

2023 Update on Open Market Land Sales & Lease Transactions

ISSUE

With Saskatoon Land's overall commitment to transparency in its business operations, details of open market land sale transactions and leasing of select Downtown Event and Entertainment District properties approved by the Chief Financial Officer in 2023 are provided in this report.

BACKGROUND

At its [April 25, 2016](#) meeting, City Council approved amendments to Council Policy No. [C09-033, Sale of Serviced City-Owned Lands](#), to allow the open market with standard terms (open market) sales approach to facilitate additional flexibility in offering serviced multi-unit residential, institutional, industrial and commercial land to market. The process allows Saskatoon Land to negotiate land sale agreements consistent with standard terms approved by the Standing Policy Committee on Finance.

At its [January 23, 2017](#) meeting, City Council approved the open market with standard terms (open market) sales approach as a method for Saskatoon Land to allocate single-unit lots to Eligible Contractors and private purchasers. This method has proven to be beneficial in markets where inventory levels are higher than average and land parcels have not sold for several years after the initial release.

At its [February 8, 2023](#) meeting, Standing Policy Committee on Finance approved the Administration to negotiate and enter into lease agreements at market rates with new and existing tenants of 39 – 23rd Street E, 149 Pacific Avenue and 145 – 1st Avenue N. As part of the approval, Administration committed to providing Standing Policy Committee on Finance with an annual information report that provides an overview of the lease dealings which occurred for these properties. These properties were acquired to support and enhance the development of a Downtown Event and Entertainment District and are being leased in the meantime.

CURRENT STATUS

Land Sale Transactions

As shown below, open market sales in 2023 resulted in 26 single-unit lot sales totaling \$3,782,850 among the Kensington and Parkridge neighbourhoods. Three multi-unit parcels in Aspen Ridge and Evergreen sold for a combined \$4,998,000. One industrial parcel sold for \$4,255,000.

Neighbourhood	Single-Unit (No. of Parcels)	Multi-Unit (No. of Parcels)	Commercial/ Institutional (No. of Parcels)	Industrial (No. of Parcels)	Total Sales
Southwest Industrial	N/A	N/A	N/A	1	\$ 4,255,000
Evergreen	N/A	1	N/A	N/A	\$ 1,140,000
Aspen Ridge	N/A	2	N/A	N/A	\$ 2,690,000
Kensington	25	N/A	N/A	N/A	\$ 3,649,650
Parkridge	1	N/A	N/A	N/A	\$ 133,200
Total	26	3	N/A	1	\$13,035,850

The overall price reduction on all open market sales was 6.21% (\$13,899,700 asking; \$13,035,850 sale). Appendix 1 contains detailed information on the aforementioned sales.

Lease Transactions

In addition to the above land transactions, Administration negotiated the fit up and lease of vacant space in 39 – 23rd Street E and 145 – 1st Avenue N during the 2023 calendar year. Details of the specific tenant leases can be found in Appendix 1. The negotiated rents represent market transaction considering site specific factors such as unit size, unit condition and other limiting terms of the agreements such as the two-year termination clause.

DISCUSSION/ANALYSIS

The open market sales approach has allowed the Administration to consider market offers on parcels and realize sales at values reflective of current market conditions.

To ensure market value is received on sales, the Administration looks at comparable sales across the city before bringing a recommendation forward to the Chief Financial Officer.

Use of the open market (standard terms) sales approach has resulted in providing the following benefits:

- More flexibility to realize sales in a slower market;
- The ability to weigh unique locational characteristics in final agreed pricing that may not have been accurately reflected in the original list price;
- Offered potential purchasers the ability to make offers at prices they feel are reflective of the current market value; and
- Additional market valuation data and the ability to receive market intelligence with more interaction with local builders and investors.

FINANCIAL IMPLICATIONS

Proceeds from the sale of these lands have been deposited into the Neighbourhood Land Development Fund and the net proceeds from the lease payments have been deposited into the Property Realized Reserve.

OTHER IMPLICATIONS

There are no privacy, legal, social, or environmental implications identified.

NEXT STEPS

Additional information on Saskatoon Land sales and financial outcomes will be reported in the 2023 Annual Report this summer.

APPENDICES

1. 2023 Open Market Sales & Lease Listing

REPORT APPROVAL

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