMurray, where current vacancy levels are approximately 6.3%. The southern portion of Fort McMurray has a retail presence; however, it is much smaller in comparison to the other geographic areas. As this is not the most appealing retail area, current vacancy levels are

approximately 8.4%. The most attractive retail space appears to be Fort McMurray north, where the vacancy rate is approximately 1.2%. Overall, Fort McMurray has a retail vacancy of approximately 5.1%. All of these vacancy figures are within or below industry normal range—a healthy retail vacancy ranges between 6 – 10%. When vacancy rates fall too low, retailers might have difficulty finding appropriate space to relocate to and new retailers looking to enter the market would also have limited options to choose from.

5.1.2 Supply and Demand

With the existing supply categorised and quantified, Colliers International then determined the demand. To do this, Colliers determined the retail expenditure potential for Fort McMurray using socio-economic variables, provincial data, industry benchmarks, and the OSCA population projection. Incomes are assumed to increase by 1% net of inflation. Annual retail expenditure was then divided into each of the major three-digit NAICS categories as tracked by Statistics Canada. As Statistics Canada does not track food and beverage facilities such as restaurants, cafes, and bars, Colliers has calculated these separately using data from Environics.

The following table represents the demand for total retail floor area, not accounting for the existing retail area in Fort McMurray.

Table 44: Net Warranted Floor Area by Major Retail Category

Total Resident Floor Area Support by Category	2016 (ft^2)	2021 (ft^2)	2026 (ft^2)
Major Retail Category			
Furniture and home furnishings stores [442]	145,629	174,241	178,827
Electronics and appliance stores [443]	65,677	78,581	80,649
Building material and garden equipment and supplies dealers [444]	269,424	322,358	330,842
Food and beverage stores [445]			
Grocery stores [4451]			
Supermarkets and other grocery (except convenience) stores [44511]	450,204	538,656	552,833
Convenience stores [44512]	40,494	48,450	49,725
Specialty food stores [4452]	15,466	18,505	18,992
Beer, wine and liquor stores [4453]	74,587	89,242	91,590
Health and personal care stores [446]	126,222	151,021	154,996
Clothing and clothing accessories stores [448]	190,047	227,386	233,371
Sporting goods, hobby, book and music stores [451]	106,776	127,754	131,116
General merchandise stores [452]	582,575	697,034	715,380
Miscellaneous store retailers [453]	93,278	111,604	114,541
Food and Beverage Establishments	388,879	465,183	477,368
Service Commercial	648,418	775,914	796,394
NET WARRANTED FLOOR AREA - Above Categories (ft^2)	**3,197,676**	**3,825,929**	**3,926,626**

The net warranted floor area presented in Table 44: Net Warranted Floor Area by Major Retail Category are calculated with the assumption of a 100% market capture rate. This means that all purchases made in these categories by residents of the RMWB will be spent in businesses located in the RMWB. In reality, there is a significant amount of outflow in retail categories, either from residents making purchases from outside of the RMWB or from making purchases through omni-channel methods from retailers located outside of the RMWB.

For each of the retail categories in Table 45: Retail Gap Analysis, the warranted square footage was multiplied by the potential market capture to determine the amount of retail space per category that could be supported. The existing supply was then subtracted from this value to calculate the amount of new potential development that could be supported by the RMWB in the forecast time period. It is assumed that existing vacant commercial space will be filled before new development occurs. Some undesirable vacant spaces, such as unsightly or run-down properties, may need to be redeveloped to attract new businesses. These values are demonstrated in the table below:

Table 45: Retail Gap Analysis

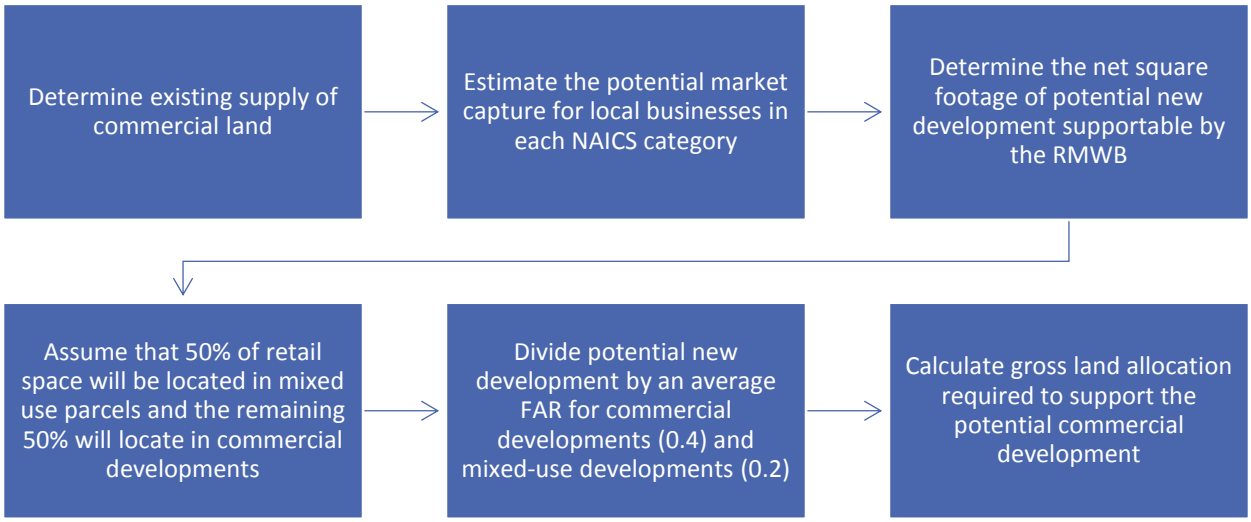
Gap Analysis	Demand (2016)	Demand (2021)	Demand (2026)	2017 supply	2016/2017 Market Capture	2016/2017 Deficit	2016/2017 Outflow	Market Capture (potential)	Potential New Development (2017)	Potential New Development (2021)	Potential New Development (2026)
Major Retail Category	(ft^2)	(ft^2)	(ft^2)	(ft^2)	%		$	%	(ft^2)	(ft^2)	(ft^2)
Furniture and home furnishings stores [442]	145,629	174,241	178,827	79,457	55%	66,172	$34,740,370.71	60%	7,920	25,088	27,839
Electronics and appliance stores [443]	65,677	78,581	80,649	31,522	48%	34,155	$35,862,597.88	75%	17,736	27,413	28,965
Building material and garden equipment [444]	269,424	322,358	330,842	168,000	62%	101,424	$45,640,690.63	80%	47,539	89,886	96,674
Food and beverage stores [445]											
Grocery stores [4451]											
Supermarkets and other grocery [44511]	450,204	538,656	552,833	441,868	98%	8,336	$5,626,691.68	98%	0	86,815	100,729
Convenience stores [44512]	40,494	48,450	49,725	39,347	97%	1,147	$630,809.68	97%	0	7,731	8,970
Specialty food stores [4452]	15,466	18,505	18,992	12,472	81%	2,994	$2,919,120.88	85%	674	3,257	3,671
Beer, wine and liquor stores [4453]	74,587	89,242	91,590	70,782	95%	3,805	$4,185,763.18	95%	0	13,907	16,136
Health and personal care stores [446]	126,222	151,021	154,996	118,847	94%	7,375	$7,006,170.89	94%	0	23,350	27,093
Clothing and clothing accessories stores [448]	190,047	227,386	233,371	157,019	83%	33,028	$22,293,712.42	83%	0	30,850	35,795
Sporting goods, hobby, book and music [451]	106,776	127,754	131,116	44,800	42%	61,976	$37,185,369.92	50%	8,588	19,077	20,758
General merchandise stores [452]	582,575	697,034	715,380	447,750	77%	134,825	$70,782,952.35	77%	0	87,970	102,070
Miscellaneous store retailers [453]	93,278	111,604	114,541	40,084	43%	53,193	$31,915,873.47	50%	6,554	15,718	17,186
Food and Beverage Establishments	388,879	465,183	477,368	337,334	87%	51,545	$38,658,701.28	87%	0	66,190	76,760
Service Commercial	648,418	775,914	796,394	451,760	70%	196,658	$98,328,767.05	70%	2,132	91,379	105,716
Vacant				138,064					-138,064	-138,064	-138,064
NET WARRANTED FLOOR AREA - Above Categories	**3,197,676**	**3,825,929**	**3,926,626**	**2,579,108**		**756,631**	**$435,777,592.00**		**-46,920**	**450,566**	**530,297**

The RMWB will be able to support an additional 530,297 square feet of net retail development by 2026.

5.1.3 Retail and Service Commercial Gap Analysis

In order to compare the supply and demand for retail land, the net warranted square footage was converted into gross hectares. The following graphic demonstrates the process used to calculate land requirement:

Figure 8: Commercial Demand Methodology



Step 1

The net warranted floor area in square feet was converted into net hectares.

It is assumed that 50% of retail developments will locate in mixed-use areas, such as the City Centre and Parsons Creek, and the remaining 50% will locate on exclusively commercial use parcels. This assumption was based on the allocation of mixed-use versus retail areas in Fort McMurray.

Retail development on mixed-use parcels is assumed to be limited to the ground floor only. To account for space for parking, setbacks, and ground floor office and lobby spaces, it was assumed that retail development would comprise of an area equivalent to 20% of the gross area of the parcel, or a FAR (Floor Area Ratio) of 0.2.

On exclusively commercial parcels, retail development is assumed to have a greater FAR. Some retail developments would extend to two floors, such as malls. It was assumed that retail development on a commercial parcel would occupy an area equivalent to 40% of the gross area, or a FAR of 0.4.

Using these assumptions, the gross area of commercial land supportable by demand was calculated. The following table represents this calculation.

Table 46: Total Commercial Land Demanded in Gross Hectares

	Net Warranted Floor Area (hectares)	Commercial land demand for mixed use parcels (assuming a FAR of 0.2) (hectares)	Commercial land demand for mixed use parcels (assuming a FAR of 0.4) (hectares)	Total Commercial Land Demanded for New Developments (gross hectares)
2016	-0.44	-1.09	-0.54	-1.63
2021	4.19	10.46	5.23	15.70
2026	4.93	12.32	6.16	18.47

At peak demand, in 2026, would require the development of 18.47 gross hectares (45.64 acres) of new commercial land. As of the writing of this report, the Urban Service Area has a shovel ready area of 125.10 hectares (309.13 acres), which is more than capable of accommodating the potential new development. In fact, as of 2016 Fort McMurray contains more retail space than it is capable of supporting.

The total amount of retail development warranted by Fort McMurray can be calculated by summing the existing amount of retail space with the potential future development for the forecast time period. This calculation is provided in Table 47: Total Demand for Net Commercial Land.

Table 47: Total Demand for Net Commercial Land

	2017 Existing Supply	Potential New Development	Total Demand for Commercial Land (ft^2)	Total Demand for Commercial Land (net hectares)
2017	2,579,108.00	-46,920.00	2,532,188.00	23.52
2021	2,579,108.00	450,566.00	3,029,674.00	28.15
2026	2,579,108.00	530,297.00	3,109,405.00	28.89

Using the same assumptions of 50% of commercial development occurring in mixed-use areas and 50% occurring on exclusively commercial parcels, the Consultant Team then determined the amount of gross land the RMWB would require. Again, an assumption of 0.2 FAR was applied to mixed-use parcels and a FAR of 0.4 was applied to exclusively commercial parcels to calculate the gross area required for commercial development.

Table 48: Total Demand for Gross Commercial Land

	Total Demand for Commercial Land (net hectares)	Commercial Land Demand for Mixed Use Areas (assuming FAR of 0.2) (gross hectares)	Commercial Land Demand for Exclusively Commercial Areas (assuming FAR of 0.4) (gross hectares)	Total Demand for Commercial Land (gross hectares)
2017	23.52	58.81	29.41	**88.22**
2021	28.15	70.36	35.18	**105.55**
2026	28.89	72.22	36.11	**108.32**

As of 2017, there are 553.37 gross hectares (1,367.43 acres) of land allocated for commercial use. The following table compares the demand calculated above with the existing supply to calculate the surplus of commercial land.

Table 49: Surplus of Commercial Land in Fort McMurray

	Total Demand for Commercial Land (hectares)	Existing Supply of Commercial Land (hectares)	Surplus of Commercial Land (hectares)
2017	88.22	553.37	465.15
2021	105.55	553.37	447.82
2026	108.32	553.37	445.05

Overall, the current supply and location of commercial land in Fort McMurray is significant enough to support the anticipated commercial development.

Rural Hamlets

The Retail Market Analysis is focused on Fort McMurray, the primary trade centre and economic hub for the region. Supply and demand has not been isolated for each of the rural hamlets for a number of reasons. The hamlets lack the trade area to support additional retail development. It is assumed that the hamlets have significant market leakage, as residents meet their retail needs through Fort McMurray or communities outside of the RMWB. The hamlet where this assumption may not hold is Fort Chipewyan, which does not have highway access to a larger municipality. This may explain why Fort Chipewyan is experiencing some commercial development at the moment.

Additionally, the OSCA projection demonstrates very little rural population growth, with a peak increase of 384 residents spread across all rural hamlets. Given the minimal growth, it is likely that new retail development will be very limited. In the Rural North, Fort Chipewyan currently has 2.3 hectares (5.68 acres) of shovel ready undeveloped land. In the Rural South, there is a total of 33.60 hectares (83.02 acres) of shovel ready undeveloped land among the hamlets and along the highway. Seeing as there is ample undeveloped land and a minor change in rural population, it is anticipated that new commercial land would not need to be allocated in the forecast period.

5.2 Office Analysis

5.2.1 Market Overview

The 2010 CILUS concluded that there was a demand for office space in the RMWB, evidenced by office uses displacing retailers and medical or dental clinics. The Study stated oil companies were moving administrative functions into offices in Fort McMurray, creating a demand for office space in the Urban Service Area. It was recommended the RMWB develop two or three purpose-built multi-storey office buildings in the Urban Service Area to meet the demand for office space, as there were no units readily available for office uses anywhere in the Urban Service Area (page 30, *2010 CILUS*).

Since the completion of the 2010 CILUS, the market for office space in the RMWB has changed significantly. Based upon the inventory that Colliers International Consultant Team carried out in January 2017, the findings show a high vacancy rate of 31.49% in the Urban Service Area.

Table 50: Office Vacancy Rates

	Total Leasable Area (ft^2)	Vacant Area (ft^2)	Vacancy Rate
North Fort McMurray	203,387	60,623	29.80%
City Centre	258,833	106,178	41.02%
South Fort McMurray	146,470	23,909	16.66%
Total	**605,689**	**190,710**	**31.49%**

The City Centre has large amounts of redevelopment lands that are shovel ready to accommodate any future demand for office buildings.

There are a number of office space users who will locate in service commercial areas rather than purpose-built office developments. Service Commercial occupants include users such as banks and medical offices that generate traffic and benefit from locating in commercial areas rather than purpose-built office complexes. Because these users do not locate in purpose-built office complexes, they have been included in determining the demand for commercial space and do not increase the demand for office space.

5.2.2 Office Gap Analysis

Looking at trends for office space for oil and gas companies, there seems to be a focus on moving operations to the site where possible. In 2016, Suncor and Syncrude moved some operations back to the site. In Calgary, the home to a number of head offices of oil and gas companies, office demand has been decreasing, reaching 25.13% vacancy rate and a negative absorption of 141,921 square feet in the first quarter of 2017, based on a Colliers Report titled *Calgary Downtown Office Market First Quarter 2017*[27]. There have been a number of mergers between large oil and gas companies that have led to office consolidations. This compounded with the general office trend of more compact offices have led to a decreased demand for office space.

It is assumed that there is no demand for office development in rural hamlets.

Based on the above points, the RMWB has sufficient vacant office space as well as shovel ready land, particularly in the City Centre, that can accommodate new office space. The RMWB does not require the allocation of any additional lands for office development.

[27] Braund, Brady, Fennessey, Andy, Lalani, Aly, and Sutcliffe, Todd. Colliers International Group Inc., *Research and Forecast Report Calgary Downtown Office Market First Quarter 2017*, Q1 2017

5.3 Hotel Analysis

5.3.1 Market Overview

The Fort McMurray Accommodation Market has experienced significant visitor demand fluctuations over the past twenty years in tandem with the economic fortunes of the area. When demand levels have been high, new hotel development in the community has occurred. Unsurprisingly, visitor room night demand has trended to a large extent in tandem with world oil prices and investment demand for petrochemical companies. National and international political decisions, stock market fluctuations, and construction cost pricing have also played roles.

Relative to other communities of its size, the economy of Fort McMurray is not economically diverse. That being said, there is a distinct combination of demand generators for the community. The following sources for room night demand are judged to be the most influential in relation to Fort McMurray. There are other minor generators of room night demand in Fort McMurray (forestry, agriculture, interprovincial travellers, etc.), but these sources tend to be of only marginal impact to the local accommodation market.

- Oil sands construction/expansion. The development and expansion of oil sands mining and refining in the Regional Municipality of Wood Buffalo is the largest and most important generator of room night demand in the community. Historically, when the construction of a new oil sands plant has begun, or the expansion of an existing oil sands plant has initiated, occupancy levels have soared. These high occupancy levels resulted in the construction of additional hotels. Employees who operate the plants on a day-to-day basis within the various oil sands facilities generally have a residence within Fort McMurray or at work camps, but they also provide a minor level of hotel demand.

- Oil sands servicing. The myriad of oil sands service firms provides a substantial amount of hotel demand within the community. This is particularly evident during shutdown periods but room night demand from this source is relatively high year-round. This demand comprises a very wide variety of business types including food service suppliers, training professionals, truck drivers, parts suppliers, and white-collar professionals. Demand from these individuals also tends to spike during times of oil sands construction or expansion.

- Non-oil sands construction. The economic effects of oil sands mining construction, expansion, and operation have impacted the community in a significant manner. When the local economy is buoyant, numerous construction projects move forward. This includes the construction of single-family housing, multi-family housing, retail projects, industrial buildings, private lot servicing, and infrastructure (utilities, roads, bridges, etc.). Much of the labour for these projects is sourced from local individuals but a significant amount is generated from out-of-town workers. Temporary work crews associated with the 2016 Fort McMurray Wildfire falls into this category.

- Group demand. This type of demand includes weddings, company events, sporting events, etc. Fort McMurray is a relatively isolated community. As a result, individuals who drive-in for the day need to stay at local hotels because the trip back is too long for most destinations. For those who fly, events in the evening will generally necessitate a stay overnight because late night flights are limited from the Fort

McMurray Airport. As such, Fort McMurray hotels tend to capture a greater room night ratio from group demand compared to most other locations in the province.

- Regional services. The Regional Municipality of Wood Buffalo services a very large geographic area. Few other communities in the RM have services of depth. As such, Fort McMurray plays an important regional role in Northeast Alberta for the smaller communities located therein. This includes visitors and their families to the Northern Lights Regional Health Centre, individuals looking for government licensing services, legal and court-related services, retail shopping, vehicle acquisition, use of the airport, etc. This type of demand tends to be relatively light and sporadic.

- Tourism. The Regional Municipality of Wood Buffalo has extensive recreational amenities including fishing, hunting, hiking, snowmobiling, boating, etc. Tourism is a growing source of room night demand within the community but is still a relatively minor concern compared to the other demand sources listed above.

Demand for commercial land by hotel developers in any community is based mainly on the strength and durability of occupancy and average daily room rates (ADR) therein. For the Fort McMurray market, these factors are primarily driven by the world oil market and the investment of capital in companies who extract oil. Although there are other factors that could also spur demand for hotel development, a weak international oil market would make significant further hotel construction an unlikely event.

5.3.2 Supply and Demand

In order to make an estimate of the future land demand related to hotel development, it is first necessary to analyze the existing number of hotel rooms within the community. The following table details the 21 hotels that currently comprise the Fort McMurray Accommodation Market. It is noted that there are also bed and breakfast facilities and private residences who rent their houses for short to medium-term durations (i.e. Airbnb, Kijiji, etc.) but that this supply source do not currently impact the local accommodation market in a significant manner.

Table 51: Current Fort McMurray Hotel Supply

Current Fort McMurray Hotel Supply

Name	*Address*	*Constructed*	*Size*	*Format*
Ace Inn	9913 Biggs Avenue	2003	48 Units	Limited Service
BCMInns Fort McMurray	8538 Franklin Avenue	1980s	66 Units	Limited Service
BCMInns Rusty's	385 Gregoire Drive	1970s	108 Units	Limited Service
Best Western Plus Sawridge Suites	410 TaigaNova Crescent	2015	151 Units	Full Service
Clearwater Residence Timberlea	118 Millennium Drive	2004	65 Units	Extended Stay

Current Fort McMurray Hotel Supply

Clearwater Suite Hotel	4 Haineault Street	2004	150 Units	Extended Stay
East Village Suites	355 Loutit Road	2013	120 Units	Extended Stay
Franklin Suite Hotel	10300 Franklin Avenue	2006	75 Units	Extended Stay
McMurray Inn Motel	9906 Saunderson Avenue	1970s	70 Units	Limited Service
Merit Hotel	8200 Franklin Avenue	2003/2010	160 Units	Full Service
Nomad Inn	10006 MacDonald Avenue	1978	165 Units	Full Service
Platinum Hotel	8530 Franklin Avenue	2009	56 Units	Full Service
Podollan Inns	10131 Franklin Avenue	2000/2013	67 Units	Select Service
Podollan Rezidence	10303 Franklin Avenue	2007	39 Units	Extended Stay
Quality Inn Hotel	424 Gregoire Drive	1981	153 Units	Full Service
Radisson Hotel & Suites	435 Gregoire Drive	2003	134 Units	Select Service
Ridgewood Inn	230 Parent Way	2008	80 Units	Limited Service
River Station Suite Hotel	8102 Fraser Avenue	2015	72 Units	Extended Stay
Stonebridge Hotel	9713 Hardin Street	1964/1987	135 Units	Full Service
The Bridgeport Inn	10021 Biggs Avenue	2001	78 Units	Limited Service
Vantage Inn & Suites	200 Parent Way	2004	83 Units	Limited Service
		Total	2,075 Units	

The following hotels were recently removed from the hotel supply in Fort McMurray.

- The Twin Pines Motel contained 42 rooms and was situated in Downtown Fort McMurray. It was constructed in 1973. This property was not properly maintained by its ownership group and became increasing derelict. It finally shut in 2014 and was demolished in 2016.
- The Super 8 Fort McMurray contained 140 rooms and was situated in the Beacon Hill Crossing neighbourhood. It was constructed in 1999. It was fully destroyed during the 2016 Fort McMurray Wildfire. The adjacent Microtel Inn & Suites, which was under construction at the time of the fire (139 rooms), was also destroyed.
- The Chateau Nova Fort McMurray contained 163 rooms and was situated by the old airport terminal building. It was constructed in 2010. It became less viable with the relocation of the airport terminal building and was fully destroyed during the 2016 Fort McMurray Wildfire.

- The Sawridge Inn & Conference Centre contained 188 rooms and was situated in the MacKenzie Industrial Park. It was constructed in 1981. The property was becoming increasingly dated was suffering from chronically low occupancy levels. In December 2016 the hotel closed and was sold to an auto dealership group who plans to change the use of the property for car sales.
- The Shell Place facility on Macdonald Island, opened in 2015, offers conference facilities that were in competition with the Sawridge Inn. The demand for conference space appears to be able to support only one conference facility and, for the time being, is met by the Shell Place facility.

It is further noted that the Quality Inn Hotel was removed from the market from May 2016 to September 2016 due to smoke damage from the fire. At the present time, only two additional hotels are expected to open in the near-term future. These two hotels are detailed as follows:

- The Microtel Inn & Suites is expected to be completed by November 2017. This hotel is currently under construction within the Beacon Hill Crossing neighbourhood. When this four-storey hotel opens later in 2017, it will bring an additional 139 units into the accommodation market.
- The same developers have commenced site work on the site of the former Super 8 Hotel adjacent to the Microtel Inn & Suites. This extended stay hotel will carry a national hotel branding flag and is currently planned at 95 units. It is expected to be completed in the Summer of 2018.

The recent restart of construction related to Rio Verde Plaza in Downtown Fort McMurray may also result in additional hotel rooms in the medium-term future, although the number and timing of these rooms is currently unknown.

Colliers International estimates of average daily room rates, the average annual number of rooms within Fort McMurray during the year, and the resultant annual occupied room night totals are provided in the following table.

Table 52: Fort McMurray Hotel Statistics 2009-2016

Estimated Average Rate		Estimated Occupancy	Average Number of Rooms	Occupied Room Nights
2009	**$137**	46%	2,149	360,817
2010	**$115**	45%	2,211	363,157
2011	**$116**	61%	2,245	499,849
2012	**$130**	68%	2,245	557,209
2013	**$143**	72%	2,315	608,382
2014	**$144**	62%	2,385	539,726
2015	**$134**	45%	2,497	410,050
2016	**$121**	46%	2,342	393,138

The Fort McMurray Accommodation Market will have 2,214 rooms by the end of 2017 when the Microtel Inn & Suites opens.

5.3.3 Future Room Night Demand Forecast

Room night demand forecasts can be reasonably forecast for the current calendar period because most near-term factors are known. Furthermore, changes to an economy usually happen over the course of a year or two, so even surprise events will have a delayed reaction to a hotel market. Subsequent to the current year, however, hotel room night forecasting is highly speculative. Hotel room demand three years from now may spike strongly upward or strongly downward. It cannot be known with any level of certainty because the future is uncertain.

However, that does not make future forecasting impossible. It simply means that reasonable compromises based on existing facts and past performances should be assessed. The following points are noted in helping to determine appropriate room night demand changes for Fort McMurray.

- The economy appears to be in recovery. According to the Conference Board of Canada (Winter 2017 Metropolitan Outlook), the economy of Alberta declined by 4.0% during 2015 and declined by 2.2% during 2016. Due to a variety of factors, the provincial economy is forecast to grow by 2.2% in 2017, 1.4% in 2018, 1.7% in 2019, 1.9% in 2020, and 2.3% in 2021. Although these forecasts are highly speculative, the general consensus for the Alberta economy is that positive economic growth will resume this year. Room night demand tends to increase during times of economic growth.
- The price of oil appears to be in recovery. The Fort McMurray market is highly dependent on capital investment in oil sands projects, which in turn are highly dependent on the price of oil. The price of oil rebounded in 2016 and appears to be recovering further in 2017. Although commodity pricing is highly speculative, most analysts appear to be predicting oil prices to be flat or slightly improve during the remainder of the decade. This could improve the odds of further oil sands development or expansion over this time period.
- The growth in room night demand appears to be shifting to a positive trend. As detailed in the following table, room night demand growth turned positive in 2010, peaked in 2011, troughed in 2015, and now appears to be heading towards positive growth again in 2017. According to one of the Trend Reports analyzed for this assignment, demand for the first two months of 2017 was up by an impressive 21% compared to the first two months of 2016. Readers are reminded that these Trend Reports only give a partial, imperfect picture of supply and demand in a community. However, the magnitude of change for that short period of time for that specific survey set is impressive.

While the rebuild effort is anticipated to bring employment into the RMWB, this is expected to have a minimal to non-existent effect on the demand for hotel units. This is because long term accommodation typically impacts the residential market rather than the hotel market. Construction worker accommodation is anticipated to first fill rental properties and secondary suites before affecting the demand for hotels. The hotel market has mechanisms for maintaining a market occupancy of around 50%.

Table 53: Room Night Demand Change

Occupied Room Nights		Annual Change
2010	**363,157**	+0.65%
2011	**499,849**	+37.64%
2012	**557,209**	+11.48%
2013	**608,382**	+9.18%
2014	**539,726**	-11.29%
2015	**410,050**	-24.03%
2016	**393,138**	-4.12%
2017	**424,589**	+8.00%
2018	**458,556**	+8.00%
2019	**476,898**	+4.00%
2020	**495,974**	+4.00%
2021	**515,813**	+4.00%

Demand changes for the forthcoming five-year period are therefore included in the table below. They are educated forecasts based on the facts on hand at present and based on the historical performance of the market in general. During 2017, the inventory of rooms within the community will rise to 2,214 by the end of the year with the opening of the Microtel Inn & Suites. Based on a mid-year opening, an average room count of 2,145 is therefore noted for the community. This implies an occupancy level of approximately 54.2% (424,589 occupied rooms divided by 782,925 available rooms) for Fort McMurray this year.

5.3.4 Hotel Gap Analysis

At what occupancy level do hotel developers start building hotels within a community? This question is not answerable in any quantitative sense other than to point out that ***the probability of hotel development is supposed to increase as occupancy levels increase***. However, there are some outliers. Hotel development has occurred in Alberta communities when occupancy has decreased below 50%. Conversely, hotel development has failed to materialize in some communities when occupancy has increased above 70%. There is no quantitative manner to forecast the timing and degree of hotel development based on hotel statistics. In Fort McMurray at present, hotel development is occurring despite an occupancy rate below 50%, as hotel developers are anticipating future demand.

To elaborate on this point, the following table contrasts occupancy levels and hotel building activity within Fort McMurray since 2009. It takes approximately 18 months for a hotel to get constructed subsequent to the acquisition of the underlying land. "Rooms conceived" therefore represents the timing of the decision to construct as opposed to the completion date. Thus, for the table, 100 rooms completed in 2015 would be aged back 50 rooms to 2013 and 50 rooms to 2014.

Table 54: Historical Fort McMurray Rooms Conceived

	Occupancy Rate	Rooms Conceived
2009	**46%**	34
2010	**45%**	0
2011	**61%**	70
2012	**68%**	70
2013	**72%**	112
2014	**62%**	181
2015	**45%**	70
2016	**46%**	0

It is noted that the Microtel Inn & Suites was counted only for its pre-wildfire conception and not for its conception in 2016. As demonstrable in the above table, the decision to buy land and construct a hotel tends to increase as occupancy levels are increasing, tends to peak a year or two after occupancy peaks, declines as occupancy declines, and reaches nil a year or two after the occupancy rate reaches its nadir. The market tends to act in a mildly delayed manner and this has been the experience for hotel development in Fort McMurray as well.

Since room demand appears to be increasing as of the writing of this report, it is probable that new construction will start to increase in time. For the purposes of this analysis, the following room supply increases are judged to be reasonable estimates over the next five years. New supply has been stated as a number of available rooms and the number of properties in brackets. Each new supply addition has been estimated at 90 rooms with the exception of the two new hotels currently under construction. The table also provides the occupancy rates that will result. Total supply assumes that half of the new supply will be counted in the year (i.e. completed mid-year).

Table 55: Forecasted Fort McMurray New Supply Statistics

Occupied Room Nights		Year Start Supply	New Supply	Supply During Year (50% New Supply)	Occupancy Rate
2017	**424,589**	757,375	50,735 (1)	782,743	54.2%
2018	**458,556**	808,110	34,675 (1)	825,448	55.6%
2019	**476,898**	842,785	0 (0)	842,785	56.6%
2020	**495,974**	842,785	32,850 (1)	859,210	57.7%
2021	**515,813**	875,635	32,850 (1)	892,060	57.8%

Again, this is a highly speculative exercise that is based on mild to moderate improvements in the economy of Fort McMurray. Should oil prices decline, additional petrochemical regulations be implemented, and/or the appetite for oil sands companies' stocks subside, these estimates will prove to be overly optimistic in retrospect. Conversely,

should oil sands development in the Regional Municipality of Wood Buffalo accelerate more than mildly, they will prove to be overly pessimistic.

In terms of commercial land, it is noted that approximately one-third of the new supply will come from the expansion of existing hotels and two-thirds of the new supply will come from newly built facilities. Hotel sites can vary widely depending on land availability and the goals of the developer. On average, however, non-Downtown hotel sites usually seek approximately 2.00 acres. Based on these observations, the commercial land requirement in Fort McMurray for hotel development is estimated at approximately 2.67 acres over the next five years (4.00 Acres x 0.67%). It is noted that site requirements have already been fulfilled for the build-out of the pending Microtel Inn & Suites and the pending replacement for the Super 8 Motel in Beacon Hill Crossing.

The hamlet of Conklin is in proximity to the Christina Lake Lodge. Long term project accommodation is anticipated to be located in work camps and lodges closer to industrial sites and the residential market, and is unlikely to generate demand for hotels in hamlets. Due to the lack of existing facilities and minimal population growth described in the OSCA projection, it is assumed that there will not be demand for hotel developments in the hamlets.

5.4 Industrial Analysis

5.4.1 Market Overview

The findings of the vacancy analysis are presented in the following table:

Table 56: Industrial Vacancy Statistics:

	Total Leasable Area (ft^2)	Leased Area (ft^2)	Vacant Area (ft^2)	Vacancy Rate
Industrial North	1,240,698	1,078,808	161,890	13.05%
Industrial South	3,252,543	2,860,771	380,336	11,69%
Total	4,493,240	3,939,579	542,226	12.07%

Based on conversations with real estate agents active in the RMWB, there is a demand for turn-key single tenant industrial buildings that provide large land components in the Urban Service Area. This can be correlated with non-local companies looking to establish a local presence to service the re-build caused by the May 2016 Wildfire.

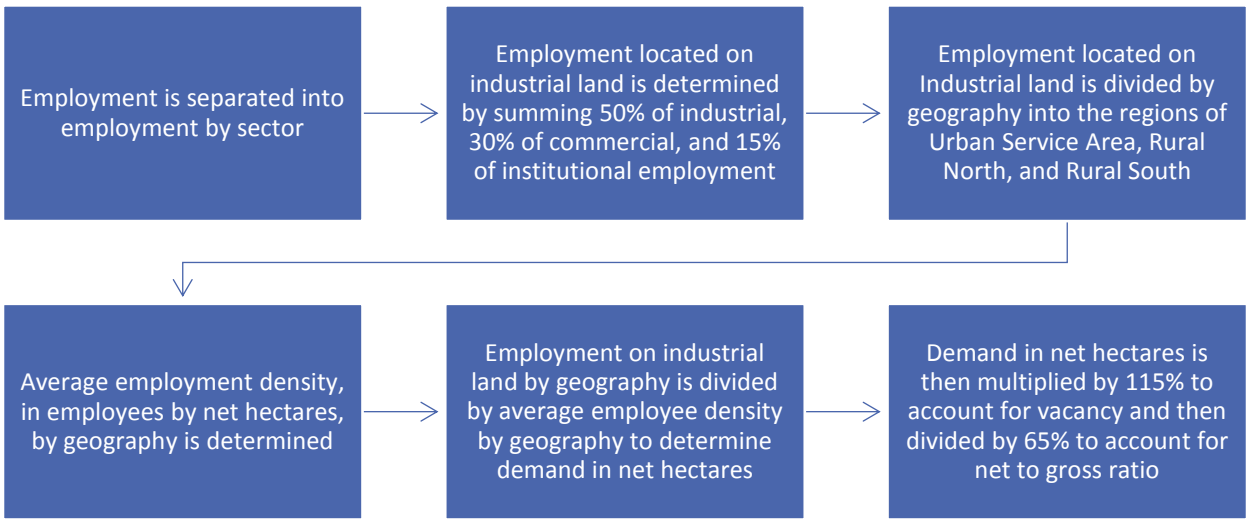
Multi-tenant industrial space is deemed readily available for tenant occupancy with a number of vacant pockets observed in Fort McMurray and environs. This particular tenant type is not deemed in high demand.

5.4.2 Industrial Supply and Demand

Industrial Demand:

The methodology for industrial land demand was based on the methodology used in a report titled *Industrial Land Needs* completed in 2014 by Millier Dickinson Blais. To avoid conflicting conclusions for demand across that report and this CILUS, the Consultant Team felt it would be valuable to use this methodology for consistency. It is noted that values in tables have been rounded for presentation sake. The following figure describes the step by step process used to calculate industrial demand.

Figure 9: Industrial Demand Methodology



Step 1

In order to calculate industrial land demand, the Consultant Team first determined employment by sector. Because the OSCA projection does not contain any information on existing employment by sector, the Consultant Team, with approval from the RMWB Project Manager, has used the projected employment by sector in the Millier Dickinson Blais Report and determined the average employment by sector from 2014 to 2034.

The following table displays the above calculations:

Table 57: Millier Dickinson Blais Employment by Sector 2014 - 2034

	Year	2014	2019	2024	2029	2034	Average
Millier Dickinson Blais Employment Forecast by Sector (Based on 2014 Industrial Land Needs Assessment)	Mine Operations	13,930	19,150	21,900	24,550	26,050	21,116
		14%	14%	15%	17%	17%	15%
	Mine Construction / Maintenance	29,440	40,100	27,100	14,250	14,900	25,158
		29%	29%	19%	10%	10%	19%
	Industrial	24,030	33,050	43,600	48,950	52,450	40,416
		24%	24%	30%	34%	35%	29%
	Commercial	16,310	22,400	24,800	26,800	28,900	23,842
		16%	16%	17%	19%	19%	18%
	Institutional	6,410	8,950	10,100	10,750	11,600	9,562
		6%	6%	7%	8%	8%	7%
	Work at Home	1,530	1,900	2,100	2,300	2,450	2,056
		2%	1%	1%	2%	2%	2%
	No Fixed Place of Work	9,170	12,500	13,650	14,450	15,050	12,964
		9%	9%	10%	10%	10%	10%
	Total	**100,820**	**138,050**	**143,250**	**142,050**	**151,400**	**135,114**

Using the average percentages, the Consultant Team then calculated the employment by sector of the OSCA employment projection.

Table 58: Industrial Demand Analysis: Calculating Employment by Sector

Year	Mine Operation	Mine Construction / Maintenance	Industrial	Commercial	Institutional	Work at Home	No Fixed Place of Work	Total
	15%	19%	29%	18%	7%	2%	10%	100%
2016	6,112	7,656	11,623	6,917	2,771	599	3,771	39,450
2017	5,880	7,365	11,181	6,654	2,666	577	3,627	37,950
2018	6,166	7,724	11,726	6,979	2,796	605	3,804	39,800
2019	6,027	7,550	11,461	6,821	2,732	591	3,718	38,900
2020	6,290	7,880	11,962	7,119	2,852	617	3,881	40,600
2021	6,228	7,802	11,844	7,049	2,824	611	3,842	40,200
2022	6,120	7,666	11,638	6,926	2,775	600	3,776	39,500
2023	5,732	7,181	10,901	6,488	2,599	562	3,537	37,000

2024	5,709	7,152	10,857	6,461	2,588	560	3,522	36,850
2025	5,616	7,035	10,680	6,356	2,546	551	3,465	36,250
2026	5,608	7,026	10,666	6,347	2,543	550	3,460	36,200
2027	5,639	7,064	10,724	6,382	2,557	553	3,479	36,400
2028	5,624	7,045	10,695	6,365	2,550	552	3,470	36,300
2029	5,655	7,084	10,754	6,400	2,564	555	3,489	36,500
2030	5,670	7,103	10,783	6,418	2,571	556	3,498	36,600

Step 2:

Once employment growth was divided into employment type, the Consultant Team assumed what share of employment activities for a given employment type occur on lands zoned for industrial use.

- 50% of the industrial employment growth is anticipated to occur on lands zoned for industrial use. The remaining industrial employment will occur on mining sites.
- 30% of commercial employment growth is anticipated to occur on industrial lands
- 15% of institutional employment growth is anticipated to occur on industrial lands.

Using these values, the following table summarizes employment growth on industrial lands.

Table 59: Industrial Demand Analysis: Employment Growth on Industrial Lands

Employment Located on Industrial Land

Year	Industrial (Employees)	Commercial (Employees)	Institutional (Employees)	**Total**
	50%	30%	15%	
2016	5,812	2,075	416	**8,303**
2017	5,591	1,996	400	**7,987**
2018	5,863	2,094	419	**8,376**
2019	5,731	2,046	410	**8,187**
2020	5,981	2,136	428	**8,545**
2021	5,922	2,115	424	**8,461**
2022	5,819	2,078	416	**8,313**
2023	5,451	1,946	390	**7,787**
2024	5,429	1,938	388	**7,755**
2025	5,340	1,907	382	**7,629**
2026	5,333	1,904	381	**7,618**
2027	5,362	1,915	384	**7,661**
2028	5,348	1,909	382	**7,639**
2029	5,377	1,920	385	**7,682**
2030	5,392	1,925	386	**7,703**

Step 3:

Once total employment growth on industrial land has been calculated, the Consultant Team assumed where employment growth would locate. It was determined that:

- 75% of employment growth on industrial lands will occur in the Urban Service Area
- 6% of employment growth on industrial lands will occur in rural areas north of the Urban Service Area
- 19% of employment growth on industrial lands will occur in rural areas south of the Urban Service Area

The following table demonstrates where employment growth on industrial lands will occur:

Table 60: Industrial Demand Analysis: Employment Growth on Industrial Lands by Geography

Year	Urban Service Area (Employees)	Rural North (Employees)	Rural South (Employees)
	75%	6%	19%
2016	6,227	498	1,577
2017	5,990	479	1,517
2018	6,282	503	1,591
2019	6,140	491	1,555
2020	6,408	513	1,623
2021	6,345	508	1,607
2022	6,235	499	1,579
2023	5,840	467	1,479
2024	5,816	465	1,473
2025	5,722	458	1,449
2026	5,714	457	1,447
2027	5,745	460	1,455
2028	5,730	458	1,451
2029	5,761	461	1,459
2030	5,777	462	1,463

Step 4:

Once employment growth on industrial lands was assessed, the Consultant Team used an assumed employment density to determine the demand for industrial land.

Industrial lands within the Urban Service Area were found to have an average 28 jobs per net hectare for higher order uses.

Lower order uses (such as lay down yards) on industrial lands within the Urban Service Area were found to have an average density of 17 jobs per net hectare. It was assumed that 33% of future industrial land will be a low order use. Accounting for the assumptions, average employment density in the Urban Service Area is assumed to be 24 jobs per net hectare.

Both rural north and rural south future industrial lands were assumed to be mostly low order uses, and so a density of 10 jobs per hectare was applied to these areas.

Using the average densities provided above, employment on industrial land by area was divided by average job density by area to determine industrial land demand in net hectares.

Table 61: Industrial Demand Analysis: Industrial Demand by Area

Year	Urban Service Area (hectares)	Rural North (hectares)	Rural South (hectares)	Total (hectares)
	24 Jobs per hectare	10 Jobs per hectare	10 jobs per hectare	
2016	259	50	158	**467**
2017	250	48	152	**449**
2018	262	50	159	**471**
2019	256	49	156	**460**
2020	267	51	162	**481**
2021	264	51	161	**476**
2022	260	50	158	**468**
2023	243	47	148	**438**
2024	242	47	147	**436**
2025	238	46	145	**429**
2026	238	46	145	**429**
2027	239	46	146	**431**
2028	239	46	145	**430**
2029	240	46	146	**432**
2030	241	46	146	**433**

Table 62: Industrial Demand Analysis Industrial Demand by Area

Step 5:

Once industrial land demand was calculated in net hectares, it was assumed that industrial land would have a long-term vacancy of 15%. This accounts for sites that do not develop because of under-utilization and inefficiency. Long-term vacancy is evidenced in existing industrial parks in the RMWB and through Alberta.

To convert the net hectares into gross hectares, a ratio of 65% net to gross land was assumed. This accounts for lands allocated for industrial use but becomes occupied for internal roadways, stormwater management, setbacks, municipal reserve requirements, and open space.

The following table demonstrates the calculation used to convert net hectares into gross hectares.

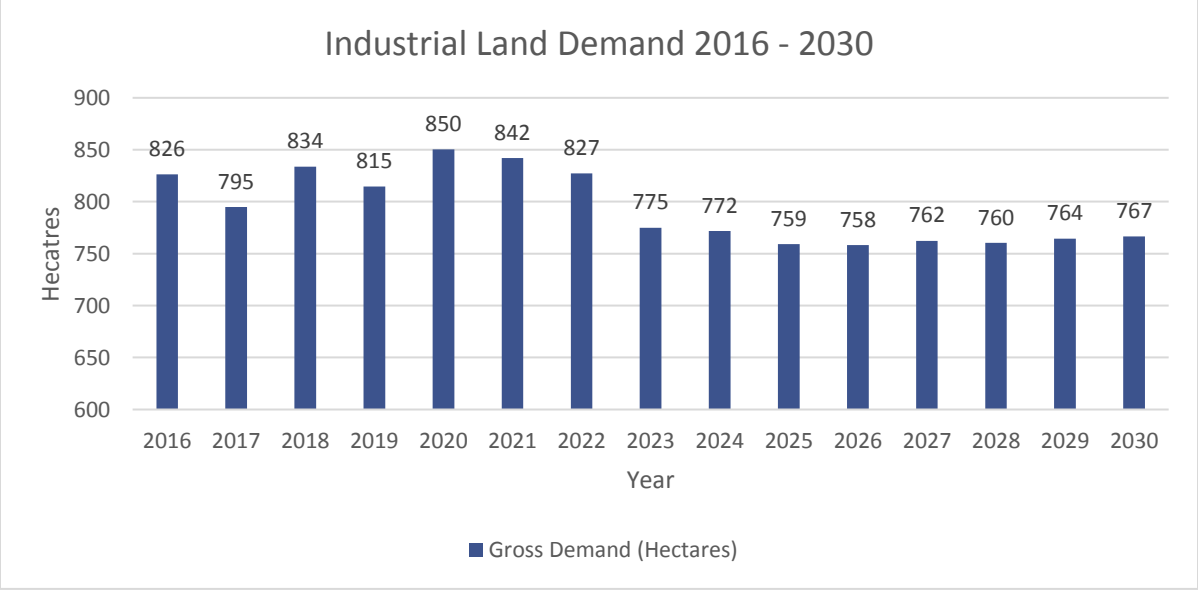
Table 63: Industrial Land Demand: Determining Gross Demand

Year	Net Demand (hectares)	Net Demand Adjusted for Long Term Vacancy (hectares)	Gross Demand (hectares)
		15%	65% ratio of net to gross
2016	467	537	826
2017	449	517	795
2018	471	542	834
2019	460	530	815
2020	481	553	850
2021	476	547	842
2022	468	538	827
2023	438	504	775
2024	436	502	772
2025	429	493	759
2026	429	493	758
2027	431	496	762
2028	430	494	760
2029	432	497	764
2030	433	498	767

The peak demand for industrial land is 850 gross hectares (2,100.44 acres) before the supportable demand decreases. By 2030, there will be 83 gross hectares (205.10 acres) of vacant industrial land, as the supportable demand will fall to 767 gross hectares (1,895.33 acres).

The following graph represents the industrial land demand until 2030.

Figure 10: Industrial Land Demand



5.4.3 Industrial Gap Analysis

Based on the findings of Chapter 4: Wood Buffalo Land Use Assessment, the RMWB currently has an industrial land allocation of 999.81 gross hectares (2,470.63 acres). Based on discussions with the RMWB, there are no upcoming projects to allocate additional industrial land. Therefore, it can be assumed that the industrial land allocation will not increase over the forecast time period.

The RMWB will have an oversupply of industrial demand over the forecast time period. The following table demonstrates the size of this oversupply over each year from 2016 to 2030.

Table 64: Industrial Land Gap 2016-2030

Year	Gross Demand (hectares)	Industrial land Supply (hectares)	Industrial Supply Land Gap (hectares)
2016	826	999.81	173.56
2017	795	999.81	204.98
2018	834	999.81	166.23
2019	815	999.81	185.08
2020	850	999.81	149.48
2021	842	999.81	157.85
2022	827	999.81	172.52
2023	775	999.81	224.88
2024	772	999.81	228.02
2025	759	999.81	240.58
2026	758	999.81	241.63
2027	762	999.81	237.44
2028	760	999.81	239.54
2029	764	999.81	235.35
2030	767	999.81	233.25

At peak demand, occurring in 2020, the RMWB would have a demand for 850 gross hectares (2,100.44 acres) of industrial land. In this year, the RMWB would have an oversupply of 149.48 hectares (369.38 acres).

The industrial supply and demand has been further divided by geography.

Table 65: Industrial Supply and Demand by Area

Geographic Areas	Industrial Land Peak Demand (gross hectares)	Industrial Land Supply (gross hectares)
Rural North	90.71	53.19
Fort McMurray and Environs	472.40	773.56
Rural South	287.22	173.06

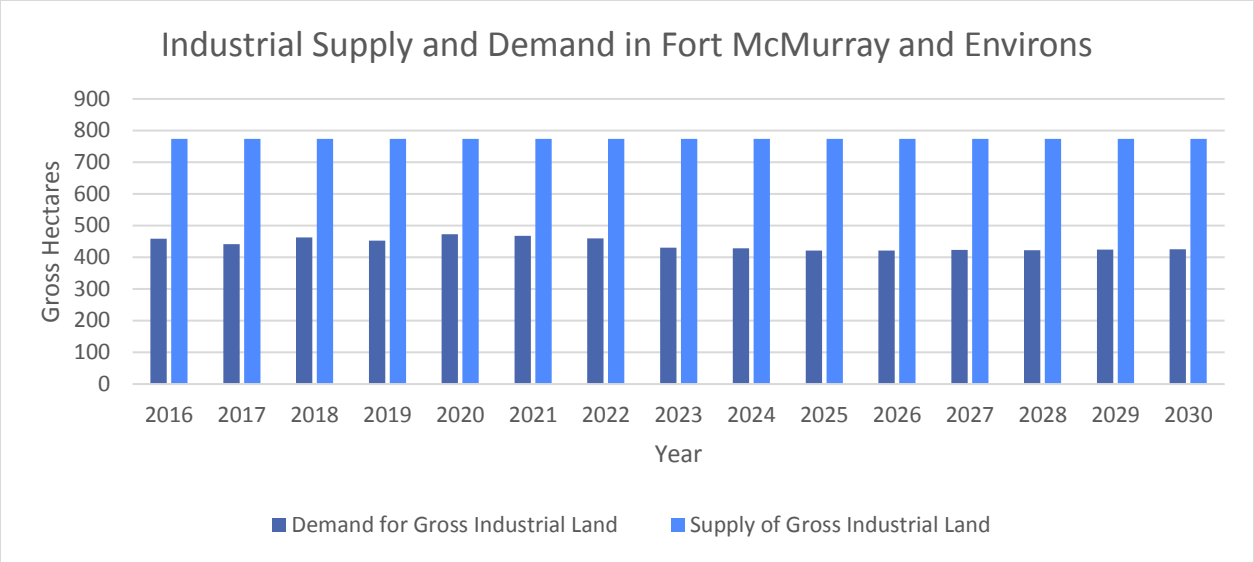


Figure 11: Industrial Supply and Demand in Fort McMurray and Environs

The supply of industrial land in Fort McMurray and environs significantly exceeds the demand over the forecast period. At peak, Fort McMurray and environs will have a surplus of 301.16 gross hectares (744.20 acres).

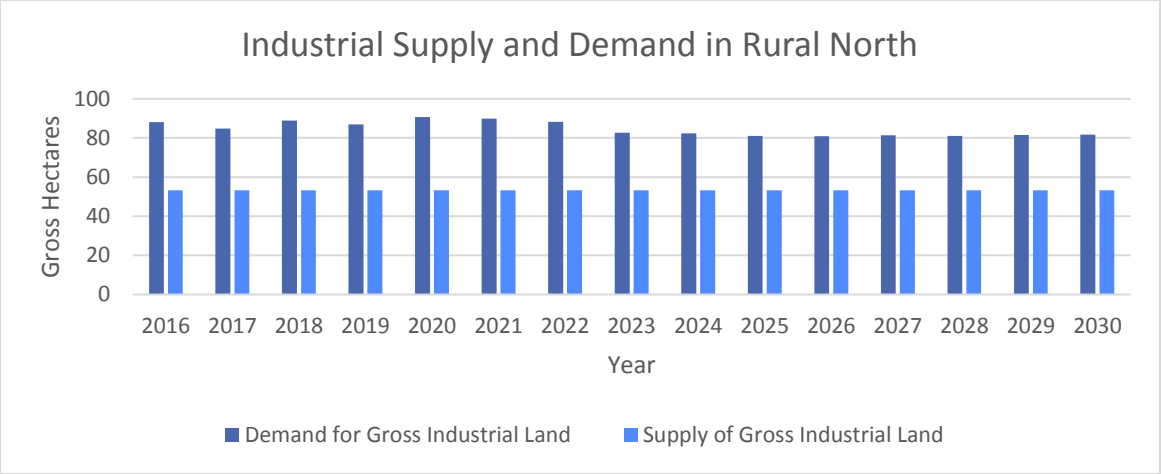


Figure 12: Industrial Supply and Demand in Rural North

While the demand for industrial land in the Rural North area does exceed the existing supply, it is important to note that the Industrial Land Supply does not include industrial activities that locate on Crown lands in-situ oil sands projects or First Nation land. In the Rural North Region, the Fort McKay Industrial Park and Caribou Energy Park provide approximately 80 additional hectares of industrial land. The AOSTRA and Mildred Lake Industrial Parks are also located on Crown land but contain industrial development. Including these areas, the supply exceeds the demand for this region.

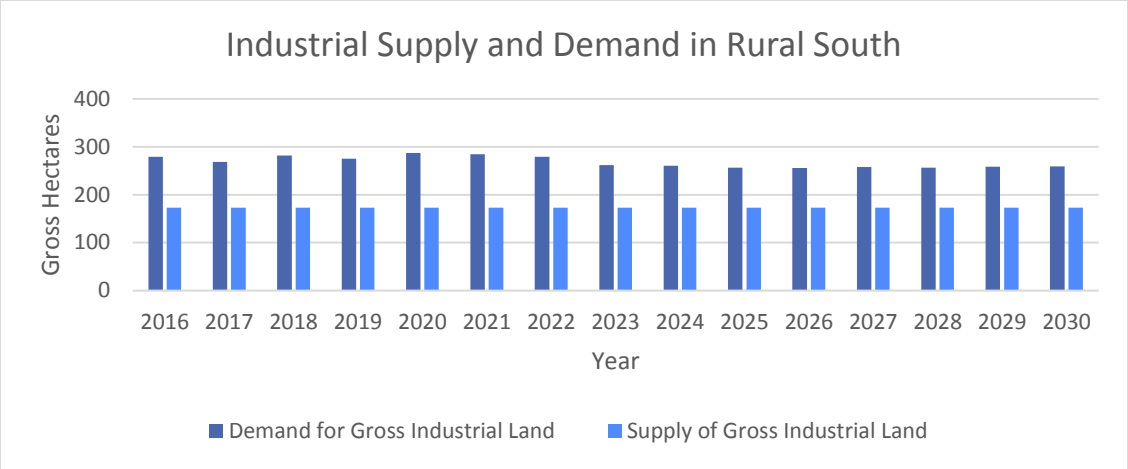


Figure 13: Industrial Land and Demand in the Rural South

In the Rural South region, the Industrial Land Supply does not include the Chipewyan Prairie Industrial Park, which provides an additional 40.47 hectares (100 acres). Including the Chipewyan Prairie park, the supply is currently 213.72 hectares (528.12 acres), which is 72.9 (180.14 acres) hectares less than the peak supportable demand in 2020. The Rural South region is the only geographic area that has a need for more industrial land to be allocated.

The location of industrial demand has not been further broken into demand at the individual hamlet level because employment and population projections have not been isolated for each of the hamlets.

The Urban Service Area and the Rural North areas have an adequate allocation of land to accommodate anticipated industrial land demand. The Rural South area can support additional industrial land in the forecast period. There is evidence of demand for additional industrial land in the Hamlet of Conklin, which may support the allocation of more industrial land.

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6.0 STAKEHOLDER CONSULTATION

Key Findings

- Retailers generally have an interest in developing in the RMWB but are holding back at the moment due to uncertainty resulting from the economic downturn and Wildfire of 2016. High land costs and declining rents as well as market size to support certain types of retail are seen as challenges to development.
- Stakeholders feel that permitting and regulations are too stringent, especially in the downtown area with requirements for building standards.
- Developers are interested in the Northern portion of the Urban Service Area to locate new commercial and industrial development with the new residential development coming online and people moving into the new neighbourhoods.
- Metrics used to determine demand in the RMWB must take into account the unique local economic situation and buying habits.
- There are opportunities to develop in several areas throughout the Urban Service Area including the airport lands, Saline Creek, and Parsons Creek.
- Some stakeholders think that Economic Development should work alongside the municipality but operate independently to avoid political undertones and swings with each election cycle.
- There is interest in the municipality building more infrastructure, particularly roadways.
- First Nation groups in the RMWB have some conceptual ideas for projects but no concrete plans for development. They are worried about competition from new industrial development in the RMWB creating competition.

6.1 Approach

The Consultant Team conducted a number of stakeholder engagement efforts to understand the conditions of the RMWB from a variety of perspectives. These efforts consisted of focus group sessions, held on January 18 and 19, 2017, discussions held with Municipal staff, a questionnaire sent to shopping centre developers, discussions with the Fort McKay First Nation, and a discussion with the Executive Director of the Oil Sands Community Alliance.

It is important to note that this chapter describes input the Consultant Team received and should not be misinterpreted as official recommendations or statements endorsed by the RMWB. It also worth noting that the comments below represent only the opinions of the groups and individuals consulted, and do not represent all developers, First Nation groups, or stakeholders.

6.2 Retail/Commercial Developers

In order to assess the supply of commercial land and development viability in the RMWB from the perspective of commercial developers, the Consultant Team contacted a number of commercial developers who are either active in the region or were considered a potential developer for the RMWB.

Provided below is a list of questions asked of shopping centre developers:

- *Would (developer name) be interested in developing [more] retail space in the RMWB?*
- *If not, why not?*
- *If you are, where would you prefer to locate and why?*
- *What information would you be looking for the RMWB to provide to help in your company's decision making?*
- *What help would you need from the RMWB to be successful?*
- *Any other comments*

6.2.1 What We Heard

The following is a summary of the remarks made by shopping centre developers, some of whom have a retail presence in the area and some who may be interested in locating in the RMWB in the future. In order to maintain the confidentiality of the respondents, responses have been aggregated.

Interest in Locating in the RMWB

- Four respondents are conditionally interested in locating retail development in the RMWB. These firms are monitoring population and available sites to determine if the market is viable. It was expressed that the RMWB is a risky area to invest in at this time, due to uncertainty about recovery, population growth, and economic growth

- One respondent stated they would not be interested in developing in the RMWB because it was not a primary market
- Several respondents interested in the RMWB have an existing presence in the area
- Respondents discussed the factors the firm considers when locating; including population, population growth, and demographics (income, ethnicity, etc.). It was noted that population and market size was a very significant, if not most important, factor

Market Gaps

- Developers identified what they believe to be gaps in the retail market in the RMWB:
    - There is a lack of mid-range retail offerings, such as clothing stores or electronic stores. Specifically, retailers Winners and Best Buy, or related competitors, were identified as being able to meet the market gap for midrange retail
    - Some retailers that are existing in the RMWB are interested in a second store
    - Some shopping centre developers that are interested in creating a regional draw in the region These areas would be anchored by a major store, such as a hardware/lumber retailer store or a grocery store, and also accommodate daily needs uses, such as financial institutions
    - Hardware stores were identified as a market gap. Home Depot was identified as a possible retailer by multiple developers, especially considering the amount of construction to occur in the next 5 years

Challenges of Developing in the RMWB

- High construction cost and high land costs were identified as a challenge for developers
- In Thickwood, retail rents have declined (65-75$ per square foot declining to 45-55$ per square foot)
- No hamlet has the size and population to support a local grocery store. A minimum market population of 5,000 consumers, assuming no competition, was identified as a minimum threshold
- One respondent stated that they had experimented with small scale grocers and found they were only viable in dense, urban environments. A prototype grocery store was established to have an average square footage of 60,000. A larger, regional draw grocery would have a square footage of 100,000 to 105,000

Location Preferences

- The northern portion of the RMWB was identified by two developers as the preferred location, including a desire to locate in the Parsons Creek commercial area. It was stated that the area already has residential activity and proposed residential expansion, making it attractive to developers. A developer stated they believed “80%” of growth was occurring north of Timberlea
- One respondent stated they would interested in locating in areas with an established population

How the RMWB can support commercial development

- One respondent stated they use Municipal Census data, specifically the population of the urban service area, excluding the shadow population

- Respondents also stated they consider demographic information to inform if they should locate and, if so, which banner retailer should they bring in
- Information such as traffic volumes would also be helpful
- Developers identified the following actions as helpful actions the RMWB could undertake to support developers:
    - Facilitate permitting
    - Create more permissive zoning. One respondent specified they are interested in developing flex buildings that can be resold after the initial tenant leaves
    - Create less intensive urban design standards
    - Providing incentives to developers
    - Providing timely responses to developers

6.3 Stakeholder Interviews

A series of interviews, either individually or in small focus groups were conducted with interested stakeholders selected by the RMWB. Stakeholders included representatives of:

- Wood Buffalo Housing and Development Corporation
- Urban Development Institute Wood Buffalo
- Construction companies
- Fort McMurray Tourism
- Fort McMurray Hotel Association
- Fort McMurray Real Estate
- Keyano College Land Trust
- Fort McMurray Airport Authority
- Oil Sands Community Alliance.

A number of additional stakeholders were contacted but did not respond to the invite to participate in the consultation. Prior to the stakeholder interviews, a discussion guide and PowerPoint presentation were prepared by the Consultant Team and approved by the Municipality. The presentation provided necessary background information and the discussion guide contained questions that would be addressed in the interviews. These focus groups were semi-formal discussions.

6.3.1 What We Heard

The following is a summary of main themes that emerged during the discussions between the Consultant Team and various stakeholders identified by the RMWB. Phrases in quotation marks are exact quotes. Other statements have been paraphrased but retain the meaning of comments made during interviews. These statements are not official recommendations nor are they all feasibly implementable.

Fixing Assumptions

- The population projection in the 2010 CILUS was unrealistically high, creating an unrepresentative baseline from which commercial and industrial land gaps were calculated
- The RMWB cannot be compared with Edmonton; the demand for certain goods and services (restaurants, fast food services) may be higher than other goods and services (high end boutiques) due to the demographics of the Municipality. The simple per capita commercial requirement of 4.18 m^2 must be re-evaluated
- There is a changed demand for office space than what is described in the 2010 CILUS. *"We are not a big office town"*
- The City Centre ARP and the Parson's Creek Outline Plan were unrealistic and infeasible, as the RMWB may not have the population and economic growth to support the scale of development described in those plans
- Accurate population projections are a *"critical metric"* for driving future plans and economic growth

Supporting Commercial Development

- Encourage a permanent population
- Residents demand more commercial goods and services than fly-in / fly-out workers
- Incentivize retailers to locate in the municipality
    - Address the high rents that developers face
    - Retailers are unwilling to locate within the Municipality because they can capture the same market by locating elsewhere, such as Edmonton
    - Use resources to promote development, such as attending Economic Development Conferences and implementing new policies

Barriers to Development and Growth

- Bill 21: The new MGA creates a taxation change that discourages residents and developers from locating in the Municipality
- Regulation and Permitting: Regulations are considered restrictive and discouraging to developers
    - Plans for development along the Snye River were rejected
    - After a year and half of negotiation, a plan for development downtown was rejected
    - There was pushback against the creation of a convenience store in Saprae Creek
    - Rejections like these are discouraging to investors who stand to lose money from projects. *"Developers do not feel welcome"* in the Municipality
- Province is unwilling to release land and support development, stalling growth
- Municipality creates leakage by not approaching local businesses and by outsourcing projects
- Cost of materials is approximately 15% higher in Fort McMurray than in Edmonton
- Shortage of service level employees, as many did not return after the evacuation
    - This affects the hotel market, already struggling due to the downturn and loss from the wildfire

Potential Locations for Commercial Development

- Saline Creek:
  - The area is already serviced, with water and sewage capable of supporting 20,896 people
  - Keyano College is prepared for development and awaiting a market that can justify developing
  - Saline Creek needs to generate revenue to pay for the infrastructure already developed
- Parsons Creek:
  - Parsons Creek can accommodate commercial development north of the Urban Service Area
  - Parsons Creek provides a Town Centre area that can accommodate big box retail
  - Uncertainty about who owns land in Parson's Creek and who the developer is
  - Retailers want to locate "*where the rooftops are*" or near residential areas. Residential areas in Parsons Creek have already been developed
- Airport Lands:
  - Can be an "economic driver and economic engine"
  - Potential to locate commercial development near the west side of the airport, to serve airport users and residents of the Urban Service Area. Invokes the concept of Aerotropolis
  - Some areas of the Airport lands are shovel ready
  - If the Nova Hotel, which was damaged in the 2016 wildfire, does not rebuild, there is potential for the development of a hotel near the airport
  - Currently developing a new master plan
- Downtown:
  - Infrastructure exists to support development; water infrastructure can support 20,000 residents
  - Downtown needs to be improved to attract developers; streetscape and revitalization is necessary and there is limited access to downtown
  - Development along the riverfront can create an attractive tourist destination. Can create a *"postcard shot"* that supports tourism into Fort McMurray
  - CCARP is unrealistic and needs to be right-sized. Potential arena project was unfeasible and the RMWB needs to determine what to do with the lot where the arena was supposed to locate
- Poor locations: A regional commercial centre would be better located in Parsons Creek than the site of the Athabasca Power Centre

Potential Locations for Industrial Development

- Airport Lands:
  - There is the potential to locate landside and airside industrial uses on Airport lands
- Saline Creek:
  - Parts of Saline Creek can be converted to Business Industrial and can be developed quickly
- The Prairie Creek Business Park can accommodate industrial uses
- Poor locations: Between Horse and Hangingstone; the cost of servicing this area is too high

Opportunity to Build Infrastructure

- The municipality should take advantage of low construction costs to build more infrastructure, including creating a bypass road, facilitating easier and faster travel to work camps

- New roadways can open areas up to development, changing the real estate value of these lands
- By facilitating faster and easier travel to work camps, the Municipality supports permanent residences and reduces the number of fly-in / fly-out workers
- The memory of the 2016 evacuation has created a desire to build more roads to facilitate easier evacuation. The municipality should take advantage of this desire to create new roadways
- Constructing roadways would create new jobs, strengthening the economy
- Improved transportation networks in Fort MacMurray would support the use of the International airport over industry airstrips

Additional Comments

- Consult the public and see what they want in terms of commercial and retail offerings
- Use social media and intercept surveys to gather public input
- Consult the industry and hiring managers to determine what incentives to offer to support and commercial development and what steps the municipality should take to discourage fly-in / fly-out workers

6.4 First Nation Consultation

Following the protocol provided by the Manager of First Nation and Métis Nation Relation at the RMWB, the Consultant Team contacted the Fort McKay First Nation, Fort McMurray First Nation, and Chipewyan Prairie Dene First Nation with questions about existing and future commercial and industrial development on First Nation land. Of these groups, the Consultant Team was only able to receive a response from the Fort McKay First Nation.

6.4.1 What We Heard

A summary of input provided by Fort McKay is provided below:

- The Caribou Energy Park is a joint venture between the Fort McKay Group of Companies and Waiward Management Inc. and the Fort McKay Industrial Park is managed by the Fort McKay Group of Companies
- The Fort McKay Incubator Park is only available to registered band members for business start-up
- No specific details were provided on future development in Fort McKay. It is anticipated that more planning will be conducted before development occurs
- Tenants in the Fort McKay and Caribou Energy Parks are used to having unserviced (haul in/haul out) parcels. Lack of servicing is not seen as a barrier to development
- Some members of the Fort McKay First Nation are concerned about the RMWB allocating industrial land and creating competition for their industrial developments

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7.0 CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

1. The existing and future development of commercial and industrial lands will be dependent on the economic conditions of the region. In the last ten years, the economic conditions in the RMWB have experienced significant change, going from a period of rapid growth in the late 2000s and early 2010s to experiencing an economic downturn since 2015 which aligned with a global decline in oil and gas prices. With a resource economy where growth is closely tied to high oil and gas prices, the region experienced a drop in GDP by 2.7% from 2014 to 2015, and increase in unemployment from 3.8% in 2014 to 7.6% in 2015. The current residential market is indicative of the effect of the downturn, showing decreases in resales and housing starts.

2. In May of 2016, RMWB was impacted by the 2016 wildfire, recorded as one of the costliest disasters in Canada, destroying approximately 1,900 structures and prompting a large-scale evacuation, bringing the economic activity in Fort McMurray to a halt. The recovery and rebuilding effort will contribute a significant amount to the local economy in the next four years, as houses are rebuilt and 5.3 billion dollars in insurance and government support flows into the region, generating employment and approximately $600 million to household consumption to replace household goods.

3. In May 2017, the RMWB council approved the new population and employment forecast presented in Chapter 2, prepared by the OSCA. These projections anticipate the population and economy to grow but at a rate much slower than that of the last decade. The OSCA forecast expects RMWB to reach a population of approximately 86,318 by the year 2030. These numbers form the basis to estimating future commercial and industrial land requirements for the RMWB.

4. Based on comparisons between the RMWB and "Industry Norms", the 2010 CILUS report identified that the RMWB was underserved in Non-Food Store Retail Businesses category and in vacant commercial as well as office space:
   - Non-Food Store Retail was reported to be generally underserved in all retail categories, including furniture and home furnishing, electronics and appliances, and home improvement, building supply, and garden centres (*Page 16, 2010 CILUS*). It was recommended that the RMWB should look to attract lifestyle oriented retail, which in turn would help attract national banners.
   - There was a significant shortage of vacant commercial land with almost all vacant commercially designated lands located in the Gregoire area of the Urban Service Area (Page 13, 2010 CILUS).
   - The RMWB had very little market availability for office spaces with major oil companies beginning to open office spaces which would out-bid and displace retail and service retail businesses. It was recommended that the Downtown area should be looking to establish two to three multi-storey office buildings capable of supporting various tenants engaged in professional services as well as local administrative functions for the major oil companies in the region.

5. The 2010 CILUS also reported that there was a critical need for industrial business parks in the Urban Service Area, which had led to dramatically higher land value for industrial parcels. It was recommended that the RMWB could support one or possibly two business parks such as the Mackenzie Business park. However, current conditions differ from those of 2010.

6. Since the 2010 CILUS was completed, the RMWB has completed the planning and approval of a number of commercial and industrial land subdivision and developments aimed at addressing the need for additional space and land parcels. These projects include:

Industrial	• Prairie Creek Business Park, • L Robert Industrial Park, • Chipewyan Prairie Commercial Park,	• Airport Lands, • Rickard Industrial Land Phase 2, • Industrial Sites along Saprae Creek Trail.
Commercial/Retail:	• Eagle Ridge, • Quarry Ridge, • Prairie Creek Business Park, • Athabasca Power Centre,	• Parsons Creek Commercial Parcels, • Stoneycreek Village, • Saline Creek/Rotary Lands area, • Chipewyan Prairie Commercial Park, • Airport Lands.
Office	• Quarry Ridge, • Stoneycreek Village.	
Hotel	• Microtel Hotel and Suites, • Best Western Plus Sawridge Suites, • East Village Suites,	• River Station Suite Hotel, • Super 8 Motel (rebuild).

Table 66: New Projects since 2010 by Asset Class

7. As a result of the new projects completed since the 2010 CILUS study, in 2017 the total supply of commercial designated lands serviced and unserviced has reached approximately 615.57 hectares (1,521.14 acres), up from the 240 hectares (593.06 acres) reported in the 2010 CILUS. Similarly, the total supply for industrial designated lands serviced and unserviced has also more than doubled, reaching approximately 999.81 hectares (2,470.63 acres), up from 420 hectares (1,037.86 acres) reported in the 2010 CILUS.

	Commercial Land Allocation (hectares)		**Industrial Land Allocation (hectares)**	
	Total Allocation	Shovel Ready	Total Allocation	Shovel Ready
Rural North	10.85	2.30	53.19	8.21
Fort McMurray and Environs	553.37	125.10	773.56	126.52
Rural South	51.35	33.60	173.06	86.38
Total	615.57	161.00	999.81	221.11

Table 67: Supply of Commercial and Industrial Land in the RMWB

8. The existing supply of commercial and industrial land was divided into the areas of Rural North, Rural South, and Fort McMurray and environs and assessed to determine the existing allocation of land for commercial and industrial use and the amount of shovel-ready land. The following key findings emerged from the land use assessment for commercial and industrial land:
   - The largest supply of commercial and industrial land is available in Fort McMurray and environs.
   - Fort McMurray and environs allocates 553.37 hectares (1,367.43 acres) of commercial land, of which 125.10 hectares (309.13 acres) are shovel ready.
   - Fort McMurray and environs allocates 773.56 hectares (1,913.03 acres) of industrial land, of which 126.52 hectares (291.64 acres) are shovel ready.
   - There are a number of industrial developments on Crown land and First Nation land. These developments affect the demand for industrial land in the RMWB on public lands.
   - With the significant increases in the commercial and industrial land allocation, currently 26% of commercial land and 22% of industrial land is shovel-ready, or available for immediate development

Demand and Gap Analysis

9. Based on the demand and gap analysis, the existing supply of industrial land allocation is more than capable of meeting the projected demand over the forecasted time period. The sum of industrial land allocated is 999.81 gross hectares (2,470.63 acres) compared to a peak demand of 850.33 gross hectares (2,101.25 acres) in 2020, with a resulting surplus of land totalling 149.48 gross hectares (369.38 acres).

   When separated out by geography, the supply of industrial land in the Rural North area and Fort McMurray and environs is deemed sufficient to meet the demand over the forecast period. The supply of industrial land in the Rural South is 72.9 hectares (180.14 acres) less than the peak demand of the industrial demand for that area.

10. Based on the Consultant Team's survey, Office developments in RMWB are facing a very high vacancy rate averaging 31.49%, which is considered much higher than the healthy average. There are a number of new projects, such as Quarry Ridge, that have proposed and are capable of accommodating new office development. In addition, the City Centre has the servicing and zoning capacity for new office development as well. Considering the high vacancy, the trend for smaller office spaces, and areas already capable of accommodating offices, the existing supply of office space allocations is capable of meeting the demand until 2030.

11. The demand for retail and service commercial was calculated using the population projection and income as inputs to determine how much residents of the Municipality spend in each major retail category. Based on the Retail Market Analysis, it was determined that RMWB can support an additional 530,297 square feet of retail space in the Fort McMurray area by 2026.

    For the purposes of translating this retail space demand into land requirements, it was assumed that 50% of this demand would be located in mixed use projects using a FAR of 0.2 and the remaining 50% of the demand would be located in purely commercial sites with a FAR of 0.4. Based on those assumptions, it was determined that 18.47 gross hectares (45.64 acres) of land would be required to accommodate the additional retail space demand by 2026. Given that there is currently 125.10 hectares (309.13 acres) of shovel ready land available for new commercial development in the Fort McMurray and environs, the existing allocation of commercial land is more than enough to meet the anticipated demand over the next decade.

12. The existing hotel accommodation market in Fort McMurray consists of 21 hotels providing 2,075 units. The percentage of Occupied Room Nights experienced a significant drop from 2013 to 2016 but is expected to grow by 8% annually from 2017 to 2018 and by 4% annually from 2019 to 2021. The demand for hotel rooms is well served by the current supply and it is anticipated that Fort McMurray will require an additional 1.08 hectares (2.67 acres) of land to accommodate hotel development in the next five years. This demand may be met by the re-opening of the Super 8 hotel, anticipated to be completed in 2018.

13. The existing allocation of land is enough to meet the demand in all four of the asset classes as discussed above. The following projects are currently or will soon be available to accommodate new industrial and commercial projects:

Industrial:	• Prairie Creek Business Park • L Robert Industrial Park
Commercial:	• Saline Creek • Eagle Ridge Centre • Quarry Ridge • Parsons Creek Town Centre District

14. The gap analysis clearly demonstrates that, while the RMWB can support additional commercial and industrial development, there is a surplus of land allocated for these uses. The above projects are recently developed or in development and are available to immediately accommodate additional development. At this time, the RMWB should not, look at creating new commercial and industrial areas, and instead should aim to locate new development in the existing vacant and undeveloped parcels. Development should first

be encouraged to locate in the shovel ready parcels before the RMWB incurs the cost of providing infrastructure for new business parks.

15. Consistent with the 2010 CILUS report, this report also finds the need to create an inventory report documenting commercial and industrial land absorption rates, new construction and business licensing activity, and any major non-residential investment initiatives.

16. In terms of optimal future mix and location for commercial development, the Consultant Team`s findings indicate that the RMWB should focus its efforts on directing commercial development to the City Centre, either as free-standing commercial buildings or mixed-use developments. Franklin Avenue needs to re-establish its role as Fort McMurray`s Main Street.

    The second priority should be building out the Phase 1 commercial in Parsons Creek.

    More auto-oriented uses should be directed to the vacant or underutilized sites along Highway 63, currently zoned **C4 – Highway Commercial**.

17. In terms of the optimal mix and location for future industrial development, attention needs to be given to the servicing and build out of Prairie Creek Business Park for highway commercial and industrial uses.

    Another priority for industrial development is the cluster around the Fort McMurray International Airport. Airside and landside commercial and industrial development can be accommodated on Airport lands. Lots for industrial development are also available in L. Robert Industrial Park.

    In the short and midterm (1-5 years), planning work needs to be undertaken on potentially developing an intermodal facility at the CN Lynton Facility.

    In order to accommodate fence-line industries, industrial development can be located in the industrial parks in Fort McKay.

7.2 Recommendations

Based on the conclusions of this report, the following recommendations are made to support a strategic and efficient approach to commercial and industrial development. A detailed action plan, including responsible departments, resources/actions required, timelines, and measurement outcomes is provided in Appendix 4: Action Plan.

7.2.1 Commercial Recommendations

1. Downtown Revitalization

The RMWB needs to review and update the City Centre Area Redevelopment Plan (CCARP) and existing supporting zoning requirements to ensure it aligns with today's economic realities as well as aggressively market municipality owned and privately-owned land parcels that are currently vacant or underutilized.

Downtown currently is fully serviced with both utility and transportation infrastructure and is an ideal place to locate more commercial development both in mixed use buildings or free standing retail/office buildings. The existing City Centre ARP was optimistic at a point in time when everyone was bullish about downtown's growth prospects. The City Centre ARP needs to be reviewed along with the corresponding zoning to see how it can be made more supportive of development without compromising the quality of private development and the public realm.

2. Need to implement a Retail Recruitment Strategy

It is recommended that the RMWB develop and implement a *Retail Recruitment Strategy* as described in detail in the *Retail Market Analysis*

Filling up vacancies in established development through attracting new retailers in the underserved retail categories and meeting the retail gaps should be a priority for the RMWB. The RMWB should look at attract national retailers with a range of goods that can address the retail gaps. To support the business recruitment efforts, it is recommended that the RMWB develop a current database of various commercial developments and identify occupancies and vacancies on an annual basis, thereby enable the monitoring of vacancies and absorption rates of various commercial sites by geographic area.

Fort McMurray has a number of commercial vacant and undeveloped areas available. Different types of development will locate in different communities, based on the factors unique to the area. For example, neighbourhood commercial may locate in residential communities, while speciality retail would better locate downtown. The RMWB should work with developers and retailers to help them find the site that is best suited for their built form and retail type.

3. *Establish a Business Improvement Area (BIA) for the City Centre*

That the RMWB work with downtown businesses and landowners to establish a Business Improvement Area (BIA), provided for in the Municipal Government Act, in the City Centre to more effectively promote and manage as the RMWB's premier shopping and entertainment district.

The competitive advantage that shopping centres have over downtown areas is Centralized Retail Management (CRM). Shopping centres have coordinated promotions; traffic building events; a high degree of cleanliness and safety; uniform shopping hours and retail recruitment and support programs that are currently lacking in the City Centre. With a BIA providing and strategically implementing programs typically found in shopping centres, downtown can be more competitive and increase its market share.

4. *Parsons Creek Commercial Development*

It is recommended that the RMWB review the range of land uses proposed in Phase 1 commercial development at Parsons Creek prior to investing in new infrastructure to service Phase 2.

Based on the population projection, the RMWB is only projected to increase by 11,450 residents from 2017 to peak population in 2022 which is likely to create additional demand for commercial uses. Established neighborhoods like Timberlea still have commercial lots that will likely see commercial development in the near future, including the Eagle Ridge Centre, and meet some of this future demand in light of the limited population growth and the anticipated commercial development in Timberlea. Based on discussions with shopping centre developers, many indicated that they would be interested in locating northwest of the Athabasca River because the believe that is where the existing population and future population growth will locate. The developer interest in this area and the existing servicing makes the Phase 1 area feasible for accommodating commercial activity.

5. *Promote Medical Cluster near Northern Alberta Regional Health Centre*

The RMWB needs to work with developers and land owners to develop a medical use cluster which includes uses such as doctors' offices, medical labs, radiology services and other services related to wellness avoid the *Northern Alberta Regional Health Centre* located around the intersections of Hospital Street and Franklin Avenue.

The Willow Square site located across the Health Centre has also been identified for a Senior facility. Across Franklin Avenue is River City Mall, which contains a number of existing medical professional services. This mall has the potential to intensify and accommodate additional professional medical activities. Medical uses benefit significantly from clustering, including the easy access for professionals, patients, medical equipment, and information. Looking at Edmonton as a case study, the University Hospital benefits from connections with the Kaye Clinic, Cross Cancer Centre and other medical institutions.

7.2.2 Industrial Recommendations

6. Market Vacant Industrial Space and Land

The RMWB should work with owners and commercial real estate brokers on an Investment Attraction and Business Recruitment Program to promote and market to new businesses to fill empty spaces in the following (4) serviced business industrial parks: Highway 63 North Industrial area; Taiga Nova Eco-Industrial Park; MacKenzie Industrial Park; and L. Robert Industrial Park, and users that do not require fully serviced industrial land should be encouraged to locate in the Prairie Creek Business Park or Rickards Industrial Park.

The downturn in oil and gas prices has reduced the demand for industrial space and land. Vacancies now exist in a number of industrial parks located in both in the Urban and Rural Service Areas of the RMWB. In order to backfill these spaces a more aggressive marketing effort is needed in partnership with owners and commercial real estate brokers. The RMWB should develop a database of industrial developments and monitor vacancies and absorption rates.

7. Facilitate Development of the Prairie Creek Business Park

Facilitating development of the Prairie Creek Business Park can be achieved in two ways:

a. By allowing more lands to be subdivided and sold as unserviced industrial land similar to Rickard's Landing and;
b. Look to the Community Revitalization Levy in the Municipal Government Act as a potential tool for financing the required infrastructure and paying it back over 20 years using the tax increment.

Given the success of Rickards Industrial Land, there is evidence of demand for unserviced industrial uses. Discussions with stakeholders and research of other studies indicate there is a significant demand for dry industrial uses, such as warehouses and laydown yards. Uses like these may operate without piped servicing. The RMWB can approve temporary unserviced use to accommodate unserviced activities for a period of time, allowing industrial land into the market at a significant lower cost. The low cost and advantageous location will spur midterm development, creating the momentum to eventually complete servicing the area.

A Community Revitalization Levy (CRL) can be used to pay for the cost of servicing. A CRL is a provincial initiative that allows a significant investment into an area with the assumption that the development that Is spurred by the investment will pay the initial cost through increased taxes. If there is significant demand for serviced industrial, a CRL can fund the infrastructure improvements. A successful CRL case study can be seen in the Town of Cochrane, which used a CRL project to remediate contaminated lands and fund infrastructure like roads, pedestrian amenities, and a pedestrian overpass. CRLs were also used for the Quarters Project and Downtown Area in Edmonton, where CRL funds were also used for infrastructure provision, land acquisition, streetscape improvements, and enhancing water and stormwater public utilities.

8. *Develop Industrial Intermodal Facilities with CN at Lynton*

That the RMWB work with CN and the Province of Alberta to develop intermodal industrial facilities near the airport and CN Lynton facility.

Not only would such a facility facilitate shipping of bitumen by rail while awaiting approvals of pipelines to tie water but also as an intermodal and logistics hub for the movement for other goods, given the amount of e-commerce in the RMWB. These lands are located in close proximity to the Fort McMurray International Airport, the CN's Lynton Rail facility and Highways 69 and 63 provides a strategic advantage for the intermodal transfer of goods between air, rail and truck. A logistic centre can facilitate the stage and distribution of on-line ordered goods.

9. *Commercial and Industrial Development Opportunities in Fort McKay*

Work in partnership with the community for facilitating the development of commercial and industrial lands in Fort McKay.

Given the number of the opportunities for commercial and industrial development north of Fort McMurray the RMWB should look to Fort McKay as a target of opportunity to increase the supply of commercial and industrial lands available for development. Fort McKay has limited water servicing capacity. By working in partnership with the community, the RMWB could help increase the supply of shovel ready industrial and commercial lots.

10. *Identify Potential for Commercial and Industrial Development in the Hamlet of Anzac*

It is recommended a survey be conducted with oil sands companies operating near the Hamlet of Anzac to determine whether there is sufficient market demand for land for industrial uses to start developing the Industrial (Commercial) area detailed in the Anzac ASP for future Business Industrial uses. If the RMWB decides to proceed with the development of Business Industrial lands identifies in the Anzac ASP, an Outline Plan needs to be prepared and lands need to be rezoned from RD-Rural District to BI-Business Industrial District to move these lands closer to being shovel ready for development.

The Hamlet of Anzac has developed primarily as a bedroom community for people working for oil sands companies or commuting to Fort McMurray. Adequate land has been designated to meet the commercial needs of the Hamlet of Anzac as it grows. Anzac is also located close to other designated Industrial areas such as Rickard's Landing and Prairie Creek Industrial Park. Therefore, we recommend that a survey be conducted with oil sands companies operating in the vicinity of Anzac to see if there is sufficient market demand to proceed with development of the Business Industrial Area south of the Hamlet, identified in the Hamlet of Anzac ASP. If there is an immediate need for more industrial land near Anzac, the RMWB needs to request the release of the Crown Land to develop the industrial area in the Anzac ASP.

11. *Identify Potential for Commercial and Industrial Development in the Hamlet of Janvier*

More work needs to be done in surveying oil sand companies and local residents to gauge the demand for industrial and commercial uses that are needed and could be attracted to locate in Janvier. An outline plan needs to be prepared for lands already zoned BI-Business Industrial for commercial and industrial use in the Hamlet of Janvier to provide a framework for future subdivision and get sites shovel ready for development.

Janvier currently has shovel-ready commercial and industrial land available for development. Using surveys and consultation, the RMWB can identify appropriate commercial and industrial uses that can occupy these spaces. An outline plan for the industrial land identified in the Janvier ASP will help guide the development of this area.

12. *Identify Potential for Commercial and Industrial Development in the Hamlet of Conklin*

A survey needs to be conducted of existing commercial and industrial operations that are currently operating on properties zoned for residential uses in the Hamlet of Conklin to determine what size lots and services they would require to relocate in appropriate business industrial areas in Conklin.

A number of businesses operate in residential areas because they are no industrial and commercial lots that have been zoned and are serviced to accommodate their business. From consultation with residents of Conklin, affordability is also a big concern, as existing business likely are unable to afford the price of lots with road access and municipal services, even if the parcel is not connected to piped sewer and water. The RMWB needs to consult with these businesses operating on residential land to attempt to move their operations to commercial and industrial lands.

If the RMWB decides to proceed with the development of business industrial area as identified in the Conklin ASP, the subject lands need to be rezoned from UE-Urban Expansion to BI-Business Industrial to provide a planning framework for subdivision and servicing of the lots.

Future industrial lands are identified in the Conklin ASP west of Highway 881. If these lands are anticipated to be developed, they need to be rezoned from UE-Urban Expansion to BI-Business Industrial. Additionally, detailed engineering and planning work needs to be completed in order to make the lands shovel-ready for development.

If the RMWB wishes to proceed with the development of a Business Industrial Park in Conklin they may consider issuing a Developer Proposal Call to develop these lands as a public/private partnership.

The RMWB may consider the utilization of a Public/Private partnership to develop industrial lands, which would allow the RMWB to share the cost and risk of development with the private sector. Public/Private Partnerships are increasingly popular tools being used by municipalities to complete projects. Using a Developer Proposal Call, the RMWB can explore the feasibility of using a Public/Private Partnership at this site.

13. Manage Business Industrial Development along Highway 881 Corridor

The RMWB needs to identify industrial and business uses that have obtained leases on licenses of occupation on Rural Land that are not properly zoned for that purpose.

In order to promote orderly and economic development, commercial and industrial uses should be directed to Business Industrial areas identified and zoned for that purpose. The RMWB is faced with on-going operating costs for municipal and protective services which are more inefficient and costly to provide when development is scattered rather than concentrated and may not comply with RMWB zoning regulations and servicing standards

The RMWB need to work closer with Alberta Environment and Parks and the Alberta Energy Regulator, to regulate where licenses of occupation and leases may be granted for commercial and industrial development on Crown Land.

In accordance with the Public Lands Act, Alberta Environment and Parks and the Alberta Energy Regulator administer public lands dispositions, which allow users to locate on Crown Lands. The RMWB should aim to work alongside Alberta Environment and Parks and the Alberta Energy Regulator to locate appropriate development in RMWB lands wherever possible, rather than having locate in Crown Land. This allows the RMWB to add these businesses to their assessment base and ensure these commercial and industrial properties comply with the RMWB's regulations and standards.

7.2.3 Policy Recommendations

14. Review and Update Statutory Plans

Review and update existing Area Structure Plans to reflect the new economic realities of the RMWB.

Many of the ASPs currently in effect assume a high level of growth. These plans should be updated with consideration to the relatively smaller population and economic growth described in this report and revise land allocation to account for the limited population and employment growth. This is especially true in the rural hamlets. Based on the limited population growth in rural hamlets until 2030, the Hamlets of Anzac, Conklin, and Janvier appear to lack the critical mass to support significant commercial development in the community core. However, these hamlets may be able to support Highway Commercial development.

15. Maintain a Healthy Supply of Land

The RMWB should continue to make representation to the Province of Alberta to release additional Crown Land when the market requires additional land supply.

While the findings of this report indicate the RMWB has adequate supply to meet commercial and industrial land demand in the project horizon, demand may exceed supply in the future, or a change in the market may result in an unexpected increase in commercial and industrial development. To maintain a competitive price of land and encourage commercial and industrial development, the RMWB should work with the

Province of Alberta to ensure Crown Land is released at strategic locations and at a rate that encourages a competitive land price. The inventory of commercial and industrial undeveloped land and the vacancy rate will indicate when the demand of land will exceed the supply. It is important that the RMWB should consider the long timelines needed after land is released to make land shovel ready for development.

16. Maintain a Healthy Market Equilibrium

The RMWB should look carefully at providing incentives to spur additional commercial and industrial development as it may adversely affect market equilibrium.

There are many features that affect the cost of commercial and industrial development in the RMWB and elsewhere. They are the availability and cost of land; the cost of servicing the land; cost of construction; and the cost of money (i.e. interest rate).

Cost and Availability of Land

As previously discussed, the supply of land in the RMWB is restricted and dependent on the release of Crown Land by the Province of Alberta. The release of additional land by the Province could increase the supply and reduce land costs but may also adversely affect existing property values.

Cost of Servicing

Given the location of the RMWB, servicing costs in Fort McMurray are higher than other markets such as Edmonton or Calgary. The RMWB could reduce the engineering standards to more is a rural servicing standard to allow for dry industrial parks, for uses such as laydown yards which in turn could reduce the cost of servicing and lead to more competitive pricing for industrial land.

Cost of Construction

All construction needs to meet zoning regulations and building code requirements. There may be additional requirements in terms of meeting LEED accreditation in the City Centre that add additional construction costs which may be a deterrent to investors and developers wanting to locate a business in the City Centre. A number of municipalities, such as the City of Edmonton have developed a series of grants or incentives to encourage property owners to improve their building facilities and include residential units in a mixed-use development.

Cost of Money

Interest rates are relatively low at this point in time but indications are that they will rise.

The RMWB can look at their primary approval processes with the view of streamlining them, which reduces holding costs for developers and reduces project costs. These types of interventions in the market place may put existing commercial and industrial developments at a disadvantage and upset the market equilibrium.

17. *Respond to Trends and Best Practices*

It is recommended that the RMWB research opportunities and implement recommended actions to capitalise on market trends and best practices to support economic growth.

There are a number of trends and best practices identified in Chapter 3 of this report. The RMWB should attempt to acknowledge these considerations when making policy. A summary of the trends and best practices and recommended actions is provided below.

Table 68: Summary of Development Trends and Best Practices

Retail Development Trends

Trend	*Implication for Planners*	*Recommended Action*
Power Centres and Large Format Retailers	Need to balance urban form, walkability, and community integration with consumer desires and large format benefits.	Because power centres fail in many ways to achieve the goals of sustainable development, where power centres are necessary, planners should attempt to encourage greater transit use, walkability, and integration with the adjacent communities.
Blurring of Retail Hierarchy	Hierarchy in store and site size is not linear anymore. Many stores have a mix of goods and services and serve a range of customers.	Planning policies need to place emphasis on retail location and community design rather than regulating store uses/types.
Lifestyle Centres and Town Centre Developments	These retail formats do not replace power centre developments and require different regulatory and urban design considerations.	Incorporate innovative retail centre designs pioneered by these formats to create design guidelines that offer an alternative retail experience to malls or large format retail.
Redevelopment of Obsolete Malls and Large Format Stores	The economics on smaller enclosed shopping centres no longer pan out. Uses on old retail sites should be looked at long term and not restricted to commercial uses.	Look at long term opportunities for intensification and changing uses. Residential development on these sites has been proven successful.
Re-Emerging Neighbourhood Retail Streets	Neighbourhood streets are becoming popular sites for retail and commercial developments. They are far easier to market and grow than attempting to recreate a street oriented shopping experience in a planned development.	Create flexible retail policies for “main streets” that recognize densities and uses may supersede or change from those in existence now.

Transit Oriented Development (TOD)	Recognize there is a finite demand for high density development. Transit itself does not create demand for retail but retail can be focused around stops.	Plan for an appropriate amount and mix of retail, office, and residential to meet demand and site context. Do not expect transit to increase retail demand.
Omni-Channel Retail	Smaller retail spaces are becoming the norm and retailers are demanding more warehouse and fulfillment centre space close to population centres with easy transportation connections for delivery.	Consider the future demand on warehousing space and transportation systems for online retailers and delivery to consumers.

Industrial Trends

Trend	*Implication for Planners*	*Recommended Action*
Eco-Industrial Development	Offers the area environmental sustainability, waste reduction, and efficiency in industrial space usage.	Market to potential clients the benefits of eco-industrial and ensure zoning and regulations enable development.
Warehousing/Distribution	E-commerce is driving demand for warehouse space, fulfilment centres, and distribution of these goods in close proximity to population centres.	Look for opportunities to locate warehousing and fulfillment centres close to population centres. Of special interest is infill warehouse space in locations close to transportation routes.
Industrial Zoning	Many municipalities have several industrial zones so that conflicting land uses can be separated and better controlled.	Implement a light/medium/heavy industrial zoning classification.
Aerotropolis	Clustering of industrial uses results in a more efficient use of land and transportation systems. It can greatly benefit the regional economy and attract development.	Conduct a feasibility study to determine the interest and possible layout of an aerotropolis.
Intermodal Facilities	Build to suit warehousing and storage space is needed by intermodal facilities; these are often land intensive and require good transportation connections.	Create industrial space near intermodal facilities and transportation connections. Ensure regulations allow for different types of storage.

Dry Industrial Parks	Many businesses like the low cost of unserviced land. They can also be used to bring land to market and have services brought in later.	Provide land for dry industrial parks with the opportunity to add services later to bring industrial parks up to higher standards.

Office Space Trends

Trend	*Implication for Planners*	*Recommended Action*
Telecommuting	Fewer employees are working at a centralized office decreasing the demand for office space. Share and collaborative spaces are becoming more common.	Plan for less office space demand for companies while creating regulatory policies that allow for collaborative office and workspace.
Office Buildings and Workspaces	Workplaces are evolving to become more environmentally sustainable with smaller individual workspaces and including quality of life amenities and services.	Recognize a decreasing demand for office space, incentivize eco-friendly office buildings, and support employee amenities through mixed use zoning. Explore opportunities for incentivizing amenity space, such as reduced off-site levies, tax grants, and density bonusing.
Live-Work Formats	This format often benefits from more flexible zoning and building code requirements. Helps incubate business startups and promotes mixed use.	Change zoning, building code requirements, and relax parking requirements for live-work formats.

7.2.4 Land Use Bylaw Recommendations

18. Land Use Bylaw Changes

That as part of the review of the RMWB's Land Use Bylaw, the following changes need to be made to the current Commercial and Industrial District to provide better clarity and certainty to developers.

- **a) Make the purpose statement for each commercial and industrial district clearer in terms of the RMWB's vision for the type of commercial and industrial development it wants to see at a particular location;**
- **b) Include more Permitted Uses wherever possible to give investors and developers more certainty;**
- **c) Use definitions and terminology that is consistent with language used in other municipalities in Alberta (e.g. Medium Industrial; Heavy Industrial);**
- **d) Streamline the Land Use Bylaw by reducing the number of land use districts by combining similar districts.**

A detail analysis of the Commercial and Industrial zoning in Land Use Bylaw and recommendations for improvement are provided in Appendix 5: Review of Commercial and Industrial Zoning.

19. Hierarchy of Industrial Districts

As part of the Land Use Bylaw review the RMWB should clarify and rationalize the hierarchy of Industrial Districts to what is commonly used by other urban and rural municipalities in Alberta.

Typically, a number of urban and rural municipalities have the following Land Use Districts to facilitate industrial development. A *Business Industrial* or *Light Industrial District* that promotes high quality industrial development usually located along a main roadway or highway. Industrial operations are contained in a building and nuisance affects such as noise, odour and vibration are confined to the lot. Yard storage is usually prohibited. In the RMWB *the BI-Business Industrial District* is used in both the Urban and Rural Service Areas and also allows for what are typically categorized as *Medium Industrial* uses with yard storage such as lay-down yards.

The purpose of the *MI-Medium Industrial District* in other municipalities is for industrial uses with yard storage and having nuisance affects contained within the industrial subdivision.

Upon reading the purpose of the RMWB *SI- Support Industrial District and RD-Rural District***;** It appears there is an overlap of these two Land Use Bylaw Districts. The RMWB should consider renaming the *SI- Support Industrial District to HI-Heavy Industrial District* to describe heavy industrial operations such as oil sands operations with safety and nuisance concerns that extend beyond its boundaries. Risk Assessment could be required as support to Development Permit applications. This is typically the District used by municipalities that are part of Alberta's Industrial Heartland such as Strathcona and Sturgeon Counties.

The *BIU-Business Industrial – Unserviced Lot District and RD-Rural District* could possibly be combined as *RD-Rural District – Unserviced Lot Development* to avoid confusion with the *BI- Business Industrial District* that implies high quality light industrial uses.

8.0 GLOSSARY OF TERMS

Aerotropolis	means a metropolitan subregion whose infrastructure, land-use, and economy are centered on an airport. Similar in shape to the traditional metropolis made up of a central city commercial core and its outlying commuter-linked suburbs, the Aerotropolis consists of a multimodal airport-based commercial core (Airport City) and outlying corridors and clusters of aviation-linked businesses and associated residential developments that feed off of each other and their accessibility to the airport
Airside industrial	means lands reserved for commercial / light industrial development purposed which require direct access to the airport airside, including runways and taxiways such as air charters, aircraft storage, and aircraft service and maintenance.
Airport Lands	means lands zoned as *A-Airport District* located in vicinity to the Fort McMurray International Airport.
Area Structure Plan	means a framework for subdivision and development of an area of land that describes the sequence of development, proposed land uses, the population density for the area, and the location of major transportation routes and utilities (see *Municipal Government Act, RSA 2000, c M-26 s 633*).
Commercial	means the use of land, building, or structure for the purpose of buying and selling of commodities and supplying services.
Dry Industrial Park	means an area zoned for industrial development that is not connected to an external source of water or wastewater management other than that which is available within the limits of the lot or industrial area.
Eco District	means a comprehensive development that ties together sustainable development practices by bringing together community stakeholders both from the public and private sectors to collaborate and sustainably build a vibrant, resilient, and resourcefully efficient neighborhood that will benefit locals long into the future. With a healthy and engaged community at the core, an Eco District can prosper and continue to drive long-term benefits for years to come.
Eco-Industrial	means a community of manufacturing and service businesses seeking enhanced environmental and economic performance through collaboration in managing environmental and resources issues including energy, water and materials. By working together, the community of businesses seeks a collective benefit which is greater than the sum of the individual benefits each company would realize if it optimized its individual performance only.

Extended Stay Hotels	means a hotel that caters to travelers who require accommodations for an extended period of time.
Fulfilment Centre	means a warehouse, storage facility, or building where orders are received, picked, packaged, and readied for delivery to the customer. These centres are often third-party companies that provide services to e-commerce businesses and are becoming highly automated and specialized.
Full Service Hotels	means hotels that offer a variety of on-site amenities, including but not limited to swimming pools, gyms, and conference space.
Industrial	**Light** - means industrial developments that operate in such a manner that no nuisance factor is created or apparent outside an enclosed building. Limited outdoor activities (loading, service, storage, etc.) that are accessory to a principal Use. **Medium** - means industrial development for manufacturing, processing, assembly, distribution, service, and repair Uses that carry out a portion of their operation outdoors or require outdoor storage areas. Any nuisance associated with such Uses should not generally extend beyond the boundaries of the Site. **Heavy** – means industrial development that, due to their appearance, noise, odour, risk of toxic emissions, or fire and explosion hazards are incompatible with residential, commercial, and other land Uses. These developments should normally be located on the interior of industrial or agricultural areas, such that it does not interfere with the safety, Use, amenity or enjoyment of any surrounding Zones
Intermodal facilities	means specialized facilities equipped with infrastructure for moving cargo between different transportation modes such as air, rail, and ground.
Landside industrial	means lands within the airport reserved for commercial and light industrial development purposes which does not require access to the main hanger and runway facilities.
Last-mile Distribution Centre	means the storage location or distribution hub where the last leg of a distribution chain takes place. Goods arrive at a “last-mile” distribution centre via a high capacity transportation method (ex. Rail, air) and are then transported to their final destination.
LEED	Stands for Leadership in Energy and Environmental Design. LEED certification evaluates the environmental performance of a building.
Limited Service Hotel	means a hotel that offers basic accommodation, with very little on-site amenities. These hotels typically cater to more budget sensitive travelers.

Live-Work	means a building or structure on its own lot that contains a dwelling component and, to a varying but limited extent, a workplace component.
Land Use Bylaw	means a bylaw passed by a municipality that regulates and controls the use and development of land and buildings in a municipality (see Municipal Government Act, RSA 2000, c M-26 Div 5)
Mixed use	means development that contains three-dimensional, pedestrian-oriented places that layer compatible land uses, public amenities, and utilities together at various scales and intensities. This variety of uses allows for people to live, work, play and shop in one place, which then becomes a destination for people from other areas.
Office	means a room, set of rooms, or building used as a place for commercial, professional, or bureaucratic work.
Oil Sands	means a deposit of bitumen that is mixed with sand and other minerals. Oil sands can be refined to produce oil. In the RMWB, oil sands operations describe activities that extract or refine oil sands.
Omni-Channel Retail	means the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet.
Outline Plan	means a specific planning framework outlining the for an area, usually within an Area Structure Plan, that conforms to the general principles.
Power Centre	means an area containing several unenclosed commercial and retail structures, typically containing some large format retailers. Power centres are typically auto-oriented.
Real GDP	means an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year prices.
Residential	means the use of land, building, or structure as a dwelling for human habitation.
Retail	means the sale or offering of goods, wares, merchandise, substances, articles, or things including storage of limited quantities of the above.
Room Night Demand	means the number of rooms expected to be occupied on every night in a given year. This value can be calculated by multiplying the number of rooms in the market by the expected occupancy rate and multiplying the product by 365 (number of nights in a year).

Select Service Hotel	means a hotel that offers a limited number of amenities that cater to a specific type of traveler, like travelling businessmen and businesswomen.
Servicing	means any line, wire, cable, or pipe used to distribute, transmit, or deliver a utility service from a feeder or main line to an end user of the utility.
Shadow Population	means temporary residents in the RMWB who are employed for at least 30 days in the Municipality. In the RMWB, many employees associated with oil sands operations are defined as the shadow population.
Shovel ready	means land that is zoned under Land Use Bylaw 99/059 or City Centre Land Use Bylaw 12/012, is serviced up to the property line, has access conforming with engineering and servicing standards, and is ready for development within a six-month timeframe.
Telecommuting	means an work arrangement where an employee works outside the main office or place of work often from home or an alternate location such as coffee shop or library locations by using telecommunication technologies including telephone, email, and internet based conferencing programs.
Transit Oriented Development (TOD)	means development that locates around transit stations, focusing on the creation of walkable, mixed-use, dense neighbourhoods.
Urban Service Area	means a large unincorporated community within a Specialized Municipality that is recognized as an equivalent to a City by the Government of Alberta. It has a population, services, and other characteristics comparable to those experienced by Alberta's incorporated Cities.
Warehouse	means a large building where raw materials or manufactured goods may be stored before their export or distribution for sale.
Windshield Survey	means a method of assessment involving the surveyor physically assessing a site to ascertain the details of the property. In this report, Colliers International completed a drive-by assessment of commercial and industrial properties in Fort McMurray. Key areas were then further investigated through discussions with realtors and developers.

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10.0 PERSONAL COMMUNICATIONS

In order to complete the require scope of work for this project, the Consultant Team contacted several individuals, both outside and inside the RMWB Staff. The following lists detail the individuals that were asked to participate and responded:

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APPENDIX 1: PROJECT METHODOLOGY

In order to complete the scope of work described in the Request for Proposals (RFP), the Consultant Team carried out the project in three (3) phases.

Phase 1: Project Initiation / Current State

The first phase, **Project Initiation / Current State**, required gathering the necessary information to complete the project and evaluate the current state of commercial and industrial land in the RMWB. Throughout the duration of the Project, the Consultant Team kept in contact and coordinated with the Municipality to ensure the Advisory Committee's issues and opportunities were addressed and reflected in the final document. Within this phase, the Consultant Team conducted a land use analysis using datasets provided by the Municipality and analyzed relevant existing studies and plans, including provincial-level guiding policies, area structure plans, area redevelopment plans, and outline plans.

In order to ensure effective consultation, the Consultant Team held multiple focus group sessions with commercial and industrial stakeholders identified by the Municipality and consulted with First Nation groups and shopping centre developers.

In order to analyse the existing supply of commercial and industrial land in the RMWB, the Consultant Team determined the allocation of commercial and industrial land, vacancy on those lands, and the amount of land that can be considered ready for development. The assessment of the supply of industrial and commercial land was completed using ASP documents, the CCARP document, Outline Plan Documents, GIS data provided by the RMWB, and information provided by the RMWB. Furthermore, the Consultant Team reviewed the current hierarchy that allocates land uses within the municipality. In January of 2017, a physical survey of commercial and industrial properties in the Urban Service Area was conducted by Colliers International. This data, along with discussions with realtors and assessment data, was used to determine vacancy and undeveloped land in the Urban Service Area.

The population and employment projections provided by the Municipality were used to determine the future demand for commercial and industrial land in the RMWB, which then allowed the Consultant Team to determine commercial and industrial land gaps by comparing supply to demand and the forecast land requirements in the future. We acknowledge that there are other factors that may drive the demand for commercial and industrial land but the primary driver is population and employment.

Phase 2: Scenarios for the Future

Once the existing state of commercial and industrial land in the Municipality was evaluated, the Consultant Team proceeded with Phase 2 – **Scenarios for the Future**. By assessing the overall and shovel ready land available for development, site characteristics, such as location, size, and infrastructure, and professional knowledge of trends and best practices, the Consultant Team was able to make recommendations on how much commercial and industrial land should be allocated to meet demand in the forecast period. The Consultant Team also prepared a list

of recommended policies and practices the Municipality should adopt to facilitate commercial and industrial development.

Stakeholder Consultation

Within the RFP terms of reference, a list of stakeholders was provided to be consulted for the CILUS report. A project backgrounder and interview outline were provided by ParioPlan Inc. The Economic Development department at the Municipality sent invitations to stakeholders to invite them to participate in focus group sessions and/or individual interviews. Three (3) focus group sessions were held on January 18 and 19, 2017, with ten (10) stakeholders participating. At the Focus Group Sessions, ParioPlan Inc. made an overview presentation outlining the deliverables and scope of work to be carried out with the CILUS and also a Retail Market Analysis being prepared by ParioPlan and Colliers International. The Focus Group Sessions began with an overview presentation by ParioPlan Inc. highlighting the key findings of the 2010 CILUS and engaging stakeholders to determine what has changed in the seven years since the 2010 CILUS that will affect commercial and industrial development in the RMWB. During the focus group sessions, a review of the recommendations of the 2010 CILUS was undertaken to determine if they were still valid in 2017.

Hotel Market Research

To assess the market condition and future potential, a number of sources were consulted. No survey company provides occupancy and ADR statistics for Fort McMurray on a regular basis. However, Smith Travel Research is a data collection company that aggregates this type of information for communities across North America. When four or more hotels in a community share this information, hotel statistics can be obtained within a Trend Report. Hotels that have participated with the Smith Travel Research survey (sporadically or ongoing) over the past eight years are noted as follows.

- Best Western Plus Sawridge Suites
- Clearwater Residence Hotel Timberlea
- Clearwater Suite Hotel
- Franklin Suite Hotel
- Merit Hotel
- Nomad Inn
- Platinum Hotel
- Quality Inn Hotel
- Radisson Hotel and Suites
- Sawridge Inn & Conference Centre
- Super 8 Fort McMurray
- Vantage Inn & Suites

Readers should be aware that the data from Smith Travel Research is both inconsistent (hotels report sporadically to the survey) and incomplete (not all hotels report to the survey). As such, the information provided within the

Trend Surveys provided only partial evidence for the ADRs and occupancies concluded within this section of the analysis. The remaining evidence was collected from past telephone surveys, confidential information retained on file by Colliers International, and extrapolation of the data to the remaining hotels not included in Smith Travel Research surveys.

Phase 3: Reporting

The third phase of the project, **Reporting**, allowed the RMWB staff and Advisory Committee to make comments and revisions on a draft report circulated by the Consultant Team. Once these revisions were made to the report and the document had been approved by the Project Manager and Advisory Committee, the Consultant Team produced the final copy of the report.

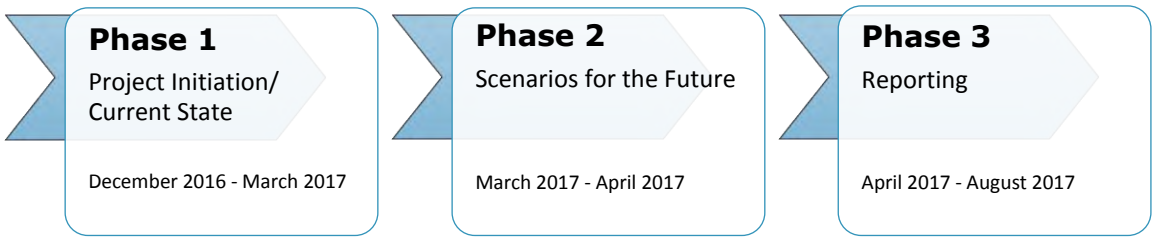

Figure 1: Project Methodology

APPENDIX 2: COMMERCIAL AND INDUSTRIAL LAND USE DISTRICTS

District	Purpose
C1 – Community Commercial	This district allows for neighbourhood and community oriented commercial.
C2 – Mixed / Transitional Commercial	This district allows for a mixture of residential, retail, and commercial uses in an area.
C3 – Shopping Centre Commercial	This district allows for a commercial and retail development in either a shopping centre or complex of individual structures on a single site.
C3A – Timberlea Shopping Centre Commercial	This district allows for shopping centre development in the Timberlea Community.
C4 – Highway Commercial	This district allows for commercial uses along highways to serve neighbouring residents and travellers along the highway.
HC – Hamlet Commercial	This district allows for commercial uses in hamlets.
GD – Gateway District	This district allows for retail and office uses.
MDD—Mixed Development Districts	This district allows for higher density residential and commercial uses in Parsons Creek
WD—Waterfront District	This district allows for commercial and residential development along the waterfront in Parsons Creek
MSD—Main Street District	This district allows for commercial development in a main street format in Parsons Creek
TCD—Town Centre District	This district allows for large-scale commercial retail in Parsons Creek.
CD—Civic District	This district is intended for government and cultural uses but allows office, retail, and restaurant uses.
ND-Neighbourhood District	This district is intended for residential use but does allow convenience retail as a discretionary use. In assessing the amount of commercial land in the RMWB, the Consultant Team has chosen to assume these parcels will not contain a significant amount of commercial development

District	Purpose
BI – Business Industrial	This district allows for a variety of industrial and commercial uses.
BIU – Business Industrial Unserviced	This district allows for dry industrial uses, which do not require water and sewage servicing for development.
SI—Support Industrial	This district allows for heavy industrial uses that support the oil sands industry

District	Area	Purpose
CB1 - Central Business District	Major Redevelopment Zone	This district is intended to contain the highest densities and is envisioned as containing office, retail, and residential activities in a mixed-use area
BOR1 - Borealis	Major Redevelopment Zone	This district is envisioned as containing a mix of civic, commercial, and residential uses, with decreasing density approaching the Snye River.
SCL1 - Snyeside/Clearwater Core	Major Redevelopment Zone	This district is envisioned as being a high-density neighbourhood, allowing for commercial and retail development along Main Street.
SCL2 - Snyeside/Clearwater High Density	Major Redevelopment Zone	This district allows for high density redevelopment along the riverfront.
PRA1 - Prairie West of Queen Mixed Use	Franklin Avenue Reurbanization Zone	This district allows for large format retail, restaurants, and residential infill.
PRA2 - Prairie East of Queen Mixed Use	Franklin Avenue Reurbanization Zone	This district allows for light industrial, small-scale office, institutional, and residential uses.
FRA1 - Franklin Core	Franklin Avenue Reurbanization Zone	This district is intended to contain a unique shopping and entertainment opportunities to create a “main street” mixed-use district.
SR1 - South Riverfront	Neighbourhood Stabilization Zone	This district allows for small-scale commercial in the Neighbourhood Stabilization Zone
LBL-C - Longboat Landing Commercial	Neighbourhood Stabilization Zone	This district allows for small-scale commercial in the Neighbourhood Stabilization Zone

APPENDIX 3: SOURCE MAPS

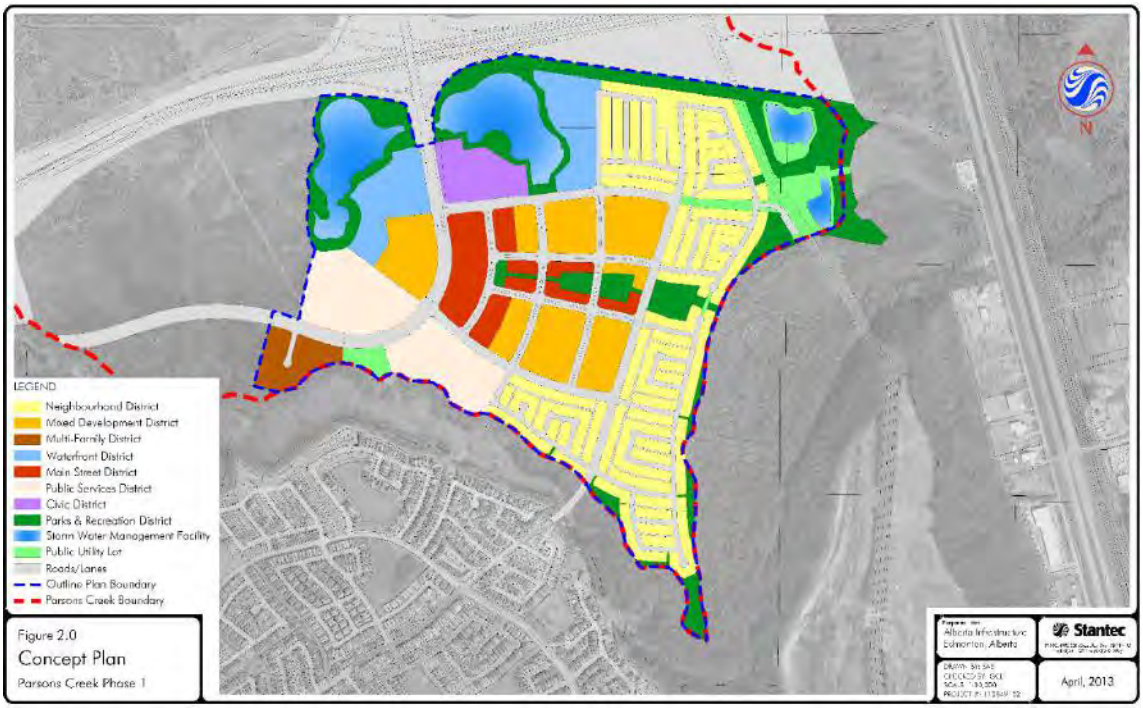

Figure 2: Parsons Creek Phase 1 Development Concept

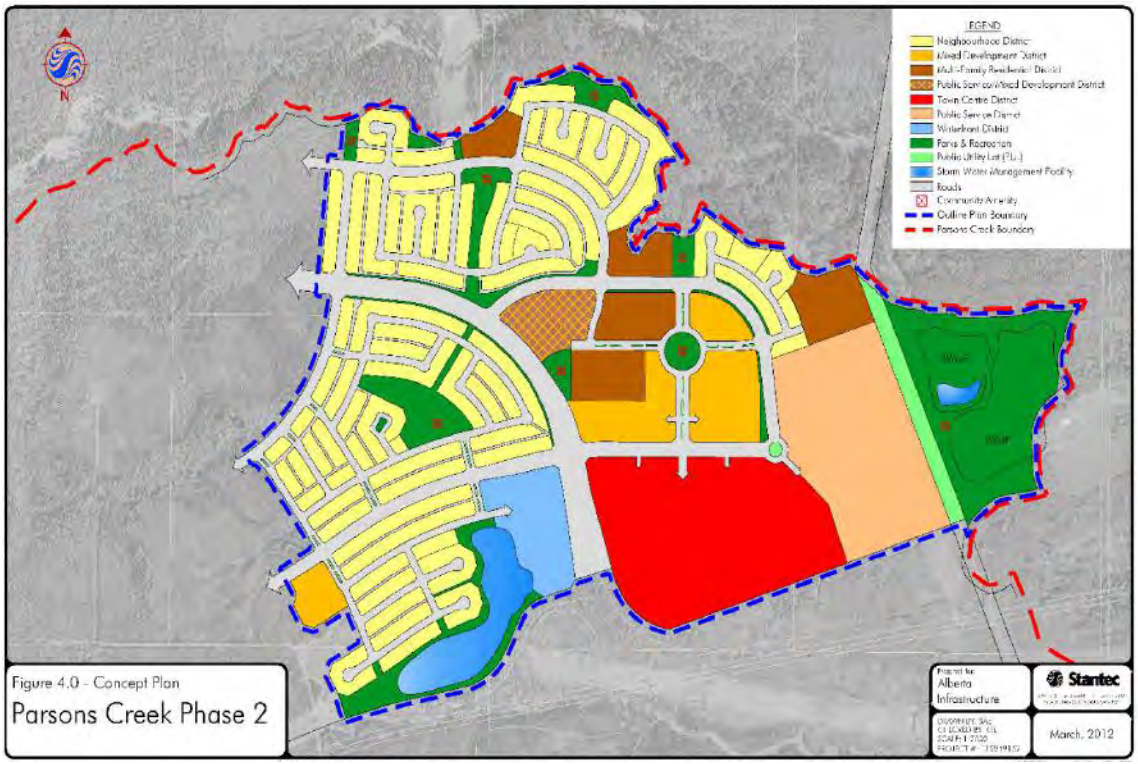

Figure 3: Parson Creek Phase 2 Development Concept

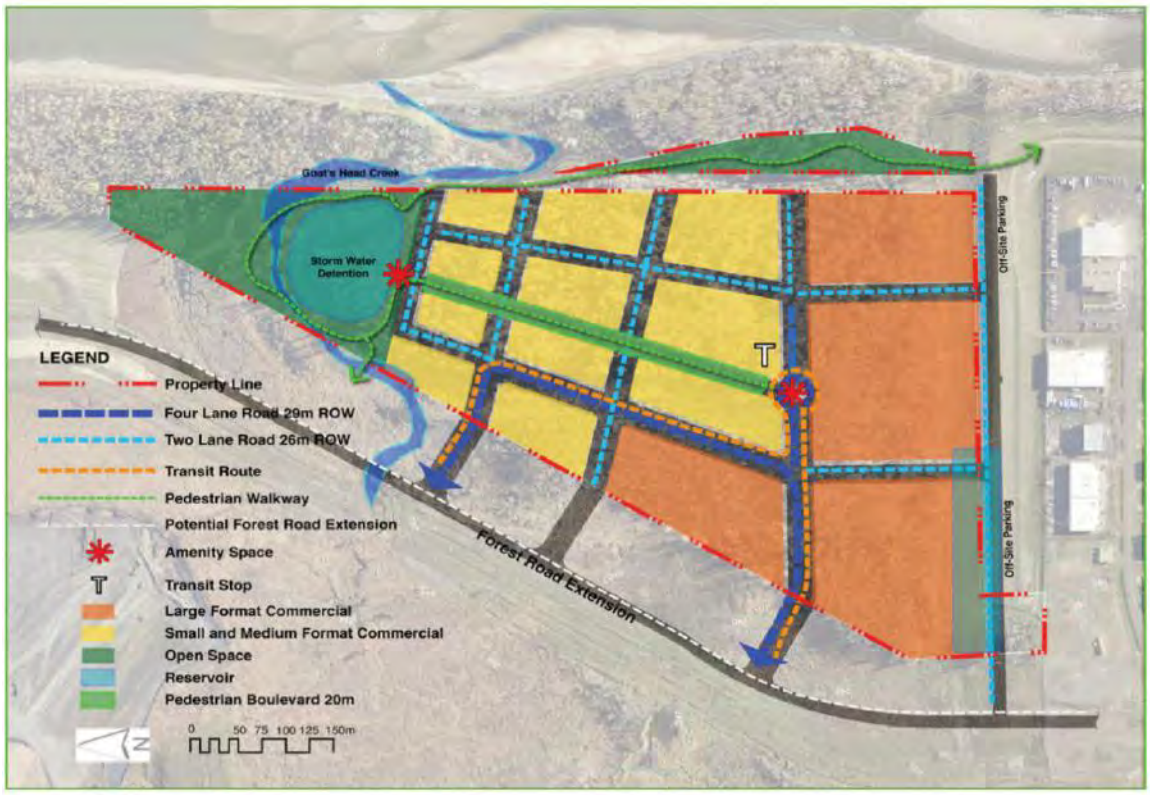

Figure 4: Athabasca Power Centre ASP Development Concept

Figure 5: Stonecreek Outline Plan Development Concept

Figure 6: City Centre ARP Development Concept

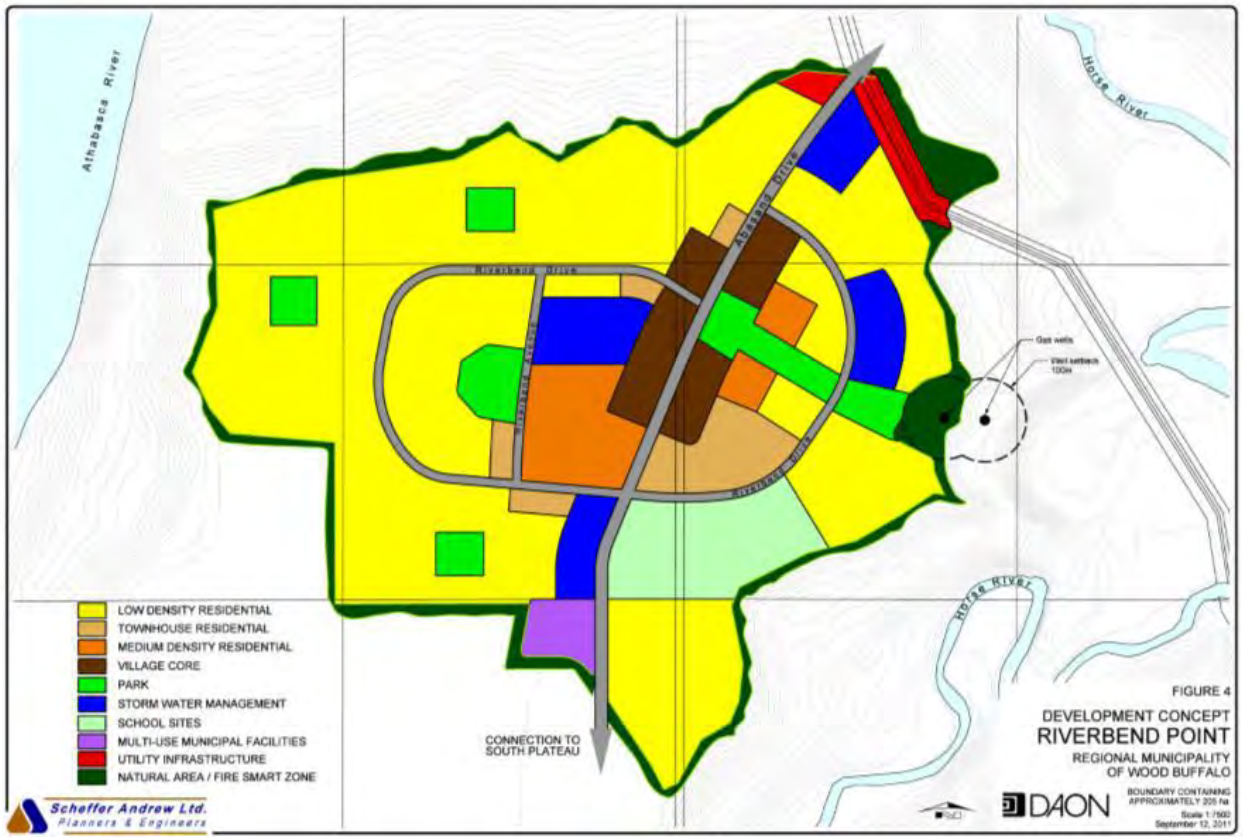

Figure 7: Riverbend Point ASP Development Concept

Figure 8: Quarry Ridge Proposed Site Plan

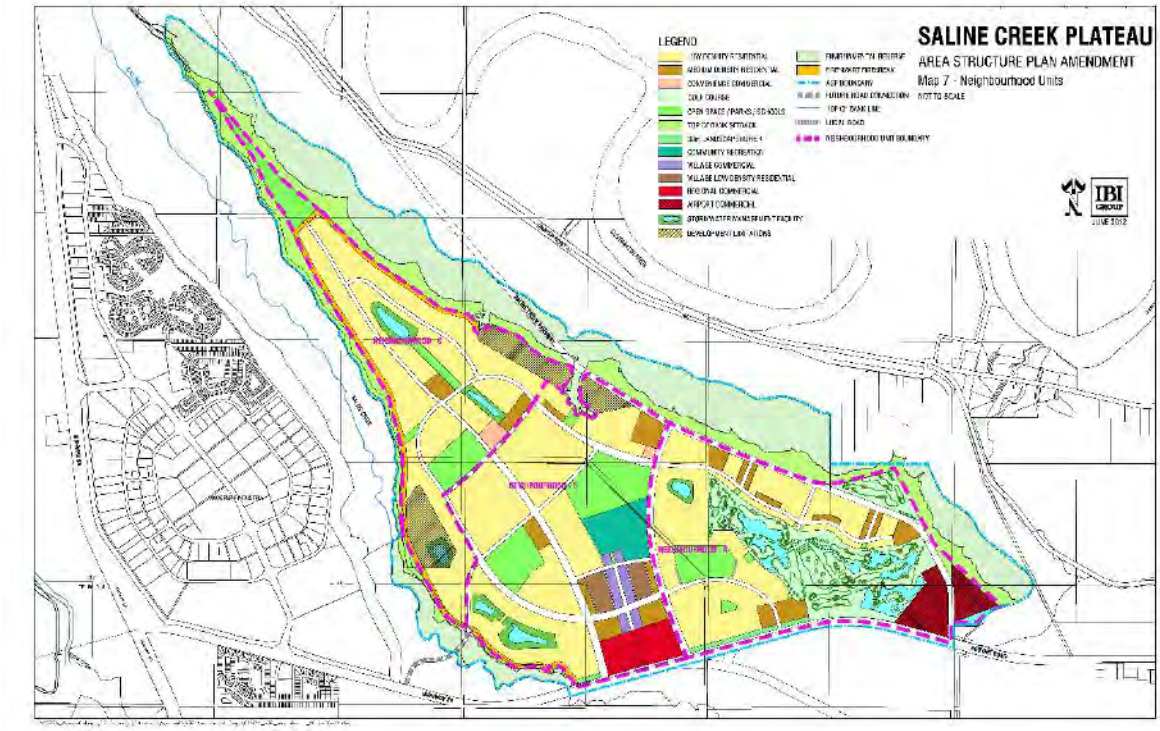

Figure 9: Saline Creek ASP Development Concept

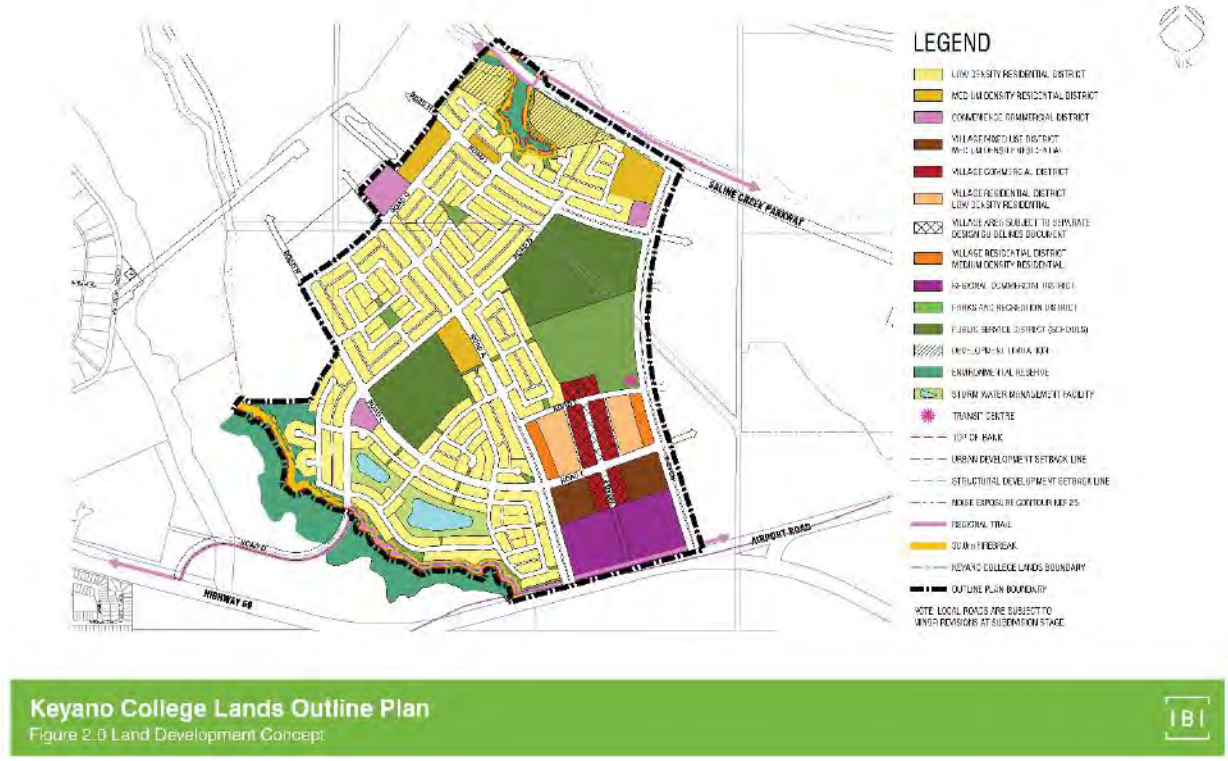

Figure 10: Keyano College Lands Outline Plan Development Concept

Figure 11: Rotary Lands Outline Plan Development Concept

Figure 12: Saprae Industrial Park Outline Plan Development Concept

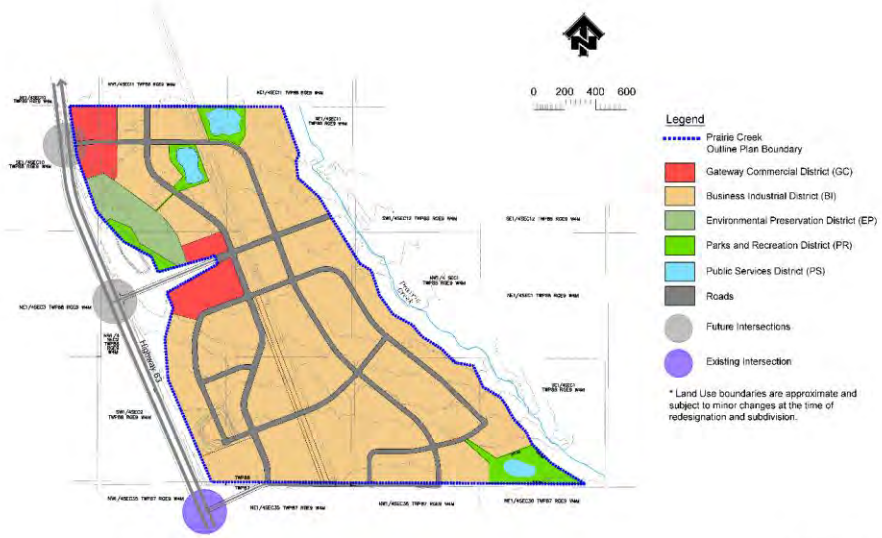

Figure 13: Prairie Creek Business Park Development Concept

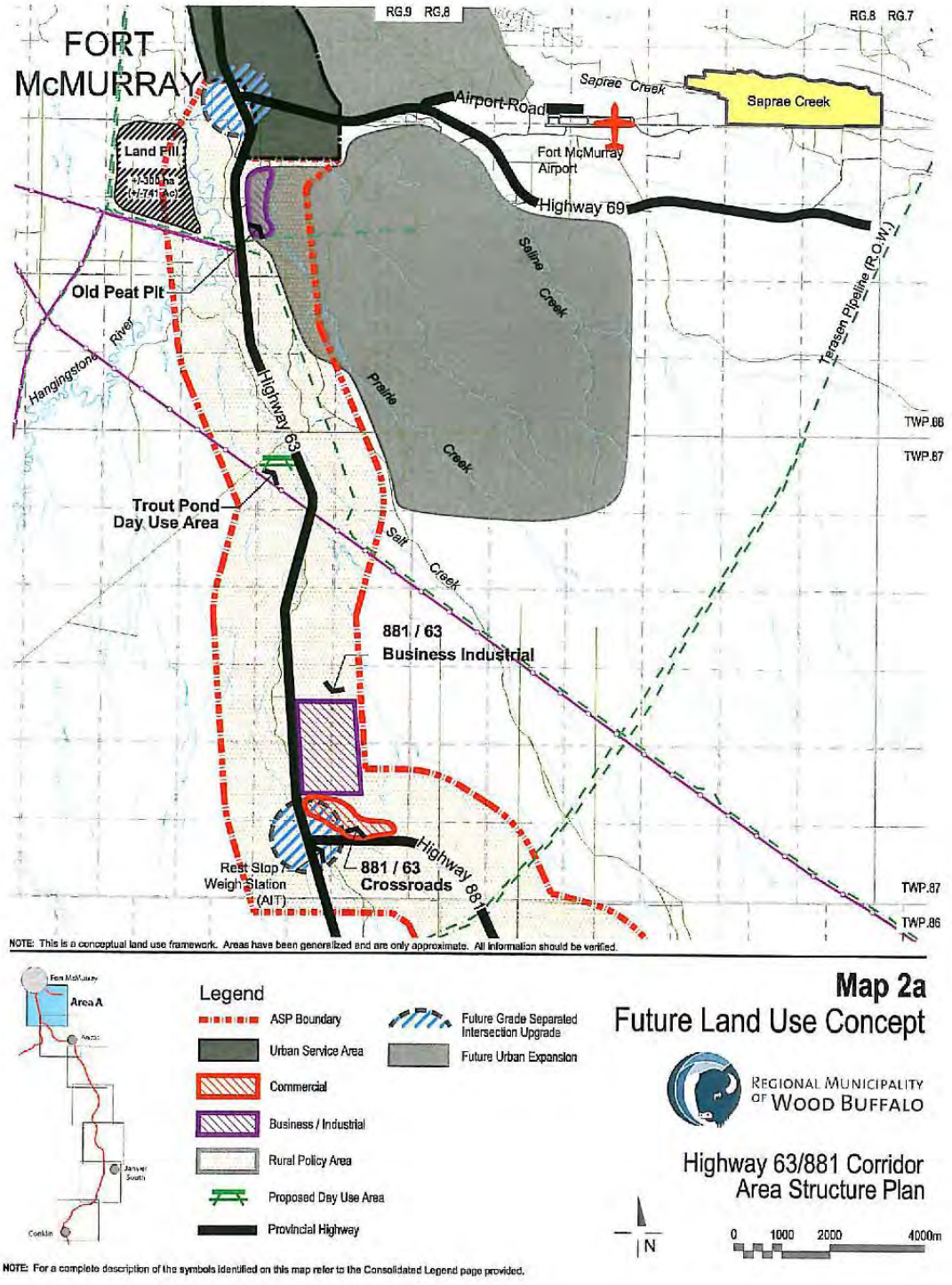

Figure 14: Highway 63/881 ASP Development Concept Area A

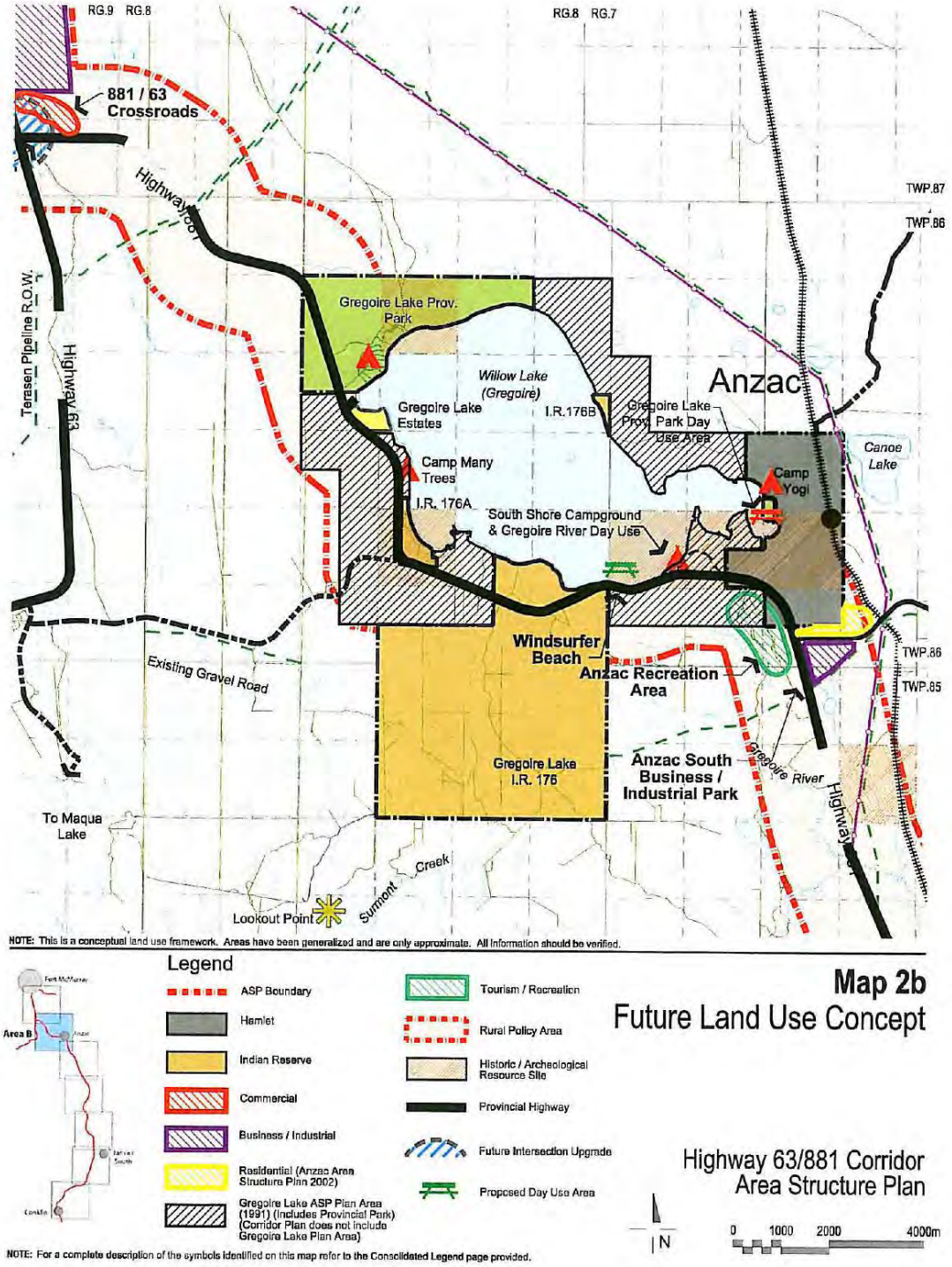

Figure 15: Highway 63/881 ASP Development Concept Area B

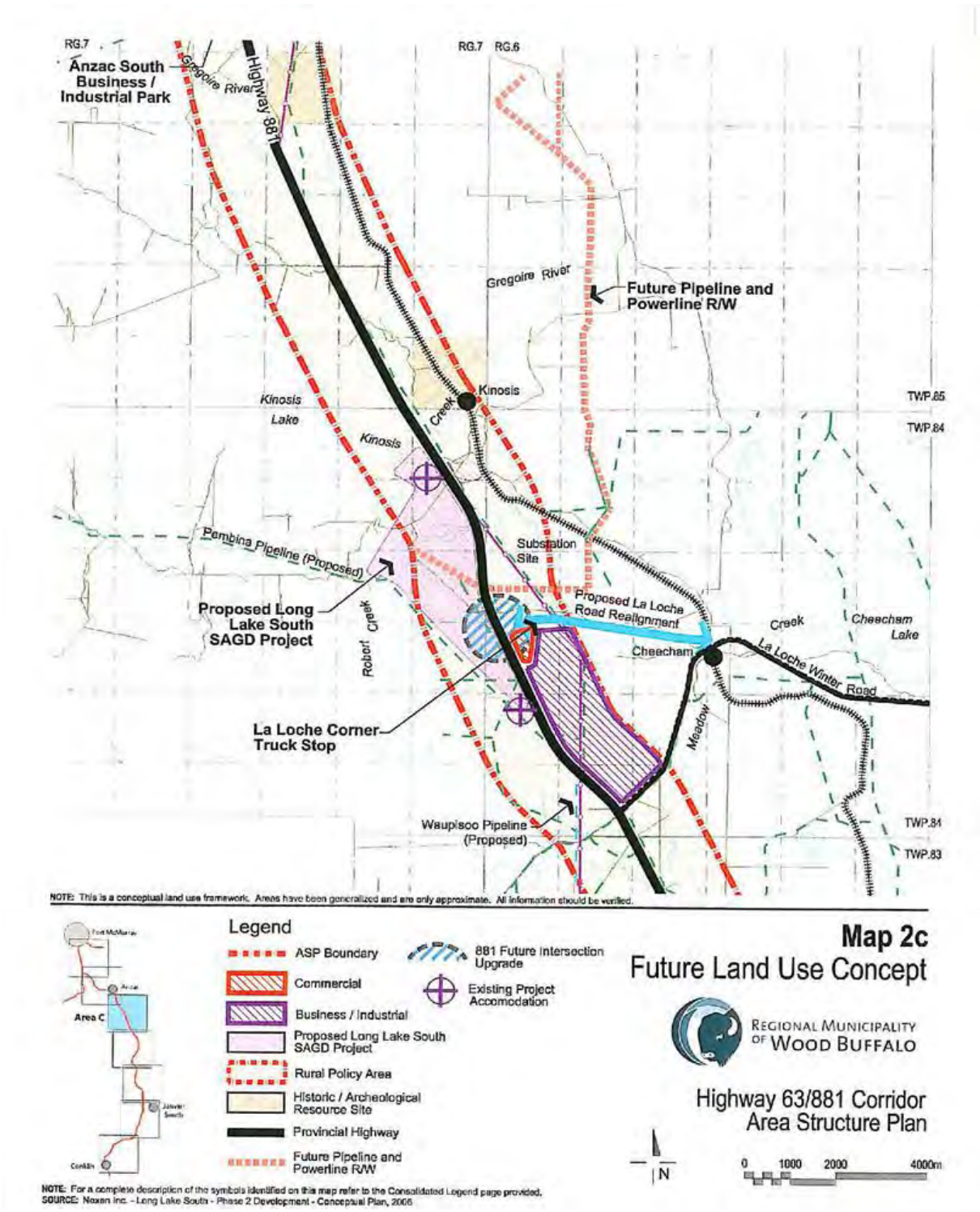

Figure 16: Highway 63/881 ASP Development Concept Area C

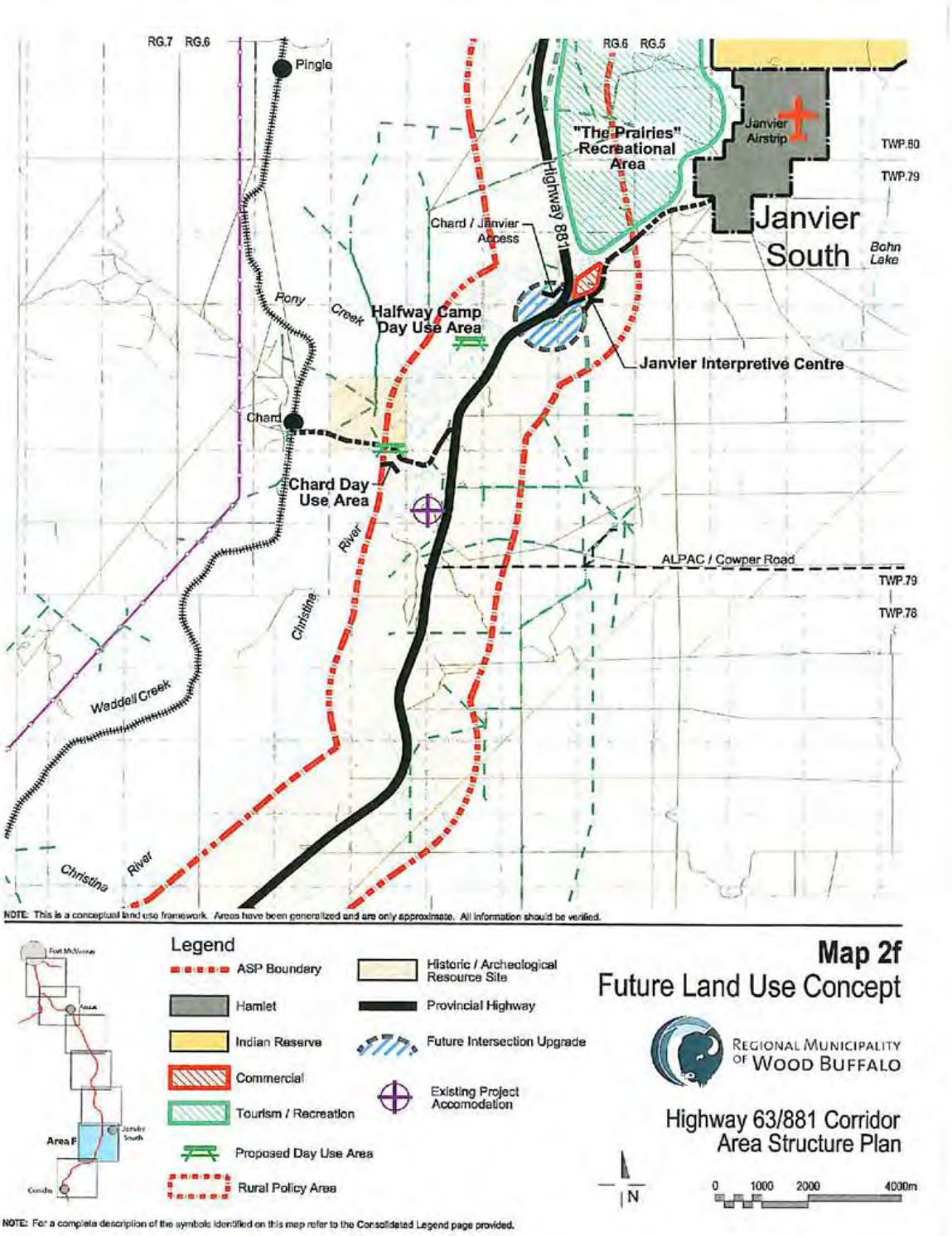

Figure 17: Highway 63/881 ASP Development Concept Area F

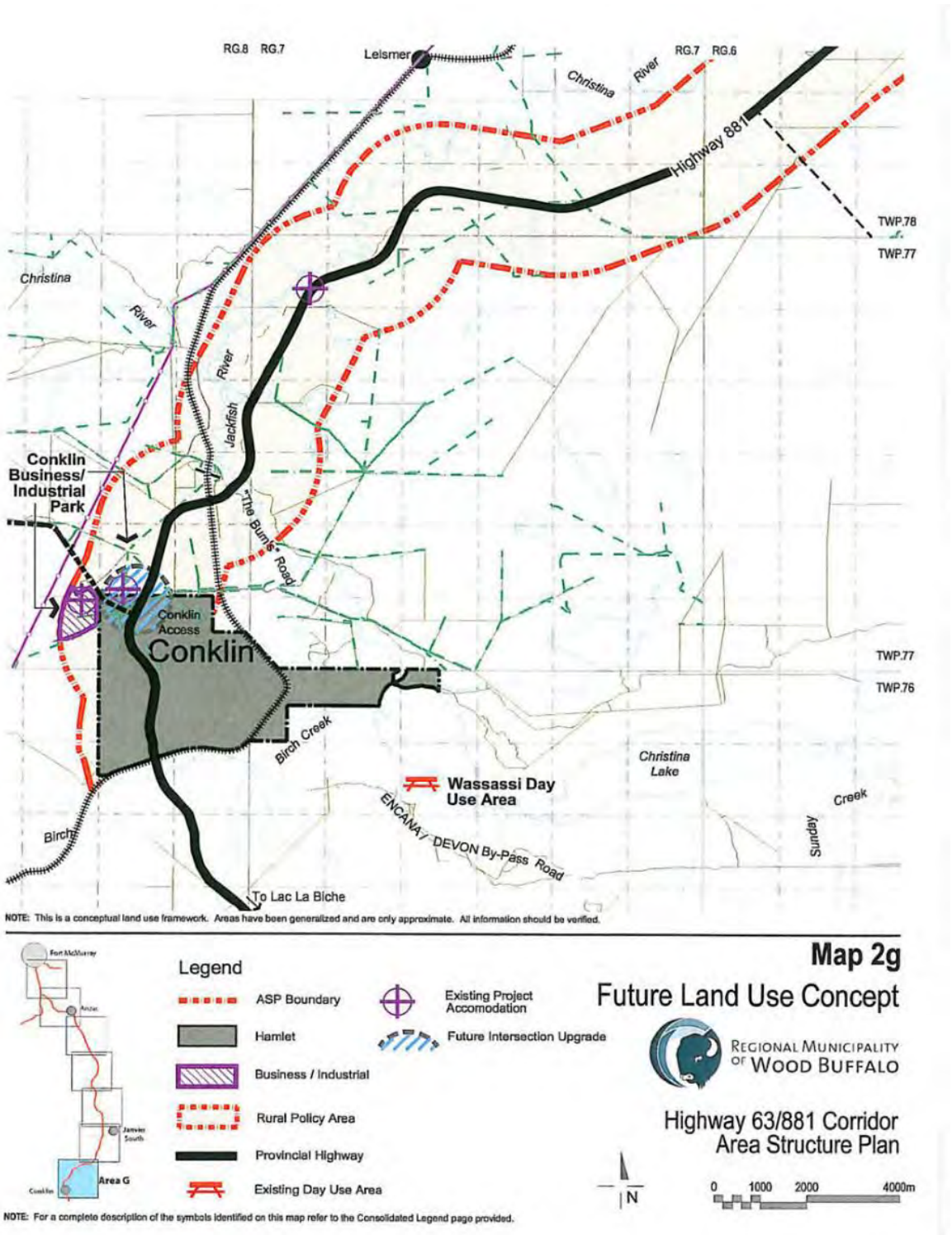

Figure 18: Highway 63/881 ASP Development Concept Area G

Figure 19: Willow Lakes ASP Development Concept

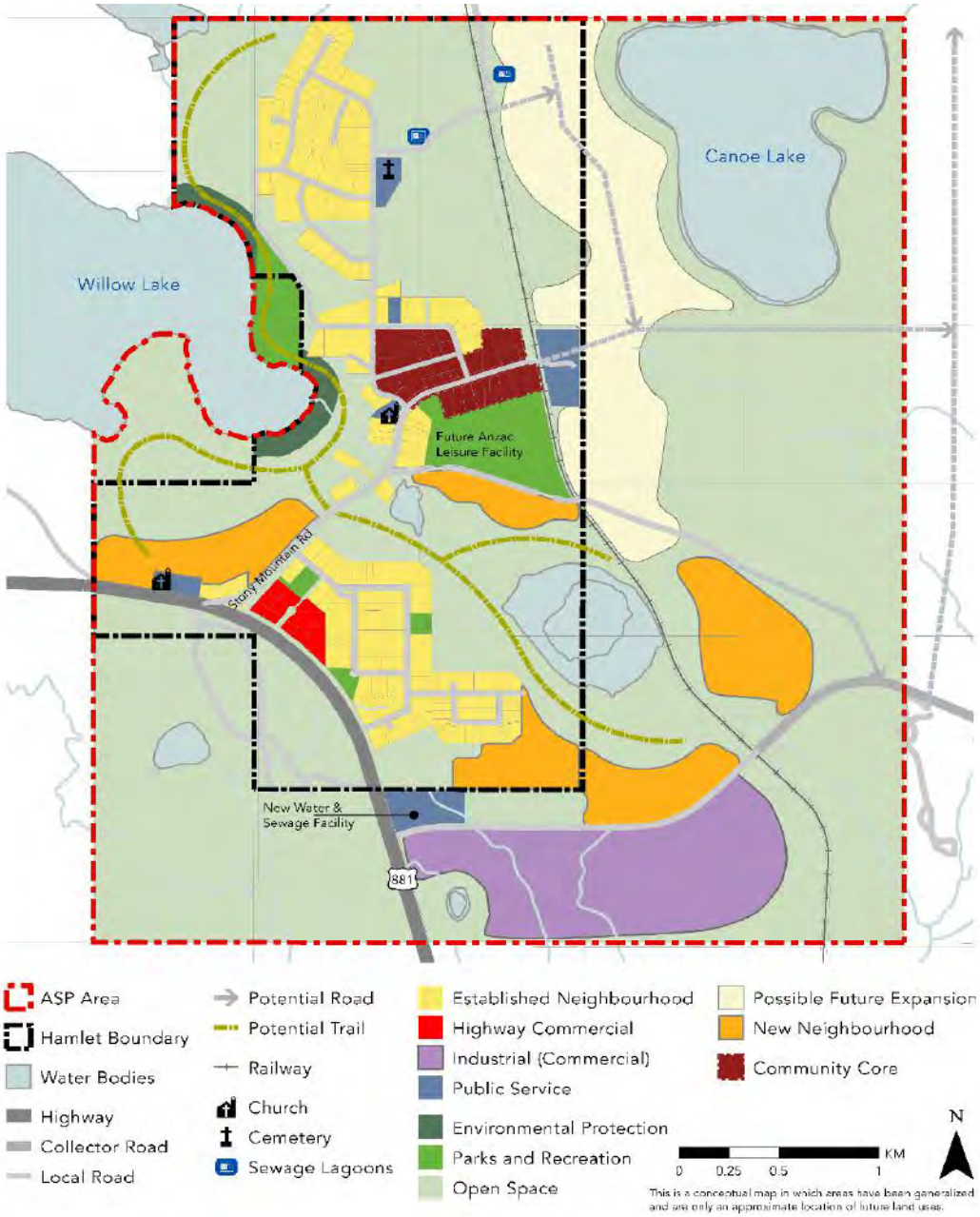

Figure 20: Anzac ASP Development Concepts

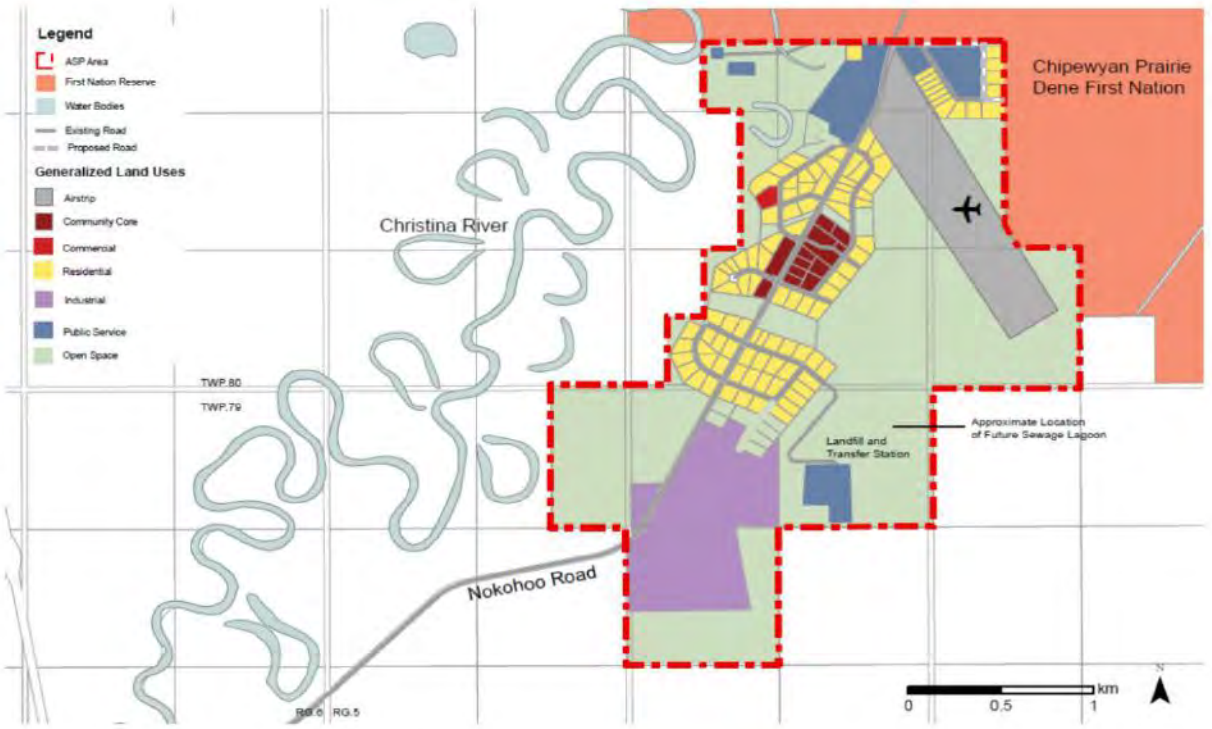

Figure 21: Janvier ASP Development Concept

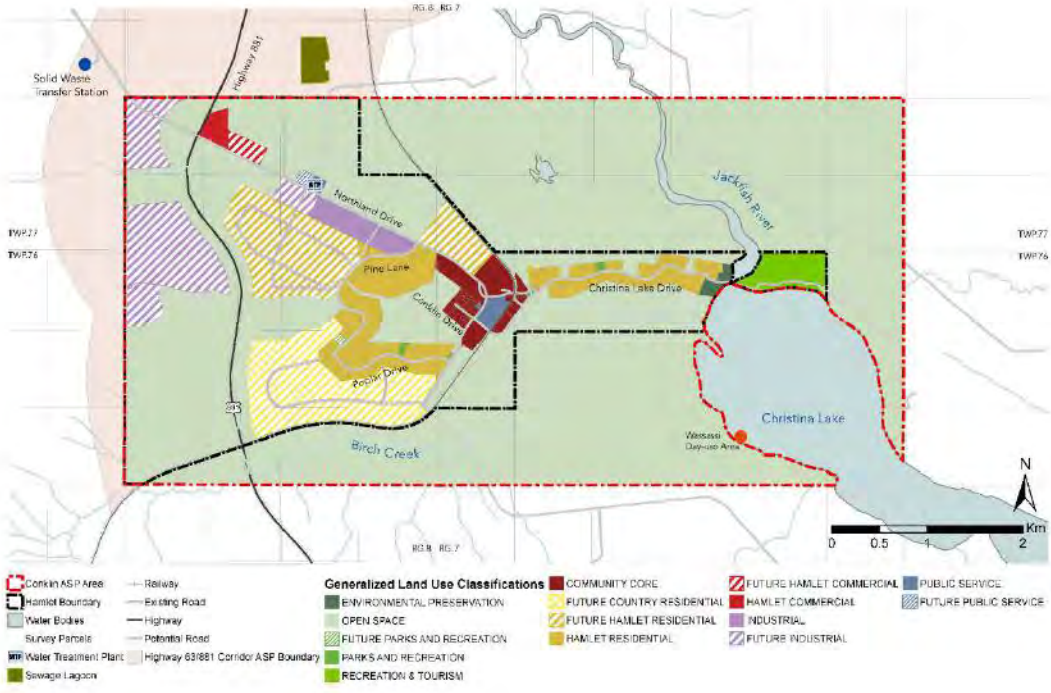

Figure 22: Conklin ASP Development Concept

APPENDIX 4: ACTION PLAN

	Recommendation	Responsible Departments	Resources/Actions Required	Timelines	Measurement/ Outcomes
1	<u>Downtown Revitalization</u> **The RMWB needs to review and update the City Centre Area Redevelopment Plan (CCARP) and existing supporting zoning requirements to ensure it aligns with today's economic realities as well as aggressively market municipality owned and privately-owned land parcels that are currently vacant or underutilized.**	• Planning and Development • Communications and Stakeholder Relations	• Conduct an internal review and consult with stakeholder on the successes and areas for improvement in the existing CCARP and CCLUB • Establish a vision for the area, pursuing high quality but realistic development • Determine what kinds of development the RMWB would like to see in the downtown to meet the vision statement. • Create a draft ARP and circulate it to residents, developers, and stakeholders for review and revisions • Monitor the new revised ARP for effectiveness in spurring development	2018-2019	• Ensure effective community consultation and engagement with City Centre Committee • Complete a revised CCARP and CCLUB
2	<u>Need to implement a Retail Recruitment Strategy</u> **It is recommended that the RMWB develop and implement a *Retail Recruitment Strategy* as described in detail in the *2017 Retail Market Analysis***	• Economic Development • Assessment and Taxation • Information Technology • Planning and Development • Communication and Stakeholder Relations	• Create a Retail Business Recruitment Team • Provide training as required • Consult with local businesses and landlords • Develop an inventory database of developments and projects with vacancies • Develop prospectus and marketing material • Attend tradeshows, conferences, and other economic development initiatives to recruit businesses.	2018-2019	• Using the new inventory database, monitor the vacancy and inventory of retail space by major NAICS retail category and by region
3	<u>Establish a Business Improvement Area (BIA) for the City Centre</u> **That the RMWB work with downtown businesses and landowners to establish a Business Improvement Area (BIA) provided for in the Municipal Government Act in the City Centre to more effectively promote and manage as the RMWB's premier shopping and entertainment district.**	• Planning and Development • Economic Development • Community Services • Community and Stakeholder Relations	• Establish policy framework to create a Business Improvement Area in the City Centre • Consult with Business community to identify areas for improvement • Establish a plan to facilitate improvements to the BIA and develop a funding mechanism	2018-2019	• Establish a timeline for monitoring the successes and areas of improvement for the BIA • Using automotive and pedestrian traffic counts, evaluate how successful various events and initiatives have been in attracting additional individuals to the BIA area • Evaluate the level of participation and engagement from businesses in the BIA • In consultation with the BIA, estimate the change in development activity and consequential change in taxation revenue to measure success
4	<u>Parsons Creek Commercial Development</u> **It is recommended that the RMWB review the range of land uses proposed in Phase 1 commercial development at Parsons Creek prior to investing in new infrastructure to service Phase 2.**	• Planning and Development • Economic Development	• Establish permitted uses for retail development under the zoning for the area, providing certainty to developers • Directly market the Parsons Creek area to retailers through the Retail Recruitment Strategy.	2018-2026	• Measure the absorption rate of commercial spaces in Parsons Creek • Measure the new retail space per category against the retail gap analysis to establish if the retail gaps are being addressed

	Recommendation	Responsible Departments	Resources/Actions Required	Timelines	Measurement/ Outcomes
5	Promote Medical Cluster near Northern Alberta Regional Health Centre. **The RMWB needs to work with developers and land owners to develop a medical use cluster which includes uses such as doctors' offices, medical labs, radiology services and other services related to wellness avoid the *Northern Alberta Regional Health Centre* located around the intersections of Hospital Street and Franklin Avenue.**	• Planning and Development • Economic Development • Community Services • Alberta Health Services	• As part of the planning for the city centre, develop a land use plan and zoning that promotes health related land uses in the vicinity of the Health Centre, which could include seniors housing, assisted living facilities, health clinics, diagnostic centres, and supportive retail and housing	2018-2020	• Measure the number of new medical services that locate in the area • Measure the number of care facilities per capita and compare the metric against municipality norms to assess how well served RMWB residents are
6	Market Vacant Industrial Space and Land **The RMWB should work with owners and commercial real estate brokers on an Investment Attraction and Business Recruitment Program to promote and market to new businesses to fill empty spaces in the following (4) serviced business industrial parks. Highway 63 North; Industrial area; Taiga Nova Eco-Industrial Park; MacKenzie Industrial Park; L. Robert Industrial Park; and Saprae Creek Business Park and users that do not require fully serviced industrial land should be encouraged to locate in the Prairie Creek Business Park or Rickards Landing.**	• Economic Development • Planning and Development • Communications and Stakeholder Relations	• Develop an inventory of industrial vacancies and sites with shovel ready land • Establish a business recruitment strategy similar to the Retail Recruitment Strategy	2018-2021	• Using the inventory database, monitor the amount of vacant and undeveloped spaces in existing shovel ready parks • Measure the number of new tenants that are locating in the existing shovel ready parks
7	Facilitate Development of the Prairie Creek Business Park **It is recommended that the RMWB work with the owners of the Prairie Creek Business Park to service and advance development in two ways:**	• Planning and Development • Economic Development • Public Works • Engineering		2018-2020	
	a. By allowing more lands to be subdivided and sold as unserviced industrial land similar to Rickards Landing		• Revisit the policy planning and development standards for Prairie Creek Business Park with the objective of reducing servicing costs, promote the business park for low order industrial uses that do not require servicing	2018-2021	• Complete a revised Outline Plan and new development standards • Measure the number of new tenants that are locating in the Business Park and absorption rates

	Recommendation	Responsible Departments	Resources/Actions Required	Timelines	Measurement/ Outcomes
	b. Look to the *Community Revitalization Levy* in the Municipal Government Act as a potential tool for financing the required infrastructure and paying it back over 20 years using the tax increment.		• Using the inventory of industrial spaces, measure the absorption rate of serviced industrial land. If there is evidence of significant demand for servicing industrial land (high absorption rate), investigate the possible servicing of Prairie Creek Business Park • In the long term, identify the need for servicing infrastructure for the business park and identify a cost and implementation framework based on market demand. If the market demand warrants the implementation of servicing infrastructure, establish a levy bylaw to generate the upfront funds required to service the park	2019-2021	• Monitor the demand and absorption rate for serviced industrial land in the RMWB through ongoing consultation with stakeholders • Adoption of a CRL Bylaw
8	<u>Develop Industrial Intermodal Facilities with CN at Lynton</u> **That the RMWB work with CN and the Province of Alberta to develop intermodal industrial facilities near the airport and CN's Lynton facility.**	• Planning and Development • Economic Development • Communications and Stakeholder Relations	• Identify vacant parcels that are well suited to accommodate logistics related land uses, which would benefit from access to multiple modes of transportation. Promote these sites to developers or large logistics companies • Work with the Fort McMurray Airport Authority and CN to develop methods to attract tenants	2018-2020	• Measure the number of new intermodal facilities developed • Measure the volume of freight distribution passes through an intermodal logistics and storage facilities versus the amount of goods delivered through truck traffic
9	<u>Commercial and Industrial Development Opportunities in Fort McKay</u> **Work in partnership with the community for facilitating the development of commercial and industrial lands in Fort McKay.**	• Planning and Development • Economic Development • Public Works • Engineering • Indigenous and Rural Relations	• Complete an Area Structure Plan for the Hamlet of Fort McKay • identify current limitations in infrastructure and work towards building more servicing capacity	2018-2021	• Continually investigate demand for serviced commercial and industrial development through discussions with industry stakeholders • Measure the number of new building permits applied for developments that are locating in the Fort McKay area
10	<u>Identify Potential for Commercial and Industrial Development in the Hamlet of Anzac</u> **It is recommended a survey be conducted with oil sands companies operating near the Hamlet of Anzac to determine whether there is sufficient market demand for land for industrial uses to start developing the Industrial (Commercial) area detailed in the Anzac ASP for future Business Industrial uses. If the RMWB decides to proceed with the development of Business Industrial lands identifies in the Anzac ASP, an Outline Plan needs to be prepared and lands need to be rezoned from RD-Rural District to BI-Business Industrial District to move these lands closer to being shovel ready for development.**	• Planning and Development • Communications and Stakeholder Relations • Indigenous and Rural Relations	• Survey industrial users near Anzac • Complete an outline plan for the future industrial area identified in the Anzac ASP • Request the Province release the land intended for the industrial area to the RMWB • Rezone the future industrial area in the Anzac ASP from RD-Rural District to BI-Business Industrial	2018-2020	• Evaluate the demand for industrial land near Anzac • Measure the development and vacancy of the industrial area once it is made shovel-ready

	Recommendation	Responsible Departments	Resources/Actions Required	Timelines	Measurement/ Outcomes
11	<u>Identify Potential for Commercial and Industrial Development in the Hamlet of Janvier</u> **More work needs to be done in surveying oil sand companies and local residents to gauge the demand for industrial and commercial uses that are needed and could be attracted to locate in Janvier. An outline plan needs to be prepared for lands already zoned BI-Business Industrial for commercial and industrial use in the Hamlet of Janvier to provide a framework for future subdivision and get sites shovel ready for development.**	• Planning and Development • Communications and Stakeholder Relations • Indigenous and Rural Relations	• Survey oil sands companies and local residents to ascertain demand for land in Janvier • Complete an outline plan for lands zoned for Business Industrial Development	2018-2020	• Evaluate the demand for industrial land near Janvier • Complete an outline plan • Measure vacancy and development in Janvier
12	<u>Identify Potential for Commercial and Industrial Development in the Hamlet of Conklin</u> **A survey needs to be conducted of existing commercial and industrial operations that are currently operating on properties zoned for residential uses in the Hamlet of Conklin to determine what size lots and services they would require to relocate in appropriate business industrial areas in Conklin**. **If the RMWB decides to proceed with the development of business industrial area as identified in the Conklin ASP, the subject lands need to be rezoned from UE-Urban Expansion to BI-Business Industrial to provide a planning framework for subdivision and servicing of the lots.** **If the RMWB wishes to proceed with the development of a Business Industrial Park in Conklin they may consider issuing a Developer Proposal Call to develop these lands as a public/private partnership.**	• Planning and Development • Communications and Stakeholder Relations • Indigenous and Rural Relations	• Determine land requirements necessary to accommodate commercial/industrial activity occurring on residential land in the Hamlet • Rezone lands west of Highway 881 identified in the Conklin ASP for business industrial • Consider a public/private partnership to develop these lands	2018-2020	• Measure vacancy and development of existing lands • Measure vacancy and development of new business industrial land
13	<u>Manage Business Industrial Development along Highway 881 Corridor</u> **The RMWB needs to identify industrial and business uses that have obtained leases on licenses of occupation on Rural Land that are not properly zoned for that purpose.** **The RMWB need to work closer with Alberta Environment and Parks and the Alberta Energy Regulator, to regulate where licenses of occupation and leases may be granted for commercial and industrial development on Crown Land.**	• Planning and Development • Communications and Stakeholder Relations • Indigenous and Rural Relations	• Identify commercial and industrial activity that is occurring on Crown Land that could be moved to RMWB land • Identify tools and incentives to encourage commercial and industrial activity to locate on RMWB land • Create a relationship with Alberta Environment and Parks and with the Alberta Energy Regulator to work together to locate rural commercial and industrial development	2018-2020	• Measure the development and vacancy of rural commercial and industrial lands • Measure the number of commercial and industrial users locating on Crown Land versus RMWB land

	Recommendation	Responsible Departments	Resources/Actions Required	Timelines	Measurement/ Outcomes
14	<u>Review and Update Statutory Plans</u> **Review and update existing Area Structure Plans to reflect the new economic realities of the RMWB.**	• Planning and Development	• Update Area Structure Plans to anticipate less population and employment growth	2018-2020	• Update ASPs as per a 5 year revision schedule • At each five year interval, determine if the allocation of commercial and industrial land is enough to support anticipated demand
15	<u>Maintain a Healthy Supply of Land</u> **The RMWB should continue to make representation to the Province of Alberta to release additional Crown Land when the market requires additional land supply.**	• Planning and Development • Economic Development	• Monitor development and vacancy of commercial and industrial • Coordinate with the province to release land strategically to anticipate demand	2018-ongoing	• Measure the price of land to determine if it is competitively priced • Measure the vacancy rate to ensure limited supply does not become restrictive
16	<u>Maintain a Healthy Market Equilibrium</u> **The RMWB should look carefully at providing incentives to spur additional commercial and industrial development as it may adversely affect market equilibrium.**	• Planning and Development • Economic Development	• Measure the cost and availability of land, cost of servicing, cost of construction, and the cost of money to determine the competitiveness of locating in the RMWB • Coordinate with existing and potential developers to determine which incentives can spur growth with minimal adverse impacts on existing users	2018-ongoing	• Measure the cost of locating in the RMWB relative to other competing locations in Alberta
17	<u>Respond to Trends and Best Practices</u> **It is recommended that the RMWB research opportunities and implement recommended actions to capitalise on market trends and best practices to support economic growth.**	• Planning and Development	• Research into planning considerations to respond to development trends and best practices	2018-2025	• Determine measurement outcomes and success indicators for policies developed to capitalise on development trends

	Recommendation	Responsible Departments	Resources/Actions Required	Timelines	Measurement/ Outcomes
18	Land Use Bylaw Changes. **That, as part of the review of the RMWB's Land Use Bylaw, the following changes need to be made to the current Commercial and Industrial District to provide better clarity and certainty to developers.** **1. Make the purpose statement for each commercial and industrial district clearer in terms of the RMWB's vision for the type of commercial and industrial development it wants to see at a particular location;** **2. Include more Permitted Uses wherever possible to give investors and developers more certainty;** **3. Use definitions and terminology that is consistent with language used in other municipalities in Alberta (e.g. Medium Industrial; Heavy Industrial);** **4. Streamline the Land Use Bylaw by reducing the number of land use districts by combining similar districts.**	• Planning and Development	• Conduct an assessment of the exiting LUB • Provide revisions to the LUB	2018-2019	• The completion of a revised LUB
19	Hierarchy of Industrial Districts **As part of the Land Use Bylaw review the RMWB should clarify and rationalize the hierarchy of Industrial Districts to what is commonly used by other urban and rural municipalities in Alberta.**	• Planning and Development	• Revise the LUB to create a hierarchy of industrial uses	2018-2019	• The completion of new industrial land use districts

APPENDIX 5: REVIEW OF COMMERCIAL AND INDUSTRIAL ZONING

The Regional Municipality of Wood Buffalo Land Use Bylaw 99/059 was originally adopted in 1999 and has subsequently been amended to include regulations for Parsons Creek Area, the City Centre Land Use Bylaw and other districts such as the Gateway District.

The current Land Use Bylaw document available on the RMWB website is a consolidation from June 2010 and does not appear to be up to date with amendments not being reflected, such as the inclusion of the Gateway District or reference to the adoption of the City Centre LUB.

It is our understanding that, at the time of writing this report, the Municipality is in the process of completing a review and update of the LUB, however, the update is currently on hold. Our analysis and commentary on the zoning is largely focused on the districts that facilitate the land use and development of commercial and industrial developments in the RMWB.

Including the City Centre, there are a total of thirty (30) districts that allow the development of commercial uses and mixed uses, and an additional four (4) districts that allow industrial uses within the RMWB. A brief list of these districts along with their purpose statements can be seen in Table 1: Summary of Commercial and Industrial Zoning on the following pages:

Table 1: Summary of Commercial and Industrial Zoning

No.	*District*	*Purpose*
COMMERCIAL DISTRICTS		
1	C1 - Community Commercial District	The purpose of this district is to provide for the development of nieghbourhood and community oriented retail and service commercial facilities that are intended to serve the needs of the residents of adjacent residential neighbourhoods in the Urban Service Area.
2	C2 - Mixed/Transitional Commercial District	The purpose of this district is to provide for a mixture of residential, retail, and service commercial uses outside of the Central Business core of the Urban Service Area.

3	C3 - Shopping Centre Commercial District	The purpose of this district is to provide for the comprehensive development of commercial retail, service, and community facilities in a shopping centre form, or as a planned complex of free standing structures on a single site. Development of these centres shall be limited to sites located adjacent to arterial roadways and major collectors in the Urban Service Area.
4	C3A - Timberlea Shopping Centre Commercial District	The purpose of the district is to provide for the development of retail and service commercial facilities in Timberlea in the form of a shopping centre or as a comprehensively planned complex of freestanding structures on a single site. Development of these centres shall be limited to sites located adjacent to arterial roadways and major collectors.
5	C4 - Highway Commercial District	The purpose of this District is to provide for the development of commercial and related uses which require large sites, and locations along primary highways, secondary highways, and urban arterials, that are intended to serve Wood Buffalo residents and the travelling public.
6	C4A - Arterial Commercial District	The purpose of this district is to provide for the development of commercial and related uses which are normally located in highly visible locations along major arterial roadways that are not adjacent to highways.
7	GD - Gateway District	The purpose of this District is to provide for vibrant, street-oriented mixed use commercial and residential development that is public/private transit accessible. Developments approved under this District will be of a high standard in terms of architectural design, use of materials, use of signage and public art, landscaping and the relationship between buildings, structures, and open spaces.
8	A - Airport District	The purpose of this district is to provide for the continued operation of an airport and to allow development on airport property that will provide for economic and financial viability for the airport.
9	HC - Hamlet Commercial	The purpose of this district is to provide for commercial development in established hamlets.
10	HG - Hamlet General District	The purpose of this District is to provide for a wide variety of uses in the hamlets of the Rural Service Area.

PARSONS CREEK LAND USE REGULATIONS		
11	MD - Main Street District	No Purpose Statement
12	MDD - Mixed Development District	No Purpose Statement
13	CD - Civic District	No Purpose Statement
14	WD - Waterfront District	No Purpose Statement
15	ND - Neighbourhood District	No Purpose Statement
RESIDENTIAL DISTRICTS		
16	R4 - High Density Residential District	The purpose of this District is to provide for the development of high rise apartment buildings, with an opportunity for ground floor commercial development, in the Urban Service Area.
17	R5-MU - Apartment and Commercial Mixed Use District	The purpose of this District is to provide for the development of multi-family housing in the form of 4 to 6 storey apartment buildings, with an opportunity for ground floor commercial development.
CITY CENTRE DISTRICTS		
The general purpose of this Part is to designate the City Centre area as a Special Area within the Regional Municipality of Wood Buffalo and to adopt the regulations in this Part to achieve the objectives of the City Centre Area Redevelopment Plan within the City Centre Special Area.		
Downtown Major Redevelopment Zone		
18	CBD1 – Central Business District	
19	BOR1 - Borealis	
20	SCL1 –Snyeside / Clearwater Core	
21	SCL2 –Snyeside / Clearwater High Density	

22	PR-CC – Parks and Recreation City Centre	
Franklin Avenue Re-Urbanization Zone		
23	PRA1 –Prairie West of Queen Mixed Use	
24	PRA2 –Prairie East of Queen Mixed Use	
25	FRA1 – Franklin Core	
26	PR-CC – Parks and Recreation City Centre	
27	PS-CC – Public Services City Centre	
Neighbourhood Stabilization Zone		
28	SR1 South Riverfront	
29	LBL-C Longboat Landing Commercial	
30	RIVF - Riverfront	
INDUSTRIAL DISTRICTS		
1	BI-Business Industrial District	The purpose of this district is to provide for the development of a wide range of compatible commercial businesses and general industrial uses in the Urban Service Area, and in the hamlets of the Rural Service Area, which do not adversely affect surrounding non-industrial uses through the generation of emissions, noise, odors, vibrations, heat, bright light or dust.
2	SI-Support Industrial District	The purpose of this district is to provide for the development of heavier industrial uses, which support the oil sands industry and which may have larger land requirements and create some nuisance effects on adjacent sites.
3	BIU - Business Industrial Unserviced Lot District	The purpose of this district is to provide for the development of industrial uses located on unserviced lots outside the urban area.
4	RD - Rural District	The purpose of this district is to manage development in the Rural Service Area, outside established hamlets, including the accommodation of oil sands mining, extraction, and upgrading.

Analysis and recommendation

Consolidation and Clarification of Purpose Statements

The LUB currently has a number of districts that have similar and overlapping purpose statements and list of permitted and discretionary uses. In many instances, a new district has been created to accommodate a specific site, that shares significant site provisions from other existing districts, such as the C3 Shopping Centre Commercial District and C3A Timberlea Shopping Centre Commercial District. This is likely to create a confusion for developers in terms of choosing the appropriate land use district for their properties.

It is recommended that RMWB consolidate the number of districts in the Land Use Bylaw where possible to a core set of districts that are evidently distinct from each other in terms of use permitted and discretionary use classes and provisions and have clear purpose statements. Land use districts can also be amended to include site specific provisions where possible, as opposed to creating a separate district for specific sites.

Permitted Uses and Large Format Districts

There are several districts within the LUB that do not contain purpose statements or permitted uses, e.g. Parsons Creek Regulations and the City Centre LUB. In uncertain economic times, it is important for planning and regulatory documents to provide for some certainty of land use as well as flexibility to accommodate a wide range of compatible uses where possible to adapt to the economic conditions.

The current LUB does make provisions to accommodate large format commercial developments to accommodate uses such as grocery stores. However, there are no districts that are designed specifically to accommodate regional power center style developments such as those anticipated in the new phases of Parson's Creek and Athabasca Power Centre Area Structure Plan.

It is recommended that RMWB create land use districts with clear purpose statements that identify the key land uses intended for the district and have clear permitted and discretionary uses in accordance with Section 640 of the MGA. It is also recommended that the hierarchy of commercial districts could also target specific commercial formats such as large format stores, lifestyle centers and power center development formats anticipated in the Parson's Creek and Athabasca Power Centre plan areas.

Commercial and Industrial Design Guidelines

In addition to providing certainty of land use and flexibility to accommodate a wide range of compatible uses, it is also important to provide for design guidelines that help achieve successful commercial and industrial development with vibrant street frontages and inviting public environments, which in turn are crucial to generating pedestrian traffic by attracting customers and visitors to the area. The industrial district regulations for the Taiga Nova park are a good example of guidelines applicable to an industrial area. Similar efforts can be created and implemented for commercial districts.

There are a number of development trends identified in this document. To respond to these emerging opportunities, the RMWB should look to implement zoning regulations that permit and accommodate these trends. Examples of zoning changes that could be implemented in response to emerging trends are implementing a light/medium/heavy industrial zoning classification and facilitating live-work formats.

It is recommended that RMWB investigate and include guidelines that achieve the development of street-facing retail within commercial developments. Explore commercial streets along specific corridors that can result in double loaded retail and improve pedestrian activity. As opposed to long blank walls, narrow storefronts that offer high visibility are crucial in generating pedestrian interest and commercial activity.

Hierarchy of Industrial Districts

There are currently four land use districts that contain provisions for regulating industrial uses within the RMWB. The bulk of industrial areas in Fort McMurray and environs use the BI Business Industrial district as zoning to accommodate light and medium industrial uses. The resulting areas such as the Mackenzie Industrial Park contain a broad variety of uses with varying and inconsistent development standards in terms of landscaping, pavements, and quality of buildings. In light of the new emerging business industrial parks such as the Prairie Creek Business Park, RMWB should consider adopting new light industrial districts that accommodate the business style light industrial uses fronting high visibility highway corridors with higher development standards in comparison to medium industrial uses which may have a lower development standard and require more land for outdoor storage uses and may have some impact on adjacent uses.

It is recommended that RMWB give consideration to reclassifying the BI Business Industrial District into new light and medium Industrial use districts, where light industrial uses with higher development standards are located along high visibility transportation corridors.

Streamline Format of Districts

Based on the comments heard during the stakeholder consultation, the perception is that the zoning regulations under the City Centre LUB are difficult to navigate and certain regulations pertaining to LEED standards are also perceived to be a limitation and barrier to development and add to the cost of development. We also notice that the format of the City Centre LUB is distinctly different from the rest of the LUB 99/059 and this may create some confusion for applicants. Lastly, there are several districts such as the Parson's Creek Regulations and the districts in the City Centre LUB that use a different nomenclature e.g. MDD, ND in the Parsons Creek Regulation as opposed to the C1, C2, C3 nomenclature used for the commercial districts.

As part of the overall review and update of the LUB 99/059, give consideration for a consistent nomenclature for districts and site provisions and ensure that the document format and content is clear and easy to understand and navigate for the average user. Eliminate the requirements for LEED and other requirements that may be a barrier to attracting new developments. Explore incentives and density bonusing options where possible.