

# Coquitlam

# For Committee

June 24, 2015

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Doc #: 1999208.v1

To: City Manager

From: General Manager Planning and Development

Subject: **Burquitlam-Lougheed Neighbourhood Plan (BLNP) – Market Analysis Findings**

For: **Council-in-Committee**

**Recommendation:**

That the Committee receive the report of the General Manager Planning and Development dated June 24, 2015 entitled, “Burquitlam-Lougheed Neighbourhood Plan (BLNP) – Market Analysis Findings”.

**Report Purpose:**

This report presents an overview and key findings from the Burquitlam-Lougheed Neighbourhood Plan Market Analysis to help inform the future BLNP.

**Strategic Goal:**

This report supports the strategic goal of strengthening neighbourhoods.

**Background:**

A key technical background input into the BLNP process is a comprehensive analysis of the current market characteristics of the area. The BLNP Market Analysis report has three main purposes:

- Assess the current market characteristics of the residential and commercial markets in the BLNP area and provide a review of current market trends in the broader Metro Vancouver region;
- Identify the land use implications of various market factors in the BLNP area;
- Determine the potential future housing unit and commercial floorspace demand, including potential/feasible housing types, over the next 30 years.

A full copy of the BLNP Market Analysis is available in the Councilor’s Office.

**Discussion:**

According to the findings of the Market Analysis, in order to capitalize on the opportunity to draw investment into the neighbourhood, the City must be thoughtful and strategic about the form, character, and mix of land uses chosen for the future BLNP.

***Residential Housing Demand Findings***

Given the desirable central location and access to rapid transit, the expected demand for housing in this area is high. Initial demand is anticipated to come from younger, price-sensitive buyers and investors; later demand is anticipated to shift towards mature professionals and empty nesters.

***Residential Housing Demand Findings cont'd/***

There is significant demand for low-density, ground-oriented, housing forms (single-family, duplex, triplex, etc.). However, the full demand for this housing type is unlikely to be met as sufficient land is not available for new single-family dwellings, thereby increasing the price. This limited supply will increase the demand for other ground-oriented housing forms (housing choices and townhouses), as new residents shift their housing preference to balance their locational desire and financial reality.

The demand for apartments also continues to be high, given the central location, access to rapid transit, and distance to major nodes such as SFU.

***Commercial Market Demand Findings***

As the population in this area increases, there is opportunity for growth in convenience and food-based retail, and in local-serving shops, restaurants, and services. There is also opportunity for limited local-serving office space (professional services, medical, etc.).

The Metro Vancouver region currently has 74 million sq.ft. of office space. Of that, Coquitlam currently has 0.9% of office space with a vacancy rate of 12.2% while downtown Vancouver and other major office centres (e.g. Metrotown) have 74% of the office space with a vacancy rate of 6-9%. The Market Analysis noted that there is currently little demand for large, region-serving, office space in the BLNP area while the demand for office space in downtown Vancouver is expected to continue to be strong for the foreseeable future.

Generally, office development has been found to occur very slowly at new SkyTrain stations as new station areas, such as the BLNP area, compete with other station areas for potential office development. This is reflected in other suburban municipalities with high office vacancy rates.

Additionally the Market Analysis observed that new, purpose-built, office development in Coquitlam requires a large comprehensive site, a major anchor and/or government tenant, and well established local amenities. Addressing office development, over and above local serving functions, is a challenge best examined at a Citywide scale.

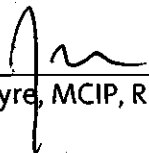
**Financial Implications:**

The BLNP is identified as a key part of the Planning and Development Department's 2015/2016 Work Plan and is being undertaken with existing staff resources, as well as drawing on external consultant(s), as necessary, for strategic BLNP work components, and is funded within existing budgets.

**Conclusion:**

The City's long-range community planning is continually evolving and we learn and respond to changing market conditions and community expectations. The updated BLNP is learning from this analysis to help inform the updated plan.

The next phase of the planning process will involve the preparation of land use scenarios. These scenarios will be presented to Council and then for public review later this year.



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J.L. McIntyre, MCIP, RPP

AM/lmc

**Attachment:**

1. Letter dated May 14, 2015 from Colliers International Consulting/Urban Analytics Inc. - Technical Brief – BLNP (Doc #2008510)

This report was prepared by Andrew Merrill, Community Planner and reviewed by John DuMont, Deputy City Manager, David Munro, Manager Economic Development, Bruce Irvine, Manager Planning Projects and Steve Gauley, Acting Manager Community Planning.

Colliers International  
200 Granville Street, 19th Floor  
Vancouver, BC V6C 2R6

Attn. Mr. Bruce Irvine  
City of Coquitlam  
3000 Guildford Way  
Coquitlam, B.C., V3B 7N2

May 14, 2015

Dear Mr. Bruce Irvine,

**Re: Technical Brief – Burquitlam Lougheed Neighbourhood Plan**

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Please find the attached draft report titled **Burquitlam Lougheed Neighbourhood Plan (BLNP) - Market Analysis**. This report was prepared by Colliers International Consulting (CIC) and Urban Analytics Inc. (UA) for the City of Coquitlam in the spring of 2015.

The BLNP area reflects the City of Coquitlam and the Greater Vancouver region as a whole in that it contains a diverse and complex mix of residents and businesses, as well as development and planning pressures. Although neighbourhoods in the BLNP area are already established, there is an expectation that the completion of the Evergreen Skytrain line stations should be accompanied by increased investment and densification of station areas and commercial nodes.

In order to capitalize on the opportunity to draw investment into the neighbourhood, the City must be realistic and strategic about the form, character and mix of development uses chosen for the future Neighbourhood Plan. Committing to forms of development that are not market-supportable could lead to a long wait for neighbourhood densification and revitalization. In this report, CIC and UA outline market-supportable potential for residential, retail and office development in the BLNP area. Below is a summary of salient findings from the attached report.

Demographic Analysis

- › The BLNP area has a lower average income when compared to the City of Coquitlam overall and the rest of the Greater Vancouver area. This lower income can be explained by a higher proportion of immigrants, young singles and renters in the area. The BLNP area is defined as having a higher proportion of residents in the early stages of establishing their households.
- › There is an east/west split in income, median age, the proportion of rented dwellings, and the proportion of residents taking transit to work, with households along North Road and Clarke Road having a lower average income and age, higher propensity to rent, and higher propensity to take transit to work compared to residents living further east.

Residential Market Analysis

- › Colliers examined Statistics Canada data for the City of Coquitlam to determine age-specific propensities for residents to be the primary maintainer of different categories of private residences. The younger age cohorts have a higher propensity to maintain rented households in higher-density forms such as apartments. Middle-aged cohorts have a higher propensity to maintain owned households in lower-density forms such as single-detached family homes. Seniors have a higher propensity to own their own households yet had downsized into apartments.
- › The completion of the Evergreen Line and redevelopment of Lougheed Towne Centre is expected to generate a considerable amount of development and new interest in the BLNP neighbourhood which will create a need for higher

density forms. Additional housing unit demand was modeled using the age-specific household maintainer rates and Translink-supplied population growth. Results indicate approximately 2,400 additional units of housing demanded between 2015 and 2019 and a total of 9,240 additional units demanded by 2039, driven by an additional expected population of 22,450 residents.

- › The demand for apartment units with five or more stories is expected to grow and demand for lower-density private dwellings is expected to decrease. Since current supply of single family residential lots is limited, current projected demand for these lower-density dwellings will not to be met. Instead, demand for higher-density apartment and rowhouse dwellings are expected to increase beyond the numbers reported in this section of the report.
- › Urban Analytics expects initial demand for higher density housing to come from younger price-sensitive buyers and investors, who are more inclined to tolerate inconveniences arising from the early stages of redevelopment. Mature professionals and downsizing empty nesters will then be attracted to new units as the neighbourhood evolves.
- › Given the increased demand anticipated, the City would be justified in planning for increases in higher density housing. This density should be in the form of mid to high-rise condominium buildings around rapid transit nodes and major arterial roads. The density should then transition to low-rise condominium and townhome forms as nears detached home forms.
- › Concrete condos should form a significant amount of overall residential unit mix due to access to rapid transit, town centre opportunities within the BLNP area, proximity to Lougheed Town Centre redevelopment, and appeal to investors who prefer concrete condominium forms.
- › Woodframe condos should also be significant in the overall mix but less so than concrete condos. Woodframe condos provide logical transitions from high and mid-rise condo forms. Their lower construction costs also result in greater affordability for first time buyers and larger living spaces which appeal to end users. Since single family lots are limited, end-users (young professionals, young families and downsizers) will look to woodframe condominiums as an alternative.
- › Demand for townhomes is currently exceeding supply. Although higher density forms needed in BLNP overall, the City should consider a larger proportion of townhomes to provide family purchasers with a residential housing option that is more affordable than detached home product but more like a detached home than a condominium.
- › As purpose-built rental is an important part of the overall housing mix for a neighbourhood, it is recommended that the City further examine the economic viability of rental housing and, should it be necessary to do so, implement some form of program that encourages rental property owners to retain or replace existing stocks and to incent developers to construct new market rental housing should be considered.

#### Office Market Analysis

- › The vacancy rate for suburban office space has trended higher than that of the Downtown Core for several years due to a switch in tenant preferences for locations close to transit and better amenities. A general lack of demand for establishing head office space in Vancouver has also reduced the total pool of tenants seeking space in the region. Higher vacancy rates in the suburban markets has also led to lower achievable lease rates, which limits developer interest in constructing new office towers outside of urban centres.
- › Office space in the BLNP area is primarily occupied by local-serving tenants such as medical and dental offices, lawyers, accountants and travel agents. Due to the 1 million square feet of new office space expected in the neighbouring Lougheed Towne Centre redevelopment and the general lack of short and mid-term demand for office space in the Greater Vancouver region, it is unlikely that new office buildings within BLNP will attract larger locally-serving, national or multi-national tenants. Colliers recommends that any new office space should be part of a mixed use residential/retail development and should be targeted to locally-serving tenants.

Retail Market Analysis

- > Using Environics data based upon the 2011 Census, Colliers projects that additional population growth in the BLNP area will create demand for 720,500 square feet of retail, food and beverage establishment, and service commercial floor area by 2041. This is the theoretical maximum demand. Generally, market capture rates range from 0 to 50 percent based on the category of retail or commercial establishment. Although only a portion of this floorspace will be supportable within the BLNP area, there is opportunity for convenience retailers such as health and personal care stores and grocery stores to cater to the large growth in population expected in the area over the next 25 years. CIC sees the following opportunities:
  - o A major community-serving retail node centred on the food-anchored Uptown project.
  - o A Burquitlam Station retail node for residents traveling west to meet their regular weekly shopping and service needs.
  - o Integrating at-grade neighbourhood-serving commercial uses within 400 to 800 metres of SkyTrain stations as part of mixed-use multi-family redevelopments.
  - o Major community-oriented and highway commercial uses complementing the Lougheed Town Centre regional node in the south of the BLNP area.

Pro Forma Analysis

- > Colliers examined the feasibility of several development forms on two pairs of lots that have been identified by the City as having redevelopment potential: 333 & 335 North Road, and 625 Como Lake Avenue & 620 Lea Avenue. Pro Formas were modelled for a mix of low-rise, high-rise, mixed-use, pure residential, and both strata condominium and market rental development forms.
  - o The highest land value for the North Road parcels, approximately \$18.3 million, resulted from a mixed-use high-rise residential strata scenario. A mixed-use high rise market rental scenario yielded no value for the land, but both a low rise rental scenario and a combination rental/strata scenario yielded positive albeit lower land values.
  - o The highest land value for the Como Lake and Lea parcels, approximately \$14.7 million, resulted from a low-rise residential strata scenario. As with the other parcels, the high-rise pure market rental scenario yielded no land value whereas the low rise rental scenario and combination rental/strata scenario yielded positive but lower values.

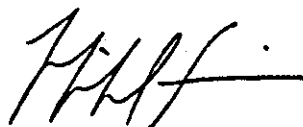
If you have any questions, please contact us at the phone number or email addresses below.

Sincerely,

COLLIERS INTERNATIONAL CONSULTING & URBAN ANALYTICS INC.



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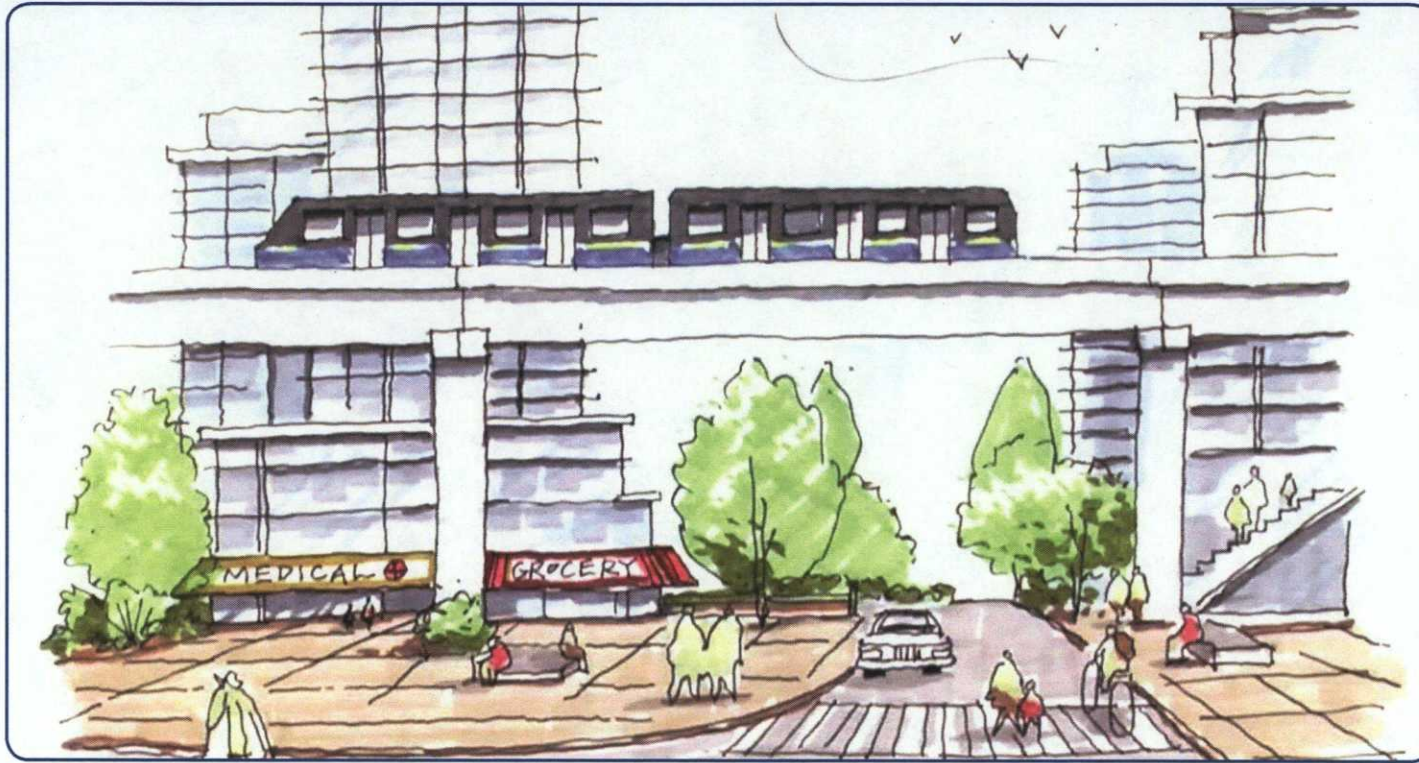
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# Burquitlam-Lougheed Neighbourhood Plan

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## *Market Analysis Findings and Lessons Learned*

# Realistic and Strategic Approach



In order to capitalize on the opportunity to draw investment into the neighbourhood, the City must be realistic and strategic about the form, character, and mix of development.



# Demographics

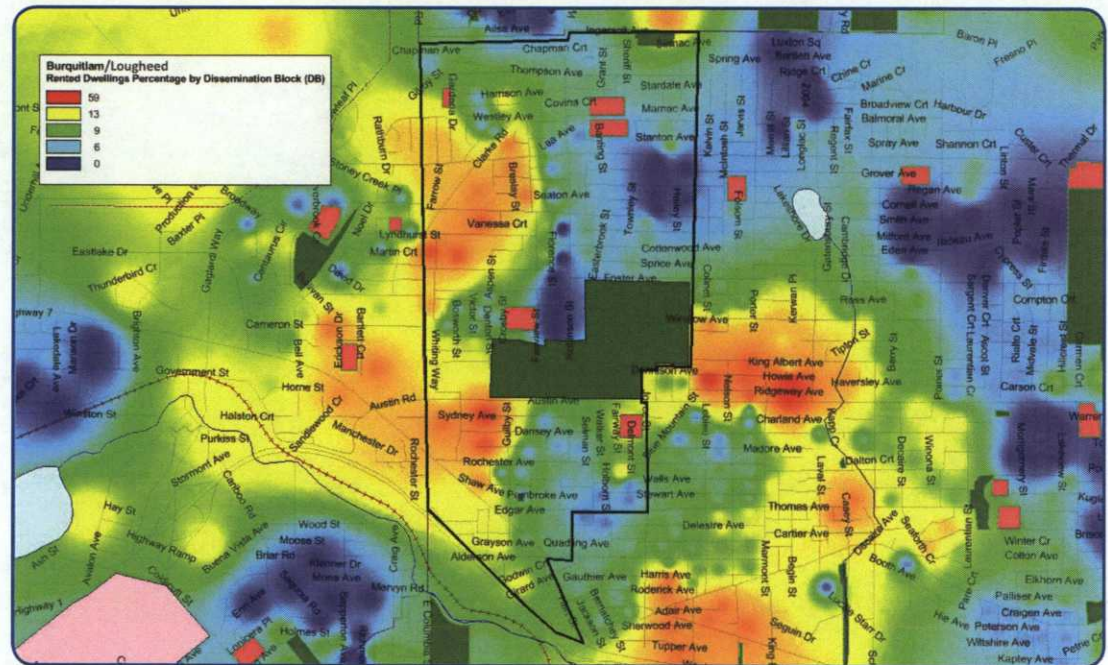
↑ Generally more people at early stages of establishing their household

↓ Lower Average Income

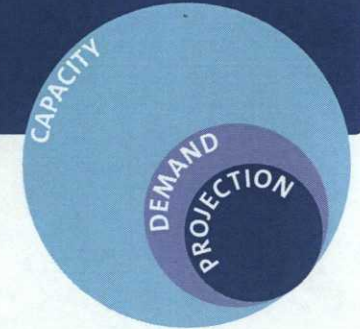
↑ More New Canadians

↑ More Renters

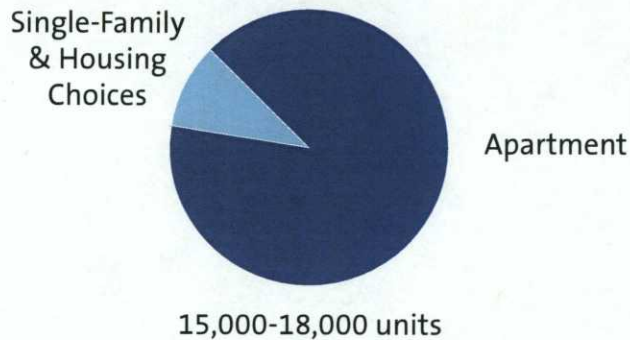
↑ Younger Population



# Making Projections

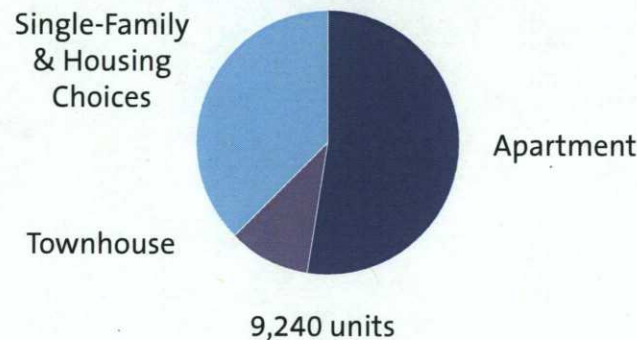


## Theoretical Capacity



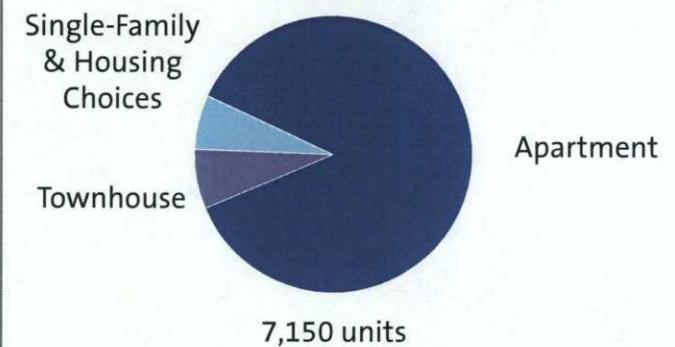
Additional housing units that could theoretically be built under full build-out of existing land uses.

## Market Demand to 2041



Projection of new potential units that could be needed based on people who would like to move to the area.

## City Projection\* to 2041



Proportion of anticipated development currently expected by the City for Burquitlam and Lougheed.

\* Will be revised based on the outcomes of the BLNP.

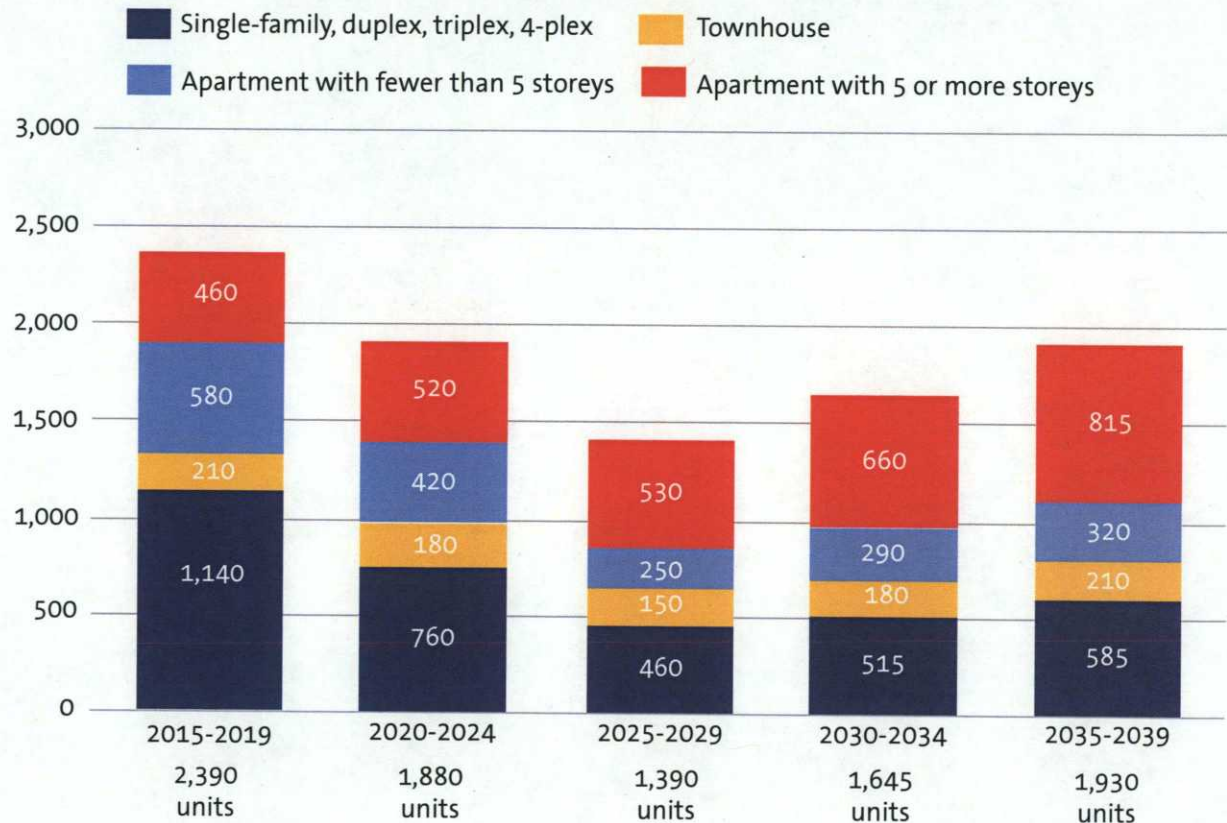
# Residential Housing Demand

## Key Findings

- Demand for up to 9,240 more housing units by 2039
- Initial demand from younger, price-sensitive buyers and investors
- Later demand from mature professionals and empty nesters
- Continual high demand for apartments



*Projected Additional Market Demand by Housing Type, BLNP Area, 2015-2039*

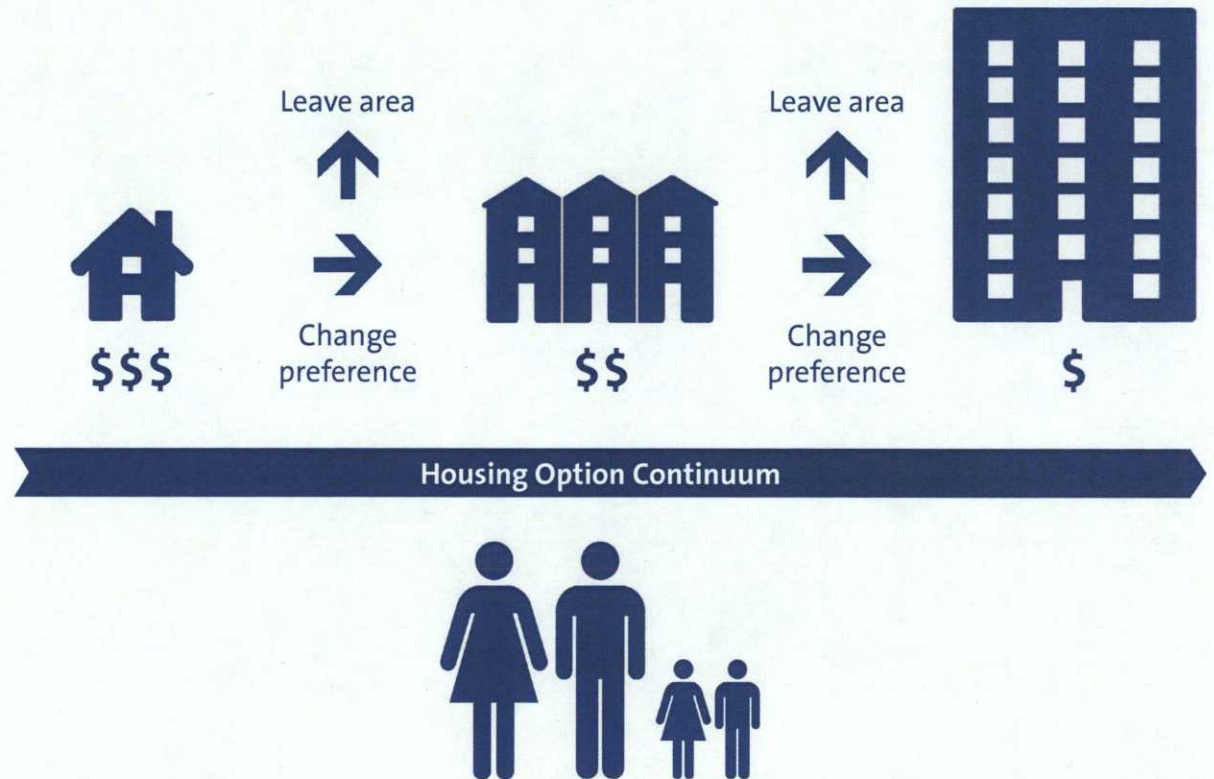


# Residential Housing Demand

## Key Learnings

- Full demand is unlikely to be met as sufficient land is not available for single-family units
- Limited supply of new single-family increases demand for duplex, 3/4-plex and townhouses
- Supply of duplex, 3/4-plex, and townhouse is also constrained
- Rental housing is a key part of the overall housing mix to provide choice

## Families Make Choices

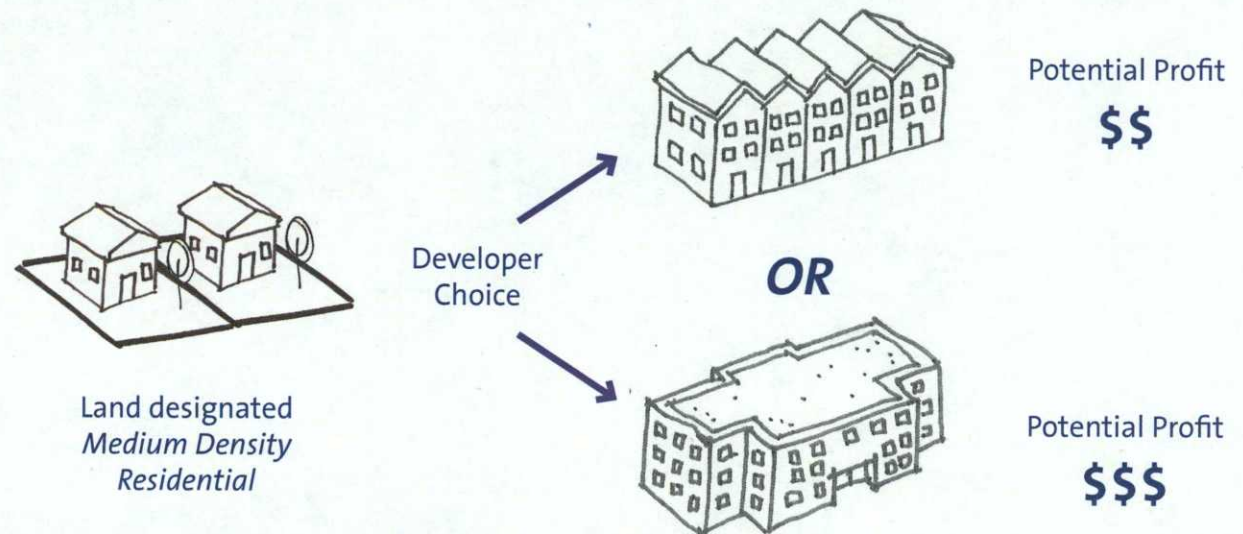


# Fostering Housing Choice

## Key Learnings

- Currently land designated *Medium Density Residential* allows for both townhouses and 4-8 story apartments
- Apartments are more profitable and also in high demand
- Demand for Townhouses is expected to exceed supply
- Should the BLNP consider exploring extending the *Townhouse* only designation to this area?

## Existing Medium Density Residential Designation

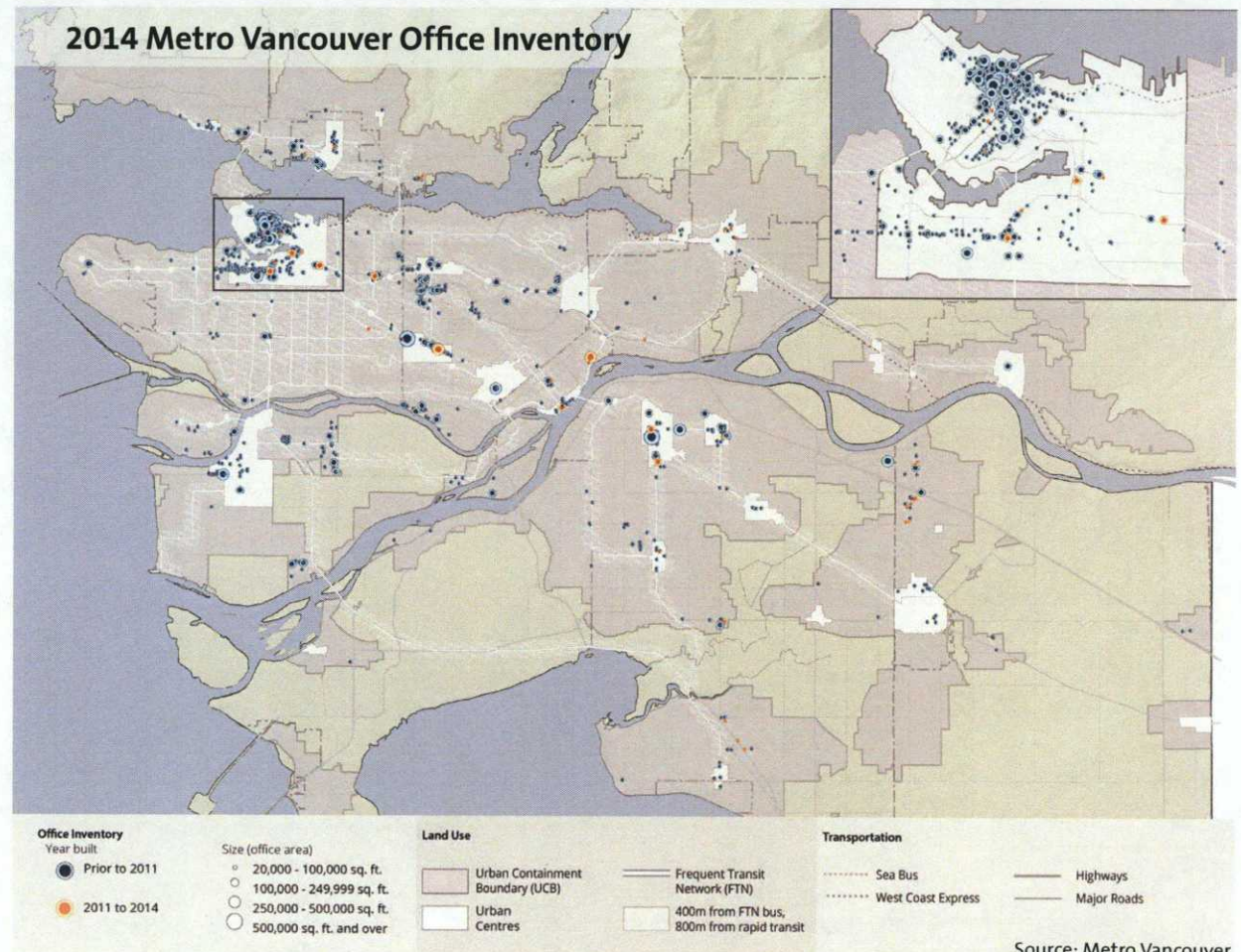


*Should the BLNP consider extending the Townhouse designation to this area to aid in the transition of land uses and provide more housing options for families?*

# Office Space Demand & Factors

## Key Findings

- Coquitlam has approximately 660,000 sq.ft of office space (0.9% of region)
- Downtown Vancouver and other major centres have 74% of office inventory
- Suburban office vacancy rates are higher with lower lease rates
- Office development occurs very slowly at new SkyTrain stations
- Burquitlam and Lougheed are competing with other stations for office development



# Office Space Demand & Factors

## Three Studies

- *Coquitlam Office Demand and Development Location Analysis* - Colliers - 2012
- *Burquitlam Real Estate Market Review and Economic Assessment* - Coriolis - 2013
- *Burquitlam-Lougheed Market Analysis* - Colliers & Urban Analytics - 2015

## General findings:

- Low market demand for larger office buildings
- Incentives that the City could provide to effect the office market are likely to be insufficient

## Metro Vancouver Office Market Statistics

Submarket	Inventory	Vacancy Rate
Downtown Vancouver	24,474,000	6.0%
Broadway Corridor	6,471,000	3.3%
Burnaby	10,728,000	10.8%
Richmond	3,903,000	17.7%
New Westminster	1,739,000	16.4%
North Shore	2,407,000	5.9%
Surrey	3,834,000	21.0%
Langley	1,105,000	14.3%
<b>Coquitlam</b>	<b>660,000</b>	<b>12.2%</b>

# Office Space Demand & Factors

## *Key Learnings*

- Office and retail development does not just happen because of the SkyTrain  
(i.e. Holdom, Sperling-Burnaby Lake, and Rupert Stations)
- Office demand in new locations builds very slowly



Sperling-Burnaby Lake  
Station



Rupert Station



# Office Space Demand & Factors

## Key Learnings

- Longer-term citywide approach needed to attract office
- City Centre may be more attractive location for office than Burquitlam-Lougheed

New office development in the Tri-Cities requires:

- A large comprehensive site
- A major anchor and/or government tenant
- Well-established amenities
- Modest incentives are likely to be insufficient



Coquitlam City Centre  
(20,000 sq. ft.)



Suterbrook Village, Port Moody  
(130,000 sq. ft.)

# Commercial Market Demand

## Key Findings

- Local office opportunity within mixed-use projects will occur
- Opportunity for growth in convenience retail and local-serving shops and services
- New residents could support up to 720,500 sq. ft. of commercial space by 2041
- Full demand is unlikely to be met due to competition from other areas



Street-oriented London Drugs, Vancouver



City Centre Streetscape, Coquitlam

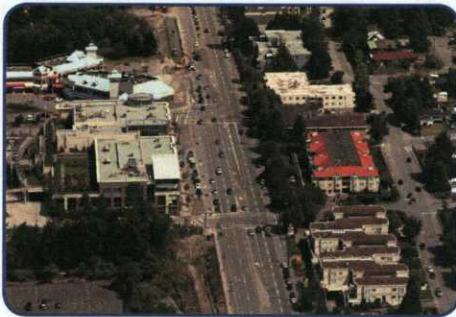
## Key Learnings

- 2002 plans provided potential capacity for over 4.5 million sq. ft. of commercial space
- Sufficient capacity and mix exists should office development opportunities occur
- The 2016 plan needs to be strategic about location of commercial supply

# Commercial Potential



Major community service retail node



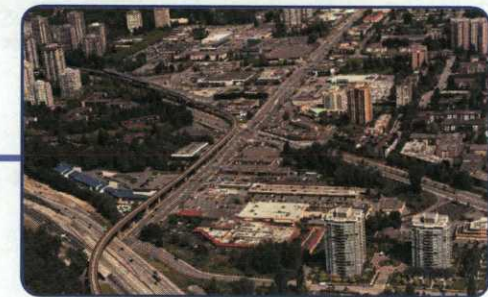
Opportunity for local-serving uses along North Road as part of mixed-used development



Residents travel west for shops & services



Residents travel for shops & services



Major node complements Lougheed Town Centre

# Next Steps

## *The Plan will need to:*

- Provide the appropriate amount of local serving retail/office space to meet new demand
- Incorporate opportunities for local retail/office into the neighbourhood centres
- Focus new retail space where it will perform well and support a vibrant neighbourhood centre
- Use increased housing demand to help with land use transitions



# Discussion

1. Commercial - Retail/Office
2. Residential