THE WINNIPEG REAL ESTATE BOARD

PRESENTATION TO THE

REGIONAL PLANNING ADVISORY COMMITTEE

ON MANITOBA'S CAPITAL REGION

August 27, 2002

Established in 1903, the Winnipeg Real Estate Board is the longest continuously running real estate board in the country. It is a professional and industry association representing over 1,200 real estate brokers, salespeople, appraisers and financial members active in the local real estate market. The Board exists to serve its members and to promote the benefits of organized real estate. In 2001, there was over 10,700 Multiple Listing Service® (MLS®) sales and $998 million in dollar volume transacted through the Winnipeg Real Estate Board. Members, including many in the Commercial Division, are involved in numerous exclusive listing sales and leases that are in addition to the MLS® sales activity.

As REALTORS, we are at the front-line of property owners' concerns be they residential, business or investment ones. This is no more apparent than when an out-of-towner comes to Winnipeg with a fresh pair of eyes and starts asking questions on not only housing availability and prices but also on desirable neighbourhoods and the attributes associated with them including schooling, public safety, proximity to work and property taxes. These out-of-towners in many instances have no predisposition to any one area of the city or outlying capital region properties. Thus, it becomes a real litmus test as to what they end up choosing and if the trend lines are any indication, more relocation transferees and Winnipeggers are opting to live outside Winnipeg.

From 1991 to the end of 2001 (see attached chart), the percentage increase of MLS® residential-detached sales in the Board's capital region territory (anything outside of City of Winnipeg boundaries) was 44% versus 11 % in the City of Winnipeg. In terms of dollar volume over the same period of time, the capital region percentage increase was 108% while the City of Winnipeg was 27%. In 2001, the capital region residential-detached sales represented 17 % of the City of Winnipeg's while its dollar volume was higher at 20%. It should be pointed out that the Board's rural areas go beyond the capital region review panel boundaries. For example, Steinbach is in the Board's market area as well as the lake country (e.g. Interlake area as well as Beausejour).

Another point to make when looking at sales over the past twelve years is how City of Winnipeg sales have not come close to matching the 1992 level where the rural municipalities in the capital region have with the exception of 2000 seen a steady increase in sales activity with 2001 being the most active ever. Without being able to cite definitive answers to why Winnipeg's sales have been quite static, it is safe to assume issues such as high property taxes, an aging demographic, negligible population growth, and housing supply issues (e.g. rent control) that are preventing more mobility in the marketplace have contributed. On the other hand, rural municipalities have enjoyed some population gains, had much higher housing starts relative to their population base, offer a lower property tax regime and a lifestyle including larger lots that are not available in Winnipeg.

It is also important to stress here that new home MLS® sales in the outlying capital region or City of Winnipeg only account for a small percentage (three and four per cent respectively) of the total MLS® sales so they are not significant in determining MLS® market trends. Even the average new home MLS® sale price in either the city or outlying municipalities did not vary to any large degree.

Without having reliable numbers on commercial activity, it can be said with some degree of certainty that the vast majority of commercial real estate activity still occurs in the City of Winnipeg due primarily to the fact a high percentage of capital region residents' work in the City of Winnipeg. However, this is not to say commercial activity in the capital region may not be making gains on the City of Winnipeg as has been the case with residential market activity.

The Board's Commercial Division Chair Michael Falk indicates factors such as high city realty taxes, availability of large tracks of inexpensive land outside the city, lack of available rail served industrial land in Winnipeg and more accommodating zoning and development standards in outlying rural municipalities have all contributed to lost business and therefore less tax revenues for Winnipeg. He cites examples such as Kleysen Transport's new headquarters in the RM of Macdonald, Trans-X's relocation to the RM of Rosser, Husky Energy in the RM of Springfield and an agri-business park in Oakbluff. Mr. Falk had direct involvement with the Husky Energy emulsion plant and said the City of winnipeg lost a multi-million dollar investor that had operated on Wall Street for 53 years.

This brings us to make a few key points regarding our interest with respect to the capital region. They are:

1. Be it the City of Winnipeg or the Board's outlying rural municipalities and areas, our real estate industry's interests are inextricably linked to the success or failure of the capital region. We see the impacts of personal and business investments first hand by virtue of our pivotal role in real estate and land development. We are very cognizant of the need for the municipalities in the capital region to work together so we can grow the region so to speak. Pitting one area against another is counterproductive and will only serve to

create more disharmony and discord. Knowing that our capital region's population growth lags behind all other western cities including Regina should be enough of a wake up call. The status quo is not an option. The future prosperity of the capital region and the province ultimately rests with a healthy capital city that represents 60% of the province's population and 87% of the capital region. Studies have shown outlying suburbs or municipalities in the case of Winnipeg stand a much better chance of succeeding if they surround healthy cities.

2. An overall plan must be developed taking into account the needs of the City of Winnipeg as well as the outlying municipalities. In this regard, the Province must take a leading role in developing this strategy and must take ownership of the process. The process must be an open and accessible one to enable all the participants to buy into the process and the results. A governance body may be required or at minimum clear accountability and responsibility to a provincial department or body to implement a plan once approved. A secretariat may well be a step in the right direction. There must be improved cooperation and coordination between the municipalities and the City of Winnipeg and Province. The political will must exist at both levels to get on with the job at hand.

3. An economic development strategy that encompasses the entire capital region should be undertaken that builds on our region's strengths and recognizes our limitations by not squandering limited resources. Where is the most optimal use of our limited resources and how can they be best managed? More development of detailed secondary plans should be encouraged to help identify and delineate proper land use allocation.

4. A sustainable capital region will also need to address the equitable distribution of the costs of servicing the region. City of Winnipeg property taxpayers should not be subsidizing capital region residents on education as well as infrastructure. Moreover, there must be a better way of financing municipal government and education than loading everything on property taxes.

5. In terms of capital region image building and pursuing economic development, proactive steps must be taken to revitalize the downtown as well as the inner city. There has to be recognition from all residents in the capital region that a decaying downtown and inner city puts out a negative image to potential investors and people considering relocating to Winnipeg and/or its outlying area. This does not mean however that policy be created to discourage investment elsewhere in the capital region but that government incentives are provided to help kickstart development in the downtown and inner city.

6. In keeping with revitalizing Winnipeg's downtown and inner city, the inner and outer suburbs of Winnipeg need to be looked at as well in terms of seeking out and setting in motion opportunities for infill development. Charleswood is a good example of an area with a considerable amount of unserviced land that would be ideal for residential development. The Province of Manitoba has already taken a step in this direction by making available some of its surplus land that it owns in the City of Winnipeg for development. These steps will provide people living in the capital region with more options since some purchasers of new homes are moving to outlying municipalities by default since desirable building lots are harder to come by in the city.

Observations from reviewing the public discussion paper

On the whole, the Board is quite supportive of the general thrust and direction of the principles and policy directions outlined in the discussion paper. We have our obvious bias to see Winnipeg survive and thrive since 83 per cent of our MLS® activity still comes from the city and many other sales in outlying areas are a direct result of people deriving income from employment in the city. At the same time, we have members that do the bulk of their business in the outlying rural municipalities and we do feel the Provincial Government needs to build in flexibility to capital region policies so they are not too punitive or restrictive to RMs fulfilling their aspirations.

An extension of a Unicity concept to the entire capital region is not helpful if you reward inefficiencies and low-performance frameworks across the board. It is more important to address regional inequities and work towards cost-sharing mechanisms for provision of services and infrastructure where municipalities including the City of Winnipeg can appreciate and understand the benefits in working together.

We support wholeheartedly the statement that regional planning is a Provincial role and feel the Province needs to be more proactive in ensuring one municipality is not creating a situation where it will benefit at the expense of another municipality. This will require as stated in the discussion paper to have the Province intervene in inter-municipal disputes. How can we look at the capital region as one entity and see it as an advantage and strength in attracting new business and industry?

Moving towards the systematic collection of common data for the region is critical. There are a number of myths out there as you suggest in your position paper and they can certainly be dismissed with solid data collection that can be easily disseminated on a capital region web site. Part of the Smart Growth movement in the United States which REALTORS through the National Association of REALTORS are very involved in is really about educating various stakeholders about the importance of quality of life issues and developing strategies and plans to help communities find solutions to growth management issues. Information sharing fosters the opportunity to find common ground amongst various interests and hopefully will result in removing roadblocks that are preventing growth opportunities.

The Board is willing to cooperate in this endeavour by providing the Provincial Government with information on real estate market activity in the entire capital region of which our boundaries encompass. With specific regard to capital region boundaries, it is our position that you may want to look at our boundaries as a possible template. Our boundaries do go beyond the existing capital region boundaries to include the RM of Brokenhead, RM of La Broquerie, Ste. Anne, Niverville, Beausejour, RM of Hanover, and even the City of Steinbach. In regard to Steinbach, your indication that more commuters go to Steinbach from Winnipeg than the other way around is not all that surprising to the Board since we have learned first hand how Steinbach really is a distinct area that does not put much real estate activity through our MLS®. Based on our experience, we would suggest you leave Steinbach out of any enlarged capital region boundary.

If there is to be a criticism leveled at the position paper, it is that it is too process-oriented as opposed to results-oriented. What vision do we share for our capital region and what are clear indicators we can use to measure our success in carrying out a successful regional strategy? If all of the RMs and the City of Winnipeg buy into a common vision for the entire region then the chances are you will require less procedures and control mechanisms to curtail less desirable activity that is felt to be counterproductive.

There needs to be a sense of urgency built into this capital region process since it has been dragging on for some time. Other regions as pointed out in the discussion paper are growing faster and are aggressively seeking out ways to enhance their regions further. Meanwhile, we are still mired in our own regional issues without coming up with a game plan if you will to reverse our slide and grow our region at a faster pace. More timely planning decisions have to be made that will not only assist the capital region as a whole but further the development plans of individual RMs and the City of Winnipeg.

MLS RESIDENTIAL DETACHED SALES ACTIVITY - CITY OF WINNIPEG VS. CAPITAL REGION

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002(Jan.-June30)
City of Winnipeg													
Sales	5,971	6,316	7,722	7,010	7,053	6,384	7,077	6,891	6,856	6,810	6,656	7,040	3,829
Dollar Volume	$505,877,000	$542,744,000	$659,993,000	$609,302,000	$628,166,000	$558,147,000	$633,584,000	$622,447,000	$621,567,000	$624,451,000	$618,141,000	$691,083,000	$397,123,000
Avg. Price	$84,722	$85,932	$85,469	$86,919	$86,064	$87,429	$89,527	$90,328	$90,660	$91,696	$92,870	$98,165	$103,715
Capital Region													
Sales	622	822	907	853	955	1,007	1,138	1,127	1,185	1,143	1,007	1,208	645
Dollar Volume	$59,601,000	$65,914,000	$77,472,000	$74,040,000	$87,106,000	$88,682,000	$105,630,000	$105,225,000	$118,945,000	$114,299,000	$105,715,000	$136,974,000	$72,916,000
Avg. Price	$81,352	$80,187	$85,416	$86,800	$91,210	$88,066	$92,820	$93,367	$100,375	$100,000	$104,980	$113,389	$113,047
% of cap region to City of Wpg.	10.42%	13.01%	11.75%	12.17%	13.54%	15.77%	16.08%	16.35%	17.28%	16.78%	15.12%	17.15%	16.84%