

Cooper Block Master Plan to Business Plan

Cooper Block Master Plan: Towards a Business Plan

- Assessing the Demand
- Planning Considerations
- Starting Point/Phasing
- Financial Feasibility
- Business Case

Assessing the Demand

Forecasting Demand for Master Planned Uses



Residential

- Driven by the magnitude and characteristics population and employment growth blended with the location and appeal of the community to stay or migrate to.
- This report focuses on Residential demand as it is the greatest influencer on other real estate sectors

Commercial/Retail

- Largely a function of population growth

Office

- Driven by employment, population growth, proximity to markets

Hotel

- Driven by the appeal of the destination for work or leisure

Institutional Uses

- Driven by government – driven by population growth

Forecasted Stable Annual Population Growth



City's 2022 forecast predicts a growth to 2041 to 6,641 persons.



This equals about 3,705 net new households.



Households size will decline 2.22 to 1.79. due to falling birth rates and aging population.

Population and Housing Projections
City of Stratford, 2006 to 2037

	Population	Households	PPH
Mid-2006	30,461	12,870	2.37
Mid-2011	30,886	13,330	2.32
Mid-2016	31,465	13,845	2.27
Mid-2022	33,742	15,137	2.22
Mid-2032	37,360	17,187	2.17
Mid-2041	40,383	18,842	2.14
Projected Change 2022 to 2041	6,641	3,705	1.79
Average Annual Growth	332	185	-

Source: City of Stratford Development Charges Background Study 2022, Watson & Associates Economists Ltd.

Demand is Growing from Older Demographic Groups

Population Growth by Age Group 2016 to 2021

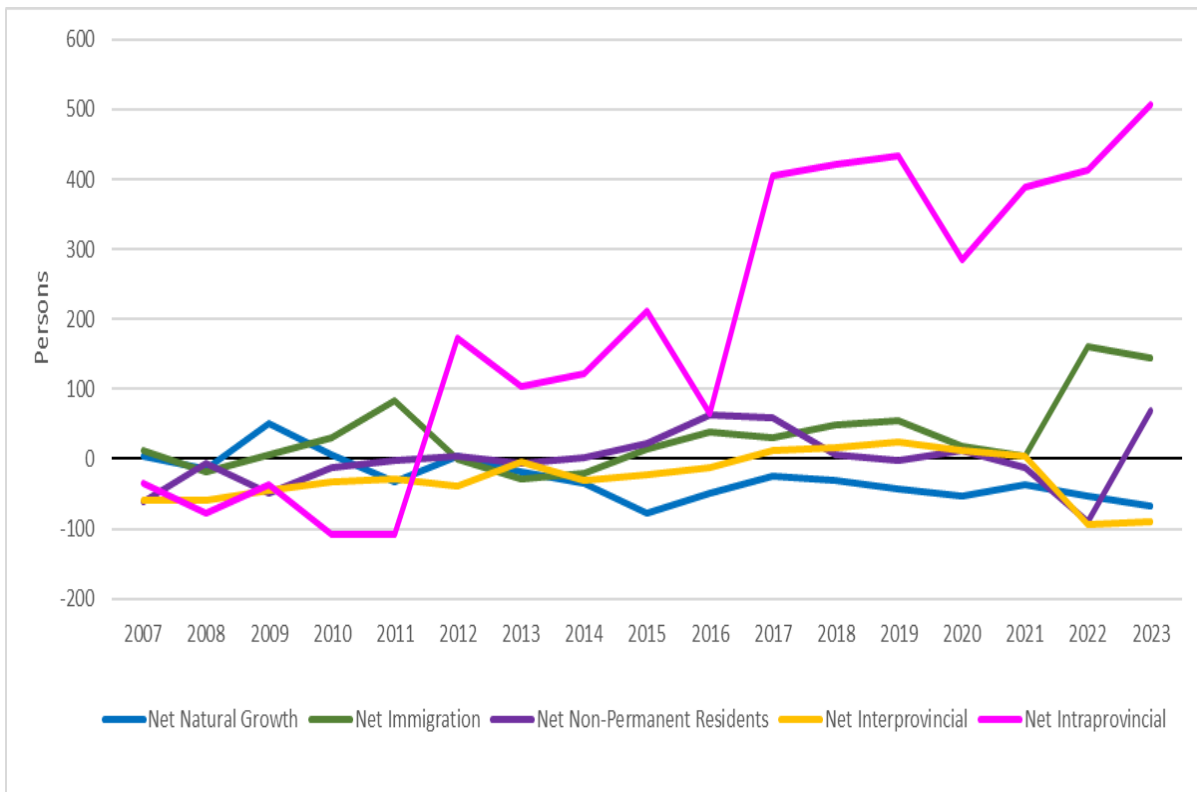
Geography	20-24		35-54		55-64		65-79	
	2021 Population	%	2021 Population	%	2021 Population	%	2021 Population	%
Perth	14,385	11%	18,790		11,970	14%	12,735	50%
Stratford	5,685	1%	7,955	-7%	5,155	10%	5,840	63%
Wellington	48,430	12%	61,210	5%	32,965	18%	31,870	32%
Waterloo	132,270	16%	153,635	10%	72,895	12%	68,350	22%
Oxford	21,620	23%	29,655	8%	17,220	15%	18,195	29%
Middlesex	107,745	21%	123,875	10%	66,595	12%	67,440	25%
Huron	9,610	3%	12,550		9,700	8%	12,125	71%
Ontario	2,852,210	27%	3,674,040		2,006,735	21%	1,973,980	39%

Majority of growth comes from groups 55 years and older

Some younger demand may be linked to influences such as

- Remote working
- Student housing
- Employment

Demand is coming from across the Province



Intra-provincial growth averaging 308 persons per year over the past 5 years

Explains origins of most of Stratford's growth

Migration largely from the GTA, London and Waterloo.

Likely due to affordability, small town character, perceptions of low crime rates, association with the Arts.

In Bound Commuting Flows Suggest Supply Side Issues



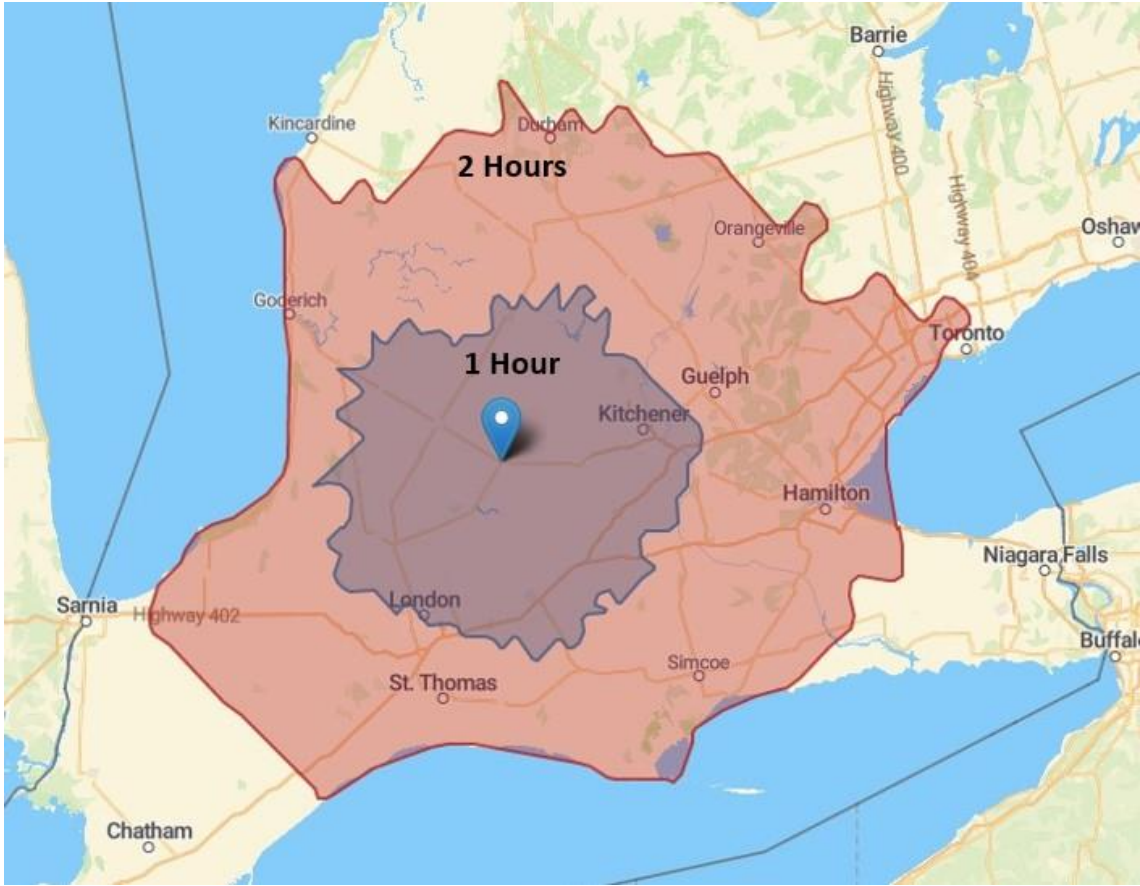
Stratford is positioned between several markets including London, Woodstock and Kitchener.

These markets provide a wider range of labour talent for employers in Stratford to draw on.

This positive inflow of labour suggests that the current market is, for some reason, not attracting buyers/renters to its potential

This could be supply side issues associated with lifestyle, school or other reasons unassociated with Stratford. Maybe because there are a larger suite of amenities in Waterloo or London.

Demand is coming from across the Province



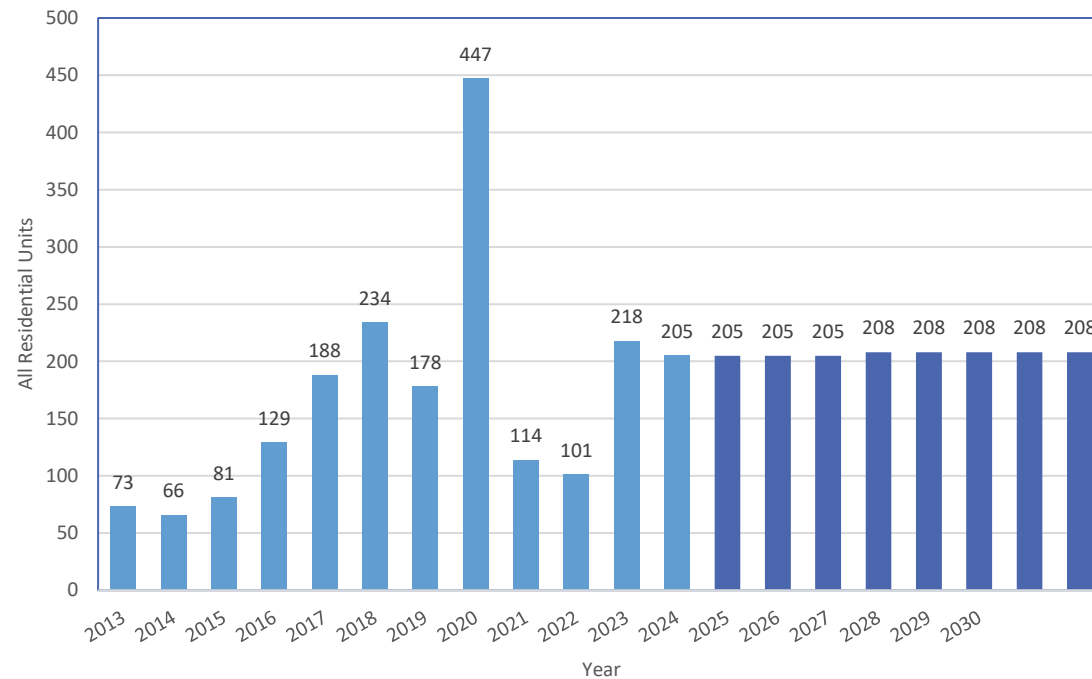
Inbound demand is largely coming from within a 1 hour radius of Stratford

Typically, the threshold distance people are willing to move is 2 hours.

This allows opportunities for new residents to stay connected to family, friends and trusted services.

Forecasted Housing Need

Historical and Forecasted Residential Building Permit Activity



Estimated overall demand averaging 208 new units per year

Expect demand for smaller, lower maintenance homes

- Townhomes
- Condos
- Single Family Homes

Apartment demand is estimated to be 50 -80 units per year

But likely to grow

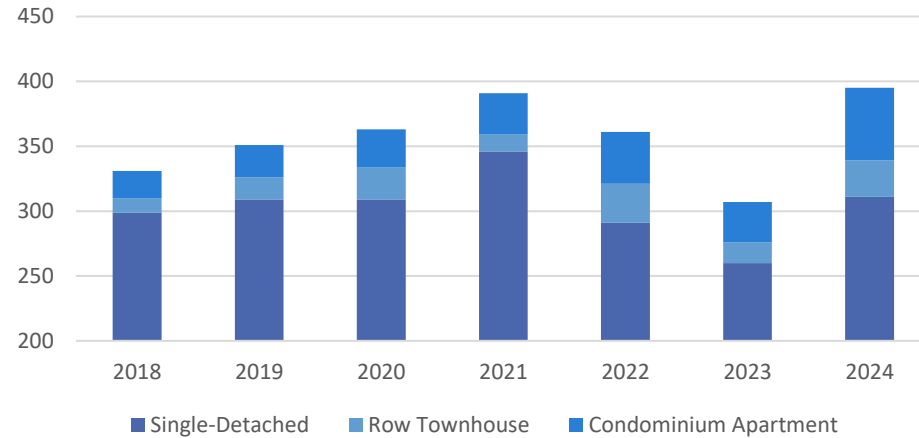
Pricing Trends Resale Market

Volume of condominium sales trending higher = but still modest. Condo sales as a percentage of all resales grew from 6% in 2018 to 14% in 2024. This may be due to supply increases.

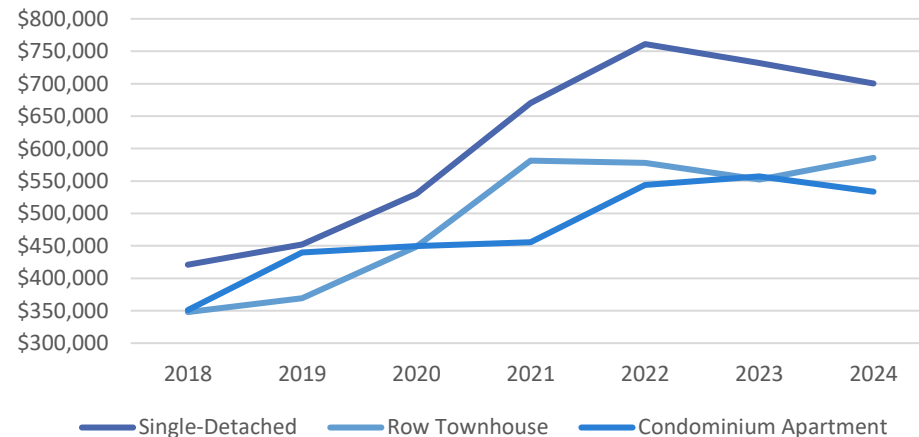
However, despite growing demand Condos show moderating price growth in 2023-25 compared to townhomes

Detached homes still the predominate market segment. Pricing off from 2021 peaks. Price decline was less than GTA homes.

Annual Sales, by Product Type
City of Stratford: 2018-2024



Average Annual Resale Price, by Product Type
City of Stratford: 2018-2024



Pricing Trends- Resale Market

2024 had a significant increase in condo sales

Pricing averaged \$533,643 down from \$557,092 the previous year

Townhome pricing show signs of recovering to peak 2021 pricing – likely due to the relative limited supply

Detached market still down from 2022 peak pricing but recovering

Resale Market Indicators City of Stratford, 2018 to 2024						
Year	Sales	Avg. Sale Price	Y-Y Change	New Listings	SNLR	Avg. DOM
Single-Detached						
2018	299	\$420,911	11%	343	87%	31
2019	309	\$451,987	7%	372	83%	31
2020	309	\$530,031	17%	329	94%	28
2021	346	\$670,248	26%	387	89%	12
2022	291	\$761,096	14%	433	67%	17
2023	260	\$731,717	-4%	399	65%	34
2024	311	\$700,427	-8%	475	65%	35
Row Townhouse						
2018	11	\$347,918	13%	12	92%	17
2019	17	\$369,053	6%	19	89%	25
2020	25	\$448,600	22%	27	93%	19
2021	13	\$581,241	30%	13	100%	11
2022	30	\$577,753	-1%	52	58%	25
2023	16	\$552,308	-4%	21	76%	19
2024	28	\$585,643	1%	44	64%	29
Condominium Apartment						
2018	21	\$350,998	-2%	24	88%	41
2019	25	\$440,034	25%	29	86%	66
2020	29	\$449,579	2%	32	91%	41
2021	32	\$455,768	1%	32	100%	16
2022	40	\$543,844	19%	58	69%	22
2023	31	\$557,092	2%	88	35%	47
2024	56	\$533,710	-2%	93	60%	67

Source: Toronto Regional Real Estate Board

Resale Market 2024

Examples



1,584 square foot unit Sold for \$865,000
(\$545 psf) October 2024



1,487 square foot unit Sold for \$564,000 (379
psf) May 2024



1,000 square foot unit
Sold for \$650,000
(650psf) January
2024

Cooper Block Aligned to Market Demand



Walkable

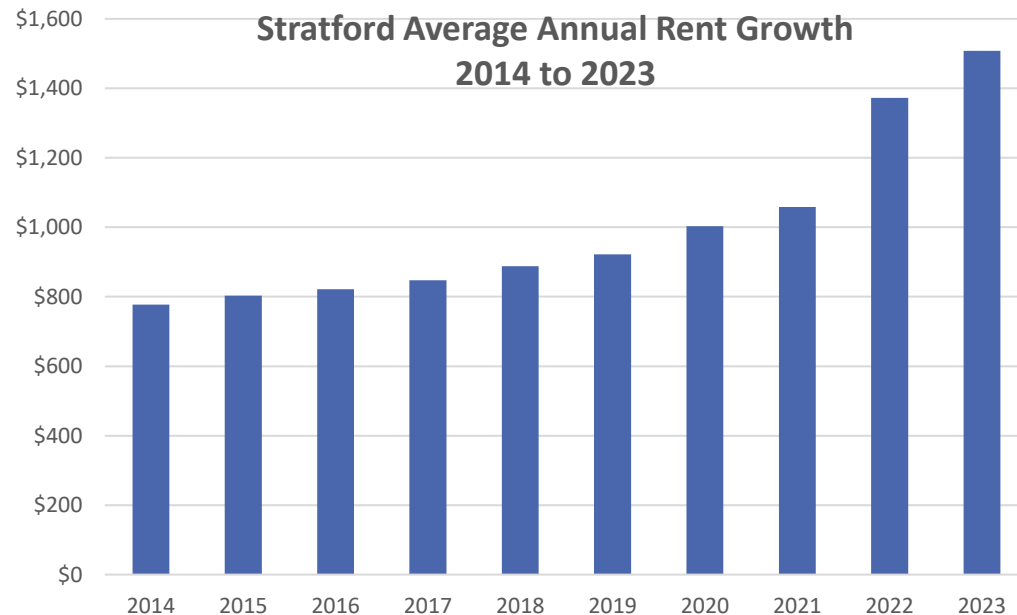
Access to a wide range of amenities

Opportunities to create a sense of prestige and exclusivity

Potential for Library and new YMCA could enhance market appeal

Longer term -Market Opportunities for Hotel and Commercial Uses?

Rental Market Demand



Demand for rental housing has generally increased across Ontario as affordability has eroded

The Federal Waiver of GST and favourable CMHC construction loan programs have stimulated growth.

Rental Supply growth has been modest despite vacancy rates consistently below 3.0% - the benchmark for a balanced market.

Local price growth has been strong – especially in the last four years

Pricing per square foot appears to range from \$2.00 to @3.00 psf range across a wide range of suite qualities and locations

One Bedroom Units range from \$1,700 to \$2,000 per month for the most modern units. Two Bedroom units start at about \$1900 per month and range up to \$3,000 per month,

How Demand might Respond to a Project in the Cooper Block



Walkability to downtown, retail and commercial amenity highly sought by key market segments

Very little comparable developments

Cooper Block could capture the majority of forecasted **apartment** demand

Demand suggests buildings of about 80 to 120 units in size

Affordability issues suggest lower cost wood frame buildings with surface parking

Conceptual Condominium Pricing

Unit Mix and Pricing for a Conceptual Condominium Building - Cooper Block								
	Unit Mix		Suite Size Range		PSF Range		End Price Range	
	%	#	Min	Max	Min	Max	Min	Max
One Bedroom	40%	12	600	675	\$640	\$680	\$408,000	\$432,000
Two Bedroom	60%	18	950	1,350	\$660	\$700	\$665,000	\$891,000
Includes One Parking Space		30						
Subject to Detailed Market Study and Design								

Demand has show modest signs of growth in term of sales growing from 45 sale in 2023 to 60 sales in 2024

Pricing is highly variable depending on the location, age, conditions and amenities.

For newer buildings in comparable locations to downtown pricing appears to be in \$650 to \$700 psf range

Projects should consider a mix of one and two bedroom units with one bedroom units with a minimal set of amenities

The table to the left illustrates “conceptual” pricing and suite mix for a 30 unit building in the Cooper Block area

Demand for Rental Housing

Unit Mix and Pricing for a Conceptual Rental Building - Cooper Block								
	Unit Mix		Suite Size Range		PSF Range		Monthly Rent Range	
	%	#	Min	Max	Min	Max	Min	Max
One Bedroom	40%	12	600	630	\$ 3.60	\$ 3.50	\$ 2,100	\$ 2,268
Two Bedroom	60%	18	950	1,200	\$ 2.60	\$ 2.60	\$ 2,470	\$ 3,120
Includes One Parking Space		30						
Subject to Detailed Market Study and Design								



There is likely immediate demand for all forms of rental housing. The key issue is can it be constructed for the rents that are likely to be supported in the market.

Seniors. Especially those that travel or have second homes appreciate the lock and leave features of rental housing and are seeking good quality rentals in walkable communities

Students at Waterloo University. A study should be undertaken to specify the characteristics of demand from the university to determine if a project could proceed in the near term

Co-Housing is an emerging format of housing that seeks to offer a shared set of amenities that reduces the need for personal space, improves affordability and encourages socialization.

Federal Incentives such as GST Waivers and CMHC Loans can make marginal projects profitable.

Planning Considerations

Planning Considerations: Who Leads the Project?



City Lead Approvals

- Can help the marketability by making “development ready” sites
- Reduces Developer Uncertainty = increased value
- Might accelerate development if market demand is present
- Increases public confidence that height and density are appropriate

Developer Lead Approvals

- Allows developments to be tailored to the project a developer wants to build.
- Mitigates the potential for the City to get approvals “wrong”
- But...Developer will pay less for the land given the risks, cost and time associated with achieving planning approvals

Planning Considerations



Market forecasts suggests buildings of between 30 to 120 units

Affordability issues might suggest lower cost wood frame buildings with surface parking – effectively limiting height to six storeys.

Opportunities for higher buildings might present themselves – especially in student rentals.

Underground parking may not be feasible – the masterplan should allow for surface parking.

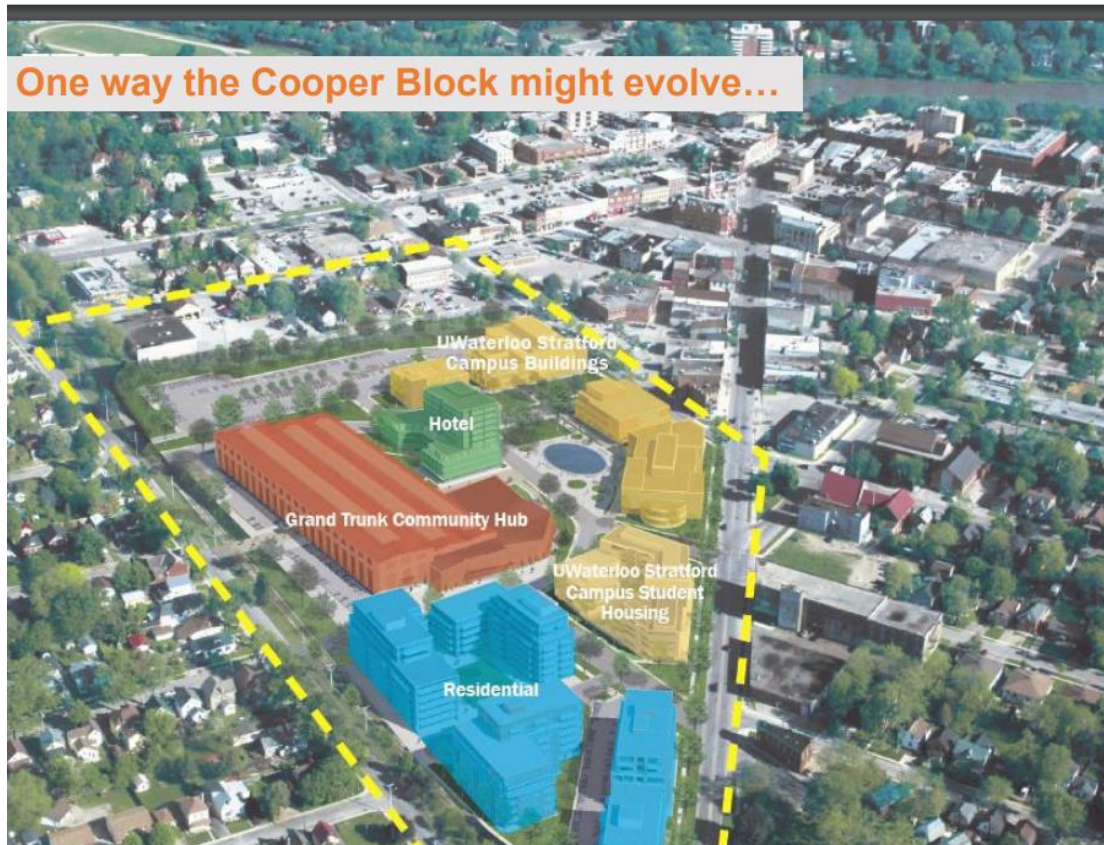
Carefully consider requirements for retail uses. The costs to build street related retail are unlikely to rent at a rate sufficient to justify the cost of construction.

Carefully consider public requirements as any associated costs will be reflected in the land value and may discourage investment .

Starting and Phasing

Starting Point Depends on..

One way the Cooper Block might evolve...



Market Demand- If demand is strong the City has negotiating strength. This might justify more than one starting point. For example, subject to more detailed market work, a student rental building and a seniors oriented condo might be launched simultaneously

Institutional Opportunities – The opportunity for a new YMCA and a Library could, have significant positive downstream impacts. If these projects can be funded – it may make sense for these projects to proceed as early phases to drive the value of the remaining land.

Financial Resources – If financial resources are limited, it may be appropriate to allow a developer lead approach that shifts costs to the private sector.

Possibilities



The Power of Placemaking

- Library/YMCA/Parks space could have a material, long term impact on the balance of the Cooper Block

Fund and Construct New Infrastructure

- If the City has the resources, investing in the necessary water/sewer/storm/hydro infrastructure has the potential to generate a positive return in land sales.

Residential Building

- An early phase residential building could help shift the market perception of the area.

Student Housing

- There maybe an immediate market need and could be part of a quick start strategy for the Cooper Block

Financial Feasibility

Forecasting Costs



Determine and cost all probable infrastructure needs to facilitate development – on site and downstream. Consider logical phasing options

Assess probable timing of improvements

Determine what costs can be captured in City Budgets

Is the City in a position to offer incentives such as DC deferrals or waivers, reduction of fees, accelerated approvals? All, or some of these, can facilitate development.

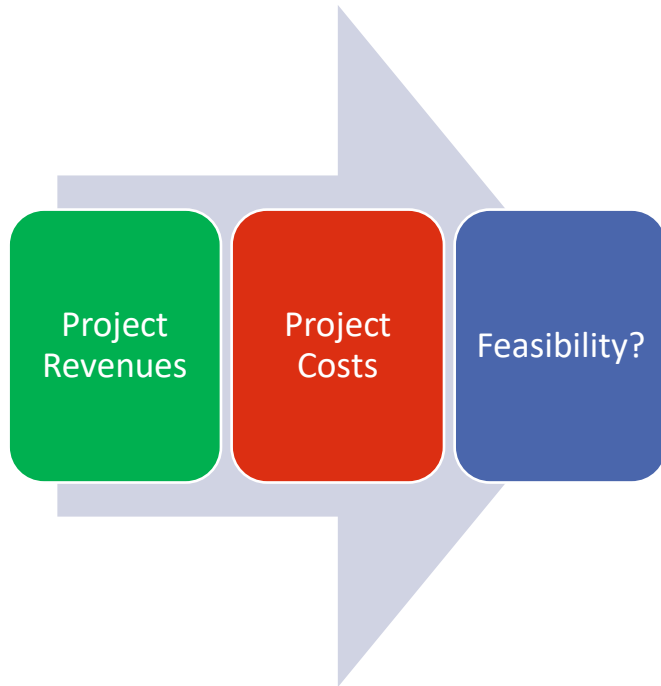
Forecasting Revenues



Assess value of land for Market Sale through a residual land value analysis that forecasts probable development revenue against costs

A residual land value analysis will also consider the time impacts on costs and revenues.

Development – Cashflow Analysis



Summarize annual probable costs

Input annual probable land sales

Identify cashflow shortfalls or surpluses

If there are shortfalls, assess feasibility and adjust the master plan. How can it be changes to reduce costs or improve revenues?

Business Case

The Components of a Business Case

Master Plan

Market Demand – Rationale for the Redevelopment

Planning

Forecast of Revenues and Costs

Funding Financing Sources

Disposition Process – How will the City sell land?

Implementation

Identifying Risks and Mitigation



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