SOURCE: Google Earth

urbanMetrics inc.
market, economic and strategic advisors

HERITAGE GROVE CENTRE

Retail Market Demand & Impact Analysis

Owen Sound, Ontario

Prepared for **Villarboit (Owen Sound) Holdings Limited Partnership**

February 16, 2023

urbanMetrics inc.
market, economic and strategic advisors

VILLARBOIT

This document is available in alternative formats upon request by contacting:

info@urbanMetrics.ca
416-351-8585 (1-800-505-8755)

February 16, 2023

Walter Huge, BAA, EM(c), MCIP, RPP
Director of Planning
Villarboit (Owen Sound) Holdings Limited Partnership
500 Cochrane Drive, Unit 4
Markham, Ontario
L3R 8E2

Dear Walter:

RE: Heritage Grove Centre – Retail Market Demand & Impact Analysis (Owen Sound, Ontario)

urbanMetrics inc. ("urbanMetrics") is pleased to submit this *Commercial Market Demand & Impact Analysis* in support of the future build-out of the Heritage Grove Centre in Owen Sound, Ontario. Villarboit has been incrementally developing this site over a number of years and to date has already successfully attracted a range of retailers and services to the site. At this stage, Villarboit is now seeking municipal permissions to complete development across the balance of the site, which will comprise some 215,000 square feet of commercial space at full build-out (i.e., including both existing and proposed new space). As part of this process, Villarboit is contemplating the addition of a new supermarket tenant of up to 45,000 square feet, as well as additional non-food store retail uses.

The results of the market analysis presented herein suggests that there is sufficient opportunity to support the permissions being sought at Heritage Grove Centre. Furthermore, given the nature of development being contemplated, minimal impact on Downtown Owen Sound and other commercial areas is anticipated.

We look forward to discussing the results of our analysis with you in the days to come.

Yours truly,
urbanMetrics

Douglas Annand, CMC
Partner
dannand@urbanMetrics.ca

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Context

- Heritage Grove Centre is a large format commercial plaza located at the eastern edge of Owen Sound. It is **currently comprised of some 120,000 square feet of open-air, large format commercial space, including Michaels, Value Village, Winners / HomeSense and Petsmart**. Additionally, several pad units ranging in size from 1,100 to 4,500 square feet are currently under construction.
- The landowner has been incrementally developing the site over a number of years, as tenants are secured, but the centre is not fully built-out and contains undeveloped lands across the balance of the site.
- The **site is currently governed by the development parameters set out in Zoning by-law 14.89, which permits a maximum cap of 17,443.7 square metres (~187,000 square feet) of gross floor area, as well as a range of store-category specific caps and minimums**.

Development Vision & Purpose

- At this time, Villarboit is looking to **amend the site-specific zoning by-law, to reflect current market conditions, as well as to allow for increased flexibility to develop and build-out the remainder of the site**.
- The total build-out of the site, as proposed, **would allow almost 215,000 square feet of commercial space at Heritage Grove Centre in total**, representing an increase of some 30,000 square feet over current permissions.
- To facilitate flexibility in Villarboit's future and ongoing leasing activity within the 215,000 square foot space cap being sought at Heritage Grove Centre—per above—permissions are also being sought for the addition of a **standalone supermarket retailer on the site.** This store would have a footprint of up to 45,000 square feet, as tested in our analysis.
- Likewise, for flexibility in leasing out the balance of the site, as proposed, **permission for up to an additional 50,000 square feet of non-food store retail ("NFSR")** is being sought. We do note, however, that the actual amount of "net new" NFSR space likely to locate on the site would be less than this total when considered in conjunction with the above total space limits and proposed supermarket footprint.
- In support of the amendments outlined above, the purpose of this *Commercial Market Demand & Impact Study* has therefore been to evaluate the overall impact of the proposed development against the policy tests outlined in the Owen Sound Official Plan. These include determining whether such an increase in commercial space is warranted in the market, as well

as assessing whether the proposed space can reasonably be accommodated in Downtown Owen Sound.

Trade Area

- Informed by previous engagements undertaken by urbanMetrics in support of development at Heritage Grove Centre, as well as new mobile analytics survey data, a Trade Area for the site has been confirmed. The **City of Owen Sound represents the Primary Trade Area considered in this analysis, with three Secondary Trade Areas also delineated which encompass additional communities in the areas surrounding Owen Sound**.
- The Trade Area represents the geographic area from which the majority of customer support and expenditures will be derived by stores and services located at Heritage Grove Centre.
- Mobile analytics (customer origins) survey data demonstrates that **Downtown Owen Sound serves a differentiated, local-serving function** compared to other major commercial nodes in Owen Sound. For example, **nearly 50% of visitors to Downtown Owen Sound are residents of the City,** a full 10% higher than the visitation patterns to the eastern commercial area, where Heritage Grove Centre is located.

Population and Income

- The **current (2021) population of Owen Sound—the Primary Trade Area—is estimated at 22,400**. The population of the entire Trade Area in 2021 has been estimated at 128,400.
- By **2041, the population of Owen Sound is expected to reach 27,500**, representing a growth of 5,100 residents. The total **Trade Area is anticipated to grow to 164,700 residents** over this same period.
- **Owen Sound's 2016 per capita income is $30,108, 20% below the provincial average**. The weighted average per capita income across the Trade Area is $35,598, some 5% below the provincial benchmark.

Commercial Inventory and Demand Analysis

- urbanMetrics has identified approximately 2.4 million square feet of retail / service commercial space in Owen Sound. Approximately 640,000 square feet of that space was located within the Downtown River District.
- **The calculated vacancy rate of 7.3% for the entire City is somewhat above typical averages, albeit indicative of a healthy commercial environment considering the size and locational context of Owen Sound**. The **vacancy rate did also vary significantly across the different**

commercial geographies of the community, with Downtown Owen Sound's reported vacancy rate at some 11.0%, whereas the East City Commercial node has an extremely low vacancy rate of only 0.7%.

- The results of our expenditure-based retail market analysis indicate that **between 94,000 and 125,000 square feet of additional NFSR space is warranted in Owen Sound by 2026,** increasing thereafter to 2041. This figure could conservatively include the addition of new space on the subject site, as well some 40,000 square feet of additional NFSR space potentially provided in other proposed developments.
- Similarly, **some 37,000 to 50,000 square feet of FSR space is warranted in Owen Sound by 2026**, increasing to between 83,000 and 111,000 by 2041. Subject to anticipated sales per square foot performance levels, this amount of space would be sufficient in supporting the proposed new supermarket on the site with only limited sales transfers, if any.
- **Based on the results of our analysis, the amount of FSR and NFSR space proposed at Heritage Grove Centre is warranted and would not exceed demand in Owen Sound over the next five years (i.e. to 2026). This space also is not expected to—in and of itself—result in any critical sales impacts, nor store closures.**

Impact on Downtown Owen Sound

- The average store size in the **Downtown River District has been assessed at some 2,500 square feet, significantly lower than the Owen Sound-wide average of 4,200 square feet, and the average of 8,900 square feet in East City where the subject site is located**.
- **Unsurprisingly, the Downtown River District is comprised of a much larger clustering of service-based uses than the rest of Owen Sound**, as well as fewer Non-Food Store Retail facilities than in the balance of the market. The inverse relationships are true for the East City commercial area.
- **Overall, the average store size and current commercial functioning of Downtown Owen Sound is noticeably differentiated from shopping areas elsewhere in the community. The proposed large format, retail-based uses at Heritage Grove Centre are not expected to alter this relationship, nor compromise Downtown's unique function within the community**.

1.0 Introduction

1.1 Introduction

Background

urbanMetrics inc. ("urbanMetrics") has been retained by Villarboit (Owen Sound) Holdings Limited Partnership ("Villarboit") to conduct a *Retail Market Demand & Impact Analysis* related to the proposed expansion of commercial uses at the existing and actively developing Heritage Grove Centre in Owen Sound, Ontario. The new uses contemplated include a standalone supermarket, as well as additional non-food store retail tenants. Over more than the past decade, urbanMetrics has been engaged by Villarboit to prepare various analyses in support of the ongoing development of the Heritage Grove Centre, including for both retail/service commercial and previously proposed hotel uses. As such, this exercise builds upon a substantial body of work previously prepared by urbanMetrics at the site, including previous studies, research and analytical assumptions that have been accepted as part of collaboration with City staff and their peer review consultants over the years.

The primary purpose of this *Retail Market Demand & Impact Analysis* has been to evaluate the overall market demand available to support the proposed additional commercial space contemplated at Heritage Grove Centre, and to assess any sales impacts on other commercial facilities in the community and specifically in Downtown Owen Sound.

Policy Context

Our study process has also included a targeted assessment as to potential amendments to the existing planning policies applicable to the subject site (i.e., the current and proposed new site-specific zoning). In particular we note that the current zoning establishes category-specific store size restrictions on existing and prospective tenants that could potentially locate on the site. This study has assessed whether this policy framework is the best approach in protecting other commercial nodes in the City and towards maintaining a competitive—and ultimately desirable—business environment for prospective tenants.

Heritage Grove Centre is governed by a special provision in the Owen Sound Zoning By-law. Policy 14.89 of this By-law applies to Heritage Grove Centre and limits both the permitted store types and size of stores permitted on the subject site. The following policies are particularly relevant to the market analysis presented throughout this report:

14.89.2.1 - the total gross floor area on the site is limited to 17,443.7 square metres

14.89.2.3 - Any combination of retail uses are subject to a maximum gross floor area of 14,865.7 square metres. No single use can occupy a unit size of less than 697 square metres of gross floor area.

Store specific caps are in place for the following retail categories:

Store Category	Gross Floor Area Cap
Furniture, Home Furnishings and Electronics	3,716.4 square metres
Pharmacies and Personal Care Stores	1,393.6 square metres
Clothing and Accessories	3,716.4 square metres
General Merchandise	2,322.8 square metres
Miscellaneous Retail	4,645.5 square metres

14.89.2.4 – A total of five individual Retail Stores with no minimum size may be permitted, provided that they do not exceed 2,230 square metres in aggregate and maintain the maximum category caps provided previously.

14.89.2.5 – Any combination of service uses are subject to a maximum gross floor area of 2,578 square metres, and:

a) Medical and dental clinics and laboratories – Minimum unit size of 697 square metres

e) Restaurants – Minimum unit size of 325.2 square metres, however smaller restaurants with no minimum unit size may be permitted if they do not exceed 520 square metres in aggregate.

As currently outlined in the Site Specific Zoning By-law, there is no provision for the addition of supermarket space on the subject lands. In order to accommodate this and other contemplated uses, a Zoning By-law amendment is required. Additionally, to provide greater flexibility in building out the subject site, changes to the current zoning by-law are required to support additional NFSR space. Both of these policy changes require the submission of various studies, including a *Retail Market Demand & Impact Analysis.*

For context, we also note that Supermarkets are permitted in the parent zoning by-law for Retail Commercial (C2) Zones, such as that of the subject property (i.e., notwithstanding the parameters set-out in the additional site-specific policies outlined above). Nonetheless, the proposed Zoning By-law Amendment for the subject lands will expressly list the supermarket use for this property.

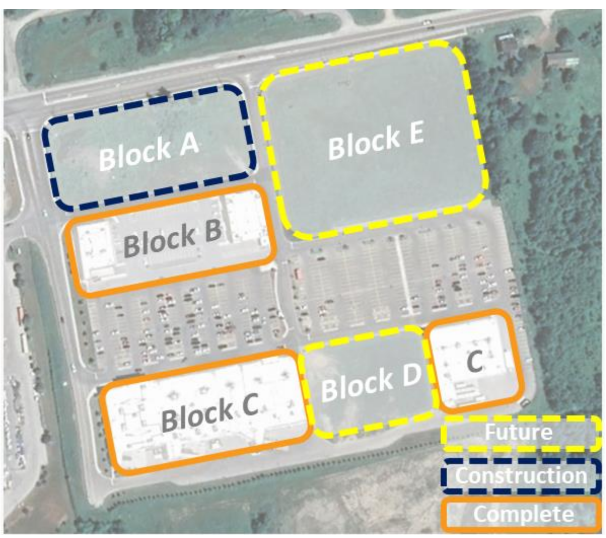
1.2 Development Proposal

Existing Uses

The Heritage Grove Centre is currently comprised primarily of a range of automobile-oriented commercial spaces, located at 2125 16th Street East in the City's eastern commercial district. The current tenants on the site include a mix of large format users such as Michaels, Winners, Value Village and Petsmart. A block of smaller tenants is currently under construction, which will primarily include fast food facilities, ranging in size from approximately 1,100 square feet to 4,500 square feet. The site is mostly built out, and Villarboit continues to develop retail units as additional tenants are secured.

As shown in Figure 1-1 below, the subject site is currently comprised of some 120,000 square feet of actively operating and under-construction retail and service commercial space.

Figure 1-1: Current Status of Heritage Grove



Area	Tenants	Square Footage	Status
Block A	Future fast food, small retail	13,000	Construction
Block B	Petsmart, Dollar Tree	17,000	Complete
Block C	Michaels, Winners, Homesense, Princess Auto, Value Village	90,000	Complete
Block D	Large Format	43,000	Future
Block E	Large Format	48,000	Future

SOURCE: urbanMetrics inc., based on site plan provided by Point Architects.

Build Out Concept

The full build-out of Heritage Grove Centre contemplates a **total of approximately 215,000 square feet of commercial space**, representing a net increase of less than 30,000 square feet over what is currently permitted on the site across all commercial use types.

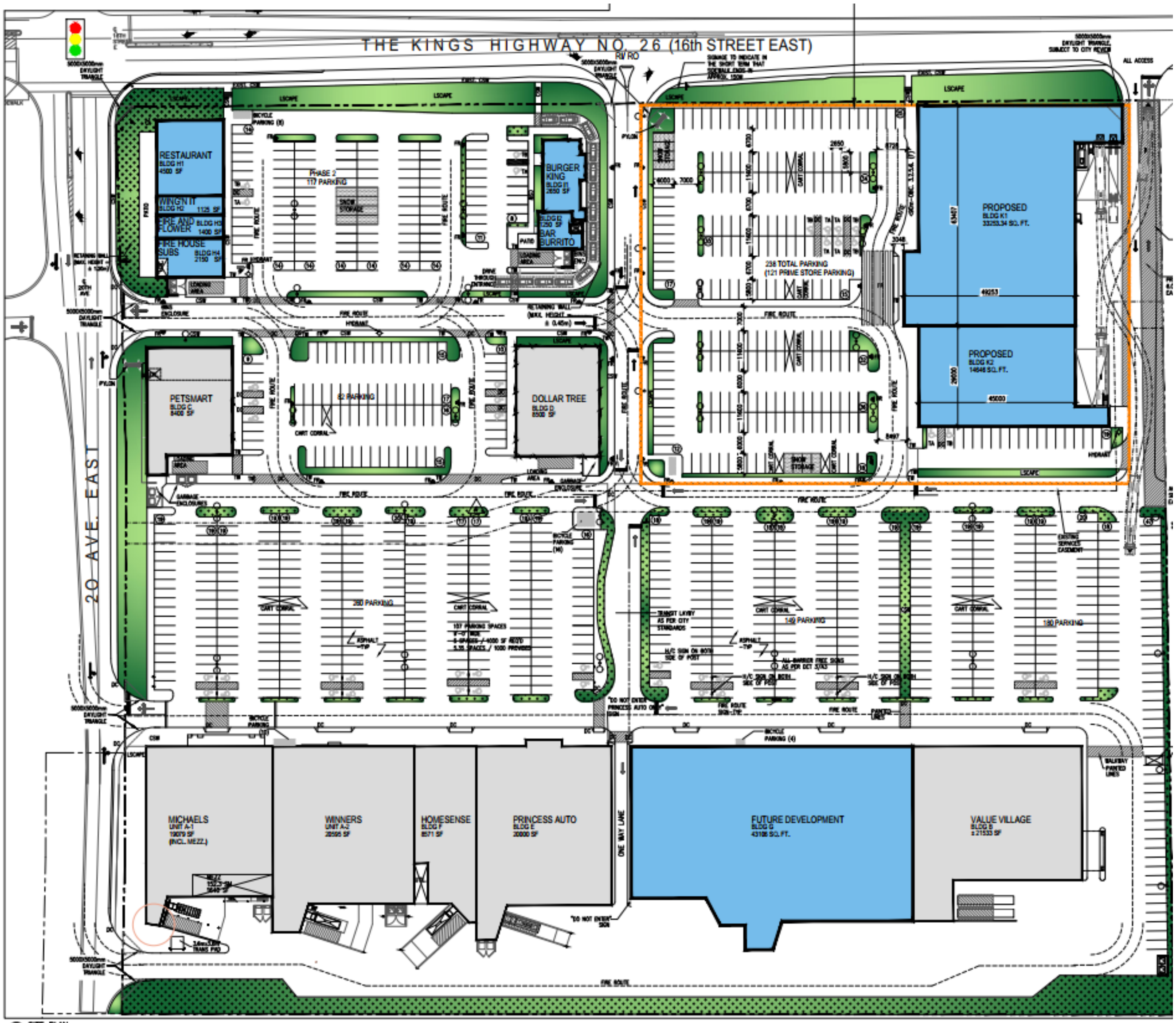
In order to facilitate additional flexibility in leasing and a general responsiveness to changing market conditions, Villarboit is also pursuing specific permissions for a new **supermarket tenant** occupying up to 45,000 square feet and permissions for some **50,000 square feet of additional non-food store retail ("NFSR") space** within the 215,000 square foot maximum noted above.

Current permissions in place for the site—as outlined in Zoning by-law 14.89—permit a maximum gross floor area of some 187,000 square feet (17,443.7 square metres). To facilitate a more complete build out, as envisioned by Villarboit, expanded permissions would be needed for an additional 30,000 square feet of commercial space.

It is our understanding that—in order to pursue full flexibility in response to evolving market conditions, and to facilitate full build out of the remaining large format spaces—Villarboit is pursuing expanded permissions for non-food store retail on the site. Zoning by-law 14.89 limits non-food store retail ("NFSR") on the site to a total of 160,000 square feet (14,865.7 square metres). An additional 50,000 square feet of NFSR permissions is being sought to facilitate this flexibility in building out Heritage Grove Centre. These permissions will also allow for leasing to be responsive to ongoing changes in the retail market, within the proposed 215,000 square foot build out identified for the site.

Figure 1-2 below demonstrates the existing and proposed built out site plan at Heritage Grove Centre. The proposed full build out on the subject site will ultimately realize approximately 215,000 square feet (19,974 square metres) of total commercial space.

Figure 1-2: Proposed Site Plan Addition



SOURCE: urbanMetrics inc., based on drawings prepared by Point Architects.

1.3 Purpose

In light of the current policy context and the desired permissions being sought to complete development at the site, the underlying purpose of this report has been as follows:

- To evaluate market support for the introduction of an additional supermarket facility of up to 45,000 square feet and up to 50,000 square feet of non-food store retail ("NFSR") uses; and,

- To assess the underlying impacts of the proposed development based on the tests outlined in the 2021 Draft Owen Sound Official Plan policies 3.5.2.5, including assessing whether the proposed commercial tenants could be reasonably accommodated in Downtown Owen Sound.

1.4 Study Approach

Several work tasks were completed as part of this study, as outlined below. This work plan was reviewed by City of Owen Sound municipal staff, as well as their peer review consultant. To this end, urbanMetrics has:

- Visited the subject site and evaluated its physical and locational characteristics from a market perspective;
- Collected mobile analytics survey data to understand travel patterns and customer behaviour at selected commercial nodes in Owen Sound;
- Delineated a Trade Area, which represents the geography from which the proposed commercial tenants would derive the majority of their sales volume;
- Conducted an in-person inventory of all commercial space in the City of Owen Sound, including Food Store Retail, Non-Food Store Retail, and Service uses, as characterized by the North American Industry Classification System ("NAICS");
- Developed a population forecast for the Trade Area, that recognizes the current and anticipated population and customer base for any additional supermarket and NFSR space on site;
- Prepared a detailed expenditure-based market demand and impact analysis, which considers existing expenditure potential, future market opportunity based on population growth, and future competitive supply, and inflow sales volume from individuals residing outside of the Owen Sound Trade Area; and
- Assessed and identified any potential impacts on specific supermarkets or other retail nodes in Owen Sound, with a particular focus on any potential impact on Downtown Owen Sound.

1.5 Assumptions

There are a number of underlying assumptions on which the findings of this analysis depend. Based on our considerable and long-term experience in the development planning process, we recognize and appreciate the problems associated with making broad and generalized assumptions about future conditions. Deviations from historic and current trends will certainly take place in the future, however, basic assumptions are required regarding the possible extent of such deviations.

These basic assumptions are:

- During the forecast period discussed in this report, a reasonable degree of economic stability will prevail in the Province of Ontario, and specifically in the City of Owen Sound, Grey County, and Bruce County.
- The COVID-19 pandemic has created some disruption in commercial retail spending and consumption patterns. Over the long term, however, it is assumed that consumption patterns will revert to pre-pandemic levels; particularly in the context of the community of Owen Sound.
- Estimates of future population in the defined Trade Area are assumed to be sufficiently accurate and are based on a combination of available Statistics Canada Census Information, plus Canada Mortgage and Housing Corporation (CMHC) data. Long-range population and employment forecasts for Grey County, Bruce County and the City of Owen Sound were also utilized in this review and are considered accurate for the purposes of this analysis.
- The other official statistical sources utilized in this report (based largely on Statistics Canada and CMHC data, which have been footnoted where utilized) are considered sufficiently accurate for the purposes of this analysis.
- The year 2020 has been assumed as the base year in our analysis, as it represents the most recent full annual period for which accurate retail expenditure data is currently available. The first full year of operation on the subject site has been assumed as 2024; and
- References to the Canadian dollar in this report, dealing with present and future periods, reflect its 2020 value. We recognize that fluctuation in the absolute value and purchasing power of the dollar will likely occur during the period covered by this report. We assume, however, that the relationship between per capita income and expenditure levels and the value of the dollar will remain relatively constant during the period analyzed. Since this report deals with future space additions, inflation has been eliminated since it has no influence on the physical space used in retail facilities. However, real growth (excluding inflation) in expenditures has been acknowledged in the analysis.

If, for any reason, major changes occur which could influence the basic assumptions stated above, the recommendations contained in this report should be reviewed and revised as necessary.

2.0 Site & Access

Key Findings

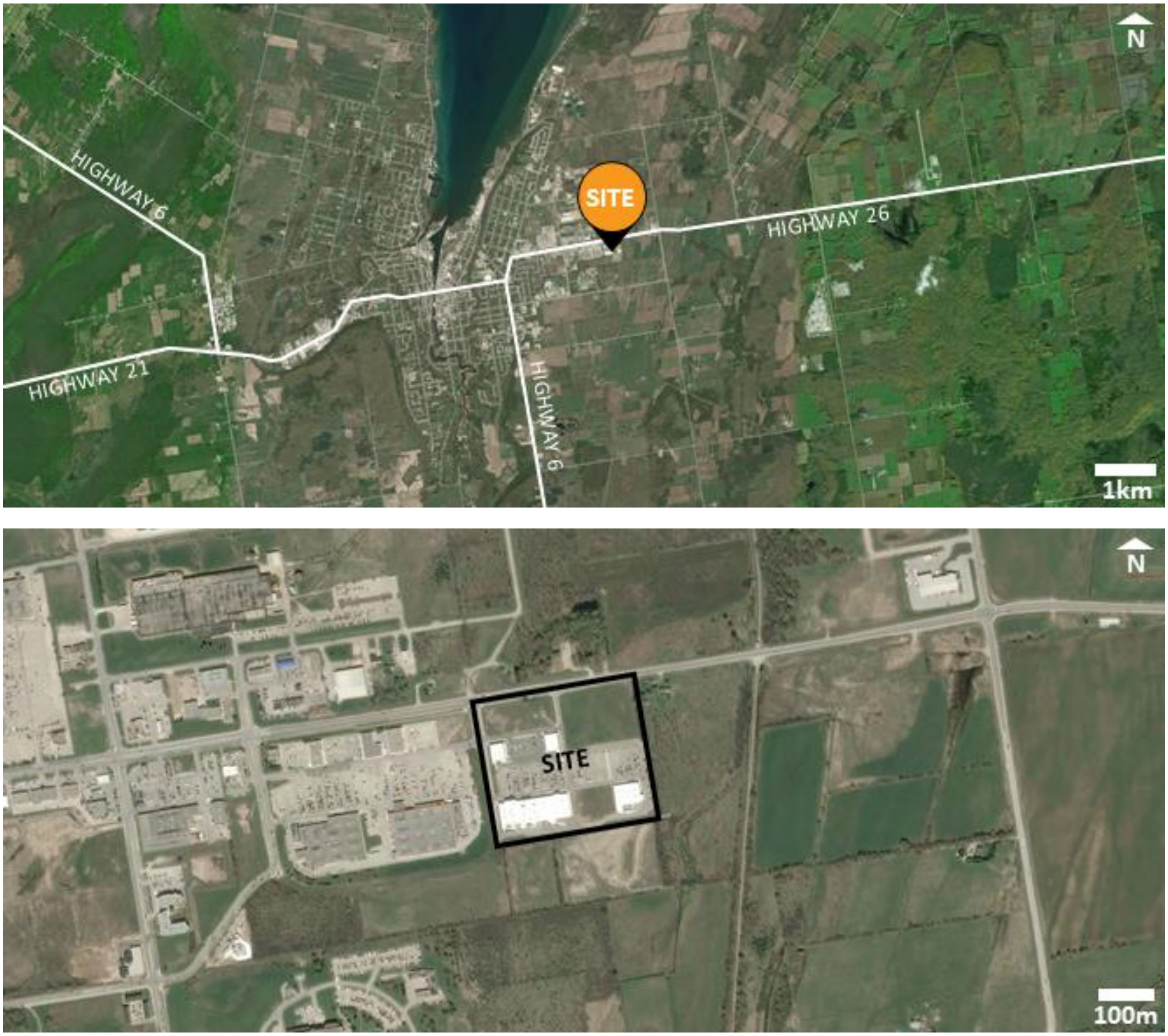
- The subject site is well located on Highway 26, the primary point of entry to Owen Sound from communities to the east. **It is well positioned to attract large format, national banner retailers that generally serve a regional trade area and require significant amounts of parking**.
- Draft Official Plan policy in Owen Sound identifies the East City Commercial designation as accommodating large format commercial users that serve a regional function.
- The **planned function of the subject site is highly differentiated from Downtown Owen Sound**, which is the primary site of pedestrian-oriented, smaller format, local shops and services. The proposed development **reinforces the function of the East City Commercial designation without affecting the role of Downtown Owen Sound**.

2.1 Site Location

The subject site is located at 2125 16th Street East in the City of Owen Sound, approximately 3.5 kilometres to the east of Owen Sound's Downtown. The site is located at the eastern entrance to Owen Sound, on the south side of the Highway 26 corridor. Figure 2-1 illustrates the location of the Heritage Grove Centre.

Heritage Grove Centre currently contains a combination of retail stores, including Dollar Tree, PetSmart, Michaels, Winners, HomeSense, Princess Auto and Value Village. The total site is approximately 7.6 hectares (18.78 acres) in size.

Figure 2-1: Subject Site Location



SOURCE: urbanMetrics inc. Figures are for illustration purposes only.

2.2 Surrounding Land Uses

The subject site is surrounded by a variety of commercial and other uses:

North

The immediate north side of 16th Street East is currently undeveloped open space. These lands are zoned for Retail Commercial uses, and therefore could represent additional commercial development though there is no current proposal for development of these lands. Further to the west, the north side of 16th Street East contains a range of light industrial uses, including a FedEx Shipping facility, and an automobile dealer.

East

Lands to the east of the subject site are undeveloped, and currently contain a forested area. Owen Sound's municipal boundary is located some 850 metres to the east of the subject site. Approximately 350 metres east of the site is the Grey County CP Rail Trail. This rail trail is an important recreational and tourism amenity serving the Region and provides a 77-kilometre connection between Owen Sound and the Town of Dundalk, located in the southeast corner of Grey County.

South

Similar to above, the area to the south of the subject site is comprised of open, forested space. These lands are zoned "Rural" in the Owen Sound Zoning by-law.

West

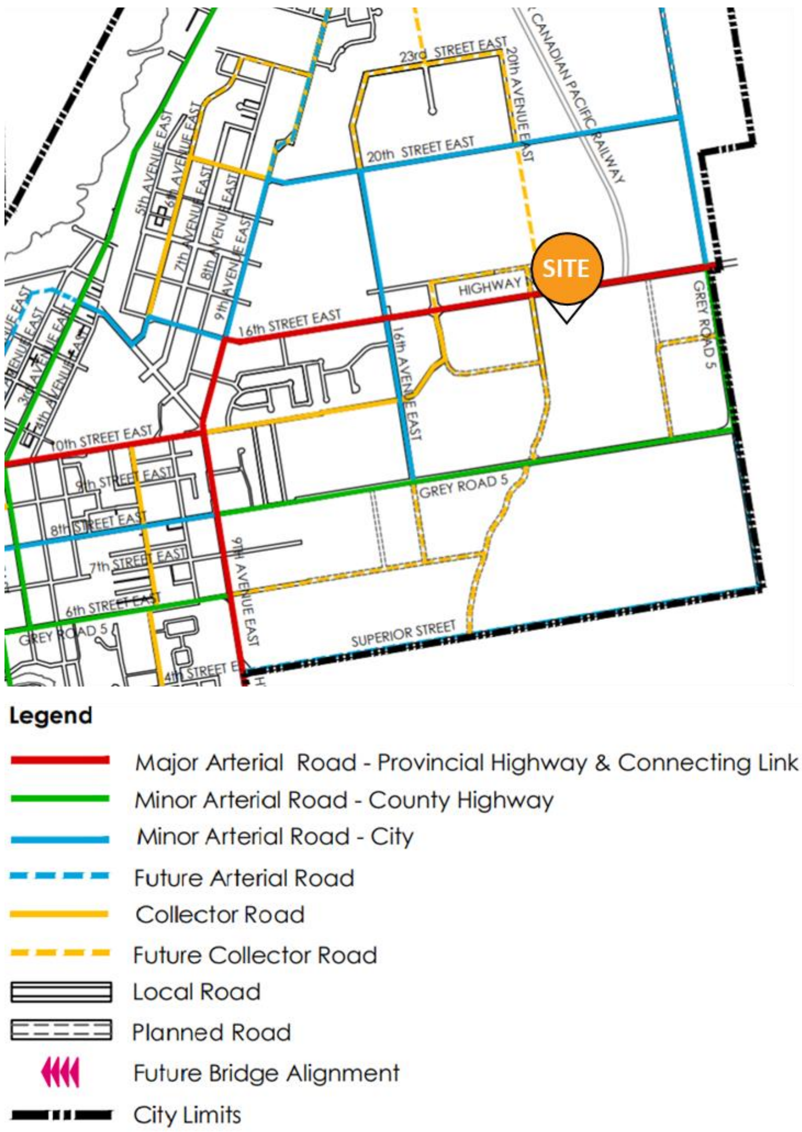
Lands to the immediate west of the subject site are generally comprised of automobile oriented, big box retail parcels. Immediately to the west is a shopping plaza containing several national banners, including a Wal-Mart Supercentre, Home Depot, Dollarama and EB Games. It contains almost 300,000 square feet of commercial space. Beyond, other uses along the 16th Street East corridor to the west of the site include Canadian Tire, Mark's, Tim Hortons, Sport Chek, Giant Tiger and Leon's. This corridor represents one of two major non-downtown commercial corridors serving Owen Sound and surrounding areas.

2.3 Site Access

Heritage Grove Centre is situated on Highway 26 at the eastern entrance to Owen Sound. To the east, Highway 26 connects to Meaford, the Town of Blue Mountains and Collingwood. To the west, Highway 26 connects to Highway 6 and Highway 21, which are the southern and western routes into Owen Sound. The subject site is located less than a 10-minute drive from Downtown Owen Sound, and the Owen Sound Billy Bishop Airport is just over a 5-minute drive away.

The subject site is accessible from two entrances off Highway 26. There is also a connection to the SmartCentres plaza to the west of the subject site and a proposed north / south road that would connect Highway 26 to 8th Street East / Grey Road 5.

Figure 2-2: Road Hierarchy (Schedule C in the Draft Official Plan)



SOURCE: City of Owen Sound, Draft Official Plan, 2021.

Located on Georgian Bay, Owen Sound is a popular tourist area. The City is about two hours north of the Greater Toronto Area and three hours from the United States border. Area highways provide access to several regional destinations, including the Bruce Peninsula (to the northwest) and Blue Mountains / Collingwood and Wasaga Beach (to the east).

Figure 2-3: Distances to Owen Sound

Destination or Origin	Distance (km)
Barrie	118
Kitchener	146
London	204
Niagara Falls	274
Ottawa	522
Toronto	190
Buffalo (USA)	305
Detroit (USA)	360
Chicago (USA)	802

SOURCE: City of Owen Sound, Getting Here.

There are a number of significant regional attractions within a short drive from the subject site. The Owen Sound Hospital (Grey Bruce Health Services) is located within a five-minute drive. According to the City of Owen Sound, this hospital serves 165,000 residents in Grey and Bruce Counties and employs 1,100 people.[1] The Owen Sound Billy Bishop Airport, located in the adjacent Municipality of Meaford and owned by the City of Owen Sound, is a six-minute drive from the subject site. This airport provides charter service, tourist flights and pilot training.[2] There are also numerous tourist destinations like the Tom Thomson Art Gallery and Inglis Falls in the area.

All of these facilities serve as **significant attractions that will benefit the retail and service commercial facilities at Heritage Grove Centre**.

[1] Owen Sound, Major Employers.

[2] Linear Air, Owen Sound Billy Bishop Regional Airport.

2.4 Planning Policy

Heritage Grove Centre is located within a commercial corridor that serves a regional function. The retail plazas and other commercial centres along Highway 26 also provide space for large format retail stores with ample surface parking. As outlined in the land use planning policy that apply to the subject site and surrounding area, significant residential growth is planned for this part of Owen Sound, including designated residential lands located to the south of Heritage Grove Centre. This growing residential population near the subject site will likely increase the demand for retail and service facilities along Highway 26, and specifically those located in the Heritage Grove Centre.

The following section outlines the land use policies in the 2012 Official Plan, Draft 2021 Official Plan Update, and Zoning By-law 2010-078 that are relevant to the subject proposal.

Official Plan (2021 Draft Update)

The City of Owen Sound is in the process of updating its Official Plan. This update will replace the 2012 Official Plan (2017 Consolidation), and provide a renewed direction for the City, informed by previous planning policy and on-the-ground realities and changes that have taken place in Owen Sound over the previous ten years.

Although the Official Plan has yet to be formally ratified by Council, the current version has been modified after several reviews and iterations. As such, it is our expectation that the general direction of the policy framework contained in this plan is relevant to the subject application. For the purposes of this report, we have reviewed both the in-force, and proposed Official Plans, and identified minimal—if any—deviations that would impact the proposed development on the site. As such, for the purposes of this exercise, the 2021 Draft update is assumed to provide the most relevant planned policy direction, particularly as it pertains to the commercial polices affecting the subject site.

The subject site is designated East City Commercial by the draft Official Plan, unchanged from previous designations in 2012 (Section 4.4). As noted in Section 3.5 of the draft plan,

> *"The principle planned function of the East City Commercial designation is to accommodate large format retail uses requiring relatively large sites. Such development serves as a regional destination and may accommodate single or multiple purpose sites."*

The designation permits a range of uses, including large format retail and service commercial uses (3.5.1.1.a), limited smaller scale retail, service commercial and personal use functions on underutilized or infill lots (3.5.1.1.b), and high-density residential uses in combination with large format retail areas (3.5.1.1.c). These policies are consistent with the 2012 Official Plan (Section 4.4.1).

It is important to note that draft policy 3.5.2.5.a requires a retail market analysis for any commercial project that is less than 465 square metres and greater than 1,400 square metres in size. Policy 4.4.2.9 of the 2012 Official Plan contains the same provisions. This analysis is required to confirm that:

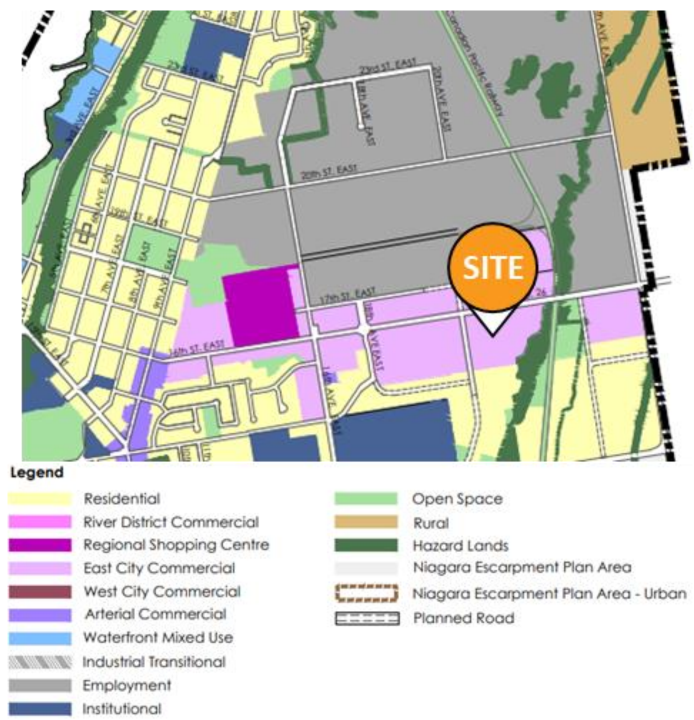
i. Designated commercial property, suitable for the intended scale and type of development is not available within the River District Commercial Area.

ii. Available commercial property in the River District Commercial Area is not economically viable for the intended scale and type of development.

iii. The proposed increase in commercial floor space will not be premature by increasing the amount of commercial floor space in the City beyond the 5 year market demand.

iv. The proposed development will not undermine the economic viability or planned function of a significant commercial component of the River District Commercial Area or impair the function of a designated commercial district as identified in this Plan.

Figure 2-4: Land Use (Schedule A in the Official Plan)

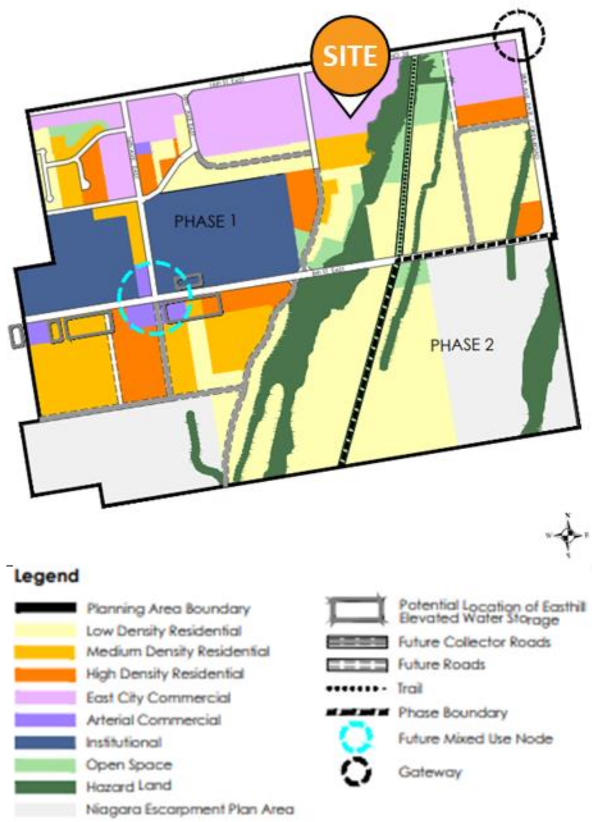


SOURCE: City of Owen Sound, Draft Official Plan, 2021.

The subject site is within the Sydenham Heights Phase I and II Planning Area, which is planned as a primarily residential community, with mixed use elements. Phase 1 of the planning area is projected to accommodate up to 1,350 residential units. Development in Phase 2 will not be permitted until the first phase is substantially complete, to ensure adequate servicing provision.

Growth concentrated in the Sydenham Heights Planning area will represent a localized source of market support for existing and future tenants at the Heritage Grove Centre. It will also be important to ensure that amenities and commercial uses permitted at Heritage Grove Centre provide services supporting this local population.

Figure 2-5: Sydenham Heights Phase I and II Planning Area (Schedule A2)



SOURCE: Draft Owen Sound, Official Plan, 2021.

Zoning By-law 2010-078

The subject site is zoned C2 14.89, Retail Commercial. Unlike the broader Retail Commercial (C2) zone, the subject site has a number of retail space restrictions that limit the type of uses and the size of specific uses on the subject site.

Figure 2-6: Zoning By-law 2010-078

SOURCE: City of Owen Sound, Zoning By-law 2010-078, 2019 consolidation.

By-law 14.89 provides limitations on the nature of retail and service uses permitted on the site. Additionally, store specific size caps are outlined below.

14.89 Notwithstanding the provisions of the Retail Commercial (C2) Zone and for lands shown on Schedule A, Zoning Map 20, the following provisions shall apply:

(a) Retail Stores according to the North American Industry Classification System (NAICS) limited to the following categories:

i. Furniture, Home Furnishings and Electronics

ii. Pharmacies and Personal Care Stores

iii. Clothing and Accessories

iv. General Merchandise

v. Miscellaneous Retail

(b) Service Uses limited to the following categories:

i. Medical and dental clinics and laboratories

ii. Tool or party rental

iii. Veterinary services

iv. Fitness centres

v. Restaurants with or without drive-through services

vi. Gas Bar (including accessory convenience)

(c) Amusement arcade

(d) Billiards and/or bowling

(e) Movie Theatre

(f) Hotel

i. Floor Area Provisions:

1. Maximum gross floor area for any combination of uses permitted under Section 14.89.1 (a) and (b): 17,443.7 m2

2. Maximum gross floor area applicable to any combination of amusement arcade, billiards and/or bowling, and movie theatres: 1,858 m2

3. Any combination of retail uses permitted under Section 14.89.1(a) shall be subject to a maximum gross floor area of 14,865.7 m2 with no single use having a unit size less than 697 m2 gross floor area, and subject to the following maximum gross floor area distribution:

a. Furniture, Home Furnishings and Electronics – Max. 3,716.4 m2

b. Pharmacies and Personal Care Stores – Max. 1,393.6 m2

c. Clothing and Accessories – Max. 3,716.4 m2

d. General Merchandise – Max. 2,322.8 m2

e. Miscellaneous Retail – Max. 4,645.5 m2

4. Notwithstanding 14.89.2 (3) above, a total of five (5) individual Retail Stores with no minimum unit size may be permitted, provided they do not exceed 2,230 m2 in aggregate and provided that the maximum gross floor area distribution per category is maintained as noted in 14.89.2 (3).

5. Any combination of service uses permitted under Section 14.89.1 (b) shall be subject to a maximum gross floor area of 2,578 m2 and the following:

a. Medical and dental clinics and laboratories – Min. unit size of 697 m2

b. Tool or party rental – no further restriction

c. Veterinary services – no further restriction

d. Fitness centre – no further restriction *e. Restaurants*

(i) Minimum unit size of 325.2 m2, however smaller restaurants with no minimum unit size may be permitted provided that they not exceed 520 m2 in aggregate.

(ii) One drive-through restaurant is permitted, which shall not be subject to the small restaurant aggregate maximum in 14.89 2) 5e(i) regardless of the size.

Downtown Function

Downtown Owen Sound has a unique character with significant heritage value. Identified in the Official Plan as the River District Commercial Area, Downtown Owen Sound functions as the "social, cultural, business, and recreational focal point of the city."

Lands within the River District Commercial Area can be used for a range of functions identified in Section 3.3.1.1 of the Official Plan. These uses include small and medium scale retail stores, financial institutions, food services, hotels, professional offices, services and community facilities, medium or high-density housing, or light industrial functions.

Section 3.3.3.1 identifies the River District Commercial area as the primary retail and commercial node in Owen Sound and takes steps to protect and reinforce it. As such, it is important that proponents of additional commercial development (including the subject site) demonstrate that the retail uses proposed will not undermine the planned function of the River District Commercial node.

The Owen Sound Harbour and Downtown Urban Design Master Plan Strategy (2000), Downtown River Precinct Plan (2013) and the Strategic Plan all aim to continue the revitalization of the Downtown, including the ongoing beautification process and the promotion of the Downtown as a tourism destination.

The planned commercial function of the East City Commercial area is very different from the Downtown retail function and therefore does not directly compete or detract from the vibrancy or viability of the Downtown.

In fact, it is beneficial to keep theses automobile-oriented commercial uses separate from the Downtown in order to maintain the Downtown as a pedestrian-oriented retail node. The Downtown is both a tourism destination and a local shopping district for specialized retail and service needs. By contrast, the East City Commercial area provides amenities that support the day-to-day needs of residents of Owen Sound and surrounding areas. These larger, automobile-oriented retail uses tend to require large amounts of gross floor area to provide a wide range of commercial goods, and surrounding land area to support sufficient parking for customers.

3.0 Trade Area Delineation

Key Findings

- A Trade Area has been delineated which represents the geographic extent from which the majority of shoppers would be derived. Recognizing differences in expenditure patterns amongst residents living in different geographies, a **Primary Zone, and several Secondary Zones have been delineated**.
- **The City of Owen Sound comprises the Primary Zone**.
- urbanMetrics has collected mobile analytics (customer origins) data to help us understand differences in travel and shopping patterns depending on the specific commercial destination and location of customer origin. The results of this analysis **demonstrates that Downtown Owen Sound serves a far different, local serving function** than the other commercial nodes surveyed. Likewise, clear differences in travel behaviour were observed for residents of the various Secondary Zones in the Trade Area.

A Trade Area represents the geographic extent from which the majority of shoppers and associated customer expenditure support are derived for a given retailer, commercial node or community. As such, the Trade Area identified herein is intended to capture the surrounding population which is most likely to shop for goods and services within the Town. In effect, it identifies the Town of Owen Sound's core customer base. For the purposes of this analysis, the Trade Area delineated herein is consistent with that identified in earlier retail market studies undertaken by urbanMetrics for Heritage Grove Centre.

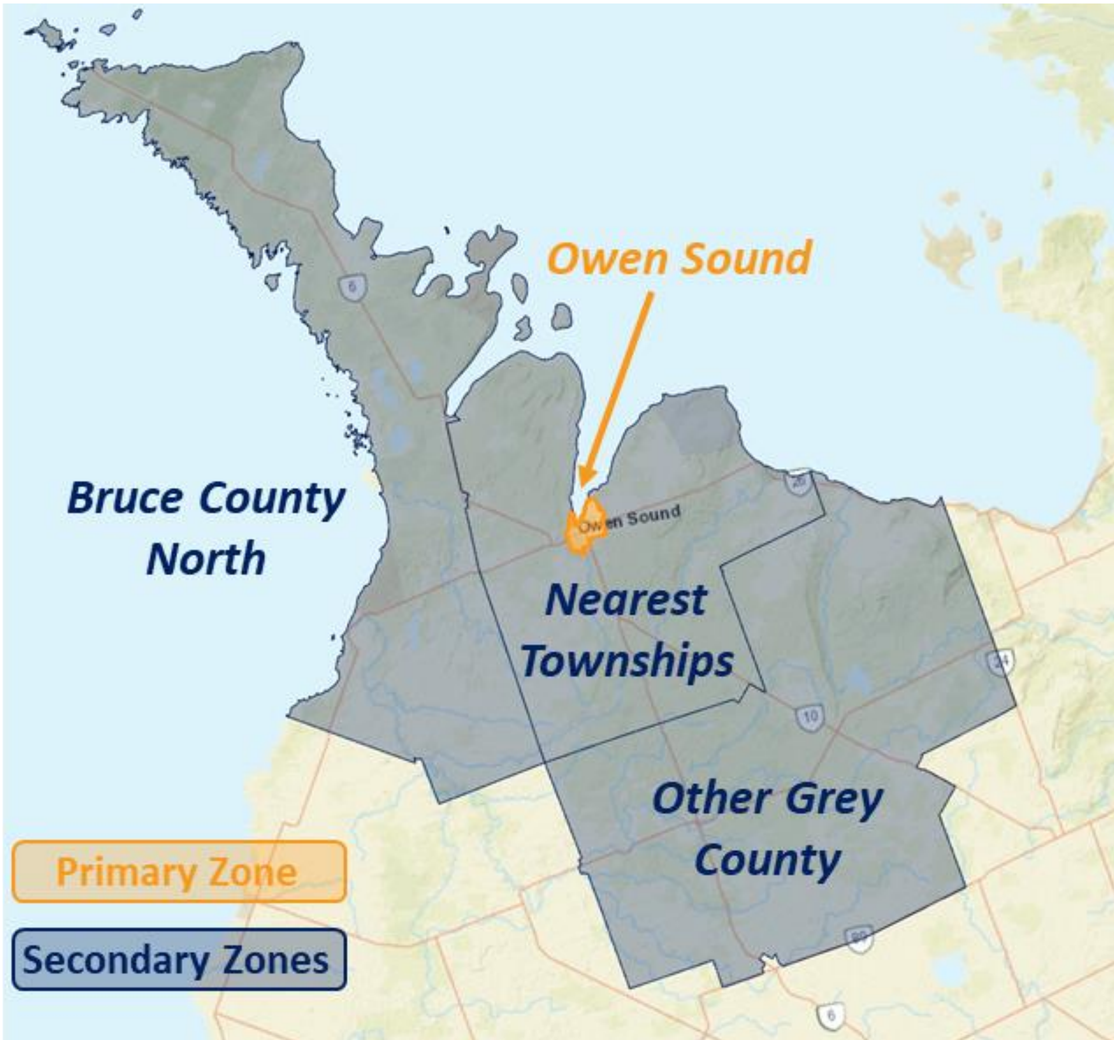
For the purposes of this retail market analysis, we have delineated a Primary Trade Area and other Secondary Trade Areas, to reflect different consumer behaviour patterns in Owen Sound and throughout the market area.

This delineation allows for a more nuanced analysis of the expenditures made at Owen Sound businesses by residents of Owen Sound, as well as those in surrounding communities which likely rely on Owen Sound's commercial offerings for a significant portion of their expenditures.

Additional market support would be generated from occasional expenditures of customers living outside of the Primary or Secondary Trade Areas (recognized as inflow). These customers could include visitors, non-permanent residents, the travelling public and / or individuals who work in the Trade Area but reside in communities outside.

Figure 3-1 below illustrates the delineated boundary of the Trade Area.

Figure 3-1: Trade Area Map



SOURCE: urbanMetrics inc., based on ArcGIS mapping.

The delineation of the Trade Area was based on a number of factors, including:

- The findings of previous survey research conducted by urbanMetrics as part of previous engagements for the developer of the subject site;
- The existing market influence of competitive retail / service commercial facilities located near the City of Owen Sound, and in surrounding communities;
- Distance and travel times to the area from various locations in the region.
- Local and regional access characteristics of the area;

- The location of natural and man-made barriers which could restrict the movement of customers to and from the area;
- The findings of our mobile analytics customer origins survey (provided in the following section).

Customer Origins (Mobile Analytics)

In addition to the traditional distance and competitive framework-based factors outlined above, urbanMetrics has partnered with a mobile analytics data provider to develop an understanding of the travel behaviours of visitors to select nodes in Owen Sound. The results of this analysis have been utilized to support the delineation of a data-driven, market-tested Trade Area that most accurately captures the true drawing power and customer support to commercial facilities in Owen Sound.

For the purposes of this analysis, urbanMetrics identified several important commercial nodes within various areas of Owen Sound to consider as part of the evaluation. These geographies were intended to capture patterns in different areas of Owen Sound, as well as regional, supermarket anchored shopping districts comprising different retailers and retail formats. These geographies were surveyed individually and consolidated as a total to understand how each individual geography relates to broader averages. The geographies surveyed include:

- **Western Owen Sound** – The geography delineated here captures visitation to the Galaxy Centre, including No Frills and Galaxy Cinemas. The recently completed Foodland located at 915 10th Street West was also surveyed as part of this node.
- **Downtown Owen Sound** – A corridor primarily capturing the 2nd Avenue East corridor, from 11th Street East to 7th Street East was delineated. Select areas located along other east-west corridors were also captured.
- **Eastern Owen Sound** – The entirety of Heritage Place Mall, including all outparcel commercial properties and parking facilities was surveyed.

It is important to note that mobile analytics data captures a representative segment or sample of total visitation to a given geography. This capture is based on a range of mobile applications installed on individual devices. Therein, the figures presented below are reported in percentage terms, as they represent a reasonable approximation as to the macro-level geographic origin of visitors, but do not present a comprehensive view of overall visitation in absolute volume terms. Data collected represents full year 2019 and 2020 visitation patterns.

Figure 3-2 below demonstrates the home locations from which visitors are drawn to the commercial nodes previously delineated. The visitation break downs below illustrate where the majority of visitors / customers are coming from when they visit particular areas of Owen Sound. It is important to note that the figures shown **include** repeat visitation. This captures the higher likelihood that local residents visit a given node multiple times to conduct day to day business. Alternatively, seasonal, or tourist visits are captured, but reflect the relatively limited visitation from these segments when compared to residents of the Primary and Secondary Trade Areas.

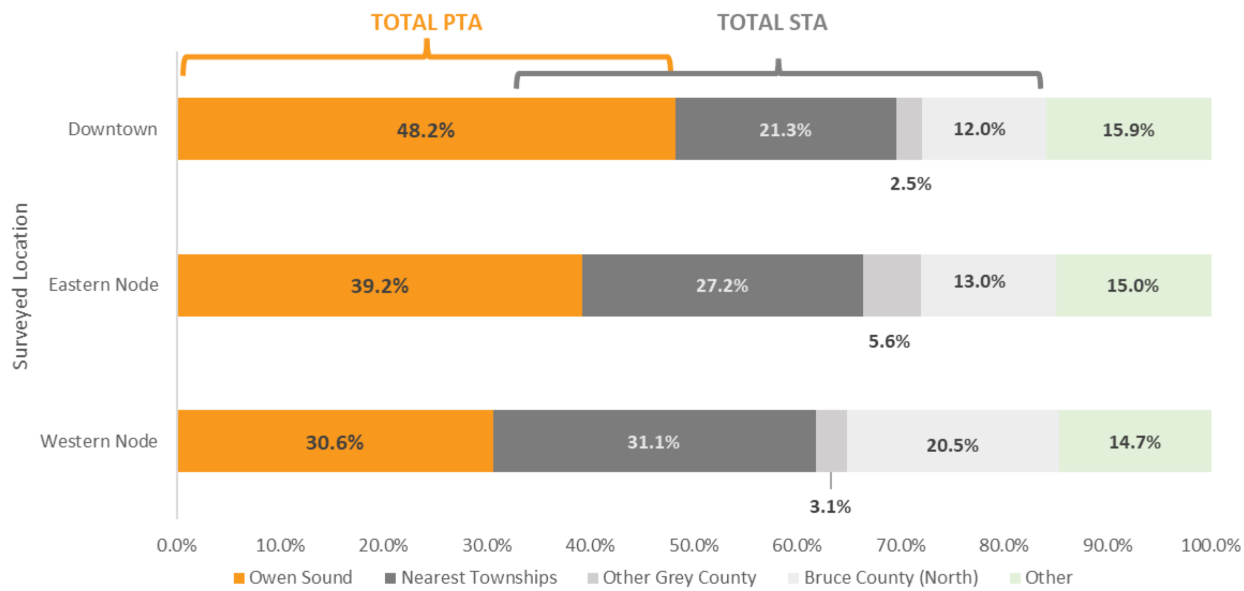
As shown, there is a significant amount of variation in visitation patterns across each node. Generally (i.e. across all nodes), visitation from Trade Area residents captures approximately 85% of total visits to each area. As such, the mobile analytics data validates the delineated Trade Area, insofar that it captures the majority of visitation to the commercial areas of Owen Sound.

Within each node, there is significant differentiation in visitation patterns between the various Trade Area geographies. The following highlights are noted:

- Across all three nodes surveyed, the proportion of visitation drawn from outside the delineated Trade Area was consistently in the range of 15%. This suggests that the Trade Area boundaries have been accurately drawn, and—across Owen Sound—captures the geographic extent from which the majority of customers visit the community.
- **Almost 50% of all visitation to Downtown Owen Sound is drawn from residents of the community—by far the highest of the three nodes surveyed**. Given this finding, as well as the nature of small-format, local serving businesses in Downtown Owen Sound, this node clearly serves a differentiated function from the other surveyed commercial areas. In comparison, the analysis validates that Downtown Owen Sound is not as significant a regional draw as the big box, automobile-oriented uses at the eastern and western edges of the community. Rather, it is reasonable to conclude that Downtown Owen Sound's local, specialized retailers and restaurants, as well as the concentration of office-based employment, primarily serve the local population, with some visitation from surrounding communities for specific needs.
- With only 30.6% of visitation to the Western Node drawn from residents of Owen Sound, Secondary Trade Area residents comprise a large portion of visitation to this area. In particular, residents of the Nearest Townships (particularly Georgian Bluffs), and Bruce County (North) accounted for the majority of the increased visitation. Given the substantial population base in these areas, and their generally rural character, it is not surprising that they represent a significant source of inflow—particularly to the supermarkets in the western node.
- The Eastern Node results demonstrated a "middle ground" between the findings identified at the western and downtown survey sites. With 40.2% of respondents being drawn from within Owen Sound, it represents an important local serving node. However, owing to the nature and

diversity of commercial retailers concentrated at Heritage Mall, some 45.8% of visits were from regional visitors.

Figure 3-2: Visitation at Surveyed Nodes by Place of Origin



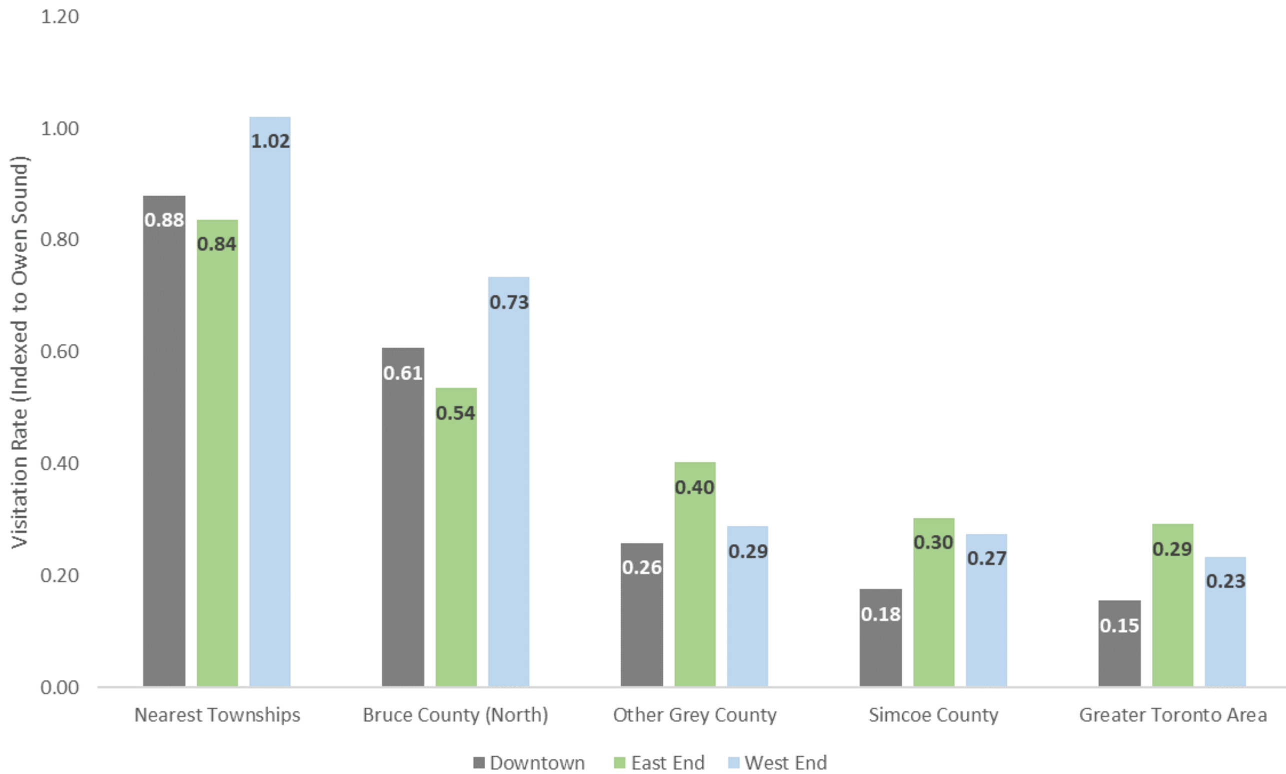
SOURCE: urbanMetrics inc., based on mobile analytics survey data.

The figures below illustrate average visitation to each commercial node, when indexed to the City of Owen Sound. These figures show how many visits come to each node, for every visit derived from an Owen Sound resident.

Figure 3-3 below illustrates the average visitation rate for visitors to each node in Owen Sound, relative to local (i.e. residents of Owen Sound). As shown, average visitation from residents of the Nearest Townships geography is highest amongst the surveyed areas. Visitation from the Nearest Townships to the west end shopping node actually slightly exceeds visitation from Owen Sound residents, indicating that inflows from these surrounding communities is substantial.

Other communities, including Bruce County (North) and Other Grey County, demonstrate reasonably high average total visitation rates, when indexed against Owen Sound residents. These findings indicate that—particularly amongst residents of the Nearest Township and Bruce County (North) geographies—there is significant inflow and expenditure potential captured in Owen Sound.

Figure 3-3: Visitation to Selected Nodes, Index to Owen Sound



SOURCE: urbanMetrics inc., based on mobile analytics survey data.
Figures presented are indexed to the City of Owen Sound. Totals do not represent overall visitation levels, rather the rate of visitation, by geography.

4.0 Population and Income

Key Findings

- The **current population of the Trade Area is estimated at some 142,800**, representing annualized growth of 0.7% over the 128,400 identified in 2006. Within Owen Sound, the 2021 population is 22,400, which is the same as the 22,400 reported in 2006. Owen Sound currently comprises some 15.7% of the population of the broader Trade Area.
- Over 2,000 residential units have been identified as recently approved or under application in Owen Sound. These units—estimated to accommodate upwards of **4,100 additional residents—have been considered in our population forecasts** prepared in Section 4.0.
- The **2041 population of the Trade Area is anticipated to be 164,700 residents**. Owen Sound is expected to add 5,100 residents over this period, reaching a population of 27,500. The remaining Secondary Trade Area zones are forecast to add 16,800 residents over the same period.
- The 2016 **weighted average income per person across the entire Trade Area is $35,598, falling 5% below the provincial average**. In Owen Sound, per capita income in 2016 is $30,108, some 20% below the provincial benchmark.

Assessing the population and income characteristics of the Trade Area is an important step in determining the current and anticipated demand for commercial space within Owen Sound. These characteristics provide an understanding of the potential growth in the customer base that are likely to patronize commercial facilities in Owen Sound. As well, understanding income characteristics of the population in the different Trade Area zones helps us identify the total expenditure potential that—in aggregate—residents have available to purchase goods and services from local businesses. These two factors are critical inputs to an expenditure-based retail market analysis.

The following section identifies the current and forecasted population levels in Owen Sound and across the Trade Area delineated in Section 3.0. Furthermore, the income characteristics of the community, indexed against provincial averages, is identified.

4.1 Population Characteristics

Figure 4-1 below illustrates the population of the Primary and Secondary Trade Areas. As shown, Owen Sound's population has not changed since 2006, and remains constant at 22,400 in 2021. Outside of Owen Sound, the combined population of the delineated Secondary Trade Areas has risen from 106,000 in 2006 to 120,400 in 2021.

Overall, the 2021 population of the Trade Area is estimated to be some 142,800. This marks an increase of some 14,400 residents over the past 15 years, an annual rate of growth of approximately 950 residents, or 0.7% per year over the 2006 total. As shown, all of the growth between 2006 – 2021 has occurred in the Secondary Trade Areas. These areas generally represent important inflow into the regional serving commercial functions in Owen Sound and will represent a significant amount of the future market for new commercial facilities proposed on the subject site.

Figure 4-1: Current Trade Area Population

	2006		2011		2016		2020		2021
PTA - Owen Sound	**22,400**		**22,200**		**21,900**		**22,300**		**22,400**
Annual Change in Population		*-40*		*-60*		*100*		*100*	
Annual Change in Population (%)		*-0.2%*		*-0.3%*		*0.5%*		*0.4%*	
STA - Nearest Townships	**28,700**		**28,600**		**28,800**		**29,400**		**29,500**
Annual Change in Population		*-20*		*40*		*140*		*100*	
Annual Change in Population (%)		*-0.1%*		*0.1%*		*0.5%*		*0.3%*	
STA - Other Grey County	**44,200**		**43,700**		**45,300**		**47,000**		**47,400**
Annual Change in Population		*-100*		*320*		*420*		*400*	
Annual Change in Population (%)		*-0.2%*		*0.7%*		*0.9%*		*0.9%*	
STA - Bruce County (North)	**33,100**		**34,700**		**37,700**		**42,300**		**43,500**
Annual Change in Population		*320*		*600*		*1,160*		*1,200*	
Annual Change in Population (%)		*1.0%*		*1.7%*		*3.1%*		*2.8%*	
Total Population	**128,400**		**129,200**		**133,700**		**141,000**		**142,800**
Annual Change in Population		*160*		*900*		*1,820*		*1,375*	
Annual Change in Population (%)		*0.1%*		*0.7%*		*1.4%*		*1.0%*	

SOURCE: urbanMetrics inc.
2006, 2011 and 2016 figures are based on the Census of Canada and adjusted for undercoverage and household decline.
2021 figures in Owen Sound, Nearest Townships and Other Grey County are based on projections prepared by Hemson Consulting Ltd. In May 2018 as input to the Grey County Growth Management Strategy.
2021 figures in Bruce County (North) are based on projections prepared by Watson Consulting Ltd., included in *Plan the Bruce: Good Growth* Interim Report to Bruce County's Official Plan Review, March 2021.
All figures have been rounded to the nearest 100.
NOTE: urbanMetrics has compared population forecasts for 2021 to CMHC housing completions data, for available geographies.

Residential Development Applications

urbanMetrics has reviewed active development application activity in Owen Sound, for both residential and non-residential space. This process identifies forthcoming development activity to be recognized in a retail market analysis. Growth in residential population represent an increase in expenditure potential which could support local commercial businesses. For residential growth, additional population potential (i.e. above and beyond forecasted growth) was compared to published forecasts, and adjustments to those projections were made, as necessary.

There is a single active development application being contemplated by City of Owen Sound planning staff. The application, submitted in October 2021, proposes an Official Plan Amendment and Plan of Subdivision in the area around 16th Avenue East, between 6th and 7th Streets East. The plan contemplates the extension of existing roadways, as well as creation of local roads, a stormwater management system and parks. Approximately 830 residential units in a variety of tenures are contemplated, as well as three arterial commercial blocks, located on some 2.04 hectares of land.

In addition to the active application discussed above, Figure 4-2 below illustrates recently approved applications in Owen Sound. As shown, just over 2,000 units are included in this analysis. Based on applicable person per unit factors, an estimated population of 4,100 would be supported in the proposed units. As these proposed units exceed the forecasted growth rate, this increased local residential population has been incorporated into our population projections, shown in the following section.

Figure 4-2: Active and Recently Approved Development Applications in Owen Sound

Approval Date	Address	Number of Units	Single or Semi-Detached	Townhomes	Multi-Residential	Additional Notes
Apr-17	3195 East Bayshore Road	346	160	61	125	
Jun-19	1905 8th Street East	366	36	66	264	
Nov-19	North side of 8th Street East, east of 16th Avenue E	324	63	31	230	*Possible main floor commercial included in the multi-residential*
Apr-20	West side of 16th Avenue East, north	199	10	69	120	*132 additional units in a long-term care facility*
Active	16th Avenue E, between 6th and 7th Streets E	829	18	651	160	
	Total Unit Count	*2,064*	*287*	*878*	*899*	
	PPU [1]	-	*2.70*	*2.10*	*1.66*	
	Total Population Estimate [2]	**4,100**	**775**	**1,843**	**1,492**	

SOURCE: urbanMetrics inc., based on a review of Owen Sound's "Current Development Projects" data.
[1] PPU factors based on *2018 Development Charge Background Study, prepared by Hemson Consulting Ltd.*
[2] Total population estimate rounded to the nearest 100. Figures may not sum due to rounding.

Forecasted Population

urbanMetrics has reviewed a range of population projections for the delineated Trade Area. Establishing anticipated population growth is important in determining commercial need to serve the existing and future population living in the area.

Figure 4-3 below illustrates the anticipated population to 2041. As shown, the City of Owen Sound is forecasted to achieve a population of 27,500 by 2041, representing a modest growth of some 5,100 total residents over the next 20 years. The Secondary Trade Areas are forecast to grow to a total of 137,200 over the same time period, representing the addition of some 16,800 residents. Overall, the population of the Trade Area is forecast to be 164,700 by 2041. Some 16.8% of the Trade Area population is anticipated to be within the City of Owen Sound, with the remaining population generated from the surrounding Secondary Trade Area zones.

2024 is assumed to be the first year of operation for any additional commercial space added to the subject site. In 2024, the population in Owen Sound is estimated to be 23,200, with a broader regional population estimated to reach 146,500. In 2024, some 15.8% of the Trade Area population will be located in Owen Sound.

Figure 4-3: Population Forecasts, 2021-2041

	2021		2024		2026		2031		2036		2041	Growth (2021 - 2041)
PTA - Owen Sound	**22,400**		**23,200**		**24,500**		**26,600**		**27,100**		**27,500**	5,100
Annual Change in Population		*267*		*650*		*420*		*100*		*80*		*255*
Annual Change in Population (%)		*1.2%*		*2.8%*		*1.7%*		*0.4%*		*0.3%*		*1.1%*
STA - Nearest Townships	**29,500**		**29,900**		**30,200**		**31,000**		**31,600**		**32,200**	2,700
Annual Change in Population		*140*		*150*		*160*		*120*		*120*		135
Annual Change in Population (%)		*0.5%*		*0.5%*		*0.5%*		*0.4%*		*0.4%*		0.5%
STA - Other Grey County	**47,400**		**48,600**		**49,400**		**51,300**		**51,900**		**54,100**	6,700
Annual Change in Population		*400*		*400*		*380*		*120*		*440*		335
Annual Change in Population (%)		*0.8%*		*0.8%*		*0.8%*		*0.2%*		*0.8%*		0.7%
STA - Bruce County (North)	**43,500**		**44,800**		**45,600**		**47,600**		**49,500**		**50,900**	7,400
Annual Change in Population		*420*		*400*		*400*		*380*		*280*		370
Annual Change in Population (%)		*1.0%*		*0.9%*		*0.9%*		*0.8%*		*0.6%*		0.9%
Total Population	**142,800**		**146,500**		**149,700**		**156,500**		**160,100**		**164,700**	21,900
Annual Change in Population		*1,233*		*1,600*		*1,360*		*720*		*920*		1,095
Annual Change in Population (%)		*0.9%*		*1.1%*		*0.9%*		*0.5%*		*0.6%*		0.8%

SOURCE: urbanMetrics inc.
Figures in Owen Sound, Nearest Townships and Other Grey County are based on projections prepared by Hemson Consulting Ltd. In May 2018 as input to the Grey County Growth Management Strategy.
NOTE: Active and proposed development activity in Owen Sound was incorporated into the analysis. Developments approved prior to 2019 were assumed to be completed by 2024. Projects approved in 2019 were assumed to be completed by 2026, with those approved in 2020, 2021 or currently under consideration assumed to be completed by 2031. Details regarding the applications are shown in Section 5.1. After adjusting for development activity, urbanMetrics applied the same rate of growth to the higher population figure, as forecasted in the Grey County Growth Management Strategy.
Figures in Bruce County (North) are based on projections prepared by Watson Consulting Ltd. included in *Plan the Bruce: Good Growth Interim Report to Bruce County's Official Plan Review*, March 2021.
All figures have been rounded to the nearest 100. Household decline was not applied to forecasts, as the rate of decline calculated and incorporated into the analysis in Figure 4-1 was deemed not consequential to the overall analysis.

4.2 Seasonal Residents

In addition to permanent residents in the Trade Area, seasonal residents form an important—albeit different—source of market support for commercial businesses in Owen Sound. Due to the Trade Area's proximity to Georgian Bay and Lake Huron, as well as the Greater Toronto Area, it is a desirable vacation destination. As such, there is a significant seasonal population in the area, primarily concentrated throughout the warmer summer months.

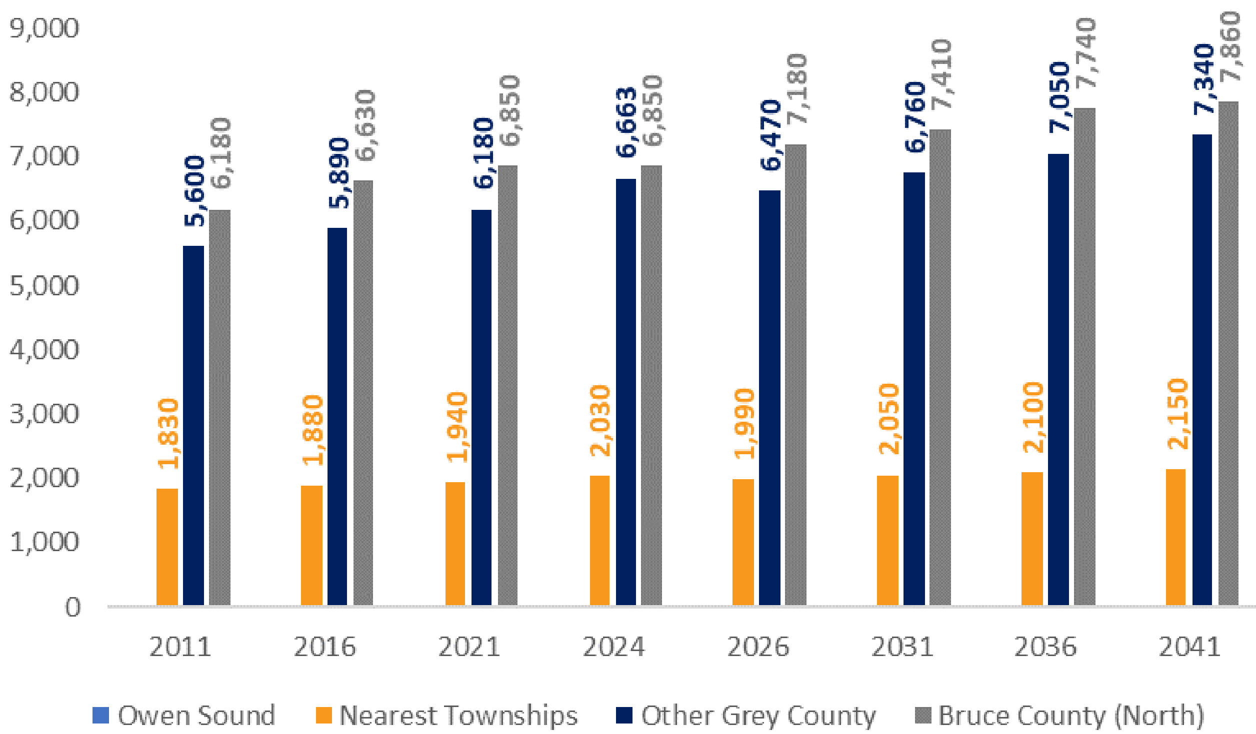
It is important to note that **expenditures made by seasonal residents differ from permanent residents**. Most obviously, their expenditures represent a portion of overall spending, as a greater portion of spending is conducted in the residents' primary home. Additionally, it is likely that much of the spending made by seasonal residents is concentrated in select categories. In particular these likely include the following:

- Food Store Retail (particularly supermarkets);
- Beer, Wine and Liquor;
- Food Services (i.e. restaurants);
- General Merchandise; and
- Building & Outdoor Home Supply.

Figure 4-4 below illustrates the estimated growth in seasonal units across the Trade Area geographies. It is important to note that—based on the analysis presented—there is no identified seasonal residence growth anticipated in the City of Owen Sound. Rather, this growth is concentrated across the rural and lakefront areas in the Secondary Trade Areas. These concentrations vary—with much higher proportions of seasonal units in municipalities that are traditional vacation destinations like the Blue Mountains. However, as shown in Figure 4-4 below, there is a substantial supply of seasonal homes across all parts of the Trade Area.

As shown, as of 2021, there are estimated to be a total of some 14,970 seasonal homes located within the Trade Area. By the 2041 planning horizon, this figure is forecast to grow to a total of 17,350 properties. This represents growth of some 2,380 dwellings over the 20-year period.

Figure 4-4: Seasonal Homes by Geography, 2011 - 2041



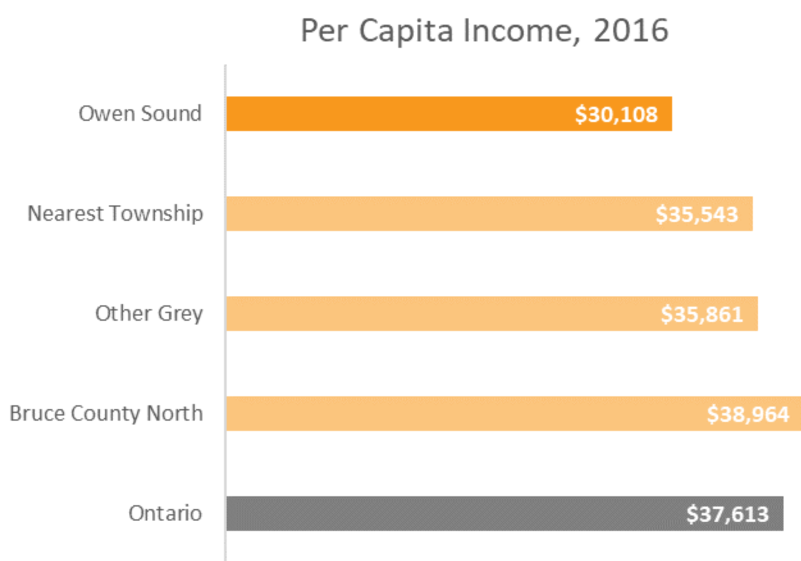
SOURCE: urbanMetrics inc.
Owen Sound, Nearest Townships and Other Grey County figures based on 2015 Growth Management Study prepared by Hemson Consulting Ltd. Where necessary, figures were extrapolated by assuming straight-line growth throughout the period.
Bruce County figures based on *Plan the Bruce: Good Growth* Report prepared as input to the Official Plan Review by Watson Consulting Ltd. in March 2021. Where necessary, figures were extrapolated by assuming straight-line growth throughout the period.

4.3 Income Characteristics

As a basis for determining the current and future retail expenditure potential of Trade Area residents, we have reviewed per capita income levels in each Trade Area zone, based on Statistics Canada Census 2016 data. For comparison purposes, we have also indexed these per capita income levels to the Provincial average.

As indicated in Figure 4-5, there is substantial variation compared to the Provincial average with respect to per capita income levels in the Primary and Secondary Trade Areas in 2016. At $30,108 per capita, Owen Sound's income levels fall approximately 20.0% below the reported Provincial average of $37,613 and represent the lowest incomes in the entire Trade Area. Otherwise, the incomes reported for the Secondary Trade Zones are generally in line with Provincial averages, falling within 5% above and below the provincial benchmark. The blended weighted average income across the entire Primary and Secondary Trade Area is $35,598, falling some 5% below the provincial benchmark.

Figure 4-5: Per Capita Income by Geography, 2016



SOURCE: urbanMetrics inc., based on 2016 Census.

5.0 Commercial Inventory

Key Findings

- The City of Owen Sound contains **some 2.4 million square feet of retail / service commercial space**. Slightly over one quarter of this space is located in the Downtown River District.
- The **vacancy rate across the Trade Area was assessed to be 7.3%**, which is indicative of a healthy and balanced commercial environment.
- Vacancy rates ranged across the various commercial nodes, from a low of 0.7% in the East City, to 14.5% at Heritage Place Mall. **The vacancy rate reported at the Downtown River District was 11.0%, above the Trade Area average**. This above-average vacancy rate is likely attributable—at least in part—to the ongoing effects of the COVID-19 pandemic, which has undoubtedly resulted in temporary and/or more permanent store closures without appropriate time for full recovery.
- Two commercial projects in addition to the subject application have been identified, one of which received recent approval and another currently under consideration. A total of almost 75,000 square feet has been identified as part of these proposals. However, **the proposed and anticipated nature of these proposals differs significantly in form and function from the uses being contemplated at Heritage Grove Centre.**

A review of the existing and competitive retail and service facilities is key to understanding what retail operations are currently provided for residents and visitors to the Trade Area, as well as for understanding what competitive landscape may influence the market for the proposed development.

Understanding the commercial structure of the City of Owen Sound is an important step in any evaluation of future impact that retailers and service commercial businesses in the area could potentially experience as a result of any additional retail / service commercial space added to the market, particularly as it relates to impacts on Downtown Owen Sound.

An inventory of retail and service commercial space in the Trade Area was conducted by urbanMetrics in Q3 of 2021. The inventory prepared by urbanMetrics in 2021 is an update to previously conducted commercial inventories completed in the community utilizing the same methodology. This update adopted the same previously calculated square footages for existing commercial structures, unless material changes were observed in the structures. Otherwise, documenting any changes in retailers or services occupying the structures served as the primary focus of this exercise. These previous inventories and associated findings have been reviewed and accepted by the City of Owen Sound and associated peer reviewers as part of earlier submissions to obtain the various permissions approved at Heritage Grove Centre. Therefore, it is assumed that this represents an appropriate approach for the purposes of this inventory gathering exercise. [3]

This inventory covers all food store retail (FSR), non-food store retail (NFSR), beer, wine, and liquor (BWL) stores, as well as all types of service / office commercial facilities. Part of this review included an analysis of Downtown Owen Sound to determine the relative health of the commercial core as well as identifying how the core is differentiated from the rest of the commercial locations in the community.

Figure 5-1 shows the results of the commercial inventory throughout the City of Owen Sound, based on selected geographies. These geographies were identified primarily based on the boundaries drawn within the Owen Sound Official Plan, however, urbanMetrics has made modest variations to reflect market realities. A brief description of each node, as well as any adjustments made to the boundaries is provided below:

See Appendix A for Schedule A of Owen Sound's Proposed Official Plan

East City – The East City corridor is focused along 16th Street East and represents the primary eastern entrance to the community. Outside of Owen Sound, Highway 26, provides connections to urban centres to the east of the City. This node is primarily comprised of large-format, big box retailers with significant amounts of surface parking. Many national and international banners are found in this area, including Canadian Tire, Wal Mart, and Home Depot. The subject site is also located within this geography.

Heritage Place – Heritage Place is the City of Owen Sound's primary enclosed shopping facility. It is located within the broader East City district however it serves a distinct function as an enclosed shopping centre. The mall offers a range of anchor tenants as well as smaller fashion-oriented and service-focused uses. Sport Chek, Giant Tiger, Leon's and Food Basics are large anchors within this mall.

River District – The River District ("Downtown River District") is Owen Sound's historic downtown commercial core area. It is a walkable, mixed-use area that supports a range of smaller format retailers, services and public organizations (i.e. municipal, provincial and social

[3] A recently completed inventory prepared by J.C. Williams Group in November of 2020 identified over 1 million square feet of commercial space in Downtown Owen Sound. At the level of detail provided, we are unable to assess the reason for the higher figures reported in the J.C. Williams inventory than the current and previously accepted inventories prepared by urbanMetrics. However, the City of Owen Sound and associated peer reviewers have previously validated the findings of past inventories prepared by urbanMetrics. As the figures presented in our 2021 inventory represent an update to previously accepted inventories, it is our opinion that the figures presented below continue to represent an accurate representation of the commercial inventory in Owen Sound for the purposes of this analysis.

services). Specific policy protections are provided to the River District, particularly as it relates to reinforcing the primacy and vibrancy of this area as a commercial node.

West City – Like the East City corridor, the West City geography represents the primary western entrance to Owen Sound, along 10th Street West. It is comprised primarily of medium to large format, automobile-oriented retailers or strip mall format plazas. Key anchors of this corridor include No Frills, Foodland, Staples and Cineplex Galaxy Cinemas. It is important to note that urbanMetrics has expanded the boundary of this geography to the west, beyond the municipal boundary of Owen Sound, and that identified in the draft Official Plan. The commercial function of this corridor extends beyond municipal boundaries, and—in our opinion—maintains no functional difference to the lands delineated within the Official Plan. As such, inclusion of this expanded area for the purposes of this analysis is appropriate.

Other Owen Sound – In addition to the geographies identified above, urbanMetrics has completed a detailed retail / service inventory of all additional commercial space within the community. For the purposes of this inventory, this space has been generally included in the "other" bucket. This space was generally located throughout the community, with notable clusters in areas immediately north of the River District, as well as commercial uses located in the industrial areas of Owen Sound. urbanMetrics has also included any commercial space identified in the Springmount industrial area—located immediately to the west of Owen Sound—in this inventory.

The Trade Area contains just over 2.4 million square feet of retail / service commercial space. Some 640,000 square feet are located in the Downtown River District, representing 27% of the total supply across this geography.

Figure 5-1: Trade Area Commercial Inventory

Categories	East City	Heritage Place	Other	River District	West City	Grand Total
Beer, Wine and Liquor	**9,300**	**0**	**6,000**	**0**	**3,900**	**19,200**
FSR	**79,700**	**32,700**	**28,600**	**44,300**	**77,400**	**262,700**
Convenience & Specialty Food	12,400	0	10,600	12,900	5,900	41,800
Supermarkets & Grocery	67,300	32,700	18,000	31,400	71,500	220,900
NFSR	**554,900**	**178,000**	**122,800**	**169,800**	**159,700**	**1,185,200**
Apparel and Accessories	51,900	47,700	0	18,300	1,200	119,100
Automotive	20,000	0	4,500	2,700	4,700	31,900
Building and Outdoor Home Supply	132,000	0	33,300	24,000	32,900	222,200
Furniture, Home Furnishings & Electronics Store	39,800	75,200	24,400	35,800	8,400	183,600
General Merchandise	213,400	24,800	0	7,200	28,400	273,800
Miscellaneous Retailers	72,900	29,300	21,800	74,200	79,500	277,700
Pharmacies & Personal Care	24,900	1,000	38,800	7,600	4,600	76,900
SERVICES	**101,500**	**50,400**	**151,900**	**357,200**	**106,400**	**767,400**
Finance	11,800	0	1,000	40,400	4,500	57,700
Food Services & Drinking Places	43,900	11,100	31,000	66,800	28,300	181,100
Health Care	12,100	2,200	30,600	50,700	1,200	96,800
Insurance and Real Estate	7,500	1,200	9,100	26,700	7,400	51,900
Personal Care	16,100	2,200	11,700	49,800	6,400	86,200
Business Services[1]	4,400	2,000	51,100	51,900	2,400	111,800
Other[2]	5,700	31,700	17,400	70,900	56,200	181,900
VACANT	**4,900**	**44,200**	**44,400**	**70,900**	**11,100**	**175,500**
Vacant %	*0.7%*	*14.5%*	*12.6%*	*11.0%*	*3.1%*	*7.3%*
Grand Total	**750,300**	**305,300**	**353,700**	**642,200**	**358,500**	**2,410,000**

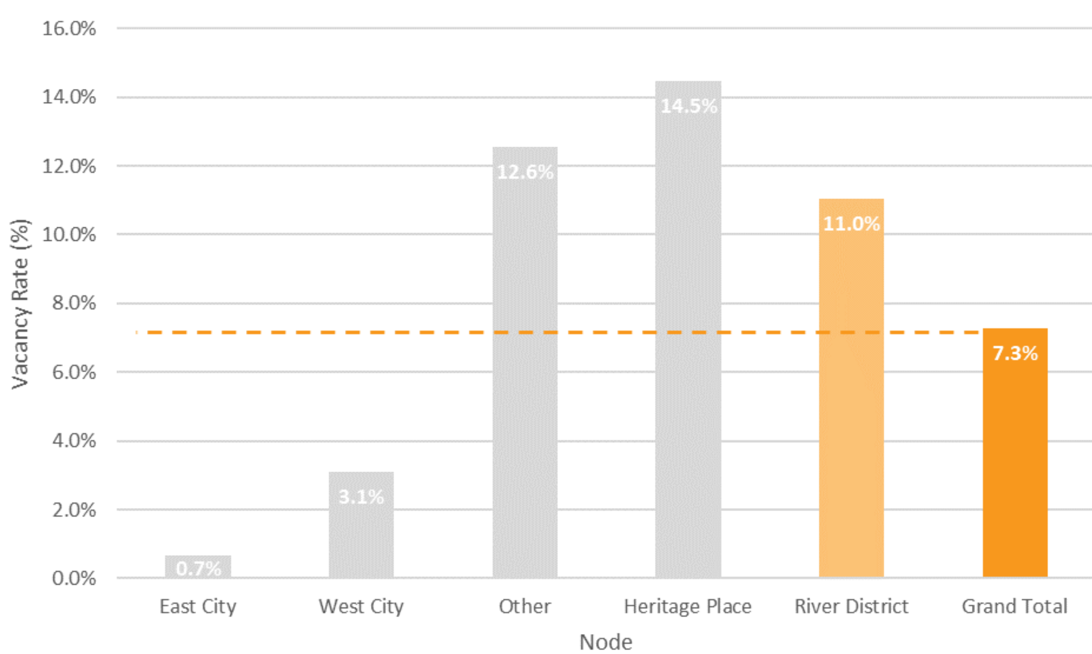
SOURCE: urbanMetrics inc., based on in person and desktop inventory work conducted in the third quarter of 2021.
Figures rounded to the nearest 100.
Selected geographies are based on those identified in the Owen Sound Official Plan. West City geography includes select parcels located outside of the municipal boundary of Owen Sound.
[1] Includes: Professional, Scientific and Technical Services, Select Civic and Social Organizations, Selected Office Administration and Selected Education Services.
[2] Includes: Cultural, Entertainment and Recreation, Personal & Household Goods Repair and Maintenance, Social Services, Consumer Goods Rental & Transportation.

Vacancy Rates

Figure 5-2 below demonstrates the vacancy rates calculated at various nodes throughout the Trade Area. Overall, the Trade Area shows a vacancy rate of 7.3%, which is at or slightly above the high end of what we would typically consider a healthy and balanced commercial environment. Given the significant uncertainty in the retail sector resulting from the COVID-19 pandemic, however, a vacancy rate of 7.3% does not represent cause for concern; particularly in the context of a community like Owen Sound. It is further important to note that the **vacancy rate in the East City—where the Heritage Grove Centre is located—is just 0.7%**, which is extremely low and if anything indicative of surplus demand.

Furthermore, the vacancy rates across the City vary significantly from a low of just 0.7% and 3.1% in the East City and West City big box clusters, to 14.5% at Heritage Place Mall. With a reported rate of 11.0%, the River District falls above the Owen Sound average, but below that reported at Heritage Place. In our opinion, this above average vacancy rate of the Downtown (River District) is likely attributable—at least in part—to the ongoing effects of the COVID-19 pandemic. This has undoubtedly resulted in temporary and/or more permanent store closures, particularly as it relates to a main street retail environment comprised of smaller shops and services versus the potentially more resilient large format, national banners located in other commercial nodes, which were not forced to close over this period.

Figure 5-2: Vacancy Rates by Node



SOURCE: urbanMetrics inc., based on in-person inventory conducted in Q3 2021.

5.1 Proposed Space

urbanMetrics has undertaken a review of proposed or recently approved commercial developments in Owen Sound. Such commercial development activity represents potential additional market competition to Heritage Grove Centre. Should that commercial supply be provided in a form and format that is competitive with the proposed concept at Heritage Grove Centre, it must be ultimately incorporated into the analysis.

Retail / Service Commercial Development Applications

urbanMetrics has reviewed recently approved and proposed developments incorporating new retail / service commercial space in the City. The relevant projects identified for consideration as part of our market analysis have been identified as follows:

- urbanMetrics has identified a single recently approved commercial project in Owen Sound. According to the March 1, 2021 Staff Report prepared for this application, the proponent has obtained permissions to develop a multi-unit commercial development. Located at 1960 16th Street East, the permissions allow for restaurants and retail / service commercial uses located in 4 detached buildings. Although the exact tenanting of the non-restaurant units (2 of the 4 buildings) is currently unknown, we have conservatively assumed that it will be occupied entirely by NFSR space. If anything, therefore, we have likely over-stated the amount of competitive space to be introduced at this site given that it could otherwise be tenanted by services or other alternative types of commercial uses.

  According to the site plan documents, a total of some **21,440 square feet of gross floor area is being proposed, within the four structures**. Individual unit sizes vary from 2,386 square feet to 8,738 square feet in size. Furthermore, the site plan divides each structure into separate units. Were this to ultimately occur, the size of each unit would range from roughly 1,160 to 4,500 square feet. Based on the size of each commercial unit, as well as the anticipated uses being contemplated, or likely to operate out of units of this size, a traditional supermarket user and/or or food store would not likely locate on the site. Furthermore, given the stated expansion needs of PetSmart, the proposed retail pads at this location do not present an adequate size to accommodate an expanded PetSmart if it were to relocate from Heritage Grove Centre. **As such, it is our opinion that this site does not ultimately represent a meaningful source of direct competition to the subject site, although we have nonetheless modelled it as future space in our analysis.**

- In addition, as noted earlier in this report as it relates to potential population growth, a Plan of Subdivision and Official Plan Amendment has been submitted for a largely residential development located in the area around 16th Avenue East, between 6th and 7th Streets East.

As previously noted, three blocks in the applicant site plan have been identified as "Arterial Commercial," totalling 2.04 hectares of land. At the level of detail currently contemplated, it is difficult to assess the ultimate form and function of the contemplated commercial lands.

Figure 5-3 demonstrates the size of each block, as well as a high-level, preliminary estimate as to the quantum of space that could be developed at each portion of the site based on an assumed coverage factor of 25% to determine net developable areas and a presumed single-storey commercial space footprint. These estimates are based on urbanMetrics' own professional judgement and likely to change as the commercial component of these project evolves.

Figure 5-3: Potential Commercial Development Space Yield

Block #	Size	Gross to Net Adjustment[1]	Developable Area[2]
101	0.41 ha	25%	11,000 sq. ft.
102	0.90 ha	25%	24,000 sq. ft.
103	0.74 ha	25%	20,000 sq. ft.
Total	**2.04 ha**		**55,000 sq. ft.**

SOURCE: urbanMetrics inc., based on site plan prepared by Bousfields inc.
[1]Adjustment factor based on urbanMetrics' experience and understanding of the nature of development contemplated on site.
[2]Figures rounded to the nearest 1,000. Total may not sum due to rounding.

Section 4.6.1.1 of the Owen Sound Official Plan (2012) provides for a definition of the Arterial Commercial designation that is being pursued by the proponents of this site, as follows:

*The following types of uses shall be permitted on the lands designated **Arterial Commercial:***

a) *Retail or service businesses of a local convenience nature, generally providing for the local shopping and automotive needs of the adjacent residential area. Examples would include, but not be restricted to, convenience stores, laundromats, hairdressing and barber shops, automobile service stations, small restaurants, food services and other retail and service shops.*
b) *Specialized uses such as motel accommodation, medical clinics, professional offices and similar.*
c) *Non-commercial uses such as medium density forms of housing, senior citizens housing, nursing homes, housing for special groups, places of worship and other institutional uses.*

> Similar to the approved proposal at 1960 16th Street East, based on the size of each parcel as well as the Official Plan designation being pursued, it is unlikely that the proposed development would introduce supermarket or large format non-food store retail space to the Owen Sound market.

Overall, the planned function of these two proposed commercial developments is explicitly local-serving in nature and—as such—it is our opinion that neither will have a material market influence as it relates to the permissions being sought at Heritage Grove Centre.

To be conservative, however, we have incorporated an **additional 40,000 square feet of potential NFSR space into our analysis.** This could represent the unlikely condition in which competitive uses were accommodated in the active proposals identified. Alternatively, this could conservatively account for unknown forthcoming developments which introduce a similar amount of additional space to the market.

Recently Introduced Supermarket Space in Secondary Zones

In addition to the proposed developments identified above, urbanMetrics has conducted a desktop review to identify additional supermarket space which has been introduced into the broader Trade Area in recent years for more general consideration as part of our updated analysis. Identifying this space provides important guidance in how market capture rates may have evolved since previous telephone-based surveys were conducted. Our desktop review identified three sites where new or expanded supermarkets have been introduced. Each of these falls under the Foodland banner, and one is located in each of the Secondary Trade Area zones.

Figure 5-4 identifies these supermarkets.

Figure 5-4: Supermarket Space introduced to the Trade Area

Location	STA Zone	Banner	Status	Year Completed	Size
Wiarton	Bruce County N	Foodland	New Store	2015	30,000
Markdale	Nearest Townships	Foodland	Expansion / Relocation of Existing Store	2020	32,000
Thornbury	Other Grey	Foodland	Expansion / Relocation of Existing Store	2017	34,000

SOURCE: urbanMetrics inc.

6.0 Commercial Demand Analysis

Key Findings

- The results of our market analysis indicate that a total of **between 94,000 and 125,000 square feet of NFSR space is warranted in Owen Sound by 2026**. By 2041, this increases to upwards of 285,000 square feet.
- Similarly, a total of **between 37,000 and 50,000 square feet of FSR space is warranted in Owen Sound by 2026**. By 2041, warranted space increases to between 83,000 and 111,000 square feet.
- **Based on the results of our expenditure based FSR and NFSR analyses, the quantum of commercial space proposed at Heritage Grove is warranted and will not exceed available demand in Owen Sound over a five-year period to 2026**.
- **Further to above, the level of expansion to the commercial permissions at Heritage Grove Centre are not expected to directly result in any store closure, nor other critical sales impacts to existing and/or potential new retail/service-based** businesses over the forecast period.

Using a number of statistical inputs, including per capita income estimates, population projections and commercial inventory data, we have evaluated the demand characteristics for several key commercial categories relevant to the proposed permissions at Heritage Grove Centre. Using an expenditure-based retail market analysis methodology consistent with previous assessments undertaken for the subject site, we have specifically forecasted demand and evaluated potential sales impacts within the following categories:

- Food Store Retail (**FSR**); and
- Non-Food Store Retail (**NFSR**).

6.1 Expenditure Potential

The following section details the estimated retail expenditures of Trade Area residents by major retail store category, based on per capita expenditure and population estimates. This expenditure analysis has served as the basis for more detailed market demand calculations presented herein; particularly for the FSR and NFSR store categories for which reliable Statistics Canada Retail Trade data are available.

Current Per Capita Expenditures

Based on Statistics Canada Retail Trade data, average per capita retail expenditures in Ontario have been estimated for 2020, which represents the latest full-year period for which Retail Trade data are currently available.[4] Allocations by individual store category have also been determined, consistent with the key commercial categories identified above for consideration as part of our analysis.

A regression equation has also been applied, as developed by urbanMetrics utilizing Statistics Canada Household Survey data for Ontario residents by income quartile. The use of the regression equations recognizes that spending by store category can vary based on income levels.

Forecast Per Capita Expenditures

In addition to our calculation of base year (2020) expenditures, per above, the detailed analytical tables provided in the appendix include a summary of the per capita retail expenditures of local residents throughout and to the 2041 planning horizon. It should be noted that these estimates represent only the expenditure potential of Trade Area residents, and do not include purchases made by persons residing outside of the community (i.e., "inflow"), which have been accounted for separately in our analysis.

An average annual growth rate, excluding inflation, has also been applied to the base year per capita expenditures.

Retail Expenditure Potential

Based on our estimates of current and future per capita retail expenditures, the total expenditures of local residents have been calculated by multiplying the average per capita retail expenditure by the projected population for each unique geography over the forecast period.

For the City of Owen Sound, total retail expenditures have been estimated at some $193.6 million in 2020; increasing to $259.7 million by 2041. This represents a spending growth of approximately $66.1 million over this period, which will undoubtedly require new and / or higher-performing retail facilities to support the growth anticipated across Owen Sound in the coming years.

When including Secondary Trade Area geographies, total retail expenditures have been estimated at some $1,297.2 million in 2020; increasing to $1,650.0 million by 2041. This represents a net increase in expenditure growth of approximately $352.8 million over the period.

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[4] Recognizing the potential impacts of COVID-19 on expenditure patterns in 2020, urbanMetrics reviewed any deviations in expenditure patterns between 2019 and 2020. It is our assessment that spending patterns—in aggregate—were not drastically differentiated from those experienced in 2019, prior to the pandemic.

The existing base year distributions for expenditures in 2020 are urbanMetrics' estimates based on our review of the provincial expenditure data. Distributions for all future periods have been held constant based on these existing provincial averages.

The expenditure calculations presented in our analysis reflect the spending of Trade Area residents in all FSR and NFSR categories, whether that spending occurs within Owen Sound or elsewhere. The portion of these expenditures made in stores located outside Owen Sound are referred to as "outflow". Local retail facilities will also obtain sales from persons residing outside of Owen Sound and the broader Trade Area, such as visitors, tourists and local employees living outside this area. Seasonal residents represent an important additional source of inflow spending in the Owen Sound area. Expenditures by non-local residents at stores located in Owen Sound are termed "inflow". We have recognized both outflow and inflow in the market demand analysis, as presented in the following sections of this report.

See **Appendix B** for Detailed Expenditure Potential Tables

6.2 Demand Assessment

Warranted Space

Relying on a number of statistical inputs, including: the population forecasts prepared for both Owen Sound and the surrounding Trade Area; average per capita income levels of Trade Area residents; the results of our customer origins surveys; and Retail Trade data from Statistics Canada, we have carried out a retail market demand analysis in order to identify the future potential available to existing and proposed new commercial developments in Owen Sound. As noted earlier, we have undertaken this analysis to focus specifically on: FSR (Food Store Retail), and NFSR (General Merchandise; Apparel & Accessories; Furniture, Home Furnishings & Electronics; Other Miscellaneous Retail; Building and Outdoor Home Supply; Pharmacies & Personal Care Stores). As the tenanting of future commercial spaces at both the Heritage Grove Centre and other proposed developments are not currently known, we have adopted this more generic "parent" store category to consider an appropriate full range of prospective tenant types.

The general approach utilized in undertaking this assignment is consistent with the methodology outlined in Section 1.4 for this type of expenditure-based retail demand analysis, that was undertaken as part of previous assignments for Heritage Grove Centre, as well as confirmed in the terms of reference established with the City of Owen Sound's peer review consultant. Generally speaking, these calculations are intended to provide a measure of the future market potential available across the store categories identified, based on anticipated growth in available retail expenditures from the local residential population, as well as some marginal adjustments to current market capture rates as the area continues to respond to the introduction of the various proposed new commercial facilities identified in Owen Sound.[5]

The analytical tables provided in Appendix B at the end of this document include a detailed summary as to the results of our warranted space calculations, whereas a consolidated roll-up of our demand assessment has been provided herein. Based on modest growth in population and expenditure potential over the period, additional FSR and NFSR space will be warranted in the local market over the coming years. Specifically, we have identified market support for an additional 83,000 to 111,000 square feet of FSR space and 285,000 to 380,000 square feet of NFSR space to 2041.

As previously noted in Section 2.4, the Official Plan requires demonstration that, "the proposed increase in commercial floor space will not be premature by increasing the amount of commercial floor space in the city beyond the 5-year market demand." To this end, we have also prepared a more detailed assessment by the assumed first full year of operation (2024) and other intermediate forecast periods (2026, 2031) as part of our analysis. By the 5-year target of 2026, a total of between 37,000 and 50,000 square feet of FSR and 94,000 to 126,000 square feet of NFSR space would be warranted in the market, subject to anticipated sales per square foot performance levels.

See **Appendix B** for Detailed Market Demand Tables

Summary

As highlighted in the figure below, a total of more than 131,000 square feet of new FSR and NFSR space could ultimately be warranted in Owen Sound by 2026. At a high-level—and notwithstanding the more detailed impact assessment outlined herein—we note that this generally represents a sufficient overall expansion in the demand for commercial space to accommodate both the build-out of the Heritage Grove Centre, as well as the other two smaller commercial developments identified for inclusion in our assessment over this same forecast period.

[5] Base year capture rates have been determined based on previous telephone surveys conducted for market studies prepared for the subject site. Adjustments have been made to these rates based on current market conditions and urbanMetrics' professional experience. In particular, we have significantly reduced these capture rates to reflect what we believe to be a more realistic and conservative depiction of likely shopping patterns.

Figure 6-1: Residual Market Opportunity (Surplus / Shortfall)

WARRANTED SPACE SUMMARY

	2026		2041	
	Low	High	Low	High
FSR	37,300	49,800	83,200	110,900
NFSR	94,200	125,600	285,100	380,200
Total Retail Space Warranted	**131,500**	**175,400**	**368,300**	**491,100**

LESS: PROPOSED SPACE

	2026		2041	
	Low	High	Low	High
FSR	45,000		45,000	
NFSR	90,000		90,000	
Total Retail + Services Space Proposed	**135,000**		**135,000**	

RESIDUAL (SURPLUS / SHORTFALL)

	2026		2041	
	Low	High	Low	High
FSR	-7,700	4,800	38,200	110,900
NFSR	4,200	35,600	195,100	290,200
Total Retail + Services Space Surplus / Shortfall	**-3,500**	**40,400**	**233,300**	**401,100**

SOURCE: urbanMetrics inc. Warranted space estimates based on accompanying market demand analysis. Proposed space based on permissions sought at Heritage Grove Centre and other proposed commercial developments identified.

6.3 Impact Assessment

Additionally, we have prepared a high-level sales impact (transfer) analysis based upon the underlying market demand analysis and warranted space estimates outlined above. This accompanying assessment has been prepared to better understand the potential impacts to existing and potential new business in Owen Sound with the introduction of an additional 45,000 square feet of FSR space and 90,000 square feet of NFSR space.

- The introduction of the new supermarket at Heritage Grove Centre is expected to reduce store performance in existing food stores by some 4.9% in 2024, albeit only short-lived and representing a marginal impact to actual sales per square foot levels. Specifically, we note that our analysis indicates that this new entrant to the market could result in a decline in performance levels among existing stores to $684 per square foot on average, down from a current (2020 base year) level of $719 per square foot. In future years, sales performance levels will have effectively recovered fully, achieving performance levels of $710 per foot by 2026, and growing even higher in future periods.

- Similarly, current sales performance levels have been estimated at some $349 per square foot on average among existing NFSR retailers. The introduction of the proposed development at Heritage Grove Centre, as well as our conservative incorporation of additional proposed NFSR space elsewhere in the Owen Sound market, will result in upwards of 90,000 square feet of new space being introduced. This could reduce store performance by 3.0% in 2024, dropping performance levels to $339 per square foot and increasing thereafter. By 2026, performance levels will have fully recovered, growing to achieve a level of $350 per square foot.

Overall, we do not anticipate any critical sales impacts, nor store closures, to result as a function of the introduction of new FSR and NFSR space at Heritage Grove and/or other proposed commercial development sites identified as part of our review. Reductions from average base year sales levels—if any—are likely to be brief, within an acceptable range of less than 5% and allowing for a full recovery within a few years of anticipated market entry.

See **Appendix B** for Market Impact Summary

6.4 Other Considerations

The analysis presented above is predicated on a series of assumptions and conditions. If these conditions were to change, the amount of commercial space required to support the local market area could rise or fall accordingly. The following represent some of those conditions:

- Owen Sound functions as a regional-serving commercial node that attracts customers from a large surrounding rural population, as well as a substantial seasonal and tourism market. Seasonal and tourism-based expenditures have been conservatively estimated as part of inflow assumptions in our analysis. Over time, as the broader Bruce Peninsula continues to evolve as a prominent travel destination—particularly for residents of the Greater Toronto Area—demand for additional commercial space in Owen Sound may grow.
- The City of Owen Sound is also potentially less exposed to significant store closures and bankruptcies that have impacted the retail segment in recent years (e.g., restructurings from

organizations like Gap, Zellers, Sears, Forever21 and Pier 1 Imports, etc.). Unlike other major retail destinations in larger urban centres, Owen Sound does not have as significant a proportion of these regional banners. As such, it is our view that the City is less vulnerable to the broader uncertainty and transition occurring within the retail segment, as it continues to focus on more immediate shopping needs of the local and immediately surrounding community in this part of the Province. Although the City is likely to experience at least some friction related to these broader challenges facing bricks and mortar retailing, it is not as directly exposed to the potential resulting volatility.

7.0 Impact on Downtown Owen Sound

Key Findings

- The **average store size in the Downtown River District has been assessed at some 2,500 square feet, compared to an Owen Sound wide average of 4,200 square feet**. The average store size in the East City was some 8,900 square feet, reflective of the significant influence and predominance of large format retailers in the area. **Given the smaller average footprint of commercial units in the Downtown, it is unlikely that it would be an attractive location for larger, or even medium-size retailers, such as those expected to anchor the Heritage Grove Centre**.
- The Downtown River District is also comprised of a much larger clustering of service-based uses than the rest of the Trade Area. Almost 50% of Owen Sound's services are located in the Downtown River District. Similarly, **only 26% of the Downtown River District is composed of Non-Food Store Retail uses, significantly less than the 49% average across Owen Sound, and the 74% observed in the East City** area where the subject site is located.
- Overall, the Downtown River District's commercial offerings are substantively differentiated from the rest of Owen Sound, both in terms of form and function. **The proposed uses at Heritage Grove are not expected to alter this relationship and will therefore continue to allow for the Downtown to preserve its' unique function within the community**.

The following section assesses the differentiation in function between commercial nodes in Owen Sound. Specifically, this evaluation focuses on the Downtown River District and provides commentary as to the extent to which additional development at Heritage Grove Centre could impact the River District, if at all. This has been prepared as a supplement and companion piece to our more targeted impact / sales transfer evaluation outlined in the previous section of this report.

7.1 Average Store Size

Understanding the functional difference in unit sizes across different geographies in Owen Sound is important to establish possible adverse impacts of commercial development on the Downtown. **Typically, commercial units in Downtown centres trend smaller than those in more auto-oriented, suburban nodes**. For many store categories or specific retailers, the smaller average unit sizes typically found in Downtowns are unable to support the physical footprint and surface parking needs of larger retailers. These generally include traditional big box retailers, including supermarkets, building and outdoor home supply, department stores, among others. Even medium-format national retailers or "junior anchors" seeking spaces ranging between 5,000 – 10,000 square feet can often have trouble securing such space in Downtown centres. In fact, many of these banners prefer locations outside of downtowns, which are adjacent to other larger format, national brands for the purposes of leveraging opportunities for "cross-shopping" in more convenience-oriented vs. destination-based shopping trips.

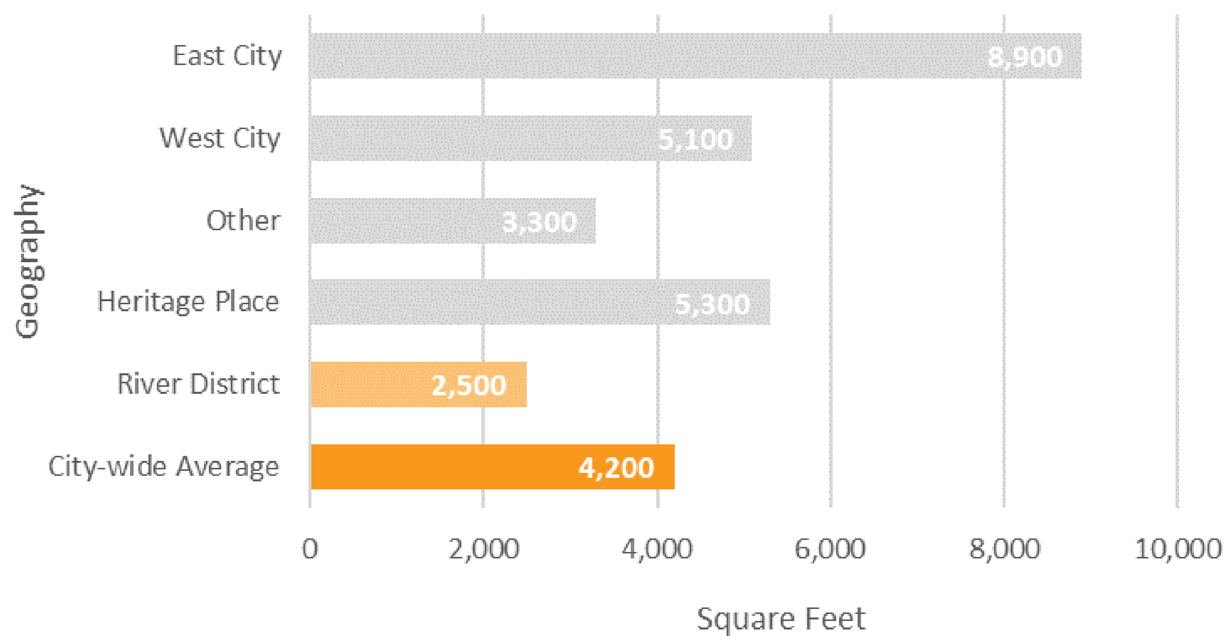
As shown in Figure 7-1 below, the average store size in the Downtown River District is some 2,500 square feet, substantially below the municipality-wide average of 4,200 square feet.

Additionally, there is clear differentiation between the Downtown River District and the other identified nodes throughout Owen Sound.

When comparing the Downtown River District to the West City, East City and Heritage Place nodes, the average store size in the Downtown River District is less than 50% of the store size in the next smallest node. Additionally, the average square footage reported of 8,900 square feet in the East City demonstrates that this node is clearly comprised of significantly larger commercial footprints than Downtown and is likely the preferred location for complementary large format commercial uses.

Further, there is a fundamental difference between the current physical function of the Downtown River District and other commercial uses across Owen Sound. The proposed permissions on the subject site—including a supermarket and additional non-food store spaces—are unlikely to contemplate space in Downtown Owen Sound.

Figure 7-1: Average Store Size by Node



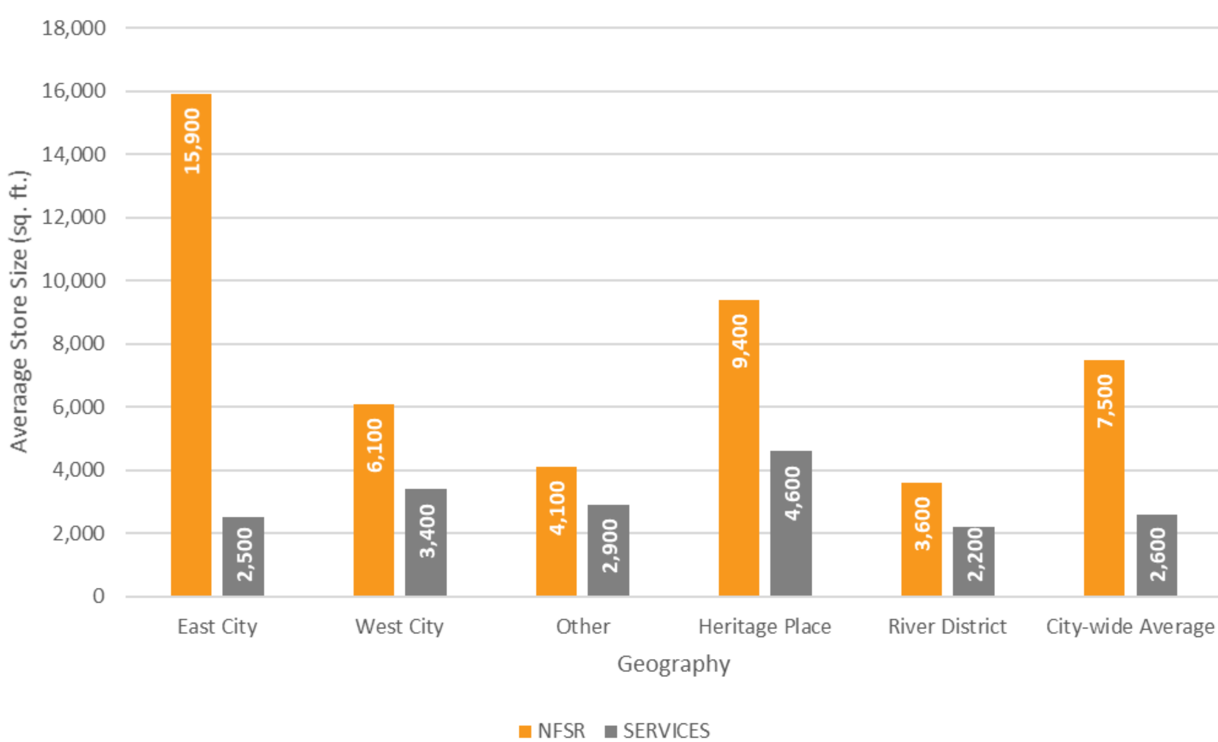
SOURCE: urbanMetrics inc., based on results of in-person inventory conducted Q3 2021.
Figures rounded to the nearest 100.

In addition to the above, urbanMetrics has compared the average store size specifically for NFSR and Services-based facilities across the same identified geographies. These two categories were selected as they had a sufficient sample size of businesses in each node. Figure 7-2 illustrates our findings.

As shown, the average store sizes in the Downtown River District for both NFSR and Services are the lowest across Owen Sound, at 3,600 square feet and 2,200 square feet, respectively. The average NFSR store size in the East City was the highest observed across Owen Sound, at some 15,900 square feet per store.

It is worth noting, however, that this figure is heavily influenced by the presence of many big box retailers which are larger than 40,000 square feet. However, the difference in average NFSR store sizes is clear when comparing the East City to the Downtown River District. Evidently, the pedestrian-oriented shopping format in Downtown Owen Sound has resulted in substantially smaller NFSR businesses, which largely cater to local, independent boutiques, rather than the large format, banner retailers that have an upward influence on store sizes in East City.

Figure 7-2: Average Store Size for NFSR and Service Uses by Node



SOURCE: urbanMetrics inc., based on in-person inventory conducted in Q3 2021.

7.2 Commercial Use Mix

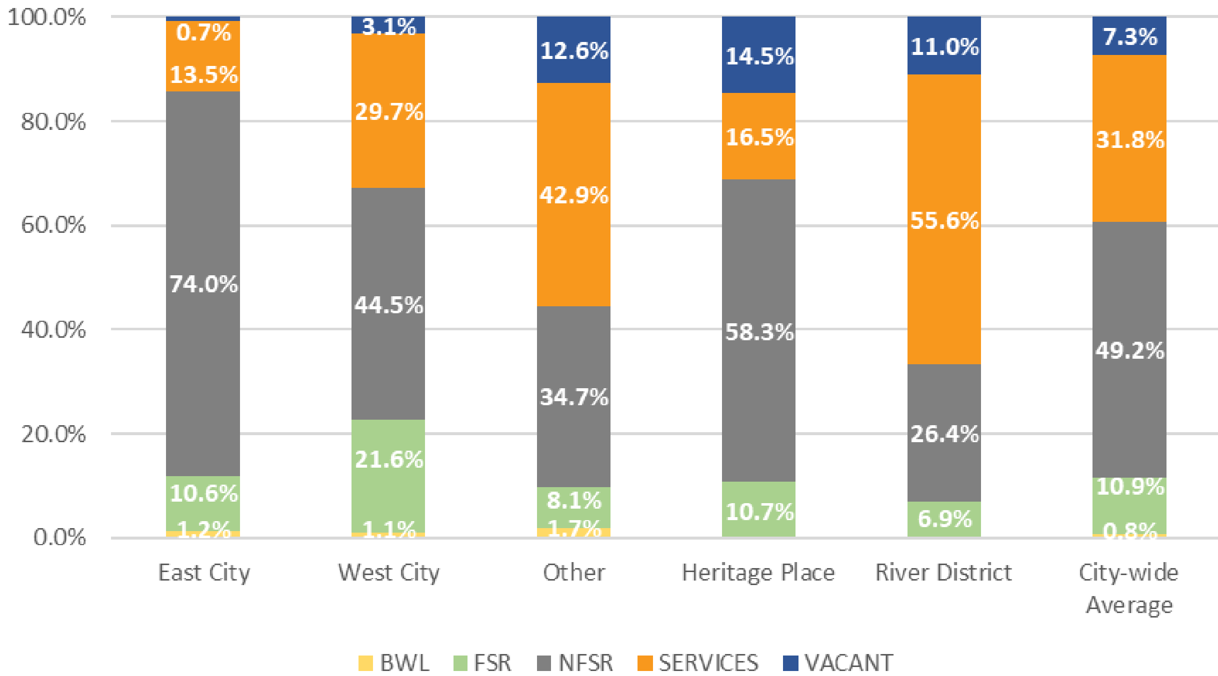
Another important consideration in establishing what the potential impact of the development proposal might be on Downtown Owen Sound is use type mix. Figure 7-3 below illustrates the breakdown of space in Owen Sound by node and based on the percentage of space allocated to various store categories.

As shown, the function of the Downtown River District is fundamentally differentiated from the rest of Owen Sound.

With some 56% of commercial space in the Downtown River District being services, the node is far and away the largest service cluster in the community. Overall, its composition contains almost 25% more service-based uses than the blended average across the City, and over 10% more than any single other node.

Additionally, it is also worth noting that the Downtown River District contains a notably lower proportion of non-food store retail (NFSR) uses than any other node in Owen Sound. With just over 26% of the square footage categorized as NFSR, the Downtown River District is comprised of almost half the average demonstrated across Owen Sound. By comparison, almost 74% square feet of all the commercial space in the East City was classified as NFSR.

Figure 7-3: Use Type Breakdown by Geography (% Share of Total)



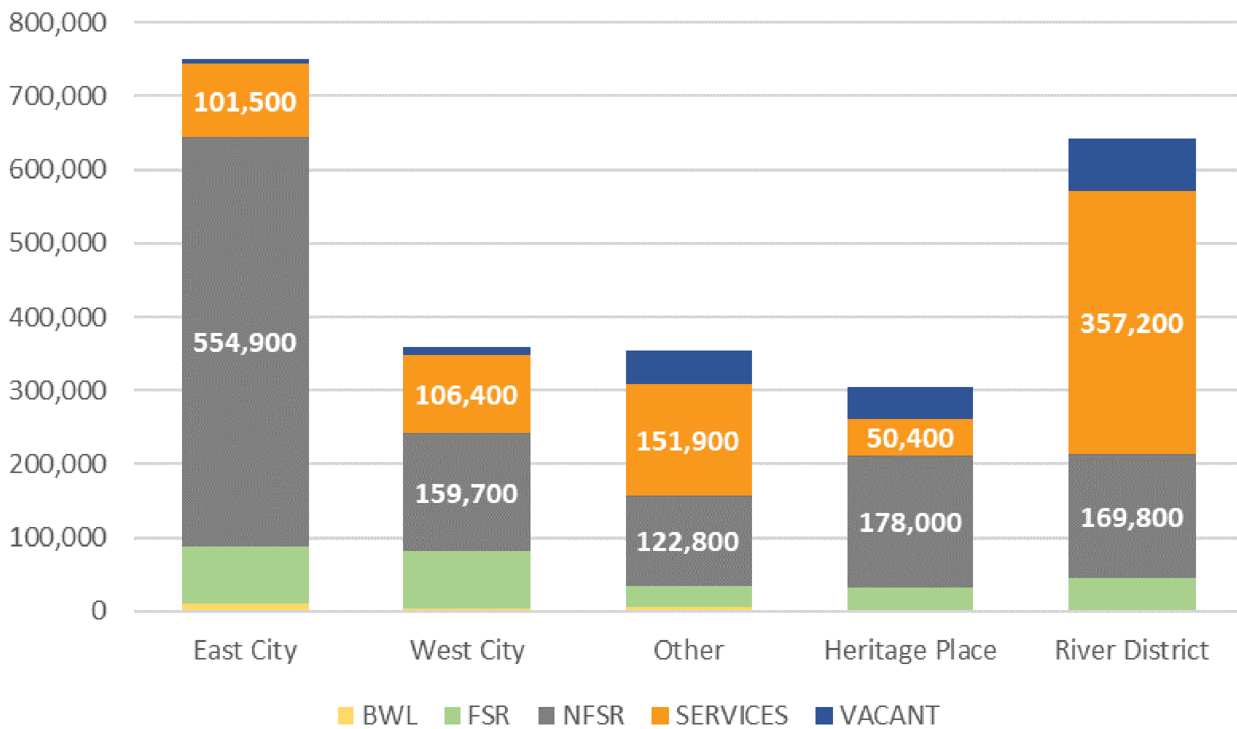
SOURCE: urbanMetrics inc., based on in-person inventory conducted in Q3 2021.

Figure 7-4 below demonstrates the geographic breakdown of space based on square footage, rather than percentages. The figure illustrates that the Downtown River District is comprised of the second largest cluster of commercial space in Owen Sound overall, next to the East City commercial corridor.

This figure also demonstrates that the Downtown River District contains over 350,000 square feet of service space and is, again, far and away the single largest cluster of services-based commercial facilities throughout the community of Owen Sound.

Across the City, the Downtown River District supports approximately 47% of all service space. Likewise, the Downtown River District supports a significant amount of NFSR space, at almost 170,000. However, this pales in comparison to the 550,000 square feet of NFSR space located within East City, which contains 47% of the total across Owen Sound.

Figure 7-4: Use Type Breakdown by Geography (Square Feet)



SOURCE: urbanMetrics inc., based on in-person inventory conducted in Q3 2021.
NOTE: Square footages only shown for NFSR and Services categories. Square footages for all other store categories are shown in Figure 5-1.

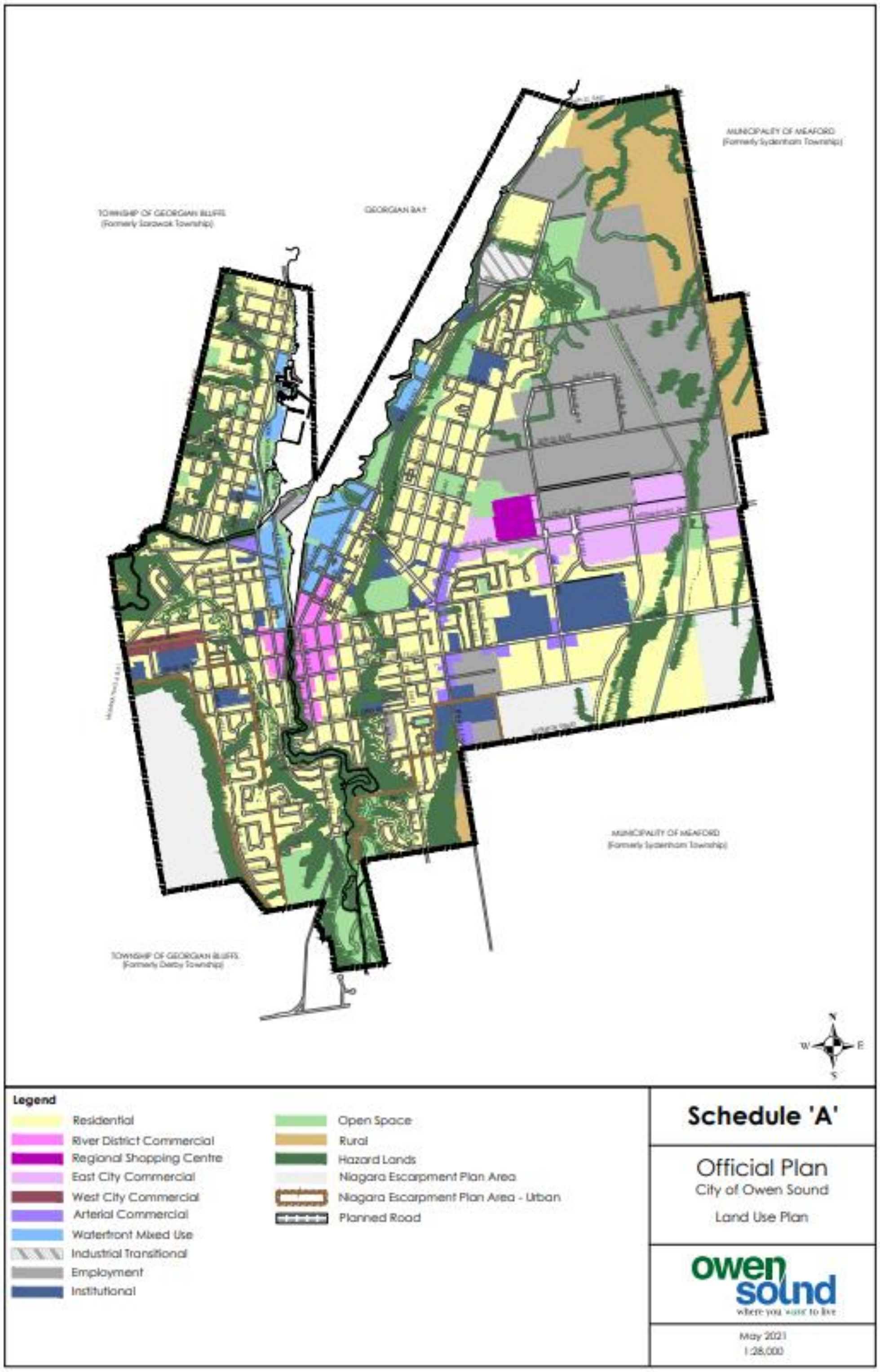
8.0 Conclusions

Based on the foregoing research and analysis, we offer the following study conclusions and recommendations:

- In order to provide greater flexibility in support of the full build-out of the Heritage Grove site, amendments to the Site-Specific Zoning By-law are required. This would involve an increase in the total floor area permitted to some 215,000 square feet.
- As part of these proposed changes, we have tested the market entry of a proposed 45,000 square foot supermarket (FSR) tenant, and up to 50,000 square feet of additional NFSR space at the Heritage Grove site. All of this space can be supported from a market demand and impact perspective, as articulated in our corresponding expenditure analysis.
- By simplifying the retail permission in the Site-Specific Zoning By-law (Section 14.89) to FSR and NFSR categories only, sufficient flexibility will be established to facilitate the full build-out of the Heritage Grove site. This can ultimately be implemented through the subject Zoning By-law Amendment under consideration.
- None of the above changes are expected to materially impact the Downtown, based on both the results of our market analysis and in light of the fact that the types and sizes of retail stores that are anticipated to locate at the Heritage Grove site (large format, space intensive and parking intensive uses), will continue to be highly differentiated from the Downtown and unlikely to locate in this area.

Appendix A Draft Official Plan Schedule A

Figure A-1: Proposed Owen Sound Land Use Plan



SOURCE: Proposed Owen Sound Official Plan, June 8 2021.

Appendix B Analysis Tables

Figure B-1: FSR & NFSR Expenditure Potential – All Trade Area Zones

TRADE AREA RETAIL EXPENDITURE POTENTIAL

2020 Dollars	**2020**	
Province of Ontario		
Food Store Retail (FSR)	**$ 2,780**	**29.9%**
Supermarket & Grocery	$ 2,376	25.6%
Other Specialty Food	$ 404	4.3%
Selected Non-Food Store Retail (NFSR)	**$ 6,518**	**70.1%**
Building & Outdoor Home Supply	$ 1,036	11.1%
General Merchandise	$ 2,015	21.7%
Apparel & Accessories	$ 655	7.0%
Furniture, Home Furnishings & Electronics	$ 839	9.0%
Other Miscellaneous Retail	$ 706	7.6%
Health & Personal Care	$ 1,268	13.6%
Total Retail Expenditures [1]	**$ 9,298**	**100.0%**

2020 Dollars	**2020**	**2024**	**2026**	**2031**	**2041**
Primary Area					
Per Capita Retail Expenditures [2]	$ 8,680	$ 8,825	$ 8,898	$ 9,081	$ 9,445
Population [3]	22,300	23,200	24,500	26,600	27,500
TOTAL RETAIL EXPENDITURE POTENTIAL ($Millions)	$ 193.6	$ 204.7	$ 218.0	$ 241.6	$ 259.7
Food Store Retail (%) [4]	**29.9%**	**29.9%**	***29.9%***	***29.9%***	***29.9%***
Supermarket & Grocery (%)	*25.6%*	*25.6%*	*25.6%*	*25.6%*	*25.6%*
Other Specialty Food (%)	*4.3%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*
Non-Food Store Retail (%) [4]	**70.1%**	**70.1%**	***70.1%***	***70.1%***	***70.1%***
Building & Outdoor Home Supply (%)	*11.1%*	*11.1%*	*11.1%*	*11.1%*	*11.1%*
General Merchandise (%)	*21.7%*	*21.7%*	*21.7%*	*21.7%*	*21.7%*
Apparel & Accessories (%)	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*
Furniture, Home Furnishings & Electronics (%)	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*
Other Miscellaneous Retail (%)	*7.6%*	*7.6%*	*7.6%*	*7.6%*	*7.6%*
Health & Personal Care (%)	*13.6%*	*13.6%*	*13.6%*	*13.6%*	*13.6%*
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
Food Store Retail ($Millions)	**$ 57.9**	**$ 61.2**	***$ 65.2***	***$ 72.2***	***$ 77.6***
Supermarket ($Millions)	$ 49.5	$ 52.3	$ 55.7	$ 61.7	$ 66.4
Other Food ($Millions)	$ 8.4	$ 8.9	$ 9.5	$ 10.5	$ 11.3
Non-Food Store Retail ($Millions)	**$ 135.7**	**$ 143.5**	**$ 152.8**	**$ 169.4**	**$ 182.1**
Building & Outdoor Home Supply ($Millions)	$ 21.6	$ 22.8	$ 24.3	$ 26.9	$ 28.9
General Merchandise ($Millions)	$ 41.9	$ 44.4	$ 47.2	$ 52.3	$ 56.3
Apparel & Accessories ($Millions)	$ 13.6	$ 14.4	$ 15.4	$ 17.0	$ 18.3
Furniture, Home Furnishings & Electronics ($Millions)	$ 17.5	$ 18.5	$ 19.7	$ 21.8	$ 23.4
Other Miscellaneous Retail ($Millions)	$ 14.7	$ 15.5	$ 16.6	$ 18.3	$ 19.7
Health & Personal Care ($Millions)	$ 26.4	$ 27.9	$ 29.7	$ 32.9	$ 35.4
TOTAL ($Millions)	**$ 193.6**	**$ 204.7**	**$ 218.0**	**$ 241.6**	**$ 259.7**

Continued…

STA - Nearest Townships					
Per Capita Retail Expenditures [2]	$ 9,171	$ 9,327	$ 9,405	$ 9,600	$ 9,988
Population [3]	29,400	29,900	30,200	31,000	32,200
TOTAL RETAIL EXPENDITURE POTENTIAL ($Millions)	$ 269.6	$ 278.9	$ 284.0	$ 297.6	$ 321.6
Food Store Retail (%) [4]	**29.9%**	**29.9%**	**29.9%**	**29.9%**	**29.9%**
Supermarket (%)	*25.6%*	*25.6%*	*25.6%*	*25.6%*	*25.6%*
Other Food (%)	*4.3%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*
Non-Food Store Retail (%) [4]	**70.1%**	**70.1%**	**70.1%**	**70.1%**	**70.1%**
Building & Outdoor Home Supply (%)	*11.1%*	*11.1%*	*11.1%*	*11.1%*	*11.1%*
General Merchandise (%)	*21.7%*	*21.7%*	*21.7%*	*21.7%*	*21.7%*
Apparel & Accessories (%)	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*
Furniture, Home Furnishings & Electronics (%)	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*
Other Miscellaneous Retail (%)	*7.6%*	*7.6%*	*7.6%*	*7.6%*	*7.6%*
Health & Personal Care (%)	*13.6%*	*13.6%*	*13.6%*	*13.6%*	*13.6%*
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
Food Store Retail ($Millions)	**$ 80.6**	**$ 83.4**	**$ 84.9**	**$ 89.0**	**$ 96.2**
Supermarket ($Millions)	$ 68.9	$ 71.3	$ 72.6	$ 76.1	$ 82.2
Other Food ($Millions)	$ 11.7	$ 12.1	$ 12.3	$ 12.9	$ 14.0
Non-Food Store Retail ($Millions)	**$ 189.0**	**$ 195.5**	**$ 199.1**	**$ 208.6**	**$ 225.4**
Building & Outdoor Home Supply ($Millions)	$ 30.0	$ 31.1	$ 31.6	$ 33.2	$ 35.8
General Merchandise ($Millions)	$ 58.4	$ 60.4	$ 61.5	$ 64.5	$ 69.7
Apparel & Accessories ($Millions)	$ 19.0	$ 19.7	$ 20.0	$ 21.0	$ 22.7
Furniture, Home Furnishings & Electronics ($Millions)	$ 24.3	$ 25.2	$ 25.6	$ 26.8	$ 29.0
Other Miscellaneous Retail ($Millions)	$ 20.5	$ 21.2	$ 21.6	$ 22.6	$ 24.4
Health and Personal Care ($Millions)	$ 36.8	$ 38.0	$ 38.7	$ 40.6	$ 43.8
TOTAL ($Millions)	**$ 269.6**	**$ 278.9**	**$ 284.0**	**$ 297.6**	**$ 321.6**

STA - Other Grey County					
Per Capita Retail Expenditures 2	$ 9,207	$ 9,363	$ 9,441	$ 9,636	$ 10,027
Population 3	47,000	48,600	49,400	51,300	54,100
TOTAL RETAIL EXPENDITURE POTENTIAL ($Millions)	$ 432.7	$ 455.0	$ 466.4	$ 494.3	$ 542.5
Food Store Retail (%) 4	**29.9%**	**29.9%**	**29.9%**	**29.9%**	**29.9%**
Supermarket (%)	*25.6%*	*25.6%*	*25.6%*	*25.6%*	*25.6%*
Other Food (%)	*4.3%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*
Non-Food Store Retail (%) 4	**70.1%**	**70.1%**	**70.1%**	**70.1%**	**70.1%**
Building & Outdoor Home Supply (%)	*11.1%*	*11.1%*	*11.1%*	*11.1%*	*11.1%*
General Merchandise (%)	*21.7%*	*21.7%*	*21.7%*	*21.7%*	*21.7%*
Apparel & Accessories (%)	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*
Furniture, Home Furnishings & Electronics (%)	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*
Other Miscellaneous Retail (%)	*7.6%*	*7.6%*	*7.6%*	*7.6%*	*7.6%*
Health & Personal Care (%)	*13.6%*	*13.6%*	*13.6%*	*13.6%*	*13.6%*
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
Food Store Retail ($Millions)	**$ 129.4**	**$ 136.0**	**$ 139.5**	**$ 147.8**	**$ 162.2**
Supermarket ($Millions)	$ 110.6	$ 116.3	$ 119.2	$ 126.3	$ 138.6
Other Food ($Millions)	$ 18.8	$ 19.8	$ 20.3	$ 21.5	$ 23.6
Non Food Store Retail ($Millions)	**$ 303.3**	**$ 319.0**	**$ 326.9**	**$ 346.5**	**$ 380.3**
Building & Outdoor Home Supply ($Millions)	$ 48.2	$ 50.7	$ 52.0	$ 55.1	$ 60.4
General Merchandise ($Millions)	$ 93.8	$ 98.6	$ 101.1	$ 107.1	$ 117.5
Apparel & Accessories ($Millions)	$ 30.5	$ 32.1	$ 32.9	$ 34.8	$ 38.2
Furniture, Home Furnishings & Electronics ($Millions)	$ 39.0	$ 41.0	$ 42.1	$ 44.6	$ 48.9
Other Miscellaneous Retail ($Millions)	$ 32.9	$ 34.5	$ 35.4	$ 37.5	$ 41.2
Health and Personal Care ($Millions)	$ 59.0	$ 62.0	$ 63.6	$ 67.4	$ 74.0
TOTAL ($Millions)	**$ 432.7**	**$ 455.0**	**$ 466.4**	**$ 494.3**	**$ 542.5**

Continued…

STA - Bruce County North					
Per Capita Retail Expenditures 2	$ 9,487	$ 9,649	$ 9,730	$ 9,932	$ 10,337
Population 3	42,300	44,800	45,600	47,600	50,900
TOTAL RETAIL EXPENDITURE POTENTIAL ($Millions)	$ 401.3	$ 432.3	$ 443.7	$ 472.8	$ 526.2
Food Store Retail (%) 4	**29.9%**	**29.9%**	**29.9%**	**29.9%**	**29.9%**
Supermarket (%)	*25.6%*	*25.6%*	*25.6%*	*25.6%*	*25.6%*
Other Food (%)	*4.3%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*
Non-Food Store Retail (%) 4	**70.1%**	**70.1%**	**70.1%**	**70.1%**	**70.1%**
Building & Outdoor Home Supply (%)	*11.1%*	*11.1%*	*11.1%*	*11.1%*	*11.1%*
General Merchandise (%)	*21.7%*	*21.7%*	*21.7%*	*21.7%*	*21.7%*
Apparel & Accessories (%)	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*
Furniture, Home Furnishings & Electronics (%)	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*
Other Miscellaneous Retail (%)	*7.6%*	*7.6%*	*7.6%*	*7.6%*	*7.6%*
Health & Personal Care (%)	*13.6%*	*13.6%*	*13.6%*	*13.6%*	*13.6%*
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
Food Store Retail ($Millions)	**$ 120.0**	**$ 129.3**	**$ 132.7**	**$ 141.4**	**$ 157.3**
Supermarket ($Millions)	$ 102.6	$ 110.5	$ 113.4	$ 120.8	$ 134.5
Other Food ($Millions)	$ 17.4	$ 18.8	$ 19.3	$ 20.5	$ 22.9
Non Food Store Retail ($Millions)	**$ 281.3**	**$ 303.0**	**$ 311.0**	**$ 331.4**	**$ 368.9**
Building & Outdoor Home Supply ($Millions)	$ 44.7	$ 48.2	$ 49.4	$ 52.7	$ 58.6
General Merchandise ($Millions)	$ 87.0	$ 93.7	$ 96.1	$ 102.4	$ 114.0
Apparel & Accessories ($Millions)	$ 28.3	$ 30.5	$ 31.3	$ 33.3	$ 37.1
Furniture, Home Furnishings & Electronics ($Millions)	$ 36.2	$ 39.0	$ 40.0	$ 42.6	$ 47.5
Other Miscellaneous Retail ($Millions)	$ 30.5	$ 32.8	$ 33.7	$ 35.9	$ 40.0
Health and Personal Care ($Millions)	$ 54.7	$ 58.9	$ 60.5	$ 64.5	$ 71.7
TOTAL ($Millions)	$ 401.3	$ 432.3	$ 443.7	$ 472.8	$ 526.2
TOTAL TRADE AREA					
TOTAL RETAIL EXPENDITURES	$ 1,297.2	$ 1,370.9	$ 1,412.1	$ 1,506.3	$ 1,650.0
Food Store Retail ($Millions)	**$ 387.9**	**$ 409.9**	**$ 422.2**	**$ 450.4**	**$ 493.3**
Supermarket ($Millions)	$ 331.5	$ 350.3	$ 360.9	$ 384.9	$ 421.7
Other Food ($Millions)	$ 56.4	$ 59.6	$ 61.4	$ 65.4	$ 71.7
Non Food Store Retail ($Millions)	**$ 909.3**	**$ 961.0**	**$ 989.9**	**$ 1,055.9**	**$ 1,156.7**
Building & Outdoor Home Supply ($Millions)	$ 144.5	$ 152.7	$ 157.3	$ 167.8	$ 183.8
General Merchandise ($Millions)	$ 281.1	$ 297.0	$ 306.0	$ 326.4	$ 357.5
Apparel & Accessories ($Millions)	$ 91.4	$ 96.6	$ 99.5	$ 106.2	$ 116.3
Furniture, Home Furnishings & Electronics ($Millions)	$ 117.0	$ 123.6	$ 127.4	$ 135.8	$ 148.8
Other Miscellaneous Retail ($Millions)	$ 98.5	$ 104.1	$ 107.2	$ 114.4	$ 125.3
Health and Personal Care ($Millions)	$ 176.8	$ 186.9	$ 192.5	$ 205.3	$ 224.9
Cumulative Growth in Expenditures:					
TOTAL RETAIL EXPENDITURES		$ 73.7	*$ 114.9*	*$ 209.1*	*$ 352.8*
Food Store Retail ($Millions)		**$ 22.0**	***$ 34.4***	***$ 62.5***	***$ 105.5***
Supermarket ($Millions)		$ 18.8	*$ 29.4*	*$ 53.4*	*$ 90.2*
Other Food ($Millions)		$ 3.2	*$ 5.0*	*$ 9.1*	*$ 15.3*
Non-Food Store Retail ($Millions)		**$ 51.7**	***$ 80.5***	***$ 146.6***	***$ 247.3***
Building & Outdoor Home Supply ($Millions)		$ 8.2	*$ 12.8*	*$ 23.3*	*$ 39.3*
General Merchandise ($Millions)		$ 16.0	*$ 24.9*	*$ 45.3*	*$ 76.4*
Apparel & Accessories ($Millions)		$ 5.2	*$ 8.1*	*$ 14.7*	*$ 24.9*
Furniture, Home Furnishings & Electronics ($Millions)		$ 6.6	*$ 10.4*	*$ 18.9*	*$ 31.8*
Other Miscellaneous Retail ($Millions)		$ 5.6	*$ 8.7*	*$ 15.9*	*$ 26.8*
Health and Personal Care ($Millions)		$ 10.0	*$ 15.7*	*$ 28.5*	*$ 48.1*

SOURCE: urbanMetrics inc.

[1] Based on Statistics Canada Retail Trade data (2020), adjusted for e-commerce spending.

[2] Based on per capita retail expenditures calculated separately, adjusted based on income characteristics.

[3] Based on the Trade Area population projects prepared separately.

[4] FSR and NFSR expenditure distributions based on Ontario averages, per Retail Trade data.

Figure B-2: FSR Market Demand & Impact Analysis

Food Store Retail (FSR) ANALYSIS

2020 Dollars	2020	2024	2026	2031	2041
Primary Area					
Food Store Retail (FSR) Expenditures ($Millions) [1]	$ 57.9	$ 61.2	$ 65.2	$ 72.2	$ 77.6
Estimated PTA Share (%) [2]	92.5%	95.0%	95.0%	95.0%	95.0%
Estimated PTA Share ($Millions)	$ 53.5	$ 58.1	$ 61.9	$ 68.6	$ 73.8
Residual Potential ($Millions)		$ 4.6	$ 8.4	$ 15.1	$ 20.2
STA - Nearest Townships					
Food Store Retail (FSR) Expenditures ($Millions) [1]	$ 80.6	$ 83.4	$ 84.9	$ 89.0	$ 96.2
Estimated PTA Share (%) [2]	70.0%	75.0%	75.0%	75.0%	75.0%
Estimated PTA Share ($Millions)	$ 56.4	$ 62.5	$ 63.7	$ 66.7	$ 72.1
Residual Potential ($Millions)		$ 6.1	$ 7.3	$ 10.3	$ 15.7
STA - Other Grey County					
Food Store Retail (FSR) Expenditures ($Millions) [1]	$ 129.4	$ 136.0	$ 139.5	$ 147.8	$ 162.2
Estimated PTA Share (%) [2]	9.0%	10.0%	10.0%	10.0%	10.0%
Estimated PTA Share ($Millions)	$ 11.6	$ 13.6	$ 13.9	$ 14.8	$ 16.2
Residual Potential ($Millions)		$ 2.0	$ 2.3	$ 3.1	$ 4.6
STA - Bruce County North					
Food Store Retail (FSR) Expenditures ($Millions) [1]	$ 120.0	$ 129.3	$ 132.7	$ 141.4	$ 157.3
Estimated PTA Share (%) [2]	32.5%	35.0%	35.0%	35.0%	35.0%
Estimated PTA Share ($Millions)	$ 39.0	$ 45.2	$ 46.4	$ 49.5	$ 55.1
Residual Potential ($Millions)		$ 6.2	$ 7.4	$ 10.5	$ 16.1
TOTAL TRADE AREA					
Total Food Store Retail (FSR) Expenditures ($Millions) [1]	$ 387.9	$ 409.9	$ 422.2	$ 450.4	$ 493.3
Estimated PTA Share ($Millions)	$ 160.6	$ 179.5	$ 186.0	$ 199.6	$ 217.2
Estimated PTA Share (%) [2]	41.4%	43.8%	44.1%	44.3%	44.0%
Residual Potential ($Millions)		$ 18.9	$ 25.4	$ 39.0	$ 56.6
Existing Study Area FSR Sales Performance (including average inflow of 15%)	$ 719	per square foot			
Study Area WARRANTED ADDITIONAL FSR SPACE (including inflow)					
Additional Residual Potential Available from Trade Area Residents		$ 18.9	$ 25.4	$ 39.0	$ 56.6
Plus Inflow Sales [3]		15.0%	15.0%	15.0%	15.0%
Inflow Sales		$ 3.3	$ 4.5	$ 6.9	$ 10.0
TOTAL ADDITIONAL SALES POTENTIAL AVAILABLE IN THE STUDY AREA ($Millions)		$ 22.3	$ 29.9	$ 45.9	$ 66.5
Square Feet Warranted (excluding sales transfers from Study Area Stores) [3]				Square Feet [4]	
@$600 per square foot		37,100	49,800	76,500	110,900
@$700 per square foot		31,800	42,600	65,600	95,100
@$800 per square foot		27,800	37,300	57,400	83,200

Continued…

Food Store Retail (FSR) ANALYSIS

2020 Dollars	2020	2024	2026	2031	2041
Subject Site					
Square Feet Proposed		45,000	45,000	45,000	45,000
Estimated Sales per Square Foot		$ 700	$ 715	$ 750	$ 800
Total Estimated Sales ($Millions)		$ 31.5	$ 32.2	$ 33.8	$ 36.0
Less: Inflow (%) [3]		15.0%	15.0%	15.0%	15.0%
Less: Inflow ($Millions)		$ 4.7	$ 4.8	$ 5.1	$ 5.4
Total Sales Volume from Trade Area Residents ($Millions)		$ 26.8	$ 27.4	$ 28.7	$ 30.6
Other Proposed Developments					
Square Feet Proposed		-	-	-	-
Estimated Sales per Square Foot		$ -	$ -	$ -	$ -
Total Estimated Sales ($Millions)		$ -	$ -	$ -	$ -
Less: Inflow (%) [3]		0.0%	0.0%	0.0%	0.0%
Less: Inflow ($Millions)		$ -	$ -	$ -	$ -
Total Sales Volume from Trade Area Residents ($Millions)		$ -	$ -	$ -	$ -
PROPOSED NEW SPACE SALES TRANSFER OR RESIDUAL DEMAND					
Total Space Proposed		45,000	45,000	45,000	45,000
Total Sales Volume ($Millions)		$ 31.5	$ 32.2	$ 33.8	$ 36.0
Average Sales/Sq.Ft.		$ 700	$ 716	$ 751	$ 800
Total Inflow ($Millions)		$ 4.7	$ 4.8	$ 5.1	$ 5.4
Average Inflow		15.0%	15.0%	15.0%	15.0%
Total Sales Volume Required from Trade Area Residents (excludes inflow)		$ 26.8	$ 27.4	$ 28.7	$ 30.6
Total Sales Volume Available from Trade Area Residents (excludes inflow)		$ 18.9	$ 25.4	$ 39.0	$ 56.6
Sales Transfer Required From Existing Stores (-) / Residual Market Demand (+) [5]		**-$7.9**	**-$2.0**	**$ 10.3**	**$ 26.0**
IMPACT ANALYSIS - PTA					
Existing Sales from Trade Area Residents ($Millions)	$ 160.6	$ 152.8	$ 158.6	$ 170.9	$ 186.6
Plus Estimated Inflow (%) [3]	15.0%	15.0%	15.0%	15.0%	15.0%
Inflow	$ 28.3	$ 27.0	$ 28.0	$ 30.2	$ 32.9
TOTAL SALES, EXISTING PTA STORES ($Millions)	$ 189.0	$ 179.7	$ 186.6	$ 201.0	$ 219.5
Square Feet GLA Existing - PTA [6]	262,700	262,700	262,700	262,700	262,700
Sales/Sq.Ft. Existing	$ 719	$ 684	$ 710	$ 765	$ 836
Existing Stores - Change in Sales/Sq.Ft. From Base Year		**-4.9%**	**-1.2%**	**6.4%**	**16.2%**

SOURCE: urbanMetrics inc.

[1] Based on expenditure potential calculations presented earlier in this appendix.

[2] Based on urbanMetrics estimates and adjusted results of previous telephone consumer surveys undertaken as part of previous assignments for Heritage Grove Centre.

[3] urbanMetrics estimate.

[4] Rounded to the nearest 100 square feet.

[5] Based on amount of space proposed at new commercial development sites (including Heritage Grove Centre) and an assumed sales per square foot performance level derived from average base year estimates of the Trade Area and urbanmetrics own estimates.

[6] Based on results of urbanMetrics commercial inventory.

Figure B-3: NFSR Market Demand & Impact Analysis

Non-Food Store Retail (NFSR) ANALYSIS

2020 Dollars	2020	2024	2026	2031	2041
Primary Area					
Non-Food Store Retail (NFSR) Expenditures ($Millions) [1]	$ 135.7	$ 143.5	$ 152.8	$ 169.4	$ 182.1
Estimated PTA Share (%) [2]	60.0%	60.0%	60.0%	60.0%	60.0%
Estimated PTA Share ($Millions)	$ 81.4	$ 86.1	$ 91.7	$ 101.6	$ 109.2
Residual Potential ($Millions)		$ 4.7	$ 10.3	$ 20.2	$ 27.8
STA - Nearest Townships					
Non-Food Store Retail (NFSR) Expenditures ($Millions) [1]	$ 189.0	$ 195.5	$ 199.1	$ 208.6	$ 225.4
Estimated PTA Share (%) [2]	55.0%	55.0%	55.0%	55.0%	55.0%
Estimated PTA Share ($Millions)	$ 103.9	$ 107.5	$ 109.5	$ 114.7	$ 124.0
Residual Potential ($Millions)		$ 3.6	$ 5.6	$ 10.8	$ 20.0
STA - Other Grey County					
Food Store Retail (FSR) Expenditures ($Millions) [1]	$ 303.3	$ 319.0	$ 326.9	$ 346.5	$ 380.3
Estimated PTA Share (%) [2]	20.0%	20.0%	20.0%	20.0%	20.0%
Estimated PTA Share ($Millions)	$ 60.7	$ 63.8	$ 65.4	$ 69.3	$ 76.1
Residual Potential ($Millions)		$ 3.1	$ 4.7	$ 8.6	$ 15.4
STA - Bruce County North					
Food Store Retail (FSR) Expenditures ($Millions) [1]	$ 281.3	$ 303.0	$ 311.0	$ 331.4	$ 368.9
Estimated PTA Share (%) [2]	45.0%	45.0%	45.0%	45.0%	45.0%
Estimated PTA Share ($Millions)	$ 126.6	$ 136.4	$ 140.0	$ 149.1	$ 166.0
Residual Potential ($Millions)		$ 9.8	$ 13.4	$ 22.6	$ 39.4
TOTAL TRADE AREA					
Total Non-Food Store Retail (NFSR) Expenditures ($Millions) [1]	$ 909.3	$ 961.0	$ 989.9	$ 1,055.9	$ 1,156.7
Estimated PTA Share ($Millions)	$ 372.6	$ 393.8	$ 406.5	$ 434.8	$ 475.3
Estimated PTA Share (%) [2]	41.0%	41.0%	41.1%	41.2%	41.1%
Residual Potential ($Millions)		$ 21.2	$ 33.9	$ 62.2	$ 102.6
Existing Study Area NFSR Sales Performance (including average inflow of 10%)	$ 349	per square foot			
STUDY AREA WARRANTED ADDITIONAL NFSR SPACE (including inflow)					
Additional Residual Potential Available from Trade Area Residents		$ 21.2	$ 33.9	$ 62.2	$ 102.6
Plus Inflow Sales [3]		10.0%	10.0%	10.0%	10.0%
Inflow Sales		$ 2.4	$ 3.8	$ 6.9	$ 11.4
TOTAL ADDITIONAL SALES POTENTIAL AVAILABLE IN THE STUDY AREA ($Millions)		$ 23.5	$ 37.7	$ 69.1	$ 114.0
Square Feet Warranted (excluding sales transfers from Study Area Stores) [3]		Square Feet [4]			
@$300 per square foot		78,400	125,600	230,300	380,200
@$350 per square foot		67,200	107,700	197,400	325,900
@$400 per square foot		58,800	94,200	172,700	285,100

Continued…

Non-Food Store Retail (NFSR) ANALYSIS

2020 Dollars	2020	2024	2026	2031	2041
Subject Site					
Square Feet Proposed		50,000	50,000	50,000	50,000
Estimated Sales per Square Foot		$ 400	$ 415	$ 450	$ 500
Total Estimated Sales ($Millions)		$ 20.0	$ 20.8	$ 22.5	$ 25.0
Less: Inflow (%) [3]		10.0%	10.0%	10.0%	10.0%
Less: Inflow ($Millions)		$ 2.0	$ 2.1	$ 2.3	$ 2.5
Total Sales Volume from Trade Area Residents ($Millions)		$ 18.0	$ 18.7	$ 20.3	$ 22.5
Other Proposed Developments					
Square Feet Proposed		40,000	40,000	40,000	40,000
Estimated Sales per Square Foot		$ 400	$ 415	$ 450	$ 500
Total Estimated Sales ($Millions)		$ 16.0	$ 16.6	$ 18.0	$ 20.0
Less: Inflow (%) [3]		10.0%	10.0%	10.0%	10.0%
Less: Inflow ($Millions)		$ 1.6	$ 1.7	$ 1.8	$ 2.0
Total Sales Volume from Trade Area Residents ($Millions)		$ 14.4	$ 14.9	$ 16.2	$ 18.0
PROPOSED NEW SPACE SALES TRANSFER OR RESIDUAL DEMAND					
Total Space Proposed		90,000	90,000	90,000	90,000
Total Sales Volume ($Millions)		$ 36.0	$ 37.4	$ 40.5	$ 45.0
Average Sales/Sq.Ft.		$ 400	$ 416	$ 450	$ 500
Total Inflow ($Millions)		$ 3.6	$ 3.7	$ 4.1	$ 4.5
Average Inflow		10.0%	10.0%	10.0%	10.0%
Total Sales Volume Required from Trade Area Residents (excludes inflow)		$ 32.4	$ 33.7	$ 36.5	$ 40.5
Total Sales Volume Available from Trade Area Residents (excludes inflow)		$ 21.2	$ 33.9	$ 62.2	$ 102.6
Sales Transfer Required From Existing Stores (-) / Residual Market Demand (+) [5]		**-$11.2**	**$ 0.3**	**$ 25.7**	**$ 62.1**
IMPACT ANALYSIS - PTA					
Existing Sales from Trade Area Residents ($Millions)	$ 372.6	$ 361.4	$ 372.9	$ 398.4	$ 434.8
Plus Estimated Inflow (%) [3]	10.0%	10.0%	10.0%	10.0%	10.0%
Inflow	$ 41.4	$ 40.2	$ 41.4	$ 44.3	$ 48.3
TOTAL SALES, EXISTING PTA STORES ($Millions)	$ 414.0	$ 401.5	$ 414.3	$ 442.6	$ 483.1
Square Feet GLA Existing - PTA [6]	1,185,200	1,185,200	1,185,200	1,185,200	1,185,200
Sales/Sq.Ft. Existing	$ 349	$ 339	$ 350	$ 373	$ 408
Existing Stores - Change in Sales/Sq.Ft. From Base Year		**-3.0%**	**0.1%**	**6.9%**	**16.7%**

SOURCE: urbanMetrics inc.

[1] Based on expenditure potential calculations presented earlier in this appendix.

[2] Based on urbanMetrics estimates and adjusted results of previous telephone consumer surveys undertaken as part of previous assignments for Heritage Grove Centre.

[3] urbanMetrics estimate.

[4] Rounded to the nearest 100 square feet.

[5] Based on amount of space proposed at new commercial development sites (including Heritage Grove Centre) and an assumed sales per square foot performance level derived from average base year estimates of the Trade Area and urbanmetrics own estimates.

[6] Based on results of urbanMetrics commercial inventory.