

City of Peterborough, Retail Market Analysis



Prepared for: City of Peterborough

Date: March 11, 2009

urbanMetrics inc.

market, economic and strategic advisors

67 Yonge Street, Suite 460
Toronto, ON, M5E 1J8
P: 416-351-8585 / 1-800-505-8755
F: 416- 345-8586
www.urbanmetrics.ca

March 11, 2009

Mr. Malcolm Hunt
Director of Planning & Development Services
City of Peterborough
City Hall, 500 George Street North
Peterborough, ON K9H 3R9

Dear Mr. Hunt:

Re: Retail Market Analysis, City of Peterborough, Ontario

urbanMetrics inc. is pleased to submit our *Retail Market Analysis* (RMA) report to the City of Peterborough. The purpose of this study is to provide an updated retail market analysis to justify the need for additional retail space in Peterborough. This RMA will quantify future retail and service commercial space requirements for the City of Peterborough until 2026 and review the current structure, function and performance of retail activities in the City.

Our consumer survey research and analysis has been conducted in accordance with the authorized scope of work. The results of our research and analysis have led to a number of conclusions regarding the commercial structure of Peterborough and possible future scenarios for retail and service commercial land needs and development.

The findings and conclusions presented in this report represent our best judgement based upon the information that was available to us as of the date of our research. Accordingly, the findings, conclusions, projections, and recommendations presented herein should be reviewed and interpreted with reference to evolving circumstances and economic conditions.

It has been a pleasure conducting this study on your behalf. Should you have any further questions, please do not hesitate to contact our office.

Sincerely,

urbanMetrics inc.



Rowan Faludi
Partner

Table of Contents

EXECUTIVE SUMMARY	I
1. INTRODUCTION	1
1.1 ISSUES AND OBJECTIVES	1
1.2 SCOPE OF WORK	2
1.3 BASIC ASSUMPTIONS.....	4
2. CITY OF PETERBOROUGH - SELECTED SOCIO-DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS	6
2.1 DEMOGRAPHICS	6
2.1.1 <i>Population</i>	6
2.1.2 <i>Per Capita Income</i>	8
2.1.3 <i>Age Distribution</i>	8
2.1.4 <i>Education Attainment</i>	9
2.2 ECONOMIC BASE	10
2.2.1 <i>Key Business Sectors</i>	11
2.2.2 <i>Labour Force Composition</i>	12
2.2.3 <i>Place of Work</i>	13
2.2.4 <i>Local Economic Restructuring</i>	13
2.2.5 <i>Tourism</i>	16
2.3 SUMMARY	17
3. NORTH AMERICAN RETAIL TRENDS	19
3.1.1 <i>Power Centres and Large Format Retailers</i>	19
3.1.2 <i>The Broadening of Shopping Centre Merchandising</i>	21
3.1.3 <i>Lifestyle Centres and Town Centre Developments</i>	23
3.1.4 <i>Blurring of the Retail Hierarchy</i>	25
3.1.5 <i>The Redevelopment of Obsolete Malls</i>	26
3.1.6 <i>Rebuilding Neighbourhood Retail</i>	26
3.2 RELEVANCE TO PETERBOROUGH	27
3.3 SUMMARY	27
4. PETERBOROUGH TRADE AREA CHARACTERISTICS.....	29
4.1 TRADE AREA DEFINED	29
4.2 TRADE AREA INFLOW	33
4.3 TRADE AREA POPULATION.....	33
4.4 TRADE AREA INCOME LEVELS	36

4.5	TRADE AREA EXPENDITURES	36
4.5.1	<i>Per Capita Food Store Retail (FSR) Expenditures</i>	<i>36</i>
4.5.2	<i>Per Capita Non-Food Store Expenditures</i>	<i>38</i>
5.	CONSUMER SURVEY RESEARCH	41
5.1	TELEPHONE SURVEY	41
5.1.1	<i>Sample</i>	<i>41</i>
5.1.2	<i>2007 Distribution of Trade Area Residents' Expenditures</i>	<i>41</i>
5.1.3	<i>Downtown Shopping Experience</i>	<i>45</i>
5.2	ON-STREET DOWNTOWN SURVEY	46
5.2.1	<i>Perceptions of Downtown Shopping</i>	<i>47</i>
6.	COMMERCIAL SPACE INVENTORY REVIEW	49
6.1	PETERBOROUGH RETAIL DISTRICTS	49
6.1.1	<i>Distribution of Retail Inventory by District</i>	<i>51</i>
6.1.2	<i>Trends by District</i>	<i>54</i>
6.2	PETERBOROUGH RETAIL CLUSTERS	55
6.2.1	<i>Distribution of Retail Inventory by Cluster</i>	<i>58</i>
6.2.2	<i>Change of Retail Inventory by Cluster, 2000-2007</i>	<i>59</i>
6.3	PER CAPITA COMMERCIAL SPACE	60
6.4	COMMERCIAL VACANCY RATES	62
6.5	DISTRIBUTION OF RETAIL SPACE BY POPULATION	64
7.	APPROVED AND DESIGNATED RETAIL AND RESIDENTIAL DEVELOPMENT	66
7.1	APPROVED RETAIL DEVELOPMENT	66
7.2	DESIGNATED RETAIL SITES WITH NO APPLICATION	69
7.3	RESIDENTIAL GROWTH BY DISTRICT	71
7.3.1	<i>Summary</i>	<i>73</i>
8.	WARRANTED RETAIL AND SERVICE SPACE IN PETERBOROUGH	75
8.1	FOOD STORE RETAIL	75
8.1.1	<i>PTA – City of Peterborough Share</i>	<i>75</i>
8.1.2	<i>PTA Residual Expenditure Potential from Trade Area Residents</i>	<i>75</i>
8.1.3	<i>Market Opportunity</i>	<i>76</i>
8.2	NON-FOOD STORE EXPENDITURE	78
8.2.1	<i>PTA – City of Peterborough Share</i>	<i>78</i>
8.2.2	<i>PTA Residual Expenditure Potential</i>	<i>78</i>
8.2.3	<i>Market Opportunity for NFSR Space</i>	<i>78</i>
8.3	OTHER SELECTED RETAIL AND SERVICE SPACE POTENTIAL	81
8.4	SUMMARY OF ADDITIONAL WARRANTED RETAIL SPACE	83

9. DEMAND & SUPPLY RECONCILIATION	84
9.1 TOTAL SUPPLY & DEMAND BY 2026	84
9.2 DISTRIBUTION OF APPROVED AND DESIGNATED RETAIL DEVELOPMENT	86
9.3 POTENTIAL PHASING OF APPROVED SPACE BY AREA	87
9.4 DISTRIBUTION OF UNALLOCATED SPACE BY RETAIL CATEGORY	88
9.5 GEOGRAPHICAL DISTRIBUTION OF FUTURE WARRANTED SPACE	90
10. CONCLUSIONS & RECOMMENDATIONS	91

Appendices:

Appendix A – Background Data & Definition of Terms

Appendix B – Population Estimates and Forecasts

Appendix C – City of Peterborough Commercial Space Inventory

Appendix D – Licence Plate Survey Results

Appendix E – Downtown On-Street Survey Results

Appendix F – Telephone Consumer Survey Results

Appendix G – Retabulation of 2000 RMDS Trade Area Expenditures by NAICS

Executive Summary

The City of Peterborough has witnessed significant retail development since the completion of its last *Retail Market Demand Study* (RMDS) in 2000. As a result, the City requires an updated retail market analysis to justify the need for additional retail space. The objective of this Retail Market Analysis (RMA) is to quantify future retail and service commercial space requirements for the City of Peterborough until 2026. In addition, this RMA will:

- Identify the most appropriate distribution of space by major store category;
- Recommend the most appropriate geographical distribution of this space; and,
- Recommend the most appropriate retail formats to serve the Peterborough community in the future.

Our conclusions and recommendations are based on an extensive work program that has included: public consultation, a telephone survey of Peterborough residents and the surrounding area, on-street surveys at selected downtown locations, review of the existing and potential commercial inventory, and the development and application of a retail demand model to forecast future space requirements.

Our key findings, which have been documented at the conclusion of our study, include the following:

- Peterborough has an appropriate existing supply of retail space as indicated by the City's low overall vacancy rate and high sales per square foot performance levels;
- Peterborough's Downtown is one of the most successful downtowns in Ontario, and particularly in terms of the amount of space, selection of retail goods, and balance between chain stores and independent retailers. Furthermore, the downtown's vacancy rate is relatively low, which is indicative of a healthy retail sector. In our opinion, downtown Peterborough is a major asset to the community and to the regional visitor base. In examining the experiences of other small to mid-sized cities across the Province, the overall health of the downtown core cannot be taken for granted. In planning future commercial space, the City of Peterborough must ensure that sufficient market is available to enable the downtown to continue to reinforce and expand its commercial function.
- In 2000, the City commissioned the RMDS, which laid the ground work for future commercial development in the City. Based on the population data available from the 2006 Census, population growth for the City of Peterborough, STA – Peterborough County, and STA – City of Kawartha Lakes have been below forecast levels in the

2000 report. Also, 2011 to 2021 population forecasts generated from the 2000 RMDS for these portions of the Trade Area are well above our population forecasts. Consequently, future demand levels will not be as high as was assumed in the 2000 RMDS.

- Recent population projections for the Trade Area take into consideration the *Places to Grow Plan for the Greater Golden Horseshoe*, which forecast population growth to be much lower than what was predicted in the 2000 RMDS.
- There is just over 4.2 million square feet of occupied and vacant retail and service space in the City of Peterborough which translates into 54 square feet per capita. While this is high on a per capita basis, it is reflective of Peterborough's role as the major service centre in East Central Ontario.
- By 2026, there will be a demand for almost 1.8 million square feet of additional retail and service space. The commercial supply that is available from approved and designated development sites is 955,100 square feet. As a result, there will be a supply shortfall of approximately 839,000 square feet.
- Approved development is comprised of the recently opened Costco Warehouse of 145,000 square feet and 8 other retail and service developments that total some 381,400 square feet. Altogether, approved developments represent 526,400 square feet. Virtually all of these approved developments are in the North and West Districts and almost half of the total square footage is attributed to the Lansdowne Place expansion.
- In the future, with the aging baby boom population and higher fuel costs there will be increased demand for service space in local convenience locations.

In planning for future commercial space, the City should focus on:

- Reinforcing the Centre District as a multi-purpose retail destination that meets the food store, non-food store, and service retail needs of local and regional residents;
- Maintaining and expanding the local and neighbourhood convenience retail functions that are available throughout the City, especially within the Centre and East Districts;
- Encouraging Centre District residential and office intensification to enhance the scope and vitality of downtown retailers;

- Expanding the availability and type of retail and services in the East District;
- Ensuring future retail growth in each District is justified by population growth; and,
- Seeking opportunities that enhance the availability of local serving retail facilities at the neighbourhood level throughout the City.

Summary Tables of Retail Market Change

The following is a brief summary of the retail market change that has occurred in Peterborough since the completion of the 2000 RMDS.

- The City of Peterborough has witnessed significant food store retail and non-food store retail expansion since 2000. The only District that did not experience growth was the Centre District.

Distribution of FSR & NFSR Space in Peterborough, 2000-2007

District/Cluster	2000		2007		Change
	SF	%	SF	%	SF
Centre					
Downtown Area					
Commercial Core	751,200	33.6%	594,100	20.5%	-157,100
Charlotte Gateway	32,700	1.5%	22,850	0.8%	-9,850
George Gateway	2,700	0.1%	2,700	0.1%	-
Hunter Gateway	29,300	1.3%	41,350	1.4%	12,050
McDonnell Gateway	3,950	0.2%	19,200	0.7%	15,250
Park Gateway	15,250	0.7%	8,450	0.3%	-6,800
Subtotal - Downtown Area	835,100	37.4%	688,650	23.7%	-146,450
Downtown Fringe	47,500	2.1%	147,950	5.1%	100,450
Subtotal - Centre	882,600	39.5%	836,600	28.8%	-46,000
North					
Chemong Cluster	267,350	12.0%	538,900	18.6%	271,550
Other North	44,000	2.0%	48,000	1.7%	4,000
Subtotal - North	311,350	13.9%	586,900	20.2%	275,550
East					
Willowcreek Cluster	59,400	2.7%	106,250	3.7%	46,850
Other East	5,400	0.2%	39,650	1.4%	34,250
Subtotal - East	64,800	2.9%	145,900	5.0%	81,100
West					
Lansdowne/ Parkway Cluster	757,900	33.9%	1,056,850	36.4%	298,950
Kawartha/ Mapleridge Cluster	100,100	4.5%	137,400	4.7%	37,300
Other West	115,850	5.2%	139,050	4.8%	23,200
Subtotal - West	973,850	43.6%	1,333,300	45.9%	359,450
Total	2,232,600	100.0%	2,902,700	100.0%	670,100

Source: urbanMetrics Inc.

- Over the past 15 years, per capita income levels have risen in both STA – Peterborough County and STA – City of Kawartha Lakes. Conversely, the City of Peterborough and STA – Northumberland have witnessed reduce per capita income levels relative to the Province.

Trade Area Income Levels Relative to Province, 1991-2006

Trade Area	2000 RMDS		urbanMetrics inc.	
	1991	1996	2001	2006
PTA - City of Peterborough	87.4	89.3	83.7	85.7
STA - Peterborough County	85.9	86.4	83.8	92.5
STA - City of Kawartha Lakes	86.8	84.3	83.0	88.9
STA - Northumberland	79.4	78.5	76.7	76.5

Source: Statistics Canada. 1991, 1996, 2001, and 2006 Census

- City of Peterborough retail capture rates from Trade Area residents have declined sharply between 2000 and 2007 within the General Merchandise Stores category. The majority of this outflow is attributed to purchases made at Costco Warehouses located outside of the Trade Area. The recent opening of a Costco in Peterborough should help reduce this outflow. Other retail categories that experienced significant change over the 2000 to 2007 period were home improvement and home furnishings, which both experienced increased capture rates in the Secondary Trade Area.

NAICS Categories	Primary Trade Area		Secondary Trade Area	
	Outflow		Outflow	
	2000	2007	2000	2007
Department Store	4.4%	1.3%	35.5%	25.9%
General Merchandise Stores	11.6%	49.1%	61.7%	80.7%
Fashion & Accessory Stores	8.4%	15.3%	46.8%	53.6%
Specialty Stores	24.2%	9.5%	62.7%	55.5%
Home Improvement	15.8%	7.8%	94.3%	41.8%
Home Furnishings	18.4%	8.7%	42.0%	29.9%
Supermarket	4.5%	0.4%	64.6%	57.3%
Pharmacies	6.6%	5.7%	69.3%	69.5%
Total Non-Weighted NFSR	13.6%	9.4%	74.0%	46.3%
Total NFSR (Weighted)	n.a.	9.6%	n.a.	42.0%

Source: urbanMetrics inc.

Note: refers to NAICS categories that underwent significant market change

- Population forecasts over the 2011 to 2021 period have been reduced to reflect the lower forecasts provided in Places to Grow.

Trade Area Population Forecasts, 2001-2026

Trade Area	2000 RMDS Forecasts					Actuals		urbanMetrics Forecasts				
	2001	2006	2011	2016	2021	2001	2006	2011	2016	2021	2026	
PTA - City of Peterborough	75,000	78,500	82,000	85,500	89,000	74,200	77,800	79,000	81,500	84,000	86,000	
STA - Peterborough County	57,130	60,030	62,930	65,830	68,730	56,500	59,900	59,925	59,950	60,000	60,500	
STA - City of Kawartha Lakes	60,000	64,150	68,300	72,450	76,600	57,200	61,900	64,100	68,900	73,600	78,000	
STA - Northumberland	14,350	14,800	15,250	15,700	16,150	15,100	14,800	15,300	15,600	15,800	16,400	
Total Trade Area	206,480	217,480	228,480	239,480	250,480	203,000	214,400	218,325	225,950	233,400	240,900	

- Commercial square footage forecasts for the 2011 to 2021 period have been raised from 3.04 and 3.29 million in the RMDS forecast to 3.45 and 4.02 million for the urbanMetrics forecast. These increased square footage forecasts are due to rising retail capture rates and higher real growth levels for food store retailers, as well as non-food store retailers.¹

City of Peterborough Forecast	Commercial Square Feet (Millions)					
	2001	2006	2011	2016	2021	2026
RMDS Forecast Total	2.71	2.92	3.04	3.17	3.29	n.a.
RMDS Forecast Growth	0.21	0.12	0.13	0.13	n.a.	
urbanMetrics inc. Forecast Total	n.a.	n.a.	3.45	3.75	4.02	4.27
urbanMetrics inc. Forecast Growth	n.a.	n.a.	0.30	0.27	n.a.	

Note: * Does not include service space

¹ Real growth refers to the amount that sales volumes or expenditures would increase in future years with inflation eliminated. For the purposes of our study, real growth rates of 0.5% and 1.5% have been used for FSR and NFSR expenditures.

1. Introduction

The City of Peterborough has engaged urbanMetrics inc. to undertake a *Downtown Economic Analysis* (DEA) and a city-wide *Retail Market Analysis* (RMA). These studies are intended to provide key background information as input to the City of Peterborough's Official Plan Review and Central Area Master Plan. The DEA study was the first phase of the project. Submitted to Council on March 5, 2008, the DEA assessed the health of the Downtown, provided an understanding of how the Downtown functions, and identified key impediments and opportunities for Downtown success. These findings have been incorporated into the RMA study.

1.1 Issues and Objectives

The City of Peterborough, like many other urban locales in Ontario, has experienced significant retail commercial development over the past decade. During this period of time retail formats have continually evolved. Consequently, municipalities are faced with evaluating and accommodating development proposals in locations previously not contemplated for commercial development (e.g. industrial areas). This is due to unforeseen retail trends, unforeseen new demand, as well as retailer locational criteria that were previously not considered. In an effort to be proactive rather than reactive, municipalities are having to re-think and re-evaluate the commercial land use policies in their official plans. This requires a thorough understanding of such factors as existing shopping patterns, evolving retail trends, existing service levels, future growth expectations, future commercial needs, and retailer locational criteria. As input to Peterborough's Official Plan Review, the City of Peterborough requires a *Retail Market Analysis* to provide the municipality with the data and the knowledge base upon which to evaluate existing commercial policies and to make appropriate policy changes.

Of particular importance to the City is to ensure that residents and visitors to Peterborough are adequately served by commercial facilities. At the same time, it must bolster and protect the vitality of its important existing commercial areas, including the downtown.

Peterborough has already come close to realizing the ten-year forecast of warranted retail floor space identified in the 2000 Retail Market Demand Study commissioned by the City². In order to justify additional retail space in Peterborough, the City requires an updated retail

² Robin Dee & Associates and W. Scott Morgan, Retail Market Demand Study, Commercial Policy Review – 2000 Corporation of the City of Peterborough, September, 2000.

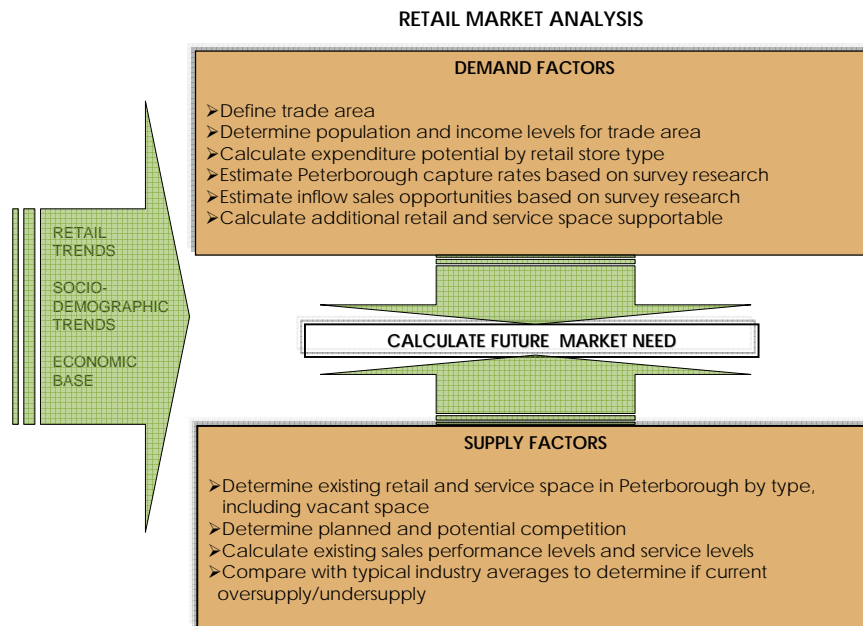
market analysis, based on current data and commercial development trends. This RMA study is intended to:

- Identify the amount of commercial development that would be required to serve the future population of the City of Peterborough and its trade area until the year 2026;
- Guide where future commercial development should occur in the City until 2026;
- Identify the types and formats for new commercial development in Peterborough;
- Provide Council and staff with guidance for making decisions with regards to new commercial development applications; and,
- Provide recommendations with regards to revitalizing under performing commercial areas and solidifying market support for other key retail districts.

1.2 Scope of Work

To accomplish the RMA objectives, our study includes a detailed program of market research and analysis which evaluates supply and demand factors influencing future retail and service space needs in Peterborough. Our work program has been illustrated below.

Figure 1-1: Retail Market Analysis Scope



The following paragraphs summarize the various tasks and work steps undertaken:

- **Review of the socio-demographic characteristics of Peterborough residents** – Based on Census data, we have provided a brief overview of selected characteristics of Peterborough residents, including age, income, and education.
- **Review of Peterborough's economic base** - Included is a brief discussion of Peterborough's economic base, including employment, labour force, Peterborough's economy/economic restructuring, and tourism.
- **Review of the global retail trends** – A discussion is provided of trends in the retail landscape such as power centres, large format retailers, the broadening of shopping centre merchandising, lifestyle centres, redevelopment of obsolete malls, the blurring of the retail hierarchy, and others.
- **Survey research** – In order to profile existing residents of the local area and Peterborough customers, the following survey research has been undertaken:
 - **Licence plate survey** – We collected 5,931 licence plate numbers at seven retail locations in August and September, 2007 to determine the extent of the City's retail draw and the extent of inflow from outside Peterborough.
 - **On-Street Intercept Surveys** – We conducted 533 in-person customer interviews in downtown Peterborough during August and September 2007 to determine the retail draw of downtown, customer shopping patterns and perceptions of downtown Peterborough.
 - **Telephone Consumer Survey** – We conducted a telephone survey of 805 residents from the City of Peterborough and the surrounding defined Trade Area to determine their retail expenditure patterns and the Peterborough capture rate. The survey was also used to determine the market shares attracted by individual retail clusters in the City.
- **Rental Rate Survey** – We interviewed commercial realtors in the City of Peterborough to establish local commercial real estate trends. In addition to obtaining detailed rental rate information, the survey also included questions regarding market trends, impediments to future commercial development, and the strengths and weaknesses of the various commercial clusters in the City.

- **Inventory of Current and Proposed Competition** – We completed a full inventory of all ground floor retail and services space in the City of Peterborough and identified all known potential future developments, including proposed commercial projects, expansion potential on existing sites, and designated un-built commercial lands.
- **Commercial Space Demand Projections** – Utilizing Statistics Canada Retail Trade data in combination with Trade Area population projections, per capita income levels of Trade Area residents, estimates of the Peterborough capture rates, our inventory and other information, we determined the amount of retail and service space that could be supported in Peterborough to 2026.
- **Supply/Demand Reconciliation** – A detailed comparison of potential supply and future demand has been undertaken to assess the need for additional commercial designated land.

1.3 Basic Assumptions

There are a number of underlying and basic assumptions upon which the validity of the findings presented in this report depend. Based on our considerable and long term experience in the retail planning process, we recognize and appreciate the problems associated with making broad and generalized assumptions about future conditions. Undoubtedly, deviations from historic and current trends will take place in the future. However, basic assumptions are required regarding the possible extent of such deviations. These basic assumptions are:

- Over the forecast period, from 2007 to the year 2026, a reasonable degree of economic growth and stability will prevail in Canada, Ontario and specifically in the City of Peterborough, the City of Kawartha Lakes and Northumberland County.
- The population forecasts, which are based on Schedule 3 of the Ministry of Public Infrastructure Renewal, *Places to Grow, Growth Plan for the Greater Golden Horseshoe*, 2006 and detailed information obtained from the City of Peterborough and the other neighbouring municipalities in the defined Trade Area, are assumed reliable for the purpose of this study.
- Our analysis is based on various sources of data, including Statistics Canada Retail Trade data and Statistics Canada Census data, which are assumed sufficiently reliable.
- All dollar references are in 2007 dollars, which exclude inflation, unless noted otherwise.

If for any reason, major changes occur which would influence the basic assumptions stated above, the recommendations contained in this report should be reviewed in light of such changed conditions and revised, if necessary.

2. City of Peterborough - Selected Socio-Demographic and Economic Characteristics

Socio-demographic factors of a community can influence the market demand for retail space, including consumers' preferences for certain retail types and the attraction of retail businesses to a community. In this section of the report we have evaluated the following characteristics of the City of Peterborough population:

- Current population and historic growth;
- Income levels;
- Age;
- Level of Education; and
- Economic Base

In Section 4 of this report we have also undertaken population projections for the City and its Trade Area to assist in determining future retail space needs.

2.1 Demographics

2.1.1 Population

Based on the 2006 Census data, the City of Peterborough's population reached an estimated 77,800, including an adjustment for net undercoverage in the Census³. This represents a growth rate of 4.9% from 2001, which is slightly below the provincial and national population growth rates.

Figure 2-1 illustrates the historic change in total (adjusted) population between 1996 and 2006 for the City of Peterborough and the neighbouring Peterborough County. It also provides a share based assessment of periodic and total growth.

³ Recognizing that Census data is usually understated because of "non-reporting" and other data-gathering anomalies, it is customary in planning and demographic analysis that Census figures be adjusted. Since the official estimates of the 2006 Census net undercoverage will not be released until the fall of 2008, we have utilized the 2001 Census undercoverage estimates for the 2006 Census.

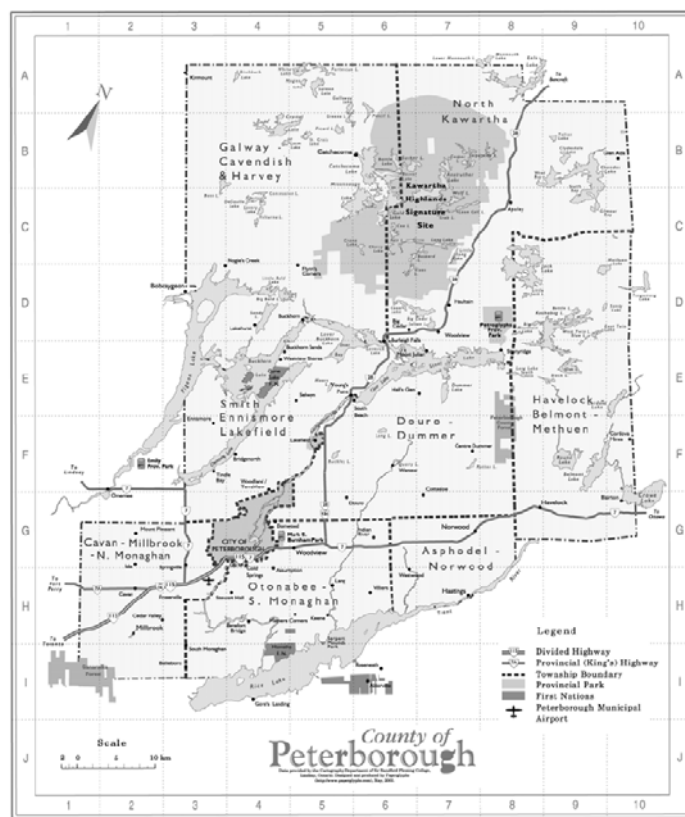
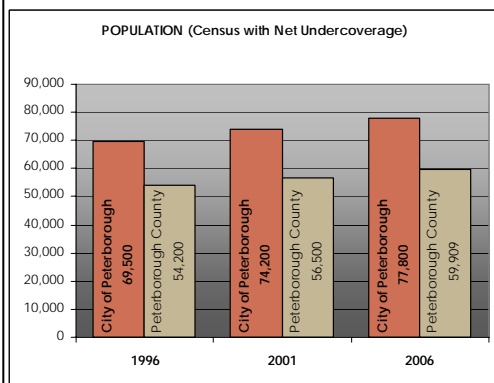
Figure 2-1: Historic Population Trends in Peterborough County and the City**Historic Population Trends in Peterborough (including undercoverage)**

	1996		2001		2006	
	Pop.	% of Total	Pop.	% of Total	Pop.	% of Total
City of Peterborough	69,500	56.2%	74,200	56.8%	77,800	56.5%
Peterborough County (minus City)	54,200	43.8%	56,500	43.2%	59,909	43.5%
Peterborough County	123,700	100.0%	130,700	100.0%	137,709	100.0%

Source: 1996, 2001, 2006 Census with undercount

Note: 1996 population includes undercount of 2.825%

2001 & 2006 populations includes undercount of 3.789%



According to a recent CMHC report for the Peterborough CMA (includes Peterborough and a portion of Peterborough County), "the main impetus for population growth... has been the modestly-priced housing in the region. Between 2001 and 2006, the 20-24 and 45-64 age groups, age groups associated with first-time and repeat buying, grew significantly... Not only is the region's existing population growing (i.e., youth moving out of their parent's homes to form new households and beginning families, etc.) but people from other regions

have been settling into the region as well, as evidenced by positive net migration.... Yet, despite robust growth in the younger demographic, Peterborough continues to be a community associated with a more mature population and family households.”⁴

2.1.2 Per Capita Income

In combination with future population levels, per capita income is an important element in determining the current and future retail expenditure potential of Trade Area residents.

As indicated in Figure 2-2, the average per capita income in the City of Peterborough is about 14.0% below that for Ontario as a whole. This could influence the type of stores that enter the Peterborough market, although its population size, in conjunction with that of the surrounding population, make it attractive to most major retail chains serving the Ontario market.

Figure 2-2: City of Peterborough Per Capita Income

	Income		Growth
	2001	2006	
Peterborough	\$20,732	\$25,082	21.0%
Ontario	\$24,767	\$29,263	18.2%
Index to Ontario	83.7	85.7	2.4%

Source: urbanMetrics inc. based on 2001 and 2006 Census

Income levels have some influence on consumer spending and the sales levels that can be achieved by retailers. Income growth in Peterborough since 2001 has exceeded the average for Ontario, suggesting a strengthening of the local economy through business development and/or an influx of higher income residents. We would also note that the lower income levels can be partially attributed to the large retiree market in Peterborough, which is discussed below. A recent CMHC report indicated that there is strong demand from homebuyers reaching their more affluent middle age years, supporting construction of more expensive single-detached homes in Peterborough.⁵

2.1.3 Age Distribution

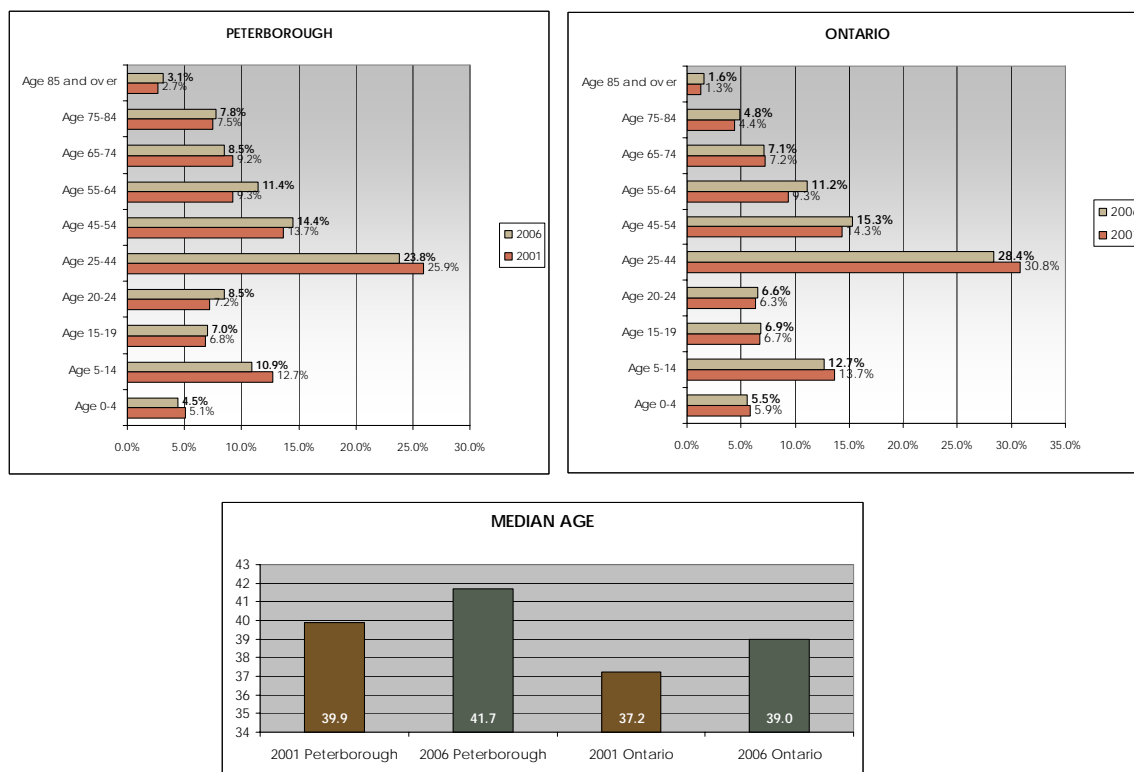
As households age, their needs and spending habits shift. In very broad terms, young adults tend to spend a higher proportion of their income on fashion, entertainment and recreation merchandise. As they get married and have children, spending shifts to items and services

⁴ Canadian Mortgage and Housing Corporation, *Housing Market Outlook*, Peterborough CMA, Spring 2008.

⁵ Canadian Mortgage and Housing Corporation, *Housing Now*, Peterborough CMA, 1st quarter 2008.

related to housing and childrearing. Also, when family size increases and children age, housing, home furnishings and home décor occupy a much greater share in household expenditures. Following retirement, housing and furnishing needs are typically reduced, although, in many cases the quantity is replaced by higher quality. In addition, as consumers' age there is a greater emphasis on service related expenditures.

Figure 2-3: City of Peterborough Age Distribution in Comparison to Province



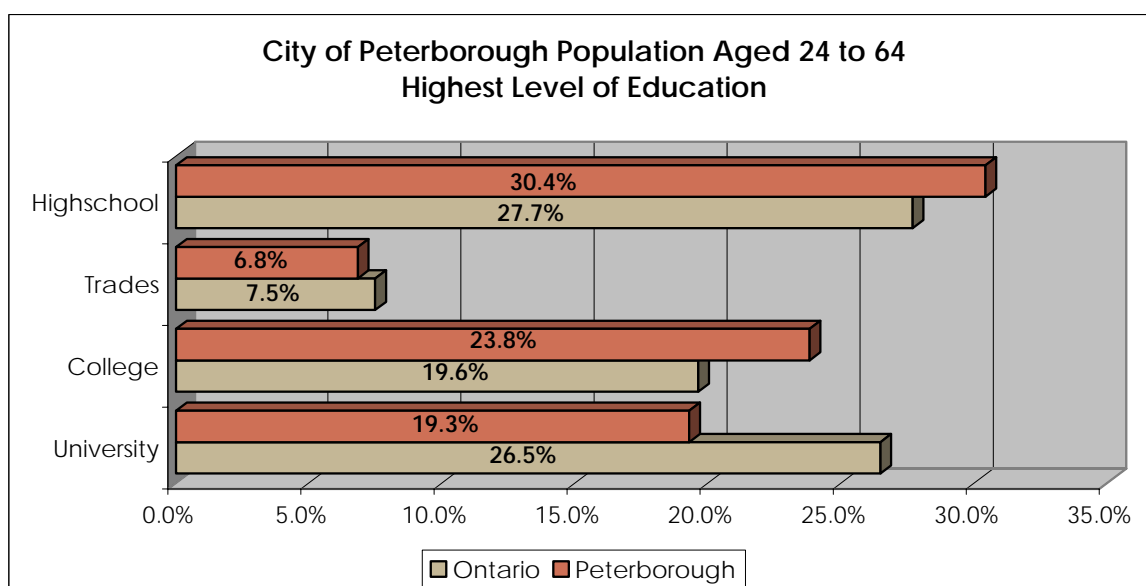
In comparison to the Province, Peterborough has a more mature population. Over the period 2001 to 2006, Peterborough's senior population has continued to increase, reflecting desirability of the City as a retirement location. Although the population has been aging, there has also been growth in the younger market population with an increase over 1% between 2001 and 2006 in the 20-24, and 45-54 age groups.

2.1.4 Education Attainment

The City of Peterborough has a diverse and well-trained workforce which can be attributed in part to Peterborough's Trent University and Sir Sanford Fleming College, which offer a large number of degree granting and trade certification programs. The presence of universities

and colleges are crucial drivers of economic development because they help attract young people to the community, and at the same time, help stem the tide of youth leaving for education or other career advancement opportunities in other communities. The percentage of Peterborough residents who have attained a university certificate, diploma or degree was below the 2006 provincial average of 26.5%. However, the percentage of Peterborough residents who have attained a college diploma is 23.8%, which was above the provincial average of 19.6%. Overall, the City of Peterborough is well equipped to provide for the education of its residents, as well as attracting non-resident students.

Figure 2-4: Level of Educational Attainment in the City of Peterborough



Source: urbanMetrics inc. based on 2006 Canada Census

Note: *Includes university certificate and diploma programs below the bachelor level

2.2 Economic Base

The economic base of a community, including its regional role, tourism infrastructure, and proximity to major urban centres can influence the need for commercial facilities in a community. It also has an influence on income levels and growth prospects for a community, which in turn, drives the demand for retail space. The following provides an overview of Peterborough's economic base.

2.2.1 Key Business Sectors

The City of Peterborough is the major government, business and commercial hub serving Peterborough County and East Central Ontario. As a major service centre it has a diversified service oriented economy. Figure 2-5 lists the employment by category for the 30 largest employers in the City. In total, these employers account for some 19,000 employees, which represents just under half of all jobs in the City. Four of the top five sectors are in the services category.

Figure 2-5: Distribution of Peterborough Employment for Top 30 Employers in 2007

Category	# of Employees	% of Total Employees	# of Firms
Educational Services	5,049	26.2%	4
Industrial	4,415	22.9%	7
Health Care & Social Assistance	4,176	21.7%	4
Public Administration	1,950	10.1%	2
Retail Trade	1,210	6.3%	5
Subtotal	16,800	87.3%	22
Telecom - CRM	535	2.8%	1
Financial Services/Credit – CRM	425	2.2%	1
Information Services – CRM	400	2.1%	1
Food Services	255	1.3%	1
Transportation & Warehousing	242	1.3%	1
Customer Support Services	200	1.0%	1
Financial Services/Marketing	200	1.0%	1
Gaming	190	1.0%	1
Subtotal	2,447	12.7%	8
Total	19,247		30

Source: Greater Peterborough Economic Development Corporation - 2007 Community Profile

Services perform a crucial role in the local economy. As indicated by Figure 2-6, most of the top ten employers in Peterborough are service providers, including the Regional Health Centre, the City of Peterborough, the two school boards, Sir Sanford Fleming College, Trent University, and the Ministry of Natural Resources. Together these service providers account for over 10,000 employees or about one-quarter of Peterborough's employment base.

Peterborough is a good business location. With its four-lane access to Toronto, the largest commercial airport between Toronto and Ottawa, and proximity to major markets, Peterborough has a number of strong infrastructure and locational attributes. As indicated in Figure 2-6, Peterborough has attracted a number of major companies, which according to the Greater Peterborough Area Economic Development Corporation (GPA-EDC) serve

local, national and international markets. These include: PepsiCo Foods (Quaker), General Electric, FisherCast Global, Siemens Milltronics, Minute Maid and SGS Lakefield Research.

Figure 2-6: Top 30 Employers in Peterborough for 2007

Rank	Company	Sector	Products	Employees	%
1	Peterborough Regional Health Centre	Health Care & Social Assistance	Health Care & Social Assistance	3,400	17.7%
2	Public School Board (Peterborough)	Educational Services	Educational Services	2,046	10.6%
3	General Electric	Industrial	Electric Motors/Nuclear Components	1,450	7.5%
4	Sir Sandford Fleming College	Educational Services	Educational Services	1,398	7.3%
5	City of Peterborough	Public Administration	Public Administration	1,100	5.7%
Subtotal				9,394	48.8%
6	Ministry of Natural Resources	Public Administration	Public Administration	850	4.4%
7	Separate School Board (Peterborough)	Educational Services	Educational Services	805	4.2%
8	PepsiCo Foods (Quaker)	Industrial	Cereals/Beverages/Snacks	800	4.2%
9	Trent University	Educational Services	Educational Services	800	4.2%
10	Ventra Plastics	Industrial	Automotive Parts	635	3.3%
11	Sysco Food Service	Industrial	Food Product Distribution	562	2.9%
12	Teleperformance	Telecom - CRM	Telecom - CRM	535	2.8%
13	AmeriCredit Financial Corporation	Financial Services/Credit - CRM	Financial Services/Credit - CRM	425	2.2%
14	Minacs Worldwide	Information Services - CRM	Information Services - CRM	400	2.1%
15	SGS Lakefield Research	Industrial	Mining/Environmental Testing	350	1.8%
16	Siemens Milltronics	Industrial	Process Instruments	350	1.8%
17	Wal-Mart	Retail Trade	Retail Trade	300	1.6%
18	Fairhaven	Health Care & Social Assistance	Health Care & Social Assistance	290	1.5%
19	Canadian Tire (all locations)	Retail Trade	Retail Trade	270	1.4%
20	FisherCast Global	Industrial	Zinc Castings/Automotive/Telcom	268	1.4%
21	McDonalds (all locations)	Food Services	Food Services	255	1.3%
22	Home Depot	Retail Trade	Retail Trade	250	1.3%
23	St. Joseph's at Fleming	Health Care & Social Assistance	Health Care & Social Assistance	250	1.3%
24	Coach Canada	Transportation & Warehousing	Transporting & Warehousing	242	1.3%
25	Extendicare	Health Care & Social Assistance	Health Care & Social Assistance	236	1.2%
26	Sears Canada	Retail Trade	Retail Trade	200	1.0%
27	ICT Group	Financial Services/Marketing	Financial Services/Marketing	200	1.0%
28	GTS Lufthansa	Customer Support Services	Customer Support Services	200	1.0%
29	Loblaws	Retail Trade	Retail Trade	190	1.0%
30	Kawartha Racetrack Slots	Gaming	Gaming	190	1.0%
Subtotal				9,853	51.2%
Total				19,247	100.0%

Source: Greater Peterborough Area Economic Development Corporation. 2007 Community Profile. Updated July 2007.

2.2.2 Labour Force Composition

The labour force represents the occupations of Peterborough residents and includes those who work outside of the City and/or those who do not have a fixed place of work. As with the local employment base, the majority of the labour force in Peterborough is employed in serviced-based industries. Based on data from the 2006 Census, 82.0% of the local labour force is employed in the sectors of Business Services, Educational Services, Finance & Real Estate, Health Care and Other Social Services, Retail Trade, Wholesale Trade, and Other Services (see Figure 2-7). Only 18.0% of Peterborough residents are engaged in Manufacturing, Construction, and Agriculture and Other Resource-Based Industries. This is approximately 4.0% below the provincial average.

We would note that the reliance on service sector employment will likely benefit Peterborough, at least in the short term. While many southern Ontario communities that are more manufacturing based, such as Oshawa and Windsor, are suffering from the impacts of

the weakened US economy and the higher Canadian dollar, Peterborough will be better able to withstand these influences.

Figure 2-7: Distribution of Peterborough's Labour Force by Industry, 2006

	City of Peterborough				Ontario			
	Total	Male	Female	%	Total	Male	Female	%
Serviced-Based Industries								
Business Services	6,270	3,720	2,555	16.7%	1,274,345	755,215	519,130	19.7%
Educational Services	3,345	1,190	2,160	8.9%	433,485	141,630	291,855	6.7%
Finance and Real Estate	1,735	715	1,020	4.6%	442,610	193,375	249,230	6.8%
Health Care and Social Services	5,080	905	4,175	13.5%	611,740	104,935	506,805	9.4%
Retail Trade	5,095	2,305	2,790	13.6%	720,235	322,715	397,515	11.1%
Wholesale Trade	1,335	1,035	300	3.6%	307,465	199,755	107,710	4.7%
Other Services	7,890	3,575	4,315	21.0%	1,209,390	563,600	645,790	18.7%
Total Service-Based Industries	30,750	13,445	17,315	82.0%	4,999,270	2,281,225	2,718,035	77.2%
Secondary Industries								
Construction	2,080	1,855	225	5.5%	384,775	338,850	45,930	5.9%
Manufacturing	3,855	2,880	975	10.3%	899,670	628,460	271,210	13.9%
Total Secondary Industries	5,935	4,735	1,200	15.8%	1,284,445	967,310	317,140	19.8%
Primary Industries								
<i>Agriculture and Other Resource-Based Industries</i>	<i>810</i>	<i>620</i>	<i>190</i>	<i>2.2%</i>	<i>190,000</i>	<i>137,345</i>	<i>52,660</i>	<i>2.9%</i>
Total Experienced Labour Force 15 and over	37,495	18,800	18,705	100.0%	6,473,715	3,385,880	3,087,835	100.0%

Source: 2006 Canadian Census

2.2.3 Place of Work

As indicated in Figure 2-8, about 68% of the City of Peterborough's employed labour force currently work in the City of Peterborough. In absolute terms, there has been an 11% increase in Peterborough residents working in the City from 2001 to 2006, although the number of residents who commute outside the County has also increased by 9%.

Figure 2-8: Place of Work – City of Peterborough Employed Labour Force

	2001 Census		2006 Census		% Change
Employed Labour Force 15+	31,790		35,255		11%
Work from Home	1,890	5.9%	1,940	5.5%	3%
Work Outside Canada	120	0.4%	175	0.5%	46%
No Fixed Place of Work	2,815	8.9%	3,030	8.6%	8%
Work In Peterborough	21,580	67.9%	23,990	68.0%	11%
Work in Peterborough County	1,945	6.1%	2,375	6.7%	22%
Worked Elsewhere (1)	3,440	10.8%	3,745	10.6%	9%

SOURCE: Statistics Canada, Census of Canada

1) Includes those who work outside of Ontario in the 2006 Census.

2.2.4 Local Economic Restructuring

Similar to other municipalities in Ontario, the City of Peterborough's local economy has undergone a significant transformation due to corporate amalgamations and the

outsourcing of manufacturing activities to overseas facilities. Over this same period of time, the local Peterborough economy has been influenced by:

- A fluctuating Canadian currency that briefly achieved parity with the American dollar;
- Increasingly restrictive development regulations and moderately higher industrial land costs;
- Shortages in the labour force, and particularly in the skilled trades;
- Growing demands on social infrastructure, and particularly healthcare;
- Reduced demand for traditional agricultural industries;
- Greater competition for tourism; and,
- Increased demand for higher education and skill-sets in the workforce.

These regional trends have reduced the manufacturing presence in Peterborough and have required the GPA–EDC to re-evaluate its economic expansion and retention strategies. In response to changing market conditions, the GPA–EDC has developed a Strategic Plan for the 2006 to 2010 period that will strengthen business retention and expansion. Four sectors of the Greater Peterborough Region (i.e. the City of Peterborough and Peterborough County) economy have been targeted for strategic investment. These include:

- **Food Processing/Agri-Foods** – which can benefit from the experienced labour pool arising from the region’s food processing cluster and agricultural sector.
- **Biotechnology and Life Sciences/DNA** – including analytics, diagnostics, information management, environment, animal and plant science that can draw on the expertise at Trent University, Fleming College and the Ministry of Natural Resources.
- **Advanced Manufacturing** – including electronics, aerospace, and automotive industries, which are the region’s historical strengths and assets.
- **Tourism Infrastructure Development** – wherein the focus is to promote and facilitate the expansion in quantity and quality of tourist accommodation and infrastructure availability.

Of particular importance to the Strategic Plan is the focus on the biotechnology and life sciences/DNA sector. In recognition of the greater importance of knowledge-based service industries within the Greater Peterborough Region, the Greater Peterborough Region DNA Cluster has been established to provide new local economic opportunities through the

enhancement of local innovation and research. The Cluster is intended to build and strengthen synergies that already exist between public and private sector partners in the Region and to advance DNA profiling, automation, molecular diagnostics, geomatics, forensics and other research. Phase I of the project was completed in the fall of 2006 and has approximately 58,000 square feet of research space. It is comprised of laboratories with a strong emphasis on shared research space, with 50.0% of the space dedicated to labs organized in traditional and open-concept formats.⁶ Phase II of the development will accommodate some 60,000 square feet of new research space and Trent University has recently announced plans to build a third module. Once fully-built, this DNA cluster will further diversify the Peterborough economy and strengthen the Greater Peterborough Region's role within the Biotech Corridor of Guelph, Toronto, Kingston and Ottawa.

Figure 2-9: The Greater Peterborough Region DNA Cluster



Source: Greater Peterborough Area Economic Development Corporation.

The increased scope of the service-based economy in Peterborough does not exclude the continuance of industrial activities nor does it limit their capacity to expand. Industrial employment will continue to be a significant component of the economy. There are currently 157 acres of serviced industrial lands available for future industrial activities within Peterborough.⁷ These lands are available in the Major Bennett Business Park and the Peterborough Industrial Park, which are both adjacent to Hwy. 115 in southern Peterborough

⁶ Trent University. News Release. Friday October 27, 2006.

⁷ Greater Peterborough Area Economic Development Corporation. Community Profile: July 2006.

(which is also Hwy. 7). Together, these industrial parks will help Peterborough meet its future industrial land requirements.

2.2.5 Tourism

All-season tourism, including a significant seasonal resident population, is an important component of the local economy. The City of Peterborough is located in the Peterborough and Kawartha Lakes tourist and cottage country region. With the natural beauty of the region's lakes, rivers and rolling countryside, and its diverse offering of arts, culture, and heritage, the Peterborough region has evolved as a four-season tourist destination.

Based on Regional Tourism Profile data compiled by the Ministry of Tourism, Peterborough County attracts some 2 million tourist visits annually, with about 95.0% originating from Ontario, many of whom are from the Greater Toronto Area (GTA). The highest ranking activities by overnight visitors to the Peterborough area



Peterborough Lift Lock

include visiting friends and relatives, and outdoor activities. Third was shopping, cited by 40.0% of visitors. Between 2004 and 2006, when the Ministry of Tourism travel survey was last conducted, visits from the United States have declined by some 20.0%. This decrease of American visitors to the Peterborough and Kawartha Lakes Region was also noted by several participants of the Downtown Economic forum that was held in the fall of 2007.

In general, tourism in Peterborough County is focused primarily on natural attractions and activities. The City still plays an important service role for visitors to the area. The City is not itself a major attraction and comments from the Downtown focus groups suggested that tourism to the City actually increases during inclement weather, when outdoor activities are less inviting.

The City's tourism industry has significant potential for future development given its strategic advantages, including its close proximity to Toronto, access to the Trent Severn Waterway, the natural amenities, and a strong and historic Downtown with an extensive arts and cultural community. Within the City there are annual festivals such as the Festival of Lights, theatrical facilities including the Market Hall Performing Arts Centre, Showplace Performance Centre, and Peterborough Theatre Guild, as well as the Canadian Canoe Museum and the Peterborough Art Gallery. Altogether, the location of the City and its amenities combine to make the City of Peterborough a major anchor within the Peterborough and Kawartha Lakes tourist region.

Peterborough's accommodations sector has also grown over the years and includes a diverse mix of motels, hotels, inns, bed & breakfasts, and short term stay facilities at Trent University and Sir Sanford Fleming College. Recently, a Super 8 Motel and a Motel 6 were completed on Lansdowne Street, and a Delta Hotel and Conference Centre is under construction at The Parkway and Crawford Drive.

Tourism in Peterborough will likely be affected in the short term by the same factors affecting the Ontario tourism industry in general, which include US economic conditions, the Canadian dollar on par, border crossing issues, and high gas costs. Although US tourists coming to Ontario have declined in recent years, the Ministry of Tourism has forecast an increase after 2009. The Greater Peterborough region is no exception, although its strength in attracting the domestic tourism market will temper the impacts of a declining US tourism base.

The GPA – EDC has announced that 2008 marks the first full year of a new partnership approach for their tourism platform. The GPA – EDC has indicated that their new Visitor Information Centre, in conjunction with their new partnership program with Peterborough & the Kawartha Tourism (PKT) will position them to effectively market the Peterborough Region. This has produced the *Kick it Up in the Kawarthas* marketing program and a new visitor's map, while initiatives in the areas of motor coach tours and conference attraction are also being launched.



2.3 Summary

Although Peterborough is characterized by a large and growing retiree base and below average incomes, it is attracting young people and families. Four-lane accessibility to the GTA is attractive to industry and to some commuters who are looking for more affordable housing prices. The City also has a reputation for providing natural beauty and exceptional quality of life measures. Moreover, its post-secondary education facilities and diverse economic base will continue to support housing and employment growth that will provide the City with a degree of economic stability that other Ontario communities strive to attain.

Future economic opportunities for the City are in the health sector and developing its urban-based tourism infrastructure. With over 77,000 residents and a sizeable hinterland population that increases during the summer months with seasonal residents,⁸ the City of Peterborough can support a broad commercial infrastructure, although its attractiveness to higher end

⁸ Based on the 2006 Assessment for Peterborough County, there were 12,079 seasonal residences which at 3 persons per residence translated into a seasonal population of over 36,000 persons.

and specialty retailers will likely be constrained by the socio-demographic characteristics of the local population. The sizeable and growing senior's population will also require a strong network of services.

3. North American Retail Trends

In recent years, North American retailing and retail development has been more evolutionary than revolutionary. Power centres continue to enhance their tenant selections and design standards, while enclosed mall owners are expanding, remerchandising and repositioning their properties to maintain their competitiveness and relevance to today's consumers. A cycle can be observed in which retail formats that are filling a market niche thrive, reach their peak of popularity and success and then lose their position and are superseded and replaced by others. In this section we discuss some of the more prevalent trends in the retailing, including:

- Power Centres and Large Format Retailers;
- The Broadening of Shopping Centre Merchandising;
- Lifestyle Centres and Town Centre Developments;
- Blurring of the Retail Hierarchy;
- Redevelopment of Obsolete Malls; and,
- Rebuilding Neighbourhood Retail.

3.1.1 Power Centres and Large Format Retailers

Some of the most sweeping changes in the retail landscape in the past decade have occurred with the evolution of the “power centre” and other new retail formats in the shopping centre industry. The advent of larger store sizes and the increasing popularity of lower cost, quasi-industrial style retail warehouse stores have altered the competitive position of traditional enclosed regional shopping centres.

In Canada, many power centres began with warehouse membership club and home improvement centre tenants. Now, they have evolved from their “bare bones” discount warehouse beginnings to account for the greatest portion of new retail real estate since the 1990's. Big boxes and new format retailers have not only absorbed most new market growth, but they are cutting into the markets of existing traditional centres, particularly with the inclusion of more fashion retailers.

Traditionally, big box stores fell largely into two categories: those focused on using their sizes to achieve cost savings to the consumer (e.g. Costco, Winners, etc.) and those that used their scale to provide the maximum assortment of styles, brands and merchandise within a single category (e.g. Golf Town, Indigo/Chapters, Home Depot, Pet Smart, Office Depot, etc.)

Due to competitive pressure exerted by these big box retailers, a greater variety of retailers have developed 'big box' formats in the last few years. For example, supermarkets and drug stores now also seek locations in power centres. As a consequence, these stores are becoming significantly larger and relying on a broader population base. Many retailers are now changing from a strategy of multiple outlets serving local communities to much fewer regional serving operations. This has had a significant impact on small and mid-sized shopping nodes.



Shoppers Drug Mart – New format free-standing store

This trend for large retail floor plates and stores with regional draws has distinct land use implications. Large format retailers seek large vacant land parcels in locations which offer high profile highway and arterial access. Unlike community and neighbourhood retailing, large format retailers do not necessarily require the proximity to residential areas since their offerings and merchandising approach encourage consumers to travel via arterial roads from further distances.

Large format retailers have typically followed three locational models:

- Low cost locations on industrial designated lands or greenfield sites that provide for expansive parking areas and regional accessibility. Since industrial lands are often designated in highway corridors, they have ideal locational characteristics for large format retailers.
- Clustering around existing regional shopping centres and older power centres. This is accomplished through both redevelopment and greenfield development and results in super regional retail clusters. Some examples include: Highway 400/407 in Vaughan, Yonge and Davis Drive in Newmarket, Gardiners Road in Kingston, among many others.
- Brownfield industrial conversions, whereby older industrial sites are transformed into power centres or new format retail developments.

Over the past few years, as with most Ontario communities, Peterborough has experienced a significant expansion in its big box retail inventory in both the northern and southern ends of the City. In the north, there has been the expansion and relocation of Wal-Mart out of Portage Place, a new Canadian Tire along Chemong Road, and the construction of a large Sobeys at Tower Hill. In the south, Lansdowne Street West now features several large format stores, including Home Depot, Rona, Staples Business Depot, Chapters, JSYK, and Home

Outfitters. Also, the Parkway Centre on Lansdowne Street West has been expanded to incorporate additional big box development, most notably, HomeSense, Reitman's, Sport Mart, The Shoe Company, and Winners.



Parkway Centre, Peterborough

3.1.2 The Broadening of Shopping Centre Merchandising

The wave of power centre development is having a profound impact on the shopping centre industry, both indirectly and directly. Indirectly, Wal-Mart and the big box specialty retail sector have been rapidly eroding the market shares once attributable to the traditional department store sector. The newly introduced Wal-Mart Supercentre, with its large food component, is also having an impact on supermarket retailers.

With increased competition to power centre competitors, the major mid-market department stores in Canada have not fared well. As a result, many traditional mall anchor tenants have been lost across the country. While some top tier malls have had success in replacing vacant department store space by attracting existing department stores away from their competitors, many are strategically targeting large format specialty retailers to play an anchor role. This strategy can take on several but not necessarily mutually exclusive forms, including:

- Large format stores positioned in former department store units to retain high traffic volumes between mall extremities;
- High visibility large format units, such as theme restaurants and multi-plex theatres are positioned to animate the shopping centres exterior and enhance exposure to passing traffic;
- Out-parcel development to accommodate large format retailers desiring a freestanding unit that would otherwise have located within a power centre; and,

- The replacement of “traditional” department store anchors with large format trendy/innovative retailers with the goal of repositioning a centre to a more tailored and sophisticated market.

In many cases, mall owners have noticed overall mall performance improvements following the replacement of traditional anchors with new format retailers. With the increasing movement of apparel retailers to power centres and the attraction of big box tenants to traditional shopping centres, there is a growing competitive overlap between these two retail forms, not only for new shoppers but also for the same tenants.

Unfortunately, many smaller community type malls have often been unable to attract replacement anchors and have been forced into redevelopment or reformatting to include largely non-retail uses (e.g. call centres).

Enclosed malls, such as Lansdowne Place, however, still have a significant environmental and layout advantage, which translates into the ability to offer customers and retailers the cross shopping opportunities that are not well facilitated at power centres. At the same time, the loss of department stores and changes in the apparel sector have required enclosed malls to broaden their merchandise and tenant mix. This has enabled them to better distinguish themselves from their power centre competitors and improve performance where store category overlap exists.



Lansdowne Place, Peterborough

A trend that has been developing over the past decade is for large format retailers to be attracted to the vicinity of successful regional shopping centres, creating an overall node that can reach several times the size of the original shopping centre. For example, the area surrounding Upper Canada Mall in Newmarket has developed into a retail “super cluster”



North Town Plaza, Toronto - Formerly a community shopping centre on Yonge Street in North York has been redeveloped with 3,000 apartments and townhomes. The original supermarket and drug store have been relocated and integrated into the project.

comprising both the regional mall together with a wide range of small and big box tenants representing every major big box category. This type of clustering is also occurring in Peterborough, albeit on a smaller scale⁹.

Similarly, enclosed shopping centres are also attracting big box retailers to replace the anchor function formally fulfilled by the department stores.

3.1.3 Lifestyle Centres and Town Centre Developments

As an alternative to the power centre, which has been criticized for not adapting to non-automobile trips and lacking the aesthetic form and appeal required to attract the upscale market, some development companies are turning to so-called “lifestyle centres” and other hybrids.

The so-called “lifestyle centres” have been operating in the United States for over 20 years, however, what constitutes a lifestyle centre is often considered a difficult question to answer as more are built and the format evolves to fit different market needs. Not only has the size of “lifestyle centres” changed over the years, but also their design and tenant mix. The term “lifestyle centre” is now being referred to as a “catchall term”¹⁰ for a number of diverse projects across North America.

Lifestyle centres are aiming to strike a balance between the mall shopping experience and the need for big box specialty tenants to create a regional draw. Currently, lifestyle centres are mainly developed in the United States and can have both interior and exterior components. In Canada, the first “lifestyle centre” was developed as part of Park Royal Shopping Centre in North Vancouver. Many of these centres focus on high fashion and include upscale retailers such as Pottery Barn, Williams Sonoma, Restoration Hardware, Ann Taylor, etc. To differentiate lifestyle centres from typical power centres, developers have used theming, internal pedestrian connections, high quality design, and entertainment.



Park Royal “Lifestyle Centre”, Vancouver

⁹ Major retailers in the vicinity of Lansdowne Place include Home Depot, Rona, Zellers, Winners, and Home Sense, while Portage Place has Canadian Tire, Sobey's, and Wal-Mart.

¹⁰ Urban Land, January 2005, “Lost in Translation”, pg. 77.

Industry experts have often questioned why the lifestyle centre concept has been slow to emerge in Canada. As indicated in a recent publication by the Centre for the Study of Commercial Activity (CSCA),¹¹ lifestyle developments in Canada have been minimal due to a few significant differences between the Canadian and American marketplace, including:

- The cold climate through the long-winter means shoppers will not want to walk around a lifestyle streetscape with an open-air configuration;
- The lack of upscale suburban neighbourhoods, and therefore the lack of interest on the part of upscale retailers to enter or expand within the Canadian marketplace; and,
- The comparative conservatism of Canadian retail development compared to south of the border, which has created reluctance to enter into a perceived higher risk development.

The CSCA indicates, however, that open-air centres in the form of power centres have been successful in Canada based on their widespread growth, indicating that Canadians are more “hardy” when it comes to dealing with cold temperatures. In the U.S., the cold climate has not had an impact as there are numerous open-air lifestyle centres that have been developed in the northern snowbelt region with design and technology to offer shelter from the elements. For example, Oakbrook Center and Old Orchard are two successful open-air shopping centres in the Chicago area, a colder region in the US. In response to the issue of the lack of “upscale” neighbourhoods in Canada, the CSCA indicates that, “unlike the US, Canada has not witnessed the same degree of suburbanization of affluence; instead Canadian suburbs are immersed in the “middle-ground”, making it harder to identify markets for lifestyle type developments.

Despite the fact that lifestyle type centres have been slow to emerge in Canada, there is increased impetus to develop new alternative types of retail space or new formats. The CSCA indicates that the traditional power centre has entered the mature stage of its lifecycle and that consumers are fatigued with the concept. New forms of retail development with so-called “lifestyle” components are emerging in Canada. In addition, existing centres are re-inventing themselves with the addition of new “lifestyle-focused” space. As indicated by the CSCA, in some cases, the new format centres can be considered as “more sophisticated power centres with design features to soften the function and form of the centres”. Terms such as “power town”, “power plus centre”, and “omni-

¹¹ CSCA (Ryerson University), *Lifestyle Centres in Canada*, 2007

centre” are being used to describe centres which incorporate aspects of power centre, lifestyle centres and malls. This has led to a number of new format centres with lifestyle components being built across Canada in recent years, with others planned or under construction.

Another approach in community planning is the emergence of “new urbanism” or neo-traditional development which has resulted in a renewed focus on town centre and pedestrian focused “main street” retailing in new community developments. The town centre is usually seen as the focal point for residential and employment development. In some new communities, town centres are developed in an open air, pedestrian friendly format, combining commercial, entertainment, institutional and civic uses. Sidewalk cafes, live-work units, public squares and recreation trails are incorporated to introduce humanizing elements into the suburban landscape.

While there are a number of well known and successful examples in the United States, town centre retailing has been much more difficult to implement in Canada. Nonetheless, McKenzie Town High Street in South-East Calgary represents a unique Canadian example of integrating street related retailing into a greenfield residential neighbourhood. The High Street comprises a linear commercial avenue lined with shops and services. At the top of the commercial street is a supermarket, which acts as an anchor for the retail district. Community and institutional uses are also included within the commercial area.



Mackenzie Towne, High Street, Calgary

3.1.4 Blurring of the Retail Hierarchy

The gradual progression of changes in retail formats has altered the role and function of existing and planned commercial areas. The presence and number of department store tenants is no longer a factor distinguishing levels of the retail hierarchy.¹² Although the size of a power centre can provide some guidance as to where it might fit in the hierarchy, size alone is not a good determinant of function in today's retail environment. For example, a 300,000 square foot power centre with a Loblaw's Superstore and a Canadian Tire will serve different needs than a similarly sized centre containing a Wal-Mart and Sam's Club.

¹² At one time the number of traditional department stores (e.g. Eatons, Sears, The Bay, Simpsons) was a defining characteristic of the upper levels of the retail hierarchy and also dictated the size a centre was likely to achieve. A shopping centre with one traditional department store was classified as a “sub-regional centre”. A shopping centre with two traditional department stores was classified as a “regional centre” and a shopping centre with three or more traditional department stores was classified as a “super regional centre”.

Furthermore, large format retailers often develop over time on adjoining sites and were not necessarily considered as a single planned shopping centre. Often, this leads to a patch work of Official Plan Amendments and land use designations for what is effectively a single commercial cluster or “power node”, as exemplified on Lansdowne Street West.

Another drawback to these development patterns is that smaller stand-alone community shopping centres, which anchor the commercial foundation of neighbourhoods, can often not compete with these emerging power centres and power nodes. As a result, conveniently located shopping centres are being replaced by larger broader serving retail clusters, with a much greater selection of merchandise than could be offered by traditional community shopping centres.

As a result, the retail hierarchy has flattened out to resemble a system of retail clusters and corridors. This is evident in Peterborough where extensive retail expansion has occurred along Lansdowne Street West and Chemong Road.

3.1.5 The Redevelopment of Obsolete Malls

Across Canada older and uncompetitive community scale shopping centres are being renewed either as power centres or with non-retail uses. In many cases, community shopping centres in mature neighbourhoods are being redeveloped as high density residential projects with much smaller retail components because of the competitive challenges posed by large format retailers and power centres.

3.1.6 Rebuilding Neighbourhood Retail

Over the past five decades, retailing in many urban neighbourhoods has hollowed out due to suburban shopping centre competition combined with related demographic change. The past decade has seen power centre retailing dominate new retail development across Ontario, while equally important investment in neighbourhood retail has been relatively small. Peterborough has not been immune to these trends and smaller retail establishments along Lansdowne Street, Chemong Road, Parkhill Road and around the periphery of the downtown have struggled to remain relevant.

However, opportunities to re-establish retailing along neighbourhood commercial streets will likely increase in the future. Urban lifestyles are becoming more popular among increasing numbers of empty nesters, elderly and immigrants. In addition, environmental concerns and higher costs associated with energy consumption point to a future of reduced travel distances and more pedestrian-oriented environments. In response, municipalities across North America will be able to redirect growth back into existing communities through investment incentives and innovative planning policies.

3.2 Relevance to Peterborough

The major issue facing Peterborough is how to balance the peripheral big box development, which has dominated new retail development in the City, with continued commercial investment in the core and at the neighbourhood level. Over the past decade, the City of Peterborough has expanded its range of big box retailers, which has enabled it to increase its regional draw. As discussed in the Downtown Economic Report, this has resulted in minor declines in downtown market shares, which have been more than offset by increased market shares for the City as a whole. Overall, the downtown is functioning well, although future commercial development outside of the core should be monitored to ensure that the downtown continues to remain viable. Some big box development, such as Home Depot, has occurred in the Downtown Fringe, which may support cross shopping with the core. For the most part however, new retail investment has clustered either on Chemong Road or Lansdowne Street, rather than underdeveloped parts of the City, such as the East.

In summary, demographics, future market growth opportunities and economic growth (including tourism) will play a key role in determining the future market opportunity for retail space in Peterborough and the attraction of new forms of retail development.

3.3 Summary

Based on our research, significant changes in the retail landscape are expected over the next decade with the integration of power centres, malls and lifestyle centres into hybrid developments that will be differentiated from each other to some extent through style, architecture and the needs of the community.

Although the potential for widespread development of the more traditional lifestyle centres found in the US is unlikely to occur in Canada, there will be more developments which incorporate lifestyle components, including redevelopment of existing shopping centres/power centres, the addition of more design elements including “main-street” and town centre initiatives, and the combination of mixed-uses (i.e. retail, office, residential) recognizing trends for new urbanism and smart growth initiatives.

The strength of the Canadian economy and shifting age cohorts are expected to fuel future changes in the retail landscape. As the large “Baby Boom” generation ages, it is expected that opportunities for more niche lifestyle developments will emerge. As also indicated by the CSCA, the mass middle-ground consumer may start to expect more from their traditional power centre shopping experience, which is already evident in the increased addition of fashion and restaurant tenants in power centres.

The demand for developers to create unique formats and to satisfy the needs of consumers with unique tenants is having a positive impact on the retail landscape. Retailers are introducing additional concepts in order to remain competitive in the marketplace. Foreign retailers from Europe and the Pacific Rim are also entering oversaturated U.S. markets, with Canada often the incubator for these retailers. Peterborough, like many municipalities, must plan to achieve a balance between big box retailing and other commercial formats.

4. Peterborough Trade Area Characteristics

An evaluation of the retail market in Peterborough requires an understanding of the demand and supply factors which influence the need for new retail and service facilities. Essential to this evaluation is the delineation of the trade or market area served by the City and the determination of population and per capita income levels.

4.1 Trade Area Defined

A trade area typically represents the geographic area from which a retail development or retail area would normally expect to derive the majority of its sales volume. The physical size of a trade area typically varies due to outside factors such as the local road network, natural physical barriers (e.g., rivers, bridges, etc.) and the proximity of competing shopping destinations. These influences can all serve to limit and otherwise define the geographic drawing power of a retail area. Furthermore, retail gravity, or the number and concentration of stores at a shopping node or venue, can define the attractiveness of a retail destination. An area where many retail alternatives and stores are concentrated enhances the consumer drawing power and increases the distance consumers are willing to travel to shop there.

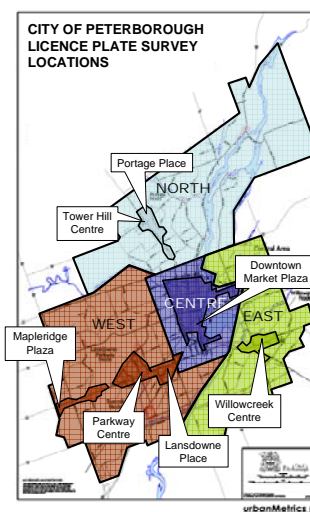
For the City of Peterborough, competitive retail centres that exist in Lindsay, Port Hope/Coburg and the southern communities in Region of Durham (e.g. Oshawa) will continue to influence the scope of retail opportunities in Peterborough. These existing shopping opportunities and other retail centres planned in these communities will continue to define and limit the trade area for the City of Peterborough.

The overall Trade Area for Peterborough has been determined based on the results of licence plate surveys and on-street surveys conducted by urbanMetrics at various retail centres/locations in Peterborough. The detailed results of these surveys have been provided in Appendix D. The licence plate surveys were conducted during two periods - in August, 2007 and again in September, 2007. Two licence plate surveys were undertaken to evaluate the influence of seasonal tourism and post secondary student spending on inflow sales. The summary results from the two licence plate surveys have been shown in Figure 4-1 below. As illustrated, the results generated over the two time periods are very similar. The inflow from outside of Peterborough and surrounding area was slightly greater during the summer months, but not to a significant degree. The downtown obtained the greatest percentage of customers from the City of Peterborough, while Willowcreek had the lowest due to its proximity to the Peterborough by-pass.

Figure 4-1: Licence Plate Survey Results

LICENCE PLATE SURVEYS, PETERBOROUGH, 2007
(weighted)

Licence Plate 2007			
Location	August %	September %	AVERAGE
City of Peterborough	48.4%	48.5%	48.5%
Secondary Peterborough	24.4%	25.8%	25.1%
Secondary Northumberland	1.3%	1.2%	1.3%
Secondary Victoria (Kawartha Lakes)	5.5%	5.8%	5.6%
Secondary Zone Total	31.3%	32.7%	32.0%
Outside Trade Area	20.3%	18.8%	19.5%
Total	100.0%	100.0%	100.0%



SOURCE: urbanMetrics inc.

Although licence plate surveys provide a general indication of customer origins, they can have some limitations. For example, they do not capture pedestrians or persons travelling by means such as public transit. Although our methodology attempts to exclude shopping centre employees and trades people working at a shopping centre, invariably some non-shoppers may have been included in the sample. In addition, some corporate leased vehicles or rental cars may be registered to the company and not the person driving the vehicle. Finally, the licence plate data obtained by the Ministry of Transportation for vehicles registered to rural addresses only provides the location of a nearby post office box and not the dissemination area of the home location.

As a result of these limitations, where it was feasible, face to face customer interviews were also conducted. For this report, we conducted on-street surveys in downtown Peterborough. As with the licence plate surveys, the on-street surveys were conducted for two time periods. Figure 4-2 provides the distribution of on-street survey respondents by their permanent place of residence, which has been compared to the licence plate survey results.

Figure 4-2: Distribution of Downtown On-Street Survey**DOWNTOWN CUSTOMER SURVEYS, 2007**

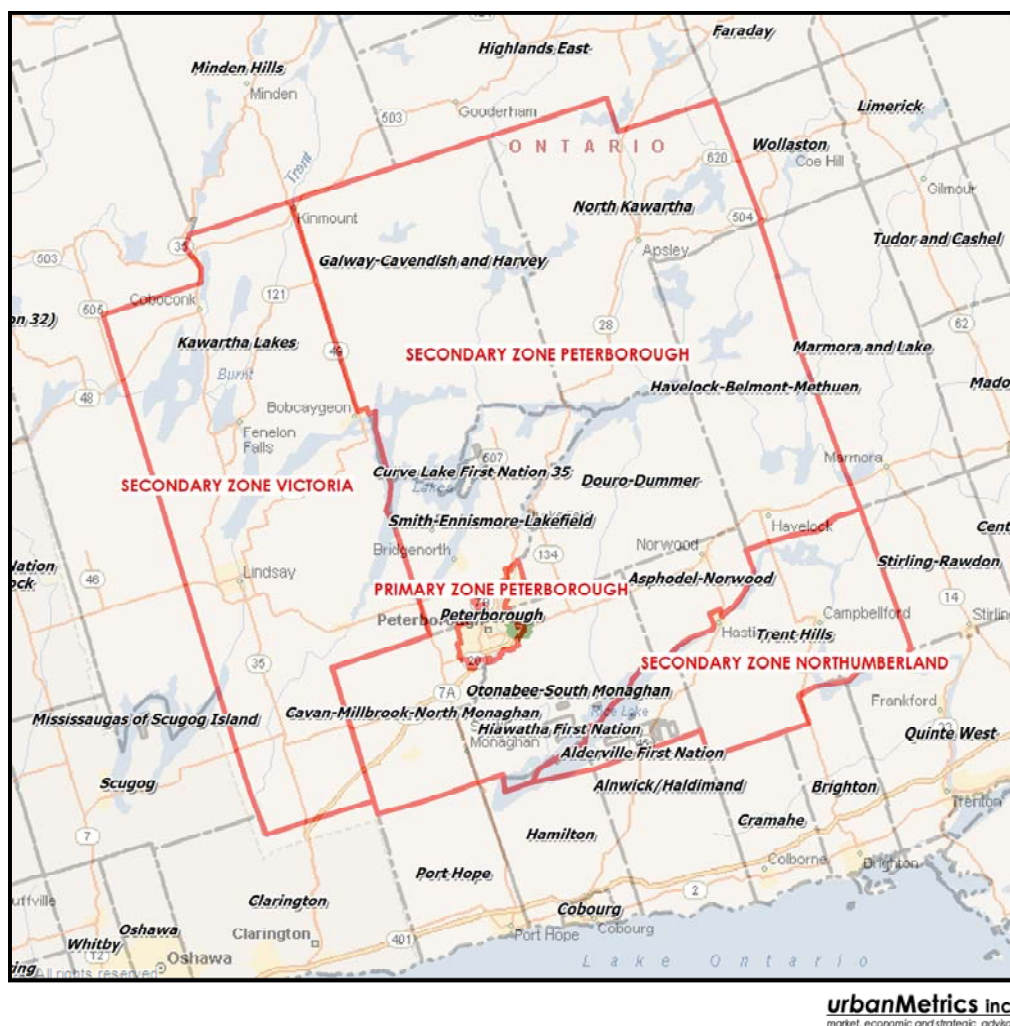
Location	Licence Plate		On-Street Survey	
	August	September	August	September
	%	%		
City of Peterborough	56.3%	55.5%	62.5%	75.2%
Secondary Peterborough	19.0%	21.2%	9.3%	10.2%
Secondary Northumberland	1.6%	0.9%	2.3%	0.4%
Secondary Victoria (Kawartha Lakes)	4.2%	5.1%	3.1%	4.0%
Secondary Zone Total	24.9%	27.3%	14.7%	14.6%
Outside Trade Area	18.8%	17.2%	22.8%	10.2%
Total	100.0%	100.0%	37.5%	24.8%

SOURCE: urbanMetrics inc.

The results of the on-street survey are noticeably different than the licence plate survey, especially the 20% difference between survey methods in the September percentage of customers from the City.

Based on the results of the licence plate survey and the on-street survey, Peterborough's Trade Area has been defined to include the City of Peterborough, Peterborough County, and sections of the City of Kawartha Lakes and Northumberland County (see Figure 4-3). These boundaries are identical to those established in 2000 for the previous *Retail Market Demand Study* undertaken for the City. The advantage of using the same Trade Area is that it enables us to undertake a comparative analysis of changes which have occurred in the Trade Area between 2000 and 2007.

Figure 4-3: Trade Area



The Trade Area has been further subdivided into a Primary Trade Area and three Secondary Trade Areas:

Primary Trade Area (PTA) – This area has been defined as the City of Peterborough and represents the area from which the majority of sales are anticipated to be derived given residents' close proximity to retailers and the City's large population base relative to the other communities in the Trade Area.

Secondary Trade Area (STA) – This area surrounds the PTA and for the purposes of this study, has been further divided into three sub-areas: STA – Peterborough County; STA – City of Kawartha Lakes; and STA – Northumberland County. These areas are predominately rural in nature and include a number of smaller settlement areas.

- **STA – Peterborough County:** Surrounding the PTA, this area comprises the Municipalities of Smith-Ennismore-Lakefield, Galway-Cavendish and Harvey, North Kawartha, Havelock-Belmont-Methuen, Douro-Dummer, Asphodel-Norwood, Otonabee-South Monaghan, and Cavan-Millbrook-North Monaghan. Retail activity within this area is limited to small, convenience type establishments that cater to the local residents, including seasonal residents.
- **STA – City of Kawartha Lakes:** This portion of the Trade Area includes a portion of the City of Kawartha Lakes and is located west of the PTA. It is comprised of the former Municipalities of Bexley, Fenelon Falls, Fenelon, Lindsay, Ops, Manvers, Omemee, Emily, Sturgeon Point, Verulam, Bobcaygeon, and Somerville. Levels of commercial activity vary substantially within these former municipalities, with significant retail space located in Lindsay, the primary service centre for the City of Kawartha Lakes.
- **STA – Northumberland County:** Located south of the PTA, this district is comprised of the Municipality of Trent Hills and the former Municipality of Alnwick, which are located in Northumberland County. Retail space is limited in this STA.

4.2 Trade Area Inflow

Based on the results of the licence plate surveys, inflow sales from outside the Trade Area to Peterborough averages about 20.0%. This relatively high inflow percentage is generated by the large seasonal population base during the summer months and the large student population for the remainder of the year. Inevitably, this inflow varies by location.

For the purposes of our analysis, recognizing the limitations of licence plate surveys, urbanMetrics estimates that the annual average inflow sales from outside the Trade Area for the City of Peterborough retail facilities is 17.5% for non-food store retail ("NFSR") and 15.0% for food store retail ("FSR").

4.3 Trade Area Population

In order to project the future retail market demand in Peterborough to 2026, it is necessary to estimate the future population in the defined Trade Area. Population change, in addition to income and expenditure levels, is a major factor influencing the level of retail sales and space warranted in an area.

Forecast population levels for each Trade Area zone are urbanMetrics estimates that have been derived based on Statistics Canada Census data, information obtained from the various municipalities in the Trade Area, and the population forecasts provided in Schedule 3 of the Ministry of Public Infrastructure Renewal, *Places to Grow, Growth Plan for the Greater Golden Horseshoe*, 2006 (see Appendix B for details). For the purposes of our projections, it

has been assumed that the Places to Grow forecasts are accurate. However, it is important to note that the Places to Grow forecasts that were generated for the City of Peterborough and County may be revised in the future to better reflect the results of the 2006 Census. If revisions are made, then the population and retail forecasts in this report would have to be updated accordingly.

Based on the calculations used to derive the population within the Trade Area zones (see Appendix B for details), the Trade Area's permanent resident population is expected to increase from 215,200 persons in 2007 to 240,900 persons in 2026. This represents a growth of some 25,700 residents. As indicated in Figure 4-5 below, the majority of this growth is anticipated to occur in the PTA – City of Peterborough and STA – City of Kawartha Lakes, the former representing 30.7% of forecast growth and the latter 61.1%.

Figure 4-4: Places to Grow - Excerpt from Schedule 3

Distribution of Population and Employment for the Greater Golden Horseshoe 2001-2031 (figures in 000s)								
	POPULATION				EMPLOYMENT			
	2001	2011	2021	2031	2001	2011	2021	2031
County of Northumberland	80	87	93	96	29	32	33	33
County of Peterborough*	56	58	144	149	16	17	60	60
City of Peterborough*	74	79			37	41		
City of Kawartha Lakes	72	80	91	100	20	23	25	27

Figure 4-5: Trade Area Population Forecast

TRADE AREA POPULATION (1)

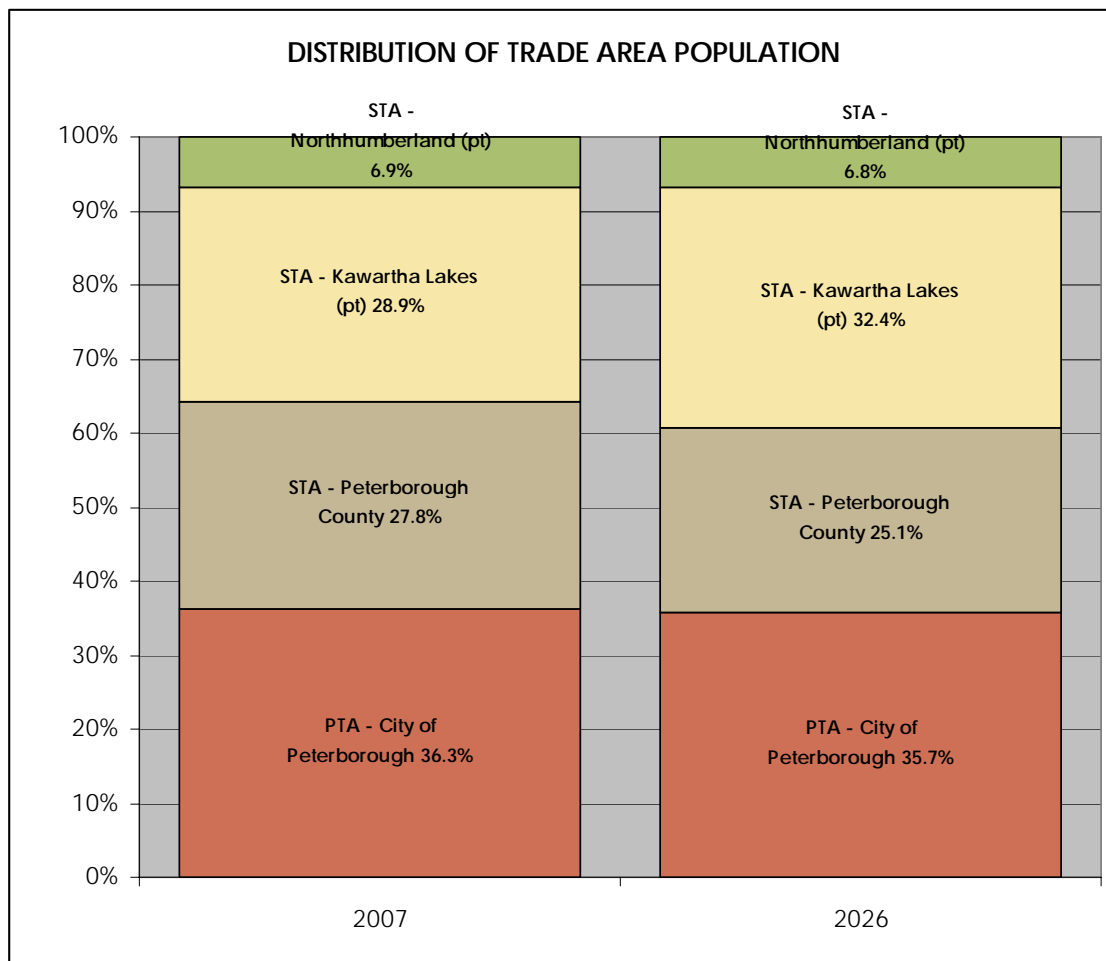
	Base Year					2007-2026			
	2001	2006	2007	2011	2016	2021	2026	Growth	% Dist.
PTA - City of Peterborough									
Population	74,200	77,800	78,100	79,000	81,500	84,000	86,000	7,900	30.7%
Average Annual Increase		720	300	225	500	500	400		
Average Annual Growth		1.0%	0.4%	0.3%	0.6%	0.6%	0.5%		
STA - Peterborough County									
Population	56,500	59,900	59,900	59,925	59,950	60,000	60,500	600	2.3%
Average Annual Increase		680	-	6	5	10	100		
Average Annual Growth		1.2%	0.0%	0.0%	0.0%	0.0%	0.2%		
STA - City of Kawartha Lakes (pt)									
Population	57,200	61,900	62,300	64,100	68,900	73,600	78,000	15,700	61.1%
Average Annual Increase		940	400	450	960	940	880		
Average Annual Growth		1.6%	0.6%	0.7%	1.5%	1.4%	1.2%		
STA - Northumberland County (pt)									
Population	15,100	14,800	14,900	15,300	15,600	15,800	16,400	1,500	5.8%
Average Annual Increase		60	100	100	60	40	120		
Average Annual Growth		-0.4%	0.7%	0.7%	0.4%	0.3%	0.8%		
TOTAL TRADE AREA									
Population	203,000	214,400	215,200	218,325	225,950	233,400	240,900	25,700	100.0%
Average Annual Increase		2,280	800	781	1,525	1,490	1,500		
Average Annual Growth		1.1%	0.4%	0.4%	0.7%	0.7%	0.6%		

Source: urbanMetrics inc.

Note: 2001 and 2006 population includes net undercoverage of 3.883% in the City of Peterborough and Peterborough County; 3.789% in the City of Kawartha Lakes; and 3.821% in Northumberland County.
Forecast population is based on Places to Grow targets.
Population values are rounded to the nearest 100.

As indicated in Figure 4-6, some 36.3% of the Trade Area population is currently represented by City of Peterborough residents. By 2026, this share of the Trade Area population would marginally decline to 35.7%. Conversely, STA – Kawartha Lakes share is forecast to increase from 28.9% to 32.4% over the same period with corresponding declines in the other STA zones.¹³

Figure 4-6: Trade Area Population Distribution



¹³ Given that the Places to Grow forecasts are not based on the 2006 Census, in some cases the 2006 Census estimates have exceeded the short term Places to Grow forecasts (e.g. Peterborough County). See Appendix B for details.

4.4 Trade Area Income Levels

Per capita income levels provide a reasonable basis for determining the retail expenditure levels of the Trade Area population. Based on Statistics Canada, 2006 Census data, we have calculated the per capita income index for the PTA and each of the three STA zones, as detailed in Figure 4-7. For the 2006 Census, which reports income levels for 2005, the Trade Area zones all had average income levels below the provincial average of \$29,263. The highest income zone in the Trade Area is STA – Peterborough County, with per capita income levels at 92.5% of the provincial average. Compared to 2001 income levels, all zones increased their income levels in relation to the province, except for STA – Northumberland County. The highest percentage gains were achieved in STA – Peterborough County, where incomes rose by 30.4%.

Figure 4-7: Per Capita Income for Trade Area Residents Relative to Province

Trade Area	2001		2006		Growth 2001 to 2006
	Per Capita Income	Index to Province	Per Capita Income	Index to Province	
PTA - City of Peterborough	\$20,732	83.7	\$25,082	85.7	21.0%
STA - Peterborough County	\$20,753	83.8	\$27,058	92.5	30.4%
STA - City of Kawartha Lakes	\$20,565	83.0	\$26,008	88.9	26.5%
STA - Northumberland County	\$18,991	76.7	\$22,383	76.5	17.9%
Ontario	\$24,767	100.0	\$29,263	100.0	18.2%

Source: Statistics Canada, Census

4.5 Trade Area Expenditures

In order to determine the total volume of retail expenditures available within the Trade Area, it is necessary to estimate expenditures by major store type. Utilizing Statistics Canada *Retail Trade* data, we have estimated the per capita expenditures in Ontario for Food Store Retail (FSR) and Non Food Store Retail (NFSR) in accordance with the North American Industry Classification System (NAICS) (See Appendix A for a detailed listing). This data is utilized as the basis for the per capita expenditure estimates for the Trade Area.

4.5.1 Per Capita Food Store Retail (FSR) Expenditures

Based on Statistics Canada Retail Trade data, the 2007 average per capita food store retail expenditure in Ontario has been estimated at \$1,990 (See Appendix A). Food store retail expenditures include those made in supermarkets, grocery, convenience and specialty food stores.

For Trade Area residents, the 2007 average per capita food store expenditure has been estimated based on the income relationship between the Province and the Trade Area, and an expenditure regression equation, which calculates an expenditure index relative to

income level. Using the FSR expenditure regression equation, the 2007 per capita FSR expenditures have been estimated at \$1,956 for the PTA, \$1,972 in STA – Peterborough County, \$1,964 in STA – City of Kawartha Lakes, and \$1,934 in STA – Northumberland County.

The 2007 average per capita FSR expenditures are expected to increase at a rate of 0.5% per year on an uninflated basis between 2007 and 2026. As discussed in the underlying assumptions of this report, future changes in expenditure patterns solely due to inflation have not been recognized. Therefore, future expenditure levels reflect the 2007 value of the Canadian dollar.

Figure 4-8: Food Store Retail (FSR) Expenditure Potential

PER CAPITA FOOD STORE RETAIL (FSR) EXPENDITURE POTENTIAL

2007 Dollars	2007				
Province of Ontario					
Per Capita FSR Expenditure	\$ 1,990 (1)				
2007 Dollars	2007	2011	2016	2021	2026
PTA - City of Peterborough					
Income Index to Province	85.70				
FSR Expenditure Index to Province	98.30				
Per Capita FSR Expenditure	\$ 1,956	\$ 1,995	\$ 2,044	\$ 2,093	\$ 2,142
Population	78,100	79,000	81,500	84,000	86,000
TOTAL FSR POTENTIAL (\$Millions)	\$ 152.8	\$ 157.6	\$ 166.6	\$ 175.8	\$ 184.2
STA - Peterborough County					
Income Index to Province	92.50				
FSR Expenditure Index to Province	99.10				
Per Capita FSR Expenditure	\$ 1,972	\$ 2,011	\$ 2,061	\$ 2,110	\$ 2,159
Population	59,900	59,925	59,950	60,000	60,500
TOTAL FSR POTENTIAL (\$Millions)	\$ 118.1	\$ 120.5	\$ 123.6	\$ 126.6	\$ 130.6
STA - City of Kawartha Lakes (pt)					
Income Index to Province	88.90				
FSR Expenditure Index to Province	98.70				
Per Capita FSR Expenditure	\$ 1,964	\$ 2,003	\$ 2,052	\$ 2,101	\$ 2,151
Population	62,300	64,100	68,900	73,600	78,000
TOTAL FSR POTENTIAL (\$Millions)	\$ 122.4	\$ 128.4	\$ 141.4	\$ 154.6	\$ 167.8
STA - Northumberland County (pt)					
Income Index to Province	76.50				
FSR Expenditure Index to Province	97.20				
Per Capita FSR Expenditure	\$ 1,934	\$ 1,973	\$ 2,021	\$ 2,069	\$ 2,118
Population	14,900	15,300	15,600	15,800	16,400
TOTAL FSR POTENTIAL (\$Millions)	\$ 28.8	\$ 30.2	\$ 31.5	\$ 32.7	\$ 34.7
TOTAL TRADE AREA					
TOTAL FSR POTENTIAL (\$Millions)	\$ 422.1	\$ 436.7	\$ 463.1	\$ 489.7	\$ 517.3
Cumulative Growth		\$ 14.6	\$ 41.0	\$ 67.6	\$ 95.2

SOURCE: urbanMetrics inc.

1) Based on Statistics Canada, Retail Trade.

By multiplying the average per capita food store expenditure by the current and projected population residing in the Trade Area, the total food store potential from Trade Area residents has been calculated over the study period.

In total, the food store potential available from Trade Area residents has been estimated at \$422.1 million in 2007. As shown in Figure 4-8, by 2026 this potential is expected to reach \$517.3 million; a growth of \$95.2 million over the nineteen year period (expressed in 2007 dollars).

It should be noted that the expenditures calculated above represent only the total food store expenditure potential of Trade Area residents. Expenditures of persons who reside outside the Trade Area (i.e. inflow) have been accounted in our warranted space analysis (see Section 8). This inflow includes visitors, tourists, seasonal residents, the travelling public, and individuals whose workplace is within the Trade Area but whom reside elsewhere.

4.5.2 Per Capita Non-Food Store Expenditures

In this section of the study, we have evaluated the future market potential available for non-food store retail (NFSR) facilities in the City of Peterborough. NFSR includes the following major trade groups or expenditure categories:

- Pharmacies and Personal Care Stores
- Clothing and Accessories Stores
- Furniture, Home Furnishings and Electronics Stores
- Building and Outdoor Home Supplies Stores
- General Merchandise (including department stores)
- Miscellaneous Retailers

Based on Statistics Canada Retail Trade data, the 2007 average per capita non-food store retail expenditure in Ontario has been estimated at \$5,169 (See Appendix A for details).

For Trade Area residents, the 2007 average per capita non-food store retail expenditure has been estimated based on the income relationship between the Province and the Trade Area, and an expenditure regression equation, which calculates an expenditure index based on income level. As detailed in Figure 4-9, the 2007 per capita NFSR expenditures have been estimated at \$4,755 for the PTA, \$4,952 in STA – Peterborough County, \$4,849 in STA – City of Kawartha Lakes, and \$4,487 in STA – Northumberland County.

The 2007 average per capita NFSR expenditure is expected to increase for all Trade Area residents at a rate of 1.5% per year on an uninflated basis during the study period (see Appendix A). Therefore, future expenditure levels reflect the 2007 value of the Canadian dollar.

Figure 4-9: Non-Food Store Retail Expenditure Potential**PER CAPITA NFSR EXPENDITURE POTENTIAL**

<i>2007 Dollars</i>	<i>2007</i>				
Province of Ontario					
Per Capita NFSR Expenditure	\$ 5,169 (1)				
<i>2007 Dollars</i>	<i>2007</i>	<i>2011</i>	<i>2016</i>	<i>2021</i>	<i>2026</i>
<u>PTA - City of Peterborough</u>					
Income Index to Province	85.70				
NFSR Expenditure Index to Province	92.00				
Per Capita NFSR Expenditure	\$ 4,755	\$ 5,040	\$ 5,397	\$ 5,754	\$ 6,110
Population	78,100	79,000	81,500	84,000	86,000
TOTAL NFSR POTENTIAL (\$Millions)	\$ 371.4	\$ 398.2	\$ 439.9	\$ 483.3	\$ 525.5
<u>STA - Peterborough County</u>					
Income Index to Province	92.50				
NFSR Expenditure Index to Province	99.10				
Per Capita NFSR Expenditure	\$ 4,952	\$ 5,249	\$ 5,621	\$ 5,992	\$ 6,363
Population	59,900	59,925	59,950	60,000	60,500
TOTAL NFSR POTENTIAL (\$Millions)	\$ 296.6	\$ 314.5	\$ 337.0	\$ 359.5	\$ 385.0
<u>STA - City of Kawartha Lakes (pt)</u>					
Income Index to Province	88.90				
NFSR Expenditure Index to Province	93.80				
Per Capita NFSR Expenditure	\$ 4,849	\$ 5,140	\$ 5,504	\$ 5,867	\$ 6,231
Population	62,300	64,100	68,900	73,600	78,000
TOTAL NFSR POTENTIAL (\$Millions)	\$ 302.1	\$ 329.5	\$ 379.2	\$ 431.8	\$ 486.0
<u>STA - Northumberland County (pt)</u>					
Income Index to Province	76.50				
NFSR Expenditure Index to Province	86.80				
Per Capita NFSR Expenditure	\$ 4,487	\$ 4,756	\$ 5,093	\$ 5,429	\$ 5,766
Population	14,900	15,300	15,600	15,800	16,400
TOTAL NFSR POTENTIAL (\$Millions)	\$ 66.9	\$ 72.8	\$ 79.5	\$ 85.8	\$ 94.6
<u>TOTAL TRADE AREA</u>					
TOTAL NFSR POTENTIAL (\$Millions)	\$ 1,037.0	\$ 1,115.0	\$ 1,235.6	\$ 1,360.4	\$ 1,491.1
<i>Cumulative Growth</i>		\$ 78.0	\$ 198.6	\$ 323.4	\$ 454.1

SOURCE: urbanMetrics inc.

1) Based on Statistics Canada, Retail Trade.

The total NFSR potential of Trade Area residents over the study period has been calculated by multiplying the average per capita NFSR expenditure by the current and projected population residing in the Trade Area. The per capita NFSR expenditure values follow the provincial distribution of the NFSR expenditures to create a weighted total.

In total, the non-food store retail potential available from Trade Area residents' is estimated at \$1,037.0 million in 2007, increasing to \$1,491.1 million by 2026; a growth of \$454.1 million (expressed in 2007 dollars).

Again, it should be recognized that the expenditure potential indicated in Figure 4-9 is that which is available from Trade Area residents only, and represents the expenditure potential available to stores located both in the Trade Area and outside the Trade Area. The detailed analysis of potential to Peterborough stores including inflow is provided in Section 8 of this report.

5. Consumer Survey Research

Survey research is an integral component of undertaking a retail market analysis. Our research has included licence plate surveys, an on-street survey of Downtown patrons, and a telephone survey of Trade Area consumers. The telephone survey provides information on Trade Area shopping patterns by store type and capture rates for the City of Peterborough. The following section summarizes the key findings of our Trade Area consumer research. The detailed statistical tables generated by these surveys can be found in Appendices D and E.

5.1 Telephone Survey

A telephone consumer survey of some 805 Trade Area residents was conducted to determine the existing expenditure patterns of Trade Area residents, establish the existing market shares being captured by City of Peterborough retail facilities, and the outflow of sales to stores located outside the Trade Area. The details of this research have been included in Appendix F.

5.1.1 Sample

As shown in Figure 5-1, telephone survey samples were equally distributed between the PTA and STA. The distribution of the sample within the STA was determined based on the 2006 Census population.

Figure 5-1: Distribution of Completed Surveys

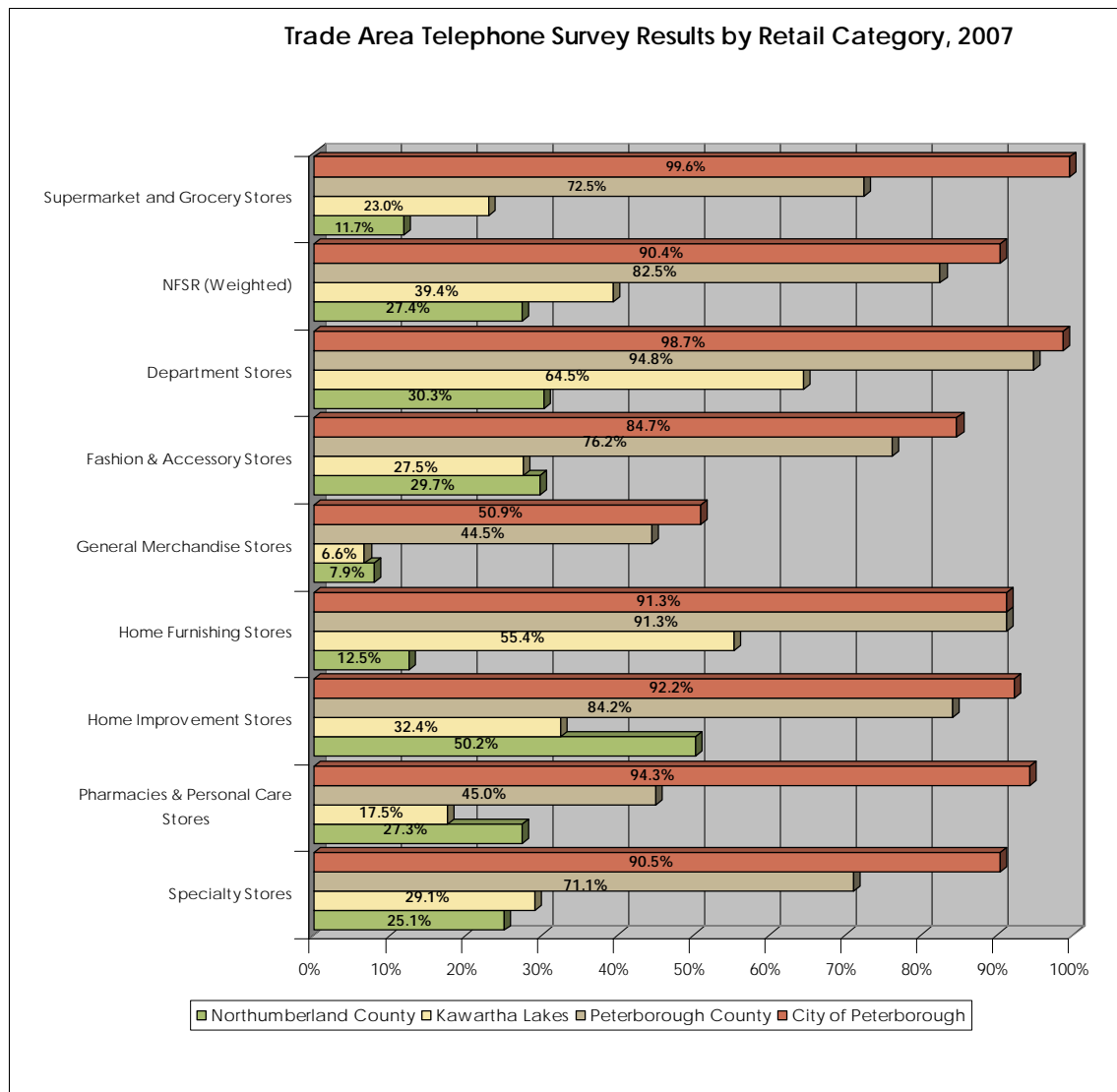
Trade Area	Respondents	Frequency
City of Peterborough	403	50.1%
STA - Peterborough County	175	21.7%
STA - City of Kawartha Lakes	183	22.7%
STA - Northumberland County	44	5.5%
Total	805	

Source: urbanMetrics inc.

5.1.2 2007 Distribution of Trade Area Residents' Expenditures

Figure 5-2 summarizes the Trade Area residents' expenditure patterns by major store category.

Figure 5-2:



Based on the information collected, the results indicate:

- The City of Peterborough captures 99.6% of supermarket and grocery store expenditures by residents of the City of Peterborough and 72.5% of expenditures by STA – Peterborough County residents. Capture rates from the other STA zones are much lower. These results illustrate the localized nature of food shopping, but still demonstrate Peterborough's ability to draw a relatively sizeable share of convenience related expenditures from the surrounding communities.

- For non-food retail expenditures, the City of Peterborough has significant drawing power from all of the Trade Area zones. Once again, expenditure levels were highest for City of Peterborough and STA - Peterborough County residents, with the City capturing 90.4% and 82.5% of City and County totals. For the STA – City of Kawartha Lakes and STA – Northumberland County, NFSR captures rates were 39.4% and 27.4% respectively.
- Sears, Wal-Mart and Zellers are the department stores located in the City of Peterborough. Together, these three stores capture 98.7% of City of Peterborough resident department store expenditures, 94.8% of STA – Peterborough County, 64.5% of STA – City of Kawartha Lakes and 30.3% of STA – Northumberland expenditures.
- General merchandise expenditures made within the City are markedly lower than the other retail categories because the City did not have a Costco Warehouse when our consumer telephone survey and inventory was conducted. As a percentage of total reported general merchandise expenditures, Costco expenditures represented 40.7% for City residents, 28.4% for STA – Peterborough County, 34.7% for STA – City of Kawartha, and 4.9% for STA – Northumberland. The majority of these Trade Area expenditures were made at the Costco in Ajax, which accounted for 27.3% of all general merchandise expenditures (see Appendix F for details). Other retailers in this retail category include Canadian Tire, other warehouse membership clubs, dollar stores, variety stores, and general stores. The City of Peterborough has two Canadian Tire outlets, and several dollar, variety, and general stores. Since the completion of our consumer telephone survey, a 145,000 square foot Costco has been approved and opened at the southwest end of the City near the by-pass.
- Home improvement retailers in Peterborough capture 92.2% of expenditures in the City, 84.2% in the County, and 50.2% of expenditures in STA – Northumberland. Shares are much lower in STA – City of Kawartha Lakes, capturing only 32.4%. The major home improvement retailers in Peterborough are Home Depot, Rona, The Incredible Country Hardware Store and Home Hardware Building Centre.

5.1.2.1 Comparison with 2000 Distribution of Trade Area Residents' Expenditures

A similar survey was undertaken in Peterborough seven years ago as part of the 2000 RMDS. Although there are some differences in methodology, a comparison of the results of the two surveys provides some general insights into how the local retail market has evolved. When the 2000 RMDS was conducted, the Standard Industrial Classification was used to code retail expenditures. This classification has since been replaced by the North American Industrial Classification System (NAICS). To enable comparisons between the 2000 RMDS and the 2007

RMA, urbanMetrics has updated the 2000 RMDS to reflect NAICS coding (see Appendix G for details). The commercial zones used in the 2000 RMDS have also been updated to reflect our Commercial District boundaries. A more detailed discussion of the commercial structure has been provided in Section 6.0. Also, urbanMetrics has consolidated our 2007 STA zone results into one general STA category to match the division of results shown in the 2000 RMDS. The results for the PTA and STA are shown below in Figure 5-3.

Figure 5-3: Distribution of Trade Area Residents' Expenditures, 2000-2007

Primary Trade Area

NAICS Categories	District									
	Centre		North		West		East		Outflow	
	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007
Department Store	42.6%	0.0%	33.8%	42.6%	19.2%	56.1%	0.0%	0.0%	4.4%	1.3%
General Merchandise Stores	11.7%	0.5%	9.6%	18.9%	66.7%	31.4%	0.4%	0.1%	11.6%	49.1%
Fashion & Accessory Stores	26.6%	11.3%	16.6%	11.7%	46.3%	58.8%	2.0%	2.9%	8.4%	15.3%
Specialty Stores	21.5%	17.9%	12.1%	13.6%	41.1%	58.6%	1.2%	0.3%	24.2%	9.5%
Home Improvement	12.2%	16.1%	1.5%	0.2%	70.0%	75.4%	0.5%	0.6%	15.8%	7.8%
Home Furnishings	9.8%	7.9%	1.5%	0.2%	70.2%	83.2%	0.0%	0.0%	18.4%	8.7%
Supermarket	30.1%	24.5%	13.0%	15.4%	44.5%	51.4%	7.9%	8.3%	4.5%	0.4%
Pharmacies	41.5%	26.8%	21.5%	28.0%	30.4%	39.5%	0.0%	0.0%	6.6%	5.7%
Total Non-Weighted NFSR	18.6%	11.7%	8.5%	18.2%	58.9%	60.3%	0.4%	0.4%	13.6%	9.4%
Total NFSR (Weighted)	n.a.	9.5%	n.a.	14.4%	n.a.	66.1%	n.a.	0.4%	n.a.	9.6%

Secondary Trade Area

NAICS Categories	District									
	Centre		North		West		East		Outflow	
	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007
Department Store	22.6%	0.0%	28.0%	28.3%	13.9%	45.8%	0.0%	0.0%	35.5%	25.9%
General Merchandise Stores	3.6%	0.8%	4.1%	7.2%	30.6%	11.2%	0.0%	0.0%	61.7%	80.7%
Fashion & Accessory Stores	9.5%	1.4%	13.1%	9.4%	30.7%	33.0%	0.0%	2.6%	46.8%	53.6%
Specialty Stores	5.5%	4.6%	6.1%	9.5%	24.9%	30.2%	0.7%	0.2%	62.7%	55.5%
Home Improvement	0.3%	6.6%	0.3%	1.5%	5.2%	48.1%	0.0%	2.2%	94.3%	41.8%
Home Furnishings	10.9%	9.4%	1.7%	0.3%	44.9%	60.2%	0.5%	0.2%	42.0%	29.9%
Supermarket	8.9%	9.0%	4.0%	6.8%	19.9%	22.0%	2.6%	4.9%	64.6%	57.3%
Pharmacies	21.4%	6.7%	4.3%	7.6%	5.0%	16.2%	0.0%	0.0%	69.3%	69.5%
Total Non-Weighted NFSR	6.4%	4.4%	5.1%	10.1%	14.4%	38.3%	0.1%	0.9%	74.0%	46.3%
Total NFSR (Weighted)	n.a.	4.7%	n.a.	9.3%	n.a.	43.1%	n.a.	0.8%	n.a.	42.0%

Source: urbanMetrics inc.

Note: refers to NAICS categories that underwent significant change

Based on our comparison of the telephone surveys, we note the following:

- Overall, the outflow of expenditures to outside the City has been reduced as a result of new retail development that has occurred in the City over the past seven years. We would note, however, that outflow in the general merchandise, fashion and apparel categories increased significantly. The general merchandise outflow is largely attributed to warehouse membership club expenditures outside of Peterborough, which will be significantly reduced once the approved Costco Warehouse Membership Club has opened in the southwest portion of Peterborough. New apparel stores, such as Old Navy in Lansdowne Place, and the Phase III

expansion of Lansdowne Place, will likely reduce outflow in the apparel store category.

- Despite the loss of Zellers in the downtown, outflow of department store expenditures decreased in both the PTA and STA. Outflow to outside Peterborough contracted from 4.4% to 1.3% in the PTA and from 35.5% to 25.9% in the STA. This is likely attributable to the relocation and expansion of Wal-Mart.
- Fashion and accessory stores experienced market share contraction in both the PTA and STA. Outflow percentages rose from 8.4% to 15.3% in the PTA and from 46.8% to 53.6% in the STA. For the PTA, outflow was predominantly to Oshawa, Lakefield and Toronto. In the STA, outflow varied by zone but overall was highest to Lindsay, Bobcaygeon, Belleville, and Oshawa. The recent additions of Winners, Reitman's and the Shoe Company to the Parkway Centre, as well as additions to Lansdowne Place may assist in reversing these trends.
- General merchandise outflow rose substantially since 2000 in the Trade Area, from 11.6% to 49.1% in the PTA and from 61.7% to 80.7% in the STA. Most of this leakage was taken from the West District, where market shares decreased from 66.7% to 31.4% in the PTA and from 30.6% to 11.2% in the STA. The majority of this outflow is due to Costco, which now has 6,000 members in Peterborough alone.¹⁴
- A considerable outflow reduction occurred in the home improvement and home furnishings categories. These gains are attributable to the increased drawing power of Lansdowne Street West retailers; most notably the Home Depot, Rona, Leon's, JYSK, HomeSense, and Home Outfitters.

In summary, the City of Peterborough is the dominant shopping destination for Peterborough and Peterborough County residents. Recent commercial development has enabled the City to capture a greater share of retail expenditures and outflow will likely continue to be reduced with the development of Costco and the addition of other new retailers not currently represented in the market.

5.1.3 Downtown Shopping Experience

In addition to questions regarding the recent retail expenditures, telephone survey respondents were also asked a series of questions regarding their shopping habits and

¹⁴ Service Canada. Labour Market Bulletin: Peterborough and Kawartha Area Service Canada. Second Quarter, 2007.

perceptions of downtown Peterborough. The question “Downtown is a shopping area for people like me” was used to better understand the drawing power of the downtown among Trade Area residents. Respondents were asked to rank on a scale of 1 to 10 (1 - describing not at all and 10 - describing very well). As shown in Figure 5-4, the percentage of PTA - Peterborough and STA respondents who answered 1 or 2 was considerably higher than those who answered 9 or 10, especially within the PTA. Overall, the average ranking for both the PTA and STA was 3.9, which was considerably lower than the average ranking for other perception-based questions.

Figure 5-4: Downtown is A Shopping Place for People Like Me

Respondents	Area			
	City of Peterborough		Outside Peterborough	
	Count	Col %	Count	Col %
1 or 2 (Does not describe at all)	162	40.2%	104	25.9%
Average	3.9		3.9	
9 or 10 (Describes very well)	33	8.2%	40	10.0%
Total	403		402	

Source: urbanMetrics inc.

As discussed in more detail below, while there was generally a high degree of satisfaction with the downtown by existing downtown visitors, Peterborough residents in general did not show the same level of satisfaction. This suggests that more marketing efforts are required to encourage Peterborough residents to better embrace the downtown as a shopping destination.

5.2 On-Street Downtown Survey

To augment the results of the telephone survey, an on-street survey of some 600 downtown patrons was also conducted. This survey provides an indication of how downtown visitors use and perceive downtown Peterborough. When on-street results differ from the results of a telephone survey of the general population, it is usually an indication of a perceptual gap. In other words, people who do not visit downtown frequently have different expectations about their experience than regular visitors.

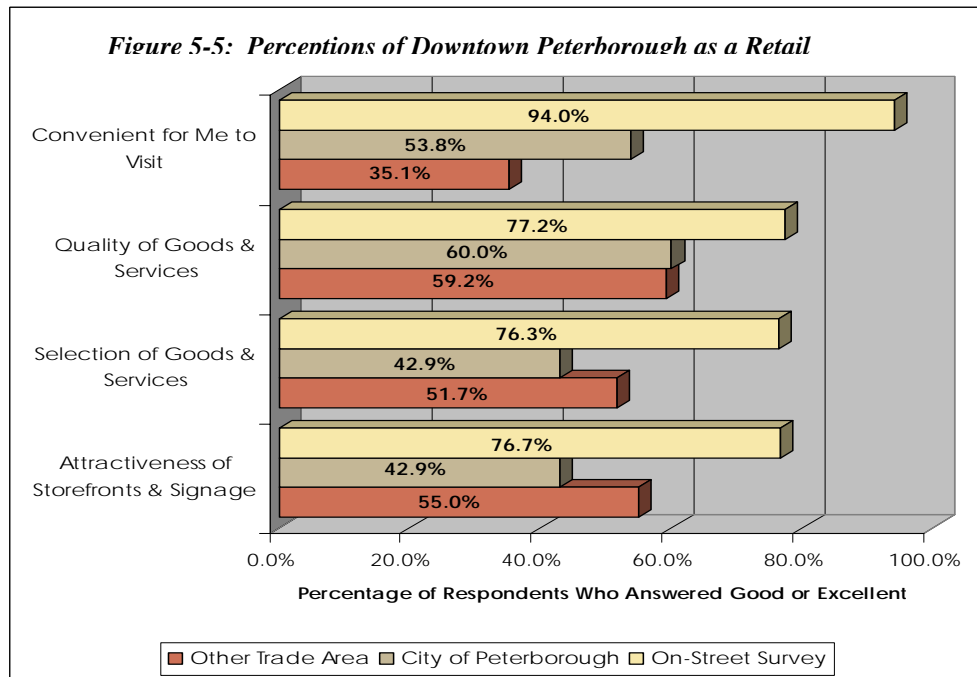
The on-street survey was conducted at four locations within the downtown to identify place of residence, purpose of trip, shopping patterns, perceptions of the downtown and other customer characteristics. It is important to recognize that the responses reflect those of persons visiting downtown, including both local residents and tourists. It has a different orientation than that of a telephone survey, which surveys Trade Area residents who may or may not typically visit the downtown area.

The following is a brief summary of the responses from both the on-street and telephone surveys with respect to the downtown. A more comprehensive discussion of the on-street survey is provided in the City of Peterborough Downtown Economic Analysis.

5.2.1 Perceptions of Downtown Shopping

Both downtown on-street patrons and Trade Area telephone surveys respondents were asked a series of questions about their perceptions of downtown Peterborough. The questions were designed to better understand how perceptions vary within the Trade Area and what are the perceived strengths and weaknesses of the downtown. The first question was whether the downtown is convenient to visit. On a scale of 1 to 10 (1 - describing not at all and 10 - describing very well), the percentage of Trade Area respondents who answered 6 or above was very high among on-street survey respondents at 94.0%. For telephone survey respondents, only 53.8% of City of Peterborough and 35.1% of other Trade Area respondents either somewhat or strongly agreed.

For the other survey questions, respondents were asked to rank on a scale of 1 to 4 (1 – being poor and 4 – being excellent) the quality of goods and services, the selection of goods and services, and the attractiveness of storefronts and signage. Once again, downtown on-street survey respondents answered more favourably than telephone survey respondents. For all three questions the on-street survey respondents were very positive about their retail experiences in the downtown, with some 75% scoring the downtown as either good or excellent. Conversely, the percentage of telephone respondents who answered good or excellent was noticeably lower. For the PTA – City of Peterborough, good or excellent perceptions of the downtown varied between 42.9% and 60.0%, while between 51.7% and 59.2% of other Trade Area respondents categorized the downtown in this manner. **The high degree of satisfaction among on-street respondents with the downtown shopping environment suggests that the potential exists to attract new downtown shoppers with the existing retail offering.**



6. Commercial Space Inventory Review

In this section, we have undertaken an analysis of the existing commercial structure in Peterborough based on our inventory of commercial space conducted in August 2007. This section provides a review of the distribution of retail and service space in Peterborough. To analyze the commercial space in Peterborough, the inventory has been divided into Districts and Clusters. The Districts provide a general synopsis of retail space in Peterborough by geography (i.e. Centre, North, East, and West), while the Clusters provide more detailed information about the major areas of commercial activity within each District.

6.1 Peterborough Retail Districts

As indicated in Figure 6-1, commercial activity within the City of Peterborough has been divided into four geographic Districts. These include the following:

Centre District – Positioned in the middle of the City, the Centre District comprises the downtown and surrounding downtown fringe commercial areas. It is characterized by a mixture of office, retail and residential uses. As the historic area of the city, the District features primarily small street-front retail stores with office and residential uses above. Over the past 40 years a few notable large redevelopment projects have been built in the Centre with various levels of



success, for example Peterborough Square, Galaxy Cinemas, and the Ministry of Natural Resources Building. The District is the second largest retail commercial district in Peterborough with 1.5 million square feet of space and features a variety of retail and service space, with department store the most notable exception. The majority of the space is clustered along George Street North, a primary north-south roadway in

Peterborough. In recent years, the Centre District has experienced a net decline in retail commercial space due to the conversion of large blocks of space in Peterborough Square to accommodate offices and government activities. The boundaries for the District are defined as east of Monaghan



Road, north of Braidwood Avenue, west of Little Lake, and south of Parkhill Road. Also included within the Centre is Hunter Street East, which goes through the historic community of Ashburnham Village, which is located on the eastern banks of the Otonabee River.

North District – A growing area of the City, which also includes Trent University, the North District is primarily residential with major retail activities focused along Chemong Road. Retail development within this District includes a number of power centre and strip retail projects, as well as the Portage Place, a 220,000 square foot enclosed community centre that recently lost Wal-Mart to an expanded stand alone store further south on Chemong Road. At the time of our inventory, the redevelopment of the vacant space at Portage Place was underway. Altogether, North District retailers provide some 747,400 square feet of retail and service space. With the exception of home furnishings, specialized building materials and garden stores, every retail category is represented within the North District. The North is defined as the portion of the City north of Jackson Creek and Parkhill Road.



Portage Place, Chemong Road

East District – Located in the south-eastern quadrant of Peterborough, the East District contains the smallest concentration of retail space in Peterborough with only 204,900 square feet of retail and service space.

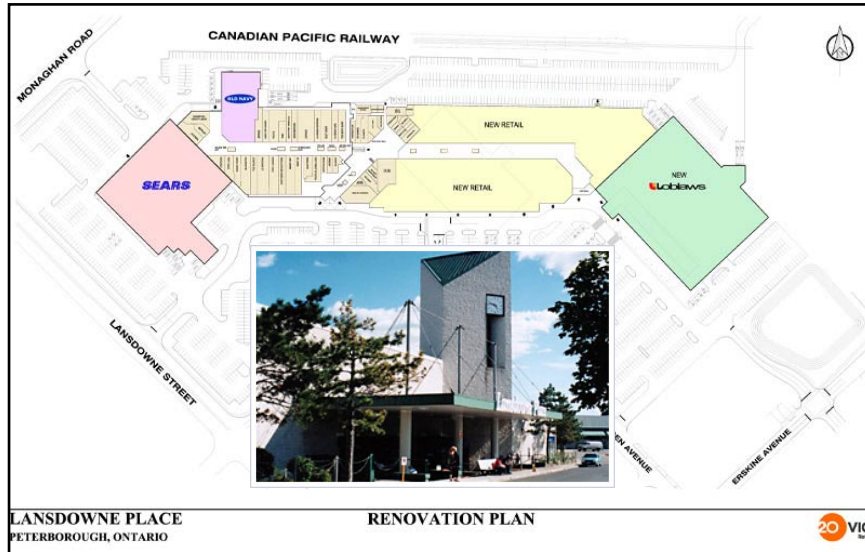


Willowcreek Centre, Lansdowne Street East

Characterized by primarily residential and industrial land uses, retail activity is limited to properties along Lansdowne Street East. The vast majority of retail space within this District is provided by the Willowcreek Centre, a neighbourhood centre which is anchored by a Your Independent Supermarket, an LCBO, and a Pennington's women's clothing store. The East District lies east of the Otonabee River and south of Parkhill Road, with the exception of the commercial uses on Hunter Street East and the neighbouring streets.

West District – Situated south of Jackson Creek and west of Otonabee River, the West District has the largest amount of retail and service space in Peterborough with over 1.7 million square feet. This area includes a variety of retail formats, including an enclosed mall, small and large scale stand alone retailers, and power centre retailers. Commercial activity is focused along Lansdowne Street West, a major east-west roadway in Peterborough. The District provides Peterborough residents with the full range of retail merchandise. It also has Lansdowne Place, the largest enclosed mall in the Peterborough and Kawartha Lakes region. A three phase, multi-million dollar expansion and renovation of this centre is currently underway to provide a more modern and exciting shopping experience. The

expansion would include 30 to 40 new stores, including an expansion of the Loblaws into a Loblaws Superstore.



6.1.1 Distribution of Retail Inventory by District

As shown in Figure 6-2, a total of 4.2 million square feet of retail and service commercial space has been inventoried in the City of Peterborough (as of August 2007). The majority of this space is located in the West and Centre Districts, which account for 40.8% and 36.6% respectively. The North District is noticeably smaller than either the West or Centre Districts, with only 17.7% of retail activity, while the East is limited to 4.9%.

Figure 6-1: Commercial Districts

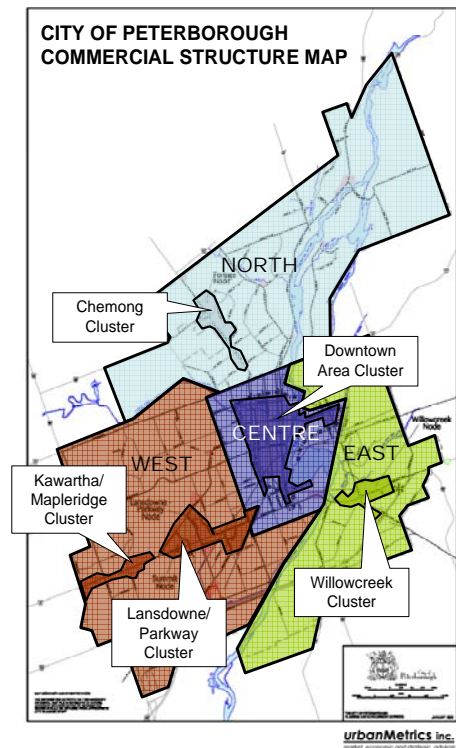


Figure 6-2: Peterborough Inventory by District, 2007

Retail Category	Centre		North		District		West		Total	
	Value	Percentage	Value	Percentage	East	Percentage	Value	Percentage		
Automotive Sum	5,550	17.9%	-	-	-	-	25,450	82.1%	31,000	0.7%
Beer, Wine & Liquor Stores Sum	9,900	25.0%	4,250	10.7%	8,200	20.7%	17,250	43.6%	39,600	0.9%
Convenience & Specialty Food Stores	48,100	42.2%	23,050	20.2%	13,900	12.2%	28,850	25.3%	113,900	2.7%
Supermarkets & Grocery Stores	76,650	19.3%	79,450	20.0%	40,350	10.2%	200,850	50.6%	397,300	9.4%
FSR Sum	124,750	24.4%	102,500	20.1%	54,250	10.6%	229,700	44.9%	511,200	12.1%
Clothing Stores	94,750	42.5%	32,050	14.4%	5,500	2.5%	90,400	40.6%	222,700	5.3%
Computer & Software Stores	5,150	27.0%	5,350	28.1%	-	-	8,550	44.9%	19,050	0.5%
Department Stores	-	-	133,550	38.3%	-	-	215,100	61.7%	348,650	8.3%
Furniture Stores	49,900	28.1%	-	-	1,750	1.0%	125,650	70.9%	177,300	4.2%
Home Centres & Hardware Stores	100,500	51.5%	10,950	5.6%	31,350	16.1%	52,500	26.9%	195,300	4.6%
Home Electronics & Appliance Stores	24,050	37.1%	3,450	5.3%	-	-	37,300	57.6%	64,800	1.5%
Home Furnishings Stores	27,050	22.6%	4,000	3.3%	3,950	3.3%	84,800	70.8%	119,800	2.8%
Miscellaneous Retailers	120,450	46.4%	30,250	11.7%	9,750	3.8%	99,200	38.2%	259,650	6.2%
Other General Merchandise Stores	34,850	12.8%	99,650	36.5%	3,000	1.1%	135,200	49.6%	272,700	6.5%
Pharmacies & Personal Care Stores	40,500	35.9%	31,400	27.8%	1,750	1.6%	39,250	34.6%	112,900	2.7%
Shoe, Clothing Accessories & Jewellery Stores	25,050	43.7%	11,450	20.0%	550	1.0%	20,300	35.4%	57,350	1.4%
Specialized Building Materials & Garden Stores	29,450	29.9%	750	0.8%	16,450	16.7%	51,800	52.6%	98,450	2.3%
Sporting Goods, Hobby, Music & Book Stores	76,200	54.0%	11,600	8.2%	1,700	1.2%	51,550	36.5%	141,050	3.3%
FSR Sum	627,900	30.0%	374,450	17.9%	75,750	3.6%	1,011,600	48.4%	2,089,700	49.5%
Service Retail	14,600	34.3%	8,000	18.8%	1,600	3.8%	18,400	43.5%	42,600	1.0%
Consumer Goods Rental	88,600	61.1%	32,550	22.4%	150	0.1%	23,750	16.4%	145,050	3.4%
Entertainment & Recreational Activities	69,150	47.1%	19,450	13.2%	2,500	1.7%	55,850	38.0%	146,950	3.5%
Food Services & Drinking Places	187,600	47.8%	43,000	11.0%	26,500	6.8%	135,100	34.4%	392,200	9.3%
Health Care & Social Services	109,850	72.2%	8,300	5.5%	-	-	34,000	22.3%	152,150	3.6%
Insurance & Real Estate	42,000	59.9%	3,550	5.1%	2,400	3.4%	22,150	31.6%	70,100	1.7%
Personal & Household Goods Repair & Maintenance	11,550	53.6%	350	1.6%	6,250	29.0%	3,400	15.8%	21,550	0.5%
Personal Care Services	79,150	47.5%	29,250	17.6%	3,600	2.2%	54,550	32.8%	166,550	3.9%
Professional, Scientific & Technical Services	45,000	58.4%	10,700	13.9%	7,800	10.1%	13,500	17.5%	77,000	1.8%
Selected Office Administrative Services	50,150	81.7%	1,100	1.8%	-	-	10,150	16.5%	61,400	1.5%
Service Retail Sum	697,650	54.1%	156,250	12.2%	50,800	4.0%	370,850	29.1%	1,275,550	30.2%
Vacant Sum	78,400	29.0%	109,950	40.2%	15,900	5.9%	66,550	24.6%	270,800	6.4%
Grand Total	1,544,150	36.6%	747,400	17.7%	204,900	4.9%	1,721,400	40.8%	4,217,850	100.0%

Source: urbanMetrics inc.

Based on the above inventory, the following observations can be made:

- **FSR - Food Store Retail** space is highly concentrated within the West District of Peterborough, representing 44.9% of all FSR space. This high concentration is due to the presence of several full-sized supermarkets in the West, including Loblaws, No Frills, Price Chopper, and Sobeys, and two smaller supermarkets, Farm Boy and IGA. Altogether, these supermarkets combine for over half of all supermarket space in Peterborough. By comparison, the Centre District has 42.2% of all convenience and specialty food store space but a much lower percentage of supermarket space at 19.3%. Over the past two decades, supermarkets have tended to move out of Ontario downtowns to larger sites that are better able to accommodate vehicular traffic and parking. The fact that the Centre District has retained three supermarkets is an important characteristic and will assist in attracting new residential development downtown.
- **NFSR - Non-Food Store Retail** space, the West District contains the greatest concentration at over one million square feet, or 48.4% of total space. The West has a strong presence in several NFSR categories, most notably department stores (215,100 square feet), other general merchandise stores (135,200 square feet), and furniture stores (125,650 square feet). These three categories represent 475,900 square feet, or nearly half of the retail space within the West. By comparison, Central Peterborough contains 30.0% of NFSR, the North has 17.9% and the East has only 3.6%. The Centre District contains the downtown core and the fringe areas, where Home Depot is located. The major retailers in the North District include Wal-Mart and Canadian Tire.
- **Services** - As is typical of many downtowns in Ontario, the Centre District, which includes downtown Peterborough, is where the majority of service facilities are located in Peterborough. The Centre District has just under 700,000 square feet of ground-floor service space, which represents 54.7% of total service space. The Centre District has particular strength in selected office administrative services (81.7%), health care and social services (72.2%), and entertainment and recreational activities (61.1%). Conversely, consumer goods rentals and personal care services are the weakest service categories in the Centre at only 34.3% and 47.5% of total space. Outside of the Centre District, service square footages are highest in the West District, with about one-third of the total space. Service retailers in the North and East are relatively insignificant, with only 12.2% in the former and 4.0% of total space in the latter.

6.1.2 Trends by District

Since the completion of the 2000 Retail Market Demand Study a total of 670,100 square feet of food store, non-food store and vacant retail space has been added in Peterborough.¹⁵ Substantial retail growth occurred in the West and North Districts', where square footages increased by a combined total of about 635,000 square feet (see Figure 6-3). The East experienced more modest gains of approximately 80,000 square feet, while the Centre witnessed a 46,000 square foot reduction due to the conversion of space for non-retail uses in Peterborough Square.

Figure 6-3: Peterborough – Retail Space Changes from 2000 to 2007

(Square Feet Gross Leasable Area)

Retail Category		District				Grand Total
		Centre	North	East	West	
Automotive Sum		1,800	-	-800	17,350	18,350
FSR	Convenience & Specialty Food Stores	-3,000	-11,550	3,700	-7,850	-18,700
	Supermarkets & Grocery Stores	17,250	23,300	-	-	40,550
FSR Sum		14,250	11,750	3,700	-7,850	21,850
NFSR	Clothing Stores	13,900	7,350	-	42,050	63,300
	Computer & Software Stores	-4,600	3,100	-	-6,750	-8,250
	Department Stores	-	46,500	-	-	46,500
	Furniture Stores	18,750	-	1,750	33,700	54,200
	Home Centres & Hardware Stores	90,850	4,950	31,350	41,000	168,150
	Home Electronics & Appliance Stores	-13,200	-1,600	-	28,650	13,850
	Home Furnishings Stores	-33,200	2,550	3,950	30,050	3,350
	Miscellaneous Retailers	40,900	19,550	8,050	51,800	120,300
	Other General Merchandise Stores	-39,750	67,150	-	18,900	46,300
	Pharmacies & Personal Care Stores	-8,550	13,700	1,750	11,350	18,250
	Shoe, Clothing Accessories & Jewellery Stores	-17,300	4,200	550	3,650	-8,900
	Specialized Building Materials & Garden Stores	5,050	-4,650	16,450	17,550	34,400
	Sporting Goods, Hobby, Music & Book Stores	-17,550	3,550	50	30,550	16,600
NFSR Sum		35,300	166,350	63,900	302,500	568,050
Vacant Sum		-97,350	97,450	14,300	47,450	61,850
Grand Total		-46,000	275,550	81,100	359,450	670,100

Source: urbanMetrics inc.

The following observations have been made based on the retail market changes shown above:

- FSR space in the City of Peterborough experienced growth from the expansion of supermarkets in the Centre and North, while convenience and specialty food stores contracted in virtually every district. Additional supermarket space in the North is attributed to a new 40,000 square foot Sobey's at Tower Hill. Also, a formerly vacant Canadian Tire store in the Centre was occupied by a 44,950 square foot No Frills.

¹⁵ Service retailers were not considered in this comparison because the 2000 RMDS did not provide a detailed service inventory.

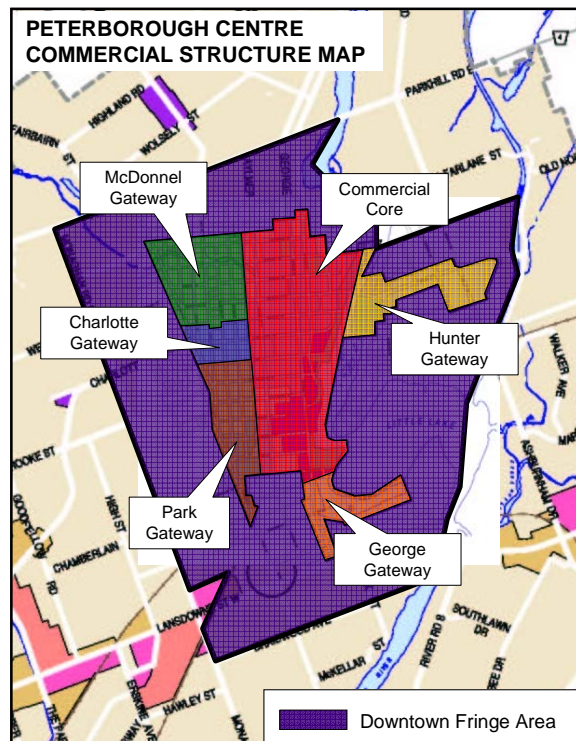
- Over the 2000 to 2007 period, the amount of NFSR space expanded in every District. During this time, the West District grew by just over 300,000 square feet, representing more than half of all new NFSR space in the City. These gains were dispersed across multiple NFSR categories, with six categories attracting over 30,000 square feet each. In the North, NFSR expansion was due to the relocation and expansion of Wal-Mart and the opening of a new Canadian Tire. For the East and Centre Districts, the higher NFSR totals were from the build-out of Willowcreek Centre in the East and the addition of a Home Depot in the Centre District. It is important to note that while the Centre District grew in net terms by 35,300 square feet overall, contraction occurred within seven NFSR categories for a combined loss of about 134,000 square feet.

6.2 Peterborough Retail Clusters

Within the four Districts of Peterborough there are five major clusters of retail activity. The five major clusters are summarized as follows:

Centre District - Downtown Area Cluster – The Downtown Area Cluster represents the majority of lands within the Centre District and is defined as all property not classified as Downtown Fringe. Within the Downtown Area there is 1.3 million square feet of retail and service space, accounting for 86.5% of the Centre’s total space. The boundaries of the Downtown Area are shown below in Figure 6-4.

Figure 6-4: Downtown Area (Centre District)



Within the Downtown Area there are six distinct sub-areas, these include:

Commercial Core – Bounded by Little Lake in the east, McDonnel Street in the north, Bethune Street in the west and Lake Street in the south the Commercial Core is the principal retail area for the Downtown Area. Over 1.1 million square feet, or 82.6% of total Downtown Area retail is located in the Commercial Core and is characterized by continuous pedestrian retail strips on George Street, Water Street, Hunter Street and Charlotte Street. The Commercial Core has undergone significant transformation in recent years as a consequence of store closures and relocations to other sites in Peterborough. Notable closures include Eaton's in Peterborough Square and Zellers and Canadian Tire.

Park Gateway – Located in the south-western quadrant of the Downtown Area, the Park Gateway is defined as west of Bethune Street, south of King Street, east of Park Street and north of the railway tracks at Romaine Street. This area is predominantly residential in nature and has only 13,300 square feet of retail and service activity.

Charlotte Gateway – Positioned in the western portion of the Downtown Area Cluster, the Charlotte Gateway is bounded by Bethune Street in the east, King Street in the south, Park Street in the west and Simcoe Street in the north. There is 73,450 square feet of retail and service space within these boundaries. Commercial activity is defined by small, service-oriented retail functions.

McDonnel Gateway – This Gateway refers to the area bounded by Bethune Street in the east, Simcoe Street in the south, Park Street in the west and McDonnel Street in the north. Located northwest of the Commercial Core, this area is made up of residential neighbourhoods and 41,350 square feet of retail space that is split between service and non-food store retailers. The McDonnel Gateway Area represents only 2.7% of retail space in the Downtown Area Cluster.

Hunter Gateway – Located on the east side of the Little Lake along Hunter Street East to Armour Road. The Hunter Gateway has small community oriented stores along both sides of Hunter Street East with residential uses on adjacent streets. The Hunter Gateway has 96,450 square feet of retail space, comprised primarily of service retailers. It represents a defining characteristic of the neighbourhoods east of the Otonabee River.

George Gateway – Located in the south-eastern section of the Cluster, the George Gateway follows George Street South from Lansdowne Street West to Lake Street. Retail space is limited to only seven stores that have a combined square footage of only 8,300 square feet.

Outside of the Centre District, there are four other major clusters of commercial activity, these include:

Chemong Cluster – Located in the North District of Peterborough on Chemong Road, the Chemong Cluster is bounded by Milroy Drive in the north and Wolsely Avenue in the south. The Cluster features several large retail establishments, most notably Portage Place, Tower Hill Plaza, Brookdale Plaza, and stand-alone Wal-Mart and Canadian Tire developments. Altogether, the Cluster supplies 645,400 square feet, or 86.4% of retail space within the North District.

New Stand-Alone Wal-Mart



Source: www.nutemp.ca

The Cluster contains Portage Place, an enclosed mall of some 218,200 square feet with a strip-centre and pad space. Anchored by A&P, this centre was built in 1987 and is undergoing renovations. Wal-Mart was the main anchor tenant of Portage Place, occupying 87,050 square feet of retail space until it vacated the mall in January 2006 for a new 133,550 square foot stand-alone facility in the southern portion of the Cluster. At the time of our inventory, work was underway to reconfigure the vacant Wal-Mart space to entice shoppers back to the centre. New retailers have since been added, including Staples, Boston Pizza, Gold's Gym and Fabricland, with other retailers still to be added and a renovation planned of the interior mall space. It is our understanding that Portage Place has also announced plans for a 15,000 square foot men's, women's and children's clothing store that is new to the Peterborough market. This store would occupy existing space that has either been vacated or will be relocated elsewhere in the mall.

Other major retailers in the Chemong Cluster are a 75,350 square foot Canadian Tire and a 40,000 square foot Sobeys.

Lansdowne/Parkway Cluster – This Cluster is situated in the West District of Peterborough and represents all retail activity on Lansdowne Street West that is east of the Clonsilla Avenue and west of Monaghan Road. The Cluster also extends north along Clonsilla Avenue between Lansdowne Street West and Goodfellow Road. Many national new format retail chains have a presence in the Cluster, including: Sears; Zellers; Canadian Tire; Rona; Sobeys; The Brick; Home Sense; Home Outfitters; Winners; Sport Mart; SportsChek; Marks Work Warehouse; Future Shop; and Chapters. Overall, the area has the largest concentration of retail space in Peterborough and commercial activity is continuous on Lansdowne Street West. Major retail

facilities include Lansdowne Place Mall, the Parkway Centre, and Summit Plaza. Lansdowne Place is a 257,450 square foot enclosed mall that opened in 1980 and is undergoing renovation/expansion, while Parkway Centre and Summit Plaza are big-box retail facilities that offer 256,900 and 182,050 square feet respectively. Altogether, the Cluster has almost 1.3 million square feet of retail and service activity.

Kawartha/Mapleridge Cluster – Located in the West District, this Cluster stretches westward along Lansdowne Avenue West from Clonsilla Avenue in the east to the western City limits. The area is comprised of small-scale strip plazas including: Black Diamond Plaza; Brealey Plaza; Mapleridge Plaza; and Sherbrooke Heights Plaza. The area also features a few large stand-alone retailers, such as a 28,000 square foot Leon’s furniture store, a 24,700 square foot No Frills supermarket, a 11,500 square foot Home Hardware outlet, and a 8,800 square foot Shopper’s Drug Mart. Overall, the Cluster has 196,450 square retail space or 11.4% of the West District’s total retail space.



Mapleridge Plaza

Willowcreek Cluster – Positioned on Lansdowne Street East between the Otonabee River and Willowcreek Boulevard in the east, this area represents the smallest retail Cluster in Peterborough. Commercial development has been minimal and the majority of space is located at the Willowcreek Centre, a 66,100 square feet retail facility that is anchored by a 40,350 square foot Your Independent Grocer. Other notable retailers within the Willowcreek Cluster are The Incredible Country Hardware Store (“TSC Stores”) and Tim-Br Mart, which are 20,000 and 10,300 square feet respectively. Altogether the Cluster has 157,350 square feet of retail space, representing 76.8% of all East District commercial activity.

6.2.1 Distribution of Retail Inventory by Cluster

Commercial space within the City of Peterborough is highly concentrated within the five defined Clusters. Illustrated in Figure 6-5, 86.0% of all retail space in Peterborough is located within the five Clusters and each Cluster accounts for at least 75.0% of commercial activity in every District, with the exception of the Kawartha/Mapleridge Cluster. It is important to highlight that retail activity is not evenly distributed throughout the Clusters, however. Instead, the Clusters of Lansdowne/Parkway, Downtown Area (specifically the Commercial Core), and Chemong account for 72.1% of all retail and service space in Peterborough, while the Kawartha/Mapleridge and Willowcreek Clusters only represent 4.7% and 3.7% of total space respectively.

Figure 6-5: Square Footage Distribution by Cluster, 2007

District/ Cluster	2007		% of District
	SF	%	
Centre			
Downtown Area Cluster			
Commercial Core	1,102,700	26.1%	71.4%
Charlotte Gateway	73,450	1.7%	4.8%
George Gateway	8,300	0.2%	0.5%
Hunter Gateway	96,450	2.3%	6.2%
McDonnell Gateway	41,350	1.0%	2.7%
Park Gateway	13,300	0.3%	0.9%
Subtotal - Downtown Area Cluster	1,335,550	31.7%	86.5%
Downtown Fringe*	208,600	4.9%	13.5%
Subtotal	1,544,150	36.6%	100.0%
North			
Chemong Cluster	645,400	15.3%	86.4%
Other North	102,000	2.4%	13.6%
Subtotal - North	747,400	17.7%	100.0%
East			
Willowcreek Cluster	157,350	3.7%	76.8%
Other East	47,550	1.1%	23.2%
Subtotal - East	204,900	4.9%	100.0%
West			
Lansdowne/ Parkway Cluster	1,293,450	30.7%	75.1%
Kawartha/ Mapleridge Cluster	196,450	4.7%	11.4%
Other West	231,500	5.5%	13.4%
Subtotal - West	1,721,400	40.8%	100.0%
Total Clusters	3,628,200	86.0%	
Total Cluster & Other	4,217,850	100.0%	

Source: urbanMetrics inc.

Note: Downtown Fringe has been classified as Other

6.2.2 Change of Retail Inventory by Cluster, 2000-2007

Since the completion of the 2000 RMDS, food, non-food, and vacant retail and service activity in the City of Peterborough increased within every Cluster except the Downtown Area.¹⁶ Square footage percentage growth was greatest in the Chemong Cluster, which saw its share of retail space increase from 12.0% to 18.6%. In the West District, the percentage of total Peterborough square footage in the Lansdowne/Parkway Cluster increased from 33.9% to 36.4%, while the Kawartha/Mapleridge Cluster grew modestly from 4.5% to 4.7%. Growth also occurred in the East, where the Willowcreek Cluster percentage increased from 2.7% to 3.7%.

Over this same period of time the percentage of total Peterborough square footage located in the Downtown Area Cluster decreased from 37.4% to 23.7%, a decrease of 13.7%. This reduced percentage is due to the reformatting of Peterborough Square from a shopping

¹⁶ As was mentioned in Section 6.1.2., service retail space was not considered for this analysis because the 2000 RMDS did not provide a comprehensive service inventory.

centre to an office development with ancillary retail space. As a result, the square footage of retail space in the Commercial Core decreased from 751,200 square feet to 594,100 square feet, representing a loss of 157,100 square feet. The other areas of the Downtown Area Cluster experienced modest square footage gains and losses that were not significant.

Figure 6-6: Cluster Square Footage Change, 2000-2007

District/Cluster	2000		2007		Change
	SF	%	SF	%	SF
Centre					
Downtown Area					
Commercial Core	751,200	33.6%	594,100	20.5%	-157,100
Charlotte Gateway	32,700	1.5%	22,850	0.8%	-9,850
George Gateway	2,700	0.1%	2,700	0.1%	-
Hunter Gateway	29,300	1.3%	41,350	1.4%	12,050
McDonnell Gateway	3,950	0.2%	19,200	0.7%	15,250
Park Gateway	15,250	0.7%	8,450	0.3%	-6,800
Subtotal - Downtown Area	835,100	37.4%	688,650	23.7%	-146,450
Downtown Fringe	47,500	2.1%	147,950	5.1%	100,450
Subtotal - Centre	882,600	39.5%	836,600	28.8%	-46,000
North					
Chemong Cluster	267,350	12.0%	538,900	18.6%	271,550
Other North	44,000	2.0%	48,000	1.7%	4,000
Subtotal - North	311,350	13.9%	586,900	20.2%	275,550
East					
Willowcreek Cluster	59,400	2.7%	106,250	3.7%	46,850
Other East	5,400	0.2%	39,650	1.4%	34,250
Subtotal - East	64,800	2.9%	145,900	5.0%	81,100
West					
Lansdowne/ Parkway Cluster	757,900	33.9%	1,056,850	36.4%	298,950
Kawartha/ Mapleridge Cluster	100,100	4.5%	137,400	4.7%	37,300
Other West	115,850	5.2%	139,050	4.8%	23,200
Subtotal - West	973,850	43.6%	1,333,300	45.9%	359,450
Total	2,232,600	100.0%	2,902,700	100.0%	670,100

Source: urbanMetrics inc.

In summary, retail development between 2000 and 2007 has shown a marked shift from the Centre District to the North and West Districts of the City. While the Downtown Area is still the main location of service functions, the Cluster has lost significant market share and space within the non-food store retail category.

6.3 Per Capita Commercial Space

The following section examines the supply of service orientated space in the City of Peterborough based on a per capita space ratio technique. It must be recognized that this approach imposes a somewhat generic or "typical" set of market demand conditions based on the current population of Peterborough and observations made in a variety of other market areas and, as such, cannot directly reflect special circumstances or

characteristics, such as level of income or the local and regional preferences for merchandise lines and store chains.

The following selected retail and service space facilities are included in this analysis:

- Beverage retail stores including liquor/beer/wine outlets;
- Food services, including restaurants and fast food;
- Personal care services, including hair salons, and dry cleaners;
- Entertainment services, including theatres, arcades, bowling alleys, and similar establishments;
- Financial services, including banks, trust companies and credit unions; and,
- Consumer goods rental and repair.

Based on these selected retail and service categories, the space per capita amount of selected retail and service space in the City of Peterborough is 12.5 square feet. This space per capita value is similar to the levels achieved in other mid-sized cities, such as Kingston, Waterloo and Windsor. For these cities, space per capita for these selected categories ranges between 10.1 square feet in Waterloo and 16.5 square feet in Windsor.

Figure 6-7: Per Capita Square Footages for Peterborough and Other Mid-Sized Ontario Cities

	Peterborough		Kingston		Waterloo		Windsor*	
	2007		2007		2008		2007	
POPULATION	76,200		120,100		100,100		218,700	
Retail Category	SF	per capita	SF	per capita	SF	per capita	SF	per capita
Beer, Wine & Liquor Stores Sum	39,600	0.5	59,200	0.5	42,200	0.4	99,039	0.5
Service Retail								
Consumer Goods Rental	42,600	0.6	85,300	0.7	36,200	0.4	-	-
Entertainment & Recreational Activities	145,050	1.9	363,200	3.0	151,300	1.5	652,386	3.0
Finance	146,950	1.9	148,800	1.2	133,602	1.3	520,255	2.4
Food Services & Drinking Places	392,200	5.1	779,300	6.5	463,311	4.6	1,628,757	7.4
Personal & Household Goods Repair & Maintenance	21,550	0.3	55,800	0.5	49,900	0.5	38,696	0.2
Personal Care Services	166,550	2.2	222,700	1.9	136,133	1.4	665,833	3.0
Service Retail Sum	914,900	12.0	1,655,100	13.8	970,446	9.7	3,505,927	16.0
Retail and Service Sum	954,500	12.5	1,714,300	14.3	1,012,646	10.1	3,604,966	16.5

Source: urbanMetrics Inc.

Note: Consumer Goods Rental in Windsor is included in the Entertainment & Recreational Activities category.

6.4 Commercial Vacancy Rates

Figure 6-8 summarizes the August 2007 vacancy rates in Peterborough by District and Cluster. Vacancies varied between a low of 2.6% in the West District to a high of 14.7% in the North District. The high vacancy rate of the North is misleading since 80,000 square feet of this vacant total was under reconstruction in Portage Place due to Wal-Mart's decision to relocate to a larger, stand-alone store in the North District. If this space was removed from the vacant equation then the District's vacancy rate would be lowered to only 4.0%, or 29,950 square feet. Regardless of how this temporarily vacant space is classified, the overall vacancy rate in Peterborough is still considered low at only 6.4%. As a result, the current supply of vacant space in Peterborough should be considered somewhat constrained.

Figure 6-8: Peterborough Vacancy Rate by Cluster, 2007

District/ Cluster	2007		
	Total SF	Vacant SF	% Vacant
Centre			
Downtown Area Cluster			
Commercial Core	1,102,700	67,250	6.1%
Charlotte Gateway	73,450	2,200	3.0%
George Gateway	8,300	-	-
Hunter Gateway	96,450	8,950	9.3%
McDonnell Gateway	41,350	-	-
Park Gateway	13,300	-	-
Subtotal - Downtown Area Cluster	1,335,550	78,400	5.9%
Downtown Fringe*	208,600	-	-
Subtotal	1,544,150	78,400	5.1%
North			
Chemong Cluster	645,400	101,100	15.7%
Other North	102,000	8,850	8.7%
Subtotal - North	747,400	109,950	14.7%
East			
Willowcreek Cluster	157,350	10,800	6.9%
Other East	47,550	5,100	10.7%
Subtotal - East	204,900	15,900	7.8%
West			
Lansdowne/ Parkway Cluster	1,293,450	21,850	1.7%
Kawartha/ Mapleridge Cluster	196,450	35,850	18.2%
Other West	231,500	8,850	3.8%
Subtotal - West	1,721,400	44,700	2.6%
Total Vacant Space	3,628,200	270,800	6.4%

Source: urbanMetrics inc.

In order to analyze how vacancy rates have changed in Peterborough between 2000 and 2007, urbanMetrics has removed service retailers from the 2007 inventory to be consistent with the results of the 2000 inventory. Therefore, the vacancy rates shown in the Figure 6-9

below reflect the amount of vacant space relative to the total supply of food store, non-food store, and vacant retail space.

Figure 6-9: Vacant Space Change, 2000 to 2007

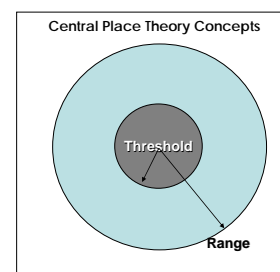
District/ Cluster	2000		2007		Change
	SF	Vacancy Rate	SF	Vacancy Rate	
Centre					
Downtown Area					
Commercial Core	168,100	22.4%	67,250	11.3%	-100,850
Charlotte Gateway	7,650	23.4%	2,200	9.6%	-5,450
George Gateway	-	-	-	-	-
Hunter Gateway	-	-	8,950	21.6%	8,950
McDonnel Gateway	-	-	-	-	-
Park Gateway	-	-	-	-	-
Subtotal - Downtown Area Cluster	175,750	21.0%	78,400	11.4%	-97,350
Downtown Fringe	-	-	-	-	-
Subtotal - Centre	175,750	19.9%	78,400	9.4%	-97,350
North					
Chemong Cluster	10,000	3.7%	101,100	18.8%	91,100
Other North	2,500	5.7%	8,850	18.4%	6,350
Subtotal - North	12,500	4.0%	109,950	18.7%	97,450
East					
Willowcreek Cluster	1,600	2.7%	10,800	10.2%	9,200
Other East	-	-	5,100	12.9%	5,100
Subtotal - East	1,600	2.5%	15,900	10.9%	14,300
West					
Lansdowne/ Parkway Cluster	9,400	1.2%	21,850	2.1%	12,450
Kawartha/ Mapleridge Cluster	7,100	7.1%	35,850	26.1%	28,750
Other West	2,600	2.2%	8,850	6.4%	6,250
Subtotal - West	19,100	2.0%	66,550	5.0%	47,450
Total	208,950	9.4%	270,800	9.3%	61,850

Source: urbanMetrics inc.

As shown, vacant space and vacancy rates have increased within every District except the Centre. These results are very deceptive, however. Although vacant space and vacancy increased for most of the City, vacant space was predominantly in units that were less than 5,000 square feet. Also, as was discussed earlier in this section, the majority of vacant space in the North was under reconstruction. Given these considerations, the vacancy levels shown in Figure 6-9 do not fully capture the limited availability of retail space outside of the Centre District. It is also important to note that the reduced levels of vacancy in the Centre are due to the conversion of retail space in Peterborough Square to office uses and not increased retail absorption. Accordingly, it would not be appropriate to conclude that the Downtown Area Cluster witnessed renewed retail vitality based on the results shown in Figure 6-9. Rather, the lowered vacancy rates were from retail space contraction instead of retail space absorption.

6.5 Distribution of Retail Space by Population

The spatial distribution of retail and service space in a community is typically a function of two concepts: 1) thresholds or the minimum population or customers that are required to sustain certain stores and services and 2) the range or maximum distance people will travel to purchase goods and services. Although in the real world people do not always shop at the nearest centre and clustering of commercial space exists due to the benefits of agglomeration and centrality, these concepts are foundations of what is commonly referred to as *Central Place Theory*, which underlies the spatial pattern of urbanization. In the Central Place Theory, retail and service space can be categorized into two major types: low order or basic services (e.g. convenience goods such as food and personal services) and higher order (e.g. comparison goods shopping found in a regional shopping centre and specialized goods/services in a downtown). In general, high order implies that there are low order facilities around it, which is the Central Place Theory.



The following is an analysis of where retail and service space is located in Peterborough relative to the population. In Peterborough, the distribution of retail space is a function of the location of higher order nodes (e.g. Downtown and Lansdowne Street) and lower order nodes serving the convenience needs of the population. Proximity between retail uses and potential customers is a crucial element of how well the retail space in a community meets the needs of residents because it influences travel times and the success of retailers within the market who depend on a certain threshold population. This is especially important for convenience-oriented retailers, such as supermarkets and grocery stores, because customers frequent them on a regular basis. Figure 6-10 displays the distribution of retail and service space in Peterborough by type in comparison to the distribution of its population. The population distribution is based on 2006 Census and the inventory distribution has been derived from our August, 2007 inventory.

Figure 6-10: Distribution of Population and Retail Square Footage in Peterborough, 2007

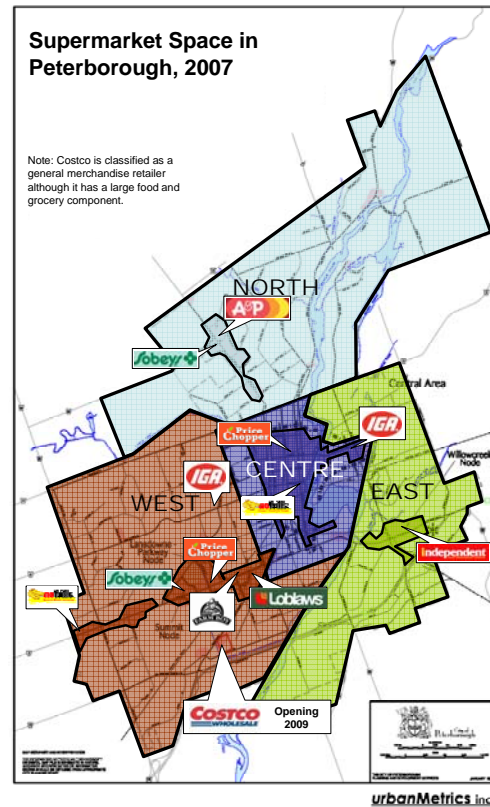
District	Population	Supermarket SF	NFSR SF	Service SF	Overall SF
Centre	23.0%	19.3%	30.0%	54.7%	37.3%
North	22.5%	20.0%	17.9%	12.2%	16.2%
East	13.9%	10.2%	3.6%	4.0%	4.4%
West	40.6%	50.6%	48.4%	29.1%	42.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: urbanMetrics inc.

Based on the table above, the following observations can be made:

- A high percentage of Peterborough’s population resides in the West District, while a much lower percentage lives in the East. Population within the Centre and North is more evenly distributed, with both representing approximately 23.0% of the City’s total.
- The distribution of retail space is adequately positioned relative to the population of Peterborough. Overall, the Centre is over represented relative to the other Districts because the Centre has a higher percentage of NFSR and service retailers. It is also a major employment area. Similarly, the West is slightly over represented because it has a high percentage of supermarket and NFSR space relative to its population. This is moderated in the West by a much lower percentage for service retail. For the North and East Districts, a comparison of retail and service space with the population indicates that these areas are underserved.
- With regards to supermarket space, a key indicator of the availability of convenience-oriented retail, the percentage of space by District closely mirrors the population distribution. While the West District has a high percentage of supermarket space relative to its population, the supply of supermarket space in the other Districts is no more than 3.7% below each District’s population percentage. The distribution of supermarket space is also adequate when the supply is analyzed by the spatial distribution. As illustrated in Figure 6-11, supermarket space is concentrated along Lansdowne Street in the West District, with a number of stores located near George Street and Chemong Road in the Centre and North Districts. These are all principal roadways for the City and provide convenient access for residents from all Districts. Nevertheless, there is limited supermarket space in the north-western section of the West District. Additional space in this area would improve the service level in this area for local area residents.

Figure 6-11:



7. Approved and Designated Retail and Residential Development

In order to evaluate how Peterborough's existing retail structure will serve the future population, it is necessary to evaluate and consider where future retail and residential growth is anticipated to occur in the City. A detailed summary map that illustrates the locations of approved and designated retail and residential developments is provided at the end of this section. In addition, we have also provided a brief listing of speculative commercial developments whereby a formal application has not yet been submitted to the City.

7.1 Approved Retail Development

The City of Peterborough currently has 9 approved retail commercial development applications that could supply over 526,440 square feet of additional retail and service space. These developments are heavily concentrated in the West and North Districts. In the West there are 5 approved retail developments that will supply 375,830 square feet or 71.4% of all approved growth. These approved developments are detailed as follows:

- **Lansdowne Place (West District – Lansdowne/Parkway Cluster)** – Between 2007 and 2009 Lansdowne Place will undergo a 3-Phase renovation and expansion. Phase 1 required the consolidation of multiple stores to accommodate the opening of a new Old Navy store. Also, extensive renovation work was initiated on the second level during Phase I. Phase II work began in 2008 with the construction of a new 106,000 square foot Loblaws to replace the current 63,000 square foot store format that was attached to the western wing of the mall. At the same time, Phase III work has started for the renovation of the first level and mall expansion. It is expected that Phase III will take until 2009 to complete.

Once the 3-Phase project is complete, the supermarket food store component will have been expanded by 43,000 square feet and non-food store and service retail spaces will have increased by 111,000 square feet. These additions will further solidify Lansdowne Place as a key local and regional shopping destination.

- **Parkway Centre (West District – Lansdowne/Parkway Cluster)** – The construction of a new retail pad has been approved along the northern perimeter of the Price Chopper at the Parkway Centre. The expansion will feature an Addition Elle of approximately 6,500 square feet, a Sherwin-Williams of approximately 3,000 square feet, a Sally Beauty of 1,200 square feet, and two additional store fronts of 4,000 and

2,130 square feet. Altogether, the expansion will comprise an estimated 16,830 square feet.

- **Mapleridge Plaza (West District – Mapleridge/Kawartha Cluster)** – A 20,000 square foot expansion of the Mapleridge Plaza has been approved for future service commercial functions. The tenant and timeline for construction are not yet known.



Source: The Monday Report

- **Costco (West District – Other West Area)** – A 145,000 square foot Costco Warehouse (classified as a general merchandise retailer) has been approved and constructed at the southeast corner of The Parkway and Crawford Drive. Completed and opened in October 2008, the Costco will help Peterborough recover a significant portion of the Trade Area's general merchandise expenditure outflow.
- **Woodglade Plaza (West District – Other West Area)** – Located at the northeast corner of Sherbrooke Street and Woodglade Boulevard, a total of 40,000 square feet of retail space is proposed. A food store was initially proposed for this development but has since been removed. The construction timeline for this project has not been confirmed.

For the remainder of the City, there are four other approved developments. In the North District there are 3 approved retail developments, but their total square footage is limited to only 44,000 square feet or 8.4% of total approved space. Commercial development in the East and Centre Districts is limited to a 106,610 square foot facility in the East District, which is representative of 20.3% of total square footage. Below is a brief summary of each of these approved developments:

- **Portage Place (North District – Chemong Cluster)** – An additional 7,000 square feet of retail space has been approved at Portage Place. Neither the tenant nor the expected date of occupancy are currently known.
- **965-981 Chemong Road (North District – Chemong Cluster)** – A new 17,000 square foot Shopper's Drug Mart has been approved in the Chemong Cluster of the North District. Once completed in 2009, the North District will have the highest quantity of pharmacies and personal care stores in Peterborough.
- **Chemong Park Plaza (North District – Chemong Cluster)** – The City of Peterborough has approved a 20,000 square foot expansion at the Chemong Park Plaza. It is not

known when the project will be developed or what tenants would occupy the space.

- **Willowcreek Plaza (East District – Willowcreek Cluster)** – An additional 107,000 square feet of retail space has been approved for the Willowcreek Plaza. No timelines or tenants have been identified for this development.

Figure 7-1 provides a summary table of all approved retail development in the City of Peterborough by District and Cluster.

Figure 7-1: Approved Retail Developments in Peterborough

District/ Cluster	# of Approved Applications	Square Footage	% of Growth
Centre			
Downtown Area			
Commercial Core	-	-	
Charlotte Gateway	-	-	
George Gateway	-	-	
Hunter Gateway	-	-	
McDonnell Gateway	-	-	
Park Gateway	-	-	
Subtotal - Downtown Area Cluster	-	-	
Downtown Fringe	-	-	
Subtotal - Centre	-	-	-
North			
Chemong Cluster	3	44,000	
Other North	-	-	
Subtotal - North	3	44,000	8.4%
East			
Willowcreek Cluster	1	106,610	
Other East	-	-	
Subtotal - East	1	106,610	20.3%
West			
Lansdowne/ Parkway Cluster	2	170,830	
Kawartha/ Mapleridge Cluster	1	20,000	
Other West			
Costco	1	145,000	
Other	1	40,000	
Subtotal - West	5	375,830	71.4%
Total	9	526,440	

Source: urbanMetrics inc.

7.2 Designated Retail Sites with No Application

The City of Peterborough also has 7 designated retail sites that are currently used for other purposes or are undeveloped. These sites include:

- **99 Lansdowne Street East (East District – Willowcreek Cluster)** – Designated “Service Commercial”, the site is currently occupied by a single family home on 2.5-acres and is zoned C.4. Approximately 20,000 square feet of retail space could be accommodated under the existing zoning.
- **230, 238, 264 Lansdowne Street East & 1828-1844 Ashburnham Drive (East District – Willowcreek Cluster)** – Currently functioning as the Trentwinds Convention Centre, car dealerships, car repair services, and an upholstery business, these sites are designated “Special Purpose Retail”. Approximately 20-acres in size, the area is zoned C.4 and could accommodate 200,000 to 225,000 square feet of retail.
- **Armour Road & Cunningham Boulevard (North District – Other East Area)** – Designated “Neighbourhood Commercial”, the site is currently occupied by single detached homes on a 4.7-acre site. Zoned “Local Commercial”, there site could accommodate 60,000 square feet of retail.
- **Water Street and Nassau Mills Road (North District – Other North Area)** – Located at the main entrance of Trent University, this 4-acre site is designated “Neighbourhood Commercial” and zoned “University/College”. The site could accommodate 50,000 square feet of retail.
- **1633 Water Street (North District – Other North Area)** – Designated “Service Commercial” and zoned “University/College”, a portion of this 8-acre site might be incorporated into a new Trent University residence. The non-residential component of this development could accommodate up to 35,000 square feet of retail.
- **1597-1655 Lansdowne Street West (West District – Mapleridge/Kawartha Cluster)** – This 3.5-acre site is designated “Service Commercial” and zoned R.1, R1e, R2e, R4d. Currently occupied by single detached homes, the site can accommodate 30,000 square feet of service commercial uses.
- **1788-1808 Lansdowne Street West (West District – Mapleridge/Kawartha Cluster)** – Currently occupied by single detached homes, this 1-acre site is designated “Service Commercial” and zoned D.1. A total of 8,700 square feet of service commercial uses could be built.

Illustrated in Figure 7-2 below, these designated retail developments could supply the City of Peterborough with an additional 428,700 square feet of retail space, and almost two-thirds of this designated space is located in the East District. In addition to the designated retail developments, the Centre District has very liberal retail policies that permit future retail development. However, there is no guarantee that future Centre District development will incorporate retail uses, and therefore, Figure 7-2 does not include these sites as part of the designated retail supply.

District/ Cluster	# of Potential Applications	Square Footage	% of Growth
Centre			
Downtown Area			
Commercial Core	-	-	
Charlotte Gateway	-	-	
George Gateway	-	-	
Hunter Gateway	-	-	
McDonnell Gateway	-	-	
Park Gateway	-	-	
Subtotal - Downtown Area Cluster	-	-	
Downtown Fringe	-	-	
Subtotal - Centre	-	-	-
North			
Chemong Cluster	-	-	
Other North	3	145,000	
Subtotal - North	3	145,000	30.7%
East			
Willowcreek Cluster	2	245,000	
Other East	-	-	
Subtotal - East	2	245,000	51.8%
West			
Lansdowne/ Parkway Cluster	-	-	
Kawartha/ Mapleridge Cluster	2	38,700	
Other West	-	-	
Costco	-	-	
Other	-	-	
Subtotal - West	2	38,700	8.2%
Total	7	428,700	

Source: urbanMetrics inc.

In addition to the approved and designated commercial developments in Peterborough, there are eight retail and service developments that are speculated or are in the early stages of the planning process. These include:

- a 43,000 square foot supermarket north of Portage Place;
- a 250,000 square foot development at 420 Old Towerhill Road that would likely incorporate a range of food, non-food, and service retail functions;
- a 40,000 square foot addition to Wal-Mart that would likely incorporate a supermarket;
- An additional 10,000 square feet of retail and office functions at Lansdowne Street West and Monaghan Road;
- A 4,000 square foot carwash facility is expected at the intersection of Lansdowne Street West and Kawartha Heights Boulevard;
- A small 6,000 square foot expansion is anticipated at 901 Lansdowne Street West; and,
- A multiple-phased project is expected adjacent to Mapleridge Plaza. A 20,000 square foot pharmacy and an additional 100,000 square feet of commercial space might be accommodated on this site.

7.3 Residential Growth by District

In 2007, the City of Peterborough had an estimated population of 78,100 in approximately 33,300 private dwellings, which produces a person per private dwelling average of 2.35. Based on discussions with the Peterborough Planning Department it is anticipated that the density per dwelling in the existing housing stock will fall to 2.0 over the 19 year study period. During this time, the population of Peterborough is also anticipated to increase from 78,100 persons to 86,000 persons. New residents are expected to form households of 2.2 persons per dwelling. As shown below, accounting for the declining household size, the City will require an additional 8,800 dwelling units by 2026.

Figure 7-3: Dwelling Growth in Peterborough, 2007-2026

	Population (with undercount)	Persons Per Dwelling	Private Dwelling Units (1)
Population, City of Peterborough			
2006 Population (census with undercoverage)	77,803	2.35	33,042
2007 Base Estimate (Existing) *	78,100	2.35	33,300
Base Population - 2026	66,600	2.00	33,300
Total Population - 2026	86,000		
Population Growth in Peterborough			
2007-2026 Growth	19,400	2.20	8,800
TOTAL PRIVATE DWELLING UNITS, 2026			42,100

Source: urbanMetrics inc. in consultation with the City of Peterborough Planning Department

Note: * 2007 values are estimates based on 2006 Census data and recent housing completions.

Population and dwelling units values are rounded to the nearest 100.

Dwellings exclude collective dwellings (e.g. long term care, group homes, student residences, jails etc.)

Based on discussions with the City, future dwelling growth in Peterborough will not be evenly distributed across the City. A greater emphasis will be focused on the North District, which will absorb 35.0%. Conversely, dwelling growth in the West District will be limited to only 15.0%, while both the Centre and East Districts are each expected to absorb 25.0%. This distribution of the new housing stock will result in a slightly altered overall population distribution by 2026 when compared to 2007. Illustrated in Figure 7-4, the proportion of the population residing in the West will decrease from 40.6% to 34.8% while every other District will experience an increased proportion of population. Percentage gains will be greatest in the North District, where population will rise from 22.5% in 2007 to 25.3% by 2026. Population gains in the North, Centre and East will require additional retail emphasis to be placed on these Districts.

Figure 7-4: Population Distribution in Peterborough, 2007-2026

District	% of Population	New Dwellings 2007 to 2026		% of Population
	2007	#	%	2026
Centre	23.0%	2,200	25.0%	23.4%
North	22.5%	3,100	35.0%	25.3%
East	13.9%	2,200	25.0%	16.4%
West	40.6%	1,300	15.0%	34.8%
Total		8,800	100.0%	

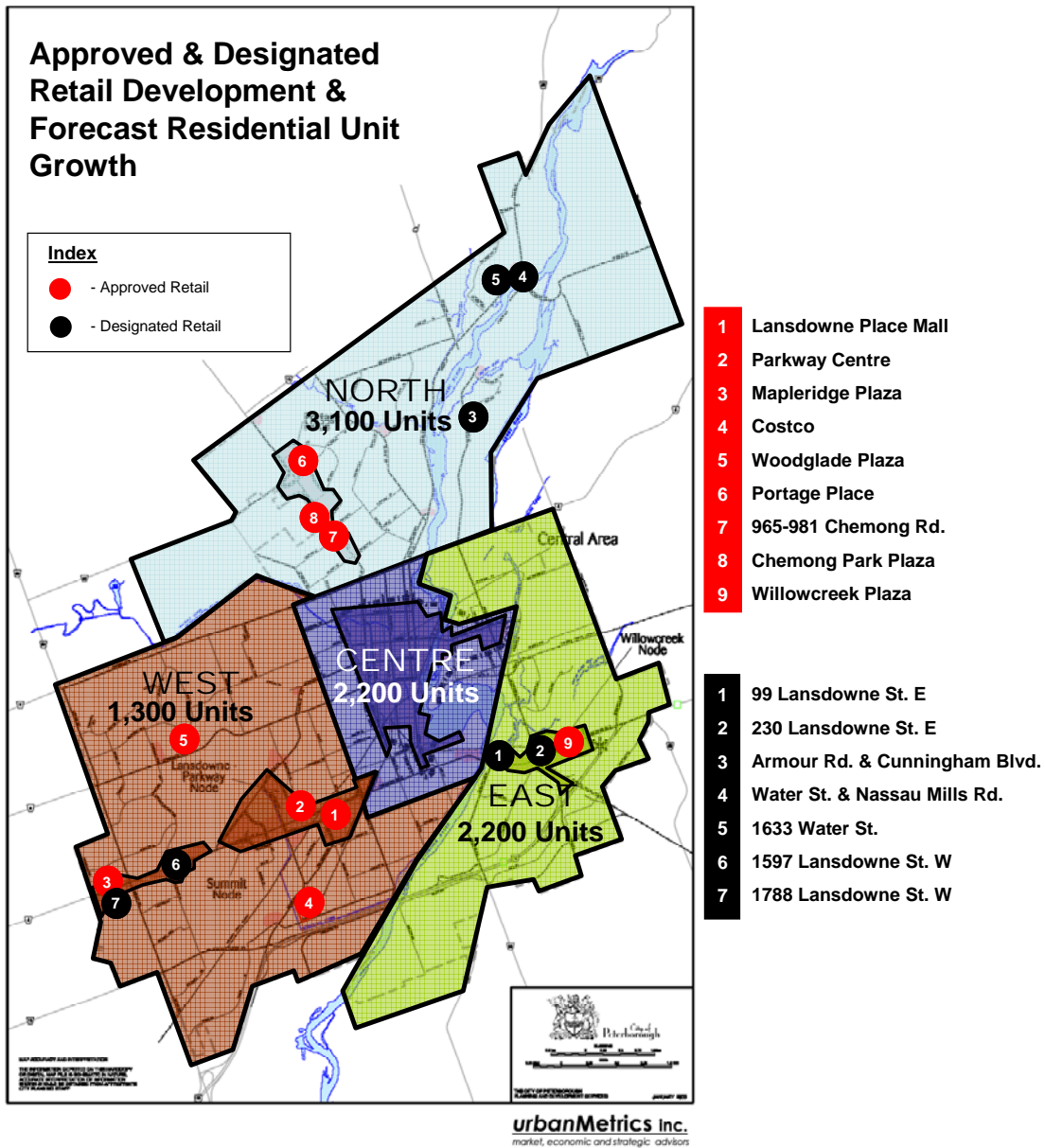
Source: urbanMetrics inc.

7.3.1 Summary

Over the study period the population of Peterborough is anticipated to grow by some 7,900 persons. Recognizing the declining household size, the City of Peterborough will require some 8,800 new dwelling units over the 2007 to 2026 period (assuming 2.2 persons per dwelling). New housing stock will be distributed throughout the City with greater emphasis on the North, Centre and East.

Currently within the City of Peterborough there is some 955,100 square feet of approved and designated retail space. Shown in Figure 7-5, these retail developments are located throughout the City, with the notable exception of the Centre District. The lack of retail proposals in the Centre is not consistent with the residential District growth forecasts generated for the City, and as a result, it will be necessary for future commercial developments proposals to respond to the local needs of residents in this District.

Figure 7-5: Proposed Retail and Future Residential Units by District



8. Warranted Retail and Service Space in Peterborough

In this section, we have evaluated the market opportunity for food store retail (FSR), non-food store retail (NFSR), and selected other retail and service space in the City of Peterborough.

8.1 Food Store Retail

Food store retail includes supermarkets, grocery stores, convenience stores and specialty food stores. Based on our expenditure calculations for Trade Area residents, as detailed in Section 4, we have estimated the future FSR space warranted in the City of Peterborough. This has included estimating the PTA – City of Peterborough market shares, determining the residual or additional expenditure potential available in the market from Trade Area residents, evaluating the existing sales performance level of food stores in Peterborough, and estimating inflow sales. The following summarizes the results of our analysis.

8.1.1 PTA – City of Peterborough Share

The PTA share refers to the food store retail expenditures of Trade Area residents made in the City of Peterborough. Based on the results from the telephone survey, approximately 99.6% of Primary Zone residents' food store expenditures are currently made in the City. In the STA, the City of Peterborough share has been estimated at 72.5% in STA – Peterborough County, 23.0% in STA – City of Kawartha Lakes, and 11.7% in Northumberland County. These shares are representative of the localized or convenience nature of food store expenditures. Recognizing the convenience nature of food expenditures, for the purpose of our analysis, except for the STA – Peterborough County, the STA shares have been held constant over the study period. We would also note that if a major food retailer that is currently not located in the Trade Area were to open in the City of Peterborough, there may be additional opportunities to recapture sales currently made by STA residents outside of Peterborough, which has not been recognized in our analysis.

8.1.2 PTA Residual Expenditure Potential from Trade Area Residents

As indicated in Figure 8-1, based on the PTA shares applied to the total food store expenditures for each Trade Area zone, the current Primary Zone share of Trade Area residents' food store expenditures has been estimated at \$269.4 million in 2007. With future market growth, this share is forecast to increase to \$324.2 million by 2026; a growth of \$54.8 million. This increase is referred to as the residual potential which represents the additional market potential available from Trade Area residents to both existing and new food stores in

the City of Peterborough derived from population increases, real growth, and recapture opportunities.

8.1.3 Market Opportunity

Based on the residual potential, additional sales transfers from existing food stores in Peterborough, inflow and average sales performance levels, we have estimated the total additional food store space that could be supported in Peterborough.

Based on our licence plate surveys, we have estimated inflow at 15% for existing and future food store space in Peterborough. Within the City of Peterborough there is currently 511,200 square feet of FSR space. Based on a sales inflow of 15.0%, the average sales per square foot for food stores is \$620. This is above industry norms.

In our analysis, we have also added an adjustment to include additional sales transfers from Peterborough food stores. This adjustment recognizes the high sales per square foot performance level for Peterborough stores in relation to typical industry averages. To recognize that this could indicate an undersupply situation, a portion of these sales have been transferred to new food store space over the study period. The sales transfers is equal to the difference between the current sales per square foot and the Canadian average of \$525 per square foot, which results in sales transfers from Trade Area residents existing Peterborough share of \$27.9 million, or about 10%.

The average sales performance for new food store in the City of Peterborough has been tested at sales levels between \$450 and \$550 per square foot over the study period (expressed in 2007 dollars). By comparison, the average sales per square foot level for chain food stores in Canada was approximately \$525 in 2005, with supermarket and grocery stores at \$535 per square foot and other food stores at \$430 per square foot.

The total amount of new food store space that is warranted in the City of Peterborough is therefore supported based on sales transfers from existing stores plus the residual potential produced from Trade Area residents' recapture, population and real growth, as well as inflow. Based on these assumptions, the City can accommodate about 176,800 to 216,100 square feet of new FSR space by 2026.

Figure 8-1: Warranted Food Store Space in Peterborough**FOOD STORE ANALYSIS**

2007 Dollars	2007	2011	2016	2021	2026
<u>PTA - City of Peterborough</u>					
Food Store Expenditures	\$ 152.8	\$ 157.6	\$ 166.6	\$ 175.8	\$ 184.2
Estimated PTA Share %(1)	99.6%	99.6%	99.6%	99.6%	99.6%
Estimated PTA Share (\$ Millions)	\$ 152.2	\$ 157.0	\$ 165.9	\$ 175.1	\$ 183.5
Residual Potential		\$ 4.8	\$ 13.7	\$ 22.9	\$ 31.3
<u>STA - Peterborough County</u>					
Food Store Expenditures	\$ 118.1	\$ 120.5	\$ 123.6	\$ 126.6	\$ 130.6
Estimated PTA Share %(1)	72.5%	75.0%	75.0%	75.0%	75.0%
Estimated PTA Share (\$ Millions)	\$ 85.6	\$ 90.4	\$ 92.7	\$ 95.0	\$ 98.0
Residual		\$ 4.8	\$ 7.1	\$ 9.4	\$ 12.4
<u>STA - City of Kawartha Lakes (pt)</u>					
Food Store Expenditures	\$ 122.4	\$ 128.4	\$ 141.4	\$ 154.6	\$ 167.8
Estimated PTA Share %(1)	23.0%	23.0%	23.0%	23.0%	23.0%
Estimated PTA Share (\$ Millions)	\$ 28.2	\$ 29.5	\$ 32.5	\$ 35.6	\$ 38.6
Residual		\$ 1.3	\$ 4.3	\$ 7.4	\$ 10.4
<u>STA - Northumberland County (pt)</u>					
Food Store Expenditures	\$ 28.8	\$ 30.2	\$ 31.5	\$ 32.7	\$ 34.7
Estimated PTA Share %(1)	11.7%	11.7%	11.7%	11.7%	11.7%
Estimated PTA Share (\$ Millions)	\$ 3.4	\$ 3.5	\$ 3.7	\$ 3.8	\$ 4.1
Residual		\$ 0.1	\$ 0.3	\$ 0.4	\$ 0.7
<u>TOTAL TRADE AREA</u>					
Total Food Store Expenditures (\$Millions)	\$ 422.1	\$ 436.7	\$ 463.1	\$ 489.7	\$ 517.3
Total Estimated PTA Share (\$Millions)	\$ 269.4	\$ 280.4	\$ 294.8	\$ 309.5	\$ 324.2
Estimated PTA Share %	63.8%	64.2%	63.7%	63.2%	62.7%
Existing Sales from Trade Area Residents (\$Millions)	\$ 269.4	\$ 269.4	\$ 269.4	\$ 269.4	\$ 269.4
Residual Potential (\$Millions)		\$ 11.0	\$ 25.4	\$ 40.1	\$ 54.8
<div>Existing Food Stores (511,200 sq.ft.) Sales/Sq.Ft. Levels (including average Inflow of 15%):</div> <div>\$ 620</div>					
<u>WARRANTED ADDITIONAL SPACE - PTA (including inflow and reasonable sales transfers)</u>					
Additional Residual Potential Available	\$ -	\$ 11.0	\$ 25.4	\$ 40.1	\$ 54.8
Less Sales Transfers from Existing Food Stores (2)	\$ 27.9	\$ 27.9	\$ 27.9	\$ 27.9	\$ 27.9
Plus Inflow Sales @ 15.0% (3)	\$ 4.9	\$ 62.6	\$ 37.3	\$ 39.9	\$ 42.4
TOTAL ADDITIONAL SALES POTENTIAL AVAILABLE	\$ 32.8	\$ 45.7	\$ 62.7	\$ 80.0	\$ 97.2
<u>WARRANTED ADDITIONAL SQUARE FEET IN PETERBOROUGH WITH ASSUMED SALES TRANSFERS(4)</u>					
@ \$450 per sq. ft.	72,800	101,600	139,200	177,700	216,100
@ \$475 per sq. ft.	69,000	96,200	131,900	168,300	204,700
@ \$500 per sq. ft.	65,500	91,400	125,300	159,900	194,500
@ \$525 per sq. ft.	62,400	87,100	119,300	152,300	185,200
@ \$550 per sq. ft.	59,600	83,100	113,900	145,400	176,800

Source: urbanMetrics inc.

1) urbanmetrics inc. estimates based on telephone survey results.

2) Assuming an acceptable industry average of \$525 per square foot.

3) urbanMetrics estimate.

4) Rounded to the nearest 100 square feet.

8.2 Non-Food Store Expenditure

This section examines the market opportunity for additional non food store retail space in the City of Peterborough. This includes a range of stores selling department store type merchandise (e.g. general merchandise stores, apparel stores, and home furnishings), pharmacies & personal care stores, and building and outdoor supply stores.

8.2.1 PTA – City of Peterborough Share

As indicated in Figure 8-3, based on the results of the consumer telephone survey, we have estimated that about 90.4% of City of Peterborough residents' NFSR expenditures are currently made in the City. In the STA, the City of Peterborough share has been estimated at 82.5% in STA – Peterborough County, 39.4% in STA – City of Kawartha Lakes, and 27.4% in STA – Northumberland. As was discussed in Section 6 of this report, there are a number of significant retail developments that are under construction or proposed in the City of Peterborough. These new market additions include a 154,000 square foot expansion of the Lansdowne Place and a 145,000 square foot Costco Warehouse. It is anticipated that the Costco will have a significant influence on the increase in the Peterborough or PTA market share for both the City of Peterborough and STA residents.

Overall, the PTA capture rates of each Trade Area zone are expected to increase over the study period due to the addition of new comparison goods NFSR stores in Peterborough, including the Costco. In STA – Kawartha Lakes, new retail opportunities in Lindsay and the area's proximity to commercial facilities in Durham Region will likely temper the ability of new retail facilities in Peterborough to capture additional sales opportunities from these residents.

Based on our estimates of future PTA shares, the Peterborough share of total NFSR expenditures has been estimated at \$717.7 million in 2007 or an average of 69.2%. This is forecast to increase to \$1,065.1 million by 2026, representing an average of about 71.4% of Trade Area residents' expenditures.

8.2.2 PTA Residual Expenditure Potential

As indicated in Figure 8-3, the residual expenditure available from Trade Area residents for existing and new NFSR space in Peterborough has been estimated at \$92.8 million in 2011, increasing to \$347.4 million by 2026 (expressed in 2007 dollars).

8.2.3 Market Opportunity for NFSR Space

Based on the residual sales available from Trade Area residents, sales transfers and inflow, we have estimated the market opportunity for additional NFSR space in Peterborough.

There is currently just over 2.0 million square feet of NFSR space in Peterborough achieving an average sales performance level of \$416 per square foot (assuming an average inflow of 17.5%). This average sales performance level is considered above industry norms, although it must be recognized that sales performance levels can vary significantly by store type as indicated in the following table.

Figure 8-2: Average Sales Per Square Foot – Chain NFSR Stores, Canada, 2005

Trade Group	Canada 2005 Average Sales/ Sq.Ft.
Furniture stores	\$243
Home Furnishings Stores	\$204
Computer and Software Stores	\$946
Home Electronics and Appliance Stores	\$924
Pharmacies and Personal Care Stores	\$602
Clothing Stores	\$287
Shoe, Jewellery and Luggage Stores	\$360
Sporting Goods, Hobby, Book and Music Stores	\$280
Department Stores & Other General Merchandise Stores	\$250
Miscellaneous Store Retailers	\$182
Home Centres	\$341
Specialized Building Materials and Garden Stores	\$197
WEIGHTED AVERAGE	\$323

SOURCE: Statistics Canada, Special Run.

For our analysis, recognizing the high average sales performance levels of Peterborough NFSR stores, we have assumed that a portion of sales from existing stores would be transferred to support new space. This transfer amounts to about 10% of total Peterborough NFSR sales from Trade Area residents. In order to estimate the total warranted space in the City, we have also made an assumption with respect to the proposed 145,000 square foot Costco at The Parkway and Crawford Drive. Traditionally, Costco stores have achieved very high sales per square foot levels. We anticipate that the new Peterborough Costco will achieve similar results in Peterborough and estimate a sales per square foot of \$750 to \$825 over the study period, with inflow of 17.5%.

Based on our assumptions, the total amount of warranted retail space in Peterborough by 2026 has been estimated at between 1.1 million square feet (at an average of \$455/sq.ft.) and 1.4 million square feet (at an average of \$353 per square foot).

Figure 8-3: Non-Food Store Retail (NFSR) Analysis**NON-FOOD STORE RETAIL (NFSR) ANALYSIS**

2007 Dollars	2007	2011	2016	2021	2026
PTA - City of Peterborough					
Non-Food Store Retail (NFSR) (\$Millions)	\$ 371.4	\$ 398.2	\$ 439.9	\$ 483.3	\$ 525.5
Estimated PTA Share % ⁽¹⁾	90.4%	92.5%	92.5%	92.5%	92.5%
Estimated PTA Share (\$ Millions)	\$ 335.7	\$ 368.3	\$ 406.9	\$ 447.1	\$ 486.1
Residual Potential		\$ 32.6	\$ 71.2	\$ 111.4	\$ 150.4
STA - Peterborough County					
Non-Food Store Retail (NFSR) (\$Millions)	\$ 296.6	\$ 314.5	\$ 337.0	\$ 359.5	\$ 385.0
Estimated PTA Share % ⁽¹⁾	82.5%	87.5%	87.5%	87.5%	87.5%
Estimated PTA Share (\$ Millions)	\$ 244.7	\$ 275.2	\$ 294.9	\$ 314.6	\$ 336.9
Residual		\$ 30.5	\$ 50.2	\$ 69.9	\$ 92.2
STA - City of Kawartha Lakes (pt)					
Non-Food Store Retail (NFSR) (\$Millions)	\$ 302.1	\$ 329.5	\$ 379.2	\$ 431.8	\$ 486.0
Estimated PTA Share % ⁽¹⁾	39.4%	43.5%	43.5%	43.5%	43.5%
Estimated PTA Share (\$ Millions)	\$ 119.0	\$ 143.3	\$ 165.0	\$ 187.8	\$ 211.4
Residual		\$ 24.3	\$ 46.0	\$ 68.8	\$ 92.4
STA - Northumberland County (pt)					
Non-Food Store Retail (NFSR) (\$Millions)	\$ 66.9	\$ 72.8	\$ 79.5	\$ 85.8	\$ 94.6
Estimated PTA Share % ⁽¹⁾	27.4%	32.5%	32.5%	32.5%	32.5%
Estimated PTA Share (\$ Millions)	\$ 18.3	\$ 23.7	\$ 25.8	\$ 27.9	\$ 30.7
Residual		\$ 5.4	\$ 7.5	\$ 9.6	\$ 12.4
TOTAL TRADE AREA					
Total Non-Food Store Retail (NFSR) Expenditures (\$Millions)	\$ 1,037.0	\$ 1,115.0	\$ 1,235.6	\$ 1,360.4	\$ 1,491.1
Total Estimated PTA Share (\$Millions)	\$ 717.7	\$ 810.5	\$ 892.6	\$ 977.4	\$ 1,065.1
Estimated PTA Share %	69.2%	72.7%	72.2%	71.8%	71.4%
Existing Sales from Trade Area Residents (\$Millions)	\$ 717.7	\$ 717.7	\$ 717.7	\$ 717.7	\$ 717.7
Residual Potential (\$Millions)		\$ 92.8	\$ 174.9	\$ 259.7	\$ 347.4
Existing Non-Food Store Retail (NFSR) Stores (2,089,700 sq.ft.) Sales/Sq.Ft. Levels (Including average Inflow of 17.5%):					
		\$ 416			
WARRANTED ADDITIONAL Non-Food Store Retail (NFSR) SPACE - PTA (including inflow, excluding sales transfers)					
Additional Residual Potential Available	\$ -	\$ 92.8	\$ 174.9	\$ 259.7	\$ 347.4
Less Sales Transfers from Existing PTA NFSR Stores	(2)	\$ 71.2	\$ 71.2	\$ 71.2	\$ 71.2
Plus Inflow Sales @ 17.5%	(3)	\$ 15.1	\$ 106.0	\$ 123.4	\$ 141.4
TOTAL ADDITIONAL SALES POTENTIAL AVAILABLE		\$ 86.3	\$ 198.8	\$ 298.3	\$ 401.1
Proposed COSTCO Space (square feet GLA)		145,000	145,000	145,000	145,000
Estimated Sales per Square Foot		\$ 750	\$ 775	\$ 800	\$ 825
Total Estimated Sales (\$Millions)		\$ 108.8	\$ 112.4	\$ 116.0	\$ 119.6
NET Additional Sales Potential Available		\$ 86.3	\$ 90.0	\$ 185.9	\$ 387.8
WARRANTED ADDITIONAL SQUARE FEET (excluding COSTCO) (4)					
@ \$300 per sq. ft.		287,700	300,000	619,700	950,300
@ \$325 per sq. ft.		265,500	276,900	572,000	877,200
@ \$350 per sq. ft.		246,600	257,100	531,100	814,500
@ \$375 per sq. ft.		230,100	240,000	495,700	760,200
@ \$400 per sq. ft.		215,800	225,000	464,800	712,700
TOTAL WARRANTED ADDITIONAL NFSR SQUARE FEET IN PETERBOROUGH					
Low range sales/sq.ft.		287,700	445,000	764,700	1,095,300
		265,500	421,900	717,000	1,022,200
		246,600	402,100	676,100	959,500
		230,100	385,000	640,700	905,200
		215,800	370,000	609,800	857,700
High range sales/sq.ft.					1,114,500
Low range sales/sq.ft.		\$ 300	\$ 447	\$ 390	\$ 366
		\$ 325	\$ 471	\$ 416	\$ 392
		\$ 350	\$ 494	\$ 441	\$ 418
		\$ 375	\$ 516	\$ 466	\$ 443
High range sales/sq.ft.		\$ 400	\$ 537	\$ 489	\$ 468

Source: urbanMetrics inc.

NOTE: 1) urbanmetrics inc., based on telephone survey results.

2) urbanMetrics estimate.

3) Assuming an acceptable industry average of \$375 per square foot for existing stores.

4) Rounded to the nearest 100 square feet and does not include the Costco square footage.

8.3 Other Selected Retail and Service Space Potential

The following section examines the future demand for other selected retail and service space in the City of Peterborough based on a per capita space ratio technique. The service categories considered were previously identified and defined in Section 6.3 of this report.

Within the City of Peterborough there is currently 954,500 square feet of selected retail and service oriented space typically found in shopping centres, which equals 12.5 square feet per capita. Over the forecast period the total amount of this type of space is anticipated to increase due to population growth and an increase in the space per capita ratios (assumed 1.5% per year for each category).

It is important to remember that our forecast cannot fully capture how the emergence of new retail trends or store formats will alter future per capita ratios and therefore, flexibility and a realistic interpretation of these findings is required for the application of this approach. Based on our analysis, an additional 429,800 square feet of selected retail and service oriented space will be required in Peterborough by 2026.

Figure 8-4: Warranted Additional Selected Retail and Service Space in Peterborough

2011 Pop: 79,000		2007 Square Feet	S.F./Capita Existing 2007	Future Target Ratio S.F./Capita	2011 Warranted Space	2011 Additional Warranted Space
Beer, Wine & Liquor Stores		39,600	0.5	0.6	43,500	3,900
Service Retail	Consumer Goods Rental	42,600	0.6	0.6	46,800	4,200
	Entertainment & Recreational Activities	145,050	1.9	2.0	159,400	14,350
	Finance	146,950	1.9	2.0	161,500	14,550
	Food Services & Drinking Places	392,200	5.1	5.5	431,000	38,800
	Personal & Household Goods Repair & Maintenance	21,550	0.3	0.3	23,700	2,150
	Personal Care Services	166,550	2.2	2.3	183,000	16,450
Service Retail Sum		914,900	12.0	12.7	1,005,400	90,500
Total Retail & Service Sum		954,500	12.5	13.3	1,048,900	94,400

2016 Pop: 81,500		2007 Square Feet	S.F./Capita Existing 2007	Future Target Ratio S.F./Capita	2016 Warranted Space	2016 Additional Warranted Space
Beer, Wine & Liquor Stores		39,600	0.5	0.6	48,100	8,500
Service Retail	Consumer Goods Rental	42,600	0.6	0.6	51,700	9,100
	Entertainment & Recreational Activities	145,050	1.9	2.2	176,100	31,050
	Finance	146,950	1.9	2.2	178,400	31,450
	Food Services & Drinking Places	392,200	5.1	5.8	476,100	83,900
	Personal & Household Goods Repair & Maintenance	21,550	0.3	0.3	26,200	4,650
	Personal Care Services	166,550	2.2	2.5	202,200	35,650
Service Retail Sum		914,900	12.0	13.6	1,110,700	195,800
Total Retail & Service Sum		954,500	12.5	14.2	1,158,800	204,300

2021 Pop: 84,000		2007 Square Feet	S.F./Capita Existing 2007	Future Target Ratio S.F./Capita	2021 Warranted	2021 Additional Warranted Space
Beer, Wine & Liquor Stores		39,600	0.5	0.6	52,800	13,200
Service Retail	Consumer Goods Rental	42,600	0.6	0.7	56,800	14,200
	Entertainment & Recreational Activities	145,050	1.9	2.3	193,500	48,450
	Finance	146,950	1.9	2.3	196,000	49,050
	Food Services & Drinking Places	392,200	5.1	6.2	523,100	130,900
	Personal & Household Goods Repair & Maintenance	21,550	0.3	0.3	28,700	7,150
	Personal Care Services	166,550	2.2	2.6	222,200	55,650
Service Retail Sum		914,900	12.0	14.5	1,220,300	305,400
Total Retail & Service Sum		954,500	12.5	15.2	1,273,100	318,600

2026 Pop: 86,000		2007 Square Feet	S.F./Capita Existing 2007	Future Target Ratio S.F./Capita	2026 Warranted	2026 Additional Warranted Space
Beer, Wine & Liquor Stores		39,600	0.5	0.7	57,400	17,800
Service Retail	Consumer Goods Rental	42,600	0.6	0.7	61,800	19,200
	Entertainment & Recreational Activities	145,050	1.9	2.4	210,400	65,350
	Finance	146,950	1.9	2.5	213,100	66,150
	Food Services & Drinking Places	392,200	5.1	6.6	568,800	176,600
	Personal & Household Goods Repair & Maintenance	21,550	0.3	0.4	31,300	9,750
	Personal Care Services	166,550	2.2	2.8	241,500	74,950
Service Retail Sum		914,900	12.0	15.4	1,326,900	412,000
Total Retail & Service Sum		954,500	12.5	16.1	1,384,300	429,800

Source: urbanMetrics Inc.

Note: per capita square footages have been increased 1.5% per year.

A number of retail and service categories were not considered in this analysis because of the unique locational and market-driven factors that influence their supply, these include:

- Health care services;
- Local serving offices, including real estate agencies, travel agencies, accounting and legal offices, financial advisors, and similar establishments; and
- Automotive uses, including automotive service.

8.4 Summary of Additional Warranted Retail Space

A summary of the amount of warranted additional retail space in Peterborough by major store type over the 2011 to 2026 period is presented in Figure 8-5. For the food and non-food retail categories, we have used increasing sales per square foot performance levels (from \$450 to \$525 per square foot level for FSR and from \$300 to \$375 per square foot for NFSR) to estimate demand for future space. This is considered appropriate because competition in the retail sector has historically pushed upward the level of store productivity.

Figure 8-5: Forecast of Warranted Additional Retail Space in Peterborough

Retail Category	2011	2016	2021	2026
Food Store	101,600	131,900	159,900	185,200
Non-Food Store	445,000	717,000	959,500	1,179,100
Selected Retail & Service*	94,400	204,300	318,600	429,800
Total	641,000	1,053,200	1,438,000	1,794,100

Source: urbanMetrics inc.

Note: * Not all service categories were considered.

In total, by 2026 almost 1.8 million square feet of additional retail and selected service space would be warranted in Peterborough. It should be noted that not all service categories were considered in this model and our analysis of warranted space is considered a guideline only and must be evaluated in the context of the assumptions utilized, including anticipated population growth and average sales per square foot levels and inflow.

9. Demand & Supply Reconciliation

In this section, we have summarized the reconciliation of the demand projections and the potential supply of commercial space in Peterborough to 2026. We have taken into consideration:

- Total supply and demand by the end of 2026;
- The phasing of new supply with the realization of demand;
- The potential geographic distribution of new commercial space supply; and,
- The distribution of supply by retail format.

9.1 Total Supply & Demand by 2026

Figure 9-1 illustrates the total residual demand and supply of retail and selected service commercial space in the City of Peterborough as of 2026.

Based on our analysis, by 2026 there will be demand for an additional 1.8 million square feet of additional food, non-food retail and selected retail and service space. Currently, there are a number of approved and designated retail opportunities where a portion of this space could be accommodated.

The current vacancy rate in the City is 6.4%. This is considered representative of a reasonably balanced market. An appropriate planning target would be to maintain a long-term City-wide vacancy rate of between 4.0% and 7.5%.

At present, there is some 955,100 square feet of approved and designated retail and service space in the City, ranging from small redevelopment and expansion projects to a 225,000 square foot project in the East District. Figure 9-1 summarizes the future warranted commercial space to 2026 together with the future supply from approved and designated retail developments. As indicated in the table on the following page, if all of the demand is taken into consideration and all of the proposed developments are built, there would still be a shortfall by 2026 of approximately 839,000 square feet.

Figure 9-1: Demand & Supply Reconciliation in Peterborough, 2026

All Commercial Categories	2026
	Square Feet
Demand	
Food Store Retail	185,200
Non Food Store Retail	1,179,100
Selected Retail & Services	429,800
TOTAL DEMAND	1,794,100
Potential Supply	
Approved Commercial Development Applications	526,400
Designated Commercial Sites with No Application	428,700
TOTAL SUPPLY	955,100
UNFULFILLED DEMAND	839,000

Source: urbanMetrics inc.

The unfulfilled demand has also been analyzed by food, non-food and the other retail/selected service categories. As shown in Figure 9-2, the amount of food, non-food and selected service space has been estimated for each approved and designated development. These estimates, which are subject to revision, are based on our discussions with City Planning Staff and our market knowledge and are intended to provide a general understanding of how retail space might be developed in Peterborough.

Based on these considerations, there are ample amounts of unfulfilled FSR, NFSR and selected service demand.

Figure 9-2: Demand and Supply Reconciliation by Retail Category in Peterborough, 2026

	FSR	NFSR	Selected Ret. & Serv.	Total	Notes
DEMAND, 2026	185,200	1,179,100	429,800	1,794,100	
Potential Supply (Approved) (2)					
Lansdowne Place Mall (West District)	43,000	100,000	11,000	154,000	Assumed a restaurant tenant
Parkway Centre (West District)	-	15,600	1,200	16,800	Will be a new Shoppers Drug Mart
Mapleridge Plaza (West District)	-	10,000	10,000	20,000	Estimated division of space
Costco (West District)	-	145,000	-	145,000	Estimated division of NFSR/Service space
Woodglade Plaza (West District)	3,000	27,000	10,000	40,000	Costco - NFSR
Portage Place (North District)	-	-	7,000	7,000	Estimated division of space
965-981 Chemong Road (North District)	-	17,000	-	17,000	Estimated division of space
Chemong Park Plaza (North District)	2,000	14,000	4,000	20,000	Estimated division of space
Willowcreek Centre (East District)	-	74,600	32,000	106,600	Estimated division of space
TOTAL SUPPLY APPROVED	48,000	403,200	75,200	526,400	
Potential Supply (Designated Sites with No Site Application)					
1597-1655 Lansdowne Street West (West District)	3,000	-	27,000	30,000	Service Commercial Designation
1788-1808 Lansdowne Street West (West District)	1,500	-	7,200	8,700	Service Commercial Designation
Armour Road & Cunningham Boulevard (North District)	2,500	37,500	20,000	60,000	Neighbourhood Commercial Designation
Water Street & Nassau Mills Road (North District)	2,500	32,500	15,000	50,000	Neighbourhood Commercial Designation
1633 Water Street (North District)	2,500	17,500	15,000	35,000	Service Commercial Designation
99 Lansdowne Street East (East District)	2,000	-	18,000	20,000	Service Commercial Designation
230,238,264 Lansdowne Street East & 1828-1844 Ashburnham Drive (East District)	10,000	158,000	57,000	225,000	Special Purpose Retail Designation
TOTAL SUPPLY DESIGNATED WITH NO CURRENT SUBMISSIONS	24,000	245,500	159,200	428,700	
UNFULFILLED DEMAND MINUS APPROVED, SPECULATIVE & DESIGNATED SUPPLY	113,200	530,400	195,400	839,000	

Source: urbanMetrics inc.

9.2 Distribution of Approved and Designated Retail Development

As was discussed previously in Section 7.0, approved and designated retail development in Peterborough is expected to occur within every District, with the exception of the Centre. The majority of approved retail development is slated to occur in the North and West Districts, with the East District limited to one large-scale approved retail and service development. In the future, new commercial development will have to be linked to local population growth. Currently, there is a discontinuity between current retail development trends and forecast population growth. The extent of this discontinuity is captured in Figure 9-3. As illustrated, if all of the approved and designated retail developments are built at their current square footages, and with the retail mix that was estimated in Figure 9-2, then the relative retail square footages in the Centre District will decline over the study period. Since this is where 25% of City-wide residential growth is anticipated to occur, greater emphasis needs to be placed on serving the local retail needs of these residents. In fact, it is important for all Districts to place greater emphasis on serving the local convenience retail needs of residents, most notably in the East.

Figure 9-3: Relative Population and Retail Growth by District, 2007-2026

2007 - Existing		Distribution of Space			
District	Population Distribution, 2007	Supermarket SF	NFSR SF	Selected Other Retail/Service SF	Overall SF
Centre	23.0%	19.3%	30.0%	48.3%	33.9%
North	22.5%	20.0%	17.9%	14.3%	17.2%
East	13.9%	10.2%	3.6%	5.1%	4.8%
West	40.6%	50.6%	48.4%	32.3%	44.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

2026 - Forecast		Distribution of Space with Approved/Designated			
District	Population Distribution, 2026	Supermarket SF	NFSR SF	Selected Other Retail/Service SF	Overall SF
Centre	23.4%	16.3%	22.9%	38.7%	26.5%
North	25.3%	19.0%	18.0%	16.6%	17.7%
East	16.4%	11.2%	11.3%	13.1%	11.7%
West	34.8%	53.6%	47.8%	31.5%	44.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Change from 2007 to 2026		Supermarket SF	NFSR SF	Selected Other Retail/Service SF	Overall SF
District	Population				
Centre	0.5%	-3.0%	-7.1%	-9.5%	-7.4%
North	2.8%	-1.0%	0.1%	2.3%	0.6%
East	2.5%	1.0%	7.6%	8.0%	7.0%
West	-5.8%	3.0%	-0.6%	-0.8%	-0.2%

Source: urbanMetrics inc.

9.3 Potential Phasing of Approved Space by Area

Over the short-term, based on our demand forecast for 2011 there is not enough approved supply to meet demand for all store categories evaluated. As detailed in Figure 9-4, there is a shortfall of some 114,600 square feet of approved space and as a result, store phasing of approved space is not required.

Figure 9-4: Demand & Supply Reconciliation in Peterborough, 2011

	FSR	NFSR	Selected Ret. & Serv.	Total	Notes
DEMAND, 2011	101,600	445,000	94,400	641,000	
Potential Supply (Approved) (2)					
Lansdowne Place Mall (West District)	43,000	100,000	11,000	154,000	Estimated division of NFSR/Service space
Parkway Centre (West District)	-	15,600	1,200	16,800	Estimated division of space
Mapleridge Plaza (West District)	-	10,000	10,000	20,000	Estimated division of space
Costco (West District)	-	145,000	-	145,000	Costco - NFSR
Woodglade Plaza (West District)	3,000	27,000	10,000	40,000	Estimated division of space
Portage Place (North District)	-	-	7,000	7,000	Assumed a restaurant tenant
965-981 Chemong Road (North District)	-	17,000	-	17,000	Will be a new Shoppers Drug Mart
Chemong Park Plaza (North District)	2,000	14,000	4,000	20,000	Estimated division of space
Willowcreek Centre (East District)	-	74,600	32,000	106,600	Estimated division of space
TOTAL SUPPLY APPROVED	48,000	403,200	75,200	526,400	
UNFULFILLED DEMAND (DEMAND LESS SUPPLY OF APPROVED)	53,600	41,800	19,200	114,600	

Source: urbanMetrics inc.

As shown in the chart above, the Costco Warehouse is classified exclusively as NFSR space even though the store offers a wide variety of food store merchandise. Although this classification is consistent with NAICS, the opening of a Costco in Peterborough will compete with local FSR stores for sales. Based on our knowledge of typical warehouse merchandise clubs and sales performance levels from published data (10-K reports), we estimate that approximately 60% of the sales at a Costco Warehouse will be derived from food store related (FSR) merchandise.

9.4 Distribution of Unallocated Space by Retail Category

In this section of the report we have provided guidelines for the distribution of future warranted space by retail format.

In municipalities across Canada, there is a blurring of the traditional retail hierarchy. Retail clusters, particularly in the middle ranges of the hierarchy (i.e. district and neighbourhood scale shopping areas) are unable to compete with the newly developing power centres and big box retailers. At the same time, big box retailers are heavily concentrating around key intersections and along major arterial roadways. These trends are also evident in Peterborough. For example, the same retail centres near Kawartha Heights Boulevard and Lansdowne Street West now have a diminished function with the continued big-box expansion that has taken place further east on Lansdowne Street. Similarly, Peterborough Square, in the Downtown, has seen the reformatting of its space to office functions after the loss of Eatons department store as an anchor tenant.

It is difficult to assign a traditional functional classification to big box retail nodes because they perform multiple functions, including:

- They can exert a draw as great or greater than a regional shopping centre;

- Big box retailers, such as Costco, Wal-Mart and Loblaw's Superstores provide a range of food and convenience merchandise that can replace the function of a neighbourhood centre;
- Discount department stores in previous years were the principal anchors of district level shopping centres. Wal-Mart, the dominant department store retailer in Canada, locates almost exclusively in power centres and freestanding sites; and,
- Individual big box retailers have expanded their merchandise range so that their competitive range has greatly expanded. For example, Shoppers Drug Mart now carries an extensive selection of frozen foods and dairy products. The majority of space in Loblaw's Superstores is devoted to services and non-food retailing, while Wal-Mart is the leading food retailer in the United States and is rapidly expanding its share of overall food expenditures in the Canadian marketplace.

As is the case with most municipalities, almost all of the new commercial development which has occurred in Peterborough in recent years has been in the form of big box retailing and power centres. As previously discussed, the largest retail gains have been achieved in the Districts that have the largest concentrations of the big box retailers, such as Canadian Tire, Rona, Home Depot, Wal-Mart, Reitmans, Sport Mart, and Winners. The majority of these big box developments have located near the traditional regional malls, Lansdowne Place and Portage Place in the West and North Districts.

In many municipalities big box retail development has become so dominant in recent years that very little construction has occurred involving other forms of retailing, including more local serving facilities, such as neighbourhood centres.

It is important to recognize that there are trade-offs between big box retailers and more local serving commercial facilities. Due to their scale, big box retailers are able to offer a greater variety and selection of goods at lower prices than smaller scale retail facilities. Also, big box retailers minimize their costs by achieving a lower ratio of staff per square foot than traditional small scale retailers. Their size and agglomeration also enables them to serve a large market area, drawing sales from outside of the City. At the same time however, because they tend to concentrate at only a few regionally accessible locations, they are not well positioned to serve local neighbourhoods, resulting in longer drive times and minimal pedestrian usage. These elements are not consistent with current planning goals aimed at more sustainable development patterns and are an issue that needs to receive greater attention.

In the future, the aging of the baby boom population and higher fuel costs will increase the demand for services rather than retail merchandise and there will be greater emphasis on more locally accessible retail outlets. For these reasons, planning should strive to accommodate a greater balance between big box formats and local serving retail facilities, including neighbourhood shopping centres, convenience centres, mixed-use developments and main street pedestrian strips.

9.5 Geographical Distribution of Future Warranted Space

There is a reasonable balance of existing retail space in Peterborough, with the exception of the East District which remains underserved despite the initial build-out phase of the Willowcreek Centre. By contrast, the approved and designated retail development proposals are not as balanced. In fact, the approved and designated retail sites in Peterborough will not address the concern that the Centre District has experienced retail space contraction of some 46,000 square feet between the 2000 RMDS and 2007 to accommodate office functions.

Given these considerations, future commercial space in Peterborough should focus on:

- Reinforcing the Centre District as a multi-purpose retail destination;
- Maintaining and expanding the convenience retail functions that are available in the Centre District;
- Encouraging Centre District residential and office intensification to enhance the scope and vitality of downtown retailers;
- Expanding the availability of retail and services in the East District;
- Expanding the type of retail and services that are in the East District;
- Ensuring future retail growth in each District is justified by population growth; and,
- Seeking opportunities that enhance the availability of local serving retail facilities at the neighbourhood level throughout the City.

10. Conclusions & Recommendations

The key findings and conclusions of this Residual Market Demand and Impact Analysis are summarized as follows:

- Peterborough has an appropriate existing supply of retail space as indicated by the City's low overall vacancy rate and high sales per square foot performance levels;
- Peterborough's Downtown is one of the most successful downtowns in Ontario, and particularly in terms of the amount of space, selection of retail goods, and balance between chain stores and independent retailers. Furthermore, the downtown's vacancy rate is relatively low, which is indicative of a healthy retail sector. In our opinion, downtown Peterborough is a major asset to the community and to the regional visitor base. In examining the experiences of other small to mid-sized cities across the Province, the overall health of the downtown core cannot be taken for granted. In planning future commercial space, the City of Peterborough must ensure that sufficient market is available to enable the downtown to continue to reinforce and expand its commercial function.
- In 2000, the City commissioned the RMDS, which laid the ground work for future commercial development in the City. Based on the population data available from the 2006 Census, population growth for the City of Peterborough, STA – Peterborough County, and STA – City of Kawartha Lakes have been below forecast levels in the 2000 report. Also, 2011 to 2021 population forecasts generated from the 2000 RMDS for these portions of the Trade Area are well above our population forecasts. Consequently, future demand levels will not be as high as was assumed in the 2000 RMDS.
- Recent population projections for the Trade Area take into consideration the *Places to Grow Plan for the Greater Golden Horseshoe*, which forecast population growth to be much lower than what was predicted in the 2000 RMDS.
- There is just over 4.2 million square feet of occupied and vacant retail and service space in the City of Peterborough which translates into 54 square feet per capita. While this is high on a per capita basis, it is reflective of Peterborough's role as the major service centre in East Central Ontario.
- By 2026, there will be a demand for almost 1.8 million square feet of additional retail and service space. The commercial supply that is available from approved and

designated development sites is 955,100 square feet. As a result, there will be a supply shortfall of approximately 839,000 square feet.

- Approved development is comprised of the recently opened Costco Warehouse of 145,000 square feet and 8 other retail and service developments that total some 381,400 square feet. Altogether, approved developments represent 526,400 square feet. Virtually all of these approved developments are in the North and West Districts and almost half of the total square footage is attributed to the Lansdowne Place expansion.
- In the future, with the aging baby boom population and higher fuel costs there will be increased demand for service space in local convenience locations.

In planning for future commercial space, the City should focus on:

- Reinforcing the Centre District as a multi-purpose retail destination that meets the food store, non-food store and retail needs of local and regional residents;
- Maintaining and expanding the local and neighbourhood retail functions that are available throughout the City, especially within the Centre and East Districts;
- Encouraging Centre District residential and office intensification to enhance the scope and vitality of downtown retailers;
- Expanding the availability and type of retail and services in the East District;
- Ensuring future retail growth in each District is justified by population growth; and,
- Seeking opportunities that enhance the availability of local serving retail facilities at the neighbourhood level throughout the City.