

Downtown Market Analysis of Housing and Retail Demand

ISSUE

Downtown development is a key priority area in the City of Saskatoon's (City) 2022-2025 Strategic Plan. Key actions include creating diverse and affordable housing options to support a vibrant livable community and encourage new developments that add people, spaces and places for a thriving Downtown residential community.

The Downtown Market Analysis of Housing and Retail Demand (Market Analysis) analyzes the market context for future development in the Downtown Event and Entertainment District (District), as well as the broader Downtown, and offers guidance and recommendations regarding the inclusion of different development types Downtown.

BACKGROUND

The [City Centre Plan](#) aims for a vibrant mix of uses, including residences, offices, retail and restaurants, cultural, as well as educational and recreational opportunities in the City Centre and Downtown.

In 2019, a workshop facilitated by Beasley & Associates Planning, Inc. resulted in a report entitled Inquiry Toward a Downtown Stimulus Strategy for Saskatoon, 2019. Several key actions recommended in that report have been categorized under various themes, including:

- Prepare the Downtown for growth and change;
- Cut development risk;
- Actively stimulate preferred Downtown growth; and
- Best city-building principles.

In February 2023, Stantec was chosen as the City's Technical Advisor for the District. Stantec has been assisting the City in developing the District Plan, including a land use strategy to attract residential development to Downtown.

City Council, at its Regular Business [meeting](#) held on March 29, 2023, approved the Downtown Event and Entertainment District Plan Vision Statement and Guiding Principles.

CURRENT STATUS

Administration, with assistance from Stantec, is continuing to advance project development on the District Plan and updating the City Centre Plan to consolidate policies and actions and ensure alignment. This work includes land use direction and policies to foster development in the Downtown. The guiding principles related to advancing development in the Downtown include:

- **Downtown density with a focus on housing:** Plan and encourage a mix of housing choices in the District to attract a diversity of community members; and
- **A robust and diverse economy:** Preserve the Downtown as the cultural, social employment center of the community, while encouraging a thriving, diverse economy which attracts local, regional and global employers that generate quality jobs through the Downtown and throughout Saskatoon.

Stantec's Market Analysis provides guidance and recommendations for Administration to consider in the development of the District and City Centre Plan. While prompted, in part, by the work to explore and evaluate potential for a new Downtown event centre/arena and a new or enhanced convention centre, this Market Analysis, and any land use or other emerging policies, should not be seen as dependent on those projects. Rather, this Market Analysis is mutually supportive with the event and convention centre project as well as supportive of the City Centre Plan's objectives, on a standalone basis.

DISCUSSION/ANALYSIS

The Market Analysis (see Appendix 1) offers guidance for short to medium term Downtown development and suggests actions to promote ongoing housing growth in line with City goals. The Market Analysis combines conventional methodologies for accessing and analyzing real estate market data with research interviews from professionals in real estate, development, business, and civic professions.

The Market Analysis provides development guidance on the following markets:

Residential Multi-Family: In the short and medium term, residential development should be prioritized. The multi-family housing market is strong, and the Downtown has attractive locational characteristics which allow it to attract a share of the development market. While Downtown residential development faces challenges, not present in suburban settings, intentional actions can help establish a residential development pattern. With these actions, a target for Downtown to capture 25% of Saskatoon's multifamily growth is recommended.

Retail: Downtown's storefront and retail businesses, particularly on 2nd Avenue and 21st Street, are an important part of what makes Downtown vibrant and distinctive. However, the retail market Downtown, affected by both Downtown specific and sector-wide issues, has not fully recovered from COVID-era impacts. Downtown retail benefits from multiple consumer markets – Downtown residents, office workers, city-wide consumers, region-wide destination visitors and visitors for business and conventions. Downtown retail is supported by strategies that focus on any of these consumer markets. Policies that enable retail development should be encouraged on recovery and enhancement of existing retail areas, at strategic locations to enhance and activate public spaces and to strengthen key connections Downtown.

Hospitality: Downtown benefits from its diverse range of hotels located Downtown. Downtown hotels support business travellers, people coming to Saskatoon for events, shopping, tourism and family purposes. However, due to impacts of the COVID pandemic, Downtown hotels are still recovering. Currently, the Downtown hotel market is considered saturated. This situation will change over time with continued growth and potential development of the District. In the short term, there's no need to encourage new hotel development.

The Market Analysis Recommendations

According to the Market Analysis, the most impactful action for Downtown's vibrancy is continuous residential development. Establishing and maintaining residential growth requires intentional actions to compete with suburban residential multifamily development, address price expectations, site assembly and predevelopment challenges.

The following actions are recommended by the consultant:

- Establish a target goal of 200 residential units per year Downtown;
- Leverage City-owned land and potential zoning amendments to encourage middle-density development in the Downtown. This aims to compete with suburban development, creating a new residential submarket in the Downtown;
- Rezone parts of Downtown to cap building heights at seven storeys;
- Establish the organizational infrastructure and processes to acquire Downtown properties appropriate for residential development and undertake predevelopment activities, such as demolition, subdivision, environmental testing and researching utility availability;
- Create a Downtown capital fund to support land acquisition and predevelopment actions;
- Utilize incentives for Downtown development projects;
- Undertake further analysis to determine a revenue model for a Downtown housing capital fund and to demonstrate its medium and long-term financial and economic benefits to the City; and
- Build the market context in areas surrounding new development. Execute planned improvements to attract residents, such as new public spaces, amenities, plazas, parks, bikeways and walking trails.

FINANCIAL IMPLICATIONS

There are no financial implications at this time.

OTHER IMPLICATIONS

There are no Triple Bottom Line, privacy or CPTED implications or considerations at this time.

NEXT STEPS

Administration is assessing the recommendations and guidance of the Market Analysis through its development of the District Plan and update of the City Centre Plan.

A consolidated plan is targeted to be brought forward for City Council's consideration in Q2 2024.

APPENDICES

1. Downtown Market Analysis of Housing and Retail Demand

REPORT APPROVAL

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