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2505 Whistler Road
Whistler, BC V8E 0A6

July 15, 2020

Mayor and Council
Resort Municipality of Whistler
4325 Blackcomb Way
Whistler, BC V8E 0X5

Re: Rezoning application RZ1169

To His Honour Mayor Jack Crompton and Council:

My name is David Dale-Johnson. I have owned a home at Whistler since 1990, skied at Whistler since 1968 and lived here full time since 2010.

I am a real estate economist and the Stan Melton Executive Professor of Real Estate at the Alberta School of Business. I was on the faculty at the Marshall School of Business and the Sol Price School of Public Policy at the University of Southern California for 25 years beginning in 1979. I have written numerous articles published in academic and professional journals focused on real estate markets and the impact of constraints imposed on such markets. I have been an expert witness in real estate valuation cases some involving the valuation of leases. I have also spent several years as the senior vice president of real estate for an entity involved in international retail real estate investment that later acquired a US based restaurant company. In that capacity, I was involved in multiple lease negotiations on behalf of the restaurant entity.

I teach real estate development, real estate finance and urban, housing and real estate economics. My students go to work in the private sector and the public sector for real estate developers, lenders and investors as well as real estate consulting firms, commercial and residential brokerage firms, planning agencies and planning consulting firms.

I am in full support of initiatives to help retailers including restaurants to address the required social distancing along with travel restrictions that are impacting retailing in Whistler Village, Whistler Village North and Creekside retail areas. Anything that can be done to facilitate a lively retail shopping, bar and dining environment is welcome and an important initiative of the RMOW.

The proposed zoning change (Rezoning application RZ1169) as I understand it would cause existing restaurant uses to remain so forever. While I disagree strongly with the proposed zoning change, even if I agreed with the change, this would be the wrong time to take that step due to the uncertainty arising from the impact of COVID 19.

COVID 19 has brought tremendous uncertainty along with hardship to retail tenants and landlords. It has changing the economics of restaurant uses. In fact, the food service sector is the retail sector most dramatically impacted by COVID 19 with multiple business failures as restaurant owners struggle to survive with financial and lease obligations and limited or no revenue. Expert observers as well as

participants in the market are unsure what the new normal will look like. Certainly, there will be casualties particularly among retailers including restaurants and landlords that depend on month to month cash flow for survival and do not have the capital to sustain either their business or the investment real estate. To lock in existing uses at this time as retailers and landlords struggle to survive would impose an unnecessary constraint on the property rights of both.

Now regarding my views on the proposal zoning change in a post CV 19 environment. Real estate markets and particularly retail real estate markets are continuously evolving. Consumers change their preferences and retail development along with retail tenants and restaurant tenants evolve to meet the needs of those changing preferences. To constrain retail real estate uses within a shopping area based on current uses is a bad idea. Of course we want uses that generate traffic and create an experience for shoppers and tourists that brings them back again and again and makes Whistler shopping the best experience possible. However to presume that the current uses are the highest and best use forever while the market evolves assumes that today we know and understand the future of retailing including food services.

The buzzword in retail real estate these days is 'lifestyle' retail. Most shopping areas are trying to enhance the lifestyle component of their retail. As a consequence of the growth in on-line shopping (that has been given a boost by COVID 19), landlords and retailers are making every effort to create spaces and concepts that generate traffic as shoppers seek a comfortable, walkable, relaxed, enjoyable shopping, dining, bar and entertainment experience. Restaurants, bars, fashion, sporting goods and sportswear shops, galleries, some specialty shops and food stores including bakeries and coffee shops are typical tenants in a lifestyle center along with entertainment which may be provided in the bars or in the public spaces. Landlords and retailers work 24/7 seeking synergy among these uses across the shopping day, week and year to enhance pedestrian traffic and consumer expenditure. Locking in bits of this dynamic process is a mistake.

Whistler Village and Whistler Village North having evolved from the original Eldon Beck concept of a village and village form are characteristic of what planners, developers and retailers seek to create when they conceive of 'lifestyle retail' in their communities. I can assure you that if a restaurant concept is feasible at Whistler, it will happen. Rules will not make it happen or keep it feasible as time passes and markets evolve. In fact, rules may keep it away or at least make landlords reluctant to make space available for a new restaurant.

For us to assume we know where the market is going and to lock in the current spatial retail arrangement in the Whistler Villages and Creekside presumes that we are smarter than the market and can foresee the way things will be and should be. We are simply not that smart and we do not have a crystal ball.

Here are some bad things that this zoning change will cause:

- 1) Equity capital will find Whistler retail real estate less attractive. Investors will recognize that their hands are tied with respect tenant choices and will value Whistler retail real estate less than they otherwise would. In financial terms that means that Whistler existing and prospective retail real estate will be valued less than it would otherwise be without the constraint.
- 2) Developers of new properties or owners of existing properties will be reluctant to propose or allow restaurant uses knowing that including these uses will tie their hands in the future. As an

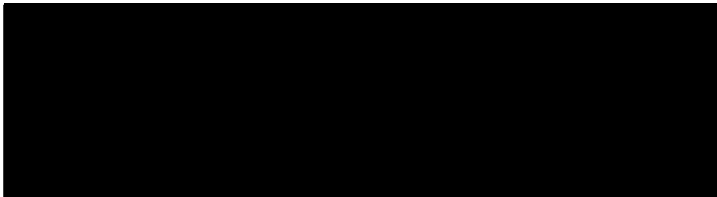
example, I believe *Stinky's on the Stroll* was not a bar/restaurant use prior. I doubt the landlord would have considered that use knowing it would forever be locked in.

- 3) Debt capital will find Whistler retail real estate less attractive. Lenders, just as investors will recognize the constraints that the zoning imposes on uses within a property and will adjust the cost and availability of debt accordingly. Typically this would mean higher interest rates and smaller loans.
- 4) Smart investors and lenders will understand the above and be less willing to commit funds to properties in these submarkets. At the margin, this will impact asset value.
- 5) Landlords and tenants will find their creativity constrained with respect to the design of restaurant uses. New restaurant tenants may be forced to live with existing spatial allocations and landlords will be reluctant to change knowing that whatever they change will be locked in.
- 6) Landlords and tenants will find it more difficult to adjust to the evolving retail market due to the constraints on the spatial allocation of the property. .

Again, the proposed zoning change is a bad idea. It assumes we have perfect foresight and that the current market meets the needs of what consumers will demand in the future. Retail is the most dynamic and volatile of the real estate sectors. To tie the hands of landlords and tenants beyond defining areas suitable for all retail uses including restaurants is a mistake.

Thanks for your attention to this matter.

Sincerely,

A large black rectangular redaction box covering the signature area.

David Dale-Johnson