Appendix 7 to PL-16-20

Brook McIlroy

Downtown Burlington Mobility Hub Market Analysis

Burlington, Ontario

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nblc

N. BARRY LYON CONSULTANTS LIMITED

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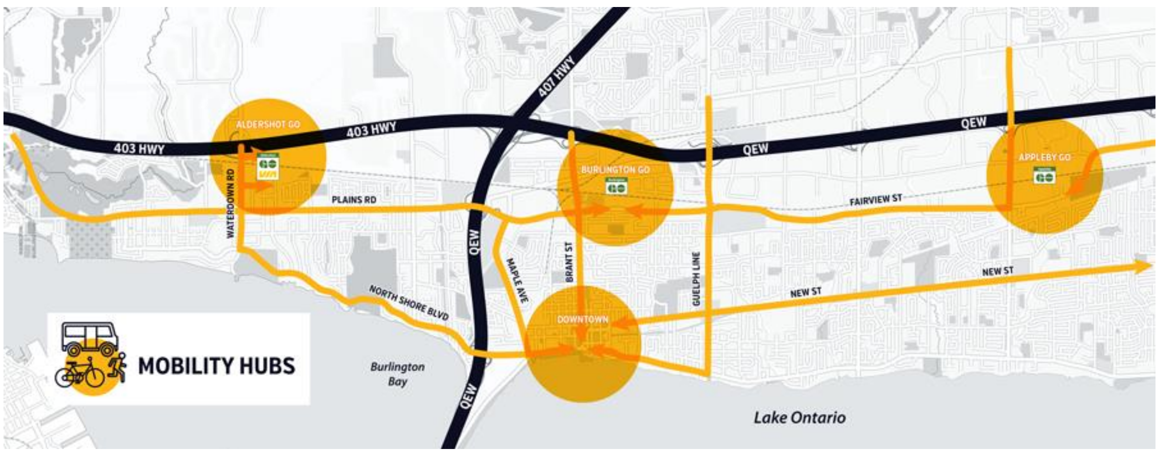
1.0 Introduction

NBLC was retained as part of a broader team, led by Brook McIlroy, to prepare Area Specific Plans ("ASP") for four Mobility Hub areas in the City of Burlington (see **Figure 1**).

These ASPs will support intensification and redevelopment in the Mobility Hub areas while also supporting transit-oriented, pedestrian-friendly, and sustainable neighbourhoods where people will be encouraged to live, work, and be entertained. The new ASPs will adhere to the policies of the Province's Growth Plan for the Greater Golden Horseshoe, the Region of Halton's Official Plan, and Metrolinx's The Big Move, which encourage or require the creation of complete communities with transit-supportive densities.

Figure 1: Mobility Hub Locations



Source: City of Burlington

As per the City's "Grow Bold" initiative, Burlington is committed to progressive and ground-breaking planning that will facilitate it's transition into an urban and environmentally sustainable municipality that is attractive for residents, employers, and visitors. Intensifying the four Mobility Hubs will be key to Burlington's transition to further urbanization. A concentration of development yields benefits in terms of offering more sustainable forms of development, and a critical mass of population helps animate streets, takes growth pressure off suburban areas, reduces car reliance, and improves overall safety.

1.1 Purpose of the Mobility Hub Market Analysis

The purpose of our market analysis is to help guide the planning and urban design aspects of the overall project. In order to do this, a contextual market analysis of the City of Burlington was undertaken along with a more detailed assessment of the four Mobility Hub study areas.

For each Mobility Hub we assessed development trends, including evaluating the nature of residential and non-residential development. This analysis offers a basis to consider the nature of long-term demand and expected development trends looking forward.

Our analysis will provide an understanding of the current and projected market demand for various land uses in each Mobility Hub and will include an assessment of marketable uses, built-forms, and densities, in addition to opportunities and challenges related to development economics and feasibility.

Our work will inform the land use scenarios to ensure the selected Area Specific Development Plans are both marketable and feasible from a development and economic perspective. This report aims to reconcile current market assumptions with forecasted growth and demand from a variety of sources, in addition to NBLC's own knowledge and experience within the Burlington market and general development trends throughout the Greater Toronto and Hamilton Area ("GTAH").

The majority of the forecasts in this report relate to a timeframe of 2031, though full build out of each Mobility Hub is likely to be a longer-term exercise that extends well beyond the next 15 years.

This report focuses on the Downtown Mobility Hub area only.

Figure 2: Sound of Music Festival on the Burlington Waterfront

Source: Tourism Burlington

2.0 Burlington's Market Context

The City of Burlington is the westernmost municipality in the Greater Toronto Area ("GTA"), located between Lake Ontario and the Niagara Escarpment. Burlington's western GTA location provides it with the strategic advantage of having easy access to both the Toronto and Hamilton markets, as well as close proximity to the border to the United States.

Burlington offers residents a safe and clean environment to live, has good access to health care, abundant green space and recreational amenities, annual events and festivals, and great schools, shopping, and dining. In 2016, Burlington was voted by MoneySense Magazine as the best mid-sized city to live in Canada for the fourth year in a row, and the second-best city overall, after Ottawa.

Traditionally, Burlington was a working class city, consisting largely of residents who commute to other parts of the GTA and Greater Golden Horseshoe ("GGH") for work. The City's location at the west end of the GTA has allowed it to generally have lower housing prices relative to other GTA municipalities, particularly those to the east, while still being located within commuting distance of major employment areas. However, over the past several decades, Burlington has developed from a bedroom community to a vibrant waterfront city with a diverse economy, growing employment base, and a well-educated and skilled workforce.

The Province of Ontario's Regional Express Rail ("RER") project will further improve Burlington's accessibility to the rest of the GTA, making movement to and from the City easier for residents. The RER project will see all three GO train stations in Burlington receiving 15-minute two-way, all-day service between Aldershot GO and Toronto's Union Station, significantly improving accessibility for Burlington residents. These changes will be particularly appealing for working professionals seeking an alternative travel mode to their jobs.

As Burlington continues to grow, new development is expected to be directed towards Urban Growth Centres and Major Transit Station Areas, specifically Downtown Burlington, and the Burlington GO, Aldershot GO, and Appleby GO transit areas. When complete, the new RER service will aid in insuring that these areas receive, and are able to support, a significant share of the future demand for population (housing) and jobs in Burlington. While this study focuses on these four areas specifically, the City is also interested in directing some additional growth to the Uptown Burlington area.

Prior to delving into each mobility hub individually, it is important to consider what drives demand for different uses. The following sections summarize the growth forecasts for Burlington, and outline some of the drivers of local residential and non-residential demand.

2.1 Residential Demand

The following subsections outline the primary drivers of residential demand. Given the evolving Burlington housing market and the intensification anticipated for the Mobility Hub areas, this section has a particular focus on higher density housing types.

2.1.1 Population and Housing Growth

Historically, the City of Burlington has been a predominantly low-density residential community. As of the 2016 Census, approximately three-quarters of all housing units were either single-detached, semi-detached, or townhouse units.

Despite its history, the availability of greenfield land for further low-density development in Burlington has run out. As such, new housing will need to consist largely of higher density housing types going forward, likely in apartment, stacked townhouse, and traditional townhouse forms. The most recent Development Charges Background Study completed by Watson and Associates (May 13, 2014) reflects this notion of an evolving housing market.

The Watson and Associates Study indicates that the City of Burlington's population will increase to 186,169 in 2031, from 183,314 in 2016.[1] As household sizes in Burlington decline, the makeup of the City's housing stock is expected to shift to higher density forms. According to the study, the number of persons per household ("PPH") in Burlington is forecasted to decline to 2.31 in 2031, from 2.5 as per the 2016 Census.

Watson and Associates forecast that in order to satisfy the anticipated population, the City of Burlington will require a total of 80,575 housing units in 2031[2]. Given the 2016 Census registered a total of 71,373 housing units occupied by usual residents, an additional 9,202 housing units would be required between 2017 and 2031. This represents an average of approximately 615 housing units annually.

It should be noted that the City of Burlington has been growing at a faster rate than initially anticipated in the Development Charges Background Study. The 2016 population is essentially equal to the population forecasted for 2024 (183,357 people) within that study. As such, it is possible that the 2031 population in Burlington may exceed the forecasted population contained in the Watson and Associates Study, requiring additional housing units beyond what is projected.

Given the lack of greenfield land for low-density residential development, Watson and Associates' study indicates that the majority of future housing growth in Burlington is likely to consist of medium and high-density housing types. In order to satisfy the Watson and Associates' forecasted housing type allocations for 2031, more than 90% of Burlington's future housing growth will need

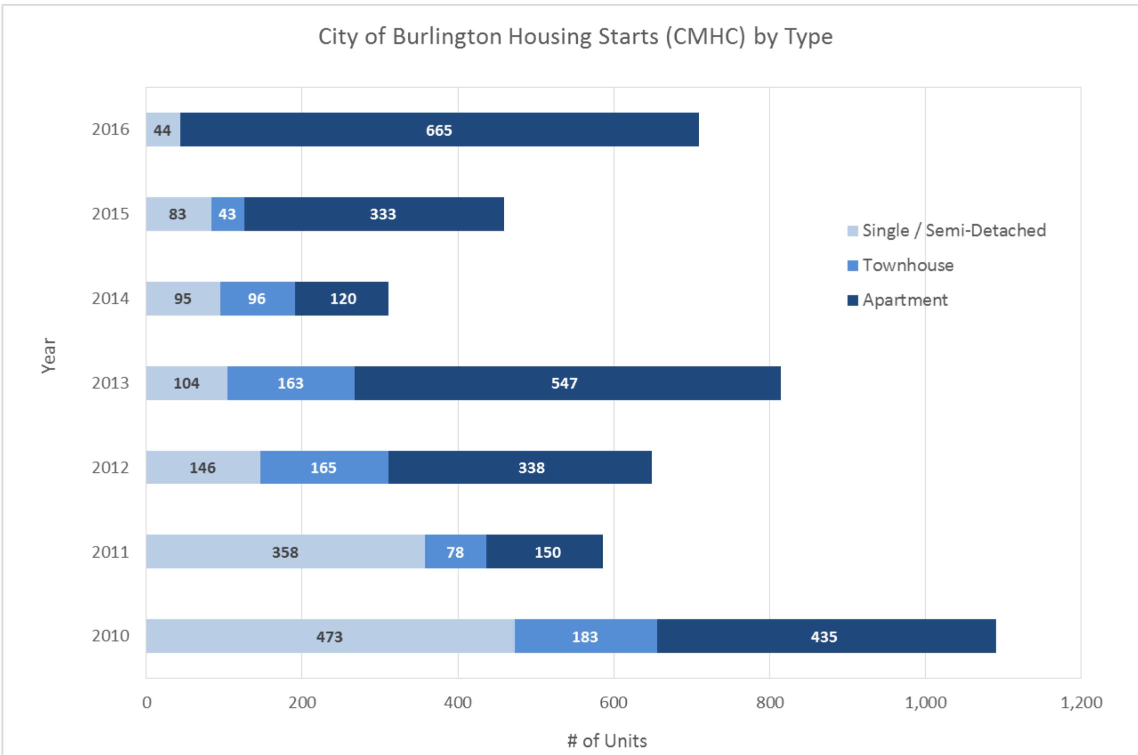
[1] 2031 population based on Halton Region's Best Planning Estimates (2011). Includes institutional population.

[2] As per Schedule 1 in Watson and Associates 2014 Development Charges Background Study.

to be in the form of apartments (79%, 7,359 units), and townhouses or duplexes (14%, 1,337 units)[3].

The trend toward higher density housing has already begun as apartments and townhouses have accounted for a higher proportion of housing starts in Burlington in recent years[4]. Townhouses and apartments have accounted for 86% of all housing starts between 2013 and 2016, after accounting for just 39% of starts as recently as 2011 (**Figure 3**).

Figure 3



Source: CMHC Housing Portal, 2017

2.1.2 Affordability

Beyond population growth, affordability has a significant impact on the types of housing that are in demand in any given municipality. Despite record low interest rates, incomes have not kept pace with home prices, particularly for single-detached homes and other ground-related housing types.

The average household income in the City of Burlington increased by 10% between 2006 ($95,948) and 2011 ($105,503), while the average price of a resale single-detached home increased by 34% over the same time period.[5] Housing prices have only continued to increase since then. The average price of a resale single-detached home in the City of Burlington in 2016 was approximately

[3] Housing type growth based on the difference between Watson and Associates forecasted housing mix by unit type for 2031 and Burlington's mix of housing units as per the 2016 Census.

[4] As per data on annual housing starts between 2011 and 2016 from CMHC.

[5] Toronto Real Estate Board, Market Watch, January 2006 to December 2006 and January 2011 to December 2011.

$871,400, up 51% since 2011.[6] While 2016 income data was not yet available at the time of writing, income growth is not expected to be nearly as high as this housing price appreciation.

Eroding affordability will draw more home purchasers to higher density housing forms such as apartments, as well as higher density ground-related units like traditional and stacked townhouses, which are typically priced more affordably than single-detached homes. It could also prevent or delay entry into the homeownership market for many residents, leading them to turn to the rental market.

In addition to increased pricing, additional barriers such as stiffening mortgage rules, are contributing to a further shift towards high-density housing, as well as increased rental demand, throughout the GTA. This shift is affecting young singles, couples, and families who simply cannot save the down payment necessary to purchase a single-family home, in addition to the older demographic that is seeking a smaller unit as they downsize into retirement.

As prices continue to accelerate relative to muted income growth, single-detached homes become further out of reach for residents who have yet to enter the homeownership market. This includes young singles, couples, and families. Accelerating price growth also impacts move-up buyers who hope to transition from an apartment or a townhouse to a single-detached home. While their own home may have appreciated in value, the increase in mortgage payments required to purchase a single-detached home may not be financially feasible. This has a trickle-down effect on the rest of the market. If traditional move-up buyers are remaining in their current homes, the supply of housing for entry level buyers may tighten. It could also lead to loss of the younger population to nearby communities that offer more affordable single-family housing options.

2.1.3 Age Characteristics

The makeup of the local population has a significant impact on which housing types are in highest demand. Couples with children traditionally seek ground-related housing types such as single-detached, semi-detached, and townhouses, assuming that these housing types are within their budget. As the number of families within a community increases, the likelihood for increased demand for ground-related housing units grows. Increased demand in turn tends to accelerate pricing, particularly in a community like Burlington where the amount of greenfield land for low-density residential development has disappeared.

Alternatively, other age groups tend to seek out higher density housing types, including apartments and stacked townhouses. Young adults are getting married and starting families later in life, and are increasingly prioritizing walkability and the convenient, maintenance-free lifestyle that is typically associated with high-density living. By the same token, seniors and downsizers are also

[6] Toronto Real Estate Board, Market Watch, January 2016 to December 2016.

prioritizing low-maintenance, convenient lifestyles as they sell their single-family homes and seek a smaller living space such as an apartment.

Between the 2011 and 2016 Census periods the senior aged population in Burlington experienced high growth. Adults aged 55 to 64 increased by 10% (+2,135), while those aged 65 to 79 increased by 19% (+3,910). Conversely, middle-aged adults (35 to 54), typically considered move-up buyers, declined by 1.1% (-565), while the young adult population (20 to 34), considered first-time buyers or prime renters, remained relatively flat, up 0.3% (+85). Given the dearth of greenfield land for further low-density residential development, it is possible that the growth amongst young and middle-aged adults in Burlington could slow moving forward if they choose to seek more affordable ground-related housing options elsewhere.

Given the aging nature of the Burlington population, seniors and downsizers are likely to be a significant driver of new housing demand moving forward, particularly for high-density residential formats.

2.1.4 Demand for Rental Tenure Housing

Notwithstanding the amount of higher density housing starts in recent years, the amount of rental tenure housing starts has been limited. Despite low vacancy rates (City of Burlington: 1.1% as per CMHC, 2016), only 6.6% (307 units) of the total housing starts (4,619 units) between 2010 and 2016 were for rental tenure units. The lack of new rental construction is caused by several factors, including:

- The relatively high rents that are typically required to achieve a financially viable project due to land prices and construction costs;
- Relative availability and complexity of financing associated with rental projects;
- Low rates of return compared to the much higher profitability of new condominium apartment buildings; and,
- Concerns from the development community related to the potential for the government to extend rent controls beyond buildings constructed prior to 1991, which has since been instituted as of April 2017.

The vast majority (88%) of rental housing in the City of Burlington was built prior to 1980. As such, the quality of rental units can vary widely but most buildings generally lack modern finishes and design features such as dishwashers, central air conditioning, in-suite laundry, and modern amenity centres.

Since 1991, the proportion of rental households in the City of Burlington has declined from 29%[7] to 22%[8] given that most new housing development has come in ownership tenure. This pattern of decreasing proportions of rental households is common throughout the GTAH. Comparable sized communities, such as Oakville, Richmond Hill, and Whitby, have seen similar declines in the proportion of rental households, but had a lower proportion of rental households in 2011 relative to Burlington (e.g. 14% to 16% vs 22% rental households). This is not necessarily a function of there being more rental demand in Burlington at present time, but a reflection of the higher number of purpose-built rental apartment units that were constructed in Burlington in the 1960's and 1970's.

Low interest rates and relatively affordable home ownership conditions in the late 1990's and early 2000's contributed to the declining proportion of rental tenure households as an increasing number of people were able to afford the costs associated with home ownership. However, in recent years, the cost of single-family housing has been increasing rapidly in the GTAH, contributing to declining affordability. Fewer people are able to afford the cost of a down payment and the subsequent carrying costs of a larger mortgage, particularly younger singles, couples, and families.

As such, it is anticipated that rental housing will increase in demand moving forward, and given the lack of new purpose-built rental development in recent decades, it is reasonable to believe that there is already pent-up demand in the marketplace for rental tenure housing. In addition to declining affordability for ownership housing, the low vacancy rates in Burlington indicate tight supply conditions and that demand for rental housing may be higher than the 22% of households that were renting in 2011.

Without increased purpose-built rental supply, prospective renters in the current housing market may turn to nearby municipalities where the availability of purpose-built rental units is higher, or to private rentals in condominium apartment buildings. CMHC estimates that demand for these private rentals is just as high, if not higher, than purpose-built rentals as the vacancy rate for condominium apartment rentals in Hamilton Region[9] (which includes Burlington) was 0.5% in 2016.

These private rentals in condominium apartment buildings provide tenants with a higher-quality unit and building than what is typical in most of the existing rental stock in Burlington. However, these private rentals do not provide professional on-site property management and do not provide the tenant with the same security of tenure as a purpose-built rental apartment unit. As such, they are not necessarily a stable source of rental housing. New purpose-built rental product would have the potential to capture some of these private renters, in addition to retaining or attracting residents who would otherwise choose to seek accommodations in other municipalities.

[7] Community Development Halton, A Social Profile of Burlington, January 2006.

[8] Statistics Canada, 2011 Census. Data unavailable for 2016 Census at time of writing.

[9] Data on condominium apartment rental vacancy rates was not available at the City of Burlington level.

How much the market shifts towards rental housing in the future is difficult to predict. However, any continued increase in demand for rental housing should further increase the demand for high-density residential units, whether they are purpose-built rental units or investor-owned condominium units that are rented in the private market.

2.1.5 Transit Improvements

Metrolinx's planned electrification of the GO Train network (Regional Express Rail or "RER") would increase train service on the Lakeshore West line to 15-minute, two-way, all-day headways between Aldershot Station and Union Station in Toronto. RER will significantly improve transit accessibility for residents in Burlington, especially those in close proximity to the three GO stations.

The increased service via RER is likely to have some impact on demand for residential uses in close proximity to the City of Burlington's GO stations. RER will be appealing for working professionals who would like to live in Burlington but have to commute to their jobs in another municipality. RER would provide them with an improved alternative travel mode to their jobs.

2.1.6 Changing Lifestyle Priorities

While previous generations fled towards suburban locations and bedroom communities outside of the core areas of cities seeking single-family homes and larger properties, many echo-boomers and young families prefer living in locations that include a range of transportation options and that are within walking distance to everyday services and amenities. As such, many people are now more inclined to live in a smaller space – whether it be an apartment or townhouse unit – provided they are able to live somewhere that is centrally located.

Additionally, many baby boomers who had previously sought out larger single-family homes, are now trading their larger space for the enhanced security and lower maintenance living that is associated with higher density housing forms. The rental market has also attracted some older residents who recognize the advantages of being able to redeploy the equity from their single-family homes into retirement savings rather than real estate.

These changing lifestyle priorities will have a particular impact on the Downtown Burlington Mobility Hub given that the area already includes a significant amount of services and amenities, and a more diverse mix of housing forms that are likely to satisfy this shifting lifestyle preference.

2.1.7 Ontario Fair Housing Plan

It is also important to note the potential impact of the Province of Ontario's Fair Housing Plan, announced in April 2017. The intention of the plan is to "cool" housing prices in the Greater Golden Horseshoe via several new measures, including a foreign buyer's tax and extended rent control on all units constructed after 1991.

It is likely to be several months before the full impact of all the measures in the Fair Housing Plan are known with any certainty. While most industry observers, including NBLC, feel that the depth of demand is so significant for housing that the impact of foreign buyers is relatively modest, the implementation of rent controls has reignited concern across the development community in regards to new purpose-built rental development. Rent control will have an impact on the feasibility of any new purpose-built rental apartment project, limiting a developer's ability to raise rents as the market dictates or in response to changes in operating costs.

Although the extent of the impact of the Fair Housing Plan has yet to be fully felt, unintended consequences related to rent control may lead to the scaling back of proposed rental projects, particularly for smaller rental developers. It is possible that only established rental developers will proceed with planned rental projects, which may reduce the overall future rental supply and further frustrate demand.

We are already aware that some planned projects in the GTA are either being shifted to condominium tenure or are reworking the suite mix to smaller units to stimulate turnover rates and ensure that higher index rents are achievable. By having frequent turnover, the impact of rent control is lessened as rents can be increased when tenants move out. However, including a larger proportion of smaller unit types and sizes could also put further strain on the balance between supply and demand for larger rental units in the local marketplace.

2.2 Non-Residential Market

This section draws upon multiple sources to reconcile the future employment and non-residential projections and demand in Burlington. These sources include the Halton Region Employment Survey (2016), Watson and Associates' Development Charges Background Study (2014), urbanMetrics' Commercial Strategy Study (2013), and Dillon's Employment Lands Study (2012). For the purpose of this section, when it is not specified, "non-residential" refers to a wide range of uses including retail, service, industrial, office, and institutional.

2.2.1 Employment and Non-Residential Growth Forecast

Strong employment and population growth is projected for the City of Burlington. This population and employment growth will be the most significant driver of demand for new non-residential space in Burlington.

The City of Burlington has an established industrial and manufacturing base, but the economic base has been shifting towards a higher proportion of service and office-based employment, which is expected to continue into the future.[10] Burlington's western location in the GTAH offers businesses

[10] City of Burlington Employment Lands Study, 2011

a strategic benefit given its ease of access to both the Toronto and Hamilton markets, as well as the United States.

The Region of Halton is responsible for allocating its projected employment as forecasted in the Growth Plan for the Greater Golden Horseshoe ("Growth Plan") to its lower-tier municipalities. While updated Growth Plan forecasts for the Region are available to 2041 (466,000 jobs), the Halton Region Official Plan contains forecasts for its lower-tier municipalities to 2031 only (390,000 jobs). Halton Region is in the process of completing an updated growth forecast based on the 2041 projections through an Official Plan Review.

Of the roughly 390,000 projected jobs forecast for Halton Region by 2031, approximately 27% are allocated to Burlington (106,000 jobs)[11]. Watson and Associates' 2014 Development Charges Background Study indicated a total of more than 92,000 jobs in Burlington in 2011[12], requiring approximately 14,000 new jobs to 2031 (665 new jobs annually) to meet Burlington's employment allocation.

Watson and Associates' 2014 Development Charges Background Study anticipates that the growth in jobs between 2011 and 2031 will occur in the commercial retail (36% of growth), industrial (29%), institutional (19%), and commercial non-retail (16%) sectors[13]. Based on their assumptions of square footage per employee[14], Watson and Associates estimate that Burlington would require a total of nearly 5.8 million sf of new non-residential space between 2014 and 2031 (207,000 sf annually) in order to satisfy the growth in employment.

This new non-residential gross floor area is forecasted to grow as follows:

- Industrial: 2,626,400 sf;
- Commercial Retail (including service commercial): 1,903,700 sf[15];
- Commercial Non-Retail (including office): 595,800 sf; and,
- Institutional: 670,800 sf.

This forecasted growth is heavily weighted towards new industrial development, likely to occur in existing or vacant employment land areas, and retail development, which could occur in a variety of forms, including malls, plazas, or as part of mixed-use developments. These forecasts indicate

[11] As per the Halton Region Official Plan

[12] It should be noted that Halton Region's Employment Survey noted approximately 85,500 jobs in Burlington in 2016. However, according to the Halton Region Planning Services department, their survey does not include work at home and no fixed place of work employment, in addition to other limitations with their data.

[13] Schedule 10 on page A-10 of Watson and Associates Development Charges Background Study (2014).

[14] 800 sf per employee for industrial, 559 sf per employee for commercial retail, 360 sf per employee for commercial non-retail, and 400 sf per employee for institutional.

[15] urbanMetrics' Commercial Strategy Study (2013) estimated a need for 1.55 million sf of new retail space to 2031.

that office development to 2031 is likely to be relatively insignificant compared to other types of non-residential uses.

Given the declining availability of greenfield land, most new non-residential growth in Burlington will need to occur as infill redevelopment. As such, the four Mobility Hub areas are likely to be well positioned to absorb a significant amount of this new non-residential space moving forward.

2.2.2 Other Drivers of Non-Residential Demand

Assessing long-term non-residential demand requires an understanding of the underlying factors that drive the demand. These drivers of demand help explain the pattern of non-residential development in the GTA over the past several decades. While the factors influencing the decision-making process of each business will differ, generally the location of non-residential development is influenced by the following:

- *Access to Employees*: Businesses require access to a deep pool of qualified employees. However, the type of employee will vary based on the business. Given the direction of Ontario's economy towards a knowledge-based workforce, businesses are typically looking for demographics that are young, educated, and creative. Higher populations and densities increase the pool of potential employees and in turn positively impact the prospect of a location.

- *Transit:* Access to transit effectively widens the labourshed of potential employees. The future transit improvements via GO RER will have a significant impact on the accessibility to jobs that are offered in proximity to the City's four mobility hub areas.

- *Agglomeration Economics:* Employment uses gain many advantages and benefits by locating near each other, often improving economies of scale and network effects. Examples of this include the financial services sector in Downtown Toronto or major corporate headquarters located near Pearson Airport.

- *Accessibility and Parking:* Despite the importance businesses place on transit and walkability, many will still place a very high importance on accessibility by automobile, and access to parking. The access that the four mobility hub areas have to Highway 403, Highway 407, and the Queen Elizabeth Way ("QEW") is beneficial.

- *Amenities and Urban Environment:* Non-residential landlords and tenants often look for locations that are attractive to their potential employees. These businesses will look for well-designed spaces and urban locations that offer a wide range of amenities and other surrounding commercial uses.

2.3 Summary of Findings

- By 2031, the City of Burlington is projected to have a population of more than 186,000 people, in addition to approximately 106,000 jobs.

- Given declining household sizes, the population growth is anticipated to require approximately 11,800 new housing units between 2011 and 2031. This housing growth will primarily be in higher density housing forms such as apartments (75%) and townhouses (15%) given the lack of greenfield land available for low-density housing formats, eroding affordability, increased rental demand, and the demographics of the Burlington population.

- Watson and Associates estimate that future employment growth in Burlington will require an additional 5.8 million sf of new non-residential space between 2014 and 2031. While the City of Burlington has an established industrial and manufacturing base, the overall economic base is expected to shift towards a higher proportion of office and service based employment.

- Given the shift towards higher density housing forms and office/service-based employment in Burlington, and the importance that transit and vehicular accessibility will have for new development, the four Mobility Hub areas are well positioned to absorb a significant amount of the new supply of residential and commercial growth.

3.0 Downtown Burlington Overview

Downtowns are concentrated urban areas that allow for the efficient use of land and municipal resources for the social and economic benefit of the community. A vibrant mix of residential, commercial and public uses creates a lively area that can become a source of community pride and identity. Large or small, well-defined and healthy Downtowns create a sense of place that yields benefits in terms of improving the quality of life for residents, creating a strong investment environment, and supporting growth.

Thanks to continued public investment, Burlington's Downtown has evolved from a deteriorated commercial centre to one of the most vibrant urban cores in the GTA over the past 30 years. Investments in the public realm, especially on the waterfront, as well as high quality programming have helped encourage new investment especially in high-density residential development. Downtown has now become the premier location for new apartment investment in Burlington. The combined effect of these private and public sector investments have, in turn, created a market for new retail and commercial services that further enhances the desirability of the Downtown.

Transit in the Downtown Mobility Hub Area is centred around the Burlington Transit Terminal on John Street which sees seven different local bus lines connecting through it, as well as Greyhound buses which provide interregional transit service.

Brant Street has continued to serve as an ever-evolving main street strengthened through recent development. Downtown Burlington includes a mix of restaurants, office space, retailers, residential neighbourhoods, civic buildings, and high quality open spaces. Walkable access to Joseph Brant Hospital is a unique feature in this Mobility Hub that drives residential demand from both employees and community members, as well as supporting commercial services. Commercial uses range from small scale storefronts to larger chains focused primarily on population serving retail. Office development is primarily located above retail on Brant Street in addition to a small number of standalone buildings.

Like the rest of Canada, the population of Downtown Burlington has been aging. Between the 2006 and 2016 Census periods, the age groups that were growing the fastest in the general Downtown area[16] were aged 55 to 64 (+39%), followed by those aged 65 and up (+21%). Meanwhile, the number of children (aged 0 to 19) and middle aged adults (35 to 54) declined by 8% and 4%, respectively, while the number of young adults (aged 20 to 34) remained flat over the same time period. This is a common trend across the City of Burlington where the growth in the number of children, young adults, and middle-aged adults are lagging relative to the growth in the number of residents above the age of 55. From a market perspective, this bodes well for demand from seniors,

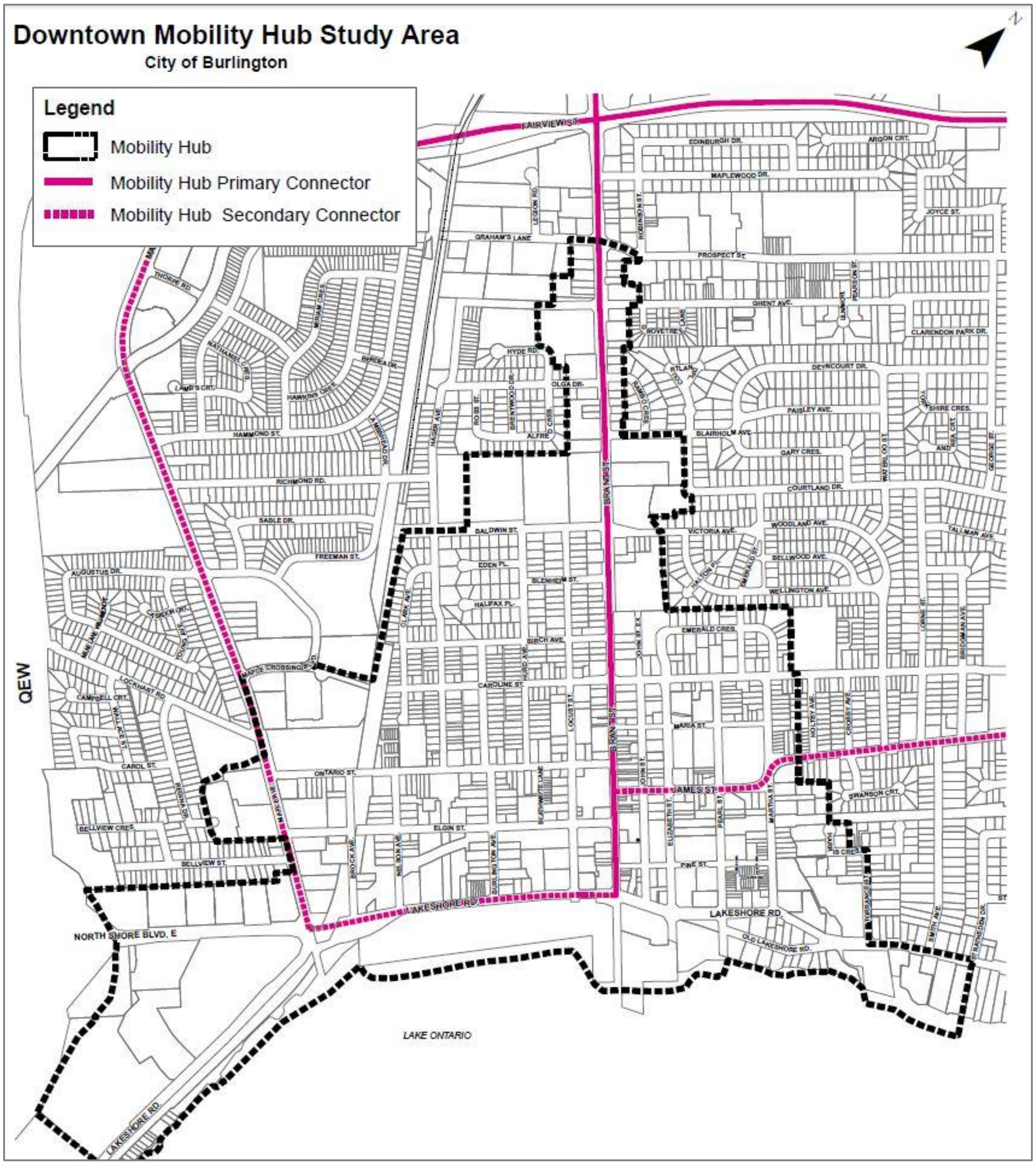
[16] Census tracts 5370205.02, 5370206.00, 5370212.00, and 5370213.00 line up closely with the boundaries of the Downtown Mobility Hub Area.

as well as younger groups, seeking apartments in this amenity rich area that offer less maintenance, lower cost, and better security.

As a mobility hub, Downtown Burlington (see **Figure 4**) will continue to develop as an Urban Growth Centre under the Growth Plan and will continue to be the primary destination within the City of Burlington.

Amongst the four Mobility Hubs, Downtown is the only area that offers all the features typically associated with a complete community. Its broad range of amenities, character streets and open spaces, access to the waterfront, and established walkable character ensure that Downtown is likely to attract a significant component of the City's high and medium density development interest in the future.

Figure 4


Downtown Mobility Hub Study Area
City of Burlington
Legend
Mobility Hub
Mobility Hub Primary Connector
Mobility Hub Secondary Connector
QEW
LAKE ONTARIO
LAKESHORE RD
NORTH SHORE BLVD. E

4.0 Downtown Residential Market Context

The following section provides an overview of the residential marketplace in Downtown Burlington. The section focuses on both the high-density residential market, in condominium and rental formats, as well as the low-density residential options. Given the relative lack of land for new low-density housing our research focuses on the resale market.

4.1 High-Density Residential Market

4.1.1 Condominium Apartment Market

In recent years, the development community has taken a significant interest in Downtown Burlington as a destination for new high-density residential development, particularly in the form of condominium apartments. The area's walkability, amenities, and location near the waterfront are all attractive features for high-density living.

While the buildings constructed in the Downtown tend to be the tallest in the City of Burlington, with the exception of some recent development near Burlington GO Station, the number of units in a single building rarely surpasses 200 units. The five actively marketing or recently sold out buildings in the Downtown at the time of writing, average in scale around 15-storeys and 104 units (see **Table 1**).

The condominium apartment projects in the Downtown include larger average unit sizes than are typical in many GTA communities to the east such as Mississauga or Toronto. These larger unit sizes have been attractive for downsizers from Burlington and elsewhere. The appeal of the newest buildings to affluent downsizers selling their single-family homes is reflected in the pricing of the newest buildings in the Downtown. As shown in **Table 1**, four of the five most recent buildings launched with average index prices above $660 per square foot ("psf") a value that is typically reflective of high-end buildings in most GTAH communities outside Toronto and is not currently achieved anywhere else in Burlington.

The closer a building is located to the waterfront, and the higher the potential for water views, the higher the pricing tends to rise. Bridgewater Residences on the Lake, a two building development on the south side of Lakeshore Road on the waterfront launched in 2015 at approximately $800 psf, with remaining units exceeding $925 psf as of June 2017.

The pricing in the waterfront buildings is not accessible for everyone, particularly first-time buyers who are a significant driver of high-density residential demand in many other municipalities, as well as in other parts of Burlington.

Table 1

Map ID	Project Name / Developer	Open Date	Status*	Storeys	Total Units	Total Sales	% Sold	Size Range (sq. ft.)	Price Range	Avg. $PSF** Org.	Avg. $PSF** Curr.	Abs. Rate*** 70%	Abs. Rate*** Overall
Actively Marketing and Recently Sold Out Condominium Apartment Projects in Downtown Burlington — As of June 30th, 2017													
Actively Marketing													
1	Saxony Condominiums *Landform Development Group Inc.*	Oct-15	UC	4	37	29	78%	1,058 - 2,088	$669,900 - $1,719,900	$684	$697	3.1 *8.4*	1.4 *20.4*
2	Nautique Lakefront Residences *ADI Development Group*	Oct-15	Pre	24	218	202	93%	463 - 1,316	$394,990 - $919,990	$664	$882	9.2 *16.8*	9.7 *20.8*
3	Bridgewater Residences on the Lake - Building A *New Horizon Homes*	Feb-15	UC	22	125	117	94%	581 - 3,145	$429,900 - $3,500,000	$786	$926	4.7 *18.8*	4.1 *28.8*
4	Bridgewater Residences on the Lake - Building B *New Horizon Homes*	Feb-15	UC	7	24	21	88%	797 - 1,669	$519,900 - $1,599,900	$900	$949	1.6 *10.8*	0.7 *28.8*
	Total 4 Actively Marketing Projects:				**404**	**369**	**91%**	**463 - 3,145**	**$394,990 - $3,500,000**	**$718**	**$856**	**5.2**	**3.7**
Sold Out (Pre or Under Construction)													
5	Berkeley *Carriage Gate Homes*	Apr-15	U/C	17	114	114	100%	738 - 1,572	$419,900 - $1,029,900	$509	$632	5.8 *13.7*	4.3 *26.8*
	Total 1 Recently Sold-Out Project:				**114**	**114**	**100%**	**738 - 1,572**	**$419,900 - $1,029,900**	**$509**	**-**	**5.8**	**4.3**

**Status: "Pre" = pre-construction, "UC" = under construction, "SI" = standing inventory; **Average per square foot values: original values are based on price for entire building at launch, current values are calculated based pricing for remaining inventory ***Absorption rates are the average sales per month from project opening to at least 70% sold or to the current date for the overall rate (June 30, 2017), the sales per month are in the top row and the number of months marketing is below.*

Source: RealNet Canada Inc.

Figure 5: Location of Actively Marketing and Recently Sold Out Condominium Apartment Projects in Downtown Mobility Hub Area

As you move further from the waterfront, prices tend to decline. This is demonstrated with the recently sold out Berkeley Condominiums, which launched in April 2015 at $509 psf, more than $150 psf lower than any other actively marketing building. Being able to offer additional condominium apartment units at more accessible prices will aid in diversifying the mix of buyers and would be beneficial for future growth in the Downtown.

Investors have yet to become a significant driver of sales in the condominium apartment market in the Downtown, which is demonstrated in the modest absorption rates in the actively marketing condominium apartment buildings (3.7 sales per month per project as of June 2017). The high pricing of the units in the Downtown leads to high monthly carrying costs for investors, and in turn high monthly rental rates which may be above market value. As a wider range of price points are offered, and rental demand increases in Downtown Burlington in the future, investor interest will likely increase.

While the newest buildings have been priced at a premium given their location closer to the waterfront, the resale market is more accessible for a wider range of buyers. A survey of resale condominium apartment leases in Downtown Burlington on the Toronto Real Estate Board's ("TREB") Multiple Listing Service ("MLS") for the 12 month period between April 2016 and March 2017 indicated approximately 40% of resales were for units priced below $400,000.

While unit sizes and prices will vary depending on the positioning and location of a project, the new developments in Downtown Burlington tend to be priced (index and end-pricing) lower than in many other established GTAH downtowns, such as Downtown Toronto, Downtown Oakville, or Mississauga City Centre.

With the possible exception of Downtown Oakville, Downtown Burlington projects also tend to have larger average unit sizes than in these other locations. Unit sizes range widely but generally do not go below 550 square feet ("sf"). Absent in the Downtown Burlington market are "micro-units"[17] that are commonly found in Downtown Toronto that have been responding to the need for affordability in proximity to employment. Mississauga City Centre also has several new projects that feature units that are increasingly smaller, approaching micro-unit sizing. It's likely that the attractiveness of the Downtown will continue to drive pricing upwards which may create some demand for smaller unit sizes over time. However, pricing and job growth would have to jump significantly to underpin demand for micro units.

4.1.2 Rental Apartment Market

While new purpose-built rental apartment development has been infrequent in Burlington, the Downtown area does have one of the few new buildings – The Brock, owned by Homestead Land Holdings and completed in 2015. The 14-storey, 116-unit development has achieved some of the

[17] The definition of a micro-unit is somewhat ambiguous. For the purpose of discussion in this case, they are defined as less than 400 square feet for a single-occupant unit, or less than 600 square feet for a two-bedroom unit.

higher index rents in the City of Burlington, surpassing $2.00 per square foot ("psf") per month in a recent survey by NBLC. The building offers modern suite finishes and building amenities, (including in-suite laundry, dishwashers, central air conditioning, etc.) comparable to new condominium apartment units in Burlington and elsewhere in the GTAH.

The Brock was well received in the local market by downsizing retirees and some young and middle-aged professionals, and was fully leased up within approximately six months of initial occupancy. The building's leasing performance indicates that there is likely demand for additional new rental units in the Downtown.

Elsewhere in the Downtown throughout older rental buildings, demand is driven by a wider mix of tenants, including young singles, couples, and roommates, mature singles, families, and seniors. The older buildings throughout the Downtown, which tend to have outdated suite finishes and features with the exception of a small proportion of buildings with significant upgrades, are priced more affordably and are therefore accessible to a wider range of tenants who may otherwise be unable to afford the monthly rental rates at a building like The Brock.

While eroding affordability in the home ownership market is certainly a major driver of increasing rental demand in Burlington and the wider GTAH, many people are also choosing to rent for lifestyle reasons. This includes more affluent downsizers who are choosing to invest the equity from the sale of their single-family home elsewhere and take advantage of the consistent monthly costs and low-maintenance lifestyle provided by rental living.

While the proportion of purpose-built rental units added to the market is modest, the overall demand for rental product is believed to be high based on Burlington market indicators. Vacancy rates averaged 1.1%, while availability rates (vacant units plus units that are known to be available for future months) averaged 3.1% in 2016.

Conditions in the purpose-built rental apartment market were tightest amongst buildings constructed since 2000, according to CMHC, averaging 0.4% vacancy and 1.7% availability across the City of Burlington in 2016, indicating a market preference for newer product. The shortage of new purpose-built rental supply in the Downtown, and elsewhere in Burlington, has driven some demand in the condominium apartment market for rental units, though investors are not yet believed to account for a significant portion of the market.

The attractiveness of the Downtown as a destination for high-density residential units should continue to drive additional demand for rental units into the future, particularly as affordability in the home ownership market continues to erode.

4.2 Low-Density Residential Market

Low-density housing options in Downtown Burlington have traded primarily through the resale market over the past decade, as new residential development in the Downtown has been primarily focused on apartments. The absence of available parcels and the cost and complexity of assembling parcels has limited the growth in this segment.

Resale activity in the low-density residential market in the Downtown consists mostly of single-detached and townhouse units. Both unit types have experienced strong price appreciation over the past five years. A survey of resales on TREB MLS indicated that single-detached homes in the Downtown sold for an average of approximately $856,000 between April 2016 and March 2017, up 78% from approximately $480,000 five years prior.

Townhouses provide a more affordable option on the resale market, averaging approximately $542,000 during the 12-month period between April 2016 and March 2017. Price appreciation for townhouses over the past five years has been lower than single-detached units, though it remains high at 60%.

High pricing in the low-density residential market in the Downtown, and elsewhere in Burlington, limits who is able to afford to live in these housing types. At the current pricing, low-density housing is typically purchased primarily by move-up buyers and some affluent first-time buyers, some of which may have received parental help in order to purchase their first home.

With prices appreciating quickly in the low-density residential market, more people are likely to seek out higher-density housing forms, primarily apartment units, if they want to live Downtown. Stacked townhouses, which do not yet have a significant presence in the Downtown, could also be an option for more affordable, higher density homeownership in the future.

As housing options in the Downtown become more diverse, particularly through an increase in higher density housing forms, the Downtown housing market is likely to become more accessible for a wider range of buyers, which could increase the diversity of the Downtown's population.

5.0 Downtown Non-Residential Market Context

Downtown Burlington has an established non-residential market consisting primarily of retail commercial, service commercial, and office commercial uses. As of 2016, there were approximately 7,200 jobs in 499 businesses throughout the Downtown area.[18]

In 2013, urbanMetrics completed a discussion paper on Downtown Burlington's commercial market as part of their Commercial Strategy Study for the City of Burlington. The paper found that Downtown Burlington compared favourably to other successfully functioning Downtowns throughout the GTA. Characteristics that indicated this success included:

- The scale of the commercial core;
- Low vacancy rates in prime areas;
- Recent residential development activity and interest (which has only grown since the 2013 paper);
- Public sector investment in the Downtown and waterfront; and,
- A continued focus on civic events.

At the time, urbanMetrics found that the Downtown included a total of approximately 1,100,000 sf of retail / service commercial space. The majority (69%) of this space was tenanted by service-based commercial facilities such as banks, food services (e.g. restaurants, pubs, cafes), personal care services (e.g. hair and beauty salons, laundry services), and health care service facilities (e.g. doctors, dentists, health practitioners).

The urbanMetrics paper noted that the Downtown is a multi-functional place that provides for both the local needs of Downtown businesses and residents, and acts as regional draw given the presence of specialty retail and general ambience of the area.

New commercial retail and services have evolved in existing storefronts and within the podium of some mixed-use condominium apartment buildings. Commercial rents, particularly ground floor retail in some of the new condominium apartment buildings, range between $22 to $27 psf net, though older spaces tend to still be below this pricing level. Typically, $25 psf to $30 psf net is considered to be about the threshold at which pricing needs to be in order for the construction of new commercial space to be economically viable. Office rents remain below replacement level for the most part. Based on a review of current listings in the Downtown (July 2017), most remain in the range of $18 to $20 psf net, though some smaller office units have approached $25 psf net.

[18] As per data from the 2016 Halton Employment Survey

The Downtown area is appealing for retail and service commercial uses given that there is a higher foot fall than anywhere else in the City of Burlington, and that the Downtown is established as a destination within the municipality for both residents and visitors.

On the other hand, commercial office space is more challenging in the Downtown. Given that there are cheaper options elsewhere in the market, often with low cost (or free) surface parking, an office-based business has to want to be in the Downtown and be attracted to the perception or cache of being located there. As such, the Downtown appeals, and is anticipated to continue to appeal, to a mix of smaller, boutique office-based businesses, as opposed to enterprises that typically require a large amount of gross floor area, large amounts of parking, and who may also otherwise desire visual exposure and access from the QEW.

The trend of below-replacement office rents is typical of most GTA communities. Very few new standalone office buildings have been constructed in GTA Downtowns outside of the City of Toronto as demand and achievable rents are not sufficient. Even within the City of Toronto, new office development has mostly been focused in the Downtown, or in the other growth centres (e.g. North York Centre). Outside of Toronto, these office developments typically require a large amount of surface parking, which is not conducive to a Downtown location, or a significant package of financial incentives in order to be viable (this is also available to high density office developers in Toronto, which has helped spur new development in recent years).

There is little evidence that the development of a large standalone office building in the near to mid-term would be feasible because of this, unless a significant anchor tenant can be secured as a catalyst to the development. That anchor tenant would be one that is likely choosing to be in the Downtown for lifestyle and amenity reasons, as opposed to market or economic reasons.

The City of Burlington retained Deloitte in 2012 to assess the potential for two City-owned properties to be developed with standalone office uses. Deloitte's work revealed that even without land costs, new standalone office development was not feasible in Downtown Burlington. Deloitte's work found that issues related to the availability and cost of parking, as well as the distance from the Burlington GO Station were significant barriers to the development of new standalone office.

Increasing the critical mass in the Downtown via further residential development may have a positive impact on the viability of additional office space in the Downtown. As more people live in the Downtown, more businesses in Burlington may be inclined to locate there in order to provide their employees with the opportunity to be located centrally and to walk or take transit to work.

6.0 Downtown Future Supply

Though Downtown Burlington has seen its share of development activity in recent years, there are only two active development applications within the Mobility Hub area as of July 2017.

Both applications are for condominium apartment units. The largest proposal, a 27-storey, 183-unit building located at Brant Street and James Street, would be the tallest building in the Downtown area if built. It is proposed to include close to 25,000 sf of office/retail space within its podium. **Table 2** provides summary information on the two applications.

Table 2

Active Residential Development Applications in Downtown Burlington As of July 2017							
Address	**Applicant / Developer**	**Application Type***	**Status**	**Dwelling Type**	**Storeys**	**Units**	**Comments**
2085 Pine Street	Roman Home Builders	ZBA	Under Review	Apartment	5	15	Marketing name: "Romance by the Lake".
421-431 Brant Street	Carriage Gate Homes	OPA, ZBA	Under Review	Apartment	27	183	-
					Total (2 Applications):	**198**	

** - ZBA = Zoning Bylaw Amendment; OPA = Official Plan Amendment.*
Source: City of Burlington Planning and Development

In addition to these two applications, it is worth acknowledging a third application that has received site plan approval from the City of Burlington. Carriage Gate Homes is proposing a mixed-use development east of Brant Street between Caroline Street and Maria Street that would consist of a 17-storey condominium apartment building (actively marketing as Berkeley Condominiums), a 6-storey parking garage, and an 8-storey office building. The office building is proposed to include retail space on the ground floor, with medical office space on the seven storeys above.

This office building could set a new standard for office space in the Downtown given the age of the other options, and would add approximately 95,000 sf of new office space to the Downtown market, in addition to the ground floor retail space. However, despite having site plan approval and a building permit issued for the residential portion of the development, there is no timeline as to when, or if, the office building will begin construction or be completed.

It is likely that a significant lead tenant would need to be secured to initiate the development of this office component. There is no evidence that this is currently taking place. This points to the need to have clearer mechanisms to tie the development types together in applications like this in order to avoid risking the prospect of securing new office opportunities in the Downtown. However, having the developer construct an office building in advance of existing demand could risk the feasibility of the overall mixed-use development. It may be worth exploring this policy approach further as the market for office uses evolves.

In addition to these three applications, the four other actively marketing condominium apartment buildings will include a combined 37,000 sf of commercial space in their ground floors or podium.

7.0 Downtown Market Outlook

NBLC believes that the Downtown area will continue to be the primary destination within the City of Burlington for both residents and visitors. The proximity to the waterfront, walkability, and access to services and amenities are all attractive aspects of the Mobility Hub Area and the continued evolution of the Downtown will only enhance these elements.

NBLC's outlook for the Downtown Mobility Hub Area includes the following key points:

- The Downtown Mobility Hub is distinctly different from Burlington's other Mobility Hubs from a market perspective. Market demand for residential and non-residential investment in the Downtown is being driven by the character and range of available services and amenities more so than access to transit services and the highway system like at the other Hubs.

- Demand for high-density residential housing in condominium format is expected to increase as the Downtown continues to mature and the range and quality of services expands.

- The market in the near-term will likely focus on older demographics, but, as we have seen in other municipalities, the appeal of the Downtown, growing employment opportunities, and declining affordability in the low-density housing market will, in the longer term, begin to attract younger groups to the Downtown.

- Having a wider range of pricing for new housing units in the Downtown will be imperative to diversify the buyer groups, and to ensure that the demand for new housing in the Downtown area is captured. The most recent developments have prices that are reflective of their waterfront locations and are typical of luxury positioning, ensuring that they are not accessible for many first-time buyers. Increased densities in the Downtown may aid in suppressing pricing somewhat, opening the market up to a wider mix of buyers.

- Demand for modern rental housing is present but the economics of development still favour condominium tenure for most developers. The recent extension of rent control legislation has also taken the momentum out of an emerging rental development market. However, the success of the recently completed "The Brock", as well as increasing pricing, bode well for additional new rental housing in the future.

- As high-density living becomes further established in Burlington, and demand for rental units becomes more prevalent, there is likely to be increased investor interest in new condominium apartment projects, helping to fill in any gaps between supply and demand for modern rental units for the time being. However, new rental tenure development should be encouraged to diversify the housing options in the Downtown.

- Demand for medium density housing forms is also very strong although opportunities for infill developments are limited. Land assemblies are also challenging and expensive. However, where opportunities can be found, townhome and stacked townhome projects offer the prospect of attracting a more diversified income and family profile of residents in the Downtown.

- Developing strategies that will attract a more diverse population of buyers and renters, and a mix of age groups, should be an important objective for the Downtown Mobility Hub area.

- As the Downtown's population continues to grow, we expect that demand for retail and service commercial uses will increase and new investment will continue its positive trend.

- Demand for office space is also likely to increase as employers look for unique and quality environments to attract staff. However, as Deloitte has pointed out, rental rates for new office investment have a significant way to go before they will support new construction.

- For the time being, new non-residential space is likely to be built primarily as part of new mixed-used buildings.

8.0 Illustrative Economic Analysis

NBLC prepared an illustrative financial analysis to consider:

- Whether high density residential development at heights in the order of six to eight storeys can be viable within current market conditions; and,
- Whether additional development height is required to support viable pro forma results within the current land market.

The purpose of this financial analysis is to answer questions from City Staff in regards to the impacts of increasing building heights on development viability. This analysis is meant to be illustrative only. The scenarios put forth in the analysis consider the development of condominium apartment buildings only, in order to isolate the impact of added residential space that would be achieved through increased building height. These buildings would also include retail or office uses at grade. These components have been excluded to simplify the analysis as their inclusion would have little bearing on the outcome.

The financial analysis utilizes a residual land value methodology which accounts for all potential development revenues, hard costs, soft costs and developer profit. The financial analysis compares the financial performance of building forms at different heights on a non-waterfront 0.5 acre parcel of land. The scenarios considered were:

- Scenario 1 – a six-storey building with 109 condominium apartment units;
- Scenario 2 – an eight-storey building with 134 condominium apartment units; and,
- Scenario 3 – a 25-storey building with 280 condominium apartment units.

In Scenario 3, our assumptions around unit sizing and pricing are adjusted slightly to recognize the larger number of units and typical character of larger scale apartment development which requires that units are positioned to sell at a quicker pace. This illustrative analysis assumes that unit sizes decrease slightly and that index revenue increases slightly (producing a slightly lower overall end-price when compared to the smaller building scales). In addition, because of the more affordable positioning strategy, the scenario's sales absorption rate is assumed to increase.

Key assumptions have been developed through our review of local market dynamics and our experience in assessing the financial viability of residential development. Key assumptions and results are illustrated in **Table 3**.

8.1 Findings

The economics of development at six and eight storeys appear viable in the current market context. The models tested in this analysis generate enough revenue to offset all project costs, developer profit expectations, and a residual payment for land. Scenarios 1 and 2 could support land values in the order of $2.15 to $2.72 million (for the theoretical 0.5 acre parcel), or about $23 per square foot of gross floor area.

The analysis also indicates that a larger scale development would support stronger returns. The results of our model illustrate that a 25-storey building could support higher profit, but also stronger land value on an index basis (approximately $30 per square foot of gross floor area vs. $23).

What recent land transaction activity indicates is that the development community may believe, or is speculating, that increases to development heights will be granted through a planning application or appeals process. With confidence that this can be achieved, land values have begun to escalate as the expectations of both the development community and land owners adjust to this context. However, there may also be situations in which added density is required in order to support land values that can outcompete other productive uses. For example, $2.0 million for 0.5 acres of land would likely be economic for a gas station or even some retail uses.

The City has the challenge of, on one hand, encouraging intensification in its core area, while on the other, guiding the physical shape of the community. A lower height limit of six to eight storeys – while feasible – comes with the following potential unintended consequences:

- Encourages developers to drive pricing higher to compensate for lack of density as has occurred in Downtown Oakville. This does not help in diversifying the population;
- Rental housing development at this density would not be feasible – except at the luxury end of the market;
- Allows lower density developments to compete for land; and,
- Delays investment.

Moving forward, the City should consider, from a physical planning perspective, the type and scale of built form that is appropriate throughout the Downtown.

If the overarching desire is to encourage redevelopment and intensification, increases to height permissions may provide greater financial flexibility for the development community in their ability to assemble properties and compete with the land values supported by other productive uses. However, if the City were to pursue a regimented and defensible mid-rise approach to building heights in the Downtown through its review of the Official Plan, the land market will likely adjust accordingly, but the pace of redevelopment activity might temper.

Table 3

Illustrative Pro Forma Example - High Density Condominium Apartment Development			
	Scenario 1 6 Storey	**Scenario 2 8 Storey**	**Scenario 3 25 Storey**
Market Assumptions			
Average Unit Size (square feet)	725	725	700
Residential Index Price (PSF)	$600	$600	$620
End Price (per residential unit)	$435,000	$435,000	$434,000
Absorption Rate (sales per month)	6.00	6.00	10.00
Discount Rate	7.00%	7.00%	7.00%
Cost & Revenue Inflator	1.50%	1.50%	1.50%
Developer Profit Margin (% of Gross Rev.)	15.00%	15.00%	15.00%
Project Statistics			
Land Area (acres)	0.50	0.50	0.50
Gross Residential Area (GRA, SF)	95,200	116,960	236,000
Net to Gross Efficiency (NGE, %)	83%	83%	83%
Net Saleable Residential Area (SF)	79,016	97,077	195,880
Number of Units	109	134	280
Revenue			
Total Revenue	$49,477,000	$60,852,000	$127,067,000
Development Costs			
Hard Costs	$25,864,000	$31,687,000	$63,870,000
Soft Costs	$13,312,000	$16,335,000	$34,044,000
Total Development Costs	$39,176,000	$48,022,000	$97,914,000
Developer Profit			
Total Profit (Future $)	$7,321,000	$9,004,000	$18,804,000
Residual Land Value			
Residual Land Value (Present $)	**$2,152,000**	**$2,718,000**	**$7,190,000**
R.L.V. $PSF Buildable	**$23**	**$23**	**$30**
Source: N. Barry Lyon Consultants Limited			