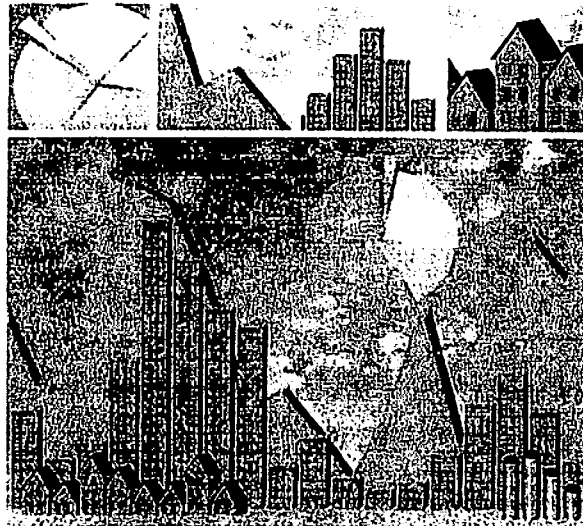


# Peer Review of Retail Demand and Impact Analysis: Hanlon Parkway and Wellington Street Lands



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RESEARCH  
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**Peer Review of Retail Demand  
and Impact Analysis:  
Hanlon Parkway and  
Wellington Street Lands**

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## EXECUTIVE SUMMARY

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Clayton Research has been retained by the City of Guelph to peer review a report entitled *Retail Centre Market Demand and Impact Analysis, Hanlon Parkway and Wellington Street, City of Guelph, ON*, prepared by Tate Economic Research Inc. (TER) on behalf of Silvercreek Developments Inc. ("Silvercreek") dated September 27, 2005 (the "TER Report").

A number of tables included in the TER Report were updated by TER in May 2006 due to changes to the original development concept. The updated tables were included in a letter dated May 1, 2006 sent by TER to Clayton Research responding to our initial questions and comments (the "TER Letter").

This Peer Review focuses on both the findings of the TER Report and the TER Letter.

The TER Report was conducted to support Silvercreek's proposal to develop a 450,000 sq. ft. retail centre on the Silvercreek site at the intersection of Hanlon Parkway (Highway 6 and 7) and Wellington Street (Highway 24 and 7) (the "Silvercreek site") in the City of Guelph. The retail uses proposed included a 150,000 sq. ft. Warehouse Membership Club; a 130,000 sq. ft. Home Improvement Centre; a 50,000 sq. ft. supermarket and 75,000 sq. ft. of Specialty Retail space with the remaining 45,000 sq. ft. of space expected to accommodate services.

The proposed Warehouse Membership Club is no longer being considered by Silvercreek as a potential anchor tenant. Consequently, the TER Letter provides a revised description of the Silvercreek proposal, which allocates the 150,000 sq. ft. of space previously contemplated for the development of a Warehouse Membership Club to Specialty Retail uses.

Highlights of the Peer Review findings with regard to the market demand and market impact analyses and conclusions are presented below.

### Market Demand Conclusions

The TER Report concludes that the proposed retail centre is warranted based on market demand (p. 20). It also states that there is sufficient demand over the study period (to 2011) to support not only the proposed centre, but also additional retail space in the study area.

### Clayton Research Comments

Neither the TER Report nor the TER Letter provide estimates of the amount of warranted additional retail floor space in the City during the study period. Figure 6 prepared by Clayton Research relates the floor space by category of store being proposed on the Silvercreek site to the Dee forecasts of warranted floor space in Guelph for the period to 2011.

Warranted Space	Supermarket	Non-Department	Home Improvement
		Store DSTM	Related Stores
Sq. Ft.			
<b>Warranted Additional Floor Space in Guelph</b>			
Robin Dee Associates			
2003-2006	60,290	133,491	40,871
2003-2011	141,145	369,121	90,766
Proposed Floor Space on the Silvercreek Site	50,000	225,000	130,000
<b>Proposed Floor Space as % of Warranted Additional Floor Space in Guelph</b>			
2003-2006	82.9	168.5	318.0
2003-2011	35.4	60.9	143.2

<sup>1</sup> Excludes Services  
Source: Robin Dee Tables 6, 18, and 20 and Tale Economic Research Update Tables 8, 12, and 13A

*It is evident from this comparison that the proposed centre on the Silvercreek site has a huge amount of floor space compared to the warranted additional floor space forecasts for the City as a whole by Dee. To succeed, the proposed centre would have to attract comparable sales from existing and other proposed stores, something we find unlikely. Thus, we would question the conclusion that all the proposed space is warranted based on market demand, especially by the year 2007.*

### Impact Conclusions

TER concludes that the proposed retail centre it is considering will not preclude the opportunities for other retail locations including the downtown, that the site's central location will widely disperse any potential impacts, and that there is adequate market support for the proposed centre and others.

### Clayton Research Comments

*We find the TER impact assessment too optimistic. The additional space being proposed by TER in the main is not needed to meet the warranted*

*space forecast by Dee over the period to 2021, which excludes sales transfers from existing retailers. Dee's approach was adopted by Council as part of the Commercial Policy Review.*

*It should be recognized that a dynamic viable retail market will likely result in sales transfers from existing stores at various times, with up to 7.5-10 percent of existing sales being an acceptable range of impact (roughly up to about 300,000 – 400,000 sq. ft. of retail space being forecast by Dee). While this potential for additional retail space exists, and it is beyond the retail floor space allocated by Council, its allocation should be considered within the City's commercial policy planning framework.*

*There may be opportunities for additional singular retail uses such as a Warehouse Membership Club or a large-scale furniture warehouse/showroom. If the original proposal to include a Warehouse Membership Club on-site was still alive, then the proposed development could serve a need not being satisfied elsewhere in the City though the amount of additional space warranted on the Silvercreek site would be something that would have to be studied.*

*The proposed Leon's furniture/warehouse/retail centre is an illustration of a use that might be accommodated at the Silvercreek site without significant adverse market impact on the City's planned commercial policy planning framework. The Leon's use is a permitted use in the Zoning By-law for the site providing it is in the form of a mall.*

*However, the scale and range of uses being proposed for the Silvercreek site would not appear to be justified within the City's policy context. The TER impact analyses do not consider the impact of the proposed centre on the Silvercreek site on individual existing or planned Commercial Centres as required under Section 7.4.24 of the Official Plan or on the planned functions of existing designated commercial or mixed-use lands pursuant to OPA 29. In particular, the Silvercreek proposal is likely to have undesirable consequences for the future retailing function and timing of the development/rejuvenation of the West Hills and Willow West Mall areas. These two retail areas already accommodate three supermarkets and both areas are suitable for additional larger Specialty Retail Stores.*

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## 1. INTRODUCTION

### 1.1 Background

Clayton Research has been retained by the City of Guelph to peer review a report entitled *Retail Centre Market Demand and Impact Analysis, Hanlon Parkway and Wellington Street, City of Guelph, ON*, prepared by Tate Economic Research Inc. (TER) on behalf of Silvercreek Developments Inc. ("Silvercreek") dated September 27, 2005 (the "TER Report").

A number of tables included in the TER Report were updated by TER in May 2006 due to changes to the original development concept. The updated tables were included in a letter dated May 1, 2006 sent by TER to Clayton Research responding to our initial questions and comments (the "TER Letter").

This Peer Review focuses on both the findings of the TER Report and the TER Letter.

The TER Report was conducted to support Silvercreek's proposal to develop a 450,000 sq. ft. retail centre on the Silvercreek site at the intersection of Hanlon Parkway (Highway 6 and 7) and Wellington Street (Highway 24 and 7) (the "Silvercreek site") in the City of Guelph. The retail uses proposed included a 150,000 sq. ft. Warehouse Membership Club; a 130,000 sq. ft. Home Improvement Centre; a 50,000 sq. ft. supermarket and 75,000 sq. ft. of Specialty Retail space with the remaining 45,000 sq. ft. of space expected to accommodate services.

The proposed Warehouse Membership Club is no longer being considered by Silvercreek as a potential anchor tenant. Consequently, the TER Letter provides a revised description of the Silvercreek proposal, which allocates the 150,000 sq. ft. of space previously contemplated for the development of a Warehouse Membership Club to Specialty Retail uses (see Figure 1).

Figure 1

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**Development Proposals for the Silvercreek Site**

Types of Stores	September 2005	May 2006
	Sq. Ft.	
Warehouse Membership Clubs	150,000	0
Home Improvement Centre	130,000	130,000
Supermarket	50,000	50,000
Specialty Retail	75,000	225,000
Services	45,000	45,000
<b>Grand Total</b>	<b>450,000</b>	<b>450,000</b>

Source: Tate Economic Research Inc.

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City of Guelph planning staff also requested Clayton Research to comment on the recent proposal to build a 98,673 sq. ft. furniture warehouse/retail centre on the Silvercreek site.

Clayton Research had an exchange of letters with Tate Economic Research. These are included in the appendix to this report.

## 1.2 City of Guelph – Commercial Planning Framework

In 2002, the City of Guelph retained Meridian Planning Consulting to undertake a Commercial Policy Review (the "CPR") of the commercial policies in the *City's Official Plan*.

The CPR process produced two reports:

- *Background Report, Guelph Commercial Policy Review* dated November 19, 2004 (the "2004 CPR Report").

This report included a summary of the market analysis conducted by Robin Dee and Associates ("Dee"). The market analysis was intended to determine the future demand for additional retail space in the City of Guelph to the year 2021. **The analysis is based on a pure residual demand approach, which approximates the demand for additional retail space without any impact on existing retail and services facilities.**

The market analysis estimated that the City of Guelph would require about 2 to 2.2 million sq. ft. of additional retail commercial space by the year 2021 – 1,926,000 sq. ft. under the Reference Population Growth Scenario (adopted by the City) and 2,225,000 sq. ft. under a High Population Growth Scenario (to account for the Province's *Places to Grow* initiatives) (see Figure 2).

Figure 2

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**Robin Dee's Forecast of Additional Warranted Retail Space in the City of Guelph, 2003-2021**

	Reference Growth Scenario	High Growth Scenario
	Sq. Ft.	
Supermarkets	223,908	260,792
Other Specialty Food WMC <sup>1</sup>	1,819	9,298
	<u>70,725</u>	<u>74,294</u>
Subtotal Food Stores	296,452	344,384
Department Stores	323,044	354,184
General Merchandise (Including WMC <sup>1</sup> , excluding food)	81,359	89,047
Apparel & Accessories	169,951	191,232
Furniture, Home Furnishing & Electronics	148,816	164,896
Drugs/Cosmetics	61,330	71,346
Durables/Semi-Durables	<u>271,129</u>	<u>306,252</u>
Subtotal DSTM	1,055,629	1,176,957
Liquor/Beer/Wine	43,386	48,963
Home Improvement and Related Stores	159,241	180,987
Home and Auto Supply	49,920	56,772
Tire/Batteries/Accessories	<u>15,195</u>	<u>17,086</u>
Subtotal Other Retail	267,742	303,810
Total Retail	1,629,825	1,825,151
Total Services/Other	306,011	399,697
<b>Total Retail/Services</b>	<b>1,925,835</b>	<b>2,224,848</b>

<sup>1</sup> Warehouse Membership Club  
Source: Robin Dee and Associates

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- *Guelph Commercial Policy Review Recommended Approach* dated June 2005 (the "2005 CPR Report").

This report presented the Recommended Approach, which distributed the future demand for retail commercial space identified by the market analysis conducted by Robin Dee among the Downtown and the identified retail nodes, with the remainder of the demand proposed to be held in reserve (see Figure 3).

Figure 3

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**Commercial Policy Review Recommended Approach,  
June 2005**

	Medium Growth	High Growth
	<i>Sq. Ft.</i>	
Total Warranted Space to 2021 (Robin Dee's Analysis)	1,926,000	2,220,000
Intensification Space (Downtown, Intensification Centres, Neighborhood, Convenience and Existing Centres)	350,000	400,000
Woodlawn/Woolwich	400,000	450,000
West Hills	400,000	450,000
Eastview	300,000	300,000
South Guelph District Centre	400,000	450,000
<b>Total Space</b>	<b>1,850,000</b>	<b>2,050,000</b>
<b>Remaining Warranted Space</b>	<b>76,000</b>	<b>170,000</b>

Source: City of Guelph's Commercial Policy Review

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On July 25, 2005 the City of Guelph's Council amended the recommended approach of the 2005 CPR Report and allocated all the future demand, based on the residual analysis approach, between the Downtown and the identified retail Nodes (see Figure 4).

Figure 4

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**Allocation of Commercial Space to 2021 in City of  
Guelph - as Approved by Council July 25, 2005**

	Medium Growth	High Growth
	<i>Sq. Ft.</i>	
Intensification Space (Downtown, Intensification Centres, Neighborhood, Convenience and Existing Centres)	350,000	500,000
Woodlawn/Woolwich	400,000	450,000
West Hills	400,000	450,000
Eastview	300,000	300,000
South Guelph District Centre	500,000	520,000
<b>Total</b>	<b>1,926,000<sup>1</sup></b>	<b>2,220,000</b>

<sup>1</sup> According to Appendix 5, in the above-captioned report.

Source City of Guelph

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As a consequence of Council's approved allocation of commercial space, no additional commercial sites are required to be planned in the City of Guelph until sometime after 2021.

The Official Plan Amendment 29 (OPA 29), which contains the allocation of commercial space approved by Council in July 25, 2005, was approved on March 13, 2006.

### **Clayton Research Comments**

*The warranted commercial floor space calculations done by Dee are conservative since they do not allow for sales transfers from existing commercial operations to new floor space during the period up to the year 2021. Council did not adopt an alternative approach that incorporated a 10 percent oversupply. In our opinion, a dynamic and viable retail market place will likely result in some sales transfers from existing stores at various times, with up to 7.5 - 10 percent of existing sales being an acceptable range of impact.*

*As a rough approximation, since Guelph had about 4 million sq. ft. of retail commercial and service space in 2003, the City could accommodate up to an additional 300,000 – 400,000 sq. ft. of space (7.5 - 10 percent of occupied space over the residual demand calculated by Dee) without overdue adverse impacts on the existing retail and service outlets in the City.*

### **1.3 The Official Plan Requirements for a Market Impact Study**

Section 7.4.24 of the 2001 *Official Plan* of the City of Guelph requires a market impact study be approved by council for all Official Plan amendment applications for proposed new Commercial Centres, or the expansions to existing Commercial Centres by 108,000 sq. ft. or more (10,000 m<sup>2</sup>) of gross leasable floor area. This Section of the Plan also discusses the purpose of the market impact study and its scope.

- 7.4.24 1. *An appropriate market impact study shall demonstrate that the proposed 'Centre' can be justified without detriment to the role, function or economic viability of the 'Central Business District' or other 'Commercial Centres' provided for in this Plan, including, among other matters:*
- a) *An assessment of the current market situation, and the future potential for the expansion of retail facilities;*
  - b) *An evaluation of the economic feasibility of the proposed 'Centre' on the basis of current market demand or retail market opportunity;*
  - c) *An indication of any adverse affects on the economic viability of existing or planned Centre's provided for in this Plan.*

On March 13 of 2006, Council approved OPA 29 which includes amendments to the market impact section of the City's Official Plan. The text of the three sections dealing with market impact studies is as follows:

*7.4.48 Market impact, planning and infrastructure impact studies shall be submitted and approved by Council:*

- *to establish or expand a 'Mixed Use Node' or 'Intensification Node' beyond the designation limit boundaries as shown on Schedule 1;*
- *to exceed the retail floor area limitations within a 'Mixed Use Node' established in policy 7.4.12 or the number of large retail uses in policy 7.4.13;*
- *to extend or enlarge a 'Neighbourhood Commercial Centre' to provide more than 10,000 square metres (108,000 square feet) of gross leasable floor area.*

*7.4.49 An appropriate market impact study shall demonstrate that:*

- *the proposal can be justified without detriment to the overall function or economic vitality of the 'Central Business District' or the key component functions that contribute to the C.B.D.'s overall vitality;*
- *the achievement of the City's Major Goals, the Urban Form policies or the Commercial and Mixed Use policy objectives of the Official Plan will not be compromised; and*
- *the ability of existing designated commercial or mixed use lands to achieve their planned function will not be compromised.*

*7.4.50 A market impact study shall include:*

- a) *An assessment of the current market situation, and the future potential for the expansion of retail facilities in light of projected population and employment growth;*

- b) *An evaluation of the economic feasibility of the proposal on the basis of current market demand or retail market opportunity;*
- c) *An indication the scale of any adverse affects on the economic viability of the C.B.D., the key functions that contribute to the C.B.D.'s overall vitality, and on any existing or planned designated commercial or mixed use lands provided for in this Plan.*
- d) *An assessment of the implications of the proposal relative to the City's approved Commercial Policy Review Study and the objectives and implementing policies of this Plan.*

## **2. THE TER REPORT - BACKGROUND**

The TER Report was prepared under the following general assumptions:

- The population forecasts, which are based on the Dee analysis and information provided by the Planning and Development Services Department of the City of Guelph, are presumed accurate.
- All major sites designated mixed-use and commercial in the City of Guelph, which could accommodate major retail developments, have been recognized in the TER analysis.
- Furthermore, all major active retail proposals have been recognized in the analysis.
- The assumptions regarding the sales performance of existing retailers are considered to be reliable.

### ***Clayton Research Comments***

*These general assumptions appear reasonable with the exception of the second bullet. There is no indication in the report that all major sites designated mixed-use and commercial have been incorporated into the analysis – only active proposals (see Section 2.2 below).*

### **2.1 Inventory of Competitive Retail Space**

The inventory of competitive retail and service space included in the TER Report is based on Table 2 of the 2004 CPR Report.

The inventory contained in Table 2 of 2004 CPR was conducted under the directions of Kircher Research and updated in September 2003. The stores are classified using the Standard Industrial Classification System of Statistics Canada.

In the TER Report, the September 2003 inventory was re-tabulated based on the North American Industrial Classification System (NAICS) which is the classification now used by Statistics Canada. In addition, TATE (p.10) recognized the following major retail commercial additions since 2003, which include:

- The relocation of the Zellers from Stone Road Mall to a free-standing location next to the Canadian Tire;
- The plans to re-merchandise the former Zellers store;
- The opening of a new Zehrs supermarket at Paisley Road and Elmira Road; and
- The opening of a 98,000 sq. ft. Home Depot store in the Woolwich/Woodlawn Mixed Use Node.

#### ***Clayton Research Comments***

*Overall, TER's tabulation of the September 2003 inventory appears to have been done properly. We find the September 2003 inventory to still be reliable enough for use in market studies as long as major new retail developments are accounted for, which the TER Report does.*

## **2.2 Proposed Retail Competition**

The TER Report incorporates a number of new retail development proposals, including:

- An application to develop the northeast corner of Clair Road and Gordon Street (South Guelph District Centre), which will include a large format Loblaws supermarket;
- Development of the Clairfields Centre at the northwest corner of Clair Road and Gordon Street (South Guelph District Centre), which is being marketed by First Capital;
- Development of the Loblaws site located at Starwood Drive and Watson Parkway (Eastview commercial node);
- Development of a 31 acre site owned by 6&7 Developments Ltd., which is located at Woodlawn/Woolwich. The site is estimated to accommodate up to 360,000 sq. ft. of commercial space. Currently,

the site is planned for a 135,000 sq. ft. Wal-Mart store and an additional 20,000 sq. ft. of ancillary retail and service space; and

- Development of the Armel site located in the West Hills commercial node. The site is currently occupied by a large format Zehrs supermarket and there are plans for 200,000 to 300,000 sq. ft. of additional retail commercial space.

#### **Clayton Research Comments**

*We have no reason to believe this list of proposed retail developments is not reasonably comprehensive.*

### **2.3 Suitability of Subject Site for Retail Uses**

The TER Report in Section 3.4 lists several attributes of the Silvercreek site which make these lands suitable for the proposed retail uses. These include its central location and a location adjacent to a highway interchange.

#### **Clayton Research Comments**

*We agree that the subject site is suitable for retail uses from a market perspective.*

### **2.4 Study Area Boundaries**

The study area used in the TER Report is the same as the one used in the 2004 CPR Report.

The study area is divided into two zones:

- The Primary Zone, which consists of the City of Guelph; and
- The Secondary Zone, which includes areas surrounding the Primary Zone - as described in the 2004 CPR Report, the southern and western limits extend about 8 km from Downtown Guelph and the northern and eastern limits extend more than 30 km from Downtown Guelph (see the 2004 CPR Report, p. 18).

#### **Clayton Research Comments**

*We find the study area used in the TER Report to be reasonable for the purpose of the TER analysis since it is consistent with trade area used in the 2004 CPR Report.*

## 2.5 Study Area Population

Table 4 of the TER Report provides the population forecast for the study area by zone. The population forecast used by TER is consistent with the Reference Scenario used in the 2004 CPR Report for the years 2001 and 2011 (the end of the forecast period in the TER Report).

The populations for the years 2004, 2007 and 2009 seem to have been estimated by pro-rating the average annual growth over the 2003-2006 and 2006-2011 periods under the Reference Scenario of the 2004 CPR Report.

### ***Clayton Research Comments***

*Overall, the population forecast used in the TER Report is consistent with the latest information available from the City of Guelph.*

## 2.6 Study Area Expenditure

The calculations of the spending by study area residents in Food and Non-Food Stores are presented in Tables 5 and 10 of the TER Report and the Updated Table 10 included in the TER Letter, respectively. The study area expenditure was calculated as follows:

- The per capita Food and Non-Food Store expenditures for Ontario were calculated based on the 2004 Retail Trade data from Statistics Canada – adjustments are made to exclude the food component of Warehouse Membership Clubs as well as to exclude miscellaneous retail uses such as mobile home dealers from the Non-Food Store expenditure estimate;
- The per capita Food and Non-Food Store expenditures for the study area was calculated by adjusting the province's per capita expenditure using income indexes and elasticities consistent with the ones used in the 2004 CPR Report;
- The future study area per capita expenditure is estimated assuming a average annual real increase of 1.5 percent for Non-Food Store expenditure and 0.5 percent for Food Store expenditure; and
- The total study area expenditure is then calculated using the forecast population in Table 4 of the TER Report and per capita expenditure.

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### **Clayton Research Comments**

*The study area expenditure seems to have been adequately estimated based on an accepted methodology used in retail market studies.*

## **2.7 Distribution of Non-Food Retail Store Expenditure**

The TER Report indicated that Non-Food Store expenditure was distributed amongst the following store categories:

- Department Store Category, to isolate the effect of the proposed Wal-Mart store in north Guelph;
- Other General Merchandise Category, which includes Warehouse Membership Clubs, which was to be one of the major anchor tenants proposed on the Silvercreek site;
- Building and Outdoor Home Supplies Store Category, which is another major anchor tenant proposed on the Silvercreek site; and
- Specialty Retail, which includes the remaining Non-Food Store categories.

The distribution of the Non-Food Store expenditure is presented in Table 6 of the TER Report. The TER Letter included an Update Table 6, which excluded the Other General Merchandise Category as consistent with recent changes to the concept plan of the Silvercreek site. The expenditure previously assumed for the Warehouse Membership Club it is now allocated to the Specialty Retail Category.

### **Clayton Research Comments**

*Clayton Research has concerns about the way the Non-Food Store expenditure has been distributed by TER:*

- *In the Updated Table 6, expenditure in Warehouse Membership Clubs has been completely reallocated to Specialty Retail stores – this is a very aggressive assumption given the fact that the study area population will still spend part of their Non-Food Store expenditure in Warehouse Membership Clubs – regardless of whether or not a Warehouse Membership Club is developed in Guelph.*
- *Also, TER did not allocate any of the Non-Food Store expenditure to Home and Auto Supply Stores, which are typically analyzed in retail market analyses separately from other store categories - in the Updated Table 6, Home and Auto Supply stores are included in the Specialty*

*Retail Category – under the NAICS, Home and Auto Supply Stores are classified as Other General Merchandise Stores.*

- *We find that Table 6 of the TER Report is more representative of the potential distribution of trade area Non-Food Store expenditure than the Updated Table 6, as long as the Other General Merchandise Store category is specified to account for both Warehouse Membership Club and Home and Auto Supply Stores, which we believe it is.*
- *Figure 5 shows Clayton Research's alternative distribution of Non-Food Store expenditure, which accounts for sales going to Warehouse Membership Club and Home and Auto Supplies Stores. This is the same as Table 6 in the TER Report with the exception of a shift to the Other General Merchandise Stores from Speciality Retail Stores since a Warehouse Membership Club is no longer a proposed anchor for the Silvercreek lands.*

**Figure 5 Non-Food Store Expenditure Distribution by Store Type, Clayton Research**

	2004	2007	2009	2011
	<i>Percent</i>			
<b>Primary Zone</b>				
Department Stores	15.0	16.0	16.0	16.0
Other General Merchandise Stores (Excluding Food in WMC) <sup>1</sup>	11.0	11.0	11.0	11.0
Building and Outdoor Home Supplies Stores	9.0	11.5	11.5	11.5
Specialty Retail Stores	65.0	61.5	61.5	61.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Secondary Zone</b>				
Department Stores	15.0	16.0	16.0	16.0
Other General Merchandise Stores (Excluding Food in WMC) <sup>1</sup>	12.0	12.0	12.0	12.0
Building and Outdoor Home Supplies Stores	9.0	11.0	11.0	11.0
Specialty Retail Stores	64.0	61.0	61.0	61.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Warehouse Membership Club

Source: Clayton Research based on information from Tale Economic Research Inc.

## 2.8 Distribution of Food Store Expenditure

The distribution of the Food Store expenditure is presented in Table 10 of the TER Report. The Food Store expenditure was distributed amongst the following categories:

- Supermarkets;
- Warehouse Membership Club Food Component; and
- Other Food Stores.

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TER updated the distribution of the Food Store expenditure to account for the changes to the development concept of the Silvercreek site, which now excludes the Warehouse Membership Club (see the TER Letter, Updated Table 10).

***Clayton Research Comments***

*Overall, we find the distribution of the Food Store expenditure presented in the Updated Table 10 to be adequate for the market analysis conducted by TER.*

### **3. TER MARKET DEMAND ANALYSIS**

The TER Report included a market demand analysis for:

- Building and Outdoor Home Supplies Stores (see Table 7);
- Specialty Retail Stores (see Table 8);
- Warehouse Membership Clubs (see Table 9) – a Warehouse Membership Club is no longer being contemplated as the main anchor tenant for the Silvercreek site; thus, the Warehouse Membership Club analysis has not been considered in this Peer Review); and
- Supermarkets (see Table 12).

Due to the changes to the concept plans, Table 8 and Table 12 of the TER Report have been updated (see the TER Letter).

***Clayton Research Comments***

*The methodology used by TER to conduct the market demand analysis for the Silvercreek site is considered to be standard in retail market studies. Overall, the TER's methodology is appropriate for analysis of the market demand for the proposed space on the Silvercreek site.*

#### **3.1 Building and Outdoor Home Supplies Stores Market Demand Analysis**

The market analysis for Building and Outdoor Home Supplies Stores is presented in Table 7 of the TER Report. The analysis assumes that both the 98,000 sq. ft. Home Depot in north Guelph and a 130,000 sq. ft. Building and Outdoor Supply Store are developed and open at the beginning of 2007.

TER supports the development of a 130,000 sq. ft. Building and Outdoor Home Supplies Store (home improvement centres) on the Silvercreek site based on the following assumptions:

- The Building and Outdoor Home Supplies Stores in Guelph are estimated to capture 80 percent of the Building and Outdoor Home Supplies Stores expenditure from the primary zone and 30 percent of the secondary zone in 2004. In 2007, Guelph's capture rates are expected to increase to 97.5 percent in the primary zone and to 60 percent in the secondary zone;
- The proposed Building and Outdoor Home Supplies Store on the Silvercreek site is expected to capture 45 percent of the residual potential of the primary zone and 40 percent of the secondary zone – residual potential is defined as the difference between the current and future sales;
- Inflows are estimated at 19.0 percent of total sales expected to be captured by the Silvercreek site in 2007 increasing to 19.5 percent for the remaining of the forecast period;
- Transfers of sales from existing stores in Guelph is estimated at 2.4 million in 2007 falling to nil by 2011; and
- TER estimated that the proposed 130,000 sq. ft. home improvement centre would perform at \$210 in sales per sq. ft. in 2007, increasing to \$235 by 2011.

### **Clayton Research Comments**

*We find most of the assumptions used by TER in Table 7 to be acceptable. However, we are of the opinion that the Guelph capture rates used for the secondary zone are aggressive, given the competition from nearby municipalities including Cambridge and Milton.*

*In the TER Letter, TER responded to our concern stating that "the Secondary Zone capture rates reflect an examination of the inventory of competitive space, a review of survey results for other store categories, and a review of proposed space of the Silvercreek site and elsewhere in Guelph" (i.e., the Home Depot store in north Guelph, which has already opened).*

*The TER estimated sales per sq. ft. appear low for a Home Depot store in 2007 (\$305 per sq. ft.) and very low for the store on the Silvercreek site (\$210 per sq. ft.). Dee, in his 2004 study for the City, uses a sales per sq. ft. of \$400 for Home Improvement Related Stores for 2006 rising to \$500 per sq. ft. by 2021. It is our opinion that a 130,000 sq. ft. Building and Outdoor*

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*Home Supply Store on the Silvercreek land is premature and not supportable by the market demand analysis at this time.*

### **3.2 Specialty Retail Stores Market Demand Analysis**

The updated market analysis for Specialty Retail Stores is presented in the Updated Table 8 of the TER Letter.

Given the recent changes to the concept planned, TER now analyses the market demand for 225,000 sq. ft. of Specialty Retail Store space (up from the initially 75,000 sq. ft.) which is based on the following assumptions:

- The Specialty Retail Store share of the total Non-Food Store expenditure is estimated at 76.0 percent in the primary and secondary zones in 2004. Over the remainder of the forecast period, the Specialty Retail Store share is expected to decrease to 72.5 percent in the primary zone and to 73.0 percent in the secondary zone, which is attributed to the new Wal-Mart discount department store;
- The Specialty Retail Stores in Guelph are estimated to capture 80.0 percent of the total Specialty Retail Store expenditure of the primary zone and 38.0 percent of the secondary zone in 2004 (consistent with the Dee analysis). The capture rates are expected to increase to 88.0 percent in the primary zone and to 46.0 percent in the secondary zone for the remainder of the forecast period;
- The proposed Specialty Retail Store space on the Silvercreek site is expected to capture 45.0 percent of the residual potential of the primary and secondary zones in 2007 but decline to 35.0 percent by 2011;
- Inflows are estimated at 19.0 percent of total sales expected to be captured by the Silvercreek site over the forecast period;
- Transfers of sales from existing stores in Guelph are estimated at \$12.9 million in 2007 and decline to nil by 2011; and
- Average sales per sq. ft. for the proposed Speciality Retail Store floor space rises from \$290 in 2007 to \$310 in 2011.

#### ***Clayton Research Comments***

*All the assumptions, except for the Specialty Retail Store share of the total Non-Food Store expenditure and the size of the rise in capture rates from the Secondary Zone, seem acceptable. The Clayton Research percentage distribution of Non-Food Store expenditure in Figure 5 produces \$100*

*million less in Specialty Retail Store expenditure potential than TER's Updated Table 6. With this adjustment, Specialty Retail Store sales in Guelph's drop by about \$10 million per year over the forecast period, which reduces the warranted floor space by about 35,000 sq. ft.*

*In our opinion, the findings in the TER letter that the introduction of 225,000 sq. ft. on the Silvercreek site before the year 2007 can be supported, is a very robust scenario from a market demand perspective.*

### **3.3 Supermarket Demand Analysis**

The updated market analysis for Supermarkets is presented in the Updated Table 12 of the TER Letter. The assumptions used for this analysis include:

- Supermarkets in Guelph are estimated to capture 99.0 percent of the total Supermarket expenditure of the primary zone and 35.0 percent of the secondary zone in 2004 (consistent with Dee's analysis). The capture rates are expected to remain at 99.0 percent in the primary zone and to increase to 55.0 percent in the secondary zone for the remaining of the forecast period;
- The proposed Supermarket on the Silvercreek site is expected to capture 35.0 percent of the residual potential of the primary and 25.0 percent of secondary zones, declining thereafter;
- Inflows are estimated at 15.0 percent of total sales expected to be captured by the Silvercreek site over the forecast period; and
- Average sales per sq. ft. for the proposed Supermarket floor space climbs from \$480 in 2007 to \$495 in 2011.

#### ***Clayton Research Comments***

*Several of the assumptions used in the supermarket analysis are found to be aggressive, including Guelph's capture rates from the secondary zone expenditure for the 2007-2011 period, which is 20 percentage points higher than the base year, the inflows, which are estimated at 15.0 percent of total sales volumes expected to be captured by the Silvercreek site and the capture rate of the residential potential.*

*In our opinion, the magnitude of the Supermarket demand on the Silvercreek site is on the high side.*

### 3.4 Market Demand Conclusions

The TER Report concludes that the proposed retail centre is warranted based on market demand (p. 20). It also states that there is sufficient demand over the study period (to 2011) to support not only the proposed centre, but also additional retail space in the study area.

#### *Clayton Research Comments*

*Neither the TER Report nor the TER Letter provides estimates of the amount of warranted additional retail floor space in the City during the study period. Figure 6 prepared by Clayton Research relates the floor space by category of store being proposed on the Silvercreek site to the Dee forecasts of warranted floor space in Guelph for the period to 2011.*

Figure 6

<b>Comparison of TER Proposed Retail Floor Space with Dee's Warranted Additional Retail Space in Guelph, 2003 - 2011<sup>1</sup></b>			
<u>Warranted Space</u>	<u>Supermarket</u>	<u>Non-Department Store DSTM</u>	<u>Home Improvement Related Stores</u>
		<i>Sq. Ft.</i>	
<b>Warranted Additional Floor Space in Guelph</b>			
Robin Dee Associates			
2003-2006	60,290	133,491	40,871
2003-2011	141,145	369,121	90,766
<b>Proposed Floor Space on the Silvercreek Site</b>	<b>50,000</b>	<b>225,000</b>	<b>130,000</b>
<b>Proposed Floor Space as % of Warranted Additional Floor Space in Guelph</b>			
2003-2006	82.9	168.5	318.0
2003-2011	35.4	60.9	143.2

<sup>1</sup> Excludes Services  
Source: Robin Dee Tables 6, 18, and 20 and Tate Economic Research Update Tables 8, 12, and 13A

*It is evident from this comparison that the proposed centre on the Silvercreek site has a huge amount of floor space compared to the warranted additional floor space forecasts prepared for the City as a whole by Dee. To succeed, the proposed centre would have to attract considerable sales from existing and other proposed stores, something we find unlikely. Thus, we would question the conclusion that all the proposed space is warranted based on market demand, especially by the year 2007.*

## 4. MARKET IMPACT ANALYSIS

TER conducted both a quantitative and a qualitative impact analysis which are then used as input to reach an overall impact conclusion.

## 4.1 Quantitative Impact Analysis Methodology

This impact analysis in the TER Report utilizes the following approach for each of the three categories of stores now being considered – Building and Outdoor Home Supplies Stores, Specialty Retail Stores and Supermarkets:

- Start with total retail sales in Guelph for the store category;
- Total up the existing floor space for the store category in Guelph , the space being proposed on the Silvercreek site and additional retail floor space being proposed for Guelph;
- Calculate average sales per sq. ft. of floor space (existing in 2004 and existing and proposed for 2007, 2009 and 2011) for Guelph; and, finally,
- Calculate the percent change in sales per sq. ft. of all floor space (existing and proposed) in 2007, 2009 and 2011 from the 2004 base year.

In response to a request from Clayton Research, TER separated the estimated impact of the proposed space on the Silvercreek site on existing retail floor space and other proposed floor space for each of the three categories of stores considered.

### **Clayton Research Comments**

*The impact analysis contained in the TER Report is deficient in our view since impacts are considered in terms of all floor space (existing and proposed) and not separately for existing floor space or the other proposed retail space. The more detailed analysis contained in the Update Tables is more satisfactory in this regard but there is no discussion of whether the estimated sales per sq. ft. are economically viable or not.*

*The quantitative impact analysis does not explicitly consider the impacts of particular existing or planned Commercial Centres as required by Section 7.4.24 of the Official Plan. The Willow West Mall area and the West Hills Plaza area are geographically in a position to be particularly adversely affected by the proposed development at the Silvercreek site.*

## 4.2 Quantitative Impact Analysis – Building and Outdoor Home Supplies Stores

According to Updated Table 13A in the TER Letter, construction of the 133,000 sq. ft. proposed Building and Outdoor Home Supplies Store will

reduce sales in the existing 188,400 sq. ft. of floor space in Guelph. Sales are estimated to decline by \$3.8 million between 2004 and 2007 because of the proposed space and the new Home Depot space (a total of 228,000 sq. ft.), a drop of 7.4 percent. The Home Depot sales per sq. ft. will be \$305 in 2007 and the proposed space on the Silvercreek site will have average sales of \$210 sq. ft. in 2007.

#### **Clayton Research Comments**

*As noted earlier, the sales per sq. ft. being attributed to the new floor space under this category appear very low, especially in relation to Dee's sales starting at \$400 per sq. ft. in 2006. In addition, it is not clear why different sales per sq. ft. are being applied to the two proposed home improvement centres. In our view, if both the Home Depot in north Guelph and the proposed home improvement centre on the Silvercreek site are built, the transfer of sales from existing stores will be significantly higher than what TER estimates.*

### **4.3 Quantitative Impact Analysis – Specialty Retail Stores**

The TER Letter (Updated Table 13B) estimates that the construction of 475,000 sq. ft. of Special Retail Store floor space by 2007 (250,000 sq. ft. in other developments and 225,000 sq. ft. on the Silvercreek site) will reduce the average sales per sq. ft. of existing stores in Guelph by 5.6 percent from sales in the 2004 base year. Sales transfers from existing to new stores are estimated at \$22.8 million in 2007. It also estimates that sales in the new floor space will be only slightly higher than the average sales per sq. ft. in existing space in 2004.

#### **Clayton Research Comments**

*In our view, if all the new floor space was introduced to the market by 2007 (both on the Silvercreek site and elsewhere), the sales transfer from existing stores would have to be considerably higher than what TER is estimating to attain the sales volumes being forecast by TER.*

### **4.4 Quantitative Impact Analysis – Supermarkets**

The TER Letter estimates that the addition of new space to the Guelph market by 2007, both on the Silvercreek site and elsewhere, will have a sizeable affect on existing supermarkets, reducing their sales by 26.3 percent from 2004 - 2007. A significant amount of the new floor space is planned in

other locations (210,000 of the total of 260,000 sq. ft.). Based on the TER estimates in Updated Table 13C, Guelph supermarkets recorded healthy sales of \$590 per sq. ft. in 2004, but all supermarkets, both existing and proposed, will experience below normal sales of less than \$500 per sq. ft. over the 2007-2011 period.

#### **Clayton Research Comments**

*Based on the TER impact analysis, it seems clear that the introduction of the proposed supermarket floor space on top of all the other proposed supermarket space would have sizeable negative impacts on existing supermarkets.*

### **4.5 Qualitative Impact Analysis**

The TER Report states the following under this section:

- The proposed home improvement centre will compete most directly with the Home Depot in north Guelph;
- The central location of the proposed supermarket will draw customers from a wide area so any impacts will be dispersed throughout other supermarkets in the City;
- The proposed Specialty Retail floor space represents only a small increment to the existing space in this category so no critical sales impacts are forecast as a result; and
- There is no realistic rationale for concern relating to the proposed retail centre on the Silvercreek site precluding development opportunities for the downtown – it is the experience of Tate Economic Research that if there is sufficient expenditure potential (which is the case in Guelph), that Main Streets can co-exist with new format retail centres.

#### **Clayton Research Comments**

*There is an element of truth in each of these statements but there are some missing ingredients:*

- *While it is true that the proposed home improvement centre will compete head on with the Home Depot, the presence of two new large home improvement centres will have a larger impact on existing retailers than only one new centre because of the more competitive retail environment;*

- *The area of draw for the supermarket will not be city-wide as implied, given its relatively small size and the fact there will not be a Warehouse Membership Club on site (a decision made after the TER Report was prepared);*
- *Similarly, the impact of the now proposed 225,000 sq. ft. of Specialty Retail floor space on the Silvercreek site instead of the 75,000 sq. ft. originally proposed, will have correspondingly larger impacts on existing and other proposed floor space; and*
- *It is questionable that with the proposed retail development Guelph has sufficient expenditure power to support existing space, other proposed space, and the proposed space on the Silvercreek site. Impacts on the other space will be more pronounced than the TER analysis indicates, and in all likelihood more than what can be considered acceptable in a dynamic available retail market place.*

#### **4.6 Impact Conclusions**

TER concludes that the proposed retail centre it is considering will not preclude the opportunities for other retail locations including the downtown, that the site's central location will widely disperse any potential impacts and that there is adequate market support for the proposed centre and others.

##### ***Clayton Research Comments***

*We find the TER impact assessment too optimistic. The additional space being proposed by TER in the main is not needed to meet the warranted space forecast by Dee over the period to 2021, which excludes sales transfers from existing retailers. Dee's approach was adopted by Council as part of the Commercial Policy Review.*

*It should be recognized that a dynamic viable retail market will likely result in sales transfers from existing stores at various times, with up to 7.5-10 percent of existing sales being an acceptable range of impact (roughly up to about 300,000 – 400,000 sq. ft. of retail space being forecast by Dee). While this potential for additional retail space exists, and it is beyond the retail floor space allocated by Council, its allocation should be considered within the City's commercial policy planning framework.*

*There may be opportunities for additional singular retail uses such as a Warehouse Membership Club or a large-scale furniture warehouse/showroom. If the original proposal to include a Warehouse Membership Club on-site was still alive, then the proposed development could serve a need not being satisfied elsewhere in the City though the amount of additional space warranted on the Silvercreek site would be something that would have to be studied.*

*The proposed Leon's furniture/warehouse/retail centre is an illustration of a use that might be accommodated at the Silvercreek site without significant adverse market impact on the City's planned commercial policy planning framework. The Leon's use is a permitted use in the Zoning By-law for the site providing it is in the form of a mall.*

*However, the scale and range of uses being proposed for the Silvercreek site would not appear to be justified within the City's policy context. The TER impact analyses do not consider the impact of the proposed centre on the Silvercreek site on individual existing or planned Commercial Centres as required under Section 7.4.24 of the Official Plan or on the planned functions of existing designated commercial or mixed-use lands pursuant to OPA 29. In particular, the Silvercreek proposal is likely to have undesirable consequences for the future retailing function and timing of the development/rejuvenation of the West Hills and Willow West Mall areas. These two retail areas already accommodate three supermarkets and both areas are suitable for additional larger Specialty Retail Stores*

**Correspondence with Tate Economic Research**

**Appendix A**

March 31, 2006

Memorandum to: James P. Tate, President  
Tate Economic Research Inc.

From: Katia Muro

Subject: **Peer Review: Retail Centre Market Demand and Impact  
Analysis, Hanlon Parkway and Wellington Street, City of  
Guelph**

Our File: **P-3719**

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The City of Guelph has retained Clayton Research to conduct a Peer Review of a report your firm conducted entitled *Retail Centre Market Demand and Impact Analysis, Hanlon Parkway and Wellington, City of Guelph* dated September 27, 2005.

We have done an initial review of the methodology, data and assumptions used in your analysis and we have a few questions and/or comments:

***Retail Space Inventory***

1. Could you explain how did you estimate the amount of existing Building & Outdoor Home Supply Store and Miscellaneous Retail Store space based on Robin Dee's 2003 inventory?
2. Did you look at the types of retail store space that is currently available within the Secondary Trade Area?

***Food Store Spending***

1. It seems that in Table 10, which calculates the trade area Food Store spending potential, the future per capita expenditure has been calculated using the wrong



base year – i.e., the 2009 and 2011 per capita expenditures were estimated using 2007 and 2009 as base years, instead of 2004.

2. Table 10 also shows the distribution of the potential Food Store spending among Supermarkets, Warehouse Membership Clubs (WMC) and Specialty Food Stores. Could you please explain why is it assumed that a WMC will only take sales away from Specialty Food Stores and not from Supermarkets? Why would a WMC have no impact on the share of Food Retail Store spending that is captured by Supermarkets?

#### ***Non-Food Retail (NFR) Spending***

1. The NFR potential spending distribution for the Secondary Zone adds up to 101 percent instead of 100 percent. Similarly, total sales do not add up to \$362.3 million – could you check which store type has a higher share than it should?

#### ***Guelph's Capture Rates***

1. What are the assumptions used to estimate the increases in Guelph's capture rates from the Secondary Zone spending, specifically for Building & Outdoor Home Supplies Stores and Supermarkets? Are any of these store types located within the Secondary Zone?
2. In the food store part of the WMC demand analysis, the 2007 capture rate from the Primary Zone is consistent with Robin Dee's findings; however, the capture rate from the Secondary Zone is higher – Why?

#### ***Inflows***

1. How do you estimate the inflows for the subject lands – particularly for Supermarkets and Specialty Retail Stores? The inflows in some cases are much higher than Robin Dee's estimate, which was based on licence plate surveys.
2. What is the basis for assuming a 30 percent inflow for the food portion of the WMC demand analysis and just 5 percent for the general merchandise part?

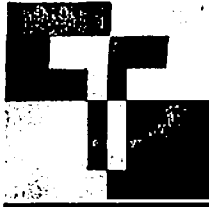
#### ***Transfer of Sales***

1. Could you explain how the transfer of sales was estimated?
2. Why did you assume no transfer of sales in the General Merchandise part of the WMC demand analysis?

***Other Issues***

1. It is our understanding that the Retail Trade Survey now reports all WMC sales – i.e., the survey accounts for both sales to the general public for personal use and sales to other businesses. Then, why will there be a need to account for wholesales?
2. In estimating the capture rates and inflows, did you consider new commercial developments taking place in municipalities outside the trade area (e.g., Milton to the east and Orangeville to the northeast)?
3. Where does most of the Secondary Zone population live (i.e., in the northern, southern, eastern or western portion of the Secondary Zone)?
4. The impact analysis in Table 13 shows how the overall average sales in the City's retail facilities will be affected with the development of additional space including the space proposed on the Lafarge site. It does not isolate the impact of this particular proposal on the existing and other proposed future retail space. Could you provide us with a table that isolates the impact of the Lafarge site on the sales of existing and other future retail space?

If you require additional explanations or have any comments, please contact me.



**TATE ECONOMIC RESEARCH INC.**

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Ms. Katia Muro  
Clayton Research  
1580 Kingston Road  
Toronto, ON  
M1N 1S2

May 1, 2006

**Re: Response To Peer Review Questions  
Hanlon Parkway and Wellington Street  
City of Guelph, ON**

Dear Katia:

Tate Economic Research Inc. (TER) has prepared our responses to your peer review questions dated March 31, 2006. These questions relate to the TER report entitled "Retail Centre Market Demand and Impact Analysis, Hanlon Parkway and Wellington Street, City of Guelph" prepared for Silvercreek Developments Inc.

As discussed with you, the development concept has evolved since our original report was released in September 2005. The proposed warehouse membership club (WMC) studied in the TER report is no longer being considered by Silvercreek as a likely option for the site. As a result, this peer review response includes a revised analysis, which studies the 150,000 square feet previously contemplated for a WMC as specialty retail space. The following table summarizes the previous and current applications.

Store Type	Sept 2005 Square Footage	Current Square Footage
Warehouse Membership Club	150,000 sf	0 sf
Home Improvement Centre	130,000 sf	130,000 sf
Supermarket	50,000 sf	50,000 sf
Specialty Retail	75,000 sf	225,000 sf
Services	45,000 sf	45,000 sf
<b>Grand Total</b>	<b>450,000 sf</b>	<b>450,000 sf</b>

The current analysis is summarized in the attached Updated Tables. This response letter follows the approach from your March 31, 2006 memorandum and TER has repeated the section headings and questions from the letter. For each question, we have provided our response below.

### **Retail Space Inventory**

1. *Could you explain how did you estimate the amount of existing Building & Outdoor Home Supply Store and Miscellaneous Retail Store space based on Robin Dee's 2003 inventory?*

Building and Outdoor Home Supply Space (BOHSS) was estimated by combining the Dee estimate of Home Improvement space (Guelph total 95,700 square feet) with TER estimates of existing specialty DSTM stores such as hardware, paint and wallpaper, etc (total 92,700 square feet). The total BOHSS space is calculated at 188,700 square feet. The detailed calculations are provided in the accompanying Table A, which follows this letter.

The DSTM component of BOHSS space (92,700 square feet) was deducted from the Dee Durables and Semi-Durables total of 595,300 square feet, to result in the 502,600 square feet of Miscellaneous Retail space total incorporated into the TER analysis.

2. *Did you look at the types of retail store space that is currently available within the Secondary Trade Area?*

The inventory was updated based on the Dee inventory, which included only the City of Guelph.

### **Food Store Spending**

1. *It seems that in Table 10, which calculates the trade area Food Store spending potential, the future per capita expenditure has been calculated using the wrong base year – i.e., the 2009 and 2011 per capita expenditures were estimated using 2007 and 2009 as base years, instead of 2004.*

The expenditure potential has been revised in the attached Updated Table 10.

2. *Table 10 also shows the distribution of the potential Food Store spending among Supermarkets, Warehouse Membership Clubs (WMC) and Specialty Food Stores. Could you please explain why it is assumed that a WMC will only take sales away from Specialty Food Stores and not from Supermarkets? Why would a WMC have no impact on the share of Food Retail Store spending that is captured by supermarkets?*

The distribution of expenditures has been revised, reflecting no WMC proposed at the Silvercreek site. In the past, it was assumed that the effect on the distribution of food store expenditures by the proposed WMC would be offset by the proposed supermarkets. In the Updated Table 10, the proposed supermarkets (at the Silvercreek site and elsewhere) are anticipated to influence the distribution of both specialty food stores and WMC food components.

### **Non-Food Retail (NFR) Spending**

1. *The NFR potential spending distribution for the Secondary Zone adds up to 101 percent instead of 100 percent. Similarly, total sales do not add up to \$362.3 million – could you check which store type has a higher share than it should?*



The Updated Table 6 includes a revised distribution of NFR expenditures. Its revisions correct the error referred to in your question, and they also reflect the revised concept proposed by Silvercreek.

### **Guelph's Capture Rates**

1. *What are the assumptions used to estimate the increases in Guelph's capture rates from the Secondary Zone spending, specifically for Building & Outdoor Home Supplies Stores and Supermarkets? Are any of these store types located within the Secondary Zone?*

**Building & Outdoor Home Supplies Stores:** The Secondary Zone capture rates reflect an examination of the inventory of competitive space, a review of survey results for other store categories and a review of proposed space at the Silvercreek site and elsewhere in Guelph. The two major proposals in this category are the RONA home improvement centre proposed at the Silvercreek site and the Home Depot home improvement centre in north Guelph. Neither of these home improvement centres area located in the Secondary Zone.

**Supermarkets:** The Secondary Zone capture rates are based on the Dee analysis, which indicated a current Guelph capture rate of 34.5%. TER has rounded this figure to 35.0%, and incorporated it into the analysis.

2. *In the food store part of the WMC demand analysis, the 2007 capture rate is consisting with Robin Dee's findings; however, the capture rate from the Secondary Zone is higher – Why?*

The Updated Analysis excludes the proposed WMC and therefore this question is no longer applicable.

### **Inflows**

1. *How do you estimate the inflows for the subject lands – particularly for Supermarkets and Specialty Retail Stores? The inflows in some cases are much higher than Robin Dee's estimate, which was based on licence plate surveys.*

The inflow levels incorporated into the TER analysis are site specific, reflecting the Silvercreek site, whereas Dee's inflows relate to the City as a whole. Given the access characteristics of the Silvercreek site and the proposed merchandise mix, (among other factors) the inflow levels are considered to be reasonable. Furthermore, our understanding of the proposed tenant mix includes store types which are expected to be the only ones of their kind in the City of Guelph, which contributes to the higher inflow levels forecast by TER when compared to Dee.

2. *What is the basis for assuming a 30 percent inflow for the food portion of the WMC demand analysis and just 5 percent for the general merchandise part?*

The WMC component of the analysis has been deleted and as a result, this question is no longer applicable to the analysis.

### **Transfer of Sales**

1. *Could you explain how the transfer of sales was estimated?*



The transfer of sales was estimated based on our professional judgment and using our assessment of the existing and proposed space by major categories at the Silvercreek site and elsewhere.

2. *Why did you assume no transfer of sales in the General Merchandise part of the WMC demand analysis?*

The WMC component of the analysis has been deleted and as a result, this question is no longer applicable to the analysis.

#### **Other Issues**

1. *It is our understanding that the Retail Trade Survey now reports all WMC sales – i.e., the survey accounts for both sales to the general public for personal use and sales to other businesses. Then, why will there be a need to account for wholesales?*

The WMC component of the analysis has been deleted and as a result, this question is no longer applicable to the analysis.

2. *In estimating the capture rates and inflows, did you consider new commercial developments taking place in municipalities outside the trade area (e.g. Milton to the east and Orangeville to the northeast)?*

Yes, TER has extensive knowledge of other developments in the areas which surround Guelph, as we are currently retained in Waterloo, Cambridge, Milton and other locations. The new and proposed developments in these areas were considered.

3. *Where does most of the Secondary Zone population live (i.e., in the northern, southern, eastern or western portion of the Secondary Zone)?*

Based on our review of 2001 Census information, the majority of the Secondary Zone population lives north of the City of Guelph. After adjustment for undercoverage (1.0401) there are approximately 11,625 persons in Guelph-Eramosa Township – which surrounds the City to the north of the Eramosa River, and 25,230 persons in Centre Wellington Township, which is located north of Guelph-Eramosa Township.

4. *The impact analysis in Table 13 shows how the overall average sales in the City's retail facilities will be affected with the development of additional space including the space proposed on the Lafarge site. It does not isolate the impact of this proposal on the existing and proposed future retail space. Could you provide us with a table that isolates the impact of the Lafarge site on the other existing and proposed space?*

The impact tables are included as Updated Table 13 A (Building and Outdoor Home Supply), Updated Table 13 B (Specialty Retail) and Updated Table 13 C (Supermarket Impact Analysis).



I trust these responses appropriately address the issues raised in your letter. If you should require further information, or would like to discuss these responses (in person or by telephone), please contact me at 416 260 9884 x111.

Yours truly,  
TATE ECONOMIC RESEARCH INC.

A handwritten signature in black ink, appearing to read "James P. Tate". The signature is fluid and cursive, with the first name "James" being more prominent than the last name "Tate".

James P. Tate  
President



TABLE A  
CITY OF GUELPH INVENTORY BACKGROUND



**ESTIMATE OF BUILDING AND OUTDOOR HOME SUPPLIES STORES**

Node	Number	Address	Store Name	Type	Estimated Square Footage	Source of Store Size
Other Stone Road	1027	Gordon Street	Campus Hardware Ltd.	Hardware Store	6,500	Average from Retail Chains
Other Downtown	259	Grange Street	JL's Home Hardware	Hardware Store	6,500	Average from Retail Chains
Other North Guelph	389	Speedvale Avenue West	JL's Home Hardware Building Centre	Hardware Store	10,700	Average from Retail Chains
Other North Guelph	545	Silvercreek Parkway North	TSC Stores Ltd	Hardware Store	18,000	Average from Retail Chains
<b>TOTAL HARDWARE STORE</b>				<b>4</b>	<b>41,700</b>	
Other North Guelph	265	Edinburgh Road North	Meadowville Garden Centre Inc.	Garden Centre & Nursery	5,000	TER estimate
Other North Guelph	305	Woodlawn Road West	Royal City Nursery	Garden Centre & Nursery	5,000	TER estimate
Other Stone Road	1858	Gordon Street	Brock Road Nursery	Garden Centre & Nursery	5,000	TER estimate
Other South Downtown	126	Wellington Road West	Hortico Gardens	Garden Centre & Nursery	5,000	TER estimate
Other North Guelph	50	Skyway Road	Perennials Plus Garden Centre	Garden Centre & Nursery	5,000	TER estimate
Other Stone Road	1925	Victoria Road South	Rivendell Gardens	Garden Centre & Nursery	5,000	TER estimate
<b>TOTAL GARDEN CENTRE &amp; NURSERY STORE</b>				<b>6</b>	<b>30,000</b>	
Stone Road Mall	314	Stone Road West	Colour Your World	Paint & Wallpaper Store	4,000	Average from Retail Chains
Other North Guelph	218	Silvercreek Parkway North	Colour Your World	Paint & Wallpaper Store	3,000	Average from Retail Chains
Other South Downtown	245	Edinburgh Road South	Heer's Decorating & Design	Paint & Wallpaper Store	3,500	TER estimate
Other North Guelph	7134	Wellington Road West	Korzite Coatings Inc	Paint & Wallpaper Store	3,500	TER estimate
Other North Guelph	253	Edinburgh Road North	Royal City Industrial Coatings	Paint & Wallpaper Store	3,500	TER estimate
Other North Guelph	226	Speedvale Avenue West	Royal City Paint & Wallpaper	Paint & Wallpaper Store	3,500	TER estimate
<b>TOTAL PAINT &amp; WALLPAPER STORE</b>				<b>6</b>	<b>21,000</b>	
<b>TOTAL BUILDING &amp; OUTDOOR HOME SUPPLIES STORES</b>				<b>16</b>	<b>92,700</b>	

Source: TATE ECONOMIC RESEARCH INC.

Store listing from yellowpages.ca. Sources of Individual Store sizes are listed. "Retail Chains" refers to the 2005 Directory of Retail Chains in Canada, published by Monday Report on Retailers.

**UPDATED TABLE 6  
SILVERCREEK DEVELOPMENTS INC.  
LAFARGE SITE, CITY OF GUELPH  
STUDY AREA NFR EXPENDITURE POTENTIAL**



<b>Year</b>	<b>2004</b>	<b>2007</b>	<b>2009</b>	<b>2011</b>
<b>Primary Zone - Percentages</b>				
Department Stores	15.0%	16.0%	16.0%	16.0%
Building and Outdoor Home Supplies Stores	9.0%	11.5%	11.5%	11.5%
Specialty Retail	76.0%	72.5%	72.5%	72.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Primary Zone - 2004 Dollars (\$Millions)</b>				
Department Stores	\$80.7	\$96.0	\$102.8	\$109.7
Building and Outdoor Home Supplies Stores	\$48.4	\$69.0	\$73.9	\$78.8
Specialty Retail	\$408.7	\$435.2	\$465.9	\$497.1
<b>Total NFR Expenditures</b>	<b>\$537.8</b>	<b>\$600.2</b>	<b>\$642.6</b>	<b>\$685.6</b>
<b>Secondary Zone</b>				
<b>Secondary Zone - Percentages</b>				
Department Stores	15.0%	16.0%	16.0%	16.0%
Building and Outdoor Home Supplies Stores	9.0%	11.0%	11.0%	11.0%
Specialty Retail	76.0%	73.0%	73.0%	73.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Secondary Zone - 2004 Dollars (\$Millions)</b>				
Department Stores	\$54.3	\$65.0	\$69.6	\$74.4
Building and Outdoor Home Supplies Stores	\$32.6	\$44.7	\$47.9	\$51.1
Specialty Retail	\$275.4	\$296.8	\$317.5	\$339.4
<b>Total NFR Expenditures</b>	<b>\$362.3</b>	<b>\$406.5</b>	<b>\$435.0</b>	<b>\$464.9</b>
<b>Total Study Area NFR Expenditure Potential</b>	<b>\$900.1</b>	<b>\$1,006.7</b>	<b>\$1,077.6</b>	<b>\$1,150.5</b>

Source: TATE ECONOMIC RESEARCH INC.

**UPDATED TABLE 8  
SILVERCREEK DEVELOPMENTS INC.  
LAFARGE SITE, CITY OF GUELPH  
SPECIALTY RETAIL MARKET DEMAND ANALYSIS**



<b>2004 Dollars (\$Millions)</b>	<b>2004</b>	<b>2007</b>	<b>2009</b>	<b>2011</b>
<b>Primary Zone</b>				
NFR Expenditure Potential <sup>(1)</sup>	\$537.8	\$600.2	\$642.6	\$685.6
Specialty Retail Store Share % <sup>(2)</sup>	<u>76.0%</u>	<u>72.5%</u>	<u>72.5%</u>	<u>72.5%</u>
Specialty Retail Store Share \$	\$408.7	\$435.1	\$465.9	\$497.1
Primary Zone Share % <sup>(2)</sup>	<u>80.0%</u>	<u>88.0%</u>	<u>88.0%</u>	<u>88.0%</u>
Primary Zone Share \$	\$327.0	\$382.9	\$410.0	\$437.4
Less: Effective Competition	<u>\$327.0</u>	<u>\$327.0</u>	<u>\$327.0</u>	<u>\$327.0</u>
Residual Potential		\$55.9	\$83.0	\$110.4
Site Share of Residual %		<u>45.0%</u>	<u>40.0%</u>	<u>35.0%</u>
Site Share of Residual \$		\$25.2	\$33.2	\$38.6
<b>Secondary Zone</b>				
NFR Expenditure Potential <sup>(1)</sup>	\$362.3	\$406.5	\$435.0	\$464.9
Specialty Retail Store Share % <sup>(2)</sup>	<u>76.0%</u>	<u>73.0%</u>	<u>73.0%</u>	<u>73.0%</u>
Specialty Retail Store Share \$	\$275.3	\$296.7	\$317.6	\$339.4
Primary Zone Share % <sup>(2)</sup>	<u>38.0%</u>	<u>46.0%</u>	<u>46.0%</u>	<u>46.0%</u>
Primary Zone Share \$	\$104.6	\$136.5	\$146.1	\$156.1
Less: Effective Competition	<u>\$104.6</u>	<u>\$104.6</u>	<u>\$104.6</u>	<u>\$104.6</u>
Residual Potential		\$31.9	\$41.5	\$51.5
Site Share of Residual %		<u>45.0%</u>	<u>40.0%</u>	<u>35.0%</u>
Site Share of Residual \$		\$14.4	\$16.6	\$18.0
<b>Total Site Share of Residual \$</b>		<b>\$39.5</b>	<b>\$49.8</b>	<b>\$56.7</b>
Total Site Share of Residual Potential %		45.0%	40.0%	35.0%
Plus: Transfer of Sales from Existing Primary Zone Shares		\$12.9	\$4.3	\$0.0
Inflow % <sup>(3)</sup>		19.0%	19.0%	19.0%
Inflow \$		\$12.3	\$12.7	\$13.3
<b>Total Sales Volume</b>		<b>\$64.8</b>	<b>\$66.8</b>	<b>\$70.0</b>
<b>Sales Performance</b>		<b>Sales Per Square Foot</b>		
Proposed 225,000 SF Specialty Retail Store Space		<b>\$290</b>	<b>\$295</b>	<b>\$310</b>

Source: TATE ECONOMIC RESEARCH INC.

- 1) Repeated from Table 3.
- 2) TER estimate based on an examination of the inventory of competitive space and professional judgement.
- 3) TER estimate based on the Dee Analysis.
- 4) Current year is based on the inventory of competitive space in the Primary Zone. Future years reflect new space under construction and proposed NFR space as identified by Planning Staff from the City of Guelph.
- 5) Sales are rounded to the nearest \$5.00, per square foot.

**UPDATED TABLE 10**  
**SILVERCREEK DEVELOPMENTS INC.**  
**LAFARGE SITE, CITY OF GUELPH**  
**STUDY AREA FOOD STORE EXPENDITURE POTENTIAL**



<i>Current Dollars</i>	<b>2004</b>			
<b>Province of Ontario - Average Per Capita Food Store Expenditure:</b>				
Supermarket <sup>1)</sup>	\$1,539	82.0%		
Other Food Stores <sup>1)</sup>	\$208	11.1%		
Food Store Related WMC Expenditures <sup>2)</sup>	\$130	6.9%		
Adjusted Per Capita Food Store Expenditures (including FSRM WMC)	\$1,877	100.0%		
<hr/>				
<i>2004 Dollars</i>	<b>2004</b>	<b>2007</b>	<b>2009</b>	<b>2011</b>
<b>Primary Zone</b>				
Income Index to Province <sup>2)</sup>	100.0			
Food Store Expenditure Index <sup>3)</sup>	100.0			
Per Capita Food Store Expenditures <sup>4)</sup>	\$1,875	\$1,905	\$1,920	\$1,940
Population	117,683	125,694	130,744	135,769
Total Adjusted Food Store Potential (\$ Millions)	\$220.7	\$239.4	\$251.0	\$263.4
Supermarket Share of Food Store Expenditures <sup>4)</sup>	81.0%	83.0%	84.0%	84.0%
Supermarket Share Potential of Food Store Expenditures (\$Million)	\$178.8	\$198.7	\$210.8	\$221.3
WMC Share of Food Store Expenditures	5.0%	4.5%	4.5%	4.5%
WMC Share Potential of Food Store Expenditures (\$Million) <sup>4)</sup>	\$11.0	\$10.8	\$11.3	\$11.9
Other Food Store Share	14.0%	12.5%	11.5%	11.5%
Other Food Store Share Potential (\$Millions)	\$30.9	\$29.9	\$28.9	\$30.3
<b>Secondary Zone</b>				
Income Index to Province <sup>2)</sup>	111.5			
Food Store Expenditure Index <sup>3)</sup>	101.2			
Per Capita Food Store Expenditures <sup>4)</sup>	\$1,900	\$1,930	\$1,950	\$1,965
Population	74,160	79,620	82,860	86,100
Total Adjusted Food Store Potential (\$ Millions)	\$140.9	\$153.7	\$161.6	\$169.2
Supermarket Share of Food Store Expenditures <sup>4)</sup>	78.0%	79.0%	79.5%	79.5%
Supermarket Share Potential of Food Store Expenditures (\$Million)	\$109.9	\$121.4	\$128.5	\$134.5
WMC Share of Food Store Expenditures	5.5%	5.0%	5.0%	5.0%
WMC Share Potential of Food Store Expenditures (\$Million) <sup>4)</sup>	\$7.7	\$7.7	\$8.1	\$8.5
Other Food Store Share	16.5%	16.0%	15.5%	15.5%
Other Food Store Share Potential (\$Millions)	\$23.2	\$24.6	\$25.0	\$26.2
<b>TOTAL STUDY AREA</b>				
Total Adjusted Food Store Expenditures (\$Millions)	\$361.6	\$393.1	\$412.6	\$432.6
Total Supermarket Share Potential of Food Store Expenditures (\$Million)	\$288.7	\$320.1	\$339.3	\$355.8
Cumulative Growth of Supermarket Share (\$ Millions)		\$31.4	\$50.6	\$67.1
Total FSRM WMC Share Potential of Food Store Expenditures (\$Million)	\$18.7	\$18.5	\$19.4	\$20.4
Cumulative Growth of WMC Share (\$ Millions)		-\$0.2	\$0.7	\$1.7
Total Other Specialty Food Share Potential (\$Millions)	\$54.1	\$54.5	\$53.9	\$56.5
Cumulative Growth of Other Specialty Food Share (\$ Millions)		\$0.4	-\$0.2	\$2.4

Source: TATE ECONOMIC RESEARCH INC.

<sup>1)</sup> Estimated based primarily on Statistics Canada, Retail Trade (Publication 63-005). See Appendix B for greater detail.

<sup>2)</sup> TER estimate.

<sup>3)</sup> Rounded to the nearest \$5.00 per capita. Based on the income relationship between the Province and Study Area residents and the 2001 Food Store regression equation ( $y=90 + 0.1(x)$ , where  $x$  is the income index). Estimated to increase in real terms at 0.5% per annum.

<sup>4)</sup> TER estimates based on the Provincial Average, the inventory of space, survey research and knowledge of the local market.

**UPDATED TABLE 12  
SILVERCREEK DEVELOPMENTS INC.  
LAFARGE SITE, CITY OF GUELPH  
SUPERMARKET DEMAND ANALYSIS**



<b>2004 Dollars (\$Millions)</b>	<b>2004</b>	<b>2007</b>	<b>2009</b>	<b>2011</b>
<b>Primary Zone</b>				
Food Store Expenditure Potential <sup>(1)</sup>	\$220.7	\$239.4	\$251.0	\$263.4
Supermarket Expenditures %	<u>81.0%</u>	<u>83.0%</u>	<u>84.0%</u>	<u>84.0%</u>
Supermarket Expenditures <sup>(1)</sup>	\$178.8	\$198.7	\$210.8	\$221.3
Primary Zone Supermarket Share (%) <sup>(2)</sup>	<u>99.0%</u>	<u>99.0%</u>	<u>99.0%</u>	<u>99.0%</u>
Primary Zone Share Volume (\$Millions)	\$177.0	\$196.7	\$208.7	\$219.1
Less: Effective Competition	<u>\$177.0</u>	<u>\$177.0</u>	<u>\$177.0</u>	<u>\$177.0</u>
Residual Potential		\$19.7	\$31.7	\$42.1
Site Share of Residual %		<u>35.0%</u>	<u>30.0%</u>	<u>25.0%</u>
Site Share of Residual \$		\$6.9	\$9.5	\$10.5
<b>Secondary Zone</b>				
Food Store Expenditure Potential <sup>(1)</sup>	\$140.9	\$153.7	\$161.6	\$169.2
Supermarket Expenditures %	<u>78.0%</u>	<u>79.0%</u>	<u>79.5%</u>	<u>79.5%</u>
Supermarket Expenditures <sup>(1)</sup>	\$109.9	\$121.4	\$128.5	\$134.5
Primary Zone Supermarket Share (%) <sup>(2)</sup>	35.0%	55.0%	55.0%	55.0%
Primary Zone Share Volume (\$Millions)	\$38.5	\$66.8	\$70.7	\$74.0
Less: Effective Competition	<u>\$38.5</u>	<u>\$38.5</u>	<u>\$38.5</u>	<u>\$38.5</u>
Residual Potential		\$28.3	\$32.2	\$35.5
Site Share of Residual %		<u>25.0%</u>	<u>25.0%</u>	<u>25.0%</u>
Site Share of Residual \$		\$7.1	\$8.1	\$8.9
<b>Total Site Share of Residual \$</b>		<b>\$14.0</b>	<b>\$17.6</b>	<b>\$19.4</b>
<b>Total Site Share of Residual Potential %</b>		<b>29.1%</b>	<b>27.5%</b>	<b>25.0%</b>
<b>Plus: Transfer of Sales from Existing Primary Zone Shares</b>		<b>\$6.5</b>	<b>\$3.3</b>	<b>\$1.6</b>
<b>Inflow % <sup>(3)</sup></b>		<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>
<b>Inflow \$</b>		<b>\$3.6</b>	<b>\$3.7</b>	<b>\$3.7</b>
<b>Total Sales Volume</b>		<b>\$24.0</b>	<b>\$24.5</b>	<b>\$24.7</b>
<b>Sales Performance</b>		<b>Sales Per Square Foot</b>		
Proposed 50,000 SF Supermarket		<b>\$480</b>	<b>\$490</b>	<b>\$495</b>

Source: TATE ECONOMIC RESEARCH INC.

- 1) Calculated in Table 6.
- 2) TER estimate based on an examination of the inventory of competitive space and professional judgement.
- 3) TER estimate.
- 4) Current year is based on the inventory of competitive space. Future years include proposed additional space in the Primary Zone.
- 5) Rounded to the nearest \$5.00 per square foot, gross leasable area.

**UPDATED TABLE 13 A  
SILVERCREEK DEVELOPMENTS INC.  
LAFARGE SITE, CITY OF GUELPH  
BUILDING AND OUTDOOR HOME SUPPLY IMPACT ANALYSIS <sup>(1)</sup>**



<i>2004 Dollars (\$Millions)</i>	2004	2007	2009	2011
<b>Building &amp; Outdoor Home Supplies</b>				
Total Guelph Sales <sup>(2)</sup>	\$51.1	\$104.6	\$112.0	\$119.4
Total Guelph Space in Square Feet	188,400	188,400	188,400	188,400
Plus: Space Proposed at Silvercreek Site		130,000	130,000	130,000
Plus: Additional Space Proposed in Guelph		98,000	98,000	98,000
Total Space in Category	188,400	416,400	416,400	416,400
Sales Per Square Foot	\$270	\$250	\$270	\$285
Change From Current		-7.4%	0.0%	5.6%
<b>Existing</b>				
Estimated Sales (after inflow)	\$51.1	\$47.3	\$50.0	\$53.0
Building & Outdoor Home Supplies Space	188,400	188,400	188,400	188,400
Sales Per Square Foot	\$270	\$250	\$265	\$280
Change From Current		-7.4%	-1.9%	3.7%
<b>Other Proposed Space in Guelph</b>				
Estimated Sales (after inflow)	NA	\$30.0	\$33.0	\$36.0
Building & Outdoor Home Supplies Space	NA	98,000	98,000	98,000
Sales Per Square Foot	NA	\$305	\$335	\$365
Change From Current		NA	NA	NA
<b>Space Proposed at Silvercreek Site</b>				
Estimated Sales (after inflow)	NA	\$27.3	\$29.0	\$30.4
Building & Outdoor Home Supplies Space	NA	130,000	130,000	130,000
Sales Per Square Foot	NA	\$210	\$225	\$235
Change From Current		NA	NA	NA

Source: TATE ECONOMIC RESEARCH INC.

<sup>1)</sup> Based on information summarized in previous tables and TER professional judgement.

<sup>2)</sup> Inflow is estimated at 5% in 2004, and 10% in future study years.

**UPDATED TABLE 13 B**  
**SILVERCREEK DEVELOPMENTS INC.**  
**LAFARGE SITE, CITY OF GUELPH**  
**SPECIALTY RETAIL IMPACT ANALYSIS<sup>(1)</sup>**



<i>2004 Dollars (\$Millions)</i>	2004	2007	2009	2011
<b>Specialty Retail</b>				
Total Guelph Sales (after inflow)	\$479.6	\$593.6	\$635.5	\$678.3
Total Guelph Space in Square Feet	1,776,700	1,776,700	1,776,700	1,776,700
Plus: Space Proposed at Silvercreek Site		225,000	225,000	225,000
Plus: Additional Space Proposed in Guelph		250,000	250,000	250,000
Total Space in Category	1,776,700	2,251,700	2,251,700	2,251,700
Sales Per Square Foot	\$270	\$265	\$280	\$300
Change From Current		-1.9%	3.7%	11.1%
<b>Existing Specialty Retail Space</b>				
Estimated Sales (after inflow)	\$479.6	\$456.8	\$492.7	\$528.3
Specialty Retail Space	1,776,700	1,776,700	1,776,700	1,776,700
Sales Per Square Foot	\$270	\$255	\$275	\$295
Change From Current		-5.6%	1.9%	9.3%
<b>Other Proposed Specialty Retail Space in Guelph</b>				
Estimated Sales (after inflow)	NA	\$72.0	\$76.0	\$80.0
Specialty Retail Space	NA	250,000	250,000	250,000
Sales Per Square Foot	NA	\$290	\$305	\$320
Change From Current		NA	NA	NA
<b>Specialty Retail Space Proposed at Silvercreek Site</b>				
Estimated Sales (after inflow)	NA	\$64.8	\$66.8	\$70.0
Specialty Retail Space	NA	225,000	225,000	225,000
Sales Per Square Foot	NA	\$290	\$295	\$310
Change From Current		NA	NA	NA

Source: TATE ECONOMIC RESEARCH INC.

<sup>1)</sup> Based on information summarized in previous tables and TER professional judgement.

<sup>2)</sup> Inflow is estimated at 10% in 2004, and 12.5% in future study years.

**UPDATED TABLE 13 C**  
**SILVERCREEK DEVELOPMENTS INC.**  
**LAFARGE SITE, CITY OF GUELPH**  
**SUPERMARKET IMPACT ANALYSIS<sup>(1)</sup>**



<i>2004 Dollars (\$Millions)</i>	2004	2007	2009	2011
<b>Supermarket</b>				
Total Guelph Sales (after inflow)	\$226.8	\$284.9	\$302.1	\$316.9
Total Guelph Space in Square Feet	382,800	382,800	382,800	382,800
Plus: Space Proposed at Site		50,000	50,000	50,000
Plus: Additional Space Proposed in Guelph		210,000	210,000	210,000
Total Space in Category	382,800	642,800	642,800	642,800
Sales Per Square Foot	\$590	\$445	\$470	\$495
Change From Current		-24.6%	-20.3%	-16.1%
<b>Existing</b>				
Estimated Sales (after inflow)	\$226.8	\$165.9	\$178.1	\$188.2
Supermarket Space	382,800	382,800	382,800	382,800
Sales Per Square Foot	\$590	\$435	\$465	\$490
Change From Current		-26.3%	-21.2%	-16.9%
<b>Other Proposed Space in Guelph</b>				
Estimated Sales (after inflow)	NA	\$95.0	\$99.5	\$104.0
Supermarket Space	NA	210,000	210,000	210,000
Sales Per Square Foot	NA	\$450	\$475	\$495
Change From Current		NA	NA	NA
<b>Space Proposed at Silvercreek Site</b>				
Estimated Sales (after inflow)	NA	\$24.0	\$24.5	\$24.7
Supermarket Space	NA	50,000	50,000	50,000
Sales Per Square Foot	NA	\$480	\$490	\$495
Change From Current		NA	NA	NA

Source: TATE ECONOMIC RESEARCH INC.

<sup>1)</sup> Based on information summarized in previous tables and TER professional judgement.

<sup>2)</sup> Inflow is estimated at 5% in 2004, and 7.5% in future study years.