

2018

DOWNTOWN

OCCUPANCY STUDY



CITY OF
PRINCE GEORGE

2018 DOWNTOWN OCCUPANCY STUDY

The purpose of the Downtown Occupancy Study is to collect and analyze vacancy rates of retail/service and office use building space located in Prince George's Central Business District (CBD). This report will provide valuable information to help identify opportunities for redevelopment and revitalization in the CBD, as well as further downtown objectives proposed from the Official Community Plan (OCP). The study will examine four main aspects of occupancy in the CBD in Prince George: floor area available to retail/service and office use; vacant and leasable space; commercial high-rise vacancy, and downtown use as a function of the total area.

The 2018 Downtown Occupancy Study will summarize data from study years 2011-2017, and 2018 study data will be contrasted with these previous years to help illustrate historical trends.

METHODOLOGY

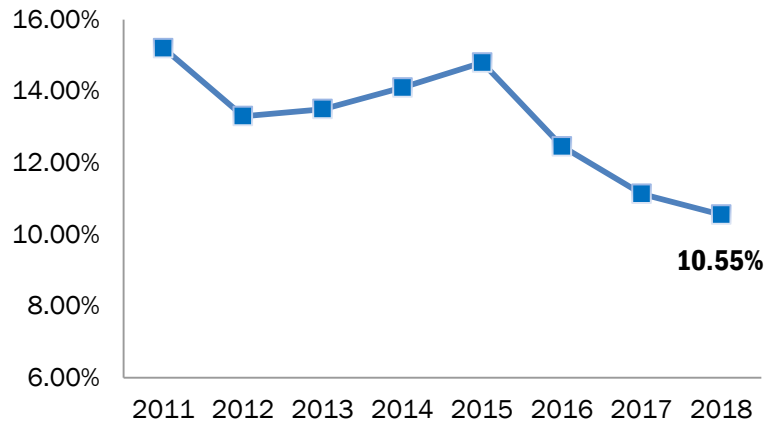
The data collected for the Downtown Occupancy Study is categorized between 'street level' space and 'upper levels' (second floor level and above), as well as by building use, 'retail/service' and 'office'. For street level space, the survey included a visual assessment of each block in the CBD to confirm the building's status; vacant or occupied. The floor area is calculated based on the outside dimensions of the building. For upper level space, the appropriate property owners or managers were contacted to estimate their building vacancy rates. Any remaining data that could not be verified by this method was drawn from past totals.

There was a significant change to the methodology in 2014, which accounts for an increase in available floor space in the CBD (see Appendix B, Table 1). The 2014 Downtown Occupancy Study introduced changes to the buildings eligible to be included in the study which resulted in the addition of gas stations, automotive repair shops, car dealerships, The Prince George Citizen, businesses located on the ground levels of hotels, churches, community service clubs, municipal or provincial buildings, and buildings under renovation (these spaces are considered vacant until they are operational). This standard was modified as the use of buildings had changed over time. Exclusions to the study data include residential and hotel/motel properties, as well as incomplete buildings. The Downtown Occupancy Study is exclusive to properties located in the CBD (see Appendix A for CBD boundary).

The survey method used to determine Downtown Vacancy rates is standardized; however, there may be some fluctuations in the accuracy of the data from year to year. The reader should be aware of the following:

- The vacancy rate of upper level space is left to the discretion of the property owners or managers who estimate the data when contacted by researchers. Some property owners or managers provide detailed responses while some estimate their vacancy rate and others do not respond to the information request. Vacancy data on record from previous years is used when responses are not provided by the property owners or managers.
- The survey reflects the vacancy as a snap-shot in time as opposed to an annual average. The 2018 Occupancy Study was conducted through the months of July-Aug 2018.

2018 DOWNTOWN VACANCY RATES ARE AT AN 8 YEAR LOW, WITH A 0.55% DECREASE FROM 2017.



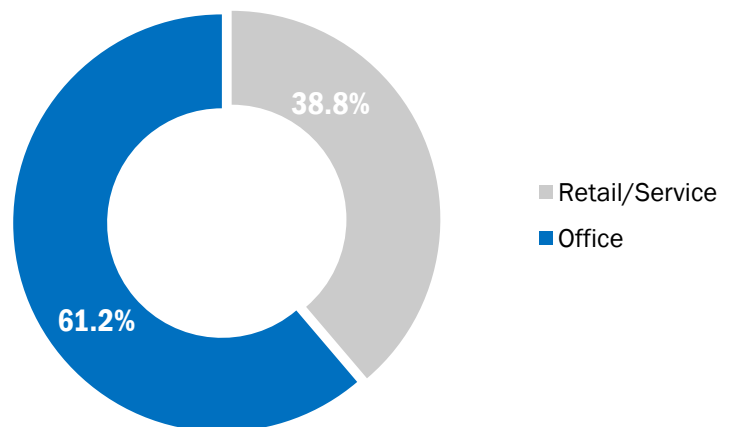
CBD TOTAL FLOOR AREA

The CBD hosted over 220,339 square metres of retail/service and office space in street level and upper level building space, an increase of 1962 square metres from 2017. By prescribing floor area, patterns are easily identifiable; increases and decrease in specific spaces can signify evolving interest levels in the retail/service and office uses.

Total floor area in the CBD has seen marginal increases; some of the increase is, in part, due to the addition of previously excluded buildings, as mentioned in the methodology, but new floor space in the CBD can also be attributed to this increase. In 2018 there were newly completed developments such as the Wood Innovation Research Lab.

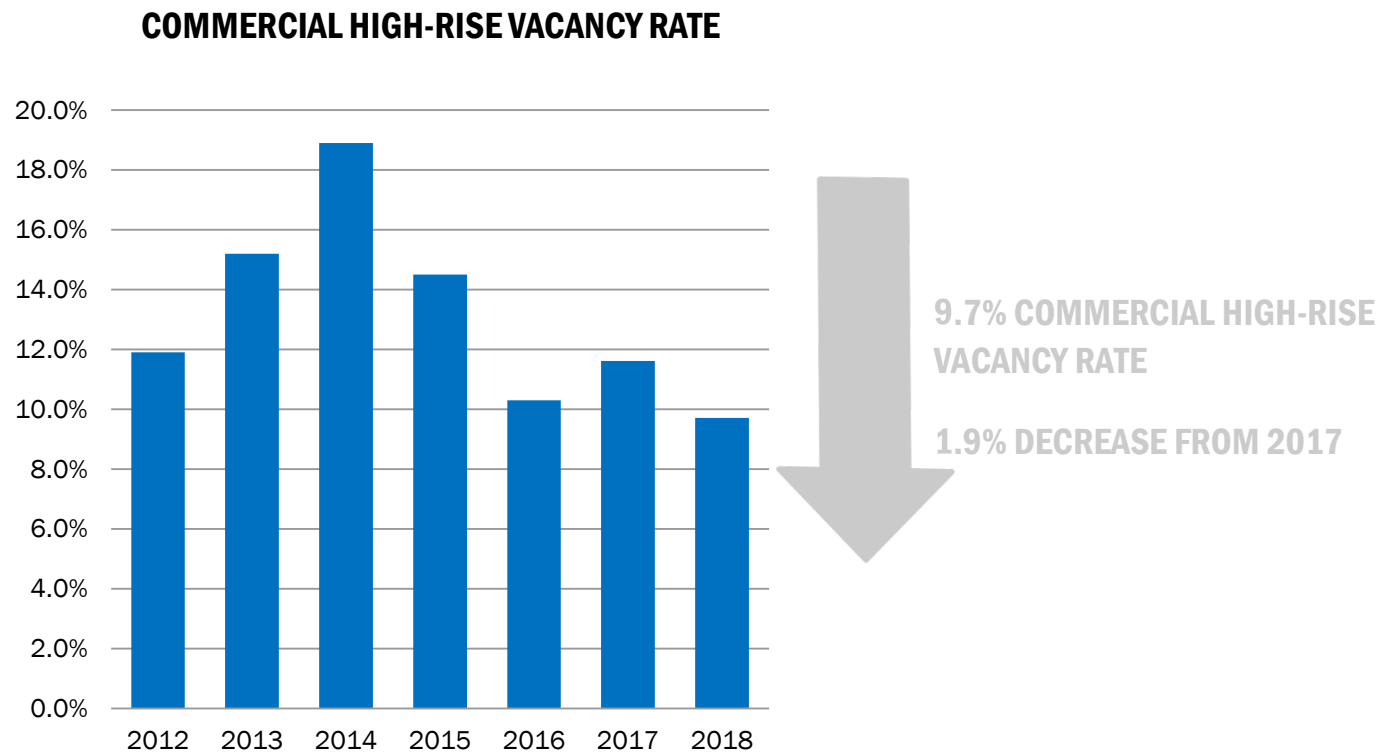
CBD USE AS A FUNCTION OF TOTAL AREA

The percentage of area used for retail/service and office in the CBD is similar to the previous year's study. Of the total amount of commercial office space in the CBD, the 2018 survey indicates 38.8 percent was used for retail/service and 61.2 percent was for office. Retail/service area use saw a marginal 0.5 percent increase from 2017, while office area saw a 0.5 percent decrease; traditionally office space at both street and upper levels has steadily occupied more downtown real estate over the last seven survey years.



CBD COMMERCIAL HIGH-RISE

In 2018, commercial high-rise buildings (four or more floors) reported a 9.7 percent vacancy rate, a 1.9 percent decrease in vacancy from 2017. Historical data trends reflecting high-rise vacancies indicate rates have declined since peaking in 2014.



CBD TOTAL VACANCY

2018 CBD VACANCY RATES

ARROWS INDICATE CHANGE FROM PREVIOUS YEAR

	RETAIL/SERVICE USE		OFFICE USE		TOTAL USE	
STREET LEVEL	12.05%	↑	7.41%	↑	10.04%	↑
UPPER LEVELS	10.18%	↑	11.42%	↓	11.25%	↓
TOTAL LEVELS	11.79%	↑	9.76%	↓	10.55%	↓

The 2018 Downtown Occupancy Study concludes that the overall vacancy rate of the CBD has decreased by 0.58 percent since 2017; total CBD building vacancy rate concludes at 10.55 percent. Of the selected study years (2011-2018), the 2018 vacancy rate is the lowest rate with the largest amount of total floor area.

CBD INCENTIVE PROGRAMS

The City of Prince George and community partners have implemented programs to incent the development of the CBD, and as a result, the CBD has seen new construction and façade improvements over recent years.

Programs include:

- **Downtown Incentives Program:** This program, facilitated by the City of Prince George in partnership with Northern Development Initiative Trust, offers 10 year tax exemptions for eligible commercial and multi-family developments in the downtown.
- **Façade Improvement Grants:** The Downtown Business Improvement Association in partnership with Northern Development Initiative Trust provides grants to eligible businesses in the CBD to improve the character and physical appearance of their buildings' exteriors.
- **Downtown Business Improvement Association Support:** The Downtown Business Improvement Association serves all business/tenants and property owners in the CBD of Prince George and focuses on three key areas: civic matters, business development, and safety/crime reduction. The Downtown Business Improvement Association also works on promotions and events, including Love Downtown PG and their flagship event, the Summerfest street party.
- **Downtown Bylaw Compliance Team:** Bylaw Services hired two temporary staff members on a 5 month trial to form a Downtown Bylaw Compliance Team with a goal to enhance health, safety, and security in the Downtown and surrounding area. This program received positive feedback from downtown stakeholders and will continue into the foreseeable future.
- **Graffiti Free PG:** From May 1 – September 30 (weather permitting), the City of Prince George works in partnership with the Baldy Hughes Therapeutic Community and Farm, to provide free graffiti removal on private property (business and residential).

CONCLUSION

The City of Prince George has been conducting annual surveys of downtown buildings since 1983. The Downtown Occupancy Study observes vacancy rates of office and retail/service use in buildings located in Prince George's Central Business District. The information gained is valuable to provide a snap-shot into occupancy of CBD buildings for that calendar year. These findings will assist in redevelopment and revitalization efforts to maintain a healthy downtown core.

The 2018 Downtown Occupancy Study indicates vacancy is decreasing and the downtown is seeing an increase in development with new businesses opening. Prior to the 2015 Study, the vacancy rate of the CBD had been increasing incrementally each year since 2012. The downtown has seen 25 new business license applications and over \$13 million in development permit applications since the last study which was completed in July 2017.

Prince George City Council has prioritized advancing progress in the downtown within the 2016-2018 Corporate Plan, with key corporate strategies such as;

- Program downtown civic facilities and spaces.
- Market downtown for development and growth opportunities.
- Develop and implement an Economic Development Strategy.

One of the goals of Prince George City Council is to establish and maintain a strong residential presence in the downtown. Attracting a strong and vibrant population to Prince George's downtown is essential to successful revitalization as well as the establishment of the critical mass of people to support the local retail market and other downtown services. City administration has been actively working on developing and establishing initiatives to attract and support residential development in the downtown.

Incentive programs for the CBD have been very successful and have seen increased interest for the 2018 year. Under the Façade Improvement Grant Program, Downtown Prince George can provide a 25% reimbursement grant (up to a maximum of \$5,000) per project/building. The goal of this program is to make significant improvements to the appearance of the downtown area. As of September 13, 2018, the Façade program has had four approved applications; three of which were completed in late 2017 and one in early 2018 with a total project value of roughly \$119,000.

In addition to the Façade Improvement Program, other incentive programs have been well utilized by businesses, and have helped continue revitalization efforts in the downtown. One project of note is the Park House multi-family development and underground parkade which is currently under construction next to City Hall. This project will introduce 150 new residential units to the downtown core. The increased interest in the CBD has created economic momentum and excitement with residents, investors, business owners and City Council in creating a healthy and prosperous downtown Prince George.

APPENDIX A - CBD BOUNDARY

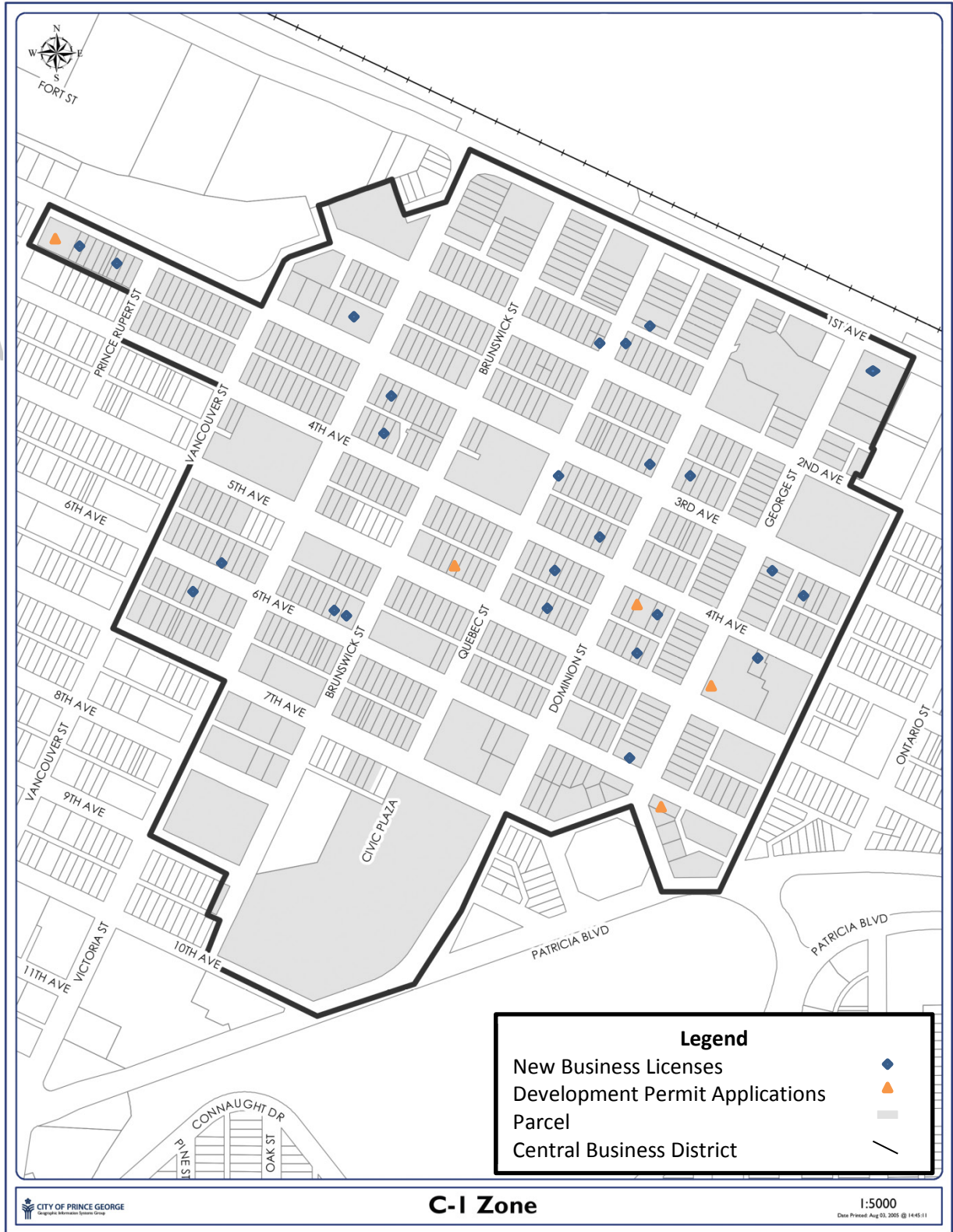


TABLE 1 - CBD TOTAL AREA 2011 - 2018

	2011	2012	2013	2014	2015	2016	2017	2018
STREET LEVEL	114,166	107,829	109,344	120,697	119,203	123,638	126,686	128,647
RETAIL/SERVICE OFFICE	66,677	60,510	63,139	67,172	64,936	68,592	71,066	72,910
UPPER LEVELS	88,736	86,196	86,010	90,534	90,367	85,853	91,691	91,691
RETAIL/SERVICE OFFICE	11,871	12,258	12,258	11,951	10,936	11,786	12,505	12,505
TOTAL AREA	202,902	194,026	195,354	211,231	209,570	209,491	218,377	220,339
TOTAL RETAIL/SERVICE	78,548	72,768	75,397	79,123	75,872	80,378	83,571	85,414
TOTAL OFFICE	124,354	121,257	119,957	132,108	133,698	129,113	134,806	134,924

TABLE 2 - CBD BUILDING VACANCY (%) 2011 - 2018

	2011	2012	2013	2014	2015	2016	2017	2018
STREET LEVEL	17.60%	13.00%	12.80%	13.40%	14.30%	13.11%	9.30%	10.05%
RETAIL/SERVICE OFFICE	19.30%	16.40%	16.00%	18.30%	17.70%	13.13%	11.90%	12.06%
UPPER LEVELS	12.40%	13.60%	16.60%	15.00%	15.60%	11.53%	13.60%	11.25%
RETAIL/SERVICE OFFICE	12.40%	21.90%	24.60%	22.60%	26.90%	6.12%	8.60%	10.18%
TOTAL AREA	15.20%	13.30%	13.50%	14.10%	14.80%	12.46%	11.10%	10.55%
TOTAL RETAIL/SERVICE	18.00%	17.30%	17.50%	19.00%	19.00%	12.07%	11.50%	11.79%
TOTAL OFFICE	13.50%	10.80%	12.50%	11.10%	12.40%	12.69%	10.90%	9.76%