



REPORT

Industrial Business Attraction & Expansion Study

City of Langley

Colliers International Consulting / December 4, 2015

PREPARED FOR:
The City of Langley



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December 4, 2015

Dear Mr. Minchuk,

Re: City of Langley Industrial Business Attraction & Expansion Study

Please find enclosed Colliers International Consulting's draft report which investigates the factors affecting industrial business attraction and expansion within the City of Langley. Also enclosed are strategic business development and marketing recommendations derived from the study.

Should you have any questions regarding this report, please do not hesitate to contact me directly at (604) 685-4808.

Sincerely,

A handwritten signature in black ink, appearing to read "James Smerdon".

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Introduction

Colliers International Consulting (CIC) has been retained to conduct an Industrial Business Attraction Study for the City of Langley. The objectives of this report are to examine the following:

- › Regional and local industrial building and land market trends affecting the City of Langley's industrial base
- › Factors affecting investment attraction and site selection including:
 - Industry standards and rationale
 - Data sources for investment location decisions
 - General trends in location strategies
- › Industrial landowner, business, and leasing/sale representative opinions of the City's strengths and weaknesses in attracting industrial business, as well as their rating of site selection factors

The following pages will provide a foundational understanding of factors affecting the City's ability to attract industrial business and investment and will conclude with:

- › A discussion of Langley's relative strengths and weaknesses compared to other local industrial submarkets
- › Key recommendations for business development and marketing tools

Market Area Background

Metro Vancouver Industrial Market Trends

As a result of increasing U.S. demand for Canadian exports given a favorable exchange rate environment, British Columbia is expected to achieve 3.1% growth in real GDP throughout 2015. This optimism was reflected in the Metro Vancouver leasing market in the second quarter of 2015, as under-contract and firm business translated to more than one million square feet of demand for large bay industrial warehouse space in the region.

Market Indicators

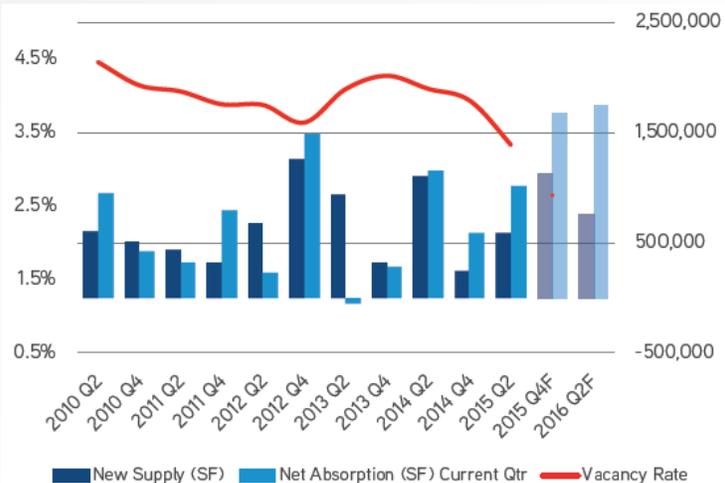
Relative to prior period	Q2 2015	Q2 2014	Trend
VACANCY	3.3%	4.1%	↓
YTD NET ABSORPTION (SF)	2,796,910	1,663,555	↑
YTD NEW SUPPLY (SF)	1,695,768	1,639,173	↑
UNDER CONSTRUCTION (SF)	2,954,782	2,076,940	↑
AVERAGE ASKING NET RENT*	\$8.01	\$8.12	↓

*Average Asking Net Rent is calculated using a weighted average

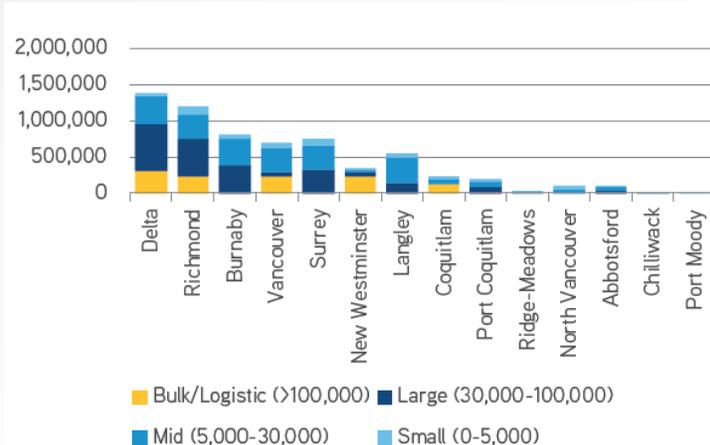
Improved confidence in the economy and tenants' need for growth constitute the primary drivers of such strong positive leasing activity. Several expansion deals transacted in the second quarter of 2015 contributed toward filling vacancies that had been on the market for some time, including Orbit Distribution Systems' relocation to occupy 147,378 square feet in the former Honda parts distribution center on Worster Court in Richmond, as well as Direct Limited Partnership's acquisition of 102,536 square feet at Grosvenor Canada's Millennium VI facility on Annacis Island in Delta.

The necessity for more space to hold increasing amounts of inventory places additional pressure on a tight market already constrained by limited availability and of land for development. While upwards of 600,000 square feet of speculative development is planned for Campbell Heights Business Park in Surrey, construction won't complete until the first half of 2016, making it a considerable challenge to locate distribution center space or occupiers in the Fraser Valley, let alone within the inner-core markets.

Market Trends and Forecast



Q2 2015 Vacant Space by Property Size (SF)



With current vacancies comprised largely of older generation buildings, landlords around the region are increasingly willing to offer discounted rental rates in order to remain competitive amidst a persistent flight-to-quality phenomenon. As industrial space across size categories and submarkets rapidly fills, and little new supply is expected to arrive over the short-term, a modest appreciation in lease rates for Tier-1 and Class A facilities is expected over the latter part of 2015.

With the Bank of Canada overnight interest rate projected to remain unchanged over the coming year, and the low Canadian bond yield, commercial property remains an attractive investment, particularly in Metro Vancouver where strong demand continues to apply significant downward pressure on capitalization rates. A shortage of investment opportunities has caused Class B and Class C industrial buildings to be readily purchased at yields under 6.0%, falling to below 4.0% in areas of Vancouver and North Vancouver as local private investors' stake a claim in neighborhoods primed for redevelopment.

Langley Township and City Industrial Market Trends

Negative absorption in Langley over the second quarter of 2015 reflects the completion of Beedie Development Group's 124,000-square-foot multi-tenant Northview Business Centre facility in Gloucester Industrial Estates. With demand increasing for opportunities to purchase, a new 87,000-square-foot strata development scheduled for is expected to be well-received by buyers.

As a result of constrained land inventory and low likelihood of new supply, the Port Kells industrial

area boasts the lowest vacancy rate in the region. Remaining vacancies consist solely of older buildings, and landlords have become incentivized to compete by offering discounted lease rates to fill spaces with structural challenges.

Rental rates for newer generation buildings continue to rise in Gloucester and Port Kells, where tenants have leased large-bay spaces at strong rates into the double digits. Investment sales have been scarce, but off-market deals

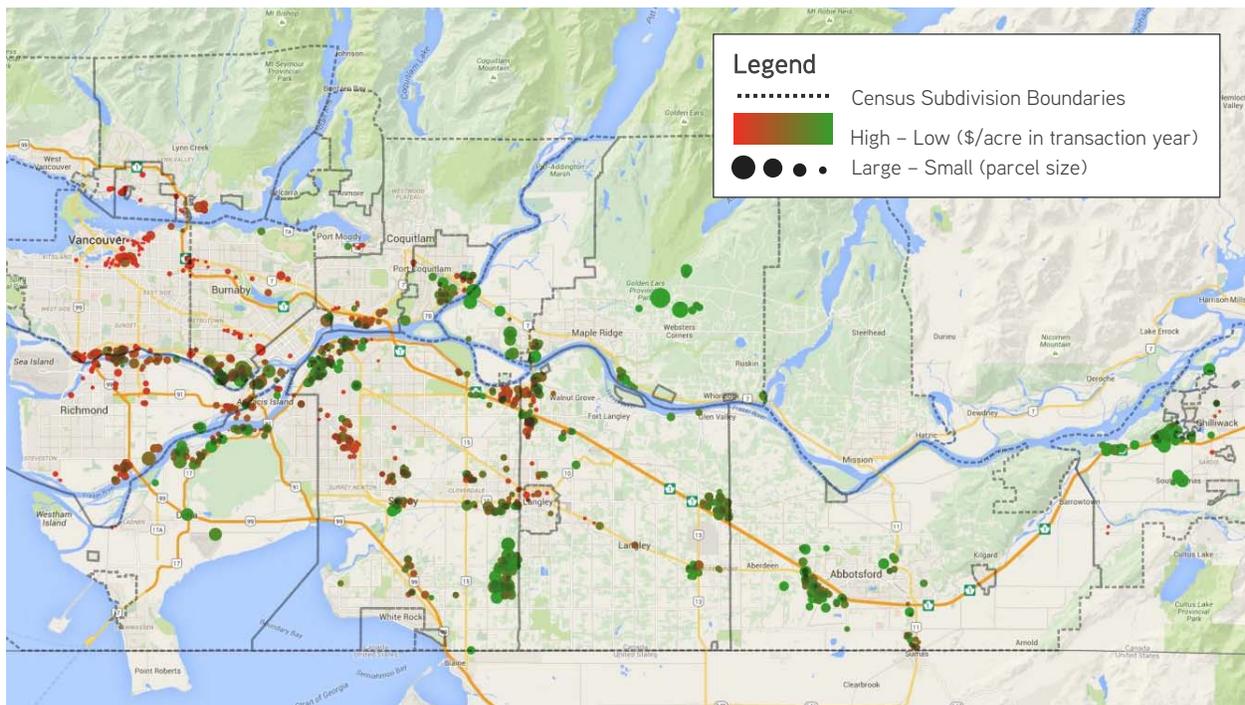
Summary Statistics

	Q2 2015	Q2 2014	Trend
Vacancy Rate	2.9%	1.8%	↑
YTD Net Absorption (SF)	634,441	224,059	↑
YTD New Supply (SF)	640,972	14,709	↑
Under Construction (SF)	86,510	431,619	↓
Weighted Average Asking Net Rent (\$/SF)	\$8.24	\$8.05	↑

such as the Jim Pattison Group exercising its option to purchase 5016 272nd Street reflect strength in this sector of the market.

Metro Vancouver Area Industrial Land Transactions

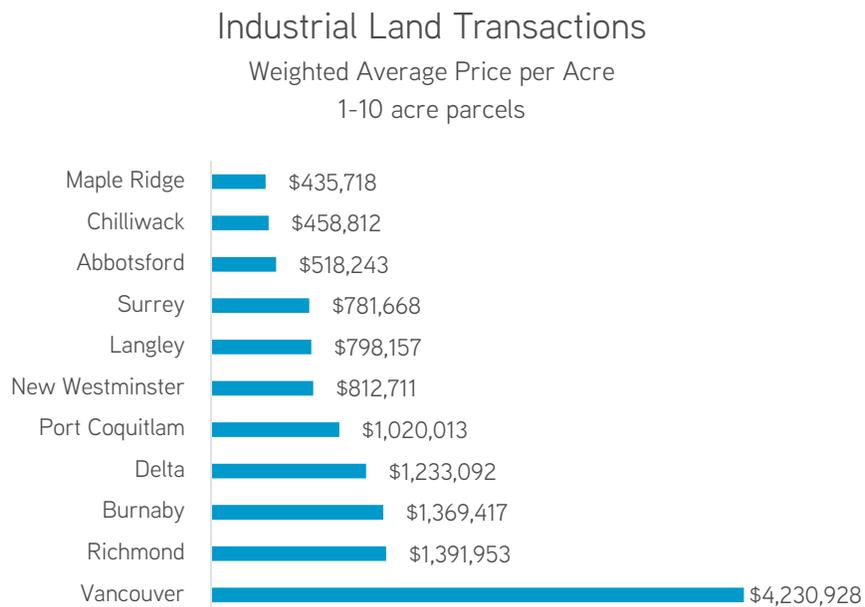
The following map shows the sales of industrially-zoned lands in the Metro Vancouver area since 1999. The sales are scaled by relative size of the subject parcels, and are shaded according to relative price, with green being a lower and red being a higher price per acre.



Source: RealNet.com, Colliers International

Generally, industrial transactions in the region occurred within industrial parks along major transit routes, with the exception of Campbell Heights in Surrey, and the Kanaka area of Maple Ridge. Parcels near city centres and within Vancouver, Richmond, and Burnaby tended to be smaller in size and more expensive due to a lack of supply and competing quasi-commercial or office uses. Parcel sales within the City of Langley tended to be smaller in size and some of the most expensive within the Fraser Valley.

The chart below shows the average price per acre of industrial land transactions since 2013. The data is grouped by municipality or region¹.



Source: RealNet.com, Colliers International

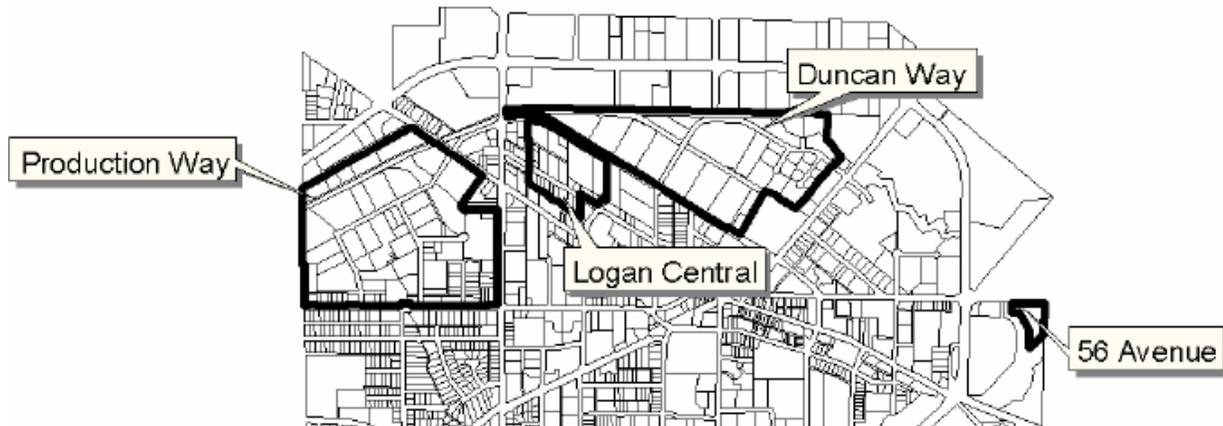
Note that municipalities with insufficient data for sales in the 1-10 acre range have been excluded. Also note that larger parcels tend to sell for a lower price per acre due to economies of scale. Thus, the average price in municipalities with a greater number of large parcel sales tends to be skewed lower.

The core municipalities (Vancouver and surrounding), averaged at \$1.3 to \$4.2 million per acre. The City and Township of Langley together displayed the highest price per acre within the Fraser Valley, due to the lack of supply and high demand for industrial land in these areas.

¹ Note that the City of Langley and Township of Langley are grouped together.

The City of Langley Industrial Market

The City of Langley has approximately 2.86 million square feet of market industrial space² located within four submarkets: Production Way, Logan Central, Duncan Way, and 56 Avenue.



Source: City of Langley Industrial Land Use Study

The following map displays the above-mentioned zoning categories and industrial buildings within Colliers' inventory as points colored by date of year built.



Source: Colliers International

² Excludes airports, airplane hangars, auto salvage facilities, car dealerships, cement/gravel plants, chemical/oil refineries, contractor storage yards, landfills, lumberyards, railroad yards, self-storage, shipyards, utility sub-stations, vacant lots, water treatment facilities.



The 2.86 million square-foot building inventory is distributed across several zoning categories, including I-1 Light Industrial, I-2 Heavy Industrial, I-3 Special Industrial, and C-2 Service Commercial.

The average industrial building in the City of Langley is 35 years old, compared to 12 years old for the Township of Langley submarket of Gloucester and 22 years for the Township of Langley submarket of Port Kells.

On average, the buildings located within the Production Way submarket of the City of Langley are 33 years old. Buildings located within Duncan Way are slightly newer, on average 26 years old, and buildings in Logan Central are the oldest, 41 years old on average.

In discussion with the City of Langley, Colliers has gathered that the City's key priorities for their industrial lands are the following:

- > More employment
- > Lower vacancy rates
- > Higher forms of development for a greater contribution to the tax base

Given that larger warehouse operations typically require only 1,000 square feet of floor space per employee, whereas multi-tenant industrial buildings require 800 square feet per employee and flex/office buildings require 600 square feet per employee, the City of Langley could stand to benefit from higher employment if it were capable of attracting more flex/office or multi-tenant industrial tenants. The higher-order uses would also generate more tax revenue.

However, the City's current industrial inventory and street-side improvements are aging, often unattractive, and less likely to be desired by this category of tenants. In order to attract this target market, both buildings (a landowner/developer responsibility) and streetside improvements (a City responsibility) would have to be improved. During interviews with landowners and developers, Colliers discussed their interest in redevelopment. The findings are summarized in the 'Market Survey' section of this report.

Investment Attraction and Site Selection

An overview of investment attraction and site selection practices is outlined in this section to assist in providing the context for attracting companies and business into the community. To help position the investment opportunities and challenges for the City of Langley, the following elements of investment attraction and site selection will be discussed:

- › Industry Standards and Rationale
- › Data Sources for Investment Location Decisions
- › Key Data Sets for Investment Location Decisions
- › General Trends in Location Strategies and Selected Criteria for Evaluating Location Decisions

Industry Standards and Rationale

In late 1999, the International Economic Development Council (IEDC)—regarded as the key professional association for economic development agencies in North America—set out to develop standard data sets that would be consistently used to evaluate investment location decisions. The process and product were developed by site selectors from professional private sector companies who agreed to assist companies in making location investment decisions and, in addition, to help communities by providing a consistent framework for the site selection process. Although developing relationships with and becoming engaged with site selectors is only one aspect of the overall economic development attraction process, demonstrating community capacity to site selectors by making key location investment data available is a good start.

It was determined through input from many communities—including Canadian communities—that to attract new facilities in today's highly competitive environment, reliable and comprehensive data must be quickly available to corporate location professionals. Economic development professionals working collaboratively with corporate location professionals (IEDC Task Force) have devised a comprehensive site selection data template to guide communities with data collection, analysis and delivery. The end goal: to adopt the template as the industry standard for the site selection process.

When it comes to data, location consultants find a good proportion of what they need on the Internet and through private providers before they ever contact a municipality. So for economic development professionals looking to control their data message and craft an attractive community profile, most of that control has already been lost to Internet and private database technologies. Implementation of standards returns control to the community: everyone involved in the location process is clear on the data being examined and can bank on its reliability. Communities can then build a marketing campaign that complements the data and compensates for any problems revealed.³

³ Adapted from Article by Jay Garner, IEDC.



The IEDC Task Force recognized that establishing common approaches to data gathering and assessment would provide a host of benefits to communities as well as facilitate the site selection process. Having the data (updated annually) also helps communities better understand their local economy, chart economic and industrial changes (including internal restructuring trends in specific industries), map emerging jobs (and the training and education needs for them) and provides information for strategic planning, program evaluation, marketing, retention, and advocacy to local officials and other relevant parties. Having comparable statistics makes all this activity even more powerful.

Data Sources for Investment Location Decisions

Over the past decade, not only have the numbers of corporate expansions and relocations increased but the time frame in which they occur has tightened dramatically. For businesses competing in today's relentless investment climate, the facility siting process has been reduced from six months to between 45 and 90 days. As a result, communities now receive a growing number of information requests and questionnaires from a wider range of location professionals, all requiring different types of data organized in different formats that must be completed in shorter response times. Location consultants struggle with communities' inability to provide reliable data in the required time frames.

Approximately two thirds of data points are available from public sources. For British Columbia, these sources are typically: Municipal Data, B.C. Government Sources Data, Statistics Canada, Conference Board of Canada and related research organizations. However, often the remainder of critical data must be gathered locally, including available sites and buildings.

Key Data Sets for Investment Location Decisions

The December 2014 Community Profile Site Selector Database⁴ for the City of Langley does identify many key datasets used for location decision making, and the City of Langley Statistical Profile provides information about key data points across several years⁵. However, Colliers identified one other key information source on the City's website that needs updating- the 'Investing' subpage of the 'Business & Development' section⁶. This page contains dated real estate market data released in 2010 and 2011. Given the constantly evolving real estate market within Metro Vancouver, it is key that the City continues to update and improve this collection of data on an annual basis.

⁴ http://www.city.langley.bc.ca/sites/default/files/uploads/Discover/Community_Profile.pdf

⁵ http://www.city.langley.bc.ca/sites/default/files/uploads/Discover/Statistical_Profile_Summary_2013.pdf

⁶ <http://www.city.langley.bc.ca/business-development/investing>

The following table provides a summary list of Investment Location Data Sets recommended by IEDC (2007):

DEMOGRAPHICS & EMPLOYMENT	Population Workforce Education Household Income Labour Force Leading Employers by Sector Employment/Unemployment rates Employment by Occupation Commute times Labour participation rates
LEADING EMPLOYERS	By sector size and scope
PROFILE OF COMPANIES	New to the area in the last 3 years
RESEARCH AND DEVELOPMENT CENTRES	Nearby public and private facilities and areas of focus
HIGHER EDUCATION: UNIVERSITIES, COLLEGES, TECHNICAL INSTITUTES	Programs/Credentials Locations/Enrolment Number of graduates
PAYROLL COSTS BY INDUSTRY	Average Salary by Selected Occupation Workers Compensation/Employment Insurance Costs
LABOUR MANAGEMENT RELATIONS	Unions Employer and Employee work environment
TRANSPORTATION	Road and carriers Rail Airports Warehousing Overnight express access and delivery
TAXATION	Property Machinery and equipment Sales/Federal taxes Corporate tax rates
COMMERCIAL BUSINESS INDUSTRIAL OCCUPANCY BUILDING SUPPLY	Characteristics Specifications Zoning Transportation and Utility Profile Lease costs Tenant Profile
INDUSTRIAL SITE PROFILE	Zoning Acreage Transportation Profile Water Sanitary Protective Services: Fire/Emergency Medical/Police

GENERAL COMMUNITY UTILITIES: SUPPLIER/AVAILABILITY/RATES	Potable Water Processed Water Sanitary Electrical Telecommunications Natural Gas
ENVIRONMENTAL	Regulatory permitting processes Waste management
GOVERNANCE	Local, regional and provincial profiles
INTERNATIONAL PROFILE AND PRESENCE	Private and public companies and organizations
COMMUNITY CHARACTERISTICS	Climate Housing market Personal income tax rates Education system Health care Recreation and sports Culture

Based on these basic considerations, companies are able to choose a site that will best serve their needs and help them achieve their goals. Depending on the type of business, companies must also take into consideration their unique requirements and those requirements that correspond to their overall corporate strategy and corporate goals.

General trends in location strategies

Globalization and technology have been the biggest drivers of change in the location decision process over the last 30 years. Location activity has been very high in recent decades as a result of technology improvements, economic growth, international expansion and globalization, and corporate restructuring, mergers and acquisitions.

When companies seek new sites, they generally strive to keep operating and keep start-up costs low so they often choose locations in collaboration with economic development groups to achieve these goals. Traditionally, companies expect to move into new facilities quickly so they tend to focus on leasing facilities. Also, by leasing facilities, companies can relocate every few years if market conditions or their needs change. However, given the long-running low interest rate environment, financing the purchase of an existing building or the purchase of land for a build-to-suit facility has become less expensive. In this environment, owner-users of industrial space often outbid investors, and strata projects become more financially lucrative for investors than traditional lease product.

Technology, especially communications technology, has not only been a driver of change but has facilitated the site selection process. Managers can obtain initial information on alternative locations via the Internet on websites such as SpaceList.ca and brokerage websites. Site selection agencies also increasingly use geographical information system (GIS) technology.



Location databases have enabled companies to do initial screening themselves, reducing their need to rely on economic developers providing only very specific information and details on locations—such as commuting patterns and workforce characteristics.⁷

Selected Criteria for Evaluating Location Decisions

This study included a review of industry-standard location factors for considering investment, as well as factors considered important in the Metro Vancouver region by companies who have made recent investment location decisions.

This information provides current insights into investment attraction opportunities and challenges and into many of the factors that influence and affect investment location decisions.

The selection criteria have been narrowed to what appears to drive current and immediate interests for an initial site location process:

- > Road Transportation
- > Rail Transportation
- > Proximity to local markets
- > Proximity to other markets
- > Proximity to suppliers
- > Cost and availability of land
- > Municipal taxes and fees
- > Municipal regulations: planning and permitting processes
- > Utilities and municipal services
- > Access to skilled labour
- > Affordable housing supply
- > Proximity to the ports
- > Availability to public transit
- > Community image/profile
- > Recreation leisure services
- > Availability of professional services
- > Proximity to post-secondary education

⁷ Source: Industrial Manufacturing - Directory of Mfrs of Manufacturing Equip. Products & Resources.



Market Survey

Colliers conducted a market survey with a cross-section of industrial users, real estate professionals and industrial land owners/developers to note their perceptions of the City's strengths and weaknesses with regards to attracting and retaining industrial businesses.

The participant included in the study were:

- > Vito DeCicco – Senior Vice President, Greater Vancouver Industrial Division, Colliers International
- > Malcolm Earle – Senior Vice President, Greater Vancouver Industrial Division, Colliers International
- > Randy Heed – Senior Vice President, Greater Vancouver Industrial Division, Colliers International
- > Willie Kwun – Real Estate Owner/Developer, WK Property
- > Robb McKenzie – Langley Plant Manager, IPEX Inc.
- > Dennis Martini – President, Martini Construction Ltd.
- > Chris Morrison – Senior Vice President, Greater Vancouver Industrial Division, Colliers International
- > Mark Omelaniec – President, Langley Concrete Group of Companies
- > David Wesik – Vice President, Operations & Corporate Development, Wesgroup Properties

The following criteria were tested:

- > Road transportation
- > Rail transportation
- > Proximity to local markets
- > Proximity to other markets
- > Proximity to suppliers
- > Cost of land
- > Municipal taxes and fees
- > Municipal regulations
- > Utilities/municipal Services
- > Access to skilled labour force
- > Affordable housing supply
- > Proximity to Port Metro Vancouver
- > Availability of public transit
- > Community image/profile
- > Recreation/leisure opportunities
- > Availability of professional services
- > Proximity to post-secondary educational institutions

In addition, those interviewed were asked to identify any additional criteria important to their location decisions and to identify any concerns, issues and opportunities within the City of Langley that affected their location decisions.

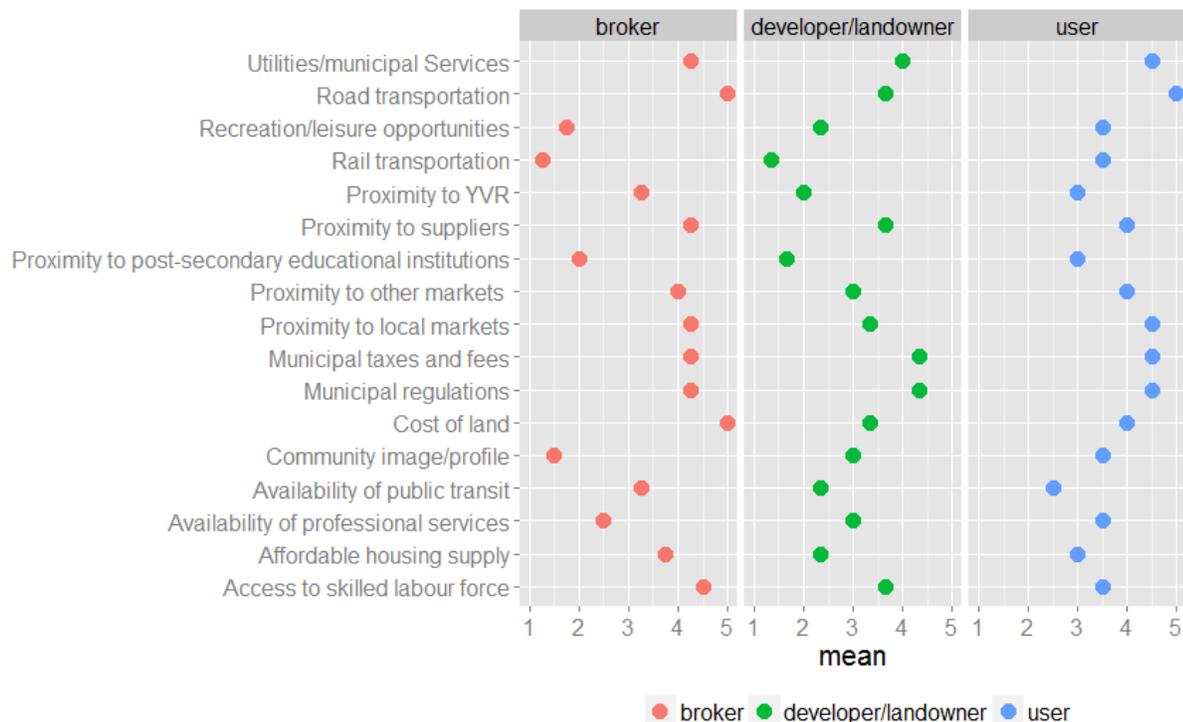
Survey Summary

The following section is a brief paraphrased and note-form summary of responses received from survey participants. A detailed summary discussion is provided in the next section of the report.

1. What are the three most important factors or trends you believe will influence future location decisions for companies in your sector?

- > Availability of vacant and serviced land
- > Cost of land
- > Transportation access
- > Cost – lease rates/property value/taxes/ hydro/water/labour
- > Building efficiencies
- > Yard storage
- > Access to employee base
- > Access to services
- > Larger parcel sizes – required by distribution companies and developers
- > Infrastructure provided – lights/sidewalks
- > Acceptance of flexible industrial uses
- > Economic conditions
- > Small business opportunities

2. On a scale from 1 to 5, how important overall is each of the following criteria for companies in your sector when selecting a location? *(circle appropriate rating)*



	Comment
Road transportation	Reducing travel times is critical. City of Langley tenants are more local than regional. Regional tenants tend to locate along Hwy 1/99.
Rail transportation	Few tenants using rail, but for those who do, it is vital.
Proximity to local markets	No additional comments.
Proximity to other markets	No additional comments.
Proximity to suppliers	Some say very important, others say important on a case by case basis.
Cost of land	Drives lease rates.
Municipal taxes and fees	Drive gross occupancy costs. A tool to compete with other cities for business.
Municipal regulations	Langley's broadly-defined industrial zones are a benefit. Consistency in application is key.
Utilities/municipal Services	These are expected as a given.
Access to skilled labour force	Increasing in importance.
Affordable housing supply	Rarely discussed but may be more important than the industry realizes.
Proximity to Port Metro Vancouver	Not important for the types of tenants who wish to locate in Langley but very important for others in the Lower Mainland.
Availability of public transit	Industrial staff tend to drive in the Fraser Valley. Accessibility by car is more important but transit is important for lower-wage manufacturers.
Community image/profile	If the operation is employee-intensive, safety in the community is important. Homelessness is bad for the community profile.
Recreation/leisure opportunities	No additional comments.
Availability of professional services	Dependent on the number of staff.
Proximity to post-secondary educational institutions	More important for labs.

Other criteria important to companies in your sector in selecting a location:

- > Availability (space/land)
- > Ownership vs tenancy
- > Yards for trailer parking and material storage
- > Community safety and security

3. What do you believe are the benefits of locating in the City of Langley?

- > Approachable city staff/accessibility to key staff members
- > Open to ideas
- > Pro development

- › Commercial amenities
 - › Professional services
 - › Access to labour
 - › Big thoroughfare
 - › Central to all major routes and several options to access Vancouver core
 - › Access to affordable housing supply
 - › Close to wealthier population in South Langley and South Surrey
 - › Proximity to Kwantlen and Trinity
 - › Bus services
 - › Approvals process is timely. One respondent noted a preference for working with the City over the Township because of this.
 - › Still allows outdoor storage in light industrial zones
 - › Industrial guidelines still flexible
4. How would you go about making a location decision? What information and sources of information would you most look to or consider?
- › Online research on availabilities and costs
 - › Looking at signage
 - › Turning to professional services like brokerage
 - › Looking at the impact of red tape on business
 - › Looking at the development process and timelines
 - › Looking at the DCC structure
 - › City's GIS
 - › Information from the economic development office
 - › Look at proximity to markets
 - › For tenants/users: Conduct drivetime analysis for customers, suppliers, employees, retail locations
 - › For landowners/developers: redevelopment potential, tenant mix, capitalization value
5. What can the City of Langley do to help your sector consider it as a place for future opportunities for location or expansion?
- › Better manage traffic/congestion on the Bypass
 - › Create more industrial land supply
 - › Reduce red tape/make permit process seamless and shorter (although already far better than Campbell Heights' 2 years)
 - › Reduce zoning restrictions on fabrication and outdoor storage
 - › Advertise market availabilities
 - › Partner with educational institutions such as Trinity, Kwantlen, to make sure manufacturers have access to skilled labour
 - › Make information on upcoming infrastructure upgrades (changes to rail corridors/overpasses/road widenings) more available



- > Offer taxes incentives such as Surrey's tax breaks for the Bridgeview area⁸
- > The local bus loop is dangerous and industrial areas along Production Way need streetlights, sidewalks
- > Create an inventory of underutilized land and consider selling
- > Continue to invest in roads and utilities
- > Signage identifying industrial park/areas (Production Way and Duncan Way)

Additional Comments

- > Redevelopment is rare because most buildings still "functional"
- > Continue with timely approvals process and business-friendly approaches
- > Space for truck parking is important to tenants
- > Lower Mainland industrial sector is more weighted toward distribution than manufacturing. Difficult to increase land use intensification for distribution
- > Developers are seeing client requirements for site coverages in 25-35% range
- > Dealerships also have low employment per acre
- > Campbell Heights does not allow outdoor storage so some users are looking to Langley for this use
- > There is a perceived lack of consistency in the application of the City's bylaws governing outdoor storage uses due to grandfathered zoning provisions
- > The City rezoned industrial and now there is a lack of services for industrial clients. Suppliers such as Acklands-Grainger left
- > Difficult to route large trucks through the City/long delays waiting for trains
- > Homelessness/graffiti/break-ins are major issues
- > Landlords currently earn \$6.50-\$6.75 leasing their older industrial buildings
- > In order to consider redevelopment, landlords/developers are waiting for new industrial building lease rates to reach \$9, they are currently \$7.50-\$8.00

⁸ The City of Surrey waives property taxes for 3 years, defers DCC payments, and reduces building permit fees by 50% in the Bridgeview/South Westminster Economic Investment Zone. Source: http://www.surrey.ca/files/Southwestminter-Bridgeview_2011.pdf

Summary Discussion

Most Important Location Criteria

The following issues are described by end users, brokers and developers as being most important to industrial businesses within the Lower Mainland:

- › Road Transportation
- › Municipal taxes, fees, regulations, utilities and services
- › Cost of land
- › Proximity to suppliers
- › Proximity to local markets
- › Access to skilled labour force

As the Lower Mainland's industrial tenant base is largely distribution-oriented, access to major road infrastructure such as Highways 1 and 99 is very important to the average user. Although the City of Langley is well-located at the intersections of the Fraser Highway and Langley Bypass, some respondents have noted traffic congestion at these intersections is a problem and another mentioned the difficulty of routing large trucks through local routes. Respondents perceived the industrial businesses located within the City of Langley to be local-serving, compared to regional-serving businesses located along Highways 1 or 99. However, CKF Inc., IPEX Inc., and Westman Steel Industries, are some of several international exporters located in the area.

As the cost of land (whether outright acquisition or through its effect on lease rates) and municipal taxes and fees directly affect a business' bottom line, they also tend to rank highly in importance. Despite a lack of amenities and access, the Campbell Heights area in Surrey is growing due to it being one of the most cost-effective sources of industrial land in Metro Vancouver. Land in Campbell heights ranges from \$800,000 to \$900,000 per acre, compared to more than \$2 million per acre in a core market such as Richmond. Municipal taxes and fees drive gross occupancy costs and are some of few factors that Cities have direct control over.

Municipal regulations is another important criterion for users, landowners and developers. Industrial businesses desire flexibility and land uses such as open storage for truck trailers, materials, and finished product. Despite strong demand for open storage, few industrial markets allow for this use within their zoning bylaws. Although the City of Langley allows for open storage as an accessory use, one respondent perceived the guidelines to be inconsistent. This perception likely stems from grandfathered zoning positions that the City has changed over time and presents a need for further clarification to users and landowners.

Proximity and access to local markets and suppliers is also key for industrial tenants and owner-users. The City of Langley typically tends to attract industrial businesses that serve the Fraser Valley due to its distance from the Highway 1 and 99 corridors which allow quick access to other Lower Mainland markets. Additionally, one survey respondent noted that as the City of Langley rezoned industrial sites, the pool of industrial service suppliers started to erode. Ackland-Grainger's move from the City of Langley to the Port Kells industrial area more than five years ago was spurred by a need to expand and lack of available options within the City.



Access to a skilled labour force has been described as growing in importance by survey respondents. Although access to labour does not affect competition within the Lower Mainland (as long as a chosen location is accessible to residents throughout), it does affect competition for national companies making inter-provincial comparisons. One respondent mentioned that although it has traditionally been difficult to attract talented labour to the Lower Mainland, the recent downturn in Albertan markets has made recruitment easier.

Key Sources of Information Used in Location Decisions

Survey respondents noted that industrial businesses tend to look to either signage, online resources, or hire a representative when looking for location options. Key online resources mentioned include costing information such as municipal levies and fees and lease rates; development planning information such as applications processes and times, zoning bylaws, community plans; market demographics and economic profiles from a city's economic development office; and geographic information system data on particular properties. Drive times to key locations are also important to industrial users (usually an analysis of average drive times to customers, suppliers, or retail centers is conducted).

City of Langley Strengths

One of the key benefits to locating within the City of Langley, as cited by respondents, is the approachability of city staff, openness to ideas, pro-development policies and general business-friendly environment of the City. The timeliness of the approvals process is also very important to industrial businesses and land owners. One respondent noted a preference for working with the City over the Township because of this. The City of Langley is also more preferable than Campbell Heights due to its flexible industrial guidelines such as the allowance of outdoor storage in light industrial zones. Industrial areas within the city are also central to all major routes, with several options available to access the Vancouver Core, and City of Langley businesses also benefit from the proximity of commercial amenities and professional services, bus service, access to labour, and access to an affordable housing supply.

How Can the City of Langley Encourage Further Industrial Business Development?

All respondents agreed that a lack of industrial land supply and availabilities within the City of Langley is the key deterrent to new businesses locating there or existing businesses continuing to expand within the City. Other than a lack of availability, many respondents mentioned the need to reduce zoning restrictions on fabrication and outdoor storage in general, as well as continuing to keep the permit process as seamless as possible. Many respondents also mentioned a need for investment in infrastructure, including better managing traffic and congestion on the Bypass, installing streetlights and sidewalks along Production Way to increase the safety and security of the local bus loop, and making information on such infrastructure upgrades more readily available. Some respondents advised creating a marketing push to increase the area's profile, including promoting name brand tenants, installing attractive signage to identify the industrial park, advertising market availabilities, and offering tax breaks for businesses.

Other Comments

As noted in the 'Market Area Background' section of this report, the City of Langley could stand to gain from its industrial inventory being redeveloped to more multi-tenant industrial buildings or flex/office buildings. However, discussions with brokers and landowners revealed that landlords are currently satisfied with the \$6.50 - \$6.75 per square foot they are consistently earning on their older buildings. In order to justify redevelopment, they are looking



for newly-built multi-tenant industrial buildings to achieve lease rates of \$9 per square foot, but current new-build lease rates in markets such as Delta, Surrey and the Township of Langley are only achieving \$7.50 to \$8.00 per square foot.

Business Development and Marketing

Recommendations

- › Improve streetscape and infrastructure in industrial areas to promote redevelopment and intensification of sites, and the consolidation of office and higher order functions to the city.
 - Sidewalks
 - Streetlights
 - Transit service with bus shelters
 - Increased police patrols and bylaw enforcement
- › Conduct a city-wide inventory of industrial and office-industrial uses and zoned land.
- › Identify underutilized or vacant sites and approach the owner/user and describe their options
 - Lease/sublease and relocate
 - Sell and relocate
 - Sell and lease back
 - Redevelop and add density
 - subdivide and sell excess land
- › Develop a Sector Profile of the City of Langley ideal target market that complements the City's Vision.
- › Industrial uses such as manufacturing and scientific R&D are examples of industrial land uses which often have higher employment densities. Identify sites with low employment density and approach the owner/user and describe their options.
 - Lease/sublease and relocate
 - Sell and relocate
 - Sell and lease back
- › Explore a Local Area Improvement Bylaw to enhance infrastructure deficiencies (sidewalks, street lighting, landscaping/street trees).
- › The Business and Development section of the City of Langley's website could better engage prospective investors by highlighting strategic advantages, showcasing investment, and reorganizing content into a more streamlined flow of communication for each target audience.
 - Pages could be more visually engaging, with large photos, testimonials and infographics.
 - Pages could feature links to the video and a photo gallery.
 - Content should be delivered in a user-focused manner that leads them to take action.
- › Consider implementation of an Industrial Revitalization Tax Exemption Program, similar to the Downtown Tax Exemption Program that encourages specific upgrades to industrial building stock to attract quality, employment generating industrial businesses. In order to qualify, properties and buildings would need to be upgraded/maintained to current building and fire code standards.
- › Implement a "Business Walk Program" to obtain a pulse of the local business community and to understand issues and opportunities of the existing business community. Abbotsford is a good example.