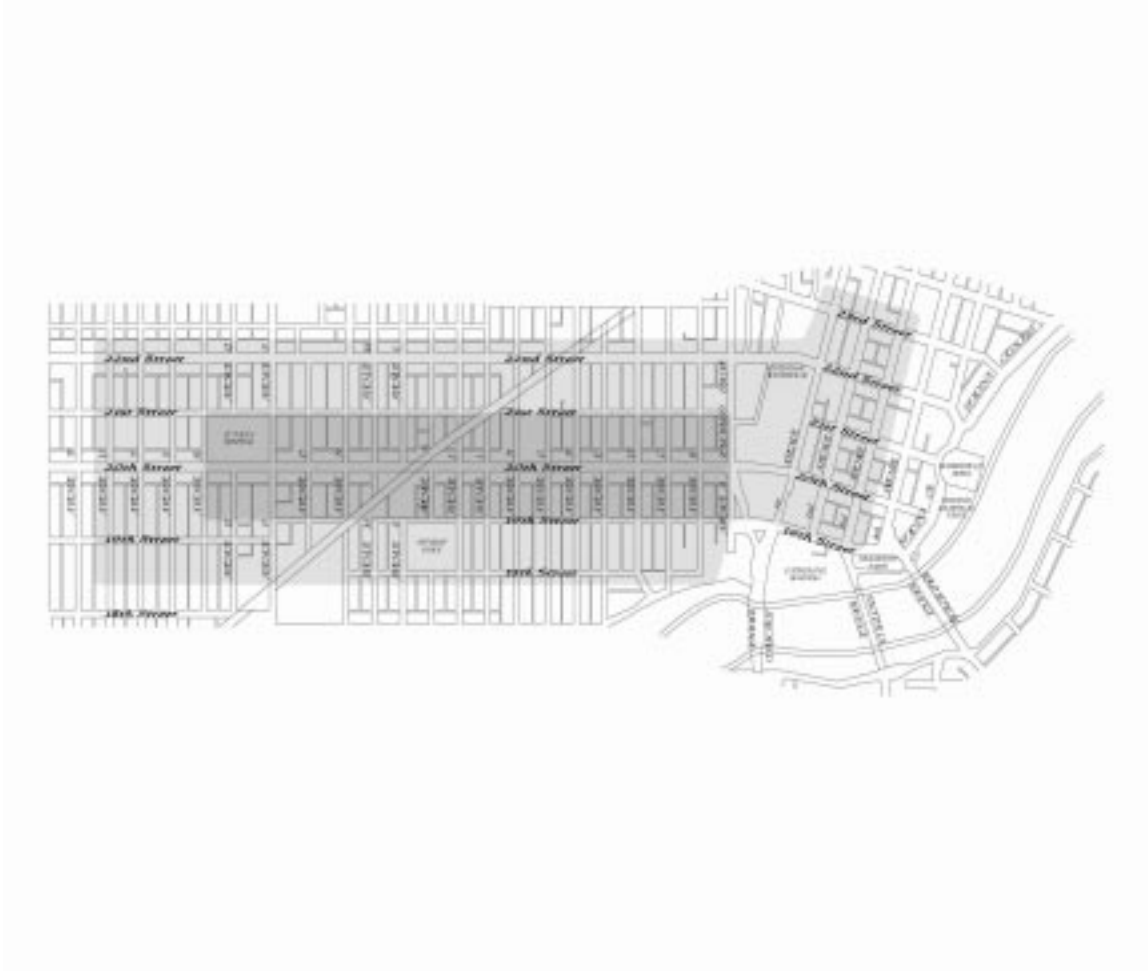


Saskatoon's "Medical Mile"

A Development Analysis



Prepared for:

Saskatoon Chamber of Commerce

Saskatoon Health Region

Riversdale Business Improvement District

MD Ambulance

Yanke Group of Companies

As at April 2003

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1. Executive Summary

The “Medical Mile” refers to the geographic area extending from St. Paul’s Hospital to Idylwyld Drive, with 20th Street as the median.

The purposes for this study and analysis include the following:

- To evaluate the current level of health sector activity in the Medical Mile zone,
- To evaluate the current state, utilizing key indicators, of the designated Medical Mile geographic area,
- To evaluate the “lessons learned” from the experience of other communities,
- To evaluate the potential for full development of a medical corridor in the designated area,
- To identify incentives and accelerants that would contribute to the development of the Medical Mile,
- To identify the potential impact that could result from this development.

The current challenges include the following demographic measures, in which the Medical Mile area falls well below the overall averages for the city of Saskatoon.

- Average family income
- Educational levels
- Selling price of homes
- Home ownership levels

The evaluation of potential development components was based on:

- Medical services, facilities and activities that are currently in the Medical Mile area,
- Plans or development ideas and concepts under that are currently under active consideration ,
- Potential activities, developments or services, as identified through the review of similar projects and actions on the part of other cities,
- Current activities, development or services that are already in operation in other parts of Saskatoon, either through relocation or expansion to the Medical Mile area

Outcomes of successful implementation of a Medical Mile project include the following:

- There is a very definite and important “win” for the community overall through the development of an important sector in which Saskatoon has an opportunity to be a national leader, and by addressing a number of critical needs that are in evidence, based on demographic analysis of the Medical Mile area.
- The development of this initiative would significantly enhance the likelihood of key services such as grocery operations and restaurant services in the immediate area.
- The health services focus within the area will increasingly shift to healthier eating / healthier lifestyle themes.
- Success with this development would create a net gain in incomes of about \$17 million in the Medical Mile area.
- Success with this development would create a net gain in residential real estate wealth of about \$17.5 million in the Medical Mile area.
- Success in launching the Medical Mile project would lead to a net gain of about \$35 million on existing commercial properties in the immediate area.

As one of the components of the 2020 Health Vision process launched in 2000, the Medical Mile project appears to have significant potential to benefit the immediate area and the overall community.

2. Project Purpose

The “Medical Mile” concept arose from ongoing discussions with a wide range of community groups, health officials, economic development agencies and business development groups.

The genesis of the concept lies within the potential for a substantially expanded role and impact for the health care system in the Saskatoon region. Similar thought processes have been led and highlighted by the series of 2020 Health Vision Conferences. The idea that many of the rapidly emerging health care opportunities can be captured within the Saskatoon region is at the core of the Health Vision process.

The concept of focusing health care expansion activities into a “corridor” or specific geographic area is certainly not unique. A number of communities throughout North America have done so, typically with substantial positive impact. The fact that the approach has been utilized successfully by other communities provides additional incentive to evaluate its potential and impact.

From the outset, the organizations behind this examination of the Medical Mile concept had the following purposes in mind:

- To evaluate the current level of health sector activity in the Medical Mile zone,
- To evaluate the current state, utilizing key indicators, of the designated Medical Mile geographic area,
- To evaluate the “lessons learned” from the experience of other communities,
- To evaluate the potential for full development of a medical corridor in the designated area,
- To identify incentives and accelerants that would contribute to the development of the Medical Mile,
- To identify the potential impact that could result from this development.

3. The Medical Mile: The Current Challenge

Geographic Description of the Medical Mile Area:

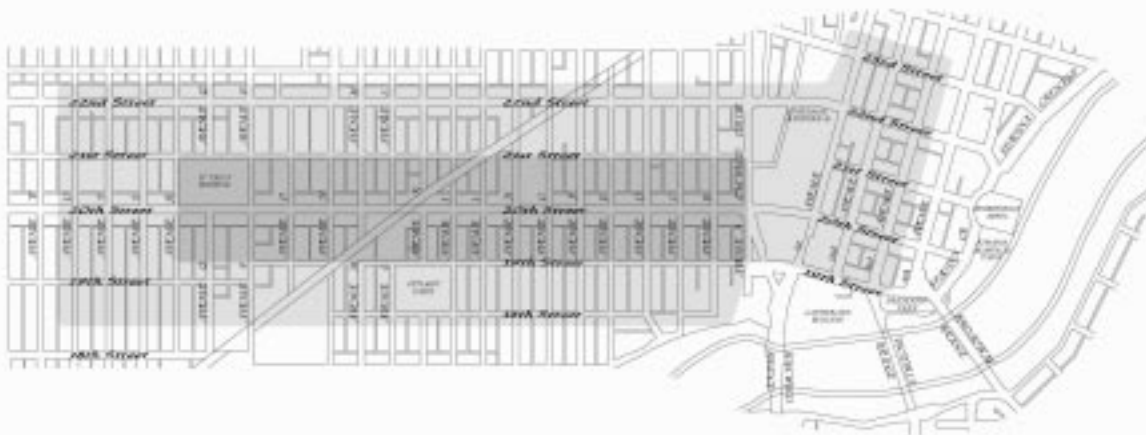
The geographic area termed the “Medical Mile” refers to the area extending from St. Paul’s Hospital to Idylwyld Drive, with 20th Street as the median.

The primary area being examined extends for 1.5 blocks on each side of 20th Street. That is, the primary focus is 20th Street, 19th Street and 21st Street. The western extreme of the primary geographic zone lies at Avenue P, the location of St. Paul’s Hospital. The east side of the primary geographic area is at Idylwyld Drive – a distance of one mile!

Any such project must be considered in terms of the impact on a secondary area as well. Therefore, the secondary area should be seen as that encompassed by both sides of 18th Street and 22nd Street, through to Avenue Q on the west side, and extending past Idylwyld Drive, into the downtown area.

It is typical that the type of development described in this analysis is likely to cause the greatest degree of activity in the primary zone, but also contributes to an additional degree of development in the secondary area.

Given the nature of the Medical Mile project, however, and the benefits that have been identified, it is a reasonable conclusion that this particular initiative would have beneficial outcomes that would extend to the entire city.



Medical Mile Area Zoning:

One of the key considerations at the outset of an examination of a project such as the Medical Mile is whether, in fact, current zoning would allow for such development. As seen below, the area does contain a substantial degree of commercial zoning.



There are several implications of the zoning structure of the area, including:

- The variety of commercial zoning would be amenable to an undertaking such as the Medical Mile. The existence of Special Area Commercial, Arterial Commercial, Light Industrial and Heavy Industrial zoning means that a variety of initiatives are possible within the Medical Mile area.
- There exists a relatively large area that is zoned for, and remains available for, development. At present, compared to other commercial areas in the city, this zone is considered underdeveloped.
- The existence of a substantial level of residential zoning in the area will mean that due consideration must be extended to existing residential areas and their residential interests in any development plans.

Demographic Attributes of the Medical Mile Area:

Anecdotal evidence abounds regarding the development needs of the Medical Mile region. There are city-wide perceptions about the challenges associated with economic viability of the area. Some of these perceptions and assumptions amount to little more than urban legend. Some key measures do, however, bear out the fact that economic, income and employment conditions are in need of improvement.

The statistics below have both an upside and a downside. They point to the fact that substantive development action is essential in order that some of the serious economic conditions do not continue indefinitely. Conversely, however, the existence of these conditions has led to the introduction of several key initiatives and incentives for development in the area.

The following statistics (Source: City of Saskatoon Neighbourhood Profiles 1998) provide a snapshot of the Medical Mile region.

	Medical Mile Area (Riversdale)	City-Wide
• Average Family Income	\$29,973	\$48,927
• Education Level :		
Grade 12 or Less	69.3%	42.2%
University Graduate	5.8%	16.5%
• Vehicle ownership / per resident	.29	.55
• Single Family Dwelling Average Sale Price (1997)	\$38,814	\$92,485
• Home Ownership	37%	59%
• Dwelling Age Built before 1946	57.5%	11.9%

The implications of the above data include the following:

- Key indicators, on measures of “family economic well-being” such as incomes, education and asset ownership show that the area ranks between 37% and 65% below the norm for the overall city.
- Key residential real estate values are 58% below the average across Saskatoon.
- The age of the residential housing stock is multiples older than the civic average.
- There are, very clearly, compelling reasons for economic improvement in the Medical Mile region.

Commercial Property Value Impact within the Medical Mile area:

Commercial rental rates, commercial land values and commercial building values in the region are a mirror image of some of the “residential” economic indicators identified in the prior section.

In the analysis below, the Medical Mile / Riversdale / 20th Street zone is compared to two other commercial districts – the Idylwyld Drive area and the Broadway Avenue commercial area. These two areas were chosen because of attributes that are similar to the Medical Mile region.

Idylwyld Drive is on the same side of the city, it is in close geographic proximity, there are zoning similarities, and it is, as well, a corridor leading to the centre of Saskatoon.

The Broadway commercial area is similar in that it is a thoroughfare that connects 8th Street and the downtown area, just as 20th Street connects the Circle Drive area and the downtown. As well, the Broadway area represents a part of the city that was once a thriving commercial/retail zone, then suffered deterioration and a lack of development during the 1980's, but saw its fortunes revitalized with a concentrated redevelopment effort during the late 1990's.

(Source: Analysis by Brunson Martin, February 2003).

	Medical Mile / 20th St.	Idylwyld Drive	Broadway Avenue
Land Value			
Range	\$4.50 to \$8.46 / sq. ft.	\$4.39 to \$25.00 / sq. ft.	\$8.33 to \$22.00 / sq. ft.
Typical	\$5.00 to \$6.00 / sq. ft.	\$10.00 to \$12.00 / sq. ft.	\$12.00 to \$13.00 / sq. ft.
Comments	* Indications above \$6.00 / sq. ft. typically have old buildings. * Note: \$8.46 / sq. ft. is a designated built situation.	* Low end is foreclosure resale. * High end is next to Midtown Plaza.	* High end of range is a motivated sale on the purchaser's part.

Rental Values	Medical Mile / 20th Street	Idylwyld Drive	Broadway Avenue
Range	\$2.60 to \$10.83 / sq. ft.	\$7.00 to \$20.00 / sq. ft.	\$10.00 to \$20.00 / sq. ft.
Typical	\$4.50 to \$5.50 / sq. ft.	\$9.00 to \$11.00 / sq. ft.	\$12.00 to \$13.00 / sq. ft.
Comments	* \$7.00 to \$10.00 range is for design built or smaller buildings with parking or restaurant use. * Much of the product is older, heavily depreciated.	* Low end of the range to \$11.00 / sq. ft. is typical CRU space above. * Above \$11.00 / sq. ft. is generally end cap space or space with extra tenant improvements, restaurant space or space with extra parking.	* \$18.00 / sq. ft. is equivalent to small end cap spaces or smaller areas that have on-site parking.
Building Values	Medical Mile / 20th Street	Idylwyld Drive	Broadway Avenue
No. of sales	19 sales	8 sales	8 sales
Average selling price	\$23.84 / sq. ft.	\$67.88 / sq. ft.	\$98.89 / sq. ft.
Range	\$6.92 to \$45.10 / sq. ft.	\$24.49 to \$99.86 / sq. ft.	\$54.39 to \$149.08 / sq. ft.
2002 Vacancy	6.7% Down from 9.5%	1.3% Down from 6.7%	2.3% Up from 0.0%

Implications of the above data:

- Rental rates in the Medical Mile zone are roughly 50% or less of those of the other two areas, which may be an indication of either low demand or age of buildings in the area.
- Medical Mile land values are roughly 50% or less of those of those of the other two areas, suggesting that the low rental rates are not, in fact, a function of building ages, as much as they are a function of low demand.
- The “final determinant” of value, the average selling price, where buildings in the Medical Mile area sell from a low of 13% to a high of 45% of the prices garnered in the other two zones, is a clear indication of a lack of perceived value in property in the area.
- While the vacancy rate is higher than that of the other two areas, at 6.7%, it is not indicative of an area under rental duress.

Challenges and Opportunities:

The economic and demographic pressures outlined in the assessment of the Medical Mile area are an example of a “double edged sword”.

On one hand, historically low development rates are accompanied by lower than average incomes and real estate values. On the other hand, it is the very cost-competitive nature of the zone that makes it amenable to development, because, with the right type of initiative, the return on investment can be higher than would be the case in higher-cost areas of the city.

The low costs, in conjunction with a number of incentive programs that are outlined later in this document, as well as a development plan that involves the health industry, creates the potential for the level of return on return that appeals to investors.

Additionally, the zoning within the Medical Mile is amenable to greatly increased levels of development. It does not appear that zoning would be an impediment in the short term. Any changes required over the long term would, in all likelihood, be achievable because there would be ample time for such changes.

Realistically, the development of medical related facilities would not immediately and on its own fix some of the key demographic issues noted. For example, the development of a Medical Mile would not increase the average income of residents immediately. Even with a sudden surge of employment in the area, much of that employment, at the outset, would be with people who continue to reside in their current areas of the city.

However, over the long term, with commercial development could come the type of additional residential development that would attract people employed in the area. This would enhance income levels. As well, the infusion of additional business and employment activity in the area would have long term and beneficial effects on, for example, retail and service business within the Medical Mile zone, and again, enhance incomes.

As has been witnessed in other parts of the city, with the Broadway Avenue area as one example, it is possible to turn low costs combined with a development focus, into a significant “turnaround” story.

4. External “Medical Corridors”: Lessons to be Learned

The following section highlights key quotations and findings from a variety of sources that deal with the issue of “clustered” or “corridor” economic activity, in the medical area or in research and development activities. Each example is accompanied by commentary on “key lessons” that has been gleaned from the experiences of other jurisdictions.

Building Owners and Managers Association (BOMA):

- “The Building Owners and Managers Association (BOMA) International will host its biennial Medical Office Building (MOB) & Healthcare Facilities Seminar from June 20 through June 22, 2003”
- “The MOB & Healthcare Facilities seminar will include the following topics: Partnering with healthcare institutions ... and future trends.”
- The keynote MOB seminar will be, "Health Boom or Bust...What's Going to Happen Next," which will address rapidly changing industry practices and demands. Immediately afterwards, a panel of speakers will present "Real Estate: Financial Alternatives For Healthcare Institutions" and will address today's healthcare financial concerns and provide capital solutions with profitable returns to real estate investors.”

Lessons:

- The fact that BOMA, one of the largest trade associations connected to the real estate industry is focusing its attention on the health care as a growth area is a signal of the growing importance of the sector from an industry perspective.

A host of ***large commercial real estate companies*** now focus their promotional material and website on the health care industry.

Lessons:

- The growing size of the health care sector is attracting serious investor attention in the form of building owners and developers.
- The long term strength of the sector is typically one of the key determinants in encouraging investment.
- These developments include the conversion of buildings from, for example, shopping centres to medical facilities and developments.

Medical Alley:

- A project that has been the subject of visitation and review by some of Saskatoon’s business and economic development groups, the Rochester, Minnesota centered Medical Alley development now contains more than 500 companies and organizations.
- Financial volume of the development is estimated at approximately \$7 billion annually.

Lessons:

- Based on the experience of Medical Alley, the “greatest wins” occur when products are developed to solve problems in the medical services community, and when companies are set up to produce the products
- The proximity of medical related services and organizations creates, as one of its synergy outcomes, the increased likelihood of gaining access to venture capital that will fuel future commercial developments.

Zurich MedNet:

- Zurich MedNet is a public information resource and business development network serving the medical and biotechnology community of the Greater Zurich, Switzerland Area.
- A virtual community, comprising more than 400 companies, universities, institutes, foundations, hospitals and labs, Zurich MedNet is the single largest medical/biotech cluster in continental Europe.
- It represent the world's first and largest medical/bio cluster/web portal alliance, linking research and information resources for more than 1300 organizations

Lessons:

- Such a corridor development does not occur only in highly populated areas of the continent.
- A corridor development, once established provides key opportunities to “go global”, thereby further increasing investment opportunities for the entire community.

Innovation Place, Saskatoon

- Closer to home, the success of Innovation Place is one of the best examples of the clustering or corridor model.
- The research park has now expanded to the point where over 2,000 persons are employed
- The park houses approximately 100 companies and organizations.

Lessons:

- Critical mass of expertise is key to the development of a corridor.
 - Given that Innovation Place has within it, a number of varied disciplines, it would follow that a Medical Mile, with far greater sectoral focus, could capture at least as much success as Innovation Place.
 - One of the “rules” of Innovation Place is that companies are meant to be “incubated and graduated”. That is, once they reach the stage of commercial production, they are to find other commercial space. The Medical Mile has an advantage in this case, since there is, within the zone, adequate and low cost land and buildings in which commercialized enterprises can locate and expand.
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5. Saskatoon's Medical Mile Project Components

In assessing the Medical Mile project, the list of potential project components can be derived from a number of sources. These include:

- Medical services, facilities and activities that are currently in the Medical Mile area, in either what is termed the “primary” area, or the “secondary” area,
- Plans or development ideas and concepts under that are currently under active consideration by one of the local health sector groups, including but not limited to, Saskatoon Region Health
- Potential activities, developments or services, as identified through the review of similar projects and actions on the part of other cities that have developed medical corridors
- Current activities, development or services that are already in operation in other parts of Saskatoon, either through relocation or expansion to the Medical Mile area.

Under any of the above circumstances that could lead to the expansion or development of the Medical Mile corridor, there must be criteria that would cause relocations, in particular, to occur. The key criteria could include the following, which are related primarily to the provision of health services:

- Accessibility to services would be enhanced,
- Greater interagency co-operation and interaction would be facilitated by corridor development,
- Increased efficiencies would be a natural by-product of such as development,
- Partnership opportunities with business, would also be a natural outcome of such a development,
- The Medical Mile would lead to greater capacity for primary health provision,
- The project would increase the ability of the medical sector to react appropriately to community needs.

There are, as well, some criteria that would be more focused on the expansion of the wide spectrum of health industry opportunities, including:

- As per the experience of other “corridors”, the clustering of research activities can lead to the expansion of the health products manufacturing and processing sector,
- As per the experience of other corridors, the clustering of manufacturing and processing activities can lead to greater access to venture capital for development purposes,
- As per the experience of other corridors, the creation of a critical mass of activity in a particular field can assist substantially in the attraction and retention of key skills necessary to develop and expand that sector.

Existing Components:

There are already, in the Medical Mile zone, a number of organizations and facilities operating within the health sector. These organizations, which would form the nucleus of the Medical Mile development, include but are by no means limited to:

Primary area:

- Ambulance Operation
- Drug stores
- Medical clinics
- Mental health services
- Physicians and surgeons
- St. Paul's Hospital
- St. Thomas Kids First program
- White Buffalo Youth Lodge

Secondary area:

- Dentists and dental specialists
- Drug stores
- Eye care
- Health care services
- Health food products
- Health insurance
- Health studios
- Hearing services
- Medical clinics
- Mental health services
- Nursing services
- Physical therapy
- Physicians and surgeons

Planned / Potential Components:

In addition to the services that are already operating in the Medical Mile area, there has been some discussion and analysis of the expansion of the range of services offered within this region. In particular, Saskatoon Health Region has indicated the potential for the following to be components of a Medical Mile development corridor in Saskatoon:

- Renal dialysis services
- Primary and public health facilities including addiction clinic operations and walk -in medical services
- Hospital outpatient services including therapy such as physiotherapy and speech therapy
- Royal University Hospital's Department of Family Medicine
- Some teaching operations which could be transferred to the Medical Mile area
- Saskatoon Health Region Head Office, where, in order to more properly provide the space needed for administration of the region's district office, such space could be within Medical Mile's primary area, or within the secondary area
- Some Health Sciences College activities, as this would enhance cross-agency interaction as well as interdepartmental teaching, which would put Saskatoon's operating mode into a category of being quite unique in Canada
- A range of social service agencies, which are seen as having strong potential to work more effectively when housed with the medical service agencies with which they interact.

The examples above, on their own, would require space in the magnitude of a minimum of 100,000 square feet, and could quite conceivably require space that approaches 200,000 square feet of space.

This level of required space for the range of medical services activities would invariably utilize existing, available space as well as require the construction of new buildings, thereby further increasing the assessed land and building value of the area. The net result is an enhanced commercial district that, as illustrated, has an aura of "welcoming, warm and community-based".

Development Possibilities, based on external market experience:

Based on the review of a number of areas in which “corridor” or “clustering” has taken place effectively, particularly in the medical sector, the following would appear to be worthy of serious evaluation for inclusion into the Medical Mile project.

In order to fully comprehend the potential, it is important, when considering the list below to think of these business, service and development groupings in terms of their potential to not only serve the local market, but to be expanded to a far broader geographic customer base:

- Automation processes that can be applied to medical services and facilities
- Biotechnology product processing and manufacture
- Business services focused on the health services sector
- Clinical trial facility
- Communications services designed for the medical services community
- Communications systems development for the health industry
- Financial services focused on the health services sector
- Human resource consulting
- Laboratory services
- Legal and related advisory services for the medical services and supply industry
- Manufacturing or processing of a full range of medical, pharmaceutical or health products
- Medical consulting services
- Medical technologies research, development and manufacture
- Pharmaceutical product development and manufacture
- Software development for the medical community
- Training activities for a wide range of areas related to the medical field

Each of the above categories contain a number of subcategories that represent individual development opportunities.

Local Potential Components:

Throughout the city of Saskatoon is a wide range of medical activity. Over time, some of this activity would invariably gravitate, on a piecemeal basis, toward a geographic area in which this activity is clustered, for many of the reasons as noted at the beginning of Section 5. That is, “activity attracts activity”. Therefore, it is reasonable to assume that even in the absence of an attraction strategy, and even in the absence of mandated movement, there would be some gravitation toward the Medical Mile area.

Categories which would, in all likelihood, follow this pattern, and gravitate toward the Medical Mile zone, include but are not limited to:

- Ambulance operations
- Clinical services
- Dentists and dental specialists
- Denturist
- Dieticians
- Drug stores
- Eye care
- Health administration
- Health care services
- Health food products
- Health insurance
- Health products and services
- Health studios
- Health insurance
- Hearing services
- Herbalists
- Home care equipment
- Home care: disabled and elderly
- Hospital consultants
- Hospital visitor accommodations
- Hospitals
- Medical alarms
- Medical clinics
- Mental health services
- Nursing homes
- Nursing services
- Nutrition consultants
- Physical therapy
- Physicians and surgeons
- Products for elderly and disabled
- Research, at a basic and applied level
- Wheel chair products

6. Saskatoon's Medical Mile: The Opportunity

Converting Challenges to Opportunities:

In order to cause the expansion of the health services sector in the Medical Mile area, several components must be in place. These include:

- A clearly defined business plan, that follows up on the opportunities as identified in this evaluation,
- Serious commitment by key participants, including the health region, the Provincial Government and the private sector and its representative groups,
- Sufficient incentive from a financial standpoint to mitigate the risks, particularly at the early stages of the development of the Medical Mile.

On the first point, it will be important to utilize the results of this analysis in the further development of a specific business plan. Such a plan must include the specific direction of the key participants in the health care sector.

In some areas of North America, the process has involved the creation of a development organization with a clear focus, along with the resources to assist in the process. This is, again, particularly true at the beginning stages of the Medical Mile project.

A review of the history of development of specific geographic zones in Saskatoon bears this out. The downtown area and the Broadway area, by way of example, languished until such time as an organization was created that had both the "will" of interested individuals and at least reasonable financial resources, on their sides.

Conversely, by way of example, two years ago, a study of the Riversdale / West Central Business District was undertaken. A key finding was that substantial opportunity existed for the further development of the food processing industry. The study noted that a number of core attributes were in place, but that some impetus would be needed to, in some manner, kick start the process.

To date, unfortunately, very little if any progress is evident on this front. The incentive program available to spur development in the area has had little uptake and there are few, if any visible signs of success in the offing.

The key is the kick start that the process requires, and in that regard, the Medical Mile does have a distinct advantage over earlier attempts to spark development in the 20th Street region. The fact that a very small number of health sector participants have the capacity to cause some actions that would form the nucleus of the Medical Mile moves this project into a favorable position.

The communication of the potential for the successful launch of the Medical Mile, once announced, must be followed up with additional review of strategies that will produce maximum results, along with the organizational format that will singularly focus on the execution of the Medical Mile strategy.

Incentives and Accelerants to Development:

This project will be aided and abetted by three forms of incentive programs that are available to a number of potential participants in the development of the Medical Mile. These incentives are, as noted previously, in addition to a core reason for development of the area – that being low cost. As identified, the cost of renting existing space is a fraction of what would be the case in other parts of the city, the cost of purchasing existing space is low, and in the case of new buildings being constructed, the cost of land is relatively low.

The three incentive programs are as follows:

Enterprise Zone Incentive Program:

- The Enterprise Zone includes the neighbourhoods of Westmount, Caswell Hill, King George, Riversdale, Pleasant Hill and Mayfair/Kelsey, and the West Industrial Area.
- All existing or proposed residential properties, retail/wholesale grocery stores, warehouses, manufacturing facilities, public recreation facilities, tourism and cultural facilities, and transportation facilities are eligible for some or all of the incentives and programs available.
- The following incentives are available for new construction, renovation, or expansion of properties which have been issued a plumbing or building permit on or after May 23rd, 2002.
 - Building and Plumbing Permit Fee Rebate
 - Property Tax Abatement
 - Off-site Development Charges
 - Relocation Assistance/Land Swap Exchange
 - Rebate Environmental Screening
 - Land Assembly Development Plan Amendment.
 - Rezoning Fees
 - Discretionary Use Fees
 - Subdivision Fees

Saskatoon Economic Incentive Policy:

This long-standing incentive policy was originally enacted in order to assist Saskatoon in its competitive position with other communities that routinely offered incentives to prospective businesses, usually in key sectors, and did so either formally or informally. The key elements of this program include:

- Waiving of property taxes, in whole or on a sliding scale for a period of up to five years
- Designed to apply primarily to the manufacturing and processing sectors
- Contain a rider that requires a minimum level of investment as well as the creation of a fixed number of permanent employment positions
- The incentive program is available only to companies that will not be in a competitive position with other Saskatoon companies
- Incentives include, but are not limited to, tax abatements, waiving of utility deposits, and exemptions or reductions of prepaid servicing levies.

Saskatoon Economic Growth Incentive:

Based on the first Economic Incentive Policy, this program, introduced in 2001, was intended to provide Saskatoon with a short-term injection of building activity. Key elements of this incentive are:

- The program, under which a company can have their property taxes waived, is for one year in duration.
- There are no job creation requirements, nor are there requirements of being in a “non-competitive” sector or category.

The utilization of the three incentive programs is a considerable boost to the future prospects for the Medical Mile area. Under the broader terms of the Enterprise Zone Incentive Program and the Saskatoon Economic Growth Incentive Policy, most business would realistically qualify, with a minimum of work attached to the application.

The development of the Medical Mile zone would reasonably move toward manufacturing and processing, over time, at which point, the more rewarding but more restrictive Saskatoon Economic Incentive Policy would be applicable.



Impact of Successful Development Implementation:

Should the development of the Medical Mile area proceed as outlined in this document, there will be clear and definable “wins” for the immediate zone. Additionally, it is reasonable to expect that the development of the Medical Mile will have a beneficial effect on the downtown and the remainder of the secondary area, as development impact typically migrates outward to adjoining areas.

Given some of the plans being considered at this time by key players in the health services sector, this potential moves from possible to very likely.

Further to that, there is a very definite and important “win” for the community overall. This will occur on two fronts – through the development of an important sector in which Saskatoon has an opportunity to be a national leader, and by addressing a number of critical needs that are in evidence, based on “hard numbers” contained in the demographic analysis, throughout the Medical Mile / Riversdale / 20th Street area.

The likely outcomes of the development of the Medical Mile include the following:

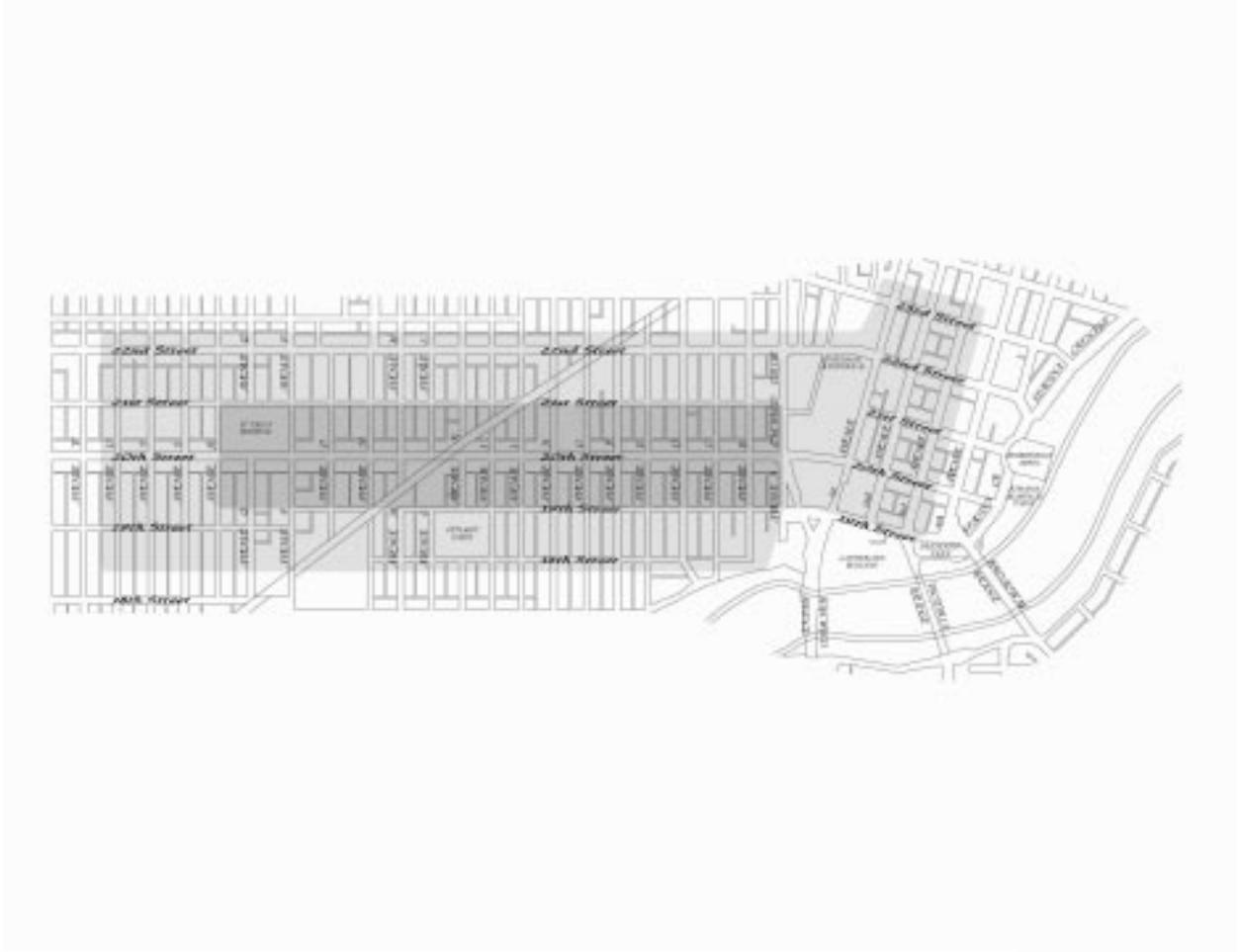
- Incomes in the Medical Mile area will increase toward the Saskatoon average in the medium term, and with full development should move above the city average as additional research, manufacturing and processing employment opportunities become available.
 - Medium term: 60% average income increase in area.
 - Long term: 70% average income increase in area.
 - With approximately 900 households, this would represent a net gain of about \$17 million in the Medical Mile area.
- The population of the area which has been relatively stagnant, and certainly has not kept pace with the growth rate of Saskatoon overall, as the Medical Mile area remains quite underdeveloped due to low property values, should increase substantially as new housing options are brought on stream as the area’s workforce increases in size.
 - Medium term: 50% increase in area population.
 - Long term: Doubling of area population.
- Residential real estate wealth, which is far below the city average, should increase as economic activity results in population increases.
 - Medium term: Reaching two-thirds of city average, an increase of roughly 60%
 - Long term: Reaching the civic average, roughly 2.4 times the current level.
 - With approximately 325 homeowner families, this would represent a net gain of about \$17.5 million in the Medical Mile area.

- Commercial real estate wealth, which is far below the city average, should increase as economic activity results in heightened demand for both existing and new commercial properties.
 - Medium term: Reaching approximately one half of city average, almost double the current Medical Mile level.
 - Long term: Reaching the city average, which is more than three times current levels.
 - With about 625,000 square feet of commercial space on the market, this would represent a net gain of about \$35 million.
 - Any building that takes place, a likelihood with the development initiatives being contemplated, would increase the net gain by even more.

- The addition of a substantial number of employment positions into a geographic area has been shown to have demonstrable and positive impact on “local expectations”. That is, the addition of a critical mass of activity in a region typically tends to have a “role model” effect, by conveying a new set of possibilities to persons who live in the area, and who may not have considered this particular set of potential career choices in the past.

- At a broader, community-wide level, the development of The Medical Mile would move the city and the region further toward a position as a renowned health care center, as per the vision of the 2020 Health Conference process. At the outset, Saskatoon would be positioned firmly as the hub of primary health care for Northern Saskatchewan. The follow up step to that is to position the region as a primary health care center, first in a national setting, followed by international recognition as a locale which has focused much of its attention on being “world class” in health services provision.

7. A Visual Description of The Medical Mile



8. Appendices

Attached:

- Neighbourhood Profile for Riversdale
- Neighbourhood Profile for Saskatoon
- Enterprise Zone Incentive Program
- Brunsdon Martin Real Estate Analysis for the Medical Mile Project

Referenced:

- Saskatoon Economic Incentive Policy (Full documentation available from Saskatoon Regional Economic Development Authority)
- Saskatoon Economic Growth Incentive (Full documentation available from Saskatoon Regional Economic Development Authority)

Website referenced:

- www.boma.org
- www.dascomed.com
- www.medicalproperties.net
- www.jacksonmedicalmall.org/profile
- www.medicalalley.org
- www.zurichmednet.org