

Supply and Demand Analysis to Assist with Future Planning & Growth Strategies

Employment & Residential Lands within the Red River Planning District

As at July 2017

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PREPARED FOR: THE RED RIVER PLANNING DISTRICT

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I - INTRODUCTION

Purpose of the Study

The purpose of our engagement is to carry out an analysis of the factors of supply and demand as they relate to employment lands (commercial and industrial-use) and residential lands within the Red River Planning District (RRPD) and the municipalities/cities/villages which are encompassed by the district.

The function of our study is to assist the RRPD in the decision making process as it relates to the development of a new Master Plan for the region. The data, conclusions and recommendations concluded by Stevenson Advisors within this report will provide the RRPD with a thorough understanding of market factors that may influence future planning initiatives within the district.

Background

The Red River Planning District (RRPD), formerly known as The Selkirk and Area Planning District Board, is a partnership between the Rural Municipalities of St. Andrews, St. Clements, East St. Paul, West St. Paul, the City of Selkirk and the Village of Dunnottar. The original district (City of Selkirk, RM of St. Andrews and the RM of St. Clements) was established in May of 1977. The RM of West St. Paul joined in 1989, followed by the Village of Dunnottar in 2010 and the RM of East St. Paul in 2012.

The RRPD provides planning and building development services for the district. The responsibilities of the RRPD include the adoption, administration and enforcement of the development plan for the entire district; the administration and enforcement of our member municipal zoning by-laws and any secondary plans; and the building by-laws of the member municipalities.

The RRPD is currently in the process of drafting a new master planning document that will guide future development within the district. It is the function of this report to provide in-depth insights into the real estate markets for employment and residential lands to assist the RRPD in the development of this new master planning document.

Market Study Process Outline

In order to provide the information necessary for decision-making and strategizing, the following areas will be examined:

- Delineation of Study Area
- Population & Demographic Analysis/Trends
- Review of Existing Development Plans within the RRPD
- Examination of Components of Supply
 - Examine supply of commercial/industrial and residential lands within the RRPD municipalities/cities/villages.
 - Examine metrics of current lot supply – serviced, un-serviced, sizes of available sites, etc.
 - Examine potential development constraints in the study area and potential impacts on the availability of industrial/commercial and residential land supply.
 - Identify industrial/commercial and residential lands that have a likelihood of being brought into development by market forces in the near term.
- Examination of Components of Demand
 - Examine residential and non-residential construction trends within the Winnipeg CMA and Manitoba markets.
 - Analysis of demand for commercial/industrial and residential development lands within the rural municipalities – spatial analysis, pricing metrics and absorption.
 - Based on the results of the economic and demographic profile of the study area, market opportunities should be identified.
 - Compare the projected demand for employment and residential lands to the existing and forecasted supply.
- Conclusions

II – DELINEATION OF STUDY AREA

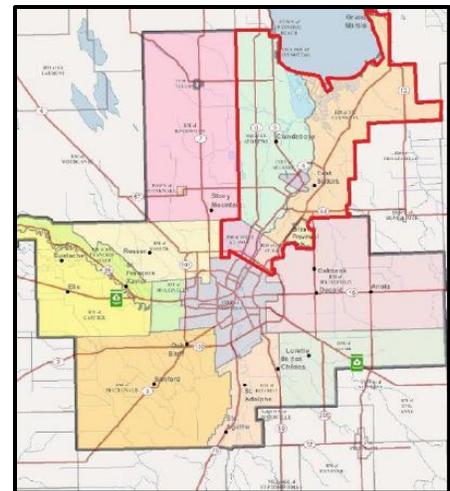
The study area for this analysis is focused on those rural municipalities included in the Red River Planning District, which is situated to the north of the City of Winnipeg and within the Capital Region area of the city.

The Capital Region is an area surrounding the City of Winnipeg, located in the southeast part of the province, bounded to the north by the south basin of Lake Winnipeg. The Capital Region includes the 16 Municipalities identified in the Province of Manitoba's Capital Region Partnership Act: the City of Winnipeg.

Within the Capital Region, the Red River Planning District encompasses a total of four Rural Municipalities, one City and one Village. The defined areas are as follows; the Rural Municipalities of St. Andrews; St. Clements, East St. Paul and West St. Paul, the City of Selkirk; and the Village of Dunnottar.

Together, these municipalities, city and village cover approximately 1,640 square kilometres of land area and had a 2016 population (Census) of over 48,570 people.

In addition to the study area, it will also be important to analyze trends within the Winnipeg CMA overall, and in particular the northwest and the northeast quadrants of the City of Winnipeg. The importance of this analysis relates to potential migration and “spill over” from the northern edge of the city into the study area.



**(Study Area Outlined in Red)*

III – DEMOGRAPHIC ANALYSIS – STUDY AREA

Population – Province of Manitoba & Winnipeg CMA - 2016 Estimates ²

2016 Demographic Snapshot	Province of Manitoba		Winnipeg CMA	
		%		%
Total Population				
2011 estimated	1,235,162		745,919	
2016 estimated	1,309,097		796,364	
2021 Projected	1,368,148		835,491	
% Pop. Change (2011-2016)	6.00%		6.80%	
% Pop. Change (2016-2021)	4.50%		4.90%	
2016 Total Population by Age	1,309,097		796,364	
0 to 4 years	81,581	6.20%	44,695	5.60%
5 to 19 years	244,411	18.70%	134,540	16.90%
20 to 24 years	95,088	7.30%	58,720	7.40%
25 to 34 years	184,924	14.10%	122,323	15.40%
35 to 44 years	162,883	12.40%	104,957	13.20%
45 to 54 years	170,836	13.00%	107,122	13.50%
55 to 64 years	168,677	12.90%	103,285	13.00%
65 to 74 years	112,908	8.60%	68,056	8.50%
75 years & over	87,789	7%	52,666	7%
Median Age	37.9		38.5	
2016 Total Census Families	334,953		208,503	
Average Persons Per Family	3.1		3.1	
Total Couples	278,684	83.20%	172,909	82.90%
Without children at home	124,528	37.20%	78,899	37.80%
With children at home	154,156	46.00%	94,010	45.10%
Lone-parent families	56,269	16.80%	35,594	17.10%
Children Per Census Family	1.2		1.1	
2016 Educational Attainment (15 years+)	1,035,372		648,344	
Less than a bachelor degree	826,500	79.80%	488,225	75.30%
Bachelor degree & higher	208,872	20.20%	160,119	24.70%
2016 Households	498,187		311,944	
Persons per household	2.56		2.5	
Average household income	\$88,471		\$91,809	

² Source: Environics 2016 Estimates

Population – City of Selkirk & Village of Dunnottar - 2016 Estimates ³

2016 Demographic Snapshot	City of Selkirk		Village of Dunnottar	
		%		%
Total Population				
2011 estimated	9,990		703	
2016 estimated	10,399		724	
2021 Projected	10,809		751	
% Pop. Change (2011-2016)	4.10%		3.00%	
% Pop. Change (2016-2021)	3.90%		3.70%	
2016 Total Population by Age	10,399		724	
0 to 4 years	534	5.10%	21	2.90%
5 to 19 years	1,797	17.30%	68	9.40%
20 to 24 years	682	6.60%	23	3.20%
25 to 34 years	1,300	12.50%	42	5.80%
35 to 44 years	1,094	10.50%	63	8.70%
45 to 54 years	1,377	13.20%	88	12.20%
55 to 64 years	1,494	14.40%	165	22.80%
65 to 74 years	1,078	10.40%	157	21.70%
75 years & over	1,043	10%	97	13%
Median Age	43.1		58.6	
2016 Total Census Families	2,706		238	
Average Persons Per Family	2.9		2.4	
Total Couples	1,947	72.00%	211	88.70%
Without children at home	916	33.90%	153	64.30%
With children at home	1,031	38.10%	58	24.40%
Lone-parent families	759	28.00%	27	11.30%
Children Per Census Family	1.1		0.6	
2016 Educational Attainment (15 years+)	8,375		661	
Less than a bachelor degree	7,736	92.40%	548	82.90%
Bachelor degree & higher	639	7.60%	113	17.10%
2016 Households	4,212		383	
Persons per household	2.38		1.89	
Average household income	\$79,911		\$96,800	

³ Source: Environics 2016 Estimates

Population – RM of East St. Paul, RM of West St. Paul, RM of St. Andrews & RM of St. Clements - 2016 Estimates ⁴

2016 Demographic Snapshot	East St. Paul (RM), MB		West St. Paul (RM), MB		St. Andrews (RM), MB		St. Clements (RM), MB	
		%		%		%		%
Total Population								
2011 estimated	9,189		4,997		12,096		10,683	
2016 estimated	9,686		5,366		12,957		11,506	
2021 Projected	10,128		5,633		13,593		12,088	
% Pop. Change (2011-2016)	5.40%		7.40%		7.10%		7.70%	
% Pop. Change (2016-2021)	4.60%		5.00%		4.90%		5.10%	
2016 Total Population by Age	9,686		5,366		12,957		11,506	
0 to 4 years	376	3.90%	263	4.90%	577	4.50%	515	4.50%
5 to 19 years	1,822	18.80%	947	17.60%	2,342	18.10%	2,020	17.60%
20 to 24 years	777	8.00%	349	6.50%	901	7.00%	738	6.40%
25 to 34 years	886	9.10%	522	9.70%	1,285	9.90%	1,080	9.40%
35 to 44 years	957	9.90%	605	11.30%	1,415	10.90%	1,262	11.00%
45 to 54 years	1,604	16.60%	834	15.50%	2,168	16.70%	1,960	17.00%
55 to 64 years	1,711	17.70%	897	16.70%	2,168	16.70%	1,995	17.30%
65 to 74 years	1,051	10.90%	522	9.70%	1,394	10.80%	1,296	11.30%
75 years & over	502	5%	427	8%	707	5%	640	6%
Median Age	45.2		45		44.7		45.8	
2016 Total Census Families	2,934		1,534		3,985		3,381	
Average Persons Per Family	3.1		3.1		3		3	
Total Couples	2,766	94.30%	1,411	92.00%	3,626	91.00%	3,024	89.40%
Without children at home	1,238	42.20%	535	34.90%	1,706	42.80%	1,440	42.60%
With children at home	1,528	52.10%	876	57.10%	1,920	48.20%	1,584	46.90%
Lone-parent families	168	5.70%	123	8.00%	359	9.00%	357	10.60%
Children Per Census Family	1.1		1.1		1		1	
2016 Educational Attainment (15 years+)	8,082		4,308		10,732		9,496	
Less than a bachelor degree	5,343	66.10%	3,356	77.90%	8,915	83.10%	7,958	83.80%
Bachelor degree & higher	2,739	33.90%	952	22.10%	1,817	16.90%	1,538	16.20%
2016 Households	3,309		1,810		4,676		4,394	
Persons per household	2.88		2.86		2.72		2.56	
Average household income	\$160,193		\$117,515		\$119,025		\$104,867	

⁴ Source: Emvionics 2016 Estimates

2016 Census Population Estimate – Statistics Canada

Manitoba Population - 2016 Census (Initial Data Release - Feb 2017)						
Geographic Code	Geographic Name	Population, 2016	Population, 2011	Population, % change	Total Private Dwellings, 2016	Private Dwellings Occupied by Usual Residents, 2016
1	Canada	35,151,728	33,476,688	5.0%	15,412,443	14,072,079
46	Manitoba	1,278,365	1,208,268	5.8%	539,748	489,050
4660	Interlake	91,743	88,845	3.3%	43,342	35,116
4640	North Central	50,300	48,289	4.2%	18,601	17,485
4680	North	89,637	88,146	1.7%	32,469	25,994
4670	Parklands	41,674	42,088	-1.0%	21,551	17,757
4620	South Central	64,782	60,656	6.8%	23,625	22,421
4610	Southeast	117,788	105,206	12.0%	53,140	42,421
4630	Southwest	113,618	108,868	4.4%	51,677	45,740
4650	Winnipeg (city)	708,823	666,832	6.3%	295,343	282,116
	Winnipeg CMA	778,489	730,018	6.6%	321,484	306,550

Source: Statistics Canada, 2016 Census of Population

Long Range Population Forecast for Winnipeg CMA⁵

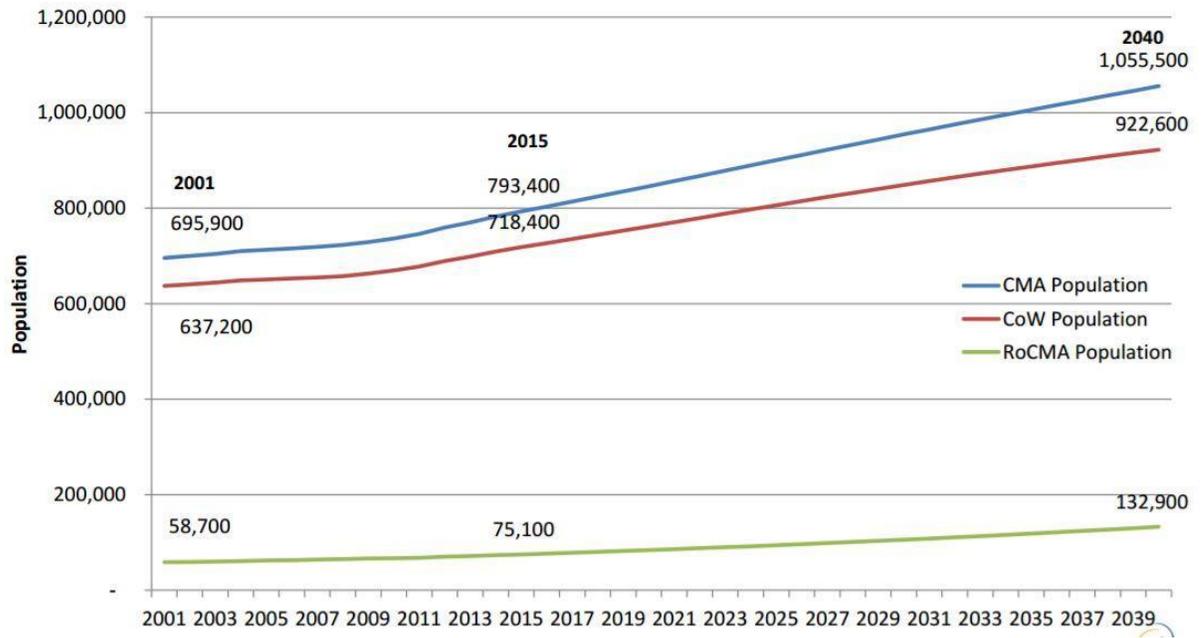
In contrast to the Environics population projections presented on the previous page, the City of Winnipeg has developed population estimates for the city and surrounding municipalities based upon Conference Board of Canada long-term projections (from 2015 to 2040).

	Expected Population Growth	
	Over Next	
	10 Years (2015-2025)	25 Years (2015-2040)
Winnipeg CMA	117,900	272,900 (+33%)
City of Winnipeg	96,900	213,400 (+28%)
Rest of CMA	20,900	59,500 (+77%)

To 2040, the population of the CMA is projected to increase by approximately 272,900, with 213,400 increase within the City of Winnipeg (28.0 percent increase) and 59,500 in the surrounding municipalities which comprise the balance of the CMA (77.0 percent increase). The projected increase in the rest of the CMA is significantly higher than the 54.0 percent increase projected in 2013. It is clear that the population in the communities surrounding the City of Winnipeg are increasing at a much higher rate relative to the city itself. The population projections represent a 28.0 percent increase for the City of Winnipeg (1.12 percent annually) and an increase of 77.0 percent in the surrounding municipalities (3.08 percent annually).

⁵ City of Winnipeg – Population, Housing and Economic Forecasts for the Winnipeg CMA and the City of Winnipeg, 2016

CMA Population Forecast



INCOME PROFILES

Income – Province of Manitoba & Winnipeg CMA - 2016 Estimates

2016 Estimates Household Income	Province of Manitoba		Winnipeg CMA	
		%		%
2016 Households by Income (Current Year \$)	498,187	%base	311,944	%base
Under \$10,000	13,601	2.70%	8,835	2.80%
\$ 10,000 - \$19,999	39,079	7.80%	24,318	7.80%
\$ 20,000 - \$29,999	40,773	8.20%	23,792	7.60%
\$ 30,000 - \$39,999	42,919	8.60%	25,793	8.30%
\$ 40,000 - \$49,999	44,134	8.90%	26,738	8.60%
\$ 50,000 - \$59,999	40,576	8.10%	24,705	7.90%
\$ 60,000 - \$69,999	36,234	7.30%	23,840	7.60%
\$ 70,000 - \$79,999	33,964	6.80%	21,883	7.00%
\$ 80,000 - \$89,999	31,483	6.30%	19,357	6.20%
\$ 90,000 - \$99,999	28,206	5.70%	17,204	5.50%
\$ 100,000 - \$ 124,999	52,287	10.50%	32,618	10.50%
\$ 125,000 - \$ 149,999	38,002	7.60%	23,972	7.70%
\$ 150,000 - \$ 174,999	21,464	4.30%	14,739	4.70%
\$ 175,000 - \$ 199,999	12,070	2.40%	8,362	2.70%
\$ 200,000 - \$ 249,999	11,198	2.20%	7,172	2.30%
\$ 250,000 and over	12,197	2.40%	8,616	2.80%
Average income	\$88,471		\$91,809	
Median Income	\$67,731		\$69,141	

Income – City of Selkirk & Village of Dunnottar - 2016 Estimates

2016 Estimates Household Income	City of Selkirk		Village of Dunnottar	
		%		%
2016 Households by Income (Current Year \$)	4,212	%base	383	%base
Under \$10,000	66	1.60%	0	0.00%
\$ 10,000 - \$19,999	345	8.20%	30	7.80%
\$ 20,000 - \$29,999	489	11.60%	42	11.00%
\$ 30,000 - \$39,999	498	11.80%	44	11.50%
\$ 40,000 - \$49,999	504	12.00%	47	12.30%
\$ 50,000 - \$59,999	429	10.20%	40	10.40%
\$ 60,000 - \$69,999	353	8.40%	0	0.00%
\$ 70,000 - \$79,999	154	3.70%	36	9.40%
\$ 80,000 - \$89,999	232	5.50%	28	7.30%
\$ 90,000 - \$99,999	240	5.70%	21	5.50%
\$ 100,000 - \$ 124,999	366	8.70%	33	8.60%
\$ 125,000 - \$ 149,999	253	6.00%	23	6.00%
\$ 150,000 - \$ 174,999	114	2.70%	0	0.00%
\$ 175,000 - \$ 199,999	43	1.00%	14	3.70%
\$ 200,000 - \$ 249,999	64	1.50%	14	3.70%
\$ 250,000 and over	62	1.50%	11	2.90%
Average income	\$79,911		\$96,800	
Median Income	\$54,755		\$57,125	

Income – RM of East St. Paul, RM of West St. Paul, RM of St. Andrews & RM of St. Clements - 2016 Estimates

2016 Estimates Household Income	East St. Paul (RM), MB		West St. Paul (RM), MB		St. Andrews (RM), MB		St. Clements (RM), MB	
		%		%		%		%
2016 Households by Income (Current Year \$)	3,309	%base	1,810	%base	4,676	%base	4,394	%base
Under \$10,000	33	1.00%	40	2.20%	40	0.90%	42	1.00%
\$ 10,000 - \$19,999	64	1.90%	42	2.30%	102	2.20%	154	3.50%
\$ 20,000 - \$29,999	68	2.10%	46	2.50%	137	2.90%	188	4.30%
\$ 30,000 - \$39,999	79	2.40%	53	2.90%	195	4.20%	236	5.40%
\$ 40,000 - \$49,999	85	2.60%	66	3.60%	226	4.80%	254	5.80%
\$ 50,000 - \$59,999	97	2.90%	82	4.50%	218	4.70%	244	5.60%
\$ 60,000 - \$69,999	98	3.00%	95	5.20%	325	7.00%	326	7.40%
\$ 70,000 - \$79,999	128	3.90%	112	6.20%	285	6.10%	312	7.10%
\$ 80,000 - \$89,999	144	4.40%	92	5.10%	341	7.30%	269	6.10%
\$ 90,000 - \$99,999	135	4.10%	105	5.80%	344	7.40%	376	8.60%
\$ 100,000 - \$ 124,999	439	13.30%	323	17.80%	752	16.10%	705	16.00%
\$ 125,000 - \$ 149,999	507	15.30%	263	14.50%	649	13.90%	565	12.90%
\$ 150,000 - \$ 174,999	393	11.90%	182	10.10%	444	9.50%	397	9.00%
\$ 175,000 - \$ 199,999	346	10.50%	145	8.00%	235	5.00%	147	3.30%
\$ 200,000 - \$ 249,999	285	8.60%	105	5.80%	223	4.80%	89	2.00%
\$ 250,000 and over	408	12.30%	59	3.30%	160	3.40%	90	2.00%
Average income	\$160,193		\$117,515		\$119,025		\$104,867	
Median Income	\$139,029		\$113,313		\$104,156		\$94,574	

HOUSEHOLDS, DWELLINGS & TENURE

Households – Province of Manitoba & Winnipeg CMA - 2016 Estimates

2016 Estimates Households and Dwellings	Province of Manitoba		Winnipeg CMA	
		%		%
2016 Households by Size of Household	498,187	%base	311,944	%base
1 person	138,196	27.70%	91,388	29.30%
2 persons	165,459	33.20%	100,238	32.10%
3 persons	72,744	14.60%	47,665	15.30%
4 persons	69,818	14.00%	45,127	14.50%
5 persons	30,146	6.10%	17,475	5.60%
6 or more persons	21,824	4.40%	10,051	3.20%
2016 Persons in Households	1,273,623		779,075	
Persons per household	2.56		2.5	
2016 Occupied Private Dwellings by Tenure	498,187	%base	311,944	%base
Owned	354,279	71.10%	216,142	69.30%
Rented	131,335	26.40%	95,656	30.70%
Band housing	12,573	2.50%	146	0.00%
2016 Occupied Private Dwellings by Structure Type	498,187	%base	311,944	%base
Houses	371,536	74.60%	214,741	68.80%
Single-detached house	340,023	68.30%	193,903	62.20%
Semi-detached house	15,328	3.10%	10,889	3.50%
Row house	16,185	3.20%	9,949	3.20%
Apartment, building low and high rise	115,403	23.20%	95,157	30.50%
Less than five	65,840	13.20%	49,749	15.90%
Five or more floors	42,974	8.60%	40,379	12.90%
Detached duplex	6,589	1.30%	5,029	1.60%
Other Dwelling Types	11,248	2.30%	2,046	0.70%
Other single-attached house	2,671	0.50%	563	0.20%
Movable dwelling	8,577	1.70%	1,483	0.50%

Households – City of Selkirk & Village of Dunnottar - 2016 Estimates

2016 Estimates Households and Dwellings	City of Selkirk		Village of Dunnottar	
		%		%
2016 Households by Size of Household	4,212	%base	383	%base
1 person	1,306	31.00%	137	35.80%
2 persons	1,460	34.70%	178	46.50%
3 persons	636	15.10%	38	9.90%
4 persons	522	12.40%	22	5.70%
5 persons	199	4.70%	7	1.80%
6 or more persons	89	2.10%	1	0.30%
2016 Persons in Households	10,040		724	
Persons per household	2.38		1.89	
2016 Occupied Private Dwellings by Tenure	4,212	%base	383	%base
Owned	2,850	67.70%	383	100.00%
Rented	1,362	32.30%	0	0.00%
Band housing	0	0.00%	0	0.00%
2016 Occupied Private Dwellings by Structure Type	4,212	%base	383	%base
Houses	3,158	75.00%	375	97.90%
Single-detached house	2,811	66.70%	375	97.90%
Semi-detached house	133	3.20%	0	0.00%
Row house	214	5.10%	0	0.00%
Apartment, building low and high rise	975	23.10%	0	0.00%
Less than five	699	16.60%	0	0.00%
Five or more floors	266	6.30%	0	0.00%
Detached duplex	10	0.20%	0	0.00%
Other Dwelling Types	79	1.90%	8	2.10%
Other single-attached house	8	0.20%	4	1.00%
Movable dwelling	71	1.70%	4	1.00%

Households – RM of East St. Paul, RM of West St. Paul, RM of St. Andrews & RM of St. Clements - 2016 Estimates

2016 Estimates Households and Dwellings	East St. Paul (RM), MB		West St. Paul (RM), MB		St. Andrews (RM), MB		St. Clements (RM), MB	
		%		%		%		%
2016 Households by Size of Household	3,309	%base	1,810	%base	4,676	%base	4,394	%base
1 person	345	10.40%	258	14.30%	687	14.70%	842	19.20%
2 persons	1,152	34.80%	615	34.00%	1,795	38.40%	1,719	39.10%
3 persons	584	17.60%	339	18.70%	801	17.10%	726	16.50%
4 persons	834	25.20%	423	23.40%	942	20.10%	737	16.80%
5 persons	311	9.40%	131	7.20%	325	7.00%	263	6.00%
6 or more persons	83	2.50%	44	2.40%	126	2.70%	107	2.40%
2016 Persons in Households	9,536		5,175		12,729		11,236	
Persons per household	2.88		2.86		2.72		2.56	
2016 Occupied Private Dwellings by Tenure	3,309	%base	1,810	%base	4,676	%base	4,394	%base
Owned	3,248	98.20%	1,763	97.40%	4,597	98.30%	4,246	96.60%
Rented	61	1.80%	47	2.60%	79	1.70%	148	3.40%
Band housing	0	0.00%	0	0.00%	0	0.00%	0	0.00%
2016 Occupied Private Dwellings by Structure Type	3,309	%base	1,810	%base	4,676	%base	4,394	%base
Houses	3,287	99.30%	1,770	97.80%	4,423	94.60%	3,560	81.00%
Single-detached house	3,282	99.20%	1,770	97.80%	4,419	94.50%	3,553	80.90%
Semi-detached house	5	0.20%	0	0.00%	0	0.00%	4	0.10%
Row house	0	0.00%	0	0.00%	4	0.10%	3	0.10%
Apartment, building low and high rise	22	0.70%	34	1.90%	38	0.80%	167	3.80%
Less than five	18	0.50%	30	1.70%	38	0.80%	34	0.80%
Five or more floors	0	0.00%	0	0.00%	0	0.00%	133	3.00%
Detached duplex	4	0.10%	4	0.20%	0	0.00%	0	0.00%
Other Dwelling Types	0	0.00%	6	0.30%	215	4.60%	667	15.20%
Other single-attached house	0	0.00%	3	0.20%	3	0.10%	207	4.70%
Movable dwelling	0	0.00%	3	0.20%	212	4.50%	460	10.50%

DEMOGRAPHIC OBSERVATIONS – STUDY AREA

City of Selkirk

- ◆ The population of Selkirk grew by 4.1 percent from 2011 to 2016 (average annual rate of 0.8 percent). The 2016 population in Selkirk was 10,399, according to Environics models.
- ◆ Environics statistical models project that the Selkirk's population will continue to grow from 2016 to 2021 at an estimated rate of 3.9 percent (a further 0.8 percent annually).
- ◆ The median age in Selkirk is 43.1, higher than the Winnipeg CMA overall median age which is 38.5.
- ◆ The average household size in Selkirk is 2.38, slightly lower than the average size of 2.5 in the Winnipeg CMA.
- ◆ The average household income in Selkirk is \$79,911, lower than the average household income in the overall CMA which was \$91,809 in 2016.
- ◆ 21.4 percent of households in Selkirk had an average income of \$100,000 or higher in 2016.
- ◆ There are 4,212 private dwellings in Selkirk, of these dwellings 67.7 percent are owned, while 32.3 percent are rented. This metrics are very consistent with norms in the overall CMA.
- ◆ 75.0 percent of all dwellings in Selkirk are classified as “houses” (single-detached, semi-detached or row-housing), while 23.1 percent are classified as “apartment” (low-rise, high-rise or detached duplex). In contrast, 68.8 of all dwellings in the Winnipeg CMA are classified as “houses”, while 30.5 percent are classified as “apartment”.

Village of Dunnottar

- ◆ The population of Dunnottar grew by 3.0 percent from 2011 to 2016, adding 21 residents (703 to 724).
- ◆ Environics statistical models project that the Dunnottar's population will add another 27 residents from 2016 to 2021.
- ◆ The median age in Dunnottar is 58.6, significantly higher than the Winnipeg CMA overall median age which is 38.5. Residents aged 55 and over account for 57.5 percent of the total population. The population of Dunnottar is significantly older than all other areas included in our study area.
- ◆ The average household size in Dunnottar is 1.89, significantly lower than all other areas included in our study area. This factor combined with the aging population suggest an abundance of “empty-nest” seniors living in the community.
- ◆ The average household income in Dunnottar is \$96,800, higher than the average household income in the overall CMA which was \$91,809 in 2016. However, the reader is reminded of the relatively small sample size in this particular community.

- ◆ 24.9 percent of households in Dunnottar had an average income of \$100,000 or higher in 2016.
- ◆ There are 383 private dwellings in Dunnottar, all of which are owned.
- ◆ 97.9 percent of all dwellings in Dunnottar are single-family detached homes. The remaining 2.1 percent are classified as “single-family attached” or “moveable dwellings”.

RM of East St. Paul

- ◆ The population of East St. Paul grew by 5.4 percent from 2011 to 2016 (average annual rate of 1.1 percent). The 2016 population in East St. Paul was 9,686, according to Environics models.
- ◆ Environics statistical models project that the East St. Paul population will continue to grow from 2016 to 2021 at an estimated rate of 4.6 percent (a further 0.9 percent annually).
- ◆ The median age in East St. Paul is 45.2, higher than the Winnipeg CMA overall median age which is 38.5.
- ◆ The average household size in East St. Paul is 2.88, slightly higher than the average size of 2.5 in the Winnipeg CMA.
- ◆ The average household income in East St. Paul is \$160,193, much higher than the average household income in the overall CMA which was \$91,809 in 2016.
- ◆ 71.9 percent of households in East St. Paul had an average income of \$100,000 or higher in 2016, while 20.9 percent of households in East St. Paul had an average income of \$200,000 or higher.
- ◆ There are 3,309 private dwellings in East St. Paul, of these dwellings an overwhelming 98.2 percent are owned, while only 1.8 percent are rented.
- ◆ 99.3 percent of all dwellings in East St. Paul are classified as “houses” (single-detached, semi-detached or row-housing), while only 0.7 percent are classified as “apartment” (low-rise, high-rise or detached duplex). In contrast, 68.8 of all dwellings in the Winnipeg CMA are classified as “houses”, while 30.5 percent are classified as “apartment”.

RM of West St. Paul

- ◆ The population of West St. Paul grew by 7.4 percent from 2011 to 2016 (average annual rate of 1.5 percent). The 2016 population in West St. Paul was 5,366 according to Environics models.
- ◆ Environics statistical models project that the West St. Paul population will continue to grow from 2016 to 2021 at an estimated rate of 5.0 percent (a further 1.0 percent annually).
- ◆ The median age in West St. Paul is 45, higher than the Winnipeg CMA overall median age which is 38.5.
- ◆ The average household size in West St. Paul is 2.86, slightly higher than the average size of 2.5 in the Winnipeg CMA.

- ◆ The average household income in West St. Paul is \$117,515, higher than the average household income in the overall CMA which was \$91,809 in 2016.
- ◆ 59.5 percent of households in West St. Paul had an average income of \$100,000 or higher in 2016.
- ◆ There are 1,810 private dwellings in West St. Paul, of these dwellings an overwhelming 97.4 percent are owned, while only 2.6 percent are rented.
- ◆ 97.8 percent of all dwellings in West St. Paul are classified as “houses” (single-detached, semi-detached or row-housing), while only 1.9 percent are classified as “apartment” (low-rise, high-rise or detached duplex). 0.3 percent of dwellings are classified as “other” dwelling types (moveable dwelling or other single-attached house).

RM of St. Andrews

- ◆ The population of St. Andrews grew by 7.1 percent from 2011 to 2016 (average annual rate of 1.4 percent). The 2016 population in St. Andrews was 12,957 according to Environics models.
- ◆ Environics statistical models project that the St. Andrews population will continue to grow from 2016 to 2021 at an estimated rate of 4.9 percent (a further 1.0 percent annually).
- ◆ The median age in St. Andrews is 44.7, higher than the Winnipeg CMA overall median age which is 38.5.
- ◆ The average household size in St. Andrews is 2.72, slightly higher than the average size of 2.5 in the Winnipeg CMA.
- ◆ The average household income in St. Andrews is \$119,025, higher than the average household income in the overall CMA which was \$91,809 in 2016.
- ◆ 52.7 percent of households in St. Andrews had an average income of \$100,000 or higher in 2016.
- ◆ There are 4,676 private dwellings in St. Andrews, of these dwellings an overwhelming 98.3 percent are owned, while only 1.7 percent are rented.
- ◆ 94.6 percent of all dwellings in St. Andrews are classified as “houses” (single-detached, semi-detached or row-housing), while only 0.8 percent are classified as “apartment” (low-rise, high-rise or detached duplex). 4.6 percent of dwellings are classified as “other” dwelling types (moveable dwelling or other single-attached house).

RM of St. Clements

- ◆ The population of St. Clements grew by 7.7 percent from 2011 to 2016 (average annual rate of 1.5 percent). The 2016 population in St. Clements was 11,506 according to Environics models.
- ◆ Environics statistical models project that the St. Clements population will continue to grow from 2016 to 2021 at an estimated rate of 5.1 percent (a further 1.0 percent annually).

- ◆ The median age in St. Clements is 45.8, higher than the Winnipeg CMA overall median age which is 38.5.
- ◆ The average household size in St. Clements is 2.56, slightly higher than the average size of 2.5 in the Winnipeg CMA.
- ◆ The average household income in St. Clements is \$104,867, higher than the average household income in the overall CMA which was \$91,809 in 2016.
- ◆ 45.2 percent of households in St. Clements had an average income of \$100,000 or higher in 2016.
- ◆ There are 4,394 private dwellings in St. Clements, of these dwellings an overwhelming 96.6 percent are owned, while only 3.4 percent are rented.
- ◆ 81.0 percent of all dwellings in St. Clements are classified as “houses” (single-detached, semi-detached or row-housing), while only 3.8 percent are classified as “apartment” (low-rise, high-rise or detached duplex). 15.2 percent of dwellings are classified as “other” dwelling types (moveable dwelling or other single-attached house).

III-REVIEW OF EXISTING STUDY AREA PLANS

As previously discussed, the purpose of this study is to carry out an analysis of the factors of supply and demand as they relate to employment lands (commercial and industrial-use) and residential lands within the Red River Planning District (RRPD) and the municipalities/cities/villages which are encompassed by the district.

The function of our study is to assist the RRPD in the decision making process as it relates to the development of a new Master Plan for the region. The data, conclusions and recommendations concluded by Stevenson Advisors within this report will provide the RRPD with a thorough understanding of market factors that may influence future planning initiatives within the district.

In order to carry out this function, it is important to understand and examine the existing plans in each part of the study area. We have sourced these plans from the RRPD, and have presented them in this section of the report in order to gain an understanding of past growth and land requirements within the district.

The Selkirk and District Development Plan

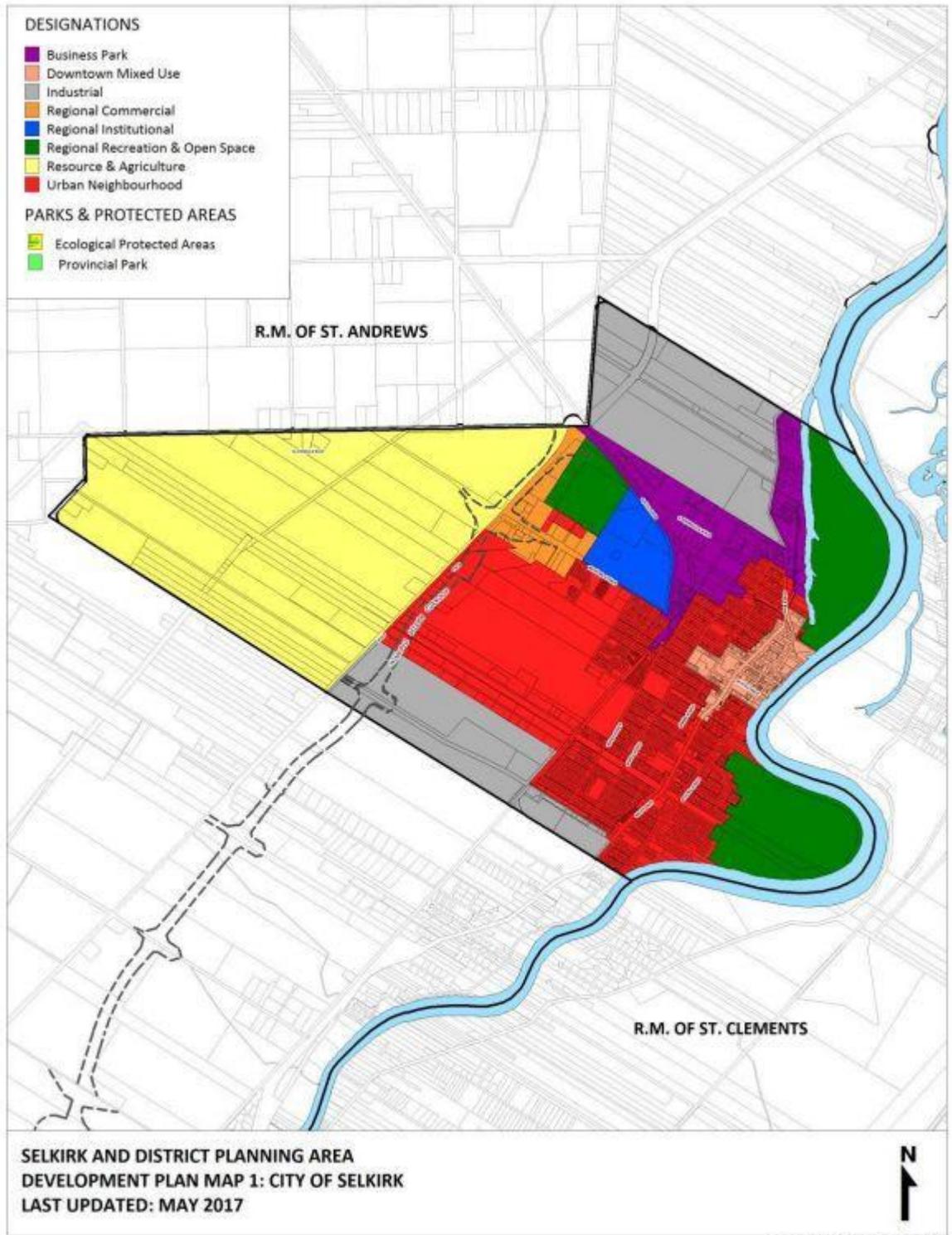
Since 1977, the Selkirk and District Planning Area Board has directed planning for the City of Selkirk, the RM of St. Andrews, and the RM of St. Clements. The RM of West St. Paul joined the district in 1989, followed by Dunnottar in 2010 and the RM of East St. Paul in 2012.

The Selkirk and District Development Plan (By-law 190/08) is currently the active planning document for the areas of Selkirk, St. Clements, West St. Paul and St. Andrews. The East St. Paul Development Plan (2007/14) is active for the RM of East St. Paul, while the Village of Dunnottar Development Plan (820/05) is active for the Village of Dunnottar.

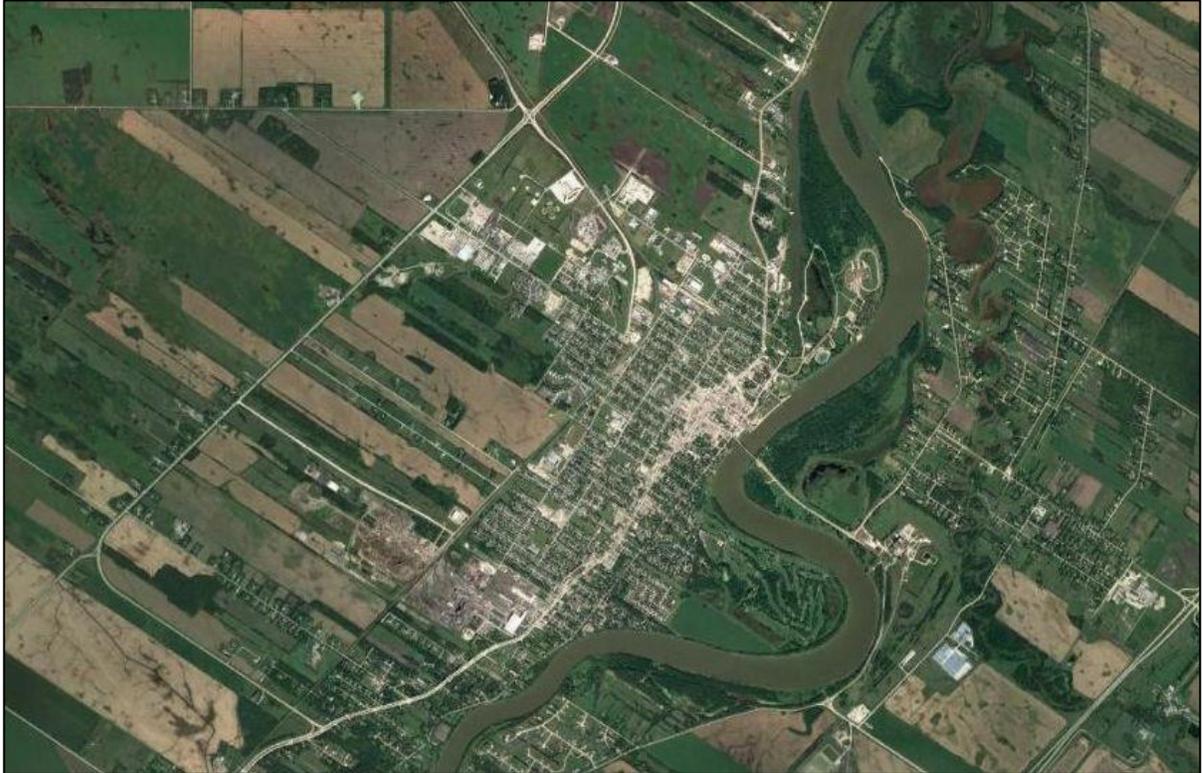
In this section, a brief review of each active planning area will be presented. This information provides a historical and active context to the current plans in place.

First the areas covered under the Selkirk and District Development Plan will be presented;

City of Selkirk – Development Plan Map



City of Selkirk – Aerial Image



Development in Selkirk is relatively compact surrounding Main Street. The Regional Commercial and Downtown Mixed Use zones primarily front Main Street and Manitoba Avenue (downtown hub), while the Urban Neighbourhood zone lies to the east and west of the Main Street commercial and mixed use zones. Significant residential growth would be facilitated through the lands to the west of the existing residential development (west of Railway Street).

Industrial zones are located at the north and south ends of the city, while a relatively large Business Park zone is located along the west side of the Red River (just south of the industrial zone). The Regional Institutional zone is in place to facilitate the present day requirements and growth of a fairly significant institutional presence in Selkirk which is home to the Selkirk Mental Health Centre and the Selkirk and District General Hospital.

The Regional Recreation and Open Space zone is set along the west side of the Red River in two large pockets, with a third area located immediately west of the Regional Institutional Zone.

Observations

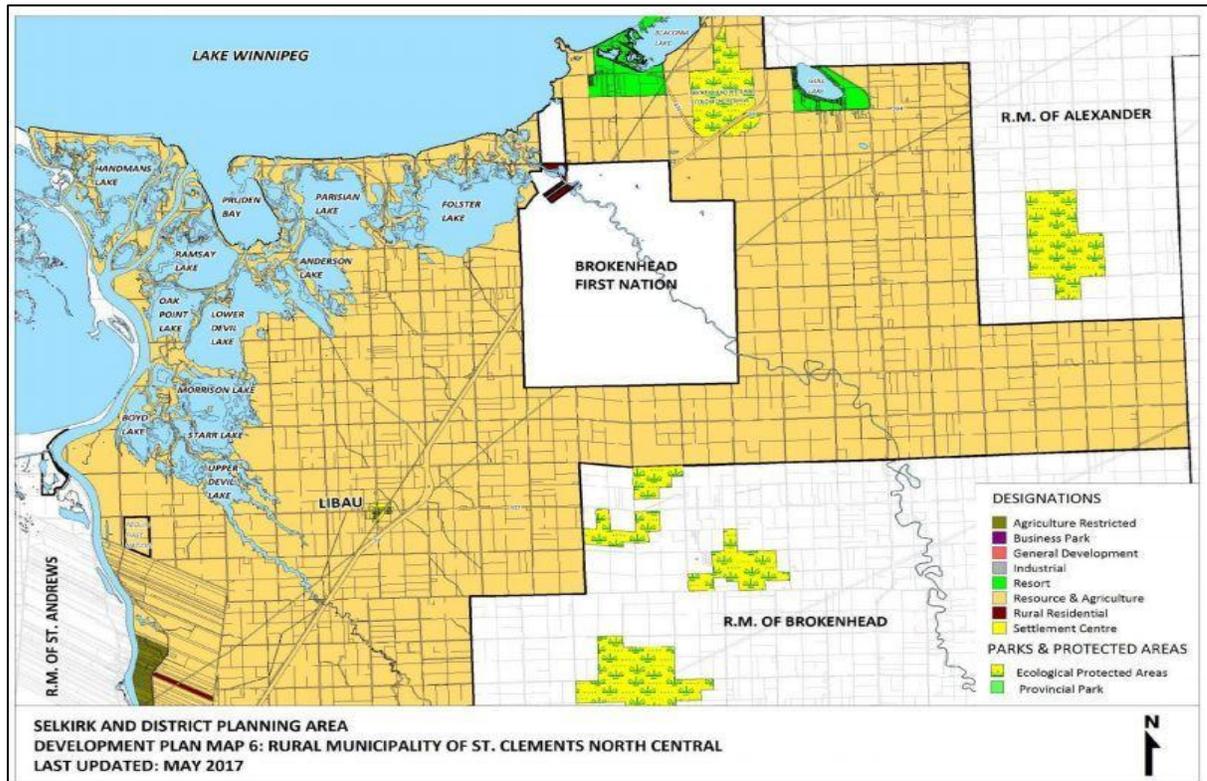
The existing plan appears to be one that can facilitate significant growth from both a residential and employment lands standpoint. Given our demographic analysis of Selkirk and given the compacted “urban” nature of development in Selkirk, there appears to be a lack of diverse housing options for the aging population. Regional development trends suggest that a mixed use zone may be required to facilitate the development of additional multi-

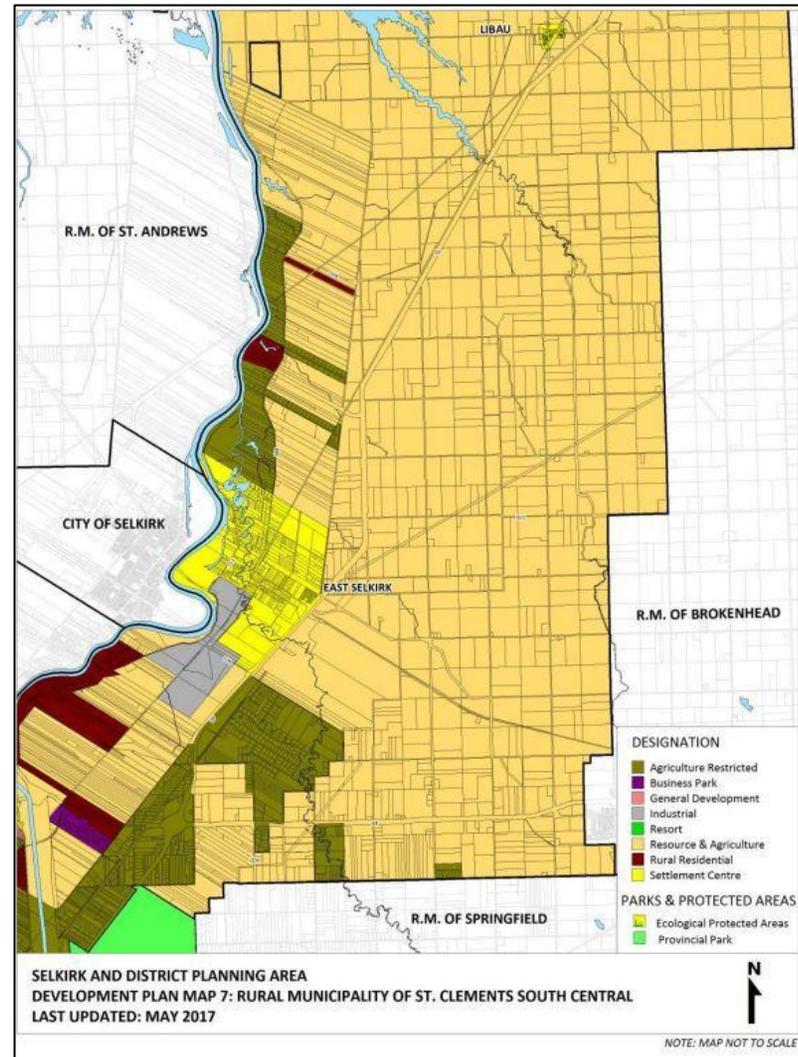
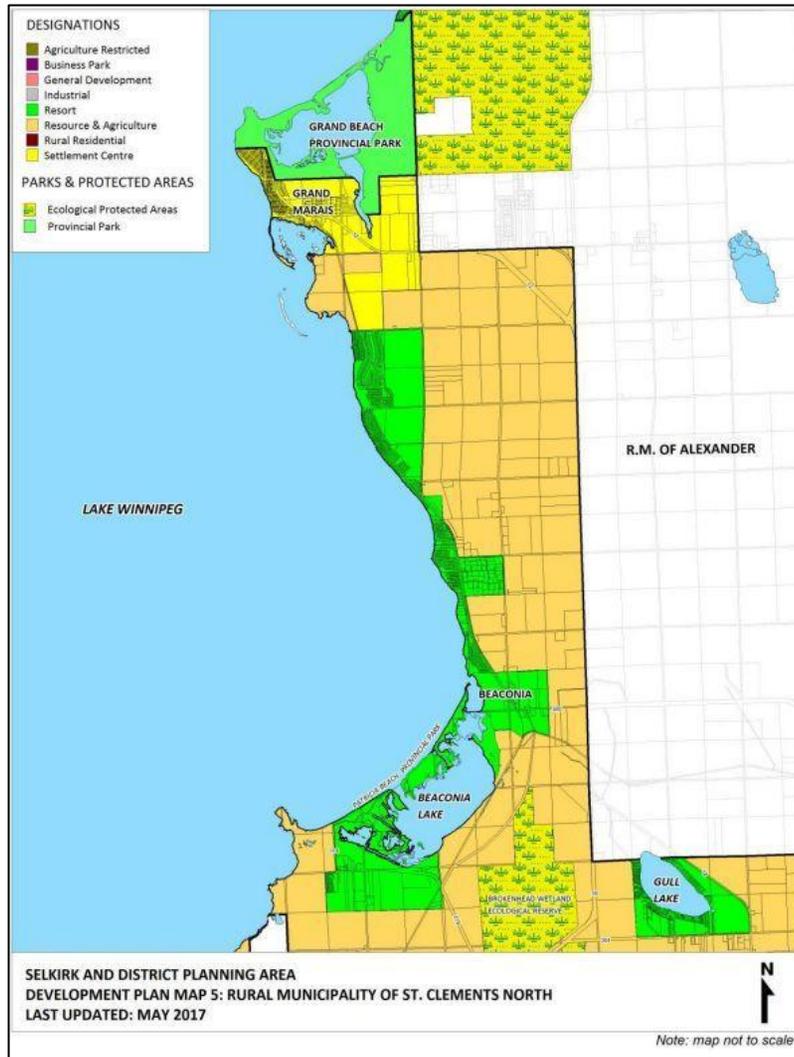
family options for the community. Opportunity for seniors housing, general market apartment and condominium (apartment-style, townhouse, single-family detached) appears to be present. This product would be required to cater to the aging population as they downsize following retirement, as well as for young immigrant families settling in Selkirk. Commercial development may also be incorporated into these mixed use areas to allow for a more connected/walkable community. The population is growing, and this could potential put a strain on the existing housing market.

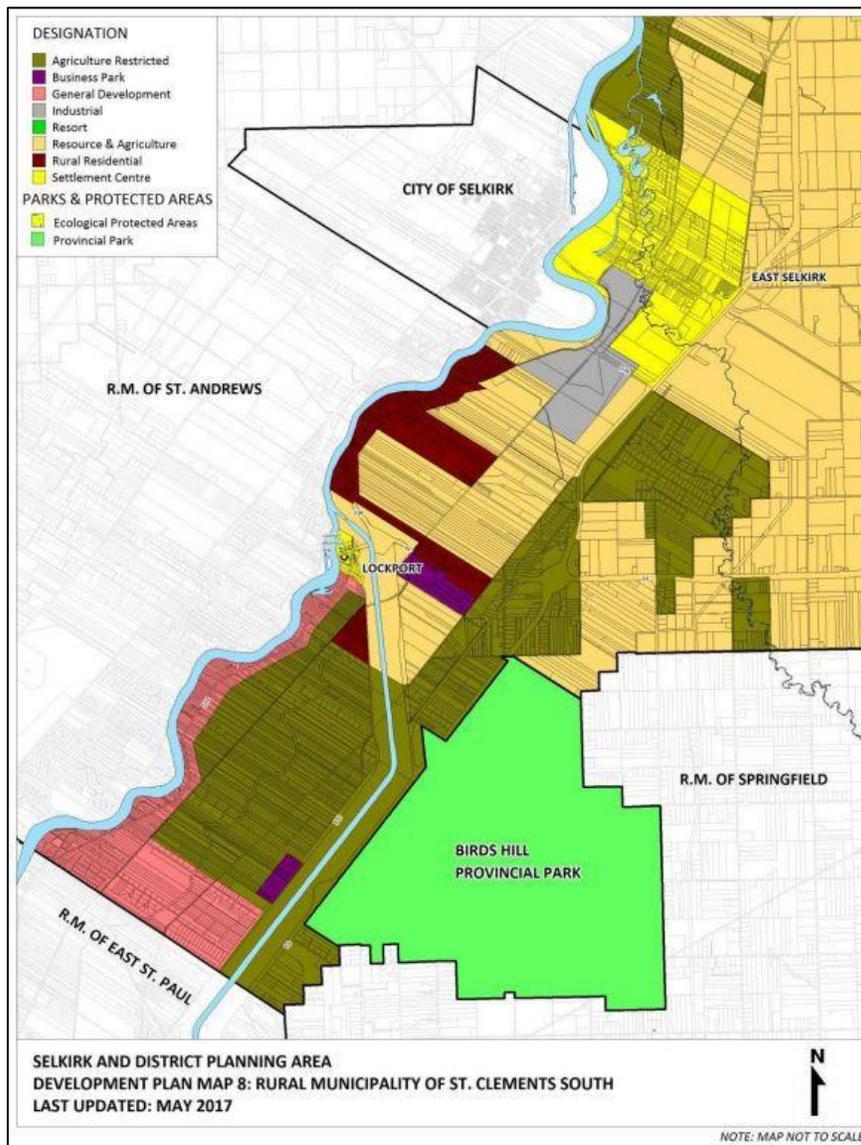
Existing Industrial and Business Park zones allow for a significant amount of future Greenfield development and employment lands expansion.

These hypothesis will be examined further in this report.

RM of St. Clements – Development Plan Maps







The RM of St. Clements is a geographically large municipality with a diverse range of land uses. The northern half of the RM is made up primarily of agricultural and resort zones along the east side of Lake Winnipeg. The southern half of the RM is more diverse with a mixture of agricultural, settlement centres, business park, and recreational zones. The settlement centres of East Selkirk, Lockport and Grand Marais are included in the RM.

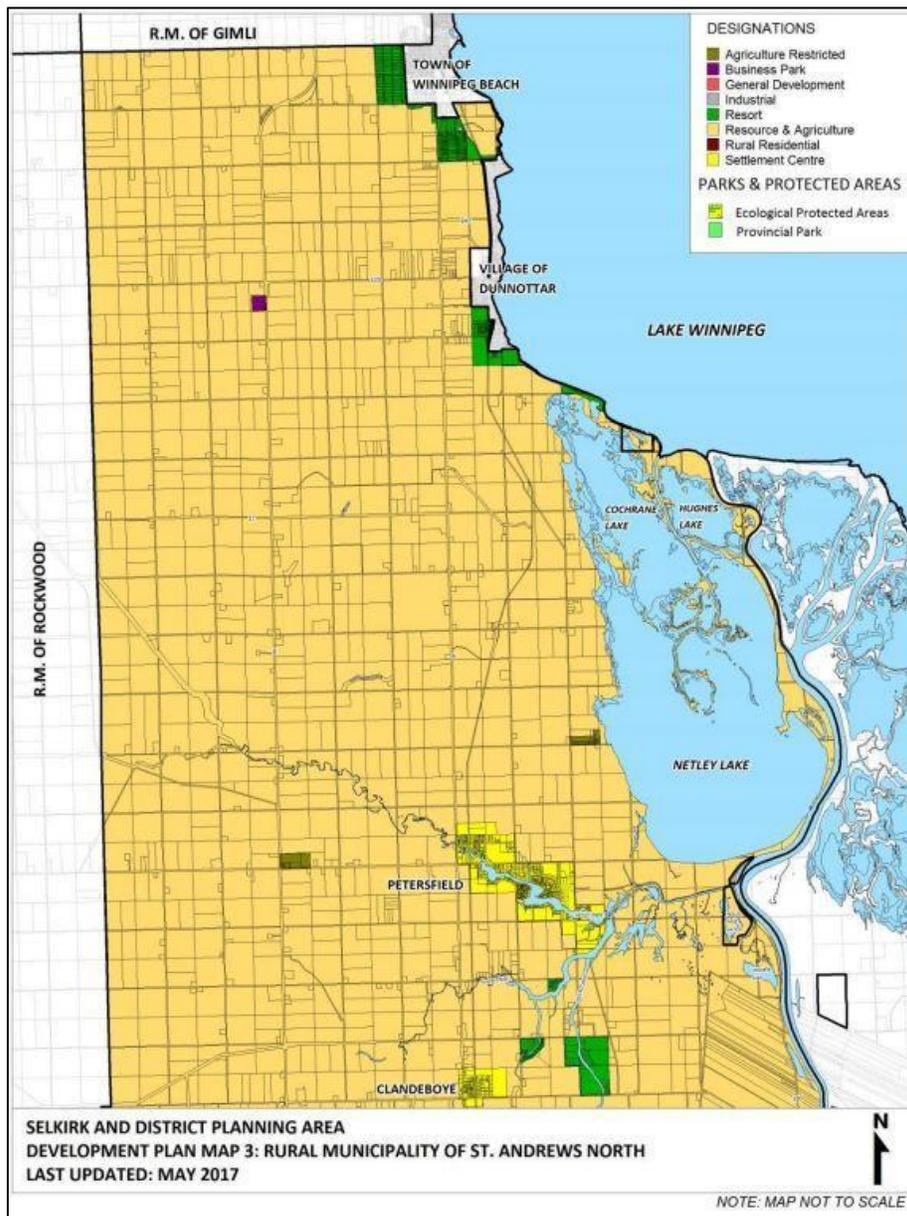
Observations

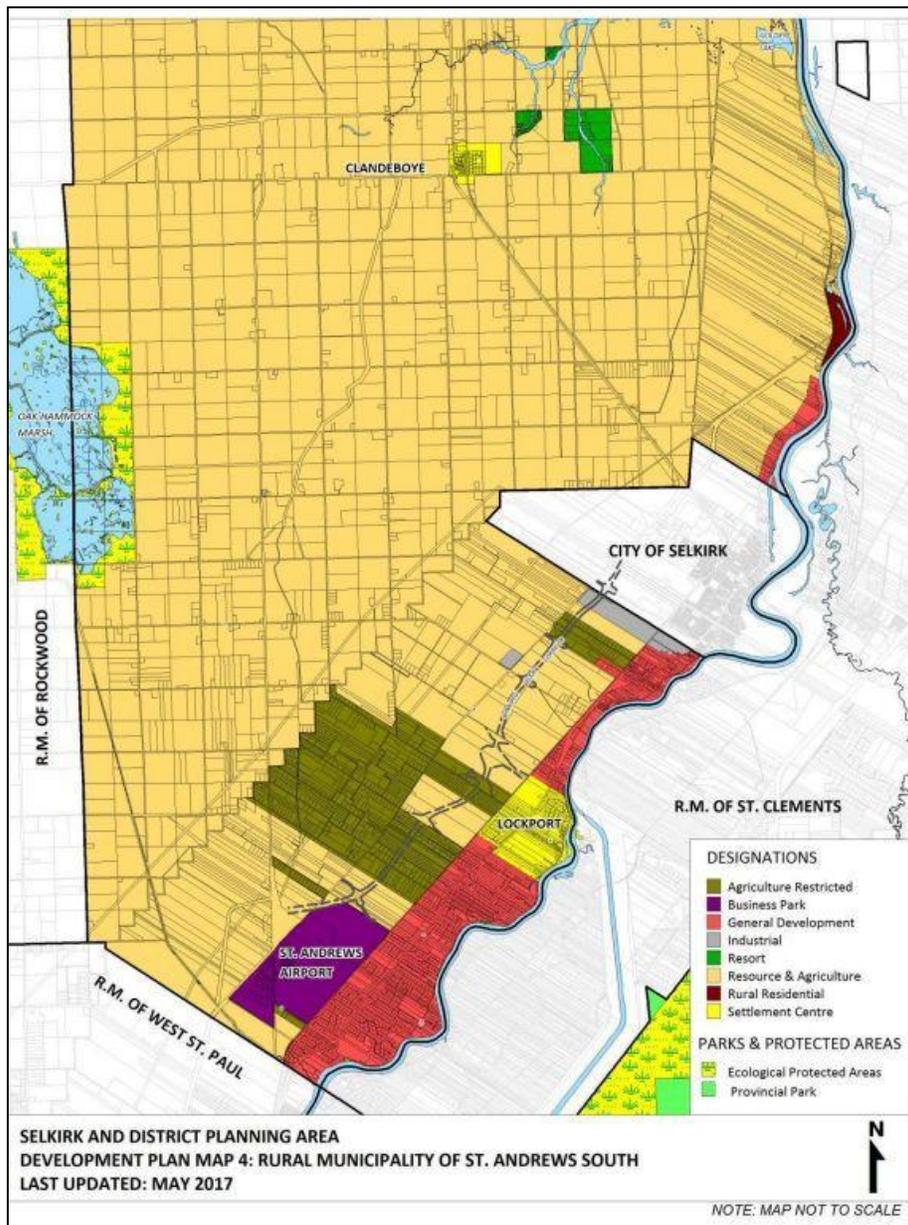
In general, the land use in the RM of St. Clements is largely passive. From a residential and employment land perspective, the settlement centres require particular attention to ensure future demand is met. The population of the RM of St. Clements is expected to rise at a rate of 1.0 percent annually over the next five years. Long term Provincial projections also suggest a growth rate of 1.3 to 1.4 percent annually to 2030. Population growth will be limited primarily to these settlement centres. While the population base is not large enough to justify significant

employment lands growth, small scale/community service related retail is thought to be crucial to these smaller communities. Preservation of the resort industry and agricultural base is a priority within the RM of St. Clements.

According to the Province of Manitoba, the 129 acre St. Clements Industrial Park (located to the south of the East Selkirk Settlement Centre) is fully built out. This may also be an area of focus for expansion.

RM of St. Andrews – Development Plan Maps





The RM of St. Andrews is also broken into northern and southern regions. Like the RM of St. Clements, the northern region is made up primarily of agricultural use and resort/settlement areas, but along the west side of Lake Winnipeg. The Settlement Centres of Petersfield and Clandeboye area located within the northern areas, while resort areas are surrounding Winnipeg Beach and Dunnottar in the northern region.

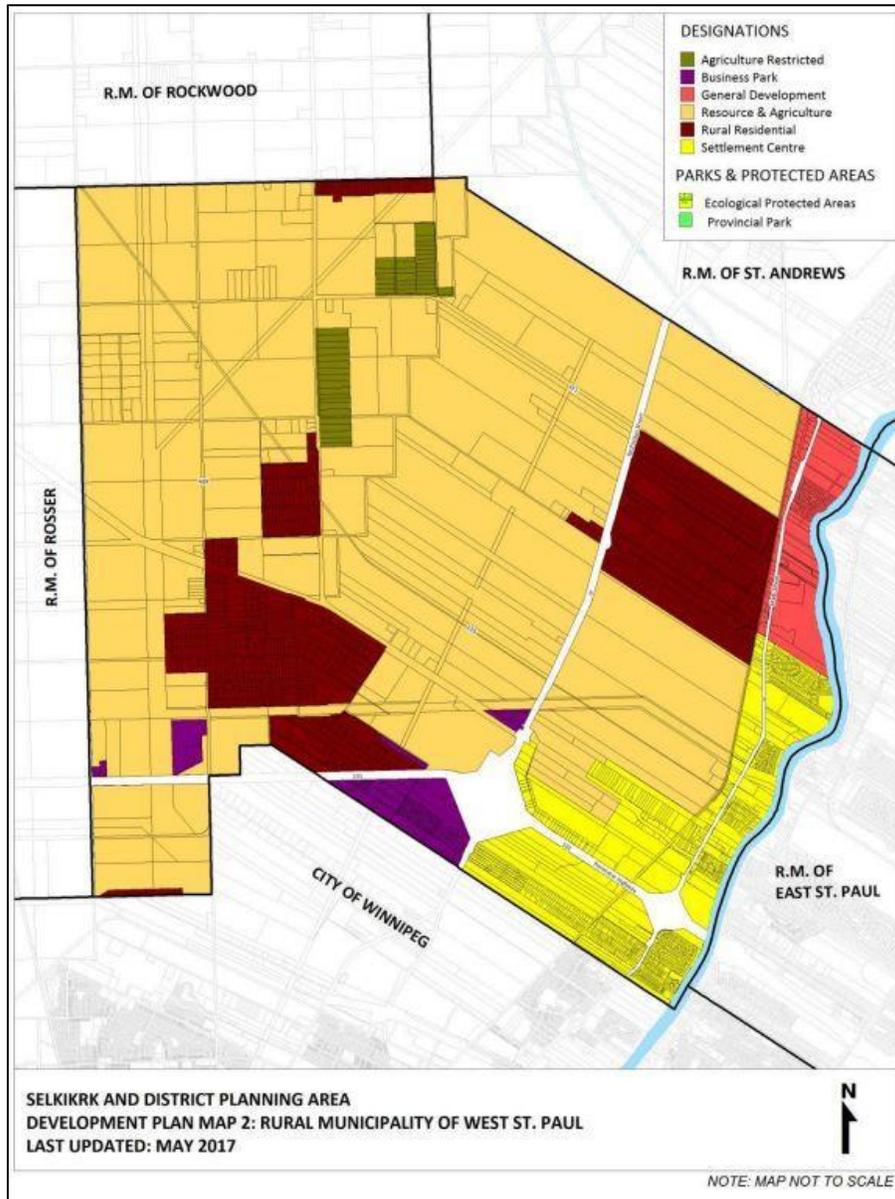
In the southern portion of the RM, land use is more diverse with an Industrial area to the south of the City of Selkirk, “General Development” areas along the west side of the Red River, a Business Park zone incorporating the St. Andrews Airport, and the Settlement Centre of Lockport. The remainder of the RM is made up primarily of Agricultural and Restricted Agricultural zones.

Observations

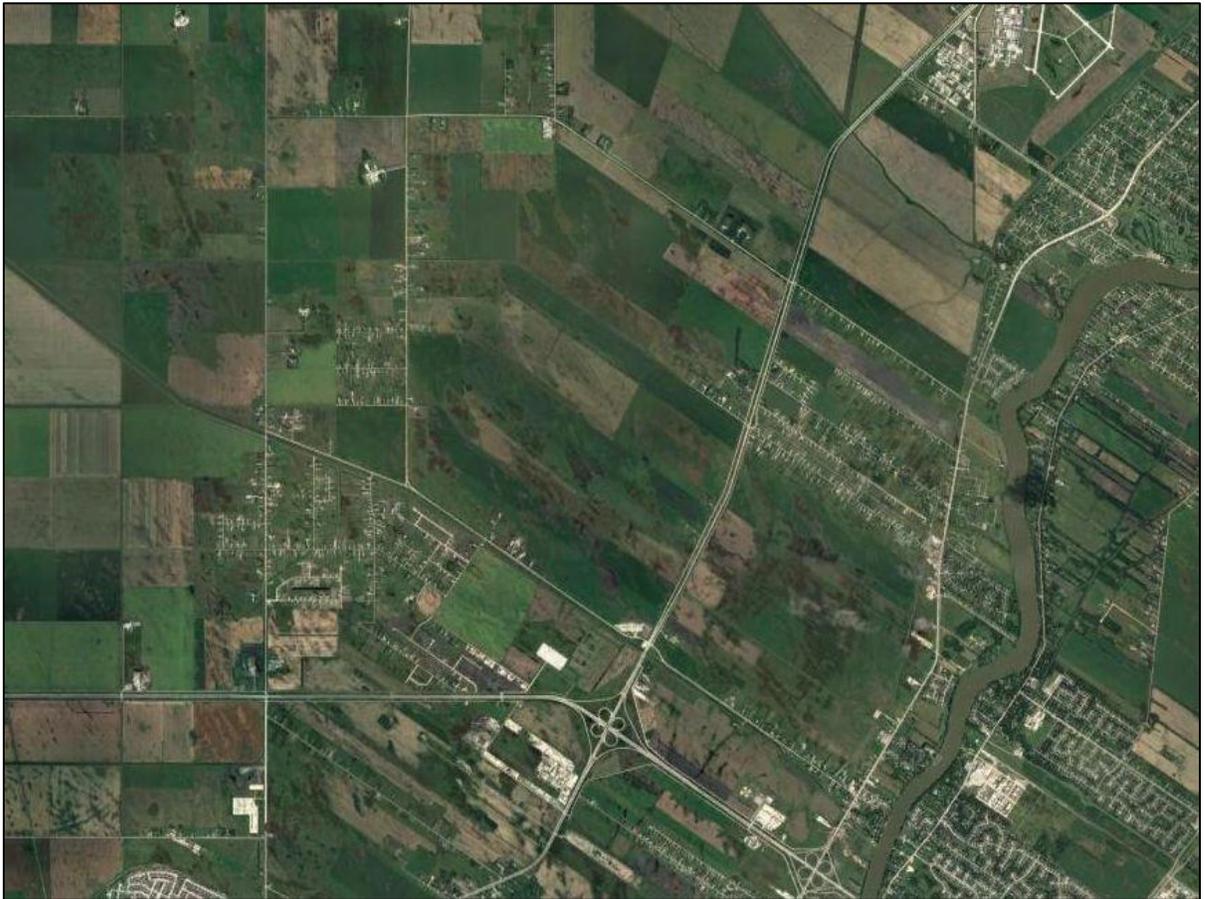
Future development focus should be placed on the settlement areas given the increasing demand for housing Province-wide. The resort areas are crucial economic drivers to the northern region of the RM, while the potential for employment land opportunities will be examined in this report with a focus on the St. Andrews Business & Industrial Park.

There may be potential in the southern region for a mix of housing formats given the changing demographic within the southern portion of the RM. New residential zones may also be a possibility within the “General Development” zone along the west side of the Red River given the increasing demand for housing in this area. The population of St. Andrews grew at a very healthy rate of 7.1 percent from 2011 to 2016 primarily focused along this area of the RM. As housing requirements and diverse housing needs change for the population at large, allowing for a zone to facilitate various housing format options may be feasible.

RM of West St. Paul – Development Plan Map



RM of West St. Paul – Aerial Image



The RM of West St. Paul borders the northwest quadrant of the City of Winnipeg, and as such it has seen a fairly significant influx of residential development over the past decade due to a “spillover effect” from the emerging neighbourhoods within the northern quadrants of Winnipeg. The majority of this new residential development has taken place within the Settlement Centre area along the west side of the Red River, to the north and south of the Perimeter Highway (Hwy 101). The area does not appear to be very well defined in terms of diversity of housing options or density. Development in this area also appears to be quite fragmented.

To the north of the Settlement Centre along the Red River is a General Development zone which also features pockets of residential development. Rural Residential and Agricultural zones make up the majority of the remaining lands, while the West St. Paul Industrial Park is located at the southwest corner of the Perimeter Highway and McPhillips Street.

Observations

Residential development planning will be a primary focus for the future of West St. Paul. The RM has established itself as a desirable alternative to the City of Winnipeg with regards to housing. However, the residential

development in the RM is relatively fragmented creating a challenging environment to establish fully functional neighbourhoods with amenities and services within the communities. A lack of diverse housing options is also apparent within the RM. This will be a detriment to seniors wishing to stay within the community as they downsize in their retirement years. This will also be detrimental to attracting young people to the area. Given the pace at which the capital region is expanding and developing, potential users may look elsewhere for housing creating a competitive environment for the municipalities surrounding the City of Winnipeg.

The West St. Paul Industrial Park has also been experiencing a “spillover effect” from the City of Winnipeg given the lack of good quality serviced development lots within the city proper. There may be opportunities to expand this park due to its favorable location and price competitiveness.

It is likely that the majority of the agricultural lands within close proximity to McPhillips Street will become popular targets for acquisition by residential and employment lands developers. Given the fragmented nature of the RM, it may be feasible to convert many of these agricultural lands to a more economically productive use in the coming years.

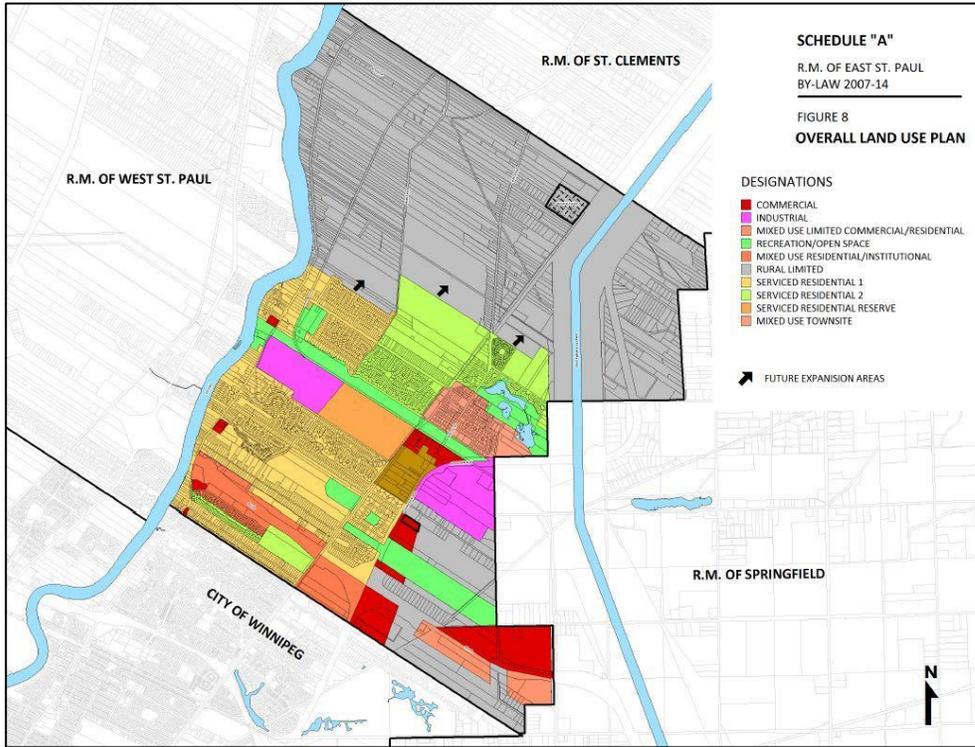
The remaining two development plan areas are not included in the Selkirk and District Development Plan, as both the RM of East St. Paul and the Village of Dunnottar have active development plans which guide these individual areas. However, as the newest members of the consolidated planning district (RRPD) these two areas will be included as part of the RRPD’s new development plan.

Currently, the RM of East St. Paul is guided by the Rural Municipality of East St. Paul Development Plan By-law No. 2007-14. A consolidated version of this plan was re-released in 2017.

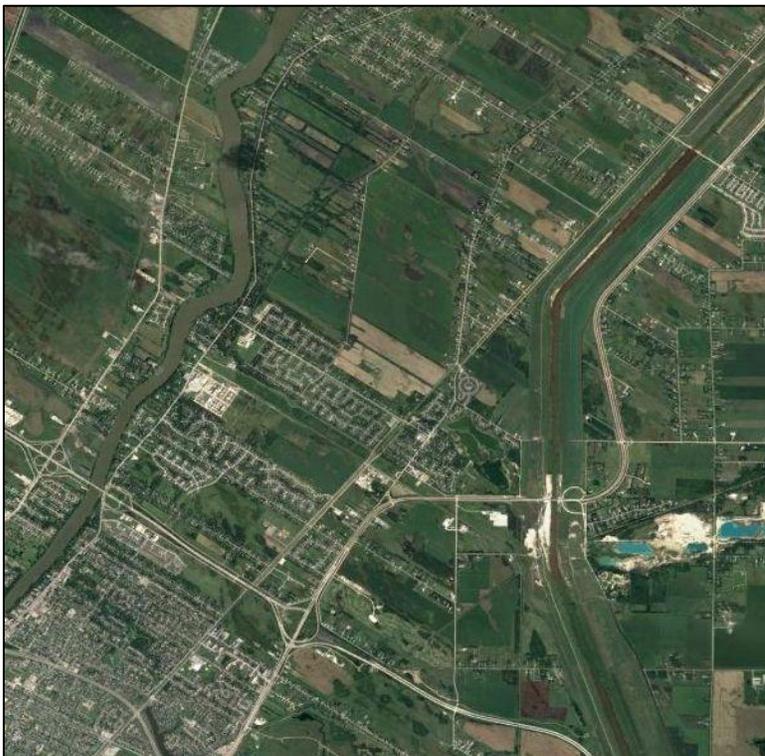
The Village of Dunnottar is currently guided by the Village of Dunnottar By-law No. 820/05.

We will now present and examine the active development plan maps for these two areas.

RM of East St. Paul – Development Plan Map



RM of East St. Paul – Aerial Image



The RM of East St. Paul features a diverse range of land use designations including; Serviced Residential, Residential Reserve, Commercial, Industrial, Recreation/Open Space and Rural Limited zones. In addition, the RM has incorporated “mixed use” designations into their plan. These mixed use designations include; Mixed Use Limited Commercial/Residential, Mixed Use Residential/Institutional and Mixed Use Townsite.

Observations

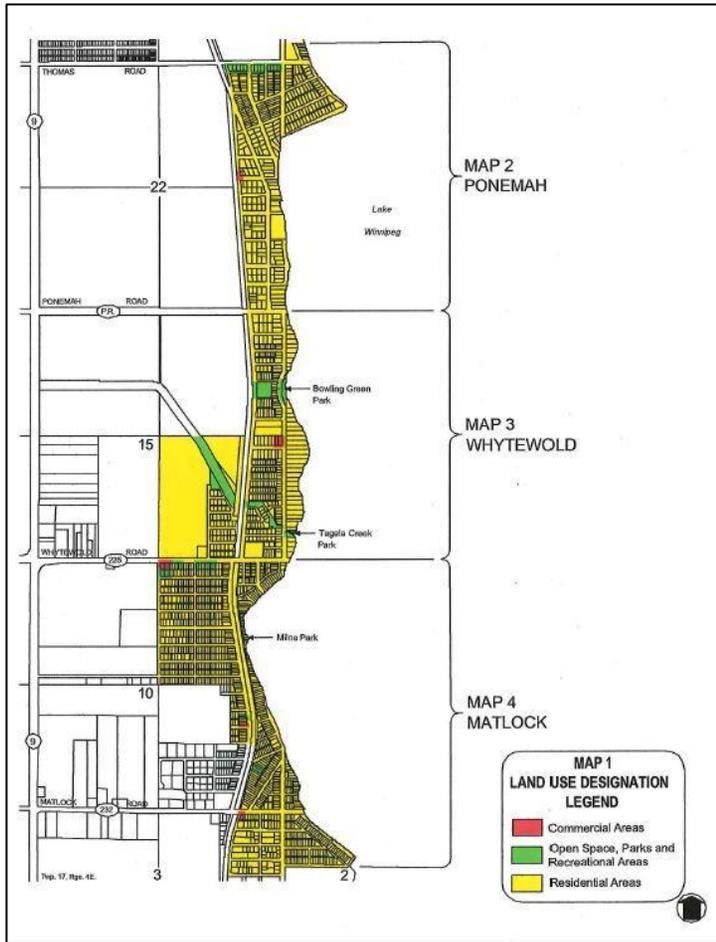
As one of the fastest growing and more desirable communities in the Winnipeg Capital Region, future planning is crucial for the long-term sustainability of the RM of East St. Paul. The community has grown at a rate of 1.0 percent annually over the past five years, and it features a high wealth population base with an average household income of \$160,193.

The active development plan appears to be fragmented with residential areas scattered through the southern portion of the RM, creating challenges with regards to community building. While the RM of East St. Paul Development Plan allows for the development of mixed use centres, the current housing options are not diverse. Within the RM of East St. Paul, an overwhelming 99.3 percent of all dwellings are classified as “houses” (single-detached, semi-detached or row-housing), while only 0.7 percent are classified as “apartment” (low-rise, high-rise or detached duplex). There is a lack of diverse housing options for seniors (empty-nesters) and students/young professionals. Both of these demographic segments likely prefer to stay within their community when owning a single-family home simply isn’t feasible, however they are currently forced to explore options outside of the RM due to this lack of housing diversity.

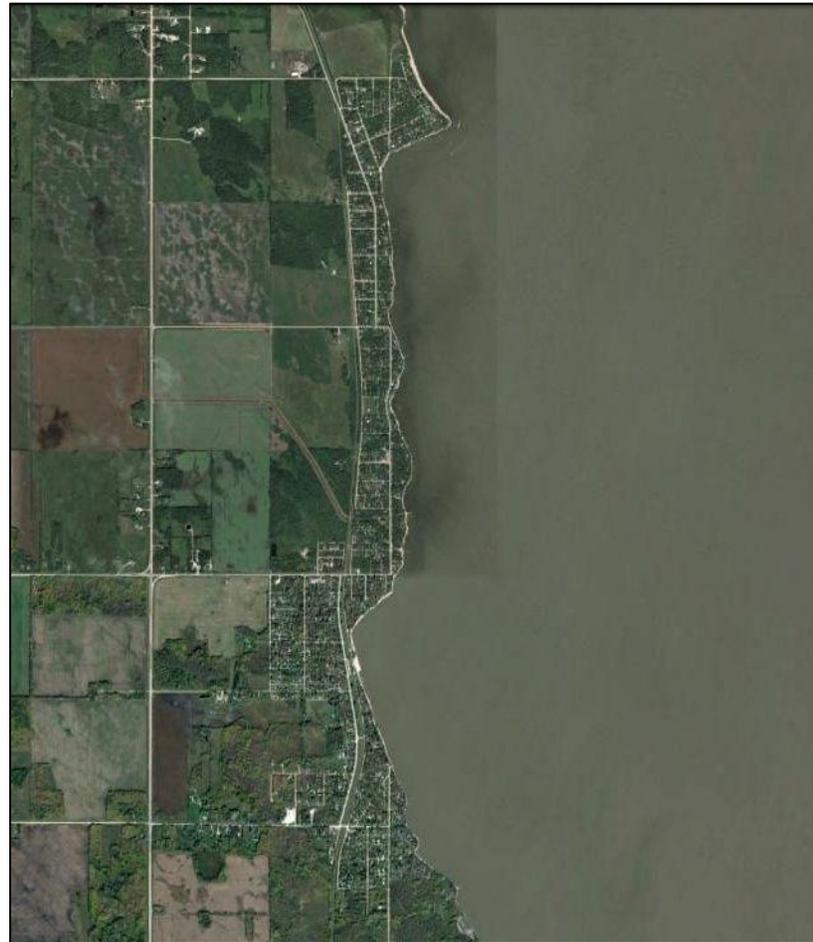
Commercial zones are primarily located along Birds Hill Road in the town of Birds Hill, and small pockets are located along Henderson Highway. Emerging neighbourhoods in the RM, particularly the newer Pritchard Farm developments appear to lack community driven amenities and commercial development. This would suggest that opportunity exists to incorporate these types of mixed use plans into future residential areas as a need for services will likely increase as the population continues to grow.

Although there are designated areas within East St. Paul for commercial and industrial uses, new development within the municipality in recent years has been almost exclusively residential.

Village of Dunnottar – Development Plan Map



Village of Dunnottar – Aerial Image



The Village of Dunnottar is divided into three primary areas along the west shores of Lake Winnipeg; Ponemah, Whytewold and Matlock. The Village of Dunnottar is the smallest panning area in the RRPD in terms of population base with only 724. The land use designations are relatively simple with only three categories; Commercial Areas, Open Space, Parks and Recreational Areas, and Residential Areas. The vast majority of lands within Dunnottar are designated as Residential Areas, while small pockets of Commercial Areas and Recreational Areas are scattered from north to south along the primary north-south roadways (PR 232 & Gimli Road).

Observations

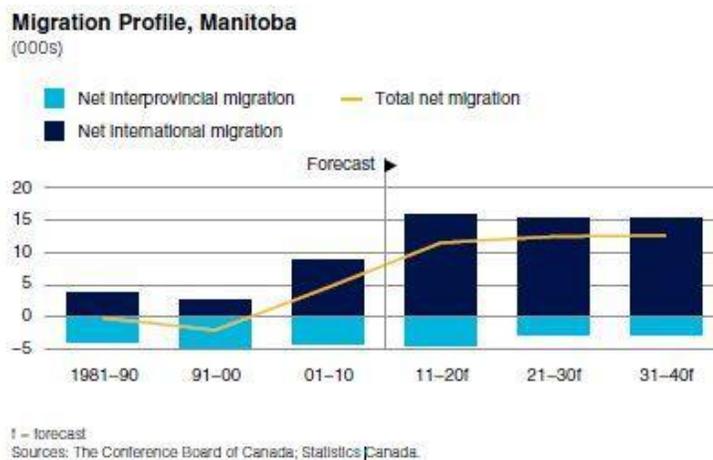
The Village of Dunnottar is a relatively small centre from a population standpoint. Based on the geographical location, there may be future potential for “resort” planning initiatives. There appears to be a sufficient residential zone for future growth. Diverse housing options are not as critical in this particular area as density is not a likely outcome, nor would it be necessary in the village setting. Commercial development is most likely to be examined on a case by case basis and limited to service driven amenities for local residents.

IV-LONG-TERM DEMOGRAPHIC & HOUSING OUTLOOK

Manitoba

According to the recently released demographic information from Statistics Canada and the Conference Board of Canada (CBC), the population of Manitoba was projected at 1,315,000 at the end of 2016. The CBC forecasts annual population growth of 1.5 percent from 2017 through 2020, then slowing to a rate of 1.4 percent annually from 2020 to 2025, and 1.3 percent from 2026 to 2030.

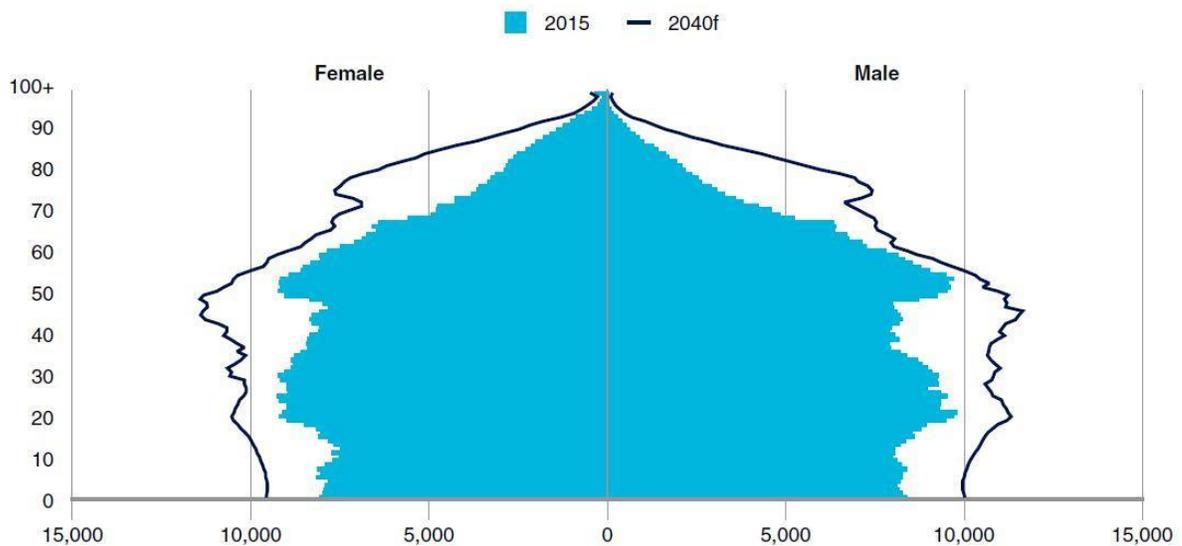
In their long term forecast, the CBC estimates that strong international migration will continue to fuel Manitoba's population growth moving forward. Before 2000, international immigration to Manitoba contributed less to population growth, as the provincial nominee program was not yet in place. The program allows provinces and territories to nominate candidates for immigration in order to meet their labour market needs, and it has proven successful over the last decade in attracting newcomers to Manitoba. The province's share of the national population has been steady at just under 4.0 per cent, while its share of international immigration has risen from a low of 1.2 per cent in 1998 to 8.0 per cent in 2015. Net immigration to Manitoba from other countries will remain elevated at 15,600 a year over the forecast period, equal to 5.6 per cent of total international immigration to Canada. Interprovincial migration will remain negative, however, as it has been every year since 1985. Although stable economic fundamentals will curb provincial out-migration somewhat, an average of 2,800 Manitobans will still leave for other provinces each year after 2020.



Manitoba's population includes a greater share of Indigenous people than any other province. And because Indigenous communities tend to be younger than non-Indigenous communities, the result is that the average Manitoban is younger than the Canadian average. Indigenous Canadians also have a higher fertility rate (the average number of children born per woman in her lifetime) than non-Indigenous Canadians, boosting the provincial average to 1.9, among the highest in the country (but still below the replacement rate of 2.1). Improving life expectancies and the aging of the baby boomers will lead to a swelling at the top of Manitoba's population pyramid. Manitoba's fertility rate will keep it younger than the Canadian average, but as the baby-boom and baby-boom-echo generations advance in age, seniors will make up a greater percentage of the provincial population. By 2040, 20.2 per cent of Manitobans will be 65 or older, compared with 24.1 per cent for Canada as a whole. The growing number of seniors underlies a shift in the demographic makeup of Manitoba. In 2016, for every 100 people of working age in Manitoba, there were 25.2 seniors and approximately 42.1 children under the age of 15. That number of youth dependants will remain relatively stable, while the number of seniors will continue climbing to reach 36.2 by 2040. The growing elderly population will cause the number of deaths in the province to accelerate faster than births, putting pressure on the natural increases in the province's population. Natural population growth will remain positive over the forecast, but will begin declining after 2023.

Population Pyramid, Manitoba

(population by single-age cohort)

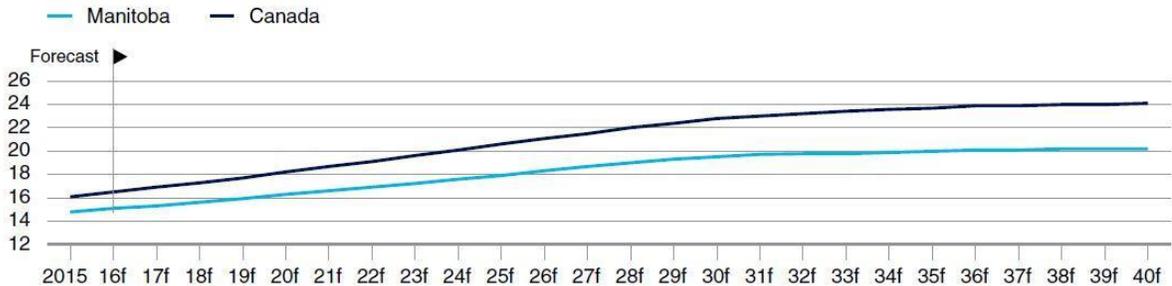


f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

Seniors Make Up a Growing Share of Population in Manitoba

(percentage of total population 65 and older)



f = forecast

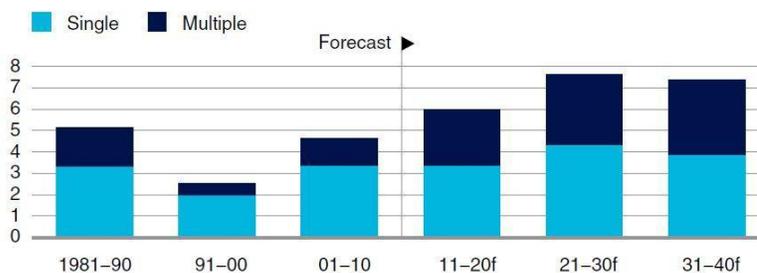
Sources: The Conference Board of Canada; Statistics Canada.

Future Demand for Housing – Manitoba

Manitobans are aging, but the province’s population is among the youngest in the country, and a healthy flow of international immigration will yield the second-strongest population growth among the provinces, behind only Alberta. On one hand, a growing number of seniors in Manitoba will choose to downsize their homes, opting to live in multiunit residences, such as apartment buildings, condominiums, or retirement homes. On the other, the younger demographic cohorts and a steady flow of international immigrants will seek single-unit homes and support household formation into the long term. This split in Manitoba’s population will lead to balanced demand for both multi- and single-unit housing starts. While construction of traditional, single-unit residences holds steady, growing demand for multi-unit buildings will push total annual starts from an average of 5,469 units over 2016–20 to an average of 7,519 units over 2021–40.

Housing Starts, Manitoba

(average annual housing starts, units, 000s)

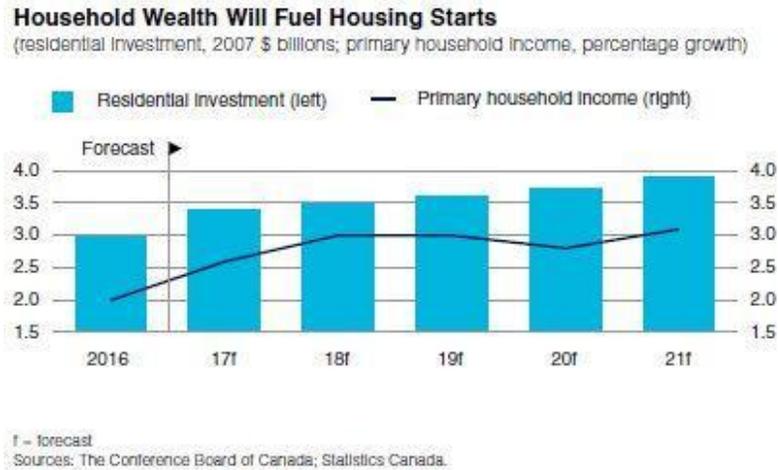


f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

Investment in residential structures will reflect this strength, but will cool off over the forecast as immigration levels off. Strong housing demand will spark investment in residential structures, which will average 5.7 per cent growth

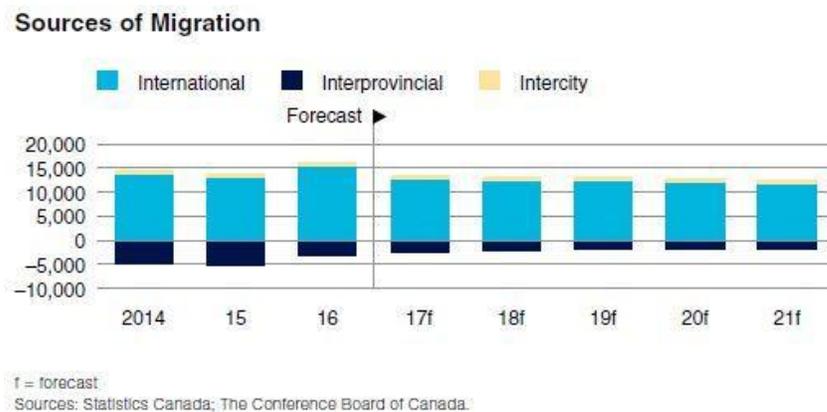
each year from 2017 to 2021, but will fade to 2.5 per cent during the 2020s and to 0.9 per cent over 2031–40 as the housing stock catches up with household formation and housing starts begin to fall.



Winnipeg CMA

Environics and the Conference Board of Canada estimated the population of the Winnipeg CMA at 796,364 in 2016, representing an increase of approximately 6.8 percent from the 2011 Census numbers, and an average annual population growth rate of 1.36 percent from 2011. The Winnipeg CMA population has grown at a rate not seen for decades due to increases in immigration and decreases in interprovincial out-migration.

International in-migration exceeded 10,000 people annually from 2012 to 2016, but it is forecast to slow slightly going forward. Net annual inflows are forecast to hold steady between 8,000 and 10,000 people going forward to 2020.



Even with positive net international migration, the combination of increased interprovincial and intercity out-migration led to stagnant population growth in Winnipeg during the mid-1990's. However, net migration has increased gradually since then, especially on the intercity and international fronts. In 1999, Winnipeg's total

population reached 688,200 and has been rising steadily ever since, increasing by an average of 0.8 per cent per year the past thirteen years. Clearly, international migration was the largest contributor to the growth in population, ballooning to nearly 13,000 people in 2014 alone, double the number achieved in 2006. Since the positive trend in migration is forecast to continue, stable population gains are expected in Winnipeg over the near term.

Therefore the combination of lower interprovincial out-migration and increased intercity migration is expected to boost Winnipeg's population in the near term while Winnipeg's diversified and stable economy will serve as a foundation for steady population growth over the medium term. The city's healthy manufacturing and high-tech sectors, together with relatively low housing prices, are expected to lead to a strong flow of migrants and in the process boosting population growth.

Traditionally, Winnipeg had trouble retaining skilled labour and has often been overlooked by workers in favour of cities in other Canadian provinces, such as Ontario, Alberta and British Columbia. However, that has not been the case in recent years, as evidenced by Winnipeg's improved migration performance and resulting strong population growth. Thus, given its recent economic success, the city is able to attract and keep its highly educated and highly skilled population.

Furthermore, Winnipeg's relatively low cost of living and low business costs make it an attractive place for people and businesses considering relocation within Canada and from abroad. Winnipeg enjoys one of the lowest costs for doing business in North America. Residential costs are also relatively cheap, with the average house price in Winnipeg the lowest among the major urban centres in Canada.

The Boomer Effect

In Winnipeg, as in other communities, the baby boom segment will undoubtedly dominate certain segments of the market including housing and medical care. A significant proportion of this segment will have a level of affluence that will allow for a major shift in preferences. Consumer demand in these markets will be merely one part of a major lifestyle adjustment based on the following factors:

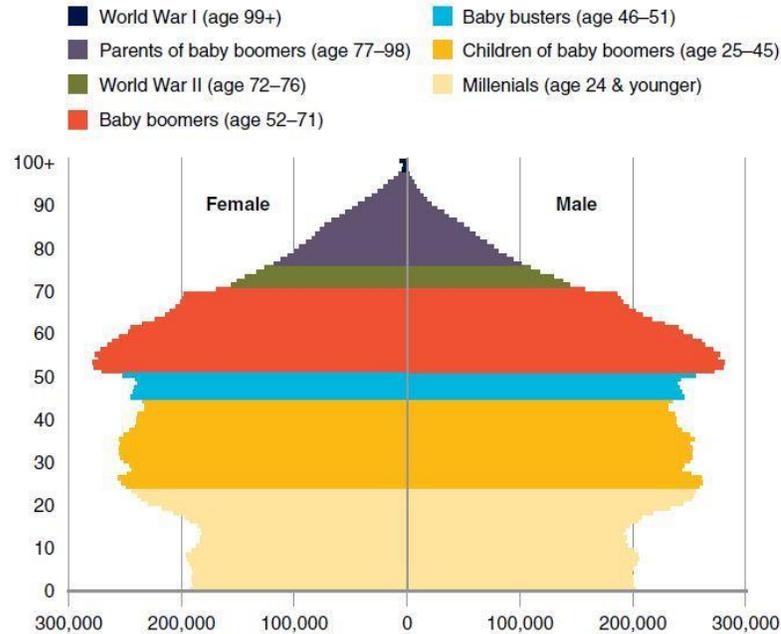
- A high degree of stable disposable income (E.g. Pensions, investments, inheritances, and house equity)
- A high degree of discretionary income (E.g. Basic living expenses are more than covered by income)
- A high proportion of empty nester and one and two person "baby boomer" households (E.g. Children leaving the household to form their own, divorces or separations, death of a spouse)
- A concern for health (E.g. both prevention through lifestyle adjustments, and the demand for better access to and quality of health care services)
- Retirement being reinvented, as a phase in the human lifecycle.
- Many more market segments within the "retired" population, than previously considered.
- The desire to maintain a local connection to family and community, but with greater interest in mobility and seasonal travel.

- A concern for personal health, safety and security.

As a group, baby boomers are not averse to being in debt. They are used to having a mortgage payment or a monthly rent payment.

Population Cohorts

(population by single-age cohort)



Sources: The Conference Board of Canada; Statistics Canada.

Baby boomers are having wide ranging impacts on the marketplace. For example, the bungalow condominium phenomenon in Winnipeg is by and large a response to the baby boomer segment. Vacation properties, services and products have changed in response to this market. And the private security services and systems industry is in growth mode.

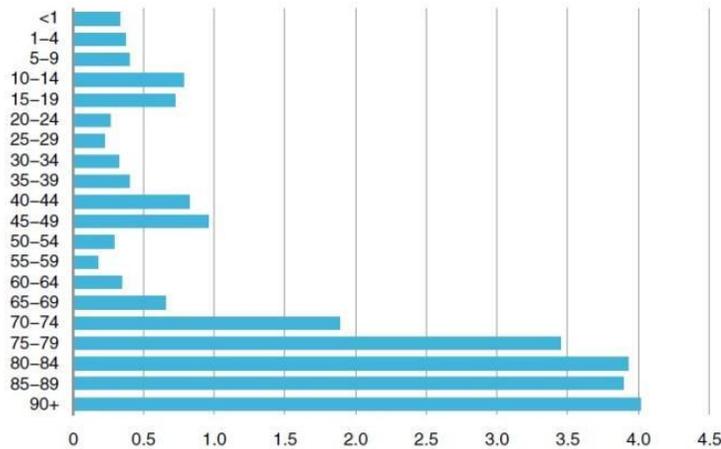
Another side to this phenomenon is the general aging of the Canadian population. Not all members of the baby boomer generation will age in comfort and with financial self-sufficiency. Therefore governments will be challenged to provide more housing, health care, and social services through new more cost-effective models.

Future Demand for Housing – Winnipeg CMA

In their recent Long Term Economic Forecast for the Winnipeg CMA, the Conference Board forecast changes in the housing market that will likely emanate from the changing demographic shift. Residential investment is expected to stay healthy in the long run. Population growth will remain sound, increasing at an average annual rate of 1.2 per cent from 2017 to 2035. To satisfy demographic requirements, housing starts are expected to increase further, coming in at about 5,800 units by 2035. (Prior to 2014, average 3,200 units per year).

Moreover, a structural adjustment will be required in the face of an aging population, as most elderly people will opt to live in apartment buildings or retirement homes. Thus, the demand for multi-family dwellings will increase, while the demand for single-family dwellings will start to fall off. Sometime before the end of 2026, the number of new multiple starts is expected to surpass the number of new single starts. Indeed, multiple starts are expected to make up 52 per cent of total housing starts in Winnipeg by the end of the forecast.

Average Annual Population Growth, by Cohort
(from 2016 to 2040, per cent)



Sources: The Conference Board of Canada; Statistics Canada.

It is interesting to note that the makeup of multi-family starts is projected to change in the long run. By 2035, more and more retirees will continue to downsize to an apartment. For that reason, the demand for multi-family apartment units will escalate further in the long run. At the same time, higher quality row housing and townhouse type buildings are expected to boost the number of row units. In fact, apartment complexes and row housing will account for about 97 per cent of all multiple starts in Winnipeg in 2035, with construction starting on more than 2,400 new apartment units and nearly 475 new row units - half of all new housing starts. In summary, the baby boom market will continue to dominate Winnipeg real estate, particularly in housing, but also in terms of “life style” businesses and services.

Baby boomers account for a large share of the total population, and changes in their needs will have a large influence on the type of homes being constructed over the forecast period. The younger members of the boomer

cohort currently account for the bulk of the demand for single-detached dwellings. However, as their children leave home, many of the older members of the cohort are becoming “empty nesters” and are trading in their large, single-detached residences for smaller, low-maintenance homes. 2016 census data show that the prevalence of living in a single-detached house declined for both men and women once they reached the age of 55, with the decrease being more pronounced for women. The empty-nester trend will persist over the forecast as members of the cohort move further along in the life cycle.

In all, Winnipeg’s housing starts dropped by about 13.5 per cent in 2016 to 3,800 units, after four years of above-average activity that featured annual volumes over 4,000 units. But this strong residential construction activity had led to a significant buildup in newly completed and unoccupied homes. It is not a surprise, therefore, that builders reduced new home construction last year. Housing starts have bounced back strongly through the first six months of 2017 with a total of 3,168 starts to the end of June 2017, which is 91.1 percent higher than the June 2016 figure. It should be noted that these 2017 figures were likely impacted by the implementation of “growth fees” to the Winnipeg new home marketplace which came in to effect on May 1, 2017.



V – HOUSING MARKET ANALYSIS

Housing market indicators that are relevant to this study are as follows:

Building Permit trends – RRPD, Capital Region and Winnipeg CMA

Current Lot Inventories – RRPD

New Home and Lot Sales – RRPD, Winnipeg CMA

In our analysis data has been collected from the RRPD, the Rural Municipalities of the RRPD, Canada Mortgage and Housing Corporation (Housing Now and Residential Construction Digest), the City of Winnipeg – Planning, Property & Development Department and the Winnipeg Real Estate Board.

Building Permits – Single Family Construction

In order to understand the potential for new home construction trends in the RRPD, we must examine the primary housing driver in the region, the Winnipeg Census Metropolitan Area (CMA). The Winnipeg CMA is made up of twelve “Census Subdivisions” which include: the City of Winnipeg proper, the Rural Municipalities of Springfield, St. Clements, Tache, East St. Paul, Macdonald, Ritchot, West St. Paul, Headingley, Rosser and St. Francois Xavier, as well as the Brokenhead First Nation. Three of these municipalities are part of the RRPD, while the CMA does not include the RM of St. Andrews, the City of Selkirk and the Village of Dunnottar. Nevertheless, examining the CMA certainly provides a strong basis for conclusions with regards to regional activity and trends in new housing development.

Housing starts in the Winnipeg CMA totalled 4,054 units in 2016. This was down 7.9 percent from the 4,400 starts in 2015. To the end of July 2017, there have been a total of 3,458 housing starts in the Winnipeg CMA. This is well above the pace from 2016 which saw 2,307 housing starts to the end of July. However, the reader should be advised that the pace of housing starts is expected to slow dramatically for the remainder of 2017 as developers submitted permits at a rapid pace in an effort to avoid the newly implemented development growth fees in the City of Winnipeg which went in to effect for all permits submitted after May1, 2017.

As mentioned, the trend in total housing starts in Winnipeg will continued to moderate in the second half of the year. To the end of July 2017, approximately 41.4 percent of all housing starts were of the single-family home variety, while a majority 58.6 percent were of the multi-family variety (condominium or rental). This trend is indicative of the changing needs of households in the Winnipeg CMA. 2017 will likely mark the highest proportion of multi-family residential starts in relation to overall starts in the history of the CMA. By 2018, housing starts will stabilize at a range of 3,750 to 4,250 annually as market conditions moderate and stabilize.

Winnipeg’s new home construction is experiencing a growth trend. After declining for two consecutive years, single-detached starts increased from 1,649 units in 2015 to 1,858 units in 2016 and is likely to eclipse this figure by year end 2017. With total supply (which consists of units in inventory plus units under construction) now lower and

demand for single-detached homes projected to hold steady and move higher, it is expected that new construction will gradually increase. Single-detached starts are forecasted to range from 1,780 to 1,920 units in 2017 and range from 1,830 to 1,970 units in 2018.

In the Winnipeg CMA, employment growth this year is projected to increase by 1.0 percent and by 1.5 percent in 2018. Employment opportunities have been mixed in Winnipeg this year with construction, transportation, communication and utilities showing gains while finance, insurance and real estate, manufacturing and public administration have been reporting declines. Employment growth is forecasted to gradually increase as a stronger U.S. economy and a favourable exchange rate stimulates manufacturing and exports from Winnipeg.

Winnipeg's labour force continued to expand this year and at a rate faster than employment. This has caused the unemployment rate in Winnipeg to rise from an average of 6.1 percent in 2015 to 6.5 percent in 2016. To date in 2017, the unemployment rate is stabilizing at 6.4 percent before likely falling again to 6.2 percent in 2018 and even further at 6.0 percent through 2021.

A key driver of potential housing demand is population growth. A high level of international migration to Winnipeg is expected to lift Winnipeg's population by 2.0 per cent in 2017. Winnipeg's young adult population aged 25 to 34 has been increasing at an even higher rate at over three percent in 2016. This is a source of optimism for housing demand. As these young adults become financially stable they should provide a boost to housing demand. Demographic growth is expected to remain strong but moderate as international migration comes off its highs in 2016. Nevertheless, Winnipeg's population growth will still be substantial at 2.0 percent in 2017 and moderating to 1.7 percent in 2018 and 2019. Interprovincial losses are projected to increase later in the forecast period. As Alberta's economy gains traction and creates employment opportunities more migrants will be drawn from Winnipeg in 2018.

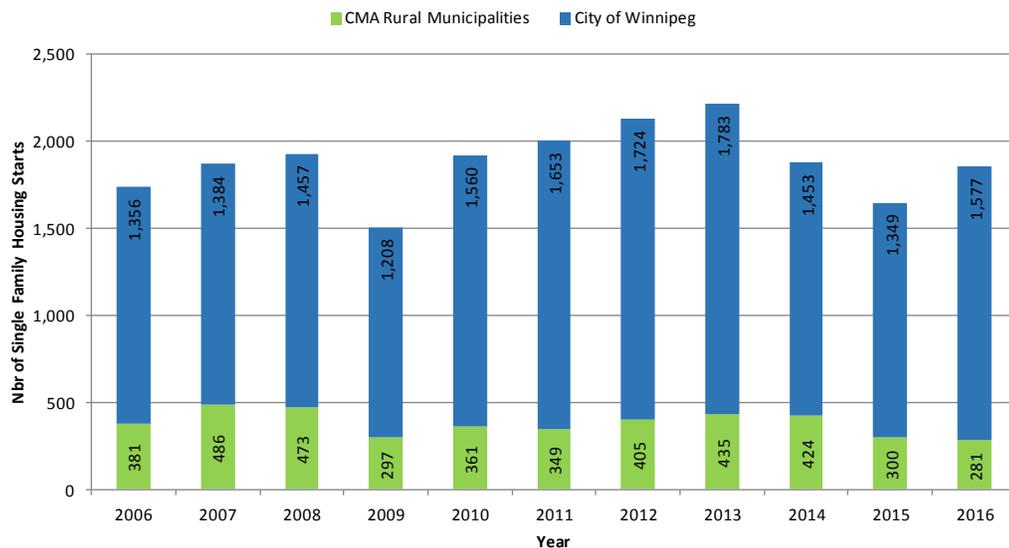
Within the various Rural Municipalities that make up the CMA, it can be seen that single family detached permits have been trending down since 2014. This has occurred while permits within the City of Winnipeg and the CMA overall have trended back up in 2016. Another interesting observation over the past ten years is the cyclical nature of single family detached housing starts within the RM's. There appears to be a heavy build period followed by a stabilization period based on a 2 to 4 year cycle. If this trend holds true, the RM's would be ripe for a heavy build period sometime over the next 2 to 3 years.

Building Permit Activity - Winnipeg CMA 2006 - 2016											
Construction of New Single-Detached Housing Starts											
Municipality	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City of Winnipeg	1,356	1,384	1,457	1,208	1,560	1,653	1,724	1,783	1,453	1,349	1,577
RM East St. Paul	20	49	53	21	38	20	22	68	52	39	38
RM Headingly	32	73	59	21	17	10	51	37	22	13	18
RM Ritchot	40	48	39	12	31	59	58	41	47	36	47
RM Rosser	2	3	2	0	3	4	3	4	2	1	3
RM St. Clements	55	75	68	52	61	60	46	62	84	61	37
RM St Francois Xavier	6	7	3	9	2	2	13	14	10	1	0
RM Springfield	97	109	124	88	106	122	146	126	95	78	60
RM Tache	61	60	82	67	67	51	42	58	59	31	43
RM West St. Paul	68	62	43	27	36	21	24	25	53	40	35
Total - CMA Rural Municipalities	381	486	473	297	361	349	405	435	424	300	281
% Change (previous Year)		27.6%	-2.7%	-37.2%	21.5%	-3.3%	16.0%	7.4%	-2.5%	-29.2%	-6.3%
Total - Winnipeg CMA	1,737	1,870	1,930	1,505	1,921	2,002	2,129	2,218	1,877	1,649	1,858
% Change (previous Year)		7.7%	3.2%	-22.0%	27.6%	4.2%	6.3%	4.2%	-15.4%	-12.1%	12.7%

Over the past five years the CMA rural municipalities have contributed 369 new single family dwellings on an average annual basis. If the past ten years is examined, this figure increases to 381 new single family dwellings on an average annual basis.

To July 2017, new housing starts in the CMA rural municipalities appear to be trending higher than the 2016 figures at 256 permits processed through the first half of the year, while figures for the CMA overall are trending much higher than the 2016 figures thanks to an influx of permits prior to the May 1, 2017 growth fee implementation date. Through the first six months of 2017, the rural municipalities account for 8.1 percent of all housing permits in the CMA.

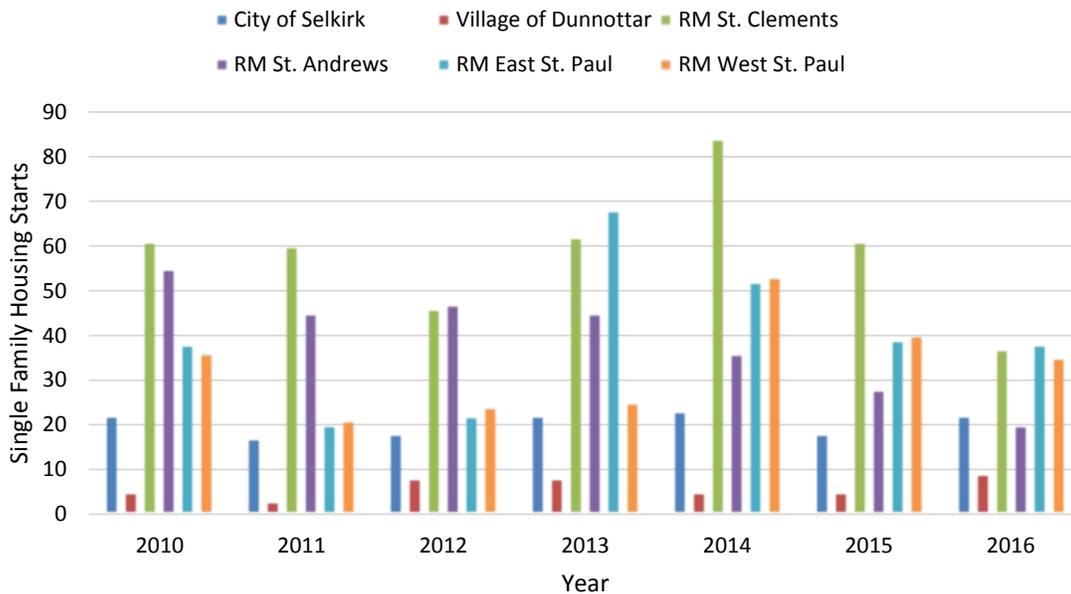
Winnipeg CMA - Single Family Housing Starts (2006 - 2016)



Red River Planning District – Housing Starts

New home construction in Red River Planning District has averaged 198 units per year since 2010 and 200 units per year over the past five years. In 2016 new home construction in the Red River Planning District decreased to 161 units from the 191 units constructed in 2015.

RRPD Single Family Housing Starts



Building Permit Activity - RRPD 2010 - 2017 YTD							
Construction of New Single-Family Dwelling Units							
Municipality	2010	2011	2012	2013	2014	2015	2016
Winnipeg CMA	1,921	2,002	2,129	2,218	1,877	1,649	1,858
City of Selkirk	22	17	18	22	23	18	22
Village of Dunnottar	5	3	8	8	5	5	9
RM St. Clements	61	60	46	62	84	61	37
RM St. Andrews	55	45	47	45	36	28	20
RM East St. Paul	38	20	22	68	52	39	38
RM West St. Paul	36	21	24	25	53	40	35
Total - Red River Planning District	217	166	165	230	253	191	161
% Change (previous Year)	0.0%	-23.5%	-0.6%	39.4%	10.0%	-24.5%	-15.7%
RRPD % of Starts Vs. CMA Region Starts	11.3%	8.3%	7.8%	10.4%	13.5%	11.6%	8.7%

As statistics show, approximately 29.0 percent of new home construction occurred in the RM of St. Clements over the past five years. This is likely a function of the large land area which the RM covers. The same can be said for the RM of St. Andrews which accounts for approximately 17.6 percent of all new home construction in the RRPD over the past five years.

The most interesting and impactful new home growth has occurred in the RM's of East St. Paul and West St. Paul. In 2016, the RM of East St. Paul saw the most new single family home development in the RRPD with 38 units. Over the past five years, East St. Paul has accounted for approximately 21.9 percent of all new home development in the RRPD. New home development in the RM reached a peak in 2013 when a total of 68 new home starts occurred.

Within the RRPD, the RM's of St. Clements, East St. Paul and West St. Paul are included as part of the Winnipeg CMA. The City of Selkirk, the Village of Dunnottar and the RM of St. Andrews are not. However, we have measured the total housing starts within the RRPD with the total housing starts within the CMA. As depicted in the table on the previous page, housing starts in the RRPD would make up approximately 8.0 to 13.5 percent of the Winnipeg CMA if the entire district were included. The highest percentage would have occurred in 2014 when there were 253 housing starts in the RRPD. The statistic is rather significant considering that the City of Winnipeg proper is included in the CMA.

The RM of West St. Paul has also seen a significant spike in new single family home permits since 2013. 2014 saw a 112.0 percent increase in housing starts with 53, up from the 25 new starts in the RM the previous year.

As previously mentioned in this report, population growth is being experienced Province-wide thanks to an influx of international immigration. While the RM's of St. Andrews and St. Clements, and the City of Selkirk are experiencing growth from those settling in these centres, the RM's of East and West St. Paul are much more dynamic in terms of their sources of growth. Due to the fact that these RM's border the north boundary of the City of Winnipeg, there appears to be significant potential for a "spill over" effect as the City of Winnipeg struggles to serve the housing needs of its growing population. This dynamic will be discussed further in this report.

Winnipeg CMA

New construction activity within the Winnipeg CMA is presented in a table on the following page.

It is Advisors position that the Winnipeg building activity has significance to the potential for new development in the RRPD and the neighbouring municipalities of East and West St. Paul and in particular, due to their proximity to the two north quadrants of the City of Winnipeg.

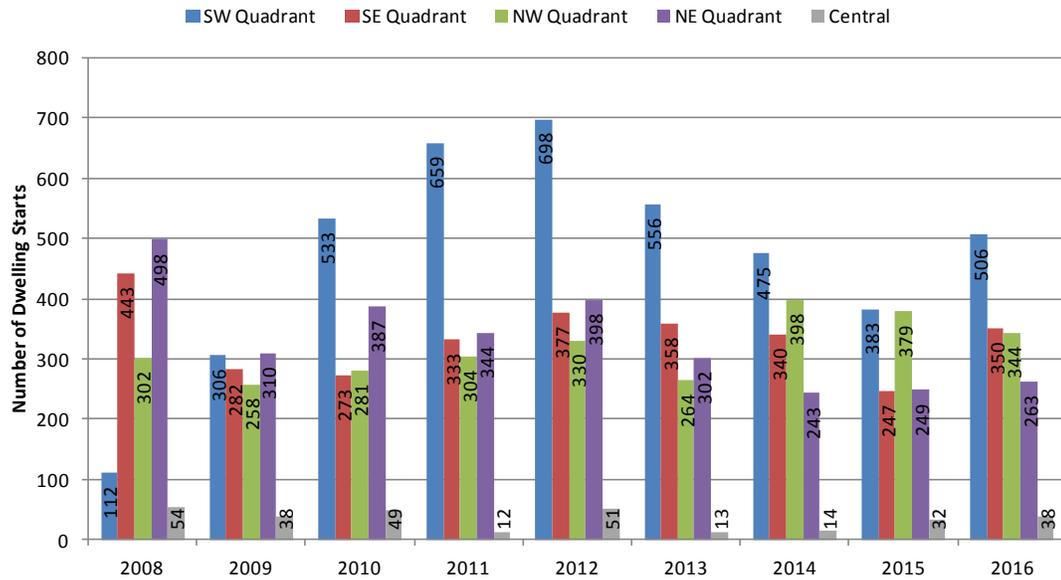
New home construction in the northeast quadrant is most active in the developing community areas of Canterbury Park, Peguis/Crocus Meadows and Devonshire Village. In the northwest quadrant the neighbourhood areas of Amber Trails, Rosser-Old Kildonan and Inkster Gardens account for the majority of new homes.

Alternatively, if permits are examined by neighbourhood area, we can determine the share within the north quadrants of Winnipeg.

Single Family Dwelling Permits - Winnipeg (2008 - 2016)																		
	2008		2009		2010		2011		2012		2013		2014		2015		2016	
SW Quadrant	112	7.9%	306	25.6%	533	35.0%	659	39.9%	698	37.6%	556	37.2%	475	32.3%	383	29.7%	506	33.7%
SE Quadrant	443	31.4%	282	23.6%	273	17.9%	333	20.2%	377	20.3%	358	24.0%	340	23.1%	247	19.1%	350	23.3%
NW Quadrant	302	21.4%	258	21.6%	281	18.5%	304	18.4%	330	17.8%	264	17.7%	398	27.1%	379	29.4%	344	22.9%
NE Quadrant	498	35.3%	310	26.0%	387	25.4%	344	20.8%	398	21.5%	302	20.2%	243	16.5%	249	19.3%	263	17.5%
Central	54	3.8%	38	3.2%	49	3.2%	12	0.7%	51	2.8%	13	0.9%	14	1.0%	32	2.5%	38	2.5%
Total	1409		1194		1523		1652		1854		1493		1470		1290		1501	

Since 2012 (the past five years), the northeast quadrant has accounted for an average of 291 annual permits or approximately 19 percent of the citywide construction activity. The northwest quadrant has accounted for an average of 343 annual permits or approximately 23 percent of the construction activity.

Single Family Dwelling Permits - Winnipeg (2008 - 2016)

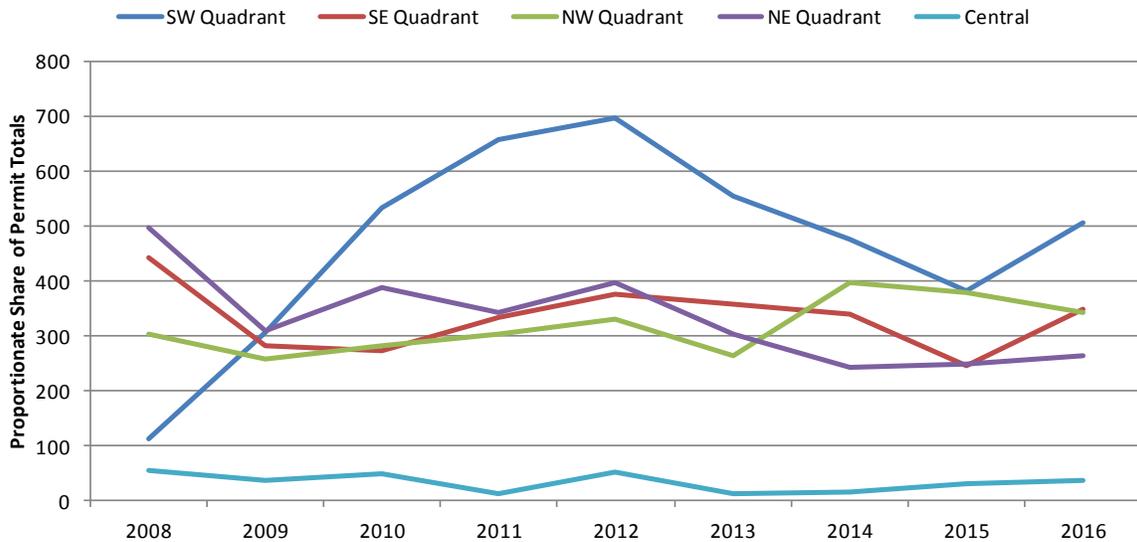


New Residential Construction - Building Permits, City of Winnipeg 1980 - 2016										
Year	Dist #1	Dist #2	Dist #3	Dist #4	Dist #5			Dist #6	TOTAL	? Yr/Yr
	City Centre	St James Assiniboia	Lord Selkirk W. Kildonan	E.K. Transcona	St Vital	St Boniface	Total	Assin. Pk. Ft Garry		
1980	6	12	207	240	251	45	296	241	1002	
1985	61	72	521	574	606	197	803	571	2602	
1990	96	55	281	295	256	174	430	409	1566	
1995	9	22	71	92	123	106	229	240	663	
2000	2	11	116	111	149	166	315	343	898	
% of Total	0.22%	1.22%	12.92%	12.36%	16.59%	18.49%	35.08%	38.20%	100.00%	
	*City Centre	Assiniboia	Lord Selkirk W. Kildonan	E. Kildonan Transcona	* Riel				TOTAL	? Yr/Yr
2001 *	8	272	118	94	445				937	4.34%
% of Total	0.85%	29.00%	12.60%	10.00%	0					
2002	10	344	112	115	631				1212	29.35%
	0.83%	28.38%	9.24%	9.49%	52.06%					
2003	13	364	184	90	668				1319	8.83%
	0.99%	27.60%	13.95%	6.82%	50.64%					
2004	194	87	230	222	756				1489	12.89%
	13.03%	5.84%	15.45%	14.91%	50.77%					
2005	149	98	384	241	602				1474	-1.01%
	10.11%	6.65%	26.05%	16.35%	40.84%					
2006	89	117	333	227	594				1360	-7.73%
	6.54%	8.60%	24.49%	16.69%	43.68%					
2007	24	66	372	333	562				1357	-0.22%
	1.77%	4.86%	27.41%	24.54%	41.41%					
2008	33	75	383	363	555				1409	3.83%
	2.34%	5.32%	27.18%	25.76%	39.39%					
2009	28	77	205	310	574				1194	-15.26%
	2.35%	6.45%	17.17%	25.96%	48.07%					
2010	40	76	234	387	787				1524	27.64%
	2.62%	4.99%	15.35%	25.39%	51.64%					
2011	32	74	256	347	943				1652	8.40%
	1.94%	4.48%	15.50%	21.00%	57.08%					
2012	36	91	280	368	1078				1853	12.17%
	1.94%	4.91%	15.11%	19.86%	58.18%					
2013	30	84	200	251	928				1493	-19.43%
	2.01%	5.63%	13.40%	16.81%	62.16%					
2014	37	101	330	231	771				1470	-1.54%
	2.52%	6.87%	22.45%	15.71%	52.45%					
2015	32	92	314	249	603				1290	-12.24%
	2.18%	6.26%	21.36%	16.94%	41.02%					
2016	38	269	284	263	723				1577	22.25%
	2.59%	18.30%	19.32%	17.89%	49.18%					

* District boundaries modified in 2001; District 6 removed and split between Districts 2 & 5.

Over the past seven years, since the initiation of the Waverley West – Bridgewater and Southpointe neighbourhoods, the southwest quadrant has been the dominant location for new home construction in the City of Winnipeg. In recent years, construction starts have been declining in the southwest neighbourhoods from peak levels observed in 2011 and 2012. However, in 2016 starts rebounded somewhat with 506, representing the highest level in southwest Winnipeg since 2013. The northwest quadrant activity has increased significantly over the past three years, resulting in an increase to approximately 29 percent market share in 2015 while receding slightly to 23 percent market share in 2016. The graph below illustrates the relative movement of market share for new homes in the city in recent years.

Single Family Dwelling Permits - Winnipeg (2008 - 2016)



Building Lot Inventories

Red River Planning District

Upon inquiry, Advisors was informed that the RRPD does not maintain an inventory of current undeveloped lots within its market area. What we could gather however, was records of residential lot subdivisions, both approved and pending approval.

Using the records of subdivision approvals and accounting for permits within the RRPD, we have attempted to derive estimates of the current inventory of lots available for development within the district and the projected lots required for the next 20 years of development. We have presented these estimates by municipality;

City of Selkirk - Lot Inventory Estimate		2012	2013	2014	2015	2016	2017		
Subdivision Lots Approved		7	4	3	2	4			
Pending Subdivision Applications (Residential Lots)							0		
New Permits in Selkirk - SFD (RRPD)		18	22	23	18	22			
Estimated Lots Required to 2037 (20 years) based on Historical Development pattern	Low Estimate	18	Lots/Year	x	20 years	=	360	Lots	
	imate based on 5-year Average	21	Lots/Year	x	20 years	=	412	Lots	
	High Estimate	25	Lots/Year	x	20 years	=	500	Lots	

Village of Dunnottar - Lot Inventory Estimate								
	2012	2013	2014	2015	2016	2017		
Subdivision Lots Approved	0	0	0	0	0			
Pending Subdivision Applications (Residential Lots)						0		
New Permits in Dunnottar - SFD (RRPD)	8	8	5	5	9			
Estimated Lots Required to 2037 (20 years)	Low Estimate	5	Lots/Year	x	20 years	=	100	Lots
based on Historical Development pattern	imate based on 5-year Average	7	Lots/Year	x	20 years	=	140	Lots
	High Estimate	9	Lots/Year	x	20 years	=	180	Lots

RM of St. Clements - Lot Inventory Estimate								
	2012	2013	2014	2015	2016	2017		
Subdivision Lots Approved	30	74	22	22	100			
Pending Subdivision Applications (Residential Lots)						5		
New Permits in St. Celemnts - SFD (RRPD)	46	62	84	61	37			
Estimated Lots Required to 2037 (20 years)	Low Estimate	37	Lots/Year	x	20 years	=	740	Lots
based on Historical Development pattern	imate based on 5-year Average	58	Lots/Year	x	20 years	=	1160	Lots
	High Estimate	84	Lots/Year	x	20 years	=	1680	Lots

RM of St. Andrews - Lot Inventory Estimate								
	2012	2013	2014	2015	2016	2017		
Subdivision Lots Approved	24	12	15	19	59			
Pending Subdivision Applications (Residential Lots)						1		
New Permits in St. Andrews - SFD (RRPD)	47	45	36	28	20			
Estimated Lots Required to 2037 (20 years)	Low Estimate	20	Lots/Year	x	20 years	=	400	Lots
based on Historical Development pattern	imate based on 5-year Average	35	Lots/Year	x	20 years	=	704	Lots
	High Estimate	47	Lots/Year	x	20 years	=	940	Lots

RM of East St. Paul - Lot Inventory Estimate								
	2012	2013	2014	2015	2016	2017		
Subdivision Lots Approved	20	96	6	3	1			
Pending Subdivision Applications (Residential Lots)						105		
New Permits in East St. Paul - SFD (RRPD)	22	68	52	39	38			
Estimated Lots Required to 2037 (20 years)	Low Estimate	22	Lots/Year	x	20 years	=	440	Lots
based on Historical Development pattern	imate based on 5-year Average	44	Lots/Year	x	20 years	=	876	Lots
	High Estimate	68	Lots/Year	x	20 years	=	1360	Lots

RM of West St. Paul - Lot Inventory Estimate								
	2012	2013	2014	2015	2016	2017		
Subdivision Lots Approved	73	32	108	139	4			
Pending Subdivision Applications (Residential Lots)						419		
New Permits in West St. Paul - SFD (RRPD)	24	25	53	40	35			
Estimated Lots Required to 2037 (20 years)	Low Estimate	24	Lots/Year	x	20 years	=	480	Lots
based on Historical Development pattern	imate based on 5-year Average	35	Lots/Year	x	20 years	=	708	Lots
	High Estimate	53	Lots/Year	x	20 years	=	1060	Lots

Based simply on historical building activity within the RRPD, we have presented alternate estimates of the number of residential building lots required to accommodate demand over the next twenty years. Based on low, average and high projected annual lot requirements, the long-term demand for residential lots for each municipality within the district is estimated.

Demand for Residential Lots in the RRPD (20 Years) – Based on Historical Activity

Municipality	Low Estimate	Average	High Estimate
City of Selkirk	360	412	500
Village of Dunnottar	100	140	180
RM of St. Clements	740	1,160	1,680
RM of St. Andrews	400	704	940
RM of East St. Paul	440	876	1,360
RM of West St. Paul	480	708	1,060

Within the City of Selkirk, we currently estimate a very limited inventory of new residential lots. Over the past three years, only nine new lots have been approved, and there are no subdivision applications currently pending approval. A search of active listings for residential lots shows that there are currently two lots for sale in the new neighbourhood of “Creekside Estates”, as well as three lots that would be defined as “infill” throughout the city. Supply is certainly limited within the City of Selkirk, and with no new lots pending approval, there is a supply crunch within the market.

The Village of Dunnottar is not a very large settlement area in terms of population, and new subdivision activity is reflective of this. There have been no new subdivisions in Dunnottar over the past five years and there are no subdivision lots currently pending approval. However, there have been a total of 35 new residential permits in the village over the past five years. These new homes have been constructed on existing lots, and it should be recognized that these could be cottage developments as well. We have estimated modest demand for lot requirements in Dunnottar over the next 20 years based on historical permit information. However, there may be enough redevelopment and existing inventory to satisfy these requirements.

The RM of St. Clements has seen a total of 248 new subdivision lots over the past five years with an additional 5 pending approval. These figures are fairly consistent with the 290 new residential permits that have been granted over the past five years. It would appear as though this supply is currently being met favourably in what is geographically the largest municipality within the RRPD. The majority of new residential development in the RM is occurring in the Grand Marais and East Selkirk regions. A search of active residential lot listings revealed a total of 6 lots currently marketed between these two areas.

Within the RM of St. Andrews, there have been a total of 129 subdivision lots approved with one additional lot currently pending approval. Again, it would appear as though supply is currently being absorbed at a healthy rate as there have been a total of 176 new home permits processed within St. Andrews over the past five years. There are a total of 18 active listings involving residential lots at the time of writing this report. These listings appear to be

scattered throughout the RM, with the majority of these lot listings consisting of rural residential and larger homestead lots.

The RM's of East and West St. Paul have been the most active in the RRPD with regards to new residential lots and residential permits. The RM of East St. Paul has seen a total of 126 new residential lots approved since 2012, while there are an additional 105 lots pending approval. The demand appears to be very strong in the RM with a total of 219 new residential permits issued over the past five years. New development in East St. Paul is scattered towards the south boundaries of the RM in the Pritchard Farm Road, Bricker Avenue and Southlands Drive developments. A total of 15 active listings for residential lots are located in these areas.

In West St. Paul, a total of 356 new residential lots have been approved over the past five years, with an additional 419 lots currently pending approval. On the demand side, a total of 177 new residential permits have been issued over the past five years. This figure is expected to spike in 2017 and 2018 with the ongoing development of new communities within the RM. A number of active listings for residential lots can also be found in the Jackman Road area between Main Street and McPhillips Street north of the Perimeter Highway.

Alternative to our projections above, we can estimate future demand for housing units in the RRPD by examining population projections for the CMA municipalities (not including the City of Winnipeg).

The Conference Board of Canada projects the Winnipeg CMA population to increase by approximately 262,100 by the year 2040, with approximately 204,200 added to the City of Winnipeg and approximately 57,800 added to the surrounding CMA municipalities.

Based on an average household size of 2.6 occupants, 22,230 new housing units would be forecast for the CMA surrounding municipalities. Furthermore, if the RRPD municipalities average market share of new housing starts over the past five years is recognized, the estimated demand to 2040 can be determined as follows;

Municipality	% Mkt. Share of Rural CMA	Est. Demand (Units)	Est. Annual Demand (Units)
City of Selkirk	5.7	1,267	55
Village of Dunnottar	1.9	422	18
RM of St. Clements	15.7	3,490	152
RM of St. Andrews	9.5	2,112	92
RM of East St. Paul	11.9	2,645	115
RM of West St. Paul	9.5	2,112	92

This estimate would of course assume that all municipalities within the RRPD are taking market share from the municipalities included in the rural CMA (note that St. Andrews, Selkirk and Dunnottar are not included as part of the CMA). This method offers a high end estimate based on population trends. Of course, many variables dictate where new residents to the CMA decide to live. This method is simply based on historical market shares and population projections.

The projected population growth and demand for housing in the City of Winnipeg has been presented in this report. To get a clearer picture of where the demand for new housing will be satisfied over the next 20 years, the potential to accommodate future development demands within the city must be examined.

City of Winnipeg

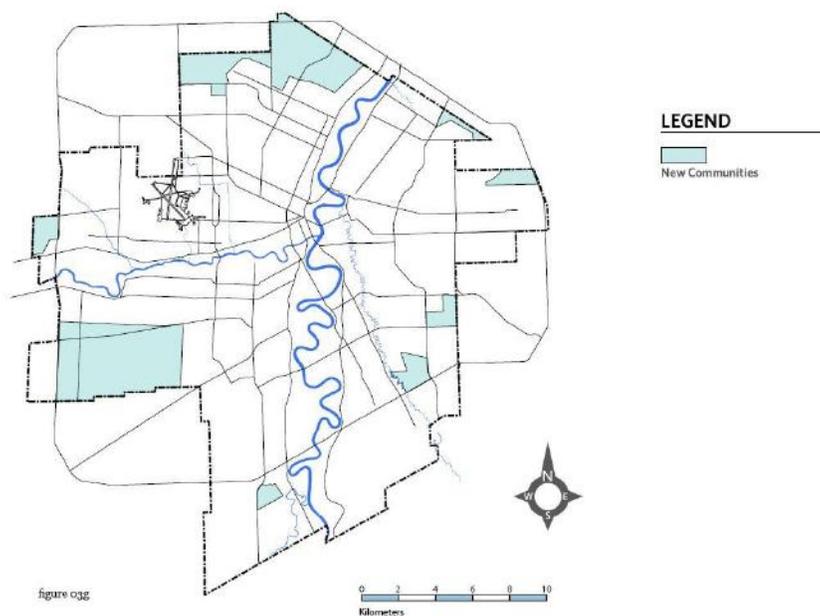
As previously stated, the Conference Board projects the City of Winnipeg population to increase by approximately 204,200 by 2040. This population growth translates to a demand for approximately 78,540 new housing units for the city to 2040.

In 2016, there were 4,054 dwelling units constructed, including single family dwellings, semi-detached (side-by-side) units, apartment units and townhouses. Approximately 45.8 percent were single family dwellings.

The City of Winnipeg has discontinued a report on residential lot inventories. Therefore, it is difficult to confirm the current number of building lots available for single-family development. However, a 2009 report authored by the City of Winnipeg⁶ indicated that the City of Winnipeg – Complete Communities plan can accommodate approximately 59,000 housing units. The development projection is dependent upon all New Community Precincts being treated as developable. Due to servicing challenges and fractured ownership of many of these parcels, it is unlikely that the assumptions of the city study are achievable. Regardless, a significant shortfall in available development lands within the city is apparent and spill over of development to neighbouring rural municipalities is most likely. Based on the Complete Communities strategy, a shortfall of approximately 20,000 housing units exists.

The “New Communities” excerpt from the Complete Communities Direction Strategy is included below;

NEW COMMUNITIES



⁶ *City of Winnipeg Residential Land and Infill Strategy*. Source: *Office for Urbanism, August 2009*

Residential Lots – Sales and Listings

In the RRPD, the number of building lot sales within each municipality have been relatively modest over the past five years. It is rather difficult to ascertain trends by examining this data as the pricing is very sporadic based on the lot size. In short, the data is skewed by a number of larger acreage sales. While if these sales were removed, an insufficient amount of data would be available. These findings are not surprising given that most developers sell their lots directly to home builders, who in turn build and sell new homes to purchasers. The new home market is a more accurate barometer for activity within the areas.

Vacant Lot - Sales						
City of Selkirk	2012	2013	2014	2015	2016	2017 (to Aug)
Number of Sales	9	7	4	5	6	3
Average List Price	\$335,745	\$88,008	\$148,900	\$119,288	\$199,310	\$110,008
Average Sale Price	\$62,667	\$62,657	\$66,000	\$58,500	\$99,955	\$151,300
Avg SP Change Y/Y		-0.02%	5.34%	-11.36%	70.86%	51.37%
Avg S/LP Ratio	18.7%	71.2%	44.3%	49.0%	50.2%	137.5%
Avg DOM	41	13	66	21	72	50
Vacant Lot - Sales						
Village of Dunnottar	2012	2013	2014	2015	2016	2017 (to Aug)
Number of Sales	0	2	2	3	1	0
Average List Price	\$22,500	\$30,633	\$23,975	\$27,440	\$39,433	\$0
Average Sale Price	\$0	\$25,250	\$21,250	\$18,583	\$36,000	\$0
Avg SP Change Y/Y			-15.84%	-12.55%	93.73%	
Avg S/LP Ratio	0.0%	82.4%	88.6%	67.7%	91.3%	
Avg DOM		162	12	15	28	
Vacant Lot - Sales						
RM of St. Clements	2012	2013	2014	2015	2016	2017 (to Aug)
Number of Sales	18	14	13	12	8	22
Average List Price	\$123,148	\$117,403	\$137,508	\$139,743	\$121,195	\$120,274
Average Sale Price	\$115,544	\$99,614	\$136,985	\$98,083	\$109,475	\$73,268
Avg SP Change Y/Y		-13.79%	37.52%	-28.40%	11.61%	-33.07%
Avg S/LP Ratio	93.8%	84.8%	99.6%	70.2%	90.3%	60.9%
Avg DOM	61	125	46	92	97	40
Vacant Lot - Sales						
RM of St. Andrews	2012	2013	2014	2015	2016	2017 (to Aug)
Number of Sales	21	10	12	7	9	5
Average List Price	\$174,760	\$138,300	\$170,972	\$145,426	\$154,383	\$170,495
Average Sale Price	\$99,686	\$105,680	\$122,792	\$101,129	\$175,767	\$89,740
Avg SP Change Y/Y		6.01%	16.19%	-17.64%	73.80%	-48.94%
Avg S/LP Ratio	57.0%	76.4%	71.8%	69.5%	113.9%	52.6%
Avg DOM	77	71	151	39	34	140
Vacant Lot - Sales						
RM of East St. Paul	2012	2013	2014	2015	2016	2017 (to Aug)
Number of Sales	2	6	5	7	4	4
Average List Price	\$195,000	\$280,585	\$526,169	\$229,904	\$440,776	\$318,436
Average Sale Price	\$227,500	\$170,617	\$174,000	\$198,129	\$217,125	\$463,750
Avg SP Change Y/Y		-25.00%	1.98%	13.87%	9.59%	113.59%
Avg S/LP Ratio	116.7%	60.8%	33.1%	86.2%	49.3%	145.6%
Avg DOM	32	83	120	82	67	70
Vacant Lot - Sales						
RM of West St. Paul	2012	2013	2014	2015	2016	2017 (to Aug)
Number of Sales	7	7	6	12	11	11
Average List Price	\$298,687	\$643,863	\$212,727	\$205,665	\$183,661	\$152,921
Average Sale Price	\$129,994	\$241,757	\$143,650	\$136,125	\$196,617	\$197,364
Avg SP Change Y/Y		85.98%	-40.58%	-5.24%	44.44%	0.38%
Avg S/LP Ratio	43.5%	37.5%	67.5%	66.2%	107.1%	129.1%
Avg DOM	15	95	78	123	86	43

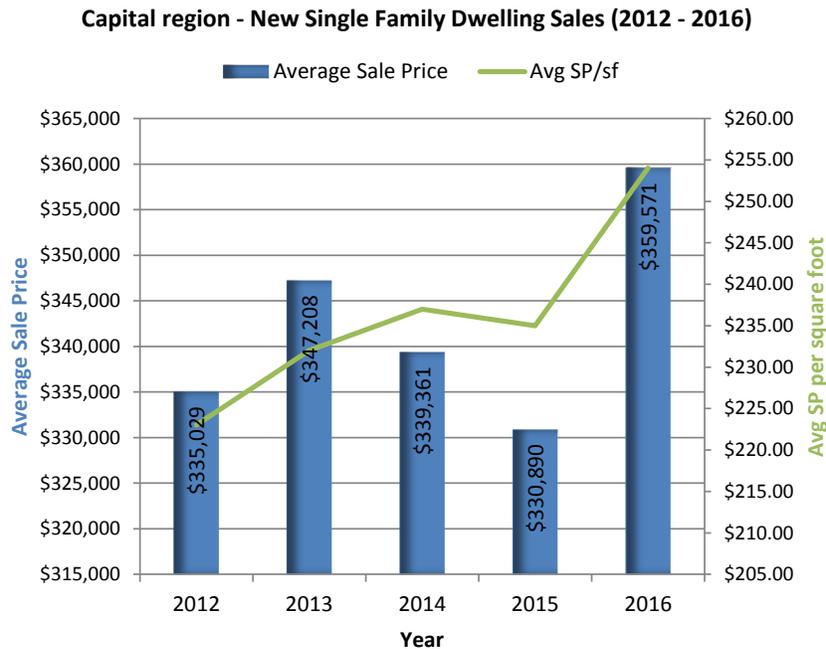
Capital Region

To provide a clearer picture of new house price movement outside the City of Winnipeg, Advisors has analyzed a larger MLS data sample representing sales within the Capital Region (excluding Winnipeg) from 2012 to 2016.

MLS New Housing Sales - Capital Region (excluding Winnipeg)					
	2012	2013	2014	2015	2016
SFD New - Sales					
MLS Areas R2 - R16 inclusive					
Number of Sales	246	229	224	175	181
Average List Price	\$365,858	\$360,563	\$359,885	\$363,334	\$376,356
Average Sale Price	\$335,029	\$347,208	\$339,361	\$330,890	\$359,571
Avg SP Change Y/Y		3.64%	-2.26%	-2.50%	8.67%
Avg S/LP Ratio	91.6%	96.3%	94.3%	91.1%	95.5%
Avg SP/sf	\$223.00	\$232.00	\$237.00	\$235.00	\$254.00
Avg SP/sf Change Y/Y		4.04%	2.16%	-0.84%	8.09%
Avg DOM	60	63	65	58	52
Avg House Size (LFA)	1,502	1,497	1,432	1,408	1,416

Within the Capital Region the average price of a new single family dwelling has escalated from \$335,029 in 2012 to \$359,571 in 2016, representing an average annual price increase of approximately 1.5 percent.

The strengthening of prices within the new home market in recent years is unmistakable but it is also notable to observe the change in the average sale price on a square foot basis. From 2012 to 2016 the average sale price per square foot of building area for new residential housing increased from \$223 to \$254, representing an average annual increase of approximately 2.8 percent.



City of Winnipeg – Northeast and Northwest Quadrants

The data presented below indicates relevant new house price metrics observed within the City of Winnipeg over the past five years.

MLS Sales - Winnipeg NE Quadrant (Area 3G & 3J)					
NE Quadrant	2012	2013	2014	2015	2016
SFD New - Sales					
MLS Area 3G & 3J					
Number of Sales	13	36	18	11	8
Average List Price	\$365,316	\$379,526	\$376,844	\$518,763	\$434,433
Avg SP Change Y/Y		3.89%	-0.71%	37.66%	-16.26%
Average Sale Price - NE	\$384,040	\$372,661	\$366,522	\$444,485	\$417,092
Avg S/LP Ratio	105.1%	98.2%	97.3%	85.7%	96.0%
Avg SP/sf - NE	\$241.00	\$245.00	\$249.00	\$288.00	\$241.00
Avg SP/sf Change Y/Y		1.66%	1.63%	15.66%	-16.32%
Avg DOM	40	68	32	46	50
Avg House Size (LFA)	1,594	1,521	1,472	1,543	1,731

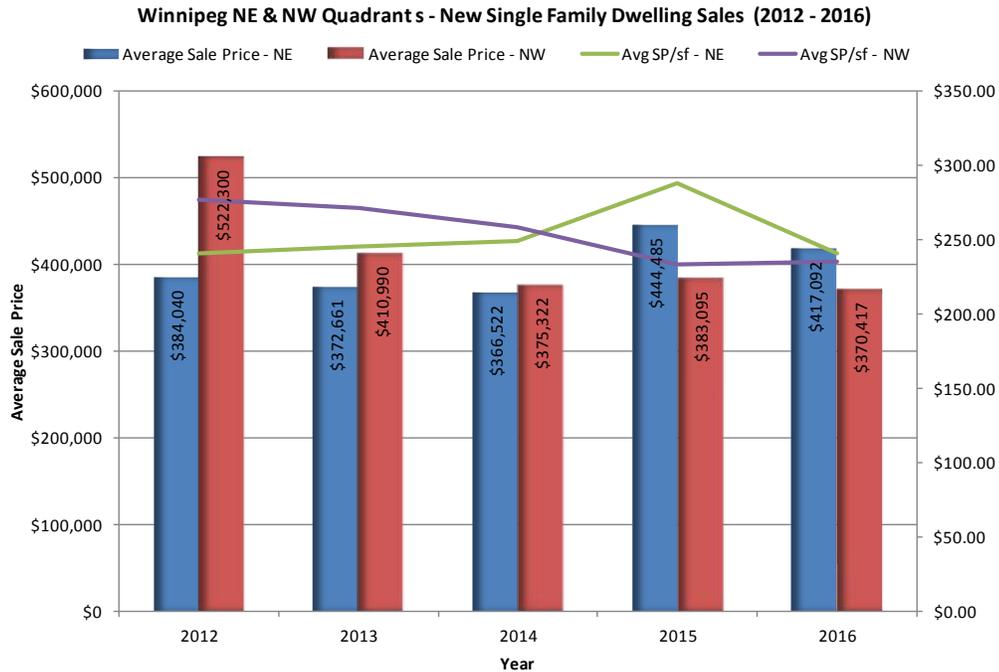
MLS Sales - Winnipeg NW Quadrant (Area 4E, 4F & 4L)					
NW Quadrant	2012	2013	2014	2015	2016
SFD New - Sales					
MLS Area 4E, 4F, & 4L					
Number of Sales	11	28	36	75	94
Average List Price	\$504,605	\$428,742	\$409,541	\$410,939	\$388,112
Average Sale Price - NW	\$522,300	\$410,990	\$375,322	\$383,095	\$370,417
Avg SP Change Y/Y		-21.31%	-8.68%	2.07%	-3.31%
Avg S/LP Ratio	103.5%	95.9%	91.6%	93.2%	95.4%
Avg SP/sf - NW	\$277.00	\$271.00	\$258.00	\$233.00	\$235.00
Avg SP/sf Change Y/Y		-2.17%	-4.80%	-9.69%	0.86%
Avg DOM	59	54	41	41	42
Avg House Size (LFA)	1,886	1,517	1,455	1,644	1,576

An interesting trend is observed for the new house market within the two quadrants.

In the northwest quadrant, the decline in average house prices from 2012 to 2014 may be viewed as a softening of the market, but is probably more indicative of a trend towards a reduction in the average house size. A stabilization of the new home market is apparent in 2015 and 2016 when the average sale price per square foot is analyzed.

In the northeast quadrant, a growth trend in pricing can be observed from 2012 to 2015, with a slight correction in 2016. However, it should be noted that the MLS system captures only 8 new home transactions in the northeast in 2016.

With the exception of the average sale price of new homes in the northwest quadrant in 2012 (small sample size), the remainder of the period has exhibited fairly flat pricing with new single-detached house prices generally ranging from \$240 to \$280 per square foot.



In the northwest quadrant of Winnipeg, new houses decreased in size from an average of 1,886 square feet in 2012, to an average of 1,576 square feet in 2016, representing a decrease of approximately 19.7 percent in liveable floor area (LFA).

In the northeast quadrant, new houses decreased in size more modestly from an average of 1,594 square feet in 2012, to an average of 1,543 square feet in 2015, but then rebounding to an average size of 1,731 square feet in 2016.

The pricing statistics exhibit the affordability crunch within the new housing market in Winnipeg. As residential lot prices continue to escalate in new subdivisions, purchasers are faced with few alternatives but to downsize their house choices to achieve affordability. This is a phenomenon that has also led to an increase in the construction of multi-family residential developments across the CMA, but in the City of Winnipeg in particular.

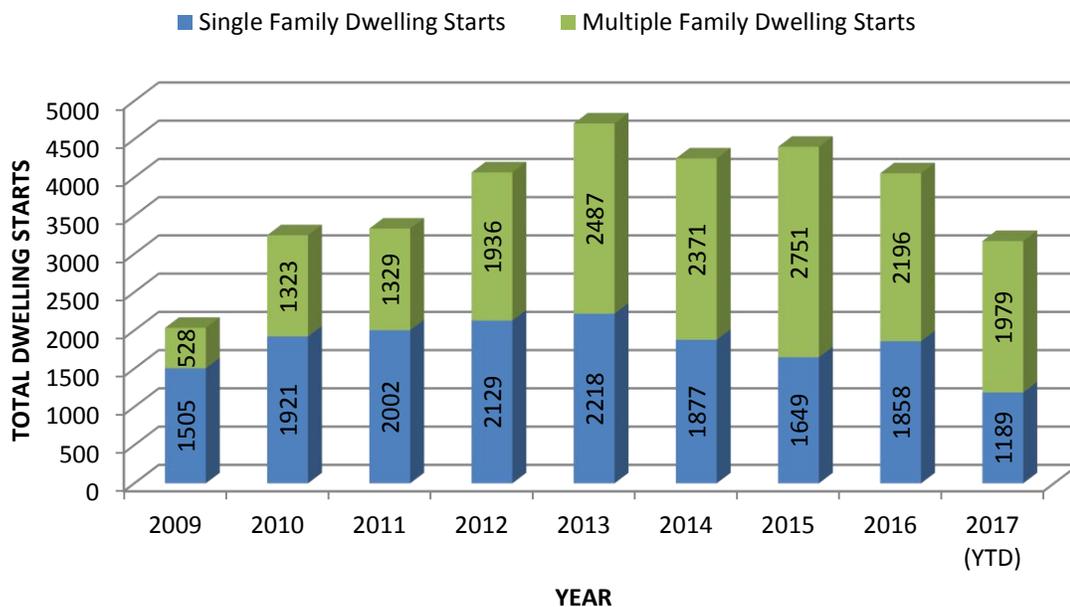
Multi Family Starts – Emerging Trend

Like most capital regions in Canada, the Winnipeg CMA is experiencing a move towards multi-family residential housing. As previously discussed in this report, as the population continues to age and housing prices continue to rise, multi residential options are becoming increasingly popular amongst households. In 2013, for the first time in the history of the Winnipeg CMA multi-family residential housing starts outnumbered single-family dwelling starts. Multi-family starts have continued to outnumber single-family starts every year since that time.

To July 2017, the Winnipeg CMA is on pace to match or exceed the all-time high in multi-family starts as a proportion of all housing starts at 62.5 percent of all housing starts. Only 37.5 percent of housing starts in the

Winnipeg CMA in 2017 are “houses”. This is a trend that is likely continue moving forward as baby boomers continue to downsize and international immigration to the Winnipeg CMA continues to be the primary source of population growth.

Dwelling Starts - Winnipeg CMA



While the majority of these multi-family housing starts are located within the City of Winnipeg proper, it is the position of Stevenson Advisors that the demand will spill over into the surrounding municipalities. This position is based on the fact that the shift to multi-family housing is not based on an existing “culture” of dense urban living in Winnipeg, but it is based on real measurable demographic shifts being felt across the Province. The population within the RRPD is aging at an even greater rate than the City of Winnipeg. As such, if diverse housing options are presented within these markets (scalable to their size), they would likely be met favourably by the segments of the population looking to downsize.

There are also limited housing options available for the younger (under 35) segment of the population who may not be able to afford a single-family dwelling and may prefer rental options. This segment of the population is currently forced to leave their rural neighbourhood and relocate if they are to establish a household of their own. In short, an affordability crunch within the district is also a factor contributing to increased demand for multi-family housing options.

Rental Market Statistics – Winnipeg CMA

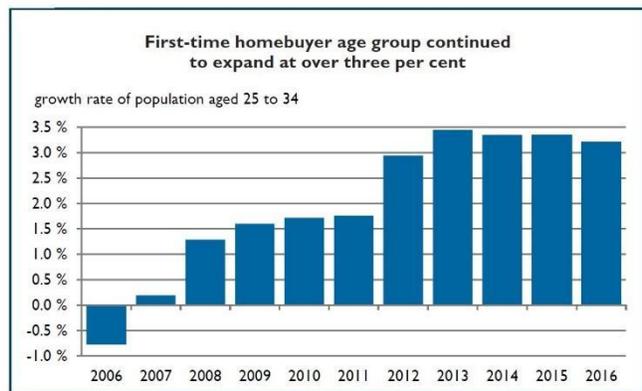
Given the amount of new multi-family rental construction and added inventory over the last number of years, many expected vacancy rates to rise and rental rates to moderate. However, this has not occurred, once again suggesting great depth to the market demand for rental accommodation in the Winnipeg CMA.

Within the CMA, the apartment vacancy rate was 2.8 percent in October 2016, down slightly from 2.9 percent in 2015. The rate is projected to increase slightly to above 3.0 percent in 2017 and 2018. Builders continue to start new rental projects in Winnipeg at record rates. Overall, rental market conditions are expected to remain supportive of rent increases through 2018. The average two-bedroom apartment rent was \$1,068 in 2016 and is projected to increase to \$1,075 by October 2017. However it should be noted that these averages include the overall apartment inventory, which is very dated product and subject to rent controls.



Source: CMHC, CMHC Forecast (f), October Surveys

A key driver of potential housing demand is population growth backed by a high level of international migration to Winnipeg. Winnipeg’s population aged 25-34 has been increasing at a rate of over three percent, higher than the city average. This is a source of optimism as once these young adults become financially stable they should provide a boost to housing demand. Mortgage rates are expected to increase modestly over the period 2016-2018 which is consistent with the expected pick-up for inflation and real GDP growth. According to the CMHC’s base case scenario, the posted 5-year mortgage rate is expected to be within a 4.5 to 4.8 percent range in 2016 and within a 4.4 to 5.2 percent range in 2017. The posted 5-year mortgage rate for 2018 should lie within a 4.5 to 5.7 percent range.



Source: Statistics Canada, year-over-year June

In short, it is the position of Stevenson Advisors that there is untapped demand in the rental market within the RRPD. A slow introduction of new multi-family land use regulations and areas will certainly be a recommendation of this report, especially in the rural municipalities of East and West St. Paul, as well as the City of Selkirk due to their proximity to the City of Winnipeg.

VI – EMPLOYMENT LANDS - SUPPLY ANALYSIS

Employment land was traditionally referred to as “industrial” in terms of land use areas, but today it accommodates a much wider range of economic uses, including: manufacturing and distribution; warehousing; research and development; commercial, institutional and accessory retail uses; and, in some cases community facilities and places of worship. For the purposes of this report, the term employment land as it relates to the subject area, is intended to refer to lands with potential for industrial/business park and highway commercial development.

In an effort to gain an understanding of the current supply of employment lands within the rural municipalities surrounding the City of Winnipeg, Advisors has collected data and information from various sources. Included in this process was carrying out of interviews with regional planners and municipal officials.

The relevant information that provides some insight into current and projected supply of employment land within each municipality follows.

Winnipeg Capital Region - Industrial & Business Park Lot Inventory				
Municipality	Location	Address	No. of Lots	Comments
Selkirk	Selkirk Industrial Park	Main Street, Selkirk MB	0	Full build out
Selkirk	Selkirk Business Park	Easton Drive	8	Located across from the Selkirk & District General Hospital. 3 lots recently sold to develop a 50,000 sf medical clinic.
West St. Paul	West St. Paul Industrials Park	PTH 8 & PTH 101	12	Partially Serviced industrial sites recent application for expansion by 16 lots - 4 sold.
West St. Paul		Kapelus Drive	0	Partially Serviced industrial sites, sold out.
East St. Paul			0	
St. Clements	St. Clements Industrial Park	PTH 44, west of PTH 59	0	Full build out
Springfield	Matheson Industrial Park	North side of Gunn Road	12	Serviced industrial sites, inside PTH 101
Ritchot	Riel Industrial Park	Ste. Agathe	44	Potential lots for full build out - only 13 lots currently developed.
Ritchot	Ile des Chenes Industrial Park	Ile des Chenes	7	Partially Serviced industrial sites
MacDonald	Oak Bluff Industrial Park	Oak Bluff	0	Full build out
MacDonald	Fort Whyte/McGillivray	McGillivray Blvd	48	New development underway (South Landing)
Rosser	Brookside Industrial Park West			Phase 3 underway - 100 acres
	Centreport			20,000 acres - 30-40 development horizon
Headingly	Headingly Business Park	north side of Portage Ave	18	Serviced industrial (13) and commercial (5) sites
Rockwood	Stonewall Business Park	Stonewall	0	Full build out but 30 acre expansion opened in 2015.
Rockwood	Teulon Industrial Park	Teulon	0	Full build out
St. Andrews	St. Andrews Airport		70	New planned expansion of existing build out.
			Totals	219

In the municipalities surrounding the City of Winnipeg that make up the Capital Region, a total inventory of 219 lots could be identified.

We will now examine the employment land areas within the municipalities which make up the RRPD in greater detail;

City of Selkirk

There are two primary industrial areas in the City of Selkirk, as well as a newly developing business park area. The industrial area on the south end of the city is primarily occupied by the Gerdau Steel Mill and is of a high intensity industrial use. The more versatile employment lands are located towards the north end of the city, west of Main

Street at Easton Drive. The 170 acre Selkirk Industrial Park is fully built out, while a new business park has created a total of 11 new lots. 3 of these lots recently sold to make way for a new medical clinic that will strengthen the already robust medical services presence in that area. Upon inquiry, Stevenson Advisors was informed that there are additional conditional sales for lot purchases within the business park, though the exact number could not be confirmed.

Commercial development is largely concentrated along Main Street and Manitoba Avenue. A single commercial lot was available for sale at the time of writing this report along Manitoba Avenue. The 1.05 acre parcel is listed through Royal LePage Prime Real Estate at an asking price of \$799,000.

Village of Dunnottar

Development in the Village of Dunnottar is primarily agricultural and residential in nature. No available inventory of commercial or industrial development land within Dunnottar could be identified.

Rural Municipality of East St. Paul

Although there are designated areas within East St. Paul for commercial and industrial uses, new development within the municipality in recent years has been almost exclusively residential.

No available inventory of commercial or industrial development land within the municipality could be identified.

Rural Municipality of St. Andrews

The vast majority of land use within the municipality is for agricultural purposes.

Growth within St. Andrews is expected to occur within the “commutershed” area surrounding Winnipeg, representing lands south of the City of Selkirk. The three settlement centres in St. Andrews include Lockport, Clandeboye and Petersfield.

The majority of lands designated for commercial and industrial development surround the St. Andrews Airport. The RM of St. Andrews purchased 53 acres of agricultural land adjacent to the St. Andrews Airport in 1994 with intentions to develop the land into an Industrial Park. This land is situated on the corner of Highway #8 and PTH #27 (Parkdale Road).

Nineteen (19) industrial lots were created and all sold within the year.

The Municipal office advised that a new subdivision off of Parkdale Road will be developed soon and will expand the Industrial Park with 70 new industrial lots.

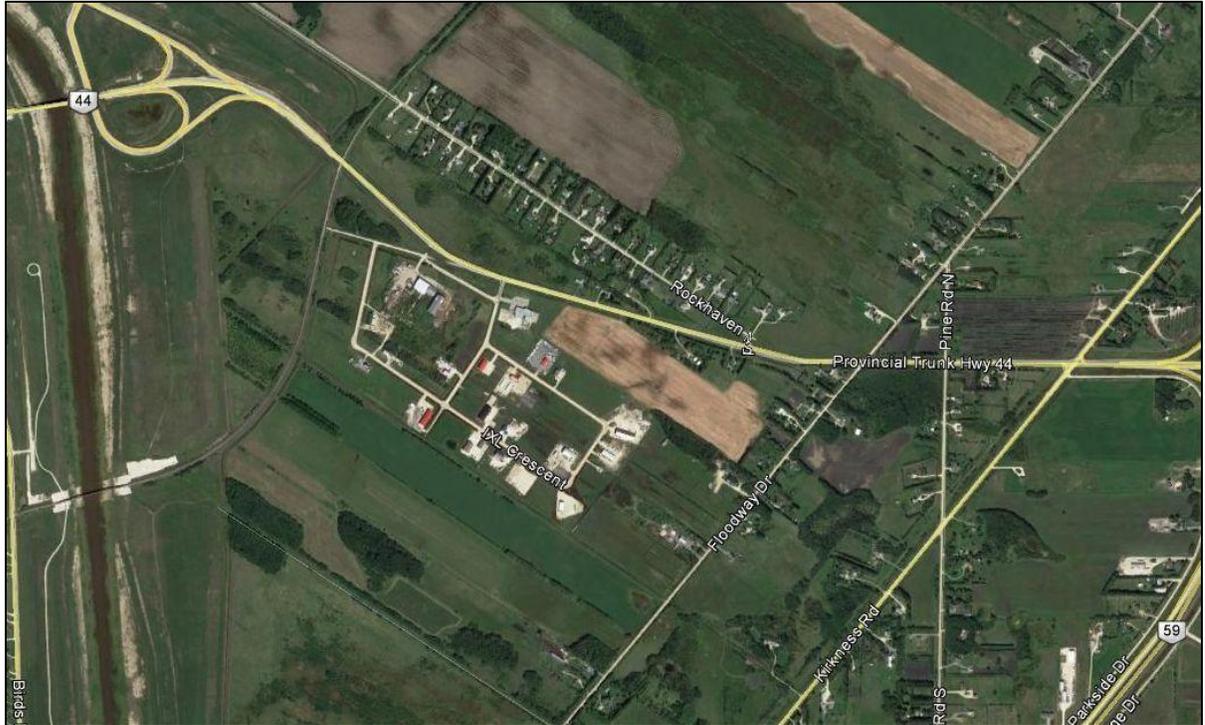


Rural Municipality of St. Clements

St. Clements has two rural settlements; East Selkirk and Libau. The City of Selkirk, situated on the west side of the Red River, functions as the regional service centre for the municipality.

The St. Clements Industrial Park is located on the south side of PTH 44, between Lockport and PTH 59.

The park has a total of approximately 129 acres and is at or near full development.



Rural Municipality of West St. Paul

Agriculture is the dominant land use within West St. Paul. The residential population and development is concentrated along Main Street/PTH 9, between the CPR line and the Red River.

Commercial and mixed use development is concentrated along Main Street/PTH 9 but does not have any significant critical massing. Major commercial development has been proposed for the southwest corner of Main Street and PTH 101, but no development has occurred to date.

The West St. Paul Industrial Park is an industrial development situated on the west side of PTH 8 / McPhillips Street, south of PTH 101.



The build-out of the West St. Paul Industrial Park is mature but was recently expanded to include the addition of 16 new lots. Of these 16 lots, 4 recently sold. In addition, 25 new Highway Commercial lots on Kapelus Drive, at the northeast corner of PTH 8 and PTH 101, were approved and brought to market in 2015. As of writing this report, there were no lots remaining for sale along Kapelus Drive.

VII – MARKET DEMAND FOR EMPLOYMENT LAND

Demand for employment land within the subject market area will be examined through analysis of the following indicators:

- new construction activity in Winnipeg CMA through analysis of non-residential construction reported by Statistics Canada
- analysis of sales of industrial and commercial development land within the rural municipalities surrounding the City of Winnipeg
- spatial analysis of development within the rural municipalities
- analysis of sale prices and absorption of commercial and industrial development lands

Non-residential construction – Winnipeg CMA ⁷

Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	1,034,593	929,569	1,096,643	1,138,492	1,654,602	1,810,772	1,958,112	1,595,990	2,001,393
Residential	663,785	539,078	733,800	730,946	929,824	951,925	1,102,800	973,980	997,359
Non-residential	370,808	390,491	362,843	407,546	724,778	858,847	855,312	622,010	1,004,034
Industrial	37,844	41,212	42,749	30,739	172,501	81,731	63,231	51,145	191,741
Commercial	267,967	247,522	214,087	253,744	411,496	452,974	589,116	390,092	588,128
Public admin. and non-comm.	64,997	101,757	106,007	123,063	140,781	324,142	202,965	180,773	224,165
Office sector*									
No. of square feet (000s)	7,159	7,159	7,159	8,248	8,495	8,527	8,551	8,632	9,440
Percentage change	0.0	0.0	0.0	15.2	3.0	0.4	0.3	0.9	9.4
Vacancy rate (%)	5.9	8.0	8.9	8.1	9.7	10.8	9.9	11.2	8.9
Employment (000s)	100	100	97	93	98	95	89	92	93
Percentage change	1.7	-0.2	-3.1	-4.3	5.2	-2.7	-6.7	3.4	1.6
Bankruptcies									
Consumer	1,317	1,614	1,301	981	836	776	747	774	913
Business	42	24	26	30	15	18	25	11	12

*Information and cultural services; finance, insurance, and real estate; business services; and public administration.
Sources: The Conference Board of Canada; Statistics Canada; Industry Canada; CBRE.

⁷ Conference Board of Canada – Metropolitan Outlook Spring 2017

Non-residential construction activity has been strong in Winnipeg in recent years. Recent significant projects including the \$212 million Centreport Canada Way highway, the construction of the Investors Group Field stadium, the Canadian Museum for Human Rights and the expansion of the Winnipeg Convention Centre have combined to elevate levels of construction since 2011. Although a number of these projects have reached completion, ongoing development within Centreport, the \$500 million development of True North Square and development within the aerospace industry, bode well for continued activity within the sector.

In its most recent forecast, the Conference Board of Canada noted that Winnipeg’s construction sector had two exceptional years in 2014–15, as output jumped by 9.4 per cent and 7.8 per cent, respectively. Growth slowed to a more moderate but still healthy pace in 2016, with a 1.7 per cent expansion. Construction output is expected to expand at a similar rate of 2.0 per cent in 2017 and 1.8 per cent in 2018.

Industrial and Commercial Land Sales

In order to quantify the demand for employment land, Advisors has researched Class 60 (commercial and industrial) undeveloped land sales in the following rural municipalities:

RM of East St. Paul	RM of West St. Paul
RM of St. Clements	RM of St. Andrews
RM of Rockwood	RM of Rosser
RM of St. Francois Xavier	RM of Cartier
RM of Headingly	RM of MacDonald
RM of Tache	RM of Ritchot
RM of Springfield	

From 2011 to the end of 2016, the following market sales activity has occurred within the identified municipalities.

Capital Region Rural Municipalities - Commercial/Industrial Lot Sales (2011 - 2016)																
Rural Municipality	2011		2012		2013		2014		2015		2016		TOTAL		Market Share - Sales	Market Share - Acres
	Sales	Acres	Sales	Acres	Sales	Acres	Sales	Acres	Sales	Acres	Sales	Acres	Sales	Acres		
East St. Paul	0	0.00	1	na	0	0.00	0	0.00	0	0.00	0	0.00	1	na	0.4%	na
West St. Paul	1	28.59	0	0.00	0	0.00	0	0.00	0	0.00	23	47.36	24	75.95	9.7%	10.2%
MacDonald	1	na	2	3.04	2	4.00	2	15.25	0	0.00	8	13.63	15	35.92	6.0%	4.8%
Ritchot	1	1.84	4	10.43	2	4.06	2	80.98	1	3.38	5	10.91	15	111.60	6.0%	14.9%
Rosser	12	54.57	15	62.92	2	7.61	6	15.12	0	0.00	6	15.64	41	155.86	16.5%	20.9%
Rockwood	1	7.20	4	3.43	4	5.43	8	14.78	6	9.47	4	5.53	27	45.84	10.9%	6.1%
St. Andrews	0	0.00	0	0.00	0	0.00	1	0.33	0	0.00	1	4.77	2	5.10	0.8%	0.7%
St. Clements	9	21.44	7	17.28	1	2.10	6	13.75	1	na	5	14.99	29	69.56	11.7%	9.3%
Springfield	11	44.94	11	28.35	8	9.79	12	6.54	0	0.00	18	77.33	60	166.95	24.2%	22.4%
Tache	1	na	2	na	1	0.50	0	0.00	0	0.00	0	0.00	4	0.50	1.6%	0.1%
Cartier	0	0.00	1	0.50	0	0.00	0	0.00	0	0.00	1	7.72	2	8.22	0.8%	1.1%
Headingley	3	11.76	1	na	5	10.47	5	25.44	0	0.00	14	23.57	28	71.24	11.3%	9.5%
St. Francois Xavier	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0.0%	0.0%
	40	170.34	48	125.95	25	43.96	42	172.19	8	12.85	85	221.45	248	746.74	100.0%	100.0%

As illustrated in the graph presented on the following page, over 70 percent of the industrial and commercial parcel sales over the past five years in the Capital Region have occurred within the municipalities of Springfield (24.2 percent), Rosser (16.5 percent), St. Clements (11.7 percent), Headingley (11.3 percent) and Rockwood (10.9 percent).

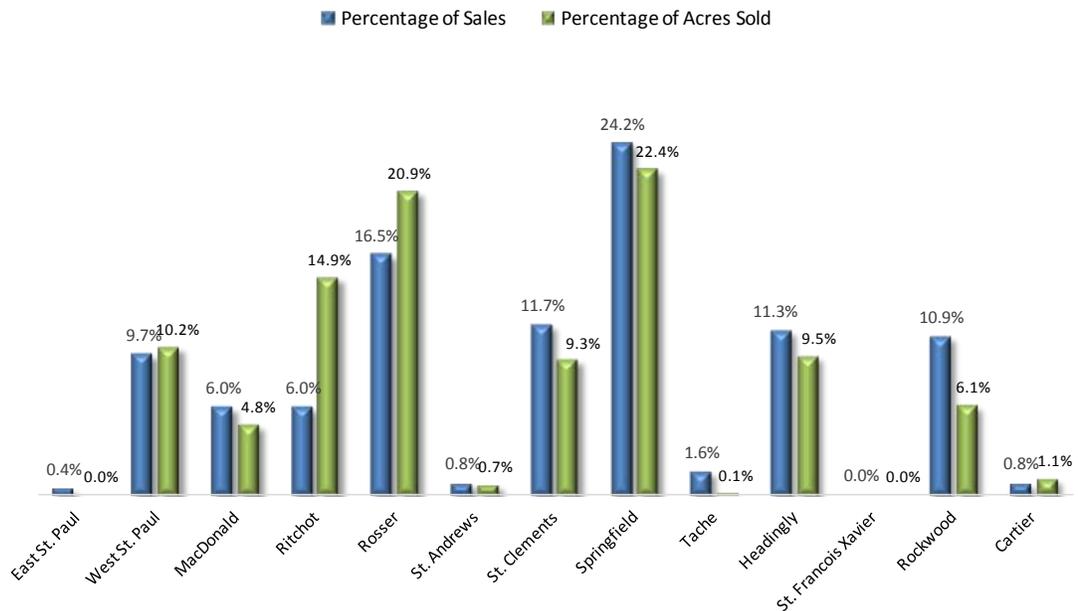
In terms of acres sold, Springfield and Rosser again dominate the local market activity with 166.95 acres and 155.86 acres sold respectively between 2011 and 2016. These figures are based primarily on the successful build out and development of the Brookside Industrial Park in Rosser and the North Transcona Industrial area in Springfield.

With regards to the RRPD, the RM of St. Clements leads the way in terms of the share of sales with an 11.7 percent market share of the capital region. However, it is the RM of West St. Paul which leads the way in market share when it comes to acres sold with a 10.2 percent market share (St. Clements has a 9.3 percent market share in terms of acres sold).

St. Andrews and East St. Paul have seen a very minimal amount of industrial/commercial development since 2011, however, the previously mentioned expansion of the St. Andrews Industrial Park will create approximately 70 new industrial lots. We would estimate that this product should come online within the next two years.

The City of Selkirk and the Village of Dunnottar are not formally included as part of the “capital region”, but a search of Dunnottar records revealed no commercial/industrial development land transactions since 2011. With regards to the City of Selkirk, there have been a total of 32 transactions involving commercial/industrial land since 2011. However, only one transaction occurred in 2016 with less than an acre in land. There were five transactions in 2015 with the most significant being the 11.81 acre purchase on Easton Drive in the Selkirk Business Park for the development of the Easton Medical Centre. In 2014, again only one transaction occurred. To date in 2017, there have been no significant transactions involving commercial or industrial land.

Commercial/Industrial Lot Sales Capital Region Rural Municipalities (2011 - 2016)



A few observations regarding land sales within the Capital Region rural municipalities:

- 2016 marked the most active year in our study period with regards to commercial/industrial lot sales in the Capital Region municipalities with a total of 85 sales and 221.45 acres absorbed.
- With 60 site purchases over the past five years, the RM of Springfield dominates the region in terms of industrial/commercial development activity.
- The Ritchot sales volume is inflated by the inclusion of an 80 acre parcel in 2014 that was classified as Class 60 – commercial/industrial.
- The St. Clements land sales largely represent the build out and absorption of the St. Clements Industrial Park between 2011 and 2016.

- No Class 60 lands sold in the RM of St. Francois Xavier over the study period and only one sale occurred in the RM of East St. Paul. The RM of St. Andrews also saw very limited activity with only two sales since 2011.
- In 2016, it was the RM of West St. Paul which dominated the region in terms of sales volumes. This is due to the very successful development of the Kapelus Drive industrial park development.

Absorption of Commercial/Industrial Lands in CMA Rural Municipalities

During the period 2011 – 2016, 248 Class 60 sites have been sold within the Capital Region rural municipalities. The majority of these sales have occurred within designated industrial or business parks. The 248 sales represent a gross total of approximately 747 acres of land.

The data suggests an average absorption of 47 lots and approximately 142 acres per year within the aggregate region.

The most active municipalities in terms of average annual lot sales are Springfield (11 lots per year), Rosser (8 lots) and St. Clements (6 lots).

With regards to the RRPD municipalities, the RM's of East St. Paul and St. Andrews are experiencing an absorption rate of less than 1 lot per year. The RM of West St. Paul is experiencing an average absorption rate of 5 lots per year, while the RM of St. Clements leads the district with an absorption rate of 6 lots per year.

There does not appear to be any measurable market for commercial/industrial lands within the Village of Dunnottar, while we have determined that the City of Selkirk can fluctuate anywhere from 1 to 13 lots per year with an average absorption rate of 6 lots per year.

Capital Region Rural Municipalities - Commercial/Industrial Lot Sales (2011 - 2016)																
Rural Municipality	2011		2012		2013		2014		2015		2016		TOTAL		Absorption Lots/Year	Average Lot Size (acres)
	Sales	Acres	Sales	Acres	Sales	Acres	Sales	Acres	Sales	Acres	Sales	Acres	Sales	Acres		
East St. Paul	0	0.00	1	na	0	0.00	0	0.00	0	0.00	0	0.00	1	na	0.2	na
West St. Paul	1	28.59	0	0.00	0	0.00	0	0.00	0	0.00	23	47.36	24	75.95	4.6	3.2
MacDonald	1	na	2	3.04	2	4.00	2	15.25	0	0.00	8	13.63	15	35.92	2.9	2.4
Ritchot	1	1.84	4	10.43	2	4.06	2	80.98	1	3.38	5	10.91	15	111.60	2.9	7.4
Rosser	12	54.57	15	62.92	2	7.61	6	15.12	0	0.00	6	15.64	41	155.86	7.8	3.8
Rockwood	1	7.20	4	3.43	4	5.43	8	14.78	6	9.47	4	5.53	27	45.84	5.1	1.7
St. Andrews	0	0.00	0	0.00	0	0.00	1	0.33	0	0.00	1	4.77	2	5.10	0.4	2.6
St. Clements	9	21.44	7	17.28	1	2.10	6	13.75	1	na	5	14.99	29	69.56	5.5	2.4
Springfield	11	44.94	11	28.35	8	9.79	12	6.54	0	0.00	18	77.33	60	166.95	11.4	2.8
Tache	1	na	2	na	1	0.50	0	0.00	0	0.00	0	0.00	4	0.50	0.8	0.1
Cartier	0	0.00	1	0.50	0	0.00	0	0.00	0	0.00	1	7.72	2	8.22	0.4	4.1
Headingley	3	11.76	1	na	5	10.47	5	25.44	0	0.00	14	23.57	28	71.24	5.3	2.5
St. Francois Xavier	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0.0	0.0
	40	170.34	48	125.95	25	43.96	42	172.19	8	12.85	85	221.45	248	746.74	47	3.0

Analysis of Sale Price Metrics for Industrial Lot Sales

An analysis of unimproved lot sale prices in each of the CMA rural municipalities indicated the results summarized in the following table.

Capital Region Rural Municipalities - Sale Price Metrics of Commercial/Industrial Lot Sales (2011 - 2016)																
Rural Municipality	2011		2012		2013		2014		2015		2016		TOTAL		minimum SP/Acre	maximum SP/Acre
	Sales	Avg SP/Acre														
East St. Paul	0	na	1	na	0	na	0	na	0	na	0	na	1	na	na	na
West St. Paul	1	\$19,587	0	na	0	na	0	na	0	na	23	\$100,128	24	\$93,417	\$19,587	\$110,355
MacDonald	1	na	2	\$461,877	2	\$374,000	2	\$298,866	0	na	8	\$254,628	15	\$360,588	\$254,628	\$463,228
Ritchot	1	\$54,293	4	\$128,094	2	\$84,177	2	\$95,413	1	\$22,500	5	\$22,500	15	\$82,779	\$7,493	\$218,182
Rosser	12	\$122,250	15	\$130,713	2	\$246,320	6	\$312,698	0	na	6	\$192,825	41	\$167,390	\$90,418	\$1,100,000
Rockwood	1	\$13,194	4	\$54,288	4	\$49,815	8	\$35,843	6	\$38,814	4	na	27	\$41,271	\$13,194	\$123,256
St. Andrews	0	na	0	na	0	na	1	\$230,303	0	na	1	\$62,683	2	\$146,493	\$62,683	\$230,303
St. Clements	9	\$18,295	7	\$20,655	1	\$33,095	6	\$33,212	1	na	5	\$25,813	29	\$23,883	\$2,536	\$70,225
Springfield	11	\$98,759	11	\$135,173	8	\$111,789	12	\$79,604	0	na	18	\$193,947	60	\$122,861	\$2,748	\$975,000
Tache	1	na	2	na	1	\$150,000	0	na	0	na	0	na	4	\$150,000	\$150,000	\$150,000
Cartier	0	na	1	\$100,000	0	na	0	na	0	na	1	na	2	\$100,000	\$100,000	\$100,000
Headingly	3	\$189,136	1	na	5	\$177,536	5	\$158,770	0	na	14	\$137,904	28	\$157,740	\$67,073	\$350,000
St. Francois Xavier	0	na	na	na												

Average sale prices for commercial/industrial development land within the study area range from \$24,000 to \$360,000 per acre if measured by activity since 2011. The most active market areas of Springfield, Rosser and St. Clements indicate average prices of \$122,861, \$167,390 and \$23,883 respectively. To make sense of the variation in these numbers, it is clear that the majority of the sales occurring within Springfield and Rosser are in very close proximity to the City of Winnipeg and for all intents and purposes are recognized as part of the Winnipeg industrial marketplace. The St. Clements Business Park has a distinctly different set of locational factors and provides for employment lands within the rural municipality.

Statistically the highest priced industrial lands are found within the RM of MacDonald. The average indicated price of \$360,588 is largely representative of development on McGillivray Boulevard adjacent to the southwest boundary of the city. The commercial potential for these lands have a definite impact on the pricing metrics.

Prices also appear to be on the rise in the RM of West St. Paul now at over \$110,000/acre for industrial lands thanks to the quick absorption of the lots along Kapelus Drive.

Active Market for Industrial and Commercial Land in Winnipeg CMA Rural Municipalities

A survey of the major brokerage companies in Winnipeg yielded the following listings for industrial and commercial development lands in the Capital Region outside the city limits.

Winnipeg CMA Rural Municipalities - Commercial-Industrial Land - Active Listings								
Municipality	Location	Marketing Representative	Address	Acres	No. of Lots	Asking (List) Price	List price/Acre	Comments
Headingly	Headingly Business Park	Shindico	Headingly St. & Nicola Dr.	44.27	23		\$195,000	Serviced industrial sites
Headingly		Shindico	Caron Road	14.60	2		\$175,000	Serviced industrial sites, frontage on PTH 101
Headingly		Royal LePage	4398 Portage Avenue	1.20	1	\$695,000	\$579,167	Pad site for restaurant development
Headingly		Shindico	4971 Portage Avenue	2.98	2	\$825,000	\$276,846	commercial development site
West St. Paul	West St. Paul Industrial Park	Shindico	Drury Avenue	23.82	1	\$1,495,000	\$62,762	Site requires consolidation and road closures. Rezoning and subdivision required as well.
St. Andrews	St. Andrews Industrial Park	Greg Michie Team	Cessna Way	1.00	1	\$139,900	\$139,900	Located adjacent to the St. Andrews Airport.
Rosser		Greg Michie Team	85 Wheatfield Road	4.40	1	\$1,750,000	\$397,727	Brookside Business Park. Parially serviced site.
Rosser		Cushman	Brookside Boulevard	299.93	2	\$14,966,507	\$49,900	Zoned Agricultural - future Centreport development lands
Rosser	CentrePort Canada	Shindico		30.73	1	\$3,400,000	\$110,641	Potential subdivision land in CentrePort just east of the rail park.
Rosser	Brookside Business Park	Shindico		150.00	na		\$250,000	Future phase of business park development
Rosser		Shindico	Sturgeon Road	225.50	1	\$5,500,000	\$24,390	Zoned Agricultural - future Centreport development lands
Rosser		Shindico		19.59	2	\$550,000	\$28,076	Zoned Agricultural - future Centreport development lands
Rosser		Shindico	8064 Inkster Blvd.	10.18	1	\$875,000	\$85,953	Zoned Agricultural - future Centreport development lands
Rosser		Shindico	Rosser rd & PTH 101	2.81	1	\$150,000	\$53,381	Zoned Agricultural - future Centreport development lands
Rosser		Shindico		174.00	na	na	na	Zoned Agricultural - future Centreport development lands
				<i>Totals</i>	<i>1,005.01</i>	<i>39</i>	<i>Max LP/Acre</i>	<i>\$579,167</i>
							<i>Min LP/Acre</i>	<i>\$24,390</i>
							<i>Avg LP/Acre</i>	<i>\$173,482</i>

It is readily apparent that outside of the Headingly and Brookside business parks, the majority of lands currently available in the study area are large holdings of raw un-serviced land, with the majority located within the Centreport land development area within Rosser.

VIII - CONCLUSIONS

Potential Demand for Residential Lands

Stevenson Advisors projections are based upon the fundamental assumption of increasing population having a direct impact on the potential future demand for new housing in the Red River Planning District.

Acknowledging the Conference Board of Canada long term population projections for Manitoba (average +1.4 percent to 2030), projected population increases in the defined study area and trends of new housing development in and surrounding the district, it appears reasonable to assume that a strong demand for new housing units will exist over the projection period.

Scenario A – Growth Within RRPD Municipalities

According to 2016 population estimates, the municipalities within the RRPD have experienced average annual growth rates ranging from 0.6 percent (Dunnottar) to 1.5 percent (West St. Paul & St. Clements). For the district overall, the average annual growth rate over the past five years was approximately 1.2 percent. If we utilize the average historical growth rate for each of the municipalities, a cumulative demand for dwelling units over 20 years is estimated and presented below;

Scenario A											
1.0% Annual Population Increase over 20 Years, Pop'n from Selkirk Only											
City of Selkirk											
Population and Housing Requirement Projections											
	Year 0	1	2	3	4	5 ...	10 ...	15 ...	20		
	2017	2018	2019	2020	2021	2022	2027	2032	2037		
City of Selkirk	11,231	11,343	11,457	11,571	11,687	11,804	12,406	13,039	13,704		
<i>CBC Proj Pop'n Increase</i>		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Pop'n Increase - 20 Yr Forecast	2,473										
Projection Period	20 years										
Aggregate Increase - City of Selkirk Pop'n	22.02%										
Annual Compounded Increase	1.10%										
Average City of Selkirk HH Size (est)	2.4										
Projected Dwelling Units Required - 20 Years	1,039										
Proj. Annual Housing Units Required	52 per year										
Projected Annual Dwelling Starts in Winnipeg - NE & NW Quadrants (based on historical trend)	0 per year										
Projected Annual Dwelling Starts in Selkirk Study Area	52 per year										
Projected Cumulative Dwelling Starts in Study Area over next 20 years	1039										

Scenario A												
0.6% Annual Population Increase over 20 Years, Pop'n from Dunnottar Only												
Village of Dunnottar												
Population and Housing Requirement Projections												
	Year 0	1	2	3	4	5	...	10	...	15	...	20
	2017	2018	2019	2020	2021	2022		2027		2032		2037
Village of Dunnottar	724	728	733	737	742	746		769		792		816
<i>CBC Proj Pop'n Increase</i>		0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Pop'n Increase - 20 Yr Forecast	92											
Projection Period	20 years											
Aggregate Increase - Dunnottar Pop'n	12.71%											
Annual Compounded Increase	0.64%											
Average Dunnottar HH Size (est)	1.9											
Projected Dwelling Units Required - 20 Years	49											
Proj. Annual Housing Units Required	2 per year											
Projected Annual Dwelling Starts in Winnipeg - NE & NW Quadrants (based on historical trend)	0 per year											
Projected Annual Dwelling Starts in Dunnottar Study Area	2 per year											
Projected Cumulative Dwelling Starts in Study Area over next 20 years	49											

Scenario A												
1.5% Annual Population Increase over 20 Years, Pop'n from RM Only												
RM of St. Clements												
Population and Housing Requirement Projections												
	Year 0	1	2	3	4	5	...	10	...	15	...	20
	2017	2018	2019	2020	2021	2022		2027		2032		2037
RM of St. Clements	11,679	11,854	12,032	12,212	12,396	12,582		13,554		14,601		15,730
<i>CBC Proj Pop'n Increase</i>		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Pop'n Increase - 20 Yr Forecast	4,051											
Projection Period	20 years											
Aggregate Increase - St. Clements Pop'n	34.69%											
Annual Compounded Increase	1.73%											
Average Dunnottar HH Size (est)	2.6											
Projected Dwelling Units Required - 20 Years	1,582											
Proj. Annual Housing Units Required	79 per year											
Projected Annual Dwelling Starts in Winnipeg - NE & NW Quadrants (based on historical trend)	0 per year											
Projected Annual Dwelling Starts in St. Clements Study Area	79 per year											
Projected Cumulative Dwelling Starts in Study Area over next 20 years	1582											

Scenario A										
1.5% Annual Population Increase over 20 Years, Pop'n from RM Only										
RM of St. Andrews										
Population and Housing Requirement Projections										
	Year 0	1	2	3	4	5 ...	10 ...	15 ...	20	
	2017	2018	2019	2020	2021	2022	2027	2032	2037	
RM of St. Andrews	13,151	13,348	13,548	13,752	13,958	14,167	15,262	16,442	17,712	
<i>CBC Proj Pop'n Increase</i>		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Pop'n Increase - 20 Yr Forecast	4,561									
Projection Period	20 years									
Aggregate Increase - St. Andrews Pop'n	34.69%									
Annual Compounded Increase	1.73%									
Average St. Andrews HH Size (est)	2.7									
Projected Dwelling Units Required - 20 Years	1,677									
Proj. Annual Housing Units Required	84 per year									
Projected Annual Dwelling Starts in Winnipeg - NE & NW Quadrants (based on historical trend)	0 per year									
Projected Annual Dwelling Starts in St. Andrews Study Area	84 per year									
Projected Cumulative Dwelling Starts in Study Area over next 20 years	1677									

Scenario A										
1.2% Annual Population Increase over 20 Years, Pop'n from RM Only										
RM of East St. Paul										
Population and Housing Requirement Projections										
	Year 0	1	2	3	4	5 ...	10 ...	15 ...	20	
	2017	2018	2019	2020	2021	2022	2027	2032	2037	
RM of East St. Paul	9,802	9,920	10,039	10,159	10,281	10,404	11,044	11,723	12,443	
<i>CBC Proj Pop'n Increase</i>		1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Pop'n Increase - 20 Yr Forecast	2,641									
Projection Period	20 years									
Aggregate Increase - East St. Paul Pop'n	26.94%									
Annual Compounded Increase	1.35%									
Average East St. Paul HH Size (est)	2.9									
Projected Dwelling Units Required - 20 Years	917									
Proj. Annual Housing Units Required	46 per year									
Projected Annual Dwelling Starts in Winnipeg - NE & NW Quadrants (based on historical trend)	0 per year									
Projected Annual Dwelling Starts in East St. Paul Study Area	46 per year									
Projected Cumulative Dwelling Starts in Study Area over next 20 years	917									

Scenario A												
1.5% Annual Population Increase over 20 Years, Pop'n from RM Only												
RM of West St. Paul												
Population and Housing Requirement Projections												
	Year 0	1	2	3	4	5 ...	10 ...	15 ...	20			
	2017	2018	2019	2020	2021	2022	2027	2032	2037			
RM of West St. Paul	5,446	5,528	5,611	5,695	5,780	5,867	6,320	6,809	7,335			
<i>CBC Proj Pop'n Increase</i>		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Pop'n Increase - 20 Yr Forecast	1,889											
Projection Period	20 years											
Aggregate Increase - West St. Paul Pop'n	34.69%											
Annual Compounded Increase	1.73%											
Average West St. Paul HH Size (est)	2.9											
Projected Dwelling Units Required - 20 Years	660											
Proj. Annual Housing Units Required	33 per year											
Projected Annual Dwelling Starts in Winnipeg - NE & NW Quadrants (based on historical trend)	0 per year											
Projected Annual Dwelling Starts in West St. Paul Study Area	33 per year											
Projected Cumulative Dwelling Starts in Study Area over next 20 years	660											

Scenario A is based upon the underlying assumption that future demand for housing within East St. Paul will be fuelled solely by natural growth of the municipality's population, based upon historic growth rates.

Alternatively if it is an accepted theory that as residential lot inventories within Winnipeg diminish, a spill over of demand will result in growth in those communities in closest proximity to the city, a more aggressive projection of potential demand results. As such, it is the opinion of Stevenson Advisors that more aggressive projections can be made in the RM's of East St. Paul and West St. Paul based on their shared border with the northern quadrants of the City of Winnipeg. We are of the position that the most significant spill over impact will occur in these two municipalities thanks to their geographical location as well as the fact that they are primarily residential settlements with land area to grow.

Scenario B – Alternative Growth Projections within the RM's of East St. Paul & West St. Paul

Scenario B											
20 Years Projection based on CBC Long Range Pop'n Forecast											
East St. Paul Study Area (Factoring in Northeast Winnipeg Quadrant - 5KM Radius)											
Population and Housing Requirement Projections											
	Year 0	1	2	3	4	5 ...	10 ...	15 ...	20		
	2017	2018	2019	2020	2021	2022	2027	2032	2037		
Study Area Population	61,317	62,237	63,170	64,118	65,080	66,056	71,161	76,660	82,585		
<i>CBC Proj Pop'n Increase</i>		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Pop'n Increase - 20 Yr Forecast	21,268										
Projection Period	20 years										
Aggregate Increase - Study Area Pop'n	34.69%										
Annual Compounded Increase	1.73%										
Average Study Area HH Size (est)	2.55										
Projected Dwelling Units Required - 20 Years	8,340										
Proj. Annual Housing Units Required	417 per year										
Projected Annual Dwelling Starts in Winnipeg - NE Quadrant (based on historical trend)	263 per year										
Projected Annual Dwelling Starts in West St. Paul	154 per year										
Projected Cumulative Dwelling Starts in West St. Paul over next 20 years	3080										
Projected Single Family/Multi-Family Unit Ratio	60.0%										
Projected Single Family Dwelling Starts in East St. Paul over next 20 years	1848										
Projected Multi-Family Dwelling Starts in East St. Paul over next 20 years	1232										

Scenario B											
20 Years Projection based on CBC Long Range Pop'n Forecast											
West St. Paul Study Area (Factoring in Northwest Winnipeg Quadrant - 5KM Radius)											
Population and Housing Requirement Projections											
	Year 0	1	2	3	4	5 ...	10 ...	15 ...	20		
	2017	2018	2019	2020	2021	2022	2027	2032	2037		
Study Area Population	43,583	44,520	45,477	46,455	47,454	48,474	55,073	62,570	71,089		
<i>CBC Proj Pop'n Increase</i>		2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%
Pop'n Increase - 20 Yr Forecast	27,506										
Projection Period	20 years										
Aggregate Increase - Study Area Pop'n	63.11%										
Annual Compounded Increase	3.16%										
Average Study Area HH Size (est)	2.56										
Projected Dwelling Units Required - 20 Years	10,744										
Proj. Annual Housing Units Required	537 per year										
Projected Annual Dwelling Starts in Winnipeg - NW Quadrant (based on historical trend)	344 per year										
Projected Annual Dwelling Starts in West St. Paul	193 per year										
Projected Cumulative Dwelling Starts in West St. Paul over next 20 years	3864										
Projected Single Family/Multi-Family Unit Ratio	60.0%										
Projected Single Family Dwelling Starts in West St. Paul over next 20 years	2319										
Projected Multi-Family Dwelling Starts in West St. Paul over next 20 years	1546										

Under Scenario B, overall population growth of 1.2 percent annually has been adopted for the RM of East St. Paul, consistent with long range projections for the City of Winnipeg as well as the past five years of growth in the East St. Paul target market area (5km radius surrounding the RM). For the RM of West St. Paul, a more aggressive 2.15 percent annual growth rate was applied based on Environics projections for the area, as well as the past five years of growth within the target market area (5km radius around the RM).

Advisors recognize the imprecise nature of forecasting future population growth and potential new housing demand. Much of the success in achieving the future growth will stem from the quality and locational attributes of the subdivisions developed. East and West St. Paul are well positioned to capitalize on Winnipeg's growth from a locational perspective.

It is our opinion that the RM's of East and West St. Paul in general are well positioned to accommodate significant population growth over the next 20 years. The population growth will place demands on the municipality in terms of municipal servicing and amenities but the economic challenges that lie ahead should be offset by future increases in the tax base.

The population growth, whether it be 1.2 percent, 2.15 percent or something different, is a trend that cannot be ignored. Due to its proximity to the City of Winnipeg and its abundance of amenities, East and West St. Paul have an advantageous position to accommodate the demand for new residential development.

Potential Demand for Employment Lands - RRPD

Recent studies have projected that there is likely to be some 67,000 jobs to be accommodated on new employment lands in the Winnipeg CMA region over the next 25 years. Furthermore, 25 percent or 16,700 jobs are projected to fall within the adjacent rural municipalities.

The job projections translate to a net requirement of approximately 113 gross acres of employment land within the rural municipalities to accommodate anticipated economic growth with an additional requirement of 400 gross acres of greenfield lands due to the projected deficit of available employment lands within the City of Winnipeg. If an average development density of 2.0 to 3.5 acres per lot is assumed, the requirement for approximately 147 – 256 lots would be projected for the surrounding rural municipalities.

Both the required acres and lots are quite modest and an argument could be made that the future demand could easily be satisfied through the planned build out of the Centreport development in Rosser.

However, the gross availability of land is not the whole picture when considering supply of employment lands; having an appropriate range and mix of employment lands, in appropriate locations lining up with the requirements of the potential demand is also important.

It is our position that it is beneficial for each municipality to share in the provision of future employment lands. By doing so it allows for a broadened tax base and supports the economic growth that is so important to the well-being of the municipality. The development of employment lands should be viewed as complementary to expansion of

residential development within the municipality. The benefit to the municipality is achieved through increased tax revenues (65 percent vs. 45 percent portioning) and potentially lesser demands placed on servicing.

Since 2011 approximately 80 percent of industrial and commercial land development has occurred within five RM's – Springfield (22.4 percent), Rosser (20.9 percent), Ritchot (14.9 percent), West St. Paul (10.2 percent) and Headingley (9.5 percent).

An average absorption of 47 lots and approximately 125 acres per year would be considered typical within the aggregate region. The most active municipalities in terms of average annual lot sales are Springfield (11 lots per year), Rosser (8 lots) and St. Clements (6 lots). Also of note, the RM of West St. Paul saw the highest number of sales and the second highest level of employment land absorption in the Capital Region in 2016 with 23 sales and 47.36 acres absorbed. This is indicative of the supply crunch being felt within the City of Winnipeg and the strong appetite for serviced industrial land on the fringe areas of the city.

If a fair share was assumed between the ten (10) actively developing rural municipalities (excluding St. Francois Xavier, Cartier and East St. Paul), an average demand of 3.8 lots or 10.0 acres would be projected per municipality, per year for employment lands.

It is readily apparent that outside of the Headingley and Brookside business parks, the majority (85%) of lands currently available in the study area are large holdings of raw un-serviced land, with the majority located within the Centreport land development area within Rosser.

The existing supply of industrial or commercial lots within the Capital region is not geographically diverse and would only meet projected demand for approximately 2.5 years.

Significant challenges would be expected in meeting the demand for serviced, commercial and industrial sites within the Capital Region in coming years.

Within the RRPD, the municipalities of West St. Paul, St. Clements and St. Andrews appear to be best suited to help alleviate this demand over the next 20 years. As such, it is a recommendation of this report that the existing industrial parks in these areas be explored as expansion opportunities. Tremendous evidence exists from the performance of the Kapelus Drive industrial area that the appetite for good quality serviced industrial lots with good access to transportation routes is highly desirable in today's market. It is recommended that planning for an additional 10.0 acres per year of new employment lands in the RM of West St. Paul be considered. West St. Paul possesses geographical advantages to employment land users that the other municipalities cannot replicate. Therefore a strong focus should be placed on employment land development in this particular municipality.

The RM's of St. Andrews and St. Clements will also likely benefit from the supply crunch stemming from the City of Winnipeg, but in a more subdued nature. Planning for an additional 5.0 to 10.0 acres per year of new employment land would appear to be sufficient within these two municipalities.

Regarding the RM of East St. Paul, there has been virtually no new employment land development in the municipality since 2011. East St. Paul does not share the same locational advantages as West St. Paul due to its

location further east of the western transportation hubs in the CMA. It is a recommendation that any development of new employment lands in East St. Paul be mixed-use commercial/residential in nature, and be developed in accordance with the growing population to support commercial retail and services required by the population. These mixed-use centres should be incorporated into newly developing neighbourhoods at a rate of 1.0 acre annually based on past and forecasted residential growth.

In the City of Selkirk, the newly developing Selkirk Business Park area would appear to be a sufficient area (past on the relatively slow absorption) to support employment land growth over the next 5-10 years. Based on the past and projected residential growth within the city, employment lands should be brought online at a rate of approximately 1.0 acre annually based on past and forecasted residential growth. Like the RM of East St. Paul, the employment lands in Selkirk should be meant to support population growth with essential services and retail growth.

The Village of Dunnottar is not considered to be a potential hub for employment lands. However, a nominal portion of land should be set aside to meet the demands of new residents in areas that experience growth within the village. Over a 20 year period, Advisors believes that this could result in approximately 6,000 to 10,000 square feet of employment land demand overall.

IX - LIMITING CONDITIONS

This report has been prepared at the request of Red River Planning District with the intended use to aid in the development planning process for the district. The report has been prepared during August 2017. It is not reasonable for any person(s) other than those indicated above and those directly involved in financing or development of the proposed development, to rely upon this analysis without first obtaining written authorization from the above-mentioned individual and the authors, as there may be qualifications, assumptions or limiting conditions, in addition to those set out below, relevant to that person's identity or his intended use.

The report is prepared on the assumption that no other person will rely on it for any other purpose and that all liability to all such persons is denied.

A number of assumptions regarding real estate market performance and building activity were made and outlined in the body of the report. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the conclusions drawn in this report may be subject to revision.

The compensation for services rendered in this report does not include a fee for court preparation or court appearance, which must be negotiated separately. Neither this nor any other of these limiting conditions, however, is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding that will decide the use of the report best serving the administration of justice.

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