

## "We're running out of land. Now what?"

by Peter Mitham

Getting a grip on what sustainable development looks like — in a region where land supplies are as much an issue as sound environmental stewardship — was the theme of a recent seminar in Vancouver hosted by the Urban Development Institute (UDI). One of several events organized by UDI to promote sustainable development in the Lower Mainland, "We're running out of land. Now what?" attracted a broad array of professionals to discuss the steps government and those involved in real estate development are taking (or should take) to prepare for a regional population that could top three million by 2031.

Squeezing an extra 800,000 people into a region where many planners have accepted "complete, compact communities" as the ideal presents challenges as well as opportunities. The main challenge is a static supply of land. While the region's population and economic fortunes may be rising, the acreage available for development remains relatively fixed.

At the same time, agencies such as BC's Ministry of Community Services see opportunities to incorporate the principles of environmental stewardship into regional growth strategies, as the two are not mutually exclusive. The ministry, in its ongoing review of the *Growth Strategies Amendment Act*, is currently reviewing the strategies that could allow for this.

Two Lower Mainland initiatives seeking to grapple with the issues of land management and environmental stewardship are the Livable Region Strategic Plan (regional growth strategy) being revamped by Metro Vancouver, and the EcoDensity initiative being launched by Vancouver city council. The growth strategy envisions enhanced livability as the region's population increases and economic activity adds upwards of 400,000 new jobs by 2031, while EcoDensity aims to increase land-use efficiency in ways that are both livable and affordable.

### MORE THAN JUST HOUSING

But the questions facing the region go beyond accommodating people. Several speakers at the UDI seminar pointed out that a healthy planning approach must also make room for employment. A vision of compact

## Green commerce in Tofino



Cedar Corner, at the entrance to beautiful Tofino, BC, is an exemplary commercial development, boasting myriad environmentally friendly attributes. Some of the exciting features of this LEED-certified building include 100-percent used, salvaged and/or FSC-certified wood for construction, hot water and air heat recovery systems, rain water flushed toilets, and more.

In addition, the tenants have been chosen to reflect Tofino Community Investment's commitment to sustainability. There's a fitness centre, an art gallery, the Natural Market, and EcoEverything, which sells natural clothing and earth-friendly products. For more information visit [www.cedarcorner.com](http://www.cedarcorner.com).

communities that offer people space to work as well as places to live will fall flat if commercial and industrial spaces aren't factored in.

Challenges currently facing commercial and industrial developers support this premise. For example, while the economic fortunes of Vancouver are linked to the port, the businesses that benefit from port activities-and, in turn, employ the Lower Mainland's growing population-face a significant space crunch.

Real estate consultant Bob Laurie told seminar participants that Metro Vancouver might have upwards of 160 million square feet of industrial space, but vacancies are running at approximately two percent. That's near historic lows, and only an average figure-specific municipalities report even lower vacancies.

Worse still, a study by CB Richard Ellis estimates that there are just 531 acres throughout Metro Vancouver and as far east as Chilliwack that developers would consider "market ready"-available for development within the next 12 months.

The shortage has pushed up rents for industrial space by as much as 35 percent in some parts of Metro Vancouver, while strong demand for the space that's available to purchase has pushed prices above \$1 million an acre.

### **EMPLOYMENT LANDS VITAL**

The biggest pressure on industrial land supplies, according to figures Laurie presented, comes from residential development. Several recent redevelopment projects, most of which include a measure of residential, have subtracted upwards of 500 acres from the industrial land supply. The irony, Laurie points out, is that the new residents are taking over sites that once offered jobs, a phenomenon that runs counter to the objective of creating complete, compact communities.

"Conventional employment lands-warehousing, trans-shipment, trucking, port-related-[we're] taking those lands for granted and they're disappearing," Laurie said in an interview following his presentation. "We're trying to concentrate where people live, but we're not doing the same with jobs."

The problem lies in the lack of comprehensive planning for industrial lands in the region such as was developed for agricultural lands, Laurie said. It's a scenario that also hobbles efforts to develop office space in the network of regional town centres designed to anchor communities throughout the Lower Mainland.

Richard Wozny, vice-president of valuation and advisory services with Cushman & Wakefield LePage in Vancouver, said town centres have fostered the development of retail uses and residential towers, but office space has typically languished. Instead, office development has concentrated in business parks that separate work places from retail and residential hubs, extending commuting times and falling short of the vision of compact communities. An alternative, Wozny suggested, is the development of commercial corridors oriented along transit lines that could deliver all the benefits planners desire while still being attractive to businesses.

"Clearly, the ideal for the future would be to encourage higher-density, mixed-use, office-oriented development on the main transportation corridors throughout the region," he said.

These would be flexible areas, from a planning perspective, creating a dynamic environment that's responsive both to the needs of the people who operate businesses there as well as the pressures of the economy that require successful communities to be able to remake themselves.

Speaking after his presentation, he was blunt about the town centre idea. "It's not good for planning or the future of the region." The current competition for land drives home this point, Wozny said, but it's also prompting the private sector to address the space in ways planners mightn't have expected. Planners therefore have to be responsive to the results rather than focus on satisfying stated planning objectives.

"The shortage of land is making the developers do the right thing, Wozny said. "When there's a shortage of land, developers actually do a really good job. We do a bad job when there's lots of land."

### **GREATER CLARITY NEEDED**

So where do the solutions lie? A clearer, more comprehensive vision for the region would be a starting point, said Peter Kenward, a partner with the law firm McCarthy Tétrault. That's something Metro Vancouver has yet to deliver.

"The GVRD has yet to reveal a clear plan for guiding the region's future and responding to sustainability concerns," he said, adding that some of the much-discussed solutions won't work.

An urban containment zone that restricts development may be good for agricultural lands, but erodes housing affordability. Allowing limited development in agricultural areas compromises the protection agricultural zoning provides. And an industrial land reserve as it's usually discussed is probably "flawed."

Chances are the solution won't be simple. The good news is, the conversation about a solution is in full swing. Making good on all the talk is the next challenge.

*Peter Mitham contributes a weekly column of real estate news to Business in Vancouver ([www.biv.com](http://www.biv.com)) and is co-author of Real Estate Investing for Canadians for Dummies (2006).*