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A photograph of a dense forest with tall evergreen trees, likely spruce or fir, with sunlight filtering through the canopy. The image serves as the background for the entire page.

CULTUS LAKE PARK VILLAGE CENTRE – MARKET ASSESSMENT

February 9, 2023

URBAN
SYSTEMS

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File: 2498.0010.01

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1.0 INTRODUCTION

This market assessment is intended to provide the market context to support the conversation regarding the development potential for the Village Centre of Cultus Lake Park. This assessment includes a discussion of residential demand, and the retail demand that will be generated for local resident serving retail categories, as well as a review of developments in other tourist-oriented communities.

The Village Centre site is approximately 11 acres in size and is currently improved with a ___ square foot commercial building, with primarily convenience and food and beverage tenants. Under PlanCultus, the Cultus Lake Park Village Centre, which includes the subject site, is designated for commercial, multi-family residential, and mixed-use development.

Development at the Village Centre site is intended to support community uses for both residents and visitors. There is an opportunity through this development to create new housing options for existing local residents looking to downsize, and to welcome new residents into the community, as well as provide additional services beyond those currently offered at the site.

It is expected that a new development would adhere to the key values outlined in PlanCultus, which include:

- Fostering a strong sense of community and providing residents with a high quality of life
- Protecting and enhancing key community characteristics
- Preserving the lake and natural environment through conservation and management of forest areas, beaches, and recreational spaces
- Creating a diverse and accessible community
- Supporting year-round recreational use of the park

The opportunity to create a signature development at the Village Centre site that acts to signify arrival at Cultus Lake Park and serves as a gateway to the rest of Cultus Lake will also be an important consideration for any future development plans.

In recognition that Cultus Lake is a unique market in the Lower Mainland and will attract demand as a result of its attractive location, the market assessment includes some brief profiles of recent developments in other tourist-oriented communities in B.C., such as Harrison Hot Springs, Whistler, Tofino, and Revelstoke among others.

The final section of this market assessment includes a variety of considerations that will impact the development of the Village Centre site, both from a market perspective as well as expectations that the community will have for a redevelopment of the site.

2.0 HISTORICAL CONSTRUCTION ACTIVITY

This section of the market overview presents the multi-family residential market conditions and new residential construction activities in Cultus Lake as well as neighbouring communities. Due to the small size of Cultus Lake as well as the small number of recent developments, recent development and sales in Abbotsford and Chilliwack were also reviewed.

2.1 BUILDING PERMIT (BP) ACTIVITY

Building permits for Fraser Valley Regional District Electoral Area H were reviewed to get a sense of activity around Cultus Lake. Electoral Area H includes Cultus Lake Park as well as the south side of Cultus Lake and extends to the USA border.

Figure 1 Geographical boundary for Fraser Valley Regional District Electoral Area H (from CMHC)



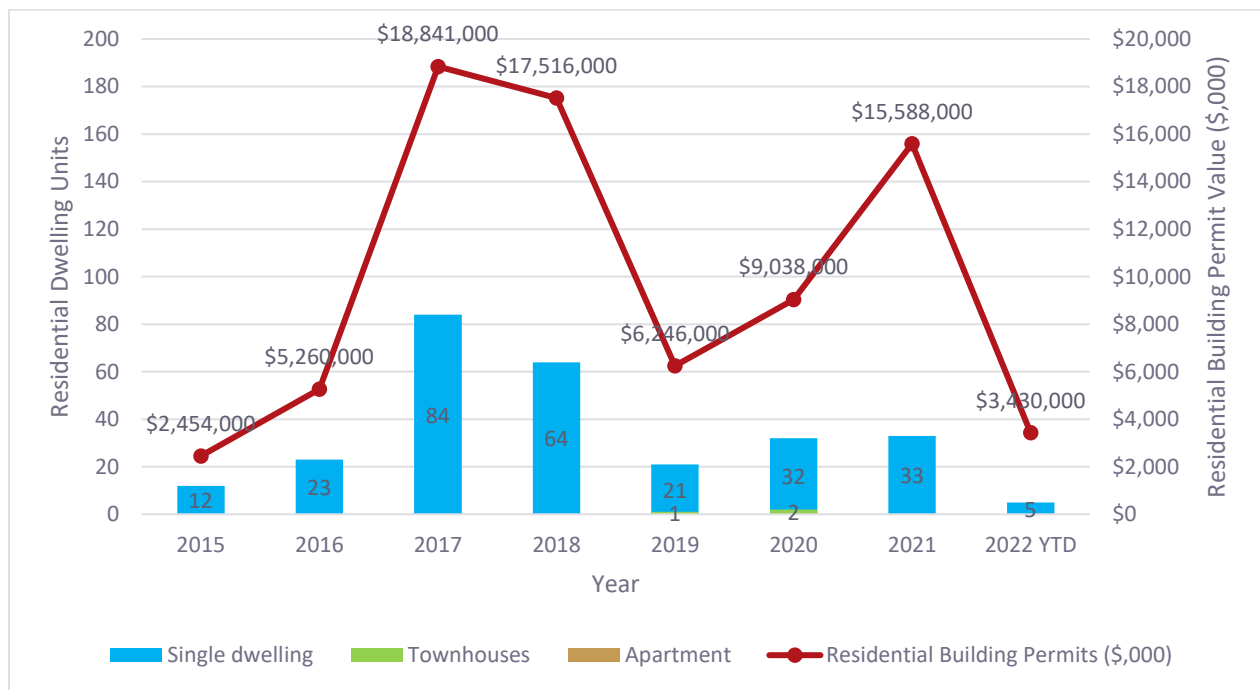
Overall, the number and value of building permits in Electoral Area H have been increasing since 2019. There appears to have been a significant project, likely on the south side of Cultus Lake in 2017 and 2018.

The total residential building permit value in 2021 (\$15.6 million) is more than 5 times than the value in 2015. The number of residential units approved by the building period reached the peak in 2018 of 84 units compared with 12 units in 2015. The number of building permits in 2021 was 33, up from 21 in 2019.

The average building permit value per unit in 2021 (\$472,000) is more than 2 times of the average value in 2015 (\$204,500).

Among the residential building permits issued in the region during this period, almost all of them are single-family dwellings each year except 2019 and 2020, where building permits for one and two townhouse units were issued during the years respectively.

Figure 2 Building Permit Statistics, Fraser Valley Regional District Electoral Area H, 2015 – 2022 August



Source: B.C. Stats British Columbia Building Permits for Development Regions, Regional Districts, and Communities

2.2 NEW MULTI-FAMILY HOUSING STARTS

To provide context for market activity in the vicinity of Cultus Lake, Urban Systems has reviewed new home sales data, as tracked by Canada Mortgage and Housing Corporation (CMHC) for Fraser Valley Regional District Electoral Area H (including Cultus Lake) as well as Abbotsford and Chilliwack.

These statistics highlight recent shifts in new home development activity within the relevant geographic market areas. The data indicates trends towards multi-family and apartment units in Abbotsford, Chilliwack and Harrison Hot Springs. Single family development has slowed in both Abbotsford and Chilliwack and has not expanded significantly in Harrison Hot Springs.

Table 1 Historical Residential Construction Starts by Dwelling Types in Fraser Valley Electoral Area H and Surrounding Regions, 2016-2022 September

	2016	2017	2018	2019	2020	2021	2022 YTD	% change 2016-2021
Fraser Valley Regional District Electoral Area H								
Single	19	79	52	34	26	58	10	205%
Semi-detached / Row	0	0	0	0	0	0	0	N/A
Apartment	0	0	21	0	0	0	0	N/A
Total	19	79	73	34	26	58	10	205%
Chilliwack								
Single	340	514	298	289	229	334	137	-2%
Semi-detached	26	24	6	30	16	28	12	8%
Row	200	132	189	113	80	52	61	-74%
Apartment	88	229	232	443	335	483	480	449%
Total	654	899	725	875	660	897	690	37%
Abbotsford								
Single	321	273	198	245	255	251	206	-22%
Semi-detached	14	4	30	16	8	12	4	-14%
Row	209	204	297	239	172	150	38	-28%
Apartment	389	1,076	247	935	579	430	132	11%
Total	933	1,557	772	1,435	1,014	843	380	-10%
Harrison Hot Springs								
Single	6	10	28	25	11	20	11	233%
Semi-detached	0	0	0	14	14	4	0	N/A
Row	19	0	0	22	10	3	0	-84%
Apartment	0	0	0	0	57	1	0	N/A
Total	25	10	28	61	92	28	11	12%

Source: Canada Mortgage and Housing Corporation (CMHC) Starts and Completions Survey

Based on the CMHC data, there is an increase in number of residential unit construction starts in Fraser Valley Regional District Electoral Area H from 19 units in 2016 to 58 units in 2021, where the number reached the peak of 79 units in 2017, declined to 26 units in 2020, and then increased to 58 units in 2021. Apart from the 21 apartment units that commenced construction in 2018, the remaining construction starts during this period in the Electoral Area H are single-detached homes.

The number of new residential unit constructions in Chilliwack has been growing from 2016 to 2021, which is primarily driven by the growth in new apartment unit construction. During this period, the total number of residential construction units starts increases by 37% from 654 units in 2016 to 897 units in 2021, where the construction starts of apartment units increases by more than 4 times from 88 units in 2016 to 483 units in 2021. The number of new apartment construction starts in 2021 accounts for over half of the total residential unit construction starts in the year.

At the same time, the total residential construction start activities as well as apartment unit construction starts in Abbotsford reaches the peak in 2017 and 2019, and declines afterwards. The total number of residential construction starts in Abbotsford increases from 933 units in 2016 to 1,557 units in 2017, declines to 772 units in 2018, increases to 1,435 units in 2019, and then declines by over 40 percent to 843 units in 2021. Similarly, the number of apartment construction starts increases from 389 units in 2016 to 1,076 units in 2017, declines to 247 units in 2018, increases to 935 units in 2019, and then declines by over 50 percent to 430 units in 2021.

In Harrison Hot Springs, the number of single-family home construction starts in 2021 (20 units) is 3 times of the number in 2016 (6 units). Multi-family residential construction activities have been observed in 2016, 2019 to 2021. Construction starts of 35 townhome units and 58 apartment units are observed from 2019 to 2021.

With Chilliwack, Abbotsford and Harrison Hot Springs all seeing strong demand for multi-family units, this indicates similar demand would exist in Cultus Lake.

3.0 RESIDENTIAL SALES ACTIVITY

This section reviews residential sales activity in Cultus Lake, as well as the multi-family residential sales in Abbotsford and Chilliwack.

3.1 RESIDENTIAL SALE ACTIVITY IN CULTUS LAKE

There has been increasing residential market activity in Cultus Lake Park in recent years, where both the number of residential unit sales as well as median residential unit sale price has increased consistently, as shown in Table 2.

Table 2 Residential Unit Market Activities in Cultus Lake Park, 2018 – 2022

	2018	2019	2020	2021	2022 First Quarter	Growth 2018-2021
Number of residential unit sales	15	23	40	40	7	167%
Number of residential unit sales including assignment	33	37	59	53	11	61%
Median sale price (\$)	\$752,000	\$657,000	\$782,000	\$1,122,000	\$1,275,000	49%

Source: Cultus Lake Park Board

From 2018 to 2021, the number of residential market sales from 2018 to 2021 increases by 167% from 15 units to 40 units, where the total sales including assignment increases by 61% from 33 units in 2018 to 53 units in 2021. The median residential sale price increases by 49% from \$752,000 in 2018 to \$1,284,000 in 2021, and increases by 70% from 2018 to \$1,275,000 in 2022 Q1. This shows that there is consistent and increasing demand for residential units in Cultus Lake area.

There has been some new multi-residential development activity that takes place in Cultus Lake in recent years. Within Cultus Lake, the “Lakeside Cultus Lake” development, which commenced construction in 2017 and provides 21 resort-style condo units, has 5 units available as of present. Units at this project have been priced from \$840,000 to \$1,600,000, and the remaining units are currently priced for over \$1,490,000.

3.2 MULTI-FAMILY RESIDENTIAL SALE ACTIVITY IN ABBOTSFORD AND CHILLIWACK

In Abbotsford, there has been over 50% increase in number of sales of townhome and apartment units from 2018 to 2021, while the average price increased by 30% and 19% respectively during this period.

Table 3 Multi-family Residential Unit Market Activities in Abbotsford, 2018 – 2022 YTD

	2018	2019	2020	2021	2022 YTD	Growth 2018-2021
Abbotsford Townhouse Sales						
Number of Sales	516	506	704	792	410	53%
Median Price	\$488,800	\$466,500	\$494,100	\$615,000	\$766,700	26%
Average Price	\$473,399	\$458,995	\$491,939	\$614,833	\$765,914	30%
Abbotsford Apartment Sales						
Number of Sales	832	834	737	1,271	640	53%
Median Price	\$311,000	\$300,000	\$305,000	\$370,000	\$473,208	19%
Average Price	\$318,573	\$308,821	\$317,910	\$380,686	\$479,241	19%

Source: Fraser Valley Real Estate Board (FVREB)

In Chilliwack, the average annual growth in sales volume for the illustrative month of March has been increasing for multi-family housing types:

- Townhouse sales volume of \$82.7 million in March 2022 – up 198% since 2018
- Apartment sales volume of \$33.3 million in March 2022 – up 83% per year since 2018

Unit sales volumes for townhomes for the month of March reflect the large increase in multi-family residential sales values in Chilliwack. 110 townhouse units were sold in Chilliwack in March 2022, which is 86% higher than the 59 units sold in March 2018. The number of townhouse units sold in March 2021 (126 units) has reached more than two times of the number of units sold in March 2018. The average sale value per unit has also increased by 60% from \$470,623 in March 2018 to \$752,129 in March 2022.

Meanwhile, the number of apartment units sold have experienced a fluctuation from 2018 to 2022, where the numbers have declined from 73 units in March 2018 to 26 units in March 2020, spiked to 120 units in March 2021, and declined to 73 units in March 2022.

Unit sales values, which had held relatively steady over 2013 to 2016, have since spiked significantly, clearly in response to increased activity and values in other parts of the Lower Mainland and a related flight to affordability.

Table 4 Multi-family Residential Unit Market Activities in Chilliwack, 2018 – 2022 (For month of March)

	2018 March	2019 March	2020 March	2021 March	2022 March	Growth 2018-2022
Chilliwack - \$ Value of Sales						
Townhouse	\$27,766,750	\$24,703,900	\$31,864,950	\$70,770,840	\$82,734,150	198%
Apartment	\$18,224,311	\$8,337,160	\$7,112,600	\$38,213,000	\$33,298,900	83%
Chilliwack - # Unit Sales (March)						
Townhouse	59	55	69	126	110	86%
Apartment	73	34	26	120	73	0%
Chilliwack Average \$ Value per Unit						
Townhouse	\$470,623	\$449,162	\$461,811	\$561,673	\$752,129	60%
Apartment	\$249,648	\$245,211	\$273,562	\$318,442	\$456,149	83%

Source: Chilliwack Real Estate Board

3.3 RESIDENTIAL ABSORPTION ESTIMATES

Based on the market research of Urban Systems and the commentary from local realtors, there has been demand for multi-family residential units in the Fraser Valley region. The following table summarizes the absorption for recent multi-family apartment projects in regions in proximity to Cultus Lake.

Table 5 Reported Absorption Rates of Recently Built Buildings

	Average absorption (units/month)	Average unit size (sq. ft.)	Average price per square foot (\$/sq. ft.)
Abbotsford *	15*	910	\$476
Chilliwack **	5-10**	1,184	\$471
Harrison Hot Springs ***	5-7	920	\$920

* Based on currently sold apartment project as of July 2022

** Based on local realtor commentary for past projects and new project information available

*** Based on *Aqua Shores* project in the local area

Source: NHS Live, Local broker commentary, B.C. Condos and Homes

In the Fraser Valley area, there has been improved market acceptance of multi-family housing and more multi-family residential development taking place in the region, although the uncertain economic outlook due to Bank of Canada interest rate increases has deterred the recent market transactions in the area.

4.0 RESIDENTIAL DEMAND IN CULTUS LAKE

Cultus Lake is a unique community that has not grown in a similar way to other jurisdictions in the Lower Mainland. The Fraser Valley, and Chilliwack specifically, has seen significant growth over recent years. The small size and lack of recent development in Cultus Lake impacts the ability to calculate housing demand in the typical way.

Recent and forecasted population figures are normally used to help forecast the number of new units that will be required to meet the projected population growth. As a result of Cultus Lake's small size, demand by unit cannot be calculated. However due to the lack of recent developments, and demand for more housing across the region, latent demand would be assumed.

In 2011, the City of Chilliwack had a population of approximately 78,000, by 2021 the population had grown to just over 93,000 – which is a growth rate of over 19% over that 10-year period.

The population of Cultus Lake Park on the other hand, has not changed significantly in recent years. Statistics Canada indicates the population of Cultus Lake North was approximately 1,100 in 2011 and 1,160 in 2021 – relatively unchanged. Due to the restrictions of developing in Cultus Lake Park, the Park has not experienced the demand for new residential units that can be seen in neighbouring jurisdictions and across the Lower Mainland.

Normally, housing demand is calculated by using population projections for a jurisdiction combined with the existing breakdown of housing typologies, and projecting forward what the forecasted population growth would mean for households and housing types.

Using forecasted demand in Chilliwack can be looked at as an example of demand. Projected housing demand by unit type in Chilliwack to 2041 is highlighted in the table below:

Table 6 Forecasted Housing Demand in Chilliwack

City of Chilliwack							
Projected Housing Requirements by Structure Type							
Households by Structure Type	Census	Projections by Housing Type					
	2016	2021	2026	2031	2036	2041	AAGR%*
Single-detached house	18,080	18,422	18,608	18,687	18,530	18,122	0.0%
Apartment in a building that has five or more storeys	270	384	533	724	953	1,222	35.3%
Other attached dwelling	13,755	15,871	18,299	20,876	23,660	26,613	14.1%
Apartment in a building with fewer than 5 storeys	6,315	7,214	8,235	9,300	10,433	11,615	13.0%
Other other attached dwellings	7,440	8,657	10,064	11,576	13,227	14,998	15.1%
Movable dwelling	370	372	367	360	339	315	-3.2%

Source: Urban Systems - % of Age Group Growth projections; * AAGR = Average Annual Growth Rate 2016-41

These forecasts imply significant growth in Chilliwack for all types of attached dwellings, including apartments in buildings over 5 storeys, as well as low-rise apartments and other attached dwellings such as townhomes. Demand for single-family homes is predicted to plateau.

As mentioned previously, this methodology for projecting demand for Cultus Lake is not possible, but demand in Chilliwack gives an indication what demand in Cultus Lake could be.

It is also important to recognize that demand for new units in Cultus Lake will not rely solely on population growth in the region, but the attractiveness of the community as a resort / tourism destination for Lower Mainland residents.

Demand for new units in Cultus Lake will be driven by a few factors, but demand for residents looking to live or retire in a resort setting that is still close to the City, or families looking for a secondary home will all likely be an important component of generating demand for new units.

The 2022 Recreational Property Report by Royal LePage indicates that 39% of the Boomer generation in B.C. was considering buying a new property, and 50% of those respondents were interested in buying recreational property. The study goes on to suggest that this forecast of buying intentions would imply approximately 256 thousand people entering the market for a recreational property in B.C. over a 5-year period.

5.0 DEVELOPMENTS IN TOURIST-ORIENTED COMMUNITIES

Given that the resort / tourism orientation of Cultus Lake Park will be such an important source of demand, recent and upcoming projects in other destination and tourist-oriented communities have been highlighted in this section.

Recent examples of residential and mixed-use developments in communities such as Golden, Ucluelet, Whistler and Harrison Hot Springs were gathered that could inspire ideas for the Village Centre of Cultus Lake Park.

The following listed projects provide an overview of some of the common features of the recent multi-family projects in other tourist-oriented communities:

- The majority are 3-5 storey apartment building development, providing 20-60 apartment units (e.g., Riverstone District in Golden, the Crescent at Red in Rossland), while some projects are 4-plex or 6-plex buildings, such as Peaks West and Powder Heights in Sun Peaks.
- Most projects consist of solely one apartment building. However, some projects consist of either two buildings, and/or ground-floor commercial or retail spaces.
- The majority are apartment building with owner units for sales. At the same time, some projects offer both rental and owner apartment units (E.g. Oso in Golden, Orion and Radius in Pemberton).
- Some of the projects are located adjacent to tourist attractions, such as the Crescent at Red which is located in the RED Mountain Resort in Rossland, and Sicamous Best Western apartment adjacent to the Best Western Sicamous Hotel.

The following shows the photos or design of the new apartment projects. The details for each of the projects can be found in the appendix.



Oso, Golden, B.C.

This is a mixed-use development with units currently for sale in Golden, B.C. The project includes 12,000 square feet of commercial space. The project includes a proportion of the units that are zoned for short-term rental.



Rainbow Plaza, Whistler, B.C.

The new mixed-use development that is the hub of the Rainbow neighbourhood in Whistler, B.C. The project includes 65 residential units and 27,000 square feet of retail space. Construction of this building started in 2014 and was finished in 2016. The retail space in the project includes a grocery store, liquor store, a gas station and restaurants.



Aqua Shores, Harrison Hot Springs

Aqua Shores is a 7-storey, 56-unit condo project on a 0.8-acre site in Harrison Hot Springs. The project is expected to complete in 2023. Units are selling for between \$700 to \$1,200 per square foot.



Black Rock Landing, Ucluelet

Recently built hotel in Ucluelet with an attractive west coast design incorporating local First Nations art and building materials. This type of style is popular in B.C. tourist-oriented communities.



The Crescent at RED, Rossland, B.C.

The Crescent at Red Mountain is located beside a chairlift at the Red Mountain Resort, and includes retail space, as well as a fitness centre, BBQ area, and common lounge areas for residents.

5.1 RETAIL DEVELOPMENT

The redevelopment of the Cultus Lake Park Village Centre presents the opportunity to reimagine the retail that supports the community and its visitors. The existing commercial development at Cultus Lake Park hosts beloved businesses for both residents and visitors. However, a new development could possibly attract more people to the plaza depending on the design features of the project. There are definitely expanded commercial opportunities at the site, but the retail component of any redevelopment of the Village Centre will need to compete with other nearby retail options. The most significant competitive retail node is the Garrison Village Shopping Centre located in South Chilliwack which attracts both visitors to and residents of Cultus Lake.

5.2 GARRISON VILLAGE SHOPPING CENTRE, SOUTH CHILLIWACK



Source: Diverse Properties

Located at the corner of Keith Wilson and Vedder Road, the Garrison Village Shopping Centre is just under 5 km from the Cultus Lake Park Village Centre or a 7-minute drive away. Garrison Village Shopping Centre includes a pedestrian friendly and 'village' oriented focus to complement the surrounding residential development. Phase 1 of the project included approximately 76,000 square feet of commercial space anchored by Save-on-Foods and a Liquor Store with approximately 128 units of residential above. The project also includes 234 surface parking stalls, which are dedicated for the commercial component of Garrison Village, providing a ratio of 4.87 stalls per 1,000 square feet.

The tenant mix includes a variety of businesses, a pharmacy, personal services, restaurants and food catering services. Personal service tenants include CBI Health, Garrison Dentist Chilliwack, Willow Dental Care Garrison, Envision Financial, as well as a nail and tanning salons.

A grocery and liquor store anchored retail node so close to Cultus Lake will always provide competition for any future retail planned at the Cultus Lake Park Village Centre. Businesses located at Garrison Crossing will have access to a much larger trade area of potential clients than businesses located at the Village Centre which will impact business attraction.

Garrison Marketplace at Garrison Campus

Beyond the Garrison Village Shopping Centre, additional retail space is being planned in South Chilliwack in a project called Garrison Marketplace at Garrison Campus. The Garrison Marketplace project is slated to include an additional 20,000 square feet of retail space.



Source: Diverse Properties

Garrison Marketplace at the Garrison Campus will feature 63 new rental residential units in the mixed-use building and a total of 112 commercial parking stalls, of which 46 will be underground, and the remaining will be surface parking stalls.

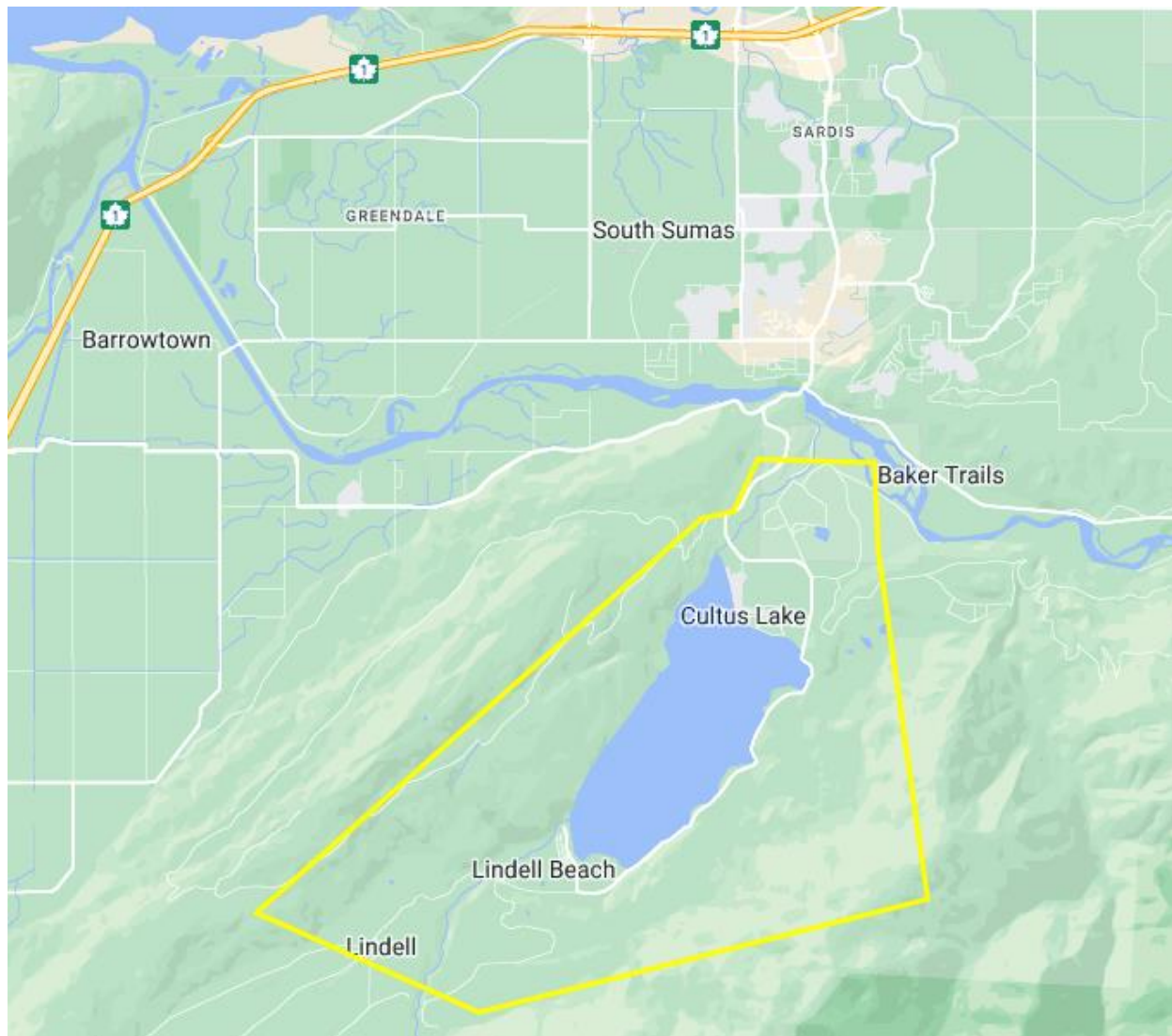
The tenant mix for this project is still unknown, but the additional 20,000 square feet of retail space will strengthen the ability for the area to attract spending from Chilliwack and Cultus Lake residents, providing additional competition for any new retail planned in the redevelopment of the Cultus Lake Park Village Centre.

5.3 RETAIL DEMAND PROJECTION

This section includes a projection of demand for neighbourhood serving retail at the Cultus Lake Park Village Centre. Demand for tourist-oriented retail / food and beverage uses were not considered.

The focus in this section is on local serving retail because Cultus Lake Park residents have expressed the desire for more retail options that might reduce the need to drive down to Garrison Crossing. Additional local serving retail is seen as an amenity for many residents, making a redevelopment of the Village Centre more attractive. Forecasting tourist-oriented retail demand would require statistics on visitor traffic which was not available for this market study.

The trade area for local serving retail at the Village Centre site is displayed in the map below. Garrison Crossing in south Chilliwack which acts as a major retail hub for the surrounding region and limits the northward expansion of the trade area.



The retail demand model used adapts provincial level retail sales data by North American Industry Classification System (NAICS) category to local geographies (i.e., local trade areas) by extrapolating relationships between income levels and spending by category.

The model's key steps include:

1. Assessing likely population growth by retail trade area, and evaluating key demographics, most notably income levels
2. Estimating per capita spending by retail category driven by income differentials relative to B.C. and based on retail trade data as tracked by Statistics Canada, with a focus on key retail categories, including Supermarkets and Groceries, Convenience Stores, Specialty Food Stores, Liquor stores, Health and personal care.
3. Quantifying spending potential for all relevant categories by multiplying projected trade area populations by their respective annual per capita spending estimates

4. Assessing potential on-site spending by applying trade-area-specific market shares based on a solid understanding of supply conditions, local patronage patterns, and likely outflow spending to larger markets (i.e., Garrison Crossings).
5. Converting anticipated net sales volumes by retail-commercial category to market-supportable floor area (sq. ft.) by applying appropriate sales productivity (\$ per sq. ft.) rates by retail-commercial category.

5.3.1 RETAIL TRADE AREA POPULATION GROWTH

In this retail analysis, four population growth scenarios were considered based on different density levels at the Village Centre site. The corresponding demand for local serving retail was assessed at each density level. Each of the scenarios is described as follows.

- Baseline scenario: Population growth follows the trajectory projected by population projection for South Chilliwack Community Health Service Area created by B.C. Stats based on historical trend.
- Low density development: A new multi-family development provides additional 200 dwelling units, which are fully occupied on top of the population growth projected in the baseline scenario.
- Medium density: A new multi-family development provides additional 350 dwelling units, which are fully occupied on top of the population growth projected in the baseline scenario.
- High density: A new multi-family development provides additional 600 dwelling units, which are fully occupied on top of the population growth projected in the baseline scenario.

The following table summarizes the expected population growth in the trade area under each of the scenarios. It is expected that there will be growth in population ranging from 619 to 1,699 in the trade area in the next 20 years, at annual growth rates ranging from 1.3% to 3.1% in all scenarios.

Table 7 Projected Population Growth in Retail Trade Area

	2021	Projected 2031	Projected 2041	Annual growth rate, 2021-2041
Baseline	2,047	2,341	2,666	1.3%
Low density	2,047	2,494	3,026	2.0%
Medium density	2,047	2,603	3,296	2.4%
High density	2,047	2,774	3,746	3.1%

Source: Manipulated from Environics Analytics, and population projections released by B.C. Stats

The high-density scenario sees a population of over 1,000 local residents than the baseline scenario by 2041.

5.3.2 PROJECTED RETAIL-COMMERCIAL EXPENDITURE POTENTIAL

Urban Systems ran its retail-commercial demand model with population, demographic, and spending inputs from the trade area for each scenario, and evaluated total annual trade area resident expenditure potential by local retail categories.

The categories reviewed include:

- Supermarket / grocery stores
- Convenience stores
- Specialty food stores
- Liquor stores
- Health and personal services

These figures were then combined to quantify total annual expenditure potential for all defined trade areas, as summarized in the following table.

Table 8 Trade Area Spending on Select Retail Categories

2021		2041			
		Baseline	Low density	Medium density	High density
Supermarket and Groceries	\$5,015,000	\$6,708,000	\$7,613,000	\$8,293,000	\$9,425,000
Convenience Stores	\$267,000	\$391,000	\$443,000	\$483,000	\$549,000
Specialty Food Stores	\$400,000	\$575,000	\$652,000	\$711,000	\$808,000
Liquor Stores	\$1,787,000	\$2,860,000	\$3,246,000	\$3,535,000	\$4,018,000
Health and Personal Care	\$2,205,000	\$3,591,000	\$4,075,000	\$4,439,000	\$5,045,000

Having assessed competitive businesses likely drawing spending to the Garrison Crossing market, Urban Systems projects the following potential market captures by relevant category:

Table 9 Potential Market Capture for New Retail a Village Centre

	Baseline	Low density	Medium density	High density
Supermarket and Groceries	50%	50%	50%	50%
Convenience Stores	60%	60%	60%	60%
Specialty Food Stores	25%	25%	25%	25%
Liquor Stores	50%	50%	50%	50%
Health and Personal Care	25%	25%	25%	25%

Source: Urban Systems market analysis and review of competitive influences

While there is no expectation that Cultus Lake will develop a broader array of traditional comparison retail goods businesses in categories such as clothing, shoes, and automotive parts, there is opportunity for Cultus Lake to better meet local community needs in categories such as grocery / specialty foods, health

and personal care. These categories also tend to be those that serve as the most effective retail-commercial amenities supporting new forms of multi-family residential development.

5.3.3 RETAIL-COMMERCIAL OPPORTUNITY

Based on the potential population growth from the different onsite density scenarios, forecasts can be made for supportable commercial floor area, based on projected resident spending. The square foot forecasts of retail space from local resident demand is presented in the following table:

Table 10 - Retail Demand from Local Resident Spending

Supportable retail area (sq. ft.)	2021	2031				2041			
		Baseline	Low density	Medium density	High density	Baseline	Low density	Medium density	High density
Supermarket and Groceries	5,625	5,897	6,282	6,556	6,989	6,165	6,998	7,622	8,662
Convenience Stores	359	393	419	437	466	431	489	533	605
Specialty Food Stores	166	180	192	200	213	195	222	241	274
Liquor Stores	1,238	1,421	1,513	1,579	1,684	1,623	1,843	2,007	2,281
Health and Personal Care	852	987	1,051	1,097	1,170	1,137	1,290	1,405	1,597
Total – Above categories	8,240	8,878	9,457	9,869	10,522	9,551	10,842	11,808	13,419
Increase in supportable area from 2021		638	1,217	1,629	2,282	1,311	2,602	3,568	5,179

Source: Urban Systems market analysis

Based on potential multi-residential development with different scales that may take place in Cultus Lake in the future, the net supportable retail area could potentially increase from 8,240 square feet (sq. ft.) at present to a range of 9,551 to 13,419 sq. ft. in 2041, representing an increase of 1,311 to 5,179 sq. ft. in the next 20 years.

Demand for retail space in Cultus Lake will of course be impacted by spending from seasonal and day trip visitors to the area. Visitor spending is typically projected as a proportion of local resident spending. The table below provides a potential estimate of total demand for the retail categories focused on in this assessment, which only includes categories of primary interest to local residents. Food and beverage options will be the major spending category for visitors to the lake and would need to be added to this forecast for an overall picture.

Table 11 - Retail Demand including Estimated Inflow Spending

Supportable retail area (sq. ft.)	Inflow	2031				2041			
		Baseline	Low density	Medium density	High density	Baseline	Low density	Medium density	High density
Supermarket and Groceries	80%	7,400	7,900	8,200	8,700	7,700	8,700	9,500	10,800
Convenience Stores	100%	800	800	900	900	900	1,000	1,100	1,200
Specialty Food Stores	80%	200	200	300	300	200	300	300	300
Liquor Stores	100%	2,800	3,000	3,200	3,400	3,200	3,700	4,000	4,600
Health and Personal Care	70%	1,400	1,500	1,600	1,700	1,600	1,800	2,000	2,300
Total – Above categories		12,600	13,400	14,200	15,000	13,600	15,500	16,900	19,200
Increase in supportable area from 2021		4,400	5,200	6,000	6,800	5,400	7,300	8,700	11,000

The above table highlights how the increased levels of potential demand for retail space would vary depending on the density allowed at the site. For, example, if the site were to allow what was referenced as a 'medium density' on the Village Centre site, an additional 8,700 square feet of neighbourhood serving retail could be warranted by 2041 compared to demand estimates from 2021. That would be an additional 3,300 square feet of retail space beyond the 'Baseline Scenario' which represents the increase of retail demand without any residential development onsite.

6.0 DEVELOPMENT PRINCIPLES

The development of the Village Centre site will be guided by public engagement that is ongoing. This section includes a brief discussion of development principles that should be considered as the process for developing the Village Centre site in Cultus Lake Park moves forward.

6.1 RESIDENTIAL CONSIDERATIONS:

The Fraser Valley, Metro Vancouver, and much of B.C. is facing housing affordability issues and a housing shortage. As a result, there could be demand for significant density on the Village Centre site. Limiting factors to the density achieved onsite will likely stem from community sentiment, and the desire for a developer to phase the project. Other development issues impacting residential demand include:

- **Demand.** As mentioned above, there will be significant demand for residential units on the site, so the overall density will likely be dictated by the community.
- **High construction costs.** Construction costs have rapidly increased over the past one to two years. This has had important impacts on the prices developers must charge to retain profit margins, and therefore negatively impacts affordability.
- **Increasing interest rates.** At the time of writing this market assessment interest rates have been increasing to cool inflation. The real estate market is still adapting to higher rates, and there are indications that prices and construction costs might be cooling, but it is too early to know if these will move the market in a new direction.
- **Housing typologies.** Many local governments are focusing on the lack of available ‘missing middle’ units, which is typically defined as wood-framed, multi-bedroom units that would be suitable for young families. Larger two- or three-bedroom units produce a lower return for developers than smaller units, so many local governments are considering incentives or requirements to promote these unit types. The mix of housing typologies should also consider local residents looking to downsize or units suitable for seniors.
- **Working from home.** Many more attractive places to live around the Lower Mainland have seen increased demand from people who can work from home, but still want access to Vancouver. The Sunshine Coast, Squamish, and communities on Vancouver Island have seen demand from people with flexible schedules. Cultus Lake would be well positioned to absorb demand generated from this trend as well.
- **Secondary home ownership.** Some of the demand for residential space will come from purchasers looking for a secondary home. Buyers could be looking for a secondary home, or for a unit that could be used as a short-term rental. Many new buildings have restrictions on short-term rentals – and this is something that should be considered for the Village Centre redevelopment.

6.2 GATEWAY CONSIDERATIONS:

The redevelopment of the Village Centre site represents the opportunity to create a gateway to the Park that gives visitors and residents a sense of arrival. A new development should have design considerations befitting of a local tourism destination. Important gateway development considerations include:

- **Design.** The design and style of the new building should indicate to all visitors that they have arrived at a special place. Many tourist-oriented communities in B.C. have a similar look that was popularized by the success of the Whistler Village as it has developed over the years.
- **Local serving retail.** The population added at the Village Centre site will support additional local serving retail, and businesses that can be open year-round. Year-round retail will improve the vibrancy of the Village Centre during the off-season and could be a piece that helps Cultus Lake become more of a 4-season destination.
- **Retail layout.** The layout of the retail space in the redevelopment will be critical to the success for the businesses. Retail space that is oriented to be welcoming to visitors and an attractive place to spend time in or meet people will support the vibrancy of the Village Centre and increase sales for businesses.
- **Parking.** The treatment of parking for the new development will be another critical feature to the success of the project, both from a retail perspective, but also from a gateway perspective. Businesses will want convenient parking so drivers passing by will be willing to stop to pick up some goods. However, too much parking will hurt the attractiveness of the project. There are many examples of creative ways to include parking within the project, and this will be an important topic between the Parks Board and the developer chosen to move forward with the project.
- **Greenspace.** The amount of greenspace included in the project will be influenced by the overall density and amount of surface parking that is included. Open space that relates to the adjacent trails and creates places for visitors to meet and walk will ultimately support the success of the project as a gateway to the Park and could also help support the businesses through attracting people to linger onsite.

APPENDIX A:
RESIDENTIAL DEVELOPMENT
EXAMPLES IN TOURIST-ORIENTED
COMMUNITIES



APPENDIX A: RESIDENTIAL DEVELOPMENTS IN TOURIST-ORIENTED COMMUNITIES

The appendix shows the details of the examples of recent apartment and rental developments in tourist-oriented communities that could be comparable to Cultus Lake, including Harrison Hot Springs, Golden, Rossland, Tofino, Invermere, Sicamous, and Sun Peaks.

AQUA SHORES, HARRISON HOT SPRINGS



Aqua Shores is a 7-storey luxurious condo project on a site of 0.8 acres in Harrison Hot Springs. The project provides 56 units with balcony spaces in each unit, which is expected to complete in 2023.

Unit type	Number of units	Range of size (sq. ft.)	Range of sale prices	Range of price per sq. ft. (\$/sq. ft.)
1 BD, 1 BTH	14	759 – 1,319	\$488,000 - \$646,250	\$709 - \$807
1 BD with den, 1 BTH	16	849 – 1,064	\$659,000 - \$819,000	\$826 - \$1,028
2 BD, 2 BTH	20	1,161 – 1,214	\$894,000 - \$1,209,000	\$846 - \$1,199
2 BD with den, 2 BTH	6	1,052 – 1,689	\$865,000 - \$1,562,000	\$822 - \$1,177

OSO, GOLDEN



There are two 4-storey mixed-use buildings in the Oso project developed by Vidorra Development on a site of approximately 1.30 acres in Golden, B.C.

The first building “Oso 1” (Oso 612) has 30 long-term rental apartments on top of 5,678 square feet of commercial space.

“Oso 2” (Oso 606) has 28 for-sale apartments which are properly zoned for nightly rental on top of 6,543 square feet of commercial space. The following table summarizes the unit mixes and sales prices available in Oso 606.

Unit type	Number of units	Range of size (sq. ft.)	Range of sale prices	Range of price per sq. ft. (\$/sq. ft.)
1BD, 1BTH	6	512 - 586	\$249,900 - \$304,900	\$488 - \$520
1BD+den, 1BTH	8	691 - 691	\$284,900 - \$299,900	\$412 - \$434
2BD, 1BTH	6	726 - 726	\$334,900 - \$354,900	\$461 - \$489
2BD, 2BTH	2	1,003 - 1,031	\$444,900 - \$449,900	\$436 - \$444
2BD+den, 1BTH	4	873 - 873	\$389,900 - \$399,900	\$447 - \$458
3BD, 2BTH	2	1,223 - 1,223	\$564,900 - \$584,900	\$462 - \$478

Source: Oso Project Website

Oso has its own yoga or fitness studio available to rent for classes or private sessions and is free for residents. There is also an artisan café beside the ground-level commercial space in the two residential buildings.

Oso is Golden’s only condo project zoned for legal short-term rentals. This means owners can legally rent their condo out by the night; this includes the use of popular websites such as Airbnb and Vacation Rental by Owner (VRBO).

RIVERSTONE DISTRICT, GOLDEN



Built in 2022, Riverstone District in Golden is a 4-story development of 51, 1 and 2-bedroom modern condos, with 3 commercial spaces on the main level on a 1-acre site.

TOFINO HIGHLANDS



Tofino Highland is a 16-unit multi-residential hillside townhome development located at a 1.19-acre site in Tofino. The 16 units will range from 2-3 bedrooms at 900 to 1,500 square feet. A small cable railway has been proposed as part of the development to whisk riders to and from homes supported by stilts.

THE CRESCENT AT RED, ROSSLAND



Located at the RED Mountain Resort in Rossland, the Crescent at Red is a new 4-story condo development currently under construction at 4280 Red Mountain Road. The Crescent at Red has a total of 102 units. Sizes range from 426 to 799 square feet, where prices range from \$355,900 to over \$694,900.

The following table summarizes the unit mix and ranges of sizes by unit types of the project.

Unit type	Number of units	Range of size (sq. ft.)	Range of sale prices	Range of price per sq. ft. (\$/sq. ft.)
Studio	72	426 - 466	\$365,900 - \$399,900	\$858 - \$859
1-BD, 2-BTH (Loft)	22	583 - 632	No information	
1-BD with den, 1-BTH	8	798 - 799	\$694,900 - \$699,900	\$870 - \$877

VISTA HEIGHTS, INVERMERE



On a site of 2.301 acres, the development project consists of one 4-plex building and one 7-plex multi-family building, providing 11 townhome units with a business front.

In the 4-plex building, all four townhome units are 2-bedroom (with den), 2-bath units, ranging from 2,607 to 2,680 square feet.

ORION & RADIUS, PEMBERTON

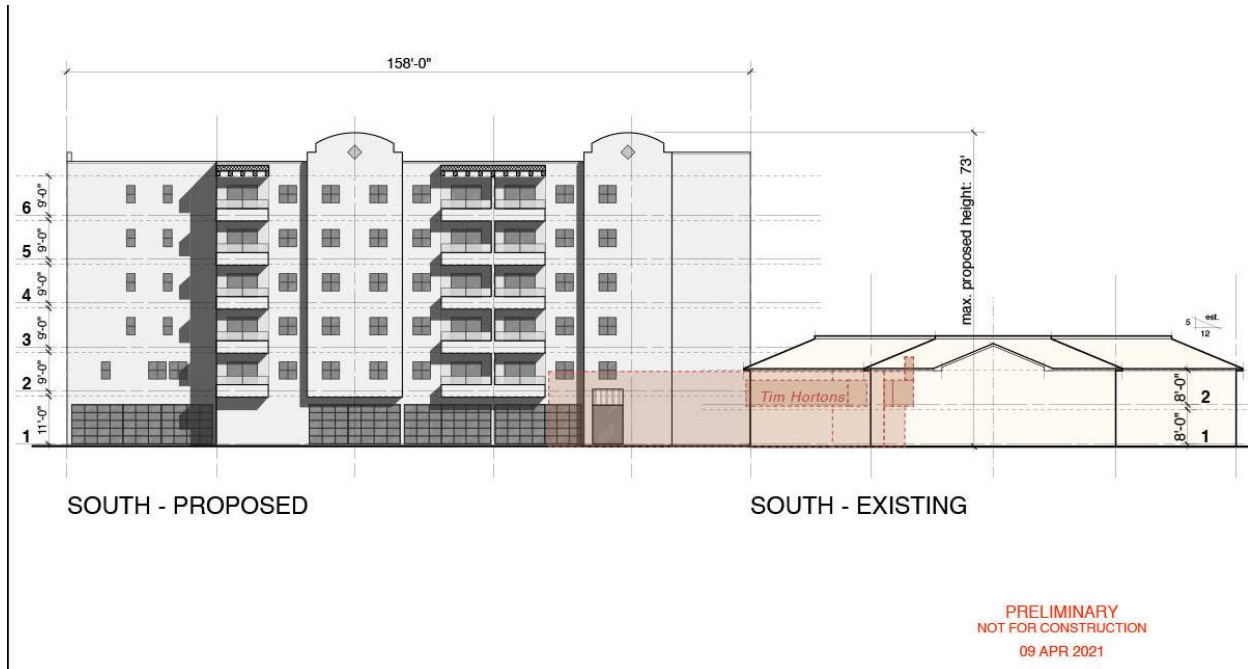


Orion and Radius are two recent multi-residential buildings that are developed by Vidorra Development and located adjacent to each other. Built in 2020, Orion is a 3-storey building providing 45 apartment units. The following table summarizes the unit mixes.

Unit type	Number of units	Range of size (sq. ft.)
1 BD, 1-BTH	6	445 - 713
1 BD+den, 1-BTH	31	633 - 840
2 BD, 2BTH	6	942
2 BD+den, 1-BTH	2	872

Radius (0.091 acre) is a 45-unit apartment building in Pemberton, British Columbia. The building has completed construction and is fully rented. There is currently a waitlist for any units that come available in 2023.

SICAMOUS BEST WESTERN, SICAMOUS

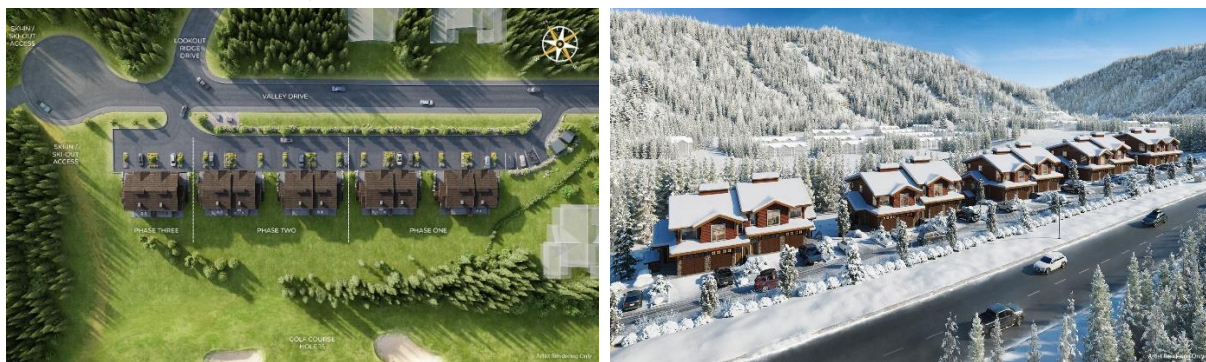


Source: Salmon Arm Observer

Best Western Sicamous Hotel proposed to develop an additional 6-storey, 7,900 square-foot apartment building with 40 units on the Best Western property, as well as space for retail and food and beverage services. The apartment provides mostly two-bedroom apartments, with some studio and three-bedroom apartment units.

The development permit has been approved in May 2022. In the housing agreement with the District of Sicamous, 10 units are reserved as “attainable” rental housing.

POWDER HEIGHTS, SUN PEAKS



Powder Heights Sun Peaks is a collection of alpine homes providing 2 and 3 bedroom apartment units on either one or two levels within the six-plex. There are three phases in the development, providing a total of 5 six-plex buildings.

PEAKS WEST, SUN PEAKS



Peaks West is a 3-phase residential community development located in the Sun Peaks Resort that provides 2- and 3-bedroom condo and townhome units, featuring proximity to the mountain landscape with an abundance of outdoor activities. The construction began in 2018.

Phase 1 consists of three buildings with commercial strata lots and apartment style residential lots, where the ground-level of the three buildings provides a total of 11,334 square feet of commercial space, and the residential strata lots consists of three buildings with 2-bedroom single level strata constructed on two levels over the commercial lots.

Phase 2 consists of four buildings, each containing six apartment units, with two 3-bedroom units on the top floor, and two 2-bedroom units constructed on each of the other two floors.

Phase 3 consists of 10 townhome units in three separate buildings, where each unit is a 3-level, 3-bedroom, 3-bathroom residence with self-contained enclosed garage with two tandem parking spaces and the main entrance on the lowest floor.

As of today, Phases 1 and 2 are sold out, and the townhome units in Phase 3 are on sale at present.

YEW WOOD ESTATES, TOFINO



Yew Wood Estates, completed in 2020, consists of 24 one-and two-bedroom apartment homes in a three-story building. Yew Wood Estates will feature an attractive exterior and beautifully finished interiors including deluxe kitchens and bathrooms. Designed for the Tofino lifestyle, the building has huge storage lockers on the lower floor, perfect for surfboard and bike storage.