



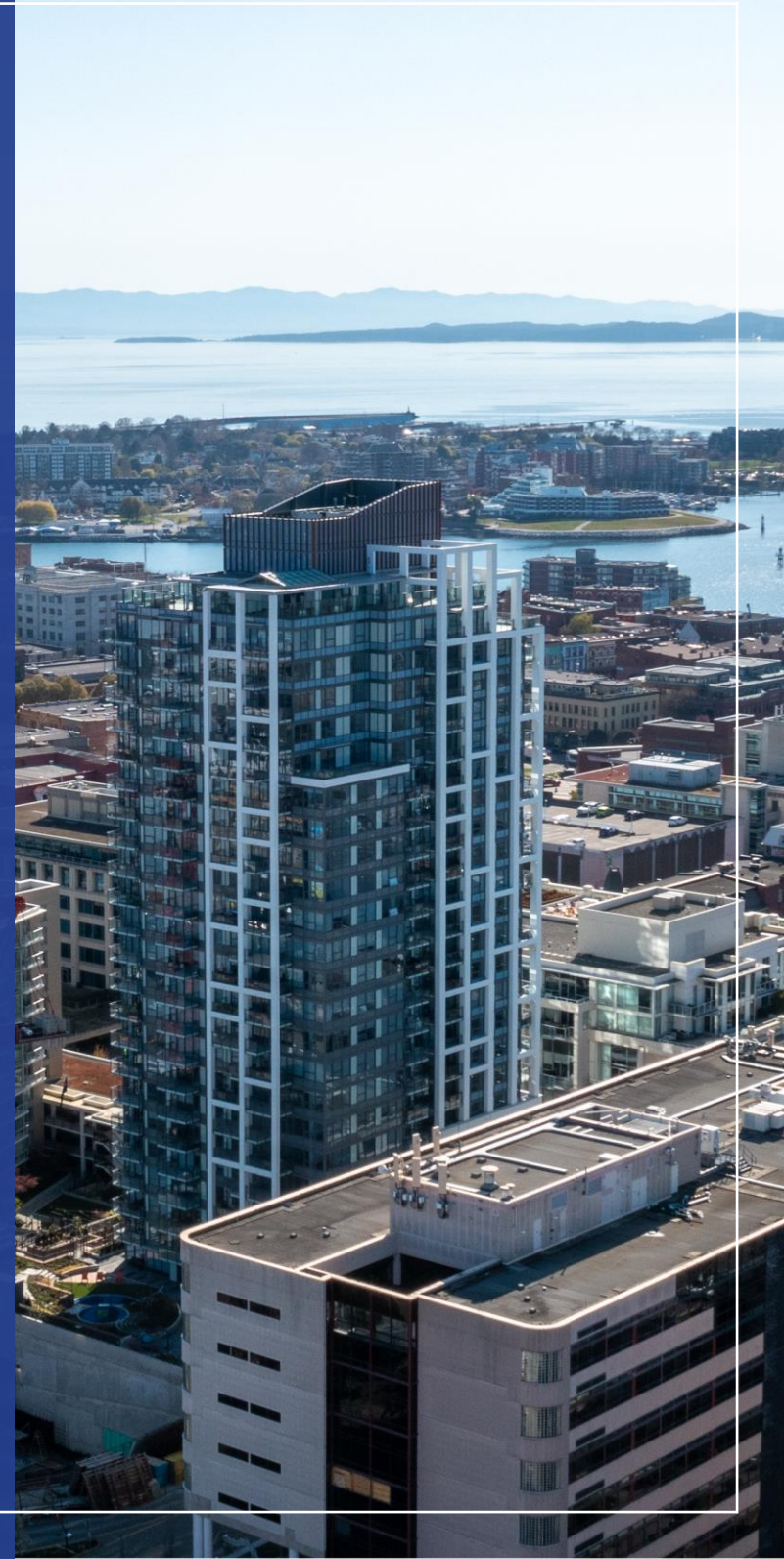
Greater Victoria Purpose-Built Rental Pipeline 2022

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Introduction & Scope of Project

The Greater Victoria purpose built rental market had a record-breaking year in 2021. This was a result of high demand, stable returns, and low interest rates. Demand for housing is at an all-time high across Canada. With rising rental rates and low supply, it is worth investigating the current state of the multifamily construction pipeline in the Greater Victoria Area.

Census Canada reports that the Greater Victoria area saw 8% population growth from 2016 to 2021. Some municipalities grew faster than others, for example Langford experienced a 32% population increase over the same period. Greater Victoria is a desirable region to live and continues to attract interprovincial migrants looking to make the region their home.

This report will provide an analysis on the construction pipeline in the Capital Regional District, investigate what is currently undergoing, and discuss development challenges. The data in this report was sourced from Colliers, Citified, Census Canada, and Municipal websites. For the purposes of this report the Greater Victoria Area is defined as the following municipalities: Victoria, Saanich, Central Saanich, North Saanich, Sidney, View Royal, Colwood, Esquimalt, and Langford. This report does not consider Sooke or Metchosin.

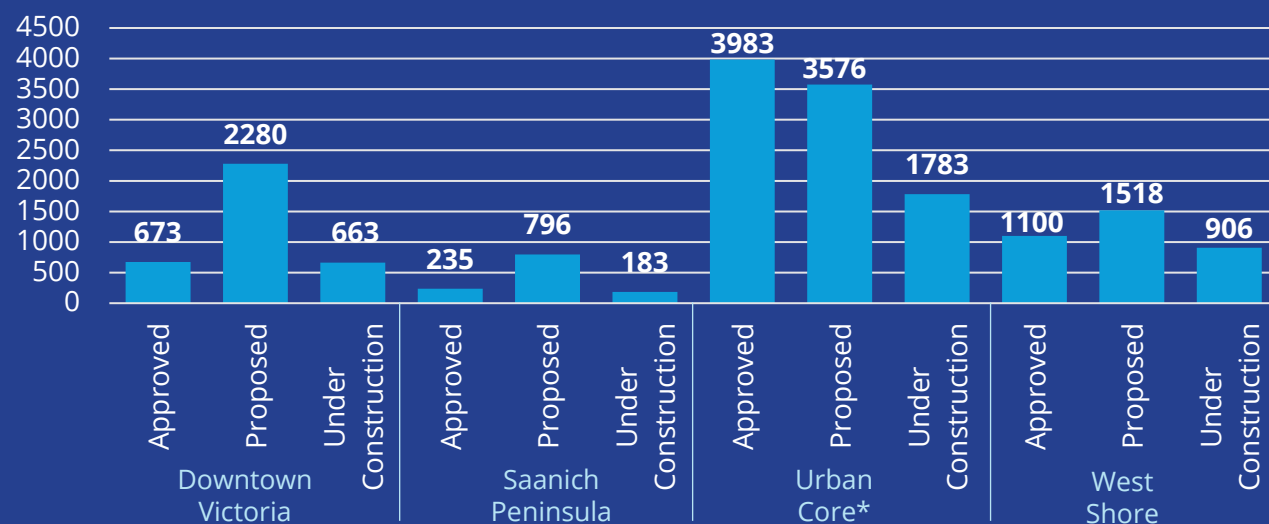


Market Overview

The development pipeline in the Greater Victoria Area can be broken into three stages 1) proposed, which indicates the project is awaiting council approval, 2) approved, the project has been approved and rezoned, but has not yet broken ground, and 3) under construction, which indicates the project has broken ground.

Most of the rental units under construction across the Greater Victoria Area are in the Urban Core which includes, Saanich, Esquimalt, and Victoria (excluding Downtown). Graph 1 demonstrates that the Urban Core dominates in units under construction, approved, and proposed. Lagging behind is the Saanich Peninsula, with only 183 units under construction and 235 units approved.

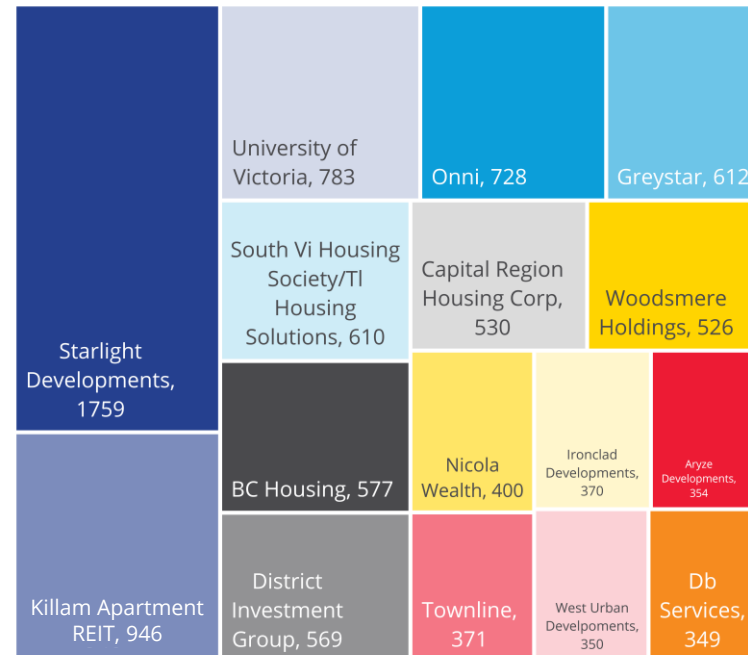
Graph 1: Units Proposed, Approved, and Under Construction in the Greater Victoria Area by Region



*Urban Core includes Saanich, Esquimalt, and Victoria (excluding the downtown core)

Top Developers in Victoria

Toronto's Starlight Development rises to the top with the most units in the pipeline, the majority of which consist of the proposed Harris Green development. Killam Apartment REIT comes in second place with 946 units of proposed redevelopment at Christie Point Apartments. This list also features several local private developers including Aryze Developments, Mike Geric Construction, DB Services, and Westurban Developments. Overall, the market also has a fair amount of public development by organizations such as BC Housing, Capital Region Housing Corp., and South VI Housing Society.



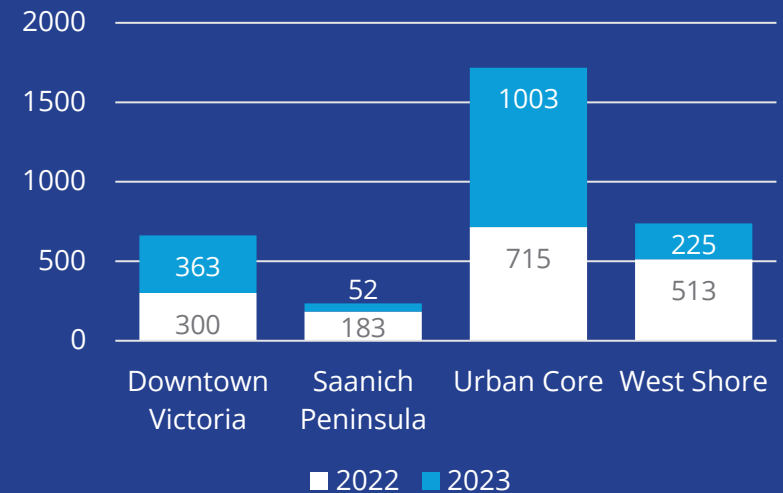
Under Construction Purpose Built Rental Inventory

There are 3,535 units currently under construction that will be ready for the market in the next two years. While this number may seem high, only 63%, or 2,220 of these units are considered typical rental. The rest of the units are designated as either affordable, supportive, student, or seniors housing. Graph 3 demonstrates that 26% of units, or 783 beds, are currently under construction as student housing, with a single project at the University of Victoria accounting for most of the units coming to market in the Urban Core in 2023.

There is also 170 units of seniors housing currently under construction, with the largest project at 1900 Richmond Road comprising of 134 units. This project is being developed by Milliken Developments, and the rest of the projects are being constructed by public entities.

Greater Victoria is seeing a mix of private, institutional, and public developers. Of the top properties currently under construction by units, as shown in Table 1 it is a local developer that appears twice. Design Build Services currently has Rockford Place Apartments at 647 Goldstream Avenue and Tallwood 1 at 2830 Peatt Road under construction.

Graph 2: Units Under Construction with Market Availability in the Next Two Years



Graph 3: Units Under Construction by Subtype

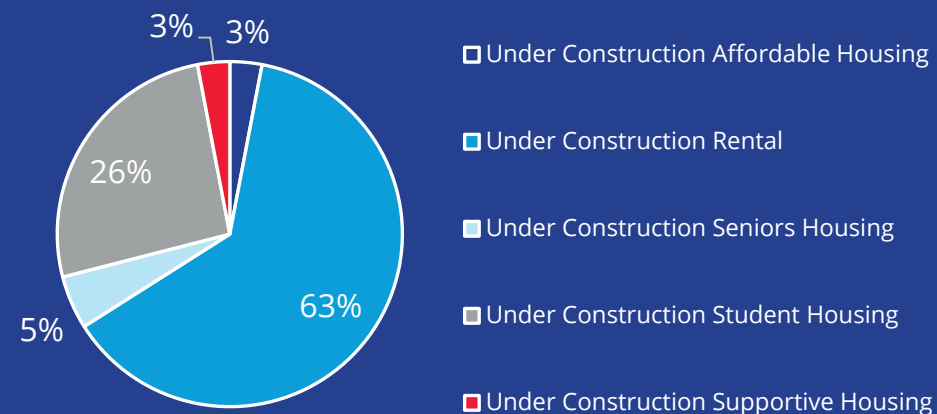


Table 1: Top 11 Purpose Built Market Rental Projects Under Construction by Number of Units

Project	Address	City	Developer	Units	Type
Hudson Place 2	1700 Blanshard	Downtown	Townline	250	Market Rental
Rockford Place Apartments	647 Goldstream Avenue	Langford	Db Services	227	Market Rental
Tallwood 1	2830 Peatt Road	Langford	Db Services	124	Market Rental
Parkway	1518 Cook Street	Victoria	District Group	103	Market Rental
1540 – 1550 Stockton Crescent	1540 – 1550 Stockton Crescent	Saanich	Tri-Eagle Development Corp	102	Market Rental
The Wedge	1400 Vancouver Street	Downtown	Cox Developments Ltd	93	Market Rental
Quailwood	2627 Sooke Road	Langford	Woodsmere Holdings	90	Market Rental
3949 Shelbourne Street	3949 Shelbourne Street	Saanich	Salient Group	76	Market Rental
10129 Fifth Street	10129 Fifth Street	Sidney	District Investments Group, Nicola Wealth, Primex Investments	73	Market Rental
Monarch	360 Latoria Boulevard	Colwood	Group Denux	72	Market Rental
3914 Shelbourne Street	3914 Shelbourne Street	Saanich	Tri-Eagle Development Corp	65	Market Rental

Table 2: Top 10 Non-Market Rate Rental Projects Under Construction by Number of Units

Project	Address	City	Developer	Units	Type
Uvic Residences	Ring Road at Grand Promenade	Saanich	University of Victoria	783	Student Housing
2075 Drennan Street	2075 Drennan Street	Sooke	Capital Region Housing Corp	169	Affordable Housing
Maison/Amica Oak Bay	1900 Richmond Road	Victoria	Milliken Developments	134	Seniors Housing
1025 Johnson Street	1025 Johnson Street	Downtown	Jawl Residential	130	Affordable Housing
Colwood Corners	Sooke Road at Jerome Road	Colwood	Onni	128	Affordable Housing
3200 Linwood Avenue	3200 Linwood Avenue	Saanich	Baptist Housing Society	97	Seniors Housing
Cedar Grove	210 Gorge Road East	Victoria	Capital Regional Housing Corp/Victoria Cool Aid Society	73	Seniors Housing
2782 Spencer Road	2782 Spencer Road	Langford	Capital Region Housing Corp	58	Seniors Housing
11 Chown Place	11 Chown Place	Victoria	Gorge View Society	58	Seniors Housing
2933 Albina Street	2933 Albina Street	Saanich	BC Housing	58	Affordable Housing

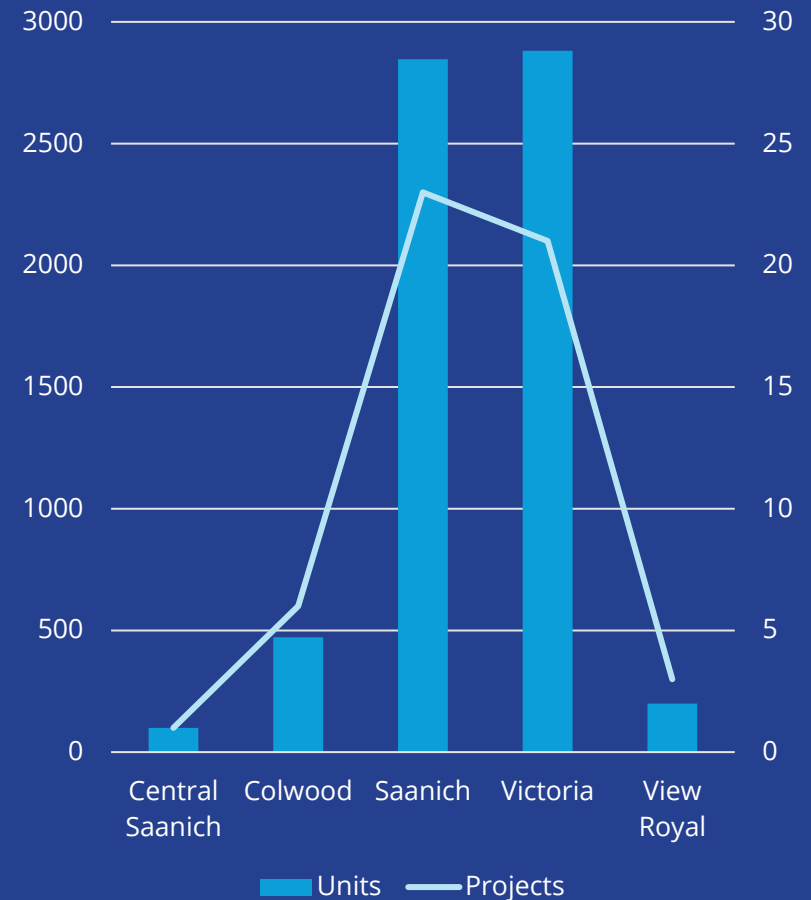
Approved, Proposed, and Rezoning Pipeline

Before construction can begin, a project must receive council rezoning approval. According to the City of Victoria Website, this process can take anywhere between 6-8 months. Major projects currently undergoing rezoning include Starlight's complete overhaul of Harris Green Village and 1045 Yates Street, which proposes over 1,500 units between multiple towers reaching 23 storeys.

Currently on hold is the proposed project at Christie Point. This complex would feature the construction of 473 new apartments. Residents have not yet received a 12-month notice, and the project was noted to be "on hold" in 2018. There is currently no open rezoning application listed on the Township of View Royal's website.

The City of Victoria and the District of Saanich have the most units and projects currently undergoing rezoning, with Central Saanich only having one multifamily development project currently undergoing rezoning. Langford was not included in this analysis as they do not have public facing information.

Graph 4: Properties Undergoing Rezoning by Units and Number of Projects



Development Challenges in the Greater Victoria Area

Development challenges and delays in the Greater Victoria Region are the result of increasing labour costs, rising material costs, shipping delays, and escalating land costs. The ongoing effects of the COVID-19 pandemic to global supply chains and the labour pool are noticeable in Greater Victoria. McDaniel at the University of Lethbridge claimed that the labour shortage will be more noticeable in certain industries, and construction is one of them. Labour shortages are felt for trades workers as well as unskilled labourers.

For 2022, HUB International claims what will set top developers apart is a steady access to supplies. Disruptions to the supply chain are expected to continue into 2022. Regarding what supplies are delayed, The Wall Street Journal indicated that 90% of builders were experiencing shortages with appliances, lumber, and plywood. 87% of builders also had shortages of windows and doors. Small amounts of missing components can have significant impacts on the project's delivery to market.

Greater Victoria has relatively low unemployment rates compared to the rest of British Columbia. According to Work BC, in March 2022, Victoria's unemployment rate is 4.1%, down from 5.9% in March 2021. British Columbia is currently sitting at 5.1% unemployment for March 2022. Another factor contributing that could be contributing to the delayed approval for projects is the upcoming municipal elections on October 15th, 2022.

In the middle of April 2022, the City of Victoria unanimously passed new legislation created to speed up the construction process for affordable housing. The District of Saanich is currently exploring how a similar motion could be set.

Summary

The number of units coming to market in the next two years is unlikely to fulfill the growing population's needs of the Greater Victoria area. Colliers predicts that every unit approved and under construction will be fully absorbed upon completion. Even with the uncertainty of future market conditions and rising interest rates, Greater Victoria and surrounding municipalities are highly desirable places to live. The need for rental housing at all price points will be consistent and is unlikely to change in the next 5-10 years.



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