

# Optimizing the Second Phase of Thunder Bay's Waterfront Development: Maximizing Economic Impact and Growth

MARCH 2025

The Thunder Bay Community Economic Development Commission (CEDC) has conducted a Highest and Best Use Study for the Pool Six property and Tugboat Basin to help shape the future of the city's waterfront. This study provides insights into potential economic and tourism opportunities, and community benefits.

## Development Vision

The goal is to revitalize underused spaces and create a year-round destination that offers:

- **Public Accessibility:** Ensuring open, welcoming spaces for all residents and visitors.
- **Economic Growth:** Boosting tourism, business activity, and municipal revenue.
- **Strategic Partnership:** Collaborating with the public and private sectors for long-term success.
- **Connectivity and Inclusivity:** Designing a waterfront that integrates seamlessly with the city's cultural and economic landscape.

## Key Findings & Recommendations

CEDC partnered with bain smith consulting and Brook McIlroy to assess market demand, infrastructure needs, and economic feasibility. The study explored multiple development scenarios and produced site and building concepts, cost estimates, and long-term development proforma (5, 10, and 15 years). At a high level, it also evaluated the viability of key business opportunities and estimated potential property tax revenue to support city growth.



Key recommendations include:

- **Investing in essential infrastructure** for long-term economic benefits.
- **Developing mixed-use spaces** with residential, commercial, and public amenities.
- **Enhancing tourism assets**
- **Balancing growth with environmental responsibility.**

## MARKET OPPORTUNITIES

### HOTEL SECTOR



Thunder Bay experiences strong demand for hotel accommodations, with an average occupancy rate of 69%, surpassing both 2023 Ontario and Canadian averages.

### HOUSING SECTOR



Thunder Bay is facing a housing shortage, with a current deficit of 865 units and a vacancy rate of just 2.9%, according to 2023 Canada Mortgage and Housing Corporation. Key housing trends include:

- Growing, though modest, demand for condominiums
- High demand for assisted and senior living accommodations
- Projected need: 1,380 - 8,825 new units based on population growth.

### CONFERENCE CENTRE



- Current venues accommodate only 1,000 attendees theatre-style, 600 for plated events, limiting event opportunities.
- A new conference center, if viable, would strengthen business tourism.

### RESTAURANT SECTOR



- Eating and drinking establishments in Thunder Bay each generate an average annual revenue of \$491,948.
- A well-positioned establishment at the waterfront could succeed by leveraging its unique location to attract both locals and visitors.

### RETAIL & COMMERCIAL SPACE



- A promising development opportunity for the Pool Six property is a mixed-use residential and commercial space.
- This integration would combine living, shopping, services, and recreation to create a vibrant, year-round destination.
- Thunder Bay's 2023 commercial vacancy rate is estimated at around 10%.
- A well-designed waterfront development could attract residents and businesses, enhancing the area's appeal and sustainability.

### CULTURAL OPPORTUNITIES



- Cultural attractions have the potential to draw between 30,000 and 60,000 visitors annually.
- Increased visitors would boost demand for accommodations, shopping, dining, and recreation.
- While cultural assets don't generate rental income or property tax revenue, they enhance community vibrancy.
- They contribute to long-term economic growth by attracting residents and visitors.

### NORDIC SPA



- It may be attractive to develop a Nordic spa integrated with a hotel for a year-round experience.
- This would enhance the city's tourism appeal and create a unique wellness destination.
- The nearest Nordic spas are in Duluth, Minnesota, and Winnipeg, Manitoba, highlighting a market gap Thunder Bay could fill.

## SPACE ALLOCATION WITHIN DEVELOPMENT SCENARIOS

The division of space within the developed scenarios resulted in the following allocations:

**DEVELOPMENT SPACE: 37% - 38%**

**PUBLIC SPACE: 39% - 44%**

**INFRASTRUCTURE SPACE: 18%**

**CRUISE SHIP SERVICE AREA: 1% - 5%**

## ESTIMATED PROPERTY TAX REVENUE

The approximate level of tax revenue possible if the land was fully developed:

LOW ESTIMATE

**4.2M**  
TO  
**11.5M**  
PER YEAR

**5.7M**  
TO  
**15.4M**  
PER YEAR

HIGH ESTIMATE

## DEVELOPMENT OPTIONS

### RESIDENTIAL DEVELOPMENT WITH COMMERCIAL SPACE

#### APARTMENTS OR CONDOMINIUMS

**Recommendation:** First-floor commercial space available for rental



**Number of Residential Buildings:** 2 - 5

**Number of Residential Units:** 269 - 1,606

**Square Foot per Rental Unit:** 700 - 900 sq. ft.

**Building Square Footage:** 141,874 - 370,000 sq. ft.

**Projected Capital Costs:** \$59.59M - \$206M

**Projected Annual Tax Revenue:** \$0.64M - \$ 2.96M



### COMMERCIAL SPACE

**Commercial Space Available for Rent:**  
9,074 - 16,695 sq. ft.

### ACCOMMODATION DEVELOPMENT

**Number of Hotels:** 1 - 2

**Number of Rooms:** 201 - 429

**Daily Room Rate:** \$250 - \$350/night

**Building Square Footage:**  
126,217 - 160,329 sq. ft.

**Projected Capital Costs:** \$56.8M - \$85.7M

**Projected Annual Tax Revenue:** \$1.41M - \$ 2.83M



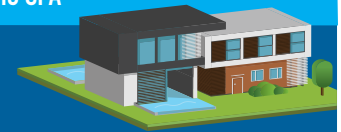
### NORDIC SPA

**Building Square Footage:**  
18,632 - 20,451 (1 floor)

**Capital Cost:** \$5.59 - \$6.14 M

**Projected Annual Tax Revenue:** \$0.14M - \$ 0.2M

**Recommendation:** To be included within a hotel



### CONFERENCE CENTRE

**Number of Conference Centres:** 1

**Building Square Footage:**  
98,059 - 122,762 sq. ft. (2 floors)

**Capital Cost:** \$88.25M - \$110.49M

**Projected Annual Tax Revenue:** \$0.0M - \$3.65M



### ASSUMPTIONS & CONSIDERATIONS:

- The calculations and recommendations in the prepared report are based on numerous assumptions given market and economic conditions at a specific point in time. As conditions change, any development options should be reconsidered at that time.
- Existing, new, and proposed waterfront cultural assets
- Infrastructure requirements for the property
- Development guidelines for areas adjacent to the CN railway lands
- Secured area for cruise ships
- Demolition of the existing municipal building
- Habitat pond and environmental protections