

Okotoks Commercial & Industrial Growth Study

Council Presentation

June 14th, 2021



MARKET- DRIVEN
DEVELOPMENT STRATEGIES™

Project Goals & Objectives

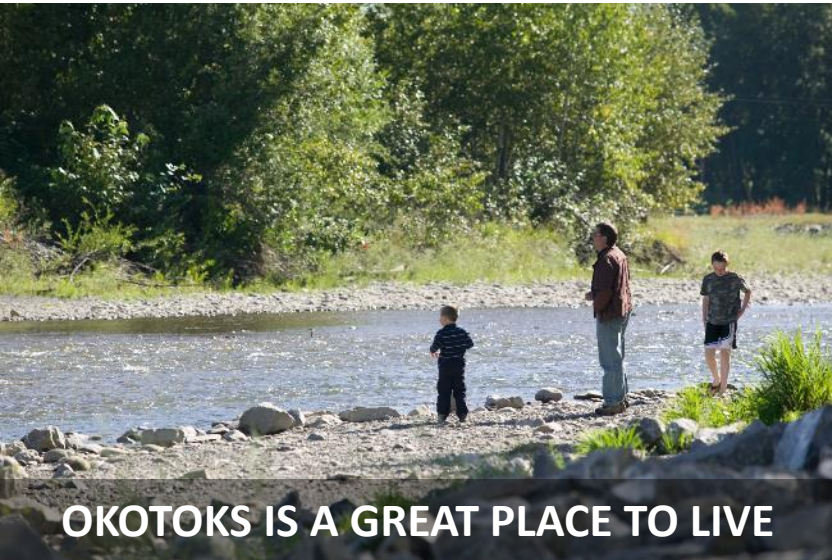
- Provide a comprehensive strategy on the future growth of commercial and industrial development in Okotoks.
- Considerable residential growth over the past several decades – need for economic diversification.
- Development of employment lands and new commercial uses will create a more diverse mix of real estate.
- Study makes recommendations on the optimal path forward for Okotoks from an industrial, office, retail, and hotel perspective.
- Strategy will place the Town in a “ready to go” position for responding to future growth opportunities for non-residential development.

Stakeholder Consultation Summary

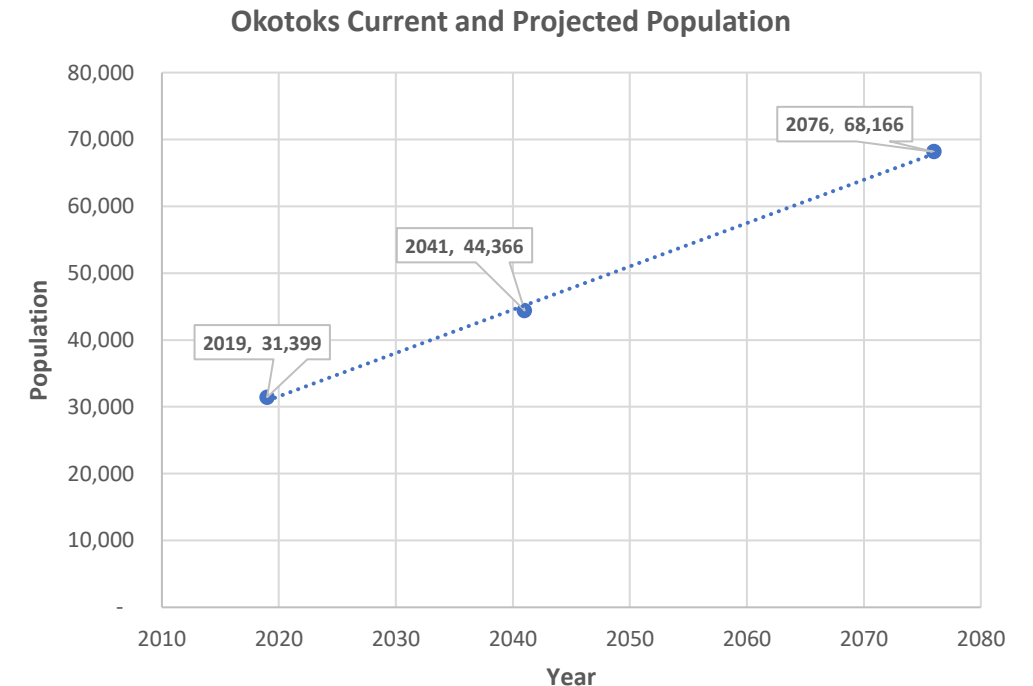
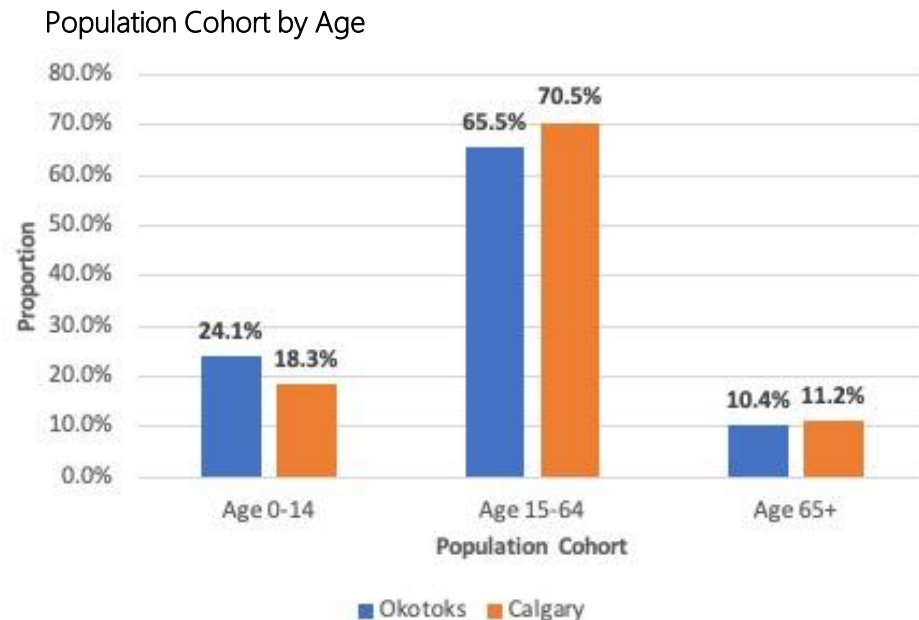
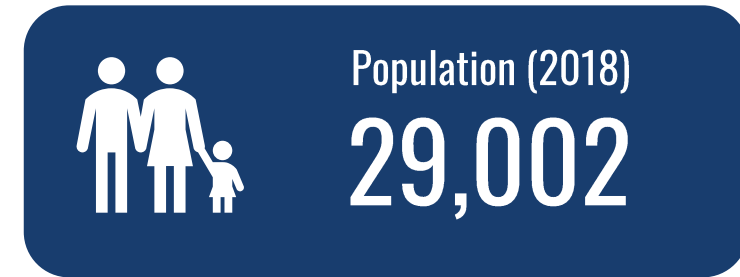
- **External Stakeholders** – Landowners, developers with a vested interest in Okotoks, local businesses, and commercial/industrial real estate brokers.
- **Internal Stakeholders** – Town staff from various departments including Planning, Engineering, and Economic Development.

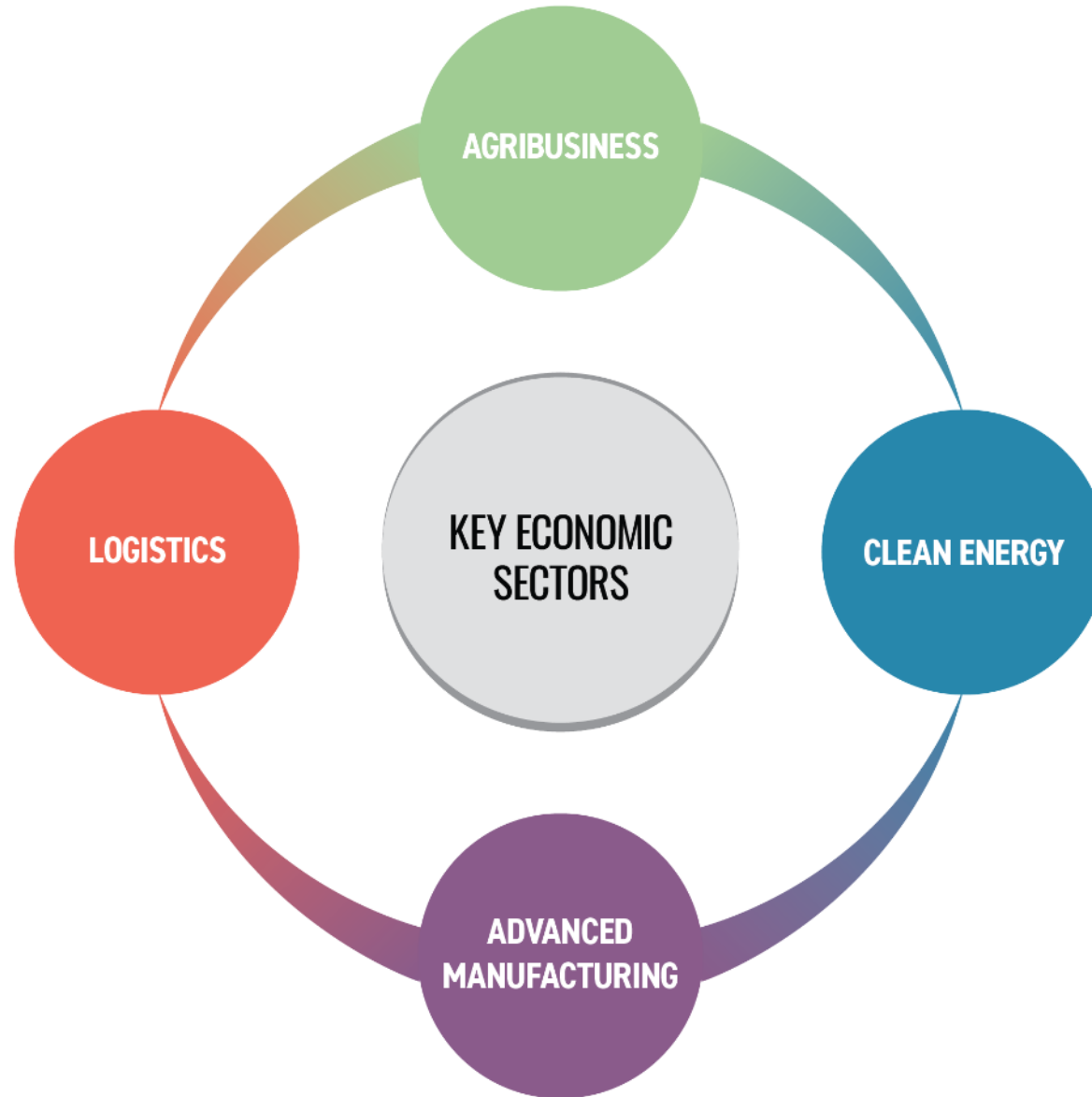


Stakeholder Consultation Summary



- Fast growing population.
- Approximately 13,000 new residents by 2041.
- Younger population than Calgary.
- Direct correlation to the amount of new retail and locally servicing employment that will be required to serve these new residents.





Industrial Summary

- Industrial market has proven resilient through CV-19.
- Demand for larger space driven by e-commerce.
- Development outside of Calgary expected to increase.
- Okotoks industrial market characterized by smaller light industrial/flex spaces.
- Rental rates are similar to Southeast Calgary.
- Okotoks Industrial Park primarily built-out.
- Land availability in Southbank – little activity in recent years.
- Serviced lots in Warner Business Park asking approximately \$300,000/acre. More affordable than Southbank.

CONSERVATIVE DEMAND SCENARIO (20-years)



1.5 M
Square Feet

HIGH DEMAND SCENARIO (20-years)

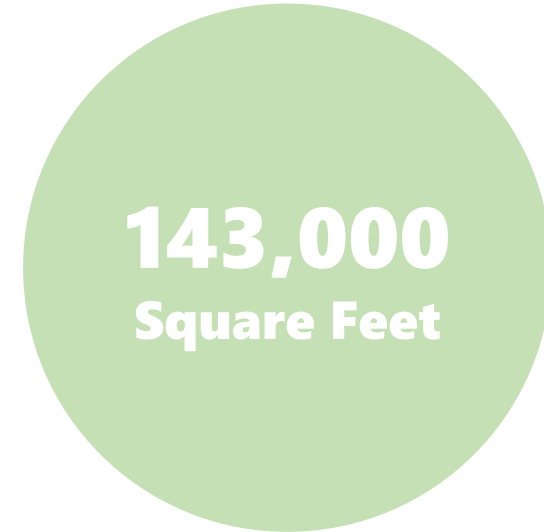


3.1 M
Square Feet

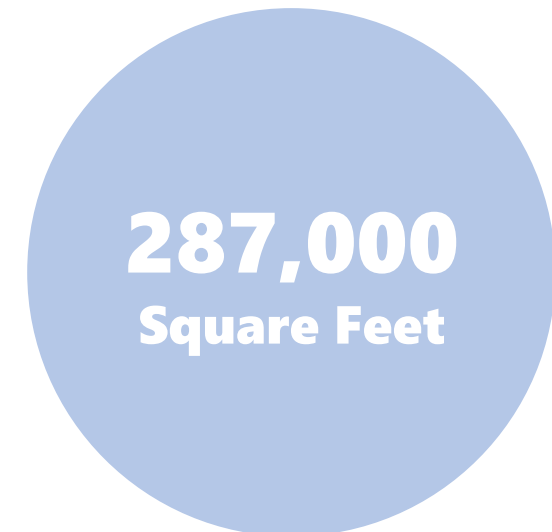
Office Summary

- Calgary office market in decline since 2015.
- CV-19 has further accelerated vacancy rates and reduced absorption.
- Suburban office construction now leading the way, with majority in the south submarket.
- Okotoks driven by smaller service tenants such as financial, banking, insurance, medical, etc.
- Market asking rents of \$27/SF but small sample size.
- Low demand for office space in past five years.
- Current supply meets community needs.

CONSERVATIVE DEMAND SCENARIO (20-years)



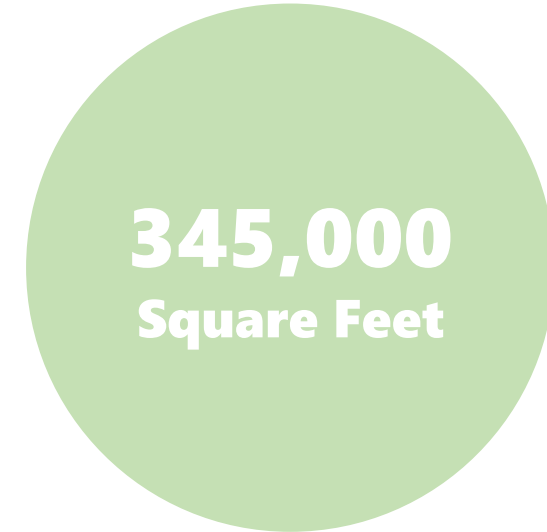
HIGH DEMAND SCENARIO (20-years)



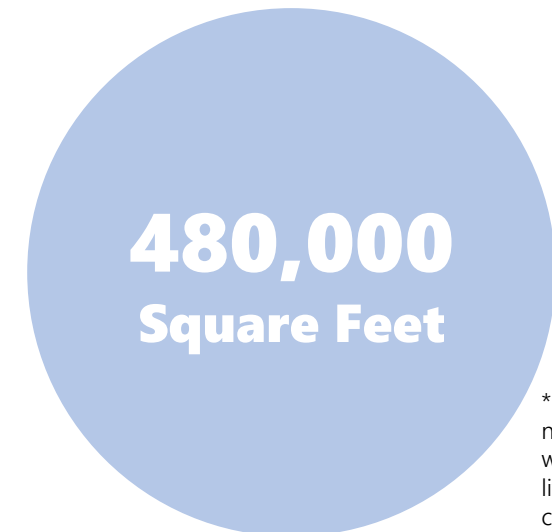
Retail Summary

- Resilient through CV-19 pandemic but propped up by government programs and pre-leasing.
- South and southeast Calgary submarkets outperforming the rest of the Metro.
- Grocery and service-anchored retail in residential neighborhoods have strong metrics.
- Slowdown of retail expansion due to e-commerce and changing patterns of shopping.
- Retail has been one of the strongest assets of Okotoks.
- Vacancy rates are still below 3% = healthy market.
- Lack of deliveries and construction starts in recent years has been positive for market indicators.

CONSERVATIVE DEMAND SCENARIO (20-years)



HIGH DEMAND SCENARIO (20-years)



*Note: includes demand from new residents in Okotoks as well as inflow from people living in surrounding communities.

Hotel Summary

- South Calgary was top performer for hotel outside of CBD.
- Most South Calgary hotels are select service hotels.
- Newest hotel is Residence Inn by Marriott in Seton.
- Okotoks has four hotels with the newest being Best Western Plus.
- Hotel market will continue to slump coming out of CV-19.
- Most new hotels have preference of adjacency to major transportation routes or mixed-use centres.
- Current hotel supply in Okotoks is complementary for size of Town.

CONSERVATIVE DEMAND SCENARIO (20-years)



HIGH DEMAND SCENARIO (20-years)





”

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.

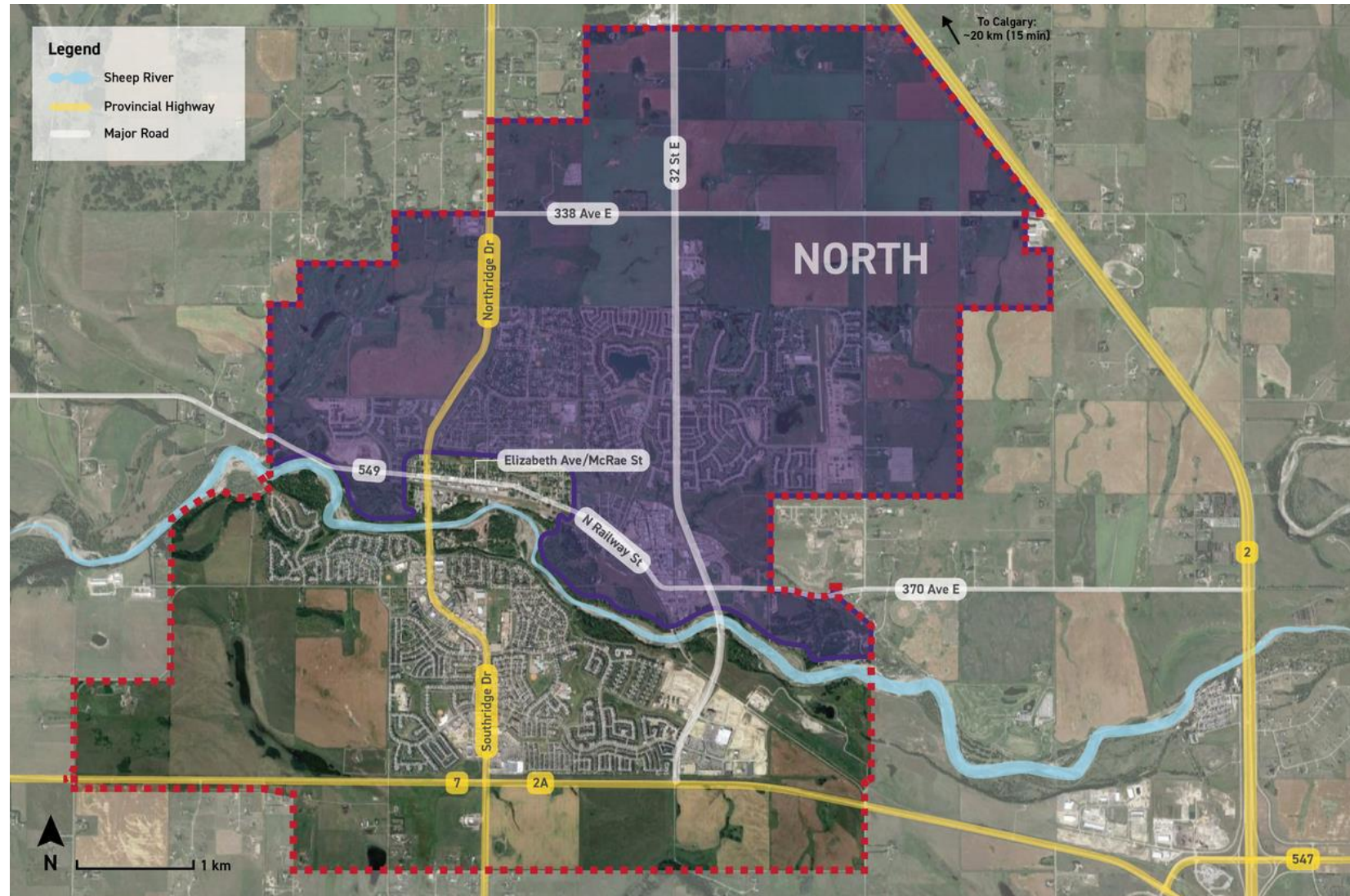
– Local Stakeholder

Positioning, Allocation & Priority Areas



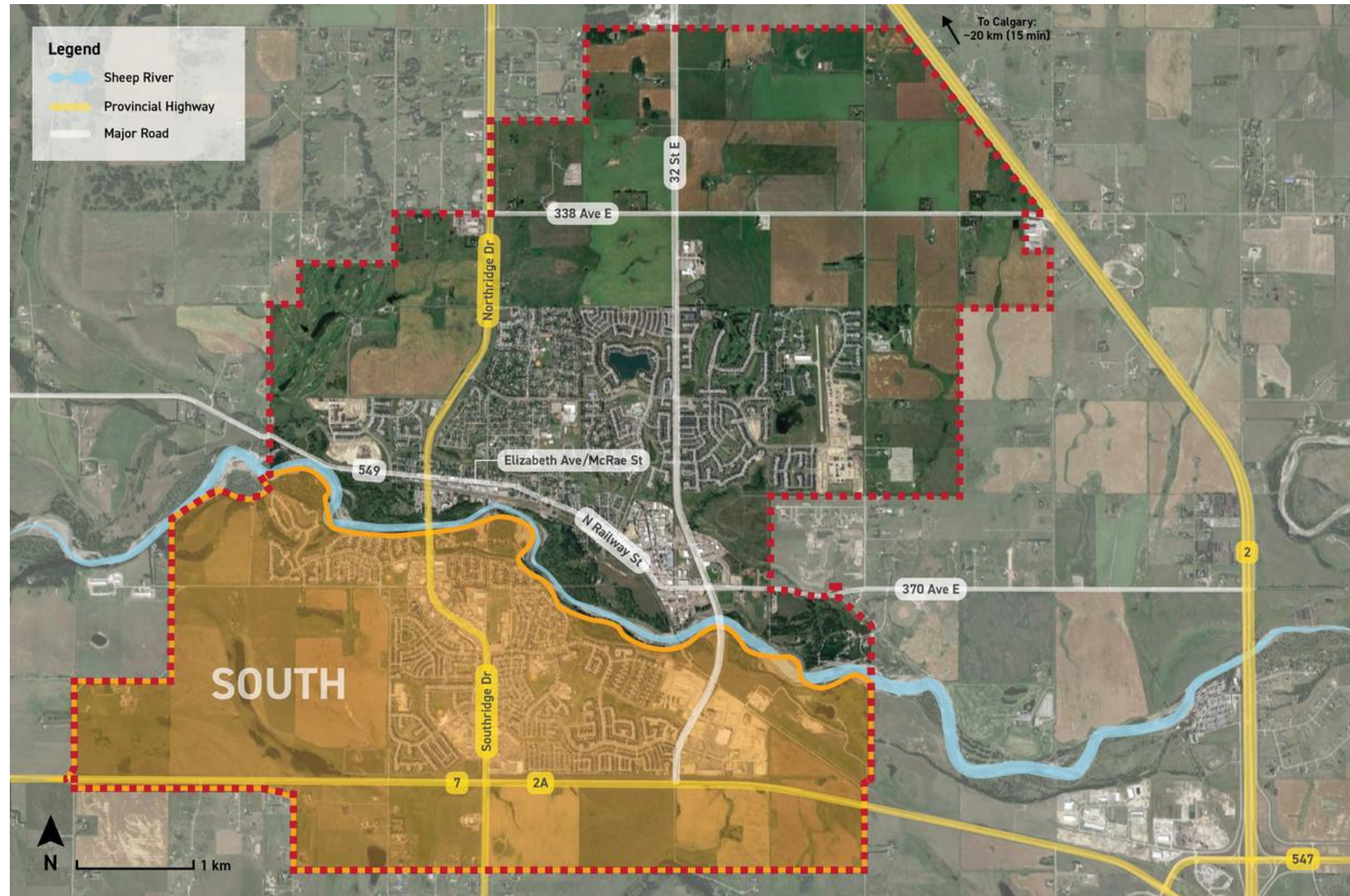
NORTH

- Significant amount of future residential development.
- Most future retail demand should be in the North to meet demand from residential growth.
- D'Arcy Gateway Village mixed-use anchor, plus small neighbourhood nodes.
- North Point ASP could become largest employment area in the next 20-years as it builds out.



SOUTH

- Significant amount of retail already located in South District.
- Future retail opportunities are smaller-scale.
- Employment growth has been limited in the South District, need for sustainable balance.
- A change in approach and market positioning to Southbank Industrial could help drive economic growth.



DOWNTOWN

- Continue to be a District that has small-scale development including boutique retail and multi-tenant office.
- Destination for food & beverage.
- Live/work opportunities.
- Opportunities for entrepreneurial small business.



Opportunity Areas

- Represent future opportunities for commercial and industrial development within the Town over the next 20 years.
- Not tied to specific boundaries but rather represent general areas for commercial and industrial development.



Priority Areas

- Represent the best opportunity for near- and medium-term commercial and industrial development in Okotoks.
- Priority areas emerged from the market and economic analysis, stakeholder consultation, and needs of the town.



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)



Southbank Business Park

- Viability of uses smaller in scale and attract different end-user tenants than the North Point ASP.
- Multi-tenant flex offers unique spaces for entrepreneurship and growth of small businesses.
- Zoning bylaw and policy should allow for a variety of uses that create an innovative area of employment.
- Well positioned to become a key employment node if land prices are competitive and the area is marketed appropriately.

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)

North Point ASP

- Future primary gateway for Okotoks.
- Advantages for light industrial and logistics due to location at future interchange for regional connectivity.
- Provide large areas of zoned and serviced industrial land, typology not previously offered.
- Optimally located to enable growth in industrial development base and shift the perception of the Town.
- Grow targeted economic sectors.
- Well positioned to support a small retail and service centre.
- Explore integrating larger format retail uses.

Recommended Land Uses



Flex
Industrial



Food &
Beverage



Park
Space



Downtown Culinary Row

- Destination node focused on food-based business concepts in a hybrid retail/flex industrial spaces.
- Positioned as a premiere amenity to generate excitement and activity to downtown and riverfront area.
- Can include craft breweries to create a "Brewers Row" concept, distillery, cidery, wine bar, coffee roaster, ice cream production, bakery, etc.

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)



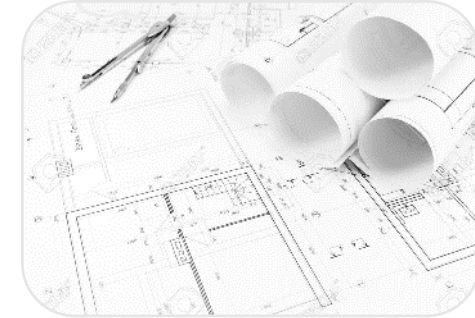
Shift the Perception of Okotoks



Promote Small Business



Cost Competitiveness



Agile Development Process



Phasing



Covid-19 Impacts



Review Purchase of Strategic Parcels



Collaboration & Partnerships