

City of Nanaimo

Land Inventory and Capacity Analysis

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Prepared For: City of Nanaimo

Final Report
June 1st, 2020

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Study Objectives

Colliers International Consulting was retained by the City of Nanaimo to conduct a land inventory and capacity analysis to support a comprehensive update to the City's Official Community Plan. The intent of this study is to provide the City with a better understanding of growth trends affecting land use patterns, the result of these trends on demand for developable land, and the capacity of the developable land to meet projected demand while ensuring alignment with conservation and sustainability objectives.

Methodology and Limitations

This study relies on data from multiple sources including Colliers International, Statistics Canada, BC Stats, the Conference Board of Canada, Vann Struth Consulting Group, and PiinPoint. The quality of the assumptions made in the background data therefore place limitations on the study's findings, but Colliers has tried to ensure that assumptions are based on up-to-date and reliable market intelligence. The data used in this report was generated prior to the emergence of COVID-19 as a major global economic threat. While Colliers sees this as a generation defining crisis, in the fullness of time we expect to see a return to the real estate market patterns highlighted in this report. However, should market conditions change significantly once the economy has settled into the "new normal" over the coming months, the study's data and conclusions should be re-examined.

1 Nanaimo Profile

Population

- › The City of Nanaimo is expected to grow at an annual rate of 1.4% to reach a population of between 126,629 (baseline growth scenario) to 141,883 (high growth scenario) by 2046.
- › This growing population is expected to continue aging, with the higher growth rates occurring among the 75 to 84 and 85+ age groups.
- › The aging population is expected to result in higher demand for healthcare, seniors housing, and other services related to older age groups.
- › Recent growth has primarily been occurring in North Nanaimo and closer to Downtown when compared to Southern Nanaimo which is relatively less dense than other areas of the City.

Employment

- › Most of Nanaimo's major employment sectors have recently been growing, including those reliant on heavy and light industrial space. Like many urban areas, Nanaimo is transitioning from a resource and commodity-based economy towards a service-based knowledge economy.
- › Particularly strong employment growth has recently occurred among the construction industry, coinciding with the recent boom in residential construction throughout Nanaimo.

- › Industrial land is one of the key pillars of a strong economy, and the slow employment growth of related sectors such as transportation and warehousing is more indicative of a lack of employment lands to support these activities rather than a lack of market demand.

2 Residential

Market Analysis

- › The housing market has seen strong growth from migration into Nanaimo from homebuyers priced out the Capital Regional District and Metro Vancouver.
- › Benchmark pricing for single family homes, townhouses, and apartments have all increased in the last 5 years which has sparked development interest in certain areas of the City.
- › In the rental market, a growing population and large renter segment has driven vacancy rates down and rental rates up. As an affordable form of housing, Council has approved many rental project applications to add much needed supply to the stock.
- › While single family homes are the predominate building type, multi-family developments have exceeded that of single family in building permit value and housing starts. Condominium apartment units are quickly absorbed into the market and have become an attractive product in the marketplace.

2 Residential (cont.)

Land Inventory

- › The City of Nanaimo has a total of 4,165 hectares of land designated to permit residential uses, of which 674 hectares are currently not occupied.
- › Of this 675 hectares, Colliers has identified approximately 592 hectares that appear to be developable for residential use, with an additional 81 hectares of land currently in various stages of the construction process.
- › When broken down by OCP designation, approximately 216 hectares of land is within the Neighbourhood designation, accounting for 36.5% of the total inventory of developable land. Most of the single-family land within the City is developed, with a large portion of the remaining land located on more challenging sites due to geographical, accessibility, and servicing issues.
- › There is an additional 52 hectares of land (8.8%) within the Corridor designated areas, 8 hectares (1.4%) within Urban Nodes, and an additional 316 hectares within Sandstone, Oceanview, and the Snuneymuxw land (located adjacent to VIU south of Fifth Street).
- › Due to the relatively low utilization of many single-family sites throughout the City, particularly in the South, there could also likely be the opportunity for infill development and the introduction of more secondary suites.

OCP Analysis

- › Directing development to Urban Nodes and Corridors has seen some success. Development proposals have been received in Woodgrove and Downtown Urban Nodes, potentially resulting in 462 multi-family units ranging from affordable seniors housing, rental, and condominium units. The 5 approved projects have an average of 123.1 units per hectare and floor area ratio (FAR) of 1.19.
- › However, there has been less development interest in the Hospital, University and South Nanaimo Urban Nodes due to a lack of amenities and lower sale price / rental rate.
- › There has been considerable development interest on lands designated as Corridor. Corridor designated lands are better situated for multi-family development due to their proximity to arterial roads, commercial centres, shopping, services, and amenities.
- › These projects could potentially deliver nearly 1,900 units of rental housing, student housing, and condominium units. While generally smaller in size, the nearly 20 projects approach an average of 110.2 units per acre and 0.93 floor area ratio.

2 Residential (cont.)

Demand Analysis

- › Colliers utilized the housing projections recently completed by Vann Struth Consulting Group in April 2020 to project future housing demand by structure type and baseline vs high growth scenarios.
- › By 2046, they estimate that the City is likely to experience demand for an additional 2,782 to 4,050 single family houses, 4,041 to 4,926 ground-oriented units, and 8,148 to 12,011 apartments.
- › Colliers assessed the following four scenarios to project future residential land demand:
 - › Scenario 1 – Baseline growth, high density
 - › Scenario 2 – High growth, high density
 - › Scenario 3 – Baseline growth, low density
 - › Scenario 4 – High growth, low density
- › Based on this analysis, these projections are expected to result in demand for an additional 253 to 607 hectares of residential land by 2046.
- › It should be noted that, in Colliers estimation, future single-family demand may be slightly overestimated particularly in scenario 4. For example, single-family housing starts and completions have slowed in recent years as housing affordability has narrowed the pool of buyers for this product type, and single family homes sit longer in the standing inventory when compared to condos which have been absorbed at a relatively faster rate.

Capacity of Residential Land to Fulfill Demand by 2041

- › The City is expected to have enough capacity within its vacant and developable land to support future growth in all scenarios except Scenario 4.
- › Although scenario 4 is unlikely based on recent market trends and City goals of higher density, sustainable development formats, this potential demand gap could realistically be fulfilled through the intensification of underutilized residential land.
- › When assessing the overall utilization of each planning area, it becomes clear that many of the southern planning areas of the City, such as Harewood, Chase River, South End, and Vancouver Island University present more opportunities for development when compared to northern planning areas such as Newcastle and North Slope.
- › It also becomes clear that there is ample opportunity for higher density forms of development when compared to single-detached homes. For example, the redevelopment of existing shopping centres into mixed-use formats is a trend occurring throughout Canada. This would provide significant capacity for apartments that is not solely demonstrated by examining vacant and developable land.

2 Residential (cont.)

Summary and Recommendations

- › Colliers projects demand for an additional 253 to 607 hectares of residential land by 2046, with the overall capacity of existing zoned land varying based on residential subcategory.
- › The analysis demonstrates that, based on housing demand projections completed by Vann Struth Consulting Group, the City is likely to have enough land to fulfill future demand in all scenarios except scenario 4 (high growth, low density).
- › Scenario 4 is unlikely to occur, however, based on recent market trends and City goals of higher density, sustainable development formats. The most notable demand shortage in this scenario would be among single-detached homes.
- › Despite this potential shortfall, Colliers believes that the City has enough land to accommodate all projected housing demand, however much of this land is located within areas zoned for a mixture of uses such as the corridors and commercial areas.
- › Additionally, the Oceanview and Snuneymuxw lands represent a large chunk of potential residential supply. Regardless, there will be a major shift away from how Nanaimo has developed in the past where single-family housing has been the predominant residential development, shifting into denser forms of development including ground-oriented units and apartments.
- › Growing demand is immediately evident among townhomes and 4-6 storey woodframe apartments due to consumer preferences along with the feasibility of woodframe rather than high rise development.
- › In areas where development is not occurring, the City should consider partnerships that could act as an anchor or catalyst for residential development. For example, the University Urban Node may require a custom zone to allow for a wider variety and higher density of uses than indicated by adjacent COR 2 and 3 zones, depending on the outcome of their feasibility analyses.
- › The City should also consider allowing for greater maximum building heights so that variances do not have to be sought out. Wood-frame structures can be up to 6 storeys or approximately 60 ft (18.3 m) in building height. The National Building Code and BC Building Code are making provisions to allow construction with encapsulated mass wood construction to up to 12 storeys in height.
- › It is also suggested to conduct a citywide parking study and, if possible, reduce parking requirements especially for affordable housing projects. Continual investment in public transportation while creating complete, walkable communities may help to justify lower parking ratios.
- › Finally, the City should increase the maximum allowable density so that proponents can include more floor area in their developments without having to provide amenities as part of density bonusing. The City will need to decide whether a greater number of residential units is a satisfactory trade-off for the loss of amenities.

3 Commercial

Provincial Trends

- › Year-over-year retail sales growth has been slowing at a notable rate, dropping from 9.2% to 2.1% between 2017-2018. Based on an assessment of the latest available data in 2019, this has continued with 1.1% year-over-year growth up to October 2019.
- › Slowing retail sales growth could be caused by a variety of factors, including shifting demographics, the rise of e-commerce, and broader economic conditions such as the impact of a slowing housing market on consumers' perceived wealth which can reduce retail spending.
- › Despite slowing retail sales as a whole, overall performance varies widely when broken down by individual retail category.
- › The highest performing retail subcategories over the past year are primarily experience oriented, with full service and limited service restaurants registering sales growth of 3.9% and 3.8%, respectively. This is particularly evident for healthy, quick-service restaurants in the 1,000 to 2,000 sf range, upper-tier casual restaurants, and food halls.
- › Conversely, grocery sales have slowed in recent years resulting in store closures and the emerging trend of smaller, more refined grocery store footprints with a larger amount of prepared foods.
- › Due to the overall aging of the population and growing awareness of health issues, health and personal care stores experienced the largest overall sales growth during this period of nearly 6%.
- › Overall, the slowing retail marketplace and growth of e-commerce has resulted in store closures, the overall reduction of store footprints, and the redevelopment of large retail properties to add on-site residential or office uses.
- › The impact of ecommerce varies based on retail category, with convenience, price, and selection being major factors determining whether a consumer decides to purchase goods in-store or online.
- › Resilient retail categories include food services, health and personal care, service commercial, fitness, value and athleisure apparel (Lululemon, Reigning Champ, etc.), entertainment, and other similar uses that are difficult to replicate online. Struggling retail categories include electronics, books, media, toys, homeware, furniture, department stores, and mid-market apparel.
- › Changing demographics and the rise of e-commerce have resulted in a rapid evaluation of the mall experience and the traditional "anchor tenant". Consumers are now more than ever focused on the experience and what they can share on social media, rather than what they can buy at the local department store.

3 Commercial

Design and Planning Principles

- › Retail performance is linked to some common retail design and planning principles, particularly the inclusion of active and transparent storefronts, and human scale development.
- › Finally, retailer preferences are also important to consider. Generally, there is strong tenant demand for retail units with:
 - Direct, street level access
 - 800 – 1,000 sf units
 - Min 20-foot frontages
 - Min 14-16-foot heights
 - Rectangular units
 - Patio/exterior display areas
 - Impactful signage

Nanaimo Office Dynamics

- › The City of Nanaimo currently has a relatively soft market for traditional office space, with new office-only product primarily being purpose built and a lack of demand restricting the *build it and they will come* approach.
- › Moving forward, it is expected that the City will experience gradual population-based demand growth rather than a significant influx of demand generated from the relocation of major regional office headquarters or a rapidly growing tech sector.

Land Inventory

- › The City of Nanaimo has a total of 915 hectares of land designated to permit commercial uses, concentrated within Downtown and North Nanaimo. Corridor designated lands account for the largest amount of total supply (50.6%), followed by Urban Nodes (40.1%).
- › Of this total inventory, Colliers has identified 61 hectares of land as vacant and developable, 480,000 square feet of currently vacant commercial floorspace, 24 hectares of land in various stages of the development process, and 39 hectares of land designated for commercial use within the Sandstone Master Plan.

Assessment of 2008 OCP

- › There has been approximately 30 hectares of new commercial land developed over the past decade. 55.2% of this development has occurred in Corridor OCP areas, followed by 16.8% within Neighbourhood Commercial areas, 15.9% within City Commercial Centres, and 12.1% within Urban Nodes.
- › The scale of development within the Corridor areas is logical as it encompasses a larger overall land area than other designations, and it encourages mixed-use development which is often more financially viable when compared to standalone commercial developments.

3 Commercial (cont.)

Demand Analysis

- › To project future commercial land demand, Colliers utilized a proprietary demand model which is based on socioeconomic variables, provincial data, commercial industry benchmarks, and commercial development trends.
- › The first step in gauging potential future support for commercial uses is to delineate primary (City of Nanaimo) and secondary (RDN) trade areas and examine the population projections within.
- › The combined trade areas and inflow demand is expected to generate a total of \$3.12 billion and \$3.47 billion in captured spending by 2041.
- › Colliers estimates that this will result in demand for an additional 610,000 to 780,000 square feet of retail floorspace, 127,000 to 160,000 square feet of service commercial floorspace, and 1.1 to 1.4 million square feet of traditional office floorspace.
- › Utilizing industry standard commercial and office floor area ratios, this translates to demand for 29 to 38 hectares of commercial land by 2041.

Capacity of Commercial Land to Fulfill Demand by 2041

- › To estimate the City's future commercial land capacity, Colliers assumed that 80% of vacant units and sites under construction will be absorbed first, followed by vacant and developable land, and finally, the commercial land within Sandstone.

- › This analysis demonstrates that the vacant units and land under construction represent enough supply to last until 2024-2025 in the high growth scenario. The vacant and developable land would add another 6 years of supply being absorbed by 2031, and finally the Sandstone commercial lands represent enough additional supply to fulfill total citywide demand by 2041 in both the baseline and high growth scenarios.

Summary and Recommendations

- › The City of Nanaimo is expected to have a sufficient amount of land zoned to permit commercial uses to accommodate future projected demand.
- › Over time, as the trade area population base grows and household incomes increase, demand triggers for higher quality international tenants may occur. Rather than resulting on a significant net increase in total floor area demand, the growing spending power of these trade areas will result in higher quality retailers and less turnover.
- › The City also has a large amount of land currently being used by car dealerships. It is expected that their land requirements may gradually decline over the long-term due to shrinking vehicle expenditures and the rise of alternative modes of transportation.

3 Commercial (cont.)

Summary and Recommendations (cont.)

- › Rather than looking for ways to provide more land for commercial uses, the City should identify a strategy to support the overall health of its existing retail nodes, particularly within Downtown and South Nanaimo.
- › It is imperative to ensure that commercial activity is relatively concentrated, particularly through the corridor areas, and the City should instead promote and support the infill of existing retail nodes as a way of cultivating a critical mass and mix of commercial offerings.
- › Strong focus should also be paid towards the retail environment within Downtown Nanaimo. The vitality of any City's Downtown is highly reliant on a vibrant and diverse retail experience along with a strong amount of footfall.
- › Finally, many of the non-profit groups within Nanaimo have expressed concern regarding the availability of affordable space, many of which are at risk of losing their space as new development occurs.
- › To accommodate the needs of these groups, the City could consider the reuse of older persistently vacant buildings with sharing space models for groups that are expected to be compatible with one another. Additional support for these groups could include assistance negotiating favourable leases with landlords.

4 Industrial

Market Analysis

- › Nanaimo's population is becoming increasingly educated and its workforce is moving away from a traditionally resource-based economy to more diversified service and manufacturing based industries.
- › Investments in Nanaimo's key transportation infrastructure, notably the Nanaimo Port and Nanaimo Airport combined with the City's central location on Vancouver Island are likely to contribute to growing demand for industrial land in the area.
- › Significant investment in the Nanaimo Port combined with the Vancouver Island Foreign Trade Zone designation make Nanaimo a regionally significant city for domestic and international trade .
- › Despite the expansion of employment in the industrial sector, little supply is being created with the majority of development occurring in the residential housing market.
- › With little to no industrial vacancy in Greater Victoria and Metro Vancouver, industries are increasingly drawn to Nanaimo due to comparably lower cost of living and doing business. This is further demonstrated by industrial land values reaching \$1 million per acre.
- › Without new industrial supply, new businesses may choose to locate elsewhere, and existing businesses may be limited in their ability to expand or be forced to relocate due to rising costs and limited capacity.

4 Industrial (cont.)

Land Inventory

- › The City of Nanaimo has a total of 661 hectares of land designated to permit industrial uses, concentrated primarily within the Duke Point and Northfield/Boxwood areas.
- › This land can be further broken down into the two OCP subcategories. Industrial uses account for the majority of land supply (60.2%) with users typically being more land intensive. Light industrial uses account for the remaining 39.8% of total supply.
- › Of the total inventory, Colliers has identified 64 hectares of vacant and developable land, with an additional 10 hectares of land with construction occurring within.
- › There is also another 53 hectares of land designated for light industrial uses within the Sandstone Master plan, although development is expected to occur over the long term.
- › Finally, the land in the Duke Point area designated for Oceanview Golf Resort and Spa may be better suited for industrial use due to the heavy industrial uses within Duke Point and the water proximity.
- › In total, accounting for Oceanview and Sandstone, there is approximately 731 hectares of land within the Urban Containment Boundary that is or could be dedicated for industrial use.

Assessment of 2008 OCP

- › Over the past decade, approximately 6 hectares of new industrial supply has been developed in industrial and light industrial OCP areas. Nearly 70% of this development has occurred within the Boxwood Industrial area, primarily due to the availability of developable land and proximity to Nanaimo Parkway.
- › This scale of development is likely not indicative of total annual demand during the past decade, but rather, is the natural development of some of the last remaining developable industrial land within the City. It is expected that the remaining vacant supply be a result of their size, slope, configuration, and accessibility rather than any hindrances from the OCP itself.

Demand Analysis

- › To estimate the future demand for industrial land within the City of Nanaimo, Colliers assessed two scenarios with a combination of the Historic Extrapolation and Constant Share projection methodologies.
- › The first scenario (Status Quo) examines future industrial demand under the assumption that Nanaimo's industrial growth will resemble historical patterns and its positioning relative to the broader economic region will remain unchanged over the next two decades.
- › The second scenario (High Growth) assumes that Nanaimo will continue to gradually become a major industrial centre within Vancouver Island due to many of the factors outlined in this report.

4 Industrial (cont.)

- › Colliers estimates that the City will experience demand for a total of between 592 hectares (Status Quo) and 672 hectares (High Growth) of industrial land by 2031. By 2041, this demand is expected to grow to between 641 hectares (Status Quo) and 727 hectares (High Growth).

Capacity of Industrial Land to Fulfill Demand by 2041

- › The analysis demonstrates that industrial land currently under construction and vacant lots over 2 hectares represent enough supply to last until 2023 in the High Growth scenario.
- › The Sandstone lands would add another 6 years of supply, being completely absorbed by 2029, and finally the Oceanview lands would add 8-9 years of additional supply lasting until 2037-38.
- › This analysis suggests that the complete utilization of all usable vacant and potential industrial supply within the urban containment boundary could represent approximately 18 years of industrial supply in the High Growth scenario.

Summary and Recommendations

- › The usable vacant industrially zoned land within the City's Urban Containment Boundary is insufficient to satisfy demand projections even under the Status Quo scenario. As such, it is imperative that the City examine potential solutions to create new industrial supply.

- › Within the Boxwood area, the development of the 11 hectares of vacant lots south of Nanaimo Parkway should be encouraged. This area has already proven to be a popular industrial node with ongoing construction and strong absorption of new supply.
- › In addition to the vacancies within Boxwood, there are a large number of lots over 2 hectares that have remained vacant over the past decade. The owners of these lots should be engaged to identify, where possible, ways to incentivize the development of this land.
- › The City should also consider designating Oceanview for industrial development, including an assessment of the total amount of space within the area that is viable for industrial use.
- › Another factor to assess is the potential intensification of existing industrial land or underutilized commercial land, primarily among light industrial uses. Intensification could range from higher ceilings with racking for distribution centres, to investments in automation and the development of multi-level buildings.
- › The heavy industrial areas within Nanaimo are less viable for intensification as they are land-intensive requiring areas for truck loading, vehicle parking, and the outdoor storage of equipment and materials.
- › Despite expected push back from the RDN, the City could also consider the annexation of land outside of the municipal boundary for industrial use. Suitable areas for annexation would include land adjacent to Duke Point or farther south towards South Wellington and Cassidy.

5 Institutional

Market Analysis

- › The Nanaimo-Ladysmith School District 68 is expected to experience a shortage of space to accommodate both elementary and secondary students.
- › As a result, the recently approved SD 68 Capital Plan includes work to expand École Hammond Bay and prepare Cilaire and Pleasant Valley elementary schools to deal with earthquakes.
- › Additionally, the District is in the process of developing a new long-range facilities plan, anticipating the need to identify capital expansion priorities as a result of projected capacity shortfalls.
- › The VIU Trust is currently considering the development feasibility of three key sites within the existing campus deemed as excess land.
- › The population of Nanaimo residents aged 75 years and over is projected to grow by an annual rate of approximately 5% to reach a total population of 20,650 by 2041. This is the fastest growing age group within the City.
- › This has already resulted in recent growth in demand for healthcare services, seniors housing, and seniors support workers. This has resulted in shortages and challenges providing basic care for seniors.

Land Inventory

- › The City currently has a total of 202 hectares of land zoned to permit institutional uses, only 6 hectares of which appears to be vacant. In total, there is approximately 65 hectares of land (32.3%) used by elementary schools, 42 hectares (20.6%) used by Vancouver Island University, 32 hectares (15.8%) used by secondary schools, and 28 hectares (14.1%) used for healthcare purposes.
- › It should be noted that many institutional uses such as schools are also permitted within other mixed-use land use designations such as the corridor, commercial centre, and neighbourhood areas.
- › As such, the City will need to examine the vacant land within all these areas to balance the needs for additional institutional lands with other land uses through consultation with School District 68, Vancouver Island University, Vancouver Island Health Authority, and related groups.

Summary and Recommendations

- › The City will need to work closely with SD 68 as they develop their new long-range facilities plan in identifying the future land needs and potential locations for new or expanded school sites.
- › It is also imperative that the City examine the growing land demands for seniors housing and care facilities. As the population continues to age, the shortage of available space will continue to become more of an issue, as will the supply of staff suitable to provide quality care for these individuals.

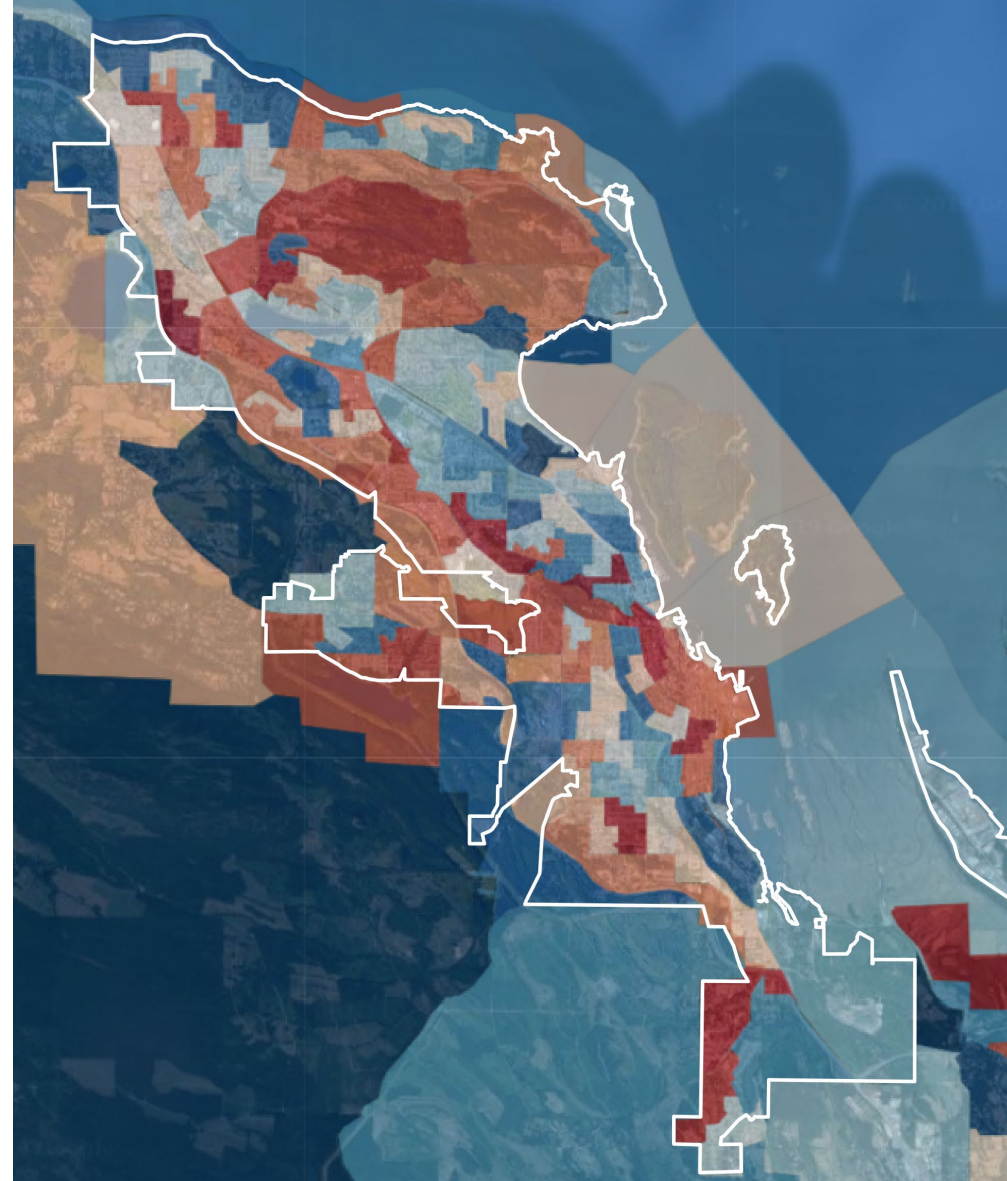
An aerial photograph of Nanaimo, British Columbia, Canada. The image shows the city's harbor with numerous boats and piers. The city is built on a peninsula, with residential and commercial buildings visible. In the background, there are forested hills and mountains under a clear sky. A large blue semi-transparent shape is overlaid on the right side of the image, containing the title text.

1 | Nanaimo Profile

The City of Nanaimo has grown at an average rate of 2% over the past decade, with an additional 16,000 residents living in the City between 2006-2016.

1.1 Population Density and Recent Growth

- As the first step of a forward-looking land capacity analysis, it is important to generate an understanding of historical growth patterns and their implications on future land uses.
- Over the past 10-15 years, the City has been growing at a modest rate. During this period, the population has grown by approximately 16,000 representing an annual average growth rate of 2% which is similar to regional and provincial averages.
- The heatmap to the right displays population growth over the past five years overlaid on top of existing population density broken down by dissemination area. Polygons displayed in dark red indicate high population growth rates (>10%), and high-density levels (>4,000 people per km²). On the other side of the spectrum, polygons displayed in dark blue indicate low population growth rates (at or below 0%), and low-density levels (<500 people per km²).
- This analysis demonstrates that population growth has primarily occurred in Central and Northern Nanaimo, which is correlated to population density levels along with commercial and personal services.
- Conversely, Southern Nanaimo has experienced less population growth during this period, and as such, has lower density levels and the potential for more infill development moving forward.

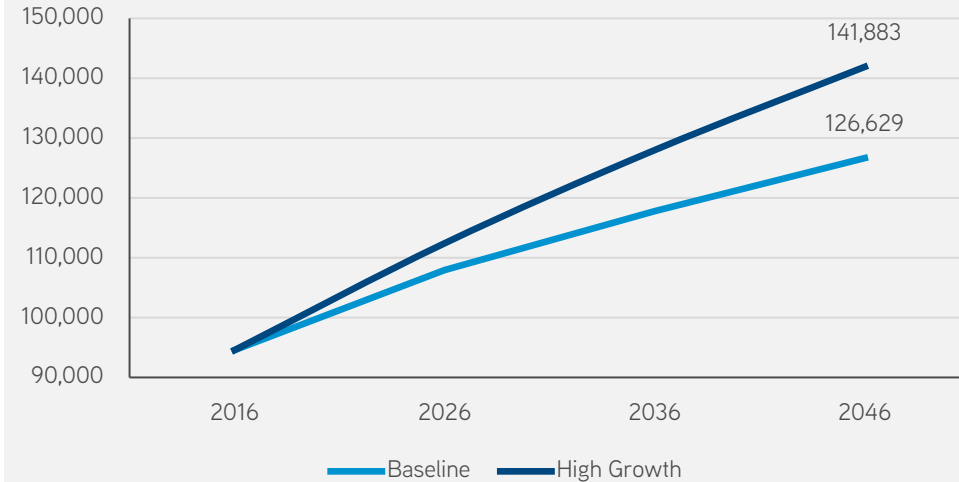


The City of Nanaimo is expected to grow at an annual rate of 1.1% to 1.7% to reach a population of 126,629 to 141,883 by 2046.

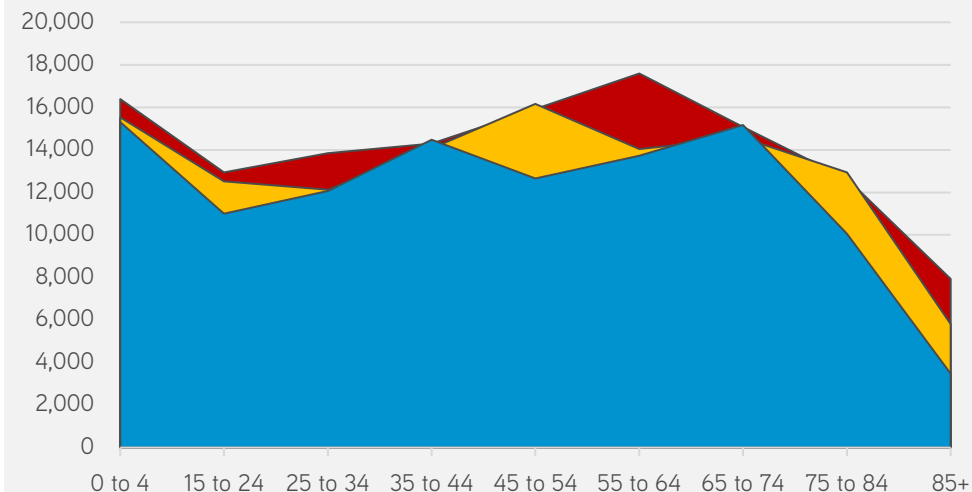
1.2 Population Projections

- Due to the long-term nature of the Official Community Plan, it is important to use accurate population projections as they feed into many components of the land demand and capacity analyses.
- Colliers used the population projections within the Housing Capacity and Gap Analysis (2019) created by City Spaces and Vann Struth Consulting Group for the Regional District of Nanaimo.
- These population projections were generated using the cohort component model that considers demographics and expected patterns of migration into and out of the region, along with fertility and mortality rates. Colliers has assessed the methodology and assumptions used in these projections and agrees with their overall validity.
- The baseline growth scenario assumes future net migration will resemble patterns observed between 2006 and 2016, whereas the high growth assumes migration will gradually increase at a modest rate.
- As identified to the right, the City of Nanaimo is expected to grow at an annual rate of 1.1% (baseline scenario) to 1.7% (high growth scenario) to reach a total population of between 126,629 and 141,883 by 2046.

City of Nanaimo Population Projections (2016-2046)



Baseline Projections by Age Group (2026,2036,2046)

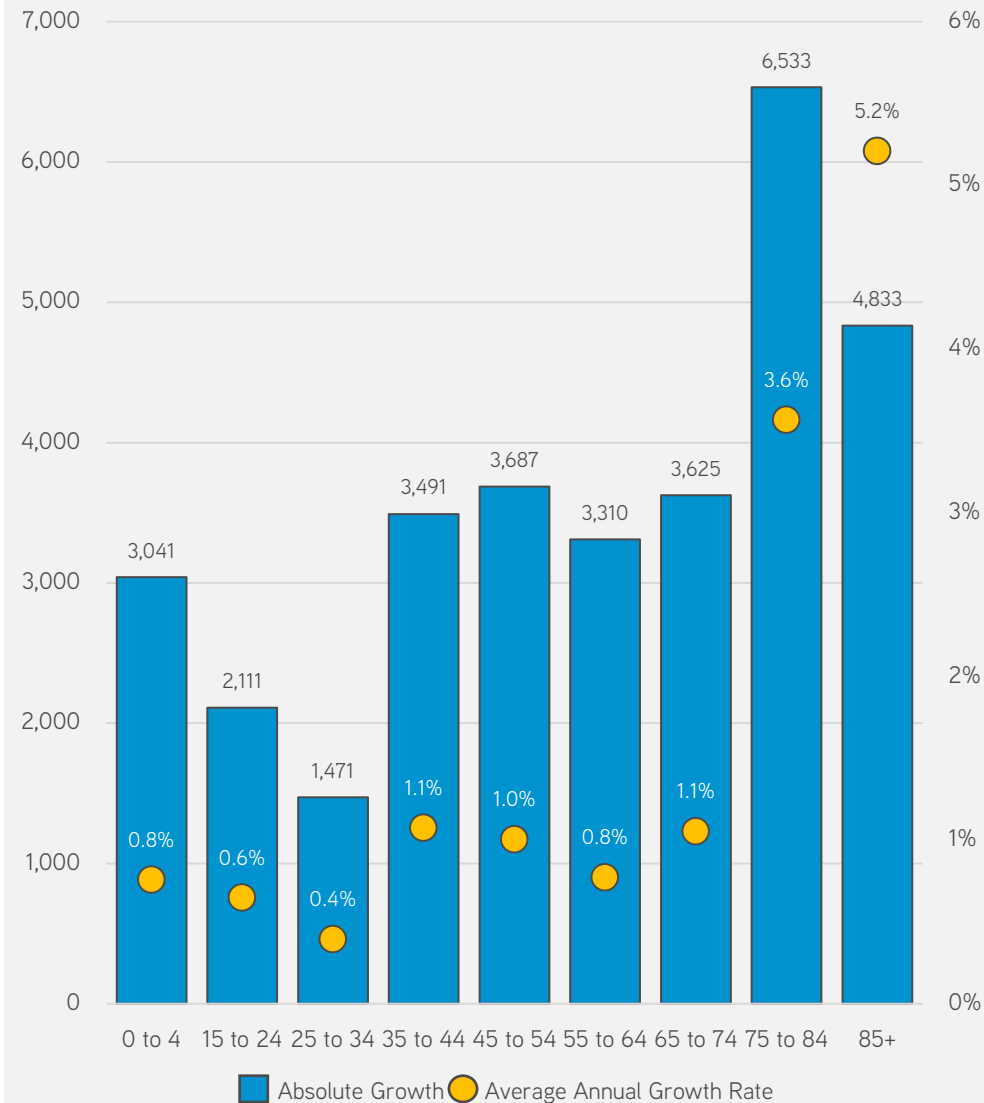


The City of Nanaimo is expected to continue aging, with the largest population growth rates among the 75 to 84 and 85+ age groups.

1.2 Population Projections

- > The population projections were further broken down into specific age groups to demonstrate how the City's population will age over the next two decades.
- > The City is expected to continue aging, with the largest amount of growth within the 75 to 84 and 85+ age groups, growing at respective annual rates of 3.6% and 5.2%.
- > Overall, by 2046 the City can expect to have approximately 15,000 more people aged over 65. Strong growth is also expected to occur within the 35 to 54 age group, consisting of approximately 7,000 more residents by 2046.
- > The aging population is expected to result in higher demands for health care, seniors housing, and other services related to older age groups, whereas the growth within the 35 to 64 age groups is expected to contribute to demand for single and multifamily homes, traditional commercial services, population-based office tenants, and industrial/light industrial businesses.

Population Growth by Age Group (2016-2046)



Most of Nanaimo's major employment sectors have recently been growing including those reliant on heavy and light industrial space.

1.3 Employment Growth Sectors

- > Nanaimo's centralized location on Vancouver Island has helped the City continually evolve into an important retail, service, transportation and distribution node for central and northern Vancouver Island.
- > The largest number of jobs are provided within retail sectors, followed by healthcare, accommodation/food services, construction, and education services.
- > The next three categories of labour by occupation (Business, Finance, Administration; Education, Law & Social, Community and Government Services; Management Occupations) fall into professional services and cumulatively account for the largest number of occupations in Nanaimo.
- > Sales and service occupations make up 27% of all jobs in Nanaimo, and trades, transport & equipment operators account for 14.5% of all occupations.
- > Between Census periods, the largest amount of growth occurred in the Manufacturing sector, followed by Primary industries (agriculture, forestry, fishing, and hunting), and construction.
- > It is expected that employment growth in the construction sector since the 2016 Census has exceeded previous years, demonstrated by the record scale of ongoing construction during this period.

| Industrial Employment by Sector – City of Nanaimo (CA) | | | | | | |
|--|--------|-------|--------|-------|-------------------|--------|
| Employment Subcategory | 2011 | | 2016 | | Growth (2011 –16) | |
| | Jobs | Share | Jobs | Share | Jobs | Growth |
| Retail Trade | 7,310 | 14.8% | 7,380 | 14.4% | 70 | 1% |
| Construction | 4,415 | 8.9% | 4,645 | 9% | 230 | 5.2% |
| Transport/Warehousing | 2,510 | 5.1% | 2,495 | 4.8% | -15 | -0.6% |
| Wholesale Trade | 1,665 | 3.4% | 1,315 | 2.6% | -350 | -21.0% |
| Manufacturing | 1,670 | 3.4% | 2,420 | 4.7% | 750 | 44.9% |
| Primary Industries | 1,220 | 2.4% | 1,390 | 2.7% | 170 | 13.9% |
| Mining, Oil & Gas | 370 | 0.75% | 400 | 0.78% | 30 | 8.1% |
| Total Labour Force | 50,620 | | 52,265 | | 1,645 | |

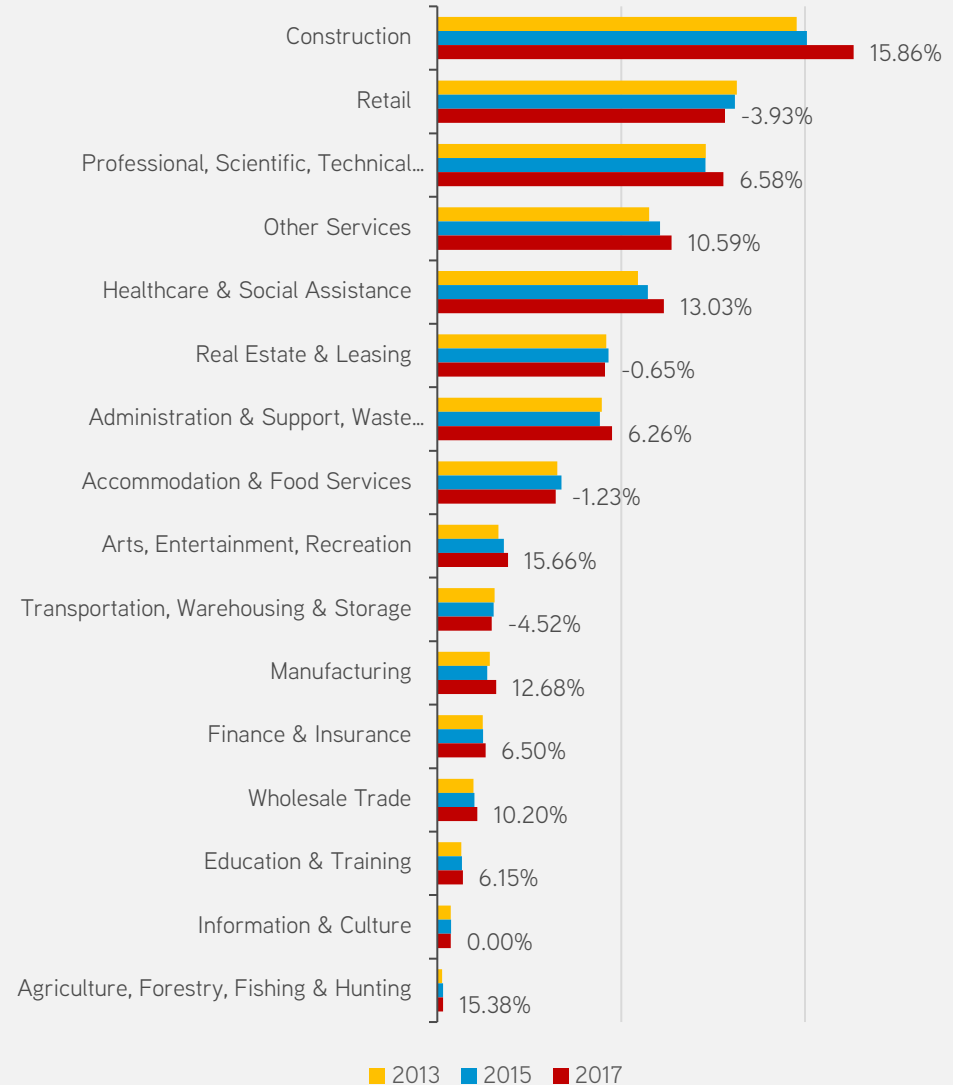
- > Like many urban areas in British Columbia, Nanaimo is transitioning from a resource and commodity-based economy towards a service-based knowledge economy.
- > This diversity in economic activity strengthens Nanaimo's mid island location, distances the economy from volatility, and provides the opportunity for growth among subsectors relatively new to the island market, many of which may be suited for light industrial buildings.

Nanaimo businesses have experienced strong growth in recent years, particularly in industries related to construction, professional, and health services.

1.3 Employment Growth Sectors

- > In addition to examining employment data, the growth in the number of total businesses by subcategory is also indicative of their overall health and prospects.
- > Since 2013, the construction industry has experienced that strongest overall growth in terms of the number of total business licenses (15.86%). This follows the assumptions regarding employment growth in this sector since 2013, with the growth of businesses coinciding with the boom of construction primarily in the residential sector.
- > Strong growth has also occurred in the Arts, Entertainment, and Recreation (15.66%), Healthcare and Social Assistance (13.03%), and Manufacturing (12.68%) sectors.
- > Conversely, there has been negative overall growth in terms of the total number of businesses in the Accommodation and Food Services (-1.23%), Retail Trade (-3.93%), and Transportation and Warehousing (-4.52%), and sectors.
- > Industrial land is one of the key pillars for a strong economy, and the slow employment growth of related sectors such as transportation and warehousing is more indicative of a lack of employment lands to support these activities rather than a lack of market demand for such uses.

Nanaimo Business Licenses by Industry

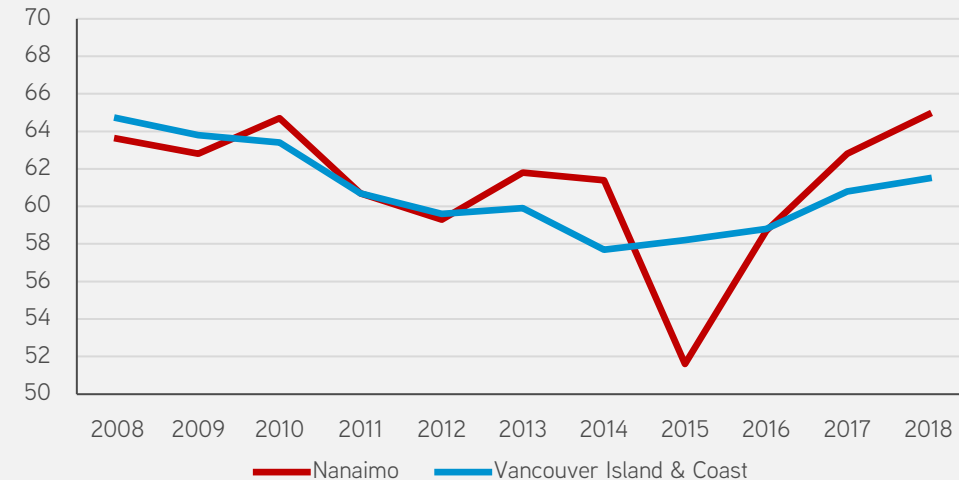


Since 2011, the adult working population is becoming increasingly educated with participation rates increasing every year since 2015.

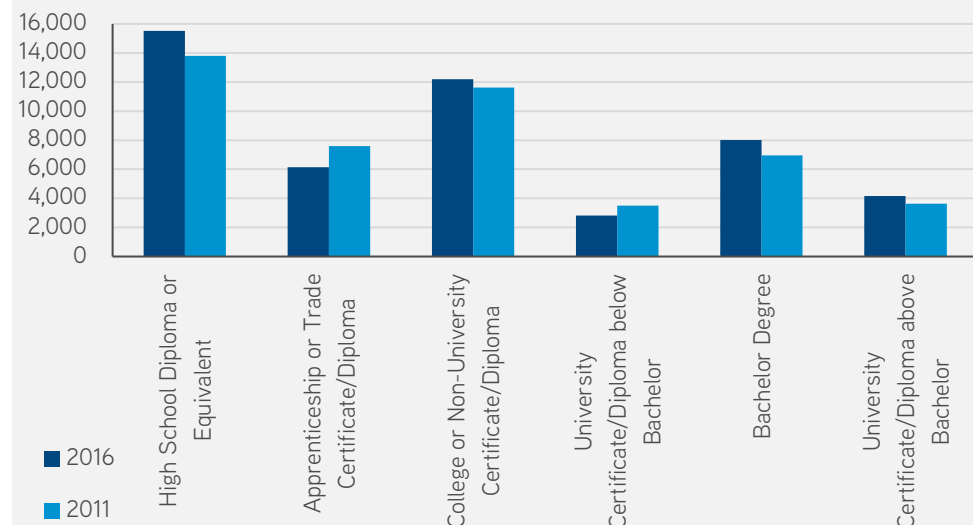
1.4 Labour Participation and Education

- Over the next 10 years, there is a forecasted 1.1% growth rate with 153,800 new jobs expected in the Vancouver Island & Coast Economic Region.
- In 2015, this region accounted for 14% of provincial employment in the Goods producing sector (agriculture, forestry, mining, oil and gas, fishing, hunting & trapping, utilities, construction and manufacturing).
- Indicating a strengthening economy, the labour force participation rate has been increasing at a steady rate since a significant dip in 2014-2015.
- The labour force participation has been coinciding with Nanaimo's economic expansion and growth in key employment sectors. Since 2016, Nanaimo's labour force participation rate has been higher than the Vancouver Island & Coast region.
- In addition to the growing labour force participation, the attainment of post secondary degrees has also been increasing in Nanaimo since 2011. This is expected to continually have a positive overall impact on Nanaimo's employment sectors that require further education.

Labour Force Participation Rate (%)



Educational Attainment in Nanaimo, aged 25 to 64 years



The 2008 Official Community Plan includes several new strategies to respond to growth challenges and facilitate a vibrant and attractive City.

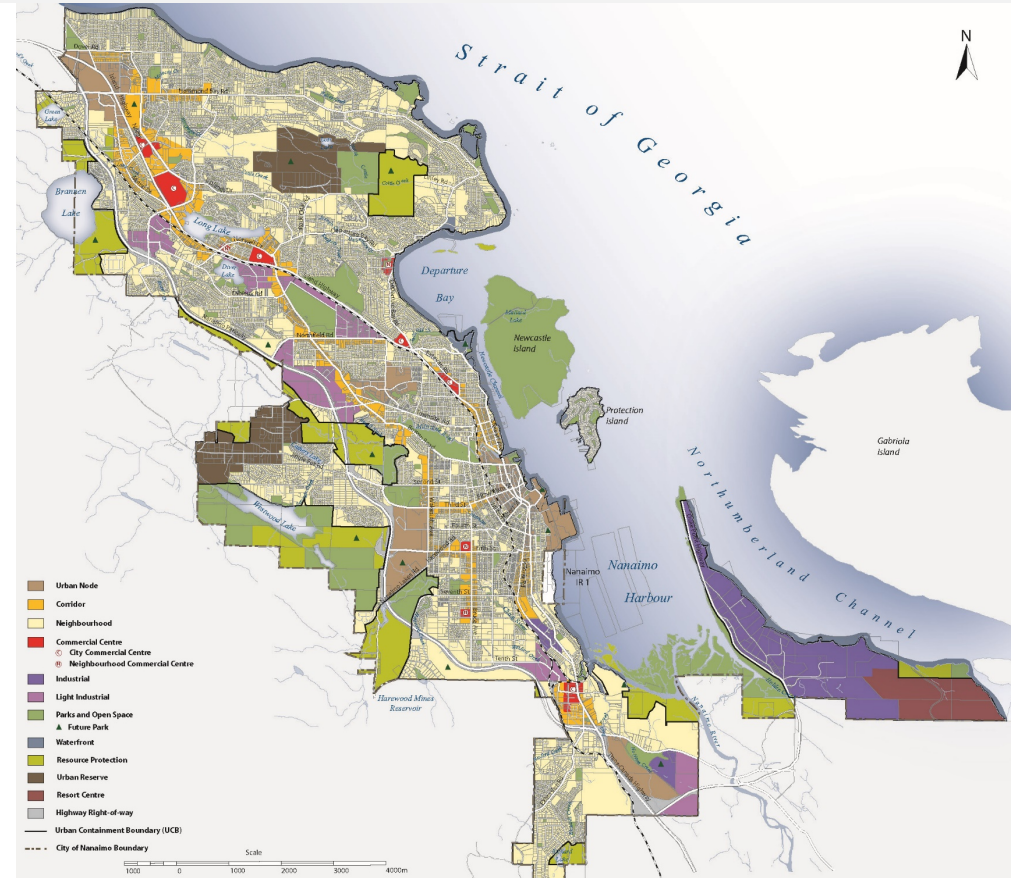
1.5 Planning Context

Official Community Plan - planNanaimo (2008)

- City Council adopted the Official Community Plan in September 2008 providing several new strategies and land use designations to respond to growth challenges over the following decade and fulfill the goal of building a more sustainable community.
- As the City is currently in the process of updating the OCP, this report will examine if real estate development over the past decade has followed the goals outlined in specific land use designations. Analysis will focus on the Urban Node, Corridor, Industrial, and Light Industrial designations, as defined below and on the following page.

Urban Node

- Commercial, service, and high-density focal points for Nanaimo with residential density of 50-150+ units/ha and heights up to and including high-rise buildings.
- There are five urban nodes within the OCP including Downtown Centre, Woodgrove, South Nanaimo, Hospital, and University, each envisioned as developing into a complete community with a broad range housing options along with commercial and open space uses.



City of Nanaimo OCP Land Use Map (2008)

The 2008 Official Community Plan includes several new strategies to respond to growth challenges and facilitate a vibrant and attractive City.

1.5 Planning Context

Official Community Plan - planNanaimo (2008)

Corridor

- › Multi-unit residential development, public amenities, and commercial services in mixed-use developments with residential density of 50-150 units/ha and heights of 2-6 storeys.
- › These are the linear focal areas that bisect Nanaimo, with goals of a broad approach where they evolve into mixed-use linkages between Urban Nodes, contributing to a vibrant economy and street life.

Industrial

- › This designation applies to industrial park areas and is intended to recognize Nanaimo's historic role as a major industrial centre while also diversifying the industrial land base with new uses that positively impact the economy of the City.
- › Uses within this designation include processing, manufacturing and assembly operations, storage, warehousing, and distribution. As a result of the urbanization of Nanaimo and the desire to maintain natural areas, there are no future sand or gravel extraction areas identified in the plan.
- › General retail uses within the industrial areas will only be permitted when they are needed as services to employees in the area such as food & beverage and convenience retailers.

Light Industrial

- › The OCP identifies that retail, office, and residential uses have encroached into existing industrial areas creating supply shortages and increased traffic, parking, and pedestrian conflicts.
- › Additionally, due to the nature of Nanaimo's evolving economy, traditional definitions of industrial uses may not be appropriate, and as such, the OCP provided greater flexibility for addressing the type of uses permitted in industrial areas.
- › Permitted uses within Light Industrial designates areas must:
 - generate limited shopping and retail traffic;
 - require large enclosed display and storage areas;
 - have a public retail sales area for products created on site;
 - require access to major roads for supply and distribution;
 - not be a shopping designation or primary retail use;
 - not require large customer parking lots; and
 - not include use of hazardous materials.

The 2008 Official Community Plan includes several new strategies to respond to growth challenges and facilitate a vibrant and attractive City.

1.5 Planning Context

Official Community Plan - planNanaimo (2008)

Light Industrial (Cont.)

- › These uses include, but are not limited to processing, manufacturing and assembly, storage, warehousing, distribution, equipment sales and repairs, printing and reproduction, construction, wholesale, transportation, communications related businesses, and auto parts retailers.
- › To support local entrepreneurs, the City also accommodated small lots and the development of small-scale incubator facilities in all Light Industrial areas.

Neighbourhood

- › Designated for a mixture of housing types including single family homes and ground oriented, multiple family units with densities ranging from 10-50 units/ha and heights from 2-4 storeys.

Commercial Centre

- › Within Corridor designated areas, Commercial Centres are existing concentrations of commercial uses generally characterized by the provision of retail services as a standalone format but may also include a significant component of surrounding residential, amenity, and public uses.

Urban Reserve

- › Recognized for future growth, with Area Plans being required prior to future development to address timing and servicing of development, land use and densities, and environmental protection issues.

Resource Protection

- › Addresses the protection and preservation of environmentally sensitive areas and agricultural lands located adjacent to existing urban areas.

Waterfront

- › Applied to ocean and foreshore areas and providing for marinas, ocean-focused industrial uses, as well as commercial, residential, recreation, open space, and pedestrian activity.

Resort Centre (Oceanview)

- › Designated as a primarily recreational area with supporting residential neighbourhoods and accommodations in close proximity to small-scale commercial uses.



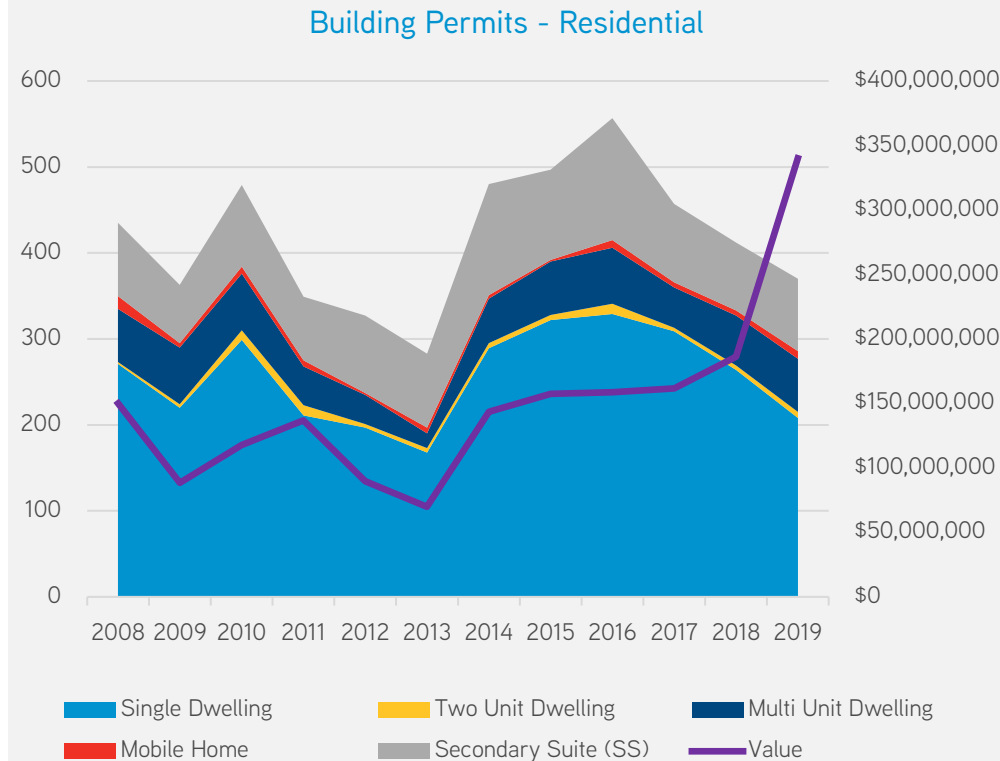
2 | Residential

Large multi-family projects have been approved by Council in 2018 and 2019 and should produce a significant amount of units in the near future.

2.1 Market Analysis

2.2.1 Historical Residential Building Permits

- Single family dwellings have consistently been the largest number of residential building permits between 2008 and 2018; composing around 60% of total building permits in this 10-year period.
- The periods 2011 to 2013 experienced a fall in all building permits, with the steepest decline in Multi Unit Dwellings and the most gradual decline in Single Dwellings.
- The value of permits, which is a reflection of the cost of construction and size of project, increased in 2014 and dramatically in 2019 to \$340 million. Whereas there were more permits and smaller projects in the past, large multi-family projects are now dominating the residential development sector.



Residential Building Permits

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|---------------|--------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Single Dwelling | 271 | 220 | 299 | 211 | 197 | 168 | 289 | 322 | 329 | 309 | 264 | 208 |
| Two Unit Dwelling | 2 | 4 | 11 | 12 | 4 | 5 | 6 | 6 | 12 | 4 | 5 | 7 |
| Multi Unit Dwelling | 62 | 66 | 66 | 45 | 34 | 17 | 52 | 62 | 65 | 47 | 58 | 62 |
| Mobile Home | 15 | 5 | 8 | 7 | 2 | 7 | 4 | 2 | 9 | 6 | 6 | 9 |
| Secondary Suite (SS) | 85 | 68 | 95 | 74 | 90 | 86 | 129 | 105 | 142 | 91 | 79 | 84 |
| Alteration | 183 | 207 | 198 | 196 | 232 | 188 | 219 | 234 | 218 | 249 | 209 | 218 |
| Value | \$150,089,567 | \$88,424,133 | \$117,756,760 | \$136,800,033 | \$89,560,272 | \$69,711,300 | \$143,590,785 | \$157,450,510 | \$158,664,364 | \$161,699,321 | \$186,135,742 | \$340,010,849 |

Apartment units are a growing dwelling type whether they are as secondary suites, low-rise, mid-rise or high-rise units.

2.1 Market Analysis

2.2.2 Housing Stock by Type

- › The City of Nanaimo had close to 40,000 occupied private dwellings in 2016. This represents an 8% increase over the previous census in 2011, and 2,960 net additional units.
- › According to Census data, single detached houses are the predominant form of housing in the city, comprising 54% of the total housing supply. Low-rise apartments of less than five storeys follow as a distant second, representing 18% of the housing supply.
- › The greatest change from 2011 was the sharp increase in the number of apartment or flats in a duplex which grew by 1,915 units or 66.7% over five years.
- › These could be attributed to the number of secondary suites in the City (classified under “Apartment or Flat in a Duplex”), which have been legalized since 2005. Half of new homes are built with secondary suites, and suites in existing homes can be legalized or authorized, contributing to this stock.
- › Nevertheless, the number of apartment units is expected to increase in the housing stock as evidenced by the number of building permits for multi-family dwellings in recent years.

| City of Nanaimo Dwelling Types | 2011 | | 2016 | | Change (2011-16) |
|---|--------|------------|--------|------------|---------------------|
| | Number | Percentage | Number | Percentage | |
| Total number of occupied private dwellings by structural type of dwelling | 36,205 | | 39,165 | | 8.2% |
| Single Family Detached | 21,335 | 59% | 21,245 | 54% | -0.4% |
| Semi-Detached and Rowhousing | 3,330 | 9% | 3,790 | 10% | 13.8% |
| Apartment or Flat in a Duplex | 2,870 | 8% | 4,785 | 12% | 66.7% |
| Moveable or Other | 905 | 2% | 895 | 2% | -1.1% |
| Apartment < 5 Storeys | 6,655 | 18% | 7,215 | 18% | 8.4% |
| Apartment ≥ 5 Storeys | 1,110 | 3% | 1,240 | 3% | 11.7% |

- › Owners comprised 68% of the nearly 40,000 households, showing the City’s propensity towards home ownership. While a minority 32% of the population rents, the tight rental market has caused vacancy rates to drop and rental rates to rise.
- › The dual effect of high rental revenue and municipal policies to create rental housing has caused significant increases in construction for this housing product.

The City's housing stock is fairly distributed along the age categories for period of construction, with 67.5% of the population owning their homes.

2.1 Market Analysis

2.2.3 Housing Stock by Age

- > Most of Nanaimo's housing stock was constructed after 1981 (56.6%), indicating that buildings are not yet at the end of their useful life cycle and will remain in the housing stock for several decades.
- > The period between 2011 and 2016 showed a moderate number of home construction with 875 fewer dwellings constructed than the same period in 2006 to 2011.
- > Only 14.4% of the City's housing stock was made prior to 1960. Older housing is typically less expensive to rent and provides an important source of affordable housing.

2.2.4 Housing Stock by Tenure

- > In 2016, 67.5% of households in Nanaimo consisted of homeowners. This was a decrease from 2011, in which 71.8% of households were recorded as owning their home.
- > While a minority 31.5% of the population rents, the tight rental market has caused vacancy rates to drop and rental rates to rise. The dual effect of high rental revenue and municipal policies to create rental housing has caused significant increases in construction for this housing product.

Occupied Dwellings by Period of Construction (2016)

| | Number | Percentage |
|--|--------|------------|
| Total number of occupied private dwellings by period of construction | 39,165 | 100.0% |
| 1960 or before | 5,630 | 14.4% |
| 1961 to 1980 | 11,350 | 29.0% |
| 1981 to 1990 | 5,965 | 15.2% |
| 1991 to 2000 | 7,765 | 19.8% |
| 2001 to 2005 | 2,420 | 6.2% |
| 2006 to 2011 | 3,455 | 8.8% |
| 2011 to 2016 | 2,580 | 6.6% |

| Housing Tenure | 2011 | | 2016 | |
|----------------------------|--------|------------|--------|------------|
| | Number | Percentage | Number | Percentage |
| Total number of households | 36,205 | | 39,165 | |
| Owner | 25,990 | 71.8% | 26,445 | 67.5% |
| Renter | 10,210 | 28.2% | 12,720 | 32.5% |

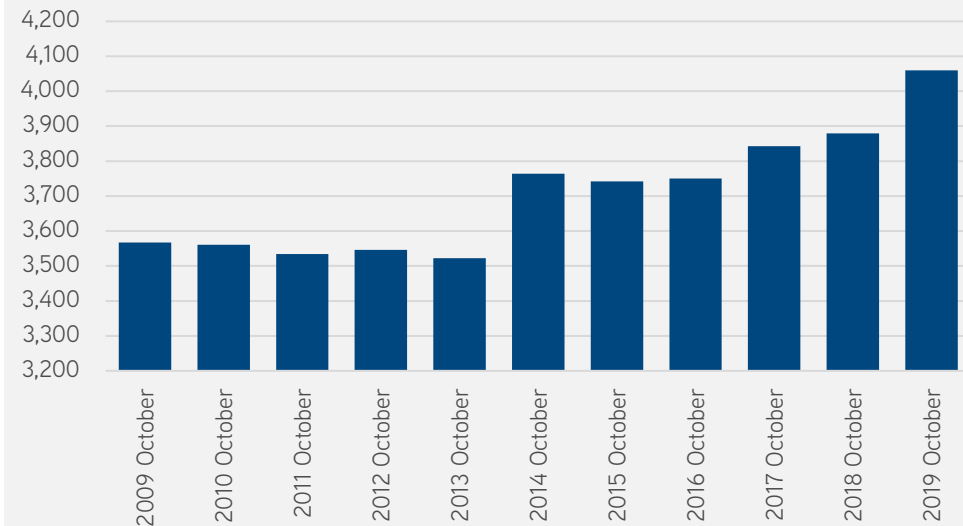
Strong demand for rental housing continues to result in low vacancy rates and allow rental rates to rise even as the number of rental units grows.

2.1 Market Analysis

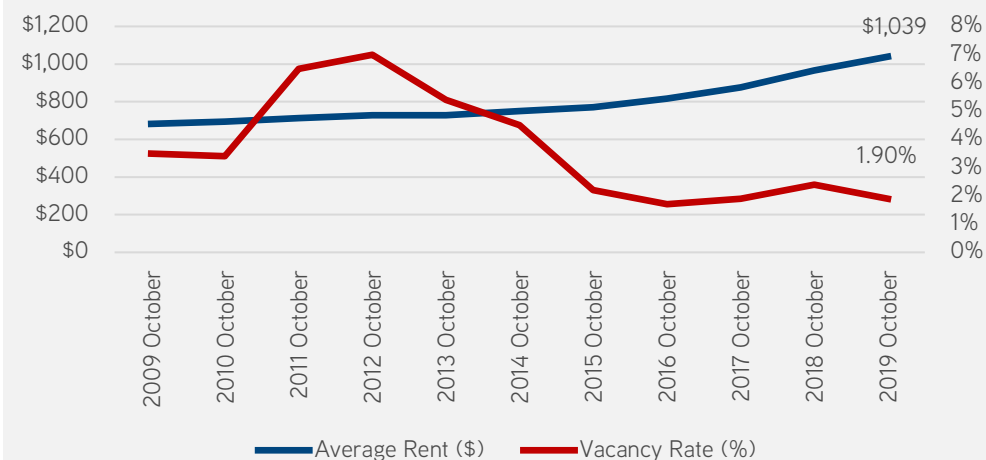
2.2.5 Rental Market

- > There were 4,060 units in the City's purpose-built rental stock in October 2019. The rental housing stock has increased by an average of 1.3% since 2009.
- > With the rise in housing prices and increasing homelessness, the City has taken significant measures to augment the supply of housing including a new Affordable Housing Strategy and numerous approvals of multi-family condo, rental and affordable housing projects.
- > There is strong demand for rental housing in Nanaimo as evidenced by the declining vacancy rate with the concurrently increasing number of units in the rental universe. The vacancy rate reached 1.9% in 2019 and has been below 3% since 2015, the rate commonly believed to be a balanced rental market.
- > The rental rates have increased an average of 3.3% annually which have caused much interest in the development community to build and hold rental property in Nanaimo.

Rental Universe, City of Nanaimo (Units)



Rental Rate and Vacancy, City of Nanaimo



Single Dwelling building permits consistently compose around 60% of total residential building permits between 2008 and 2018.

2.1 Market Analysis

2.2.6 Housing Starts

- › For the Nanaimo Census Subdivision, there were 810 housing starts in 2019. There was a marked increase in housing starts since 2013, which marked the low point in housing starts from the economic slowdown of 2008. The greatest share of units was for apartments, which outpaced that for single family homes in 2017.
- › The number of rental units has shown strong growth since 2015 and surpassed that of homeowner units in 2019. Similarly, condo unit starts nearly doubled that of homeowner units for the same year.
- › Stratified properties provide relatively affordable means to owning a home when compared to typical home ownership of fee simple land and building improvement.

Housing Starts by Dwelling Type

| | Single | Semi-Detached | Row | Apartment | Total |
|------|--------|---------------|-----|-----------|-------|
| 2013 | 205 | 28 | 25 | 157 | 415 |
| 2014 | 318 | 36 | 50 | 261 | 665 |
| 2015 | 384 | 22 | 70 | 374 | 850 |
| 2016 | 433 | 40 | 41 | 364 | 878 |
| 2017 | 425 | 32 | 57 | 477 | 991 |
| 2018 | 315 | 62 | 22 | 435 | 834 |
| 2019 | 306 | 40 | 18 | 974 | 1,338 |

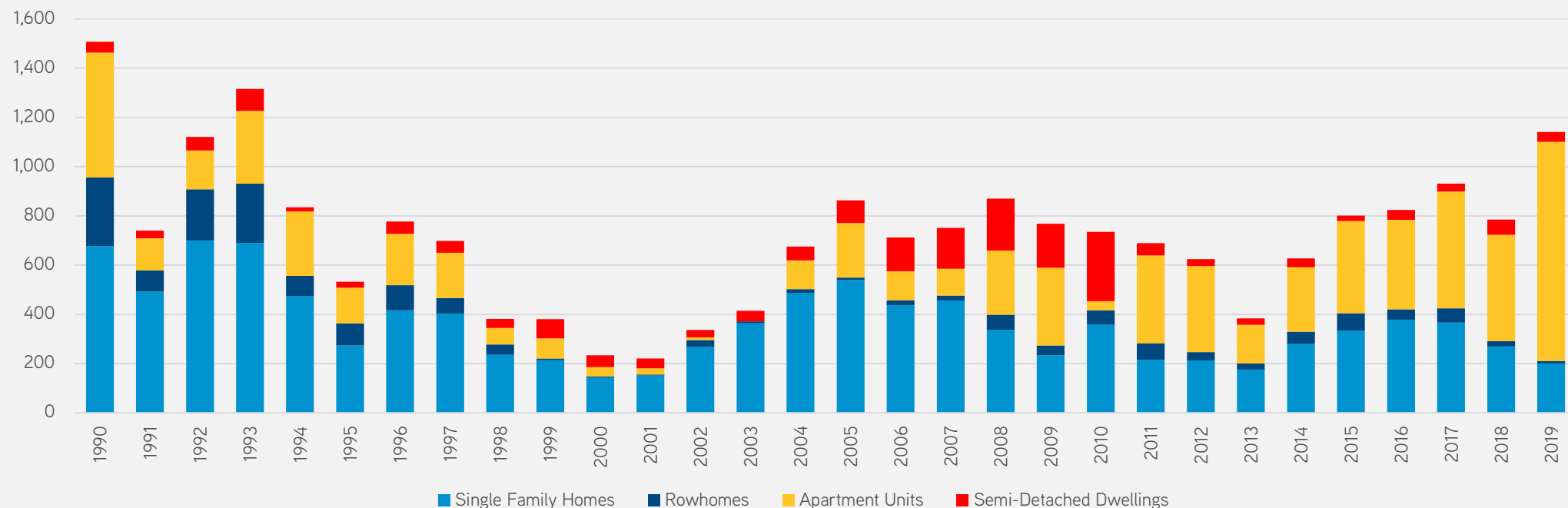
Apartment units have overtaken single family homes as the most common unit type in housing starts.

2.1 Market Analysis

2.2.6 Housing Starts (cont.)

- The number of housing starts grew steadily between 2013 and 2017, with the slight decrease in 2018 made up by a significant uptick in 2019. The number of starts for apartment units has grown and overtaken that of single-family homes as this housing type is more affordable and less land intensive than other dwelling types. The City of Nanaimo has made great strides in understanding their Housing Gap and addressing this through an Affordable Housing Strategy and approving medium to high density rental and condominium projects.

City of Nanaimo Housing Starts



For the Nanaimo Census Subdivision, there were 623 housing completions in 2019, a marked decrease from previous years.

2.1 Market Analysis

2.2.7 Housing Completions

- › Completions lag after starts by 6 months to 3 years and is an indication of new supply available to the population. For the Nanaimo Census Subdivision, there were 623 housing completions in 2019, a marked decrease from previous years.
- › The decline is more likely a reflection of limited construction capacity as the number of housing units under construction is at record levels which extends the construction period and causes delays in completions.
- › Note that limits to construction capacity will also cause a dampening effect on housing starts.

Housing Completions by Dwelling Type

| | Single | Semi-Detached | Row | Apartment | Total |
|------|--------|---------------|-----|-----------|-------|
| 2013 | 238 | 40 | 43 | 314 | 635 |
| 2014 | 269 | 41 | 28 | 150 | 488 |
| 2015 | 343 | 36 | 48 | 238 | 665 |
| 2016 | 357 | 26 | 46 | 412 | 841 |
| 2017 | 385 | 32 | 54 | 295 | 766 |
| 2018 | 407 | 40 | 63 | 489 | 999 |
| 2019 | 306 | 44 | 22 | 251 | 623 |

Housing Completions by Tenure Type

| | Homeowner | Rental | Condo | Co-Op | Total |
|------|-----------|--------|-------|-------|-------|
| 2013 | 222 | 341 | 72 | 0 | 635 |
| 2014 | 255 | 173 | 60 | 0 | 488 |
| 2015 | 340 | 204 | 121 | 0 | 665 |
| 2016 | 333 | 372 | 136 | 0 | 841 |
| 2017 | 350 | 277 | 139 | 0 | 766 |
| 2018 | 375 | 548 | 76 | 0 | 999 |
| 2019 | 286 | 271 | 66 | 0 | 623 |

Strong demand for new units has resulted in a relatively few number of units left in standing inventory.

2.1 Market Analysis

2.2.8 Standing Inventory

- > In 2019, the amount of inventory in the Nanaimo CSD dipped to its lowest since 2003 at only 36 completed and unabsorbed homeowner and condo units. In particular, there has been strong demand for multi-family condo units due to their lower price point and therefore relative affordability to homebuyers.
- > In contrast, there has been a rising amount of inventory in the resale market since 2017 as discussed further in the next slide. The greater overall supply does not seem to have a dampening effect on the absorption of newly completed units.

Standing Inventory by Dwelling Type

| | Single | Semi-Detached | Row | Apartment | Total |
|------|--------|---------------|-----|-----------|-------|
| 2013 | 14 | 4 | 19 | 45 | 82 |
| 2014 | 15 | 6 | 7 | 19 | 47 |
| 2015 | 24 | 3 | 3 | 27 | 57 |
| 2016 | 17 | 4 | 10 | 16 | 47 |
| 2017 | 24 | 2 | 10 | 8 | 44 |
| 2018 | 43 | 7 | 9 | 0 | 59 |
| 2019 | 28 | 4 | 4 | 0 | 36 |

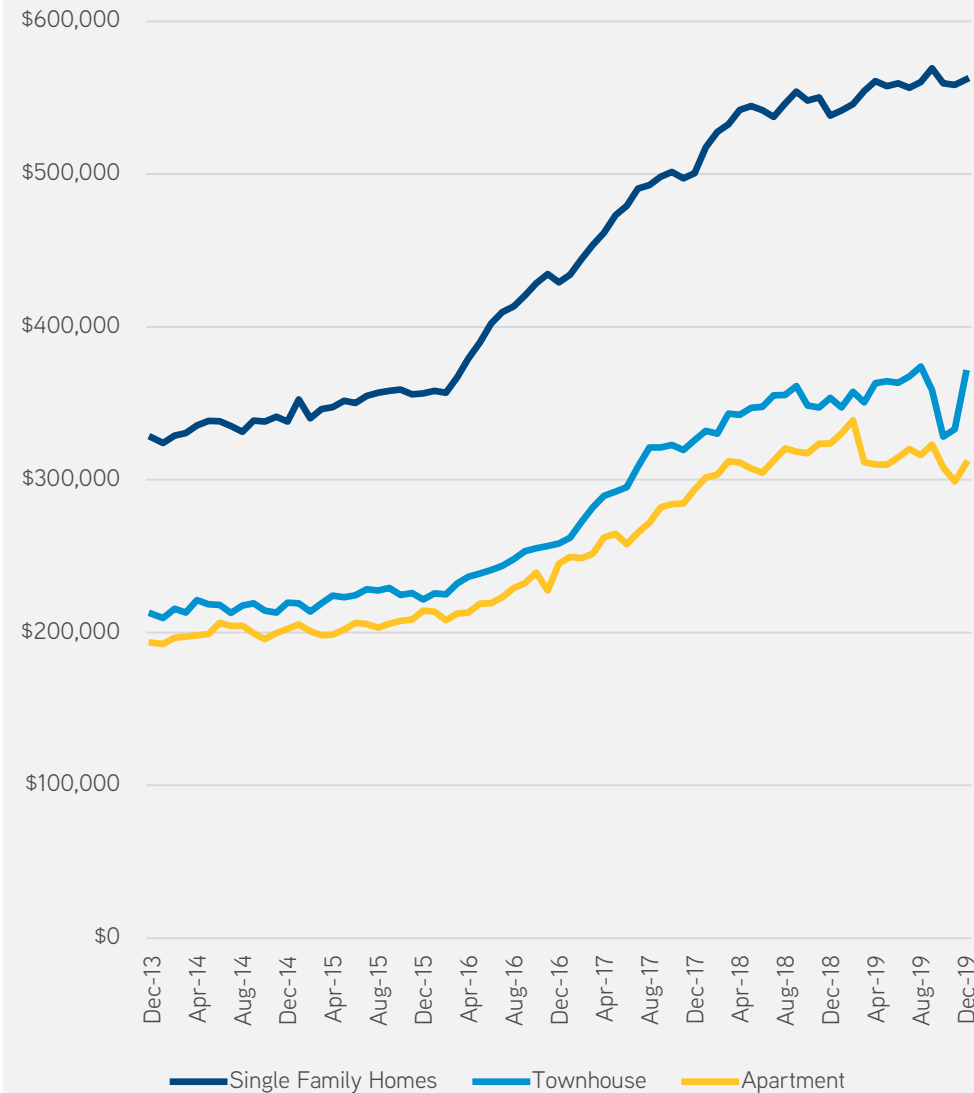
Housing prices have remained flat in 2018 and 2019 as government efforts were successful in cooling demand.

2.1 Market Analysis

2.2.9 Housing Prices

- › In December 2019, the MLS® Home Price Index (HPI) benchmark price for single family homes in Nanaimo was \$562,000. Townhouses saw an increase in Dec 2019 HPI pricing to \$369,700 while benchmark pricing for apartments reached \$310,700.
- › From Dec 2013 to Dec 2019, prices for single family homes, townhouses and apartments rose by 71.6%, 74.2%, and 60.7%, respectively. Prices increased markedly since 2016 and with growth slowing since Q4 2017 due to government efforts to cool the housing market (the federal stress test and provincial homebuyer taxes).
- › In 2018 and 2019 the market was further softened by buyers' "wait and see" sentiment allowing prices to drop before they proceed with a home purchase. The amount of standing inventory increased markedly in 2018 and 2019 as home prices were slow to fall and be corrected.
- › Rising home prices are indicative of the strength of demand in the Nanaimo market from population growth due to migration and household formation.

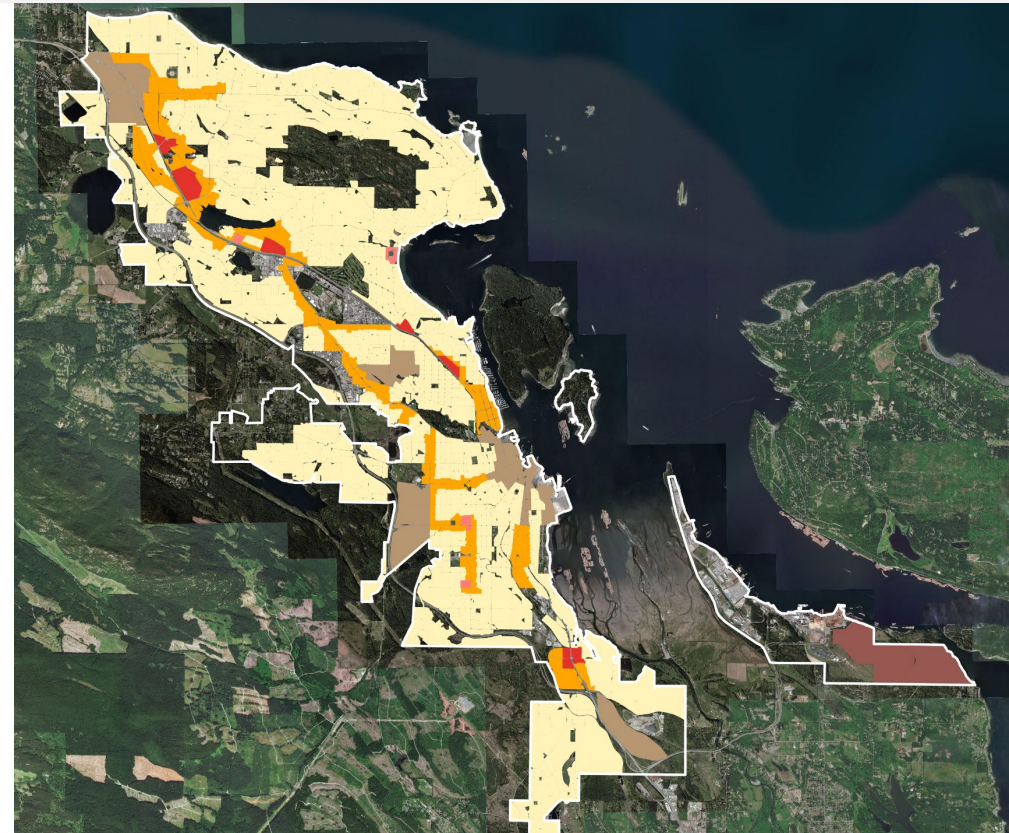
Historical Pricing Trends in Nanaimo



The City of Nanaimo has a total of 4,165 hectares of land designated to permit residential uses in a variety of development formats and density levels.

2.2 Land Inventory by OCP Designation

- > The City of Nanaimo has a total of 4,165 hectares of land designated to permit residential uses. Approximately 3,163 hectares (75.9%) of land has the Neighbourhood designation, permitting a mixture of housing types including single family homes and multi family units ranging from 10 – 50 units/ha.
- > Approximately 370 hectares (8.9%) of land is located within the City's five Urban Nodes. These high-density focal points permit residential densities of 50 – 150+ units/ha and heights up to and including high-rise buildings. Linking these Urban Nodes are the 467 hectares (11.2%) of Corridor designated land. These linear focal areas are envisioned as mixed-use linkages between Urban Nodes, with density levels ranging from 50 – 150 units/ha.
- > The City and Neighbourhood Commercial Centre designations total 66 hectares (1.6%) and 13 hectares (0.3%), respectively. While the primary purpose of this land is for commercial, residential uses are permitted on sites that already have commercial components. Finally, there is an additional 86 hectares (2.1%) of developable land within Oceanview, designated as Resort Centre.



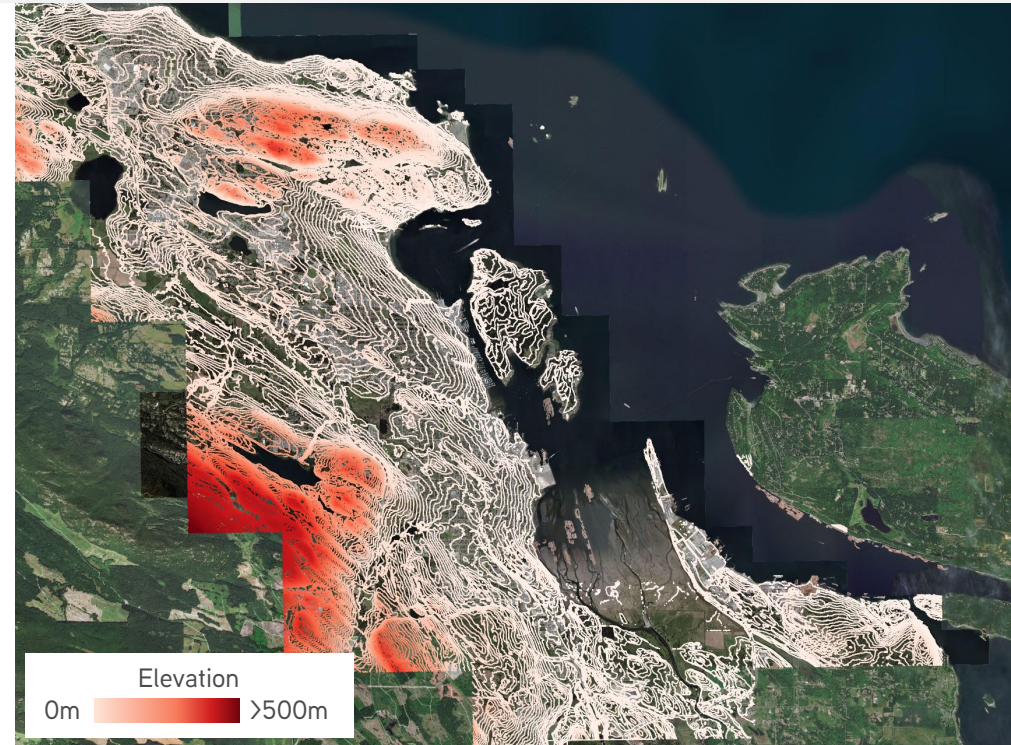
| Ref | Category | Description | Hectares |
|-------|---------------------------------|---------------------------------------|---------------|
| | Neighbourhood | Standalone residential uses. | 3,163 (75.9%) |
| | Corridor | Mixed-use corridors | 467 (11.2%) |
| | Urban Node | High density focal points for Nanaimo | 370 (8.9%) |
| | City Commercial Centre | Mixed-use with retail at grade | 66 (1.6%) |
| | Neighbourhood Commercial Centre | Mixed-use with retail at grade | 13 (0.3%) |
| | Resort Centre | Recreation and residential | 86 (2.1%) |
| Total | | | 4,165 |

Colliers utilized a comprehensive methodology with numerous industry standard assumptions and data sources to identify vacant and developable land.

2.3 Vacant and Developable Land

2.3.1 Methodology

- › In order to determine the amount of vacant land that could accommodate projected residential growth, Colliers conducted extensive fieldwork and GIS analysis with a number of data sources including orthographic imagery for the years 2008 and 2019, contour maps, natural feature maps, and recent development applications and approvals.
- › Residential land is considered undevelopable in areas where slopes exceed 30%. Using the contour GIS layer, displayed to the right, Colliers identified vacant parcels with slopes exceeding this threshold.
- › For vacancies near water features, the following setbacks were used: 30 metres from the edges of the Millstone and Nanaimo rivers, 15 metres from the centerline of other creeks, streams, and lake edges, and 7 metres from smaller creeks and streams.
- › Additionally, land parcels currently in various stages of the preconstruction and construction process were identified. It is assumed that over the next 5-10 years that these sites will experience development.
- › Ultimately, this layered analysis provides an accurate estimate of vacant land that is either developable or constrained. The same approach was also used for the industrial, commercial, and institutional analyses. The only difference is that these land uses are considered undevelopable with slopes exceeding 10% rather than 30%.

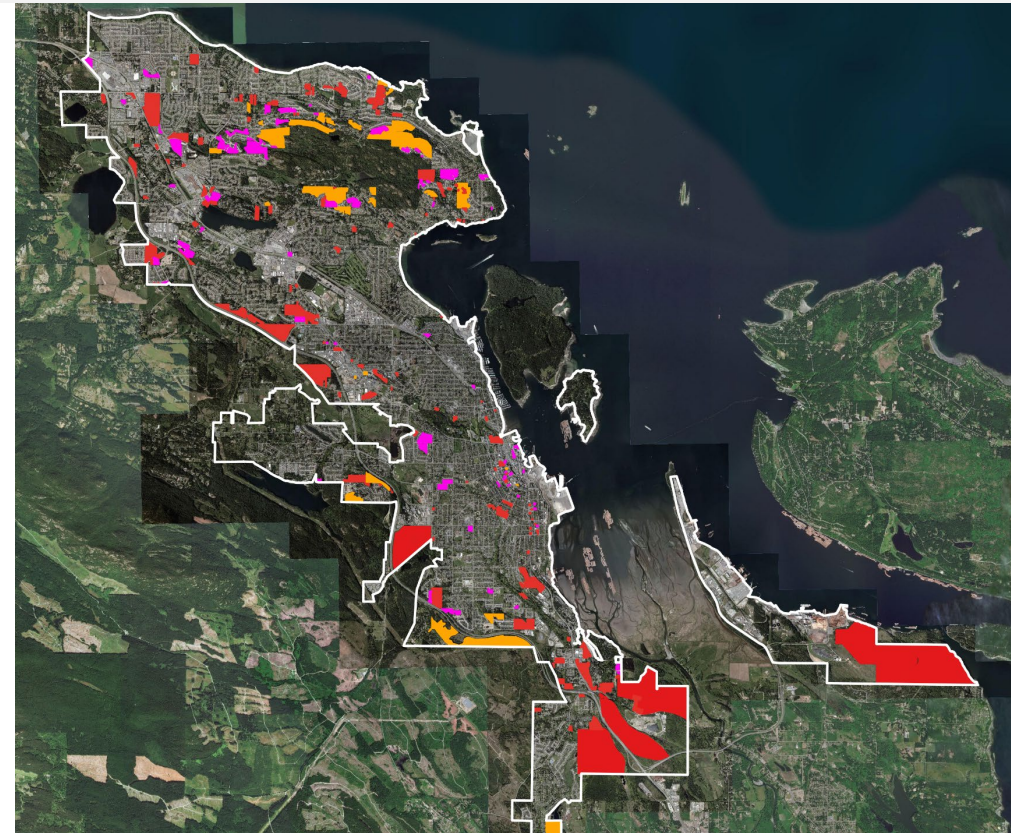


The City of Nanaimo has an estimated 520 hectares of vacant and developable land designated to permit residential uses.

2.3 Vacant and Developable Land

2.3.2 Vacant, Constrained, and Permitted for Development

- > In total, Colliers identified 520 hectares of vacant land within the Urban Containment Boundary designated to permit residential uses. This includes the portions of both Oceanview and Sandstone that have been noted as suitable to accommodate development as well as the Snuneymuxw land just south of Vancouver Island University.
- > There is an additional 72 hectares of land within constrained parcels that is estimated to be developable. The majority of the constrained land is located in North Nanaimo within the Long Lake, North Slope, Hammond Bay, and Linley Valley neighbourhoods.
- > Finally, 81 hectares of land has been permitted for development. This accounts for 12% of the total vacant inventory and is expected to consist of a wide range of formats from single detached homes to townhomes and apartments. Most of this construction is occurring in North Nanaimo and near Downtown.



| Ref | Category | Description | Hectares |
|-------|-------------|---|-------------|
| | Constrained | Developable portion of constrained land | 72 (10.8%) |
| | Vacant | Currently vacant and developable land | 520 (77.2%) |
| | Permitted | Land permitted for development | 81 (12.0%) |
| Total | | | 674 |

Approximately 216 hectares of vacant and developable land is in the Neighbourhood designation, much of which is in challenging sites for development.

2.3 Vacant and Developable Land

2.3.3 Developable Land by OCP Designation

- > The inventory of vacant and developable land can be further broken down into the OCP Land use Designations as listed to the right. Although most of these designations also permit uses other than residential, they provide a useful picture to inform future planning decisions.
- > Approximately 216 hectares of this land is within the Neighbourhood designation, accounting for 36.5% of the total inventory of vacant and developable land that permits residential uses. Most of the single-family land within the City is developed, with a large portion of the remaining vacant land located on more challenging sites due to geographical, accessibility, and servicing issues.
- > There is an additional 52 hectares of land (8.8%) within the Corridor designated areas, 8 hectares (1.4%) within Urban Nodes, and an additional total of 316 hectares within Sandstone, Oceanview, and the Snuneymuxw land.



| Ref | Category | Description | Hectares |
|-------|---------------------------|--|-------------|
| | Neighbourhood | Standalone residential uses | 216 (36.5%) |
| | Corridor | Mixed-use corridors | 52 (8.8%) |
| | Urban Node | High density focal points for Nanaimo | 8 (1.4%) |
| | Neighbourhood - Sandstone | Neighbourhoods within Sandstone | 131 (22.1%) |
| | Urban Node - Sandstone | Mixed-use urban node | 57 (9.6%) |
| | Resort Centre | Recreation and residential | 86 (14.5%) |
| | Potential | Rural resource land within VIU urban node. | 42 (7.1%) |
| Total | | | 592 |

The City of Nanaimo has an estimated 82 hectares of land appearing to be in various stages of the construction process.

2.3 Vacant and Developable Land

2.3.4 Land Permitted for Development by OCP Designation

- › The inventory of land appearing to be in various stages of the construction process was also broken down into OCP designations. It is assumed that the majority of this land will be developed over the next five years.
- › Approximately 57 hectares of this land is within Neighbourhood areas, much of which is expected to include single family homes. Most of this construction is currently occurring in North Nanaimo.
- › There is an additional 15 hectares of land within Corridor areas permitted for development, 7 hectares within Urban Nodes, 2 hectares within City Commercial Centres, and 1 hectare within Neighbourhood Commercial Centres. No development is currently occurring in Sandstone or Oceanview.
- › It should be noted that a small portion of the land identified as under construction may have already been completed at the time of this analysis. Despite this limitation, it will not impact the overall capacity analyses as it is assumed that all of this land will be absorbed prior to the remaining vacant and developable land.



| Ref | Category | Description | Hectares |
|-------|---------------------------------|---------------------------------------|------------|
| | Neighbourhood | Standalone residential uses | 57 (69.5%) |
| | Corridor | Mixed-use corridors | 15 (18.3%) |
| | Urban Node | High density focal points for Nanaimo | 7 (8.5%) |
| | City Commercial Centre | Mixed-use with retail at grade | 2 (2.4%) |
| | Neighbourhood Commercial Centre | Mixed-use with retail at grade | 1 (1.2%) |
| Total | | | 82 |

2,354 new units were approved in Urban Nodes and Corridors in recent years with an additional 389 units in other residential areas of the City.

2.4 OCP Assessment

2.4.1 Summary

- Since the approval of the Nanaimo OCP, there has been considerable multi-family residential development within Urban Node and Corridor designated lands, while some proposals have also been put forward at sites in Neighbourhood Plans that allowed for higher density residential development, near commercial areas, and in neighbourhood and other land use designations.
- Urban Nodes comprise 540 hectares (58.6 million sf) of land within the City. In the last 5-10 years, multi-family developments took up around 404,000 sf of land across 5 sites, or 0.69% of designated lands. As was desired, developments have greater unit density in urban nodes than in corridors at nearly 123 units per hectare. Developments are denser with projects yielding a total of 481,878 sf in floor area resulting in an average floor area ratio of 1.19.
- Corridors make up 785 hectares (84.5 million sf) of land within the City. There were more development projects within this land use type totaling 1.7 million sf in site area or 2.18% of designated lands. Projects had smaller unit density at 110.2 units per hectare and were also of smaller scale with an average floor area ratio of 0.93.
- Multi-family development projects outside of Urban Nodes and Corridors have higher unit density of 117.4 units per hectare and floor area ratio of 0.97. A focus on residential intensification within Neighbourhood Plans allowed sites to be redeveloped at greater heights, proposing multi-family units as a way to provide housing diversity and intensify land uses.

| OCP Land Use | Designated Land Area (sf) | Land Area (sf) | Gross Floor Area (sf) | Floor Area Ratio | Units | Units per Hectare |
|--------------|---------------------------|----------------|-----------------------|------------------|-------|-------------------|
| Urban Node | 58,557,942 | 403,944 | 481,878 | 1.19 | 462 | 123.1 |
| Corridor | 84,493,670 | 1,845,900 | 1,721,433 | 0.93 | 1,892 | 110.2 |
| Other | N/A | 356,584 | 344,915 | 0.97 | 389 | 117.4 |
| | Total | 2,456,684 | 2,279,213 | 0.93 | 2,445 | 113.2 |

Urban Nodes are meant to be a focal point for residential development and have seen 462 units approved in recent years.

2.4 OCP Assessment

2.4.2 Urban Nodes

- › Urban nodes were created as focal points of higher density that can support amenities and services that would otherwise not be viable in lower density residential neighbourhoods.
- › Each urban node has a distinct focus and character, defined by the mix of land uses, gathering places and open space, and attractions that draw people from around the city and region. The character and function of each urban node will be reinforced through new development.
- › New development will comprise of the highest density residential development and land uses that reflect the character of that node. Mixed-use development will contain commercial or public space at grade with residential uses in the storeys above.
- › Urban nodes will allow for alternate modes of transportation such as walking, cycling and public transit. New development will enable nodes to become complete communities with housing, shopping, employment opportunities and open spaces within each urban node.
- › Residential density is envisioned as between 50 to 150+ units / hectare within medium to high density building forms, including highrise towers.

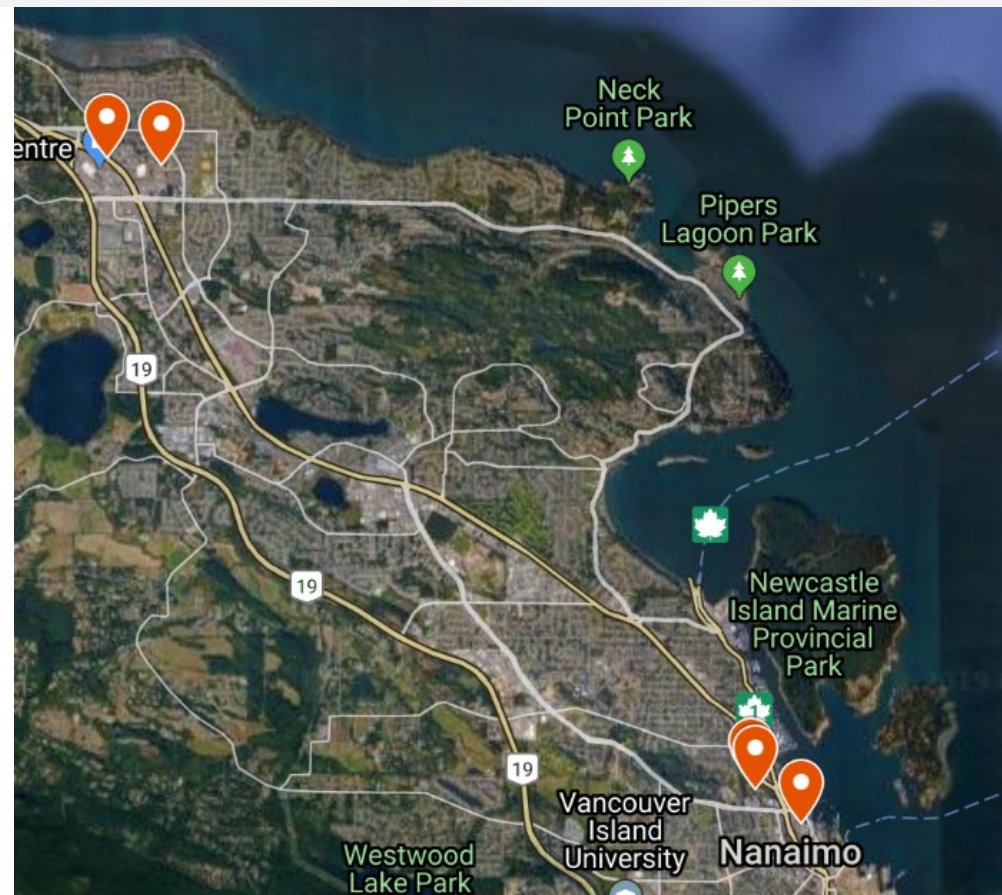
| Category | Description | New MF Units |
|-------------------|---|--------------|
| Downtown Centre | <ul style="list-style-type: none"> Primary urban node of Nanaimo City-wide and regional centre for arts and culture Civic facilities, government and professional services Higher density residential | 250 |
| Woodgrove / North | <ul style="list-style-type: none"> Regional commercial centre Future focus on higher density residential uses | 212 |
| South Nanaimo | <ul style="list-style-type: none"> Regional commercial centre Higher density residential uses | 0 |
| Hospital | <ul style="list-style-type: none"> City-wide and regional centre for health services, seniors housing, professional offices Higher density residential uses | 0 |
| University | <ul style="list-style-type: none"> City-wide and regional centre for educational and recreational services, related commercial and professional services Higher density residential uses | 0 |
| Total | | 462 |

Development has occurred in 2 out of the 5 Urban Nodes.

2.4 OCP Assessment

2.4.2 Urban Nodes (cont.)

- › Downtown Nanaimo has added several projects to the residential landscape, especially higher density and taller built forms. This is in agreement with the envisioned character and residential development outlined in the OCP goals for the Downtown Centre.
- › The Woodgrove Urban Node has seen greater interest in development owing to its proximity to the Woodgrove Mall, large format retail and two major highways. Homes in this area are afforded ocean views and are relatively close to recreational opportunities.
- › Development proposals were provided with relaxations to maximum building height and parking requirements. If maximum heights were greater, perhaps these projects could have included increased floor area and units. Parking requirements should be reviewed as this creates a barrier to including more units within a development. With the exception of 65-77 Chapel St., all projects were well below the maximum density.



| Address | Neighbourhood | Land Use | Development Type | Site Area (sf) | GFA (sf) | FAR | Storeys | Units | UPH |
|---------------------|---------------|------------|------------------|----------------|----------|------|---------|-------|--------|
| 6975 Island Highway | Dover | Urban Node | Rental | 141,497 | 120,657 | 0.85 | 4 | 146 | 111.07 |
| 20 Barsby Avenue | Downtown | Urban Node | Condo | 46,070 | 70,719 | 1.54 | 6 | 90 | 210.29 |
| 20 Prideaux Street | Downtown | Urban Node | Seniors Housing | 31,861 | 39,700 | 1.25 | 4 | 50 | 168.92 |
| 65-77 Chapel St | Downtown | Urban Node | Mixed-Use Condo | 46,866 | 199,181 | 4.25 | 24 | 110 | 252.64 |
| 6340 McRobb Ave | Dover | Urban Node | Condo | 137,650 | 51,621 | 0.38 | 6 | 66 | 51.62 |

Catalytic investments are needed in order to make Urban Nodes desirable locations for development.

2.4 OCP Assessment

2.4.2 Urban Nodes (cont.)

- No multi-family developments were noted in the South Nanaimo Urban Node due to a lack of amenities, primarily older building context, and lack of employment opportunities. However, this area is poised for growth with interest in redevelopment within Corridor lands nearby.
- The University Urban Node saw some development interest for student rental housing within Corridor land designated sites. The Urban Node sites are primarily owned by the large institutional landowners such as the Nanaimo School District and Vancouver Island University (VIU).
- Although there has been no development within the VIU Urban Node, the VIU Trust is currently in the process of conducting development feasibility studies for each of the three excess sites on-campus. It is expected that these three sites will eventually be developed to accommodate residential and retail uses in the long-term.
- In the short term, there is less residential demand in Southern Nanaimo which suppresses rental rates and sale prices, resulting in lack of development interest. Amenities, shopping and services, employment opportunities, and other infrastructure are missing and must be infused into the area through private development or public investment in order for these areas to see uptake in development.



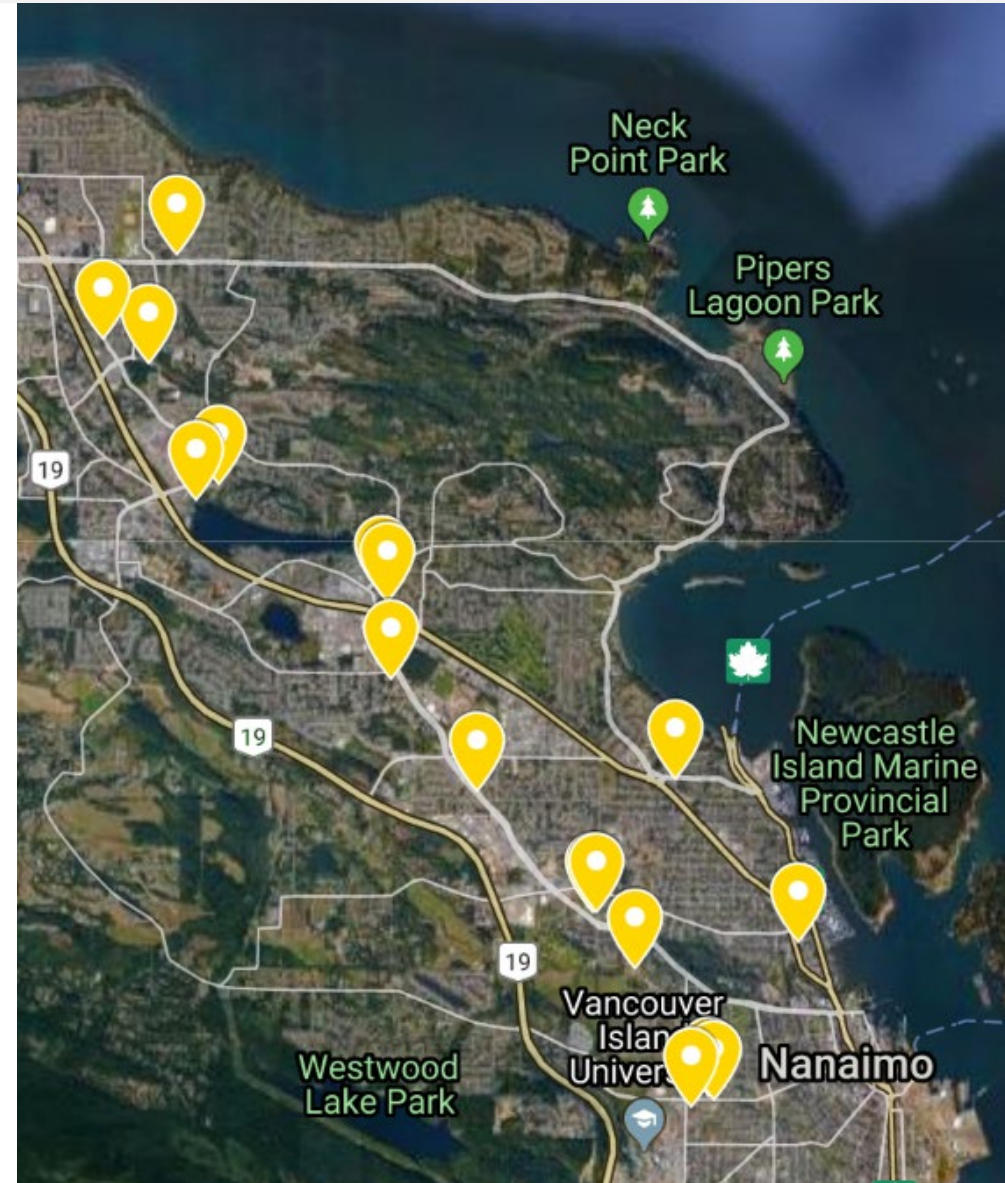
77 Chapel St in the Downtown Urban Node is an amenity rich area and can support higher density development and construction costs.

Many more medium density developments have occurred in Corridors.

2.4 OCP Assessment

2.4.3 Corridors

- These are the linear focal areas that bisect Nanaimo, with goals of a broad approach where they evolve into mixed-use linkages between Urban Nodes that contribute to a vibrant economy and street life.
- Like the urban nodes, new development in corridors will comprise of mixed-use buildings with commercial or public use at grade and residential uses above. Corridors will be transit-oriented and pedestrian-scaled, developing as a complete community with housing, shopping, and employment opportunities within the corridor.
- Corridors will also have their own distinct character reflected in the unique mix of uses. The character of each corridor will be protected, and new developments will be integrated into existing viewscales.
- Residential density is envisioned as between 50 to 150 units / hectare within medium density 2 to 6 storey structures.
- No multi-family residential developments were found in Corridor designated land along Fitzwilliam Street, Fifth Street, Bruce Avenue, and Victoria Road. It should be noted, however, that institutional and commercial developments are occurring in these areas.



Medium density development in Corridors could precede higher density development in Urban Nodes.

2.4 OCP Assessment

2.4.3 Corridors (cont.)

- › The majority of developments that have been recently approved are rental projects (16 out of 18) due to the strong demand for rental housing and Council approval of rental projects. Corridors are ideal locations for rental housing with proximity to transit, arterial roads, shops and services.
- › While the University District Urban Node did not see development, the Corridor designated lands in the University District neighbourhoods are expected to see around 600 units of student rental and condo housing be built.
- › Similarly, the Hospital Urban Node saw no multi-family residential development whereas the Corridor lands in the Northfield neighbourhood are anticipated to deliver 132 rental units in the future.
- › Development of South Nanaimo Urban Node as a second regional shopping centre have not yet materialized. In the Harewood Corridor, however, there is interest to build more than 200 units of rental housing in close proximity to the existing Commercial Centre there.
- › Corridor development could be much more dense if maximum building heights were increased. Most proposed buildings are only 4 storeys high and have asked for a height variance, whereas wood-frame structures can be built up to 6 storeys in height. In contrast, most developments are below the maximum allowable density and units per acre.



591 Bradley is a 4 to 6 storey structure built on steep slope conditions.

- › Many of the projects were on sites with steep slopes or infill land. As the City is built out, less optimal sites are being utilized in development that incur greater development costs, require variances to retaining wall heights, and pose greater site planning constraints.

Nearly 1,900 new units were approved in the last 5 years in Corridor designated sites.

2.4 OCP Assessment

2.4.3 Corridors (cont.)

| Address | Neighbourhood | Designation | Development Type | Site Area (sf) | GFA (sf) | FAR | Storeys | Units | UPH |
|--------------------------|---------------------|-------------|------------------------|----------------|-----------|------|---------|-------|--------|
| 3690 Country Club Drive | Departure Bay | Corridor | Rental | 45,596 | 33,530 | 0.74 | 2 | 36 | 84.98 |
| 3701 Country Club Drive | Departure Bay | Corridor | Rental | 31,842 | 34,390 | 1.08 | 4 | 33 | 111.54 |
| 2379 Browns Lane | Diver Lake | Corridor | Condo | 43,196 | 22,030 | 0.51 | 3 | 27 | 67.29 |
| 6010 Hammond Bay Road | Dover | Corridor | Rental | 43,954 | 54,503 | 1.24 | 4 | 53 | 129.78 |
| 1300 Junction Avenue | Harewood | Corridor | Rental | 190,521 | 201,952 | 1.06 | 4 | 213 | 120.34 |
| 285 Rosehill St | Newcastle / Brechin | Corridor | Affordable Housing | 7,774 | 10,495 | 1.35 | 3 | 23 | 318.44 |
| 2020 Estevan Rd | Newcastle / Brechin | Corridor | Affordable Rental | 42,898 | 71,211 | 1.66 | 5 | 74 | 185.67 |
| 1608 Bowen Rd | Northfield | Corridor | Rental | 31,712 | 39,581 | 1.25 | 4 | 48 | 162.91 |
| 4800 Cedar Ridge Place | Rutherford | Corridor | Rental | 386,188 | 179,262 | 0.46 | 4 | 170 | 47.39 |
| 4979 Wills Rd | Rutherford | Corridor | Seniors Housing | 124,843 | 153,557 | 1.23 | 6 | 160 | 137.96 |
| 6035 Linley Valley Drive | Rutherford | Corridor | Rental | 300,313 | 258,269 | 0.86 | 4 | 251 | 89.97 |
| 5085 Uplands Drive | Rutherford | Corridor | Rental | 39,719 | 54,415 | 1.37 | 4 | 59 | 159.90 |
| 10 Buttertubs Dr | University District | Corridor | Seniors Housing | 122,709 | 119,027 | 0.97 | 6 | 156 | 136.84 |
| 560 Third St | University District | Corridor | Condo | 139,931 | 134,334 | 0.96 | 4 | 181 | 139.22 |
| 525 Third St | University District | Corridor | Student Rental Housing | 193,482 | 199,466 | 0.97 | 4 | 162 | 90.12 |
| 307 Hillcrest Ave | University District | Corridor | Student Rental Housing | 48,976 | 85,708 | 1.75 | 4 | 162 | 356.05 |
| Total | | | | 1,845,900 | 1,721,433 | 0.93 | | 1,892 | 110.23 |

The household maintainer rate methodology was used by Vann Struth Consulting Group to project future housing demand by structure type.

2.5 Demand Analysis

2.5.1 Methodology

- To assess the future demand for residential land within Nanaimo, Colliers utilized the housing projections completed by Vann Struth Consulting Group in late 2019 which used the household maintainer rate methodology.
- This methodology applies household maintainer rates to age specific population projections to calculate future housing demand by dwelling type. Maintainer rates, as outlined to the top right, measure how the likelihood of forming and maintaining a separate household and the preferred type of housing change over the course of a person's life. For example, this demonstrates that 36.7% of residents aged 35 to 44 were the primary maintainer of a single-family household in 2016.
- Maintainer rates also change over time as Cities grow and evolve. Within the RDN, between 2006 and 2016 the maintainer rates for single-detached homes declined among most age groups. Moving forward, the Vann Struth Consulting Group projected that maintainer rates will continue moving forward at half the rate of the previous decade, which could potentially overestimate the future demand for single family homes by approximately 200 to 500 units.
- These rates are also influenced by the supply of available units. For example, it is reasonable to assume that a portion of the maintainer rates for single-detached units could be absorbed by other ground-oriented uses or large apartments if that is what is available in the marketplace.

RDN Household Maintainer Rates by Age and Structure Type, 2016

| Age of Household Maintainer | Single Family | Ground Oriented | Under 6 Storeys | Over 6 Storeys | Movable Dwellings |
|-----------------------------|---------------|-----------------|-----------------|----------------|-------------------|
| 15 to 24 Years | 3.8% | 2.4% | 4.6% | 0.6% | 0.2% |
| 25 to 34 Years | 23.5% | 7.6% | 7.4% | 1.0% | 0.8% |
| 35 to 44 Years | 36.7% | 6.6% | 5.8% | 0.6% | 1.1% |
| 45 to 54 | 40.3% | 5.7% | 5.3% | 0.9% | 1.9% |
| 55 to 64 Years | 40.9% | 5.2% | 6.1% | 0.9% | 2.2% |
| 65 to 74 Years | 41.6% | 6.9% | 5.8% | 1.0% | 2.6% |
| 75 to 84 Years | 40.1% | 9.0% | 7.6% | 1.4% | 3.6% |
| 85 Years and Over | 27.6% | 8.6% | 9.3% | 2.1% | 2.3% |

Trend in RDN Household Maintainer Rates by Age and Structure Type, 2006 to 2016

| Age of Household Maintainer | Single Family | Ground Oriented | Under 6 Storeys | Over 6 Storeys | Movable Dwellings |
|-----------------------------|---------------|-----------------|-----------------|----------------|-------------------|
| 15 to 24 Years | 0.2% | 0.2% | -0.9% | 0.2% | 0.0% |
| 25 to 34 Years | -2.9% | 2.0% | -1.4% | 0.6% | -0.5% |
| 35 to 44 Years | -1.2% | 1.6% | -0.4% | -0.2% | -0.1% |
| 45 to 54 Years | -1.6% | 1.4% | -0.2% | 0.3% | 0.6% |
| 55 to 64 Years | -1.8% | 0.3% | 0.9% | 0.2% | 0.4% |
| 65 Years and Over | -1.1% | 0.3% | -0.9% | -0.3% | -0.1% |

Colliers estimates that the City of Nanaimo will experience demand for an additional 253 to 607 hectares of residential land by 2046.

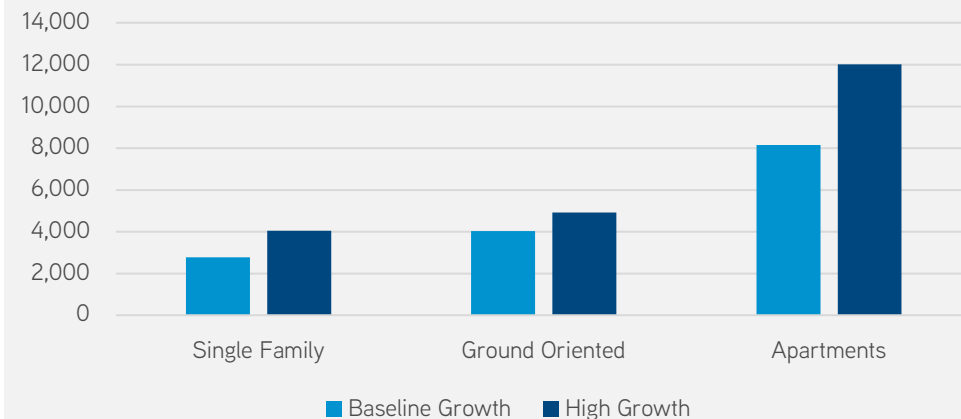
2.5 Demand Analysis

2.5.2 Residential Demand Projections

- It is projected that the City of Nanaimo will experience demand for an additional 14,971 to 20,987 dwelling units by 2046, respectively, in the baseline and high growth scenarios.
- To convert these projections into land demand by residential subcategory, Colliers utilized a range of assumed density levels (units per hectare) based on observations within the Nanaimo market and expected future development patterns. Ultimately, this results in four future land demand scenarios:
 - Scenario 1 – Baseline Growth, High Density
 - Scenario 2 – High Growth, High Density
 - Scenario 3 – Baseline Growth, Low Density
 - Scenario 4 – High Growth, Low Density
- Estimated density levels are averaged for all future development. For example, there will likely be some higher density apartments built at levels exceeding 200 units per hectare, however the average density across all new apartments would be lower due to the demand for and financial feasibility of wood-frame development.
- Overall, the City can expect demand for an additional 253 hectares (Scenario 1) to 607 hectares (Scenario 4) of land by 2046.

| Projections by Unit Type | Current | 2036 | 2046 | Annual Growth | Total Units | Average UPH | Land Req. |
|-----------------------------|---------|--------|--------|---------------|-------------|-------------|--------------|
| Single Family (Baseline) | 23,633 | 26,097 | 26,415 | 0.39% | 2,782 | 10-18 | 155 – 278ha |
| Single Family (High Growth) | 23,633 | 27,058 | 27,683 | 0.57% | 4,050 | 10-18 | 225 – 405 ha |
| Ground Oriented (Baseline) | 7,088 | 10,046 | 11,129 | 1.90% | 4,041 | 60-100 | 40 – 67 ha |
| Ground Oriented (High) | 7,088 | 10,705 | 12,014 | 2.32% | 4,926 | 60-100 | 49 – 82 ha |
| Apartments (Baseline) | 8,450 | 14,175 | 16,598 | 3.21% | 8,148 | 100-140 | 58 – 81 ha |
| Apartments (High) | 8,450 | 16,631 | 20,461 | 4.74% | 12,011 | 100-140 | 86 – 120 ha |
| Total (Baseline) | 39,171 | 50,318 | 54,142 | 1.27% | 14,971 | - | 253 – 427 ha |
| Total (High) | 39,171 | 54,394 | 60,158 | 1.79% | 20,987 | - | 360 – 607 ha |

Additional Dwelling Unit Demand Projections (2016-2046)

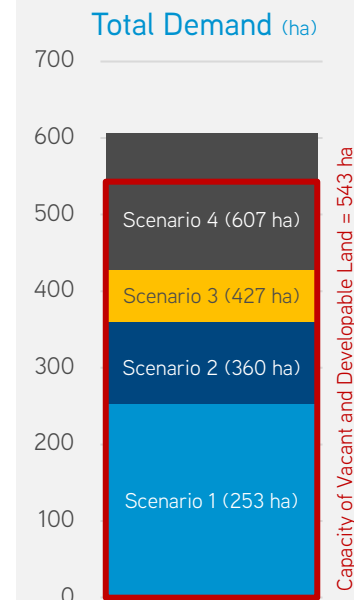


The City is expected to have enough vacant and developable residential land to support future growth in all scenarios except Scenario 4 by 2046.

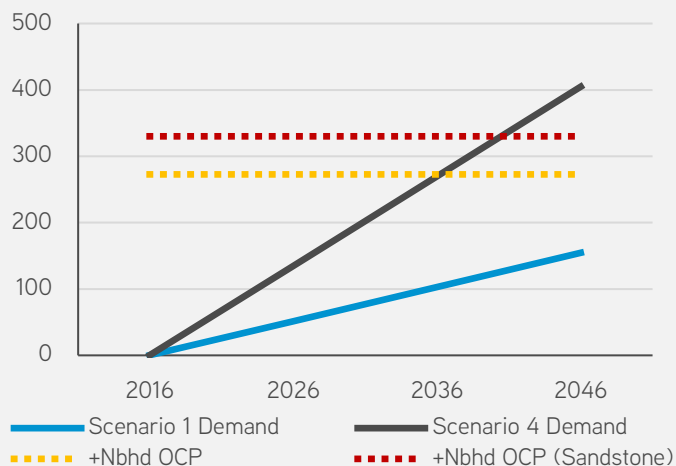
2.5 Demand Analysis

2.5.3 Capacity of Vacant and Developable Land to Fulfill Demand

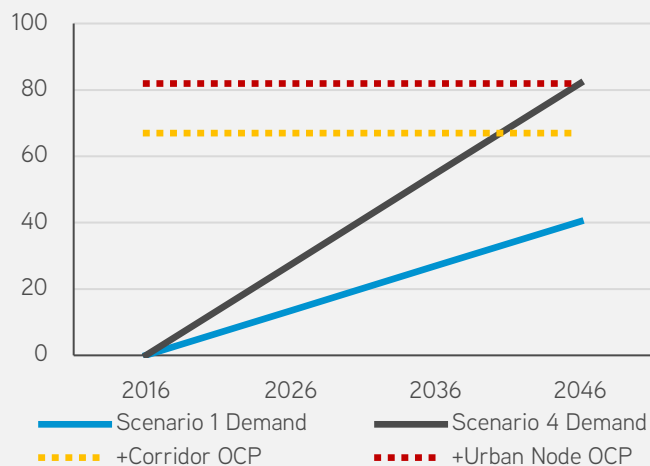
- As outlined in the bar graph to the right, the City is expected to have enough capacity within its vacant and developable land to support future growth in all scenarios except Scenario 4 (high growth, low density). Although Scenario 4 is unlikely based on recent market trends and City goals of higher density, sustainable development formats, this potential demand gap could realistically be fulfilled through the intensification of currently underutilized residential land and/or development within the Snuneymuxw land (adjacent to Vancouver Island University South of Fifth Street).
- It should be noted that these figures do not represent the potential redevelopment of existing shopping centres, a trend that is occurring throughout Canada. This provides for significant additional capacity for apartments that is not demonstrated solely by assessing vacant and developable land. The potential for such development, as well as the infill of other underutilized residential neighbourhoods is outlined on the following page.



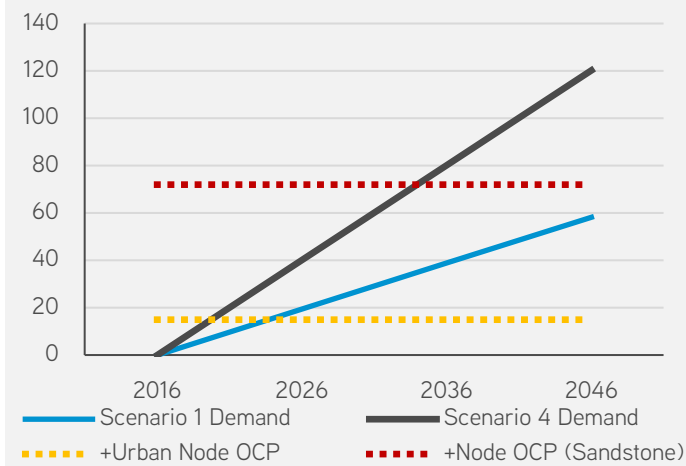
Capacity for Single Family Homes (ha)



Capacity for Ground Oriented Homes (ha)



Capacity for Apartments (ha)



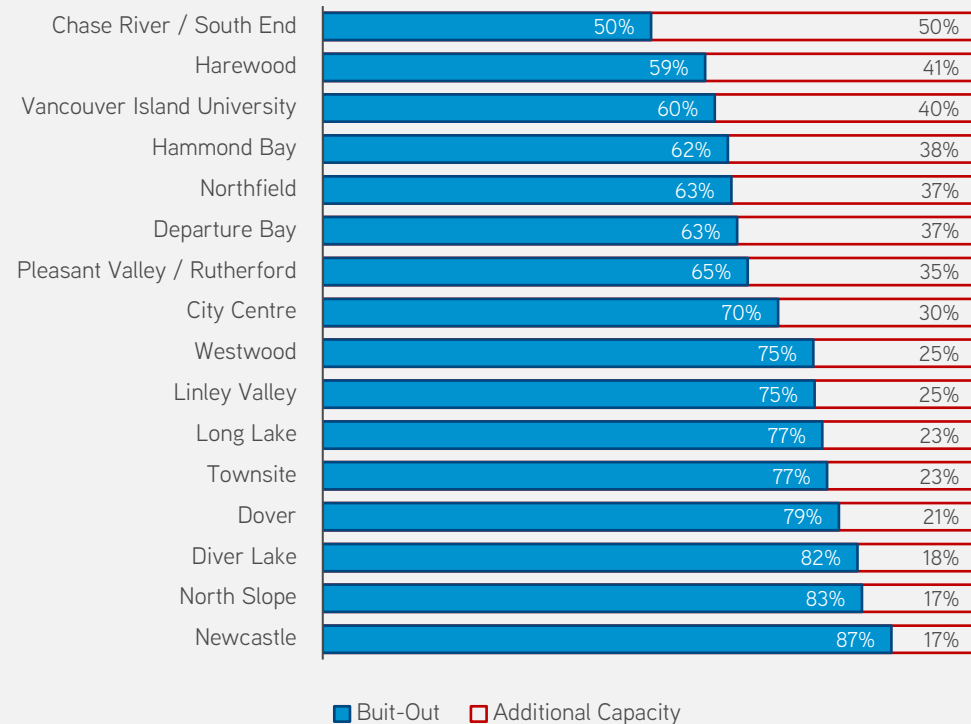
The City is expected to continue experiencing a relative shortage of land for single family uses when compared to higher density housing formats.

2.5 Demand Analysis

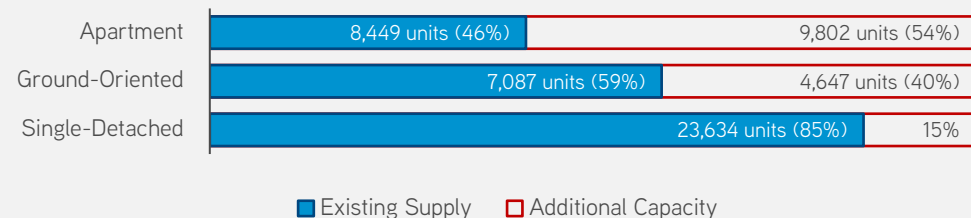
2.5.4 Theoretical Capacity to Support Residential Growth by Area

- Based on an analysis of the age, quality, and density of development within land designated for residential use, along observations outlined by Vann Struth Consulting Group Inc., Colliers has assessed the capacity of each planning area to accommodate future residential growth.
- The graph to the top right demonstrates that many of the planning areas in the southern parts of the City, such as Harewood, Chase River, South End, and Vancouver Island University, present more opportunities for residential development on vacant or underutilized land when compared to northern planning areas such as Newcastle and North Slope.
- It also becomes clear that there is ample opportunity for higher density forms of development (apartments and townhomes) when compared to single-detached homes.
- Overall, this analysis demonstrates that the land within the Urban Containment boundary designated to permit residential uses is sufficient to satisfy demand projections with capacity for an additional ~9,800 apartment units, ~4,600 ground-oriented units, and ~3,900 single detached homes.

Potential Capacity by Planning Area



Potential Capacity by Housing Format



The City has the land to accommodate projected housing demand, however much of this land is located within areas zoned for a mixture of uses.

2.6 Summary and Recommendations

- › Colliers projects demand for an additional 253 to 607 hectares of residential land by 2046, with the overall capacity of existing zoned land varying based on residential subcategory.
- › The analysis demonstrates that, based on housing demand projections completed by Vann Struth Consulting Group, the City is likely to have enough land to fulfill future demand in all scenarios except scenario 4 (high growth, low density).
- › Scenario 4 is unlikely to occur, however, based on recent market trends and City goals of higher density, sustainable development formats. The most notable demand shortage in this scenario would be among single-detached homes.
- › Despite this potential shortfall, Colliers believes that the City has enough land to accommodate all projected housing demand, however much of this land is located within areas zoned for a mixture of uses such as the corridors and commercial areas.
- › Additionally, the Oceanview and Snuneymuxw lands represent a large chunk of potential residential supply.
- › Regardless, there will be a major shift away from how Nanaimo has developed in the past where single-family housing has been the predominant residential development, shifting into denser forms of development including ground-oriented units and apartments.
- › Growing demand is immediately evident among townhomes and 4-6 storey woodframe apartments due to consumer preferences along with the feasibility of woodframe rather than high rise development.
- › In areas where development is not occurring, the City should consider partnerships that could act as an anchor or catalyst for residential development. For example, the University Urban Node may require a custom zone to allow for a wider variety and higher density of uses than indicated by adjacent COR 2 and 3 zones, depending on the outcome of their feasibility analyses.
- › The City should also consider allowing for greater maximum building heights so that variances do not have to be sought out. Wood-frame structures can be up to 6 storeys or approximately 60 ft (18.3 m) in building height. The National Building Code and BC Building Code are making provisions to allow construction with encapsulated mass wood construction to up to 12 storeys in height.
- › It is also suggested to conduct a citywide parking study and, if possible, reduce parking requirements especially for affordable housing projects. Continual investment in public transportation while creating complete, walkable communities may help to justify lower parking ratios.
- › Finally, the City should increase the maximum allowable density so that proponents can include more floor area in their developments without having to provide amenities as part of density bonusing. The City will need to decide whether a greater number of residential units is a satisfactory trade-off for the loss of amenities.

The image is a collage of three commercial real estate scenes. On the left, a cafe with a large, illuminated 'Cafe' sign in red neon. The sign is mounted on a brick building with a dark awning. In the center, an outdoor patio area with several tables and chairs, some occupied by people. The patio is shaded by large umbrellas. On the right, a large, classical-style building with a prominent portico supported by columns. The building has a sign that reads 'GREAT NATIONAL LAND BLDG'. A semi-transparent blue overlay covers the right half of the image, and a red vertical line is positioned to the left of the text '3 Commercial'.

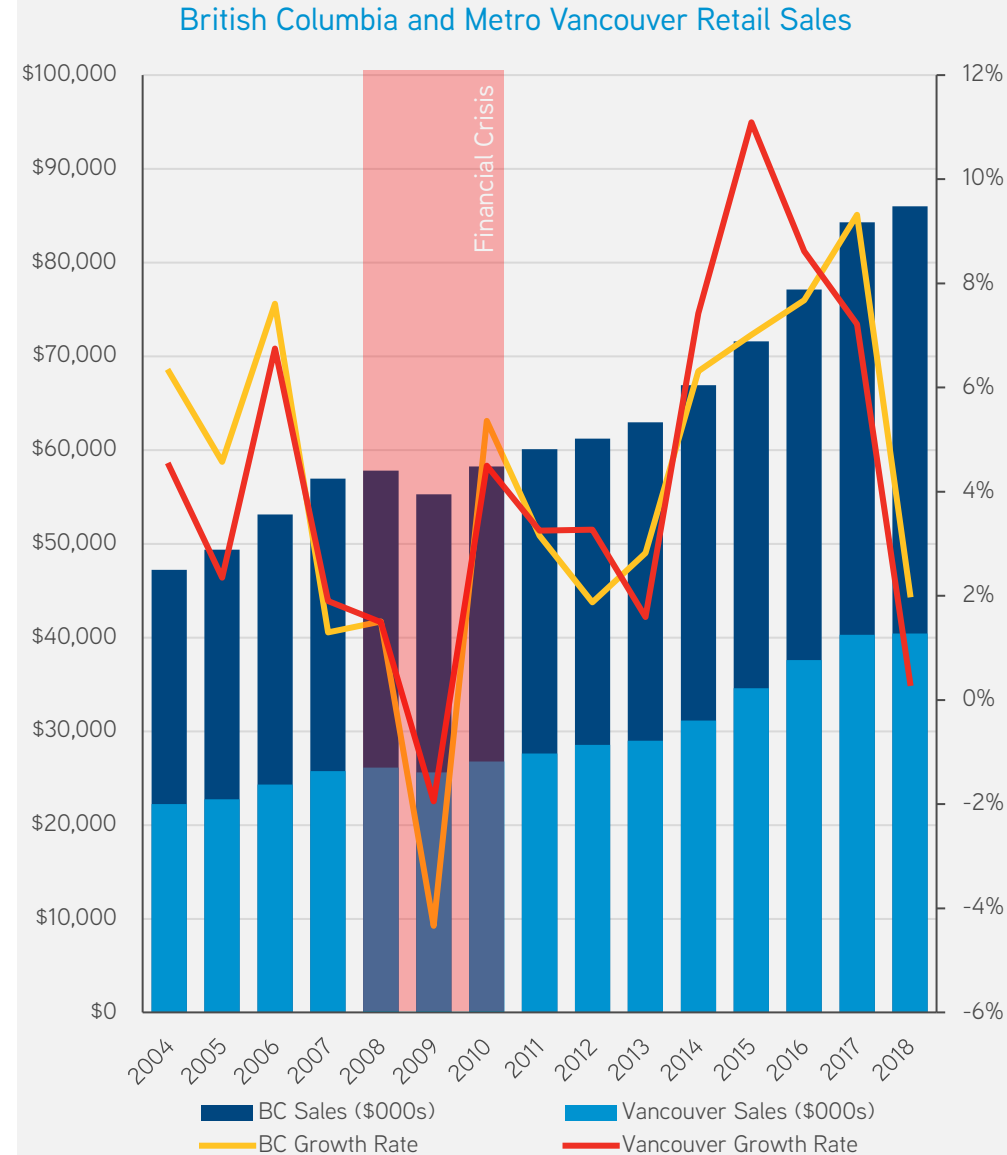
3 | Commercial

Year-over-year retail sales growth is approaching 1% within British Columbia, with sales performance varying depending on retail category.

3.1 Retail Market Analysis

3.1.1 Provincial Retail Sales Performance

- > To better understand overall retail performance at a macro scale, the examination of provincial retail sales and retail performance within Metro Vancouver provides a barometer of overall retail patterns likely in Nanaimo as well.
- > As of the latest available data provided by Statistics Canada, year-over-year retail sales growth has been slowing at a notable rate, dropping from 9.2% to 2.1% between 2017-2018. Based on an assessment of the latest available data in 2019, this has continued with 1.1% year-over-year growth up to October 2019.
- > The slowing retail sales growth could be caused by a variety of factors, including shifting demographics, the rise of e-commerce, and broader economic conditions such as the impact of a slowing housing market on consumer's perceived wealth which can reduce retail spending.
- > Despite slowing retail sales as a whole, overall performance varies widely when broken down by individual retail category, as examined on the following page.



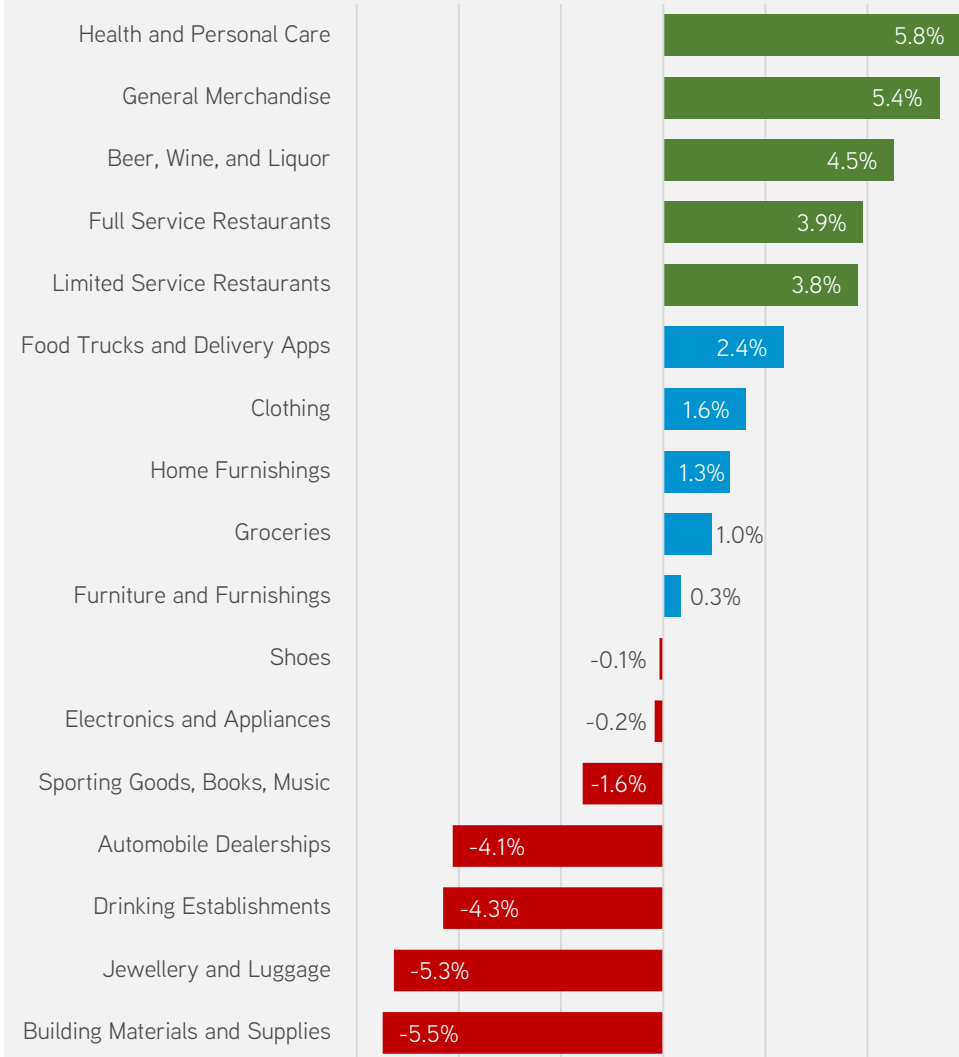
Despite a weakening retail market, specific categories such as experiential food services, health care, and personal care have fared well recently.

3.1 Retail Market Analysis

3.1.1 Provincial Retail Sales Performance

- › The highest performing retail subcategories over the past year are primarily experience oriented, with full service and limited service restaurants registering sales growth of 3.9% and 3.8%, respectively. This is particularly evident for healthy, quick-service restaurants in the 1,000 to 2,000 sf range, upper-tier casual restaurants, and food halls.
- › Conversely, grocery sales have slowed recently resulting in numerous closures and the emerging trend of smaller, more refined grocery store footprints with a larger amount of prepared foods.
- › Due to the overall aging of the population and growing awareness of health issues, health and personal care stores experienced the largest overall sales growth during this period of nearly 6%.
- › Furniture, electronics, and similar retailers have also been impacted by the growth of more affordable online sources such as Amazon, Article, and Wayfair, with slowing amounts of foreign based expenditures potentially negatively impacting automotive and jewelry sales.
- › Overall, the slowing retail marketplace and growth of e-commerce has resulted in store closures, the overall reduction of store footprints, and the redevelopment of large retail properties to add on-site residential or office uses.

British Columbia Retail Sales Growth (2018-2019)



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

3.1 Retail Market Analysis

3.1.2 Impact of Online Shopping

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



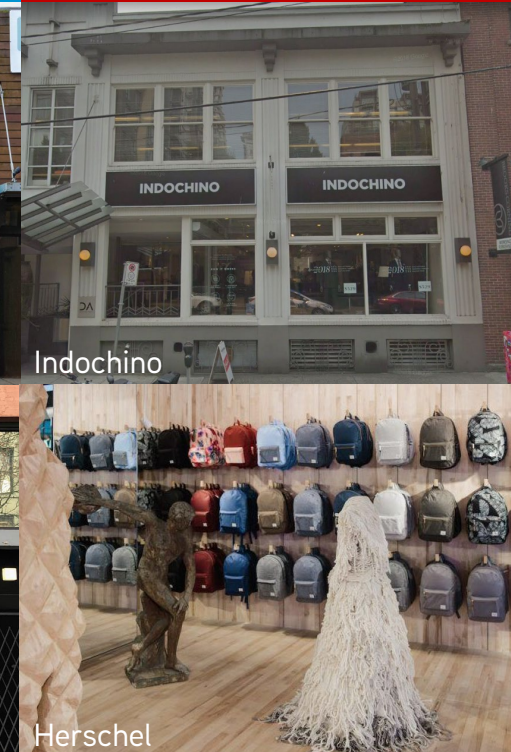
Strong

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



Weak

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



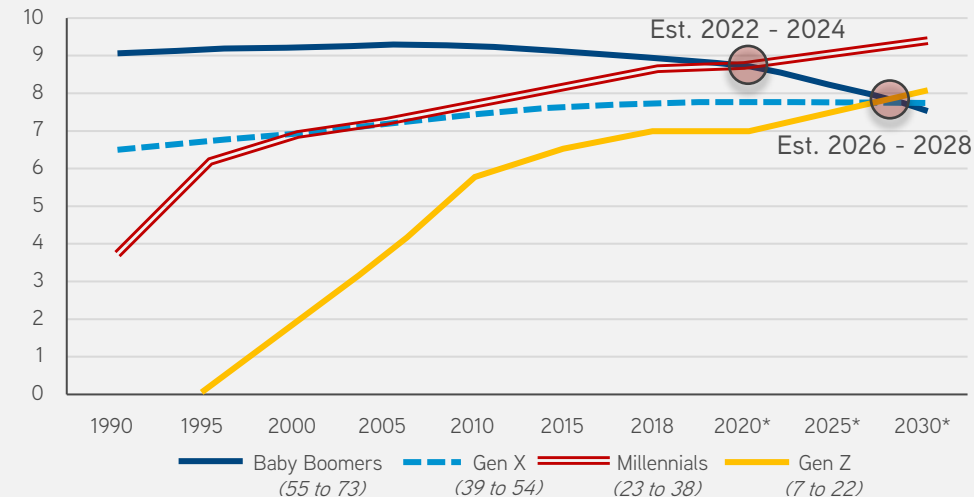
Millennials are expected to significantly impact the retail marketplace as they age into their prime consumption years of 35 to 54.

3.1 Retail Market Analysis

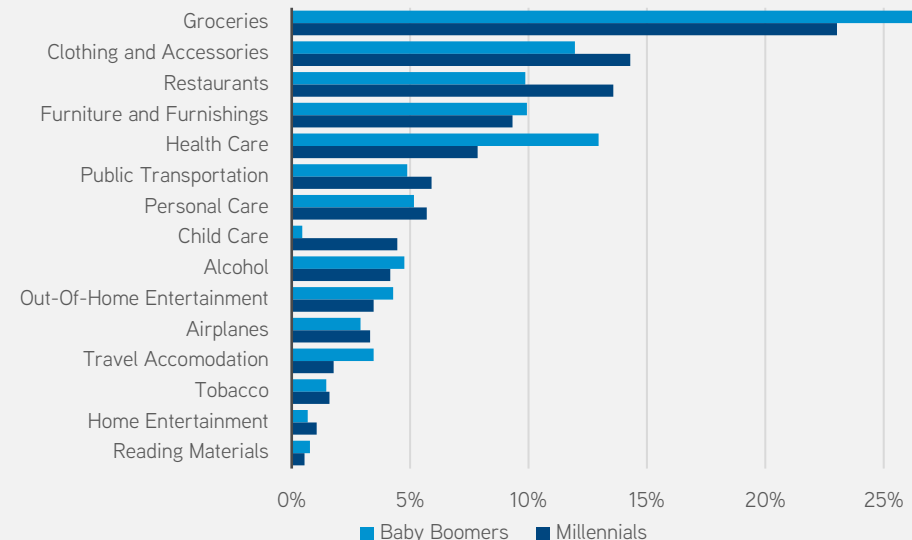
3.1.3 Demographics

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

Canadian Population by Generation 1990 - 2030 (millions)



Comparison of Spending Habits

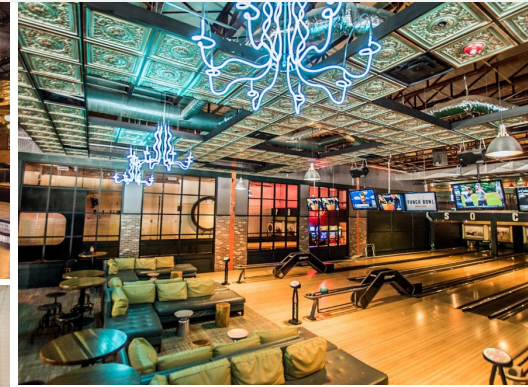
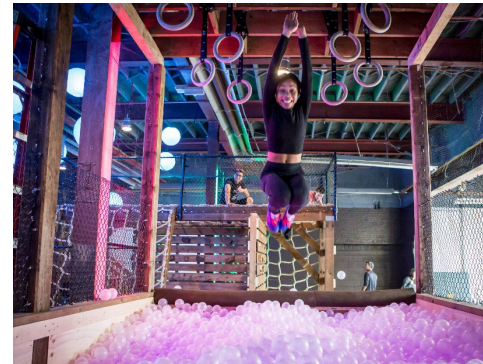


Changing demographics and the rise of e-commerce have resulted in a rapid evolution of the mall experience and the traditional “anchor tenant”

3.1 Retail Market Analysis

3.1.4 The New “Anchor Tenant”

- Changing demographics and the rise of e-commerce have resulted in a rapid evolution of the mall experience and the traditional “anchor tenant”. Consumers are now more than ever focused on the experience and what they can share on social media, rather than what they can buy at the local department store.
- In response, malls are making an effort to encourage customers to linger longer, usually resulting in increased retail spending. For example, in recent surveys 75% of respondents indicated that unique dining experiences are worth paying more for.
- Carefully curated, diverse dining experiences that offer consumers a range of unique cuisine options, formats, and price points are essential to a mall’s success.
- Additionally, new-to-market entertainment tenants can act as a much stronger anchor than traditional big box stores, increasing the trade area size and potential footfall within a shopping centre.
- Finally, increasingly busy cities facilitate the necessity of tranquil “third places” beyond the home and workplace where people can gather and socialize. Shopping centre owners are beginning to place an emphasis on creating attractive public spaces as new “anchors” where consumers can spend time, socialize, and recharge before more shopping.



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

3.1 Retail Market Analysis

3.1.5 Design and Planning Principles

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



The City of Nanaimo is expected to experience gradual overall growth in office space demand primarily due to population serving subcategories.

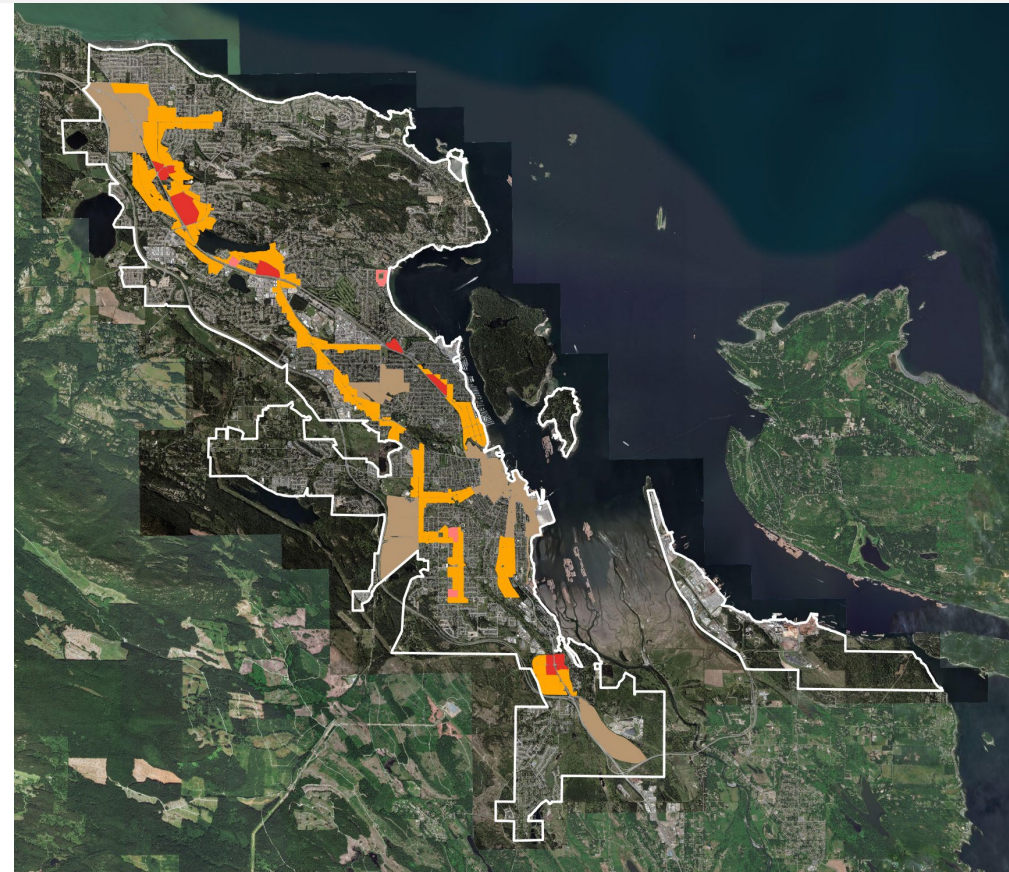
3.2 Nanaimo Office Dynamics

- The City of Nanaimo currently has a relatively soft market for traditional office space, with new office-only product primarily being purpose built and a lack of demand restricting the build it and they will come approach.
- Moving forward, it is expected that the City will experience gradual population-based demand growth rather than a significant influx generated from major regional office headquarters or a rapidly growing tech sector.
- Generally, this has resulted in a disconnect between the overall demand for ground level office units compared to second floor units. Throughout the City, the average vacancy rate is estimated at 15% and shrinking slowly, and the majority of these vacancies can be found among older, above ground units in Class C office space closer to Downtown with significantly lower vacancies in the new units in north Nanaimo.
- Class C office spaces are the lowest classification of office building, generally older, in less desirable locations, and in need of more renovations when compared to Class A office spaces which represent the newest and highest quality buildings in the market. Class B office spaces lie in between Class A and C in terms of quality and location.
- As the population grows, there will be a growing demand primarily for service-oriented office tenants who generally prefer the accessibility and visibility of a ground floor unit. Service-oriented office tenants include dental and medical offices, veterinary clinics, insurance, financial services, professional services, and similar uses.
- For existing office space, a range of asking rates exist, varying depending on location, class, and condition. Generally, office space in North Nanaimo is viewed as superior by prospective tenants and can command higher rates when compared to Downtown and South Nanaimo.
- Additionally, the required lease rates to support financially feasible office-only developments are significantly higher than average market rates within Nanaimo of approximately \$13-\$18 per square foot. Therefore, new office product is more likely to be developed in mixed-use projects.
- The overall perception in the market is that a north Nanaimo office location will be closer to the homes of employees and customers while Downtown locations are viewed as having constraints on parking, issues with the homeless population, and lengthier commute times.
- Many of the non-profit groups within Nanaimo have also expressed concern regarding the availability of affordable space, some of which are at risk of losing their space as new development occurs and creates units that these groups can't afford.
- Although this demand may not be substantial in terms of the overall scale in relation to market office space within the City as a whole, it is important for the City to consider options to accommodate these users.
- This could include the reuse and revitalization of older, vacant Class B and C office space, sharing space models for non-profit groups that would be compatible with one another, subsidized rents, assistance negotiating leases with landlords, and other similar approaches.

The City of Nanaimo has a total of 915 hectares of land designated to permit commercial development as one of the potential land uses.

3.3 Land Inventory by OCP Designation

- The City of Nanaimo currently has a total of approximately 915 hectares of land designated to permit commercial uses as one of the land uses. The majority of this supply is located within Downtown and North Nanaimo, with relatively less supply of land within South Nanaimo. It should be noted that this is a substantially larger than the current 324 hectares of land zoned to permit commercial uses.
- This inventory can be further broken down into the following four OCP designations: Urban Node, City Commercial Centre, Neighbourhood Centre, and Corridor.
- Corridor designated lands account for the largest amount of total land supply (50.6%). Commercial services within mixed-use developments are encouraged in these areas, along with new multi-family residential developments.
- The five Urban Nodes account for 40.1% of this total land supply. This includes a large amount of land currently zoned as rural resource within the University Urban Node, with an area plan likely to eventually be initialized and developed by the Vancouver Island University Trust.
- Additionally, approximately 7.1% of this supply of land is designated as City Commercial Centre and only 1.4% is dedicated as Neighbourhood Centre.

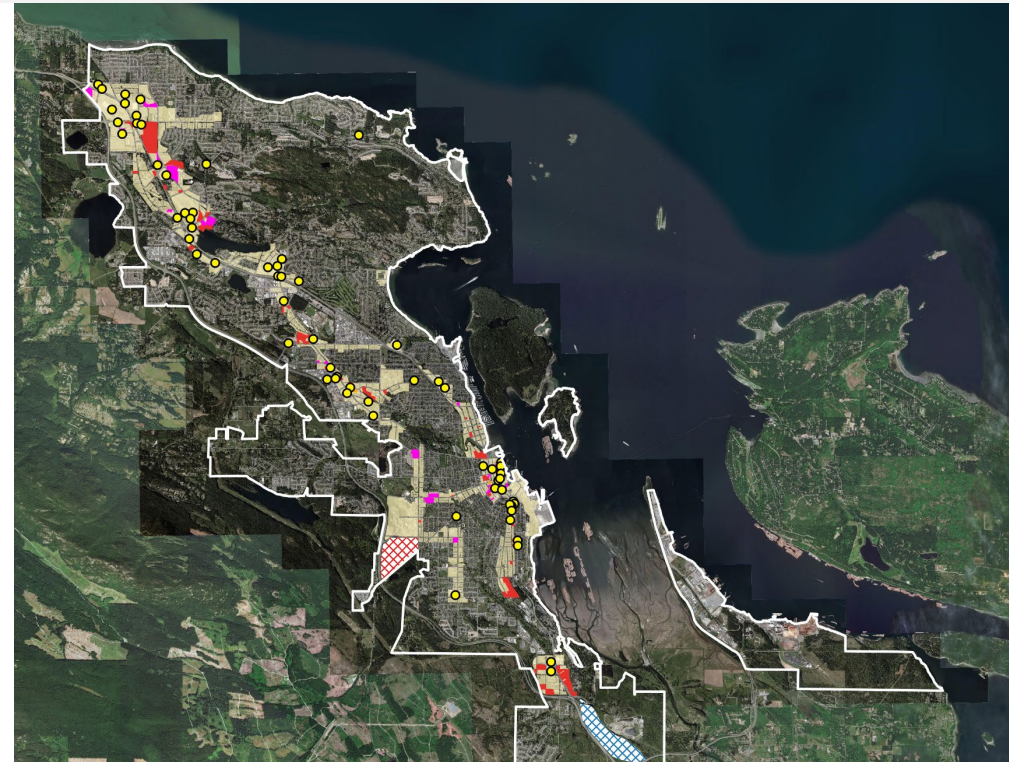


| Ref | Designation | Description | Hectares |
|-------|------------------------|--|-------------|
| | Urban Node | High density focal points for Nanaimo. | 377 (40.1%) |
| | City Commercial Centre | City serving commercial. | 66 (7.1%) |
| | Neighbourhood Centre | Neighbourhood serving commercial. | 13 (1.4%) |
| | Corridor | Mixed-use corridors. | 468 (50.6%) |
| Total | | | 915 |

The City of Nanaimo has an estimated 60 hectares of vacant, developable land permitted for commercial development as one of the potential uses.

3.4 Vacant and Developable Land

- To assess vacant and developable commercial land, Colliers broke down the land inventory into the following categories: occupied, constrained, vacant, construction process, Sandstone, potential, and existing vacant units.
- Occupied commercial land is defined as designated to permit commercial uses, developed, and currently being used. The City currently has approximately 724 hectares of occupied land under this definition.
- Constrained land is defined the portion of vacant and constrained lots that is estimated to be developable.
- Vacant land is designated to permit commercial use, but isn't occupied by vehicles, structures, or commercial activities. Fieldwork visits, brokerage data, high-resolution orthographic images, and contour maps were used to confirm vacant supply. There is a total of 60 hectares of vacant land within the City under this definition.
- Additionally, there is a total of approximately 4 hectares of vacant floorspace within existing developments, with numerous large-scale vacancies including the Sears in Nanaimo North Town Centre.
- There is also an estimated 24 hectares of land permitted for development, and an additional 42 hectares of vacant land within the University Urban Node that could eventually include commercial uses as a portion of an area plan.

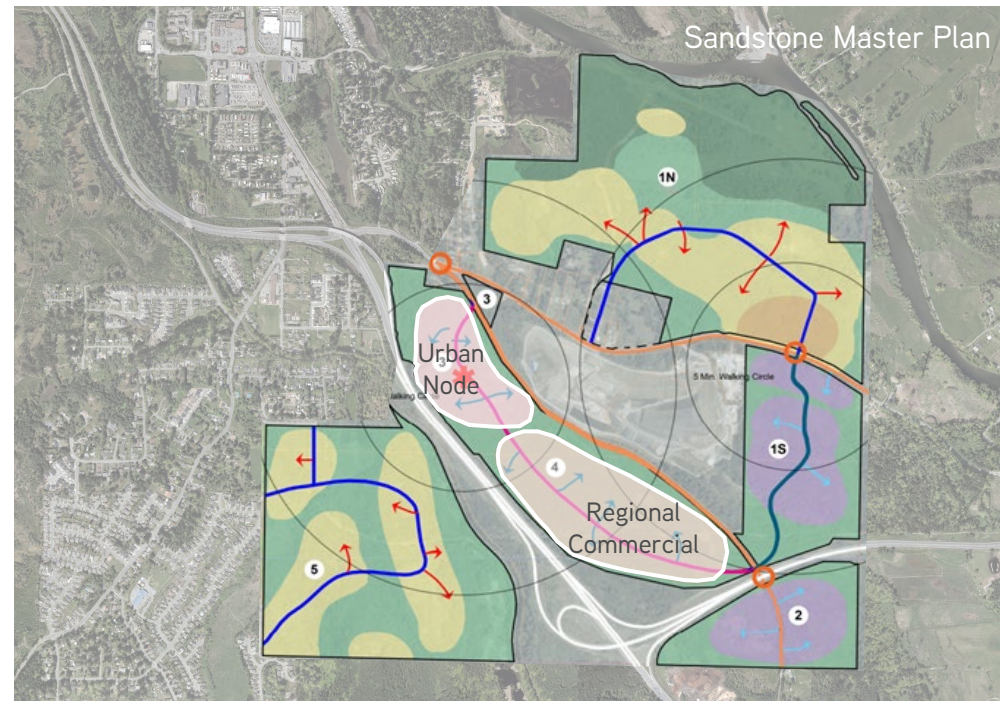


| Ref | Category | Description | Hectares |
|-------|--------------|--|-------------|
| | Occupied | Currently occupied land. | 724 (81.2%) |
| | Constrained | Developable portion of constrained land. | 0.8 (0.0%) |
| | Vacant | Currently vacant and developable land. | 60 (6.6%) |
| | Permitted | Land permitted for development. | 24 (2.6%) |
| | Sandstone | Urban node and regional commercial centre. | 39 (4.3%) |
| | Potential | Rural resource land within VIU urban node. | 42 (4.6%) |
| | Vacant Units | Vacant units within existing developments | 4 |
| Total | | | 895 |

The City of Nanaimo currently has an estimated 39 hectares of land designated for commercial use within the Sandstone Master Plan.

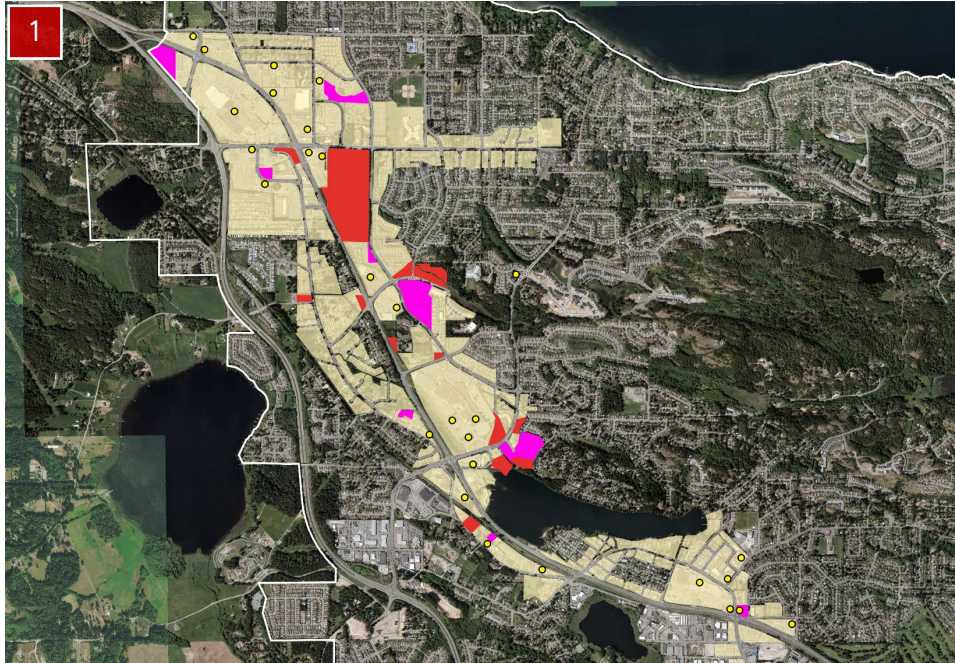
3.4 Vacant and Developable Land

- › In addition to the existing vacant units and developable land, there is an estimated 39 hectares of land designated for commercial use within the Sandstone Master Plan.
- › This community is envisioned as including a commercial centre with a focus on combining retail and residential zones around a main street concept, along with a regional retail zone which will include big-box style retail stores.
- › Although this represents a large potential influx of supply within South Nanaimo which currently has a limited amount of existing commercial supply, development is expected to occur over a lengthy period with completion expected over the next 10-20 years rather than in the immediate future.



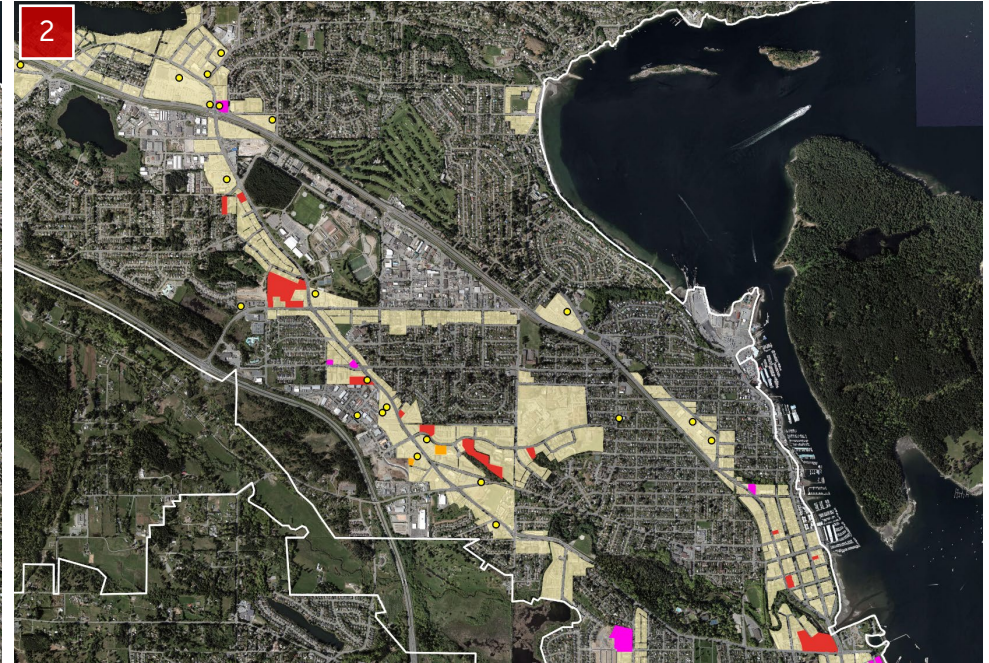
North Nanaimo has approximately 46% of the City's vacant land designated to permit commercial uses, and 36% of the City's currently vacant units.

3.4 Vacant and Developable Land



(1) North Nanaimo

| Ref | Category | Hectares within Subarea | Percent of City Inventory |
|-----|--------------|-------------------------|---------------------------|
| | Occupied | 259 | 34.9% |
| | Vacant | 28 | 45.6% |
| | Permitted | 15 | 61.0% |
| | Vacant Units | 1 | 36.4% |
| | Total | 303 | 33.2% |



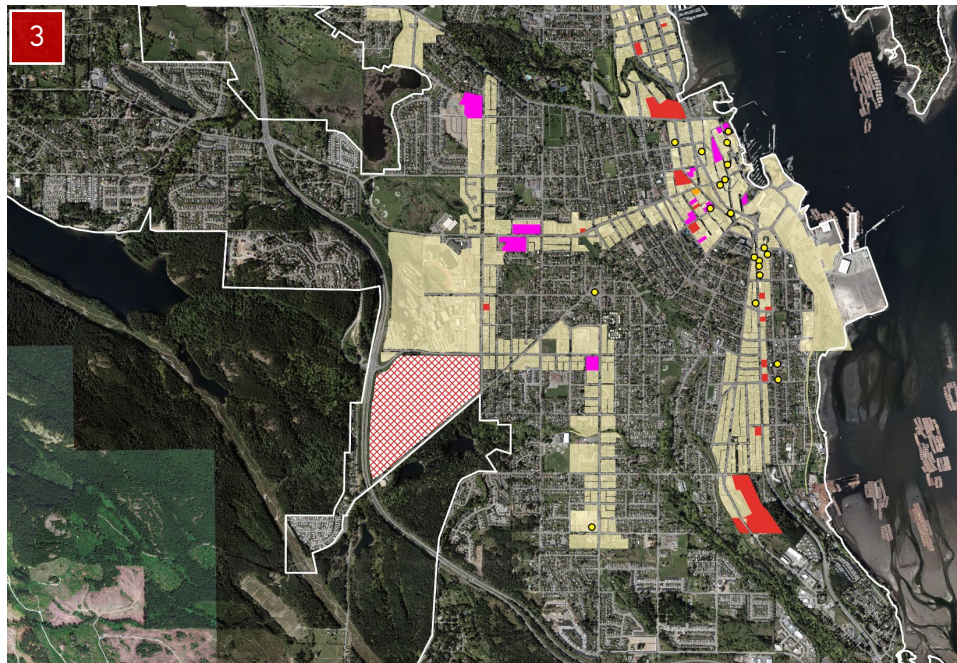
(2) Island Highway

| Ref | Category | Hectares within Subarea | Percent of City Inventory |
|-----|--------------|-------------------------|---------------------------|
| | Occupied | 202 | 27.3% |
| | Vacant | 9 | 15.4% |
| | Permitted | 1 | 5.1% |
| | Vacant Units | 2 | 36.4% |
| | Total | 214 | 23.5% |



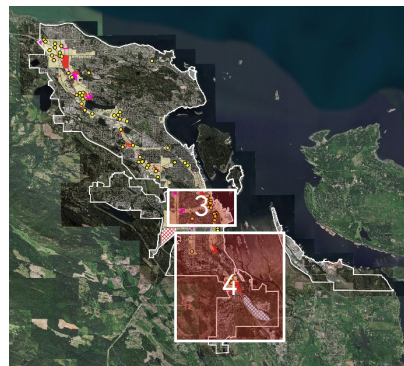
Central Nanaimo has approximately 20% of the City's vacant land designated to permit commercial uses, and 16% of the City's currently vacant units.

3.4 Vacant and Developable Land



(3) Downtown / Central Nanaimo

| Ref | Category | Hectares within Subarea | Percent of City Inventory |
|-----|-----------|-------------------------|---------------------------|
| | Occupied | 231 | 31.2% |
| | Vacant | 12 | 19.5% |
| | Permitted | 8 | 33.9% |
| | Potential | 42 | 100% |
| | Total | 293 | 32.3% |



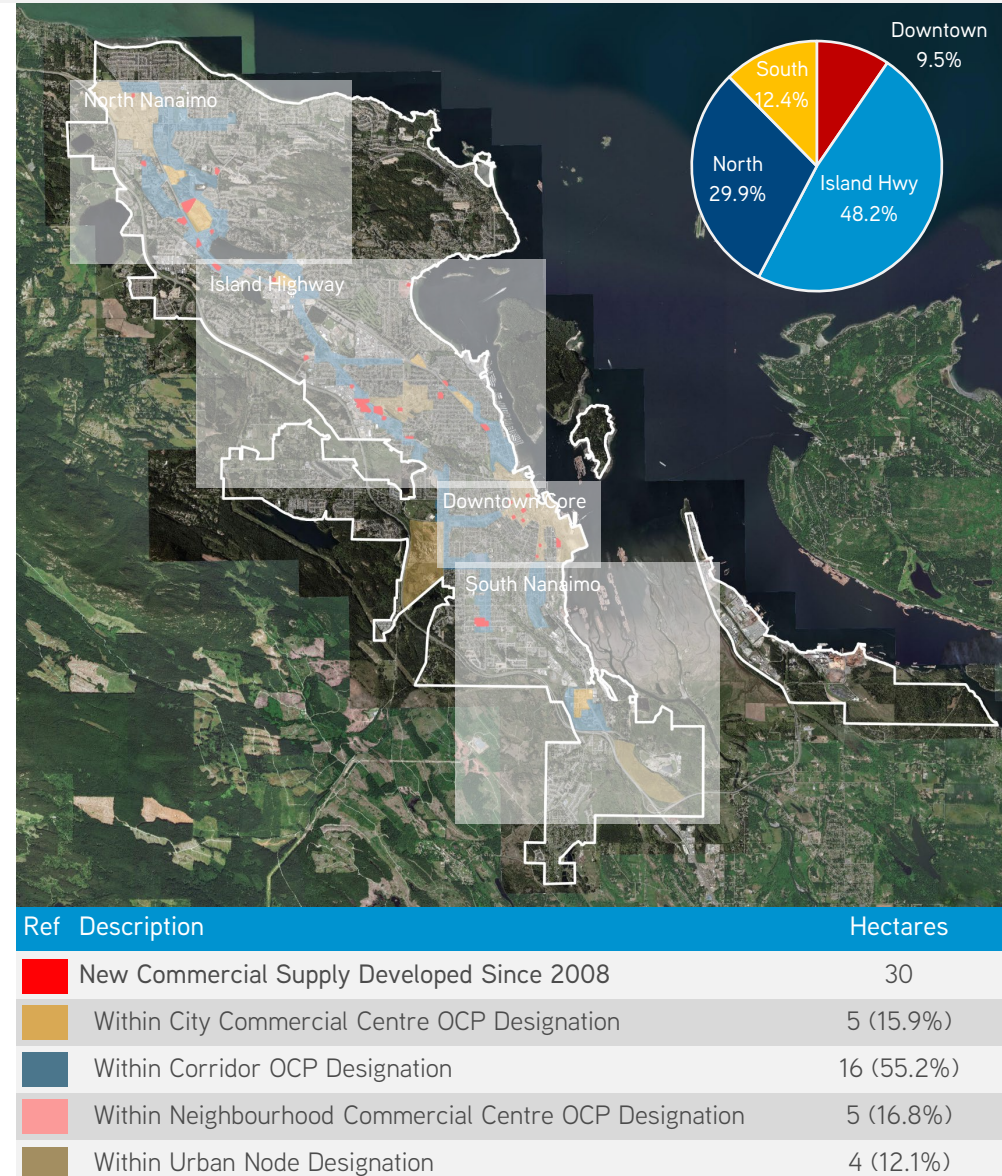
(4) South Nanaimo

| Ref | Category | Hectares within Subarea | Percent of City Inventory |
|-----|--------------|-------------------------|---------------------------|
| | Occupied | 33 | 4.5% |
| | Vacant | 13 | 20.8% |
| | Vacant Units | 0.1 | 2.7% |
| | Sandstone | 39 | 100% |
| | Total | 85 | 9.3% |

There has been approximately 30 hectares of new commercial land developed over the past decade, 55.2% of which was within Corridor OCP areas.

3.5 OCP Assessment

- As displayed to the right, Colliers assesses commercial land development within the following 2008 OCP Designations: City Commercial Centre, Corridor, Neighbourhood Commercial Centre, and Urban Node. Since 2008, new commercial land development is displayed in red.
- During this period, development has occurred on 30 hectares of land which was previously vacant. Approximately 55.2% of this development occurred within Corridor areas, 16.8% within Neighbourhood Commercial Centres, 15.9% within City Commercial Centres, and 12.1% within Urban Nodes.
- The scale of development within Corridor areas is logical as they were less built out in 2008 and provided more opportunities for mixed-use developments, which are often more financially viable than standalone, single level commercial developments. Mixed-use development within these areas should however be closely monitored moving forward, ensuring that the further addition of commercial uses do not directly compete with the supply and development within the City's Urban nodes.
- While looking at geographical regions, 48.2% of this development occurred within the Island Highway region, 29.9% within the North Nanaimo region, 12.4% within the South Nanaimo region, and 9.5% within the Downtown.
- The relative lack of development in Southern Nanaimo is likely due to a variety of factors, including less land zoned for commercial uses along with a less dense population base.



Colliers assessed future commercial demand using a proprietary model based on the commercial expenditure potential from a growing population.

3.6 Demand Analysis

3.6.1 Methodology and Assumptions

- Colliers International Consulting's proprietary commercial demand model calculates the commercial expenditure potential from a growing population base by assessing socioeconomic variables, provincial data, commercial industry benchmarks, and commercial development trends.
- Expenditures are then split amongst retail categories using the most recent provincial profile of commercial sales data from Statistics Canada. The model uses Personal Disposable Income (PDI) as a basis to calculate the total expenditure potential within a given area.
- First, an average per capita income estimate is calculated by dividing household income projections by household size. Using the differential between trade area per capita incomes and the British Columbia average, Colliers calculates the trade areas delineated for the City of Nanaimo on the following page. This methodology allows for a local PDI but does not rely on specific income data, which can be prone to large degrees of error.
- Since not all disposable income is spent on commercial goods and services, we reduce the PDI by an expenditures to PDI ratio which is an adjusted provincial rate provided by the Conference Board of Canada. Using an algorithm which factors in the reality that higher incomes do not bring about proportionately higher spending, Colliers calculates a PDI ratio for each trade area.
- Market capture rates are then applied to the estimated trade area commercial expenditures based on the competitive regional environment and physical/psychological barriers that affect accessibility. This includes the assumption that market capture rates within bricks and mortar retailers are gradually shrinking among certain commercial subcategories due to the rise of online shopping.
- The resulting potential expenditures are then converted into warranted commercial floorspace using industry-average and market-appropriate productivity rates and the assumption that some commercial tenant types will continue the trend of slightly reducing their overall floor area requirements.
- For the purposes of this study, Colliers provides a study horizon up until 2041 based on the provided population projections. Due to the long-term nature of these projections, and the needs of a land capacity analysis, Colliers projects net future floorspace demand among all commercial categories from the current base year of 2019.

The primary and secondary trade areas are expected to grow to a total population of between 227,856 and 255,688 by 2046.

3.6 Demand Analysis

3.6.2 Trade Area Population Projections

- The first step in gauging potential future support for additional commercial uses is to delineate appropriate trade areas within which the majority of annual sales are expected to originate.
- Based on Colliers' review of the road network and commercial supply, it is expected that the City will continue to serve as the regional service and market centre for Central Vancouver Island.
- The Primary Trade Area (PTA) includes residents who conduct their day-to-day shopping almost exclusively in Nanaimo. The driving distance of the PTA does not generally exceed 20 to 30 minutes, and therefore only covers the entirety of the City itself. The population within this trade area is expected to grow to between 126,629 to 141,883 by 2046.
- Residents of the Secondary Trade Area (STA) travel to Nanaimo on a more infrequent basis for larger purchases such as appliances, automobiles, recreational sports equipment, clothing, and furniture. The STA includes the remainder of the RDN. The population within this trade area is expected to grow to between 71,507 and 80,454 by 2046.
- Due to Nanaimo's central and accessible positioning along Vancouver Island's major corridor, the City can expect to receive additional inflow demand in the range of 10% up to 15% as it further develops.



Trade Area Population Projections

| Ref | Description | Current | 2036 | 2046 |
|-----|---------------------|---------|---------|---------|
| ■ | PTA – Baseline | 94,525 | 117,784 | 126,629 |
| ■ | PTA – High Growth | 94,525 | 127,969 | 141,883 |
| ■ | STA – Baseline | 67,024 | 69,265 | 71,507 |
| ■ | STA – High Growth | 67,024 | 73,739 | 80,454 |
| ➔ | Inflow | +10% | +12% | +15% |
| | Total – Baseline | 177,704 | 209,495 | 227,856 |
| | Total – High Growth | 177,704 | 225,913 | 255,688 |

The combined trade areas and inflow demand is expected to generate a total of \$3.12 billion and \$3.47 billion in captured expenditures by 2041.

3.6 Demand Analysis

3.6.3 Trade Area Expenditure Potential

- As outlined to the right, Colliers calculates the current and forecasted annual commercial expenditures generated by the population within each trade area in 2031 and 2041 under the baseline and high growth scenarios.
- This is a key step in determining the potential to support new commercial floorspace within Nanaimo. The combined trade areas are expected to generate a total of between \$3.98 billion (baseline growth) and \$4.34 billion (high growth) in total annual commercial expenditures by 2041.

3.6.4 Trade Area Net Sales Capture

- The total trade area expenditure potential must then be converted into the expected spending on commercial goods and services within the City of Nanaimo. As such, category-specific market capture rates are applied, which are based on anticipated consumer patterns given the relative location of existing and future commercial supply and evolving retail trends including the impact of e-commerce.
- In total, the City of Nanaimo can realistically expect to capture a total of between \$3.12 billion (baseline growth) and \$3.47 billion (high growth) in total commercial expenditures by 2041. This also includes additional inflow expenditures.

| Expenditure Potential | Current | 2031 | 2041 |
|--|-----------------|-----------------|-----------------|
| Primary Trade Area Expenditure Potential | | | |
| Baseline Growth | \$1,520,213,263 | \$1,963,816,907 | \$2,407,420,550 |
| High Growth | \$1,520,213,263 | \$2,092,089,679 | \$2,663,966,095 |
| Secondary Trade Area Expenditure Potential | | | |
| Baseline Growth | \$1,203,523,590 | \$1,388,575,529 | \$1,573,627,468 |
| High Growth | \$1,203,523,590 | \$1,487,022,149 | \$1,770,520,708 |
| Total Expenditure Potential | | | |
| Baseline Growth | \$2,723,736,853 | \$3,352,392,435 | \$3,981,048,018 |
| High Growth | \$2,723,736,853 | \$3,579,111,828 | \$4,434,486,803 |



| Net Sales Capture | Current | 2031 | 2041 |
|--|-----------------|-----------------|-----------------|
| Primary Trade Area Expenditure Potential | | | |
| Baseline Growth | \$1,380,489,443 | \$1,783,321,179 | \$2,186,152,914 |
| High Growth | \$1,380,489,443 | \$1,899,804,314 | \$2,419,119,186 |
| Secondary Trade Area Expenditure Potential | | | |
| Baseline Growth | \$715,390,334 | \$825,387,653 | \$935,384,972 |
| High Growth | \$715,390,334 | \$883,905,626 | \$1,052,420,917 |
| Total Expenditure Potential | | | |
| Baseline Growth | \$2,095,879,777 | \$2,608,708,831 | \$3,121,537,886 |
| High Growth | \$2,095,879,777 | \$2,783,709,940 | \$3,471,540,103 |

Colliers estimates that the City of Nanaimo will experience demand for an additional 29-38 hectares of commercial employment land by 2041.

3.6 Demand Analysis

3.6.5 Commercial Land Demand Projections

- › The projected sales volumes within the City can be converted into warranted floor area (leasable or saleable area) by dividing net expenditures by sector specific sales per square foot productivity targets and assessing retail trends such as the likelihood of retailers to begin reducing their overall footprints.
- › Service commercial establishments have also been included in the commercial demand analysis. This includes a portion of office tenants, consisting of service-oriented businesses such as dental and medical offices, vet clinics, fitness centres, salons, childcare, insurance, financial services, and other uses.
- › Finally, the remaining office space demand was projected by assessing office employment growth by subcategory, unemployment rates, labour participation rates, market trends, and projected office employment densities.
- › By 2041, the City of Nanaimo is expected to experience demand for an additional 610,170 sf to 776,198 sf of traditional retail floorspace, 126,224 sf to 160,299 sf of service commercial floorspace, and 1.1 to 1.4 million sf of traditional office floorspace.
- › Utilizing industry standard commercial and office floor area ratios, this translates to demand for between 29 to 38 hectares of commercial land.

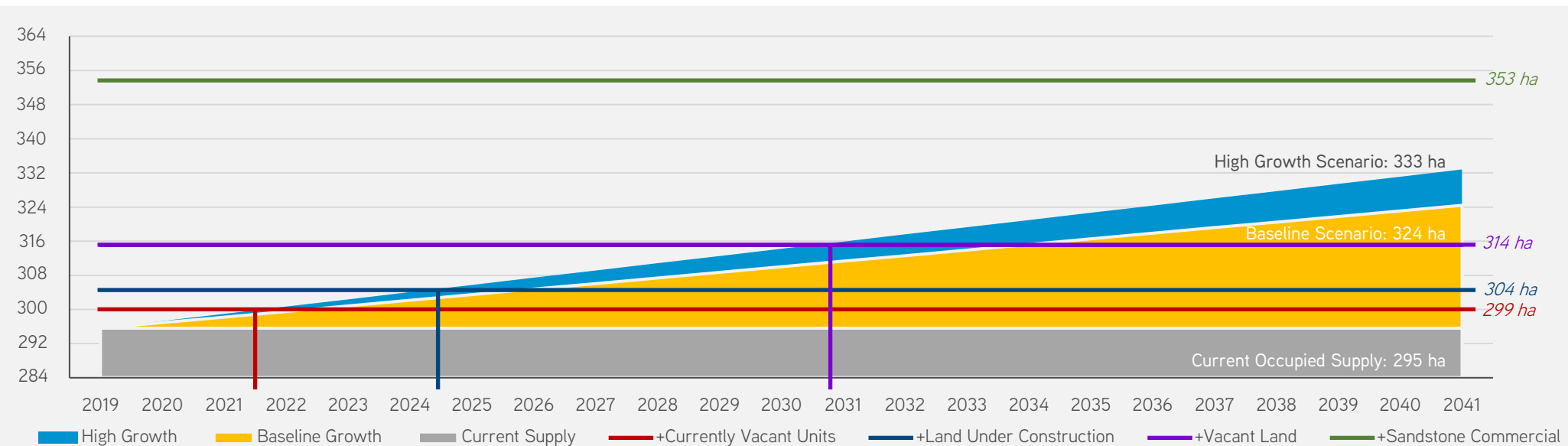
| Expenditure Potential | 2031 | 2041 | Total Additional |
|--|-----------|-----------|------------------|
| Total Traditional Retail Floorspace Demand (sf) | | | |
| Baseline Growth | 3,545,850 | 3,850,935 | 610,170 |
| High Growth | 3,628,364 | 4,015,964 | 775,198 |
| Total Services Floorspace Demand (sf) | | | |
| Baseline Growth | 732,444 | 795,556 | 126,224 |
| High Growth | 749,482 | 829,631 | 160,299 |
| Total Office Floorspace Demand (sf) | | | |
| Baseline Growth | 3,013,975 | 3,484,555 | 1,091,746 |
| High Growth | 3,345,512 | 3,867,856 | 1,403,046 |
| Total Commercial Land Demand (hectares) | | | |
| Baseline Growth | 310 | 324 | 29 |
| High Growth | 314 | 333 | 38 |

Under the high growth scenario, the City of Nanaimo has enough commercial land to fulfill future demand if the Sandstone land is eventually developed.

3.6 Demand Analysis

3.6.6 Capacity of Commercial Land to Fulfill Demand by 2041

- The graph below demonstrates the capacity of current and potential land within the City of Nanaimo to meet demand projections in both the Baseline and High Growth scenarios. The available supply of additional land is displayed incrementally based on the likelihood and viability of their use, assuming 80% of the currently vacant units are absorbed first. This includes the large Sears and Save-On-Foods vacancies. Only 80% of the currently vacant retail units were used assuming the remainder are not suitable due to their quality or other factors such as accessibility. This will be followed by commercial sites under construction, vacant and developable commercial land, and finally, the designated commercial land within Sandstone.
- This analysis demonstrates that the vacant units and land under construction represent enough supply to last until 2024-2025 in the high growth scenario. The vacant and developable land would add another 6 years of supply being absorbed by 2031, and finally the Sandstone commercial lands represent enough additional supply to fulfill total citywide demand by 2041 in both the baseline and high growth scenarios.



The City of Nanaimo is expected to have a sufficient amount of land designated to permit commercial uses to accommodate future projected demand.

3.7 Summary and Recommendations

- The City of Nanaimo is expected to have enough land designated to permit commercial uses to accommodate future demand. This is primarily due to the substantial amount of existing floorspace, the trend for retailers to reduce their overall footprints, ample densification opportunities within existing shopping centres, and a relatively soft office market.
- The surplus of land is particularly evident when accounting for the Sandstone Master Plan. Once the commercial components of this development are completed and tenanted, it will provide a much-needed influx of supply to Southern Nanaimo, yet further saturate the City's overall commercial supply.
- Over time, as the trade area population base grows and household incomes increase, demand triggers for higher quality international tenants may occur. Rather than resulting on a net increase in total floor area demand among specific retail categories, the growing spending power of these trade areas will result in higher quality retailers and less turnover.
- The City also has a large amount of land currently being used by car dealerships. It is expected that their land requirements may gradually decline over the long-term due to shrinking vehicle expenditures and the rise of alternative modes of transportation. These sites may therefore provide future opportunities for intensification. This land, along with other less desirable vacant commercial units could be suited to accommodate light industrial uses.
- The one retail format noted as lacking in the City is small scale convenience nodes within neighbourhoods. Best practices suggest there should be a convenience node within a 5-minute walk of most residents, yet there are many gaps throughout Nanaimo. The City could designate small parcels of land suitable to accommodate 5,000 – 10,000 square feet of commercial floorspace within areas lacking true convenience nodes.
- Aside from this, the City's existing land designated to permit commercial uses is estimated to be more than enough to fulfill future demand. Rather than looking for ways to provide more land for commercial uses, the City should identify a strategy to support the overall health of its existing retail nodes, particularly within Downtown.
- It is imperative to ensure that commercial activity isn't too spread out, particularly through the corridor areas, and the City should instead promote and support the infill of existing retail nodes as a way of cultivating a critical mass and mix of offerings. The City should encourage density levels and a wide variety of permitted uses within these areas, while potentially limiting commercial uses in some parts of the corridors.
- More specifically, the City should focus on creating more pedestrian connections between the growing residential areas surrounding the existing Urban Nodes due to the physical barrier created by existing seas of parking. This could include pedestrianized pathways with weather protection, landscaping, bike paths and facilities, public gathering areas, and similar features that would encourage nearby consumers to walk rather than drive to these retail centres.

The City of Nanaimo is expected to have a sufficient amount of land designated to permit commercial uses to accommodate future projected demand.

3.7 Summary and Recommendations

- Strong focus should also be paid towards the retail environment within Downtown Nanaimo. The vitality of any City's Downtown is highly reliant on a vibrant and diverse retail experience along with a strong amount of footfall.
- Aside from the addition of residential supply within Downtown, the City should consider "quick fix" interim projects and events, designed to animate the downtown and encourage better placemaking.
- Pop-up shops, food trucks, farmers markets, winter markets, music shows, artistic installations, outdoor kiosks, and similar items can be highly beneficial in attracting footfall and encouraging frequent repeat visitation.
- Additionally, heavy emphasis should be put towards the overall design of ground floor commercial units referring to the design and development principles outlined in 3.1.5 of this report.
- For example, the "Starbucks Effect" refers to the positive impact a popular café with an active frontage, outdoor seating areas, and large windows can have when compared to less dynamic, larger tenancies such as a bank or pharmacy.
- In many cases, this effect alone has been enough to help save adjacent suffering retailers due to the anchor effect and the ability of such a tenancy to alter consumers overall perception of a certain part of town.
- Another key challenge facing many retailers is lack of suitable staff due to low unemployment rates and an aging population. The City could consider partnering with local academic institutions and retailers to create a retail training program that may help to supply more staff.
- Finally, many of the non-profit groups within Nanaimo have expressed concern regarding the availability of affordable space, many of which are at risk of losing their space as new development occurs.
- Although this demand may not be substantial in terms of the overall scale in relation to market office space demand, it is important for the City to consider options for these indispensable user groups.
- There is a clear surplus of available lower quality Class B and C office space within the City that new market office users are unlikely to desire yet may still be suitable for non-profit groups.
- To accommodate the needs of these groups, the City could consider the reuse and revitalization of older persistently vacant buildings with sharing space models for groups that are expected to be compatible with one another.
- Additional assistance for these groups could be financial assistance and help negotiating favourable leases with landlords, the latter of which has been brought up as an issue that many non-profit groups have experienced.

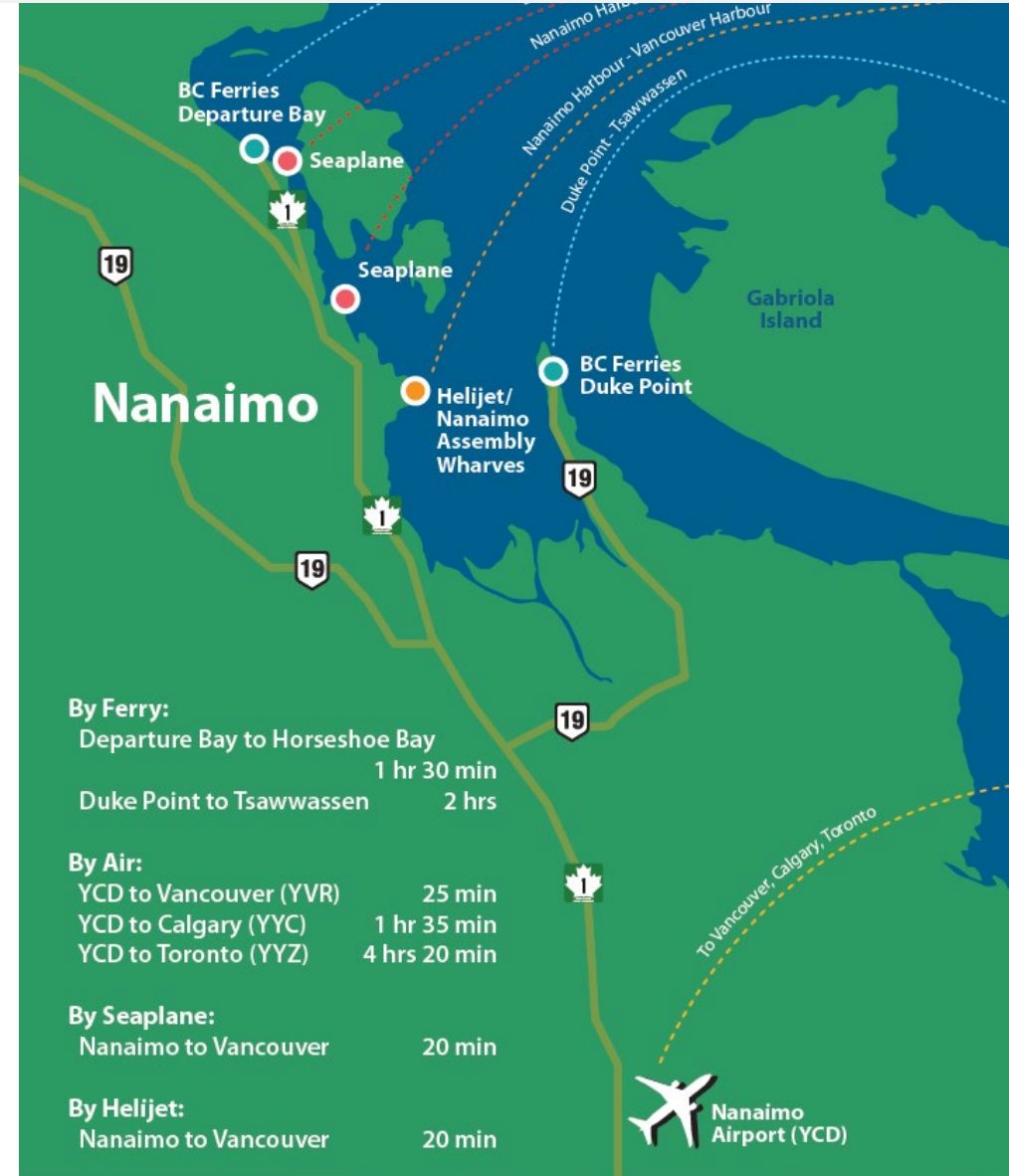
4 | Industrial

Existing infrastructure in Nanaimo and investments into improvements and expansions connect the region to many local and international markets.

4.1 Market Analysis

4.1.1 Nanaimo Transportation and Logistics Infrastructure

- › Nanaimo's comprehensive transportation network has been designed to support and promote the growth of existing businesses, facilitate the movement of goods and people, and encourage the establishment of new operations, all contributing to strong and growing demand for industrial land within the area.
- › Furthermore, the City of Nanaimo 20 Year Investment Plan and Asset Management Update (2017) projected the investment of \$1.1 billion for new and upgraded infrastructure.
- › Investment in the Vancouver Island highway network has reduced travel times between Nanaimo and other communities allowing for access to a larger market and workforce area.
- › In 2011, the Nanaimo Port Authority opened the \$25 million floating cruise ship terminal which has helped to attract tourist spending, and BC Ferries continues to carry a growing number of passengers, personal vehicles, trucks, and commercial vehicles to and from the Lower Mainland.
- › As such, Nanaimo is strategically positioned as a transportation hub in a central location, serving as a connection between the Lower Mainland and Vancouver Island, as well as Victoria and cities north of Nanaimo.



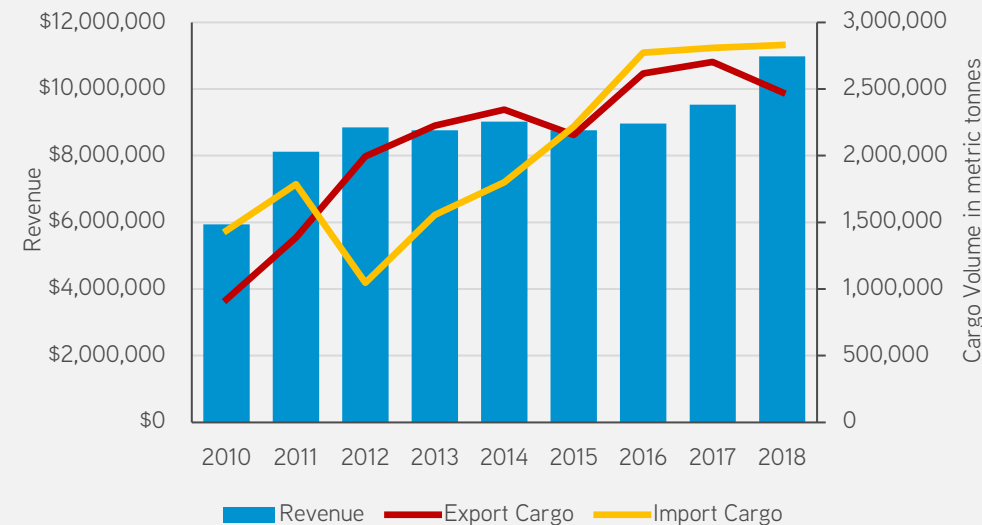
The Nanaimo Port has been expanding following investment into larger and more modern facilities required by a diversified economy.

4.1 Market Analysis

4.1.2 Nanaimo Port Authority

- > The Nanaimo Port is the largest commercial port on Vancouver Island with 4 berths, 36 hectares of paved storage space, covered warehousing space, and barge loading facilities.
- > With the diversification of Nanaimo and Vancouver Island's economy away from dependence on natural resources, the port has been shifting its operations to become less reliant on the export of lumber following the 2008/2009 financial crisis. For example, the new \$18 million dollar vehicle processing centre makes the Nanaimo Port the only Western Canadian entry point for European automobiles.
- > The Port of Nanaimo plays a significant role in the region by providing transportation access and linkages to various markets, customers and suppliers. In addition, it links Nanaimo to mainland British Columbia.
- > Following major investments over the past decade, the port has experienced strong growth, particularly in its ability to process and transport shipping containers. Between 2010 and 2016, the port was the fastest growing among all Canadian ports.
- > Imports and exports have been increasing steadily since 2012 with the amount of imported products surpassing the amount of exported products as of 2015.

Nanaimo Port Statistics



Port of Nanaimo Cargo Growth

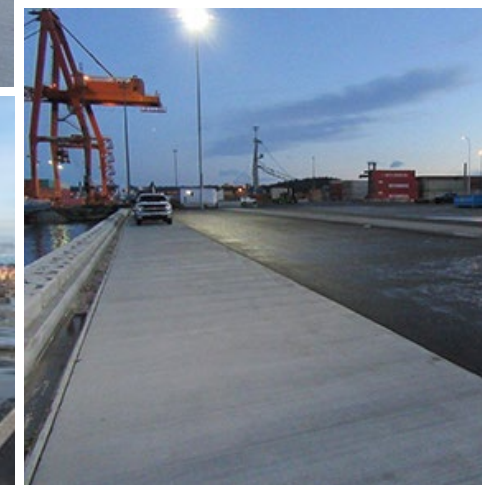
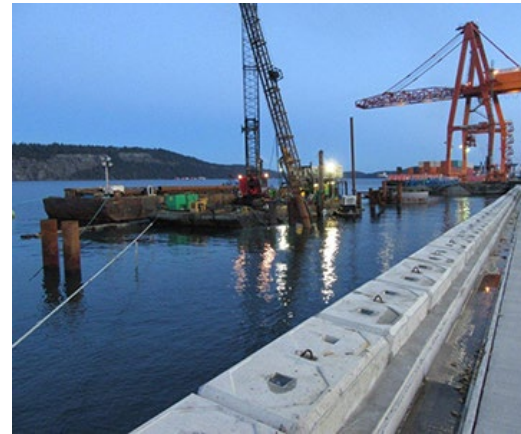
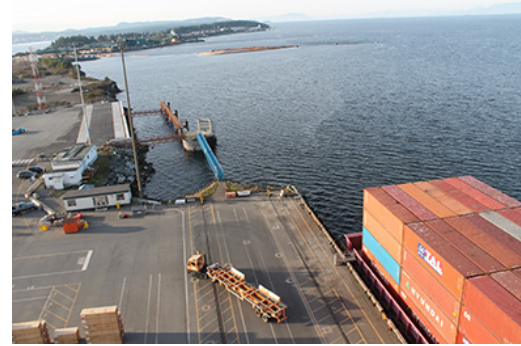
| Cargo Type | 2012 volume in metric tonnes | 2018 volume in metric tonnes | Growth YOY |
|-----------------|------------------------------|------------------------------|------------|
| Forest Products | 1,253,573 | 2,096,062 | 11.2% |
| Logs | 1,153,658 | 2,029,140 | 12.6% |
| Bulk Cargo | 187,611 | 123,371 | -4.9% |
| Project Cargo | 17,051 | 24,526 | 7.3% |
| Containers | 48,128 | 534,768 | 168.5% |
| Chemicals | 32,762 | 44,910 | 6.2% |
| Petroleum | 349,233 | 444,916 | 4.6% |
| Total Volume | 3,042,016 | 5,306,693 | 12.4% |

The federal government is contributing a significant amount of money towards improvements in Nanaimo's port infrastructure.

4.1 Market Analysis

4.1.3 Duke Point Terminal and Duke Point Expansion

- › In addition to relatively recent investments, the federal government is contributing a significant amount of money towards further improvements in Nanaimo's port infrastructure.
- › This is specifically due to the opportunities created from Duke Point's deep-sea berths in addition to barge service being increasingly utilized from Vancouver Island to Vancouver for short sea shipping.
- › The \$90 million expansion of the Port of Nanaimo's Duke Point operations announced early in 2019 is expected to include new equipment and facilities that will make the port even more attractive and efficient for local, national, and international companies.
- › This investment is estimated to create 900 jobs during construction, reduce congestion at the terminal, and greatly enhance the capacity to ship and receive goods to and from international markets.
- › The expansion is expected to be one of the major contributors to growing demand for supporting industrial land in the Duke Point area and nearby regions of Nanaimo accessible by highway and rail.



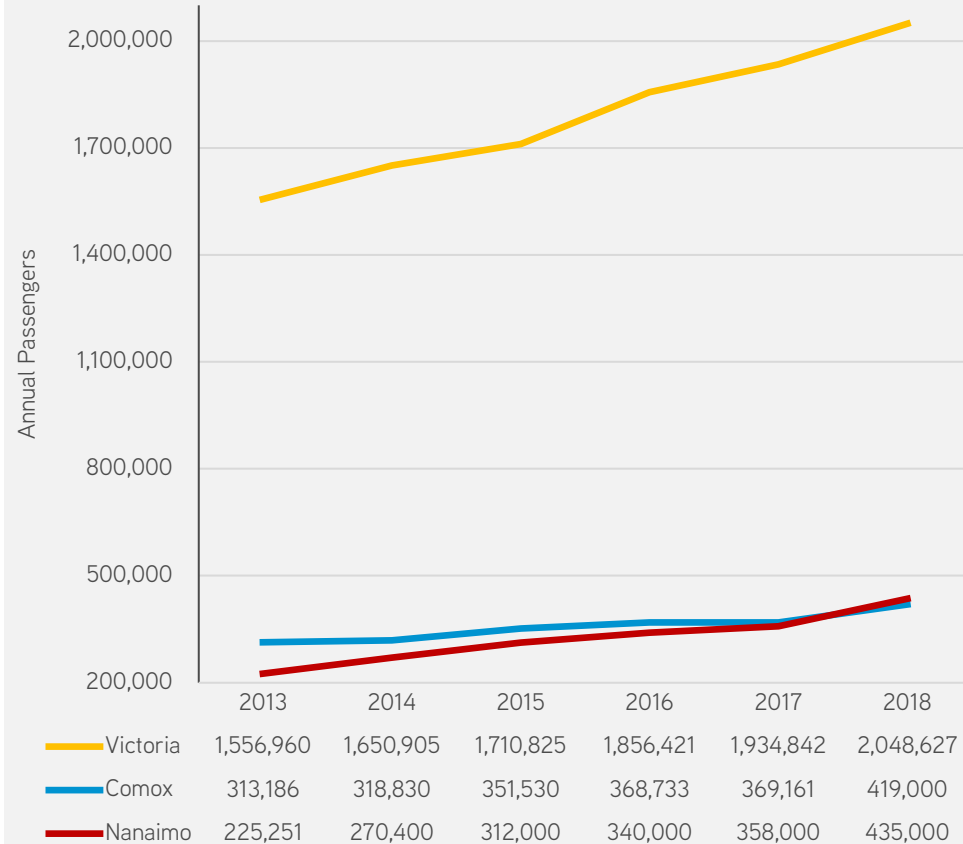
The Nanaimo Airport has been experiencing strong growth through investments in facilities and infrastructure.

4.1 Market Analysis

4.1.4 Nanaimo Airport

- > In addition to port related industrial growth, the Nanaimo Airport is another major potential contributor to future industrial growth within the City of Nanaimo and the surrounding area.
- > The Nanaimo Airport is located 18km south of Nanaimo and is adjacent to the Trans Canada Highway 1, the rail line, and is 10 minutes away from ferries and the Nanaimo Port.
- > The Nanaimo Airport has one of the largest available land masses for airside and groundside development of any BC airport and is centrally located on Vancouver Island.
- > This is the fastest growing airport on Vancouver Island, with average annual airport passenger growth of 14.24% since 2013. Although it transports a similar volume of passengers as the Comox airport, it is expected to continually grow at a faster pace in upcoming years.
- > This makes it the second busiest airport on Vancouver Island both currently and in the future, with passenger traffic already 60% higher than past projections for 2019.
- > Prime tenants include FedEx, Enex Fuels and Alkan Air, with the airport contributing \$464 million to the local economy with 2,755 supported jobs.

Vancouver Island Annual Passengers by Airport



Growth in Airport Passengers

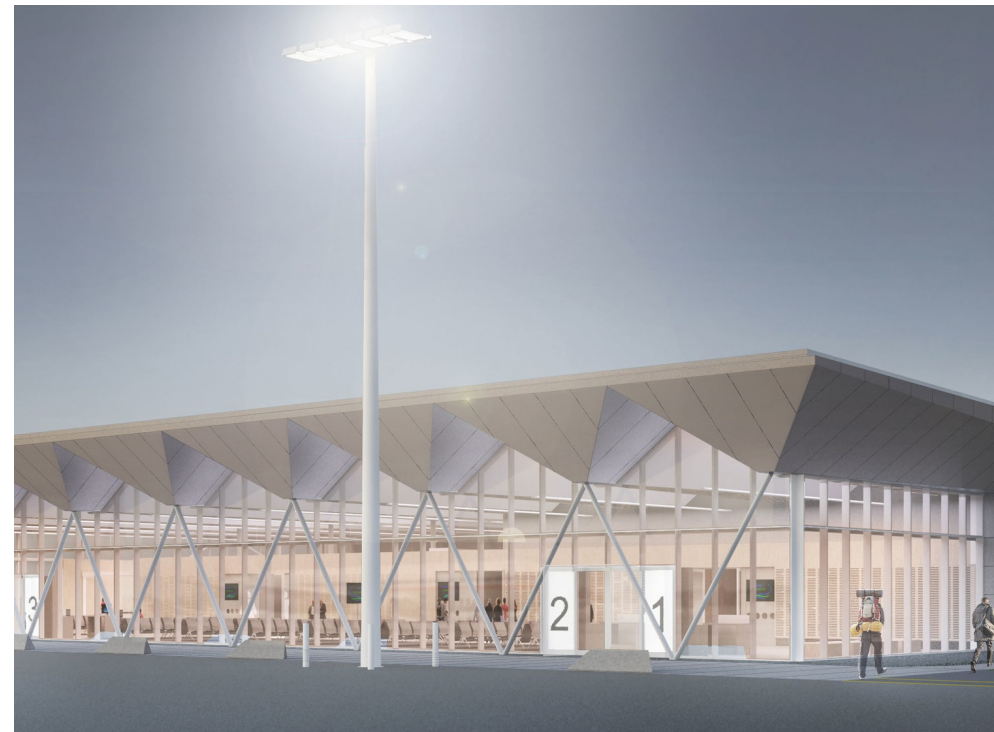
| Airport | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 |
|----------|-----------|-----------|-----------|-----------|-----------|
| Nanaimo | 20.04% | 15.38% | 8.97% | 5.29% | 21.51% |
| Victoria | 6.03% | 3.63% | 8.51% | 4.22% | 5.88% |
| Comox | 1.80% | 10.26% | 4.89% | 0.12% | 13.5% |

The Nanaimo Airport is continuing to expand its passenger and groundside commercial & industrial capacities.

4.1 Market Analysis

4.1.4 Nanaimo Airport

- The recent terminal expansion completed in Fall 2019 added 14,000 square feet of capacity, supporting the goal of remaining as one of the fastest growing airports in British Columbia.
- The Nanaimo Airport 20-year master plan includes an expansion of groundside commercial space, a significant expansion of airside commercial space, additional air terminal reserves, and future aviation space on the golf course east of the site.
- With its unique mix of prime land development opportunities, the Nanaimo Airport offers one of the largest available land masses for airside and groundside development of any BC airport.
- More than 50 hectares of land has been designated as available. In addition, 6 hectares of land was identified as underdeveloped along the northern portion of the taxiway ideal for hangars and flight services. This represents a significant inventory of available land with airside and highway access, suitable for industrial uses.
- The top five development sectors identified by the Nanaimo Airport are hangars (private and corporate), fixed based operators (including aviation fuel suppliers), aircraft sales, flight training, and maintenance repair and overhaul services.

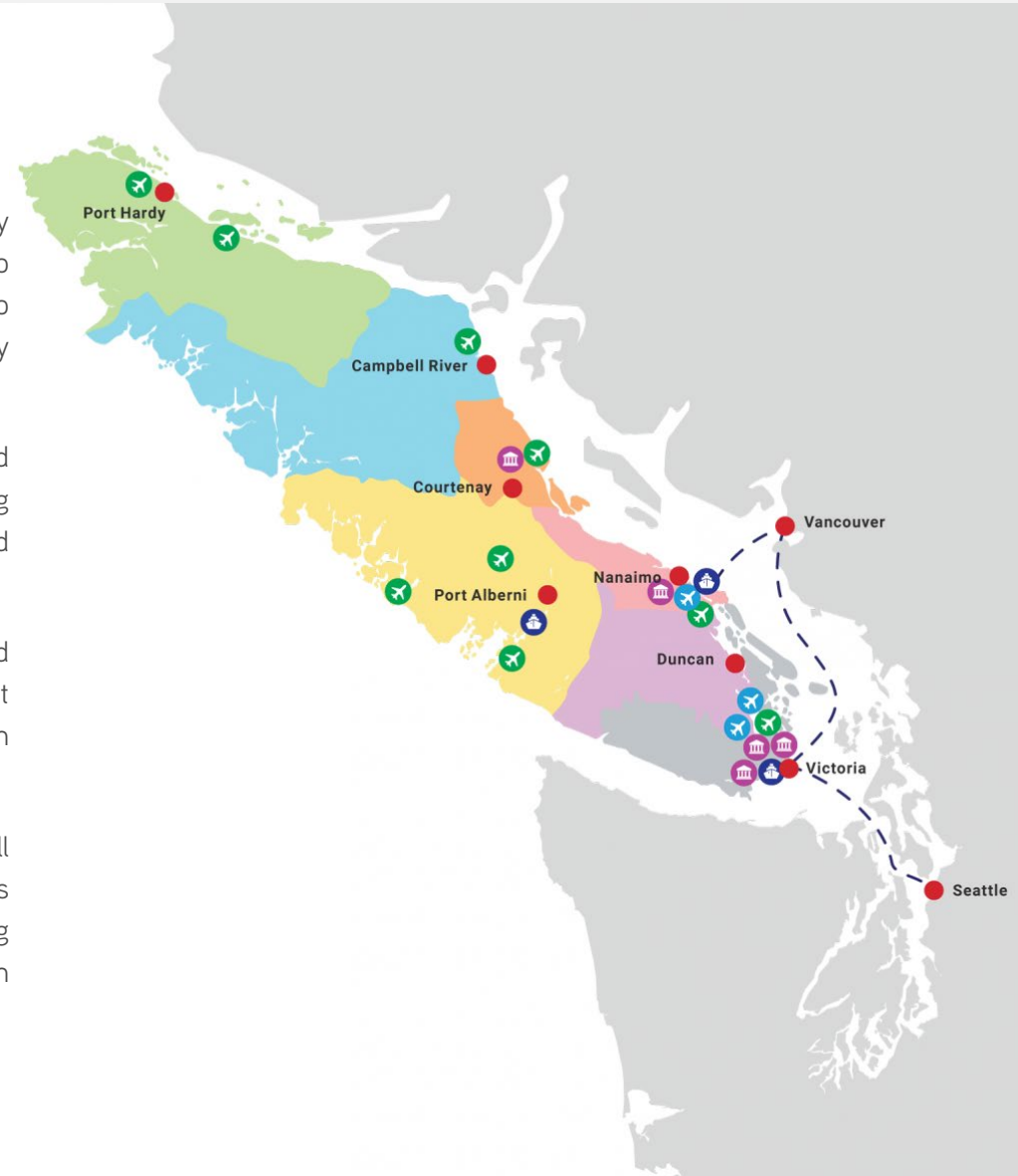


The foreign trade zone status is intended to help businesses facilitate exports, boost the industrial sector, and create jobs for the middle class.

4.1 Market Analysis

4.1.5 Vancouver Island Foreign Trade Zone

- › The Vancouver Island Foreign Trade Zone is committed to aggressively marketing Vancouver Island to attract international trade activity and to expand the production of goods for export, providing streamlined access to government programs to help export products and increase profitability through tax/duty deferral opportunities.
- › This is an important designation to help strengthen traditional island industries on the world stage while attracting new manufacturing opportunities and contributing to the overall growth of industrial land demand.
- › Nanaimo's growing port, commercial and passenger airport facilities, and university facilities make it an attractive centre for economic development and activity, effectively positioned as a central and accessible node within this Foreign Trade Zone.
- › It is expected that Vancouver Island, and Nanaimo in particular, will continue to experience growing industrial-related demand due to factors including the Foreign Trade Zone which is expected to continue supporting the volume of goods produced and exported to serve North America, Latin America, and Asia.



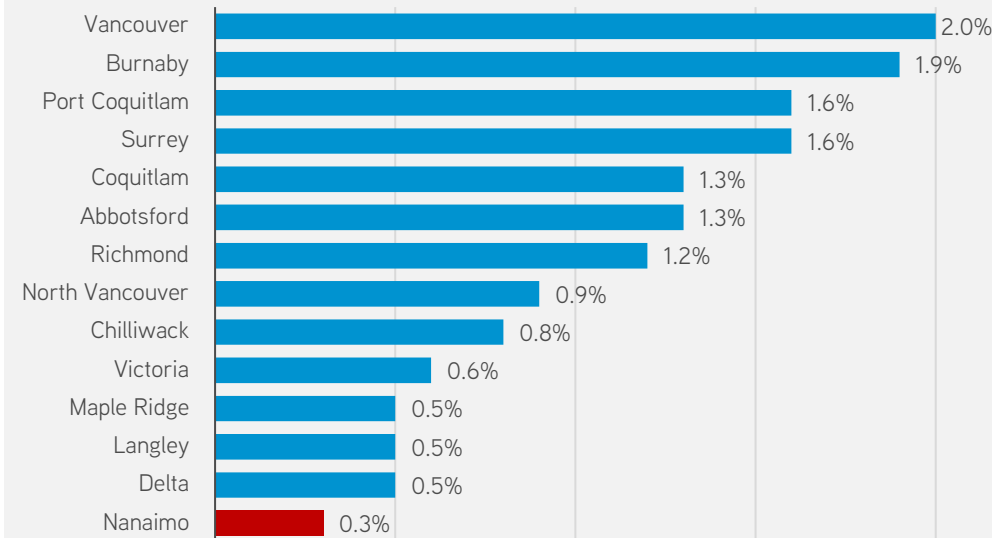
Industrial space is in high demand in Nanaimo due to limited supply and strong demand. Well located industrial land across the region is scarce.

4.1 Market Analysis

4.1.6 Nanaimo Industrial Market Metrics

- > Due to many of the factors outlined on the previous pages, Nanaimo has consistently experienced demand from industrial related businesses looking to expand or open new operations in the Nanaimo market.
- > As a result, industrial parks are operating at capacity with limited additional land suitable for development. In Q2 2019, the industrial vacancy rate was 0.3% in Nanaimo, lower than Victoria (0.6%), and Metro Vancouver (1.5%).
- > The lack of available space is becoming detrimental for the many businesses and industries looking for space in Nanaimo. Due to the amount of inquiries that brokers have been forced to turn down due to lack of available space, the gap between demand and supply is expected to grow.
- > Despite growing demand, there has been a notable lack of new industrial supply introduced to the Nanaimo market in recent years. While building permit values remained above \$200 million over the past 5 years, residential development accounted for 85% of this total value.
- > Industrial building permits account for an insignificant portion of total building permit values, with under 18 permits issued on average per year since 2010. This is indicative of a lack of new supply being introduced into the market, particularly among large-scale industrial lots.

Vacancy Rates by Region, Q3 2019



- > Further validating the analyses on the previous pages, all of the stakeholders engaged by Colliers that are familiar with Nanaimo's industrial sector reflected the sentiment that there is strong and growing demand for industrial land within the City, and much lower vacancy and underutilization rates than expressed in previous capacity studies.
- > This is particularly evident for well-located, larger industrial parcels, resulting from the Duke Point expansion with potential for an expanded logistics based industrial sector.

Nanaimo's increasingly diversified economy, strategic location, and supporting infrastructure has created strong demand for industrial land.

4.1 Market Analysis

4.1.7 Summary

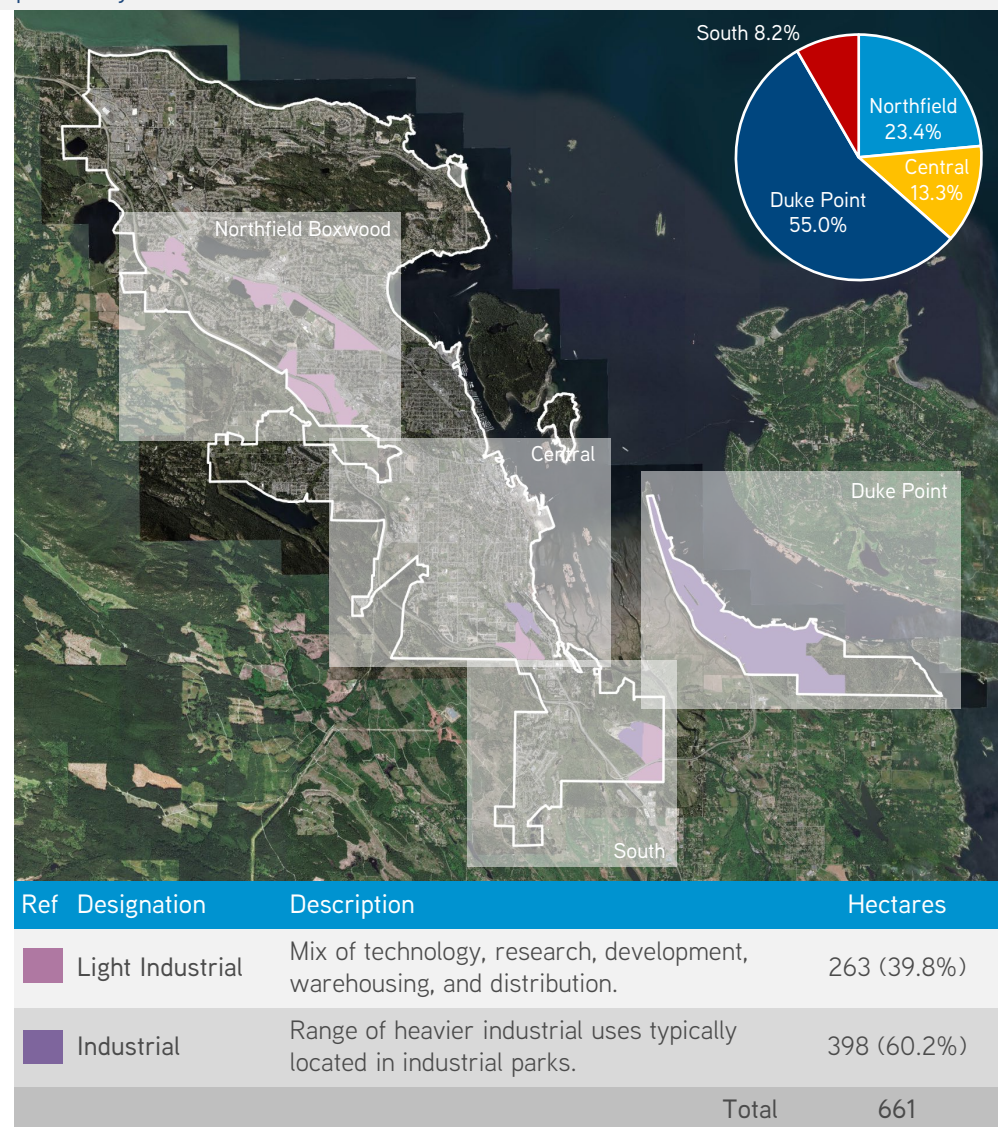
- › Nanaimo's population is becoming increasingly educated and its workforce is moving away from a traditionally resource-based economy to more diversified service and manufacturing based industries.
- › Investments in Nanaimo's key transportation infrastructure, notably the Nanaimo Port and Nanaimo Airport combined with the City's central location on Vancouver Island make it an attractive place to do business.
- › Significant investment in the Nanaimo Port combined with the Vancouver Island Foreign Trade Zone designation make Nanaimo a regionally significant city for domestic and international trade .
- › Despite the expansion of employment in the industrial sector, little supply is being created with the majority of development occurring in the residential housing market.
- › With little to no industrial vacancy in Greater Victoria and Metro Vancouver, industries are increasingly drawn to Nanaimo due to comparably lower cost of living and doing business.
- › Without new industrial supply, new businesses may choose to locate elsewhere, and existing businesses may be limited in their ability to expand and/or be forced to relocate due to rising costs and limited capacity.



The City of Nanaimo has a total of 661 hectares of industrial designated land, primarily within the Duke Point and Northfield Boxwood areas.

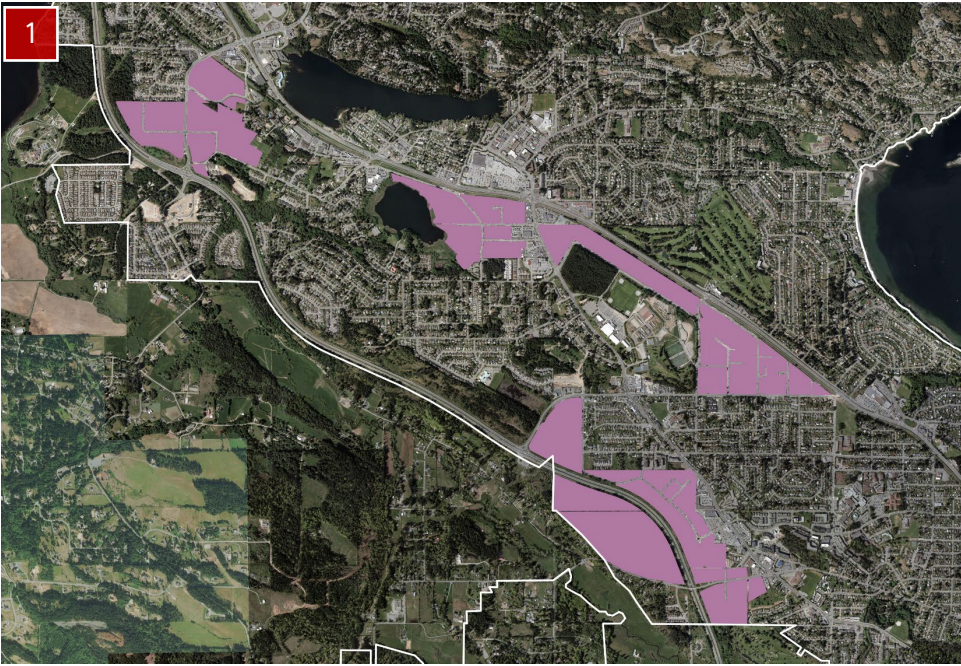
4.2 Land Inventory by OCP Designation

- > The City of Nanaimo has a total of 661 hectares of land designated for industrial uses, as displayed to the right. This supply is distributed throughout Nanaimo, and for the purposes of this analysis Colliers has broken it down into 4 distinct districts: Northfield Boxwood, Central Nanaimo, South Nanaimo, and Duke Point.
- > Approximately 55.0% of total supply is located within Duke Point, followed by 23.4% within Northfield Boxwood, 13.3% within Central Nanaimo, and 8.2% within South Nanaimo.
- > The land inventory can be further broken down into the two OCP subcategories as defined to the right. Industrial uses account for the majority of land supply (60.2%) with users typically being more land intensive. Light industrial uses account for the remaining 39.8% of total supply.
- > The following two pages of this report examine the breakdown of Industrial designations within each of the four districts. Heavy Industrial supply is primarily located within Duke Point, whereas Mixed Light Industrial supply is distributed throughout Northfield Boxwood, Central, and South Nanaimo.



The Northfield Boxwood area has approximately 70% of the City’s Light Industrial supply and 28% of the total industrial land inventory.

4.2 Land Inventory by OCP Designation



| (1) Northfield Boxwood | | | |
|------------------------|------------------|-------------------------|---------------------------|
| Ref | Designation | Hectares within Subarea | Percent of City Inventory |
| | Light Industrial | 185 | 70.2% |
| | Industrial | 0 | 0% |
| | Total | 185 | 27.9% |



| (2) Central Nanaimo | | | |
|---------------------|------------------|-------------------------|---------------------------|
| Ref | Designation | Hectares within Subarea | Percent of City Inventory |
| | Light Industrial | 25 | 9.7% |
| | Industrial | 17 | 4.3% |
| | Total | 42 | 6.4% |

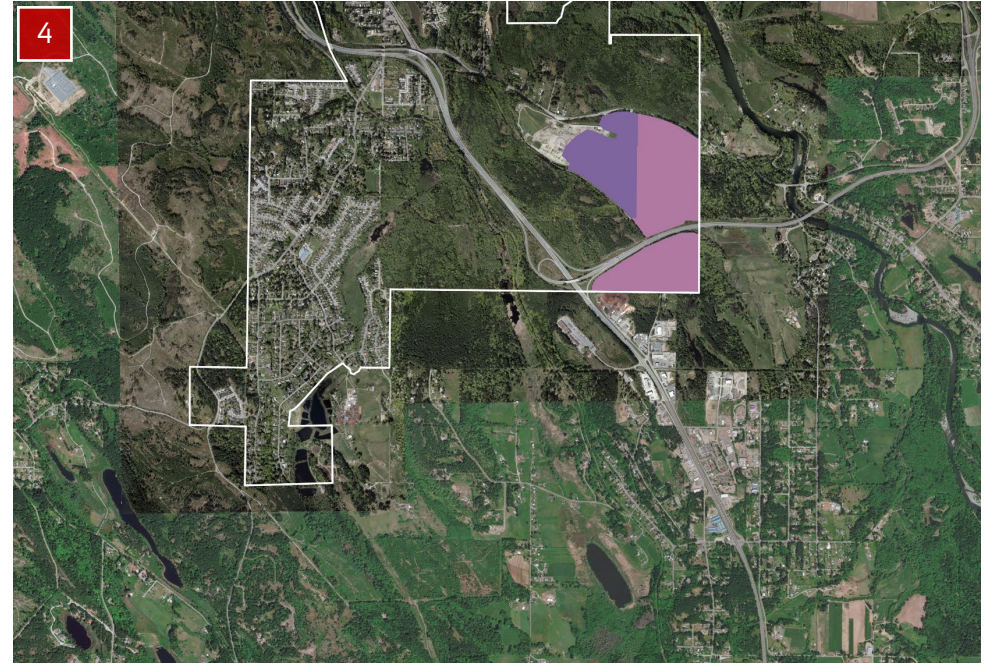
Duke Point contains the majority of Heavy Industrial land supply (89.8%), whereas much of South Nanaimo's industrial land is within Sandstone.

4.2 Land Inventory by OCP Designation



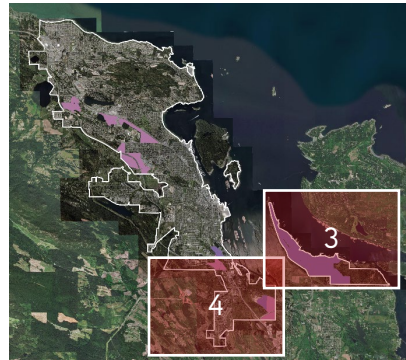
(3) Duke Point

| Ref | Designation | Hectares within Subarea | Percent of City Inventory |
|-----|------------------|-------------------------|---------------------------|
| | Light Industrial | 0 | 0% |
| | Industrial | 358 | 89.8% |
| | Total | 358 | 54.1% |



(4) South Nanaimo

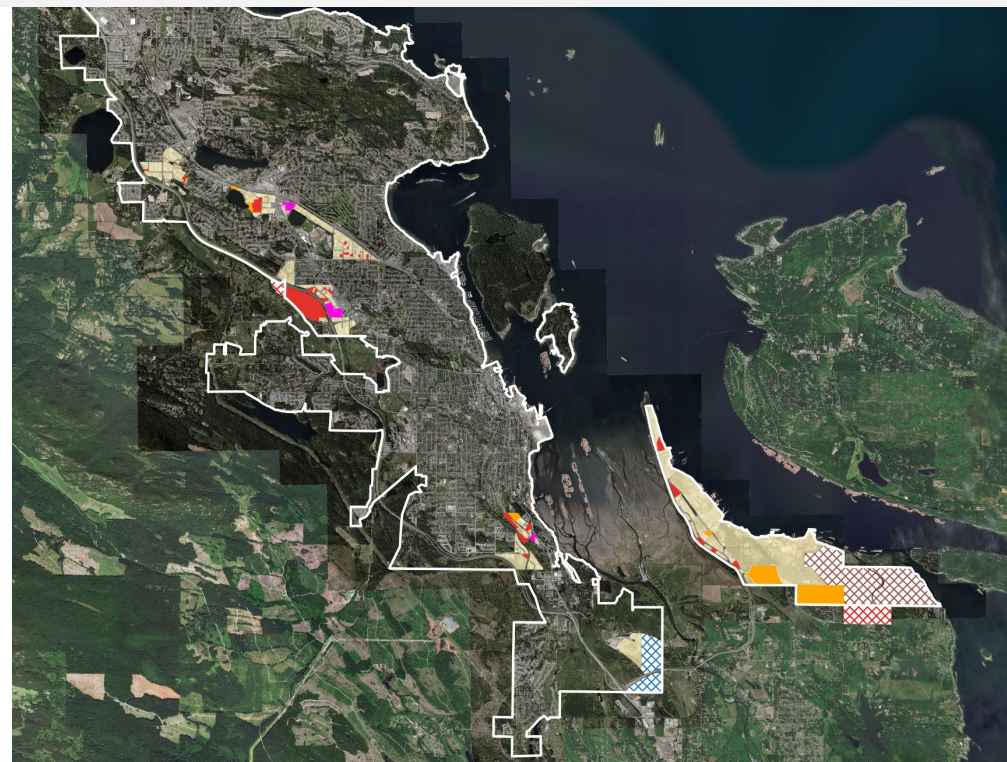
| Ref | Designation | Hectares within Subarea | Percent of City Inventory |
|-----|------------------|-------------------------|---------------------------|
| | Light Industrial | 53 | 20.1% |
| | Industrial | 23 | 5.9% |
| | Total | 76 | 11.6% |



The City of Nanaimo currently has an estimated 63 ha of developable industrial land, with an additional 10 ha of land with construction occurring within.

4.3 Vacant and Developable Land

- Through extensive fieldwork and market research, the industrial land inventory can be broken down into the following categories: occupied, constrained, developable, under construction, and potential for future use.
- Occupied industrial land is defined as designated for industrial within the OCP, developed, and currently being used for industrial activities. Business licenses and fieldwork imagery were used to confirm the occupants of each site. The City has approximately 475 hectares of occupied industrial land.
- Constrained industrial land is defined as the portion of these specific lots suitable for development, with the remainder being unsuitable due to slopes exceeding 10% and other geographical restrictions. There is a total of 8 hectares of additional land within these areas that could accommodate future industrial development.
- Vacant industrial land is industrially zoned land that is cleared but not occupied by vehicles, structures, nor appears to be used for industrial activities. This also includes vacant buildings and greenfield sites that are designated for industrial use. There is a total of approximately 55 hectares of vacant and developable land.
- Land defined as under construction is zoned for industrial use and currently being developed but is yet to be tenanted. This land is expected to be absorbed quickly due to the magnitude of industrial demand in the City and lack of new standing inventory. There are currently 10 hectares under construction.

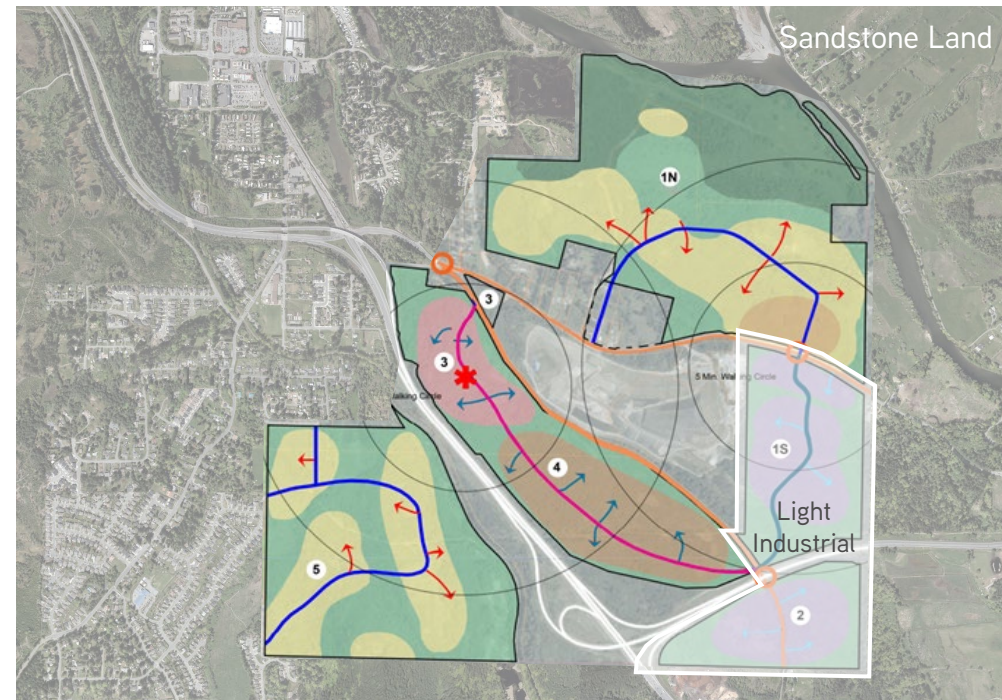


| Ref | Category | Description | Hectares |
|-------|--------------|--|-------------|
| | Occupied | Currently occupied industrial land | 475 (64.9%) |
| | Constrained | Developable portion of constrained land | 8 (11.6%) |
| | Vacant | Currently vacant and developable land | 55 (7.5%) |
| | Construction | Land with construction occurring within | 10 (13.2%) |
| | Sandstone | Designated as mixed light industrial | 53 (7.3%) |
| | Oceanview | Resort designation but suitable for industrial | 86 (11.7%) |
| | Outside UCB | Identified as suitable for industrial use | 44 (6.0%) |
| Total | | | 731 |

The latest Sandstone Master Plan includes 53 ha designated for light industrial use; however development is expected to occur over the long-term.

4.3 Vacant and Developable Land

- In addition to the land that is developable or under construction, there are other large greenfield sites within the Urban Containment Boundary that could be utilized for industrial purposes.
- The existing Sandstone Master Plan includes 53 hectares designated for light industrial uses. Although this represents a large potential influx of supply, it is understood that development timelines are being lengthened for a variety of reasons, including the need for the highways to be redone prior to further development. The industrial land within Sandstone is therefore unlikely to fulfill short term demand.
- Additionally, the land in the Duke Point area previously designated for the Oceanview Golf Resort and Spa is another logical area for industrial development. This region would be particularly suitable for large lot sizes due to the heavy industrial nature of Duke Point and the water proximity. Although this piece of land is 193 hectares in size, it is estimated that approximately 86 hectares would be suitable for industrial development.
- Finally, local stakeholders have identified an additional 44 hectares of land adjacent yet just outside the Urban Containment Boundary that could be suitable for future industrial use.
- In total, accounting for entirety of developable Sandstone and Oceanview land, there is approximately 98 hectares of land within the City of Nanaimo's Urban Containment Boundary that is or could be dedicated for industrial use.



There has been approximately 6 ha of new industrial supply developed over the past decade, with development in nearly all suitable land parcels.

4.4 OCP Assessment

4.4.1 Overview

- To assess the effectiveness of the 2008 OCP and the likelihood that vacant industrial parcels will be viable for future industrial usage, Colliers conducted fieldwork and examined high resolution orthographic imagery to compare land use changes between 2008 and 2019.
- As displayed to the right, the areas shaded in white are designated for industrial or light industrial uses in the OCP, and the areas shaded in purple display land with new industrial supply added over the past decade.
- During this period, approximately 6 hectares of land has experienced new industrial development. Nearly 70% of this land is within the Boxwood Industrial area, primarily due to the availability of land and proximity to Nanaimo Parkway.
- This scale of development is likely not indicative of total annual demand during the past decade, but rather, is the natural development of some of the last remaining desirable industrial land within the City. It is expected that the remaining vacant supply could be partially caused by other factors such as their size, slope, configuration, and accessibility rather than any hindrances from the OCP itself.
- The following pages display a magnified analysis of the land use changes over the past decade within Shenton Industrial Area, Northfield Industrial Area, Boxwood Industrial Area, and Duke Point.



New development in the Boxwood area

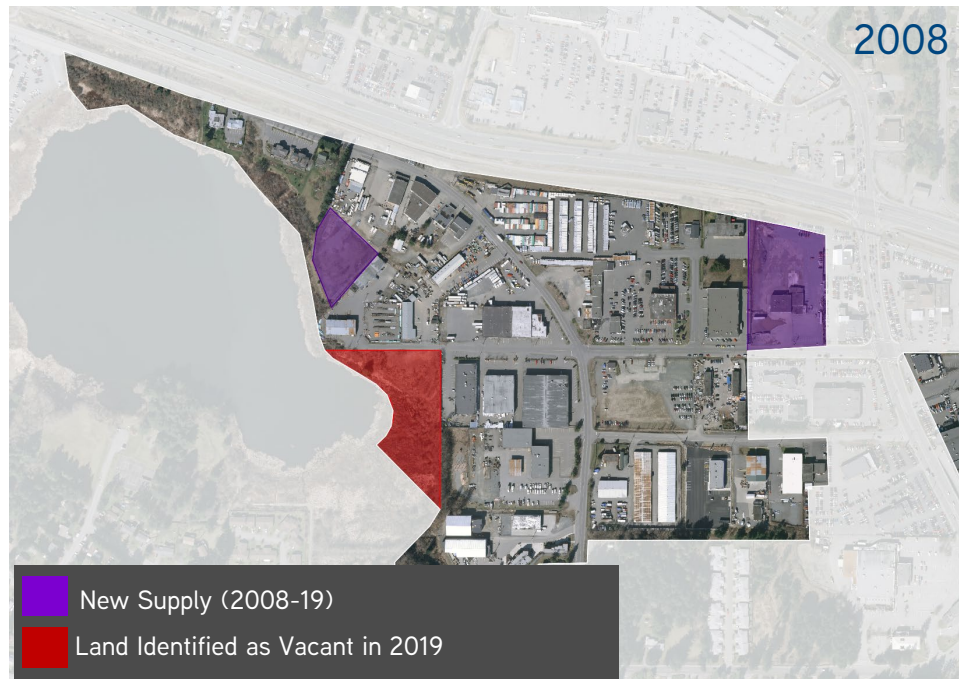


An additional 0.4 ha of industrial land has been developed for industrial uses within the Shenton industrial area over the past decade.

4.4 OCP Assessment

4.4.2 Shenton Industrial Area

- The Shenton Industrial area experienced a minor amount of change over the past decade, with an additional 0.4 hectares of land with development occurring for industrial uses. This relatively minor scale of development was primarily infill of available land rather than due to any restrictions in the OCP.
- As identified below, the land that was designated as vacant in the previous section of this report remained unchanged since 2008. This is likely due to other issues rather than demand, such as the suitability of the land for development and industrial usage.

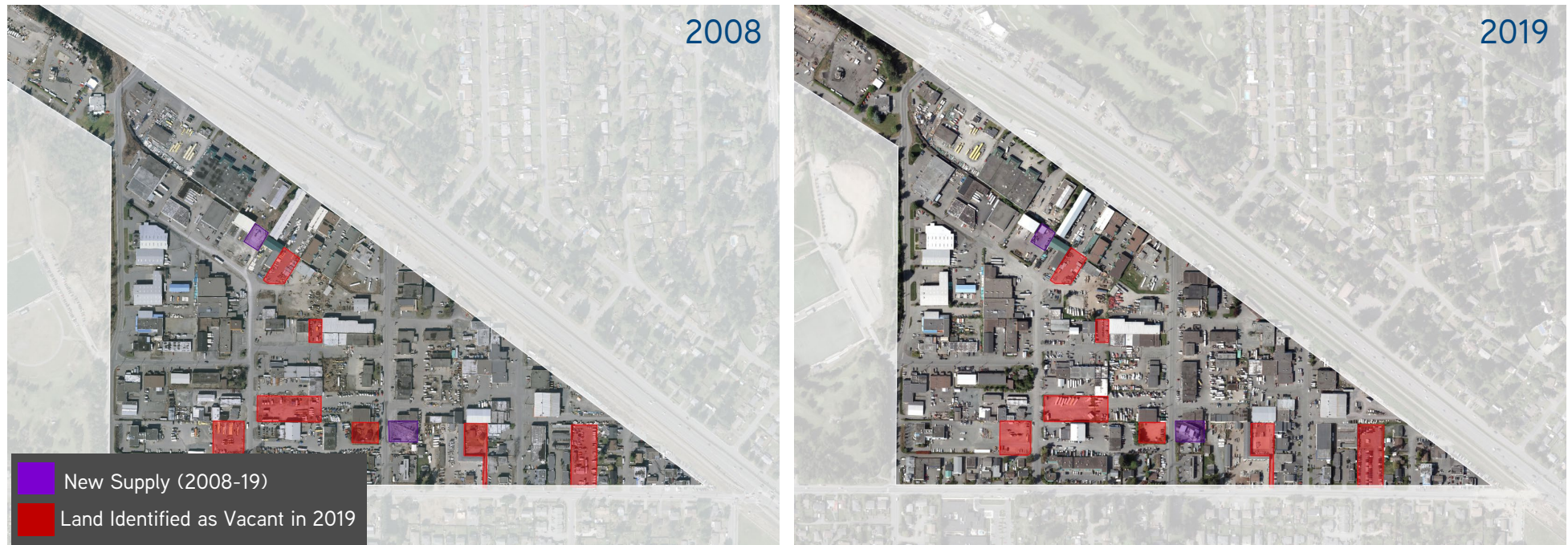


The Northfield industrial area remains one of the densest industrial areas in the City, with only .05 ha of new supply added since 2008.

4.4 OCP Assessment

4.4.3 Northfield Industrial Area

- The Northfield industrial area was one of the densest industrial areas within the City in 2008, and as such, there has been little new development during the past decade. During this period, only .05 hectares of land has seen new supply.
- The current vacancies identified are likely more a matter of older building stock, natural turnover of businesses, and tempered demand for the smaller land parcels in this area when compared to the larger parcels within the Boxwood Industrial area, rather than demand for industrial land in the City as a whole.

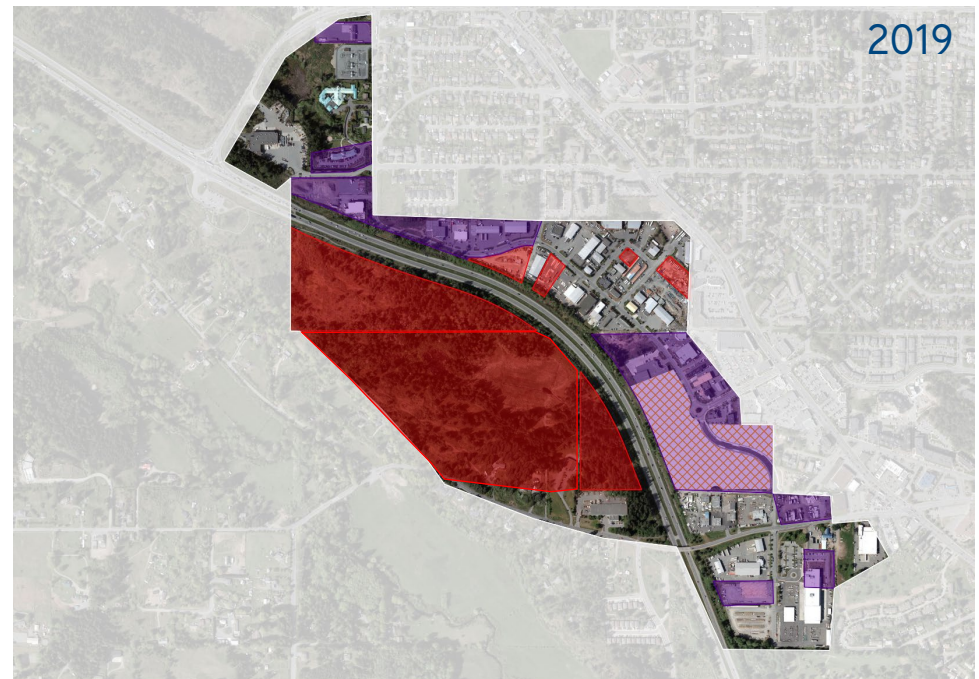
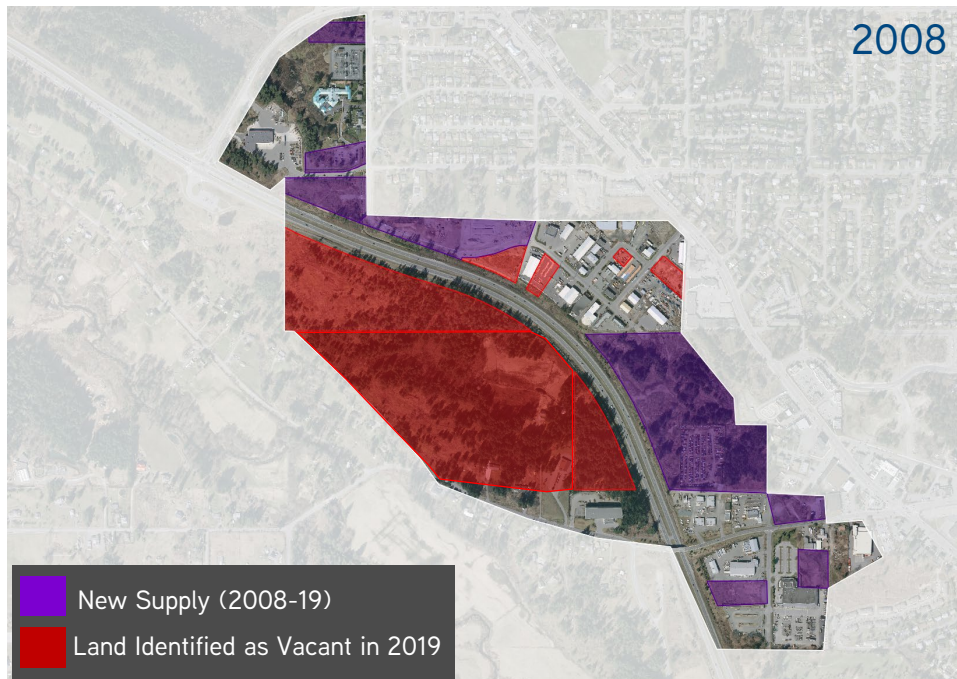


Approximately 5 hectares of new industrial development has occurred within the Boxwood industrial area over the past decade, 70% of the City total.

4.4 OCP Assessment

4.4.4 Boxwood Industrial Area

- The Boxwood industrial area experienced the vast majority (70%) of new industrial land development over the past decade, primarily due to a relatively large amount of available land and accessibility to Nanaimo Parkway. Nearly 5 hectares of land development has occurred in this area over the past decade, including ongoing construction and the additions of Boxwood Road, Dufferin Crescent, and Griffiths Road.
- The 11 hectares of land south of Nanaimo Parkway remains vacant, likely due to a lack of infrastructure and accessibility rather than overall demand. It is expected that development in these areas will occur after the remainder of the areas under construction are completed and leased out.



Duke Point has experienced an additional 0.8 ha of industrial development over the past decade, with vacancies due to lack of suitable land.

4.4 OCP Assessment

4.4.5 Duke Point

- Although Duke Point appears to have a notable amount of land remaining vacant over the past decade with only 0.8 hectares of land experiencing new development during this period, numerous stakeholders have indicated that there is very limited suitable remaining industrial land within this area.
- This is likely due to a variety of factors. First of all, lots smaller than 2 hectares in size are not appropriate for the majority of the heavy industrial uses looking for space in the area, and the larger pieces of land are either being held by owners for their future expansion, or not suitable for major development due to servicing and constraints by natural features and slopes greater than 10%.



Colliers assessed future industrial demand using Status Quo and High Growth scenarios and industrial based employment projections.

4.5 Demand Analysis

4.5.1 Methodology and Assumptions

- To estimate the future demand for industrial land within the City of Nanaimo, Colliers assessed two scenarios with a combination of the historic extrapolation and constant share projection methodologies.
- Employment projections broken down by industrial subcategory are the most accurate method of understanding future industrial demand, however external factors more difficult to predict such as new regulations or broader changes in the Canadian economy may also impact demand.
- The extrapolation method examines historical population, employment, and industry growth patterns to project future industrial employment, whereas the constant share method incorporates assumptions regarding Nanaimo's relative future growth in comparison to the broader Vancouver Island / Coast economic region.
- The first scenario (Status Quo) examines future industrial demand under the assumption that Nanaimo's industrial growth will resemble historical patterns and its positioning relative to the broader economic region will remain unchanged over the next two decades.
- The second scenario (High Growth) assumes that Nanaimo will continue to gradually become a major industrial centre within Vancouver Island due to many of the factors outlined in Section 4.1 of this report.
- Colliers believes that future demand is likely to exceed the Status Quo scenario, with the High Growth scenario representing the expected upper limit of future industrial land demand.
- To project future employment using both methodologies, Colliers utilized population and employment projections broken down into four broad categories: primary industries, population-based industries, tourism-based industries, and industrial-based industries.
- Primary industries include farms, forestry, fishing, hunting, and mining and oil extraction. Population-based industries include finance, real estate, business services, institutions, and 80% of overall retail trade. Industrial-based industries include manufacturing, wholesale trade, construction, transportation, storage, and utilities. Tourism-based industries include accommodation, food & beverage, other services, and 20% of retail trade.
- Given an analysis of current employment categories within Nanaimo's industrial land, it is assumed that future employment on industrial land will include 100% of industrial-based jobs, 20% of population-based jobs, and 10% of jobs in tourism-based and primary industries.
- These ratios are applied to future employment projections using both the extrapolation and constant share methodologies to estimate the total number of future jobs on industrial land. Based on industrial development best practices, an expected ratio of future industrial employment per acre is applied to the employment projections to estimate future land demand.

Colliers estimates that the City will experience demand for a total of 641 ha (Status Quo) and 727 ha (High Growth) of industrial land by 2041.

4.5 Demand Analysis

4.5.2 Industrial Demand Projections

- As displayed in the table to the right, Colliers projects industrial land demand within the City of Nanaimo under both the Status Quo and High Growth scenarios up until 2041.
- The High Growth scenario assumes that industrial activity and employment within the City will grow at a relatively faster rate than other industries, and that the overall unemployment rate will slightly decrease over time.
- Based on these calculations, Colliers estimates that the City will experience demand for a total of between 592 hectares (Status Quo) and 672 hectares (High Growth) of industrial land by 2031. By 2041, this demand is expected to grow to between 641 hectares (Status Quo) and 727 hectares (High Growth)
- On the following page, Colliers assesses the capacity of occupied and vacant industrial zoned land to meet future projected demand, along with the estimated remaining years of industrial supply the City can expect in a variety of scenarios including the absorption of Sandstone's light industrial land and the development of the Oceanview land for industrial use.

| Industrial Demand Projections | 2019 | 2031 | | 2041 | |
|---|--------|---|-------------|------------|-------------|
| | | Status Quo | High Growth | Status Quo | High Growth |
| Labour Force ¹ | 44,770 | 50,556 | 50,556 | 54,726 | 54,726 |
| Employed | 41,330 | 46,664 | 47,523 | 50,512 | 51,443 |
| Unemployed | 3,440 | 3,893 | 3,033 | 4,214 | 3,284 |
| Unemployment Rate | 7.7% | 7.7% | 6.8% | 7.7% | 6.4% |
| Employment on Industrial Land ² | 14,854 | 16,771 | 19,009 | 18,154 | 20,577 |
| Industrial Employment Rate ³ | 35.9% | 35.9% | 37.5% | 35.9% | 40.0% |
| Industrial Employment per Acre ⁴ | 11.5 | 11.5 | 11.5 | 11.5 | 11.5 |
| Occupied Land Supply (Ha) | 475 | | | | |
| Vacant Supply > 1 Ha ⁵ | 105 | Usable land estimated to be ~36 hectares. | | | |
| Vacant Supply < 1 Ha ⁵ | 11 | Usable land estimated to be ~10 hectares. | | | |
| Under Construction | 10 | | | | |
| Sandstone Potential ⁶ | 53 | Usable land estimated to be ~43 hectares. | | | |
| Oceanview Potential ⁷ | 193 | Usable land estimated to be ~86 hectares. | | | |
| Demand Projections (Hectares) | | 592 | 672 | 641 | 727 |

1) Based on City of Nanaimo Statistics Canada Labour Force Data.

2) 100% of City's industrial-based industries, 20% of the City's population-based industries, 10% of the City's primary industries.

3) Estimate of industrial-related employment compared to total Citywide employment.

4) Estimate of industrial-related employees per occupied acre of industrial zoned land.

5) Assumes the remainder of these parcels are not feasible for industrial development due to the GIS geographical analyses.

6) Assumes 80% of the industrial zoned land would be used for industrial development due to setbacks, roads, etc.

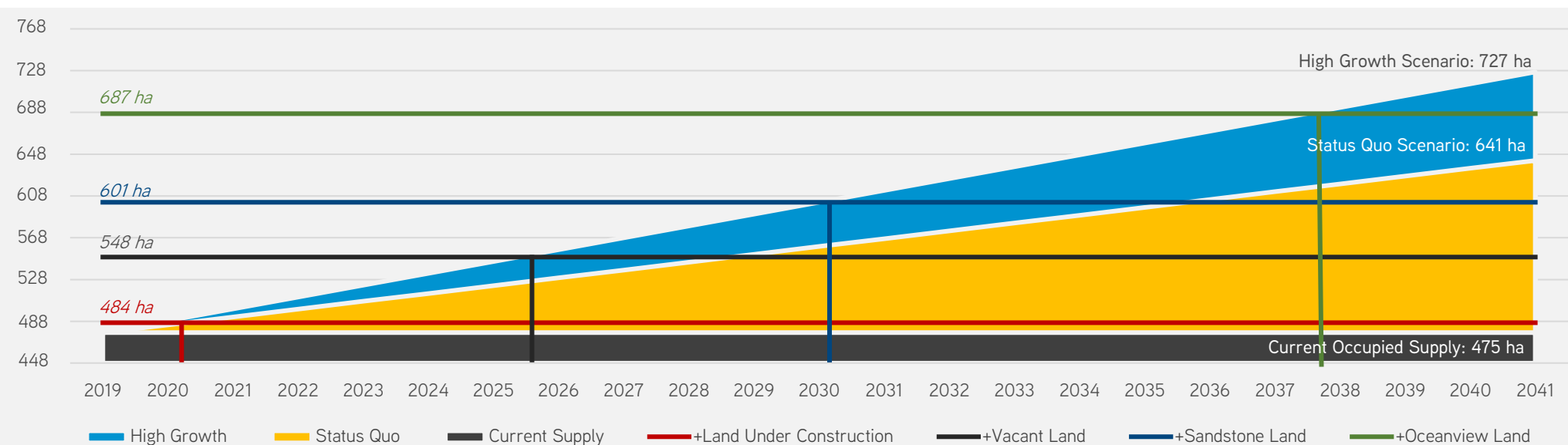
7) Developable area based on discussions with local stakeholders.

Under the High Growth scenario, the utilization of all developable and potential industrial land represents approximately 18 years of supply.

4.5 Demand Analysis

4.5.3 Capacity of Industrial Land to Fulfill Demand by 2041

- The graph below demonstrates the capacity of current and potential industrial land within the City of Nanaimo to meet demand projections in both the Status Quo and High Growth scenarios. The available supply of additional land is displayed incrementally based on the likelihood and viability of their use, assuming land over 1 hectare and land under construction will be absorbed first, followed by vacancies under 1 hectare, Sandstone light industrial land, and finally the land within Oceanview suitable for industrial use.
- This analysis demonstrates that industrial land currently under construction and all vacant lots represent enough supply to last until 2025-2026 in the High Growth scenario. The usage of the Sandstone lands would add another 6 years of supply being completely absorbed by 2030, and finally the Oceanview lands would add 7-8 years of additional supply lasting until 2037-38. This analysis suggests that the complete utilization of all usable vacant and potential industrial supply within the urban containment boundary could represent approximately 18 years of industrial supply in the High Growth scenario.



It is important for the City to create new industrial supply as the amount of vacant industrial land is not expected to fulfill future demand by 2041.

4.6 Recommendations

- The industrial land capacity analysis demonstrates that the usable vacant industrially zoned land within the City's Urban Containment Boundary is insufficient to satisfy demand projections even under the Status Quo scenario. As such, it is imperative that the City examine potential solutions to create new industrial supply.
- Within the Boxwood area, the development of the 11 hectares of vacant lots south of Nanaimo Parkway should be encouraged. This area has already proven to be a popular industrial node with ongoing construction and strong absorption of new supply.
- In addition to the vacancies within Boxwood, there are some lots over 2 hectares that have remained vacant over the past decade. The owners of these lots should be engaged to identify, where possible, ways to incentivize the development of this land.
- The Sandstone light industrial lands represent a potential long-term influx of supply. In the meantime, the process of considering Oceanview for industrial development should begin, including an assessment of the total amount of space within the area that is viable for industrial use.
- Another factor to assess is the potential intensification of existing industrial land, primarily among light industrial uses. Intensification could range from higher ceilings with racking for distribution centres, to investments in automation and the development of multi-level buildings.
- Due to tight supply constraints in many port cities throughout North America, there has recently been a growing trend of multi-level light industrial buildings being constructed in Vancouver, Seattle, San Francisco, and New York.
- In order to support developers if they wish to construct multi-level industrial buildings, the City should reassess any potential needless barriers to such development, including:
 - Permitting new industrial uses such as e-commerce, last-mile delivery, and integrated work-spaces;
 - Discontinuing or limiting non-industrial uses to a secondary scale that only supports primary industrial activities; and
 - Adjusting density caps such as building setbacks, height limits, floor area ratios, and site coverage maximums.
- The heavy industrial areas within Nanaimo are less viable for intensification as they are more land-intensive requiring large areas for truck loading, vehicle parking, and the outdoor storage of equipment and materials.
- Despite expected push back from the RDN, the City could also consider the amalgamation of land outside of the Urban Containment Boundary for industrial use as identified in report section 4.3. These potential sites represent an additional 44 ha of land suitable for industrial use.

5 | Institutional

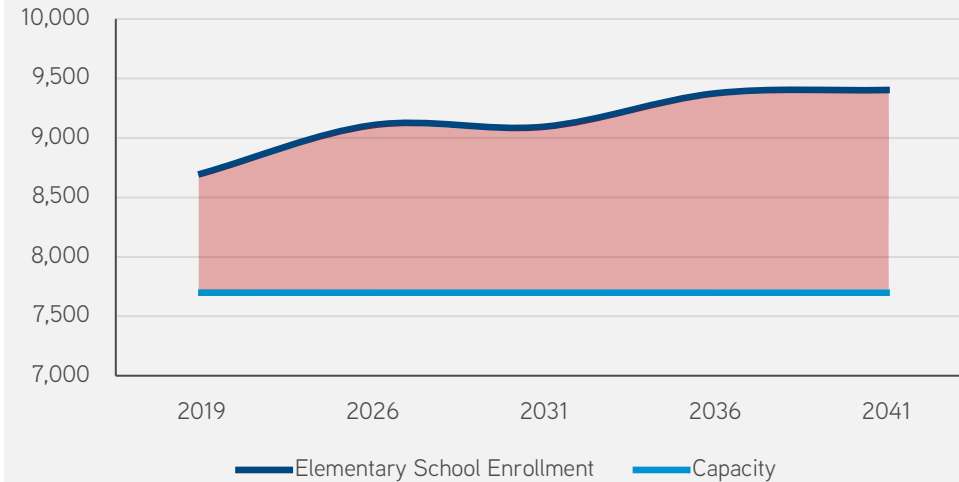
The Nanaimo-Ladysmith School District 68 is expected to experience a shortage of space to accommodate both elementary and secondary students.

5.1 Market Analysis

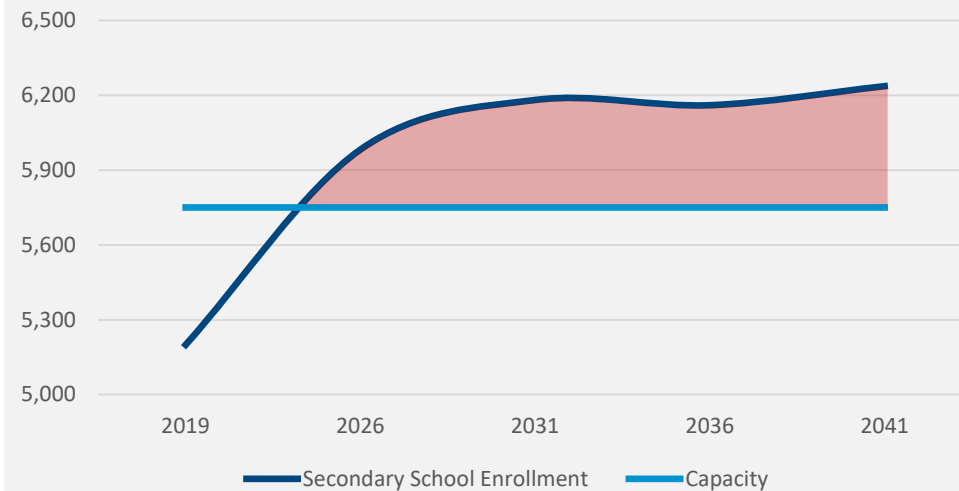
5.1.1 Public Schools

- As outlined to the right, School District 68 is expected to experience moderate enrollment growth over the short term, stabilizing in the longer term due to the overall aging of the population. These enrollment and capacity projections are based on data sourced from the Ministry of Education and School District 68.
- Aside from the overall growth of the school-aged population, the relatively recent Supreme Court decision on classroom sizes and composition has resulted in a shortage of space to accommodate students in the short term.
- This is particularly evident for elementary schools, as the district does not have enough space to accommodate current demand according to class size requirements. The district's secondary schools are also projected to reach full capacity over the next few years.
- As a result, the recently approved SD 68 Capital Plan includes work to expand École Hammond Bay and prepare Cilaire and Pleasant Valley elementary schools to deal with earthquakes.
- Additionally, the District is in the process of developing a new long-range facilities plan, anticipating the need to identify capital expansion priorities as a result of projected capacity shortfalls.

SD 68 Elementary School Enrollment Projections (2019-2041)



SD 68 Secondary School Enrollment Projections (2019-2041)



The VIU Trust is currently considering the development feasibility of three key sites within the existing campus deemed as excess land.

5.1 Market Analysis

5.1.2 Vancouver Island University

- As the overall land demands of Vancouver Island University increase, the VIU Initiatives Trust has identified three sites for potential market development that were deemed as excess to future planned academic use.
- Although this indicates that VIU may not need additional institutional land outside of it's existing area, the development of these sites and their upcoming development feasibility studies should be closely monitored, specifically if the result of these studies indicated the need for more land dedicated towards academic uses that can't be accommodated within the existing campus.
- It is understood that a public request for proposals has been released to identify the forms of property development on each of these sites that best supports the development objectives formed by the Trust.
- Following the study, if development is considered feasible, the project will move into stakeholder consultation and design phases to determine what should be developed, where, and what those developments should look like.



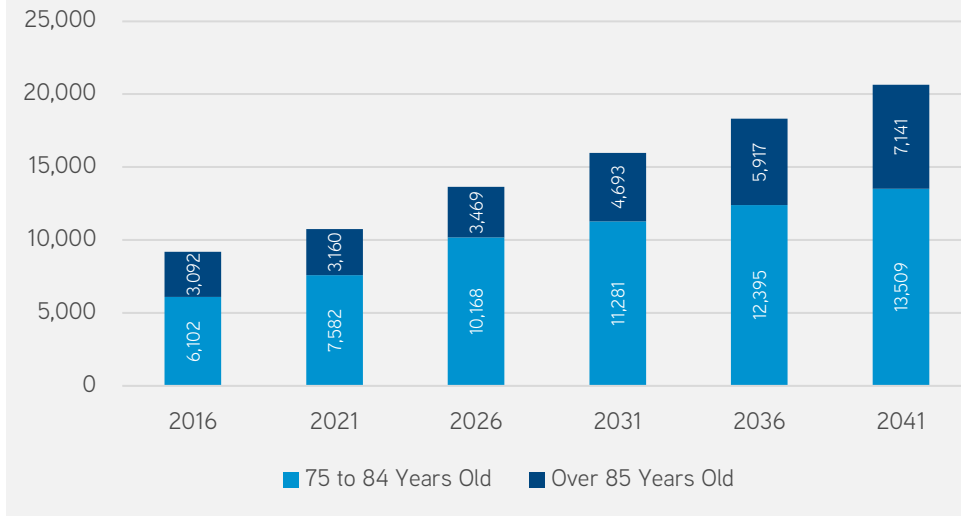
The City is expected to continue experiencing a shortfall in terms of staff and facilities to support the rapidly aging population of the City.

5.1 Market Analysis

5.1.3 Health Facilities and Seniors Care

- > The population of Nanaimo residents aged 75 years and over is projected to grow by an annual rate of approximately 5% to reach a total population of 20,650 by 2041. This is the fastest growing age group within the City.
- > This has already resulted in recent growth in demand for healthcare services, seniors housing, and seniors support workers. This has caused shortages and challenges providing basic care for seniors.
- > This same pattern is being reflected across the province, with occupancy rates of existing seniors housing and health facilities near or at capacity, and significant industry wide labour shortages.
- > In some cases, this has resulted in Island Health being forced to step in and take control of Nanaimo seniors' homes to handle crises that lead to poor staffing levels, such as proper care policies, orientation, and site management.
- > Moving forward, the City may need to identify land suitable for additional seniors' care facilities, along with programs or initiatives to encourage the education of more staff directly required in this field.
- > Additionally, the Nanaimo Regional General Hospital is the medical service centre for the City and region, employing over 2,000 people and expanding to meet the needs of a growing and aging population.

City of Nanaimo Senior Population Projections

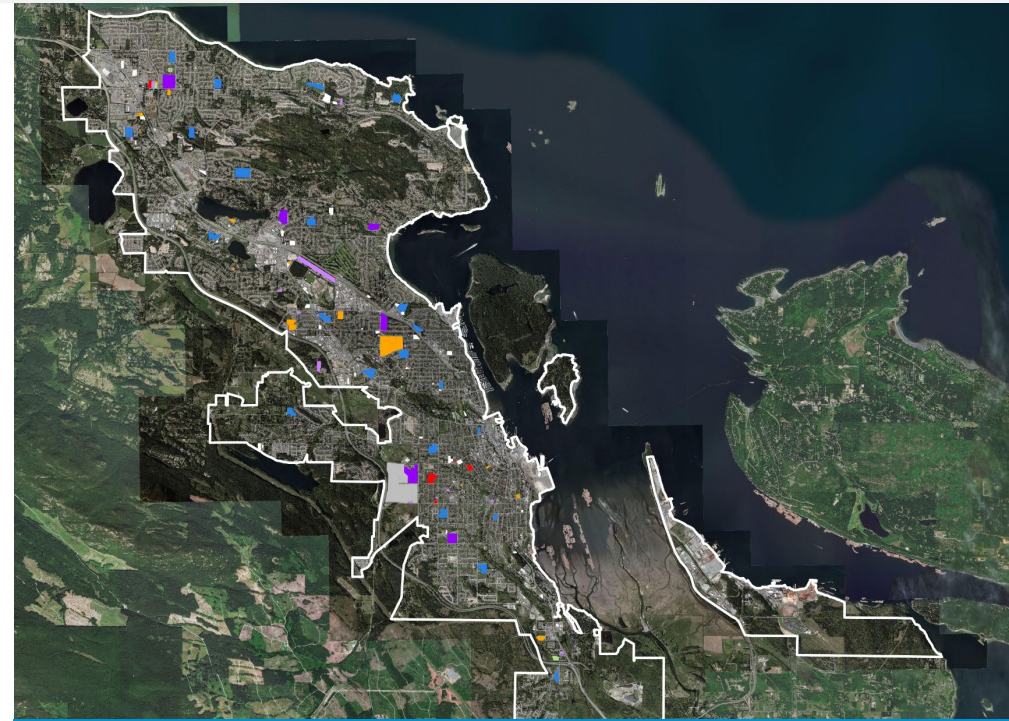


- > As a result, the purpose of the recently adopted Hospital Area Plan (HAP) is to complement and complete the evolution of Hospital Urban Node, including more detailed land use designations, transportation enhancements, and an urban design framework.
- > Although the hospital area will experience new development and intensification, additional land requirements outside of the HAP boundary were not identified within the documentation or supporting reports.
- > As such, it is expected that the Hospital Area Land Use Plan provides sufficient opportunities to meet the future expansion needs of the hospital and related institutional uses preferring a hospital adjacency.

The City currently has a total of 213 hectares of land zoned to permit institutional uses, only 6 hectares of which appears to be vacant.

5.2 Land Inventory by Zoning Subcategories

- › The City has a total of 202 hectares of land zoned for institutional uses (CS1,2,3), as displayed to the right. For the purposes of this analysis, Colliers has broken down this inventory into the following subcategories: Community, Church, Fire Station, Healthcare, Elementary School, Secondary School, University, and Vacant.
- › In total, there is approximately 65 hectares (32.3%) used by elementary schools, 42 hectares (20.6%) used by Vancouver Island University, 32 hectares (15.8%) used by secondary schools, 28 hectares (14.1%) used for healthcare purposes, and 20 hectares (10.0%) used by churches.
- › Colliers has identified 6 hectares of vacant land that is currently zoned to only permit institutional uses. It should be noted that many institutional uses such as schools are also permitted within other mixed-use land use designations such as the corridor, commercial centre, and neighbourhood areas.
- › As such, the City will need to examine the vacant land within all these areas to balance the needs for additional institutional lands with other land uses through consultation with School District 68, Vancouver Island University, Vancouver Island Health Authority, and other similar groups.



| Ref | Category | Description | Hectares |
|-------|-------------------|--|------------|
| | Community | Cultural, Arts, Library, Social, Childcare | 18 (3.4%) |
| | Church | Land used by churches | 20 (10.0%) |
| | Fire Station | Land used by fire stations | 2 (0.9%) |
| | Healthcare | Hospital, clinics, seniors care | 28 (14.1%) |
| | Elementary School | Public elementary schools | 65 (32.3%) |
| | Secondary School | Public secondary schools | 32 (15.8%) |
| | University | Vancouver Island University | 42 (20.6%) |
| | Vacant | CS zoned land without any development | 6 (2.9%) |
| Total | | | 213 |

The City's public schools are at or near capacity, and the aging population has already resulted in shortages in terms of staff and expansion land.

5.3 Summary and Recommendations

- The City is facing a few key challenges regarding demand for institutional land over the short- and long-term, primarily relating to the shortage of public-school classrooms and challenges regarding the aging population.
- Although growth in the school-aged population is expected to level off within 5-8 years, an immediate shortage of elementary school classrooms has been identified, with secondary schools expected to reach capacity in the coming years.
- The City will need to work closely with SD 68 as they develop their new long-range facilities plan in identifying the future land needs and potential locations for new or expanded school sites.
- Although Colliers has identified only a limited amount of vacant land currently zoned for community services, it is understood that schools are generally permitted within Neighbourhood and Corridor designated areas. It will be important to consider setting aside a portion of this land for future institutional development.
- It is also imperative that the City examine the growing land demands for seniors housing and care facilities. As the population continues to age, the shortage of available space will continue to become more of an issue, as will the supply of staff suitable to provide quality care for these individuals. The City should work with the Vancouver Island Health Authority to further identify future land requirements based on internal projections.



| Appendix

Appendix I | Vacant and Developable Land by Planning Area

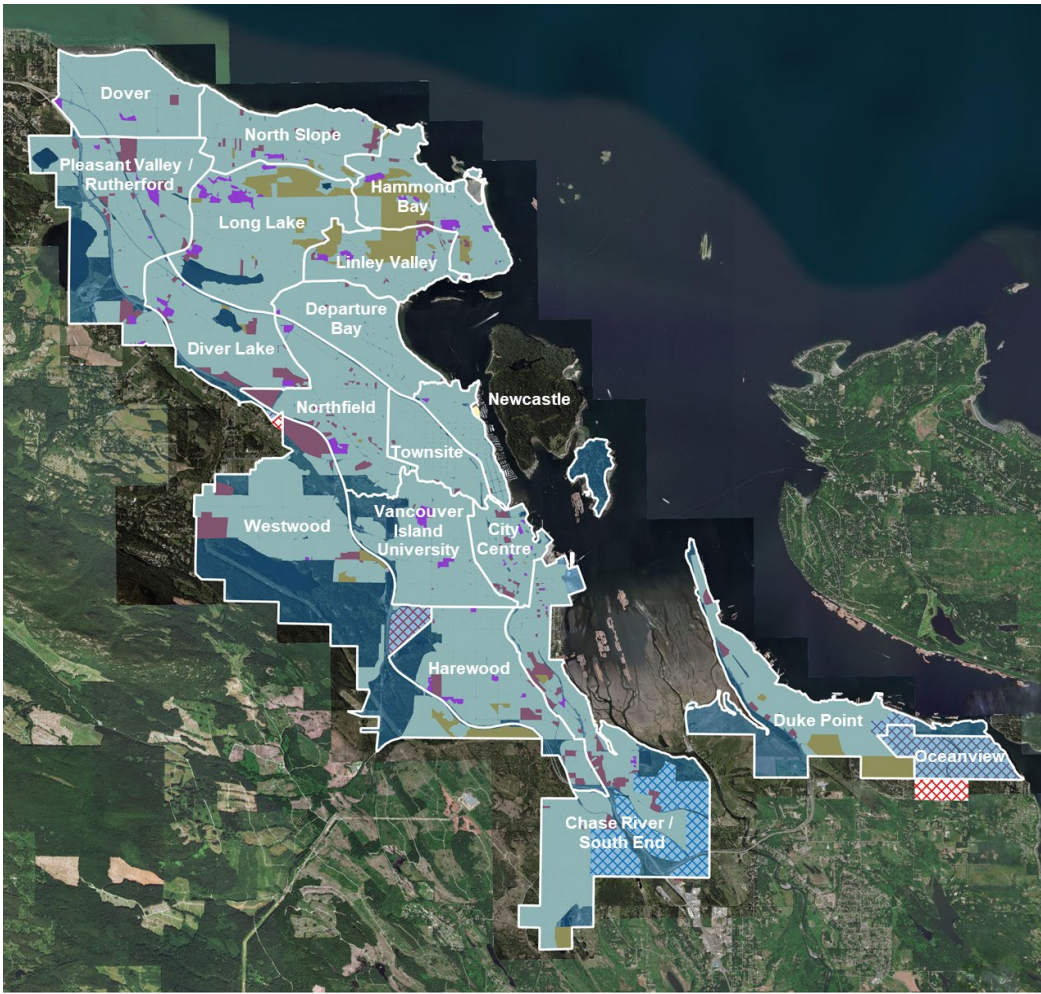
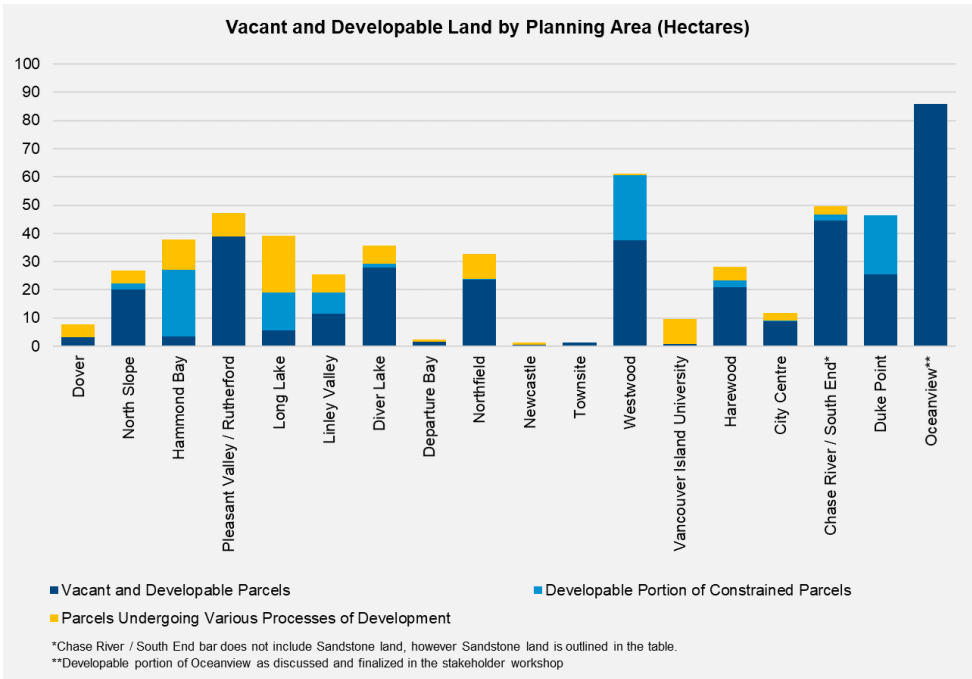
| Planning Area / OCP Designation (Hectares) | Vacant and Developable Parcels | Developable Portion of Constrained Parcels | Parcels Undergoing Various Processes of Development | Total |
|---|-----------------------------------|---|--|-------------|
| Dover | 3.2 | - | 4.5 | 7.7 |
| Corridor | - | - | 0.8 | 0.8 |
| Nanaimo North Urban Node | - | - | 3.8 | 3.8 |
| Neighbourhood | 3.2 | - | - | 3.2 |
| North Slope | 20.2 | 2.0 | 4.7 | 26.9 |
| Neighbourhood | 20.2 | 2.0 | 4.7 | 26.9 |
| Hammond Bay | 3.4 | 23.7 | 10.6 | 37.7 |
| Neighbourhood | 3.4 | 23.7 | 10.6 | 37.7 |
| Pleasant Valley / Rutherford | 39.0 | - | 8.3 | 47.2 |
| City Commercial Centre | - | - | 2.0 | 2.0 |
| Corridor | 23.2 | - | 4.0 | 27.2 |
| Light Industrial | 0.2 | - | - | 0.2 |
| Nanaimo North Urban Node | 0.9 | - | 0.6 | 1.5 |
| Neighbourhood | 14.7 | - | 1.7 | 16.4 |
| Long Lake | 5.6 | 13.5 | 20.2 | 39.3 |
| Corridor | 2.5 | - | 3.3 | 5.8 |
| Neighbourhood | 3.0 | 13.5 | 16.9 | 33.4 |
| Linley Valley | 11.6 | 7.5 | 6.4 | 25.6 |
| Neighbourhood | 11.6 | 7.5 | 6.4 | 25.6 |
| Diver Lake | 27.9 | 1.3 | 6.5 | 35.7 |
| Corridor | 5.5 | - | 0.3 | 5.8 |
| Light Industrial | 5.1 | 1.3 | - | 6.4 |
| Neighbourhood | 17.3 | - | 6.1 | 23.5 |
| Departure Bay | 1.7 | - | 0.6 | 2.3 |
| Corridor | - | - | 0.6 | 0.6 |
| Neighbourhood | 1.7 | - | - | 1.7 |

Appendix I | Vacant and Developable Land by Planning Area

| Planning Area / OCP Designation (Hectares) | Vacant and Developable Parcels | Developable Portion of Constrained Parcels | Parcels Undergoing Various Processes of Development | Total |
|---|-----------------------------------|---|--|-------------|
| Northfield | 23.5 | 0.3 | 8.9 | 32.7 |
| Corridor | 0.9 | 0.3 | 0.3 | 1.5 |
| Hospital Urban Node | 2.5 | - | - | 2.5 |
| Light Industrial | 4.2 | - | 8.6 | 12.8 |
| Neighbourhood | 15.9 | - | - | 15.9 |
| Newcastle | 0.5 | - | 0.8 | 1.2 |
| Corridor | 0.5 | - | 0.3 | 0.8 |
| Neighbourhood | - | - | 0.5 | 0.5 |
| Townsite | 1.3 | - | 0.0 | 1.3 |
| Hospital Urban Node | 0.3 | - | - | 0.3 |
| Neighbourhood | 1.0 | - | - | 1.0 |
| Westwood | 37.4 | 23.1 | 0.5 | 61.0 |
| Light Industrial | 31.3 | - | - | 31.3 |
| Neighbourhood | 6.1 | 23.1 | 0.5 | 29.7 |
| Vancouver Island University | 0.8 | - | 8.8 | 9.6 |
| Corridor | 0.3 | - | 5.2 | 5.5 |
| Neighbourhood | 0.5 | - | 3.6 | 4.2 |
| Harewood | 21.0 | 2.2 | 4.8 | 28.0 |
| Corridor | 4.7 | - | - | 4.7 |
| Light Industrial | 0.6 | - | - | 0.6 |
| Neighbourhood | 15.7 | 2.2 | 4.0 | 22.0 |
| Neighbourhood Centre | - | - | 0.8 | 0.8 |
| City Centre | 8.9 | 0.2 | 2.6 | 11.7 |
| Downtown Urban Node | 4.2 | 0.1 | 2.2 | 6.6 |
| Neighbourhood | 4.7 | 0.1 | 0.4 | 5.1 |

Appendix I | Vacant and Developable Land by Planning Area

| Planning Area / OCP Designation (Hectares) | Vacant and Developable Parcels | Developable Portion of Constrained Parcels | Parcels Undergoing Various Processes of Development | Total |
|---|-----------------------------------|---|--|--------------|
| Chase River / South End | 285.0 | 1.9 | 3.0 | 289.9 |
| Neighbourhood | 24.5 | 0.0 | 2.0 | 26.5 |
| City Commercial Centre | 0.5 | - | - | 0.5 |
| Corridor | 14.2 | - | - | 14.2 |
| Downtown Urban Node | 0.3 | - | - | 0.3 |
| Industrial | 5.1 | 1.9 | 1.0 | 8.0 |
| Sandstone | | | | |
| Urban Node | 56.7 | - | - | 56.7 |
| Light Industrial | 53.0 | - | - | 53.0 |
| Neighbourhood | 130.7 | - | - | 130.7 |
| Duke Point | 25.5 | 20.8 | - | 46.3 |
| Industrial | 25.5 | 20.8 | - | 46.3 |
| Oceanview | 85.8 | 0.0 | - | 85.8 |
| Resort Centre | 85.8 | - | - | 85.8 |
| Grand Total | 602.4 | 96.6 | 91.0 | 790.0 |



Residential Land Recommendations

Sheltair/Vance: The land inventory and capacity analysis has shown that there is sufficient capacity to accommodate projected housing demand for apartment and other ground-oriented units to 2031.

Colliers: Agreed based on the demand projections and inventory of vacant, developable, and underutilized land within this report.

Sheltair/Vance: There is an anticipated shortfall of approximately 1,600 single-detached units based on the practical capacity estimate.

Colliers: The potential shortfall for single-detached homes is only expected under the low-density development scenarios outlined in this report. Despite this potential shortfall, the City has the capacity to satisfy future demand if consumer preferences resemble historical patterns shifting to higher density formats of development.

Sheltair/Vance: Review housing demand again in the next 5 to 10 years to identify changes in housing demand and supply that have occurred.

Colliers: Completed in this report.

Sheltair/Vance: Identify the boundaries of the top of bank for riparian setbacks and update the constraints later in the Residential Build-Out Model.

Colliers: We do not have access to the software to conduct this analysis, however we have the technical ability if the software is purchased.

Commercial Land Recommendations

Sheltair/Vance: Medium-to-long-term commercial demand forecast should be prepared for the City based on the floor space forecast in the Growth Centre Concept Assessment report prepared by Urbanics and UMA.

Colliers: Completed in this report suggesting the City has enough land permitted for commercial uses to accommodate future projected demand.

Sheltair/Vance: Commercial land inventory be updated regularly to monitor absorption of commercial lands and remaining capacity.

Colliers: Completed in this report.

Sheltair/Vance: Consult with local commercial realtors, the Regional District of Nanaimo, and other appropriate professionals and agencies on a regular basis to review commercial supply and demand trends.

Colliers: Completed in this report.

Sheltair/Vance: Potential for growing conflict in the near future as both commercial and industrial developments compete for a decreasing supply of land suited to their needs.

Colliers: Demand for light industrial space is expected to continue growing significantly more so than traditional retail space. The City should consider permitting desirable light-industrial uses to operate within commercially designated OCP areas.

Industrial Land Recommendations

Sheltair/Vance: Depending on future absorption rates for industrial land, it is believed that there is sufficient land that is zoned for heavy industrial to meet demand for the next 10 to 20 (dependent on a land demand forecast).

Colliers: The analysis within this report outlines an imminent need for additional heavy and light industrial supply.

Sheltair/Vance: The supply of light industrial land may be insufficient to meet demand in the next 5 to 15 years, depending on the rate of light industrial demand. This potential shortage of light industrial land will be exacerbated if demand for non-industrial uses, such as large-format retail, is met by using light industrial land.

Colliers: The analysis within this report outlines an imminent need for additional heavy and light industrial supply.

Sheltair/Vance: Ensuring that the City's industrial land based is maintained is important to the continued economic prosperity of Nanaimo, as well as the broader regional economy.

Colliers: Agreed.

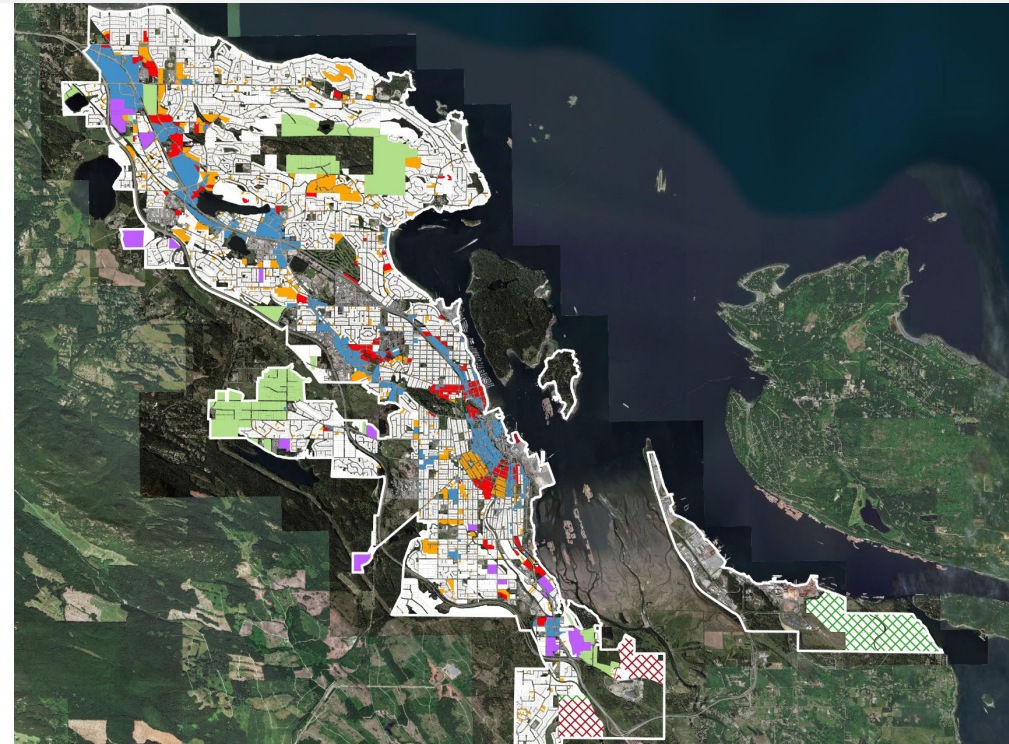
Sheltair/Vance: Detailed assessment be conducted identifying underutilized industrial lands and the barriers to their redevelopment, particularly for light industrial areas inside the Urban Containment Boundary.

Colliers: Completed in this report.

The City of Nanaimo has a total of 10,570 acres of land zoned to permit residential uses distributed throughout the City.

Land Inventory by Zoning Subcategories

- > The City of Nanaimo has a total of 10,570 acres of land within the Urban Containment Boundary zoned for residential uses. Approximately 6,630 acres (62.7%) are dedicated for single family dwellings, 686 acres (6.5%) for ground-oriented dwellings such as townhomes and duplexes, 317 acres (3.0%) for apartments up to 6 storeys, 13 acres (0.1%) for apartments over 6 storeys, and 298 acres (2.8%) for movable dwellings.
- > There is also approximately 800 acres (7.6%) of land zoned for a mixture of uses within the corridor, downtown, and commercial centre areas. It should be noted however that not all of this land is used for residential purposes with development only recently beginning in certain areas such as the Woodgrove Urban Centre (CC4).
- > Finally, there is another 1,036 acres (9.8%) within the urban and rural reserve, 477 acres within Oceanview which is currently designated as a resort community, and 313 acres within the Sandstone master plan.
- > Net of the Urban Reserve, Rural Reserve, Oceanview, Sandstone, and mixed-use land, there is a total of 7,944 acres of land zoned for residential uses only.
- > On the following pages, Colliers assesses this inventory to identify the capacity of vacant and developable land to fulfill future residential land demand up until 2041.



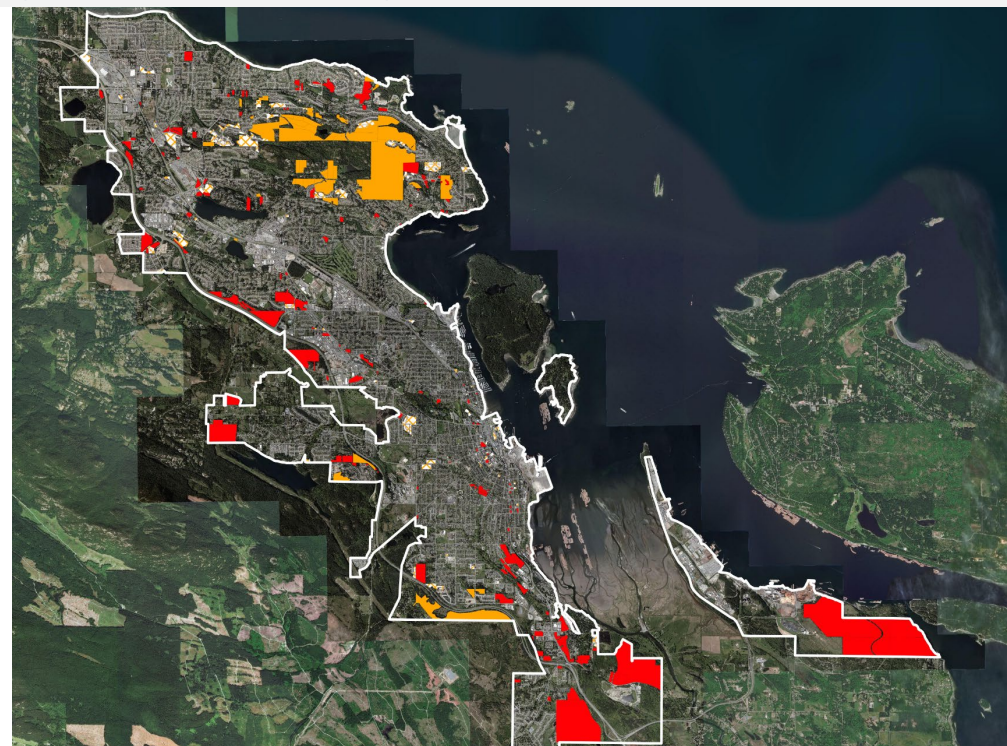
| Ref | Category | Zoning Code | Acres |
|-------|-------------------------|----------------------------------|---------------|
| | Single Family Dwellings | R1/1A/1B/10, AR1, CD10 | 6,630 (62.7%) |
| | Ground Oriented | R1/4/5/6/7/8/10/13/14, CD2/9 | 686 (6.5%) |
| | Up to 6 Storeys | R1/R8/R15, CD1 | 317 (3.0%) |
| | Over 6 Storeys | R9 | 13 (0.1%) |
| | Movable Dwellings | R12 | 298 (2.8%) |
| | Mixed-Use | CC1/2/3/4/5, CD4/5, COR1/2/3, DT | 800 (7.6%) |
| | Urban/Rural Reserve | AR1/2 | 1036 (9.8%) |
| | Oceanview/Sandstone | AR1 | 790 (7.5%) |
| Total | | | 10,570 |

The City of Nanaimo has an estimated 1,360 acres (57%) of vacant and developable land with zoning that permits residential uses.

Vacant and Developable Land

Vacant, Constrained, and Under Construction

- > In total, Colliers identified 2,390 acres of vacant land within the Urban Containment Boundary zoned to permit residential uses. Approximately 1,360 acres (57.1%) of this vacant land appears to be developable for residential use.
- > There is an additional 204 acres of land currently under construction. This accounts for 8.5% of the total vacant inventory and consists of a range of formats ranging from single detached homes to townhomes and apartments. Most of this construction is occurring in North Nanaimo and near Downtown.
- > Primarily due to a large amount of lots with slopes exceeding 30%, approximately 826 acres (34.4%) of land has been identified as constrained. It is unlikely that a significant amount of residential construction will occur in these areas. The majority of the constrained land is located in North Nanaimo within the Long Lake, North Slope, Hammond Bay, and Linley Valley neighbourhoods.



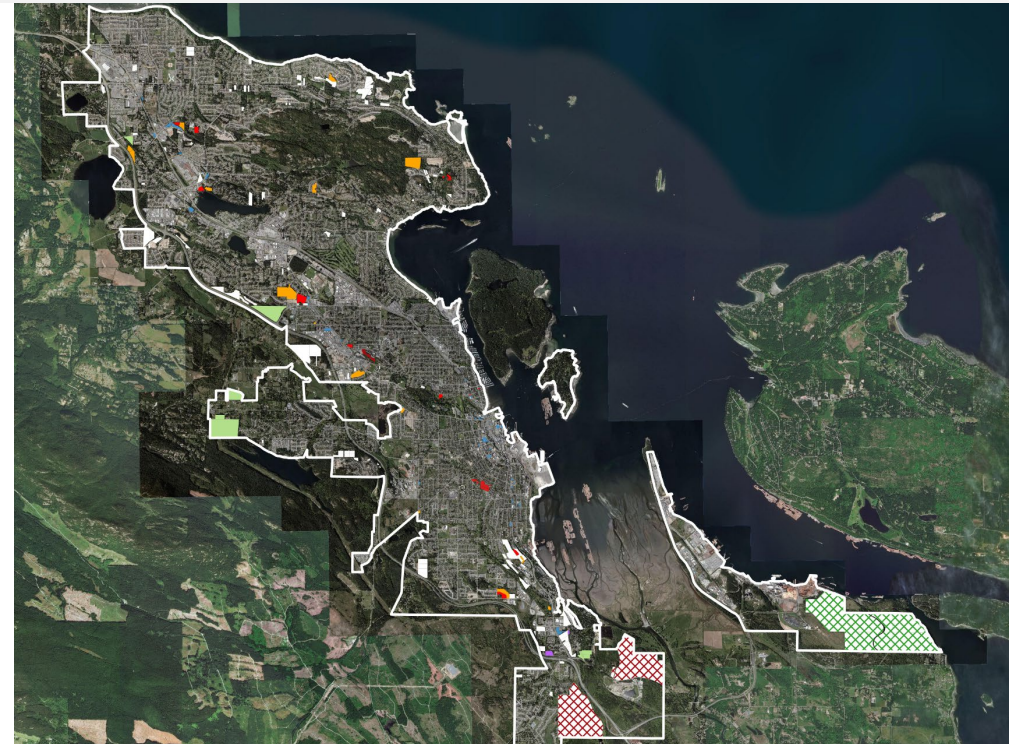
| Ref | Category | Description | Acres |
|-------|--------------------|-----------------------------------|---------------|
| | Constrained | Setbacks and slopes exceeding 30% | 826 (34.4%) |
| | Developable | Identified as developable | 1,360 (57.1%) |
| | Under Construction | Land appearing under construction | 204 (8.5%) |
| Total | | | 2,390 |

Approximately 305 acres of vacant and developable land is zoned for single family dwellings, much of which is in challenging sites for development.

Vacant and Developable Land

Vacant Land by Subcategory

- > The inventory of vacant and developable land can be further broken down into the subcategories listed to the right. Although some of these categories may overlap with one another, they provide a useful picture to inform future planning decisions.
- > Approximately 305 acres of this land is zoned for single family dwellings, accounting for 22.5% of the total inventory of developable land. Most of the single-family land within the City is developed, with a large portion of the remaining vacant land located on more challenging sites due to geographical, accessibility, and servicing issues.
- > There is an additional 73 acres (5.4%) of developable land for ground oriented uses, 33 acres (2.4%) for apartments up to 6 storeys, 5 acres (0.3%) for apartments over 6 storeys, 5 acres (0.3%) for movable dwellings, 24 acres (1.8%) for mixed-use development, 126 acres (9.2%) in the rural and urban reserve, and 790 acres (58%) within Oceanview and Sandstone.



| Ref | Category | Zoning Code | Acres |
|-------|-------------------------|----------------------------------|-------------|
| | Single Family Dwellings | R1/1A/1B/10, AR1, CD10 | 305 (22.5%) |
| | Ground Oriented | R1/4/5/6/7/8/10/13/14, CD2/9 | 73 (5.4%) |
| | Up to 6 Storeys | R1/R8/R15, CD1 | 33 (2.4%) |
| | Over 6 Storeys | R9 | 5 (0.3%) |
| | Movable Dwellings | R12 | 5 (0.3%) |
| | Mixed-Use | CC1/2/3/4/5, CD4/5, COR1/2/3, DT | 24 (1.8%) |
| | Urban/Rural Reserve | AR1/2 | 126 (9.2%) |
| | Oceanview/Sandstone | AR1 | 790 (58%) |
| Total | | | 1,360 |

The City of Nanaimo has an estimated 204 acres of land appearing to be in various stages of the construction process.

Vacant and Developable Land

Land Under Construction by Subcategory

- > The inventory of land appearing to be in various stages of the construction process was also broken down into subcategories. It is assumed that the majority of this land will be developed over the next five years.
- > Approximately 123 acres of this land is expected to include single family dwellings, accounting for 60.2% of the land currently under construction. Most of this construction is currently occurring in North Nanaimo.
- > There is an additional 33 acres (16.4%) of development occurring on land zoned for mixed-use, 29 acres (14.4%) on land zoned for ground-oriented dwellings, 15 acres (7.4%) on land zoned for apartments up to 6 storeys, and 3 acres (1.5%) on land zoned for apartments over 6 storeys. No development is currently occurring within the urban or rural reserve.
- > It should be noted that a small portion of the land identified as under construction may have already been completed at the time of this analysis. Despite this limitation, it will not impact the overall capacity analyses as it is assumed that all of this land will be absorbed prior to the remaining vacant and developable land.



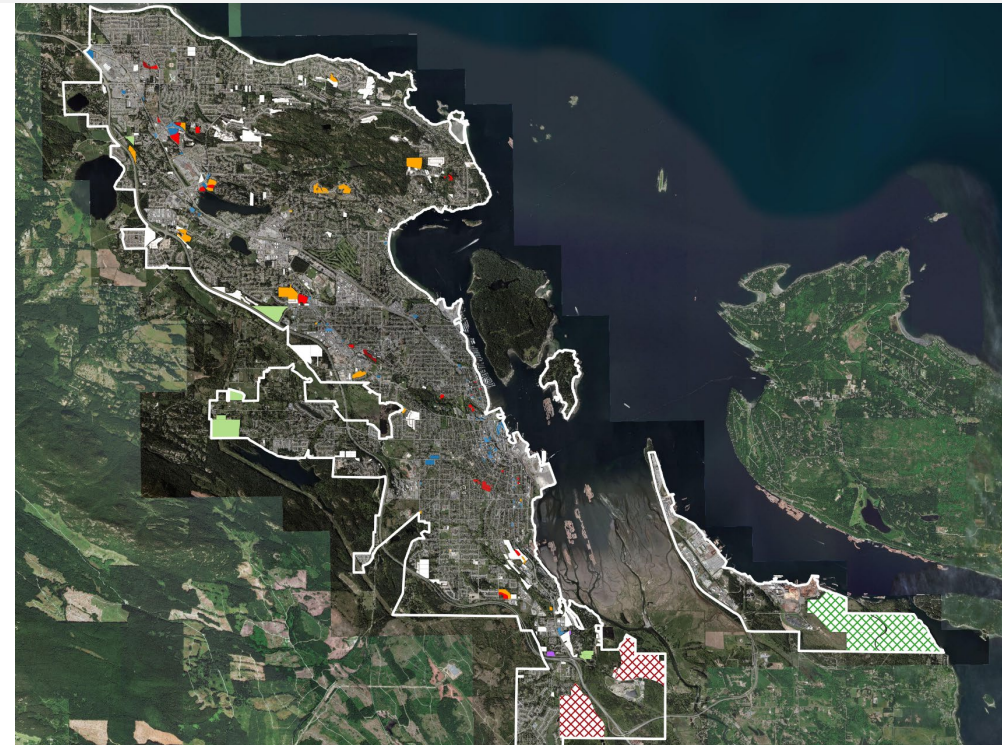
| Ref | Category | Zoning Code | Acres |
|-------|-------------------------|----------------------------------|-------------|
| | Single Family Dwellings | R1/1A/1B/10, AR1, CD10 | 123 (60.2%) |
| | Ground Oriented | R1/4/5/6/7/8/10/13/14, CD2/9 | 29 (14.4%) |
| | Up to 6 Storeys | R1/R8/R15, CD1 | 15 (7.4%) |
| | Over 6 Storeys | R9 | 3 (1.5%) |
| | Movable Dwellings | R12 | - |
| | Mixed-Use | CC1/2/3/4/5, CD4/5, COR1/2/3, DT | 33 (16.4%) |
| | Urban/Rural Reserve | AR1/2 | - |
| | Oceanview/Sandstone | AR1 | - |
| Total | | | 204 |

In total, there is approximately 1,564 acres of land within the Urban Containment Boundary either under construction or suitable for future development.

Vacant and Developable Land

Total Inventory of Vacant and Under Construction Land

- While determining the future capacity of residential land to fulfill future short- and long-term demand, the total of vacant developable land and land under construction is useful to assess.
- In total, there is approximately 1,564 acres of land within the Urban Containment boundary realistically suitable for future residential development.
- Approximately 428 acres (27.4%) of this land is expected to include single family dwellings, while 102 acres (6.5%) are designated for ground-oriented units, 48 acres (3.1%) for apartments up to 6 storeys, 8 acres (0.5%) for apartments over 6 storeys, and 5 acres (0.3%) for movable dwellings.
- Additionally, mixed-use sites provide another 57 acres (3.6%) of land suitable for a range of housing types, with the understanding that significant portion of these sites will include other uses such as retail and office floorspace.
- On the following pages, Colliers assesses the future land demand broken down by residential subcategory, and the capacity of the City's residential land inventory to fulfill this demand by 2041.



| Ref | Category | Zoning Code | Acres |
|-------|-------------------------|----------------------------------|-------------|
| | Single Family Dwellings | R1/1A/1B/10, AR1, CD10 | 428 (27.4%) |
| | Ground Oriented | R1/4/5/6/7/8/10/13/14, CD2/9 | 102 (6.5%) |
| | Up to 6 Storeys | R1/R8/R15, CD1 | 48 (3.1%) |
| | Over 6 Storeys | R9 | 8 (0.5%) |
| | Movable Dwellings | R12 | 5 (0.3%) |
| | Mixed-Use | CC1/2/3/4/5, CD4/5, COR1/2/3, DT | 57 (3.6%) |
| | Urban/Rural Reserve | AR1/2 | 126 (8.1%) |
| | Oceanview/Sandstone | AR1 | 790 (50.5%) |
| Total | | | 1,564 |



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