



TECHNICAL BULLETIN



Smart Growth on the Ground

A Partnership of:
Real Estate Institute of BC
SmartGrowth BC
Sustainable Communities
Program, University of
British Columbia

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No. 6
June 2004

Commercial Development Opportunities in Maple Ridge

1.0 Retail and Service Market Review

Overall Retail and Service Market

The entire Maple Ridge-Pitt Meadows area includes about 2.9 million sq.ft. of retail and service¹ space, or about 34 sq.ft. per capita. This is slightly below the regional average of about 41 sq.ft. per capita, meaning the community is exporting retail spending to other larger nearby retail locations, such as Coquitlam. Total retail development has averaged about 75,000 sq.ft. per year in Maple Ridge and Pitt Meadows since 1991. Almost all of this growth has occurred in the Lougheed Highway corridor to the west of the study area, including significant development in Pitt Meadows.

Roughly 1.1 million sq.ft. of the community's retail and service space is located in the Maple Ridge Centre, or almost 40% of the space in the entire Maple Ridge-Pitt Meadows area. In recent years, there have been a few projects built in the study area that include small amounts of retail space. Overall however, the study area has captured a low share of the community's retail growth over the past 10 years or so. In fact, occupied retail space may have declined recently as the Safeway at Haney Place Mall relocated to the Lougheed corridor.

While there is not much vacant retail space in the study area, most buildings offer relatively low rents, suggesting there is not much demand from new tenants wanting to locate in the area.

Based on anticipated population growth, we estimate that total retail and service demand in Maple Ridge-Pitt Meadows will increase by about 700,000 to 1.0 million sq.ft. by 2011. This demand will continue to be focused in the Lougheed corridor to the west of the study area and in locations to the east of the study area that serve the growing residential population to the east. All of this potential demand could easily be accommodated at:

- Vacant sites planned for retail development on the Lougheed Highway in Pitt Meadows near the planned Fraser Crossing road network. In fact, a project containing 450,000 sq.ft. is currently under construction in this area.
- Sites to the east of the Maple Ridge Centre that are planned for community scale retail development to serve the residential areas to the east.

Therefore, opportunities for retail growth in the Maple Ridge Centre area will likely be limited over the next 10 years or so.

Retail Development Opportunities in the Maple Ridge Centre

The study area will continue to be an attractive location for retail businesses that serve nearby residents. In addition, it is a convenient shopping location for the residential neighbourhoods to the east of the study area. However, given the potential for additional retail space in Pitt Meadows and in community scale locations to the east, the Maple Ridge Centre will face increasing competition over the next ten years.

As the nearby population grows, retail sales should increase, the mix of businesses should improve, and the quality of buildings should improve.

Without attracting a major new anchor tenant, the opportunity for significant retail growth in the study area is limited. Population growth in the study area will help improve the retail situation in the study over the next several years, but will probably not lead to substantial growth. As the nearby population grows, retail sales should increase, the mix of businesses should improve and the quality of buildings/storefronts should improve.

At some point, the owners of Haney Place Mall will likely be interested in re-configuring or redeveloping the mall. Based on trends in the GVRD, redevelopment may involve reformatting the project so that it no longer includes interior mall space (as tenants in smaller malls are increasingly reluctant to pay for the higher operating costs associated with interior mall space) and using part of the site for high-density residential development. However, the plans for the mall will be highly dependent on the financial viability of renovating or redeveloping the mall.

Financial Viability of New Retail Development

Stand-alone retail development in the study area is financially viable on vacant sites if tenants are willing to rent space at the upper end of the current range of rental rates. The difficulty is that many local businesses are accustomed to rents near the lower end of the range.

Existing lease rates for newer buildings are high enough for a developer to acquire a vacant site, construct a building and generate a reasonable return on costs. However, retail rents for new space are not high enough to make it attractive to demolish existing buildings and build new space (due to the higher cost of acquiring a site with existing improvements). In the short term, retail demand in the study area will be met via existing vacant space or from development of vacant sites, but probably not from redevelopment. However, there may be exceptions where the existing improvements are in very poor condition and/or the space is chronically vacant

Retail and Service Planning Implications

The District should encourage large retailers to locate in the study area whenever possible.

The District should discourage development of any additional regional-scale shopping centres (other than in the area to the west along Lougheed) outside of the Maple Ridge Centre for the foreseeable future. In particular, any new retail to the east should only be of a scale that serves the day to day needs of the residential areas to the east. A new regional scale shopping area to the east would likely have significant negative impacts on the study area.

The District should encourage large retailers to locate in the study area whenever possible. Potential sites could include the existing lumber yard, redevelopment/expansion of Haney Place Mall, or the older strip malls along Dewdney Trunk.

The types of retail businesses that are willing to pay rents high enough to make development attractive (typically national or international chains) tend to be interested in retail locations that offer very high visibility and offer convenient parking for customers. This will influence the locations that are viable for retail use and the form of development. New development will likely only occur on the major retail streets in the study area and businesses will prefer projects that offer convenient parking for customers.

Three potential future retail development scenarios could be considered in the planning work for the study area:

1. Maintain the existing retail and service space. Under this scenario, the Maple Ridge Centre will continue to include roughly 1.1 million sq.ft. of retail and service space. As the study area population increases, improvements to the existing space and possibly redevelopment of some of the existing properties will occur.
2. Reduced retail and service space. Under this scenario, portions of the study area that are not highly desirable retail locations could be considered for an alternate use, such as multifamily residential. Streets that are candidates for alternate uses include 223rd, 227th, and possibly 226th (depending on the future of Haney Place Mall). The amount of retail and service space in the study area would

depend on the streets that are converted to an alternate use, but it would likely result in less than 1.0 million sq.ft. of retail and service space in the study area in the longer term.

3. Increase retail and service space. This scenario would likely require attracting an additional new anchor retail business into the study area, which may be difficult in the short term. For this to occur, the District will need to restrict major retail development to the east and work with any prospective businesses to help identify suitable sites in the study area. This might increase retail and service floor space to about 1.3 million sq.ft. or more over time (although this would be lower if some of the side streets are allowed to convert to residential).

2.0 Office Market Review

Overall Office Market

The entire Maple Ridge-Pitt Meadows area contains about 650,000 sq.ft. of office space, or about 8 sq.ft. per capita. Roughly, 450,000 sq.ft., or about 70%, is located in the study area. The remainder is primarily located in the Lougheed corridor to the west of the study area.

Total office development has averaged about 20,000 to 25,000 sq.ft. per year in Maple Ridge and Pitt Meadows since 1991. About 50% of the office floorspace growth since 1991 has occurred in the study area, or about 12,000 sq.ft. per year.

Since 1991, about half of office floor space growth in Maple Ridge - Pitt Meadows has occurred in the Maple Ridge Centre.

We estimate that total office demand in Maple Ridge-Pitt Meadows will average about 15,000 to 20,000 sq.ft. per year from 2004 to 2011. This could increase following the opening of the Fraser Crossing (2007 or 2008) if Maple Ridge and Pitt Meadows allow office use in the business park locations near the Crossing.

Business parks tend to attract companies that are interested in low lease rates, large floor plates, high parking ratios, easy access to the regional highway system and ample opportunities for expansion. In addition, many require some warehouse/service/manufacturing space in their building. If office users are permitted in the Maple Meadows business park, most will be businesses that would not have been interested in a Maple Ridge Centre location.

Businesses that have a regional or national orientation could likely be permitted in Maple Meadows without a negative impact on the study area. In fact, regionally oriented office tenants in the business parks may increase the demand for the services provided by the business professionals in the study area.

Office Development Opportunities in the Maple Ridge Centre

The study area will continue to be the main office location in Maple Ridge for the foreseeable future.

The study area will continue to be the main office location in Maple Ridge for the foreseeable future. It will continue to attract businesses that serve the local Maple Ridge and Pitt Meadows market. The main types of businesses that will be attracted to the study area include: government tenants, medical offices, dental offices, real estate companies, legal firms, accounting firms, financial institutions, insurance agents, and investment companies. Firms will be relatively small as they will be serving the local market.

Demand for office space in the study area should average about 5,000 to 10,000 sq.ft. per year for the next ten to twenty years. In the short term, this will be met by existing vacant space. Higher demand in the Maple Ridge Centre is only possible if Maple Ridge can attract regionally oriented (or national) office tenants. This will be difficult in the foreseeable future as Maple Ridge is not a major regional business centre.

Financial Viability of New Office Development

Stand-alone multi-storey office development is not financially viable in the study area. Existing lease rates are not sufficient to allow a developer to acquire a site, construct a building and generate a reasonable return on costs. Office demand will need to be met via existing vacant space or in grade level retail and service space until lease rates increase significantly.

Office Planning Implications

The plan should anticipate an average of 5,000 to 10,000 sq.ft. of additional office space per year in the study area over the next ten to twenty years.

If office uses are permitted in the Maple Meadows business park, the District should be careful about the types of office tenants allowed.

One of the major issues that the District may need to consider is whether to allow increased office use in the Maple Meadows business park. This area will be attractive for regionally oriented office users after the Fraser Crossing opens. Most of the businesses that locate at Maple Meadows will probably not be good candidates for the Maple Ridge Centre because business parks tend to attract companies that are interested in low lease rates, large floor plates, high parking ratios, easy access to the regional highway system and ample opportunities for expansion. In addition, many require some warehouse/service/manufacturing space in their building. The lease rates in the study area will be too high to attract business park tenants.

If office is permitted in the Maple Meadows business park, the District should be careful about the types of office tenants allowed. For example, it may want to exclude office users that serve the local market (such as medical offices, real estate companies, dentists, insurance agents, investment companies) from the business park so these firms will continue to concentrate in the study area.

Notes

¹ Service includes businesses such as restaurants, cafes, video rentals, hair salons and other firms that offer a service rather than a retail good. These businesses tend to occupy space that would otherwise be occupied by retailers.