Retail Market & Gap Analysis

January 2015

Prepared for City of Fort Saskatchewan

Prepared by Cushing Terrell Architecture Inc.

CUSHING TERRELL
ARCHITECTURE INC.

RETAIL
Market & Gap Analysis

City of Fort Saskatchewan
Alberta

CUSHING TERRELL
ARCHITECTURE INC.

Member of
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PREFACE

Cushing Terrell Architecture Inc. ("Cushing Terrell") was commissioned by the City of Fort Saskatchewan in August 2014 to conduct a Retail Market and Gap Analysis for the City.

The study was carried out over the period August to January 2015.

The objective of this study is to document in detail the City of Fort Saskatchewan's current retail inventory and estimate the Trade Area retail expenditure profile across various retail categories/store types as an indication of retail inflow/outflow or also known as surplus/leakage.

Retail spending (i.e. demand) and the City's retail inventory and its corresponding productivity (i.e. supply) was augmented and supported by a detailed Consumer Intercept Survey conducted by Keyfax Market Research to further identify gaps in Fort Saskatchewan's current provision of shops and services.

This document is intended to assist the City of Fort Saskatchewan in promoting the community, working with developers and investors, as well as attracting new or expanding retailers/formats, retaining existing retailers and providing an overall identity/positioning strategy for future developments which could feature retail throughout the City's various retail nodes and districts.

Reference material for this report was obtained from, but not limited to; The City of Fort Saskatchewan, Commercial Real Estate Brokerage Firms (Colliers, Cushman Wakefield, Avison Young), Conference Board of Canada, Fort Saskatchewan Chamber of Commerce, Local Commercial Developers (Qualico, Haro Developments), International Council of Shopping Centers and Cushing Terrell Architecture Inc.

Cushing Terrell does not warrant that any estimates contained within the study will be achieved over the identified time horizons, but that they have been prepared conscientiously and objectively on the basis of information obtained during the course of this study.

Also, any tenant references made in the report are for illustrative purposes only and should not be taken as guarantees that they will locate in the City of Fort Saskatchewan, but rather that they could represent compatible "target" retailers.

This analysis was conducted by Cushing Terrell as an objective and independent party; and is not an agent of the City of Fort Saskatchewan.

As is customary in an assignment of this type, neither our name nor the material submitted may be included in a prospectus, or part of any printed material, or used in offerings or representations in connection with the sale of securities or participation interest to the public, without the expressed permission of Cushing Terrell Architecture Inc. or the City of Fort Saskatchewan

Cushing Terrell Architecture Inc. - January 2015 ii

EXECUTIVE SUMMARY

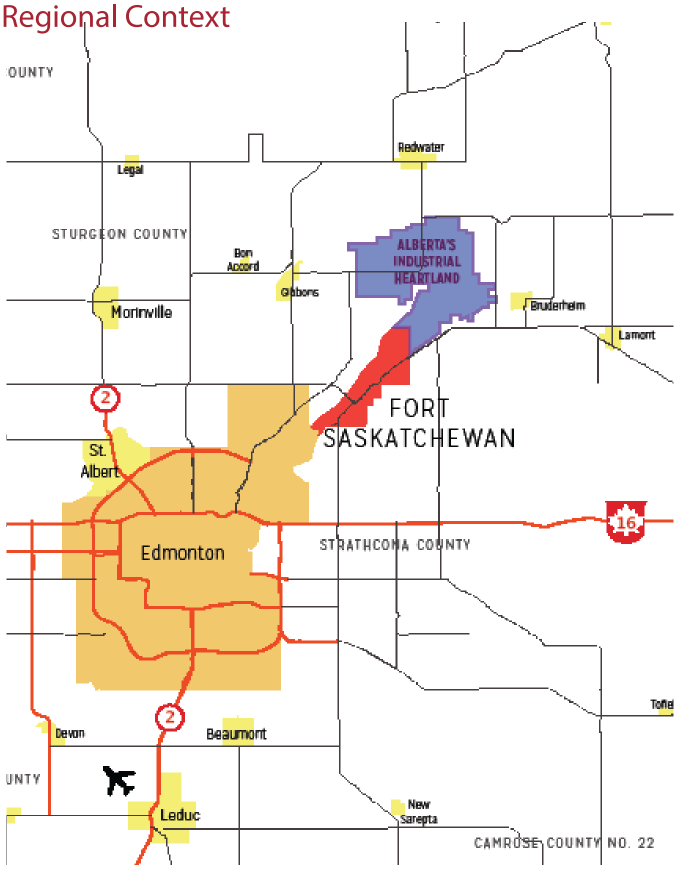
INTRODUCTION

The objective of this study is to document in detail the City of Fort Saskatchewan's current retail inventory and estimate the Trade Area retail expenditure profile across various retail categories/store types as an indication of retail inflow/outflow or also known as surplus/ leakage.

LOCATION CONTEXT SUMMARY

The City of Fort Saskatchewan is a rapidly growing market with strong patterns of residential development supported by a retail infrastructure that has responded and continues to respond in step with new demand as the market has grown. It is also the closest urban centre to Alberta's Industrial Heartland.

Regional Context



The City has all the necessary criteria to support retail opportunities, though these opportunities may not be represented necessarily by large format retailers for whom Fort Saskatchewan's regional context relative to new emerging major nodes such as Emerald Hills and Manning Park may not be as strong.

Traffic counts, which are in excess of 20,000 to 23,000 vehicles in and around new major nodes does bode well for attracting further branded tenants for whom other areas of the community may not be as busy.

RETAIL TRADE AREA SUMMARY

Both Emerald Hills and Manning Town Centre are in the midst of developing significantly sized retail developments with strong clusters of destination and Comparison or Department Store Type Merchandise (DSTM). Each of these projects has Fort Saskatchewan as part of their Primary Trade Area and thus it would be difficult for the City of Fort Saskatchewan to compete directly against these emerging strong retail nodes. Therefore, the Retail Trade Area for Fort Saskatchewan must be realistic and not overstate the area against which it will compete.

Accordingly, the Retail Trade Area for the City of Fort Saskatchewan is a reflection of the competitive influences as well as a realization that residents of Fort Saskatchewan and the communities north, west and east will still like the convenience and accessibility that Fort Saskatchewan provides for a critical mass of more neccessity-based merchandise, while not discounting the need for more essential comparison items.

ii EXECUTIVE SUMMARY

The Trade Area Demographic Profile illustrates a very strong local trade area that will grow from 35,000 in 2013 to approximately 46,000 over the next decade. It is plausible that even this growth could be exceeded if and/or as the City's growth strategy is reviewed.

Fort Saskatchewan's strengths lie in its demographics, which are substantiated by a significant household income ($118,000), which is well above the regional and provincial averages.

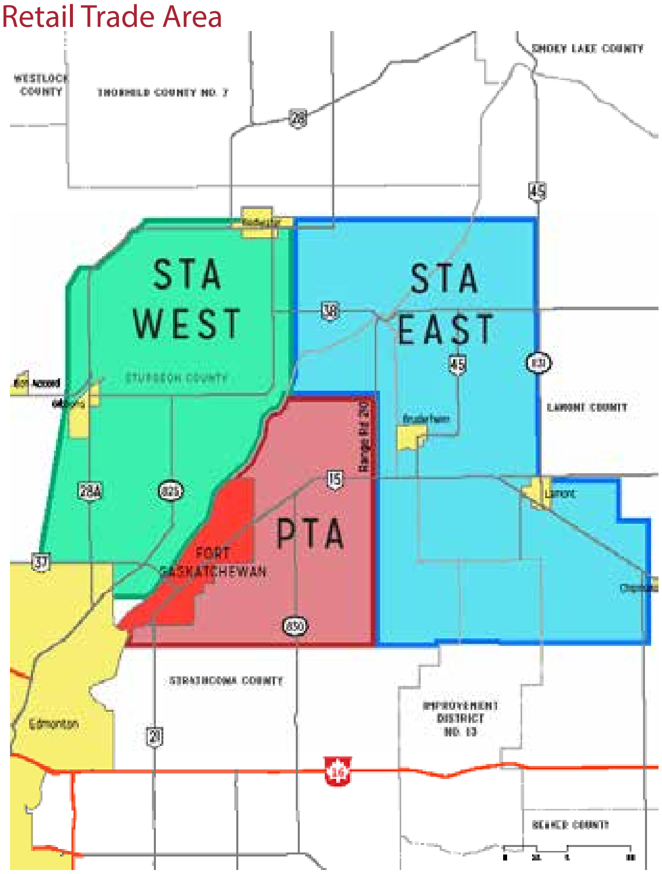
Secondly, the Trade Area has a strong, dynamic young family profile who are both mobile in their shopping patterns, yet are increasingly seeking opportunities to spend their money closer to home for more frequent purchases.

Overall, Fort Saskatchewan represents a $646 million retail market (YE 2014 estimate) in which categories such as Grocery, Automotive/RV and Restaurants, Clothing/Apparel & Footwear represent significant spending segments.

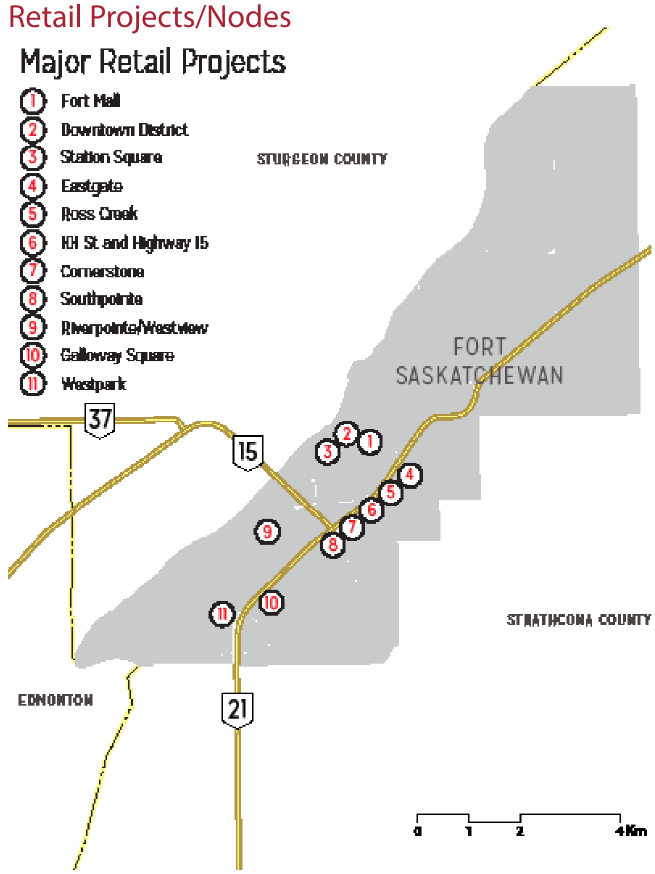
RETAIL SUPPLY SUMMARY

The inventory for the City of Fort Saskatchewan illustrates a community-oriented retail offering that provides essential shops and services for residents of Fort Saskatchewan as well as populations within an approximate 15 - 20 minute drive, primarily north, northwest and east of the City.

Retail Trade Area



Retail Projects/Nodes



EXECUTIVE SUMMARY

Retail Floorspace Demand versus Supply for Total Retail Trade Area

Retail Spending by Merchandise Category	2014 (Year End Est.) Total Floorspace Demand (sf)	Current City Retail Inventory (sf)	Total Residual Demand (sf)
Grocery & Specialty Foods	186,359	178,675	7,683
Pharmacy	19,479	23,644	-4,166
Alcohol & Tobacco	24,779	34,426	-9,647
Personal Services	46,100	160,814	-114,714
Clothing & Apparel	62,312	79,891	-17,579
Footwear	14,902	4,741	10,161
Jewelry & Accessories	4,211	6,019	-1,808
Health & Beauty	16,739	31,061	-14,322
Home Furnishings & Accessories	36,345	19,744	16,601
Home Electronics & Appliances	19,468	38,301	-18,833
Home Improvement & Gardening	36,432	119,551	-83,118
Books & Multimedia	9,483	2,403	7,080
Sporting Goods & Recreation	13,346	22,781	-9,435
Toys & Hobbies	4,451	13,936	-9,485
Miscellaneous Specialty	26,592	82,617	-56,025
Full-Service F&B	46,288	65,253	-18,965
Limited Service F&B	16,659	56,868	-40,209
Entertainment & Leisure	46,519	50,119	-3,600
Auto Parts & Accessories	12,162	58,398	-46,237
Auto/RV/Motorsports Dealership	132,342	57,400	74,943
TOTAL RETAIL CATEGORIES ONLY	**774,968**	**1,106,642**	**-331,674**

Retail Spending Inflow / Outflow Estimates

Merchandise Category	Est. Current Annual Sales by Category (SUPPLY)	Est. Fort Saskatchewan Expenditure Potential 2014 (DEMAND)	Fort Saskatchewan Outflow / Inflow Estimates	Fort Saskatchewan Outflow / Inflow Factor
Grocery & Specialty Foods	$106,467,293	$95,748,387	$10,718,907	5.3
Alcohol & Tobacco	$12,162,863	$10,183,171	$1,979,692	8.9
Pharmacy	$21,026,130	$9,661,743	$11,364,387	37.0
Personal Services	$44,041,815	$16,900,383	$27,141,433	44.5
Clothing & Apparel	$20,018,367	$34,393,761	-$14,375,394	-26.4
Footwear	$1,261,648	$8,751,801	-$7,490,153	-74.8
Jewelry & Accessories	$4,253,652	$5,735,702	-$1,482,049	-14.8
Health & Beauty	$11,574,897	$9,058,523	$2,516,374	12.2
Home Electronics & Appliances	$11,950,128	$25,979,354	-$14,029,226	-37.0
Home Furnishings & Accessories	$8,511,879	$29,915,620	-$21,403,741	-55.7
Home Improvement & Gardening	$42,844,375	$9,549,279	$33,295,096	63.5
Books & Multi-Media	$722,260	$10,019,586	-$9,297,326	-86.6
Sporting Goods & Outdoor Recreation	$5,762,575	$7,177,295	-$1,414,720	-10.9
Toys & Hobbies	$3,067,107	$1,952,797	$1,114,311	22.2
Specialty Retail	$16,371,625	$10,193,395	$6,178,231	23.3
Full Service F&B	$23,932,428	$22,677,389	$1,255,038	2.7
Limited Service F&B	$35,904,214	$12,646,762	$23,257,452	47.9
Entertainment & Leisure	$8,869,683	$19,660,881	-$10,791,198	-37.8
Auto Parts & Accessories	$20,962,617	$5,858,390	$15,104,227	56.3
Auto/RV/Motorsports Dealership	$28,079,134	$89,389,017	-$61,309,883	-52.2

ii EXECUTIVE SUMMARY

Overall, the City's inventory has grown substantially over the past few years to a point now whereby the City should exercise caution so as to not be over-retailed in categories that could negatively impact areas such as Downtown.

The City has an estimated retail inventory of almost 1.15 million sq. ft. and a vacancy of less than 4% which suggests a healthy retail environment.

RETAIL DEMAND SUMMARY

Total demand for floorspace in the City of Fort Saskatchewan attributable to residents of the Primary and Secondary Trade Areas is estimated at approximately 775,000 sq. ft.

When compared against the current City's occupied retail inventory or supply at 1.1million sq. ft., the difference between demand and supply equates to almost 332,000 sq. ft. of retail space. In other words, the city has 332,000 sq. ft. more retail space than current demand warrants.

If one factors into the equation forecasted population growth in the total trade area of approximately 9,800 over the next decade to 2024 (the majority of which will be in the City of Fort Saskatchewan), then estimated future floorspace demand could grow by approximately 250,000 sf.

When factoring future demand against the current negative residual demand, the forecasts suggests the City should focus its retail tenant recruitment strategy on specific tenants and merchandise categories that exhibit strong retail sales inflow potential. Examples include Grocery, Pharmacy and Food & Beverage.

This also applies to very specifically targeted comparison merchandise tenants who may be prepared to have a store in Fort Saskatchewan as well as Strathcona County and Northeast Edmonton.

Fort Saskatchewan's spending reveals a pattern in which more day-to-day types of categories generate inflow and surplus sales and could thus be targeted by retailers.

Conversely, the categories exhibiting outflow are all the types of categories that people are prepared to drive 30 - 45 minutes to access, which brings into play a wide array of projects that even includes South Edmonton Common and West Edmonton Mall. The soon-to-be completed northeast component of the Anthony Henday will only increase acessibility to areas like West Edmonton Mall.

Given Fort Saskatchewan's retail trade area demographics and spending attributes, specific target categories include Grocery, Pharmacy, Personal Services, Toys & Hobbies, Full & Limited Service F&B, Health & Beauty.

A market like Fort Saskatchewan in which inflow exists for specific categories and where it would be difficult to provide a comparison offering that could be competitive in the market is more poignant in that retailers can have the confidence in knowing that demand is already present in a market.

Fort Saskatchewan has a net sales leakage of only $8 million and does a very good job of retaining and attracting Convenience spending from its Trade Area with a net inflow of $51 million.

Similarly, Fort Saskatchewan garners strong inflow from Limited Service Restaurants ($23.2 million). However, Fort Saskatchewan's penetration of the Full-Service Restaurant category could be stronger.

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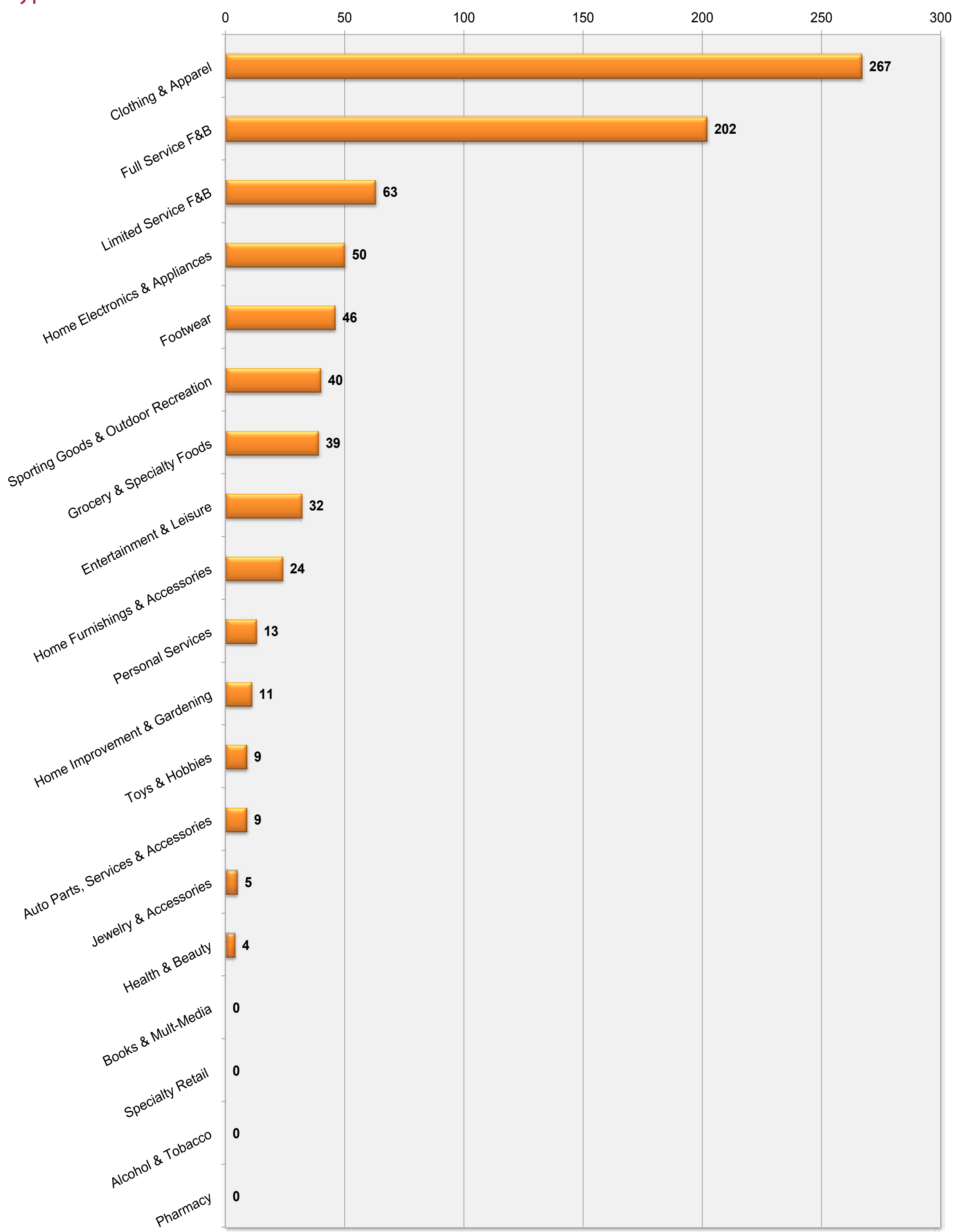
EXECUTIVE SUMMARY

Types of Stores Desired in Fort Saskatchewan



ii EXECUTIVE SUMMARY

Fort Saskatchewan's major leakage occurs in Automotive/RV Dealers ($61.3 million), Clothing & Footwear ($21.9 million) and Home Furnishings ($21.4 million). These are categories Fort Saskatchewan will be hard pressed to compete with and thus may not be priorities for targeting.

CONSUMER SURVEY SUMMARY

The Consumer Intercept Survey yielded findings that reinforce the more localized trade area for the City of Fort Saskatchewan.

The majority of respondents indicated a desire to have more Clothing & Footwear, Full Service Restaurants and Grocery. These particular categories were not only identified as specific categories, but the spending patterns and importance ratings of the respondents validated these sentiments.

Respondents identified a number of recognized restaurant and retailer brands. While Fort Saskatchewan is well positioned to attract many of the full and limited service restuarants identified, caution should be exercised as it relates to the list of comparison retailers. Many of the desired comparison retailers are mid to larger sized formats who are likely to be drawn to new developments at Emerald Hills and/or Manning Town Centre.

As such, Fort Saskatchewan should use the consumer survey trends that suggest targeting smaller more value-oriented retailers that could infill existing retail nodes, thus not necessitating another new large retail node or nodes.

The types of tenants sought by respondents combined with their spending patterns further suggest that the most compatible locations that can fulfill retailer site location requirements will likely fall in the Central and South nodes and to a lesser degree the Downtown, although the redevelopment of the Fort Mall will provide a significant and viable option for tenants looking for newer space at potentially more affordable rates.

The Downtown area will continue to face external pressures resulting from continued growth on the fringe of the City. The Downtown is still recognized as a key node that can accommodate future tenant opportunities, particularly in the specialty retail, food & beverage categories and personal services categories.

CONCLUSION

The City of Fort Saskatchewan should look to the following considerations as it relates to guiding the retail prospects of the City over the next decade:

- Ensure that retail growth does not come at the expense of the Downtown.
- Promote the infill of existing new and developing retail nodes as a way of cultivating critical mass and critical mix.
- Prioritize key target categories and tenants that can benefit from the sales inflow as well as curbing some outflow.
- Avoid trying to compete with the major retail nodes at Emerald Hills and Manning Town Centre, but rather solidify the City's role as a strong service centre, until such time as the City's population itself could warrant development at that magnitude.
- Market the City's offering of shops and services to the identified north, northwest and eastern parts of the trade area to attract and retain more of their spending.

Photo credit: Cushing Terrell Architecture Inc. 2014

1 INTRODUCTION

1.1 SCOPE OF STUDY & PROJECT BACKGROUND

Cushing Terrell Architecture Inc. ("Cushing Terrell") was commissioned by the City of Fort Saskatchewan in August 2014 to conduct a Retail Market and Gap Analysis for the City and its various retail areas/nodes.

The study was carried out over the period August 2014 to January 2015.

The objective of this study is to document in detail the City of Fort Saskatchewan's current retail inventory and estimate the realistic Trade Area and its inherent retail expenditure profile across various retail categories/store types as an indication of retail inflow/outflow or surplus/leakage.

1.2 REPORT STRUCTURE

Cushing Terrell conducted on-the-ground research in September 2014 supplemented by research gathered during the overall period August 2014 to December 2014 to gain a firm understanding of existing and future retail projects and prospects in Fort Saskatchewan. The purpose of this research was to establish a solid foundation and baseline for determining the depth of retail opportunity and associate gaps in the market provision of shops and services and to whom such gaps could be targeted.

To respond to the work program process, the document is presented in the following sections:

Section 1 - Introduction:
Introduces the study process and structure.

Section 2 - Location Analysis & Site Context:
Lays out the important regional and local context of the City of Fort Saskatchewan as a location that targeted retailers could express interest.

Section 3 - Retail Trade Area Profile:
Identifies and defines the Primary and Secondary Retail Trade Areas and documents the population and expenditure profiles generated from within these respective trade areas, against which estimates of floorspace demand can be attributed. Given Fort Saskatchewan's status as an Oil & Gas hub, the smaller yet nontheless important temporary/part-time resident base was also profiled.

Section 4 - Retail Market Supply:
Assesses the location and characteristics of Fort Saskatchewan's current nodes of retail activity ("supply"), including developing or future planned retail sites. Fieldwork assessments included identifying and quantifying the entire City's retail inventory by node, retailer and merchandise category.

Photo credit: Cushing Terrell Architecture Inc. 2014

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Section 5 – Retail Demand & Gap Analysis:
Trade Area spending and sales productivities were estimated resulting in "demand" associated with each retail category. The demand estimates were then applied against supply to estimate the magnitude of inflow and outflow of retail on a category-by-category basis.

Section 6 – Consumer Intercept Survey:
A Consumer Intercept Survey was conducted by Keyfax Market Research in which the full-time and part-time residents of Fort Saskatchewan and surrounding communities were interviewed. An in-person questionnaire tool was used to ascertain shopping patterns and consumer preferences for retail tenants and formats in the City of Fort Saskatchewan along with their current spending habits and importance ratings for the types of new retail categories that the City could pursue to enhance the offering and retain expenditure within the community.

Section 7 – Conclusion:
Conclusions highlight and summarize the most salient Market Analysis findings as well as missing merchandise categories and identify a roster of potential market-compatible retailers whose typical site selection criteria match the trade area demographics and locational attributes of Fort Saskatchewan.

1.3
SOURCES OF INFORMATION
During the course of this study, a number of information resources were used to quantify retail market supply and demand conditions.

In addition to primary and secondary research, Consumer Intercept Interviews were also conducted to further supplement the retail supply and leakage quantification analysis.

The following sources of information were used in this Retail Market & Gap Analysis:

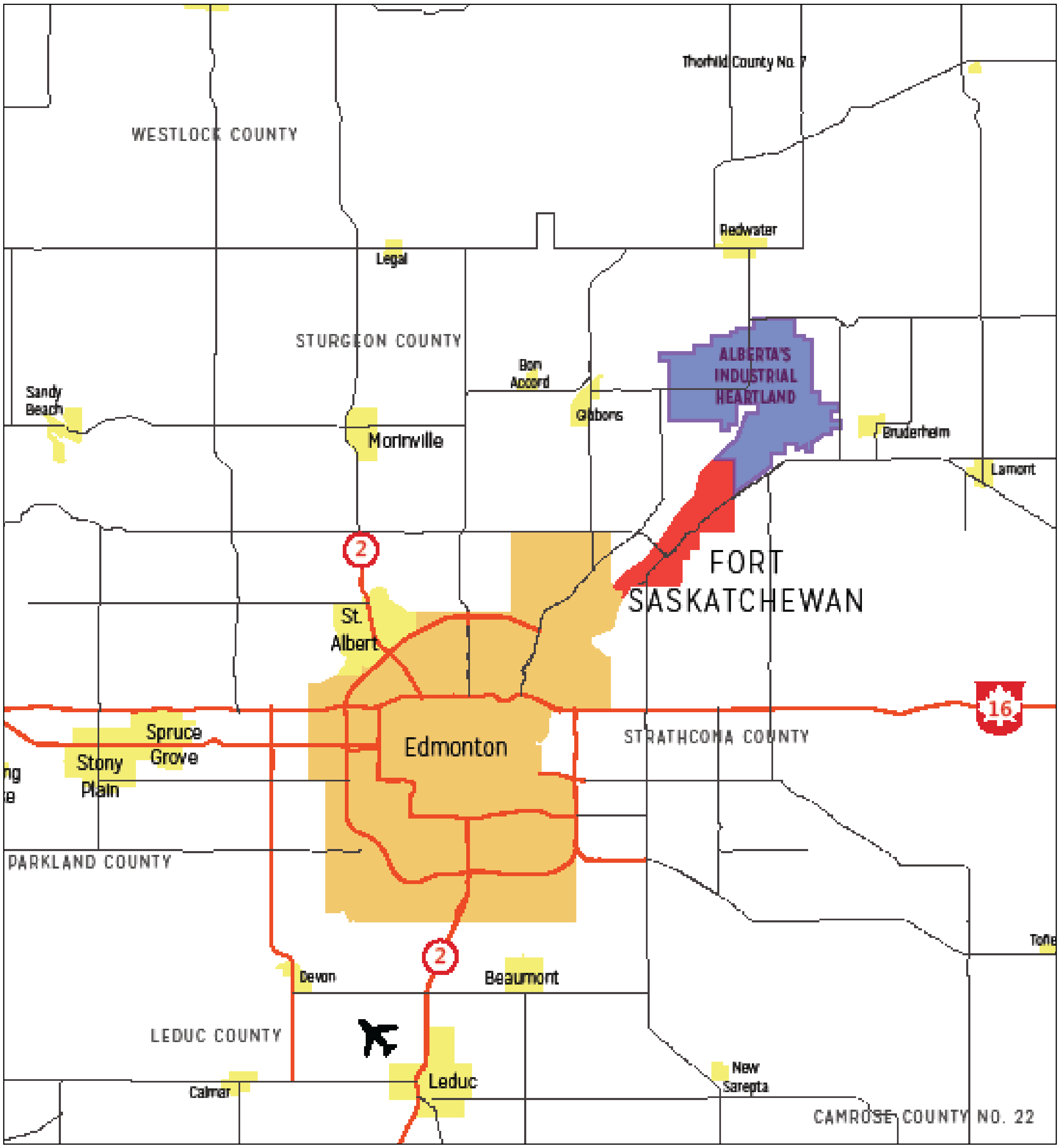
- City of Fort Saskatchewan Municipal Development Plan, 2010-2030
- City of Fort Saskatchewan Downtown Area Redevelopment Plan, 2009
- City of Fort Saskatchewan Municipal Census, 2014.
- City of Fort Saskatchewan Land Use Bylaw.
- Alberta Ministry of Transportation, Highways 1 to 986 Traffic Volume History 2003-2013.
- Environics Analytics, Western Canada 2013.
- Keyfax Market Research Consumer Intercept Survey, September 2014.
- Cushing Terrell Architecture Inc. Detailed Retail Inventory Fieldwork, September 2014.

Cushing Terrell would like to thank the following firms and organizations from whom additional information was obtained to provide supplemental retail development, project profiles market and tenant information:

- Qualico Developments
- Haro Developments Ltd (and Square Root Architecture Ltd.)
- Springwood/CREIT
- International Council of Shopping Centers -Alberta and Metro Edmonton Non-Anchored Mall Tenant Retail Sales Productivities, 2014
- Conference Board of Canada Metropolitan Outlook, Summer 2014
- Statistics Canada, 2014
- Fort Saskatchewan Chamber of Commerce
- Colliers, Fort Saskatchewan Demographics & Retail Potential, 2011
- Colliers International
- Cushman Wakefield

Figure 2.1

CITY OF FORT SASKATCHEWAN CONTEXT MAP



2 LOCATION & CONTEXT

2.1
INTRODUCTION

Strong locational factors are an essential foundation to retail success, and an understanding of these factors can help create the necessary conditions for attracting and retaining retail businesses in a community. This section identifies the City of Fort Saskatchewan's regional and local characteristics as they relate to the attraction and retention of retail businesses and merchandise categories.

The analysis begins with a macro study of the Fort Saskatchewan regional context as it relates to surrounding counties and cities/towns therein, as well as the City of Edmonton.

2.2
REGIONAL CONTEXT

The City of Fort Saskatchewan is approximately 30 km northeast of Edmonton. Being at the gateway to Alberta's Industrial Heartland (AIH), means the City is well positioned to benefit from economic growth related to industrial development, particularly that related to the Oil & Gas Industry. The City also beneifts from its proximity to downtown Edmonton, a 30-minute drive away. This proximity is a benefit for a commuting workforce, but also creates challenges for providing a depth of retail opportunities.

Numerous highways connect Fort Saskatchewan to the population and industrial centres necessary to support potential multi and chain store retail operations for whom timely access to markets forms an essential part of their store network strategy.

The City conservatively services a trading area of almost 35,000 people spanning the City itself and neighbouring counties such as Sturgeon, Thorhild and Lamont.

Though Fort Saskatchewan is not considered a regional-serving destination, it nonetheless serves as a critical and convenient catchment for shops and services for towns such as Lamont, Bruderheim, Redwater, Gibbons and Bon Accord (refe to **Figure 2.1**).

2.3
MUNICIPAL DEVELOPMENT PLAN

The City's Municipal Development Plan (MDP) addresses long-term commercial growth in the Future Land Use Plan. The Future Land Use Plan addresses growth only within the municipal boundary, and in general the plan directs/encourages growth to the east, southeast and south. Major growth and development on lands to the north and west is limited by existing heavy industrial uses and the North Saskatchewan River respectively.

The Future Land Use map designates new growth areas with the "Developing Communities" (DCA) designation. Policies for the DCA land use that are relative to new retail development include a desire for a mix of residential and commercial uses as well as the need for neighbourhood-serving commercial. This suggests smaller format retail or office is the city's desired commercial use for DCA areas. This type of land use is generally consistent with what demand would dictate.

The City generally aims to direct new large-format retailers to areas that have attracted existing large retailers, such as Cornerstone and Southpointe. Such areas are designated as "Commercial" (C) land use.

With respect to retail development in this C-designated area, the MDP states, *"The City will concentrate future highway commercial development in these areas…"*; preserving land in other areas for neighbourhood-serving commercial uses.

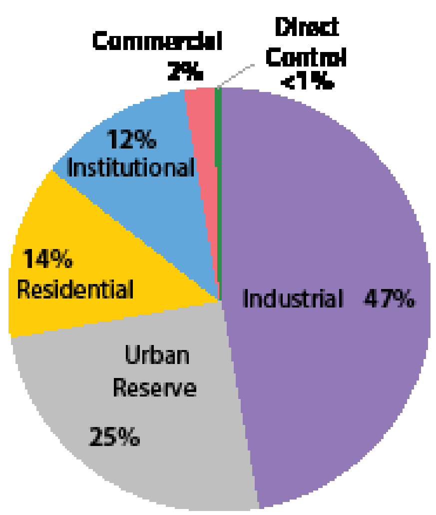
It is the intent of the MDP to intensify the retail uses in this area if possible. The Future Land Use Plan does not suggest that existing Commercial areas will expand into the surrounding "General Urban Area" land use, which is intended to be a more neighbourhood-oriented district.

As is stated in the MDP, and further validated by market analysis and inventory fieldwork, the Downtown area and former shopping malls, including Fort Mall, have become marginalized by the emergence of power centres over the past decade, particularly in the west side of the City.

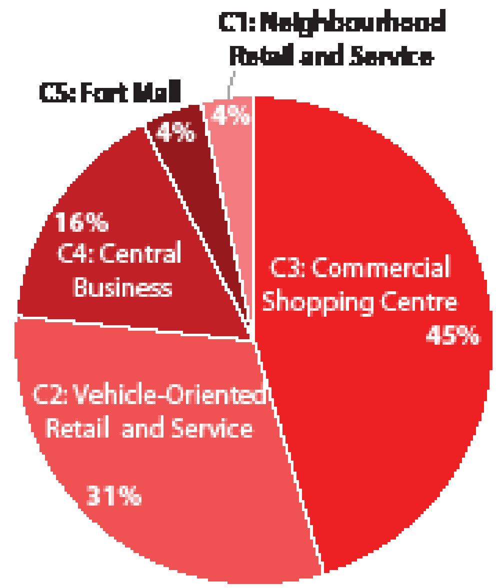
Certainly the downtown may not be the first destination of choice for new retailers, particularly those with a brand affiliation, **but the role of the downtown is absolutely critical to providing opportunities for local retailers and entrepreneurs, as well as providing an identity for the city.**

The Future Land Use Plan designates the "Downtown" Land Use District as the focal point of commerce and community interaction in the city. Policies for Downtown largely reflect those in the Downtown Area Redevelopment Plan.

Land Use District Composition



Commercial Land Use District Composition



2.4 LAND USE BYLAW

The City's Land Use Bylaw addresses commercial lands in "Part 6 - Commercial Land Use Districts".

Although Commercially-zoned land comprises about two percent (2%) of all land use in Fort Saskatchewan, the Urban Reserve Land Use District represents areas that have potential for new growth (25%).

As such, Urban Reserve areas adjacent to existing Vehicle Oriented Retail and Commercial Shopping Centre districts (Eastgate, Southpointe and the south entrance to the City) may have potential to absorb new commercial development, if and as demand warrants, though it must be important to ensure that any such development maintains compatibility with the City's overall vision for retail retention, expansion and attraction.

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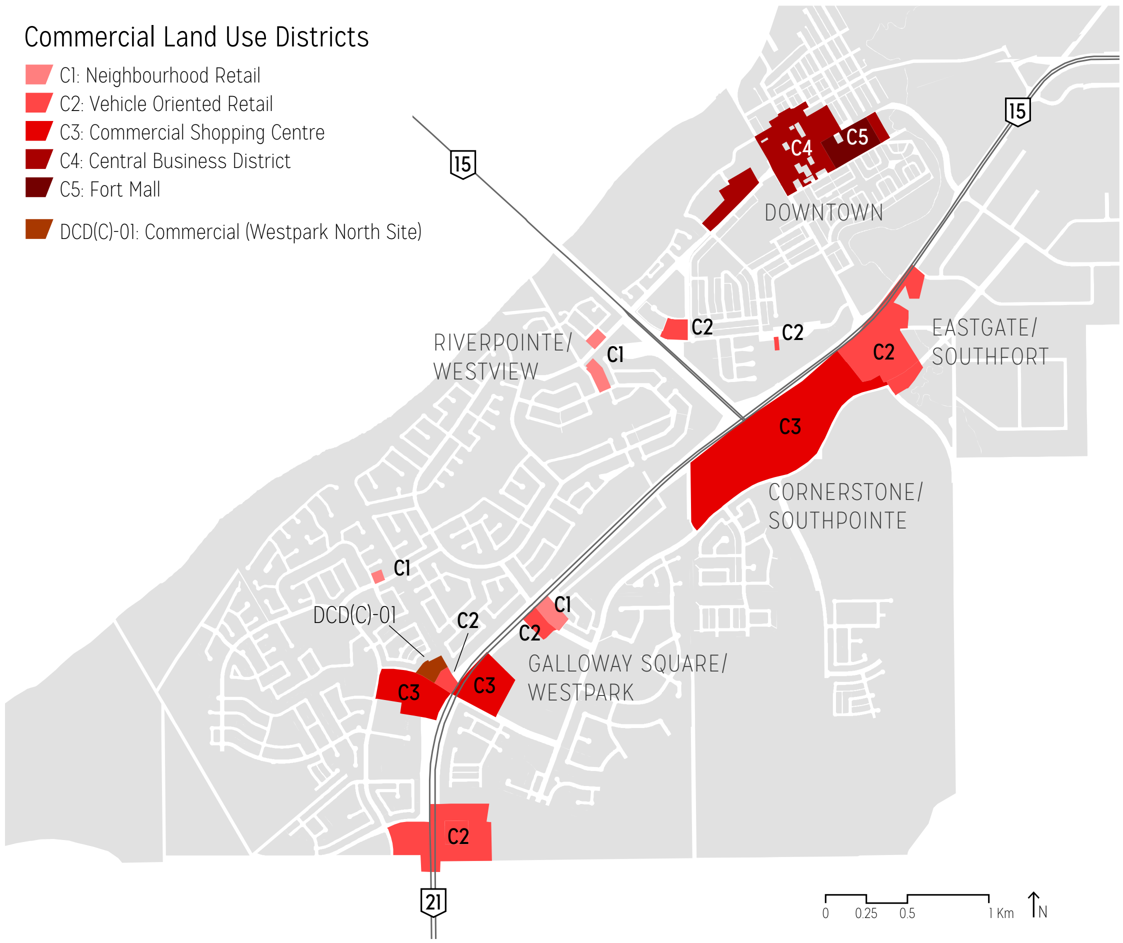
Figure 2.2

COMMERCIAL LAND USE DISTRICTS



2.5

COMMERCIAL LAND USE CONTEXT

Figure 2.2 shows the commercial lands in the City. The areas shown in red depict land currently zoned for Commercial Land Uses.

The map illustrates concentrations of Commercial lands in which existing as well as major future commercial development are or may be situated.

2.6

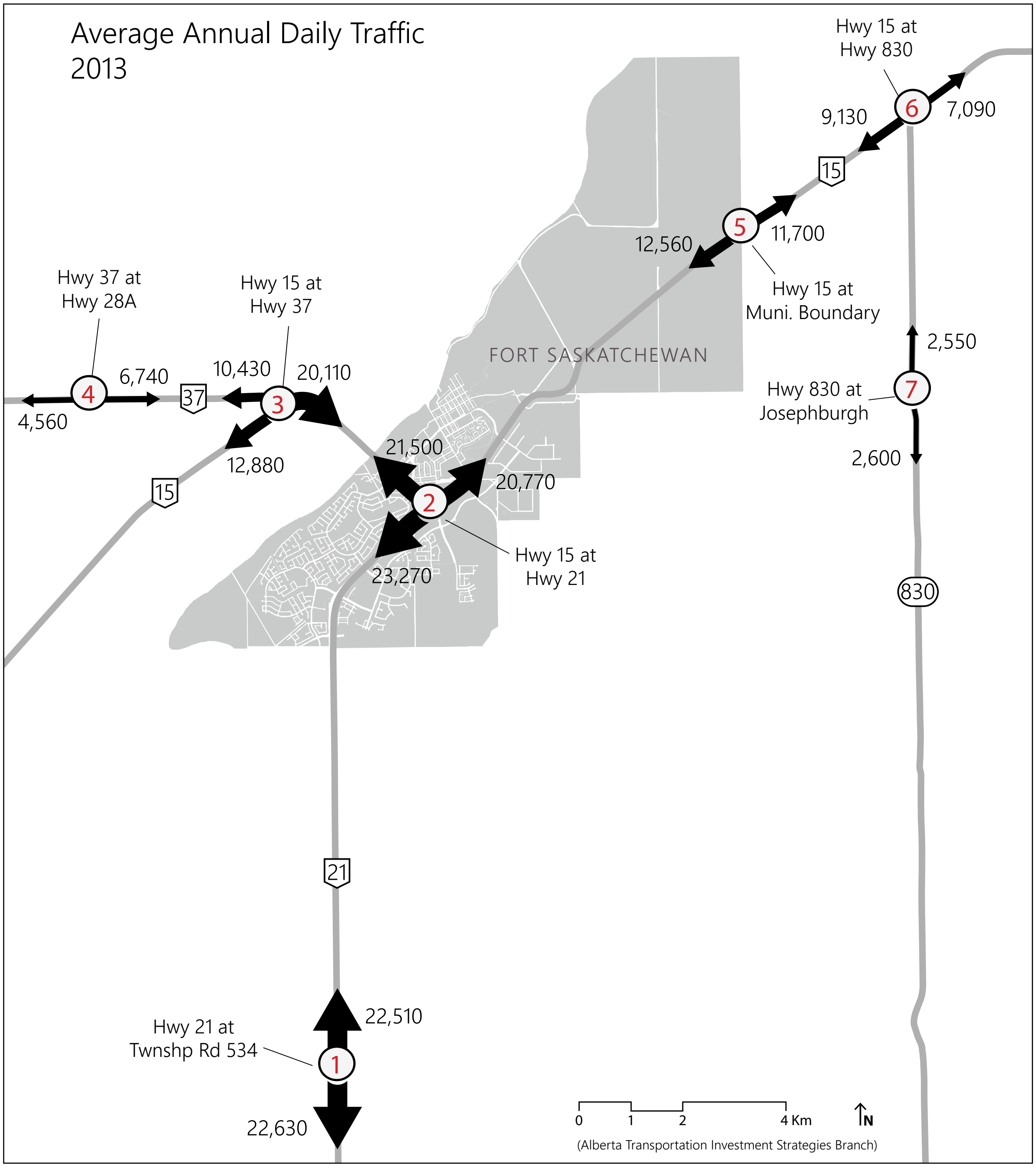
TRANSPORTATION CONTEXT

One of the most significant aspects to successful commercial development relates to patterns of transportation. Most significantly to retail businesses, the ability to be accessible as well as visible to high volumes of traffic is among their most major considerations. For a localized market such as Fort Saskatchewan, a retail location relative to strong and accessible transportation patterns remains an important component, as illustrated by recent retail developments at the convervgence of Hwy 21 & Hwy 15, where traffic counts are highest in the City.

Figure 2.3

CITY OF FORT SASKATCHEWAN TRAFFIC COUNTS

(Source: Government of Alberta)



Accordingly, **Figure 2.3** reveals the major high volume traffic corridors, which are located along Hwy 21, Hwy 15, Hwy 37 and Hwy 830.

The Alberta Ministry of Transportation provides traffic counts on major highways. Referring to **Figure 2.3**, the most recent 2013 traffic counts by the Province illustrated Average Annual Daily Traffic (AADT) at the following intersections:

1) Hwy 21 at Township Rd 534

North on Hwy 21 = 22,630
South on Hwy 21 = 22,510
East on Twp Rd 534 = 140
West on Twp Rd 534 = 480

2) Hwy 15 at Hwy 21

North on Hwy 15 = 20,770
West on Hwy 15 = 21,500
South on Hwy 21 = 23,270

3) Hwy 15 at Hwy 37

East on Hwy 15 = 20,110
South on Hwy 15 = 12,880
West on Hwy 37 = 10,430

4) Hwy 37 at Hwy 28A

North on Hwy 28A = 9,390
South on 17th St. = 6,250
East on Hwy 37 = 6,740
West on Hwy 37 = 4,560

5) Hwy 15 at Municipal Boundary

North on Hwy 15 = 11,700
South on Hwy 15 = 12,560

6) Hwy 15 at Hwy 830

North on Hwy 15 = 7,090
South on Hwy 830 = 2,540
South on Hwy 15 = 9,130

7) Hwy 830 at Josephburgh

North on Hwy 830 = 2,550
South on Hwy 830 = 2,600

Traffic patterns closely mirror retail hot spots particularly in the central areas where the largest concentrations of traffic flow are in the range of 20,000 - 23,000 AADT and for which regional traffic is important for larger format and "Power Centre" type uses.

Incoming traffic flows indicate there is some inflow from rural areas to the northwest, however inflow from the south and west is more significant. The Hwy 21 corridor connecting Fort Saskatchewan to greater Edmonton is the highest trafficked corridor, which bodes well for attracting further retail interest, particularly that which is compatible with Fort Saskatchewan's trade area. However, it should be noted that the majority of this high traffic volume is likely more a commuting workflow than a destination shopping flow.

2.7 DEVELOPMENT & BUILDING PERMITS

A review of data on development and building permits in the City of Fort Saskatchewan over the last several years illustrates a sustained pattern of development activity.

As evidenced in **Figure 2.4**, over the period of 2006-2013, the City of Fort Saskatchewan has exhibited strength as illustrated by an average of about 400 annual permits issued for all types of construction. The current year is on pace to surpass the average as well as 2013 levels, with about 500 building permits issued through September 2014.

The value of the above noted Building Permits for the current year (2014) through September has amounted to $60.76 million.

Over the period 2013, there were only 3 new construction starts for Commercial. Over the period 2006 to 2013 the average number of new construction starts for Commercial has been 3.5 per year.

Figure 2.4

CITY OF FORT SASKATCHEWAN NEW CONSTRUCTION STARTS 2006 - 2013

(Source: City of Fort Saskatchewan Residential, Institutional, Industrial & Commercial)

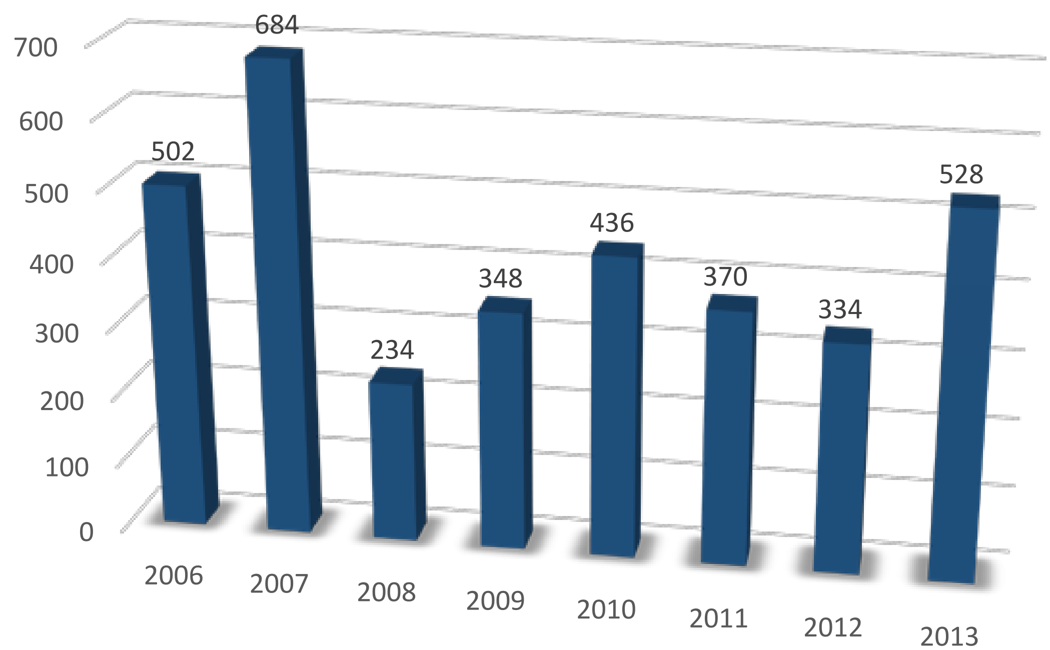


Photo credit: Cushing Terrell Architecture Inc. 2014

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Residential building permits continue to be very robust in the City of Fort Saskatchewan, averaging 430 permits per year over the period 2007 to 2013. 2013 exhibited significant growth in Residential, particularly new multi-family construction starts comprising 239 single family and 281 multi-family units.

The importance of residential to retail development is significant, particularly for the development and feasibility of potential additional local or community scale developments.

Overall building permit data reinforces the strong growth dynamics of the Fort Saskatchewan market and also illustrates a trend towards a diversified development market as evidenced by the increasing number of multi-family permits which bodes well for future intensification of areas such as the Downtown where multi-family formats will be an integral part of any ongoing enhancement and revitalization.

2.8 SUMMARY & IMPLICATIONS

The City of Fort Saskatchewan is a rapidly growing market with strong patterns of residential development supported by retail infrastructure that has responded and continues to respond in step with new demand as the market has grown.

The City has all the necessary criteria to support retail opportunities, though these opportunities may not be represented necessarily by large format retailers for whom Fort Saskatchewan's regional context relative to new emerging major nodes such as Emerald Hills and Manning Park may not be conducive.

Traffic counts, which are in excess of 20,000 to 23,000 vehicles in and around new major nodes does bode well for attracting further branded tenants for whom other areas of the community may not be as lucrative.

As is often the case in retail, tenants will seek to find the best location that will allow them the opportunity to garner sales that can justify rents. In this regard, the City of Fort Saskatchewan as will be seen in **Section 4.0** provides a range of options for local, regional and national tenants.

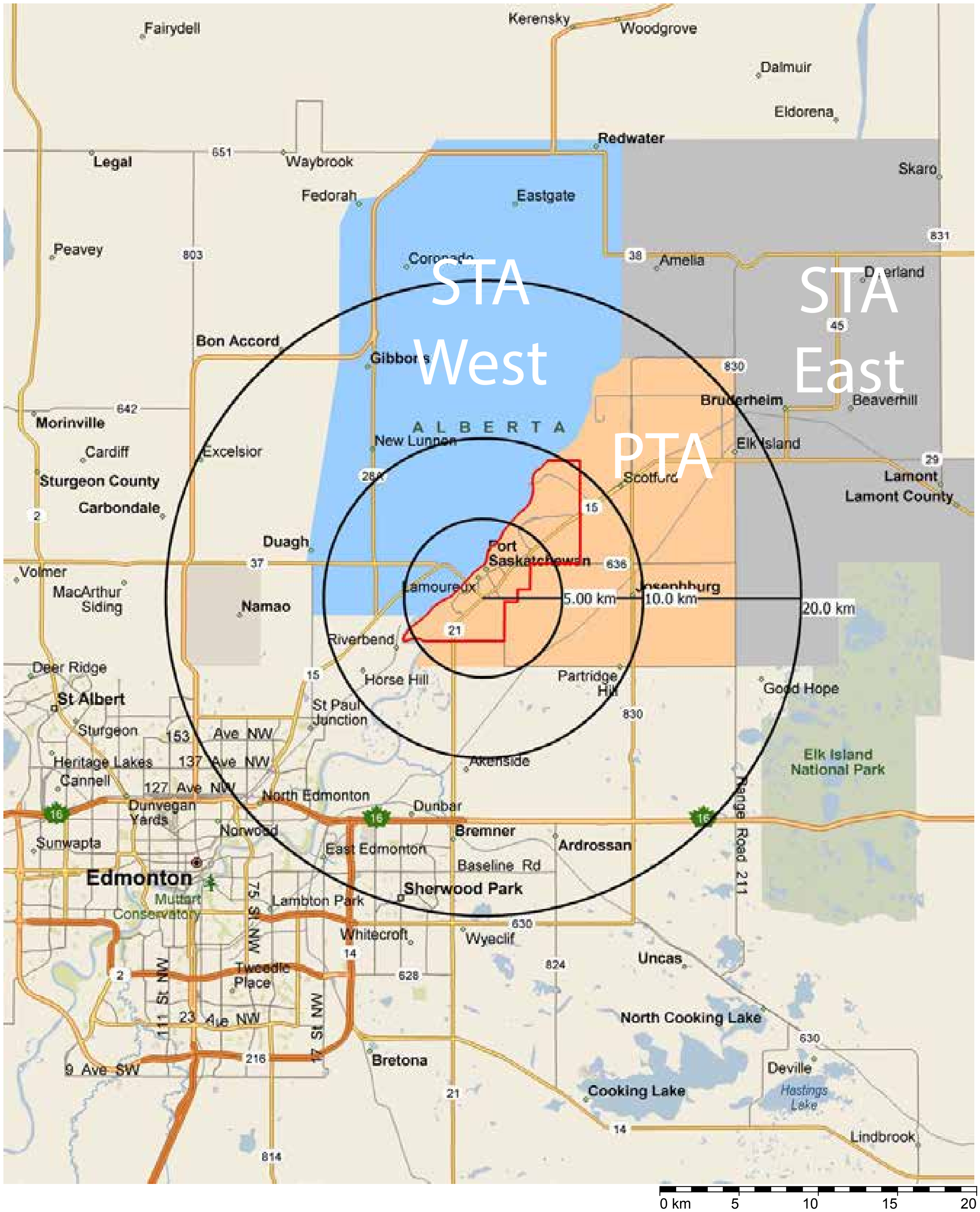
The City continues to be in the midst of economic strength, driven by continued oil and gas exploration, but beyond that the City of Fort Saskatchewan itself has a diversified economy driven by the expansion of Alberta's Industrial Heartland, as well as the emergence of retail itself as an important economic driver.

Mobility to and within the City of Fort Saskatchewan and the various new residential communities being developed in the South and East is allowing for retailers to set up businesses in all nodes of the City including Downtown, where drive times within the city are mere minutes apart when compared to other more congested communities nearby.

With additional Commercial and Industrial developments under construction or planned with service-ready sites, the City is able to accommodate retailers, investors and developers with projects from neighbourhood to community-scale formats.

Figure 3.1

CITY OF FORT SASKATCHEWAN RETAIL TRADE AREA



3 RETAIL TRADE AREA PROFILE

3.1 INTRODUCTION

In order to establish a framework for quantifying retail demand and subsequent gaps in the provision of shops and services, it is necessary to delineate and identify the Trade Area from which the City of Fort Saskatchewan's retail sales are most frequently and likely to be sourced and generated.

The Trade Area recognizes drive times and profiles the demographics and spending attributes and competition, which collectively help to shape and inform the market to prospective tenant, developer and investor interests and ultimately provides a rationalization for achievable market shares attributable to the Trade Area spending segments.

As a first step, a Trade Area was delineated to identify the geographic region from which regular patronage could be expected based on a series of boundary determinants.

The major considerations in delineating a Retail Trade Area are outlined in the following. These principles were applied to the City of Fort Saskatchewan to determine its current Trade Area, as well as to help sensitize future market share inputs from respective Trade Areas.

Retail Trade Area Determinants

i. Transportation networks, including streets and highways, which affect access, travel times (**Figure 3.1**), commuting and employment distribution patterns;

ii. Major infrastructure projects both planned or under development which will affect future travel patterns;

iii. The development vision, including an understanding of its site characteristics and potential target audience;

iv. The local and regional competitive environment, present and future;

v. The City's proposed generative uses (retail, cultural, civic, etc.) and their relationship within the wider market;

vi. Significant natural and man-made barriers (e.g. water features, highways and industrial areas);

vii. De facto barriers resulting from notable socioeconomic differentiation;

viii. Patterns of existing and future residential and commercial development; and

ix. Economic realities, such as provincial retail sales taxes.