



City of Richmond

Report to Committee

To: General Purposes Committee
From: Terry Crowe
Manager, Policy Planning
Date: December 5, 2001
File: 0060-20-TRIC1
Re: **A REVIEW OF ALTERNATIVE SITES FOR THE RICHMOND TRADE AND EXHIBITION CENTRE**

Staff Recommendation

That the report dated December 5, 2001 from the Manager of Policy Planning be received for information.

Terry Crowe
Manager, Policy Planning

Att. 3

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CONCURRENCE OF GENERAL MANAGER

Staff Report

Origin

On July 3, 2001, the General Purposes Committee of Council considered a report from staff regarding Tourism Richmond's proposal that the Richmond Trade and Exhibition Centre (RTEC) be developed at the southeast corner of Garden City Road and Alderbridge Way (Section 3-4-6), on lands controlled by Fisheries and Oceans Canada (DFO). (**Attachment 1**) The Committee directed that a "vision" be prepared for the long-term development of the DFO site and the adjacent Department of National Defence (DND) site. In addition, the Committee directed:

"That staff analyze and report to Committee on the various potential sites available for a trade and exhibition centre, including [the] size" of the facility and how it affects site selection.

The following report responds to this Committee referral. A "vision" for the DFO and DND lands will be presented for Council consideration under a separate cover in 2002.

Findings of Fact

A. Project Size

In September 2000, Grant Thornton, Management Consultants, completed a market demand study on behalf of Tourism Richmond. The study, which was made available to the City late in 2000, concluded that the Richmond market area has significant latent and displaced demand for trade and exhibition space, and that this situation will continue to be the case even after the proposed expansion of Vancouver's convention centre is complete. In addition, it was concluded that existing Lower Mainland centres do not have the size of exhibit space required to support current levels of demand, and therefore, cannot capitalize on potential market growth. More specifically, with regard to facility size the consultant determined that:

1. 200,000 ft² Facility:
 - Too small to accommodate existing market demand
 - Too competitive with other local facilities
 - No measurable hotel room nights generated
2. 300,000 ft² Facility:
 - Large enough to realize most of the projected demand
 - Utilization of facility in Year 1 likely too high
 - 125,000 hotel room nights generated
3. 400,000 ft² Facility:
 - Realize all demand opportunities identified
 - Utilization of facility may be a bit low
 - 156,000 hotel room nights generated

Based on these findings (which looked at comparable facilities outside the Lower Mainland) and preliminary design work undertaken by Busby and Associates Architects, Grant Thornton recommended that the RTEC be approximately 397,000 ft² in size provide 3,000 parking stalls.

The following table, taken from a report prepared by the Spaxman Consulting Group on behalf of Tourism Richmond (**Attachment 2**), summarizes the site size implications of Grant Thornton's findings.

FACILITY SIZE	IDEAL: 400,000 ft² <i>(3,000 parking spaces)</i>			MINIMUM: 300,000 ft² <i>(2,250 parking spaces)</i>		
<i>Building site</i>	9 acres			7 acres		
<i>Parking site</i>	21 acres surface parking	11 acres 2 level parkade	7 acres 3 level parkade	15.5 acres surface parking	7.8 acres 2 level parkade	5.2 acres 3 level parkade
<i>Manoeuvring space</i>	3 acres	3 acres	3 acres	2 acres	2 acres	2 acres
TOTAL SITE	33 acres	23 acres	19 acres	24.5 acres	16.8 acres	14.2 acres

B. Tourism Richmond's Site Evaluation

Based on the information provided by Grant Thornton, the Spaxman Consulting Group evaluated thirteen possible locations, and concluded that the DFO lands offer the only practical opportunity for the development of the RTEC. (**Attachment 2**) Key objectives used in this evaluation were:

1. "The generation of 156,000 hotel rooms nights per year in Richmond."

Achieving this objective requires that the facility be 400,000 ft² in size, provide 3,000 parking spaces, and be situated in or near Richmond's City Centre so that patrons will make use of local hotels and visitor services rather than choosing to stay elsewhere. Of the sites considered, the DFO and Section 34-5-6 (e.g. the quarter section immediately north of DFO) are the only ones able to accommodate a facility of this size in a location immediately adjacent to existing hotels and services. Three others sites, including one at YVR, can accommodate a large facility, but are more remote and are therefore less desirable.

2. "Measurable economic benefit to the three levels of government."

The most significant financial benefit to government from the project will be in the form of tax revenues. These revenues will vary little with location and project size. However, if development of the RTEC encourages higher and better uses on adjacent lands, government revenues from those lands could increase. This would be especially beneficial where the adjacent lands belong to government, as in the case of the Federally-owned DFO site.

3. "Sufficient income generation to attract private partners."

Achieving this objective requires that the RTEC satisfies market demand (i.e. size, etc.) and that costs be minimized. With regard to the latter, Tourism Richmond considers the removal of land from the project's costs to be key. This translates into a project savings of \$20 - 30 million, which in turn means that less investment is required and investors will see a return on their investment sooner. Tourism Richmond believes that the DFO and ND (Department of National Defence/DND) sites may be secured from the Federal Government at no cost to the project if the RTEC can help achieve various Federal objectives (i.e. higher and better use of its adjacent land, support of the 2010 Olympic bid, etc.).

4. "The adequacy of the site in regard to size, cost, location, availability, accessibility, and configuration."

Larger sites under a single ownership, situated close to No. 3 Road (e.g. City Centre), are more desirable than smaller ones, sites under multiple ownership, and more remote locations. Based on these criteria, the top three sites identified by Tourism Richmond are DFO, Section 34-5-6 (e.g. the quarter section immediately north of DFO), and YVR. Of these, YVR and Section 34-5-6 are considered to be too expensive, and the latter requires extensive land assembly. Securing DFO will entail "a lengthy and complex process", but in all other regards Tourism Richmond considers it to be the superior location.

C. Federal Objectives

On October 31, 2000, Fisheries and Oceans Canada (DFO) notified the City that Canada Lands Company Limited (CLC) had been authorized to prepare a business case for the disposition of its "Garden City Site" (e.g. DFO site). (**Attachment 3**) On December 6, 2001, staff met with CLC where it was explained that CLC's mandate is to "add value" to Federal properties, such as the DFO site, in order that they may be sold. CLC's work will involve preparing a "vision" for the site's highest and best use, and securing municipal approvals. DFO will be reimbursed for its land based on the value established as a result of this "vision". CLC indicated that it was not in a position to provide land for the Richmond Trade and Exhibition Centre at no cost to the project. CLC's work is expected to be complete near the end of 2004.

Analysis

The following analysis of possible sites for development of the Richmond Trade and Exhibition Centre (RTEC) looks at three factors: the range of sites that could conceivably accommodate the trade centre, Tourism Richmond's analysis, and considerations important to Richmond.

1. Tourism Richmond's Site Options

Tourism Richmond identified thirteen possible locations for the RTEC. (**Attachment 2**) These sites range from remote industrial lands in East Richmond, to Sea Island and locations in and around the City Centre. Size is the main challenge to identifying possible locations, as few undeveloped +/-30 ac. sites exist in Richmond's urbanized areas (either as single lots or readily assembled parcels). Staff believe that the range of sites identified is adequate to provide an accurate impression of development opportunities for the RTEC.

2. Tourism Richmond's Site Analysis

Tourism Richmond's evaluation considers six weighted criteria: size; cost; number of hotel rooms generated; location; availability; and, site characteristics. (**Attachment 2**) "Size" is used to reduce the list of thirteen sites to five, which are then considered in more detail. The evaluation concludes that DFO is the preferred site, followed by NDL (e.g. Department of National Defence lands/DND), largely on the basis of size and the fact that they may be obtainable at no cost to the project. Staff disagree with various details of the evaluation and, in light of recent information from Canada Lands Company Limited (CLC), are concerned that Tourism Richmond may have misjudged its ability to secure the DFO site at no cost.

3. *City Considerations*

When considering a private sector development proposal, the City would not typically use land cost as the key determinant of site location. Instead, the City would base such a decision on policies adopted in Richmond's Official Community Plan (OCP). In the case of the RTEC, the OCP does not specifically address trade and exhibition centre uses, but it does direct that major entertainment and civic facilities should be concentrated in the City Centre. This places these facilities close to transit and the city's largest population concentration, while also reinforcing the role of the City Centre as the heart and focus of the community. This approach is consistent with Tourism Richmond's objective for locating the RTEC close to City Centre hotels and services.

When looked at from this perspective, the NDL site (e.g. Department of National Defence lands/DND) and sites to its east would not be considered appropriate for development of the RTEC, nor would be the "Airport Lands" site at YVR (north of Grant McConachie Way). With regard to the latter, this site is attractive from the point of view that it is large, convenient to the airport, and very prominent. Unfortunately, it is poorly connected to the City Centre. If the RTEC is developed here, its visitors may patronize downtown Vancouver hotels and services, and new Sea Island facilities spawned by the trade centre, instead of Richmond businesses.

Of the remaining sites identified by Tourism Richmond, three appear to be unlikely candidates for the RTEC project:

- ***Lansdowne Park:***

Based on past City contact with the owner, it seems unlikely that this site could be secured for the RTEC (even at market value).

- ***Sun Tech City:***

Proponents of this project informally notified staff in the fall that they do not plan to complete the rezoning of their lands, largely due to the project's difficult and costly land assembly. With its rezoning not proceeding, Sun Tech will be under no obligation to provide the site earmarked for the RTEC.

- ***Moray Channel Sites (City Centre):***

Development of a large contiguous site is contrary to OCP objectives for new road links between the City Centre and River Road and a more pedestrian-oriented waterfront.

In reviewing the remaining sites, the City must consider its objectives for the RTEC with regard to the City Centre and the community at large. Beyond supporting the needs of the tourism industry, the RTEC, like any use, should contribute towards "a sustainable combination of social well-being, a strong economy, and a livable environment", as set out under the City Centre Area Plan and the OCP. The benefit of a single-purpose/single user-group facility would be small compared to the local and community-wide benefit that could be derived from a well designed, well located, multi-purpose facility integrated with its surroundings. With this in mind, development of the remaining sites could be envisioned as follows.

Bridgepoint *The RTEC could be the catalyst for the development of a regional “marine entertainment” precinct.*

- Facility Size** • Up to 400,000 ft²/3,000 parking spaces depending on land assembly, road realignment, parking location, and form of parking (18+ ac site)
- Pros** • Anchor the development of a major tourist destination
- Provide development direction for the Bridgepoint area
- Strengthen efforts to secure a Richmond/Vancouver light rail link
- RTEC parking could possibly be concealed under the Oak Street Bridge
- Cons** • Prominent location makes it hard to deal with RTEC’s “big box” form
- Access improvement required
- Native Land Claims issue must be addressed
- Fractured land ownership complicates comprehensive area development
- Site size could require some parking to be in a remote location

North Fraser Airport (YVR) *The RTEC could be the catalyst for redevelopment of both sides of Moray Channel into a high quality, urban environment.*

- Facility Size** • 400,000 ft²/3,000 parking spaces (35.66 ac site)
- Pros** • RTEC could set the stage for developing public riverfront amenities
- “Big box” fits with hangars – only the river edge needs a “human scale”
- Good vehicular access with minimum impact on existing urban areas
- Cons** • Building height limited due to aircraft flight path
- Aircraft noise would require special construction/design measures
- Site size could require some parking to be in a remote location

Section 34-5-6 (North of DFO) *The RTEC could be the catalyst for the development of a large, state-of-the-art high-tech precinct in/on the edge of the City Centre.*

- Facility Size** • 400,000 ft²/3,000 parking spaces (33 ac site, depending on land assembly)
- Pros** • Expanded employment would reinforce the City Centre’s regional role
- Expanded high-tech would strengthen Richmond’s position
- RTEC’s “big box” could fit well with high-tech neighbours
- Good vehicular access with minimum impact on existing urban area
- Cons** • Fractured ownership complicates comprehensive area development

DFO *The RTEC could be the catalyst for the development of a large, mixed-use precinct within the City Centre.*

- Facility Size** • 400,000 ft²/3,000 parking spaces possible (33 ac site)
- Pros** • Mixed-use could enhance the City Centre’s prominence, viability, and livability
- Site allows great flexibility for integrating community uses with RTEC
- Central location makes the site very attractive for community uses
- Good vehicular access with minimum impact on existing urban area
- Single land owner allows for comprehensive planning and design
- Cons** • Situated within Agricultural Land Reserve (ALR)
- Native Land Claims issue must be addressed
- “Big box” could be a hard fit in a pedestrian-oriented urban area

Any of the four locations described above, if developed as the site of the Richmond Trade and Exhibition Centre, could provide Richmond with an exciting opportunity for supporting local tourism and contributing to the development of the local community. DFO, Tourism Richmond's favoured site, is attractive because it provides a unique opportunity to support both City Centre residents and Richmond as a whole. However, DFO, like the other three sites identified, has some significant issues that must be overcome before the development of the trade centre can proceed.

Financial Impact

None.

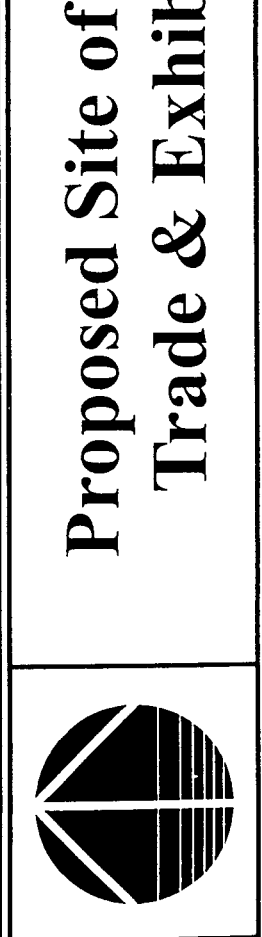
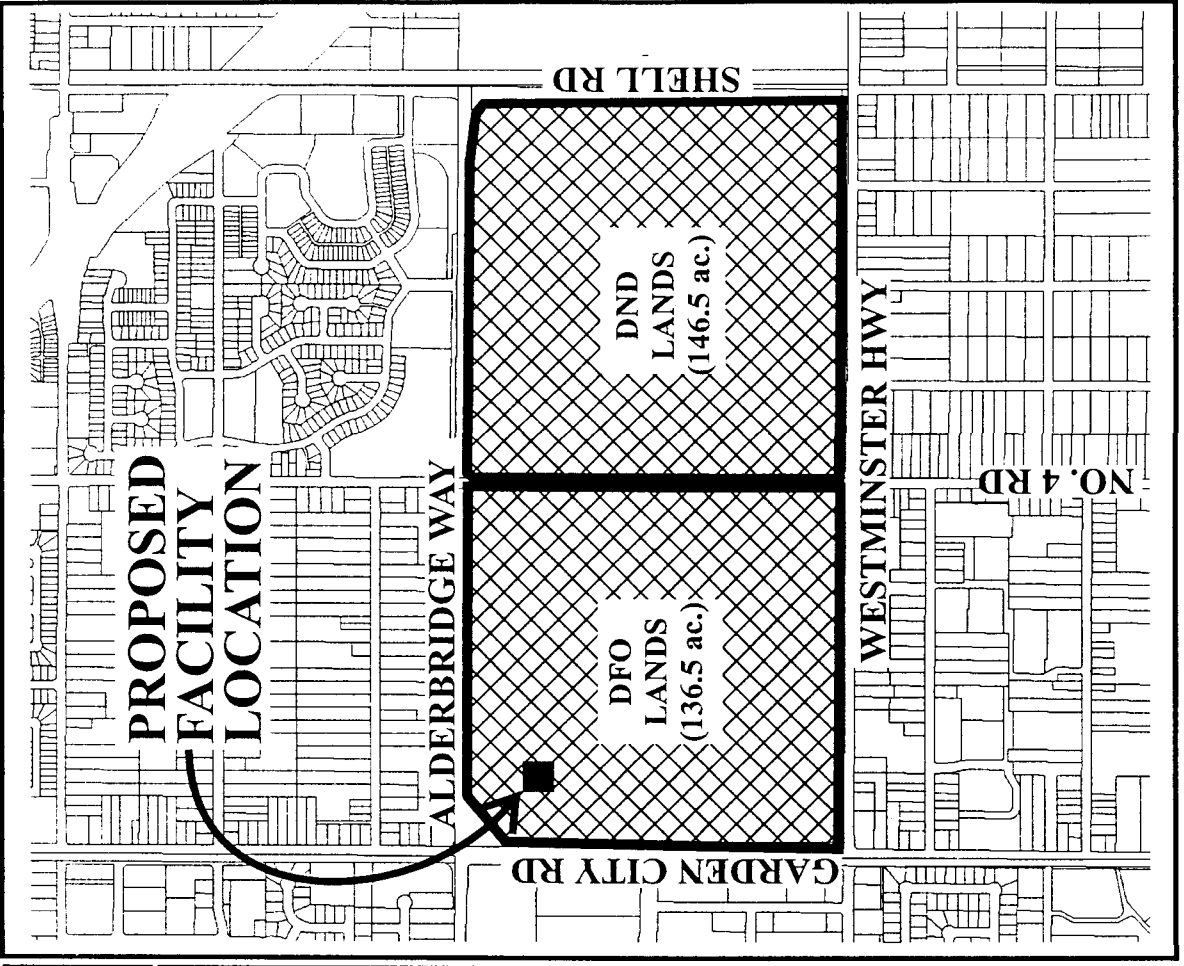
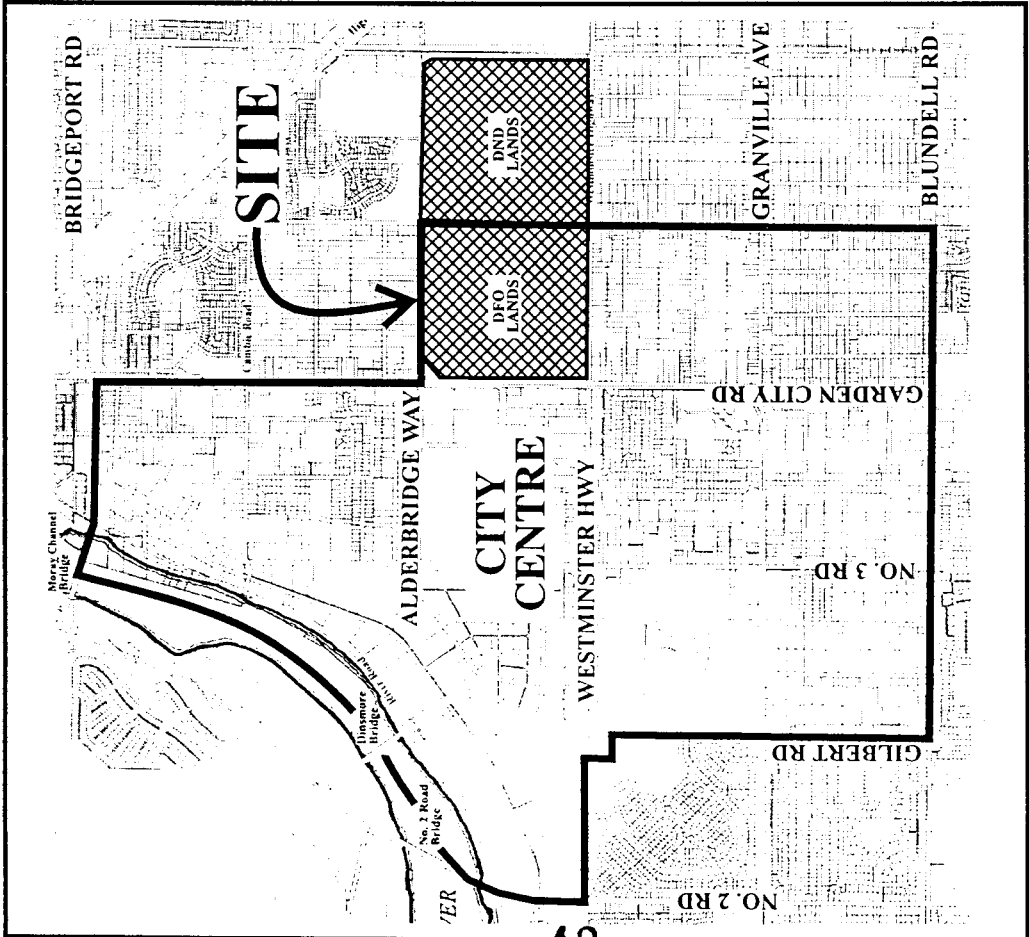
Conclusion

Market analysis undertaken on behalf of Tourism Richmond recommends the development of a 400,000 ft² trade and exhibition centre, together with 3,000 parking spaces, on a 33 ac. site. Tourism Richmond has identified the lands controlled by Fisheries and Oceans Canada at Alderbridge Way and Garden City Road (e.g. the DFO site) as its preferred location for the facility. This decision was based on a number of factors, one of which is the hope that this site may be secured at no cost to the project. This assumption appears, however, to be inconsistent with current standard practice with regard to surplus Federal lands. Staff review of site options for the trade centre indicates that a number of other attractive sites exist, though of those, no other site was identified that may be secured at a nominal cost. In 2002, as directed by Council, staff will prepare a vision for the DFO lands, together with the adjacent National Defence site, and identify how the trade centre may fit into the future development of this area.



Suzanne Carter-Huffman
Senior Planner/Urban Design

SPC:cas



Proposed Site of the Richmond Trade & Exhibition Centre

Original Date: 02/05/01

Revision Date: 05/31/01

Note: Dimensions are in METRES



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August 24, 2001

Rob Tivy
Executive Director
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Dear Rob,

Richmond Trade and Exhibition Centre - Potential Sites and Richmond Market Update

We are pleased to provide a revised *Potential Sites Analysis* for the Richmond Trade and Exhibition Centre, as well as an *Overview of the Richmond industrial Real Estate Market*.

As requested, we have provided a more detailed analysis of the Sun Tech property, that clearly shows that the site is not suitable for the proposed Richmond Trade and Exhibition Centre. As confirmed in the attached report neither the 2.75 acre nor even the 6.75 acre can accommodate the minimum facility size of 300,000 sq. ft. that is considered feasible by Tourism Richmond.

We look forward to discussing this with you. We would also like to send a copy of this report to Suzanne Carter early next week.

Sincerely,

On behalf of the Spaxman Consulting Group Ltd. and Redden & Associates

Ray Spaxman
President

- Encl. 1. Potential Sites Analysis
 2. Richmond Industrial Real Estate Market Overview

RICHMOND TRADE AND EXHIBITION CENTRE

POTENTIAL SITES ANALYSIS

An extensive and thorough investigation of several sites in Richmond led to one special opportunity, namely the DFO site. This property located at Garden City Road and Alderbridge Way has been identified as the *preferred site* for the Trade and Exhibition Centre. Our preliminary analysis of the DFO property resulted in proposing a multi-use focus for these lands, combining trade, recreation, high-tech, and education to provide integrated and complementary uses on the site, and new, long-term employment and business development opportunities for Richmond.

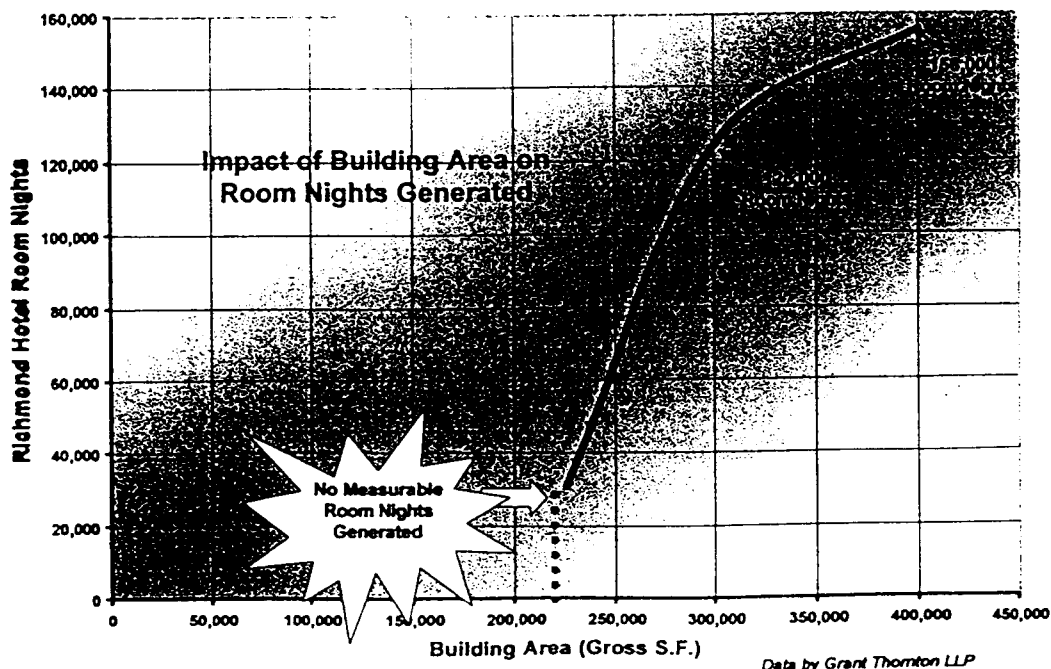
Numerous properties were considered in the search for the best location for the centre with a total of 13 potential development sites selected for evaluation, 12 of which were reviewed before and included in the *SCG/Redden Feasibility Study, May 2000*.

A number of program objectives have been taken into account in evaluating the sites.

1. The generation of 156,000 hotel room nights per year in Richmond.
2. Measurable economic benefits to the three levels of government.
3. Sufficient income generation to attract private partners.
4. The adequacy of the site in regard to size, cost, location, availability, accessibility and configuration.

Of paramount importance is the size of the site. The following chart, *Why Small Sites Won't Work*, shows the major impact the size of the site has on the number of Richmond hotel room nights generated.

Why Small Sites Don't Work



We have also attached a chart, *Site Size Matters*, that evaluates the sites according to the factors listed above, and shows a range of parking accommodation and two facility sizes of 400,000 and 300,000 sq. ft. Even with the minimum facility size of 300,000 sq. ft. and 3 levels of structure parking, a total of 14 acres is required to achieve the program objectives.

The following summarizes the status of all sites considered:

1. *Airport Lands* – Originally reviewed in 2000, this site may have potential. We are following up with David Huffer of YVR to see what kind of proposal YVR might offer taking into consideration the free trade zone possibilities and a tie into the trade and exhibition centre. Previous concerns regarding this site included the cost of leasing the land at market rates, aircraft noise and building height restrictions impacting building design, operations, traffic circulation and construction cost.

The increased land cost, not currently budgeted, will require greater financial participation by both levels of government. This requirement of additional funding poses a challenge to the project. In addition, the Federal Government may view their participation with less enthusiasm than for the Crown owned DFO lands.

The Vancouver International Airport Authority has been pursuing commercial development opportunities on the surplus commercially zoned leased lands within its control.

This area has some potential and is being further investigated.

2. *Bridgepoint Lands* – The site is much too small and an awkward shape to meet even the minimum space requirements of the needed facility and therefore the market needed to produce adequate revenues or desired hotel room night demand. This site has a number of drawbacks, including:
 - Poor shape
 - Poor access
 - Conflicting waterfront uses
 - Existing buildings on the site
 - Larger potential site is split by public road
 - Potential concrete batching plant lands to the west are unavailable
 - Native land claim

Bridgepoint is wrapped up in other interests, and is poorly located in a hard to access site. The land is leased from the provincial government and is the subject of a specific native land claim – the Musqueam Band has indicated an interest in the property as a potential casino site.

Not an option.

3. *North Arm Fraser-Industrial Lands* – This area was investigated but no site was found. The area is remote from the town centre.

Not an option.

4. *North Fraser Airport* – These sites are of inadequate size for the proposed facility.

Not an option.

5. *SunTech* - 2.75 acres of undeveloped land at Sea Island Way and No. 3 Road, is too small a site to achieve the goals of Tourism Richmond. The Sun Tech City plan shows a total of 120,000 sq. ft. to accommodate two buildings - a trade and exhibition centre that would include a multi-purpose/exhibit hall, some meeting rooms and service areas (entry, loading and washrooms) and an office tower. Although measured drawings have not been provided, the size of the exhibit hall that could be accommodated would be approximately 60,000 to 75,000 sq. ft.

Catering/ banquet facilities would be located in the hotel located across the road from the centre. Meeting rooms and trade areas would be available in the adjacent office tower.

Parking would be provided throughout the community for all Sun Tech City uses and would be approximately 2,800 stalls in total.

There are a number of inadequacies related to this site, such as:

- i) It does not meet the smallest T&E centre considered feasible by Tourism Richmond, which is 300,000 sq. ft. and requiring a total of 14.2 acres. (See this report's chart, *Site Size Matters.*)
- ii) To provide the necessary catering/banquet facilities, meeting rooms and trade areas, the simultaneous development of the hotel and office tower would have to be assured.
- iii) The site is tight even for the small trade and exhibition centre shown in the Sun Tech City plan, given its traffic circulation, truck turning, loading and unloading requirements.
- iv) The parking provision of 2,800 stalls located throughout the community is for all Sun Tech City uses.
- v) No additional hotel room nights would be generated in Richmond. (See this report's chart, *Why Small Sites Don't Work.*)

Even if additional adjacent undeveloped lands (four individually owned properties) were acquired, the resultant site of 6.75 acres *would be less than half the size needed* to accommodate the minimum centre considered feasible by Tourism Richmond, and would require expensive multi-level parking. The simultaneous development of the hotel and office tower would still be necessary to provide catering services, meeting rooms and trade areas.

If the whole of the 13.2 acre Sun Tech property were made available to Tourism Richmond for the minimum size trade and exhibition centre (300,000 sq. ft.), some structured parking would still be necessary.

Not an option.

6. *Moray Channel Sites* – No sites of adequate size were located in this area.

Not an option.

7. *Lansdowne Shopping Mall* – Well located and could possibly meet space requirements; however, despite repeated overtures, the owners are not interested in this use.

Not an option.

8. *DFO Site* – 133 acre property located at Garden City Road and Alderbridge Way, Richmond, close to the City Centre, is ideal for the proposed Centre in terms of its location and proximity to support services and transportation linkages, and its potential for public-private partnership development on the remainder of the site. The most important aspect of the DFO lands as the preferred site is that it can accommodate the size and form of facility that our extensive market studies have shown to be necessary in order to be relevant in this regional marketplace. It is possible too that the land can be obtained at a nominal cost. While the availability of the DFO site has a lengthy and complex process to follow before it becomes available for the Trade and Exhibition Centre, the product, once available, is a stupendous opportunity.

Preferred Option.

9. *National Defence Lands* – This site has potential as a longer term opportunity. The property is still under review by the Federal government for devolvement while the decision to devolve the DFO land is proceeding. It is not anticipated that the Department of National Defence will devolve this land in the same time frame as DFO.

Although this site has longer term potential it is not being investigated further at this time, because of the preferred DFO site negotiations.

10. *Fantasy Gardens* – This site was considered but was not pursued further due to its rural designation and remote location in relation to the downtown core.

Not an option.

11. *Southern Industrial* – A site of adequate size could not be identified and the area is extremely remote from Downtown Richmond.

Not an option.

12. *Easterly Port Lands* – These lands are too remote and are not serviced.

Not an option.

13. *Quarter Section, North of DFO Site* – If a site of adequate size could be consolidated from the numerous small lots within this area then it would be a good location. The land purchase cost would be approximately \$.5 million an acre, and while it is free of ALR and Aboriginal claims, it would take many years to consolidate the required properties.

Not an option at this time.

The above sites are shown on the attached map titled, *Sites Considered*.

We conclude that Tourism Richmond should continue to pursue the DFO property, with YVR as a backup site.

RICHMOND TRADE AND EXHIBITION CENTRE

SITE SIZE MATTERS

SITE	SIZE	COST	HOTEL ROOM GENERATION	LOCATION	AVAILABILITY	PROPERTY CHARACTERISTICS	RATING	
1	Can it accommodate 400,000 sq ft facility?	How much is it likely to cost to obtain?	How many hotel room nights are generated?	How close is it to #3 and Westminster Hwy?	When can the site be made available for T&EC?	Excellent road access shape, etc.		
	YES surface pkg 10	Nominal	10 over 150,000	within 1 km	within 1 year	Excellent	5	
	YES parkade 7	\$10M	3 over 120,000	within 2 km	2 years	Acceptable	3	
	300,000/surface 5	\$20M	1 over 60,000	within 3 km	3 years	Limited	1	
	300,000/parkade 3	over \$20M	0	within 4 km	Longer	Poor	0	
	No 0							
	THIS IS A KEY CRITERION							
1	33 acres	10	0	7	2	4	5	
2	BRIDGEPOINT	0						
3	N/A FRASER	0						
4	YVR N FRASER	0						
5	SUNTECH	0	this is less than half the site size needed to accommodate the minimum facility					
6	MORAY CHAN	0						
7	LANSDOWNE	0						
8	DFO	10	10	6	4		5	
9	NDL	10	10	4	0		5	
10	FANTASY	0						
11	S INDUSTRIAL	0						
12	EAST PORT	10	0	4	0		0	
13	NORTH OF DFO	8	2	10	6	0	2	

IDEAL FACILITY SIZE	MINIMUM FACILITY SIZE	MINIMUM FACILITY SIZE
400,000 sq ft	300,000 sq ft	300,000 sq ft
3,000 surface pkg spaces	2,250 surface pkg spaces	with 2 levels of parking
requires	requires	with 3 levels of parking
9 acres for building	9 acres	7 acres
21 acres of parking	7 acres	7 acres of building
3 acres of maneuvering	11 acres	5.2 acres
total of 33 acres	3 acres	2 acres
	total of 23 acres	total of 14.2 acres
		total of 16.8 acres

RICHMOND TRADE AND EXHIBITION CENTRE

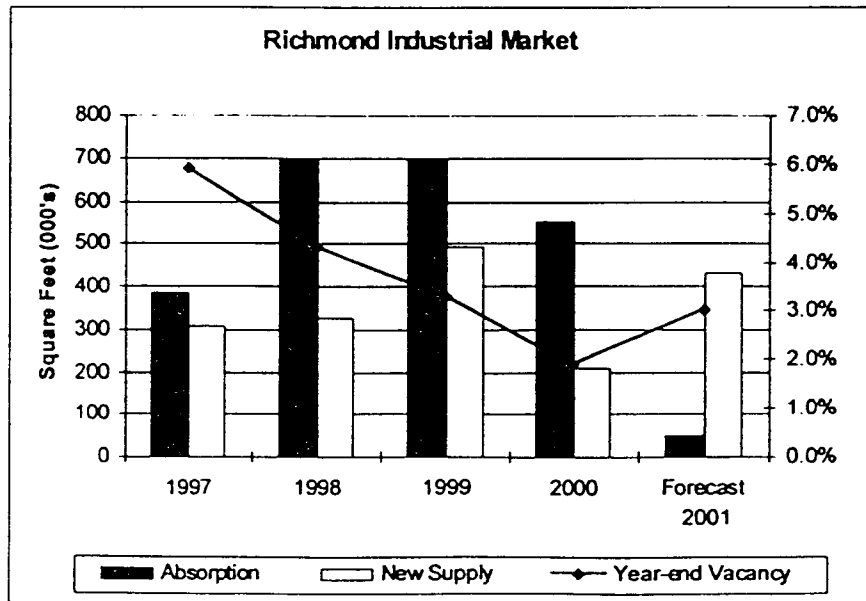
RICHMOND INDUSTRIAL MARKET OVERVIEW

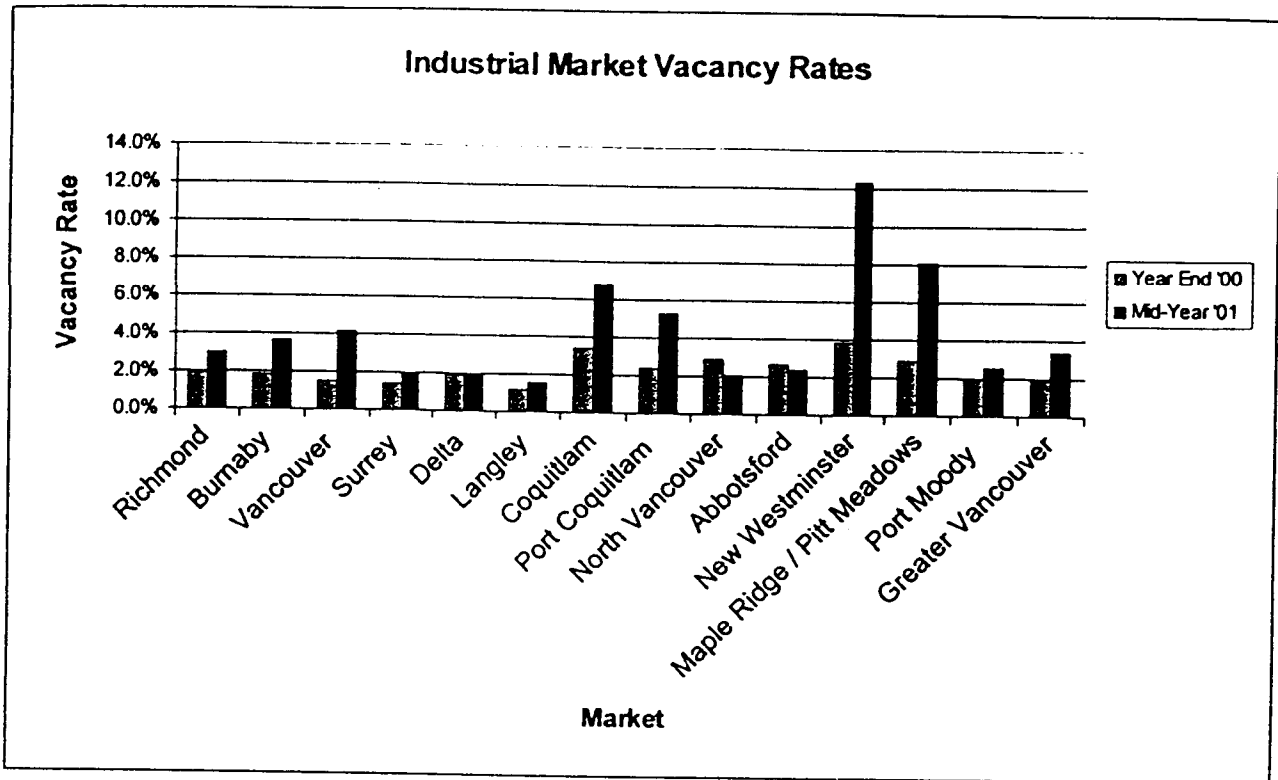
Since our last report, the industrial market has remained relatively static. It is important to consider the economic situation in British Columbia before reviewing Richmond's industrial activity in detail.

Economic activity in BC remained relatively healthy in 2000, with most indicators showing significant increases from 1999. BC's economy grew 3% in 2000 compared to 2.1% in 1999. Gains in the services-producing industries supported employment growth which, in turn provided a boost to housing starts and consumer spending. The unemployment rate stood at 7.2% in 2000, marking its lowest level since the early eighties. Manufacturing shipments declined showing evidence of an economic slowdown in the United States. Merchandise exports continued to grow, demonstrating strong demand for BC's high technology products.

Despite this demand, technology firms have experienced volatility in their stock prices since the latter part of 2000, making funds less available for expansion. The slumping stock market and weakening US economy have contributed to a slight decrease in industrial demand.

In response to this decrease in demand, vacancy rates in Richmond have increased slightly. Currently, the rate stands at 3%, up from a low 1.9% in 2000. Bulk vacancies (units greater than 40,000 sq. ft.) are especially higher, as space has returned to the market from logistics and distribution firms who had overestimated their leasing needs for this year. Despite softened conditions, Richmond still has one of the lowest vacancy rates in the Greater Vancouver area and lease rates are not expected to fall.





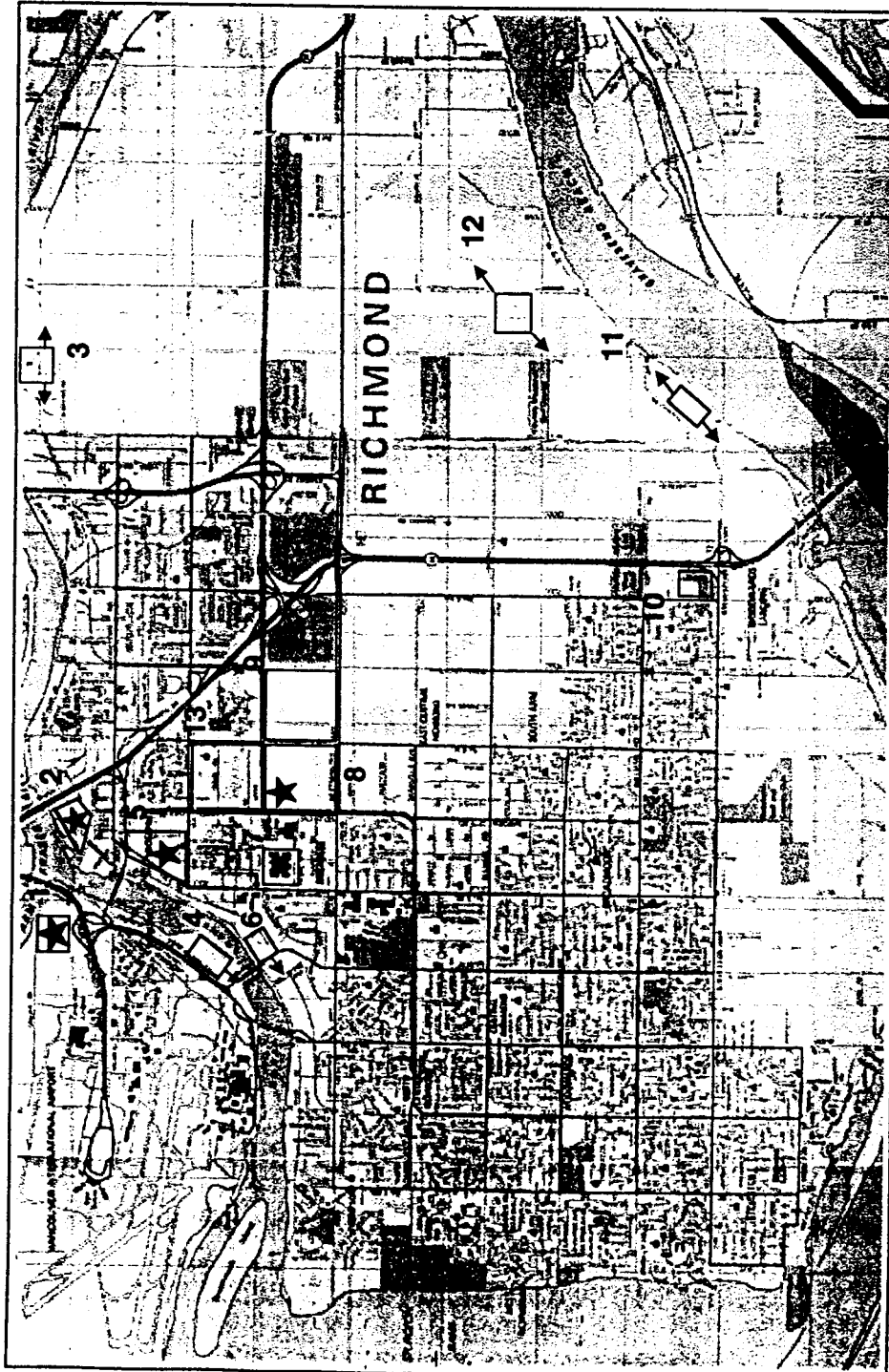
Richmond also happens to be the largest industrial market in Greater Vancouver with inventory totalling 24,282,800 square feet. Already this year, 233,000 square feet of newly constructed industrial space has been added to its inventory with another 200,000 square feet likely to be added by year end, indicating a positive outlook for the Richmond industrial market. The majority of these construction completions are built-to-suit developments, currently the trend over speculative developments.

Land prices have remained fairly level since our last report with serviced industrial properties ranging in price from \$500,000 to \$850,000 per acre and un-serviced industrial properties averaging \$250,000 per acre. Un-serviced land in less accessible areas of Richmond (east of the Knight Street bridge on the north arm of the Fraser River or along the south Fraser near No. 8 Road) can still be found for as low as \$32,000 per acre. Notable transactions this year include Bentall's purchase of an I-3 zoned property for \$750,000 per acre in North Richmond and the recent sale of serviced land in Fraserwood for \$625,000 per acre. Property values are likely to gradually increase in the long term as demand ramps-up owing to continued interest rate cuts and a more business-friendly provincial government.

Overall, Richmond's industrial market is expected to remain strong. Although vacancy has risen in recent months, activity should pick up later this year and continue into 2002. With the recent change in government, continued cuts to the bank prime rate and anticipated long-term expansion of the high tech industry, the industrial market appears ready to strengthen as investors have begun to look at BC with renewed optimism.

Sites Considered

1. **Airport Lands.** The precise location of this site on lands designated as "Groundside Commercial" in the Airport Plan has not been determined. This site has good potential and is reported on more fully in the report.
2. **Bridgpoint Lands.** This site is also shown as having some potential and is reported on in more detail in the report.
3. **North Arm Fraser-Industrial Lands.** The area was studied but no site was found and the area is remote from the town centre.
4. **North Fraser Airport.** These sites were of inadequate size although there may be more potential in other "Groundside Commercial" airport areas.
5. **Suntech.** This site has some potential and described in more detail.
6. **Moray Channel Sites.** No sites of adequate size were located here.
7. **Lansdowne Shopping Mall.** While well located and of adequate size, the owners are not interested in this use.
8. **Federal, Fisheries and Oceans Site.** This site has highest potential and is reported on fully in report.
9. **National Defence Lands.** Good potential, but is a longer term opportunity and second to Fisheries site.
10. **Fantasy Gardens.** This site was considered but was not pursued because of its rural designation and remote location.
11. **Southern Industrial.** These lands also considered too remote.
12. **Easterly Port Lands.** Too remote and not serviced.
13. **Quarter Section, North of DFO Lands.** Ideal location and could accommodate facility, but would take many years to consolidate the required properties.



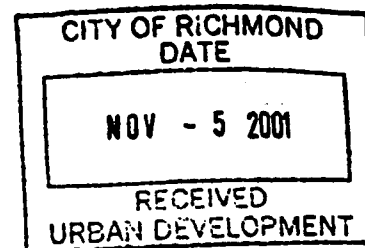


Fisheries and Oceans
Canada

Pêches et Océans
Canada

Pacific Region
Suite 300 - 555 West Hastings St.
Vancouver, B.C.
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Région du Pacifique
555, rue Hastings Ouest, bureau 300
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October 31, 2001

Mr. David McLellan
General Manager
Urban Development Division
City of Richmond
6911 No. 3 Road
Richmond, BC V6Y 3C1

Dear Mr. McLellan:

FISHERIES & OCEANS CANADA - GARDEN CITY SITE

This note is to advise you that Fisheries and Oceans Canada, has authorized Canada Lands Company Limited (CLC) to initiate informal discussions on behalf of the Department the City of Richmond on matters related to the Garden City site. This will allow Canada Lands Corporation to gather information for preparation of its Business Case for disposition of this property.

Please refer any questions you may have in regard to this property to Mr. Randy Fasan of Canada Lands Company Limited, who can be reached at 604-775-7045.

Yours truly,

J.R. Wild, P. Eng.
Regional Director
Real Property and Technical Support Branch

cc: George Duncan, Chief Administrative Officer, City of Richmond
Randy Fasan, Senior Director, Urban Design & Planning, CLC

Canada

