

2019

DOWNTOWN

OCCUPANCY STUDY



CITY OF
PRINCE GEORGE

2019 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 2019 Downtown Occupancy Study will summarize data from study years 2011-2018, and 2019 study data will be contrasted with these previous years to help illustrate historical trends.

METHODOLOGY

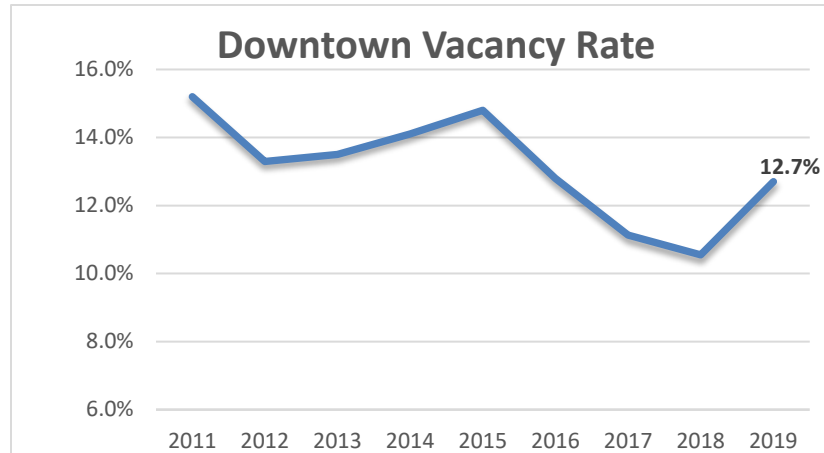
The data collected for the Downtown Occupancy Study is categorized between 'street level' space and 'upper levels' (second floor level and above), as well as by building use, 'retail/service' and 'office'. For street level space, the survey included a visual assessment of each block in the CBD to confirm 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 2019 Occupancy Study was conducted through the months of July-Aug 2019.

2019 DOWNTOWN VACANCY RATES ARE INCREASING, WITH A 2.15% INCREASE FROM 2018.



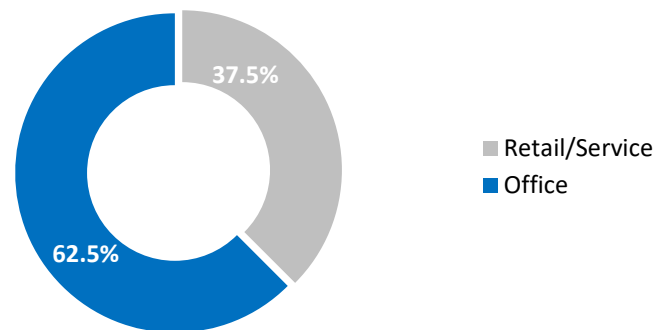
CBD TOTAL FLOOR AREA

The CBD hosted over 220,868 square metres of retail/service and office space in street level and upper level building space, an increase of 529 square metres from 2018. 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.

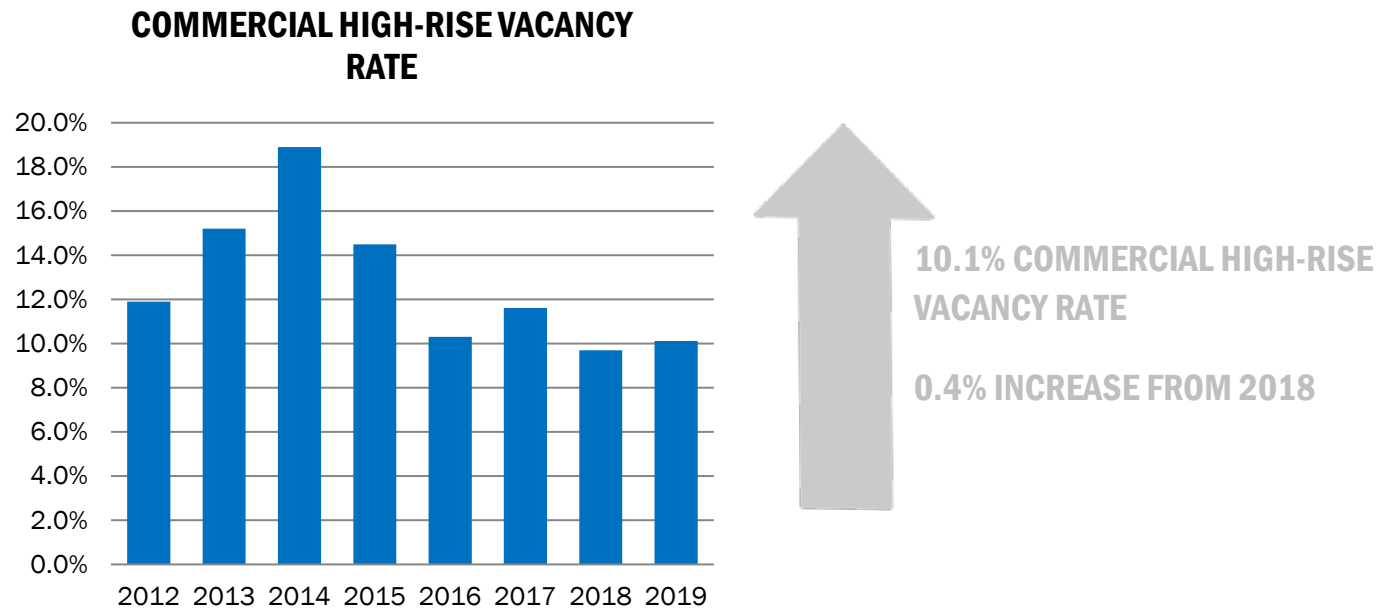
CBD USE AS A FUNCTION OF TOTAL AREA

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 2019 survey indicates 37.5 percent was used for retail/service and 62.5 percent was for office. Retail/service area use saw a marginal 1.3 percent decrease from 2018, while office area saw a 1.3 percent increase; 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 2019, commercial high-rise buildings (four or more floors) reported a 10.1 percent vacancy rate, a 0.4 percent increase in vacancy from 2018. Historical data trends reflecting high-rise vacancies indicate rates have declined since peaking in 2014.



CBD TOTAL VACANCY

2019 CBD VACANCY RATES

ARROWS INDICATE CHANGE FROM PREVIOUS YEAR

	RETAIL/SERVICE USE		OFFICE USE		TOTAL USE	
STREET LEVEL	16.42%	↑	5.40%	↓	11.68%	↑
UPPER LEVELS	16.27%	↑	13.82%	↑	14.16%	↑
TOTAL LEVELS	16.40%	↑	10.33%	↑	12.70%	↑

The 2019 Downtown Occupancy Study concludes that the overall vacancy rate of the CBD has increased by 2.15 percent since 2018; total CBD building vacancy rate concludes at 12.70 percent.

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:** Downtown Prince George, in partnership with the City of Prince George, provides grants to eligible businesses in the downtown area to improve the character and physical appearance of their buildings' exteriors. Downtown Prince George provides a 25% reimbursement grant (up to a maximum of \$5,000) per project/building. The goal of this program is to contribute toward significant improvements in the downtown area. The 2019 program has approved 5 projects that, when completed, will invest almost \$165,000 of improvements into downtown streetscapes.
- **Downtown Business Improvement Association Support:** Downtown Prince George is the business improvement association serving all business/tenants and property owners in the downtown area and focuses on promoting and advocating for a better downtown through partnerships, programs, promotions and events. The ultimate goal is to create a positive culture of safety, vibrancy and beauty that will attract businesses owners and citizens to live, work and play downtown. Hosting seasonal events such as Downtown Winterfest, Summerfest and Fallfest builds a strong sense of pride while highlighting the unique attributes of our community and increases downtown visits. Love Downtown PG is a comprehensive marketing program designed specifically for locally owned and independently operated retail services and shops in the downtown area.
- **My Downtown Micro Grant Programs:** Downtown Prince George offers three small grant programs to support downtown businesses in the area of beautification, events and safety. These micro grants offer up to \$500 towards small projects or initiatives that help to attract customers, improve community pride, protect, beautify and celebrate downtown businesses. To date, in 2019, there are 15 businesses who have leveraged this small contribution to enhance our downtown.
- **Downtown Bylaw Compliance Team:** Two Bylaw officers were hired to form a Downtown Bylaw Compliance Team with a goal to enhance health, safety, and security in the downtown and surrounding area. These Bylaw Compliance officers patrol daily, assist with clean-up of illegal camps, discarded belongings, syringes, and other paraphernalia.
- **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 2019 Downtown Occupancy Study indicates vacancy increased slightly, however it remains relatively steady. The downtown has seen 24 new business license applications and 13 development permit applications since the last study which was completed in July 2018.

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

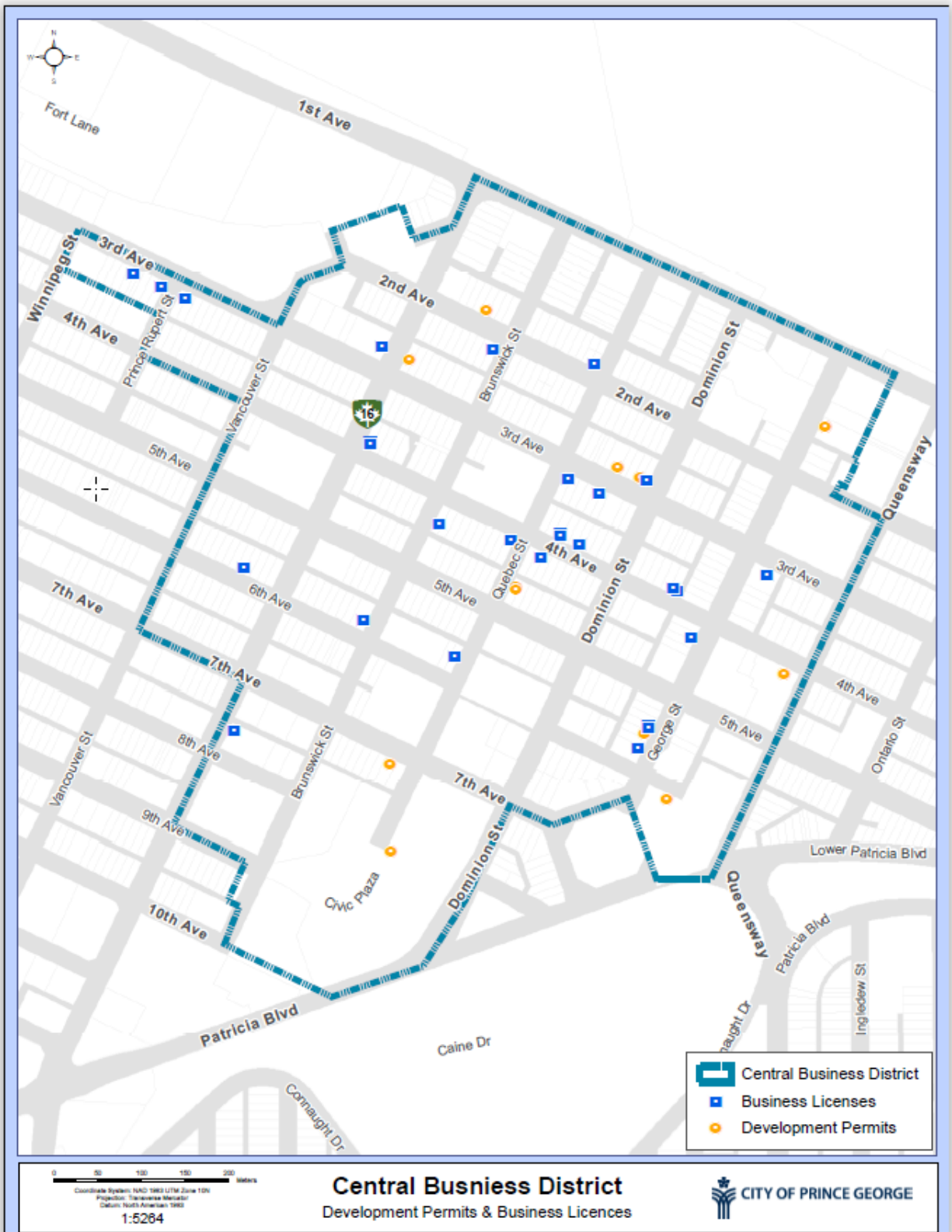
- Program downtown civic facilities and spaces
- Market downtown for development and growth opportunities
- Develop and implement an Economic Development Strategy

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.

Progress is being made; there are multiple developments in Prince George's city centre and in the areas around downtown including numerous projects either underway or planned such as the Hyatt Place Hotel, downtown pool, the 7th Ave streetscape enhancements, Wood Innovation Square, student housing and multi-family projects. 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



APPENDIX B – TABLES

TABLE 1 – CBD BUILDING VACANCY (%) 2011 – 2019

	2011	2012	2013	2014	2015	2016	2017	2018	2019
STREET LEVEL	17.60%	13.00%	12.80%	13.40%	14.30%	13.11%	9.30%	10.05%	11.68%
RETAIL/SERVICE	19.30%	16.40%	16.00%	18.30%	17.70%	13.13%	11.90%	12.06%	16.42%
OFFICE	15.40%	8.70%	8.20%	7.20%	10.20%	13.09%	5.90%	7.41%	5.40%
UPPER LEVELS	12.40%	13.60%	16.60%	15.00%	15.60%	11.53%	13.60%	11.25%	14.16%
RETAIL/SERVICE	12.40%	21.90%	24.60%	22.60%	26.90%	6.12%	8.60%	10.18%	16.27%
OFFICE	12.10%	12.20%	15.20%	13.80%	13.90%	12.40%	14.40%	11.42%	13.82%
TOTAL AREA	15.20%	13.30%	13.50%	14.10%	14.80%	12.46%	11.10%	10.55%	12.70%
TOTAL RETAIL/SERVICE	18.00%	17.30%	17.50%	19.00%	19.00%	12.07%	11.50%	11.79%	16.40%
TOTAL OFFICE	13.50%	10.80%	12.50%	11.10%	12.40%	12.69%	10.90%	9.76%	10.33%

TABLE 2 – CBD TOTAL AREA 2011 – 2019

	2011	2012	2013	2014	2015	2016	2017	2018	2019
STREET LEVEL	114167	107829	109344	120697	119203	123638	126685	128647	129734
RETAIL/SERVICE	66677	60510	63139	67172	64936	68592	71066	72910	73985
OFFICE	47490	47319	46205	53525	54267	55046	55619	55737	55749
UPPER LEVELS	88735	86196	86010	90534	90367	85853	91692	91692	91134
RETAIL/SERVICE	11871	12258	12258	11951	10936	11786	12505	12505	12505
OFFICE	76864	73938	73752	78583	79431	74067	79187	79187	78630
TOTAL AREA	202902	194025	195354	211231	209570	209491	218377	220339	220868
TOTAL RETAIL/SERVICE	78548	72768	75397	79123	75872	80378	83571	85415	86489
TOTAL OFFICE	124354	121257	119957	132108	133698	129113	134806	134924	134379