

Retail Market Demand and Impact Analysis
County Road 2 (White Lake Road)

Town of Arnprior, ON

Prepared for: White Lake Road Investments Ltd.

August 2008

TATE ECONOMIC RESEARCH INC.





TATE ECONOMIC RESEARCH INC.

Mr. Michael Michaud
White Lake Road Investments Ltd.
Land Development Manager
2705 Queensview Drive
Ottawa, ON, K2B 8K2

August 29, 2008

**Re: Retail Market Demand and Impact Analysis
Town of Arnprior**

Dear Mr. Michaud:

Tate Economic Research Inc. is pleased to submit our report that examines the market demand and potential impacts of a 250,000 square foot retail centre anchored by a department store and a potential relocated and expanded Canadian Tire in the Town of Arnprior.

It is the professional opinion of Tate Economic Research Inc. that the proposed retail development should be approved on the basis of market demand and impact.

Thank you for the opportunity to conduct this assignment on your behalf and we look forward to discussing these results with you.

Yours truly,
TATE ECONOMIC RESEARCH INC.

James P. Tate
President

Table of Contents

EXECUTIVE SUMMARY	I
1 INTRODUCTION	1
1.1 BACKGROUND	1
1.2 THE ARNPRIOR OP MARKET IMPACT TEST.....	2
1.3 STUDY APPROACH.....	2
1.4 STUDY YEARS	3
2 REVIEW OF SITE AND SURROUNDINGS	5
2.1 THE SITE DESCRIPTION, LOCATION AND LOCAL ROAD NETWORK	5
2.2 THE DEVELOPMENT CONCEPT PLAN AND SITE ACCESSIBILITY	5
2.3 SURROUNDING LAND USES	5
2.4 SITE AND SURROUNDINGS CONCLUSION	6
3 STUDY AREA	7
3.1 DEFINITION OF THE TERM “STUDY AREA”	7
3.2 LICENCE PLATE SURVEY	7
3.3 THE DELINEATED STUDY AREA.....	8
3.4 LICENCE PLATE SURVEY RESULTS	9
3.5 STUDY AREA CONCLUSION.....	9
4 INVENTORY OF RETAIL SPACE	10
4.1 INVENTORY OF COMMERCIAL RETAIL SPACE IN THE PRIMARY ZONE	10
4.2 DEPARTMENT STORE COMPETITION IN THE STUDY AREA	11
4.3 SUPERMARKET COMPETITION IN THE STUDY AREA	11
4.4 GENERAL MERCHANDISE COMPETITION IN THE PRIMARY ZONE	12
4.5 OTHER NFOR COMPETITION IN THE PRIMARY ZONE	12
4.6 PROPOSED COMPETITION IN THE PRIMARY ZONE	12
4.7 INVENTORY OF RETAIL SPACE CONCLUSIONS.....	12
5 POPULATION LEVELS	13
5.1 STUDY YEARS	13
5.2 POPULATION FORECAST.....	13
5.3 POPULATION LEVELS CONCLUSION.....	13
6 NON FOOD ORIENTED RETAIL (NFOR) EXPENDITURE POTENTIAL	14
6.1 NFOR EXPENDITURE POTENTIAL	14
7 FOOD ORIENTED RETAIL (FOR) EXPENDITURE POTENTIAL	15
7.1 FOR EXPENDITURE POTENTIAL.....	15
8 DEPARTMENT STORE - NFOR COMPONENT MARKET DEMAND AND IMPACT ANALYSIS	16
8.1 DEPARTMENT STORE SHARE OF TOTAL NFOR EXPENDITURES	16
8.2 DEPARTMENT STORE - NFOR COMPONENT MARKET DEMAND ANALYSIS	16
8.3 DEPARTMENT STORE - NFOR COMPONENT MARKET IMPACT ANALYSIS	17
8.4 DEPARTMENT STORE - NFOR COMPONENT MARKET DEMAND AND IMPACT ANALYSIS CONCLUSIONS.....	17



9	DEPARTMENT STORE - FOR COMPONENT MARKET DEMAND AND IMPACT ANALYSIS MARKET	18
9.1	SUPERMARKET SHARES OF TOTAL FOR EXPENDITURES	18
9.2	DEPARTMENT STORE - FOR COMPONENT MARKET DEMAND ANALYSIS	18
9.3	DEPARTMENT STORE - FOR COMPONENT MARKET IMPACT ANALYSIS	19
9.4	DEPARTMENT STORE - FOR COMPONENT MARKET DEMAND AND IMPACT ANALYSIS CONCLUSION	20
10	GENERAL MERCHANDISE DEMAND AND IMPACT ANALYSIS.....	21
10.1	GENERAL MERCHANDISE SHARE OF TOTAL NFOR EXPENDITURES	21
10.2	GENERAL MERCHANDISE MARKET DEMAND ANALYSIS	21
10.3	GENERAL MERCHANDISE MARKET IMPACT ANALYSIS	23
10.4	GENERAL MERCHANDISE DEMAND AND IMPACT ANALYSIS CONCLUSIONS	23
11	OTHER NFOR MARKET DEMAND AND IMPACT ANALYSIS.....	24
11.1	OTHER NFOR SHARE OF TOTAL NFOR EXPENDITURES	24
11.2	OTHER NFOR MARKET DEMAND ANALYSIS	25
11.3	OTHER NFOR MARKET IMPACT ANALYSIS	26
11.4	OTHER NFOR MARKET DEMAND AND IMPACT ANALYSIS CONCLUSION.....	26
	APPENDIX A – INVENTORY OF COMPETITIVE RETAIL SPACE.....	A-1
	APPENDIX B – LICENCE PLATE SURVEY	B-1
	APPENDIX C – STUDY AREA IN-HOME CONSUMER SURVEY RESULTS.....	C-1
	APPENDIX D – BASIC ASSUMPTIONS AND DEFINITION OF TERMS	D-1



Executive Summary



Tate Economic Research Inc. (TER) was retained by White Lake Road Investments Ltd. (the “Developer”) to investigate the retail market demand and impact implications of developing approximately 250,000 square feet of retail space on a 34.3 acre site situated on the south side of County Road 2 (White Lake Road) west of Highway 17. The Developer proposes that the retail development (Subject Development or Site) will be anchored by a department store and a relocated and expanded Canadian Tire store. The remainder of the centre will be comprised of ancillary retail and service uses.

The following chart summarizes the approximate distribution of space proposed for the Subject Development.

SUBJECT DEVELOPMENT	Square Feet
Department Store	125,000
Canadian Tire	50,000
Ancillary Retail Space	50,000
<u>Ancillary Service Space</u>	<u>25,000</u>
Total Proposed Development	250,000

Background

The Town of Arnprior currently has no department store. In addition the Canadian Tire location is an older format store. As a result, residents have to make shopping trips to other locations, such as Renfrew or Ottawa, to fulfil many of their comparison shopping goods needs. A national department store has expressed an interest in operating a store on the Site.

The Site is presently designated Highway Commercial – Exception Two in the Town of Arnprior Official Plan (Arnprior OP) and zoned as Highway Commercial – Exception Four in the Town of Arnprior Zoning By-Law No 4990-2001¹. A department store, as well as the other proposed commercial retail uses proposed by the Developer, is not permitted under the existing Site permissions. The Developer is seeking an amendment of the Arnprior OP to redesignate the Site for Shopping Centre Commercial uses and a rezoning to Shopping Centre Commercial (SC) Zone in order to permit the Subject Development.

¹ Note: The policies relating to Exception Two of the Arnprior OP and Exception Four of the Arnprior Zoning By-Law are site specific permissions for golf course and golf driving range uses in addition to other permitted uses under the Highway Commercial designation and zoning.



Summary of Findings

There are currently no department stores in the Study Area.

- The closest department stores are located in Renfrew, Carleton Place or Ottawa approximately 25-45 kilometres from Arnprior.
- A new department store will provide local consumers with access to a new format of retail currently unavailable in the marketplace.

The existing Arnprior Canadian Tire is an older format store and undersized for the market.

- The Arnprior Canadian Tire store was established in the 1970s. However a significant portion of shoppers from Arnprior and the surrounding areas are shopping at other Canadian Tire locations elsewhere.

The proposed new retail centre will contribute to modernizing the supply of commercial space in Arnprior and will strengthen the attraction of Arnprior as a retail destination.

- Communities such as Renfrew, Carleton Place or Ottawa have several newer, modern format, stores offering expanded merchandise lines. Study Area residents are making shopping trips to these other locations to fulfil many of their comparison shopping goods needs.

The Site is suitable for the development of a 250,000 square foot shopping centre.

- The Site is already designated and zoned for commercial uses and will complement the existing commercial uses established along Daniel Street to the east as well as other land uses in the surrounding area.

The planned extension of Highway 417 and the addition of a new highway interchange at White Lake Road will provide greater exposure and accessibility to the Site.

- The Site's location provides exposure to traffic travelling along the Highway 417/17 Trans-Canada Highway corridor and is easily accessible to both local residents and pass-by traffic.



Population and expenditure growth is forecast to increase throughout the Study Area and will continue beyond the study period.

- The Study Area is forecast to experience an increase in population from 30,170 in 2007 to 34,960 by 2017. This forecast growth will create demand for additional retail and service space in the market.

There is sufficient market demand to warrant the development of the proposed 125,000 square foot department store including a food/grocery store component of approximately 35,000 square feet in Arnprior.

- The TER analysis demonstrates that there is market demand for the proposed department store with an expanded food component.
- The proposed new department store will satisfy a gap in the market and will result in the recapture of a significant portion of expenditures currently leaving the market.
- The food/grocery store component will provide local residents with another supermarket option in the market.

There is sufficient market demand to warrant the relocation and expansion of the Arnprior Canadian Tire store to a 50,000 square foot new format store on the Site.

- The introduction of a new format Canadian Tire store in Arnprior will result in the recapture of local expenditures leaving the market and will contribute to the attractiveness of Arnprior as a retail destination.
- The relocation of the Canadian Tire to the Site, approximately 1.4 kilometres to the west of its current location, will not negatively influence the continued viability of other businesses situated along Daniel Street or in the Arnprior Downtown Core.

The proposed 75,000 square foot ancillary retail and service component will increase the supply of commercial retail and service space options in the market and will contribute to modernizing the supply of commercial space available in Arnprior.

- There is sufficient demand to phase in the development of 50,000 square feet of ancillary retail and 25,000 square feet of ancillary service space on the Site over the study period. This space is in addition to other ancillary retail space proposed in the market.



- It is our professional opinion that this proposed new ancillary space will recapture a portion of Study Area residents' expenditures currently leaving the market.

Conclusion

It is the professional opinion of Tate Economic Research Inc. that the proposed development of a 250,000 square foot retail centre anchored by a department store and a relocated and expanded Canadian Tire on the White Lake Road Investments Ltd. Site is warranted on the basis of market demand and impact. This development will satisfy a gap in the market and will result in the recapture of expenditures that are presenting leaving the market.

It is the professional opinion of Tate Economic Research Inc. that “the viability of the proposed retail development does not depend on the detrimental transfer of sales from existing businesses and that there will be no adverse impacts which compromise the viability of existing retail businesses.” Therefore, it is the opinion of Tate Economic Research Inc. that the OPA and rezoning proposed by White Lake Road Investments Ltd. be approved, with respect to market demand and impact.



1 Introduction



Tate Economic Research Inc. (TER) was retained by White Lake Road Investments Ltd. (the “Developer”) to investigate the retail market demand and impact implications of developing approximately 250,000 square feet of retail space on a 34.3 acre site situated on the south side of County Road 2 (White Lake Road) west of Highway 17. The Developer proposes that the retail development (Subject Development or Site) will be anchored by a department store and a relocated and expanded Canadian Tire store. The remainder of the centre will be comprised of ancillary retail and service uses.

The following chart summarizes the approximate distribution of space proposed for the Subject Development.

SUBJECT DEVELOPMENT	Square Feet
Department Store	125,000
Canadian Tire	50,000
Ancillary Retail Space	50,000
<u>Ancillary Service Space</u>	<u>25,000</u>
Total Proposed Development	250,000

1.1 Background

The Site is designated Highway Commercial – Exception Two in the Town of Arnprior Official Plan (Arnprior OP) and zoned as Highway Commercial – Exception Four in the Town of Arnprior Zoning By-Law No 4990-2001². A department store, as well as the other proposed commercial retail uses proposed by the Developer, is not permitted under the existing Site permissions. The Developer is seeking an amendment of the Arnprior OP to redesignate the Site for Shopping Centre Commercial uses and a rezoning to Shopping Centre Commercial (SC) Zone in order to permit the Subject Development.

TER has been instructed by the Developer to evaluate the anticipated market demand and impact of a 125,000 square foot department store with a food/grocery store component of approximately 35,000 square feet. In addition, TER has also been instructed to evaluate the opportunity for a relocated and expanded Canadian Tire on the Site.

² Note: The policies relating to Exception Two of the Arnprior OP and Exception Four of the Arnprior Zoning By-Law are site specific permissions for golf course and golf driving range uses in addition to other permitted uses under the Highway Commercial designation and zoning.



1.2 The Arnprior OP Market Impact Test

Section 5.3, policy (6) of the Arnprior OP states, “New shopping centres shall only be permitted by amendment to this Plan. Any amendment submitted must be supported by a retail and impact analysis”. However, this policy does not define a specific ‘market test’ which a retail and impact analysis is to address.

TER has been instructed by Arnprior planning staff to follow the guidelines of the market test defined under section 3.3 Mixed Use Commercial policy (7) of the Arnprior OP which states:

“The study would have to demonstrate that the viability of the proposed retail development does not depend on the detrimental transfer of sales from existing businesses and that there will be no adverse impacts which comprise the viability of existing retail businesses.”

TER’s market demand and impact analysis has been designed to address this Arnprior OP policy. However, in TER’s opinion, the application of the above market test, in terms of evaluating “detrimental transfers of sales” and “adverse impacts” is a more conservative approach to evaluating the Subject Development than may be required under Section 5.3 policy (6) of the Arnprior OP.

1.3 Study Approach

TER’s work plan is based on primary research, consumer research, field inspections and a detailed market demand and impact analysis. The study approach is outlined below in greater detail:

- Review of Site and Surroundings – TER reviewed the Site in terms of its accessibility, visibility, synergies with other uses, etc. This review concluded with commentary regarding the appropriateness of the site for the proposed Subject Development.
- Licence Plate Surveys – TER designed a licence plate survey of vehicles at Arnprior Shopping Centre (anchored by an A&P supermarket and a Hart general merchandise store) and in the parking area of the No Frills supermarket anchoring Winners Circle in the Town of Arnprior (see Appendix B). This research was conducted in order to gather information relating to the current distribution and the draw of major retailers in the vicinity of the Site. This information, in turn, assisted TER in delineating the Study Area for the proposed Subject Development.
- Study Area Delineation – Based on the results of the licence plate survey and TER’s professional judgement, a Study Area for the proposed Subject Development was delineated. This Study Area was further subdivided into a



Primary Zone and two Secondary Zones, allowing for a greater level of detail in our analysis.

- Inventory of Competitive Retail/Service Space – TER’s research included a complete inventory of all retail and service space in the Primary Zone (comprised of the Town of Arnprior and a portion of McNab/Braeside). This information was incorporated into our analyses (see Appendix A for a summary of the inventory and maps).
- In-Home Consumer Telephone Survey – An in-home consumer telephone survey of approximately 600 Study Area residents was conducted (see Appendix C). This survey determined current expenditure patterns of Study Area residents as they relate to major retail store categories.
- Population and Expenditure Forecast – Based on the Census of Canada, and population forecast data for the Town of Arnprior and surrounding municipalities comprising the Study Area, TER forecast population levels from 2007 to 2017. Based primarily on Census and Statistics Canada information, Non Food Oriented Retail (NFOR) and Food Oriented Retail (FOR) expenditure volumes were forecast over this study period.
- Market Demand Analysis – Based on existing and anticipated shopping patterns identified from the in-home consumer telephone survey and the expenditure volumes determined above, TER forecast the demand for a department store with a food/grocery component, a relocated and expanded Canadian Tire store and other ancillary non food oriented retail space comprising the proposed Subject Development.
- Impact Analysis – TER forecast the impact of the proposed Subject Development on the existing retail businesses in the Primary Zone.

This work plan has assisted TER in developing our professional opinion regarding the market demand and impact implications of the proposed Subject Development.

1.4 Study Years

TER has assumed the year 2007 as the base year for the calculation of per capita expenditure volumes and population levels in this analysis. For the purposes of our analysis, TER has also assumed that the Subject Development will be developed over two phases.

Phase 1 is assumed to be in operation before the end of 2010 and will include the department store, the relocated and expanded Canadian Tire store and approximately



25,000 square feet of ancillary Other NFOR³ space. In addition, TER has also recognized the operation of other retail developments proposed in the market at this time. TER has analysed the first full year of operation of this entire space in 2011.

Phase 2 of the Subject Development will consist an additional 25,000 square feet of ancillary Other NFOR space and 25,000 square feet of ancillary service space. TER has analysed the first full year of operation of this phase in 2013. In addition, TER has also recognized the retenancing of the existing Arnprior Canadian Tire store in 2013. In order to test the longer term market conditions in the Study Area, TER has also analysed the years 2015 and 2017.

³ For the purpose of this analysis “Other NFOR” is defined as total NFOR, less department stores, and general merchandise expenditures.



SITE AND ACCESS



2 Review of Site and Surroundings

From the perspective of market demand, TER reviewed the Site in terms of its access, visibility, surrounding land uses and the road and transportation network in the vicinity of the Site. It is the purpose of this section of the report to determine the suitability of the Site for 'Shopping Centre Commercial' uses, as proposed.

2.1 The Site Description, Location and Local Road Network

The Site is situated on the west side of the Town of Arnprior, west of where Highway 417 presently transitions into Highway 17. Highway 417/17 is part of the Trans-Canada Highway corridor and function as the primary transportation route between Ottawa and communities in Northern Ontario. An extension of Highway 417 to the north of Arnprior is scheduled to begin in 2011. A new highway interchange with White Lake Road to the east of the Site will be added. The Site is visible from traffic travelling along this major transportation corridor.

The location of the Site is indicated on the aerial photo shown opposite. The Site is approximately 34.3 acres and situated on the east corner of County Road 2 (White Lake Road) and Van Dusen Drive in Arnprior. The Site is designated and zoned for Highway Commercial uses, a portion of which is occupied by an outdoor Golf Centre.

The Site has frontage along both White Lake Road and Van Dusen Drive. White Lake Road is currently a two-lane highway that turns into Daniel Street at its intersection with Baskin Drive to the east of the Site. Daniel Street is the primary transportation route into downtown Arnprior from the west and contains the majority of the Town's larger commercial businesses.

2.2 The Development Concept Plan and Site Accessibility

The Developer is proposing to develop these lands as a 250,000 square foot shopping centre anchored by a department store and a relocated and expanded Canadian Tire. The remainder of the shopping centre will be tenanted with approximately 75,000 square feet of ancillary retail and service uses. The concept plan, which follows, shows the design and site features of the proposed Subject Development.

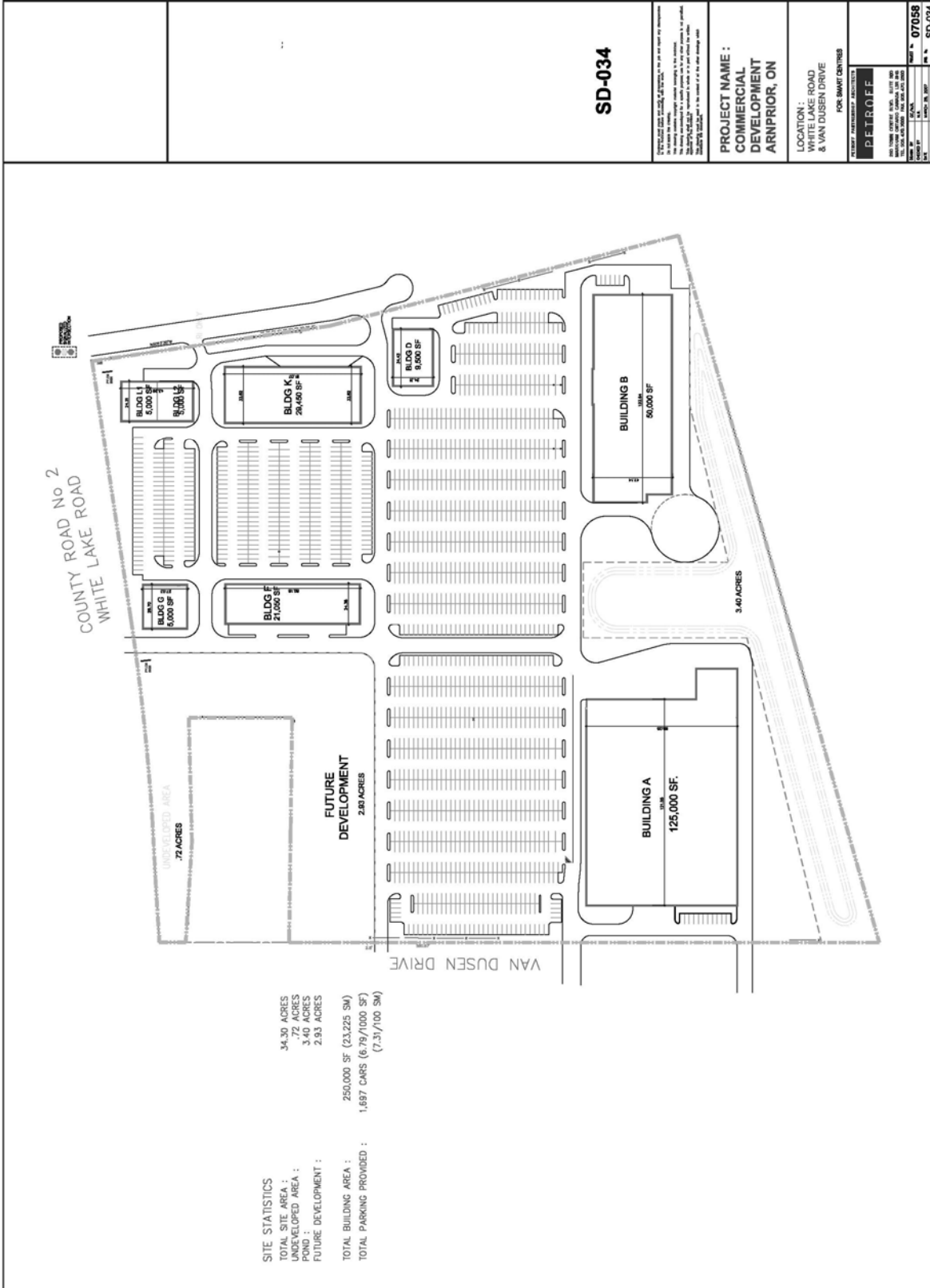
The Subject Development will be accessible by six ingress/egress points along the perimeter of the Site shown on the concept plan. A traffic signal is proposed for the intersection of Vanjumar Road and White Lake Road.

2.3 Surrounding Land Uses

There are a variety of land uses that surround the Site. These uses are outlined below:



DEVELOPMENT CONCEPT PLAN



- **To the North and Northwest:** of the Site is White Lake Road. A service station operated by W.O. Stinson and Son Ltd. occupies the north corner of Vanjumar Road and White Lake Road opposite the Site. This service centre is surrounded by vacant rural land further to the north.

Single detached homes are situated on the west side of White Lake Road as well as along Campbell Drive opposite the Site. These homes are also surrounded by vacant rural land and agricultural uses to the west and northwest. Further to the northwest is the Township of McNab/Braeside.

- **To the northeast:** adjacent to the Site is the Antrim Truck Stop and Restaurant. This business occupies the property on the south corner of the intersection of White Lake Road and Highway 17.

Further to the northeast, along Daniel Street, are Arnprior's two largest retail shopping centres, Winners Circle (anchored by a No Frills supermarket) and Arnprior Shopping Centre (anchored by an A&P Supermarket and a Hart general merchandise store). In addition, many of Arnprior's largest retailers, including the current Arnprior Canadian Tire store, TSC, Home Hardware and Rexall drugs, are also located along this section of Daniel Street. For the purpose of the analysis presented in this report, TER has defined this commercial area as the Daniel Street Commercial Area in order to distinguish its retail and service uses from other established retail and service uses located in the Downtown Core.

- **To the East and Southeast:** of the Site is the Arnprior/South Renfrew Municipal Airport. A small industrial park including a former Federal government services training campus, now vacant, occupies the lands along Baskin Drive on the east side of the Airport. Further east is Lake Madawaska and Highway 417/17.
- **To the West and South west** of the Site is farmland and Lake Madawaska.

2.4 Site and Surroundings Conclusion

The Site is an appropriate location for the development of a 250,000 square foot shopping centre anchored by a department store and a relocated and expanded Canadian Tire store. The Site's location provides exposure to traffic travelling along the Highway 417/17 Trans-Canada Highway corridor and is easily accessible to both local residents and pass-by traffic. The extension of Highway 417 to the north of Arnprior and the new highway interchange planned for White Lake Road will provide greater accessibility and exposure to the Site for traffic derived from throughout the Region and beyond. Furthermore, the Site is already designated and zoned for commercial uses and will complement the existing commercial uses established along Daniel Street to the east as well as other land uses in the surrounding area.



3 Study Area

The total market influence attributable to a shopping centre or to major retailers often extends over a wide geographic area and it may be difficult to define with an absolute degree of certainty. However, TER has defined a Study Area for the purposes of making estimates of the market demand and potential impacts of the proposed Subject Development. This section of the report discusses the extent of this Study Area and the primary inputs into its delineation.

3.1 Definition of the Term “Study Area”

The Study Area, as defined by TER in this report, refers to the geographic area from which the proposed Subject Development is expected to derive the majority of its sales support. In general terms, this Study Area recognizes a number of factors, including:

- The access and visibility of the Site and the proposed uses;
- The size and type of stores proposed;
- The results of the licence plate survey conducted at Arnprior Shopping Centre (anchored by an A&P supermarket and a Hart general merchandise store) and in the parking area of the No Frills supermarket anchoring Winners Circle in Arnprior;
- Previous empirical research completed by TER in the market;
- Physical and political boundaries, such as the Ottawa River;
- The locations of other department stores, Canadian Tire stores, and major retail concentrations in other communities that surround Arnprior;
- Travel distance and driving times; and,
- The professional experience of TER.

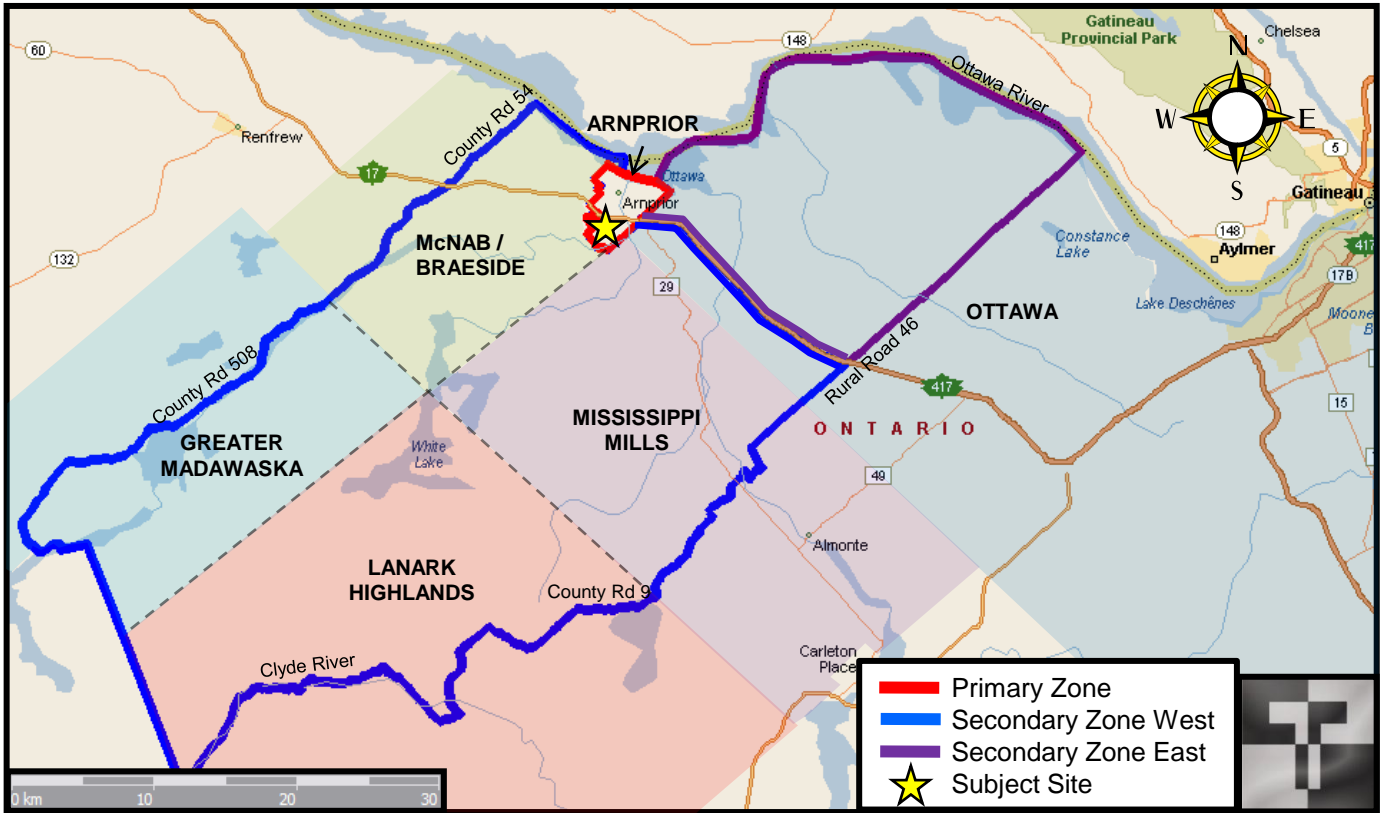
In addition to the market support from residents within the delineated Study Area, it is typical that a portion of sales support for this, or any, retail project would be generated from customers living beyond the borders of the Study Area. These potential customers have been recognized in the analysis that follows as “inflow”.

3.2 Licence Plate Survey

A survey of vehicle licence plates was undertaken at Arnprior Shopping Centre (anchored by an A&P supermarket and a Hart general merchandise store) and in the



STUDY AREA



parking area of the No Frills supermarket anchoring Winners Circle in Arnprior over the period of January 31 - February 2, 2008. This survey is described in greater detail in Appendix B. The results of the licence plate survey provided information relating to the current distribution and the draw of major retailers in the vicinity of the Site and assisted TER in determining the Study Area for the proposed Subject Development.

The recorded vehicle plate numbers were sent to the Ministry of Transportation for conversion into locational data known by Statistics Canada as Dissemination Area codes. This information was plotted on a map by TER and was incorporated into our Study Area delineation and determination of inflow levels.

3.3 The Delineated Study Area

The Study Area, illustrated opposite, consists of three zones, described as follows:

- **Primary Zone** – This zone consists of the area comprising the Town of Arnprior and a portion of the Township of McNab/Braeside southeast of Neilson Street.
- **Secondary Zone West** – Generally, this zone consists of portions of the following surrounding local municipalities:
 - The Township of Greater Madawaska southeast of County Road 508 (Calabogie Road);
 - The Township of McNab/Braeside⁴ southeast of County Road 54 (McLean Drive) and Golf Club Road;
 - Lanark County north of the Clyde River and County Road 9 (Tatlock Road);
 - The Town of Mississippi Mills north of County Road 9 (Tatlock Rd), Bellamy Mills Road, Beannies Corners Road, Blakeney Road and Rural Road 46 (Panmure Road); and
 - The City of Ottawa west of Highway 417; and north of the Clyde River, County Road 9 and Rural Road 46 (Panmure Road).
- **Secondary Zone East** – This zone consists of the rural portion of the City of Ottawa east of Highway 417; and north of Rural Road 46 (Panmure Road/ Thomas A. Dolan Parkway).

⁴ The Secondary Zone West boundary excludes the portion of the Township of McNab/Braeside southeast of Neilson Street as described in the delineation of the Primary Zone boundary.



3.4 Licence Plate Survey Results

The results of the licence plate survey are summarized in the chart opposite. The chart identifies the percentage of customers that originate from the three Study Area zones, as well as outside of the Study Area. As stated above in Section 3.2, greater detail is provided in Appendix B.

SUMMARY OF LICENCE PLATE SURVEY RESULTS			
	No Frills Winners Circle	Arnprior Shopping Centre	Total
Primary Zone	51.6%	54.9%	53.3%
Secondary Zone West	21.4%	19.0%	20.2%
Secondary Zone East	12.7%	8.9%	10.8%
Total Study Area	85.7%	82.8%	84.3%
Quebec	0.2%	0.0%	0.1%
Other	14.1%	17.2%	15.6%
Total	14.3%	17.2%	15.7%
Total Surveys Returned	100%	100%	100.0%

The chart demonstrates the current distribution and the draw of major retailers in the vicinity of the Site. As shown in the chart, the Study Area accounts for 84.3% of shoppers at the various licence plate survey locations.

3.5 Study Area Conclusion

This Study Area represents the geographic boundary from which the proposed Subject Development is expected to receive the majority of its sales support.



TABLE 1
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS



SUMMARY OF PRIMARY ZONE COMPETITIVE RETAIL AND SERVICE SPACE⁽¹⁾

Nodes	Downtown Core 1	Daniel Street Corridor 2	Arnprior Shopping Centre 3	Winners Circle 4	Sub Total Daniel Street Commercial Area ⁽²⁾ 2-4	Madawaska Boulevard - East of River 5	Other Arnprior West of River 6	TOTAL PRIMARY ZONE 1-6
Food Oriented Retail (FOR)								
Supermarkets	0	0	33,200	23,100	56,300	0	0	56,300
Other Food	8,400	3,500	0	0	3,500	1,700	800	14,400
Sub-Total Food Oriented Retail (FOR)	8,400	3,500	33,200	23,100	59,800	1,700	800	70,700
Non Food Oriented Retail (NFOR)								
Department Stores	0	0	0	0	0	0	0	0
General Merchandise	15,400	21,000	42,900	0	63,900	0	0	79,300
Clothing & Accessories	16,600	0	20,700	0	20,700	0	0	37,300
Furniture, Home Furnishings & Electronics	9,400	0	4,100	0	4,100	7,000	0	20,500
Pharmacies & Personal Care Stores	19,400	12,500	1,700	1,700	15,900	0	0	35,300
Building & Outdoor Home Supplies	6,900	40,200	0	0	40,200	59,100	3,900	110,100
Miscellaneous Retailers	37,700	0	2,900	3,500	6,400	0	3,700	47,800
Sub-Total Non Food Oriented Retail (NFOR)	105,400	73,700	72,300	5,200	151,200	66,100	7,600	330,300
Other Retail & Service Space								
Liquor / Beer / Wine	0	7,200	0	0	7,200	4,600	0	11,800
Food Services	15,700	13,600	5,000	7,000	25,600	19,400	5,900	66,600
Personal Services	19,500	1,200	2,900	0	4,100	600	500	24,700
Financial and Real Estate Services	28,300	7,800	4,100	0	11,900	7,800	900	48,900
Other Services	105,000	16,600	6,100	1,500	24,200	24,900	10,200	164,300
Sub-Total Other Retail & Service Space	168,500	46,400	18,100	8,500	73,000	57,300	17,500	316,300
Total Occupied Space	282,300	123,600	123,600	36,800	284,000	125,100	25,900	717,300
Vacant	37,700	2,900	6,200	6,000	15,100	5,400	0	58,200
Vacancy Rate (%)	11.8%	2.3%	4.8%	14.0%	5.0%	4.1%	0.0%	7.5%
Grand Total	320,000	126,500	129,800	42,800	299,100	130,500	25,900	775,500

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Based on an inventory conducted by TER in January 2008. All measurements are rounded to the nearest 100 square feet.

²⁾ For the purpose of this analysis, TER defines the 'Daniel Street Commercial Area' to be comprised of the following retail nodes: Daniel Street Corridor, Arnprior Shopping Centre and Winners Circle.

4 Inventory of Retail Space

An inventory of all commercial retail and service space in the Primary Zone was undertaken as a component of this study. This inventory was conducted by TER in January 2008. Appendix A provides a summary of all retail and service uses by commercial node in the Primary Zone. Also included in this appendix are maps showing the location of supermarkets and Canadian Tire stores in the Study Area and in the surrounding vicinity as well as the location of department store surrounding the Study Area.

4.1 Inventory of Commercial Retail Space in the Primary Zone

Table 1, opposite and the map that follows, summarizes the results of the Primary Zone inventory. The existing space identified can be summarised as follows:

- Overall, there is approximately 775,500 square feet of retail and service space in the Primary Zone. Food Oriented Retail (FOR) and Non Food Oriented Retail (NFOR) space accounts for approximately 401,000 square feet or 51.7% of space in the Primary Zone. The remainder of this space is occupied with service uses or is vacant.
- The majority of commercial retail and service space in Arnprior is older and unsuitable for many new format store designs operated by chain retailers.
- Several national chain retailers, such as Canadian Tire, are operating older format stores in this market which are less attractive to customers when compared to competing stores in other retail locations outside the Study Area.
- There are three established commercial areas in Arnprior which comprise approximately 96.7% of all competitive space in the Primary Zone. These areas consist of the following:

Commercial Area	Space Square Feet
Downtown Core	320,000
Daniel Street Commercial Area	299,100
Madawaska Street - East of the River	130,500
<u>Other Primary Zone</u>	<u>25,900</u>
Total	775,500

Note: TER defines the Daniel Street Commercial Area to be comprised of the following nodes, Daniel Street Corridor, Arnprior Shopping Centre, and Winners Circle.

- The Downtown Core consists mainly of smaller commercial units tenanted with independently owned and operated businesses. With the exception of Giant



PRIMARY ZONE RETAIL NODES



NOTE: For the purpose of this analysis, TER defines the 'Daniel Street Commercial Area' to be comprised of the following retail nodes Daniel Street Corridor, Arnprior Shopping Centre and Winners Circle.

Tiger (11,200 square feet) and Shoppers Drug Mart (18,000 square feet) approximately 90.0% of businesses occupying space in the Downtown Core, are in units less than the size of 4,000 square feet.

- The majority of the Primary Zone's larger format retailers and automotive oriented shopping centres are located in the Daniel Street Commercial Area, situated to the west of the Downtown Core. This area includes Arnprior Shopping Centre and Winners Circle as well as several larger format retailers such as Canadian Tire, TSC, Home Hardware and Rexall. The Subject Development would complement this commercial area and contribute to the customer draw of this area.
- Madawaska Street – East of the River is comprised mainly of Highway Commercial service uses.
- The vacancy rate in the Primary Zone is approximately 7.5%. It is TER's opinion that an average vacancy level between 5.0% and 7.5% is normal and indicative of competitive market conditions.

4.2 Department Store Competition in the Study Area

There are no department stores in the Study Area. The closest department stores are located in Renfrew, Carleton Place or Ottawa approximately 25-45 kilometres from Arnprior. Study Area residents have to make shopping trips to these other locations to fulfil many of their comparison shopping goods needs (See Appendix A for a map of department store locations surrounding the Study Area).

4.3 Supermarket Competition in the Study Area

There are two supermarkets (A&P and No Frills) operating in the Study Area, totalling approximately 56,300 square feet. Both of these stores are located in the Daniel Street Commercial Area. There are no supermarkets operating in the Arnprior Downtown Core or in the Secondary Zones of the Study Area. Appendix A provides a map showing the locations of the nearest supermarket surrounding the Study Area.

TER would note that a Loeb supermarket formerly operated in the Downtown Core. This store closed as a result of a business consolidation decision made by Metro Inc. following the acquisition of A&P Canada by Metro Inc. In TER's opinion the closure of this store is not indicative of a lack of market demand and has resulted in a shortage of supermarket space in the Study Area.

The proposed department store will contain approximately 35,000 square feet of Food Oriented Retail (FOR) space. It is expected that the FOR component of this store will be competitive with supermarkets in the Study Area and beyond.



4.4 General Merchandise Competition in the Primary Zone

The Arnprior Canadian Tire is one of seven general merchandise retailers operating in the Primary Zone. In total, general merchandise space comprises approximately 79,300 square feet or 10.2% of the total space in the Primary Zone. Two of these retailers (Giant Tiger and Super Lucky Dollar Store) are located in the Downtown with the remaining three retailers (Hart, A Buck or Two and a Sears general merchandise outlet) are located in Arnprior Shopping Centre.

Canadian Tire operates an older format freestanding store established in Arnprior in the 1970s. Approximately half of this store's space is dedicated to automotive repair and service. The Site provides the opportunity for Canadian Tire to operate a larger modern format store in Arnprior in close proximity to other retail uses situated in the Daniel Street Commercial Area.

4.5 Other NFOR Competition in the Primary Zone

Other NFOR space comprises approximately 251,000 square feet in the Primary Zone. Approximately 43.9% or 110,100 square feet of this space is comprised of Building & Outdoor Home Supplies store space. TER estimates the proposed Other NFOR component of the Subject Development will add approximately 50,000 square feet of space in the Primary Zone.

4.6 Proposed Competition in the Primary Zone

Discussions with Arnprior planning staff have indicated that in addition to the proposed Subject Development, Trinity Development Group Inc. (Trinity) has also submitted an application and site plan for a 45,600 square foot retail centre on Madawaska Boulevard (Trinity Site). Based on our review of the Trinity site plan, provided by Arnprior planning staff, TER has assumed this retail centre will be anchored by a 21,000 square foot supermarket and will contain approximately 18,500 square feet of Other NFOR space. These space assumptions have been reflected in the demand and impact analysis to follow in the year 2011.

4.7 Inventory of Retail Space Conclusions

There are no department stores in the Study Area and the existing Arnprior Canadian Tire store is an older format store. Study Area residents are making shopping trips to other locations such as Renfrew, Carleton Place or Ottawa to fulfil many of their comparison shopping goods needs. The proposed Subject Development will provide an opportunity to reduce the outflow of local expenditures from Study Area residents and will introduce modern new format commercial facilities thus increasing the attractiveness of Arnprior as a competitive retail location. The arrival of a new department store and a new format Canadian Tire will provide local consumers with access to a new format of retail currently unavailable in the marketplace.



**TABLE 2
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



STUDY AREA POPULATION LEVELS⁽¹⁾

	2007	2011	2013	2015	2017
Primary Zone					
Population	8,430	9,070	9,410	9,770	10,140
Average Annual Growth		160	170	180	185
Average Annual Growth %		1.9%	1.9%	1.9%	1.9%
Secondary Zone West					
Population	10,370	10,870	11,140	11,410	11,690
Average Annual Growth		125	135	135	140
Average Annual Growth %		1.2%	1.2%	1.2%	1.2%
Secondary Zone East					
Population	11,370	12,050	12,410	12,770	13,130
Average Annual Growth		170	180	180	180
Average Annual Growth %		1.5%	1.5%	1.5%	1.4%
Total Study Area	30,170	31,990	32,960	33,950	34,960

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Refer to Appendix D for detailed Study Area projections and data sources.

5 Population Levels

This section of the report presents the population forecasts for the Study Area by zone. The population forecasts incorporated into this analysis have been estimated by TER based on published forecast data provided by the Town of Arnprior, the County of Renfrew and the City of Ottawa.

5.1 Study Years

The population levels for the study period 2007 to 2017 were forecast by TER and are summarized in Table 2. Appendix D provides a description of the methodology and data sources used to estimate population levels throughout the Study Area over the study period.

The year 2007 is the base year for the market demand and impact analysis, with 2011 assumed to be the first full year of operation of Phase 1 of the proposed Subject Development (including the opening of the department store, the relocated and expanded Canadian Tire and the allocated ancillary space). Therefore, we have assumed the majority of space proposed for the Subject Development will be completed and in operation before the end of 2010.

5.2 Population Forecast

The projections illustrated opposite were adjusted for 2006 Census undercoverage.

- The population of the Primary Zone is forecast to increase from 8,430 in 2007 to 10,140 by 2017.
- The population of the Secondary Zone West is forecast to increase from 10,370 in 2007 to 11,690 by 2017.
- The population of the Secondary Zone East is forecast to increase from 11,370 in 2007 to 13,130 by 2017.

5.3 Population Levels Conclusion

Overall, Population growth is forecast throughout the Study Area and will continue beyond the study period. The Study Area is forecast to experience an increase in population from 30,170 in 2007 to 34,960 by 2017. This forecast growth will create demand for additional retail and service space in the market.



**TABLE 3
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



STUDY AREA NON FOOD ORIENTED RETAIL (NFOR) EXPENDITURE POTENTIAL

Current Dollars	2007				
Province of Ontario - Average Per Capita NFOR Expenditures					
Per Capita NFOR Expenditures ⁽¹⁾	\$5,200				
Less: Food Oriented Retail (FOR) in WMC's ⁽¹⁾	\$150				
Adjusted Per Capita NFOR Expenditures	\$5,050				
<hr/>					
2007 Dollars (\$Millions)	2007	2011	2013	2015	2017
Primary Zone					
Income Index to Province ⁽²⁾	90.3				
NFOR Expenditure Index ⁽³⁾	94.5				
Per Capita NFOR Expenditures ⁽⁴⁾	\$4,770	\$5,055	\$5,200	\$5,340	\$5,485
Population ⁽⁵⁾	8,430	9,070	9,410	9,770	10,140
Total Adjusted NFOR Potential	\$40.2	\$45.8	\$48.9	\$52.2	\$55.6
Secondary Zone West					
Income Index to Province ⁽²⁾	95.8				
NFOR Expenditure Index ⁽³⁾	97.6				
Per Capita NFOR Expenditures ⁽⁴⁾	\$4,930	\$5,225	\$5,375	\$5,520	\$5,670
Population ⁽⁵⁾	10,370	10,870	11,140	11,410	11,690
Total Adjusted NFOR Potential	\$51.1	\$56.8	\$59.9	\$63.0	\$66.3
Secondary Zone East					
Income Index to Province ⁽²⁾	139.0				
NFOR Expenditure Index ⁽³⁾	122.2				
Per Capita NFOR Expenditures ⁽⁴⁾	\$6,170	\$6,540	\$6,725	\$6,910	\$7,095
Population ⁽⁵⁾	11,370	12,050	12,410	12,770	13,130
Total Adjusted NFOR Potential	\$70.2	\$78.8	\$83.5	\$88.2	\$93.2
TOTAL STUDY AREA					
Total Adjusted NFOR Potential (\$ Millions)	\$161.5	\$181.4	\$192.3	\$203.4	\$215.1

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ TER estimate based on Statistics Canada, Retail Trade and Wholesale Trade and other industry sources. See Appendix D for derivation of Provincial figures.

²⁾ Based on Statistics Canada, Census of Canada 2001.

³⁾ Based on the income relationship between the Province and Study Area residents using the NFOR regression equation of $y=43+.57(x)$, where x is the income index. See Appendix D for greater detail.

⁴⁾ Forecast to increase at 1.5% per annum, excluding inflation.

⁵⁾ Repeated from Table 2.

6 Non Food Oriented Retail (NFOR) Expenditure Potential

In this section of the report, TER has calculated the total Non Food Oriented Retail (NFOR) expenditure potential for the Study Area.

6.1 NFOR Expenditure Potential

For the purpose of this analysis the NFOR category includes the following merchandise categories:

- Department Stores
- Furniture, Home Furnishings & Electronics
- Miscellaneous Retailers
- General Merchandise
- Pharmacies & Personal Care
- Clothing & Accessories
- Building & Outdoor Home Supplies

The NFOR category utilized in this study excludes the merchandise categories which are included in the Food Oriented Retail (FOR) category, namely: Supermarkets, Other Grocery Stores and Other Food Stores. In addition, services such as fast food, restaurants, entertainment and personal services are also excluded from the NFOR category.

TER makes one adjustment to the NAICS definitions within the NFOR category. Statistics Canada classifies warehouse membership clubs (WMC) in the general merchandise category under the new NAICS classification. However, a significant portion of WMC sales are derived from their food merchandise. Therefore, TER has made an adjustment to remove the estimated food component of this expenditure from the NFOR category.

As indicated in the upper portion of Table 3, TER estimates that on average, each Ontario resident spends approximately \$5,050 at NFOR stores. Based on previous market trends, TER has forecast that these NFOR expenditures will increase at 1.5% per year, exclusive of inflation.

Table 3 also includes the total NFOR expenditure volume of the Study Area residents over the study period. It indicates that Study Area residents currently spend \$161.5 million at NFOR stores in the Primary Zone, elsewhere in the Study Area and beyond. This expenditure potential is forecast to increase to \$215.1 million by 2017, excluding inflation, as a result of population and expenditure growth.



**TABLE 4
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS
STUDY AREA FOOD ORIENTED RETAIL (FOR) EXPENDITURE POTENTIAL**



Current Dollars	2007					
Province of Ontario - Average Per Capita FOR Expenditures						
Supermarket ⁽¹⁾						\$1,731
Convenience and Specialty Food Stores ⁽¹⁾						\$250
Food Store Related WMC Expenditures ⁽¹⁾						\$150
Adjusted Per Capita FOR Expenditures (including FOR WMC)						\$2,131
<hr/>						
2007 Dollars (\$Millions)	2007	2011	2013	2015	2017	
Primary Zone						
Income Index to Province ⁽²⁾	90.3					
FOR Expenditure Index ⁽³⁾	99.0					
Per Capita FOR Expenditures ⁽⁴⁾	\$2,110	\$2,150	\$2,175	\$2,195	\$2,215	
Population ⁽⁵⁾	8,430	9,070	9,410	9,770	10,140	
Total Adjusted FOR Potential	\$17.8	\$19.5	\$20.5	\$21.4	\$22.5	
Secondary Zone West						
Income Index to Province ⁽²⁾	95.8					
FOR Expenditure Index ⁽³⁾	99.6					
Per Capita FOR Expenditures ⁽⁴⁾	\$2,125	\$2,170	\$2,190	\$2,210	\$2,230	
Population ⁽⁵⁾	10,370	10,870	11,140	11,410	11,690	
Total Adjusted FOR Potential	\$22.0	\$23.6	\$24.4	\$25.2	\$26.1	
Secondary Zone East						
Income Index to Province ⁽²⁾	139.0					
FOR Expenditure Index ⁽³⁾	103.9					
Per Capita FOR Expenditures ⁽⁴⁾	\$2,215	\$2,260	\$2,280	\$2,305	\$2,325	
Population ⁽⁵⁾	11,370	12,050	12,410	12,770	13,130	
Total Adjusted FOR Potential	\$25.2	\$27.2	\$28.3	\$29.4	\$30.5	
TOTAL STUDY AREA						
Total FOR Potential (\$ Millions)	\$65.0	\$70.3	\$73.2	\$76.0	\$79.1	

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ TER estimate based on Statistics Canada, Retail Trade and Wholesale Trade and other industry sources. See Appendix D for derivations of Provincial figures.

²⁾ Based on Statistics Canada, Census of Canada 2001.

³⁾ Based on the income relationship between the Province and Study Area residents using the FOR regression equation of $y = 90 + .1(x)$, where x is the income index. See Appendix D for greater detail.

⁴⁾ Forecast to increase at 0.5% per annum, excluding inflation.

⁵⁾ Repeated from Table 2.

7 Food Oriented Retail (FOR) Expenditure Potential

In this section of the report, TER has calculated the total Food Oriented Retail (FOR) expenditure potential for the Study Area.

7.1 FOR Expenditure Potential

The FOR category utilized by TER, includes the following merchandise categories:

- Supermarkets & Other Grocery Stores;
- Convenience Stores;
- Specialty food stores such as meat markets, fish and seafood markets, fruit and vegetable markets and other specialty food stores; and,
- Warehouse Membership Clubs' (WMCs) Food Component.

As stated in Section 6.1, Statistics Canada classifies warehouse membership clubs as general merchandise under the new NAICS classification. TER has made an adjustment to remove the estimated food component of this expenditure from the NFOR category and add it to the FOR category.

As indicated in the upper portion of Table 4, TER estimates that, on average, each Ontario resident spends approximately \$2,131 at FOR stores. Based on previous market trends, TER has forecast that these FOR expenditures will increase at 0.5% per year, exclusive of inflation.

Table 4 also includes the total FOR expenditure volume of Study Area residents over the study period. It indicates that Study Area residents currently spend \$65.0 million annually in FOR stores in the Primary Zone, elsewhere in the Study Area and beyond. This expenditure potential is forecast to increase to \$79.1 million by 2017, excluding inflation, as a result of population and expenditure growth.



**TABLE 5
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



DEPARTMENT STORE MARKET DEMAND ANALYSIS

2007 Dollars (\$Millions)	2007	2011	2013	2015	2017
Primary Zone					
NFOR Expenditure Potential ⁽¹⁾	\$40.2	\$45.8	\$48.9	\$52.2	\$55.6
Department Store Share % ⁽²⁾	16.0%	24.0%	24.0%	24.0%	24.0%
Department Store Share \$	\$6.4	\$11.0	\$11.7	\$12.5	\$13.3
Primary Zone Share % ⁽²⁾	0.0%	70.0%	70.0%	70.0%	70.0%
Primary Zone Share \$	\$0.0	\$7.7	\$8.2	\$8.8	\$9.3
Secondary Zone West					
NFOR Expenditure Potential ⁽¹⁾	\$51.1	\$56.8	\$59.9	\$63.0	\$66.3
Department Store Share % ⁽²⁾	16.0%	18.0%	18.0%	18.0%	18.0%
Department Store Share \$	\$8.2	\$10.2	\$10.8	\$11.3	\$11.9
Primary Zone Share % ⁽²⁾	0.0%	52.5%	52.5%	52.5%	52.5%
Primary Zone Share \$	\$0.0	\$5.4	\$5.7	\$5.9	\$6.2
Secondary Zone East					
NFOR Expenditure Potential ⁽¹⁾	\$70.2	\$78.8	\$83.5	\$88.2	\$93.2
Department Store Share % ⁽²⁾	15.5%	17.5%	17.5%	17.5%	17.5%
Department Store Share \$	\$10.9	\$13.8	\$14.6	\$15.4	\$16.3
Primary Zone Share % ⁽²⁾	0.0%	40.0%	40.0%	40.0%	40.0%
Primary Zone Share \$	\$0.0	\$5.5	\$5.8	\$6.2	\$6.5
Total Study Area Department Store Expenditures	\$25.5	\$35.0	\$37.1	\$39.2	\$41.5
Primary Zone Department Store Expenditures	\$0.0	\$18.6	\$19.7	\$20.9	\$22.0
Inflow % ⁽³⁾	0.0%	25.0%	25.0%	25.0%	25.0%
Inflow \$	\$0.0	\$6.2	\$6.6	\$7.0	\$7.3
Total Primary Zone Department Store Expenditures	\$0.0	\$24.8	\$26.3	\$27.9	\$29.3
Proposed Department Store NFOR Component	-	90,000	90,000	90,000	90,000
Department Store NFOR Component Sales Per Square Foot Level ⁽⁴⁾	n/a	\$275	\$290	\$310	\$325

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Repeated from Table 3.

²⁾ TER estimate based on Statistics Canada Retail Trade data, in-home consumer telephone survey results, an examination of the inventory of competitive space and professional judgement.

³⁾ TER estimate based on the results of licence plate surveys and TER's professional judgement.

⁴⁾ Sales rounded to the nearest \$5.00, per square foot.

8 Department Store - NFOR Component Market Demand and Impact Analysis

In this section of the report, TER has studied the opportunity for the 90,000 square foot NFOR component of the proposed department store.

In order to undertake this analysis, TER has calculated a department store share of the total NFOR expenditure potential for the base year and future years. A Primary Zone share of the Study Area residents' department store expenditures has also been estimated based on the results of the in-home consumer telephone survey and TER's professional judgement. An inflow factor has then been applied to account for expenditures made by persons residing outside of the Study Area. This inflow factor has been based primarily on the results of the licence plate surveys conducted at various locations in the Primary Zone. These inputs have resulted in a sales estimate for the first full year of operation of the proposed NFOR component of the department store in 2011. This sales level is a TER estimate based on TER's professional judgement.

8.1 Department Store Share of Total NFOR Expenditures

Section 6.1 and Table 3 outlined the calculation of the total Study Area NFOR expenditure potential. Statistics Canada Retail Trade information, the results of our in-home consumer telephone survey, an examination of the inventory of competitive space and TER's professional judgment has resulted in the estimate of the department store share indicated in our analysis presented in Table 5. The department store share of NFOR expenditures in the 2007 base year is estimated to be 16.0% in the Primary Zone, 16.0% in the Secondary Zone West, and 15.5% in the Secondary Zone East.

It is estimated that in 2011 the introduction of the 90,000 square foot NFOR component of the proposed department store will increase the department store share of NFOR expenditures throughout the Study Area. The department store share is forecast to increase to 24.0% in the Primary Zone and 18.0% and 17.5% in the Secondary Zone West and East respectively.

8.2 Department Store - NFOR Component Market Demand Analysis

Currently, there are no department stores in Arnprior or elsewhere in the Study Area. The majority of Study Area residents' department store expenditures are made at department stores in communities such as Renfrew, Carleton Place, Ottawa or elsewhere.

Using the results of the in-home consumer survey (provided in Appendix C), TER estimates that Study Area residents spent \$25.5 million in department stores outside of the Study Area in 2007. The majority of these expenditures were made at Wal-Mart



stores located in Kanata and Renfrew. The proposed department store on the Site will provide an opportunity to recapture a portion of these Study Area residents' expenditures currently leaving the market.

TER estimates that the 90,000 square foot NFOR component of the proposed department store will recapture the following local shares of Study Area residents' department store expenditures in 2011:

- 70.0% of Primary Zone residents' department store expenditures;
- 52.5% of Secondary Zone West residents' department store expenditures; and
- 40.0% of Secondary Zone East residents' department store expenditures

Inflow of expenditures from beyond the Study Area is also recognized in this analysis. These expenditures represent visitors, students, tourists and seasonal residents who reside outside of the Study Area. Inflow is estimated at 25.0% of total sales volume at the proposed department store.

The resulting average sales performance level of the proposed department store's 90,000 square foot NFOR component is estimated to be \$275 per square foot in 2011. It is TER's opinion that this sales performance level is appropriate for the NFOR component of a department store in this market. In future years sales performance levels are forecast to increase to \$290 per square foot by 2013, \$310 per square foot by 2015 and to \$325 per square foot by 2017.

8.3 Department Store - NFOR Component Market Impact Analysis

Given there are no department stores currently located in the Study Area, there are no measurable localized impacts on Study Area department stores to evaluate. However, Section 11 of this report evaluates the impact of the proposed department store on Other NFOR retailers in the market.

8.4 Department Store - NFOR Component Market Demand and Impact Analysis Conclusions

The development of the proposed department store's 90,000 square foot NFOR component on the Site is warranted based on market demand. The nearest department store competition is located approximately 25-45 kilometres from Arnprior. The proposed department store will recapture a significant portion of expenditures currently leaving the market. It will allow Arnprior to become a more competitive retail location relative to other municipalities with department stores including Carleton Place, Ottawa and Renfrew. Furthermore, the introduction of a department store on the Site will not result in a detrimental transfer of sales from existing businesses and there will be no adverse impacts that will compromise the viability of existing retail businesses in Arnprior.



**TABLE 6
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



DEPARTMENT STORE - FOOD ORIENTED RETAIL (FOR) COMPONENT MARKET DEMAND ANALYSIS

2007 Dollars (\$Millions)	2007	2011	2013	2015	2017
Primary Zone					
FOR Expenditure Potential ⁽¹⁾	\$17.8	\$19.5	\$20.5	\$21.4	\$22.5
Supermarket Share % ⁽²⁾	85.0%	86.5%	86.5%	86.5%	86.5%
Supermarket Share \$	\$15.1	\$16.9	\$17.7	\$18.5	\$19.5
Primary Zone Share % ⁽²⁾	91.3%	95.0%	95.0%	95.0%	95.0%
Primary Zone Share \$	\$13.8	\$16.1	\$16.8	\$17.6	\$18.5
Secondary Zone West					
FOR Expenditure Potential ⁽¹⁾	\$22.0	\$23.6	\$24.4	\$25.2	\$26.1
Supermarket Share % ⁽²⁾	84.0%	85.0%	85.0%	85.0%	85.0%
Supermarket Share \$	\$18.5	\$20.1	\$20.7	\$21.4	\$22.2
Primary Zone Share % ⁽²⁾	58.8%	72.5%	72.5%	72.5%	72.5%
Primary Zone Share \$	\$10.9	\$14.6	\$15.0	\$15.5	\$16.1
Secondary Zone East					
FOR Expenditure Potential ⁽¹⁾	\$25.2	\$27.2	\$28.3	\$29.4	\$30.5
Supermarket Share % ⁽²⁾	80.0%	81.0%	81.0%	81.0%	81.0%
Supermarket Share \$	\$20.2	\$22.0	\$22.9	\$23.8	\$24.7
Primary Zone Share % ⁽²⁾	25.7%	50.0%	50.0%	50.0%	50.0%
Primary Zone Share \$	\$5.2	\$11.0	\$11.5	\$11.9	\$12.4
Total Study Area Supermarket Expenditures	\$53.8	\$59.0	\$61.3	\$63.7	\$66.4
Primary Zone Supermarket Share	\$29.9	\$41.7	\$43.3	\$45.0	\$47.0
Inflow % ⁽³⁾	14.1%	17.5%	17.5%	17.5%	17.5%
Inflow \$	\$4.9	\$8.8	\$9.2	\$9.5	\$10.0
Total Primary Zone Supermarket Expenditures	\$34.8	\$50.5	\$52.5	\$54.5	\$57.0
Primary Zone Supermarket Space	56,300	56,300	56,300	56,300	56,300
Potential Trinity Site Supermarket Space		21,000	21,000	21,000	21,000
Proposed Department Store FOR Component	-	35,000	35,000	35,000	35,000
Total Supermarket and FOR Space	56,300	112,300	112,300	112,300	112,300
Supermarket Sales Per Square Foot Level ⁽⁴⁾	\$620	\$450	\$465	\$485	\$510
Percent Change From Current		-27.4%	-25.0%	-21.8%	-17.7%

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Repeated from Table 4.

²⁾ TER estimate based on Statistics Canada Retail Trade data, in-home consumer telephone survey results, an examination of the inventory of competitive space and professional judgement.

³⁾ TER estimate based on the results of licence plate surveys and TER's professional judgement.

⁴⁾ Sales rounded to the nearest \$5.00, per square foot.

9 Department Store - FOR Component Market Demand and Impact Analysis Market

In this section of the report, TER has studied the opportunity for the proposed 35,000 square foot Food Oriented Retail (FOR) component of the department store. In this analysis, the FOR component of the department store has been analysed separately as it is anticipated that the FOR component may compete to some extent with existing supermarkets. In addition to food items, the FOR space will also contain items typically found in supermarkets, department stores and drug stores, such as household cleaning supplies, etc. This analysis also recognizes the potential for a 21,000 square foot supermarket on the Trinity Site.

9.1 Supermarket Shares of Total FOR Expenditures

Section 7.1 and Table 4 outlined the calculation of the total Study Area FOR potential. Statistics Canada Retail Trade information, the results of our in-home consumer telephone survey, an examination of the competitive retail space and TER's professional judgment resulted in the estimate of the supermarket share of FOR expenditures indicated in our analysis presented in Table 6. The supermarket share of FOR expenditures in the 2007 base year is estimated to be 85.0% in the Primary Zone, 84.0% in the Secondary Zone West and 80.0% in the Secondary Zone East.

TER has assumed that the first full year of operation of the 35,000 square foot department store FOR component will be 2011. Furthermore, TER has also recognized the potential for 21,000 square feet of new supermarket space on the Trinity Site in 2011.

It is the opinion of TER that the addition of the department store FOR component and the potential supermarket on the Trinity Site is forecast to result in an increase of the supermarket shares of FOR expenditures to 86.5% in the Primary Zone and an increase to 85.0% and 81.0% in the Secondary Zone West and East respectively.

9.2 Department Store - FOR Component Market Demand Analysis

Table 6 indicates the local share of Study Area residents supermarket expenditures that are made in supermarkets located in the Primary Zone. TER has based our estimate of these expenditures on the results of our in-home consumer telephone survey, an examination of the competitive retail space and TER's professional judgment. In 2007, it is estimated that the existing inventory of supermarket space (No Frills and A&P supermarkets) in the Primary Zone captures:

- 91.3% of Primary Zone residents' supermarket expenditures;
- 58.8% of Secondary Zone West residents' supermarket expenditures; and
- 25.7% of Secondary Zone East residents' supermarket expenditures.



**TABLE 7
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



DEPARTMENT STORE - FOOD ORIENTED RETAIL (FOR) COMPONENT DIRECTIONAL

2007 Dollars (\$Millions)	Total Primary Zone Supermarket Space	A&P - Arnprior Shopping Centre	No Frills - Winners Circle	Trinity Site Potential Supermarket	Subject Development Proposed Department Store FOR Component ⁽⁴⁾
2007					
Supermarket Sales From Study Area Residents ⁽¹⁾	\$53.8				
Primary Zone Share of Supermarket Expenditures ⁽¹⁾	\$29.9	\$16.2	\$13.7	n/a	n/a
Primary Zone Market Share % ⁽¹⁾	55.6%	30.1%	25.5%	n/a	n/a
Plus Inflow Estimate ⁽²⁾	14.1%	15.0%	12.5%	n/a	n/a
TOTAL SALES	\$34.8	\$19.1	\$15.7	n/a	n/a
Square Footage	56,300	33,200	23,100	n/a	n/a
Sales per sq. ft. ⁽³⁾	\$620	\$575	\$680	n/a	n/a
2011					
Supermarket Sales From Study Area Residents ⁽¹⁾	\$59.0				
Primary Zone Share of Supermarket Expenditures ⁽¹⁾	\$41.7	\$11.8	\$10.1	\$8.0	\$11.8
Primary Zone Market Share % ⁽¹⁾	70.6%	20.0%	17.1%	13.5%	20.0%
Plus Inflow Estimate ⁽²⁾	17.5%	15.0%	12.5%	15.0%	25.0%
TOTAL SALES	\$50.5	\$13.9	\$11.5	\$9.4	\$15.7
Square Footage	112,300	33,200	23,100	21,000	35,000
Sales per sq. ft. ^(3,4)	\$450	\$420	\$500	\$450	\$450
Percent Change Sales per sq. ft.	-27.4%	-27.0%	-26.5%	n/a	n/a
2013					
Supermarket Sales From Study Area Residents ⁽¹⁾	\$61.3				
Primary Zone Share of Supermarket Expenditures ⁽¹⁾	\$43.3	\$12.3	\$10.5	\$8.3	\$12.3
Primary Zone Market Share % ⁽¹⁾	70.6%	20.0%	17.1%	13.5%	20.0%
Plus Inflow Estimate ⁽²⁾	17.5%	15.0%	12.5%	15.0%	25.0%
TOTAL SALES	\$52.5	\$14.5	\$12.0	\$9.8	\$16.4
Square Footage	112,300	33,200	23,100	21,000	35,000
Sales per sq. ft. ⁽³⁾	\$465	\$435	\$520	\$465	\$470
Percent Change Sales per sq. ft.	-25.0%	-24.3%	-23.5%	n/a	n/a
2015					
Supermarket Sales From Study Area Residents ⁽¹⁾	\$63.7				
Primary Zone Share of Supermarket Expenditures ⁽¹⁾	\$45.0	\$12.7	\$10.9	\$8.6	\$12.7
Primary Zone Market Share % ⁽¹⁾	70.6%	20.0%	17.1%	13.5%	20.0%
Plus Inflow Estimate ⁽²⁾	17.5%	15.0%	12.5%	15.0%	25.0%
TOTAL SALES	\$54.5	\$14.9	\$12.5	\$10.1	\$16.9
Square Footage	112,300	33,200	23,100	21,000	35,000
Sales per sq. ft. ⁽³⁾	\$485	\$450	\$540	\$480	\$485
Percent Change Sales per sq. ft.	-21.8%	-21.7%	-20.6%	n/a	n/a
2017					
Supermarket Sales From Study Area Residents ⁽¹⁾	\$66.4				
Primary Zone Share of Supermarket Expenditures ⁽¹⁾	\$47.0	\$13.3	\$11.4	\$9.0	\$13.3
Primary Zone Market Share % ⁽¹⁾	70.6%	20.0%	17.1%	13.5%	20.0%
Plus Inflow Estimate ⁽²⁾	17.5%	15.0%	12.5%	15.0%	25.0%
TOTAL SALES	\$57.0	\$15.6	\$13.0	\$10.6	\$17.7
Square Footage	112,300	33,200	23,100	21,000	35,000
Sales per sq. ft. ⁽³⁾	\$510	\$470	\$565	\$505	\$505
Percent Change Sales per sq. ft.	-17.7%	-18.3%	-16.9%	n/a	n/a

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Total Study Area expenditure calculated in Table 7. Distribution of sales based on in-home consumer telephone survey results and TER's professional judgement.

²⁾ TER estimate based on the results of licence plate surveys and TER's professional judgement.

³⁾ Rounded to the nearest \$5.00.

⁴⁾ Proposed Department Store FOR component size and proposed supermarket entry sales per square foot level based on TER estimate.

The 2007 inflow for the existing supermarkets in the Primary Zone is estimated at an average level of 14.1%. The resulting average sales performance level of the existing 56,300 square feet of supermarket space in the Primary Zone is estimated to be \$620 per square foot. This level is considered by TER to be above industry averages.

The introduction of the 35,000 square foot department store FOR component and the potential 21,000 square foot supermarket on the Trinity Site are forecast to increase the share of supermarket expenditures made in the Primary Zone. These increases are estimated at the following rates in 2011 and are forecast to remain constant over the study period:

- 95.0% of Primary Zone residents' supermarket expenditures;
- 72.5% of Secondary Zone West residents' supermarket expenditures; and
- 50.0% of Secondary Zone East residents' supermarket expenditures.

Inflow is also expected to increase to 17.5% of average supermarket sales volumes in 2011. Total supermarket sales volumes in 2011 are forecast at \$50.5 million resulting in an average supermarket sales level of \$450 per square foot. This level represents a 26.8% decrease in the average supermarket sales per square foot performance level from the 2007 base year. However, TER considers these average sales performance levels to be within typical industry levels for a market such as Arnprior. Furthermore, sales performance levels are forecast to increase from this level over the study period.

9.3 Department Store - FOR Component Market Impact Analysis

Table 7 examines the anticipated impact of the addition of the 35,000 square foot department store FOR component and the potential 21,000 square foot supermarket at the Trinity Site on the existing Primary Zone supermarkets. The following observations are made in terms of directional impact:

- Overall, it is TER's opinion that the 2007 base year supermarket performance levels in the Primary Zone are above industry averages. This is largely as a result of the closure of the Loeb supermarket formerly located in the Downtown Core. In TER's opinion this store closed as a result of a business consolidation decision made by Metro Inc. (operator of the A&P supermarket in Arnprior Shopping Centre) following the acquisition of A&P Canada and Metro Inc. and not as a result of local market conditions. In TER's opinion there has been a shortage of supermarket space in the Study Area since the closure of the Loeb supermarket resulting in the elevated sales performance of No Frills and A&P supermarkets.
- Sales impacts are forecast as a result of the combination of the opening of the department store FOR component and the assumed addition of supermarket



space at the Trinity Site. These sales impacts are estimated between 26.5% and 27.0% for the No Frills and A&P supermarkets respectively.

- Overall, it is TER's opinion that supermarket performance levels in the Primary Zone will remain within industry averages and any resulting sales transfer from existing supermarkets to the proposed department store FOR component will not adversely impact their continued operation in Arnprior.

It is the opinion of TER that there is no risk of closure of any supermarket in the Study Area due to the introduction of the proposed department store FOR space or the assumed new supermarket on the Trinity Site.

9.4 Department Store - FOR Component Market Demand and Impact Analysis Conclusion

There is sufficient market demand to warrant the development of the 35,000 square foot department store FOR component, in conjunction with the potential supermarket space anticipated on the Trinity Site. It is our professional opinion that the introduction of the department store FOR component will not adversely impact the continued viability of either the No Frills or the A&P supermarkets as a result of detrimental sales transfers from these businesses.



**TABLE 8
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



GENERAL MERCHANDISE MARKET DEMAND AND IMPACT ANALYSIS

2007 Dollars (\$Millions)	2007	2011	2013	2015	2017
Primary Zone					
NFOR Expenditure Potential ⁽¹⁾	\$40.2	\$45.8	\$48.9	\$52.2	\$55.6
General Merchandise Share % ⁽²⁾	18.0%	19.0%	19.0%	19.0%	19.0%
General Merchandise Share \$	\$7.2	\$8.7	\$9.3	\$9.9	\$10.6
Primary Zone Share % ⁽²⁾	82.0%	92.5%	92.5%	92.5%	92.5%
Primary Zone Share \$	\$5.9	\$8.0	\$8.6	\$9.1	\$9.8
Secondary Zone West					
NFOR Expenditure Potential ⁽¹⁾	\$51.1	\$56.8	\$59.9	\$63.0	\$66.3
General Merchandise Share % ⁽²⁾	17.5%	18.0%	18.0%	18.0%	18.0%
General Merchandise Share \$	\$8.9	\$10.2	\$10.8	\$11.3	\$11.9
Primary Zone Share % ⁽²⁾	58.9%	65.0%	65.0%	65.0%	65.0%
Primary Zone Share \$	\$5.2	\$6.6	\$7.0	\$7.3	\$7.7
Secondary Zone East					
NFOR Expenditure Potential ⁽¹⁾	\$70.2	\$78.8	\$83.5	\$88.2	\$93.2
General Merchandise Share % ⁽²⁾	14.5%	15.0%	15.0%	15.0%	15.0%
General Merchandise Share \$	\$10.2	\$11.8	\$12.5	\$13.2	\$14.0
Primary Zone Share % ⁽²⁾	16.1%	22.5%	22.5%	22.5%	22.5%
Primary Zone Share \$	\$1.6	\$2.7	\$2.8	\$3.0	\$3.2
Total Study Area General Merchandise Expenditures	\$26.3	\$30.7	\$32.6	\$34.4	\$36.5
Primary Zone General Merchandise Expenditures	\$12.7	\$17.3	\$18.4	\$19.4	\$20.7
Inflow % ⁽³⁾	18.5%	21.0%	21.0%	21.0%	21.0%
Inflow \$	\$2.9	\$4.6	\$4.9	\$5.2	\$5.5
Total Primary Zone General Merchandise Expenditures	\$15.6	\$21.9	\$23.3	\$24.6	\$26.2
Existing General Merchandise Space	79,300	58,300	58,300	58,300	58,300
Subject Development Proposed Canadian Tire	n/a	50,000	50,000	50,000	50,000
Total General Merchandise Space	79,300	108,300	108,300	108,300	108,300
Average General Merchandise Sales Per Square Foot ⁽⁴⁾	\$195	\$200	\$215	\$225	\$240
Percent Change From Current		2.6%	10.3%	15.4%	23.1%

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Repeated from Table 3.

²⁾ TER estimate based on Statistics Canada Retail Trade data, in-home consumer telephone survey results, an examination of the inventory of competitive space and professional judgement.

³⁾ TER estimate based on the results of licence plate surveys and TER's professional judgement.

⁴⁾ Sales rounded to the nearest \$5.00 per square foot.

10 General Merchandise Demand and Impact Analysis

In addition to the proposed department store analysed in Sections 8 and 9, the Developer is also proposing to relocate the existing 21,000 square foot Canadian Tire store located on Daniel Street to an expanded new format store on the Site. The purpose of this section of the report is to analyse the market demand and potential impacts of the introduction of a new format Canadian Tire store on the Site.

10.1 General Merchandise Share of Total NFOR Expenditures

Canadian Tire retail sales are a component of the general merchandise retail expenditure category. Section 6.1 and Table 3 outlined the calculation of the total Study Area NFOR potential. Statistics Canada Retail Trade information, the results of our in-home consumer telephone survey, an examination of the inventory of competitive space and TER's professional judgment resulted in the estimate of the general merchandise share of total NFOR potential, as illustrated in Table 8. The general merchandise share of NFOR expenditures in the 2007 base year is estimated to be 18.0% in the Primary Zone, 17.5% in the Secondary Zone West and 14.5% in Secondary Zone East.

The Arnprior Canadian Tire is a freestanding older format store. Approximately half of this store's space is dedicated to automotive repair and service. It is the opinion of TER that the expansion and relocation of the Canadian Tire into a new format store in this market will result in an increase in the general merchandise share of Study Area NFOR expenditures in 2011. As a result TER has forecast that the general merchandise shares of NFOR expenditures will increase to 19.0% in the Primary Zone and 18.0% and 15.0% in the Secondary Zone West and East respectively.

10.2 General Merchandise Market Demand Analysis

Table 8 indicates the local share of Study Area residents general merchandise expenditures that are made in general merchandise stores located in the Primary Zone. TER has based its estimate of these expenditures on the results of our in-home consumer telephone survey, an examination of the competitive retail space and TER's professional judgment. In the 2007 base year, it is calculated that existing Primary Zone general merchandise retailers, including Canadian Tire, capture:

- 82.0% of Primary Zone residents' general merchandise expenditures;
- 58.9% of Secondary Zone West residents' general merchandise expenditures; and
- 16.1% of Secondary Zone East residents' general merchandise expenditures.

As discussed in Section 4, previously, Arnprior is less competitive as a retail location in comparison to other communities that surround the Study Area. This is largely



attributed to these other communities having retailers with more modern format stores and expanded merchandise lines. At present, Primary Zone general merchandise retailers have a market share of less than half of the non-department store general merchandise expenditure potential derived from Study Area residents. In addition these retailers attract a small portion of their sales from beyond the Primary Zone.

Currently, inflow of expenditures from non-Study Area residents is estimated at 18.5% of total sales volumes. The TER analysis indicates that the existing 79,300 square feet of general merchandise space is estimated to be performing at \$195 per square foot. This sales performance level is considered by TER to be somewhat lower than normal for typical general merchandise retailers. However, in TER's opinion these lower than normal sales performance levels can be attributed to the following factors:

- The largest general merchandise store in the Primary Zone is the Hart general merchandise store located in Arnprior Shopping Centre. Average sales performance levels for this retailer are approximately \$85 per square foot⁵. The Hart store in Arnprior is approximately 29,000 square feet and accounts for approximately 37.5% of general merchandise space in the Primary Zone. As a result, the sales volumes derived from this store significantly influence the average base year sales performance levels for the general merchandise category.
- The existing Canadian Tire store in Arnprior is an older format store. TER's consumer research indicates that a significant portion of Study Area residents are shopping at other Canadian Tire locations elsewhere.

In the opinion of TER, the combination of these factors has resulted in lower than normal sales performance levels for general merchandise retailers in the Primary Zone.

It is estimated that the relocation and expansion of the Arnprior Canadian Tire to a 50,000 square foot new format Canadian Tire store on the Site in 2011 will result in the recapture of Study Area residents' expenditures. As a result local shares are forecast to increase to:

- 92.5% of Primary Zone residents' general merchandise expenditures;
- 65.0% of Secondary Zone West residents' general merchandise expenditures; and
- 22.5% of Secondary Zone East residents' general merchandise expenditures.

Inflow is also expected to increase to 21.0%. Total general merchandise sales volumes in 2011 are forecast at \$21.9 million, an increase of \$6.3 million since 2007. The average sales performance level is forecast to increase to \$200 per square foot as a result of market growth, recapture and the relocation and expansion of the Canadian Tire. In future years, TER estimates that average sales performance levels

⁵ Based on TER's review of financial information provided in Hart Stores' 2008 Annual Report.



**TABLE 9
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



GENERAL MERCHANDISE DIRECTIONAL MARKET IMPACT ANALYSIS

2007 Dollars (\$Millions)	Total Primary Zone General Merchandise Space	Downtown Core	Arnprior Canadian Tire	Arnprior Shopping Centre	Subject Development Proposed Canadian Tire ⁽⁵⁾
2007					
Study Area General Merchandise Expenditure Potential ⁽¹⁾	\$26.3				
Study Area Market Share ⁽¹⁾	48.5%	12.7%	16.4%	19.4%	n/a
Study Area Share of General Merchandise Expenditures ^(1, 2)	\$12.7	\$3.3	\$4.3	\$5.1	n/a
Plus Inflow Estimate ⁽³⁾	18.5%	17.0%	22.5%	15.0%	n/a
TOTAL SALES ⁽²⁾	\$15.6	\$4.0	\$5.6	\$6.0	n/a
Square Footage	79,300	15,400	21,000	42,900	n/a
Sales per sq. ft. ⁽⁴⁾	\$195	\$260	\$265	\$140	n/a
2011					
Study Area General Merchandise Expenditure Potential ⁽¹⁾	\$30.7				
Study Area Market Share ⁽¹⁾	56.4%	10.4%	n/a	15.5%	30.5%
Study Area Share of General Merchandise Expenditures ^(1, 2)	\$17.3	\$3.2	n/a	\$4.7	\$9.4
Plus Inflow Estimate ⁽³⁾	21.5%	17.0%	n/a	15.0%	25.0%
TOTAL SALES ⁽²⁾	\$21.9	\$3.9	n/a	\$5.5	\$12.5
Square Footage	108,300	15,400	n/a	42,900	50,000
Sales per sq. ft. ^(4, 5)	\$200	\$255	n/a	\$130	\$250
Percent Change Sales per sq. ft.	2.6%	-1.9%	n/a	-7.1%	n/a
2013					
Study Area General Merchandise Expenditure Potential ⁽¹⁾	\$32.6				
Study Area Market Share ⁽¹⁾	56.4%	10.4%	n/a	15.5%	30.5%
Study Area Share of General Merchandise Expenditures ^(1, 2)	\$18.4	\$3.4	n/a	\$5.1	\$9.9
Plus Inflow Estimate ⁽³⁾	21.0%	17.0%	n/a	15.0%	25.0%
TOTAL SALES ⁽²⁾	\$23.3	\$4.1	n/a	\$6.0	\$13.2
Square Footage	108,300	15,400	n/a	42,900	50,000
Sales per sq. ft. ⁽⁴⁾	\$215	\$265	n/a	\$140	\$265
Percent Change Sales per sq. ft.	10.3%	1.9%	n/a	0.0%	n/a
2015					
Study Area General Merchandise Expenditure Potential ⁽¹⁾	\$34.4				
Study Area Market Share ⁽¹⁾	56.4%	10.4%	n/a	15.5%	30.5%
Study Area Share of General Merchandise Expenditures ^(1, 2)	\$19.4	\$3.6	n/a	\$5.3	\$10.5
Plus Inflow Estimate ⁽³⁾	21.0%	17.0%	n/a	15.0%	25.0%
TOTAL SALES ⁽²⁾	\$24.5	\$4.3	n/a	\$6.2	\$14.0
Square Footage	108,300	15,400	n/a	42,900	50,000
Sales per sq. ft. ⁽⁴⁾	\$225	\$280	n/a	\$145	\$280
Percent Change Sales per sq. ft.	15.4%	7.7%	n/a	3.6%	n/a
2017					
Study Area General Merchandise Expenditure Potential ⁽¹⁾	\$36.5				
Study Area Market Share ⁽¹⁾	56.4%	10.4%	n/a	15.5%	30.5%
Study Area Share of General Merchandise Expenditures ^(1, 2)	\$20.6	\$3.8	n/a	\$5.7	\$11.1
Plus Inflow Estimate ⁽³⁾	21.0%	17.0%	n/a	15.0%	25.0%
TOTAL SALES ⁽²⁾	\$26.1	\$4.6	n/a	\$6.7	\$14.8
Square Footage	108,300	15,400	n/a	42,900	50,000
Sales per sq. ft. ⁽⁴⁾	\$240	\$300	n/a	\$155	\$295
Percent Change Sales per sq. ft.	23.1%	15.4%	n/a	10.7%	n/a

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Total Study Area expenditure calculated in Table 8. Distribution of sales based on in-home consumer telephone survey results and TER's professional judgement.

²⁾ Some figures shown may not match the corresponding entry in Table 8 due to rounding.

³⁾ Inflow estimates based on the results of licence plate surveys and TER's professional judgement.

⁴⁾ Rounded to the nearest \$5.00.

⁵⁾ Proposed size of Canadian Tire space provided by the Developer. Entry sales per square foot level based on TER estimate.

will continue to increase to \$215 per square foot by 2013, \$225 per square foot by 2015 and \$240 per square foot by 2017.

10.3 General Merchandise Market Impact Analysis

Table 9 examines the anticipated impact of the relocation and expansion of the Canadian Tire on the existing general merchandise stores in the Primary Zone. The following observations are made in terms of directional impact:

- The majority of the sales volume generated by the new Canadian Tire will result from the recapture of Canadian Tire expenditures previously made at other competing new format Canadian Tire's locations outside the Study Area.
- This recapture of local expenditures will contribute to retaining local residents' general merchandise expenditures in Arnprior and will strengthen the attraction of Arnprior as a retail destination thereby creating the opportunity for positive spinoffs for other businesses in the market.
- The relocation and expansion of the Canadian Tire on the Site will result in some minor sales transfers from other general merchandise retailers in the Primary Zone in the short term. However sales volumes are forecast to return to base year levels by 2013 and exceed these levels over the remainder of the study period as a result of expenditure growth in the market.
- The relocation of the Canadian Tire to the Site, approximately 1.4 kilometres to the west of its current location, will not negatively influence the continued viability of other businesses situated in the Daniel Street Commercial Area.

It is the opinion of TER that there is no risk of closure of any general merchandise retailer in the Study Area due to relocation and expansion of the Canadian Tire on the Site.

10.4 General Merchandise Demand and Impact Analysis Conclusions

There is sufficient market demand to warrant the relocation and expansion of the Arnprior Canadian Tire store to a 50,000 square foot new format store on the Site in 2011. The proposed new store will contribute to modernizing retail competition in Arnprior and will strengthen the attraction of Arnprior as a retail destination. In addition, the new format store will contribute to retaining local residents' general merchandise expenditures in Arnprior. It is TER's professional opinion, that the relocation of this store, approximately 1.4 kilometres to the west of its current location, will not negatively influence the continued viability of other businesses situated in the Daniel Street Commercial Area.



**TABLE 10
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



OTHER NFOR MARKET DEMAND ANALYSIS

2007 Dollars (\$Millions)	2007	2011	2013	2015	2017
Primary Zone					
NFOR Expenditure Potential ⁽¹⁾	\$40.2	\$45.8	\$48.9	\$52.2	\$55.6
Other NFOR Share % ⁽²⁾	66.0%	57.0%	57.0%	57.0%	57.0%
Other NFOR Share \$	\$26.5	\$26.1	\$27.9	\$29.8	\$31.7
Primary Zone Share % ⁽²⁾	72.0%	77.5%	82.5%	82.5%	82.5%
Primary Zone Share \$	\$19.1	\$20.2	\$23.0	\$24.6	\$26.2
Secondary Zone West					
NFOR Expenditure Potential ⁽¹⁾	\$51.1	\$56.8	\$59.9	\$63.0	\$66.3
Other NFOR Share % ⁽²⁾	66.5%	64.0%	64.0%	64.0%	64.0%
Other NFOR Share \$	\$34.0	\$36.4	\$38.3	\$40.3	\$42.4
Primary Zone Share % ⁽²⁾	37.9%	42.0%	45.0%	45.0%	45.0%
Primary Zone Share \$	\$12.9	\$15.3	\$17.2	\$18.1	\$19.1
Secondary Zone East					
NFOR Expenditure Potential ⁽¹⁾	\$70.2	\$78.8	\$83.5	\$88.2	\$93.2
Other NFOR Share % ⁽²⁾	70.0%	67.5%	67.5%	67.5%	67.5%
Other NFOR Share \$	\$49.1	\$53.2	\$56.4	\$59.5	\$62.9
Primary Zone Share % ⁽²⁾	9.2%	14.0%	17.5%	17.5%	17.5%
Primary Zone Share \$	\$4.6	\$7.4	\$9.9	\$10.4	\$11.0
Total Study Area Other NFOR Expenditures	\$109.6	\$115.7	\$122.6	\$129.6	\$137.0
Primary Zone Other NFOR Expenditures	\$36.6	\$42.9	\$50.1	\$53.1	\$56.3
Inflow % ⁽³⁾	15.5%	16.5%	17.5%	17.5%	17.5%
Inflow \$	\$6.7	\$8.5	\$10.6	\$11.3	\$11.9
Total Primary Zone Other NFOR Expenditures	\$43.3	\$51.4	\$60.7	\$64.4	\$68.2
Primary Zone Other NFOR Space	251,000	251,000	251,000	251,000	251,000
Proposed Space					
Subject Development ⁽⁴⁾	-	25,000	50,000	50,000	50,000
Retenanted Canadian Tire Space ⁽⁵⁾	-	-	21,000	21,000	21,000
Trinity Site ⁽⁶⁾	-	18,500	18,500	18,500	18,500
Total Primary Zone Other NFOR Space	251,000	294,500	340,500	340,500	340,500
NFOR Space Sales Per Square Foot Level ⁽⁷⁾	\$175	\$175	\$180	\$190	\$200
Percent Change From Current		0.0%	2.9%	8.6%	14.3%

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Repeated from Table 3.

²⁾ TER estimate based on Statistics Canada Retail Trade data, in-home consumer telephone survey results, an examination of the inventory of competitive space and professional judgement.

³⁾ Inflow estimates based on the results of licence plate surveys and TER's professional judgement.

⁴⁾ TER has assumed the development of the ancillary retail component of the Subject Development will be phased over the study years 2011 and 2013.

⁵⁾ TER has assumed the Trinity Site will contain 18,500 square feet of Other NFOR space developed in 2011. This estimate is based on TER's review of the Trinity site plan submitted to Arnprior.

⁶⁾ TER has assumed the Arnprior Canadian Tire store will be retenanted with Other NFOR uses following the opening of the new expanded and relocated store on the Subject Site.

⁷⁾ Sales rounded to the nearest \$5.00 per square foot.

11 Other NFOR Market Demand and Impact Analysis

In addition to the two proposed anchor tenants, the Subject Development will also include approximately 50,000 square feet of ancillary Other NFOR⁶ retail service space. This Other NFOR space is expected to be phased over time.

The purpose of this section of the report is to analyse the market demand and potential impacts of the proposed 50,000 square feet of ancillary Other NFOR space on the Site over two phases in 2011 and 2013. In addition, this analysis also recognizes the potential opportunity for the development of 18,500 square feet of additional proposed Other NFOR space on the Trinity Site in 2011 and the retenancing of the 21,000 square feet of the vacated Canadian Tire in 2013 that will result from the relocation of this store to the Site.

For the purpose of this analysis, TER has defined “Other NFOR” space to include the following retail categories:

- Clothing & Accessories
- Furniture, Home Furnishings & Electronics
- Building & Outdoor Home Supplies
- Pharmacies & Personal Care
- Miscellaneous Retailers

TER has excluded the department store and the general merchandise category expenditures from this definition of Other NFOR.

11.1 Other NFOR Share of Total NFOR Expenditures

Section 6.1 and Table 3 outlined the calculation of the total Study Area NFOR potential. Statistics Canada Retail Trade information, the results of our in-home consumer telephone survey, an examination of the inventory of competitive space and TER’s professional judgment resulted in the estimate of the Other NFOR share of NFOR expenditures in the 2007 base year as illustrated in Table 10. The Other NFOR share of NFOR expenditures in the 2007 base year is estimated to be 66.0% in the Primary Zone, 66.5% in the Secondary Zone West and 70.0% in the Secondary Zone East.

The analysis in Table 10 forecasts that the Other NFOR share of NFOR expenditures will decline in 2011 as a result of the introduction of the proposed department store and relocated and expanded Canadian Tire store on the Site. The introduction of these stores in Arnprior will decrease Other NFOR share of NFOR expenditures to 57.0% in the Primary Zone and 64.0% and 67.5% in the Secondary Zone West and East respectively.

⁶ For the purpose of this analysis “Other NFOR” is defined as total NFOR, less department stores and general merchandise expenditures.



11.2 Other NFOR Market Demand Analysis

Table 10 indicates the local share of Study Area residents Other NFOR expenditures that are made in the Primary Zone. TER has based its estimate of these expenditures on the results of our in-home consumer telephone survey, an examination of the competitive retail space and TER's professional judgment. In the 2007 base year, it is calculated that existing Primary Zone Other NFOR retailers capture:

- 72.0% of Primary Zone East residents' Other NFOR expenditures;
- 37.9% of Secondary Zone West residents' Other NFOR expenditures; and
- 9.2% of Secondary Zone East residents' Other NFOR expenditures.

In a similar fashion to the general merchandise analysis discussed previously in Section 10.2, Primary Zone Other NFOR retailers' market share of Study Area residents' Other NFOR expenditure potential is estimated at approximately one third of available expenditures. In addition these retailers attract a very small portion of their sales from beyond the Primary Zone. This demonstrates the significant outflow of expenditures from this market.

The 2007 inflow is estimated at 15.5%. The average sales level of the existing 251,000 square feet of Other NFOR space in the Primary Zone is estimated to be \$175 per square foot. As was the case with general merchandise performance levels discussed previously, TER considers this sales performance level for Other NFOR retailers to be somewhat lower than normal. However given the limited presence of modern new format retailers operating in this market relative to other competing retail locations surrounding Arnprior this sales performance level is not unexpected.

It is estimated that the introduction of 50,000 square feet of Other NFOR space anticipated over two development phases on the Site as well as the addition of 18,500 square feet of Other NFOR space anticipated on the Trinity Site and the retenancing of the vacated Canadian Tire store will result in the recapture of a portion of Study Area expenditure potential. TER forecasts this recapture will increase the local share according to the following ranges over the period 2011 - 2013:

- 77.5% - 82.5% of Primary Zone East residents' Other NFOR expenditures;
- 42.0% - 45.0% of Secondary Zone West residents' Other NFOR expenditures; and
- 14.0% - 17.5% of Secondary Zone East residents' Other NFOR expenditures

Increases in inflow are expected to range from 16.5% in 2011 to 17.5% by 2013. Total Other NFOR sales volumes over the period 2011 to 2017 are forecast increase from \$51.4 million to \$68.2 million. These estimates result in an average Primary Zone Other NFOR sales level ranging from \$175 – \$200 per square foot over the same period, an increase over 2007 base year levels.



**TABLE 11
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT**



OTHER NFOR DIRECTIONAL MARKET IMPACT ANALYSIS

2007 Dollars (\$Millions)	Total Primary Zone Other NFOR Space	Downtown Core	Daniel Street Commercial Area ⁽⁵⁾	Other Arnprior West of River	Madawaska Boulevard - East of River	Trinity Site Other NFOR Space ⁽⁶⁾	Subject Development Other NFOR Space ⁽⁶⁾
2007							
Study Area Other NFOR Expenditure Potential ⁽¹⁾	\$109.6						
Study Area Market Share ⁽¹⁾	33.2%	12.0%	12.9%	0.7%	7.6%	n/a	n/a
Study Area Share of Other NFOR Expenditures ^(1,2)	\$36.5	\$13.2	\$14.2	\$0.8	\$8.3	n/a	n/a
Plus Inflow Estimate ⁽³⁾	15.5%	12.5%	19.0%	10.0%	15.0%	n/a	n/a
TOTAL SALES ⁽²⁾	\$43.3	\$15.1	\$17.5	\$0.9	\$9.8	n/a	n/a
Square Footage	251,000	90,000	87,300	7,600	66,100	n/a	n/a
Sales per sq. ft. ⁽⁴⁾	\$175	\$170	\$200	\$120	\$150	n/a	n/a
2011 Opening of Trinity Site's 18,500 square feet and the Subject Development's Phase 1 - 25,000 square feet of Other NFOR Space							
Study Area Other NFOR Expenditure Potential ⁽¹⁾	\$115.7						
Study Area Market Share ⁽¹⁾	37.1%	10.7%	11.8%	0.7%	7.2%	3.1%	3.6%
Study Area Share of Other NFOR Expenditures ^(1,2)	\$43.0	\$12.4	\$13.7	\$0.8	\$8.3	\$3.6	\$4.2
Plus Inflow Estimate ⁽³⁾	16.5%	12.5%	19.0%	10.0%	15.0%	15.0%	25.0%
TOTAL SALES ⁽²⁾	\$51.5	\$14.2	\$16.8	\$0.9	\$9.8	\$4.2	\$5.6
Square Footage	294,500	90,000	87,300	7,600	66,100	18,500	25,000
Sales per sq. ft. ^(4,6)	\$175	\$160	\$190	\$120	\$150	\$225	\$225
Percent Change Sales per sq. ft.	0.0%	-5.9%	-5.0%	0.0%	0.0%	n/a	n/a
2013 - Retenancing of Arnprior Canadian Tire Space and the opening of the Subject Development's Phase 2 - 25,000 square feet of Other NFOR Space							
Study Area Other NFOR Expenditure Potential ⁽¹⁾	\$122.6						
Study Area Market Share ⁽¹⁾	40.8%	9.9%	13.6%	0.7%	6.8%	2.9%	6.9%
Study Area Share of Other NFOR Expenditures ^(1,2)	\$50.1	\$12.1	\$16.7	\$0.9	\$8.3	\$3.6	\$8.5
Plus Inflow Estimate ⁽³⁾	17.5%	12.5%	19.0%	10.0%	15.0%	15.0%	25.0%
TOTAL SALES ⁽²⁾	\$60.7	\$13.8	\$20.6	\$1.0	\$9.8	\$4.2	\$11.3
Square Footage	340,500	90,000	108,300	7,600	66,100	18,500	50,000
Sales per sq. ft. ^(4,6)	\$180	\$155	\$190	\$130	\$150	\$225	\$225
Percent Change Sales per sq. ft.	2.9%	-8.8%	-5.0%	8.3%	0.0%	n/a	n/a
2015							
Study Area Other NFOR Expenditure Potential ⁽¹⁾	\$129.6						
Study Area Market Share ⁽¹⁾	40.8%	9.9%	13.6%	0.7%	6.8%	2.9%	6.9%
Study Area Share of Other NFOR Expenditures ^(1,2)	\$52.8	\$12.8	\$17.6	\$0.9	\$8.8	\$3.8	\$8.9
Plus Inflow Estimate ⁽³⁾	17.5%	12.5%	19.0%	10.0%	15.0%	15.0%	25.0%
TOTAL SALES ⁽²⁾	\$64.1	\$14.6	\$21.7	\$1.0	\$10.4	\$4.5	\$11.9
Square Footage	340,500	90,000	108,300	7,600	66,100	18,500	50,000
Sales per sq. ft. ⁽⁴⁾	\$190	\$160	\$200	\$130	\$155	\$245	\$240
Percent Change Sales per sq. ft.	8.6%	-5.9%	0.0%	8.3%	3.3%	n/a	n/a
2017							
Study Area Other NFOR Expenditure Potential ⁽¹⁾	\$137.0						
Study Area Market Share ⁽¹⁾	40.8%	9.9%	13.6%	0.7%	6.8%	2.9%	6.9%
Study Area Share of Other NFOR Expenditures ^(1,2)	\$56.1	\$13.6	\$18.7	\$1.0	\$9.3	\$4.0	\$9.5
Plus Inflow Estimate ⁽³⁾	17.5%	12.5%	19.0%	10.0%	15.0%	15.0%	25.0%
TOTAL SALES ⁽²⁾	\$68.0	\$15.6	\$23.0	\$1.1	\$10.9	\$4.7	\$12.7
Square Footage	340,500	90,000	108,300	7,600	66,100	18,500	50,000
Sales per sq. ft. ⁽⁴⁾	\$200	\$175	\$210	\$145	\$165	\$255	\$255
Percent Change Sales per sq. ft.	14.3%	2.9%	5.0%	20.8%	10.0%	n/a	n/a

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Total Study Area expenditure calculated in Table 10. Distribution of sales based on in-home consumer telephone survey results and TER's professional judgement.

²⁾ Some figures shown may not match the corresponding entry in Table 10 due to rounding.

³⁾ Inflow estimates based on the results of licence plate surveys and TER's professional judgement.

⁴⁾ Rounded to the nearest \$5.00.

⁵⁾ For the purpose of this analysis, TER defines the 'Daniel Street Commercial Area' to be comprised of the following retail nodes: Daniel Street Corridor, Arnprior Shopping Centre and Winners Circle.

⁶⁾ Proposed size of Other NFOR space and entry sales per square foot level based on TER estimate.

11.3 Other NFOR Market Impact Analysis

Table 11, opposite, examined the impact of the introduction of 50,000 square feet of ancillary Other NFOR space on the Site, as well as the addition of Other NFOR space identified for potential development in the Primary Zone. The Other NFOR space proposed at the Site will increase the amount of commercial retail and service space in the market by approximately 6.4% and will contribute to modernizing the supply of commercial space in the Arnprior market.

The following observations are made in terms of directional impact:

- In 2007, Primary Zone Other NFOR retailers currently have a 33.2% market share of Other NFOR expenditure potential derived from the Study Area. In TER's opinion, a market share this low is indicative of a shortage of competitive Other NFOR retail space in the market.
- The introduction of the new Other NFOR space in the Primary Zone will result in some sales transfers from existing Other NFOR retailers in the short term. These sales impacts will be distributed throughout the Primary Zone. Sales volumes are forecast to return or exceed base year levels over the study period.
- The majority of sales support for the new Other NFOR space proposed on the Site will be derived from the recapture of expenditures currently leaving the market.

It is the opinion of TER that there is no risk of closure of any Other NFOR retailers in the Study Area due to the addition of Other NFOR space on the Site.

11.4 Other NFOR Market Demand and Impact Analysis Conclusion

There is sufficient demand over the study period to warrant the phased development of 50,000 square feet of ancillary Other NFOR space on the Site, in addition to Other NFOR space identified for potential development in the Primary Zone. It is TER's professional opinion that the proposed new Other NFOR space on the Site will recapture a portion of Study Area residents' expenditures currently leaving the market and will contribute to modernizing the inventory of commercial space in Arnprior. Furthermore, the addition of Other NFOR uses on the Site will not adversely impact the viability of other businesses situated in the Daniel Street Commercial Area, Downtown Core or elsewhere in the Primary Zone.



Appendix A – Inventory of Competitive Retail Space

An inventory of all commercial retail and service space was undertaken by TER in the Primary Zone of the Study Area in January 2008. Table A-1 and the accompanying map illustrating the location commercial nodes in the Primary Zone, provides a summary of all retail and service space in the Primary Zone. This appendix also contains maps illustrating the location of department stores, supermarkets and Canadian Tire stores in the Study Area and surrounding vicinity.



PRIMARY ZONE RETAIL NODES



NOTE: For the purpose of this analysis, TER defines the 'Daniel Street Commercial Area' to be comprised of the following retail nodes Daniel Street Corridor, Arnprior Shopping Centre and Winners Circle.

TABLE A-1
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS



SUMMARY OF PRIMARY ZONE COMPETITIVE RETAIL AND SERVICE SPACE⁽¹⁾

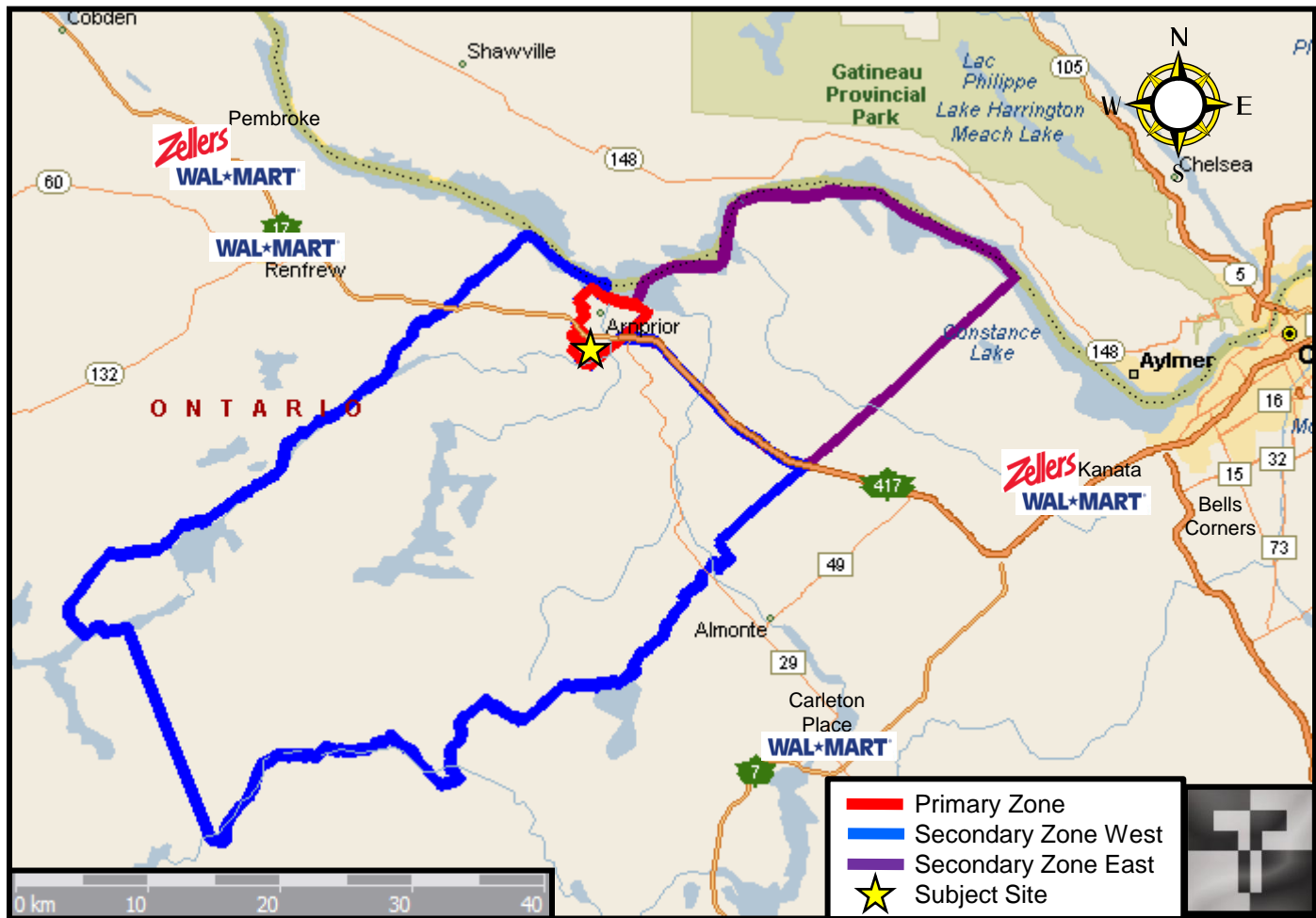
Nodes	Downtown Core 1	Daniel Street Corridor 2	Arnprior Shopping Centre 3	Winners Circle 4	Sub Total Daniel Street Commercial Area ⁽²⁾ 2-4	Madawaska Boulevard - East of River 5	Other Arnprior West of River 6	TOTAL PRIMARY ZONE 1-6
Food Oriented Retail (FOR)								
Supermarkets	0	0	33,200	23,100	56,300	0	0	56,300
Other Food	8,400	3,500	0	0	3,500	1,700	800	14,400
Sub-Total Food Oriented Retail (FOR)	8,400	3,500	33,200	23,100	59,800	1,700	800	70,700
Non Food Oriented Retail (NFOR)								
Department Stores	0	0	0	0	0	0	0	0
General Merchandise	15,400	21,000	42,900	0	63,900	0	0	79,300
Clothing & Accessories	16,600	0	20,700	0	20,700	0	0	37,300
Furniture, Home Furnishings & Electronics	9,400	0	4,100	0	4,100	7,000	0	20,500
Pharmacies & Personal Care Stores	19,400	12,500	1,700	1,700	15,900	0	0	35,300
Building & Outdoor Home Supplies	6,900	40,200	0	0	40,200	59,100	3,900	110,100
Miscellaneous Retailers	37,700	0	2,900	3,500	6,400	0	3,700	47,800
Sub-Total Non Food Oriented Retail (NFOR)	105,400	73,700	72,300	5,200	151,200	66,100	7,600	330,300
Other Retail & Service Space								
Liquor / Beer / Wine	0	7,200	0	0	7,200	4,600	0	11,800
Food Services	15,700	13,600	5,000	7,000	25,600	19,400	5,900	66,600
Personal Services	19,500	1,200	2,900	0	4,100	600	500	24,700
Financial and Real Estate Services	28,300	7,800	4,100	0	11,900	7,800	900	48,900
Other Services	105,000	16,600	6,100	1,500	24,200	24,900	10,200	164,300
Sub-Total Other Retail & Service Space	168,500	46,400	18,100	8,500	73,000	57,300	17,500	316,300
Total Occupied Space	282,300	123,600	123,600	36,800	284,000	125,100	25,900	717,300
Vacant	37,700	2,900	6,200	6,000	15,100	5,400	0	58,200
Vacancy Rate (%)	11.8%	2.3%	4.8%	14.0%	5.0%	4.1%	0.0%	7.5%
Grand Total	320,000	126,500	129,800	42,800	299,100	130,500	25,900	775,500

Source: TATE ECONOMIC RESEARCH INC.

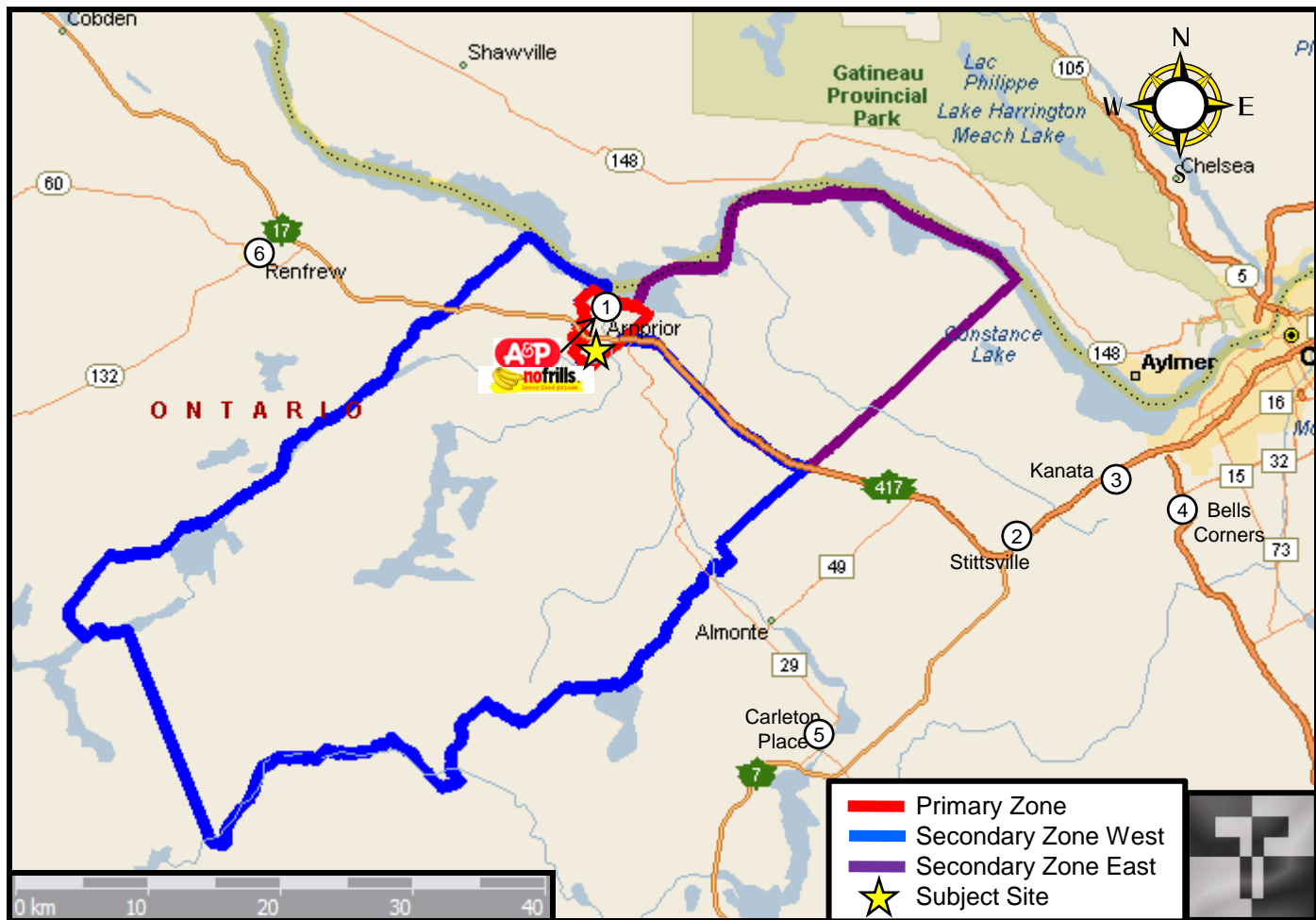
¹⁾ Based on an inventory conducted by TER in January 2008. All measurements are rounded to the nearest 100 square feet.

²⁾ For the purpose of this analysis, TER defines the 'Daniel Street Commercial Area' to be comprised of the following retail nodes: Daniel Street Corridor, Arnprior Shopping Centre and Winners Circle.

DEPARTMENT STORES SURROUNDING ARNPRIOR



SUPERMARKETS IN AND SURROUNDING ARNPRIOR



SUPERMARKETS

1. Arnprior

A&P
No Frills

2. Stittsville

Your Independent Grocer

3. Kanata

Food Basics
Loblaws
Loeb
Real Canadian Superstore
Sobeys
Your Independent Grocer

4. Bells Corners

Loeb
Loblaws
Price Chopper

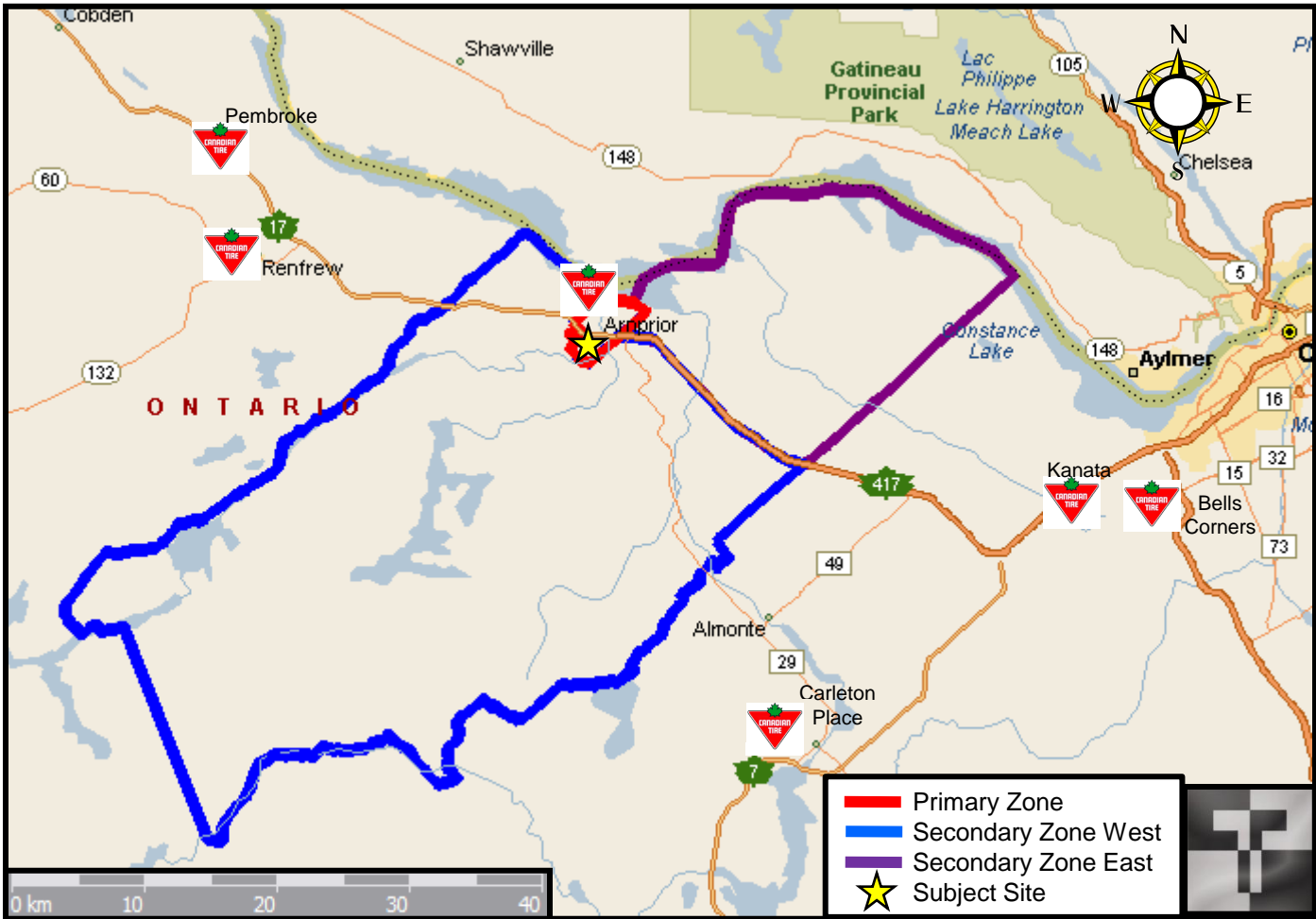
5. Carleton Place

Price Chopper
Your Independent Grocer

6. Renfrew

Loeb
Your Independent Grocer

CANADIAN TIRE STORES IN AND SURROUNDING ARNPRIOR



Appendix B – Licence Plate Survey

Licence plate surveys are commonly employed to determine the customer draw of a single retail location, retail shopping plaza/centre, or retail node. Typically, the results are used as input into the delineation of a Study Area.

Licence Plate Survey Approach and Limitations

Licence plate surveys consist of recording the licence plates of vehicles leaving a retail parking lot. Typically, the recording of licence plates is distributed over two to three days (including a Saturday) at various times of the day, to ensure a representative sample.

Once the licence plates have been recorded, they are submitted to the Ministry of Transportation (MTO). The MTO provides the corresponding Dissemination Area (DA) based on the address of the registered owner of the vehicle. Leased vehicles are also tracked to the address of the registered operator, not the leasing company. A DA is a small geographical area composed of one or more neighbouring blocks, with a population of 400 to 700 persons. All of Canada is divided into DAs.

The results of the DA information obtained from the MTO are summarized and mapped by TER. This information is used in determining the customer draw of the various locations surveyed. If licence plate surveys were conducted at multiple locations, the aggregated results provide an indication of the customer draw of the node or community.

It should be noted that licence plate surveys have some limitations when determining the customer draw of a single retail location, retail shopping plaza/centre, or retail node. Some of these limitations are outlined below:

- Licence plate surveys do not factor in pedestrian traffic or customers using public transit;
- The user of the vehicle may not be the owner of that vehicle and therefore, the DA corresponding to the address of the registered owner of the vehicle may not reflect the customer draw; and
- A licence plate survey counts the number of cars at a location, but does not survey the actual expenditures made. Therefore, although the survey approximates the customer draw of the retail location, the proportion of expenditures may differ geographically.

Despite these limitations, a licence plate survey is a valuable tool when determining the customer draw of a single retail location, retail shopping plaza/centre, or retail node.



Licence Plate Survey

Typically, licence plate surveys are conducted to estimate Trade Area/Study Area boundaries and inflow factors. A survey of vehicle licence plates was undertaken at the following two locations in the Primary Zone:

- No Frills supermarket at Winners Circle retail centre; and
- Arnprior Shopping Centre (anchored by an A&P supermarket and a Hart general merchandise store);

The survey distribution is illustrated in Table B-1. The time periods, distributions and locations of the exit sampling areas were determined by TER.

The survey was conducted by TER over three days: Thursday January 31, Friday February 1 and Saturday February 2, 2008. In total, 900 licence plate surveys were recorded. TER identified that 16 duplicate licence plates were recorded in the sample. These duplicates were removed from the sample submitted to MTO. In addition 1 out-of-province licence plate was also removed from the sample submitted to MTO. As a result, a total of 883 licence plates were submitted to MTO and 870 were returned as DA codes. The 1 out of province plate removed from the sample has been included as inflow in this analysis.

Table B-2 illustrates the results of the licence plate survey sorted by Study Area zone and location. Maps plotting the origins of shoppers, as defined by the approximate location of the registered owners of vehicles, are also provided for each sample location.



**TABLE B-1
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



VEHICLE LICENCE PLATE SURVEY SAMPLING DISTRIBUTION ⁽¹⁾

	No Frills		Arnprior Shopping Centre ⁽²⁾		
	<u>Parking Lot</u>	<u>Percent Distribution</u>	<u>Location 1</u>	<u>Location 2</u>	<u>Percent Distribution</u>
Thursday, January 31, 2008					
Open - 11am	26	20%	13	13	20%
11am - 2:30pm	32	25%	16	16	25%
2:30pm - 5:00pm	33	25%	16	16	25%
5:00pm - Close	39	30%	20	20	30%
Daily Total	130	100%	65	65	100%
Friday, February 1, 2008					
Open - 11am	29	20%	15	15	20%
11am - 2:30pm	36	25%	18	18	25%
2:30pm - 5:00pm	36	25%	18	18	25%
5:00pm - Close	44	30%	22	21	30%
Daily Total	145	100%	73	72	100%
Saturday, February 2, 2008					
Open - 11am	61	35%	31	31	35%
11am - 2:00pm	61	35%	31	31	35%
2:00pm - Close	53	30%	26	25	30%
Daily Total	175	100%	88	87	100%
Total Surveys	450			450	

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Samples based on traffic flow patterns, field observations and site inspections.

²⁾ Arnprior Shopping Centre is anchored by an A&P supermarket and a Hart general merchandise store.

**TABLE B-2
TOWN OF ARNPRIOR RETAIL MARKET DEMAND AND IMPACT ANALYSIS**



VEHICLE LICENCE PLATE SURVEY RESULTS BY LOCATION¹

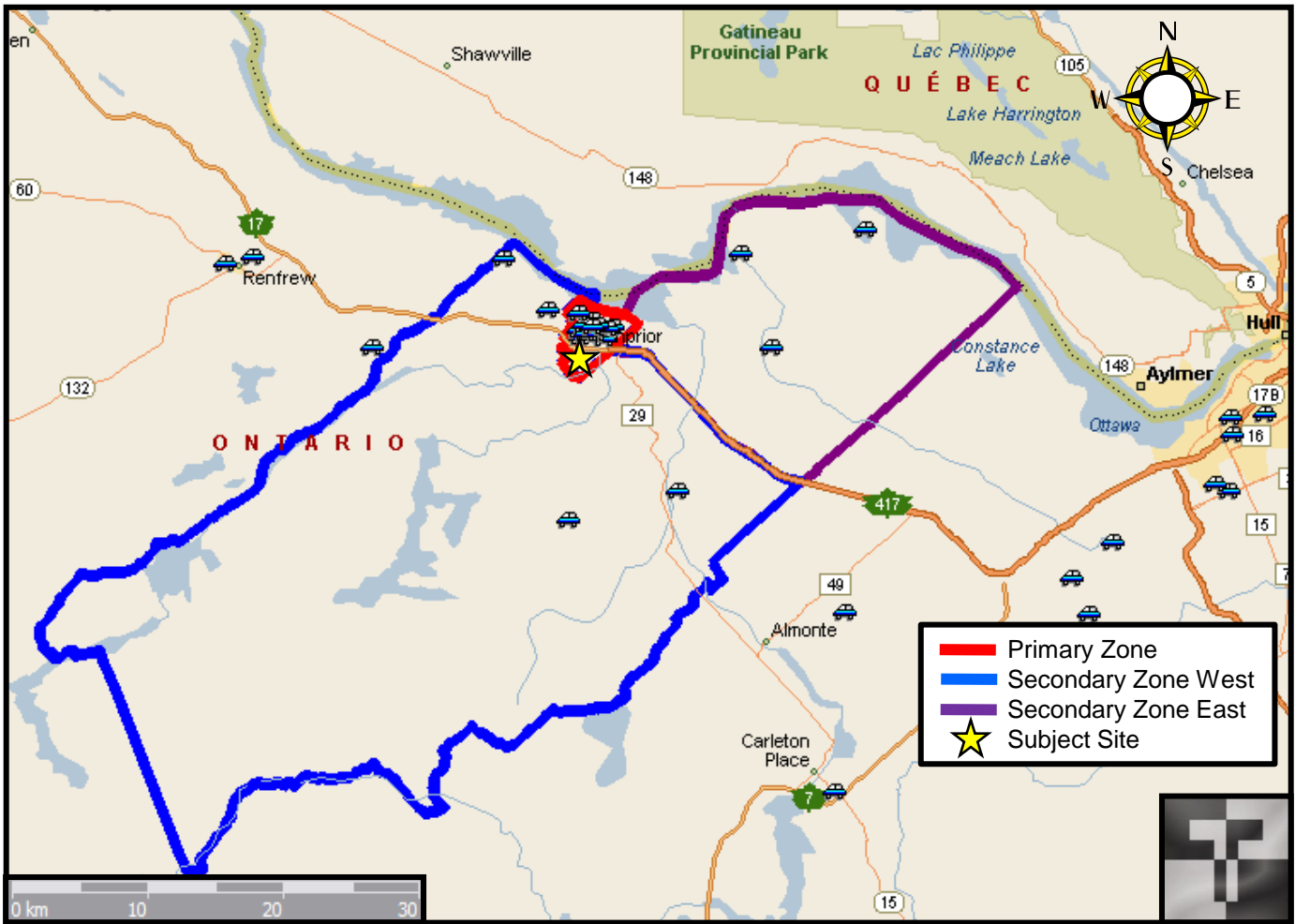
	No Frills	% Share of Licence Plate Surveys Returned	Arnprior Shopping Centre ⁽²⁾	% Share of Licence Plate Surveys Returned	Total	% Share of Licence Plate Surveys Returned
Primary Zone	224	51.6%	240	54.9%	464	53.3%
Secondary Zone West	93	21.4%	83	19.0%	176	20.2%
Secondary Zone East	55	12.7%	39	8.9%	94	10.8%
Total Study Area	372	85.7%	362	82.8%	734	84.3%
Quebec	1	0.2%	0	0.0%	1	0.1%
Other	61	14.1%	75	17.2%	136	15.6%
Total	62	14.3%	75	17.2%	137	15.7%
Total Surveys Returned	434	100%	437	100%	871	100.0%

Source: TATE ECONOMIC RESEARCH INC.

¹⁾ Survey results based on Ministry of Transportation "Vehicle Ownership Registration" information for licence plates recorded over the period January 31 - February 2, 2008. See Table B-1 for sampling distribution information.

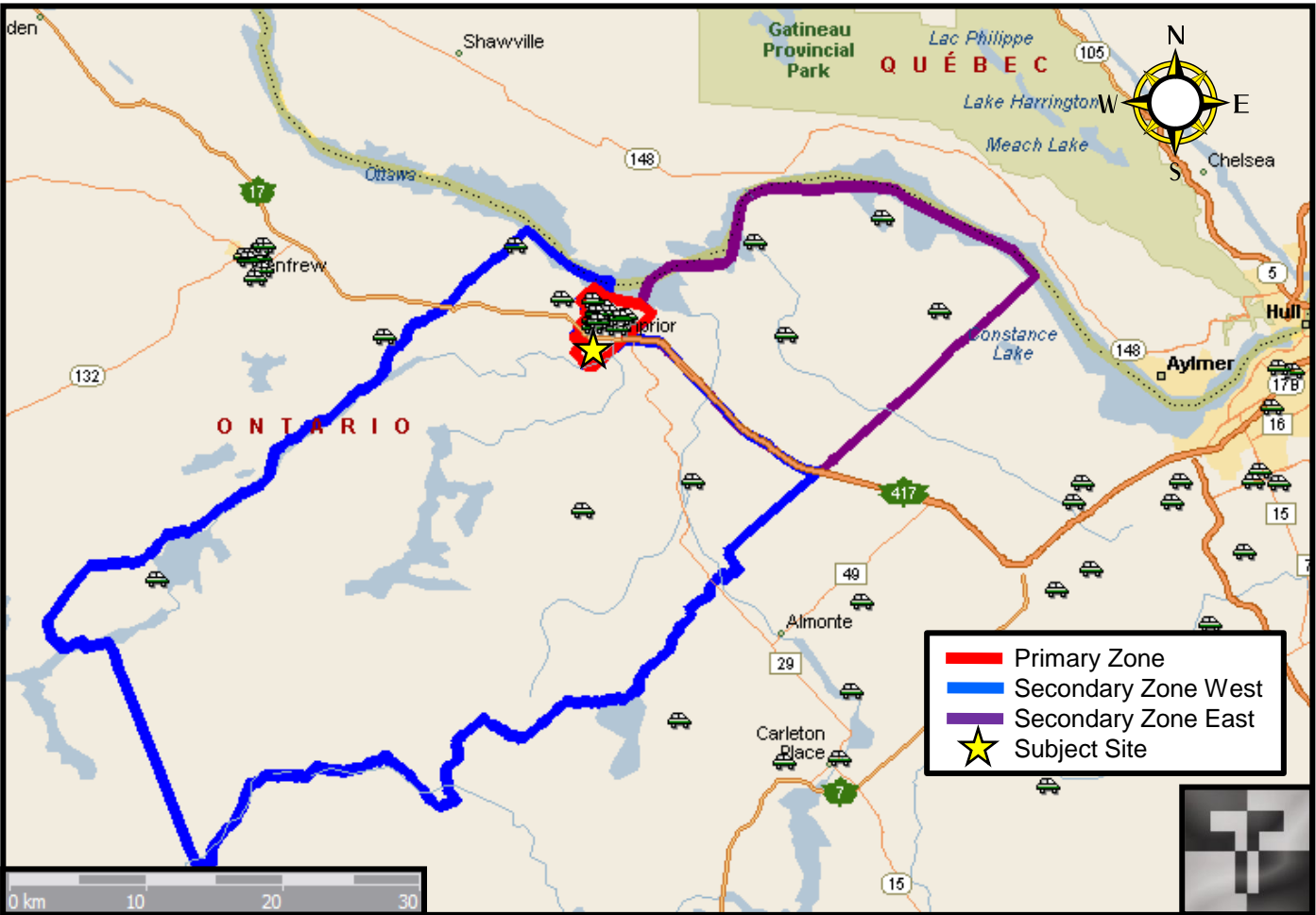
²⁾ Arnprior Shopping Centre is anchored by an A&P supermarket and a Hart general merchandise store.

NO FRILLS SUPERMARKET LICENCE PLATE SURVEY RESULTS



NOTE: In most cases single icons represent multiple customers.

ARNPRIOR SHOPPING CENTRE LICENCE PLATE SURVEY RESULTS (1)



NOTE: In most cases single icons represent multiple customers.

¹⁾ Arnprior Shopping Centre is anchored by an A&P supermarket and a Hart general merchandise store.

Appendix C – Study Area In-Home Consumer Survey Results

TER contracted Network Research Field Services (Network Research) to undertake an in-home consumer telephone survey. Approximately 600 surveys were completed in April 2008 and included in our analysis. Network Research was provided with a detailed survey form and a sampling distribution for the 15 geographic areas as shown in Table C-1 and the accompanying maps.

Network Research drew the sample and conducted the interviews. The results of the survey were coded and tabulated by TER.

A summary of the survey results are indicated in Tables C-2 to C-19. The results of this survey research were incorporated into the market demand and impact analysis included in this report.



Appendix D – Basic Assumptions and Definition of Terms

Basic Assumptions

TER has studied the market demand and impacts of numerous proposed retail developments, many of which are now in operation throughout the Province. TER understands the challenges associated with making forecasts and recognizes that deviations from historic patterns are likely to occur. Nonetheless, it remains our opinion that basic assumptions are necessary to conduct retail planning exercises such as this one in the Town of Arnprior. These basic assumptions are outlined below:

- The population forecasts are presumed to be accurate. If these forecasts prove to diverge significantly from the population levels realized the conclusions of this report may require revision.
- All proposed major retail developments in the Primary Zone, for which applications have been submitted, have been recognized in the TER analysis.
- The assumptions regarding sales performance of existing retailers are considered to be reliable. If actual sales volumes become available, TER reserves the right to revise the analysis and conclusions, as required.

This report and its conclusions should be reviewed in light of these basic assumptions.

Gross Leasable Area (GLA)

Gross leasable area (GLA) is the total floor area designed for tenant occupancy and exclusive use, typically including basements, upper floors and mezzanines. It is expressed in square feet, and measured from the centre line of joint partitions and from outside wall faces. GLA is the area on which tenants pay rent, and which produces income for a tenant. Since it lends itself readily to measurement and comparison, GLA has been adopted by the shopping centre industry as its standard for statistical comparison.

In TER's inventory of competitive space in the Primary Zone, only ground floor retail and storage space was included. Mezzanines and basement space has only been included when the entire retail sales area is located in an upper or lower level of a building.

Net Undercoverage

As defined by Statistics Canada, "Net census undercoverage is the difference between the number of persons who should have been enumerated but were missed (undercoverage), and the number of persons who were enumerated but who should



not have been or who were counted more than once (overcoverage). The coverage studies provide direct estimates of undercoverage of the 1996 and 2001 censuses at the provincial and territorial level.”

Population Projections

Population forecasts for the Study Area are based on TER’s review of Statistics Canada historic Census data and published forecast information from the following sources:

- Arnprior Development Charges Background Study prepared by McIntosh Perry, September 2005
- Prospects for Population, Housing and Jobs, City of Ottawa, November 2007
- Data provided by the County of Renfrew Economic Development Department

TER used the 2006 Census of Canada to establish a base population for each zone of the Study Area. The Census base population figures were adjusted for Census Net Undercoverage using a 2006 Census undercoverage adjustment for the County of Renfrew and Lanark County. TER extrapolated forecast growth rates from the referenced population projection sources above and applied these growth rates to the adjusted Census base population to forecast population levels for the study years.

Per Capita Income

Per capita income represents average total personal income before tax, as defined by Statistics Canada. The Study Area income indices are based on the results of the 2001 Census of Canada. The detailed calculations that were used in the determination of the Study Area residents’ per capita income levels have been summarized in Table D-1 that follows.

Per capita NFOR & FOR Expenditures

TER’s calculation of per capita NFOR & FOR expenditures for the Province of Ontario in 2007 are based on full year 2007 Retail Trade data and are included in Tables D-2 and D-3.

Study Area Residents’ NFOR & FOR Expenditure Potential

Expenditure potential is the total annual expenditures made by Study Area residents. This includes purchases made both inside and outside the Study Area. It is calculated by multiplying the average per capita expenditure indices by the total population of a Study Area or study zone.



Real Growth

Real growth refers to the amount that sales volumes or expenditures would increase in future years with inflation eliminated. Therefore, references to the Canadian dollar, dealing with both the present and future period, reflect its 2007 value in this report. For the purposes of our study, a real growth of 1.5% per year for NFOR expenditures and 0.5% for FOR expenditures has been utilized, based on historic real growth for retail expenditures in Ontario.

TER Retail and Service Classification System

Statistics Canada no longer publishes Retail Trade data classified by Standard Industrial Classifications (SIC). The revised system under which the data is published is known as the North American Industrial Classification System (NAICS). NAICS retail definitions are included as Tables D-4 and D-5.

The Inventory Classification system used by TER is provided in Table D-6. It is based on NAICS codes to correspond with the most recently published Statistics Canada Retail Trade data.

