



City of Fort Saskatchewan

Retail Market & Gap Analysis

July 2019

(Demographics and Spending Updated Jan 2023)

Prepared for:
City of Fort Saskatchewan

Prepared by
FBM Planning Ltd
(formerly Key Planning Strategies)

in collaboration with Colliers International
Consulting & Keyfax Market Research

FBM



RETAIL

Market & Gap Analysis

City of Fort Saskatchewan
Alberta



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PREFACE

FBM Planning Ltd (FBM), formerly Key Planning Strategies and Colliers International Consulting (“Colliers”) was commissioned by the City of Fort Saskatchewan in April 2019 to conduct a Retail Market and Gap Analysis for the City. This initial study was carried out over the period April to July.

This study represents an update only to demographic and spending data released by Manifold Data Mining in January 2023.

Inventory and consumer survey data is based on the 2019 Study.

The objective of this study is to document in detail the City of Fort Saskatchewan’s current retail inventory and estimate the Trade Area retail expenditure profile across various retail categories/store types as an indication of retail inflow/outflow or also known as surplus/leakage. Moreover, an objective is to illustrate changes that may have taken place in the City in terms of the inventory and overall trade area .

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

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

This January 2023 study provides up-to-date demographic estimates and projections. The City’s retail inventory and composition thereof however is based on the original 2019 study.

Reference material for this report was obtained from, but not limited to: The City of Fort Saskatchewan, Commercial Real Estate Brokerage Firms, Local Commercial Developers International Council of Shopping Centers, Manifold Data Mining Inc, Key Planning Strategies and Colliers.

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

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

This analysis was conducted by FBM (and Key Planning) and Colliers as objective and independent parties; and neither is an agent of the City of Fort Saskatchewan.

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

FBM, January 2023

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INTRODUCTION

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

LOCATION CONTEXT SUMMARY

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

Fort Saskatchewan has evolved over the past 5 years to become a recognized regional-serving destination for communities to north and east where it serves as a critical and convenient catchment for shops and services for towns such as Lamont, Bruderheim, Redwater, Gibbons, Bon Accord, Smoky Lake, Ashmont, Two Hills. The City is even a destination, albeit less frequently, from communities such as Lac La Biche, Athabasca and Vegreville.

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

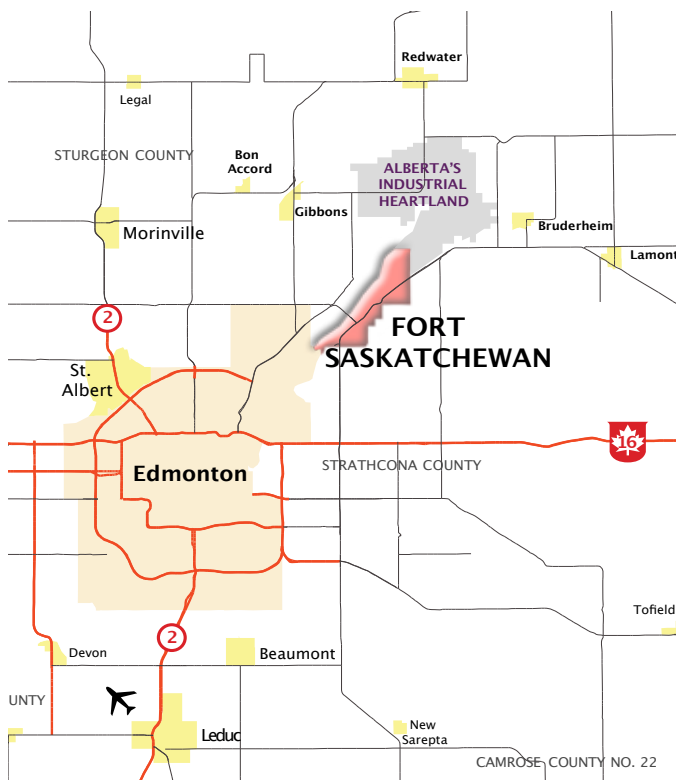
RETAIL TRADE AREA SUMMARY

Fort Saskatchewan's Retail Trade Area reflects a realistic look at where the majority of customers are likely to come from and on what shops and services they are most likely to spend their money. **Fort Saskatchewan has proven itself over the past 5 years as a major retail location where businesses can be attracted and succeed.**

Specifically, in conjunction with the continued population growth of the City, the successful attraction of retail over the past 5 years has rapidly evolved the City from a local-serving destination to a regional-serving hub that caters to many communities to the north and east while at the same time has competed well against the emerging retail nodes in northeast Edmonton and Strathcona County.

Accordingly, the Retail Trade Area for the City of Fort Saskatchewan is a reflection of the competitive influences as well as a realization that residents of Fort Saskatchewan and the

Regional Context





EXECUTIVE SUMMARY

communities north, west and east will still like the convenience and accessibility that Fort Saskatchewan provides for a critical mass of more necessity-based merchandise, while not discounting the need for more essential comparison items.

Fort Saskatchewan has shown a maturity in its retail growth that has enabled it to first and foremost retain a larger share of local spending, thus curbing retail sales outflow. This initial step must continue, but this strong retention has justified more regional attraction.

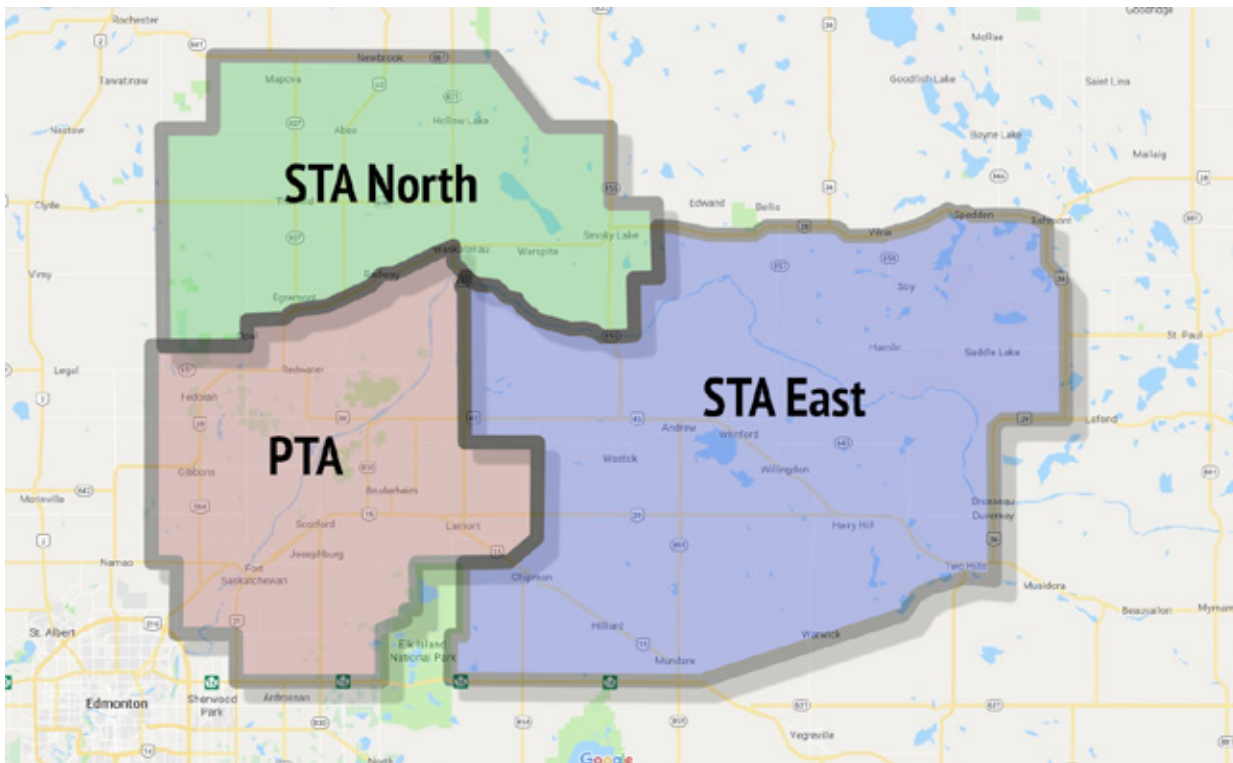
The Trade Area Demographic Profile illustrates a growing regional trade area that is forecast to increase from over 70,000 in 2022 to in excess of 79,000 over the next decade.

Fort Saskatchewan's strengths lie in its demographics, which are substantiated by a significant household income and population growth, well above the City of Edmonton average.

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

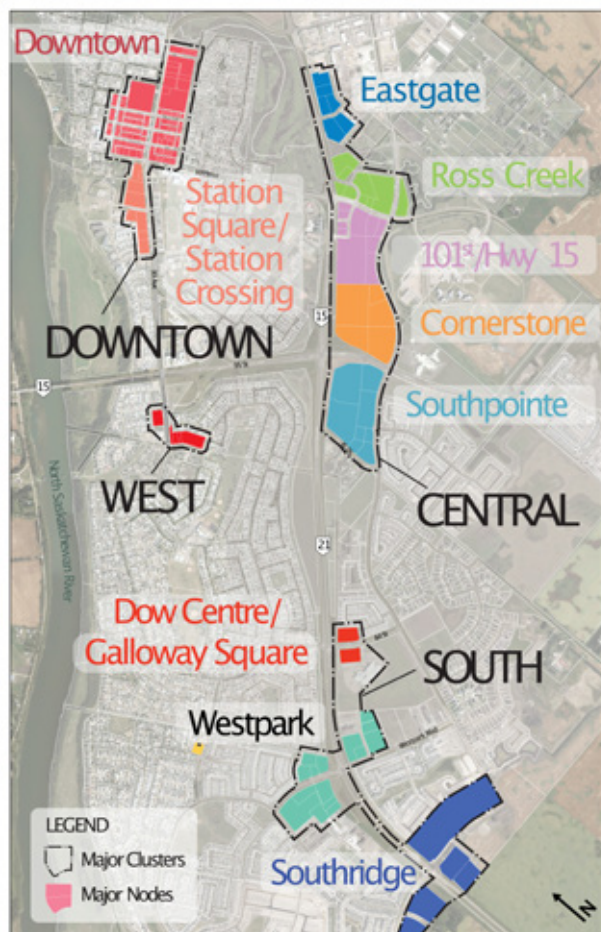
Overall, Fort Saskatchewan represents an almost \$1.3 Billion retail market (2022 Y/E estimates) in which categories such as Grocery, Automotive/RV, Home Electronics & Appliances, Clothing/Footwear/Accessories and Restaurants represent significant spending segments.

Retail Trade Area



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Retail Nodes



Retail Inventory Summary

TOTAL	1,508,889	sq. ft.
TOTAL RETAIL ONLY	1,305,121	sq. ft.
VACANT NEW	61,487	sq. ft.
VACANT	101,627	sq. ft.
% VACANT (excluding VACANT NEW)	4.1%	
% VACANT (ALL)	10.8%	

RETAIL SUPPLY SUMMARY

The resulting inventory for the City of Fort Saskatchewan illustrates a community oriented retail offering that provides essential shops and services for residents of Fort Saskatchewan as well as populations within an approximate 1 hour drive, primarily north, northeast and east of the City.

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

The City has an estimated retail inventory of almost 1.30 million sq. ft. and a vacancy of just over 4.0% (excluding new space actively being leased or under construction) which suggests a relatively healthy retail environment.

The City sits at a point where the retail market in terms of inventory and vacancies as well as downtown viability are relatively balanced and in good stead.

The biggest threat to Fort Saskatchewan's retail outlook is the newer developing projects at Emerald Hills and Manning Town Centre, which survey respondents have indicated is their primary comparison shopping locale. Rather than trying to compete with those larger projects, the City of Fort Saskatchewan has the opportunity to target specific categories and tenants that can maintain the city's balance while at the same time capitalizing on voids in the market.

Fort Saskatchewan is at a point in its growth where tenants should be targeted for quality over quantity and thus target very specific and desired tenants that match the gaps and demographic profile.



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Although Fort Saskatchewan's retail landscape and inventory is dominated by the Central and Downtown nodes, the South node is increasingly becoming a strong node, partly due to the location which places this node in the strongest location to tap into new residential development in the city.

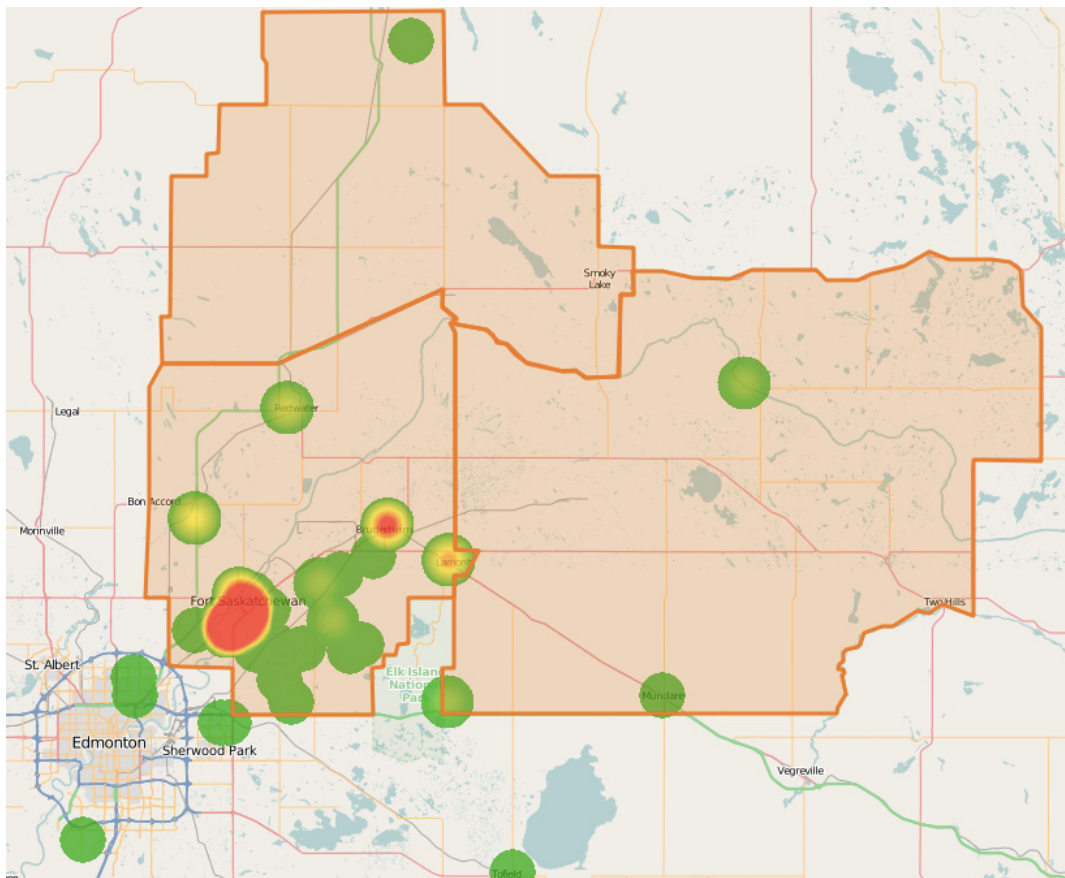
RETAIL DEMAND SUMMARY

Total demand for floorspace in the City of Fort Saskatchewan attributable to residents of the Primary and Secondary Trade Areas and Miscellaneous Inflow at approximately 1,839,704 sq. ft.

When compared against the current city's occupied retail inventory or supply at 1,149,674 sq. ft., **the difference between demand and supply equates to almost 690,031 sq. ft. of retail space. In other words, the City has in the range of 690,000 sq. ft. unmet retail demand.**

If one factors into the equation forecasted population growth in the Primary Trade Area of approximately 9,181 over the next decade to 2032 (the majority of which will be in the City of Fort Saskatchewan), then estimated future floorspace demand could grow by approximately 183,620 sq. ft. (if applying a conservative per capita ratio of 20 sf per capita).

Consumer Survey Respondent Origin Heat Map



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Retail Demand - Outflow / Inflow Estimates

MERCHANDISE CATEGORY	INVENTORY SQ. FT.	CURRENT ANNUAL RETAIL SALES (SUPPLY)	2022 CITY OF FORT SASKATCHEWAN RETAIL EXPENDITURE (DEMAND)	(OUTFLOW) INFLOW SALES	FLOORSPACE DEMAND SQ. FT.	FLOORSPACE DIFFERENTIAL SQ. FT. (supply minus demand)	OUTFLOW INFLOW FACTOR (based on sales vs spending demand)
GROCERY, CONVENIENCE & SPECIALTY FOODS	230,222	126,283,444	\$146,598,954	(\$20,315,511)	267,259	-37,036	(7.4)
ALCOHOL & TOBACCO	39,722	21,228,013	\$15,819,909	\$5,408,104	29,603	10,120	14.6
PHARMACY	61,159	37,023,669	\$10,769,009	\$26,254,660	17,789	43,370	54.9
PERSONAL SERVICES	57,856	9,540,025	\$45,429,991	(\$35,889,966)	275,515	-217,658	(65.3)
CLOTHING & APPAREL	79,891	23,436,194	\$24,922,775	(\$1,486,580)	84,958	-5,068	(3.1)
FOOTWEAR	2,500	721,875	\$8,392,188	(\$7,670,313)	29,064	-26,564	(84.2)
JEWELRY & ACCESSORIES	6,019	2,759,400	\$5,235,060	(\$2,475,660)	11,419	-5,400	(31.0)
HEALTH & BEAUTY	11,199	4,771,463	\$19,995,873	(\$15,224,411)	46,931	-35,733	(61.5)
HOME ELECTRONICS & APPLIANCES	20,744	10,942,481	\$13,226,638	(\$2,284,157)	25,075	-4,330	(9.5)
HOME FURNISHINGS & ACCESSORIES	33,507	10,220,925	\$57,819,523	(\$47,598,598)	189,550	-156,042	(70.0)
HOME IMPROVEMENT & GARDENING	131,567	42,768,739	\$26,827,002	\$15,941,737	82,526	49,041	22.9
BOOKS & MULTI-MEDIA	1,000	200,000	\$8,944,558	(\$8,744,558)	44,723	-43,723	(95.6)
SPORTING GOODS & OUTDOOR RECREATION	21,976	5,493,900	\$9,003,121	(\$3,509,221)	36,012	-14,037	(24.2)
TOYS & HOBBIES	12,698	3,218,078	\$6,900,371	(\$3,682,292)	27,227	-14,530	(36.4)
SPECIALTY RETAIL	88,472	23,996,631	\$9,910,036	\$14,086,596	36,537	51,935	41.5
FULL SERVICE F&B	65,878	25,434,705	\$29,443,638	(\$4,008,933)	76,261	-10,383	(7.3)
LIMITED SERVICE F&B	68,610	36,957,278	\$16,597,175	\$20,360,102	30,812	37,798	38.0
DRINKING ESTABLISHMENT	15,691	8,941,225	\$2,793,759	\$6,147,466	4,903	10,788	52.4
ARTS & ENTERTAINMENT	29,210	5,829,486	\$1,829,824	\$3,999,662	9,169	20,041	52.2
FITNESS & LEISURE	41,300	8,500,000	\$4,551,244	\$3,948,756	22,114	19,186	30.3
AUTO PARTS & ACCESSORIES	60,243	23,906,948	\$8,316,731	\$15,590,218	20,957	39,286	48.4
AUTO/RV/MOTORSPORTS DEALERSHIP	60,764	27,061,999	\$112,228,748	(\$85,166,749)	251,996	-191,231	(61.1)
VACANT	101,627	0					
VACANT NEW	60,487	0					
TOTAL	1,302,343	\$459,236,478	\$585,556,124	(\$126,319,646)	1,620,399	-318,056	(12.1)

*** Grocery & Specialty Foods Includes Convenience Stores

In total, when considering residual demand plus future demand over the next decade, **the City of Fort Saskatchewan could grow by as much as 873,651 sq. ft. (690,031 sq. ft. + 183,620 sq. ft.) of new retail space.**

Cross-referencing the City's retail spending against the actual retail sales estimated for its current inventory yields an estimated total net sales outflow of \$126 million dollars, which means the City must provide the necessary retail that corresponds with its growth locally and regionally as a growing retail and service hub.

When factoring future growth against the current residual demand, the forecasts suggests the City should focus its retail tenant recruitment strategy on specific tenants and merchandise categories that exhibit strong retail sales inflow potential.

As the City continues to grow and expand its market area penetration, the progression of retail will correspondingly create opportunities for retailers that may already have locations in areas like Emerald Hills, but for whom Fort Saskatchewan will now be seen as truly its own regional or quasi-regional retail market.



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CONSUMER SURVEY SUMMARY

Fort Saskatchewan has rapidly evolved into becoming such a market, with a trade area that will reach almost 75,000 by 2027.

Although not specifically probed in the 2019 Survey, respondents did identify categories for which specific tenants could be identified, as they were in 2014.

This specific list includes the following ten (10) branded retailers that could fulfill the types of retail categories desired and which could have the most impact on retaining spending in Fort Saskatchewan:

1. **Costco (singled out by 8% of survey respondents)**
2. **Winners (singled out by 5% of respondents)**
3. **Indigo**
4. **Home Sense**
5. **Marshalls**
6. **Bouclair**
7. **Sport Chek**
8. **The Keg**
9. **Earl's**
10. **Brown's Social House**

Cafes and coffee shops continue to be in high demand with optimal locations available throughout the City. Downtown in particular is sought after for a cafe or coffee shop/specialty retail/bakery type of concept. This suggests opportunities for more local independents, for whom the Downtown core could be strong.

Since 2014, the role of online spending and omni-channel retail has surged. However, while the fear that online retailing will usurp or be the death of physical bricks and mortar retail is often overstated, it is nonetheless a factor that retailers and communities must be aware of since it can affect retailers' locational and physical store network strategy.

Overall, survey respondents revealed that they spend an average of 51.4% of their spending inside Fort Saskatchewan, 41.6% outside of Fort Saskatchewan and 7.1% online.

Not unexpectedly, respondents spend most of their convenience purchases inside Fort Saskatchewan where proximity and price are paramount. In general, most purchases made outside of Fort Saskatchewan continue to be in the DSTM or Comparison segments.

Fort Saskatchewan is well positioned to attract new-to-market retailers, some of whom may already have locations in northeast Edmonton at Emerald Hills and/or Manning Town Centre.

Specifically though, Fort Saskatchewan should use the Consumer Survey trends that suggest targeting the quality of tenants over the quantity of retailers thereby infill existing retail nodes and not necessitating another new retail node or nodes of any consequence.

The types of tenants sought by respondents combined with their spending patterns suggests that the most compatible locations capable of fulfilling retailer site location requirements will likely fall in the Central and South nodes and to a lesser degree the Downtown, although Downtown is the ideal location to house Specialty Retail, independent Full Service Restaurants and Cafes.

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



EXECUTIVE SUMMARY

CONCLUSION

The results of the Market Analysis yielded the following key findings and considerations for the City of Fort Saskatchewan's retail environment:

KEY FINDINGS:

- Fort Saskatchewan's demographic profile is comprised of a young, family demographic with an emerging affluence and corresponding discretionary income.
- Fort Saskatchewan's Retail Trade Area catchment serves a market of over 70,000 residents and is forecast to surpass 79,000 by 2032.
- The City of Fort Saskatchewan currently has approximately 1.30 million sq. ft. of total retail space with a vacancy of only 5.3% (excluding new and under construction).
- The City currently has residual demand for approximately 690,000 sq. ft.
- Future growth forecasts suggest the City could conservatively accommodate an additional 183,620 sq. ft. of new retail space by 2032 (not including residual demand).
- Competitive influences from neighbouring areas to the south will continue, particularly Emerald Hills and Manning Town Centre although it is expected that Fort Saskatchewan's location and regional draw to the north and northeast will provide a stable environment for attracting retail that may already have locations in Emerald Hills or Manning Town Centre.
- Fort Saskatchewan's retail inventory is well-positioned to provide community scale appeal for day-to-day necessities as well as casual comparison items such as everyday Apparel, Sporting Goods and Toys & Hobbies.

Since 2014, when the original study was undertaken, Fort Saskatchewan has been continued to establish itself as a regional hub. While the City's population has continued to grow at healthy rates with corresponding spending growth, the performance of the existing retail has stayed relatively the same and with the increasing competition occurring south in northeast Edmonton, the City now has sales outflow from its residents.

Although Fort Saskatchewan's trade area has been increased from the original 2014 study, the City's productivity and core sales still largely emanates from its local region.

- Fort Saskatchewan has a net sales outflow of \$126 million (Y/E 2022 estimate), comprising predominantly comparison categories, although grocery and specialty foods are showing signs of outflow.
- Fort Saskatchewan's Primary Trade Area penetration of the Full-Service Restaurant category could be stronger (currently at an estimated 50%). Fort Saskatchewan has a resulting outflow in Full Service Restaurants (\$12.2 million).
- Fort Saskatchewan's major leakage occurs in Auto/RV/Motorsports (\$85 million), Home Furnishings (\$47 million), Personal Services (\$35 million). and Grocery & Specialty Foods (\$20 million).



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- Consumer Survey Respondents would like to see more Full-Service Restaurants, Clothing & Footwear and Sporting Goods, Toys & Hobbies at value to mid price points. An enhanced offering in these categories could lead to further retention of sales dollars in Fort Saskatchewan as well as more inflow from surrounding towns and counties.
- Consumer Survey Respondents would like to see more Full-Service Restaurants, Clothing & Footwear and Sporting Goods, Toys & Hobbies at value to mid price points. An enhanced offering in these categories could lead to further retention of sales dollars in Fort Saskatchewan as well as more inflow from surrounding towns and counties.
- Bigger ticket items such as Auto and Recreational Vehicles as well as Comparison categories (or Department Store Type Merchandise DSTM) will still exhibit outflow dollars from the community and this will likely be the case over the next 5-10 years as Fort Saskatchewan continues to evolve as its own regional hub for retail and services.
- Avoid trying to compete with the major retail nodes at Emerald Hills and Manning Town Centre, but rather solidify the City's role as a strong service centre as the closest urban centre to Alberta's Industrial Heartland.
- Market the City's offering of shops and services to the identified north, northwest and eastern parts of the trade area to attract and retain more of their spending.
- Over the next decade, the City of Fort Saskatchewan should strive to increase its market share of retail spending from City Residents from an estimated 55% today to 65% by 2032.

CONSIDERATIONS

- Ensure that retail growth does not come at the expense of the Downtown.
- Promote the infill of existing and developing retail nodes as a way of cultivating critical mass and critical mix.
- Prioritize key target categories and tenants that can benefit from the sales inflow as well as curbing outflow.

1 introduction

1.1 SCOPE OF STUDY & PROJECT BACKGROUND

FBM Planning Ltd (FBM), formerly Key Planning Strategies and Colliers International Consulting (“Colliers”) was commissioned by the City of Fort Saskatchewan in April 2019 to conduct a Retail Market and Gap Analysis for the City.

This study represents an update specifically to demographic and spending data released by Manifold Data Mining in January 2023.

The objective of this study is to analyze the City of Fort Saskatchewan’s current retail inventory and estimate the realistic Trade Area and its inherent retail expenditure profile across various categories/store types as an indication of retail inflow/outflow, also known as surplus/leakage.

This study further represents an update to previous studies undertaken in 2014, 2016 and 2019 as well as a Citywide Non-Residential Real Estate Inventory conducted in 2018 by Key Planning and Colliers.

1.2 REPORT STRUCTURE

Key Planning and Colliers conducted detailed fieldwork in 2018 to solidify an understanding of existing and future retail projects and prospects in Fort Saskatchewan as well as changes in the retail environment over the period 2014 to the present day. The purpose of this research was to establish a solid foundation and baseline for determining the depth of retail opportunity and associate gaps in the market provision of shops and services and to whom such gaps could be targeted.

General market research was also conducted to further understand the retail, social, and economic changes taking place within the community. To respond to the work program process, the document is presented in the following sections:

Section 1 - Introduction:

Introduces the study process and structure.

Section 2 - Location Analysis & Site Context:

Lays out the important regional and local context of the City of Fort Saskatchewan as a location that targeted retailers could express interest.

Section 3 - Retail Trade Area Profile:

Identifies and defines the Primary and Secondary Retail Trade Areas and documents the population and expenditure profiles generated, against which estimates of floorspace demand can be attributed.

Section 4 - Retail Market Supply:

Assesses the location and characteristics of Fort Saskatchewan’s current nodes of retail activity (“supply”), including developing or future planned retail sites. Fieldwork assessments included identifying and quantifying the entire City’s retail inventory by node, retailer and merchandise category.

Section 5 – Retail Demand & Gap Analysis:

Trade Area spending and sales productivities were estimated resulting in “demand” associated with each retail category. The demand estimates were then applied against supply to estimate the magnitude of inflow and outflow of retail on a category-by-category basis.

Section 6 – Downtown Analysis:

Provides a deeper dive into the composition of Fort Saskatchewan’s Downtown streetfront retail and commercial mix to determine specific voids and opportunities. Further it includes survey

results obtained from Stakeholder meetings as well as from on-the-ground Consumer Intercept Survey results.

Section 7 – Consumer Intercept Survey:

A Consumer Intercept Survey was conducted by Keyfax Market Research in which residents of Fort Saskatchewan and surrounding communities were interviewed randomly at various locations, dates and times in the community over a one week period. An in-person questionnaire tool was used to ascertain shopping patterns and consumer preferences, along with their spending habits and importance ratings for the types of new retail categories that the City could pursue to enhance the offering and retain expenditure within the community.

Section 8 – Conclusion:

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

1.3

SOURCES OF INFORMATION

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

In addition to primary and secondary research, Consumer Intercept Interviews were also conducted to further supplement the retail supply and leakage quantification analysis. The following sources of information were used in this Retail Market & Gap Analysis:

- Downtown Business and Property Owner Consultation Report, 2017
- City of Fort Saskatchewan Growth Study, 2015

- City of Fort Saskatchewan Strategic Plan 2018-2022
- City of Fort Saskatchewan Municipal Development Plan, 2010-2030
- City of Fort Saskatchewan Downtown Area Redevelopment Plan, 2009
- City of Fort Saskatchewan Municipal Census, 2019
- City of Fort Saskatchewan Land Use Bylaw
- Alberta Ministry of Transportation, Highways 1 to 986 Traffic Volume 2019
- Manifold Data Mining, 2023
- Keyfax Market Research Consumer Intercept Survey, May 2019
- Key Planning Strategies and Colliers International Consulting Detailed Retail Inventory Fieldwork, April 2019
- Retail Brokerage & Developer Project Profiles (Colliers, Cushman Wakefield, Qualico, Melcor, Avison Young, ReMax, NAI Commercial)

1.4

GLOSSARY OF ACRONYMS

- AADT - Average Annual Daily Traffic
- ARP - Area Redevelopment Plan
- CMA - Census Metropolitan Area
- DSTM - Department Store Type Merchandise
- ICSC - International Council of Shopping Centres
- MDP - Municipal Development Plan
- NAICS - North American Industry Classification System
- PTA - Primary Trade Area
- STA - Secondary Trade Area

2 location & context

2.1 INTRODUCTION

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

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

2.2 REGIONAL CONTEXT

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

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

The City has continued to evolve and services a trading area in excess of 60,000 people spanning the City itself and neighbouring counties such as Sturgeon, Bruderheim, Gibbons, Thorhild and Lamont.

Fort Saskatchewan has evolved over the past 5 years to become a recognized a regional-serving destination for communities to north and east (refer to **Figures 2.1 & 2.2**) where it serves as a critical and convenient catchment for shops and services for towns such as Lamont, Bruderheim, Redwater, Gibbons, Bon Accord, Smoky Lake, Ashmont, Two Hills. The City is even a destination, albeit less frequently, from communities such as Lac La Biche, Athabasca and Vegreville.

2.3 MUNICIPAL DEVELOPMENT PLAN

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

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

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

Figure 2.1
CITY OF FORT SASKATCHEWAN CONTEXT MAP

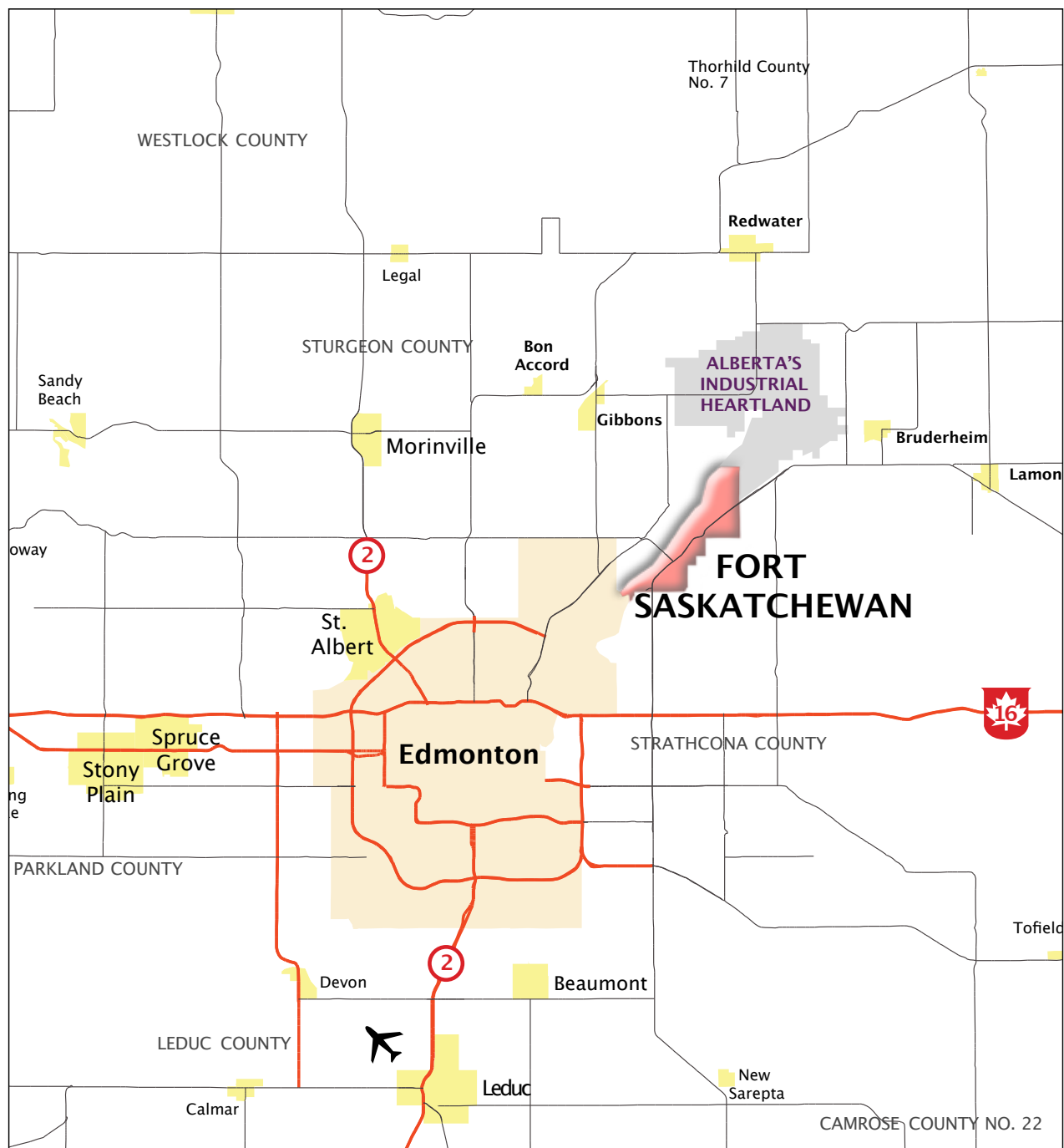
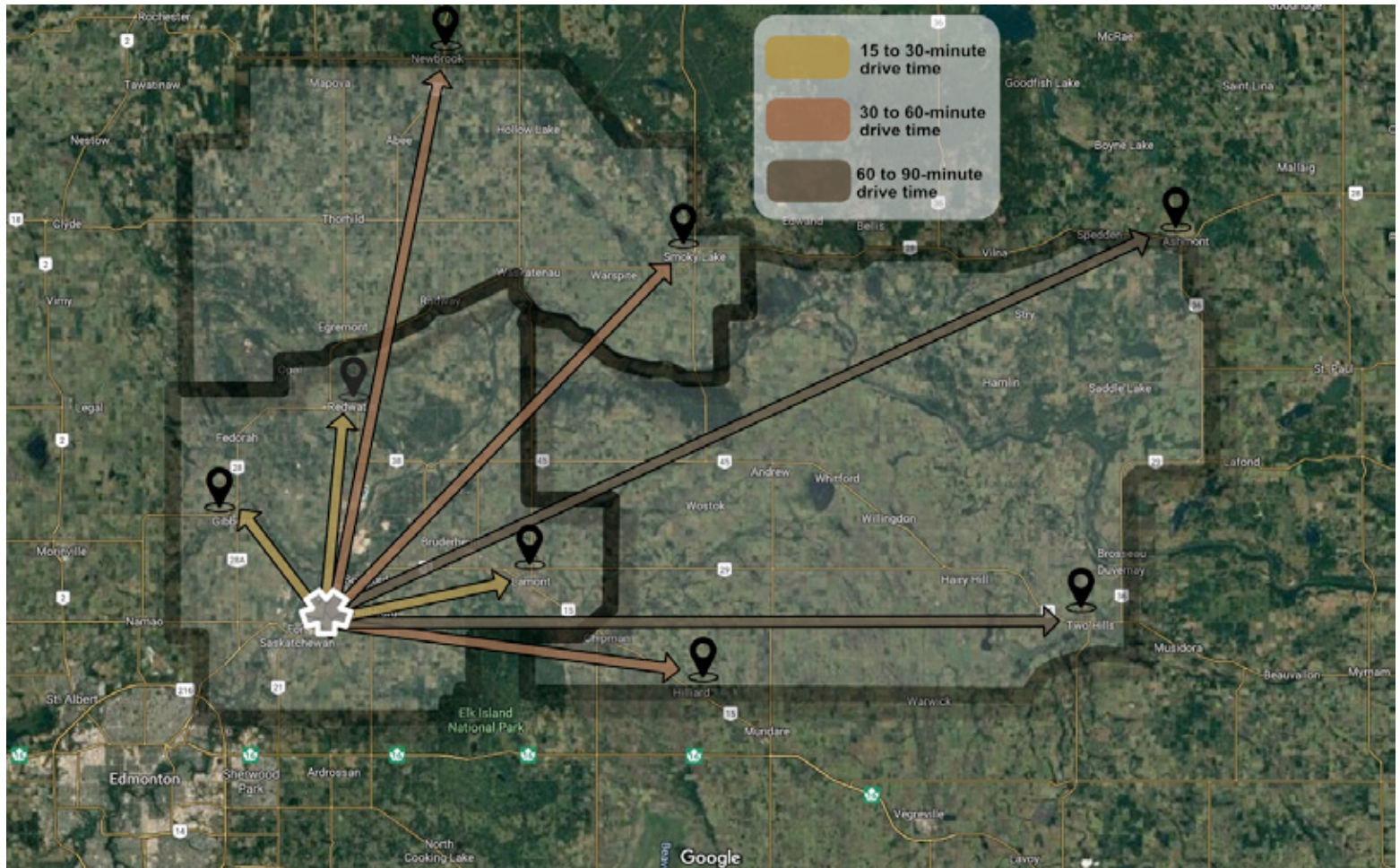


Figure 2.2
CITY OF FORT SASKATCHEWAN REGIONAL DRIVE TIMES



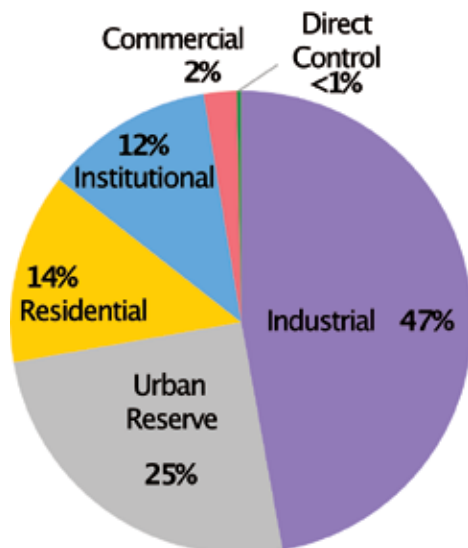
With respect to retail development in this C-designated area, the MDP states, “The City will concentrate future highway commercial development in these areas...”, preserving land in other areas for neighbourhood-serving commercial uses.

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

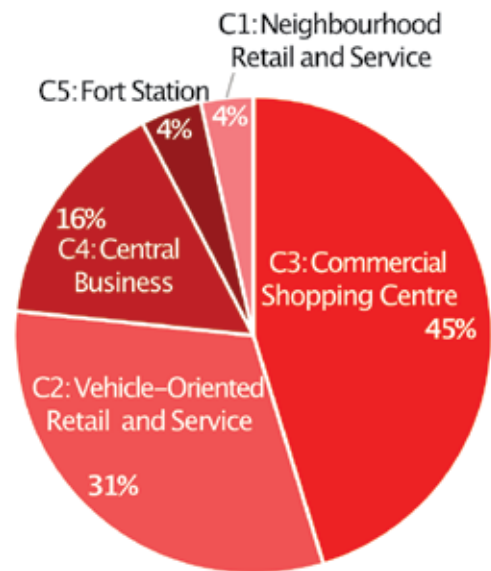
As is stated in the MDP, and further validated by market analysis and inventory fieldwork, the Downtown area has become marginalized by the emergence of power centres over the past decade, particularly in the west side of the City.

Certainly the Downtown may not be the first destination of choice for new retailers, particularly those with a brand affiliation, **but the role of the Downtown is absolutely critical to providing opportunities for local retailers and entrepreneurs, as well as providing an identity for the city. Refer to Section 6 for a detailed profile of the Downtown, including Consumer**

Land Use District Composition



Commercial Land Use District Composition



Survey results and Stakeholder interviews.

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

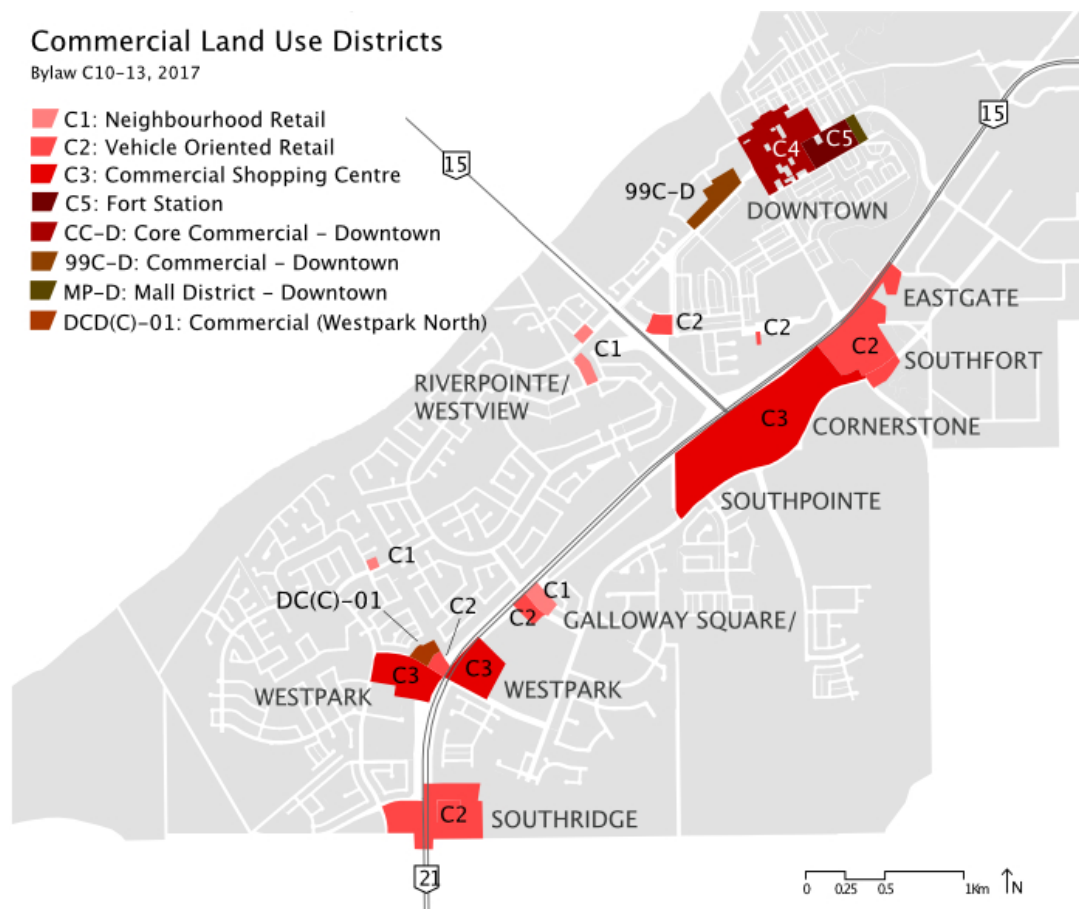
2.4 LAND USE BYLAW

The City’s Land Use Bylaw addresses commercial lands in “Part 6 - Commercial Land Use Districts”.

Although Commercially-zoned land comprises about two percent (2%) of all land use in Fort Saskatchewan, the Urban Reserve Land Use District represents areas that have potential for new growth (25%). As such, Urban Reserve areas adjacent to existing Vehicle Oriented Retail and Commercial Shopping Centre districts (Eastgate, Southpointe and the south entrance to the City) may have potential to absorb new commercial development, if and as demand warrants, though it must be important to ensure that any such development maintains compatibility with the City’s overall vision for retail retention, expansion and attraction.

Figure 2.3

COMMERCIAL LAND USE DISTRICTS



2.5 STRATEGIC PLAN 2018-2022

The City's Strategic Plan is a comprehensive plan to guide Fort Saskatchewan during the four years of 2018-2022. Goals include ensuring consistent and long term growth, including economic development that is diverse and beneficial for the community.

2.6 COMMERCIAL LAND USE CONTEXT

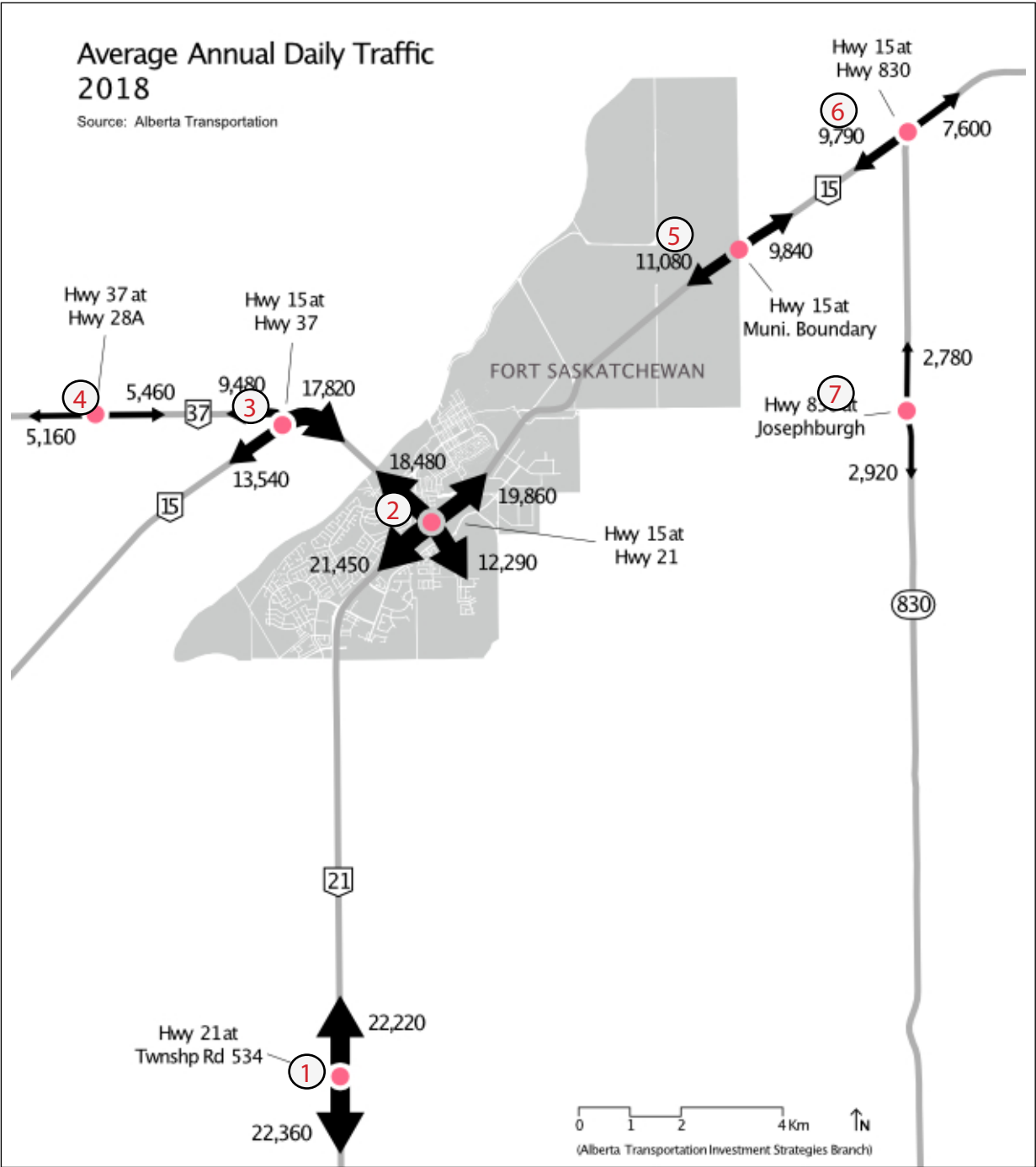
Figure 2.3 shows the commercial lands in the City. The areas shown in red depict land currently zoned for Commercial Land Uses. The map illustrates concentrations of Commercial lands in which existing as well as major future commercial development are or may be situated.

2.7 TRANSPORTATION CONTEXT

One of the most significant aspects to successful commercial development relates to patterns of transportation. Most significant to retail businesses, the ability to be accessible as well as visible to high volumes of traffic is among their most major considerations.

For a market such as Fort Saskatchewan, a retail location relative to strong and accessible transportation patterns remains an important component, as illustrated by larger scale retail development at the convergence of Hwy 21 & Hwy 15, where traffic counts are highest in the City and are becoming a much wider draw to external regions to the north and east.

Figure 2.4
CITY OF FORT SASKATCHEWAN TRAFFIC COUNTS
 (Source: Government of Alberta 2019)



Accordingly, **Figure 2.4** reveals the major high volume traffic corridors, which are located along Hwy 21, Hwy 15, Hwy 37 and Hwy 830.

The Alberta Ministry of Transportation provides traffic counts on major highways. Referring to **Figure 2.3**, the most recent 2015 traffic counts by the Province illustrated Average Annual Daily Traffic (AADT) at the following intersections:

1) Hwy 21 at Township Rd 534

North on Hwy 21 = 22,220

South on Hwy 21 = 22,360

2) Hwy 15 at Hwy 21

North on Hwy 15 = 19,860

West on Hwy 15 = 18,480

South on Hwy 21 = 21,450

3) Hwy 15 at Hwy 37

East on Hwy 15 = 17,820

South on Hwy 15 = 13,450

West on Hwy 37 = 9,480

4) Hwy 37 at Hwy 28A

East on Hwy 37 = 5,460

West on Hwy 37 = 5,160

5) Hwy 15 at Municipal Boundary

North on Hwy 15 = 9,840

South on Hwy 15 = 11,080

6) Hwy 15 at Hwy 830

North on Hwy 15 = 7,600

South on Hwy 830 = 9,790

7) Hwy 830 at Josephburg

North on Hwy 830 = 2,780

South on Hwy 830 = 2,920

Traffic patterns closely mirror retail hot spots particularly in the central areas where the largest concentrations of traffic flow are in the range of 20,000 - 25,000 AADT, and for which regional traffic is important for larger format and "Power Centre" type uses.

Incoming traffic flows indicate there is some inflow from rural areas to the northwest, however inflow from the south and west is more significant.

The Hwy 21 corridor connecting Fort Saskatchewan to greater Edmonton is the highest trafficked corridor, which bodes well for attracting further retail interest, particularly that which is compatible with Fort Saskatchewan's trade area. However, it should be noted that the majority of this high traffic volume is likely more a commuting workflow than a destination shopping flow.

2.8 DEVELOPMENT & BUILDING PERMITS

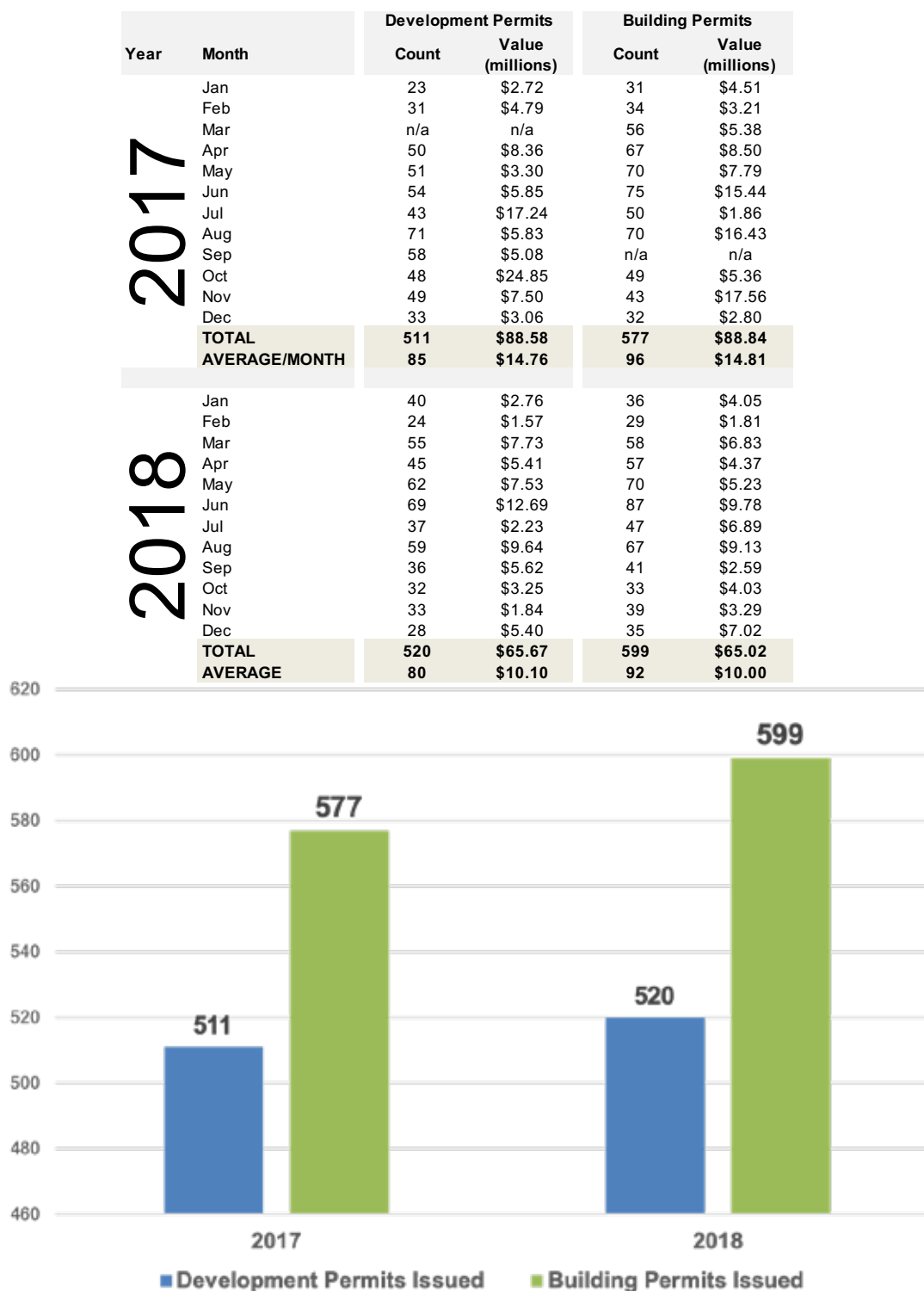
Over the past several years, Fort Saskatchewan has seen consistent and steady growth in the number of Building Permits issued. Despite wavering economics across the province, a review of data on development and building permits in the City of Fort Saskatchewan over the last several years illustrates a sustained pattern of development activity.

As evidenced in **Figure 2.5** and having come out of the 2014 to 2016 downturn, over the last two complete years of 2017 and 2018, the City of Fort Saskatchewan has exhibited strength, with an average of 516 Development Permits and 588 Building Permits issued for all types of construction in each of those years.

Figure 2.5

CITY OF FORT SASKATCHEWAN NEW BUILDING & DEVELOPMENT PERMITS ISSUED 2017 - 2018

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



The value of the above noted Development Permits for the past full two (2) years 2017 and 2018 has worked out to an average of \$77.13 million while the Building Permits over the same period averaged a full year value of \$76.93 million.

Overall Development and Building Permit data shows a continually growing and resilient market that exhibits strength in the residential and commercial sectors that bodes well for retail growth moving forward.

2.9 SUMMARY & IMPLICATIONS

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

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

Most importantly, the City of Fort Saskatchewan has evolved into a regional destination for many communities to the north and east whereby Fort Saskatchewan is the primary retail and service destination for communities that may fall within a 1 hr to 2 hr drive time away.

Traffic counts, which are in excess of 23,000 to 26,000 vehicles in and around new major nodes does bode well for attracting further branded tenants for whom other areas of the community may not be as lucrative.

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

The City continues to exhibit economic resilience and itself has a diversified economy driven by the expansion of Alberta's Industrial Heartland, as well as the establishment of retail as a destination.

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

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

3 retail trade area profile

3.1

INTRODUCTION

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

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

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

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

Retail Trade Area Determinants

- i. Transportation networks, including streets and highways, which affect access, travel times (refer to previous **Figures 3.1 & 3.2**), commuting and employment distribution patterns;
- ii. Major infrastructure projects both planned or under development which will affect future travel patterns;
- iii. The development vision, including an understanding of its site characteristics and potential target audience;
- iv. The local and regional competitive environment, present and future;
- v. The City's proposed generative uses (retail, cultural, civic, etc.) and their relationship within the wider market;
- vi. Significant natural and man-made barriers (e.g. water features, highways and industrial areas);
- vii. De facto barriers resulting from notable socioeconomic differentiation;
- viii. Patterns of existing and future residential and commercial development; and
- ix. Economic realities, such as provincial retail sales taxes.
- x. Consumer/Resident Postal Code Data (as available).

Identifying the likely Trade Area is important to understanding the total market potential available to current and future tenants as generated by the local and regional residential base as well as its particular demographic and spending nuances. This provides clues as to the type of retail tenants that are compatible, the amount of retail floorspace supportable in the market, and the current inflow or outflow of retail sales and for which categories such inflow or outflow exists.

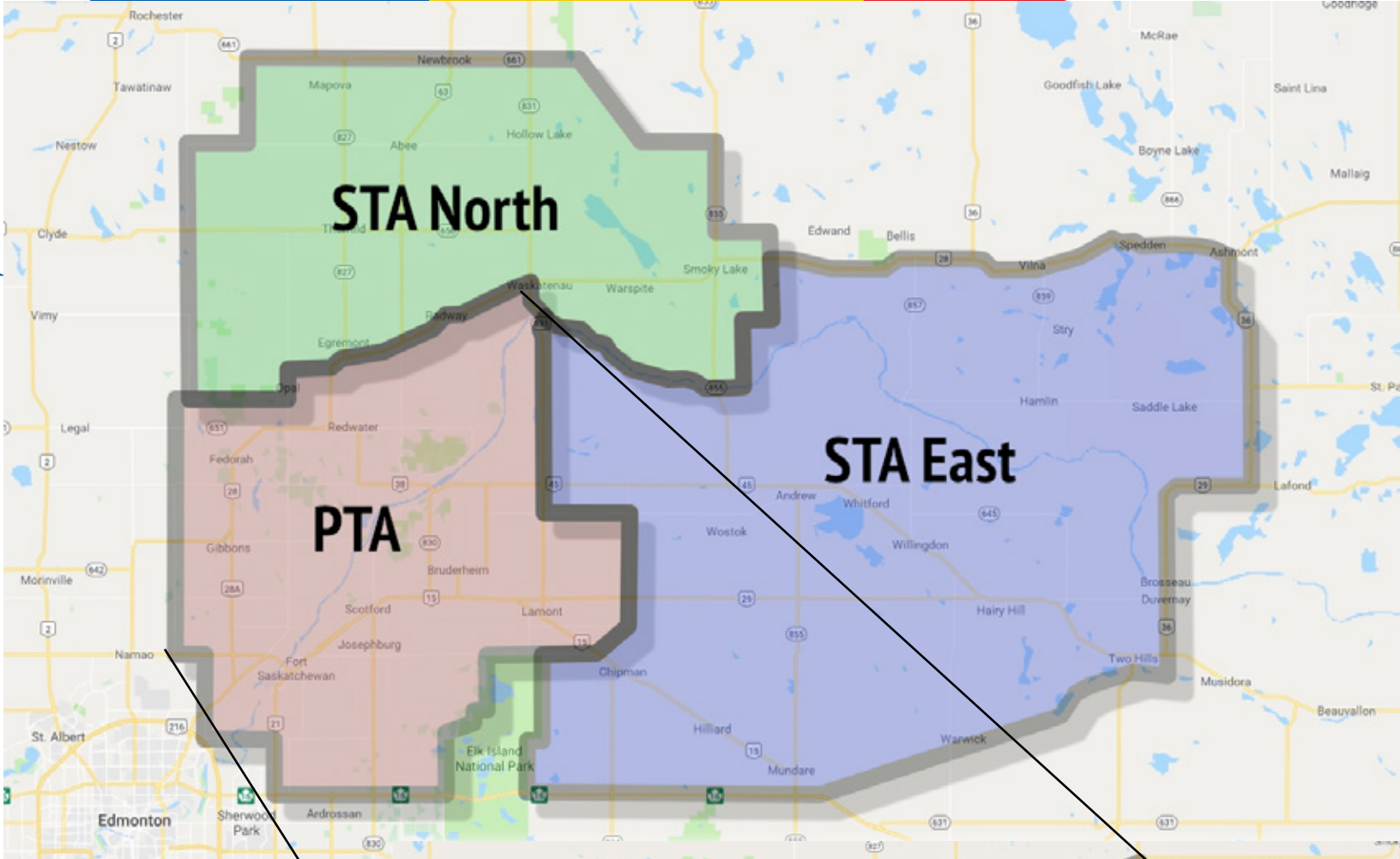


Figure 3.1
CITY OF FORT
SASKATCHEWAN
RETAIL TRADE AREA

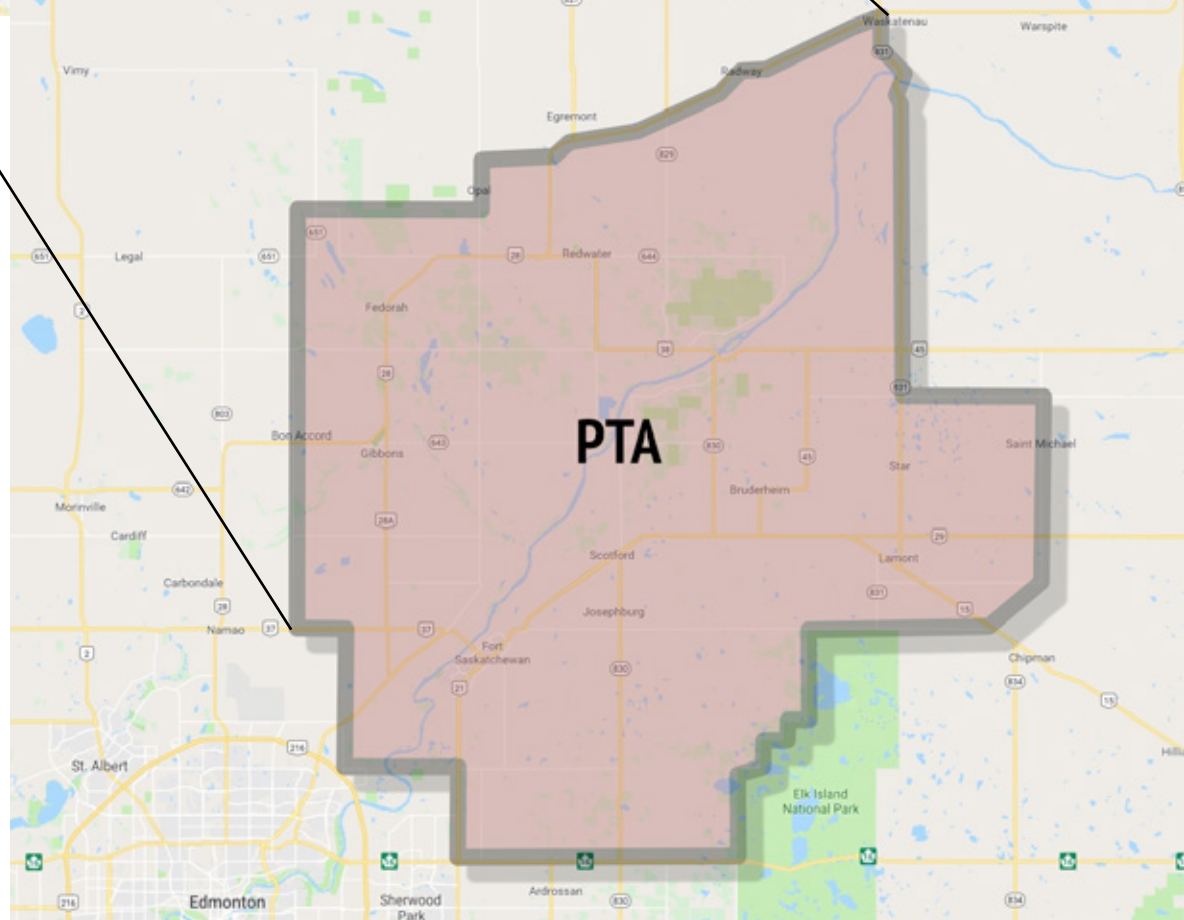




Photo credit: Key Planning Strategies, 2018

A Trade Area is typically subdivided to provide a more refined analysis of the City's retail opportunity.

These subdivisions include a Primary Trade Area from which the majority of retail sales originate, and a series of Secondary Trade Areas, each of which is specifically delineated based on factors such as transportation, population, geographic barriers, etc.

For this particular study, the Retail Trade Area shown in **Figure 3.1** has been cross-referenced and subsequently validated by the Consumer Intercept Survey, which is documented in **Section 6.0**. This Consumer Intercept Survey used postal codes of respondents to confirm and modify the Trade Area as depicted.

In the time since the City undertook its initial Retail Gap Analysis in 2014 and second update in 2019, the City has continued to evolve into a very strong retail destination. While the Consumer Survey still yields a very strong, yet Fort Saskatchewan centric customer base, the reality is that Fort Saskatchewan has established itself as a regional draw for communities from as much as a 2 hour drive away.

Similar recent studies conducted for outlying communities such as Lac La Biche and Vegreville (by Key Planning Strategies/MDB Insight) have highlighted the fact that residents in these communities do take advantage of Fort Saskatchewan's retail, largely because of relative proximity, convenience and the fact that they do not wish to drive into more chaotic Edmonton areas. The exception is when these regional segments are seeking out specific destination retail uses, such as Costco or high performing enclosed malls where big brands may be located.

As a result of Fort Saskatchewan's evolution as a retail market, the new and updated Trade Area for the City of Fort Saskatchewan comprises the following Primary and Secondary Trade Areas:

Primary Trade Area (PTA) includes the City of Fort Saskatchewan and the communities that fall predominantly within a 45-minute drive time to the north, northeast and east and includes communities such as Gibbons, Redwater, Bruderheim, Lamont and Radway.

Secondary Trade Area West (STA North) includes the residents in smaller communities such as Egremont, Smoky Lake, Waskateneau, Thorhild and Newbrook.

Secondary Trade Area East (STA East) is represented by the smaller towns located east and northeast of the PTA and includes towns such as Mundare, Two Hills, Ashmont, Andrew and Chipman.

The study also recognizes the **Miscellaneous Inflow** that results from residents in communities like Lac La Biche, Athabasca, St. Paul or Vegreville who may be more infrequent but will nonetheless be patrons of Fort Saskatchewan's services and retail businesses. This miscellaneous inflow also accounts for the part time residents for whom Fort Saskatchewan is a temporary home while they work in the Oil & Gas Industry. Although not quantified as part of the full-time trade area they are still part of a miscellaneous inflow factor for the City.

79,191 BY 2032

TOTAL TRADE AREA POPULATION

3.2

POPULATION PROJECTIONS

Using data sources that include the City of Fort Saskatchewan, which recently completed a Municipal Census (2019), Statistics Canada, and Manifold Data Mining Inc. (2022), population estimates and growth forecasts were tabulated for each of the identified trade areas and further indexed to the City of Edmonton.

The current data presented in **Table 3.1** illustrates the population estimates and forecasts, as obtained through Manifold Data Mining Inc. It is worth noting that the City of Fort Saskatchewan in its recently released Federal Census released in early 2021 listed the City's population at 27,088 residents, compared to the 29,152 Figure listed in Table 4.1 for year end 2022 as estimated by Manifold Data Mining. Since the Manifold Data Mining figure is based on the current census data, the 2022 Manifold base year data is used in this study.

Table 3.1 provides a breakdown of the Trade Area Population in which the Primary Trade Area is shown to include the municipal boundaries of the City of Fort Saskatchewan. The purpose of this inclusion/exclusion was to allow for the City of Fort Saskatchewan to be isolated as its own demographic subset, thereby allowing for a more refined analysis of the demographics and spending patterns of the City's residents.

Referring to **Table 3.1**, the Total Trade Area, based on the updated trade area boundaries (PTA + STAN + STAE) population is now estimated to be just over 70,000 in 2022. This population is forecast to approach 80,000 by 2032.

Within the Total Trade Area, the Primary Trade Area (PTA), which as noted includes the City

of Fort Saskatchewan, is estimated to have a population of approximately 29,152 and is projected to reach 36,000 by 2032.

Thus, it can be seen the PTA's future population growth, which is estimated at approximately 1.5% per annum (**Figure 3.2**) while the City's growth rate will be an estimated 2.1% per annum. Moreover, the PTA will be comprised of more than 59% by the City of Fort Saskatchewan itself.

Figure 3.2 illustrates the healthy and favourable growth forecasts for the Primary Trade Area, as driven by the City of Fort Saskatchewan.

Strong growth in the City of Fort Saskatchewan, which represents the nucleus of the PTA, suggests that support for new retail shops and services will continue to grow, although retail development must occur in step with growth to ensure the appropriate balance for the community in terms of provision of services and retention of existing businesses, particularly local businesses.

The Trade Area dynamics for Fort Saskatchewan are expected to continue. More rooftops and more residents will be seeking opportunities closer to their primary residence, which means that retailers could be in a stronger position to tap into more frequent customers, which has the added benefit of providing more stable revenues.

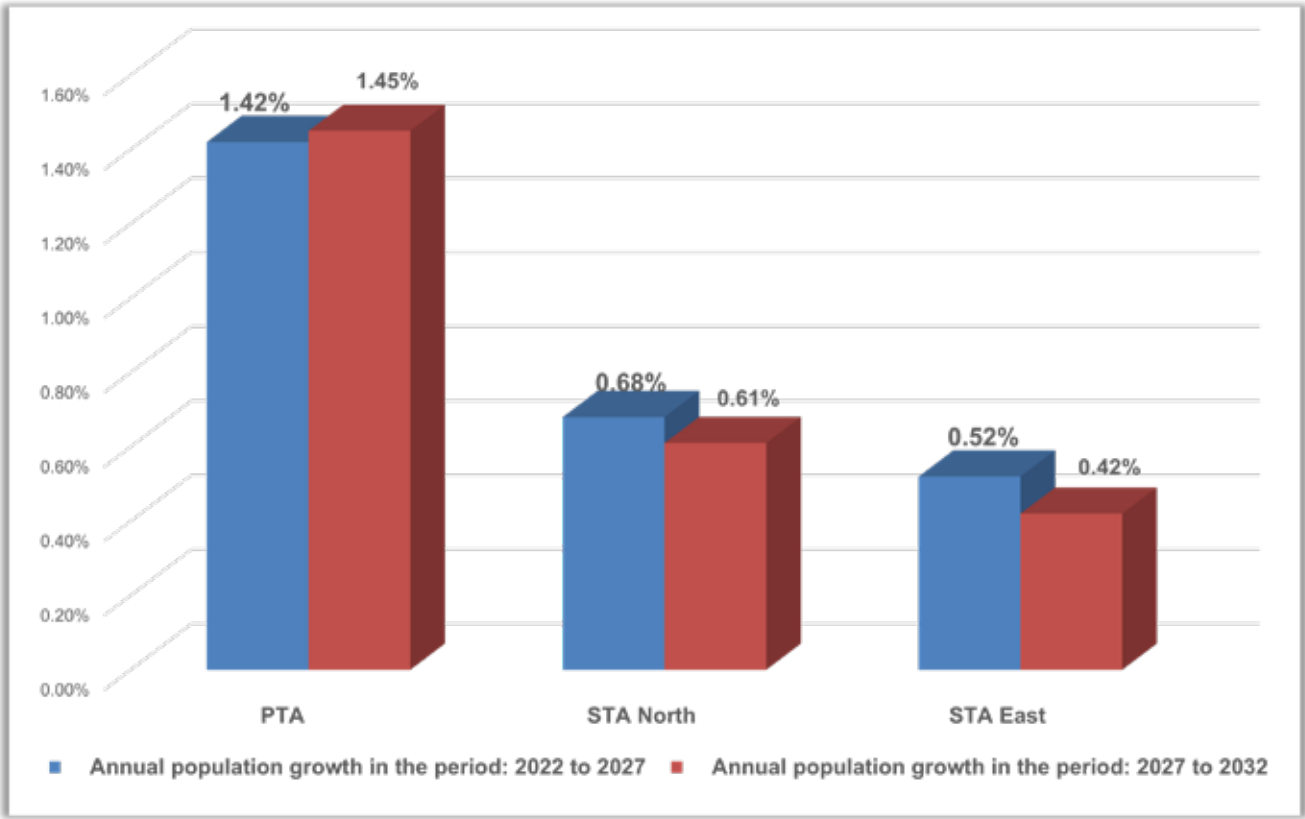
Table 3.1
TRADE AREA POPULATION PROJECTIONS SUMMARY 2022 TO 2032
 (Source: Manifold Data Mining Inc, and FBM 2022)

Attribute	Benchmark Edmonton (CSD,AB)		Fort Sask PTA			Fort Sask STA North			Fort Sask STA East			Fort Sask Total Trade Area			Fort Saskatchewan (CSD,AB)			Alberta (PR,AB)		
	value	percent	value	percent	index	value	percent	index	value	percent	index	value	percent	index	value	percent	index	value	percent	index
PROJECTIONS																				
Annual population growth in the period: 2022 to 2025		1.00%		0.89%	89		0.39%	39		0.29%	29		0.77%	77		1.00%	100		1.00%	100
Annual household growth in the period: 2022 to 2025		1.00%		0.99%	99		0.42%	42		0.66%	66		0.90%	90		1.00%	100		1.00%	100
Annual family growth in the period: 2022 to 2025		1.00%		0.85%	85		0.35%	35		0.28%	28		0.74%	74		1.00%	100		1.00%	100
Annual population growth in the period: 2022 to 2027		1.17%		1.42%	121		0.68%	58		0.52%	44		1.23%	105		2.21%	189		0.98%	84
Annual household growth in the period: 2022 to 2027		1.31%		1.59%	121		0.75%	57		1.10%	84		1.46%	111		2.11%	161		1.21%	92
Annual family growth in the period: 2022 to 2027		1.15%		1.35%	117		0.56%	49		0.52%	45		1.18%	103		2.11%	183		0.96%	83
Annual population growth in the period: 2022 to 2032		1.10%		1.45%	132		0.61%	55		0.42%	38		1.24%	113		2.05%	186		0.93%	85
Annual household growth in the period: 2027 to 2032		1.23%		1.58%	128		0.62%	50		1.03%	84		1.44%	117		1.98%	161		1.14%	93
Annual family growth in the period: 2027 to 2032		1.09%		1.36%	125		0.49%	45		0.41%	38		1.18%	108		1.97%	181		0.91%	83
POPULATION GROWTH																				
Current year total population	1,068,840		52,748			4,517			12,745			70,010			29,152			4,491,760		
3-Year Projections - Total population	1,107,260		55,180			4,608			12,933			72,721			31,156			4,626,520		
5-Year Projections - Total population	1,132,870		56,676			4,677			13,090			74,443			32,515			4,716,090		
10-Year Projections - Total population	1,196,660		60,986			4,828			13,377			79,191			35,990			4,938,360		
HOUSEHOLD GROWTH																				
Current year total number of households	416,718		20,050			1,890			4,670			26,610			11,100			1,711,590		
3-Year Projections - Total number of households	433,517		21,068			1,931			4,828			27,827			11,828			1,775,150		
5-Year Projections - Total number of households	444,746		21,707			1,963			4,936			28,606			12,322			1,817,550		
10-Year Projections - Total number of households	472,855		23,495			2,025			5,200			30,720			13,591			1,923,470		
FAMILY GROWTH																				
Current year total number of census families	289,469		15,694			1,447			3,233			20,374			8,421			1,251,780		
3-Year Projections - Total number of census families	299,695		16,377			1,474			3,280			21,131			8,973			1,288,470		
5-Year Projections - Total number of census families	306,518		16,801			1,490			3,319			21,610			9,346			1,312,860		
10-Year Projections - Total number of census families	323,539		18,003			1,529			3,391			22,923			10,302			1,373,430		
HOUSEHOLD INCOME GROWTH																				
Current year average household income	\$139,035		\$155,285		112	\$114,861		83	\$108,772		78	\$143,489		103	\$154,441		111	\$153,772		111
3-Year Projections - Average household income	\$154,721		\$169,858		110	\$123,489		80	\$116,564		75	\$156,687		101	\$174,380		113	\$171,196		111
5-Year Projections - Average household income	\$176,555		\$190,058		108	\$136,184		77	\$127,895		72	\$174,962		99	\$201,145		114	\$195,645		111
10-Year Projections - Average household income	\$225,596		\$241,643		107	\$170,428		76	\$158,319		70	\$222,327		99	\$263,163		117	\$250,471		111

Index	Description
>= 180	Extremely High
>=110 and <180	High
>=90 and <110	Similar
>=50 and <90	Low
<50	Extremely Low

Powered by PolarisIntelligence.com
 Data modelled by Manifold Data Mining Inc.
 Data Vintage: 2023/2024

Figure 3.2
TRADE AREA POPULATION GROWTH RATES
 (Source: Manifold Data Mining Inc, and FBM 2022)



37.8

AVERAGE AGE IN CITY OF FORT SASKATCHEWAN

(38.8 CITY OF EDMONTON AVERAGE)

3.3

AGE PROFILE

A summary of the current age profile, as documented in **Table 3.2 & Figure 3.3** reveal a very strong family profile with a significant segment in the 0 - 14 year age cohort and young adults entering their high income earning years, with an average age in the City of Fort Saskatchewan of 37.8 years of age.

Table 3.2 reveals that 29% of the Primary Trade Area's population is currently between the ages of 25 to 44 years. This age cohort represents not only the family building stage, but also the income earning stage. A strong and young family demographic profile is a critical pre-requisite for many retailers looking at entering a market or establishing another location in an existing market.

From a retail perspective, spending on discretionary items such as Automobiles and Recreational Vehicles/Motorsports, Fashion, House & Home, Food & Beverage (away from home), Sporting Goods and Entertainment & Leisure is expected to be quite strong, though admittedly not all of this spending can be captured in Fort Saskatchewan given the high level of mobility of this spending age cohort.

While projects such as Cornerstone and Southpointe are looking to position themselves for these markets, these consumer segments are also becoming increasingly savvy and socially aware of the role that supporting local business has in fostering a sense of place and community.

A Citywide retail study of this nature must realize the role that all retail formats play in the establishment and evolution of a complete community.

Consequently, some retail nodes will not compete, nor can they, with the previously noted newer and larger comparison retail nodes, but rather a blend of local and branded shops and services could be very well positioned within closer proximity to peoples' primary residences and areas of employment, such as Downtown (Fort Station) or Westpark, which continues to evolve rapidly as a local destination for conveniences and food services.

Restaurants, both family-casual as well as brewpub formats are also well-served in being closer to residential areas.

Fort Saskatchewan at its core has long been and continues to largely be a bedroom community and many of the residents will still seek shopping opportunities in areas where there is a critical mass of offering. The relative proximity of new nodes such as Emerald Hills and Manning Town Centre as well as other traditional nodes such as the Sherwood Park Mall will continue to attract the strong demographic segment that resides in Fort Saskatchewan, particularly for Department Store Type Merchandise (DTSM) such as Fashion, Electronics and Home Furnishings.

However, the emergence of Fort Saskatchewan as a growing regional hub, combined with increasing traffic to the previously noted retail locations suggests that Fort Saskatchewan and its 75,000 person trade area may well be ready to accommodate brands located in Northeast Edmonton that previously may have thought of Fort Saskatchewan as part of their trade area and not a trade area in and of itself. Fort Saskatchewan could be perceived more like Okotoks south of Calgary.

Table 3.2
TRADE AREA POPULATION AGE BREAKDOWN

(Source: Manifold Data Mining Inc, and FBM 2022)

Attribute	Benchmark Edmonton (CSD,AB)		Fort Sask PTA			Fort Sask STA North			Fort Sask STA East			Fort Sask Total Trade Area			Fort Saskatchewan (CSD,AB)			Alberta (PR,AB)		
	value	percent	value	percent	index	value	percent	index	value	percent	index	value	percent	index	value	percent	index	value	percent	index
POPULATION AGE GROUP																				
Total population by age groups	1,068,840		52,748			4,517			12,745			68,537			29,152			4,491,760		
0-14	188,548	17.64%	9,674	18.34%	104	561	12.41%	70	2,673	20.97%	119	12,636	18.44%	105	5,872	20.14%	114	813,862	18.12%	103
0-4	64,510	6.04%	3,197	6.06%	100	164	3.62%	60	851	6.68%	111	4,126	6.02%	100	2,028	6.96%	115	262,651	5.85%	97
5-9	63,928	5.98%	3,260	6.18%	103	180	3.99%	67	886	6.95%	116	4,233	6.18%	103	2,001	6.86%	115	273,812	6.10%	102
10-14	60,110	5.62%	3,217	6.10%	109	217	4.80%	85	937	7.35%	131	4,276	6.24%	111	1,843	6.32%	112	277,399	6.18%	110
15-64	728,242	68.13%	34,459	65.33%	96	2,445	54.12%	79	7,247	56.86%	83	43,269	63.13%	93	19,331	66.31%	97	2,986,830	66.50%	98
15-19	56,241	5.26%	3,012	5.71%	109	210	4.65%	88	883	6.93%	132	4,031	5.88%	112	1,667	5.72%	109	262,649	5.85%	111
20-24	69,109	6.47%	2,866	5.43%	84	175	3.88%	60	612	4.80%	74	3,585	5.23%	81	1,567	5.38%	83	272,895	6.08%	94
25-29	81,286	7.61%	3,424	6.49%	85	178	3.94%	52	629	4.94%	65	4,173	6.09%	80	1,956	6.71%	88	300,283	6.69%	88
30-34	93,318	8.73%	4,100	7.77%	89	186	4.12%	47	661	5.19%	59	4,865	7.10%	81	2,566	8.80%	101	342,593	7.63%	87
35-39	93,811	8.78%	4,198	7.96%	91	225	4.99%	57	729	5.72%	65	5,061	7.38%	84	2,646	9.08%	103	358,699	7.99%	91
40-44	81,231	7.60%	3,628	6.88%	91	242	5.35%	70	706	5.54%	73	4,487	6.55%	86	2,187	7.50%	99	328,417	7.31%	96
45-49	68,041	6.37%	3,174	6.02%	95	239	5.29%	83	648	5.08%	80	3,986	5.82%	91	1,804	6.19%	97	291,023	6.48%	102
50-54	62,148	5.82%	3,145	5.96%	102	256	5.67%	97	672	5.27%	91	3,984	5.81%	100	1,666	5.72%	98	272,944	6.08%	104
55-59	61,654	5.77%	3,453	6.55%	114	344	7.61%	132	790	6.20%	107	4,463	6.51%	113	1,676	5.75%	100	277,912	6.19%	107
60-64	61,404	5.75%	3,459	6.56%	114	389	8.61%	150	916	7.19%	125	4,635	6.76%	118	1,595	5.47%	95	279,419	6.22%	108
65 and over	152,045	14.23%	8,615	16.33%	115	1,511	33.46%	235	2,825	22.16%	156	12,632	18.43%	130	3,950	13.55%	95	691,064	15.39%	108
65-69	51,777	4.84%	2,862	5.43%	112	415	9.19%	190	831	6.52%	135	3,995	5.83%	120	1,301	4.46%	92	236,564	5.27%	109
70-74	37,807	3.54%	2,164	4.10%	116	333	7.36%	208	670	5.26%	149	3,086	4.50%	127	981	3.37%	95	175,730	3.91%	110
75-79	25,666	2.40%	1,480	2.81%	117	296	6.55%	273	528	4.15%	173	2,246	3.28%	137	680	2.33%	97	121,267	2.70%	113
80-84	17,277	1.62%	990	1.88%	116	177	3.92%	242	400	3.14%	194	1,526	2.23%	138	468	1.61%	99	77,081	1.72%	106
85 and over	19,518	1.83%	1,120	2.12%	116	291	6.43%	351	396	3.11%	170	1,779	2.60%	142	518	1.78%	97	80,421	1.79%	98
85-89	12,205	1.14%	661	1.25%	110	131	2.90%	254	226	1.77%	155	998	1.46%	128	295	1.01%	89	50,730	1.13%	99
90-94	5,608	0.53%	327	0.62%	117	102	2.25%	425	127	1.00%	189	551	0.80%	151	167	0.57%	108	22,596	0.50%	94
95-99	1,507	0.14%	125	0.24%	171	44	0.98%	700	32	0.25%	179	199	0.29%	207	55	0.19%	136	6,188	0.14%	100
100 and over	198	0.02%	6	0.01%	50	14	0.30%	1,500	11	0.09%	450	31	0.05%	250	1	0.00%	0	907	0.02%	100
Average age of total population	38.80		39.90		103	50.10		129	41.50		107	40.80		105	37.80		97	39.40		102
Median age of total population	37.50		40.30		107	54.50		145	41.50		111	41.40		110	36.80		98	38.50		103

INDEX	DESCRIPTION
>= 180	Extremely High
>= 110 and > 180	High
>= 90 and < 110	Similar
>= 50 and < 90	Lower
< 50	Extremely Low

Data Source: Manifold Data Mining Inc. 2019
This report is based on consumer demographic and behavior data products at the 6-digit postal code level. No confidential information about an individual, household, organization or business has been obtained from Statistics Canada or Numeris.

Figure 3.3
TRADE AREA POPULATION AGE BREAKDOWN

(Source: Manifold Data Mining Inc, and FBM 2022)

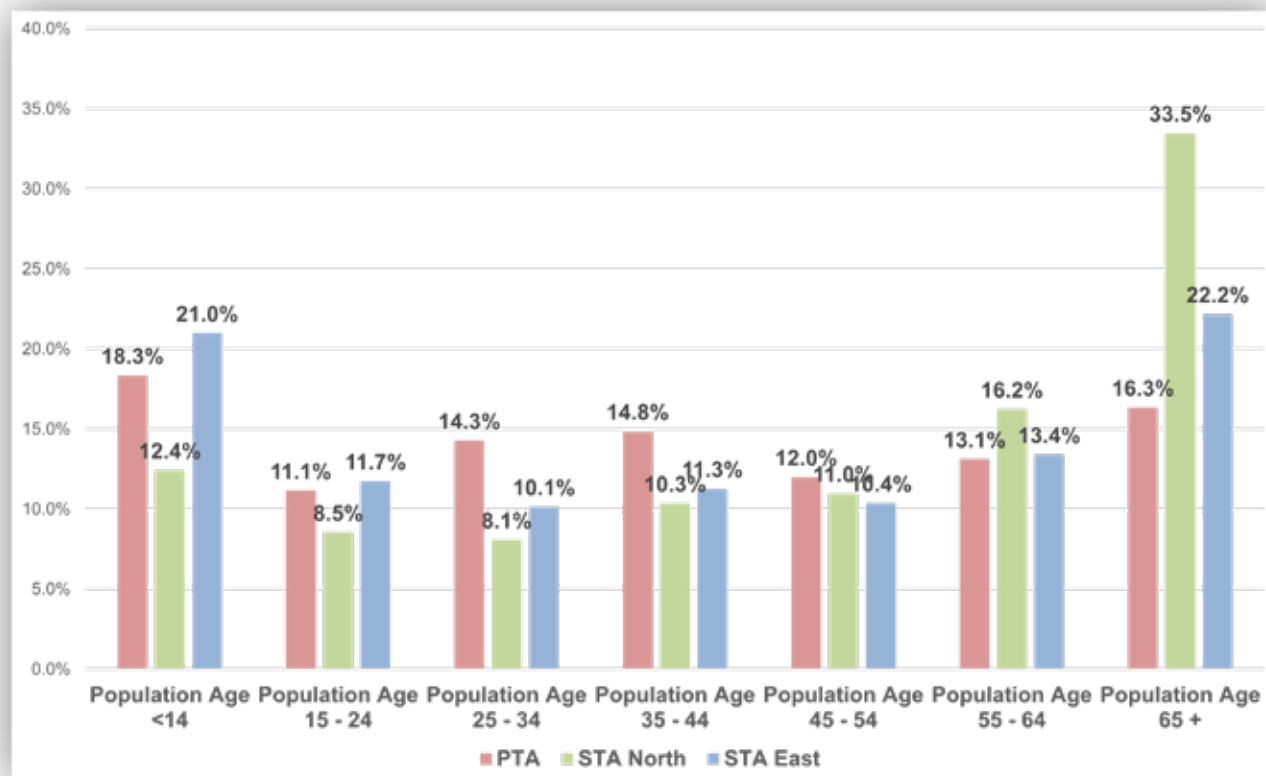


Table 3.3

TRADE AREA AVERAGE HOUSEHOLD INCOME BREAKDOWN

(Source: Manifold Data Mining Inc, and FBM 2022)

Attribute	Benchmark Edmonton (CSD,AB)		Fort Sask PTA			Fort Sask STA North			Fort Sask STA East			Fort Sask Total Trade Area			Fort Saskatchewan (CSD,AB)			Alberta (PR,AB)		
	value	percent	value	percent	index	value	percent	index	value	percent	index	value	percent	index	value	percent	index	value	percent	index
HOUSEHOLD INCOME																				
Total number of households	416,718		20,050			1,890			4,670			26,027			11,100			1,711,590		
Average household income \$	\$139,035		\$155,285		112	\$114,861		83	\$108,772		78	\$143,489		103	\$154,441		111	\$153,772		111
Median household income \$	\$108,231		\$131,871		122	\$92,113		85	\$94,291		87	\$122,087		113	\$130,306		120	\$112,790		104
Household with income under \$5,000	3,766	0.90%	106	0.53%	59	4	0.21%	23	20	0.43%	48	129	0.50%	56	67	0.60%	67	13,702	0.80%	89
Household with income \$5,000 to \$9,999	4,233	1.02%	123	0.61%	60	5	0.28%	27	40	0.86%	84	164	0.63%	62	63	0.57%	56	15,819	0.92%	90
Household with income \$10,000 to \$14,999	5,259	1.26%	145	0.72%	57	10	0.53%	42	60	1.29%	102	213	0.82%	65	69	0.62%	49	18,365	1.07%	85
Household with income \$15,000 to \$19,999	7,613	1.83%	219	1.09%	60	20	1.06%	58	76	1.62%	89	312	1.20%	66	108	0.97%	53	28,174	1.65%	90
Household with income \$20,000 to \$24,999	10,841	2.60%	329	1.64%	63	41	2.16%	83	144	3.08%	118	507	1.95%	75	146	1.32%	51	43,424	2.54%	98
Household with income \$25,000 to \$29,999	11,421	2.74%	394	1.97%	72	73	3.89%	142	175	3.74%	136	630	2.42%	88	178	1.60%	58	43,685	2.55%	93
Household with income \$30,000 to \$34,999	11,858	2.85%	465	2.32%	81	109	5.76%	202	198	4.23%	148	756	2.91%	102	231	2.08%	73	46,038	2.69%	94
Household with income \$35,000 to \$39,999	12,731	3.06%	513	2.56%	84	105	5.56%	182	209	4.48%	146	811	3.12%	102	251	2.26%	74	49,721	2.91%	95
Household with income \$40,000 to \$44,999	13,025	3.13%	500	2.49%	80	90	4.76%	152	200	4.28%	137	775	2.98%	95	247	2.23%	71	51,051	2.98%	95
Household with income \$45,000 to \$49,999	13,664	3.28%	516	2.57%	78	95	5.01%	153	200	4.29%	131	795	3.06%	93	225	2.03%	62	52,941	3.09%	94
Household with income \$50,000 to \$59,999	21,344	5.14%	809	4.03%	78	97	5.13%	100	247	5.29%	103	1,132	4.35%	85	454	4.09%	80	83,182	4.86%	95
Household with income \$60,000 to \$69,999	25,772	6.19%	967	4.82%	78	99	5.26%	85	296	6.33%	102	1,338	5.14%	83	526	4.74%	77	99,334	5.80%	94
Household with income \$70,000 to \$79,999	26,944	6.47%	1,081	5.39%	83	115	6.09%	94	323	6.92%	107	1,491	5.73%	89	566	5.10%	79	103,443	6.04%	93
Household with income \$80,000 to \$89,999	26,343	6.32%	1,079	5.38%	85	119	6.28%	99	299	6.41%	101	1,465	5.63%	89	568	5.12%	81	103,184	6.03%	95
Household with income \$90,000 to \$99,999	25,963	6.23%	1,141	5.69%	91	107	5.68%	91	279	5.98%	96	1,497	5.75%	92	609	5.49%	88	101,887	5.95%	96
Household with income \$100,000 and over	195,851	47.00%	11,663	58.17%	124	800	42.35%	90	1,904	40.76%	87	14,010	53.83%	115	6,793	61.20%	130	857,641	50.11%	107
Household with income \$100,000 to \$124,999	42,418	10.18%	1,929	9.62%	94	124	6.58%	65	297	6.35%	62	2,301	8.84%	87	1,285	11.58%	114	165,831	9.69%	95
Household with income \$125,000 to \$149,999	41,669	10.00%	2,232	11.13%	111	114	6.05%	61	321	6.86%	69	2,604	10.00%	100	1,345	12.12%	121	171,141	10.00%	100
Household with income \$150,000 to \$199,999	47,051	11.29%	2,822	14.07%	125	120	6.37%	56	361	7.72%	68	3,221	12.38%	110	1,800	16.22%	144	195,959	11.45%	101
Household with income \$200,000 and over	64,714	15.53%	4,681	23.35%	150	441	23.35%	150	926	19.82%	128	5,884	22.61%	146	2,364	21.30%	137	324,709	18.97%	122
Household with income \$200,000 to \$249,999	32,663	7.84%	2,395	11.94%	152	250	13.23%	169	493	10.55%	135	3,053	11.73%	150	1,226	11.05%	141	156,493	9.14%	117
Household with income \$250,000 to \$299,999	12,362	2.97%	880	4.39%	148	75	3.96%	133	163	3.49%	118	1,088	4.18%	141	443	3.99%	134	60,788	3.55%	120
Household with income \$300,000 and over	19,682	4.72%	1,406	7.01%	149	116	6.16%	131	270	5.78%	122	1,743	6.70%	142	695	6.26%	133	107,414	6.28%	133

INDEX	DESCRIPTION
>= 180	Extremely High
>= 110 and > 180	High
>= 90 and < 110	Similar
>= 50 and < 90	Lower
< 50	Extremely Low

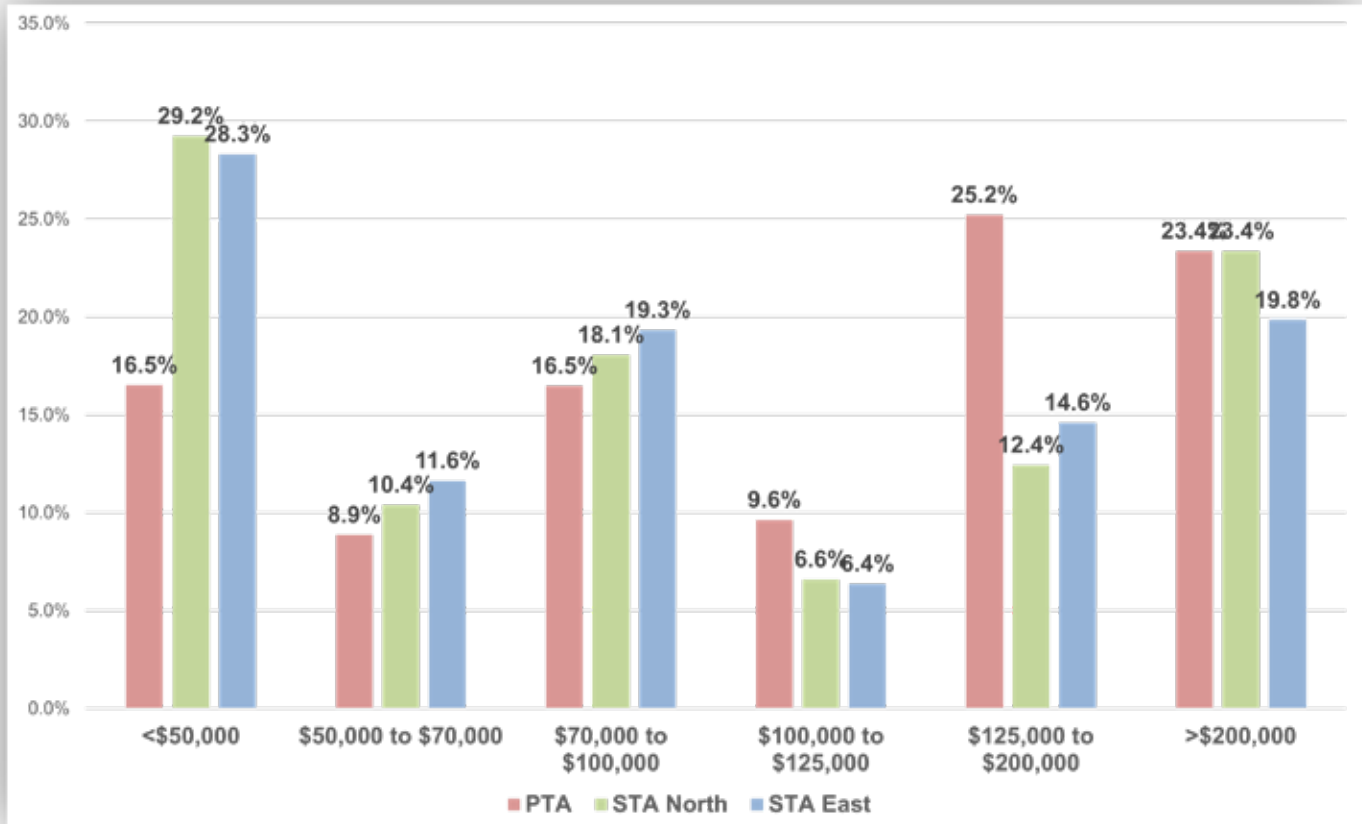
Data Source: Manifold Data Mining Inc. 2019

This report is based on consumer demographic and behavior data products at the 6-digit postal code level. No confidential information about an individual, household, organization or business has been obtained from Statistics Canada or Numeris.

Figure 3.4

TRADE AREA AVERAGE HOUSEHOLD INCOME BREAKDOWN

(Source: Manifold Data Mining Inc, and FBM 2022)



~50%

PERCENTAGE OF CITY'S HOUSEHOLDS EARNING OVER \$125,000 PER YEAR (2022 ESTIMATES)

(37% CITY OF EDMONTON BENCHMARK AVERAGE)

Therefore, Fort Saskatchewan should look to consolidating and focusing on a provision of shops and services that are most compatible and sought by the target demographic profiles, which would include full-service restaurants, conveniences and personal services.

3.4 INCOME PROFILE

Household and Per Capita Incomes are among the most direct determinants in identifying patterns of spending and potential thereof for Retail, Food & Beverage, Entertainment and Services.

A summary of the current average Household Income in the Retail Trade Area, as documented in **Table 3.3 and Figure 3.4** reveals an average Household Income in 2022 estimated at over \$154,000 in the City of Fort Saskatchewan and \$155,000 in the total Primary Trade Area, which is higher than the City of Edmonton benchmark average of \$139,000.

Figure 3.4 shows the former trend whereby 47% of the PTA households earn over \$125,000, which is higher than the rest of the Trade Area and the City of Edmonton.

According to Manifold Data Mining Inc, Household Income in the City of Fort Saskatchewan is forecast to grow at an average annual rate of 5.5% per annum, over the 10-year period 2022 to 2032.

Similarly, the PTA is forecast to increase at an average annual rate of 4.5% over this same 10-year time frame. These represents significant income and growth rates that are very favourable for retail opportunities.

With average household sizes in the Trade Area between 2.6 to 2.7, which is relatively consistent with the provincial average, the income profile illustrates a market that is well positioned to benefit from higher levels of discretionary spending on retail shops and services both in Fort Saskatchewan and outside of the City.

Higher incomes have positive implications for discretionary spending on a variety of goods and services, not the least of which are Fashion, House & Home and Restaurants.

4.5 RETAIL SPENDING PROFILE

Building upon the City's Trade Area demographic profile analysis, an assessment was made of the Trade Area's retail spending profile. This provides a more refined understanding of the opportunity for retailing in the City of Fort Saskatchewan.

The key questions it seeks to answer are:

- How much do Trade Area residents spend on Convenience retail (such as Grocery and Pharmacy), on Comparison retail¹ (such as Fashion and Home Furnishings), and Leisure (Food & Beverage and Entertainment)?
- What spending patterns or trends does the Trade Area expenditure profile demonstrate? And how is spending forecast to change over the coming years?
- What types of retail goods and services are garnering inflow of sales dollars and which categories are exhibiting outflow of sales (or leakage)?

\$1.27 Billion

TOTAL TRADE AREA RETAIL SPENDING IN 2022 (YEAR END ESTIMATE)

Detailed information of retail spending within the Trade Area was collected from Manifold Data Mining Inc, a leading supplier of demographic and consumer expenditure information. Data was collected at a detailed micro-geographic scale for individual street blocks. This data was then aggregated to each respective Trade Area in order to build a spending profile, that is specific to each respective Trade Area.

Each of the major three categories of spending (Convenience, Comparison and Leisure) was assessed at a detailed category-by-category level, then aggregated into major categories.

The initial task involved understanding how each of the delineated Trade Area residents spend their shopping and leisure dollars on a per capita basis for each of 22 spending categories.

Once this Trade Area spending profile was established, the data was aggregated by population to quantify the total size of the Trade Area's retail market.

Having established the Trade Area boundaries, population and demographic profile, the size of the retail market and its anticipated growth was projected using retail spending data from Manifold Data Mining Inc.

As illustrated in **Table 3.4**, the Total Trade Area for the City of Fort Saskatchewan is estimated at \$1.275 Billion (2022 year end estimate).

As noted previously Fort Saskatchewan has grown over the past 5 years to become from a locally serving to a more regional-serving retail destination.

As such, 80% of the total spending in the market is from the PTA, and almost 48% of that spending potential comes from Fort Saskatchewan residents.

The proximity of Strathcona County and its new large-scale retail developments on the north side of the County combined with new developments in Northeast Edmonton, continue to limit the ability of Fort Saskatchewan to tap into spending further south, but this has not stopped the City from continuing to be attractive to retailers who wish to set up shop in Fort Saskatchewan.

Retail spending on Comparison Merchandise by Trade Area residents is very strong and when combined with the Auto/RV/Motorsports categories, reinforces the strength of the market's disposable and discretionary income.

Moreover, healthy patterns of spending on categories such as Clothing, Footwear, Jewelry, House & Home, Computers & Electronics, etc. provide a benchmark against which prospective tenant, developer or investor interests could gauge the opportunity. In the past, many of the larger retailers were likely to look at Emerald Hills and Manning Town Centre before Fort Saskatchewan, and while this is still a factor, these same retailers may now be enticed to looking at Fort Saskatchewan as part of their own expanded store network strategy whereby Fort Saskatchewan and its strong population growth, income growth and regional draw could be seen as appealing.

¹ Comparison Retail comprises retail categories that one would usually compare prices or shop around. Examples include Automobiles, Fashion, Footwear, House & Home, Books, Specialty Retail. The term Comparison Retail is synonymous with the Industry Term DSTM, which refers to Department Store Type Merchandise or GAFO, which refers to General Merchandise, Apparel Accessories, Furniture and Other Stores.

Table 3.4

TRADE AREA RETAIL SPENDING 2022 Y/E

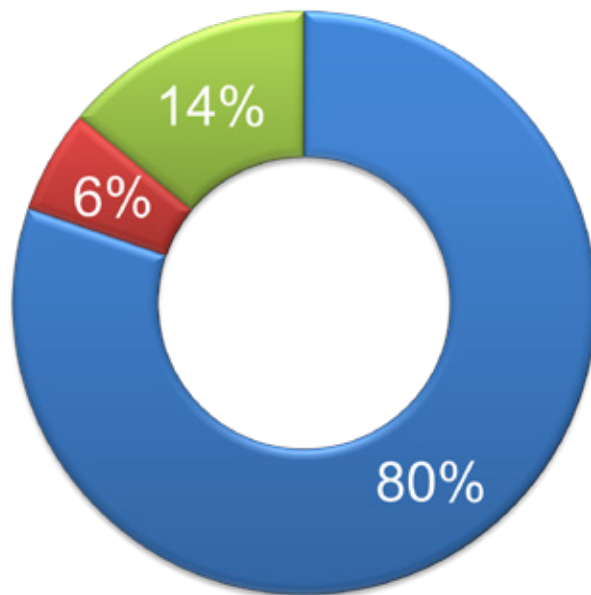
(Source: Manifold Data Mining Inc, and FBM 2022)

Retail Spending by Merchandise Category	2022		2022		2022		TOTAL Trade Area Aggregate Retail Spending
	PTA Including Fort Saskatchewan Household Retail Spending	PTA Including Fort Saskatchewan Aggregate Retail Spending	STA North Household Retail Spending	STA North Aggregate Retail Spending	STA East Household Retail Spending	STA East Trade Area Aggregate Retail Spending	
Grocery & Specialty Foods	\$13,145	\$263,556,261	\$11,439	\$21,619,311	\$11,212	\$52,365,118	\$337,540,690
Pharmacy	\$995	\$19,955,384	\$894	\$1,690,503	\$896	\$4,186,612	\$25,832,499
Alcohol & Tobacco	\$1,411	\$28,297,313	\$1,161	\$2,194,934	\$1,158	\$5,410,015	\$35,902,262
Personal Services	\$4,045	\$81,110,461	\$3,098	\$5,855,709	\$3,040	\$14,199,330	\$101,165,500
Clothing & Apparel	\$2,117	\$42,441,424	\$1,366	\$2,581,873	\$1,375	\$6,420,211	\$51,443,509
Footwear	\$714	\$14,315,429	\$464	\$877,176	\$465	\$2,172,485	\$17,365,090
Jewelry & Accessories	\$441	\$8,834,208	\$276	\$522,119	\$284	\$1,324,839	\$10,681,166
Health & Beauty	\$1,740	\$34,883,913	\$1,246	\$2,355,148	\$1,244	\$5,808,847	\$43,047,908
Home Furniture & Décor	\$1,120	\$22,452,311	\$789	\$1,491,610	\$757	\$3,535,115	\$27,479,036
Home Electronics & Appliances	\$5,070	\$101,663,923	\$3,576	\$6,759,145	\$3,708	\$17,318,010	\$125,741,078
Home Improvement & Gardening	\$2,446	\$49,043,100	\$2,156	\$4,075,660	\$2,078	\$9,706,323	\$62,825,083
Books & Media	\$756	\$15,163,902	\$532	\$1,006,323	\$403	\$1,881,202	\$18,051,427
Sporting Goods	\$799	\$16,023,558	\$491	\$928,629	\$479	\$2,236,201	\$19,188,388
Toys & Hobbies	\$586	\$11,750,851	\$414	\$782,132	\$437	\$2,038,893	\$14,571,876
Specialty Retail	\$895	\$17,952,986	\$788	\$1,489,325	\$763	\$3,562,956	\$23,005,267
Quick Service F&B	\$1,409	\$28,253,539	\$303	\$572,323	\$264	\$1,233,235	\$30,059,098
Full Service Restaurants	\$2,520	\$50,532,771	\$1,812	\$3,424,378	\$1,848	\$8,632,262	\$62,589,411
Arts & Entertainment	\$166	\$3,331,313	\$129	\$243,532	\$126	\$590,040	\$4,164,886
Drinking Establishments	\$241	\$4,831,180	\$174	\$328,316	\$176	\$821,767	\$5,981,262
Fitness & Leisure	\$376	\$7,547,434	\$194	\$367,318	\$185	\$862,890	\$8,777,642
Auto Parts & Accessories	\$726	\$14,551,585	\$496	\$938,253	\$504	\$2,353,182	\$17,843,020
Auto/RV/Motorsports Dealerships	\$9,334	\$187,143,986	\$6,967	\$13,166,860	\$6,768	\$31,609,611	\$231,920,457
TOTAL RETAIL CATEGORIES ONLY	\$51,053	\$1,023,636,834	\$38,768	\$73,270,576	\$38,170	\$178,269,145	\$1,275,176,555

Figure 4.5

TRADE AREA RETAIL SPENDING BY TRADE AREA SEGMENT

(Source: Manifold Data Mining Inc, and FBM 2022)



~80%

PTA RESIDENTS' SHARE OF
TOTAL TRADE AREA SPENDING

■ PTA ■ STA NORTH ■ STA EAST

Figure 36
TRADE AREA RETAIL SPENDING SUMMARY 2022 Y/E
 (Source: Manifold Data Mining Inc, and FBM 2022)

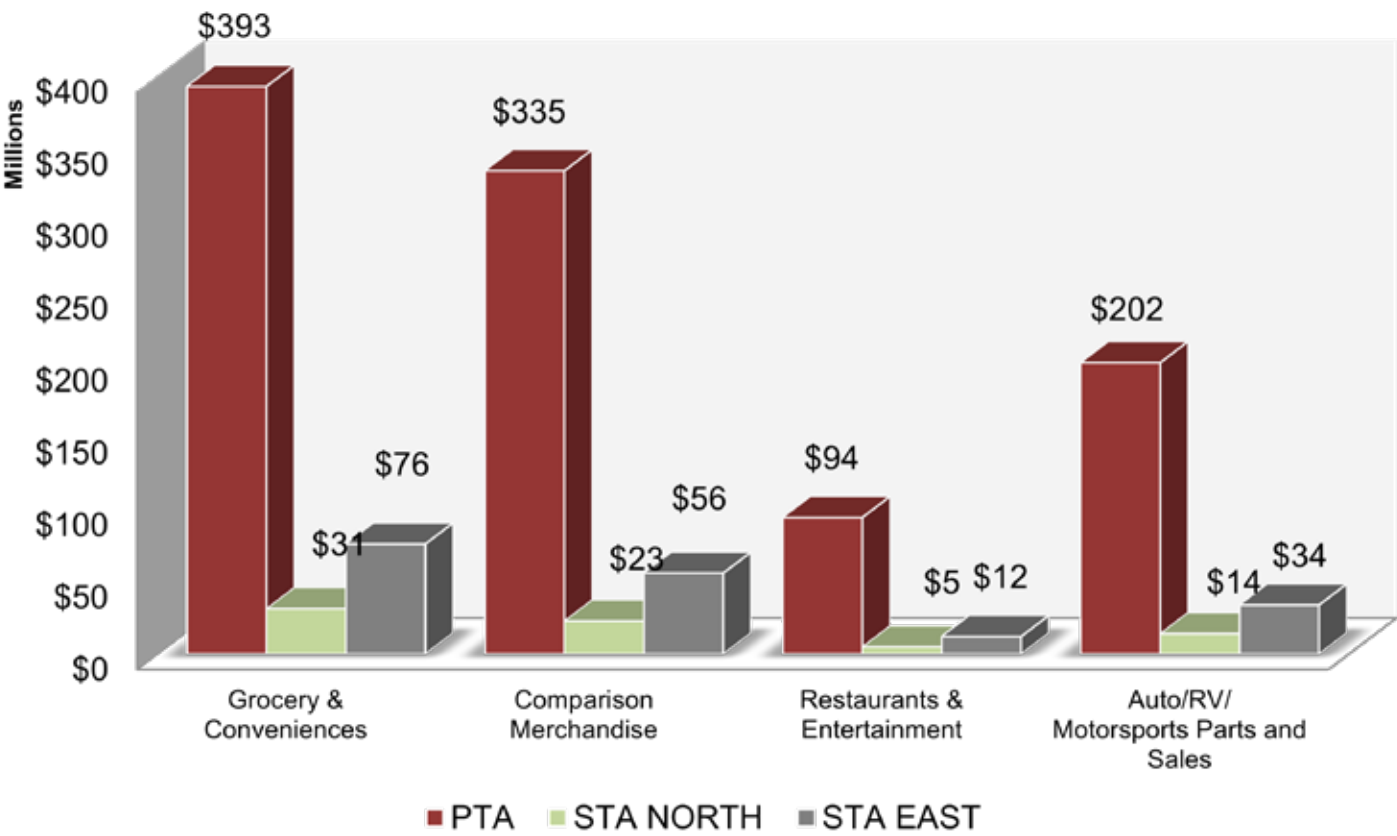
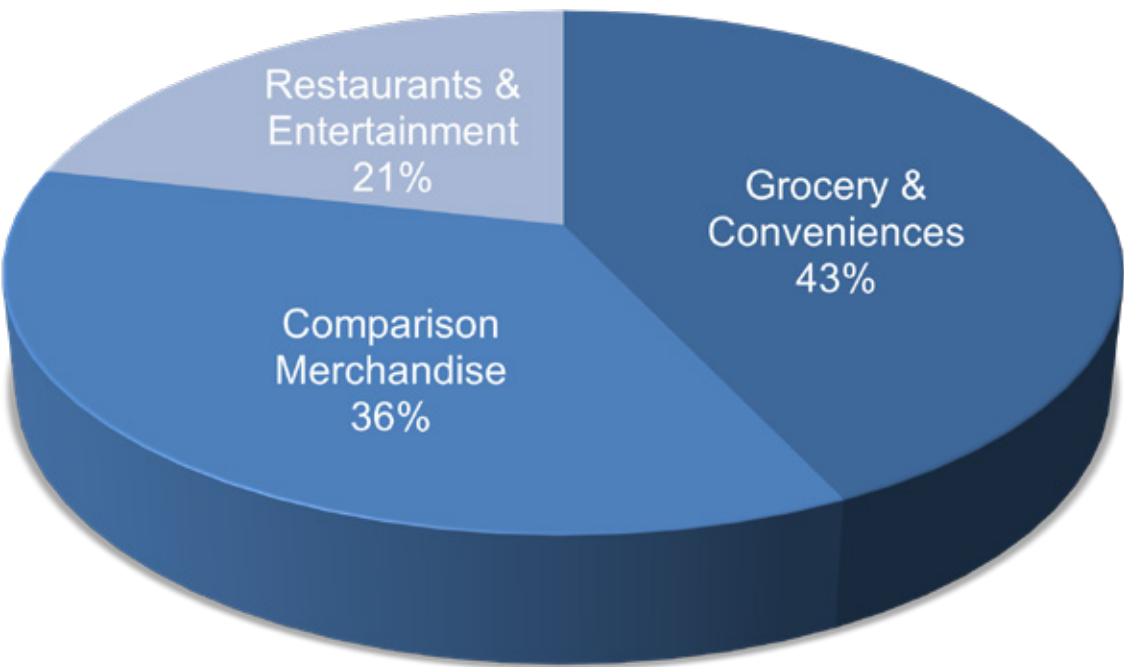


Figure 3.7
TRADE AREA RETAIL SPENDING BY GENERAL CATEGORY
 (Source: Manifold Data Mining Inc, and FBM 2022)



Regardless of where residents spend their money, The Top 5 retail spending categories for the Total Trade Area are:

1. *Grocery & Specialty Foods - \$337.5 Million*
2. *Auto/RV/Motorsport - \$231.9 Million*
3. *Home Electronics & Appliances - \$125.7 Million*
4. *Full & Quick Service Restaurants - \$92.6 Million*
5. *Clothing/Footwear/Accessories - \$79.5 Million*

3.6

SUMMARY & IMPLICATIONS

Fort Saskatchewan's Retail Trade Area reflects a realistic look at where the majority of customers come from and on what shops and services they are most likely to spend their money.

Fort Saskatchewan has proven itself over the past 5 years as a major retail location where businesses can be attracted and succeed.

Specifically, in conjunction with the continued population growth of the City, the successful attraction of retail over the past 5 years has rapidly evolved the City from a local-serving destination to a regional-serving hub that caters to many communities to the north and east while at the same time has competed well against the emerging retail nodes in northeast Edmonton and Strathcona County.

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

Fort Saskatchewan has shown a maturity in its retail growth that has enabled it to first and foremost retain a larger share of local spending, thus curbing retail sales outflow. This initial step must continue, but this strong retention is what has justified more regional attraction.

The Trade Area Demographic Profile illustrates a growing regional trade area that is forecast to increase from over 70,000 in 2022 to almost 80,000 over the next decade.

Fort Saskatchewan's strengths lie in its demographics, which are substantiated by a significant household income and population growth, well above the City of Edmonton average.

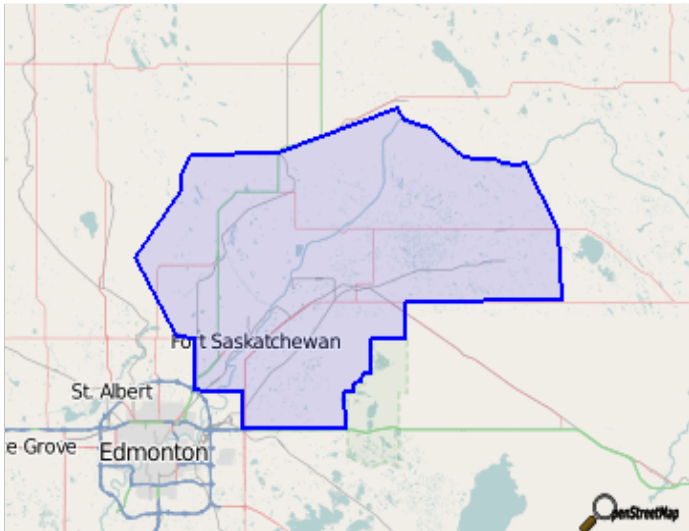
Secondly, the Trade Area has a strong and dynamic young family profile who are both mobile in their shopping patterns, yet are increasingly seeking opportunities to spend their money closer to home for more frequent purchases.

Overall, Fort Saskatchewan represents a \$1.275 Billion retail market (2022Y/E estimates) in which categories such as Grocery, Automotive/RV, Home Electronics & Appliances, Clothing/Footwear/Accessories and Restaurants represent significant spending segments.

As will be seen in forthcoming sections, Fort Saskatchewan's retail demand and prospects for retail growth will mirror the propensity of residents to spend their dollars in their own community versus outside (i.e. retained spending versus outflow).

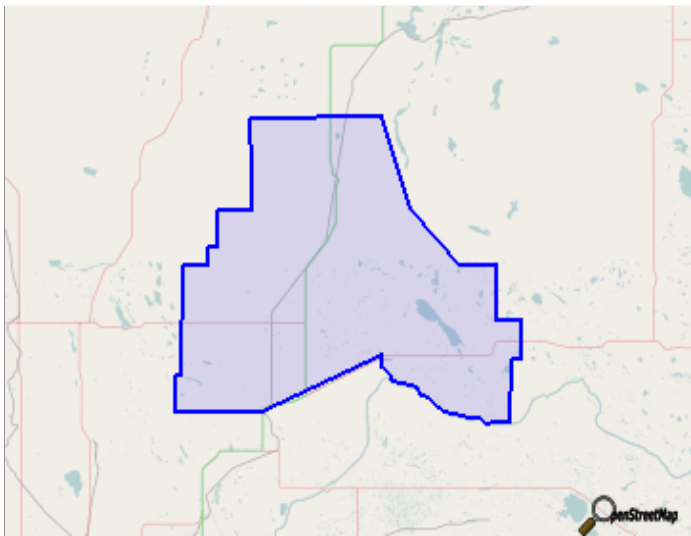
For Fort Saskatchewan to be a successful retail market it will require the right mix of shops and services and right-sizing to accommodate realistic demand expectations.

Overview of Fort Sask PTA

Population	
Total Population	52,748
Population with age 0-14	18.34%
Population with age 15-24	11.14%
Population with age 25-34	14.26%
Population with age 35-44	14.84%
Population with age 45-54	11.98%
Population with age 55-64	13.11%
Population with age 65+	16.33%
Land area (km²)	NA
Inhabited area (km²)	2,594.20
Household	
Total number of households	20,050
Household size	2.60
Dwelling	
Percent: owners	79.44%
Percent: tenants	20.56%
	

Top Lifestyles	
Cluster J - JOYFUL COUNTRY	26.94%
• Skilled Trades & Services • Spend On Basics • Some Post-Secondary • Outdoorsy / Crafty / Pickup Trucks	
Rural households with large share of Francophone, many reside in Quebec, Maritimes, Saskatchewan, and Manitoba. Income \$92,499, home value \$381,656, household size 2.36. They spend more than average on their home, gardening, recreation vehicles and insurance premiums, gasoline and fuel, medicine, and bingo. They give 48% above average to non-religious charitable organizations. They work at home, in natural resources, agriculture, the trades, transportation, and heavy equipment operations. They hunt and fish more than average. When they make a purchase, they often spend more than they thought and would. Like shopping at Giant Tiger, but also online shopping. Looking for convenience, not price. Prefer to postpone a purchase than buy on credit and enjoy entertaining themselves at home rather than going out.	
Cluster D - NEST BUILDERS	18.29%
• Renovators • White Collar Families • Little Luxuries • Home & Garden	
Typical middle, urban Canadians who prefer to invest in and renovate (1.2X average) their homes. Average income: \$128,727; house value \$737,392, and household size 2.67. They are slightly above average in education and work in natural and applied sciences, management, business, finance and administration, social science, government service, and religion. They are 20% more likely to be of British, Italian, Ukrainian, and Polish heritage and live in Edmonton, Calgary, Toronto, and Ottawa. Besides home renovation, they read about business, mystery, sports, and gardening. They are 1.3X more active in Golf than Canadian average. They enjoy entertainment and career is not their first priority. They shop more often than average at Costco.	
Cluster E - BUY ME A NEW HOME	13.11%
• Double Earners • Young Families • Home Buyers • Home & Garden	
Double earners working hard for their homes (avg. value \$719,928), they have an average income of \$125,980. Household size 2.74, many of them have multiple-family households with relatives, and 4 or more people in a household (1.4X). 15% higher than average have a university education, they are white collar workers likely residing in major cities, working in large companies, and more than 1.4X likely to be Chinese, Italian, Portuguese, or Greek. Besides paying off their mortgage, they spend more than average on mutual funds and stocks, their children's education, and travel. They read about home improvement, business, best sellers, and sports. Their participation rate in skiing and golf is 20% higher than the average. They like to go out with friends and are easily persuaded. Shop more often than average at the Bay and Costco.	

Overview of Fort Sask STA North

Population		Top Lifestyles	
Total Population	4,517	Cluster I - URBAN LIFE IN SMALL TOWN 54.69%	
Population with age 0-14	12.41%	• Service Industry • Spend On Basics • Single Parents • Home & Community	
Population with age 15-24	8.53%	Anglophones in small towns, many in the Atlantic, Prairie, and BC provinces. They tend to work in trades, transportation, heavy equipment and forestry operations, mining, oil and gas extraction, and fishing. Many do not have a fixed work place or worked at home. Income \$96,483, home value \$407,665, household size 2.35. They spend more on medicinal and pharmaceutical products, bingo, casinos, slot machines, video lottery terminals, boats and pets. They drive to work and enjoy gardening, playing bingo and lotteries, and reading history and the Bible. Average engagement on sports, but less on skiing. Many think young people are too sexually active. Prefer to go shopping at Giant Tiger and discount or online stores. Price is more important than convenience.	
Population with age 25-34	8.07%		
Population with age 35-44	10.34%		
Population with age 45-54	10.96%		
Population with age 55-64	16.22%		
Population with age 65+	33.46%		
Land area (km²)	NA		
Inhabited area (km²)	1,875.38		
Household		Cluster J - JOYFUL COUNTRY 38.80%	
Total number of households	1,890	• Skilled Trades & Services • Spend On Basics • Some Post-Secondary • Outdoorsy / Crafty / Pickup Trucks	
Household size	2.22	Rural households with large share of Francophone, many reside in Quebec, Maritimes, Saskatchewan, and Manitoba. Income \$92,499, home value \$381,656, household size 2.36. They spend more than average on their home, gardening, recreation vehicles and insurance premiums, gasoline and fuel, medicine, and bingo. They give 48% above average to non-religious charitable organizations. They work at home, in natural resources, agriculture, the trades, transportation, and heavy equipment operations. They hunt and fish more than average. When they make a purchase, they often spend more than they thought and would. Like shopping at Giant Tiger, but also online shopping. Looking for convenience, not price. Prefer to postpone a purchase than buy on credit and enjoy entertaining themselves at home rather than going out.	
Dwelling			
Percent: owners	81.33%		
Percent: tenants	18.54%		
		Cluster K - RURAL HANDYMEN 6.51%	
		• Blue Collar • Larger Common Law Family • Some Secondary • Older Homes / Pickup Trucks	
		Rural and many have French ancestry. They work in the trades, transportation and heavy equipment operations, agriculture, mining, farming, fishing, and forestry. Income \$86,162, home value \$308,574, household size 2.29. More 55+ year olds, live in old large single houses. They play bingo, hunt, and fish. Many are farmers in Maritimes, Manitoba and Saskatchewan. When they buy products, they are more likely than average to favour convenience over price. Shop more often at Giant Tiger and other community department stores. They often buy more than thought and prefer to postpone a purchase than buy on credit. Treat no-name products as good as brands. Like to work on community projects. Television is their primary source of entertainment. They'd rather spend a quiet evening at home than go out to a party.	

Overview of Fort Sask STA East

Population

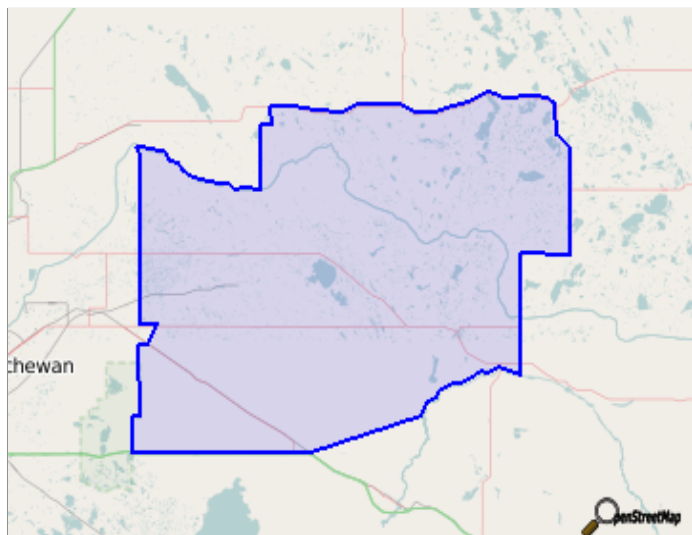
Total Population	12,745
Population with age 0-14	20.97%
Population with age 15-24	11.74%
Population with age 25-34	10.12%
Population with age 35-44	11.26%
Population with age 45-54	10.36%
Population with age 55-64	13.38%
Population with age 65+	22.16%
Land area (km²)	NA
Inhabited area (km²)	4,016.55

Household

Total number of households	4,670
Household size	2.55

Dwelling

Percent: owners	85.13%
Percent: tenants	14.87%



Top Lifestyles

Cluster K - RURAL HANDYMEN 61.88%

- Blue Collar
- Larger Common Law Family
- Some Secondary
- Older Homes / Pickup Trucks

Rural and many have French ancestry. They work in the trades, transportation and heavy equipment operations, agriculture, mining, farming, fishing, and forestry. Income \$86,162, home value \$308,574, household size 2.29. More 55+ year olds, live in old large single houses. They play bingo, hunt, and fish. Many are farmers in Maritimes, Manitoba and Saskatchewan. When they buy products, they are more likely than average to favour convenience over price. Shop more often at Giant Tiger and other community department stores. They often buy more than thought and prefer to postpone a purchase than buy on credit. Treat no-name products as good as brands. Like to work on community projects. Television is their primary source of entertainment. They'd rather spend a quiet evening at home than go out to a party.

Cluster I - URBAN LIFE IN SMALL TOWN 24.91%

- Service Industry
- Spend On Basics
- Single Parents
- Home & Community

Anglophones in small towns, many in the Atlantic, Prairie, and BC provinces. They tend to work in trades, transportation, heavy equipment and forestry operations, mining, oil and gas extraction, and fishing. Many do not have a fixed work place or worked at home. Income \$96,483, home value \$407,665, household size 2.35. They spend more on medicinal and pharmaceutical products, bingo, casinos, slot machines, video lottery terminals, boats and pets. They drive to work and enjoy gardening, playing bingo and lotteries, and reading history and the Bible. Average engagement on sports, but less on skiing. Many think young people are too sexually active. Prefer to go shopping at Giant Tiger and discount or online stores. Price is more important than convenience.

Cluster J - JOYFUL COUNTRY 13.21%

- Skilled Trades & Services
- Spend On Basics
- Some Post-Secondary
- Outdoorsy / Crafty / Pickup Trucks

Rural households with large share of Francophone, many reside in Quebec, Maritimes, Saskatchewan, and Manitoba. Income \$92,499, home value \$381,656, household size 2.36. They spend more than average on their home, gardening, recreation vehicles and insurance premiums, gasoline and fuel, medicine, and bingo. They give 48% above average to non-religious charitable organizations. They work at home, in natural resources, agriculture, the trades, transportation, and heavy equipment operations. They hunt and fish more than average. When they make a purchase, they often spend more than they thought and would. Like shopping at Giant Tiger, but also online shopping. Looking for convenience, not price. Prefer to postpone a purchase than buy on credit and enjoy entertaining themselves at home rather than going out.

Overview of CSD/CY (4811056): Fort Saskatchewan, AB

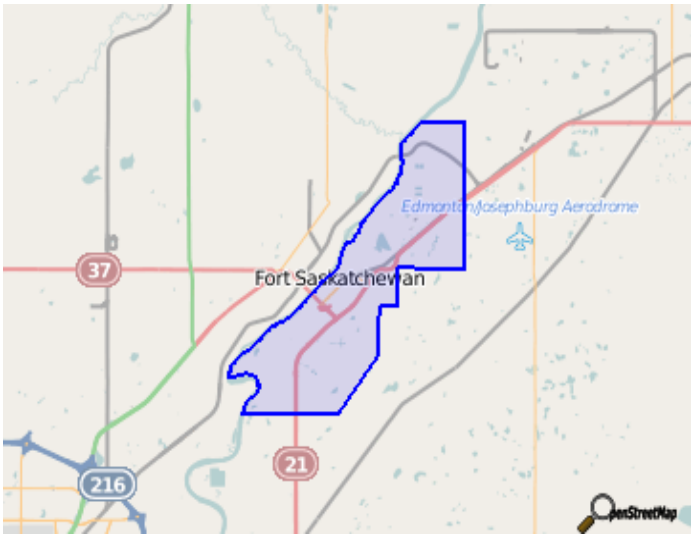
Population		Top Lifestyles	
Total Population	29,152	Cluster D - NEST BUILDERS	30.71%
Population with age 0-14	20.14%	• Renovators • White Collar Families • Little Luxuries • Home & Garden	
Population with age 15-24	11.09%	Typical middle, urban Canadians who prefer to invest in and renovate (1.2X average) their homes. Average income: \$128,727; house value \$737,392, and household size 2.67. They are slightly above average in education and work in natural and applied sciences, management, business, finance and administration, social science, government service, and religion. They are 20% more likely to be of British, Italian, Ukrainian, and Polish heritage and live in Edmonton, Calgary, Toronto, and Ottawa. Besides home renovation, they read about business, mystery, sports, and gardening. They are 1.3X more active in Golf than Canadian average. They enjoy entertainment and career is not their first priority. They shop more often than average at Costco.	
Population with age 25-34	15.51%		
Population with age 35-44	16.58%		
Population with age 45-54	11.90%		
Population with age 55-64	11.22%		
Population with age 65+	13.55%		
Land area (km²)	56.50		
Inhabited area (km²)	NA		
Household		Cluster E - BUY ME A NEW HOME	17.28%
Total number of households	11,100	• Double Earners • Young Families • Home Buyers • Home & Garden	
Household size	2.59	Double earners working hard for their homes (avg. value \$719,928), they have an average income of \$125,980. Household size 2.74, many of them have multiple-family households with relatives, and 4 or more people in a household (1.4X). 15% higher than average have a university education, they are white collar workers likely residing in major cities, working in large companies, and more than 1.4X likely to be Chinese, Italian, Portuguese, or Greek. Besides paying off their mortgage, they spend more than average on mutual funds and stocks, their children's education, and travel. They read about home improvement, business, best sellers, and sports. Their participation rate in skiing and golf is 20% higher than the average. They like to go out with friends and are easily persuaded. Shop more often than average at the Bay and Costco.	
Dwelling		Cluster B - ELITE PROFESSIONALS	14.25%
Percent: owners	76.12%	• Highly Educated • Techno Savvy • Urban Families • Graying Boomers	
Percent: tenants	23.88%	These are managers and professionals with university degrees in science and law. Nearly 2X average earned a master's degree or doctorate. Average income: \$159,187; live in relatively new houses valued at \$1,256,602. Average maintainers' age is 48.8, household size 2.74. 81% of them have British and European ancestors; 11.4% French and 81% live in Ontario, BC, and Alberta. They spend 1.6X average on education, 1.4X average on computer related items. They travel, play golf, ski, and play soccer. They read about business, finance, science fiction, sports, and news. They like to try gourmet and healthy cooking. They consider themselves to be more sophisticated in lifestyle than average and are self-confident and ambitious. They often shop in the Bay and Costco.	
			



Photo credit: Kieron Hunt

4 retail market supply

4.1

INTRODUCTION

The dynamics of the overall retail market provide critical indicators as to the performance of the retail and moreover the magnitude of demand and resulting opportunity for which niches could be filled.

This section will provide a detailed picture of the overall Citywide retail mix comprising a detailed inventory of the retail centres/nodes and tenants therein that make up the City of Fort Saskatchewan's retail market.

To further assess the level of retail supply, a comprehensive inventory and evaluation was conducted with respect to locations, format and amount of space. This evaluation creates a foundation upon which retail "gaps" could be quantified and determined.

The inventory will reflect current as well as proposed or future retail centres/nodes, such that the City can be understood relative to competitive influences and potential tenant opportunities today and into the near future.

The purpose of the competitive evaluation is to firstly identify a foundation for demand and current retail performance (also known as retail sales productivity) followed by identifying the potential types of tenants and/or merchandise categories for whom Fort Saskatchewan could represent a compatible fit.

4.2

REGIONAL RETAIL CONTEXT

The northeast Edmonton region has three major retail nodes that create competitive alternatives for shopping outflow within Fort Saskatchewan's Retail Trade Area.

In total, these three nodes currently represent

in the range of 2.5 million sq. ft. of retail space, though at buildout this figure could increase to over 3.0 million sq. ft. Referring to **Figure 4.1**, these include the following:

1. Manning Town Centre/Clareview Centre

Manning Town Centre is a new regional retail node located approximately 20 kilometers (about 15-20 minute drive) southwest of Fort Saskatchewan and at buildout will have over 1 million sq. ft. of retail. Major retailers in this node include Cabela's, Costco, Sport Chek, Cineplex, and Marshalls. This area also includes the Londonderry Mall.

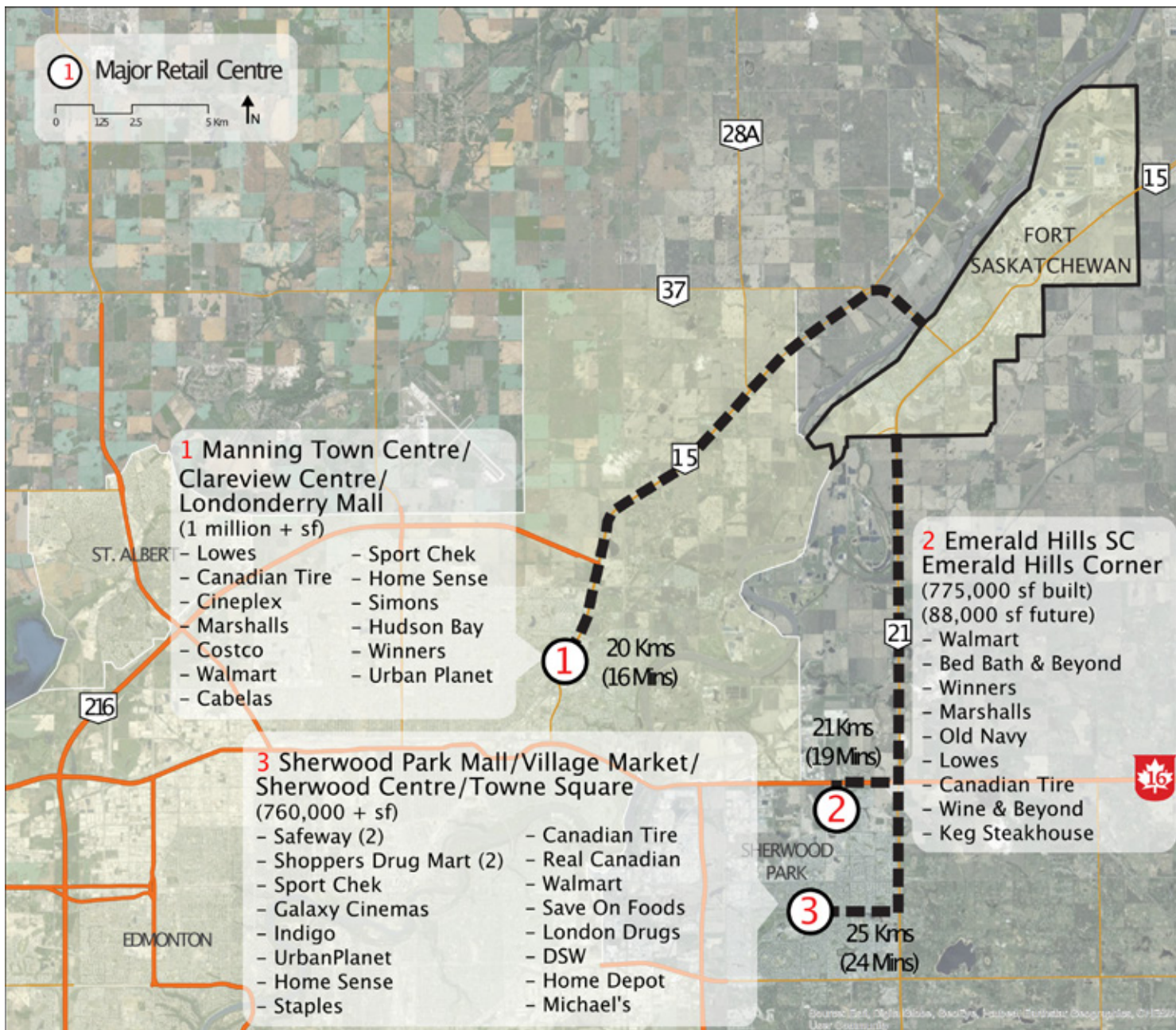
2. Emerald Hills Centre

At 21 kilometers away, Emerald Hills Centre is another regional retail node and about 15-20 minute drive time from the City of Fort Saskatchewan. Lowes, Bed Bath & Beyond, Winners, PetSmart, Wine & Beyond and Old Navy are major tenants. Emerald Hills is estimated to be approximately 850,000 sq. ft. at buildout.

Since the 2014 Retail Study for the City of Fort Saskatchewan, Emerald Hills has emerged as the most cited retail node for Fort Saskatchewan residents seeking Comparison merchandise. The Consumer Survey undertaken in this study (refer to Section 8.0) revealed that Emerald Hills garnered 18% of respondents as their "primary comparison shopping centre, behind only Cornerstone Centre in Fort Saskatchewan at 29.0%.

3. Sherwood Park Mall/Village Market/

Figure 4.1
FORT SASKATCHEWAN REGIONAL RETAIL MARKET CONTEXT



Sherwood Centre/Towne Square

These four clusters combine to offer about 760,000 sq. ft. of retail space, and are spread out along the major corridors of Sherwood Drive, Wye Road and Baseline Road in Sherwood Park. Sherwood Park Mall is a regional enclosed centre located approximately 25 kilometers, or about 25-30 minutes drive from Fort Saskatchewan.

Since 2014, Sherwood Park Mall's prominence as a draw for Fort Saskatchewan residents has declined in favour of more local shopping nodes as well as Emerald Hills.

Sherwood Towne Square, also approximately 25 minutes away is the location of the nearest Real Canadian Superstore to Fort Saskatchewan. This location suggest that perhaps Real Canadian Superstore may be considered as a potential target tenant for Fort Saskatchewan, given its current store network strategy.

4.3

RETAIL PROJECTS

Figure 4.2 documents and highlights the major retail nodes and projects in the City of Fort Saskatchewan. This diagram also includes areas of future development.

Figure 4.2 clearly illustrates the concentrations of retail activity along Highways 15 and 21, which are highlighted by Power Centres such as Cornerstone and Southpointe, freestanding retailers such as Walmart, Home Depot and Canadian Tire as well as Shoppers Drug Mart, Safeway and Staples.

The following provides brief narratives on the

major projects planned or currently under development in the City of Fort Saskatchewan that are ready to accommodate potential retailers.

Fort Station

On the site of the former Fort Mall, Fort Station is a recently re-developed/re-positioned retail node featuring a variety of local and branded tenants and franchises.

The Fort Mall was a vehicle-oriented suburban retail environment surrounded by lower density residential uses. Commencing in 2015, the redevelopment included the conversion of the formerly enclosed centre to an outward-facing externalized retail environment, with street facing retail units and improved visibility to Downtown vehicular and pedestrian traffic.

The City's Land Use Bylaw was amended to accommodate for standalone residential uses on the roughly twelve (12) acre site. The new "C5 - Fort Mall Redevelopment District" was specifically requested and prepared to accommodate the project. The site was subsequently subdivided to accommodate the mix of uses. As of 2019, there is another phase of the site, yet to be redeveloped, but the project continues to progress towards completion.

Downtown District

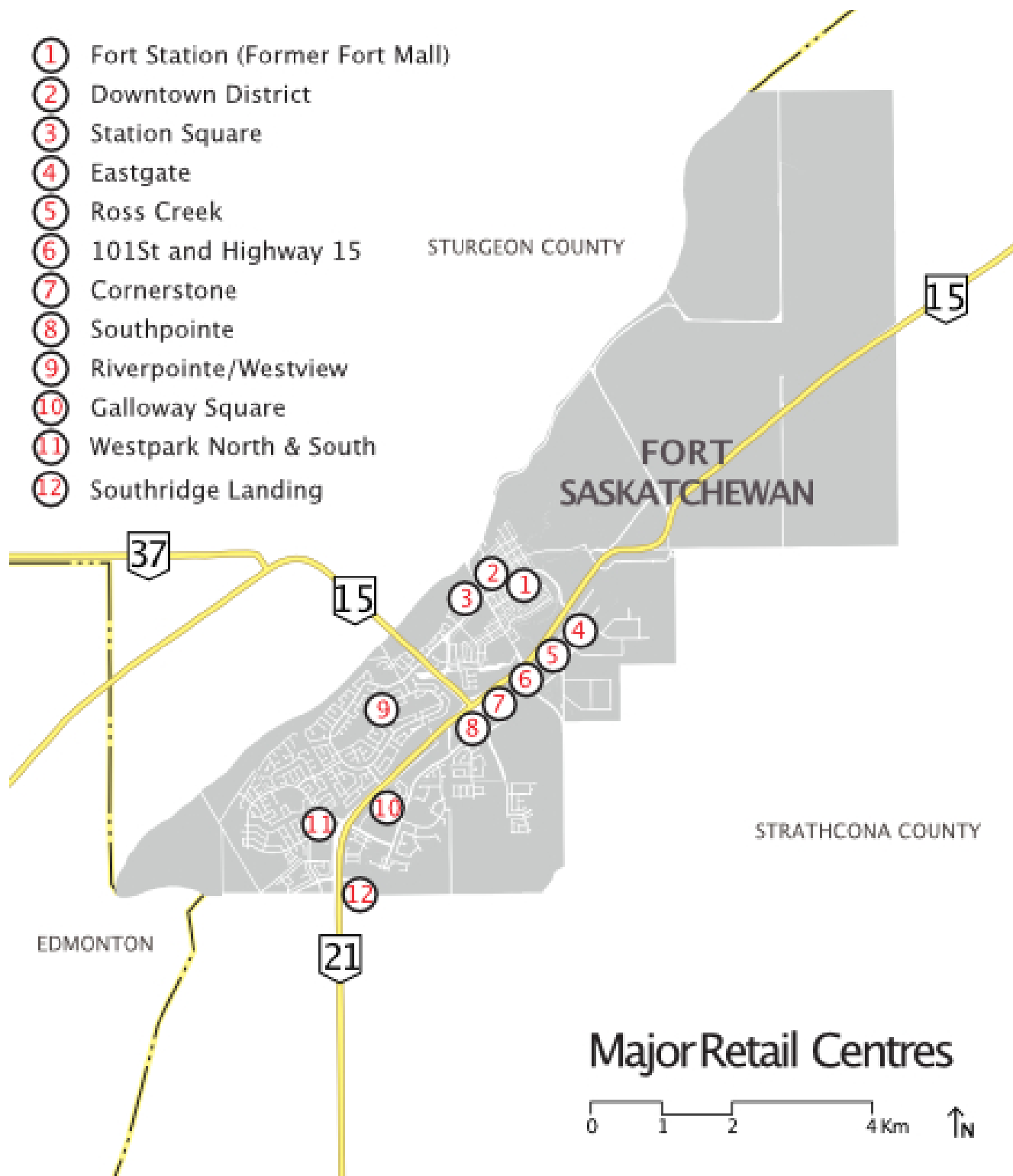
Downtown will be profiled in its own section (refer to Section 6.0) but for the purposes of the overall inventory, a summary is provided in the following.

Fort Saskatchewan's downtown is an

Figure 4.2

CITY OF FORT SASKATCHEWAN RETAIL INVENTORY & CENTRES

(Source: City of Fort Saskatchewan, Key Planning Strategies & Colliers International Consulting)



approximate 20 hectare (50 acre) commercial district comprised of smaller-format retail, office and residential uses set in an urban core. One- and two-storey street fronted buildings contribute to a traditional retail environment conducive to window shopping and pedestrian activity. General policy direction for the downtown is to promote local neighbourhood servicing retail and office commercial uses.

An ongoing revitalization effort began in 2008 with City Council's direction to complete a Downtown Area Redevelopment Plan (DARP). Projects are championed by the Downtown Redevelopment Advisory Committee (DRAC) and the Downtown Business Council, who both guide business improvement efforts in the Downtown Redevelopment Area.

One example is the Downtown Storefront Program that incentivized businesses to improve their street-facing facades. A \$10 million streetscaping and infrastructure improvement project was also completed in 2010.

The Downtown, as with many others across the region, province, and country are susceptible to external competitive pressures for retail growth. Therefore, it will be important as the city grows to ensure the Downtown vibrancy and vitality that the City and its businesses have worked so diligently to maintain is not adversely impacted by unnecessary retail developments on the periphery of the City, except where clearly not compatible with the Downtown.

Station Square

Station Square is an approximately 3.5 hectare (9 acre) retail cluster adjacent to downtown. Major tenants include a CO-OP grocery, TD Canada Trust, ATB Financial, and Dollarama.

A largely vehicle-oriented, neighbourhood-serving strip centre, Station Square benefits from adjacency to downtown and the City's residential neighbourhoods. A recently built three-storey structure provides additional service-oriented retail and office space.

Eastgate Plaza

Eastgate Plaza is an older, smaller 1.2 hectare (3 acre) retail node fronting Highway 15 in the northern part of the City. This older development comprises approximately 35,000 sq. ft. of vehicle-oriented commercial space, a roughly 20,000 sq. ft. home improvement store and a 15,000 sq. ft. auto dealership. Eastgate Plaza itself is a small piece of the much larger Eastgate Business Park, an older, established light industrial district.

Ross Creek Crossing

Ross Creek Crossing is a retail development of about 8 hectares (20 acres) with roughly 45,000 sq. ft. of vehicle-oriented retail. Ross Creek has available vacant land between two commercial strip centres with good visibility and accessibility from Highway 15, creating potential for future retail development. A new medical office building offers a small Guardian pharmacy to serve the neighbourhood.

101 Street and Highway 15

This 10 hectare (26 acre) development is sandwiched between the Cornerstone Power Centre and Ross Creek. Various commercial uses such as hotels, self-storage, a No Frills grocery and Winners Way Source For Sports currently occupy space in this development, which also benefits from excellent highway visibility and access. There is currently some infill land available.

Cornerstone

Cornerstone is a large retail power centre with the most square footage of national and branded tenants in Fort Saskatchewan. At 13 hectares (32 acres) and with over 385,000 sq. ft. of retail space, and approximately 30 tenants, Cornerstone offers a multi-destination retail option for consumers in the Trade Area. Walmart, Canadian Tire, Staples and Safeway are the centre's anchor tenants. For residents of Fort Saskatchewan, Cornerstone which includes a Safeway, is the most preferred convenience retail node as indicated by 49% of Consumer Survey respondents' responses.

Southpointe

This 13.5 hectare (34 acre) development consists of about 197,000 sq. ft. of retail space with national and branded tenants, including Home Depot, Shoppers Drug Mart, Starbucks, Domino's Pizza, and Original Joe's.

Southpointe is one of the most prominent locations for future vehicle-oriented commercial shopping centre growth.

Recent notable retail additions to Southpointe include a 24,000 sq. ft. Goodlife Fitness and Scotia Bank as well as a number of branded smaller CRU tenants comprising predominantly quick-service food & beverage.

Riverpointe/Westview

Located in isolation from the other major retail clusters in Fort Saskatchewan, Riverpointe/Westview is a small neighbourhood-serving strip centre. With about 13,000 sq. ft. of retail space in Riverpointe and another 28,000 sq. ft. in Westview, retailers in this collective node average about 1,900 sq. ft. Currently there is vacant space available for lease at Riverpointe.

Galloway Square & Town Crest

Galloway Square is a new retail development of around 15,000 sq. ft. on about one hectare (2.4 acres) of land. Included in this development are two full-service restaurants associated with hotels (Ricky's Grill and Montana's).

Immediately to the east of Galloway Square is a new retail centre; Town Crest that opened in 2017/2018 totaling approximately 22,000 sq. ft.

Westpark

Westpark is a new, developing retail node near the south entrance to the City that includes three commercial corners at a major intersection of Highway 21. At build-out Westpark will be a mixture of neighbourhood-serving and community-scale retail tenants.

Notable tenants that have opened at Westpark in the last couple years include Shoppers Drug Mart, Canadian Brewhouse and Freson Bros. Grocery.

The retail component of Westpark is being developed to coincide with the development of an adjacent large residential neighbourhood.

As is common in a market the size of Fort Saskatchewan, retail developments in the City represent a wide range of formats with new developments being provided at the community and neighbourhood scale such as Cornerstone/Southpointe, Westpark and Station Square respectively.

As the Fort Saskatchewan market continues to grow and evolve and new developments become more appropriate for tenants, the Downtown area and Fort Station (previously Fort Mall) have become revitalized and rebuilt in an attractive manner.

1.30 million sf

CITY OF FORT SASKATCHEWAN'S RETAIL INVENTORY

Southridge Landing

Located at the southern edge of town at the highly volume intersection of Hwy 21 and Southridge Blvd, this 6.5 ac retail node comprises a total of 56,000 sq. ft. of space at buildout.

On the opposite side of Hwy 21 to the Southridge Landing project is another 8.44 acre site currently under site construction and zoned C-2 for vehicle oriented retail and services.

5.4

CITYWIDE RETAIL INVENTORY

To document the retail inventory for the City of Fort Saskatchewan, Key Planning & Colliers conducted on-the-ground fieldwork in which every retail project and retail node was documented in terms of the retail store brand, merchandise category and estimated unit size.

The inventory was categorized into the same merchandise categories that were profiled in the retail spending so that a direct comparison could be taken.

Table 5.1

CITY OF FORT SASKATCHEWAN RETAIL INVENTORY

(Source: City of Fort Saskatchewan & Key Planning Strategies)

TOTAL	1,508,889	sq. ft.
TOTAL RETAIL ONLY	1,305,121	sq. ft.
VACANT NEW	61,487	sq. ft.
VACANT	101,627	sq. ft.
% VACANT (excluding VACANT NEW)	4.1%	
% VACANT (ALL)	10.8%	

In some cases where retail data was not available, store sizes were estimated using leasing plans, developer websites, GIS and satellite mapping measurements.

As documented in **Tables 4.1 and 4.2**, the City of Fort Saskatchewan has an estimated retail floorspace of approximately 1.30 million sq. ft. (an increase from 1.19 million in 2016).

In this inventory, those businesses that may be more office related (e.g. Professional Services such as lawyers, medical clinics, chiropractors, dentists etc), but nonetheless occupy ground level traditional retail frontage are noted, however the retail inventory does not account for these Professional Services, since they do not have typical "retail sales productivity" applicable to their business.

The inventory does however distinguish and therefore take into account Personal Services (e.g. Salons etc.) that do occupy traditional streetfront retail spaces.

A review of the Fort Saskatchewan's competitive retail environment provides a number of indicators as to potential merchandise and tenant opportunities.

The City of Fort Saskatchewan in both inventory and trade area demographics has reached a threshold whereby a number of other branded chains could have sufficient market support to warrant a location and in some cases second or multiple locations depending on the type of retailer. The City has optimal lands in the Southridge and Southpointe areas that would be well-suited to attract new-to-market retailers.

4.1%

CITY OF FORT SASKATCHEWAN'S RETAIL VACANCY WHEN EXCLUDING NEW RETAIL SPACE UNDER CONSTRUCTION

4.5

RETAIL INVENTORY BY NODE

Based on fieldwork and inventory, Fort Saskatchewan's Retail environment was allocated into four nodes as shown in **Figure 4.3**. Each node was determined based on geographic and spatial factors such as road networks, patterns of residential development or types of inventory. The result were the following nodes totaling 1.30 million sq. ft. of traditional retail including vacancy:

• CENTRAL	709,944 sf
• DOWNTOWN	304,011 sf
• SOUTH	254,502 sf
• WEST	36,664 sf

The Central and South nodes comprise the majority of the comparison or destination types of shops and services, while the Downtown node has a large number of local and independent Specialty Retail and Limited Service Food & Beverage (F&B) businesses. The West node is comprised of neighbourhood-serving shops and services.

Table 4.2, Figures 4.3 and 4.4 provide a breakdown of the retail inventory by category and by node and reveals the strengths and weaknesses of each. It is worth noting however, that because a specific node may not have any retail space, this does not suggest that there is a void, but rather could be simply a reflection of the area being more local in its trade area.

Table 4.2

RETAIL INVENTORY BY CATEGORY & NODE

(Source: City of Fort Saskatchewan, Key Planning Strategies)

Merchandise Category	Existing Inventory (SF)	Existing Inventory (%)	CENTRAL	DOWNTOWN	SOUTH	WEST
Grocery & Specialty Foods	206,967	13.7%	119,591	40,480	46,897	0
Convenience Store	23,255	1.5%	3,732	6,647	8,734	4,142
Alcohol & Tobacco	39,722	2.6%	16,713	6,004	11,575	5,431
Pharmacy	61,159	4.1%	23,495	7,233	28,732	1,700
Personal Services	50,802	3.4%	10,526	27,253	6,257	6,766
Clothing & Apparel	79,891	5.3%	61,552	18,339	0	0
Footwear	2,500	0.2%	2,500	0	0	0
Jewelry & Accessories	6,019	0.4%	2,000	4,019	0	0
Health & Beauty	11,199	0.7%	4,000	1,500	2,175	3,524
Home Electronics & Appliances	20,744	1.4%	16,455	4,289	0	0
Home Furnishings & Accessories	33,507	2.2%	28,757	4,750	0	0
Home Improvement & Gardening	131,567	8.7%	127,695	3,872	0	0
Books & Multi-Media	1,000	0.1%	1,000	0	0	0
Sporting Goods & Outdoor Recreation	21,976	1.5%	21,976	0	0	0
Toys & Hobbies	12,698	0.8%	12,000	698	0	0
Specialty Retail	88,472	5.9%	49,186	34,030	4,301	955
Full Service F&B	65,878	4.4%	25,190	18,385	18,484	3,818
Limited Service F&B	68,610	4.5%	35,926	8,384	21,417	2,883
Drinking Establishment	15,691	1.0%	2,176	6,925	6,590	0
Arts & Entertainment	23,210	1.5%	4,618	18,592	0	0
Fitness & Leisure	46,300	3.1%	25,000	10,500	4,800	6,000
Auto Parts & Accessories	60,243	4.0%	49,969	10,274	0	0
Auto/RV/Motorsports Dealership	60,764	4.0%	36,635	0	24,129	0
Auto Service	9,833	0.7%	1,375	6,947	1,510	0
Professional Services	158,876	10.5%	41,848	100,871	9,300	6,856
Child Care Services	34,142	2.3%	0	21,307	9,835	3,000
Public Service	4,250	0.3%	0	4,250	0	0
Institutional	6,500	0.4%	3,000	3,500	0	0
VACANT NEW	61,487	4.1%	5,000	0	56,487	0
VACANT	101,627	6.7%	22,876	64,890	12,414	1,446
TOTAL ALL STREET LEVEL	1,508,889	100.0%	754,792	433,940	273,637	46,520
TOTAL RETAIL ONLY	1,305,121		709,944	304,011	254,502	36,664
			50.0%	28.8%	18.1%	3.1%

Figure 4.3
RETAIL NODES
 (Source: Key Planning
 Strategies)

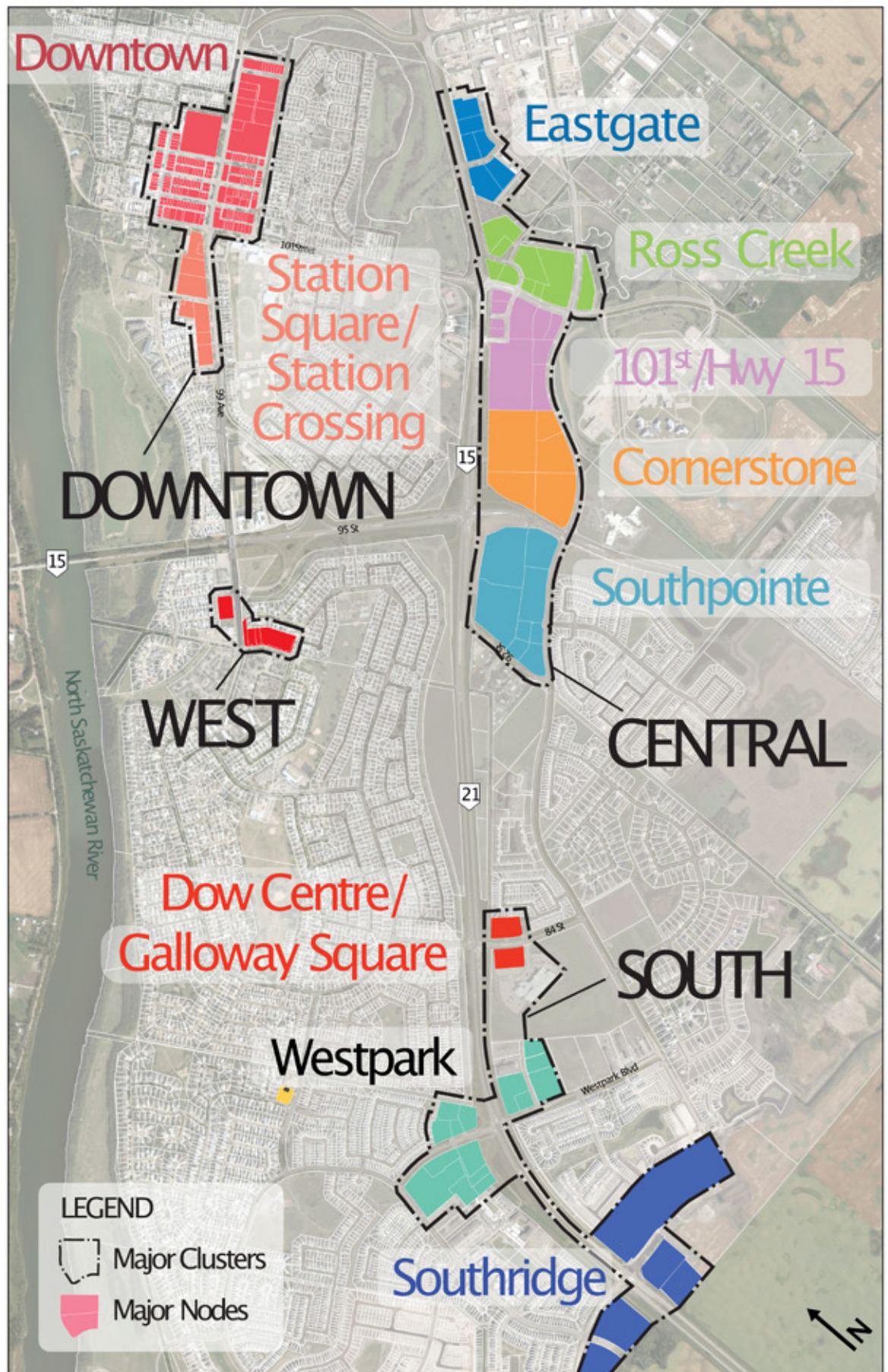


Figure 4.4
RETAIL NODES - INVENTORY “BUBBLE” SUMMARY
 (Source: Key Planning Strategies)

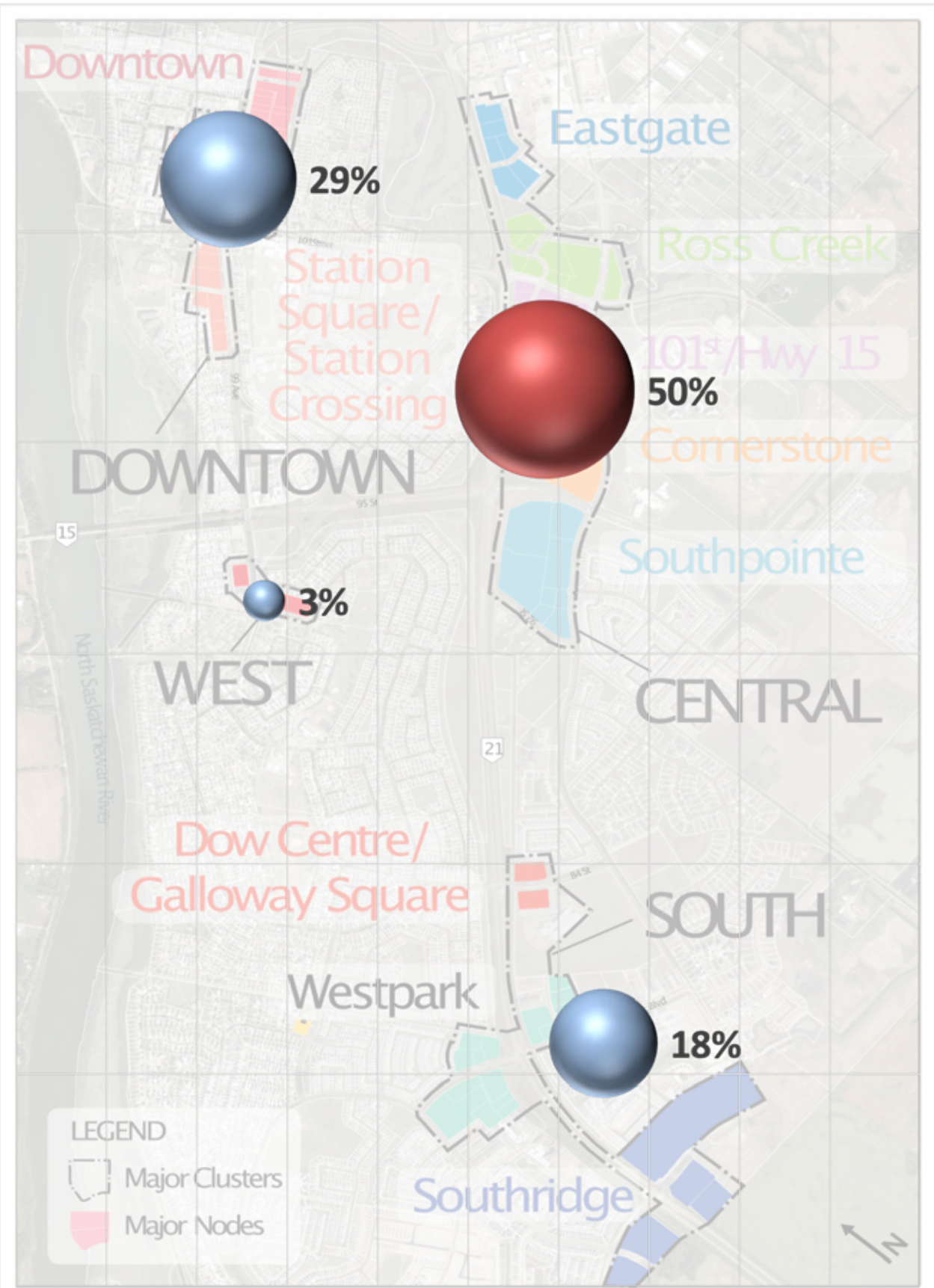


Figure 4.5
REPRESENTATIVE CITY RETAIL IMAGERY
 (Source: Key Planning Strategies)



291,300 sf

AMOUNT OF GROCERY/PHARMACY FLOORSPEACE IN CITY

This is particularly the case for the West node, which provides the basic day-to-day needs for its local trade area residents.

Conversely, the **Central** node has a wide array of all types of shops and services, though its largest share of retail category is Grocery & Specialty Foods with almost 120,000 sq. ft. or 16% of the total Central node floorspace. This is further validation as to why Consumer Survey respondents see this area as their Primary Convenience node and recently has become, other than Emerald Hills, the primary Comparison shopping node for DSTM goods.

The **Downtown** node's largest retail category is Personal Services which currently accounts for 23% of the total Downtown floorspace. This high ratio is driven by the fact that the Downtown features smaller format, neighbourhood-serving retail with nearby residential.

The **South** retail node continues to see notable growth. New developments include Freson Bros. Market, Shoppers Drug Mart, Canadian Brewhouse and Wendy's in the WestPark Centre. The progression of this development is consistent with the notion that retail tends to follow rooftops, meaning as more residential dwellings are constructed (the south is a core area of residential growth in the City), retail in the area will naturally become more established.

Relative to the amount of space in the **South** node, new or recently completed space actively being leased represents a significant amount of the inventory. Being located on the heavily-trafficked southern entrance to the City creates a highly desirable location for these uses.

With the number of new developments either under construction or proposed in the City and in the south specifically, an increase in new, higher quality retail spaces will create notable opportunities for exposing the Fort Saskatchewan brand and opportunity to new-to-market retailers as well as those tenants wishing to relocate or add additional locations.

4.6

RETAIL INVENTORY BY CATEGORY

Categories of retail were also incorporated into the overall inventory list as shown in **Figures 4.6**. Designating retail categories to the overall inventory makes it possible to conduct a category void analysis for Fort Saskatchewan.

Categories were designated to correspond directly with the categories of retail utilized in the household expenditure data, thereby allowing for retail inflow and outflow calculations to correlate.

On a citywide basis, the Top 5 retail categories in terms of overall retail floorspace include:

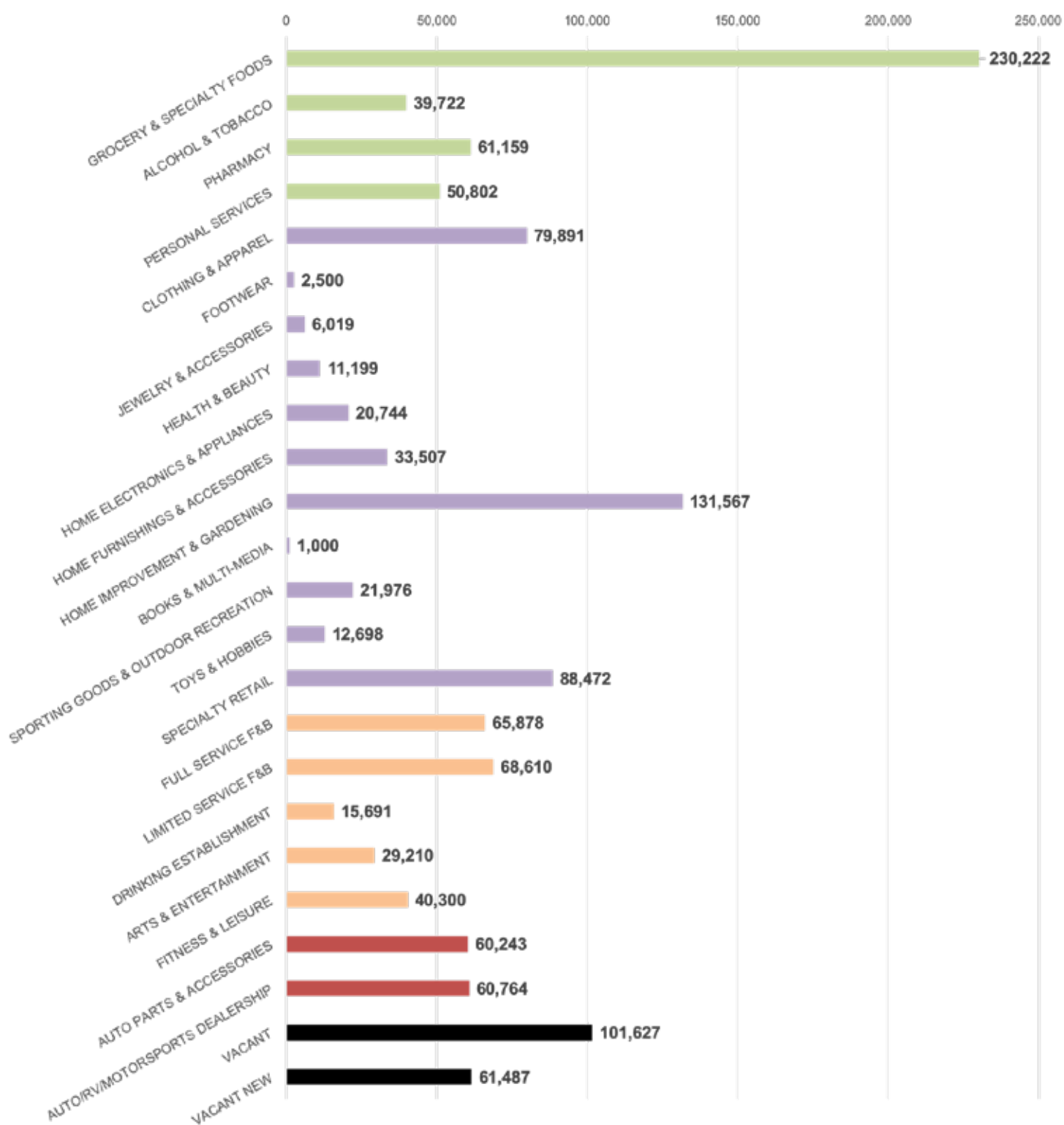
- | | |
|---|------------|
| 1. <i>Grocery & Specialty Foods</i> | 230,222 sf |
| 2. <i>Home Improvement</i> | 131,567 sf |
| 3. <i>Specialty Retail</i> | 89,972 sf |
| 4. <i>Clothing and Apparel</i> | 79,891 sf |
| 5. <i>Full Service Restaurants</i> | 65,878 sf |

Newer developments/redevelopments such as those identified in **Figure 4.2** (e.g. Cornerstone/ Southpointe, Westpark) have the potential to create a better foundation for success for both local and branded tenants.

Figure 4.6

CITY OF FORT SASKATCHEWAN RETAIL INVENTORY FLOORSPACE BY CATEGORY

(Source: Key Planning Strategies)



754,792 sf

AMOUNT OF SQUARE FOOTAGE IN CENTRAL AREA "PRIMARY CONVENIENCE & COMPARISON SHOPPING AREA"

Location will always be one of the most critical determinants, particularly for a comparison retailer for whom patronage is required from beyond a localized trade area. Fort Saskatchewan is proving that it can compete with other regional nodes like those in Strathcona, although Emerald Hills is the strongest competition at the moment against which Fort Saskatchewan must work to position itself.

The majority of categories which show a low level of inventory include Jewelry & Accessories (6,019 sq. ft.), Footwear (2,500 sq. ft.) and Books & Media (1,000 sq. ft.). Together these three categories make up less than 1.0% (0.6%) of Fort Saskatchewan's total retail inventory. Each of these categories may be considered under-served, however they are more conducive to Fort Saskatchewan's market profile, when considering the demographics and typical store size formats.

Industry-wide the Book industry continues to struggle in the face of on-line competition by vendors such as Amazon.

Nonetheless, a store such as Indigo, which has undergone a transformational shift to become a "cultural department store" could represent a potential addition to the City's retail inventory, though again it would likely be challenging when considering Fort Saskatchewan's external competitive forces.

4.7

RETAIL SPACE PER CAPITA

Retail space per capita is an industry measure of the ratio of retail space against a city's population. An examination of retail space per capita provides a general indication as to whether a market is under-retailed or over-retailed.

In most urban markets in Canada and the United States, a typical benchmark for ALL retail space per capita (meaning not just organized shopping centres, but streetfront and small scale freestanding or neighbourhood retail) is in the range of 30 sq. ft. to 40 sq. ft. (Source: International Council of Shopping Centers).

Table 4.3

RETAIL INVENTORY SUMMARY BY NODE & VACANCY

(Source: Key Planning Strategies)

Node/Neighbourhood	Existing Inventory (SF)	Existing Inventory (%)	Existing Vacancy (SF)	Existing Vacancy (%)
CENTRAL	754,792	50%	27,876	3.7%
DOWNTOWN	433,940	29%	64,890	15.0%
SOUTH	273,637	18%	68,901	25.2%
WEST	46,520	3%	1,446	3.1%
TOTAL	1,508,889	100%	163,114	10.8%

Figure 4.7
RETAIL NODES - VACANCY "BUBBLE" SUMMARY
 (Source: Key Planning Strategies)

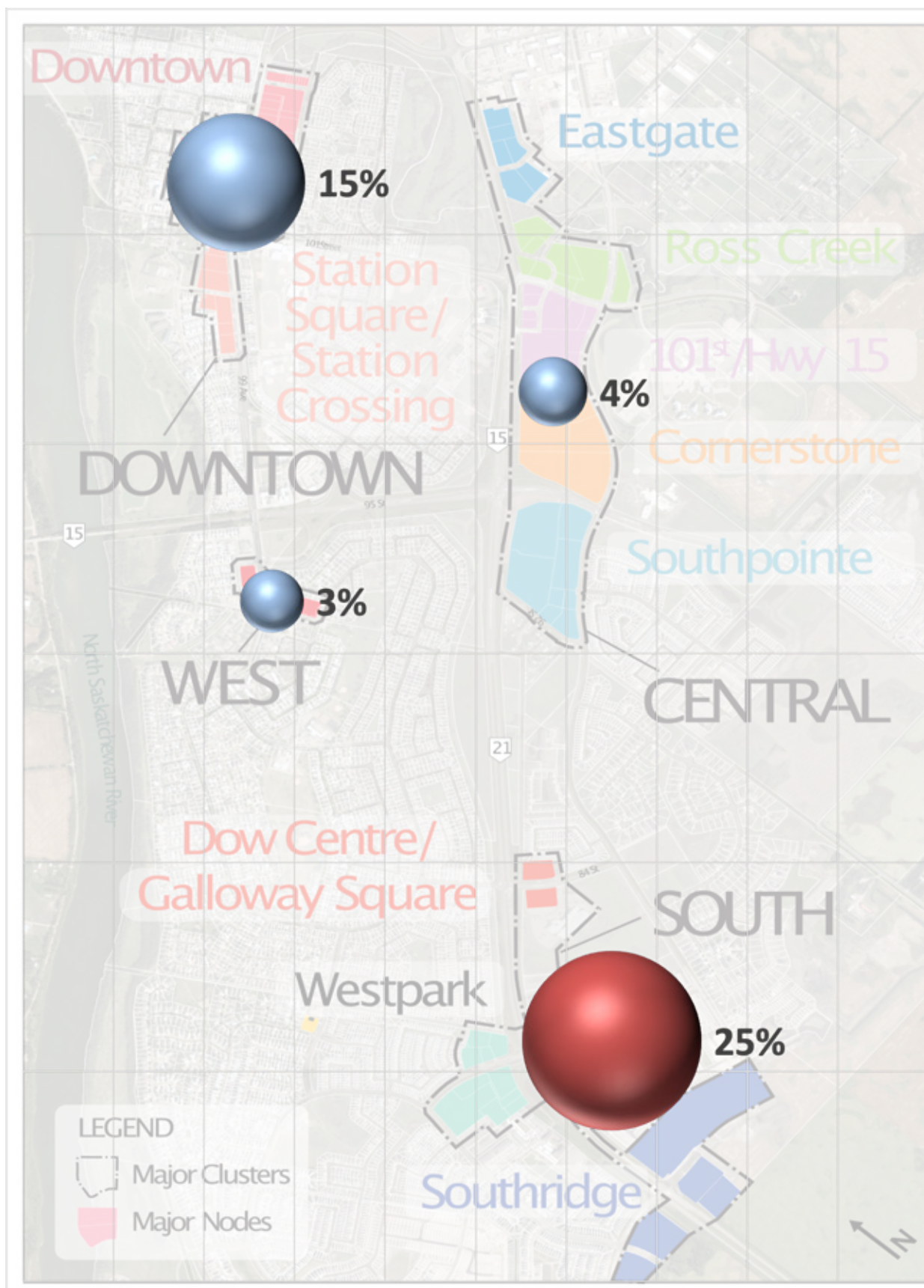
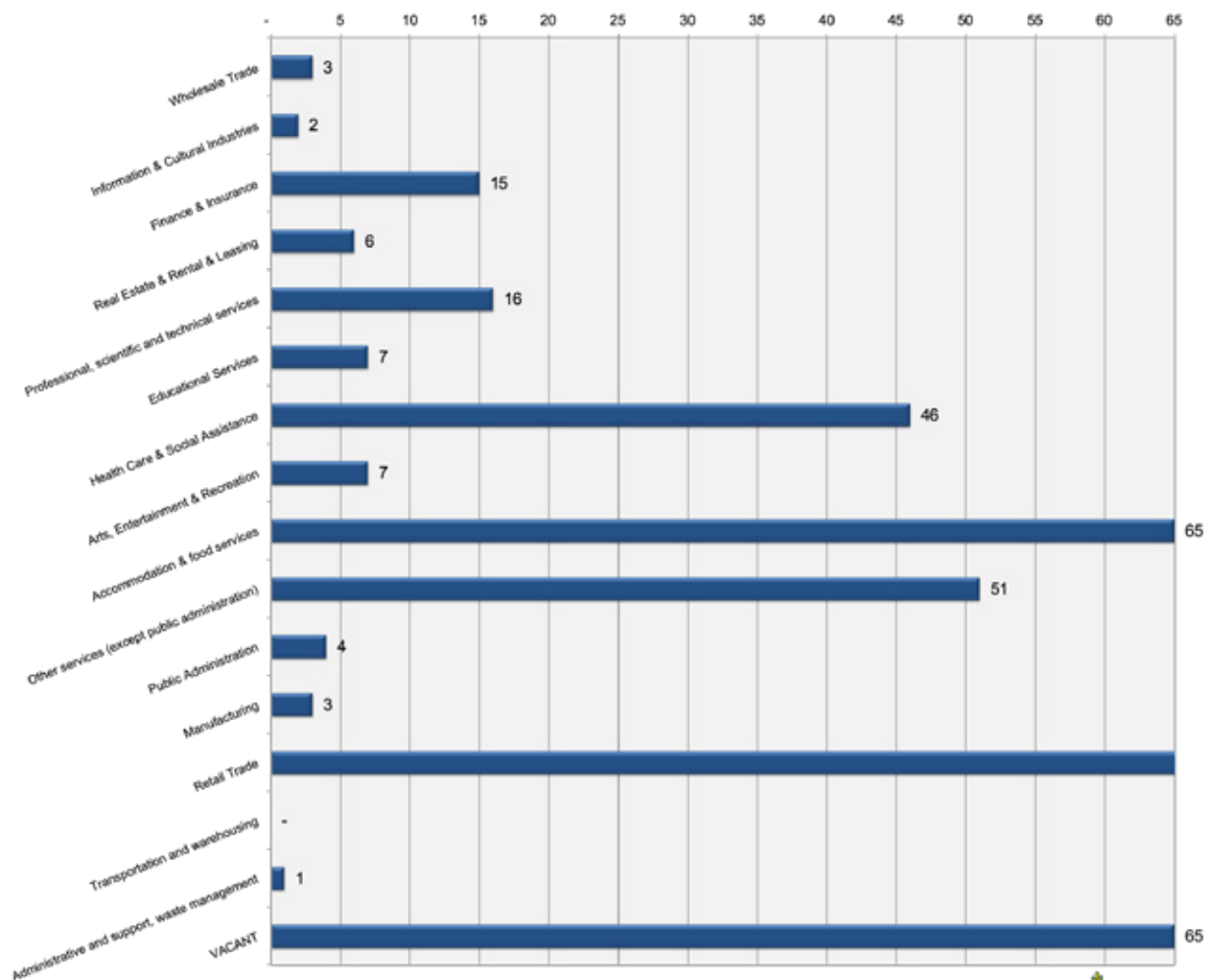


Figure 4.8

CITY OF FORT SASKATCHEWAN RETAIL INVENTORY BY NAICS CLASSIFICATION

(Source: Statistics Canada 2018 and Key Planning Strategies 2019)

NAICS CLASSIFICATION	NAICS	Number of Businesses	Business Breakdown
Wholesale Trade	41	3	0.8%
Information & Cultural Industries	51	2	0.5%
Finance & Insurance	52	15	3.9%
Real Estate & Rental & Leasing	53	6	1.6%
Professional, scientific and technical services	54	16	4.1%
Educational Services	61	7	1.8%
Health Care & Social Assistance	62	46	11.9%
Arts, Entertainment & Recreation	71	7	1.8%
Accommodation & food services	72	65	16.8%
Other services (except public administration)	81	51	13.2%
Public Administration	91	4	1.0%
Manufacturing	31-33	3	0.8%
Retail Trade	44-45	95	24.6%
Transportation and warehousing	48-49	-	0.0%
Administrative and support, waste management	56	1	0.3%
VACANT	n/a	65	16.8%
TOTAL		386	100.0%



RATIO OF FLOORSPACE PER CAPITA IN CITY (including vacant space)

For most markets that fall within the 30 to 40 sq. ft. per capita range, they are typically self-serving markets, meaning they do not have a significant regional trade area, but rather fulfill the demand and needs of its own City's population base.

When applying the retail inventory for the City of Fort Saskatchewan against the City's population, the resulting per capita ratio is 51.7, which suggests the City is well-positioned to grow as a regional market, but that growth should be cautious so as to avoid becoming over-retailed.

This figure includes vacancies, does not though take into account the quality of the retail space and thus it should be acknowledged that older obsolete space can sometimes skew this figure. Regardless, it does provide a general indication.

Per capita space ratio can be further used as a guide when forecasting future demand for the City.

4.8

SUMMARY & IMPLICATIONS

The resulting inventory for the City of Fort Saskatchewan illustrates a community oriented retail offering that provides essential shops and services for residents of Fort Saskatchewan as well as populations within an approximate 1 hour drive, primarily north, northeast and east of the City.

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

The City has an estimated retail inventory of almost 1.30 million sq. ft. and a vacancy of just over 4.0% (excluding new space actively being leased or under construction) which suggests a relatively healthy retail environment.

The City sits at a point where the retail market in terms of inventory and vacancies as well as downtown viability are relatively balanced and in good stead.

The biggest threat to Fort Saskatchewan's retail outlook is the newer developing projects at Emerald Hills and Manning Town Centre, which survey respondents have indicated is their primary comparison shopping locale.

Rather than trying to compete with those larger projects, the City of Fort Saskatchewan has the opportunity to target specific categories and tenants that can maintain the city's balance while at the same time capitalizing on voids in the market.

Fort Saskatchewan is at a point in its growth where tenants should be targeted for quality over quantity and thus target very specific and desired tenants that match the gaps and demographic profile.

Although Fort Saskatchewan's retail landscape and inventory is dominated by the Central and Downtown nodes, the South node is increasingly becoming a strong node, partly due to the location which places this node in the strongest location to tap into new residential development in the city. This will have implications on other nodes as the City grows. In particular, the Downtown will face pressures for tenant attraction and retention.



Photo credit: Kieron Hunt

5 RETAIL DEMAND & GAP ANALYSIS

5.1 INTRODUCTION

The following section will quantify the amount of supportable floorspace in the City of Fort Saskatchewan as justified by the Trade Area it serves. After determining the supportable and residual floorspace (if and as determined), the retail gap analysis will measure the difference between the supply and demand as presented in terms of inflow or outflow of retail sales.

5.2 RETAIL FLOORSPACE DEMAND BY TRADE AREA SEGMENT

Tables 5.1 through 5.7 depict the Retail Floorspace demand estimates that are estimated to come from Fort Saskatchewan's respective Retail Trade Area's. This measure of retail demand is used to further rationalize the current amount of inventory in the City and further highlight where particular areas of deficiency or opportunity may lie as it relates to the overall retail offering in the City.

By dividing the aggregate Trade Area retail spending potential by category-specific retail sales productivity estimates (measured in \$ per sq. ft.), a metric commonly used by the retail industry to quantify sales performance, the estimated warranted floorspace can be calculated.

Once the estimated expenditure for each Trade Area is calculated, an estimated market share is applied to each category. This reflects an estimate on how much retail sales the City of Fort Saskatchewan could reasonably be expected to garner from each respective Trade Area.

Market Share estimates are derived in large part from the results of the Consumer Intercept Survey which asked respondents what percentage of their retail spending on a specific category was "inside Fort Saskatchewan" or "outside Fort Saskatchewan and "online". This resulting new expenditure then has a category-specific sales productivity applied which results in an estimated floorspace demand figure attributable to each Trade Area segment.

Primary Trade Area (Including City of Fort Saskatchewan) Supply - Demand

Starting with **Table 5.1**, the City of Fort Saskatchewan Primary trade area is quantified to determine, based on expenditure and market shares, just how much retail space the PTA's 52,748 residents could reasonably justify, not taking into account inflow of any kind.

Table 5.1 illustrates the demand resulting from the Primary Trade Area, which includes the City of Fort Saskatchewan, and other neighbouring residents as delineated in the Primary Trade Area. The figures reveal demand for approximately 1.45 million sq. ft. of retail at a retained market share of approximately 54%.

Since this study is examining the City of Fort Saskatchewan's retail market, the resulting market shares and demand are viewed as "retained" in that 50% of total City of Fort Saskatchewan resident spending is retained in the City of Fort Saskatchewan. The remaining 60% is considered outflow and spent elsewhere in Sherwood Park, Strathcona County, or the City of Edmonton or through online purchases such as Amazon, Wayfair or through specific omni-channel retailers.

TABLE 5.1
PTA RETAIL FLOORSPACE DEMAND

Retail Spending by Merchandise Category	2022			
	PTA Incl Fort Sask Retail Sales Productivity (\$psf)	Inflow & Retained Market Share	Inflow & Retained Sales \$	Floorspace Demand (sf)
Grocery & Specialty Foods	\$550	76%	\$201,356,984	366,104
Pharmacy	\$550	80%	\$15,924,396	28,953
Alcohol & Tobacco	\$500	83%	\$23,401,878	46,804
Personal Services	\$200	68%	\$54,830,672	274,153
Clothing & Apparel	\$275	28%	\$11,798,716	42,904
Footwear	\$275	28%	\$3,979,689	14,472
Jewelry & Accessories	\$500	35%	\$3,056,636	6,113
Health & Beauty	\$450	74%	\$25,814,096	57,365
Home Furniture & Décor	\$275	30%	\$6,780,598	24,657
Home Electronics & Appliances	\$450	31%	\$31,820,808	70,713
Home Improvement & Gardening	\$225	75%	\$36,733,282	163,259
Books & Media	\$200	9%	\$1,364,751	6,824
Sporting Goods	\$250	40%	\$6,361,353	25,445
Toys & Hobbies	\$250	40%	\$4,665,088	18,660
Specialty Retail	\$250	42%	\$7,450,489	29,802
Quick Service F&B	\$550	77%	\$21,698,718	39,452
Full Service Restaurants	\$450	50%	\$25,468,517	56,597
Arts & Entertainment	\$175	40%	\$1,325,863	7,576
Drinking Establishments	\$500	40%	\$1,922,810	3,846
Fitness & Leisure	\$200	59%	\$4,422,796	22,114
Auto Parts & Accessories	\$375	59%	\$8,527,229	22,739
Auto/RV/Motorsports Dealerships	\$450	29%	\$55,020,332	122,267
TOTAL RETAIL CATEGORIES ONLY	\$382	54.1%	\$553,725,700	1,450,820

TABLE 5.2
STA NORTH RETAIL FLOORSPACE DEMAND

Retail Spending by Merchandise Category	2022			
	STA NORTH Retail Sales Productivity (\$psf)	Inflow Market Share	Inflow Sales \$	Floorspace Demand (sf)
Grocery & Specialty Foods	\$550	69%	\$14,865,438	27,028
Pharmacy	\$550	72%	\$1,214,119	2,207
Alcohol & Tobacco	\$500	74%	\$1,633,690	3,267
Personal Services	\$200	61%	\$3,562,613	17,813
Clothing & Apparel	\$275	25%	\$645,985	2,349
Footwear	\$275	25%	\$219,469	798
Jewelry & Accessories	\$500	31%	\$162,588	325
Health & Beauty	\$450	67%	\$1,568,529	3,486
Home Furniture & Décor	\$275	27%	\$405,420	1,474
Home Electronics & Appliances	\$450	28%	\$1,904,051	4,231
Home Improvement & Gardening	\$225	67%	\$2,747,402	12,211
Books & Media	\$200	8%	\$81,512	408
Sporting Goods	\$250	36%	\$331,799	1,327
Toys & Hobbies	\$250	36%	\$279,456	1,118
Specialty Retail	\$250	37%	\$556,263	2,225
Quick Service F&B	\$550	69%	\$395,590	719
Full Service Restaurants	\$450	45%	\$1,553,298	3,452
Arts & Entertainment	\$175	36%	\$87,233	498
Drinking Establishments	\$500	36%	\$117,603	235
Fitness & Leisure	\$200	53%	\$193,723	969
Auto Parts & Accessories	\$375	53%	\$494,834	1,320
Auto/RV/Motorsports Dealerships	\$450	26%	\$3,483,951	7,742
TOTAL RETAIL CATEGORIES ONLY	\$383	49.8%	\$36,504,566	95,203

TABLE 5.3
STA EAST RETAIL FLOORSFACED DEMAND

Retail Spending by Merchandise Category	2022			
	STA EAST Retail Sales Productivity (\$psf)	Inflow Market Share	Inflow Sales \$	Floorspace Demand (sf)
Grocery & Specialty Foods	\$550	61%	\$32,005,560	58,192
Pharmacy	\$550	64%	\$2,672,733	4,860
Alcohol & Tobacco	\$500	66%	\$3,579,266	7,159
Personal Services	\$200	54%	\$7,678,998	38,395
Clothing & Apparel	\$275	22%	\$1,427,855	5,192
Footwear	\$275	22%	\$483,161	1,757
Jewelry & Accessories	\$500	28%	\$366,716	733
Health & Beauty	\$450	59%	\$3,438,838	7,642
Home Furniture & Décor	\$275	24%	\$854,084	3,106
Home Electronics & Appliances	\$450	25%	\$4,336,430	9,637
Home Improvement & Gardening	\$225	60%	\$5,816,029	25,849
Books & Media	\$200	7%	\$135,447	677
Sporting Goods	\$250	32%	\$710,217	2,841
Toys & Hobbies	\$250	32%	\$647,552	2,590
Specialty Retail	\$250	33%	\$1,182,901	4,732
Quick Service F&B	\$550	61%	\$757,700	1,378
Full Service Restaurants	\$450	40%	\$3,480,528	7,735
Arts & Entertainment	\$175	32%	\$187,869	1,074
Drinking Establishments	\$500	32%	\$261,651	523
Fitness & Leisure	\$200	47%	\$404,523	2,023
Auto Parts & Accessories	\$375	47%	\$1,103,172	2,942
Auto/RV/Motorsports Dealerships	\$450	24%	\$7,434,580	16,521
TOTAL RETAIL CATEGORIES ONLY	\$384	44.3%	\$78,965,807	205,555

TABLE 5.4
MISCELLANEOUS SEGMENTS RETAIL FLOORSFACED DEMAND

Retail Spending by Merchandise Category	2022			
	MISCELLANEOUS	Inflow Market Share	Inflow Sales \$	Floorspace Demand (sf)
Grocery & Specialty Foods	\$550	10%	\$24,822,798	45,132
Pharmacy	\$550	5%	\$990,562	1,801
Alcohol & Tobacco	\$500	2%	\$572,297	1,145
Personal Services	\$200	5%	\$3,303,614	16,518
Clothing & Apparel	\$275	5%	\$693,628	2,522
Footwear	\$275	2%	\$93,646	341
Jewelry & Accessories	\$500	2%	\$71,719	143
Health & Beauty	\$450	2%	\$616,429	1,370
Home Furniture & Décor	\$275	2%	\$160,802	585
Home Electronics & Appliances	\$450	2%	\$761,226	1,692
Home Improvement & Gardening	\$225	2%	\$905,934	4,026
Books & Media	\$200	0%	\$0	0
Sporting Goods	\$250	2%	\$148,067	592
Toys & Hobbies	\$250	2%	\$111,842	447
Specialty Retail	\$250	5%	\$459,483	1,838
Quick Service F&B	\$550	10%	\$2,285,201	4,155
Full Service Restaurants	\$450	2%	\$610,047	1,356
Arts & Entertainment	\$175	2%	\$32,019	183
Drinking Establishments	\$500	0%	\$0	0
Fitness & Leisure	\$200	0%	\$0	0
Auto Parts & Accessories	\$375	5%	\$506,262	1,350
Auto/RV/Motorsports Dealerships	\$450	2%	\$1,318,777	2,931
TOTAL RETAIL CATEGORIES ONLY	\$436	5.7%	\$38,464,354	88,127

TABLE 5.5
TOTAL TRADE AREA RETAIL FLOORSPACE DEMAND

Retail Spending by Merchandise Category	2022		
	Total Floorspace Demand (sf)	Current City Retail Inventory (sf)	Total Residual Demand (sf)
Grocery & Specialty Foods	496,456	230,222	-266,234
Pharmacy	37,821	61,159	23,338
Alcohol & Tobacco	58,374	39,722	-18,652
Personal Services	346,879	50,802	-296,078
Clothing & Apparel	52,968	79,891	26,923
Footwear	17,367	2,500	-14,867
Jewelry & Accessories	7,315	6,019	-1,297
Health & Beauty	69,862	11,199	-58,663
Home Furniture & Décor	29,821	33,507	3,686
Home Electronics & Appliances	86,272	20,744	-65,528
Home Improvement & Gardening	205,345	131,567	-73,778
Books & Media	7,909	1,000	-6,909
Sporting Goods	30,206	21,976	-8,230
Toys & Hobbies	22,816	12,698	-10,118
Specialty Retail	38,597	89,972	51,376
Quick Service F&B	45,704	68,610	22,906
Full Service Restaurants	69,139	65,878	-3,261
Arts & Entertainment	9,331	23,210	13,879
Drinking Establishments	4,604	15,691	11,087
Fitness & Leisure	25,105	62,300	37,195
Auto Parts & Accessories	28,351	60,243	31,892
Auto/RV/Motorsports Dealerships	149,461	60,764	-88,697
TOTAL RETAIL CATEGORIES ONLY	1,839,704	1,149,674	-690,031
	Including Vacant space	146,914	-543,117

Disclaimer: Residual demand estimates reflect updated trade area household spending measured against 2019 retail inventory. Any changes to inventory (new or vacant) that may have occurred since 2019 are therefore not factored into the residual demand estimates

The resulting figures in **Table 5.1** depict a market that retains strong market share for conveniences and necessity goods with market shares averaging >75%, but much of the DSTM or Comparison Goods purchases continue to be made outside of Fort Saskatchewan, as evidenced by the market shares that tend to average in the 28% to 40% range with an overall average at 39%.

Much of this decision is based on the relative proximity of Edmonton and its major metropolitan shopping areas in relation to the City of Fort Saskatchewan. This trend has become even more evident as Emerald Hills and Manning Town Centre continue to provide larger format Comparison retail, within a 25-minute drive time of the City of Fort Saskatchewan. To account for spending inflow originating outside of the City of Fort Saskatchewan, Key Planning also quantified the Secondary Trade Areas, which are less populated, but still provide somewhat regular and loyal patronage to the City.

Accordingly, each of these additional inflow areas and their resulting spending and market shares have been estimated to document the amount of floorspace attributable to each.

Secondary Trade Area North Supply - Demand

Each of the Secondary Trade Areas is much less populated than the Primary Trade Area, and as such the amount of demand attributable is lower, although the market share remains quite strong. For these Secondary Trade Areas, demand is in the form of Convenience and more lower-order Comparison or Department Store Type Merchandise such as everyday Fashion, Automobiles, or Leisure such as Sporting Goods and Toys.

Table 5.2 reveals the demand for floorspace in the City of Fort Saskatchewan attributable to residents in the STA North at approximately 95,203 sq. ft. at a market share of 49.8%.

Secondary Trade Area East Supply - Demand

Table 5.3 reveals the demand for floorspace in the City of Fort Saskatchewan attributable to residents in the STA East at approximately 205,555 sq. ft. at a market share of 44.3%.

The STA East also has a relatively high market share because much of the consumer base from the STA East often has to pass through the City of Fort Saskatchewan and thus can be intercepted or more conveniently accommodated by the City's shops and services. Fort Saskatchewan has also continued to increase its retail offering whereby now even residents further out in the STA East can access Fort Saskatchewan more easily for goods and services without having to go into Edmonton or Sherwood Park, except for larger ticket or bulk items.

Miscellaneous Inflow Supply - Demand

As noted in the Demographic Section, Fort Saskatchewan also benefits from miscellaneous sources of business by way of commuter workforce, temporary residents, passing motorists as well as less frequent consumers from areas outside of the defined STAs like Athabasca, Lac La Biche, St Paul or Vegreville.

Accordingly, and based on an estimated miscellaneous inflow of 5.7 % market share of their total spending, **Table 5.4** reveals that part time residents could justify demand for approximately 88,127sq. ft.

Much of this demand is warranted for categories such as Grocery, Pharmacy, Personal Services, and Food & Beverage (Full and Limited Service formats).

Total Trade Area Supply - Demand

Table 5.5 aggregates the total demand for floorspace in the City of Fort Saskatchewan attributable to residents of the Primary and Secondary Trade Areas and Miscellaneous Inflow at approximately 1,839,704 sq. ft.

When compared against the current city's occupied retail inventory or supply (as of 2019) at 1,149,674 sq. ft., the difference between demand and supply equates to almost 690,031 sq. ft. of retail space. In other words, the City has in the range of 690,000 sq. ft. unmet retail demand.

If one factors into the equation forecasted population growth in the Primary Trade Area of approximately 9,181 over the next decade to 2032 (the majority of which will be in the City of Fort Saskatchewan), then estimated future floorspace demand could grow by approximately 183,620 sq. ft. (if applying a conservative per capita ratio of 20 sf per capita). This estimate is based on growth in retail consistent levels of retail spending and market share of **total** spending at 50%.

Thus in total, when considering residual demand plus future demand over the next decade, the City of Fort Saskatchewan could grow by as much as 873,651 sq. ft. (690,031 sq. ft. +183,620 sq. ft.) of new retail space.

When factoring future growth against the current residual demand, the forecasts suggests the City should focus its retail tenant recruitment strategy on specific tenants and merchandise categories that exhibit strong retail sales inflow potential.

As the City continues to grow and expand its market area penetration, the progression of retail will correspondingly create opportunities for retailers that may already have locations in areas like Emerald Hills, but for whom Fort Saskatchewan will now be seen as truly its own regional or quasi-regional retail market.

5.3

RETAIL GAP ANALYSIS QUANTIFICATION

The previous analysis quantified the supply vs. demand in terms of retail floorspace only. This next step involves quantifying the supply vs. demand in terms of retail sales performance and spending.

The process for calculating the retail surplus/inflow involved estimating the current annual retail sales for each respective merchandise category in the City of Fort Saskatchewan.

This estimated annual retail sales value was calculated by applying a retail sales productivity (using industry baseline averages as determined by the International Council of Shopping Centers) against the inventory and further sensitized by the classification of the retail store.

Table 5.6 and Figure 5.1 illustrate the Retail Gap Analysis on a category-by-category basis for the City of Fort Saskatchewan.

Given the average rate of market shares (at 50%), it is not surprising that Fort Saskatchewan still exhibits a high degree of retail sales leakage (outflow) of spending dollars, particularly for bigger ticket items or DSTM type merchandise, namely fashion and home decor/furniture.

5.4

RETAIL INFLOW & OUTFLOW

Key Planning utilized a methodology of comparing Supply and Demand as generated by the Retail Spending patterns of the Trade Area Residents. This comparison of Supply and Demand results in a measure of Inflow or Outflow as shown in **Figure 5.1 and Table 5.6**. Inflow/Outflow conveniently measures the

balance between the volume of supply (retail sales) generated by retail in Fort Saskatchewan and the demand (spending by households) within the same area, meaning the City of Fort Saskatchewan.

Inflow (also referred to as Surplus) represents a condition whereby the supply exceeds the areas demand and where retailers are attracting shoppers that reside outside the City.

Outflow (also referred to as Leakage) represents a condition whereby a market's supply is less than the demand. In other words, retailers outside the market area are fulfilling demand for retail products and thus demand is outflowing or leaking out of the City.

Table 5.6 reveals a pattern of spending that again clearly substantiates the idea that the City of Fort Saskatchewan is evolving into a self-serving regional Retail Trade Area whereby the City has done a good job of curbing outflow for convenience and day-to-day necessities, but still exhibits patterns of outflow on DSTM type merchandise.

The Inflow/Outflow factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total inflow) to -100 (total outflow).

A positive value represents inflow of retail opportunity where customers are drawn in from outside the trade area. A negative value represents outflow of retail sales, a market where customers are drawn outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales.

In the case of Fort Saskatchewan, **Table 5.6 and Figure 5.1** reveals a pattern in which more day-to-day types of categories are generating inflow and surplus sales as are food and beverage, and

could thus be targeted by retailers.

Conversely, the categories exhibiting outflow are all the types of categories that people are prepared to drive 30 - 45 minutes to access (made more accessible by the Anthony Henday highway), which brings into play a wide array of projects that even includes South Edmonton Common and West Edmonton Mall.

The comparison of supply to demand comparing the City's inventory to total spending shows a relatively balanced market. This however doesn't take into account the larger regional draw that Fort Saskatchewan has become over the past 5+ years.

Cross-referencing the City's retail spending against the actual retail sales estimated for its current inventory yields an estimated total net sales outflow of \$126 million dollars or an outflow factor of 12.1, which means the City must provide the necessary retail that corresponds with its growth locally and regionally as a growing retail and service hub. Immediate opportunities to curb outflow lie in the categories of Grocery & Specialty Foods and Personal Services.

The results of the inflow/outflow analysis show a clear pattern whereby bigger ticket purchases like Auto/RV, Home Electronics & Appliances and Home Furnishings have the potential to be added to Fort Saskatchewan over the next decade particularly since those categories represent voids or gaps in the trade area where leakage is occurring.

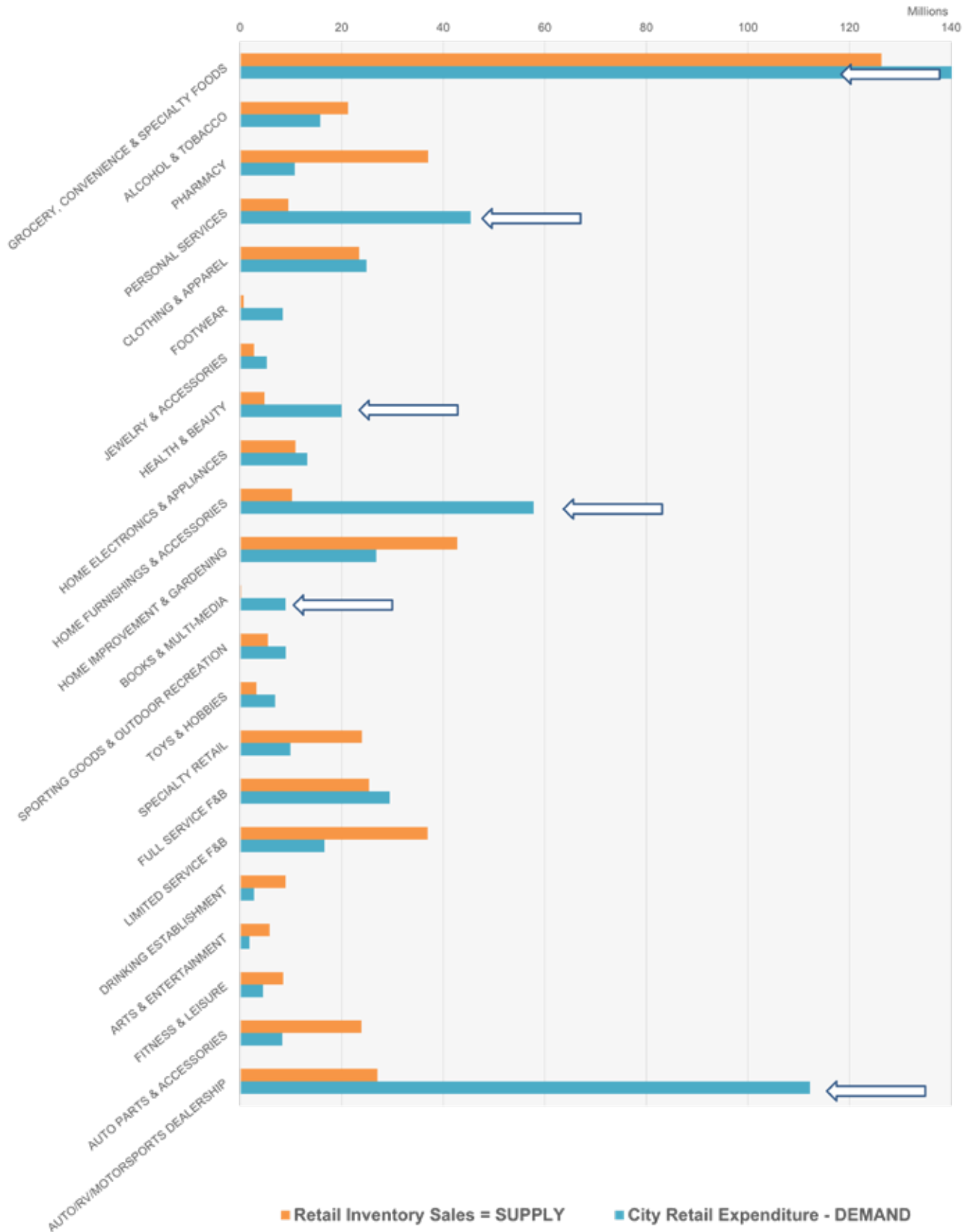
DISCLAIMER: Since this update has not revisited the inventory and sales productivity of the retailers, the figures presented in this outflow/inflow assessment may not provide a full account for the total estimated retail sales nor inflow/outflow in the City generated by its retailers.

TABLE 5.6
RETAIL INFLOW / OUTFLOW ESTIMATES

MERCHANDISE CATEGORY	INVENTORY SQ. FT.	CURRENT ANNUAL RETAIL SALES (SUPPLY)	2022 CITY OF FORT SASKATCHEWAN RETAIL EXPENDITURE (DEMAND)	(OUTFLOW) INFLOW SALES	FLOORSPACE DEMAND SQ. FT.	FLOORSPACE DIFFERENTIAL SQ. FT. (supply minus demand)	OUTFLOW INFLOW FACTOR (based on sales vs spending demand)
GROCERY, CONVENIENCE & SPECIALTY FOODS	230,222	126,283,444	\$146,598,954	(\$20,315,511)	267,259	-37,036	(7.4)
ALCOHOL & TOBACCO	39,722	21,228,013	\$15,819,909	\$5,408,104	29,603	10,120	14.6
PHARMACY	61,159	37,023,669	\$10,769,009	\$26,254,660	17,789	43,370	54.9
PERSONAL SERVICES	57,856	9,540,025	\$45,429,991	(\$35,889,966)	275,515	-217,658	(65.3)
CLOTHING & APPAREL	79,891	23,436,194	\$24,922,775	(\$1,486,580)	84,958	-5,068	(3.1)
FOOTWEAR	2,500	721,875	\$8,392,188	(\$7,670,313)	29,064	-26,564	(84.2)
JEWELRY & ACCESSORIES	6,019	2,759,400	\$5,235,060	(\$2,475,660)	11,419	-5,400	(31.0)
HEALTH & BEAUTY	11,199	4,771,463	\$19,995,873	(\$15,224,411)	46,931	-35,733	(61.5)
HOME ELECTRONICS & APPLIANCES	20,744	10,942,481	\$13,226,638	(\$2,284,157)	25,075	-4,330	(9.5)
HOME FURNISHINGS & ACCESSORIES	33,507	10,220,925	\$57,819,523	(\$47,598,598)	189,550	-156,042	(70.0)
HOME IMPROVEMENT & GARDENING	131,567	42,768,739	\$26,827,002	\$15,941,737	82,526	49,041	22.9
BOOKS & MULTI-MEDIA	1,000	200,000	\$8,944,558	(\$8,744,558)	44,723	-43,723	(95.6)
SPORTING GOODS & OUTDOOR RECREATION	21,976	5,493,900	\$9,003,121	(\$3,509,221)	36,012	-14,037	(24.2)
TOYS & HOBBIES	12,698	3,218,078	\$6,900,371	(\$3,682,292)	27,227	-14,530	(36.4)
SPECIALTY RETAIL	88,472	23,996,631	\$9,910,036	\$14,086,596	36,537	51,935	41.5
FULL SERVICE F&B	65,878	25,434,705	\$29,443,638	(\$4,008,933)	76,261	-10,383	(7.3)
LIMITED SERVICE F&B	68,610	36,957,278	\$16,597,175	\$20,360,102	30,812	37,798	38.0
DRINKING ESTABLISHMENT	15,691	8,941,225	\$2,793,759	\$6,147,466	4,903	10,788	52.4
ARTS & ENTERTAINMENT	29,210	5,829,486	\$1,829,824	\$3,999,662	9,169	20,041	52.2
FITNESS & LEISURE	41,300	8,500,000	\$4,551,244	\$3,948,756	22,114	19,186	30.3
AUTO PARTS & ACCESSORIES	60,243	23,906,948	\$8,316,731	\$15,590,218	20,957	39,286	48.4
AUTO/RV/MOTORSPORTS DEALERSHIP	60,764	27,061,999	\$112,228,748	(\$85,166,749)	251,996	-191,231	(61.1)
VACANT	101,627	0					
VACANT NEW	60,487	0					
TOTAL	1,302,343	\$459,236,478	\$585,556,124	(\$126,319,646)	1,620,399	-318,056	(12.1)

*** Grocery & Specialty Foods Includes Convenience Stores

FIGURE 5.1
CITY OF FORT SASKATCHEWAN RETAIL SPENDING SUPPLY AND DEMAND



6 downtown profile & analysis

6.1 INTRODUCTION

Key Planning and Colliers International Consulting conducted a comprehensive inventory of Downtown Fort Saskatchewan's retail supply in the Spring of 2019 as part of the City's Economic Development Strategy.

In any community, the success can most be observed by the fabric of the Downtown core. Downtown is the one neighbourhood that is shared by the community. Cafés, restaurants, shops, activities, events and festivals, make downtown a destination for celebrating and socializing outside of a home or workplace.

Retail is often referred to as the "face of the place" and a successful downtown can often become the true identity of a community.

In 2009, the City undertook Downtown Area Redevelopment Plan in 2009 and most recently the City's Economic Development Department began developing an Economic Development Strategy specifically for the City's downtown. The intent of the original ARP was stated as follows:

To provide direction to ensure that Downtown Fort Saskatchewan is the vibrant heart of the community - the location of choice for business and people, that provides a unique range of residential, commercial, entertainment, cultural, and recreational opportunities, a place where people choose to live, work, and play.

This intent remains true today, although as the City has continued to grow and provide the services and shops that local and regional residents have sought, the Downtown's fragility as a core shopping, working or leisure destination has been challenged.

This profile analysis therefore provides a detailed inventory snapshot as well as a supplemental consumer survey to identify where the strengths of the Downtown lie, but also where the weaknesses and limitations exist.

6.2 BUSINESS & PROPERTY OWNER CONSULTATION (2017)

In 2017, the City engaged Downey Norris & Associates to conduct a Downtown Business & Property Owner Consultation to identify issues and actions for creating a vibrant downtown.

The study noted that almost 40 percent of respondents indicated they own a business and property, while nearly 60 percent indicated they own a business only. One respondent was a property owner only. Nearly 40 percent of respondents have owned a business/property in downtown for more than 10 years. Some key findings included the following:

1. The majority of respondents (60%) have owned/operated a business in downtown for less than 10 years.
2. The availability of space and convenience of location are top reasons for choosing downtown.
3. If making the decision again today, almost half (19) indicated they would not or were unsure they would choose to locate downtown.
4. Twenty-five percent of respondents feel lease rates for property downtown are generally lower than for business property in other locations in Fort Saskatchewan.
5. 48% of respondents indicated it is important that downtown be open for business evenings and weekends.

6. 21% of respondents with retail business who are not open evenings and weekends indicate there is not enough foot traffic to justify the cost of having extended hours.
7. 51% of respondents do not agree that City has a clear, compelling vision for the future of downtown (28% agree, 21% don't know).
8. Majority of respondents (70%) are supportive of the City's efforts to develop downtown.

As a result of the survey, the following actions were identified by the respondents as being important to the success or reinvigoration of the Downtown:

1. Attract more retail businesses & shopping – 72%
2. Attract unique boutique retail outlets – 62%
3. Recognize and differentiate the needs of small family owned business versus large businesses and corporations – 56%
4. Increase the number of people living downtown – 54%
5. Add more parking – 52%

6.3

DOWNTOWN INVENTORY

As documented in the following bar charts as well as **Figure 6.1** and based on in depth analysis and fieldwork, we have broken up the downtown area into four sub-areas; Downtown Core, Downtown West, Midtown, and Uptown. Each of these areas differ in terms of their retail mix and performance metrics. Within Downtown West, the true focal point of retail and centre piece of the Downtown was identified at the corner of 100 Avenue and 103 Street.

DOWNTOWN CORE

Total GLA: 167,246 sf

Vacancy: 12.1%

Local Stores: 85%

Branded Stores: 15%

Although the Downtown Core is envisioned as the heart of the City, it currently suffers from the highest vacancy rate at 12.1% with a high amount of tenant turnover and troublesome vacancies near the focal point intersection and along both 100 Avenue and 103 Street.

The majority of tenants within downtown offer Professional Services (35.6%), followed by Specialty Retail (8.1%), Personal Services (7.1%), and Full-Service Restaurants (6.7%). There is a notable lack of Limited Service Restaurants (0.8%) which are crucial for facilitating social gathering spots and an active downtown environment.

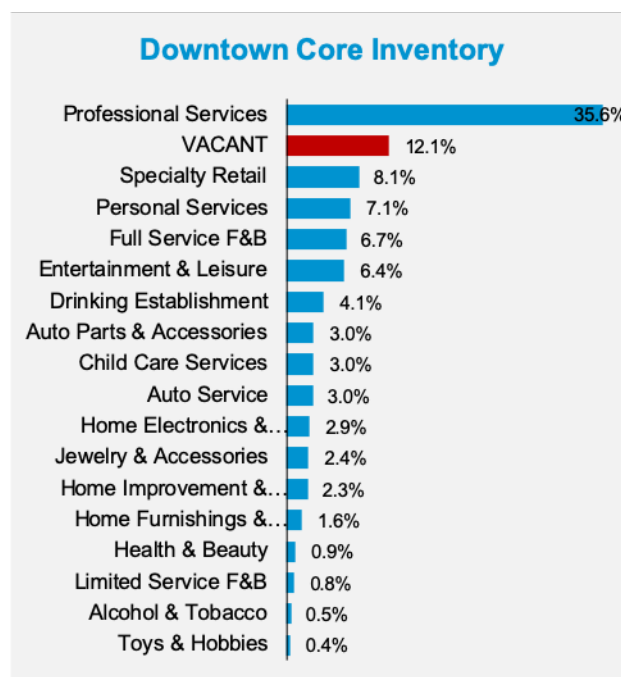
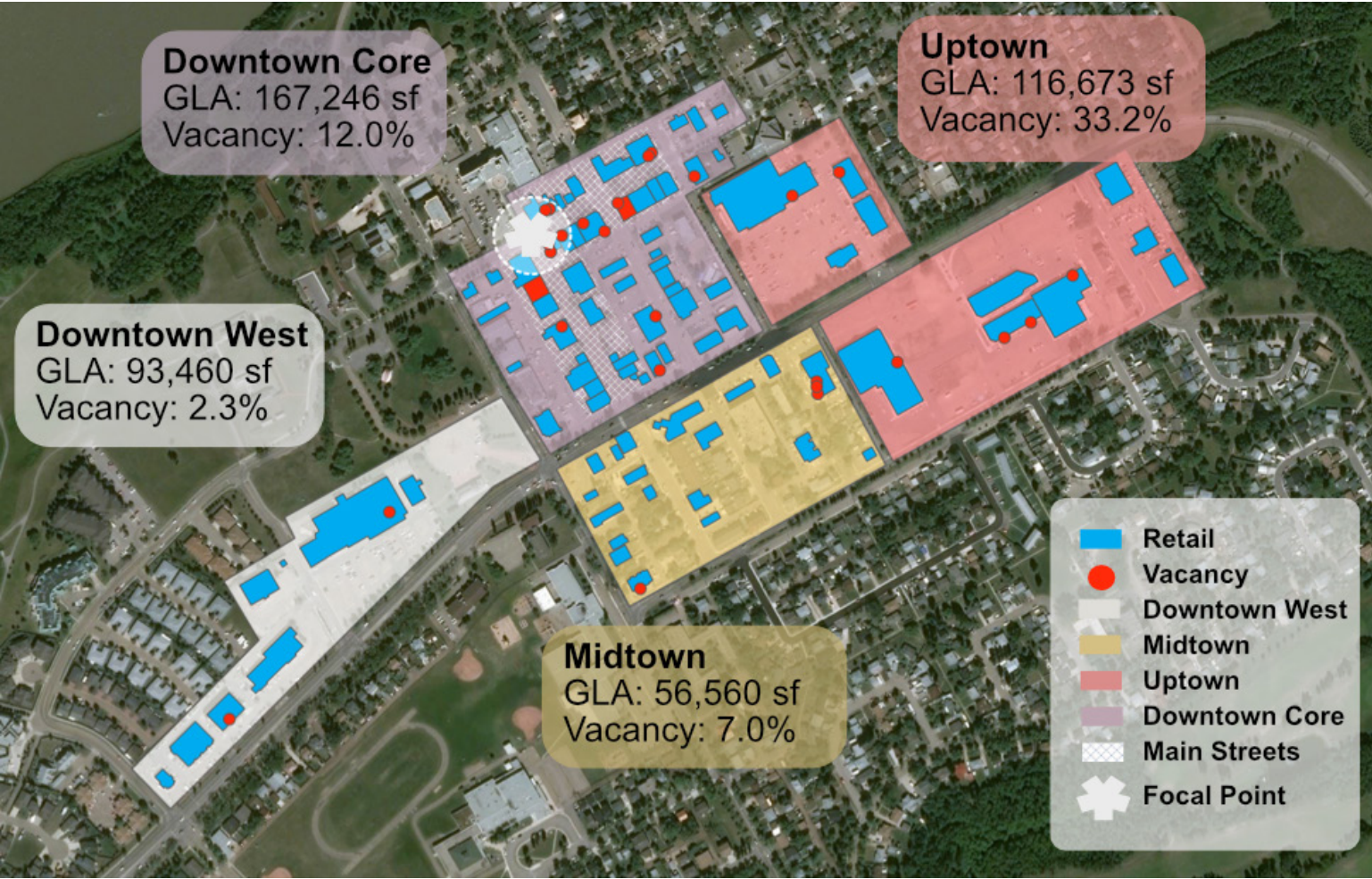


FIGURE 6.1
FORT SASKATCHEWAN DOWNTOWN RETAIL NODES SUMMARY



DOWNTOWN WEST

Total GLA: 93,460 sf

Vacancy: 2.3%

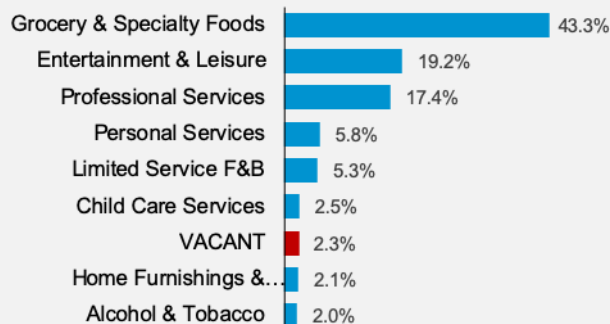
Local Stores: 50%

Branded Stores: 50%

Downtown West is perhaps the healthiest sub-area, with a vacancy rate of only 2.3%. This is the lowest among all Downtown sub-areas.

Due to the Co-op grocery store and theatre, the largest floorspace occupants are Grocery & Specialty Foods (43.3%) and Entertainment and Leisure (19.2%). Downtown West also has a healthy amount of Professional Services (17.4%).

Downtown West Inventory



MIDTOWN

Total GLA: 56,560 sf

Vacancy: 7.0%

Local Stores: 84%

Branded Stores: 16%

Midtown consists primarily of locally serving Personal and Professional Services, accounting for a total of 29.4% and 23.7% of total floorspace, respectively.

Approximately 84% of the stores within Midtown are locally owned and operated, whereas 16% are national chains entirely located along 99 Avenue.

Despite a relatively healthy vacancy rate of 7.0%, the retail offering within Midtown is relatively poor quality and unlikely to attract significant regional footfall.

Midtown Inventory



UPTOWN

Total GLA: 116,673 sf

Vacancy: 33.2%

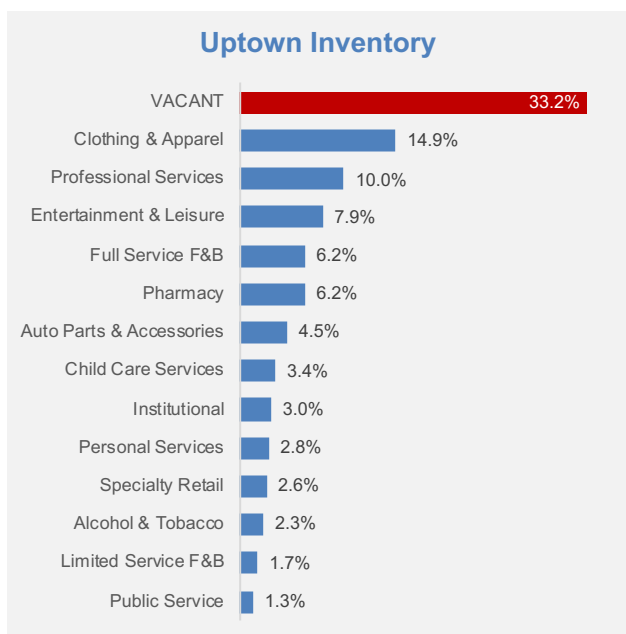
Local Stores: 62%

Branded Stores: 38%

Uptown consists of Fort Station and Market Square, with a vacancy rate of 33.2% and the strongest concentration of national stores at 38%.

Clothing and Apparel take up the largest amount of floorspace (14.9%), followed by Professional Services (10.0%), Entertainment and Leisure (7.9%), and Full-Service Food and Beverage (6.2%).

This auto-oriented area of Downtown is the most underutilized based on its future potential for infill development and a dynamic pedestrian-oriented retail environment that could be supported by increased residential density.



6.4

CONSUMER SURVEY RESULTS

In conjunction with the Business and Property Owner survey conducted in 2017 for the Downtown, Key Planning and Colliers in collaboration with Keyfax Market Research undertook an in-person survey of consumers in the Downtown at multiple locations over multiple days and at various times of the day. Additionally, the project team held one-on-one casual conversations with identified stakeholders to get their opinions and views on what makes the Downtown tick or could be improved.

As part of the consumer survey, respondents were asked numerous questions regarding their Downtown shopping habits. Overall, only 15% of respondents indicated that they visit Downtown daily, 29.5% visit weekly, 38.5% visit monthly, 12.0% visit yearly, and 5.0% never enter Downtown. For respondents that indicated they visit yearly or less, 64.7% said it was because there was nothing that they need Downtown that they can't get elsewhere in the City.

Consumers that do venture into Downtown generally don't spend much time before leaving as 36.5% of respondents spend less than an hour and 48.5% spend between 1-2 hours. The primary reason that residents do go Downtown is for shopping (32.3%) and services (26.8%). For comparison shopping purposes, only 7% of respondents indicated that Downtown would be their primary destination, with shopping patterns depending on the desire to shop at a specific store (22.8%), a strong selection of stores (21.3%), prices (21.3%), and proximity to home (17.3%). When it comes to convenience shopping needs, only 15% of respondents travel Downtown.

Thriving downtown cores in cities with a similar

CITY OF FORT SASKATCHEWAN: DOWNTOWN CONSUMER INTERCEPT SURVEY - 2019

Survey results indicate that 15.0% of residents surveyed identify the Downtown as their primary Convenience Shopping Area, while 7.0% identify Downtown as their primary Comparison Shopping destination



purpose of visit



Purpose of visits to downtown by those that visit on a monthly basis or more

Shopping 32.3%

Services 26.8%

Entertainment / Dining 19.7%

Walk / Browse 5.1%

Work 4.5%

downtown visits



83.0%

Visit downtown on a monthly basis or more

Daily 15.0%

Weekly 29.5%

Monthly 38.5 %

Yearly 12.0 %

Never 5.0%

duration of downtown visit



85.0%

Visit downtown for 2 hours or less

<1hr 36.5%

1hr - 2hr 48.5%

2hr - 3hr 10.5%

>3 hr 4.5%

trade area population to Fort Saskatchewan rely on a much stronger concentration of daily footfall and longer visits. Currently, Downtown Fort Saskatchewan suffers from a lack of variety and quality in its retail offerings to encourage consumers to visit rather than driving to the more convenient and accessible shopping nodes such as Cornerstone.

Additionally, once Downtown, there is a notable lack of retailers that encourage people to spend time and socialize such as coffee shops and quick service restaurants. When implemented correctly with high quality design, consistent store hours, and active storefronts with outdoor seating areas, these tenant types can be instrumental in generating streetfront activity and facilitating an engaging and attractive retail environment.

6.5

STAKEHOLDER INTERVIEWS

As part of the Downtown analysis, the project team interviewed a collection of business stakeholders comprising retail, office, professional and personal service sector, and administrative organizations. The key findings and common threads coming from the respondents, in not particular order of importance comprise the following:

1. Downtown Diner closure has had an impact along with high restaurant turnover in general.
2. Vacant lots need to be dealt with either as a strategy or penalty to stimulate activation of the space.
3. Downtown needs a coffee shop/cafe.
4. Markets and events must be consistently programmed year-round, even in winter.
5. The Downtown is in need of a functional and affordable Business Improvement Association.
6. For most Downtown businesses, 75% of their customer base is from Fort Saskatchewan.
7. The Facade Program was effective, but overall store frontages and poor signage remain an issue.
8. Downtown needs a social gathering spot that is central to the core of the Downtown itself.
9. Rental rates are considered too high and need to be examined for creative or alternative structures.
10. Retail store hours are inconsistent and need to be reviewed.

While the City can play a role in many of the above issues, the key to true success will be having a strong BIA established in which the business community can and should be the champion for the implementation of programs and strategies as assisted by City where possible.

6.6

SUMMARY & IMPLICATIONS

- » It is essential to encourage the introduction of a few social gathering spots within Downtown. Currently people come to downtown for one reason and then leave. The introduction of a coffee shop, pub, or both, with a large patio and pleasant décor will go a long way in enhancing the overall retail activity within downtown with spinoff benefits for nearby retailers.
- » Although the street festival was a good idea, it struggled due to the weather issues and a lack of participation from local retailers. This festival should continue moving forward with retailers encouraged to participate and made aware of the significant benefits that they may receive if they remain open during the festivities. The Easter Egg Crawl, Halloween Handy, and Canada Parade are all also helpful in attracting footfall from the surrounding area. It is recommended to plan numerous additional Downtown events throughout the year such as a winter festival with an outdoor skating rink.
- » Downtown currently suffers from persistent vacant units and lots. The introduction of policies such as increased tax rates or fines for units and lots remaining vacant for too long may be helpful.
- » Nearly all of the storefronts throughout Downtown are dated and inactive without any patio space. Part of the reason behind this is due to the permitting process to allow outdoor seating areas, and the lack of awareness of available grants such as the building façade program. Active, transparent storefronts are essential in facilitating a vibrant retail experience.
- » Create a marketing theme for Downtown Fort Saskatchewan such as the “Historical Fort District”, along with attractive signage along the highway with a directory of unique local businesses that may help encourage potential consumers to explore what downtown has to offer.
- » Encourage residential infill and multi-family development in the downtown area which could help to increase population growth within Downtown while also attracting a younger, more pedestrian-oriented demographic that would be more prone to spend money at local restaurants, cafés, retailers, and services.

7 consumer intercept survey

7.1

INTRODUCTION

As an integral part of the Retail Market & Gap Analysis, a Consumer Intercept Survey was originally conducted in 2014 which the residents of Fort Saskatchewan and the surrounding communities were randomly interviewed. This survey provides an update and thus will highlight changes in consumer patterns and behaviour between 2014 and 2019.

Respondents were interviewed at strategic locations (Dow Centennial Centre, Cornerstone Centre, and Downtown) in the community to ascertain their preferences for merchandise categories/store types and retailers in the City of Fort Saskatchewan. Other important areas of information gathered through this process included collecting data associated with where residents currently conduct the majority of their shopping, how frequently they shop, how much they spend and what types of formats/stores they prefer.

In total, 200 respondents provided a sample size which ensured the study was statistically valid with a confidence level of 95% and a margin of error of 6.93. Utilizing the Statistical Package for the Social Sciences (SPSS) the data has been prepared in correlation with the study's objectives.

7.2

RESPONDENT DEMOGRAPHICS

As a foundation for the Consumer Intercept Survey, the locations were chosen to get a valid cross-section of resident and consumer traffic flow in various areas throughout the City.

An important component to determining and validating the Retail Market & Gap Analysis quantification is ensuring that a representative sample of the trade area is interviewed. **Figure 7.1** illustrates the breakdown of Respondent residences for the Consumer Intercept Survey, revealing 72.5% of respondents currently live in the City of Fort Saskatchewan, with a further dispersed representation from surrounding counties and towns. The overall pattern of consumers is similar to 2014, although there is a noticed increase in representation from Strathcona County (3% in 2014 to 7.5% in 2019).

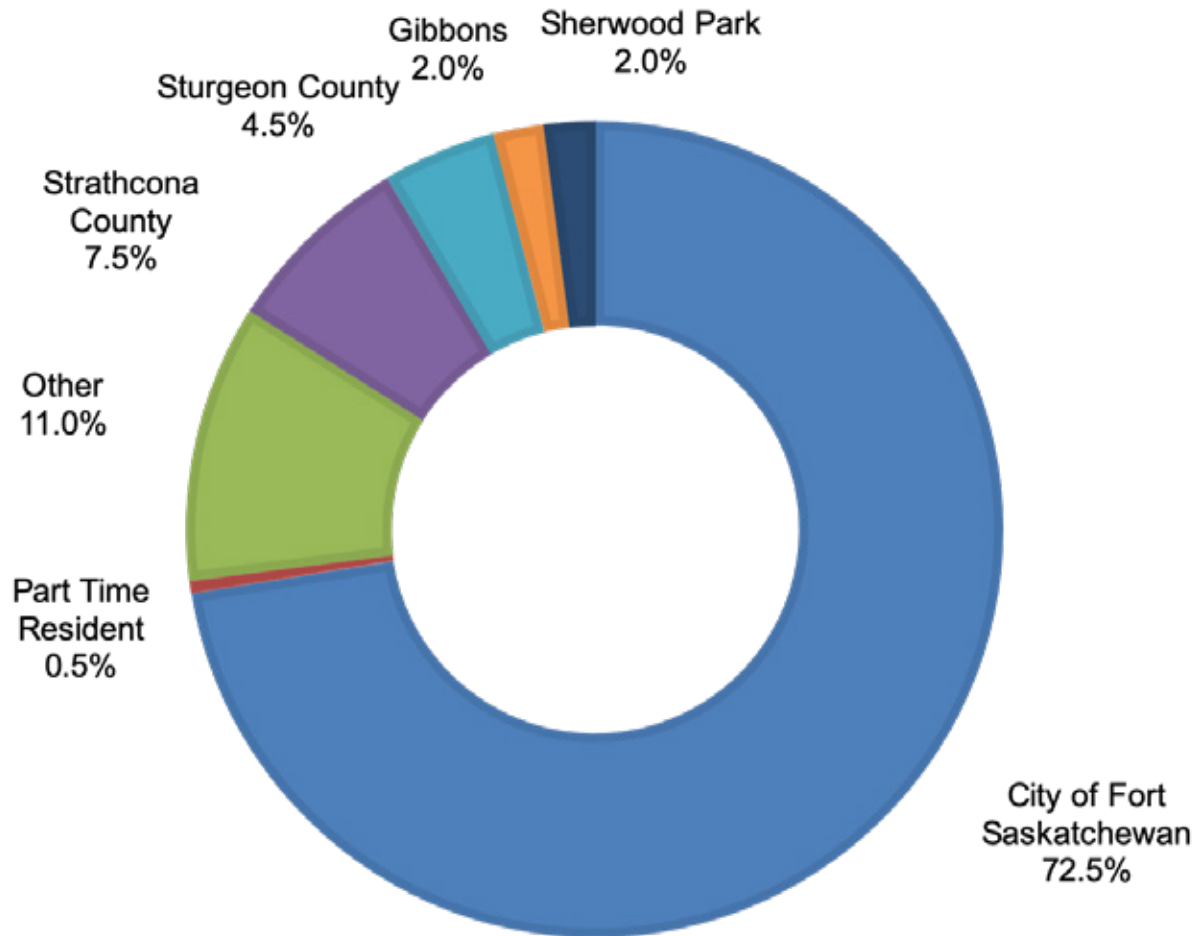
Furthermore, **Figure 7.2** illustrates a postal code "heat map" that shows density from which Survey Respondents originated using the 6 digit postal codes as provided by the respondents.

Figure 7.2 clearly illustrates a relatively consistent pattern with the Retail Trade Area documented in **Figure 3.1**, in which the majority of patronage is sourced from the City and surrounding towns, but emanates north, northeast and east, with less dependence on populations to the south.

Figures 7.3 and 7.4 provide a snapshot of the demographics of the respondents and further validate the statistical demographics by revealing a similar age profile dominated by the 25-44 and 55-64 year old age cohort. Furthermore, 27% of the respondents have a household income of greater than \$125,000 and just under 47% of respondents were above \$100,000.

FIGURE 7.1

CONSUMER SURVEY RESPONDENT BY ORIGIN (2019)



Survey Respondent Residence	2014	2014 (%)	2019	2019 (%)
City of Fort Saskatchewan	125	62.5%	145	72.5%
Part Time Resident	30	15.0%	1	0.5%
Other	28	14.0%	22	11.0%
Strathcona County	6	3.0%	15	7.5%
Sturgeon County	5	2.5%	9	4.5%
Gibbons	3	1.5%	4	2.0%
Sherwood Park	3	1.5%	4	2.0%
TOTAL	200	100%	200	100%

FIGURE 7.2
CONSUMER SURVEY RESPONDENT BY POSTAL CODE (BY 6-DIGIT POSTAL CODE)

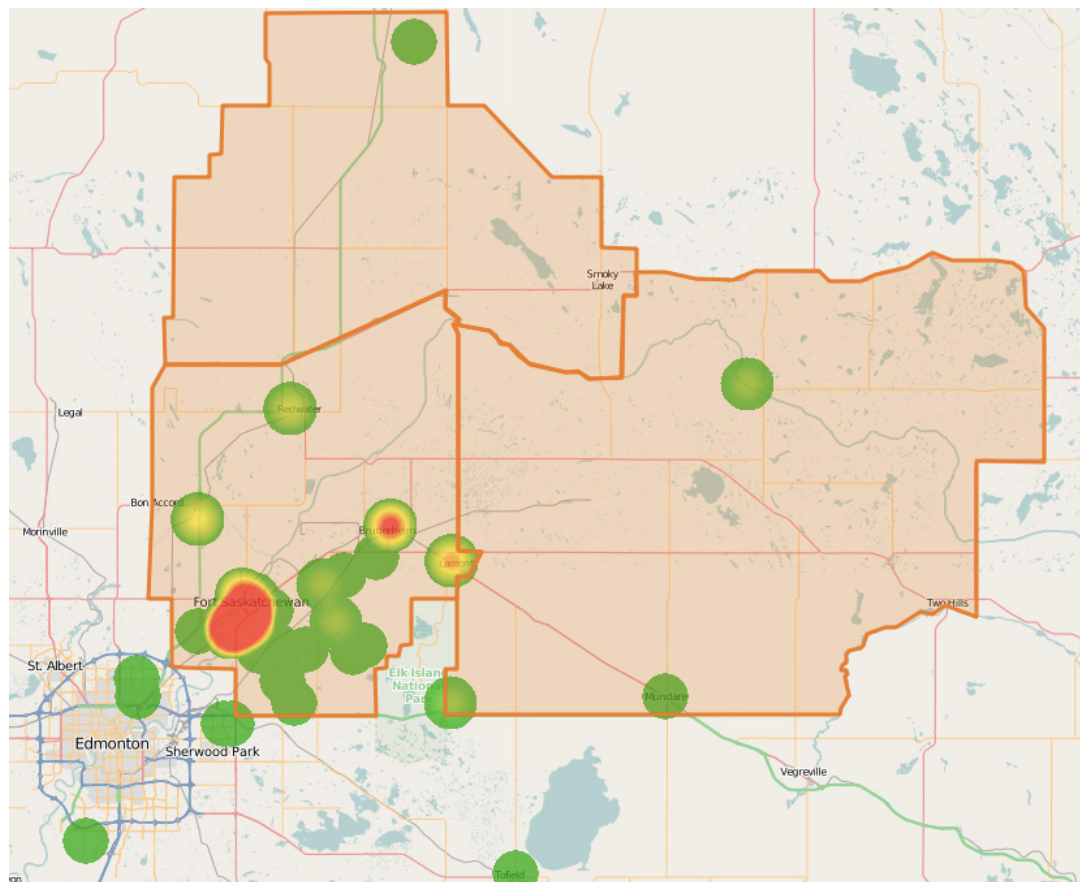
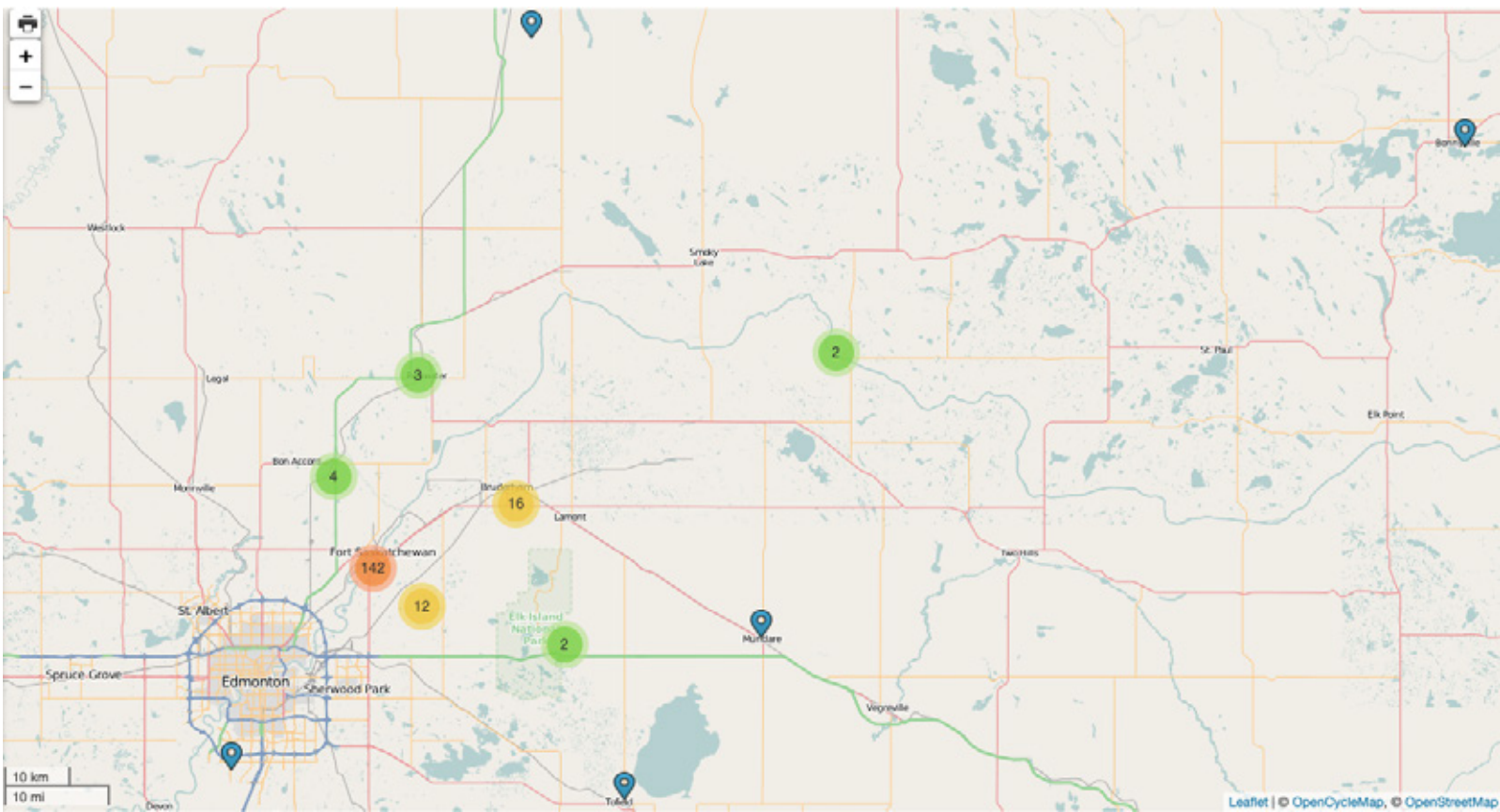


FIGURE 7.3
CONSUMER SURVEY AGE PROFILE
ALL RESPONDENTS

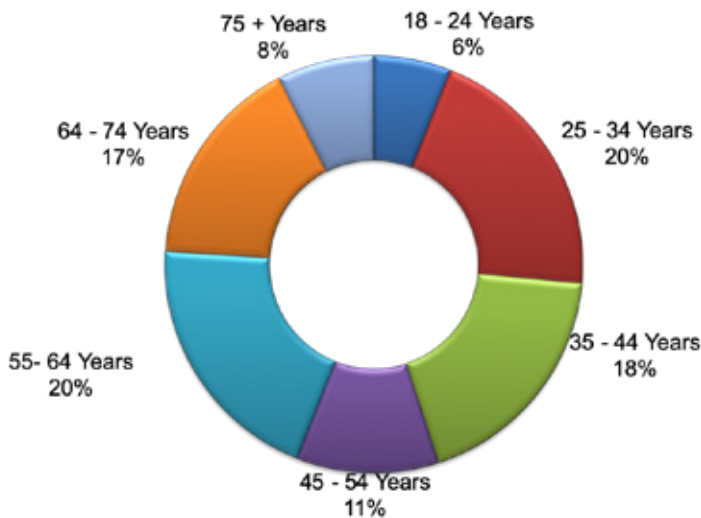
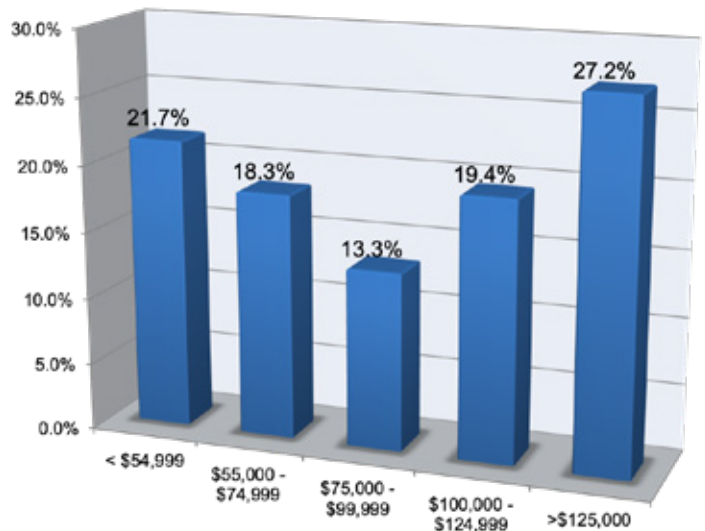


FIGURE 7.4
CONSUMER SURVEY INCOME PROFILE
ALL RESPONDENTS



7.3 PREFERRED SHOPPING LOCATIONS

Consumer Survey respondents were specifically asked the following questions pertaining to their current shopping habits:

- What is your primary shopping centre for convenience goods?
- What is your reason for choosing this location?
- What is your primary shopping centre for comparison goods?
- What is your reason for choosing this location?
- What stores/services would increase your visits/spending in Fort Saskatchewan?

Figures 7.5 to 7.10 identify the current shopping environment preferences for respondents and reveals expected results as it pertains to locations and decision-making factors. But it also yields insight into what consumers are expecting in the shopping environments, as well as in the merchandise mix and overall offering.

Primary Convenience Shopping Centre

Figures 7.5 & 7.6 indicate that Cornerstone and Safeway continues to be the dominant location for consumers to shop for convenience necessities, such as groceries.

The primary reason for this overwhelming dominance is the price of the goods/merchandise as well as the fact that Cornerstone is central to their primary residence and allows for one-stop-shopping. The survey also revealed an increase in the selection of products since 2014, which is a reflection of the continued new retail entrants in the market, mostly at the Southpointe/Cornerstone node.

However, since 2014 and in large part because of the opening of a new Freson Bros., the Westpark area has now become a new location.

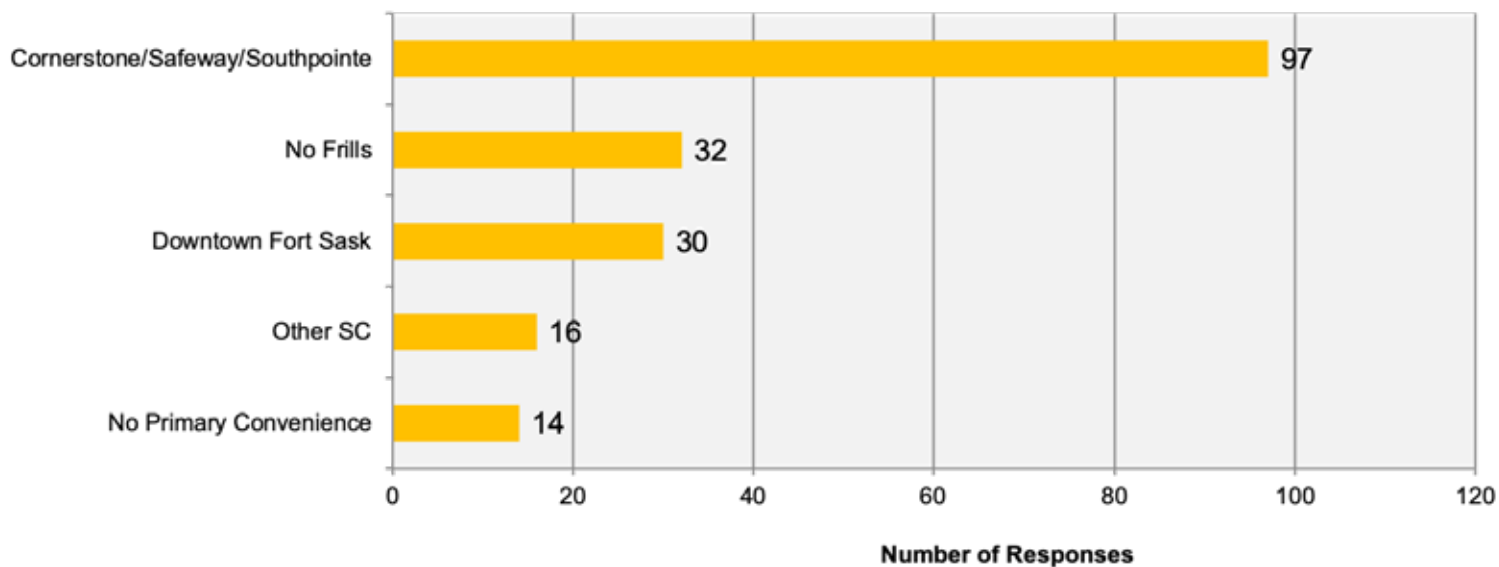
Not to be outdone, the Downtown seems to have had a resurgence of customer patronage since 2014 with an increase of 9% of respondents saying that Downtown was their primary convenience shopping centre, which is driven in large part to the COOP and to a lesser degree the Giant Tiger.

From a convenience perspective Costco, on the other hand still did not resonate as highly as expected, although it is singled out as a desired retailer by respondents. This would seem to represent a disconnect in consumers' needs vs. wants or more a factor that Costco is not located close enough to the current consumer base.

FIGURE 7.5

WHAT IS YOUR PRIMARY SHOPPING CENTRE FOR CONVENIENCE GOODS?

Q1A: Primay Convenience SC	2014		2019	
Cornerstone/Safeway/Southpointe	129	65%	97	49%
No Frills	28	14%	32	16%
Downtown Fort Sask	12	6%	30	15%
Other SC	28	14%	16	8%
No Primary Convenience	1	1%	14	7%
Westpark Southfort		0%	9	5%
Costco NE Edmonton	2	1%	2	1%
Total	200		200	



If Costco were to locate in the region (which is most likely a minimum of 5 to 10 years out), the survey results would likely change notably.

Primary Comparison Shopping Centre

Figures 7.7 and 7.8 illustrate that Cornerstone is also the most dominant shopping centre for consumers looking for comparison merchandise, such as Clothing, Footwear, Books, Electronics, House & Home etc. However, the “other” category which comprises centres such as South Edmonton Common and West Edmonton Mall ranks very highly also in terms of the number of responses.

From a specific location, the Sherwood Park Mall which garnered 43 responses in 2014 now only garnered 7 responses suggesting that this once well-used retail node has given way to Emerald Hills, which had the second highest response rate at 36 responses in 2019 compared to only 3 in 2014. Also, though it seems that consumers are ever-mobile and prepared to shop at multiple locations as evidenced by a higher response in 2019 for no primary comparison location.

In terms of the reasons for shopping at an identified Comparison shopping location, prices are a common response, though most respondents note that they are seeking out a specific store or category which is not available in Fort Saskatchewan.

There has been a slight decline in the desire to shop at local stores, which is in direct correlation to the addition of new brands in the market and a stagnation of entrepreneurial activity in the Downtown coming out of an economic downturn.

The retail inflow and outflow identified previously does illustrate that consumers have a willingness to visit retail nodes outside of Fort Saskatchewan for both Convenience and Comparison goods and services.

This trend combined with the population and spending dynamics reinforces the need for Fort Saskatchewan to be cautious in the retailers it targets, since it will be hard to compete against current and emerging comparison retail nodes. The City’s established and growing trade region is becoming strong enough to support new specifically targeted entrants. The motto for Fort Saskatchewan must be quality over quantity and not at the expense of the Downtown.

Given the price consciousness of respondents, Fort Saskatchewan could target price points and broader market appeal tenants. Tenants such as Real Canadian Superstore, Winners, Home Sense, Old Navy, Value Village or JYSK could be well-served by the opportunity, even if they may have a location in Northeast Edmonton.

The challenge for the majority of fashion retailers would be the requirement for an indoor retail space, such as that provided at Sherwood Park Mall or the requirement for co-tenancy of other complementary or competitive brands.

7.4

LIKES & DESIRES IN FORT SASKATCHEWAN

Figures 7.9 and 7.10 highlight the “likes” and “desires” of the respondents as it relates to the current and future shopping opportunities in Fort Saskatchewan.

FIGURE 7.6

WHAT IS YOUR REASON FOR CHOOSING THIS LOCATION?

Q1B: Reasons for Primary Convenience SC	2014		2019	
Prices	83	19%	82	21%
Close to home	59	14%	50	13%
Sales promotions	24	5%	32	8%
Shop specific store	1	0%	31	8%
Quality of products	38	9%	30	8%
Selection of products	18	4%	30	8%
One stop shop	39	9%	24	6%
Familiarity	41	9%	22	6%
Specific brand item	34	8%	16	4%
Customer Service	14	3%	16	4%
Easy access	14	3%	15	4%
Support local	12	3%	8	2%
Buy in bulk	5	1%	7	2%
Meets needs	10	2%	6	2%
Close to work/hotel	21	5%	5	1%
Not crowded	3	1%	4	1%
In the area	3	1%	4	1%
Parking	1	0%	4	1%
Proximity to other areas	4	1%	3	1%
Selection of stores	2	0%	3	1%
Quality of stores	1	0%	3	1%
No Taxes		0%	1	0%
Convenience items	7	2%		0%
Hours of operation	3	1%		0%
Total	437		396	

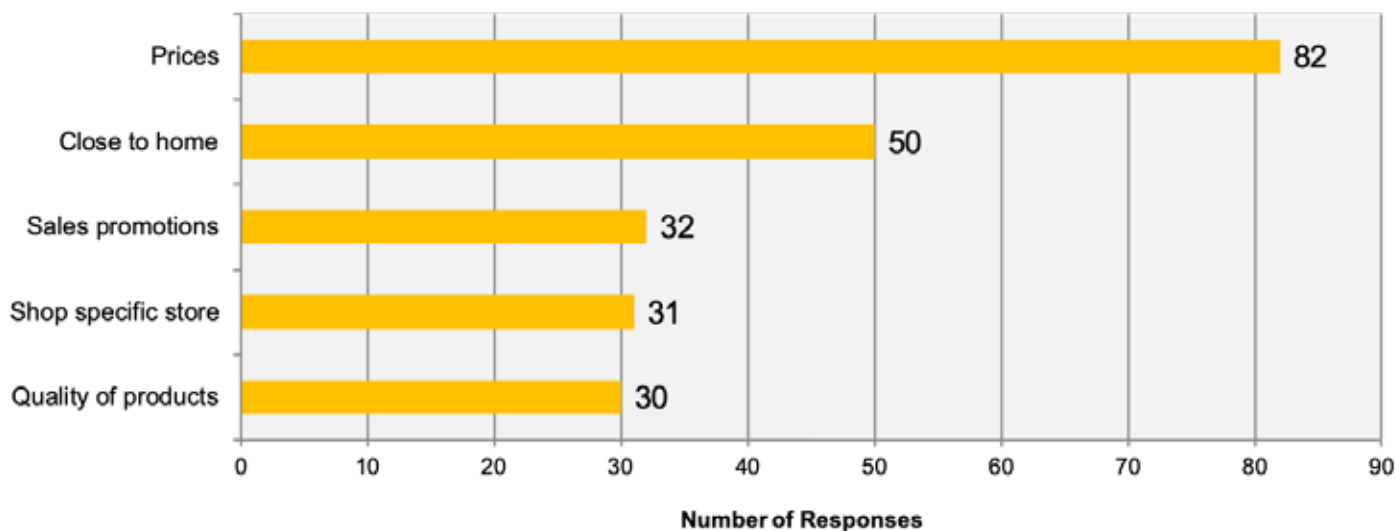


FIGURE 7.7

WHAT IS YOUR PRIMARY SHOPPING CENTRE FOR COMPARISON GOODS?

Q2A: Primary Comparison SC	2014		2019	
Cornerstone Centre	72	36%	58	29%
Other SC	68	34%	49	25%
Emerald Hills	3	2%	36	18%
No primary comparison	10	5%	27	14%
Downtown Fort Sask	2	1%	14	7%
Sherwood Park Mall	43	22%	7	4%
Southpoint		0%	7	4%
Costco NE Edmonton	2	1%	1	1%
Westpark Southfort		0%	1	1%
Total	200		200	

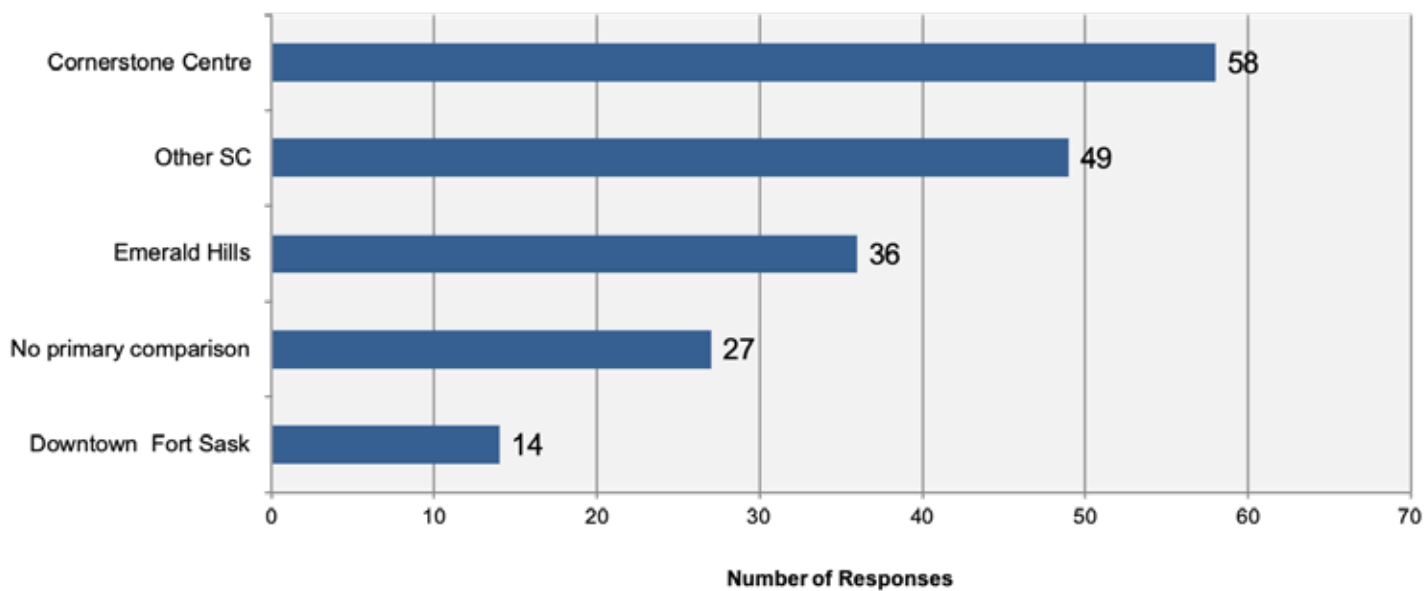


FIGURE 7.8

WHAT IS YOUR REASON FOR CHOOSING THIS LOCATION?

Q2B: Reasons for Primary Comparison SC	2014		2019	
Shop specific store	28	7%	45	12%
Selection of stores	78	18%	42	11%
Prices	57	13%	42	11%
Close to home	33	8%	34	9%
Clothing	28	7%	30	8%
Selection of products	29	7%	29	7%
One stop shop	44	10%	25	6%
Meets needs	18	4%	25	6%
Specific brand item	13	3%	20	5%
Sales promotions	9	2%	15	4%
Easy access	9	2%	14	4%
Quality of products	8	2%	12	3%
Customer service	7	2%	10	3%
In the area	5	1%	10	3%
Close to work or hotel	11	3%	9	2%
Familiarity	10	2%	8	2%
Buy in Bulk		0%	5	1%
Proximity to other areas	2	0%	4	1%
Support local	10	2%	3	1%
Quality of stores	7	2%	2	1%
Parking	5	1%	2	1%
Not crowded	4	1%	2	1%
Shoes	3	1%	1	0%
Comparison items	1	0%	1	0%
Department stores	4	1%		0%
Day out / window shop	2	0%		0%
No specific reason	1	0%		0%
Total	426		390	

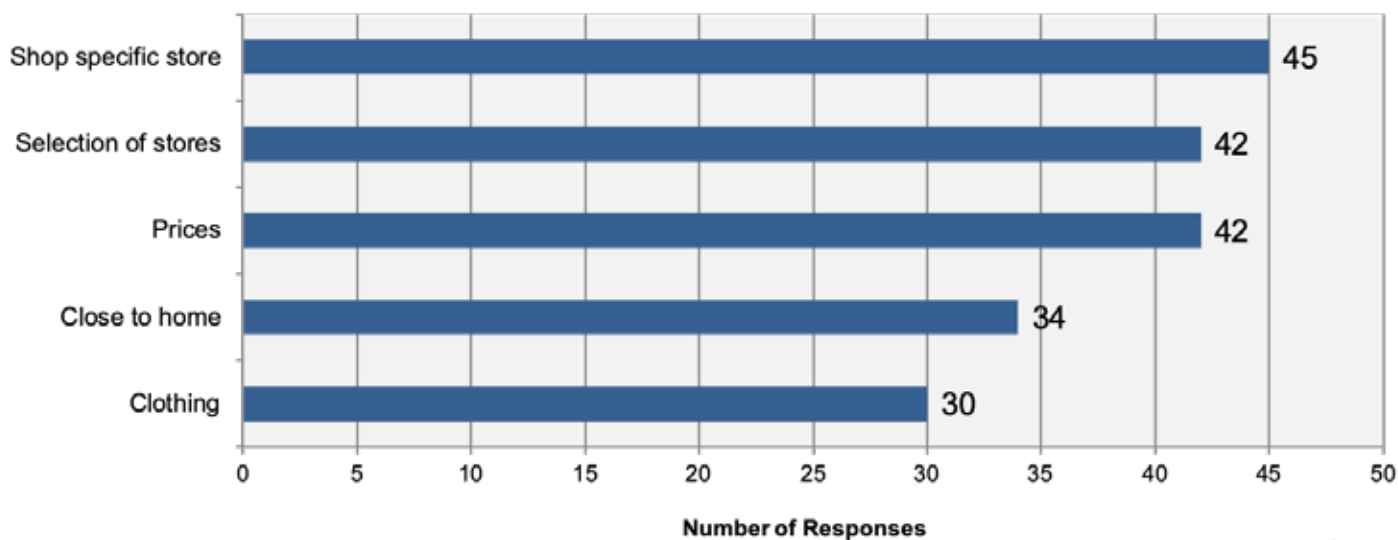


FIGURE 7.9

WHAT DO YOU LIKE MOST ABOUT SHOPPING OPPORTUNITIES IN FORT SASKATCHEWAN?

Q24: Like most about shopping opportunities in Fort Saskatchewan	2014		2019	
Close to home	68	15%	63	17%
Meets needs	74	17%	56	15%
Like specific store	14	3%	34	9%
Selection of stores	1	0%	30	8%
Easy access	38	9%	24	7%
Support local	41	9%	20	5%
Nothing specific	2	0%	20	5%
Customer service	31	7%	15	4%
Prices and sales promotions	9	2%	14	4%
Small Town		0%	14	4%
Proximity to other areas	23	5%	13	4%
Parking / traffic	12	3%	12	3%
Downtown Fort Sask	40	9%	10	3%
Not crowded	9	2%	7	2%
Quality of stores	2	0%	6	2%
Professional Services		0%	5	1%
Farmer's Market		0%	5	1%
One stop shop	19	4%	4	1%
Selection of restaurants	2	0%	4	1%
Familiarity	8	2%	3	1%
Activities & Attractions	15	3%	2	1%
Green Space	6	1%	2	1%
Like new stores		0%	2	1%
Entertainment		0%	2	1%
In stock	1	0%	1	0%
Close to work or hotel	18	4%		0%
Selection of products	4	1%		0%
Hours of operation	3	1%		0%
Total	440		368	

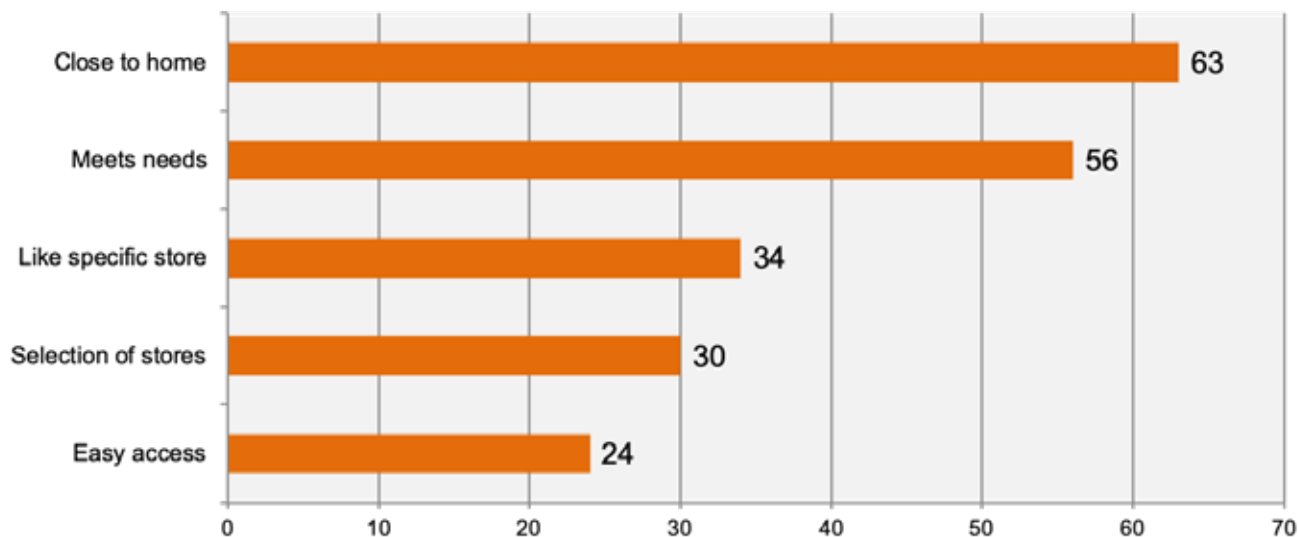
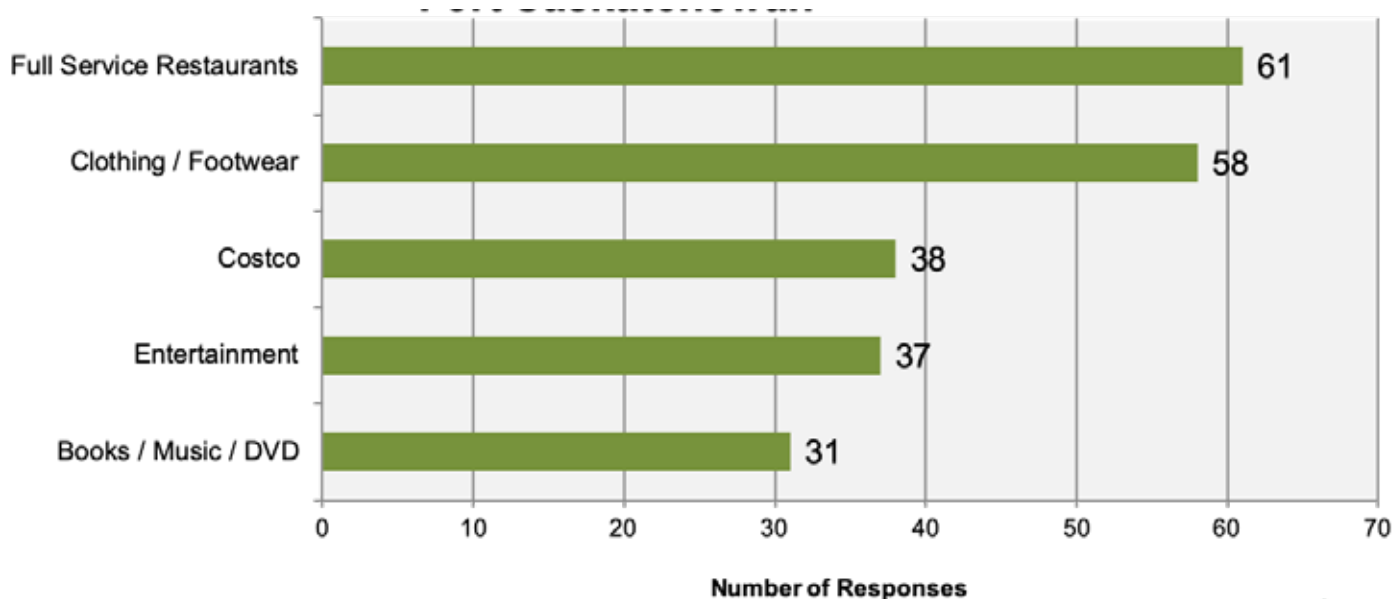


FIGURE 7.10

WHAT NEW STORES OR SERVICES WOULD INCREASE YOUR SPENDING/VISITS IN FORT SASKATCHEWAN?

Q25: New Stores or Services to Increase Spending/Visits in Fort Saskatchewan				
	2014		2019	
Full Service Restaurants	142	19%	61	13%
Clothing / Footwear	156	21%	58	12%
Costco	56	8%	38	8%
Entertainment	30	4%	37	8%
Books / Music / DVD	42	6%	31	7%
Specialty Retail	11	1%	30	6%
Winners	36	5%	23	5%
Fitness Club / Day Spa	7	1%	23	5%
Grocery / Drug Store	54	7%	19	4%
Coffee Cafes / Fast Food	44	6%	19	4%
Sporting Goods	31	4%	19	4%
Toys / Hobbies / Crafts	31	4%	18	4%
Department store	16	2%	14	3%
Furnishings / Appliances	16	2%	13	3%
Nothing specific	7	1%	12	3%
Automotive	6	1%	11	2%
Electronics / Computers	35	5%	9	2%
Professional Financial services	1	0%	9	2%
A mall	4	1%	8	2%
Home Improvement & Garden	7	1%	5	1%
Personal Services	3	0%	5	1%
Transit		0%	4	1%
Lower Prices		0%	2	0%
Office Supply items	6	1%		0%
Pet Supplies / Services	5	1%		0%
Total	746		468	



Overwhelmingly, respondents like the fact that the shops are close to home and meet their basic needs as well as a very strong response towards supporting local businesses and Downtown Fort Saskatchewan.

It is worth reiterating that with the City's current 'relative' balance of supply to demand that the Downtown should be a key consideration when thinking of new retail developments, other than those already approved and under construction.

Over the past 5 years, the City has been successful at adding retailers to the market that have been well-received by the consumers. At the same time a segment of the respondents also don't want to lose the "small town" charm that Fort Saskatchewan can offer and that is the true role that Downtown must play.

As Fort Saskatchewan continues to grow, it is to be expected that respondents will desire more shops and services. Achieving the balance of the types of shops and services the residents want with the types of shops and services that are compatible with the City's demographics, trade area and development projects will be the key to success.

The trend of a market to want a better selection of shops is a reflection on the aspirational nature of the consumer: they are responding positively to the growth and introduction of stores in the market, but still want to have more retailers that they are accustomed to seeing in other markets such as Edmonton, even if the reality is that they may not locate in Fort Saskatchewan.

This is most accurately depicted in **Figure 7.10** which reveals overwhelming respondents' desires for the following:

1. Full Service Restaurants
2. Clothing & Footwear
3. Costco
4. Entertainment
5. Books & Media

Although not specifically probed in the 2019 Survey, respondents did identify categories for which specific tenants could be identified, as they were in 2014.

This specific list includes the following ten (10) branded retailers that could fulfill the categories noted previously and have the most impact on retaining spending in Fort Saskatchewan:

1. Costco (singled out by 8% of survey respondents)
2. Winners (singled out by 5% of respondents)
3. Indigo
4. Home Sense
5. Marshalls
6. Home Sense
7. Sport Chek
8. *The Keg*
9. *Earl's*
10. Brown's Social House

Many of these are likely to desire a location in high customer traffic and popular shopping areas such as Cornerstone or Westpark or perhaps the evolving Southridge area.

Cafes and coffee shops continue to be in high demand with optimal locations available throughout the City. The Downtown in particular is sought after for a cafe or coffee shop/specialty retail/bakery type of concept.

This suggests opportunities for more local independents, for whom areas in the Downtown core could be strong.

In downtowns like Fort Saskatchewan's where external development pressures have created challenges, it is often the local merchants and businesses that have the ability to create a shop local culture in redefining downtown spaces.

It is reasonable to assume that most recognized branded tenants, some of whom are already at Emerald Hills, such as Winners, Sport Chek etc may start to consider Fort Saskatchewan as part of their regional network strategy.

7.5 SPENDING INSIDE VS OUTSIDE VS ONLINE

Table 7.1 and Figures 7.11, 7.12& 7.13 summarize the average spending allocation by all consumer respondents by the estimated percentage of their spending that takes place inside Fort Saskatchewan, outside of Fort Saskatchewan or online.

Since 2014, the role of online spending and omni-channel retail has surged. However, while the fear that online retailing will usurp or be the death of physical bricks and mortar retail is often overstated, it is nonetheless a factor that retailers and communities must be aware of since it can affect retailers' locational and physical store network strategy.

Overall, survey respondents revealed that they spend an average of 51.4% of their spending inside Fort Saskatchewan, 41.6% outside of Fort Saskatchewan and 7.1% online.

Not unexpectedly, respondents spend most of their convenience purchases inside Fort Saskatchewan where proximity and price are paramount.

In general, most purchases made outside of Fort Saskatchewan continue to be in the DSTM or Comparison segments.

Of note however is the significant amount of online spending that occurs in the categories of:

1. Books & Media - 55.1%
2. Home & Personal Electronics 13.6%
3. Jewelry & Accessories - 11.9%
4. Specialty Retail - 9.6%
5. Clothing & Footwear - 9.1% each

A retailer like Indigo would be a prime target for Fort Saskatchewan that could fulfill the role of a physical presence and online presence, but also tick off many other boxes in the above noted online spending categories.

TABLE 7.1

SPENDING ALLOCATION - INSIDE - ONLINE - OUTSIDE FORT SASKATCHEWAN

Retail Merchandise & Spending Category (INTERCEPT SURVEY)	Inside Fort Sask	Online Spending	Outside Fort Sask
Grocery/specialty foods/floral	76.4%	0.5%	23.2%
Alcohol & Tobacco	82.7%	0.6%	16.7%
Pharmacy (prescription and over-the-counter)	79.8%	0.4%	19.8%
Health and beauty (fitness, barber, beauty salon, spa)	74.0%	5.4%	20.6%
Personal/household services (eye glasses/lens, travel agent, post office/courier, dry cleaning/laundry, veterinarian, plumber, etc.)	67.6%	2.4%	30.0%
Clothing, Apparel	27.8%	9.1%	63.1%
Footwear	27.8%	9.1%	63.1%
Jewellery and accessories	34.6%	11.9%	53.5%
Home & Personal electronics/appliances	31.3%	13.6%	55.1%
Home furnishings/accessories	30.2%	7.9%	61.9%
Home Improvement & Gardening	74.9%	0.2%	24.9%
Books and multimedia	9.0%	55.4%	35.6%
Sporting Goods	39.7%	7.0%	53.3%
Toys & Hobbies	39.7%	7.0%	53.3%
Specialty Retail	41.5%	9.6%	48.9%
Fast food restaurants & cafes (provide examples such as Subway, Tim Hortons, Starbucks, etc.)	76.8%	0.0%	23.2%
Full service restaurants (provide examples such as Brown's Social House, Original Joes etc.)	50.4%	0.0%	49.6%
Family entertainment & leisure (provide examples such as movie theatres, bowling alleys, etc.)	39.8%	2.8%	57.4%
Fitness & Day Spa	86.3%	0.4%	13.3%
Auto, RV & Motorsports Dealerships	29.4%	1.2%	69.4%
Auto Parts, Maintenance & Accessories	58.6%	3.8%	37.7%
	51.4%	7.1%	41.6%

FIGURE 7.11
SPENDING ALLOCATION - INSIDE - ONLINE - OUTSIDE FORT SASKATCHEWAN

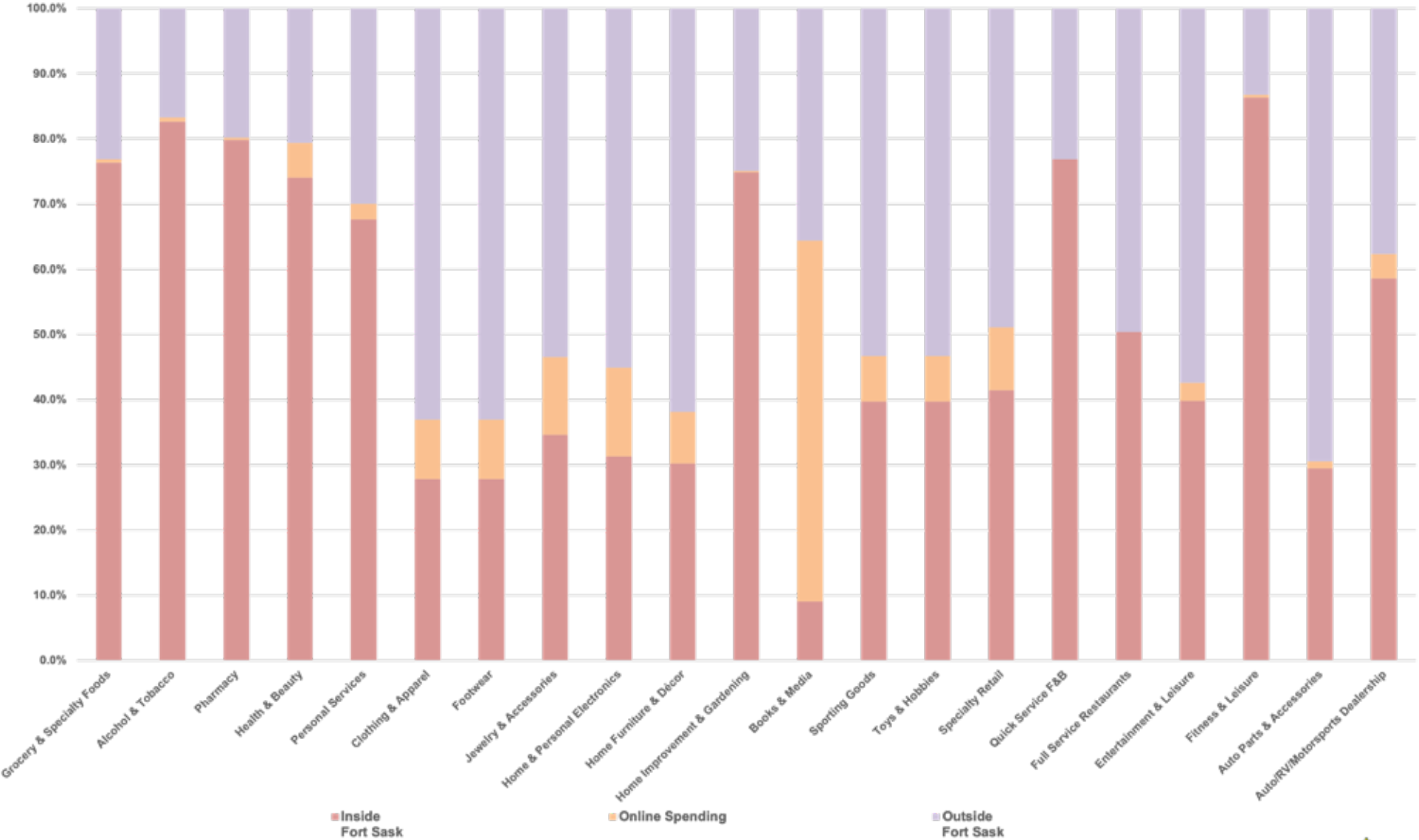


FIGURE 7.12

SPENDING INSIDE FORT SASKATCHEWAN - ALL SURVEY RESPONDENTS

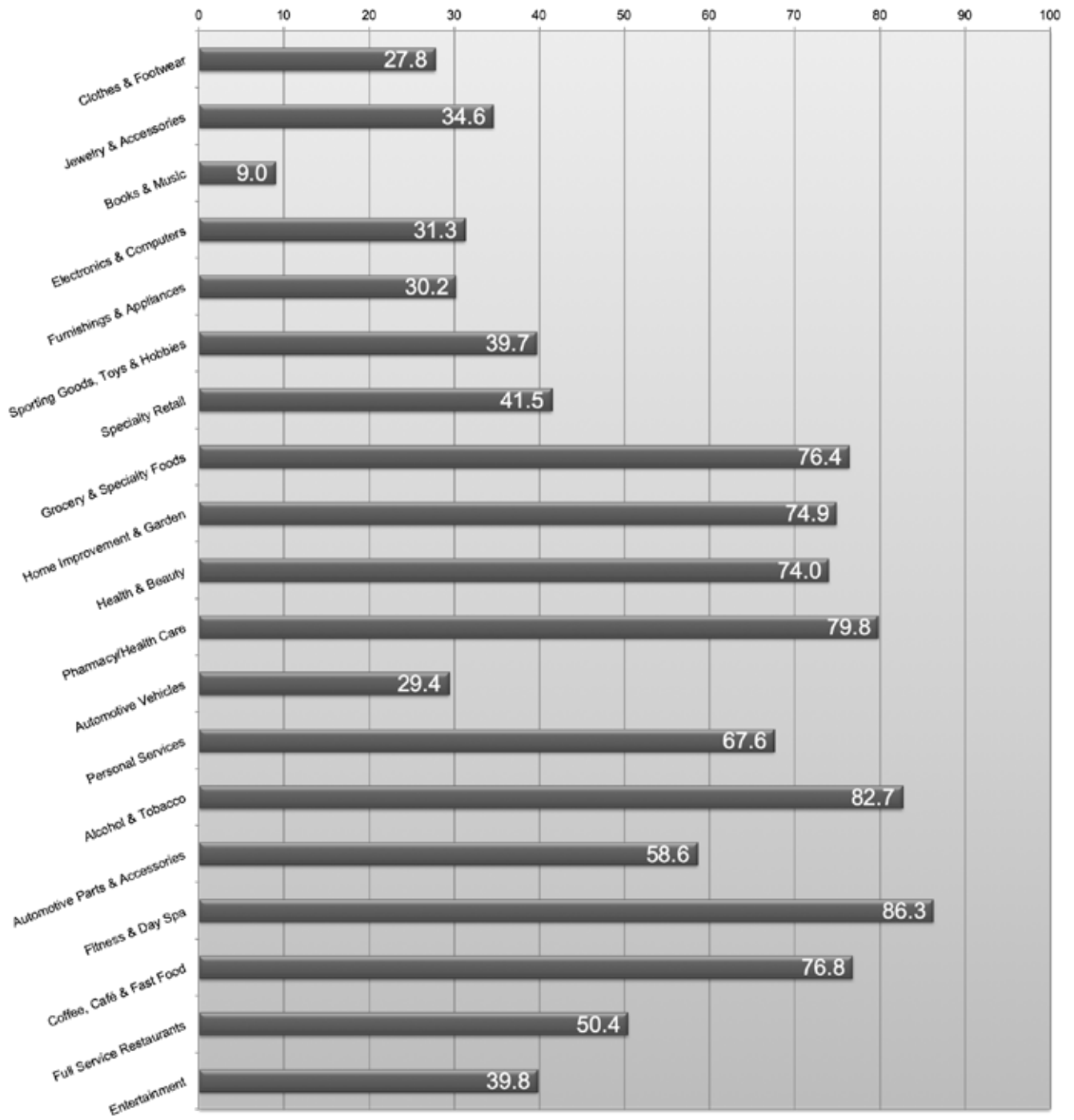
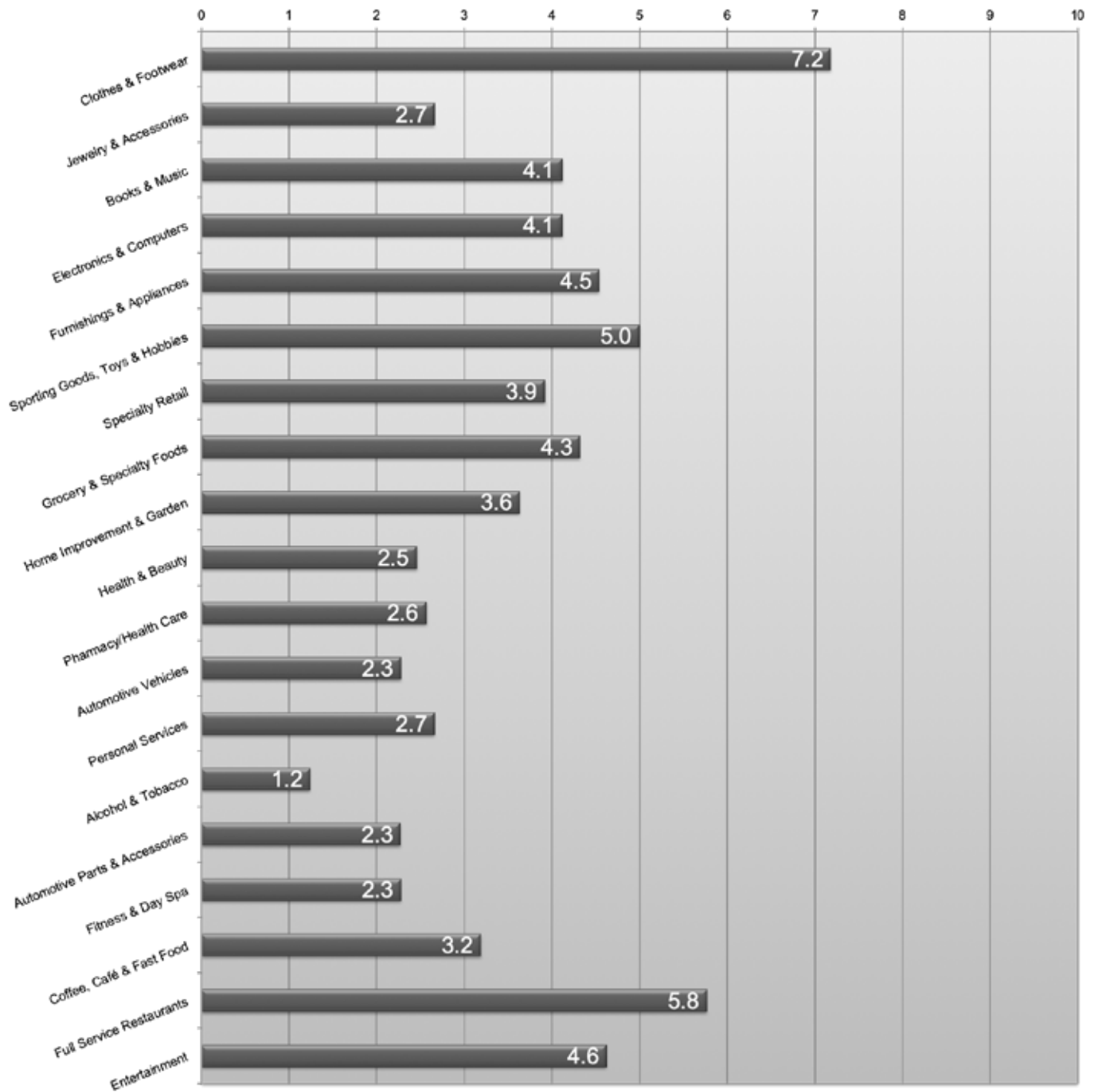


FIGURE 7.13

IMPORTANCE TO SPENDING INSIDE FORT SASKATCHEWAN - ALL SURVEY RESPONDENTS



Importance to Increasing Spending in FORT SASKATCHEWAN

7.6

ALL RESPONDENTS SPENDING VERSUS IMPORTANCE

Figure 7.14 take a more honed in approach in looking at the Consumer Responses by seeing where differences may exist in spending and importance ratings.

The initial process is to illustrate for ALL Respondents, the correlation or possibly lack thereof between the amount of spending in Fort Saskatchewan on Retail Categories and the Respondents' importance for a respective category in increasing their spending in the City.

The results shown diagrammatically in **Figure 7.14** shows that the Clothing & Footwear have the lowest spending but are the most sought after retail with an importance rating above 7. Similarly, Full Service Restaurants, which do garner spending in the community, regardless have an importance rating of almost 6. Both of these represent the two most significant target categories.

It is worth noting though that the categories that were previously highlighted in their online spending have a correspondingly relatively high importance rating of higher than 4, which validates the potential opportunity to target a physical retailer that offers these categories as part of their overall omni-channel formula.

Grocery is a high spending and also relatively high importance ranking and this speaks to the quality and expectations around the most frequented retail commodity and an expectation that quality and price is important to consumers.

7.7

RESPONDENT CROSS-TABULATIONS OF SPENDING VERSUS IMPORTANCE

The process of cross-tabulating the former responses for ALL respondents and breaking them down into Age and Income sheds some refined analysis to the retail market and can also help to further identify the types of tenants that would find Fort Saskatchewan a strategic fit in their store network development strategy.

Spending & Importance By Respondent Age

Figures 7.15 & 7.16 illustrate the spending and importance ratings for respondents as broken down into the Respondent Age Cohort.

- 18 - 34 Years
- 35 - 54 Years
- 55 - 64 Years
- 65 + Years

An examination of the spending and importance by age indicates some clear distinctions between the younger and older age cohorts in the City.

In terms of spending retained **INSIDE** Fort Saskatchewan, the Baby Boomers or those 55 years and older have the strongest spending profile across almost all categories, but most notably for categories such as Entertainment, Grocery, Specialty Retail, Health & Beauty, Food & Beverage, and Electronics. However, when looking at the importance of these same categories to increasing spending, the Baby Boomer segment does not place as high a value on these as do the emerging younger age cohorts.

FIGURE 7.14
SPENDING VERSUS IMPORTANCE RATINGS MATRIX FOR ALL RESPONDENTS

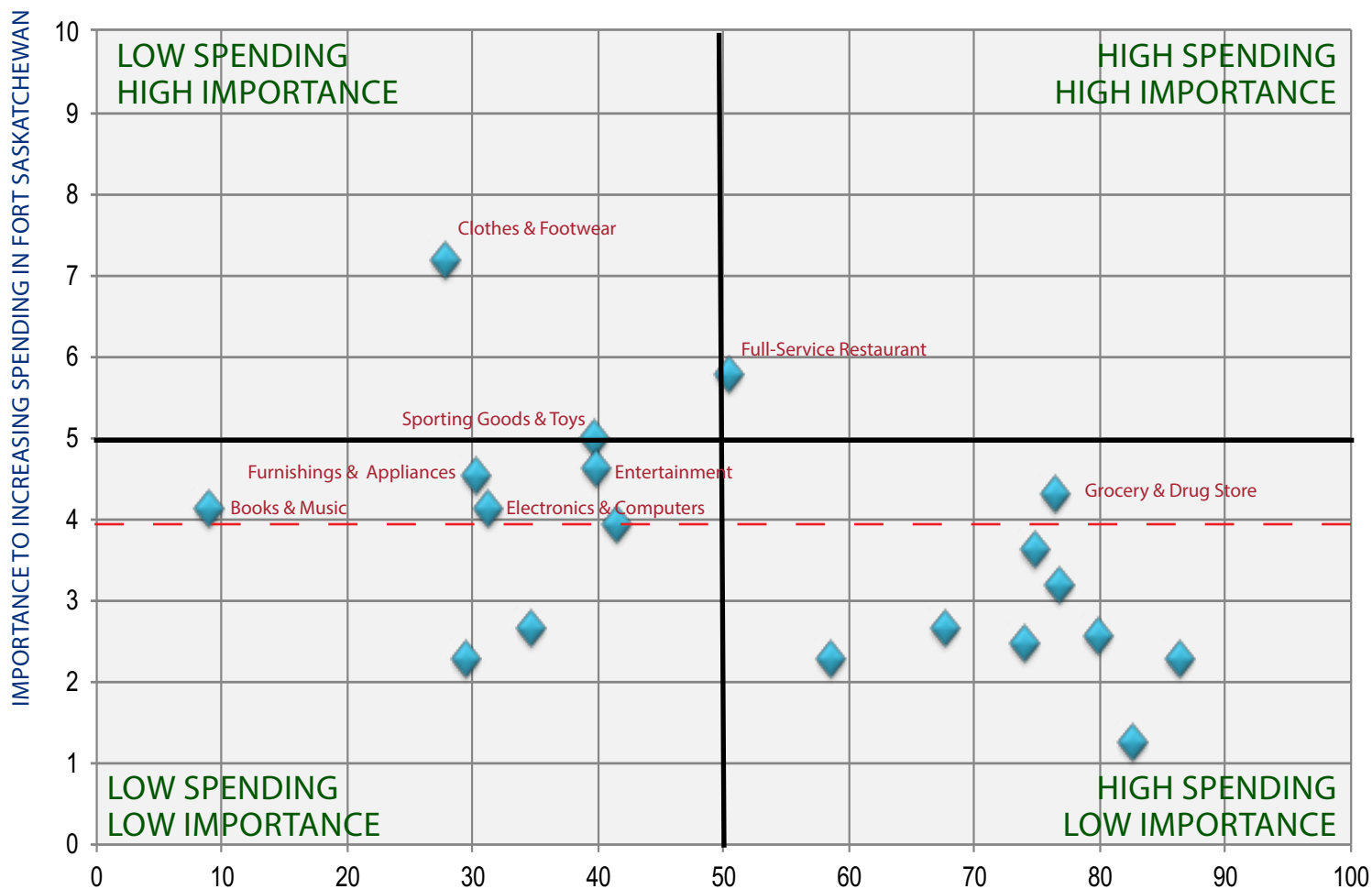


FIGURE 7.15
PERCENTAGE SPENDING IN FORT SASKATCHEWAN BY RESPONDENT AGE COHORT

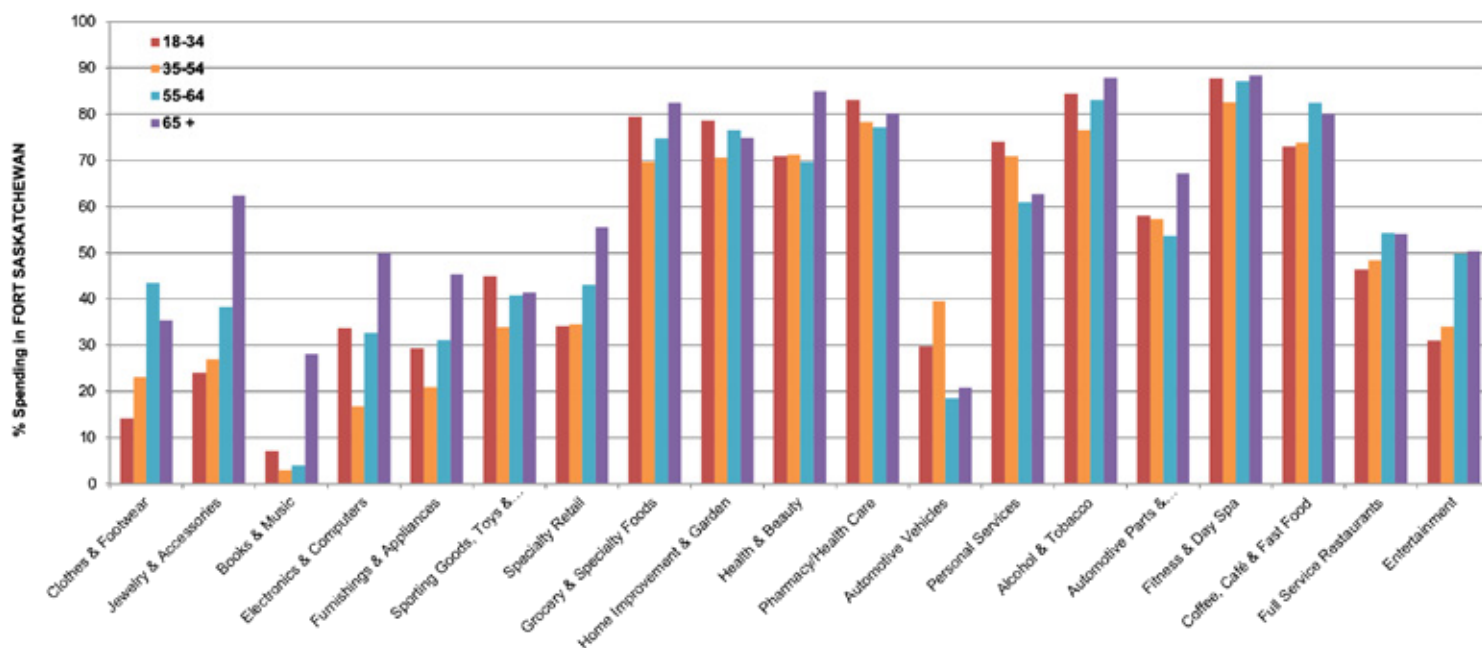
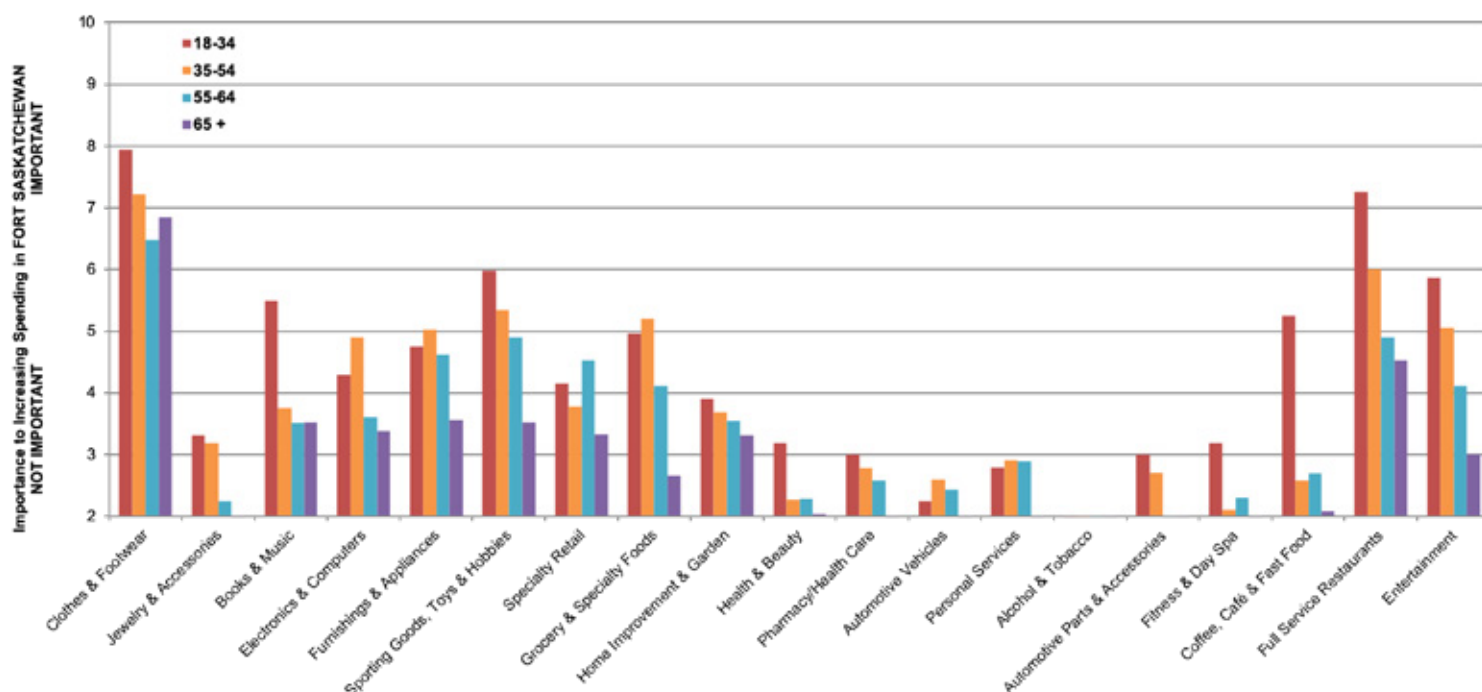


FIGURE 7.16
IMPORTANCE RATING TO INCREASE SPENDING BY RESPONDENT AGE COHORT



The implications of this finding are two-fold. Firstly, while the Baby Boomers are a strong spending segment today, they are not the growth demographic in the Fort Saskatchewan Market, as evidenced by the average age at just over 35 years. Moreover, this pattern suggests that the Baby Boomers are generally happy and satisfied with and supportive of the offering in the City of Fort Saskatchewan, while the emerging growth cohort are not as satisfied and are seeking new experiences and formats and are thus most likely to be the ones leaving Fort Saskatchewan for items like Clothing and Restaurants.

The younger demographics are much more mobile in their shopping patterns, while the older demographics tend to shop closer to home. **Section 7.8** and in particular **Figure 7.19** provides a further breakdown of the online spending by age cohort which further illustrates the fickle nature of the younger demographics.

Secondly, and most importantly is the fact that the young family demographic, aged 18-34 years, with emerging incomes and young families have the greatest desire to see more offering in the community as a way of retaining their spending. Moreover, it is this demographic age group that also has the largest representation in the trade area and as such has the most aggregate spending power for retailers to tap into.

Prospective retailers will realize the opportunity to cater to a market for which there are many more potential tenant opportunities.

Specifically, those within the 18 - 34 year old age cohort are most likely to benefit from improvements in the retail offering in Fort Saskatchewan.

The 18 - 34 year old age cohort represents the dominant age bracket for spending on entertainment and equally has the highest importance on entertainment to increase their spending. Similar to the 18 - 34 year old market, the 35 - 54 year olds are also a strong spending demographic.

Retail spending has thus far catered more to the older demographic, but as the age profile illustrates, future emphasis should be geared toward the next generation of consumers who want to support the Fort Saskatchewan local businesses, but equally are prepared to leave Fort Saskatchewan for purchases.

Spending & Importance By Respondent Household Income

Figures 7.17 & 7.18 illustrate the spending and importance ratings for respondents as broken down into the Respondent Household Income.

- <\$55,000
- \$55,000 - \$100,000
- >\$100,000

An examination of the spending and importance by income also illustrates some slight variations in preferences, which in turn can be reflective of the types of targeted categories and tenants.

One would expect that the highest income segment (i.e. those earning more than \$100,000) would spend the most across the board on retail shopping, leisure and entertainment.

FIGURE 7.17

PERCENTAGE SPENDING IN FORT SASKATCHEWAN BY RESPONDENT HOUSEHOLD INCOME

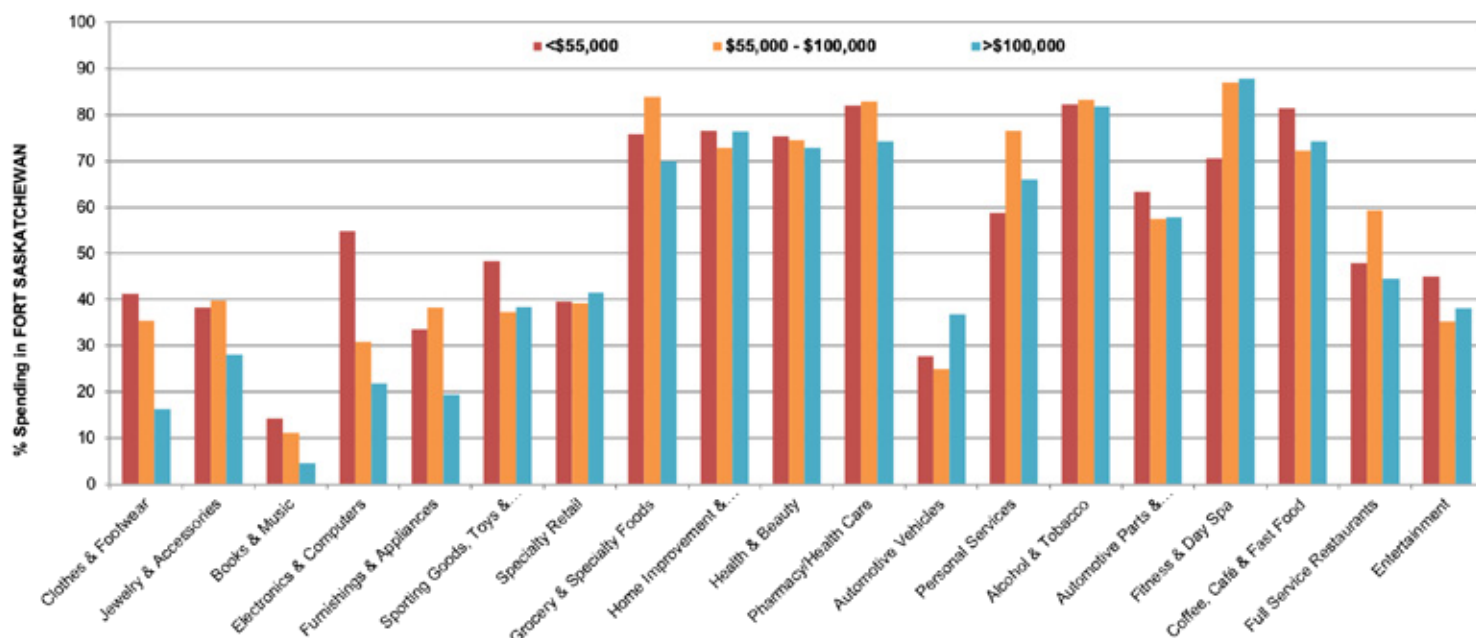
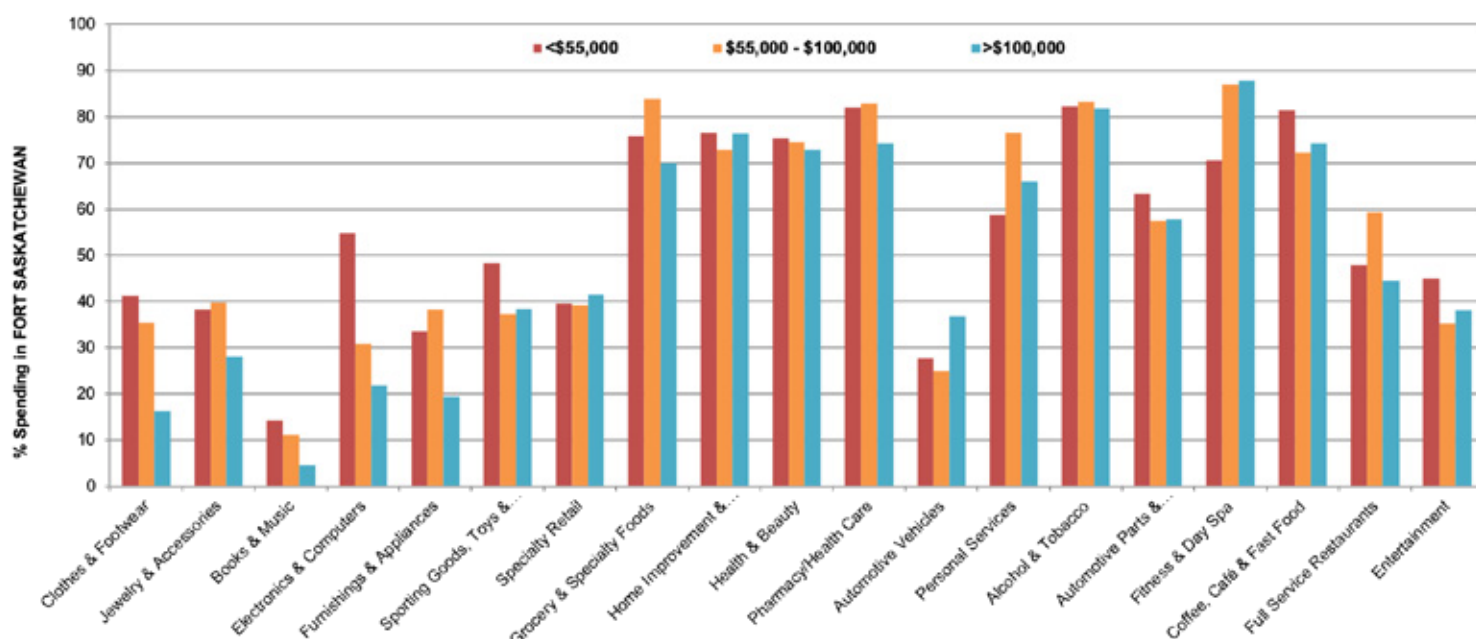


FIGURE 7.18

IMPORTANCE RATING TO INCREASE SPENDING BY RESPONDENT HOUSEHOLD INCOME



In fact, this is not the case whereby the income bracket comprising \$55,000 to \$100,000 exhibits the strongest expenditure patterns in the City for the majority of categories and in particular Full Service Restaurants, Grocery and Personal Services.

Figure 7.18 illustrates a pattern whereby Clothing and Footwear,, Specialty Retail and Full Service Restaurants would be most desired by households earning less than \$55,000 while those in the \$55,000 - \$100,000 income bracket show a desire for more Sporting Goods & Toys and Home Improvement. Since these categories are most likely indicative of the family forming years, it would further suggest that the types of retailers would be more family oriented, casual and value priced.

Regardless of age though, all income segments exhibit generally the same desire to see more Clothing & Footwear, Sporting Goods & Toys and Full Service Restaurants in Fort Saskatchewan.

7.8

ONLINE SPENDING PATTERNS

The following provides a more in depth overview analysis of online spending trends and patterns. As retail trends continue to evolve and as concerns over traditional brick and mortar stores losing sales to online merchants continues, the Consumer Intercept Survey asked respondents about their spending patterns online.

In recent years, the advent of Wayfair has become very competitive in the Home Furnishing online market resulting in a competitive landscape for this category. However, it has not resulted in a decline in spending, whereby the strong home furnishings brands are still finding success in the physical format.

Figure 7.19 reveals that the most prominent spending online is clearly by the 18-34 Year age cohort, as well as the 35-54 Year age cohort.

Figure 7.20 reveals the ratio of spending online spending to spending that takes place outside of Fort Saskatchewan. It clearly reveals the dominance that online purchases made on Books and Music has on overall spending, but also shows a definitive pattern of growth in online spending.

To further articulate the directions of online spending, which largely confirms the Consumer Intercept Survey results for Fort Saskatchewan, the following is extracted directly from a recent news article titled ***“Amazon Dominates Minds of Canadians Purchasing Online”***, June 28, 2019 (Mario Toneguzzi).

The “Amazon Effect” continues to accelerate eCommerce in Canada, heating up the competition among retailers and brands and marketers that win are those that rise to meet changing consumer expectations head on.

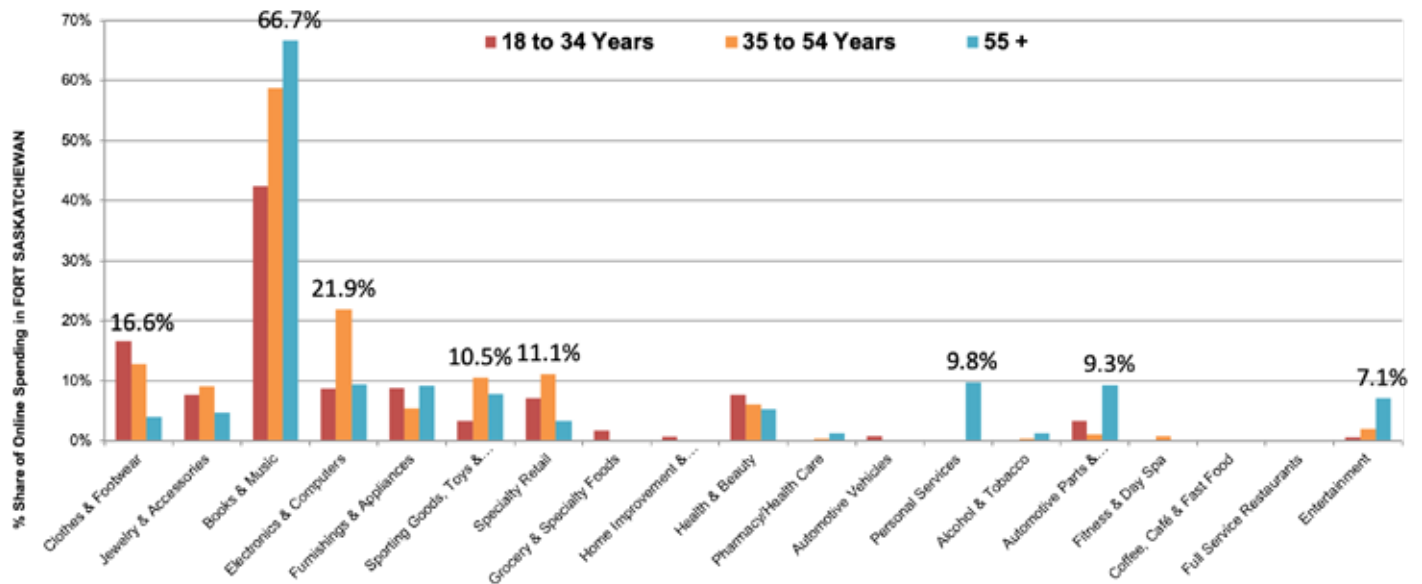
The research, Rethink eCommerce by Reprise Digital, a digital marketing agency, found that in the last year 63% of those surveyed used Amazon to discover a new product, 88% were aware of Amazon’s Prime program, and 42% of Canadian households hold a Prime membership.

Among Amazon shoppers, 78% say Amazon has the most efficient shipping and 84% say Amazon has the widest selection.

“Shopping behaviours are changing so quickly and brands need to understand that behaviour in order to keep up, come e-retail ready and capture their share of the digital shelf. That’s why we named this Rethink eCommerce.” (Matt Ramella, Managing Director, Reprise and Digital Partnerships). He said the most underdeveloped retail category is grocery. That is the largest opportunity for retailers moving forward “and the biggest nut to crack.”

FIGURE 7.19

PERCENTAGE OF ONLINE SPENDING BY AGE COHORT



The research also found the following:

Canadians are more likely to purchase Toys & Games, Appliances and Baby products online from Amazon than other retailers. 26% of Canadians are more likely to purchase appliances on Amazon versus 12% who would purchase from Costco;

When purchasing Grocery, Patio & Garden, Health & Beauty, Books and Clothing Amazon is neck and neck with other well-known retailers such as Walmart, Shoppers Drug Mart and Indigo. For the grocery category, 22% of Canadians are more likely to purchase from Walmart and 21% to purchase from Amazon;

In Canada, Furniture, Electronics and Automotive categories are dominated by category specific eRetailers. 26% of Canadians are more likely to purchase furniture from Wayfair than Amazon;

The largest weekly online shopping cohort, 34%, is the 35 to 44 year old age bracket. This group grew up in the age of media and digital transformation, making them more comfortable with technology and more apt to shop online.

They have more disposable income than younger generations, making them a prime audience for online shopping;

99% of those surveyed researched a product online regardless if they bought it in-store or online;

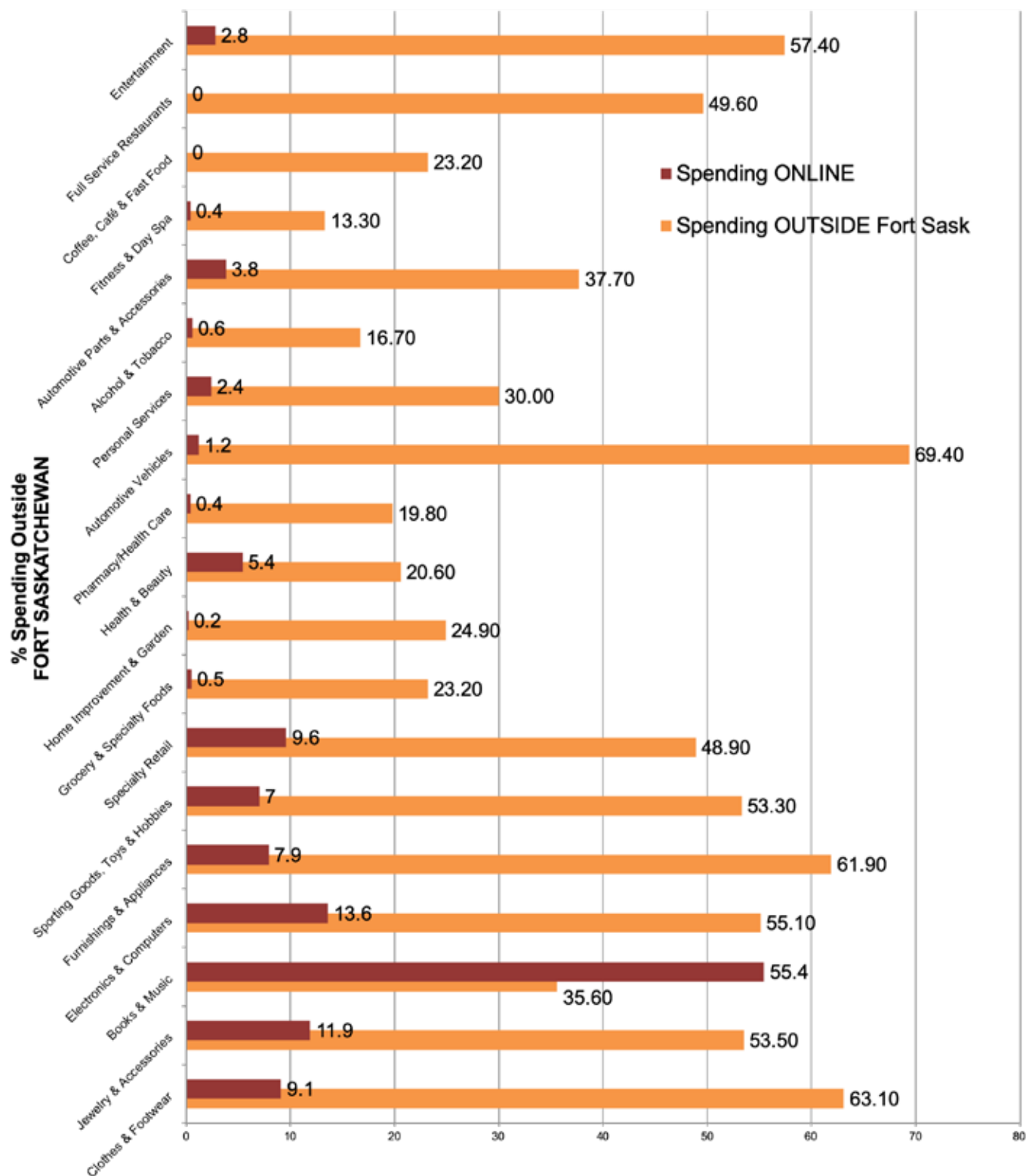
For 68%, the biggest deterrent to online shopping is the shipping fee while for 18 to 34 year olds they're most concerned about getting products fast.

From a points of friction standpoint, Reprise found that shipping time and shipping fees were the primary points of friction for online purchase and that's especially more prevalent with the younger end of the demographic - Millennials for example.

The study also found that the older end of the demographic was also concerned about missing out on that human element of shopping that one often gets when shopping in-store.

Convenience is the main reason why Canadians like shopping online and its ease of research.

FIGURE 7.20
RATIO OF ONLINE TO OUTSIDE SPENDING BY ALL SURVEY RESPONDENTS



"We do know that Amazon dominates the minds of Canadians when they purchase online. It also is front and centre as we work with our clients across the eCommerce space.

From a purchase perspective in the study, 75% of respondents shopped on Amazon in the past six months and the next closest retailers in the Canadian market are Walmart at 31% and Costco 29%. There's a significant difference between number one and the rest."

The research found that shoppers are using Amazon product details and reviews even when they don't buy on Amazon and Amazon stores have become a one-stop shop for branding, reviews and purchase.

The research also showed that 85% of respondents say they are likely to shop at Amazon in the future followed by 52% at Costco and 50% at Walmart.

Amazon is the dominant retailer when it comes to the Toys & Games, Appliances and Baby categories. It is competitive in Grocery, Patio & Garden, Health & Beauty, Books, and Clothing. It is trailing in Furniture, Electronics and Automotive.

Retail expert Bruce Winder said Amazon is the new Walmart as it relates to channel power with suppliers, especially smaller ones.

"Smaller suppliers have really no bargaining power with Amazon and are forced to capitulate on whatever terms and conditions they demand. Amazon's ecosystem is just too big to ignore for all suppliers now. One of the major risks for all suppliers is Amazon using supplier metrics to build its own private labels to eventually displace them," he said.

"I find it interesting that consumers are purchasing merchandise online from category specialists like Wayfair over Amazon.

This may be a clue for retailers trying to survive against Amazon by building niche businesses. Also, the research may show the level of comfort Millennials have with Amazon as baby products and toys are leading categories. This will no doubt be a distant early warning for other retailers that sell products used as consumers age through their life stage. Finally, it shows that existing, large established brick and mortar retailers are holding their own in select categories online. It appears that the large investments made at retailers like Walmart, Shoppers and the like have paid off at least for now."

7.9

SUMMARY & IMPLICATIONS

The Consumer Intercept Survey yielded findings that continue to solidify the strong local support for the City of Fort Saskatchewan, but also illustrates the emerging regional draw.

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

Fort Saskatchewan is well positioned to attract new-to-market retailers, some of whom may already have locations in northeast Edmonton at Emerald Hills and/or Manning Town Centre.

Specifically though, Fort Saskatchewan should use the Consumer Survey trends that suggest targeting the quality of tenants over the quantity of retailers thereby infill existing retail nodes and not necessitating another new retail node or nodes of any consequence.

The types of tenants sought by respondents combined with their spending patterns suggests that the most compatible locations capable of fulfilling retailer site location requirements will likely fall in the Central and South nodes and to a lesser degree the Downtown, although Downtown is the ideal location to house Specialty Retail, independent Full Service Restaurants and Cafes.

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

The most significant appeal of Fort Saskatchewan's retail market is the strength and spending propensity of the high earning and fast growing young family segment in the 18 to 55 year age range.

A young, family-oriented market, with disposable incomes is a core prerequisite many retailers look for when selecting a market. Combined with Fort Saskatchewan's trade area and validation from the Consumer Intercept Survey, the Fort Saskatchewan market is well-positioned to attract specifically targeted categories and tenants.

The older age cohorts are the most loyal to the current retail offering in Fort Saskatchewan, largely because this segment chooses not to travel distances for the type of retail they seek, with some exceptions for very specific products.

On the other side, the younger age cohorts are not only mobile in terms of where they will spend their money, but also very active in online shopping which further contributes to their spending outflow.

Fort Saskatchewan can retain greater levels of spending in the community if it targets specific retail categories and specifically retail brands that fulfill consumers desires and keeps them closer to home.

With the continued expansion of commercial activity in northeast Edmonton and the further congestion in the region, consumers will look for shops and services closer to home more frequently than in the past. There may still be exceptions for true destination retailers, but for the majority of retailers, their strategic planning is built on providing stores where there is a large enough population base and convenient access to that population base.

Fort Saskatchewan has rapidly evolved into becoming such a market, with a trade area that will reach almost 72,000 by 2023.

8 conclusions

8.1

FINDINGS & CONSIDERATIONS

The Retail Market & Gap Analysis for the City of Fort Saskatchewan entailed an extensive process that included the following methodological stages:

- *A detailed tabulation of the city's existing retail inventory further allocated into retail categories and sensitized by node and estimated retail sales performance;*
- *A Consumer Intercept Survey at various locations in Fort Saskatchewan to ascertain respondent origins, spending habits and preferences;*
- *A methodical and rationalized market area penetration resulting in a validated Retail Trade Area with population and detailed retail spending on a category-by-category basis;*
- *A quantification of the City's current supply versus demand in terms of supportable retail floorspace and resulting sales inflow and outflow estimates.*
- The City of Fort Saskatchewan currently has approximately 1.30 million sq. ft. of total retail space with a vacancy of only 5.3% (excluding new and under construction).
- The City currently has residual demand for approximately 690,000 sq. ft.
- Future growth forecasts suggest the City could conservatively accommodate an additional 183,620 sq. ft. of new retail space by 2032 (not including residual demand).
- Competitive influences from neighbouring areas to the south will continue, particularly Emerald Hills and Manning Town Centre although it is expected that Fort Saskatchewan's location and regional draw to the north and northeast will provide a stable environment for attracting retail that may already have locations in Emerald Hills or Manning Town Centre.
- Fort Saskatchewan's retail inventory is well-positioned to provide community scale appeal for day-to-day necessities as well as casual comparison items such as everyday Apparel, Sporting Goods and Toys & Hobbies.

The results of the Market Analysis yielded the following key findings and considerations for the City of Fort Saskatchewan's retail environment:

KEY FINDINGS:

- Fort Saskatchewan's demographic profile is comprised of a young, family demographic with an emerging affluence and corresponding discretionary income.
- Fort Saskatchewan's Retail Trade Area catchment serves a market of over 70,000 residents and is forecast to surpass 79,000 by 2032.

Since 2014, when the original study was undertaken, Fort Saskatchewan has been continued to establish itself as a regional hub. While the City's population has continued to grow at healthy rates with corresponding spending growth, the performance of the existing retail has stayed relatively the same and with the increasing competition occurring south in northeast Edmonton, the City now has sales outflow from its residents.

Although Fort Saskatchewan's trade area has been increased from the original 2014 study, the City's productivity and core sales still largely emanates from its local region.

A tall blue water tower with a lattice structure. The top of the tower features a circular mural of four cartoon children holding hands. The background is a cloudy sky.

63,032

CITY OF FORT SASKATCHEWAN PRIMARY TRADE AREA (2018 Y/E ESTIMATE)

47%

CITY OF FORT SASKATCHEWAN RESIDENTS WITH HOUSEHOLD INCOMES >\$125,000

\$1.2 BILLION

TOTAL TRADE AREA RETAIL SPENDING (YEAR END 2018 ESTIMATE)

1.30 Million

RETAIL INVENTORY IN CITY OF FORT SASKATCHEWAN

445,000

CURRENT RESIDUAL RETAIL DEMAND (YEAR END 2018 ESTIMATE)

5.3%

CITY OF FORT SASKATCHEWAN RETAIL VACANCY
(excluding new & under construction)

- Fort Saskatchewan has a net sales outflow of \$126 million (Y/E 2022 estimate), comprising predominantly comparison categories, although grocery and specialty foods are showing signs of outflow.
- Fort Saskatchewan's Primary Trade Area penetration of the Full-Service Restaurant category could be stronger (currently at an estimated 50%). Fort Saskatchewan has a resulting outflow in Full Service Restaurants (\$12.2 million).
- Fort Saskatchewan's major leakage occurs in Auto/RV/Motorsports (\$85 million), Home Furnishings (\$47 million), Personal Services (\$35 million), and Grocery & Specialty Foods (\$20 million).
- Consumer Survey Respondents would like to see more Full-Service Restaurants, Clothing & Footwear and Sporting Goods, Toys & Hobbies at value to mid price points. An enhanced offering in these categories could lead to further retention of sales dollars in Fort Saskatchewan as well as more inflow from surrounding towns and counties.

The Top 5 tenant prospects based on a combination of market readiness and consumer sentiment are:

1. **Winners or Marshalls**
2. **Sport Chek**
3. **Home Sense**
4. **Real Canadian Superstore**
5. **Brown's Social House**

Table 8.1 provides a more detailed list of potential tenant prospects for Fort Saskatchewan along with an estimated timeline as to whether they are short term (next 5 years) or longer term targets (5 to 10 years).

Bigger ticket items such as Auto and Recreational Vehicles as well as Comparison categories (or Department Store Type Merchandise DSTM) will still exhibit outflow dollars from the community and this will likely be the case over the next 5-10 years as Fort Saskatchewan continues to evolve as its own regional hub for retail and services.

CONSIDERATIONS

- Ensure that retail growth does not come at the expense of the Downtown.
- Promote the infill of existing and developing retail nodes as a way of cultivating critical mass and critical mix.
- Prioritize key target categories and tenants that can benefit from the sales inflow as well as curbing outflow.
- Avoid trying to compete with the major retail nodes at Emerald Hills and Manning Town Centre, but rather solidify the City's role as a strong service centre as the closest urban centre to Alberta's Industrial Heartland.
- Market the City's offering of shops and services to the identified north, northwest and eastern parts of the trade area to attract and retain more of their spending.
- Over the next decade, the City of Fort Saskatchewan should strive to increase its market share of retail spending from City Residents from an estimated 55% today to 65% by 2032.

TABLE 8.1

LIST OF TARGET TENANTS BY SHORT OR LONGER TERM TIMING/COMPATIBILITY (2019)

Target Retailers	Merchandise Category Segment	Time Horizon Near Term Present to 2025	Time Horizon Long Term 2025 to 2030 (or beyond)
Wine & Beyond	Alcohol & Tobacco		✓
Cap-It	Auto Parts & Accessories		✓
Princess Auto	Auto Parts & Accessories	✓	
Indigo	Books & Media	✓	
Alia n Tanjay	Clothing & Accessories	✓	
Ardene	Clothing & Accessories	✓	
Children's Place	Clothing & Accessories	✓	
Marshall's	Clothing & Accessories	✓	
Old Navy	Clothing & Accessories	✓	
Pennington's	Clothing & Accessories	✓	
Winners	Clothing & Accessories	✓	
Hudsons	Drinking Establishment		✓
Tilted Kilt	Drinking Establishment		✓
Cineplex	Entertainment		✓
Brown's Social House	F&B Restaurant - Full Service	✓	
Chili's	F&B Restaurant - Full Service	✓	
Moxie's Classic Grill	F&B Restaurant - Full Service		✓
Mr. Mikes	F&B Restaurant - Full Service	✓	
Red Lobster	F&B Restaurant - Full Service		✓
Red Robin	F&B Restaurant - Full Service		✓
State & Main Kitchen	F&B Restaurant - Full Service	✓	
Swiss Chalet	F&B Restaurant - Full Service	✓	
Tony Roma's	F&B Restaurant - Full Service		✓
Olive Garden	F&B Restaurant - Full Service		✓
Arby's	F&B Restaurant - Quick Service		✓
Carl's Junior	F&B Restaurant - Quick Service	✓	
Cora's	F&B Restaurant - Quick Service	✓	
Famoso Neapolitan Pizzeria	F&B Restaurant - Quick Service	✓	
Five Guys Burger & Fries	F&B Restaurant - Quick Service	✓	
Freshii	F&B Restaurant - Quick Service	✓	
Good Earth Coffee	F&B Restaurant - Quick Service		✓
Harvey's	F&B Restaurant - Quick Service		✓
Milestones	F&B Restaurant - Quick Service		✓
Mr. Sub	F&B Restaurant - Quick Service	✓	
Nando's Chicken	F&B Restaurant - Quick Service		✓
Oodle Noodle	F&B Restaurant - Quick Service	✓	
The Keg	F&B Restaurant - Quick Service		✓
Waves Coffee	F&B Restaurant - Quick Service	✓	
Orange Theory Fitness	Fitness & Leisure	✓	
Oxygen Yoga	Fitness & Leisure	✓	
COSTCO	General Merchandise		✓
Goodwill	General Merchandise	✓	
London Drugs	General Merchandise		✓
Real Canadian Superstore	General Merchandise	✓	
Value Village	General Merchandise	✓	
Save On Foods	Grocery & Conveniences		✓
Lush	Health & Beauty		✓
Ashley Furniture	Home Furnishings & Décor		✓
Bed Bath & Beyond	Home Furnishings & Décor		✓
Bouclair	Home Furnishings & Décor		✓
Daniadown	Home Furnishings & Décor		✓
Home Sense	Home Furnishings & Décor	✓	
JYSK	Home Furnishings & Décor	✓	
Structube	Home Furnishings & Décor	✓	
Urban Barn	Home Furnishings & Décor		✓
Peavey Mart	Home Improvement & Gardening		✓
Sport Clips	Personal Service	✓	
Tommy Gun's	Personal Service	✓	
Bulk Barn	Specialty Retail	✓	
Global Pet Foods	Specialty Retail	✓	
Michael's Crafts	Specialty Retail	✓	
Petsmart	Specialty Retail	✓	
Sport Chek	Sporting Goods	✓	
Mastermind Toys	Toys, Games & Hobbies	✓	



WINNERS

HOMESENSE

Irresistible finds. Exceptional prices.



FIVE GUYS®
BURGERS and FRIES



Marshalls



daniadown
HOME

!ndigo



RICKI'S

ALIA N TANJAY





Photo credit: Kieron Hunt

RETAIL

Market & Gap Analysis

City of Fort Saskatchewan



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