

Edmonton's Developing Neighbourhoods

2010-2015 Lot Servicing Forecast



May 2010

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 2010-2015 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 in approved Area Structure Plans (see Map 1: Edmonton's Developing Neighbourhoods by City Sector).

In the spring of 2010 the Urban Development Institute, Greater Edmonton Chapter (UDI), and the Planning and Development Department (P&D), City of Edmonton, independently prepared single family lot servicing forecasts for the 2010 to 2015 timeframe. UDI canvassed its membership on their development intentions over the next five years. P&D 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 P&D forecasts provide a range of expected servicing activity in Edmonton's developing neighbourhoods.¹ While these forecasts exhibit some variation, particularly over the 2011 to 2015 time frame, the differences in volume and location of expected servicing are unlikely to constitute significant variations that could affect future infrastructure investment requirements for the City of Edmonton and utilities companies over the forecast period.

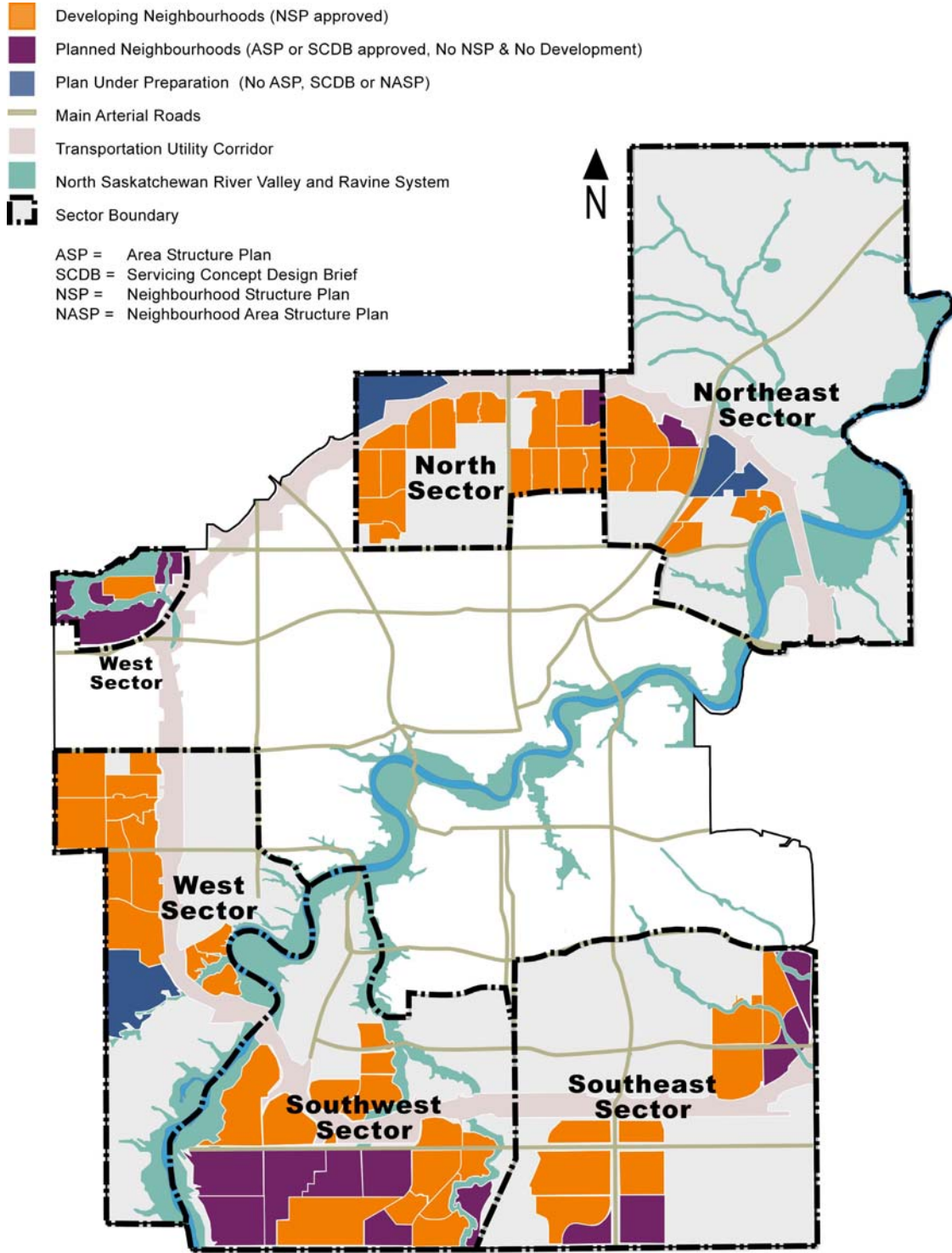
"Serviced lots" refers to single family lots for which complete underground servicing has been constructed, including: storm and sanitary sewers, water mains, and shallow utilities (i.e. gas and power). To determine the actual number of single family lots serviced, Planning and Development has partnered with EPCOR Water Services to establish the date from which water mains for stages of development within new 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 a building permit could be issued immediately. 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).

Edmonton's Developing Neighbourhoods: 2010-2015 Lot Servicing Forecast

Map 1: Edmonton's Developing Neighbourhoods by City Sector



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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 geographically in Appendix 1, as the approval of a new NSP is at Council's discretion.

All indications of past servicing activity, as well as the 2010-2015 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 5 1/2 year period as of May 2010.

2010-2015 Servicing Activity

Historically, the percentage share of single family lot servicing has exhibited considerable variation across the different sectors of the city. From the 2000 to 2003 period over a quarter of servicing activity was undertaken in the north sector, while from the 2004 to 2009 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, southeast and west sectors took place. The west sector accounted for 43% of all servicing activity in 2009, making this sector the clear leader in terms of servicing activity last year. As discussed in the "2010-2015 servicing forecast highlights" section ahead, the anticipated percentage share by city sector over the 2010 to 2015 forecast period is anticipated to reflect the recent trend of robust growth in the southern sectors of the city, with a greater percentage of servicing activity allocated to the southwest and southeast sectors than to any of the other city sectors.

In 2009 the number of single family lots serviced in Edmonton's developing neighbourhoods declined 81% year-over-year to 595 lots from 3,128 lots in 2008. The dramatic decline in lot servicing likely resulted from the recession, which impacted the local development environment and consumer confidence as the global economy experienced a significant downturn through 2008-2009.

Edmonton's Developing Neighbourhoods: 2010-2015 Lot Servicing Forecast

Table 1: Historical percentage share of single family lot servicing by sector (2000-2009)

		Actuals																		2000 - 2009			
Sector	ASP	2000	%	2001	%	2002	%	2003	%	2004	%	2005	%	2006	%	2007	%	2008	%	2009	%	Total lots serviced	Total percentage share
NORTH	Lake District	453		245		643		229		316		351		285		134		74		67		2,797	8%
	Castle Downs Ext.	80		134		204		286		251		227		0		215		0		0		1,397	4%
	Palisades	191		323		551		573		327		167		94		145		0		0		2,371	7%
	TOTAL	724	35%	702	29%	1,398	25%	1,088	25%	894	22%	745	13%	379	14%	494	10%	74	2%	67	11%	6,565	18%
NORTHEAST	Clareview	0		48		35		196		49		44		0		62		48		0		482	1%
	Miller	104		54		207		0		0		0		0		0		0		0		365	1%
	Pilot Sound	0		0		99		448		596		1,029		307		266		192		38		2,975	8%
	TOTAL	104	5%	102	4%	341	6%	644	15%	645	16%	1,073	18%	307	11%	328	7%	240	8%	38	6%	3,822	11%
WEST	West Jasper Place	111		104		88		34		67		65		41		36		68		0		614	2%
	Big Lake	0		0		0		0		0		0		0		0		0		0		0	0%
	Lewis Farms	86		110		217		129		123		188		232		100		158		52		1,395	4%
	Cameron Heights	0		0		0		0		135		65		0		186		0		41		427	1%
	The Grange	56		259		403		280		517		396		304		917		0		164		3,296	9%
	TOTAL	253	12%	473	20%	708	13%	443	10%	842	21%	714	12%	577	21%	1,239	25%	226	7%	257	43%	5,732	16%
SOUTHWEST	Terwillegar Hts.	333		163		1,079		593		439		1,528		523		1,154		116		0		5,928	17%
	Heritage Valley	221		178		908		665		336		943		260		322		342		18		4,193	12%
	Windermere	0		0		0		40		0		0		0		290		739		43		1,112	3%
	TOTAL	554	27%	341	14%	1,987	36%	1,298	30%	775	19%	2,471	42%	783	29%	1,766	36%	1,197	38%	61	10%	11,233	32%
SOUTHEAST	Mill Woods	14		0		0		0		0		0		0		0		0		0		14	0%
	Meadows	354		557		575		306		264		401		363		266		486		66		3,638	10%
	SouthEast	0		0		0		0		0		0		0		332		579		106		1,017	3%
	Ellerslie	86		248		496		547		606		518		291		520		326		0		3,638	10%
	TOTAL	454	22%	805	33%	1,071	19%	853	20%	870	22%	919	16%	654	24%	1,118	23%	1,391	44%	172	29%	8,307	23%
SUBURBAN TOTAL		2,089		2,423		5,505		4,326		4,026		5,922		2,700		4,945		3,128		595		35,659	100%

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

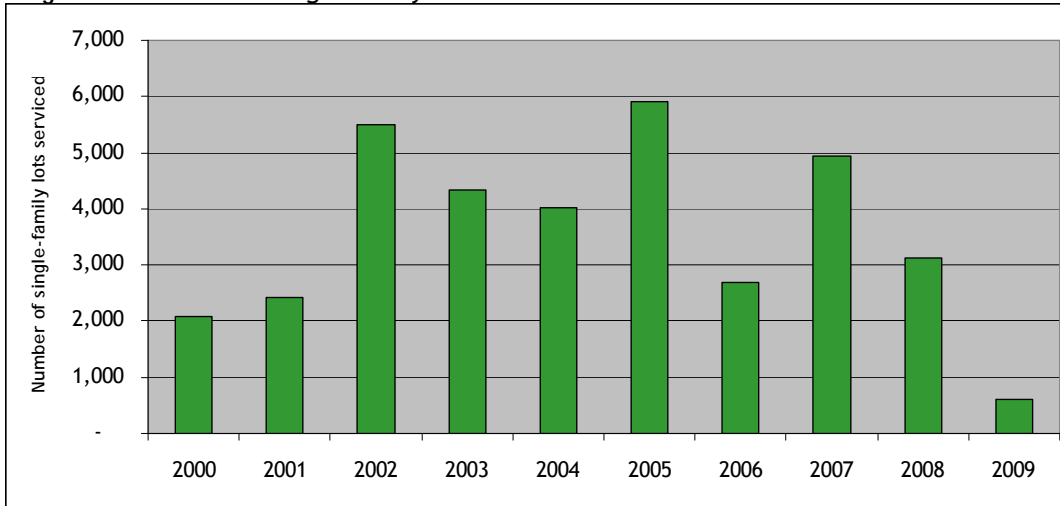
Snapshot Summary of Servicing by Sector 2000-2009 (Percentage Share)

City Sector	Actuals (% share servicing by sector)									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
North %	35%	29%	25%	25%	22%	13%	14%	10%	2%	11%
Northeast %	5%	4%	6%	15%	16%	18%	11%	7%	8%	6%
West %	12%	20%	13%	10%	21%	12%	21%	25%	7%	43%
Southwest %	27%	14%	36%	30%	19%	42%	29%	36%	38%	10%
Southeast %	22%	33%	19%	20%	22%	16%	24%	23%	44%	29%
TOTAL SINGLE FAMILY LOTS	2,089	2,423	5,505	4,326	4,026	5,922	2,700	4,945	3,128	595

Edmonton’s Developing Neighbourhoods: 2010-2015 Lot Servicing Forecast

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). Lot servicing peaked in 2005 and building permits for new single family homes in developing neighbourhoods peaked in 2006.

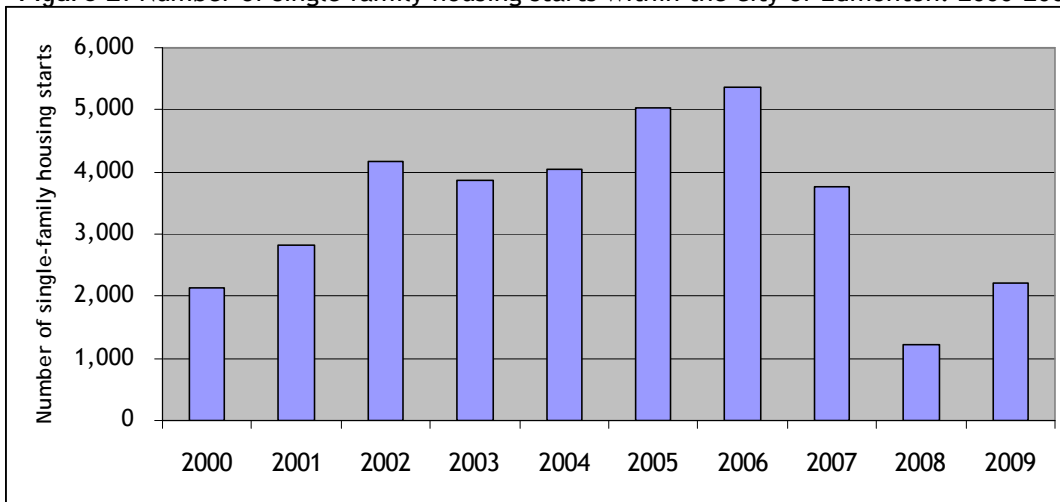
Figure 1: Number of single family lots serviced based on “in service date”: 2000-2009



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

The total number of single family lots serviced between 2000 and 2009 was 35,659 and the total number of single family housing starts over the same period was 34,752. While lot servicing dropped significantly in 2009, as work generally gets underway in the spring which was when the recession was still a key economic factor in the construction planning process, building permits in 2009 were more robust in 2009 than forecast thanks to a surge of confidence in the third and fourth quarters of the year.

Figure 2: Number of single family housing starts within the city of Edmonton: 2000-2009



Source: Canadian Mortgage and Housing Corporation (CMHC)

Prepared annually by the Growth Analysis Unit, Planning & Policy Branch, P&D, May 2010

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2010-2015 Servicing Forecast Highlights

Entering into the first part of the 2010 to 2015 forecast period, both UDI and P&D anticipate a very strong rebound in servicing activity. Levels of lot servicing for 2010 are forecast to fall within a range which is roughly equivalent to the level of activity most recently observed in 2007 (see Table 2 for an average of P&D and UDI forecasts over the 2010-2015 period and Table 3 for individual UDI and P&D forecasts). The large supply of serviced lots that sat undeveloped through parts of 2008 and 2009 has been declining recently thanks to recovering homebuilding activity. Further, the sharp slow-down in lot servicing experienced over 2008-2009, which limited additional supply, has created good market potential for additional lot servicing in Edmonton’s new neighbourhoods in the near future.

In 2010 single family lot servicing is expected to average about 4,600 lots city-wide according to both the UDI and P&D forecasts (see Table 2). Based on an average between UDI and P&D forecasts, lot servicing is expected to recover to typical pre-boom levels between 2011 and 2015. Taken separately, however, the two forecasts show significant divergence over the latter part of the period. The P&D forecast is quite conservative for the 2011-2015 timeframe, with an average annual lot servicing of 3,000 lots per year. The UDI forecast is more optimistic in its outlook and estimates an average of 4,200 lots served per year between 2011 and 2015. The divergence in the two forecasts over the latter part of the forecast period reflects an ongoing uncertainty about the long-term economic recovery, and the shape and speed this recovery will take over the coming half-decade in particular.

The 2010-2015 average number of lots serviced per year (all years for both P&D and UDI combined) is forecast to be approximately 3,800 lots (see Table 2). The peak in servicing activity over the forecast period is expected to occur in 2010 at just over 4,600 lots.

Table 2: 2010-2015 forecast single family lots serviced (average between UDI and P&D forecasts)

2010	2011	2012	2013	2014	2015	2010-2015 average
4,640	3,658	3,619	3,777	3,508	3,408	3,768

Over the 2010 to 2015 forecast period the southwest and southeast sectors are anticipated to experience the lion’s share of new single family lot servicing. UDI and P&D forecast that the southwest will account for 32% and 45% of all lot servicing activity respectively. UDI and P&D forecast the southeast sector to receive 28% and 19% of servicing activity respectively, followed by the west sector which is forecast to receive about 20% to 22% of servicing activity. The remaining 16% to 18% of city-wide lot servicing is anticipated in the north and northeast sectors of the city over the forecast period (see Table 3 and Figure 3).

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Table 3: Planning and Development Department (P&D) and Urban Development Institute (UDI) single family lot servicing forecasts (2010-2015)

Sector	ASP	Actuals			2010 to 2015 Forecast												Forecast Average (lots/year)		Forecast Average (% share)	
		2007	2008	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 2015	UDI 2015	P&D '10-'15	UDI '10-'15	P&D '10-'15	UDI '10-'15
NORTH	Lake District	134	74	67	313	52	100	195	120	194	125	200	125	200	100	200	147	174	5%	4%
	Castle Downs Ext.	215	-	-			75		90	100		90		80		73	0	2%	0%	
	Palisades	145	-	-	26	258	75	226	100	273	100	120	90	120	80	120	79	186	2%	4%
North TOTAL		494	74	67	339	310	250	421	310	467	325	320	305	320	260	320	298	360	9%	8%
NORTHEAST	Clareview (includes Ebbers)	62	48	-	314	40	25	40	35	40	30	40	25	40	20	40	75	40	2%	1%
	Pilot Sound	266	192	38	248	334	180	488	150	460	125	369	90	380	75	425	145	409	5%	9%
	Northeast TOTAL	328	240	38	562	374	205	528	185	500	155	409	115	420	95	465	220	449	7%	10%
WEST	West Jasper Place	36	68	-	6												1	0	0%	0%
	Big Lake	-	-	-	53	80	150	330	150	270	200	300	200	350	200	300	159	272	5%	6%
	Lewis Farms	100	158	52	582	385	200	410	200	425	200	510	200	405	200	395	264	422	8%	10%
	Cameron Heights	186	-	41	50	50	50	50	50	50							25	25	1%	1%
	The Grange	917	-	164	439	324	150	300	150	200	100	200	100	170	100	170	173	227	5%	5%
West TOTAL		1,239	226	257	1,130	839	550	1,090	550	945	500	1,010	500	925	500	865	622	946	20%	22%
SOUTHWEST	Terwillegar Hts.	1,154	116	-	127	180	50	100	50	50		50					38	63	3%	1%
	Heritage Valley	322	342	18	987	1,199	525	837	525	905	1,100	800	1,000	800	750	800	815	890	26%	20%
	Windermere	290	739	43	56	595	500	404	500	270	700	470	750	570	1,000	420	584	455	18%	10%
Southwest TOTAL		1,766	1,197	61	1,170	1,974	1,075	1,341	1,075	1,225	1,800	1,320	1,750	1,370	1,750	1,220	1,437	1,408	45%	32%
SOUTHEAST	Meadows	266	486	66	290	636	255	450	285	450	250	450	250	450	250	450	263	481	8%	11%
	SouthEast	332	579	106	497	398	120	370	120	460	100	435		190		220	140	346	4%	8%
	Ellerslie	520	326	-	361	400	340	320	165	500	100	380	100	320	100	320	194	373	6%	9%
Southeast TOTAL		1,118	1,391	172	1,148	1,434	715	1,140	570	1,410	450	1,265	350	960	350	990	597	1,200	19%	28%
Developing Neighbourhoods TOTAL		4,945	3,128	595	4,349	4,931	2,795	4,520	2,690	4,547	3,230	4,324	3,020	3,995	2,955	3,860	3,173	4,363	100%	100%

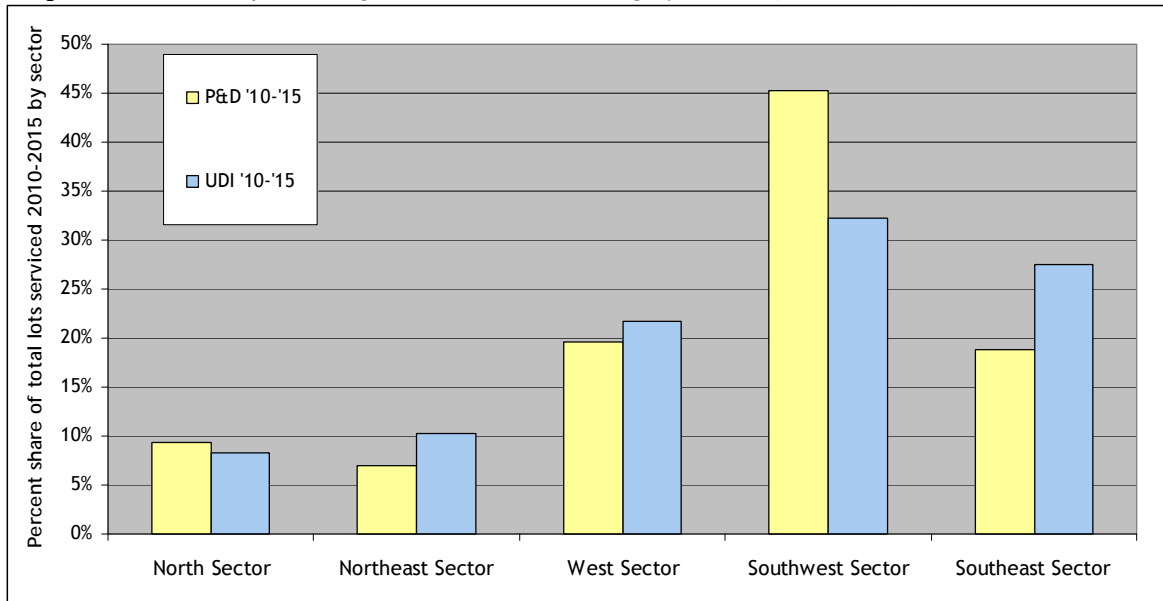
Prepared by: City of Edmonton Planning and Development Department

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

May-10

Edmonton’s Developing Neighbourhoods: 2010-2015 Lot Servicing Forecast

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



Approved neighbourhoods (NSPs) expected to begin servicing activity for the first time over the forecast period includes:

- Crystalina Nera (north sector)
- Ebbers (northeast sector)
- Big lake NBHD 1, “Trumpeter” (west sector)
- Rosenthal (west sector)
- Granville (west sector)
- Stewart Greens (west sector)
- Allard (southwest sector)
- Chappelle (southwest sector)
- Heritage Valley Town Centre (southwest sector)
- The Orchards (southeast sector)
- Maples (southeast sector)

The generalized location of single family servicing activity in approved neighbourhoods over the 2010 to 2015 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 2010. All mapping was based on P&D forecasts. Only approved neighbourhoods (NSPs) are represented in the mapped forecasts.

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)