Glover Road Innovation Boulevard

Market Analysis and Development Strategy

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Executive Summary

Contextual Assessment

Locational Attributes

- Langley is situated in Metro Vancouver and inherently connected to nearby municipalities in terms of population growth, employment and economic development.
- The Study Area is centrally located within Langley and in close proximity to Downtown Langley, the future 203rd Street SkyTrain Station Area, and KPU's Langley campus.

Planning Policy

- Regional growth and transportation strategies help inform local objectives pertaining to future development.
- The City of Langley's current OCP contains an Innovation Boulevard District Policy which sets out the vision for a mixed-use innovation district along Glover Road.

Demographics and Labour Trends

- Langley has seen escalating growth over the past 5 years- particularly in the working age (25 to 64) population.
- Its population is anticipated to continue growing over the next ~30 years at a higher rate than the Metro Vancouver average, but lower than Langley Township and City of Surrey.
- An employment analysis found that construction, professional/ scientific/ technical services, and health care and social assistance contributed most significantly to job growth in the last 10 years- indicating a skilled workforce.
- A review of business license data identified many existing large format industrial buildings and 'clusters' of health services, auto dealers, and accommodation/ food and professional services in the Study Area.

Market Demand

- Existing market supply, proposed new supply, and real estate trends were assessed to determine the amount of supportable space by 2050 for 3 asset classes.

Residential Demand

- Apartments comprise the majority of residential units and new housing starts in Langley, while the proportion of single-family detached homes has steadily decreased over the past 15 years.
- Over this 15-year period, vacancy rates have also decreased consistently, while average rents have increased to a 2022 high of $1,437.
- Langley is actively transitioning to a community that favours urban housing formats over lower-density suburban typologies.
- It was determined that Langley will be able to support 5,488 apartment units by 2050, or 196 units each year, in contrast to only 173 single-family detached units.
- In a status quo scenario, 3,018 of these units would be developed downtown.
- However, given that 71% of all new active and proposed development in Langley is within the downtown core, a more likely eventual outcome is a high/ increased TOD scenario similar to Richmond and Burnaby following the introduction of SkyTrain. In this case, 4,116 of the total units would be downtown.

Office Demand

- Langley is one of the smaller office markets in Metro Vancouver, representing ~2.6% at ~2.0M SF.
- Office properties near the Study Area are primarily Class C, with Class A product located around the 200th Street node, though the introduction of SkyTrain service has the potential to shift demand and development patterns.
- It was determined that the Study Area could reasonably support 134,026 – 201,039 SF of office space (or 4,787 – 7,180 SF annually) through 2050.
- These projections are based on Downtown Langley's current office allocation and planning objectives, with 2/3 of all development anticipated to occur in the Downtown/ 203rd Street Station area, and the remaining 1/3 split between 196 Street Station and Innovation Boulevard.

Retail Demand

- Langley demonstrates a healthy retail market benefitting from notable population growth among residents aging into their prime consumption years.
- Demand is expected to remain strong, particularly among tenants seeking out new retail units in mixed-use developments like what is proposed in the Study Area.
- The retail model forecasts demand for an additional 265,000 – 313,000 SF of retail floorspace through 2050. The Study Area could likely capture a portion of this- primarily in the food and convenience subcategories.
- Retail offerings within the Study Area should add value for on-site residents, employees and students as well as a few unique or enhanced retail offerings with a regional draw.

Residential Demand

5,500 apartment units

(Langley City total)

3,000 – 4,000 apartment units

(Downtown TOD area)

Office Demand

812,000 – 1,218,000 SF

(Langley City & Township total)

134,0000 – 201,000 SF

(Study Area/ Innovation Boulevard)

Retail Demand

265,000 –313,000 SF

(Langley City total)

76,000 – 90,000

(Total Food & Beverage)

**note: numbers are rounded to nearest 1,000*

Executive Summary

Best Practices Analysis

- The following six case studies were explored to help identify best practices and success factors to inform the future development of Glover Road:

1. Penn-West Equity & Innovation District (Washington, DC)
2. Campus at Playa Vista (Los Angeles, CA)
3. McMaster Innovation Park (Hamilton, ON)
4. Discovery District (Toronto, ON)
5. Research Triangle Park (Raleigh-Durham, NC)
6. Lund Innovation District (Lund, Sweden).

- Findings revealed short and long-term lessons that translate to actionable next steps for the City and KPU:

Short-term Actions

Strengthen PSI Partnerships

Define the Competitive Advantage

Engage Development Community

Define the Policy Mechanisms

Long-term Fundamentals

Establish a Catalyst

Engrain Adaptability

Understand the Timeline

Stakeholder Engagement

- The engagement process for this project involved a wide range of stakeholders who possess unique insight around the current state and evolution of Glover Road. The City of Langley will build upon this engagement in Phase 2 of this overarching project.

Interviews

- One-on-one interviews were conducted with property owners, real estate professionals, and key informants from the innovation district case studies,

- Real estate brokers and landowners emphasized the need to protect the area's industrial core, incorporate considerations around the needs of the local labour force, and focus on mixed-use development to revitalize downtown Langley.

- Case study informants emphasized key elements for success, including collaboration with public institutions, developing incubator spaces to serve as a physical heart of the district, and creating purpose-built spaces that save time and money down the road.

Focus Groups

- Four in-person focus groups were conducted to allow for collaboration and provide deeper insight. These included local economic development stakeholders, KPU and KPUCT administration, and representative from the development industry and brewing industry.

- Common trends emerging from the focus groups were related to the importance of early partnerships (i.e., with developers, tenants, and project partners), residential and round-the-clock uses, future-proofing through design, cycling and pedestrian infrastructure, a strong sense of place, and flexibility in zoning and user/tenant mi

Trend 1: Competitive Advantages

- Key identified advantages of development in Langley include shorter-than-average development timelines, large lot parcel fabrics, and a more affordable land price.
- The benefits of the incoming SLS extension were emphasized as catalyst to vibrancy, walkability, mixed-use development potential, an expanded labour force, new jobs, and ease of access throughout Metro Vancouver.

Trend 2: Phasing and Timeline

- It was noted that the timeline for transformation in this area will likely be a gradual, iterative process,
- During this period of change, it will be important for the City and KPU to promote a highly flexible future vision.

Trend 3: Opportunities

- KPU is seen to be a major asset in the development of an innovation district, perhaps with another PSI anchor or private/ senior government partner.
- The addition of residential uses close to the 203rd Street SkyTrain will help create a viable TOD core.
- The shortage of industrial land closer to Vancouver is pushing demand further east towards the Fraser Valley, creating opportunities to densify and modernize industrial lands in Langley while maintaining their use potential.
- The opportunities in Langley present unique benefits, and health sciences were not identified as an industry of opportunity as this sector is well-represented in already established innovation districts throughout the region.

Trend 4: Constraints

- Efforts will need to be made to market uses that align with KPU's unique, non-traditional program offerings.
- Creative solutions to Langley's single storey underground parking limit will need to be sought.

Executive Summary

Development Feasibility

- A total of seven different building typologies were created and tested on the site, informed by market demand best practices, and stakeholder feedback.
- The feasibility analysis found that only scenarios 1, 4, and 5 are financially viable at this time based on various assumptions and inputs, as shown to the right.

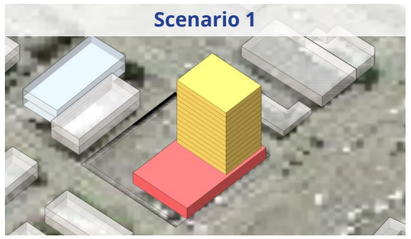
Sensitivity Analysis and Improving Viability

- Reduced parking and interest rates were tested to introduce additional sensitivities to the financial analysis
- A reduced Bank of Canada interest rate of 4.25% reduces the overall financing cost of funding new development and works to improve the viability of new projects.
- Similarly, the greater the residential parking ratio, the less residential density can be utilized to ensure a mixed-employment project is financially viable.

Conclusions

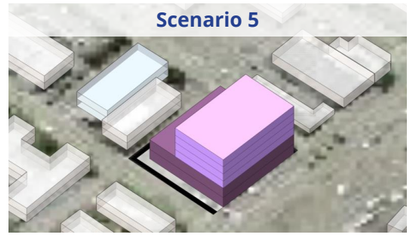
- Key variables that impact the form and viability of development on Innovation Boulevard are related to the type of use proposed, revenue and costs associated with construction, the amount of parking that can be provided for that use, and if sufficient high revenue generating space can be provided within height limits.
- It was determined that lab space has a high construction cost and relatively limited financial return.
- In terms of lot size, larger sites should have improved efficiencies related to building design and parking layouts.
- Creating a critical mass of employment and residential uses and ensuring flexibility can improve project viability.

VIABLE



1. Retail ground floor with 13 storeys of residential above

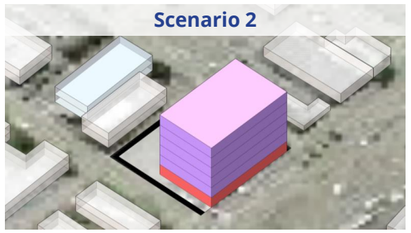
4. 2-storey flex industrial



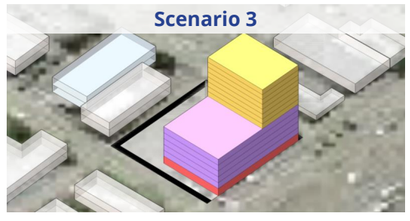
5. 2-storey flex industrial with 4 storeys of start-up/incubation office above

- Multi-family Residential
- Retail
- Flex Industrial
- Office and Incubation
- Lab Space

UNVIABLE

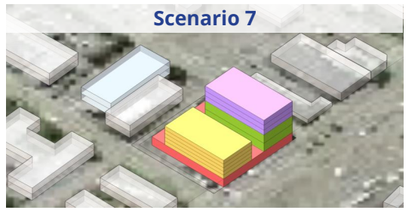


2. Retail ground floor with 5 storeys of start-up/incubation office above



3. Retail ground floor with 5 storeys of start-up/incubation office above, plus the required residential for financial feasibility

6. 2-storey lab space with 4 storeys of start-up/ incubation office above



7. 2 towers sharing a retail podium with 5 storeys of residential above AND 2 storeys of lab space with 3 storeys of start-up/ incubation office above **on one lot**

Executive Summary

Based on key findings emerging from all phases and components of this study, a variety of concrete recommendations have been identified for the City and KPU to help achieve the overarching future vision for the Innovation Boulevard. These have been ranked by timeline and priority below to help envision and inform next steps.

Short-term

1. To maintain the flexibility of uses along Innovation Boulevard, **do not overprescribe zoning requirements.** Zoning and built form policy should permit but not require the widest potential range of built formats and use types. For example, multi-storey light industrial might be permitted but not required. In terms of use type, permitted light industrial activities should be broad, ranging from artisans to apparel manufacturing, advanced engineering, craft beverage production, etc. We recommend hosting charrettes with the development community during this process to raise interest and awareness and obtain feedback. **Satisfies points 3, 4, 13, and 14 on Venn Diagram (7.1 Key Findings).**

2. Encourage **lot consolidation**, as larger parcels provide additional flexibility to support a wider variety of built forms and operations and can therefore improve the viability of projects. This could be implemented through a minimum lot size requirement, though the City would need to prepare for an increase in sought amendments as a result.
Satisfies points 3, 5, and 11 on Venn Diagram.

3. **Work with landowners, developers, brokers, and tenants simultaneously to draw in targeted and catalytic anchors** through a symbiotic process. This has worked well in the innovation district case studies, resulting in a critical mass of innovative uses. Additionally, during the developer focus group session, participants explained that many tenants today seek build-to-suit spaces which are tailored to their specific needs. As the City moves forward with Phase 2 of OCP updates / creating an Area Plan, we recommend hosting charrettes to raise interest and obtain feedback from interested parties.
Satisfies points 3, 5, 6, 7, 8, 9, 12, 14, and 15 on Venn Diagram.

4. Secure long-term economic prosperity by **creating policies around the future vision for Innovation Boulevard to transform into a vibrant mixed-use district with on-site amenities, plazas and parklets, unique retail and eateries, and attractive landscaping elements.** Incorporating these considerations into upcoming zoning and OCP updates, including the development of an Area Plan as part of Phase 2, will not only help ensure placemaking vibrancy but will also support the viability of more intensive light industrial and lab uses as the area becomes increasingly built-up over time.
Satisfies points 1, 2, 9, 10, 12, and 14 on Venn Diagram.

Long-term

5. **Identify funding streams and/or incentives that can be offered to developers and tenants with an interest in locating at the site.** Incentives can also be used to encourage lot consolidations and attract target industries (i.e., agri-tech). Various examples of funding opportunities and incentives are provided in the innovation district case studies and can serve as inspiration (i.e., tax abatements, funding allocations for diverse tenants, amenity allocations for employee attraction, etc.) **Satisfies points 5, 6, 7, 8, 9, 11, and 13 on Venn Diagram.**

6. **Establish a strong branding and tenant attraction strategy**, helping draw in tenants that reflect target industry sectors, complement the local context, and represent the overall future vision. This should be created in conjunction with KPU and/or other partners to leverage campus-specific programming and special assets. This should be implemented after an initial anchor tenant has been secured and early development has commenced. **Satisfies points 5, 10, 15 on Venn Diagram.**

Higher Priority

Lower Priority