

DECISION ITEM – Item #4
Land Acquisition – December 19, 2013

Recommended Motion:

That the Global Transportation Hub acquire the property described below to support the development of the interchange to access the Global Transportation Hub (GTH) with surplus lands being retained by the GTH for further development. The price of acquisition shall be \$103,000 per acre for a total cost of approximately \$21,038,780.

NW 20-17-20 W2 totaling approximately 116.86 acres, and

SW 20-17-20 W@ totaling approximately 87.40 acres

The Ministry of Highways estimates they require 78 acres of the proposed property for the interchange. The remainder could be utilized by the GTH.

(See attached map appendix one)

Rationale

The above mentioned properties exist between the GTH and Pinkie Road and are necessary to allow the development of the interchange allowing access to the GTH from Pinkie Road.

A full interchange at Pinkie Road has been a key element of the value proposition for the GTH from its inception. Unfortunately these lands were not acquired during the initial land assembly. Ongoing communications with tenants and prospective tenants of the GTH have always included the commitment of government that the interchange would be built.

Acquisition of these lands at this time will ensure that planning for the interchange can be completed and an orderly timeline for construction can be accommodated.

Considerations

17(1)(a)(b)(i)

Determining appropriate value has been a challenge in the current environment. Price increases and limited availability have been overriding characteristics of the Regina industrial lands market for the past few years.

The recent sales of industrial properties developed and serviced by the city of Regina resulted in swift sale and an average price of \$425,000 per acre.

As a result of these sales, direction was provided at the most recent GTH Board of Directors meeting to revise the Hub's pricing policy to ensure fair value is being obtained through sales. This will likely result in higher asking costs for serviced property at the GTH.

The lands in question are the last industrial zoned lands within the Regina city limits.

17(1)(a)(b)(i)

The Ministry of Highways has typically used the Direct Comparison approach. An appraisal done in October 2013, by "Canadian Resource Valuation Group Inc.", estimated the value for the northern property at \$65,000 per acre and the southern property at \$51,000 per acre. Total estimated value \$12,055,000.

A Cash Flow-Subdivision Development Analysis, done in February 2013 by 29(1), 18(1)(d)(h), 19(1)(b)(c)(i)(ii) placed the value of the land at \$129,556 per acre. Total estimated value \$26,463,100.

Actual closing costs for the above mentioned lands at February 26, 2013 were \$10,001,360 for the NW property consisting of 116.86 acres. With a cost of capital per diem of 17(1)(a), 18(1)(b) from

February 26, 2013, and assuming a closing date of February 1, 2013 we have 339 days totaling 17(1)(a), 18(1)(b) and a total land cost of 17(1)(a), 18(1)(b)/acre).

The SW property consisting of 87.40 acres had a closing cost of \$6,396,670. With a cost of capital per diem of 17(1)(a), 18(1)(b) from February 26, 2013, and assuming a closing date of February 1, 2013 we have 339 days totaling 17(1)(a), 18(1)(b) and a total land cost of 17(1)(a), 18(1)(b)/acre).

Total purchase cost of \$17,159.10/204.26 acres is \$84,008.26/acre.

Summary:

Appraisal A Approximately \$60,000 per acre total price \$12,055,000

Appraisal B Approximately \$129,556 per acre total value \$26,463,100.

Actual Purchase February 2013 Approximately \$84,000 per acre total value \$17,159.10

17(1)(a)

Implementation Plan

Following approval the an offer to purchase for the land as outlined above with a proposed closing date of February 1, 2014 would be completed.

Announcement Plan

It is proposed that a routine announcement strategy be used consistent with the Ministry of Highways routine land acquisition policies.

Diligence

Two appraisals were considered, see attached as well as the actual purchase price from February 2013.

Appendix One

MAP 2.3: POTENTIAL LONG TERM GROWTH AREAS

