

CONSULTING STUDY
BLATCHFORD AREA
EDMONTON, ALBERTA



PREPARED FOR
THE CITY OF EDMONTON

SEPTEMBER 2023



GETTEL APPRAISALS
Real Estate Valuation



GETTEL APPRAISALS

Real Estate Valuation

OUR FILE: 22244

September 8th, 2023

City of Edmonton
Real Estate Valuation and Advisory Services (REVAS)
10th Floor, Edmonton Tower
10111 – 104 Avenue NW
Edmonton, Alberta
T5J 0J4

Attention: Jim Sande, LL.B., B.Comm., AACI

Re: Consulting Study – Blatchford Area, Edmonton, Alberta

In accordance with your instructions, I herewith submit a consulting study pertaining to progress of development in the Blatchford Area of north central Edmonton.

The purpose in undertaking this consulting study is to assist The City of Edmonton with internal decision making regarding land development in Blatchford. The basic function in completing this assignment is to gather market data and feedback in order to analyze current absorption rates, lot pricing, and home prices in Blatchford. As part of the scope of this assignment, conversations and interviews have been held with both existing and proposed home builders within Blatchford, other home builders outside of Blatchford, a number of prominent land developers in Edmonton, and various City of Edmonton employees. The market information gathered from these sources will be provided on anonymous bases herein for confidentiality purposes. Other sources of market data include the Edmonton MLS system, The Network data service, and Alberta Land Titles.

This study will provide a description of the Blatchford Area including development progress to date (lot sales and building construction), a Market Data section outlining absorption rates and lot/building prices in other neighborhoods as well as general feedback obtained regarding Blatchford, and a Conclusion section indicating whether absorption rates and prices are reasonable in Blatchford along with suggestions for future development in the area.

To provide context for this study, it is critical to consider that Blatchford is a highly unique community stemming from a combination of factors including the:

- Large amount of land within a central infill locale
- Government policy driven development plan involving:
 - A sustainable community
 - District Energy Sharing System
 - High architectural building standards
 - High density requirements with no detached dwellings
 - Density targets between 125 and 190 units per net hectare

To date, the product constructed within Blatchford includes:

- 97 townhouses on single unit lots*.
 - Most units are 2-storey and many contain basements and/or garages
 - The average sizes range from 1,489 to 1,639 square feet above grade
 - 67% of units contain at least one suite (basement or garage/garden)

**Single unit lots are defined as individual fee simple owned lots that support a single housing unit whether in the form of a townhouse unit, a half duplex, or a detached single family dwelling.*

The following are the conclusions drawn from this study regarding pricing and pace of development within Blatchford to date.

Pace of Development Conclusions:

- Single Unit Lots:
 - Single unit lot absorption in Blatchford at 32 lots/year is **slow but reasonable** given:
 - The unique infill location.
 - The District Energy Sharing System (DESS) system in place causing longer building construction time frames.
 - The building type restrictions in place (no detached single family dwellings).
 - The high architectural building requirements.
 - *Another 83 lots are on hold/pending with specific builders.*



Pace of Development Conclusions (continued):

- Multi-Unit Lots:

- The **overall pace** of multi-unit parcel sales in Blatchford at 0.92 lots/year or 0.66 acres per year **is reasonable** but only involves parcels intended for townhouses. There have been **no sales of sites intended for apartment building construction** and may be due to:
 - Uncertainty regarding the DESS (construction costs, maintenance, and potential utility savings).
 - Lack of amenities within Blatchford including no direct LRT connectivity yet.
 - Soft condo market conditions in Edmonton.
 - *Despite the above, a 3.83 acre parcel of UI (Urban Institutional) zoned land in Blatchford East transferred in March 2023 to NAIT for student residence purposes and allows for high rise development. This parcel has not been included in the multi-unit lot absorption figures above.*
 - *Further, there is due diligence being completed by multiple builders regarding prospective 4-6 storey rental apartment projects in Blatchford. Negotiations relating to the purchase of lots for these prospective projects are advanced.*

- Home Sales:

- The overall pace of home sales in Blatchford is **reasonable** with 85.6% of homes constructed (97 fee simple townhouses) being sold and many builders reporting high levels of presales.
 - Current demand is in the form of select owner occupants or investors (many out of province) for the current product type. High demand for suited units.
 - More variety of home product at lower price levels is required in order to entice a larger pool of owner occupant purchasers.
 - Current construction time frames are 12 to 18 months due to DESS whereas target time frames for similar infill or greenfield areas would be 12 months or less.
 - *An additional 8 fee simple townhomes and 55 condominium townhouses are planned in 2023.*



Pricing Conclusions:

- Lands:
 - Current lot pricing in Blatchford (average at \$43/sf for single unit lots and \$30/sf to \$48/sf for multi-unit lots) is considered **appropriate** for all lot types as it is consistent with surrounding or similar neighbourhoods.

- Homes:
 - Current home pricing for the product built to date (builder averages of \$555,243 to \$681,208 per unit or \$373/sf to \$430/sf) is **appropriate** as evidenced by the high proportion of homes sold (83%).
 - Current house pricing in Blatchford is notably higher than the most immediate surrounding neighbourhoods but this is a direct reflection of the type of product built thus far involving higher end units with suites and garages.
 - The Blatchford home pricing is comparable to desirable neighbourhoods of north central Edmonton where similar housing product exists.
 - Current home prices are acceptable by a select group of owner occupants or investors who rent and are only concerned with cash flows.
 - Lower priced homes will be required to compete with pricing in the most immediate surrounding neighbourhoods for a larger array of owner occupant purchasers.
 - Builders are recovering the full costs of the DESS and architectural requirements in Blatchford for current product but are not certain they will be able to do the same for product intended for a wider pool of owner occupants.

The writer has confirmed substantial interest in Blatchford for both single unit and multi-unit lots from two prominent Edmonton home builders with plans to construct smaller and lower priced homes.

Overall Conclusion:

Blatchford is a public policy guided development area. As such, development has proceeded under specific guidelines that are government imposed made for societal benefit and that are not necessarily consistent with market demand. Therefore, it is not surprising that development progress has been slow in Blatchford as compared to market driven private land development. However, when considering the imposed guidelines and unique aspects of Blatchford, the pace of development and pricing is considered to be reasonable with market acceptance improving.

The following are suggestions derived from this study to assist further development.



Final Recommendations:

- Consider zoning changes to allow single family dwellings with zero lot lines in order to increase diversity/breadth of product at densities the same level as townhouses.
 - Consider softening architectural standards including both specific materials and landscaping requirements in order to allow builders to pass on cost savings to purchasers and provide lower cost homes.
 - Continue to educate on the DESS with a focus on construction and potential monetary benefits for utility users. Further, some builders are not aware of the opportunity for a DESS Exemption if they can prove construction of net-zero homes.
 - Improve entrance (better intersections off Kingsway Avenue) and signage to Blatchford.
 - Expedite construction of amenities within the community including linkage to LRT.
-

The Appraisal Institute of Canada has a Mandatory Continuing Professional Development Program for designated members. As at the date of this report, the writer of this report has fulfilled the requirements of this Program.

The writer has personally completed an inspection of the subject area on various dates including March 22nd, 2023 when photographs were obtained. To the best of the writer's knowledge, the statements contained in this report, subject to the Fundamental Assumptions and Limiting Conditions set forth, are true and correct and that he has no present or contemplated interest in the subject lands.

The reader is referred to the following report for the results of the analysis completed.

Respectfully submitted,



Brett L. Coley, B.Comm., AACI



TABLE OF CONTENTS

Title Page	i
Letter Of Transmittal	ii
Table Of Contents	vii

	PAGE
1.0 Introduction	1
2.0 Blatchford Area Summary	2
2.1 Area Description	3
2.2 Land Development Progress	5
2.3 Home Building Progress	7
2.4 Occupant/Purchaser Profiles	9
2.5 Blatchford Builder Survey Commentary	10
3.0 Market Data	12
3.1 Blatchford Competition	12
3.2 Comparable Lot Absorption Rates	13
3.3 Comparable Lot Prices	14
3.4 Comparable Home Prices	16
3.5 Additional Market Feedback	17
4.0 Conclusions	18
5.0 Certificate Of Appraiser	21

ADDENDA	EXHIBIT
Definition of Consulting Problem/Limiting Conditions	A
Multi-Family Lot Comparable Sales	B



1.0

INTRODUCTION

1.1 PURPOSE/FUNCTION OF REPORT

The City of Edmonton has requested that Gettel Appraisals Ltd. complete this consulting study to assist with internal decision making regarding land development in Blatchford. The basic function in completing this assignment is to gather market data and feedback in order to analyze current absorption rates, lot pricing, and home prices in Blatchford.

1.2 TERMS OF REFERENCE/SCOPE OF WORK

As part of the scope of this assignment, conversations and interviews have been held with both existing and proposed home builders within Blatchford, other home builders outside of Blatchford, a number of prominent land developers in Edmonton, and various City of Edmonton employees. The market information gathered from these sources will be provided on anonymous bases herein for confidentiality purposes. Other sources of market data include the Edmonton MLS system, The Network data service, and Alberta Land Titles.

This study will provide a description of the Blatchford Area including development progress to date (lot sales and building construction), a Market Data section outlining absorption rates and lot/building prices in other neighborhoods as well as general feedback obtained regarding Blatchford, and a Conclusion section indicating whether absorption rates and prices are reasonable in Blatchford along with suggestions for future development in the area.

1.2 EFFECTIVE DATE

As outlined, an inspection of the subject area was completed on March 22nd, 2023. This will also represent the effective date of this analysis and all opinions and conclusions provided herein apply as of this date.

1.3 DEFINITION OF CONSULTING PROBLEM/LIMITING CONDITIONS

The definition of the Consulting Problem along with Limiting Conditions are included in Exhibit A of the Addenda.



2.1 AREA DESCRIPTION

The subject area is the former City Centre Airport which was approved for phased closure in 2009 and officially closed in 2013. The area was given its new name “Blatchford” in 2012 with a development plan approved in 2014.

Blatchford comprises 536 acres designed with the goal of being an efficient, high density neighbourhood featuring public transit, district energy, green corridors and park space. The plan for Blatchford is to home up to 30,000 residents within a sustainable community utilizing 100% renewable energy and that is carbon neutral. The types of housing planned range from townhouses to 4-6 storey apartments with some high rise buildings in later stages. No detached single family dwellings are permitted in Blatchford. Density targets range from 125 to 190 units per net hectare within Blatchford. The following page contains the Concept Plan for the Blatchford Area.

Construction of Blatchford commenced in 2015 and involved earthwork (excavation and grading), utility infrastructure (including municipal water, sanitary sewer and storm sewer along with the District Energy Sharing System), roads, and parks. The first homes in Blatchford (Stage 1) were constructed in 2019 in conjunction with the completion of Energy Centre One. To date, the current housing type within Blatchford involves townhouse units on single unit (fee simple) lots*. The townhouses range in size from 1,425 to 1,986 square feet above grade. Over half of the townhouses contain suites whether basement or garden/garage.

Blatchford features renewable energy infrastructure in the form of the District Energy Sharing System (DESS), which provides environmentally-friendly heating/cooling as domestic hot water services to homes and buildings in Blatchford. All homes are to be constructed to high efficiency standards (Green Building Codes) and to support roof solar panels as a renewable power source. High architectural requirements are in place within the community including builder completed landscaping.

**Single unit lots are defined as individual fee simple owned lots that support a single housing unit whether in the form of a townhouse unit, a half duplex, or a detached single family dwelling.*

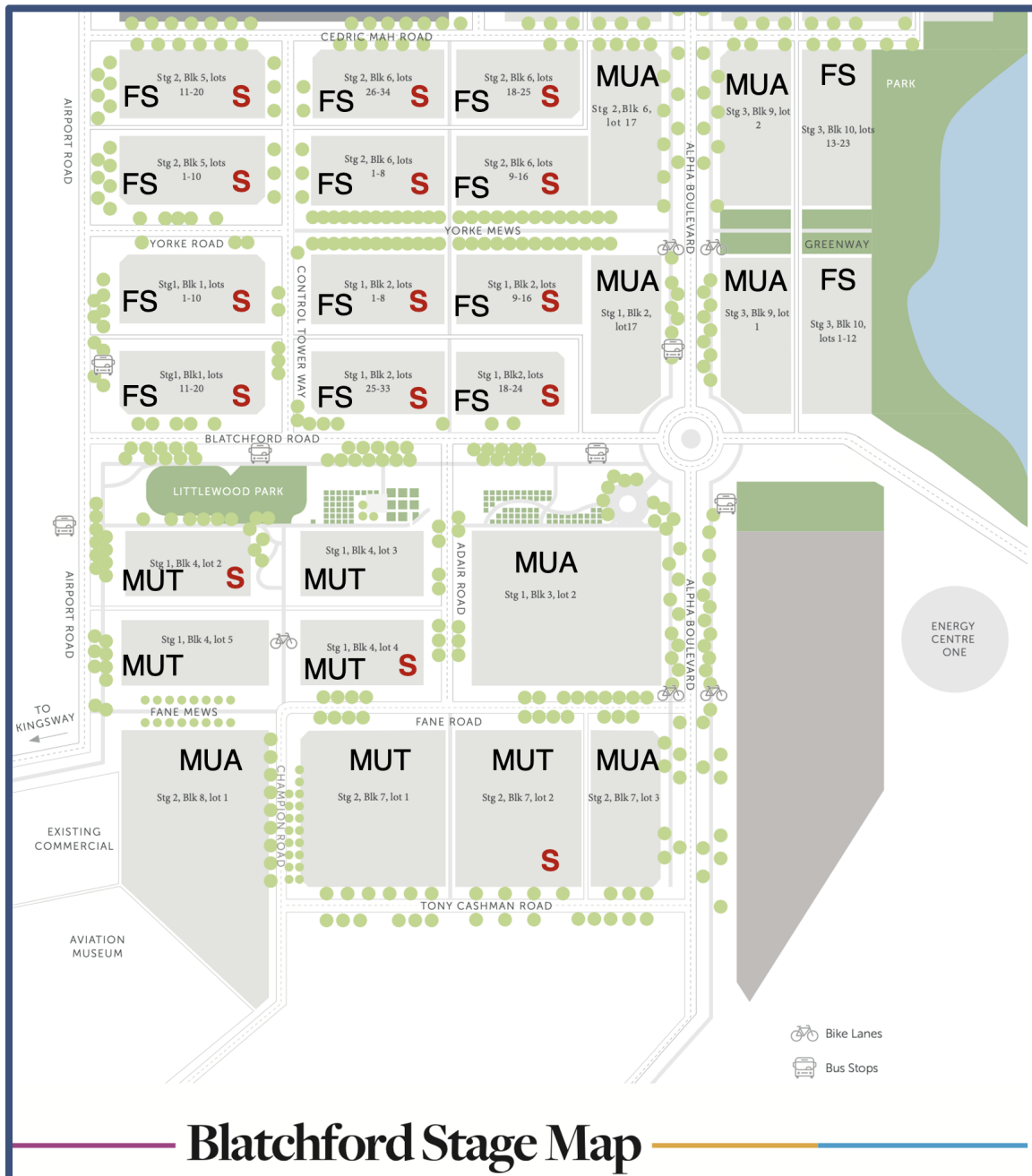




Blatchford Concept Plan

2.2 LAND DEVELOPMENT PROGRESS

Development within Blatchford commenced in the southern portion of the Blatchford West district. The following map outlines the initial phases of development in Blatchford including Stages 1 through 3 which are registered with Alberta Land Titles.



Blatchford Stage Map

Blatchford Stages 1 – 3

(MUT – Multi-Unit Condo Townhome Site, MUA - Multi-Unit Condo 4-6 Storey Apartment Site,
 FS – Block Comprised of Fee Simple Single Unit Lots)
 (S – Sold Lots)

The following summarizes lot sales in Blatchford to date:

Single Unit (Fee Simple) Lot Sales

Year	Number of Fee Simple Lots Sold
2019	26
2020	0
2021	26
2022	37
2023	16
Total Closed	105
Average/Year	31.85
Lot Sales In Negotiation	81

Single Unit (Fee Simple) Lot Sales Notes:

- All of the fee simple single unit lots in Stages 1 and 2 are sold.
- Total lot sales in 2023 to date extrapolate to 38 lot sales over an entire calendar year.
- The average lots sold per year figure was calculated utilizing the extrapolated full year 2023 figure and excluded 2020 due to Covid-19.
- **23 fee simple single unit lots are available in Stage 3 and all are reported to be on hold/pending to builders. These lots are not considered “Sold” in the figures above.**
- **Another 58 fee simple lots will be brought on in future Stage 5 and all are reported to be on hold/pending to builders. These lots are not considered “Sold” in the figures above.**

Multi-Unit Lot Sales

Year	Number of Multi-Unit Complex Lots Sold	Acres Sold
2019	0	0
2020	0	0
2021	1	0.64
2022	1	0.54
2023	1	0.96
Total Sales	3	2.14
Average/Year	0.92	0.66
Lot Sales in Negotiation	8	6.90

Multi-Unit Lot Sales Notes:

- One of the multi-unit lots sold was bought back by the City and the lot is on hold with negotiations in place with a new prospective purchaser.
- All 3 lots sold to date involved lots intended for townhouse development. No lots intended for apartment development have been sold.
- The average lots sold per year figure excludes 2020 (Covid-19).
- There are a total of 10 unsold lots remaining across Stages 1 through 3 with negotiations underway for 8 of these lots. **A number of these lot sale negotiations are advanced.** These figures do not include the multi-unit lot that has been bought back by the City and that is also in negotiations to be sold again. There are no planned multi-unit lots in Stage 5.
- **A 3.83 acre parcel of UI (Urban Institutional) zoned land in Blatchford East transferred in March 2023 to NAIT for student residence purposes and allows for high rise development. This parcel has not been included in the multi-unit lot absorption figures above.**



The following is a summary of lot pricing for sold, listed and pending lots in Blatchford:

Lot Prices

	Fee Simple Sale Prices/Sq. Ft.	Multi-Unit Condo Townhouse Sale Prices/Sq. Ft.	Multi-unit Condo Apartment Sale Prices/Sq. Ft.
Year	Average	Average	Average
2019	\$43.71		
2020			
2021	\$41.24	\$31.25	
2022	\$43.69	\$31.20	
2023	\$42.58	\$28.59	
Overall	\$42.81	\$30.35	
<i>List Prices</i>	<i>\$53.63</i>	<i>\$39.30</i>	<i>\$48.37</i>
<i>Pending</i>		<i>\$30.70</i>	

Notes:

- Multi-unit condo townhouse lots are zoned BRH and allow for a max. density of 130 units per hectare and max. building height of 15 meters.
- Multi-unit condo apartment lots are zoned BLMR and allow for a max. density of 275 units per hectare and max. building height of 23 meters.

2.3 HOME BUILDING PROGRESS

The following is a summary of building development to date in terms of the number of “rooftops” present in Blatchford:

Number of Rooftops

Year	Fee Simple Townhouses	Condo Townhouses	Total
2019	8		8
2020	18		18
2021	19		19
2022	26		26
2023	34	55	89
Total	105	55	160

Rooftop Notes:

- A rooftop is considered building development completed or underway on a legal lot. For example, 1 rooftop per fee simple lot and 1 rooftop per condominium title are included.
- Homes completed and under construction are counted.
- The 2023 figures include planned rooftops on any sold lot sales to date. These include 8 planned fee simple townhomes and 40 planned condominium townhomes.
- None of the condominium townhouses are yet complete with 15 currently under construction.



The following is a breakdown of the number of fee simple townhouses built to date in Blatchford by builders:

Fee Simple Townhouse Units by Builder

Builder	Units Completed/Under Construction	Units Planned on Sold Lots	Sold Units
Encore Homes	40		34
Crimson Cove Homes	17		17
Mutti Homes	25		22
Carbon Busters	7		4
Ocheller	8		6
Landmark Homes		8	
Total	97	8	83

Fee Simple Townhouse Product Notes:

- 85.6% of all fee simple townhouse units completed or under construction are sold.
- 22 units remain available for sale including the 8 additional planned units.
- The vast majority of the units are 2-storey, 3 bedroom units with basements and garages.
- The average unit sizes above grade for the builder's ranges from 1,489 to 1,639 square feet. The total range in unit sizes is from 1,425 to 1,986 square feet.
- The total proportion of suited units (whether a basement or garage/garden suite) is 67% with 65 of 97 units containing at least one suite.
- The average total unit prices of the builder's ranges from \$555,243 to \$681,208. The total range in unit prices is from \$417,909 to \$872,184.
- The average unit prices of the builder's ranges from \$373 to \$430 per square foot. The total range in unit prices is from \$280 to \$588 per square foot.
- Roughly half of the units have been sold to investors and the other half to owner occupants.

Multi-Unit Condominium Townhouse Product Notes:

- There are no condominium townhouse projects completed to date although 15 units are under construction and another 40 are planned in 2023.
- 15 of the planned units are intended to be sold and 40 units are intended as a purpose built rental project.
- Of the 55 proposed units, 45 will be 2-storey, 3-bedroom units between 1,400 and 1,600 square feet in size with garages. None will be suited and only 15 of these units will have basements.
- The remaining 10 units will range from 475 to 950 square feet in size containing 1 or 2 bedrooms and no basements or garages. These units are being built for rental purposes.
- The proposed list price for the saleable units is \$465,000 or \$294 per square foot.
- The proposed rental rates for the purpose built rental units ranges from \$1,100 to \$1,750 per month depending on the number of bedrooms (ranging from 1 to 3).

The writer has confirmed substantial interest in Blatchford for both single unit and multi-unit parcels from two prominent Edmonton home builders with plans to construct smaller and lower priced homes (less than \$500,000).



2.4 OCCUPANT/PURCHASER PROFILES

Based on surveys with home builders in Blatchford, the following are the indications as to occupants within existing homes:

- Young couples (professionals).
- Retired couples.
- NAIT students.
- Royal Alex Hospital employees.
- Extended families particularly with disabled adults wanting separate suites.
- Divorcees.
- Those with desire for central living and means to afford the same.

Based on surveys with home builders in Blatchford, the following are the indications as to purchasers in the area:

- Many purchasers to date are investors who are renting to the above noted occupants. As such, suited units are in highest demand.
- Some of the builders are selling entirely to investors with repeat purchases.
- Cash flow details are the primary consideration for investor purchasers.
- Many of the investor purchasers are from out of province where real estate values are higher; there is a different mindset towards attached home living, and there are no central infill neighborhoods of this magnitude.
- There is a select group of owner occupant purchasers to date.
- There was a minor amount of early adopter purchasers who liked the planning and green ideology behind the district. But there has been minimal further demand by this type of purchaser for fee simple product above \$500,000.



2.5 BLATCHFORD BUILDER SURVEY COMMENTARY

The following is additional **commentary and opinions provided by existing home builders in Blatchford:**

- District Energy Sharing System (DESS):
 - Uncertainty on potential cost savings for occupants, if any.
 - Additional construction costs for the DESS. Also adds complexity and time to building process.
 - Uncertainty surrounding what the construction costs will be in multi-unit projects and who will pay and complete maintenance on this equipment.
 - Some builders have a desire to not connect to DESS and construct net zero homes. These builders do not see future utility cost savings from the DESS.
- Architectural Requirements:
 - Adds minimum of \$10,000 per unit in construction costs.
 - Builders would prefer more flexibility in the types of materials that can be used, not necessarily flexibility in quality.
 - Some builders would prefer the ability to construct product with lesser architectural requirements as they do not feel purchasers want to pay for higher quality.
 - Many purchasers would prefer to do their own landscaping where they can save some costs using sweat equity versus having to pay a builder who will charge margins on landscaping work.
- Location is typically the first decision criteria for purchasers:
 - Large appeal of Blatchford is the central locale.
 - Awkward locale with:
 - Surrounding industrial development.
 - Crime.
 - No direct connectivity to LRT from existing homes.
 - Entrance is a major roadway with no left turn signals.
- Good demand for fee simple units constructed to date:
 - Not a large amount of unsold product. Most builders have high proportion of units sold prior to construction. Some builders are reporting requests for units but no current product that is readily available suggesting that there is some latent demand.



- Many existing builders have completed multiple phases with further desire to continue building in Blatchford.
- Construction time frames are longer (minimum of 3 months added) in Blatchford than other areas due to:
 - The DESS (learning and understanding the system and dealing with weather restrictions for construction).
 - Limited building inspector availability in Blatchford.
 - Limited contractors with experience with Blatchford type product.
 - Requirement for attached units and no allowance for building inspections of each attached unit to be completed at different stages.
- Desire for:
 - Detached homes and zero lot lines (Skinny homes) that could produce same density as townhouses.
 - Would appease stigma that exists in Edmonton of attached homes.
 - Would allow more variety in home types.
 - Would speed up construction time frame.
 - Would allow for smaller homes.
 - Street front oriented lots.
 - Cheaper, smaller product to sell to owner occupants.
- Momentum is needed in area:
 - Improved signage would help.
 - Improved access off Kingsway Avenue.
 - Still in pioneering stage. Phase 3 is where critical mass may be hit and speed of development will increase. From a land developer perspective, critical mass would be considered achieved once lot sales are turning over on schedule with builder construction and spurring on further growth in the area such as construction of amenities.
 - Once amenities are in the area, development will speed up. Tough to envision future look of area with current appearance and nature of surrounding areas/development.
 - Condo units will drive speed of development if offered at prices below \$500,000. This will attract more owner occupants such as NAIT students and transit riders.
 - Variety of product types in the area will speed up development, especially if lower priced homes become available.



3.0 MARKET DATA

In completing this study, a number of sources have been utilized to collect market data including:

- Edmonton MLS system
- Alberta Land Titles
- The Network data service
- A number of prominent land developers
- Home builders

Please note the names of the individuals and companies that have been contacted remain anonymous for confidentiality reasons.

3.1 BLATCHFORD COMPETITION

Based on surveys with existing home builders in Blatchford and other home builders that are not present in Blatchford, the following were indicated as the competition for Blatchford:

Primary

- Infill housing in surrounding neighborhoods
 - Lower quality product in immediate surrounding areas and higher end product in more desirable central areas.

Secondary

- Existing older housing stock in surrounding neighborhoods
 - Older single family homes with large yards vs. new Blatchford product.
- New product in greenfield areas
 - Similar product in new suburban neighbourhoods vs. infill/central location of Blatchford.
- Apartments in Core
 - Downtown or central core apartment living vs. townhouses with yards in Blatchford.



3.2 COMPARABLE LOT ABSORPTION RATES

In discussions with prominent land developers in Edmonton, the following was indicated for absorption in greenfield areas of the City:

- General absorption goals in a new neighborhood (greenfield):
 - Years 1-3: 45 to 80 single unit lots per year.
 - Years 4-10: 100 to 120 single unit lots per year.
 - Hope to complete pioneering by end of Year 3.
 - Typically focus on 2-3 and no more than 4 builders in a single area.
 - Currently a high demand for single unit lots in Edmonton with no pooled (surplus) lots typically available.
 - First multi-family site sales can take a number of years to occur as they tend to take place once amenities are established in the area.

Per approved planning documents, typical greenfield areas in Edmonton include a full array of housing types on single unit lots and target densities of 30 to 40 units per net residential hectare.

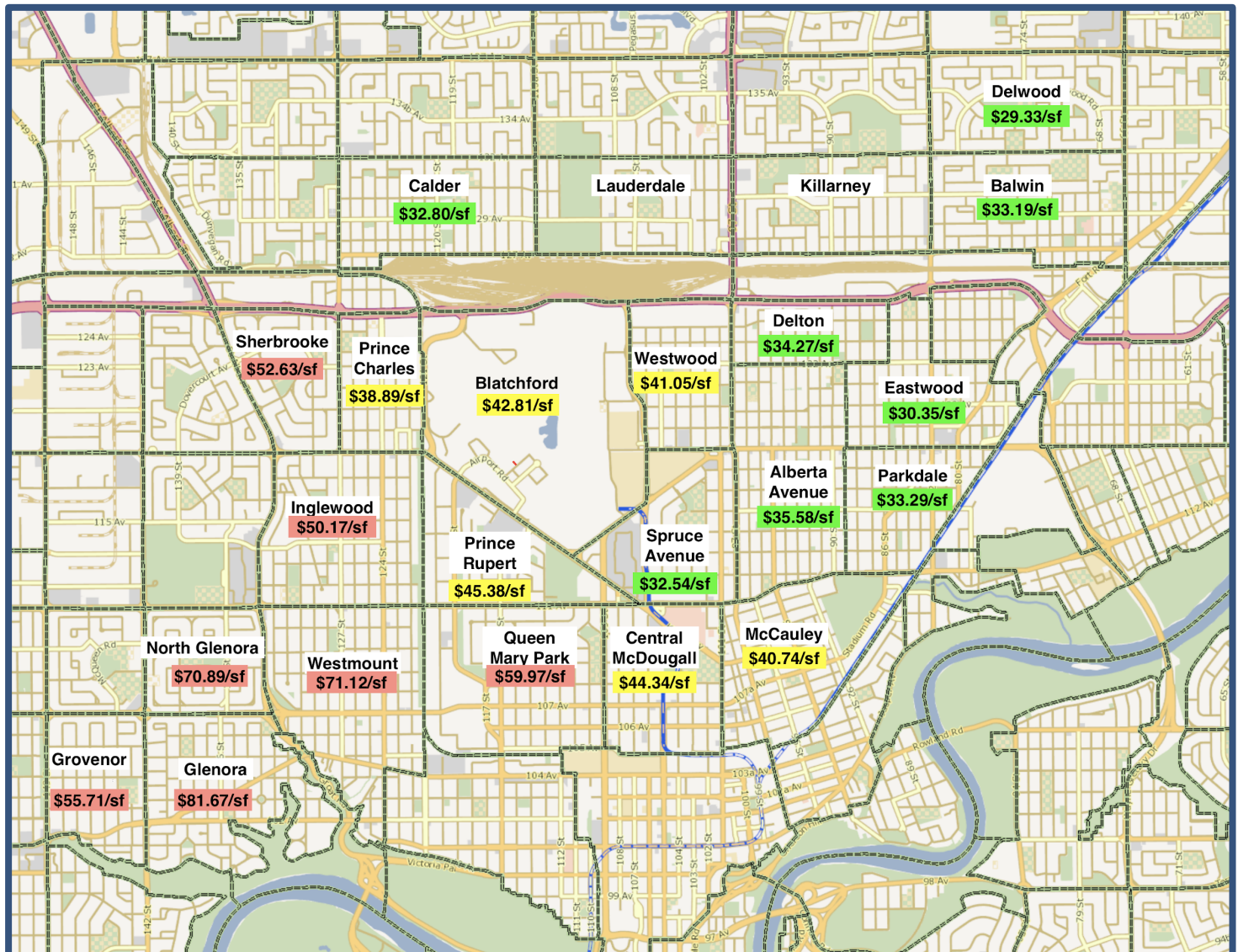
Due to the unique infill location of Blatchford, this study has involved an absorption survey of the Griesbach neighbourhood which is another large infill redevelopment area in Edmonton. This is a master planned community that is built on former military base (CFB Edmonton) lands comprising 620 acres *with a target density of 26 units per net residential hectare. All types of housing are permitted on single unit lots in Griesbach including townhouse units, half duplex units and detached single family dwellings.* Lot sales commenced in 2004 and the community continues developing 20 years later. The following is a summary of the absorption study:

- Single unit lot absorption ranged from 32 to 59 lots per year in Years 1 through 3 with the average at 47 lots per year.
- Single unit lot absorption ranged from 19 to 57 lots per year in Years 4 through 6 with the average at 41 lots per year.
- Average single lot absorption in Years 1 through 6 was 44 lots per year.
- Single unit lot absorption ranged from 51 to 107 lots per year in Years 7 through 10 with the average at 78 lots per year.
- Single unit lot absorption ranged from 48 to 94 lots per year between 2019 and 2022 with the average at 71 lots per year.
- Overall single unit lot absorption to date is an average of 67 lots per year.
- A total of 13 multi-family lots totaling 30.97 acres have been sold to date indicating an average absorption of 0.68 lots or 1.63 acres per year.
- The first multi-family lot sold in Year 2.



3.3 COMPARABLE LOT PRICES

The following map summarizes average pricing for single unit infill lots in Blatchford as compared to surrounding neighbourhoods. The data for surrounding areas was obtained from the MLS system and include sales since the beginning of 2021 and current listings of lots under 10,000 square feet in size. The average price per square foot of lots for each neighbourhood is illustrated below with outliers excluded for view lots, high profile/prominent locales, and less desirable lots fronting arterial roadways.

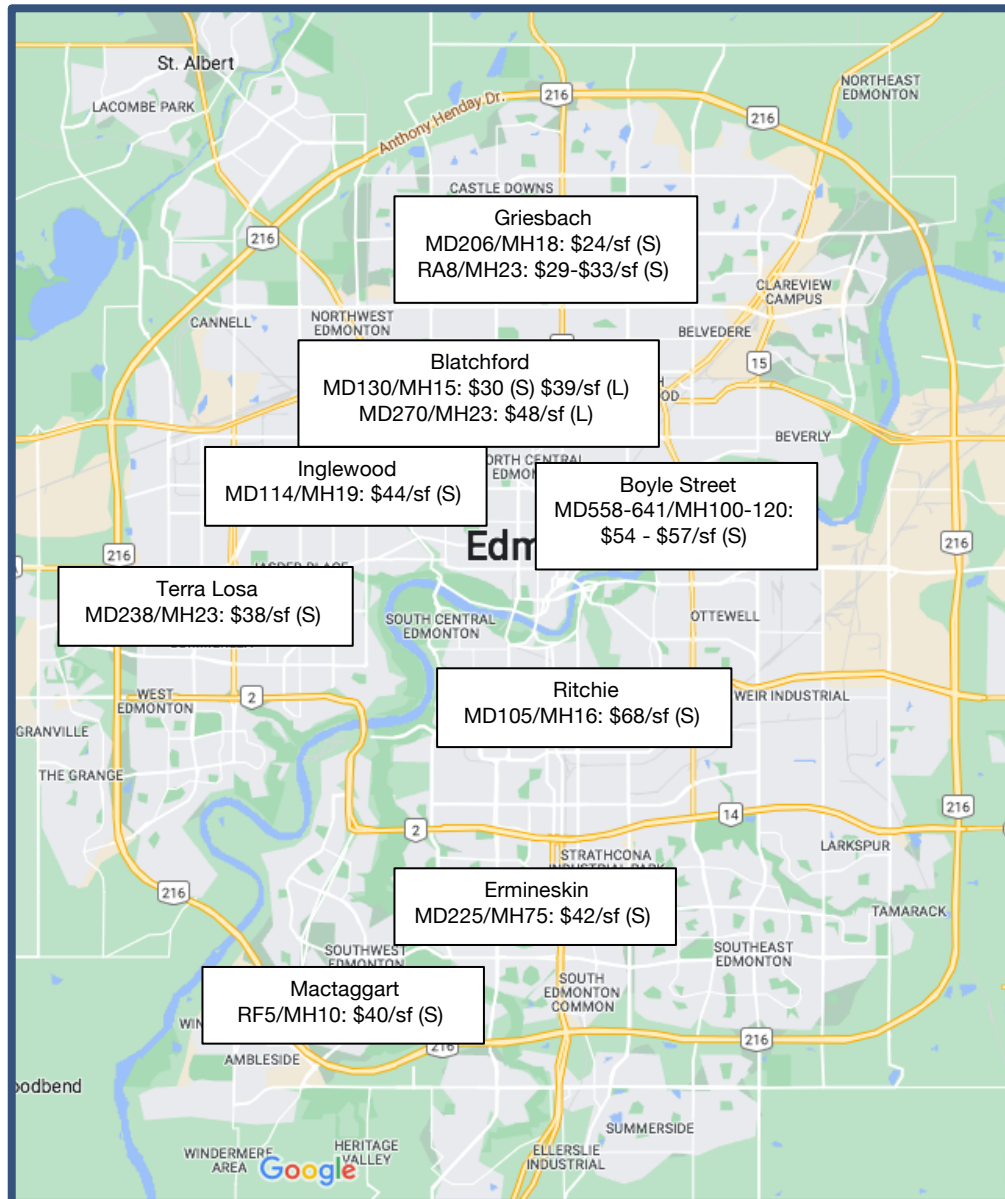


AVERAGE SINGLE UNIT INFILL LOT PRICE MAP

(Green > 10% below Blatchford, Yellow – Within 10% of Blatchford, Red > 10% above Blatchford)



The following map summarizes pricing for multi-unit residential parcels in Blatchford as compared to other neighborhoods with a focus on mature or infill locations. The data for comparable areas was obtained from The Network data service. The prices are indicated for specific sales within each of the identified neighborhoods with indications of maximum density (units per hectare), maximum building heights (metres), and/or zonings. For further details regarding the specific details of the sales summarized in the map below please refer to Schedule B of the addenda.



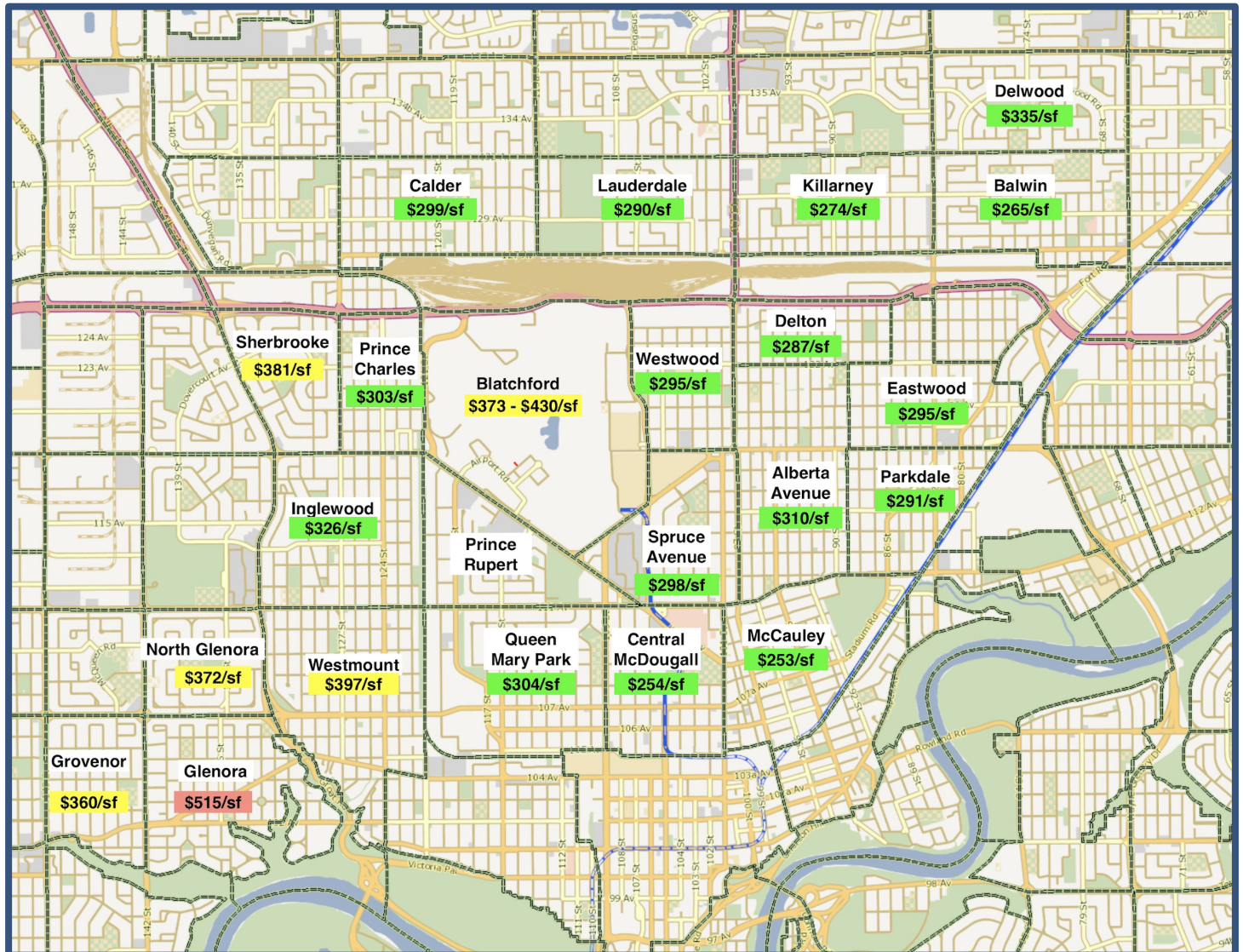
MULTI-UNIT LOT PRICE MAP

(MD = Max. units/hectare, MH = Max. height in metres, RF5 = Row House Zoning, RA7 = Low Rise Apartment Zoning, RA8 = Medium Rise Apartment Zone, S = Sale Price, L = List Price)



3.4 COMPARABLE HOME PRICES

The following map summarizes average pricing for homes in Blatchford as compared to infill homes in surrounding neighborhoods. The data for surrounding areas was obtained from the MLS system and include sales since the beginning of 2021 and current listings of homes built in 2010 or after. The average price per square foot of homes for each neighborhood is illustrated below.



AVERAGE INFILL HOME PRICE MAP

(Green > 10% below Blatchford, Yellow – Within 10% of Blatchford, Red > 10% above Blatchford)



3.5 ADDITIONAL MARKET FEEDBACK

The following are additional **opinions, concerns and suggestions** provided by those surveyed as part of this assignment including home builders and land developers:

- Blatchford is an island.
- Less people want to live centrally now due to the ability to work from home.
- Concerns with crime and safety in the core.
- Blatchford location is too far from the Downtown core.
- Blatchford is not yet directly connected to LRT.
- Current entrances into neighbourhood are not good.
- Hard to picture the future vision of Blatchford at this stage with no amenities.
- Not enough immediate surrounding employment.
- Minimal demand for owner occupants at current home price levels at this locale.
- Uncertainty if DESS will be profitable or save money for users.
- Net Zero homes are the way of the future.
- Lack of strength of condo market in Edmonton hampering condo development.
- Detached Single Family home desire remaining in Edmonton. Stigma towards attached homes, particularly high end.
- Need a breadth of product including types and price ranges. This will allow lot sales to move with market demand and provide more choices particularly to owner occupants.
- Lack of understanding of DESS (both construction and maintenance costs).
- Listen to home builders as they will have the best knowledge of what purchasers are looking for.



4.0

CONCLUSIONS

Pace of Development:

- Single Unit Lots:

- Blatchford lot sales are slow in comparison to greenfield at roughly 40%.
- A better comparison for an infill location of this magnitude is Griesbach. Despite a wider array of housing forms being permitted on single unit lots in Griesbach, Blatchford lot sales pace is relatively similar, particularly most recently, as summarized below.

Absorption	Blatchford Single Unit Lots	Griesbach Single Unit Lots
Years 1-3	26 lots/year*	47 lots/year
Years 4-6	38 lots/year**	44 lots/year

*Excludes 2020 due to Covid when there were no lot sales

**Includes Years 4 and 5 (extrapolated) only

- **Single unit lot absorption in Blatchford at 32 lots/year to date is slow but reasonable given:**
 - The unique infill location.
 - The District Energy Sharing (DESS) system in place causing longer building construction time frames.
 - The building type restrictions in place (no detached single family dwellings).
 - The high architectural building requirements.
 - *Another 83 lots are on hold/pending with specific builders.*

- Multi-Unit Lots:

- In comparing with Griesbach, another infill location the magnitude of Blatchford, overall absorption rates for multi-unit parcel sales are similar as summarized below:

Absorption	Blatchford Multi-Unit Parcels	Griesbach Multi-Unit Parcels
Annual Average	0.92 lots or 0.66 acres	0.68 lots or 1.63 acres

- **Overall pace of multi-unit parcel sales in Blatchford is reasonable but only involves parcels intended for townhouses. There have been no sales of sites intended for apartment building construction which may be due to:**
 - Uncertainty regarding the DESS (construction costs, maintenance, and potential utility savings).
 - Lack of amenities within Blatchford including no direct LRT connectivity.
 - Soft condo market conditions in Edmonton.
 - *Despite the above, a 3.83 acre parcel of UI (Urban Institutional) zoned land in Blatchford East transferred in March 2023 to NAIT for student residence purposes and allows for high rise development. This parcel has not been included in the multi-unit lot absorption figures above.*
 - *Further, there is due diligence being completed by multiple builders regarding prospective 4-6 storey rental apartment projects in Blatchford. Negotiations relating to the purchase of lots for these prospective projects are advanced.*



- Home Sales:
 - **The overall pace of home sales in Blatchford is reasonable with 85.6% of homes constructed (97 fee simple townhouses) being sold and many builders reporting high levels of presales.**
 - Current demand is in the form of select owner occupants or investors (many out of province) for the current product type. High demand for suited units.
 - More variety of home product at lower price levels is required in order to entice a larger pool of owner occupant purchasers.
 - Current construction time frames are 12 to 18 months due to DESS whereas target time frames would be 12 months or less.
 - *An additional 8 fee simple townhomes and 55 condominium townhouses are planned in 2023.*

Pricing:

- Lands:
 - Single unit lot prices are consistent with the immediate surrounding areas.
 - Multi-unit lot prices are consistent with other mature/infill areas of Edmonton based on comparable zonings and/or density.
 - **Overall, current lot pricing in Blatchford (average at \$43/sf for single unit lots and \$30/sf to \$48/sf for multi-unit lots) is considered appropriate for all lot types as it is consistent with surrounding or similar neighbourhoods.**
- Homes:
 - Current house pricing in Blatchford is notably higher than the most immediate surrounding neighbourhoods but this is a direct reflection of the type of product built thus far involving higher end units with suites and garages.
 - The Blatchford home pricing is comparable to desirable neighbourhoods of north central Edmonton where similar housing product exists.
 - **Ultimately, current home pricing for the product built to date (builder averages of \$555,243 to \$681,208 per unit or \$373/sf to \$430/sf) is appropriate as evidenced by the high proportion of homes sold (83%).**
 - Current home prices are acceptable by a select group of owner occupants or investors who rent and are only concerned with cash flows.
 - Lower priced homes will be required to compete with pricing in the most immediate surrounding neighbourhoods for a larger array of owner occupant purchasers.
 - Builders are recovering the full costs of the DESS and architectural requirements in Blatchford for current product but are not certain they will be able to do the same for product intended for a wider pool of owner occupants.

The writer has confirmed substantial interest in Blatchford for both single unit and multi-unit lots from two prominent Edmonton home builders with plans to construct smaller and lower priced homes.



Overall Conclusion:

Blatchford is a public policy guided development area. As such, development has proceeded under specific guidelines that are government imposed made for societal benefit and that are not necessarily consistent with market demand. Therefore, it is not surprising that development progress has been slow in Blatchford as compared to typical market driven private land development. Ultimately, when considering the imposed guidelines and unique aspects of Blatchford, the pace of development and pricing is considered to be reasonable with market acceptance improving.

The following are some suggestions derived from this study to assist with development.

Final Recommendations:

- Consider zoning changes to allow single family dwellings and zero lot lines in order to increase diversity/breadth of product at densities the same level as townhouses.
- Consider softening architectural standards including both specific materials and landscaping requirements in order to allow builders to pass on cost savings to purchasers and provide lower cost homes.
- Continue to educate on the DESS with a focus on construction and potential monetary benefits for utility users. Further, some builders are not aware of the opportunity for a DESS Exemption if they can prove construction of net-zero homes.
- Improve entrance (better intersections off Kingsway Avenue) and signage to Blatchford.
- Expedite construction of amenities within the community including linkage to LRT.



5.0

CERTIFICATE OF APPRAISER

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

- The statements of fact contained in this report are true and correct.
- 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.
- I have no past, present or prospective interest in the property that is the subject of this report, and I have no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 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.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP).
- I have the knowledge and experience to complete the assignment competently.
- Except as herein disclosed, no one has provided significant professional assistance to the person signing this report.
- As of the date of this report the undersigned has fulfilled the requirements of the Appraisal Institute of Canada's Continuing Professional Development Program.
- The undersigned is a member in good standing of the Appraisal Institute of Canada (AIC).

PROPERTY IDENTIFICATION

Municipal Address: Blatchford District, Edmonton, Alberta

Legal Description: Various sites within Blatchford



Based upon the data and analyses contained herein, the writer has provided various conclusions regarding the Blatchford Area as outlined within the preceding report.

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.

Respectfully submitted,



Brett L. Coley, B.Comm., AACI
AIC Member #: 903913
Date Signed: September 8th, 2023
Inspected Property: Yes No
Inspection Date: March 22nd, 2023



ADDENDA



EXHIBIT A
DEFINITION OF CONSULTING PROBLEM & LIMITING CONDITIONS



DEFINITION OF APPRAISAL PROBLEM

SCOPE OF STUDY:

The purpose in undertaking this consulting study is to assist The City of Edmonton with internal decision making regarding land development in Blatchford. The basic function in completing this assignment is to gather market data and feedback in order to analyze current absorption rates, lot pricing, and home prices in Blatchford.

Brett L. Coley, B.Comm., AACI is the author of this report and personally inspected the Blatchford Area on March 22nd, 2023. As part of the scope of this assignment, conversations and interviews have been held with both existing and proposed home builders within Blatchford, other home builders outside of Blatchford, a number of prominent land developers in Edmonton, and various City of Edmonton employees. The market information gathered from these sources will be provided on anonymous bases herein for confidentiality purposes. Other sources of market data include the Edmonton MLS system, The Network data service, and Alberta Land Titles.

The author is responsible for the researching and analysis of all data and conclusions provided within this report.

In developing this consulting study, the author has adhered to the Standards outlined by the Canadian Uniform Standards of Professional Appraisal Practice.

Various parcels within the Blatchford District

LEGAL DESCRIPTION:

PROPERTY RIGHTS:

The property rights being considered are those of the “Fee Simple Estate”. Fee Simple ownership includes a “bundle of rights”, which embraces the right to use the property, to sell it, to lease it, to enter it, or to give it away. It also includes the right to refuse to take any of these actions. These rights and privileges are limited by powers of government that relate to taxation, eminent domain, police power and escheat.

EFFECTIVE DATE:

March 22nd, 2023

MARKET VALUE:

For the purposes of this report, the term “market value” is defined as follows:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in 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 the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress.”¹

¹ 2022 Canadian Uniform Standards of Professional Appraisal Practice



EXPOSURE TIME:

Exposure time may be defined as follows:

“The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal; a retrospective estimate of a length of time based upon an analysis of past events assuming a competitive and open market.”²

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/ demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of appraisal.

Our estimate of the most probable exposure time is based upon consideration of one or more of the following:

- Statistical information about the time properties are exposed on the open market;
- Information gathered through sales verification; and
- Interviews of market participants.

The estimated exposure time for any of the single unit lots in Blatchford is forecast to be 1 to 3 months and 9 to 12 months for any of the multi-unit lots in Blatchford. The estimated exposure time for any of the homes in Blatchford is 3 to 6 months.

² 2022 Canadian Uniform Standards of Professional Appraisal Practice



ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS AND 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. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an 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(s).
3. The author(s) will not be responsible for matters of a legal nature that affect either the property being considered or the titles to it. The property is considered on the basis of it being under responsible ownership. A registry office search has NOT been performed and the author(s) 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 considered property or any portion of the considered property, are outside the scope of work and expertise of the appraiser(s). 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(s) is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser(s) 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(s). Any information provided by the appraiser(s) is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser(s) does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. 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(s) 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/on the subject property or of/on a neighbouring property that could affect the value of the subject property. 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(s). The author(s) makes no guarantees or warranties, express or implied, regarding the condition of the property, 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(s) is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, 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 property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author(s) expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.
9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author(s) considered reliable. Unless otherwise stated herein, the author(s) did not verify client-supplied information, which the author(s) believed to be correct.
10. The term “inspection” refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of 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 opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author(s) 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(s) 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(s).



12. The contents of this report are confidential and will not be disclosed by the author(s) 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(s) 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(s) 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(s). 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. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author(s) can be reasonably relied upon.



EXHIBIT B
MULTI-FAMILY PARCEL SALES CHART



MULTI-FAMILY PARCEL COMPARABLE SALES

THE NETWORK PROPERTY NO.	LOCATION	PARCEL SIZE (SQ.FT.)	ZONING	MAX. DENSITY (FAR)	MAX. DENSITY (UNITS/HA)	MAX. HEIGHT (METERS)	SALE PRICE/SQ.FT.	SALE DATE
43827	6855 Ad Astra Blvd, Griesbach	63,162	RA7G	2.3	206*	18	\$24.10	4/22
43451	6855 Ad Astra Blvd, Griesbach	63,162	RA7G	2.3	206*	18	\$24.27	3/22
43454	9704 – 137 Ave Griesbach	190,357	RA8G	3.0	N/A	23	\$28.70	3/22
43211	525/565 Griesbach Par., Griesbach	72,963 X 2	RA8G	3.0	164*	23	\$33.06	2/22
38286	17503 – 99 Ave Terra Losa	91,476	DC1	2.0	238	23	\$38.26	1/20
44643	5873 Mullen Place Mactaggart	118,048	RF5	N/A	41*	10	\$40.03	8/22
35111	2611 – 111 Street Ermineskin	98,010	DC2	4.0	225	75	\$41.83	6/18
44819	11425 St. Albert Trail, Inglewood	161,608	DC2	N/A	114	19	\$44.24	9/22
44480	8490 – 106A Ave Boyle Street	61,420	DC1	5.5	641	100	\$53.74	7/22
37493	8450 – 106A Ave Boyle Street	70,567	DC1	5.5	558	100	\$57.39	9/19
36548	10620 Muttart Cr. Boyle Street	89,734	DC1	7.0	598	120	\$57.39	1/19
38523	10619 Muttart Cr. Boyle Street	103,673	DC1	7.0	598	120	\$57.39	1/20
44206	9703/07 – 76 Ave Ritchie	10,048	RF6	N/A	105	16	\$67.77	6/22

