

Retail Feasibility Commentary

Block 6 at the Shipyards, Town of Collingwood

Prepared for: F.S Shipyards L.P c/o F.S Collingwood Development Ltd.
August 2021





TATE ECONOMIC RESEARCH INC.

Bennet MacNeil
Development Manager
FRAM + Slokker
141 Lakeshore Rd. East,
Mississauga, Canada,
L5G 1E8

August 11, 2021

**Re: Retail Feasibility Commentary
Block 6 at the Shipyards, Town of Collingwood**

Dear Mr. MacNeil

Tate Economic Research Inc. (TER) is pleased to submit this Retail Feasibility Commentary examining the requirement for retail uses on Block 6 and the impacts of developing Block 6 with a reduced amount of retail space.

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.

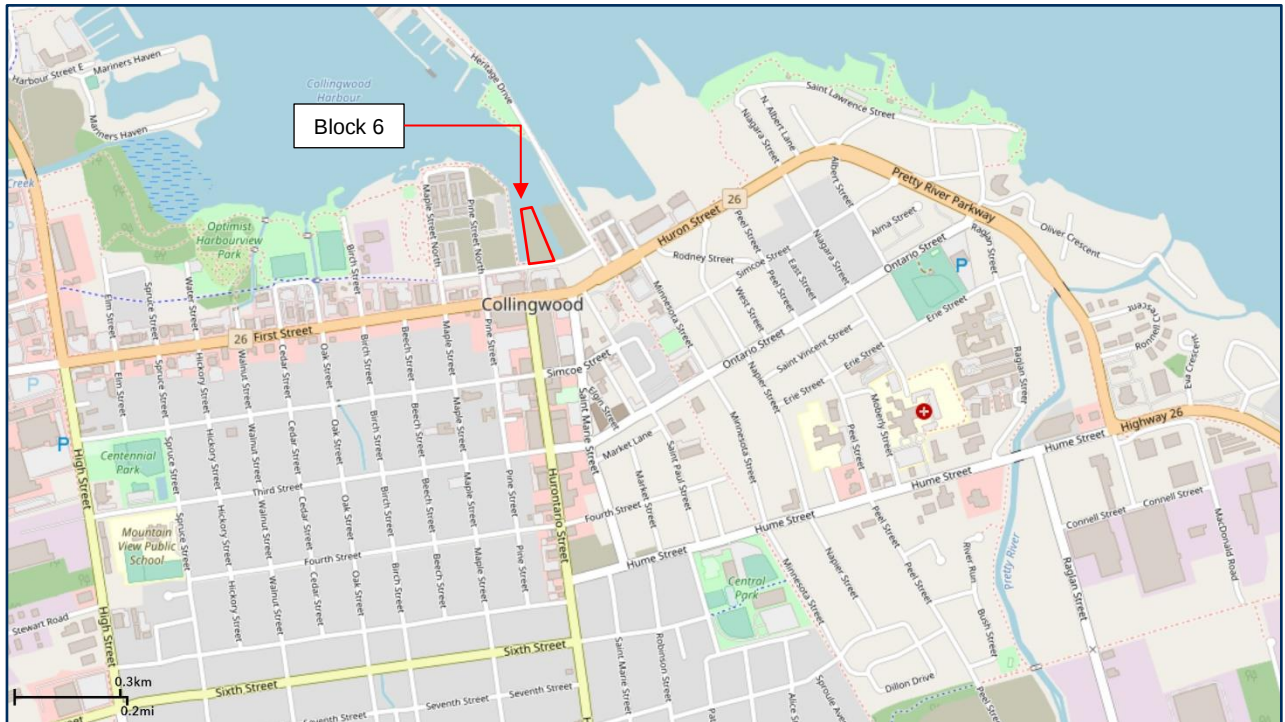
Sameer Patel
Vice President

James Tate
President

1. Background

FRAM + Slokker (“FRAM”) is proposing Official Plan and Zoning By-law Amendments for its Block 6 site in the Town of Collingwood (“Subject Site” or “Site”). Block 6 is part of the larger area known as “The Shipyards”. The Subject Site, as illustrated in Figure 1, is located on the north side of Side Launch Road, between the Launch Basin and Dry Dock water basins.

Figure 1: Subject Site Location



Source: Tate Economic Research Inc. Basemap ESRI ArcGIS.

Generally, the FRAM Official Plan and Zoning By-law Amendments are seeking the following:

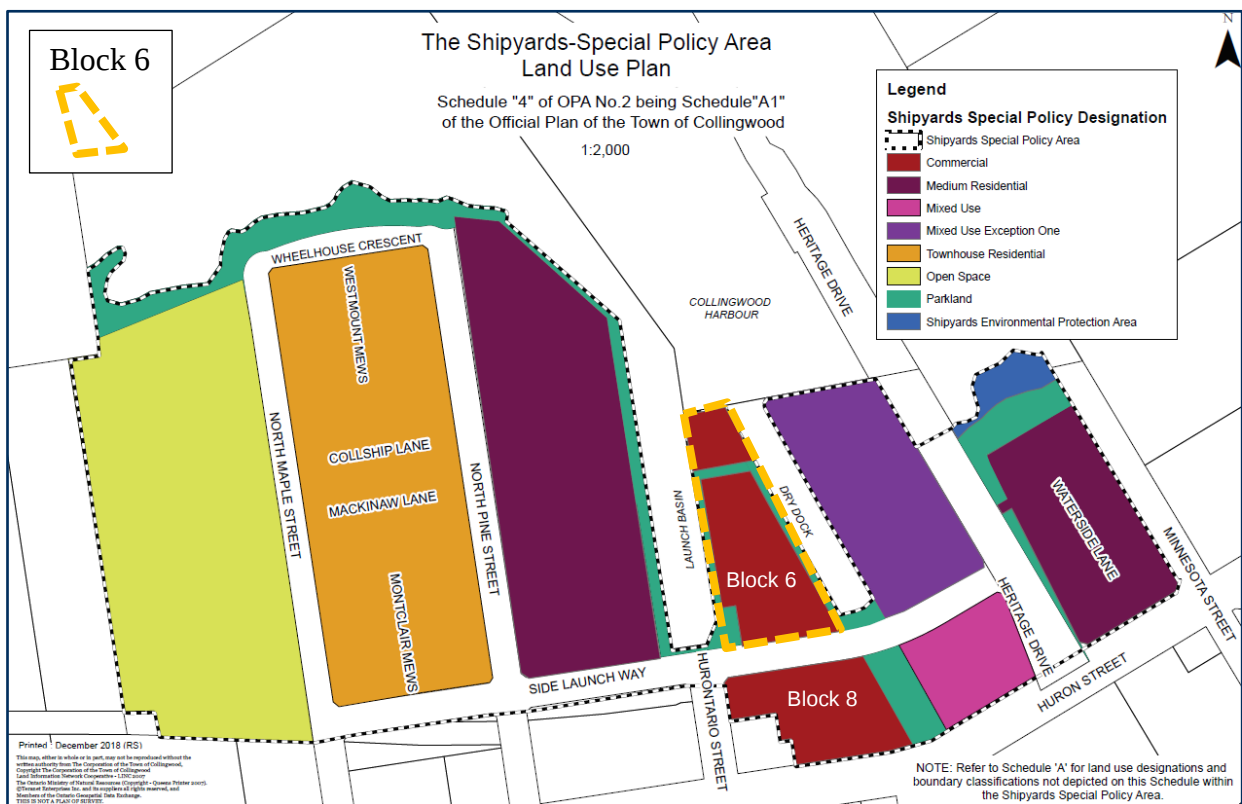
1. A reduction in the required commercial density.
2. A change in the land use from Commercial to Mixed-Use which would permit residential on the ground floor.
3. A reduction in the commercial and visitor parking requirement.

TER was retained to examine the viability of the current commercial density requirements and the implications of a reduction in the required commercial density.

2. Official Plan Context

The Subject Site is designated *Commercial* in the Town of Collingwood Official Plan ("Collingwood OP"), and specifically in *The Shipyards – Special Policy Area (OPA#2)* ("Shipyards SPA"). The Shipyards SPA policies also permit the development of medium density residential on the Site as secondary to the permitted commercial use.

Figure 2: Official Plan Context



Source: Tate Economic Research Inc. Town of Collingwood Official Plan, Consolidated January 2019, Schedule A1 modified by TER to illustrate Block 6.

With respect to the *Commercial* designation (comprised solely of Block 6 and 8) in the Shipyards SPA, Section 1.4.2.3 (a subsection of Section 4.4.4.9.3. Development Policies) of the Collingwood OP states:

"1.4.2.3 Gross Floor Area

A minimum of 3250 square metres of commercial gross floor area shall be constructed on those lands designated Commercial in accordance with the policies of this Plan."

With respect to overall commercial development within the Shipyards SPA, Section 4.4.4.9 states:

“The commercial development of The Shipyards – Special Policy Area, and the Downtown Core north of First Street/Huron Street, will be comprehensively planned and designed as an extension of the Downtown Core to create an environment that will complement the streetscape of the Downtown Core and maximize the opportunity for the redevelopment of the sites on the east and west corners of Hurontario Street and First Street/Huron Street.”

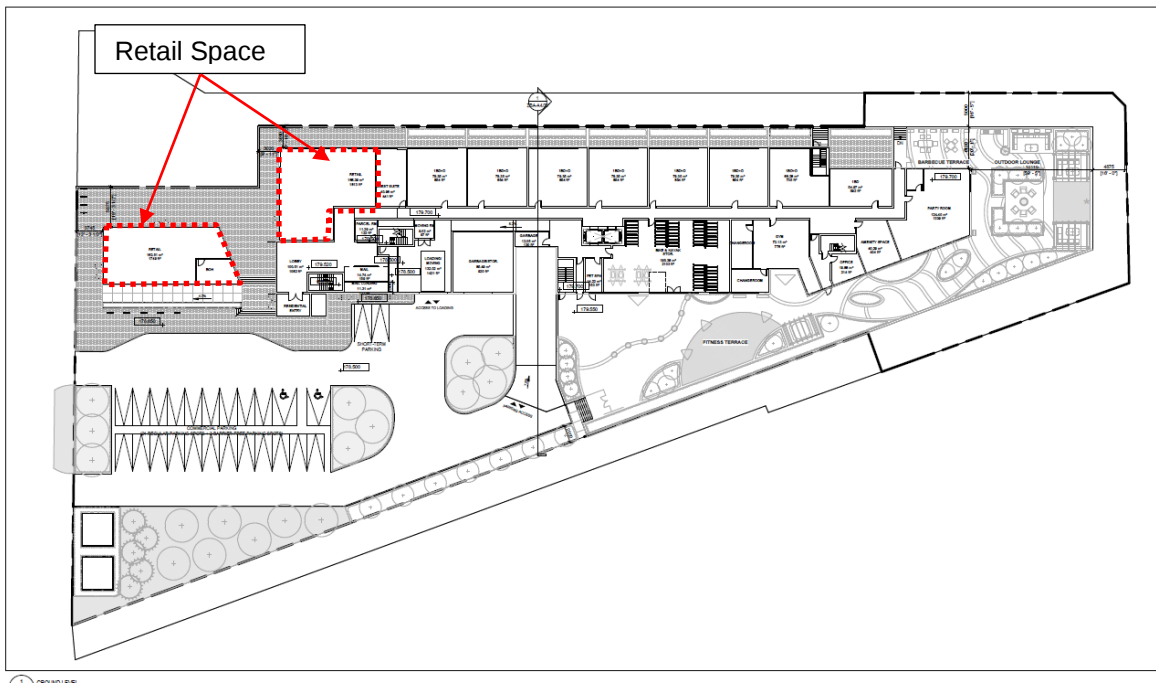
It should be noted that the *Commercial* designation also applies to a portion of the lands south of Side Launch Way, known as Block 8. These lands have been developed with two commercial pads totaling 38,760 sq. ft. of which only 8,400 sq. ft. is located within Block 8 and the *Commercial* designation.

As per the policy, the lands north of First Street/Huron Street should be comprehensively planned as an extension of the Downtown Core. Development on these lands has proceeded and it is our understanding that this has occurred without consideration of the impact in the type of commercial development on the Subject Site.

3. Development Concept

FRAM is in the process of refining the development concept for Block 6. The current concept as illustrated in Figure 3 envisions a mixed-use medium density building with approximately 3,550 sq. ft. (330 sq. m.) of commercial space contained within 2 units.

Figure 3: Potential Development Concept



Source: Tate Economic Research Inc. GPA modified by TER to highlight proposed retail locations.

It is our understanding that the proposed 3,550 sq. ft. of commercial space along with the existing commercial space in the *Commercial* designation south of Side Launch Way would not meet the minimum commercial requirement of 34,982 sq. ft. (3,250 sq. m). Figure 4, on the following page, illustrates the minimum commercial requirements in the context of the existing and proposed space:

It is unclear how, or if, the minimum commercial requirement was divided between Blocks 6 and 8 when the policy was formulated. There is a 2004 report conducted by urbanMetrics which provides a concept plan with a significant amount of commercial space on Blocks 6 and 8 (47,000 sq. ft. for both blocks). However, we note that the commercial market has changed significantly since 2004 and those numbers are no longer valid for the Blocks.

Figure 5, on the following page, illustrates the current commercial coverage on Block 8 and the resulting coverage that would be required on Block 6 to achieve the minimum commercial requirement.

Figure 4: Official Plan Minimum Commercial GLA Calculation

	Sq. M.	Sq. Ft.
Commercial Designation Minimum GFA (Official Plan Requirement)	3,250	34,980
Block 8 (Mountain View Town Centre) ⁽¹⁾ - EXISTING		
BMO Building	466	5,020
Rexall / Medical Building within The Shipyards Commercial Designation	314	3,380
Sub Total Block 8	780	8,400
Block 6 - PROPOSED		
Proposed Retail Space	330	3,550
Total The Shipyards Commercial Designation Existing & Proposed	1,110	11,950
Balance of Commercial Space to be Developed as per Official Plan Minimum	2,140	23,030

Source: Tate Economic Research Inc.

¹⁾ The total GFA in the Mountain View Town Centre is 3,601 sq. m. (38,760 sq. ft.). Based on calculation provided by FRAM, only 780 sq. m. (8,400 sq. ft.) is located within the Block 8 Shipyards Commercial Designation. The majority of the Rexall / medical building is located outside of the designation.

Figure 5: Required Coverage to Accommodate Official Plan Minimum Requirements

	Site Area	Commercial Space	Coverage
	<i>Square Metres</i>		
OP Requirement Block 6 & 8	12,237	3,250	27%
Existing Block 8	5,458	780	14%
Block 6 Coverage to Accommodate the Remainder of the Minimum Requirement	6,779	2,470	36%

Source: Tate Economic Research Inc.

The following observations are made with based on the preceding Official Plan minimum retail assessment:

- If commercial development on Block 6 were required to “make up” the balance of the commercial minimum requirement it would likely require ground floor retail to extend along the length of Block 6 and potentially on the 2nd floor.

- There would not be a market for second floor retail at this location. Second floor commercial (non-retail) uses would not be the highest and best use of this Site, given the location and parking constraints.
- This development scenario would result in a higher commercial land coverage than the traditional pad development in Block 8.

TER has provided the following professional comments, opinion and recommendations, based on our professional judgment, and analysis contained in the remainder of this report:

FRAM is not contemplating a complete removal of retail space:

- The 3,550 sq. ft. of proposed retail space could accommodate two to three retail spaces consisting of a coffee shop and restaurants or any other configuration. This space would be visible from passing-by traffic on Side Launch Way and would create an attraction point for experiencing the promenade.

Block 6 is not an appropriate location for a significant amount of retail.

- Block 6 presents challenges with respect to site visibility and accessibility.
- Block 6 presents challenges with respect to generating footfall density. While FRAM is proposing 3,550 square feet, it is our opinion that it would be difficult to generate enough footfall density to even support the current development concept.
- The types of retailers that would be appropriate for this type of location, namely restaurants and other social gathering tenants, require foot traffic, visibility and neighboring stores.
- Just as importantly, these types of retailers have specific requirements for these characteristics - therefore planning for the space and requiring developers to build it does not guarantee that retailers will occupy it.
- The impacts of seasonality will provide challenges as the promenade is typically a summer public realm. Furthermore, it is our understanding that winter maintenance of the promenade is not expected.
- There is a real risk that the place making goal of the promenade would be compromised by tenancies that do not require footfall traffic (i.e. medical, financial, real estate etc.) and are not impacted by seasonality. The result would be inactive store fronts, or even worse, vacancies.

- It unlikely that commercial development on Block 6 will result in an “extension of the Downtown Core” due to the inactive frontage along Hurontario Street between Huron Street and Side Launch Way. The approximately 80 feet of inactive Rexall frontage with an additional 120 feet of parking is not conducive to connecting the downtown and Block 6.

The remainder of this report provides the background research and findings that informed our opinions.

4. Background Research & Analysis

This section of the report presents the background research and analysis conducted to inform the opinions of TER.

Retail Success Factors

There are a number of fundamental factors that should be considered when examining the potential success and long term viability of retail space. These factors apply regardless of whether retail is developed in a strip plaza, pad site, main street or mixed-use development. For the purpose of this analysis, TER has grouped these factors into the following groups:

- Site & Access
- Footfall Density
- Retail Tenancies & Place Making & Seasonality
- Surrounding Retail Function

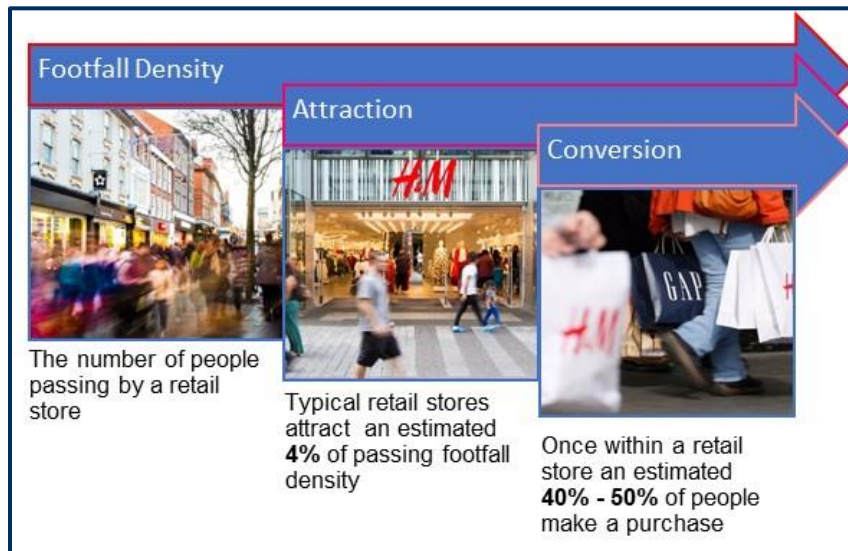
Site & Access

- Retail in Block 6 would be required to operate as a pedestrian promenade fronting onto the Launch Basin (as per OP#2 Policy 1.4.2.4) and accessed via Side Launch Way.
- The majority of retail space would not be visible from traffic entering the town from the east via Huron Road.
- Retail in Block 6 would also be the only retail concentration in Collingwood without proximate parking and therefore would be wholly dependent on street parking or on the parking lots of adjacent retail developments.

Footfall Density

- Retail units in mixed-use buildings require the same attributes as typical retail whether it be on main street, strip plazas, power centres or shopping centres. Pedestrian and/or vehicular traffic is critical. This traffic is generated by the surrounding residential density and the daytime population.

The number of pedestrians passing by a store front on a given day is known as the store's Footfall Density. It is generally assumed that footfall density is influenced by the attraction of a retailer. However, there are multiple geographical factors relating to transportation, employment and social life that influence it. Footfall density is critical as the number of people that actually enter a store, and the conversion rate (the percentage of people that actually make a purchase), is typically low.



- Due to the physical nature of the Block 6, there is no opportunity for passing through traffic which is critical to the success of retailers who rely footfall density for impulse purchases as well as market recognition.
- The lack of pass through traffic is essentially due to the “dead end” presented by Georgian Bay. From the perspective of customer traffic generation, this is akin to a dead end or dark corridor in a shopping mall. These are the areas that generate the least amount of traffic and typically include non-retail functions.
- The footfall traffic is further compromised by the fact that given the nature of Block 6, retail would only be on one side (i.e. single loaded). Retail promenades and streets typically operate more successfully if they are double loaded.

Retail Tenancies, Place Making and Seasonality

- The ULI Place Making panel describes the role of retailing in place making:

“For a long time, retailing was the cornerstone or the foundation for placemaking. But just because you put a retail store in a certain spot does not mean that all of a sudden you have a great place. Now, retail continues to struggle, and the millennial generation is demanding a more qualitative experience rather than a quantitative experience: they want places that are not necessarily about buying and selling, but rather about the experience of exchange between people.”
- The concept of the retail street or promenade has transformed from a place to shop to a place to meet, socialize and eat. The retail tenancies are characterized by restaurants, bars, specialty food stores, independent boutiques, and personal services.

- While the vision of people strolling on the promenade, dining at patios facing the Launch Basin is compelling, the opportunity is strongly influenced by climate. The promenade is generally a summer public realm space and therefore this vision is attainable only half the year at most. Furthermore, it is our understanding that the existing promenade is currently not maintained by the Town and will not be maintained in the winter.
- It is unlikely that tenancies envisioned for this promenade and dictated by current retail trends would be realized.
- There is a real risk that the place making goal of the promenade would be compromised by tenancies that do not require footfall traffic (i.e. medical, financial, real estate etc.) and are not impacted by seasonality, which would result in inactive store fronts, or even worse vacancies.
- It should be noted that the place making goals such as public places to congregate and socialize are achievable on the promenade without retail by nature of the location.

Surrounding Retail is Successful

Official Plan policy # 4.4.4.9 states:

“The commercial development of The Shipyards – Special Policy Area, and the Downtown Core north of First Street/Huron Street, will be comprehensively planned and designed as an extension of the Downtown Core to create an environment that will complement the streetscape of the Downtown Core and maximize the opportunity for the redevelopment of the sites on the east and west corners of Hurontario Street and First Street/Huron Street.”

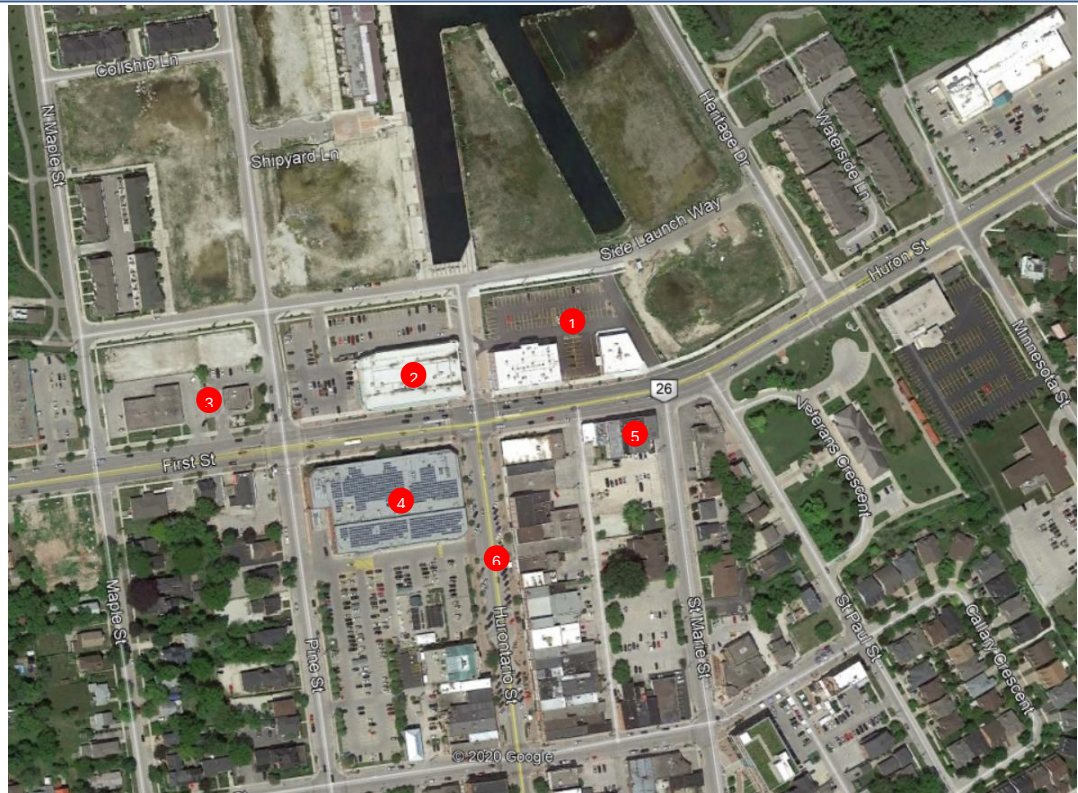
TER has the following observations with respect to Policy # 4.4.4.9:

- FRAM’s initial plans for the retail will create a point of interest and act as a northern “anchor” of the Downtown Core.
- The east and west corners of Hurontario Street and First/Street Huron Street have already been developed and therefore the reduction in the amount of space on Block 6 will not have an impact on the ability of these corners to develop.

The surrounding area has a significant amount of retail space as illustrated on the following page. The reduction in the quantum of space on Block 6 will not result in an impact on the service level of the downtown, surrounding area and current and future residential at The Shipyards.

Retail Context Surrounding Block 6 – Selected Retailers

1	Rexall BMO	Noble Insurance Blue Ridge Meats Vandergust Law Expedia Engel and Volkers Real Estate Sol Kitchen Vaiya Pamper Me Serendipity Fashion House Vacant
2	Freshii LCBO	Dollar Villa Century 21 Cora Couture Cowan LLP
3	Sherwin Williams Starbucks ReMax	The Posh Shop Farrow Arcaro Design Gold Star Jewellery Mya's Nail Spa Minos Alive Financial Centre of Collingwood Al Carbon Wine Bar Fig and Feta Homme Femme Becker Shoes Rhumba T&Y Jewellery
4	Sushi Hon Blue Mountain Tea Company Loblaws	
5	Michelines Assante Wealth Management Shipyards Medical Arts Centre	
6		



Source: Tate Economic Research Inc. based on site visits conducted in October 2020.