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Retail Market Analysis

Regional Municipality of Wood Buffalo (RMWB), AB

PREPARED BY:

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PREPARED FOR:

RMWB

Table of Contents

Executive Summary

Project Purpose

The Retail Market Analysis is intended to provide an understanding of the existing state of retail development in the Regional Municipality of Wood Buffalo (RMWB), quantify the unmet retail demand, and develop a methodology for attracting new retailers to meet the full potential demand.

Methodology & Assumptions

Using a windshield survey completed in January of 2017 and research into the retail centres in Fort McMurray, a comprehensive inventory of retail development divided by major retail categories was created. The windshield survey also assessed the existing vacancy levels

Using the Oil Sands Community Alliance (OSCA) Population Projection, retail trends, and demographic information, a retail demand model was used to calculate square footage of retail space demanded. The RMWB was divided into a Primary Trade Area (PTA), Secondary Trade Area (STA), and Tertiary Trade Area (TTA), and the population was assessed by age, household size, education attainment, travel to work, labour force profile, daytime population, and income.

Key Findings

1. A comprehensive vacancy analysis shows that current retail vacancy in Fort McMurray is very low.
   - The City Centre has a vacancy rate of approximately 6.3%.
   - Southern portion of Fort McMurray has limited retail presence with a vacancy rate of approximately 8.4%.
   - The newest retail area in Fort McMurray is in the north of the city around the Timberlea and Thickwood neighbourhoods, where the retail inventory is new and of high quality construction with a vacancy of approximately 1.2%.
   - Overall, Fort McMurray has a retail vacancy of approximately 5.1%, which is within industry norms where a healthy vacancy ranges between 6 – 10%.

2. Analysis of Household and Per Capita Income Profile suggest that average and median household income in the PTA and STA are much higher than Alberta overall, however the average income in the TTA is lower.
   - The PTA, STA and TTA have a much higher proportion of the population who earn in the upper two income brackets ($80,000 - $149,999 and $150,000 and over).
   - Looking specifically at the PTA, over 70% of households earn in excess of $150,000, compared to just over 20% for Alberta overall.
   - A higher household income results in a higher household disposable income, which translates to an increase in retail spending capacity.

3. The PTA is expected to grow from 73,000 residents to 81,200 in 2026. By 2026, the PTA will have a total expenditure potential of almost $3.0 billion.
   - The STA is expected to grow from 2,605 to 3,020 residents in 2026. By 2026, the STA will have a total expenditure potential of approximately $87 million.
   - The TTA is expected to shrink from 975 to 921 residents in 2026. By 2026, the TTA will have a total expenditure potential of approximately $16 million.

4. Based on a combined PTA, STA, and TTA there is currently enough demand to support approximately 3.19 million square feet of retail floor area. By 2026, the area will be able to support approximately 3.93 million square feet of retail space, before accounting for market capture.

5. Currently, several underperforming retail sectors are failing to achieve their potential market capture, which is the proportion of trade area demand that could be satisfied in a local market. Colliers estimates that $435 million in non-automotive consumer spending flows out of the RMWB and Fort McMurray trade areas annually. This presents the opportunity for RMWB to support approximately 530,000 sf of additional retail floorspace by 2026.

6. Colliers Retail Demand Model yields a projected total resident expenditure potential increasing by approximately $574 million inclusive of the PTA, STA, and TTA between 2016 and 2026. Therefore approximately 530,000 square feet of commercial space could be added to the RMWB over the next decade, which would work to reduce spending outflow from the RMWB without reducing sales at merchants presently located in the RMWB.

7. The retail categories that have the greatest potential for new development include the following:
   - Service Commercial: Potential for ~105,716 sf of additional space by 2026
   - General Merchandise: Potential for ~102,070 sf of additional space by 2026
   - Supermarkets: Potential for ~100,729 sf of additional space by 2026
   - Building Centres: Potential for ~96,674 sf of additional space by 2026

8. Additionally, there are several underperforming sectors in RMWB where the potential exists to capture a significantly higher share of the market including:
   - Sporting goods, hobby, book, and music stores currently only capture ~42% of spending in this category. Colliers estimates that a more reasonable ~50% capture rate would support an additional 20,000 square feet of floorspace.
   - Electronics stores currently only capture ~48%of spending in this category. Colliers estimates that 75% capture rates are realistically achievable, which would support an additional 29,000 square feet of floorspace.

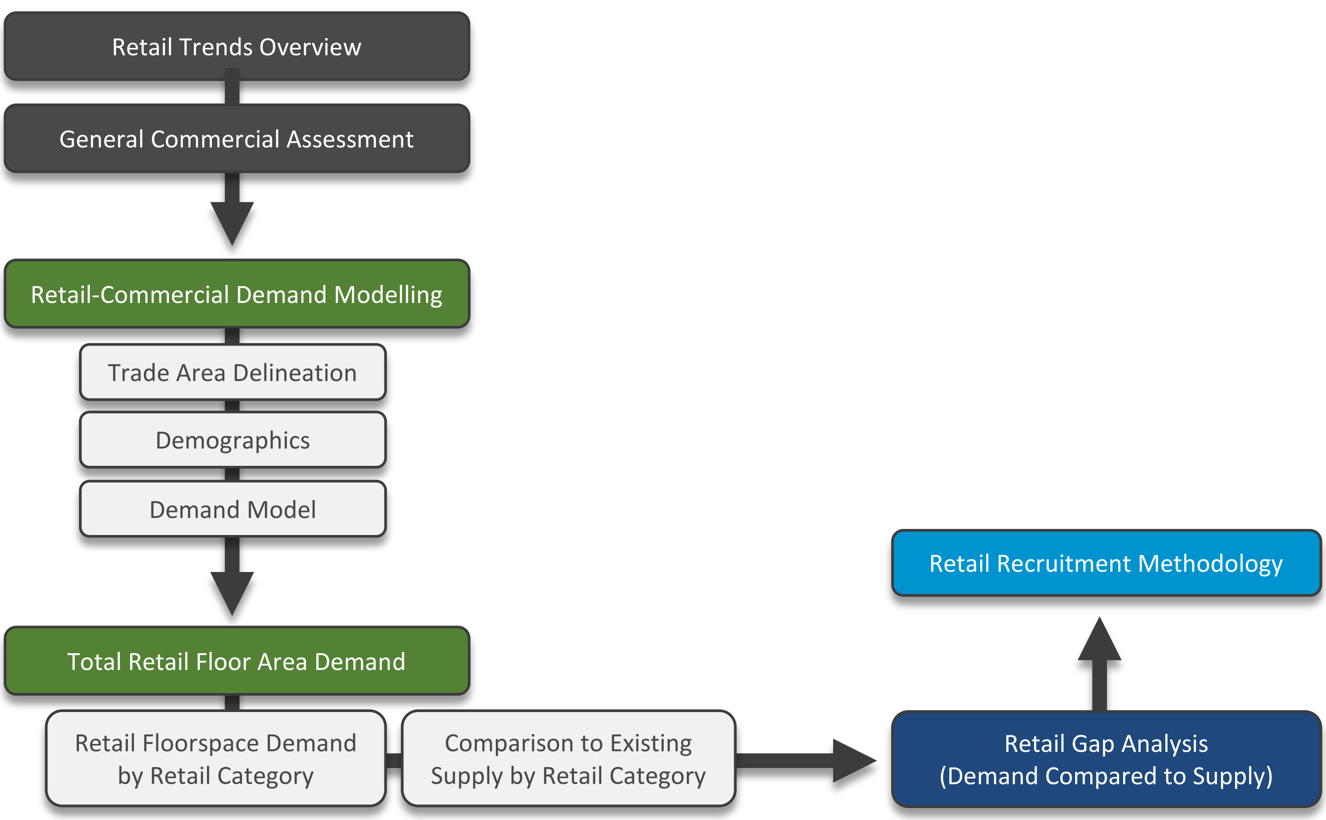
Introduction

Colliers, working in collaboration with ParioPlan, were retained by the Regional Municipality of Wood Buffalo in order to understand unmet retail demand in the RMWB and develop a methodology to attract new retailers in order to meet the full potential demand, while stopping unnecessary retail spending outflow from the local trade areas.

This comprehensive study prepared in March and April 2017 begins with a history of retailing and retail development industry trends. A General Commercial Assessment and Market Overview of existing retail centres in Fort McMurray is provided before a Retail-Commercial Demand Analysis is carried out through the Colliers proprietary model. Trade areas and current and projected socioeconomic variables are modelled to represent current and projected retail expenditure potential and floor area demand in the RMWB.

Colliers concludes the report with Retail Gap Analysis used to identify market capture and outflow of major retail category spending and projected potential new retail supply. This data coupled with the provided Retail Recruitment Methodology will allow the RMWB to understand current unmet retail demand by category, attract new retailers to meet projected demand, and stop unnecessary retail spending outflow from the RMWB trade area.

Report Structure



Retail Trends

In recent years, North American retailing and retail development has been more evolutionary than revolutionary. Some of the most fundamental changes that have been experienced by retailers in recent years have been the transition of the shopping centre industry with the evolution of the "power centre" and other new retail formats. Power centres continue to enhance their tenant selections and design standards, while enclosed mall owners are expanding, remerchandising, and repositioning their properties to maintain their competitiveness and relevance to today's consumers. In this section, we discuss some of the more prevalent trends in the retail and commercial development industries, including:

- Power Centres and Large Format Retailers;
- Blurring of the Retail Hierarchy;
- Lifestyle Centres;
- Town Centre and Mixed-use Developments;
- Redevelopment of Obsolete Malls;
- Rebuilding Neighbourhood and Downtown Retail;
- Transit Oriented Development; and
- Omni Channel Retail

Power Centres and Large Format Retailers

The advent of larger and larger store sizes and the increasing popularity of lower cost, industrial-style retail warehouse stores have altered the competitive position of the traditional regional shopping centre. In Canada, many power centres began with tenants such as a warehouse membership club and home improvement centre. They evolved from their discount warehouse beginnings in the 1970s and 1980s to account for the greatest portion of new retail real estate in the 1990s and 2000s.

Traditionally, big box stores fell largely into two categories: 1) those focused on using their corporate size and buying power to achieve cost savings to the consumer (e.g. Costco, Walmart, etc.); and 2) those that used their store size to provide the maximum assortment of styles, brands and merchandise within a single category (e.g. Toys R' Us, Indigo/Chapters, PetSmart, Staples, etc.)

In the last decade, due to competition largely from online retailers, a greater variety of retailers have developed 'big box' formats. Supermarkets and drugstores, for example, are seeking the same locations as power centres. Now these stores are becoming significantly larger and are relying on a broader population base. Many retailers are now changing from a strategy of multiple outlets serving local neighbourhoods to fewer, regional serving operations. This has had an impact on small and midsized shopping nodes such as strip centres and small enclosed malls.

This trend of large retail floor plates and stores with regional draws has distinct land use implications. Large format retailers seek large vacant land parcels in locations which offer high profile highway and arterial access. Unlike community and neighbourhood retailing, large format retailers do not necessarily require the same close proximity to residential areas, since their offerings and merchandising approach encourage consumers to travel via arterial roads from a further distance, less frequently. Large format retailers have typically followed two locational strategies:

1. **Low-cost locations** on industrial lands or greenfield sites on the urban fringe that provide for expansive parking areas and regional accessibility. Because industrial lands have needs for large truck movements and highway access, they have aligned locational characteristics for large format retailers.

2. **Clustering** around existing regional shopping centres and older power centres, known as "shadow anchors". This is accomplished through both redevelopment and greenfield development, and results in super-regional retail clusters.

Why has this Trend been Successful?

Big box retailing and power centres have been hugely successful due to their ability to use economies of scale and agglomeration, together with low real estate costs, to offer the consumer:

- Low prices;
- Merchandise variety;
- Brand depth within merchandise categories;
- Convenient connections to the highway and arterial road network;
- Abundant and visible parking; and,
- Simplicity in internal orientation in contrast with enclosed shopping malls.

All of these attributes appeal to modern consumers' increased need for time and cost savings.

Blurring of the Retail Hierarchy

Historically, a retail hierarchy existed, and simply mentioning the anchor tenants and the centre size would also convey other meaningful metrics such as the visit frequency, the trade area size, and its market position from discount centre to luxury mall. The gradual progression of changes in retail formats described above has altered the role and function of existing and planned commercial areas. The presence and number of department store tenants; or a centre's Gross Leasable Area (GLA) is no longer the major factor distinguishing levels of the retail hierarchy. At one time, the number of traditional department stores (e.g. Eaton's, Sears, The Bay, Simpsons) was a defining characteristic of the upper levels of the retail hierarchy and also dictated the market size and trade area reach a centre was likely to achieve. A shopping centre with one traditional department store was classified as a "sub-regional centre". A shopping centre with two traditional department stores was classified as a "regional centre" and a shopping centre with three or more traditional department stores was classified as a "super regional centre".

Although the size of a power centre can provide some guidance as to where in the hierarchy it might fit, size alone is not a good determinant of function in today's retail environment. For example, a 300,000 square foot power centre with a Walmart Supercentre and a Canadian Tire, will serve different needs than a similar sized centre containing a Costco and an IKEA. Furthermore, large format retailers often develop over time on adjoining sites and not necessarily as a single planned shopping centre. Often this leads to a patchwork of plan amendments and land use designations within what is effectively a single commercial cluster or "power node". At the same time, many successful retailers have broadened their merchandise offerings to non-traditional lines. (e.g. groceries in Walmart; clothing and home décor in Real Canadian Superstore; snack foods in Canadian Tire; frozen and refrigerated goods in Shoppers Drug Mart and London Drugs).

The retail hierarchy has flattened out to resemble a system of retail clusters and corridors. Smaller stand-alone community shopping centres cannot compete with emerging power centres and power nodes. As a result, conveniently located shopping centres are being replaced by larger retail clusters, with a much greater selection of merchandise than could be offered by traditional community shopping centres.

Why has this Trend been Successful?

Consumers are demanding increased variety and time saving shopping opportunities, while at the same time, large retail organizations have the distribution networks and supplier leverage to effectively handle broader merchandise lines.

Lifestyle Centres and Town Centre Developments

As an alternative to the power centre, which has been criticized for not adapting to non-automobile trips and lacking the aesthetic form and appeal required to attract the upscale market, some development companies are turning to "lifestyle centres" and other hybrids. Lifestyle centres have been operating in the United States for over 20 years, however, what constitutes a lifestyle centre is often considered a difficult question to answer as more are built and the format evolves to fit different market needs. Not only has the size of "lifestyle centres" changed over the years, but also their design and tenant mix. The term "lifestyle centre" is now being referred to as a "catch-all term" for a number of diverse projects across North America.

Lifestyle centres are aiming to strike a balance between the mall shopping experience, the high street shopping experience, and the need for big box specialty tenants to create a regional draw. Currently, lifestyle centres are mainly developed in the United States and can have both interior and exterior components. In Canada, the first "lifestyle centre" was developed as part of Park Royal Shopping Centre in North Vancouver. Many of these centres focus on high fashion and include upscale retailers such as Pottery Barn, Williams Sonoma, Restoration Hardware, Ann Taylor, etc. The Shops at Don Mills recently opened in April 2009 in Toronto at Don Mills Road and Lawrence Avenue on the site of the former Don Mills Centre. The new centre incorporates pedestrian networks, a water feature, gathering spaces and ample parking into its design. To differentiate lifestyle centres from typical power centres, developers have used theming, internal pedestrian connections, high quality design, and entertainment and dining attractions.

Industry experts have often questioned why the lifestyle centre concept has been slow to emerge in Canada.

As indicated in a publication by the Centre for the Study of Commercial Activity (CSCA) "lifestyle developments in Canada have been minimal due to a few significant differences between the Canadian and American marketplace, including:

- The cold climate through winter means shoppers will not want to walk around a lifestyle streetscape with an open-air configuration;
- The relatively uniform distribution of affluent households in Canadian cities compared to American cities pushes luxury retailers to central locations in Canadian downtowns rather than suburban lifestyle centres; and,
- The comparative conservatism of Canadian retail development compared to south of the border."

The CSCA indicates, however, that open-air centres in the form of power centres have been successful in Canada based on their widespread growth, indicating that Canadians are willing to withstand cold temperatures. In the U.S., the cold climate has not had an impact as there are numerous open-air lifestyle centres that have been developed in the northern Snowbelt region with design and technology to offer shelter from the elements. For example, Oakbrook Center and Old Orchard are two successful open-air shopping centres in the Chicago area, a notoriously cold and snowy region in the US. The lack of lifestyle centres in Canada has likely more to do with income characteristics and shortage of high-end specialty retailers.

The CSCA indicates that, unlike the US, Canada has not witnessed the same degree of suburbanization of affluence; instead Canadian suburbs are immersed in the "middle-ground", making it harder to identify markets for lifestyle-type developments. Despite the fact that lifestyle-type centres have been slow to emerge in

Canada, there is increased impetus to develop alternative retail formats. The CSCA indicates that the traditional power centre has entered the mature stage of its lifecycle and that consumers are fatigued with the concept. New forms of retail development with so-called “lifestyle” components are emerging in Canada. In addition, existing centres are re-inventing themselves with the addition of new “lifestyle-focused” components. As indicated by the CSCA, in some cases, the new format centres can be considered as “more sophisticated power centres with design features to soften the function and form of the centres”. Terms such as “power town”, “power plus centre”, and “omni-centre” are being used to describe centres which incorporate aspects of power centres, lifestyle centres and malls. This has led to a number of new format centres with lifestyle components being built across Canada in recent years, with others planned or under construction.

The emergence of “new urbanism” or neo-traditional development as an approach to community planning has resulted in a renewed focus on town centre and pedestrian-focused “main street” retailing in new community developments. The town centre is usually seen as a focal point for not only retailing and commercial services but also for residential and employment development. In some new communities, town centres are developed in an open air, pedestrian-friendly format, combining commercial, entertainment, institutional and civic uses. Sidewalk cafes, live-work units, public squares and recreation trails are incorporated to introduce humanizing elements into the suburban landscape.

Historically, village or town centres included uses such as markets, shops, civic buildings, offices, hotels and gathering spaces where the ‘mixed use’ concept was a given. The interplay between these uses created an exciting and active place for the community to gather at all times of the day. These historic centres have the benefit of an established mix of uses. Developing an appropriate mix in a new centre or trying to introduce new uses into an existing centre can present a number of challenges for both developers and municipalities. Challenges can include differing absorption rates for retail and residential uses and stigmatisms associated with noise levels along main streets or above different street level uses, such as restaurants or bars. There may also be longer term challenges such as after a retail space has passed its effective lifespan of 20-30 years and the residential units above are comparatively young, what is the process for redeveloping the retail? Do residents have a say in the matter?

However, creative and thoughtful solutions can usually be found to overcome these challenges. Proper transitioning or buffering, both vertically and horizontally, can help to significantly mitigate noise and privacy concerns in mixed-use developments. Higher density residential units used as a buffer between busy main streets and surrounding lower density residential areas has been successful in many developments and is becoming almost standard practice. Offices developed between at-grade commercial and residential units can act as a vertical buffer allowing residents additional levels of privacy and separation between their homes and the public streetscape.

While there are a number of well-known and successful examples in the United States, town centre retailing has been much more difficult to implement in Canada. Nonetheless, McKenzie Towne High Street in South-East Calgary represents a unique Canadian example of integrating street-related retailing into a greenfield residential neighbourhood. The High Street comprises a linear commercial avenue lined with shops and services. At the top of the commercial street is a supermarket, which acts as an anchor for the retail district. Community and institutional uses are also included within the commercial area.

An important lesson for developing successful commercial centres along major arterials can be drawn from examples across North America:

- Street-facing retail is one of the keys to successful arterial commercial retail.
- Double loading retail on both sides of commercial streets can improve pedestrian activity;
- Maintaining narrow storefronts as opposed to long, blank walls increases pedestrian interest

- Arterial streets can often be too wide and blocks too long for pedestrians. A pragmatic approach to street design and commercial activity is necessary.

Why has this Trend been Successful?

Lifestyle and town centres have proven successful because they offer an alternative retail experience to the power centre. In some ways, they offer a balance between the large format stores and variety offered by power centres, the ambience of a downtown commercial district, and the carefully curated tenant mixes of malls. However, the expense of developing and operating lifestyle centres coupled with the need to attract retailers with very distinct characteristics has restricted them to primarily affluent communities in the United States. With a more uniform income distribution and smaller selection of retailers, Canada has had limited success in attracting true lifestyle centre developments. Town centres often blend together both public and private elements and are often conceptualized and encouraged by municipalities. Through a co-operative development approach, they can be both profitable for the developers and provide a range of public benefits, such as high-quality design, public open spaces, a pedestrian environment and strong ties to the public transit network.

The Redevelopment of Obsolete Malls and Large Format Stores

Across Canada, older and uncompetitive community-scale shopping centres are being renewed as town centres with both retail and non-retail uses. In many cases, community shopping centres in mature neighbourhoods are being redeveloped as high density residential projects. This is occurring due to the competitive challenges posed by large format retailers and power centres, and also due to high density residential emerging as the highest and best use in most major Canadian markets.

An emerging trend is the reuse, including tearing down and retrofitting, of space left behind after large format or big box stores have closed or relocated. New non-commercial uses have included schools, libraries, medical centres, seniors' centres, and churches. Some communities in the United States have also introduced policies that require retailers to help redevelop the space that is left behind after big box stores are no longer operating. Some policies have required retailers to tear down stores that are empty for more than a year, while others have introduced design standards that require landscaping and more than one main entrance, so the building can accommodate multiple tenants in the future (e.g. City of Marietta, Georgia). Others, such as the City of Wauwatosa in Wisconsin, have adopted provisions to ensure that vacated big box stores do not sit vacant for extended periods of time.

Why has this Trend been Successful?

As noted previously, the economics are no longer working for smaller enclosed shopping centres in many Canadian markets. While a number have been able to reposition themselves, many have succumbed to competition from power centres and big box development.

Re-emerging Neighbourhood Retail Streets

Over the past five decades, retailing in many urban neighbourhoods has hollowed out, due to suburban shopping centre competition combined with related demographic change. More recently, however, a re-emergence of the popularity of older urban neighbourhoods has led to the revitalization of some neighbourhood pedestrian retail strips.

Why has this Trend been Successful?

Opportunities to re-establish retailing along neighbourhood commercial streets will likely increase in the future, as urban lifestyles are becoming more affordable for young people and popular among empty nesters, seniors, and immigrants. Municipalities across North America are adopting policies to redirect growth back into existing communities through investment incentives and innovative planning policies.

Transit Oriented Development (TOD)

Generally speaking, retail on its own is not heavily influenced by transit, although it can represent an important element of successful mixed-use areas. Vibrant retail destinations help to support high density residential and office development around major transit terminals. One of the most successful transit-oriented developments in Canada is Burnaby's Metrotown Centre, which includes three adjacent shopping centres together with offices and residential towers connected to the SkyTrain system.

Why has this Trend been Successful?

The significant investment by governments in urban transit systems has led to planning policies and incentives to encourage high density developments around transit nodes. The previously strong suburban office market and now strong high density residential market has facilitated transit-oriented development at strategic nodes in major centres.

Omni Channel Retail

There have always been non-bricks and mortar ways for consumers to access goods and services. Even just before the advent of the Internet, catalogue sales via telephone, wholesaling, direct-to-consumer clubs, door-to-door sales and the like had varying degrees of consumer acceptance. Today, wholesale clubs (e.g. Costco) are basically retailers, and all other alternative forms of selling have been eclipsed by the "omni-channel", an industry term for the process wherein shoppers purchase from a retailer in ways other than in-store, such as online or via their tablet or mobile phone.

In Canada, "non-store retail" sales amounted to $23.0 billion in 2014. This only represented 4.7% of total retail sales, and almost certainly under-represents the scale of online sales in this country. If we assume that on average, bricks and mortar retailers in Canada were achieving sales productivity of $300 per square foot, then sales via omni-channel replaced 76.7 million square feet of retail floor area in 2014. For reference, 76.7 million square feet of space is equivalent to the shopping centre inventories of Vancouver, Halifax, Ottawa and Victoria combined. Colliers calculated that in 2012 non-store sales in Canada replaced 61.9 million square feet of retail floor area. Therefore, in only 2 years, the growth of non-store retail sales in Canada was the equivalent of 14.8 million square feet. Based on discussions with shopping centre developers, the rate of online purchasing in the RMWB is potentially much higher than the national average.

Why has this Trend been Successful?

In the last decade, technological advances have made it very cheap, convenient, and quick for consumers to buy online and have merchandise shipped directly to their door. For more remote communities, and particularly those where retail development has not kept pace with income and/or population growth, online shopping gives people access to merchandise not available in their community.

Summary

Significant changes in the retail landscape are expected over the next decade with the integration of power centres, malls and lifestyle centres into hybrid developments that will be differentiated from each other to some extent through style, architecture, and the needs of the community, rather than by unique tenant mixes. Although the potential for widespread development of the more traditional lifestyle centres found in the United States is unlikely to occur in Canada, there will be more developments which incorporate lifestyle components, including redevelopment of existing shopping centres/power centres, the addition of more design elements including "main-street" and town centre initiatives, and the combination of non-retail uses (i.e. medical, civic, hotels, office, residential) recognizing trends for new urbanism and smart growth initiatives.

The strength of the Canadian economy and shifting age cohorts are expected to fuel future changes in the retail landscape. As the large "Baby Boom" generation ages, it is expected that opportunities for more niche lifestyle developments will emerge. Also, the mid-market consumer may start to expect more from their traditional power centre shopping experience, which is already evident in the increased addition of fashion and restaurant tenants in power centres. The demand for developers to create unique formats and to satisfy the needs of consumers with unique tenants is having a positive impact on the retail landscape. Retailers are introducing additional concepts in order to remain competitive in the marketplace, but retailers that do not adapt to the whims of a fickle consumer quickly add to the long list of store closures and bankruptcies.

General Commercial Assessment

Market Overview

This section reviews competitive shopping facilities. While the extent and range of retail facilities within Fort McMurray as a whole indicates that this Urban Service Area is significantly under-retailed relative to other comparably sized centres in Western Canada, the purpose of Colliers' retail analysis is to determine the current level of competition in the area and identify the potential for growth.

Competitive Retail Centres – Fort McMurray

The map and table below highlight centres in the competitive market, most of which are located in Downtown Fort McMurray. There are a total of nine major retail nodes within RMWB and the following section will qualitatively and quantitatively describe each centre.

Image Source: Google Maps

Table 1 – Competitive Retail Supply

Map #	Name	Centre Type	Year Opened	GLA (SF)	Anchor Tenants
1	Peter Pond Shopping Centre	Regional	1979	217,589	Atmosphere - 10,750 SF Boomtown Casino - 23,512 SF Sportchek - 47,397 SF
2	Clearwater Landing	Power Centre	2004	143,054	The Brick - 24,856 SF Canada Post - 14,037 SF Canadian Tire - 15,842 SF Mark's - 19,878 SF Sobeys - 39,258SF Sportchek - 15,842 SF Staples (Shadow) Walmart (Shadow)
3	River City Centre	Retail-Mixed Use	1978	103,319	Shoppers Drug Mart - 17,750 SF TD Canada Trust - 5,680 SF
4	Northern Lights Shopping Centre	Neighbourhood	1997	30,407	Safeway - 38,500 SF
5	Save-On-Foods Plaza	Neighbourhood	1995	50,339	Liquor Depot - 4,039 SF Save-On-Foods - 35,294 SF
6	Thickwood Plaza	Neighbourhood	1977	55,170	Reitmans - 4,561 SF Scotiabank - 5,195 SF Shoppers Drug Mart - 10,077 SF
7	Woodlands Centre	Neighbourhood	1998	63,462	Sobeys - 34,250 SF
8	Timberlea Landing	Community	2008	135,802	TD Canada Trust - 5,984 SF Scotia Bank - 6,000 SF BMO Bank of Montreal - 4,726 SF
9	Stonecreek Village	Regional	2014	205,000	Save-On-Foods - 32,500 SF Shoppers Drug Mart - 12,600 SF RBC Royal Bank - 9,500 SF

Table Source: Canadian Directory of Shopping Centres (2017)

Competitive Profiles

Peter Pond Shopping Centre (1)
The Peter Pond Shopping Centre is a Regional 2-storey enclosed shopping centre, located at the intersection of Franklin Avenue and Hardin Street in Downtown Fort McMurray. It was opened in 1979, and recently renovated in 2011. There is 217,589 square feet of leasable space, 941 parking spaces, and 65 stores. Anchor tenants include, Atmosphere (10,750 sf) and Real Canadian Superstore as a shadow anchor. The tenant mix includes 65 stores and is broken down into the following categories:

- Clothing and clothing accessories: 57,000 sf (22.1%)
- Electronics and appliances: 12,500 sf (4.9%)
- Entertainment: 15,000 (5.8%)
- Financial services: 1,500 sf (0.6%)
- Food services: 24,000 sf (9.3%)

- Furniture and home furnishings: 6,000 sf (2.3%)
- General merchandise: 97,000 sf (37.7%)
- Health and personal care: 8,000 sf (3.1%)
- Medical services: 2,000 sf (0.8%)
- Miscellaneous: 10,000 sf (3.9%)
- Personal services: 4,500 sf (1.7%)
- Sporting goods, hobby, books, and music: 20,000 sf (7.8%)

Image Source: Colliers International Consulting


Image Source: Colliers International Consulting

Table 2 displays the top 20 performing (Sales Per SF) shopping centres in Canada, as provided by the Retail Council of Canada. Although previous years' rankings have included Peter Pond Shopping Centre on this list (usually ranked between 15-20), it has more recently dropped out of the top 20. This suggests that Peter Pond Shopping Centre's permance relative to Canada's top shopping centres is gradually declining in recent years.

Table 2 – Sales Per SF Metrics (2017)

Name	City	Province	Sales per SF
Yorkdale Shopping Centre	Toronto	Ontario	$1,653
Oakridge Shopping Centre	Vancouver	British Columbia	$1,579
CF Pacific Centre	Vancouver	British Columbia	$1,531
CF Toronto Eaton Centre	Toronto	Ontario	$1,528
Southgate Centre	Edmonton	Alberta	$1,147
CF Chinook Centre	Calgary	Alberta	$1,075
Square One Shopping Centre	Mississauga	Ontario	$1,064
Metropolis at Metrotown	Burnaby	British Columbia	$1,031
CF Rideau Centre	Ottawa	Ontario	$987
CF Sherway Gardens	Toronto	Ontario	$979
CF Fairview Mall	Toronto	Ontario	$956
CF Richmond Centre	Richmond	British Columbia	$937
CF Masonville Place	London	Ontario	$933
CF Polo Park	Winnipeg	Manitoba	$921
Conestoga Centre	Waterloo	Ontario	$919

Clearwater Landing (2)

Clearwater Landing Shopping Centre is a 142,000 square foot power centre, located at the junction of Manning Avenue and Riedel Street in Downtown Fort McMurray. The power centre opened in 2004, and its anchor tenants include: The Brick (24,856 sf), Canada Post (14,037 sf), Reitmans – (5,010 sf), Sobeys (39,177 sf), and Sport Check (15,842 sf). The shadow anchors are Canadian Tire, Staples, and Walmart.

Image Source: Colliers International Consulting

Image Source: Colliers International Consulting

River City Centre (3)

The River City Centre is located at the intersection of Franklin Avenue and Hospital Street in Downtown Fort McMurray. It opened in 1978 and was recently renovated in 2011. There is 103,319 square feet of leasable space in 3 levels and the anchor tenants are Shoppers Drug Mart (17,750 sf) and TD Canada Trust (5,680 sf). This centre also has a large proportion of medical office uses. The tenant mix includes 11 stores and is broken down into the following categories:

- Clothing and clothing accessories: 1,500 sf (3.9%)
- Electronics and appliances: 3,000 sf (7.8%)
- Food services: 3,000 sf (7.8%)
- Health and personal care: 21,500 sf (55.8%)
- Medical services: 2,000 sf (5.2%)
- Miscellaneous: 1,500 sf (3.9%)
- Personal services: 6,000 sf (15.6%)

Image Source: Google Earth

Image Source: Google Earth

Northern Lights Shopping Centre (4)

Northern Lights Shopping Centre is a neighbourhood oriented shopping centre located in Fort McMurray's Downtown core. It was opened in 1997 and excluding Safeway, offers 30,407 square feet of leasable area. The Safeway on site is approximately 38,500 square feet and acts as a shadow anchor for the site. The tenant mix includes 16 stores and is broken down into the following categories:

- Beer, wine, and liquor: 5,000 sf (4.6%)
- Clothing and clothing accessories: 5,000 sf (4.6%)
- Financial services: 5,000 sf (4.6%)

- Food services: 10,500 sf (9.6%)
- Furniture and home furnishings: 6,500 sf (6.0%)
- Miscellaneous: 5,000 sf (4.6%)
- Personal services: 7,000 sf (6.4%)
- Supermarkets and other grocery: 60,000 sf (55.0%)

Image Source: Google Earth

Image Source: Google Earth

Save-On-Foods Plaza (5)
The Save-On-Foods Plaza was opened in 1995, and its last renovation was in 2005. The plaza is located in Downtown Fort McMurray. There is 50,339 square feet of leasable space and 195 parking spots. The anchor tenants are Save-On-Foods (35,294 sf), and Liquor Depot (4,039 sf).

Image Source: Google Earth

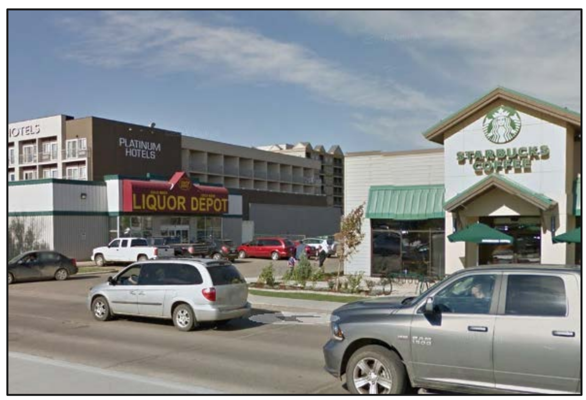


Image Source: Google Earth

Thickwood Shopping Plaza (6)
Thickwood Shopping Plaza opened in 1977 and is located at the intersection of Thickwood Boulevard and Signal Road. The strip mall project is very dated, and the strongest draw is the 50,000 sf Safeway adjacent to the centre which is a shadow anchor. Not including the Safeway, there is 55,170 square feet of leasable space and 228 parking spots. The anchor tenants are Reitmans (4,561 sf), Scotiabank (5,195 sf), and Shoppers Drug Mart (8,088 sf).

Image Source: Colliers International Consulting

Image Source: Colliers International Consulting

Timberlea Landing (8)

Timberlea Landing was opened in 2008 and from a construction quality and layout perspective, it has helped set a new retail standard in Fort McMurray. The development is located at the intersection of Confederation Way and Paquette Drive in Timberlea. In addition to a 55,000 sf Extra Foods adjacent to the development that acts as a strong shadow anchor, there is 135,802 square feet of leasable area at Timberlea Landing with 369 surface parking spots. Retail/service commercial tenants include TD Canada Trust, ATB Financial and Scotiabank while food & beverage tenants include KFC, Taco Bell, Quiznos and Booster Juice. The tenant mix includes 14 stores and is broken down into the following categories:

- Business services: 42,000 sf (44.4%)
- Financial services: 30,000 sf (31.7%)
- Food services: 6,100 sf (6.4%)
- General merchandise: 8,000 sf (8.5%)
- Medical services: 2,000 sf (2.1%)
- Motor vehicle services: 6,500 sf (6.9%)

Stonecreek Village (9)

Completed in 2014, Stonecreek Village represents the newest retail centre in Fort McMurray. The facility offers upwards of 200,000 square feet of leasable area. There are 800 total parking stalls with 370 of these as underground parking. Stonecreek offers a substantially more urban form than competitive centres, which makes optimal use of a limited site size, site slope, and an underserved market area. The anchor tenants are RBC, CIBC, Shoppers Drug Mart and Save-On-Foods. The tenant mix includes 22 stores and is broken down into the following categories:

- Beer, wine, and liquor: 3,500 sf (2.4%)
- Clothing and clothing accessories: 7,500 sf (5.1%)
- Convenience: 1,500 sf (1.0%)
- Financial services: 3,500 sf (2.4%)

- Food services: 19,500 sf (13.3%)
- Furniture and home furnishings: 5,000 sf (3.4%)
- Health and personal care: 30,000 sf (20.4%)
- Miscellaneous: 2,000 sf (1.4%)
- Personal services: 14,500 sf (9.9%)
- Supermarkets and other grocery: 60,000 sf (40.8%)

Image Source: Melcor Canada


Image Source: Melcor Canada

Though the Stonecreek Village site does not benefit from exposure along the high traffic Confederation Way and presents challenges in terms of regional access, it is located in the midst of a dense residential neighbourhood north of Confederation Way and is walkable for residents in the immediate vicinity.

Current Retail Vacancy Overview

Colliers undertook a full inventory analysis for Fort McMurray retail in the winter of 2016. The following table outlines a summary of this comprehensive inventory. Inventory areas have been broken up into three geographic areas: North (Thickwood/Timberlea), City Centre, and South.

Table 3 – Retail Vacancy Overview

	City Centre	North Ft Mac	South	Grand Total
Major Retail Category				
Automotive	66,600	-	57,400	124,000
Furniture and home furnishings stores [442]	48,000	11,457	20,000	79,457
Electronics and appliance stores [443]	27,800	2,222	1,500	31,522
Building material and garden equipment and supplies dealers [444]	148,000	-	20,000	168,000
Food and beverage stores [445]				
Grocery stores [4451]				
Supermarkets and other grocery (except convenience) stores [44511]	191,000	230,868	20,000	441,868
Convenience stores [44512]	4,300	23,647	11,400	39,347
Specialty food stores [4452]	2,500	8,472	1,500	12,472
Beer, wine and liquor stores [4453]	25,500	34,582	10,700	70,782
Health and personal care stores [446]	33,500	82,847	2,500	118,847
Clothing and clothing accessories stores [448]	133,700	18,819	4,500	157,019
Sporting goods, hobby, book and music stores [451]	36,800	3,000	5,000	44,800
General merchandise stores [452]	439,750	8,000	-	447,750
Miscellaneous store retailers [453]	27,500	11,224	1,360	40,084
Food and Beverage Establishments	166,360	123,404	47,570	337,334
Service Commercial	201,300	194,460	56,000	451,760
Vacant	105,302	8,986	23,776	138,064
Grand Total	1,657,912	761,990	283,206	2,703,108

Table Source: Colliers International

Findings of this comprehensive vacancy analysis show that current retail vacancy in Fort McMurray is very low. The southern portion of Fort McMurray has a retail presence; however, it is much smaller in comparison to the other geographic areas. As this is not the most appealing retail area, current vacancy levels are approximately 8.4%. The newest retail area in Fort McMurray is located in the north of the City, around the Thickwood and Timberlea neighbourhoods. As the retail inventory is new and the construction quality is high, vacancy in this area is approximately 1.2%. Overall, Fort McMurray has a retail vacancy of approximately 5.1%. All of these vacancy figures are within or below industry normal range—a healthy retail vacancy ranges between 6 – 10%. When vacancy rates fall too low, retailers might have difficulty finding appropriate space to relocate to and new retailers looking to enter the market would also have limited options to choose from.

Overall, despite a grand total of approximately 2.7 million square feet of retail, the overall extent and range of retail facilities within Fort McMurray as a whole indicate that the RMWB is significantly under-served relative to comparably sized population centres in Western Canada. This indicates that there is likely a gap between the demand for retail within RMWB and current supply. The following sections of this report will quantify the delta between demand and supply in the retail demand model and gap analysis.

Retail-Commercial Demand Analysis

Demand Modelling Methodology

Colliers International Consulting's proprietary retail demand model calculates the retail expenditure potential from a population based on socio-economic variables, provincial data, and retail industry benchmarks. Expenditures are then split amongst retail categories using the most recent provincial profile of retail sales data from Statistics Canada. The model uses Personal Disposable Income (PDI) as a basis to calculate the total retail expenditure potential within a given area. PDI is defined as the amount of money that individuals have for spending.

First, an average per capita income estimate is calculated by dividing household income projections by household size. Using the differential between trade area per capita incomes and the Alberta average, Colliers calculates the PDI for each trade area. This methodology allows for a local PDI but does not rely on specific income data, which can be prone to large degrees of error.

Since not all disposable income is spent on retail goods, we reduce the PDI by a retail expenditures to PDI ratio which is an adjusted provincial rate provided by the Conference Board of Canada. The Alberta average retail sales to PDI ratio is 43.5%. Using an algorithm which factors in the reality that higher income does not bring about proportionately higher retail spending, Colliers calculates a retail expenditure to PDI ratio for each delineated trade area. Generally, the lower a trade area's PDI, the larger the proportion of retail spending relative to PDI.

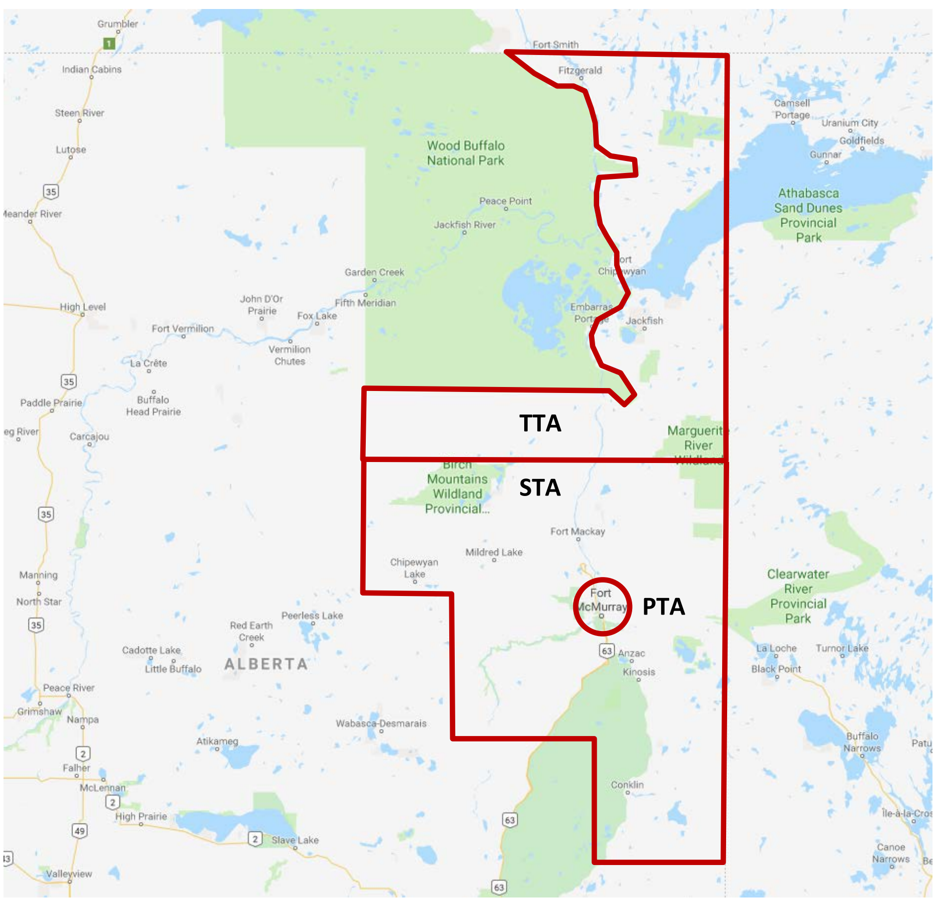
Market capture rates are then applied to the estimated trade area retail expenditures based on the competitive retail environment and physical/psychological barriers that affect accessibility. The resulting potential expenditures are then converted into warranted retail floorspace using industry-average and market-appropriate productivity rates.

Trade Area Delineation

In order to determine the potential for new retail uses within the study area, Colliers has delineated trade areas which represent the boundaries from which the majority of retail spending can be expected. Colliers determines trade areas based on a range of factors, including:

- Proximity to residential concentrations and residential growth areas;
- Relative proximity, scale and quality of competitive retail projects and nodes (both existing and planned);
- Quality of local and regional accessibility;
- Visibility and exposure to traffic volumes;
- Site size and general scale of envisioned retail-commercial component;
- Physical (e.g. bodies of water, other geographic features with no man-made crossings) and psychological (e.g. railroad tracks, bridges) barriers affecting travel patterns.

The Primary Trade Area (PTA) is the area whose residents are expected to generate the majority of sales to the particular site (typically 70%-75%). Secondary and Tertiary Trade Areas (STA/TTA) are the next-closest areas outside of the PTA that are expected to generate an additional 25%-30% of gross revenue. Drive times, competition, and future development plans were analyzed to determine the trade areas. Fort McMurray is the sole focus of the PTA and the surrounding rural communities are considered as the STA and TTA.



Population Projections

To ensure consistency between this and other reports, we have used PTA population projections approved by the RMWB. The following table outlines population figures for the PTA, STA, and TTA and the projections for 2021 and 2026.

Table 4 – Trade Area Population Projections

Population Growth	2016	2021	2026
PTA	73,000	83,150	81,200
STA	2,605	3,031	3,020
TTA	975	921	802
Total	76,580	87,102	85,022

Table Source: OSCA PCensus, Environics, Statistics Canada, RMWB

Trade Area Demographics

This section presents data from 2016 Environics population estimates based on the 2011 Census and National Household Survey, showing key demographic variables, and describes any significant variances between the PTA, STA, and TTA. Data for 2016 was compared to the 2015 RMWB Census to ensure consistency and the validity of the assumptions for 2016.

Table 5 – Permanent Population by Age Profile – 2016 Estimates

Population	PTA		STA		TTA		RMWB		Alberta	
2016 Total Population by Age	73,000		83,150		81,200		107,718		4,297,547	
0 to 4 years	5,913	8.1%	245	9.4%	83	8.5%	6,342	5.9%	287,625	6.7%
5 to 19 years	11,607	15.9%	479	18.4%	200	20.5%	17,709	16.4%	764,158	17.8%
20 to 24 years	5,256	7.2%	188	7.2%	66	6.8%	4,852	4.5%	304,848	7.1%
25 to 34 years	17,374	23.8%	490	18.8%	142	14.6%	25,159	23.4%	695,206	16.2%
35 to 44 years	13,140	18.0%	422	16.2%	124	12.7%	20,878	19.4%	623,050	14.5%
45 to 54 years	10,512	14.4%	383	14.7%	134	13.7%	17,001	15.8%	575,535	13.4%
55 to 64 years	7,373	10.1%	292	11.2%	127	13.0%	12,012	11.2%	529,817	12.3%
65 to 74 years	1,533	2.1%	78	3.0%	63	6.5%	2,878	2.7%	303,290	7.1%
75 years & over	292	0.4%	29	1.1%	36	4.0%	887	0.8%	214,018	5.0%
Median Age	33.0		33.0		34.7		33.2		36.5	

Table Source: PCensus, Environics, Statistics Canada

The median age of the PTA is 33.0 years, which is below the Alberta average of 36.5. Overall, the PTA is similar to the STA with respect to age distribution. In comparison to the TTA, the PTA and STA have an overall younger age demographic. Furthermore, approximately 47% of the PTA is comprised of individuals between the ages of 5 and 34, indicating a very young population. Overall, it is evident from the table above that the PTA and STA have a much lower proportion of older residents in comparison to the TTA and Alberta overall, which supports retail spending particularly among relatively more affordable lifestyle brands.

Table 6 - Households by Size – 2016 Estimates

Households and Dwellings	PTA		STA		TTA		RMWB		Alberta	
Households by Size of Household	25,979		814		345		26,782		1,627,993	
1 person	4,546	17.5%	134	16.4%	83	24.0%	6,147	22.9%	398,541	24.5%
2 persons	8,157	31.4%	236	29.0%	105	30.5%	7,714	28.8%	556,016	34.2%
3 persons	5,481	21.1%	152	18.7%	60	17.3%	4,891	18.3%	264,186	16.2%
4 persons	4,884	18.8%	153	18.8%	47	13.7%	4,334	16.2%	249,741	15.3%
5 persons	1,870	7.2%	71	8.7%	31	8.9%	1,920	7.2%	100,179	6.2%
6 or more persons	1,065	4.1%	68	8.4%	20	5.7%	1,776	6.6%	59,330	3.6%
Persons in Households	73,000		2,605		975		107,718		4,208,679	
Persons per household	2.81		3.20		2.83		2.81		2.59	

Table Source: PCensus, Environics, Statistics Canada

The average number of persons per household in the PTA is 2.81. While this is lower in comparison to the STA and TTA, it is well above the Alberta average of 2.59. It should be noted that the STA has the highest average household size, at 3.2 persons, indicating that large family sizes are common. Approximately 36% of households in the STA have 4 or more residents, compared to 25% of households for Alberta overall. Larger household sizes generally support relatively higher demand for retail goods such as general merchandise, furniture, and home accessories.

Table 7 - Educational Attainment Profile – 2016 Estimates

Education	PTA		STA		TTA		RMWB		Alberta	
Population by Educational Attainment	58,322		1,966		748		42,730		3,413,272	
No certificate, diploma or degree	8,282	14.2%	558	28.4%	356	47.6%	3,812	8.9%	617,700	18.1%
High school certificate or equivalent	13,706	23.5%	452	23.0%	126	16.9%	11,924	27.9%	867,871	25.4%
Apprenticeship or trades certificate or diploma	8,398	14.4%	256	13.0%	58	7.7%	6,904	16.2%	347,977	10.2%
College, CEGEP or other non-university certificate or diploma	10,906	18.7%	260	13.2%	132	17.7%	11,354	26.6%	604,261	17.7%
University certificate or diploma below bachelor	2,683	4.6%	81	4.1%	10	1.4%	1,297	3.0%	164,271	4.8%
University certificate or degree	14,406	24.7%	358	18.2%	65	8.7%	7,439	17.4%	811,192	23.8%

Table Source: PCensus, Environics, Statistics Canada

Higher educational attainment is associated with higher household and per capita incomes. Educational attainment in the PTA is very similar to Alberta's overall distribution. In fact, the PTA has a higher proportion of residents with a university certificate or degree, likely attributable to the presence of the oil and gas industry and the necessity for skilled engineers and technicians. However, the STA and TTA have much lower education attainment demographic statistics; notably, approximately 48% of residents in the TTA do not have a certificate, diploma or degree. The educational attainment population is different from the population figures listed in Table 4 as only a proportion of the population is of the age to attain education.

Table 8 - Labour Force Profile – 2016 Estimates

Labour Force, Occupations	PTA		STA		TTA		RMWB		Alberta	
Labour Force by Occupation	42,699		1,242		444		42,746		2,498,579	
Occupation - Not applicable	256	0.6%	16	1.3%	6	1.4%	667	1.6%	28,589	1.1%
All occupations	42,443	99.4%	1,226	98.7%	438	98.6%	42,079	98.4%	2,469,990	98.9%
Management	3,288	7.7%	77	6.2%	47	10.6%	3,965	9.3%	314,809	12.6%
Business, finance and administration	6,319	14.8%	120	9.7%	60	13.5%	5,198	12.2%	374,996	15.0%
Natural and applied sciences and related	4,270	10.0%	34	2.7%	14	3.1%	3,692	8.6%	190,456	7.6%
Health occupations	1,281	3.0%	22	1.8%	14	3.2%	1,297	3.0%	151,133	6.0%
Occupations in social science, education, government service and religion	3,245	7.6%	111	8.9%	98	22.0%	3,181	7.4%	253,461	10.1%
Occupations in art, culture, recreation and sport	512	1.2%	17	1.4%	8	1.8%	374	0.9%	60,907	2.4%
Sales and Service	7,173	16.8%	323	26.0%	56	12.5%	7,597	17.8%	501,640	20.1%
Trades, transport and equipment operators and related	12,468	29.2%	396	31.9%	120	27.1%	12,584	29.4%	467,743	18.7%
Occupations unique to primary industry	1,665	3.9%	83	6.7%	11	2.4%	1,571	3.7%	88,687	3.5%
Occupations unique to processing, manufacturing and utilities	2,135	5.0%	42	3.4%	11	2.4%	2,489	5.8%	66,158	2.6%

Table Source: PCensus, Environics, Statistics Canada

Due to the presence of the oil and gas industry, the PTA, STA, and TTA have a much higher proportion of residents working in the trades, transport and equipment operations and related sector. Within the PTA, occupations in the natural and applied sciences field represent approximately 10% of the workforce, which is much higher than the STA and TTA. Again, this is likely due to the presence of the oil and gas industry. Compared to all other trade areas and Alberta overall, the STA has a very high proportion of individuals working in the sales and service industry. Likewise, the TTA has a much higher proportion of individuals working in the social sciences, education, government and religion. These figures account for both full and part-time employment.

Table 9 - Daytime Population – 2016 Estimates

Daytime Population*	PTA		STA		TTA		Alberta	
Total Daytime Population	79,009		4,816		3,935		4,228,986	
Daytime Population at Home	29,816	37.7%	2,962	61.5%	1,206	30.6%	1,926,832	45.6%
0 to 14 years	14,782	18.7%	1,371	28.5%	524	13.3%	795,407	18.8%
15 to 64 years	14,902	18.9%	1,500	31.2%	510	13.0%	743,490	17.6%
65 years and over	132	0.2%	90	1.9%	172	4.4%	387,935	9.2%
Daytime Population at Work	49,193	62.3%	1,854	38.5%	2,730	69.4%	2,302,154	54.4%

Table Source: PCensus, Environics, Statistics Canada

Compared to Alberta as a whole, the PTA and TTA have a much higher proportion of the daytime population at work, at 62.3% and 69.4%, respectively. Interestingly, the STA has a much lower proportion of the daytime population at work, at 38.5%. There is a much higher proportion of the workforce who are older than 65 years of age for Alberta overall in comparison to the PTA, STA, and TTA. The daytime population refers to the working population during the day, as well as those not working but still at home. This could include out of town commuters, or a working population that lives in one region of RMWB but works in another. The daytime population generally supports convenience-oriented retailers and food services, which employees will likely frequent either on their lunch break or on their way to/from work.

Table 10 - Number of Households by Household Income Bracket – 2016 Estimates

Household Income	PTA		STA		TTA		RMWB		Alberta	
Households by Income	25,979		814		345		26,782		1,627,993	
Under $10,000	234	0.9%	4	0.5%	8	2.4%	1,068	3.3%	29,042	1.8%
$ 10,000 - $19,999	364	1.4%	17	2.1%	17	4.8%	614	1.9%	83,162	5.1%
$ 20,000 - $29,999	260	1.0%	24	2.9%	15	4.3%	886	2.7%	85,142	5.2%
$ 30,000 - $39,999	260	1.0%	20	2.5%	15	4.4%	697	2.2%	97,579	6.0%
$ 40,000 - $49,999	234	0.9%	20	2.5%	18	5.2%	766	2.4%	111,106	6.8%
$ 50,000 - $59,999	234	0.9%	20	2.4%	22	6.4%	557	1.7%	107,221	6.6%
$ 60,000 - $69,999	260	1.0%	18	2.2%	23	6.6%	630	1.9%	104,761	6.4%
$ 70,000 - $79,999	286	1.1%	25	3.1%	18	5.3%	533	1.7%	95,597	5.9%
$ 80,000 - $89,999	286	1.1%	28	3.4%	14	4.1%	636	1.9%	91,497	5.6%
$ 90,000 - $99,999	390	1.5%	27	3.3%	13	3.8%	641	1.9%	88,306	5.4%
$ 100,000 - $ 124,999	1,559	6.0%	67	8.2%	35	10.1%	1,750	5.4%	187,658	11.5%
$ 125,000 - $ 149,999	2,208	8.5%	76	9.3%	38	11.0%	1,777	5.5%	158,488	9.7%
$ 150,000 - $ 174,999	3,611	13.9%	97	11.9%	19	5.4%	3,120	10.1%	114,108	7.0%
$ 175,000 - $ 199,999	3,819	14.7%	81	9.9%	27	7.8%	3,850	11.2%	73,082	4.5%
$ 200,000 - $ 249,999	5,430	20.9%	124	15.2%	40	11.7%	5,260	20.1%	81,171	5.0%
$ 250,000 and over	6,573	25.3%	168	20.6%	23	6.7%	6,789	20.5%	120,073	7.4%
Average income	$232,813		$210,418		$119,802		$180,878		$127,469	
Median Income	$193,616		$165,956		$106,567		$189,143		$91,007	

Table Source: PCensus, Environics, Statistics Canada

Resident income levels are a key variable in assessing retail demand potential as they, along with an area's cost of living, help to determine personal disposable income which is then available for potential spending on retail and services. Evident from the table above, the average and median household income in the PTA and STA are much higher than Alberta overall. With respect to the TTA, the median income is substantially higher than that of Alberta overall, however the average income is lower. In the aforementioned Education Attainment demographic section, it was stated that there is a high correlation between educational attainment and household income. While this principal holds true in most situations, it is not indicative of the situation in the RMWB. The following chart illustrates income levels for each trade area and Alberta overall. Higher incomes generally correlate with stronger spending power and higher than average disposable income levels, which result in increased expenditures among all retail categories compared to regions with lower than average household incomes.

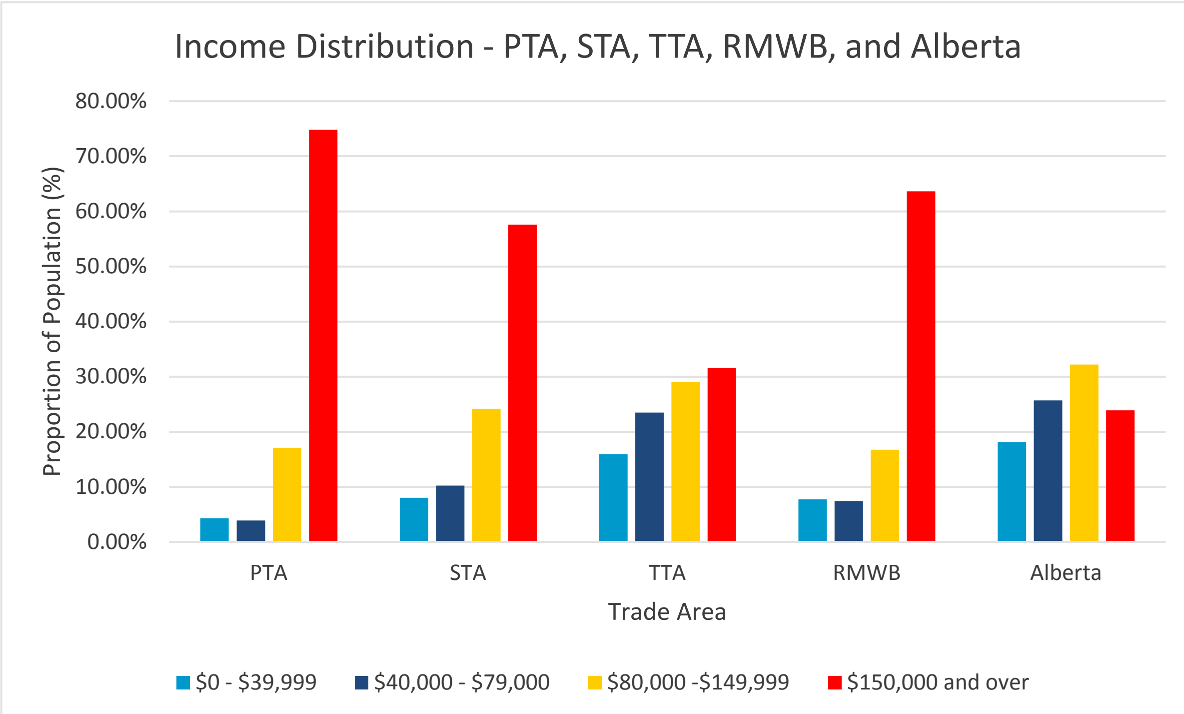


Chart Source: Statistics Canada

Evident from this chart, the PTA, STA and TTA have a much higher proportion of the population who earn in the upper two income brackets ($80,000 - $149,999 and $150,000 and over). Looking specifically at the PTA, over 70% of households earn in excess of $150,000, compared to just over 20% for Alberta overall. This table illustrates that the PTA, STA, and TTA all have significantly above average household incomes. From a retail perspective, this has many implications. A higher household income results in a higher household disposable income, which translates to an increase in retail spending capacity.

Retail Demand Model

Colliers' retail demand model calculates the retail expenditure potential from a population based on socio-economic variables (population, household size, household income, labour force, educational attainment), provincial data, and retail industry benchmarks. Expenditures are then split amongst the retail categories using the most recent provincial profile of retail sales data from Statistics Canada. Retail expenditure data is generated from the 2015 Statistics Canada Survey of Household Spending which serves as the primary input for Environics Analytics' 2016, 2021, and 2026 projections.

On the following pages, Colliers calculates the annual expenditure potential for the subject site. Incomes are assumed to grow by 1% per year, net of inflation. Colliers has calculated annual expenditure potential for each of the major three-digit NAICS retail trade categories as tracked by Statistics Canada. More detailed subcategories have been included for the Retail Food category (445) as this category is instrumental in supporting neighbourhood- and community-level shopping nodes. As Statistics Canada retail categories do not include food and beverage facilities such as restaurants, cafes, and bars, Colliers calculates these separately using data from Environics which is derived from Statistics Canada's Survey of Household Spending.

Retail Expenditure Potential

Colliers calculated the following annual retail and food and beverage expenditure potential for the PTA residents. The table outlines current and future population figures and the associated retail expenditure for each. The 2016 scenario represents expenditures arising from the PTA based on current population information. The 2021 and 2026 scenarios represent future projected annual expenditures arising from the PTA.

The PTA is expected to grow from 73,000 residents to 81,200 in 2026. By 2026, the PTA will have a total expenditure potential of almost $3.0 billion. The following pages display the total expenditure potential of the STA and TTA.

Table 11 - PTA Resident Expenditure Potential	2016	2021	2026
Population	73,000	83,150	81,200
INCOME (PDI)*	$67,872	$71,334	$74,973
TOTAL INCOME POTENTIAL	$4,954,668,440	$5,931,449,810	$6,087,815,810
RETAIL SALES / INCOME	43.5%	43.5%	43.5%
TOTAL RETAIL POTENTIAL	$2,154,753,685	$2,579,549,669	$2,647,552,245
Motor vehicle and parts dealers [441]	$581,017,799	$695,561,763	$713,898,293
Furniture and home furnishings stores [442]	$73,882,943	$88,448,495	$90,780,191
Electronics and appliance stores [443]	$66,640,662	$79,778,445	$81,881,579
Building material and garden equipment and supplies dealers [444]	$117,161,410	$140,259,037	$143,956,572
Food and beverage stores [445]	$409,072,041	$489,717,992	$502,628,030
Grocery stores [4451]	$315,214,421	$377,356,939	$387,304,894
Supermarkets and other grocery (except convenience) stores [44511]	$293,662,796	$351,556,548	$360,824,348
Convenience stores [44512]	$21,522,422	$25,765,431	$26,444,664
Specialty food stores [4452]	$14,572,169	$17,444,980	$17,904,868
Beer, wine and liquor stores [4453]	$79,285,451	$94,916,073	$97,418,268
Health and personal care stores [446]	$115,876,489	$138,720,802	$142,377,786
Gasoline stations [447]	$255,582,417	$305,968,865	$314,034,874
Clothing and clothing accessories stores [448]	$123,965,649	$148,404,689	$152,316,961
Sporting goods, hobby, book and music stores [451]	$61,909,818	$74,114,945	$76,068,777
General merchandise stores [452]	$295,560,974	$353,828,941	$363,156,646
Miscellaneous store retailers [453]	$54,083,482	$64,745,697	$66,452,535
TOTAL - MAJOR RETAIL CATEGORIES (3-Digit NAICS Codes)	$2,154,753,685	$2,579,549,669	$2,647,552,245
Food/Drink Establishment Spending per Capita	$3,860	$4,057	$4,264
TOTAL - FOOD & BEVERAGE ESTABLISHMENT SPEND POTENTIAL	$281,801,471	$337,356,838	$346,250,303
TOTAL EXPENDITURE POTENTIAL	$2,436,555,156	$2,916,906,508	$2,993,802,548

Table Source: Colliers International Consulting, Retail Model (2017)
*PDI refers to personal disposable income

The residential expenditure potential for the STA residents was calculated based on current and projected population figures. The STA is expected to grow from 2,605 to 3,020 residents in 2026. By 2026, the STA will have a total expenditure potential of approximately $87 million.

Table 12 - STA Resident Expenditure Potential	2016	2021	2026
Population	2,605	3,031	3,020
INCOME (PDI)*	$53,077	$55,785	$58,630
TOTAL INCOME POTENTIAL	$138,280,760	$169,079,150	$177,046,600
RETAIL SALES / INCOME	43.5%	43.5%	43.5%
TOTAL RETAIL POTENTIAL	$60,137,420	$73,531,443	$76,996,436
Motor vehicle and parts dealers [441]	$16,215,733	$19,827,360	$20,761,677
Furniture and home furnishings stores [442]	$2,062,013	$2,521,272	$2,640,081
Electronics and appliance stores [443]	$1,859,887	$2,274,127	$2,381,290
Building material and garden equipment and supplies dealers [444]	$3,269,880	$3,998,159	$4,186,563
Food and beverage stores [445]	$11,416,867	$13,959,673	$14,617,490
Grocery stores [4451]	$8,797,378	$10,756,761	$11,263,648
Supermarkets and other grocery (except convenience) stores [44511]	$8,195,889	$10,021,307	$10,493,538
Convenience stores [44512]	$600,673	$734,457	$769,067
Specialty food stores [4452]	$406,697	$497,278	$520,712
Beer, wine and liquor stores [4453]	$2,212,792	$2,705,633	$2,833,130
Health and personal care stores [446]	$3,234,018	$3,954,311	$4,140,648
Gasoline stations [447]	$7,133,097	$8,721,806	$9,132,800
Clothing and clothing accessories stores [448]	$3,459,780	$4,230,355	$4,429,700
Sporting goods, hobby, book and music stores [451]	$1,727,853	$2,112,686	$2,212,241
General merchandise stores [452]	$8,248,866	$10,086,083	$10,561,366
Miscellaneous store retailers [453]	$1,509,426	$1,845,611	$1,932,581
TOTAL - MAJOR RETAIL CATEGORIES (3-Digit NAICS Codes)	$60,137,420	$73,531,443	$76,996,436
Food/Drink Establishment Spending per Capita	$2,909	$3,057	$3,213
TOTAL - FOOD & BEVERAGE ESTABLISHMENT SPEND POTENTIAL	$7,578,980	$9,266,998	$9,703,683
TOTAL EXPENDITURE POTENTIAL	$67,716,400	$82,798,442	$86,700,120

Table Source: Colliers International Consulting, Retail Model (2017)

The residential expenditure potential for the TTA residents was calculated based current and projected population figures. The TTA is expected to shrink from 975 to 921 residents in 2026. By 2026, the TTA will have a total expenditure potential of approximately $16 million.

Table 13 - TTA Resident Expenditure Potential	2016	2021	2026
Population	975	921	802
INCOME (PDI)*	$34,041	$35,778	$37,603
TOTAL INCOME POTENTIAL	$33,180,930	$32,954,060	$30,168,240
RETAIL SALES / INCOME	44.9%	44.9%	44.9%
TOTAL RETAIL POTENTIAL	$14,885,963	$14,784,182	$13,534,380
Motor vehicle and parts dealers [441]	$4,013,920	$3,986,476	$3,649,473
Furniture and home furnishings stores [442]	$510,415	$506,925	$464,072
Electronics and appliance stores [443]	$460,382	$457,234	$418,582
Building material and garden equipment and supplies dealers [444]	$809,401	$803,867	$735,911
Food and beverage stores [445]	$2,826,045	$2,806,723	$2,569,452
Grocery stores [4451]	$2,177,636	$2,162,747	$1,979,916
Supermarkets and other grocery (except convenience) stores [44511]	$2,028,749	$2,014,877	$1,844,547
Convenience stores [44512]	$148,686	$147,670	$135,186
Specialty food stores [4452]	$100,671	$99,982	$91,530
Beer, wine and liquor stores [4453]	$547,738	$543,993	$498,006
Health and personal care stores [446]	$800,525	$795,051	$727,840
Gasoline stations [447]	$1,765,673	$1,753,600	$1,605,357
Clothing and clothing accessories stores [448]	$856,408	$850,552	$778,650
Sporting goods, hobby, book and music stores [451]	$427,700	$424,775	$388,866
General merchandise stores [452]	$2,041,862	$2,027,901	$1,856,469
Miscellaneous store retailers [453]	$373,632	$371,077	$339,708
TOTAL - MAJOR RETAIL CATEGORIES (3-Digit NAICS Codes)	$14,885,963	$14,784,182	$13,534,380
Food/Drink Establishment Spending per Capita	$2,338	$2,457	$2,583
TOTAL - FOOD & BEVERAGE ESTABLISHMENT SPEND POTENTIAL	$2,279,034	$2,263,452	$2,072,108
TOTAL EXPENDITURE POTENTIAL	$17,164,998	$17,047,634	$15,606,488

Table Source: Colliers International Consulting, Retail Model (2017)

The aggregate total expenditure potential of the three trade areas represents the total projected expenditures currently and by future residents wherever they make purchases. For the purpose of this report, we have used capture rates of 100% to demonstrate the total demand within the PTA, STA, and TTA.

Floor Area Demand

The projected sales volumes can be converted into floor area by dividing the net expenditures by category-specific sales per square foot productivity targets—a metric used in the retail industry to evaluate sales performance and development potential.

The following table provides the total retail-commercial support in the PTA. Currently, PTA residents could support approximately 3.51 million square feet of retail, and based on projected population statistics for 2026, PTA residents will be able to support approximately 4.31 million square feet of retail. The following pages display the estimated floor area demand generated by the STA and TTA.

Table 14 - PTA Resident Floor Area Support By Category (sf)	Sales Reqm't ($/Sq. Ft.)	2016	2021	2026
Major Retail Category				
Motor vehicle and parts dealers [441]	$2,000	290,509	347,781	356,949
Furniture and home furnishings stores [442]	$525	140,729	168,473	172,915
Electronics and appliance stores [443]	$1,050	63,467	75,979	77,982
Building material and garden equipment and supplies dealers [444]	$450	260,359	311,687	319,903
Food and beverage stores [445]				
Grocery stores [4451]				
Supermarkets and other grocery (except convenience) stores [44511]	$675	435,056	520,825	534,555
Convenience stores [44512]	$550	39,132	46,846	48,081
Specialty food stores [4452]	$975	14,946	17,892	18,364
Beer, wine and liquor stores [4453]	$1,100	72,078	86,287	88,562
Health and personal care stores [446]	$950	121,975	146,022	149,871
Gasoline stations [447]	$2,000	127,791	152,984	157,017
Clothing and clothing accessories stores [448]	$675	183,653	219,859	225,655
Sporting goods, hobby, book and music stores [451]	$600	103,183	123,525	126,781
General merchandise stores [452]	$525	562,973	673,960	691,727
Miscellaneous store retailers [453]	$600	90,139	107,909	110,754
Food and Beverage Establishments	$750	375,735	449,809	461,667
Service Commercial (40%)		626,661	750,203	769,980
NET WARRANTED FLOOR AREA - Above Categories (sf)		3,508,386	4,200,042	4,310,765

Table Source: Colliers International Consulting, Retail Model (2017)

The following table provides the total retail-commercial support in the STA. Currently, STA residents could support approximately 98,000 square feet of retail, and based on projected population statistics for 2026, STA residents will be able to support approximately 125,000 square feet of retail.

Table 15 - STA Resident Floor Area Support By Category (sf)	Sales Reqm't ($/Sq. Ft.)	2016	2021	2026
Major Retail Category				
Motor vehicle and parts dealers [441]	$2,000	8,108	9,914	10,381
Furniture and home furnishings stores [442]	$525	3,928	4,802	5,029
Electronics and appliance stores [443]	$1,050	1,771	2,166	2,268
Building material and garden equipment and supplies dealers [444]	$450	7,266	8,885	9,303
Food and beverage stores [445]				
Grocery stores [4451]				
Supermarkets and other grocery (except convenience) stores [44511]	$675	12,142	14,846	15,546
Convenience stores [44512]	$550	1,092	1,335	1,398
Specialty food stores [4452]	$975	417	510	534
Beer, wine and liquor stores [4453]	$1,100	2,012	2,460	2,576
Health and personal care stores [446]	$950	3,404	4,162	4,359
Gasoline stations [447]	$2,000	3,567	4,361	4,566
Clothing and clothing accessories stores [448]	$675	5,126	6,267	6,563
Sporting goods, hobby, book and music stores [451]	$600	2,880	3,521	3,687
General merchandise stores [452]	$525	15,712	19,212	20,117
Miscellaneous store retailers [453]	$600	2,516	3,076	3,221
Food and Beverage Establishments	$750	10,105	12,356	12,938
Service Commercial (40%)		17,871	21,851	22,881
NET WARRANTED FLOOR AREA - Above Categories (sf)		97,916	119,724	125,366

Table Source: Colliers International Consulting, Retail Model (2017)

The following table provides the total retail-commercial support in the TTA. Currently, TTA residents support approximately 24,000 square feet of retail, and based on projected population statistics for 2026, TTA residents will only be able to support approximately 22,000 square feet of retail.

Table 16 - TTA Resident Floor Area Support By Category (sf)	Sales Reqm't ($/Sq. Ft.)	2016	2021	2026
Major Retail Category				
Motor vehicle and parts dealers [441]	$2,000	2,007	1,993	1,825
Furniture and home furnishings stores [442]	$525	972	966	884
Electronics and appliance stores [443]	$1,050	438	435	399
Building material and garden equipment and supplies dealers [444]	$450	1,799	1,786	1,635
Food and beverage stores [445]				
Grocery stores [4451]				
Supermarkets and other grocery (except convenience) stores [44511]	$675	3,006	2,985	2,733
Convenience stores [44512]	$550	270	268	246
Specialty food stores [4452]	$975	103	103	94
Beer, wine and liquor stores [4453]	$1,100	498	495	453
Health and personal care stores [446]	$950	843	837	766
Gasoline stations [447]	$2,000	883	877	803
Clothing and clothing accessories stores [448]	$675	1,269	1,260	1,154
Sporting goods, hobby, book and music stores [451]	$600	713	708	648
General merchandise stores [452]	$525	3,889	3,863	3,536
Miscellaneous store retailers [453]	$600	623	618	566
Food and Beverage Establishments	$750	3,039	3,018	2,763
Service Commercial (40%)		3,886	3,860	3,533
NET WARRANTED FLOOR AREA - Above Categories (sf)		24,237	24,072	22,037

Table Source: Colliers International Consulting, Retail Model (2017)

Floor Area Demand – Summary of All Trade Areas

Based on a combined PTA, STA, and TTA there is currently enough demand to support approximately 3.20 million square feet of retail floor area, net of auto-related retail. By 2026, the area will be able to support approximately 3.93 million square feet of retail stores.

Table 17 - Total Resident Floor Area Support By Category (sf)	2016	2021	2026
Major Retail Category			
Furniture and home furnishings stores [442]	145,629	174,241	178,827
Electronics and appliance stores [443]	65,677	78,581	80,649
Building material and garden equipment and supplies dealers [444]	269,424	322,358	330,842
Food and beverage stores [445]			
Grocery stores [4451]			
Supermarkets and other grocery (except convenience) stores [44511]	450,204	538,656	552,833
Convenience stores [44512]	40,494	48,450	49,725
Specialty food stores [4452]	15,466	18,505	18,992
Beer, wine and liquor stores [4453]	74,587	89,242	91,590
Health and personal care stores [446]	126,222	151,021	154,996
Clothing and clothing accessories stores [448]	190,047	227,386	233,371
Sporting goods, hobby, book and music stores [451]	106,776	127,754	131,116
General merchandise stores [452]	582,575	697,034	715,380
Miscellaneous store retailers [453]	93,278	111,604	114,541
Food and Beverage Establishments	388,879	465,183	477,368
Service Commercial (40%)	648,418	775,914	796,394
NET WARRANTED FLOOR AREA - Above Categories (sf)	**3,197,676**	**3,825,929**	**3,926,626**

Table Source: Colliers International Consulting, Retail Model (2017)

Retail Gap Analysis

The table below estimates the gap between the demand and supply by retail subcategory currently, as well as the expected gap by 2021 and 2026. This retail gap analysis is essential in understanding the potential for new retail development by subcategory, as well as an estimate of the total retail expenditure outflow that RMWB is experiencing to other more established markets such as Edmonton as well as online.

Table 18 - Gap Analysis	Demand (2016)	Demand (2021)	Demand (2026)	2017 supply	2016/2017 Market Capture	2016/2017 Deficit	2016/2017 Outflow	Market Capture (potential)	Potential New Development (2017)	Potential New Development (2021)	Potential New Development (2026)
Major Retail Category	sf	sf	sf	sf	%		$	%	sf	sf	sf
Furniture and home furnishings stores [442]	145,629	174,241	178,827	79,457	55%	66,172	$34,740,370.71	60%	7,920	25,088	27,839
Electronics and appliance stores [443]	65,677	78,581	80,649	31,522	48%	34,155	$35,862,597.88	75%	17,736	27,413	28,965
Building material and garden equipment [444]	269,424	322,358	330,842	168,000	62%	101,424	$45,640,690.63	80%	47,539	89,886	96,674
Food and beverage stores [445]											
Grocery stores [4451]											
Supermarkets and other grocery [44511]	450,204	538,656	552,833	441,868	98%	8,336	$5,626,691.68	98%	0	86,815	100,729
Convenience stores [44512]	40,494	48,450	49,725	39,347	97%	1,147	$630,809.68	97%	0	7,731	8,970
Specialty food stores [4452]	15,466	18,505	18,992	12,472	81%	2,994	$2,919,120.88	85%	674	3,257	3,671
Beer, wine and liquor stores [4453]	74,587	89,242	91,590	70,782	95%	3,805	$4,185,763.18	95%	0	13,907	16,136
Health and personal care stores [446]	126,222	151,021	154,996	118,847	94%	7,375	$7,006,170.89	94%	0	23,350	27,093
Clothing and clothing accessories stores [448]	190,047	227,386	233,371	157,019	83%	33,028	$22,293,712.42	83%	0	30,850	35,795
Sporting goods, hobby, book and music [451]	106,776	127,754	131,116	44,800	42%	61,976	$37,185,369.92	50%	8,588	19,077	20,758
General merchandise stores [452]	582,575	697,034	715,380	447,750	77%	134,825	$70,782,952.35	77%	0	87,970	102,070
Miscellaneous store retailers [453]	93,278	111,604	114,541	40,084	43%	53,193	$31,915,873.47	50%	6,554	15,718	17,186
Food and Beverage Establishments	388,879	465,183	477,368	337,334	87%	51,545	$38,658,701.28	87%	0	66,190	76,760
Service Commercial	648,418	775,914	796,394	451,760	70%	196,658	$98,328,767.05	70%	2,132	91,379	105,716
Vacant				138,064					-138,064	-138,064	-138,064
NET WARRANTED FLOOR AREA - Above Categories	3,197,676	3,825,929	3,926,626	2,579,108		756,631	$435,777,592.00		-46,920	450,566	530,297

Summary of Retail Gap Analysis

Colliers estimates that $435 million in non-automotive consumer spending flows out of the RMWB and Fort McMurray trade areas annually. This presents the opportunity for RMWB to support approximately 530,000 sf of additional retail floorspace by 2026.

Colliers Retail Demand Model yields a projected total resident expenditure potential increasing by approximately $574 million inclusive of the PTA, STA, and TTA between 2016 and 2026. **The retail categories that have the greatest potential for new development include service commercial, general merchandise stores, supermarkets, and building centres**, which have the **potential to fill an additional approximately 105,716, 102,070, 100,729, and 96,674 square feet, respectively, by 2026.**

Currently, several sectors are failing to achieve their potential market capture, which is the proportion of trade area demand that could be satisfied in a local market, such as the RMWB. While it is important to understand that most Canadian communities experience some degree of retail/service business outflow, for the expectation of major destination markets such as Edmonton, Vancouver, or Toronto that actually see a net inflow of consumer business, there are **several underperforming sectors in RMWB where the potential exists to capture a significantly higher share of the market.** Examples of this include **sporting goods, hobby, book and music stores** which currently capture only approximately 42% of the spending in this category. Colliers estimates that only 48% of spending on **electronics goods** is captured locally and that a more reasonable 75% capture would equate to approximately 29,000 sf of supportable floorspace by 2026.

In summary, approximately 530,000 square feet of commercial space could be added to the RMWB over the next decade, which would work to reduce spending outflow from the RMWB without reducing sales at merchants presently located in the RMWB.

Retail Recruitment Methodology

This Retail Recruitment Methodology is one of the key deliverables coming out of the *Retail Market Analysis* as it is a tool that can be used by the Economic Development Department working with commercial leasing agents to effectively target and recruit new retail uses identified in the Gap Analysis. Recruiting new retail involves forming a Business Recruitment Team that will manage recruitment actions, creating an environment that attracts new business and is supportive once they are established, identifying and contacting prospective tenants, creating marketing materials and marketing to these tenants, and working out deals with interested businesses. As part of the marketing and contacting prospective tenants, a retail prospectus template has been developed to provide information to retailers and developers. The following is an outline of how to go about developing a Business Recruitment Team and then recruiting prospective businesses.

The following Retail Recruitment Methodology is based on the Toolbox created by the collaborative effort between the University of Minnesota Extension, Ohio State University Extension, and the University of Wisconsin Extension as noted in the citation at the end of the section. It has been adapted to fit the context of the Regional Municipality of Wood Buffalo and its local retail market. The core structure of the methodology and the framework for retail recruitment belongs to the above mentioned groups.

Step 1: Form a Business Recruitment Team

To ensure a successful recruitment process, the first step is the appointment of proactive and action oriented representative business Recruitment Team. The Business Recruitment Team will help serve as a management entity for marketing and recruitment efforts.

The makeup of the team should include individuals from a variety of business and retail sectors and be well rounded with individuals having experience and demonstrated understanding of market analysis, economic development, real estate, and have connections to key decision makers. Keeping the team small allows for flexibility and easy decision making processes. Give considerations for training initiatives for the team as necessary. Five to seven participants are suggested which could include:

- Established (and retired) business owners;
- Local real estate professionals, Bankers;
- Current building owners who are interested in exploring various uses for their property;
- Local entrepreneurship and development organization representatives;
- Elected officials; and
- Business support organizations and Fort McMurray Tourism officials.

Develop a Vision and Goals

Develop a vision and goals that articulate a market position statement which outlines the type of retail mix, the retail environment, the target audience for each type of retail, and business opportunities to be achieved. The vision should clearly identify key areas of strength and distinguishing characteristics for the business area that enables it to successfully compete in the market place. Goals should clearly identify the types of businesses that could be recruited based on the needs, gaps, and competitive advantages identified in the Gap Analysis. Based on the gap analysis in this report, the major retail categories with the greatest potential for new development by 2026 are service commercial, general merchandise stores, and supermarkets and other grocery.

Formulate a Work Plan

Draft a work plan that will guide the initial steps for retail recruitment. Integrate the vision and goals and develop action items and measurable outcomes and timeframes to accomplish these goals.

Gathering information from the community in a qualitative manner is an excellent way to tailor your approach to the context. In addition to this, qualitative research on programs, strategies, and new ideas can provide great direction as well. A few materials to research include:

- Baseline information from the market analysis report;
- Survey the existing business situation, why they are working, who are the tenant types; as well previous failures and investigate why businesses may have relocated somewhere else;
- An inventory of the real estate, particularly any vacant or underdeveloped buildings;
- Consult and engage existing property owners to garner support; and
- Information on incentives for business development.

Select and assign members of the Recruitment Team to manage the action items, engage the broader community, and seek ideas and assistance throughout the process. Monitor and adjust the work plan periodically as needed.

Step 2: Create a Supportive Business Environment

Creating a retail environment that is inviting and comfortable not only attracts the public to visit but inspires confidence from private developers and investors. An attractive public realm creates a positive image, promotes a sense of community, instills pride, and creates a desire for people to return and enjoy the area. Key design principles to create a great commercial area include:

- Aesthetically pleasing commercial environment;
- High operational standards for businesses that project a consistent image;
- A clean and safe commercial area; and
- Providing accessible transportation and parking options.

Local recommendations can include enhancing the public realm in the City Centre with streetscape and urban renewal, public art, and architecture controls. However, this initiative is challenging as it may discourage developers with stringent design standards. Additionally, the RMWB can provide more efficient and accessible public transportation in Fort McMurray, which supports businesses along key nodes in the transit network. However, there may not be the demand to justify additional investment in public transit. A Business Improvement Area for the downtown can also act to create and facilitate events and initiatives that create a supportive business environment in the City Centre.

Help Overcome Investment Barriers

In any development project or retail recruitment strategy there are barriers, either real or perceived, that discourage developers and retailers from investing in the area. Barriers that might be present are:

- Land costs;
- Complex and time-consuming permitting process;
- Restrictive zoning;
- Complex site preparation for new construction;
- Servicing availability and costs;
- Building construction and renovation costs and codes; and
- Parking requirements.

The Recruitment Team should work with stakeholders and investors to first identify the barriers to investment and then introduce solutions to remove and streamline any barriers present. Commercial developers often seek flexibility in zoning to accommodate a wide range of uses, clarity of requirements, and certainty of approvals within prescribed timelines. Creative incentives and programs can be developed and offered to investors and retailers to help with costs and timelines associated with permitting and other regulatory requirements.

Offer Incentives

In order to help attract new business and retailers, the Recruitment Team should fully understand what incentives and programs the community can offer help overcome barriers to investment by improving the existing public realm and retail space, creating organizations to help businesses, and creating an attractive and easy to navigate development process. Some incentives to consider:

- Technical assistance in market and feasibility analysis, business plan development, government regulations, and advertising;
- Introducing a Community Revitalization Levy (CRL) in areas identified for retail growth and to help improve the public realm;
- Negotiation and leasing of space for those unfamiliar with process or not working with a broker;
- Assistance with local zoning and development procedures;
- Centralized retail management in which business district organization gains the right to lease property from owners and place businesses in locations prescribed by an overall commercial center plan;
- Financing of building improvements, facades, displays, fixtures, inventory, and start-up costs including a low-interest loan pool;
- Counseling with local financial institutions and assistance in completing loan applications;
- Financing options and incentives appealing to developers such as low-interest loan, Tax Increment Financing, or Community Development Block Grant funding programs;
- District wide image and marketing programs and advertising and promotion assistance for individual firms;
- An effective business to business networking system;
- Private development partnerships made up of local investors who might develop, own, and operate a needed business; and
- Business incubator(s) to help establish new businesses at a reasonable cost and provide them with space and common services.

Incentive Matrix

Incentive	Reponsible Entity	Locations	Pros and Cons
Technical assistance in market and feasibility analysis, business plan development, government regulations, and advertising	RMWB Planning & Development Western Economic Diversification	Across the RMWB	Helps smaller firms locate in commercial parcels Encourage development of most feasible areas
Introducing a Community Revitalization Levy (CRL) in areas identified for retail growth and to help improve the public realm	RMWB Planning and Development	Depending on where public investment could secure retail development	Increases the value of target lands and encourages development Risk of public investment lost if the CRL does not trigger adequate development in the 20 year CRL timeline.
Negotiation and leasing of space for those unfamiliar with process or not working with a broker	RMWB Economic Development Corporation	Across the RMWB	Helps smaller firms locate in commercial parcels
Assistance with local zoning and development procedures	RMWB Planning and Development	Across the RMWB	Helps smaller firms locate in commercial parcels
Centralized retail management in which business district organization gains the right to lease property from owners and place businesses in locations prescribed by an overall commercial center plan	BIAs and Shopping Centre Owners	City Centre and Town Centres	Allows collective action for mutual benefit that would not occur otherwise due to free ridership Facilitates synergistic interaction between private firms

Incentive	Reponsible Entity	Locations	Pros and Cons
Financing of building improvements, facades, displays, fixtures, inventory, and start-up costs including a low-interest loan pool	RMWB Economic Development	City Centre and Town Centres	Enhances the value of developments, encouraging adoption of tenants Risk of public investment lost if the investment does not trigger occupancy
Counseling with local financial institutions and assistance in completing loan applications	RMWB Economic Development	Across the RMWB	Helps smaller firms locate in commercial parcels Supports local financial instituitions
Financing options and incentives appealing to developers such as low-interest loans and Tax Increment Financing	RMWB Economic Development	Across the RMWB	Creates a favorable and competitive business environment.
District wide image and marketing programs and advertising and promotion assistance for individual firms	RMWB Economic Development RMWB Economic Development Corporation	Across the RMWB	Raises the profile and knowledge of the RMWB retail and commercial offerings. Helps firms get their brand recognized and to target markets.
An effective business to business networking system	RMWB Economic Development RMWB Economic Development Corporation RMWB Chamber of Commerce	Across the RMWB	Creates a cooperative business community that can create opportunities for new products and ideas.

Incentive	Reponsible Entity	Locations	Pros and Cons
Private development partnerships made up of local investors who might develop, own, and operate a needed business	Private Business Owners RMWB Chamber of Commerce	Across the RMWB	Creates a cooperative business community that can create opportunities for new products and ideas.
Business incubator(s) to help establish new businesses at a reasonable cost and provide them with space and common services	RMWB Economic Development RMWB Economic Development Corporation RMWB Chamber of Commerce	Across the RMWB, several locations to suit different business needs	Overcomes common barriers to business startups. Can create better success rates for new businesses and startups.

Step 3: Assemble Recruitment and Marketing Materials

The Economic Development Corporation has created a marketing package and retail prospectus for prospective retailers gives them an overview of the retail development potential in the Regional Municipality of Wood Buffalo. These documents describe the current retail landscape and try to identify future opportunities for improving and expanding the retail industry. It is advised that the Recruitment Team and Municipality update the prospectus regularly to keep the information current and relevant. In the prospectus, there are several key pieces of information that will be of use to prospective retailers.

General Marketing Materials

Provide marketing materials describing the general retail market in the RMWB. These materials should provide an overview of the current demand and supply in the trade area and overarching information such as:

- Letter of introduction including compelling reasons to consider your business district;
- General information and photos of the community highlighting its assets;
- Market position and vision statements;
- Wish list of new businesses supported by market demand and supply data;
- New developments demonstrating investment Downtown;
- Information on past openings and closings of businesses;
- Trade area geographic definition and demographic and lifestyle data;
- Trade area economic data including actual and potential sales data if available;
- Non-resident consumer data (including daytime population and tourism visitation);
- Descriptions of target market segments served;
- Major employers and institutions;
- Vehicle and pedestrian traffic volume;
- Mix of existing retail, service, dining, housing, office, and lodging in the district;
- Press coverage and testimonials highlighting success stories; and
- Summary of financial incentives and other business assistance services available in the business district.

Inventory of Individual Building and Site Specific Materials

In addition to the general materials, providing individual and site specific marketing materials will give prospective retailers a more comprehensive view of sites or areas of the community they are interested in. It could also attract them to areas they previously had not thought of or realized were a good fit for their business. These materials could include:

- Create individual development profiles with neighbourhood maps, site plans, servicing information, location access, catchment area population, applicable zoning, parcel or building vacancies, and traffic counts where available;
- Develop, and market directly to, a list of retailers that will be able to fill the gap identified in the Gap Analysis. Show the demand for their goods and encourage them to develop in the Municipality;
- Develop maps and graphics depicting area vacancies, complementary businesses in the area, traffic volumes, trade areas, and relevant demographic data;
- Relevant zoning and permit information such as zoning and building code conditions or restrictions; and
- Current building condition and operation information including sales and rent per square foot, operating expenses, current tenants, and property owner contact information.

Marketing Materials for Businesses and Developers

Location is a key component of attracting new retailers to the RMWB. Once they have information regarding the physical aspect of opening, providing information on the process including permitting, regulations, incentive programs, and the approval process will make the process much easier and more attractive. This can be achieved by:

- Creating a guidebook for small business owners that clearly explains the permitting and regulation process, contact information for relevant municipal staff and departments, and information on local groups that can help with startup;
- The Economic Development Corporation has created a guidebook for developers that includes incentive programs for financial support or building improvement, contact information for relevant municipal staff and departments, tax information, and other relevant details. This guidebook should be updated to remain relevant and can be expanded to include information about BIAs, Centralized Retail Organizations, and findings of reports like this Retail Market Analysis and Commercial and Industrial Land Use Study; and
- Starting a business concierge service that assists businesses and developers in navigating the permitting and approval process. Make it as clear and easy to navigate with a single point of contact for questions, submissions, and approvals.

Detailed Studies and Reports

To keep marketing materials, demographic data, and information sent to prospective retailers up to date it is important to continually provide accurate and relevant reports and data. Do this by commissioning reports, keeping data current, and updating materials sent out to retailers. Some ideas to achieve this are:

- Update the Retail Gap Analysis regularly to describe how well the residents of a neighbourhood, area, or the Municipality are supplied with retail opportunities. This is broken down into retail categories and based on a square foot per person supply versus demand;
- Market studies, those that have previously been done or commission a new study for up to date data;
- Fiscal impact studies to understand how redevelopment will impact taxation, jobs, infrastructure spending, and economic growth; and
- Gather demographic data to better target and plan for what types of retail, services, amenities, and housing will be most appropriate for the short-term redevelopment and the long-term health of the Downtown.

Step 4: Design an Ideal Tenant Mix

Use information gathered from the Retail Gap Analysis, surveys of retailers in specific areas, and the overall vision and goals to determine what categories of retail are missing in the Municipality as a whole and in specific retail nodes. Decide what typologies area needed (big box, neighbourhood centres, etc.) and design an ideal mix that fills the retail gaps as well as crates synergies between nearby retailers and vacancies in existing spaces.

Identify Opportunities Supported by Market Analysis
Using the data collected in the Retail Market Analysis, target retailers that fall into the market categories that are in demand. Based on the Retail Gap Analysis, the retail categories with the most significant potential for growth are service commercial, general merchandise, supermarkets and other grocery, and food and beverage establishments. Retail types targeted should be updated to account for the most recently available retail demand, demographic information, and feedback from stakeholders.

Step 5: Identify Prospective Tenants

Once you have a wish list of retail types that are in demand, the next step is to create a list of retailers to target for recruitment. Leads for prospective tenants can be found from a variety of sources:

- Contacting existing businesses that might be looking for more space or a better location;
- Emerging entrepreneurs that are offering the types of products in demand. These businesses often start as home-based businesses spaces or garages and expand into retail storefronts and businesses;
- Regional businesses that have branches or franchises that might be wanting to branch out into new locations;
- National chains that meet the demand found in the Gap Analysis. Be realistic about which large chains would be suitable for the area and market; and
- Join organizations that provide networking opportunities and events such as the International Council of Shopping Centres or Western Economic Development.
- Participate in the International Council of Shopping Centre Conference, Real Estate Forums, and the International Downtown Association to forge relationships and partnerships with participants.

Step 6: Contact Prospective Tenants

Using the list of prospective tenants and developers identified, the next step is to reach out to individual retailers and businesses that would be a good fit for the area in mind. In communication, identify incentives available for retailers, summarize the market data, and provide an overview of the business and retail organizations including their contact information.

Start a Conversation and Make Contact
Send a letter of introduction that includes a message from the Economic Development Department outlining strategic priorities for the Regional Municipality in regard to retail, key retail initiatives, and recent achievements or large projects that have been a success. The RMWB can also consider joining the International Council of Shopping Centres (ICSC), available at https://www.icsc.org/, to gain access to member retailers and organizations. Through the ICSC, the RMWB can also attend conferences, like the ICSC Western Conference & Deal Making, to make contact with prospective retailers.

Make Recruitment Calls and Visit in Person
After letters are sent to prospective tenants, reach out to each through a phone call. During the call inquire about visiting their business in person to meet with them and talk about why the RMWB is interested in having

them as a retailer. Provide them with marketing materials and a prospectus either in person during the visit or through the mail if a visit cannot be arranged. The materials and prospectus could include:

- Location of the Municipality and retail areas in relation to nearby population centres, main accesses to roadways, nearest airports, rail lines, and trade areas;
- Demographic information that outlines the current and projected population, age, income levels, employment numbers and sectors, and any other useful information about surrounding trades areas;
- Market survey describing the habits of shoppers within the Municipality, where shopping trips are made outside the Municipality, and what types of retail people are frequenting;
- Current and future retail demand based on household incomes, population growth, trade areas, gaps in the market, and retailing habits;
- Create individual development profiles with neighbourhood maps, site plans, servicing information, location access, catchment area population, applicable zoning, parcel or building vacancies, and traffic counts if available; and
- A copy of the Retail Gap Analysis describing how well the residents of a neighbourhood, area, or the Municipality are supplied with retail opportunities. This can be broken down into retail categories and based on a square foot per person supply versus demand.

Invite Prospective Retailers to the Regional Municipality of Wood Buffalo

Hosting prospective retailers in the community is a great way to showcase the advantages and opportunities that the RMWB has. While they are visiting, conduct a tour that includes stops at possible business sites, relevant business districts, residential neighbourhoods, employment centres, and City Hall. Set up visits with local retailers in the area you would like the retailer to be situated in and have them meet with organizations such as the Central Retail Management (CRM) group or any BRZs in the area.

Follow Up

After the site visit or phone call, it is vital that follow up is done. This could be Thank You Letters from various community leaders and the Economic Development Department, or follow up emails thanking them for their time and providing more information and contact details. Make sure the Recruitment Team is prepared to answer any questions or to provide information to follow up requests in a prompt and professional manner.

Step 7: Close Deals with Prospects

It is important to make it easy for prospective retailers to work with the RMWB. Be prepared to deal with and answers questions about any concerns, questions, and obstacles that might come up during negotiations and conversations. Work with them on financing, permitting, and zoning issues that might crop up during the process of getting them set up in the Municipality.

Have a single contact person in charge of communication with each retailer. If a retailer shows interest, follow up with them by offering assistance with any part of the process. If there are retailers that show marginal interest follow up with additional phone calls, emails, and offer further site visits or meetings to discuss how you could get them to set up in the RMWB.

Step 8: Continued Support

After retailers and businesses have been recruited, continue to support them along with existing businesses. Marketing retail areas and these new businesses gives them much needed exposure in the community and will allow them to network with other businesses in their district to form a strong retail community.

* Business Recruitment Methodology based on the article by the *University of Wisconsin Extension Downtown and Business District Market Analysis: Business Recruitment*.

University of Wisconsin Extension. 2011. *Downtown and Business District Market Analysis: Business Recruitment.* September. Accessed April 18, 2017. https://fyi.uwex.edu/downtown-market-analysis/putting-your-research-to-work/business-recruitment/#Step_2_Create .