



BRUNSDON LAWREK & ASSOCIATES

REAL ESTATE APPRAISALS AND ADVISORY SERVICES

Current Market Analysis Report On

The 2022 Proposed Willows Concept Plan

Location:

The Willows Neighborhood

Saskatoon, Saskatchewan

Prepared By:

Kimberly Maber B.Comm, AACI, P.App
Brunsdon Lawrek & Associates
#2 – 630 45th Street West
Saskatoon, SK. S7L 5W9

Prepared For:

Dream Asset Management Corporation
2100 8th Street East
Saskatoon, SK S7H 0V1

File No. 0922-14915



December 2, 2022

Dream Asset Management Corporation
2100 8th Street East
Saskatoon, SK S7H 0V1

Attention: Mr. Brad Zurevinski

Dear Mr. Zurevinski:

RE: Market Analysis Report on The Willows 2022 Proposed Concept Plan, Saskatoon, SK
File No. 0922-14915

As per your instructions, I have prepared a market analysis report on the 2022 proposed Willows concept plan. The purpose of the market analysis is to determine factors that affect market value and to determine whether the proposed concept plan will have a negative or positive affect on the values within the neighborhood. No specific property was inspected for this report but a drive through the neighborhood was completed on June 4, 2022. The intended use of this report is to assist with decision making regarding the proposed concept plan for The Willows. The intended user of this market analysis is Dream Asset Management Corporation.

The market analysis report indicates that there is no evidence to suggest a decline in market values of the entire Willows neighborhood due to the changes in the 2022 proposed concept plan.

The above market analysis conclusions are subject to a COVID 19 extraordinary assumption and limiting condition. Refer to Section 3.2 of this report for further details. Any change to the assumptions made in this report would change the conclusions.

Respectfully submitted,

BRUNSDON LAWREK & ASSOCIATES

Per:

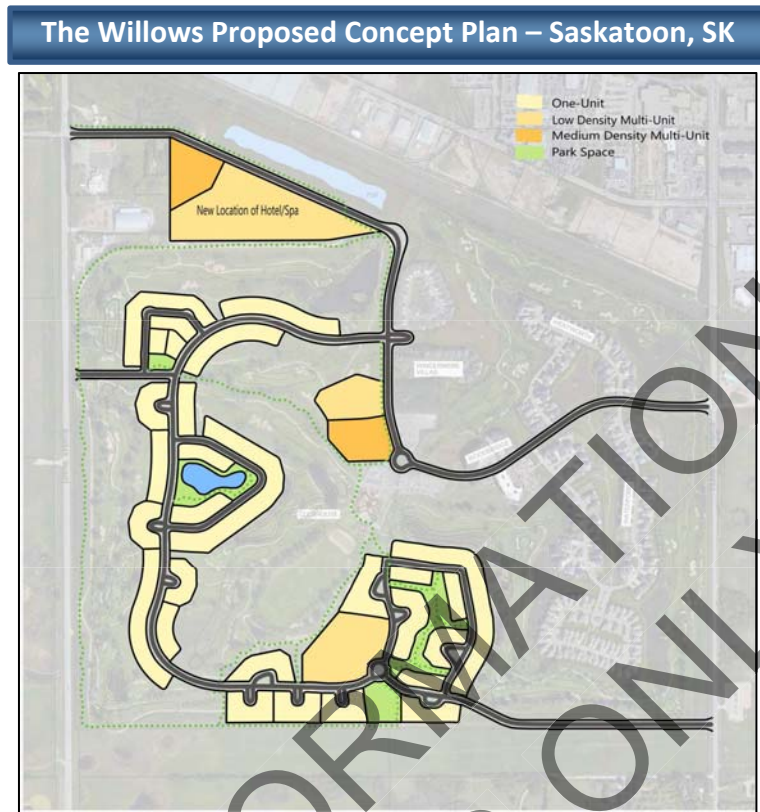
Kimberly Maber B.Comm, AACI, P.App

TABLE OF CONTENTS

1.0	EXECUTIVE SUMMARY	3
2.0	CERTIFICATION	5
3.0	CONTINGENT OR LIMITING CONDITIONS	6
3.1	ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS & LIMITATIONS OF LIABILITY:	6
3.2	EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS:	8
4.0	SCOPE OF THE APPRAISAL ASSIGNMENT	8
4.1	DEFINITION: MARKET VALUE.....	9
4.2	PROPERTY RIGHTS CONSIDERED IN THIS REPORT	9
5.0	FACTUAL INFORMATION	10
5.1	ECONOMIC BACKGROUND FOR SASKATOON	10
5.2	NEIGHBOURHOOD	16
5.3	LAND USE CONTROLS	17
6.0	MARKET ANALYSIS	18
6.1	FACTORS AFFECTING VALUE.....	18
6.2	EXISTING CHARACTERISTICS OF THE SUBJECT NEIGHBORHOOD.....	19
6.3	NEIGHBORHOOD CHANGE	20
7.0	FINAL CONCLUSIONS	29
8.0	ADDENDA	31
8.1	APPRAISER QUALIFICATIONS.....	32

FOR INFORMATION
PURPOSES ONLY

1.0 EXECUTIVE SUMMARY



Summary of Requirements	This report provides a market analysis on The Willows neighborhood in relation to the 2022 proposed concept plan. Specifically, the market analysis examines the impact of the proposed concept plan on the market values of the existing properties within The Willows neighborhood.
Purpose and Intended Use	To express an opinion of current market value as of the effective date, with the intended use being to assist with decision making regarding the proposed concept plan for The Willows. The intended user of this market analysis is Dream Asset Management Corporation.
Effective Date	November 28, 2022
Inspection Date	Drive through of the neighborhood on June 4, 2022
Summary of Conclusions	There is no evidence to suggest a decline in market values of the entire neighborhood due to the changes in the proposed concept plan.

Key Findings Regarding the September 2021 Proposed Concept Plan

1. The addition of greenspace/parks contributes positively to the neighborhood.
2. There is no measured difference in value between a bare land condominium lot and a fee simple lot
3. Successful neighborhoods that maintain their values over time offer a diverse mix of land uses, housing types, and ownership types. The diverse offering allows for a community to adapt to changing market trends over time which help to sustain communities and market values.
4. To maintain values, there must be a healthy balance between supply and demand.
5. The proposed lots in the concept plan are still larger than the average city lot and will not detract from values in the neighborhood as this is still a unique offering in the city.
6. The proposed concept plan will increase the population for the neighborhood but it is not going to significantly impact traffic to have a negative impact on existing property values.
7. Golf courses can have a positive impact on property values provided that the golf course is successful.
8. Recent trends in golf course communities is diversifying the amenity offerings beyond just offering golf memberships to appeal to a wider and larger market in order to sustain property values
9. There is no measured evidence that the proposed nordic spa location, the proposed multi-family development, and the proposed fee simple lots would have a negative impact to the existing neighborhood values.

The above opinions are subject to a COVID 19 extraordinary assumption and limiting condition. Refer to Section 3.2 of this report for further details. Any change to the assumption made in this report would change the conclusions.

FOR INFORMATION ONLY
PURPOSES ONLY

2.0 CERTIFICATION

I certify that to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct;
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions, and conclusions;
3. I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
4. I have no bias concerning the property that is the subject of this report or to the parties involved with this assignment;
5. My engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP.
7. I have the knowledge and experience to complete this assignment competently;
8. Except as herein disclosed, no one has provided significant professional assistance to the person signing this report;
9. As of the date of this report, the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program;
10. The undersigned is a member in good standing of the Appraisal Institute of Canada.
11. The undersigned did not personally inspect any specific property but did complete a drive by inspection of the neighborhood that is the subject of this report.

Assignment	Market Analysis Report on the 2022 Proposed Concept Plan
Location	The Willows Neighborhood, Saskatoon, SK
Date of Drive-by Inspection of Area	June 4, 2022
Effective Date of Report	November 28, 2022
Date of Report/Certification	December 2, 2022

Based upon the data, analysis, and conclusions contained herein, the conclusion of the market analysis study is that the proposed concept plan presents no evidence that existing property market values would be negatively impacted.

As set out elsewhere in this report, this report is subject to certain assumptions and limiting conditions, the verification of which is outside the scope of this report. **The above conclusions are subject to a COVID 19 extraordinary assumption and limiting condition.** Refer to Section 3.2 of this report for further details. Any change to the assumption made in this report would change the conclusions.

Certified and Inspected by:

Kimberly Maber B.Comm, AACI, P.App
Membership #901036

For this appraisal to be valid, an original or password protected digital signature is required. The above signature is Notarius protected.

3.0 CONTINGENT OR LIMITING CONDITIONS

3.1 ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS & LIMITATIONS OF LIABILITY:

The certification that appears in this report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice (“CUSPAP”) and the following conditions:

1. This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. The payment of the appraisal fee does not affect liability. Reliance on this report without authorization or for unauthorized use is unreasonable.
2. Because market conditions, including economic, social, and political factors may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author.
3. The author will not be responsible for matters of a legal nature that affect either the properties in the neighborhood under study or the titles to them. The market analysis is based on the proposed properties and the existing properties being under responsible ownership. No registry office search has been performed, and the author assumes that the titles are good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the properties under study or any portion of the neighborhood, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property’s owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only, and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor, or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only, and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. Concept plans of the neighborhood have been provided but no surveys of individual properties were provided. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the area. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to adequate time to review the report and related data, and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/in the subject neighborhood or of/on a neighbouring property that could

affect the market analysis. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the neighborhood, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

8. The author is not qualified to comment on detrimental environmental, chemical, or biological conditions that may affect the market analysis, including but not limited to pollution or contamination of land, buildings, water, groundwater, or air which may include, but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the neighborhood complies with all regulatory requirements concerning environmental, chemical, and biological matters, and it is assumed that the neighborhood is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the neighborhood. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical, or biological conditions that may impact the conclusions herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical, or biological matters on this market analysis report.
9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
10. The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general exterior material finishing, and conditions observed of the existing properties within The Willows neighborhood and physical characteristics of the land proposed in the concept plan for a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.
11. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship, or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.
13. The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.

14. This report, its content and all attachments/addendums and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other use.
15. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.
16. Words used in the singular shall, where the context so admits, include the plural, and vice versa and words used in the masculine shall include the feminine and vice versa.

3.2 EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS:

1. An extraordinary assumption is required due to the COVID 19 pandemic. On March 11, 2020, the COVID-19 outbreak was announced as a pandemic. The public safety restrictions that were in place early in the pandemic were lifted in the beginning of 2022. In the event of market instability and/or disruption, values may change rapidly, and such potential future events cannot be considered in this report. Readers are cautioned that the real estate market in Saskatchewan may not perform in the future as it has in the past. It is beyond the scope of this appraisal to comment on future market conditions. Any change to the assumptions made in this report would affect the value conclusions and the conclusions should not be relied upon.

4.0 SCOPE OF THE APPRAISAL ASSIGNMENT

The scope of this assignment and the services provided consist of the preparation of a current market analysis report on The Willows neighborhood, utilizing the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP), including the following steps:

- Complete a drive by inspection of The Willows neighborhood;
- Examine existing and proposed maps and concept plans for The Willows neighborhood;
- Consider the conformity of the proposed concept plan to the location and the applicable regulation regarding the usage of the properties, and then to suggest the value impact to the neighborhood and properties within the neighborhood;
- Review the impact of introducing fee simple properties to the neighborhood;
- Collect, verify, analyze, and reconcile market factors and information regarding similar properties and neighborhoods; and
- Prepare logical and supportable conclusions regarding the market impact of the proposed concept plan on The Willows neighborhood.

Information contained herein is the result of personal collection and analysis. It includes on-site field inspections, interviews, observations, photography, mapping, and reconciliation of all of the data. Some of the data utilized in this report has been gathered and verified by other specialists associated with Brunsdon Lawrek & Associates (BLA).

Specific details have been retained in BLA files and are available if necessary. The final conclusions in this report are based upon only that information that has been collected, verified by this office, and considered to be appropriate. Information may not include all up-to-the-minute perceptions or transactions within the marketplace; however, a concerted and constant effort is made to monitor, examine, and update all of the available information.

4.1 DEFINITION: MARKET VALUE

Market value is defined by the Appraisal Institute of Canada as follows:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress (see *The Appraisal of Real Estate, Third Canadian Edition*, Appraisal Institute of Canada; Larry Dybvig, Editor; Sauder School of Business, University of British Columbia, at 2.8).

The viewpoint of the Appraisal Institute of Canada expands the definition as follows:

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian dollars or in terms of financial arrangement comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale (ibid. at 2.10).

4.2 PROPERTY RIGHTS CONSIDERED IN THIS REPORT

The proposed concept plan introduces fee simple ownership to The Willows community that has historically been approved and developed with either condominium units or bare land condominium units. These terms are defined below.

The fee simple interest is the most complete form of ownership in law, unencumbered by any other interest or estate, subject only to the limitations imposed by governmental powers of taxation, expropriation, escheat, and police powers (see *The Appraisal of Real Estate, Third Canadian Edition*, Appraisal Institute of Canada; Larry Dybvig, Editor; Sauder School of Business, University of British Columbia, at 6.1).

Condominium ownership is a form of fee ownership of separate units or portions of multi-unit buildings that provides for formal filing and recording of a divided interest in real property. (see *The Appraisal of Real Estate*, Third Canadian Edition, Appraisal Institute of Canada; Larry Dybvig, Editor; Sauder School of Business, University of British Columbia, at 6.17).

Condominium interest gives the owner the right to sell, lease, occupy, mortgage, and give away the interest.

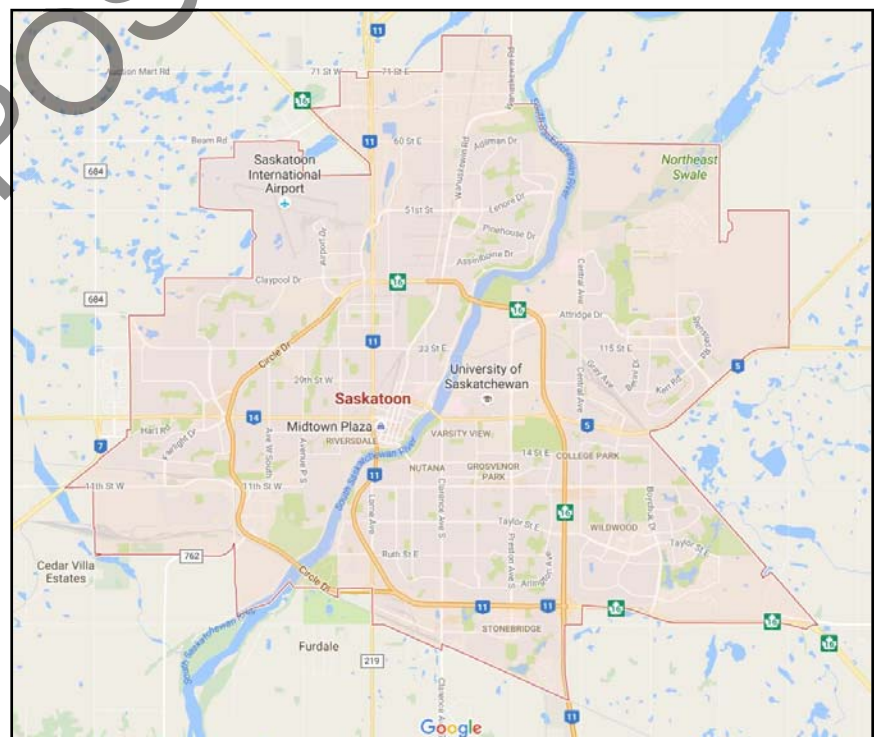
The Willows neighborhood also has bare land condominiums. A bare land condominium is condominium ownership that involves the division of land into individually owned units with the buildings on each bare land unit owned by individuals. It should be noted that any buildings and improvements on common property are owned by the condominium association.

5.0 FACTUAL INFORMATION

5.1 ECONOMIC BACKGROUND FOR SASKATOON

Saskatoon is the most populated urban centre in the province of Saskatchewan, with a central location that is favorable to transportation and the various economics of the region. It is a city located within Treaty 6 Territory and the Homelands of the Metis. The Saskatoon Regional Economic Development Association estimated the population of the Saskatoon Consolidated Metropolitan Area (CMA) at 347,014 for Q3 2022, up from 341,454 one year prior. The City of Saskatoon estimates the civic population at 266,141 residents from 2021 Census data, with a previous population of 247,201 in 2016. Saskatoon has a diversified economy with a wide range of products and services in demand from around the world. With a steadily growing population and infrastructure, abundant natural resources, research, and development facilities, it has economic importance for the country and is showing positive overall economic indicators.

CITY MAP



Real Estate Market

Saskatoon experienced prominent real estate growth starting in 2007 coinciding with a more rapidly growing population, which expanded the suburban areas to include neighborhoods such as Stonebridge, The Willows, University Heights, Rosewood, Blairmore, Hampton Village, Evergreen, Brighton, Aspen Ridge, and the extension of Parkridge. The Saskatchewan Realtors Association reports an average Saskatoon residential housing price of \$355,528 to October 2022, which is a slight increase of 2%, year-to-year.

Based on the information provided by the Saskatchewan Realtors Association, there were 5,222 transactions between October 2021 and October 2022, which may be trending downward slightly from the 5,401 transactions estimated in 2021. Overall sales volume, at roughly \$1.97 billion as of December 2021, was up from the \$1.47 billion total for 2020. As of November 2022, most indicators are trending toward buyers, from a previous market that was heavily favouring sellers. The number of market listings is up to around 500 as of November 2022, up from around 250 at the beginning of the year, and other indicators such as days on the market and sale-to-listing price ratios are also stabilizing, but this reflects seasonal influences in the fall. A major factor affecting pricing for 2022 has been rising interest rates, which the Bank of Canada increased from 0.25% as of January of 2022, to 3.75% on October 26, 2022, as the latest in a series of 6 hikes so far this year, and more expected to come.

The City of Saskatoon Building Standards Branch reported building permit values for 2021 to be \$721,616,000, which is an increase from the \$539,030,000 reported for 2020. Canada Mortgage and Housing Corporation reported 2,356 housing starts year-to-date at October 2022, which is roughly in line with 2021 figures.

For the rental market, CMHC estimates the citywide multi-family vacancy at 4.8% in its October 2021 market report, which is a decrease from 5.9% in October 2020. The number of occupied purpose-built apartments increased by 576 units from October 2020 to October 2021, with developers completing 637 apartment units between July 2020 and June 2021. The bulk of this continued growth is in the southeast and central parts of the city. Despite the myriad of disruptions associated with the COVID-19 pandemic, rental demand remains strong.

Saskatoon Business Licensing

The annual City of Saskatoon Business Profile Report indicates that 1,171 new business licenses were issued in 2021. A total of 12,228 businesses are now licensed through the program, with 5,364 considered home-based and the remaining 6,864 as fully separate commercial businesses. The City estimates the breakdown as 20% of all businesses providing some form of goods, and 80% providing a service. The growth from the 2021 statistics is considered a positive indicator, as the years between 2018 and 2020 were considered somewhat stagnant, and some businesses closed during the Covid-19 pandemic.

Resource Markets

Agriculture continues to be the dominant economic contributor to Saskatchewan's economy. This overall sector has shown either strong growth or general stability in recent years, mostly reflective of healthy commodity prices. Largely due to its central location, Saskatoon is well-situated for the distribution and logistics associated with various agricultural products, livestock, oil and gas, potash, uranium, gold, diamonds, coal, and their related industries. Saskatoon's location also provides a reasonable home for employees who may travel to more remote areas of the province for work. Saskatoon is also a central location within Western Canada for access considerations to the west coast ocean ports serving international markets.

Saskatoon has become one of the primary centres for mining and related businesses. Saskatoon houses the international head offices for the world's largest publicly traded uranium company, Cameco, while Nutrien Ltd. (a merger between Potash Corporation and Agrium) operates head offices in both Calgary and Saskatoon. Orano Canada (formerly Areva Resources Canada Inc.) is also headquartered in Saskatoon. BHP Billiton, the world's largest vertically integrated mining company, relocated its Canadian head office to Saskatoon from Vancouver in 2011. The BHP Billiton Jansen mine project, which has the potential to become the world's largest potash mine, received the go-ahead for the final stage of the mine development from its board of directors. The company plans to invest a total of \$12 billion to complete the project, making it the largest economic investment in Saskatchewan's history.

Potash prices saw a decline of more than 20% year over year from 2019 to 2020 because of the Covid-19 pandemic, but as the global economy emerged, potash producers saw an increase in demand in 2021, which led to some price increases by that summer, and another increase in February of 2022, coinciding with the conflict between Ukraine and Russia. But there has been price stability through the remainder of 2022.

Like potash, Uranium prices steadily increased throughout 2019 and 2021, and spiked somewhat between February and April 2022 due to the conflict in Ukraine as well. Leveling of pricing occurred in May of 2022, and it is currently quite stable, but with moderate increases throughout the latter half of 2022. Future growth is anticipated for this industry as well.

Industrial Market

The Saskatoon industrial real estate sector saw a positive net absorption in 2021, which has continued into 2022. Both ICR Commercial Real Estate (ICR) and Colliers International (Colliers) of Saskatoon have published quarterly industrial market reports that compile and examine data related to industrial real estate.

The 2022 Quarter 3 ICR Industrial report indicates vacancy at 2.19%, from Quarter 2 at 2.50%. ICR also reports further positive absorption of 81,485 square feet in Quarter 3. Historical studies from ICR illustrate industrial vacancy levels in Saskatoon reached a low of nearly 2% in or around 2007. The vacancy rate for Saskatoon has followed a cyclical upward trend which peaked in 2016, at just over 9%, and has been on a continuous downward trend to the present. Currently, the highest vacancy industrial neighbourhoods in Saskatoon are the CN Industrial and Kelsey neighbourhoods, which have 3.15% and 5.92% vacancy, respectively. Both areas are experiencing higher levels of vacancy due to large spaces available in a relatively small grouping of buildings that are older and more obsolete. The Southwest Industrial area and Agriplace appear to have the lowest vacancy, at 0.91% and 1.19%, respectively, but these are smaller and less notable in the overall industrial market for Saskatoon. The largest and most relevant industrial section of Saskatoon is the North Industrial, which has a 2.06% vacancy rate from this study and the Marquis area, which is where most new development is occurring is registering at 1.59%.

The City of Saskatoon is the primary supplier and developer of serviced industrial land. As of November 2022, the Saskatoon Land Branch has just released more land in the Marquis Industrial area, north of 71st Street.

Office Market

The downtown office market has reached a transitional phase after several years of large-scale expansion and record-low vacancy rates. The city is now amidst a surplus of inventory and higher vacancy due to new office developments being completed in the downtown area over the last six years. Saskatoon is seeing

tenants move toward quality office space, applying pressure to older properties to reinvest or reduce rates to remain competitive in the current market. With the construction completed on both the East and North Towers at River Landing, more existing Class A office space has become available as tenants relocated to these two buildings. The softer economic market along with the newly added space is resulting in higher vacancies and putting pressure on rental rates for the older inventory. The current office market is also experiencing a change due to the COVID-19 pandemic and the full effects are yet to be seen.

Competition with the suburban market may be an issue for the Central Business District (CBD) office market attributable to differences in parking costs and availability, according to Colliers. The new buildings at River Landing have added approximately 400,000 square feet of Class AA office space to the downtown office market. The former City Police site on the corner of 23rd Street East and 4th Avenue South was completely re-developed into a 4-story, 64,020-square-foot office building in 2019. The Monark, a new mixed-use building that is located on the corner of 2nd Avenue North and Queen Street added 12,000 square feet of main-floor retail and second-floor office space. Redevelopment of the historic Macdonald's Consolidated Building, located at 301 1st Avenue North, has resulted in the addition of 18,550 square feet of new office space to the downtown.

Colliers International of Saskatoon publishes periodic reports on the Saskatoon office market, as does ICR, and similar to the Industrial Market Reports from either firm, results are generally in line with each other. Colliers reports Quarter 2 vacancy rates in the downtown office segment at 22.40% (half point down from Q1) and for suburban at 9.8% (two and a half points down), with a total city-wide vacancy at 15.1%.

The overall office market has remained relatively stable despite the working restrictions due to the pandemic. Many office tenants have taken a "wait and see" approach as they re-evaluate their space needs and with already higher than normal vacancies pre-pandemic, this imposed greater pressure on landlords to retain tenants and to attract new ones. Considering the effects of COVID on demand and the high number of vacant spaces in the market, the office market will likely have high vacancy for many years.

Retail Market

The retail market faced some of the greatest challenges during the pandemic, which was softened somewhat by government support programs in the way of interest-free loans which now must be paid back. Some forms of retail were affected more than others, but generally speaking, the retail aspect of commercial real estate survived the pandemic adequately and may have actually shown some signs of growth, especially in locations already serving an existing population base within neighbourhoods.

Market studies conducted by ICR Commercial Real Estate suggest Saskatoon's overall retail vacancy rate at 4.20% for quarter 3 of 2022.

Large-footprint buildings and enclosed malls continue to be the main contributors to the current vacant space. Enclosed shopping centers in all parts of Saskatoon have received considerable upgrades in recent years to address large vacant spaces previously occupied by national tenants. Market Mall saw the addition of Dollarama and Giant Tiger in 2018; Planet Fitness and Urban Cellars in 2019; as well as FreshCo occupying the former Safeway location in 2020. Interior and exterior upgrades are still ongoing.

The Mall at Lawson Heights underwent a facelift in 2018 as well. The vacant end-cap unit once occupied by Target was fully remodeled to accommodate a relocated Safeway. In 2019, the former Safeway space in the middle of the mall was renovated to accommodate Motion Fitness, which opened in late 2019. The southwest corner of the mall site saw the construction of a freestanding Scotiabank in 2019 and a Sobey's Liquor Store that opened in early 2020. Brown's Social House occupied a more recently constructed stand-alone restaurant building.

The Centre Mall underwent a major renovation with the addition of a new 30,000 square feet, seven-screen, Cineplex complex which opened in November 2019. The departure of the Rainbow Cinemas and relocation of Cineplex has resulted in 20,000 square feet of interior retail space available for lease and renovations are nearing completion.

The Midtown Plaza saw an \$80 million renovation to redevelop the former Sears space. This redevelopment has included a new 42,000-square-foot second-floor food court that opened in 2019, a new 15,000-square-foot main floor space for Shoppers Drug Mart in 2019, and H&M opened in 2020 within the 23,000-square-foot balance of the main floor.

Downtown continues to be a desirable location for retail, however, the area has experienced an increase in vacancy in 2019 that has carried forward into 2022. The River Landing project is still progressing, and development continues to draw people to the south downtown area with the combination of the Cineplex Theatre, the Persephone Theatre, and the Remai Modern Art Gallery.

The revitalization of the Riversdale Business area, as part of the River Landing Phase II, has attracted new and existing businesses in recent years to 20th Street West. The Banks development in Riversdale includes four buildings made up of commercial and residential space. The Banks commercial condominiums have some availability and offer a range of office and retail uses. The area, however, saw the Farmer's market vacate its long-term space on 19th Street West in 2019, moving to the Airport Business Area. The City of Saskatoon in October 2022 approved the key terms for a lease agreement with Ideas Inc. to operate a new public market at River Landing for a minimum of six days a week. It is understood that the interior design and infrastructure upgrades that are required will be tendered later in the fall of 2022. In 2020, The Hollows restaurant at the corner of 19th Street West and Avenue C South closed and the building was demolished.

The Blairmore Shopping Centre has reached completion and includes anchors Walmart, Staples, and Lowes, serving several surrounding neighborhoods. The south end of the Kensington neighborhood is also the location of extensive commercial real estate development, anchored by a 33,000-square-foot Save On Foods. Pre-leasing is underway for Phase 2 of the Shops of South Kensington, after pandemic-related delays. Dream Centres is developing 160,325 square feet of retail in Hampton Village to the north, which saw the opening of Dairy Queen, Tim Hortons, The Canadian Brewhouse, and a 7-11 Convenience Store and Gas Bar in late 2019.

New subdivisions Rosewood, Brighton, and Aspen Ridge also have new commercial retail space. Rosewood amended the concept plans to include 90 acres of retail-zoned land, which saw the opening of a second Costco within the Meadows development of Rosewood in 2016. Existing tenants include Marshalls, Tim Hortons, Dollar Tree, McDonald's, Pet Smart, and a Co-op Liquor Store that opened in 2018.

Brighton Market is a 235,000-square-foot retail development in Brighton. Phase one saw the opening of Landmark Cinemas in 2018 and phase two brought the addition of Save On Foods and the Keg restaurant in 2019. Shoppers Drug Mart and Motion Fitness recently opened in 2020. An additional 900,000 square feet of retail space is proposed along McOrmond Drive.

University of Saskatchewan

The largest employer in Saskatoon is the University of Saskatchewan in conjunction with Innovation Place which reported its largest enrollment in the 2020/2021 year, with a student body of 26,155 students. The campus student residences house an estimated 12% of the student population. Innovation Place was founded in 1980 and now has almost 130 agriculture, information technology, environmental, life sciences, medical, and biotechnology industries. The combined firms employ more than 3,300 people in 19 buildings in a park setting. The Canadian Light Source synchrotron, the International Vaccine Centre (VIDO-InterVac), and the Collaborative Science Research Building provide several high-profile research jobs and have encouraged companies to establish research facilities in Saskatoon. The University has received significant federal funding in recent years to continue infrastructure improvements.

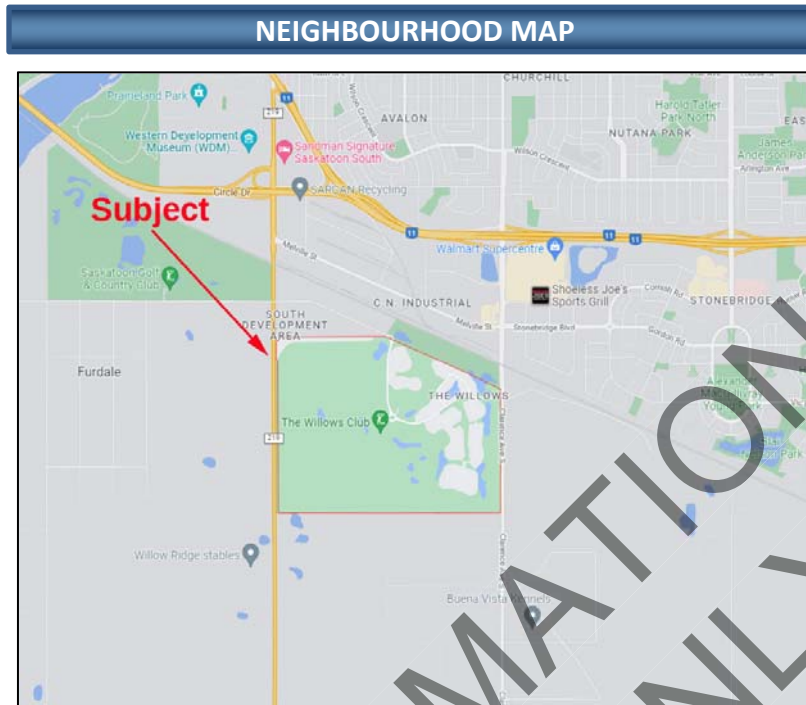
The University has undergone numerous developments in recent years including four student residence buildings and extensive upgrades to existing buildings. The Jim Pattison Children's Hospital is a 176-bed facility that opened in September 2019. The new hospital serves the entire Province, relocating maternity services from the existing Royal University Hospital and providing specialized neonatal and pediatric services. Merlis Belsher Place opened in 2018 and is a \$51 million multi-sport facility constructed to replace the University's dated Rutherford Rink. The 203-room, 10-story hotel near Griffiths Stadium became operational in 2018 and is split into a Holiday Inn Express wing and a Staybridge Suites wing.

Summary

Overall, Saskatoon has experienced a softer but relatively stable market over the past three years. Based on the market information presently available, the office market is expected to experience higher vacancy and tighter rental rates due to the recent office construction. The industrial market has seen lowering vacancy rates since 2016 and is now reaching a point where there is more pressure on pricing and rents because of limited available space, but more recently released land may help alleviate this. The retail market is recovering from the impacts of quarantine and closures due to the COVID-19 pandemic and appears to be healthy with some new growth. Supply chain and labour-related issues, however, are causing shortages in product. Nearing the end of 2022, inflationary pressures are still strong, nationwide.

Saskatoon has a wide diversification of regional resources in mining, manufacturing, and research sectors, which maintains its economic viability in the long term. Growth forecasts indicate that Saskatoon may be expected to grow 3.8% in 2023, with 2022 forecasts to finish at around 7.2%, according to the Conference Board of Canada. This is primarily due to growth in Potash and Uranium industries. On a personal level, household income improvements by around \$10,000 per year, to \$58,106, will help citizens cope with inflationary changes, according to the Saskatoon Regional Economic Development Association.

5.2 NEIGHBOURHOOD



The Willows neighborhood is located at the south boundary of Saskatoon. The neighborhood extends to Lorne Avenue on its west border, the CN main line on its north border, and Clarence Avenue South on its east border. The CN industrial neighborhood is immediately north of the subject neighborhood and the Stonebridge neighborhood is immediately north and east.

The Willows neighborhood is a golf course community that has 100% condominium home ownership. The community is a mix of bare land one-unit condominium units, townhouse style condominium units, and multi-family condominium units. There are 34% single family development with 66% of the community being multi-unit dwellings. The neighborhood area is estimated at 456 acres resulting in 0.8 dwelling units per acre, according to the City of Saskatoon neighborhood profiles.

The population for the neighborhood as of 2021 was 762 people with the majority of people being 55 years or older. The median personal income is \$68,060 and the average sale price, according to MLS, is \$697,500, as of 2021. The Willows has a housing affordability index of 8.21 (2020) compared to Saskatoon as a whole, which is 3.98. A multiple of 3 or less indicates a neighborhood as affordable. Thus, the neighborhood is considered to be a high-end executive community.

The Willows neighborhood is currently centered around a 27-hole golf course. Originally, the golf course was 36-holes; however, it suffered financial difficulty and in early 2000's was purchased by Dundee Developments (later became Dream) and was developed into a golf community with executive style homes. Phase 1 of the development started around 2004 and is built out. This phase is located on the eastern portion of the subdivision with Phase 2 proposed to be developed on the west and north sides of the subdivision.

The golf clubhouse has a restaurant and pro shop. In addition, the clubhouse can host groups between 8 and 200 within four different meeting rooms. Also on the site is the Willows Red Barn. This is a rustic barn that has the capacity to accommodate up to 150 people for weddings or other social occasions.

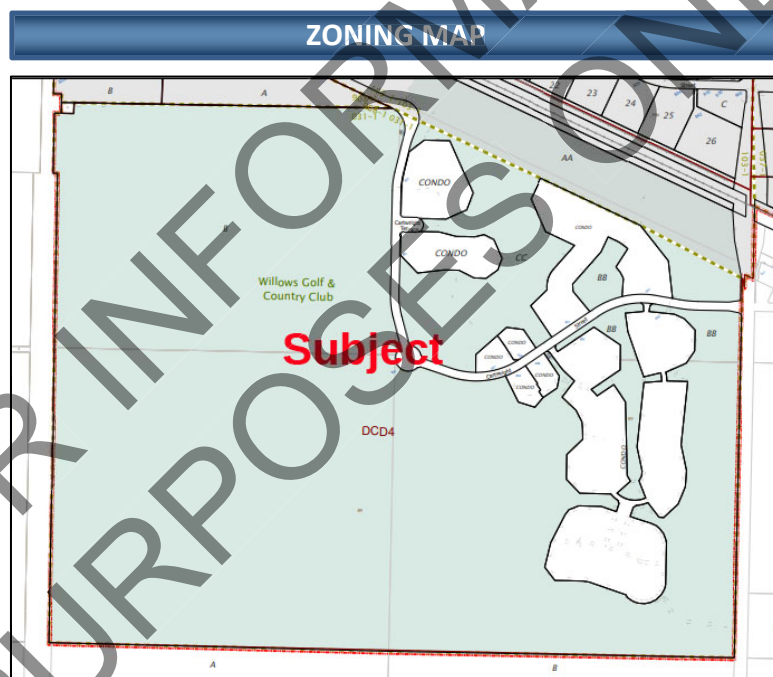
Lorne Avenue and Clarence Avenue provide the main access routes into the neighborhood. The CN rail line located on the north boundary of the subdivision is a main rail line that sees up to 36 or more trains in a day. This rail line has caused traffic delays along Lorne Avenue. There is an overpass over the rail line on Clarence Avenue, so access is not restricted into the neighborhood.

Stonebridge provides the nearest shopping amenities to the neighborhood. There is a mix of commercial retail uses including Wal-Mart and Home Depot, a large Co-op grocery store, limited-service hotels, other smaller retail uses, professional uses, and a variety of restaurants.

5.3 LAND USE CONTROLS

Development in the City of Saskatoon is controlled by Zoning Bylaw #8770 as approved by City Council.

Because a bylaw is a lengthy document, written in a legalistic language and often extensive in detail, the following discussion is intended to give the general intent of the bylaw, and it is not to be construed as a complete and detailed explanation. Under the bylaw, The Willows neighborhood falls under a single zoning classification; DCD4 – Direct Control District 4.



The DCD4 zoning is specific to The Willows with its sole purpose to facilitate the development of the golf community. There are five objectives of this specific zoning bylaw and include the following:

- Integrate larger lot, one-unit dwellings and low to medium density multiple-unit dwellings;
- Ensure development is consistent with the Official Community Plan;
- Provide standards for lot areas, frontages, and yard setbacks;
- Contain a mix of one-unit and multi-unit developments in a condominium or homeowners' association format, to be constructed over an extended period as demand warrants;
- Permit commercial uses that serve the community as well as those that are accessory to the golf course.

There are seven permitted uses including one-unit dwellings, home-based businesses, secondary suites, low density multiple unit dwellings containing no more than 17 dwelling units per gross acre of land, medium density multiple unit dwellings containing nor more than 50 dwelling units per gross acre of land, golf courses, and compounds for storage of RV equipment for the use and convenience of the residents.

In addition to the seven permitted uses there are three accessory uses. These include golf clubhouses and uses considered accessory and related to the clubhouse and golf course operation including but not limited to restaurants, lounges, pro shop, tennis courts, swimming pools, retail and retail services (limited to 929 square meters of gross floor area), personal service trades, medical clinics, banquet facilities, convention and catering facilities, administration and sales offices; maintenance buildings and outdoor storage areas; and uses considered accessory to one-unit dwellings, multiple-unit dwellings and dwelling groups.

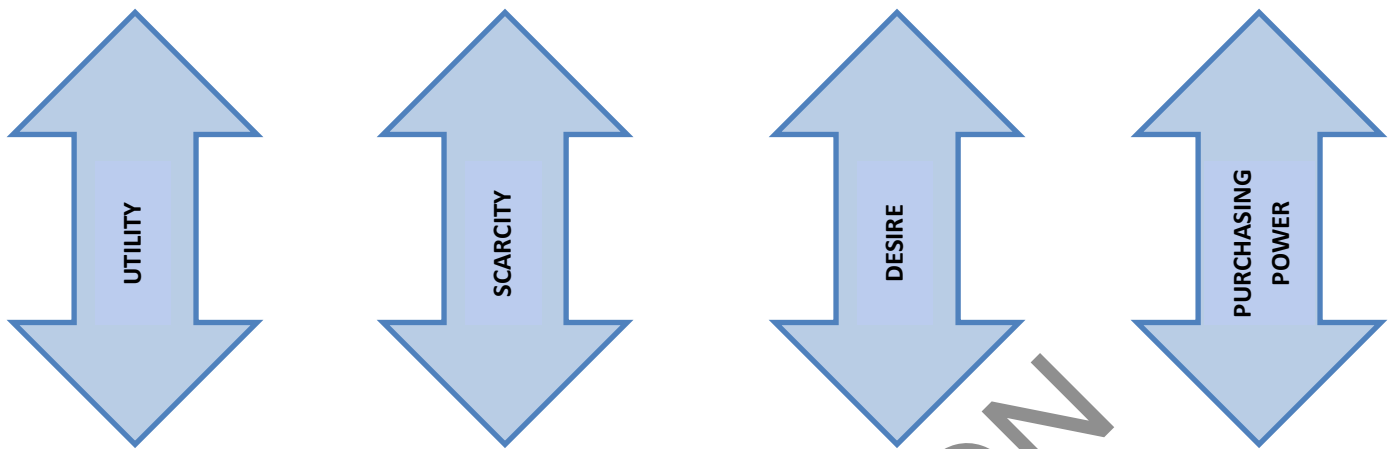
The DCD4 zoning has specific development standards. For these details the zoning bylaw itself should be referred to.

The proposed concept plan is suggesting changes to the phasing within the existing plan, changes to some of the development standards, and changes to some of the permitted uses that are currently not allowed under the existing DCD4 zoning. For purposes of this report, the market analysis is not considering whether the zoning changes are approved or their probability of being approved. This market analysis looks at the impact these proposed changes would have on the existing developments within the neighborhood.

6.0 MARKET ANALYSIS

6.1 FACTORS AFFECTING VALUE

Value relating to real property is an economic concept wherein markets reflect the actions and attitudes of purchasers in response to social, economic, government and legal frameworks/forces, and environmental forces. The market forces that influence value are complex and chaotic which drive supply and demand and ultimately property value. Supply and demand are made up of four main factors that create value, which are further shaped by certain principles. Visually this is represented as follows.



Anticipation	Change	Competition	Substitution	Balance	Contribution	Surplus Productivity	Conformity	Externalities
Future Benefits								

These factors and above principles were relied on in the analysis of the impact the proposed concept plan would have on the values of the properties within the existing Willows neighbourhood.

6.2 EXISTING CHARACTERISTICS OF THE SUBJECT NEIGHBORHOOD

The Willows neighborhood is unique to Saskatoon in that it is a low-density neighborhood that is developed around a golf course. As already discussed, The Willows has a population of 762 with 100% of the homes being owned. The total number of existing dwellings are 366 on a land base of 456 acres (0.8 dwellings per acre). The housing in the neighborhood is a mix of condominiums and bare land condominiums. The city shows that 34% of the housing is single family dwellings and 66% is multi-family. The original concept plan for Phase 2 development included 125 one-unit dwellings and 157 low density multi-unit dwellings (townhouses). Phase 2 also indicated development on the west side of the subdivision with two roadway access points off Lorne Avenue. This portion of the subdivision is disconnected from the east side of the subdivision.

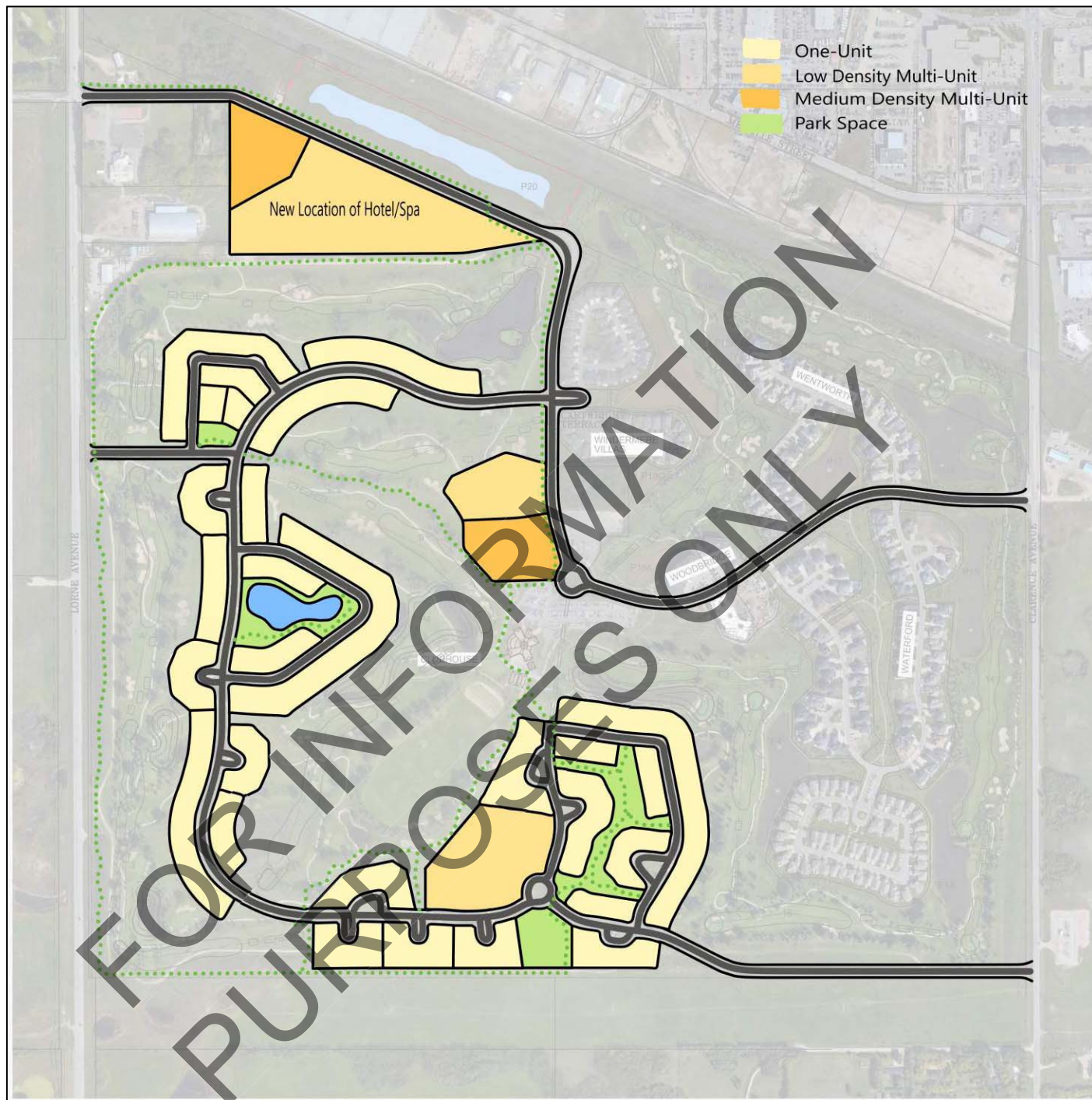
Approved Willows Concept Plan:



6.3 NEIGHBORHOOD CHANGE

The 2022 proposed concept plan is introducing change to the original concept plan. These changes include the introduction of additional parks and playground/sporting amenities like pickleball courts, 305 single family fee simple dwellings, low and medium density condominium units, a proposed hotel/spa, and the reduction of the size of the golf course from 27-holes to 18-holes. The development also shows an access off Clarence Avenue along the south boundary of the subdivision, another access point off Cartwright Street at the northern part of the subdivision, and two access points from Lorne Avenue.

Proposed Concept Plan:



These proposed changes are examined to determine if they will have any value influencing impacts on the existing neighborhood both positively and negatively.

Proposed Parks

Neighborhood parks and green space are typically an environmentally friendly amenity that adds value to a neighborhood and are viewed positively by most purchasers. Lots that back onto spaces tend to be valued higher than those lots that do not back onto these features and typically are priced higher in the Saskatoon

market. Furthermore, parks and green spaces add additional value to other properties in the area as they provide additional outdoor amenities that residents can use. A paired sales analysis in Saskatoon, looking at prices of new lots, indicates that backing onto green space can increase a lot price between 2% and 16% depending on the quality of green space the property backs. There was no evidence in the market to suggest that parks have a negative impact on property values. Therefore, the addition of the four new parks contributes rather than detract from value in the neighborhood.

Bare Land Condo vs Fee Simple Ownership:

The proposed concept plan includes 305 one-unit dwellings. The developer is proposing that these lots be fee simple ownership rather than bare land condominiums. The existing Willows community is currently developed with a mix of condominium units and bare land condominium units. The market analysis evaluates if there is an impact of having fee simple ownership within a neighborhood community that is under condominium ownership. To answer this question, the factors of value previously discussed are considered.

To maintain values, there must be a healthy balance between supply and demand. Too much supply of a single ownership use (whether that be fee simple or condominium) and values decline. Too little supply of each ownership use coupled with a high demand can see values increasing. Market values are constantly changing and being influenced by the dynamics of this balance.

Fee simple or condominium (whether it be bare land condominium or typical condominium) developments are a type of ownership that refer to a bundle of rights (use of a property). With fee simple ownership, a property owner owns both the land and the structure, are free to make decisions regarding the use of the property and are responsible for the maintenance of the property. Under condominium ownership the purchaser owns the unit or the detached home (under bare land condominium ownership) with joint ownership in the common area or the land by the condominium corporation. Condominium properties collect fees to maintain the property as well as are governed by condominium bylaws. While each of these ownership types have different advantages and disadvantages, neither one on their own is necessarily superior or inferior to the other. Each one offers a different type of ownership utility to the market and their value is largely driven by the desires within a community and the number of these units available at the time. Thus, utility, scarcity, desire, and the ability to pay plays a major role in determining the value of these different ownership types within a neighborhood than the introduction of a particular ownership type to the community alone.

Successful neighborhoods are those that offer a diverse mix of land uses, housing types, and ownership types that appeal to a wider range of the market. Specialized unilateral land uses create single function neighborhoods which impact the life cycle of a neighborhood and are less adaptive to changing market trends and needs over time. For example, if a neighborhood only appeals to a certain cohort, when that cohort changes, the neighborhood must also change to sustain itself or it could find itself in a state of decline, including property values. Currently, the Willows neighborhood could be classified as a unilateral type neighborhood given that it is developed in condominium ownership only. Most neighborhoods in Saskatoon, including the middle to upper end neighborhoods of Briarwood and Arbor Creek, for example, offer a more diverse mix of land uses and ownership types. The proposed concept plan introduces different ownership types, housing types, and land uses to make the neighborhood more diverse and more likely to be able to adapt to changing market trends in the future.

Currently, the Willows neighborhood offers a unique ownership use when compared to other Saskatoon neighborhoods, that being a condominium community. The neighborhood is a high-end neighborhood due to its high valued real estate, and not because of its ownership structure (that is condominium ownership vs fee simple). The high values in this neighborhood are partly due to the unique offering in a golf community, the lot sizes, and being near shopping and entertainment amenities, and the executive style housing. Its ownership type is not the main driver of value for the neighborhood. This differentiation is based on many examples of fee simple properties in and around Saskatoon that have sold for similar or higher prices than properties within The Willows. Thus, it can be concluded that fee simple or condominium ownership is not the main driver of value and that there are several other factors that have a larger impact on value.

The Saskatoon market was further surveyed to determine if there is a difference in value between bare land condo lots and fee simple lots. Data from four different sources was examined. One recent example is from the MLS® system. There is a current listing of a bare land condo lot and a fee simple lot in the same neighborhood (Hampton Village, west Saskatoon). Although the neighborhood differs significantly from The Willows, the paired sale example is not comparing locations but is looking at the influence of fee simple ownership compared to condominium ownership on land values with that being the only measurable difference.

The two listings, when compared, are showing a lower per front foot rate for the bare land condominium lot than for the fee simple lot. Both lots are relatively the same size with the fee simple lot having a larger front footage. The fee simple lot is slightly inferior as it does not back onto a park and does not have the ability to have a walkout basement. Even factoring in these differences, the bare land condominium lot is showing a lower value compared to the fee simple lot within the same neighborhood.

Two different developers from Saskatoon were also contacted regarding the impact of the type of ownership on market values. One developer indicated that the pricing for their bare land condominium lots was based on the current assessment of the land divided by the number of units. This resulted in a value for the lots that was comparable to fee simple lots. Another developer stated that the bare land condominium lots that they are currently developing are priced 20% higher than fee simple lots to cover the additional costs for landscaping (sod, underground sprinklers, fences).

These examples are showing mixed results, with one example showing bare land condos as being inferior to fee simple lots, one having no difference in value, and one being higher, but this is only due to the additional landscaping costs. So, on balance, there is minimal difference in price between fee simple lots and bare land condominium lots.

The city of Saskatoon was also contacted to determine the assessment models for these types of lots. The multi-family model for assessment is used if the condominium is located on a large lot that is similar in size and zoning to a multi-family lot. The residential model is used if the lot is small and similar to single family lot sizes. Sales of single-family lots and bare land condominium lots provide the basis for the residential model. According to the city of Saskatoon assessment department, there was no measurable difference between the bare land condominium lot and the fee simple lot.

In addition to examining bare land condominium lots vs fee simple lots, on an as if vacant basis, an analysis was also done comparing improved bare land condominium properties to comparable improved fee simple

properties. Two neighborhoods were examined; Briarwood and Arbor Creek. The types of homes compared in these neighborhoods were free standing properties with some consideration given to duplex style townhomes.

The first analysis involved a bare land condominium on Bayview Crescent. This property is a standalone bungalow style home and was compared to two fee simple homes; one was a sale and one was a listing. The paired sales analysis between these properties did not indicate a value difference due to ownership type.

The second analysis involved a bare land condominium on Stodola Court. Two standalone bungalow style town homes were compared to seven bungalow style homes in Arbor Creek. These paired sales did not show a significant difference in value due to ownership type.

Another example from Stodola Court was examined. This property was a duplex style bungalow within the same bare land condominium complex as the standalone home was. This property was compared to six freehold interest standalone bungalow homes in the area. After adjusting for differences, these paired sales also did not show a value difference due to ownership type.

In summary, based on the different data reviewed, there is no direct empirical evidence to support an adjustment between these two different types of ownership and there is no evidence to suggest a decline in value to the existing bare land condominiums in the development by introducing fee simple ownership to the neighborhood.

The number of additional lots introduced at one time to the market within the neighborhood, regardless of if they were fee simple ownership or condominium ownership, the lot characteristics (size, shape, and whether they back onto the golf course), and the current demand at the time has a stronger impact on value than ownership type. It is my understanding that the proposed development will be introduced in phases so this would not lead to an oversupply of product on the market. By phasing the development, there should be no significant disruption to the supply and demand balance, thus having no impact on the values to the existing developments in the neighborhood.

The proposed concept plan has indicated a change to the proposed minimum lot sizes than originally approved for (18 meter/59 foot lots to 16 meter/52.5 foot lots). The bare land condominium lots, having larger frontage would be slightly different from the newer introduced slightly smaller fee simple lots. The larger frontage of the existing condominiums could create a sense of scarcity within the neighborhood and be more desirable; thus, being able to maintain or demand higher values for this feature.

Since many of the newly developing neighborhoods in Saskatoon have frontages between 10.34 meters and 13 meters with an average frontage of 11 meters, the proposed Willows lots, at a minimum of 16 meters with the average lot being 19.5+/- meters, would still have an advantage. This is likely only going to affect the prices of the proposed fee simple lots and does not have an impact on the existing neighborhood stock. It is understood by the developer that stringent architectural guidelines will be required for the new development and will also include landscaping guidelines. The purpose of strict architectural and landscaping guidelines is to ensure the neighborhood maintains some consistency and conformity to the existing development so that the neighborhood can maintain its uniqueness within the market. These types of guidelines are not, in my opinion, going to detract from the neighborhood but rather will enhance it.

Considering that the proposed development will be done in phases, the existing development values should be relatively unaffected as phasing helps to control supply. The mix of fee simple lots and condominium ownership creates diversity in the neighborhood and helps to minimize the oversupply of a single ownership use. The different ownership uses within a neighborhood also appeal to a wider market, which helps in the long-term sustainability of a neighborhood. In summary, there is no evidence in the Saskatoon market to suggest that the introduction of the fee simple lots is going to negatively impact the existing development within a condominium neighborhood.

Density & Traffic

The proposed changes show an increase in density for the neighborhood from a population of 1,557 to a population of 2,397 or from 654 units to 1,036 units. Most of this population increase is a result of a higher number of one-unit dwellings and the addition of low and medium density dwellings. It should also be noted that the original concept plan did not include the triangular portion of the property at the northwest portion of the neighborhood, nor did it include for development in the south portion of the neighborhood. The reason this triangular portion was not part of the original concept plan is that it was owned by a separate ownership group. The City of Saskatoon requested that this triangular portion be added to the concept plan. These portions are now being proposed for the new development which will increase the density and traffic in this area but will likely have a minimal impact on the existing subdivision given that it is considered an isolated node at the northwest portion of the neighborhood.

The proposed concept plan indicates a low-density multi-unit development and a medium density multi-unit development in the central portion of the neighborhood that was not on the original concept plan. This proposed development is not adjacent to any existing housing in the area to have a negative impact. The low density multiple-unit area is restricted to either single story or two-story designs so it will not have any negative impacts to existing properties. The proposed medium density multi-unit development would be similar in design to existing multi-unit developments with the same height requirement as the existing zoning and buildings already in the area. This proposed area is across the road from the Red Barn area, which is surrounded by trees. As such, this proposed development should not have any negative impact on the existing neighborhood site lines. These developments will increase the traffic in the neighborhood, but not to a point that it will have a negative impact on existing property values. Cartwright Road is already a collector street that can handle the traffic flows. The proposed developments would not increase Cartwright Road to an arterial street so there is no impact to the neighboring property values.

The proposed development in the south part of the subdivision also differs from the original concept plan. This development will cause a reduction in size to the golf course but discussions with the owner do not indicate that this would impact the business value of the course. The development is positioned so that there is green space between the existing developments and the proposed developments. Thus, the existing improvements will still back onto green space so their values will not be compromised. In order to handle the increased traffic from this area, a new roadway is being proposed along the south portion of the subdivision off Clarence Avenue. This proposed roadway will benefit the area in keeping increased traffic off Cartwright Street.

It is understood that by reducing the size of the existing golf course (from 27-holes to 18-holes), golf course traffic will be reduced and the increased traffic from the proposed multi-family developments in the central part of the subdivision within the proposed concept plan will be somewhat offset.

The proposed concept plan introduces a new road that links to Cartwright Street but also links to Lorne Avenue. The proposed development would lead to an increase in traffic on Cartwright Street and this was verified through the Stantec traffic study. According to the traffic study, it is understood that the traffic from the increased density of the proposed concept plan would moderately impact Cartwright Street.

In addition, Cartwright Street had an average annual daily traffic (AADT) count of 1,400 in 1998. In 2016 this has increased to 3,600 cars. This increase in traffic to the area (more than 2.5 times since 1998) has been a result of the neighborhood expanding yet the existing properties in The Willows have not decreased in value. Considering the increased AADT in the Willows neighborhood and how it has been increasing and not seeing a resulting decrease in value, it is fair to say that the new improvements are likely not going to have a significant impact on the existing development values due to further increases in AADT.

Cartwright Street is already a collector road for the neighborhood, and this is not going to change in time. Collector streets carry between 1,000 to 15,000 cars per day. Properties on collector streets typically are discounted from properties that do not front or back onto collector streets due to the increased noise and traffic on them. A paired sales analysis in Saskatoon indicates that properties immediately fronting or backing onto neighborhood collector streets sold between 5% and 7.5% lower than properties that did not back/front onto collector streets. Since the homes that currently back/front onto Cartwright Street would have already been discounted for being on a collector street when they were purchased and considering that Cartwright Street will remain a collector street in the proposed development, the discount to the values of the homes that currently back/front onto this collector is likely not going to change. So, although there is a moderate increase in traffic in the neighborhood, it is not enough to turn Cartwright Street into an arterial roadway where there would be a noticeable change in values for those properties backing or fronting onto Cartwright Street. For information purposes, properties along major traffic arteries that experience traffic volumes higher than 20,000 vehicles per day see a reduced value between 20% and 30%. As long as Cartwright Street remains a collector street, there should be no noticeable change in property values.

An example of high-end housing located on a collector road which carries higher traffic than Cartwright illustrates this point. The traffic count for The Willows was compared to the traffic counts for Whiteswan Drive, a busy street in Saskatoon that also contains executive style homes. In 2017, Whiteswan Drive (between Pinehouse Drive and Lenore Drive) had an AADT of 4,600, which is higher than the Willows traffic from 2016 of 3,600 cars. The AADT in 2019 for Whiteswan Drive increased to 5,400. The properties along this street did not decrease in value due to the increased traffic, given that they are already located on a collector street with higher traffic flows.

In summary, there is not a substantial enough effect due to the increased density and traffic to suggest a decline in property values for the neighborhood.

Factors Affecting Value in Golf Communities

There are some important facts to consider about golf communities that directly relate to value and should be considered by purchasers before buying into a golf course community. The value of a golf course community depends on the success of the golf course and its diversity in terms of alternative amenities that also appeal to non-golfers. Owners within a community need to be aware that their property values are dependent on the golfers and club members that support the local golf club. Some golf communities require

monthly dues by local residents to support the local golf club whereas others rely 100% on memberships and golfers from outside of the community to support the golf club. It can cost between \$700,000 to \$1,000,000 per year to maintain a golf course, which is a significant annual investment but is required to maintain property values within a golf community. The market history of golf communities and the demand for golf is required to illustrate this point.

Golf was very popular in the 1990's and early 2000's and started to decline by 2014. The number of golf course communities and golf courses increased rapidly due to this popularity to a point that the market was in an oversupply position. Golf courses started to fail financially, and there was a drop of 14% in the total number of golf courses between 2009 and 2015. It is interesting to note that in 2000 the number of golf rounds played in the US were 518 million, in 2018 it had dropped to 434 million, but by 2021 was back up to 518 million¹. The increase in golf rounds in 2021 is largely due to the pandemic. Whether or not this increase in golf rounds played will be maintained is yet to be determined. Discussion with Dream indicates that the golf course at The Willows saw a similar pattern to the general market statistics from the United States. Rounds played at the golf course have been in decline over the past several years but during the pandemic have increased.

With the closure of many golf courses in the 2000's, due to the decline in popularity of golf, there is data available to measure the effect this had on golf course communities. Property values within a golf course community decline by 50%² within the first week of the golf course closure and over time maintained a 17% decline in value³. Although, the golf course at The Willows is not closing at present, these statistics are important to understand as it illustrates the importance of the financial viability of the golf course on the surrounding real estate values. It is also interesting to note that this same study showed a decline in values (when a golf course was closed) to homes adjacent to a golf course community as well.

Neighborhoods have life cycles and will go through a growth period, a stabilized period, a period of decline, and then will be revitalized again. Golf communities have experienced this life cycle. The success of a golf course community is dependent on the overall investment in the golf course, the success of the golf course, and the diversity within the golf course community.

When buying into a golf course community, it is important to understand the financial viability of the golf course as it has a direct impact on the overall value of the homes within the community. Most of the statistics that are available regarding golf course communities is from the United States. These statistics indicate that homes within a golf course sell at 9% premiums⁴ when compared to homes outside of golf course communities. The Willows shows a higher price premium (20%+) when compared to other similar high-end neighborhoods in Saskatoon that are not developed within a golf course community. It is further interesting to note that private golf club communities show higher home premiums (12.5%) than semi-private golf course communities (6%) and municipal communities (5.7%)⁴. The reason for the higher premium pricing in private golf course communities is the quality of the course, the exclusivity, and the lower number of rounds/players on the course. The Willows community is a semi-private golf course community.

¹ <https://www.turfnet.com/news.html/how-did-the-business-fare-in-21-rounds-played-matched-record-high-r1654/>

² <https://www.dte.golf/blog/do-golf-courses-increase-property-value>

³ <https://www.tandfonline.com/doi/pdf/10.22300/1949-8276.11.1.2>

Golf course communities have experienced many changes over the past decades. As golf started to decline in popularity so did the prevalence and value of golf course communities. The communities had to reinvent themselves to sustain their values with some neighborhoods seeing large declines in values due to the decreased demand. The biggest trends that have resulted out of this decline have been the diversification of these communities to appeal to a larger and wider market. Some of the national trends include combining golf real estate with five-star hotels, spas, wine memberships, theatres, juice bars, sports bars, practice facilities, and golf. On a national level, 66% of buyers in these communities are from non-golfers, which means that golf memberships must come from outside of the community.

Statistics from The Willows golf club show that only 6% of the club members are from within The Willows community itself. Owners within golf course communities need to be aware that their property values are highly dependent by golfers. Purchasers within a golf course community should be aware of the real costs of owning real estate within this type of community and the future benefits offered by such a community and whether that will be sustained over time, or whether it should be subsidized by the users of the golf course through a special fee/levy to those properties within the neighborhood that would be used towards the maintenance of the club.

Currently, decision making trends within a market are also factored around wellness, and this has been further emphasized with the pandemic. Buyers are seeking more green space, neighborhoods with amenities that appeal to the whole family, green housing, and housing that allows for remote work (access to fast and reliable internet, home offices, and/or business centers). The trend in golf course communities is to move away from just offering golf and the need to diversify with other amenities. Golf course communities with a diverse offering of amenities to both golfers and non-golfers have wider market appeal which is leading to higher values in these diversified golf course communities.

Design of a golf course is also a factor that needs to be considered. Properties that immediately back onto golf courses have higher premiums than those that do not. Thus, if the real estate is threaded around the golf course the overall market values of the community are higher than if the development is only on one side of the course. So, the concept plan proposed for The Willows neighborhood (having housing threaded around the entire golf course) would help to maintain the premium values within the neighborhood, provided that the course is maintained and operational.

In summary, there is a higher detrimental effect to market values within a golf community if a golf course closes. Considering that the Willows golf club is more financially viable as an 18-hole golf course, its future would be better sustained with the reduced number of holes. The trend to have diversity in golf communities contributes to property value rather than detracts from it provided that the added amenities are in demand. The diversification of amenities also contributes to the longevity of a neighborhood.

Proposed Spa/Hotel:

The new concept plan shows an area at the northwest portion of the neighborhood to be developed with a hotel/outdoor Nordic spa facility. There have been several outdoor Nordic spa facilities constructed in Canada over the past several years. However, most of these spas have been located at resort destinations or in areas of developing neighborhoods. The difference with the Saskatoon proposal is that The Willows is an established neighborhood that did not previously account for a hotel/spa within its neighborhood

boundaries. Purchasers bought their properties without the knowledge of this type of development. As such, investigation into the market was required to determine if the proposed development would have a measured market influence on the values of the existing properties. The only development in Canada that is comparable to this type of project is in Winnipeg in the Crescent Park neighborhood. This is a mixed subdivision with some lower end housing, but also some of the most expensive real estate in Winnipeg. This subdivision backs onto the river and a golf course. In 2015, the Thermea outdoor Nordic spa was developed adjacent to the golf course with both properties sharing the parking lot. The spa did not include a hotel.

Six appraisers in Winnipeg were contacted regarding the impact of the development of the spa in a golf community that already existed. All six of the appraisers had the same conclusion and that was that there was no measured impact, positive or negative, to neighborhood values due to the construction and opening of the spa. One of the appraisers indicated that the spa has brought a sense of serenity and wellness to the area (because no parties are allowed, it is an adult only facility, and closes at 10 pm), but this factor cannot be measured quantitatively. The appraisers indicated that values have increased in the neighborhood since 2015, but this has mostly been due to market conditions increasing. This example shows that this type of development is not suggesting a negative or positive impact to the community.

The proposed spa location at the northwest portion of the neighborhood is in an isolated pocket of the neighborhood that is a considerable distance away from the existing residential development that it will not have an impact on the existing home values.

7.0 FINAL CONCLUSIONS

This market analysis report examined the different features of The Willows neighborhood along with the proposed changes. The proposed changes were evaluated with the factors and principles that affect value to determine if the proposed changes would impact the existing properties either negatively or positively.

When looking at the factors that impact supply and demand, there is no empirical evidence that the proposed concept plan negatively impacts the community. There was always a plan in place to expand the neighborhood, just not to the same density that the proposed concept plan is suggesting. With more density there is always the issue of additional noise and traffic. The design of the neighborhood spreads the population out over a large enough area and integrates it into the design of the golf course to maintain the privacy of the existing homes and the new proposed homes. Although there will be an increase in traffic due to the higher density, it is not significant enough to negatively impact the neighborhood or those properties along Cartwright Road as already discussed herein.

The proposed fee simple lots introduce a different product offering that appeals to a different type of buyer than the current condominium offering. The different product, in my opinion, helps to maintain the existing value in the neighborhood due to the factor of scarcity. Scarcity is the relationship between supply and demand and is impacted when there is an oversupply or undersupply of a particular product offering. By having a diverse mix of land ownership, the balance of supply can be maintained thus not impacting the existing condominium values.

Finally, a major factor that became evident when completing this study was the life cycle of a market and the dependency of values on the success of the golf course within a golf community. The trend of diversifying golf course communities with other product/amenity mixes cannot be ignored when The Willows golf course is supported primarily by golfers from outside of the neighborhood (94%). Trends in other golf communities indicated they are reinventing themselves to appeal to a wider market to increase their market values and provide market sustainability to their properties over the long term. The ability of a neighborhood to satisfy the wants and needs of a specific community is a driving factor for value. As this is also true with the Willows, a diverse mix of amenities that are desired by the market will have a positive effect on values for that neighborhood. Furthermore, the Winnipeg Thermea spa example provides market evidence that the addition of an outdoor Nordic spa to an existing community had no impact to values within that existing neighbourhood.

The Willows offers one neighborhood option in the Saskatoon market that is within a golf community with low density and condominium ownership. This community is unique within the boundaries of Saskatoon but is not the only option to a buyer that wants to live within a golf community. Greenbryre, although within the RM of Corman Park, is a competing neighborhood that offers buyers a similar amenity (low density housing under condominium ownership within a golf community). By expanding the ownership options of The Willows, it can further distinguish itself from the competition.

In summary, all the market evidence evaluated suggests that a diverse neighborhood offering does not detract from neighborhood values but can add value. There is no market evidence to suggest that the proposed concept plan would negatively impact the existing improvements within The Willows neighborhood.

FOR INFORMATION ONLY
PURPOSES ONLY

8.0 ADDENDA



BRUNSDON LAWREK & ASSOCIATES

REAL ESTATE APPRAISALS AND ADVISORY SERVICES

FOR INFORMATION
PURPOSES ONLY

8.1 APPRAISER QUALIFICATIONS

Kimberly Maber, B.Comm, AACI, P.App

POSITION Managing Partner in the firm Brunsdon Lawrek & Associates Ltd, an independent real estate appraisal firm.

QUALIFICATIONS Kimberly has been employed in the real estate business in Saskatoon, Saskatchewan since 1999. She has been involved in the appraisal of both residential and commercial property. Kimberly commenced her real estate career with Suncorp Valuations Ltd. (1999-2010), joining Brunsdon, Junor Johnson Appraisals Ltd. in September of 2010.

EXPERIENCE Appraisal experience covers a broad spectrum of residential, resort, commercial, institutional, multi-residential and industrial properties, and includes market value appraisals amongst other types of real estate consulting studies. Kimberly's specialties include hotel/motel valuation, land development valuation, expropriation, resort valuation, lease analysis, and specialty consulting and feasibility studies.

Kimberly is an approved appraiser for a number of lending institutions and has completed assignments for local, provincial, and national clients. Kimberly has also appeared as an expert witness before the Court of Queen's Bench in the province of Saskatchewan.

In addition to completing the educational requirements for the AACI designation (granted 2004), Kimberly has taken numerous real estate courses including but not limited to Mortgage Fraud Course offered by RECA, IFRS course offered by UBC (University of British Columbia), and Appraiser Review course offered by UBC. Kimberly has also been involved with preparing a professional development course for UBC on "Exposure and Marketing Times". More recently, Kimberly has provided professional assistance in the development of a Reserve Fund Study Course at UBC. Kimberly has also been involved with public speaking engagements on various real estate topics in Saskatoon, as well as, nationally. Her most recent engagement was in 2016 in Winnipeg at the National Appraisal Conference regarding Highest and Best Use Analysis.

PROFESSIONAL MEMBERSHIPS Appraisal Institute of Canada
Accredited Appraiser Canadian Institute (AACI)
Professional Appraiser (P.App.)
Certificate #3887
National Board Director Appraisal Institute of Canada (2007-2011)
Past-President – Saskatchewan Association of the Appraisal Institute of Canada (2012-2014)
Co-Chair Investigating Subcommittee Appraisal Institute of Canada (2013-2018)
Chair Investigating Subcommittee Appraisal Institute of Canada (2018-2019)
Provincial Board Director Saskatchewan Appraisal Institute of Canada (2006-2019)
CREW Saskatoon Network Inc. – President (2015-2021)