

Mixed Use Model Executive Summary

Appraisal Cycle Date – January 1, 2021 to December 31, 2024

Effective Date of Valuation – January 1, 2019

Date of Report – November 1, 2021

Commercial Gross Rent Model

Description	\$/PSF
Base Rent	31.56
Adjustments to Base Rent	
Study Area 4450	4.58
Effective Age 2019 to 1990, per year (Age x Condition)	-0.53
Basement Adjustment	-8.06
Unheated Warehouse Adjustment	-40%

Residential Apartments/Suites Gross Rent Model

Description	\$/Suite
Base Rent (One Bedroom Suite)	889
Adjustments to Base Rent	
Two Bedroom Suite	91
Three or More Bedroom Suite	529
Bachelor Suite	-133
Study Area 4510, 4540	-112
Study Area 4520	-121
Effective Age per year (Age x Condition)	-1.62

Vacancy

Commercial Component	9.09%
Multi-Residential Component	20.38%

Effective Gross Income Multiplier (EGIM)

Description	EGIM
Base EGIM	15.959
Adjustments to EGIM	
Study Area 4470	-2.710
Study Area 5204	-2.710
Study Area 5205	-2.710
Study Area 5207	-2.710
Effective Age (per year up to 70 years)	-0.083

Assessment to Sale Ratio Summary Results

Number of Sales	16
Median Assessment to Sale Price Ratio (ASR)	1.007
Coefficient of Dispersion (COD)	12.6%

IDENTIFICATION of MODEL

The Mixed-Use model is a model that values a wide range of income producing properties reflecting a mixture of commercial, industrial, and residential uses. Generally described, these properties are typically located in commercial or industrial areas with a significant commercial component present.

The income approach, sometimes referred to as the rental income approach, values a property based on the present worth of anticipated income. Estimating the value of an income-producing mixed-use property for assessment purposes is done by using the Effective Gross Income Multiplier (EGIM) method of capitalization. An EGIM expresses the relationship between a property's value and its income before expenses. The effective gross income (EGI) is calculated using the potential gross income of the property (i.e. the rents), minus an allowance for vacancy. The sale price of a property that has sold, divided by the property's EGI, will determine an EGIM.

$$\text{EGIM} = \text{Sale Price} / \text{EGI}$$

Once the multipliers have been determined, they are applied to mixed-use properties to estimate value.

$$\text{Value} = \text{Income (EGI)} \times \text{Rate (EGIM)}$$

IDENTIFICATION of MODEL AREA

The Mixed-Use model is applied city-wide. There are several distinct commercial neighbourhoods located within the City of Regina municipal boundaries, each with varying types and ages of mixed-use buildings, land sizes and locational characteristics. These neighbourhoods are defined on the enclosed map and are individually described below.

Neighbourhood 4410

Neighbourhood 4410 comprises the major arterial route locations in the main commercial retail areas, including Albert Street South (25th Avenue to Gordon Road) and North (4th Avenue north to the Ring Road), Victoria Avenue East (Ring Road and eastward) and Quance Street, Rochdale Avenue (east portion from McCarthy Boulevard east to Vanstone Street), and the Grasslands retail area in southwest Regina. These commercial districts are predominantly zoned ML(Mixed Low-Rise), MH (Mixed High-Rise) and MLM(Mixed Large Market) and generally feature a variety of site sizes with good to high visibility, on-site parking, the majority of buildings constructed from the 1970s to the present (average 1988), and a broad variety of commercial activities including office, retail, restaurant, retail service, automotive, and professional services.

Neighbourhood 4420

Neighbourhood 4420 is similar to Neighbourhood 4410 but comprises the more established locations on the major arterial routes, including the central portion of Albert Street between the CP tracks and 4th Avenue, Victoria Avenue between Osler Street and the Ring Road, 11th Avenue between Osler Street and Arcola Avenue, Saskatchewan Drive from Osler Street to Arcola Avenue, Arcola Avenue from Winnipeg Street to Victoria Avenue, Dewdney Avenue from Lewvan Drive to Princess Street, Park Street from Victoria Avenue to the CP tracks, Rochdale Avenue from McIntosh Street west to the CP tracks, Broad Street from the CP tracks to 4th Avenue and the CN tracks to 6th Avenue North, and the Normanview Shopping Centre area at McCarthy Boulevard and 9th Avenue North. These commercial districts are predominantly zoned ML(Mixed Low-Rise), MH (Mixed High-Rise) and MLM(Mixed Large Market) and generally feature a variety of site sizes with moderate to good visibility, a mixture of off-site and on-site parking, the majority of buildings constructed from the late 1950s through the 1980s (average 1968), and a broad variety of commercial activities including office, retail, restaurant, retail service, automotive, and professional services.

Neighbourhood 4430

Neighbourhood 4430 is a small area situated along Eastgate Drive and Prince of Wales Drive in East Regina. This area is zoned ML(Mixed Low-Rise), MH(Mixed High-Rise) and MLM(Mixed Large Market) and generally features small to medium site sizes with good to high visibility, on-site parking, all buildings constructed since 1985 with the vast majority constructed from 2000 onward, and commercial activities catering, for the most part, to the travelling public including motels, restaurants and a truck stop facility.

Neighbourhood 4450

Neighbourhood 4450 comprises all non-arterial route locations in south Regina from the CP tracks southward. These commercial districts are scattered throughout the residential areas and are predominantly zoned ML(Mixed Low-Rise), MH (Mixed High-Rise) and MLM(Mixed Large Market). These commercial districts generally serve the local communities in which they are situated and include the Cathedral shopping area, the Hill Street commercial area, Pasqua Street South (Regina Avenue south to Gordon Road), and commercial developments around University Park Drive and Prince of Wales Drive (Quance Street south to Assiniboine Avenue), among others. These areas generally feature a variety of site sizes with moderate visibility, a mixture of off-site and on-site parking, buildings constructed from the early 1900s to the present with the majority of buildings constructed from the 1950s through the 1980s (average 1970), and a broad variety of commercial activities including office, retail, restaurant, retail service, automotive, and professional services.

Neighbourhood 4460

Neighbourhood 4460 is similar to Neighbourhood 4450 but encompasses all non-arterial route locations in north Regina from the CP tracks northward. As in Neighbourhood 4450, these commercial districts are scattered throughout the residential areas and are predominantly zoned

M(Mixed Low-Rise), MH (Mixed High-Rise) and MLM(Mixed Large Market). These commercial districts generally serve the local communities in which they are situated and include the Regent Park, Rosemont and Glencairn shopping areas, among others. These areas generally feature a variety of site sizes with moderate visibility, a mixture of off-site and on-site parking, buildings constructed from the early 1900s to the present with the majority constructed from the 1960s through the 1980s (average 1976), and a broad variety of commercial activities including office, retail, restaurant, retail service, automotive, and professional services.

Neighbourhood 4470

Neighbourhood 4470 comprises commercial districts located in the central neighbourhoods of Windsor Place and Washington Park (northwest of the downtown core bordered by Lewvan Drive to the west, CN tracks to the north, Albert Street to the east and the CP tracks to the south), and the General Hospital area and Broder's Annex (southeast of the downtown core bordered by Osler Street to the west, Saskatchewan Drive to the north, Arcola Drive to the east and College Avenue to the south). These commercial districts are predominantly zoned ML(Mixed Low-Rise) and MH(Mixed-High-Rise) and generally feature small site sizes, minimal visibility, a mixture of off-site and on-site parking, buildings constructed from the early 1900s to the present with the majority constructed in the 1920s, 1950s, 1960s and 1980s (average 1958), and a broad variety of commercial activities generally serving the local communities in which they are situated, including office, retail, restaurant, retail service, automotive, and professional services.

Neighbourhoods 4510, 4520 and 4540

Neighbourhoods 4510, 4520 and 4540 comprise what is generally recognized as the downtown area of Regina. Neighbourhood 4520 is the downtown core area, 4510 is the commercial heart of 4520 featuring the Cornwall Centre and the core's high-rise office buildings, and 4540 is the Centre Square neighbourhood (formerly known as the Transitional Area) that borders the south side of the downtown core.

Neighbourhood 4510 is roughly bordered by Saskatchewan Drive to the north, 12th Avenue to the south, Lorne Street to the west and Rose Street to the east. This small area is almost entirely zoned DCD-D (Downtown) and features the majority of the city's high-rise office buildings, the Cornwall Centre Shopping Centre, and the Frederick Hill Mall with its mixture of pedestrian-oriented retail, service and restaurant uses in turn-of-the-century buildings. This area is characterized by small to medium sites with off-site parking and buildings constructed from the early 1900s to the 1990s, with the majority of buildings constructed in the early 1900s and the 1990s (average 1951). Two new high-rise office towers were constructed in 2011 and 2015.

Neighbourhood 4520 surrounds Neighbourhood 4510 and is roughly bordered by Saskatchewan Drive to the north, 13th Avenue to the south, Angus Street to the west and Osler Street to the east. This area is also predominantly zoned DCD-D (Downtown) and features high-rise office buildings, City Hall and the Main Library, and a mixture of single storey to low multi-storey retail, office, restaurant, service and institutional uses. This area is characterized by small to medium sites mostly with off-site parking and buildings constructed from the early 1900s to the present, with

the majority of buildings constructed in the early 1900s, 1920s and the 1950s through the 1980s (average 1957).

Neighbourhood 4540 abuts Neighbourhood 4520 along its south border and is roughly bordered by 13th Avenue to the north, College Avenue to the south, Albert Street to the west and Broad Street to the east. This area is predominantly zoned DCD-CS (Centre Square) and features an older residential area in transition to house-form uses including offices, retail and restaurants. This area is characterized by small to medium sites mostly with off-site parking and buildings constructed from the early 1900s to the present, with the majority of buildings constructed in the early 1900s and the 1950s through the 1980s (average 1954).

Neighbourhood 5203

Neighbourhood 5203 is known as the Ross Industrial Park and is the largest industrial area in the city. This area encompasses the City's northeast corner and is roughly bordered by Winnipeg Street to the west, the CN tracks to the southwest, CP tracks to the southeast, the eastern municipal boundary of the city to the east and the northern municipal boundary of the city to the north. This area is predominantly zoned IL (Industrial Light) and IH (Industrial Heavy).

This neighbourhood comprises a broad range of property sizes, types and uses from light to heavy industrial. Property uses include small workshops to large manufacturing operations, chemical processing, mega warehousing (>200,000 square foot buildings), industrial, office, retail and restaurant uses necessary to service the area.

The majority (52 per cent) of the buildings situated in this neighbourhood were constructed in the 1970s and 1980s with a further 29 per cent being constructed since 2000. The average year built for buildings in this neighbourhood is 1982. Buildings range in size from approximately 110 square feet to 395,000 square feet with an average size of 25,500 square feet.

Improved lot sizes range from approximately 6,000 square feet to 337 acres with an average lot size of eight acres.

Neighbourhood 5204

Neighbourhood 5204 is located immediately adjacent to the southwest corner of the Ross Industrial Park and encompasses all industrial zoned properties that are located along its west, south and eastern borders. Specifically along the east side of Winnipeg Street (west border), between the CP tracks and 7th Avenue (south border), and along the west side of McDonald Street (east border). These properties are primarily zoned IL (Industrial Light) and IH (Industrial Heavy).

Seventy-one (71) per cent of the buildings in this neighbourhood are small industrial buildings which were constructed in the 1950s through 1980s reflecting an average year built of 1969. Buildings in this neighbourhood range in size from approximately 222 square feet to 28,000 square feet with an average size of 4,750 square feet.

Improved lot sizes range from approximately 3,100 square feet to 1.83 acres. The average lot size in this neighbourhood is 12,500 square feet.

Neighbourhood 5205

Neighbourhood 5205 is located in central Regina just north of the downtown core. This area is referred to as the Old Warehouse District and is bordered on its south side by the CP tracks abutting the north side of Saskatchewan Drive, 4th Avenue to the north, Albert Street to the west and Winnipeg Street to the east. This area is somewhat transitional in nature with many properties being used for a mix of general commercial uses including retail, office, nightclubs and residential condominiums.

The majority of the properties in this neighbourhood are zoned IL (Industrial Light) and IH (Industrial Heavy) and feature, for the most part, small light industrial properties with buildings constructed from the 1910s to 2016 with the majority (64%) being built in the 1950s through the 1980s, reflecting an overall average year built of 1960. The area along Dewdney Avenue abutting the CP rail yards (between Albert and Broad Streets) features larger mill style warehouses constructed in the early 1900s. This section is zoned DCD-WH which, is a zoning designation that is intended to preserve the character of these buildings, many of which are now used for restaurant, nightclub, office and residential uses.

Buildings range in size from approximately 150 square feet to 333,000 square feet with an average size of 18,500 square feet. Improved lot sizes range from approximately 2,200 square feet to 22.50 acres with an average lot size of 45,950 square feet.

Neighbourhood 5207

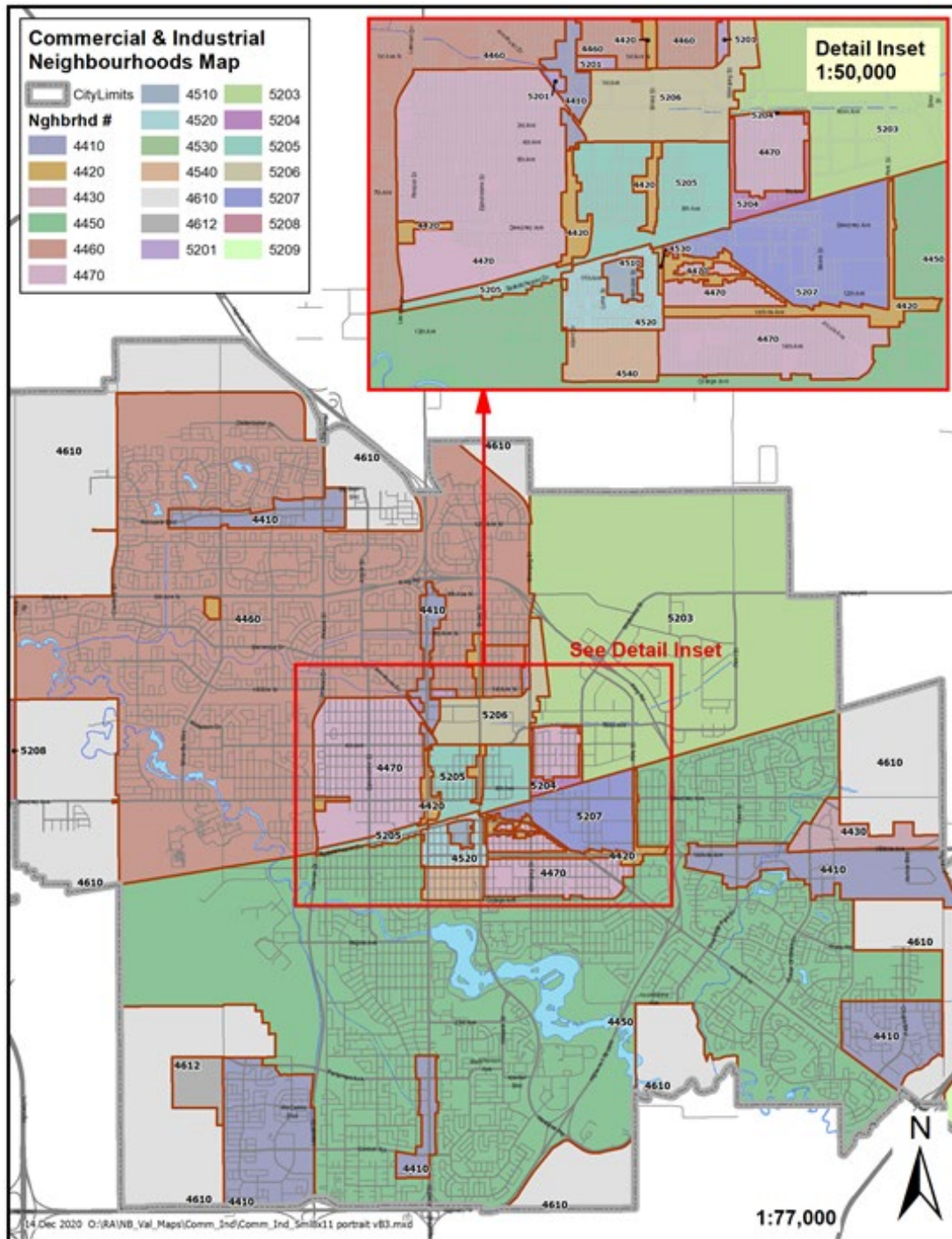
Neighbourhood 5207 is known as Tuxedo Park and is located in East Central Regina immediately south of Neighbourhoods 5204 and 5205 and the most southerly portion of Neighbourhood 5203. This area is roughly bordered by Broad Street to the west, Park Street to the east, the CP tracks to the north and 10th Avenue, Arcola Avenue and Victoria Street to the south.

This neighbourhood is predominantly zoned IL (Industrial Light), with only two IH (Industrial Heavy) sites. There is a mixture of small, medium and large property sizes featuring a mixture of industrial and general commercial uses, including retail and office uses. Although there has been steady construction in this neighbourhood from the 1950s to present day, the majority of the buildings (61%) were constructed in the 1960s, 1970s and 1980s, reflecting an overall average year built for this neighbourhood of 1977.

Buildings range in size from approximately 150 square feet to 170,000 square feet with an average size of 16,100 square feet.

Improved lot sizes range from approximately 1,900 square feet to 12.30 acres. The average lot size in this neighbourhood is 1.47 acres.

MAP



SCOPE of DATA and ANALYSIS

2021 is a revaluation year meaning all properties within Regina are valued as of January 1, 2019. Prior to 2019, the City Assessor requested copies of 2016, 2017, 2018 and 2019 rent rolls for all non-residential properties to develop a Mass Appraisal Net Rent Model.

A total of 182 mixed-use gross rents were analyzed using multiple regression analysis. The rent model is an additive model that predicts rents based on the type of unit and other factors such as the effective age of the building, location of the building and location of the unit within the building.

Mixed-Use Commercial Rental Summary Results

Strata	N	Mean	Median	Minimum	Maximum
Overall	61	17.57	17.33	7.00	36.23
Study Area 4410, 4420	14	18.07	15.62	7.20	35.80
Study Area 4450	10	21.51	20.66	8.18	30.54
Study Area 4460	9	17.53	15.43	10.00	28.26
Study Area 4470, 5204, 5205	10	15.04	14.66	7.00	36.23
Study Area 4510	2	13.61	13.61		
Study Area 4520	8	15.18	17.27	7.30	19.50
Study Area 4540	8	18.35	19.25	7.50	24.71
Main & Upper Floor	57	17.47	16.03	7.00	36.23
Basement Floor	4	19.01	18.55		

Mixed-Use Multi-Residential Rental Summary Results

Strata	N	Mean	Median	Minimum	Maximum
Overall	121	791.02	800.00	400.00	1600.00
Bachelor	23	565.43	550.00	400.00	820.00
One Bedroom	57	766.39	800.00	459.00	950.00
Two Bedroom	37	910.14	900.00	600.00	1300.00
Three Plus Bedroom	4	1337.50	1275.00		
Study Area 4420	50	818.68	850.00	459.00	1050.00
Study Area 4450	16	870.31	900.00	400.00	1300.00
Study Area 4460	11	933.18	800.00	750.00	1300.00
Study Area 4470, 5203, 5204	17	877.06	845.00	585.00	1600.00
Study Area 4510, 4540	15	646.67	650.00	550.00	850.00
Study Area 4520	12	498.33	450.00	450.00	730.00

Rental Models

Commercial Gross Rent Model

Description	\$/PSF
Base Rent	31.56
Adjustments to Base Rent	
Study Area 4450	4.58
Effective Age 2019 to 1990, per year (Age x Condition)	-0.53
Basement Adjustment	-8.06
Unheated Warehouse Adjustment	-40%

Residential Apartments/Suites Gross Rent Model

Description	\$/Suite
Base Rent	889
Adjustments to Base Rent	
Two Bedroom Suite	91
Three or More Bedroom Suite	529
Bachelor Suite	-133
Study Area 4510, 4540	-112
Study Area 4520	-121
Effective Age per year (Age x Condition)	-1.62

Vacancy

The typical 2019 vacancy was estimated from the returned rent rolls and indicated an adjustment of 9.09 per cent for the commercial component and 20.38 per cent for the multi-residential component.

Effective Gross Income Multiplier and Adjustments

The Gross Income Multiplier was estimated by dividing the predicted 2019 effective gross operating income (generated from the rent model) by adjusted sale prices. Sales used in this analysis occurred between January 1, 2013 and December 31, 2018. These sales were verified by mailing questionnaires to both vendors and purchasers. Sales were adjusted for non-realty items and other factors when warranted. Sales are also adjusted to the base date of January 1, 2019 when required. The indicated time adjustment was nil.

The reconciliation process for the resulting income multipliers involved reviewing multiple regression analysis results and reviewing results based on actual reported incomes.

The effective gross income multiplier analysis involved 16 sales, detailed in the following table.

Account	Address	Sale Month	Sale Year	Sale Price	Potential Effective Gross Income	Effective Gross Income Multiplier
10065785	401 VICTORIA AVENUE	10	2018	600,000	46,400	12.93
10065684	1000 MCDONALD STREET	2	2017	475,000	45,400	10.46
10065642	375 BROAD STREET	4	2015	620,000	48,100	11.44
10065643	800 HORACE STREET	4	2013	347,000	28,600	12.13
10065643	800 HORACE STREET	8	2014	342,000	28,800	11.88
10065636	211 EDWARD STREET	7	2015	606,684	42,300	14.34
10065733	917 11TH AVENUE	11	2014	410,000	34,400	11.92
10065727	828 VICTORIA AVENUE	11	2018	220,000	17,900	12.29
10065653	5512 7TH AVENUE	8	2016	400,000	39,400	10.15
10065681	436 DEWDNEY AVENUE	8	2013	290,000	32,600	8.90
10065656	4908 DEWDNEY AVENUE	10	2013	957,500	96,800	9.89
10065746	2118 ROBINSON STREET	3	2014	975,000	89,000	10.96
10065722	1775 TORONTO STREET	1	2015	650,000	67,100	9.64
10065674	2806 DEWDNEY AVENUE	9	2017	230,000	35,900	6.41
10065711	1303 11TH AVENUE	8	2017	560,000	64,200	8.72
10065734	900 11TH AVENUE	10	2016	675,000	82,600	8.17

The reconciliation process for determining economic gross income multiplier strata primarily involved multiple regression analysis, supported by a consultation process with individuals active in the Regina real estate market. Recognized published gross income multiplier data were also reviewed. The economic gross income multipliers are as follow:

Description	EGIM
Base EGIM	15.959
Adjustments to EGIM	
Study Area 4470	-2.710
Study Area 5204	-2.710
Study Area 5205	-2.710
Study Area 5207	-2.710
Effective Age (per year up to 70 years)	-0.083

Variables Requiring Explanation

Effective Age

This variable accounts for building depreciation. The effective year built is subtracted from the base year of 2019 which results in an effective age. In the case where effective age is multiplied by the condition rating, use the chart below to assign the appropriate condition rating to the property.

Condition Rating

The condition of buildings and structures is determined taking into consideration the remaining economic life of both short-lived and long-lived items. Those rating are presented below.

Condition Rating Chart

Poor	1.3
Below Average	1.15
Average	1.0
Above Average	0.9
Good	0.8
Very Good	0.7
Superior	0.6
Excellent	0.5

Unheated Warehouse Adjustment

An unheated warehouse is one in which there is no mechanical systems in place to either heat or cool the building. A -40% adjustment is applied to the final commercial rental rate.

MODEL TESTING

In mass appraisal, the most effective means of evaluating the accuracy of appraisals is a ratio study. A ratio study compares the appraised values produced by the valuation models to sale transactions in the marketplace.

The legislated statistical requirement affecting the assessment of commercial properties in Saskatchewan is for the median ratio of a city-wide assessment-to-sale ratio study to be within the range of 0.95 to 1.05.

The primary measure of appraisal uniformity in ratio studies is the Coefficient of Dispersion (COD). Low CODs tend to be associated with good appraisal uniformity, however, CODs can be impacted by the nature of the jurisdiction, appraised properties, and observed data.

The median assessment-to-sales ratio and Coefficient of Dispersion for this Industrial valuation model is provided below:

Number of Sales	16
Median Assessment to Sale Price Ratio (ASR)	1.007
Coefficient of Dispersion (COD)	12.6%

Additional statistical analysis can be performed, subject to sufficiency of available data, to ensure uniformity among characteristics found throughout the analyzed properties. The most common tools used are the Kruskal-Wallis test and the scatterplot.

The Kruskal-Wallis test examines whether different classifications of a physical characteristic, such as building classification, are assessed at equal percentages of market value. If the distribution of the ratio is the same among the different classifications, the model is assumed to be unbiased. A scatterplot is a graphical analysis used to display the dispersion of an entire array of ASR ratio results for non-categorical, or linear, characteristics such as net leasable area.

Location

Hypothesis Test Summary				
	Null Hypothesis	Test	Sig.	Decision
1	The distribution of ASR is the same across categories of STUDY_AREA.	Independent-Samples Kruskal-Wallis Test	.492	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .050.

Age

