



TOWN OF OKOTOKS

COMMERCIAL AND INDUSTRIAL GROWTH STUDY

Project Preface

MXD Development Strategists Ltd. (“MXD”) of Richmond, British Columbia, was commissioned by the **Town of Okotoks (“the Client”)** in December 2020 to prepare a Commercial and Industrial Growth Study. Work was completed between December 2020 and May 2021.

The purpose of this assignment was to assess, identify and define the potential development opportunities for commercial and industrial development in Okotoks from a real estate, economic and planning perspective. The second key objective was to identify immediate and medium-term opportunities for commercial and industrial development in Okotoks and the optimal mix and positioning of land uses for these areas for opportunity.

The resulting Commercial Development Analysis document highlights seven opportunity areas for immediate and medium-term commercial and industrial development that balances market, economic and planning considerations. Three recommended priority projects are identified within these opportunity areas.

The figures presented in the report are based on an evaluation of the current general level of the economy in the local and regional market, and neither take into account, nor make provisions for the effect of any sharp rise or decline in local or general economic conditions.

MXD Development Strategists Ltd. do not warrant that any estimates contained within the study will be achieved, but that they have been prepared conscientiously on the basis of information obtained during the course of this market analysis.

Reference material used for this report was derived from the project team, as well as from the public and private sectors and government publications. This information was supplemented by MXD's experience in urban planning and real estate development.

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EXECUTIVE SUMMARY

Executive Summary

This report provides an analysis and evaluation of the existing conditions and opportunities of commercial and industrial development in the Town of Okotoks. Methods of analysis include stakeholder consultation, policy review, demographic analysis, real estate market analysis, and quantitative modeling.

The report finds that Okotoks is a desired community to live in, demonstrated by its strong residential growth over the past several decades. Retail development has followed residential growth, and Okotoks has been able to land major retailers such as Costco while maintaining its downtown businesses. While Okotoks is a great place to live due to its small-town feel coupled with outdoor lifestyle and big city amenities, it still has the perception of a bedroom community where people live and commute for work across the Calgary region. Furthermore, it has not been regarded as a place that is “business friendly” or “investment ready”. Employment development has been slow in Okotoks, especially for light industrial, flex industrial and medium industrial product. The Town is now shifting towards being more competitive for investment in employment uses and promoting greater growth and opportunity for business.

An economic analysis and real estate market analysis demonstrate that there are unique opportunities for Okotoks to leverage and build-upon that will generate substantial non-residential development and diversify the local economy. The Real Estate Market Analysis determined a 20-year demand program for Okotoks. The following is the Moderate Scenario findings:

- Industrial – 2 million square feet by 2042
- Office – 191,000 square feet by 2042
- Retail – 460,000 square feet by 2042
- Hotel – 130 rooms by 2042

Opportunities for commercial and industrial development are laid out in the recommendations of the report; primarily in the seven distinct Opportunity Areas along with three near to medium term Priority Areas. Each Opportunity Area has recommended uses and development typologies, as well as a description of its overall vision. The Priority Areas delve into further detail including policy, planning, infrastructure, and economic development initiatives required for implementation. Each Priority Area offers different types of development and uses in three districts of the town: North, South, and Downtown.

The Priority Areas are as follows:

- Southbank Business Park – Light industrial, flex industrial, flex office, and general commercial uses.
- North Point Area Structure Plan – Logistics, manufacturing, light industrial, flex industrial and general commercial uses.
- Downtown Culinary Row – Destination food & beverage cluster anchored by breweries, distilleries, restaurants, and small-scale food production.

The report also explores the fact that the analysis and recommendations require strategic action and implementation from the Town to ensure that future commercial and industrial development comes to fruition and is successful. The Action and Implementation Plan includes the resulting commentary:

- Shift the Perception of Okotoks
- Promote Small Business
- Cost Competitiveness
- Agile Development Process
- Phasing
- Covid-19 Impacts
- Review Purchase of Strategic Parcels
- Collaboration and Partnerships

Executive Summary (continued)

In summary, this report concludes that Okotoks has a strong vision of where it is headed: a sustainable and diversified town that offers a high quality of living to its residents. The positioning statement of the Commercial and Industrial Growth Study is “Build a diverse economy that supports the high quality of life Okotoks is already known for and position the Town as an attractive location for economic development and investment.”

Okotoks can realize its ambitions and achieve long-term success with proper implementation, along with continued collaboration with the private sector business and development community.



01 INTRODUCTION AND METHODOLOGY

1.1 Project Introduction

MXD Development Strategists Ltd. (“MXD”) of Richmond, British Columbia, was commissioned by the **Town of Okotoks (“the Client”)** in December 2020 to prepare a Commercial and Industrial Growth Study. Work was completed between December 2020 and May 2021.

This study was undertaken to provide a comprehensive strategy on the future growth of commercial and industrial development in Okotoks. The Town has been one of the fastest growing municipalities in Canada and had over 29,000 residents as of 2018. Considerable residential growth over the past several decades has placed pressure on the Town to manage this growth from planning, transportation, and infrastructure perspectives. The recent annexation agreement between Okotoks and Foothills County Municipal District has provided for future development lands that the town can expand into.

In the past, the Town primarily focused on residential development and the retail and services required to support residents. Economic development and generating employment growth in key sectors to create a more sustainable and complete community is now a priority moving forward. The development of employment lands and new commercial uses will create a more diverse mix of real estate in the Town. Accordingly, this study and strategy considers and makes recommendations on the optimal path forward for Okotoks from an industrial, office, retail, and hotel perspective. This strategy will place the Town in a “ready to go” position for responding to future growth opportunities for non-residential development. This strategy also provides recommendations on opportunity areas for non-residential growth, as well as several priority sites that should be areas of focus for the Town in the near term.

Methodology

Research and analysis were conducted from both a qualitative and quantitative perspective. A review of existing conditions created a baseline understanding of the current planning context and market realities in Okotoks and the surrounding region. Stakeholder consultation was conducted with a variety of individuals who represent public and private sector interests. Market demand models using current and historical real estate data supplied by CoStar and local commercial brokers informed the market analysis including demand over a 20-year period.

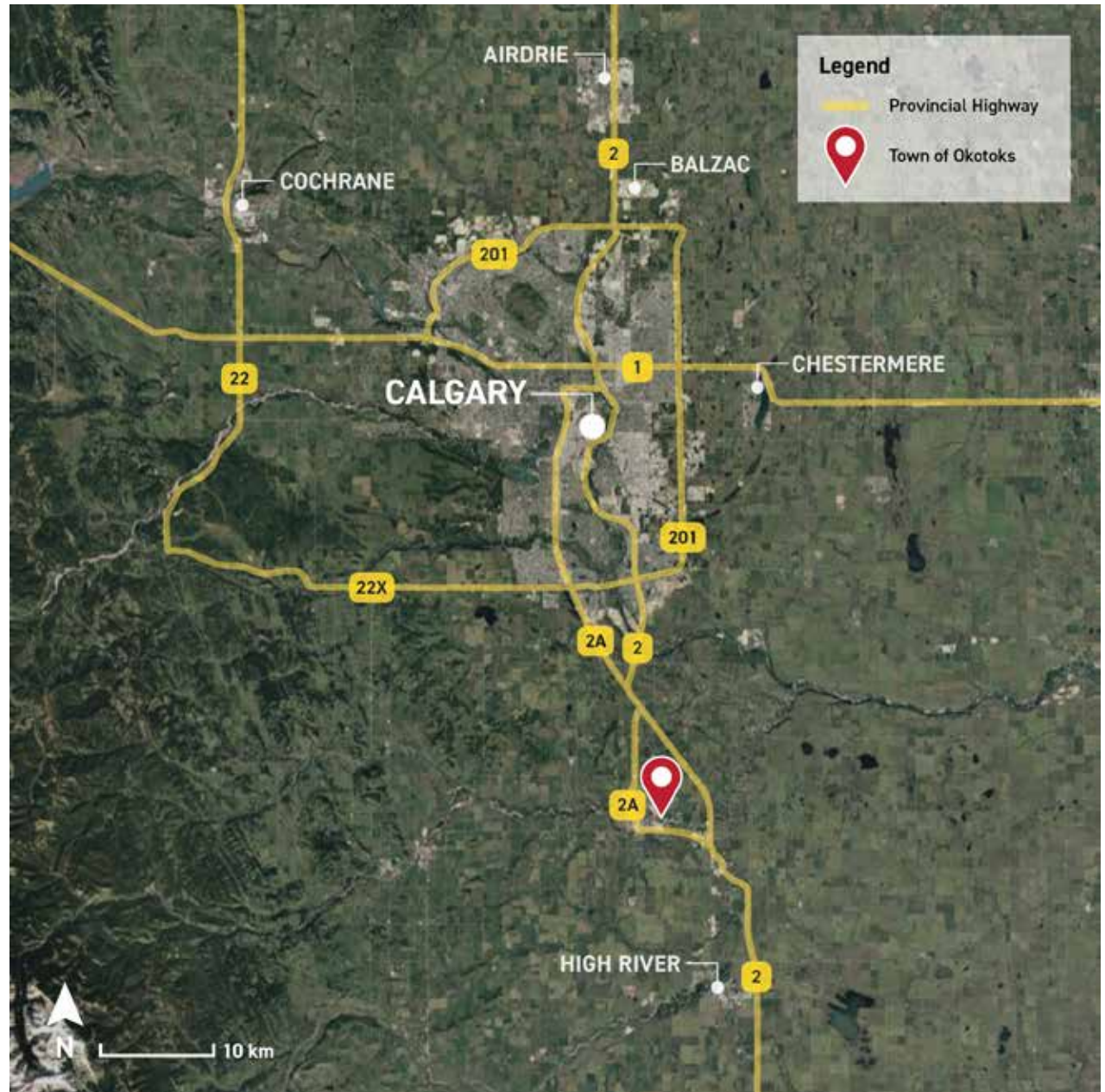


02 EXISTING CONDITIONS AND POLICY ANALYSIS

2.1 Context & Demographics

The Town of Okotoks is in the Calgary Metropolitan Region, approximately 20 km south from the City of Calgary and directly east of the Rocky Mountains. It is surrounded by Foothills County and is well connected to the region by the Highway 2 corridor. Highway 2A provides a secondary linkage to South Calgary. The Town is bisected by the Sheep River that adds to its unique location and beautiful setting.

Figure 2.1: Okotoks Context to Calgary Metro Region

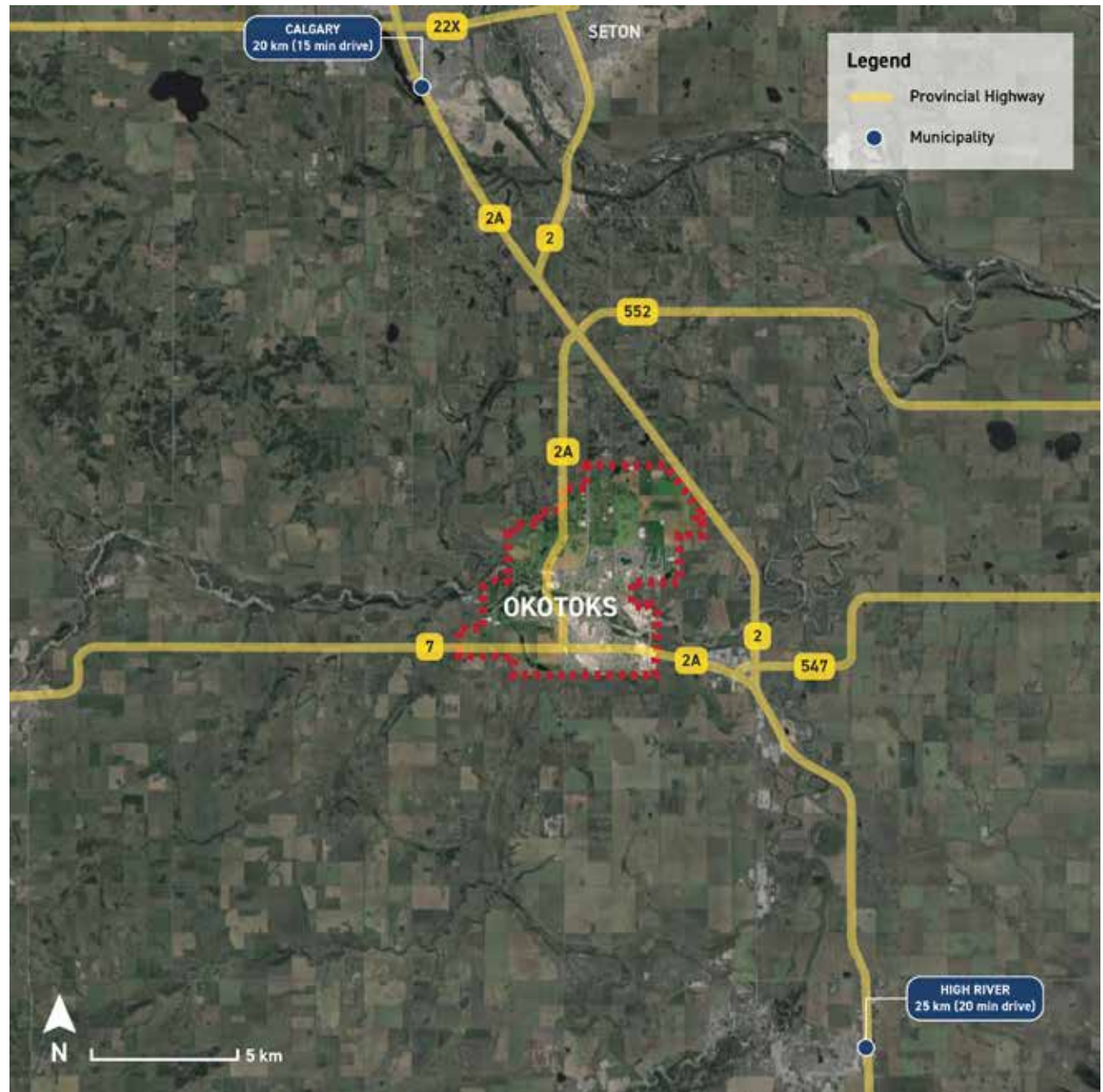


Okotoks has grown considerably over the past several decades and now is home for just over 30,000 residents. The Town has a high-quality of life and is considered an excellent place to raise a family with well regarded schools, recreation, culture, shopping, and a small-town feel that is very desirable.

Although there are residents that live and work in the Town, Okotoks is considered a commuter suburb as a sizable portion of the working population travels to Calgary and surrounding communities for employment. Connectivity along Highway 2 makes it simple to commute from Okotoks to Calgary, with an approximate 15-minute drive to South Calgary and a 30-minute drive to Downtown.

Okotoks is positioned to grow considerably over the next twenty years, with significant residential growth expected. The Town is focused on increasing the amount of non-residential development to ensure that Okotoks grows sustainably and has a proper live-work-play balance for its residents.

Figure 2.2: Okotoks Context to City of Calgary

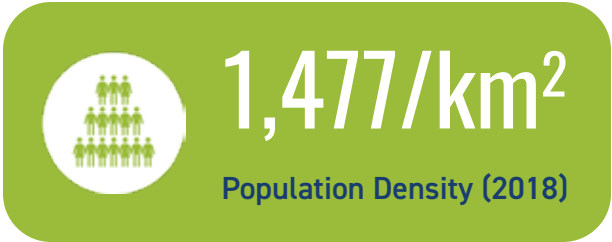


2.1.1 Current Population & Future Population Projections

According to the 2018 municipal census, the Town of Okotoks has a population of 29,002. The next federal census will be conducted in 2021. According to the Alberta Regional Dashboard, the Town of Okotoks had a population of 31,569 in 2020, with a roughly even split in its male and female population groups (15,660 vs. 15,909, respectively).

Notable differences in Okotoks' current population makeup compared to Calgary include:

- Okotoks has a significantly larger percentage of residents in the age 0-14 segment and a lower percentage of adult population (ages 15-64) than Calgary, which contributes to the Town's lower mean and median age. Okotoks is a family-friendly community attractive to young families, which is demonstrated in these demographic age cohorts.
- As of 2016, Okotoks' visible minority population is 7.2%, about five times less than that of Calgary (35.7%).



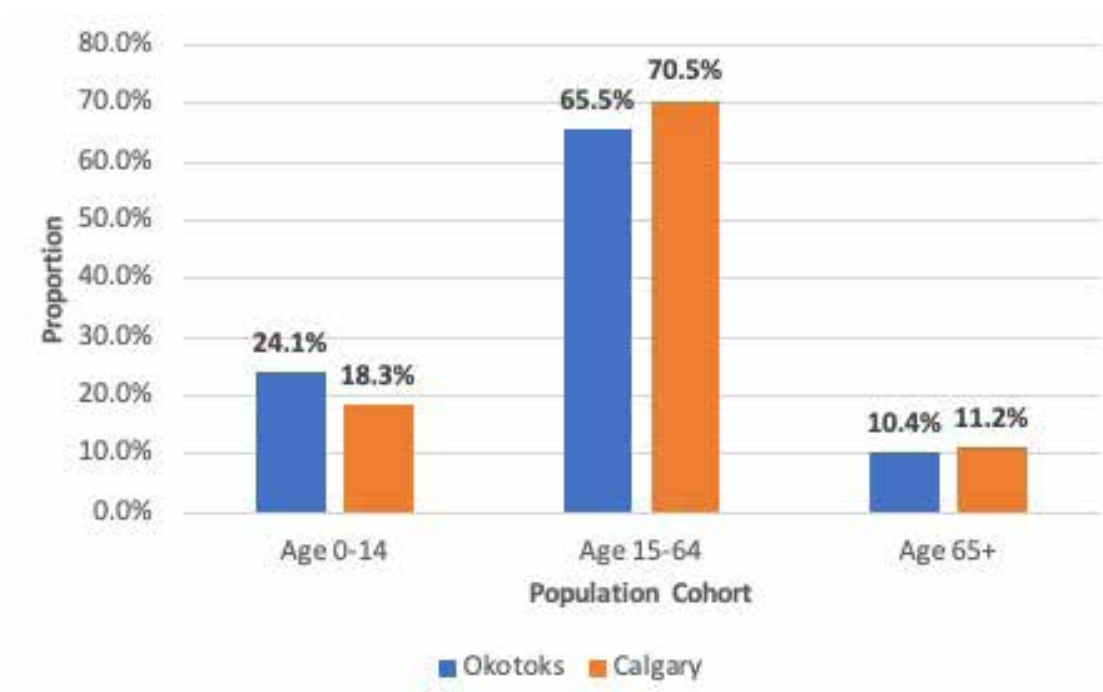
Source: Town of Okotoks./Statistics Canada

Table 2.1: Population Statistics - Okotoks vs. Calgary

	Okotoks	Calgary
Median population age (2016)	36.3	36.7
Mean population age (2016)	35.7	37.6

Source: Statistics Canada

Figure 2.3: Population Distribution by Age Cohort (2016)



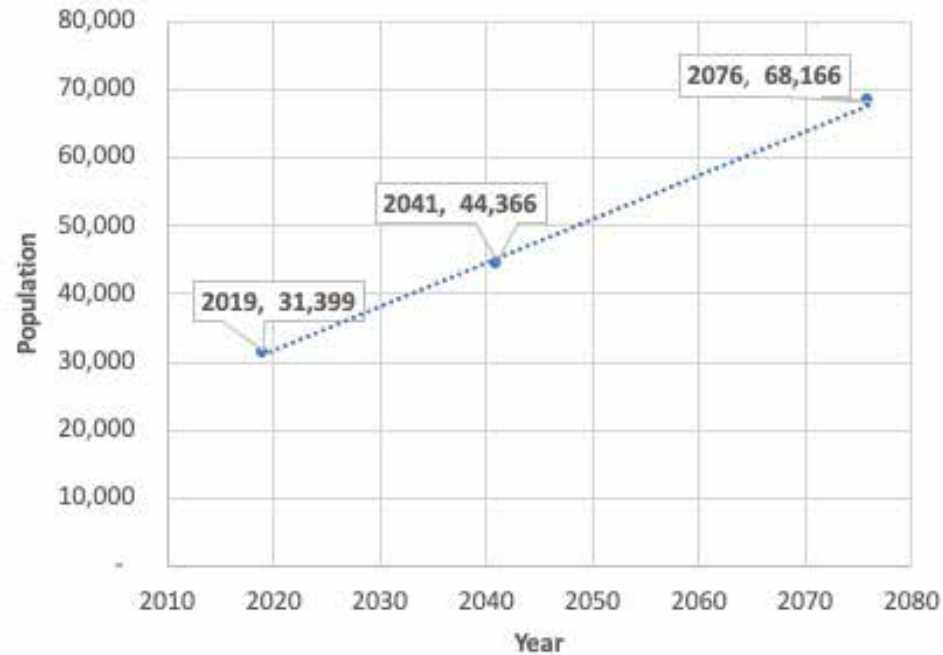
Source: Statistics Canada

The Okotoks Municipal Development Plan projects the following:

- By 2041: a population estimated at 44,000; 15,000 to 20,000 workers
- By 2076: a population estimated at 68,000; 22,000 to 30,000 workers.

Okotoks projects to have an additional population of approximately 13,000 new residents by 2041. This will have direct correlation to the amount of new retail and locally servicing employment that will be required to serve these new residents. As displayed in the right-side graph, Okotoks projects to have nearly 70,000 residents by 2076 which is more than double the current population.

Figure 2.4: Okotoks Current and Projected Population



Source: Town of Okotoks

2.1.2 Household Income vs. Household Tenure

As of 2015, the median total income of households in Okotoks was \$116,313, nearly 20% higher than that of Calgary. This could be socioeconomically correlated with Okotoks having a noticeably lower proportion of rental households than Calgary, given that rental housing stock is typically more affordable than home ownership.

Okotoks has a slightly greater average household size than Calgary (3.0 vs. 2.6), which is explained by the Town having a larger age 0-14 cohort as part of young families. Young families, many of whom have built-up income, would generally prefer the more stable form of tenure in home ownership over rental housing.

2.1.3 Household Income vs. Educational Attainment

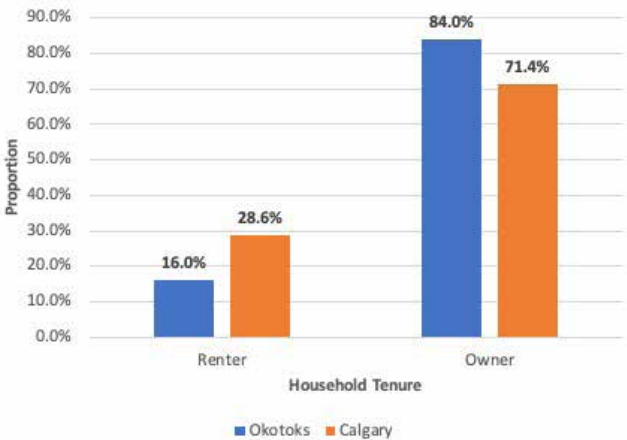
Despite Okotoks' higher median total household income than in Calgary, the Town has a lower proportion of those with postsecondary education. This could be due to how Okotoks being situated further from the University of Calgary and other higher-learning institutions, along with a smaller-scale economy that is less concentrated in professional fields. Okotoks has a lower unemployment rate than Calgary, which could be attributed to the Town having less competition and barriers to entry into the workforce.

Table 2.2: Socioeconomic Statistics - Okotoks vs. Calgary

	Okotoks	Calgary
Median total income of households (2015)	\$116,313	\$97,334
Average household size (2016)	3.0	2.6

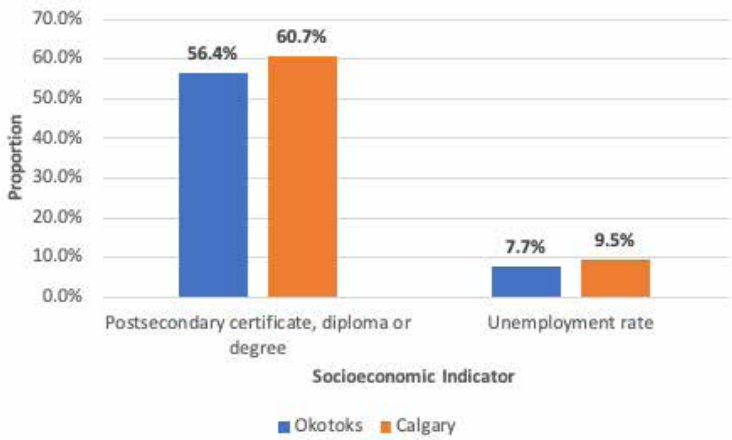
Source: Statistics Canada

Figure 2.5: Household Tenure (2016)



Source: Statistics Canada

Figure 2.6: Educational Attainment and Unemployment (2016)



Source: Statistics Canada

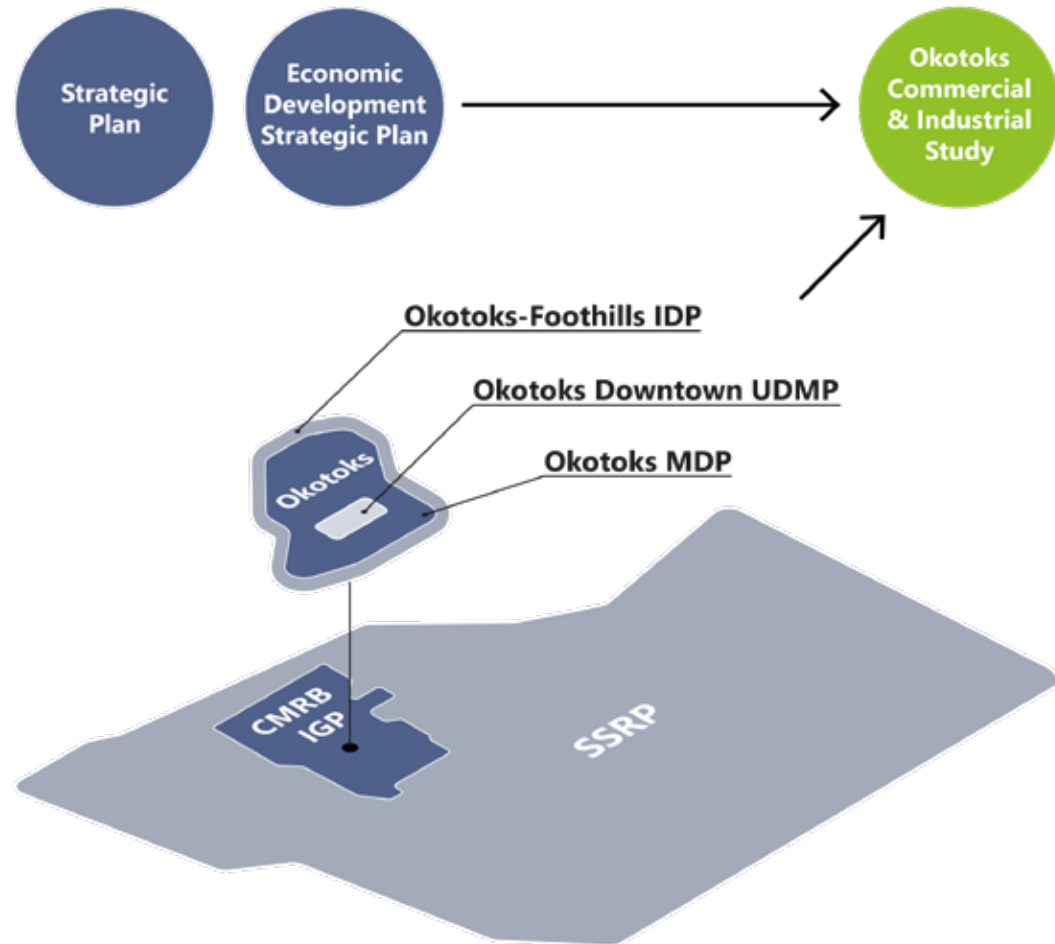
2.2 Policy Analysis

Numerous levels of planning documents govern the direction of land use and growth in the Town of Okotoks. This section provides a summary analysis of plans and policies relevant to the study of commercial and industrial development.

Policy documents reviewed for the Commercial and Industrial Development Study:

1. South Saskatchewan Regional Plan (2014)
2. Calgary Metropolitan Region Board Interim Growth Plan (2018)
 - Full Growth & Servicing Plan currently under production.
3. Okotoks-Foothills Intermunicipal Development Plan (2016)
4. Okotoks Municipal Development Plan (2021)
5. Okotoks Downtown Urban Design Master Plan (2018)
6. Okotoks Strategic Plan (2018-2021)
7. Okotoks Economic Development Strategic Plan (2018 Update)
8. Okotoks Growth Study & Financial Assessment (2016 update)

Figure 2.7: Policies Relevant to the Okotoks Commercial & Industrial Study

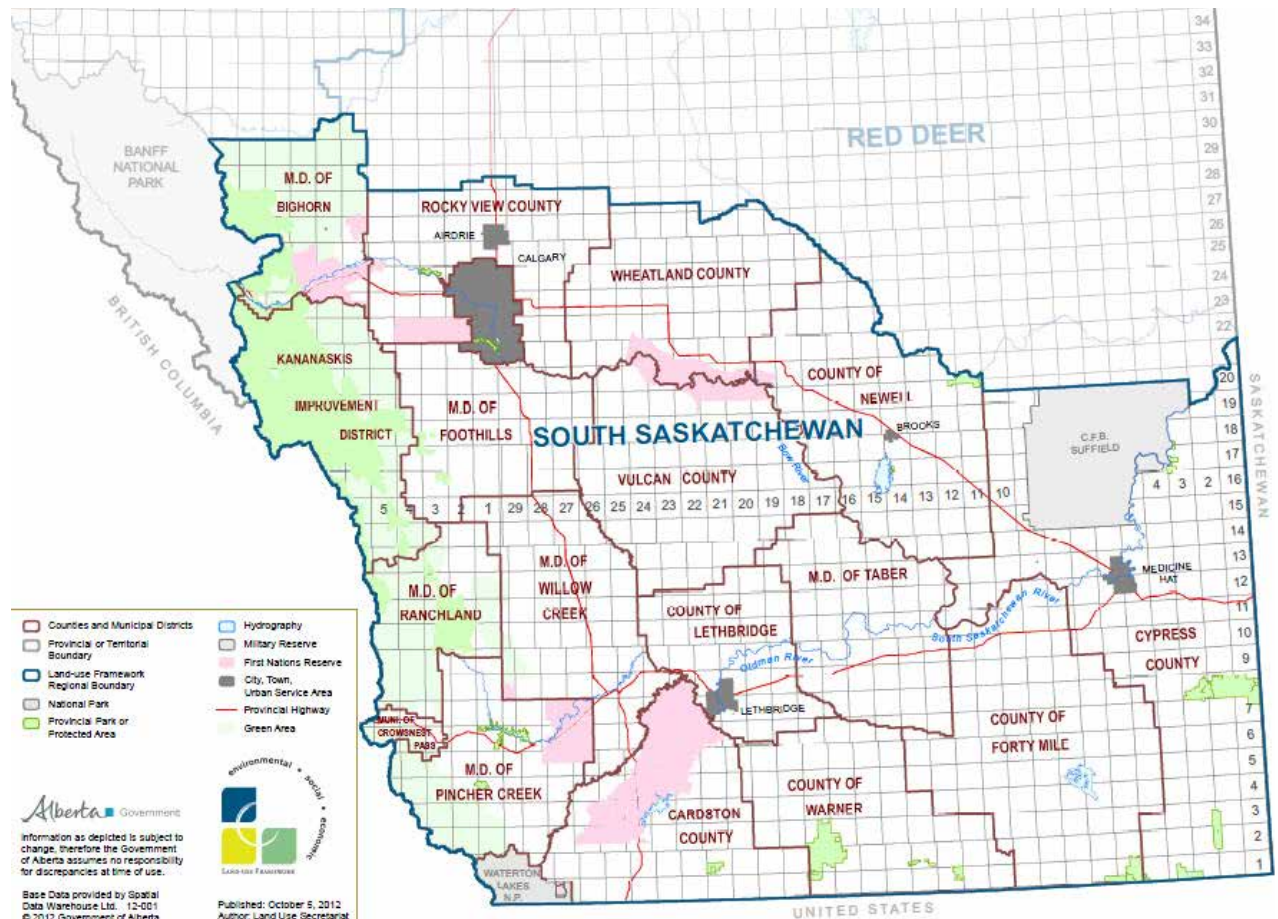


2.2.1 South Saskatchewan Regional Plan (SSRP) (2014)

The South Saskatchewan Regional Plan (SSRP) was approved in 2014 under the Alberta Land Stewardship Act and is the highest-level governing policy within Alberta's Land Use Framework (LUF) for its region, consistent with the South Saskatchewan River watershed.

This document provides a clear policy direction for economic, environmental, and social objectives in the region. Municipalities within the region, including Okotoks, must review and amend their plans and bylaws to be in compliance with the SSRP. The SSRP contains specific language for efficient use of land and sustainable community development. The direct relevancy of the SSRP to the Okotoks Commercial and Industrial Study is low given its trickle-down effect on municipal planning policy.

Figure 2.8: Jurisdiction of the SSRP showing Cities, Towns, Counties and Municipal Districts



Source: Government of Alberta

2.2.2 Calgary Metropolitan Region Board Interim Growth Plan (IGP) (2018)

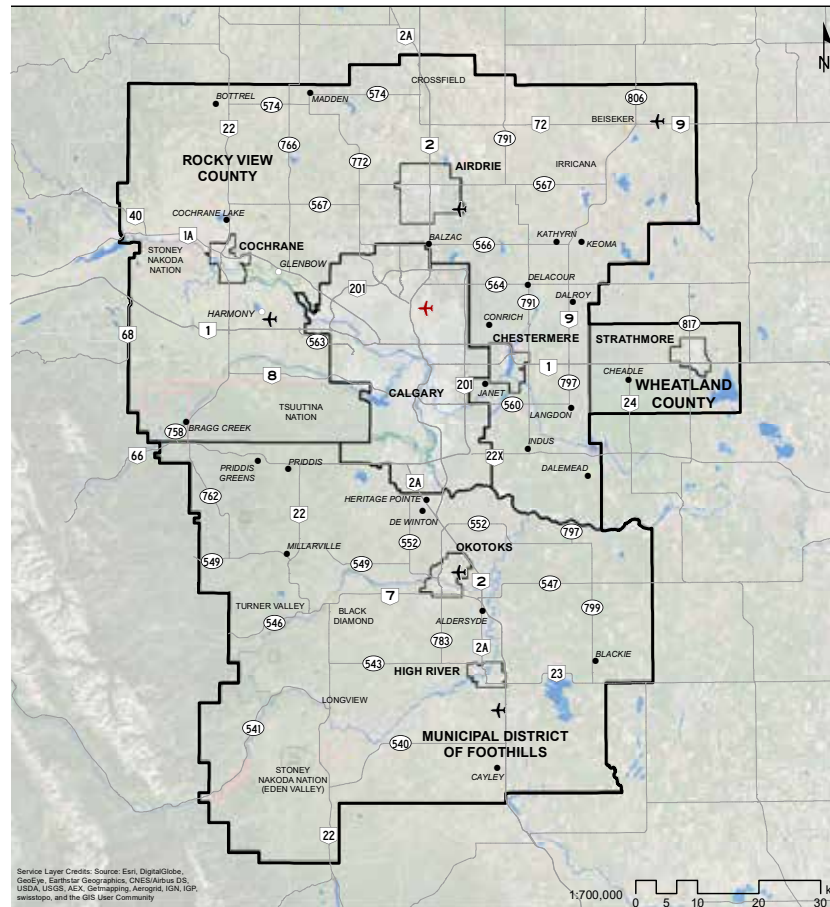
The CMRB was established in 2018 as a non-profit regional authority and consists of 10 municipalities in the Calgary Metro, including Okotoks. The board oversees planning policy and direction for the region. All MDPs and subsequent municipal policies and bylaws must comply with the CMRB Growth Plan, which is currently under production. The approved IGP acts as the guiding statutory document for the region prior to the adoption of the Growth Plan. Focus areas of the IGP include land-use, growth, and infrastructure planning.

Relevant Policies and Language

The IGP is a statutory policy and is highly indicative of economic growth in the region. Okotoks and other jurisdictions in the Calgary Metro Region must ensure any new or amended MDP's or ASP's that direct residential and employment growth align with the policy directions in the IGP. When the fulsome regional growth plan is adopted all member municipalities will be required to update their MDP's. Current IGP policies in effect include:

- 2.1 Promote the Integration and Efficient Use of Regional Infrastructure
 - d) Protect the function of regionally significant mobility and transmission corridors.

Figure 2.9: Boundaries and municipalities part of the Calgary Metro Region



Source: Calgary Metropolitan Region Board

- b) Optimize the use of existing infrastructure when accommodating growth.
- 2.3 Encourage Efficient Growth and Strong and Sustainable Communities
 - d. Plan for community nodes with a mix of uses and a range of housing types, mobility choices, including transit, and community services and facilities, where and as appropriate to the local scale and context.
- 3.4.5 Employment Areas
 - 3.4.5.1: Employment areas shall be planned and developed to make efficient and cost-effective use of existing and planned infrastructure and services.

2.2.3 Okotoks & Foothills Intermunicipal Development Plan (IDP) (2016)

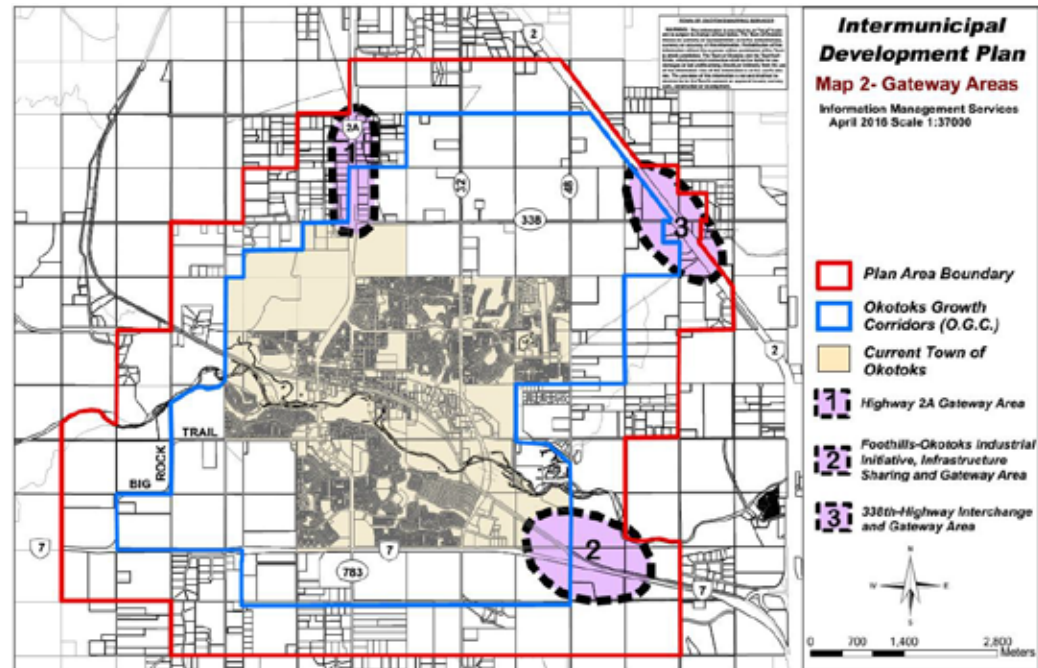
The Town of Okotoks and MD of Foothills engaged in a collaborative planning process to develop the 2016 IDP, which in accordance with the Alberta Municipal Government Act (MGA), provides guidance on land use decisions within the Plan area and opportunities for collaboration on policy direction. The IDP's area of focus lies on the edges of Okotoks, dubbed Okotoks Growth Corridors (OGC), and particularly on three Gateway Areas which are significant access points for both Okotoks and Foothills County. The IDP was developed during the annexation process between the Town of Okotoks and the MD of Foothills.

Relevant Policies and Language

The most pertaining policies in the IDP for this study are related to the Gateway Areas. Preliminary focus areas 1, 2, 5, and 6 are within close proximity to the Gateway Areas.

- 3.2 Gateway Areas
 - 3.2.1.1 Intermunicipal entranceways or gateways are important features for both municipalities. Special consideration should be given to the interface in these areas. Development should be aligned with the entranceway guidelines of each respective municipality.

Figure 2.10: Boundaries of the Intermunicipal Development Plan including Gateway Areas



Source: Town of Okotoks and MD of Foothills

- 3.2.2, 3.2.3 & 3.2.4 specific policies regarding each Gateway area, Highway 2A, Highway 7 and 338th Highway 2 Interchange, respectively. Of these, the following policies are pertinent to commercial and industrial development:

3.2.2.1 (Highway 2A) MD of Foothills and Town of Okotoks should cooperate in preparing design guidelines to ensure public and private development in the Gateway Area is of high quality.

3.2.3.1 (Highway 7) Intermunicipal coordination regarding the interface between employment

uses within MD of Foothills and residential uses within the Town of Okotoks should be pursued to establish a suitable transition.

2.2.4 Town of Okotoks Municipal Development Plan (MDP) (2021)

The Town of Okotoks recently approved their new MDP in January 2021, which is a statutory plan that is the master vision and guiding policy document for land-use planning and development within the municipality. The MDP is the highest-level planning document in Okotoks and will guide long-range planning and the growth of the Town while assisting staff and council to make strategic decisions.

Relevant Policies and Language

Principle 3: Equity and Local Economy: Okotoks is supported by a diverse and thriving economy, driven by equitable opportunities for all to live, work and thrive. Equitable economic development will allow us to unlock the full potential of the local economy by dismantling barriers and expanding opportunities for everyone.

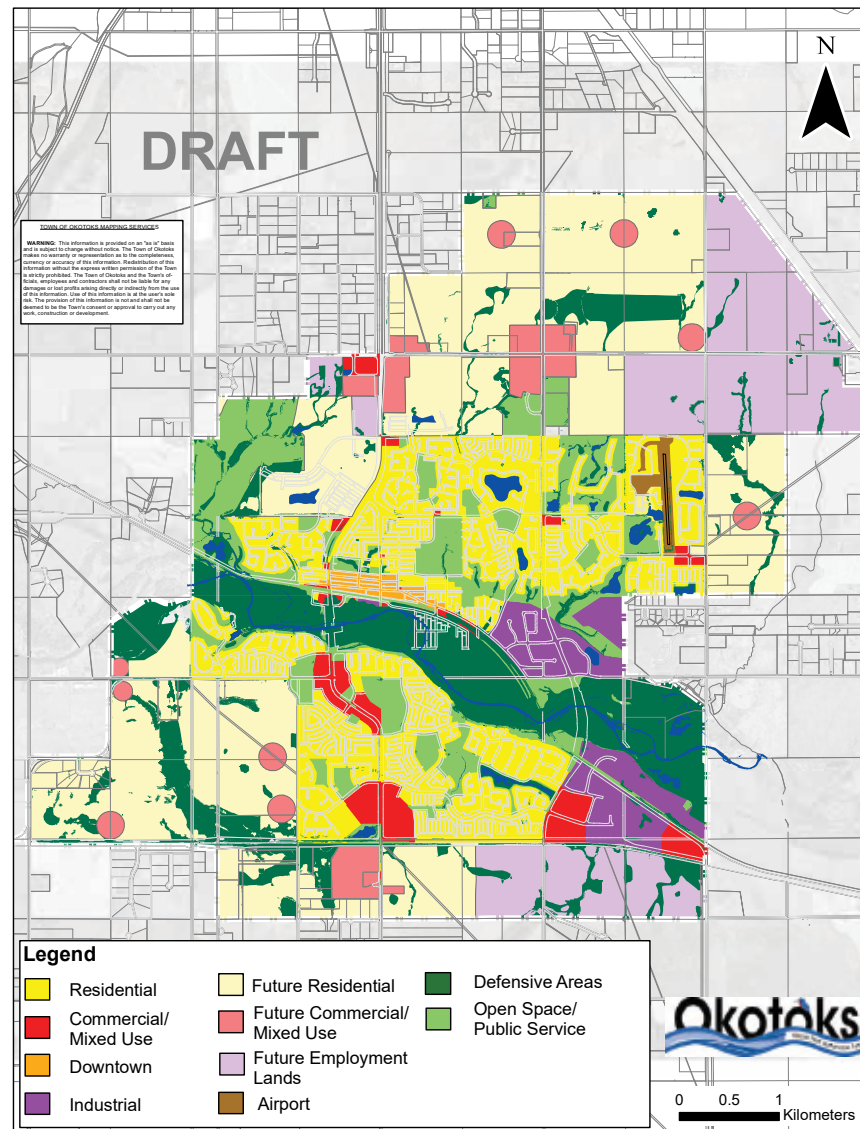
- 6.1 Facilitate the development of employment-rich industrial lands.

6.1.1 Designate Lands for industrially focused uses

a) Designate an adequate supply of industrially focused lands in accordance with the Future Land Use Concept Map (Map D-9).

b) Work with landowners to maintain an approximate 5-year

Figure 2.11: Future land-use map of Okotoks



Source: Town of Okotoks

supply of serviced, industrially focused lands to create a competitive land market and encourage business to relocate and expand in Okotoks.

- *6.1.1 Designate Lands for industrially focused uses*
 - c) Encourage light industrial uses to be integrated with commercial and other compatible uses while separating them from adjacent uses and conditions that could undermine successful business operations.*
 - d) Heavy industrial uses are not permitted within the Town's boundary.*
 - e) Explore flexible land use categories in the Land Use Bylaw so as to permit a wide range of light industrial, service, limited retail, and recreational land uses to locate on industrial lands.*
 - f) Industrial park developments must have unified design controls. Architectural design guidelines shall be established by the developer, in consultation with the Town, and implemented by the developer, to encourage a high standard of building quality and compatibility between buildings in industrial developments.*
- *6.1.2 Support Innovation and Synergies*
 - a) Investigate the establishment of a Light Industrial Cultural Precinct that would support and promote craft and artisan manufacturing and cultural industries.*
- b) Foster the creation of an eco-industrial park that co-locates synergistic industrial businesses and related services and encourages collaboration to manage environmental and resource issues.*
- *6.2 Facilitate the development of vibrant and mixed-use centres.*
 - 6.2.1 Designate lands for commercially focused uses.*
 - a) Designate commercially focused lands in accordance with Okotoks' Future Growth Strategy.*
 - b) Work with landowners to maintain an approximate 5-year supply of serviced, commercially focused lands to create a competitive land market and encourage businesses to relocate and expand in Okotoks.*
 - *6.2.3 Rethink large-scale commercial centres.*
 - b) Prohibit development of drive-thru commercial in neighbourhood hubs and neighbourhood commercial developments.*
 - d) Minimize the visual impact of large format commercial through architectural form and massing considerations to break up long facades and facilitate a more human-scale environment.*
- *6.3 Encourage the development of flexible, affordable commercial spaces.*
 - 6.3.1 Create diverse, flexible business spaces.*
 - a) During the approval process for new employment hubs and neighbourhoods, developers must create a variety of parcel sizes for business including some smaller parcels that are appropriately scaled for small-businesses.*
 - b) Encourage the development of flexible and affordable commercial spaces to support more opportunities for local businesses and jobs, including niche businesses that can support tourism.*
 - d) Develop and encourage others to develop business incubators and shared workspaces including Town-developed assets to support smaller businesses, start-ups and creative industries.*
 - f) Explore opportunities for flexible live/work housing options in our near neighbourhood commercial and light industrial areas.*

- *6.4 Attract institutions and businesses to create a more sustainable economy.*
 - 6.4.1 Encourage anchor institutions.*
 - a) encourage and facilitate development of anchor institutions such as post secondary satellite campuses, research facilities, senior government offices and health care providers to support a more resilient economy.*
 - 6.4.2 Facilitate an innovation precinct.*
 - a) Establish an area for, and facilitate development of, an Okotoks Innovation Precinct or Campus that could attract post-secondary satellite campuses, research facilities, high tech offices, outdoor recreation and sports, tourism-focused businesses, and a range of services and housing geared towards employees...*
 - a) ...The precinct would encourage business and design innovation and explore shared resource use, bi-product synergies and shared programming. It should be planned to the highest standards of environmental excellence and allow for a creative mix of office, light industrial, commercial and complementary residential uses. The Town could play a lead or partnership role in its development.*
 - 6.4.4 Encourage food and agriculture enterprise development.*
- *8.1 Downtown is distinct and identifiable and reflects the unique culture and history of Okotoks.*
 - 8.1.2 Strengthen the gateways to downtown.*
 - a) Strengthen the gateways to downtown through public realm improvements and encourage the private sector to develop landmark buildings at key locations.*
- *8.2 Create a mix of uses downtown that support business success and a vibrant public realm.*
 - 8.2.1 Invest in Downtown.*
 - c) Encourage new private commercial and office development to consider downtown as a preferred location.*

2.2.5 Downtown Okotoks Urban Design Master Plan (UDMP) (2018)

The Downtown Okotoks Urban Design Master Plan (UDMP) was adopted in 2018 and is a non-statutory, guiding plan for the design of the built form, streetscapes and public spaces within Downtown Okotoks and informs future Area redevelopment Plans and land-use bylaws. See to the right for the study area.

Relevant Policies and Language

- *Goal 2: Establish a warm and contemporary main street.*

Downtown should be defined by a fine-grained pattern of shops that are built with a contemporary palette of warm natural materials.

- *Big Move 5: Sustainable and Mixed-use buildings.*

The promotion of sustainable, mixed-use buildings along the main street will contribute to the town's image as a dynamic place. South-facing sloped roofs will maximize opportunities for greenhouses and or rainwater harvesting. Choosing authentic, warm and natural materials such as wood, brick and glass will help develop a contemporary feel along the main street, simultaneously complementing the town's character.

Figure 2.12: Study Area of the Downtown Okotoks Urban Design Master Plan



Source: Town of Okotoks

2.2.6 Okotoks Economic Development Strategic Plan (2018 Update)

The Okotoks Economic Development Strategic Plan was updated in 2018 and is a 5-year plan that provides a broad vision of the community of Okotoks and its growth and prosperity. It features a set of priorities, objectives, and actions, that are related to the Okotoks Commercial and Industrial Study. A summary of aligned policies follows.

Relevant Policies and Language

- *Target Sectors: The 2018 Economic Development Strategic Plan has four revised target sectors for business expansion:*
 1. Professional, Scientific & Technical Services
 2. Manufacturing
 3. Food & Beverage Manufacturing and Agriculture Services
 4. Information, Culture, Communications & Technology
- *Economic Development Priorities*
 5. Becoming Investment Ready
 6. Focusing on Business Retention and Attraction
 7. Regional Economic Development that Supports Local Employment Growth
 8. Placemaking

2.2.7 Okotoks Strategic Plan (2018)

The Town of Okotoks Strategic Plan was adopted in 2018 and forms the strategic direction for the town from 2018 to 2021. The Plan outlines focus areas for

the community through a set of guiding principles and strategic directions. Below is a summary of relevant language for the Commercial and Industrial Study.

Figure 2.13: Strategic Directions of the Okotoks Strategic Plan



2.2.8 Key Takeaways

The Town of Okotoks has approved several policies that demonstrate their objective to grow local employment opportunities through increasing the share of non-residential land uses and innovative catalysts. The SSRP is the guiding planning document for the Calgary Metro's IGP and Town's MDP and represents a strong strategic direction into sustainable economic development, which includes environmental and social sustainability.

The Calgary Metro IGP strongly promotes the efficient use of existing regional infrastructure for new employment areas and residential developments and encourages sustainable growth in resilient communities. The IGP serves the region temporarily until the Calgary Metro Region Growth and Servicing Plan is complete and approved. Regional priorities may change with the adoption of the full Growth Plan. Regarding commercial and industrial growth in Okotoks, the SSRP and IGP have a clear focus on sustainable development and particularly the efficient use of existing infrastructure.

The Foothills-Okotoks IDP seeks to mutually benefit both municipalities through effective growth corridors and designated Gateway Areas surrounding Okotoks. The policies are based on the expectation for each municipality to refer development proposals to each other and ensure collaboration items such as development standards. Although this is yet to occur, the IDP continues to guide the intermunicipal referral process. In summary, the policies in the IDP are mostly regulatory in that new developments need to satisfy standards and economic targets of both municipalities.

The Okotoks MDP is the most relevant policy document for this study due to the Plan's focus on economic development, specifically in growing industrial employment lands; developing mixed-use hubs; attracting flexible commercial spaces and anchor institutions; and focusing office and commercial growth in Downtown. These focus areas project a clear path toward commercial and industrial growth in Okotoks.

The Town's Strategic Plan has both a guiding principle for developing a strong local economy and a direction to foster economic vitality. The Okotoks Economic Development Strategic Plan has identified four target sectors for the Town that display the desire for diversification of employment as the Town grows. Overall, Okotoks' planning documents reflect sustainable growth of the community and region through development in non-residential land uses and seeks to create an enterprising environment for business and employment that is guided by strong planning principles.

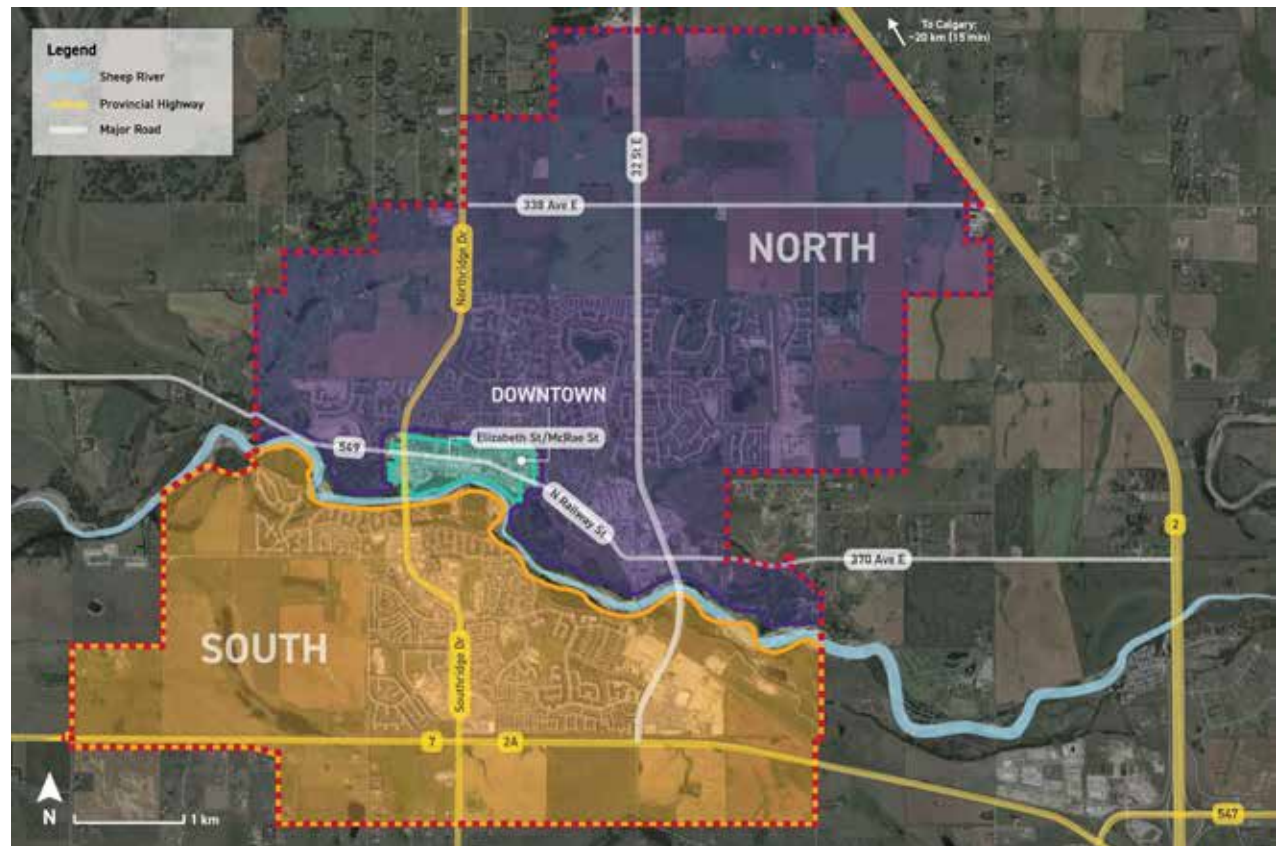
2.3 Current Land Use Patterns

The Town of Okotoks is divided into three distinct districts for the purpose of this study. The Sheep River forms a natural border between the north and south sides of the Town.

The **North** segment of Okotoks is delineated by the Town's boundaries north of the Sheep River and around Downtown. It is predominantly comprised of low and medium-density residential and public uses (i.e. community recreation, schools, parks). The Okotoks Business Park located southeast of downtown is one of the key industrial nodes in the Town. Much of the area north of the Crystal Ridge Golf neighbourhood is greenfield land, although development has been recently initiated towards 338 Avenue.

The **South** segment of Okotoks is delineated by the Town's boundaries south of the Sheep River. There is a wide mix of uses on the south side of the Town including newer low- and medium-density residential development, strip commercial, and big box commercial such as Wal-Mart and Costco. Also in the southern segment is the Southbank Business District, a growing business industrial complex.

Figure 2.14: Town of Okotoks Districts



Downtown Okotoks is an area north of the Sheep River anchored by an approximately 1.5-km east-west corridor of Elizabeth Street/McRae Street/North Railway Street. Downtown is home to boutique retail, a variety of food & beverage, along with a mix of institutional and low-density residential uses. As well, Downtown contains some non-attracting uses, such as professional and medical offices.

2.4 Commercial & Industrial Nodes

Retail outside of the downtown core is focused almost entirely on the south side of the Town. There are three small commercial nodes north of downtown that provide daily shopping and service needs including grocery. Southridge Drive has two primary commercial nodes comprised of retail power centres, pad retail and strip centres home to national brands. The southeastern commercial node at Highway 2A and 32 Street E is anchored by the big-box retailers of Costco and The Home Depot. Downtown is home to independent and locally-owned retail and food & beverage, although many of the buildings themselves are owned by outside interests.

Current industrial/employment clusters in Okotoks are located east of downtown adjacent to the intersection of N Railway Street and 32 Street E (Okotoks Business Park), and in the southeastern area near the intersection of Highway 2A and 32 Street E (Southbank Business District).

Figure 2.15: Primary Commercial and Industrial Nodes in Okotoks

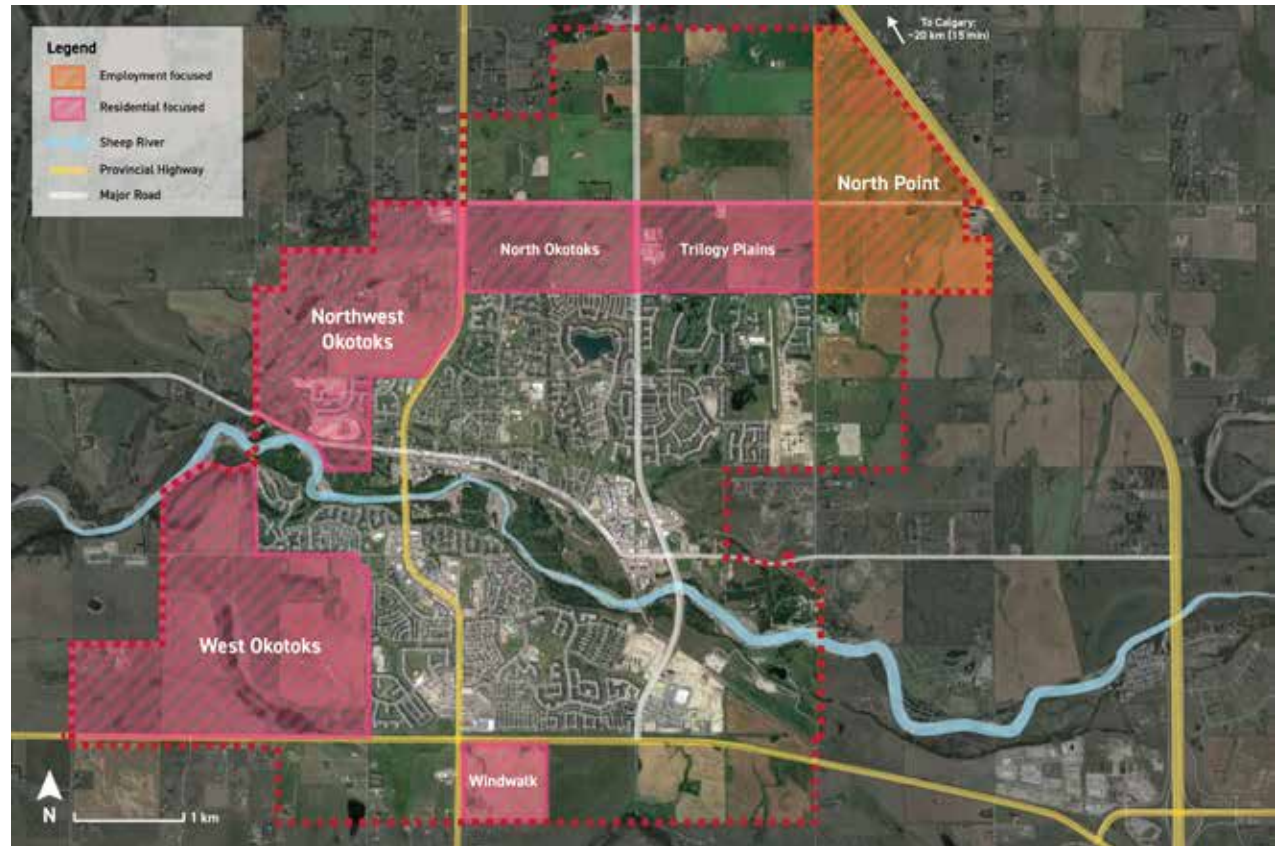


2.5 Area Structure Plans

The adjoining figure displays current Area Structure Plans of relevance in Okotoks. Built-out Area Structure Plans that have been completed are not included. The Northwest Okotoks ASP includes the new D'Arcy neighbourhood that will have a retail commercial node. The West Okotoks ASP is planned to include both large scale community nodes and smaller scale commercial dispersed between the five neighbourhoods. The first planned neighbourhood in West Okotoks is expected to have a small retail commercial village.

The North Point ASP is currently in development and has an expected completion of Fall 2021. The North Point ASP is the largest employment-focused ASP in the Town of Okotoks and will deliver approximately four quarter sections of land for industrial employment uses.

Figure 2.16: Area Structure Plans in the Town of Okotoks



2.6 SWOT Analysis



Strengths

- Fast growing residential community with strong future population growth rates.
- Excellent perception and high quality of life including well-regarded schools, big city amenities, bike infrastructure, sense of character, etc.
- An abundant open space and regional pathway network serves as an attractive asset for residents.
- High incomes in Okotoks relative to other jurisdictions and the metro region average.
- Small town feel in a beautiful setting along the Sheep River creates desirability.
- Highway 2 adjacency and future interchange at 338 Avenue.
- Employment land in Okotoks is relatively affordable to Calgary, although the gap is shrinking.
- Town is not considered “over-retailed” and has low vacancies for the retail sector.
- Population growth expected to support new commercial development including food & beverage and services.
- Active and pedestrian-friendly downtown core with a wide array of shops and services.
- Festivals throughout the summer draw thousands to the downtown core.
- Town is ambitious with planning and development and is in constant contact with the public and stakeholders regarding the future of the Town.



Weaknesses

- Water supply until an alternative source is realized.
- Small employment base with mostly small-scale employers.
- Okotoks is viewed as a bedroom community that is great to live in, but not a business-friendly community.
- Perceived as difficult to work with from a development and permitting standpoint.
- Low levels of historic absorption and leasing for office and light industrial.
- Lease rates for retail, office, and industrial are only slightly lower than Calgary – not a strong competitive advantage.
- Commercial uses often look to locate in industrial locations due to higher commercial lease rates.
- Difficult to entice businesses to locate in Okotoks rather than South Calgary. Viewed as a riskier development market aside from residential and retail.
- Largely untested market for larger-scale employment uses which creates uncertainty for developers and site selectors.
- Town currently does not have large parcel employment available for end-user tenants.



Opportunities

- Opportunity to create a more complete community where residents live, work, and play.
- Become more agile and quicker with the DP process to move development through.
- New destination retail concepts that provide a unique differentiator for Okotoks.
- Centre for environmental education, emerging environmental, innovation, and tech career development.
- Focus on food & beverage and services for retail commercial.
- Leverage the small-town feel of Okotoks to attract small-scale office tenants in a post CV-19 development environment.
- Leverage the potential future interchange at Hwy 2 and 338 Avenue to support employment uses that prefer direct highway connectivity to the greater region.
- Targeted employment around certain growth sectors such as Agribusiness/Agtech, R&D, Clean Energy, Light Manufacturing, and smaller-scale Logistics.
- Capture light industrial uses from Calgary due to property tax increase.
- Support home-based businesses to scale-up into leasable space / co-working space.
- Guide office into future neighborhood mixed-use centers.



Threats

- Alberta and Calgary Metro continue to struggle economically for a longer than anticipated period.
- Retail sector is transforming due to changing shopping patterns and preferences - may not require as much retail as planned.
- Growth of South Calgary and Seton area continues to capture employment uses.
- Competitive supply of employment lands in surrounding jurisdictions.
- Logistics development remains focused on Balzac and Airdrie areas along Hwy 2.
- Alberta Transportation continues to setback funding for the Hwy 2 and 338 Avenue interchange.
- Okotoks is unable to shake the perception as a bedroom community to Calgary.
- Okotoks continues to be viewed as a “Town” from a business development perspective.
- Tenants unwilling to pay higher lease rates in mixed-use and multi-use developments.
- Land prices for employment continue to increase, reducing the competitive advantage.
- CMRB processes and approvals in the final growth plan have potential to delay planning approvals for new ASPs, including those intended for employment growth.



03 STAKEHOLDER CONSULTATION

3.1 Introduction

Stakeholder interviews were conducted as part of the process to garner an understanding of the opportunities and challenges related to retail, office, and industrial development in the Town of Okotoks. Stakeholder interviews were conducted in February and March 2021. Interviews were conducted with two primary groups:

- 1. External Stakeholders –**
Landowners, developers with a vested interest in Okotoks, local businesses, and commercial/industrial real estate brokers.
- 2. Internal Stakeholders –** Town staff from various departments including Planning, Engineering, and Economic Development.

Feedback from both the external and internal stakeholders was recorded by staff of MXD Development Strategists and is presented anonymously. This feedback has been synthesized into six primary themes presented on the following pages.



3.2 Key Themes and Takeaways

Okotoks is a Great Place to Live

- Unique location along the Sheep River.
- Small town feel with bigger city amenities.
- Great bike infrastructure.
- Great place for small businesses.
- Excellent schools for families.
- Much less traffic than Calgary.
- Land prices are more affordable than Calgary – although that is changing.
- Strong reputation and sense of character.

Need to Overcome Perception

- Okotoks is still viewed as a bedroom community where most people commute for work.
- Used to be regarded as “not business friendly”, but this has improved in recent years.
- Viewed as a small community. Considered a “Town”.
- Does not have access to a large employment base.
- Perceived as difficult to work with from a development standpoint, primarily around planning and zoning standards.

Competition from Calgary

- How do you differentiate from South Calgary?
- Seton has the South Health Campus and direct access to Hwy 2.
- Less risk from a developer's perspective to build in Seton or Mahogany communities.
- Difficult to entice businesses to come to Okotoks rather than South Calgary.
- Hard to lease certain spaces as lease rates are similar to Calgary.
- Not price competitive to Calgary.

Flexible to Market Realities

- Majority of tenants looking for under 5,000 SF.
- Alberta and Calgary Metro are struggling economically, will be difficult to attract business in the next five years.
- Have to balance placemaking with realities of what the market wants.
- Town has lofty goals, market may not respond without strong economic development.
- Must be a little more flexible and focused while still staying progressive.

Mixed-use Developments

- Strong progressive vision for multi-use communities.
- Mixed-use high streets are difficult to develop in Alberta, especially in “suburban environments”.
- Development construction cost for mixed-use does not always make financial sense, multi-use (uses not stacked) is more viable.
- Tenants prefer standard retail developments, how do we plan for this?
- Need to plan for a post-Covid environment.
- Future developments should have restaurants that have 3-season “indoor/outdoor” patios.

Planning for the Future

- Need to offer some type of incentive package for businesses to locate in Okotoks.
- Town should maintain the character and small town charm – this is its best quality.
- Expected to grow slowly from an employment perspective, but good to be “ready to go”.
- Post-Covid world could be ideal for smaller businesses to locate in Okotoks, less of a need to be in Downtown Calgary.
- Pick two or three economic sectors and focus on marketing to those industries.
- Continue to diversify retail mix – especially with changing nature of retail.
- Continue to focus on smaller businesses.
- Need to market Okotoks as a great place to live and work.
- Determine the unique advantage of Okotoks to overcome certain challenges.



04 REAL ESTATE MARKET ANALYSIS

4.1 Introduction

An economic and real estate market analysis was undertaken to create a market-driven development program for the Town of Okotoks based on the industrial, office, retail, and hotel asset classes. This analysis provides a baseline understanding of land uses that have the greatest viability in Okotoks and the amount of demand over a 20-year timeline.

Current industrial, office, retail, and hotel were analyzed in the CMR (Calgary Metro Region), South Calgary, and Okotoks to understand the current state of the market, as well as development challenges and opportunities. The market-driven program informs recommendations in this study for appropriate mix, size and positioning of each asset class in the Town of Okotoks. Land use allocation and priority areas are also informed by the economic and real estate market analysis.



4.2 Calgary Metro Key Economic Sectors Overview

The CMR's economy continues to be focused on the energy sector, primarily oil and gas. There has been a greater drive to diversify the regional economy due to the oil crash of 2015 and a continual shift in energy practices worldwide. Key sectors currently driving the Calgary economy include aerospace & logistics, agri-business, creative industries, energy (including clean energy), digital media, financial services, life sciences and technology/innovation.

Due to a strong pool of talent and excellent post-secondary institutions, the region has a growing technology/innovation sector with several start-ups feeding into other sectors such as fintech, life sciences, clean energy and agri-business (agri-tech).

Calgary's location is also strategic, assisting in the region becoming a major distribution hub for Western Canada. The Metro is not only along two of North America's largest highway routes, but also has the country's largest inland port. The region is also on the doorstep of over 70% of Canada's irrigated lands, giving it a strategic advantage for agri-business.

Not all regional key economic sectors are relevant to the commercial and industrial spectrum of Okotoks, with the most relevant sectors to the Town reviewed in this economic analysis.

Figure 4.1: Key Economic Sectors Under Consideration



4.2.1 Innovation and Digital Technology Overview

The Calgary Metro has become a growing centre for innovation and digital technology start-ups. This has been driven by local incentives, catalysts/incubators, collaboration with post-secondary institutions, and an entrepreneurial economy. From 2019 to 2022 Calgary businesses are planning to spend \$7.5B on digital transformation and innovation.

Contributions to advancing innovation and digital technology have included the Finger Food Advanced Technology Group, that announced the opening of an Advanced Technology Centre in Calgary. The centre will provide 200 full-time jobs by 2023 in skilled design, software development and management. Cisco also has invested \$15 million in doubling the region's cybersecurity research and development resources, including a new cybersecurity office and supporting training to Npower and YYC Net Lab.

There are also several funding and incubator opportunities for new technology start-ups in the Calgary area. For example, the public-private corporation Alberta Innovates provides expertise, funding and research facilities to start-ups as well as incubators such as the Telus Technology Accelerator, Junction, and Founder Institute.



Southern Alberta Institute of Technology

Most technology companies have and continue to locate in either downtown Calgary, in redeveloping areas such as the East Village, or near post-secondary institutions.

The CMR also takes advantage of having a highly educated population base. Local universities and colleges such as the University of Calgary, Bow Valley College, Mount Royal University and Southern Alberta Institute of Technology (SAIT) offer programs that generate talent for technology and innovation.

Implications for Okotoks:

While the majority of tech companies will continue to locate in Calgary's urban areas close to downtown, Okotoks has the ability to leverage a fast-growing regional innovation sector to attract small start-ups to Okotoks. The town can also utilize entrepreneurship within the Town to aide in the incubation and acceleration of start-ups in Okotoks that would benefit the community and its growth.

4.2.2 Clean Energy Overview

Calgary is the centre of Canada's energy industry, particularly in oil and gas. While the energy industry in Calgary has historically been fossil-fuel dependent, the city has become home to a growing clean energy sector.

Calgary now represents 70% of all clean tech start ups in Alberta, of which the majority target mining, oil sands, oil and gas as well as liquified natural gas. The largest percentage of clean tech innovation in Alberta come from advances in chemical processes, such as biofuels or biochemicals. The region was ranked in the world's "Top 15 cleantech ecosystems".

There are several organizations in Calgary also aimed at promoting the clean energy industry in Alberta from both an entrepreneurial and policy-aided point-of-view. Organizations such as the Energy Futures Lab aim to create an Alberta-specific energy system utilizing input from academia, industry leaders, First Nations and government officials. The Business Renewables Centre established in 2019 already has 45 major members and works to aid in the development of renewable energy purchases for Canadian organizations.

The Drake Landing Solar Community is a sustainable master planned neighbourhood that reduces dependency on fossil fuels by using an innovative



Suncor Wind Farm

district system using solar power. Okotoks has taken significant steps to become a part of a sustainable future through various initiatives including documents adopted by council such as the Environmental Master Plan, Climate Action Plan and Natural Asset Inventory. The Okotoks Environmental Education Center offers insight into the local water systems and is a beneficial tool for residents and visitors to learn about water and green infrastructure.

Implications for Okotoks:

With a core value of sustainability, Okotoks is able to leverage the significant shifts happening in the Alberta energy industry, and focus on clean tech and clean energy including research and development, manufacturing, testing, and assembly.

4.2.3 Agri-Business Overview

Southern Alberta makes up 70% of Canada's irrigated agricultural-based land; and the CMR's direct proximity has assisted to grow a strong agri-business industry.

The region has become a centre of agri-tech and crop science research, driven by recent additions such as the Simpson Centre for Agricultural and Food Innovation and Public Education at the University of Calgary and Olds SmartFarm. Key areas of innovation include advanced robotics and machinery in food processing, intelligent insect detection and advanced crop protection products, as well as agricultural technology in plant monitoring and biometrics.

As a result of a growing agri-business sector, especially in areas related to crop science, food and beverage processing, animal genetics as well as agri-tech, multi-national companies tend to locate in the CMR or just outside the region. This includes Bayer, Nutrien, Corteva Agriscience, Syngenta and Cargill.



Decisive Farming Equipment

The region's growth in agri-tech has also incubated local agri-tech-focused start-ups. Most notably, the start-up Decisive Farming, dedicated to precision farming was recently purchased by Telus in 2019. The company has applied technology to agricultural techniques to generate farming efficiencies on over 1,500 farms in Alberta, Saskatchewan, Manitoba and the U.S.

Implications for Okotoks:

As a gateway to southern Alberta and surrounded by ample agricultural lands, Okotoks has the ability to leverage this strategic position in the growth of agri-businesses such as small-scale, local food processing but also in the creation of agri-tech, crop science research facilities, and start-up incubation.

4.2.4 Life Sciences Overview

A growing life sciences industry has taken off in Calgary. In 2019 it was estimated that \$1 billion in capital was raised by Alberta life science companies and approximately \$150 million was spent on research and development.

There are approximately 110 life sciences companies operating in the CMR covering a large swath of health-related spectrums, including companies such as Zenith Epigenetics, Syantra Diagnostics, Circle Cardiovascular Imaging and others.

The University of Calgary Life Sciences Innovation Hub (LSIH) supports the delivery of commercially viable products deriving from research-intensive firms. The innovation hub provides infrastructure and expertise, such as a 35,000 SF wet/dry lab, as well as trained technicians. Also in Calgary is the city's first health technology accelerator, Hatch-YYC, aiming to incubate at least 55 health-tech-related companies in the next five years and providing over 300 jobs.



LSIH Lab Space

Existing research centres for life sciences in Calgary include the Calgary Centre for Clinical Research (CCCR) at the Cumming School of Medicine (University of Calgary), International Microbiome Centre and Ward of the 21st Century (W21C) living lab.

Implications for Okotoks:

The Life Sciences sector will continue to spatially locate in urban amenity-rich environments with close proximity to post-secondary institutions. It will be difficult for Okotoks to pursue Life Sciences as a primary industry, however there may be future opportunities around light manufacturing, testing, and assembly.

4.2.5 Logistics Overview

Due in part to Calgary's strategic location, the region is emerging as one of Western Canada's largest distribution hubs. As a truly multi-modal hub, the city is not only connected via road, but has substantial infrastructure for air and rail as well.

Calgary is along two major roadways, the Canmex Highway, connecting Canada to Mexico as well as the Trans-Canada Highway. Nearly 3 million tonnes of goods were transported to Calgary via rail in 2016, with connection to ports in Vancouver, Prince Rupert and to the U.S. Pacific Northwest. Calgary International Airport (YYC) handles 75% of all air cargo shipments in Alberta, handling 135,000 tonnes of cargo in 2015.

One in ten jobs in Calgary, or 134,000, are related to goods movement, with several industry-specific post-secondary training programs. Calgary is also a hub for logistics innovation, with firms such as Hexagon or Attabotics working on transportation automation and optimization.



Calgary Inland Port

Highly connected distribution networks between Calgary and Edmonton have enabled a significant amount of logistics and warehouse buildings to locate around Calgary International Airport and along the Highway 2 corridor in Rocky View County.

The continued expansion of e-commerce has enabled the industrial sector of Calgary to have continued success and development.

Implications for Okotoks:

Okotoks does not have the same locational advantage as Balzac and Rocky View County on the northside of the CMR to capture large-scale logistics and warehousing, however it can leverage its location as a “gateway to southern Alberta” for logistics and transportation-related companies that require southern access without the requirement to be in Calgary.

4.3 Real Estate Market Analysis

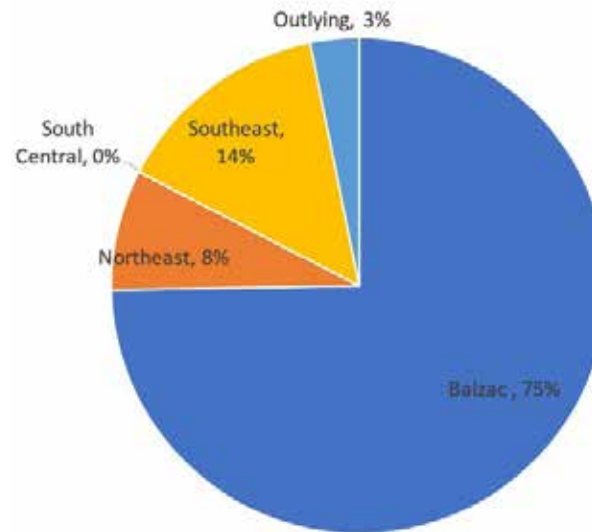
4.3.1 Calgary Industrial Market Overview

The Metro Calgary industrial market experienced its most impressive quarterly growth in the past two years, despite the Covid-19 pandemic. There was over 1.6 million SF of positive net absorption in Q4 2020 with seven lease transactions over 100,000 SF. 2020 experienced a year-end absorption of 3.1 million SF of industrial space. This was a positive development as Metro Calgary has averaged 2.3 million SF of absorption over the past five years.

The Metro Calgary industrial market has been flexible to changes in consumer demand, quickly responding to additional demand for larger bay distribution space driven by the growth of E-Commerce.

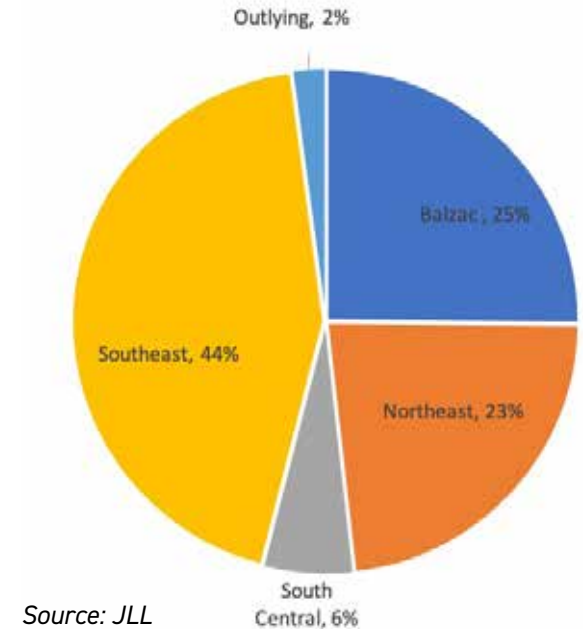
Metro vacancy rates remain between 6-7% which is typical for the Calgary market. The southeast submarket (closest to Okotoks) has a vacancy of 6.9%, down from 8.7% in 2015. Industrial triple net (NNN) asking rents average \$9.11/SF which is relatively strong. Industrial rents have risen considerably over the past decade, especially for connected logistics and manufacturing space.

Figure 4.2: Under Construction Inventory (SF) by Submarket, Q4 2020



Source: JLL

Figure 4.3: Net Industrial Absorption by Submarket, 2020



Source: JLL

Estimated construction cost of new industrial in suburban Calgary is estimated by Altus at \$80/SF to \$110/SF, while project value for industrial is expected to average \$200. Developers have become more price conscious of land prices to ensure that projects have financial viability. Capitalization rates of 5% have enabled industrial to be an excellent investment asset compared to the struggling office sector.

As of Q4 2020 there is approximately an additional 1.8 million SF of inventory under construction, primarily in Balzac (74%), driven primarily by the construction of the High Plains Industrial Park. The industrial park is aimed at being the main distribution centre in Western Canada with key tenants including Lowes, Home Depot, Smucker's, Penske and Sobeys.

Approximately 8.7% of the market inventory is outside of the City of Calgary, however that number is expected to increase in the next development cycle as new proposed property tax increases are pushing development outside Calgary city limits.

While the office and retail sectors are facing uncertainty, the climate for industrial development remains relatively healthy. Logistics related development is likely to continue to be the primary industrial demand driver followed by light manufacturing.

1.8M

Square Feet
Under Construction (Q4 2020)

3.1M

Square Feet
Yearly Absorption (2020)

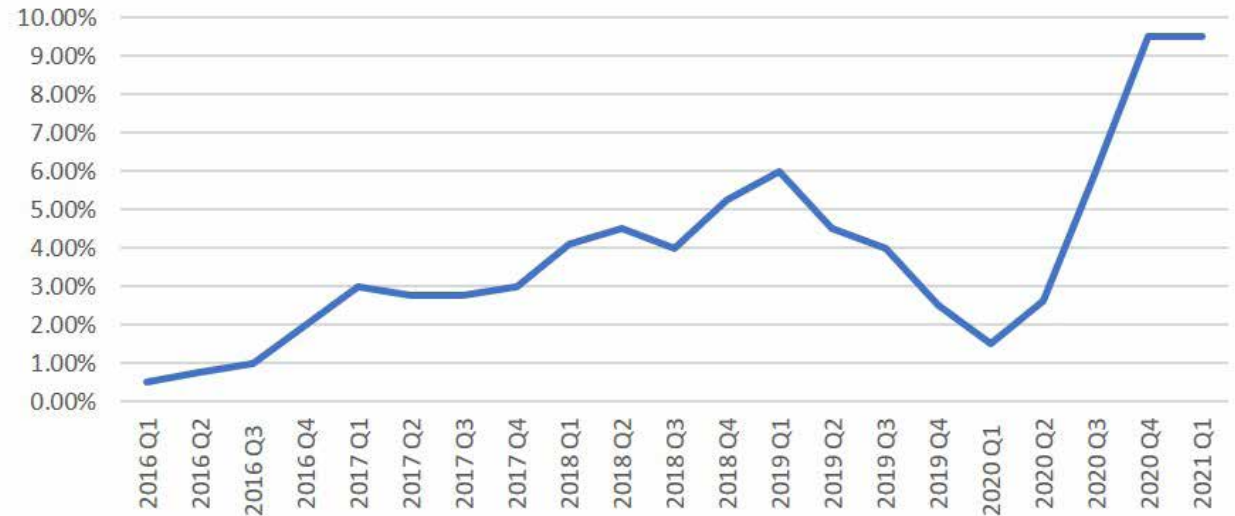
4.3.2 Okotoks Industrial Market Overview

The Okotoks industrial market is primarily characterized by smaller light-industrial spaces with a total footprint of 761,000 SF. Industrial is concentrated in the town's Okotoks Industrial Park. Tenants include uses such as automotive, storage, light manufacturing, or building supply.

As demonstrated from CoStar data, Okotoks does not have an active industrial market with smaller industrial uses and a single industrial park. It is not considered as a major industrial player in the CMR and major industrial brokers do not focus on the submarket.

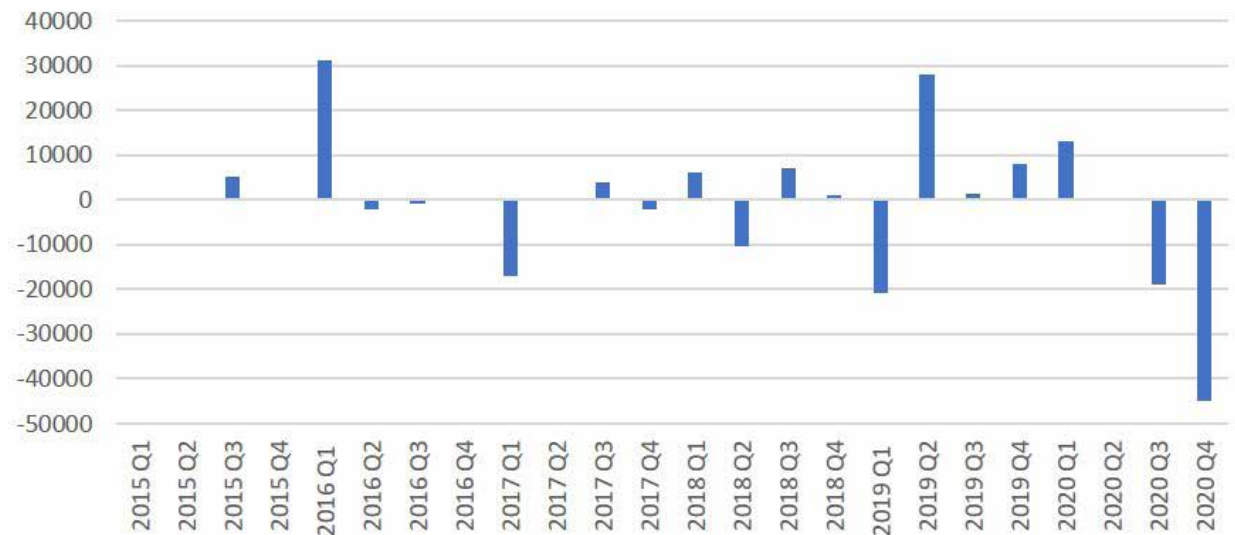
The relatively small nature of Okotoks' industrial market can cause strong volatility to metrics such as vacancy and absorption. In Q1 2021 absorption for industrial space during 2020 was at a five-year low of 53,110 SF, whereas a year prior 2019 absorption was at a five-year high of 51,932 SF.

Figure 4.4: Quarterly Okotoks Industrial Vacancy Rate, 2016-2021 YTD



Source: CoStar

Figure 4.5: Quarterly Okotoks Industrial Net Absorption (SF), 2015-2020



Source: CoStar

Current industrial vacancy rates in Okotoks remain significantly higher than the Metro Calgary averages at 11.7%. Industrial capitalization rates are 5.9%, a five-year high, indicative of the market's decreasing rental and sales rates. In 2020 there were no industrial deliveries in Okotoks. While there are two new projects in the development pipeline for industrial in Okotoks, slow absorption at the Southbank Business Park still indicates industrial/employment space demand is being captured by other areas of the Calgary Metro.

Okotoks lack of new industrial development over the past decade has been due to a variety of reasons including:

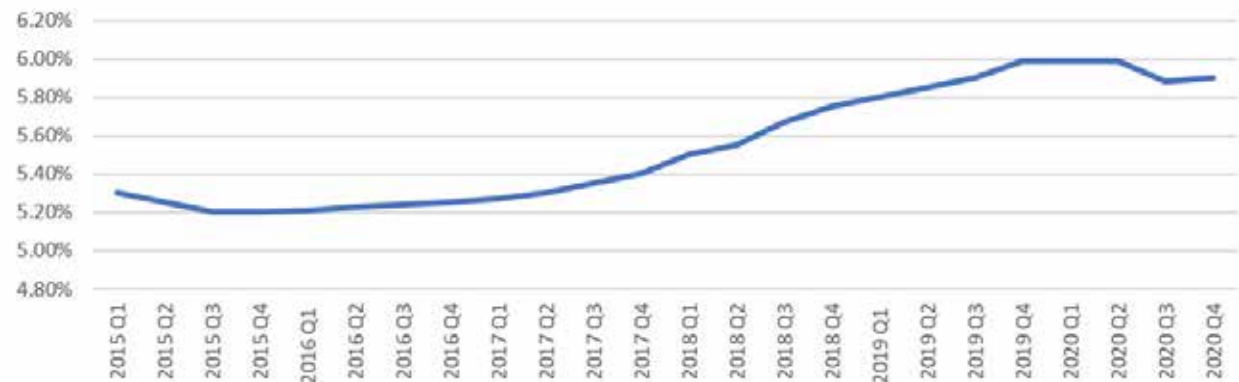
- No large-parcel serviced land adjacent to the regional highway network
- Limited economic development and marketing for industrial uses

With new taxation potentially pushing industrial development outside of Calgary, evidenced by a strong pipeline in suburbs such as Balzac, it is possible Okotoks could find opportunity to absorb some of this demand given the right typologies and amenity mix.



Typical Okotoks Industrial Product (both images above)

Figure 4.6: Quarterly Okotoks Industrial Vacancy Cap Rate, 2015-2020



Source: CoStar

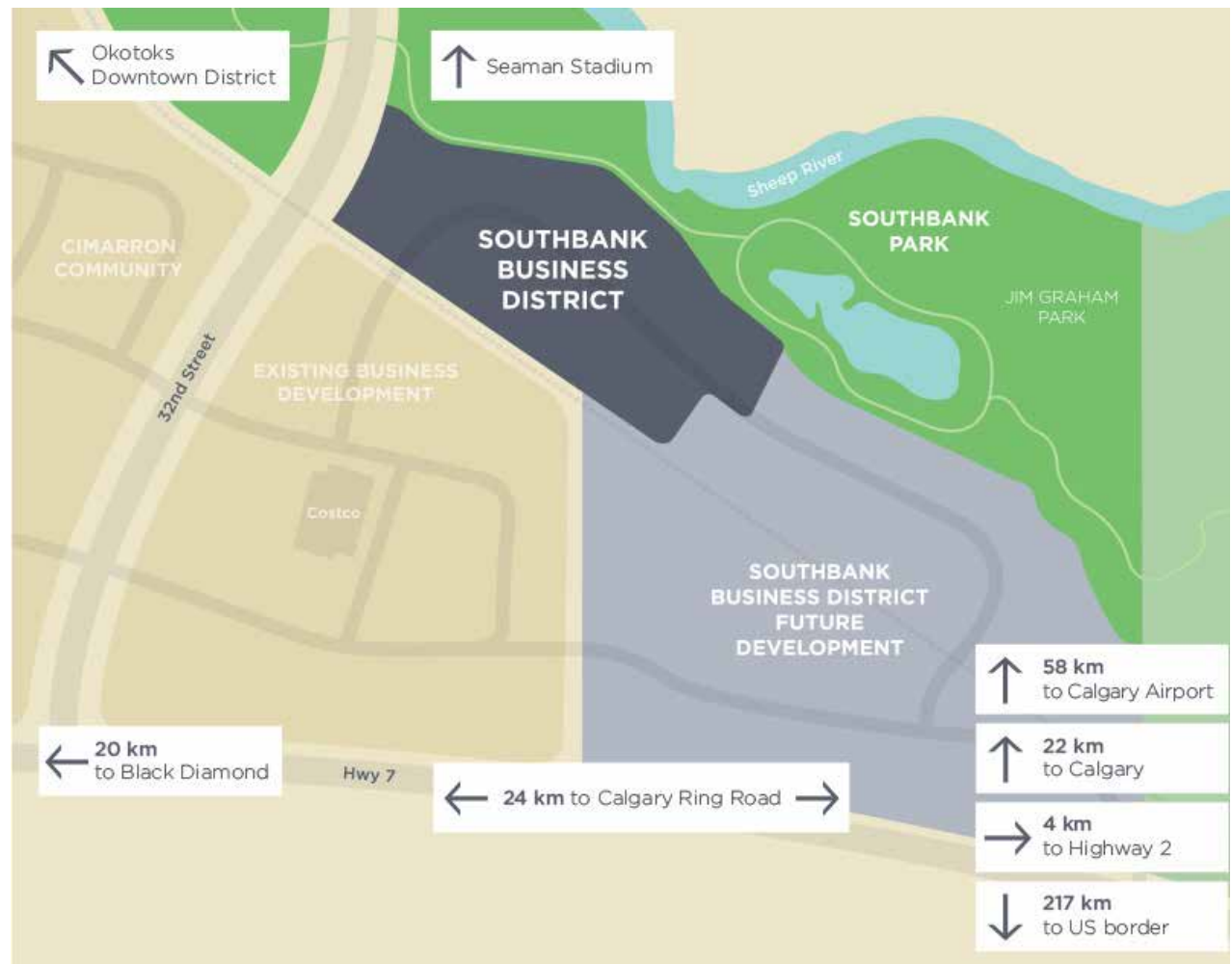
There are two main industrial/employment nodes in the Town of Okotoks, and one located outside the town's boundaries; the Okotoks Industrial Park, Southbank Business Park and Warner Business Park.

Okotoks Industrial Park is the only employment node that is largely built-out. It is located east of downtown on the north side of the Sheep River. The node is mainly made up of smaller light industrial/flex uses.

The Southbank Business Park is an employment area adjacent to the Southbank Centre retail plaza. The business park is currently pre-selling with four lots available between 1.5 to 4 acres. The business park is a mix of flex office, flex industrial, medical, self storage and service uses. The Southbank Business Park includes industrial lands already developed by Tristar and largely built-out, and lands owned by Burnswest that are under development.

The Southbank Business District is on land owned by Burnswest and is located north and east of the lands developed by Tristar. This is displayed on Figure 4.7. There are two phases of the Southbank Business District, with Phase 1 directly north of Southbank Centre. To differentiate the market, Burnswest is constructing the multi-tenant light industrial condo building as a gateway statement to the business district.

Figure 4.7: Southbank Business District



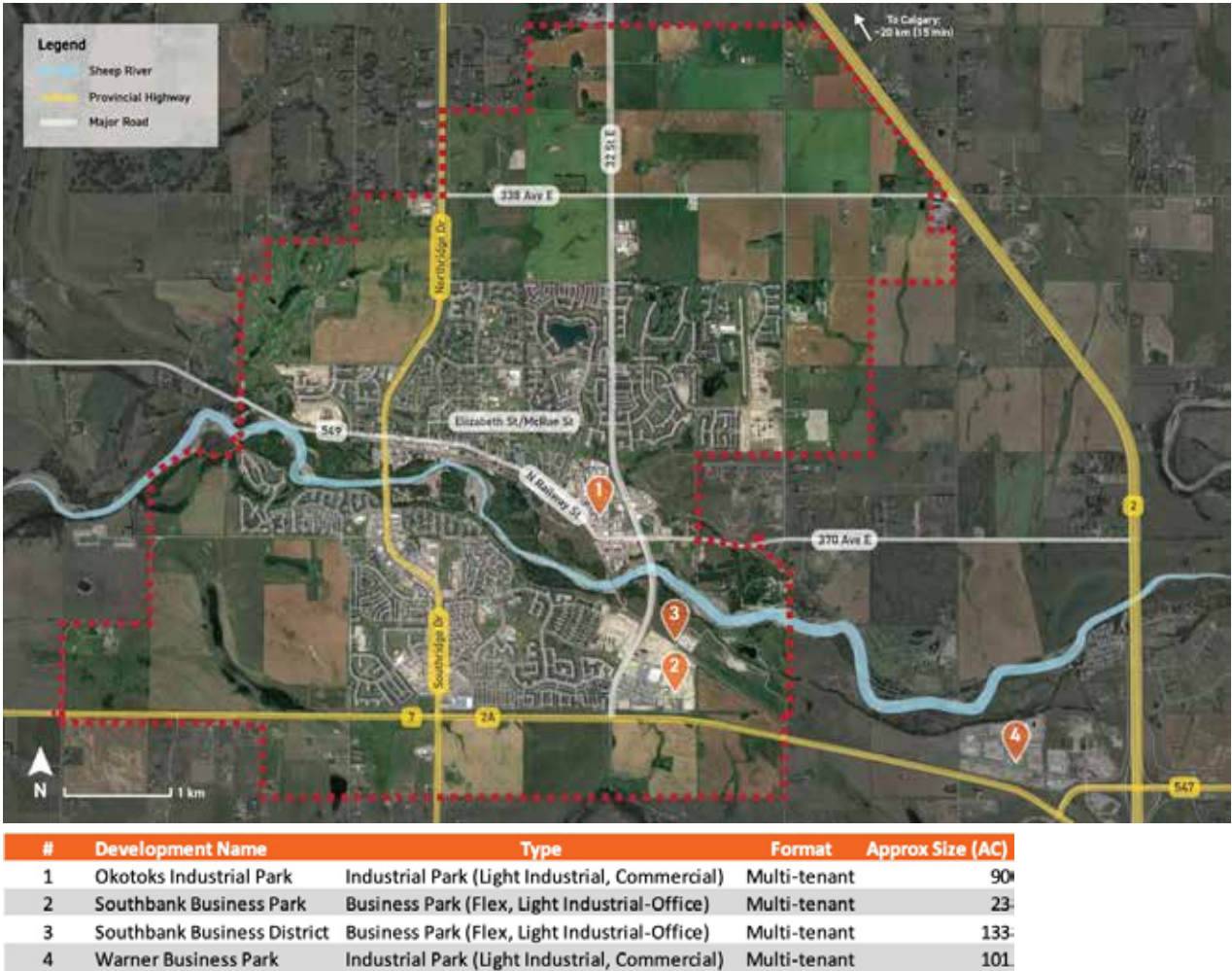
Source: BURNSWEST

The Warner Business Park is an employment area being developed at the junction of Highway 2 and 2A. It is currently selling phase one lots as well as future completed units. The development also has the Warner Warehouse Garages for private storage of vehicles. The cost of serviced land at Warner Business Park is approximately \$300,000 per acre. Land at Southbank is approximately \$475,000 to \$500,000 per acre which is a significant price increase as both business parks are in proximity. This is still significantly less than employment lands in south Calgary which range from \$600,000 to \$700,000 per acre.

There is also a small amount of industrial and employment lands north of Okotoks along Highway 2A in Foothills County. This area is anchored by Edwards Concrete and the Okotoks Agricultural Society. There are also two developed lots on the west side of Highway 2A with additional highway frontage lots for sale.



Figure 4.8: Existing Okotoks Industrial Supply Map



Submarket Summary

Submarket	Current Inventory SF	Current Vacancy SF	Current Vacancy %	Current Occupied SF	Current Asking Net Rents	Current Asking Additional Rents	Current Gross Rent	Historic Inventory SF Q3-2016	Historic Vacancy % Q3-2016	Historic Occupied SF Q3-2016
Northeast	48,596,782	4,713,888	9.7%	43,882,894	\$8.88	\$4.46	\$13.34	42,248,962	11.1%	37,559,327
Southeast	60,905,903	4,202,507	6.9%	56,703,396	\$9.16	\$4.22	\$13.38	56,063,224	8.7%	51,185,724
Central	22,270,854	1,269,439	5.7%	21,001,415	\$9.45	\$5.23	\$14.68	25,397,234	5.1%	24,101,975
Entire Market Area	131,773,539	10,185,834	7.7%	121,587,705	\$9.11	\$4.48	\$13.59	123,709,420	12.8%	112,847,026

Note: Submarket Summary refers to Calgary submarkets that are considered competitive to Okotoks.

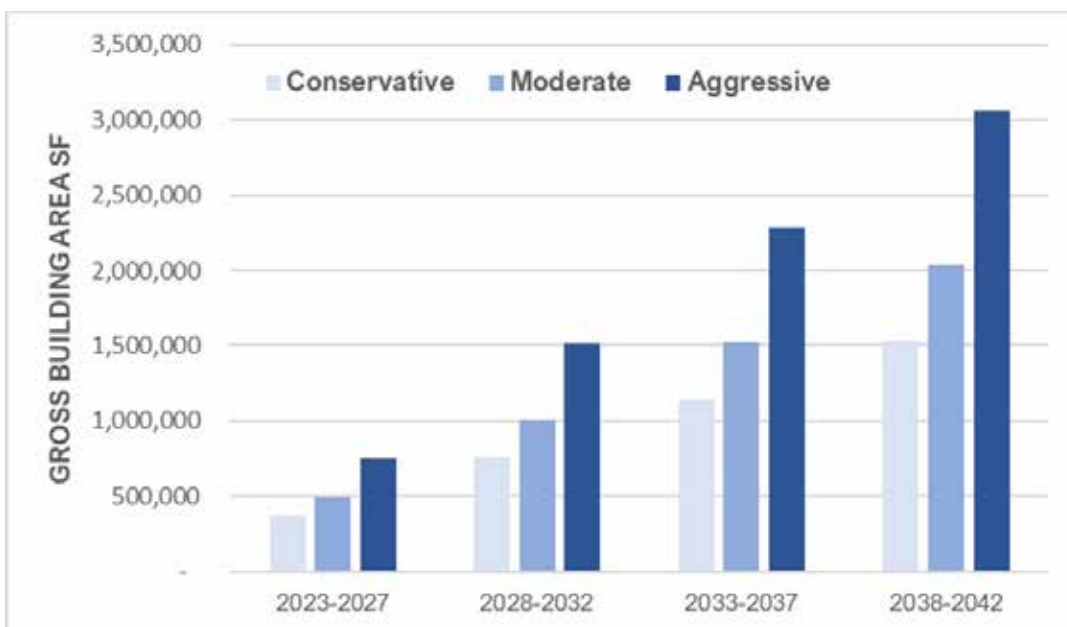
Industrial Demand Analysis

Absorption has averaged 2.3 million SF per year across the entire Metro over the past five years.

The Industrial Market Share model identifies demand for 1.5 million SF to 3.1 million SF of new development in Okotoks over the next 20 years. The conservative scenario is considered "business as usual", while the aggressive scenario is contingent on a variety of factors such as marketing, economic development, serviced land availability, etc.

Okotoks Industrial Development Program & Land Requirements (Cumulative)

Scenario	2023-2027	2028-2032	2033-2037	2038-2042
Conservative Scenario				
Gross Bldg Area (SF)	373,000	759,000	1,145,000	1,531,000
Net Developable Acres	29	58	88	117
Moderate Scenario				
Gross Bldg Area (SF)	497,000	1,012,000	1,526,000	2,041,000
Net Developable Acres	38	77	117	156
Aggressive Scenario				
Gross Bldg Area (SF)	746,000	1,518,000	2,289,000	3,062,000
Net Developable Acres	57	116	175	234



4.4 Office Analysis

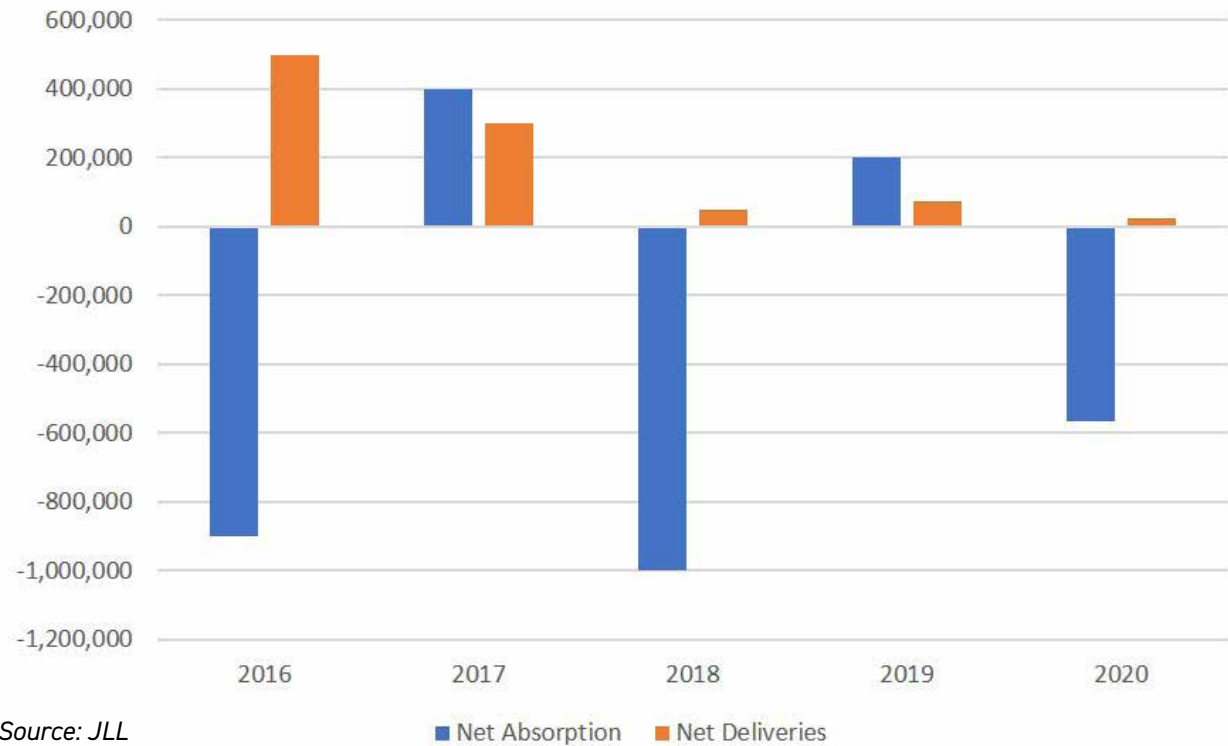
4.4.1 Calgary Office Market Overview

The office market in Calgary had been in decline prior to the onset of the Covid-19 pandemic, primarily due to the region's focus on energy sector tenants that have experienced a depressed global oil market over the past six years.

Metro wide vacancy is at 22%, while suburban vacancy rates hit an all-time high of 20.8% in Q1 2021. Prior to the pandemic it was speculated that downtown office would make a recovery in 2020, yet Calgary's downtown office market has been further softened by added burdens from the pandemic and now stands at 26% vacancy.

In 2020 there were approximately 507,000 SF of office completions in Calgary, of which 483,000 SF were in the downtown core. The remaining 24,000 SF of office completions were in the city's southern submarket, which makes up approximately 24% of Calgary's overall suburban office inventory. Absorption in the Metro has averaged approximately 172,000 SF over the past five years. This is relatively low for a large office market such as Calgary that has an existing inventory of 75 million SF.

Figure 4.9: Annual Calgary Suburban Office Net Absorption and Deliveries (SF), 2016-2020



Office triple net rents average \$13.26/SF across the market for Class A space which is well below the \$20/SF + necessary to support new development. Calgary's South submarket has the highest rental rate of suburban submarkets at \$16.20/SF. The submarket market rent is 10% higher than the suburban average of \$14.74.

Estimated project value for suburban office in the Calgary submarket is expected to average \$215/SF. Estimated construction cost of new office in suburban Calgary is estimated by Altus at \$180/SF to \$245/SF excluding parking which would cost an extra \$12/SF of leasable office for surface parking or an extra \$90/SF of leasable office for structured parking.

Fit-out of the office space costs an extra \$85 to \$160/SF for Class A property in Calgary this year, and much of this cost would be unlikely to be recouped from the Tenant, given current market conditions. Given that most developers require at least a 25% profit on project costs, there is an insufficient profit margin to attract new office development in the metro region. As a result of the market's continual decline since the 2015 Alberta Oil Crash, Metro Calgary currently has a modest development pipeline of 489,000 SF of office under construction. **More than half of this square footage is being constructed in the city's South submarket, indicating a recent prioritization by developers for suburban office space.**

Build-to-suit development will be constrained by competitive rents offered by existing supply, rising construction costs, post Covid-19 uncertainty on office demand, and overall macro economic conditions.



4.4.2 Okotoks Office Market Overview

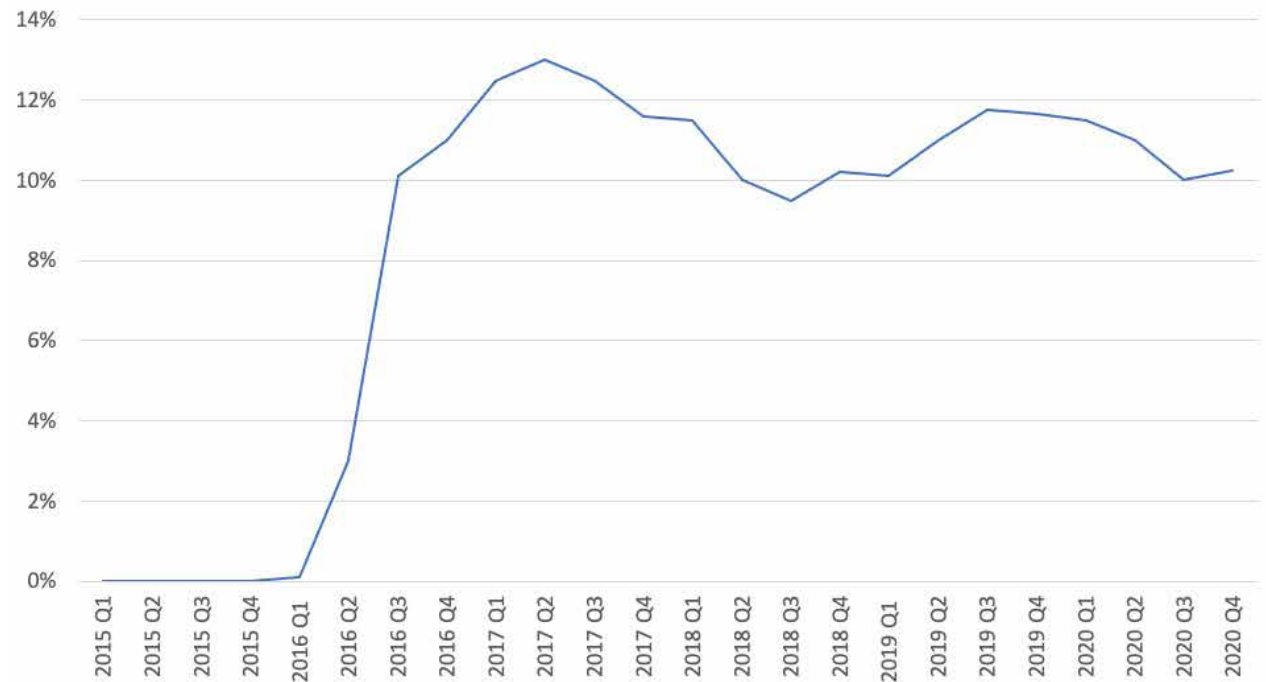
Okotoks has a smaller scale office market with approximately 428,000 SF of leasable space. Whereas the Calgary office market is driven by the oil and gas industry, Okotoks is dominated by small service tenants such as banking, insurance, professional services and medical office.

Office was a fairly tight market in Okotoks up to 2016 when several office products were delivered and not fully leased. Due to the provincial economic downturn, demand for office space has decreased regionally, resulting in increasing vacancy rates. As of Q1 2021, there is no office under construction in Okotoks, nor has there been any since 2017. This is further indicative of the low demand for office space in Okotoks, with a supply that currently meets the community's specific needs.

Office tenants in Okotoks typically look for spaces of 5,000 SF or less. New leases are small enough that they do not create a large impact on overall vacancy rates and absorption. Office is largely located in either downtown or the south side of the town.

Market rents are significantly higher than suburban Calgary which is a concern from a site selection and leasing perspective. Class B rents range from \$20/SF to \$27/SF. A 1,900 SF available space in the Southbank Medical Building is currently marketed at \$25/SF.

Figure 4.10: Quarterly Okotoks Office Vacancy Rate, 2015-2020



Source: CoStar

\$27.50 /SF

Okotoks Office
Market Rent (2021 YTD)

10.5%

Okotoks Office
Vacancy Rate (2021 YTD)

Submarket Summary

Submarket	Current Inventory SF	Total Vacancy %	Current Total Vacancy SF	Current Occupied SF	Current Asking Direct Rents PSF (Class A)	Historic Inventory SF 2015	Historic Vacancy % 2015	Historic Occupied SF 2015
Downtown	44,231,666	25.1%	11,102,148	33,129,518	\$12.83	40,862,752	11.5%	36,163,536
Beltline	7,692,228	18.2%	1,399,985	6,292,243	\$12.30	7,119,819	13.8%	6,137,284
Northeast	7,482,004	19.3%	1,444,027	6,037,977	\$13.00	5,948,001	11.0%	5,293,721
Northwest	2,924,341	14.2%	415,256	2,509,085	\$16.03	2,024,296	10.0%	1,821,866
South	13,191,004	16.9%	2,229,280	10,961,724	\$14.64	9,710,393	10.8%	8,661,671
Entire Market Area	75,521,243	22.0%	16,590,697	58,930,546	\$13.26	65,665,261	11.6%	58,078,077

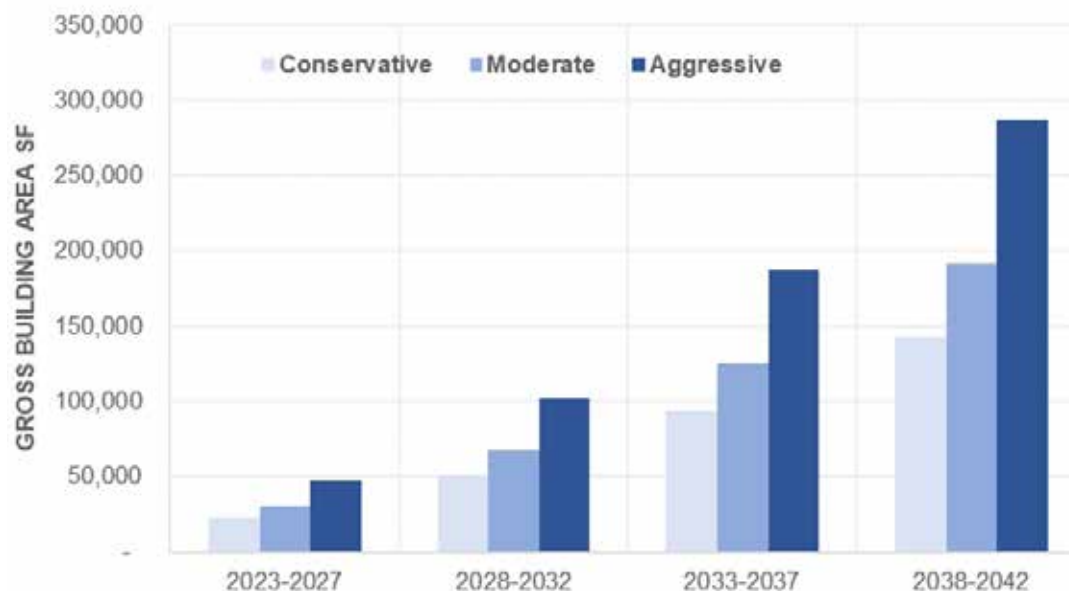
Office Demand Analysis

There has been slow absorption (171,989 SF/year) across the entire Metro over the past five years.

The Office Market Share model identifies demand for 143,000 SF to 287,000 SF of new development in Okotoks over the next 20 years, or approximately 1.1% of the regional total.

Okotoks Office Development Program & Land Requirements (Cumulative)

Scenario	2023-2027	2028-2032	2033-2037	2038-2042
Conservative				
Gross Bldg Area (SF)	23,000	51,000	94,000	143,000
Net Developable Acres	2	3	6	9
Moderate				
Gross Bldg Area (SF)	31,000	68,000	125,000	191,000
Net Developable Acres	2	4	8	13
Aggressive				
Gross Bldg Area (SF)	47,000	102,000	188,000	287,000
Net Developable Acres	3	7	12	19



4.5 Retail Analysis

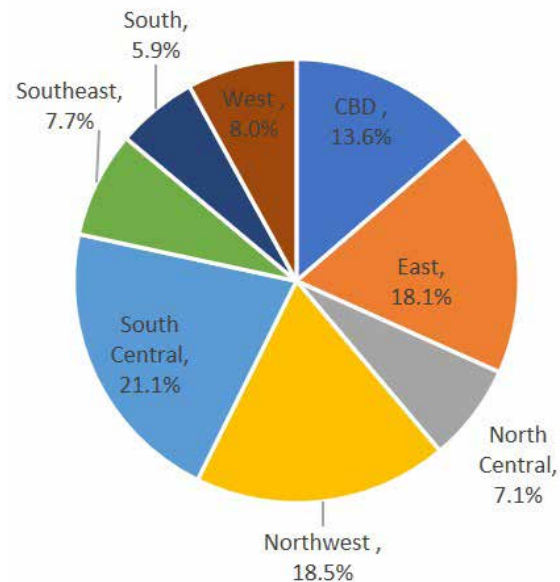
4.5.1 Calgary Retail Market Overview

Increased online shopping and urbanization are major drivers of the changes occurring in the distribution and logistics sectors. COVID-19 has accelerated e-commerce trends, bolstering the need for supply chains to be in proximity urban centers to accommodate consumer demand for quick and efficient delivery of goods. Many big box retailers have adapted to the growth in online shopping by leveraging their click-and-collect models to enhance the e-commerce side of their business.

The figure to the right highlights three prominent development typologies in the GTHA market that are a key part of the e-commerce supply chain. It identifies the typical size, format, use and location preference. These development typologies provide insight into the type of industrial product that is driving the market and would be suitable development opportunities to pursue at and around Hamilton International.

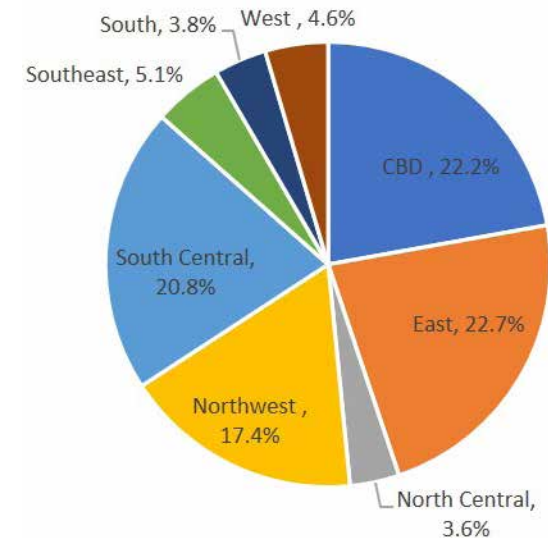
The following page outlines the approximate size, land area, and building features of three recent Amazon fulfillment centres in the GTHA.

Figure 4.11: Calgary Retail Inventory by Submarket as Percent of Total Inventory



Source: CBRE

Figure 4.12: Vacant Retail Inventory by Submarket as Percent of Total Vacant Inventory



Source: CBRE

6.7%

Calgary Retail
Vacancy Rate (Q4 2020)

\$18,969

Sales Per Capita
(2020)

4.5.2 Okotoks Retail Market Overview

Okotoks has a diverse array of retail categories and typologies despite being a relatively small submarket of 30,000 residents. There is 1.8 million SF of retail in the town according to CoStar data. This equates to approximately 60 SF of retail per capita which is higher than the Canadian average. It demonstrates the “pull” factor that Okotoks has from surrounding rural areas in Foothills County as well as communities such as Black Diamond and Turner Valley. Okotoks has the spatial advantage of preceding South Calgary, especially since the town has increased its retail offering over the past decade.

The town consists of a variety of retail types such as smaller neighbourhood centre, pad retail, strip commercial, power centre, and high street retail in the downtown area. There has been the arrival of several big box stores in recent years such as Costco and The Home Depot. These entrants have closed a major gap in the retail market and reduced spending leakage in retail categories such as general merchandise and home building and renovation supplies. Residents previously would have to drive to Calgary for these goods.

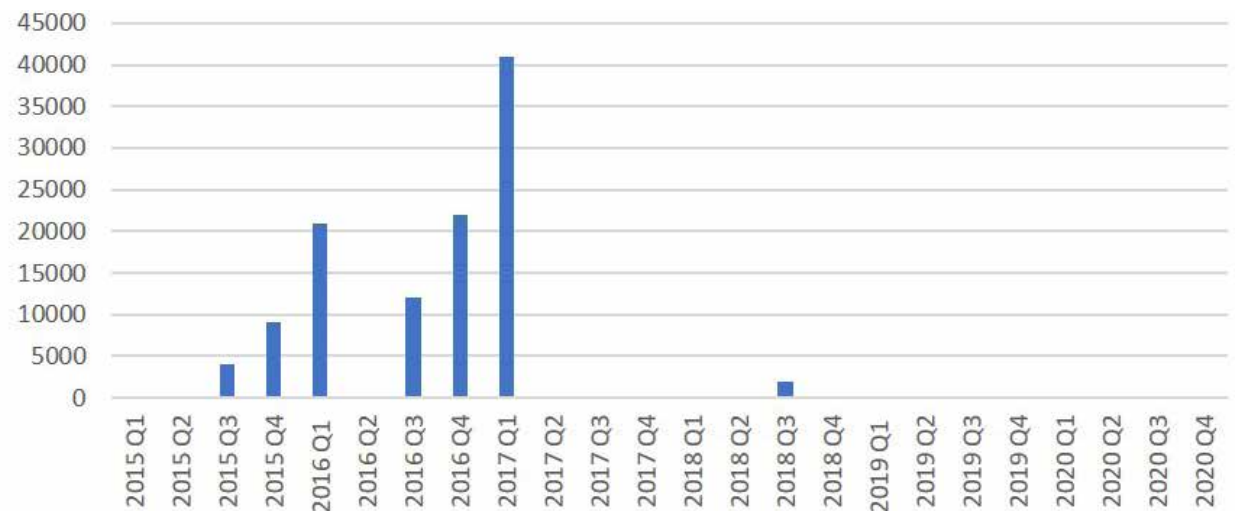
The retail vacancy rate in Okotoks has consistently been below 3% over the past five years; lower than the Metro average. The low retail vacancy rate has

Figure 4.13: Okotoks Retail Quarterly Vacancy Rate, 2015-2020



Source: CoStar

Figure 4.14: Okotoks Quarterly Retail Deliveries (SF), 2015-2020



Source: CoStar

continued due to a lack of construction starts and deliveries in Okotoks over the past four years, with the last major retail construction project delivered in 2017.

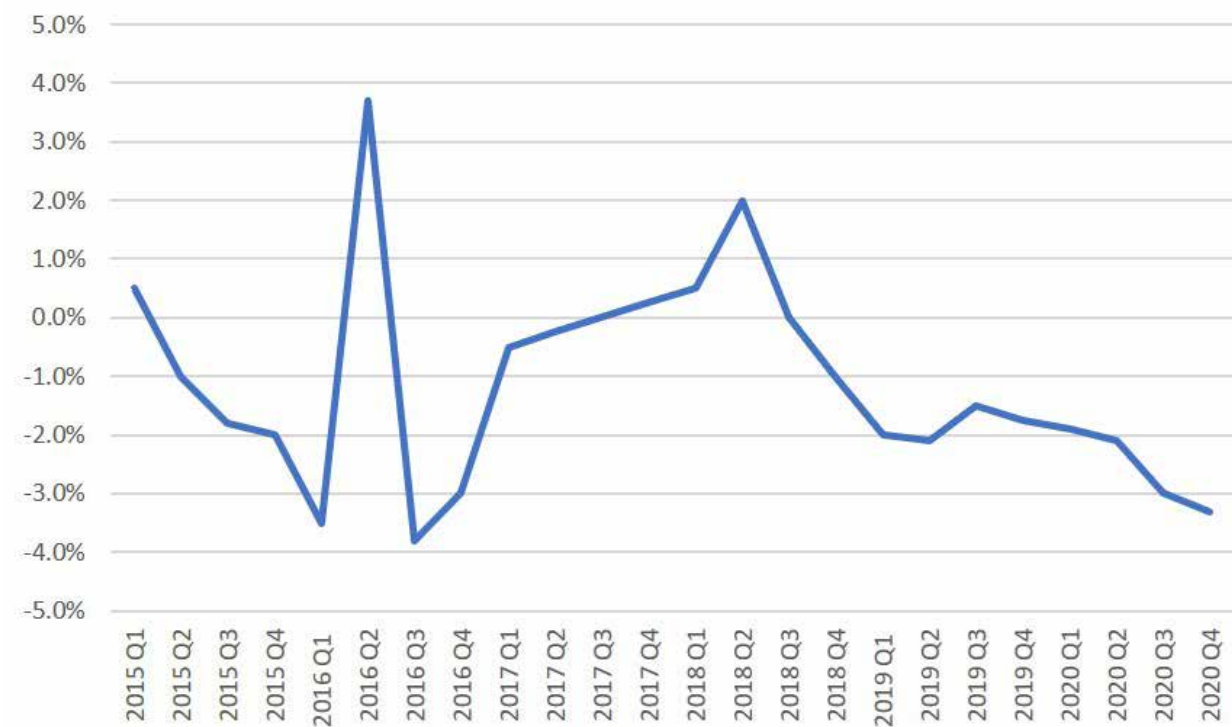
The lack of construction starts over the past five years has allowed the market to stabilize during the provincial recession.

Due to the Okotoks retail market's small size, tight vacancy rate and lack of recent deliveries, rental growth can be quite volatile. Average retail market rents are \$22.71/SF. Capitalization rates have continued to fall within the last five years and are now at 5.75%. These metrics are a testament to the resiliency of the Okotoks retail submarket despite a weakened provincial economy.

While demand for new retail projects has tapered down, the town has seen significant population growth over the last five years. New residential communities on the north and south side of town will generate additional retail demand for certain retail categories.



Figure 4.15: Okotoks Retail Quarterly YOY Rental Growth Rate, 2015-2020



Source: CoStar

There are five main clusters of retail in Okotoks: (1) Downtown; (2) the southern end of Northridge Drive; (3) the northern end of Southridge Drive; (4) the junction of Highway 2A and Southridge Drive; and (5) at 32 Street and Highway 2A.

The Downtown Okotoks retail node is primarily characterized repurposed historical buildings used for high-street retail boutiques, along with small essential services. Adjacent to Downtown are retail establishments located on Northridge Drive at Riverside Way (Willow) and Sandstone Gate (No Frills). The D'Arcy retail area will soon begin development at the intersection of Northridge Drive and D'Arcy Blvd.

The node at the northern end of Southridge Drive consists of several neighbourhood retail centres anchored by grocery such as Safeway, along with smaller food & beverage and services.

The nodes at Highway 2A and Southridge Drive as well as the node at 32 Street and Highway 2A are both characterized by larger big box stores such as Costco, Wal-Mart, The Home Depot and Save-on-Foods, as well as newer strip retail with smaller services such as liquor stores, food & beverage, barbershops, etc.

Figure 4.16: Existing Okotoks Retail Supply Map



#	Development Name	Format	Square Footage (Approx.)	Anchors
1	Downtown/Old Town	Neighbourhood Retail Centre	245,000	N/A
2	Willow	Neighbourhood Retail Centre	33,000	Motion Fitness
3	No Frills	Neighbourhood Retail Centre	32,000	No Frills
4	Village Lane	Neighbourhood Retail Centre	85,000	Dollarama, Staples
5	Big Rock Lane	Neighbourhood Retail Centre	66,000	Safeway
6	Centennial Village	Retail Power Centre	64,000	Shoppers Drug Mart
7	Okotoks Square	Neighbourhood Retail Centre	25,000	Original Joe's
8	Westmount Center	Retail Power Centre	157,000	Dollar Tree, PetSmart
9	Cornerstone Springwood Development	Retail Power Centre	328,000	Canadian Tire, Sobeyes, WalMart Supercentre
10	Southbank Centre	Retail Power Centre	430,000	Costco, Dollarama, Save-On-Foods, Sportchek, The Home Depot, Winners

	Okotoks Trade Area	Secondary Trade Area	Total
Retail Demand Conservative Scenario (Square Feet over 20 Years)	252,020	93,259	345,279
Retail Demand Moderate Scenario (Square Feet over 20 Years)	315,025	145,416	460,441
Retail Demand High Scenario (Square Feet over 20 Years)	378,030	201,622	579,652

Retail Demand Analysis

There has been approximately 23,000 SF of retail deliveries on average in Okotoks over the past five years. Annual absorption has averaged approximately 9,000 SF per year according to CoStar, however data may not be fully accurate with Okotoks considered as a secondary research market.

The Retail Demand model identifies demand for 345,000 SF to 580,000 SF of new development in Okotoks over the next 20 years. This includes demand from new residents in Okotoks as well as inflow from people living in surrounding communities such as Foothills County, Black Diamond, and Turner Valley. Due to the transformational shifts that are occurring in the retail sector along with the acceleration of e-commerce spending from Covid-19, it is recommended that Okotoks target a more conservative to moderate position on retail in the near to medium term.

Okotoks Retail Development Program & Land Requirements (Cumulative)

Scenario	2023-2027	2028-2032	2033-2037	2038-2042
Conservative Scenario				
Gross Bldg Area (SF)	86,320	172,639	258,959	345,279
Net Developable Acres	7	13	20	26
Moderate Scenario				
Gross Bldg Area (SF)	115,110	230,220	345,330	460,441
Net Developable Acres	9	18	26	35
Aggressive Scenario				
Gross Bldg Area (SF)	144,913	289,826	434,739	579,652
Net Developable Acres	11	22	33	44

4.6 Hotel Analysis

4.6.1 Calgary Hotel Market Overview

The Canadian hotel market was hit the hardest from the Covid-19 pandemic given the strict restrictions on business and pleasure travel. Hotel investment and transactions were down significantly. Prior to the Covid-19 pandemic, RevPAR (revenue per available room) performance in the South/Macleod Trail submarket was among the best in Calgary with a 17.8% gain in 2018. The submarket also had among the highest average daily rates outside Downtown at \$132/night with a 61% occupancy rate.

Calgary had Canada's lowest RevPAR at \$29.28 as of Q4 2020, down 66% from 2019. Calgary also saw a 57% decrease in occupancy and a 21.1%

decrease in average daily rates, on par with the Canadian average.

Most hotels in South Calgary are select service two-to-three-star hotels such as Courtyard by Marriott, Service Plus Inns and Suites, Holiday Inn and Super 8. There is a Residence Inn by Marriott extended-stay hotel at the new Seton mixed-use development.

The majority of hotels in Calgary south are located along major transportation routes such as Macleod Trail or Deerfoot Trail. Newer hotels have located in areas that have a critical mass of shopping, employment and food & beverage uses.



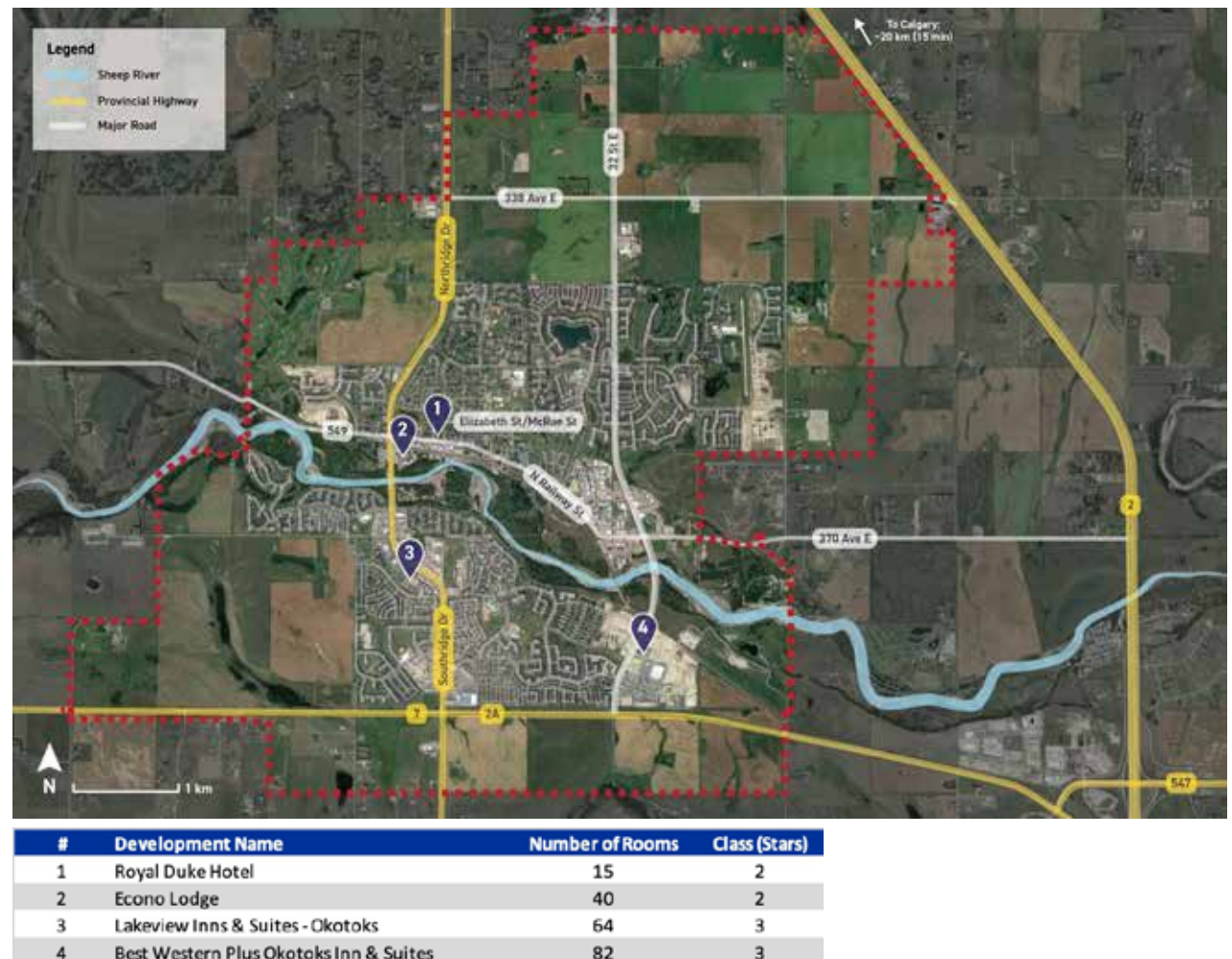
4.7.2 Okotoks Hotel Market Overview

There are four hotels currently in Okotoks, all of which are select service two-to-three-star hotels.

All four hotels are located at retail nodes. The Royal Duke Hotel and Econo Lodge are both located in Downtown Okotoks, the Lakeview Inn and Suites is located adjacent to Okotoks Square retail neighbourhood retail centre, and the Best Western Plus Okotoks is located within Southbank Centre. The Best Western is the newest hotel in Okotoks and is part of the Southbank area.



Figure 4.17: Existing Okotoks Hotel Supply Map



Hotel Demand Analysis

Hotel demand in Okotoks is limited due to the size of the Town as well as the underperforming hotel market in Metro Calgary. The recent construction and future planning of several hotels in South Calgary as well as the Covid-19 pandemic negates the potential for hotel development in the near to medium term.

There will be demand over the long term from a growing residential population as well as an increase of employment as the Town diversifies its land uses.

A suburban resident on average supports 0.01 hotel rooms. Using the official Municipal Development Plan projections, Okotoks could support an additional 130 hotel rooms. The World Economic Forum (using data from the UN World Tourism Organization) states that Canada has 1.2 hotel rooms per 100 population. This method calculates that the Town could support 156 hotel rooms.

These two methods demonstrate the viability for one to two new hotels in Okotoks over the next twenty years.

130

Rooms

(Conservative Demand Scenario)

156

Rooms

(High Demand Scenario)

4.7 Overall Development Program and Key Takeaways

Light Industrial

- The industrial market in South Calgary continues to experience stable metrics and sustained growth due to demand from a variety of end-user tenants, especially those in the logistics sector such as wholesale trade, transportation and warehousing. Target industries for Okotoks such as logistics, clean energy, and agribusiness are all reliant on light industrial space.
- The Okotoks industrial market is small-scale compared to other submarkets of the Metro however there are opportunities to generate shifts and increase market share through economic development.
- Employment land availability in the Southbank area offers “ready-to-go” pads with nearby amenities, while the future North Point ASP will provide land for larger scale light industrial users who require direct access to Highway 2.
- Industrial will be the primary driver of employment uses in the Calgary Metro over the next decade and Okotoks must be well positioned from a land use, policy, economic development, and marketing perspective to ensure that it captures a portion of this demand.

Office

- The office market in the Calgary Metro is expected to struggle in coming years due to economic conditions and a reduced need for office space from the Covid-19 pandemic. High vacancy rates are expected to stay above 20% which will negate any short-term opportunities.
- The supply of office space in the South Calgary market has grown, primarily around the Seton development area. Rather than compete with suburban office growth in Calgary, Okotoks can focus on smaller-scale office product for users who prefer the small-town feel with city-like amenities.
- There may be users who are seeking a site for their office outside of the Calgary market due to Covid-19 and the acceleration of employment from city cores, however this trend should be monitored in the next several years. There are also opportunities to provide live/work office space for entrepreneurs in Okotoks who need to scale-up from their home-based business.
- Priority locations for future office development should be in Downtown Okotoks as well as the Southbank Business Park and District.

Retail

- Low vacancy rates and stable rental rates in South Calgary and Okotoks provide a favorable environment for future retail expansion. The Covid-19 pandemic may place short-term opportunities on hold, however new retail construction will continue to occur in areas that have strong population growth.
- Okotoks projects for over 12,000 new residents in the Town over the next 20 years which plays as an advantage for new retail development. The industry standard of “retail follows rooftops” will be true moving forward, especially for neighbourhood and community-based retail centres such as grocery and pharmacy-anchored retail.
- Okotoks has limited retail supply outside of the downtown on the north side of the Sheep River. Continued residential development of subdivisions such as D’Arcy and future subdivisions along 338 will generate demand for grocery and daily services on the north side.
- The continued increase of e-commerce over the next decade means that only certain retail categories will be feasible for expansion.
- Large-scale big box users such as Costco, Wal-Mart, The Home Depot, and Winners are all located on the southside of the Sheep River and will continue to draw residents to this area for destination shopping. Okotoks’ preceding location to South Calgary creates a strong secondary retail trade area that includes Foothills County, High River, Black Diamond and Turner Valley. Residents of these communities can shop in Okotoks without having to deal with the traffic of South Calgary. Okotoks will continue to generate spending and retail traffic from these communities moving forward.

Hotel

- There is an appropriate supply of hotels currently in the Okotoks market based on the town’s current population and employment uses.
- New hotel developments in the Seton area of South Calgary, along with the Covid-19 pandemic reduce the short to medium term demand for hotel construction in the town.
- The continued population growth of Okotoks as well as an anticipated shift to employment diversification could support one to two hotels over a 20-year timeline. There is an opportunity to locate a boutique hotel overlooking the Sheep River, as well as a select-service hotel on the north side of town to complement future residential and employment growth.

4.8 Target Economic Sectors

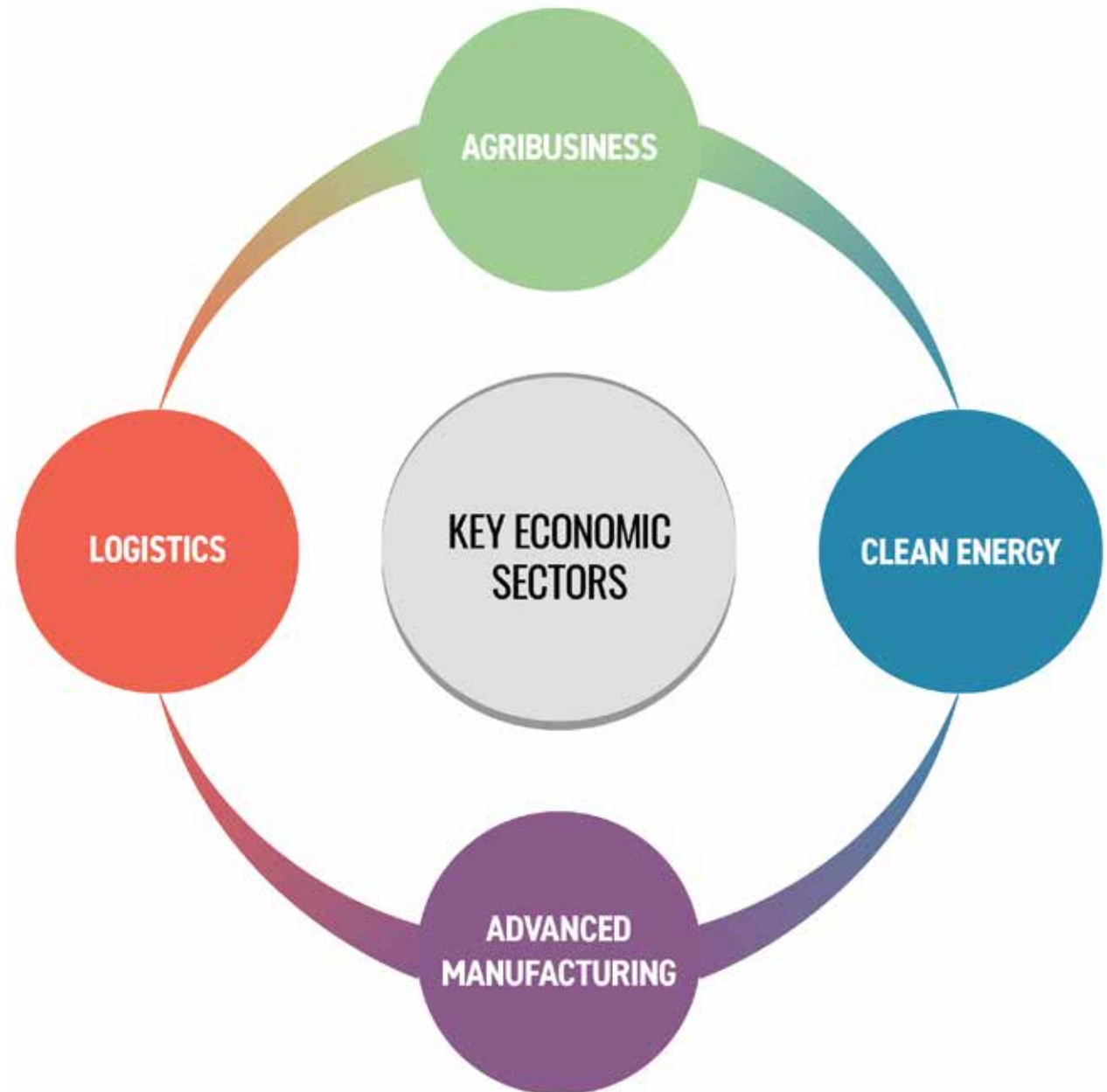
Based on MXD's high level Metro economic analysis, review of the Okotoks real estate market and discussions with stakeholders, the following four sectors provide the most optimal opportunities for economic growth. These sectors are targeted to light industrial, flex industrial, and flex office space. These sectors are also less reliant on urban locations or those located adjacent to post-secondary institutions.

Targeted Economic Sectors for Okotoks are:

- Agribusiness
- Clean Energy
- Advanced Manufacturing
- Logistics

A key secondary economic sector is Professional Services. This includes small and medium-sized companies that revolve around accounting, real estate services, financial services, etc.

Figure 4.18: Targeted Economic Sectors





05 POSITIONING, ALLOCATION AND PRIORITY AREAS

5.1 Introduction



”

Okotoks is an amazing community and a great place to live. The Town needs to be a little more flexible and focused while still staying progressive.

– Local Stakeholder

”

Okotoks has a good reputation and sense of character... balance placemaking with the realities of development and learn to grow efficiently.

– Local Stakeholder

5.2 Nine Big Ideas

The following are nine objectives or “big ideas” that emerged from the real estate market analysis, economic analysis, and stakeholder consultation. These ideas have guided the positioning, land use allocation, and priority area selection for development in the commercial and industrial study. They have also provided a framework of recommendations in the Action and Implementation Plan in Chapter 6.



5.3 Positioning and Demand Allocation

The three districts that were introduced earlier in this study are unique from a spatial, topographical, connectivity, and development perspective. The layering of future strategy emerges from the analysis in this study as well as the Town's MDP, Area Structure Plans and other various guiding documents.

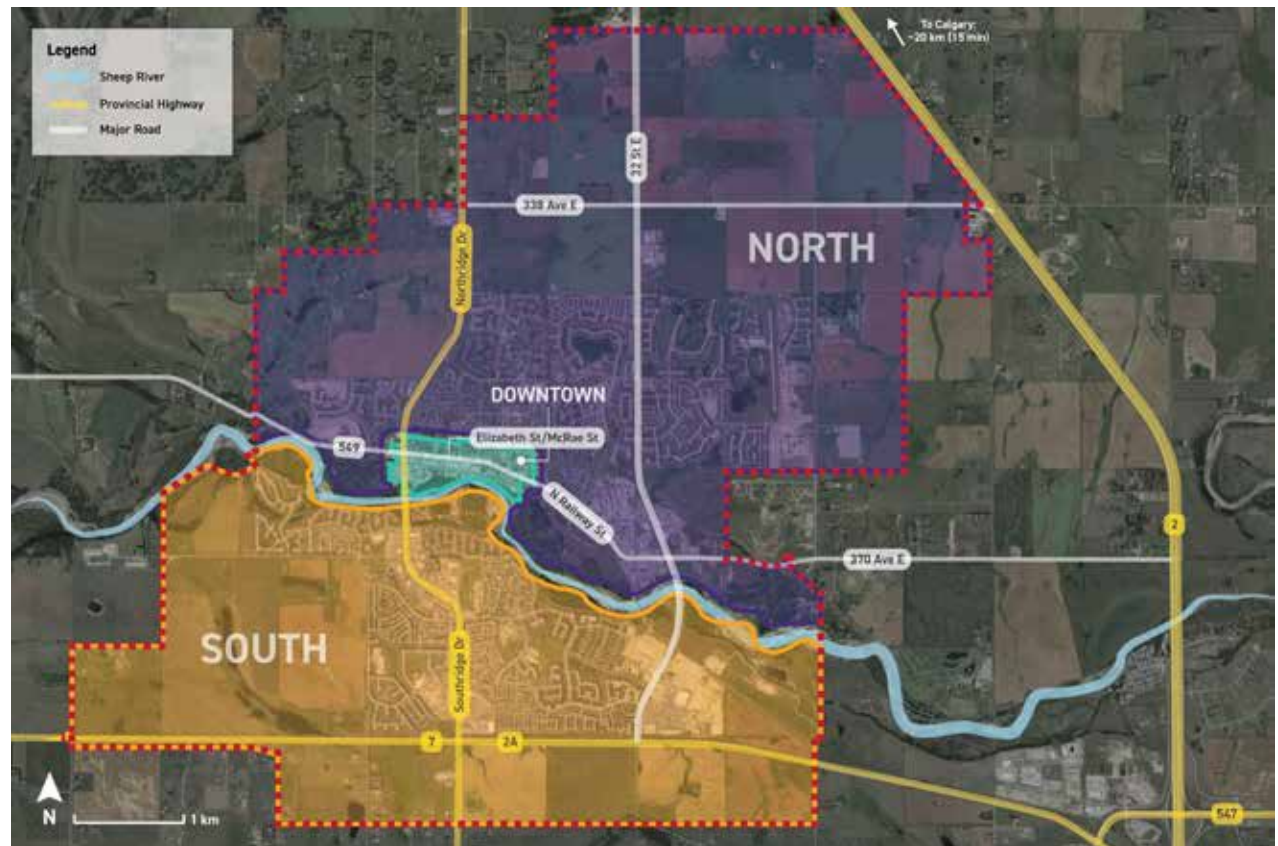
North

Due to the annexation agreement between Okotoks and Foothills County, there will be a shift of development patterns from the south to the north. North Okotoks is expected to have a significant amount of residential development in the Northwest Okotoks, North Okotoks and Trilogy Plains areas. Most of the future retail demand should be in the North District to meet demand from new residents. Small clusters of neighbourhood retail can locate along Northridge Drive and 338 Avenue, with a larger node at the intersection of Hwy 2A and 338 Avenue. The North Point ASP could become the largest employment area in the next 20-years as it builds out and will provide a secondary employment area to Okotoks Industrial Park.

South

The significant amount of retail that is already located in the South District means that future retail opportunities are

Figure 5.1: Town of Okotoks Districts



smaller-scale and neighbourhood oriented. New large-format retailers will prefer to locate near Southbank Centre for co-location purposes. Employment growth has been limited in the South District, however there are opportunities to grow this market with the correct positioning. Demand allocation for employment can be more near term than the North District as land is considered shovel-ready.

Downtown

Downtown Okotoks will continue to be a District that has small-scale development including boutique retail and multi-tenant office. The amount of demand for downtown is a much smaller proportion compared to the North and South Districts, however it will also be a very different form and function.

5.4 Opportunity Areas

The following section highlights seven (7) Opportunity Areas that form the foundation for the selection of the top three (3) Priority Areas. Opportunity Areas are denoted on the following Figure and represent future opportunities for commercial and industrial development within the Town of Okotoks over the next 20 years. They are not tied to specific boundaries but rather represent general areas for commercial and industrial development. The recommendations for each Opportunity Area are made to guide land use and community planning in Okotoks by Town staff and decision makers, as well as a tool used by landowners and developers.

It is important to note that the Opportunity Areas are not numbered by development viability or time, but simply by location in a clockwise fashion. Areas such as Southbank and Downtown have more near term opportunity, however this does not reduce the importance of longer term opportunity areas such as West Okotoks.

Priority Areas are specific sites that present the highest potential for immediate to medium term commercial and industrial development that have emerged from this study. Sites such as the D'Arcy commercial node were not considered as Priority Areas as they are already in the development process and are expected to naturally develop in the next several years.

Figure 5.2: Commercial and Industrial Opportunity Areas



Opportunity Area 1

Opportunity Area 1 is the North Point ASP area. It leverages the adjacency of Highway 2 to generate strong regional connectivity to the Calgary Metro and Southern Alberta. The size of the ASP creates a strategic employment area that can support a diversity of commercial and industrial activities such as logistics, warehousing, flex industrial, manufacturing, service retail and hotel. This development area will become a primary gateway for Okotoks at the future 338 Avenue interchange. The plan area is approximately 660 acres (267 hectares) in size and is expected to become a major employment district for the town through a phased approach. Short term opportunities will be tempered by servicing limitations, however the ASP will lay the groundwork for an important future employment area.

Opportunity Area 2

Opportunity Area 2 is the Southbank Employment node that consists of the Southbank Business Park and Southbank Business District. This employment area is already marketed for light industrial uses and will continue development momentum by building on the existing critical mass that exists in Southbank Business Park. This opportunity area should focus on flex office, flex industrial and light industrial uses for a variety of end-user tenants that prefer to be located near the amenities of Southbank Centre, but also have access to the highway system.

Opportunity Area 3

Downtown Okotoks should aim to build upon the momentum already established by continuing to attract unique independent boutiques, personal services, and food & beverage establishments. The Downtown is already a destination and draws from a wide trade area. New forms of retail will create more visitation and spending from locals and those living in surrounding communities. Interesting and cool retail concepts that cater to the younger demographic of Okotoks are important. Attracting small-scale office and live/work developments can create more daytime activity and provide a differentiated offering from the other employment nodes in Okotoks.

Opportunity Area 4

West Okotoks is a large residential growth area and will require a smaller neighbourhood retail node to support the sustainable nature of the town. This node will complement the policies of the MDP for retail being within walking distance of new residential neighbourhoods. It is likely a small grocery or pharmacy-anchored development with food and beverage and personal services. A significant amount of retail already located along Southridge Drive suggests that a "right sized" new development off Big Rock Trail that has a differentiated retail offering would prove successful.

Opportunity Area 5

The D'Arcy Gateway Village has an approved Concept Plan that was passed in 2018 and is expected to begin construction in the near term. This vibrant area will be strategically located along Northridge Drive between Northgate Circle and D'Arcy Ranch Drive. It will support the new residential development at D'Arcy as well as existing residential subdivisions such as Mountain View and Crystal Ridge. There is a significant amount of retail planned (up to 180,400 square feet), which could capture nearly half of retail absorption over the next 20 years. The phased mixed-use development will offer a different form and function than other retail in Okotoks, following a more urban model of development. Additional mixed-use in this opportunity area may not be warranted and multi-use may be preferred depending on demand and financial viability. There is an opportunity to integrate an institutional or innovation campus in this area due to its proximity to downtown and future growth of retail and residential in a walkable and urban format.

Opportunity Area 6

The intersection of 338 Avenue and Northridge Drive presents the opportunity for larger format retail that does not fit into the “village” retail concepts in D'Arcy and Wedderburn. The existing auto dealerships including Chevrolet and Honda have already set the stage for additional auto dealerships as well as garden centres, home renovation stores, and other large format retail. This opportunity area is the northern gateway to Okotoks along Hwy 2A so design guidelines should be in place to ensure an attractive welcome statement to the Town.

Opportunity Area 7

This Opportunity Area at the intersection of 32 Street and 338 Avenue is a smaller-scale retail node that will complement the D'Arcy Gateway Village. This retail node should be considered a medium to long-term development to allow D'Arcy Gateway Village to lease out its first phase and reduce potential cannibalization of tenants. The location near two schools and a church will allow for excellent community use and will leverage the traffic generated by these institutions. The size and location of the development will be ideal for community-based uses rather than a larger-format grocery-anchored centre.

5.5 Recommended Development Typologies

The following illustrates a series of development typologies that are aligned with the recommended positioning and opportunity areas. The table below includes a brief description of the physical form, typical size range, and general development characteristics.

Table 5.1: Recommended Development Typologies

Development Type	Typical Building Size	General Development Characteristics
Downtown Retail	1,000 to 5,000 Square Feet (over 1 level)	Continue similar form and function that is currently in Downtown Okotoks with potential integration of mixed-use functions such as office above retail.
Neighbourhood Retail	20,000 to 150,000 Square Feet	Provides for the development of smaller-scale commercial that can include retail, food & beverage, services, and small office spaces. Serves adjacent residential subdivisions. Auto-oriented but can be planned in a more urban form to increase walkability.
Mixed-Use	20,000 to 80,000 Square Feet	Retail or office at the ground floor with residential or office above. Two to four storey's is appropriate for Okotoks, but the Town and developer should consider financial viability. Most appropriate where land values are highest.
Multi-Tenant Office	20,000 to 60,000 Square Feet	Offices that have multiple tenants within the same building. May be pre-leased by the developer prior to construction. Typically landscaped with some type of attractive architecture corresponding to its location.

Table 5.1: Recommended Development Typologies (continued)

Development Type	Typical Building Size	General Development Characteristics
Live-Work Space	10,000 to 40,000 Square Feet (Clusters of 4 to 12 units)	Offers living and workspace in the same building, usually with office, retail, or art space at ground level and residential above. Live-works units are typically in clusters of 4 to 12 units depending on building size and configuration.
Flex Office / Flex Industrial	10,000 to 100,000 Square Feet	Flex Office and Flex Industrial have a mix of office/retail or office/industrial or a combination of all three uses. Smaller in size than typical light industrial product. Lower clear heights for flex office compared to flex industrial. Becoming more prevalent as end-users require a variety of functions in their space. Designed for companies that want to incorporate office, industrial, retail, research & development/testing uses and distribution in the same building.
Light Industrial (including manufacturing)	20,000 to 200,000 Square Feet	Single-storey industrial buildings with limited outdoor storage space. Offers space for a variety of industrial users such as manufacturing, processing, assembly, testing, etc.
Logistics and Warehouse	50,000 to 500,000 Square Feet	Large-scale buildings for the storage and distribution of goods and inventory. This can include formats such as retail wholesaling, cold storage, longer-term warehouse, and general distribution. Modern warehouses have become larger with higher clear heights; however Okotoks can also target smaller-scale users that do not desire to be in Balzac / Rocky View County.

5.6 Priority Areas

5.6.1 Introduction

MXD selected three priority development areas that represent the best opportunity for near and medium term commercial and industrial development in the Town of Okotoks. These priority areas emerged from the market and economic analysis, stakeholder consultation, and needs of the town.

A “hot sheet” for each priority area was created that identifies the rationale and competitive positioning. It also includes potential land uses, economic sectors, development mix, planning and infrastructure action items along with representative imagery.

Figure 5.3: Commercial and Industrial Priority Areas



5.6.2 Priority Area 1 - Southbank Business Park

Strategic Rationale

- Established area for employment uses that is designated as “industrial” in the MDP Future Land Use Concept Map.
- Aligns with the policies and economic directions of the Town.
- Several uses already located in the area including self storage, flex office, oil change, car rental, and a medical office building.
- Parcels in Southbank Business Park are serviced and development ready for new tenants.
- Adjacent to a significant retail and service node along with newer residential subdivisions.
- Southbank Business District has views of the Sheep River and connections to park and trail network which is optimal for flex office tenants.
- Direct access to Highway 2A which also connects to the Highway 2 interchange.

Competitive Positioning

The Southbank Business Park consists of two primary development pods, the Southbank Business Park (Tristar) and the Southbank Business District (Burnswest). These two areas consist of over 150+ acres of employment lands. This priority area will target light industrial, flex industrial and flex office product that is complementary to surrounding uses. Its location demonstrates viability of uses that will be smaller in scale and attract different end-user tenants than the North Point ASP priority area. This corridor south of Ellerslie Road is adjacent to new residential development and has a variety of uses in an urban light industrial design that is complementary to the area.

The Tristar property has been partially built out with a range of uses such as light industrial, self storage and medical office. Several large parcels are available for purchase and development from Tristar. The Burnswest property is vacant but has plans for near to medium term development. Multi-tenant flex offers unique spaces for entrepreneurship and growth of small businesses that are based in Okotoks. Okotoks zoning bylaw and policy should allow for a variety of uses that create an innovative area of employment, similar to the 91st Street corridor in South Edmonton. Uses can include light manufacturing, assembly, laboratories,

house & home goods sales such as flooring/cabinets, general goods suppliers, preschools/daycare, food & beverage, etc. This priority area is well positioned to become a key employment node in Okotoks if land prices are competitive and the area is marketed appropriately.

5.6.2 Priority Area 1 - Southbank Business Park

Implementation Actions

Southbank Business Park is an established employment area in Okotoks, and thus requires less implementation action than other priority areas. The lands are zoned for development under the land use bylaw and also have outline plans in place to guide further subdivision. The Town facilitated an amendment in 2019 to the Business Industrial District (I1S) to allow for more retail-focused uses.

There are no major infrastructure limitations for the properties.

The major limiting factor of new development in Southbank Business Park is increasing land prices that do not match the realities of what developers are willing to pay. New programs such as the industrial tax deferral may incentivize development to occur at a faster pace.

5.6.2 Priority Area 1 - Southbank Business Park

Recommended Land Uses



Light Industrial



Flex Industrial



Flex Office



Small-scale Warehousing

Potential Land Use Allocation
(over 10 Years)

250K-500K SF

(20 Acres to 40 Acres of net developable land required)



5.6.3 Priority Area 2 - North Point ASP

Strategic Rationale

- Creates an important node of activity at the future gateway to Okotoks.
- Designated as “Future Employment Lands” in the MDP Future Land Use Concept Map.
- Alignment with the objectives of the MDP and the Okotoks Economic Development Strategic Plan.
- Upgrades at Highway 2 and 338 Avenue including a new interchange are a priority for Okotoks and Foothills County. Both municipalities are working with Alberta Transportation to move this project up the priority list.
- Opportunity to create an employment node for larger-scale users that prefer to have direct access to a regional highway network. There is currently no employment area in Okotoks that offers this locational advantage for site selectors.
- Area Structure Plan expected to be completed in 2022. ASP will guide future development for employment uses.

Competitive Positioning

The North Point ASP is strategically located at the intersection of Highway 2 and 338 Avenue, a future primary gateway into Okotoks. This priority area has distinct advantages for light industrial and logistics uses due to its location at a future interchange for regional connectivity. Phase 1 of the priority area will provide large areas of zoned and serviced industrial land, a typology that previously was not offered by the Town due to land constraints. There are servicing limitations in Phase 1 of the priority area and interim options will likely need to be brought forth until the area can be fully serviced.

While the Southbank Employment Area will focus on smaller-scale light industrial, flex industrial and flex office; North Point can target larger-scale industrial users who require large parcels. These lands are appropriate and optimally located for Okotoks to enable growth in its industrial development base and shift the perception of the Town as a bedroom community. It will also allow the Town to grow targeted economic development sectors such as Agribusiness, Clean Energy, Advanced Manufacturing, and Logistics. Logistics and warehousing will be smaller scale typologies as the Town will not be competing with Rocky View County for large-

scale logistic parks due to the priority area's location on the south side of the Metro.

The gateway location of the priority area is well positioned to support a small retail and service centre that includes a gas bar/ electric charge station. Hotel is a longer-term play but may be viable 10+ years out due to highway adjacency. The Town can also explore integrating larger format retail uses such as RV dealerships, recreational dealerships, gardening centres, etc.

5.6.3 Priority Area 2 - North Point ASP

Implementation Actions

This area is shown as future employment lands in the Municipal Development Plan. The Town is currently in the process of the North Point Area Structure Plan and anticipates completion and adoption of the ASP in 2022. Following the adoption of the ASP, land owners can pursue the more detailed Neighbourhood Area Structure Plans (NASP) for specific parcels, typically at the quarter-section level.

Land are currently zoned "Agriculture" which is limiting. The adoption of the ASP and subsequent creation of NSAP will facilitate re-designation of the lands into their more desired uses and allow for industrial employment.

The lands are currently unserviced and interim uses may be needed until the area is fully serviced. This is important for the first few tenants or developments that come online in North Point. The ASP will identify the most optimal servicing and infrastructure plan.

To entice end-user tenants and businesses to locate in the North Point ASP, land needs to be at or near shovel-ready. The Town will need to review whether investing upfront in servicing and infrastructure would be advantageous and attract significant employers.

In this regard, input from a business investment standpoint is important. This will require looking at existing shovel ready sites, their applicable uses, and areas where investment has recently been made because of this readiness.

5.6.3 Priority Area 2 - North Point ASP

Recommended Land Uses



Light Industrial



Flex Industrial



Logistics & Warehousing



Retail



Hotel



Potential Land Use Allocation
(over 10 Years)

750K-1M SF

(60 Acres to 80 Acres of net developable land required)



5.6.4 Priority Area 3 - Downtown Culinary Row

Strategic Rationale

- Opportunity to create a destination food & beverage cluster in Okotoks that is unique to the Town and the South Calgary market.
- Ability to increase spending from residents, businesses and visitors.
- Leverages Okotoks youthful and entrepreneurial spirit.
- The need for amenities and the “cool factor” to attract employment uses to Okotoks.
- Alignment with the Okotoks MDP of creating a mix of uses and investing in Downtown.
- Land availability along South Railway Street can lead to innovative planning and design not found elsewhere in Downtown.
- Adjacency to the Heritage Parkway Multi-Use trail that is part of the larger 7.7 kilometer Sheep River Valley trail connecting various neighbourhoods in Okotoks.

Competitive Positioning

The Downtown Culinary Row is envisioned as a unique destination node that focuses on food-based business concepts in a hybrid retail/flex industrial environment. This priority area is differentiated from current retail and services offered along Elizabeth/McRae Street and is positioned as a premiere amenity for the town that can generate excitement and activity to the downtown and waterfront area. It will also build on the momentum of the Okotoks Arts and Learning Campus.

Culinary-based businesses can include multiple craft breweries to create a “Brewers Row” concept, distillery, cidery, wine bar, coffee roaster, ice cream production, bakery, among others. Uses should have some type of production or distribution to qualify to be in this priority area. Existing industrial buildings located along S Railway Street could transform into culinary-based businesses over time as current tenants shift to other areas of the town. A spatial location will need to be determined, however, it should be noted that lands along S Railway Street are located entirely within the provincial flood fringe area, therefore additional mitigation measures would be necessary to facilitate any development or repurposing of parcels.

Residents will be able to easily access the priority area due to its location either in or adjacent to downtown. Proximity to the Heritage Parkway trail will draw pedestrians, runners, and cyclists to the Culinary Row, enhancing the sustainable nature of the town.

The Culinary Row can be integrated with a linear public park, transforming the appearance and functions of the area. The linear park would be used for annual culinary events such as Taste of Okotoks, summer long table dinners, farmers markets, etc. and complement the local businesses.

5.6.4 Priority Area 3 - Downtown Culinary Row

Implementation Actions

The Town has a number of initiatives underway that continue to assist in improving the downtown and drive new business and development in strategic locations. This includes development of the OALC, development of a much needed parking lot, and the implementation of the Downtown Vitalization Study. There are also smaller but highly unique initiatives such as the temporary patio program and leaseback project, mobile vending unit project, ongoing festivals (town and privately run) and the forthcoming scooter project.

Discussions with the Town's engineering department would be required once a site is selected to determine if there are any limitations that would preclude infill and intensification of uses.

These initiatives are setting up the framework to allow other innovative ideas such as a Downtown Culinary Row to come to fruition.

This priority area falls within the Downtown Urban Design Master Plan area and will require to adhere to the urban design guidelines set forth in this document.

The new draft Land Use Bylaw proposes to simplify the land use districts and allow greater flexibility to accommodate innovative uses. The direction that the new Land Use Bylaw is headed towards will generally support the aspirations for the Downtown Culinary Row.

5.6.4 Priority Area 3 - Downtown Culinary Row

Recommended Land Uses



Flex
Industrial



Food &
Beverage



Park
Space

Potential Land Use Allocation (over 10 Years)

25K-50K SF

(1.5 Acres to 3 Acres of net
developable land required,
not including linear park)





06 ACTION AND IMPLEMENTATION PLAN

6.1 Action and Implementation Plan

The Okotoks Commercial and Industrial Study Action and Implementation Plan provides commentary on a set of targeted and strategic recommendations that will enable future growth of commercial and industrial development in the Town. These recommendations are based on initiatives that the Town can pursue with respect to planning, infrastructure, economic development, marketing, and partnerships.

Shift the Perception of Okotoks

The Town of Okotoks is currently viewed as a bedroom community that has a great quality of life with a riverfront setting. While this has allowed Okotoks residential population to grow considerably over the past several decades, and the supporting retail has followed, employment uses such as office and industrial have lagged.

Major businesses and the real estate industry in the Calgary Metro do not view Okotoks as an area of consideration; business attraction and investment has been low for a considerable time. The Town should be focused on slowly changing this perception by highlighting its strengths as a business-centric community from a development and economic diversification perspective.

Okotoks should leverage the factors that investors would consider a benefit of conducting business or development with a town such as increased flexibility, lower costs, greater product availability, etc.

The Town can begin to market itself as “ready to go” and “open for business” by creating development-centric marketing documents and videos that can be used for site selectors, brokers, and distributed at industry events. The document should promote Okotoks and include strategic information such as available sites, future planning areas, targeted sectors, demographics, connectivity, and amenities.

A strong marketing and economic development strategy will be important to support strategic directions and priorities that have emerged from the new MDP and this study.

Promote Small Business

The Town of Okotoks is historically built on small business and should continue to promote the Town as a place where small business can thrive in a post Covid-19 setting. There is already a strong small business community in Okotoks that can

be leveraged moving forward. The Town can assist to promote small business and grow the local economy by ensuring that “homegrown entrepreneurship” thrives in Okotoks. Certain tools are already in place such as through the Okotoks & District Chamber of Commerce, Community Futures Highwood, and other local business support programs. New or scaled-up home-based businesses can locate in either the Downtown or Southbank Employment Area, however the cost of leasing a property must be appropriate for the business owner. The high cost to lease a space may be a deterrent. The opportunity for establishing a P3 co-working space that has both office and light industrial uses at an affordable rate can be beneficial for cross-collaboration and business development.

It is also integral to consider small and medium business retention by recognizing that businesses continue to need support as they establish themselves and grow. Connecting with local businesses and collecting data and information on a consistent basis will allow the Town to better understand the business needs of the community.

Cost Competitiveness

It is apparent from market data and speaking with stakeholders that Okotoks is not competitive on price and value. This was a common theme that was conveyed during the stakeholder process when speaking with local brokers and developers. Lease rates are similar to Metro averages and land values while more affordable, are continually closing the gap with South Calgary. This makes it difficult to attract development and investment in the community. Okotoks requires to be more cost competitive moving forward.

The Town should explore strategies to address high lease rates and high land costs and work together with landowners and developers to develop strategies that make the Okotoks employment areas more cost competitive to South Calgary. Developers have limited ability to change the land cost itself, but there can be strategies implemented of what can be done with the land itself to either lower costs or generate more excitement and desirability for the parcels. The Town is currently in the process of implementing a Industrial Tax Incentive Policy that will be one tool that can be used to address the high cost of land.

Agile Development Process

The Town continues to improve its development approvals and permitting process, however there are still improvements that can be made according to local stakeholders. The Town can continue to work on reducing time frames by increasing internal efficiencies and attempt the goal of having the fastest permit process in the region.

A transparent development process with built-in flexibility of land uses in the Southbank Employment Area and North Point ASP will reduce regulatory barriers and allow Okotoks to be recognized as a community that is business friendly and quick to adapt to changing market conditions.

The Town is currently undertaking a Land Use Bylaw Rewrite that is in the draft stages. The review and rewrite was initiated in late 2019 and will match the growth philosophy of modern Okotoks and the direction set out in the Municipal Development Plan.

Phasing

The Southbank Employment Area and North Point ASP have a considerable amount of employment lands. Market analysis demand figures demonstrate that it will take considerable time to develop these areas out – up to forty years in current market conditions. Although a strong marketing and economic development plan may build these areas out at an accelerated pace, the Town should recognize that it has ample amount of employment lands moving forward and the North Point ASP will require a long-term phasing strategy based on servicing and highway access to be successful.

Covid-19 Impacts

Consider the impacts of the pandemic on a post Covid-19 environment in Okotoks. Office space demand will be reduced in the near term as companies navigate work-from-home and reduced in-office staffing. Retail demand is also reduced from the acceleration of online shopping, so the focus should be on smaller retail centers that are well leased. The safety of the built environment should also be considered. A three-season restaurant patio program can be implemented that allows for indoor and outdoor dining in organic formats that allow diners to spill outside on warmer days.

Review Purchase of Strategic Parcels

The Town should seek certain land parcels that would bring vitality to Okotoks. There may be strategic development sites in the town where it would be viable to purchase land from private land owners and guide development towards its highest and best use that would present greatest benefit to Okotoks. Greatest benefit may include planning, social, amenity, economic development, among other items. Planning, Economic Development, and Development Services should collaborate to determine sites that would provide benefit and vitality to the town. Any purchase of land should also connect to Town and Council objectives.

Collaboration and Partnerships

Effective implementation of future commercial and industrial development will be reliant on the development community and supporting actors. Several stakeholders noted that the Town is quite communicative and open which is appreciated. It is recommended that the Town reach out to various stakeholders such as real estate brokers, landowners and developers on a consistent basis to make certain that positive communication between the public and private sector continues. There are opportunities to further develop relationships because Okotoks has the feel of a small town, a differentiator to Calgary.

Ongoing discussions of challenges or barriers that may be inhibiting the growth of commercial and industrial development in Okotoks will be viewed positively and solutions can be established. Local and

regional real estate brokers can assist in bringing targeted end-user tenants to Okotoks and can also inform the types of tenants that are active in the market and the types of the spaces they are looking for.

The Town has ambitions to facilitate an Innovation Precinct or attract a post-secondary satellite campus. The Town should engage with post-secondary institutions to begin discussions on future opportunities. Any satellite campus based in an Innovation Precinct will have to start small with hyper-focused programming based around a certain economic sector such as agricultural-technology, sustainable practices, or clean energy. Establishing these partnerships and including industry experts and stakeholders including private business early in the process will lay the groundwork for future success.

SOURCES

Report Sources

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