Introduction

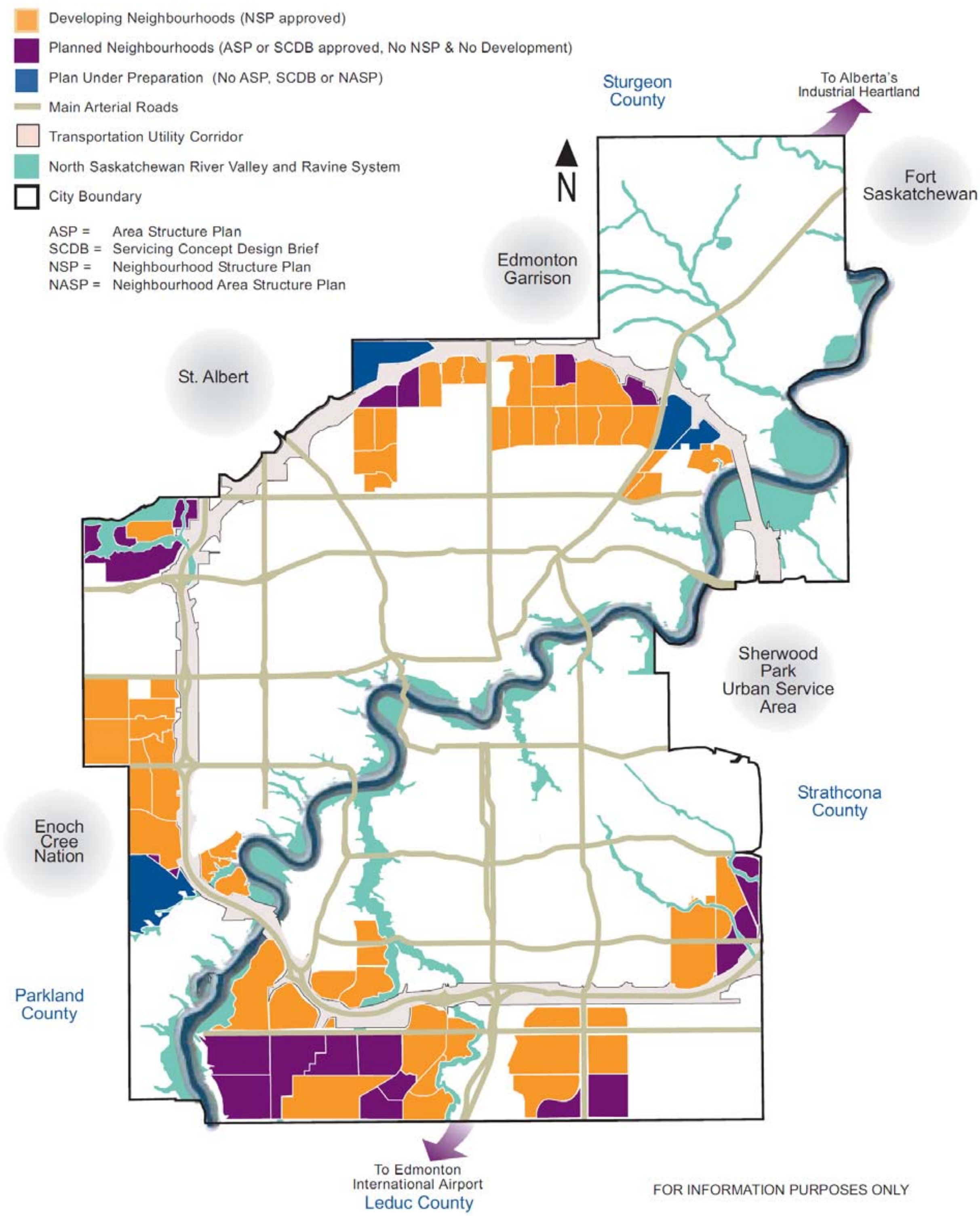
Each year the City of Edmonton's Planning and Development Department coordinates and prepares a lot servicing forecast for the city's developing neighbourhoods. The 2009-2014 Lot Servicing Forecast provides a summary of the past ten years of single family servicing activity within developing Area Structure Plans (ASPs) as well as an overview of the expected volume and location of future growth within developing neighbourhoods (see Map 1: Edmonton's Developing Neighbourhoods).

In the spring of 2009 the Urban Development Institute, Greater Edmonton Chapter (UDI), and the Planning and Development Department, City of Edmonton, independently prepared single family lot servicing forecasts for the 2009 to 2014 timeframe. UDI canvassed its membership on their development intentions over the next five years. The Planning and Development Department reviewed development applications and servicing agreements in light of expected population growth, projected demand for each sector of the city, knowledge of potential servicing constraints, and the overall economic climate. Taken together, the UDI and Planning and Development Department's forecasts provide a range of expected servicing activity in Edmonton's developing neighbourhoods.[1] While these forecasts exhibit some variation, the differences in volume and location of expected servicing are not substantial enough to constitute variations that would likely affect future infrastructure investment requirements for the City of Edmonton and utilities companies over the forecast period. In fact, the congruence between the two forecasts, especially in terms of percentage share of growth predicted for each sector of the city, is notable (see Figure 3).

"Serviced lots" refers to single family lots for which complete underground servicing has been constructed, including: storm and sanitary sewers, water mains, and shallow utilities (i.e. gas and power). To determine the actual number of single family lots serviced, Planning and Development partnered with EPCOR Water Services to establish the date from which water mains for stages of development within developing neighbourhoods were "in service." This means that the mains have been charged with water, a new home could readily be connected with this infrastructure, and thus a building permit could be issued. The "in service" date, sometimes referred to as the "commission date," is used as the key measurement for substantive servicing completion because water mains are a shallower utility than storm and sanitary sewers, meaning that storm and sanitary construction would necessarily precede it, and functioning shallow utilities (gas and power) are required to ensure that the water service can flow into new homes without the risk of freezing as they emerge from underground. Functioning water service is also required for fire protection purposes prior to the construction of the first show home in a new neighbourhood.[2]

[1] Note: not all developers are members of UDI, which could slightly vary the range of expected servicing activity highlighted in the UDI forecasts.
[2] Source: interview with EPCOR Water Services, January 2009 (Lefebvre, R and Marrazzo, S).

Map 1: Edmonton's Developing Neighbourhoods



Source: City of Edmonton, Planning & Development Department, Strategic Planning Unit, May 2009

The geographic area for monitoring and forecasting servicing activity is at the approved Neighbourhood Structure Plan (NSP) level. Unapproved neighbourhoods within the larger approved Area Structure Plan (ASP) are not represented in terms of servicing activity, as the approval of a new NSP is at City Council's discretion.

All indications of past servicing activity, as well as the 2009-2014 servicing forecasts, are based on single family lots, as single family home construction constitutes the majority of development in most developing residential neighbourhoods and is also more consistent in terms of the rate of development than is multi-family development. Single family lots also consume more land, proportionally, than do multi-family developments, thereby providing a stronger indication of the general direction and volume of growth expected to take place in approved neighbourhoods over the forecast period. All annual reporting, both historic and forecast, is based on the calendar year of January 1st to December 31st.

Accurate forecasting of land servicing activity for small areas of the city is a difficult exercise. The intentions and capabilities of the development industry, potential servicing limitations, marketing successes in particular geographic areas, and the underlying economic outlook on the local, regional and global scales are all important factors that influence the accuracy of the forecasts. This report makes what are considered reasonable forecasts for the upcoming five year period as of May 2009.

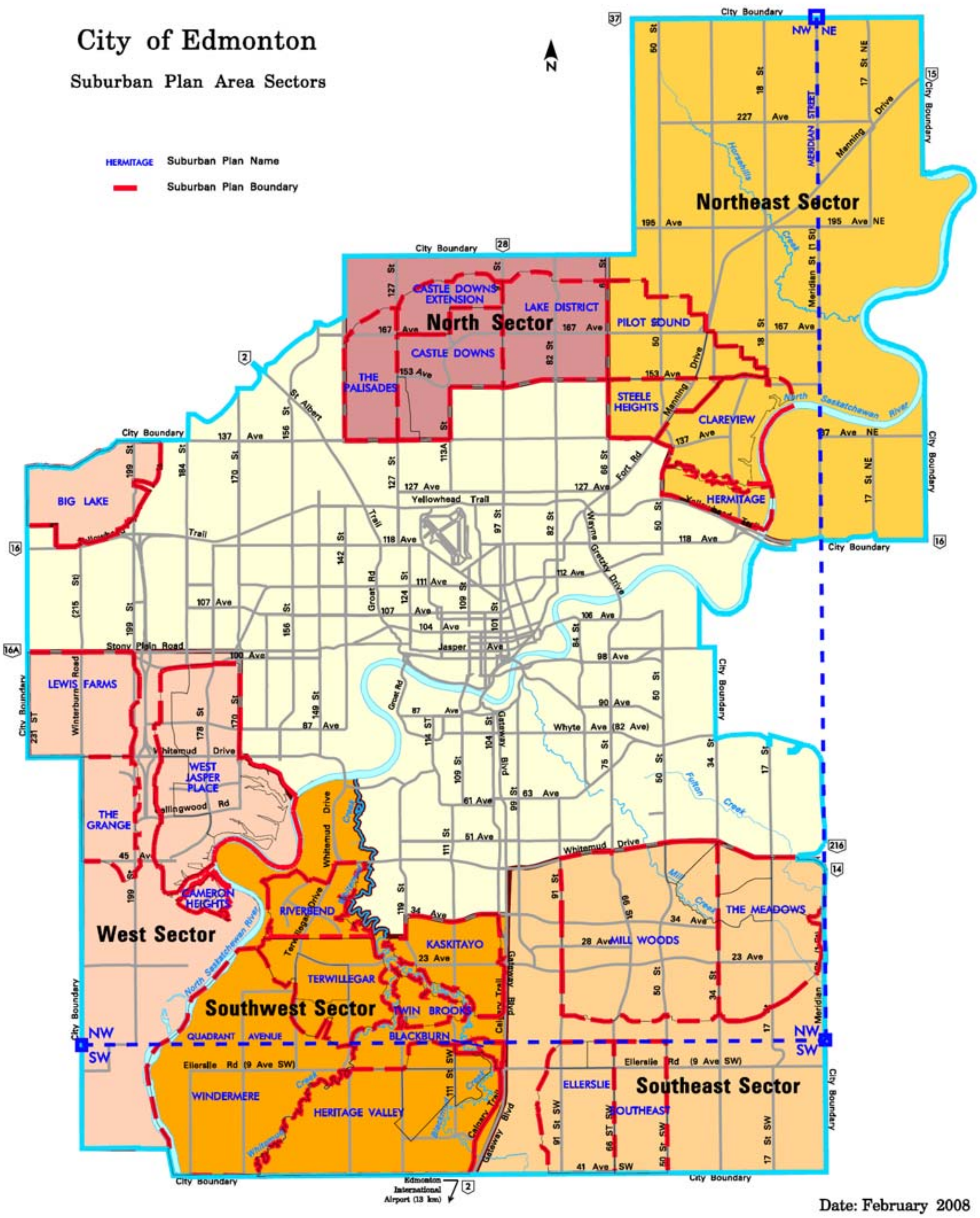
1999-2008 Servicing Activity

Historically, the percentage share of single family lot servicing has exhibited considerable variation across the different sectors of the city (see Map 2: Plan Area Sectors). From the 1999 to 2003 period over a quarter of servicing activity was undertaken in the north sector, while from the 2004 to 2008 period servicing activity declined in the north and increased in the southwest, southeast and west sectors of the City (see Table 1).

Over the final years of the past decade, in particular, a notable shift towards servicing activity in the southwest and southeast sectors took place. The southwest sector accounted for 44% of all servicing activity in 2008, while servicing activity dropped in the north and northeast sectors to 2% and 8% respectively. As discussed in the "2009-2014 servicing forecast highlights" section ahead, the anticipated percentage share by city sector over the 2009 to 2014 forecast period is anticipated to bear this trend out further, with a greater percentage of servicing activity allocated to the southwest and southeast sectors than to any of the other city sectors.

In 2008 the number of single family lots serviced in Edmonton's developing neighbourhoods declined 37% year-over-year to 3,128 lots from 4,945 lots in 2007. Despite this drop, the 2008 lot servicing volume remained robust, especially when one considers that just prior to the recent boom the average number of single family lots serviced was approximately 2,300 per year (observed over the 1999 to 2001 period).

Map 2: Plan Area Sectors



Source: City of Edmonton, Planning & Development Department, Planning & Policy Branch

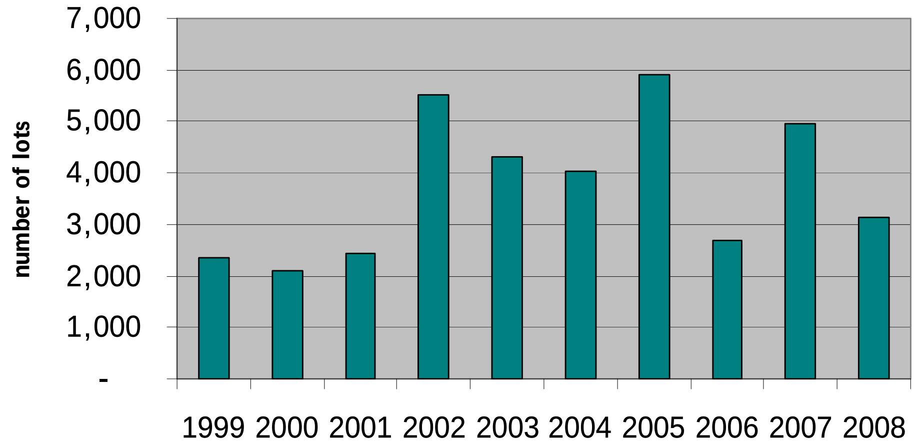
Table 1: Historical percentage share of single family lot servicing by sector (1999-2008)

		Actuals																				1999 - 2008	
Sector	ASP	1999	%	2000	%	2001	%	2002	%	2003	%	2004	%	2005	%	2006	%	2007	%	2008	%	Total lots serviced	Total percentage share
NORTH	Lake District	203		453		245		643		229		316		351		285		134		74		2,933	8%
	Castle Downs	37		0		0		0		0		0		0		0		0		0		37	0%
	Castle Downs Ext.	42		80		134		204		286		251		227		0		215		0		1,439	4%
	Palisades	165		191		323		551		573		327		167		94		145		0		2,536	7%
	TOTAL	447	19%	724	35%	702	29%	1,398	25%	1,088	25%	894	22%	745	13%	379	14%	494	10%	74	2%	**6,945**	**19%**
NORTHEAST	Clareview	22		0		48		35		196		49		44		0		62		48		504	1%
	Miller	98		104		54		207		0		0		0		0		0		0		463	1%
	Pilot Sound	0		0		0		99		448		596		1,029		307		266		192		2,937	8%
	TOTAL	120	5%	104	5%	102	4%	341	6%	644	15%	645	16%	1,073	18%	307	11%	328	7%	240	8%	**3,904**	**10%**
WEST	West Jasper Place	130		111		104		88		34		67		65		41		36		68		744	2%
	Big Lake	0		0		0		0		0		0		0		0		0		0		0	0%
	Lewis Farms	93		86		110		217		129		123		188		232		100		158		1,436	4%
	Cameron Heights	0		0		0		0		0		135		65		0		186		0		386	1%
	The Grange	377		56		259		403		280		517		396		304		917		0		3,509	9%
	TOTAL	600	25%	253	12%	473	20%	708	13%	443	10%	842	21%	714	12%	577	21%	1,239	25%	226	7%	**6,075**	**16%**
SOUTHWEST	Riverbend	81		0		0		0		0		0		0		0		0		0		81	0%
	Terwillegar Hts.	551		333		163		1,079		593		439		1,528		523		1,154		116		6,479	17%
	Twin Brooks	105		0		0		0		0		0		0		0		0		0		105	0%
	Heritage Valley	153		221		178		908		665		336		943		260		322		342		4,328	12%
	Windermere	0		0		0		0		40		0		0		0		290		739		1,069	3%
	TOTAL	890	38%	554	27%	341	14%	1,987	36%	1,298	30%	775	19%	2,471	42%	783	29%	1,766	36%	1,197	38%	**12,062**	**32%**
SOUTHEAST	Mill Woods	0		14		0		0		0		0		0		0		0		0		14	0%
	Meadows	296		354		557		575		306		264		401		363		266		486		3,868	10%
	SouthEast	0		0		0		0		0		0		0		0		332		579		911	2%
	Ellerslie	0		86		248		496		547		606		518		291		520		326		3,638	10%
	TOTAL	296	13%	454	22%	805	33%	1,071	19%	853	20%	870	22%	919	16%	654	24%	1,118	23%	1,391	44%	**8,431**	**23%**
SUBURBAN TOTAL		**2,353**		**2,089**		**2,423**		**5,505**		**4,326**		**4,026**		**5,922**		**2,700**		**4,945**		**3,128**		**37,417**	**100%**

Data provided by EPCOR Water Services, and consolidated by sector, with lot count, by P&D (January 2009)

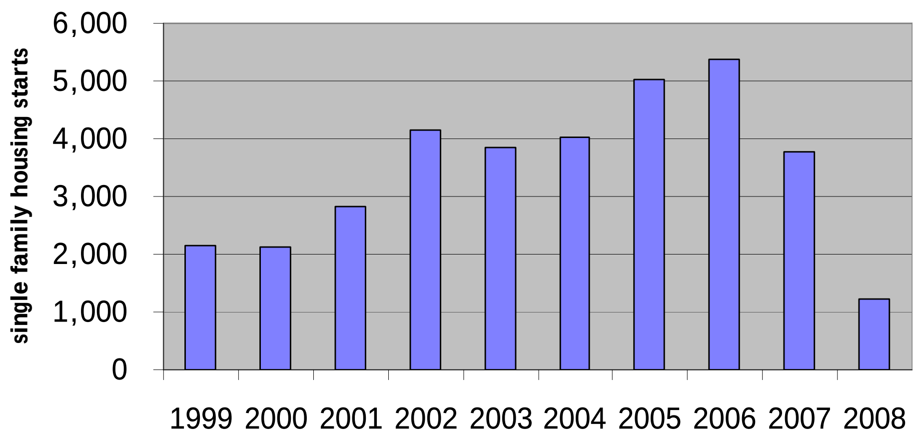
In terms of lot servicing, the recent building boom began in earnest in 2002 when the number of single family lots serviced jumped 127% from 2,423 in 2001 to 5,505 in 2002 (see Figure 1). Single family housing starts within the City of Edmonton followed the same pattern as they jumped from 2,815 starts in 2001 to 4,158 starts in 2002 (see Figure 2). The total number of single family lots serviced between 1999 and 2008 was 37,417 and the total number of starts over the same period was 34,507.

Figure 1: Number of single family lots serviced based on "in service date": 1999-2008



Source: EPCOR Water Services and City of Edmonton (P&D)

Figure 2: Number of single family housing starts within the city of Edmonton: 1999-2008



Source: Canadian Mortgage and Housing Corporation (CMHC)

Both housing starts and single family lot servicing activity were extremely strong through the 2002 to 2007 period. By the end of 2008, however, single family housing starts dropped 68% year-over-year and lot servicing too began to lag, although not by as much (37% decline).

Prior to the recent economic downturn, Edmonton development and homebuilding industries, as well as City of Edmonton departments, had been responding to an intense and sustained demand for housing units and had been working extremely efficiently to ensure supply could meet demand. One of the consequences of the very rapid slow down in demand in the latter half of 2008 and first part of 2009 was that supply of single family lots serviced, brought onto the market to accommodate the demands of the building boom, overshot short-term demand. As of the end of 2008 the supply of vacant single family lots (all registered, and some serviced) reached a decade high at 6,117 lots (see: 2008 Status of Suburban Residential Land in Edmonton). Entering into the first part of the 2009 to 2014 forecast period, developers and City departments anticipate a slowing consumer demand, in contrast to the overheated 2002 to 2007 period, and realize that an over-supply of existing vacant single family lot inventory brought on through the boom period remains to be absorbed. For this reason, the immediate 2009 servicing outlook is very low, but recovery to pre-boom levels is anticipated over the forecast period (see Table 2).

2009-2014 Servicing Forecast Highlights

In 2009 single family lot servicing is expected to average about 600 lots city-wide according to both the UDI and P&D forecasts (see Tables 2 and 3). In addition to the current economic downturn, one explanation for the anticipated sharp decline from 2008 servicing volumes may be that demand for lots in 2009 will be met, in part, through absorption of existing inventory. From 2010 onwards, subsequent servicing years within the forecast period are expected to recover to typical pre-boom levels.

The 2009-2014 average number of lots serviced per year is forecast to be over 2,600 lots (see Table 2). The peak in servicing activity over the forecast period is expected to occur in 2013 at approximately 3,500 lots (based on an average between the UDI and P&D forecasts). Excluding the 2009 servicing forecast, the average number of lots to be serviced per year from 2010 to 2014 is approximately 3,000.

Table 2: 2009-2014 forecast single family lots serviced (average between UDI and P&D forecasts)

2009	2010	2011	2012	2013	2014	2009-2014 average
608	2,594	3,182	3,218	3,506	2,765	2,645

Over the 2009 to 2014 forecast period the southwest sector is anticipated to experience the lion's share of new single family lot servicing. UDI and P&D forecast that the southwest will account for 42% and 39% of all servicing activity over the forecast period respectively. Both UDI and P&D forecast the southeast sector to receive 26% of servicing activity, followed by the west sector which is forecast to receive about 20% of servicing activity. The remaining 12% to 16% of servicing is anticipated in the north and northeast sectors of the city over the forecast period.

Table 3: Planning and Development Department (P&D) and Urban Development Institute (UDI) single family lot servicing forecasts (2009-2014)

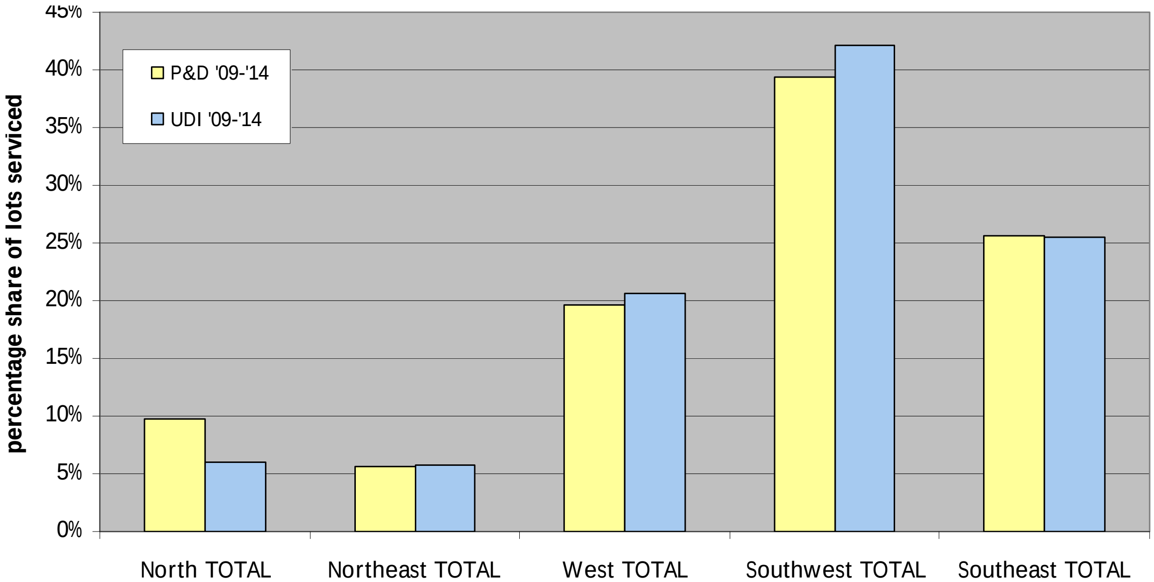
		Actuals			2009 to 2014 Forecast												Forecast Average (lots/year)		Forecast Average (% share)	
Sector	**ASP**	**2006**	**2007**	**2008**	**P&D 2009**	**UDI 2009**	**P&D 2010**	**UDI 2010**	**P&D 2011**	**UDI 2011**	**P&D 2012**	**UDI 2012**	**P&D 2013**	**UDI 2013**	**P&D 2014**	**UDI 2014**	**P&D '09-'14**	**UDI '09-'14**	**P&D '09-'14**	**UDI '09-'14**
NORTH	Lake District	285	134	74	-	-	125	109	145	100	175	100	100	100	90	100	106	85	4%	3%
	Castle Downs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0	0%	0%
	Castle Downs Ext.	-	215	-	-	-	80	-	95	-	120	-	100	-	85	-	80	0	3%	0%
	Palisades	94	145	-	-	-	50	190	110	50	100	100	85	50	90	50	73	73	3%	3%
	North TOTAL	379	494	74	0	0	255	299	350	150	395	200	285	150	265	150	**258**	**158**	**10%**	**6%**
NORTHEAST	Clareview	-	62	48	-	25	50	60	75	80	40	60	25	20	25	20	36	44	1%	2%
	Miller	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0	0%	0%
	Pilot Sound	307	266	192	13	26	120	86	180	60	150	160	125	160	90	160	113	109	4%	4%
	Northeast TOTAL	307	328	240	13	51	170	146	255	140	190	220	150	180	115	180	**149**	**153**	**6%**	**6%**
WEST	West Jasper Place	41	36	68	-	-	-	-	-	-	-	-	-	-	-	-	0	0	0%	0%
	Big Lake	-	-	-	185	185	100	130	150	130	200	140	200	130	200	-	173	119	6%	5%
	Lewis Farms	232	100	158	196	92	200	159	200	225	200	225	200	230	200	230	199	194	7%	7%
	Cameron Heights	-	186	-	-	-	75	-	75	50	75	50	75	50	-	50	50	33	2%	1%
	The Grange	304	917	-	-	40	150	304	150	190	100	240	100	200	100	200	100	196	4%	7%
	West TOTAL	577	1,239	226	381	317	525	593	575	595	575	655	575	610	500	480	**522**	**542**	**20%**	**21%**
SOUTHWEST	Riverbend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0	0%	0%
	Terwillegar Hts.	523	1,154	116	54	50	96	50	46	50	40	50	-	50	-	-	39	42	4%	2%
	Twin Brooks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0	0%	0%
	Heritage Valley	260	322	342	41	69	152	659	699	754	520	971	1,033	972	1,054	625	583	675	22%	26%
	Windermere	-	290	739	-	-	248	440	320	830	485	450	700	580	800	50	426	392	16%	15%
	Southwest TOTAL	783	1,766	1,197	95	119	496	1,149	1,065	1,634	1,045	1,471	1,733	1,602	1,854	675	**1,048**	**1,108**	**39%**	**42%**
SOUTHEAST	Mill Woods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0	0%	0%
	Meadows	363	266	486	66	66	306	300	311	300	311	450	311	450	311	450	269	336	10%	13%
	SouthEast	-	332	579	14	65	317	217	192	152	192	100	192	100	192	100	183	122	7%	5%
	Ellerslie	291	520	326	28	-	314	100	257	387	257	375	257	416	257	-	228	213	9%	8%
	Southeast TOTAL	654	1,118	1,391	108	131	937	617	760	839	760	925	760	966	760	550	**681**	**671**	**26%**	**26%**
Developing Neighbourhoods TOTAL		**2,700**	**4,945**	**3,128**	**597**	**618**	**2,383**	**2,804**	**3,005**	**3,358**	**2,965**	**3,471**	**3,503**	**3,508**	**3,494**	**2,035**	**2,658**	**2,632**	**100%**	**100%**

Prepared by: City of Edmonton Planning and Development Department

"Actuals "data obtained from EPCOR Water Services, "Forecasts" obtained from Planning & Development Department and Urban Development Institute

May-09

Figure 3: Forecast percentage share of lot servicing by sector (2009-2014), UDI and P&D



The approved neighbourhoods (NSPs) expected to begin servicing activity for the first time over the forecast period include:

- Crystalina Nera (north sector)
- Ebbers (northeast sector)
- Big lake NBHD 1 (west sector)
- Rosenthal (west sector)
- Granville (west sector)
- Stewart Greens (west sector)
- Allard (southwest sector)
- Chappelle (southwest sector)
- The Orchards (southeast sector)

The generalized location of single family servicing activity in approved neighbourhoods over the 2009 to 2014 period is provided in Appendix A: Servicing Forecast Maps. The attached maps provide what is expected to be a reasonable assumption on servicing timing and location over the forecast period as of May 2009. All mapping was based on P&D forecasts. Only approved neighbourhoods (NSPs) are represented in the mapped forecasts.

Single family Housing Starts Forecast

The Canadian Mortgage and Housing Corporation (CMHC) collaborated with the City of Edmonton to prepare a 2009 to 2013 housing starts forecast for the City of Edmonton. In 2009, the City is forecast to receive 1,239 single family housing starts, and then increase to 2,133 single family starts by 2011 (see Table 4). While the 2009-2013 housing starts forecast reflects about half the volume experienced over the 2002-2007 period it is in line with the typical number of single family starts received within the City during the pre-boom period (1998-2001) (see Appendix B: Historic Housing Starts data). As with the lot servicing forecast, single-family starts are expected to dip in the first part of the forecast period and then recover to pre-boom levels from 2011 onwards.

The forecast anticipates that the City will receive approximately 54% of all single family housing starts within the Census Metropolitan Area (CMA). The City is forecast to receive 74% of all multi-family starts within the CMA, and a total of 62% of all starts within the CMA (single and multi-family units combined). The forecast percentage share of housing starts is in line with what has been observed in the CMA for the last 20 years (1989-2008).

Table 4: 2009-2013 Housing Starts Forecast, City of Edmonton and Census Metropolitan Area (CMA)

	Actuals (CMHC)					Forecasts				
	2004	2005	2006	2007	2008	2009 (f)	2010 (f)	2011 (f)	2012 (f)	2013 (f)
CITY										
Total	8,159	9,434	9,816	8,894	3,979	2,184	2,770	4,322	4,986	4,394
Single	4,030	5,023	5,363	3,763	1,220	1,239	1,663	2,133	2,086	1,847
Multiple	4,129	4,411	4,453	5,131	2,759	945	1,107	2,189	2,900	2,547
% CMA										
Total	71%	71%	66%	60%	60%	63%	62%	62%	62%	63%
Single	61%	66%	59%	49%	47%	56%	55%	53%	52%	53%
Multiple	85%	78%	75%	71%	69%	76%	74%	73%	73%	73%
CMA										
Total	11,488	13,294	14,970	14,888	6,615	3,450	4,500	7,000	8,000	7,000
Single	6,614	7,623	9,062	7,682	2,613	2,200	3,000	4,000	4,000	3,500
Multiple	4,874	5,671	5,908	7,206	4,002	1,250	1,500	3,000	4,000	3,500
Alberta (CMHC)										
Total	**36,270**	**40,847**	**48,962**	**48,336**	**28,624**	**13,700**	**16,200**	NA	NA	NA
Single	22,487	26,684	31,835	28,105	14,176	9,700	11,500			
Multiple	13,783	14,163	17,127	20,231	14,448	4,000	4,700			

Source: City of Edmonton, **Deputy City Manager's Office** (Economic Trends and Research Unit), and **Canadian Mortgage and Housing Corporation** (CMHC), May 2009

Appendix A: Servicing Forecast Maps

Map 1A: North Sector (Palisades, Castle Downs Extension)

Map 1B: North Sector (Lake District)

Map 2A: Northeast Sector (Pilot Sound)

Map 2B: Northeast Sector (Clareview)

Map 3A: West Sector (Lewis Farms)

Map 3B: West Sector (The Grange)

Map 3C: West Sector (West Jasper Place, Cameron Heights)

Map 3D: West Sector (Big Lake)

Map 4A: Southwest Sector (Terwillegar)

Map 4B: Southwest Sector (Heritage Valley)

Map 4C: Southwest Sector (Heritage Valley, Chappelle)

Map 4D: Southwest Sector (Winderemere)

Map 5A: Southeast Sector (Ellerslie)

Map 5B: Southeast Sector (Meadows East Portion)

Map 5C: Southeast Sector (Southeast ASP)

Map 5D: Southeast Sector (Meadows South Portion)