

Project Report

Commercial and Industrial Lot Need Indicators

A compilation of information to accompany results of
Commercial and Industrial Land Needs Survey

March 2022
Dawson City

Prepared by
Klondike Development Organization



Commercial and Industrial Lot Need Indicators

Introduction

Presented here is an overview of available statistical and other information that may provide insights into upcoming demand for additional commercial and industrial land. We explore two factors expected to exert positive influence on the demand for these types of land: changes in the regional economy and population growth. Factors tempering growth include labour shortages and the impacts of the pandemic.

This report notes statistics and economic trend information intended to complement community opinion and need/demand indicators sourced via a February 2022 survey. This report, considered along with the survey data may contribute to a more comprehensive view of Dawson's potential commercial and industrial land development context.

The following may be used as background data to help inform decision making, however this is not a Need and Demand Analysis and in no way intended to forecast Dawson's industrial and commercial real estate demand- a task that would be challenging even following in-depth analysis of macro/micro economic and demographic factors.

Economic Outlook for Yukon

Growth in a region's economy is expected to have a positive influence on commercial and industrial land demand.

Mining and Exploration

Earlier this month (March 2022), the Conference Board of Canada released a report predicting economic growth for Yukon as a whole: *"The outlook for Yukon is strong thanks to rising mineral production in the coming years. Following estimated economic growth of 7.5 per cent in 2021, the economy of Yukon will expand by 7.6 per cent in 2022"*¹

Government of Yukon agrees, stating in their recent Economic Outlook that *"Prices of key metals are forecast to remain elevated in 2022 and continue to be relatively strong over the remainder of the forecast horizon. Prices for gold, silver and copper are all expected to remain*

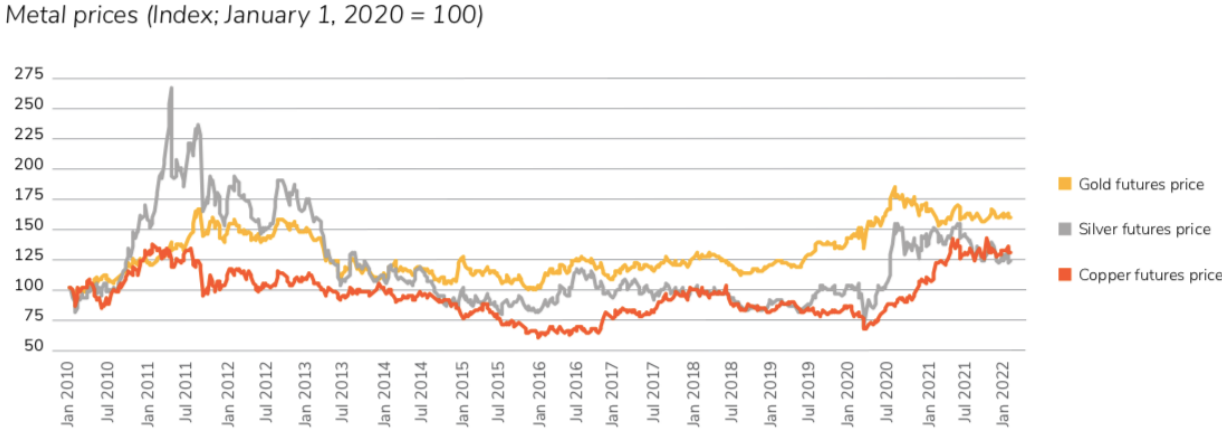
¹ Territorial Outlook (March 24, 2022). The Conference Board of Canada.

above pre- pandemic levels. High prices could spur development of new operations and increased exploration activity.”²

The expectation is that mines such as Eagle Gold, Minto and Keno Hill will increase production. While it is unclear to what extent Dawson City’s local economy may be affected by these large mines, high gold prices bode well for local placer operations, a key part of our economy and a significant factor in industrial land demands.

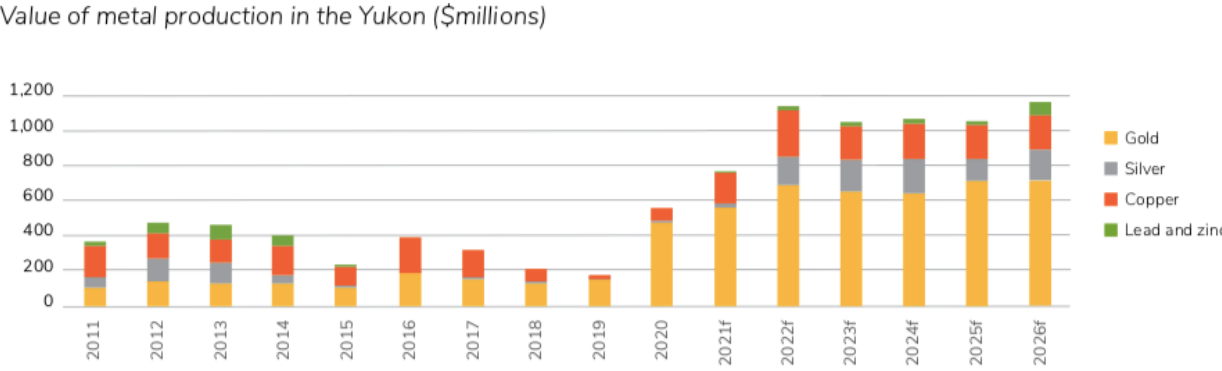
Figures 1 to 3 excerpted from Fiscal and Economic Outlook, Yukon Government, March 2022

Figure 1. Metal Prices



Source: Investing.com, Department of Finance.

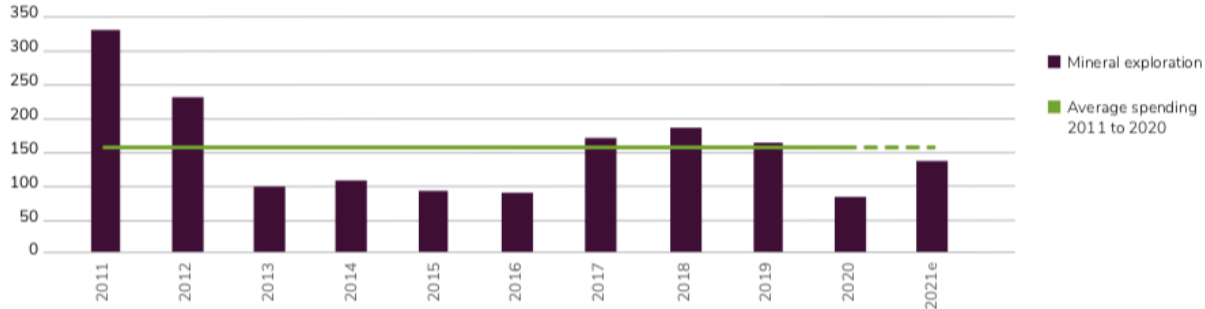
Figure 2. Value of Metal Production



Source: Natural Resources Canada, Department of Finance. f = forecast

² 2022-23 Fiscal and Economic Outlook (March 1, 2022). Government of Yukon

Figure 3. Value of mineral exploration and deposit appraisal (\$millions)



Source: Natural Resources Canada. e = estimate

Tourism

Although it remains to be seen how quickly visitation to the Yukon and specifically to Dawson City will bounce back now that travel and other restrictions related to the COVID-19 pandemic have lifted in Canada, there is optimism around this industry. Local optimism for summer 2022 is driven in part by reports from hotel, campground and tour operator businesses of strong bookings, as well as the return of Holland America cruise line tours and Condor flights direct from Frankfurt to Whitehorse.



The Conference Board of Canada, in its *Yukon Travel Markets Outlook*³, projects that tourism expenditures and visitation in the Yukon will return to 2019 levels in 2024.

One factor that may slow our community’s ability to capitalize on tourism rebounding is the labour shortage that Dawson City (as well as most of Canada) is experiencing. Labour shortages have been and may continue to be exacerbated by waves of COVID-19. As we saw during the past two years, and as recently as the 2022 Thaw-di-Gras celebrations, spreading of illness impacts workers’ ability to fulfill their roles. When businesses are already short-staffed, temporarily losing any number of employees to illness can result in reductions of operating hours and even periods of closure for the business.

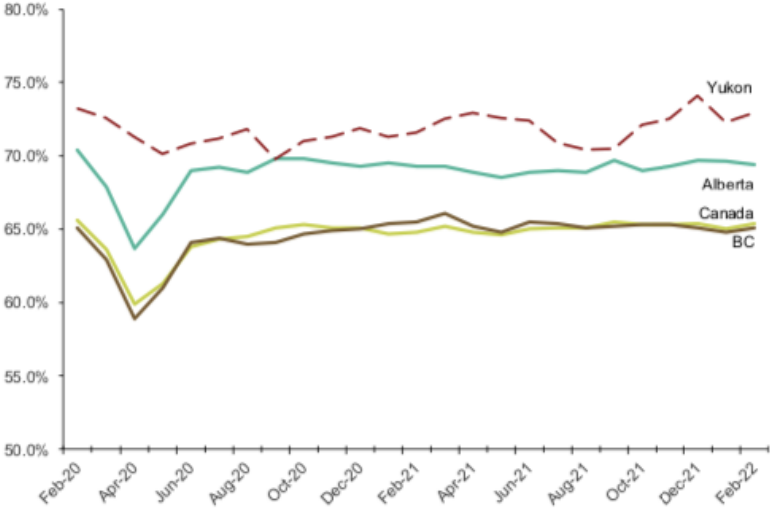
³ *Northern Lights at the End of the Tunnel*. (September 21, 2021). The Conference Board of Canada.

Labour Shortage Slowing Economic Growth

Observing Canada-wide trends, RBC Economics reports that “Labour shortages will continue to intensify, putting a cap on the productive potential of the economy, slowing growth and keeping upward pressure on costs.”⁴ They note this being evident particularly in the industrial and hospitality sectors.

Yukon already has a higher-than-average labour market participation rate (the percentage of the population aged 15 years and over, which is working or actively looking for work). In February 2022, Yukon’s participation rate (72.9%) was the third highest in Canada.⁵

Figure 4. Participation Rate 2020 to 2022: Comparing Yukon to Canada, BC and AB
(YBS, Yukon Employment Report, February 2022)



⁴ Squeeze Play: Higher Wages Alone Won’t Solve Canada’s Labour Shortage Problem, (November 2021). RBC Economics.

⁵ Yukon Employment Report (February 2022). Yukon Bureau of Statistics, Government of Yukon.

Population Trends

The Yukon has been experiencing dramatic growth in recent years alongside a healthy economy. In a February 2022 report, the Yukon Bureau of Statistics (YBS) projected ongoing population growth for the Territory to the year 2040 (Table 1).

Dawson City’s population trends are not identical to that of the Yukon as a whole but are subject to the same general trends influencing growth.

No population projections are available at the community-specific level however Dawson City’s population has shown steady growth over the past decade, from 1928 people in 2011 to 2323 people in 2021 (Figure 5).

Figure 5. Population of Dawson City 2011 - 2021
(YBS, 2020 Statistical Review plus 2021Q3)

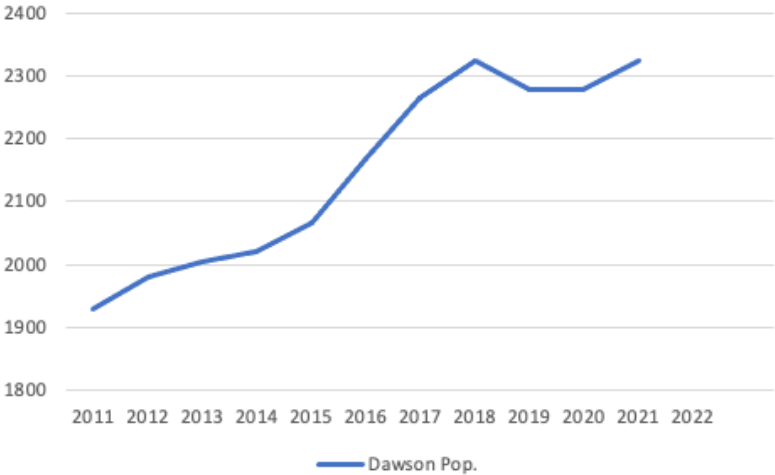


Table 1.
Projected population growth for Yukon Territory (YBS, 2022)

Year	Projection: Preferred Total	Projected Growth Rate
2020	42,198	1.9%
2021	43,118	2.2%
2022f	44,020	2.1%
2023f	44,880	2.0%
2024f	45,620	1.6%
2025f	46,380	1.7%
2026f	47,200	1.8%
2027f	48,090	1.9%
2028f	48,940	1.8%
2029f	49,660	1.5%
2030f	50,380	1.4%
2031f	51,230	1.7%
2032f	52,020	1.5%
2033f	52,700	1.3%
2034f	53,360	1.3%
2035f	54,020	1.2%
2036f	54,660	1.2%
2037f	55,300	1.2%
2038f	55,960	1.2%
2039f	56,610	1.2%
2040f	57,280	1.2%

Although the Yukon Bureau of Statistics and Census Canada utilize different methodologies to determine our population, the growth is corroborated by the most recent Canada Census Data, which tracks Dawson City’s population change between 2016 and 2021 at a rate of 14.7%.

Commercial and Industrial Real Estate Demand

Setting residential real estate aside (despite relevance as a general economic indicator) we specifically sought insights about commercial and industrial property demand in our community. Government of Yukon Property Assessment & Taxation provided data on commercial and industrial real estate transactions for the past three years. No new lots have been available during that time, so the following shows existing commercial or industrial property changing hands (averaging more than 13 transactions per year despite the economic uncertainty imposed by the COVID-19 pandemic for two of those years).

Table 2. Commercial and Industrial Property Sales in Dawson area Jan. 2018 – Jan. 2022

Zone	Number of Real Estate Transactions
MSI (industrial, service or light)	16
CMH (commercial highway or tourist	7
CMC (Commercial central or comprehensive	16
CML: (Commercial local or airport)	1
Total	40

Notes: Zone designations are those used by Yukon Property Assessment and Taxation, not the municipality.

In terms of new vacant land, the most recent industrial lot development was undertaken by Government of Yukon, with lot sales made between 2013 and 2016. These 20, 1-acre lots (0.4 to 0.416 hectares) along Rabbit Creek Road priced between \$72,000 and \$75,000 have all sold. Around that same time, the former Guggieville campground was privately subdivided into approximately 12 commercial mixed-use zoned lots and subsequently sold.

No new commercial land has been developed in the historic townsite in recent memory, but several vacant commercial lots remain in the downtown area, in addition to properties with vacant structures in various condition, and with varying historical value. The downtown area has seen gradual infill of vacant commercial lands over the past decade, along with a few examples of adaptive re-use of heritage buildings.

In 2018 Klondike Development Organization conducted a vacant land survey, counting a total of 43.25 vacant commercial lots in the historic townsite (not including parking lots). In 2022, we count 33. Not all of these lots are available or on the market, however. Approximately 9 are owned by Government of Yukon (the former Korbo Apartment lots earmarked for new Yukon Housing developments, and the former McDonald Lodge site awaiting use designation). 5.5 are owned by City of Dawson. There is room for various enterprises to occupy the remaining vacant properties in the future, aided by commercial zoning that is reasonably flexible in terms of use, however purchasing these sites can be difficult.

Construction

Building permits are noted here to illustrate trends of construction activity taking place on commercial and industrial zoned lands.

Building permits can be used as a measure of upcoming construction investment and indicator of consumer and business confidence. Numerous factors can affect whether individuals or businesses invest in new construction. One may see reflections in the data below for example, of the 2011 mineral exploration boom, the influence of land becoming available both commercial and residential (North-East development, lower Dome/Mary McLeod road area, Guggieville and Rabbit Creek Road) and in 2020 the dramatic affects of the COVID-19 pandemic.

Table 4. Building permits, Dawson City. Source: YBS annual statistical review 2020
(Note the 2021 review is not yet available)

	Total ¹		----- Residential -----			Industrial		Gov't/Instn'l		Commercial	
	(no.)	(\$000)	(all) ²	(new) ³	(\$000)	(no.)	(\$000)	(no.)	(\$000)	(no.)	(\$000)
2020	62	5,116	47	5	2,801	1	5	4	1,764	10	547
2019	90	5,966	53	11	1,686	0	0	5	438	32	3,842
2018	76	30,379	48	25	5,348	1	13,697	6	5,869	21	5,465
2017	76	6,786	56	14	1,730	0	0	5	644	15	4,412
2016	71	4,481	52	18	2,766	0	0	1	5	19	1,714
2015	54	2,617	36	14	1,514	0	0	3	24	13	1,069
2014	85	11,670	62	28	1,759	3	84	2	72	18	9,755
2013	96	3,966	70	12	1,315	5	65	2	28	19	2,558
2012	85	4,289	52	10	1,577	4	40	7	2,024	22	648
2011	122	20,842	98	10	5,684	1	85	11	18,931	12	221

Industrial and Commercial Land Needs Survey

In February 2022, KDO conducted a public online survey to assist in gauging demand, and gain understanding of use, size and other characteristics of the industrial and commercial land need in the community. For the full results, please see the Data Presentation for Industrial and Commercial Land Needs Survey, 2022.

Some highlights

Profile: 43 Respondents, 79% operating a business.
The number of survey responses is comparable that received by a similar, recent Whitehorse-based commercial and industrial land survey, and can be considered a general indicator of opinion on the questions asked, however caution should be used not to over-emphasize these results.

Timeline for demand:
16 people indicated they were looking to purchase land in the next 1 to 3 years, with 6 more within 3-5 years.

Uses:
Uses for the commercial or industrial land seekers ranged widely, however commercial activities including use/maintenance/storage of equipment, shops and mining support were prominent, with residential uses (caretaker, employee or other) mentioned frequently as well.



Lot Type:

Size
Size needs also vary widely, but about half (18) of the respondents answering this question were looking for lots between 1 and 3 acres in size. Offering a variety of lot sizes in a new subdivision would help serve diverse businesses types, activities and budgets.

Size	# Respondents choosing this size
50' x 100'	4
100 x 100'	4
Between ½ and 1 acre	3
Between 1 and 2 acres	6
Between 2 and 3 acres	10
Between 3 and 5 acres	2
Over 5 acres	2
Unsure	1

Zone

Commercial mixed-use and Industrial zonings were preferred. The former Guggieville campground/Rabbit Creek Road area was favoured by over 40% of respondents as a model for further commercial/industrial development where residential uses are not limited to secondary activities.

While respondents indicated a high level of support for the integration of commercial/industrial and residential uses on the same property (79% support this), they were less supportive of placing residential and commercial use lots in the same subdivision (67% support this), and much less supportive of placing residential and industrial lots in the same subdivision (only 47% support this). Several comments reveal concerns about conflict (of expectations, noise, dust, traffic, operating hours, safety, etc.) should residential designations be introduced into industrial areas. On the other hand, there seems to be appetite for increased flexibility for residences on commercial and industrial zoned property, possibly because conflicts are perceived to be reduced when commercial or industrial zoning sets the tone and priority of activity for the area- i.e. residents would not be expecting, for example, a rural residential experience in the heart of a busy/noisy enterprise-focused subdivision. Maximizing the land for dual uses could introduce added affordability and/or revenue potential for the property as well.

Demand

It is difficult to gauge the level of demand for new or vacant commercial and industrial lots outside of the town core, however responses to the survey do give some indication that the market is currently undersupplied. 19 respondents described availability of lots in the market as limited (there may be a few lots available, but they don't match needs), and 6 respondents described availability as being zero. Together, these represent 63% of the people answering the lot availability/needs match question.

Please see full data presentation for detailed survey results.

Summary

Noting that an in-depth land demand study has not been undertaken, the combination of available indicators and survey responses suggest that additions to Dawson's commercial and industrial land supply may be required in order to support the growth of a full range of private sector enterprises in the years ahead.

Flexible integration of residential uses into commercial and industrial zoned areas may aid businesses and individuals in meeting their needs, but consideration should be given to avoid creating conflicts between user/zone types.

Statistical References

Government of Yukon

Yukon population projections:

<https://yukon.ca/sites/yukon.ca/files/ybs/fin-population-projections-2020-2040-february-2022.pdf>

Yukon Employment Historical Data 2011 — 2020:

https://yukon.ca/sites/yukon.ca/files/ybs/historical_lfs_2020_r.pdf

2022-23 Economic and Fiscal Outlook:

<https://yukon.ca/sites/yukon.ca/files/fin/fin-2022-23-fiscal-and-economic-outlook.pdf>

Statistics Canada

Census Profile. 2021 Census:

<https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/details/page.cfm?Lang=E&SearchText=Dawson&DGUIDlist=2021A00056001029&GENDERlist=1&STATISTIClist=1&HEADERlist=0>

Canada Labour Force Survey, 2021:

<https://www150.statcan.gc.ca/n1/daily-quotidien/220107/dq220107a-eng.htm>