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Springbank ASP Commercial Demand Analysis

Submitted to:

Rocky View County

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1. Introduction

Rocky View County (the County) is in the process of updating its Municipal Development Plan (MDP). Bordering a large urban center (the City of Calgary) on three sides, the County hosts a vibrant combination of residential acreages, agricultural operations, natural resource activities, and commercial and light industrial activities. Understanding the drivers of historical growth and forecasting potential paths of future development will be key to ensuring the County continues to grow in an efficient, fiscally responsible way. To this end, the County engaged Nichols Applied Management Inc. (Nichols) to conduct a County-wide assessment of industrial and commercial growth to help inform the preparation of community growth strategies (i.e., the new MDP) in the County.

Following the County-wide analysis, Nichols prepared this second study that focuses exclusively on the market demand for non-residential land within the Springbank ASP. The two studies are linked insofar as the demand expected to materialize in Springbank is a subset of the demand forecasted at a County-wide level with consideration given to the unique characteristics of Springbank lands and the more focused market it may serve.

The balance of this report includes:

- Section 2: An overview of the methods applied here.
- Section 3: A discussion of historic growth in Springbank and recent developments.
- Section 4: A summary of key findings.

1.1 Study Area

The objective of this study is to assist the County in understanding how much land within the draft Springbank ASP – specifically the Airport Employment Area (Figure 1-1 on the following page) – is likely to be demanded by the market in the medium to long term. The County was initially contemplating the need for six quarter sections. The draft ASP lays out a number of goals related to these lands specifically and employment lands more generally. They include:

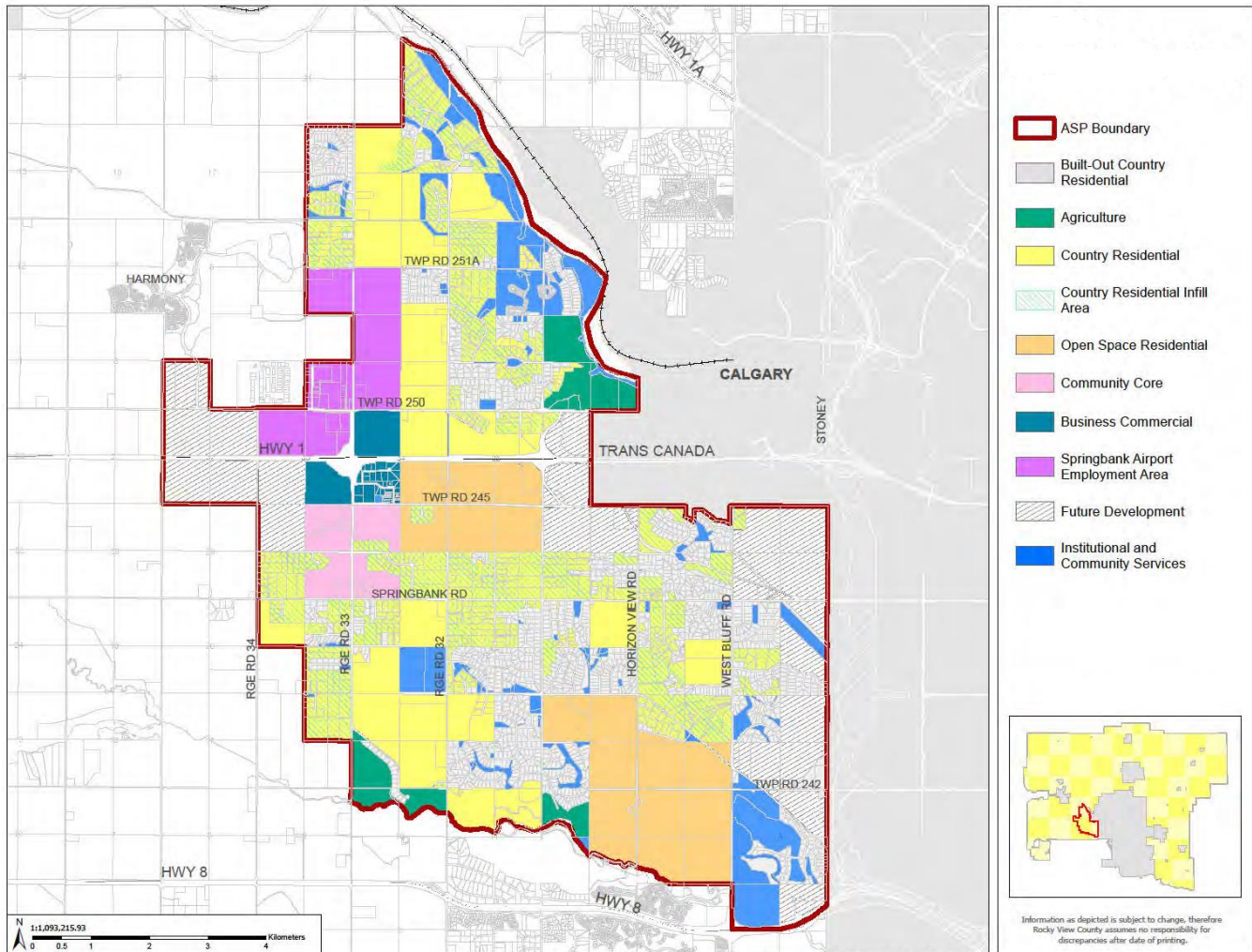
- A goal of achieving financial sustainability through the rational extension of development and the diversification of the tax base in the Springbank area.
- Ensuring sustainable growth of the employment areas in a way that is supported by market trends, desired growth size, and limitations of servicing.

The draft ASP further describes a vision for these lands as articulated in 16 policies. Of particular relevance to understanding the market for these lands are the following policies (subject to revision):

- (8.18) No new residential lots shall be supported within the Springbank Airport Employment Area, and only existing or approved institutional uses shall be supported for retention or expansion.
- (8.19) Heavy industrial uses shall not be supported in the Springbank Airport Employment Area.
- (8.20.b) Align with the vision and requirements of the Airport include, but not limited to, the Springbank Airport Zoning Regulations, and the Springbank Master Plan 2009-2029.

It should be noted that the Calgary Metropolitan Region (CMR) Regional Growth Plan has recognized the importance of the Springbank Airport area by making specific reference to it as an employment area outside of a preferred growth area (PGA).

Figure 1-1 Draft Springbank Area Structure Plan Land Use Map



Source: Map 05 Draft Springbank ASP 2023. Subject to revision.

2. Methods

As previously noted, this report is an extension of the draft County-Wide Economic Assessment. The methods summarized below include a brief discussion of the County-wide approach to provide context and understanding of the high-level demand that was subsequently narrowed and focused on Springbank.

2.1 County-Wide Growth

In the County-Wide Economic Assessment, future growth of the municipality was quantified using a unique and rigorous approach developed by Nichols that has been relied upon in a variety of contexts. The approach is predicated on the understanding that population growth in communities generally consists of two core components:

- the natural rate of population growth, reflective of the fertility and mortality rates of the population; and
- in- or out-migration related to the prevailing economic conditions and the associated need for labour in the community.

Developing projected growth in the County was undertaken using an integrated labour force and age-cohort survival model. Conceptually, this approach consists of:

- developing a demographic model using community specific population figures and birth and mortality rates to emulate the natural population dynamics of the County;
- developing a labour market model that reflects prevailing local, regional, and provincial economic conditions and the relative labour demand and supply in the County that subsequently drives in or out migration, this included a cluster analysis which aimed to identify novel growth opportunities at particular locations across the County which could drive growth in the future; and
- combining the natural rate of population change with the net migration reflective of local economic conditions to arrive at future population and employment figures.

Rocky View County is one of many communities that constitutes the broader Calgary Metropolitan Region (CMR). As such, some residents may work in other municipalities and vice versa. Accordingly, the above-described analytical approach was adjusted to reflect commuting patterns and employment locations of regional residents.

The result of this analysis is a forecast of jobs hosted within the County and associated industrial and commercial land needs disaggregated to specific NAICS codes as used by Statistics Canada for census purposes. These job forecasts were translated into land requirements using employment densities that were calculated using county-provided information regarding developed area and labour force and commuting pattern data from Statistics Canada.

2.2 Springbank Growth

The delineation of demand unique to Springbank was a top-down exercise whereby the anticipated industry-specific demand for land at a County level was allocated to Springbank with consideration given to:

- compatibility between selected industries and the land-uses contemplated in the Springbank ASP'
- the cluster analysis that formed part of the County-wide assessment (Table 5-6 in that report); and
- historic rates of activity in the Springbank area.

Shortly before this report was completed, the County began the process of refining its Land Use Inventory data that underpins the above-described analysis. This update created challenges when relating county-wide growth forecasts to site-specific estimates of demand in Springbank. In the interim, the County conducted a comparison of aerial photographs between 1998 and 2022 to provide a cursory estimate of the non-residential land absorption rate in Springbank. The land absorption captured by the aerial assessment will thus be used as a basis for growth assumptions going forward.

3. Growth in Springbank

3.1 Growth Drivers

Historically, growth in Springbank has been subdued relative to the rest of the County. Per the aerial assessment conducted by the County, Springbank has not added any new acres of commercial business land in the last 4 years, from 2018 to 2022. In the last 10 years, from 2012 to 2022, Springbank has experienced an average annual growth of 2.2 gross commercial business acres (compound annual growth rate of 0.8%), and in the last approximate 20 years, from 2003 to 2022, Springbank has experienced an average annual growth of 5.2 commercial business acres (compound annual growth rate of 2.4%). In addition, Springbank’s average annual growth peaked at 8.9 acres per year, between 2007 and 2012. Average annual growth across approximate 5-year intervals over the last 20 years can be seen in Table 3-1.

Table 3-1 Springbank Area Business/Commercial Growth (from Aerial Assessment)

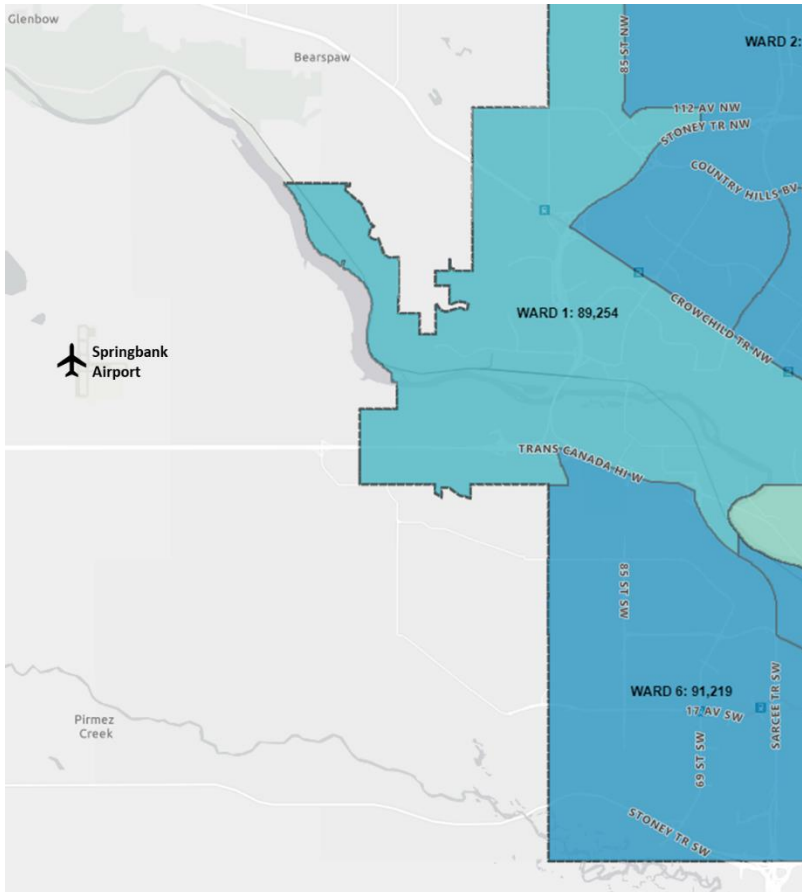
Year	Business Area (acres)	Average Annual Growth (acres)	Compound Annual Growth Rate (CAGR)
2003	174.5	-	-
2007	219.9	8.9	4.7%
2012	252.0	8.4	3.7%
2018	273.7	3.6	1.4%
2022	273.7	0.0	0.0%
Total	273.7	5.2	2.4%

Source: Rocky View County 2023, pers.comm.

When contemplating Springbank as a location that may attract future growth, two key features merit discussion: the local population (or consumer) base and the proximity of key transportation infrastructure and associated volumes.

As of 2018 (latest available) Springbank has a population of 5,847 that can generally be characterized as having relatively high income levels (above provincial average) with much of the housing consisting of country residential acreages and estate homes, and residential development centered around and emphasizing open spaces. Although a comparatively wealthy local population is generally appealing to developers, the small size of the local population base is not sufficient to support large-scale retail or service offerings. However, when the population of western Calgary is included in the catchment area for retail or service offerings, the additional population provides a substantial customer base to support new commercial growth. According to the 2019 municipal census of Calgary (latest available), there is a combined 180,473 people that constitute Ward 1 (89,254) and Ward 6 (91,219) areas, directly bordering the Springbank ASP, as shown in Figure 3-1 (Calgary 2023).

Figure 3-1 West of Calgary Bordering Springbank



Source: Calgary 2023.

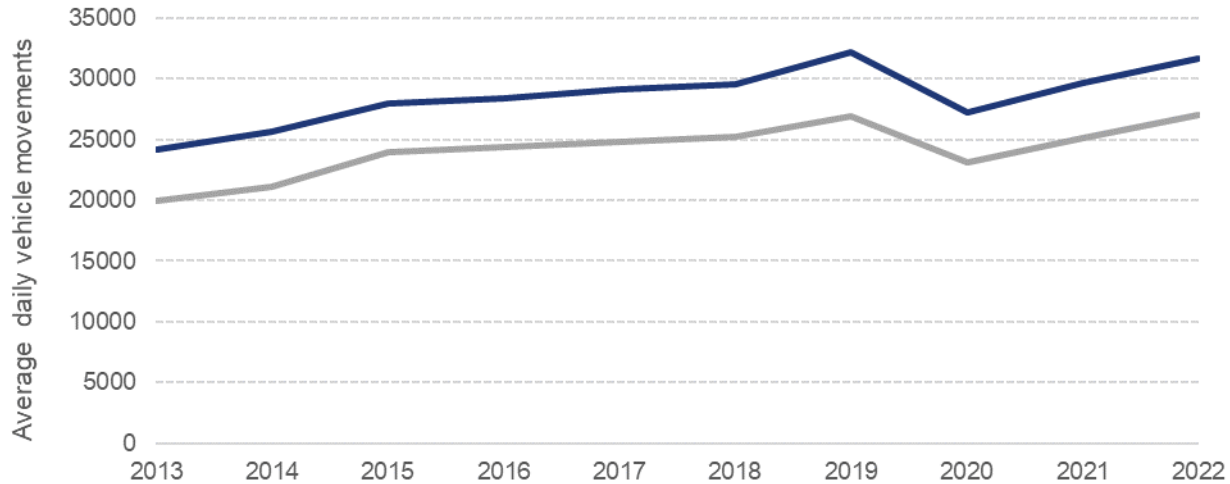
Highway 1 spans Springbank from east to west and serves as the primary road transportation corridor, with Range Road 33 as a central intersection along the highway. Traffic analysis along this route provides an estimate of the volume of people travelling into and/or through Springbank, thus reflecting potential demand for commercial services in Springbank.

In 2022, there were 31,680 average annual daily traffic (AADT) or vehicle movements (either direction) along Highway 1 east of Range Road 33. This represents an increase of about 2,050 AADT (7%) from 2021. The increased traffic volume suggests more people travelling to and from Calgary. There were 27,000 AADT along Highway 1 west of Range Road 33. Much of this volume is likely attributed to through transit towards the Rocky Mountains, however the difference of 4,680 AADT suggests that a portion of travelers are turning into Springbank (GOA 2023a).

Figure 3-2 provides traffic volumes for both east and west of Range Road 33. As shown, volumes are 17% higher on the east side as compared to the west side, likely accounting for local traffic between Springbank and west Calgary (e.g., commuters, consumers). Approximately 90% of vehicles were classified as personal vehicles, highlighting the opportunity for additional services and commercial business growth (GOA 2023a).

Figure 3-2 Springbank Traffic Volumes

East of Range Road 33 | West of Range Road 33



Source: GOA 2023a

Springbank is home to YBW Springbank Airport, which is Alberta’s second-busiest airport in terms of aircraft movements. Springbank Airport is also the 6th-busiest aerodrome in Canada, with 129,674 aircraft movements in 2022 (YBW 2023). The location along key transportation corridors (e.g., Highway 1) in combination with its proximity to Calgary makes it an attractive high-profile location for the growth western side of the county. Indeed, proximity to the consumer base in western Calgary makes the area an appealing opportunity for retail and service providers.

Looking forward, non-residential growth in Springbank is expected to be comprised of different sectors ranging from commercial to light industrial. A cluster analysis was completed as part of the County-Wide Economic Assessment to identify existing drivers and potential opportunities for the Springbank area. Key nodes identified included:

- aviation and air service support;
- lifestyle and wellness;
- arts and entertainment; and
- retail services.

Table 3-2 highlights examples of potential growth for each cluster, in accordance with the analysis completed in the Economic Assessment.

Table 3-2 Expansion of Springbank Clusters and Growth Opportunities

Key Node	Growth Opportunity
Aviation and air service support	<ul style="list-style-type: none"> Private aviation Air service support (e.g., fixed wing, emergency services)
Lifestyle and wellness	<ul style="list-style-type: none"> Spas and wellness centres Sports and recreation facilities
Arts and entertainment	<ul style="list-style-type: none"> Arts and events complex with a destination focus (e.g., potential festival hosting) Culinary arts services and offerings
Retail services	<ul style="list-style-type: none"> Retail shopping centre (e.g., outlet shops) Outdoor living and wellness showcase (e.g., Arc'teryx, Patagonia, Saje)

These growth drivers align with previous market demand studies completed by the County, including a Commercial Development Opportunity and Feasibility study completed in 2017 (GRS 2017). The 2017 study also identified the key nodes of arts and entertainment (e.g., crafter's fair/restaurant row, arts/culture expo), retail (e.g., village outlet shops, outdoor living and lifestyle showcase), and lifestyle and wellness (e.g., lifestyle retreat,) as the most highly ranked opportunities for the region. Over a 10-year period from 2018 to 2028, the total demand was expected to be 18 to 22 acres for retail and lifestyle and 5 to 6 acres for arts and entertainment. This roughly aligns with annual historic growth (2 to 3 acres per annum on average over 10 years).

Recent activity confirms the appeal of the area as a retail cluster, namely the recently approved Costco at the intersection of Highway 1 and Range Road 33. The project entitled Costco Bingham Crossing is part of the initial phase of the Bingham Crossing retail development, approved for 6.2 acres of retail space with Costco scheduled to open in the fall 2025. The Bingham Crossing project is being described as a pedestrian-oriented shopping and lifestyle centre and is expected to include about 11.5 acres of commercial space upon completion (GOA 2023b, Toneguzzi 2023).

Other sectors such as logistics and transportation, as well as heavy industrial activity, were screened out of the Springbank cluster analysis on the basis that these activities would be better suited or are already captured in other areas within the County such as Balzac East and Conrich. Balzac East and Conrich have both been identified as preferred growth areas (PGA) under the CMR's Regional Growth Plan and are both located within proximity to the Calgary Airport (YYC), which is the primary airport in the region and a key logistics area. According to a representative of the Calgary Airport Authority, there are no immediate plans to add an additional runway to the Springbank Airport, and the intention is to keep the cargo transportation at YYC (Calgary Airport Authority 2023). The CN Logistics Park in Conrich has 160 gross acres vacant and is well positioned to continue absorbing its market share of logistics and transportation demand, being in an advantageous location capable of linking the City of Calgary to the provincial highway system. Balzac East currently acts as a bridge between the two large urban cities of Calgary and Airdrie and has high visibility and traffic due to its prime location along primary transportation corridors (i.e., QEII Highway). Within Balzac East, Cross Iron Mills welcomes an estimated

9.4 million visitors annually across 1.4 million sq. ft. of developed space. Balzac East is already a host to business development along the QEII Highway and has the potential to create attraction for a heavier industrial footprint.

Springbank was also compared to nearby hamlet growth areas (HGA) within the County, as identified by the CMR's Regional Growth Plan, in order to evaluate its relative appeal in the commercial market.

- Harmony is an HGA neighboring Springbank that could potentially absorb some of the non-residential demand in western Rocky View County. Harmony is described as being a community where one can live, learn, work, and play, according to the County's Preferred Growth Areas and Distinct Areas Overview (Rocky View County 2023). As such, the cluster analysis from the Economic Assessment has identified Harmony as a potential business campus, attracting professionals and medical services. According to the 2021 federal census, nearly 25% of permanent residents (24%) work in either professional, scientific, and technical services or health care and social assistance (Statistics Canada 2021). While Springbank is expected to capture its share of institutional services, it is plausible that Harmony could act as a preferred area, due to its vicinity to western Calgary and potential to attract business professionals.
- Bragg Creek is another HGA on the western side of Rocky View County, that could accommodate development in similar growth nodes as Springbank. Bragg Creek is approximately 30km south-west of Springbank and is described as a small rural community with limited service-commercial core, according to the County's Preferred Growth Areas and Distinct Areas Overview, (Rocky View County 2023). In the cluster analysis completed as part of the Economic Assessment, Bragg Creek has also been identified as a potential growth area for spa and wellness, specialty retail, medical and wellness activities, arts, and work from home opportunities attracting professionals.

Ultimately, the location of Springbank, and its potential to capture demand from western Calgary may justify it as a more suitable area for commercial growth than Harmony or Bragg Creek.

3.2 Existing Supply

To fully appreciate the need to plan for additional lands, it is necessary to understand the remaining supply of non-residential lands across the County and in proximity to Springbank. Table 7-1 of the County-wide assessment provides an overview across the municipality. Two sources were available to identify remaining land supply in the Springbank area, a 2018 Commercial and Industrial Land Study and the 2022 Land Use Inventory. As discussed in section 2.2, the inventory is being refined. Accordingly, the 2018 study was relied upon. It shows that North Springbank ASP has 620.5 acres of policy supported gross business area, with 265.0 acres of developed business area (aligning with the aerial study estimate of 273.7 acres for 2018), leaving 354.5 acres of vacant business area, as shown in Table 3-3.

Table 3-3 RVC Commercial and Industrial Land Study 2018

Location	Gross Business Area (acres)	Developed Business Area (acres)	Vacant Business Area (acres)	Percentage Built Out
North Springbank	620.5	266.0	354.5	42.9%

Source: Rocky View County 2023, pers.comm.

Note: As per discussion with municipal representatives, part of the policy supported business area is already located in the Springbank Airport Employment Area and is expected to be further defined in the upcoming new Springbank ASP.

3.3 Competing Developments

Shortly before this report was finalized, the County and Nichols became aware of the previously undisclosed intentions of the Springbank Airport to bring 300 gross acres of land to market. The airport's plans are preliminary and will be refined as part of the master planning process expected to occur in 2024. The current vision for the 300 acres is as follows:

- A small portion of the land will house additional hangers and other airside services.
- The balance will likely be offered to market with the aim of attracting commercial and light industrial users. Preliminary users are expected to be retail, suburban office, and medical services – very much in line with the growth drivers discussed in the preceding section.
- Piped services will be extended to the site as a result of an agreement that was negotiated during the planning for the Bingham project.

Land development by airport authorities is not a new phenomenon. Indeed, the remarkable growth of commercial and retail services by the Edmonton International Airport (EIA) is a recent and highly relevant example of the result of the competitive dynamic that arises when an airport and municipality similarly work to attract growth. In this case, EIA has grown remarkably fast and succeeded in attracting major retailers (e.g., Costco) that would have had the option of locating in any of the three nearby municipalities (City of Leduc, Leduc County, Edmonton).

The key differences between developing land in a municipality as compared to an airport are:

- Airports are more nimble than municipalities and can bring land to market very quickly as compared to a municipality. For example, airports face different restrictions with respect to borrowing and are accountable to only to their boards whereas municipalities are required to follow process and adhere to guidelines laid out in the municipal government act (MGA). Discussions with economic development experts highlighted this advantage with one individual noting that a highly motivated airport has brought land to market in two months whereas municipalities often require several years to do the same.
- When acting as a developer, airports are able to offer very favourable and highly flexible terms to potential tenants and attract business in a way that municipalities cannot.
- The regulatory process for development on airport lands is streamlined as compared to municipalities.
- Due to regulatory constraints, airports may not offer land for sale. All land is offered on a lease basis.

Airports are generally more appealing for tenants who are not particularly focused on owning land. If potential tenants are cross-shopping airport lands against nearby municipal lands, as would be the case when considering the six quarter sections that are the focus of this study, it is highly likely that the airport will capture the vast majority of the new growth.

Nichols had the opportunity to discuss the airport's preliminary vision for the 300 acres and their general intentions with respect to attracting development. In brief, the airport is interested in diversifying its sources of income due to uncertainty regarding the future of private aviation. There is some concern that the current demographics of private users are such that as older users age-out of flying, there will not be sufficient interest by the younger generations to maintain the level of activity at the airport. The airport recognizes the importance of the relationship between itself and the County, and is keen to collaborate with the County as the 300 acres are planned and brought to market (Calgary Airport Authority 2023)

4. Findings

Prior to the disclosure of the airport’s intentions, the question being examined was: what amount of land should the County be planning for in the Springbank area?

Historic growth patterns suggest that peak annual absorption of non-residential lands was in the order of 8.9 acres per year, with more recent levels of activity supporting 2.2 acres of absorption annually. Municipalities generally contemplate land supply on a horizon ranging from 30 to 50 years for growth management purposes, with targeted planning exercises often taking place on the lower end of the range. Assuming the highest historic levels of absorption for 30 years suggests total demand of approximately 270 acres, slightly less than two quarter sections.

Incorporating the intentions of the airport into the analysis likely reduces the amount of demand expected to accrue to municipal lands. The airport is likely to capture the vast majority of growth in the key sectors discussed in section 3.1, which will result in the majority of the 300 acres at the airport being absorbed prior to meaningful levels of demand flowing to municipal lands.

It is possible that additional factors may emerge to drive the level of demand in the Springbank area above historic levels. For example:

- development at the airport may spur additional growth in the County – particularly for those who wish to own land;
- extraordinary growth in western Calgary could further increase the customer base within a 20 minute catchment of Springbank and increase the appeal for large retailers beyond their current expectations;
- collaborative efforts between the airport and the County could support the clustering of novel businesses not foreseen in this study.

Even with an unanticipated increase in demand for the Springbank area, the presence of 300 acres of supply at the airport likely limits the need for planned municipal land to two quarter-sections in the medium term.

Despite the lack of immediate demand, there is an opportunity for the County to achieve and align with the ASP goals and policies summarized in section 1.1. The airport has indicated a strong willingness to collaborate with the County and the preliminary vision for the airport lands aligns with the County’s objectives. A summary of the alignment between the two parties is provided in the table below:

Table 4-1 Airport Vision and the ASP Goals and Policies

ASP Goal or Policy	Alignment with Preliminary Airport Vision
<ul style="list-style-type: none"> • Achieving financial sustainability through the diversification of the tax base in the Springbank area. • Ensuring sustainable growth that is supported by market trends and limitations of servicing 	<ul style="list-style-type: none"> • Development at the airport will generate tax revenues payable to the County. • The airport will be the preferred location for the majority of future growth in the identified sectors and has already secured agreements for piped services.

- No new residential development within the Springbank Employment Area
- Heavy industrial uses shall not be supported in the Springbank Employment Area.
- The ASP shall align with the vision and requirement of the airport including the 2009 Master Plan.
- The airport vision is not fully articulated and could include some residential development.
- The airport vision does not include heavy industrial land uses.
- Although the airport will be drafting a new master plan in 2024 that outlines the vision for the 300 acres, the spirit of alignment with the airport's master plan suggests this commitment should continue.

Pausing the plans for the six quarter sections and instead closely collaborating with the airport to shape the nature of growth on the 300 acres will allow the County to receive revenue from any future growth and align with the goals and policies of the Springbank ASP.

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