

NO: **R186**

COUNCIL DATE: **October 7, 2019**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **September 18, 2019**

FROM: **Acting General Manager, Engineering**

FILE: **2480-01**

SUBJECT: **Sale of Property in Campbell Heights North Industrial Business Park
19070 – 39 Avenue (Phase 5)**

RECOMMENDATION

The Engineering Department recommends that Council:

1. Approve the sale of the property at 19070 – 39 Avenue (PID No. 030-178-983), in accordance with the terms and conditions generally outlined in this report as illustrated on the attached Appendix “I”; and
2. Authorize the City Clerk to forward a copy of this report and the related Council resolution to the Surrey City Development Corporation.

INTENT

The purpose of this report is to seek approval from Council for the disposition by Surrey City Development Corporation (“SCDC”) of the parcel located at 19070 – 39 Avenue (the “Property”).

BACKGROUND

The phased purchase of the Campbell Heights North (“CHN”) industrial business park lands by the City from the Province occurred over a five-year duration between 2010 and 2015 and is the result of collaboration, which began in 2008, between the Province and the City mutually intended to enhance the livability and sustainability of the City by creating an industrial hub with a significant parkland component. CHN is comprised of five phases with an original size of approximately 305 acres, which includes 61 acres of parkland, as illustrated in the attached Appendix “II”.

Phase 5, as illustrated on the attached Appendix “I”, is located within CHN, and the Property is one of 11 subdivided lots located on the west side of 192 Street between 38 Avenue and 40 Avenue. The 11 lots created from Phase 5 range in size from 1.38 acres to 7.01 acres, for a total of 34.78 net acres. Phases 1 to 4 of CHN, as illustrated in the attached Appendix “II”, are sold out.

Similar to Phases 1 to 4, Phase 5 was purchased by the City as one large parcel from the Province, which was subsequently subdivided by SCDC into 11 lots. Of the 11 lots in Phase 5, nine have been sold, one is the subject of this report, and one is being retained by SCDC for future build-to-suit or leasing opportunities.

All five Phases of CHN comprise 60 industrial lots and two park lots. The two park lots have a combined area of 61 acres. The park lots also integrate with the adjacent 142-acre portion of the Tree Seed Centre site, which the City acquired in 2018, as illustrated in the attached Appendix “II”.

DISCUSSION

Market Overview

Surrey is the second largest industrial market in Metro Vancouver, with approximately 35.7 million square feet of industrial space and representing 15% of the total Metro Vancouver inventory. Richmond represents the largest industrial market with approximately 44.2 million square feet, and Burnaby represents the third largest industrial market with approximately 34.7 million square feet of industrial space. Among Surrey’s nine business parks, Campbell Heights is the largest and one of the newest.

The demand for the industrial real estate market continues to remain strong, despite waning demand in the residential real estate market. The vacancy rate for the City’s industrial market currently sits at 1.4%.

Reason for the Disposition

SCDC determined that this site was impractical to develop as a revenue property and is proposing to sell the property and reinvest the proceeds into other projects. The disposition of the Property will assist with the continued business growth and building construction activity within the CHN industrial business park. The proposed purchaser operates a construction company primarily dealing in industrial product and has specialized in warehouse construction, tenant improvements and renovations for 19 years. The proposed purchaser has agreed to keep the City’s Economic Development team apprised of their plans to facilitate opportunities to introduce any appropriate business leads they may have.

Contract of Purchase and Sale

A Purchase and Sale Agreement (“PSA”) has been negotiated between SCDC and the proposed purchaser of the Property. The PSA is supported by an appraisal that was completed by an independent appraiser and reviewed by a staff appraiser. The PSA is subject to City Council approval. Sale completion will take place upon registration of transfer documentation in the Land Title Office.

SUSTAINABILITY CONSIDERATIONS

The development of CHN supports the objectives of the City’s Sustainability Charter 2.0. In particular, this property disposition relates to the Sustainability Charter 2.0 themes of Economic Prosperity and Livelihoods, and Ecosystems. Specifically, this property disposition supports the following Desired Outcomes (“DO”) and Strategic Directions (“SD”):

- Economy DO4: Surrey's economy is diversified with a mix of service, industrial, agricultural and innovation-based businesses;
- Economy DO5: Locally owned companies are thriving, creating a robust local economy and retaining wealth and jobs in the community;
- Economy DO8: The City's strong revenue base includes a balance of commercial and residential property taxes;

- Economy SD5: Ensure infrastructure is in place to support businesses as neighbourhoods develop;
- Economy SD6: Facilitate connections between businesses to support sourcing of local services, expertise and products;
- Natural Areas, Biodiversity and Urban Forest DO2: Surrey actively protects, enhances and restores its natural environment; and
- Natural Areas, Biodiversity and Urban Forest SD4: Develop, apply, monitor and enforce standards and strategies to minimize the impacts of development on the natural environment, ecosystem, and urban forest.

CONCLUSION

As the City is the sole shareholder of SCDC, there is a requirement that SCDC obtain the City's approval to facilitate certain transactions, such as the one that is the subject of this report. The SCDC Board of Directors, at its meeting on June 18, 2019, approved the sale of the Property subject to the further condition of receiving City Council approval. Therefore, it is recommended that Council approve the sale of this Property and forward the Council resolution related to this sale to SCDC.

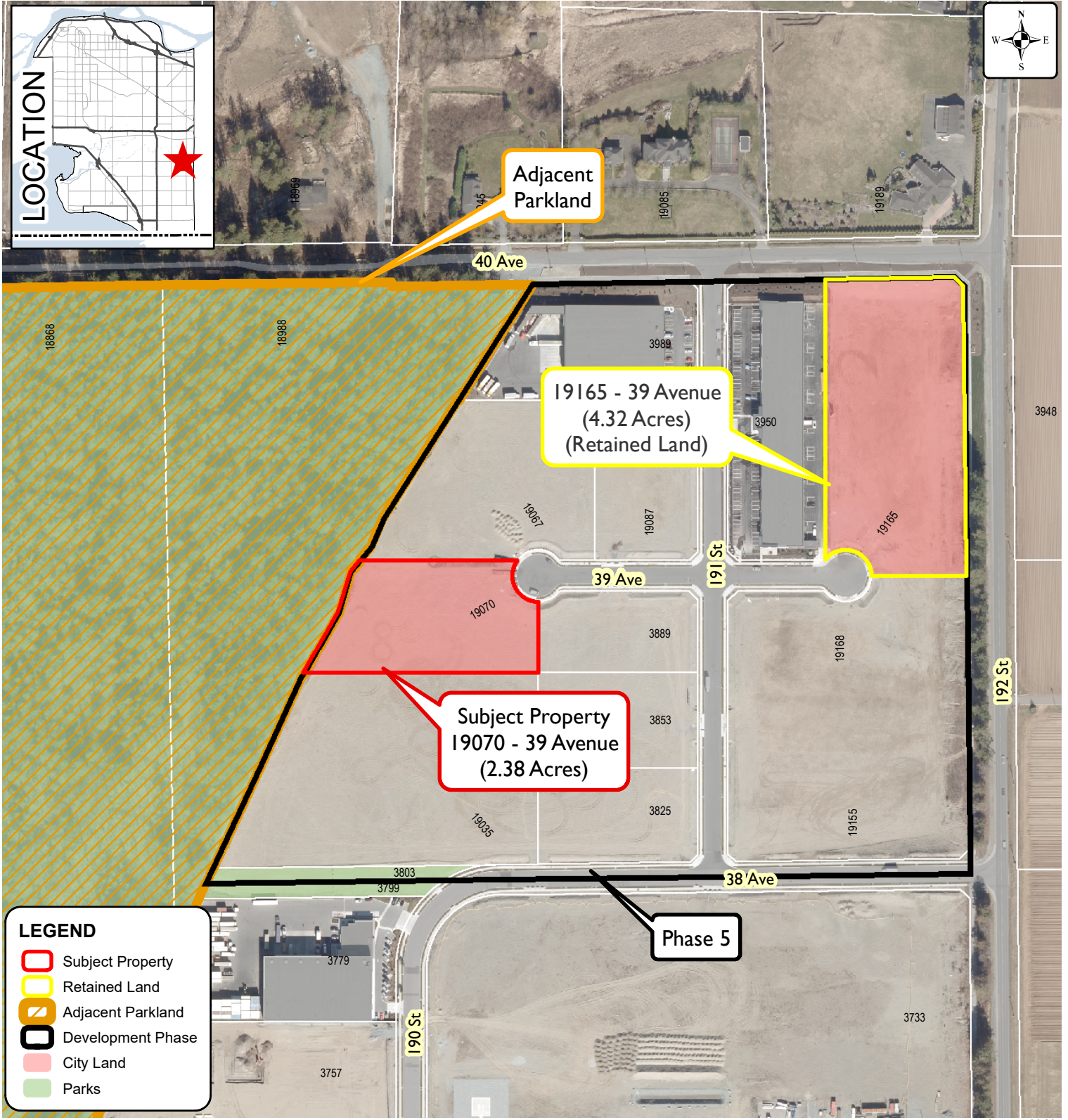
Scott Neuman, P.Eng.
Acting General Manager, Engineering

NR/amg/cc

Appendix "I" – Subject Property

Appendix "II" – Campbell Heights North Industrial Business Park

AERIAL PHOTOGRAPH OF SITE APPENDIX "I"



Produced by GIS Section: 26-Sep-2019, JJR

Date of Aerial Photograph: March 2019

Scale: 1:3,500 0 30 M

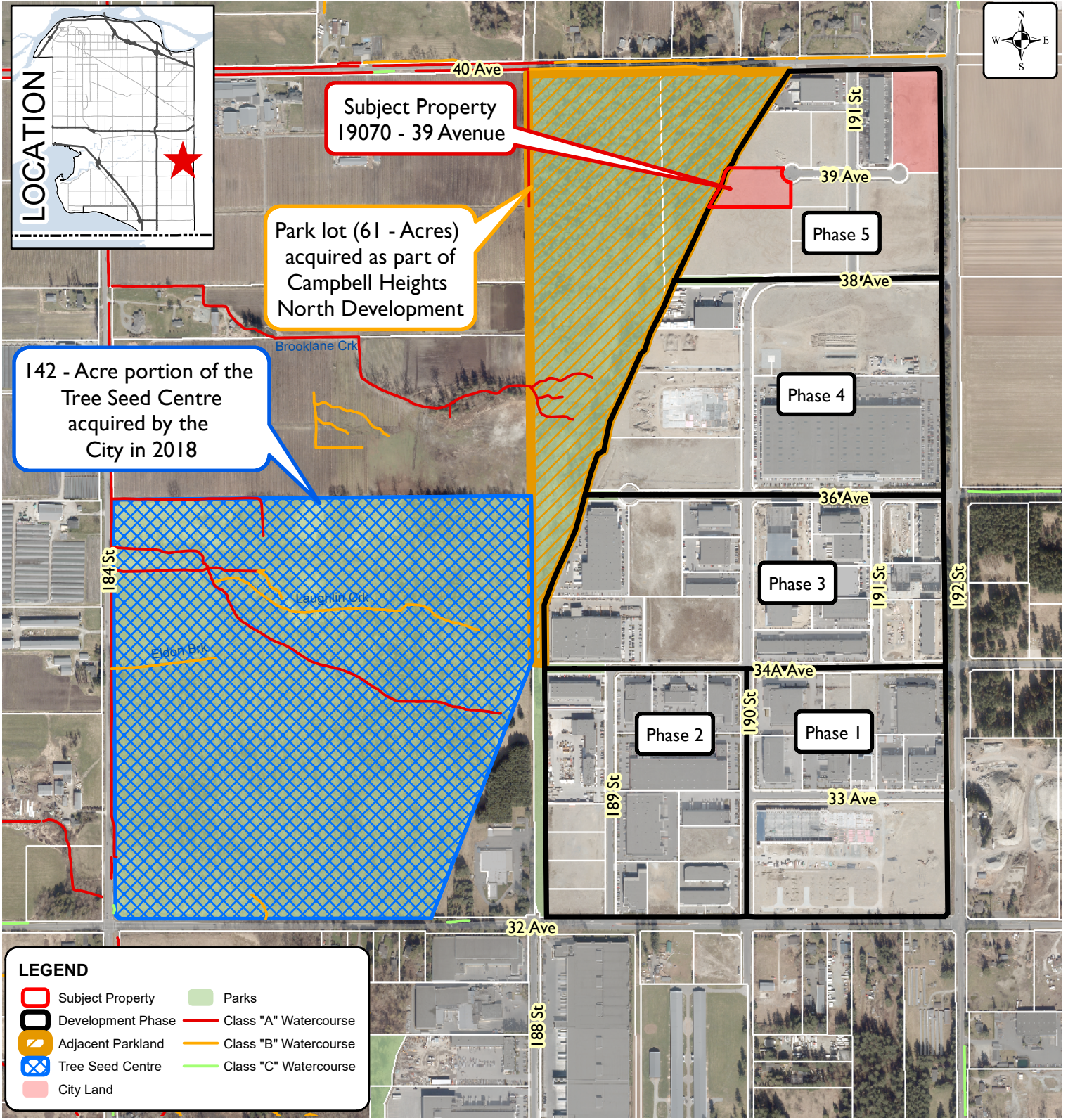


SUBJECT PROPERTY 19070 - 39 Avenue

ENGINEERING
DEPARTMENT

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey. This information is provided for information and convenience purposes only. Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.

AERIAL PHOTOGRAPH OF SITE APPENDIX "II"



Produced by GIS Section: 26-Sep-2019, JJR

Date of Aerial Photograph: March 2019

Scale: 1:10,000

0 90 M



Campbell Heights

ENGINEERING
DEPARTMENT

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey. This information is provided for information and convenience purposes only. Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.

Source: G:\MAPPING\GIS\Maps\CorporateReps\Realty\JJR-CW_19070-39Ave_APIII.mxd