



October 30, 2019

Mr. Carlos Salazar MCP, MCIP RPP  
Manager of Community Planning & Design  
Municipality of Clarington  
45 Temperance Street  
Bowmanville, Ontario L1C 3A6

Dear Mr. Salazar:

**RE: Peer Review—TER Retail Market Demand Study-Brookhill Secondary Plan Area-Municipality of Clarington, Delpark Homes - (Bowmanville, Ontario)**

urbanMetrics inc. (“urbanMetrics”) has been retained by the Municipality of Clarington to conduct a peer review of the July 11, 2019 report prepared by Tate Economic Research (“TER”) on behalf of Delpark Homes (Longworth) Inc. entitled *Retail Market Demand Study, Brookhill Secondary Plan Area, Municipality of Clarington*. This retail market study was prepared in support of Official Plan and Zoning By-law Amendment applications for lands located at the southeast corner of Bowmanville Avenue and Longworth Avenue in Bowmanville, which is being proposed as a “*Neighbourhood Centre*”.

The subject site consists of 5.06 hectares (12.5 acres) and our review of the Site Concept Plan indicates a realigned Longworth Avenue, which divides these lands into two distinct parcels. The main component of the proposed “*Neighbourhood Centre*” would be an approximate 2,800 square metre (30,000 square foot) supermarket to be located on the southern parcel. This supermarket is intended to have a second storey containing ancillary uses along the Bowmanville Avenue frontage. Two mixed use buildings of heights between 2 and 4 storeys will also be located on the southerly parcel. For the northerly parcel, a gas bar and a mixed-use building of between 2 and 4 storeys is envisioned. Within the mixed-use buildings, the gross leasable floor space for individual stores will be 300 square metres (approximately 3,300 square feet). The total “*Neighbourhood Centre*” would include approximately 54,000 square feet, which is the maximum size permitted in this commercial designation.

The following provides our peer review assessment of the analysis and findings of the TER report.

## 1.0 The Official Plan Tests

Specifically, our peer review must ensure that the study completed by TER satisfies any market impact tests set out in the Region of Durham Official Plan (May 2017 Consolidation), and the Municipality of Clarington Official Plan (June 2018 Consolidation). However, based on discussions with municipal planning staff, we understand that the main focus of our review will be to assess whether the TER analysis adequately addresses the potential impact of the proposed supermarket tenant on existing and designated supermarket anchored neighbourhood centres in the community.

The Region of Durham Official Plan designates the subject lands as *Living Areas and Major Open Space Areas*. As outlined in Section 8B.2, *Living Areas* are primarily used for housing purposes. In addition, certain home occupations, convenience stores (that are compatible with their surroundings), certain public and recreational uses, limited office development, and limited retailing of goods and services as components of mixed-use developments are permitted. In addition, major retail uses (greater than 2,000 square metres) are permitted in areas designated *Living Areas* subject to the inclusion of appropriate provisions and designations in the area municipal official plan (Policy 8B.2.2). Based on the concept plan that has been prepared for the subject development, it would appear that the mixed-use buildings being proposed would be permitted if the site was to remain designated as *Living Area*. However, with the size of supermarket proposed, permission for the proposed store would require re-designation to permit this use. As noted above, re-designation of the site to permit the proposed supermarket would be subject to the Municipality of Clarington Official Plan.

The Municipality of Clarington Official Plan designates the subject lands as *Urban Residential and Environmental Protection* with lands designated Urban Residential being primarily reserved for housing purposes. The subject lands are also located within the Brookhill Secondary plan Area and designated *Low Density Residential and Environmental Protection Area*. Since Delpark is requesting a re-designation of the subject lands to *Neighbourhood Centre*, the municipality has requested that a Retail Market Demand Study be completed that assesses the demand and potential impacts of permitting the subject proposal. The Municipality of Clarington Official Plan, 2018 sets out the study requirements for commercial developments. Section 10.3.9 states:

*The Municipality reserves the right to request a Retail Market Demand Study for any proposed commercial development to ensure that the size and scale of the proposed development aligns with the planned function of the designation and to also ensure that there are no negative impacts on the Municipality's planned commercial structure.*

The Clarington Official Plan also identifies specific requirements for a retail market study as summarized below:

*A retail Market Study will analyze current and future market potential for a specific type of retail. The study will also analyze the impact of the proposed retail*

*development on the existing and planned structure of the Municipality, in particular the impact on historic downtowns and on town/regional and neighbourhood centres.*

The subject site is located in the existing Brookhill Secondary Plan Area, which is in the process of being updated, though currently retail commercial uses are intended to be concentrated within the Village Corridor. Section 6.4.1 of the Brookhill Secondary Plan states:

*The Village Corridor shall be the primary focus of the Secondary Plan Area. The Village Corridor will incorporate institutional, retail and service commercial, recreational and cultural uses as well as ground related housing and residential apartment buildings within a mixed-use context.*

However, although there is no requirement for retail commercial development within the Village Corridor, Section 6.4.4 of the Brookhill Secondary Plan restricts the size of individual retail and service commercial uses to a maximum of approximately 5,400 square feet. Consequently, the supermarket proposed by Delpark would not be permitted within the Village Corridor.

**Therefore, in our opinion the main focus of the TER market and impact study must be focused on the potential impact of the proposed supermarket on both existing and proposed supermarket anchored neighbourhood centres in the municipality.**

The balance of this peer review will consider whether the TER study adequately meets these issues/tests.

## 2.0 Scope of Peer Review

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As noted above, the purpose of this peer review is to verify that the TER report sufficiently addresses the market demand and impact tests detailed in the Municipality of Clarington Official Plan and the Brookhill Secondary Plan and to provide the municipality with advice as to the validity of the TER methodology, assumptions, inputs and conclusions. Specifically, our peer review addresses the following questions:

- Is the methodology appropriate?
- Are the assumptions and the data utilized – including trade area delineation, population forecasts, commercial space inventory and other data – accurate, current and sufficient to support the conclusions of the retail market impact study?
- Do the conclusions logically reflect the data and analysis?
- Are the conclusions based on erroneous data, analysis or calculations?
- Does the market study sufficiently address the relevant planning tests, including whether the proposed facilities are warranted and that the planned function of other existing, proposed,

and future designated commercial areas, and in particular any supermarket anchored “Neighbourhood Centres” within the Town are not significantly impaired?

## 3.0 Market Analysis Methodology

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The methodology that has been used by TER in undertaking the retail market impact analysis is consistent with standard retail market evaluation techniques accepted as evidence at the Ontario Municipal Board, and now the Local Planning Appeal Tribunal (“LPAT”). In general, the TER methodology involved the delineation of a Trade Area, in this case based on cellular locational services data at two Neighbourhood Centres in the vicinity of the subject site (Scugog Corners at 680 Longworth Avenue and a second location at 570 Longworth Avenue); the projection of future trade area population levels, both in the Brookhill Secondary Plan Area and in a broader Secondary Zone which is comprised of the balance of the Bowmanville Urban Area; a detailed inventory of both retail and service commercial facilities in Bowmanville; estimates of expected expenditure inflow from residents living outside the delineated Trade Area; and consideration as to the likely impact of the subject proposal, and in particular the proposed 30,000 square foot supermarket, on other existing or designated Neighbourhood Centres or commercial areas that include or could potentially include a supermarket.

TER’s market impact analysis is primarily focused on the impact created by the proposed 30,000 square foot supermarket and for this part of their analysis they have used a traditional methodology which forecasts Trade Area resident’s existing and future supermarket potential, based on Statistics Canada Retail Trade data, in combination with the forecast population in both the Brookhill Secondary Plan Area, and the remainder of the Bowmanville Urban Area; calculation of the supermarket share of total Food & Beverage expenditure potential; local capture rates; and calculation of the current and future sales performance levels of existing supermarkets in Bowmanville, both currently and after the introduction of the 30,000 square foot supermarket in the subject development.

However, for the non-supermarket retail and service space proposed, TER has used a per capita space ratio methodology to determine the specific commercial needs of individual store and service categories that will be required to serve existing and future Brookhill residents. Recognizing that this study is being undertaken as input to the Brookhill Secondary Plan Area planning process, this methodology is the typical approach used in the commercial planning for Secondary Plan Areas. Therefore, we accept the TER methodological approach that was employed for this portion of their analysis. We also note that given the small amount of non supermarket space included in the project, and the expected population growth in the Brookhill community, we have little if any concern as to the impact of these smaller and diverse stores and services on the commercial structure of the

Bowmanville community. As a result, we have focused the majority of our peer review on the TER supermarket impact analysis.

First, we have dealt with the market evaluation inputs and assumptions that are included in the TER retail market impact study. TER did undertake empirical research to determine the customer draw of all five Neighbourhood Centres in Bowmanville, but most importantly the two existing Neighbourhood Centres in the vicinity of the subject site (Scugog Corners at 680 Longworth Avenue, and at 570 Longworth Avenue). This cellular data was then used as a proxy in determining the drawing power of the new retail stores and services that will likely be included in the subject proposal and to estimate the likely inflow of expenditures that could be expected at the subject site.

### **Customer Location Services Data**

TER utilized cellular location services data from the period January 1, 2014 to May 27, 2019, we believe using the services of UberMedia, a more recent methodology of tracking customer origins, but one that we generally consider as reliable.

The results of these surveys indicated that approximately 35%-36% of customer support at the two Neighbourhood Centres in the vicinity of the site came from residents living beyond a 10-minute drive, indicating the more local serving nature of these centres. As Scugog Corners is the only supermarket anchored Neighbourhood Centre, with a 31,400 square foot Freshco, a size similar to the supermarket proposed on the subject site, the survey results for this centre are considered the most appropriate in determining the drawing power of the supermarket proposed on the subject site.

In general, we agree with the methodology that has been used by TER in completing the cellular location data survey, and therefore accept the inflow factors used in this supermarket impact analysis.

### **Population Forecast**

As noted above, TER has delineated two Trade Area zones: the Brookhill SPA and a Secondary Zone comprised of the balance of the Bowmanville Urban Area. Based on data provided by Clarington planning staff, we have verified the population forecasts and found them to be accurate if not conservative. This is particularly true for the entire Bowmanville Community which has already surpassed its forecast 2018 population by almost 3,000 persons, which results in additional market potential for all commercial facilities in the community; both existing and proposed.

### **Retail/Service Inventory**

TER conducted a comprehensive inventory of both retail and service space in May, 2019 within the Bowmanville Community. The inventory included all retail/service and vacant space located in the various commercial areas in the Town. We have not attempted to undertake our own inventory to

verify the accuracy of the TER inventory on a unit-by-unit basis. Such a comparison would be onerous and would not likely yield meaningful results. However, Town staff have undertaken an independent review of the existing food store inventory, which generally confirms the accuracy of the TER data. Although individual store sizes may vary between the TER inventory, the total amount of space in the supermarket category is slightly different with 131,827 square feet in the Town staff inventory compared to 130,000 square feet in the TER inventory. For convenience and specialty food stores, the TER inventory has a higher total than the inventory prepared by Town staff. Since the main focus of our peer review is the potential impact of the proposed supermarket, the difference in the specialty store inventory is somewhat immaterial and in fact if staff's lower figure is more accurate, sales levels in these stores would likely be higher and less likely to be impacted.

We note that currently there is only one supermarket in the vicinity of the proposed development, the 31,400 square foot Freshco located in Scugog Corners (680 Longworth Avenue). All other Neighbourhood Centres in Bowmanville do not have a supermarket anchor, but do have a small selection of Convenience or Specialty Food Stores.

We do note that the existing Walmart SuperCentre has a large food component, which would be somewhat competitive with both existing and potential future supermarkets in Bowmanville, though the sales of this portion of the store are recorded by Statistics Canada in their Retail Trade data in the Department Store category and therefore have already been excluded in the food store expenditure potential used by TER in their market demand and impact analysis. In addition, since this store and its food component have actually been operating for a number of years, its potential impact on existing supermarkets has already occurred and is reflected in the current sales performance levels of these stores. Town staff also provided an inventory of drug stores in Bowmanville, which also have evolved to include a selection of food related products, but again the food sales in these stores are recorded in the drug store category and in our opinion will have little if any influence on the results of the supermarket impact analysis.

As noted above, TER did not conduct a detailed retail expenditure-based analysis for the non-supermarket store and service categories, but the results of this inventory are important in determining the current per capita service levels that were then used to calculate the required commercial space in the Brookhill Neighbourhood at build-out. Our review of these ratios illustrates that the commercial structure of Bowmanville is generally in balance with a typical service level of 39.3 square feet per capita. As a result, application of these per capita space ratios in estimating the future commercial needs in the Brookhill Neighbourhood is a reasonable approach. Another indication that the Bowmanville commercial structure is in balance is the low 3.1% vacancy rate throughout the community (excluding the vacant Rona and Target, which are special cases, unrelated to local market conditions). Typical vacancy levels in a community that is considered to be in equilibrium range between 6.0% and 8.0%, a level much higher than is currently the case in

Bowmanville. In addition, the existing Neighbourhood Centres have a current vacancy rate of 6.9%, which is still within the acceptable range noted above.

### Other Planned & Proposed Retail Developments

The TER report has recognized the proposed *Neighbourhood Centre* at Means Avenue and Concession Road 3 (in North East Bowmanville) but current plans for this for this mixed-use centre do not include a supermarket, but do include a two-storey mixed-use building with 9,100 square feet (Town staff's estimate of commercial space is 12,917 square feet) of ground floor commercial. In addition, Town staff have identified a number of smaller commercial proposals, none of which would include a supermarket. Although, a number of these projects could include some smaller food store tenants, it is likely that these more local serving facilities can be easily accommodated in the Bowmanville community without creating any impact on the existing commercial structure.

As indicated on TER's Figure 5-3 another vacant but designated *Neighbourhood Centre* is located on the North East corner of Concession Road 3 and Bowmanville Avenue. TER does not consider this centre as a potential supermarket location. Although, no supermarket has been proposed to date, we have conducted a sensitivity analysis that assumes that a supermarket of some 30,000 square feet will be located on this site prior to 2026, to not only serve the Brookhill community but also the Northglen Neighbourhood, which is expected to house some 5,500 residents. In fact, the current population of this community is already over 3,000 residents.

Below, we have replicated TER's Figures 8-1 and 8-2 which detail their supermarket demand and impact analysis. In Figure 8-1, only the supermarket share has been increased to reflect the entry into the market of another supermarket at the Bowmanville Avenue and Concession Road 3 site with an assumed first full year of operation in 2026. All other assumptions, including Study Area shares and inflow, have remained the same as in the TER analysis. As shown in the recreated Figure 8-2, the amount of supermarket space in Bowmanville increases from its current level of 130,000 square feet to some 160,000 square feet in 2021 and 190,000 square feet by 2026. The entry of these two additional supermarkets results in a decrease in sales per square foot performance levels from a current level of \$650 to \$590 in 2021 and \$600 in 2026, when the second store enters the market. After 2026, sales performance levels will continue to increase at all supermarkets; both existing and proposed. The resulting sales performance levels, in our opinion, will ensure that existing supermarkets in Bowmanville will continue to operate and will continue to act as important anchors in both the *Neighbourhood Centres* and other commercial areas in Bowmanville.

**Figure 8-1**  
**Study Area Supermarket Demand Analysis**

2018 Dollars (\$Millions)	2018	2021	2026
<b>Brookhill SPA</b>			
FBR Expenditure Potential	\$ 4.5	\$ 6.9	\$ 9.3
Supermarket Share	65.1%	67.0%	68.0%
Supermarket Share	\$ 2.9	\$ 4.6	\$ 6.3
Study Area Share %	80.0%	80.0%	80.0%
Study Area Share	\$ 2.4	\$ 3.7	\$ 5.0
<b>Other Study Area</b>			
FBR Expenditure Potential	\$ 124.4	\$ 135.9	\$ 156.9
Supermarket Share	65.1%	66.0%	66.5%
Supermarket Share	\$ 81.0	\$ 89.7	\$ 104.3
Study Area Share %	80.0%	80.0%	82.5%
Study Area Share	\$ 64.8	\$ 71.7	\$ 86.1
<b>Total Study Area</b>	\$ 67.2	\$ 75.4	\$ 91.1
<b>Inflow %</b>	20.0%	20.0%	20.0%
<b>Inflow \$</b>	\$ 16.8	\$ 18.9	\$ 22.8
<b>Total Study Area Supermarket Expenditures</b>	\$ 83.9	\$ 94.4	\$ 113.9
Study Area Supermarket Space	130,000		
Supermarket Sales Per Square Foot	\$ 650		
Warranted Supermarket Space (@\$550 per square foot)		172,000	207,000
Warranted Additional Supermarket Space		42,000	77,000



**Figure 8-2**  
**Study Area Supermarket Impact Analysis**

2018 Dollars (\$Millions)	2018	2021	2026	2031
Study Area Supermarket Sales	\$ 83.9	\$ 94.4	\$ 113.9	\$ 131.9
Existing Study Area Supermarket Space	130,000	130,000	130,000	130,000
Proposed Supermarket at Site (SF)		30,000	30,000	30,000
Proposed Supermarket at Concession 3 & Bowmanville Rd			30,000	30,000
Total Study Area Supermarket Space	130,000	160,000	190,000	190,000
Study Area Supermarket Sales per square foot	\$ 650	\$ 590	\$ 600	\$ 695
Estimated Supermarket Sales At Site	\$ 18.0	\$ 18.8	\$ 19.5	\$ 19.5
Proposed Supermarket at Site (SF)		30,000	30,000	30,000
Estimated Sales per square foot	\$ 600	\$ 625	\$ 650	\$ 650
Estimated Supermarket Sales At Concession 3 & Bowmanville Rd	\$ -	\$ 18.8	\$ 19.5	\$ 19.5
Proposed Supermarket at Concession 3 & Bowmanville Rd (SF)		-	30,000	30,000
Estimated Sales per square foot	\$ -	\$ 625	\$ 650	\$ 650
Estimated Supermarket Sales Elsewhere in Study Area	\$ 76.4	\$ 76.4	\$ 92.9	\$ 92.9
Existing Other Supermarket Space in Study Area		130,000	130,000	130,000
Estimated Sales per square foot	\$ 590	\$ 590	\$ 715	\$ 715
Percentage Change from Current Sales Levels		-9.2%	-9.2%	10.0%

SOURCE: urbanMetrics inc., based on original tables prepared by TER. Some minor adjustments have been made by urbanMetrics to account for rounding errors and to ensure consistency with the original calculations by TER. Additional analytical elements included by urbanMetrics to reflect the potential introduction of the new 30,000 square foot supermarket at Concession 3 and Bowmanville Road (e.g., adjustment to market capture rates in Figure 8-1 and as highlighted by the shading in Figure 8-2).

## 4.0 Conclusions

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As noted at the outset, the purpose of this peer review has been to verify that the TER report sufficiently addresses the issues of market demand and impact detailed in the Durham and Clarington Official Plans, as well as in the existing Brookhill Secondary Plan; as well as provide the Municipality of Clarington with advice on the validity of the TER methodology, assumptions, input and conclusions. This peer review is also intended to specifically answer the following questions:

### **Is the methodology appropriate?**

Although TER has not applied a retail expenditure type of retail impact analysis for the non-supermarket space proposed in the Delpark *Neighbourhood Centre*, they have undertaken this type of analysis for the supermarket that has been proposed as the main anchor tenant in this development. As the potential impact of this supermarket is the main concern in terms of impact on other *Neighbourhood Centres* in Bowmanville, we are satisfied that the methodology applied by TER in determining the demand and potential impact on the existing commercial structure of the community and in particular the existing and designated *Neighbourhood Centres* is appropriate.

We would also note that the per capita ratio methodology applied in determining the demand for the smaller more local serving retail and service facilities warranted in the Brookhill Secondary Plan Area is the standard type of methodology used in the planning of secondary plan areas.

We do note however, that TER could have considered the entry of a second supermarket at the Bowmanville Avenue and Concession Road 3 site as a worst-case scenario in this analysis, which we have undertaken as part of this peer review.

### **Are the assumptions and the data utilized-including trade area delineation, population forecasts, commercial space inventory and other data-accurate, current and sufficient to support the conclusions of the retail market impact study?**

The Trade Area utilized by TER in their analysis is considered reasonable and is consistent with previous market analyses conducted in Clarington. We have also reviewed the various sources of information relied on by TER for population forecasting, etc., and found them to be accurate as they are consistent with published sources. We do note, however, that the current population for Bowmanville may be understated, which may result in their supermarket sales impact numbers being overstated. Also, the commercial inventory that was carried out was quite detailed and generally consistent with the space numbers provided by Town staff.

### **Do the conclusions logically reflect the data and analysis?**

In our professional opinion the conclusions do logically reflect the data used and the analysis undertaken. In addition, our supermarket sensitivity analysis confirms that—if another supermarket is added over the study period at the Bowmanville Avenue and Concession Road 3 site—the projected impacts are manageable and will not result in any supermarket closures.

### **Does the market study sufficiently address the relevant planning tests, including whether the proposed facilities are warranted and that the planned function of the Bowmanville Downtown Core and other existing, proposed, and future designated Neighbourhood Centres or other commercial areas within the Town are not significantly impaired?**

Yes, the market study does address the relevant planning tests as set out in the Clarington Official Plan and the existing Brookhill Secondary Plan. These specific Official Plan tests have been addressed and we agree with TER that the proposed retail facilities and particularly the supermarket will not impact the planned function of the Bowmanville Downtown and other existing, proposed, and future designated *Neighbourhood Centres* within the Town.

**Therefore, in conclusion it is our professional opinion that the TER retail market demand and impact study meets the tests of the Municipality of Clarington Official Plan and the existing Brookhill Secondary Plan, and the application to amend the Official Plan and Zoning By-law on the Delpark Homes property to permit up to 54,000 square feet of retail/service space anchored by a supermarket of 30,000 square feet should be approved.**

We look forward to discussing the results of this peer review with Town staff, and should you have any questions or comments, please do not hesitate to contact us.

Yours truly,

urbanMetrics inc.



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# Appendix A: Proposed Concept Plan

