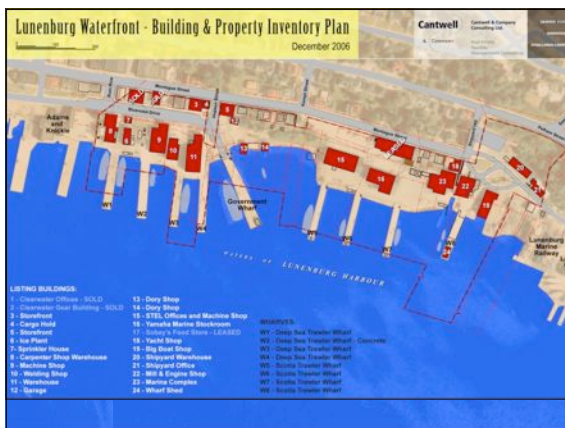




Study Objectives

- Identify market for buildings & wharves;
- Identify strategic assets: Lunenburg as a centre of marine industrial activity;
- Identify non-essential assets for disposal;
- Prepare development & disposal strategy;
- Prepare building & wharf sales packages.
- Prepare 15 year cashflow projections



Stakeholder Interviews

- More Than 50 People Interviewed
- Existing Tenants of Buildings
- Companies That Have Expressed Interest in Properties
- Lunenburg Business Owners & Residents
- The Consultants Made 5+ visits to Lunenburg

Review of Background Studies

- Lunenburg Waterfront Plan generated consensus regarding a working waterfront.
- UNESCO recommendations do not provide major impediments to a continued working waterfront.
- Town MPS and LUB provide some restrictions, but should not represent problem for working waterfront.
- Some administrative issues (i.e., permits) bring worked through with current building renovations.
- Lunenburg Marine Service Alliance Study (2000) provides many good marketing concepts.

MARKET ANALYSIS

- Marine Industrial
 - Fishery, Boat Building, Tall Ships, Cruise Ships, Marinas
- Retail
- Office
- Residential

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Future of the Fishery

- I'm Not Quite Dead Yet! Fishery in flux (Again)
- Declining Resources, European Fleets contracting.
- Exports still worth over \$1B to NS economy
 - Landings Down
 - 812m lbs in '03;
 - 626m lbs in '04
 - Market value Down (Average Value Up)
 - \$1.5B in '03
 - \$1.3B in '04
- Lobster, crab, scallops, shrimp, cod, hake, haddock valuable exports: Lobster \$398M; Crab \$159M; Scallop \$121M
- Importance of "live", frozen, fresh.
- Experimental fisheries (LUNAR one example)

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Future of the Fishery - Cont.

- U.S. by far most important market – 70% of Exports
- 280 fish processing plants in NS – 60% in SW Nova
- Shift of groundfish processing to China – 5,000+ new plants
- Clearwater scallops landing now in Shelburne
- Most valuable fishery (to fisherman) is fresh – ironically adds the most value by doing least amount to it
 - Profound impact on NS and NL
 - Some opportunities for haddock processing
- Some future in the fishery (operations and processing), but don't focus all activity in this area; too risky.
- A decrease in fisheries demand impacts commercial boat work

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Recreational Boat Market

- Overall market growing (Baby Boomers retiring with income).
- Lots of potential for local and visiting boaters (e.g., Cruising Club of America).
- Lunenburg is lacking marina facilities, and not well organized.
- Could attract mega yachts (100 feet+) and luxury yachts.
- This would create good spin-off potential for local boat yards.
- Need for mooring field and marina slips geared to large yachts.

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Boat Building in Nova Scotia

- 48 boat builders in Nova Scotia
 - 1/3 pleasure boats
 - 2/3 commercial boats
- Semi-custom & custom work
- Mostly Fiberglass Construction
- \$90M in sales; increased every year since '98
- \$30M in exports
- 1,300 full time jobs; slight decline '03-'04

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Boat Building Trends

- More pleasure boats, less commercial work
- More repair / conversion
- More refits
- Fewer new fishing boats
- More security / patrol boats
- Markets
 - United States East Coast
 - Great Lakes
 - European Union

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Boat Building Technology

- Resin infusion / bagging
- Advanced composites
- Aluminum construction
- Cold molded – epoxy / wood
- NS Boat Builders apprentice program aims to improve these skills. Offers more flexibility for market than old NSCC shipwright program.

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Government Vessels

- BIO – Currently has three (3) facilities
 - Halifax, NS
 - St. Andrews, NB
 - Northumberland Strait near Shediac, NB
- DND – Halifax is the East Coast HQ for the Navy
 - MCDV's in Halifax, Esquimalt, Quebec City
 - Goal is to expand presence in Halifax
- Coast Guard
 - Search & Rescue in Sambro, Shelburne
 - Summer fast rescue vessel in Chester Basin
 - To consolidate at BIO – Gov't needs more wharves
- RCMP – to follow up
- No existing opportunities here, although most of these decisions are politically driven, and potential exists for Lunenburg.

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Tall Ships

- Home port of Picton Castle
- Upcoming refit of Caledonia
 - 10 months at Cape Chidley wharf
- Home port of CSE Caledonia and potential sisters
- Class Afloat home port for Concordia
- Potential for NS windjammer fleet (Dawson Moreland interested)
- Draft issues with large tall ships (e.g. Eagle). Harbour dredging could fix this.

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Cruise Ships

- Growing industry for large ports
 - 100+ visits to Halifax – 180,000 pax;
 - 60,000 to Sydney, Cape Breton
- Increased demand for cruising based on demographics.
- Existing visitation numbers for Lunenburg are modest.
- Halifax Gateway Council is trying to attract small & medium sized vessels to Halifax as a home port.
- Lunenburg limited to vessels under 100 pax, 150', 14' draft.
- Others need to anchor offshore and tender in.

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Mega Yachts

- 400+ mega yachts worldwide
- Ideal for small ports and harbours
- Big potential to attract people who are big spenders
 - Repairs
 - Fuel
 - Groceries
 - Liquor, car rentals
 - Restaurants
 - Golf

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Marina Slips

- Over 300 slips in the Lunenburg/Queens area
- Lunenburg Harbour marina slips not well marketed
- Private sector has an interest in running a marina in Lunenburg (3 companies have expressed an interest)
- Issue will be the investment in capital to start-up
- Larger yachts can generate substantial economic spin-offs

Marina	Slips	Moorings	Facilities
Brooklyn	52	n/a	W/S
Chester YC	n/a	available	W
Gold River	47	5	W/S/L
Lahave River YC	20	available	W/S/L
Lunenburg	8	9	W/S
Lunenburg YC	40	8	W/S
Mahone Bay Classic		30+	W/S
Mahone Bay Town	16		
Oak Island	41	2	W/S/L
Shelburne YC	50	12	W/S/L
South Shore Marine	2	100+	W
Yarmouth	34	4	W/S/L
Total	308		

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Retail Space

- Retail space derived from residents and visitors/tourists
- Major shopping in Bridgewater siphoning off local disposable income (Exit 12, etc)
- Tourism market currently limited to summer months
- Due to this dynamic, most retail is seasonal. Rents adjusted to match.
- High quality, well located space, on Montague will be marketable.

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Office Space

- Very little Class A office space. Province looking for new office building now (NS Dept Natural Resources).
- Most other office space located over storefronts on 2nd floor. Local business offices.
- Post office redevelopment has surplus space, and still can't lease it.
- There will be limited demand for office space; primary market is support office space for waterfront industrial users.

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Residential Market

- Two markets for residential in Lunenburg: local residents; and seasonal visitors.
- Affordability an issue for local residents.
- Seasonal visitors have money, looking for quality and character. Won't stay year round.
- There is potential for residential on vacant land near waterfront, but impacts on working waterfront may not be worth financial return.
- This should not drive the redevelopment plan, but if possible could contribute some funds to offset other costs.

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Hospitality Market

- Tourism a key driver for hotel rooms on the South Shore.
- Larger employment centres (e.g., Bridgewater) get year round business from major employers (Michelin).
- Lunenburg market down due to slow tourism seasons
- However, Lunenburg a major tourism draw, and the town does not have a high quality hotel that can hold a full bus tour, plus additional guests.
- May also be potential for a small meeting facility. Some investors have expressed interest in Lunenburg.
- On balance, a major hotel is unlikely. If one did occur, there are better locations available, with less industrial conflict.

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Market Demand Summary

- Good Demand for Industrial, Issue is Ability to Pay
- Some Retail Potential - Montague St. & Building 8
- Some Office Space Demand - IT or Support for Marine Sector
- Ocean Science Market Limited - No BIO or Dal Cluster
- Hotel Market Not Viable, Small Market, Too Seasonal
- Residential Has Some Potential, Land Use Conflicts and "Disneyfication" of Town Are the Issues

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Case Studies: Gloucester and New Bedford, MA



- Major Ports in Massachusetts
- Both Hit By Downturn in the Fishery
- Big Differences (Land Ownership, Fishery, Harbour Depth, Population)
- Gloucester Having a Tough Time (Groundfish)
- Pressure to Allow Non-Marine Uses
- Less Government Funding Due to Private Ownership

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Gloucester Zoning (MI1, 2 & 3)

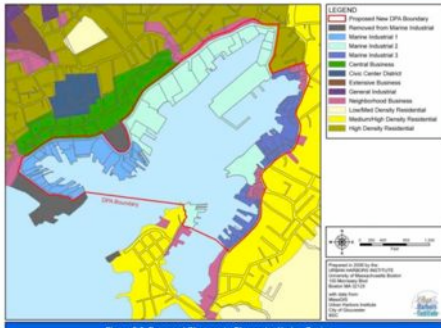


Figure 6-3: Proposed Changes to Gloucester Harbor Zoning

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Building 1: Clearwater Offices

- Status: Retained by Clearwater as administrative offices.
- Best Use: Office space.
- Notes: Building in excellent shape.
- Interest: N/A

Building 1: Clearwater Offices

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Building 2: Clearwater Gear Shop

- Status: Sold to Immigrant Investor from Holland
- Current Use: Retail storefront: books and yacht sales (B,1), and art gallery (2,3)
- Notes: Building was sold to a private buyer. Has been extensively renovated.
- Interest: N/A

Building 2: Clearwater Gear Shop

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Building 3: Storefront

- Status: Rented as office space (B,1); sail loft (2) and storage (3)
- Best Use: Retail storefront (B,1), and office, residential or sail loft (2,3)
- Notes: Ground floor retail space has heritage counters
- Interest: Several interested buyers. Ground floor marketable.

Building 3: Storefront

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Building 4: Cargo Hold

- Status: Ground floor vacant, Second floor apartment rented
- Best Use: Retail storefront (B,1), and residential above (2,3); If combined with Building 3, this could be a small Inn.
- Notes: Space needs basic renovations.
- Interest: At least one company interested in buying. Apartment easy to rent, ground floor space very marketable.

Building 4: Cargo Hold

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Buildings 5 & 12: Storefront and Garage

- Status: Main level vacant, lower level rented to machine shop.
- Best Use: Retail or office storefront and industrial use on lower level.
- Notes: Lower level has concrete floor & high ceiling
- Interest: One company would purchase, building and lease lower level to machine shop.

Buildings 5 & 12: Storefront and Garage

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Building 6 & 7: Ice Plant & Sprinkler House

- Status: SOLD to Lunar Fishing
- Best Use: Demolition and/or re-use as support buildings.
- Notes: Any new structure should have a similar orientation to wharf.
- Interest: Part of LUNAR Seafood deal for Buildings 9 & 10. Company has no immediate plans for the buildings








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Building 8: Warehouse

- Status: Main Level leased to Lunenburg Forge; 2nd floor to Bluenose II, 3rd floor vacant.
- Best Use: Restaurant, pub, bakery ground floor, offices upstairs (tall ship connection?), storage 3rd floor. This building is a great opportunity for public access to the waterfront.
- Notes: Coal forge in a wooden structure may not be safe; existing tenant not water dependent.

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Buildings 9 & 10: Machine & Welding Shops

- Status: SOLD to Lunar Fishing
- Best Use: Fish Processing Facility
- Notes: Buyer to remove 2nd floor to create higher ceiling, and will pour a concrete floor.







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Building 11: Warehouse

- Status: Leased to Picton Castle and NS Sea School.
- Best Use: Marine Industrial
- Notes: Building & wharf in poor shape.
- Interest: Tenant wants to buy building and wharf to establish a ship rigging, boat building and vessel outfitting company. NS Sea School wants to lease space, but likely not enough space for both tenants.






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Dory Shops and Waterfront

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- Status: Leased to the Dory Shop.
- Possible Uses: Heritage Boat Building, General Marine Industrial use.
- Notes: These are the most authentic buildings on the waterfront. The adjacent Harbour Authority wharf provides value for marine related businesses.
- Interest: Several companies have expressed an interest in either a portion, or the whole property.



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Bldg 15: STEL Offices & Machine

- Status: Some offices still in use
- Best Use: Upper level offices (support, naval engineer, yacht broker, etc), lower level industrial uses (marine industrial)
- Notes: Robb Joists are defective and need repair. Lower level has concrete floor and high ceilings. Potential 3rd floor possible, but likely too expensive.
- Interest: There are at least half a dozen companies interested in this building.






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Bldg 16: Yamaha Marine Stockroom

- Status: Vacant.
- Best Use: Ground floor marine industrial. Upper floors for office space or storage.
- Notes: Building is a former salt fish warehouse. Wooden post and beams provide character for possible conversion.
- Interest: Several groups want to run a marina behind this building.





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Bldg 17: Sobeys Food Store

- Status: Leased by Sobeys.
- Best Use: Grocery Store
- Notes: Pictures provide examples of building improvements already made by Sobeys.
- The existing lease payment from Sobeys provides good cashflow to the WDC or LWA.






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Bldg 18: The Yacht Shop

- Status: Leased by the Yacht Shop
- Best Use: Retail storefront or offices to support boat yard.
- Interest: The owners of the Yacht Shop have expressed an interest in purchasing this building.






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Bldg 19: Big Boat Shop

- Status: Vacant
- Best Use: Boat building shed.
- Notes: The Bluenose II was built in this facility. Sixty (60) feet was lost off the back of the building during a Hurricane.
- Interest: At least one boat builder has expressed an interest in this building, as part of a larger facility. This facility could be used to build recreational yachts, or to construct Bluenose III.

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Bldg 20: Shipyard Warehouse

- Status: Vacant
- Best Use: Boat building & storage shed. The Province should not make any LT commitment for this building until the fate of the adjacent boat yard is known.
- Notes: Building needs lots of work.
- Interest: An educational facility has expressed an interest in this building.



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Bldg 21: Shipyard Offices

- Status: Echo Bay Marine leases some office space at the current time.
- Best Use: Offices to support boat building facility. The Province should not make LT commitment for this building until the fate of the boat yard is known.
- Notes: Only has one parking space. Building encroaches on adjacent property.
- Interest: Several companies have expressed interest in the building (both lease and purchase)



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Bldg 22: Mill & Engine Shop

- Status: Vacant
- Best Use: Support facilities (Carpentry, engine repair) for boat building yard.
- Notes: Upper level is excellent workshop space with lots of natural light.
- Interest: At least one boat builder has an interest in this building, as part of the former Smith and Rhuland complex.






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Bldg 23: Marina Complex

- Status: Vacant
- Best Use: Support facilities (boat repair and construction) for boat building yard.
- Notes: Railway has capacity of 12 to 30 tonnes, compared to the Lunenburg Marine Railway (800 tonnes capacity).
- Interest: Several companies have expressed an interest in this building, either as part of a marina, or as part of a boat yard.





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Bldg 24: Wharf Shed

- Status: Leased by Dalhousie University Science
- Best Use: Dock side Carpentry support shop.
- Notes: Has 600 amp power service!
- Interest: No interest expressed in the building *per se*, but it would be useful as part of the boat building complex.

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Parcel Q

- Status: Vacant Land on Pelham St.
- Best Use: Top of the site could be developed for housing, with parcel at the bottom of Sawpit left as a park look-off. The Province should not make any LT commitment for this building until the fate of the adjacent boat yard is known. Rental units only.
- Notes: Property is zoned MI (Marine Industrial), plan amendment required.



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Shipyards Hill Redevelopment







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Wharves 1 through 8

- Status: Most wharves currently in use.
- Best Use: The community could retain several wharves if it is financially viable.
- Notes: Wharf 2 (LUNAR) in excellent shape. Wharf 4 (Dawson Moreland) is in very poor shape.
- Interest: A range of companies have expressed an interest in most of the wharves on the waterfront. Some wharves should only be disposed of in conjunction with the adjacent building (i.e., as a package).

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