

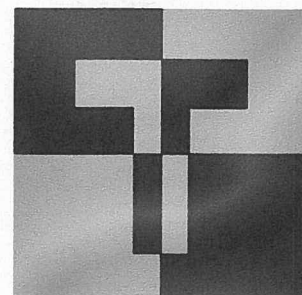
Mapleridge Plaza - Retail Market Study

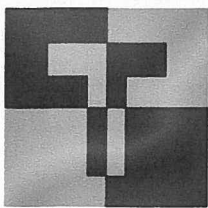
City of Peterborough

Prepared for: 2351058 Ontario Inc.
c/o Colonnade Development Inc.

November 10, 2014

TATE ECONOMIC RESEARCH INC





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Ms. Kelly Rhodenizer, MCIP, RPP
Manager Development Projects
2351058 Ontario Inc.
c/o Colonnade Development Inc.
16 Concourse Gate, Suite 200
Ottawa, Ontario
K2E 7S8

November 10, 2014

**Re: Retail Market Study
Mapleridge Plaza, City of Peterborough**

Dear Ms. Rhodenizer:

2351058 Ontario Inc. is the registered owner of Mapleridge Plaza located at 1840 and 1866 Lansdowne Street West in the City of Peterborough. Colonnade Development Inc. (Colonnade) acting on behalf of 2351058 Ontario Inc., has requested that Tate Economic Research Inc. (TER) conduct a retail market study examining the retail market implications of permitting a 10,200 square foot Dollarama store at Mapleridge Plaza.

1. Background

It is our understanding that Colonnade would like to reconfigure two of its vacant units at Mapleridge Plaza to accommodate a 10,200 square foot Dollarama. The proposed Dollarama will be a new location and not a relocation of an existing Dollarama in Peterborough. It should be noted that Colonnade is not requesting to increase the overall size of Mapleridge Plaza. The Dollarama will be replacing, in part, the space vacated by the 8,000 square foot Shoppers Drug Mart which relocated to Rockhaven Centre on the south side of Lansdowne Street West.

The City of Peterborough has requested that the retail market study address whether the addition of Dollarama to Mapleridge Plaza would result in a change in the function of the Mapleridge Plaza as a *Neighbourhood Centre* and whether it would alter the commercial structure of the City as identified in Sections 2.3.1 and 2.3.4.1 of the City of Peterborough Official Plan (Peterborough OP).

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2. Official Plan Policy Context

Mapleridge Plaza is designated *Neighbourhood Centre* in the Peterborough OP and is zoned Special District 121 (SP.121). The zoning by-law states there is a 3,552 square foot (330 sq. m.) maximum unit size for selected retail establishments. It is our understanding that Dollarama, which is classified by Statistics Canada as a general merchandise store, would be subject to that maximum unit size. There previously was a general merchandise dollar store at Mapleridge Plaza therefore the use is permitted.

TER's retail market study was conducted in the context of the Peterborough OP. The following policies were taken into consideration:

Neighbourhood Centre Policies

4.3.5.1 Purpose

...The designation includes shopping plazas and commercial districts which provide a range of goods and services to a trade area comprised of several planning district within the City.

4.3.5.2 Objective

To provide for an appropriate range and supply of commercial goods and services to serve a number of planning districts in a manner compatible with adjacent uses.

4.3.5.3 Permitted Uses

The Neighbourhood Centre designation on Schedule "I" means that the predominant use of land shall be for a node of commercial establishments often clustered in or around one or more shopping plazas. Permitted uses shall include:

- a) Retail and Service Commercial Uses such as small scale retail stores, personal service uses, and restaurants*
- b) Larger scale neighbourhood serving retail uses such as food stores, drug stores and hardware stores*
- c) ...*

Commercial Structure Policies

2.3.1 Commercial Structure

The essence of Peterborough's commercial structure is illustrated by Figure 1. This commercial structure includes, on a base illustrating the major transportation network serving the City and the schematic

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distribution of commercial land uses, the following major structural elements:

- ☐ *Central Area*
- ☐ *Shopping Nodes*
- ☐ *Special Policy Area*

These are not necessarily areas exclusively devoted to commercial use.

2.3.4 Shopping Nodes

2.3.4.1 a) Four Shopping Nodes are conceptually identified by Figure 1. These locations have developed and evolved in recent decades in response to planning policies established by the City, as well as demographic and market forces, business decisions and consumer support. These Shopping Nodes comprise Peterborough's principal concentrations of non-downtown commercial activity, and are the appropriate locations to accommodate ongoing expansion of such commercial activity in accordance with the policies of this Plan.

For your reference, TER has attached Figure 1 to this letter.

3. SUMMARY OF TER FINDINGS AND RECOMENDATIONS

The TER retail market study assessed the function of Mapleridge Plaza and Dollarama within the retail hierarchy. TER assessed the change, if any, in the function of Mapleridge Plaza through the addition of a Dollarama retail store.

It is the professional opinion of TER that the addition of a 10,200 square foot Dollarama at Mapleridge Plaza will not result in a change in the retail function of Mapleridge Plaza. Therefore, there will be no impact on the commercial structure of the City of Peterborough.

It is the professional opinion of TER that the proposed ZBA permitting a 10,200 square foot Dollarama should be approved from a retail market standpoint.

The basis of TER's opinion and recommendation is summarized below:

- Mapleridge Plaza functions as a neighbourhood centre based on its size and tenants.
- According to Statistics Canada and the North American Industry Classification System (NAICS), Dollarama is classified as a General Merchandise store. Mapleridge Plaza has had a general merchandise dollar store tenant in the past. Therefore, it is our understanding that the use is permitted.

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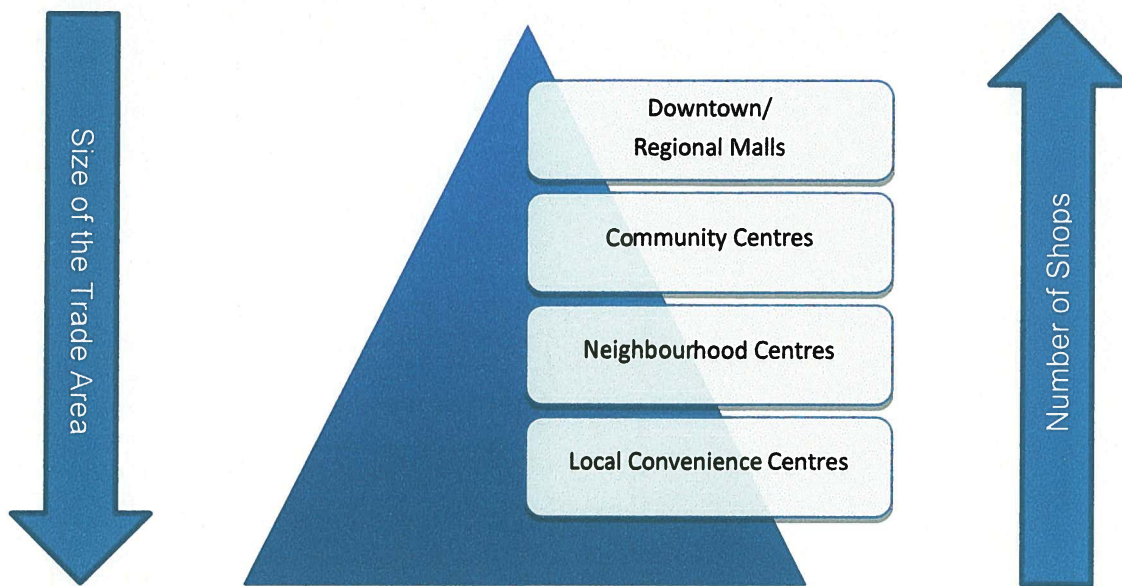
- Dollarama, is a convenience oriented retailer that locates in many neighbourhood centres. The 10,200 square foot size of the proposed Dollarama is consistent with the 9,918 square foot average size of Dollarama stores operating in Canada.
- There is a Dollarama located in Brookdale Plaza at Chemong Road and Highland Road. Brookdale Plaza is designated as a *Neighbourhood Centre* in the Peterborough OP. Therefore the addition of a Dollarama to a designated *Neighbourhood Centre* such as Mapleridge Plaza is not precedent setting in the Peterborough context.
- The proposed Dollarama will be the fourth location in Peterborough. Combined, the existing Dollarama stores serve a considerable portion of Peterborough. Therefore the proposed Dollarama will have a local serving trade area.

The above summary is based on a number of factors which are expanded upon in the remainder of this letter.

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4. Mapleridge Plaza Neighbourhood Centre Function

The commercial structure in many official plans is comprised of a hierarchy. Downtowns and regional/super regional malls, which provide the widest range of goods and services, are typically at the top of the hierarchy. These areas are usually classified as higher order centres and provide comparison or specialty goods. These goods are purchased infrequently and shoppers are typically willing to drive longer distances to purchase them. At the lower end of the hierarchy are neighbourhood and local centres which are more numerous. These centres provide convenience oriented goods and services for consumers not willing to travel great distances.



Mapleridge Plaza is a 68,000 square foot retail centre. The plaza is anchored by a 24,000 square foot No Frills. There are currently 12 tenants at Mapleridge Plaza. All of the tenants, with the exception of 2, are service oriented. It is the opinion of TER that based on the size of the plaza and its tenant mix Mapleridge Plaza operates as a neighbourhood centre. This is consistent with the Peterborough OP designation as a *Neighborhood Centre*.

It is the opinion of TER that the introduction of a 10,200 square foot Dollarama will not result in a change in the function of the Mapleridge Plaza based on the convenience orientation of Dollarama stores. It should be noted that the zoning by-law for Mapleridge Plaza permits certain large scale uses up to 20,000 square feet and therefore zoning by-law envisioned that larger scale uses would not detract from the *Neighbourhood Centre* designation.

The next section examines the role of Dollarama in the retail hierarchy.

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5. Dollarama Retail Function

According to Dollarama's 2014 annual report, the average size of a Dollarama is 9,918 square feet. The average size of a Dollarama store has increased from 5,272 square feet in 1998 to 9,918 in 2014. Therefore, the proposed 10,200 square foot Dollarama at Mapleridge Plaza is consistent with the average size of Dollarama stores entering the market. In order to support this opinion TER has provided some excerpts from Dollarama's 2014 annual report:

"Our stores average approximately 9,918 square feet and offer a targeted mix of merchandise at compelling values, including private label and nationally branded products. We offer a broad range of quality consumer products and general merchandise for *everyday use* [emphasis added], in addition to seasonal products." (p.7)

"We believe that our stores attract customers from a *relatively small shopping radius* [emphasis added], which allows us to profitably operate multiple stores in all markets across Canada. We believe that we can continue to profitably open stores in markets across Canada, including in areas where our store density is the highest, such as in Ontario and Québec." (p. 8)

Another way of establishing retail function is to examine the number of stock keeping units (SKU). SKUs are a unique identifier for each distinct product and service that can be purchased in business. Dollarama stores have on average 4,000 SKUs. For comparison purposes a typical Wal-Mart has upwards of 140,000 SKUs.¹ No Frills supermarkets have approximately 4,000 SKUs compared to 70,000 SKUs within Real Canadian Superstores.


The above excerpts reinforce the TER opinion that Dollarama operates as a local serving convenience oriented store. Therefore, the addition of Dollarama to Mapleridge Plaza will not result in a change to the function of the plaza.

6. Existing Dollarama Stores in Peterborough

There are three Dollarama stores in Peterborough as summarized in Table 1:

TABLE 1
 RETAIL MARKET STUDY

DOLLARAMA LOCATIONS IN PETERBOROUGH



Centre Size	Intersection	Dollarama		Official Plan Designation
		Centre Size	Size	
Brookdale Plaza	Chemong Rd. & Highland Rd.	82,600	5,900	Neighbourhood Centre
Willowcreek Centre	Lansdowne St. E. & Willowcreek Blvd.	67,100	8,400	Major Shopping Centre
Parkway Centre	Lansdowne St. W. & The Parkway	264,000	10,200	Major Shopping Centre

Source: TATE ECONOMIC RESEARCH INC.

¹ It should be noted that the number of SKUs is not always a function of the size of the store. For instance Costco has approximately 4,000 SKUs

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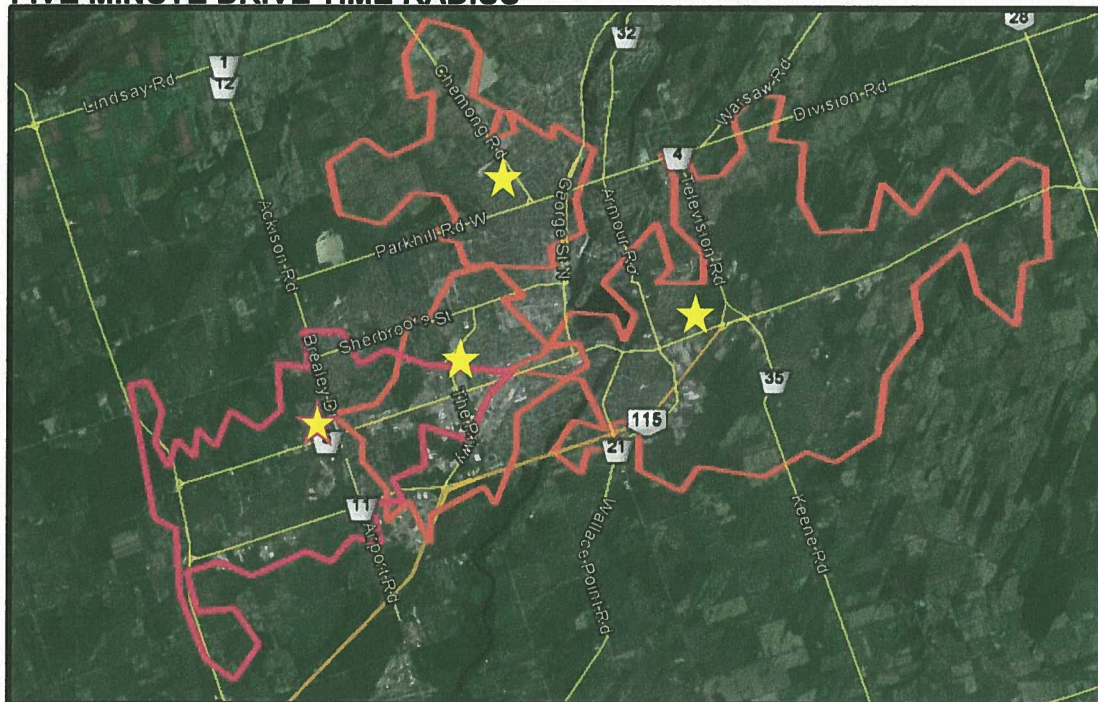
The following observations are made with respect to Table 1:

- The average size of the three Dollarama stores in Peterborough is 8,170 square feet.
- There is a Dollarama in a designated *Neighbourhood Centre*, Brookdale Plaza.
- Although, Willowcreek Centre is designated as a *Major Shopping Centre*, it is similar in size to Mapleridge Plaza and based on its grocery anchor and size it functions more like a neighbourhood centre.

The size of the proposed Dollarama is consistent with existing Dollarama stores in Peterborough. There are precedents in Peterborough of Dollarama stores operating within neighbourhood centre functioning plazas.

The map below illustrates the five minute drive time radius of the existing Dollarama stores as well as the five minute drive time radius of the proposed Dollarama at Mapleridge Plaza. Based on the geographic distribution of the existing Dollarama stores, it is the opinion of TER that the proposed Dollarama at Mapleridge Plaza will have a local trade area similar to its 5 minute drive time radius.

EXISTING AND PROPOSED DOLLARAMA STORES FIVE MINUTE DRIVE TIME RADIUS



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7. Summary

Overall it is the professional opinion of TER that the addition of a 10,200 square foot Dollarama at Mapleridge Plaza will not result in a change in the retail function of Mapleridge Plaza. Therefore, there will be no impact on the commercial structure of the City of Peterborough.

Yours truly,
TATE ECONOMIC RESEARCH INC.

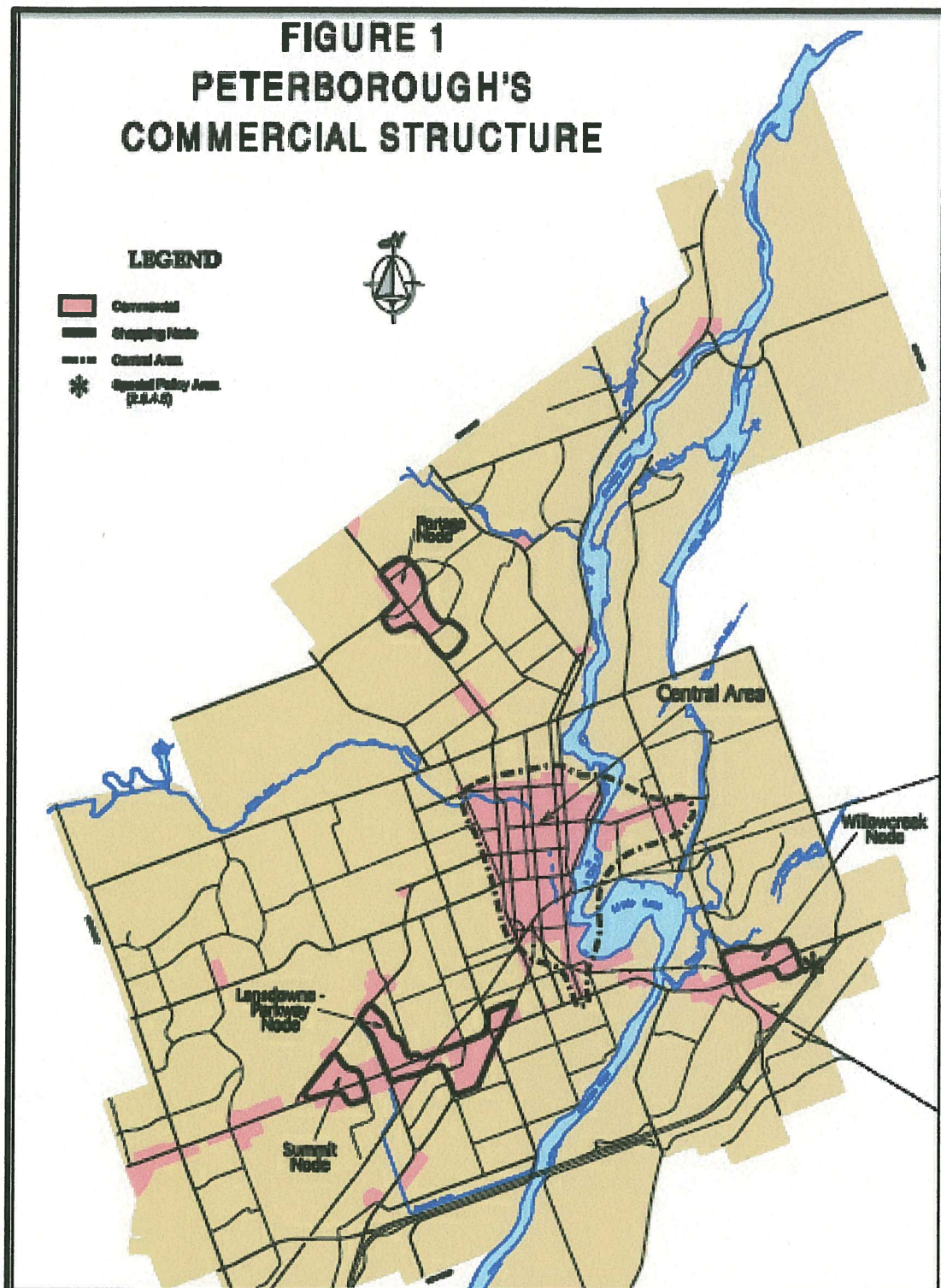


James P. Tate
President



Sameer Patel
Director

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SOURCE: City of Peterborough Website