August 17, 2009

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

Dear Mr. Hunt:

Re: Peer Review, Proposed No Frills at Chemong Road and Milroy Drive

urbanMetrics inc. ("urbanMetrics") has been retained by the City of Peterborough to peer review the Kircher Research Associates Ltd. ("Kircher") report titled "*Retail Market Demand and Impact Analysis, No Frills Store, Chemong Road and Milroy Drive, Peterborough, Ontario"* prepared June 7, 2007.

1. Background

Loblaw Properties Limited is proposing a 43,000 square foot No Frills supermarket at 300 Milroy Drive in the City of Peterborough ("subject site"). Positioned at the northeast corner of Chemong Road and Milroy Drive, two No Frills store formats have been proposed. The first store format would consist of a food store between 22,000 and 25,000 square feet and the remaining 18,000 square feet would be allocated to non-food store retail merchandise. The second store format would be limited to a supermarket of 43,000 square feet. We have focused our analysis on the larger supermarket format because it would require the most sales from within the local area[1].

A retail demand and impact analysis was conducted by Kircher Research Associates Ltd. ("Kircher") to assess how the proposed No Frills would influence the existing retail structure of Peterborough. The Kircher report evaluated the impact of both store formats and the initial report was released in January 2007. An updated report was released in June 2007 to reflect 2006 Census population totals and full-year retail trade statistics.

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[1] It is assumed that, providing that the larger format would resulting acceptable impacts, that the smaller format would as well. The non food store space is relatively minor compared with the future warranted potential determined in our *Retail Market Analysis* ("RMA"), which was completed by urbanMetrics in March 2009, which demonstrates that there would be sufficient market demand to accommodate the non-food store space in the short term.

urbanMetrics inc. has been asked by the City of Peterborough to comment on the methodology and growth assumptions used in the revised Kircher report. Since the revised Kircher report was completed an application for the expansion of the Walmart in north Peterborough to include a food component of 50,000 square feet was released by the City.[2] In addition, the Costco Warehouse Membership Club, which has a significant food component, has now opened. These market changes have been considered in our report and we have evaluated how they have influenced the market potential available to the proposed No Frills. In undertaking this peer review we have relied on the research undertaken as part of the RMA.

2. Issues

The subject site is currently designated Special Purpose Retail under the City of Peterborough Official Plan (2003). The Special Purpose Retail designation permits large retail stores, generally having a gross floor area of not less than 750 square metres, however supermarkets, department stores and other similar mass general merchandisers are excluded as permitted uses. An Official Plan Amendment has been submitted by Loblaw Properties Limited to permit supermarket uses on the subject site. Based on the criteria established in Section 2.3.7 of the Official Plan:

> *The proponent shall be required to submit a detailed market study of the proposal, including empirical research demonstrating the justification and support for the proposal and assessing the anticipated impacts (including directional impacts) which would result from the approval of the proposal, and the provision of information enabling consideration of compliance with Section 2.3.1 and 2.3.4.1. The study will also include reference to available City data and information on the retail sector of the economy, its performance in meeting the needs of the City and region, and general measures of need for retail growth, and shall update and augment such data and information with additional research as appropriate […].*

The Kircher report is intended to fulfil these requirements.

3. Scope

The purpose of this peer review is to provide the City of Peterborough with advice on the validity of the revised Kircher report in relation to the food store component, including its assumptions, inputs and conclusions. Recognizing the Official Plan requirements for a retail market study and changes that have occurred within the market since the completion of the revised Kircher report, our analysis is structured around a number of key issues:

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[2] The net additional food space is actually 44,000 square feet after the pantry component in the existing store, estimated at 6,000 square feet, has been deducted.

- How has the City of Peterborough's supermarket and grocery store inventory changed since the completion of the Kircher report?

- How have recent market changes, particularly the introduction of the Peterborough Costco, influenced market capture rates and sales performance levels at existing supermarket and grocery store retailers?

- What is the magnitude of sales transfer that will occur in the local market due to the entry of the proposed No Frills store?

- How will that sales transfer be distributed among the existing competitors?

- How will sales levels change for existing supermarkets with the opening of the No Frills?

- Based on their existing strength and future market growth, will the sales change result in a critical level of impact, and therefore impact the economic viability or planned function of key commercial sites or districts?

4. Our Approach

In order to verify whether the Kircher market study addresses the City of Peterborough's retail market study requirements and the issues of economic feasibility, our peer review has been structured to address the following questions:

1. Is the methodology and approach appropriate?

2. Are the baseline assumptions/data utilized, including trade area delineation, population, expenditures, inventory, and consumer survey data acceptable and sufficient to support the conclusions of the market study?

3. Do the conclusions logically reflect the data and analysis?

4. Are the conclusions based on erroneous data, analysis, or calculations?

5. How sensitive are the conclusions to adjustments in the assumptions?

6. Does the market study sufficiently address the issues of importance to the City of Peterborough and are there any additional issues that should be examined?

Based on the information contained in the Kircher report and additional research undertaken by urbanMetrics, we are able to provide the City with our opinion as to the strengths and weaknesses of the revised Kircher retail market study. Furthermore, urbanMetrics has assessed how recent local market changes have altered the market demand for additional supermarket and grocery store space in Peterborough. To evaluate certain key inputs, our research has also included a review of:

- 2006 population and income data for the Trade Area, based on Statistics Canada data;
- Population projections for the City of Peterborough based on the *Growth Plan for the Greater Golden Horseshoe* (2006);
- Retail Trade data, published by Statistics Canada; and,
- Information provided by the City of Peterborough related to proposed/planned retail commercial development.

We note that our report does not detail any typographical errors in the Kircher report, except where these may have an impact on the conclusions.

5. Peer Review

The following paragraphs document our findings and conclusions.

5.1 *Kircher Methodology/Approach*

The analysis approach utilized by Kircher to conduct their market demand and impact study is considered acceptable and meets the requirements of Section 2.3.7 of the City of Peterborough Official Plan.

5.2 *Basic Assumptions*

There are a number of basic and underlying assumptions upon which the validity of market demand and impact analyses are based. 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. In the following subsections, we have provided specific comments to assess the appropriateness and reliability of the various inputs that form the basis of the Kircher market report and its conclusions.

5.2.1 Site Suitability

The subject site's positioning within the City of Peterborough make it a viable location for retail development.

5.2.2 Trade Area

The Kircher Trade Area is divided into three components:

- **Primary Zone** – Defined as the City of Peterborough north of Sherbrooke Street and the southern portion of Smith-Ennismore-Lakefield Township;

- **Balance of Urban Area** – Restricted to the City of Peterborough south of Sherbrooke Street; and,

- **Rural Zone** – Limited to the Peterborough County communities that surround the City of Peterborough and a small portion of Kawartha Lakes.

The Kircher Trade is appropriate given the size of the proposed store and its situation in proximity to the large retail cluster on Chemong Road. However, for the purposes of updating the Kicher analysis, we relied on the Trade Area determined as part of the RMA. Using the RMA Trade Area boundaries, which are consistent with the boundaries defined in the *Retail Market Demand Study* (2000) and recent licence plate surveys, allows urbanMetrics to use more up-to-date consumer survey research that was conducted as part of the RMA and reflects the current expenditure patterns of Trade Area residents. The Trade Area boundaries for the RMA are divided into a Primary Trade Area and three Secondary Trade Areas. These include:

- **Primary Trade Area (PTA)** – This area is defined as the City of Peterborough;

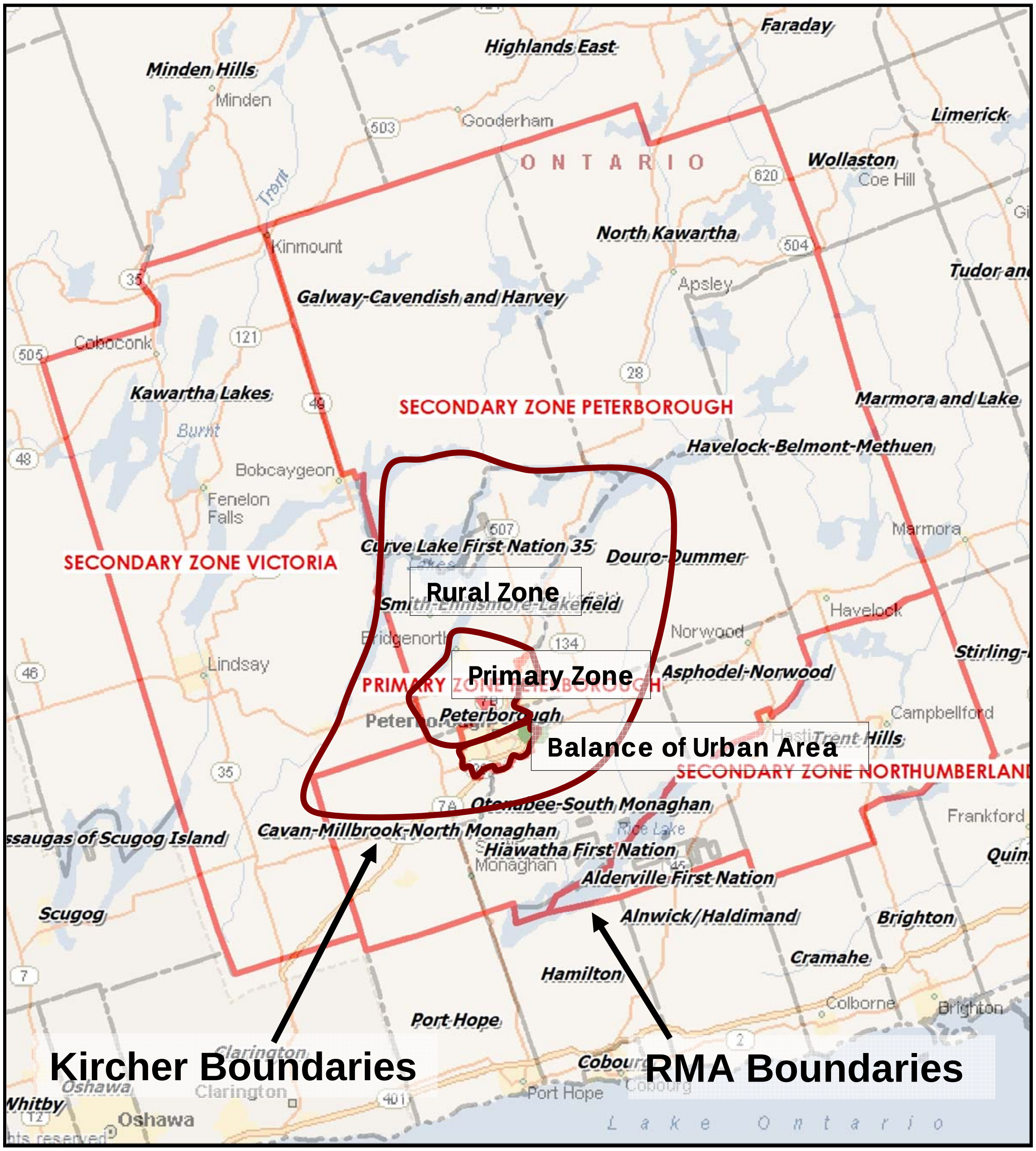
- **STA Peterborough County** – Surrounding the PTA, this area comprises the Municipalities of Smith-Ennismore-Lakefield, Galway-Cavendish and Harvey, North Kawartha, Havelock-Belmont-Methuen, Douro-Dummer, Asphodel-Norwood, Otonabee-South Monaghan, and Cavan-Millbrook-North Monaghan;

- **STA 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; and,

- **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 both located in Northumberland County.

A comparison of the Kircher Trade Area boundaries with the RMA Trade Area is shown in Figure 1. As can be seen from this map, the RMA Trade Area boundaries are significantly larger than the Kircher Trade Area boundaries. This will influence the market capture and inflow rates used in our market analysis described in the following sections.

Figure 1: COMPARISON OF TRADE AREA BOUNDARIES



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market, economic and strategic advisors

5.2.3 Survey Research

In 2006, Kircher conducted an in-home consumer survey of 450 Trade Area residents and on-site origin surveys at four City of Peterborough supermarkets. The survey results were used to determine the existing distribution of Trade Area residents' expenditures and the sales performance levels of existing supermarket and grocery stores.

Although the Kircher survey was undertaken in accordance with standard market analysis practices, urbanMetrics has chosen to use the survey research results from the RMA rather than the Kircher survey for our analysis because the Kircher survey research is not as current. In addition, the sample sizes collected in the RMA telephone survey, as well as the licence plate survey, were larger than those collected in the Kircher report, which would increase the reliability of the results.

5.2.4 Inventory of Competitive Space

urbanMetrics has reviewed the Kircher supermarket and grocery store inventory and reconciled the estimated square footages with the values provided in the RMA. For the purposes of this peer review we have used the RMA's supermarket and grocery store size estimates. Kircher estimates were only used when the estimated size could be verified by site plans or Google Earth. Kircher estimates of Loblaw Group stores were also used since these estimates had been verified by Loblaw Properties Limited prior to the release of the Kircher report. In general, the square footage estimates taken from the RMA were higher than Kircher estimates. As a result, the sales per square for existing supermarkets are generally lower than if the Kircher inventory was applied.

Since the completion of the Kircher report, two notable supermarket and grocery store inventory changes have occurred in the local marketplace. In the fall of 2008, a 145,000 square foot Costco Warehouse Membership Club opened at The Parkway and Crawford Drive in the south-western portion of Peterborough. Although Costco is classified as a general merchandise retailer under the North American Industry Classification System, the majority of their sales are derived from food merchandise. Therefore, although Costco was not included in the RMA inventory of competitive supermarket and grocery store space, the introduction of the Peterborough Costco will influence the food expenditure potential available to existing local supermarkets and grocery stores. This will be discussed in greater detail in Section 6 of this peer review.

The second significant change in the Peterborough supermarket and grocery store inventory is the 3-phase renovation and expansion project at Lansdowne Place Mall. The renovation and expansion project began in 2007 and the second phase included the demolition of a 62,100 square foot Loblaw store and the introduction of a new 106,000 square foot Loblaw Superstore at the south-western edge of the property. The Superstore opened in January 2009 and features an expanded non-food merchandise section. The entire 106,000 square foot store has been built into our analysis under the existing supermarket store inventory. [3]

Reflecting these changes, as of July 2009, the City of Peterborough has an estimated supermarket and grocery store inventory of 428,050 square feet, compared to 374,700 square feet used in the Kircher Report.

Figure 2:

CITY OF PETERBOROUGH SUPERMARKET & GROCERY STORE INVENTORY, 2009

	Source				
Location	**Retail Market Analysis**	**Kircher**	**Difference**	**Square Footage Used in Analysis**	**Source**
A&P - Now Metro (Chemong & Milroy)	39,450	39,500	-50	39,450	Site Plan from Counsel Corporation
Sobey's (Chemong & Towerhill)	40,000	40,000	0	40,000	Site Plan from First Capital Realty Inc.
No Frills (George & Sherbrooke)	44,950	30,300	14,650	30,300	KRA
Price Chopper (George & Brock)	21,400	20,700	700	21,400	Retail Market Analysis
IGA (Hunter & Rogers)	6,800	9,300	-2,500	9,300	KRA verified by Google Earth
IGA (Sherbrooke & Clonsilla)	10,300	9,900	400	10,300	Retail Market Analysis
No Frills (Lansdowne & Brealey)	24,700	23,100	1,600	24,700	Kircher because Loblaw was their client
Sobeys (Lansdowne & Webber)	48,500	46,600	1,900	48,500	Retail Market Analysis
Price Chopper (Lansdowne & Parkway)	43,550	46,800	-3,250	46,850	Site Plan from First Capital Realty Inc.
Farm Boy (Lansdowne & Erskine)	10,800	12,000	-1,200	10,800	Retail Market Analysis
Loblaw Superstore (Lansdowne & High)	63,000	62,100	900	106,000	City of Peterborough
YIG (Lansdowne & Willowcreek)	40,350	34,400	5,950	40,450	Site Plan from Counsel Corporation
Total City of Peterborough	**393,800**	**374,700**	**19,100**	**428,050**	

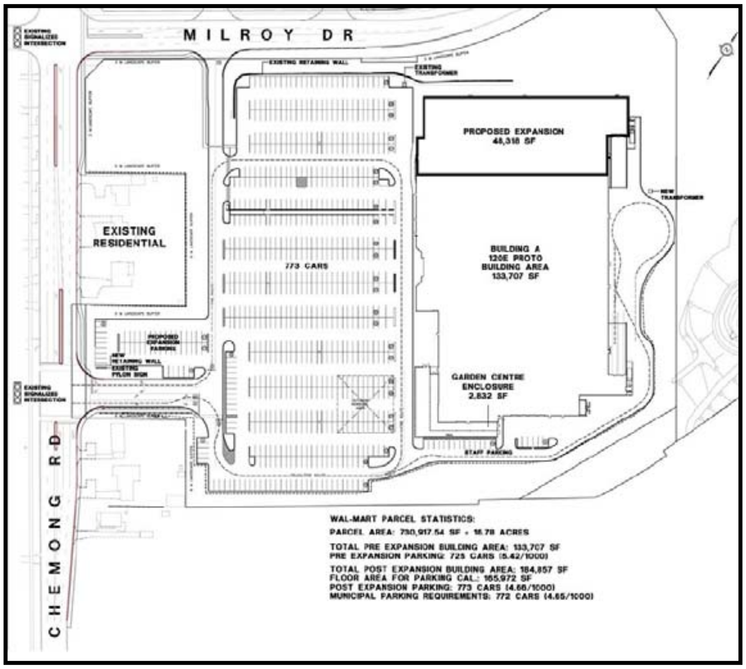
Source: urbanMetrics inc.

5.2.5 Proposed Competition

Knowledge of proposed competitive developments in the City of Peterborough is required to assess the market potential available for a No Frills store at Chemong Road and Milroy Drive. Proposed developments can influence future market shares and capture rates, and could alter the expected sales performance levels of the proposed No Frills store. Recently, Walmart announced its intention to expand its 133,703 square foot store at 1002 Chemong Road to 184,865 square feet. Based on conversations with the City of Peterborough Planning Department and Walmart's market consultant, the proposed expansion includes a 50,000 square foot supermarket component and a 2,832 square foot enclosed garden centre. The net addition of proposed food store space at Walmart is equal to the square footage of the proposed full-sized supermarket minus the reformatting of the store's current pantry space to general merchandise goods. Typically, pantry space within similarly sized Walmart stores is approximately 6,000 square feet. Therefore, the net addition of food store space is 44,000 square feet.

[3] This store was identified as a proposed development in the RMA because the RMA's background market research was conducted prior to its Superstore's opening.

Figure 3: SITE PLAN FOR WALMART EXPANSION



5.2.6 Population

Population change, in addition to income and expenditure levels, is a major factor influencing the level of future retail sales in an area and the retail space warranted in a market. For the Kircher report, population and expenditure growth assumptions include:

- Over the forecast period a reasonable degree of economic growth and stability will prevail in the Trade Area;
- Population and retail trade data collected from Statistics Canada are assumed sufficiently reliable;
- Population forecasts are assumed reliable for the purposes of the study; and,
- All dollar references reflect the base year's current dollar value, which was 2006. This approach eliminates inflation and the amount of available expenditure growth reflects real growth

The Kircher report has appropriately incorporated forecasts of economic growth and stability into their forecasts. Population totals from 2001 and 2006 in the Kircher report were taken from the 2001 and 2006 Census and were properly adjusted for net undercoverage in each zone. For the forecast period however, population totals in the Kircher report were taken from the *Ontario Ministry* *of Finance – Ontario Population Projects Update (2007)* rather than from Schedule 3 of the *Growth Plan for the Greater Golden Horseshoe (2006)*. The Ministry of Finance totals do not consider provincial planning directives whereas the *Growth Plan* establishes planning policies and growth forecasts for the Greater Golden Horseshoe from 2001 to 2031. All municipal planning documents must conform to the *Growth Plan* and therefore, urbanMetrics has revised Kircher's population forecasts to reflect the growth levels anticipated in the *Growth Plan* and the different Trade Area boundaries used in the RMA.

The population forecast for the Trade Area between 2009 and 2021 is shown below based on the RMA Trade Area boundaries. As illustrated, the Trade Area population is expected to grow from 216,775 persons in 2009 to 233,400 persons by 2021; an increase of 16,625 persons, or some 1,385 persons annually. Population growth will be strongest in Kawartha Lakes (pt) and the City of Peterborough, which are anticipated to increase by 10,375 and 5,475 persons respectively. In contrast, population growth in Peterborough County and Northumberland County (pt) will be limited to only 75 and 700 persons over the study period.

Figure 4:

TRADE AREA POPULATION

		Base Year					Growth
	2006	2009	2011	2013	2016	2021	2009-2021
PTA - City of Peterborough							
Population	77,800	78,525	79,000	80,000	81,500	84,000	5,475
Average Annual Increase		*242*	*238*	*500*	*500*	*500*	
Average Annual Growth		0.3%	0.3%	0.6%	0.6%	0.6%	
STA - Peterborough County							
Population	59,900	59,925	59,925	59,925	59,950	60,000	75
Average Annual Increase		*8*	-	-	*8*	*10*	
Average Annual Growth		0.0%	0.0%	0.0%	0.0%	0.0%	
STA - Kawartha Lakes (pt)							
Population	61,900	63,225	64,100	66,025	68,900	73,600	10,375
Average Annual Increase		*442*	*438*	*963*	*958*	*940*	
Average Annual Growth		0.7%	0.7%	1.5%	1.5%	1.4%	
STA - Northumberland County (pt)							
Population	14,800	15,100	15,300	15,425	15,600	15,800	700
Average Annual Increase		*100*	*100*	*63*	*58*	*40*	
Average Annual Growth		0.7%	0.7%	0.4%	0.4%	0.3%	
TOTAL STUDY AREA	214,400	216,775	218,325	221,375	225,950	233,400	16,625
Average Annual Increase		*792*	*775*	*1,525*	*1,525*	*1,490*	
Average Annual Growth		0.4%	0.4%	0.7%	0.7%	0.7%	

Source: City of Peterborough Retail Market Analysis (2009).
Note: Totals for 2009 and 2013 are estimates and assume straightline population growth between Census periods.

5.2.7 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.

urbanMetrics has revised the per capita income totals used in the Kircher report to reflect the RMA Trade Area boundaries as well as 2006 Census income data, which was not available when the Kircher report was released. As shown, per capita income levels are below the provincial average in all four Trade Area zones.

Figure 5:

PER CAPITA INCOME INDEX TO THE PROVINCE

	2006	Index
Province of Ontario	$30,723	100.0
PTA - City of Peterborough	$26,287	85.6
STA - Peterborough County	$28,004	91.1
STA - Kawartha Lakes (pt)	$27,178	88.5
STA - Northumberland County (pt)	$23,246	75.7

Source: Statistics Canada 2006 Cenus

5.2.8 Ontario Per Capita Expenditure for Food Store Retail Purchases

The Ontario per capita expenditure for food store retail ("FSR") purchases has been updated from the 2006 data shown in the Kircher report to reflect 2009 totals. Based on current Statistics Canada Retail Trade Data, the Ontario per capita expenditure for FSR in 2009 is $2,185.

5.2.9 Trade Area Zone Per Capita Expenditure Estimates

Although most market consultants, including urbanMetrics, utilize a regression equation based on Statistics Canada Household Expenditure Data to calculate Trade Area zone per capita expenditures, Kircher utilizes a different approach by applying an "elasticity factor". urbanMetrics has used the regression expenditure method for this peer review, which traditionally yields a more conservative per capita expenditure average. Based on the regression method, the per capita FSR expenditure estimates compared to the provincial figure range between 97.3 in Northumberland County (pt) to 99.0 in Peterborough County.

Figure 6:

PER CAPITA FSR EXPENDITURE INDEX TO THE PROVINCE

	2009	Index
Province of Ontario 1)	$2,185	100.0
PTA - City of Peterborough	$2,150	98.4
STA - Peterborough County	$2,163	99.0
STA - Kawartha Lakes (pt)	$2,157	98.7
STA - Northumberland County (pt)	$2,126	97.3

Source: urbanMetrics inc.
Note: 1) Based on Statistics Canada. Retail Trade

5.2.10 Real Growth

Real increases in food store expenditure for Trade Area residents were calculated by Kircher at an annual rate of 0.5% per year (not compounded). In our opinion, this real growth level is acceptable based on our review of historic averages and those typically utilized by urbanMetrics.

6. Influence of Peterborough Costco Opening on Existing Trade Area Food Stores

The opening of the Peterborough Costco Warehouse Membership Club in the fall of 2008 has influenced sales at existing Trade Area food stores. In determining the sales that may have been transferred from existing supermarkets to support the new Costco, it is necessary to consider Trade Area residents' prior expenditures at other Costco outlets and the extent to which they will be redirected to the new store.

In that the survey research conducted for both the RMA and the Kircher reports were completed prior to the opening of the Peterborough Costco, the sales impact generated by the Peterborough Costco can only be estimated. The following sections outline the methodology used by urbanMetrics to estimate the sales impact created by the Costco on existing Peterborough supermarkets and grocery stores.

6.1 *Peterborough Costco Food Merchandise Sales Recapture*

Prior to the opening of the Peterborough Costco, Trade Area residents were shopping at Costco outlets outside of the local area, particularly at the outlet in Ajax. It is logical that the majority of these expenditures would be transferred to the new Peterborough Costco. As illustrated by the results of the RMA telephone survey, and shown in Figure 8 on page 14, Trade Area residents spent an average of 2.3% of their total non-food store retail ("NFSR") purchases at Costco Warehouses located outside the Trade Area in 2007 (see Appendix A for a summary of Costco expenditures from the telephone survey results). Applied to the total Trade Area NFSR expenditure potential for 2007, Trade Area residents' spent $23.9 million at Costco locations outside the Trade Area in 2007 (2007 dollars). In order to incorporate this information into our market analysis, urbanMetrics has converted this 2007 dollar amount into 2009 dollars, which is the base year used in our analysis. A blended consumer price index ("CPI") for FSR merchandise and NFSR merchandise of 6.7% was used since Costco sells both types of merchandise. The CPI calculation assumes that 61.0% of Costco sales are classified as FSR merchandise, while the remaining 39.0% of sales are for NFSR merchandise. These percentage distributions were taken from the Kircher report (Table G-6 "*Trade Area In-Home Consumer Survey Expenditures at Warehouse Membership Clubs*"). Based on our market knowledge and experience, this sales breakdown is reasonable. Converted to 2009 dollars, Trade Area residents' are estimated to have spent $25.5 million in 2009 dollars at Costco stores outside of the Trade Area prior to the opening of the Peterborough store.

Figure 7:
COSTCO SALES ADJUSTMENT FROM 2007 TO 2009 DOLLARS

	Consumer Price Index	
	FSR	NFSR
2007	129.5	130.8
2009	142.6	132.7
Inflation	10.1%	1.5%
Market Share of Costco Sales	61.0%	39.0%
Costco CPI	6.7%	

Source: Statistics Canada, Retail Trade.

The Peterborough Costco is the only Costco in the Trade Area and is the most convenient store location for all Trade Area residents. Therefore, urbanMetrics has assumed that 98.0%, or some $25.0 million, of Trade Area residents' Costco sales in 2009 would be recaptured by the Peterborough Costco. Assuming the food and grocery merchandise component of Costco's total sales is 61.0%, the food merchandise and grocery sales recaptured to the Peterborough Costco is $15.2 million (in 2009 dollars).

Figure 8:

COSTCO EXPENDITURE RECAPTURE WITH THE INTRODUCTION OF PETERBOROUGH COSTCO BY TRADE AREA ZONE

($ Millions)	Trade Area Zone				
	City of Peterborough	Peterborough County	Kawartha Lakes	Northumberland County	Total
Total NFSR Expenditures 2007 (1	$371.4	$296.6	$302.1	$66.9	$1,037.0
Costco Share of NFSR Store Expenditures (2	2.6%	1.5%	3.2%	0.3%	2.3%
Costco Share of NFSR Expenditures ($ Millions) (2007 dollars)	$9.5	$4.5	$9.6	$0.2	$23.9
Conversion to Current 2009 dollars (3	6.7%	6.7%	6.7%	6.7%	6.7%
Costco Expenditures (2009 dollars)	$10.2	$4.8	$10.2	$0.2	$25.5
Recapture of Existing Costco Expenditures to New Peterborough Costco Store					
Peterborough Costco Expenditures Recaptured %	98.0%	98.0%	98.0%	98.0%	98.0%
Peterborough Costco Expenditures Recaptured ($ Millions) (2009 dollars)	$10.0	$4.7	$10.0	$0.2	$25.0
Peterborough Costco Food & Grocery Merchandise Related Expenditures Recaptured % (4	61.0%	61.0%	61.0%	61.0%	61.0%
Peterborough Costco Food & Grocery Merchandise Related Expenditures Recaptured ($ Millions)	$6.1	$2.9	$6.1	$0.1	$15.2

Source: urbanMetrics inc.

Note: (1 City of Peterborough Retail Market Analysis (2009). Totals taken from "Figure 8.3: Non-Food Store Retail (NFSR) Analysis".

(2 Based on the results of the City of Peterborough Retail Market Analysis (2009) telephone survey results. See Appendix A for detailed calculations.

(3 Estimated inflation and real growth from 2007 to 2009 is based on a review of CPI and retail trade data. The estimated food store CPI is 10.1%, while non-food store CPI is 1.5%. The food store and non-food store CPI rates were multiplied by their estimated share of Costco store expenditures, which was taken from the KRA report's in-home consumer survey results (Table G-6 page 154). The food merchandise sales were estimated at 61.0% and the non-food merchandise sales were estimated at 39.0%.

(4 Based on the Kircher in-home consumer survey results that detail the distribution of food and non-food related merchandise purchases at Costco. Total was rounded to the nearest percent.

6.2 *Peterborough Costco Food Merchandise Sales Requirements*

The RMA estimated the Peterborough Costco would achieve sales levels of $750 per square foot in 2011, increasing to $775 in 2016 and $800 by 2021 (in 2007 dollars). Since 2009 and 2013 were not shown in the RMA, urbanMetrics has estimated the 2009 and 2013 sales levels for the study period by assuming straight line revenue growth of $5 per square foot annually over the study period. Based on this assumption, the Peterborough Costco will require sales of $107.3 million in 2009, increasing to $108.8 million in 2011, $112.4 million in 2016 and $116.0 million by 2021.

A portion of total sales for the Peterborough Costco is derived from inflow. The RMA noted that approximately 17.5% of Peterborough Costco sales were anticipated to be derived from inflow customers – a similar proportion to the average for Peterborough's non-food store category. This is a conservative estimate because Costco inflow would likely be greater than the average for the NFSR category given the unique nature of this store. However, to be consistent with our previous report, we have maintained the inflow at 17.5%. The use of a higher inflow proportion would show lower impacts on existing stores, so our approach should be considered conservative. Built in at an inflow sales level of 17.5%, the sales requirements from Trade Area residents amount to $88.5 million in 2009, $89.7 million in 2011, $92.7 million in 2016, and $95.7 million by 2021.

These expenditures have been converted into 2009 dollars (inflated by 6.7%) and then the food store merchandise share of total Costco sales (61.0%) has been applied following the same method used in the previous section. These steps further lower the food and grocery merchandise sales that the Peterborough Costco will require from Trade Area residents to $57.6 million in 2009, increasing to $58.4 in 2011, $60.4 million in 2016 and $62.3 million by 2021.

The derivation of Costco sales from Trade Area residents is based on the distribution of total NFSR expenditure potential by Trade Area zone as illustrated in Figure 9.

Figure 9:

PETERBOROUGH COSTCO EXPENDITURES BY TRADE AREA ZONE, 2009-2021

	2009	2011	2013	2016	2021
Peterborough Costco Square Footage	145,000	145,000	145,000	145,000	145,000
Sales Per Square Foot (2007 dollars) (1	$740	$750	$760	$775	$800
Total Peterborough Costco Sales ($ Millions)	$107.3	$108.8	$110.2	$112.4	$116.0
Less: Inflow (1	17.5%	17.5%	17.5%	17.5%	17.5%
Total Peterborough Costco Sales from TA Residents ($ Millions) (2007 dollars)	$88.5	$89.7	$90.9	$92.7	$95.7
Conversion to Current 2009 dollars (2	6.7%	6.7%	6.7%	6.7%	6.7%
Total Peterborough Costco Sales from TA Residents ($ Millions) (2009 dollars)	$94.5	$95.8	$97.0	$99.0	$102.1
Peterborough Costco Food & Grocery Merchandise Sales % (3	61.0%	61.0%	61.0%	61.0%	61.0%
Peterborough Costco Food & Grocery Merchandise Sales from TA Residents ($ Millions) (2009 dollars)	$57.6	$58.4	$59.2	$60.4	$62.3
Estimated Distribution of Food & Grocery Merchandise Expenditures at Peterborough Costco By TA Zone (4					
City of Peterborough	36.0%	36.0%	36.0%	36.0%	36.0%
Peterborough County	28.5%	28.5%	28.5%	28.5%	28.5%
Kawartha Lakes	29.0%	29.0%	29.0%	29.0%	29.0%
Northumberland County	6.5%	6.5%	6.5%	6.5%	6.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Estimated Food & Grocery Merchandise Expenditures at Peterborough Costco By TA Zone ($ Millions) (2009 dollars)					
City of Peterborough	$20.7	$21.0	$21.3	$21.7	$22.4
Peterborough County	$16.4	$16.6	$16.9	$17.2	$17.8
Kawartha Lakes	$16.7	$16.9	$17.2	$17.5	$18.1
Northumberland County	$3.7	$3.8	$3.8	$3.9	$4.1
Total	$57.6	$58.4	$59.2	$60.4	$62.3

Source: urbanMetrics inc.

Note: (1 City of Peterborough Retail Market Analysis (2009). Totals taken from "Figure 8.3: Non-Food Store Retail (NFSR) Analysis." Totals for 2009 and 2013 are estimates and assume straightline revenue growth between Census periods.

(2 Estimated inflation and real growth from 2007 to 2009 is based on a review of CPI and retail trade data. The estimated food store CPI is 10.1%, while non-food store CPI is 1.5%. The food store and non-food store CPI rates were multiplied by their estimated share of Costco store expenditures, which was taken from the KRA report's in-home consumer survey results (Table G-6 page 154). Food merchandise sales were estimated at 61.0% and the non-food merchandise sales were estimated at 39.0%.

(3 Based on the Kircher in-home consumer survey results that detail the distribution of food and non-food related merchandise purchases at Costco.

(4 The Peterborough Costco store is the only Costco in the Trade Area and it is also the closest Costco store for all Trade Area residents. Therefore, urbanMetrics has assumed that the propensity to shop at the Peterborough Costco will be equal for all Trade Area residents. The percentages shown are equal to the distribution of NFSR expenditures for TA residents.

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6.3 *Distribution of Food Store Merchandise Sales by Retail Category*

The sales impact for existing Trade Area food stores that is generated by the introduction of Costco is determined by the distribution of food and grocery merchandise sales by FSR and NFSR retail categories. Only a portion of total food and grocery merchandise sales are actually made in traditional food and grocery store retailers, such as supermarkets, speciality food and convenience stores. The remaining food and grocery merchandise sales are made in NFSR retailers, such as department stores, pharmacies and other general merchandise stores. In recent years, the percentage of food and grocery merchandise sales made in NFSR stores has steadily risen as these retailers have expanded their food merchandise offerings. The percentage of food and grocery merchandise sales captured by these NFSR stores lowers the Peterborough Costco's food and grocery merchandise sales impact on existing supermarkets and grocery stores.

In Figure 10 below, the portion of food and grocery merchandise sales made in food and grocery stores (i.e. Food & Non-Alcoholic Beverage Sales and Household Products & Supplies Stores) based on 2004 Statistics Canada Retail Trade Data is shown at 81.7%. Since our market analysis considers the impact of the Peterborough Costco on existing supermarket and grocery stores, we have narrowed the scope of food and grocery store impact to only supermarkets and grocery stores. The portion of total FSR store sales that are made in supermarkets and grocery stores is 87.5% according to 2008 Statistics Canada Retail Trade Data. Multiplied by the percentage of food and grocery merchandise sales made in food and grocery stores, the percentage of Costco's total food and grocery merchandise sales impact on existing Trade Area supermarkets and grocery stores therefore amounts to only 71.5%.

Figure 10:

PERCENTAGE OF FOOD MERCHANDISE SALES CAPTURED BY SUPERMARKET & GROCERY STORES, 2004

Major Merchandise Group	Food Merchandise Sales in Food Stores ($ Millions)	Weighted Share of Food Merchandise Sales %	% of Category Sales Made in Food Stores	Supermarket & Grocery Store Sales as a Percentage of Total Food Store Sales	% of Total Food Merchandise Sales Made in Supermarkets & Grocery Stores
Food & Non-Alcoholic Beverage	$51,638	95.9%	83.9%		
Household Products & Supplies	$2,180	4.1%	29.9%		
Total	$53,818	100.0%	81.7%	87.5%	71.5%

Source: Statistics Canada, Retail Trade Commodity Quarterly Survey. Catalogue no. 11-621-MIE-No.038

6.4 *Peterborough Costco Sales Transfer from Existing Trade Area Supermarkets & Grocery Stores*

The total food and grocery merchandise sales transferred to the Peterborough Costco from Trade Area supermarkets and grocery stores has been derived using the food and grocery merchandise sales recaptured from non-Trade Area Costco stores minus the food and grocery sales required from Trade Area residents in each Trade Area zone to meet Costco's food and grocery merchandise sales requirements. Therefore, the resulting sales transfer from Trade Area supermarkets and grocery stores to the Peterborough Costco is estimated at $30.3 million in 2009, increasing to $30.9 in 2011, $32.3 million in 2016, and $33.7 million by 2021, as shown in Figure 11.

Figure 11:

FOOD AND GROCERY SALES TRANSFER TO PETERBOROUGH COSTCO FROM EXISTING SUPERMARKET & GROCERY STORES IN THE TRADE AREA, 2009-2021

2009 Dollars	Trade Area Zone				
	City of Peterborough	County of Peterborough	Kawartha Lakes	Northumberland County	Total
2009					
Recapture of Food and Grocery Merchandise Sales from Other Costco's to Peterborough Costco ($ Millions) (1	$6.1	$2.9	$6.1	$0.1	$15.2
Minus: Estimated Peterborough Costco Food and Grocery Merchandise Sales from TA Residents ($ Millions) (2	$20.7	$16.4	$16.7	$3.7	$57.6
Required Food and Grocery Sales to Peterborough Costco from TA Residents Expenditures in TA Stores ($ Millions)	-$14.7	-$13.5	-$10.6	-$3.6	-$42.4
% from Food and Grocery Mechandise Sales made in Peterborough Supermarkets & Grocery Stores (3	71.5%	71.5%	71.5%	71.5%	71.5%
Sales Required from TA Supermarkets & Grocery Stores to Peterborough Costco ($ Millions)	-$10.5	-$9.7	-$7.6	-$2.6	-$30.3
2011					
Recapture of Food and Grocery Merchandise Sales from Other Costco's to Peterborough Costco ($ Millions) (1	$6.1	$2.9	$6.1	$0.1	$15.2
Minus: Estimated Peterborough Costco Food and Grocery Merchandise Sales from TA Residents ($ Millions) (2	$21.0	$16.6	$16.9	$3.8	$58.4
Required Food and Grocery Sales to Peterborough Costco from TA Residents Expenditures in TA Stores ($ Millions)	-$14.9	-$13.8	-$10.8	-$3.7	-$43.2
% from Food and Grocery Mechandise Sales made in Peterborough Supermarkets & Grocery Stores (3	71.5%	71.5%	71.5%	71.5%	71.5%
Sales Required from TA Supermarkets & Grocery Stores to Peterborough Costco ($ Millions)	-$10.7	-$9.8	-$7.7	-$2.6	-$30.9
2013					
Recapture of Food and Grocery Merchandise Sales from Other Costco's to Peterborough Costco ($ Millions) (1	$6.1	$2.9	$6.1	$0.1	$15.2
Minus: Estimated Peterborough Costco Food and Grocery Merchandise Sales from TA Residents ($ Millions) (2	$21.3	$16.9	$17.2	$3.8	$59.2
Required Food and Grocery Sales to Peterborough Costco from TA Residents Expenditures in TA Stores ($ Millions)	-$15.2	-$14.0	-$11.1	-$3.7	-$44.0
% from Food and Grocery Mechandise Sales made in Peterborough Supermarkets & Grocery Stores (3	71.5%	71.5%	71.5%	71.5%	71.5%
Sales Required from TA Supermarkets & Grocery Stores to Peterborough Costco ($ Millions)	-$10.9	-$10.0	-$7.9	-$2.7	-$31.4
2016					
Recapture of Food and Grocery Merchandise Sales from Other Costco's to Peterborough Costco ($ Millions) (1	$6.1	$2.9	$6.1	$0.1	$15.2
Minus: Estimated Peterborough Costco Food and Grocery Merchandise Sales from TA Residents ($ Millions) (2	$21.7	$17.2	$17.5	$3.9	$60.4
Required Food and Grocery Sales to Peterborough Costco from TA Residents Expenditures in TA Stores ($ Millions)	-$15.6	-$14.3	-$11.4	-$3.8	-$45.1
% from Food and Grocery Mechandise Sales made in Peterborough Supermarkets & Grocery Stores (3	71.5%	71.5%	71.5%	71.5%	71.5%
Sales Required from TA Supermarkets & Grocery Stores to Peterborough Costco ($ Millions)	-$11.2	-$10.2	-$8.1	-$2.7	-$32.3
2021					
Recapture of Food and Grocery Merchandise Sales from Other Costco's to Peterborough Costco ($ Millions) (1	$6.1	$2.9	$6.1	$0.1	$15.2
Minus: Estimated Peterborough Costco Food and Grocery Merchandise Sales from TA Residents ($ Millions) (2	$22.4	$17.8	$18.1	$4.1	$62.3
Required Food and Grocery Sales to Peterborough Costco from TA Residents Expenditures in TA Stores ($ Millions)	-$16.3	-$14.9	-$12.0	-$3.9	-$47.1
% from Food and Grocery Mechandise Sales made in Peterborough Supermarkets & Grocery Stores (3	71.5%	71.5%	71.5%	71.5%	71.5%
Sales Required from TA Supermarkets & Grocery Stores to Peterborough Costco ($ Millions)	-$11.7	-$10.6	-$8.6	-$2.8	-$33.7

Source: urbanMetrics inc.
Note: (1 See chart titled "Costco Expenditure Recapture with the Introduction of Peterborough Costco By Trade Area Zone" for detailed calculation.
(2 See chart titled "Peterborough Costco Expenditures by Trade Area Zone, 2009-2021" for detailed calculation.
(3 Statistics Canada, Retail Trade Commodity Quarterly Survey. Catalogue no. 11-621-MIE-No.038. See chart titled "Percentage of Food Store Merchandse Sales Captured By Supermarket & Grocery Stores, 2004".

7. Market Opportunity and Impact Analysis for Supermarkets & Grocery Stores in the City of Peterborough

7.1 *Calculation of Trade Area Residents' Supermarket & Grocery Expenditure Potential*

urbanMetrics anticipates that over the study period the average per capita food store expenditures will increase, in constant 2009 dollars, at an estimated rate of 0.5% per year on an uninflated basis. As previously noted in this peer review, based on Statistics Canada Retail Trade data, the 2009 average per capita food store expenditure potential in Ontario is estimated at $2,185. By multiplying the average per capita food store expenditure by the current and projected population residing in the Trade Area, the total food store expenditure potential for the Trade Area is calculated over the 2009 to 2021 period. In total, the food store potential available from Trade Area residents' is $466.9 million in 2009, increasing to $532.8 million by 2021, a growth of $65.9 million.

urbanMetrics has divided this food store expenditure potential into two categories, supermarket and grocery stores, and other food stores. The percentage of Trade Area residents' food store expenditures allocated to supermarket and grocery stores is estimated at 87.5%, which reflects the Ontario distribution provided by current Statistics Canada Retail Trade data. Unlike the Kircher report, where the supermarket and grocery store share was varied by each Trade Area zone, urbanMetrics has applied the Ontario distribution in each Trade Area zone. The percentage difference between these two approaches is not significant.

Over the study period, the supermarket and grocery store potential available from Trade Area residents is estimated at $408.6 million, increasing to $466.3 million by 2021, a growth of $57.7 million as shown in Figure 12.

Figure 12:

PER CAPITA FOOD STORE RETAIL (FSR) EXPENDITURE POTENTIAL

2009 Dollars	2009
Province of Ontario	
Per Capita FSR Expenditure	$ 2,185 (1

2009 Dollars	2009	2011	2013	2016	2021
PTA - City of Peterborough					
Income Index to Province	85.60				
FSR Expenditure Index to Province	98.40				
Per Capita FSR Expenditure	$ 2,150	$ 2,172	$ 2,193	$ 2,225	$ 2,279
Population	78,525	79,000	80,000	81,500	84,000
TOTAL FSR POTENTIAL	$ 168.8	$ 171.6	$ 175.4	$ 181.3	$ 191.4
FSR - Supermarket & Grocery Store Share % (2	87.5%	87.5%	87.5%	87.5%	87.5%
FSR - Other Food Store Share % (2	12.5%	12.5%	12.5%	12.5%	12.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
FSR - Supermarket & Grocery Store Share ($ Millions) (2	$ 147.7	$ 150.2	$ 153.5	$ 158.6	$ 167.5
FSR - Other Food Store Share ($ Millions) (2	$ 21.1	$ 21.5	$ 21.9	$ 22.7	$ 23.9
Total	$ 168.8	$ 171.7	$ 175.4	$ 181.3	$ 191.4
STA - Peterborough County					
Income Index to Province	91.10				
FSR Expenditure Index to Province	99.00				
Per Capita FSR Expenditure	$ 2,163	$ 2,185	$ 2,206	$ 2,239	$ 2,293
Population	59,925	59,925	59,925	59,950	60,000
TOTAL FSR POTENTIAL	$ 129.6	$ 130.9	$ 132.2	$ 134.2	$ 137.6
FSR - Supermarket & Grocery Store Share % (2	87.5%	87.5%	87.5%	87.5%	87.5%
FSR - Other Food Store Share % (2	12.5%	12.5%	12.5%	12.5%	12.5%
Total	100.0%	100%	100%	100%	100%
FSR - Supermarket & Grocery Store Share ($ Millions) (2	$ 113.4	$ 114.5	$ 115.7	$ 117.4	$ 120.4
FSR - Other Food Store Share ($ Millions) (2	$ 16.2	$ 16.4	$ 16.5	$ 16.8	$ 17.2
Total	$ 129.6	$ 130.9	$ 132.2	$ 134.2	$ 137.6
STA - Kawartha Lakes (pt)					
Income Index to Province	88.50				
FSR Expenditure Index to Province	98.70				
Per Capita FSR Expenditure	$ 2,157	$ 2,179	$ 2,200	$ 2,232	$ 2,286
Population	63,225	64,100	66,025	68,900	73,600
TOTAL FSR POTENTIAL	$ 136.4	$ 139.7	$ 145.3	$ 153.8	$ 168.2
FSR - Supermarket & Grocery Store Share % (2	87.5%	87.5%	87.5%	87.5%	87.5%
FSR - Other Food Store Share % (2	12.5%	12.5%	12.5%	12.5%	12.5%
Total	100.0%	100%	100%	100%	100%
FSR - Supermarket & Grocery Store Share ($ Millions) (2	$ 119.4	$ 122.2	$ 127.1	$ 134.6	$ 147.2
FSR - Other Food Store Share ($ Millions) (2	$ 17.1	$ 17.5	$ 18.2	$ 19.2	$ 21.0
Total	$ 136.5	$ 139.7	$ 145.3	$ 153.8	$ 168.2
STA - Northumberland County (pt)					
Income Index to Province	75.70				
FSR Expenditure Index to Province	97.30				
Per Capita FSR Expenditure	$ 2,126	$ 2,147	$ 2,169	$ 2,200	$ 2,254
Population	15,100	15,300	15,425	15,600	15,800
TOTAL FSR POTENTIAL	$ 32.1	$ 32.8	$ 33.5	$ 34.3	$ 35.6
FSR - Supermarket & Grocery Store Share % (2	87.5%	87.5%	87.5%	87.5%	87.5%
FSR - Other Food Store Share % (2	12.5%	12.5%	12.5%	12.5%	12.5%
Total	100.0%	100%	100%	100%	100%
FSR - Supermarket & Grocery Store Share ($ Millions) (2	$ 28.1	$ 28.7	$ 29.3	$ 30.0	$ 31.2
FSR - Other Food Store Share ($ Millions) (2	$ 4.0	$ 4.1	$ 4.2	$ 4.3	$ 4.5
Total	$ 32.1	$ 32.8	$ 33.5	$ 34.3	$ 35.7
TOTAL STUDY AREA					
TOTAL FSR POTENTIAL	$ 466.9	$ 475.0	$ 486.4	$ 503.6	$ 532.8
TOTAL FSR - Supermarket & Grocery Stores Share ($Millions)	$ 408.6	$ 415.6	$ 425.6	$ 440.6	$ 466.3
Cumulative Growth		*$ 7.0*	*$ 17.0*	*$ 32.0*	*$ 57.7*
TOTAL FSR - Other Food Stores Share ($Millions)	$ 58.4	$ 59.5	$ 60.8	$ 63.0	$ 66.6
Cumulative Growth		*$ 1.1*	*$ 2.4*	*$ 4.6*	*$ 8.2*

Source: urbanMetrics inc.

1) Based on Statistics Canada, Retail Trade.

2) Based on Ontario - Retail Trade Publication 63-005 for Food Stores.

7.2 *PTA Supermarket & Grocery Residual Expenditure Potential*

The supermarket and grocery store analysis, as detailed in Figure 13, examines the market opportunity for additional supermarket and grocery space in the City of Peterborough and the affects of the proposed No Frills and Walmart supermarkets on supermarket and grocery store space in Peterborough.

In our analysis, the following assumptions have been made to update the Kircher report:

- **Space Assumptions:** The proposed No Frills development will include 43,000 square feet of supermarket space, while the Walmart expansion, based on discussions with the City of Peterborough Planning Department and Walmart's market consultant, will include 44,000 square feet of net additional food component space.

- **Recapture:** There will be no recapture experienced in the Trade Area given the localized nature of food shopping patterns and because capture rates are already high.

- **Inflow:** Inflow sales to the No Frills and the Walmart represent 15.0% and 17.5% of total store sales volume. The Walmart's inflow will be slightly higher because it is a new supermarket brand in the Trade Area and Walmart generally has a larger regional drawing power.

- **Sales Levels:** The average sales performance of the No Frills and the Walmart has been tested at between $500 and $600 per square foot over the study period (expressed in 2009 dollars).

Trade Area residents' residual expenditure potential available to existing and new supermarket and grocery stores in the City of Peterborough has been calculated by subtracting the Costco food and grocery sales transfer derived from each Trade Area zone's total supermarket and grocery store potential. Once subtracted, the City of Peterborough share of supermarket and grocery expenditures in each Trade Area zone has been applied. Following this approach, the residual potential of Trade Area residents' supermarket and grocery store expenditures amounts to $3.7 million in 2011, increasing to $29.5 million in 2021. This represents the additional market potential available from Trade Area residents' to both existing and new supermarket and grocery store retailers in Peterborough derived from market growth, but excludes any additional transfers from existing supermarkets and grocery stores in Peterborough.

7.2.1 Long-Term Sales Projection for Existing Peterborough Supermarket and Grocery Stores and Warranted Future Space

As of July 2009, there is 428,050 square feet of supermarket and grocery store space in the City of Peterborough. Assuming an average inflow of 15.0%, the sales per square foot average for

Peterborough supermarket and grocery stores is $669. This sales per square foot average is above industry norms and urbanMetrics has accordingly adjusted the long-term sales average down to be aligned with the national industry average.

Based on the most recent Statistics Canada Retail Data, Canadian supermarkets achieved an average sales per square foot of $569 in 2007 (in 2007 dollars). Adjusted to 2009 dollars by a FSR merchandise inflation rate of 10.1%, the current average sales for supermarkets is approximately $627 per square foot (in 2009 dollars). We believe that this national average is above long-term industry trends, but we have nonetheless applied this average to be conservative.

Lowering the sales performance of existing Peterborough supermarket and grocery stores to $627 per square foot produces an additional $15.2 million of Trade Area residents' supermarket and grocery expenditures available for new supermarket and grocery stores (see Appendix B). This raises the overall available residual potential for new supermarket and grocery stores in the City of Peterborough to $17.9 million in 2009, increasing to $52.6 million by 2021.

Figure 13:

SUPERMARKET & GROCERY STORE ANALYSIS

2009 Dollars	2009	2011	2013	2016	2021
PTA - City of Peterborough					
Supermarket & Grocery Store Expenditures ($Millions)	$ 147.7	$ 150.2	$ 153.5	$ 158.6	$ 167.5
Less: Transfers to Pet. Costco from Existing Supermarkets & Grocery Stores ($ Millions) (1	-$10.5	-$10.7	-$10.9	-$11.2	-$11.7
Supermarket & Grocery Store Expenditures (MINUS Peteroborough Costco) ($ Millions)	$ 137.2	$ 139.5	$ 142.6	$ 147.4	$ 155.8
Estimated PTA Share % (1	99.6%	99.6%	99.6%	99.6%	99.6%
Estimated PTA Share ($ Millions)	$ 136.7	$ 139.0	$ 142.0	$ 146.8	$ 155.2
Residual Potential		$ 2.3	$ 5.3	$ 10.1	$ 18.5
STA - Peterborough County					
Supermarket & Grocery Store Expenditures ($Millions)	$ 113.4	$ 114.5	$ 115.7	$ 117.4	$ 120.4
Less: Transfers to Pet. Costco from Existing Supermarkets & Grocery Stores ($ Millions) (1	-$9.7	-$9.8	-$10.0	-$10.2	-$10.6
Supermarket & Grocery Store Expenditures (MINUS Peteroborough Costco) ($ Millions)	$ 103.7	$ 104.7	$ 105.7	$ 107.2	$ 109.8
Estimated PTA Share % (1	75.0%	75.0%	75.0%	75.0%	75.0%
Estimated PTA Share ($ Millions)	$ 77.8	$ 78.5	$ 79.3	$ 80.4	$ 82.3
Residual Potential		$ 0.7	$ 1.5	$ 2.6	$ 4.5
STA - Kawartha Lakes (pt)					
Supermarket & Grocery Store Expenditures ($Millions)	$ 119.4	$ 122.2	$ 127.1	$ 134.6	$ 147.2
Less: Transfers to Pet. Costco from Existing Supermarkets & Grocery Stores ($ Millions) (1	-$7.6	-$7.7	-$7.9	-$8.1	-$8.6
Supermarket & Grocery Store Expenditures (MINUS Peteroborough Costco) ($ Millions)	$ 111.8	$ 114.5	$ 119.2	$ 126.5	$ 138.6
Estimated PTA Share % (1	23.0%	23.0%	23.0%	23.0%	23.0%
Estimated PTA Share ($ Millions)	$ 25.7	$ 26.3	$ 27.4	$ 29.1	$ 31.9
Residual Potential		$ 0.6	$ 1.7	$ 3.4	$ 6.2
STA - Northumberland County (pt)					
Supermarket & Grocery Store Expenditures ($Millions)	$ 28.1	$ 28.7	$ 29.3	$ 30.0	$ 31.2
Less: Transfers to Pet. Costco from Existing Supermarkets & Grocery Stores ($ Millions) (1	-$2.6	-$2.6	-$2.7	-$2.7	-$2.8
Supermarket & Grocery Store Expenditures (MINUS Peteroborough Costco) ($ Millions)	$ 25.5	$ 26.1	$ 26.6	$ 27.3	$ 28.4
Estimated PTA Share % (1	11.7%	11.7%	11.7%	11.7%	11.7%
Estimated PTA Share ($ Millions)	$ 3.0	$ 3.1	$ 3.1	$ 3.2	$ 3.3
Residual Potential		$ 0.1	$ 0.1	$ 0.2	$ 0.3
TOTAL STUDY AREA					
Total Supermarket & Grocery Store Expenditures ($Millions)	$ 408.6	$ 415.6	$ 425.6	$ 440.6	$ 466.3
Less: Transfers to Pet. Costco from Existing Supermarkets & Grocery Stores ($ Millions) (1	-$30.3	-$30.9	-$31.4	-$32.3	-$33.7
Supermarket & Grocery Store Expenditures (MINUS Peteroborough Costco) ($ Millions)	$ 378.3	$ 384.7	$ 394.2	$ 408.3	$ 432.6
Estimated PTA Share % (1	64.3%	64.2%	63.9%	63.6%	63.0%
Estimated PTA Share ($ Millions)	$ 243.2	$ 246.9	$ 251.8	$ 259.5	$ 272.7
Residual Potential ($Millions)		$ 3.7	$ 8.6	$ 16.3	$ 29.5
Existing Supermarkets (428,050 sq. ft.) Sales/Sq. Ft. Levels (Including average Inflow of 15.0%):	$ 669				
WARRANTED ADDITIONAL SPACE - PTA (including inflow and resaonable sales transfers)					
Additional Residual Potential Available	**$ -**	**$ 3.7**	**$ 8.6**	**$ 16.3**	**$ 29.5**
Less: Sales Transfers from Existing Food Stores (2	**$ 15.2**	**$ 15.2**	**$ 15.2**	**$ 15.2**	**$ 15.2**
Plus: Inflow Sales @ 15.0% (3	**$ 2.7**	**$ 3.3**	**$ 4.2**	**$ 5.6**	**$ 7.9**
TOTAL ADDITIONAL SALES POTENTIAL AVAILABLE	**$ 17.9**	**$ 22.3**	**$ 28.0**	**$ 37.1**	**$ 52.6**
WARRANTED ADDITIONAL SQUARE FEET (3					
@ $500 per sq. ft.	35,800	44,500	56,100	74,200	105,200
@ $525 per sq. ft.	34,100	42,400	53,400	70,700	100,200
@ $550 per sq. ft.	32,600	40,500	51,000	67,400	95,700
@ $575 per sq. ft.	31,200	38,700	48,800	64,500	91,500
@ $600 per sq. ft.	29,900	37,100	46,700	61,800	87,700

.../cont'd

7.3 *Overall Supermarket and Grocery Store Market Impacts*

Our analysis of market impact has been based on the following assumptions:

- The proposed No Frills will achieve a sales per square foot level of $600 in 2011, increasing to $625 in 2013, $650 in 2016, and $675 by 2021. Similarly, the proposed Walmart supermarket will achieve a sales per square foot level of $500 in 2011, increasing to $525 in 2013, $550 in 2016, and $600 by 2021.

Based on these assumptions, the proposed No Frills and Walmart supermarkets will require estimated sales of $40.1 million from Trade Area residents in 2011, increasing to $46.4 million by 2021. After considering the residual potential available during the study period, a sales transfer of $17.8 million is required in 2011, decreasing to $13.9 million by 2013, and $6.7 million by 2016. A residual surplus of $6.2 million will be produced by 2021.

Figure 14:

SUPERMARKET & GROCERY STORE ANALYSIS (Continued)

2009 Dollars	2009	2011	2013	2016	2021
PROPOSED SUPERMARKET SPACE - PTA					
No Frills (Chemong & Milroy)					
Proposed Supermarket Space (sq. ft. GLA)		43,000	43,000	43,000	43,000
Estimated Sales per Square Foot		$ 600	$ 625	$ 650	$ 675
Total Estimated Sales ($ Millions)		$ 25.8	$ 26.9	$ 28.0	$ 29.0
Less: Inflow (%) (3		15.0%	15.0%	15.0%	15.0%
Less: Inflow ($ Millions)		$ 3.9	$ 4.0	$ 4.2	$ 4.4
Total Sales Volume From Study Area Residents ($ Millions)		$ 21.9	$ 22.9	$ 23.8	$ 24.7
Walmart Supermarket (Chemong & Milroy)					
Proposed Supermarket Space (sq. ft. GLA Net of Pantry)		44,000	44,000	44,000	44,000
Estimated Sales per Square Foot		$ 500	$ 525	$ 550	$ 600
Total Estimated Sales ($ Millions)		$ 22.0	$ 23.1	$ 24.2	$ 26.4
Less: Inflow (%) (3		17.5%	17.5%	17.5%	17.5%
Less: Inflow ($ Millions)		$ 3.9	$ 4.0	$ 4.2	$ 4.6
Total Sales Volume From Study Area Residents ($ Millions)		$ 18.2	$ 19.1	$ 20.0	$ 21.8
PROPOSED NEW SPACE SALES TRANSFER OR RESIDUAL DEMAND					
Total Proposed Space (sq. ft.)		87,000	87,000	87,000	87,000
Total Sales Volume ($ Millions)		$ 47.8	$ 50.0	$ 52.2	$ 55.4
Total Sales Volume Required from Study Area Residents (excludes inflow)		$ 40.1	$ 41.9	$ 43.8	$ 46.4
Total Sales Volume Available from Study Area Residents (excludes inflow)		$ 22.3	$ 28.0	$ 37.1	$ 52.6
Sales Transfer Required From Existing Stores (-)/Residual Market Demand (+)		-$17.8	-$13.9	-$6.7	$ 6.2

Source: urbanMetrics inc.

1) See chart titled "Per Capita Sales Transfer to Peterborough Costco from Existing PTA Supermarkets & Grocery Stores".

2) Sales transfer from existing stores to new supermarket & grocery store space is equal to the difference between existing store sales levels and $627 per square foot. See Appendix B for details.

3) urbanMetrics estimate.

4) Rounded to the nearest 100 square feet.

7.4 *Impact Analysis*

The introduction of any new retail facility or the expansion of an existing store will typically cause sales to transfer from existing stores (i.e. the sales which would have otherwise been captured by the existing local stores). The effect of the proposed No Frills, in combination with the Walmart supermarket, will no doubt vary for each individual retailer. When *sales transfers* cause existing stores to experience net declines in sales below existing or base year levels, *sales impact* is said to have occurred. *Sales impact*, however, is not always *critical*.

Critical sales impact occurs when the sales of an existing store declines to a level that could threaten the store's economic viability and place it at risk of closure. The closing of a store, in turn, could influence the planned function of a retail development or area of which it forms a part, particularly if no replacement or alternative store can be found.

Based on our analysis, existing supermarket and grocery stores in the City of Peterborough would experience average sales decline from $669 in 2009 to $570 in 2011, and then begin to recover to $578 in 2013, $594 in 2016 and $624 by 2021. These resulting sales per square foot averages after introducing these two new stores are well within normal industry norms.

For individual supermarket and grocery retailers, sales impact will be greatest on supermarkets that are closest to the proposed supermarkets, share the No Frills banner, and/or offer similar food merchandise as the No Frills and Walmart supermarkets. Based on these criteria, urbanMetrics anticipates that sales impact will be greatest at the No Frills and Price Chopper located downtown. These stores can be expected to see sales impact of 30.3% at the former, and 25.6% at the latter. When judging the significance of these impacts, it is important to recognize that the performance levels at both these stores are well above industry norms and both stores will still be above the City of Peterborough average even after the introduction of No Frills and Walmart. Sales impact will also be experienced at the Sobey's and Metro stores adjacent to the subject site in the northern portion of Peterborough. In 2011, sales impacts at these stores will amount to 23.9% at the former and 17.3% at the latter. Sales impacts will decline over the study period and neither store is anticipated to close as a result of these developments. These short-term sales reductions are considered within the range of a competitive free market economy and no impact on the planned function of any commercial node is likely to occur.

Figure 15:

SUPERMARKET & GROCERY STORE IMPACT ANALYSIS

	Sales From Study Area Residents ($Millions) (1	Percent Market Share in PTA (1	Plus Inflow Estimate (2	TOTAL SALES	Square Footage	Sales Per Square Foot Levels	Change from Base Year
2009							
TOTAL PTA	**$ 243.2**	**100.0%**	**15.0%**	**$ 286.3**	**428,050**	**$ 669**	
Metro (Chemong & Milroy)	$ 17.0	7.0%	12.5%	$ 19.5	39,450	**$ 493**	
Sobey's (Chemong & Towerhill)	$ 19.5	8.0%	12.5%	$ 22.2	40,000	**$ 556**	
No Frills (George & Sherbrooke)	$ 28.0	11.5%	12.0%	$ 31.8	30,300	**$ 1,049**	
Price Chopper (George & Brock)	$ 18.2	7.5%	10.0%	$ 20.3	21,400	**$ 947**	
IGA (Hunter & Rogers)	$ 3.9	1.6%	10.0%	$ 4.3	9,300	**$ 465**	
IGA (Sherbrooke & Clonsilla)	$ 6.1	2.5%	10.0%	$ 6.8	10,300	**$ 656**	
No Frills (Lansdowne & Brealey)	$ 21.9	9.0%	17.5%	$ 26.5	24,700	**$ 1,074**	
Sobeys (Lansdowne & Webber)	$ 26.8	11.0%	17.0%	$ 32.2	48,500	**$ 665**	
Price Chopper (Lansdowne & Parkway)	$ 30.2	12.4%	17.0%	$ 36.3	46,850	**$ 776**	
Farm Boy (Lansdowne & Erskine)	$ 6.1	2.5%	10.0%	$ 6.8	10,800	**$ 626**	
Loblaws Superstore (Lansdowne & High)	$ 43.8	18.0%	17.5%	$ 53.1	106,000	**$ 501**	
YIG (Lansdowne & Willowcreek)	$ 21.9	9.0%	17.5%	$ 26.5	40,450	**$ 656**	
2011							
TOTAL PTA	**$ 246.9**	**100.0%**	**15.4%**	**$ 291.7**	**515,050**	**$ 566**	
Metro (Chemong & Milroy)	$ 14.1	5.7%	12.5%	$ 16.1	39,450	**$ 408**	-17.3%
Sobey's (Chemong & Towerhill)	$ 14.8	6.0%	12.5%	$ 16.9	40,000	**$ 423**	-23.9%
No Frills (George & Sherbrooke)	$ 19.5	7.9%	12.0%	$ 22.2	30,300	**$ 732**	-30.3%
Price Chopper (George & Brock)	$ 13.6	5.5%	10.0%	$ 15.1	21,400	**$ 705**	-25.6%
IGA (Hunter & Rogers)	$ 4.0	1.6%	10.0%	$ 4.4	9,300	**$ 472**	1.5%
IGA (Sherbrooke & Clonsilla)	$ 6.2	2.5%	10.0%	$ 6.9	10,300	**$ 666**	1.5%
No Frills (Lansdowne & Brealey)	$ 18.5	7.5%	17.5%	$ 22.4	24,700	**$ 909**	-15.4%
Sobeys (Lansdowne & Webber)	$ 24.7	10.0%	17.0%	$ 29.7	48,500	**$ 613**	-7.7%
Price Chopper (Lansdowne & Parkway)	$ 26.2	10.6%	17.0%	$ 31.5	46,850	**$ 673**	-13.2%
Farm Boy (Lansdowne & Erskine)	$ 6.2	2.5%	10.0%	$ 6.9	10,800	**$ 635**	1.5%
Loblaws Superstore (Lansdowne & High)	$ 37.0	15.0%	17.5%	$ 44.9	106,000	**$ 423**	-15.4%
YIG (Lansdowne & Willowcreek)	$ 22.2	9.0%	17.5%	$ 26.9	40,450	**$ 666**	1.5%
Total Existing	$ 206.9	83.8%	15.2%	$ 243.9	428,050	**$ 570**	-14.8%
Proposed:							
No Frills (Chemong & Milroy)	$ 21.9	8.9%	15.0%	$ 25.8	43,000	**$ 600**	
Walmart Supermarket (Chemong & Milroy)	$ 18.2	7.4%	17.5%	$ 22.0	44,000	**$ 500**	
Total Proposed	$ 40.1	16.2%	16.2%	$ 47.8	87,000	**$ 549**	
2013							
TOTAL PTA	**$ 251.8**	**100.0%**	**15.4%**	**$ 297.6**	**515,050**	**$ 578**	
Metro (Chemong & Milroy)	$ 14.1	5.6%	12.5%	$ 16.1	39,450	**$ 408**	-17.2%
Sobey's (Chemong & Towerhill)	$ 14.9	5.9%	12.5%	$ 17.0	40,000	**$ 424**	-23.6%
No Frills (George & Sherbrooke)	$ 19.6	7.8%	12.0%	$ 22.3	30,300	**$ 737**	-29.8%
Price Chopper (George & Brock)	$ 13.6	5.4%	10.0%	$ 15.1	21,400	**$ 706**	-25.5%
IGA (Hunter & Rogers)	$ 4.0	1.6%	10.0%	$ 4.5	9,300	**$ 481**	3.5%
IGA (Sherbrooke & Clonsilla)	$ 6.3	2.5%	10.0%	$ 7.0	10,300	**$ 679**	3.5%
No Frills (Lansdowne & Brealey)	$ 18.9	7.5%	17.5%	$ 22.9	24,700	**$ 927**	-13.7%
Sobeys (Lansdowne & Webber)	$ 25.2	10.0%	17.0%	$ 30.3	48,500	**$ 626**	-5.9%
Price Chopper (Lansdowne & Parkway)	$ 26.7	10.6%	17.0%	$ 32.2	46,850	**$ 686**	-11.5%
Farm Boy (Lansdowne & Erskine)	$ 6.3	2.5%	10.0%	$ 7.0	10,800	**$ 648**	3.5%
Loblaws Superstore (Lansdowne & High)	$ 37.8	15.0%	17.5%	$ 45.8	106,000	**$ 432**	-13.7%
YIG (Lansdowne & Willowcreek)	$ 22.7	9.0%	17.5%	$ 27.5	40,450	**$ 679**	3.5%
Total Existing	$ 209.9	83.4%	15.2%	$ 247.6	428,050	**$ 578**	-13.5%
Proposed:							
No Frills (Chemong & Milroy)	$ 22.9	9.1%	15.0%	$ 26.9	43,000	**$ 626**	
Walmart Supermarket (Chemong & Milroy)	$ 19.1	7.6%	17.5%	$ 23.1	44,000	**$ 525**	
Total Proposed	$ 41.9	16.6%	16.2%	$ 50.0	87,000	**$ 575**	

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SUPERMARKET AND GROCERY IMPACT ANALYSIS (Continued)

	Sales From Study Area Residents ($Millions) (1	Percent Market Share in PTA (1	Plus Inflow Estimate (2	TOTAL SALES	Square Footage	Sales Per Square Foot Levels	Change from Base Year
2016							
TOTAL PTA	**$ 259.5**	**100.0%**	**15.3%**	**$ 306.5**	**515,050**	**$ 595**	
Metro (Chemong & Milroy)	$ 14.3	5.5%	12.5%	$ 16.3	39,450	**$ 413**	-16.2%
Sobey's (Chemong & Towerhill)	$ 15.1	5.8%	12.5%	$ 17.2	40,000	**$ 430**	-22.6%
No Frills (George & Sherbrooke)	$ 20.0	7.7%	12.0%	$ 22.7	30,300	**$ 749**	-28.6%
Price Chopper (George & Brock)	$ 14.0	5.4%	10.0%	$ 15.6	21,400	**$ 728**	-23.2%
IGA (Hunter & Rogers)	$ 4.2	1.6%	10.0%	$ 4.6	9,300	**$ 496**	6.7%
IGA (Sherbrooke & Clonsilla)	$ 6.5	2.5%	10.0%	$ 7.2	10,300	**$ 700**	6.7%
No Frills (Lansdowne & Brealey)	$ 19.5	7.5%	17.5%	$ 23.6	24,700	**$ 955**	-11.1%
Sobeys (Lansdowne & Webber)	$ 26.0	10.0%	17.0%	$ 31.3	48,500	**$ 645**	-3.0%
Price Chopper (Lansdowne & Parkway)	$ 27.5	10.6%	17.0%	$ 33.1	46,850	**$ 707**	-8.8%
Farm Boy (Lansdowne & Erskine)	$ 6.5	2.5%	10.0%	$ 7.2	10,800	**$ 667**	6.7%
Loblaws Superstore (Lansdowne & High)	$ 38.9	15.0%	17.5%	$ 47.2	106,000	**$ 445**	-11.1%
YIG (Lansdowne & Willowcreek)	$ 23.4	9.0%	17.5%	$ 28.3	40,450	**$ 700**	6.7%
Total Existing	$ 215.7	83.1%	15.2%	$ 254.3	428,050	**$ 594**	-11.2%
Proposed:							
No Frills (Chemong & Milroy)	$ 23.8	9.2%	15.0%	$ 28.0	43,000	**$ 651**	
Walmart Supermarket (Chemong & Milroy)	$ 20.0	7.7%	17.5%	$ 24.2	44,000	**$ 550**	
Total Proposed	$ 43.8	16.9%	16.2%	$ 52.2	87,000	**$ 600**	
2021							
TOTAL PTA	**$ 272.7**	**100.0%**	**15.4%**	**$ 322.3**	**515,050**	**$ 626**	
Metro (Chemong & Milroy)	$ 15.0	5.5%	12.5%	$ 17.1	39,450	**$ 435**	-11.9%
Sobey's (Chemong & Towerhill)	$ 15.5	5.7%	12.5%	$ 17.8	40,000	**$ 444**	-20.1%
No Frills (George & Sherbrooke)	$ 21.0	7.7%	12.0%	$ 23.9	30,300	**$ 788**	-24.9%
Price Chopper (George & Brock)	$ 14.7	5.4%	10.0%	$ 16.4	21,400	**$ 765**	-19.3%
IGA (Hunter & Rogers)	$ 4.4	1.6%	10.0%	$ 4.8	9,300	**$ 521**	12.1%
IGA (Sherbrooke & Clonsilla)	$ 6.8	2.5%	10.0%	$ 7.6	10,300	**$ 735**	12.1%
No Frills (Lansdowne & Brealey)	$ 20.5	7.5%	17.5%	$ 24.8	24,700	**$ 1,004**	-6.6%
Sobeys (Lansdowne & Webber)	$ 27.3	10.0%	17.0%	$ 32.9	48,500	**$ 677**	1.9%
Price Chopper (Lansdowne & Parkway)	$ 28.9	10.6%	17.0%	$ 34.8	46,850	**$ 743**	-4.1%
Farm Boy (Lansdowne & Erskine)	$ 6.8	2.5%	10.0%	$ 7.6	10,800	**$ 701**	12.1%
Loblaws Superstore (Lansdowne & High)	$ 40.9	15.0%	17.5%	$ 49.6	106,000	**$ 468**	-6.6%
YIG (Lansdowne & Willowcreek)	$ 24.5	9.0%	17.5%	$ 29.7	40,450	**$ 735**	12.1%
Total Existing	$ 226.3	83.0%	15.2%	$ 266.9	428,050	**$ 624**	-6.8%
Proposed:							
No Frills (Chemong & Milroy)	$ 24.7	9.0%	15.0%	$ 29.0	43,000	**$ 674**	
Walmart Supermarket (Chemong & Milroy)	$ 21.8	8.0%	17.5%	$ 26.4	44,000	**$ 600**	
Total Proposed	$ 46.4	17.0%	16.2%	$ 55.4	87,000	**$ 637**	

Source: urbanMetrics inc.

8. Conclusion

Since the release of the revised Kircher report in June 2007 a number of market changes have occurred within the Peterborough market. The introduction of a Costco Warehouse Membership Club, the redevelopment of Loblaw to a Loblaw Superstore, and a proposal for a Walmart supermarket in the City of Peterborough have required urbanMetrics to adjust the Kircher market analysis. In addition, updated income data from the 2006 Census had to be incorporated into the analysis and the Trade Area boundaries were redrawn to match the Trade Area used in the *Retail Market Analysis* (2009) and the *Retail Market Demand Study* (2000). Based on our review of the Kircher report, and our own retail market analysis for the City of Peterborough, our conclusions are as follows:

- The Kircher report provides a detailed market and impact analysis in support of the proposed No Frills store at 300 Milroy Drive. An update to the report was released in June 2007 to reflect 2006 Census population totals and full-year retail statistics for 2006.

- Kircher population forecasts for the Trade Area indicate a growing market, which generates demand for new retail space. We note however that the source used to determine the amount of population growth was taken from the *Ontario Ministry of Finance – Ontario Population Projects Update (2007)* instead of from Schedule 3 of the *Growth Plan for the Greater Golden Horseshoe (2006)*. Consequently, urbanMetrics revised the Kircher population forecast to reflect the *Growth Plan's* forecast and for a larger Trade Area.

- To our knowledge, the only other supermarket proposed in the City of Peterborough is a 44,000 square foot net additional food merchandise expansion of the north Peterborough Walmart. The Kircher report did not contemplate the sales impact generated by this proposed development, nor were the sales impacts produced by the opening of Costco in 2008 or the Loblaw Superstore in 2009 considered. Consequently, urbanMetrics has revised the Kircher analysis to consider these market changes.

- The introduction of the proposed No Frills, in combination with the proposed Walmart supermarket, will create moderate sales impacts that are not expected to *adversely affect* the economic viability of any supermarkets or grocery stores in the City of Peterborough.

We appreciate the opportunity of preparing this review of the revised Kircher report dated June 2007 on behalf of the City of Peterborough and look forward to discussing our results with you.

Yours truly,
urbanMetrics inc.

Rowan Faludi

Rowan Faludi, CMC, MCIP, RPP
Partner

Appendix A: Costco Telephone Survey Results

COSTCO EXPENDITURES BY TRADE AREA ZONE (Past Three Months)

Retailer	City of Peterborogh		Peterborough County		City of Kawartha Lakes		Northumberland County	
Costco								
Ajax	$12,540	31.0%	$4,059	22.8%	$8,890	27.9%	$200	4.9%
Barrie	$200	0.5%	$400	2.2%	$40	0.1%	.	0.0%
Brampton	.	0.0%	$50	0.3%	.	0.0%	.	0.0%
Kingston	$350	0.9%	.	0.0%	.	0.0%	.	0.0%
London	.	0.0%	$150	0.8%	$800	2.5%	.	0.0%
Markham	.	0.0%	$400	2.2%	$550	1.7%	.	0.0%
Mississauga	$1,000	2.5%	.	0.0%	.	0.0%	.	0.0%
Newmarket	$1,000	2.5%	.	0.0%	$300	0.9%	.	0.0%
Ottawa	$150	0.4%	.	0.0%	.	0.0%	.	0.0%
Sudbury	$150	0.4%	.	0.0%	$500	1.6%	.	0.0%
Toronto	$1,100	2.7%	.	0.0%	.	0.0%	.	0.0%
Total Costco	**$16,490**	**40.7%**	**$5,059**	**28.4%**	**$11,080**	**34.7%**	**$200**	**4.9%**
Other Non-Department Store General Merchandise	$23,995	59.3%	$12,738	71.6%	$20,818	65.3%	$3,865	95.1%
Total Non-Department Store General Merchandise	$40,485	100.0%	$17,797	100.0%	$31,898	100.0%	$4,065	100.0%
Total NFSR	**$641,432**		**$330,724**		**$349,738**		**$66,793**	
Costco Share of Total NFSR %	2.6%		1.5%		3.2%		0.3%	

Source: City of Peterborough Retail Market Analysis (2009) and urbanMetrics inc.

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Appendix B: Long-Term Sales Average for Existing City of Peterborough Supermarkets and Grocery Stores

SALES TRANSFER FOR CITY OF PETERBOROUGH SUPERMARKET AND GROCERY STORES TO NEW DEVELOPMENT FROM TRADE AREA RESIDENTS

2009 Market Conditions	
Sales at Existing City of Peterborough Supermarkets and Grocery Stores from TA Residents	$ 243.2
Less: Long-Term Industry Average	
Canadian Supermarket Average Sales (sq. ft.) (2007 dollars) (1	$ 569
Conversion to Current 2009 dollars	10.1%
Canadian Supermarket Average Sales (sq. ft.) (2009 dollars)	$ 627
City of Peterborough Supermarket and Grocery Store Inventory (sq. ft.)	428,050
Total Sales at City of Peterborough Supermarket and Grocery Stores ($ Millions)	$ 268.2
Less: Estimated Inflow Sales	15.0%
Inflow ($ Millions)	$ 40.2
Long-Term Sales for Existing City of Peterborough Supermarkets and Grocery Stores from TA Residents	$ 228.0
Sales Transfer from Existing City of Peterborough Supermarkets and Grocery Stores to New Development from TA Re	$ 15.2

Source: urbanMetrics inc.
Note: (1 Based on Statistics Canada Annual Retail Trade Survey. 2007.
(2 Estimated food store inflation and real growth from 2007 to 2009 is based on a review of food store CPI and retail trade data.