



LETHBRIDGE

COMMERCIAL & INDUSTRIAL
DEVELOPMENT STUDY

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1

Introduction & Project Objectives

Introduction & Project Objectives

Project Background & Scope of Study

- MXD Development Strategists Ltd. (“MXD”) was commissioned by Economic Development Lethbridge (“the Client”) in October 2016 to prepare a Commercial & Industrial Development Study (CIDS). Work was completed between November 2016 and March 2017.
- The first key objective in creating the CIDS was to assess and define the optimal mix of land uses for development in the City of Lethbridge and its urban fringe of Lethbridge County over the next twenty years (2017-2037) based upon an economic and real estate market analysis (**the development program**).
- The second key objective was to provide recommended **land use allocation** for future development. This land use allocation was distributed by new developable gross building area and gross acreage over five delineated sectors.
- The resulting CIDS document details the **recommended land use and development strategy**, balancing Market, Economic, and Planning considerations. A time-based action plan was created to visualize how essential outputs and recommendations of the CIDS study would be implemented over the next twenty years.

- To respond to the Work Program process, this report is presented in the following sections:

1. Introduction & Project Objectives
 2. Executive Summary
 3. Retail Trends & Typologies
 4. Commercial Development Best Practices
 5. Economic Analysis
 6. Citywide Growth & Transportation
 7. Sectoral Development Overview & Assessment
 8. Market Analysis
 9. Retail Gap Analysis
 10. Convention Centre Analysis
 11. Recommended Land Use Program
 12. Development Typologies
 13. Land Use Allocation
 14. Positioning Strategy & Catalytic Projects
 15. Policy Recommendations & Action Items
- Appendix A – Action Plan
- Appendix B – Stakeholder Consultation

Introduction & Project Objectives

Documents and Previous Studies

- MXD reviewed a multitude of previous studies supplied by the City of Lethbridge, Lethbridge County, and Economic Development Lethbridge that informed the analysis and planning process. These include:
 - City of Lethbridge & Lethbridge County Intermunicipal Development Plan
 - Downtown Lethbridge Area Redevelopment Plan
 - Fiscal Impact Analysis of the Southeast Area Structure Plan in the City of Lethbridge, Alberta
 - Lethbridge Community Outlook 2015-2022
 - Lethbridge Integrated Growth Management Strategy
 - Downtown Lethbridge Market Analysis & Development Forecast
 - Southeast Lethbridge Market Analysis & Development Forecast
 - West Lethbridge Employment Centre Market Analysis & Development Forecast
 - West Lethbridge Employment Centre Area Structure Plan (External Survey of Development Trends and Best Practices)
- Lethbridge Destination Management Plan
- Lethbridge Zoning Districts
- Lethbridge Land Use Districts
- Lethbridge County Airport Financial Assessment and Governance Strategy
- Arts Profile Lethbridge
- Lethbridge Trade Area and Commercial Catchment Basin Study Report
- MNP Exhibition Park Development Plan Feasibility Study
- Heart of Our City Master Plan
- Market data and reports provided by Avison Young Lethbridge
- Intelligent YQL – Intelligent Community Strategy Roadmap

2

Executive Summary

Executive Summary

Introduction

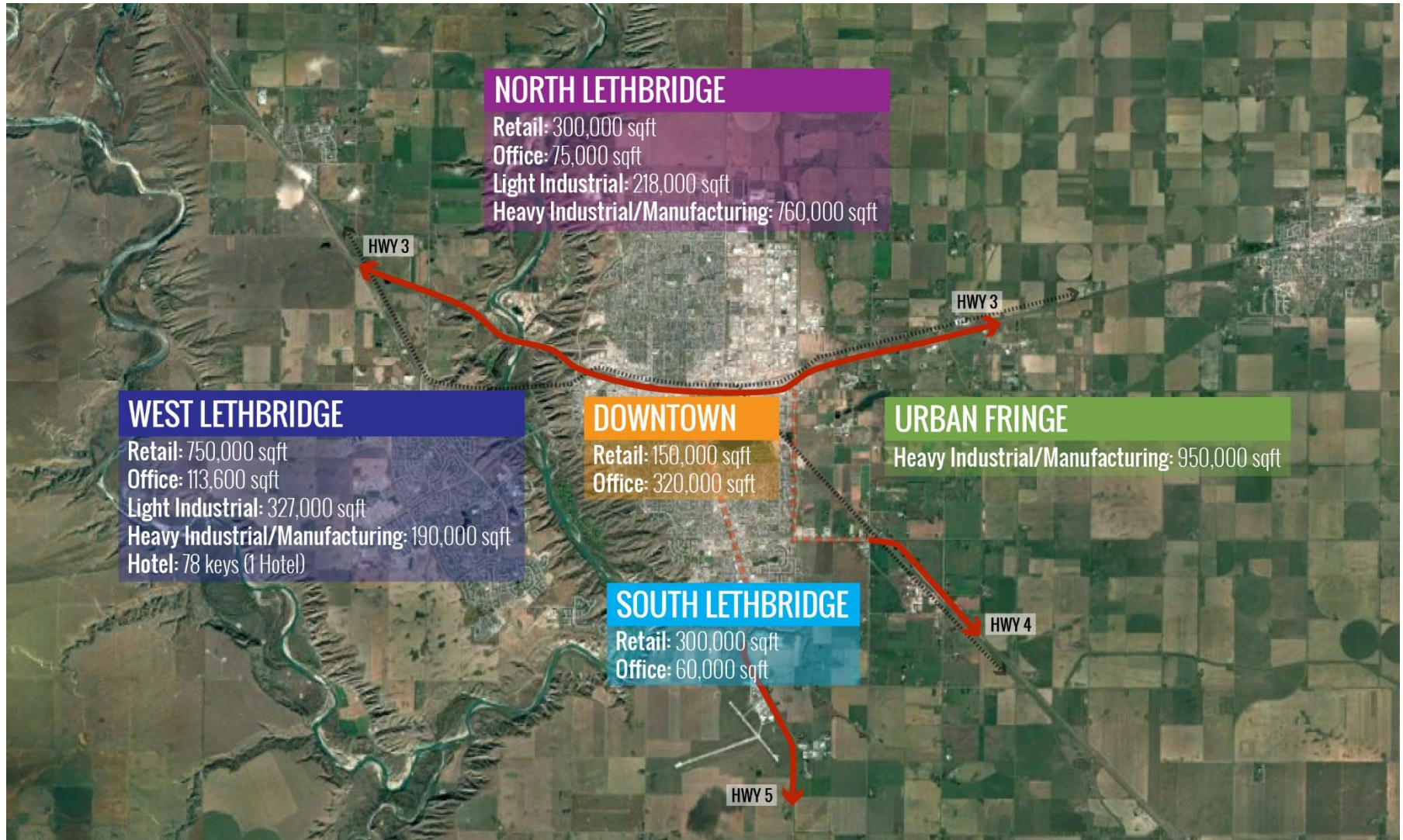
- The City of Lethbridge and Lethbridge County anchor the south end of the province and function as a regional hub for agriculture & agri-business, government & public services, and education.
- The City of Lethbridge has a current population base of 96,828 (2016) and averages a healthy 1.7% annual growth rate, well above the national average of 1% per annum. Population growth between 2014 and 2018 is expected to average 1.9%, with the threshold population of 100,000 being exceeded by 2019. It is forecasted that the 20-29 and 70+ cohorts will be the fastest-growing out to 2022. This demographic shift will drive demand for commercial and residential real estate appealing to the each of these diverse groups and an ongoing challenge for Lethbridge is to find ways of retaining young people and recent graduates within the region.
- Lethbridge's resilient economy and steady growth can be attributed to its diversified economic drivers and the growth of the bio-industrial, agri-business, and tech sectors. This healthy growth is expected by the Conference Board of Canada to continue on this trend into the near term.
- With over 50% of the city's developable land base and continued residential development, west Lethbridge is expected to capture a large majority of the new growth in the city.

Land Use Allocation and Distribution

- An in-depth market analysis, economic cluster analysis, sector review, and transportation/infrastructure review were conducted to inform the Land Use Allocation of forecasted new Commercial and Industrial development.
- The market analysis employed a custom model to determine the optimal demand figures for each asset class under investigation over the next twenty years (until 2037). Five distinct sectors were created for the land use allocation exercise; West, North, South, Downtown, and the Urban Fringe which lies in Lethbridge County. MXD allocated the Projected New Gross Building Area (in square feet) to the five sectors based on a variety of factors including prospective future population growth, current and future economic activities, transportation networks, infrastructure and current stock of development. Figure 2.1 displays the final allocation of retail, office, light industrial, heavy industrial, and hotel asset classes.
- West Lethbridge is recommended to have half of all new future retail development in the Lethbridge region. Light Industrial is split primarily between west and north Lethbridge, while Heavy Industrial is recommended for North Lethbridge and the Urban Fringe. To encourage continued development of downtown Lethbridge as a centre of business and commerce, the majority of office space is allocated to the core of the city. Due to the recent opening of several new hotels in WT Hill Business Park, along with falling occupancy rates, only one hotel is recommended to be built over the next twenty years.

Executive Summary

Figure 2.1 Final Land Use Allocation Map 2017-2037



Note: New Gross Building Area is in addition to Existing Current Inventory.

Executive Summary

Table 2.1 Final Land Use Allocation Table (2017-2037)

Land Use	North Sector	South Sector	West Sector	Downtown	Urban Fringe (County)
Office	75,000 SF	60,000 SF	113,600 SF	320,000 SF	-
Light Industrial	218,000 SF	-	327,000 SF	-	-
Heavy Industrial /Manufacturing	760,000 SF	-	190,000 SF	-	950,000 SF
Retail	300,000 SF	300,000 SF	750,000 SF	150,000 SF	-
Hotel	-	-	78 rooms	-	-

Note: New Gross Building Area is in addition to Existing Current Inventory.

Positioning Strategy & Action Plan

- To build upon the region’s economic strengths and in an effort to foster entrepreneurship and trigger development within an emerging or expanding economic sector, four catalytic projects are being proposed, which include the following:
 - *Multi-purpose Performing Arts Centre & Convention Facility*
 - *Food Hub & Processing District*
 - *Lethbridge Central Market*
 - *Lethbridge Innovation District*

- An action plan was created to summarize the research and recommendations of this Commercial & Industrial Development Study into a time-based strategy document.
- Each action was divided by city sector and categorized into: governance (typically items that require study / further research), transportation & infrastructure, Catalytic Project, Land Development, and Marketing & Branding.

Executive Summary

Policy Recommendations & Action Items

- Policy recommendations and actionable tasks build upon and support the strategic Action Plan. Each recommendation provides direction moving forward and are categorized into five distinct themes, which include:

1. Collaboration & Coopetition

- Continue Collaborative Governance
- Review of Development Application & Approvals Process
- Continue to Leverage Economic Development Lethbridge (EDL)
- Establish Collectives
- Develop Champions Program
- Conduct Catalyst Project Feasibility Analyses

2. Innovation & Education

- Form an Innovation Collective
- Activating Innovation Through Placemaking
- Cluster Innovation Components
- Provide City Support
- Form an Education/Workforce Collective
- Conduct Business/Industry Workforce Survey

3. Redevelopment & Densification

- Encourage and Prioritize Redevelopment and Densification
- Consider a Community Revitalization Levy
- Expand Downtown Residential Development Incentives

4. Zoning

- Utilize Innovation District and Redevelopment Specific Zoning

5. Marketing & Promotion

- Create Lethbridge Region Marketing Campaign

**Coopetition is cooperation meets competition and refers to the collaboration between business competitors, in the hope of mutually beneficial results.*

Executive Summary

Item of Consideration

- The Recommended Land Use Program and Final Land Use Allocation in the Lethbridge Commercial & Industrial Study are created through a market-based demand analysis. These market-based demand numbers project what the Lethbridge market could absorb over the next twenty years (2017-2037) from a development perspective.
- While previous studies conducted by the City of Lethbridge were analyzed, the demand numbers represented in the Recommended Land Use Program are not directly correlated with land that has been allocated/planned in various outline plans, and Area Structure Plans in the City of Lethbridge. The demand numbers should not be considered as development “*in addition*” to any land uses allocated/planned in outline plans or Area Structure Plans.

3

Retail Trends & Typologies

Retail Trends and Typologies

Shift in Market Trends

- Single-use commercial has been the most popular format of retail development over the past several decades in many Canadian cities and towns, especially where land is plentiful. These include big box stand-alone stores, power centres, and retail strip malls. While these development formats continue to be the developers format of choice for retail construction, there have been paradigm shifts in how retail development is perceived from consumer, tenant, and municipal perspectives.
- Recent studies and data from organizations such as ULI (Urban Land Institute), UDI (Urban Development Institute), and ICSC (International Council of Shopping Centres) suggest that retail trends are shifting in response to a variety of factors such as economic, demographic, geographic, and lifestyle. These include:
 - Consumer preference for a more walkable community, with an ability to walk and cycle to retail and services.
 - Cities and developers catering to a “Millennial” and highly educated consumer base that prefers unique and experiential places.
 - Consumers have a greater choice than ever before and are demanding a higher quality shopping experience.
 - Higher efficiencies in supply chain and logistics are allowing retail tenants to downsize into smaller spaces.
- Rise of e-commerce produces the need for “right-sized” retail that blurs the line between online and brick-and-mortar stores.
- Greenfield sites for retail development are continually being pushed farther away from city centres, requiring higher levels of infrastructure upgrades to the periphery.
- Focus back towards downtown setting for smaller boutique-style retail.
- Due to these trends, developers and tenants have begun to respond to redefine what the future of retail may be in Canada. Urban centres such as Vancouver, Calgary, and Toronto have been the most progressive in new formats of retail, however there has been a “trickle-down” effect to smaller cities and suburban areas as these typologies become more prevalent.
- MXD constantly tracks innovative formats of retail and commercial development. The most popular being:
 - Vertical Mixed-Use
 - Horizontal Multi-Use
 - Lifestyle Centre
 - Main Street Commercial
 - Redevelopment/Urban Infill
 - Complete Community Retail Nodes
- These development typologies are prevalent in North America, however not all typologies are optimal for the Lethbridge market. Only those viewed as suitable over the next twenty years were recommended in this study.

Retail Trends and Typologies

- Single-use commercial has been the most popular format of retail development over the past several decades in many Canadian.

Vertical Mixed-Use



Horizontal Multi-Use/Retail Village



Lifestyle Centre



Combines different uses in the same building structure in a distinct vertical fashion. Parking may be underground and surface parking is often limited.

Ground floor uses are typically retail, restaurant and services, with offices and residential above.

Combines different uses in interconnected building structures in a horizontal fashion, although some vertical mixing may still occur. Parking may include a mixture of surface lots, garages, or underground parking.

These developments incorporate a wide variety of uses such as retail, food and beverage, services, office, residential, lodging and entertainment.

An outdoor commercial shopping centre that combines retail functions with services and amenities. It is typically oriented toward upscale consumers and therefore is more feasible in communities that are more affluent.

Most of these developments have surface parking. Retail is the primary use, but food and beverage and services are also common.

Source: MXD Development Strategists & The Sonoran Institute

Retail Trends and Typologies

Main Street Commercial



Redevelopment/Urban Infill



Complete Community Retail Nodes



Revitalization of a downtown main street or district, based on the belief that historic commercial areas are the traditional centres of shopping, business and community.

Uses include retail, food and beverage, services, office, residential, lodging and civic.

A new development of retail or mixed-use on vacant or underutilized land in an urban area. This type of development encourages the use of existing infrastructure and is generally located in established neighbourhoods.

Urban infill can include brownfield or greyfield sites.

A neighbourhood that has developed land compactly, with many daily needs within walking distance of homes.

A central retail node is constructed to provide shopping and services to local residents. Retail types include grocery, pharmacy, coffee shop, liquor store, drycleaner, etc., along with small offices or live/work units.

Source: MXD Development Strategists & The Sonoran Institute

Retail Trends and Typologies

Retail Architecture and Design

- Developers are incorporating higher levels of architecture and design into many retail and commercial developments. This stems from both public and private objectives.
- Developers are constantly looking to create a shopping experience that stands out from the competition. While attention to architectural detail is more costly than a “tilt-up” power centre or strip mall, a stronger tenant base and higher lease rates can overcome the increased initial capital costs.
- From a public perspective, many communities have adopted urban design and architectural standards that ask for a higher level of quality than previously was required. This can include but is not limited to:
 - Pedestrian sidewalks and benches
 - Angled and parallel parking
 - Varied paving surfaces
 - Varied architectural design
 - Reduced building frontages
 - Reduced minimum and maximum parking standards
 - High quality landscaping
 - Public Plazas and increased social spaces
 - Design features such as pocket parks, water features, etc.



Aspen Landing, Calgary, AB



Garrison Woods, Calgary, AB

Retail Trends and Typologies



Clayton Heights, Surrey, BC



Uptown, Victoria, BC



Bown Crossing, Boise, ID



Eagle Ranch Village, Eagle County, CO

Retail Trends and Typologies



Shops at Morgan Crossing, Surrey, BC



HighStreet, Abbotsford, BC



Willits Town Center, Basalt, CO



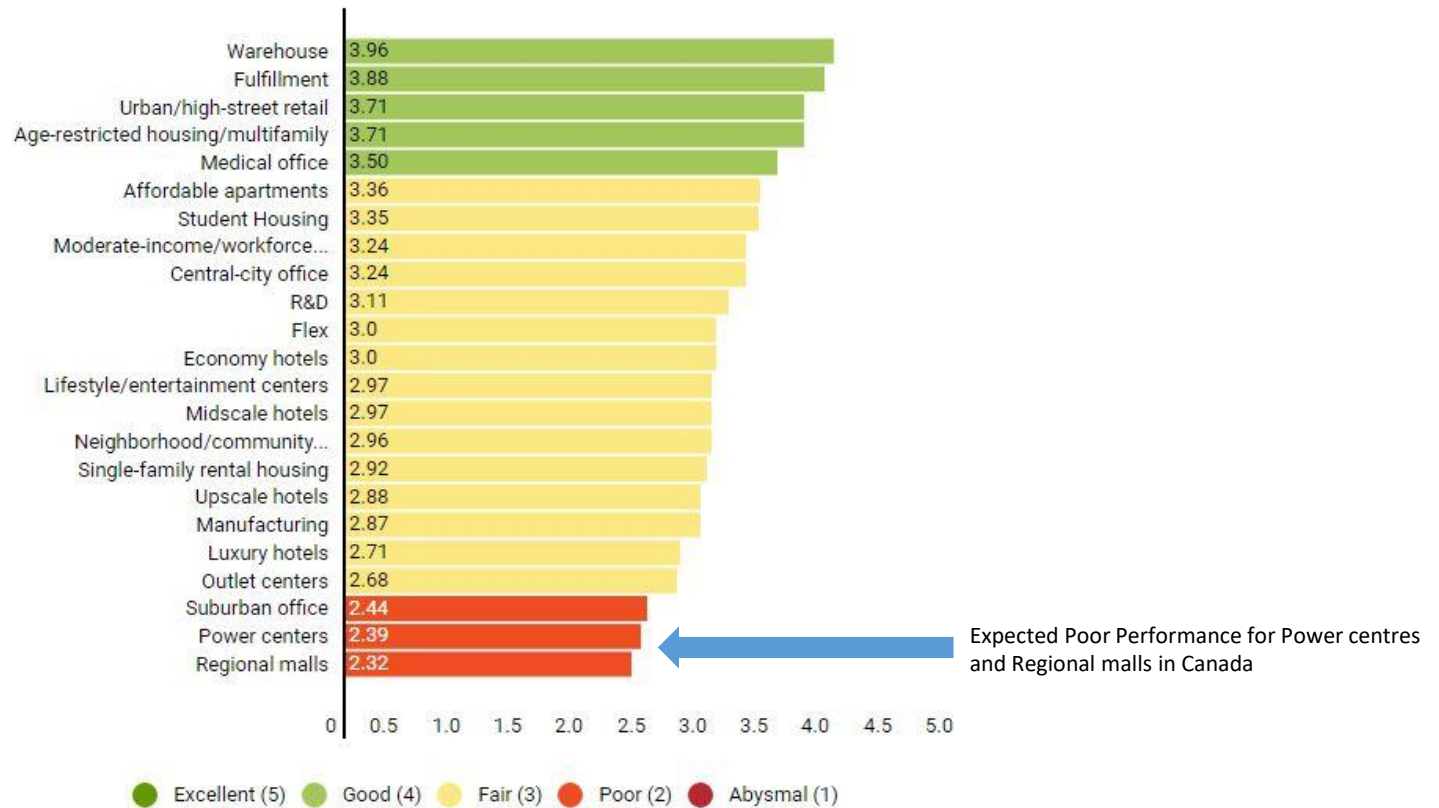
Great Northern Town Center, Helena, MT

Retail Trends and Typologies

Retail Trends in Canada

- The Urban Land Institute predicts that urban/high street retail will be the strongest retail format in Canada in 2017 from a development and leasing perspective. This is followed by lifestyle/entertainment centres. Power centres and regional malls are predicted to be the lowest performing development typology in Canada for 2017.

Figure 3.1
Prospects for Canadian Commercial/Multifamily Subsectors in 2017



Source: Urban Land Institute – Emerging Trends in Real Estate

Retail Trends and Typologies

Retail Trends in Canada

- Multi-channel, e-commerce driven retail is continually changing the way people shop. According to PwC Canada, how retailers store and move their product from a logistics point of view will change how they look at selecting real estate. It is expected that distribution centres will become as important as brick-and-mortar shops. This changes the physical space requirements for many retailers, as smaller storefronts are required for the shopping experience. Warehouse and fulfillment are projected by the Urban Land Institute as best performing development sectors due to the increasing need for movement of goods.
- The end result is that the edges have blurred between online and brick-and-mortar shopping. Many online-only retailers are now shifting to having physical stores, which has been known as “clicks-to-bricks”. A strong online presence creates a following of consumers, translating to a physical store presence. Recent examples are Frank & Oak, and recently announced AmazonGo.
- The continued advances in digitizing the retail experience will alter how people shop, yet the requirement for a physical and tangible shopping experience will persist based on consumer desires. Disruptions in the retail marketplace will occur on a consistent basis moving forward, and it is up to developers and landlords to ensure that the correct typologies are in place to remain flexible for the changing needs of retail tenants.

2%

2016 Canadian E-Commerce Sales of Total Retail Sales

Source: Statistics Canada

Online
Sales

+15%

Brick-and-
Mortar Sales

+3%

Annual Growth in Canada

Source: Retail Prophet

Retail Trends and Typologies

Culinary Trends in Retail

- Due to the proliferation of large agri-business and monoculture, the past decade has seen a movement of chefs throughout North America adapting to the practice of “farm-to-table” or “farm to fork”. Although there is no one definition, it centres around food prepared from sustainable local ingredients and local producers that are not directly associated with large agri-business.
- Renowned chef and farm-to-table pioneer Dan Barber states that “it’s the table that must support the farm, not the other way around”. Chefs and restaurants need to support the local farms and food producers to truly create a sustainable farm-to-table movement.
- Rather than focusing on farm-to-table, a culinary region should concentrate on supporting their local food producers and using harvests that are sustainable to the farmers. They should celebrate the historic cooking of the region through locally sourced, seasonal foods which provide a better dining experience, and a positive economic and environmental impact.
- This movement has allowed local food producers to find a niche in the agri-business market, selling to regional distributors and directly to restaurants. Restaurants that use and promote local agri-businesses such as beef, poultry, dairy, and produce have increasingly become more popular and sought out by consumers.
- Many communities are now taking advantage of this trend by promoting local independent restaurants who are directly connected to their food sources through culinary tourism.
- According to Deloitte and the Tourism Industry Association of Canada (2012), “35% of Canadians would travel primarily for culinary tourism, and over 50% of Canadians consider food and beverage offerings in narrowing down their destination choice”. In the United States, this grows even more, with 60% of leisure travelers stating they have interest in culinary travel in the near future.
- The profile of culinary travelers has a wide range, however the majority are younger, more affluent, and have higher education than non-culinary travelers.
- Those travelling for culinary tourism spend on average \$1,194 per trip/per person. 36% or \$425 of the average travel budget can go towards food-related activities. This has been reported by the Travel Industry Association and the World Tourism Organization (WTO). This is significantly higher than non-culinary travelers.
- Ultimately, culinary tourists are seeking authenticity and learning about a culture and its history through food. Food is an experience that is shared with others. Whether they are tourists who are inter or intra-provincial, or international, culinary tourists seek experience through local food.

Retail Trends and Typologies

CULINARY TOURISM ACTIVITIES

GOURMET FOOD SHOPPING



VISITING FARMERS MARKETS



COOKING CLASSES



UNIQUE DINING EXPERIENCES



ATTENDING FOOD FESTIVALS



BREWERY TOURS & TASTINGS



CULINARY FOOD TOURS



Retail Trends and Typologies

Culinary Trends in Retail

- The advancements of promoting local cuisine and culinary tourism have led to changes in the general retail landscape. Food and beverage now plays a significant role in commercial developments and urban centres. Many commercial centres are repositioning to include a higher percentage of food & beverage tenants. These become destinations for the local community, regional residents, and out-of-town visitors.
- Development typologies can include:
 - Limited service restaurants and cafes
 - Full service restaurants
 - Craft breweries
 - Wine bars
 - “Local-oriented” grocery stores
 - Farmers markets
 - Food hubs
 - Culinary incubators
 - Food halls
 - Urban farms



Retail Trends and Typologies

Implications for Lethbridge

- Retail development will likely not be as prolific as in the past, and will likely take a different form.
- Commercial developments that are “right-sized” and act as local community hubs, with a mix of uses including retail, culinary, services, office, entertainment, and recreation.
- Commercial developments that are flexible in design, so that they can adapt to future paradigm shifts in the retail landscape.
- Commercial developments that have a higher standard of architectural design, landscaping, and pedestrian connectivity.
- A focus on re-imagining downtown as a shopping and dining destination.
- Redeveloping, re-imagining, and densifying older retail stock and aging commercial corridors, rather than construct new retail on greenfield sites.
- Creating a connection between local agri-business and the culinary community.
- Creating an environment that will allow culinary tourism to grow and flourish.



Streetscape along 6 St S, Downtown Lethbridge

4

Commercial Development Best Practices

Commercial Development Best Practices

Best Practices

- The following best practices were profiled to recognize successful commercial developments that have been constructed in Alberta, British Columbia, and the Rocky Mountain west region of the United States. These best practices demonstrate the type of development that could be applied to future commercial mixed-use/multi-use development in the City of Lethbridge. The best practices are as follows:
 - *Aspen Landing*, Calgary, AB
 - *Highstreet*, Abbotsford, BC
 - *Great Northern Town Centre*, Helena, MT
 - *Eagle Ranch Village*, Eagle, CO
 - *Bown Crossing*, Boise, ID

Commercial Development Best Practices

Aspen Landing

- Location: Calgary, AB (population: 1,240,000)
- Developer: Springbank Land Company
- Size: 175,000 square feet of retail space and 40,000 square feet of office space.
- Components: Retail, Services, F&B, Office, Residential
- Tenants: Safeway, Starbucks, Divine Creations, Original Joe's, Commitments Lingerie, Pet Planet, Show Muse, Something2wear, Mariah, Shoppers Drug Mart.
- Project Description: A shopping mall with an open-air village concept, creating a community feel and intimate atmosphere. It offers second floor premium offices and Aspen Woods Estates community is being built adjacent to the shopping centre.



Commercial Development Best Practices

Highstreet

- Location: Abbotsford, BC (population: 141,000)
- Developer: Shape Properties
- Size: 600,000 square feet on a 20-acre site.
- Components: Retail, Services, F&B, Cinema
- Tenants: Forever21 Red, H&M, London Drugs, Milestones, Old Navy, Sephora, Marshalls, Walmart, Urban Barn, Fatburger, Cineplex VIP, Steve Nash.
- Project Description: A LEED certified project, Highstreet wants to provide an urban lifestyle shopping experience in an open-air streetscape. The idea is to provide year-round retail, dining and entertainment experience for all ages, including seasonal events (such as summer dance lessons and Christmas tree lighting), creating a community environment.



Commercial Development Best Practices

Great Northern Town Center

- Location: Helena, Montana (population: 77,500)
- Developer: Alan Nicholson & City of Helena
- Size: 11 acres
- Components: Retail, Services, F&B, Hotel, Cinema, Office, Hotel Convention Centre
- Tenants: Cinemark, Best Western Hotel, Subway, Cobblestone Clothing Company, Silver Star Steak Company, ExplorationWorks Museum of Science & Culture
- Project Description: A once abandoned area near downtown that used to be the former site of the depot for the Great Northern Railroad. Revitalization efforts ended in a mixed-use plan to create an open-air community for people of all ages.



Commercial Development Best Practices

Eagle Ranch Village

- Location: Eagle, Colorado (population: 6,500)
- Developer: Eagle Ranch Village, LLC
- Size: 120,000 square feet of commercial space at build-out
- Components: Retail, Services, F&B, Residential, Medical, Cinema, Office
- Tenants: Capitol Theatre, Axis Sports Medicine, Castle Peak Senior Life & Rehabilitation, Golf Club, 7 Hermits Brewing Co., The Dusty Boot Steakhouse and Saloon, Healthcare Centre
- Project Description: Built to be the commercial district for the Eagle Ranch neighborhood community, giving it a town centre urban lifestyle feel, with the addition of lofts as residential options. The strong medical component in this mixed-use village differentiates it from other similar projects.



Commercial Development Best Practices

Bown Crossing

- Location: Boise, Idaho (population: 215,000)
- Developer: Bown Crossing, LLC
- Size: 35 acres - 59,000 square feet of office and commercial retail space
- Components: Retail, Services, F&B, Residential, Office
- Tenants: M Spa, Tavern, Bier Thirty, Locavore Cafe, LKV Architects, Huntington Learning Centre, Boise Diamond Ring Fine Jewelry Boutique, Eastside Cycles, Edward Jones
- Project Description: Built to create a outdoor lifestyle community with pedestrian orientated design, offering services, shopping and F&B options for residents and visitors.



5

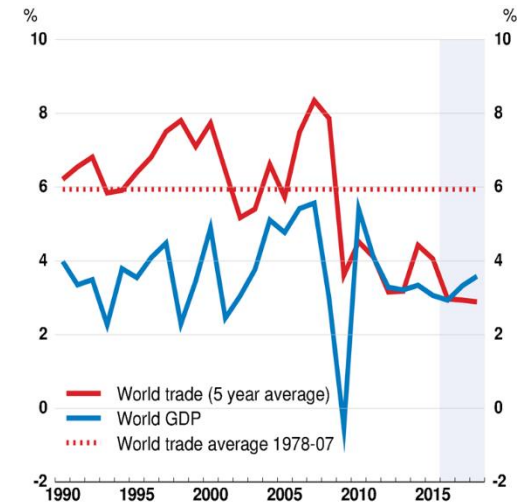
Economic Analysis

Economic Analysis

Global Economic Outlook

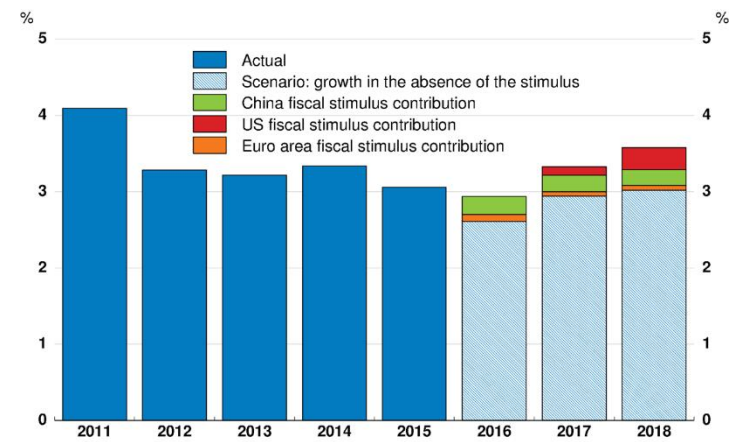
- Global economic growth has decelerated in recent years, as key consumption drivers such as wage and productivity increases have slowed from flat trade and investment activity.
- Growth in world trade volumes has weakened since the onset of the Great Recession (Figure 5.1) and growing levels of trade restrictions among the G20 nations are not expected to improve in the near future, according to the OECD.
- With 20% of Canadian employment dependent upon foreign demand, the national economy will continue to be greatly dependent on the global economy, particularly trade volumes and potential protectionist measures by other G20 nations.
- Isolationist trade policies resulting from the recent U.S. election, Brexit and additional referendums to leave the EU among other partner nations, as well as slowing growth in China could substantially slow global economic growth, impacting export-driven region such as Lethbridge in particular.
- Continued low interest rates are supporting additional fiscal stimulus for the world's largest economies, which are forecast to comprise a substantial component of increasing global GDP growth over the next several years (Figure 5.2).
- Global GDP growth averaged 3.8% from 1995 to 2015, indicating a return to "normal" levels of growth over the next several years.

Figure 5.1 World Trade and GDP



Source: OECD

Figure 5.2 World Real GDP Growth Projection



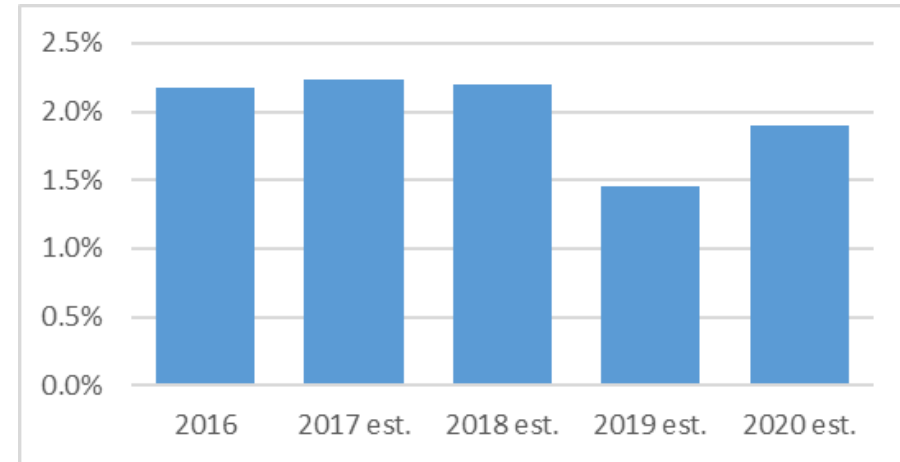
Source: OECD, November 2016 Projection

Economic Analysis

U.S. Economic Outlook

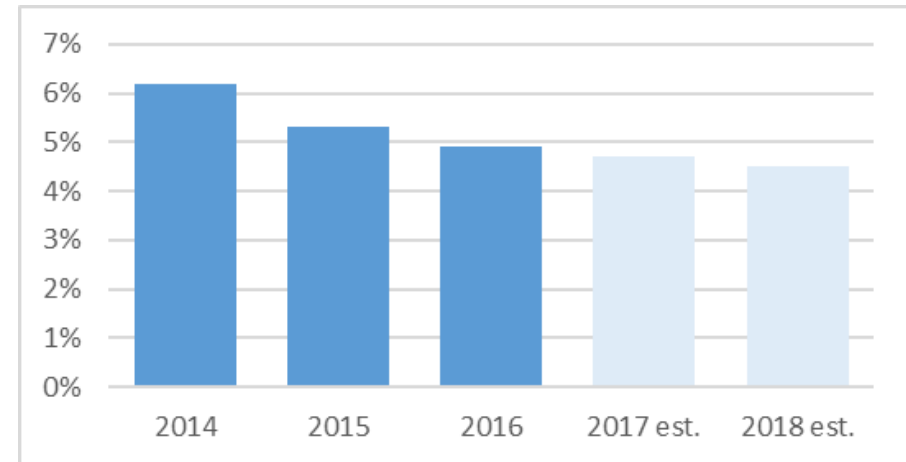
- The U.S. economy is forecast to continue steady growth for the next several years. An average of forecasts from the IMF, World Bank, OECD, Economist and the European Commission indicate annual growth of 2%, perhaps slackening by 2019 (Figure 5.3).
- Improving employment rates (Figure 5.4) are a key driver of the improving economic outlook. Additional factors include:
 - Wage increases
 - Increased purchasing power from falling energy prices
 - Sustained low interest rates
 - Improving residential investment
 - Fiscal stimulus including increased infrastructure spending
 - Probability of increased business investment as a result of likely corporate income tax reductions
- The U.S. economy faces increasing inflationary pressures, particularly as its unemployment rate continues to decline and wage growth pressures begin to mount.
- The strong U.S. dollar has weakened exports while increasing import demand, particular from Canada.
- In addition the proposed renegotiation of NAFTA by the new administration could severely impact supply chains between the two countries.

Figure 5.3 U.S. GDP Growth Forecast (Average of Forecasts)



Source: IMF, World Bank, OECD, Economist Intelligence Unit, European Commission

Figure 5.4 U.S. Unemployment Rate



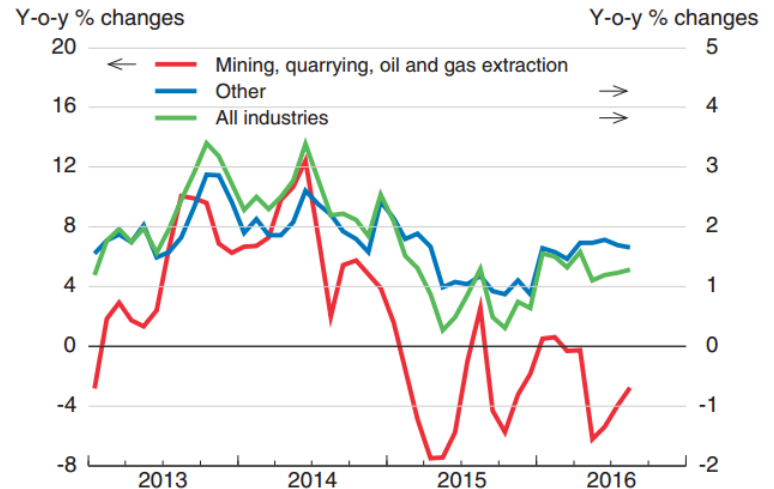
Source: Bureau of Labor Statistics

Economic Analysis

Canada Economic Outlook

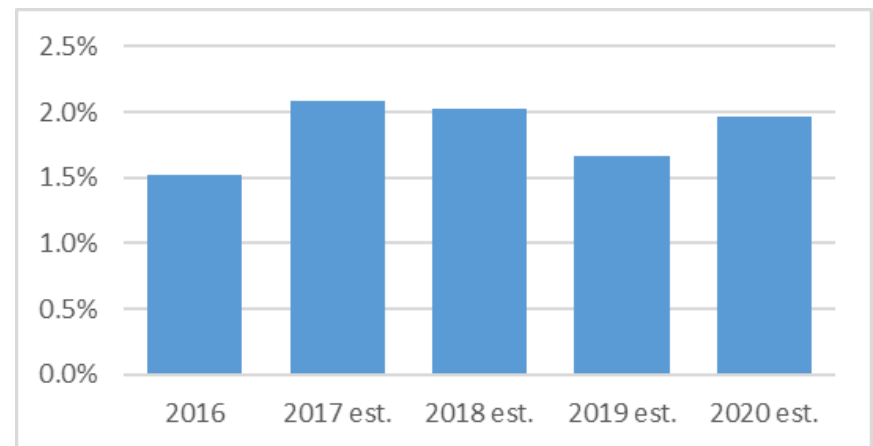
- Canada's economy has experienced a strong bifurcation between the resource sector and the rest of the economy (Figure 5.5).
- Non-energy exporters continue to benefit from a weaker Canadian dollar.
- Canadians have some of the highest levels of household debt of the G20 nations, indicating the likelihood of increased interest rates in the near term.
- The federal government is planning to increase its budget deficit by up to 0.7% of GDP in 2017 in order to boost spending on physical infrastructure as well as several social programs.
- Overall national GDP growth is expected to accelerate in 2017 and should range near 2% over the next several year (Figure 5.6). It should be noted that this prediction is based average of forecasts from several sources which do not vary significantly.
- Non-oil and gas sectors should continue to see moderate but steady growth.
- Unemployment, currently averaging 7.0% nationwide is forecast to decline to 6.5% by 2018. Disposable income is expected to increase between 2.7% to 4.1% over the next several years.
- Key factors of influence relate to the U.S. economic expansion and the resulting demand for Canadian exports.

Figure 5.5 Canada Growth by Industry



Source: Statistics Canada

Figure 5.6 Canada GDP Growth Forecast (Average of Forecasts)



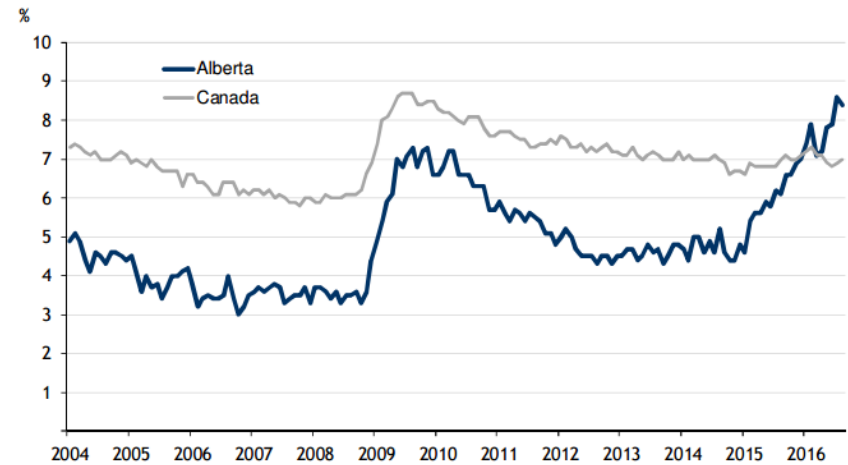
Source: IMF, World Bank, OECD, Economist Intelligence Unit, European Commission

Economic Analysis

Alberta Economic Outlook

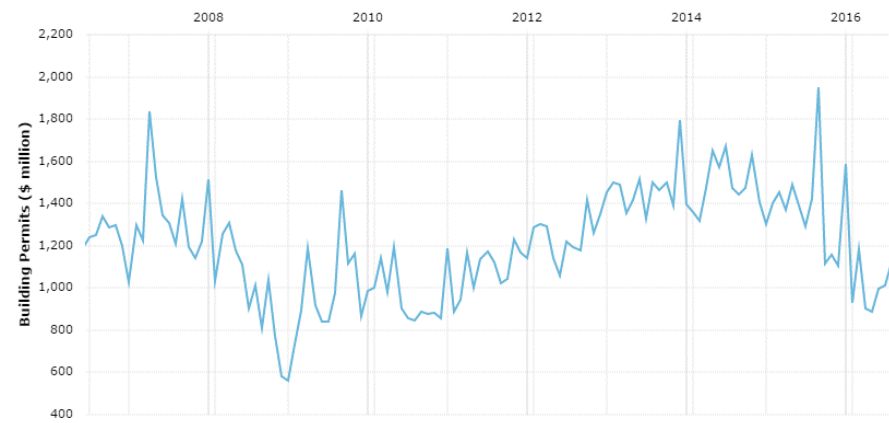
- Alberta's economy continues to be mired in recession driven primarily by low oil prices and resulting in drastically reduced spending by energy companies, the effect of which is now permeating into other sectors such as construction, business services and retail sales.
- Unemployment is now well above the Canadian average (Figure 5.7). The poor job market has slowed net population increases in the province to 1.8% annually.
- Building permitting in the province has declined since peaking in 2014 (Figure 5.8).
- GDP declines of -3.5% in 2015 and an estimated -2.9% in 2016 are expected to gradually improve with oil prices over the next several years, according to RBC Economics Research.
- RBC Economics Research forecasts a return to positive real GDP growth of 2.7% for 2017 while BMO Capital Markets Economics Research forecasts 2.0% for 2017 and 2.2% in 2018.
- In response to the economic slowdown, the Alberta government has announced Budget 2016 Capital Plan, a \$34.8 billion program to help stimulate the economy. This includes spending on capital maintenance, transportation infrastructure, education/training, health/recreation facilities and other spending to encourage local economic development.

Figure 5.7 Alberta Unemployment Rate



Source: Statistics Canada, RBC Economics Research

Figure 5.8 Alberta Building Permit Value (Res & Non Res)



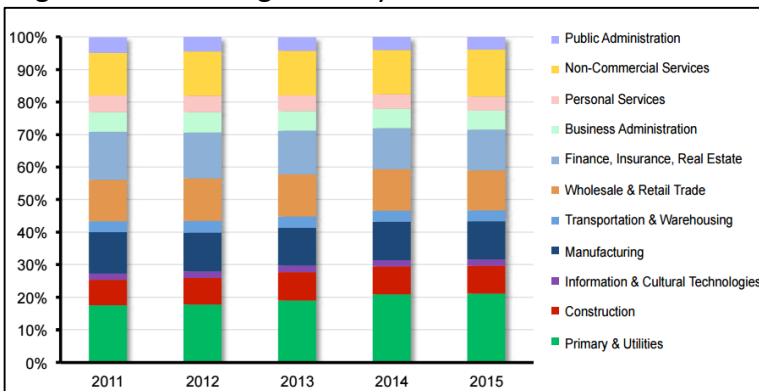
Source: Statistics Canada

Economic Analysis

Lethbridge Economic Overview

- While much of the Alberta economy continues to struggle with low oil prices, Lethbridge has enjoyed steady growth in recent years and is expected by the Conference Board of Canada to continue on this trend over at least the near term.
- The local economy's resilience stems from its fast-growing concentration in the tech sector, and its extensive and diversified economy (**Figure 5.9**). The concentration of public sector employment provides further stability to the local economy.
- Unemployment in November 2016 is relatively low at 6.1%, although up from 5.6% in November 2015. Near-term employment growth will be driven primarily by retail development in west Lethbridge as well as major expansions at the University, College and Lethbridge Regional Hospital.

Figure 5.9 Lethbridge GDP by Sector



Source: Economic Development Lethbridge

- The number of economic advantages enjoyed by Lethbridge outweigh its challenges (**Table 5.1**).

Table 5.1

Lethbridge Economic Advantages & Challenges

Lethbridge Economic Advantages

- Diversified economy.
- Strong growth potential for region's core industries.
- Reliable and affordable energy.
- Public sector employment concentration.
- Surrounding County is active in Alternative Energy, Bio Industrial and Agriculture.
- Stable role as southern Alberta's regional service hub.
- High quality lifestyle yet affordable housing.
- Emerging tech sector.
- Highway and rail access on CANAMEX corridor.
- Reasonable construction costs and occupancy costs.
- Educated/skilled workforce.
- Low labour costs.
- Plentiful land availability.

Lethbridge Economic Challenges

- Lack of large employers (100+ employees).
- Branch office economy lacking management positions.
- Lack of employment opportunities for university graduates.
- Geographic isolation from major markets.
- "Rain shadow" effect of Calgary on local economy.

Economic Analysis

Lethbridge Economic Cluster Analysis

- An **Industry Cluster** is defined as “a loose, geographically bounded collection of similar and/or related firms that together create competitive advantage for member firms and the regional economy”.
- There are two types of industry clusters:
 - **Intra-industry clusters**, where firms within a given industry facing similar problems and utilizing similar technologies, collaborate to solve those problems and develop new products; and
 - **Inter-industry clusters**, where firms belonging to different industries are connected through buyer-supplier chains.
- Industry clustering is a key strategy for economic development as it encourages local specialization, facilitates industrial reorganization, encourages networking among firms, enhances workforce development, manages labour supply, and permits a better focus of public resources.
- Two types of economic clusters are of key importance to regional development: **established clusters** which are key pillars of the local economy, and **emerging clusters**, which are those that are not yet fully established, and have a potential for growth, given the right conditions and incentives.
- Industry cluster analysis provides insight on a regional economy by identifying those industry clusters that are growing in importance and those which are declining. As such, it is the initial step in formulating economic development strategy.
- Economic development strategy formulated for industry clusters tends to have a greater effect on regional growth than strategy formulated for individual industries.
- This study includes a Location Quotient (LQ) analysis to understand the growth dynamics of Industry Clusters in the Lethbridge region.
- The LQ compares a given industry’s share of the local economy with that same industry’s share of the regional or national economy.
- The LQ analysis provides an indication of those clusters which are likely to drive employment, and therefore commercial real estate development, over the forecast horizon. By identifying those industry sectors which are dominant and/or growing in importance in the Lethbridge region, it is possible to better plan for future land use requirements in the study area.
- **Traded Clusters** are those areas of activity which generate significant exports from the region, and so are key to generating multiplier effects in the local economy.

Economic Analysis

- The Location Quotient (LQ) quantifies the degree of concentration of economic clusters in a region relative to the nation or the state. Many different measures can be used to create an LQ, but employment is the most common. An LQ of greater than 1 indicates regional specialization, while under 1 indicates the region imports that sector's goods and services (Table 5.2).

Table 5.2 Location Quotient Indicators

LQ	Indicators
> 1	Regional specialization, and likely export activity.
1	Industry serves the local area only.
< 1	Region must import the product or service.

- Change in LQ over a period of time is a useful indicator of whether an industry cluster is growing or declining in concentration in the local area compared to other regions. Industry sectors in a region can be grouped into four categories based upon their current LQ and their change in LQ (Figure 5.10).
- **STARS:** clusters that are relatively more concentrated ($LQ > 1$) in the Lethbridge region compared to nationally and are becoming even more concentrated over time. These include:
 - Educational services
 - Arts, entertainment and recreation
 - Health care and social assistance
 - Other services

- **EMERGING:** clusters that are relatively less concentrated ($LQ < 1$) in Lethbridge than the nation, but are expected to become more concentrated locally in the next few years. These include:

- Information and cultural industries
- Transportation and warehousing
- Wholesale trade
- Manufacturing
- Construction
- Utilities
- Mining and oil and gas extraction

- **MATURE:** clusters that are relatively more concentrated ($LQ > 1$) in Lethbridge than the nation, but are becoming less concentrated over time. These include:

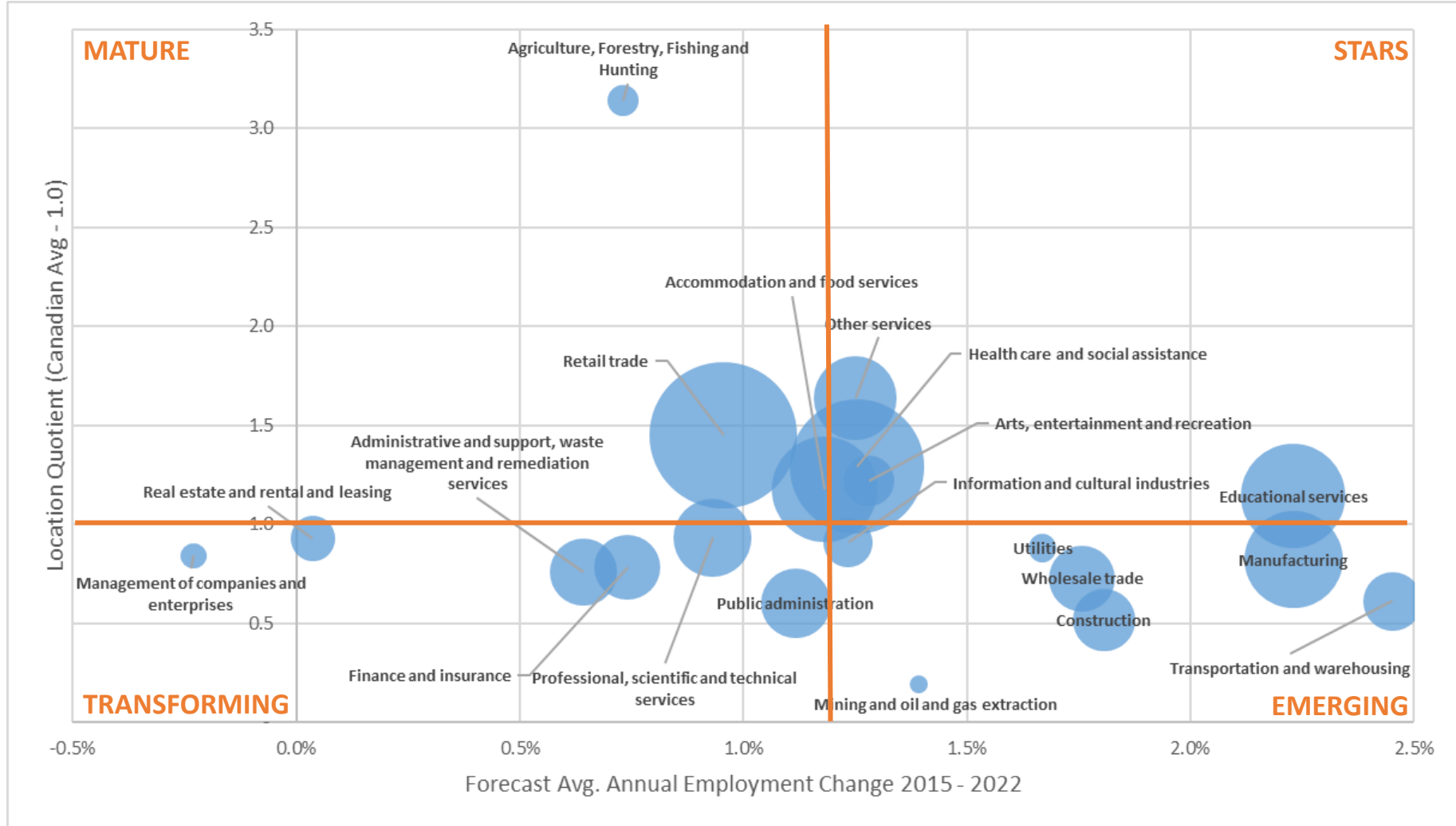
- Agriculture, forestry, fishing and hunting
- Accommodation and food services
- Retail trade

- **TRANSFORMING:** clusters that are relatively less concentrated ($LQ < 1$) in Lethbridge than nationally and are becoming even less concentrated over time. These include:

- Public Administration
- Professional, scientific and technical services
- Finance and insurance
- Real estate and rental and leasing
- Management of companies and enterprises

Economic Analysis

Figure 5.10 Lethbridge Employment Cluster Mapping



Source: _____

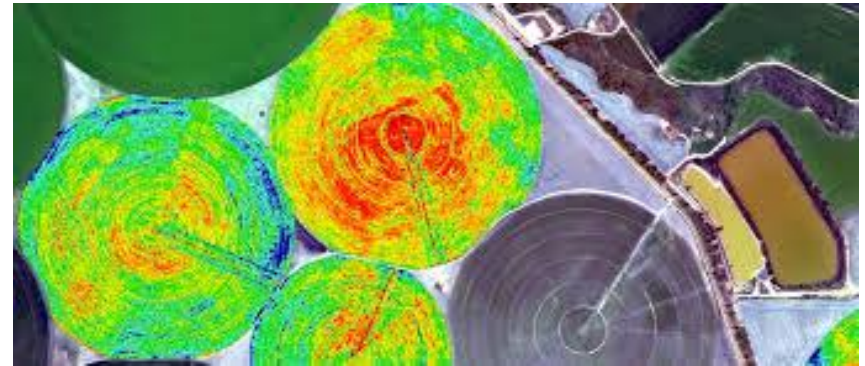
Economic Analysis

- The Location Quotient analysis, along with additional research and consultation, provides a number of important indicators relevant to future land use planning for Lethbridge:
- The **lack of strong office-oriented work**, with nearly all related categories in the “Transforming” quadrant. This has clear implications on the future demand for office space but also poses a challenge to long-term retention of many University graduates seeking professional work, mitigating much of the local benefit of the “Educational Services” being a “Star” cluster with Lethbridge a net exporter of talent. The “rain shadow” effect of the Calgary economy is likely at play here.

Informational and Cultural Industries

- The high tech and related sector remains a small but fast-growing component of the Lethbridge economy (increasing by an average 4% per year over the past decade).
- This is a positive note as this sector experienced a decline in employment between 1996 and 2006 (according to ChooseLethbridge). Employment is only now returning to 1996 levels.
- This sector has great importance in terms of attracting and/or retaining young, educated workers and creating significant spin-off activities within the local economy.
- Alberta as a whole has seen large advancement in the ICT sector, with nearly 4,500 companies and 50,000 employees in a variety of sub-sectors including digital media, nanotech, software, and wireless systems.

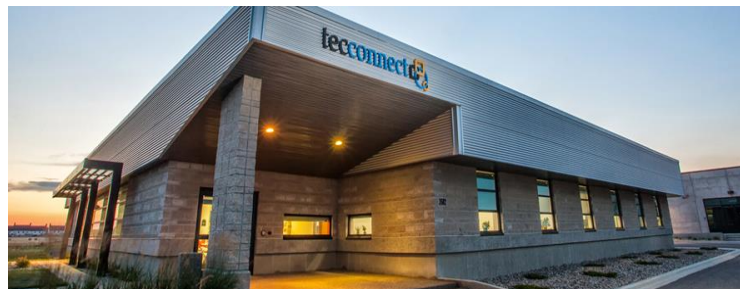
- A key challenge for the region is retaining young graduates and the incubation of new companies in emerging industries. Tecconnect provides an important development in fostering such entrepreneurial talent in IT businesses such as GIS, remote sensing, precision agriculture and health care. Tecconnect is discussed in further depth on the following page.
- Yet additional amenities important to millennials should be further encouraged to attract and retain young talent to the city. This would build upon the region’s affordability and lifestyle. Such activity typically clusters in downtown areas, reflecting a potential opportunity to pursue for Lethbridge.



Economic Analysis

Tecconnect

- Tecconnect has been open since 2011, providing a 10,000 square foot incubation space for innovation and entrepreneurship in the Lethbridge region. The centre was through a partnership between Economic Development Lethbridge (EDL), the City of Lethbridge, and Western Economic Diversification Canada (Federal government entity).
- As of summer 2016, there were nine start-up companies located at Tecconnect, along with five companies that had already graduated from the incubation space.
- According to EDL, the incubation space has created 95 jobs since its inception, and the range of economic sectors is diverse including:
 - Geospatial imaging
 - Cloud-based accounting
 - Automotive industry software
 - Biotechnologies
 - Health Industry
 - Virtual Reality
- Tecconnect has strong links with local post-secondary institutions, with 52% of all employees coming from either Lethbridge College or the University of Lethbridge. Tecconnect provides the space to foster innovation and make mistakes, so that the young entrepreneurs are ready to launch their own products or businesses upon graduating.



Tecconnect, Lethbridge

Public Administration

- While the public sector employment base (most notably health care and education) is cited as a key pillar of the local economy, it is important to note that “public administration” employment (which excludes health care and education) is below the Canadian average and is projected to decline as a share of overall local employment over the next five years. This reflects the lack of higher level office-oriented activity in the Lethbridge area.

Manufacturing

- The local manufacturing sector contributes \$472 million to the local GDP has grown at over 3% for the past several years. This strong growth trend is expected to continue over the next five years.
- The provincial unemployment rate for the manufacturing industry was 5.4% in 2015, considerably lower than the overall rate across all sectors.
- 67% of all manufacturing companies in the province are between 20 to 500 employees, indicating the “mid-size” nature of most operations.
- Over 4.1 million square feet of industrial floorspace is occupied by local manufacturers, and additional capacity should be planned for. This includes both light and heavier industrial manufacturing.

- According to KPMG and SouthGrow, Lethbridge has a very competitive cost environment for manufacturing on a global scale. The cost index for electronics and chemicals is lower than highly industrialized nations such as Netherlands, France, the UK, United States, Germany, and Japan. Lethbridge also is highly competitive in aerospace, automotive, and metal components.
- Major companies in the local manufacturing sector include Triple M Housing, Charlton & Hill, Kawneer, BCT Structures, Pratt & Whitney, Lethbridge Iron Works, and Haul-All Equipment.
- The strong showing reflects the number of niche manufacturing firms in the area, ranging from agricultural equipment, animal feeds, construction materials, metal fabrication, food & beverages, furniture, manufactured housing and transportation equipment.

Transportation and Logistics

- Alberta has a highly developed logistics network that encompasses truck, rail, and air. Truck traffic moves over 60% of all freight in the province and projects to continue to be the primary source of goods movement over the next decade. 95% of all Alberta truck exports are intended for the United States, signifying the importance of Lethbridge as a link between northern & central Alberta, and the American market.
- This sector is slated to grow rapidly over the next five years in the local Lethbridge area. The expansion of the PepsiCo Beverages operation with an advanced sorting and distribution facility, along with the recent announcement of the new Cavendish Farms facility suggests a future development trend.
- The transportation & logistics cluster is still in its nascent stages in terms of overall share of the labour market (as indicated by its low LQ). This sector is highly dependent on access to markets, which will be a challenge for Lethbridge to overcome. The city benefits from its proximity to the U.S. border, location along the future CANAMEX corridor, connection to the North American rail network via a secondary line and excellent highway access. However, it is often more efficient to undertake logistics through Calgary or to truck direct to destinations such as Vancouver.
- H&R Transport is the largest logistics company in Lethbridge, employing over 700 people, making it a top 10 employer in the region.

- Rail transport has a long history in Lethbridge and has seen recent expansion over the past decade due to initiatives such as the TransMark facility in Lethbridge County. Built off of a Canadian Pacific mainline along Highway 4, TransMark is private rail siding facility that provides various rail services such as:
 - Commodity transloading (rail to truck)
 - Over dimensional loading
 - Rail car storage (up to 600 cars)
 - Crane service & switching
 - 22-acre laydown area
- Much like trucking, TransMark has the ability to support and grow economic sectors. TransMark has become a highly strategic location for the unloading and storage of windmills that are destined for southern Alberta and northern Montana. The facility can be leveraged by various growth sectors in the Lethbridge such as energy, agri-business, and manufacturing. TransMark's 65 acre facility has room for growth and can continue to be a catalyst within the transportation & logistics sector.



TransMark / Lethbridge Inland Terminal, Lethbridge County

Agri-Business

- Agri-Business is a \$1.3 billion sector locally, or 20% of local GDP. It is an integral employment sector for the region with 1,200 agriculture-based businesses. The sector undergoes moderate but steady growth, driven by increasing demand from food-importing nations such as China, which have a high regard for Canadian products.
- As the global population increases from 7.5 billion to 9.7 billion by 2050 (UN estimate), food science and production will continue to grow and Lethbridge is well-positioned to capitalize on future opportunities. Livestock, dairy, canola, corn, sugar beets, potatoes, wheat, barley, and hemp are the primary products. In addition, locally-based R&D/educational inputs are considerable and has undergone major investment over the past decade, with Dupont's recent investment in a research facility as the latest addition.
- Food processing is also strong in the region with 120 businesses providing food and feed both for regional consumption as well as export. In December 2016, Cavendish Farms announced that they will be constructing a \$350 million frozen potato processing plant in Sherring Business & Industrial Park which will be the largest single private investment in Lethbridge history. The facility will be nearly 300,000 square feet in size, doubling the capacity of the existing Cavendish plant that it will replace. The plant is expected to be completed and in operation by 2019.
- There are direct spinoffs from increasing the amount of food processing facilities in Lethbridge. The new Cavendish plant is expected to create the demand for an additional 9,000 acres of potato farming in southern Alberta according to a provincial statement.
- Lethbridge has been able to weather the provinces economic downturn due to a lower reliance on oil & gas and greater focus on growing the regional agri-business sector. Major local employers include Maple Leaf Pork, Sunrise Poultry, PepsiCo Foods, as well as the Lethbridge Research Centre, which has nearly 500 employees devoted to agricultural research and development.
- Bio-Industrial is also an emerging sub-sector that the province has identified as a high-value growth industry. This is capturing greater value of the by-products from agricultural production and processing. These by-products can be processed into valuable resources, inputs, and goods to be sold. Lethbridge County is placing greater emphasis in recent years on the bio-industrial sub-sector.
- Additional diversification of the processing sector would be highly beneficial to the local economy, along with support industries such as research & development and tech-based agricultural manufacturing.

Educational Services

- Already one of the largest employment sectors, education is expected to grow quickly over the next five years. The University of Lethbridge is currently undergoing a \$250 million expansion (Destination Project) as part of its commitment to Bio-science and Life Sciences. The new 388,000 square foot building will provide room for 450 science students when it opens in fall 2019. It will not only have classrooms, but high-tech lab spaces for research.
- Lethbridge College is also undergoing a major construction project, developing a new Trades and Technologies Facility. The 165,000 square foot facility is being constructed in phases and will support nearly 900 students across eight trades and four tech programs at completion. The facility will have less focus on classroom space, dedicating nearly 75% towards shops and laboratories for “hands-on” teaching. The impact of the Destination Project and the Trades and Technology Facility could be far-reaching for Lethbridge. Potential partnerships with Tecconnect could lead to more companies being incubated locally within the Bio-Tech, Sustainable Tech, and Life Sciences sectors.
- Beyond simply direct employment, education is a key pillar of the local economy through its strong ties to the agricultural sector. The higher education facilities have 13,000 students. A recent estimate that 30% of college students and 70% of university students leave the region upon graduation suggests a clear gap upon which to focus for economic development and land use planning.

Renewable Energy

- Renewable Energy does not fall into a single employment cluster but encompasses several including Manufacturing, Technical Services, Agriculture and Information Tech industries. The Lethbridge region has tremendous wind and solar capacity making it a natural hub for this fast-growing sector. However, there is very little local manufacturing or R&D activity occurring. Lethbridge College does produce graduates with world-standard certification in wind turbine technology, but the labour requirements for simply generating energy in the area are relatively minor. Bio-fuel enterprises such as Lethbridge BioGas, Kyoto Fuels (biodiesel plant) and GrowTEC provide a more job-intensive and R&D-intensive path forward for the local alternative energy sector.
- Green energy is expected to be a significant factor in Alberta's economy moving forward. Up to \$50 billion is expected to be spent on renewable energy projects in Alberta and Saskatchewan by 2030 based on a report from Siemens Canada's wind and renewables division.
- On January 1, 2017, the Province of Alberta introduced a carbon tax that is expected to raise billions of dollars in revenue for financing large-scale renewable energy projects. This will be enticing for European and Asian-based energy companies who will be looking to take advantage of a market that is currently under saturated for companies based around alternative energy production, primarily wind, solar, and thermal technologies.



Invigor Bioenergy, Lethbridge County

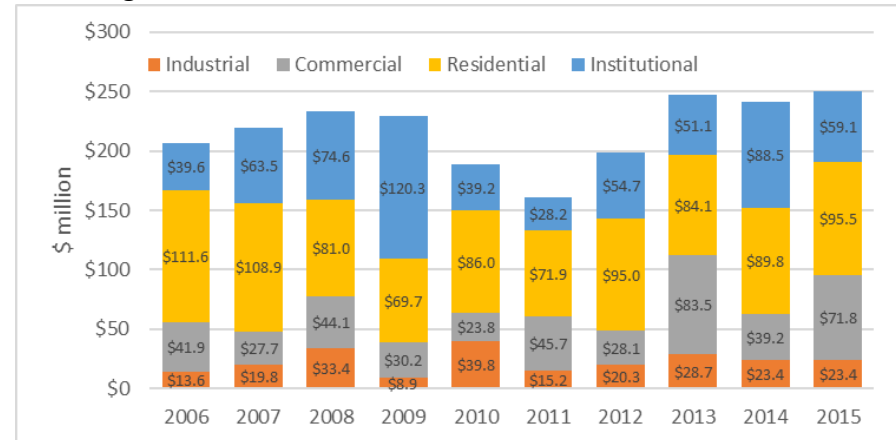
- The Province of Alberta has also established the Renewable Electricity Program that is *“intended to encourage the development of 5,000 MW of renewable electricity generation capacity connected to the Alberta grid between 2017 and 2030,”* according to AESO. This will spur further investment and economic activity within this sector. Lethbridge is primed to take advantage of Alternative Energy, with historically less reliance towards oil and coal in comparison to the Calgary and Edmonton regions.

Economic Analysis

Construction

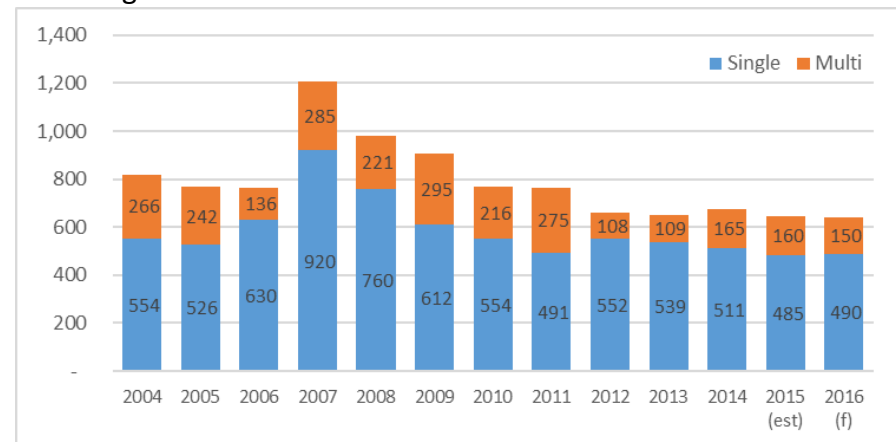
- The Lethbridge construction sector is relatively steady. Overall building permit values have generally ranged from \$200 million to \$250 million over the past decade, with the exception of reduced private investment during the recession.
- While industrial development has remained steady, commercial development has grown considerably with the large-scale retail development in west Lethbridge.
- Residential development has held a steadier course. New home construction has remained stable in Lethbridge, despite the slowdown of the provincial economy. Housing starts have averaged over 600 units for the past several years, although this is still below the pre-recession peak of 1,205 starts made in 2007.
- The city is a hot bed of green building technology, with the highest number of green-certified homes per capita in Canada. SunRidge and BlackWolf are two leading residential communities built on green principles.
- Trends in new home construction include reduced lot sizes (with a commensurate reduction in land servicing) as well as gradually increasing infill development in central areas.

Figure 5.11
Building Permit Value



Source: Economic Development Lethbridge

Figure 5.12
Housing Starts



Source: CMHC

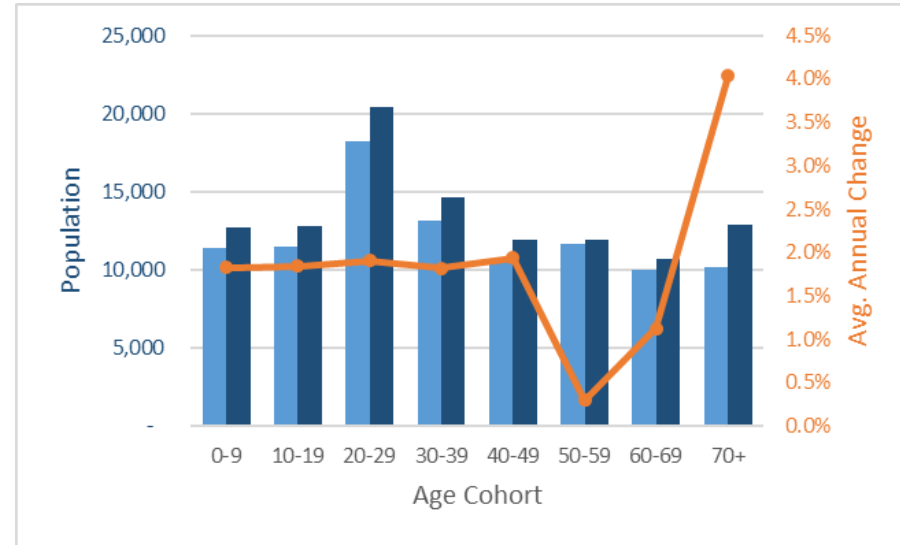
Economic Analysis

Lethbridge Demographic Profile & Population Projections

- The City of Lethbridge has a current population base of 96,828 (2016) and serves a wider market area.
- The City's population averages a healthy 1.7% annual increase, well above the national average of 1% per annum. Furthermore, this population growth is stable and not subject to the wild volatility found in other Albertan communities.
- Population growth between 2014 and 2018 is expected to average 1.9%, with the threshold population of 100,000 being exceeded by 2019.
- While the 30-39 and 60-69 age cohorts have recently been the growth leaders, it is forecast that the 20-29 and 70+ cohorts will be the fastest-growing out to 2022 as the higher education institutions expand and the Baby Boomers enter their retirement years.
- This demographic shift will drive demand for commercial and residential real estate appealing to each of these diverse groups (brew pubs, student housing, bachelor suites and assisted living facilities).
- An ongoing challenge for Lethbridge is to find ways of retaining young people when Calgary, Edmonton and other metro areas have a broader range of entry level and mid-level professional and technical positions available.

Figure 5.13

Lethbridge Population Growth by Age Cohort, 2015 - 2022

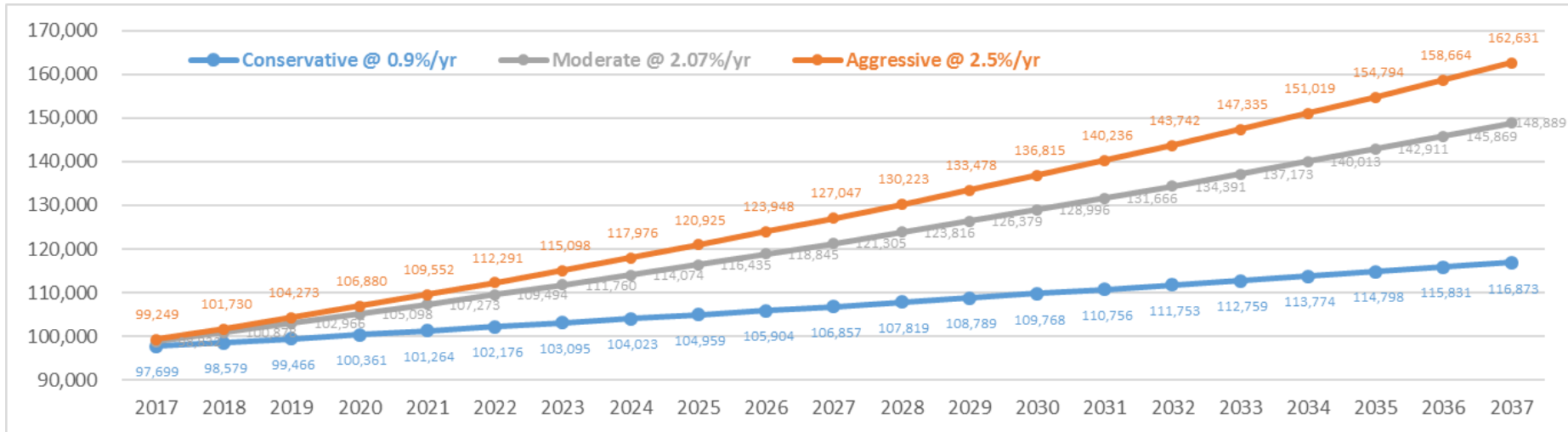


- The City is assisting in fostering new tech-oriented companies that would draw on young people through Tecconnect and other initiatives. Additional support could be provided by facilitating the types of neighborhoods that young people are increasingly preferring: mixed-use, urban, authentic with numerous amenities within walking distance such as grocery, restaurants and nightlife.
- A key consideration in the future development of Lethbridge is to provide supportive policies to encourage additional infill residential development, particularly in the core, over further low density development on the urban-rural fringe.

Economic Analysis

- A 20-year population projection was created in order to project future land use requirements in Lethbridge City and County.
- Three scenarios were examined:
 - **Conservative:** Lethbridge returns to the slower growth rate of 0.9%/year experienced in the 1990s. This scenario is taken from the *West Lethbridge Employment Centre Market Analysis & Demand Forecast*, and reflects reduced economic conditions and an aging population base. **20-year population increase: 20,000 people**
 - **Moderate:** The population continues to grow at its average growth rate over 2000 to 2015 of 2.07% per year. **20-year population increase: 50,000 people**
 - **Aggressive:** Lethbridge growth accelerates to 2.5%/year as the economy continues to diversify, the threshold population of 100,000 is exceeded bringing a broader range of businesses to the city, the student population expands and opportunities increase for young people. **20-year population increase: 63,000 people**

Figure 5.14 Lethbridge Population Projections



Economic Analysis

- The additional population of 10,061 in Lethbridge County (2011 Census) declined moderately from its 2006 figure of 10,302 but was up slightly from its 2001 population of 9,930. It was noted in discussion with the County that residential development is not pursued by the County due to infrastructure costs. For the purposes of this study, the County population is expected to remain constant for the 20-year forecast horizon.
- The anticipated City population growth of 20,000 to 63,000 is expected to be distributed unevenly across the urban area. Over the 2015 to 2022 period, west Lethbridge is slated to capture 63.6% of population growth, with the north capturing 23.9% and the south area only 12.5% (Figure 5.15).
- As identified in the *West Lethbridge Employment Centre Market Analysis & Demand Forecast*, approximately 56% of the pool of developable land is located in west Lethbridge. In addition, the area has been made more attractive by the introduction of new retail and recreational amenities, suggesting that the 2015-2022 trend should continue over the 20-year forecast horizon.
- Table 5.3 summarizes the population projections for each district based upon the citywide population projections and district-level considerations described previously. The yellow-shaded cells identify the most likely scenario given current trends. In total, over the next 20 years, west Lethbridge is expected to grow by 31,000 people while the North side grows by 13,000 and the South side by 8,000 residents.

Figure 5.15

Anticipated Share of Total City Population Growth, 2015 - 2022

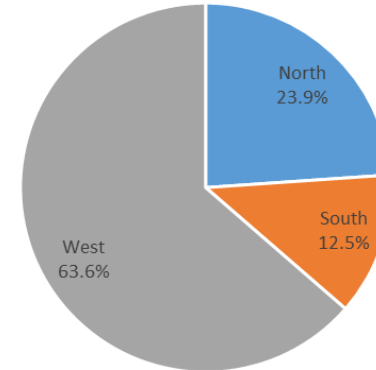


Table 5.3

20-Year City of Lethbridge District-level Population Projections

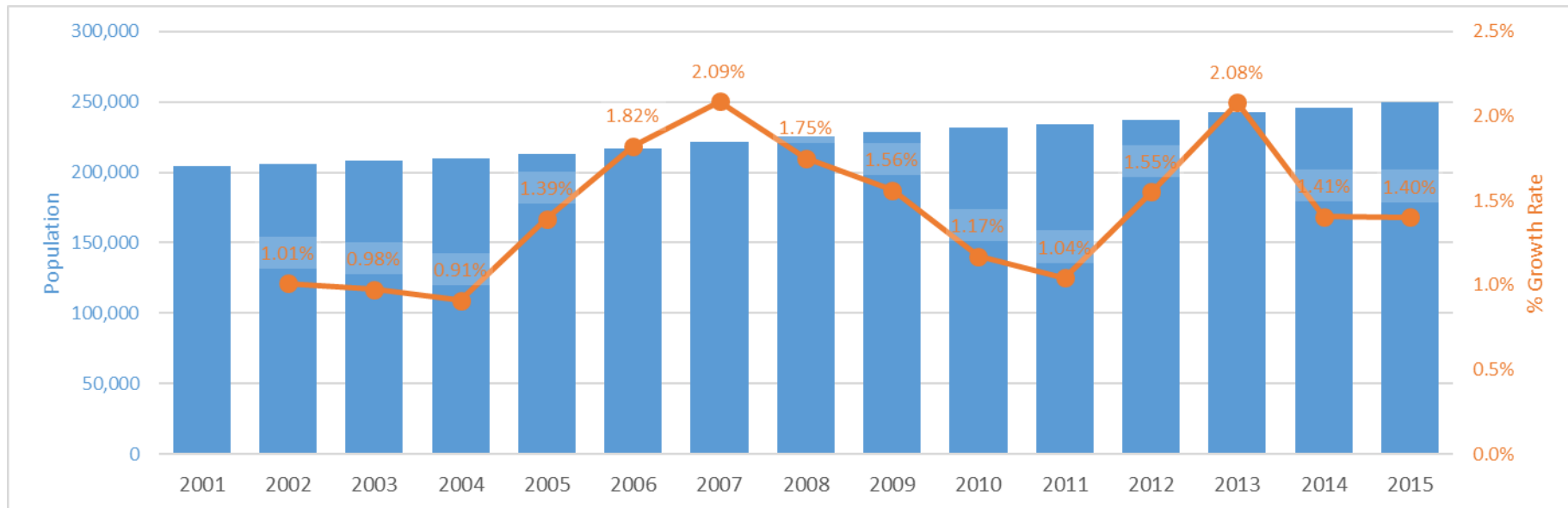
		West Lethbridge		
		Share of Citywide Population Increase		
		50%	60%	70%
Citywide Growth	Conservative @ 0.9%/yr	10,023	12,027	14,032
	Moderate @ 2.07%/yr	26,030	31,236	36,442
	Aggressive @ 2.5%/yr	32,901	39,482	46,062
		North Lethbridge		
		Share of Citywide Population Increase		
		20%	25%	30%
Citywide Growth	Conservative @ 0.9%/yr	4,009	5,011	6,014
	Moderate @ 2.07%/yr	10,412	13,015	15,618
	Aggressive @ 2.5%/yr	13,161	16,451	19,741
		South Lethbridge		
		Share of Citywide Population Increase		
		10%	15%	20%
Citywide Growth	Conservative @ 0.9%/yr	2,005	3,007	4,009
	Moderate @ 2.07%/yr	5,206	7,809	10,412
	Aggressive @ 2.5%/yr	6,580	9,870	13,161

Economic Analysis

- The recently completed Lethbridge Trade Area and Commercial Catchment Basin Study report by Environics Research identified the city's trading region spanning much of southern Alberta and the East Kootenay Regional District of southeast British Columbia. The total population count for this region was 341,189 people, with 249,380 located outside of the City of Lethbridge.
- In order to project this region's future population over the next 20 years, the historic trend was first determined from the Alberta Regional Dashboard (Figure 5.16) with additional research into population growth of the East Kootenay Regional District in southeastern BC.
- Population growth has averaged 1.44% in Lethbridge's trading region (excluding the City of Lethbridge) over the past 15 years, with a slightly accelerating trend. This pattern suggests a future annual growth rate of approximately 1.25% to 1.75% per year is likely and should form the lower and upper limits of the 20-year population projections

Figure 5.16

Historic Population Growth of East Kootenay Regional District and Southern Alberta (Excluding City of Lethbridge)

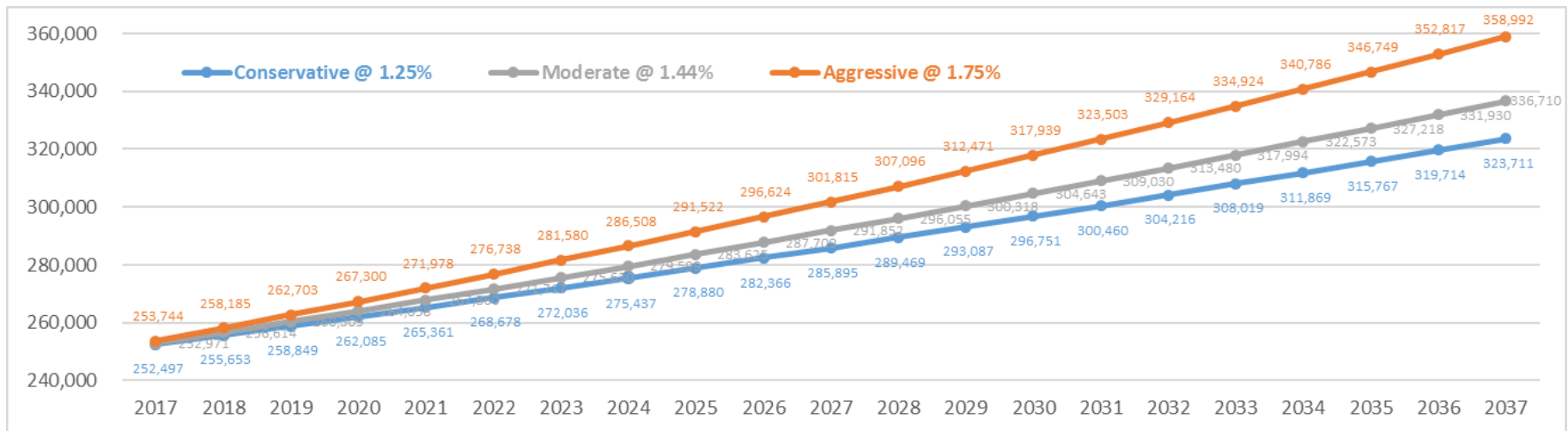


Source: Alberta Regional Dashboard, Statistics Canada

Economic Analysis

- A 20-year population projection for southeastern B.C. and southern Alberta (excluding the City of Lethbridge) was created in order to project future land use requirements in Lethbridge City and County.
- Three scenarios were examined:
 - **Conservative:** The trading region continues to grow but at a slower pace than the recent 15-year trend, with growth averaging 1.5%. **20-year population increase: 74,000 people**
 - **Moderate:** The population continues to grow at its average growth rate from 2000 to 2015 of 1.9% per year. **20-year population increase: 87,000 people**
 - **Aggressive:** Lethbridge growth accelerates to 2.3%/year with expanded local economic activity and opportunity. **20-year population increase: 110,000 people**

Figure 5.17
Projected Population Growth of Southern Alberta (Excluding City of Lethbridge)



6

Citywide Growth & Transportation

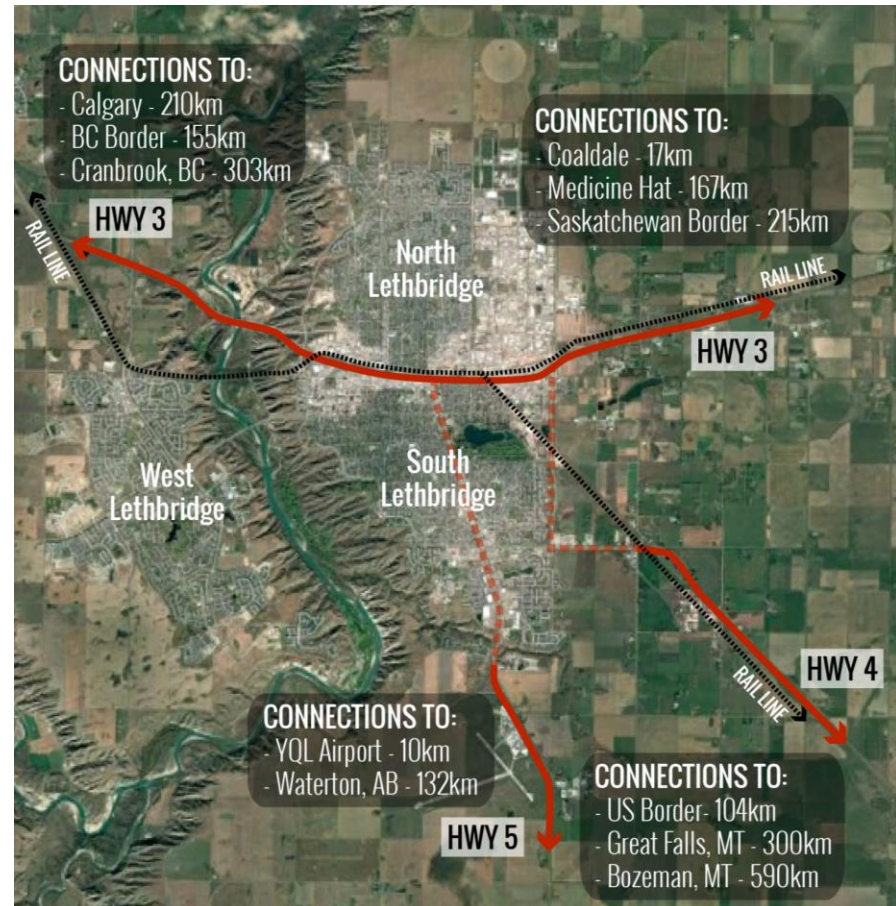
Citywide Growth & Transportation

Regional Connectivity

- Lethbridge is the largest city and anchor for the south end of the Province. The surrounding area, Lethbridge County, is rural by nature and is dominated by agricultural activities, feedlots, with small rural localities. Together, this region functions as a significant agricultural, economic, governmental, and educational hub for southern Alberta.
- Regional road access through the County and into Lethbridge is largely facilitated through three major highways.
 - **Highway 3** (Crowsnest Highway) runs east-west through the centre of the city and is a main access route for vehicle traffic to and from southeast BC as well as Calgary. Heading east out of Lethbridge, Highway 3 passes through Coaldale with further connection points in Medicine Hat and Saskatchewan.
 - **Highway 4** (Red Coat Trail) exists as 43 St S and 24 Ave S within city limits and continues southeast out of the city towards the U.S. border crossing at Coutts, Alberta.
 - **Highway 5** runs north-south through the commercial spine of south Lethbridge as Mayor Magrath Dr S with connections to Lethbridge County (YQL) Airport, Waterton, Alberta, and Waterton Lakes National Park.

- The main east-west rail line through Lethbridge follows along much of Highway 3 with the Kipp CPR Yard and Calgary-bound junction located just west of the City. U.S. bound rail cargo heads southeast out of the City along Highway 4.

Figure 6.1 Regional Connectivity Map of Lethbridge



Citywide Growth & Transportation

Local Transportation Connectivity

- At more of a local level, transportation connectivity is also important to consider when planning for future growth and new developments.
- Proximity to existing commercial areas and access for employees and residents is a key factor in assessing connectivity and encouraging growth that is sustainable and well-planned.
- Local street networks connect with the regional and provincial highway network and provide a hierarchy of transportation routes within a city. Arterials, collectors, and local road networks are differentiated by the volume of vehicle traffic they intend to serve and they facilitate the flow of both goods and people throughout a city.
- Connectivity is often only thought of in the context of vehicle traffic and automobile accessibility but pedestrian connectivity and the quality of the pedestrian environment (commercial and residential) are equally as important to consider when working to support a vibrant, attractive, and sustainable city.
- Figure 6.2 outlines primary transportation connectivity strengths, challenges, and opportunities currently present in Lethbridge.

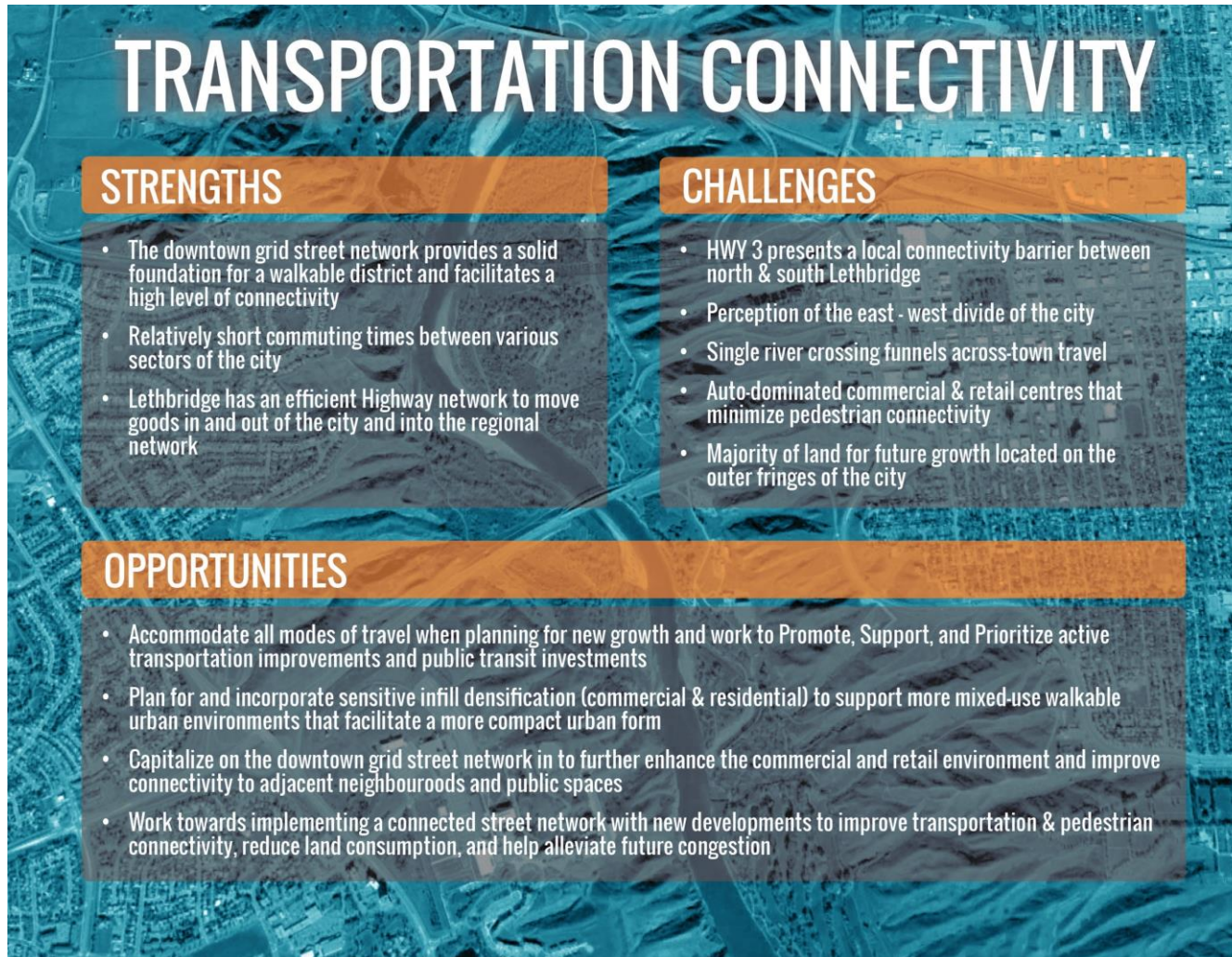


4 Ave S at 6 St S Downtown Streetscape and Pedestrian Crossing



Pedestrian Connectivity in Commercial Areas - Crossings

Figure 6.2 Summary of Transportation Connectivity Analysis



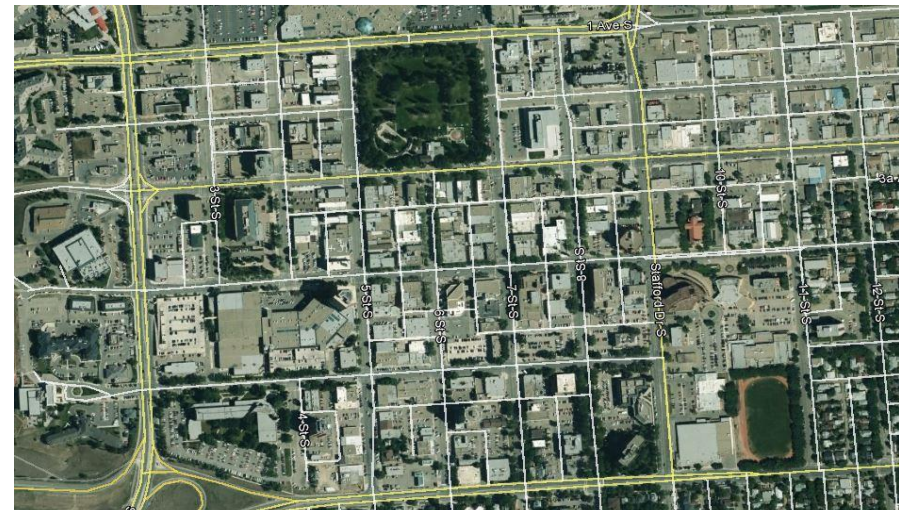
Citywide Growth & Transportation

Transportation Connectivity Strengths

- In addition to having good access to regional and provincial highways, Lethbridge is a moderate-sized city that benefits from relatively short commuting distances between areas of the city.
- Encouraging growth to occur within established areas through gentle intensification will help to maintain these shorter commuting distances as the city grows.
- Initiatives such as the Heart of Our City Master Plan (HOCMP) and the Public Realm and Transportation Study (PRATS) acknowledge the importance the Lethbridge's historic downtown and identify ways to build upon its strengths to create a more livable and vibrant downtown.
- The downtown grid street network provides a solid framework to leverage existing connectivity and to continue to promote a walkable and connected downtown core.
- Incorporating residential uses into downtown is just one way of supporting the revitalization of downtown. Encouraging mixed-use development helps create a vibrant downtown and facilitates activity and social interaction both day and night.



Historic Downtown Lethbridge



Downtown Lethbridge Street Grid

Citywide Growth & Transportation

Transportation Connectivity Challenges

- Highway 3 runs through the centre of the city between north and south Lethbridge and while it does facilitate regional access to other parts of the province, the highway itself creates a local connectivity challenge within the city.
- While some commercial and residential areas may be close in proximity to downtown, the barrier of the highway limits the number of access routes for vehicles and pedestrians and makes the two areas seem far removed from each other.
- The Oldman River valley provides unique and stunning views but it too presents its own challenges for transportation connectivity. Whoop Up Dr is currently the only crossing to facilitate local across-town travel for residents. This creates a funnel effect for traffic volume and congestion could become an issue in the future as the City grows.
- A third local-level crossing south of Whoop Up Dr has been explored but is still not likely to be realized in the short-run. This additional crossing would help to alleviate congestion brought on by future development in west Lethbridge and would work to improve connectivity across the city.
- Traditional forms of suburban retail such as power centres are characterized by being automobile-oriented and accompanied by acres of surface parking. The challenge moving forward will be re-imagining these commercial centres to reflect the shift towards more right-sized retail that prioritizes pedestrian connectivity.



Main Crossing to Access West Lethbridge



Auto-oriented Power Centre Retail Format

Citywide Growth & Transportation

Transportation Connectivity Opportunities

- Continue to build upon downtown's grid street network and revitalization efforts to further enhance downtown's appeal, making it a prime destination for residents, shoppers, and tourists.
- Cities across Canada and around North America are recognizing the benefits of incorporating a variety of residential uses into their downtowns.
- Lethbridge should continue to encourage and incorporate housing options into downtown Lethbridge to evolve it into a place to live, work, play, and stay. The Heart of Our City Master Plan includes an initiative to grow the residential base downtown, which is underdeveloped when compared to downtowns in similarly sized cities in Canada.
- Accommodate all modes of transportation (walking, biking, taking transit, driving automobiles) when planning new growth and when redeveloping or intensifying established areas. Street design and connectivity should consider people's needs, safety, and comfort no matter their mode of travel, age or physical ability.



- Work towards creating more complete street networks that provide efficient, direct routes and which facilitate better pedestrian connectivity throughout the city. Connected road networks improve overall efficiency and help to reduce land consumption and alleviate future congestion.
- Connections between residential, commercial, and recreational areas can be made with more than just roads and bridges. Establishing a network of multi-use trails and green space corridors provides a recreational amenity and an alternative transportation option that encourages a healthy and active lifestyle.

Suites at 601 Condo Project, Downtown Lethbridge



Citywide Growth & Transportation

CANAMEX Highway

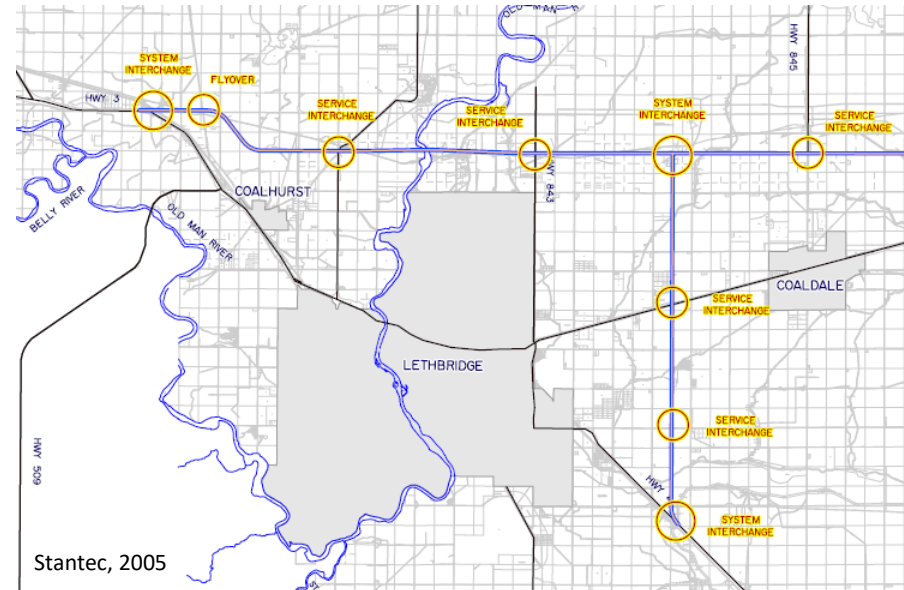
- The North South Trade Corridor (NSTC) commonly referred to as the CANAMEX is an ongoing multi-national transportation and trade corridor project, established under NAFTA, that includes a series of highway and infrastructure improvements that link Canada, the U.S., and Mexico.
- The CANAMEX aims to create a seamless intermodal transportation and trade corridor that improves access for north-south flow of people and goods, reduces transportation costs, and increases transportation productivity.
- The portion of the CANAMEX within Alberta includes 1,150 kilometers of the Alberta Provincial Highway network and would connect Highway 43 (west of Grand Prairie) at the Alberta-B.C. border down to the U.S. border crossing at Coutts, Alberta.

Lethbridge Connection and Implications

- In order to facilitate the route through southern Alberta, an additional highway connection around Lethbridge is required in order to connect the corridor.
- The conceptual alignment includes an additional east-west route off of Highway 3 would run north of the city and would link to a north-south highway portion that connects down to Highway 4. These new infrastructure improvements are located within the County of Lethbridge, as shown in the Figure 6.3.

- These additional infrastructure improvements will largely connect through rural landscapes and will likely result in some changes to traffic patterns and transportation connectivity.
- The resulting impact on agricultural activities and changes to existing provincial highways and local road networks will depend on the final location and positioning of the required highway infrastructure improvements.
- Industrial, agri-business, and commercial development could benefit from locating in areas along the CANAMEX corridor.

Figure 6.3 Conceptual CANAMEX Highway Route in Lethbridge



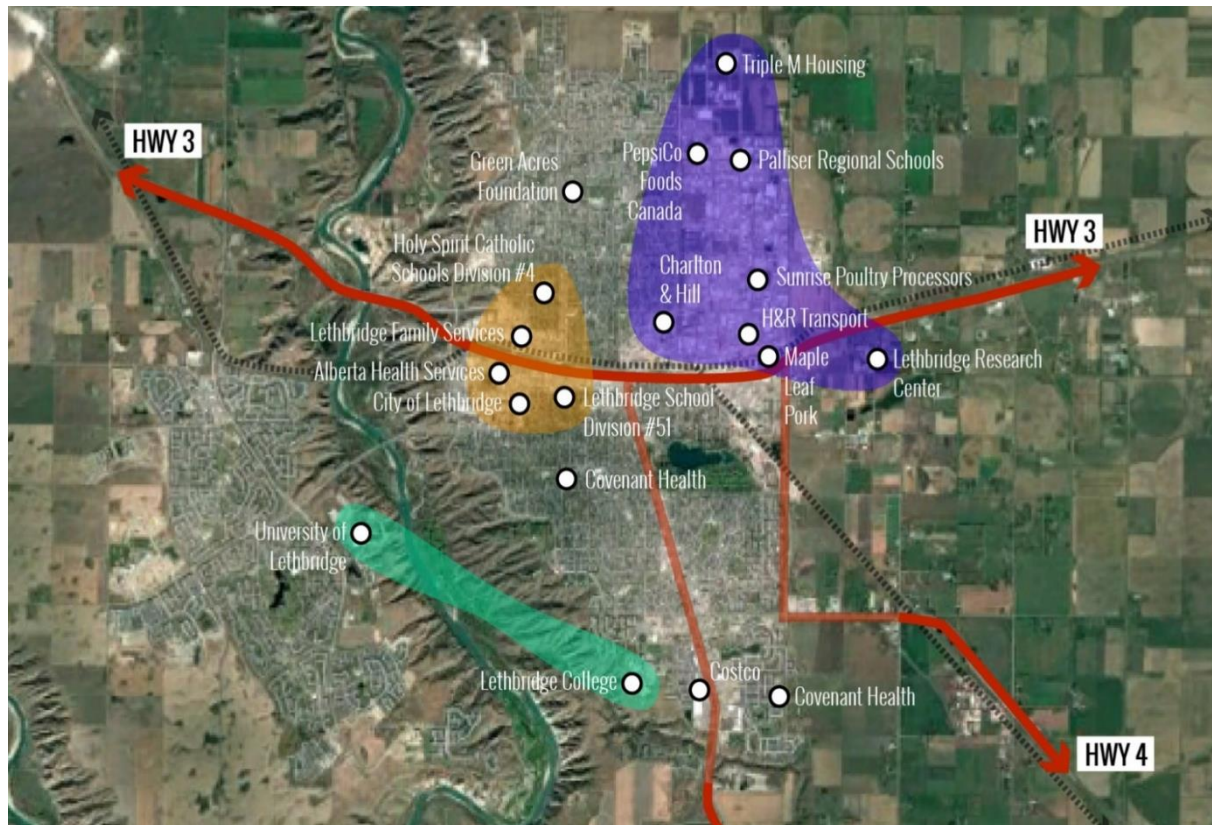
Citywide Growth & Transportation

Major Employers

- Projecting future land use requirements involves an understanding of where existing employers are located and how growth in various employment sectors could influence recommendations for future growth areas in the city.

- As shown in Figure 6.4, the largest manufacturing and industrial employers are generally clustered in the purple shaded area, the concentration of government and public service employers are found in the orange area, and the green represents the educational anchors of the University of Lethbridge and Lethbridge College.

Figure 6.4 Location of Largest Employers in Lethbridge



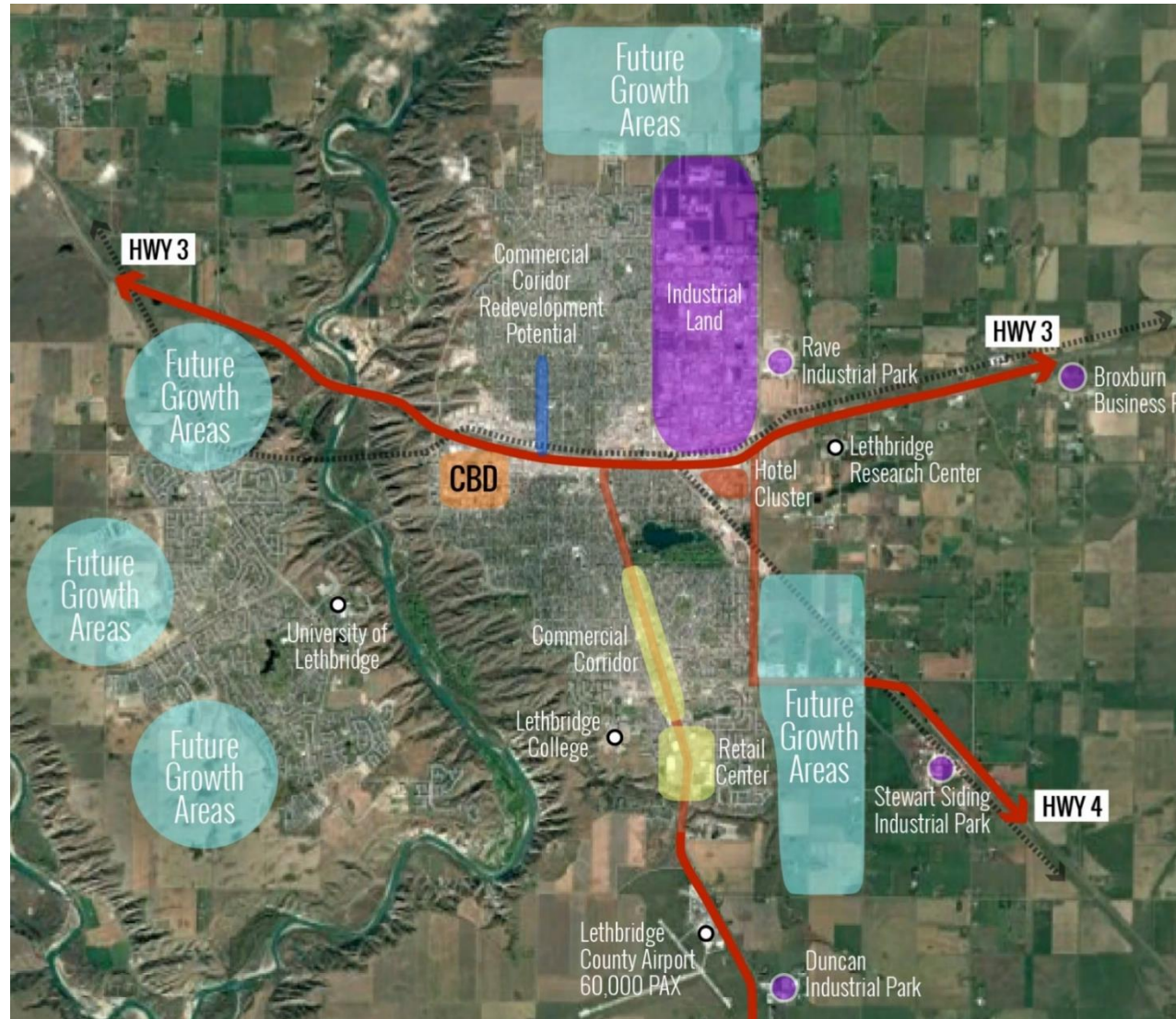
- West Lethbridge contains the University of Lethbridge along with some recreational and neighbourhood commercial development but is mainly a residential area. It continues to be separated from the main concentrations of jobs and industry in the city.
- Maintaining good connectivity between existing employment areas and ensuring future development is strategically located in relation to employees and transportation routes is important.

Citywide Growth & Transportation

Accommodating Future Growth

- The majority of future developable land within the city of Lethbridge, as identified in the Integrated Community Sustainability Plan / Municipal Development Plan, is located in the outer edges of the city, as shown in Figure 6.5.
- Underutilized land within established areas of the city can provide opportunities for infill and redevelopment to accommodate future growth.
- The 13 St N Corridor, parts of Mayor Magrath Dr S, and underutilized sites in the downtown are specific areas that contain underutilized land for redevelopment.
- A more compact urban form provides a more efficient use of land, maximizes infrastructure investments, and supports transportation efficiency.

Figure 6.5 Location of Future Growth Areas in Relation to Major Commercial & Industrial Areas

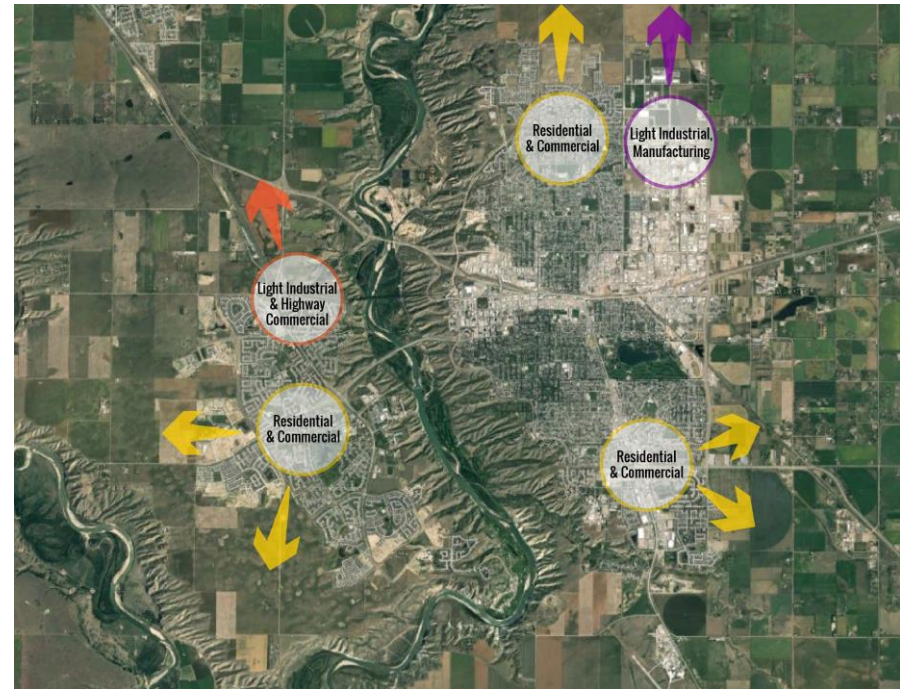


Citywide Growth & Transportation

Citywide Growth and Development

- Like many cities with ample land reserves for future growth, Lethbridge's development over the past decade has seen new development unfold along the periphery.
- Cheaper land prices and traditional development formats make these areas attractive to developers and builders. Figure 6.6 illustrates, at a high level, what type of development is happening in Lethbridge and where it's occurring.
- With the majority of new population growth expected to occur in west Lethbridge, a large portion of the city's residential and commercial development will continue to extend towards the southwest.
- Light industrial and highway commercial uses are also being planned for the north end of west Lethbridge, which offers good highway access to Highway 3.
- North Lethbridge is another area that is seeing growth in both residential and commercial development as well as significant growth in light industrial and manufacturing. Retail centres and housing are being developed north of 26 Ave N and the Sherring Business & Industrial Park expansion is extending growth to the north edge of the city.

Figure 6.6 Development Growth Map



Citywide Growth & Transportation

Airport Development Opportunity

- Lethbridge County Airport is located 10 km south of downtown Lethbridge. The Airport features two runways, 5,500 ft and 6,500 ft, and is capable of landing a 747-sized aircraft. The airport is surrounded by plentiful land for development. An economic impact study conducted by RP Erickson & Associates stated that the airport generates \$1 out of every \$17 of economic wealth created in the Lethbridge region.
- Air Canada and Integra Air are the airport's two carriers. And the airport features 14 commercial scheduled flights per day (departures and arrivals) on weekdays. Destination airports are Calgary and Edmonton. Annual PAX has ranged from 50,000 to 60,000 in recent years compared to 15.9 million at Calgary.
- The challenge to airport-related commercial development at Lethbridge Airport, such as distribution, is the limited routes and scheduled flights. According to Statistics Canada data, air cargo is not currently being moved at Lethbridge in significant volumes. Air cargo, typically moved by air, is characterized as high-value, low-weight and time-sensitive. While Lethbridge does produce a number of such goods (such as vaccines), shipping such goods requires daily direct routes. Similarly, the airport's irregular routes and limited destinations are challenging to companies who fly employees on a daily basis.



Lethbridge County Airport

- Increased routes are not expected over the near term. Air Canada is reportedly satisfied with Lethbridge's current function in the hub and spoke system. Through discussions between Air Canada and Airport operator, the company stated they would require a 90% booking rate to move up to Dash 8 service. Moving up to Dash 8 service (larger planes) would be expected to reduce the number of flights per day that Air Canada would offer (larger planes, but less routes) unless consumer demand increased significantly.

Citywide Growth & Transportation

- A key challenge to increased traffic at Lethbridge County Airport is the impact of Great Falls Airport, which is actively advertising to southern Alberta residents. The American airport is subsidized by US Airforce activity, resulting in lower landing fees and competitively priced flights by Allegiant. An estimated 60,000 PAX are lost to Great Falls.
- A second challenge is the governance of the Airport, which is run by the County. Lethbridge Airport is considered a non-NAS airport (less than 200,000 annual passengers) according to the Canadian Airports Council (CAC). Non-NAS airports can be operated either by a local jurisdiction or an airport authority. An airport authority-run airport in Lethbridge could help provide a more nimble approach, better able to generate the necessary momentum to develop commercial activity around the facility. An airport authority would be run by a “board of non-elected representatives nominated by local, provincial/territorial and federal governments, as well as by local business groups and other stakeholders” – CAC (2017). Lethbridge County, the City of Lethbridge, and EDL should further investigate the potential benefits of operating Lethbridge County Airport by an airport authority.
- Non-aeronautical development around the airport currently subsidizes the air services. Tenants include crop industry-related, flight training, Leons distribution, the field artillery detachment, and others. However, developing major retail would be a challenge given the lack of full-time fire coverage in County lands, required by insurance companies. It was for this reason that an attempt to attract Costco to the airport did not succeed.



Air West Flight Support, Lethbridge County Airport

Citywide Growth & Transportation

- For industrial development, a central location within Lethbridge is highly prized by local industrial tenants, with direct impacts on achievable rents. As such, Lethbridge industrial parks will likely need to continue to build out and rents to increase to a critical threshold before a major development opportunity could be realized at the Airport
- Water service, currently provided by the City to the Airport, would need extension to the surrounding Airport lands before most types of businesses could be attracted to the vicinity. Typically services are only extended into the County by the City if mandated by the Province or if the region would otherwise lose a potential key business.
- As part of examining the overall Airport opportunity at Lethbridge, a request was made to understand the impact of increased air service on the local accommodation market. Table 6.1 outlines a current estimate of rooms supported by Airport-originating visitors as well as two future scenarios.
- Due to the lack of hard data available, this analysis is based on a series of assumptions regarding the nature of visitors to Lethbridge arriving by air, the proportion of visitors staying with friends/family versus in a hotel, and their average length of stay. However, it does provide an “order-of-magnitude” estimate of future hotel room support.
- Were air traffic to nearly double to 100,000 PAX, an estimated 68 rooms (conservative scenario) to 230 rooms (aggressive scenario) could be supported within Lethbridge.

Table 6.1
Airport-originating Visitor Hotel Support Estimates

Current Estimate of Airport-originating Visitor Hotel Support	
Annual Passengers (PAX)	55,000
% Visitors from Outside Lethbridge	40%
% of Visitors Requiring Hotel Accommodation	70%
Annual Visitors Requiring Hotel Accommodation	15,400
Average Length of Stay (Nights)	3.00
Annual Room Nights Generated	46,200
Rooms Supported by Airport-originating Visitors	127

Aggressive Scenario	
Annual Passengers (PAX)	100,000
% Visitors from Outside Lethbridge	40%
% of Visitors Requiring Hotel Accommodation	70%
Annual Visitors Requiring Hotel Accommodation	28,000
Average Length of Stay (Nights)	3.00
Annual Room Nights Generated	84,000
Rooms Supported by Airport-originating Visitors	230

Conservative Scenario	
Annual Passengers (PAX)	100,000
% Visitors from Outside Lethbridge	20%
% of Visitors Requiring Hotel Accommodation	50%
Annual Visitors Requiring Hotel Accommodation	10,000
Average Length of Stay (Nights)	2.50
Annual Room Nights Generated	25,000
Rooms Supported by Airport-originating Visitors	68

7

Sectoral Development Overview & Assessment

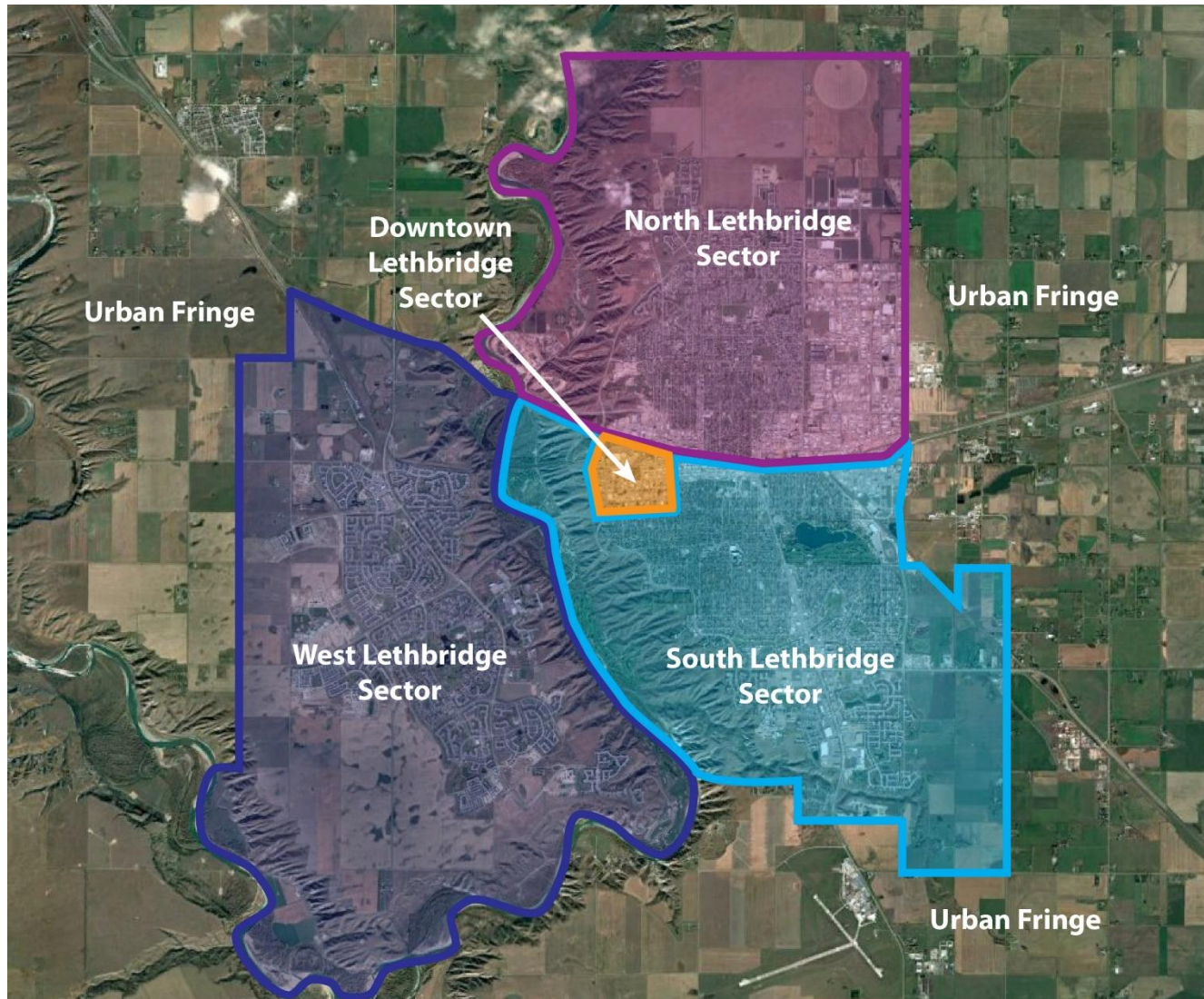
Sectoral Development Overview & Assessment

Sectoral Development Overview and Assessment

- The Lethbridge market was divided into five distinct sectors based on built-form, geographical features, psychological obstacles, and discussions with Economic Development Lethbridge, the City of Lethbridge and Lethbridge County.
- This section reviews the current reality of each sector from a market, development, transportation, and servicing perspective. A “Strength, Challenges, and Opportunities” assessment was then conducted to further the analysis. These findings informed the development allocation and development typology recommendations for each sector.
- The five sectors are:
 1. North Lethbridge
 2. West Lethbridge
 3. South Lethbridge
 4. Downtown Lethbridge
 5. Urban Fringe (Lethbridge County)

Sectoral Development Overview & Assessment

Figure 7.1 Lethbridge Region Sectors



Sectoral Development Overview & Assessment

Commercial & Land Use Assessment NORTH LETHBRIDGE

Current Reality of the Market

- Development growth has occurred entirely in a northwards fashion due to City/County boundary along 43rd Street to the east, and geographical constraints to the west of Scenic Drive.
- 13th Street N has an aging retail stock which is primarily strip centres and street front retail. There has been a lack of redevelopment along the corridor.
- SmartCentre Lethbridge N has 365,000 square feet over 34 acres. 8 acres is remaining for commercial development, with SmartReit proposing an anchor-sized store.
- The Centre Village Mall has increased performance since the opening of the new Save-On-Foods and London Drugs. The 381,000 square foot mall is the largest commercial space in north Lethbridge.
- There is a limited supply of office space, with most office tenants located in flex industrial buildings.
- New industrial space is being constructed in Sherring Business & Industrial Park, which will be similar to Churchill Industrial Park in terms of development typologies and densities.
- Teconnect introduces a new economic cluster to north Lethbridge.



Centre Village Mall, north Lethbridge



Sherring Business & Industrial Park, north Lethbridge

Sectoral Development Overview & Assessment

Figure 7.2 North Lethbridge Sector Assessment



Sectoral Development Overview & Assessment

Commercial & Land Use Assessment NORTH LETHBRIDGE

Potential Uses

- Retail
- Light/Business Industrial
- Suburban office
- Mixed-use corridor



Pratt & Whitney Canada, north Lethbridge



Teconnect, north Lethbridge



Wal-Mart North, north Lethbridge

Sectoral Development Overview & Assessment

Commercial & Land Use Assessment

WEST LETHBRIDGE

Current Reality of the Market

- Single family residential continues to be constructed in a west and southwards fashion. The majority of new residential construction is occurring in the west Lethbridge sector.
- The University of Lethbridge is currently going through a major expansion which will ultimately grow the local student population.
- West Highlands Towne Centre and Highlands Crossing have been built out and combined, are the largest retail node in west Lethbridge. Anchors are Safeway and Save-on-Foods.
- Phase 1 of Crossings retail node has been completed, anchored by a No Frills and Boston Pizza. Original Joe's is set to open in 2017. Crossings is part of a larger 66-acre mixed-use development that contains residential, a leisure complex, education, a library, and future commercial.
- Aside from the University of Lethbridge and retail, employment opportunities are currently limited in west Lethbridge. There is limited major office buildings or light business industrial.
- The Heritage Blue development contains 17,000 square feet of office space.



Crossings, west Lethbridge



West Highlands Towne Centre, west Lethbridge

Sectoral Development Overview & Assessment

Figure 7.3 West Lethbridge Sector Assessment



Sectoral Development Overview & Assessment

Commercial & Land Use Assessment

WEST LETHBRIDGE

Potential Uses

- Retail
- Office
- Live/Work
- Light Business Industrial



ATB Centre Phase 1, west Lethbridge



West Highlands Towne Centre, west Lethbridge



Residential Development at Crossings, west Lethbridge

Sectoral Development Overview & Assessment

Commercial & Land Use Assessment

SOUTH LETHBRIDGE

Current Reality of the Market

- The majority of current residential stock is stable older neighbourhoods. Future residential areas, along with commercial and business industrial land uses are allocated as part of the Southeast Area Structure Plan.
- Retail along Mayor Magrath Drive is the primary destination for Lethbridge residents and those from the wider region who prefer big box shopping. This includes Costco, Walmart, Real Canadian Superstore, Lowe's, and Home Depot.
- Lethbridge College delivers a youthful local student population to the south Lethbridge sector.
- Three select-service hotels have been constructed in the WT Hill Business Park over the past several years. They have absorbed the majority of accommodation demand for the entire city.
- WT Hill Business Park is the only significant area in south Lethbridge for light industrial space. The majority of the Business Park contains auto dealerships, hotels, and a casino.



Hampton Inn & Suites - WT Hill Business Park, south Lethbridge



Southgate Station, south Lethbridge

Sectoral Development Overview & Assessment

Figure 7.4 South Lethbridge Sector Assessment



Sectoral Development Overview & Assessment

Commercial & Land Use Assessment

SOUTH LETHBRIDGE

Potential Uses

- Retail
- Light/Business Industrial
- Suburban Office
- Office over Retail (Similar to Southgate Station)
- Mixed-Use Development



Wal-Mart South Power Centre, south Lethbridge



Wal-Mart South Power Centre, south Lethbridge



Undeveloped land, south Lethbridge

Sectoral Development Overview & Assessment

Commercial & Land Use Assessment

DOWNTOWN LETHBRIDGE

Current Reality of the Market

- The majority of downtown Lethbridge is commercial space which includes retail, food and beverage, personal services, offices, government services, and medical uses.
- Multi-unit residential development that caters to seniors is located along Scenic Drive. Due to this, the demographics in the downtown feature an aging population.
- Park Place Mall anchors the north side of downtown Lethbridge and is the primary shopping destination.
- Street front boutique retail and restaurants are prevalent along many downtown streets.
- Lethbridge Centre has been transformed into an office and medical complex, although it is still anchored by The Bay.
- Three hotels are located downtown and require refreshing.
- Casa is a unique 42,000 square foot interdisciplinary arts centre that focuses on music, dance, art, and performance. The centre opened in 2013.
- Both Lethbridge City Hall and Lethbridge County offices are located downtown which provide a large amount of daytime employees to the area.



Streetscape, downtown Lethbridge



Casa, downtown Lethbridge

Sectoral Development Overview & Assessment

Figure 7.5 Downtown Lethbridge Sector Assessment



Sectoral Development Overview & Assessment

Commercial & Land Use Assessment DOWNTOWN LETHBRIDGE

Potential Uses

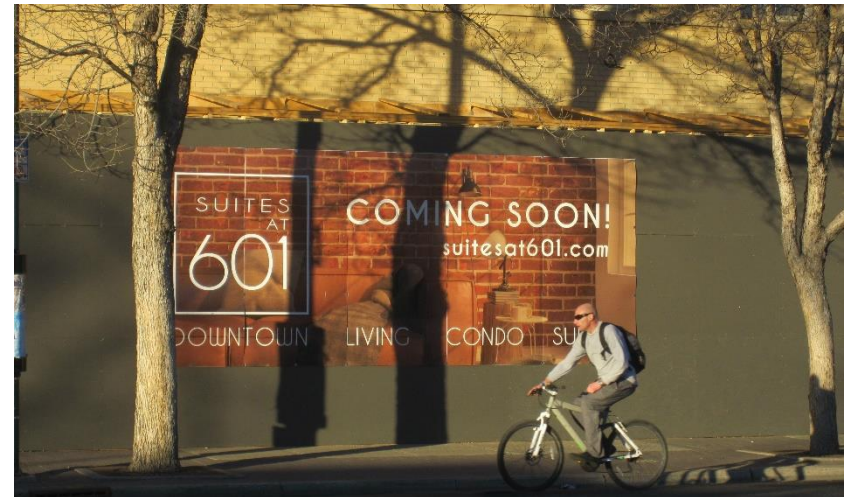
- Retail
- Culinary
- Office + Medical Office
- Entertainment & Culture
- Mixed-Use Development



Southern Alberta Art Gallery, downtown Lethbridge



Park Place Mall, downtown Lethbridge



Suites at 601 Condos, downtown Lethbridge

Sectoral Development Overview & Assessment

Commercial & Land Use Assessment URBAN FRINGE (LETHBRIDGE COUNTY)

Current Reality of the Market

- The urban fringe of the city of Lethbridge lies in Lethbridge County. The majority of the land is still rural agricultural.
- The Lethbridge Research Centre is one of the largest and most significant employers, located adjacent to the City of Lethbridge.
- The area between the city of Lethbridge and Coaldale have several industrial parks such as Broxburn and Stuart Siding, in close proximity to the urban area.
- Lethbridge Airport is located directly south of the South Lethbridge sector. Passenger numbers for the airport are currently at approximately 60,000 annually and do not have consistent growth. The airport has seen limited non-aeronautical commercial development.
- Estate houses and acreages are located north of the city of Lethbridge boundary.
- There has been no significant retail, office, or light industrial flex development along the urban fringe.



Western Tractor, Lethbridge County



Invigor Bioenergy, Lethbridge County

Sectoral Development Overview & Assessment

Figure 7.6 Urban Fringe Sector Assessment



Sectoral Development Overview & Assessment

Commercial & Land Use Assessment URBAN FRINGE (LETHBRIDGE COUNTY)

Potential Uses

- Truck Stop
- Light Industrial Flex
- Heavy Industrial / Manufacturing
- Warehousing / Storage Yards
- Energy-Related Uses



Lethbridge County



Ag Growth International - Nobleford, Lethbridge County



Broxburn Vegetables & Cafe, Lethbridge County

8

Market Analysis

Retail Market Analysis

Introduction

- This section examines the retail market in Lethbridge and provides a demand forecast for new retail development throughout the City over the next 20 years.

Current Retail Market Trends

- Lethbridge's diversified local economy and healthy population growth have supported relatively stable retail growth over the past few years and a 4.6% retail vacancy average in 2016 (Avison Young).
- Diverse demands from the City's growing population base are helping support leasing activity with certain areas of the City being more active than others (Avison Young).
- Downtown retail has seen a resurgence with a redeveloped block recently. However, whereas Crossings can garner retail rents of \$30 to \$35 per square foot, downtown can only generate \$10 to \$12 per square foot.
- North and south Lethbridge contain much of the City's major retail nodes and commercial corridors with big-box retailers and traditional retail formats, such as power centres, strip retail, and enclosed malls dominating the retail landscape.
- Following the completion of the Wal-Mart Supercentre anchored power centre on 26 Ave N and the Coulee Creek South expansion, retail development in both north and south Lethbridge has slowed and stabilized overall.

Figure 8.1 Retail Transactions by Average Size (square Feet)

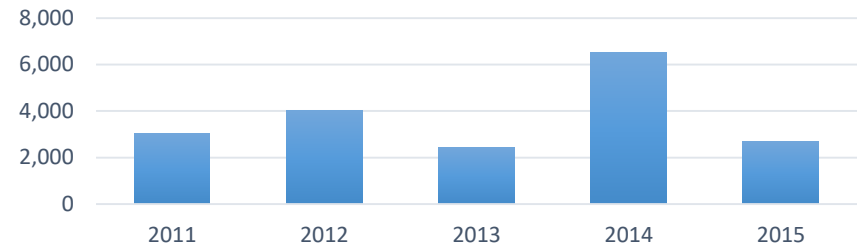


Figure 8.2 Retail Transactions by Average Price

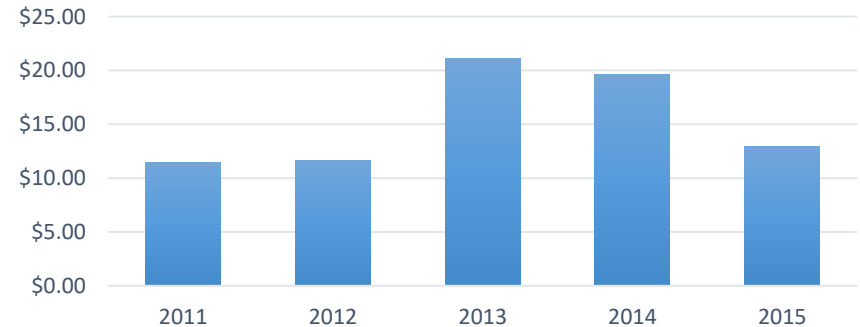
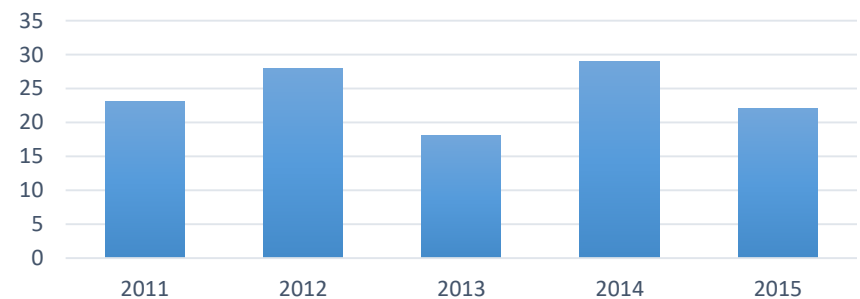


Figure 8.3 Number of Retail Transactions



Source: Economic Development Lethbridge

Retail Market Analysis

- Up until the last few years, west Lethbridge was generally underserved with retail but has since seen the development of a number of retail developments, bringing Save-On-Foods, No Frills, and a number of smaller retailers.
- Due to the close proximity of Park Place Mall to the downtown retail core, competition for foot traffic and retail dollars between the two areas will continue to exist.

Major Retail Vacancies

- Retail vacancies are often a result of changing economic conditions, retailer expansion or relocation, and shifts in neighbourhood demographics and spending behaviour.
- Following Loblaws acquisition of Safeway's Canadian assets in 2013, a number of stores across Western Canada were closed, including two locations in Lethbridge.
- The first closure includes the Scenic Square Sobeys location at 26 Ave S., which represents 36,814 square feet of retail space and is listed for sublease. The Safeway anchoring Park Meadows Mall on 23 St N was the second location to be closed. The 45,231 square foot building along with approximately 3.24 acres of land are up for sale with an asking price of \$6,250,000. The remainder of the strip retail mall remains open and occupied.
- These larger vacancies can make room for other retailers to enter the market or can often provide opportunities for redevelopment.

Former Sobeys – Scenic Square



Former Safeway - Park Meadows Mall



Retail Market Analysis

Retail Planned or Under Construction

- With west Lethbridge capturing a large majority of new residential growth in the City and given that it accounts for over half of the City's future developable land base, future retail growth is likely to be focused in this part of the City.
- West Lethbridge will continue to thrive as more community amenities and infrastructure are added, such as Phase 2 of the Leisure Complex set to open in 2019. This will help to round out this part of the City and will also encourage more retail development in the area.
- Crossings is the most recent development to add retail space to the Lethbridge market, with the completion of Phase 1 and a portion of the residential units. Rents at the Crossings are estimated at \$11 per square foot.
- At full build out, Crossings plans for approximately 500,000 square feet of commercial and retail space and 450 multi-family residential units. The growth of west Lethbridge will continue to fuel the future phases and build out of this mixed-use development and hotel.

Major Retail Centre Inventory

- Table 8.1 summarizes the key variables of each major retail centre in Lethbridge and map their location within the city.

- Figure 8.5 displays the allocation of these major retail centres and illustrates the distribution and overall allocation of retail space throughout the city. Having an understanding of where existing retail space is located will help to inform the recommendations for where new retail should be developed in the future.

Figure 8.4 Crossings Development Plan and Phase 1



Source: Avison Young

Retail Market Analysis

Table 8.1 Lethbridge Summary of Major Retail Centres

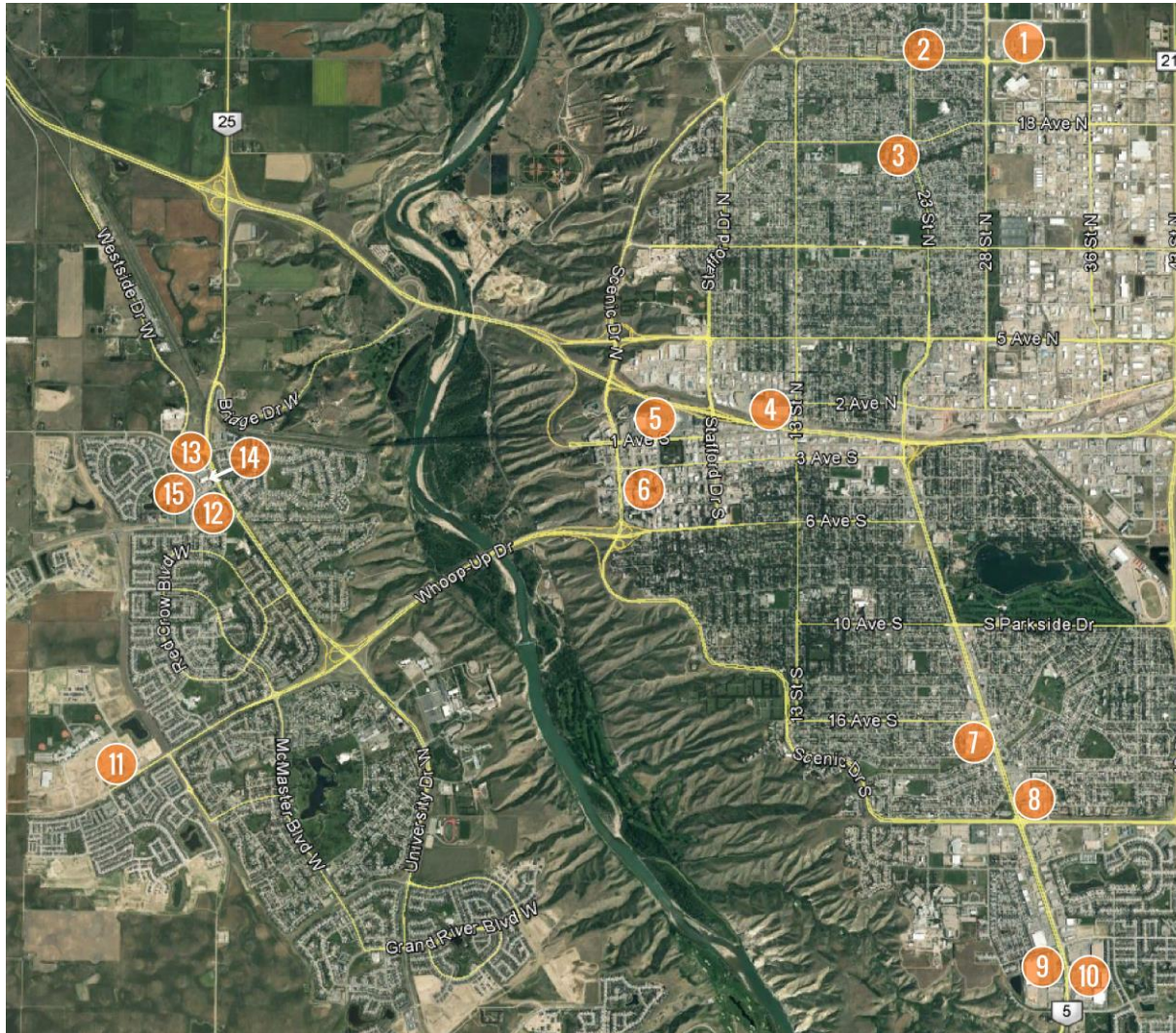
Major Retail Centres Inventory

No.	Name	Sector	Format	Approximate Size (SF)	Anchors	Other Primary Tenants	Approximate Vacancy
1	Wal-Mart North	North	Power Centre	276,760	Wal-Mart Supercentre	Shoppers Drug Mart, Dollarama, Tim Hortons, Reitmans, TD Bank	2%
2	Uplands Common	North	Community Retail	53,392	Sobey's	Liquor Depot, Original Joe's, Mac's	-
3	Park Meadows Mall	North	Strip Retail	120,000	-	Galaxy Bowling & Pizza, Onion Bar, Little Ceasars	38%
4	Centre Village Mall	North	Enclosed Mall	380,995	Save-On-Foods, London Drugs, Canadian Tire	Mark's Work Wearhouse, RBC, Shoe Wearhouse, Dollar Tree	7%
5	Park Place Mall	Downtown	Enclosed Mall	478,000	Sears, Galaxy Cinemas, Winners	Staples, Sport Chek, Chapters, Jysk, Old Navy, Michaels	3%
6	Lethbridge Centre	Downtown	Enclosed Mall	330,000	The Bay	TD Bank, Fountain Tire, Medical & Health Services Offices	-
7	Southview Shopping Centre	South	Power Centre	157,663	Real Canadian Wholesale Club	Value Village, Movie Mill	Nil
8	College Centre	South	Strip Retail	89,113	Rona, Shoppers Drug Mart	Boston Pizza, Gold's Gym, Marble Slab, Montana's, TD Bank	Nil
9	Wal-Mart South	South	Power Centre	324,749	Wal-Mart Supercentre	Home Depot, Best Buy, Mark's Work Wearhouse, Bulk Barn	Nil
10	Coulee Creek	South	Power Centre	412,000	Real Canadian Superstore, Lowe's, Bed Bath & Beyond	The Brick, PetSmart, Dollarama	-
11	The Crossings Phase 1	West	Power Centre	80,000	Loblaws, Rexall, Liquor Depot	Boston Pizza, Tim Hortons, Original Joes	30%
12	West Lethbridge Towne Centre	West	Power Centre	104,710	Safeway, Home Hardware	Liquor Depot, Starbucks, Pet Valu, Scotiabank	8.6%
13	West Gate Centre	West	Power Centre	50,000	Anytime Fitness, Bulk Barn	Brown's Socialhouse, RBC, Mr. Lube	-
14	West Highlands Towne Centre	West	Power Centre	29,293	Shoppers Drug Mart	CIBC, BMO	Nil
15	Highlands Crossing	West	Power Centre	64,000	Save-On-Foods	TD Bank, ATB Financial, Menchie's	-
				2,897,283			

Source: MXD Development Strategists, Avison Young

Retail Market Analysis

Figure 8.5 Lethbridge Major Retail Centres Inventory Map



North

1. Wal-Mart North
2. Uplands Common
3. Park Meadows Mall
4. Centre Village Mall

Downtown

5. Park Place Mall
6. Lethbridge Centre

South

7. Southview Shopping Centre
8. College Centre
9. Wal-Mart South
10. Coulee Creek

West

11. Crossings Phase 1
12. West Lethbridge Towne Centre
13. WestGate Centre
14. West Highlands Towne Centre
15. Highlands Crossing

Retail Market Supply Analysis

Projected Retail Demand, 2017 - 2037

- Retail demand in Lethbridge was forecast based upon the “Moderate” population growth scenario detailed earlier in this report.
- The Environics Research *Lethbridge Trade Area and Commercial Catchment Basin Study Report* provides an overview of trade patterns in the region, providing insight on the number of shoppers sourced from outside the immediate Lethbridge area.
- A population forecast was also conducted for Lethbridge’s outer trade area. Overall, this region spanning southern Alberta and the Kootenay area of Southeast BC is expected to grow at a moderate pace of 1.44% a year over the next two decades. As such, the share of patronage sourced from outside of the Lethbridge Primary Trade Area is expected to gradually decline.
- The significant and growing impact of online retail on “bricks and mortar” retailing must be recognized when making longer term forecasts for retail real estate. In Canada, currently 5.8% of traditional retail sales occur online based on Statistics Canada data (focusing exclusively on conventional “shopping centre” type categories). Annual growth is expected to be 15% in 2017.
- Longer-term projections of online retail sales see continued rapid growth over the forecast horizon, although a gradual leveling off of the rate of growth is expected (**Table 8.2**).

Table 8.2 Retail Demand Projection

Year	Retail SF in Lethbridge Supportable by Primary Trade Area	% of Business from Primary Trade Area	% of Business from Rest of Trade Area	Retail SF in Lethbridge Supportable from Rest of Trade Area	Total Supportable Retail SF	% of Sales Online	Projected Annual Growth in Online Sales	Adjusted Total Supportable Retail SF	Cumulative Warranted New Retail SF	Retail Land Required at 0.25 FAR (Acres)
2017	4,078,558	66.2%	33.8%	2,082,406	6,160,964	5.8%	15.0%	5,803,629	102,460	9.4
2018	4,152,856	66.3%	33.7%	2,112,393	6,265,248	6.7%	13.0%	5,847,356	146,188	13.4
2019	4,228,545	66.4%	33.6%	2,142,811	6,371,356	7.5%	11.0%	5,891,141	189,972	17.4
2020	4,305,654	66.5%	33.5%	2,173,668	6,479,321	8.4%	10.0%	5,937,249	236,081	21.7
2021	4,384,208	66.5%	33.5%	2,204,968	6,589,176	9.2%	8.0%	5,982,788	281,619	25.9
2022	4,464,236	66.6%	33.4%	2,236,720	6,700,956	9.9%	7.0%	6,034,946	333,778	30.6
2023	4,545,766	66.7%	33.3%	2,268,929	6,814,695	10.6%	6.0%	6,089,969	388,800	35.7
2024	4,628,828	66.8%	33.2%	2,301,601	6,930,429	11.3%	5.0%	6,149,173	448,004	41.1
2025	4,713,449	66.9%	33.1%	2,334,744	7,048,194	11.8%	4.0%	6,213,935	512,767	47.1
2026	4,799,661	67.0%	33.0%	2,368,365	7,168,026	12.3%	4.0%	6,285,646	584,478	53.7
2027	4,887,495	67.0%	33.0%	2,402,469	7,289,964	12.8%	4.0%	6,356,678	655,509	60.2
2028	4,976,980	67.1%	32.9%	2,437,065	7,414,045	13.3%	4.0%	6,426,907	725,738	66.6
2029	5,068,150	67.2%	32.8%	2,472,158	7,540,308	13.8%	4.0%	6,496,201	795,032	73.0
2030	5,161,036	67.3%	32.7%	2,507,757	7,668,793	14.4%	3.0%	6,564,419	863,250	79.3
2031	5,255,672	67.4%	32.6%	2,543,869	7,799,541	14.8%	3.0%	6,642,641	941,473	86.5
2032	5,352,091	67.5%	32.5%	2,580,501	7,932,592	15.3%	3.0%	6,720,658	1,019,489	93.6
2033	5,450,327	67.6%	32.4%	2,617,660	8,067,988	15.7%	3.0%	6,798,390	1,097,221	100.8
2034	5,550,417	67.6%	32.4%	2,655,354	8,205,771	16.2%	2.0%	6,875,753	1,174,584	107.9
2035	5,652,395	67.7%	32.3%	2,693,592	8,345,986	16.5%	2.0%	6,966,187	1,265,018	116.2
2036	5,756,298	67.8%	32.2%	2,732,379	8,488,677	16.9%	2.0%	7,057,219	1,356,051	124.5
2037	5,862,163	67.9%	32.1%	2,771,725	8,633,888	17.2%	2.0%	7,148,824	1,447,656	132.9

- The impact of a gradually contracting trading region and the encroachment of online sales on shopping centre sales were integrated into the demand projection.
- Overall, there is anticipated to be a demand for an additional 1.44 million square feet of shopping, dining and entertainment space within the city over the next 20 years.
- Based upon a floor-area ratio (FAR) of 0.25, an estimated 133 net developable acres of land would be required to accommodate the additional retail program.

Hotel Market Analysis

Introduction

- This section provides an overview of the hotel market supply in Lethbridge and in conjunction with the demand analysis, will assess the potential opportunities for future hotel development in the city.

National and Alberta Market Trends

- Overall, demand for hotels is largely affected by economic conditions (local, provincial and national), visitor patterns, local/regional demand generators, and overall business confidence.
- 2017 is anticipated to be a more positive year for the Canadian hotel industry, fueled by the forecasted growth in both national GDP and overall travel, to 2% and 3% respectively (CBRE Hotel).
- National hotel occupancy was 65% in 2016, up from 64% in 2015. The low value of the Canadian dollar along with Canada's favourable political stability is expected to drive occupancy demand in 2017, especially for travellers originating from the US (CBRE Hotel).
- In contrast to the rest of Canada, Alberta's hotel sector is anticipated to remain relatively soft for 2017, which is largely a continued result of low oil prices and the effects of a slower economic recovery.

- Other than the province's resort areas, which are weathering the slowdown in the industry better, consumer confidence levels remain low in much of Alberta, which will continue to impact the travel and tourism industry as well as retail sales and in-migration (CBRE Hotels).
- On a local level, Lethbridge's diversified economy continues to provide relative stability for its hotel market. Hotels in Lethbridge are less reliant on oil industry workers and the City benefits from regional visitors, traffic making their way along the U.S. to Alaska route, and its location amongst three UNESCO World Heritage sites in southern Alberta.

Existing Lethbridge Hotels



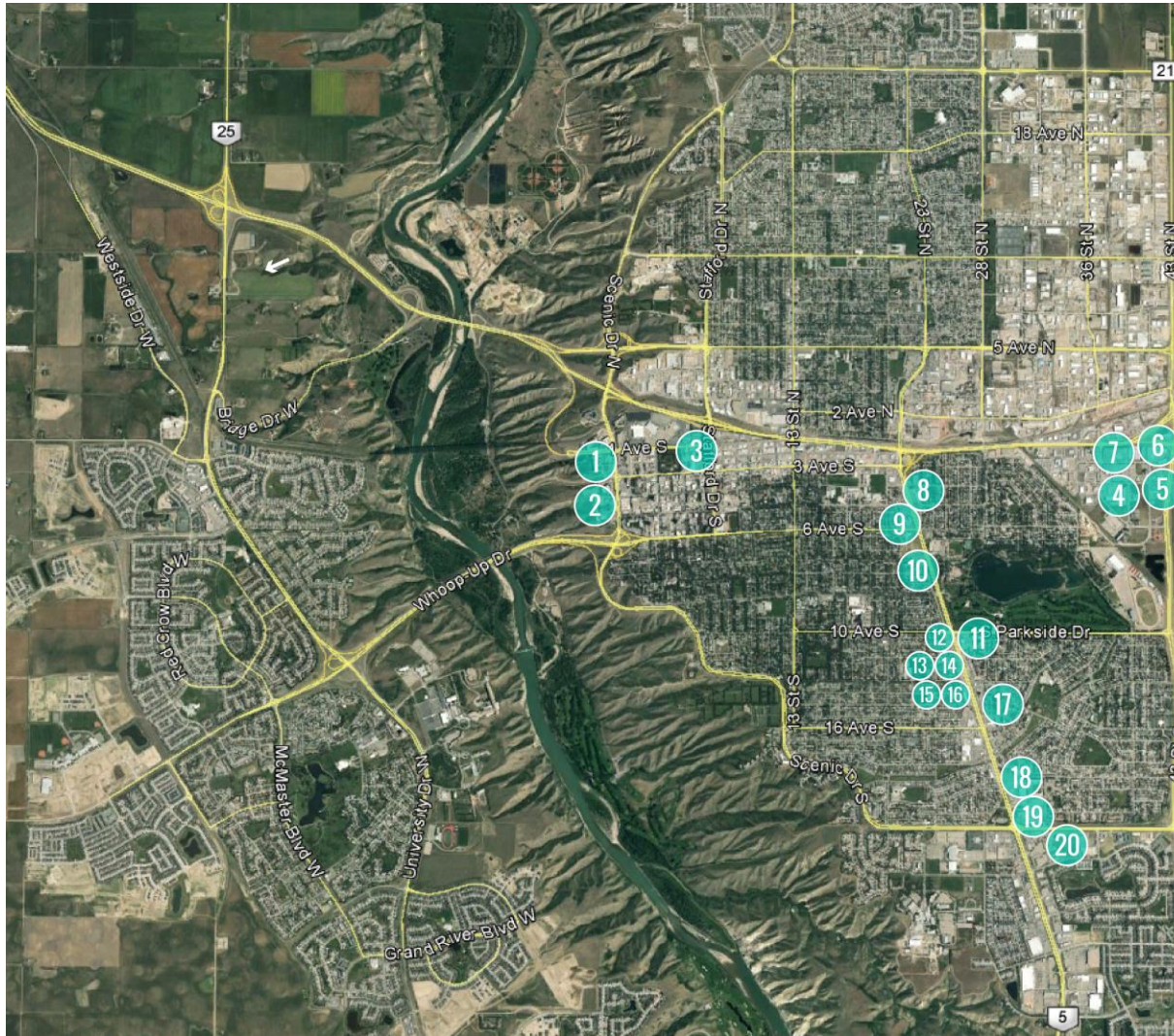
Hotel Market Analysis

Lethbridge Hotel Inventory

- Lethbridge is serviced by a range of mainly 2 – 3.5 star hotels that include a total room count of approximately 1,406.
- Hotels in Lethbridge are generally concentrated in south Lethbridge and can be found clustered in three main areas of the City, which include:
 - Downtown
 - Along Mayor Magrath Dr S, and
 - WT Hill Business Park.
- There are no new hotels in the downtown; however, the Lethbridge Lodge Hotel & Conference Centre at 320 Scenic Drive, operated under the Sandman Hotel Group, is undergoing renovations to upgrade interior finishes.
- The hotels along Mayor Magrath Dr S consist of both aging stock and a couple of newer hotels to the south end of the city.
- There are currently no 4-star hotels in Lethbridge and despite the presence of the University of Lethbridge and new development activity in the area, there are no hotels in west Lethbridge.
- Three new hotels were recently constructed on the south-west corner of Highway 3 and Highway 4 (43 St S) in the WT Hill Business Park. They include a Hampton Inn & Suites, a Fairfield Inn & Suites, and a Best Western Plus Service Inn & Suites.
- This recent influx of new hotels, all in close proximity to each other, has likely had a significant effect on the local hotel market bringing hotel occupancy down to approximately 48% and drawing visitors and overnight guests out of downtown.
- Exhibition Park currently provides some meeting and event space and has showed interest in possibly developing a hotel and conference centre on their property.
- Convention centres are ideally located in central, highly accessible downtown locations, where hotels, restaurants, and local amenities are within reach for conference attendees and guests.
- Bidding for and attracting large conferences and national or international conventions is highly competitive. Lethbridge would be better served with a flexible convention/performing arts venue that could accommodate more regional events and agricultural conventions.
- Figure 8.6 shows the distribution of hotels in south Lethbridge and illustrates the absence of any hotels in west Lethbridge.

Hotel Market Analysis

Figure 8.6 Lethbridge Hotel Inventory Map



1. Days Inn Lethbridge
2. Lethbridge Lodge Hotel and Conference Centre
3. Holiday Inn Express & Suites
4. Quality Inn & Suites
5. Best Western Plus
6. Fairfield Inn & Suites
7. Hampton Inn & Suites By Hilton
8. Sandman Hotel Lethbridge
9. Coast Lethbridge Hotel & Conference Centre
10. Superlodge Canada
11. Travelodge Lethbridge
12. Howard Johnson Express Inn Lethbridge
13. Super 8 Lethbridge
14. Econo Lodge Inn & Suites
15. Motel 6
16. Chinook Motel
17. Ramada Lethbridge
18. Premier Inn & Suites
19. Holiday Inn Lethbridge
20. Comfort Inn

Hotel Market Analysis

Projected Hotel Demand, 2017 - 2037

- The future demand for additional hotel rooms in Lethbridge was estimated using a “Residual Room Demand” approach, the industry-standard method. Table 8.3 details this forecast for three different tourism growth scenarios: conservative, aggressive and moderate.
- The current 1,406 hotel rooms in the Lethbridge market are currently experiencing a 48.3% occupancy rate based on market data. Typically, a hotel market in Canada or the United States requires 70% occupancy rates to warrant new hotel development. Based on this differential, it is estimated that in 2016 Lethbridge had an excess of 304 hotel rooms.
- A Conservative estimate of tourism numbers over the next 20 years is 2% per annum, representing a “status quo” continuation of previous trends. Were demand for room nights to grow at 2% a year for the next 20 years, and no new hotel rooms developed in the market, it would take until 2035 for the Lethbridge to reach the 70% occupancy rate that would support new hotel development.
- Overall the Conservative scenario suggests only 45 new rooms could be developed in the Lethbridge market over the next 20 years, less than even a smaller budget hotel. Using a floor-area ratio (FAR) of 0.7 suggests 1.11 net developable acres would be required for hotel use in the market.
- Using this same approach but with an aggressive growth scenario of 3% per annum still suggests it will take until 2029 before new hotel development could be supported in Lethbridge. Over the next 20 years 278 new hotel rooms could be developed in Lethbridge, requiring an estimated 6.9 acres.
- The moderate scenario indicates 2032 as the year where new hotel development is warranted. By 2037 156 new rooms could be developed in Lethbridge, requiring 3.8 acres.
- While these growth projections do not take into account specific catalysts to tourism (such as a convention centre or food-oriented destination hub), the aggressive scenario represents one where the visitor market to Lethbridge experiences a systemic long-term acceleration to levels 50% higher than they are today. Such an increase in a market typically occurs only when its collective visitor offering expands substantially.
- It should be noted that the refurbishment or remodeling of any particular hotel property in the local market would not impact the overall inventory of hotel rooms over the longer term, so would not impact this forecast. The redevelopment of a property to another use would act to reduce overall inventory with a commensurate impact on timing of future development.
- A niche opportunity for a hotel, such as in west Lethbridge to serve the University, may be feasible from a market demand perspective, but the additional rooms would reduce occupancy in other hotels in the market.

Hotel Market Analysis

Table 8.3 Hotel Room Demand Projection

Projected Residual Room Demand - Status Quo Scenario (CONSERVATIVE)

Lethbridge	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
Supply																							
Inventory (Rooms)	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406
Supply (Million Room Nights)	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Demand																							
Demand (Million Room Nights)	0.25	0.25	0.26	0.26	0.27	0.27	0.28	0.28	0.29	0.30	0.30	0.31	0.31	0.32	0.33	0.33	0.34	0.35	0.35	0.36	0.37	0.38	0.38
Occupancy Rate (%) <i>Projected</i>	48.3%	49.3%	50.3%	51.3%	52.3%	53.3%	54.4%	55.5%	56.6%	57.7%	58.9%	60.1%	61.3%	62.5%	63.7%	65.0%	66.3%	67.6%	69.0%	70.4%	71.8%	73.2%	73.2%
Residual Room Demand	-304	-291	-277	-263	-248	-234	-219	-204	-188	-172	-156	-139	-123	-105	-88	-70	-52	-33	-14	5	25	45	45
Est. Gross Building SF @ 750 SF/Key																					3,828	18,627	33,722
Net Developable Acres @ 0.7 FAR																					0.13	0.61	1.11
Tourism Growth Rate	2.0%																						

Projected Residual Room Demand - Accelerated Visitor Demand Scenario (AGGRESSIVE)

Lethbridge	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
Supply																							
Inventory (Rooms)	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406
Supply (Million Room Nights)	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Demand																							
Demand (Million Room Nights)	0.25	0.26	0.26	0.27	0.28	0.29	0.30	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.39	0.40	0.41	0.42	0.43	0.45	0.46	0.46
Occupancy Rate (%) <i>Projected</i>	48.3%	49.7%	51.2%	52.8%	54.4%	56.0%	57.7%	59.4%	61.2%	63.0%	64.9%	66.9%	68.9%	70.9%	73.1%	75.2%	77.5%	79.8%	82.2%	84.7%	87.2%	89.9%	89.9%
Residual Room Demand	-304	-284	-263	-241	-219	-196	-173	-149	-124	-98	-71	-44	-16	13	43	74	105	138	171	206	242	278	278
Est. Gross Building SF @ 750 SF/Key																					154,528	181,248	208,770
Net Developable Acres @ 0.7 FAR																					5.07	5.94	6.85
Tourism Growth Rate	3.0%																						

Projected Residual Room Demand - Moderate Demand Scenario (MODERATE)

Lethbridge	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
Supply																							
Inventory (Rooms)	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406
Supply (Million Room Nights)	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Demand																							
Demand (Million Room Nights)	0.25	0.25	0.26	0.27	0.27	0.28	0.29	0.29	0.30	0.31	0.32	0.33	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.42
Occupancy Rate (%) <i>Projected</i>	48.3%	49.5%	50.7%	52.0%	53.3%	54.6%	56.0%	57.4%	58.8%	60.3%	61.8%	63.4%	65.0%	66.6%	68.2%	70.0%	71.7%	73.5%	75.3%	77.2%	79.1%	81.1%	81.1%
Residual Room Demand	-304	-287	-270	-252	-234	-215	-196	-176	-156	-136	-115	-93	-71	-48	-25	-1	24	49	75	101	128	156	156
Est. Gross Building SF @ 750 SF/Key																					75,872	96,172	116,980
Net Developable Acres @ 0.7 FAR																					2.49	3.15	3.84
Tourism Growth Rate	2.5%																						

Office Market Analysis

Introduction

- This section provides an overview of the office market supply in Lethbridge and in conjunction with the demand analysis, will assess the potential opportunities for future office development in the city.

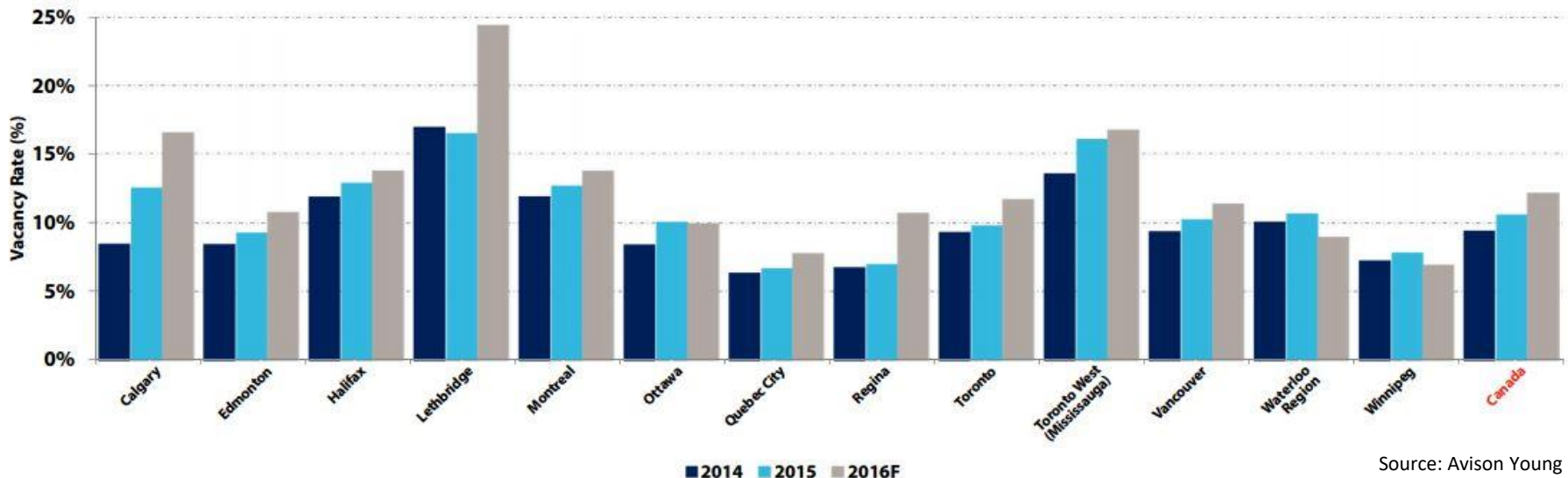
National and Alberta Office Market Trends

- Performance of the Canadian office market varies by geographic location. National vacancy rates in 2016 rose to 12.1%, which were driven largely by the addition of a sizable amount of new office supply in the second half of the year (JLL).

- Leasing activity across the country continues to be the most active in downtown markets, which tend to offer better transit accessibility and greater urban amenities.
- The Greater Toronto Area and Metro Vancouver office markets performed well and both had positive absorption throughout the year while the Alberta office market continues to feel the effects of a weakened economy.
- In 2016, the Edmonton and Calgary office markets saw their vacancy rates rise to 15.2% and 20.9% respectively, which contributed to the overall rise in the national vacancy rates (JLL).

Figure 8.7

Canada - Overall Office Vacancy Rate Comparison



Source: Avison Young

Office Market Analysis

Lethbridge Office Market Trends

- Office supply in Lethbridge is concentrated in the downtown core with a few business parks in suburban areas. government and health care are the largest users of office space in the city.
- In 2016, lease rates averaged \$12.95 for downtown office space and \$11.69 for suburban office locations. Figures 8.8, 8.9, and 8.10 show some of the key market performance metrics for the Lethbridge office market and how each has fluctuated in recent years (Avison Young)
- In contrast to other cities in Alberta that were hit hard by the fall in oil prices and the scaling back of oil-related business operations, the office market in Lethbridge is less reliant on oil and gas and has remained relatively stable since 2013.
- Vacancy rates came down from 16.6% in 2015 to 14.7% in 2016, largely due to landlord incentives such as project management, free rent, and improvement allowances to attract new tenants. Vacancy rates are projected to increase due to the closure of Sun Life Financials' Lethbridge office, along with new construction and the conversion of industrial and retail space into office (Avison Young).

Figure 8.8 Office Transactions by Average Size (square feet)

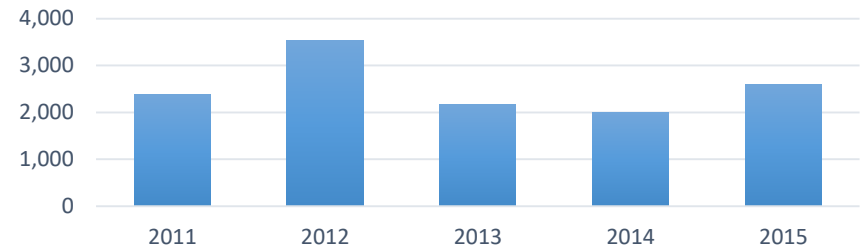


Figure 8.9 Office Transactions by Average Price

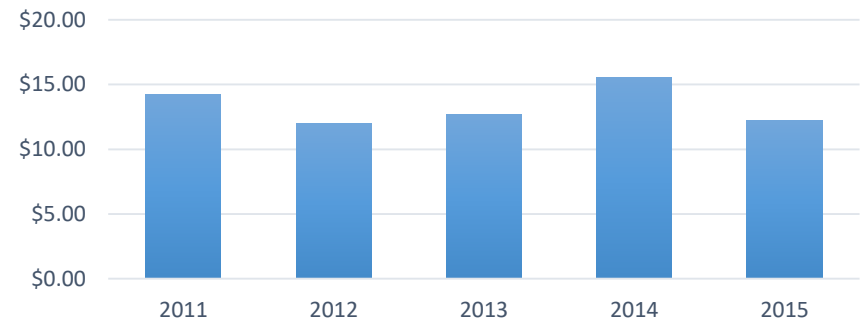
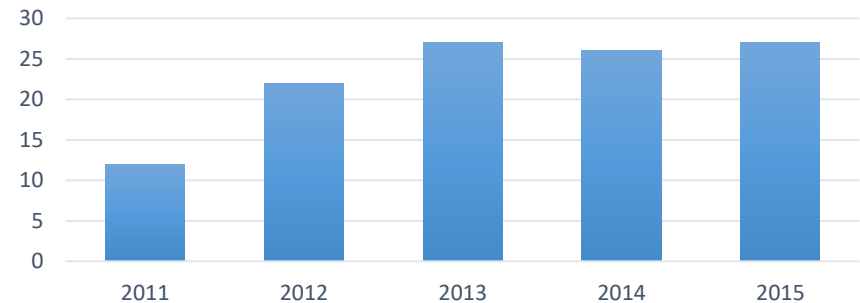


Figure 8.10 Number of Office Transactions



Source: Economic Development Lethbridge

Office Market Analysis

- When new office space is added to the local market, a trend has been observed where existing tenants are simply moving to the newer product, leaving perpetual vacancy in the market.
- Office condos have been gaining traction in the City with small businesses taking advantage of being able to own their space rather than leasing it. Low interest rates have been a key driver towards the redevelopment of office condos.
- 870 Heritage Blvd W, shown in the image to the right is a recently completed office condo development and the first multi-story, multi-unit office building in west Lethbridge. This first phase offers 17,482 square feet and is going for \$22/square foot.
- Figure 8.11 shows the location of major office buildings in Lethbridge and the concentration downtown.

Downtown Office Building, Lethbridge



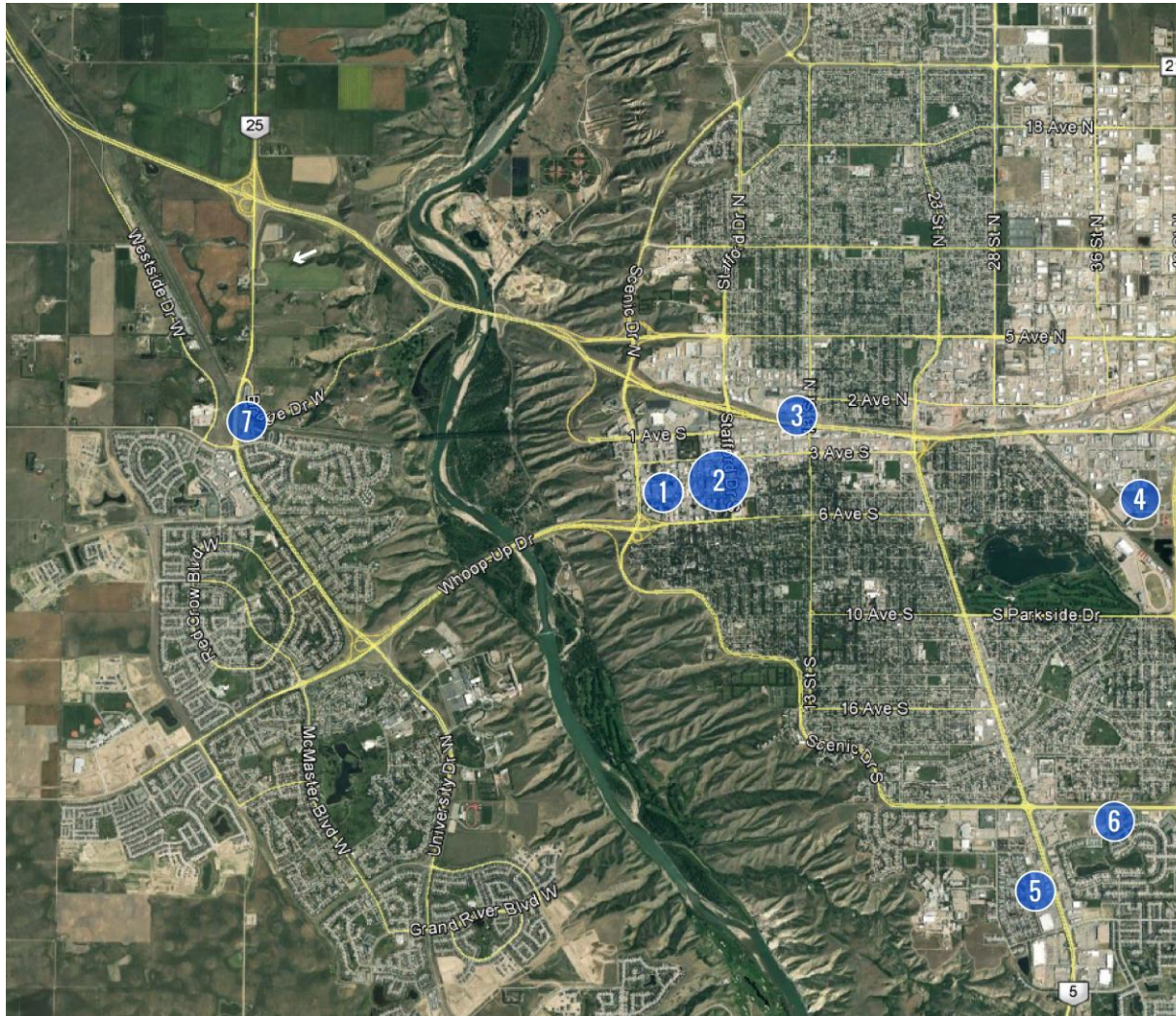
Recently Constructed Office/Retail Building in West Lethbridge



Source: Lethbridge Herald

Office Market Analysis

Figure 8.11 Lethbridge Major Office Inventory Map



1. Lethbridge Centre
2. Chancery Court
Professional Building
Paramount Boutiques &
Professional Space
McFarland Building
410 Stafford Dr
BLT Centre
Lacidem Building
515 7 St S
3. Plaza 1
4. Chinook Business Park
5. Southgate Station
6. 2527 Fairway Road S
7. 870 Heritage Blvd W

Office Market Analysis

Projected Office Demand, 2017 - 2037

- Three different approaches were used to forecast the demand for additional office space in Lethbridge over the next 20 years. These include an examination of historical absorption of office space in the market, employment forecasts by sector and the forecast of working age population.
- The historic absorption approach was based on historic data collected by the City of office inventory in Lethbridge since 1960. As Figure 8.12 illustrates, the office inventory in Lethbridge has grown from just under 400,000 square feet in 1960 to just over 1.8 million square feet in 2013.
- The most rapid pace of office development in Lethbridge was the 1980s, which was generally the case in many markets as the economy rapidly shifted towards service-based industries. The 2000 to 2013 period also showed a relatively rapid pace.
- The average annual absorption of office space in Lethbridge from 1980 to 2013 was just over 30,000 square feet per year. This time period was used to estimate future demand over the next 20 years, resulting in just over 601,000 square feet of new office in that time.
- Based on a floor-area ratio (FAR) of 0.35, just over 39 acres will be required to accommodate additional office development in Lethbridge over the next 20 years.

Figure 8.12 Historical Office Inventory in Lethbridge

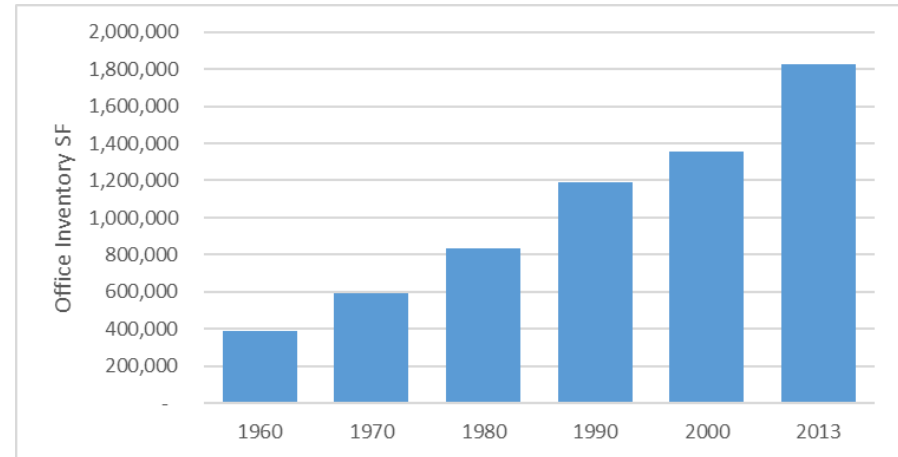
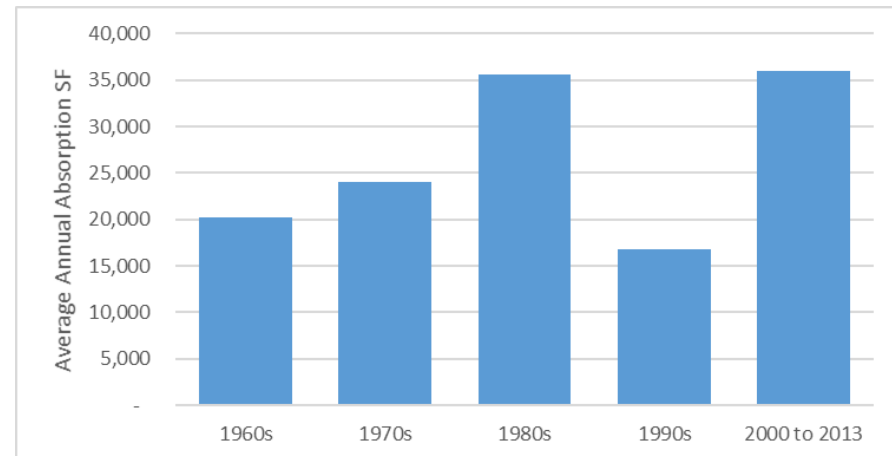


Figure 8.13 Historical Office Absorption in Lethbridge



Office Market Analysis

- A second approach to forecasting office space demand examines future population growth, particularly those people in the working age (20 to 67 years) cohorts. This is particularly important given the “greying” of the population and the commensurate effect on the workforce and associated workplaces. Table 8.4 details this analysis.
- This approach also accounts for the current vacancy rate of 16.6%, which is significantly higher than the 10% level typically required for a market to support new office development. Overall the model indicates support for 622,000 square feet of new office in the market by 2037.

Table 8.4 Office Working Age Population-based Projection

CITY OF LETHBRIDGE POPULATION FORECAST																						
Scenario	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Conservative	96,828	97,699	98,579	99,466	100,361	101,264	102,176	103,095	104,023	104,959	105,904	106,857	107,819	108,789	109,768	110,756	111,753	112,759	113,774	114,798	115,831	116,873
Moderate	96,828	98,832	100,878	102,966	105,098	107,273	109,494	111,760	114,074	116,435	118,845	121,305	123,816	126,379	128,996	131,666	134,391	137,173	140,013	142,911	145,869	148,889
Aggressive	96,828	99,249	101,730	104,273	106,880	109,552	112,291	115,098	117,976	120,925	123,948	127,047	130,223	133,478	136,815	140,236	143,742	147,335	151,019	154,794	158,664	162,631

CITY OF LETHBRIDGE WORKING AGE (20-67 YEARS OLD) FORECAST																						
Scenario	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
% Aged 18 to 67	61.9%	61.8%	61.6%	61.5%	61.3%	61.2%	61.0%	60.9%	60.7%	60.6%	60.5%	60.3%	60.2%	60.0%	59.9%	59.7%	59.6%	59.5%	59.3%	59.2%	59.0%	58.9%

CITY OF LETHBRIDGE WORKING AGE POPULATION FORECAST																						
Scenario	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Conservative	59,937	60,333	60,732	61,134	61,538	61,946	62,355	62,768	63,183	63,601	64,022	64,446	64,872	65,301	65,733	66,168	66,606	67,046	67,490	67,937	68,386	68,838
Moderate	59,937	61,033	62,149	63,285	64,443	65,621	66,821	68,043	69,288	70,555	71,845	73,159	74,497	75,860	77,247	78,660	80,098	81,563	83,055	84,574	86,120	87,695
Aggressive	59,937	61,290	62,674	64,089	65,536	67,015	68,528	70,076	71,658	73,276	74,930	76,622	78,352	80,121	81,930	83,780	85,671	87,606	89,584	91,606	93,674	95,789

2016 OFFICE MARKET CONDITIONS	
Total Office Inventory (Gross Building Area)	1,943,442 SF
Total Office SF per Working Age Resident	32.42 SF
Current Office Vacancy Rate	16.60%
Occupied Office Inventory SF	1,620,831 SF
Occupied Office SF per Working Age Resident	27.04 SF
"Balanced" Office Vacancy Rate	10%
"Balanced" Office Occupation SF @ 10% Vacancy	1,749,098 SF
Absorption SF Required to Warrant New Construction	128,267 SF

PROJECTED CUMULATIVE OCCUPIED OFFICE SF (GROSS BUILDING AREA)																					
Scenario	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Conservative	1,631,554	1,642,348	1,653,213	1,664,151	1,675,161	1,686,243	1,697,399	1,708,629	1,719,933	1,731,312	1,742,766	1,754,296	1,765,902	1,777,585	1,789,345	1,801,183	1,813,100	1,825,095	1,837,170	1,849,324	1,861,559
Moderate	1,650,473	1,680,657	1,711,393	1,742,691	1,774,562	1,807,016	1,840,063	1,873,714	1,907,981	1,942,875	1,978,406	2,014,588	2,051,431	2,088,948	2,127,151	2,166,053	2,205,666	2,246,004	2,287,079	2,328,906	2,371,498
Aggressive	1,657,426	1,694,847	1,733,114	1,772,244	1,812,258	1,853,175	1,895,016	1,937,802	1,981,554	2,026,293	2,072,043	2,118,826	2,166,665	2,215,584	2,265,607	2,316,760	2,369,068	2,422,557	2,477,254	2,533,185	2,590,380

CUMULATIVE NEW OFFICE SF DEMAND (GROSS BUILDING AREA)																					
Scenario	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Conservative	-	-	-	-	-	-	-	-	-	-	-	5,198	16,804	28,487	40,248	52,086	64,002	75,997	88,072	100,226	112,461
Moderate	-	-	-	-	25,464	57,918	90,965	124,616	158,883	193,777	229,309	265,490	302,333	339,850	378,054	416,955	456,569	496,906	537,982	579,808	622,400
Aggressive	-	-	-	23,146	63,160	104,077	145,918	188,704	232,456	277,196	322,945	369,728	417,567	466,486	516,510	567,663	619,971	673,459	728,156	784,088	841,282

Office Market Analysis

Table 8.5 Employment Forecast-based Office Space Demand Approach

Industry Sector (NAICS)

	2015 Lethbridge Employment	Office Occupancy % ⁽¹⁾	2015		2015 Total Office Demand SF	Projected 2015 to 2022 Annual Growth Rate	2017 Projected Office Space Demand SF	2037 Projected Office Space Demand SF	2017-2037 Cumulative New Office Space Demand SF
			2015 Lethbridge Employment	Office Occupancy % ⁽¹⁾					
Conventional Office Building-Oriented Sectors									
Information and cultural industries	881	69.33%	611	250	152,699	1.23%	156,492	200,010	43,517
Finance and insurance	1,603	96.35%	1,544	250	386,123	0.74%	391,865	454,200	62,336
Management of companies and enterprises	250	83.84%	210	250	52,400	-0.23%	52,159	49,810	(2,349)
Real estate and rental and leasing	773	45.74%	354	250	88,393	0.04%	88,458	89,113	655
Professional, scientific and technical services	2,297	89.08%	2,046	250	511,542	0.93%	521,115	627,270	106,155
Admin & support, waste mgmt and remediation services	1,700	35.15%	598	250	149,388	0.64%	151,315	172,007	20,692
Public administration	1,816	62.45%	1,134	250	283,523	1.12%	289,899	362,102	72,203
Total Employment Requiring Conventional Office Space	9,320	69.70%	6,496	250	1,624,067	1.12%	1,651,302	1,954,512	303,209

⁽¹⁾ Source: Woods & Poole Economics analysis of NAICS sectors and office space usage.

- A third approach examines a recent employment forecast for 2015 to 2022 contained in the *Lethbridge Community Outlook* published by the City. In this report detailed employment projections were made for specific NAICS industry sectors (Table 8.5). These projections were associated with office space usage based on Woods & Poole data.
- This approach yielded an office demand forecast of 303,000 square feet by 2037, approximately half of that of the other two approaches. Given that the forecast was only for 2015 to 2022, this approach was down-weighted when arriving at an average.
- Overall, an estimated 568,000 square feet of new office space is estimated to be needed in the City by 2037. At an FAR of 0.35, this equates to 37 net developable acres.

Table 8.6
Summary of Office Demand Forecasts

Forecast Model	2017-2037	2017-2037
	Projected Avg. Annual Growth	Projected Total Growth
Historic Growth	30,050	601,000
Employment Forecast	15,160	303,200
Working Age Pop - Moderate Scenario	31,120	622,400
Average	25,443	508,867
Weighted Average (by Model Robustness)	28,381	567,628
Industry Standard Floor Area Ratio (FAR)		0.35
Land Area Required SF		1,621,796
Land Area Required Acres 2017-2037		37.2

Industrial Market Analysis

Introduction

- This section provides an overview of the Industrial market supply in Lethbridge and in conjunction with the demand analysis, will assess the potential opportunities for future Industrial development in the city.

Lethbridge Industrial Market

- The majority of serviced industrial land is largely concentrated in the north east corner of the city with only minimal industrial uses found elsewhere in the city.
- Industrial/Business Parks are also found in Lethbridge County throughout the urban fringe area along Highway 3 towards Coaldale, along Highway 4 heading to the south east of the city, and adjacent to the Airport.
- The industrial market in has remained relatively stable in recent years with a 6.2% vacancy rate in 2016. Industrial lease rates increased from an average of \$7.40 per square foot in 2015 to \$7.86 per square foot in 2016 (Avison Young).
- Lethbridge acts a hub for southern Alberta and has proximity to the U.S. border; however, with Calgary's robust industrial sector only a couple hours north, there is often no need to duplicate many industrial/warehousing/logistics activities in the Lethbridge area.

Figure 8.14 Industrial Transactions by Average Size (square feet)

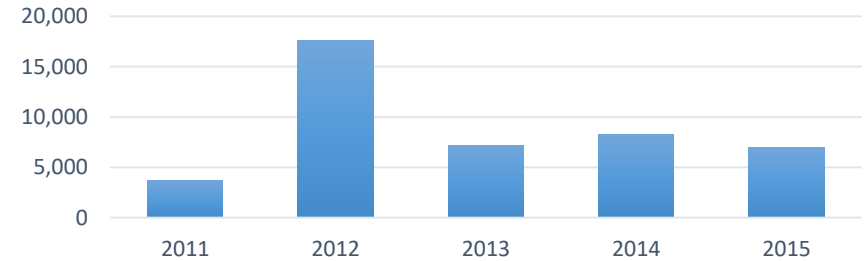


Figure 8.15 Industrial Transactions by Average Price

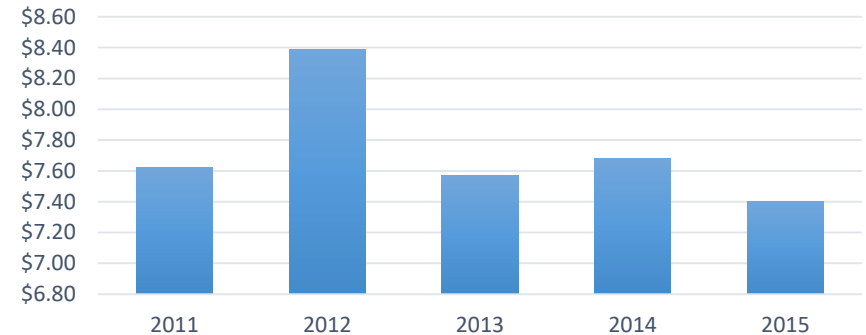
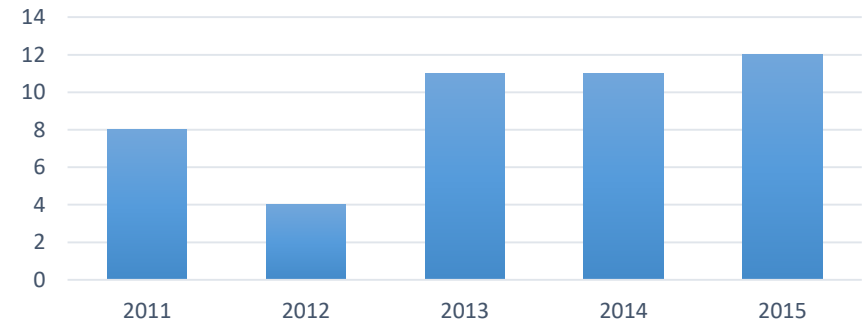


Figure 8.16 Number of Industrial Transactions



Source: Economic Development Lethbridge

Industrial Market Analysis

- Most existing industrial parks lack the features or the level of finish that some flex tenants would prefer, particularly among engineering firms or similar enterprises that require equipment loading along with a professional office space.
- Moving forward for Lethbridge, flex tenants will often be semi-wholesaling operations. These types of tenants have a showroom and warehouse component to their premises. Some also do service work so need to have space for warehousing and repairs. Their ideal location would be within an industrial park but zoning categorizes them as retailers and are precluded from being in these flex industrial spaces.

City of Lethbridge Industrial Parks



Lethbridge County Industrial Area



Industrial Market Analysis

Expansion and Industrial Growth

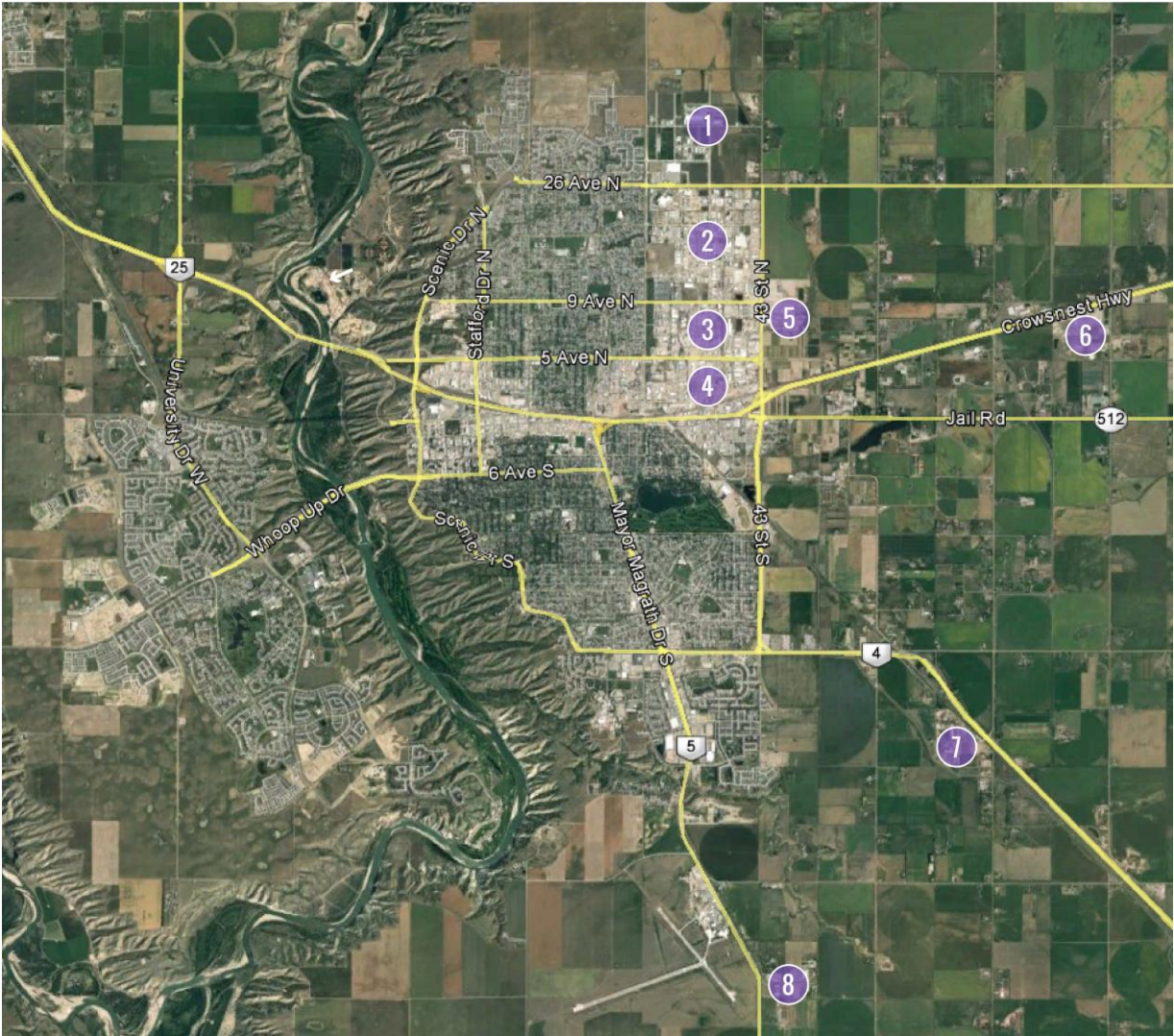
- Sherring Business & Industrial Park, located at the north east corner of the City, includes 350 acres of serviced industrial land that includes a major sports field complex, a commercial area, and land zoned for Highway Commercial, Business Industrial, General Industrial, and Heavy Industrial. Average absorption for Sherring Business & Industrial Park is approximately 8 acres per year.
- To fuel a growing economy and in order to attract new businesses and industry, the Sherring Business & Industrial Park is undergoing a major expansion, which will extend the site's boundaries north of 44 Ave N and around the Pratt & Whitney Site.
- Infrastructure improvements include: extending the road network, relocating the irrigation canal to the eastern boundary, extending storm water management facilities, and a rail line extension.
- The expansion and infrastructure improvements have resulted in a \$350 million investment by Cavendish Farms to develop a new frozen potato processing plant on the east side of the site, which represents the largest private investment in the City's history and is a positive sign for the future of Lethbridge's diversified economy.
- Figure 8.17 shows the location of industrial lands in the City of Lethbridge and Lethbridge County.



Sherring Business & Industrial Park, north Lethbridge

Industrial Market Analysis

Figure 8.17 Major Industrial Park Inventory Map



Lethbridge

- 1. Sherring Business & Industrial Park
- 2. Churchill Industrial
- 3. Shackleford Industrial
- 4. Anderson Industrial Park

Lethbridge County

- 5. Rave Industrial Park
- 6. Broxburn Business Park
- 7. Stewart Siding
- 8. Duncan Industrial Park

Industrial Market Analysis

Projected Industrial Demand, 2017 - 2037

- Three different approaches were used to forecast the demand for additional light/business industrial space in Lethbridge over the next 20 years. These include an examination of historical absorption of office space in the market, employment forecasts by sector and the forecast of working age population.
- The forecast for light/business industrial space provided an important input for forecasting manufacturing industrial space in the City and in the County as well.
- The historic absorption approach was based on historic data collected by the city of light/business industrial inventory in Lethbridge since 1960. As Figure 8.18 illustrates, this inventory has grown from just over 200,000 square feet in 1960 to over 1.4 million square feet in 2013.
- The most rapid pace of light/business industrial development in Lethbridge was the 1970s. The most recent period of 2000 to 2013 period showed a relatively slow growth of less than 20,000 square feet absorbed per year on average.
- The average annual absorption of office space in Lethbridge from 1980 to 2013 was 20,000 square feet per year. This time period was used to estimate future demand over the next 20 years, resulting in 400,000 square feet of new light/business industrial in that time.

Figure 8.18

Historical Light/Business Industrial Inventory in Lethbridge

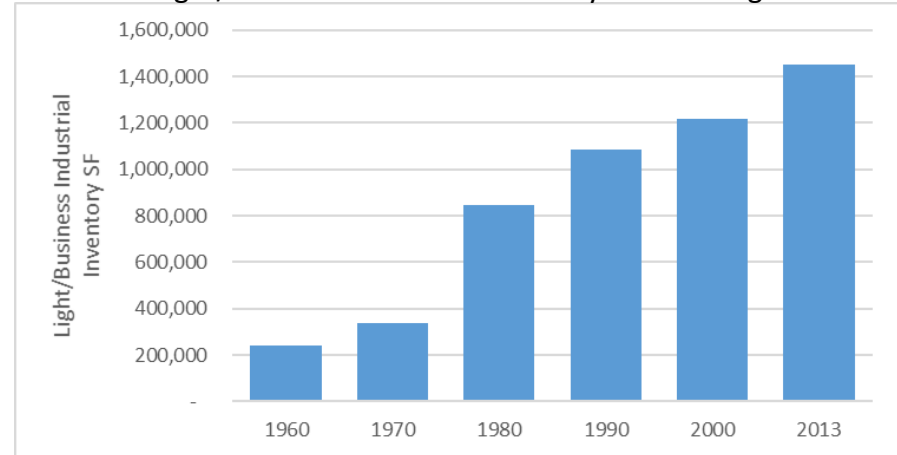
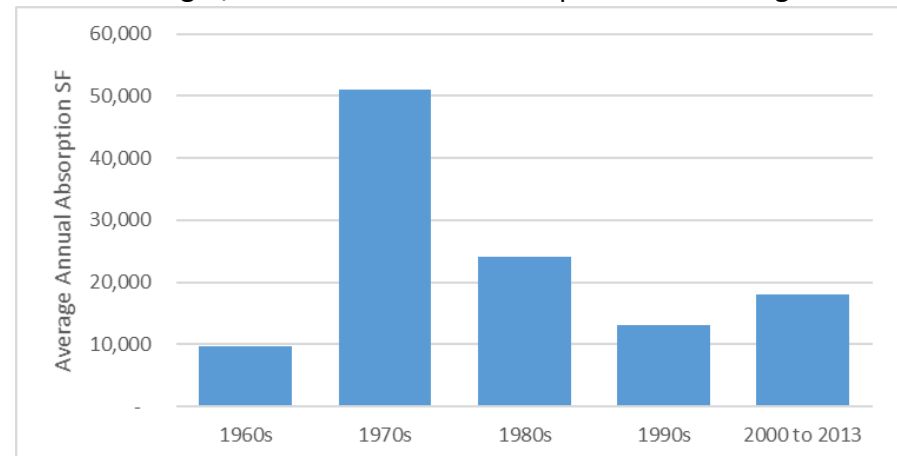


Figure 8.19

Historical Light/Business Industrial Absorption in Lethbridge



Industrial Market Analysis

- A second approach to forecasting light/business industrial space demand examines future population growth, particularly those people in the working age (20 to 67 years) cohorts. This is particularly important given the “greying” of the population and the commensurate effect on the workforce and associated workplaces. Table 8.7 details this analysis.
- Given the low current vacancy rate of 4.6% in Lethbridge, market conditions are essentially already in place to support new development. Overall the model indicates support for 617,000 square feet of new light/business industrial in the market by 2037.

Table 8.7 Office Working Age Population-based Projection

CITY OF LETHBRIDGE POPULATION FORECAST																					
Scenario	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Conservative	97,699	98,579	99,466	100,361	101,264	102,176	103,095	104,023	104,959	105,904	106,857	107,819	108,789	109,768	110,756	111,753	112,759	113,774	114,798	115,831	116,873
Moderate	98,832	100,878	102,966	105,098	107,273	109,494	111,760	114,074	116,435	118,845	121,305	123,816	126,379	128,996	131,666	134,391	137,173	140,013	142,911	145,869	148,889
Aggressive	99,249	101,730	104,273	106,880	109,552	112,291	115,098	117,976	120,925	123,948	127,047	130,223	133,478	136,815	140,236	143,742	147,335	151,019	154,794	158,664	162,631

CITY OF LETHBRIDGE WORKING AGE (20-67 YEARS OLD) FORECAST																					
Scenario	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
% Aged 18 to 67	61.8%	61.6%	61.5%	61.3%	61.2%	61.0%	60.9%	60.7%	60.6%	60.5%	60.3%	60.2%	60.0%	59.9%	59.7%	59.6%	59.5%	59.3%	59.2%	59.0%	58.9%

CITY OF LETHBRIDGE WORKING AGE POPULATION FORECAST																					
Scenario	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Conservative	60,333	60,732	61,134	61,538	61,946	62,355	62,768	63,183	63,601	64,022	64,446	64,872	65,301	65,733	66,168	66,606	67,046	67,490	67,937	68,386	68,838
Moderate	61,033	62,149	63,285	64,443	65,621	66,821	68,043	69,288	70,555	71,845	73,159	74,497	75,860	77,247	78,660	80,098	81,563	83,055	84,574	86,120	87,695
Aggressive	61,290	62,674	64,089	65,536	67,015	68,528	70,076	71,658	73,276	74,930	76,622	78,352	80,121	81,930	83,780	85,671	87,606	89,584	91,606	93,674	95,789

2016 LIGHT/BUSINESS INDUSTRIAL MARKET CONDITIONS	
Total Light/Business Industrial Inventory (Gross Building Area)	1,540,397 SF
Total Light/Business Industrial SF per Working Age Resident	25.70 SF
Current Industrial Vacancy Rate	4.60%
Occupied Light/Business Industrial Inventory SF	1,469,538 SF
Occupied Light/Business Industrial SF per Working Age Resident	24.52 SF
"Balanced" Industrial Vacancy Rate	4.5%
"Balanced" Light/Bus. Industrial Occupied SF @ 4% Vacancy	1,471,079 SF
Absorption SF Required to Warrant New Construction	1,540 SF

PROJECTED CUMULATIVE OCCUPIED LIGHT/BUSINESS INDUSTRIAL SF (GROSS BUILDING AREA)																					
Scenario	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Conservative	1,479,261	1,489,047	1,498,898	1,508,815	1,518,797	1,528,845	1,538,960	1,549,141	1,559,390	1,569,707	1,580,092	1,590,546	1,601,068	1,611,661	1,622,323	1,633,056	1,643,861	1,654,736	1,665,684	1,676,703	1,687,796
Moderate	1,496,413	1,523,780	1,551,647	1,580,024	1,608,920	1,638,344	1,668,307	1,698,817	1,729,885	1,761,522	1,793,737	1,826,541	1,859,945	1,893,961	1,928,598	1,963,868	1,999,784	2,036,356	2,073,598	2,111,520	2,150,136
Aggressive	1,502,718	1,536,646	1,571,340	1,606,818	1,643,097	1,680,195	1,718,131	1,756,923	1,796,591	1,837,154	1,878,633	1,921,049	1,964,423	2,008,776	2,054,130	2,100,508	2,147,934	2,196,430	2,246,021	2,296,732	2,348,587

CUMULATIVE NEW LIGHT/BUSINESS INDUSTRIAL SF DEMAND (GROSS BUILDING AREA)																					
Scenario	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Conservative	8,182	17,968	27,820	37,736	47,718	57,767	67,881	78,063	88,312	98,628	109,013	119,467	129,990	140,582	151,245	161,978	172,782	183,657	194,605	205,625	216,718
Moderate	25,335	52,702	80,569	108,946	137,841	167,266	197,228	227,738	258,807	290,443	322,658	355,463	388,867	422,882	457,519	492,790	528,705	565,278	602,519	640,442	679,057
Aggressive	31,639	65,567	100,262	135,740	172,018	209,116	247,052	285,844	325,512	366,075	407,555	449,971	493,344	537,697	583,051	629,430	676,855	725,351	774,942	825,653	877,509

Industrial Market Analysis

- A third approach examines a recent employment forecast for 2015 to 2022 contained in the *Lethbridge Community Outlook* published by the City. In this report detailed employment projections were made for specific NAICS industry sectors (Table 8.8). These projections were associated with the amount of light/business industrial space per worker.
- This approach yielded a light/business industrial demand forecast of 761,000 square feet by 2037. Given that the forecast was only for 2015 to 2022, this approach was down-weighted when arriving at an average.
- Overall, an estimated 545,000 square feet of new light/business space is estimated to be needed in the city by 2037. At an FAR of 0.2, this equates to 63 net developable acres.
- Recent estimates suggest the City and County house 4.1 million square feet of manufacturing space, spanning 471 acres. This equates to 1,157 square feet per worker in the manufacturing sector, which is close to the industry average in North America.
- Employment in manufacturing in Lethbridge is forecast to grow at 2.23% a year out to 2022 as detailed in the *Lethbridge Community Outlook*. This exceeds the 1.77%/year growth forecast for demand for light/business industrial space. Combining the two industrial typologies' growth rates into a single long-term forecasts suggests that 1.9 million square feet of new manufacturing space will be required in Lethbridge by 2037, requiring 221 net developable acres (based on an FAR of 0.2).

Table 8.8 Employment Forecast-based Industrial Space Demand Approach

	Lethbridge Industrial Employment 2015	2015 to 2022 Annual Growth Rate	Lethbridge Industrial Employment 2037
Industrial Building-Oriented Sectors			
Agriculture, Forestry, Fishing and Hunting	363	0.73%	426
Construction	1,459	1.81%	2,164
Manufacturing	3,544	2.23%	5,759
Mining and oil and gas extraction	118	1.39%	160
Transportation and warehousing	1,293	2.45%	2,203
Utilities	293	1.67%	422
Wholesale trade	1,641	1.76%	2,408
Total Employment Requiring Other Types	8,711	2.03%	13,542
Light/Business Industrial SF per Worker	173		173
Total Light/Business Industrial SF	1,509,627	2.03%	2,346,920

2017-2037 Avg. Annual Growth SF	38,059
2017-2037 Total Growth SF	761,176

Table 8.9 Summary of Light/Business Industrial Demand Forecasts

Forecast Model	2017-2037 Projected Avg. Annual Growth	2017-2037 Projected Total Growth
Historic Growth	20,000	400,000
Employment Forecast	38,059	761,176
Working Age Pop - Moderate Scenario	30,866	617,325
Average	29,642	592,834
Weighted Average (by Model Robustness)	27,237	544,736
Industry Standard Floor Area Ratio (FAR)		0.20
Land Area Required SF		2,723,679
Land Area Required Acres 2017-2037		62.5

9

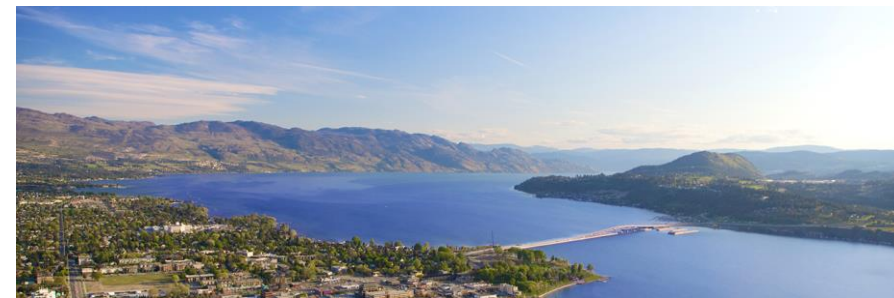
Retail Gap Analysis

Retail Gap Analysis



Retail Gap Comparative Overview

- Lethbridge has an established retail market and will be approaching the 100,000 population threshold in the coming years. As the city continues to grow, new retail space will be required and an expansion of retail operators will likely follow.
- A retail gap analysis for Lethbridge is summarized in this section, which compares the retail offerings of three other cities of varying population levels to identify potential retail gaps and opportunities in Lethbridge. The three comparative cities include: Red Deer, AB, Kelowna, BC, and Calgary, AB. Looking to cities with comparable and slightly larger populations can give insight into what retailers may be missing in Lethbridge from a retail tenancy perspective.



Retail Gap Analysis

1st Tier Retail Gap - Red Deer, Calgary, and Kelowna all have location(s)

lululemon



L A Z BOY
FURNITURE GALLERIES®

Live life Comfortably.®

2nd Tier Retail Gap - At least 1 city has a location (Red Deer or Kelowna)

West49



Home Outfitters
kitchen | bed | bath | SUPERSTORE

milestones
GRILL + BAR®

H&M



Red Robin
GOURMET BURGERS AND BREWS

CACTUS CLUB CAFE

Note: Lethbridge currently has a Gap Factory Outlet, not a standard retail store.

West49 had a location in Park Place Mall, but has since closed.

Retail Gap Analysis

3rd Tier Retail Gap - Only found in Calgary

FOREVER 21

VICTORIA'S
SECRET


Applebee's
GRILL & BAR



KELSEYS
original
ROADHOUSE



Note: Ric's Grill had a location in Lethbridge, but has since closed.

10

Convention Centre
Analysis

Multi-purpose Convention Centre Case Studies

Existing Lethbridge Conference and Exhibition Spaces

- Other than the conference rooms and banquet halls found in some hotels, Exhibition Park is the largest facility of its type in the city, which has a long history of hosting large community events, agricultural exhibitions, and consumer and industry trade shows.
- While the facility is well used and generates considerable economic and social value to the city and southern Alberta, previous studies have noted that Exhibition Park, in its current state, will be unable to keep up with the growth of meeting space demands as the city grows.
- With the facility nearing the end of its functional life cycle, development plans call for a 250,000 square foot Trade & Convention Centre and a 75,000 square foot Agriplex.
- Even with the proposed facility upgrades and expansion, the location of Exhibition Park could become a limiting factor in attracting and hosting smaller business, creative, and non-agricultural based events that prefer being centrally located with easy access to nearby amenities and local attractions.

Move Towards Flexible & Multi-purpose Convention Centres

- The convention and conference market is highly competitive and cities across North America and around the world are recognizing the value of multi-purpose facilities that can accommodate conventions as well as a wide array of cultural and performing arts events. Allowing multiple uses to interact under one roof is helping to redefine the way convention centres look, function, and attract users. Convention facilities are often paired with concert halls & theatres, museums & creative arts spaces, and culinary & retail spaces.
- A central downtown location that offers easy access to restaurants and local amenities is a key factor in creating a successful multi-purpose conference and events venue.

Multi-purpose Convention Centre Case Studies

- The following section profiles three multi-purpose convention centres from New Westminster, BC, Lucerne Switzerland, and Albury Australia. These examples were chosen to highlight their downtown location, multi-purpose functionality, and smaller convention venue capacity. While every city and market are different from one another, they can still provide some great inspiration for Lethbridge, if and when the opportunity for development of this kind of facility becomes advantageous.

Multi-purpose Convention Centre Case Studies

Anvil Centre – New Westminster, BC

- City Population: **70,996**
- Location: **Downtown**
- Nearest Major Metropolitan City: **Vancouver (40 mins)**

Facility Components:

Convention Centre: 18,000 square feet
Performing Arts Theatre: 361-seats
Multi-purpose Art studios & Meeting Rooms
New Media Art Gallery & Community Art Space
New Westminster Museum & Archives
Canadian Lacrosse Hall of Fame
Tourism Visitor Centre
Restaurant and Retail

- Completed in 2014, the Anvil Centre is a mixed-use and multi-purpose conference and arts centre in New Westminster, BC. Bringing conventions, culture & history, arts, and technology under one roof, this progressive facility has been a primary catalyst for the revitalization of the city's downtown.
- Developed by the city along with an adjoining 9-storey office tower, the Anvil Centre is centrally located in the downtown core and is strategically located next to a Skytrain station.
- Instead of directly competing with the region's biggest player in the convention market, The Vancouver Convention Centre, the Anvil Centre provides boutique conference space along with a diverse mix of arts, culture, and technology uses.

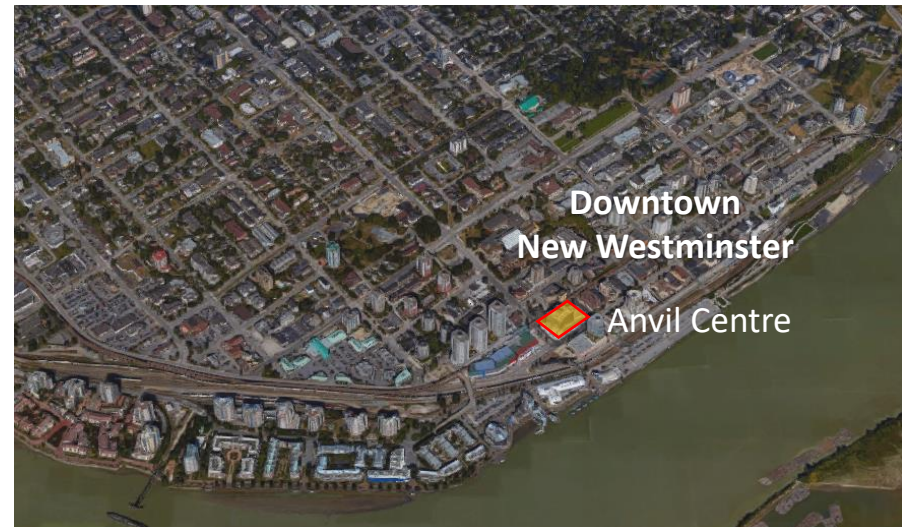


Multi-purpose Convention Centre Case Studies

Anvil Centre – New Westminster, BC

- Approximate floor plate size: 34,000 square feet
- Parking: 3-levels of underground parking (270 stalls), which is shared with the adjoining office tower.
- Additional parking can be accessed in nearby public parking structures & on-street parking. The central downtown location of the Anvil Centre and its direct access to rapid transit helps to offset the parking provided on site.

Anvil Centre Location & Context New Westminster, BC



Multi-purpose Convention Centre Case Studies

Culture & Congress Centre Lucerne – Lucerne, Switzerland

- City Population: **81,057**
- Location: **Downtown**
- Nearest Major Metropolitan City: **Zurich (1 hr)**

Facility Components:

Convention & Banquet Space: 10,000 – 12,000 square feet

World Class Concert Hall: 1898-seats

Multi-purpose Auditorium: 271-seats

Multiple Restaurant and Cafes

Business/Media Rooms

Museum of Art

- Completed in 2000, The Culture & Congress Centre Lucerne (KKL Luzern) is a prime example of a multi-purpose facility that successfully combines culture, gastronomy, and flexible event spaces into one facility, which is centrally located between Lake Lucerne and the historic Old Town.
- KLL Luzern is designed with transparent boundaries for maximum flexibility for accommodating a diversity of events and festivities and is further enhanced by its striking architectural design.
- The Centre houses a world-class 1898-seat concert hall and multi-purpose 271-seat auditorium within the same venue allowing multiple events to occur at the same time, which helps bring activity and life to the venue both day and night. Multiple restaurants are also incorporated into the facility along with The Museum of Art.

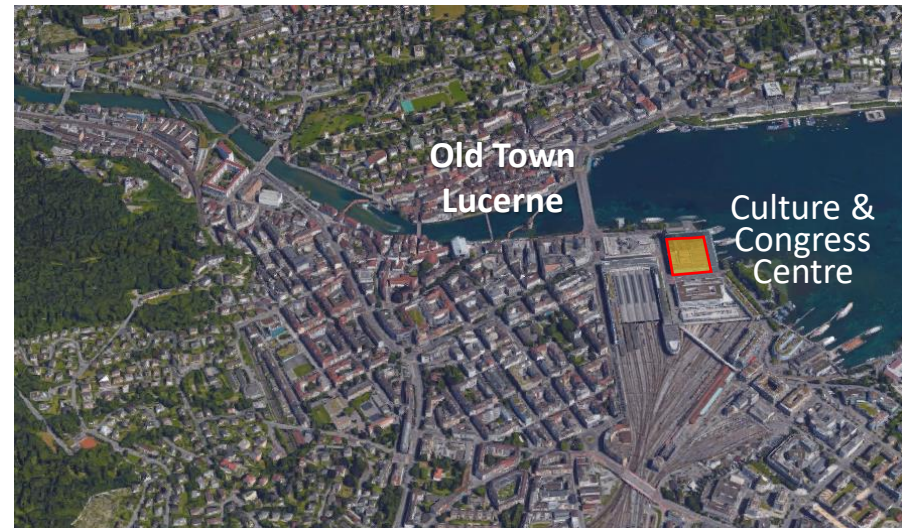
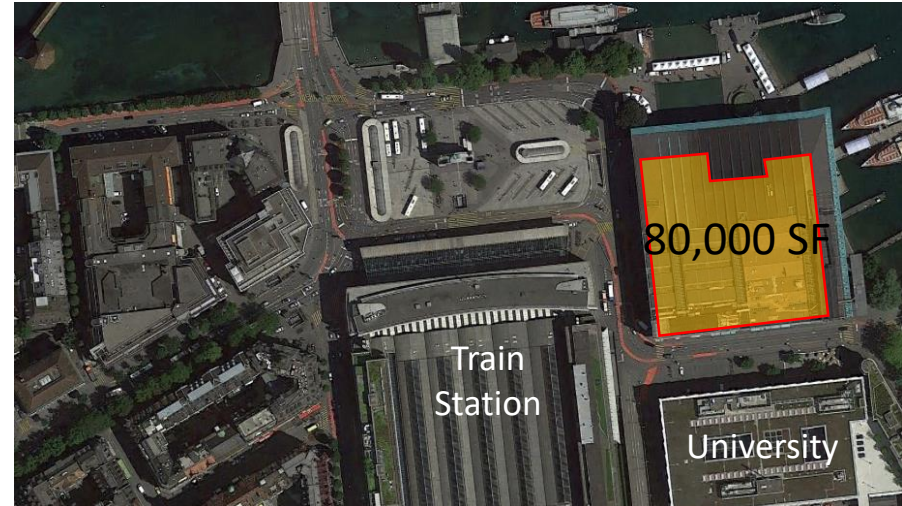


Multi-purpose Convention Centre Case Studies

Culture & Congress Centre Lucerne – Lucerne, Switzerland

- Approximate floor plate size: 80,000 square feet
- Parking: 2-levels of underground parking can be easily accessed next to KKL Lucerne and the train station. Additional parking structures can be found within a few minutes of the facility. KLL Lucerne is situated next to the Lucerne Railway Station, which also allows for convenient access to the facility by rail.

Culture & Congress Centre Lucerne Location & Context Lucerne, Switzerland



Multi-purpose Convention Centre Case Studies

Albury Entertainment Centre – Albury, NSW Australia

- City Population: **51,082**
- Location: **Downtown**
- Nearest Major Metropolitan City: **Melbourne (3.5hrs)**

Facility Components:

Convention, Exhibition, and Banquet Halls: 10,000 square feet

Multi-purpose Performing Arts Auditorium: 818-seats

Theatrette: 177-seats

Meeting & Boardrooms

- Located in southeastern Australian city of Albury, this facility provides capacity for both Convention & Exhibition events and a Performing Arts Centre.
- Situated in the heart of downtown and right next to the Albury Library Museum, the Albury Entertainment Centre is a multi-use civic venue for cultural activities and conventions. In a City of just over 51,000 people, combining these uses provides an efficient use of space and allows for flexibility of programming and events to occur at the facility.
- Bordered by two national parks and situated approximately 3.5 hours between both Melbourne and Canberra, Albury is a mid-sized inland city, not too dissimilar from Lethbridge's geographic context.

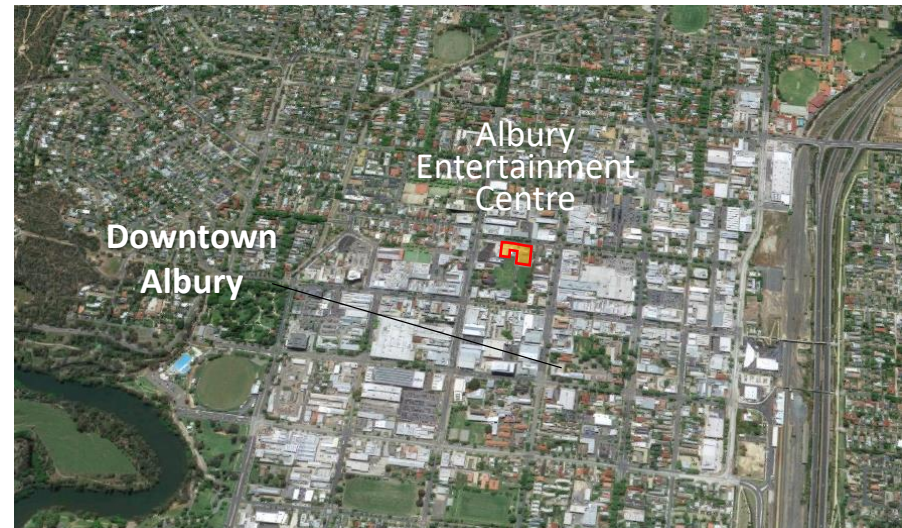


Multi-purpose Convention Centre Case Studies

Albury Entertainment Centre – Albury, NSW Australia

- Approximate floor plate size: 38,500 square feet (Convention space and Theatre)
- Parking: There is no underground parking or surface parking lots on site. Street parking and nearby parking structures are within walking distance and are located throughout downtown Albury.

Albury Entertainment Centre Location & Context Albury, NSW Australia



Multi-purpose Convention Centre Case Studies

Implications for Lethbridge

- The three profiled facilities provide some great insight into how various cities are creating multi-use facilities to maximize community benefit. They also help demonstrate that these types of facilities can be accommodated in a downtown setting and actually thrive as result of their central location.
- A feasibility study for the expansion of Exhibition Park was previously done by MNP, which outlined the market demand, capital costs estimates, and economic impacts from the development plans. A Trade and Convention Centre and Agriplex at Exhibition Park and a multi-use facility would serve different purposes; however, a business case study would be required to determine the most optimal uses and location.

Figure 10.1 Location of Convention Centre vs. Hotel Clusters



Proximity to Major Hotel Clusters

- There are several hotels in downtown Lethbridge, including one under renovation; however, the majority of hotels in the city are clustered along Mayor Magrath Dr S and in the WT Hill Business Park. As illustrated in Figure 10.1, these hotel clusters are anywhere from 2.5km to 5km away from downtown or approximately a 6 to 10 minute drive.
- Proximity to hotels and accommodation options is a key factor in locating a multi-purpose convention centre downtown. While Lethbridge's historic downtown is a great destination with local restaurants, parks, and shopping, the lack of modern hotel options nearby could present a challenge for this type of development and would require further examination, if and when an opportunity for a multi-purpose convention centre becomes feasible.
- There is an opportunity that if a multi-purpose facility is constructed in the downtown area, a boutique business hotel could be an additional feature to the development. Feasibility into this concept should be analyzed in further depth by the City.

11

Recommended Land Use Program

Recommended Land Use Program

Item of Consideration

- The Recommended Land Use Program and Final Land Use Allocation in the Lethbridge Commercial & Industrial Study are created through a market-based demand analysis. These market-based demand numbers project what the Lethbridge market could absorb over the next twenty years (2037) from a development perspective.
- While previous studies conducted by the City of Lethbridge were analyzed, the demand numbers represented in the Recommended Land Use Program are not directly correlated with land that has been allocated/planned in various outline plans, and Area Structure Plans in the City of Lethbridge. The demand numbers should not be considered as development “*in addition*” to any land uses allocated/planned in outline plans or Area Structure Plans.

Recommended Land Use Program

DEVELOPMENT PROGRAM SUMMARY (MODERATE SCENARIOS)

Land Use Type	Current Inventory	Projected New Gross Building Area Square Feet (2017-2037) ¹	Floor Area Ratio (FAR)	Projected New Net Developable Acres (2017-2037) ²	Projected New Gross Acres (2017-2037)
Office	1.94 million SF	568,000 SF	0.35	37 Acres	49 Acres
Light/Business Industrial	1.54 million SF	545,000 SF	0.20	63 Acres	83 Acres
Heavy Industrial /Manufacturing	4.1 million SF	1.9 million SF	0.20	221 Acres	295 Acres
Retail	6.8 million SF	2.6 million SF	0.25	236 Acres	315 Acres
Hotel	1,406 Rooms	156 Rooms (117,000 SF)	0.70	4 Acres	5 Acres
TOTAL				561 Acres	747 Acres

1) Note: New Gross Building Area is in addition to Existing Current Inventory.

2) Note: New Net Developable Acres is calculated using a 75% efficiency ratio from New Gross Acres.

12

Development Typologies

Development Typologies

Introduction

Based on the Market Analysis, Economic Sector Analysis, Stakeholder Interviews, and Best Practices, recommended development typologies have been established for the City of Lethbridge and Lethbridge County. This section does not give an exhaustive list of every development typology, but rather provides a framework of typical guidelines for trending commercial development. These development typology guidelines include typical size, floor area ratio (FAR), parking, and end-user tenants by sector. FAR's exhibited in the Development Typologies are recommended by MXD and are typically higher than historical averages. Recommended FAR's follow standards of similar development contexts from end-user tenants.

The following development typologies are presented:

- Campus Office / Multi-Tenant Office
- Flex Business Park
- Light Industrial Heavy Industrial
- Logistics / Warehouse & Distribution
- Temperature Controlled Distribution Facility
- Data Centre
- Big Box Retail
- Retail Village
- Neighbourhood Retail
- Destination, Attraction & Entertainment
- Mixed-Use Commercial
- Hotel / Accommodation
- Hotel Conference & Exhibition

CAMPUS OFFICE/ MULTI-TENANT OFFICE



Target Economic Sectors: Agri-Business, Life Sciences, ICT, Aerospace & Aviation, Energy, B2B
Typical Employment Density: 1:275 SF
Typical FAR: 0.3 to 0.4
Building Size: 30,000 – 60,000+ SF
Parking Ratio: 3 to 4 per 1,000 SF

FLEX BUSINESS PARK



Target Economic Sectors: Agri-Business, Light Manufacturing, ICT, Aerospace & Aviation, Life Sciences, B2B
Typical Employment Density: 1:750 SF
Typical FAR: 0.2 to 0.4
Building Size: 20,000 – 75,000+ SF
Parking Ratio: 2.5 to 3 per 1,000 SF

LIGHT INDUSTRIAL



Target Economic Sectors: Agri-Business, Advanced Manufacturing, Light Assembly, ICT, Aerospace & Aviation

Typical Employment Density: 1:1000 SF

Typical FAR: 0.2 to 0.3

Building Size: 10,000 – 100,000+ SF

Parking Ratio: 2 to 2.5 per 1,000 SF

HEAVY INDUSTRIAL / MANUFACTURING



Target Economic Sectors: Manufacturing

Typical Employment Density: 1:1,200 SF

Typical FAR: 0.15 to 0.2

Building Size: 20,000 – 100,000+ SF

Parking Ratio: 2 to 2.5 1,000 SF

LOGISTICS/ WAREHOUSE & DISTRIBUTION



Target Economic Sectors: Logistics & Distribution

Typical Employment Density: 1:1,500 SF

Typical FAR: 0.2 to 0.3

Building Size: 50,000 – 200,000+ SF

Parking Ratio: 1 to 2 per 1,000 SF

TEMPERATURE CONTROLLED DISTRIBUTION FACILITY



Target Economic Sectors: Logistics & Distribution

Typical Employment Density: 1:1,500 SF

Typical FAR: 0.2 to 0.3

Building Size: 40,000 – 100,000+ SF

Parking Ratio: 1 to 2 per 1,000 SF

DATA CENTRE



Target Economic Sectors: ICT
Typical Employment Density: 1:1,500 SF
Typical FAR: 0.2 to 0.5
Building Size: 20,000 to 100,000+ SF
Parking Ratio: 1 to 2 per 1,000 SF

BIG BOX RETAIL / POWER CENTRE



Target Economic Sectors: Retail
Typical Employment Density: 1:750 SF
Typical FAR: 0.2 to 0.3
Building Size: 75,000 to 500,000+ SF
Parking Ratio: 5 per 1,000 SF

RETAIL VILLAGE



Target Economic Sectors: Retail
Typical Employment Density: 1:350 SF
Typical FAR: 0.3 to 0.4
Building Size: 50,000 to 150,000 SF
Parking Ratio: 3 to 4 per 1,000 SF

NEIGHBOURHOOD RETAIL



Target Economic Sectors: Retail
Typical Employment Density: 1:350 SF
Typical FAR: 0.2 to 0.3
Building Size: 20,000 to 75,000 SF
Parking Ratio: 4 to 5 per 1,000 SF

DESTINATION, ATTRACTION, & ENTERTAINMENT



Target Economic Sectors: Retail Entertainment
Typical Employment Density: 1:2,000 SF
Typical FAR: 0.2 to 0.3
Building Size: 30,000 to 150,000 SF
Parking Ratio: 2 to 3 per 1,000 SF

MIXED-USE COMMERCIAL



Target Economic Sectors: Retail, General Business, Health & Wellness
Typical Employment Density: 1:500 SF
Typical FAR: 0.5 to 1.0
Building Size: 40,000 to 100,000+ SF
Parking Ratio: 3 to 4 per 1,000 SF

HOTEL/ ACCOMODATION



Target Economic Sectors: Hotel & Accommodation
Typical Employment Density: 1:1,800 SF
Typical FAR: 0.75 to 2.0
Building Size: 100,000 to 350,000 SF
Parking Ratio: 1.2 per room

HOTEL CONFERENCE & EXHIBITION



Target Economic Sectors: Hotel & Accommodation
Typical Employment Density: 1:1,200 SF
Typical FAR: 0.5 to 1.0
Building Size: 300,000 to 600,000 SF
Parking Ratio: 1 per room + 1 per 1,500 SF conference space

Development Typologies

Industrial Definitions

Light Industrial:

- Light industrial facilities are typically smaller in footprint than heavy industrial facilities. They are used for a variety of functions, but the nature of the functions are typically cleaner and less energy intensive than heavy industrial. Ceiling heights are lower than heavy industrial. A light industrial building allocates more space to offices, warehousing, and distribution than heavy industrial. Light industrial also is less likely to have large storage yards outside of the building footprint. Light industrial can either be single tenant or multi-tenant buildings.

Heavy Industrial:

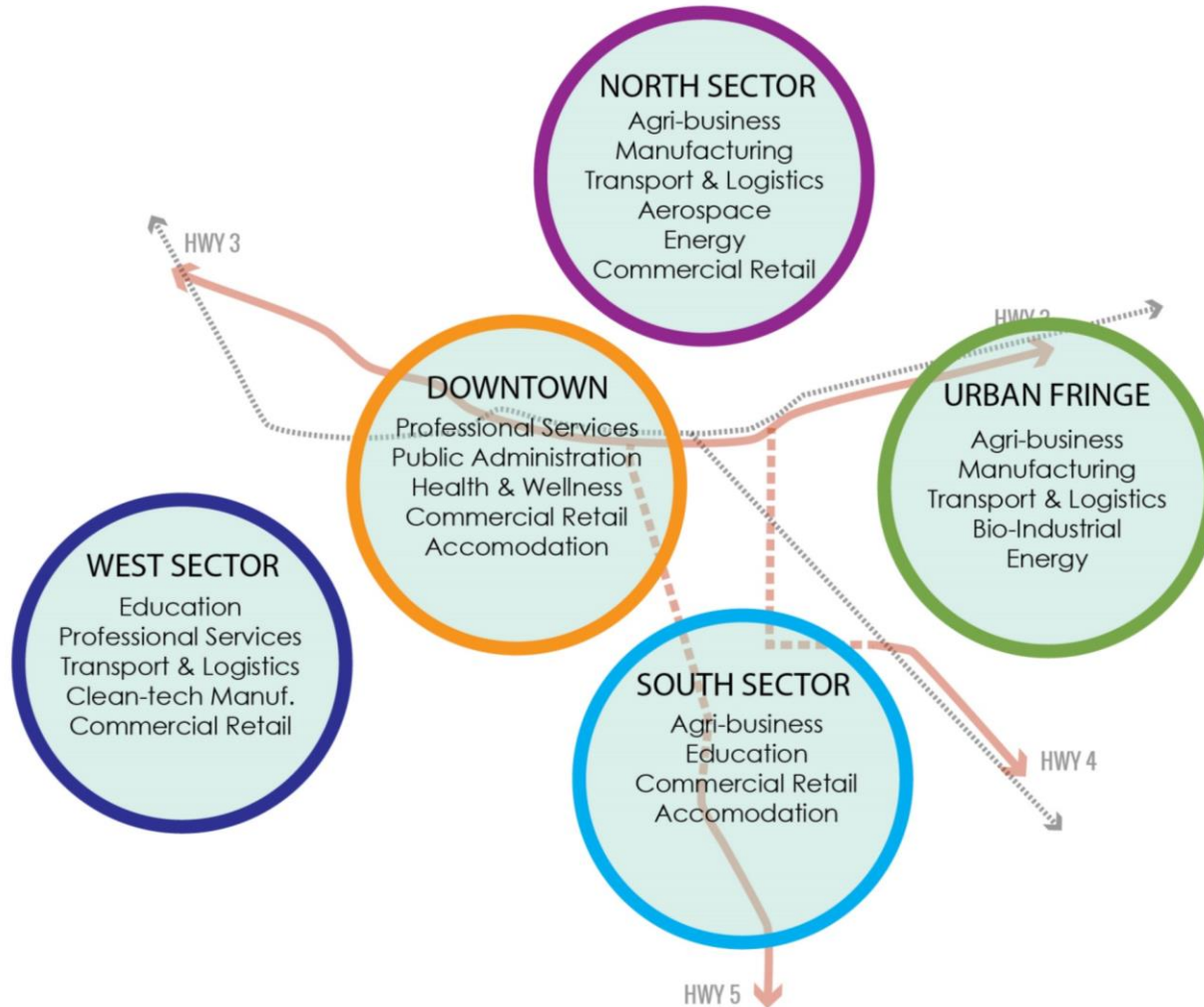
- Heavy industrial and manufacturing facilities are typically larger in footprint than light industrial facilities. They are used for a variety of functions, but can range from processing raw materials to standard manufacturing. Ceiling heights are higher than light industrial depending on requirements of the tenant. A heavy industrial building likely also allocates less space to office, with up to 90% dedicated to processing material or manufacturing. Finally, heavy industrial buildings have only one or two tenants.

13

Land Use Allocation

Economic Cluster Map

Figure 13.1 Economic Cluster Map



Recommended Land Use Program

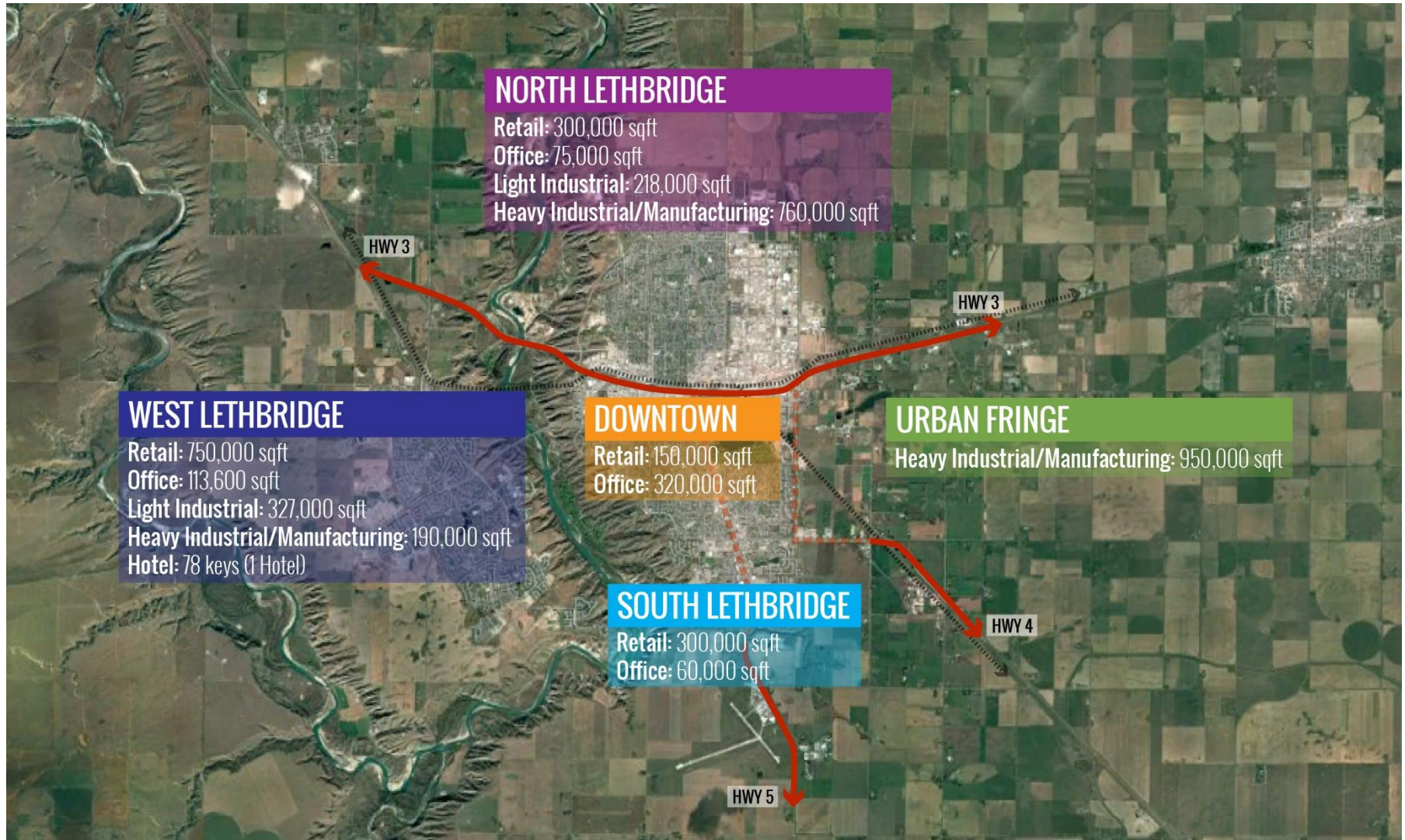
Table 13.1 Master Development Table

Land Use	North Sector	South Sector	West Sector	Downtown	Urban Fringe (County)
Office	75,000 SF	60,000 SF	113,600 SF	320,000 SF	-
Light Industrial	218,000 SF	-	327,000 SF	-	-
Heavy Industrial /Manufacturing	760,000 SF	-	190,000 SF	-	950,000 SF
Retail	300,000 SF	300,000 SF	750,000 SF	150,000 SF	-
Hotel	-	-	78 rooms	-	-

Note: New Gross Building Area is in addition to Existing Current Inventory.

Land Use Allocation

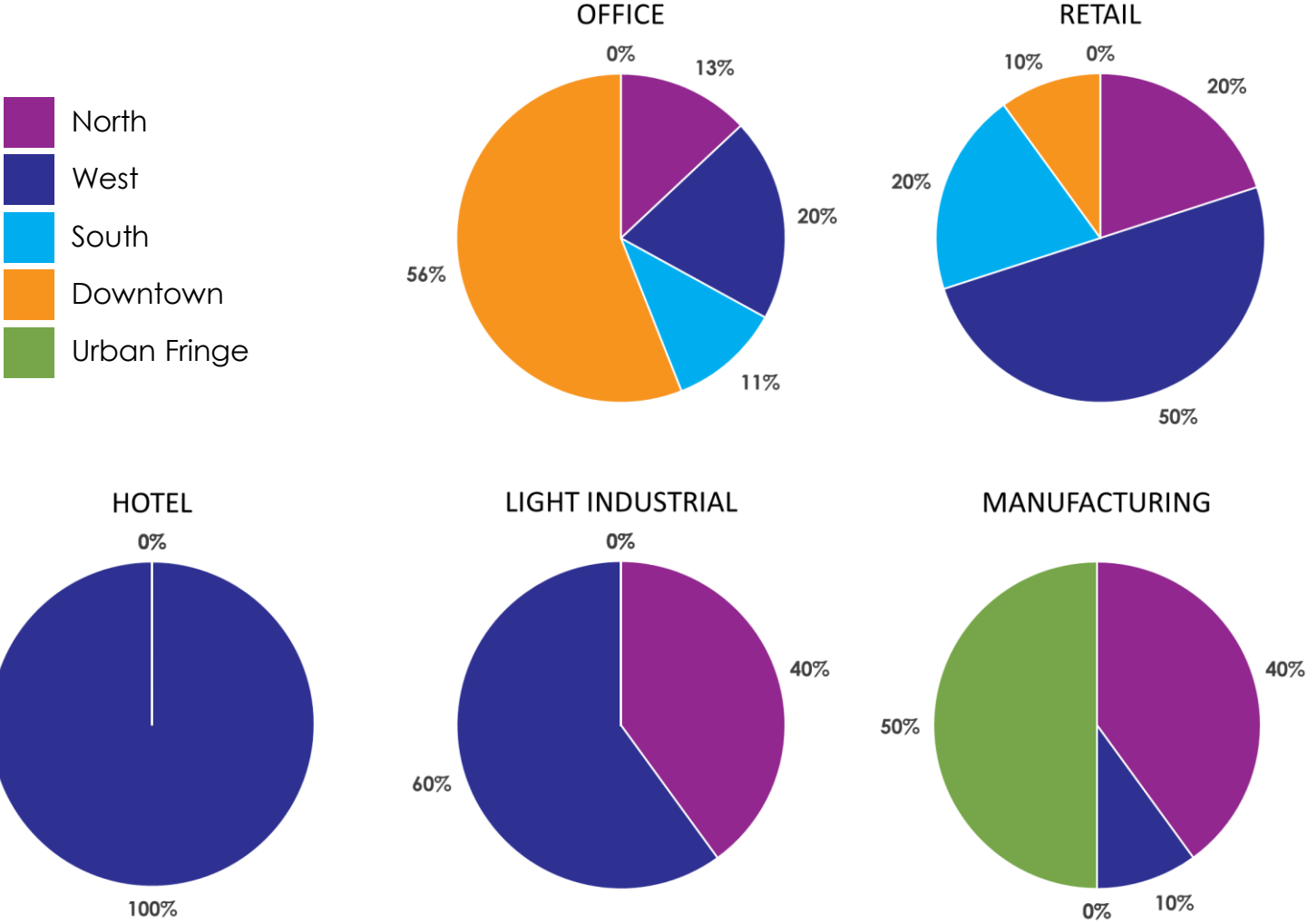
Figure 13.2 Land Use Allocation Map 2017-2037



Note: New Gross Building Area is in addition to Existing Current Inventory.

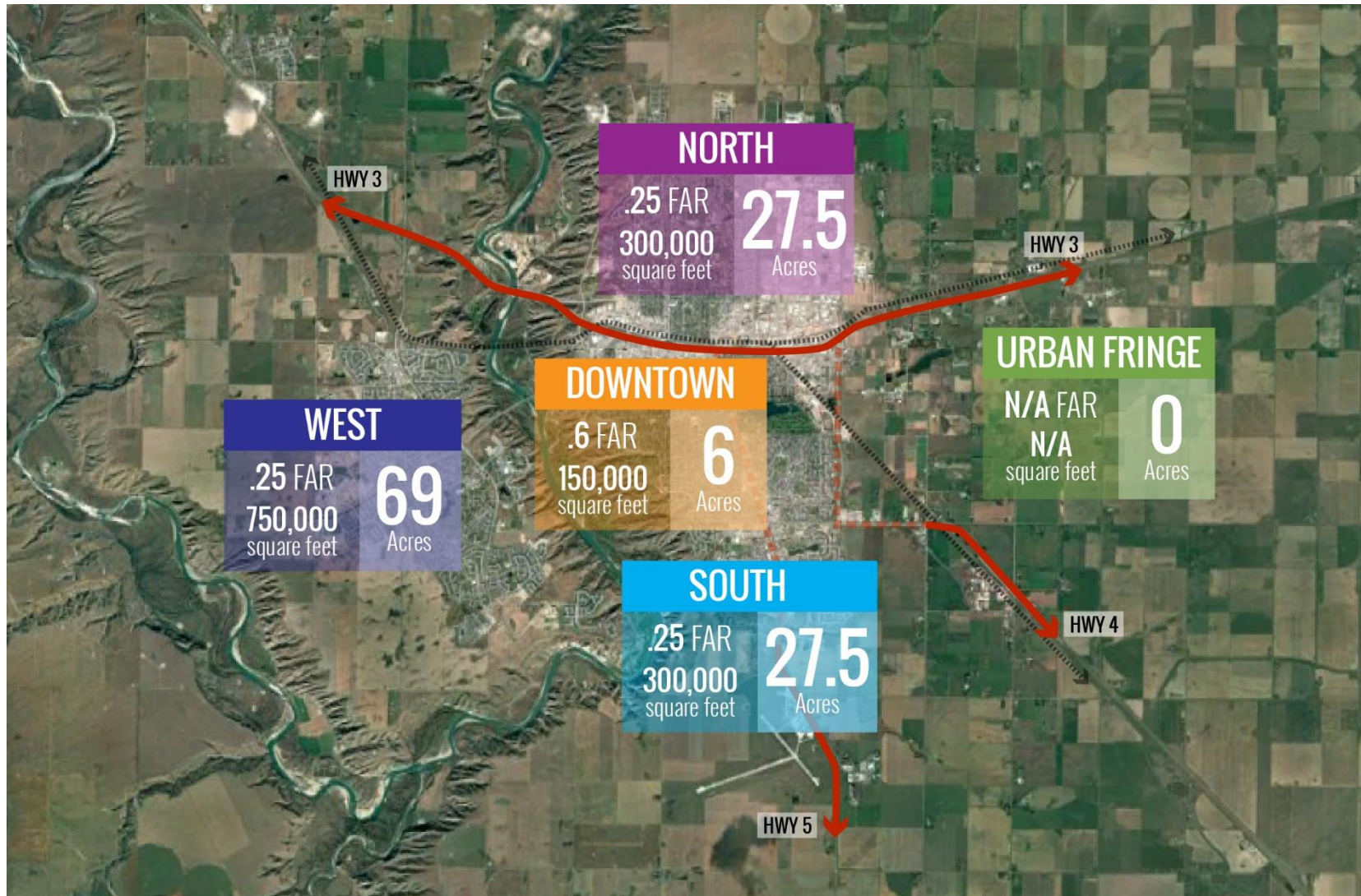
Land Use Allocation by City Sector (square footage)

Figure 13.3 Land Use Allocation by City Sector (square footage)



Land Use Distribution by Sector

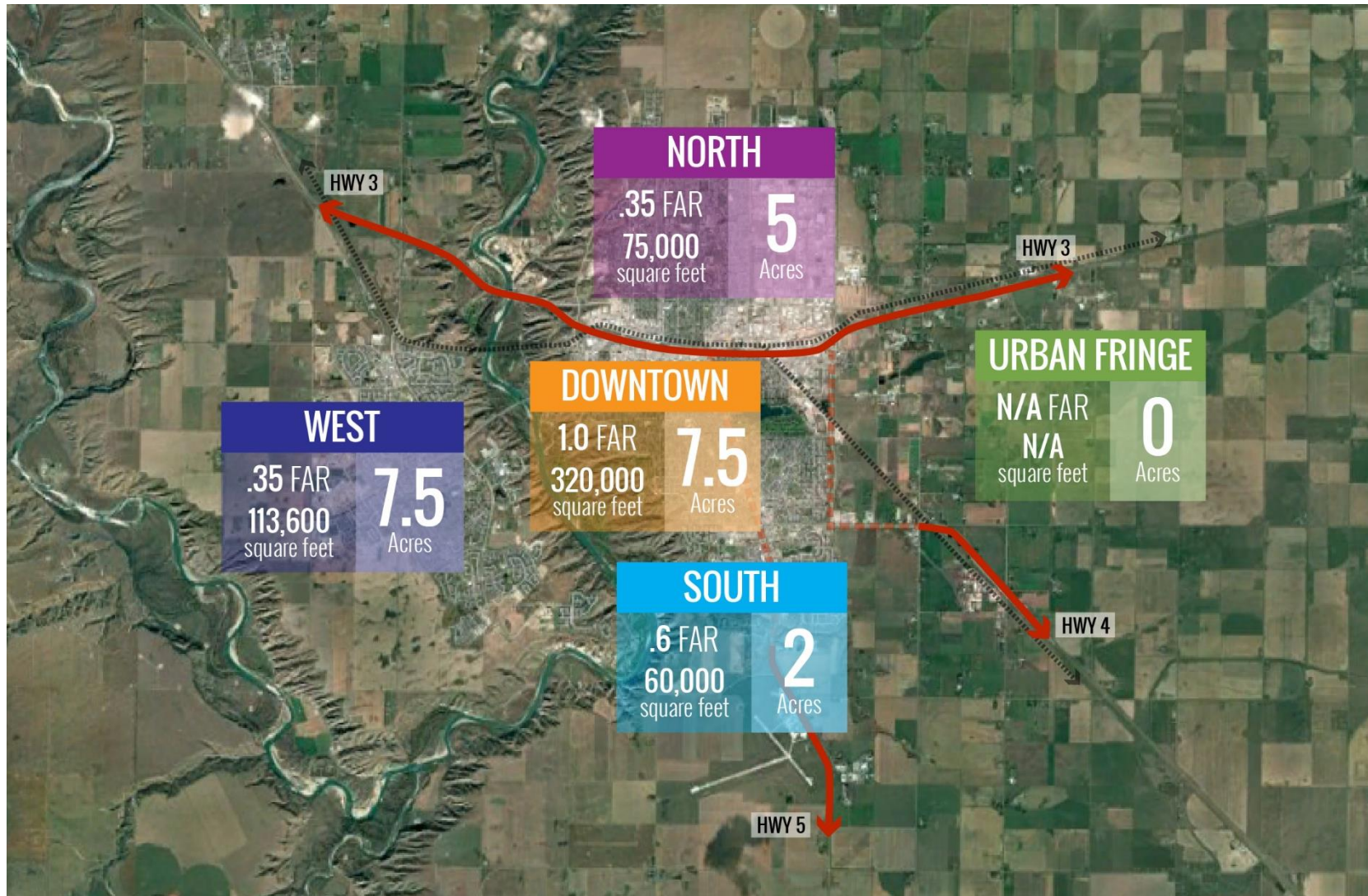
Figure 13.4 Retail Distribution by Sector 2017-2037



Note: New Gross Building Area is in addition to Existing Current Inventory.

Land Use Distribution by Sector

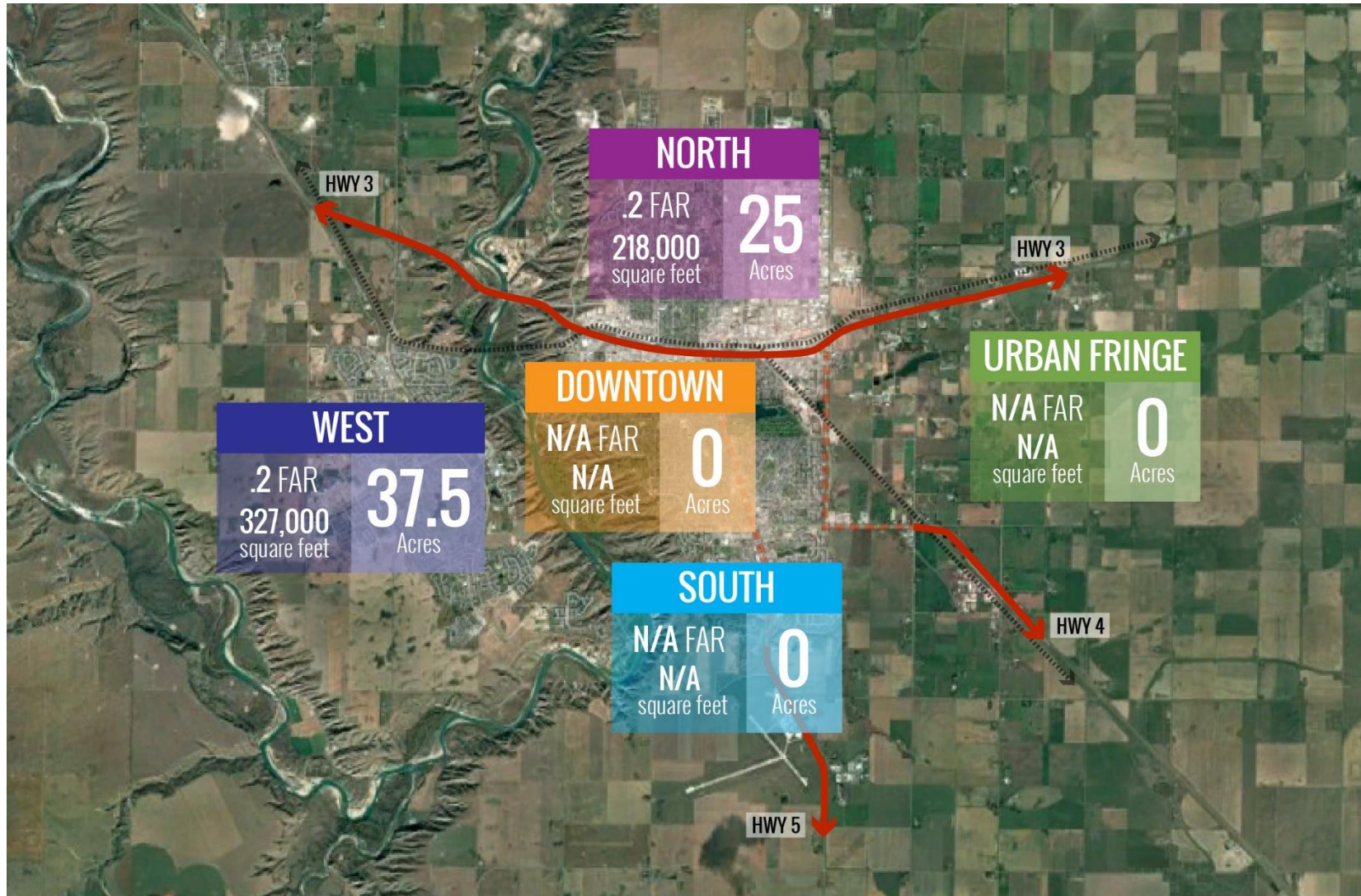
Figure 13.5 Office Distribution by Sector 2017-2037



Note: New Gross Building Area is in addition to Existing Current Inventory.

Land Use Distribution by Sector

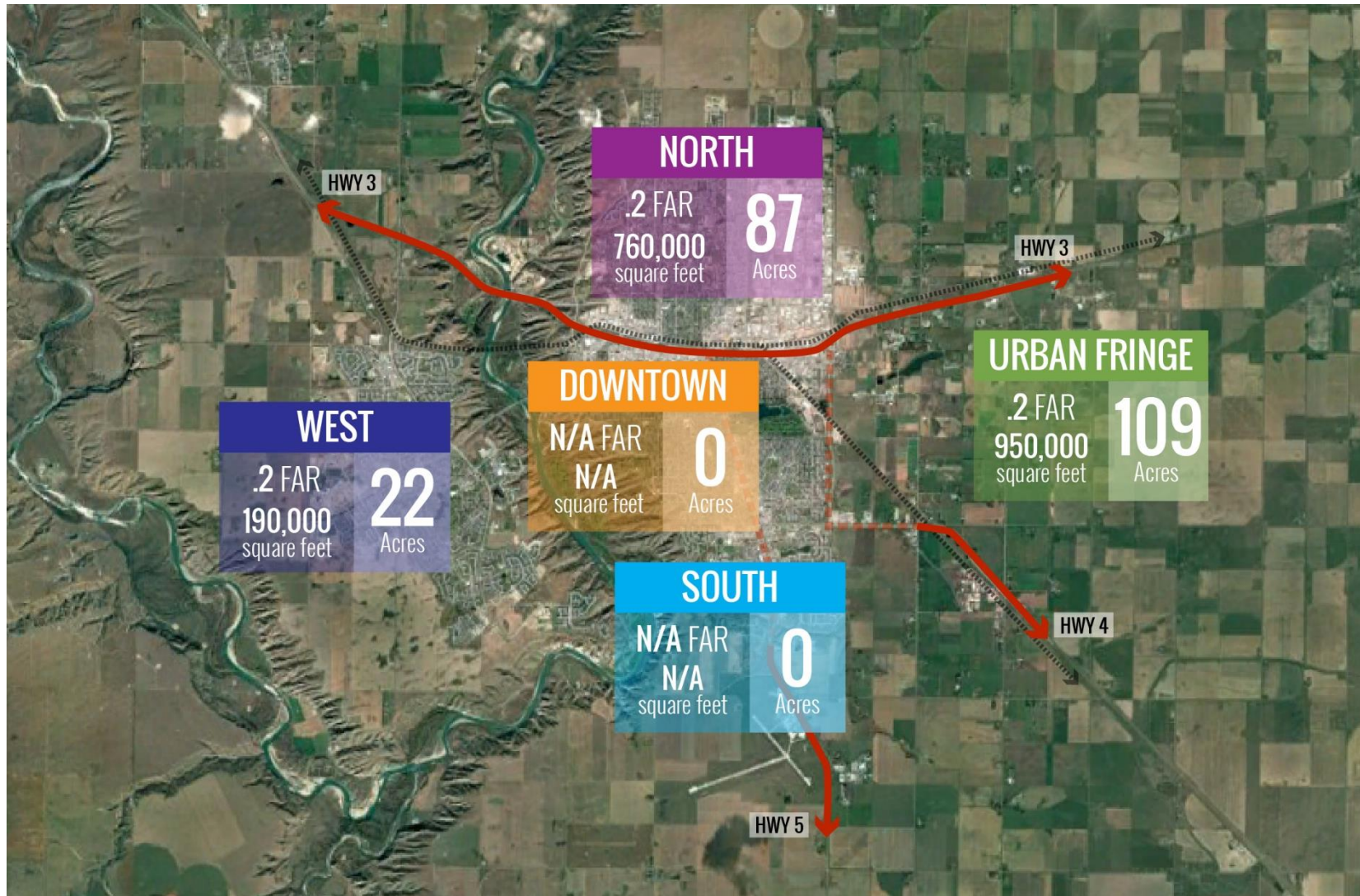
Figure 13.6 Light Industrial Distribution by Sector 2017-2037



Note: New Gross Building Area is in addition to Existing Current Inventory.

Land Use Distribution by Sector

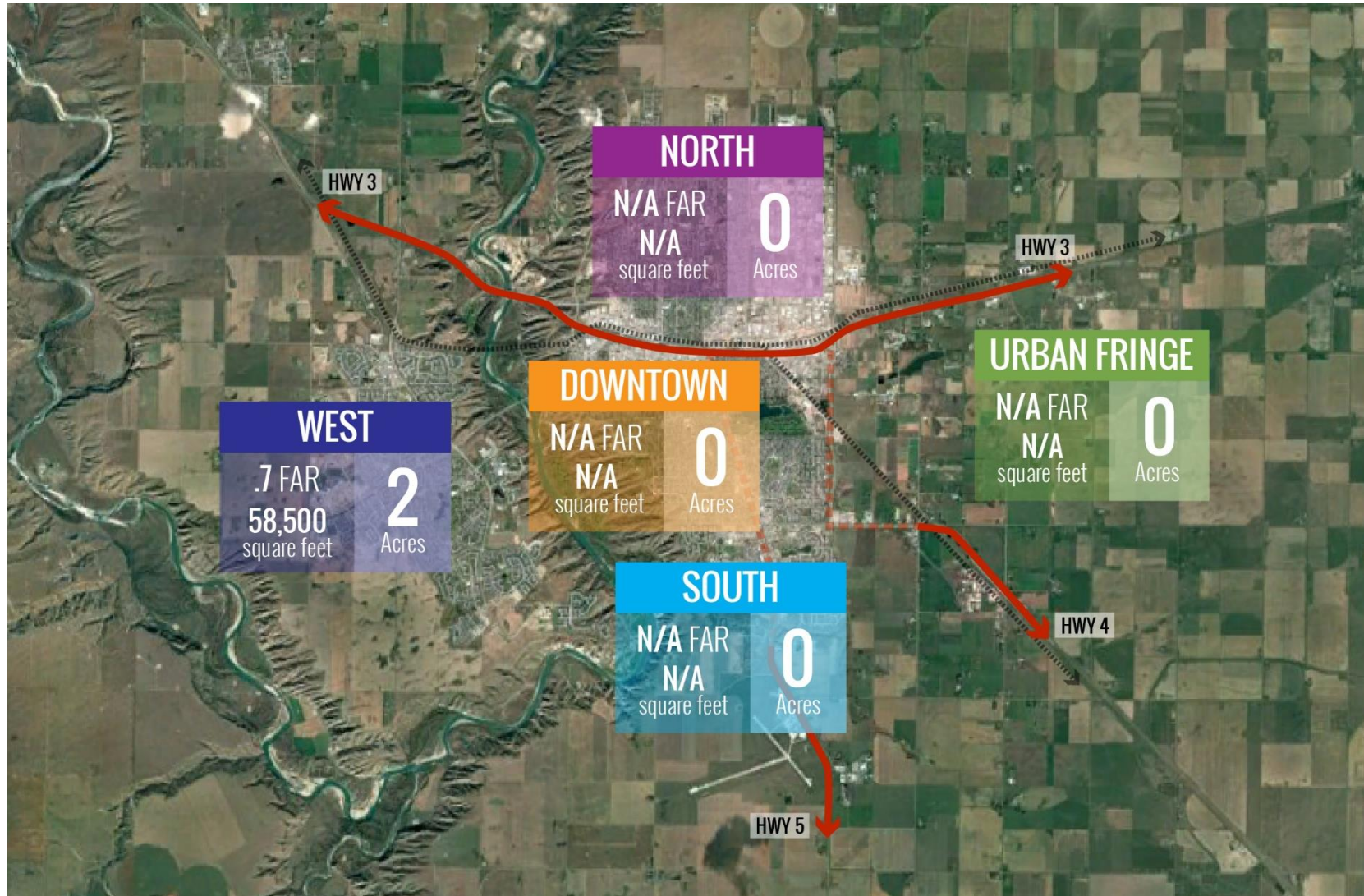
Figure 13.7 Heavy Industrial/Manufacturing Distribution by Sector 2017-2037



Note: New Gross Building Area is in addition to Existing Current Inventory.

Land Use Distribution by Sector

Figure 13.8 Hotel Distribution by Sector 2017-2037



Note: New Gross Building Area is in addition to Existing Current Inventory.

14

Positioning Strategy &
Catalytic Projects

Catalytic Projects

Introduction

- The purpose for catalytic projects in the Lethbridge are to:
 - Trigger development within an emerging or expanding economic sector;
 - Produce a project or development that will be beneficial to the region from a social or economic perspective (or both), and provide positive trickle down effects for the local community;
 - Increase skills training and entrepreneurship among young university and college graduates;
- Catalytic Projects have emerged from market research, best practices, and stakeholder interviews, and have been recommended on their potential for inducing development and economic growth in the region.
- Financial and development feasibility has not been conducted on the catalytic projects, and an economic impact analysis is recommended to determine the viability of each project. The next step for each catalytic project is to have an objective study of each project and includes:
 - Development Feasibility Analysis and Optimal Location Recommendation
 - Financial Feasibility Analysis & Economic Impact
 - Potential development cost scenarios

Catalytic Projects

Multi-purpose Performing Arts Centre & Convention Facility

Description & Rationale

- A multi-purpose Performing Arts Centre and Convention Facility will bring culture, the arts, and commerce into one building for the Lethbridge region. The City requires a new modern arts centre to replace the aging Yates Memorial Centre, and does not currently have a proper convention facility in the downtown core. By combining the two uses, which has become a popular development trend over the past decade, the City of Lethbridge will utilize economic efficiencies of only requiring the construction and operation of one building.
- The convention facility will be flexible to accommodate almost any event, from small meetings to large gatherings. This can include standard conventions, tradeshow, community programs, weddings, graduations, and other private events. The facility will offer an exhibit hall, smaller ballrooms, and private breakout rooms for added flexibility depending on the event.
- The performing arts centre will serve the arts & culture community for Lethbridge, providing a modern facility with excellent acoustics for a full range of performances such as dance competitions, plays, concerts, opera and symphony orchestra.

Recommended Size and Uses

- 10,000 to 20,000 square foot dedicated conference and event space including ballrooms and small breakout rooms.
- Multi-purpose studios for the arts and cultural community. Can also be used as small meeting spaces as required.
- Theatre with seating for 600 to 800 attendees. The theatre should be flexible to offer a range of various configurations depending on the event.
- Shared catering kitchens and concessions for the various events, whether they be for a convention, wedding, or performing arts.
- Boutique hotel may be feasible to assist in securing conventions.
- Feasibility of parking options (underground, structure, surface) should be investigated.



Catalytic Projects

Multi-purpose Performing Arts Centre & Convention Facility



Food Hub and Processing District

Description & Rationale

- The Food Hub and Processing District will act as a central element for the agri-business industry in southern Alberta. The food hub will model itself after successful food hubs that have established themselves in the United States (300+ to date). The Food Hub acts as a distribution centre and promotional tool for mid-sized and smaller farmers, growers, and producers who do not have large-scale distribution networks in place. The food hub connects these enterprises with grocery stores, restaurants, and other businesses to get their goods to market in an efficient fashion. Creating a partnership with the University of Lethbridge will be beneficial from a sustainable food systems perspective. Research can be conducted by the University to increase the viability and access to local food.
- The Processing District will be adjacent to the food hub, and offer added-value food processing to the raw agricultural goods of the southern Alberta region. Rather than ship the raw goods for processing to other areas of the province or country, it will be economically beneficial to attract companies that directly focus on using the raw goods that are grown/raised in the region. The expansion of Cavendish Farms potato processing plant into a new facility is a trigger for other companies to seriously consider the Lethbridge region. Proximity to raw goods has been noted as a locational advantage for processing, whether it be for edible consumption or other streams such as nutraceuticals.

Recommended Size and Uses

- The food hub and processing district should be located in an area with strong transportation linkages as well as available land for future growth.
- The food hub can be located in a re-purposed industrial building if a purpose-built building is financially unfeasible at initiation.
- Successful best practices demonstrate a building size of 40,000 to 60,000 square feet is optimal for a regional warehouse and distribution centre. Cold storage facilities are integral in keeping eggs, dairy, and protein items, along with unsold produce items fresh.
- The adjacent processing district will have build-to-suit buildings, but effort should be made to have the proper lot sizes and utilities available for an expedited construction and fit-out timeline.
- Effort should be made to include a diverse mix of businesses such as larger and smaller-scale processors, packing and canning, along with research and development facilities.

Catalytic Projects

Food Hub and Processing District



Catalytic Projects

Lethbridge Central Market

Description & Rationale

- Lethbridge has a burgeoning food scene that directly connects with the agri-business industry in the region. Food trends have moved towards cooking and eating locally produced food, giving a distinct advantage to the Lethbridge region. Rural South Carolina has become popular with tourists due to their “Lowcountry” food movement, championing local ingredients and supporting local farmers and restaurants.
- The Lethbridge Central Market will act as a catalyst for the “foodie” scene in the city. It will be a place where aspiring chefs and entrepreneurs can learn and grow a food-related business. The market will be completely dedicated to the culinary experience, from residents and tourists purchasing unique items from the craft food market, eating new dishes from food vendors, as well as young chefs beginning their careers at the incubator kitchens.
- Lethbridge Central Market will most optimally be located in a downtown location, or in the Lethbridge Innovation District. Single level, double-height, re-purposed industrial spaces are optimal for this development typology based on best practices from around North America. A partnership between Lethbridge College’s Culinary Institute, restauranteurs, local farmers, and a private developer can facilitate a successful and financially sustainable project.

Recommended Size and Uses

- 15,000 to 30,000 square foot space
- Re-purposed commercial or industrial building.
- 3 to 4 food stalls selling local culinary and handmade goods
- 6 to 10 food vendors
- Craft beer garden
- Commercial incubator kitchens with priority space for graduates of Lethbridge College Culinary Institute. Allow for food development but also small-scale food production.
- 2,500 to 5,000 square foot commissary for dry/cold storage and packing room.



Catalytic Projects

Lethbridge Central Market



Catalytic Projects

Lethbridge Innovation District

Description & Rationale

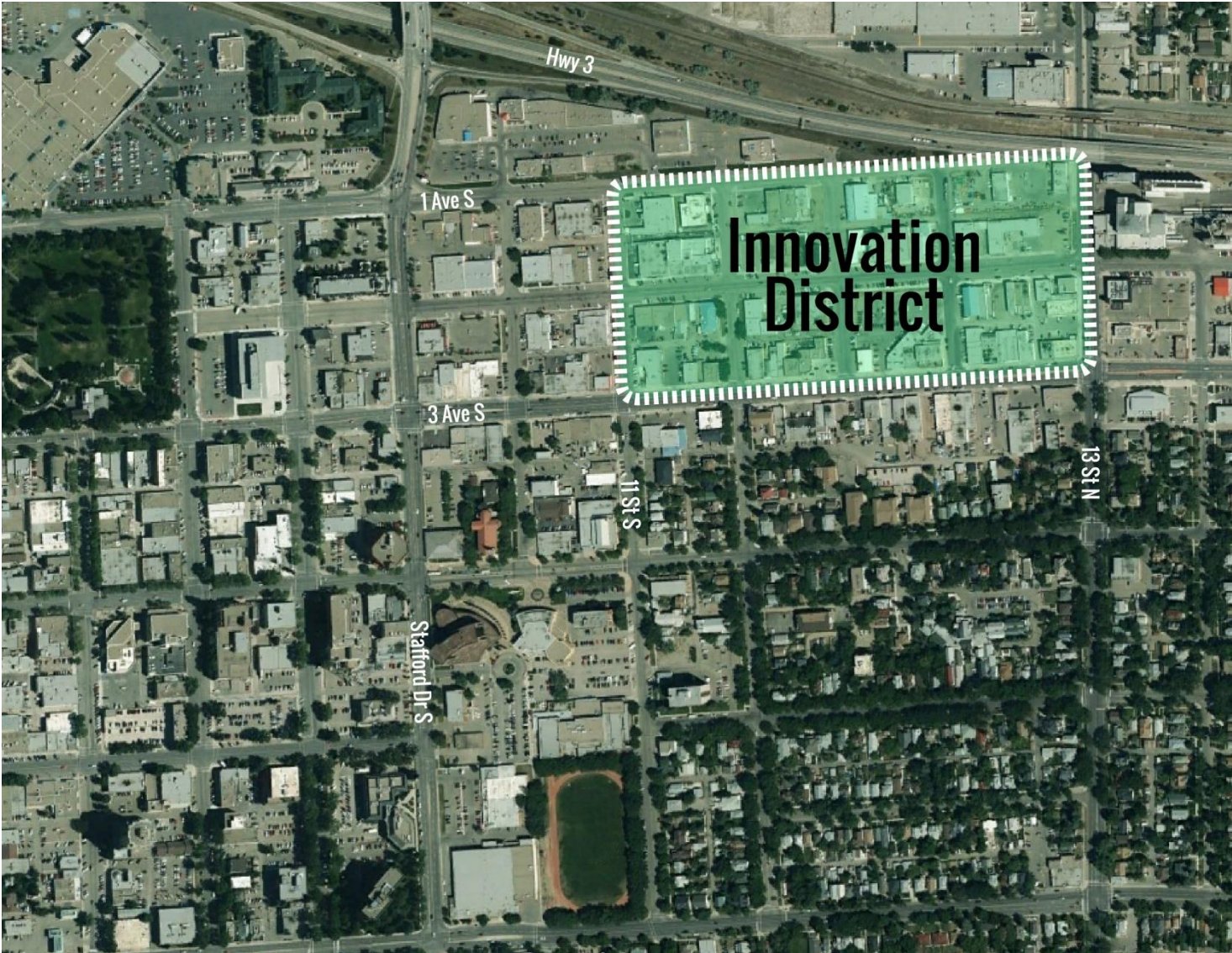
- The Lethbridge Innovation District will be an approximate 25 acre area directly east of downtown Lethbridge that will function as a hub for entrepreneurship, education, and innovation. Focused around established and growing economic sectors such as agri-business, technology, advanced manufacturing, bio-industrial, and life sciences, the innovation district will provide an environment that will foster growth for businesses graduating from Teconnect or RINSA (Regional Innovation Network of Southern Alberta), as well as progressive businesses looking for affordable space among like minded companies and individuals.
- Lethbridge currently does not have a core area of the city that provides a built and social environment for young entrepreneurs or start-up businesses. It has been noted by many sources and stakeholders that Lethbridge has difficulty in retaining graduates from both the University and College. Providing proper spaces and amenities in a walkable and dense environment, along with targeted incentive structures will attempt to reduce the “brain drain” that Lethbridge faces.
- A strategic partnership has already been formed between the City of Lethbridge and EDL to foster entrepreneurship, innovation, and align collaborative efforts amongst the local creative community. Intelligent YQL and the Intelligent Community Strategy Roadmap will help with the creation of the Lethbridge Innovation District.

Recommended Uses in Innovation District

- Multi-tenant office space
- Coworking office, lab, and workshop space
- “Innovation Centre” – cluster of incubators and innovation based organizations (existing and new)
- Food & Beverage (cafes, bars, craft breweries and distilleries, grab and go lunch, etc.)
- Mixed-use residential with a mix of for-purchase and rental units



Catalytic Projects



Catalytic Projects

Lethbridge Innovation District



Development Sector Profile - WEST

West Sector

- The west Lethbridge sector will see a large amount of development in the next twenty years, both from a residential and commercial / industrial standpoint. With a large percentage of future residential growth expected in the west sector, retail and services will be primary drivers of commercial development. Future retail will have a more pedestrianized look and feel, based around retail villages and neighborhood centres. Big box stores, if developed, should concentrate on the north side of the sector, potentially along University Drive in the West Lethbridge Employment Centre.
- Employment growth will be focused on the West Lethbridge Employment Centre. Development in this area will focus towards multi-tenant office, light industrial (logistics, warehousing, etc.), flex, as well as clean-tech manufacturing. Heavy industrial uses are not recommended for the West Lethbridge Employment Centre. A wide variety of parcel sizes is important to ensure flexibility to potential end-user tenants. Logistics users would have preference for easy ingress and egress onto Hwy 3 going westbound.
- Retail and services that function to support the employees on a daily basis would be beneficial. Employment areas of the west sector should be developed in a higher density fashion than development in the north sector. Smaller setbacks, higher site coverage, greenways, and mobility networks for cars, trucks, pedestrians, and cyclists would create a business park “built-form” that is becoming more prevalent.

- Due to the projected growth of the west, it is recommended that the next hotel constructed be located in this sector. A 3-star select service hotel would be optimally located either adjacent to Crossings Development, or close to the University of Lethbridge.

Economic Clusters – Established and Emerging



Education



Professional Services



Transport + Logistics



Clean Tech Manufacturing



Commercial Retail

Employment Projections (2017-2037)

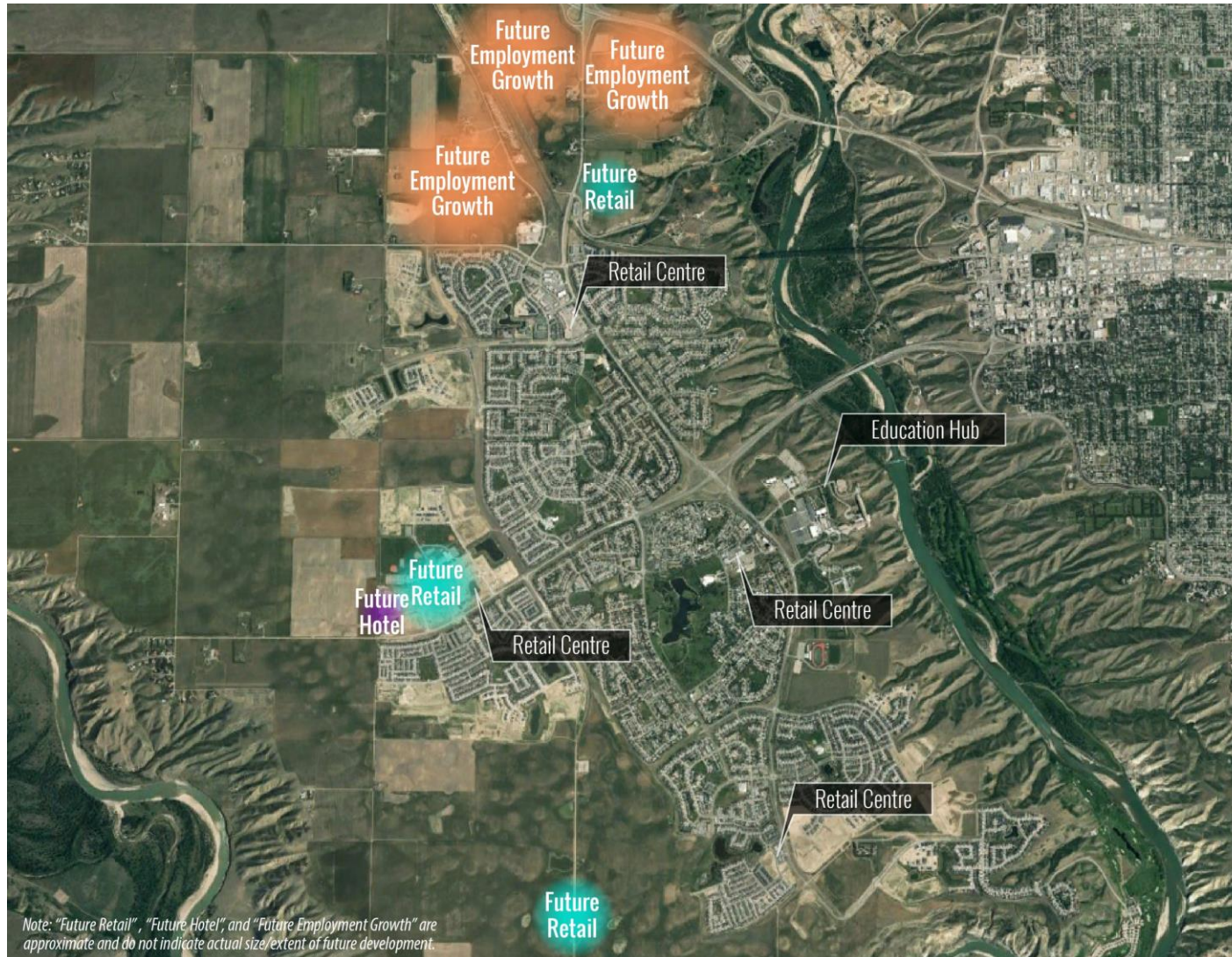
- Office: 379
- Light Industrial: 545
- Manufacturing: 190
- Retail: 1,875
- Hotel: 39

TOTAL

3,028

Development Sector Profile - WEST

Figure 14.1 West Sector Development Profile



2017-2037

Retail

750,000 SF
(.2 FAR, 69 acres)

Office

113,600 SF
(.35 FAR, 7.5 acres)

Light Industrial

327,000 SF
(.2 FAR, 37.5 acres)

Manufacturing

190,000 SF
(.2 FAR, 22 acres)

Hotel

78 rooms (1 hotel)
(.7 FAR, 2 acres)

Development Sector Profile - WEST



Recommended Development Typologies

- Retail Village
- Neighborhood Retail
- Big Box Retail / Power Centre
- Mixed-Use Commercial
- Campus Office
- Multi-Tenant Office
- Flex Business Park
- Light Industrial
- Manufacturing
- Hotel / Accommodation

Development Sector Profile - NORTH

North Sector

- The north Lethbridge sector is projected to be the second largest growth area of development over the next twenty years. Residential development will continue to expand northwards towards the 62nd Avenue border, and with it, neighbourhood retail will follow to provide daily conveniences and services. The build-out of the SmartCentres Lethbridge North shopping centre is also expected to be absorbed into the market in the coming years.
- The build-out of Sherring Business & Industrial Park will be the primary area for employment growth in the north sector. The recent announcement of the new Cavendish facility will anchor the north side of the industrial park. It is recommended that the City continue with similar development patterns in Sherring Business & Industrial Park, with continuing focus towards primary economic clusters such as agri-business, manufacturing, transportation and logistics, aerospace, and energy.
- There are opportunities for infill and redevelopment in Shackleford and Churchill Industrial Park due to lower densities and an older industrial stock. Many industrial buildings are projected to become obsolete over the next twenty years, and the City should be conscious of having plans in place that will allow land owners to revitalize their properties, thus having an industrial stock that is able to attract and retain business.

- The 13th Street Corridor is envisioned as a future mixed and multi-use corridor that integrates retail, employment, and residential in a walkable and vibrant environment. It is recommended that density increase along the corridor, with two to four level mid-rise buildings incorporated into the streetscape.

Economic Clusters – Established and Emerging



Agri-business



Manufacturing



Transport +
Logistics



Aerospace



Energy



Commercial
Retail

Employment Projections (2017-2037)

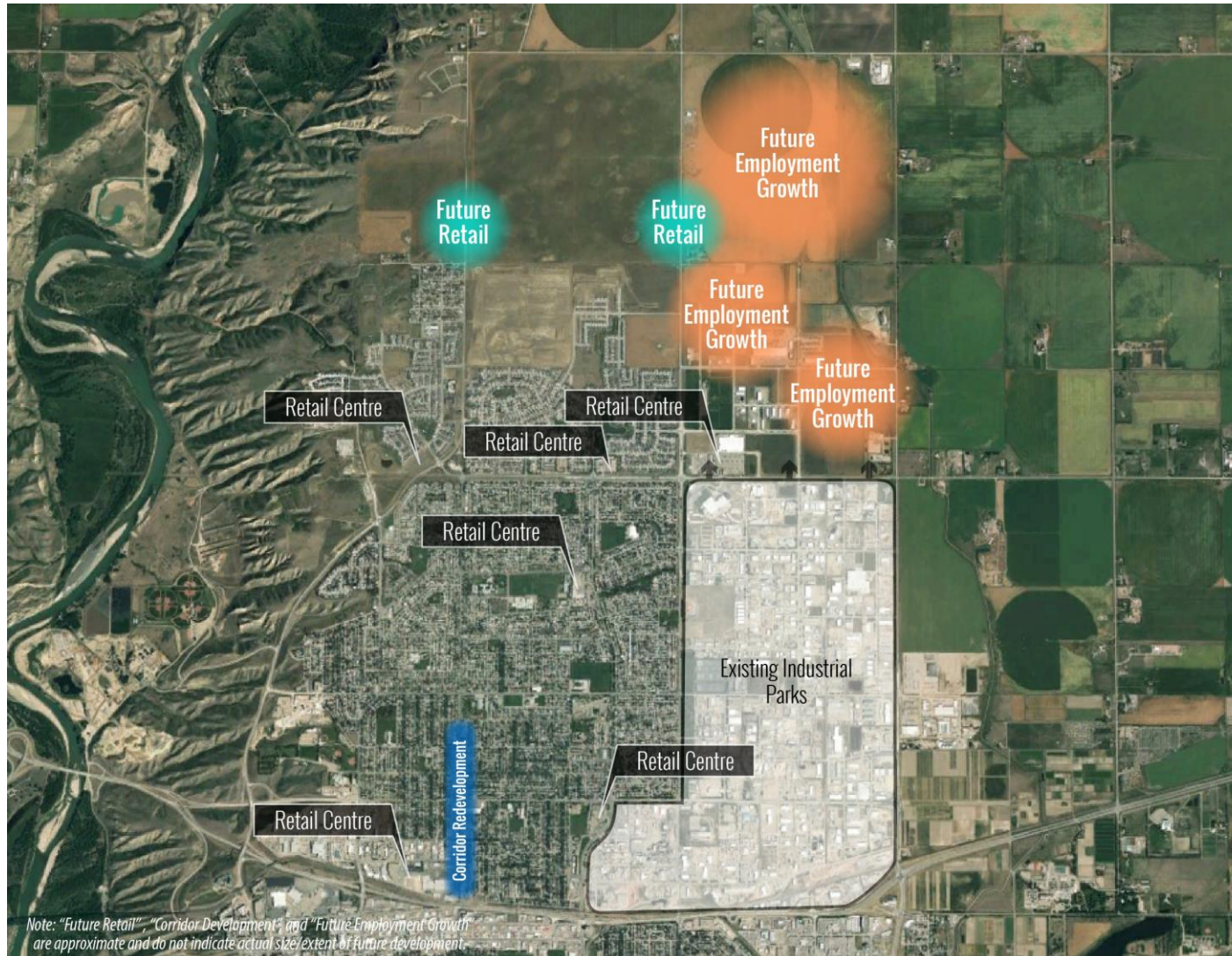
- Office: 250
- Light Industrial: 363
- Manufacturing: 760
- Retail: 750

TOTAL

2,123

Development Sector Profile - NORTH

Figure 14.2 North Sector Development Profile



2017-2037

Retail

300,000 SF
(.2 FAR, 27.5 acres)

Office

75,000 SF
(.35 FAR, 5 acres)

Light Industrial

218,000 SF
(.2 FAR, 25 acres)

Heavy Industrial / Manufacturing

760,000 SF
(.2 FAR, 87 acres)

Hotel

N/A

Development Sector Profile - NORTH



Recommended Development Typologies

- Retail Village
- Neighbourhood Retail
- Destination Attraction & Entertainment
- Multi-Tenant Office
- Mixed-Use Commercial (redevelopment corridor)
- Flex Business Park
- Light Industrial
- Heavy Industrial / Manufacturing
- Logistics / Warehouse + Distribution
- Temperature Controlled Distribution Facility

Development Sector Profile - SOUTH

South Sector

- The South Sector currently has the largest supply of retail space in Lethbridge and Mayor Magrath is a primary shopping destination that includes major big box stores such as Superstore, Costco, and Best Buy. This established commercial area limits the amount of potential future retail in the area. Future retail will follow the development pattern of the big box format, but there are opportunities for smaller neighbourhood retail as residential development grows into the southeast quadrant of the sector.
- Major employment outside of Lethbridge College and the WT Hill Business Park is limited in the south sector. Future office space will be located either in office over retail, or smaller multi-tenant office buildings. The Innovation District directly east of downtown is recommended to absorb the majority of projected office-based employment growth in the south sector. The Innovation District is noted as a redevelopment area that will revitalize and densify into a vibrant mixed-use neighbourhood. The district will be home to creative entrepreneurs within various economic sectors such as the arts, tech, light manufacturing, agri-business, and retail. Not only an employment area, the district will have residential incorporated into the employment area, providing affordable housing for local workers.
- Light Industrial development in the Southeast Area Structure Plan is recommended to be constructed beyond the 20-year time horizon of this study.

- Mayor Magrath Drive between 24th Ave S and Parkside Drive is also recommended as a redevelopment area. Several major retail properties in the designated area are prime for modernization and intensification of uses. Mayor Magrath is expected to continue to be an auto-oriented built-environment, however future redevelopments should be built to create a more pleasing streetscape.

Economic Clusters – Established and Emerging



Agri-business



Education



Commercial
Retail



Accommodation

Employment Projections (2017-2037)

- Office: 200
- Retail: 750

TOTAL

950

Development Sector Profile - SOUTH

Figure 14.3 South Sector Development Profile



Note: "Future Retail", "Corridor Development", and "Potential Redevelopment Area" are approximate and do not indicate actual size/extent of future development.

2017-2037

Retail

300,000 SF
(.25 FAR, 27.5 acres)

Office

60,000 SF
(.6 FAR, 2 acres)

Light Industrial

N/A

Heavy Industrial / Manufacturing

N/A

Hotel

N/A

Development Sector Profile - SOUTH



Recommended Development Typologies

- Big Box Retail / Power Centre
- Neighbourhood Retail
- Multi-Tenant Office

Development Sector Profile - DOWNTOWN

Downtown Sector

- Lethbridge is a primary urban centre for southern Alberta, and downtown Lethbridge is the core of the city. It will continue to be the hub for commerce, public services and healthcare, along with shopping, dining, entertainment, and the arts.
- The City should encourage mixed-use infill development that is compatible with existing uses to improve the vibrancy and pedestrian-nature of downtown. There are several areas in downtown that have opportunities for higher and better uses, increasing density through retail, office, and residential. Low-rise two to six story buildings are recommended for the redevelopment and infill parcels, allowing the City to maintain a scale of development that is conducive to a comfortable pedestrian environment. The City should also encourage adaptive re-use of older buildings, reusing existing structures for cost-saving purposes, but also maintaining the historic nature of certain historically sensitive buildings. The re-use of older historic buildings will attract tenants such as health & wellness, professional services, and small tech companies.
- The potential for downtown Lethbridge to have a new multi-purpose performing arts and convention facility will create a destination for culture and business in the region. The centre will act as a catalyst for further private investment in the area, enabling re-investment into downtown hotel properties and creating demand for new shopping and dining options.

- The City should continue to pursue the policies and goals set in the *Heart of Our City* and *Downtown Redevelopment Plan*. Following a “Raise the Bar” approach of accelerating higher development standards in the near term would be beneficial for Lethbridge. The transformation of downtown will become a large part of Lethbridge’s future identity, acting as an amenity package for residents and businesses new to southern Alberta.

Economic Clusters – Established and Emerging



Professional Services



Public Administration



Health & Wellness



Commercial Retail



Accommodation

Employment Projections (2017-2037)

- Office: 1,068
- Retail: 375

TOTAL

1,443

Development Sector Profile - DOWNTOWN

Figure 14.4 Downtown Sector Development Profile



Note: "Potential Redevelopment Areas" are approximate in size and are only meant to identify areas with redevelopment potential.

2017-2037

Retail

150,000 SF
(.6 FAR, 6 acres)

Office

320,000 SF
(1 FAR, 7.5 acres)

Light Industrial

N/A

Heavy Industrial / Manufacturing

N/A

Hotel

N/A

Development Sector Profile - DOWNTOWN



Recommended Development Typologies

- Mixed-Use Commercial
- Main Street Commercial
- Multi-Tenant Office
- Multi-Purpose Performing Arts + Convention Facility
- Central Market



Development Sector Profile – URBAN FRINGE

Urban Fringe

- The Urban Fringe sector will continue to focus towards manufacturing-based industries. Primary sectors include agri-business, light and heavy manufacturing, transportation and logistics, and bio-industrial. Future industrial employment growth over the next ten to fifteen years is recommended to be primarily within the Rave and Broxburn development nodes.
- The adjacency of Rave Industrial Park next to established industrial parks such as Shackelford and Churchill provide a natural progression for industrial development into Lethbridge County. The parks close proximity to daily services for employees, along with utility connections will be advantageous for future industrial tenants in Rave. Multiple parcel sizes should be available for smaller and larger tenants,
- Broxburn Industrial Park is located directly along Highway 3 and provides an excellent locational advantage. The County should target agri-business, warehouse, and logistics companies who require strong transportation connections and linkages to various clients throughout the region. Broxburn Industrial Park could be an ideal location for the Food Hub and Processing District if the catalyst project is located within the County*. The County should encourage future tenants of Broxburn to create pleasing building facades to enhance the visual nature of the Industrial Park, set by the precedent of Western Tractor.

**A feasibility study and an intermunicipal agreement would be required to assess the viability of these opportunities.*

- Stewert Siding Industrial Park will see value in future industrial development once the vision for the CANAMEX corridor is fully realized. It is also advantageous to build out Steward Siding in a similar timeline to that of southeast Lethbridge employment area, which is projected towards the end of the twenty year timeline. Finally, Duncan Industrial Park would benefit from increased passenger and cargo traffic at Lethbridge Airport to fully realize its potential.

Economic Clusters – Established and Emerging



Agri-business



Manufacturing



Transport +
Logistics



Bio-Industrial

Employment Projections (2017-2037)

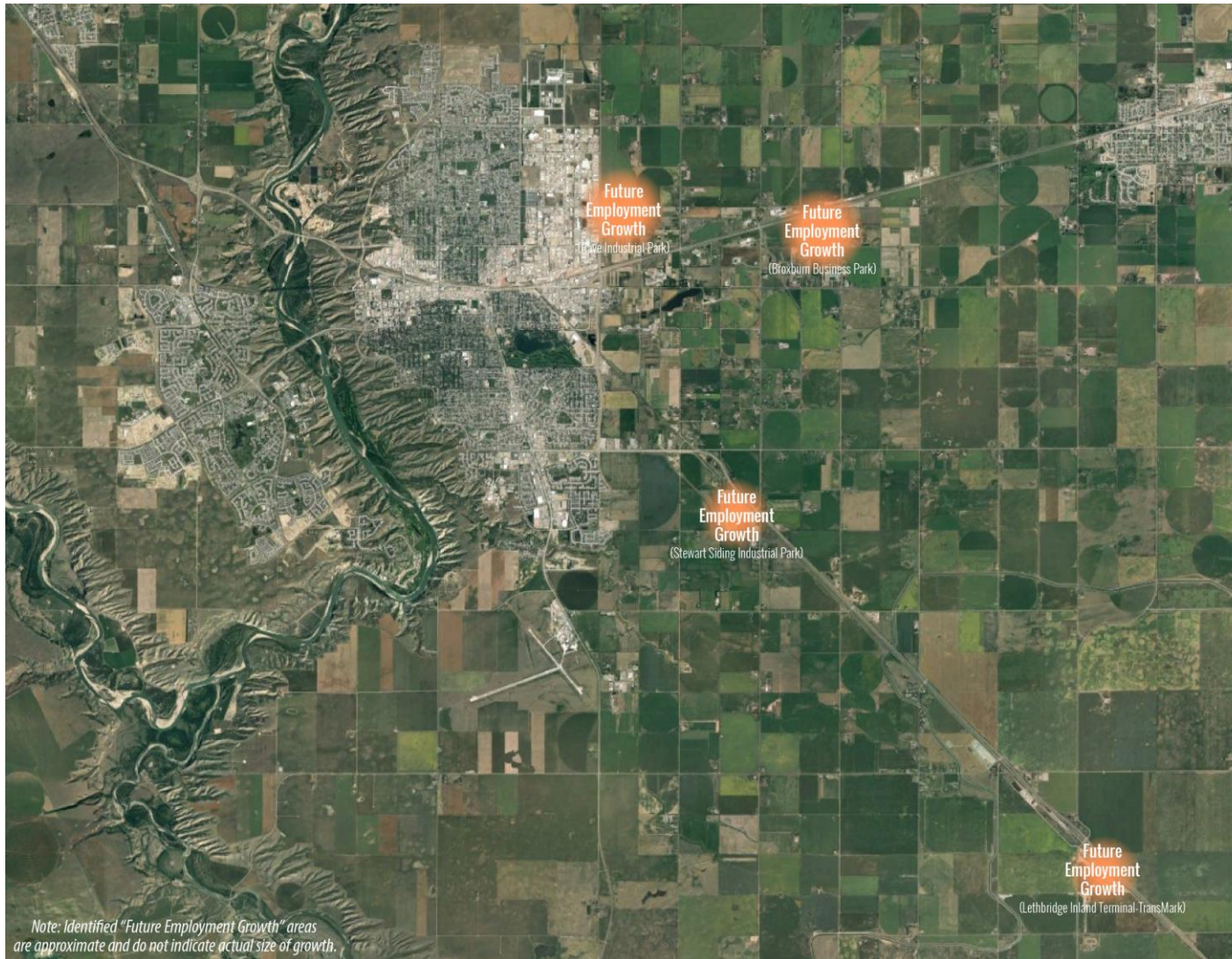
- Manufacturing: 950

TOTAL

950

Development Sector Profile – URBAN FRINGE

Figure 14.5 Urban Fringe Sector Development Profile



2017-2037

Retail
N/A

Office
N/A

Light Industrial
N/A

Heavy Industrial / Manufacturing
950,000 SF
(.2 FAR, 109 acres)

Hotel
N/A

Development Sector Profile – URBAN FRINGE



Recommended Development Typologies

- Heavy Industrial / Manufacturing
- Food Hub / Agri-Processing Cluster
- Temperature Controlled Distribution Facility
- Bio-Industrial Facility
- Warehousing

15

Policy Recommendations & Action Items

Policy Recommendations & Action Items

Action Plan

- The Lethbridge Commercial & Industrial Development Study Action Plan is a supplementary document that is attached in Appendix A of this report. The Action Plan summarizes the research and recommendations of the Commercial & Industrial Development Study into a time-based strategy document. The Action Plan is separated into six different sections:
 1. Lethbridge Region (action items that have a general effect over the entire region and do not fit into a specific sector)
 2. West Sector
 3. North Sector
 4. South Sector
 5. Downtown Sector
 6. Urban Fringe (Lethbridge County)
- There are five distinct action item categories:
 1. Governance (typically items that require study / further research)
 2. Transportation & Infrastructure
 3. Catalytic Project
 4. Land Development
 5. Marketing & Branding
- The Action Plan has been created in a way that a user can view the recommended timing for a certain action item. Certain action items such as land development can occur across the entire time-spectrum since development is not a singular event. For example, retail in the west sector is recommended across short, medium, and long term; while Hotel is only recommended as a long term initiative due to recent absorption in the Lethbridge hotel market.
- Another important note is that the *Food Hub & Processing District* catalytic project is listed in both the North Sector and Urban Fringe. This is due to the fact that a feasibility study is recommended to determine the optimal location of this project.
- The following pages provide policy recommendations and direction for various action items. They are united in five distinct themes:
 1. Collaboration & Competition*
 2. Redevelopment & Densification
 3. Innovation & Education
 4. Zoning
 5. Marketing & Promotion

**Cooperation refers to cooperation meets competition and implies the collaboration between business competitors, in the hopes of mutually beneficial results.*

Policy Recommendations & Action Items

Collaboration & Coopetition

- **CONTINUE COLLABORATIVE GOVERNANCE** - To remain competitive from a business and development perspective, the Lethbridge region requires continued effort on collaborative governance. Barriers should be identified that could potentially be inhibiting economic development or innovation initiatives. The City of Lethbridge, Lethbridge County, and Economic Development Lethbridge (EDL) must have continued discourse on the future growth of the region, and the capability of a transparent process on local development, job growth, transportation and servicing infrastructure that will benefit the “greater good” of the region. The need for coopetition rather than competition between the City and County is required to reach new global markets and can be a powerful tool in developing a strong business strategy. Maintaining solid partnerships with various jurisdictions in the Lethbridge area will also allow for better decision making that may have the potential to affect the entire region.

- **EXPLORE EXPEDITED DEVELOPMENT APPROVALS PROCESS** - A review of the development application and approvals process to understand whether efficiencies could be made would be highly strategic. The creation of an expedited development approvals process for developments that meet a certain criteria established by the City can create awareness of a positive business climate that looks to foster growth within the region. This would be most ideal in the recommended redevelopment corridors (Mayor Magrath Drive & 13th Street) where City staff could push through proposals that line up with the established vision of the area.
- **CONTINUE TO LEVERAGE ECONOMIC DEVELOPMENT LETHBRIDGE (EDL)** - Continue to support the sustainability of Economic Development Lethbridge to act as a “one-stop shop” or portal for new businesses and developers entering the region. Representatives of EDL should continue to be well versed with the development opportunities available, the recommended economic clusters that are being pursued (both short and long term), and potential local and provincial incentives / programs that are available. This approach will aim to further stimulate commercial and industrial development in the Lethbridge region while fostering community growth at the same time.



CITY OF
Lethbridge



Economic Development

LETHBRIDGE

Policy Recommendations & Action Items

Collaboration & Cooperation

- **ESTABLISH COLLECTIVES** - The “Heart of our City” Committee was established to support the revitalization of downtown Lethbridge and ensure that the Heart of Our City Master Plan is properly implemented. The success of this committee can lead into the creation of strategic “collectives” which would be committees that focus on a very specific interest or goal. These collectives should be strengthened by stakeholders who will be able to fully commit to the work required to develop and implement plans to reach the goals and objectives of the collectives. Several collectives will be introduced in following sections of the Policy & Recommendations.



- **DEVELOP CHAMPIONS PROGRAM** - EDL, the City, and County develop a “Champions” program that will identify key stakeholders who will act as ambassadors to promote the region from an economic and development standpoint across Alberta and globally. The Lethbridge region has a well diversified economy, and having selected Champions promote the Selected champions should be from various backgrounds such as public and private sector entities. The Champions program will leverage the expertise of private businesses and community leaders who understand the strengths of the region and how to leverage these strengths as a promotional tool for business and job growth.
- **CONDUCT CATALYST PROJECT FEASIBILITY ANALYSES** - Feasibility analyses are recommended for the catalytic projects to determine an optimal business case for each project. The feasibility analysis should include (but not be limited to) greater research and detail on how such a catalytic project will be implemented, case study precedents, potential locations, partnerships required, and a basic financial model into development and operational costs.

Policy Recommendations & Action Items

Redevelopment & Densification

- **ENCOURAGE AND PRIORITIZE REDEVELOPMENT AND DENSIFICATION** - A large amount of commercial development in North American cities is considered 1st generation development. This is development that was previously built on greenfield sites, primarily during the post-war construction boom. Lethbridge is similar to many Western Canadian cities, where parcels of 1st generation development are nearing the end of their development life-cycle. Opportunities exist to re-imagine and redevelop these areas into new and exciting places for local residents to live, work, and shop.
- Lethbridge has two primary areas outside of the downtown area for redevelopment, Mayor Magrath Drive (between Parkside Drive and 24th Avenue) and 13th Street N (between Hwy 3 and 8th Avenue). These corridors currently have prime sites for redevelopment, and should be viewed as redevelopment focus areas over the next twenty years. While not all parcels within the corridors are to be considered for redevelopment, the city should plan for and promote densification and repurposing of uses.
- There are many benefits to redevelopment initiatives. These include:
 - Creating commercial and mixed-use spaces that have the ability to attract new and exciting tenants;
 - Reducing the need for greenfield development and urban sprawl;
 - Utilizing existing utilities, infrastructure, and transportation networks;
 - Reducing blighted properties, improves public safety, and reduces crime;
 - Increasing property tax revenue to the City through densification;
 - Infill and repurposing of buildings is considered as a sustainable planning and development initiative;
- Work with key property owners who possess large sites along the redevelopment corridors in a highly collaborative process to create a strategy and vision. Without consensus between the City and landowners, redevelopment will not only be a challenge, but will occur in a piecemeal fashion. A development strategy that understands the local market realities at play, along with the ideal mix of uses for the corridors is also imperative.

Policy Recommendations & Action Items

Redevelopment & Densification

- The Urban Land Institute (ULI) Minnesota branch has provided a highly detailed online guide titled “(Re)Development Ready Guide”, which provides a proactive and step-by-step guide on the requirements for redevelopment to occur successfully at a larger scale. <http://minnesota.uli.org/redevelopment-ready-guide/>
- The key sections of this guide are as follows:
 1. Establish a Vision and Clearly Articulate Community Goals
 2. Foster Collaborative and Integrated Strategies
 3. Analyze and Modify Land Use Regulations to Align with Community Vision, Goals and Strategies
 4. Be Responsive and Flexible as Market Demands and National Trends Evolve
 5. Shift Project Review & Approvals from Reactive to Proactive
 6. Provide Transparency that Clearly Defines the Redevelopment Process and Expectations
 7. Provide Existing Due Diligence Information to Developers Upfront
 8. Work as a Team to Coordinate Approval Processes Across All Agencies, Departments, Elected Offices, and Investment Partners
 9. Examine the Cost of Doing Nothing
- **CONSIDER A COMMUNITY REVITALIZATION LEVY** - As noted in the Positioning Strategy, the Downtown Sector has several areas that feature under-utilized parcels that are suitable for infill or redevelopment. To enable larger-scale redevelopment and densification in the downtown core, innovative systems of funding should be considered.
- The City of Calgary was one of the first in Canada to establish a “Community Revitalization Levy” (CRL) in the River District. The CRL is similar to a Tax Increment Financing (TIF) scheme which has been used by cities across the United States for over 40 years. Through provincial legislation, the City of Calgary is able to segregate a portion of property tax revenue generated in the delineated CRL district and invest it into infrastructure upgrades and improvements within the area. Calgary has seen strong success with the CRL since its implementation in 2007. It is recommended that the City of Lethbridge investigate the implementation of a CRL in either the downtown area, the Innovation District, or along a redevelopment corridor.

Policy Recommendations & Action Items

Redevelopment & Densification

- **EXPAND DOWNTOWN RESIDENTIAL DEVELOPMENT INCENTIVES** - To increase the rate that multi-family residential is constructed in the downtown sector, multiple incentives can be put into place to trigger development. The Heart of Our City Housing Incentive Program allows the City to “financially assist qualified downtown property owners and investors to construct self-contained dwelling units in the Downtown Core”. This incentive structure that has been popular in recent years in many municipalities across North America.
- Various models of this policy have been implemented. For example, the city may implement a tax break per multi-family unit built, with a minimum number of units required in a project. The higher the number of units in the project, the higher the tax break per unit. Developers will be incentivized to reach certain thresholds. The city can also incorporate a mixed-use incentive, where if retail and other commercial functions are incorporated into the project, other tax breaks are triggered. A cap on the number of units this program can apply to could also be advantageous.

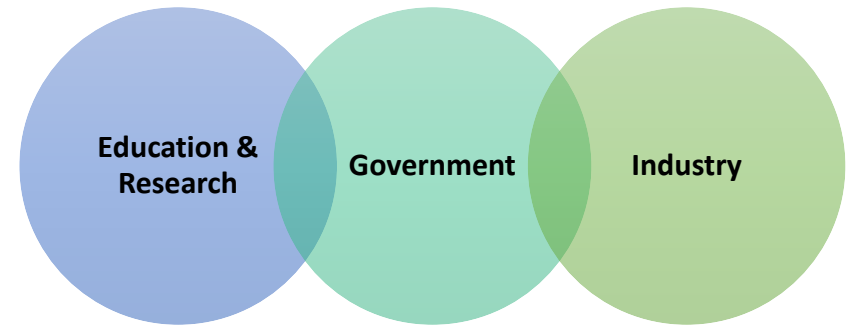


- The key is to create an initiative that provides developers with various “entry points” depending on the mix and scale of their project. While tax incentives may be a financial cost to the City in the short term, the increase in property tax revenue will be ultimately be recompensed over time. The increase in residents living downtown and providing more body heat will also spur further commercial and retail development, especially within the grocery and services categories.

Policy Recommendations & Action Items

Innovation & Education

- **FORM AN INNOVATION COLLECTIVE** - In order to facilitate the creation of a successful Innovation District, a Innovation Collective is often formed, which includes the collaboration and active engagement from leaders of each of the following areas of interest: Education & Research, Government, and Industry. The members of the Innovation Collective all have a stake in the success of the Innovation District and together they share ideas, guide the creation of the Innovation District, and follow through with implementation actions. Input and ideas need to come from all three areas of interest in order to create an efficient and responsive Innovation District that is tailored to the needs of the local economy. Existing innovation initiatives such as the Intelligent Community Strategy will be instrumental in creating an efficient and collaborative innovation collective.
- The Innovation Collective would meet regularly to establish goals, timelines, and actionable tasks and would continue to monitor the development of the centralized Innovation District. Innovation Collectives and the structured interactions between Education & Research, Government, and Industry, often referred to as the triple helix approach, have been formed in cities around the world, including: Atlanta, Georgia; Seattle, Washington; Charlotte, North Carolina; Barcelona, Spain; and Stockholm, Sweden.



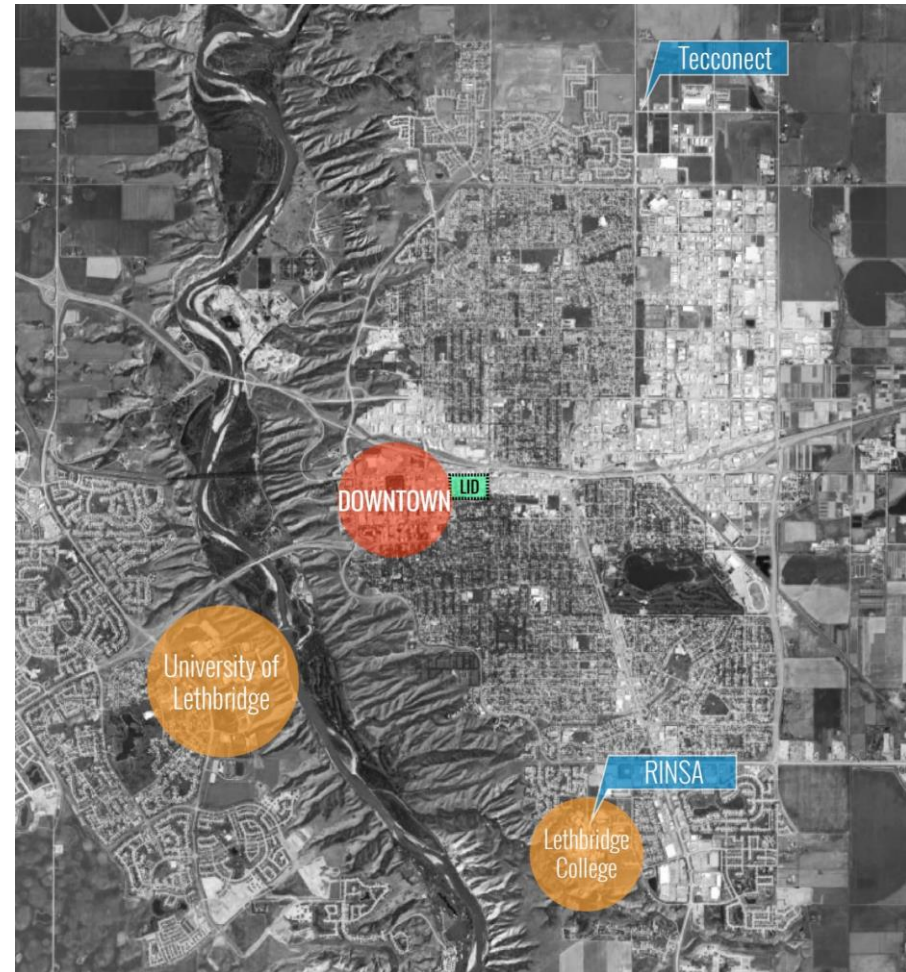
- **ACTIVATING INNOVATION THROUGH PLACEMAKING** – As mentioned in the previous section on Redevelopment & Densification, the city should continue to encourage mixed-use development and residential uses in downtown Lethbridge, which will offer residents a more urban lifestyle within close proximity to parks, restaurants, public amenities, and the Innovation District.
- Place-making attributes, such as walkability, mixed-uses, art, and public spaces not only contribute to a vibrant downtown but they are also important components that help to support the growth of Innovation Districts. Innovation Districts are often catalysts for redevelopment, which is why they are frequently situated in areas of transition or within under utilized areas near the downtown core.

Policy Recommendations & Action Items

Innovation & Education

- **CLUSTER INNOVATION COMPONENTS** - Innovation Districts are built upon the collaboration of ideas and a shared network of resources, workspace, and equipment. Innovation Districts should encourage the clustering of the physical and social assets of innovation, which help to increase the ability of entrepreneurs and educators to cross-pollinate knowledge and ideas.
- Start-up incubators and entrepreneurial service providers are already present in the Lethbridge market; however, they are dispersed across the city. RINSA is located at Lethbridge College, Teconnect and its Data Centre are located in the North, and TechBridge Makerspace is working on a permanent location within the city. The services and resources these organizations provide help foster innovative ideas and launch new businesses but their current locations could pose a challenge in developing the Innovation District. Economic Development Lethbridge can facilitate discussion between these various stakeholder groups to determine symbiotic relationships through coordinated efforts.
- **CITY SUPPORT** - The City is a key player in the creation, implementation, and overall success of the Innovation District. Incentives that improve ease of entry and increase access to capital or land within the identified Innovation District for start-up businesses and entrepreneurs will be critical to fostering the growth of innovative new companies and jobs.

Figure 15.1 Innovation Elements in Lethbridge



Policy Recommendations & Action Items

Innovation & Education

- **FORM AN EDUCATION/WORKFORCE COLLECTIVE** – Strengthening the working relationship between educational/research institutions and industry is key in growing a diversified and healthy economy. Forming a Education/Workforce Collective would aim to ensure the programs and skills training being offered at both post-secondary institutions meet the workforce needs of the local economy.
- Stakeholder input and feedback from local businesses indicated a potential gap in the skilled workforce required by some businesses in Lethbridge. An Education/Workforce Collective would consist of leaders from local industry and businesses, both post-secondary institutions, and the Lethbridge Research Centre.
- Regular communication and meetings, on an annual or bi-annual basis, would help to align programs and courses with the needs of existing and emerging industries such as agri-business, technology, advanced manufacturing, bio-industrial, and life sciences. With access to local talent with the right skills and experience, local businesses and industries will be better equipped to grow and contribute to Lethbridge's diversified economy.
- **CONDUCT BUSINESS/INDUSTRY WORKFORCE SURVEY** - In addition to the Education/Workforce Collective, it may be valuable for Lethbridge to conduct a workforce needs assessment of existing and emerging industries in Lethbridge to better understand where gaps may exist in education and skills training programs. As the economy continues to diversify and new industries emerge, this type of assessment could become an ongoing exercise that is conducted every few years.

Policy Recommendations & Action Items

Zoning

- The City of Lethbridge has developed a well thought-out zoning strategy for the city that covers a wide-range of land use typologies. They are laid out into eight specific zoning districts:
 1. Commercial (C)
 2. Direct Control (DC)
 3. Industrial (I)
 4. Public Reserve (P)
 5. Residential (R)
 6. Urban Reserve (UR)
 7. Valley (V)
 8. Urban Innovation (UI)

Based off an assessment of the City of Lethbridge's *Land Use Bylaw 5700*, MXD recommends that no action is required in amending the land use bylaw. Having Direct Control Districts and Urban Innovation Districts provides the necessary zoning regulations for the recommendations that are laid out in this study. The City of Lethbridge has the proper zoning tools in place to assist developers in creating innovative and outside-the-box commercial developments.

- **UTILIZE INNOVATION DISTRICT AND REDEVELOPMENT SPECIFIC ZONING** – Cities looking to encourage the redevelopment of an area to accommodate infill development or innovative uses often introduce specific zoning or direct control districts. Implementing new policies, specific to a redevelopment area, help to define the redevelopment goals and encourage the type of land uses, development mix, built form, and partnerships being targeted.
- Zoning for Innovation Districts often include transitional policies and regulations, which provide redevelopment flexibility and allow existing uses, whether it be commercial or light industrial, to continue to operate until redevelopment becomes feasible. Full build out of an Innovation District can take several years or more and this flexibility in zoning is important and allows for gradual or incremental redevelopment to occur.
- Similarly, specific zoning or direct control districts can also be utilized to encourage infill development along major commercial corridors or underutilized sites that have been identified as prime redevelopment priorities. Policies and regulations can be effective tools to promote a more compact urban form and encourage a mix of land uses, better integrate transportation systems (automobile, transit, and pedestrian), and support future growth areas.

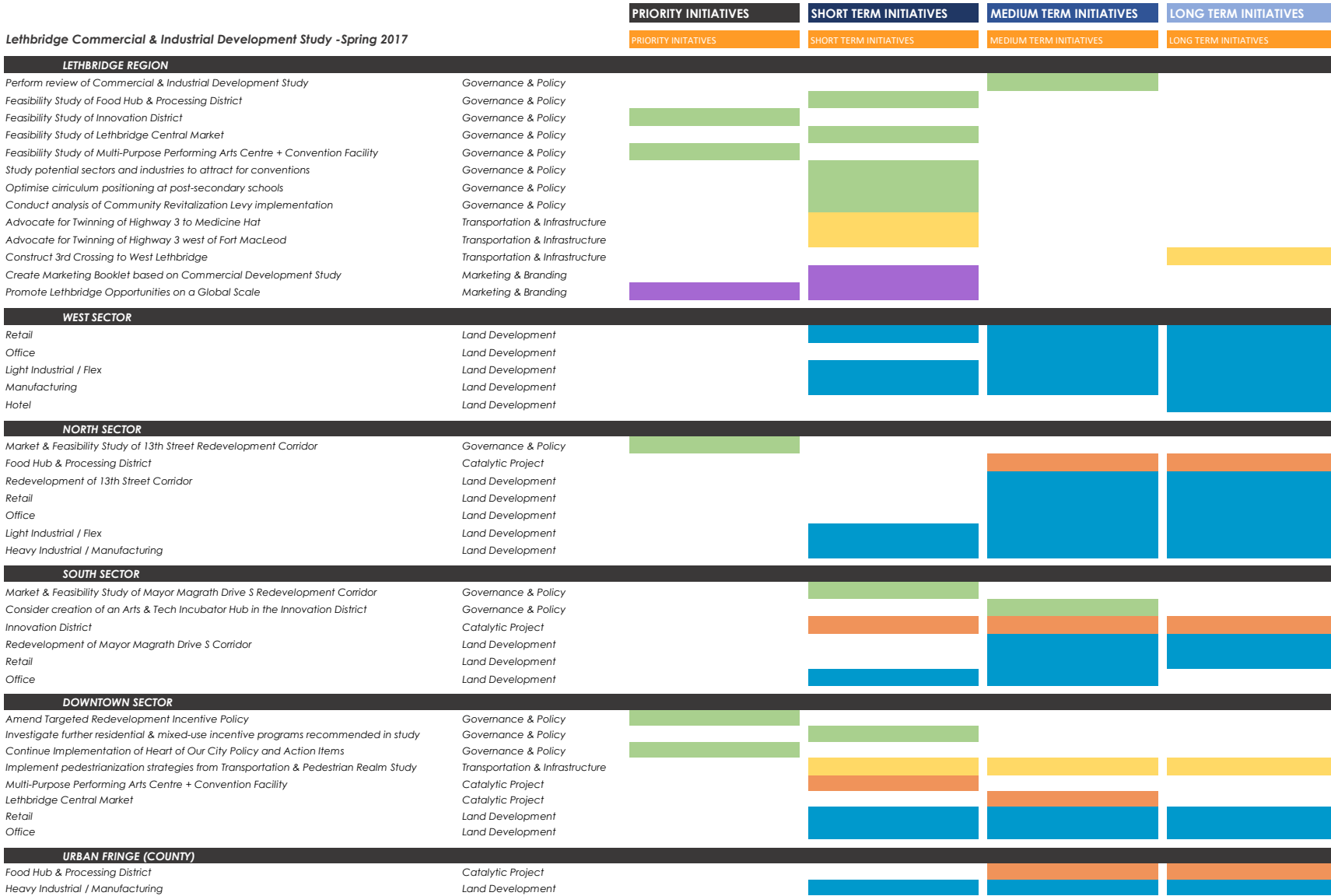
Policy Recommendations & Action Items

Marketing & Promotion

- **CREATE LETHBRIDGE REGION MARKETING CAMPAIGN** – Continue to support EDL to build upon their existing place brand research and overall strategy development to clearly understand and articulate an authentic brand for the city. This will allow for the successful and collective promotion of Lethbridge. In 2013, “Success in Lethbridge” was created to raise awareness of success stories in the local business community. A 2010 campaign titled “Mind Blowing Facts” provided facts about the Lethbridge region that would assist in creating a positive perception of the area.
 - With increased international investment coming into Alberta from regions such as Europe and Asia, MXD recommends that EDL create a new marketing campaign that promotes the Lethbridge region on a global scale. This EDL-led marketing campaign would require full support of not only the City and County, but of strategic stakeholders such as the University of Lethbridge, Lethbridge College, Lethbridge Research Centre, Teconnect, and RINSA, among others.
- Key messages could be built around:
 - Key statistics of the region and southern Alberta
 - Primary economic clusters / industries that are currently market leaders, as well as key investment sectors
 - Recent “big wins” in the development and business sector
 - Incentive programs on offer as well as business environment, labour markets, etc.
 - Services offered by EDL that address business needs
 - Connections to real estate agencies, legal advice, and other consulting requirements
 - Educational and employment labour pool available
 - Key contacts

Appendix A: Action Plan

Lethbridge Commercial & Industrial Development Study -Spring 2017



LEGEND

- Governance
- Transportation & Infrastructure
- Catalytic Project
- Land Development
- Marketing & Branding



Appendix B: Stakeholder Consultation

Appendix B: Stakeholder Consultation

Stakeholder Input

- MXD Development Strategists conducted a stakeholder process between November 2016 and February 2017. Stakeholders were contacted from three primary groups; local businesses, local government and agencies, and educational institutions. MXD provided a stakeholder questionnaire to the identified stakeholders who were then able to either fill out the questionnaire, or have a telephone conversation with MXD representatives. The information provided has been used by the consultant team to understand the strengths and challenges of the Lethbridge region from various perspectives, as well as provide “cues and clues” that have shaped and formed the strategies and recommendations for the study.
- All answers provided in the questionnaires or through telephone conversations were only viewed by the consultants who administered the stakeholder process (MXD) to ensure validity. Results are entirely anonymous.

Appendix B: Stakeholder Consultation

Who Have We Been Engaged With? Government & Public Agencies

- ❖ Economic Development Lethbridge
- ❖ City of Lethbridge
- ❖ Lethbridge County
- ❖ Lethbridge College
- ❖ Lethbridge Downtown Revitalization
- ❖ Downtown Lethbridge (Downtown BRZ)
- ❖ SouthGrow
- ❖ Regional Innovation Network of Southern Alberta
- ❖ Chinook Country

Who Have We Been Engaged With? Private Sector

- ❖ Al Fritz Architects
- ❖ Davis Auto Group
- ❖ DuPont-Pioneer
- ❖ Lethbridge IronWorks
- ❖ Maple Leaf Pork
- ❖ Melcor
- ❖ My Life Realty
- ❖ Park Place Mall
- ❖ Planet
- ❖ Pratt & Whitney
- ❖ Southland Trailer
- ❖ Triple M Housing
- ❖ Western Tractor
- ❖ Ward Brothers Construction

Appendix B: Stakeholder Consultation

What Have We Learned?

Strengths

- A large majority of stakeholders focused on several strengths that the Lethbridge region enjoys. The two post-secondary institutions, University of Lethbridge and Lethbridge College provide a competitive advantage in developing young skilled graduates in a multitude of streams. Lethbridge has become known as a “University Town”, and is able to attract prospective students from around Alberta.
- Lethbridge is viewed as an attractive family-oriented community that has a stable and diversified economy. Stakeholders also focused on the high number of recreational opportunities within the City and a short drive of the urban area, the ease of getting around by car, and the low cost of living in proportion to Calgary and Edmonton.
- The proximity to the United States and shopping opportunities was considered a strength by several stakeholders, although this can also be viewed as a challenge since it creates “leakage” of retail spending out of the City.



What Have We Learned?

Strengths

trusted regional collaboration & business environment

diversified economy

proximity to U.S.

competitive economy

lower taxes and utilities compared to other areas

low cost of living

variety of housing choices

attractive family oriented community

Post Secondary Institutions

stable economy

good talent pool

exhibition park

recreational opportunities

productive irrigated land

teconnect provides innovation

easy to get around

mild winters

Appendix B: Stakeholder Consultation

What Have We Learned?

Challenges

- By far the most discussed challenge for the Lethbridge region is Lethbridge Airport. The limited route connectivity, small planes, and overall difficulty flying out of the airport were all concerns for a majority of the stakeholders. Several stakeholders noted that it inhibited their business growth and investment opportunities.
- Many private sector businesses found it difficult to find skilled/technical labour within Lethbridge. A large portion of graduates of the University and College move to Calgary or Edmonton due to a greater amenity package for young professionals, leaving a limited talent pool for local businesses. Concurrently, many businesses have job openings within technical fields that do not match with the educational programs, displaying a potential disconnect between programming at post-secondary institutions and growing economic sectors in the region. Furthermore, stakeholders noted that the current Performing Arts Centre does not meet the needs of the local population, nor do many of the entertainment options.
- The requirement for twinning Highway 3 (both east and west) is considered a major challenge for both the private and public sector. The twinning of the highway is anticipated to provide more economic growth due to the ability of fostering more efficient transport connectivity.



Appendix B: Stakeholder Consultation

What Have We Learned?

Challenges

need for a convention facility
need more entertainment

too many hotels constructed
internet/broadband is archaic
cannot compete with Calgary + Edmonton amenities

lack of local tourism draws
no incentives for business expansion
difficult to fly out of the airport
Limited air routes

brain drain! drawn out development + permitting process
education programs don't match with available jobs

no truck stop in area
No proper performing arts facilities

lack of indoor leisure
need a more walkable city

need third river crossing
Highway 3 needs twinning (East + West)

