









Attachment 2 – Market Analysis and Feasibility Study

A market analysis was completed to inform the mix of non-residential uses that are suitable to locate in the Lower Twelfth area given the unique benefits (e.g. proximity to downtown) and challenges (e.g. constrained road network and small site size compared to suburban industrial sites). The consultants evaluated market conditions and emerging trends for: Industrial, Office, Service Commercial, and Retail uses in the region and New Westminster. The output of this work is a list of potential land uses that may be well suited to the Lower Twelfth area. The analysis also includes design considerations for the different uses: including space design preferences (e.g. over height spaces), locational preferences (e.g. high or no pedestrian visibility), and suitability for co-location with residential uses.

Figure 1. Defining Light Industrial Use

The following built form examples help demonstrate both newer and older built formats of ultra-light industrial properties seen throughout Metro Vancouver, as well as example tenants that might occupy such a space.

Ultra-Light Industrial Built Form		Ultra-Light Industrial Tenant Examples	
Older Formats	Newer Formats		
 <p>North Vancouver Light Industrial with Roll-Up Door Loading on Ground Level and Mezzanine on Upper</p>	 <p>HOUS in Mount Pleasant Restaurant, Office, Light Industrial Strata - Ground Level Loading on Rear of Building</p>	 <p>Brewery with Lounge Endorsement Consumable Goods Manufacturing Main Street Brewing, Mount Pleasant</p>	 <p>Artist Studios Painting, Sculpture, Teaching, etc. Braid Street Studios, New Westminster</p>
 <p>Burnaby Business Park Light Industrial with Roll-Up Door Loading on Ground Level and Mezzanine on Upper</p>	 <p>Ironworks in Hastings-Sunrise Stacked Light Industrial Strata - Ground Level Units with Loading</p>	 <p>Artisan Goods Manufacturing Woodworking, Furniture, Fashion, etc. Loxley Studios, New Westminster</p>	 <p>Boutique Music Production Recording Studio, Sound Design, Mixing Blue Light Studios, Hastings Sunrise</p>

The consultancy included high-level financial feasibility testing to determine how much non-residential floor area could be achieved without significantly impacting other Council objectives for amenities and affordable housing. This analysis recognizes that new construction is generally expensive to lease and/or own and some desired user groups (e.g. artisans, start-ups, etc) may not be able to afford to locate in the area. The analysis determined that the inclusion of residential uses could, to some extent, support lower rent uses.

Figure 2. Understanding Potential Uses and Tenants in Lower Twelfth

This table summarizes the potential uses of the LTS Area alongside their estimated achievable rents and preferred building forms. This list of tenants and their rental rates can be compared to the required rental revenues discussed in Phase 2.0 of this study. +

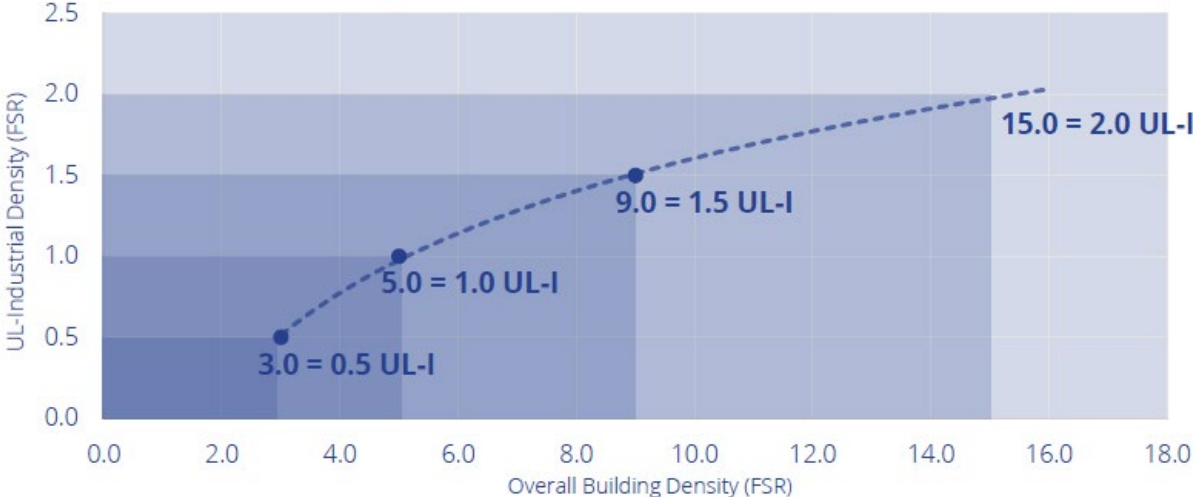
Category	Use	Example Tenants	Estimation of Achievable Lease Rate (Net per SF)	Preferred Building Form
Residential	Residential - Market Rental	N/A	\$3.45 (average across concrete and wood-frame)	High-Density Mixed-Use
Residential	Residential - Live/Work Units	N/A	\$3.80	Medium-Density Mixed-Use or Adaptive Reuse
Commercial	Traditional Commercial >10,000 SF	Grocery Store	\$24 - \$30	Ground Level of High-Density Mixed-Use
Commercial	Traditional Commercial <10,000 SF	Full-Service Restaurant, Brewery with Lounge Endorsement	\$38 - \$40	Ground Level of High-Density Mixed-Use
Commercial	Traditional Commercial <5,000 SF	Cafe, Convenience Store	\$45 - \$50	Ground Level of High-Density Mixed-Use
Commercial	Retail Showroom	Polliform, Tesla	\$24 - \$30	Ground Level of High-Density Mixed-Use
Office	R&D Office	AbCellera, MetaOptima	\$40 - \$45	Upper Floor Office in Most Building Forms
Office	Traditional Office	Animation, Consulting, Decoupled Manufacturing Office	\$32 (Old Stock) - \$40 (New Stock)	Upper Floor Office in Most Building Forms
Office	Service Office	Architect, Dentist, Salon, etc.	\$48 (Mixed Stock)	Ground-Level Office in Mixed-Use
Ultra-Light Industrial	Boutique Goods Manufacturing	Furniture Maker, Printing and Reproduction, Fashion	\$35 - \$37	Medium-Density Mixed-Use
Ultra-Light Industrial	Consumable Goods Manufacturing	Brewery, Food & Beverage Production, Food Logistics	\$20 - \$25	Adaptive Reuse
Ultra-Light Industrial	Logistics & Storage	Delivery, Auction Houses, Mini Storage	\$25 - \$28	Purpose Built
Ultra-Light Industrial	Limited Artisan Manufacturing	Pottery Studio, Textile Manufacturing	\$20 - \$25	Adaptive Reuse
Creative	Artist Studios	Artist, Gallery & Display, Radio, File & Television, Recording	\$20 - \$25	Adaptive Reuse
Creative	Affordable Artist Studios	Same as Artist Studios, but at Affordable Rates	\$18 - \$20	Adaptive Reuse
Creative	Cultural Display Spaces	Museums, Libraries, Art Gallery, Concert Halls	\$15 - \$18	Adaptive Reuse
Other / Institutional	Childcare	Non-home based Public and Private childcare providers	\$25 - \$30	High-Density Mixed-Use
Other / Institutional	Education	Higher Ed, Public School, Specialty/Commercial School	N/A	Purpose Built
Other / Institutional	Recreation	Gym, Fitness Studios, Climbing Gym	\$20 - \$25	Flexible
Other / Institutional	Open Space	Parks and Playgrounds	N/A	N/A

Figure 3. Proposed Land Use Mix

	Example Uses
Productive and Creative Uses (expand M-5 District)	
Production, Distribution, Repair (PDR) Uses	Automotive sale and repair, furniture maker, printing and reproduction, fashion, upholstery, brewery, food and beverage production, food logistics
Creative Uses	Art production (pottery, textiles), artist studios, gallery and display, radio, file and television, recording studio
Office Uses	Research and development, traditional office (architect, consulting), decoupled manufacturing, service office
Institutional Uses	Childcare, public school, higher education
Commercial / Retail Uses	TBD – goal to support workers daily needs (w/out impacting downtown)
Residential and Neighbourhood Supporting Uses (requires Rezoning)	
Residential Use	
Commercial / Retail Uses	TBD – goal to support new residents (w/out impacting downtown)

Furthermore, the study concluded that higher residential densities could afford to support a higher proportion of non-residential floor area, and that lower density (3.0 FSR) concrete construction was not feasible. The analysis also found that both rental housing as well as strata, with inclusionary housing, may be feasible. The relationship of residential use to non-residential use, is provided below – this diagram references “Ultra-Light Industrial”. It is anticipated that this diagram will be a key target in the Evaluation Framework.

Figure 4. Relationship between Density and Provision of Light Industrial Uses



The study flagged the need for zoning flexibility as key for project feasibility. As the work on Lower Twelfth advances, and as the catalyst sites apply to rezone, further consideration of appropriate mechanisms to secure affordability will be needed to ensure that other permitted uses will not outcompete productive and creative uses.

Staff also note that the financial feasibility testing is high level and is intended to inform land use targets in the Evaluation Framework. There are many variables that affect project feasibility including land use mix (strata vs rental vs light industrial), development fees including Metros DCCs, amenity contributions, construction costs, etc. Many of these variables are subject to market fluctuations and/or are out of the City’s control. It is expected that some site specific trade-offs may be required to ensure project viability. Trade-offs may be limited by city-wide initiatives that are currently underway including, for example, DCCs/ACCs and inclusionary housing policy. The financial feasibility analysis is an input into area planning, noting that this is a 20+ year plan and not all sites will redevelop in the near term.

These findings are inputs into the urban design analysis.