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# *RETAIL MARKET DEMAND AND IMPACT ANALYSIS*

# *PEER REVIEW*

***Ira Needles Mixed Use Centre Proposal***
***John Winter Associates Limited, Update Report, June 2008***

***Prepared for:***
***CITY OF WATERLOO***
***CITY OF KITCHENER***
***September 29, 2008***

## 1.0 Introduction

**Joseph Urban Consultants** (JUC) were originally retained by the City of Kitchener to provide market peer review consulting services with respect to the proposed development applications and supporting Market Feasibility and Impact Report prepared by John Winter and Associates Limited. That peer review was completed and submitted to the City of Kitchener on July 18, 2007.

We have subsequently been retained as well by the City of Waterloo to provide market peer review consulting services with respect to the subject applications. Our assignment is to review, analyze and comment on further market update materials provided in support of the applications. JUC were recently provided with the following **John Winter Associates** (JWA) update document with respect to the market demand and impact of the proposal:

1. **John Winter Associates Limited,** Update Report, June 2008;

This peer review incorporates the original report material updated to incorporate a subsequent review of the JWA update report.

## 2.0 Summary, Conclusions & Recommendations

### Summary

The subject property is located on the west side of the urban area at the intersection of Ira Needles Boulevard (formerly West Hill Drive in Waterloo) and University Avenue West. The property consists of a total of approximately 35.8 hectares (88.4 acres) with the northerly portion (17.7 hectares/43.7 acres) in the City of Waterloo and the southerly portion (18.1 hectares/44.7 acres) in the City of Kitchener.

The site has direct access from the proposed intersection plus additional accesses to the north and south along Ira Needles Boulevard. Consumers from the urban area will have an accessible system of north/south and east/west routes to the site. Consumers from the rural areas to the west will have access from current major routes into the Kitchener/Waterloo urban area and connecting north/south arterial roads.

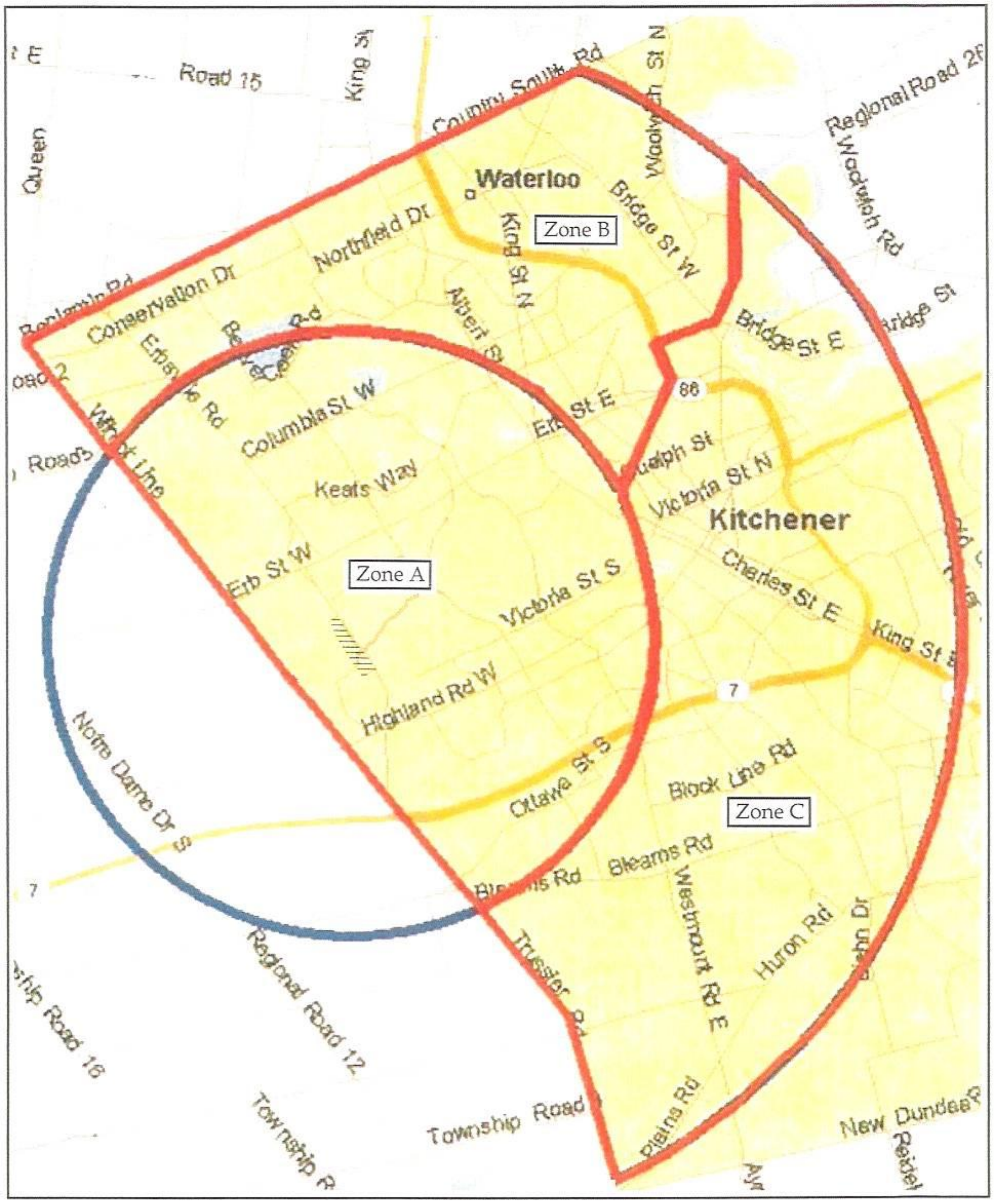
The current development proposal, as analyzed by JWA is summarized below:

| **Proposed Use:** | | **Floorspace** (Total) | **Waterloo** (portion) | **Kitchener** (portion) |
|---|---|---|---|---|
| Home Improvement Centre | | 142,340 | 142,340 | |
| Department Store | Food | 45,000 | | 45,000 |
| | General Merchandise | 187,000 | | 187,000 |
| | Subtotal | 232,000 | | 232,000 |
| **Subtotal Anchor Tenants** | | **374,340 sf** | **142,340** | **232,000** |
| Pharmacy | | 4,000 | 2,000 | 2,000 |
| General Merchandise | | 10,000 | | 10,000 |
| Apparel & Accessories | | 127,400 | 37,400 | 90,000 |
| Furniture, HF & Electronics | | 111,400 | 31,400 | 80,000 |
| Other Retail | | 101,300 | 32,050 | 69,250 |
| **Subtotal GAFO+DRUG** | | **354,100 sf** | **102,850** | **251,250** |
| Multiplex Cinema | | 45,000 | 45,000 | |
| Fitness Centre | | 31,000 | 31,000 | |
| Restaurants | | 33,025 | 16,145 | 16,880 |
| Service Retail | | 38,000 | 19,000 | 19,000 |
| Medical Office | | n/a | | |

| | | | |
|---|---|---|---|
| **Subtotal Other Uses** | **147,025 sf** | **111,145** | **35,880** |
| **Office** | **204,620 sf** | **144,235** | **60,385** |
| **Total Centre (sf)** | **1,080,085 sf** | **500,570** | **579,415** |

JWA has chosen to define their trade area with the sectors within radii of influence. JWA have applied their field research and analysis to these zonal boundaries to produce the market opportunity and impact associated with trade area analysis.

**Zone A** – extending 0 **-** 5 km from the subject site;
**Zone B** – extending 5 -10 km within the City of Waterloo from the subject site;
**Zone C** – extending 5 -10 km within the City of Kitchener from the subject site.




The forecast growth through 2014 for trade area zones is quite consistent with forecasts produced by the Regional Municipality of Waterloo for both Kitchener and Waterloo. The JWA income/expenditure methodology is consistent with that used in current market demand and impact studies.

The Kitchener Downtown Area has gone through a period of major restructuring to mitigate a declining retail presence in the Kitchener marketplace. This is not unusual in the context of many Ontario communities which have gone through similar remerchandising programs as their downtown retail has dwindled in market share and shifted from national tenants to local independent operators. A recent review of the Kitchener Downtown Business Directory indicates a resurgence in downtown shops such as apparel, books/music/video, general merchandise, electronics, furniture & appliances, and specialty shops.

The Waterloo Uptown Area has also undergone a major restructuring in both urban form and market components. Strong office and residential demand has resulted in the redevelopment and re-tenanting of many existing uptown structures. Retail re-development efforts have produced dramatically different development formats such as the reformulated Waterloo Town Square.

The primary zone for this proposed retail centre extends approximately 5 km from the site. With the exception of the Sunrise S.C., which is at the southern limit of this zone, the area generally has limited retail services in the major retail categories with the exception of supermarkets, drugstores and a recent Canadian Tire outlet.

The JWA consumer licence plate survey results show that contemporary centres such as the Sunrise S.C. drew from 37% to 51% of their customer trips from a 0 - 5 km radius, 21% to 26% from the 5 km to 10 km radius, and 24% to 37% as inflow from beyond 10 km.

| **Sunrise Tenants/Customer Origin** (ref Sunrise site) | **0–5 km** | **5-10 km** | **Inflow** | **Total** | |
|---|---|---|---|---|---|
| Canadian Tire | | 50.9% | 25.4% | 23.7% | 100.0% |
| Wal-Mart | | 46.8% | 21.3% | 31.9% | 100.0% |
| CRU Tenants | | 37.2% | 25.9% | 36.9% | 100.0% |
| Home Depot | | 46.3% | 22.4% | 31.3% | 100.0% |

Source: JWA

| **Sunrise Tenants/Customer Origin** (ref Ira Needles site) | **Zone A** | **Zone B** (K/W) | **Zone C** Waterloo | **Inflow** Kitchener | |
|---|---|---|---|---|---|
| Canadian Tire | | 45.7% | 6.5% | 19.9% | 27.8% |
| Wal-Mart | | 41.3% | 6.4% | 19.5% | 32.8% |
| CRU Tenants | | 33.6% | 9.6% | 18.5% | 38.4% |
| Home Depot | | 41.2% | 8.5% | 20.4% | 30.0% |

Source: JWA Appendix B

The JWA consumer telephone survey indicated that Zone A residents had the strongest attraction to the following facilities by order of preference for these shopping categories:

- Department Store: Sears (Fairview Park), Wal-Mart (Sunrise S.C.), Wal-Mart (Fairview Park)
- Supermarket : Zehrs (Highland Hills, Beechwood Centre), Sobeys (Highland Road)
- Drugstore: SDM (Highland Road, Beechwood Centre, Sunrise S.C.)
- Apparel & Accessories: Waterloo Uptown, Fairview Park Mall, Conestoga Mall
- Home & Auto Supply: Canadian Tire (Sunrise S.C., Weber Street N.)
- Furniture, Furnishings & Electronics: Fairview Park Mall, Sunrise S.C., Conestoga Mall
- Miscellaneous Stores: Fairview Park Mall, Uptown Waterloo, Conestoga Mall
- Home Improvement – Home Depot (King Street N., Sunrise S.C.), Rona (Laurentian PC)

The telephone survey of respondents in all three zones, together with known inflow characteristics, suggested that area retail facilities were performing at strong operating levels.

JWA expects future retail development during the forecast period which would affect the market potential for this proposal including continued remerchandising in Uptown Waterloo, expansion and remerchandising of Conestoga Mall and the first phase of the Woolwich site which is north of the City of Waterloo.

JWA included potential arterial commercial development on currently zoned parcels at the intersection of Ira Needles Boulevard/Highland Road West, Ira Needles Boulevard/Erb Street W. and Ira Needles Boulevard/Laurelwood Blvd. Prospective tenants for these areas will not generally replicate the typical specialty DSTM uses attracted to the subject property.

The JWA associated impact analysis, conducted on a category by category basis, supports the development scale and timing suggested in their reports with limited impact on existing retail facilities and no effect on the planned functions of these competing retail nodes.

In all cases discussed, the operating levels are sufficient for the stores to continue to fulfill their planned function and the pattern of sales transfers is consistent with what one may expect from the results of the consumer shopping surveys as well as the merchandise mix proposed in the subject centre.

### Conclusions

The JUC review and analysis herein indicates the applicant and his consultant have provided the municipality with:

- a viable merchandise concept for the proposed centre;
- a reasonable construct of the potential market;
- appropriate research with respect to the existing customer shopping patterns;
- achievable market entry and performance levels for its components;
- moderate impact levels on existing retail nodes with no threat to their planned functions.

### Recommendations

JUC has reviewed the JWA update report to reflect current commercial inventory conditions, planned development potential and revised impact analysis. Based on this information and review, JUC provides the following recommendations:

1. We suggest that proper safeguards be put in place to differentiate and distinguish the difference in retail formats between the downtown and the subject proposal including maximum overall floor space in relevant store categories and minimum individual store sizes as appropriate. Particular attention should be paid to Apparel and Accessories categories which will be considered most competitive with the downtown cores.

2. We suggest that proper safeguards be put in place to differentiate supermarket or foodstore formats between free standing food stores allowed in the mixed-use nodes and commercial corridors and the subject proposal which requests a maximum of 45,000 sf of food store floorspace operating within the department store itself.

3. We suggest that the proper safeguards be put in place to develop a mixed-use development rather than a retail shopping centre including zoning regulations to encourage mixed-use buildings and integration with office uses.

4. We recognize that this overall project will operate under two different municipal commercial planning structures and that the Planning Amendment applications for the development proposal must be coordinated between the two municipalities with the proper safeguards incorporated into the respective Official Plan Amendment and zoning by-laws.

5. We have prepared this peer review report incorporating both typical market review and associated planning comments and would be pleased to assist both municipalities further in the structuring and wording of the respective OPA and zoning by-laws.

## 1.0 Area & Accessibility

The subject property is located on the west side of the urban area at the intersection of Ira Needles Boulevard (formerly West Hill Drive in Waterloo) and University Avenue West. The property consists of a total of approximately 35.8 hectares (88.4 acres) with the northerly portion (17.7 hectares/43.7 acres) in the City of Waterloo and the southerly portion (18.1 hectares/44.7 acres) in the City of Kitchener.

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## 2.0 Development Proposal

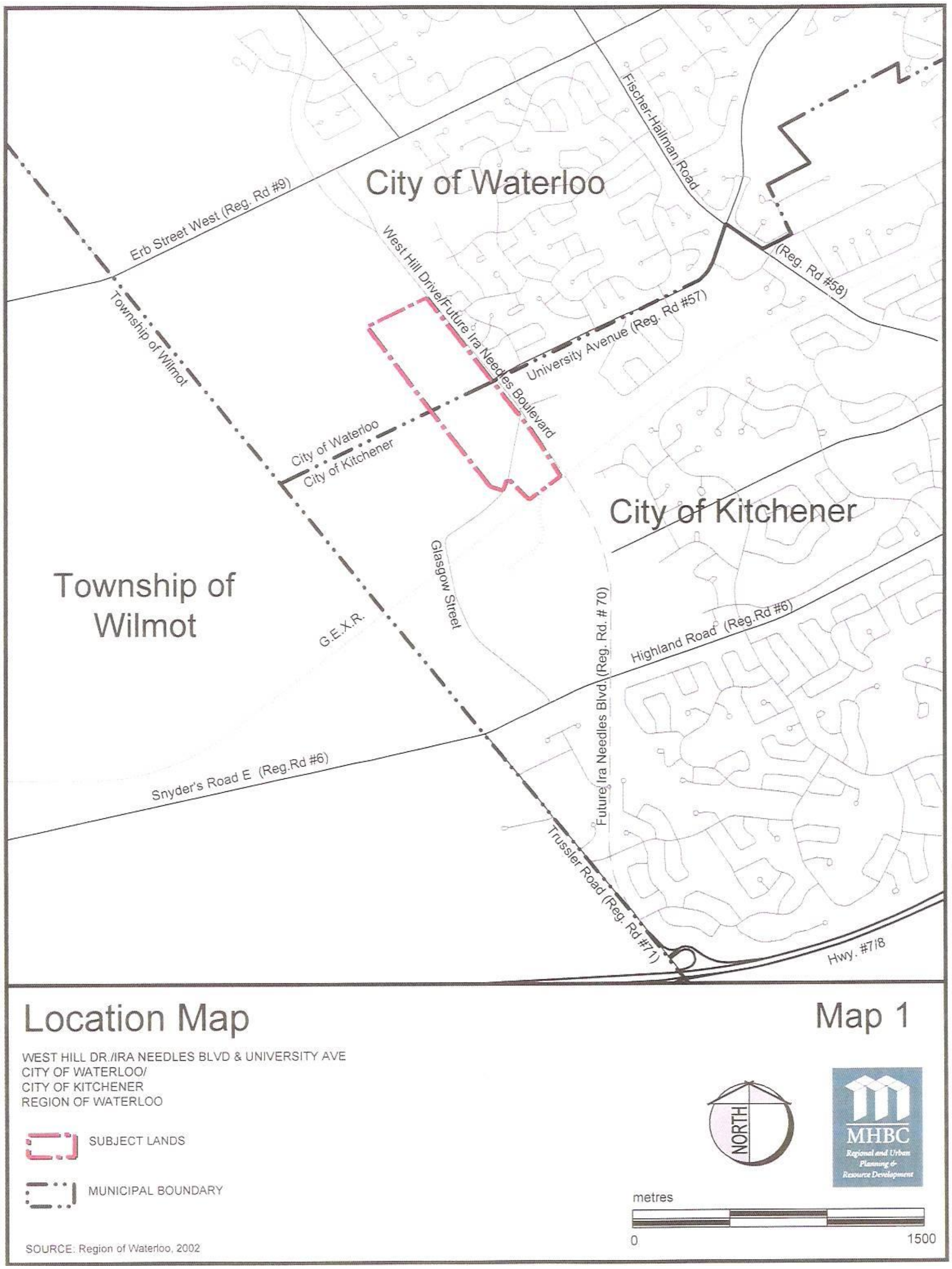
The current development proposal, as analyzed by JWA is summarized below:

| **Proposed Use:** | | **Floorspace** (Total) | **Waterloo** (portion) | **Kitchener** (portion) |
|---|---|---|---|---|
| Home Improvement Centre | | 142,340 | 142,340 | |
| Department Store | Food | 45,000 | | 45,000 |
| | General Merchandise | 187,000 | | 187,000 |
| | Subtotal | 232,000 | | 232,000 |
| **Subtotal Anchor Tenants** | | **374,340 sf** | **142,340** | **232,000** |
| Pharmacy | | 4,000 | 2,000 | 2,000 |
| General Merchandise | | 10,000 | | 10,000 |
| Apparel & Accessories | | 127,400 | 37,400 | 90,000 |
| Furniture, HF & Electronics | | 111,400 | 31,400 | 80,000 |
| Other Retail | | 101,300 | 32,050 | 69,250 |
| **Subtotal GAFO+DRUG** | | **354,100 sf** | **102,850** | **251,250** |
| Multiplex Cinema | | 45,000 | 45,000 | |
| Fitness Centre | | 31,000 | 31,000 | |
| Restaurants | | 33,025 | 16,145 | 16,880 |
| Service Retail | | 38,000 | 19,000 | 19,000 |
| Medical Office | | n/a | | |
| **Subtotal Other Uses** | | **147,025 sf** | **111,145** | **35,880** |
| **Office** | | **204,620 sf** | **144,235** | **60,385** |
| **Total Centre (sf)** | | **1,080,085 sf** | **500,570** | **579,415** |

The department store was analyzed by JWA in terms of its components e.g. Food: 45,000 sf and Non-Food: 187,000 sf.

Since the initial proposal in 2005, the development concept has evolved from a retail power centre concept to a more contemporary mixed-use development:

- The amount and proportion of retail space has been reduced;
- The amount and proportion of service space has been increased;
- Significant office space has been added in the form of mixed-use buildings and freestanding office buildings up to four stories in height;
- Entertainment and other lifestyle uses have been integrated into the project layout;
- An updated design concept focuses on street-oriented buildings, pedestrian movement, transit accessibility and site amenities.


City of Waterloo
Erb Street West (Reg. Rd #9)
Fischer-Hallman Road
(Reg. Rd #58)
West Hill Drive/Future Ira Needles Boulevard
University Avenue (Reg. Rd #57)
Township of Wilmot
City of Waterloo
City of Kitchener
City of Kitchener
Glasgow Street
Township of Wilmot
G.E.X.R.
Future Ira Needles Blvd. (Reg. Rd. # 70)
Highland Road (Reg.Rd #6)
Snyder's Road E (Reg.Rd #6)
Trussler Road (Reg. Rd #71)
Hwy. #7/8
Location Map
Map 1
WEST HILL DR./IRA NEEDLES BLVD & UNIVERSITY AVE
CITY OF WATERLOO/
CITY OF KITCHENER
REGION OF WATERLOO
SUBJECT LANDS
MUNICIPAL BOUNDARY
SOURCE: Region of Waterloo, 2002
NORTH
MHBC
Regional and Urban Planning & Resource Development
metres
0
1500

## 3.0 Trade Area

The traditional definition of a trade area is the geographical area from which retail facilities could normally expect to derive the major portion of their sales volume, generally between 80% and 95% of total sales. The geographical extent of the trade area is a function of (i) the pattern of accessibility and driving times created by the current and future road networks; (ii) the type, scale and character of existing area retail facilities and the proposed development; (iii) the scale, accessibility and merchandising strength of competitive facilities. The remaining sales will originate from occasional expenditures by visitors, tourists, students and employees working but not residing in the delineated trade area.

JWA has chosen instead to define their trade area with the following sectors within radii of influence:

**Zone A** – extending 0 **-** 5 km from the subject site;
**Zone B** – extending 5 -10 km within the City of Waterloo from the subject site;
**Zone C** – extending 5 -10 km within the City of Kitchener from the subject site.

JWA has chosen to define their trade area with the sectors within radii of influence. JWA have applied their field research and analysis to these zonal boundaries to produce the market opportunity and impact associated with trade area analysis.

### 3.1 Trade Area Population and Projections

JWA has sourced the 1996, 2001 and 2006 historical population for the trade area zones which indicate consistent growth over the period. JWA has made appropriate adjustments for census under-count. The forecast growth through 2014 for trade area zones is consistent with forecasts produced by the Regional Municipality of Waterloo for both Kitchener and Waterloo.

### 3.2 Trade Area Income and Per Capita Spending

JWA utilized the census 2006 average household income and persons per household data for each zone to establish an average household income per capita which was then indexed to the Ontario average. JWA then utilized income/expenditure elasticity factors to establish resident expenditure levels for the individual zones based on the Province of Ontario 2007 per capita retail sales for various retail categories.

The JWA income/expenditure methodology is consistent with that used in current market demand and impact studies.

### 3.2 Retail Categories Utilized By JWA

In order to provide further insight into the demand for Kitchener and Waterloo retail facilities, JWA has broken overall retail expenditures into the following categories:

- Supermarket & Grocery Stores
- Department Stores
- Pharmacies and Personal Care
- Apparel & Accessories Stores
- Furniture, Furnishings & Electronics
- Miscellaneous Stores

- Home Improvement Trade Merchandise

JWA combines the existing and future population levels in the individual zones with the forecast expenditure per capita levels (2007 constant dollars) to produce the total expenditure amounts for 2006 (base year), 2011 and 2014. These are suitable periods and the calculation is quite basic.

## 4.0 Retail Structure

The Kitchener/Waterloo urban area has a broad mix of neighbourhood, community, regional, downtown and power centre retail centres producing a strong overall level of retail service to area residents as well as strong inflow levels from the surrounding urban and rural areas.

### 4.1 Downtown Areas

The Kitchener Downtown Area has gone through a period of major restructuring to mitigate a declining retail presence in the Kitchener marketplace. This is not unusual in the context of many Ontario communities which have gone through similar remerchandising programs as their downtown retail has dwindled in market share and shifted from national tenants to local independent operators. A recent review of the Kitchener Downtown Business Directory indicates a resurgence in downtown shops such as apparel, books/music/video, general merchandise, electronics, furniture & appliances, and specialty shops.

The Waterloo Uptown Area has also undergone a major restructuring in both urban form and market components. Strong office and residential demand has resulted in the redevelopment and re-tenanting of many existing uptown structures. Retail re-development efforts have produced dramatically different development formats such as the reformulated Waterloo Town Square.

### 4.2 Other Major Retail Nodes

The provision of major suburban shopping services (centres > 250,000 sf) has continued to strengthen over the past five year period and now includes:

- Fairview Park (745,000 sf, opened in 1966) anchored by Sears, The Bay and Wal-Mart department stores;

- Conestoga Mall (525,000 sf, opened in 1978) anchored by The Bay, Zellers, Zehrs Markets & Galaxy Cinemas;

- Sunrise S.C. (500,000 sf, opened in late 2004) anchored by Wal-Mart, Canadian Tire and Home Depot;

- Laurentian Power Centre (440,000 sf, opened in 2002) anchored by Zellers, Zehrs Markets and Rona.

### 4.3 Evolving Major Centres

The evolution of new format retail uses in a campus setting, such as the Sunrise S.C. and the subject proposal, has provided a more efficient and more economical operating setting for box retailers. At the same time, given the larger scale of both individual retailers and anchor tenants, the scale of overall operation has also increased.

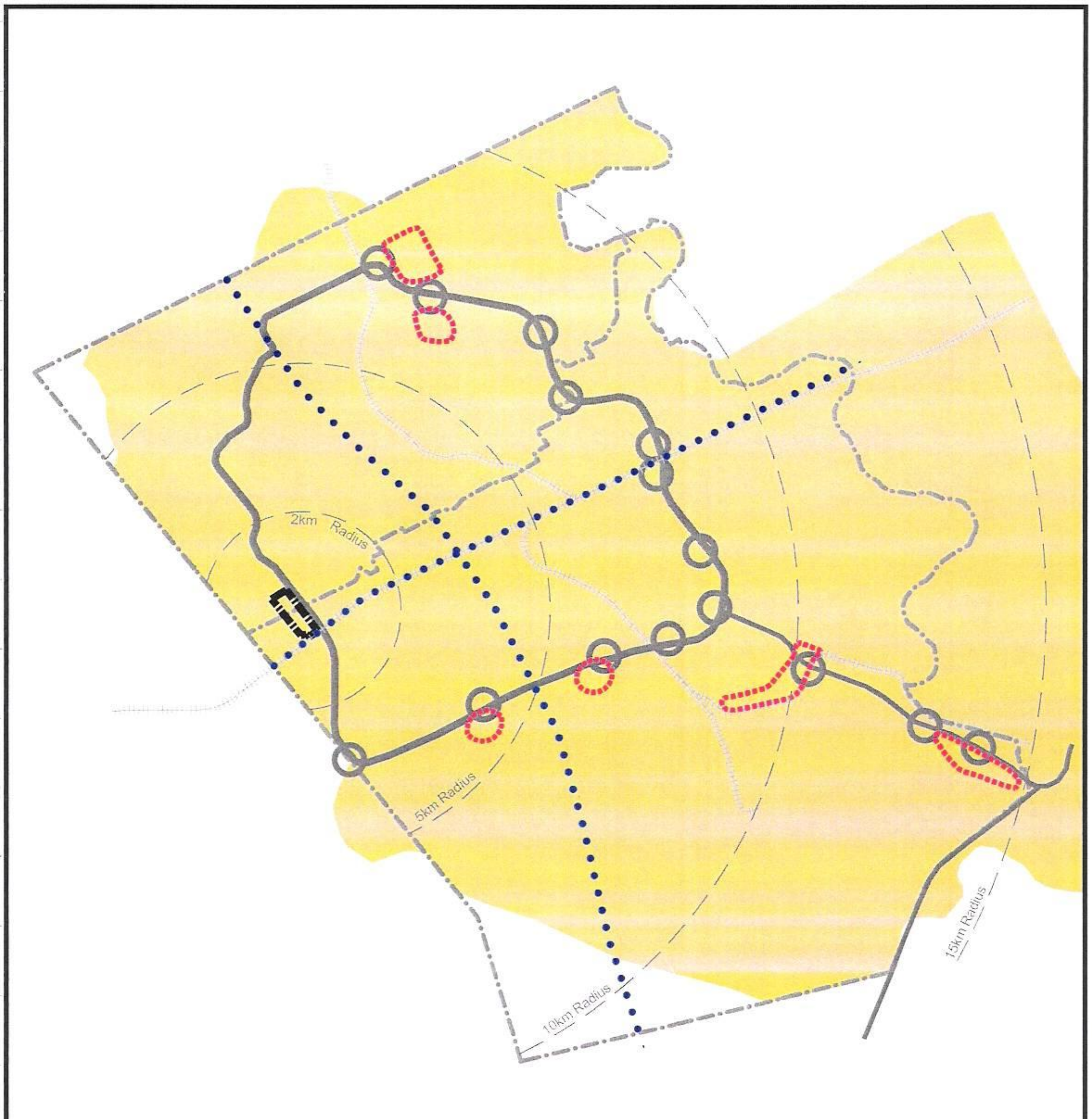
The proposed centre, for example, can be compared and contrasted to both the Fairview Park and Sunrise S.C. tenant mixes:

| Centre | Sunrise S.C. | Fairview Park | Subject Centre |
|---|---|---|---|
| Anchor tenants | 310,000 | 500,000 | 374,340 |
| Specialty DSTM | 175,000 | 215,000 | 354,100 |
| **Subtotal Retail** | **485,000** | **715,000** | **728,440** |
| Other Uses | 15,000 | 30,000 | 147,025 |
| **Office Uses** | | | **204,620** |
| **Total Floorspace** | **500,000 sf** | **745,000 sf** | **1,080,085 sf** |

This retail centre will complete the provision of regional retail services within the urban area itself currently comprising two of the three legs, namely Fairview Park Mall in Kitchener and Conestoga Mall in Waterloo.

### 4.4 Evolving Smaller Nodes

Within the JWA 0 - 5 km zone, additional neighbourhood shopping services are provided along the Highland Road commercial corridor in arterial commercial centres anchored by supermarkets such as Sobeys and Food Basics. The intersections of Ira Needles Boulevard and Highland Road, Erb Street W. and Laurelwood Blvd. are expected to evolve in a similar fashion.




Distribution of Larger Format Commercial Areas (Kitchener-Waterloo)

Figure 15

SUBJECT LANDS

LARGE FORMAT COMMERCIAL AREAS

APPROXIMATE LIMITS - EXISTING/FUTURE URBAN AREAS

NORTH

MHBC Regional and Urban Planning & Resource Development

Scale: N.T.S.

## 5.0 Consumer Surveys

### 5.1 Customer Origin (Licence Plate) Survey

In order to establish the current draw of the Sunrise S.C. and the relevant inflow levels, JWA conducted a customer licence plate survey in October 2005. The sample totaled 720 licence plates over a Thursday, Friday and Saturday period from October 27th to 29th, 2005.

| Sunrise Tenants/Customer Origin (ref Ira Needles site) | Zone A | Zone B (K/W) | Zone C Waterloo | Inflow Kitchener |
|---|---|---|---|---|
| Canadian Tire | 45.7% | 6.5% | 19.9% | 27.8% |
| Wal-Mart | 41.3% | 6.4% | 19.5% | 32.8% |
| CRU Tenants | 33.6% | 9.6% | 18.5% | 38.4% |
| Home Depot | 41.2% | 8.5% | 20.4% | 30.0% |

Source: JWA Appendix B

These customer intercept results were grouped by JWA by the zones related to the proposed development at Ira Needles and University. We are satisfied with the survey methodology utilized for the customer origin (license plate) survey and the subsequent zonal draws.

The licence plate survey results show that the Sunrise S.C. produces its strongest draw from the Zone A market sector, has limited market attraction from the balance of the City of Waterloo and has moderate market draw from the balance of the City of Kitchener. The level of inflow is quite strong to all facilities indicating a strong market attraction from adjacent rural sectors of the Kitchener/Waterloo market.

| Sunrise Tenants/Customer Origin (ref Sunrise site) | 0–5 km | 5-10 km | Inflow | Total |
|---|---|---|---|---|
| Canadian Tire | 50.9% | 25.4% | 23.7% | 100.0% |
| Wal-Mart | 46.8% | 21.3% | 31.9% | 100.0% |
| CRU Tenants | 37.2% | 25.9% | 36.9% | 100.0% |
| Home Depot | 46.3% | 22.4% | 31.3% | 100.0% |

Source: JWA

The JWA consumer licence plate survey results show that contemporary centres such as the Sunrise S.C. drew from 37% to 51% of their customer trips from a 0 - 5 km radius, 21% to 26% from the 5 km to 10 km radius, and 24% to 37% as inflow from beyond 10 km.

The results from this sample centre should be a useful indicator of the various zonal market penetration levels and sources of business for the proposed centre once adjustments are made for its locational characteristics.

### 5.2 Consumer Shopping (Telephone) Survey

JWA undertook a household telephone survey in November 2005 and completed a total of 471 surveys on respondents shopping habits. The sample was distributed throughout the trade area sectors consistent with each representation by population.

This survey indicated the current shopping patterns of area consumers, particularly those in Zone A, and the likely changes which will occur when the new facility is introduced. Briefly, the responses were:

### 5.2.1 Department Store Expenditure Patterns

Zone A residents (Exhibit E-1) made a significant portion of their department store expenditures in the City of Kitchener and a much smaller portion in the City of Waterloo including:

<u>0 - 5 km zone</u>

- Wal-Mart at Sunrise S.C. (20.4% of expenditures)

<u>5 -10 km zone</u>

- Sears at Fairview Park (33.9%)
- Wal-Mart at Fairview Park (11.2%)
- Zellers at Laurentian Power Centre (6.3%)

### 5.2.2 Supermarket Expenditure Patterns

Zone A residents (Exhibit E-5) made a moderate amount of their supermarket expenditures in Zone A itself (70.9%) and the preferred facilities were:

<u>0 - 5 km zone</u>

- Zehrs at Highland Hills (15.1% of expenditures)
- Zehrs at Beechwood Centre (13.1%)
- Sobeys on Highland Road (11.9%)
- Food Basics at Evergreen Centre (10.7%)

This is a limited overall market penetration level in Zone A and indicates the need for strengthening of area food store services. This penetration level should be in excess of 90%.

### 5.2.3 Drugstore Expenditure Patterns

Zone A residents (Exhibit E-8) made a moderate amount of their drugstore expenditures in Zone A itself (66.8%) and the preferred facilities were:

<u>0 - 5 km zone</u>

- SDM at Beechwood Centre (18.9% of expenditures), recently relocated to West Side Market
- SDM at #563 Highland Road W. (17.7%)
- SDM at Sunrise S.C. (13.8%)
- PharmaPlus at Glasgow Heights Centre (6.0%)

Zone A also benefits from a number of pharmacies located in area supermarkets and dispensaries located in medical buildings. The local shopping level once again could use substantial improvement.

### 5.2.4 Home & Auto Supply Store Expenditure Patterns

Zone A residents (Table E-11) made a significant portion of their home & auto supply store expenditures in the City of Kitchener and a much smaller portion in the City of Waterloo including:

<u>0 - 5 km zone</u>

- Canadian Tire at Sunrise S.C. (76.0% of expenditures)

5 -10 km zone

- Canadian Tire at #400 Weber Street N. (17.8%)
- Canadian Tire at #385 Fairway Road S. (4.9%)

A Canadian Tire outlet opened recently at Erb Street and West Hill Drive in the West Side Market Place postponing the potential for an additional outlet on the subject site until later in the forecast period.

#### 5.2.5 Home Improvement Centre Expenditure Patterns

Zone A residents (Table E-14) made a significant portion of their home improvement centre expenditures in the City of Kitchener and a much smaller portion in the City of Waterloo including:
0 - 5 km zone

- Home Depot at Sunrise S.C. (25.9% of expenditures)

5 -10 km zone

- Home Depot at #600 King Street N. (45.7%)
- Rona at Laurentian Power Centre (23.2%)

#### 5.2.6 Apparel & Accessories Expenditure Patterns

Zone A residents (Exhibit E-17) made a significant portion of their apparel & accessories expenditures in the City of Waterloo and a much smaller portion in the City of Kitchener including:

0 - 5 km zone

- Uptown Waterloo (22.8% of expenditures)
- Sunrise S.C. (8.8%)

5 -10 km zone

- Fairview Park + vicinity (14.7%)
- Conestoga Mall + vicinity (10.8%)

Uptown Waterloo is currently a strong shopping destination in this category.

### 5.2.7 Furniture, Furnishings & Electronics Expenditure Patterns

Zone A residents (Exhibit E-21) made a significant portion of their furniture, furnishings & electronics expenditures in the City of Kitchener and a much smaller portion in the City of Waterloo including:

0 - 5 km zone

- Sunrise S.C. (7.0% of expenditures)
- Uptown Waterloo (3.0%)

5-10 km zone

- Fairview Park + vicinity (27.5%)
- Conestoga Mall + vicinity (7.0%)

There is a conspicuous absence of retail services in this category on the west side and a strong need for improved services.

### 5.2.8 Miscellaneous Retail Store Expenditure Patterns

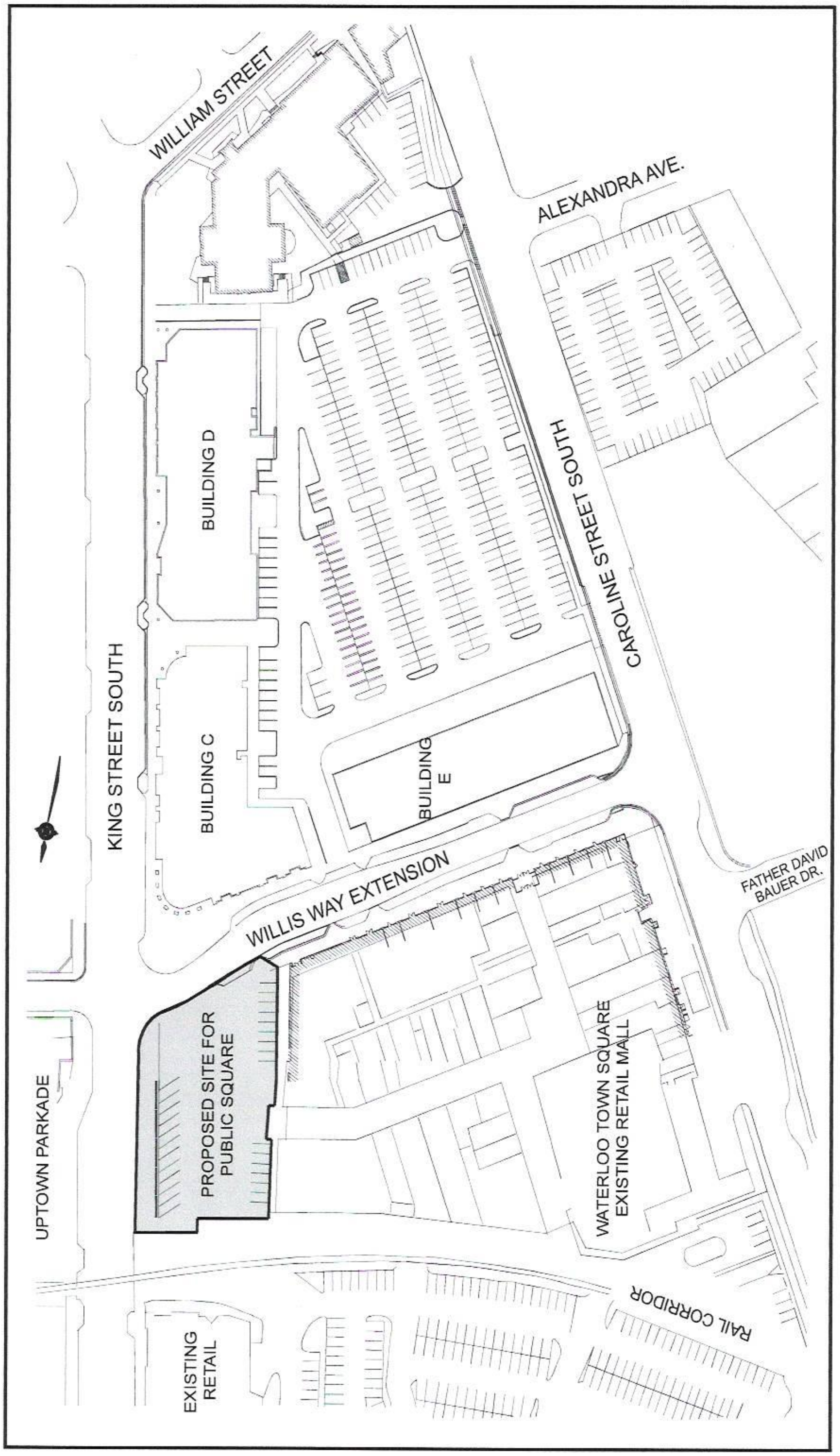
Zone A residents (Exhibit E-24) made a significant portion of their miscellaneous retail store expenditures in the City of Waterloo and a much smaller portion in the City of Kitchener including:

<u>0 - 5 km zone</u>

- Uptown Waterloo (11.0% of expenditures)
- Sunrise S.C. (2.8%)

<u>5 -10 km zone</u>

- Fairview Park + vicinity (19.4%)
- Conestoga Mall + vicinity (3.2%)


WILLIAM STREET
ALEXANDRA AVE.
BUILDING D
CAROLINE STREET SOUTH
KING STREET SOUTH
BUILDING C
BUILDING E
WILLIS WAY EXTENSION
FATHER DAVID BAUER DR.
UPTOWN PARKADE
PROPOSED SITE FOR PUBLIC SQUARE
WATERLOO TOWN SQUARE EXISTING RETAIL MALL
RAIL CORRIDOR
EXISTING RETAIL

## 6.0 Future Development

The JWA report identifies several expansions to the retail structure which will be factored into the forecasted supply and demand for retail floorspace and any accompanying sales transfers (sales impacts). They are summarized in Figure 1.

JWA has provided a summary of future retail development during the forecast period which would affect the market potential for this proposal including:

- continued remerchandising and retail expansion in the Uptown Core of the City of Waterloo;
- expansion of the Conestoga Mall with a larger Bay department store and fashion mall units;
- leasing of several of the mixed use nodes along the Ira Needles corridor at Laurelwood Drive, Erb Street West and Highland Road West respectively;
- the first phase of the Woolwich site which is north of the City of Waterloo.

## 7.0 Base Year 2006 Performance

JWA has combined the results of the consumer surveys (expenditure patterns and inflow characteristics) with the estimated trade area zonal potentials to produce their estimates of the 2006 performance of Zone A retail nodes and facilities. These estimates are:

| Category/Zone A Facilities/ 2006 | Sales ($mm) | Sales/sf | Ref. |
|---|---|---|---|
| Department Store (including inflow) | $ 39.0 | $ 295 | E-1R |
| Supermarket (including inflow) | $219.0 | $ 560 | E-5R |
| Drugstore (including inflow) | $ 90.7 | $1753 | E-8R |
| Apparel & Accessories (before inflow) | $ 64.6 | $ 287 | E-17R |
| Furniture, Furnishings & Electronics (before inflow) | $ 24.9 | $ 191 | E-21R |
| Miscellaneous Retail (before inflow) | $ 34.0 | $ 177 | E-24R |

The **department store** sales, as determined by the two surveys, are much lower than current management estimates for the recent operating year. Typically these Wal-Mart stores reach a level of at least $400/sf quite quickly and we believe this facility is no exception.

The **supermarket** sales performance is quite strong but the survey results indicate a current leakage approaching 25% out of Zone A indicating a residual opportunity for additional supermarket floorspace.

The **drugstore** performance is extremely strong indicating the ability of current facilities to accommodate a reasonable level of impact from potential site drugstore facilities. The proposal does not include a large new format drugstore, rather several small dispensaries in the potential dental/medical facilities.

The **apparel & accessories** performance would also be quite strong if adjusted for overall inflow. JWA estimates the Sunrise S.C. A&A facilities performance at $327/sf including inflow and quite high at $624/sf for Uptown Waterloo. This performance is not surprising given the relative lack of these tenants and the range of consumer choices currently absent in the west side area.

The **furniture, furnishings and electronics** performance is relative weak indicating a conspicuous absence of facilities, tenant selection and consumer choice in the west side area.

The **miscellaneous retail** store performance could also be improved by the presence of more national tenants in Zone A in these categories. There is no reason why parallel expansion cannot occur in these categories concurrently on the subject site and in the Uptown Waterloo and Downtown Kitchener areas. The difference is that national retailers will gravitate to the subject site while local or regional operators will be more comfortable in a downtown setting.

## 8.0 Impact Analysis

### 8.01 Department Store Facilities

The department store was analyzed by JWA in terms of its components e.g. Food: 45,000 sf and Non-Food: 187,000 sf. The JWA department store impact analysis (DSTM component) is provided in JWA Exhibits E-3R to E-4R. The 187,000 sf component has a performance level of $57.9 million or $309/sf in 2011 and $336/sf by 2014. These are suitable operating assumptions to test the impact of the proposed facility.

The JWA analysis indicates impact on the following facilities:

- Sunrise Wal-Mart sales increase from $295/sf in 2006 to $302/sf in 2011 and to $328/sf in 2014;
- Fairview Sears sales decrease from $672/sf in 2006 to $570/sf in 2011 and increase to $618/sf in 2014;
- Fairview Wal-Mart sales decrease from $578/sf in 2006 to $397/sf in 2011 and increase to $430/sf in 2014;
- Laurentian P.C. Zellers sales decrease from $148/sf in 2006 to $124/sf in 2011 and increase to $134/sf in 2014.

### 8.02 Supermarket Facilities

The department store was analyzed by JWA in terms of its components e.g. Food: 45,000 sf and Non-Food: 187,000 sf. The JWA supermarket impact analysis (food component) is provided in JWA Exhibits E-6R to E-7R. The 45,000 sf component has a performance level of $20.1 million or $447/sf in 2011 and $493/sf by 2014. These are suitable operating assumptions to test the impact of the proposed facility.

The JWA analysis indicates impact on the following facilities:

- Food Basics (Glasgow Heights) sales decrease from $353/sf in 2006 to $331/sf in 2011 and increase to $365/sf in 2014;
- Zehrs, now a RCSS (Highland Hills Mall) sales decrease from $503/sf in 2006 to $479/sf in 2011 and increase to $528/sf in 2014;
- Zehrs (Beechwood Plaza) sales decrease from $729/sf in 2006 to $590/sf in 2011 and increase to $652/sf in 2014;
- Food Basics (Highland Road W.) sales decrease from $807/sf in 2006 to $779/sf in 2011 and increase to $857/sf in 2014.

### 8.03 Drugstore Facilities

The JWA drugstore store impact analysis is provided in JWA Exhibit E-10R. The 4,000 sf facility will have a performance level including inflow of $0.62 million or $923/sf in 2011. These are suitable operating assumptions to test the impact of the proposed facility.

The JWA analysis indicates impact on the following facilities:

- Shoppers Drugmart (Sunrise Centre) sales increase from $979/sf in 2006 to $1,360/sf in 2011;
- Pharma Plus (Glasgow Heights) sales increase from $789/sf in 2006 to $968/sf in 2011;
- Shoppers Drugmart (Beechwood Plaza) has been relocated and replaced as a new format SDM drugstore at the intersection of Erb Street West and Ira Needles Blvd;
- Shoppers Drugmart (Highland Road W.) sales decrease from $3,221/sf in 2006 to $1,825/sf in 2011, based on larger store area.

### 8.04 Apparel & Accessories Stores

The JWA apparel & accessories impact analysis is provided in JWA Exhibits E-19R to E-20R. The 127,400 sf of facilities have a performance level of $45.8 million or $360/sf in 2011 and $395/sf by 2014. These are suitable operating assumptions to test the impact of the proposed facility.

The JWA analysis indicates impact on the following five km zone facilities:

- A&A stores (Sunrise SC) sales increase from $327/sf in 2006 to $375/sf in 2011 and $412/sf in 2014;
- A&A stores (Waterloo Uptown) sales decrease from $624/sf in 2006 to $397/sf in 2011 and increase to $438/sf in 2014;
- A&A stores (Conestoga Mall + vicinity) share of 5 km zone expenditures increase from 10.8% in 2006 to 13.8% in 2011 and 13.8% in 2014;
- A&A stores (Fairview Park Mall + vicinity) share of 5 km zone expenditures decrease from 14.7% in 2006 to 10.7% in 2011 and 10.7% in 2014.

### 8.05 Home Furniture, Furnishings & Electronics Stores

The JWA home furniture, furnishings & electronics impact analysis is provided in JWA Exhibits E-22R to E-23R. The 111,400 sf of facilities have a performance level of $33.8 million or $303/sf in 2011 and $334/sf by 2014. These are suitable operating assumptions to test the impact of the proposed facility.

The JWA analysis indicates impact on the following five km zone facilities:

- HF,F&E stores (Sunrise SC) sales increase from $247/sf in 2006 to $253/sf in 2011 and $279/sf in 2014;
- HF,F&E stores (Waterloo Uptown) sales decrease from $234/sf in 2006 to $219/sf in 2011 and $207/sf in 2014;
- HF,F&E stores (Conestoga Mall + vicinity) share of 5 km zone expenditures increase from 7.0% in 2006 to 9.1% in 2011 and 9.1% in 2014;
- HF,F&E stores (Fairview Park Mall + vicinity) share of total 5 km zone expenditures decrease from 27.5% in 2006 to 26.5% in 2011 and 26.5% in 2014.

### 8.06 Miscellaneous Retail Stores

The JWA miscellaneous stores impact analysis is provided in JWA Exhibits E-25R to E-26R. The 101,300 sf of facilities have a performance level of $27.0 million or $266/sf in 2011 and $289/sf by 2014. These are suitable operating assumptions to test the impact of the proposed facility.

The JWA analysis indicates impact on the following facilities:

- Miscellaneous retail (Sunrise SC) sales decrease from $316/sf in 2006 to $228/sf in 2011 and increase to $247/sf in 2014;
- Miscellaneous retail (Waterloo Uptown) sales decrease from $208/sf in 2006 to $203/sf in 2011 and increase to $221/sf in 2014;
- Miscellaneous retail (Conestoga Mall + vicinity) share of 5 km zone expenditures increase from 3.2% in 2006 to 4.2% in 2011 and 4.2% in 2014;
- Miscellaneous retail (Fairview Park Mall + vicinity) share of 5 km zone expenditures decrease from 19.4% in 2006 to 17.2% in 2011 and 17.2% in 2014;

### 8.07 Multi-Plex Cinema

JWA provides a further analysis of the opportunity for and the impact of a multi-plex cinema as a component of the proposed development. The facility will comprise stadium seating, two VIP theatres, 12 screens and entertainment facilities on a floor-plate of approximately 45,000 sf.

JWA has tested the proposed facility in the context of:

Visibility from major roadways;

- Access from arterial and regional transit corridors;
- Large site area to accommodate facility and associated parking requirements;
- A known location generally associated with a significant commercial node;
- Proximity to supportive commercial facilities such as restaurants, sports bars etc;
- Buffering or setbacks from low density residential neighbourhoods;

The Ira Needles proposal meets all these criteria. From a population service perspective, the 5 km zone is significantly lacking in theatre facilities. JWA estimated the 2006 service level at 37,000 persons per screen vs. a provincial average of 11,500 persons per screen and a Kitchener/Waterloo/Cambridge average of 9,600 persons per screen. The addition of the proposed facilities will increase the 0-5 km service level by 2014 to 8,203 persons per screen and the overall 0-10 km service level to 11,181 persons per screen.

**FIGURE 1**

**THEATRE SERVICE LEVEL**

| Theatres | 2006 | 2014 with relocation | 2014 no relocation |
|---|---|---|---|
| **0-5 km radius:** | | | |
| population | 111,170 | 123,040 | 123,040 |
| screens | 3 | 15 | 15 |
| seats | 427 | 2727 | 2727 |
| **population/screen** | **37,057** | **8,203** | **8,203** |
| **population/seat** | **260** | **45** | **45** |
| **5-10 km radius:** | | | |
| population | 161,715 | 178,835 | 178,835 |
| screens | 19 | 12 | 19 |
| seats | 4,379 | 2,850 | 4,379 |
| **population/screen** | **8,511** | **14,903** | **9,412** |
| **population/seat** | **37** | **63** | **41** |
| **0-10 km radius:** | | | |
| population | 272,885 | 301,875 | 301,875 |
| screens | 22 | 27 | 34 |
| seats | 4,806 | 5,577 | 7,106 |
| **population/screen** | **12,404** | **11,181** | **8,879** |
| **population/seat** | **57** | **54** | **42** |

source:
JWA Exhibit G-2
Ontario Average for 2006 = 11,515 persons per screen
Relocation option refers to potential relocation of Fairview Centre cinemas to Ira Needles Centre.

JWA expects the demand through future population growth and increased inflow to support an additional 17 screens by 2014, comprising at least one additional theatre complex. Should the current proposal of twelve screens be the result of an area closure and relocation, such as the Fairview Centre cinemas, then a further 12 screen potential will be available subsequent to the Ira Needles opening. The JWA analysis appears reasonable in all respects and supports the multi-plex theatre proposal.

## 8.7 Impact Summary

In all cases presented above, the operating levels are sufficient for the stores to continue to fulfill their planned function and the pattern of sales transfers is consistent with what one may expect from the results of the consumer shopping surveys as well as the merchandise mix proposed in the subject centre.

## 9.0 Supplementary Questions

These questions were based on continued discussions with City of Waterloo planning staff with respect to the revised commercial development proposal. No additional comments originated from the City of Kitchener planning staff. The following questions were responded to by JWA in the update report.

***1. The Ira Needles proposal is essentially double the scale of the recent Sunrise shopping centre, which also has department store (Wal-Mart) and home improvement (Home Depot) anchors. Is there sufficient market opportunity for this combined level of big box retail and mixed use commercial development on the west side of Kitchener/Waterloo?***

JWA have provided the following supportive materials in response to this issue. They are:

- **Project feasibility** – that the Ira Needles project, together with other planned developments can attain satisfactory market penetration levels and sales performance to satisfy their feasibility requirements;

- **Vacancy levels** – the JWA inventory and analysis indicates that there is a considerable current under-supply of retail facilities compared to the balance of the urban area and to former levels of area services;

- **Existing performance** – consumer surveys results suggests extremely high performance levels for the majority of existing facilities, reinforcing the need for additional shopping services;

- **Extended shopping trips** – the need to travel significant distances for necessary shopping services producing more energy consumption and environmental impact;

- **Strong population growth** – the 5 km radius primary market will continue to produce some of the strongest population growth in the urban area;

- **Ira Needles Boulevard** – this west side arterial road, introduced at major capital cost, will accommodate the full development of this centre together with other planned area developments.

***2. Please update the original retail study inventory and analysis to reflect current commercial floor space inventory, current development proposals and the planned commercial uses for commercial nodes within or adjacent to your study area in the Cities of Kitchener and Waterloo.***

JWA have provided a current inventory (April 2008), incorporated current development proposals, and identified planned commercial uses as requested. JWA have reviewed the information with the peer review consultant with respect to both form and function.

***3. Waterloo planning staff will shortly provide to you a summary of the floorspace applications or current permissions for retail centres and nodes with potentially overlapping market sectors with the proposed centre, based on preliminary site plans. Could you please review and incorporate them in the update of your market opportunity and impact tables.***

JWA have incorporated the information provided by planning staff as requested. JWA have reviewed the information with the peer review consultant with respect to both form and function.

These potential developments include:

- **Uptown Waterloo Core** – absorption of current and planned ground level retail space;
- **Beechwood Centre** – additional vacancy due to Shopper Drug Mart relocation to new format outlet at Ira Needles Blvd & Erb Street W. in West Side Market Place;
- **Highland Hills S.C.** – enlargement of Zehrs and re-bannering to Real Canadian SuperStore (RCSS) and potential relocation of Winners to Ira Needles & Erb Street W. (s.w.);
- **Sunrise S.C.** – expansion of Wal-Mart department store to include supermarket component;
- **Conestoga Mall** – expansion of The Bay department store, additional fashion stores;
- **Ira Needles & Laurelwood Drive (n.e.)** – zoning in place for retail centre incorporating major supermarket and new format drugstore, currently under construction;
- **Ira Needles & Erb Street W. (s.w.)** – rezoning application to City of Waterloo to permit mixed use retail including potential Winners relocation from Highland Hills S.C.;
- **Ira Needles & Erb Street W. (n.w.)** – rezoning application to City of Waterloo to enlarge supermarket permission to 35,000 sf for West Side Market Place;
- **Ira Needles & Highland Road W. (n.w.)** – rezoning application to City of Kitchener to permit mixed use retail with major supermarket anchor;
- **King Street N. & Weber Street N.** – OPA & rezoning application to City of Waterloo for a Real Canadian SuperStore, denied by City of Waterloo and appealed to the OMB by applicant, hearing now scheduled for early 2009;
- **Hwy No. 86 & King Street N., Township of Woolwich** – zoning in place for medium scale power centre including small Wal-Mart unit with restricted (12,000 sf) food component.

***4. Based on the revised concept plan and updated commercial inventory, please indicate the current and future commercial storage (supply) in west side Kitchener/Waterloo for both municipalities should this application be approved.***

JWA have analyzed the current and future floorspace distribution in the context of the 0 - 5 km primary zone. This radius encompasses the area of principal influence of the west side retail services. The strengthening of these west side services, essentially along the Ira Needles Blvd corridor, represents the next logical tier of commercial expansion as the population fills in to the west limit of the respective municipalities.

**FIGURE 1**

**COMMERCIAL EXPANSION IN JWA 0 - 5 KM ZONE**

| Category/Period | 2005 | 2011 | Change (sf) | Change (%) |
|---|---|---|---|---|
| **Retail:** | | | | |
| **Food Stores** | **524,437** | **682,620** | **158,183** | **30.2%** |
| DSTM | 824,305 | 1,596,835 | 772,530 | 93.7% |
| Other Retail | 211,040 | 346,104 | 135,064 | 64.0% |
| Automotive | 88,610 | 84,200 | -4,410 | -5.0% |
| **Subtotal GAFO+DRUG** | **1,123,955** | **2,027,139** | **903,184** | **80.4%** |
| Home Improvement | 166,169 | 305,507 | 139,338 | 83.9% |
| **Subtotal Retail** | **1,814,561** | **3,015,266** | **1,200,705** | **66.2%** |
| **Services:** | | | | |
| Services/Office | 882,188 | 1,435,977 | 553,789 | 62.8% |
| Restaurants | 320,734 | 365,762 | 45,028 | 14.0% |
| **Subtotal Services** | **1,202,922** | **1,801,739** | **598,817** | **49.8%** |
| **Total Floorspace** | **3,017,483** | **4,817,005** | **1,799,522** | **59.6%** |
| **5 km radius: population (2006, 2011)** | **111,170** | **118,570** | | |
| **Food store/capita** | 4.72 | 5.76 | | |
| **GAFO+DRUG/capita** | 10.11 | 17.10 | | |
| **Home Improv./capita** | 1.49 | 2.58 | | |
| **Total Retail/capita** | **16.32** | **25.43** | | |

Source: JWA Report, Page 34, Exhibit L

***5. Other possible proposals in Kitchener and Waterloo which should be included in your update include additional mixed neighbourhood centres with supermarket anchors in Waterloo & Kitchener respectively; the proposed Loblaw Real Canadian Superstore application.***

These mixed neighbourhood centres have been incorporated by JWA in the form of their respective merchandising components and include:

- **Ira Needles & Laurelwood Drive (n.e.)** – zoning in place for retail centre incorporating major supermarket and new format drugstore, currently under construction;

- **Ira Needles & Erb Street W. (s.w.)** – rezoning application to City of Waterloo to permit mixed use retail including potential Winners relocation from Highland Hills S.C.;

- **Ira Needles & Erb Street W. (n.w.)** – rezoning application to City of Waterloo to enlarge supermarket permission to 35,000 sf in West Side Market Place;

- **Ira Needles & Highland Road W. (n.w.)** – rezoning application to City of Kitchener to permit mixed use retail with major supermarket anchor;

These centres are planned to serve a neighbourhood shopping function with an emphasis on convenience and personal service. While they are located along the Ira Needles Blvd. corridor, they have excellent access from the surrounding neighbourhoods. Typical anchor tenants will be supermarket, drugstore and some new format outlets. The Ira Needles and Erb Street W. node will operate at a higher level (Canadian Tire, Winners etc) due to the additional role of Erb Street W. as a major arterial road. The Ira Needles proposal will have some but rather limited merchandising overlaps with these intermediate level nodes. For example, neither freestanding supermarket nor new format drugstore facilities are contemplated in the Ira Needles proposal. By virtue of its linkage with the DSTM floorspace, the Wal-Mart supermarket component is expected to draw from a more extensive catchment area than the existing and planned area supermarkets.

***6.*** ***Based on the current proposal and area retail trends, can you please describe the evolving commercial hierarchy in Kitchener and Waterloo? There are many similarities and in some cases, differences between the two municipalities. How does this proposal relate to the respective commercial planning structures of the two municipalities from your retail planning perspective?***

***Specifically, please indicate the role of the "nodes and corridors" model adopted by both municipalities, and its influence on the commercial hierarchy (a neighbourhood and transit supportive model utilizing mixed use land use designations). Please contrast the role of Uptown Waterloo and the existing regional shopping centres in this regard.***

JWA have identified the evolving commercial hierarchy in terms of downtown vs. suburban function and scale of operation. In general terms, the scale of operation for the largest nodes would be:

| | |
|---|---|
| Waterloo Uptown Core (2011) | 2,761,000 sf |
| Conestoga Mall Node (2011) | 1,222,400 sf |
| Ira Needles Proposal (2011) | 1,080,200 sf |
| Kitchener Downtown (1995) | 1,429,000 sf (when Eatons & Sears were downtown) |
| Fairview Park Mall Node (1995) | 1,439,800 sf |
| Gateway Node (2011) | 1,634,100 sf (Gateway + Sportsworld + vicinity) |

Both the Kitchener and the Waterloo Uptown cores are located along the King Street corridor and benefit from the public transit emphasis and concentration in this area. The other larger scale centres to date have been located along the area ring road system (segments of the Provincial Highway system) providing attractive destination driving times from both within and beyond the combined urban area. The west side consumer flows to date have been along the Fischer-Hallman corridor and this has been augmented by the improvements to Ira Needles Blvd.

The downtown cores in most mid sized Ontario communities have changed significantly over the past decade. When the ODRP (Ontario Downtown Redevelopment Program) evolved in the 1970's, the style was the integration of a major department store, typically Eatons or Sears, together with an enclosed mall and fashion tenants into the downtown fabric. With the demise of Eatons and the emergence of suburban power centres, the majority of these facilities became economically obsolete and required extensive redevelopment and conversion to non-retail uses. This process still continues.

At the same time, many of the national retailers shifted their emphasis to discount formats in suburban power centres and left the downtowns for good. The vacant stores then became available to small independent retail outlets or chains that began to slowly regain a lesser market share. Many storefront locations became attractive to office services and government services. The Waterloo Uptown Core is an excellent example of this revitalization. The target market for new retailers has been expressed as middle-to-upper income consumers. The financial service outlets are geared to accumulated wealth and middle-to-high income wage earners. Kitchener is also experiencing a downtown renewal – albeit on a more modest scale.

Hence the downtown cores and the regional centres will co-exist for the foreseeable future – the downtowns with their increasing local influence – the regional centres with their continued emphasis on the middle income market, a younger demographic and a strong regional draw.

***7. Please describe how this commercial development proposal has changed from its original concept (in terms of land use, size, merchandise categories and tenants), and indicate if this is a new type of commercial development in the Region of Waterloo (review existing centres and criterion). Are there development proposals similar to this proposal elsewhere which can be used as a proxy for your analysis?***

JWA identifies the changes as:

- Less of an automobile orientation including deletion of 2 proposed gas bars, more integration of pedestrian and transit facilities;
- Smaller development parcel (88.4 acres net vs. 90.7 acres net) due to conveyances to the Region and to realignment of Glasgow Street;
- Deletion of the original Membership Warehouse Club (Costco) and Canadian Tire uses; addition of a larger Home Improvement anchor (Lowes);
- Addition of significant office components to increase the functional capability of the centre;

**FIGURE 2**

**COMPARISON OF ORIGINAL AND LASTEST DEVELOPMENT CONCEPT**

| Category/Period | Dec-05<br>sf (1) | Jun-08<br>sf (2) | Change<br>(sf) |
|---|---|---|---|
| **Retail:** | | | |
| **Food Stores** | **60,000** | **45,000** | -15,000 |
| Dept Store | 130,000 | 187,000 | 57,000 |
| Other DSTM | 217,000 | 252,911 | 35,911 |
| Other Retail | 60,000 | 101,300 | 41,300 |
| Automotive | 90,000 | 0 | -90,000 |
| **GAFO+DRUG** | **497,000** | **541,211** | **44,211** |
| W.H. Membership Club | 148,000 | 0 | -148,000 |
| Home Improvement | 90,000 | 142,338 | 52,338 |
| **Subtotal Retail** | **795,000** | **728,549** | **-66,451** |
| **Services:** | | | |
| Cinema | 40,000 | 45,000 | 5,000 |
| Services | 20,000 | 68,993 | 48,993 |
| Office | 30,000 | 204,621 | 174,621 |
| Restaurants | 20,000 | 33,027 | 13,027 |
| **Services/Office** | **110,000** | **351,641** | **241,641** |
| **Total Floorspace** | **905,000** | **1,080,190** | **175,190** |

Source:

(1) JWA Report, December 2005, Page 33, Exhibit 14

(2) JWA Report, June 2008, Page 4, Exhibit B

***8. Given the scale and features of this commercial proposal, please describe the role and function of this commercial development. Please discuss its overall scale, function and how it specifically relates to the planned commercial hierarchy policies and any retail impact concerns in both municipalities with emphasis on:***

- ***The City of Waterloo's Commercial Core/Uptown Area:***

JWA have indicated that any impact on the Waterloo Uptown Core will not be sufficient to cause the closure of any retail facilities in the various categories examined. The resultant changes in sales performance over the forecast period presented by JWA would support this opinion. We suggest that proper safeguards be put in place to differentiate and distinguish the difference in retail formats between the downtown and the subject proposal including maximum overall floorspace in the identified store categories and minimum individual store sizes as appropriate.

- ***Regional Shopping Centres:***

JWA have taken into account the expansion and performance of both department store and specialty DSTM shops in the Conestoga Mall. The resultant sales performance in the other retail nodes, particularly the Waterloo Uptown Core suggests that these two developments can proceed in the same time frame. In reality, the Conestoga expansion will be open and operating before the majority of the Ira Needles proposal.

- ***Mixed Use Activity Nodes:***

JWA have taken the development of these centres into account in the forecast scenarios, particularly as it relates to potential supermarket anchors, Gafo & Drug floorspace and limited new format uses.. The necessary rezoning and site plan approval requirements will result in these centres starting up in an orderly fashion over the forecast period.

- ***Community Shopping Centre, Neighbourhood Shopping Centre, Office Commercial, Convenience Commercial:***

None of the existing remaining commercial nodes contain any significant vacancies. In fact, the overall vacancy level within the 5 km radius is extremely low. The form and function of the Ira Needles proposal will be quite different from these existing facilities, particularly with respect to format and scale of operation.

- ***Arterial Commercial Designation:***

JWA have indicated that a significant portion of the proposed retail uses in the Ira Needles proposal would already be permitted in the arterial commercial designation. It is the rebalancing of specialty retail proposed within the development that will trigger the majority of the rezoning requirements with respect to permitted uses. JWA have made detailed comparisons in the report with regard to possible overlap which are sufficiently documented and explained.

- ***City of Kitchener land use designations:***

The proposal is consistent with the City of Kitchener's retail hierarchy. The City has to date planned and developed retail sites along the north/south corridors such as Fischer-Hallman as residential expansion moved westward. The Ira Needles corridor will be the last stage of westward commercial expansion.

***9. This development will require a change in permitted land use from industrial to commercial designation and is a new form of commercial development in both municipalities. Please indicate the potential employment generated by each merchandise category.***

**FIGURE 3**

**COMPARISON OF ORIGINAL AND LASTEST EMPLOYMENT**

| Category/Period | Dec-05 | Jun-08 | Change |
|---|---|---|---|
| | sf (1) | sf (2) | (sf) |
| **Floorspace:** | | | |
| Retail Anchors | 535,000 | 374,340 | -160,660 |
| Other Retail | 260,000 | 392,210 | 132,210 |
| **Subtotal Retail** | **795,000** | **766,550** | **-28,450** |
| Restaurants | 20,000 | 33,025 | 13,025 |
| Office | 50,000 | 204,620 | 154,620 |
| Service Anchors | 40,000 | 75,985 | 35,985 |
| **Total Floorspace** | **905,000** | **1,080,180** | **175,180** |
| **Employment:** | | | |
| Retail Anchors | 1,048 | 749 | -299 |
| Other Retail | 650 | 981 | 331 |
| **Subtotal Retail** | **1,698** | **1,730** | **32** |
| Restaurants | 100 | 165 | 65 |
| Office | 290 | 1,187 | 897 |
| Service Anchors | 84 | 160 | 76 |
| **Total Employees** | **2,172** | **3,242** | **1,070** |

Source:
JWA Report, June 2008, Page 6, Exhibit C

The proposed development has evolved to a mixed-use commercial format. The format provides a greater balance between shopping, working and entertainment functions and consequently internal employment opportunities. While the overall scale of development has increased by 175,000 sf, the employment orientation has shifted with the expansion of these non-retail uses. Hence we have more diversified employment as envisioned by the municipalities.

***10. Does your use of 5 km and 10 km radii (e.g. circles) for your opportunity and impact analysis in any way compromise your trade area determination and analysis of impact from the proposed development, and if not, why not? Please indicate the expected sales volumes by merchandise group and the amounts generated from the individual zones and inflow respectively.***

JWA have supported their use of 5 km and 10 km sectors to their trade area. It is important that JWA, having selected this format, follow through consistently in all steps of the market opportunity and impact analysis. They have done so in this study.

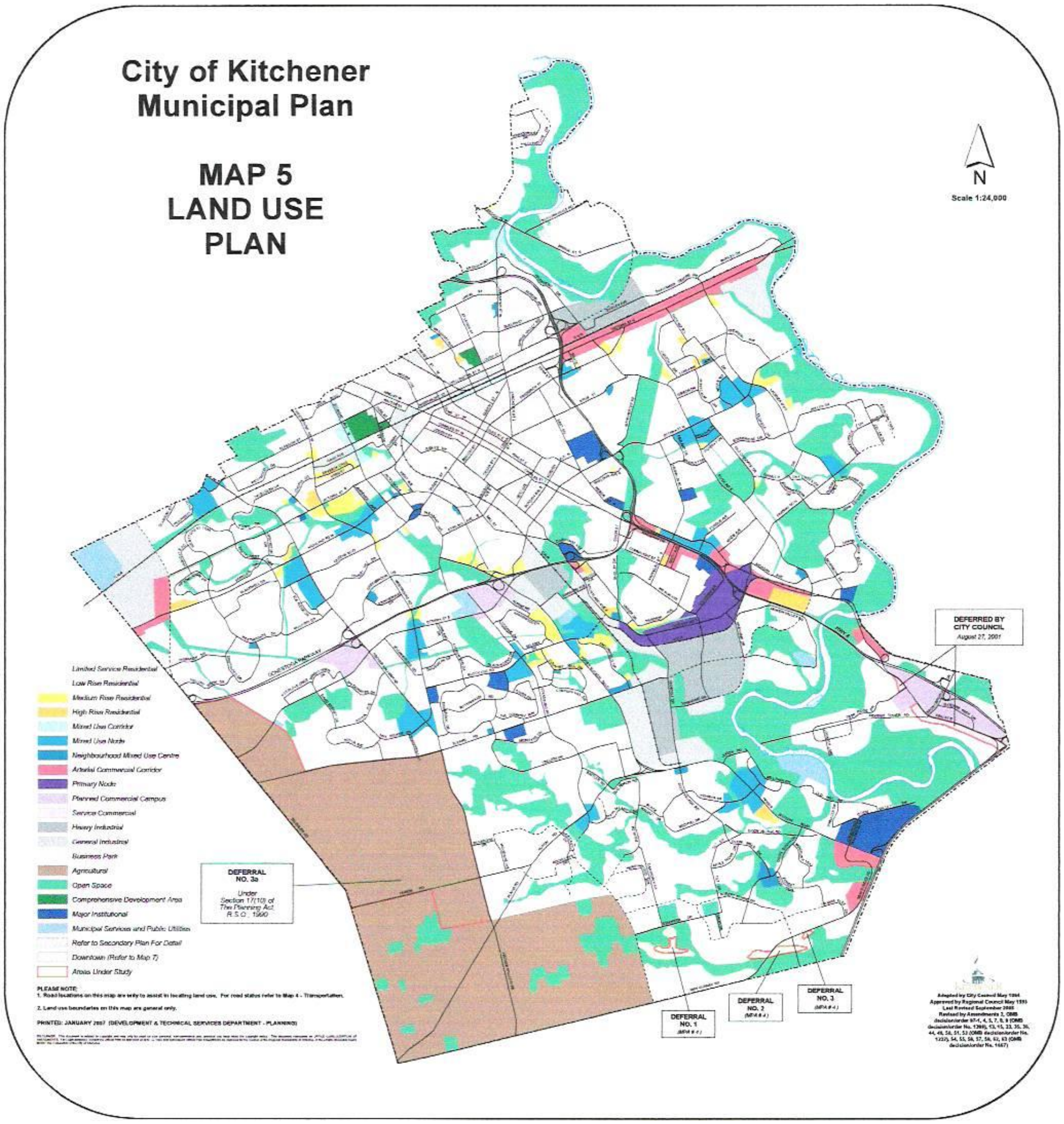
***11. Could you please comment on the potential impact of the student population and associated role of transit on this development, both from a consumer and from a potential part-time employment perspective? Is there any existing specific research or general data on the extent of the retail expenditures and shopping patterns? Would the forecast change with the introduction of a major transit hub into this development similar to Conestoga Mall or Fairway Park Mall?***

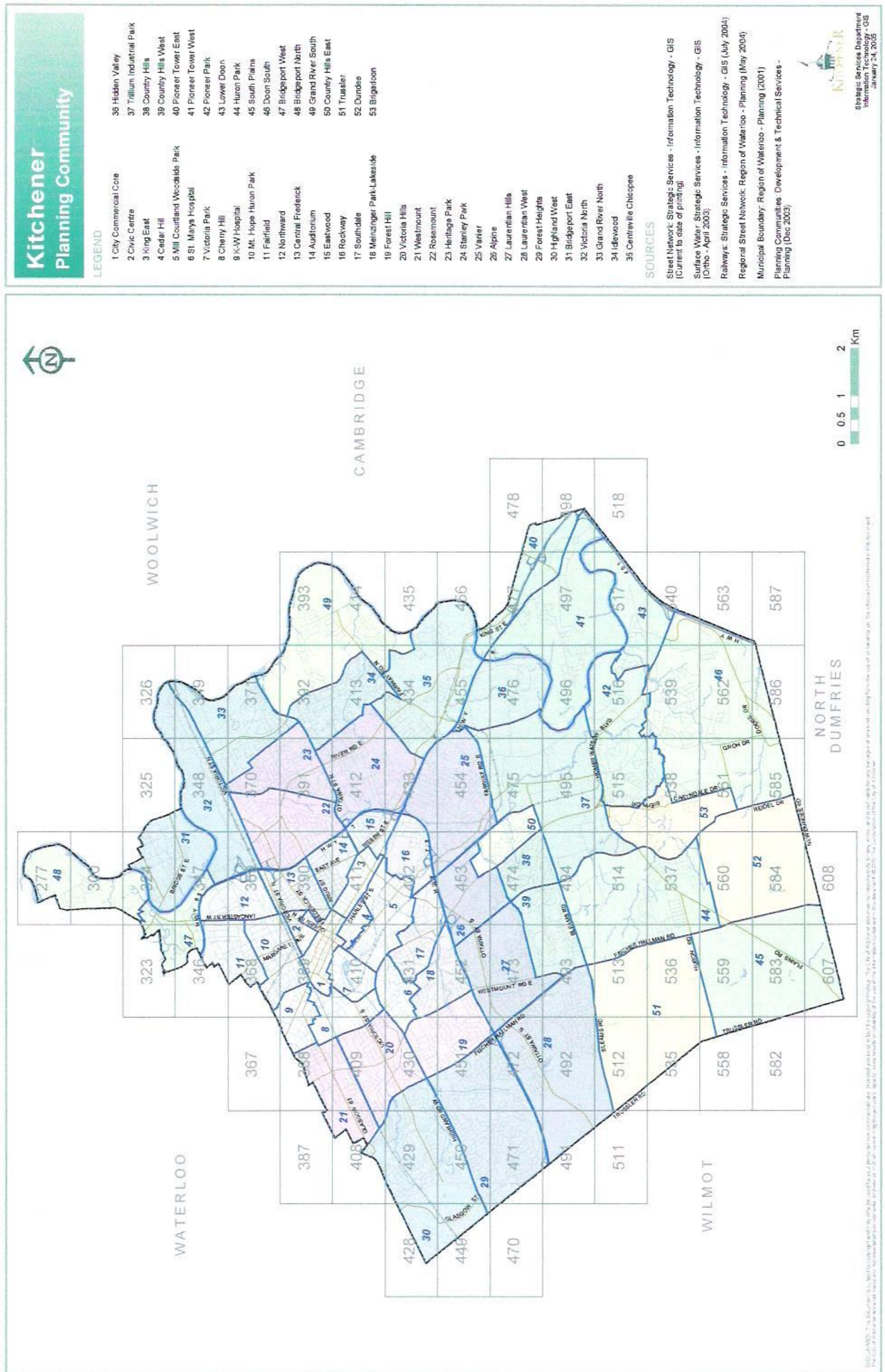
JWA have indicated that the effect of the student population on the centre's performance will not be significant due to:

- The closer proximity of the Conestoga Mall to student concentrations;
- Lowes has little attraction for students and the students have fitness facilities available at the universities;
- The retail merchandising in the King Street and University area has strong emphasis on the student market.

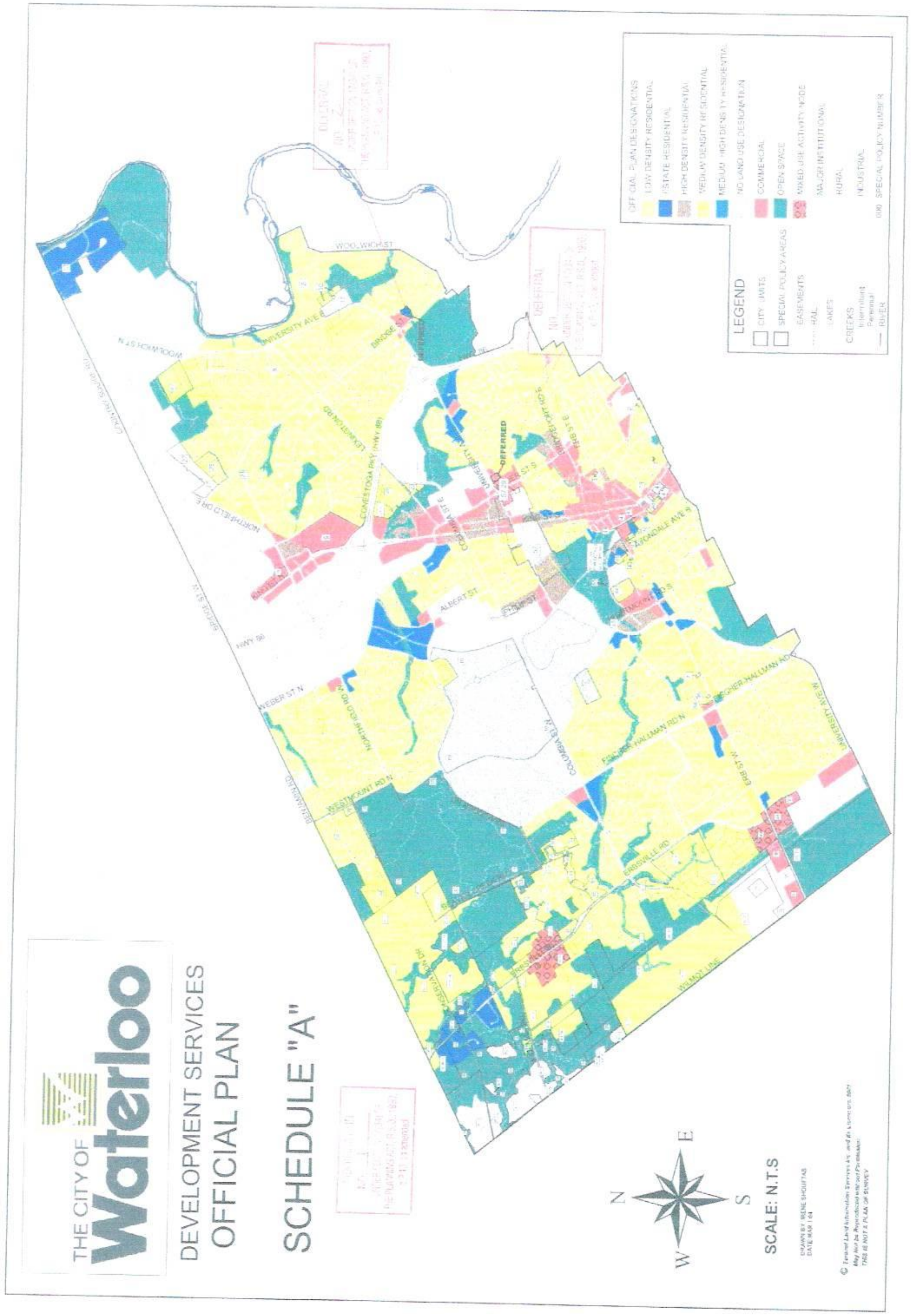
JWA are certainly being conservative in this regard. The attraction of the various retail box stores if properly supported by public transit may make the centre more popular. We would agree with JWA that the net contribution of retail expenditures will not be significant and that the centre will create more of a part-time employment opportunity than a shopping destination for the students.

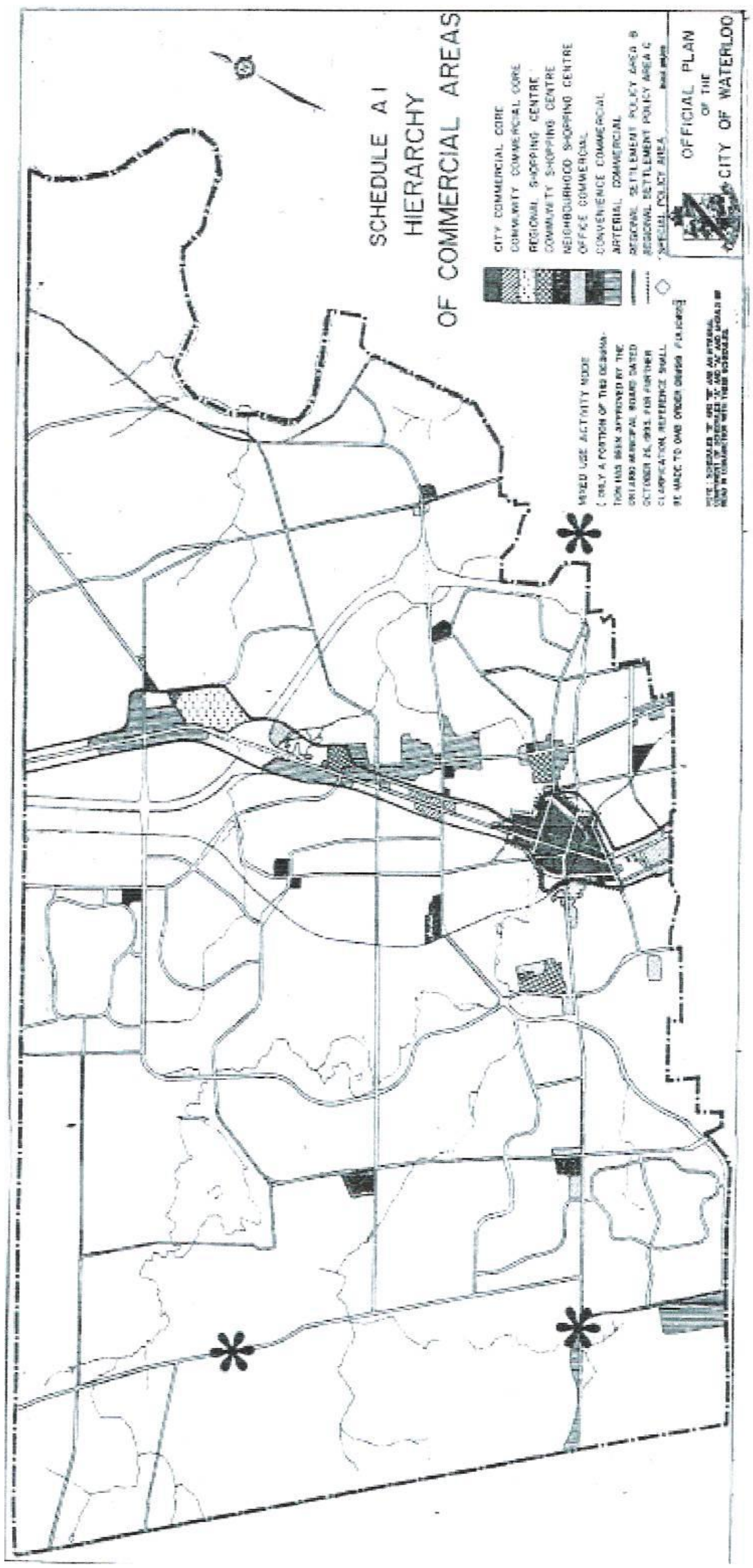
**- REFERENCE MATERIALS -**

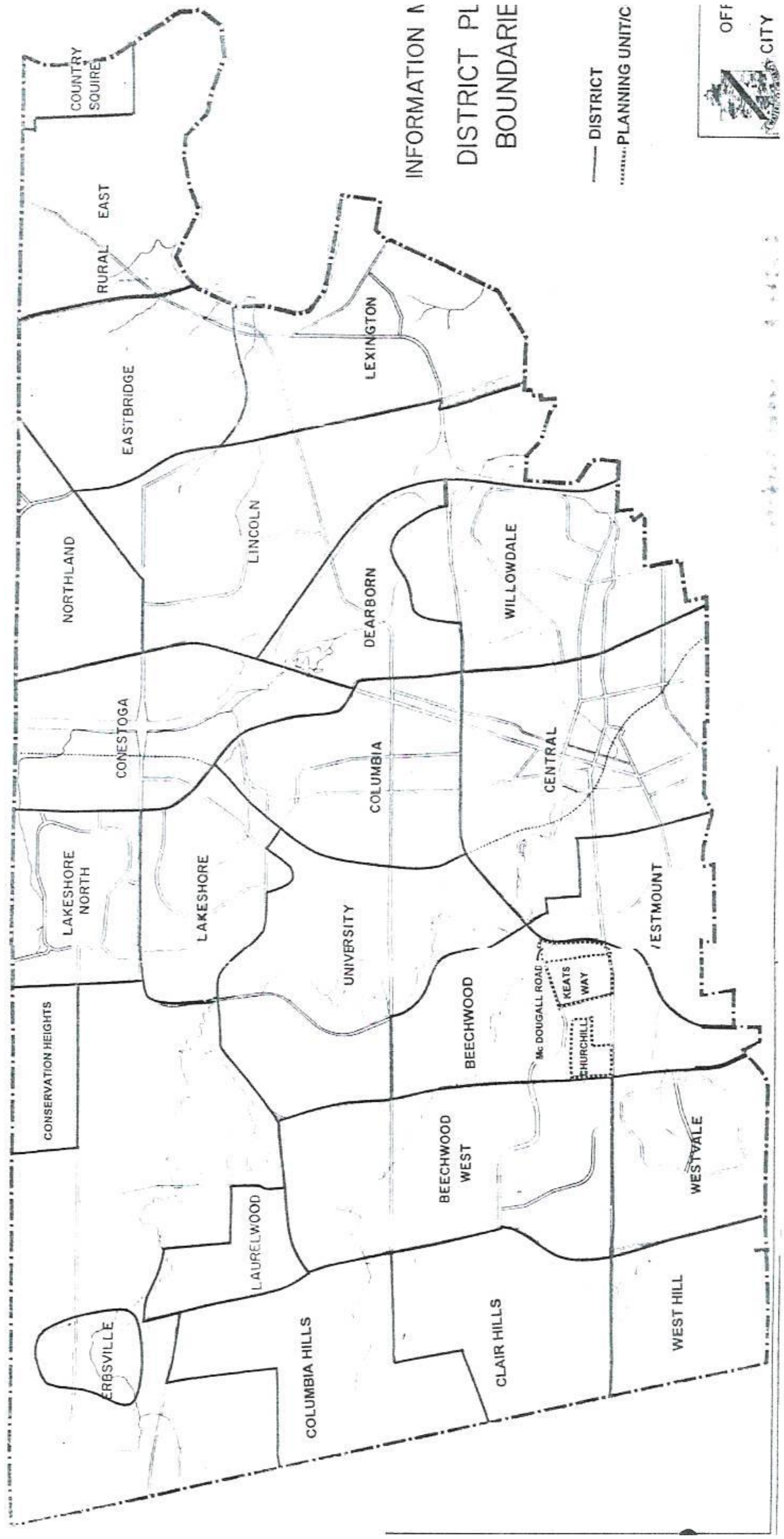

City of Kitchener
Municipal Plan
MAP 5
LAND USE
PLAN
N
Scale 1:24,000
Limited Service Residential
Low Rise Residential
Medium Rise Residential
High Rise Residential
Mixed Use Corridor
Mixed Use Node
Neighbourhood Mixed Use Centre
Arterial Commercial Corridor
Primary Node
Planned Commercial Campus
Service Commercial
Heavy Industrial
General Industrial
Business Park
Agricultural
Open Space
Comprehensive Development Area
Major Institutional
Municipal Services and Public Utilities
Refer to Secondary Plan For Detail
Downtown (Refer to Map 7)
Areas Under Study
PLEASE NOTE:
1. Road locations on this map are only to assist in locating land use. For road status refer to Map 4 - Transportation.
2. Land use boundaries on this map are general only.
PRINTED: JANUARY 2007 (DEVELOPMENT & TECHNICAL SERVICES DEPARTMENT - PLANNING)
DEFERRAL
NO. 3a
Under
Section 17(10) of
The Planning Act
R.S.O., 1990
DEFERRED BY
CITY COUNCIL
August 27, 2001
DEFERRAL
NO. 1
DEFERRAL
NO. 2
DEFERRAL
NO. 3
Adopted by City Council May 1994
Approved by Regional Council May 1995
Last Revised September 2005



Kitchener
Planning Community
LEGEND
1 City Commercial Core
2 Civic Centre
3 King East
4 Cedar Hill
5 Mill Courtland Woodside Park
6 St. Marys Hospital
7 Victoria Park
8 Cherry Hill
9 K-W Hospital
10 Mt. Hope Huron Park
11 Fairfield
12 Northward
13 Central Frederick
14 Auditorium
15 Eastwood
16 Rockway
17 Southdale
18 Meinzinger Park-Lakeside
19 Forest Hill
20 Victoria Hills
21 Westmount
22 Rosemount
23 Heritage Park
24 Stanley Park
25 Vanier
26 Alpine
27 Laurentian Hills
28 Laurentian West
29 Forest Heights
30 Highland West
31 Bridgeport East
32 Victoria North
33 Grand River North
34 Idlewood
35 Centreville Chicopee
36 Hidden Valley
37 Trillium Industrial Park
38 Country Hills
39 Country Hills West
40 Pioneer Tower East
41 Pioneer Tower West
42 Pioneer Park
43 Lower Doon
44 Huron Park
45 South Plains
46 Doon South
47 Bridgeport West
48 Bridgeport North
49 Grand River South
50 Country Hills East
51 Trussler
52 Dundee
53 Brigadoon
SOURCES
Street Network: Strategic Services - Information Technology - GIS (Current to date of printing)
Surface Water: Strategic Services - Information Technology - GIS (Ortho - April 2003)
Railways: Strategic Services - Information Technology - GIS (July 2004)
Regional Street Network: Region of Waterloo - Planning (May 2004)
Municipal Boundary: Region of Waterloo - Planning (2001)
Planning Communities: Development & Technical Services - Planning (Dec 2003)
Strategic Services Department
Information Technology - GIS
January 24, 2005
WOOLWICH
CAMBRIDGE
WATERLOO
WILMOT
NORTH DUMFRIES
0 0.5 1 2 Km


THE CITY OF
Waterloo
DEVELOPMENT SERVICES
OFFICIAL PLAN
SCHEDULE "A"
LEGEND
SCALE: N.T.S
N
S
E
W


SCHEDULE A I
HIERARCHY
OF COMMERCIAL AREAS
CITY COMMERCIAL CORE
COMMUNITY COMMERCIAL CORE
REGIONAL SHOPPING CENTRE
COMMUNITY SHOPPING CENTRE
NEIGHBOURHOOD SHOPPING CENTRE
OFFICE COMMERCIAL
CONVENIENCE COMMERCIAL
ARTERIAL COMMERCIAL
REGIONAL SETTLEMENT POLICY AREA B
REGIONAL SETTLEMENT POLICY AREA C
SPECIAL POLICY AREA
MIXED USE ACTIVITY NODE
OFFICIAL PLAN
OF THE
CITY OF WATERLOO


INFORMATION
DISTRICT PL
BOUNDARIE
DISTRICT
PLANNING UNIT/C
OFF
CITY
COUNTRY SQUIRE
RURAL EAST
EASTBRIDGE
LEXINGTON
NORTHLAND
LINCOLN
DEARBORN
WILLOWDALE
CONESTOGA
COLUMBIA
CENTRAL
LAKESHORE NORTH
LAKESHORE
UNIVERSITY
/ESTMOUNT
CONSERVATION HEIGHTS
BEECHWOOD
Mc DOUGALL ROAD
KEATS WAY
CHURCHILL
BEECHWOOD WEST
WESTVALE
LAURELWOOD
ERBSVILLE
COLUMBIA HILLS
CLAIR HILLS
WEST HILL