

DEMOGRAPHIC, HOUSING, ECONOMIC
REVIEW & OUTLOOK

Kamloops

APRIL 2020

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table of contents.

-
- 1** INTRODUCTION

 - 2** ABOUT KAMLOOPS

 - 2** THE PEOPLE

 - 4** HOUSING

 - 8** THE ECONOMY

 - 12** OUTLOOK

 - 16** NORTH KAMLOOPS

 - 20** DOWNTOWN-SAGEBRUSH

 - 24** TRU-SOUTHGATE-DUFFERIN

 - 28** SAHALI-WEST END

introduction

The purpose of this report is to give a high-level overview of the demographic, economic and housing environment for the City of Kamloops and the neighbourhoods of interest. In order to do so, we have used various data sources to give a synopsis of the current environment and historical changes within the City of Kamloops, as well as a forward-looking outlook.

DATA ELEMENTS

The data elements used in producing this report include (but are not limited to):

- Statistics Canada Census Data, 2016; 2011; 2006
- Canada Mortgage and Housing Corporation (“CMHC”) Housing Market Information, 2019
- Kamloops and District Real Estate Association (“KADREA”) Stats Centre, Jan 1980 - Sept 2019
- Venture Kamloops
- BC Stats

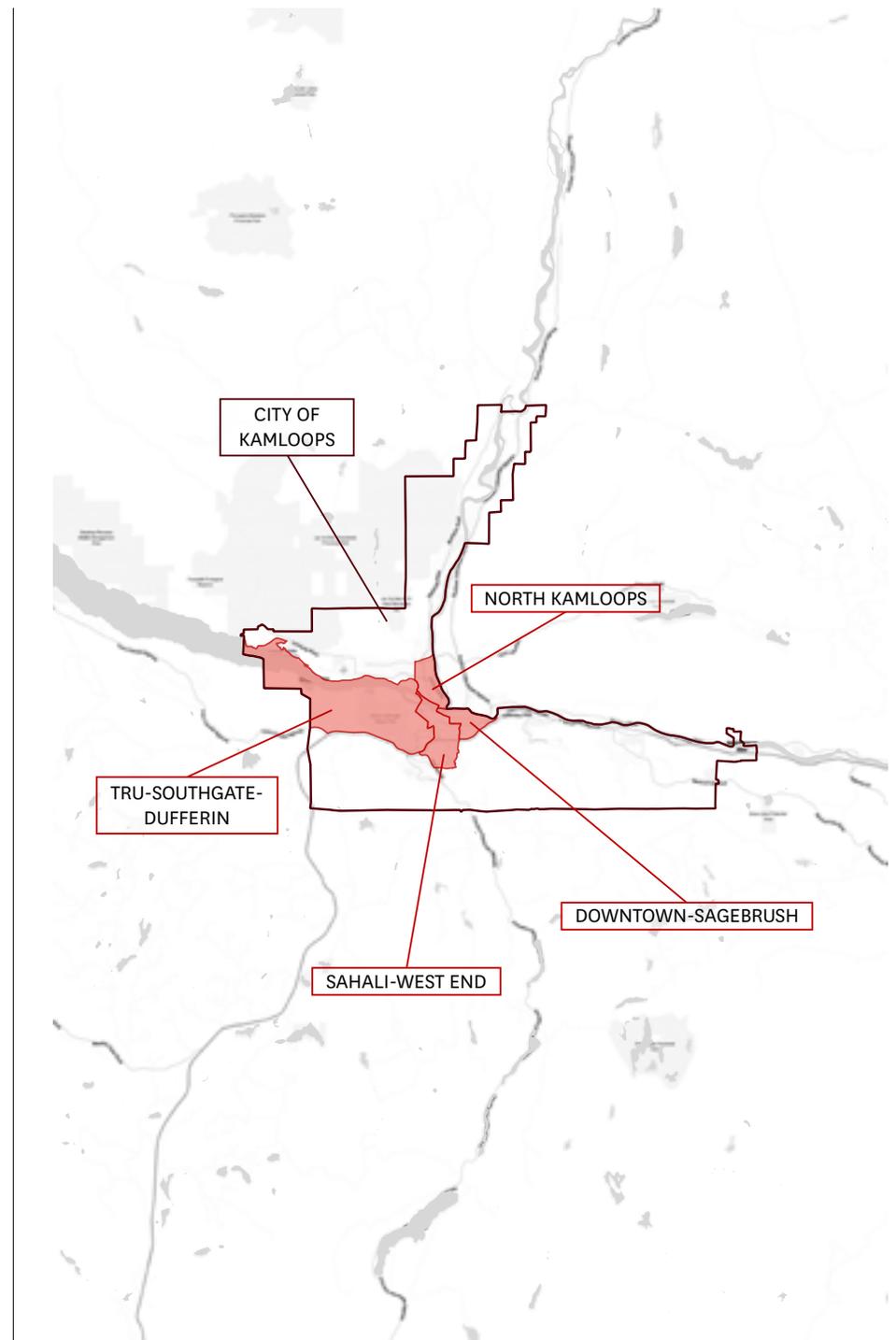
As part of the analysis, rennie began by compiling a range of demographic, economic and real estate market data for the city and its neighbourhoods. To facilitate comparisons between various data sources, the City of Kamloops was established as the primary area of focus, with data for different neighbourhoods being based on underlying Census Tracts (CTs).

The city’s geography can be closely represented for most data sources (Statistics Canada, CMHC), but does vary slightly from the BC Stats boundaries for the Kamloops Local Health Areas (LHAs), and Health Service Delivery Areas (HSDAs), which are used for the short and long-term projections of population and housing for the city.

Demographic and employment data have been taken from the most recent (2016) and historical Census counts. It is important to note that as the Census is an occupancy-based survey of current residents, these data represent the composition of the population resident in the city on Census day every five years.

To consider the composition of the city’s job base it was necessary to purchase custom tabulations of employment by place of work (rather than by place of residence as is commonly documented by the Census). Both aspects, namely composition of employment by *place of residence* and by *place of work*, are of interest in this general overview for Kamloops.

A final note with respect to Census data is that percentages shown on figures in the following pages may not add to 100% due to random rounding procedures from Statistics Canada to maintain confidentiality in the data. Where applicable, Census data for the rest of BC has been used to compare with the City of Kamloops, with Kamloops and Metro Vancouver data excluded.



about kamloops

The City of Kamloops is located in the southern interior of BC and is less than a 4-hour drive from the Lower Mainland or 45-minute flight from YVR. The city's name is a translation of the Shuswap word Tk'emlúps which means "where the rivers meet", and highlights one of the city's most notable geographic features – the intersection of the Thompson River and the North Thompson River. The city itself encompasses a large geography – approximately 300 square kilometers with distinct identities and demographic makeups. The city is also known as the "Tournament Capital of Canada" as it draws numerous visitors each year for the various tournaments it hosts, as well as for the ample outdoor recreational opportunities it provides, both in winter and summer seasons.

One of the major attractions in the city is Thompson Rivers University (TRU),

which enrolls more than 20,000 students annually and has seen the number of on-campus international students nearly double since 2014-2015 (a 94% increase). Other attractions include the Tournament Capital Centre (a state-of-the-art sports facility), the Sandman Centre Ice Rink, and various golf-courses and ski resorts that surround the area.

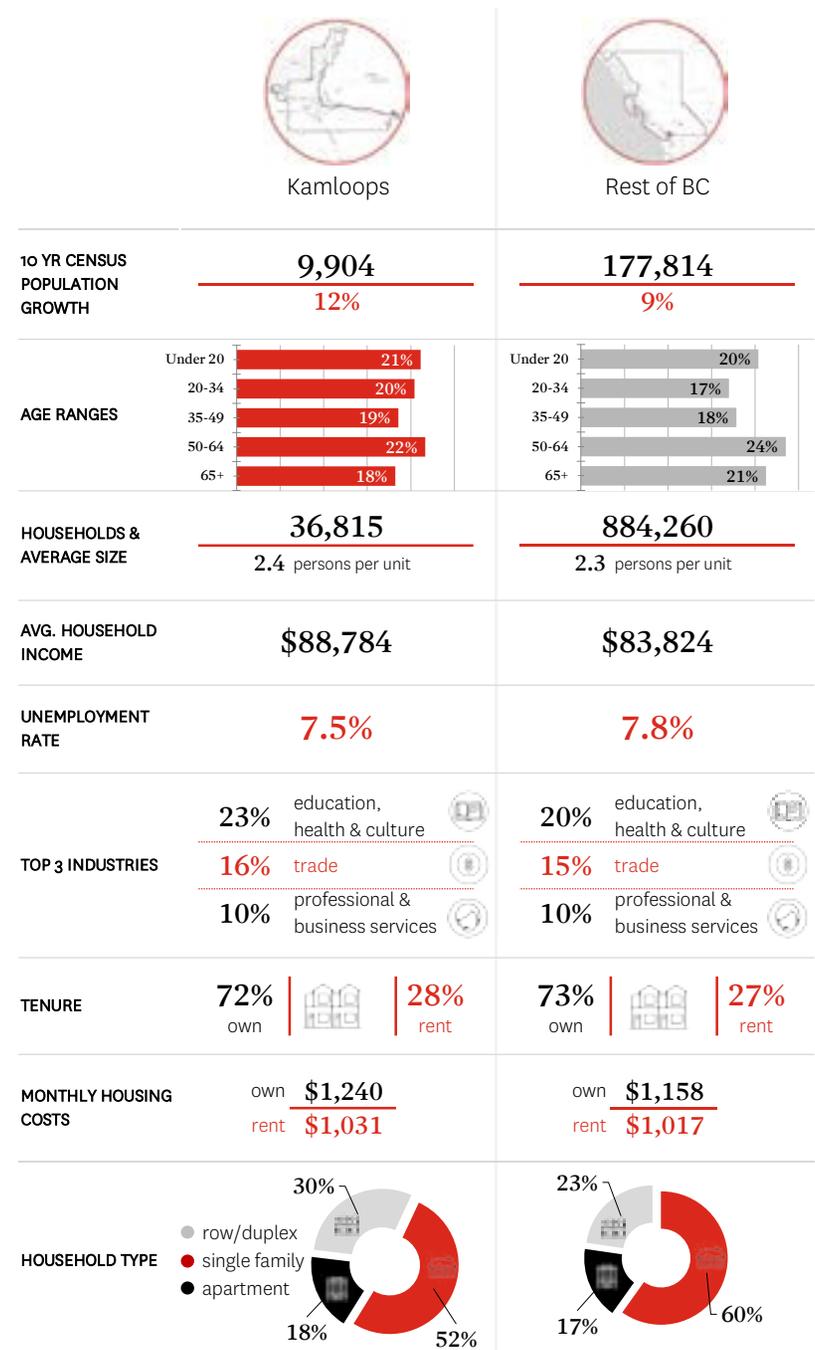
Also located in the city is the Royal Inland Hospital, a 254-bed tertiary acute care hospital. The hospital is responsible for the Thompson Cariboo Shuswap region and also serves as a training centre for nurses and resident doctors-in-training. The hospital is operated by the Interior Health Authority, who employed nearly 1,500 persons as of 2017. Other notable employers in Kamloops include School District #73 (2,200 employees), Highland Valley Copper (1,308), TRU (1,094), the City of Kamloops (762), and the BC Lottery Corporation (390).

the people

The most recent Census reported that the City of Kamloops had grown to 90,280 residents in 2016. This represents an increase of 9,904 residents, or 12%, over the previous decade. This saw the city grow at an annual rate of 1.2%, right in line with the provincial average. It should be noted that the city saw a boundary change during this period, which can be further seen at the Census Tract level where CT 21 was split into two separate tracts - of which one was removed from the city boundary for the 2016 Census.

BC Stats' municipal estimates show that the city has been growing more rapidly since 2016, at an average of 2.0% annually. By 2019 the city was estimated to have grown to 100,046 residents (note that BC Stats' population estimates are adjusted for a net census undercoverage, which is typically in the range of 2-3%). The addition of almost 2,000 people annually since the Census falls well above the historical averages seen in the city which are more in the range of just over 1,000 residents per year. This growth was also 39% above the provincial average of 1.4% annual growth seen since 2016.

Kamloops snapshot



* Note Rest of BC is exclusive of Kamloops CY and Metro Vancouver



When we look at the age composition of the city's population (Figure 1), Kamloops is weighted more towards a younger population than the rest of the province (BC net of Metro Vancouver), particularly between the ages of 15-34. This is likely in large part due to the presence of TRU and other institutions pulling in young people for education and employment opportunities. There is also the pull of housing availability and affordability within the city. The 2016 Census showed that 42% of the city's population was under the age of 35, well above the 37% seen in the rest of the province (again net of Metro Vancouver). Conversely, the city's 40% share of residents aged 50+ fell well below what was seen in the rest of the province (at 45%).

When the mobility status data from the Census are considered, Kamloops' share of people who did not move between 2011 and 2016 (non-movers, at 57%) was two percentage points above the rest of BC (excluding Metro Vancouver).

The number of locals moving within Kamloops over the five years leading up to the 2016 Census was higher than the rest of BC (25% versus 21%, respectively), indicating a greater likelihood of people moving around within the city. As mobility is generally a characteristic of being young, this pattern would largely be driven by the city's youthful profile.

That being said, the share of domestic migrants, or those moving from within BC or from other provinces, was three percentage points lower (15% versus 18%) than in the rest of the province (again net of Metro Vancouver). In terms of international migrants, approximately 2% of Kamloops residents indicated they moved from international origins over this 5-year period, which is consistent with the rest of BC.

While age-specific migration data are not available as part of Statistics Canada's standard public data tables, it is possible to consider the age composition of net migration by taking a cohort approach that considers the number of people

in a previous age group in the previous Census tabulation (2011). As an example, considering there were 6,125 residents aged 20 to 24 in the city in 2016 but only 5,635 aged 15 to 19 in 2011, net migration into this age group over this 5-year period was 490 people. Tracking each cohort shows the city saw a net gain of residents in all of the under-25 age groups, a slight outflow for the 25 to 29, and net gains for the 30 to 49 year old groups (Figure 2).

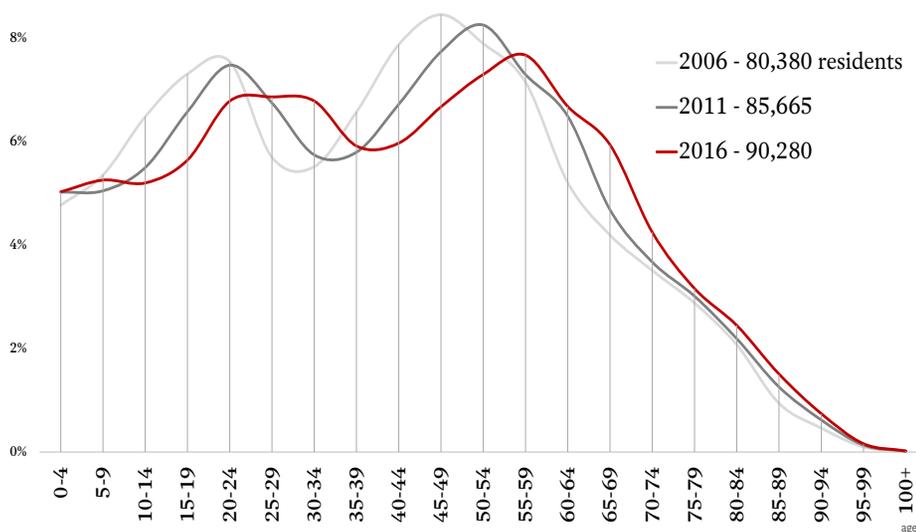
This pattern is indicative of in-migration into the city for educational and labour force opportunities (largely for the under-25 population) and positive net migration through the family rearing stage of the lifecycle (30 to 49 age groups). The 50 plus age groups all show a net decline, indicating either a net outflow of people from the city and/or mortality within that age group. Given increasing mortality rates that characterize the older age groups, the greater outflow seen through the older age groups (70 plus) is largely driven by mortality rather

than migration, while the outflow for the younger 50+ groups would be attributed to net out-migration.

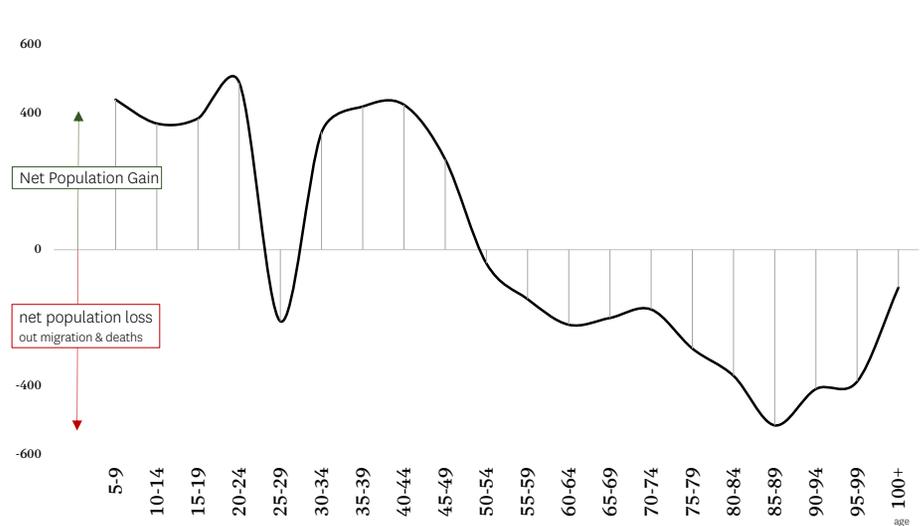
The composition of household living arrangements in the City of Kamloops nearly mirrored that of the rest of BC. Married couple families were marginally more prominent in the city (62% versus 61%) while lone-parent families were marginally lower (26% versus 25%). Both the city and the rest of the province had the same composition of common-law couple families with 12%.

In looking at the place of birth of the immigrated population, Kamloops' composition by continent is relatively consistent to that of the rest of BC. The greatest differences are a greater portion of European immigrants in the city (25% versus 17%) with the obverse being for immigrants from Asian countries (61% versus 70%). No other continent represented a portion greater than 9% of the immigrant population for either the city or the rest of BC.

➤ FIGURE 1: CITY OF KAMLOOPS POPULATION BY AGE



➤ FIGURE 2: CITY OF KAMLOOPS NET COHORT CHANGE BY AGE, 2011 TO 2016



housing

DWELLINGS BY STRUCTURE TYPE

The City of Kamloops' housing is heavily weighted towards single detached homes with just over half of all dwelling types being in this traditional format (Figure 3). That being said, it is interesting to note that over the past decade the prominence of single family housing has declined, falling by five percentage points, while the share of other ground oriented (such as row and duplex) and apartments increased (by seven and one percentage points, respectively). Further to this, the composition of housing starts since the 2016 count shows a continued trend towards the development of multi-family homes. There will be more on this in following sections.

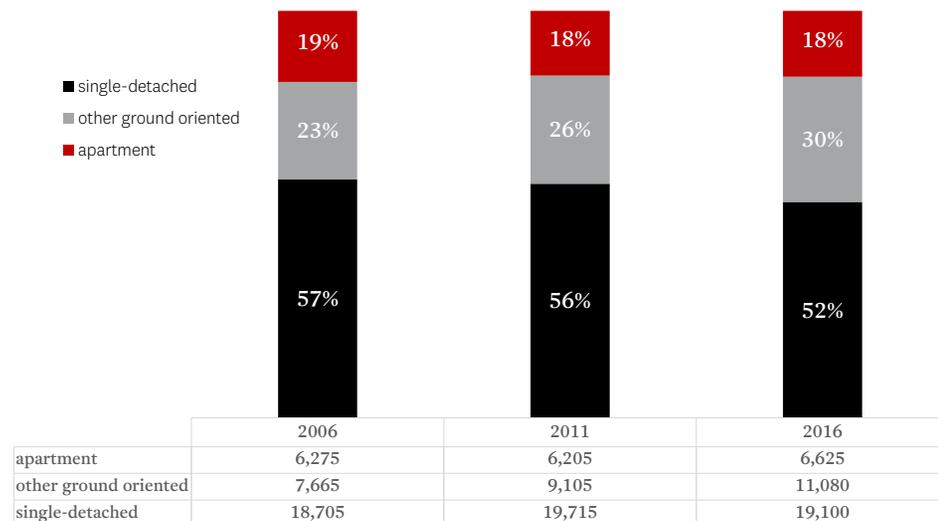
DWELLINGS BY AGE AND CONDITION

The 2016 Census showed that 54% of all homes in the City of Kamloops were built before 1981 (that is, they were at least 35 years old, Figure 4). The 1961 to 1980 period saw the greatest amount of construction activity in the city, with 15,375 of the homes built during this period still around in 2016. There is currently a stock of 4,480 dwellings in the city that were constructed before 1961, representing about 12% of the city's housing stock. Since 2000, there have been 6,590 dwelling units built – which indicates a slower period of construction for dwelling units in comparison to previous periods. This pattern of construction differs from the pattern seen throughout the rest of BC

where a greater portion of dwellings were constructed after 1980 than before.

Of the city's 2016 housing, roughly 6% (2,080 homes) were in need of major repair, slightly below that seen in the rest of the province (7%). An additional 26% (9,610 homes) were seen to be in need of minor repairs, with the remaining 68% of homes only requiring regular maintenance, the same share seen in the rest of the province.

FIGURE 3: DWELLINGS BY STRUCTURE TYPE



SOURCE: CENSUS

FIGURE 4: DWELLINGS BY PERIOD OF CONSTRUCTION & CONDITION

| Neighbourhood | Pre 1981 | 1981 - 2000 | 2001 - 2016 |
|------------------------|---------------------|---------------------|--------------------|
| Downtown Sagebrush | 2,515 (73%) | 595 (17%) | 325 (10%) |
| North Kamloops | 3,910 (76%) | 800 (16%) | 430 (8%) |
| TRU-Southgate-Dufferin | 170 (23%) | 175 (24%) | 395 (53%) |
| Sahali-West End | 3,075 (49%) | 2,450 (39%) | 745 (12%) |
| Kamloops CY | 19,855 (54%) | 10,330 (28%) | 6,590 (18%) |
| Rest of BC | 424,630 (48%) | 287,795 (33%) | 171,875 (19%) |

| Neighbourhood | Regular Maintenance | Minor Repairs | Major Repairs |
|------------------------|---------------------|--------------------|-------------------|
| North Kamloops | 3,165 (62%) | 1,530 (30%) | 430 (8%) |
| Downtown-Sagebrush | 2,325 (68%) | 850 (25%) | 265 (8%) |
| TRU-Southgate-Dufferin | 620 (85%) | 90 (12%) | 20 (3%) |
| Sahali-West End | 4,425 (70%) | 1,650 (26%) | 250 (4%) |
| Kamloops CY | 25,215 (68%) | 9,610 (26%) | 2,080 (6%) |
| Rest of BC | 597,680 (68%) | 224,370 (25%) | 62,120 (7%) |

SOURCE: CENSUS & CMHC

HOUSING STARTS AND COMPLETIONS

Over the past decade the city has seen housing starts average about 550 homes annually. While 2019 fell close to this average (with 535 new homes started), 2018 represented a peak in housing construction for the city (Figure 5); the 1,040 units started in 2018 was almost double the city's historical average, as well as the number started in each of 2017 and 2019.

When considered by structure type, in 2019 134 single family, 78 other ground oriented and 323 apartments were started. Single family homes have traditionally comprised roughly half of all construction starts in Kamloops over the past ten years and have remained relatively consistent year-over-year in volume (286 starts on average over the period). That being said, more recently, the past three years (2016, 2018 and 2019) have seen construction activity shift towards apartments, with rental starts comprising a growing share of apartment starts, representing 39% (123 homes), 65% (499), and 56% (181) of each year's apartment starts respectively. This compared to rentals representing an average of only 19% of apartment starts prior to 2016.

Even with a growing number of rental completions, overall vacancy rates within

the city's purpose-built rental stock remain low at 1.7% (well below what would characterize a balanced rental market).

The increase in apartment starts since 2016 have now begun to complete and are being seen in the completions data (Figure 6). Overall, 2019 represented the greatest number of completions (at 1,026) within the last 10 years with 166 single family, 64 other ground oriented and 796 apartment completions.

Given the large number of housing starts over the recent past, completions are expected to be strong through 2020. As of December 2019, there were 856 dwelling units (325 of which are rental) under construction. This registers as the second highest level of under construction inventory since 2010, with only 2018 (1,403) having seen more dwellings under construction at year end. Of the dwellings under construction, 643 are apartment units, 125 single family homes and 88 ground oriented units.

It is interesting to note that there are relatively few demolitions in Kamloops on an annual basis – an average of only nine annually between 2000 to 2018 per Statistics Canada data – with the vast majority being single family homes.

| | Starts | | | |
|------|-----------------|-----------------------|-----------|-------|
| | single-detached | other ground oriented | apartment | total |
| 2010 | 301 | 72 | 193 | 566 |
| 2011 | 208 | 79 | 187 | 474 |
| 2012 | 229 | 55 | 90 | 374 |
| 2013 | 187 | 73 | 186 | 446 |
| 2014 | 234 | 83 | 147 | 464 |
| 2015 | 248 | 78 | 132 | 458 |
| 2016 | 199 | 116 | 314 | 629 |
| 2017 | 250 | 105 | 157 | 512 |
| 2018 | 190 | 83 | 767 | 1,040 |
| 2019 | 134 | 78 | 323 | 535 |

| | Completions | | | |
|------|-----------------|-----------------------|-----------|-------|
| | single-detached | other ground oriented | apartment | total |
| 2010 | 258 | 21 | 124 | 403 |
| 2011 | 276 | 36 | 208 | 520 |
| 2012 | 240 | 41 | 281 | 562 |
| 2013 | 199 | 38 | 44 | 281 |
| 2014 | 202 | 40 | 154 | 396 |
| 2015 | 232 | 50 | 175 | 457 |
| 2016 | 209 | 80 | 84 | 373 |
| 2017 | 190 | 42 | 116 | 348 |
| 2018 | 235 | 72 | 101 | 408 |
| 2019 | 166 | 64 | 796 | 1,026 |

FIGURE 5: HOUSING STARTS BY STRUCTURE TYPE

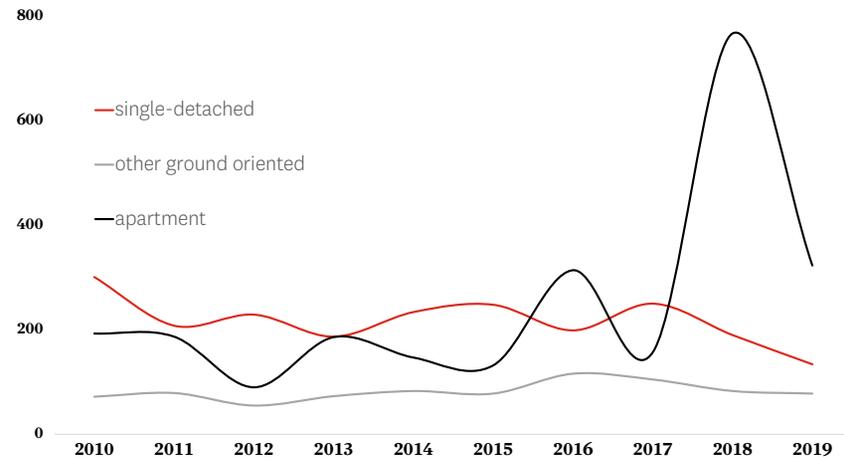
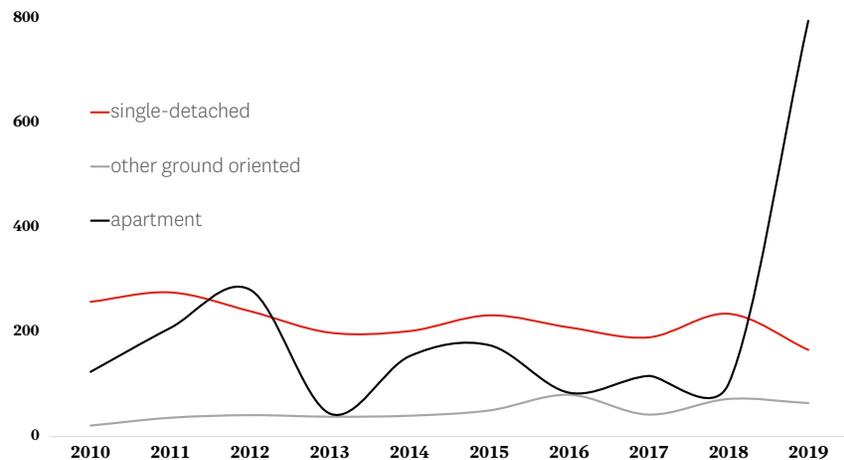


FIGURE 6: HOUSING COMPLETIONS BY STRUCTURE TYPE



SOURCE: CMHC

HOUSING COSTS

In terms of housing costs, Census data show that 20% of all households in the city were spending between 30% and 100% of household income on shelter costs, a common threshold used to determine housing affordability. This is in line with the rest of the province where 20% of households also fall into this category of being financially unaffordable.

If a broader metric of availability and suitability are considered along with the 30% threshold for affordability, the city shows that 12% of its households would fall into “core need”, close to the rest of the province at 11% (again once Metro Vancouver is removed).

Based on the average household incomes reported on the Census at \$88,784 and CMHC’s affordability definition of 30% of pre-tax household income going to shelter payments, the average household in Kamloops in 2016 could afford a \$629,200 mortgage based on a 5% down payment and a 2.44% interest rate (discounted rate for a 5-year mortgage as at 12/31/2015), on a 25-year mortgage. This falls well above the average value of homes sold in the 12 months ended September 2015 at \$413,360.

With average sales prices through 2019 averaging \$468,907 and changes in mortgages rates (2.49%), the required income to afford the city’s average house in 2019 would have been \$70,100.

In considering the rental side of the market, based on a city-wide average monthly rent of \$1,031, as per the 2016 Census, rental tenancies are also relatively affordable in Kamloops. The household income required for the average rent of \$1,031 to be considered affordable (per CMHC’s definition) would be \$37,116, which is well below the average total income of individuals for Kamloops - \$46,059.

Since 2016, CMHC data show average rents in purpose-built buildings (structures with three or more dedicated rental units) increased by 15% or \$133/month on average. Applying this increase to the average rents per the census would require average household incomes to fall in the range of \$42,688. It is of note however that this increase is reflective of purpose-built product, which comprised approximately 37% of rental households in 2016 and consists of apartment and row product. This amount is relatively consistent with the rest of BC once Metro Vancouver is excluded, with average rents falling in the range of \$1,017 per

month in 2016. With slightly higher levels of average tenant income, the city’s rental stock can, on average, generally be considered as providing relatively affordable housing options when compared to the rest of BC.

PURPOSE-BUILT RENTAL MARKET

As per CMHC rental housing data, by 2019 there were approximately 3,879 total purpose-built rental dwellings in the City of Kamloops (Figure 7). One-bedroom product comprises the largest portion of these rentals in the city at 47% and two-bedroom being the second largest at 43%. Studios and three-bedroom and larger product comprise 5% each. The composition of dwellings by bedroom type in the City of Kamloops is relatively consistent with the rest of the province (excluding Metro Vancouver).

Within each of the neighbourhoods of interest, the composition of bedroom types also shows variances from each other as well as the city as a whole. Notably the Downtown-Sagebrush community which saw 83% of its rental dwellings being one bedroom or studio homes. In comparison, the Sahali-West End neighbourhood sees only 46% of its dwellings being studio or one bedroom. The majority of larger rental units are

located in the North Kamloops and Sahali-West End neighbourhoods, with 59% and 69% of the city’s two and three bedroom rental homes being in these neighbourhoods respectively.

Within the City of Kamloops as a whole, the average rent in the purpose-built stock was \$933/month for one-bedrooms and \$1,108 for two-bedrooms in 2019. These homes totaled 3,478 units.

On a rent per square foot basis, assuming that the average one bedroom dwelling was 600 square feet and the average two bedroom was 800, the average monthly rent per square foot for one bedroom product would range between \$1.39 and \$1.75 and between \$1.33 and \$1.64 for two bedroom product. On a City wide basis, the averages are slightly below the Rest of BC at \$1.55 and \$1.39 for one and two bedroom dwellings, versus \$1.67 and \$1.49.

FIGURE 7: 2019 PURPOSE-BUILT RENTAL MARKET UNIVERSE, AVERAGE RENTS & VACANCY RATES

| Neighbourhood | Rental Universe by Bedroom Type | | | | | Rent/\$PSF/Vacancy Rates by Bedroom Type | | |
|------------------------|---------------------------------|--------------------|--------------------|-----------------|--------------|--|--------------------------------|--------------------------------|
| | studio | 1 Bd | 2 Bd | 3+ Bd | Total | 1 Bd | 2 Bd | Total |
| Downtown Sagebrush | 114 (19%) | 382 (64%) | 102 (17%) | 1 (0%) | 599 | \$931 / \$1.55 / 1.1% | \$1,154 / \$1.44 / n/a | \$940 / \$1.53 / \$1.3% |
| North Kamloops | 15 (1%) | 584 (51%) | 447 (39%) | 96 (8%) | 1,142 | \$832 / \$1.39 / 0.9% | \$970 / \$1.25 / 1.7% | \$925 / \$1.33 / 1.6% |
| TRU-Southgate-Dufferin | n/a | n/a | 11 (100%) | n/a | 11 | n/a | n/a | n/a |
| Sahali-West End | 49 (5%) | 436 (41%) | 523 (50%) | 45 (4%) | 1,053 | \$1,054 / \$1.75 / 1.6% | \$1,234 / \$1.54 / 0.9% | \$1,164 / \$1.64 / 1.1% |
| Kamloops CY | 196 (5%) | 1,823 (47%) | 1,655 (43%) | 205 (5%) | 3,879 | \$933 / \$1.55 / 1.4% | \$1,108 / \$1.39 / 1.7% | \$1,019 / \$1.47 / 1.7% |
| Rest of BC | 5,730 (8%) | 30,841 (44%) | 29,268 (42%) | 4,461 (6%) | 70,300 | \$1,001 / \$1.67 / 2.0% | \$1,192 / \$1.49 / 2.5% | \$1,088 / \$1.58 / 2.1% |

SOURCE: CMHC



RESIDENTIAL MARKET ACTIVITY

In 2019 there were a total of 1,579 sales recorded in the Kamloops real estate board area (KADREA, Figure 8) and traded on the MLS system. Single family homes made up the majority of sales representing 68% (1,066 homes). Row homes and duplexes (“other ground oriented”) represented nearly a quarter of all sales (363), while slightly less than 10% were apartments (150).

Single family homes in 2019 sold at an average price of \$528,049, while other ground oriented and apartment prices were 29% and 47% lower, at \$373,916 and \$278,488, respectively.

For single family homes, sales were relatively evenly spread throughout the city, however the neighbourhoods that saw the largest share of single family transactions were Brocklehurst (144 sales), Aberdeen (124 sales), and Westsyde (121 sales).

Average sales prices for Brocklehurst and North Kamloops – two adjacent neighbourhoods on the city’s North Shore – were well below the average for single family homes at \$444,446 and \$392,513 respectively. Aberdeen conversely – located in the southwest portion of the city – saw above average sales values at \$595,390.

Other ground oriented product sales were less evenly spread than that for single family homes, with nearly 60% of all sales having occurred in the Sahali, Brocklehurst and Aberdeen neighbourhoods. Other ground oriented units in the TRU-Dufferin-Southgate neighbourhood were seen to achieve the highest average sales prices at \$549,936 – slightly above the average single family sales price for the city of Kamloops as a whole. Other neighbourhoods such as North Kamloops and Downtown-Sagebrush saw other ground oriented product achieve average sales prices only slightly below single family home average prices of \$345,663 and \$442,729, respectively.

Of the 150 apartment sales in 2019, the Downtown-Sagebrush and Sahali neighbourhoods represented just over half of all apartment sales (77 total sales combined). These neighbourhoods achieved average apartment sales prices of \$316,107 and \$267,898 respectively. TRU-Dufferin-Southgate saw the highest average sales prices for apartments in 2019 at \$367,042, but note that this represented 6 sales throughout the year.

FIGURE 8: 2019 REALES BY DWELLING TYPE AND NEIGHBOURHOOD

| neighbourhood | single family | | other ground oriented | | apartment | | total | |
|-------------------------|---------------|------------------|-----------------------|------------------|------------|------------------|--------------|------------------|
| | # | avg \$ | # | avg \$ | # | avg \$ | # | avg \$ |
| Brocklehurst | 144 | \$444,446 | 65 | \$318,252 | 18 | \$179,306 | 227 | \$387,287 |
| Sahali | 88 | \$562,207 | 88 | \$329,430 | 32 | \$267,898 | 208 | \$418,446 |
| Aberdeen | 124 | \$595,390 | 57 | \$399,774 | 11 | \$264,145 | 192 | \$518,339 |
| North Kamloops | 119 | \$392,513 | 30 | \$345,663 | 12 | \$253,317 | 161 | \$373,409 |
| Downtown-Sagebrush | 80 | \$509,958 | 31 | \$442,729 | 45 | \$316,107 | 156 | \$440,680 |
| Westsyde | 121 | \$496,468 | 17 | \$425,076 | 0 | \$0 | 138 | \$487,673 |
| Juniper Heights | 83 | \$656,540 | 25 | \$425,454 | 0 | \$0 | 108 | \$603,048 |
| Batchelor Heights | 72 | \$589,342 | 7 | \$374,786 | 0 | \$0 | 79 | \$570,330 |
| Valleyview | 42 | \$590,257 | 16 | \$400,875 | 3 | \$359,500 | 61 | \$529,234 |
| Dallas | 34 | \$597,153 | 3 | \$415,333 | 14 | \$271,786 | 51 | \$497,141 |
| Barnhartvale | 50 | \$557,583 | 0 | \$0 | 0 | \$0 | 50 | \$557,583 |
| TRU-Dufferin-Southgate | 23 | \$634,268 | 11 | \$549,936 | 6 | \$367,042 | 40 | \$570,993 |
| Rayleigh | 34 | \$531,475 | 3 | \$450,000 | 0 | \$0 | 37 | \$524,869 |
| Pineview Valley | 19 | \$521,284 | 7 | \$381,820 | 9 | \$301,889 | 35 | \$436,975 |
| Campbell Creek | 15 | \$509,887 | 0 | \$0 | 0 | \$0 | 15 | \$509,887 |
| Westmount | 12 | \$417,875 | 3 | \$318,500 | 0 | \$0 | 15 | \$398,000 |
| Heffley | 4 | \$422,500 | 0 | \$0 | 0 | \$0 | 4 | \$422,500 |
| Knutsford | 1 | \$835,000 | 0 | \$0 | 0 | \$0 | 1 | \$835,000 |
| Pritchard | 1 | \$370,000 | 0 | \$0 | 0 | \$0 | 1 | \$370,000 |
| City of Kamloops | 1,066 | \$528,049 | 363 | \$373,916 | 150 | \$278,488 | 1,579 | \$468,907 |

SOURCE: KADREA



the economy

EMPLOYMENT

In considering the composition of employment in the city, two dimensions can be measured: employment by place of residence and employment by place of work. In terms of the number of jobs tabulated for the city's residents, the Census shows that over the past decade the number of Kamloops residents in the workforce grew to 54,370, 3,305 more than reported in 2011, or at an average annual rate of 0.6%.

When the places of work in the city are considered, 2016 reported 37,080 jobs at a usual place in Kamloops (34,935 outside of the home and 2,145 at home). This indicates that a certain number of people living in the city are either

working with no-fixed workplace address (for example some contractors, truck drivers or real estate agents) or work outside of the city throughout the rest of the province, country or abroad. Over the past decade a total of 1,210 net new jobs were created within the city, or at an average annual rate of 0.3%.

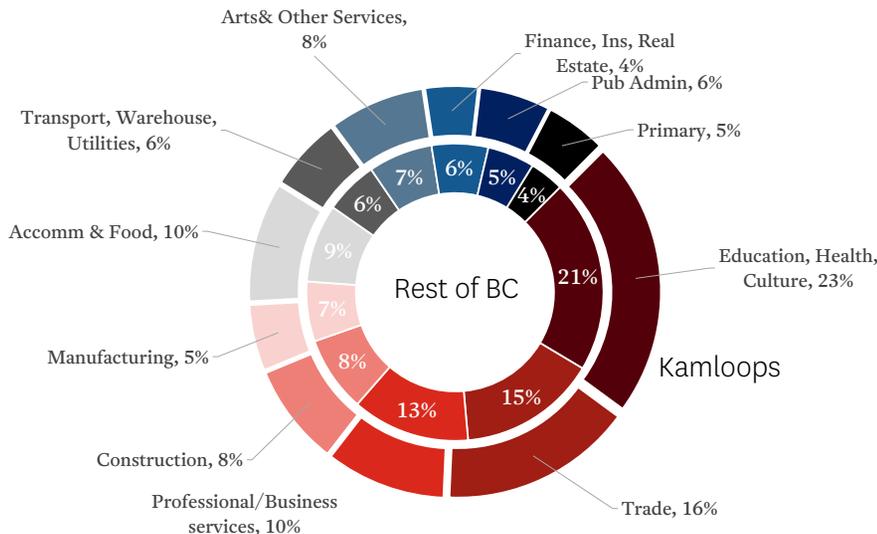
In terms of the composition of the city's jobs by place of residence, Kamloops is consistent with the rest of BC, suggesting a relatively well-balanced local economy. The most notable differences between Kamloops and the rest of BC (again, net of Metro Vancouver) were in the Finance, Insurance & Real Estate Industry (where Kamloops comprised a smaller portion, 4% versus 6%), and the Professional/Business Services (again

smaller with 10% versus 13%). While the city was under-represented in these sectors the Education, Health & Culture sector was notable due to the city's over-representation in this sector (23% in Kamloops versus 21% throughout the rest of the province). All other industries were seen to range only 1% or less when compared to the rest of the province.

Overall, the Education, Health and Culture industry comprised the largest sector in the city, representing almost one quarter (23%) of all residents who were employed. The next most prevalent industries for residents to work in were Retail & Wholesale Trade (18%), Accommodation & Food (11%) and Professional Business Services (10%).

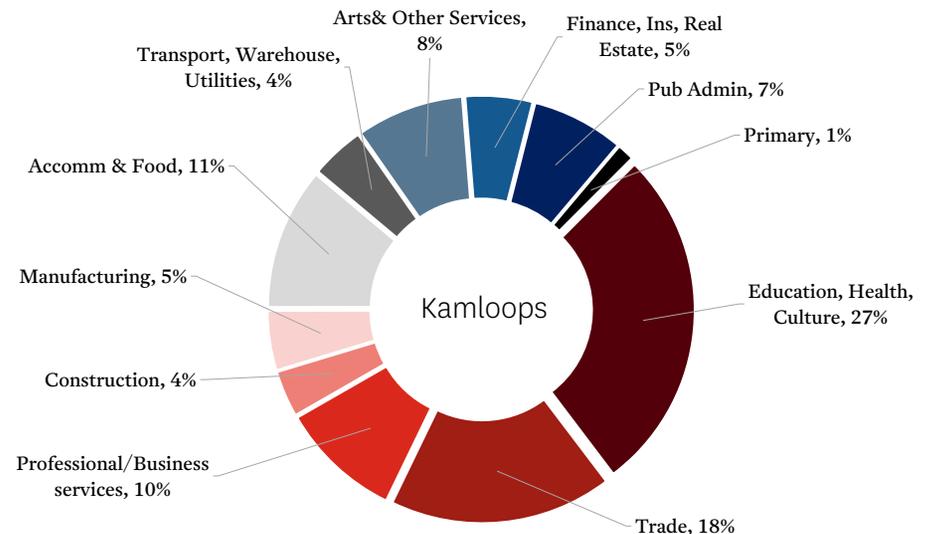
In terms of the composition of the city's jobs tabulated by place of work, the largest sector was Education, Health and Culture, representing 27% of jobs located within the city (versus 23% of the city's workforce working in these sectors). The next most prevalent industries were Retail & Wholesale Trade (18%), Accommodation & Food (11%) and Professional Business Services (10%). Each of these sectors saw the same share of jobs as local residents working in these sectors.

FIGURE 9: INDUSTRY COMPOSITION OF RESIDENTS



SOURCE: 2016 CENSUS

FIGURE 10: INDUSTRY COMPOSITION OF JOBS AT PLACE OF WORK



SOURCE: 2016 CENSUS

EDUCATION

Education levels of residents are notably higher in Kamloops when compared to the rest of BC (excluding Metro Vancouver). As of 2016, 53% of residents in Kamloops held a postsecondary certificate, diploma or degree. This compares to 48% for the rest of BC and is reflective of the presence of a major educational institution within the city (TRU) and the higher share of employment in the Education, Health & Culture sector.

INCOME

At the city level, Kamloops' average household income was \$88,784 per the 2016 Census (which details 2015 reported income). This is roughly 6% greater (\$5,000/year) than the average for the rest of BC (\$83,824, again net of Metro Vancouver).

In looking at Statistics Canada's tax filers data (2017 being the most recently available), the Kamloops CA median total income for all persons with income increased between 2013 and 2017 by 9% (from \$34,280 to \$37,230). It should be noted that the Kamloops CA represents a larger geography than the City of Kamloops.

OVERALL COMMERCIAL MARKET ACTIVITY

In digging into commercial market activity in the City of Kamloops, there has been limited additional commercial development in the last 20 years, particularly for office product.

A recent expansion of the property tax exemption boundaries - [where building improvements \(new builds or revitalizations\) that meet certain requirements are exempt from city property taxes for 10 years](#) - to

include the commercial corridors in Downtown and on the North Shore has helped spur new projects such as A&T Developments' "The Hive" to come to market.

In discussion with local commercial real estate brokers, it is estimated that the City of Kamloops currently has approximately 2 million square feet of total office inventory. Anticipated vacancy rates are below 5% for both office and retail, however only 55,000 square feet of available inventory would be considered suitable in its current state - while the remaining available inventory was considered unsuitable and requiring some form of remediation.

Current market rents in Downtown Kamloops are transacting for approximately \$10 - \$12 per square foot, net of operating costs. As can be seen in Figure 11, Downtown rents are the highest in the city for commercial space. Other neighbourhoods such as North Kamloops or Aberdeen are typically achieving rents between \$7 - \$10 per square foot, the majority of which are for retail spaces. These values are based on the listed commercial exchanges dating back to 2012, which notably have experienced minimal fluctuations to date.

Changes in the overall retail inventory are not actively tracked for the City of Kamloops, however a previous report prepared by Site Economics estimated the retail commercial space in Kamloops in the range of five million square feet. As little new retail space has been introduced to the city since the publication of the report, current estimates would still fall in this range. Much like the state of office inventory, vacancy rates for retail space are relatively low and are similar to the rates noted above for office.

As noted by some commercial brokers in Kamloops, projects with above-average offerings have achieved rents upwards of \$18 per square foot in the Downtown area, net of operating costs, while A&T Developments is reporting to have pre-leased or pre-sold half of its first commercial building in "The Hive" for \$30 per square foot, net of operating costs.

FIGURE 11: COMMERCIAL RENTS BY NEIGHBOURHOOD

| neighbourhood | rent range |
|--------------------|-------------|
| Aberdeen | \$7 - \$8 |
| Brocklehurst | \$7 - \$8 |
| Dufferin-Southgate | \$7 - \$10 |
| North Kamloops | \$7 - \$10 |
| Sahali | \$7 - \$11 |
| Downtown-Sagebrush | \$10 - \$12 |
| Valleyview | \$10 - \$12 |

SOURCE: KADREA, AS OF FEB 13, 2020

financial feasibility

When deciding to make a land purchase for development purposes, investors must determine the feasibility of the development proposal relative to the price that is being asked for a particular property. In property development circles, the initial approach to assessing feasibility is typically a residual land analysis.

Residual land analysis is a method for calculating the value of development land that starts with the total estimated market value of a development and subtracts away all costs associated with the development ranging from the construction costs (hard costs) to permitting and financing (soft costs) and profit, but not the initial cost of the land. In this manner, after accounting for all of the costs of the development (net of the land), the amount left over (the residual) is the amount that the developer would be able to pay for the land.

Residual land analysis is therefore a relatively easy tool for developers or employers to use to quickly identify the value of a development site, land or existing buildings that have the potential to be developed or redeveloped.

As with any forward looking analysis, a number of assumptions have to be made about the cost and revenues in preparing a residual land analysis for various areas within the City. To the greatest degree, all variables have been reflective of both industry standards and local experiences, and have been checked against current listings and recent developments.

The first step in residual land analysis is typically to determine a potential site

plan and development specifications for a site of interest. Considerations here include things like zoning, allowable floor to space ratios (FSRs), overall density, mix of uses and construction type. From the assessment of the site and building plans, the total number of units can be determined as well as other parameters such as total commercial area and other ancillary uses. The unit yields can then be converted to gross revenues generated from the development by considering current sales prices for similar product within the area under consideration.

From here estimates of the hard construction costs for the development can be made. Construction cost estimates are difficult to determine due to the diversity of cost considerations as well as the variability of those estimates for a particular site, some of which only become apparent once construction has started. Construction costs used here are a combination of industry standard factors and local experiences for various building types.

The next step is the assessment of soft costs such as architectural and engineering plans, permitting fees and financing. Again, as these cost estimates can vary depending on site specifics, soft cost estimates have been determined through a combination of industry standards as well as local experience.

Combined, the hard and soft costs provide an estimate of the total cost to physically build each unit. The aggregate of these per unit costs, once added to a factor for developer profit, make up an assessment of total development costs. These costs can then be subtracted

from gross revenues to determine how much money would be left over for the developer to pay for the land (hence the term residual land analysis). Typically this value is converted into a net land value per buildable square foot.

DOWNTOWN & NORTH SHORE MARKETS

The following page contains a residual land analysis of three different development scenarios for multi-family sites in North Kamloops and Downtown Kamloops. The site sizes, FSRs and unit counts are all derived from recent development applications in the area, while sale and lease prices (per square foot) have been drawn from current market buildings.

The first two columns from the left represent developments which are lower and medium densities and are based on different site sizes. The right-hand column represents a higher density project and is reflective of a smaller site size.

Each of the scenarios presented on the next page show positive land values, ranging between \$39 and \$44 per buildable square foot. These include all of the aforementioned hard and soft costs already factored in, as well as a 12% profit margin for the developer.

SUMMARY

Based on the residual land values calculated on the following page, the developments would be feasible (based on the noted costs and profit margins) provided land costs do not exceed \$39 psf buildable for a wood-frame residential development in RM-1 zoning

(the left-most column), \$41 psf buildable for woodframe residential in RM-2A zoning (the middle column) and \$44 for a high-density project in an RM-3 zoning (right-most column). Prices beyond these values would result in adjustments to the pro-forma inputs, such as a reductions in the hard or soft costs or developers profit.

These calculations are meant to provide an illustrative framework to analyze potential development sites in the City of Kamloops. Further research would be required on site specifics when evaluating investment opportunities, such as allowable zoning uses or any site remediation required.

FIGURE 12: RESIDUAL LAND ANALYSIS

| Development Specs | Low (RM-1) | | Medium (RM-2A) | | High (RM-3) | |
|---|------------|----------------------|----------------|----------------------|-------------|----------------------|
| | Variable | Actual | Variable | Actual | Variable | Actual |
| Site Area Sq Meters and Sq Ft Gross | | 40,666 | | 40,666 | | 24,000 |
| Allowable Floor Space Ratio | | 0.90 {a} | | 1.50 {a} | | 5.00 {a} |
| Allowable Gross Building Area (Sq Ft) | | 36,599 | | 61,000 | | 120,000 |
| net Sq Ft @ efficiency | 85% | 31,109 | 85% | 51,850 | 85% | 102,000 |
| Total net building area, Sq Ft | | 31,109 | | 51,850 | | 102,000 |
| Residential Area Only | | | | | | |
| Average Unit Size and # of units | 691 | 45 | 691 | 75 | 680 | 150 |
| Development Costs | | | | | | |
| Hard Costs | | | | | | |
| Demolition and Site Preparation (\$PSF & Total) | \$ 2.00 | \$81,332 | \$ 2.00 | \$ 81,333 | \$ 2.00 | \$ 48,000 |
| Off Site (\$PSF & Total) | \$ 2.00 | \$81,332 | \$ 2.00 | \$ 81,333 | \$ 2.00 | \$ 48,000 |
| Hard Construction Costs (\$PSF & Total) | \$ 235 | \$8,600,859 {b} | \$ 235 | \$ 14,334,903 {b} | \$ 235 | \$ 28,200,000 {b} |
| Total Hard Costs | | \$8,763,523 | | \$ 14,497,569 | | \$ 28,296,000 |
| Hard Costs per unit | | \$194,745 | | \$ 193,301 | | \$ 188,640 |
| Soft Costs | | | | | | |
| Architect/Permits (@Total Hard Costs) | 7% | \$ 613,447 | 7% | \$ 1,014,830 | 7% | \$ 1,980,720 |
| Financing Fee (@Total Hard Costs) | 1% | \$ 87,635 | 1% | \$ 144,976 | 1% | \$ 282,960 |
| Property Taxes (@Gross Sq Ft) | | \$ 16,109 {c} | | \$ 16,109 {c} | | \$ 11,747 {c} |
| Financing Interim Building (@Construction Period) | 5% | \$ 219,088 | 5% | \$ 362,439 | 5% | \$ 707,400 |
| Development Management Fee | 3.5% | \$ 153,362 | 3.5% | \$ 253,707 | 3.5% | \$ 495,180 |
| Contingency/Misc/Provisional (% of Hard Costs) | 5% | \$ 438,176 | 5% | \$ 724,878 | 5% | \$ 1,414,800 |
| Total Soft Costs | | \$ 1,527,817 | | \$ 2,516,940 | | \$ 4,892,807 |
| Soft Costs per unit | | \$ 33,951 | | \$ 33,559 | | \$ 32,619 |
| Total Development Costs | | \$ 10,291,340 | | \$ 17,014,509 | | \$ 33,188,807 |
| Development Costs per unit | | \$ 228,696 | | \$ 226,860 | | \$ 221,259 |
| Development Revenues & Land Values | | | | | | |
| Average Sales Price \$PSF | \$ 429 | \$ 296,572 {d} | \$ 429 | \$ 296,575 {d} | \$ 429 | \$ 291,720 {d} |
| Residential Revenues | | | | | | 43,758,000 |
| Gross Revenues | | \$ 13,345,737 | | \$ 22,243,110 | | \$ 43,758,000 |
| Selling Costs | 3.0% | \$ 400,372 | 3.0% | \$ 667,293 | 3.0% | \$ 1,312,740 |
| Net Revenue | | 12,945,365 | | 21,575,817 | | 42,445,260 |
| Developer Profit/Financing Costs & Admin | 12% | \$ 1,234,961 | 12% | \$ 2,041,741 | 12% | \$ 3,982,657 |
| | | | | \$ 287,678 | | |
| Net Site Land Value | | \$ 1,419,064 | | \$ 2,519,567 | | \$ 5,273,796 |
| Net Land Value per Buildable Sq Ft | | \$ 39 | | \$ 41 | | \$ 44 |

notes

{a} FAR and Site Size derived from City zoning bylaws & recent rezoning applications within the subject area.

{b} Hard Construction Costs are estimates derived from local Venture Kamloops contacts, assuming concrete underground parking structure and residential use exclusively..

Property Taxes calculation based off of the site's 2020 BC Assessment Land value, multiplied by the City of Kamloops 2020 tax rate (\$0.073862).

{c} Qualifying multi-family & commercial developments within the City Centre Revitalization Tax Exemption Area are exempt from the City's portion of property taxes on improvements for a 10-year period.

{d} Average \$PSF derived from presale listings on realtor.ca within the subject area.



outlook

POPULATION OUTLOOK

As previously noted, the city’s population grew by average 1.2% per annum between 2006 and 2016 as per the Census counts. BC Stats’ estimates show growth in the post-Census period to be more significant, increasing into the range of 2.0% per annum. In looking beyond 2019, BC Stats’ outlook for the city (as represented by the North and South Kamloops Health Service Delivery Areas) is for year over year population growth in the short term to be in the range of 0.8% as the city adds an average of about 900 people each year between 2020 and 2026 (Figure 13). This is expected to fall to an average of 700 new residents each year over the following decade (2026 to 2036) and further to about 525 annually to 2041. BC Stats expects the coming decade to be characterized by annual

population growth that falls in 0.8% range over the next decade and 0.6% per annum over the following decade (2029-2039).

This outlook contrasts the population growth experienced by Kamloops over the past 30 years (1986 – 2016), where the average year over year population growth was 1.3% or 1,250 residents. That being said, BC Stats also expects population growth in the non-Metro Vancouver parts of the province to slow as well, falling from historical growth rates of around one percent to 0.9% over the next decade and 0.6% over the following decade (2029-2039).

BC Stats also projects a significant aging of the city’s population is expected. Relative to the 9% growth expected for the overall population in the city over the next decade (2019 to 2029), the 65

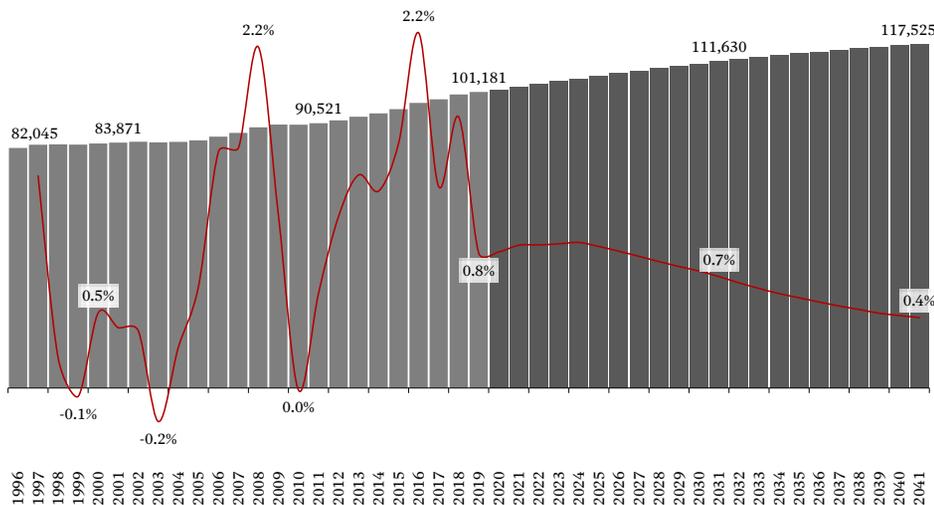
plus age groups are expected to grow most significantly, both in absolute and relative terms: this group is expected to grow by 40% over the next 10 years, or by more than 7,600 residents (Figure 14). While some migration will be seen in these older age groups, much of this growth will be driven by aging of the city’s existing residents into these retirement age groups over the next 10 years.

The 35 to 49 age group is also projected to grow, albeit more modestly, growing by 5,700 residents over the next decade (30% growth). Each of the under 20 and 20 to 34 age groups are expected to see slight declines in the BC Stats projections. The 50 to 64 age group is also expected to decline, but this will be driven largely by the aging of the Post War boom out of this age group over the

next decade and into the 65 plus group. The 50 to 64 population in the city is projected to decline by 18% or 3,800 residents over the next 10 years.

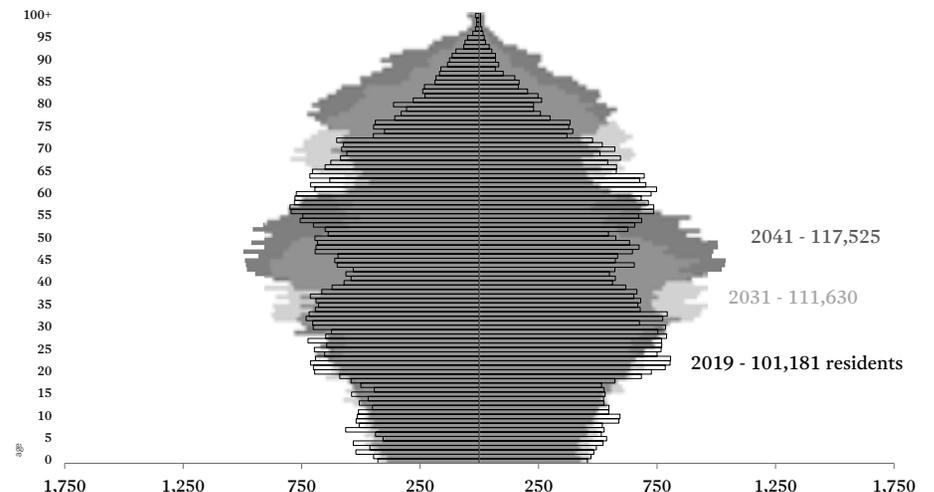
In terms of the overall age composition in the city, by 2029 the largest share of residents in the city would fall into the 65+ age group, representing a quarter of all residents. This would mark a transition period for the city as the 20 to 34 age group is its largest today, representing 22% of the city-wide population, larger than the 19% represented by the 65 plus segment. This trend of an aging population will continue beyond 2029 as it will be the older segments of the city’s population that will grow more rapidly than the overall population in the following decade (to 2041).

FIGURE 13: KAMLOOPS PROJECTED POPULATION GROWTH



SOURCE: BC STATS, RENNIE

FIGURE 14: KAMLOOPS PROJECTED POPULATION CHANGE



SOURCE: BC STATS, RENNIE



HOUSING OUTLOOK

In terms of moving from the outlook of future residents to future housing, a demographic approach allows the implications of a growing and aging population to be assessed. The link between demographics and housing can be represented through household maintainer rates that are collected through the Census. Household maintainer rates track the lifecycle of housing occupancy by identifying the characteristics of the primary household maintainer (or the individual primarily responsible for the finances of the house). Figure 15 shows this lifecycle housing patterns for the City of Kamloops.

Household maintainer rates follow a distinct lifecycle pattern. From the youngest age group (15 to 19 years) – of whom only 3% indicated they maintained their own household – the rates increase to 23% for the 20 to 24 age group as grown children begin to move out on their own, to between 40% and 50% between the ages of 25 and 34 years.

Household maintainer rates remain in the range of 50% to 67% between the ages of 35 and 84 only, dropping down to 40% in the 85-plus group as these older residents move back in with their grown children or into other forms of housing such as nursing homes and seniors' residences.

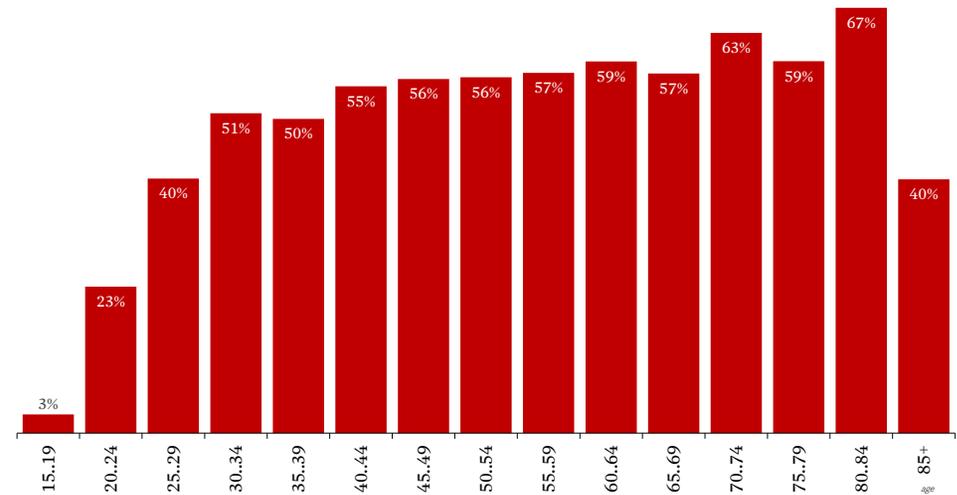
Occupancy by tenure and structural type also follows distinct lifecycle patterns. Apartment maintainer rates remain highest for younger and older age groups, including before and after the typical family-forming ages, but particularly for the 70+ age groups where the rates increase. Conversely, ground oriented maintainer rates begin to dominate after the age of 25 and remain the dominant housing form through family formation and rearing stages of the lifecycle.

From a tenure perspective, the role that rental plays as a means for young people to enter the housing market is clearly evident: for each of the under-30 age groups, rental maintainer rates exceed those for owner-occupancy, driven by lifecycle stages characterized by a high degree of mobility for lifestyle, education, or labour market opportunities. That being said, like ground oriented, ownership dominates through family formation and rearing.

Three general trends can be identified which will characterize future changes in the lifecycle of housing occupancy. The first is a continued, but curtailed, increase in the proportion of individuals in the youngest age cohorts choosing to remain in the familial home, pursuing higher education, labour force or alternative lifestyle opportunities. The second is continued increases in life expectancy (and particularly disability-free life expectancy) and hence increases in independent living for the seniors' population. Healthier, longer lives will continue to broaden the range of housing choice expressed by this segment of our population.

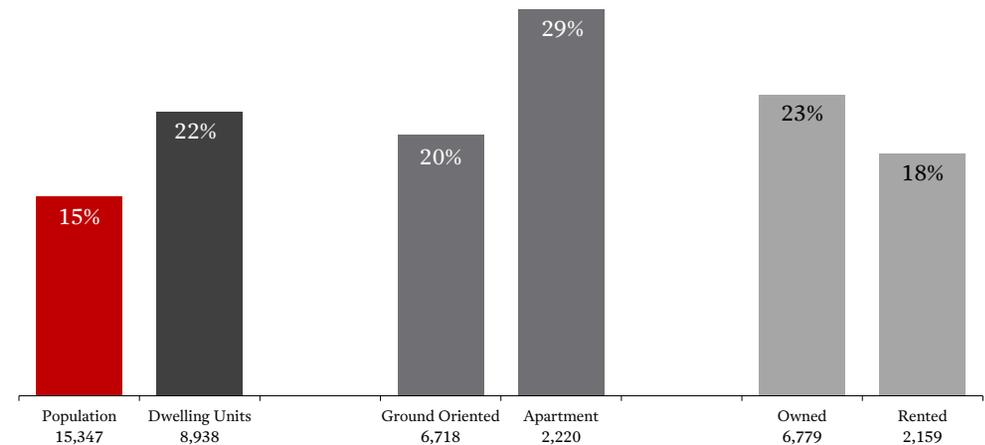
While experiencing less dramatic changes than the preceding or following age groups, maintainer rates for the 35 to 64 age group will be characterized by relative stability as lifestyle and family formation patterns remain relatively constant. Having said this, on the younger side, maintainer rates may be influenced by continued postponement of childbearing for many couples, different age-specific patterns of the recent immigrant population, and on the older side, the downstream consequences of the earlier postponement of births in the 1970s and 1980s on family housing decisions of the next two decades.

FIGURE 15: KAMLOOPS HOUSEHOLD MAINTAINER RATES



SOURCE: 2016 CENSUS

FIGURE 16: KAMLOOPS FUTURE POPULATION HOUSING DEMAND, 2019 TO 2039



SOURCE: 2016 CENSUS, RENNIE

To determine the future housing needs of the city's residents, these lifecycle housing patterns, and trends in them, are applied to the city's projected population by age in future years. The difference in total housing occupancy from one year to the next represents net growth in the city's housing stock that would be required to house both population growth and changes in the population's underlying demographic characteristics.

Over the decade a growing and changing population would see the housing stock in the City of Kamloops need to grow from 41,000 occupied units today to almost 47,000 by 2029, and further to 50,400 by 2039. Put another way, in order to accommodate the nine percent projected growth in the city's population projected between 2019 - 2029, the city's housing stock would have to grow by almost 5,500 homes; an additional 3,700 homes would be required between 2029 - 2039.

Annual additions to the city's housing stock would therefore need to average 520 units over the next decade, and 370 per year over the following decade.

In looking back to the past decade of housing completions for the city, outside of the 1,074 units that were completed in 2019, the city has averaged 440 completions per year; future housing additions within the city would therefore have to increase by about 24% over historical averages to accommodate future expected demand.

Of this additional demand, given the strong inclination towards ground oriented accommodation (single detached, row & townhouse), the bulk of additional housing would be in more these traditional ground oriented formats, with almost 4,000 ground oriented additions needed over the next decade (2019 - 2029) An additional

2,750 ground oriented units would be required over the following decade (Figure 16).

Apartment formats would represent about 24% of additional future demand, requiring just over 1,250 additional units to be added in the city to accommodate projected demand in the next decade, and just under 1,000 units between 2029 and 2039 .

With almost three-quarters of the city's existing housing stock being in the ownership side of the market, owner-occupancy is expected to continue to prevail in the coming years. Over the next decade, of the 5,200-unit growth in occupancy demand, three-quarters is expected to be in owned formats (4,000 units, or 400 per year), while almost 1,200 would be expected as rental units (120 additions per year).

This pattern will be similar over the last decade of the projection period, where an additional 2,750 owned units would be required along with another 980 rental units.

COMMERCIAL MARKET OUTLOOK

In 2018, Ernst & Young (EY) prepared an economic impact study for the city which included an outlook for employment growth by industry sector out to 2022. Based on their projections, the total number of jobs in the city was expected to grow from a base of 49,815 in 2019 to 50,844 by 2022. EY's estimates expected total employment in the city to grow by 2.1% between 2019 and 2022 (1,029 jobs), or by 0.7% annually. As a point of comparison, Census data show the City's job base growing by 0.3% annually between 2006 and 2016, or by 1,210 jobs from 35,870 to 37,080 total jobs.

The sectors EY expects to grow signifi-

cantly in the coming years in the City were the Construction sector (4.7% growth), Accommodation & Food (3.9%), Health (3.7%) and Professional Services (3.2%). The sectors expected to add the greatest number of jobs between 2019 and 2022 were the Health sector, (280 new jobs), Construction, (211) Accommodation & Food (187) and Retail & Distribution (123).

It is also noteworthy that three industries are anticipated to experience no growth or decline in employment: the Utilities sector (no growth), Manufacturing (87 job losses, -3.4% loss) and Primary (26 job losses, -1.1% decline).

In order to develop a sense for how this job outlook could impact commercial space in the city in the short-term, we grouped industries that share common

space requirements into traditional land-using groups. For example, Manufacturing, Transportation & Warehousing sectors are traditionally associated with industrial uses, the Retail & Wholesale and Accommodation & Food sectors with commercial space, and the range of professional services are often associated with office space requirements. As Construction employment is not traditionally associated with requiring commercial space but building it, and Primary & Utilities employment seeing minimal growth in demand for commercial space, we have included construction and primary as independent categories.

FIGURE 17: KAMLOOPS EMPLOYMENT PROJECTIONS, 2019 TO 2022

| Industry | Summary of industry employment projections in Kamloops, 2016 to 2022 | | | | | |
|---|--|---------------|---------------|---------------|--------------|-------------|
| | 2019 | 2020 | 2021 | 2022 | # Chg | % Chg |
| Construction | 4,486 | 4,542 | 4,618 | 4,697 | 211 | 4.7% |
| Agriculture, forestry, fishing & mining | 2,370 | 2,359 | 2,351 | 2,344 | -26 | -1.1% |
| Utilities | 242 | 242 | 242 | 242 | 0 | 0.0% |
| Manufacturing | 2,586 | 2,553 | 2,521 | 2,499 | -87 | -3.4% |
| Transportation & Warehousing | 2,497 | 2,506 | 2,517 | 2,528 | 31 | 1.2% |
| Retail & Wholesale | 7,615 | 7,653 | 7,696 | 7,738 | 123 | 1.6% |
| Accommodation & Food | 4,811 | 4,874 | 4,937 | 4,998 | 187 | 3.9% |
| Information, Culture & Recreation | 1,982 | 1,988 | 1,994 | 1,998 | 16 | 0.8% |
| Finance and Real Estate | 2,259 | 2,273 | 2,287 | 2,300 | 41 | 1.8% |
| Professional | 2,862 | 2,890 | 2,923 | 2,955 | 93 | 3.2% |
| Management & Administrative | 1,811 | 1,822 | 1,833 | 1,844 | 33 | 1.8% |
| Public Administration | 2,731 | 2,750 | 2,765 | 2,775 | 44 | 1.6% |
| Education | 3,303 | 3,323 | 3,346 | 3,369 | 66 | 2.0% |
| Health | 7,569 | 7,656 | 7,754 | 7,849 | 280 | 3.7% |
| Other Services | 2,691 | 2,696 | 2,703 | 2,708 | 17 | 0.6% |
| Total | 49,815 | 50,127 | 50,487 | 50,844 | 1,029 | 2.1% |

| Industry by Commercial Requirements | Summary of industry employment projections by commercial requirements in Kamloops, 2016 to 2022 | | | | | |
|-------------------------------------|---|---------------|---------------|---------------|--------------|-------------|
| | 2019 | 2020 | 2021 | 2022 | # Chg | % Chg |
| Construction | 4,486 | 4,542 | 4,618 | 4,697 | 211 | 4.7% |
| Primary | 2,612 | 2,601 | 2,593 | 2,586 | -26 | -1.0% |
| Industrial | 5,083 | 5,059 | 5,038 | 5,027 | -56 | -1.1% |
| Retail & Wholesale | 12,426 | 12,527 | 12,633 | 12,736 | 310 | 2.5% |
| Office | 25,208 | 25,398 | 25,605 | 25,798 | 590 | 2.3% |
| Total | 49,815 | 50,127 | 50,487 | 50,844 | 1,029 | 2.1% |



Looking forward to potential commercial demand by 2022 for these three land-using sectors, office uses are anticipated to experience the greatest growth with 590 new employment opportunities requiring office space. This represents an increase of 2.3% from 2019's employment base of 25,208 jobs. As such, all other things remaining equal (such as current office vacancy rates or the ratio of office space per job), demand for office space over the short-term in the city would need to grow by 2.3% or by just under 1.0% annually to accommodate this expected demand. Of these sectors, it would be the Health sector that would see the largest additional requirements, expanding by 280 jobs or by about 1.2% annually.

or at a rate of about 3% per year.

Demand for commercial space is also anticipated to increase by 2.3% by 2022, or by just under 1.0% annually. Total new jobs in these types of uses would grow by 341 additional positions, 55% of which would be generated from the Accommodation & Food sectors. Demand for these types of uses could grow by 1.5% annually given the EY projections.

Demand for traditional industrial space, as defined by jobs in the Primary, Utilities, and Manufacturing sectors, is anticipated to decline in terms of total employment, with there being 2.2% fewer jobs in these sectors expected by 2022.

It is important to note that the EY report anticipates the majority of these job losses will be seen in the Manufacturing sector (87 of 113 job losses or 77%) rather than in primary sector activities, so the majority of this impact would be reflected in demand for traditional industrial spaces in the short-term. Further to this, Census data show that between 2006 and 2016 employment at a usual place of work in the City's manufacturing industries declined by 29% (a loss of 710 jobs)

REVIEW & OUTLOOK

North Kamloops

The North Kamloops neighbourhood is located on the North Shore and is bordered by both the Thompson and North Thompson rivers; reaching as far north as Halston Avenue and as far west as 12th Street. The housing composition is evenly split between single family, apartment and other ground oriented dwelling types, and the neighbourhood also features a commercial presence along Tranquille Road and 8th Street. Some of the neighbourhood highlights include the Northhills Shopping Centre, North Shore Community Centre, as well as several schools and parks. The Overlanders Bridge on the south side of the neighbourhood offers quick access to the West End and Kamloops City Centre.



the people

Over the 10-year period from 2006 to 2016, North Kamloops experienced modest population growth, adding 235 new residents. This 2% growth over the period was slower than growth seen Kamloops-wide at 11%. While representing 12% of the city's population in 2016, the past decade saw North Kamloops accommodate only 2.4% of the city's overall population growth.

North Kamloops' population was slightly older than the City of Kamloops as a whole: for example, 42% of its population was 50 years or older, compared to the rest of the city-wide share of 40% in these older age groups. Of the younger age ranges, North Kamloops has a slightly stronger representation in the 20-34 year old age group when compared to Kamloops as a whole (22% vs 20%), while the under 20 and 35-49 groups represented slightly smaller portions than the city-wide average. This may partially be a result of the lower costs of living in the neighbourhood attracting young 20-34 year old adults who are in early career and family forming stages of the lifecycle.

In considering the mobility status of North Kamloops' population, the part of the city's population who did not move between 2011 and 2016 was six percentage points below the City of Kamloops as a whole (51% versus 57%). The lower share of population who moved is in part reflective of the slightly older population in this part of the city.

That being said, of those who did move, the share of Kamloops locals moving within the city to North Kamloops over the five years leading up to the 2016 Census was higher than the City of Kamloops as a whole (64% versus 59%, respectively), indicating a greater likelihood of people moving to North Kamloops from areas within the city.

Those moving from other parts of Canada outside of the city represented 33% of those moving to North Kamloops (versus 36% seen city-wide), and those moving from other countries representing only 3% of movers (versus 5% of movers from international origins for the city as a whole).

Despite the lesser rate of population growth, North Kamloops is one of the largest and densest neighbourhoods with 10,979 residents and approximately 2,700 residents per square kilometre as of 2016, versus approximately 300 residents per square kilometre for the city as a whole. There were approximately 5,130 households in the area, which places the North Kamloops as the third largest neighbourhood in the city.

Average household income for North Kamloops in 2016 was the lowest in the city at \$57,435. This compares to \$88,734 for the city as a whole. The unemployment rate in North Kamloops also sat higher than other Kamloops neighbourhoods at 12%, versus the city-wide average of 7.5%.

In looking at employment of those who reside in North Kamloops, the three largest industry sectors were Education, Health & Culture (19%), Trade (18%) and Professional & Business Services (12%). It is also noteworthy that approximately 10% of working residents are employed in the construction industry, which is above the city average of 8%.

North Kamloops had approximately 2,005 couples living together, of which 40% live in a household with children, which is lower in comparison to the city with 45% of its 21,235 couples living with children.

North Kamloops snapshot



North Kamloops



Kamloops

| | | |
|--------------------------------|--|--|
| 10 YR CENSUS POPULATION GROWTH | 235 2% | 9,904 12% |
| AGE RANGES | <ul style="list-style-type: none"> Under 20: 18% 20-34: 22% 35-49: 17% 50-64: 21% 65+: 21% | <ul style="list-style-type: none"> Under 20: 21% 20-34: 20% 35-49: 19% 50-64: 22% 65+: 18% |
| HOUSEHOLDS & AVERAGE SIZE | 5,130 2.1 persons per unit | 36,815 2.4 persons per unit |
| AVG. HOUSEHOLD INCOME | \$57,435 | \$88,784 |
| UNEMPLOYMENT RATE | 12.0% | 7.5% |
| TOP 3 INDUSTRIES | <ul style="list-style-type: none"> 19% education, health & culture 18% trade 12% professional & business services | <ul style="list-style-type: none"> 23% education, health & culture 16% trade 10% professional & business services |
| TENURE | 47% own 53% rent | 72% own 28% rent |
| MONTHLY HOUSING COSTS | own \$ 977 rent \$ 991 | own \$1,240 rent \$1,031 |
| HOUSEHOLD TYPE | <ul style="list-style-type: none"> 29% row/duplex 37% single family 34% apartment | <ul style="list-style-type: none"> 30% row/duplex 52% single family 18% apartment |



housing

As per 2016 Census, North Kamloops had a greater portion of apartment dwellings relative to the city as a whole (34% vs 18%), with single family homes representing 37% of homes (versus 52% for the City). This greater share of housing in apartment formats in part explains the smaller average household size in North Kamloops (2.1 versus 2.4 people per dwelling).

In terms of the age of homes in this part of the city, North Kamloops had the greatest percentage of homes built prior to 1981, representing 76% of all homes, compared to 54% for the city as a whole. Of the remaining dwellings, 16% were built from 1981 to 2000, and the remaining 8% were built between 2001 to 2016. As North Kamloops is one of the older neighbourhoods in the city, little available land for development may partially explain why North Kamloops has the greatest density of all Kamloops neighbourhoods, and has also resulted in a larger proportion of multi-family developments. North Kamloops also saw a higher percentage of its homes in rental than ownership: 53% of the neighbourhood's homes were rented and 47% owned. This compares to 28% rental and 72% owner seen city-wide.

In considering more recent development patterns, from 2016 to 2019, data from Canada Mortgage and Housing (CMHC) show that 88% of housing starts (216 of 245 total starts) in North Kamloops were in apartment formats - an average of 54 dwellings per year. Further to this, 48% (103 of 216 apartment starts) of all new apartments were in purpose-built rental buildings.

Much like housing starts, housing completions in North Kamloops from 2016 have been primarily for apartment product with 61 out of 88 completions (69%), all of which were for purpose-built rental product.

Additionally, with 43 rental apartments, 113 owned apartments and 8 semi-detached units under construction at the end of 2019, total

housing completions in 2020 are expected to be above the 70 seen in 2019 (above the 22 average annual completions seen since 2016).

In addition to homes completed and those under construction, application data can be considered to look beyond what may come to market beyond next year. In North Kamloops there are relatively few active applications per the City of Kamloops. Contemplated projects include a 20 unit rental building, 66 market strata units in two mixed use buildings, and one application for a fourplex

In terms of housing costs, North Kamloops costs were generally lower when compared to the city reflective of both the higher proportion of older homes and greater share of apartments. As per the 2016 Census, ownership costs were approximately 21% lower than the city's average (\$977/month vs \$1,240), while rental costs were 4% lower (\$991/month vs \$1,031).

More recent data for purpose-built rental dwellings from CMHC shows that as of 2019 there were approximately 1,020 apartment and 122 row rental units, with an additional 43 apartment units under construction as of December 2019. Vacancy rates during 2019 ranged between 0.9% to 1.7% for 1 and 2 bedroom product, while rents typically ranged from \$729 - \$864 and \$896-\$1,023 for those product types respectively.

There has been a relatively steady increase in rents since 2010 in North Kamloops, with rents increasing approximately 28% and 25% respectively (3% per annum), despite the increasing age of existing stock. This compares to 35% and 33% (just north of 3% per annum) seen city-wide for purpose built rental product.

North Kamloops experienced relatively strong sales totals in 2019 - the fourth highest of all neighbourhoods in the city. There were 119 single family sales (\$392,513 on average), 30 other ground oriented sales (\$345,663 on average), and 12 apartment sales (\$253,317 on average).



commercial

The majority of existing commercial inventory in North Kamloops is located along the major roadways of Tranquille Road and 8th. There has been relatively little new commercial space built in the area with the majority of existing stock comprised of street facing office and retail store fronts.

Notable commercial locations in the North Kamloops neighbourhood include the Northhills Shopping Centre, which is currently anchored by a Loblaws' Independent Grocer, Shoppers Drug Mart and Starbucks. Also along the commercial corridor are several restaurants, financial institutions, automotive and other independent retail offerings.

In searching through the KADREA, there have been limited transactions posted for the North Kamloops neighbourhood for commercial rents from 2012 to present. However of those transactions posted, typical rents were seen to range between \$7 to \$10 per square foot. Rent for commercial product in this area have fluctuated minimally since 2012 (again recognizing the small volume of offerings).

The most recently listed office/retail sites in North Kamloops (both of which are along Tranquille Road) have advertised lease rates of \$7-\$14 per square foot (net of operating costs & utilities), with the major variable in asking rates being the age of the building. It should be noted that, as per discussions with local commercial brokers. Lease rates are typically negotiated to a final price, and discounted by approximately \$1-\$2 per square foot on average.

There are relatively few applications for new commercial product in North Kamloops. As per the City of Kamloops' planning department, there are currently two mixed-use developments that have applications in with the city, both are residential low rises with 5,620 and 5,845 square feet of commercial at grade. There are no current applications for office space in the neighbourhood.



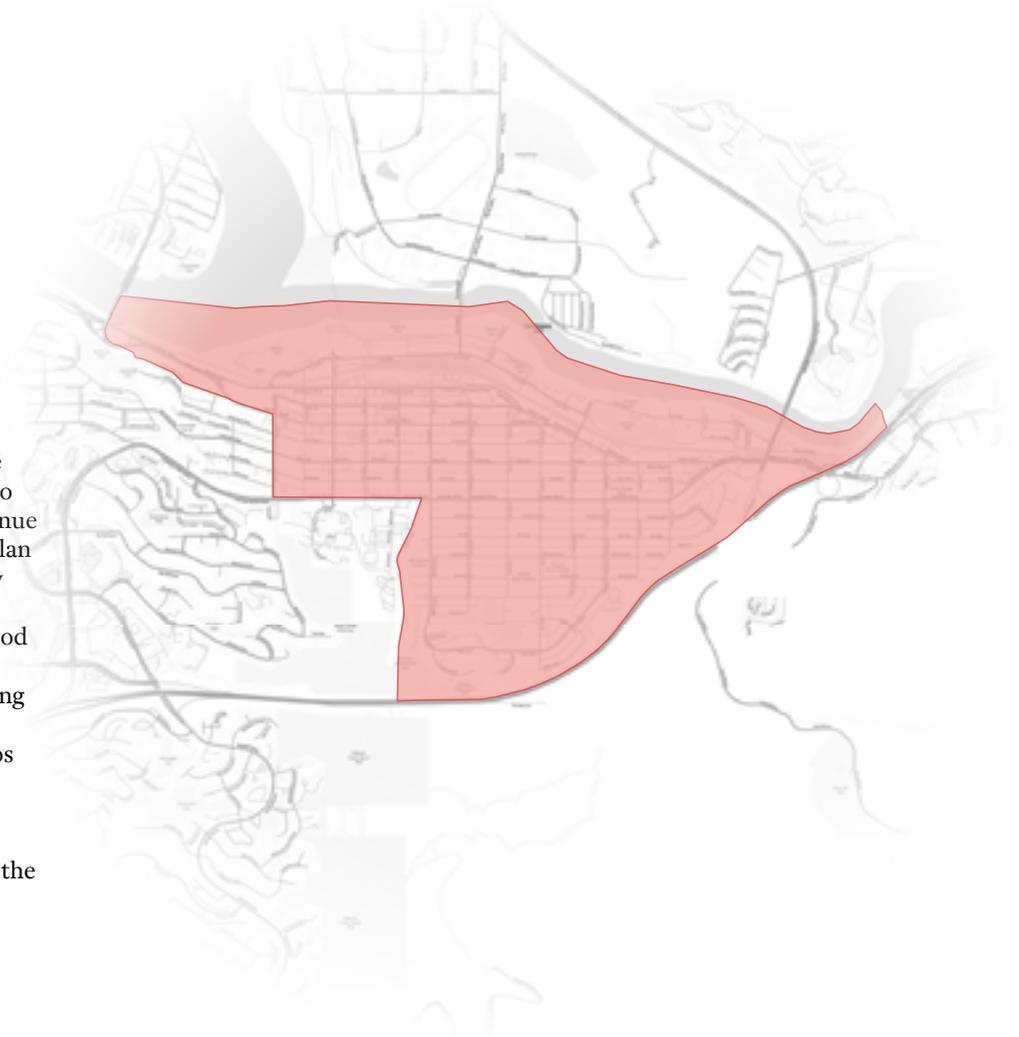
| project id | address | applicant | structure | homes/size |
|------------|--------------------|-------------------------|------------|-------------|
| 5 | 1208 Tranquille Rd | N/A | Commercial | N/A |
| 6 | 742 Tranquille Rd | Blue Green Archit. | Mixed-Use | 5,845 sq ft |
| 7 | 502 Mackenzie Ave | Spirit Square Dev. Ltd. | Mixed-Use | 5,620 sq ft |



REVIEW & OUTLOOK

Downtown-Sagebrush

The Downtown-Sagebrush neighbourhood is located in the centre of the Greater Kamloops area, and is bordered by the South Thompson River to the north, the Trans-Canada Highway to the east and south, and 1st Avenue to the west. According to the City of Kamloops' Downtown Core Area Plan (2018), the Downtown-Sagebrush neighbourhood is the most frequently visited part of the city and includes the Central Business District of Kamloops. While the overall composition of housing in the neighbourhood is oriented more towards apartments, it should be noted that due to the size of the Sagebrush area, the neighbourhood features pockets of differing housing forms throughout. Apart from the commercial attractions, the neighbourhood also features the Sandman Centre (home of the Kamloops Blazers hockey team), Riverside Park & Beach, Exhibition Park and the Sagebrush Theatre. Additionally, while the Royal Inland Hospital falls within the Sahali-West End boundary, it borders the Downtown-Sagebrush neighbourhood to the southwest and is easily accessible from the neighbourhood.



the people

Over the past decade (2006-16), the Downtown-Sagebrush population was relatively unchanged, remaining in the range of 6,340 residents.

The Census also showed that the neighbourhoods' resident population was slightly older than the city, with 48% of its population being 50 years or older, compared to 40% for the City of Kamloops as a whole. Further to this, the Downtown area had 40% of its population aged 65 or older (compared to only 18% city-wide). The under-20 age group represented the smallest proportion in this part of the city with 13% (versus 21% for the City of Kamloops), while the 20-34 year olds represented 23% versus 20% city-wide.

This may partially be a result of the housing stock and amenities in the neighbourhood attracting young adults in the early stages of careers, as well as downsizers who prefer to be closer to the amenities offered along the Victoria Street corridor. It is also consistent with the typical community expectation that young families will typically move away from these higher density neighbourhoods in favour of larger family-style housing.

Downtown-Sagebrush's share of people who did not move between 2011 and 2016 was slightly lower than the City of Kamloops as a whole (54% versus 57%), meaning a slightly lower propensity to move. This reflects the much larger share of population in the 65 plus age groups.

The number of locals moving within the city to the Downtown-Sagebrush area over the five years leading up to 2016 was higher than the City of Kamloops as a whole (61% versus 59%, respectively), indicative of movers who moved around within the city. Those moving from other parts of Canada outside of the city represented 34% of

those moving to Downtown-Sagebrush (versus 36% seen city-wide), and those moving from other countries representing only 5% of movers (matching the 5% of movers from international origins for the city as a whole).

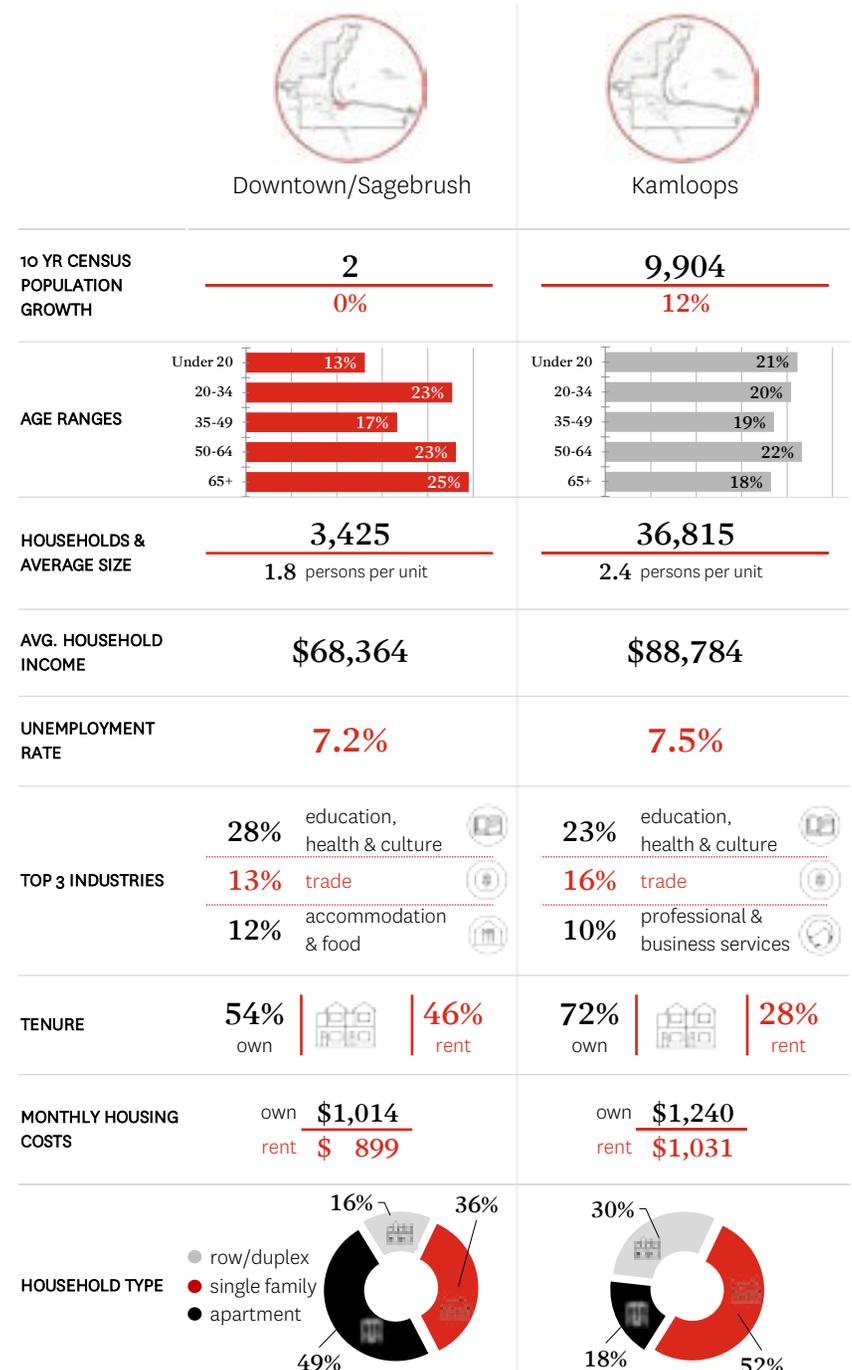
The Downtown core in particular features a higher population density per square kilometre in comparison to the city as a whole with 1,024 residents per square kilometre (300 for the City of Kamloops as a whole). This is the lowest density of the neighbourhoods of interest with exception of TRU-Southgate-Dufferin – where a significant portion of land is uninhabitable.

This neighbourhood also features the smallest average household sizes at 1.8 persons per household, with Downtown at 1.5 persons per household and Sagebrush at 1.9, again reflective of the composition of the neighbourhoods' dwelling stock. Further to this, Downtown-Sagebrush had approximately 1,250 couples, 32% (400) of which had children in the household, lower than the city as a whole where 45% of it's 21,235 couples were living with children.

The top three industries of employment for residents are Education, Health & Culture (28%), Trade (13%) and Accommodation & Food (12%). Health Care & Social Assistance comprised approximately 17% of working residents, which is 3 percentage points higher than the total for the city as a whole (14%). The neighbourhood also had a lower unemployment rate than the city-wide average (7.2% versus 7.5%).

The total average household income of the neighbourhood at \$68,400 was slightly lower than the average for the City of Kamloops as a whole (at \$88,800), but slightly greater once divided by the average number of people per households (\$38,350 versus \$36,993 for Kamloops).

Downtown-Sagebrush snapshot



housing

Per the 2016 census, Downtown-Sagebrush’s composition of housing was oriented much more towards apartments than the city as a whole: 49% of homes in the neighbourhood were apartment units versus 18% city-wide. Single family made up the next largest portion homes at 36%, while other ground oriented forms (row/duplex) made up the smallest portion, at 16% of all dwellings. Of the 3,435 dwelling units in Downtown-Sagebrush, 73% were built prior to 1981 and were at least 40 years old. An additional 17% were built between 1981 and 2000, and only 10% of all dwelling units in the Downtown-Sagebrush community were built after 2000.

According to CMHC data, there has been a steady flow of new housing starts for the Downtown-Sagebrush neighbourhood since the Census was conducted in 2016, averaging approximately 55 new units started each year. In particular, 2018 and 2019 saw 71 and 59 new units begin construction respectively, of which 79 were for owner-occupier product. In looking back to 2010, relatively few purpose-built rental units were started despite 46% of existing households being comprised of renters (as per 2016 Census). That being said, 50 new purpose-built rental units began construction in 2019.

Much like housing starts, housing completions in Downtown-Sagebrush since 2016 have been primarily for apartment product with 152 out of the 190 completions (80%). Of these units completed 62 were purpose-built rental apartments.

By the end of 2019 there were 107 dwellings under construction (3 single family, 6 other ground oriented and 98 apartments). As such, total housing completions in 2020 are expected to be similar to the 104 seen during 2019, and well above the annual average of 48 since 2016.

As per the City of Kamloops planning department, there are currently two active multi-family applications for the Downtown-

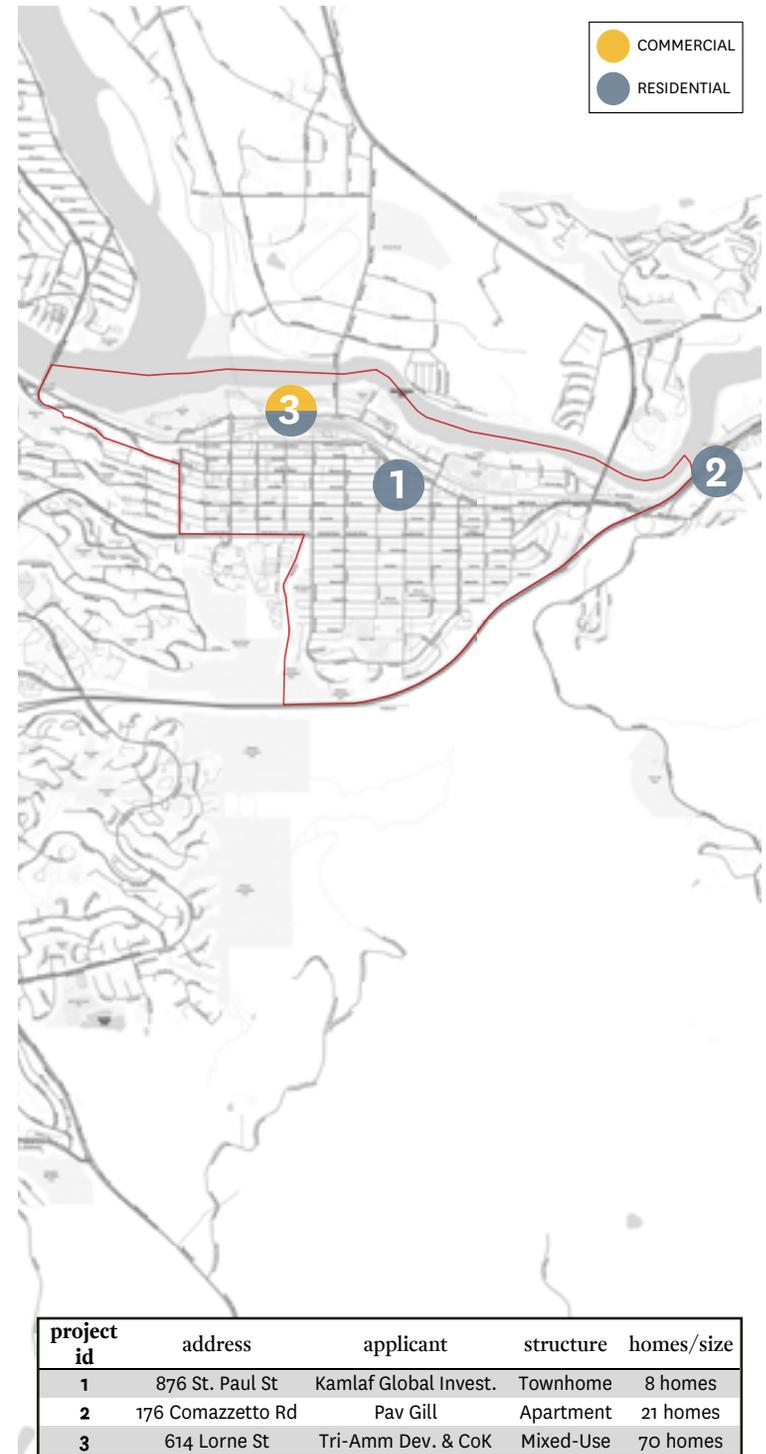
Sagebrush neighbourhood - an 8-unit townhome development and the second building of Tri-AMM Developments’ “The Marquess of Lorne”, with 43 units and 5,400 square feet of commercial at grade being added to the neighbourhood.

In terms of housing costs, the 2016 Census showed the typical rental costs in the neighbourhood were \$899 (13% lower than the city-wide average). When compared to the city as a whole, a smaller portion of residents were owners in the Downtown-Sagebrush neighbourhood, at 54% versus 72% ownership city-wide. For these owners, average monthly costs were also 18% lower, at \$1,014 per month versus \$1,240 city-wide.

The most recent CMHC data shows a total of 599 purpose-built rental units as of 2019 in the Downtown-Sagebrush neighbourhood, with 46 dwellings having completed during the year and a further 49 units under construction as of December 2019. This represents a sharp increase in rental building activity for the neighbourhood.

Vacancy rates for these rental buildings averaged 1.3% for all bedroom types in 2019, with average rents of \$931 and \$1,154 for one and two bedroom units respectively. Further, rents in these buildings have increased on average since 2010 by 32% and 28% for one and two bedroom dwellings respectively, or by an average of 3% per annum. This compares to 35% and 33% (just above 3% per annum) seen city-wide.

On the housing sales side of things, as outlined in the main section of the report, North Kamloops experienced relatively strong residential sales in 2019. There were 80 single family home sales in 2019 with an average sales price of \$509,958, 31 other ground oriented sales (\$442,729 on average), and 45 apartments (\$316,107 on average).



commercial

The majority of existing commercial space in the Downtown-Sagebrush neighbourhood is located in the downtown core along the Victoria Street corridor and the Lansdowne Village Shopping Centre, towards the northern edge of the neighbourhood.

Victoria Street is the primary shopping and retail area in the city and features boutique retailers and restaurants, as well as office and hotel space. The majority of office space along the corridor is located on the western edge from 1st to 4th avenues, and includes major tenants such as the British Columbia Lottery Corporation (BCLC), Royal Bank of Canada (RBC), Stantec, and several other anchor tenants.

As with other Kamloops neighbourhoods, there has been a nominal amount of new commercial inventory built in the recent past. That being said, there are a few commercial developments currently planned for the corridor that should bring new supply to the neighbourhood.

According to the city’s planning department, “The Hive” by A & T Developments is expected to bring 45,000 square feet of new office space to market in its first phase, with another two phases to follow. City council’s decision to [forego the City’s portion of property taxes on building improvements \(new builds or revitalizations\) for 10 years in the downtown and north shore business centres](#) will likely result in additional commercial applications to these two neighbourhoods.

Also located in downtown Kamloops is the Lansdowne Village shopping centre, which comprises of 205,000 square feet of retail and office space. Some of the anchor tenants include London Drugs, Save-on-Foods and Dollarama.

The Northeastern boundary of the city along Victoria & Battle street is another commercial

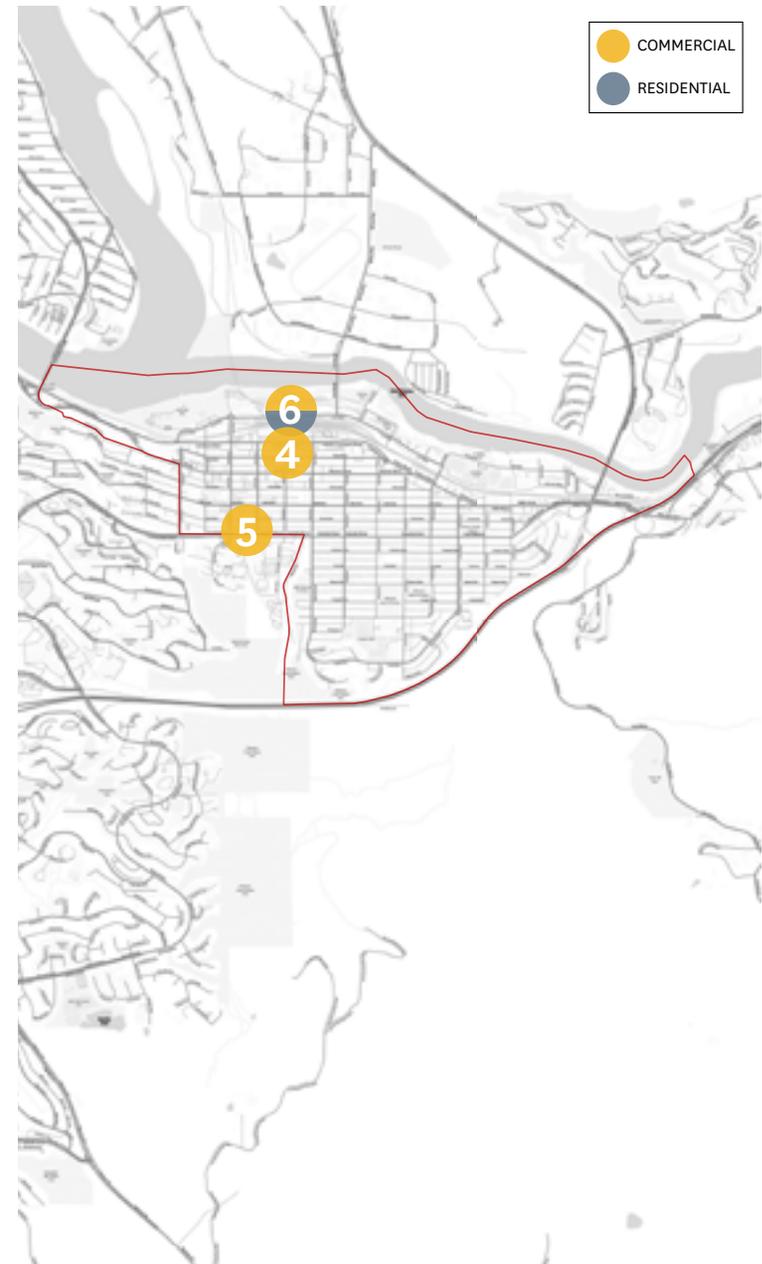
corridor, however the existing tenants and buildings are primarily comprised of warehouse and light industrial businesses, as well as some lodging.

In searching the KADREA listed commercial rents from 2012 to present, there have been limited transactions posted for the Downtown-Sagebrush neighbourhood. However of those transactions posted, the typical base rent (net of operating costs) ranged between \$10 to \$12 per square foot, with these rents fluctuating minimally since 2012.

As per recent brokerage listings, current asking rents for spaces along Victoria/Seymour Street are ranging from \$10-\$16 per square foot, ranging largely due to the age and condition of the building (note that as per discussions with local brokers, there is typically a \$1-\$2 fluctuation in asking versus negotiated rents).

Of note, A & T Developments’ The Hive is seeking lease prices of \$30 per square foot as base rent, and has either sold or pre-leased over 50% of the first building before having begun construction.

In addition to A & T’s application, there are currently two other applications with commercial components in with the City of Kamloops.



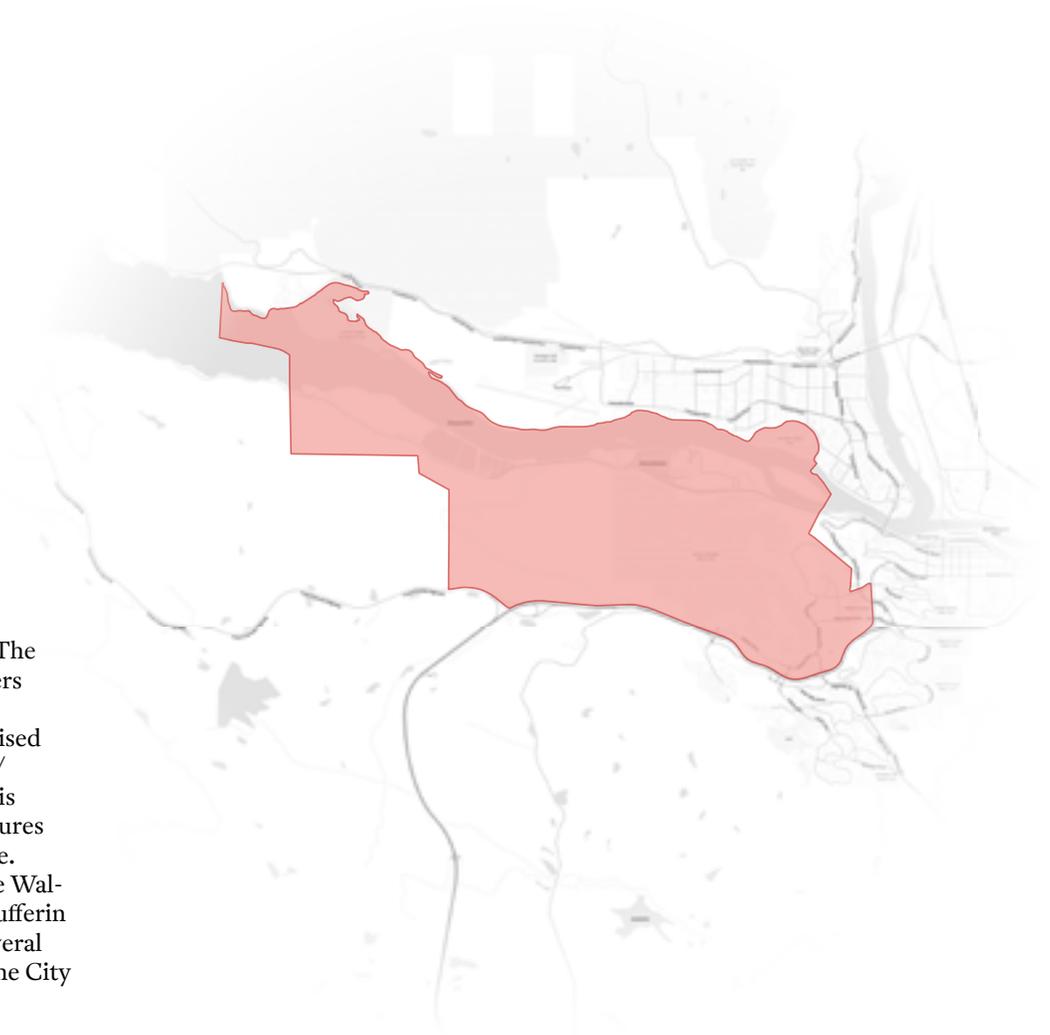
| project id | address | applicant | structure | homes/size |
|------------|-----------------|--------------------|-------------------------|-------------|
| 4 | 137 5th Ave | A&T Developments | Commercial (Office) | N/A |
| 5 | 360 Columbia St | Kevin Ryan | Commercial (plus hotel) | N/A |
| 6 | 614 Lorne St | Tri-Amm Dev. & CoK | Mixed-Use | 8,925 sq ft |



REVIEW & OUTLOOK

TRU- Southgate- Dufferin

The TRU-Southgate-Dufferin neighbourhood is centered around the Thompson Rivers University (TRU) Campus and is bordered by the Trans Canada Highway to the south and Columbia Street to the west. The neighbourhood comprises three unique communities: Thompson Rivers University, Southgate, and Dufferin. Each community highlights the different uses within the neighbourhood – with TRU primarily comprised of educational/recreational uses, Southgate comprised of commercial/industrial uses and Dufferin where the majority of the neighbourhood is residential. Aside from the University Campus, the TRU area also features the Canada Games Aquatic Centre and the Tournament Capital Centre. Within the Southgate community, notable commercial tenants include Wal-Mart, Home Depot and several automobile dealerships. Within the Dufferin community is the Aberdeen Mall, Dufferin Elementary School and several walking and hiking trails. This neighbourhood is one of the largest in the City of Kamloops and includes the Kenna Cartwright Nature Park.



the people

The TRU-Southgate-Dufferin neighbourhood population saw an increase of 789 residents (to 2,241) over the 10 year period covered by the 2006 to 2016 Census counts. This represents a 54% increase in total residents - well above the city-wide average - and is likely reflective of recent expansions of the Thompson Rivers University.

As would be expected, the resident population is weighted towards a younger demographic, with 69% of residents being under the age of 50. 20-34 year olds in particular comprised 27% of the neighbourhoods population (versus 20% city-wide). The over-50 population represents 31% of the neighbourhood's age composition, 9 percentage points below the city as whole (at 40%). The 65 and older population in particular has the smallest representation with 13% of residents (versus 18% for the City of Kamloops). Again, this composition is likely reflective of the Thompson Rivers University campus being located in the neighbourhood, attracting a greater proportion of students and faculty.

In looking at the mobility data from the 2016 Census, TRU-Southgate-Dufferin's share of people who did not move between 2011 and 2016 was slightly greater than the City of Kamloops as a whole (62% versus 57%). Of those who moved, the number of locals moving to the neighbourhood from within the city was lower than the City of Kamloops as a whole (44% versus 59%, respectively). Those moving to the neighbourhood from other regions in Canada represented 45% (versus 36% city-wide) and from international origins 12% (versus 5% city-wide).

The neighbourhood had a relatively low density when compared to the city as a whole, with 70 people per square kilometre versus 300 for the city. The neighbourhood also features slightly larger average household size with 2.5 persons per household compared to 2.4 for the City of Kamloops as a whole.

In terms of families, of the 500 couples in the neighbourhood, 45% (225) were living with children in the household. This is in line with the city of Kamloops as a whole at 45% of it's 21,235 couples living with children.

For residents in this neighbourhood, the unemployment rate was slightly higher as per 2016 Census than the city as a whole at 8.0% (versus 7.5%). The top three industries of employment for residents were in the Education, Health & Culture (25%), Trade (13%) and Professional & Business Services (9%). Approximately 10% of employed residents were in the educational services industry, compared to 7% for the city as a whole.

The total average household income of the neighbourhood (at \$103,402 in 2015 from the 2016 Census) was approximately 16% higher than the average for the city as a whole (at \$88,784). Further to this, once divided by the number of people per household was approximately 12% higher (\$41,361 per person in the household versus \$36,993 city-wide).

TRU-Southgate-Dufferin snapshot



TRU/Southgate/Dufferin



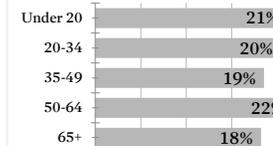
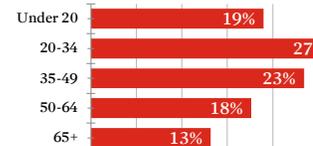
Kamloops

10 YR CENSUS POPULATION GROWTH

789
54%

9,904
12%

AGE RANGES



HOUSEHOLDS & AVERAGE SIZE

760
2.5 persons per unit

36,815
2.4 persons per unit

AVG. HOUSEHOLD INCOME

\$103,402

\$88,784

UNEMPLOYMENT RATE

8.0%

7.5%

TOP 3 INDUSTRIES



TENURE

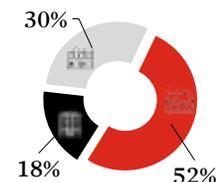
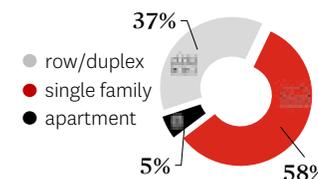


MONTHLY HOUSING COSTS

own **\$1,398**
rent **\$1,432**

own **\$1,240**
rent **\$1,031**

HOUSEHOLD TYPE



housing

The 2016 Census shows that the composition of the TRU-Southgate-Dufferin's housing was primarily single family homes, representing 58% of homes in the neighbourhood (larger than the 52% seen in City of Kamloops as a whole). Other ground oriented units (such as row and duplexes) comprised the next largest portion of homes in the neighbourhood with 37% (versus 30% for the city as a whole), with apartments making up a much smaller portion of the housing stock with 5% (compared to 18% for the city as a whole). It is interesting to note (and will be discussed later), the composition of dwellings has shifted recently, with a significant amount of apartment development since 2016.

Of the neighbourhood's 2016 dwelling stock only 23% of the dwellings had been built before 1981, which falls well below the average for Kamloops as a whole at 54%. A further 24% was built between 1981-2000 which compares to 28% for the city. The majority of housing stock for the neighbourhood was built between 2001-2016, with 53% of all dwellings constructed during this recent period (versus 18% of homes city-wide being built during this recent period).

According to CMHC data, since 2016 there have been 422 housing starts in this, averaging 105 starts each year. 2016 and 2018 in particular saw 103 and 252 new dwellings begin construction respectively. Apartments have been the principle form of housing added over this period, representing 87% of all starts, of which just more than half have been for rental product (60% of apartment starts).

Housing completions have been consistent with starts in looking back to 2016. From 2016 to 2019, there were 273 completions (averaging 68 annually), the majority of which were apartments (77%). The addition of single family homes has remained relatively consistent with an average of 10 completions per year.

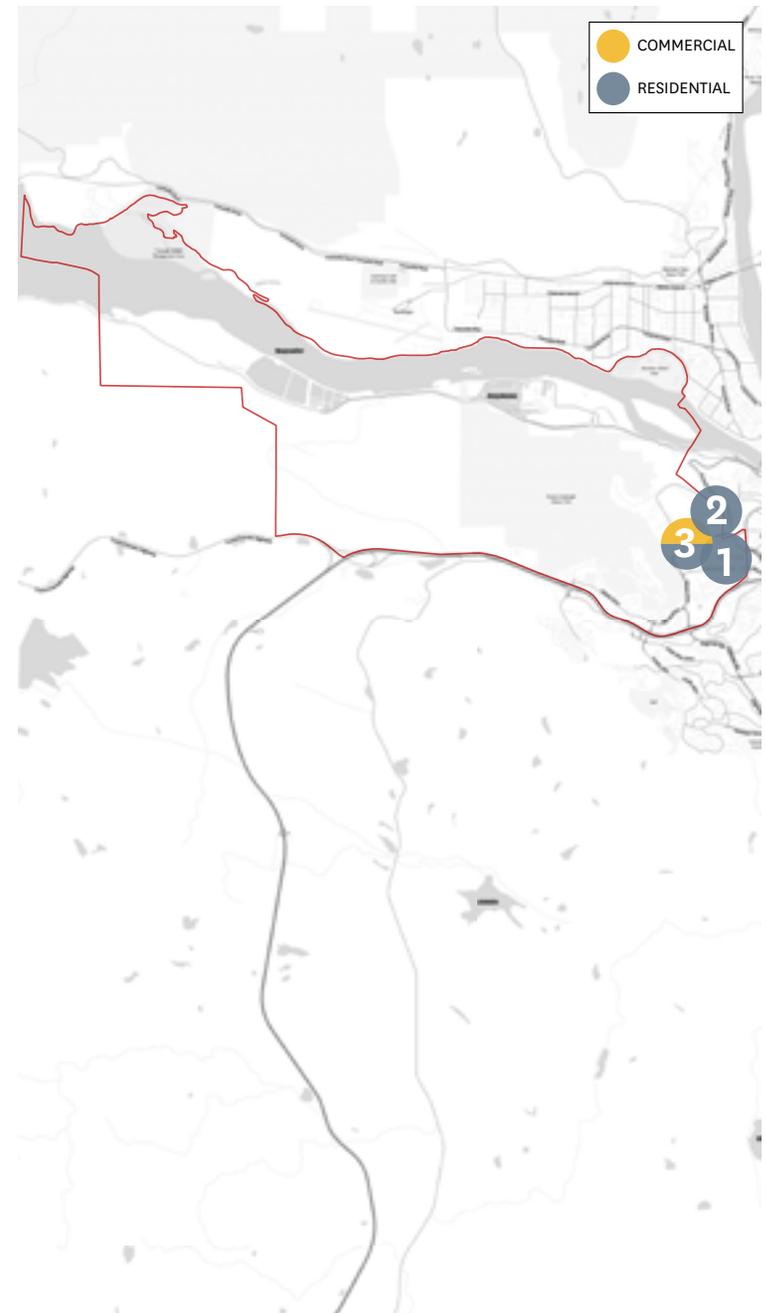
CMHC's data also show that as of December 2019, there were 159 homes under construction - 8 single family, and 151 apartments. Of the 151 apartments, 91 (60%) were for purpose built rental.

As per the City of Kamloops' planning department, there are currently three active multi-family applications for the TRU-Southgate-Dufferin neighbourhood, representing 404 apartment, 315 of which are expected to be rental. Of note is Cross Developments' McGill Ridge Apartments, which has 273 dwellings remaining in planning, as well as Kelson Group's 82-dwelling The Reach development.

Average rents in the TRU-Southgate-Dufferin neighbourhood from the 2016 Census were 39% higher than the City of Kamloops as whole at \$1,432. That being said, the portion of renters in the neighbourhood was smaller when compared to the city (18% versus 28%, respectively). Conversely 82% of households were owner-occupiers as of 2016, compared to 72% for the city as a whole. Ownership costs for the neighbourhood were also generally higher than the city with owners major payments averaging \$1,398 versus \$1,240 for the city.

As of December 2019, CMHC data show there were 91 rental units under construction, a sharp increase in rental construction for the neighbourhood as there were essentially no rental starts between 2010 to 2017.

As discussed in the main section of this report, residential resale activity was relatively moderate in comparison to the other neighbourhood, with 40 resales throughout the year. Single family comprised the largest portion with 23 sales (averaging \$634,268). Other ground oriented saw 11 sales (averaging \$549,936) and 6 apartments sold during the year (averaging \$367,042).



| project id | address | applicant | structure | homes/size |
|------------|-------------------|-----------------------|-----------|------------|
| 1 | 1261 Dalhousie Dr | Cross Developments | Apartment | 273 homes |
| 2 | 875 University Dr | Kelson Group | Apartment | 82 homes |
| 3 | 1021 McGill Rd | Orak Contracting Ltd. | Mixed-Use | 49 homes |



commercial

The structure of existing commercial space in the TRU-Southgate-Dufferin neighbourhood is primarily comprised of light industrial, warehousing and big box stores such as Wal-Mart or Great Canadian Superstore. There are relatively few retail or office buildings in the neighbourhood as it has traditionally been oriented more towards industrial uses. However, the expansion and development of the TRU Campus as well as mixed-use developments completing in the recent past has brought some new retail and small office supply to the neighbourhood.

There are three unique commercial areas in the neighbourhood: Columbia Street, Southgate and Aberdeen Mall. Columbia Street, along the eastern edge of the neighbourhood, offers big box commercial space that is currently occupied by Great Canadian Superstore, Winners, as well as several food chains and a variety of retail services. There has been minimal new commercial space introduced to Columbia Street in recent years, and the larger Columbia Place Shopping Centre is located on the eastern side of the corridor (in the Sahali-West End neighbourhood).

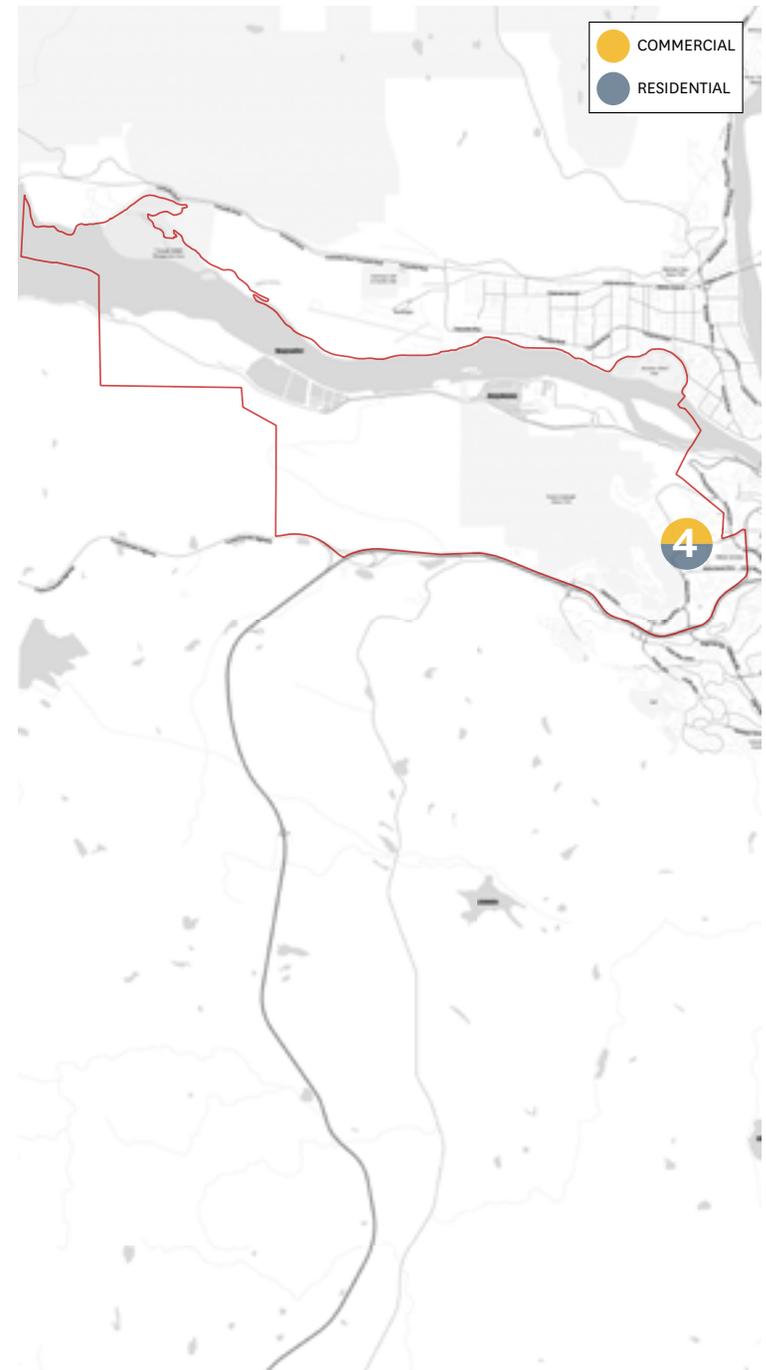
The majority of light industrial space is located in the Southgate area of the neighbourhood. This is located around the TRU campus and is occupied by a wide variety of uses, ranging from construction warehouses to micro-breweries. The area also features the Walmart Kamloops Supercentre and The Home Depot, as well as the ICBC Driver Licensing office.

Located along the Trans-Canada Highway on the southern edge of the TRU/Southgate/Dufferin neighbourhood is the Aberdeen Mall. Its commercial offerings include the Cineplex Odeon theatres, Best Buy, as well as multiple other large and small retailers. Located south of Aberdeen Mall on the other side of the Trans-Canada highway is the Kamloops Costco Wholesale Warehouse.

In searching the KADREA listings for commercial rents from 2012 to present, there few transactions were posted for the TRU-Southgate-Dufferin neighbourhood. However of the transactions posted, typical base rent (net of operating costs) ranged between \$7 to \$10 per square foot.

As with other areas, rents for existing commercial space in this area have fluctuated little since 2012. As per recent brokerage listings, current asking rents for spaces in the neighbourhood typically ranging from \$10-\$13 per square foot based on the age, size and condition of the building. (Again note that discussions with local brokers showed typically a \$1-\$2 fluctuation in asking versus negotiated rents).

There are currently no commercial-only development applications active with the City of Kamloops for the neighbourhood. There is however one mixed-use development application at 1021 McGill Road that will is expected to include 6,415 square feet of retail space at grade.



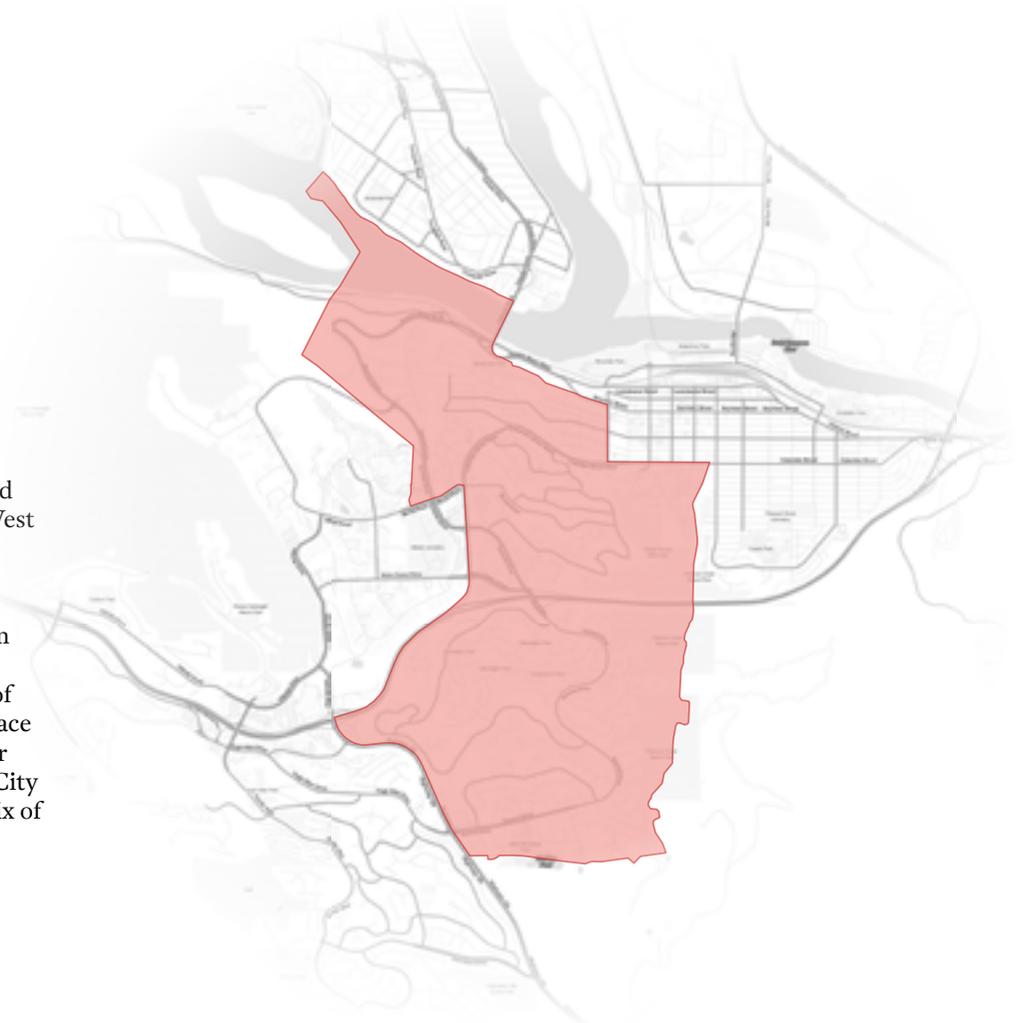
| project id | address | applicant | structure | homes/size |
|------------|----------------|-----------------------|-----------|-------------|
| 4 | 1021 McGill Rd | Orak Contracting Ltd. | Mixed-Use | 6,415 sq ft |



REVIEW & OUTLOOK

Sahali- West End

The Sahali-West End neighbourhood is comprised of Lower and Upper Sahali, and the West End community. The Sahali community is separated into two separate areas by the Trans-Canada Highway, meanwhile the West End community and Lower Sahali are joined along the Columbia Street corridor. The Sahali-West End neighbourhood is an attractive place to live as it borders Downtown Kamloops to the east and TRU to the west. A notable topographic feature of the neighbourhood is that it slopes from south to north towards the Thompson River, which is the inspiration behind the Sahali name – meaning “high-ground” in Chinookan. Some of the community features include the Royal Inland Hospital, Columbia Place Shopping Centre & Sahali Mall, Albert McGowan Park and several other parks, schools and trails. The neighbourhood is one of the largest in the City of Kamloops in terms of residents and housing, and features a diverse mix of housing forms as well as several retail amenities.



the people

The Sahali-West End neighbourhood featured the largest population of the neighbourhoods of interest in the city, with a population of 15,085 residents as per the 2016 Census. This represents a 5.4% (775 residents) increase over the 10 year period from 2006 – 2016 - below the average for Kamloops as a whole which grew by 12% over the same period.

The Sahali-West End neighbourhood is a generally younger population relative to the city as a whole, with 64% of residents being under the age of 50 as per the 2016 Census compared to 60% city-wide. In particular the 20-34 age group represented a significant share of the neighbourhood's demographic with 28% of all residents in the neighbourhood compared to 20% for the city as a whole. On the other hand, the 50+ population represented 37% of the neighbourhood's residents, which is 3 percentage points smaller than that of the city as a whole at 40%.

In considering the mobility data from the 2016 Census, Sahali-West End's share of people who did not move between 2011 and 2016 was slightly smaller than the City as a whole (53% versus 57%), indicating a slightly higher propensity to move, reflective in part of the neighbourhood's younger age composition.

Of those who moved, the number of local Kamloops residents moving to the neighbourhood over the five years leading up to the 2016 Census was slightly lower than that seen city-wide at 53% (59% for the city). Other domestic origins beyond the city represented 34% of those who moved (36% for the city as a whole), while those from international origins represented 13% (5% for the city), suggesting a greater portion of international movers were drawn to the neighbourhood.

As one of the more populous neighbourhoods in the city of Kamloops, the Sahali-West End neighbourhood features a much higher population density in comparison to the city as a whole with 1,922 people per square kilometre (versus 300 for the city). The neighbourhood also had average household sizes that were close to the City of Kamloops as a whole (2.3 versus 2.4 persons per household).

In terms of family structure, there were approximately 3,340 couples living in the neighbourhood, 1,425 of which were living with children in the household (43%). This is slightly below the rate seen in the city of Kamloops as a whole, with 45% of it's 21,235 couples living with children in their household.

The unemployment rate for the Sahali-West End's residents fell below that of the City of Kamloops as a whole: per the 2016 Census 6.8% of the neighbourhood's residents were unemployed versus 7.5% city-wide. In looking at what industries the residents were engaged in, the top three were Education, Health & Culture (27%), Trade (15%) and Accommodation & Food (14%). The Accommodation & Food industries in particular were higher than that seen across the city with (10% for the city as a whole).

Average household incomes for the neighbourhood (at \$90,488 as per the 2016 Census) was marginally higher than the average for the city as a whole (at \$88,784); when divided by the average number of people per households household incomes were approximately 5% higher (\$38,906 versus \$36,993 for Kamloops).

Sahali-West End snapshot



Sahali



Kamloops

| | | |
|--------------------------------|--|--|
| 10 YR CENSUS POPULATION GROWTH | 775 5% | 9,904 12% |
| AGE RANGES | <ul style="list-style-type: none"> Under 20: 19% 20-34: 28% 35-49: 17% 50-64: 20% 65+: 17% | <ul style="list-style-type: none"> Under 20: 21% 20-34: 20% 35-49: 19% 50-64: 22% 65+: 18% |
| HOUSEHOLDS & AVERAGE SIZE | 6,260 2.3 persons per unit | 36,815 2.4 persons per unit |
| AVG. HOUSEHOLD INCOME | \$90,488 | \$88,784 |
| UNEMPLOYMENT RATE | 6.8% | 7.5% |
| TOP 3 INDUSTRIES | <ul style="list-style-type: none"> 27% education, health & culture 15% trade 14% accommodation & food | <ul style="list-style-type: none"> 23% education, health & culture 16% trade 10% professional & business services |
| TENURE | 66% own 34% rent | 72% own 28% rent |
| MONTHLY HOUSING COSTS | own \$1,232 rent \$1,147 | own \$1,240 rent \$1,031 |
| HOUSEHOLD TYPE | <ul style="list-style-type: none"> 35% row/duplex 40% single family 25% apartment | <ul style="list-style-type: none"> 30% row/duplex 52% single family 18% apartment |



housing

In looking at the 2016 Census data on housing, single family homes comprised of the greatest portion of the neighbourhood's dwelling stock, representing 40% of all homes. That being said, it is of note that other ground oriented dwellings (such as row or duplexes) comprised only a slightly smaller portion of the housing stock at 35%. Apartment dwellings made up the remaining portion of the housing with 25%.

Of the dwelling stock in the Sahali-West End neighbourhood, in 2016 nearly half of the dwellings had been built before 1981 (49%), which falls slightly below the average for Kamloops as a whole at 54%. A further 39% were built between 1981-2000 (28% city-wide), while the remaining 12% were built between 2001 - 2016 (which is below City of Kamloops as a whole at 18%).

Since the last Census, CMHC data show that there have been 250 new housing starts in the Sahali-West End neighbourhood, averaging 63 new starts each year. 2016 in particular saw 120 new homes begin construction, of which 110 were for purpose-built rental homes. Apartments have been the principle form of new housing, representing 84% of all starts since 2016. Of these, just over half have been rental.

Housing completions have followed similar pattern, with 192 completions since 2016 (averaging 48 annually), the majority of which were for apartment dwellings (59%). Single family home completions have remained relatively consistent, averaging 9 completions per year.

Additionally, by December 2019, there were 104 dwellings in the neighbourhood that were still under construction - 9 single family homes and 95 apartments. Of the 95 apartments, 41 (43%) are purpose-built rental.

Per the City of Kamloops planning department, there are currently five active multi-family applications for the Sahali-West End neighbourhood, representing a total 245

new homes, 220 of which are expected to be apartments. Of note is the application at 955 Victoria Street West by Bluegreen Architecture, where 166 homes are planned for two adjacent lots. The first building has begun parkade construction, but the development has been listed for sale with construction currently paused.

The average rental costs for Sahali-West End dwellings per the 2016 Census fell above those seen city-wide; at \$1,147 they were 11% higher than the city average. Additionally, reflective of the higher than average share of apartments, the portion of renters in the neighbourhood fell above the city-wide average (34% versus 28%, respectively).

Two thirds (66%) of households in the neighbourhood were owner-occupiers as of 2016, with major payments for owned homes being marginally lower than the city, averaging \$1,232 per month versus \$1,240 for the city.

The most recent CMHC data shows a total of 1,053 purpose-built rental homes in the neighbourhood and 113 completions during 2019 (with another 41 rental units under construction). Rental vacancy rates in 2019 ranged between 1.6% and 0.9% for 1 and 2 bedroom homes, with rents averaging \$1,054 and \$1,234 respectively. Further, rents in these buildings have increased on average since 2010 by 4.2% and 4.5% per annum, above the 3% per annum increases seen city-wide.

Residential resale activity was relatively strong in comparison to the other neighbourhoods, with 208 home sales throughout 2019. Single family and other ground oriented homes both comprised 88 sales, and averaged \$562,207 and \$329,430 respectively. Apartment dwellings represented 32 sales during 2019 and sold at an average price of \$267,898.



| project id | address | applicant | structure | homes/size |
|------------|-------------------|------------------------|--------------|------------|
| 1 | 955 Victoria St W | Bluegreen Archit. Inc. | Apartment | 166 homes |
| 2 | 2046 Robson Pl | Sahali Ridge Estates | Apartment | 54 homes |
| 3 | 992 Fernie Pl | N/A | N/A | 16 homes |
| 4 | 697 Battle St W | N/A | Multi-Family | 5 homes |
| 5 | 605 Battle St W | Fulcrum Development | 4-plex | 4 homes |

commercial

The Sahali-West End neighbourhood matches more closely to a suburban community profile and as such does not have significant commercial nodes throughout. The majority of commercial space in the neighbourhood is concentrated along the Columbia Street West corridor on the Western edge of the corridor, which also runs adjacent to the commercial offerings that fall in the TRU-Southgate-Dufferin neighbourhood.

This Columbia Street Corridor has two large shopping centres - The Columbia Place Shopping Centre and The Sahali Mall. The Columbia Place Shopping Centre is the larger of the two, and includes such tenants as Save-On-Foods, BC Liquor Stores and an Earls Kitchen + Bar. The Sahali Mall is anchored by such tenants as Value Village, Safeway and Planet Fitness.

Also located along the Columbia Street corridor are several accommodation offerings such as the Best Western Plus, Ramada by Wyndham Kamloops and Accent Inns Kamloops, as well as several restaurants and bars.

There is a minimal amount of office space in the neighbourhood, and some street-facing retail space.

In searching the KADREA commercial listings for rent ranges, from 2012 to 2019 there have been limited transactions were seen in the Sahali-West End neighbourhood. However of the few transactions that were posted, the typical base rent (net of operating costs) were seen to range between \$7 and \$11 per square foot. While active listings for the area are presently scarce, local commercial realtors noted in discussion that these values have not fluctuated in the recent past and that there is typically a \$1-\$2 fluctuation in asking versus negotiated rents.

In terms of new development, there is one current application active with the city for commercial space, located near the Royal Inland Hospital. The new building is anticipated to provide some much needed office space to the neighbourhood, as well as space for hospital use.

