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SYLVAN LAKE COMMERCIAL LANDS STUDY

Town of Sylvan Lake
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1 INTRODUCTION

Sylvan Lake is a fast-growing community just west of Red Deer. The town is known primarily as a lake-oriented tourism destination, popular with families and boaters from across Alberta. As of the 2016 Census, Sylvan Lake had 14,942 residents and a total of 6,567 dwellings, 15% of which are occupied seasonally. In addition to seasonal residents, day-use visitors and people staying in short-term accommodations (hotels, vacation rentals and RV parks) illustrate the extent of the seasonal impact that tourism has on the community.

The town has added a significant amount of commercial space in recent years, and current plans anticipate further commercial growth in a variety of nodes and corridors. However, despite growth, the downtown waterfront area – the focal point for tourism and for the community – has seen less investment than hoped for. The purpose of this study is to explore the current inventory of commercial space in the Town (including locations of that space), project future commercial needs, and reconcile those needs with the lands designated for future commercial growth. The intent is to inform decision making around commercial land designation (both amount and location), to ensure that new commercial space is appropriately planned to allow for the right amount, mix and typology in the right locations to support good long-range land use planning and economic development goals.

The report is structured as follows:

Section 2 Overview of demographics, population growth, visitor trends, housing, and incomes

Section 3 Review of emerging retail and commercial business trends that are likely to impact future commercial space needs

Section 4 Complete inventory of all commercial space in Sylvan Lake today (as of summer, 2019), broken out by sub-area, along with an overview of the regional retail context

Section 5 Complete commercial demand projections, by retail category, to 2038, including a reconciliation of current demand vs. supply, to identify categories of latent demand.

Section 6 Land demand vs. land supply review for commercial space

Section 7 Opportunities by commercial node, both those that exist today and those that are planned

2 LOCATION & DEMOGRAPHICS

2.1 OVERVIEW

Sylvan Lake is located 20 kilometres west of Red Deer and is approximately equidistant between Edmonton and Calgary. The drive time between downtown Sylvan Lake (Lakeshore & 50th St.) and the heart of downtown Red Deer is approximately 25 minutes. A Sylvan Lake resident living in the northwest corner of town (e.g. Lakeshore and 60th St.) can drive to the Costco in Red Deer in less than 35 minutes.

The town's location vis-à-vis both Edmonton and Calgary, and its picturesque setting at the south end of Sylvan Lake, makes it a notable summer tourism destination. Sylvan Lake drew over one million visitors in 2014 (93% of whom were from Alberta), contributing $75 million to the local economy.[1]

Sylvan Lake acts as a bedroom community for Red Deer and the surrounding region. According to the 2016 Statistics Canada profile for the town, of those Sylvan Lake residents employed at a "usual place of work", only 36% work within the Sylvan Lake census subdivision (CSD), while the remaining 64% commute beyond the town to places like Red Deer and beyond (Canada, 2016).[2] The ratio of outbound-to-inbound commuters in Sylvan Lake is 2.68; for every commuter coming into Sylvan Lake for work, there are nearly 2.7 commuting to work outside of the town.

2.2 POPULATION GROWTH – PAST AND FUTURE

2.2.1 POPULATION GROWTH, 2001 TO 2018

Sylvan Lake offers residents a high quality of life. A 2018 Community Satisfaction Survey found 97% of residents rated the overall quality of life in Sylvan Lake as 'good' or 'very good.' This was up from 92% in a similar survey conducted in 2015 (Town of Sylvan Lake, 2018). This high quality of life is a driver of the rapid population growth experienced in recent years. Between 2012 and 2018 the town's permanent population base grew by 22%, from 12,300 to an estimated 15,000.[3] The population doubled in the 16 years from 2002 to 2018.

[1] *Sylvan Lake Tourism Profile, 2016-2017.*

[2] *"Usual place of work" includes all Sylvan Lake residents with a usual workplace address. This includes everyone in the workforce outside of those who work at home, work outside Canada, and have no fixed workplace address.*

[3] *Alberta Economic Development and Trade – Population and Demography*

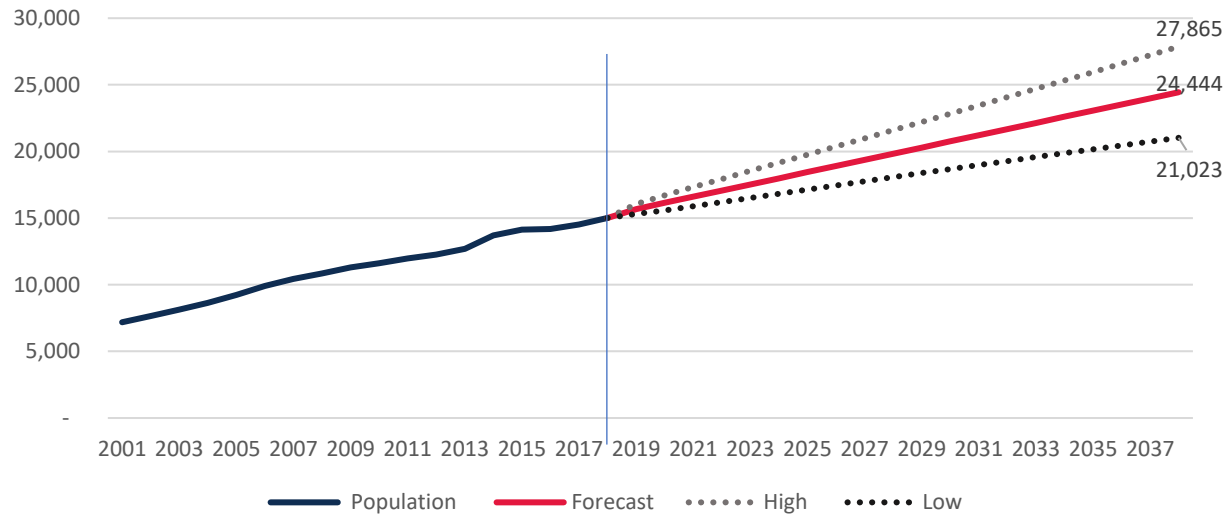
Table 1: Sylvan Lake Population and Annual Growth Rates, 2001 to 2018

Sylvan Lake Population, 2001 to 2018		
Year	Population	Annual Growth
2001	7,185	-
2002	7,658	6.6%
2003	8,133	6.2%
2004	8,642	6.3%
2005	9,247	7.0%
2006	9,913	7.2%
2007	10,428	5.2%
2008	10,854	4.1%
2009	11,299	4.1%
2010	11,603	2.7%
2011	11,965	3.1%
2012	12,272	2.6%
2013	12,687	3.4%
2014	13,694	7.9%
2015	14,124	3.1%
2016	14,171	0.3%
2017	14,510	2.4%
2018	15,010	3.4%

2.2.2 POPULATION GROWTH PROJECTION TO 2038

Using a linear extrapolation method, the population of Sylvan Lake is projected to reach between 21,000 and nearly 28,000 by 2038 (low and high bounds), with a mid-point projection of approximately 24,500. The average annual rate of growth resulting in the mid-point forecast (2.4%) is used in subsequent projections of growth for trade areas, as discussed in later sections of this document.

Figure 1: Town of Sylvan Lake Population Growth Projections to 2037



2.3 VISITOR TRENDS

Tourism is becoming increasingly important to central Alberta. The region consists of everything between Calgary and Edmonton, extending to the province's east and west borders. Central Alberta contains a variety of landscapes and attractions as well as an impressive number of unique towns, cities and hamlets. Central Alberta accounts for 24% of all visitors to Alberta (8 million per year) (Alberta Culture and Tourism, 2016). 93% of these visitors originate from other places in Alberta, signalling that the region is very important for domestic tourism. The remaining 7% of visitors originate from other locations in Canada (4%) or from locations outside Canada (3%).

In 2014, the Town completed an Economic Impact Assessment of Tourism which counted 721,223 tourists to Sylvan lake, which contributed $74,967,391 and 600 jobs to the local economy (Town of Sylvan Lake, 2014).

The lake provides the main attraction for visitors. Water sports, accommodations, dining and shopping opportunities near the lake offer visitors a chance to relax and enjoy the waterfront atmosphere. The Town has been proactive in its efforts to quantify and plan for an improved tourism product in recent years. Concurrent efforts to provide a more complete downtown waterfront experience are evident in several of the municipality's planning documents and evidenced by the significant investment in improved public realm along the lake shore. In addition, the Town acquired a license of occupation for the Wild Rapids Waterslide park (which closed in 2016) and is actively seeking out private partners to transform the waterfront site into something that can better accommodate a wider range of visitors.

ACCOMMODATION

The region's popularity with Alberta residents has a large effect on the accommodation outlook for the town. According to the Central Alberta Destination Management Plan, 65% of overnight visitors to Central Alberta stay with friends or relatives, and 22% choose to stay in campgrounds or RV parks.

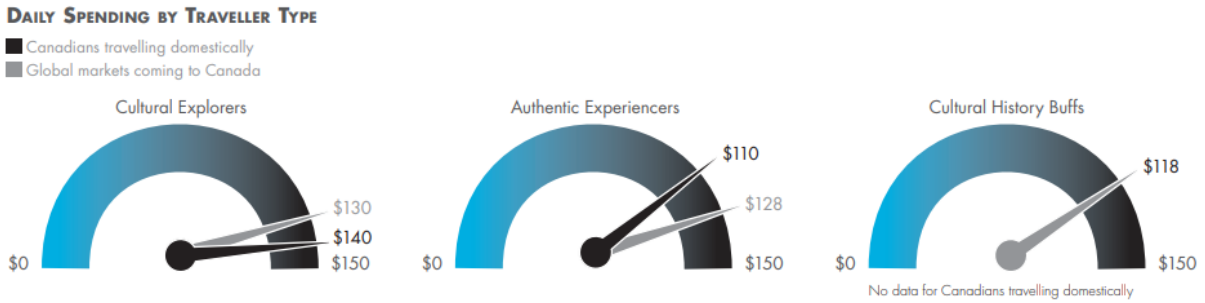
The remainder (13%) of visitors stay in some form of fixed roof accommodation that includes a mix of hotels, bed and breakfasts and vacation rentals. The average number of nights stayed by visitors is 1.5 (Alberta Culture and Tourism, 2016).

As discussed, many people visiting Sylvan Lake are either visiting friends or family. However, a significant number of people also visit the region seasonally or own vacation homes in town. Many of these homes are counted by Statistics Canada as dwellings not occupied by “usual residents”, which means that the dwelling is not occupied as a permanent residence. In 2016, 15% (1046 dwellings) of all dwellings in Sylvan Lake were not occupied by “usual residents” and were instead used seasonally, or temporarily. Using the average household size of 2.6 people, it is possible to estimate that these homes account for approximately 2,720 residents that use their homes on a seasonal basis.

DAILY SPEND BY TRAVELLER TYPE

A survey completed as part of the 2014 Economic Impact Assessment of Tourism found that the average visitor to Sylvan Lake spent about $35.17 per person per day. This number is far below averages estimated by the Central Alberta Destination Management Plan, which estimated daily visitor spending based on a much larger dataset that extended beyond central Alberta. These estimates are presented below and may offer a better understanding of visitor spending and may better capture the bigger picture of the magnitude of visitor spending in the region (Alberta Culture and Tourism, 2016).

Figure 2: Daily Visitor Spend by Travel Type



Source: https://visitreddeer.com/wp-content/uploads/2016/02/Final_Destination_Plan_LowRes.pdf

The 2016 Domestic Tourism Central Tourism Region report provides another look at visitor spending by category and visitor origin. These numbers are based on visitation to the region, including Sylvan Lake, and are good proxies for estimating categorized visitor spending. The report summarizes spending on a provincial level, by visitor origin (Alberta Government, 2018). Table 2 summarizes visitor spending per capita, and per party.

Table 2: Visitor Spending in Central Alberta, by Origin, and by Category

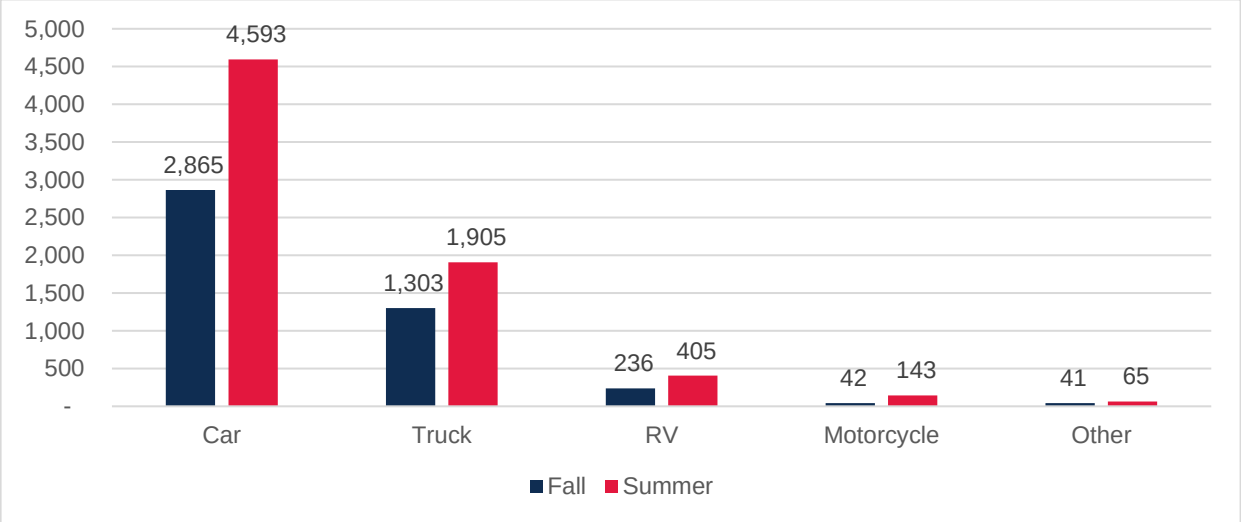
	Alberta		Other Canada	
Average Visitor Spend to Central Alberta	**$116.00**		**$243.00**	
Average Party Size	3.7		1.9	
Category	**Projected Spend per capita**	**Projected Spend per party**	**Projected Spend per capita**	**Projected Spend per party**
Public/Local Transportation	$1.18	$4.37	$2.90	$5.51
Private/Rental Auto	$46.38	$171.61	$107.81	$204.84
Accommodation	$11.86	$43.90	$28.94	$54.99
Food and Beverage	$37.06	$137.11	$89.32	$169.71
Recreation/Entertainment	$5.92	$21.91	$14.03	$26.66
Retail/Other	$13.59	$50.30	$32.31	$61.39

Since most visitors to Central Alberta originate within the province, the daily spending numbers for Albertans will be most relevant to Sylvan Lake. Daily spending for visitors from other parts of Canada (outside of Alberta) is also presented above. Although the study found that visitors from other parts of the country typically spent more per day, their contribution to the tourism economy is overshadowed by the volume of Albertan visitors.

SEASONALITY

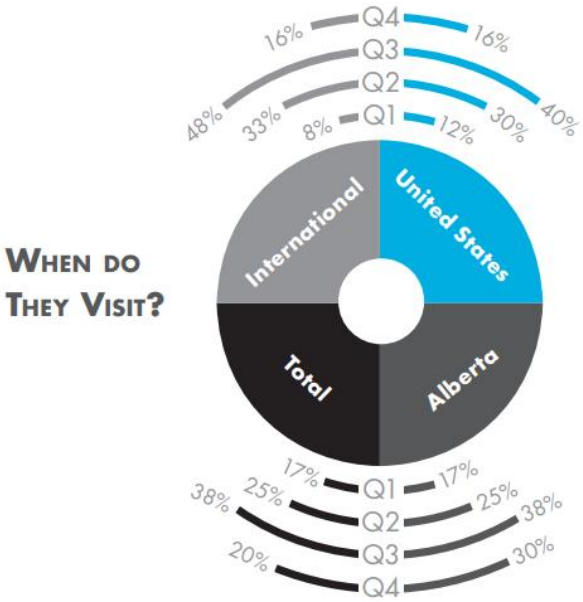
Tourism in Sylvan Lake is highly seasonal. The town is much more popular with visitors during the summer months. This fact is reflected in traffic counts as well as regional hotel stays. Figure 3 illustrates the difference in traffic volumes for different vehicle types between the summer and fall months in Sylvan Lake (Town of Sylvan Lake, 2014).

Figure 3: Average Daily Traffic by Vehicle Type in Sylvan Lake



Source: https://www.sylvanlake.ca/uploads/1052/Doc_636232809430059813.pdf?ts=636251785006222009

Figure 4: Annual visitation to Central Alberta by visitor type

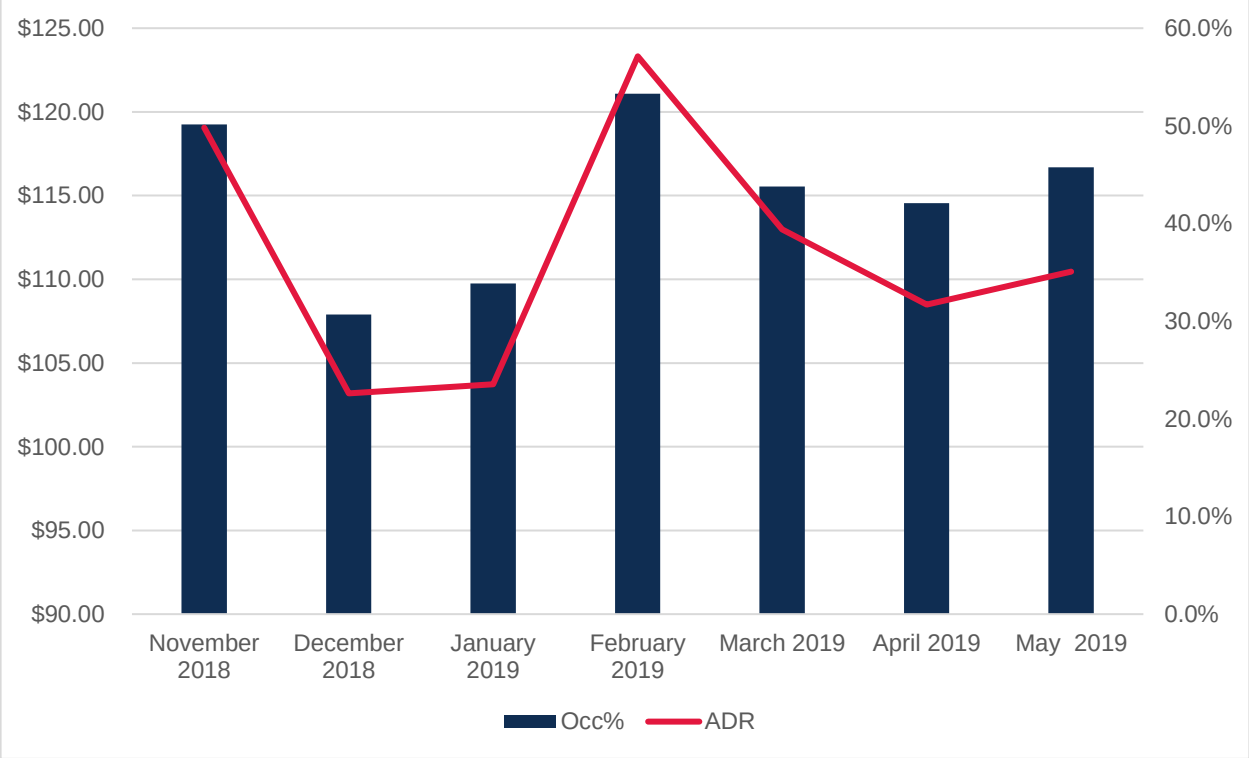


Source: Central Alberta Destination Management Plan, 2015

https://visitreddeer.com/wp-content/uploads/2016/02/Final_Destination_Plan_LowRes.pdf

Detailed hotel stay data for Sylvan Lake was not available, but Alberta Tourism keeps track of hotel occupancy and average daily rates for hotels in select communities. As of late 2018, statistics for Red Deer became available and are shown in the chart below. Occupancy rates decrease through the winter, bottom out in December and January, and rise again through the spring and into the summer. This data follows the trend for central Alberta, which sees most visitors arriving between July and September (Alberta Government, 2019).

Figure 5: Hotel ADR and Occupancy Rates November 2018 to May 2019



Source: Alberta Tourism Market Monitor, 2019 - https://open.alberta.ca/opendata/alberta-tourism-market-monitor

2.4 HOUSING

Average dwelling values in Sylvan Lake increased by 43% between 2006 and 2011, but only by 2% between 2011 and 2016. (Alberta Health, 2013), (Alberta Health, 2017), (Statistics Canada).[4]

The housing stock in Sylvan Lake consists of 68% single detached homes, 20% ground-oriented attached dwellings (e.g. row houses, duplexes), 9% apartments, and 3% movable dwellings. Most of the multi-family housing is rental tenure, whereas the single detached dwelling stock is more likely to be owner-occupied. (Tetrad, 2019).

[4] ***Average dwelling values in Sylvan Lake: $277,000 in 2006, $397,000 in 2011, $404,000 in 2016.***

Table 3: Dwellings in Sylvan Lake by Structure Type and Tenure

Dwellings by Structure Type and Tenure, 2016						
	Total		Owner		Renter	
	#	%	#	%	#	%
Total - Structural type of dwelling	5,630	100%	4,025	100%	1,605	100%
Single-detached house	3,845	68%	3,315	82%	530	33%
Apartment in a building that has five or more storeys	0	0%	0	0%	10	1%
Other attached dwelling	1,590	28%	580	14%	1,010	63%
Semi-detached house	275	5%	160	4%	120	7%
Row house	655	12%	285	7%	365	23%
Apartment or flat in a duplex	175	3%	55	1%	125	8%
Apartment in a building that has fewer than five storeys	480	9%	75	2%	405	25%
Other single-attached house	10	0%	10	0%	0	0%
Movable dwelling	185	3%	130	3%	55	3%

Source: Statistics Canada 2016 Census

2.5 LABOUR FORCE ANALYSIS

The total labour force population age 15+ in Sylvan Lake was 8,510 in 2016, up from 7,055 in 2011. This includes both the employed and unemployed labour force. The employed labour force in 2016 was 7,350, up from 6,555 in 2011 and 5,720 in 2006. Overall labour force participation (75.4%) was higher than the provincial figure (71.8%); however, the employment rate was slightly lower (65% vs. 65.4%). Labour force participation has fallen over the past decade; there has also been an increase in the unemployment rate. The latter was 4.6% in 2006, 7.1% in 2011 and 13.6% in 2016.

The commuting destinations of Sylvan Lake's labour force have also changed over the 2006 to 2016 period.

- In 2006, 4% of the employed labour force worked at home
- By 2016, 6% of the employed labour force worked at home
- The proportion of the labour force with no fixed workplace decreased, falling from 36% in 2006 to 21% in 2016
- There was a corresponding increase in the proportion that worked at a 'usual place of work', increasing from 59% in 2006 to 73% in 2016

- Amongst the labour force with a usual workplace 36% worked within Sylvan Lake in 2016. This was up from 23% in 2006

2.6 HOUSEHOLD INCOME

The median pre-tax household income in Sylvan Lake was 5% above the provincial figure in 2016, at $98,442 (vs. $93,835). Approximately 49% of households had incomes of $100,000 or more, compared to 46.6% in the province.

Table 4: Median and Mean Household Incomes, Pre-Tax, 2001 to 2016

Median and Mean Household Income, Before-Tax, 2001-2016				
	Sylvan Lake, T		Alberta	
	$	Δ%	$	Δ%
Median				
2016	98,442	17.3%	93,835	19.3%
2011	83,952	8.9%	78,632	22.9%
2006	77,102	34.8%	63,988	21.8%
2001	57,217		52,524	
Mean				
2016	112,546	14.5%	125,522	24.5%
2011	98,309		100,819	

Source: Statistics Canada Census of Population, 2001, 2006, 2011, 2016

Table 5: Households by Income Range, 2016

Households by Income Range, 2016				
	Sylvan Lake, T		Alberta	
	#	%	#	%
Total	5,615	100.0%	1,527,680	100.0%
Under $5,000	80	1.4%	21,660	1.4%
$5,000 to $9,999	45	0.8%	13,555	0.9%
$10,000 to $14,999	65	1.2%	18,070	1.2%
$15,000 to $19,999	90	1.6%	33,045	2.2%
$20,000 to $24,999	160	2.8%	51,505	3.4%
$25,000 to $29,999	135	2.4%	38,615	2.5%
$30,000 to $34,999	170	3.0%	42,580	2.8%
$35,000 to $39,999	145	2.6%	46,630	3.1%
$40,000 to $44,999	150	2.7%	46,520	3.0%
$45,000 to $49,999	155	2.8%	46,825	3.1%
$50,000 to $59,999	355	6.3%	95,425	6.2%
$60,000 to $69,999	325	5.8%	95,340	6.2%
$70,000 to $79,999	320	5.7%	92,345	6.0%
$80,000 to $89,999	345	6.1%	88,775	5.8%
$90,000 to $99,999	345	6.1%	84,570	5.5%
$100,000 and over	2,750	49.0%	712,215	46.6%
$100,000 to $124,999	715	12.7%	184,595	12.1%
$125,000 to $149,999	630	11.2%	142,910	9.4%

$150,000 to $199,999	785	14.0%	181,960	11.9%
$200,000 and over	630	11.2%	202,745	13.3%

Source: Statistics Canada Census of Population, 2016

3 RETAIL & COMMERCIAL BUSINESS TRENDS

The world of retail and service commercial is at a point of inflection, and the pace of change today is rapid. Here we provide some context and insights on significant emerging trends – some already present, others still around the corner – that are likely to shape the future of retail, and the nature of retail development, in the coming decades in Sylvan Lake.

3.1 RETAILER / COMMERCIAL TRENDS

3.1.1 E-COMMERCE / OMNI-CHANNEL

E-Commerce is quickly growing as a proportion of total sales in Canada. According to Statistics Canada – which notably only tracks e-commerce sales from Canadian outlets – e-commerce accounted for 1.6% of total sales in 2012, 2.0% in 2015, 2.7% in 2017 and 3.0% in 2018. It has accounted for 3.2% of total retail trade sales through the first 5 months of 2019. As a proportion of total retail trade in Canada, e-commerce saw a 12% increase in January 2019 compared to the same month in 2018.

The prominence of e-Commerce varies considerably by retail sector. Electronics and appliances, and clothing and accessories, are the retail sectors with the greatest proportion of sales occurring online (4.8% and 4.4% respectively in 2017). These are followed by miscellaneous store retailers (3.3%), furniture and home furnishings (1.8%) and building materials / garden equipment and supplies stores (1.2%). Canada-wide e-commerce sales totalled $18.05 billion in 2018, up from $16.8 billion in 2017, $11.6 billion in 2015 and $8.3 billion in 2012.

Table 6 below breaks down e-commerce sales as a percentage of total sales in Canada, by major retail category, between 2012 and 2017.

Table 6: E-Commerce as Percentage of Total Sales, by NAICS Category (3-Digit), 2012-2017

E-Commerce as a percentage of total sales - Canada						
Category	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Furniture and home furnishings stores [442]	0.6	1.2	1.3	1.7	1.7	1.8
Electronics and appliance stores [443]	3.4	3.5	3.6	4.1	4.7	4.8
Building material and garden equipment and supplies dealers [444]	0.3	0.7	0.7	0.8	1	1.2
Food and beverage stores [445]	0.1	0.1	x	0.2	x	0.4
Health and personal care stores [446]	0.2	0.4	x	x	x	0.8
Clothing and clothing accessories stores [448]	1.2	2.1	2.3	3	3.8	4.4
Sporting goods, hobby, book and music stores [451]	1.8	3.5	3.8	4.3	4.7	x
General merchandise stores [452]	x	x	0.3	x	0.2	0.3
Miscellaneous store retailers [453]	2.3	2.4	2.2	x	2.8	3.3

Source: Statistics Canada, Table 20-10-0065-01

The pace of e-commerce growth is likely to accelerate rapidly in Canada over the next 5-10 years (and beyond), if the experience of the US and UK is any guide:

- In the UK, over 18% of retail sales occurred online in 2018, up from 16.3% in 2017 and 9.3% in 2012. The UK last saw a sub-4% online sales ratio in 2007, when internet sales were 3.4% of total
- In the US, over 14% of retail sales occurred online in 2018, up from 13% in 2017.

Businesses without a clear e-commerce angle will face an increasingly uphill struggle to find market share in the coming years.

Omni-channel is part of the e-commerce story. It refers to a multi-channel approach to marketing, selling and serving customers in a way that creates an integrated, cohesive customer experience, regardless of how or where a customer reaches out. A customer can shop online (from a desktop or mobile device), by phone, or in a bricks-and-mortar store, and the experience should be seamless.

Omni-channel is differentiated from multi-channel by the depth of integration. Simply, all omni-channel experiences use multiple channels, but not all multi-channel experiences are omni-channel. A business may have excellent mobile marketing, engaging social media, and a compelling website. But, if they do not work together well, they have not achieved an omni-channel experience.

There are land use and development implications from the rise of omni-channel retail:

- Retailers are looking to smaller formats and are looking to re-invest only in top-performing locations. Over time, the demand and need for large-format stores will decrease
- Retailers are applying flexible market-specific strategies to their expansions. Permanent stores are not the only way to test a market. Pop-up and temporary concepts are becoming more common in large and small markets alike
- Shopping centres of all sizes (power centres, strip centres, community and neighbourhood shopping centres) are changing their layouts and programs with on-site product pick-up

locations for online orders. This is being supported by retailers themselves offering in-store delivery and pick-up options, in the interest of creating convenience and converting pick-up trips to further sales

- Many shopping centres are adjusting their tenant mix to focus more on food services, personal services and entertainment as the space demand of retailers diminish and the viability of some retailers becomes challenged
- Leasing risk exists across sectors and categories. Digital and media products, clothing and fashion are notable sectors where this disruption has been notable so far. Products or retailers that have poor branding or lack of market uniqueness face substantial risk going forward, regardless of category or size
- Retail properties will increasingly be aligned around of the following formats:
    - **Experience** – upscale, leisure, browsing, entertainment
    - **Convenience** – quick access and services, including pick-up
    - **Function** – essential day-to-day items

3.1.2 EXPERIENTIAL RETAIL AND EXPERIENCE INVESTMENT

As a global trend, people are spending less on consumer goods and more on doing things. From theatres to bars to stores, businesses are looking to adapt. By trying to create more immersive experiences, retailers can drive people to their stores more effectively.

- The 2018 Canadian Retail Insights Report found that 87% of retailers agree their customers are getting more selective about where they shop (American Express Canada, 2018)
- Retailers that focus on improving their in-store experience while investing in new technologies to provide seamless shopping are those that will maintain their competitive edge

Many consumers, particularly millennials and Generation Z, are increasingly shifting their spending away from retail consumer goods altogether, instead investing in experiences. Research from event technology platform Eventbrite suggests that 78% of respondents (most of whom are millennials or younger) prefer to spend their money on experiences instead of material things. 72% are increasing the proportion of spending they dedicate to the former (Eventbrite, 2018).

This trend towards investment in experience over investment in goods is driven by many factors, but the most important driver is social media. A constant ‘fear of missing out’ as people consume online content posted by friends leads to increasing value being placed on unique experiences and live events.

The trend toward ‘experience’ does not mean that all events will enjoy a rise in popularity. Some experiences appear to resonate more than others. According to a study by AccorHotels, “seeking

emotional connection to destinations is a rising trend amongst many travellers today." (Accor Hotels, 2016)

Given these trends, we expect to see growing demand for:

- All types of live events (outdoor and indoor)
- Exclusive, smaller experiences
- Individualized products associated with experiences

3.1.3 SMALLER RETAIL FORMATS

Pressure on large format stores due to online retail and omni-channel sales / marketing is resulting in many large retailers re-assessing the size of their stores, their productivity targets, and the need to both move into urban centres / downtown locations, and to test new concepts (e.g. smaller stores, better integration of pickup with online orders).

Many retailers are becoming showrooms and pickup points for delivery from logistics centres, and do not need a fully stocked 'back of house' with inventory. These businesses are, by necessity, becoming nimbler, and are generally increasing productivity per square foot while keeping expenses down.

Additionally, larger format retailers are re-assessing their need for large parking areas. Many power centres today in both large and medium-sized markets are assessing alternatives for increased density on their lots through less parking. One issue facing major landlords is that many retailers have signed lease clauses whereby the landlord must maintain a minimum parking threshold. Another issue is outmoded planning requirements for new developments which establish high parking minimums. However, the long-term trend of decreased parking requirements, and shared parking arrangements, is expected to continue.

3.1.4 MOBILE COMMERCE

As part of the omni-channel shift, the growing trend is for more 'mobile commerce' including delivery services for food (e.g. Skip the Dishes, Foodora), repair professionals who will come to homes and businesses, more purchases across all good categories made through online channels and delivered to the home or fulfilment points (e.g. Amazon Prime) and perhaps in the near future, driverless vendors bringing showrooms to the home. These mobile commerce trends will not only change the need for customer parking, but will change how goods are delivered and shipped, and the need for short term pickup/drop off street parking in denser locations.

A part of the mobile commerce trend is micro-warehousing within urban areas, to help fulfil the outsized logistics and transportation demands of online purchase and delivery. A micro-warehouse could be co-housed in a smaller format urban store on a main street, and this is indeed occurring already in larger markets.

Autonomous vehicle delivery could work alongside micro-warehouses and e-commerce to significantly disrupt traditional retail landscapes, particularly large format retail / power centres. Going forward, we

are likely to see small format stores in urban locations use locational advantage to aid with online order fulfilment and delivery. Many will partner with micro-fulfilment start-ups and autonomous mobility companies to reduce their costs and increase speed of the 'last mile' delivery. Currently, last-mile logistics have an outsized impact on thin-margin businesses. Autonomous vehicles could change that math.

3.1.5 TECHNOLOGY DRIVEN INNOVATION

Sensor-based technology is changing retail. This includes autonomous vehicles (as discussed above), smart appliances, and check-out free retail.

Amazon Go – Amazon's convenience retail experiment with stores in Seattle, San Francisco and Chicago – may have been the first to bring the concept of checkout-free retail to reality (in January of 2018), but others are quickly following. Check-out free retail relies on sophisticated image recognition software and artificial intelligence to eliminate the need for a traditional check-out line. In an Amazon Go store (a convenience store concept of up to 2,300 square feet, with groceries and prepared foods), cameras track customer movements throughout the store and keep tabs on the goods being collected. Software reads the codes on each product as the customer shops, with the ability to differentiate between nearly identical product types. Weight sensors on each shelf know when an item has been removed, and if the item has been returned. Nothing is charged until the shopping trip is over and the customer has departed through the automated gates.

Some are speculating that check-out free technology will become the norm within 10 to 15 years, significantly disrupting bricks-and-mortar retail across sectors:

- A poll taken in the United States found that 43% of respondents would rather scan-and-go than wait in a checkout line
- Respondents to the same poll were most interested in using this technology for the purchase of groceries, home goods, and fashion products.[5]
- Checkout-free technology is likely to accelerate the demise of large-format stores, whose business models are already struggling against e-commerce
- As the technology improves and costs are reduced, small chains and independent retailers could use this technology, just as independents began to use Amazon's e-commerce portal for direct-to-consumer selling and distribution in the past
- Amazon Go-type technology could accelerate the retail landscape's shift away from large-format stores back to small-box and local merchants who best understand what can make physical retail experiences special

Amazon intends to open 3,000 Amazon Go stores across North America and in the UK by 2021 and is looking to expand the concept to airports, university campuses, transit stations, and office lobbies.

[5] *GPShopper, Reality of Retail Personalization Report, conducted by YouGov, May 22, 2018.*

Others are experimenting with similar technology, including Tesco in the UK and Walmart in partnership with Microsoft.

The implications of this type of concept for commercial land use is likely smaller, more curated stores in more locations.

3.2 FOOD SERVICE TRENDS

3.2.1 SUCCESSFUL EMERGING FOOD CONCEPTS

The following strategies or products have been successful in enabling neighbourhoods to offer a variety of prepared foods and create life and 'buzz' with limited impact on storefront retail availability.

1. *Food Trucks*: designated licenses and rotating parking spots can allow a Downtown or other key area to extend its food offerings while maintaining strict regulation on operating times, product mix and controlling demand on bricks and mortar for similar products

2. *Food Halls*: food halls are developing in communities of all sizes. These are usually in the range of 8,500 to 20,000 square feet and offer 6 to 20 food concepts side-by-side with traditional grocery and/or boutique retail. These facilities can often be tourist draws. They are often licensed and operate into the late evening. While they may offer a number of co-located (and often co-operated) concepts, the most successful models lean toward owner-operated units or a small number of unique entrepreneurs, each operating multiple concepts, or partnering to offer complementary goods/services. The most successful ones are highly localized, offering travellers something they cannot find elsewhere.

3. *Pop Ups:* the concepts described above all offer platforms for 'pop-up' food services. The pop-up retail sector is usually designed for short-term occupancy of properties in an interim transition to long-term tenancies. Food service and health standards often limit opportunities for true 'pop-up' food operators.

As demand for local and personal food offerings increases amongst both residents and tourists, the following concepts are emerging which fill storefront retail spaces and support vibrant Downtowns or waterfront precincts:

1. *Chef-driven restaurants*: recent years have seen the establishment of numerous culinary education centres across Canada, producing quality chefs. Many of these chefs are opting out of the traditional model of working for a large hospitality provider or mainstream restaurant chain, and instead are establishing smaller craft operations. These often focus on partnerships with local food producers, paying fair wages, and being a part of the neighbourhood culture and local economy. This is a model which provides variety, stability, comfort and uniqueness to neighbourhoods. It also opens up opportunities for smaller communities to become food destinations.

2. *Bakeries / Patisseries / Cafes:* a core element of downtown and main street revitalization in many centres is the current and emerging workforce increasingly embracing non-traditional office, business and employment models. More of today's professionals are mixing living and working space, both early in the career and in early retirement or pre-retirement. This allows for more revenues to be invested into residential spaces (vs. traditional commercial space). This type of lifestyle business model moves away from traditional 9-5, and the retail model that supports this. Some food service indicators of this transition in the nature of work is the growth of breakfast-focused restaurants, bakeries, and pastry stores/cafes which offer food and coffee at all times of day.

3. *Ghost Kitchens:* Associated with the rapid rise in food delivery services, some restaurants are scaling back their street presence, and in some cases, eliminating it altogether. The 'ghost kitchen' phenomenon refers to virtual restaurants that operate exclusively on a home delivery basis. At times, multiple virtual restaurants can share a commissary kitchen without retail frontage.

3.2.2 HYBRID CONCEPTS / BLENDED FORMATS

As food or entertainment become more established as the major draw or 'anchor' of retail operations or clusters, some retailers of traditional services or goods have integrated food-service elements into their shops. This can occur in several ways:

1. **Specialty Food Stores with Eating / Drinking**: traditional specialty food shops such as cheese shops, butchers, fish stores, and small grocers have expanded into prepared foods. Some are traditional (e.g. prepared meats at a butcher, sandwiches at a cheese shop). Some offer complementary dishes to create full meals and have added seating or stand-up eating areas. Many are offering dietary specialties (e.g. Plant Based, Gluten Free, Vegan Bakeries), and many are offering limited seating or packaged foods ready to eat. Grocery stores are adding prepared foods, take-away, eat-in, cafes, and even alcohol service

2. **Retail or Service with Bar or Café**: creating a reason to linger or acceptance of longer wait times in the key goal of traditional retail introducing food and beverage within their shops. This can be found in recent pet grooming shops and has long been part of many bicycle shops. The former are beginning to add alcohol service. Fashion/art shops have added cafes.

3. **Nutrition Health, Smoothie Bar with Protein Alternatives**: Retail and food services have also become enmeshed with health food stores, going from exclusively product sales into full health services (advisory, programming, food preparation). This active role includes juice/smoothie bars alongside prepared foods to be consumed on or off-site.

4. **Cannabis Culinary:** this is just beginning to emerge, but the emerging legal cannabis sector will likely follow a similar fashion and trend to the current alcohol licensing and zoning.

3.3 DESIGN PRINCIPLES

For commercial areas to thrive, they must work for residential and employment daytime activities, evening activities, and for tourists. Following are some of the essential characteristics to keep in mind.

SAFETY AND CLEANLINESS

Retail area health and vitality depends on customer comfort. The longer a customer spends in an area ("dwell time"), the more money they are likely to spend. Both the reality and perception of safety are critical to creating comfort. Public disorder, open drug use and dealing, homelessness, lack of street maintenance, garbage, and graffiti can all serve as barriers to attracting and retaining customers in an area. Negative psychological impacts can be long-lasting (i.e. an area can become stigmatized) even after issues are reduced or eliminated.

LENGTH OF MAIN STREET PRECINCT

In a street retail environment, the length of the anchored commercial precinct is critical to ensure customer flow and cross-shopping. A rule of thumb is that an 800-metre double-loaded street can accommodate a good retail mix and composition. Beyond 1,500 metres, it can become difficult for many consumers to walk comfortably the length of the district. If a shopping precinct is too short, there may be insufficient critical mass to support significant shopping.

Consideration should also be given to key 'nodes' at intersections, encouraging customers to explore what is on the next street around the corner. This can begin to promote a healthy retail / commercial ecosystem.

Short block length is also important, or alternately, creating mid-block connection opportunities.

PUBLIC REALM

Good public realm design and programming is critical to the success of a retail area, as it creates an environment in which the shopper feels comfortable and safe. Some key elements include:

- Wide, high-quality walking surfaces with attractive treatments for pedestrians, to prevent overcrowding, to promote shop visibility and access, and to allow area for retailers to 'spill over' into the street with signage, merchandise or seating
- Accessible storefronts are critical, for all ages and abilities
- Seating should be placed along the street to provide places to rest and linger
- Street trees provide interest, shade, wind protection, and enhance air quality

PLAZAS AND GATHERING PLACES

- Urban plazas encourage people to linger, particularly in downtown / waterfront districts. These spaces – either permanent or seasonal – create spaces for respite at a human scale, increasing comfort and opportunity for socializing and community building. They also focus the surrounding retail spaces, increasing visibility and accessibility. Plazas should be spaced approximately 400 to 800 metres apart
- Plazas should be programmed throughout the year
- Plazas can be anchors for retail districts. Locating a plaza at one end of a retail district can encourage pedestrian flows.

PERMEABLE AND ATTRACTIVE STOREFRONTS

In many communities, retailers are mandated to provide a minimum of 60% or 70% of their storefront facade as a window wall, allowing pedestrians to peer into the store to see the layout and merchandise. Entries should be generous and accessible to all ages and abilities.

LOADING ACCESS

This is more important for retailers of larger-scale merchandise, or those that have larger stores. National brand retailers are likely to use large transport trucks for distribution, and accommodation this size of vehicle can be problematic in tighter areas. Loading areas, particularly those for restaurants, are prone to mess and nuisance, and should be maintained diligently. Specific loading areas and times on main streets should be evaluated.

4 COMMERCIAL INVENTORY

4.1 OVERVIEW

A comprehensive inventory of retail and service commercial floor area has been prepared for all of Sylvan Lake using the Town's property assessment roll (provided by Town staff), combined with on-the-ground reconnaissance and desktop research. The inventory has been reviewed, categorized, and analysed using Geographic Information Systems (GIS) to determine current spatial patterns. As part of this process, the Town has been divided into 8 sub-areas to better understand retail and service patterns.

The Town's total retail and service commercial inventory is comprised of approximately **925,000 square feet of combined floor area, including 50,000 square feet of vacant space**. Notably, this figure is far in excess of the total retail and service commercial inventory prepared by MXD in 2015 (MXD Development Strategists, 2015). While we are not privy to the methods used to create that inventory, we provide the following notes regarding the 925,000 square foot inventory figure:

- **Inclusive of industrial storefronts:** the inventory includes retail / service commercial storefronts in Sylvan Lake's industrial areas (Beju Industrial and northeast industrial areas), which together account for 150,000 square feet.
- **Business-to-Business vs. Business-to-Consumer:** Some of the businesses in the Beju and northeast industrial areas which are included in the inventory may not be 'pure' retail space. Some operate in both 'business-to-consumer' (B-to-C) and business-to-business (B-to-B) environments. For some, retail sales account for a minority of business revenues.
- **Older Space vs. Newer Space:** Not all retail or service commercial space is equal in terms of quality and sales performance. For instance, whereas a newer full-line supermarket may be achieving $700 or more in retail sales per square foot per annum, an older grocery store may only be achieving a fraction of this. The same is true across all retail categories. To understand the Town's retail inventory, one must assess the quality of that space in addition to its amount, and estimate the current sales volumes being achieved.

The total inventory *net of service commercial space* (health services, personal services, financial services etc.) is just over 700,000 square feet. Inclusive of service commercial, but net of any space in the industrial areas, the total inventory is 775,000 square feet.

Table 7 on the following page provides a breakdown of the total retail and service commercial inventory in Sylvan Lake, broken out by sub-area (as depicted in Figure 6). More detailed discussions of each sub-area, including maps of distribution by retail category within each, follow.

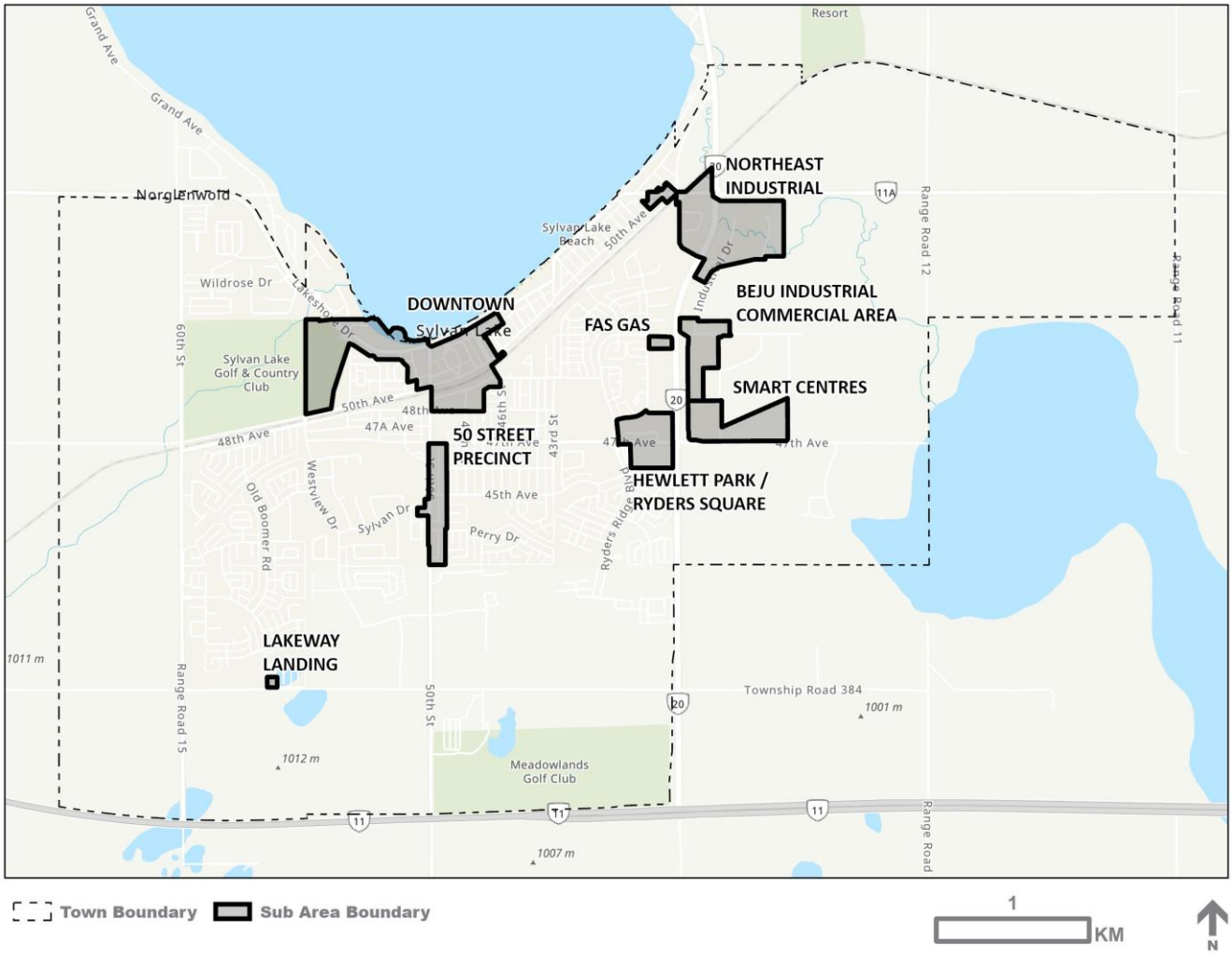
Table 7: Sylvan Lake Commercial Floor Space Inventory, 2019

Town of Sylvan Lake Retail and Service Commercial Inventory (Square Feet)							
Category	**Downtown**	**Hewlett Park & Ryders Square**	**SmartCentres**	**50 Street**	**Beju & NE Industrial**	**Other**	**TOTAL**
Automotive Goods & Services	**17,000**	**2,000**	**0**	**0**	**42,000**	**0**	**61,000**
Comparison Goods	**48,000**	**38,000**	**140,000**	**3,000**	**29,000**	**0**	**258,000**
Building Materials & Garden Store	5,000	23,000	0	3,000	14,000	0	45,000
Clothing stores	7,000	0	0	0	0	0	7,000
Electronics & Appliance Stores	0	1,000	0	0	2,000	0	3,000
General merchandise stores	6,000	0	137,000	0	0	0	143,000
Home Furnishings	14,000	2,000	0	0	0	0	16,000
Miscellaneous Store Retailers	9,000	11,000	3,000	0	11,000	0	34,000
Sporting goods, hobbies, books, music	8,000	0	0	0	2,000	0	10,000
Convenience Goods & Services	**135,000**	**132,000**	**53,000**	**41,000**	**67,000**	**26,000**	**454,000**
Beer, Wine, Liquor	10,000	11,000	3,000	2,000	3,000	7,000	36,000
Convenience Stores	6,000	0	0	14,000	5,000	7,000	32,000
Health and Personal Care Stores	12,000	17,000	0	11,000	4,000	0	44,000
Specialty food stores	1,000	0	0	0	0	4,000	5,000
Supermarkets and Other Grocery	0	66,000	50,000	0	0	0	116,000
Financial, Insurance, Legal Services	33,000	17,000	0	6,000	0	0	56,000
Health Services	38,000	8,000	0	0	6,000	2,000	54,000
Personal and Other Services	31,000	14,000	0	0	35,000	6,000	86,000
Fitness & Recreational Services	3,000	0	0	8,000	14,000	0	25,000

Town of Sylvan Lake Retail and Service Commercial Inventory (Square Feet)							
Category	**Downtown**	**Hewlett Park & Ryders Square**	**SmartCentres**	**50 Street**	**Beju & NE Industrial**	**Other**	**TOTAL**
Food and Beverage	**67,000**	**15,000**	**9,000**	**0**	**10,000**	**2,000**	**103,000**
Full Serve Restaurant	23,000	1,000	6,000	0	6,000	0	36,000
Quick Serve Restaurant	34,000	9,000	2,000	0	4,000	2,000	51,000
Drinking Places	10,000	5,000	0	0	0	0	15,000
Vacant	**15,000**	**13,000**	**6,000**	**0**	**2,000**	**13,000**	**49,000**
Total	**282,000**	**200,000**	**208,000**	**44,000**	**150,000**	**41,000**	**925,000**

Source: Town of Sylvan Lake Property Assessment Roll, 2018; Urban Systems

Figure 6: Locations of Built Commercial Floor Area in Sylvan Lake



Convenience Goods and Services comprise over 450,000 square feet Town-wide, accounting for 49% of the total inventory. This includes:

- 221,000 square feet of service commercial
    - 57,000 square feet of financial, insurance and legal services
    - 25,000 square feet of fitness and recreational services
    - 55,000 square feet of health services
    - 57,000 square feet of personal and other services
    - 10,000 square feet of entertainment services
    - 10,000 square feet of professional services
    - 7,000 square feet of rental and leasing services
- 230,000 square feet of retail goods.
    - 66,000 square feet of retail grocery in two stores (Sobeys and No Frills)
    - 35,000 square feet (est.) of retail grocery in the Walmart[6]
    - 4,000 square feet of specialty foods
    - 35,000 square feet of beer, wine and liquor
    - 31,000 square feet of convenience store retail
    - 44,000 square feet of health and personal care stores

Comparison Goods (including large general merchandisers Walmart and Canadian Tire) account for 260,000 square feet, or 28% of total inventory.

- Most of this is General Merchandise stores (143,000 square feet).
- It also includes 45,000 square feet of Building Materials and Garden Store space, comprised of Rona, BHL Building Supplies / Lumber Yard, and smaller operations in the downtown, along 50 Street, and in the Northeast Industrial area.

Automotive Goods and Services comprise 61,000 square feet, or 7% of the total inventory. This accounts for 18 businesses, mostly located in the Beju and Northeast Industrial areas.

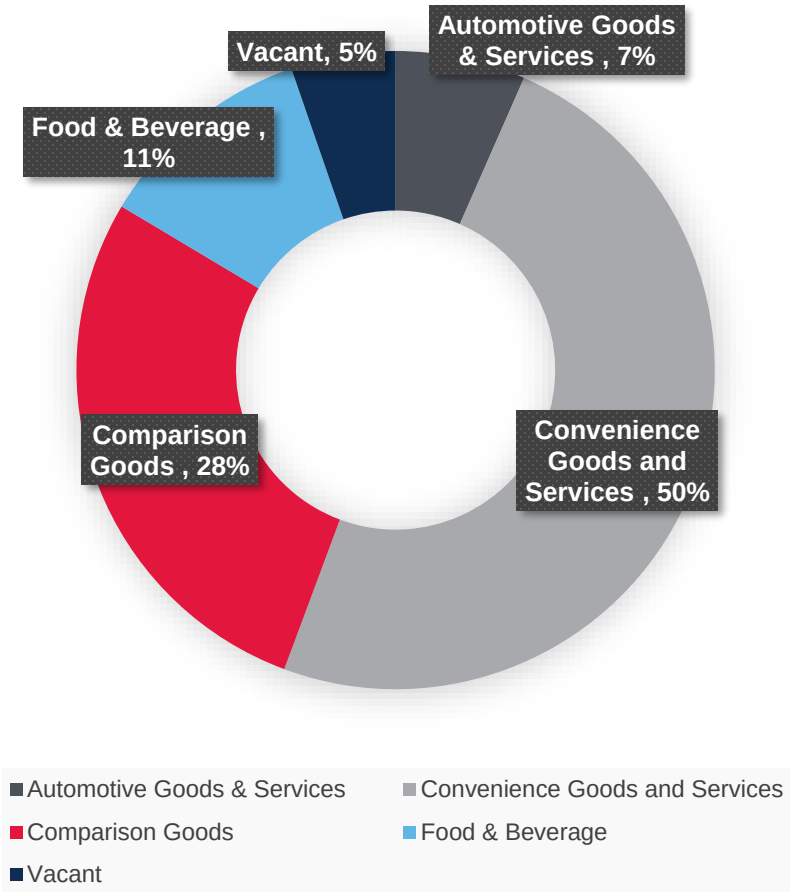
Food and Beverage locations comprise 103,000 combined square feet, or 11% of the total floor area inventory. This accounts for 23 businesses, most of which are in the Downtown / Waterfront area. The inventory is comprised of:

- 15 locations being classified as either ‘drinking places’ or ‘full serve restaurants’
- 21 locations being classified as ‘quick-serve restaurants’

Vacant storefronts account for 49,000 square feet, or 5% of total inventory. This includes a half-dozen locations downtown, 10 in the Ryders Ridge/Hewlett Park area, and a smattering elsewhere in the Town. Note that this accounts only for vacant built spaces.

[6] *The balance of Walmart is classified under General Merchandise in the Comparison Goods category.*

Figure 7: Breakdown of Sylvan Lake Commercial Inventory



The following sections provide further details of the inventory by sub-area and sub-area cluster.

4.2 INVENTORY BY SUB-AREA

4.2.1 DOWNTOWN / WATERFRONT

With 283,000 square feet of floor area, the Downtown or Waterfront Area contains nearly 31% of the Town's total commercial floor area. This includes 34% of Convenience Goods and Services, 16% of Comparison Goods, 28% of Automotive, 65% of Food & Beverage, and 30% of all vacant floor area.

The predominant category in the downtown is Convenience Goods and Service (135,000 square feet). Nearly 78% of this is comprised of service providers, including 38,000 square feet of health services, 33,000 square feet of financial, insurance and legal services, and 31,000 square feet of personal and other services (e.g. nail salons, spa, laundromat). Downtown does not have any full-line retail grocery stores. It is home to a Shoppers Drug Mart and the Sylvan Lake Pharmacy, three convenience stores, and three liquor stores. There is 15,000 square feet of vacant commercial area.

Table 8: Downtown Commercial Inventory

DOWNTOWN INVENTORY			
Category	**Square Feet**	**As Proportion of Total Downtown**	**As Proportion of Town-wide for Category**
Automotive Goods & Services	**17,000**	**6.0%**	**27.6%**
Comparison Goods	**48,000**	**17.0%**	**15.7%**
Building Materials & Garden Store	5,000	1.8%	11.9%
Clothing stores	7,000	2.5%	97.8%
Electronics & Appliance Stores	0	0.0%	0.0%
General merchandise stores	6,000	2.1%	3.1%
Home Furnishings	14,000	4.9%	87.5%
Miscellaneous Store Retailers	9,000	3.2%	26.1%
Sporting goods, hobbies, books, music	8,000	2.8%	82.8%
Convenience Goods & Services	**135,000**	**47.7%**	**33.5%**
Beer, Wine, Liquor	10,000	3.5%	28.6%
Convenience Stores	6,000	2.1%	19.1%
Health and Personal Care Stores	12,000	4.2%	27.2%
Specialty food stores	1,000	0.4%	24.7%
Supermarkets and Other Grocery	0	0.0%	0.0%
Financial, Insurance, Legal Services	33,000	11.7%	57.8%
Health Services	38,000	13.4%	69.8%
Personal and Other Services	31,000	11.0%	35.9%
Fitness & Recreational Services	3,000	1.1%	12.1%
Food and Beverage	**67,000**	**23.7%**	**65.2%**
Full Serve Restaurant	23,000	8.1%	64.3%
Quick Serve Restaurant	34,000	12.0%	64.8%
Drinking Places	10,000	3.5%	68.4%
Vacant	**15,000**	**5.3%**	**29.8%**
TOTAL	**283,000**	**100%**	**30.7%**

The Downtown / Waterfront area can be generally characterised as follows:

- Comprised primarily of independent businesses
- Home to a variety of food and beverage options including drinking establishments, full-serve and quick-serve restaurants, and seasonal quick-serve (i.e. ice cream shops)
- Home to a healthy mix of locally oriented service providers (e.g. health, financial)
- Approximately 15% of the downtown tenant mix is geared to the seasonal tourism market
- Has a significant quantity of older building stock in need of capital reinvestment
    - The Town has a Façade Improvement Program in place. Between 2015 and 2018, only one property owner took advantage of the program. The program is now seeing more uptake (2 more underway as of May 2019).
- There is a reported “disconnect” between asking rents and quality of space. It has been described by some as “Class A rents for Class C interiors.” At present, the amount of foot traffic downtown is insufficient to justify paying premiums for older space in these locations.

- Downtown has generally seen the long-term negative impact of developments along 47th Avenue and Highway 20. With most goods and services available within relative proximity to one another at this major arterial intersection, there is much less need or ‘draw’ for residents to come downtown.
- Downtown’s best competitive advantage in the long-term is the quality of the waterfront as a place to congregate, and the competitive mix of quality food and beverage establishments. Increasing the range of reasons to come and stay downtown will be critical.

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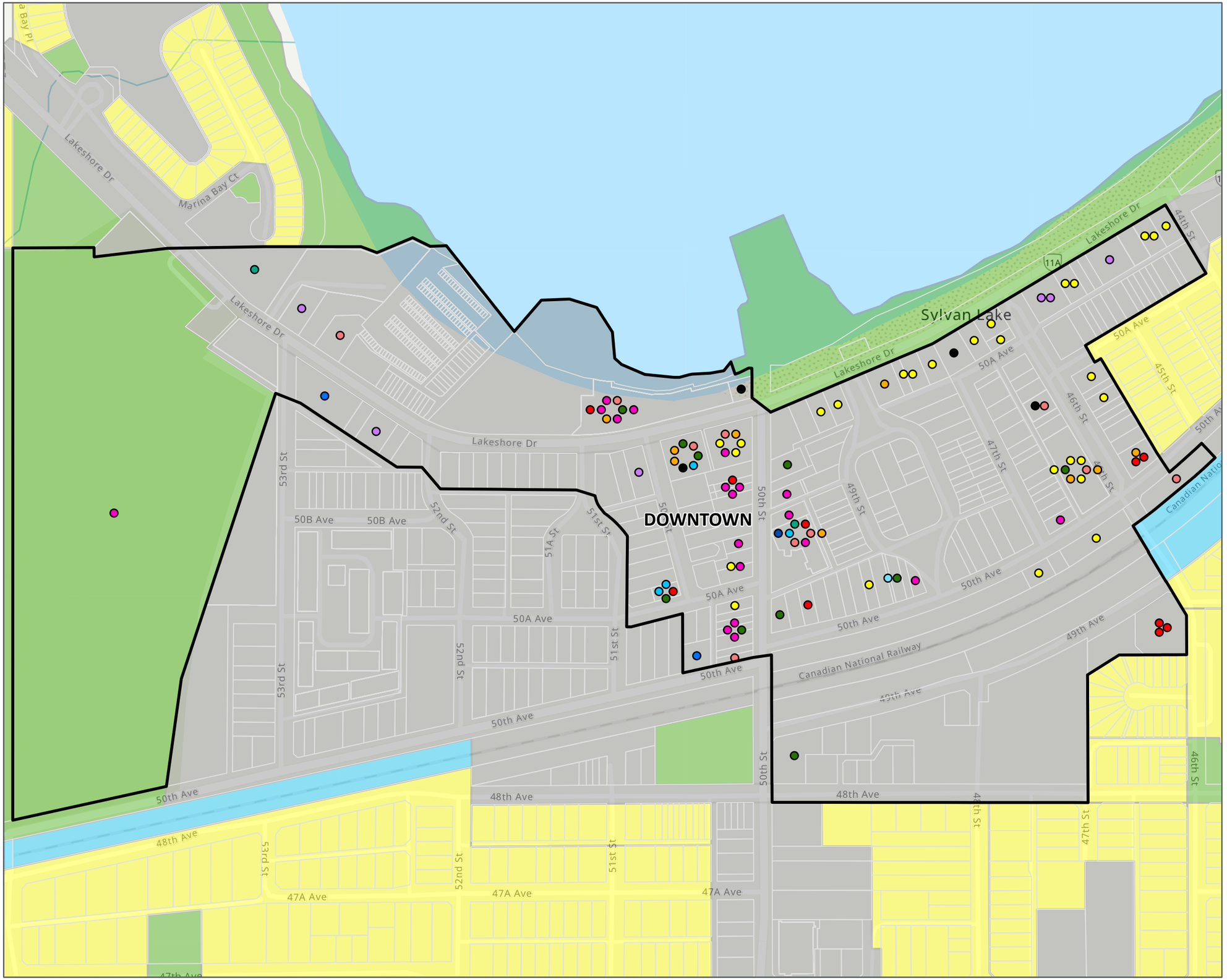

Sylvan Lake

Commercial Land Use Strategy

Retail Inventory Downtown

Legend

- Sub Area Boundary
- Automotive
- Comparison Goods
- Convenience Goods
- Financial, Insurance, Legal Services
- Fitness / Recreation Services
- Food & Beverage
- General Office
- Health Services
- Hotel
- Personal Services
- Professional Services
- Seniors Centre
- Vacant
- Parcel

Land Use District

- Residential
- Parks, Recreation and Public Facilities
- Direct Control
- Future Designation

The accuracy & completeness of information shown on this drawing is not guaranteed. It will be the responsibility of the user of the information shown on this drawing to locate & establish the precise location of all existing information whether shown or not.

0 50 100 150
Meters

Coordinate System:
NAD 1983 3TM 114

Scale: 1:4,000
(When plotted at 11"x17")

Data Sources:

- Data provided by the Town of Sylvan Lake (2019)

Project #:	2257.0005.01
Author:	LP
Checked:	JB
Status:	
Revision:	A
Date:	2019 / 8 / 12

URBAN systems

Figure A

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4.2.2 RYDERS SQUARE, HEWLETT PARK LANDING AND SMART CENTRES (HIGHWAY 20 & 47TH AVENUE)

The clusters of strip commercial and large format retail at 47th Avenue and Highway 20 are comprised of three notable developments:

- Ryders Square
- Hewlett Park Landing
- SmartCentres

Altogether this band of retail along 47th Avenue west and east of Highway 20 comprises over 400,000 square feet of built floor area, or nearly 45% of the Town-wide built space inventory. Home to both of the town's full-line grocery stores (No Frills and Sobeys), the major large-format general merchandisers (Walmart, Canadian Tire) and a large home building materials and garden store (Rona), this cluster is essentially the commercial heart of Sylvan Lake. Nearly all day-to-day needs and destination retail needs are met in this area.

In addition to the existing inventory of built floor area, there are plans in place for significant expansion of the commercial floor plate at the Highway 20 / 47th Avenue intersection:

- SmartCentres has infill opportunities in its current phase, and intends to develop a second phase on the 6.5 acre site west of Walmart
- The Iron Gate development at the southeast corner of Highway 20 and 47th Avenue has been approved and includes nearly 20 acres of commercial land.

The tables on the following two pages provide a breakdown of the commercial floor space at the combined nodes of Ryders Square + Hewlett Park Landing (Table 9), and SmartCentres (Table 10)

Table 9: Ryders Square and Hewlett Park Landing Commercial Inventory

RYDERS SQUARE and HEWLETT PARK LANDING			
Category	**Square Feet**	**As % of Total Node**	**As % of Town-wide for Category**
Automotive Goods & Services	**2,000**	**1.0%**	**3%**
Comparison Goods	**38,000**	**19.0%**	**12%**
Building Materials & Garden Store	23,000	11.5%	55%
Clothing stores	0	0.0%	0%
Electronics & Appliance Stores	1,000	0.5%	30%
General merchandise stores	0	0.0%	0%
Home Furnishings	2,000	1.0%	13%
Miscellaneous Store Retailers	11,000	5.5%	32%
Sporting goods, hobbies, books, music	0	0.0%	0%
Convenience Goods & Services	**132,000**	**66.0%**	**33%**
Beer, Wine, Liquor	11,000	5.5%	31%
Convenience Stores	0	0.0%	0%
Health and Personal Care Stores	17,000	8.5%	39%
Specialty food stores	0	0.0%	0%
Supermarkets and Other Grocery	66,000	33.0%	100%
Financial, Insurance, Legal Services	17,000	8.5%	30%
Health Services	8,000	4.0%	15%
Personal and Other Services	14,000	7.0%	16%
Fitness & Recreational Services	0	0.0%	0%
Food and Beverage	**15,000**	**7.5%**	**15%**
Full Serve Restaurant	1,000	0.5%	3%
Quick Serve Restaurant	9,000	4.5%	17%
Drinking Places	5,000	2.5%	34%
Vacant	**13,000**	**6.5%**	**26%**
TOTAL	**200,000**	**100%**	**22%**

Table 10: SmartCentres Commercial Inventory

SMARTCENTRES (47th Avenue & Highway 20)			
Category	**Square Feet**	**As % of Total Node**	**As % of Town-wide for Category**
Automotive Goods & Services	**0**	**0.0%**	**0%**
Comparison Goods	**190,000**	**91.3%**	**62%**
Building Materials & Garden Store	0	0.0%	0%
Clothing stores	0	0.0%	0%
Electronics & Appliance Stores	0	0.0%	0%
General merchandise stores	187,000	89.9%	97%
Home Furnishings	0	0.0%	0%
Miscellaneous Store Retailers	3,000	1.4%	9%
Sporting goods, hobbies, books, music	0	0.0%	0%
Convenience Goods & Services	**3,000**	**1.4%**	**1%**
Beer, Wine, Liquor	3,000	1.4%	9%
Convenience Stores	0	0.0%	0%
Health and Personal Care Stores	0	0.0%	0%
Specialty food stores	0	0.0%	0%
Supermarkets and Other Grocery	0	0.0%	0%
Financial, Insurance, Legal Services	0	0.0%	0%
Health Services	0	0.0%	0%
Personal and Other Services	0	0.0%	0%
Fitness & Recreational Services	0	0.0%	0%
Food and Beverage	**9,000**	**4.3%**	**9%**
Full Serve Restaurant	6,000	2.9%	17%
Quick Serve Restaurant	2,000	1.0%	4%
Drinking Places	0	0.0%	0%
Vacant	**6,000**	**2.9%**	**12%**
TOTAL	**208,000**	**100%**	**23%**

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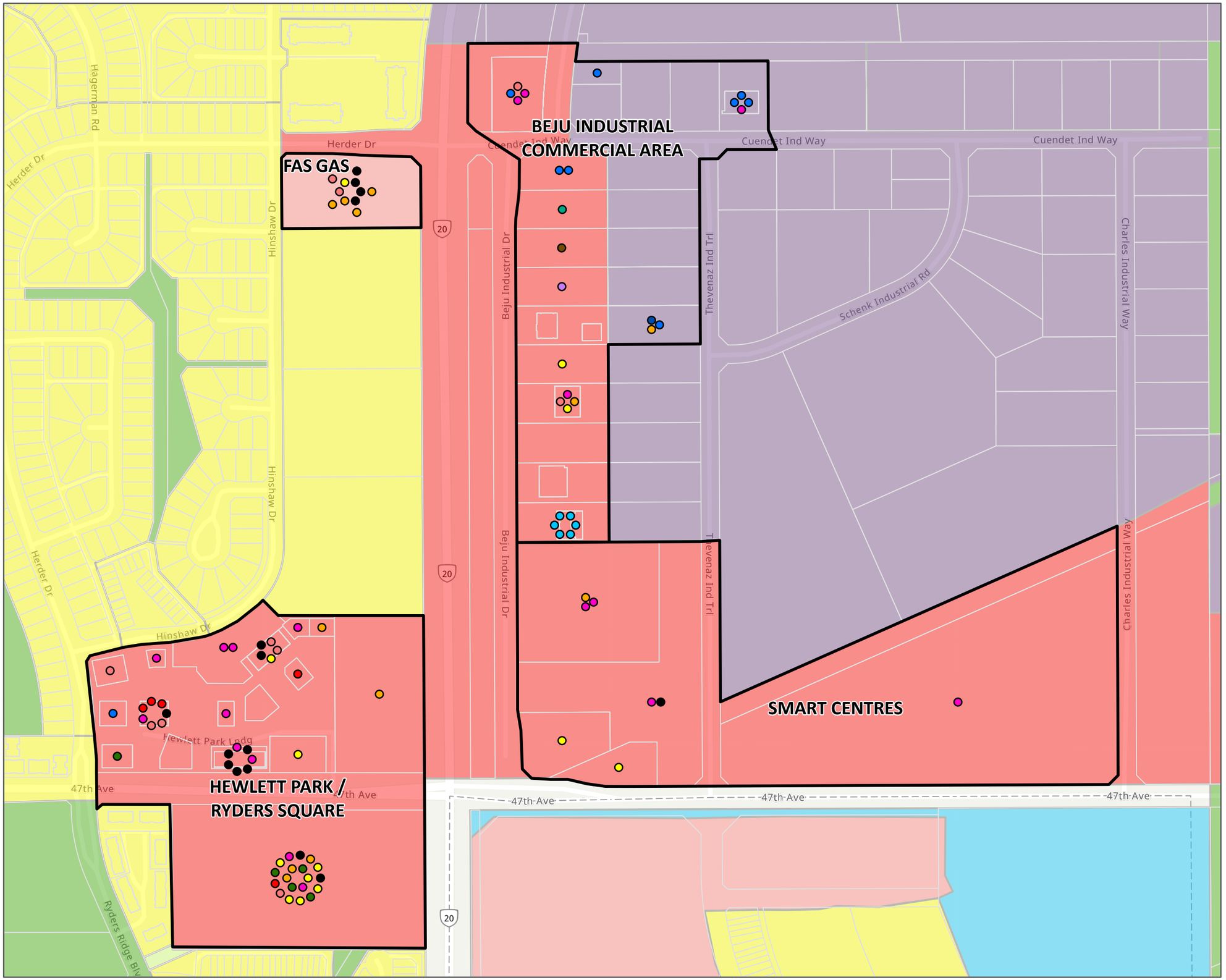

Sylvan Lake

Commercial Land Use Strategy
Retail Inventory
Fas Gas, Beju Industrial Commercial, Hewlett Park / Ryders Square and Smart Centres

Legend

- Sub Area Boundary
- Automotive
- Comparison Goods
- Convenience Goods
- Financial, Insurance, Legal Services
- Fitness / Recreation Services
- Food & Beverage
- General Office
- Health Services
- Hotel
- Other Services
- Personal Services
- Professional Services
- Vacant
- Parcel

Land Use District

- Highway Commercial
- Neighbourhood Shopping
- Residential
- Industrial
- Parks, Recreation and Public Facilities
- Agriculture
- Future Designation

The accuracy & completeness of information shown on this drawing is not guaranteed. It will be the responsibility of the user of the information shown on this drawing to locate & establish the precise location of all existing information whether shown or not.

0 50 100 150
Meters

Coordinate System:
NAD 1983 3TM 114

Scale: 1:4,000
(When plotted at 11"x17")

Data Sources:

- Data provided by the Town of Sylvan Lake (2019)

Project #:	2257.0005.01
Author:	LP
Checked:	JB
Status:	
Revision:	A
Date:	2019 / 8 / 12

URBAN systems

Figure B

4.2.3 50TH STREET PRECINCT

The 50th Street retail precinct is comprised primarily of a convenience store-anchored strip centre (Lakeview Square) at 50th Street and Sylvan Drive. The precinct is also home to a stand-alone liquor store, a gas station with a convenience store, a building with ground-floor health and personal services at 45th Avenue, and a retail/office strip at Pelican Place. Altogether, this precinct contains approximately 44,000 square feet of commercial floor area.

50th Street Precinct			
Category	**Square Feet**	**As % of Total Node**	**As % of Town-wide for Category**
Automotive Goods & Services	**0**	**0%**	**0%**
Comparison Goods	**3,000**	**7%**	**1%**
Building Materials & Garden Store	3,000	7%	7%
Clothing stores	0	0%	0%
Electronics & Appliance Stores	0	0%	0%
General merchandise stores	0	0%	0%
Home Furnishings	0	0%	0%
Miscellaneous Store Retailers	0	0%	0%
Sporting goods, hobbies, books, music	0	0%	0%
Convenience Goods & Services	**41,000**	**93%**	**9%**
Beer, Wine, Liquor	2,000	5%	6%
Convenience Stores	14,000	32%	44%
Health and Personal Care Stores	11,000	25%	25%
Specialty food stores	0	0%	0%
Supermarkets and Other Grocery	0	0%	0%
Financial, Insurance, Legal Services	6,000	14%	11%
Health Services	0	0%	0%
Personal and Other Services	0	0%	0%
Fitness & Recreational Services	8,000	18%	32%
Food and Beverage	**0**	**0%**	**0%**
Full Serve Restaurant	0	0%	0%
Quick Serve Restaurant	0	0%	0%
Drinking Places	0	0%	0%
Vacant	**0**	**0%**	**0%**
TOTAL	**44,000**	**100%**	**5%**

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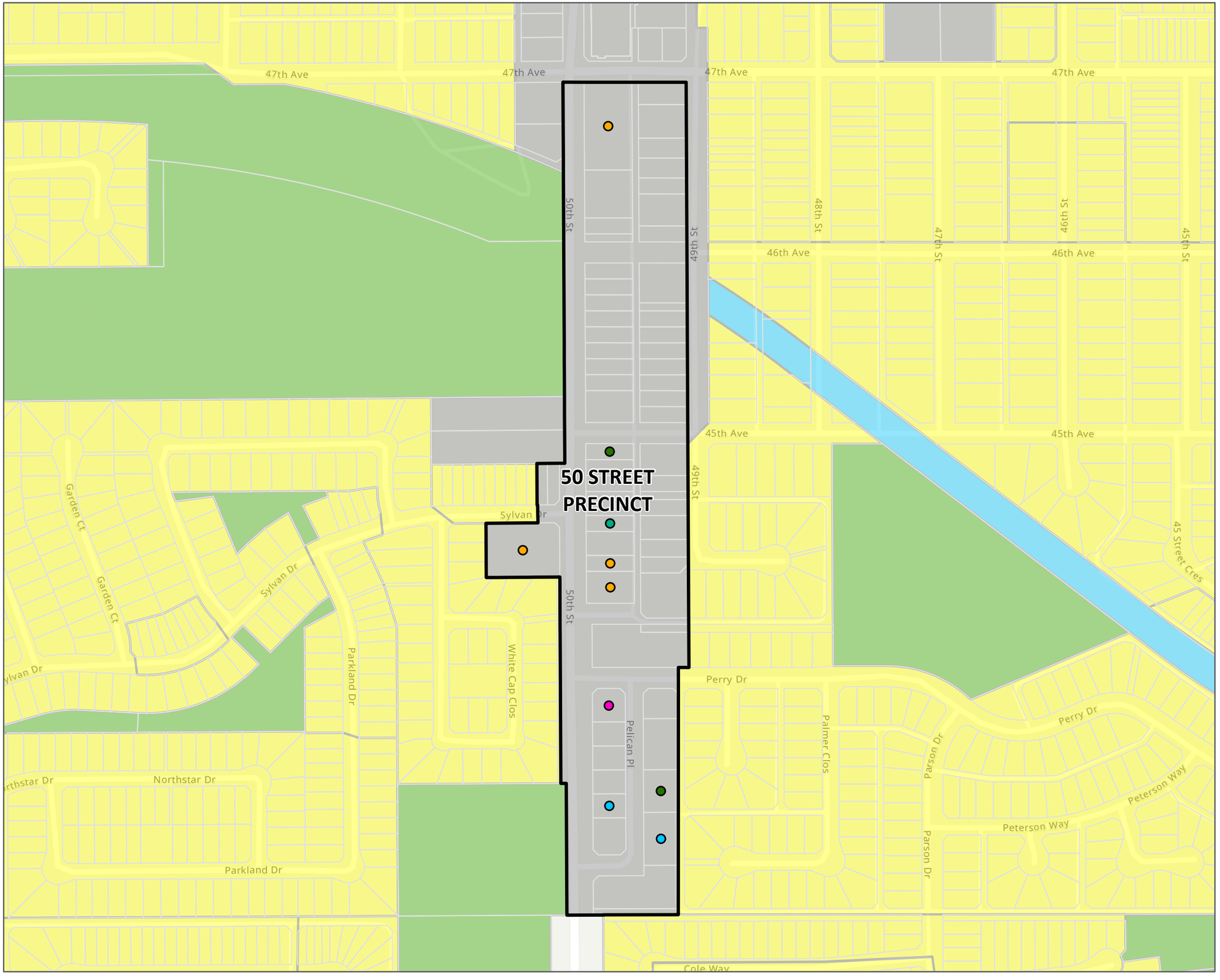

Sylvan Lake

Commercial Land Use Strategy

Retail Inventory
50 Street Precinct

Legend

- Sub Area Boundary
- Comparison Goods
- Convenience Goods
- Financial, Insurance, Legal Services
- Fitness / Recreation Services
- General Office
- Parcel

Land Use District

- Highway Commercial
- Residential
- Parks, Recreation and Public Facilities
- Direct Control
- Future Designation

The accuracy & completeness of information shown on this drawing is not guaranteed. It will be the responsibility of the user of the information shown on this drawing to locate & establish the precise location of all existing information whether shown or not.

0 50 100 150
Meters

Coordinate System:
NAD 1983 3TM 114

Scale: 1:3,500
(When plotted at 11"x17")

Data Sources:

- Data provided by the Town of Sylvan Lake (2019)

Project #:	2257.0005.01
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Revision:	A
Date:	2019 / 8 / 12

URBAN systems

Figure C

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4.2.4 BEJU AND NORTHEAST INDUSTRIAL AREAS

The Beju and Northeast Industrial Areas include a significant amount of commercial floor area, primarily in the categories of Automotive Parts and Services, a variety of personal and professional services, Building Materials and Garden Supplies, and some quick-serve restaurant space. The Beju area contains 72,000 combined square feet, while the Northeast contains approximately 79,000 square feet. These areas are presented in aggregate below.

Beju and Northeast Industrial Areas			
Category	**Square Feet**	**As % of Total Node**	**As % of Town-wide for Category**
Automotive Goods & Services	**42,000**	**30%**	**69%**
Comparison Goods	**23,000**	**16%**	**7%**
Building Materials & Garden Store	17,000	12%	38%
Clothing stores	0	0%	0%
Electronics & Appliance Stores	0	0%	0%
General merchandise stores	0	0%	0%
Home Furnishings	0	0%	0%
Miscellaneous Store Retailers	6,000	4%	18%
Sporting goods, hobbies, books, music	0	0%	0%
Convenience Goods & Services	**67,000**	**48%**	**17%**
Beer, Wine, Liquor	3,000	2%	8%
Convenience Stores	5,000	4%	16%
Health and Personal Care Stores	4,000	3%	9%
Specialty food stores	0	0%	0%
Supermarkets and Other Grocery	0	0%	0%
Financial, Insurance, Legal Services	0	0%	0%
Health Services	6,000	4%	11%
Personal and Other Services	35,000	25%	41%
Fitness & Recreational Services	14,000	10%	56%
Food and Beverage	**7,000**	**5%**	**7%**
Full Serve Restaurant	4,000	3%	11%
Quick Serve Restaurant	3,000	2%	6%
Drinking Places	0	0%	0%
Vacant	**2,000**	**1%**	**4%**
TOTAL	**141,000**	**100%**	**15%**

4.2.5 FAS GAS NODE

The “Fas Gas” node, comprised of 28,000 square feet including:

- 3,500 square feet of Beer, Wine and Liquor
- 3,000 square foot convenience store
- 3,500 square feet of specialty foods
- 2,000 square feet of quick serve restaurant
- 6,200 square feet of personal services
- 10,000 square feet of vacant space

4.3 REGIONAL CONTEXT (RED DEER)

Red Deer is the main recipient of retail spending leakage from the Sylvan Lake trade area due to its proximity and tenant mix. The city is easily reachable within a 20-25 minute-drive. Residents of Sylvan Lake (and environs) use Red Deer as a major centre for many convenience and destination commercial needs. Major retailers like Costco are very accessible from the highway 28 km driving distance) and are attractive destinations that are unavailable in Sylvan Lake.

Red Deer has several popular destinations that are unlikely to open in Sylvan Lake due to population size. These include Costco, Superstore, Wholesale Club, The Bay, H&M, Best Buy, The Brick, Visions, Trail Appliances, Marshalls, Sunterra, Chapters, and a variety of chain personal service providers.

Table 11 below shows Red Deer's shopping centre inventory. This does not include street retail. Altogether, the City has 14 shopping centres, comprised of 2 enclosed centres and 12 open-air centres. Altogether they encompass approximately *2.6 million square feet* of combined floor area.

Table 11: Shopping Centres in Red Deer

Red Deer Shopping Centres					
Name	**Format**	**Tenant Count**	**GFA (sq.ft.)**	**Major Tenants**	**Notes**
Bower Place Mall	Enclosed	120	624,675	HBC; Marshalls; Sunterra Market; Toys R Us	
Clearview Market Square	Open	21	302,600	Your Independent Grocer; Booster Juice; Browns Social House; Canadian Brew House; RBC; TD; Shoppers Drug Mart	
Deer Park Centre	Open	13	56,348	Liquor Store; DQ; Federated Co-Op Gas Bar; Mucho Burrito	
East Hill Centre	Open	14	78,648	Save-On Foods; Liquor Depot; Tim Hortons; Panago Pizza	
Eastview Centre	Open	9	35,221	7-Eleven; Liquor Depot; Apple Drugs; BMO	
Gaetz Crossing	Open	28	176,782	Michaels; Shoppers Home Health; Tony Roma's; Petland; Chapters; Bulk Barn; Red Deer Sportsworld	
Gaetz Plaza	Open	8	73,807	The Brick; Golf Town; Hakim Optical; Swiss Chalet; Urban Barn	
Liberty Crossing	Open	5	63,317	Wolverine Gun & Tackle	*Shadow anchored by Costco, Galaxy Cinemas, and Staples*

Red Deer Shopping Centres					
Name	**Format**	**Tenant Count**	**GFA (sq.ft.)**	**Major Tenants**	**Notes**
Parkland Mall	Enclosed	101	479,407	Goodlife Fitness; The Keg; Staples; WalMart; Winners	
Red Deer Plaza	Open	19	79,654	Red Deer Co-Op; Liquor Town	
Red Deer Village	Open	32	243,810	Canadian Tire; Mark's; Shoppers Drug Mart; Sobeys	
Southpointe Common	Open	28	151,632	Home Depot; London Drugs; WalMart	
Southpointe Plaza	Open	16	201,026	Sport Chek; Atmosphere; Winners; Bed, Bath & Beyond; Best Buy; PetSmart	
Taylor Plaza	Open	18	33,972	Servus Credit Union; Menchies; Starbucks	

Bower Place Mall is undergoing a renovation which will add a new two-storey entrance in the place of the vacated space left by Target several years ago. The mall will add two new major tenants (Marshalls and Sunterra Markets, already noted in the above table), which are planned to open in 2020. The vacant Sears space in Bower Place Mall is also under renovation and is planned to be replaced by several new smaller format retailers.

Much of Red Deer's retail space is auto-oriented strip developments which are accessed from highways and major arterial roads. While this allows Red Deer to provide certain large format retailers that are absent from Sylvan Lake, it also provides an opportunity for Sylvan Lake to provide more innovative forms of development. Emerging trends suggest that consumers are changing their preference from auto-oriented retail to more pedestrian-oriented retail spaces. Focused development of pedestrian-oriented retail along the Sylvan Lake waterfront could help to curb some amount of outflow spending to Red Deer.

5 DEMAND PROJECTIONS

5.1 INVENTORY REVIEW & RECONCILIATION

As discussed extensively in Section 4 above, Sylvan Lake contains an estimated 925,000 square feet of retail and service commercial floor area. This includes:

- 654,000 square feet of occupied retail floor area
- 221,000 square feet of occupied service commercial floor area
- 49,000 square feet of vacant floor area

Of the occupied floor area, 29% is categorized as Comparison Goods, 52% as Convenience Goods and Services, 12% as Food and Beverage, and 7% as Automotive Goods and Services.

The inventory is comprised of a combination of older and newer space.[7] This is an important distinction, discussed further below, when trying to reconcile questions of how current retail space may be performing in terms of sales per square foot, and the extent to which a market may be over or under-served based on reasonable assumptions on spending capture. If we were to apply only "new" retail space performance metrics to the current spending profiles in Sylvan Lake, the resultant supportable floor area estimates would over-estimate the extent to which certain categories are in a state of over-supply. This topic is discussed in more detail in Section 5.3 below as we quantify latent market demand by category.

5.2 SOURCES OF SPENDING

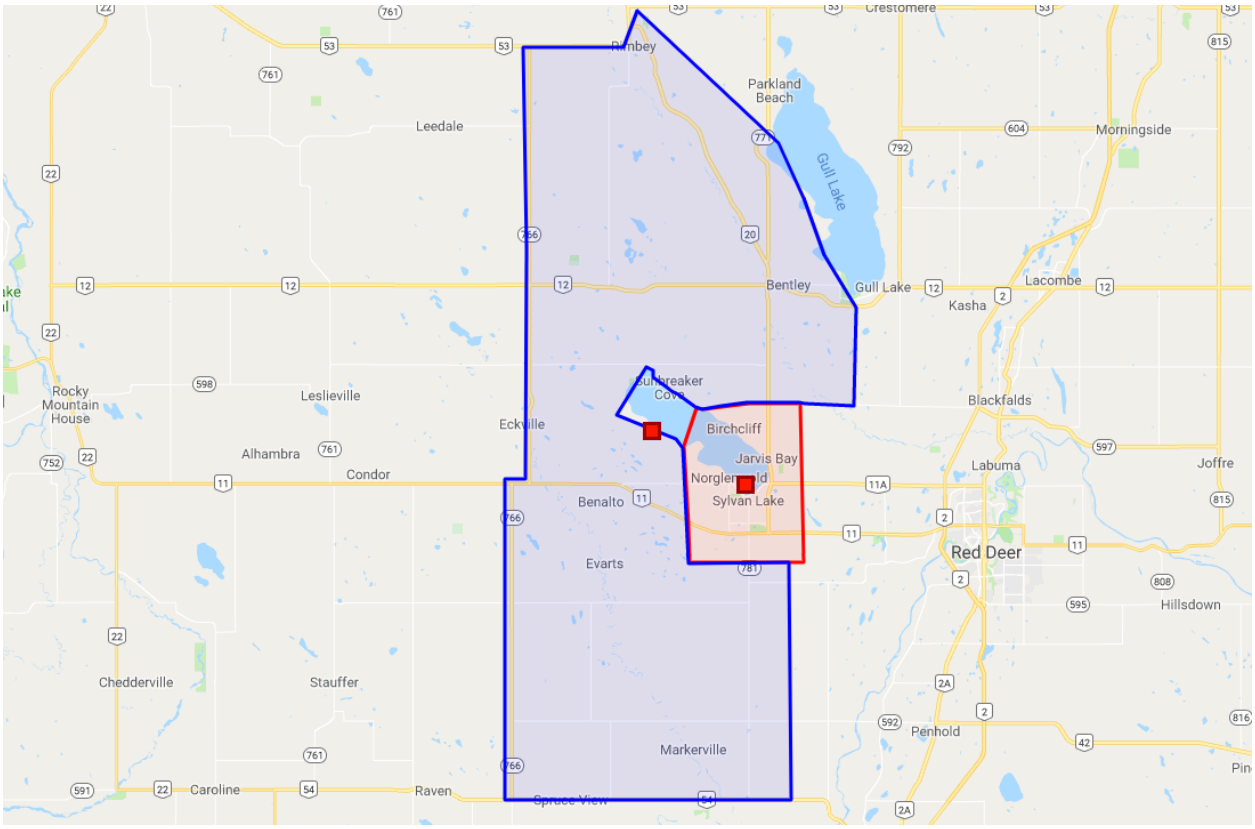
Understanding where retail sales volumes at Sylvan Lake businesses are coming from (i.e. who is doing the spending) is an important first step as we work to determine the extent to which the market is currently under or over-served in each category, as well as the future market demand. With all significant sources of spending identified and quantified, we can isolate the sectors where there may be latent demand for more space, or where the market may already be providing more space than could be supported at reasonable sales-per-square-foot rates.

[7] *The distinction between 'older' and 'newer' space used in this report has been made based on visual analysis by the consultant. A more thorough analysis of old vs. new space would be warranted, using data on age of building stock.*

5.2.1 RESIDENTS

The primary supporters of retail and service commercial business in Sylvan Lake are residents of the Town and the immediate surrounding areas. For this report, a logical retail 'trade area' has been delineated, depicting the geographic area from which the bulk of resident spending in Sylvan Lake likely originates. The trade area is sub-divided into a Primary Trade Area (PTA) and Secondary Trade Area (STA). These areas are depicted in Figure 8 below.

Figure 8: Resident Trade Areas (PTA in red, STA in blue)



- The PTA encompasses the Town of Sylvan Lake and the immediate areas outside the Town boundary
- The STA encompasses a wider swath of rural residents to the north, south and west, extending north to Rimbey, south to Highway 54, and west to Highway 766.

The estimated PTA and STA populations in 2019 are approximately 17,600 and 9,400, respectively. The average household income in the PTA in 2016 was $112,533, while in the STA it was $97,428 (Statistics Canada, 2016).

GROSS EXPENDITURES

The total and category-specific gross expenditure potential of trade area residents was calculated as follows:

- Actual reported retail sales data, by NAICS category, for the Province of Alberta, were reviewed for each month from January 2005 to May 2019, and converted to per-capita sales by year based on historical Provincial population data (Statistics Canada Retail Trade, 2019)
- Historical per-capita expenditure change year-over-year was converted to constant dollar change year-over-year by applying relevant Consumer Price Index (CPI) figures for varying baskets of goods, as published by Statistics Canada (Statistics Canada CPI, 2019)
- The relationship between income and retail expenditure (by category) at the provincial level, combined with data on household and per-capita income at the trade area level, was used to estimate trade area resident retail spending by category
    - There is a clear correlation between retail expenditures and incomes. We can therefore use the relationship between income levels of a given trade area (as per Statistics Canada) and the province overall to estimate the average per-capita retail expenditures in that category, based on expenditure levels by category at the provincial level.
    - This method allows us to benefit from the availability of income statistics at lower levels of geography (i.e. dissemination areas, amalgamated into trade areas).
    - The relationship between income and expenditure is not direct. Rather, it is influenced by income elasticity, defined as the degree to which a change in retail expenditure results from a change in income

Using the above steps, we arrive at estimates of per-capita retail expenditure by trade area.

- The PTA is estimated to have a combined retail + food & beverage expenditure potential of nearly $232 million in 2019
- The STA is estimated to have a combined retail + food & beverage expenditure potential of nearly $60 million in 2019
- Note that these figures *exclude* spending on service commercial (including entertainment); this is due to there being a less direct relationship between spending and supportable floor area, as discussed later in this report. Demand for additional service commercial space is calculated based on a ‘gross up’ factor related to future combined retail + food and beverage demand.

NET EXPENDITURES

Not all retail and food & beverage spending from trade area residents occurs, or will occur, in Sylvan Lake. Reasonable capture rates are applied to gross spending figures, by category, based on the combination of (1) our understanding of the current inventory in Sylvan Lake – by category and quality of space, (2) the nature of the competitive retail landscape in the region. These capture rate estimates, by category, are presented in Table 12 below.

Table 12: Local Capture Rate Estimates for Trade Area Expenditures in Sylvan Lake

Category	PTA	STA
Automotive Parts, Accessories	75%	60%
Furniture Stores	40%	30%
Home Furnishing Stores	40%	30%
Electronics & Appliance Stores	35%	25%
Building Material, Garden Equipment Stores	80%	40%
Supermarket and Other Grocery	80%	75%
Convenience Stores	80%	60%
Specialty Food Stores	80%	60%
Beer, Wine and Liquor Stores	80%	60%
Health and Personal Care Stores	80%	60%
Clothing Stores	15%	10%
Shoe Stores	25%	15%
Jewellery, Luggage, Leather Good Stores	35%	20%
Sporting Goods, Hobbies, Books, Music Stores	45%	25%
General Merchandise Stores	80%	60%
Miscellaneous Store Retailers	80%	40%
Food and Beverage	60%	45%

Altogether, we estimate that in 2019 Sylvan Lake captures $216.5 million (or 62%) of gross trade area spending potential. A breakdown of net trade area expenditures captured in Sylvan Lake, and their respective proportions of gross expenditure potential, is presented in the table below

Table 13: Net Retail Expenditure Potential, PTA + STA, 2019

Net Retail Expenditure Potential, 2019				
Categories	**PTA**	**STA**	**TOTAL**	**% Capture (blended)**
Automotive Goods & Services	**$4,762,000**	**$2,008,000**	**$6,770,000**	**70%**
Comparison Goods	**$64,760,000**	**$22,147,000**	**$86,907,000**	**54%**
Furniture Stores	$2,371,000	$903,000	$3,274,000	37%
Home Furnishings Stores	$1,617,000	$616,000	$2,233,000	37%
Electronics & Appliance Stores	$2,893,000	$1,095,000	$3,988,000	32%
Building Material, Garden Equip. Stores	$13,855,000	$3,681,000	$17,536,000	66%
Clothing Stores	$1,923,000	$663,000	$2,586,000	13%
Shoe Stores	$453,000	$141,000	$594,000	22%
Jewellery, Luggage, Leather Goods Stores	$543,000	$160,000	$703,000	30%
Sporting Goods, Hobbies, Books, Music Stores	$3,370,000	$970,000	$4,340,000	38%
General Merchandise Stores	$31,494,000	$12,264,000	$43,758,000	73%
Miscellaneous Store Retailers	$6,241,000	$1,654,000	$7,895,000	66%
Convenience Goods	**$65,040,000**	**$28,913,000**	**$93,953,000**	**76%**
Supermarkets & Other Grocery	$33,933,000	$16,678,000	$50,611,000	78%
Convenience Stores	$2,511,000	$987,000	$3,498,000	73%
Specialty Food Stores	$1,821,000	$716,000	$2,537,000	73%
Beer, Wine, Liquor Stores	$9,482,000	$3,803,000	$13,285,000	73%
Health & Personal Care	$17,293,000	$6,729,000	$24,022,000	73%
Food & Beverage	**$22,521,000**	**$6,404,000**	**$28,925,000**	**56%**
TOTAL	**$157,083,000**	**$59,472,000**	**$216,555,000**	

5.2.2 INFLOW

Inflow spending is comprised of dollars generated by regional residents outside of the delineated trade areas. This would include day-trippers, plus those commuting to Sylvan Lake for work.

Altogether we estimate that inflow spending accounts for approximately $55 million in 2019. 30% of inflow spending is related to food and beverage expenditures.

5.2.3 VISITORS

APPROACH

Visitor spending, particularly in the summer months, is a critical factor in the health of Sylvan Lake retail and service providers. Data on tourism volume, per-visitor spending and per-party spending was accessed from the following sources:

- Economic Impact Assessment of Sylvan Lake Tourism (2014)
- Central Alberta Destination Management Plan (2015)
- Domestic Tourism in Alberta Central Tourism Region (2018)

Following a detailed review, it was determined that the latter document offered the most relevant tourism expenditure breakdown for this study, as it sub-divided expenditures into the following categories:

- Public / local transportation
- Private / rental auto
- Accommodation
- Food and beverage
- Recreation / entertainment
- Retail / other

Using a combination of total visitor figures (and projections) from the Economic Impact Assessment and spending data extracted from the Central Tourism Region document, visitor expenditure projections were made for retail and food and beverage. Note that spending in other categories *e.g. accommodation, recreation) were not directly analysed in this study. Insofar as recreation / entertainment services will require future commercial land, it is assumed that the needs for these categories are accommodated through the 20% 'gross-up' factor applied to retail demand which accounts for service commercial-related land needs.

OUTPUTS

Sylvan Lake had an estimated 761,223 visitors in 2014. The 2019 figure is estimated to be nearly 857,000 in 2019 and projected to reach 1.05 million by 2029.[8]

Total expenditures in retail plus food and beverage categories in 2019 is estimated at approximately $47.1 million. This figure is projected to increase to $52 million by 2024 and $57.5 million by 2029.

[8] *Based on Central Alberta Tourism Alliance Accommodation Study (2018) growth rates.*

5.2.4 NET EXPENDITURES

Table 14 below shows the combined estimated net expenditure potential in Sylvan Lake in 2019 across all retail categories plus food and beverage. it is estimated that spending from all sources equates to approximately $319 million.

Table 14: Net Retail Expenditure Potential, Sylvan Lake, 2019

Net Retail Expenditure Potential, 2019					
	PTA	**STA**	**Inflow**	**Visitors**	**TOTAL**
Population	17,603	9,430		856,985	
Categories					
Automotive Goods & Services	**$4,762,000**	**$2,008,000**	**$1,195,000**	**-**	**$7,965,000.00**
Comparison Goods	**$64,760,000**	**$22,147,000**	**$18,130,000**	**$11,984,000**	**$117,021,000**
Furniture Stores	$2,371,000	$903,000	$172,000	$0	$3,446,000
Home Furnishings Stores	$1,617,000	$616,000	$118,000	$0	$2,351,000
Electronics & Appliance Stores	$2,893,000	$1,095,000	$210,000	$0	$4,198,000
Building Material, Garden Equip. Stores	$13,855,000	$3,681,000	$4,384,000	$0	$21,920,000
Clothing Stores	$1,923,000	$663,000	$287,000	$631,000	$3,504,000
Shoe Stores	$453,000	$141,000	$66,000	$631,000	$1,291,000
Jewellery, Luggage, Leather Goods Stores	$543,000	$160,000	$78,000	$631,000	$1,412,000
Sporting Goods, Hobbies, Books, Music Stores	$3,370,000	$970,000	$482,000	$2,523,000	$7,345,000
General Merchandise Stores	$31,494,000	$12,264,000	$10,940,000	$5,676,000	$60,374,000
Miscellaneous Store Retailers	$6,241,000	$1,654,000	$1,393,000	$1,892,000	$11,180,000
Convenience Goods	**$65,040,000**	**$28,913,000**	**$20,301,000**	**$17,853,000**	**$132,107,000**
Supermarkets & Other Grocery	$33,933,000	$16,678,000	$12,653,000	$6,889,000	$70,153,000
Convenience Stores	$2,511,000	$987,000	$617,000	$1,722,000	$5,837,000
Specialty Food Stores	$1,821,000	$716,000	$448,000	$3,444,000	$6,429,000
Beer, Wine, Liquor Stores	$9,482,000	$3,803,000	$2,344,000	$5,167,000	$20,796,000
Health & Personal Care	$17,293,000	$6,729,000	$4,239,000	$631,000	$28,892,000
Food & Beverage	**$22,521,000**	**$6,404,000**	**$15,575,000**	**$17,222,000**	**$61,722,000**
TOTAL	**$157,083,000**	**$59,472,000**	**$55,201,000**	**$47,059,000**	**$318,815,000**

5.3 NET FLOOR AREA SUPPORTABLE & LATENT DEMAND

5.3.1 CALCULATING NET SUPPORTALBE FLOOR SPACE

Net retail expenditure potential is converted to retail floor area supportable (in square feet) in Sylvan Lake, by merchandise category, through the application of sales performance metrics. Sales performance is the amount of sales expected to be achieved, per square foot, for a given merchandise category in a year. This data is published annually by the International Council of Shopping Centres (ICSC) for major markets, including the City of Edmonton (ICSC, 2017). By dividing the locally captured expenditure potential in a category by the appropriate sales performance figure, the net floor space supportable can be determined.

However, not all retail space performs equally, even within a retail category. From a starting point of published performance rates for typical 'new' space in the Edmonton market, two adjustments are made for this analysis:

1. Local new space performance adjustment: As noted above, ICSC publishes performance data for the City of Edmonton. For projections of new floor area supportable in Sylvan Lake, an adjustment to these benchmark rates are made by category to account for likely differences in performance. The table below shows our estimated adjustments for new space in Sylvan Lake. These adjustments are based on our collective experience working in both large and small Alberta retail markets over the past 25 years.

Table 15: Performance vs. Benchmark, New Space

ESTIMATED SYLVAN LAKE RETAIL-COMMERCIAL PERFORMANCE RATES - NEW SPACE[9]			
Retail / Commercial Category	**Edmonton**	**Est. % Adjustment**	**Sylvan Lake**
Automotive Goods & Services	$350	10%	$315
Building Materials & Garden Store	$400	10%	$360
Clothing stores	$518	10%	$466
Electronics & Appliance Stores	$1,812	20%	$1,449
General merchandise stores	$358	10%	$322
Home Furnishings	$449	10%	$404
Miscellaneous Store Retailers	$430	10%	$387
Sporting goods, hobbies, books, music	$600	10%	$540
Beer, Wine, Liquor	$800	10%	$720
Convenience Stores	$700	10%	$630
Health and Personal Care Stores	$762	10%	$686
Specialty food stores	$1,137	10%	$1,023
Supermarkets and Other Grocery	$700	10%	$665

[9] *ICSC shopping centre performance rates (Edmonton) plus Urban Systems estimates*

ESTIMATED SYLVAN LAKE RETAIL-COMMERCIAL PERFORMANCE RATES - NEW SPACE[9]			
Retail / Commercial Category	**Edmonton**	**Est. % Adjustment**	**Sylvan Lake**
Food and Beverage	$836	20%	$669

2. Newer Space vs. Older Space: As part of the process of reconciling the current inventory with current spending, we must acknowledge that not all retail space in Sylvan Lake is performing at benchmark (or near benchmark) rates. If only the typical performance rates from 'newer' commercial spaces are considered, we would overestimate the extent to which Sylvan Lake is over-served (i.e. we would under-project the current floor area supportable by assuming more sales per square foot than is being achieved). By analysing the Sylvan Lake retail inventory in terms of observed space quality (older vs. newer) in addition to floor space, and by applying varied performance rates to each, we can get a better sense of how the current inventory is likely performing and the extent to which there may be latent demand (or not) in a category today.[10]

    - Based on our combined desktop and field observations, we estimate that 37% of Sylvan Lake's retail and service commercial floor space could be classified as "older" or "lower quality"
    - Most of this older inventory is located Downtown (65%), with the balance along 50th Street and in the Beju / NE industrial areas
    - The table below provides a breakdown of older vs. newer space, by sub-area, by retail category.

[10] *Note that this 'old' vs 'new' analysis is based on our visual observations and is not based on a detailed analysis of building age or assessed value ratios of built space to land.*

Table 16: Older vs. Newer Commercial Inventory, by Sub-Area

SYLVAN LAKE COMMERCIAL INVENTORY Older vs. Newer Commercial Floor Area (Sq. Ft.)										
Retail-Commercial Category	Downtown		Hewlett Park & Ryders Square	Smart Centres	50th Street		Beju & NE Industrial		CATEGORY TOTALS*	
	Older	*Newer*	*Newer*	*Newer*	*Older*	*Newer*	*Older*	*Newer*	*Older*	*Newer*
Automotive Goods & Services	11,900	5,100	2,000	0	0	0	21,000	21,000	32,900	28,100
Comparison Goods	41,500	7,500	37,000	140,000	3,000	0	10,800	18,200	55,300	202,700
Building Materials & Garden Store	4,000	1,000	23,000	0	3,000	0	4,200	9,800	11,200	33,800
Clothing stores	7,000	0	0	0	0	0	0	0	7,000	0
Electronics & Appliance Stores	0	0	1,000	0	0	0	0	2,000	0	3,000
General merchandise stores	4,800	1,200	0	137,000	0	0	0	0	4,800	138,200
Home Furnishings	11,200	2,800	2,000	0	0	0	0	0	11,200	4,800
Miscellaneous Store Retailers	8,100	900	11,000	3,000	0	0	6,600	4,400	14,700	19,300
Sporting goods, hobbies, books, music	6,400	1,600	0	0	0	0	0	2,000	6,400	3,600
Convenience Goods & Services	105,500	28,500	133,000	53,000	28,200	12,800	33,600	33,400	178,800	275,200
Beer, Wine, Liquor	8,000	2,000	11,000	3,000	2,000	0	2,100	900	15,600	20,400
Convenience Stores	3,000	3,000	0	0	7,000	7,000	0	5,000	10,000	22,000
Health and Personal Care Stores	9,600	2,400	17,000	0	8,800	2,200	2,800	1,200	21,200	22,800
Specialty food stores	900	100	0	0	0	0	0	0	4,900	100
Supermarkets and Other Grocery	0	0	66,000	50,000	0	0	0	0	0	116,000
Financial, Insurance, Legal Services	26,400	6,600	17,000	0	4,800	1,200	0	0	31,200	24,800
Health Services	30,400	7,600	8,000	0	0	0	4,200	1,800	35,600	18,400
Personal and Other Services	24,800	6,200	14,000	0	0	0	24,500	10,500	52,300	33,700
Fitness & Recreational Services	2,400	600	0	0	5,600	2,400	0	14,000	8,000	17,000
Food and Beverage	50,200	16,800	15,000	8,000	0	0	5,800	4,200	56,000	46,000
Full Serve Restaurant	18,400	4,600	1,000	6,000	0	0	3,000	3,000	21,400	14,600
Quick Serve Restaurant	23,800	10,200	9,000	2,000	0	0	2,800	1,200	26,600	24,400
Drinking Places	8,000	2,000	5,000	0	0	0	0	0	8,000	7,000
Vacant	12,000	3,000	13,000	6,000	0	0	2,000	0	20,500	28,500
AREA TOTALS	**221,100**	**60,900**	**200,000**	**207,000**	**31,200**	**12,800**	**73,200**	**76,800**	**343,500**	**580,500**

**Totals include floor area in "other" areas*

The following table shows the performance metrics that are applied to older space in Sylvan Lake, compared to the benchmark rates for newer space in the Edmonton market.

Table 17: Performance vs. Benchmark, Older Space

ESTIMATED SYLVAN LAKE RETAIL-COMMERCIAL PERFORMANCE RATES - OLDER SPACE			
Retail / Commercial Category	**Edmonton**	**Est. % Adjustment**	**Sylvan Lake**
Automotive Goods & Services	$350	35%	$228
Building Materials & Garden Store	$400	20%	$320
Clothing stores	$518	35%	$337
Electronics & Appliance Stores	$1,812	50%	$906
General merchandise stores	$358	30%	$251
Home Furnishings	$449	30%	$314
Miscellaneous Store Retailers	$430	40%	$258
Sporting goods, hobbies, books, music	$600	30%	$420
Beer, Wine, Liquor	$800	15%	$680
Convenience Stores	$700	15%	$595
Health and Personal Care Stores	$762	25%	$571
Specialty food stores	$1,137	35%	$739
Supermarkets and Other Grocery	$700	20%	$560
Food and Beverage*	$836	35% to 50%	$418 to $543
Source: ICSC shopping centre performance rates (Edmonton), Urban Systems estimates ** 35% for QSR, 40% for drinking places, 50% for full-serve restaurants*			

5.3.2 CALCULATING LATENT DEMAND

By applying net spending estimates in 2019 and a combination of 'newer' and 'older' space performance metrics (based on the proportionate breakdown in Sylvan Lake today, by category, as discussed above), we can calculate the extent to which there may be latent demand in the market or the extent to which certain categories may be over-represented.

Looking at retail space in the aggregate in 2019, the Town of Sylvan Lake has estimated sales volumes that support just over 600,000 square feet of combined retail floor area (excluding service commercial). This compares to occupied supply of 658,000 square feet. This indicates a market that is edging toward over-supply.

However, when examined on a category-by-category basis, a more nuanced picture begins to emerge. Examining the major categories individually, the data indicates some over-supply in Convenience Goods and Automotive Goods/Services, and some under-supply in Comparison Goods and with Food and Beverage.

Detailed discussion of latent demand by category follows.

Table 18: Latent Demand in Sylvan Lake, 2019[11]

Sylvan Lake Latent Retail Demand, 2019				
	Supportable	**Inventory**	**Over (+) vs. Under (-) Supply**	**Latent Demand?**
Automotive Goods & Services	27,000	61,000	34,000	No
Comparison Goods	284,000	262,000	-22,000	Yes
Convenience Goods	186,000	223,000	37,000	No
Food & Beverage	112,000	102,000	-10,000	Yes
TOTAL	**602,000**	**648,000**	**46,000**	

Below is an example of how spending by category is converted to an estimate of square feet of support by category:

Calculating Supportable Floor Area and Over/Under Supply

Example: Supermarket & Other Grocery

- Performance (sales per sf): Newer space at $650/sf, older space at $550/sf
- Newer-to-older built space ratio: 100:0
- Combined Net Expenditure Potential: $67.8 million (PTA + STA + Inflow + Visitors)
- Square Feet Supported: 104,000 *($67.8 million / $650 = 104,000 sf)*
- Square Feet Inventoried: 106,000
- State of Market: Balanced

[11] *SampleCalculation*

5.3.3 LATENT DEMAND BY CATEGORY

CONVENIENCE GOODS

Most convenience goods categories appear well supplied in Sylvan Lake today.

- The category of Supermarket / Other Grocery, which includes both of Sylvan Lake's full-line grocery stores (No Frills and Sobeys) plus an estimated 35,000 square feet of retail grocery floor space in the Wal-Mart store, is well represented and appears quite balanced. There is, however, a geographic bias in grocery store presence on the east side of the Town; there is likely an opportunity for a new grocery store on the west side of town.
- There appears to be an over-supply of Convenience Stores, indicating that some of the existing stores are likely performing well below even the 'older space' performance metrics.
- The Beer, Wine and Liquor Stores category is over-represented. Despite this, there may be opportunity for a specialty liquor store that is not competing directly with the current offerings, or for a new liquor store in an under-served or growing part of town (e.g. west side), which would ultimately cannibalize some sales from existing stores.
- Health and Personal Care appears to be a relatively balanced category. There may be opportunity though for new offerings in under-serviced parts of town
- There is currently latent market demand for at least one additional Specialty Food Store. The precise type of store would require further primary market research.[12] There is suitable vacant space in the Town to accommodate such a use.

Table 19: Convenience Goods Latent Demand, 2019

Sylvan Lake Latent Retail Demand, 2019				
	Supportable	**Inventory**	**Over (+) vs. Under (-) Supply**	**Latent Demand?**
Convenience Goods	**180,000**	**223,000**	**43,000**	
Supermarkets & Other Grocery	104,000	106,000	2,000	Area-Specific*
Convenience Stores	9,000	32,000	23,000	No
Specialty Food Stores	8,000	5,000	-3,000	**Yes**
Beer, Wine, Liquor Stores	27,000	36,000	9,000	No
Health & Personal Care	38,000	44,000	6,000	No

*while the market overall is balanced, there is a need for new grocery store space on the west side of town

[12] *The Specialty Food Store category includes the following: bakery, confectionery, meat markets, fish and seafood markets, specialty fruit and vegetable markets, cheese stores, specialty dairy product stores, spice and herb stores, dietary food stores, and specialty beverage retail. It excludes spaces where food or drink is prepared and served for immediate consumption. The latter falls into the category of "Quick Service" or "Limited Service" eating places.*

COMPARISON GOODS

Current undersupply of comparison goods is primarily clustered in the textile product sub-categories of Shoe Stores, Clothing Stores, Jewellery, Luggage and Leather Goods Stores, and Sporting Goods, Hobbies, Books and Music Stores. There is also an indicator of undersupply in the Furniture Stores category.

The category of Building Material and Garden Equipment Stores indicates a state of under-supply based on retail spending potential and capture rates. The extent of under-supply may actually be more extensive than indicated, as the inventory figure of 45,000 square feet should be adjusted downward (possibly to 30,000 square feet or less), to account for the fact that most major home improvement chains in North America derive 25-30% of total sales from contractors and professional group sales. By discounting sales attributable to these groups, we are left with the proportion of floor space supported by private consumer spending.

Table 20: Comparison Goods Latent Demand, 2019

Sylvan Lake Latent Retail Demand, 2019				
	Supportable	**Inventory**	**Over (+) vs. Under (-) Supply**	**Latent Demand?**
Comparison Goods	**287,000**	**272,000**	**-15,000**	
Furniture Stores	9,000	0	-9,000	**Yes**
Home Furnishings Stores	6,000	16,000	10,000	No
Electronics & Appliance Stores	3,000	3,000	0	No
Building Material, Garden Equip. Stores	57,000	45,000	-12,000	**Yes**
Clothing Stores	9,000	7,000	-2,000	**Yes**
Shoe Stores	3,000	0	-3,000	**Yes**
Jewellery, Luggage, Leather Goods Stores	1,000	0	-1,000	**Yes**
Sporting Goods, Hobbies, Books, Music Stores	15,000	10,000	-5,000	**Yes**
General Merchandise Stores	152,000	157,000	5,000	No
Miscellaneous Store Retailers	32,000	34,000	2,000	No
TOTAL	**612,000**	**658,000**	**46,000**	

*Includes floor space supported by non-retail purchases. If inventory adjusted down to 30,000 square feet, under-supply increases to 27,000 square feet.

FOOD AND BEVERAGE

From an inventory standpoint, the Food & Beverage category is sub-divided into Full-Service Restaurants, Quick Service (or Limited Service) Restaurants, and Drinking Places. For the purposes of assessing levels of over or under-supply at a higher level, these categories have all been aggregated. This is also consistent with the way spending data is reported.[13]

[13] *Household spending at restaurants for the Sylvan Lake trade areas is based on Statistics Canada's Survey of Household Spending, and is reported in the "HouseholdSpend" database released annually by Environics Analytics. The relevant aggregate categories used for this analysis are: "Food purchased from restaurants" and "Alcoholic beverages served on licensed premises."*

Oftentimes, a 'liquor primary' establishment like a bar or lounge will achieve a significant portion of its customer attraction and revenue through food service, while 'food primary' establishments may achieve more than 50% of their revenue from liquor sales. Most restaurants try to make alcohol sales account for +/- 30% of their revenue; this target percentage is a factor used in the pricing of food and drink.

When looking at the combined Food & Beverage floor area in Sylvan Lake today based on estimated spending and supportable space versus the existing overall inventory, we find the market is relatively balanced, with a slight indication of over-supply. This is consistent with interview information suggesting that restaurants are a "very tough go" in Sylvan Lake, that the market may be over-supplied, and that additional restaurant closures may be on the horizon.

Our assessment of the marketplace (both quantitative and qualitative) indicates that emerging restaurant demand is likely to fall into the full-service restaurant sub-category. This is also consistent with findings from the 2017 Consumer Survey. There is opportunity in this market for unique, high-quality restaurants.

A more detailed analysis of the restaurant sector would be warranted to gain a nuanced understanding of the types of restaurants that may be most successful in Sylvan Lake, and ways that the Town may support the restaurant industry, particularly in light of the seasonality of much of the restaurant spending.

Table 21: Food and Beverage Latent Demand, 2019

Sylvan Lake Latent Retail Demand, 2019				
	Supportable	**Inventory**	**Over (+) vs. Under (-) Supply**	**Latent Demand?**
Food & Beverage	**101,000**	**102,000**	1,000	No

AUTOMOTIVE GOODS & SERVICES

The Automotive Goods & Services category shows the largest sign of oversupply, with a current demand calculation of 27,000 square feet compared to an inventory figure of 61,000 square feet. However, as with the Building Materials category, a significant portion of this inventory should be discounted given the likelihood of substantial support from professional firms and contractors. Our assessment is that, from a high-level retail perspective, the automotive goods and services category is currently in state of market balance.

5.4 FLOOR AREA DEMAND PROJECTIONS

Future demand for commercial space in Sylvan Lake will be a function of projected growth of both population and visitation, plus 'inflow' from regional residents beyond the trade areas who pass through Sylvan Lake or commute to the town for work.

5.4.1 DEMAND DRIVERS

As detailed in Section 5.2, demand is driven by spending from residents, visitors (overnight and day visitors) and 'inflow'. The latter comprises those passing through from elsewhere in the region, and those coming to Sylvan Lake to work each day.

RESIDENTS

Resident growth has been projected for both the PTA and STA using growth rates derived from Environics Analytics and historical growth rates for Sylvan Lake. From baseline figures 17,600 and 9,430 for the PTA and STA respectively, resident populations are projected as follows (rounded):

Table 22: Projected Resident Population for Sylvan Lake PTA and STA, 2018 to 2038

Year	PTA Population	STA Population
2018	16,850	9,000
2023	19,500	10,500
2028	22,000	11,800
2033	24,500	13,100
2038	27,000	14,500

VISITORS

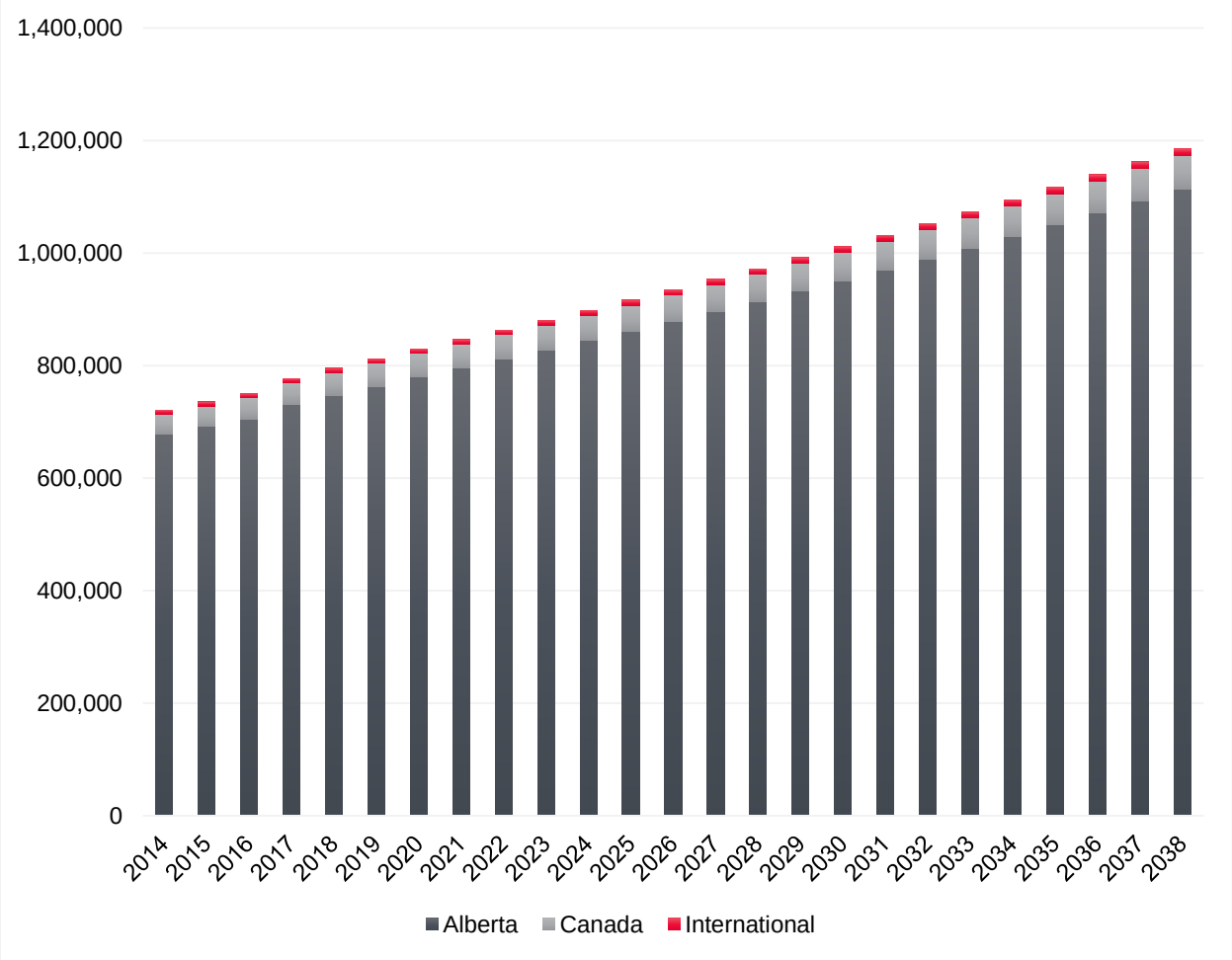
Visitors comprise parties from Alberta, elsewhere in Canada, and internationally, who come to Sylvan Lake for multiple days, as well as day visitors. Visitor figures for 2018 were estimated using figures from previous tourism studies for Sylvan Lake and combining them with tourism projections for Alberta and Central Alberta. The 2014 "Tourism Economic Impact Assessment for Sylvan Lake" estimated that the Town saw 761,233 tourists (overnight and day visitors) that year. The Central Alberta Tourism Alliance released a study in 2018 which included growth projections for Alberta tourism, the rates from which have been applied to the 2014 baseline visitor count, to the projection horizon of 2038.

Visitor data has been broken out by visitor origin (Alberta, other Canada, international), as presented in the Central Alberta Destination Management Plan (2015), a document which accounted for variations in visitor spending habits.

Seasonal residents have been estimated as part of 'inflow' calculations (discussed below), assuming that their spending profiles largely mirror those of full-time residents.

The figure below shows projections for visitor counts to 2038.

Figure 9: Visitor Projections, Sylvan Lake



INFLOW

Inflow spending accounts for the combination of:

- Regional residents outside of the delineated trade areas who may pass through Sylvan Lake and patronize retailers or service providers
- Commuters coming into Sylvan Lake to work
- Seasonal residents who spend part of the year in Sylvan Lake

5.4.2 FUTURE COMMERCIAL FLOOR AREA DEMAND

Incremental demand for net new commercial floor area in Sylvan Lake is based on a combination of projected growth in population, visitation and associated inflow, and projected real growth by category. A detailed discussion of the spending projection methodology can be found in Appendix B.

Calculations of net incremental demand considers latent demand calculations in 2019, with adjustments as discussed previously. For the purposes of demand projection presentation, Automotive Goods & Services have not been included as we do not project any incremental need for additional space in this category. In addition, net new floor area demand figures in each year are grossed up by 20% to account for the additional space demand for new Personal and Professional services (including health and recreational services) to support a growing population.[14]

NET ADDITIONAL FLOOR AREA DEMAND, 2023

Within 5 years, we calculate net incremental demand of just under **95,000 square feet** in Sylvan Lake. This includes:

- Approximately 8,000 square feet of Convenience Goods, focused on Grocery/Specialty Foods and Health and Personal Care
- Approximately 66,000 square feet of Comparison Goods, including:
    - 25,000 square feet of Building Materials and Garden Equipment store space
    - 10,000 square feet of Furniture Store space
    - 18,000 square feet of General Merchandise space (consistent with the floorplate of a Dollarama, Winners or small London Drugs)
    - 3,000 square feet of Clothing and Shoe Store space
    - 6,000 square feet of Sporting Goods, Hobbies, Books and Music Store space
- Approximately 5,000 square feet of Food & Beverage space (1-2 new restaurants)
- Approximately 16,000 square feet for additional personal and professional service space[15]

Some of the projected incremental demand can be accommodated within existing vacant space in both the Downtown and the shopping centres along 47th Avenue. Categories that are most readily accommodated by current vacancies are those that are more likely to operate as either independents or small local chains; these tend to gravitate to smaller floor plates. These include: Specialty Food

[14] *These include: Financial, Insurance and Legal Services; Health Services; Personal and Other Services: Fitness and Recreational Services.*

[15] *Based on a 20% gross-up factor on net new retail demand, consistent with current ratios of service commercial-to-retail space in Sylvan Lake*

Stores, Clothing Stores, Shoe Stores, Miscellaneous Store Retail, Furniture Stores, and Food & Beverage.

Table 23: Supportable Retail and Service Commercial Floor Space, Sylvan Lake, 2023

Supportable Retail Floor Space, 2023		
	Est. Sales in Sylvan Lake*	**Net Additional Space Supported (Sq.Ft.)**
Comparison Goods	**$132,659,000**	**66,000**
Furniture Stores	$3,853,000	10,000
Home Furnishings Stores	$2,627,000	0
Electronics & Appliance Stores	$4,651,000	0
Building Material, Garden Equip. Stores	$24,291,000	25,000
Clothing Stores	$3,998,000	3,000
Shoe Stores	$1,444,000	3,000
Jewellery, Luggage, Leather Goods Stores	$1,592,000	1,000
Sporting Goods, Hobbies, Books, Music Stores	$8,122,000	6,000
General Merchandise Stores	$69,735,000	18,000
Miscellaneous Store Retailers	$12,346,000	0
Convenience Goods	**$155,306,000**	**8,000**
Supermarkets & Other Grocery	$82,253,000	4,000
Convenience Stores	$6,429,000	0
Specialty Food Stores	$7,206,000	3,000
Beer, Wine, Liquor Stores	$23,485,000	0
Health & Personal Care	$35,933,000	1,000
Food & Beverage	**$72,139,000**	**5,000**
TOTAL	**$360,104,000**	**79,000**
Plus: Service Commercial @ 20%		15,800
GRAND TOTAL		**94,800**
*Constant dollars		

NET ADDITIONAL FLOOR AREA DEMAND, 2028

By 2028, Sylvan Lake is projected to see demand for a net addition of about **174,000 square feet** of retail and service commercial floor area (vs. 2019 baseline). Major categories of demand include:

- 30,000 square feet of Building Materials and Garden Equipment
- 48,000 square feet of General Merchandise
- 12,000 square feet of Health and Personal Care
- 10,000 square feet of Furniture
- 12,000 square feet of combined Grocery and Specialty Foods
- 14,000 square feet of Food and Beverage

Table 24: Supportable Retail and Service Commercial Floor Area, Sylvan Lake, 2028

Supportable Retail Floor Space, 2028		
	Est. Sales in Sylvan Lake	**Net Additional Space Supported (Sq.Ft.)**
Comparison Goods	**$154,293,000**	**103,000**
Furniture Stores	$4,398,000	10,000
Home Furnishings Stores	$2,999,000	0
Electronics & Appliance Stores	$5,251,000	0
Building Material, Garden Equip. Stores	$27,423,000	30,000
Clothing Stores	$4,687,000	3,000
Shoe Stores	$1,657,000	3,000
Jewellery, Luggage, Leather Goods Stores	$1,843,000	1,000
Sporting Goods, Hobbies, Books, Music Stores	$9,163,000	7,000
General Merchandise Stores	$82,985,000	48,000
Miscellaneous Store Retailers	$13,887,000	1,000
Convenience Goods	**$182,249,000**	**28,000**
Supermarkets & Other Grocery	$92,674,000	12,000
Convenience Stores	$7,211,000	0
Specialty Food Stores	$8,283,000	4,000
Beer, Wine, Liquor Stores	$27,194,000	0
Health & Personal Care	$46,887,000	12,000
Food & Beverage	**$81,510,000**	**14,000**
TOTAL	**$418,052,000**	**145,000**
Plus: Service Commercial @ 20%		29,000
GRAND TOTAL		**174,000**

Categories that were in a state of balance or over-supply in 2023 largely remain the same. Demand for 12,000 square feet of combined Grocery and Specialty Foods space is consistent with the floorplate of a smaller specialty concept (e.g. Freson Bros., Freshco), or a small cluster of private stores. Demand for 12,000 square feet of Health and Personal Care store space is consistent with the floorplate of a small Shoppers Drug Mart, and just under the size of some recently developed London Drugs stores.[16]

Within the Comparison Goods Categories, General Merchandise at close to 50,000 square feet would be sufficient to support two mid-size General Merchandisers but would not support any of the large general merchandise retailers or wholesalers in their current configurations (e.g. Wal-Mart, Costco, Canadian Tire). Building Materials at 30,000 square feet is sufficient for at least one store.

[16] *While the average London Drugs store has a floorplate of approximately 24,000 square feet, the chain has recently opened stores of 17,000 and 14,000 square feet in Vancouver's Olympic Village and Dunbar neighbourhoods, respectively.*

Food and Beverage at 14,000 square feet could mean 6+ new establishments. Some of this demand will likely be met through increased support for current businesses, plus new businesses going into vacant space.

NET ADDITIONAL FLOOR AREA DEMAND, 2038

Within 20 years, Sylvan Lake is projected to see demand for a net addition of about 286,000 square feet of retail and food and beverage, plus an additional 57,000 square feet of service commercial, for a total of just over 343,000 square feet.

Table 25: Supportable Retail and Service Commercial Floor Area, Sylvan Lake, 2038

Supportable Retail Floor Space, 2038		
	Est. Sales in Sylvan Lake	**Net Additional Space Supported (Sq.Ft.)**
Comparison Goods	**$201,974,000**	**186,000**
Furniture Stores	$5,510,000	11,000
Home Furnishings Stores	$3,757,000	0
Electronics & Appliance Stores	$6,436,000	1,000
Building Material, Garden Equip. Stores	$33,609,000	36,000
Clothing Stores	$6,244,000	5,000
Shoe Stores	$2,142,000	4,000
Jewellery, Luggage, Leather Goods Stores	$2,423,000	2,000
Sporting Goods, Hobbies, Books, Music Stores	$11,361,000	8,000
General Merchandise Stores	$113,488,000	114,000
Miscellaneous Store Retailers	$17,004,000	5,000
Convenience Goods	**$245,441,000**	**69,000**
Supermarkets & Other Grocery	$113,523,000	25,000
Convenience Stores	$8,824,000	0
Specialty Food Stores	$10,769,000	5,000
Beer, Wine, Liquor Stores	$35,423,000	1,000
Health & Personal Care	$76,902,000	38,000
Food & Beverage	**$107,567,000**	**31,000**
TOTAL	**$554,982,000**	**286,000**
Plus: Service Commercial @ 20%		57,200
GRAND TOTAL		**343,200**

5.5 ADDITIONAL DEMAND FACTORS TO CONSIDER

While the foregoing projections show demand for an additional 316,000 square feet of retail and service commercial floor area in Sylvan Lake within a 20-year timeframe, there are factors that could reduce this figure.

- **Increasing Performance (inflation adjusted):** As discussed throughout Section 5.4, some of the projected incremental demand is likely to be absorbed through a combination of vacancy infills and higher performance in existing spaces.
    - For example, if the average performance (i.e. sales) of existing Health and Personal Care Stores increased by 10% in real terms, the demand for new floor area in this category would be 10,000 fewer square feet by 2038
    - If the average Food and Beverage outlet saw performance increase by 10%, the demand for new floor area would be nearly 20,000 fewer square feet by 2038
    - If performance across *all categories* increased by 10%, the net new space demand by 2038 would be reduced by over 100,000
- **E-Commerce and the blurring of lines between retail and industrial:** Another consideration is the pace of sales transference away from bricks-and-mortar stores to e-commerce platforms.
    - Increasingly, sales growth in many categories may not translate into direct demand for new retail floor space; rather, new floor area to support that demand will be in the form of well-located transportation and logistics industrial space, facilitating same-day delivery of e-commerce purchases to homes or fulfilment locations
    - New transportation / logistics space on industrial lands, or embedded into the commercial environment in 'micro-warehouses', may be paired with retail storefronts, but many of those storefronts will require significantly less space than in the past
    - As noted in Section 3.1, e-commerce sales in Canada are significantly behind other jurisdictions (e.g. US, UK), but are growing quickly
    - As an example, the General Merchandise Store category saw 0.3% e-commerce sales in Canada in 2017. If this figure were to reach 10% in 2038, the net incremental floor area demand in that year would drop by the equivalent of one small-mid size general merchandiser and 1-2 fewer acres of commercial land.

- The pace of sales transference to e-commerce platforms may be far in excess of the example above
    - For instance, a report from the US Commerce Department in the spring of 2019 indicated that the total US market share of sales done in “non-store retailers” or online platforms of bricks-and-mortar retailers was higher than General Merchandise stores and department stores in February 2019
    - Sales may shift more to platforms that have very limited commercial retail presence (e.g. Amazon), in addition to e-commerce platforms of bricks-and-mortar retailers. This would further accelerate the shift of retail spending to supporting more industrial space, vs. commercial space.

While some e-commerce sales transference has been factored into the demand model, the full breadth and extent of these factors on the future of physical retail space demand remain in flux and could be far in excess of that currently modelled. On the whole, our current demand projections have taken a conservative approach, assuming a relatively slow shift of dollars away from bricks-and-mortar to e-commerce, and thus more demand for physical space (and associated commercial lands). These are factors to consider and keep track of through future commercial land needs analysis updates, and as Neighbourhood Plans and Area Structure Plans are considered or amended.

6 LAND DEMAND & LAND SUPPLY REVIEW

6.1 DEMAND SUMMARY

The commercial demand projections presented in Section 5.4 are translated to land demand based on development densities ranging from a low of 0.25 FSR, to a high of 0.45 FSR. The latter assumes significantly reduced parking requirements, or shared parking arrangements.

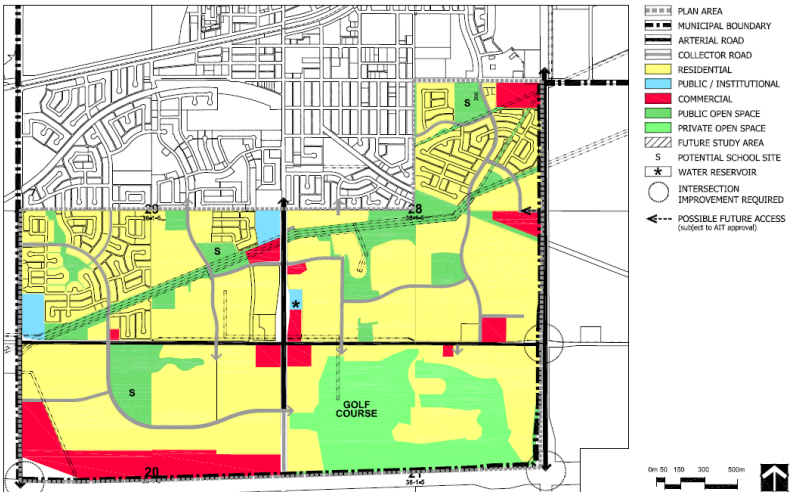
- By 2023, the net incremental space projection would require between 5 and 9 acres of commercial land
- By 2028, net incremental space projections would require between 9 and 15 acres of commercial land
- By 2038, net incremental space projections would require between 16 and 30 acres of commercial land

6.2 SUPPLY REVIEW

Sylvan Lake current has a significant amount of designated commercial lands.

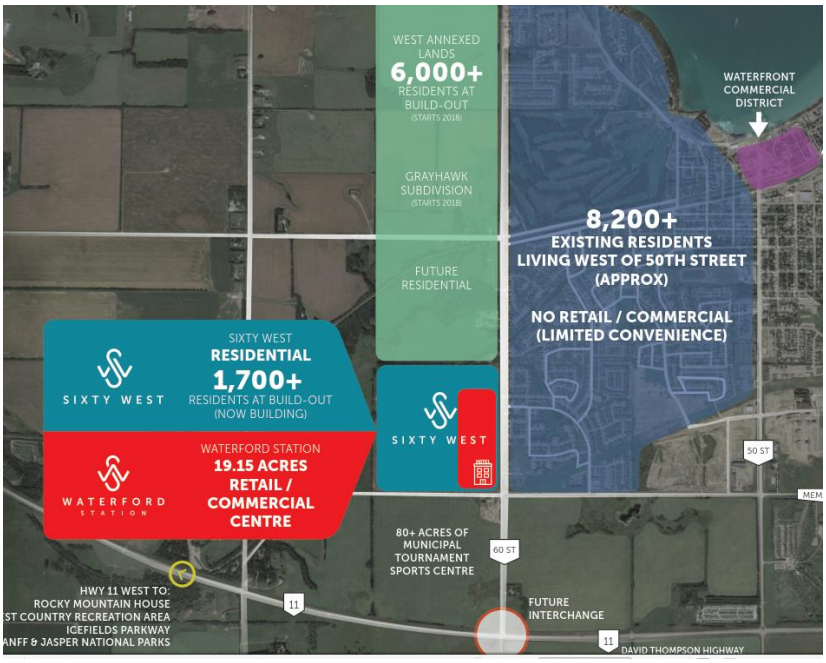
- The **South Area Structure Plan Bylaw** identifies a total of 52.9 hectares (130.7 acres) of commercial land area, intended to include a combination of destination retail to serve the regional market and smaller-scale neighbourhood commercial to serve local shopping needs. Note however that a significant land re-designation is currently in process.

Figure 10: Excerpt from South ASP, 2007



- The **Sixty West Development** (within the West ASP) identifies a 19.15-acre retail/commercial centre at the northwest corner of Memorial Trail and 60th Street. This is intended to serve the 1,700 new residents at build-out, plus the projected 6,000+ build-out residents of Grayhawk Subdivision to the north, and the existing residents west of 50th Street who are currently under-served for local retail.[17]

Figure 11: Sixty West Proposed Commercial Area



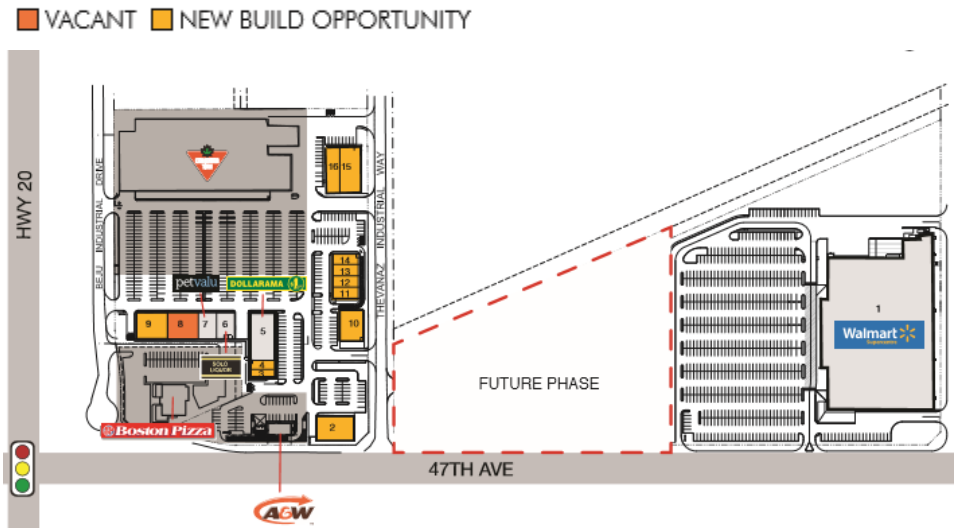
Phase one of the retail / commercial centre is planned for 2020/2021, and is conceived as 170,000 square feet with the following tenant mix:

[17] *As per the notations in Figure 11, the "West Annexed Lands" are intended to eventually house 6,000+ residents at build-out.*

Tenant Type	Retail / Service Area (sq.ft.)
Specialty Foods	48,000
Restaurants / Cafes	14,000
Lifestyle Retail / Sports / Hobbies	25,000
Wine / Spirits	10,000
Drugs Store (personal care)	5,000
Financial Services	8,000
Specialty Retail	25,000
Office (potentially service commercial)	20,000
TOTAL	**170,000**

- The **SmartCentres** site at the northeast corner of Highway 20 and 47th Avenue has a 6.5-acre future phase west of the Walmart parking lot, plus new build opportunities in the existing Canadian Tire-anchored plaza.

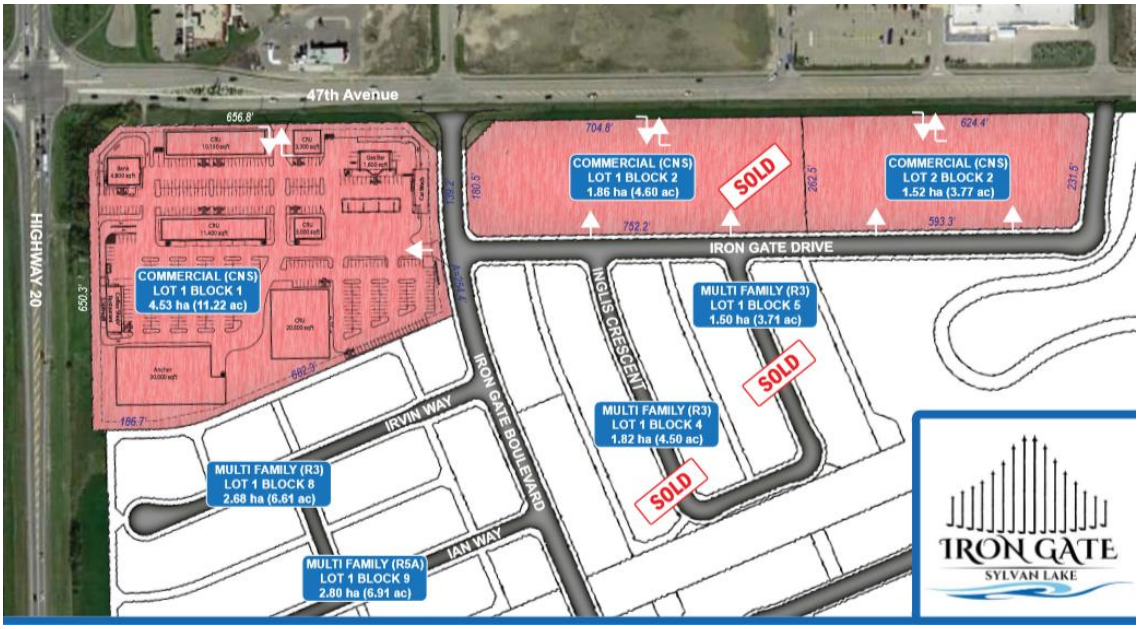
Figure 12: SmartCentres Future Phase and Infill Capacity



- The **Iron Gate** development at the southeast corner of Highway 20 and 47th Avenue has been approved to include nearly 20 acres of commercial land. The main parcel (11.22) acres includes a concept plan for over 80,000 square feet of new commercial space. This also offers ample opportunity for infill, as this density (0.17 FSR) is well below typical low-end density for large-format development in Alberta.[18]

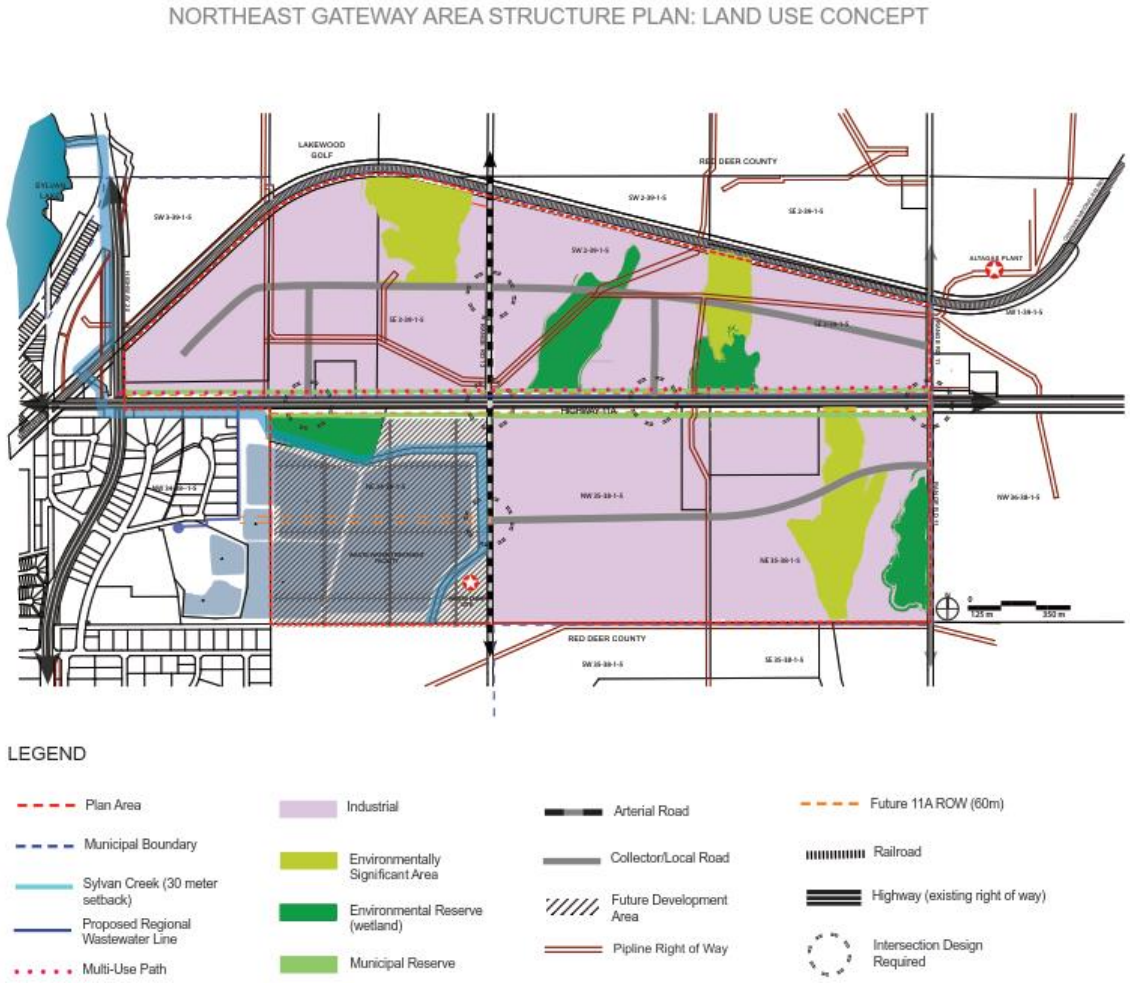
[18] *At typical commercial development densities, 20 acres could house between 220,000 and 320,000 square feet of floor space.*

Figure 13: Iron Gate Commercial Parcels



- The **Northeast Gateway ASP** (2018) designates 291.5 hectares (720 acres) for future industrial space. The industrial designation allows for a limited amount of supportive commercial use.

Figure 14: Northeast Gateway ASP Land Use Designations



Given the 20-year demand projections and the review of land capacity above, it appears that Sylvan Lake has many times more land capacity than necessary to accommodate warranted commercial growth.

- *At the high end, demand will necessitate about 31 acres of land in the next 20 years.*
- *If growth is 50% higher than projected, and built density is lower (e.g. 0.2 FSR), that land demand figure would increase to 55 acres*
- *The combined commercial land designated in the South ASP, Sixty West, SmartCentres and Iron Gate is 176.35 acres, or 3.3 – 5.9x more than required.*

7 RETAIL AREA POSITIONING

Our evaluation of Sylvan Lake's commercial precincts and our commercial demand projections suggest that (1) Sylvan Lake is over-designated for new commercial lands, and (2) what growth opportunities there are should be considered within the context of overall community goals. These include both the creation of complete communities and the long-term vitality of the waterfront precinct. The Town can support tenant recruitment efforts by supplying branding and messaging and helping to develop marketing tools. It can also encourage development location and direction through incentives, zoning, permitting, and land re-designations.

Each commercial precinct in Sylvan Lake (existing and emerging) has or will have its own distinct character. Given macro demand / supply dynamics and the goals of improving the health and vitality of the Downtown / Waterfront precinct and better serving growing neighbourhoods on the west side of the Town, the commercial positioning for each precinct should be differentiated.

DOWNTOWN / WATEFRONT PRECINCT

Niche: Main Street

Target Markets: Local and regional shoppers and tourists, daytime workers, pass-by traffic, downtown and downtown-adjacent residents

Requirements for Success:

- Walkable streets, placemaking and programming. This may include periodic street closures for events.
- Better building facades, window displays, animation of streetscapes
- Tenant inducements / incentives
- Downtown business association

Commercial Positioning:

- Need for more unique destination restaurants, including potentially replacement of underperforming restaurants.
- Local independent comparison good stores (clothing, accessories, jewellery, health and beauty, furniture/furnishings)
- Specialty food stores, grocery, health and personal care
- Entertainment and recreation

Other Comments:

- Focus on increasing business performance and infilling vacant spaces
- Non-traffic generating uses (e.g. offices, professional services) should be located on side streets or upper or lower levels to encourage active uses on ground level front of buildings

HEWLETT PARK / RYDERS SQUARE

Niche: Everyday shopping needs

Target Markets: Local shoppers

Requirements for Success:

- Accessibility to road network, visibility, perception of parking ease
- Add placemaking elements (gathering areas / amenities in the parking areas)
- Long-term infill on parking areas or redevelopment of portions to enhance layout / flow for increased density, ease of access, mix of uses

Commercial Mix:

- Focus on day-to-day needs
- Target additional personal services, specialty food stores, general merchandise, and sporting goods / hobbies, plus quick service restaurants

SMARTCENTRES AND IRON GATE

Niche: Power Centre – everyday shopping needs

Target Markets: Local and regional shopping

Requirements for Success:

- Accessibility and visibility, perception of parking ease
- Large serviced blocks
- Easy turning movements
- Need additional placemaking elements
- Look at long-term opportunities for infill on current parking areas
- Consider re-designating a portion of Iron Gate Commercial lands to allow for mixed-use, as the area is currently over-designated
- Consider limiting floor plates at Iron Gate and future SmartCentres phase

Commercial Mix:

- Build on current strengths, with additional General Merchandise, Sporting Goods, Health and Personal Care, Food and Beverage, and Service Commercial

50TH STREET

Niche: Neighbourhood-oriented strip centres and professional offices

Target Markets: Local shopping / service needs, local pass-by traffic

Requirements for Success:

- Visibility, easy accessibility, parking

Commercial Uses:

- Mixture of convenience goods and services in plaza format, small offices, food services

BEJU AND NORTHEAST INDUSTRIAL AREAS

Niche: Local and region-serving automotive goods, parts, accessories, plus retail and food and beverage space that is ancillary to industrial primary uses

Target Markets: Local and regional residents

Requirements for Success:

- Access, easily developable / re-demisable lots, use flexibility

Commercial Uses

- Automotive parts, accessories, tires
- Food & beverage and convenience retail to support industrial area
- Other retail sales ancillary to industrial uses

WEST ASP

Niche: Community and neighbourhood shopping and service

Target Markets: New residents of West ASP plus current residents west of 50th St.

Requirements for Success:

- Access and visibility, perception of parking ease
- Placemaking elements (sidewalks, landscaping, appealing storefronts, outdoor leisure / gathering places
- Appropriate phasing to meet established local demand

Commercial Uses:

- Grocery / Specialty Foods to support western residents
- Personal and professional services, financial and health services
- Health and personal care
- Cafes, quick serve, full serve restaurants
- Specialty liquor
- Local independents in key under-served comparison goods categories
- Recreational uses

Other Comments:

- Consider commercial scale and tenant mix within the context of overall supportable floor area, and how various scales and forms of development work toward broader planning goals such as complete communities and waterfront vitality. Care should be taken to ensure that the scale and mix of retail in the West ASP does not come at the expense of downtown vitality.
- The northern commercial node (at 60th Street and Lakeshore Drive / Township Road 390) should be capped at a size which allows for a small neighbourhood serving node.

SOUTH ASP

Niche: Community shopping and service

Target Markets: Future residents in South ASP plus inflow

Requirements for Success:

- Multiple neighbourhood-oriented commercial nodes to serve future resident population within reasonable distance, as well as regional population
- Potentially one area to accommodate larger region-serving retailers
- Compelling design, with pedestrian-oriented features
- Neighbourhood nodes would likely be in the 20,000 to 30,000 square foot range
- In the long-term there may be opportunity for one larger grocery-anchored node of up to 120,000 square feet, with ancillary goods and services (restaurants, health services, recreation services, office space)
- As currently designated, build-out of the southern commercial area alone (along David Thompson Highway) could accommodate over 1 million square feet of floor area. This is far in excess of what is required or desirable in the context of supporting downtown health and vitality

- The South ASP is expected to see a build-out population of nearly 15,000 residents. The commercial demand generated by this population can be summarized as follows:
    - Full build-out of 15,000 residents
    - Annual retail spending per capita, all categories, of approximately $18,000 per year (constant dollars) = $270 million at build-out
    - At 100% capture of above, using a blended performance rate of $500 per square foot, there would be demand for 540,000 square feet of retail and another 160,000 of service commercial (30% gross-up), for a total of 700,000 square feet
    - At 0.30 FSR, this would require approximately 54 acres of land across all nodes
    - As future South ASP residents are likely to spend their disposable income across a wide range of nodes (in and outside of Sylvan Lake), the above figures are unrealistically high.
    - A more realistic scenario would see demand from South ASP residents for 30 acres or less of commercial lands.
        - 9 acres for a full neighbourhood shopping centres
        - 9 additional acres for smaller neighbourhood nodes
        - The balance for future destination retail
    - In the absence of a major destination outside of traditional retail and service categories, the South ASP's designated commercia land supply far exceeds what is required.

Commercial Uses:

- Grocery and specialty foods
- General Merchandise
- Health and personal care
- Building materials / garden stores
- Personal and Professional Services
- Liquor store
- Sporting Goods, Hobbies, Toys
- Food and beverage
- Office space

OTHER AREAS

Opportunities will likely emerge for neighbourhood-serving commercial nodes to serve growing neighbourhoods. These nodes can likely be limited to under 25,000 square feet, providing basic goods and services within a walk or short drive for most residents.

8 RECOMMENDATIONS

Following are recommendations for supporting both the health and vitality of the retail and service commercial sector in Sylvan Lake generally, and downtown vitality specifically:

- **Project Review through lens of "Downtown Vitality"**
  - Commercial land use decisions should be taken, in part, through the lens of supporting the health and vitality of the downtown / waterfront precinct, while also allowing for other new commercial to emerge in service of creating complete, walkable communities. Key destination draws should be incentivized to go downtown, including:
    - Entertainment / performance space[19]
    - Unique restaurants and bars
    - Unique specialty retail
  - The town can support efforts to recruit target tenant categories to the downtown by providing forums to bring the many stakeholders together (i.e. landowners, business owners, economic development) and create both a common vision. This may ultimately take the form of a Downtown Tenant Retention and Recruitment Strategy, which will require buy-in from many disparate parties to be successful. Such a strategy would need to be spearheaded by the Town, with buy-in from partner organizations.
  - The Town of Sylvan Lake may also consider doing a 'deeper dive' analysis of the food & beverage sector specifically, to identify opportunities to support the growth of this sector given the challenges of seasonality of spending.
  - Commercial lands outside of the downtown should be designated in amounts and locations to allow for development at the scale needed to support day-to-day goods and services for residents in complete, walkable communities, alongside goals of long-term downtown health and vitality.
  - Within the downtown, non-traffic generating uses (e.g. offices, professional services) should be located along side streets or upper levels to encourage active uses on the ground level front of buildings.

[19] *A stand-alone 'entertainment and recreation' strategy should be considered as a next step to this commercial / retail study.*

- **Commercial Land Re-Designation and / or Other Restrictions**
    - There is too much designated and undeveloped commercial land in Sylvan Lake. Consider using the demand vs. supply assessments presented in this report as a guide for re-designating some of these lands for alternate uses and/or mixes of uses.
    - In the West ASP, apart from the areas covered by the outline plans which are already approved, the Town may consider capping total retail floor area permitted (or re-designating lands), or consider some other types of caps (e.g. a cap on the size of any single retail unit, or caps specific to total floor area within certain categories) to ensure that a successful community shopping node can emerge, without allowing for it to become another regional destination that further dilutes the energy downtown.
    - The South ASP is particularly over-designated for commercial, although access challenges effectively 'sterilize' much of this land from becoming large-scale commercial. The South ASP's commercial land extent should be significantly reduced, and likely will be as per the current developer's intent and Alberta Transportation requirements.
    - In general, the Town should explore the extent and usefulness of a range of tools to ensure that new retail nodes/clusters are built at a size/scale that achieves long-term community goals, including downtown vitality. Some municipalities in Alberta elect to both restrict and incentivize development amounts and typologies in specific locations.
        - In Canmore, for instance, a retail floor plate limit along Bow Valley Trail has been a longstanding policy, which has effectively redirected larger retail stores into the Town Centre and Gateway Commercial districts.[20] That policy was reviewed and upheld following a 2015 consultant report.[21]
- **Explore and Prioritize Initiatives to Retain and Attract Businesses Downtown**
    - Incentives for retaining and attracting businesses to the downtown should be studied in more detail. Ideally, a Downtown Retail / Entertainment Strategy (with attraction and retention components) should be developed and implemented.
    - Allow zoning flexibility downtown to encourage interesting and unique 'combination' uses (e.g. boutique manufacturing with ancillary service or retail) should be a priority.
    - Create incentives for more mixed-use development and residential activity in and around the downtown. More residents in the downtown will mean more opportunities for businesses in all categories to thrive year-round.

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[20] *See Canmore Bow Valley Trail ARP (Bylaw 11-2012), Section 6.1.3.1*

[21] *See Town of Canmore Council Agenda, Tuesday March 17, 2015. Available at: https://bit.ly/2Si5k4F*

- Continue with the downtown façade grant program and explore whether it can be expanded to be more effective (e.g. higher grant amounts).
- Explore opportunities for more and varied municipal activity generators downtown throughout the year (both programming and places). This may include temporary street closures to facilitate festivals or other events, which can be successful means to drive traffic to businesses. Business performance before, during and after these events should be tracked.
- Work with the local business community to gauge appetite for (and subsequently organize) a “Waterfront District BIA” or similar organization. From there, develop a business enhancement strategy (ideally linked to an overall downtown strategy) with a shared vision, and work to actively recruit businesses and services that will create a vital tenant mix.
- If a BIA is not feasible, consider smaller-scale initiatives that cater to a priority 1 or 2 block precinct where the Town wishes to concentrate activity and energy. Such a program can be supported by staff but can be largely independent if such capacity exists.
- Work with downtown businesses to coordinate operating hours, ensuring that doors are open into the evening. Most retail sales happen after 5pm. Without extended operating hours from most businesses, and the promotion of those extended hours, shoppers will go elsewhere where retail is more convenient.
- Experiment with temporary street closures and pop-ups. This has recently been tested, with some success in the 300 block of Victoria Street in downtown Kamloops, BC.
- Consider small initiatives that can lead to big impacts and long-term changes to patterns. Campbell River BC, for instance, instituted a $50,000 program that included movable chairs on sidewalks, evening activities (e.g. movie night) and a chalk-art festival. These small initiatives, and associated leadership by the city, have brought more attraction to the downtown, and have made a difference in the level of vitality and vibrancy into the evening hours.

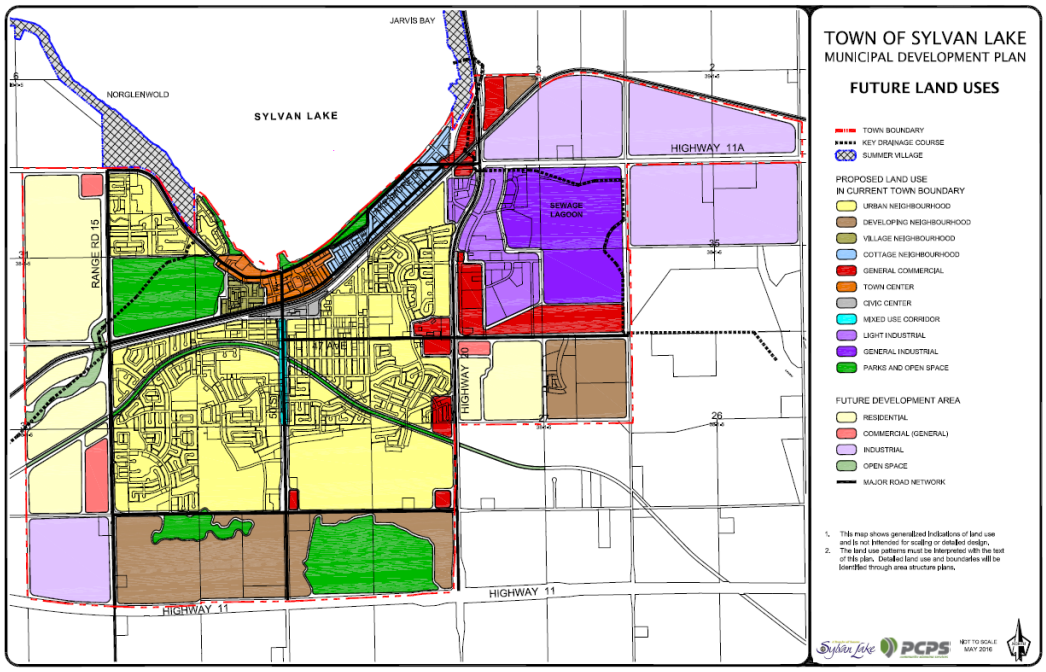
APPENDIX A: PLANNING CONTEXT

Sylvan Lake has a robust framework of plans, studies and report that help to guide commercial and retail development in the town and help to paint the picture of how commercial and retail development functions and fits into the social fabric of the community. This section provides an overview of these documents to provide a basis for the commercial retail need analysis.

TOWN OF SYLVAN LAKE MUNICIPAL DEVELOPMENT PLAN, 2014

The Town of Sylvan Lake Municipal Development Plan (MDP) was adopted in 2014 and is the statement of goals, objectives and policies that will guide the long-term development and liveability of the town. The plan includes a vision of economic wellbeing to have an attractive business environment that is balanced with a mutually supportive relationship with the community. This vision is further supported by the principles of the plan for economic prosperity that include values diversity, innovation and equity, that seeks to leverage the town's existing skilled workforce.

The plan's policies towards economic development focus mainly on supporting the existing workforce and the tourism/hospitality industries. The plan's economic development policies guide both new and existing development. Broadly, all commercial development should be attractive and amenable for both visitors and residents and use new strategies to find innovative forms to serve the town. The MDP envisions renewed investment into older commercial areas and seeks the addition of commercial areas to existing neighbourhoods. For new areas, commercial development should be carefully coordinated with land use, and the planning process should ensure that there is adequate land supply for a variety of economic development opportunities.



SYLVAN LAKE WATERFRONT REDEVELOPMENT PLAN, 2019

The Sylvan Lake Waterfront Area Redevelopment Plan was adopted on January 2019 and presents a comprehensive vision for the future of the town's waterfront. The plan identifies key corridors and areas that are key for commercial development such as 50th and 40th Streets and the downtown. The plan also sets out details like design guidelines and massing that would allow for three-storey commercial buildings in most commercial areas. The plan largely sets the direction for increasing the density of commercial use in the waterfront commercial area and providing a high-quality pedestrian environment. To increase the density and quality of commercial offerings, the plan identifies strategies like experimenting with alleyway conversions to increased commercial frontage, encouraging commercial community events, increasing the allowable building height for commercial buildings, creating live-work spaces and increasing residential density.

Some key challenges associated with improving the commercial offerings in the waterfront plan area were the existing high vacancy rate on commercial properties and the lack of trail connectivity which limits how people can move through the waterfront area. In addition, the plan identified that components of the existing planning framework was may be holding back development to some degree. Short term goals of the plan include updating the land use bylaw, removing direct control districts and repealing the waterfront urban design guidelines.

Sylvan Lake Waterfront Area Redevelopment Plan: Pre-Charrette Economic Research Report (2018)

In advance of charette for the 2019 Waterfront Redevelopment Plan, Rollo and Associates conducted preliminary research to help inform and set expectations for the types of development demand that might be present in Sylvan Lake.

The report showed a high demand for restaurants, townhouses and moderate-high demand for different forms of seniors housing, and low demand for most other forms of development. Although high demand development forms were highlighted in the report, these forms still have their risks. The risk to many forms of commercial development comes from competition in Red Deer and the extreme seasonality of Sylvan Lake as a summer destination.

There is a demand for growth in the waterfront area for tourism supportive uses. The report found that while the waterfront area was busy, there were some gaps which need to be overcome to build momentum for the area. Specifically, a lack of restaurants, and evening dining options near the water, as well as a poorly regulated watercraft boat mooring and launching near the waterfront, contributes to a decentralized boating scene and navigational hazards. New thoughtful development in the waterfront will be mutually supportive and generate the much-needed momentum to revitalize the Sylvan Lake waterfront.

NORTH EAST AREA STRUCTURE PLAN – 1999

The North East Area Structure Plan encompasses 25.06 ha (61.92 ac) directly north of the intersection of Highway 20 and Highway 11A. The land is primarily used for agricultural and has a few detached dwellings throughout. Although the ASP was written in 1999, the area remains undeveloped. The ASP envisions the area as a highway-oriented commercial development that would be supported by the highway corridors as well as future growth in Sylvan Lake. The ASP is broken into two areas which broadly describe the areas east of Highway 20 (Area 1) and west of Highway 20 (Area 2). The west portion of Area 1 is primarily reserved as a mix of highway commercial space along the Highway with public open space interspersed, while the eastern portion is reserved for residential use. Access to this area is constrained by an adjacent highway commercial development and the railway and a pipeline corridor. Area 2 is reserved for commercial use and public open space. This area is closest to the lake and existing residential areas.

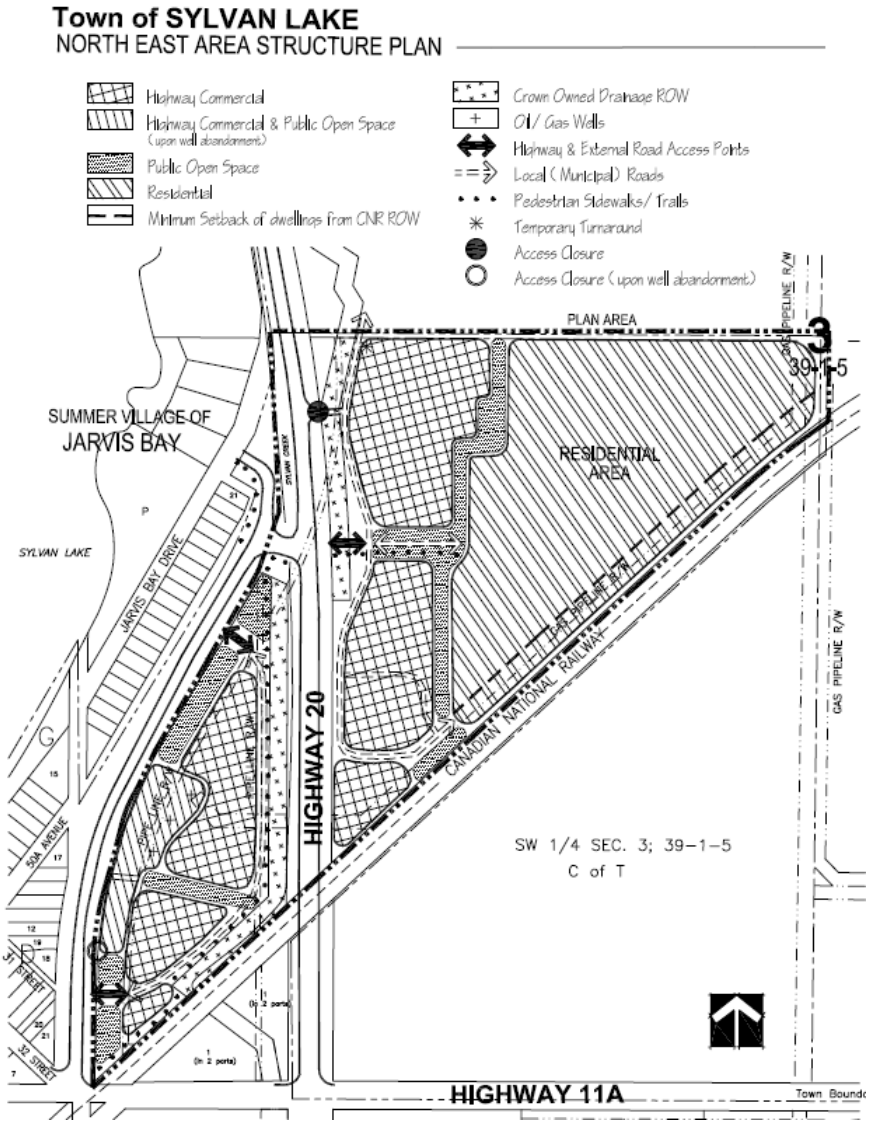


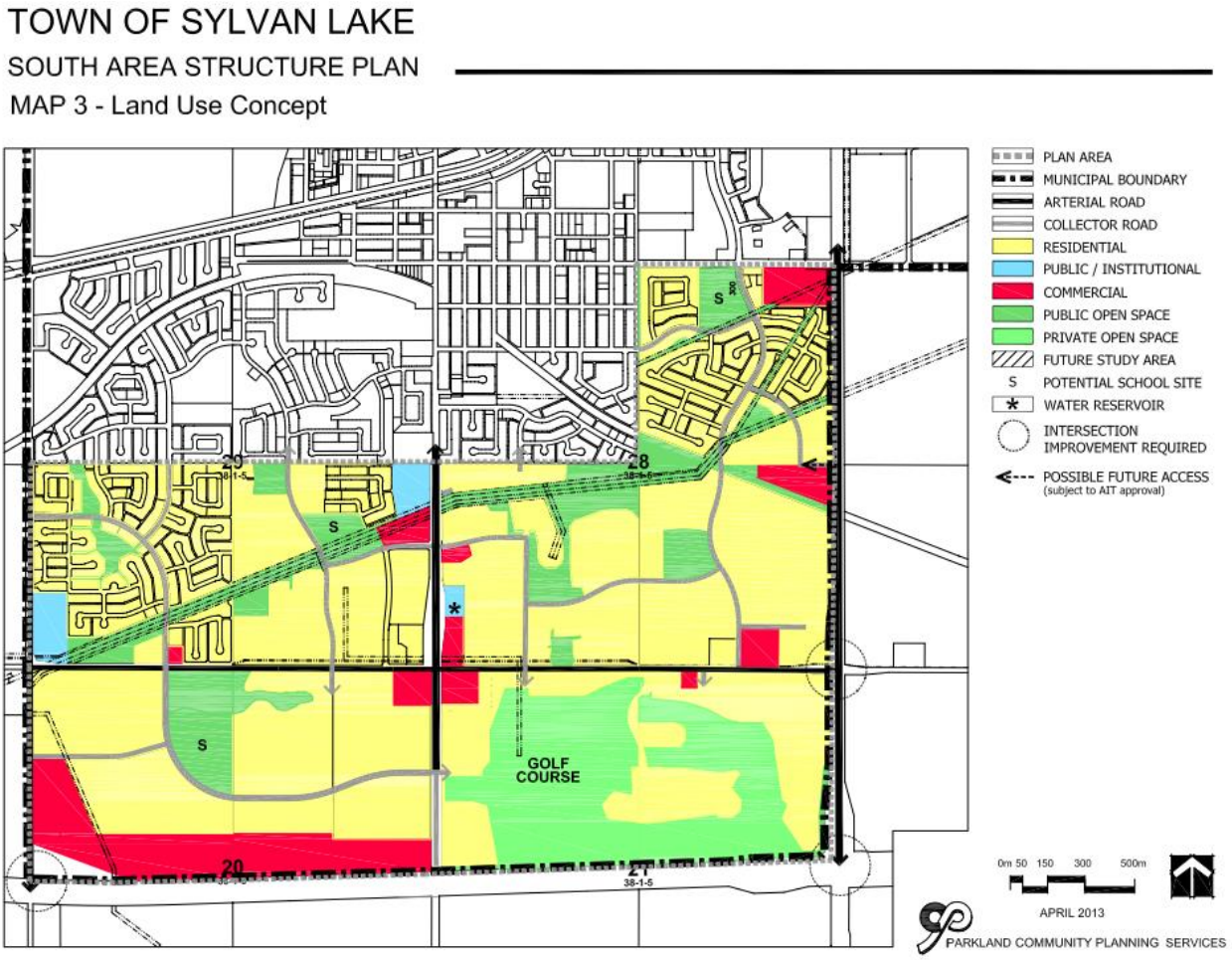
Figure 15 - North east area structure plan (Town of Sylvan Lake, 1999)

SOUTH AREA STRUCTURE PLAN – 2007

The South Area Structure Plan consists of nine quarter sections directly south of Downtown Sylvan Lake and is approximately 1 km south of the lakeshore. The purpose of the ASP was to provide a consolidated vision and guide future development and development already underway. At the time of adoption, some residential development in the northeast and north-west portions of the ASP were under construction and are now complete. The ASP area is primarily designated for residential and park/open space use and includes the Meadowlands Golf Course and two RV parks which include one at Meadowlands and the Sunny Siesta Campground.

The ASP envisions pockets of commercial land throughout area to serve residents as well as a secondary market from further west of Sylvan Lake. Approximately 10% of the area is reserved for this use. The northeast corner of the ASP is intended to be reserved for highway-oriented commercial development focused at the intersection of Highway 20 and 47 Avenue. The ASP stipulates that commercial development is to proceed in a way that mitigates impacts on adjacent residents and that commercial areas are intended to serve the town and visitors may proceed as larger forms and as strip malls and power centres. Smaller-scale commercial is encouraged for smaller neighbourhood nodes throughout the ASP.

Figure 16: South ASP Map (subject to future change)



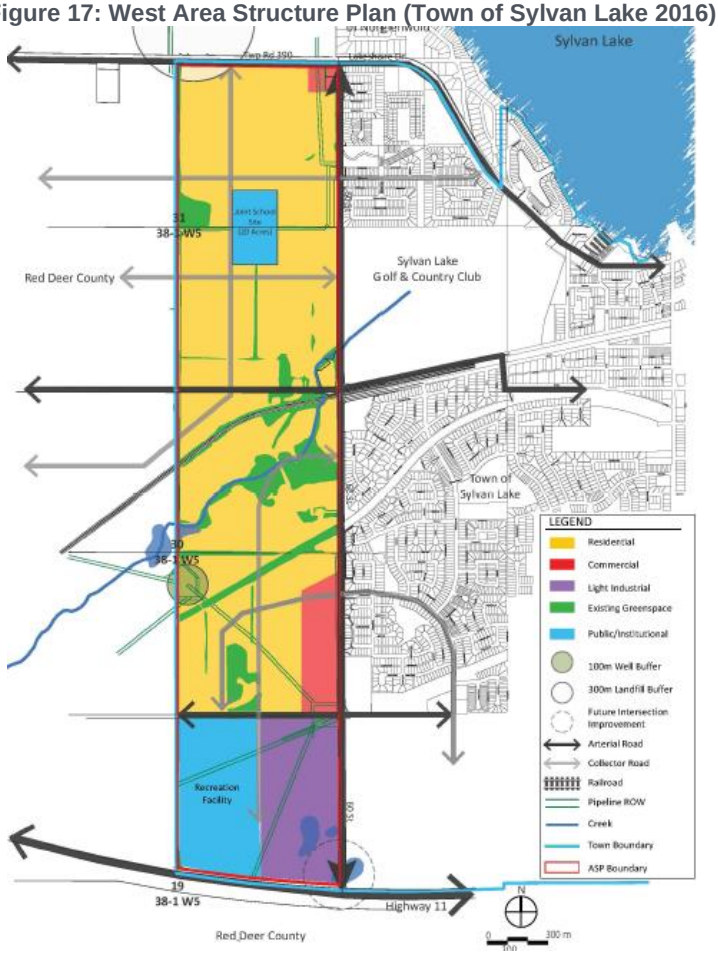
WEST AREA STRUCTURE PLAN 2016

The West ASP area is approximately 320 ha (720 ac) and located along the western edge of Sylvan Lake and was annexed in response to the uptake of residential growth in the rest of the community. The ASP primarily envisions the new area as a low-density residential neighbourhood to meet this demand. At its northern end, future ASP residents will be about 600 metres from the lakeshore. At the time of adoption, the area was primarily used for agriculture, and no development has occurred since that time.

While most of the West Area plan envisions low-density residential, it includes consideration of other community amenities and employment space that could serve all residents of Sylvan Lake. The plan envisions a commercial node at the west side of the 60 Street and Lakeway Boulevard intersection that would provide neighbourhood level convenience commercial establishments to serve residents. The plan also includes space for a new 80-acre recreation facility known as Pogadl Park in the south-west corner of the plan area. The park will include a campground, ball diamonds, a field house and soccer fields, and will generate visitor traffic that will utilise the nearby commercial nodes. In addition, a new school site is proposed in the northern portion of the plan area, and potentially light industrial space in the south-east corner.

Some construction has started in the commercial/residential area within the Sixty-West development, a master-planned community that began construction in 2016. The Sixty-West plan includes an adult community, mixed residential and a commercial area in accordance with the ASP.

Figure 17: West Area Structure Plan (Town of Sylvan Lake 2016)



NORTH EAST GATEWAY AREA STRUCTURE PLAN – 2018

The North East Gateway ASP was adopted in 2018 and is Sylvan Lake's newest planned area. The North East Gateway Lands were annexed by Sylvan Lake in 2016 to ensure that the town had sufficient space to accommodate new growth. The plan area consists of approximately 369 hectares directly south of the North East ASP area in the northeast quadrant of town. The plan area is somewhat constrained by several pipeline right of ways but is well served by Highway 11A and a planned arterial and collector road network.

Most of the North East Gateway plan area is designated for industrial use. The designation includes both light and heavy industrial uses but emphasizes that light industrial uses should be concentrated in highly visible and accessible areas of the ASP. Industrial areas may also include a small number of commercial uses to serve the needs of local employees. The remainder of the ASP area is either an environmental reserve or an environmentally significant area.

The south-west portion of the ASP is currently home to a wastewater treatment facility. Work is underway to have Sylvan Lake's wastewater treated at a new plant near Red Deer, making the current treatment lagoons obsolete and freeing the area for future development.

Figure 18: North east gateway area structure plan (Town of Sylvan Lake 2018)

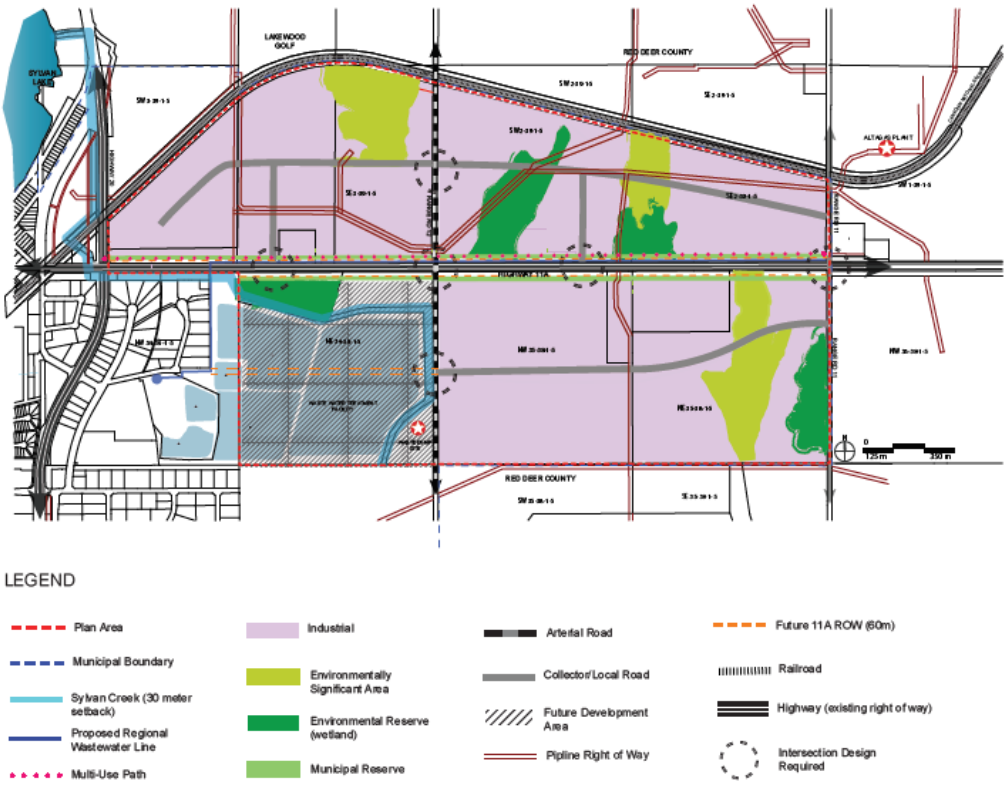


Figure 19: Land use disposition, North east ASP (Town of Sylvan Lake, 2018)

Land Use Category/Item	Area (ha)	Percentage of Plan Area
Total Land in Plan Area	365.60	100%
Railway Right-of-Way	5.00	1.37%
Future Highway Widening	4.25	1.16%
Private Land in Title	356.35	97.47%
Future Industrial Land	291.52	79.74%
Environmental Reserve (ER)	20.52	5.60%
Environmentally Significant Area	26.14	7.15%
Municipal Reserve	5.3	1.45%
Arterial Widening and Collector Roads	12.57	3.44%

SYLVAN LAKE COMMERCIAL LAND SUPPLY & DEMAND STUDY

Lamont Land Development, 2011

The Sylvan Lake commercial land supply and demand study completed by Colliers for Lamont Land development in 2011 provides an assessment of the towns retail and commercial land availability and absorption. Broad findings of this report were that a combination of factors makes Sylvan Lake a very low-cost place to do business.

The town currently has no business tax for local operators and the long-standing absence of a provincial sales tax also works in favour of local businesses. However, in 2011, there was a significant amount of new retail space that was added as part of the shopping centre that included the Walmart and Canadian Tire which left little room in the market for additional retail in other parts of the Town. The report mentions that as the town grows, additional capacity will be warranted, and it makes several recommendations of how this new demand could be met, for example., focusing on nodal commercial development rather than strip malls, supporting a predetermined hierarchy of retail development and basing the future land needs for commercial space on realistic projections.

ECONOMIC IMPACT ASSESSMENT OF SYLVAN LAKE TOURISM - TOWN OF SYLVAN LAKE (2014)

This report was generated from a need to better understand the impact of tourism on the local economy and specifically the seasonal impact of visitor spending, stays and the associated employment. The project included a visitor survey in which visitors were asked about their spending habits in July and August 2014. The survey gathered a total of 766 responses. The findings of the report indicated that:

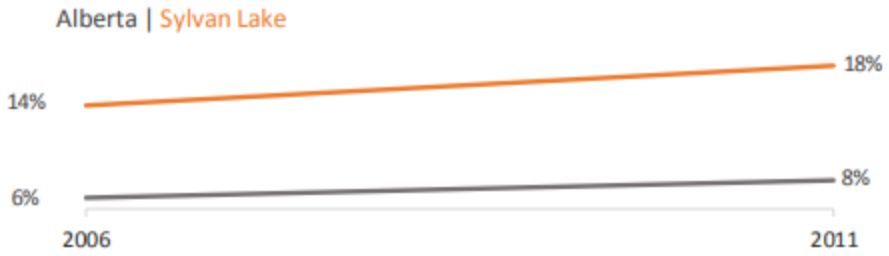
- The average tourist in Sylvan Lake spends $35.17 per day;
- An estimated 761,223 tourists visited Sylvan Lake in the summer of 2014;
- The tourism industry created 600 tourism-related jobs in Sylvan Lake; and
- An overall economic impact of the tourism industry of $74,967,391.

SOCIAL NEEDS ASSESSMENT - TOWN OF SYLVAN LAKE (2015)

The Social Needs Assessment was developed as a precursor to a larger social needs master plan for the community. The needs assessment identifies some key demographic data that is useful in determining the seasonal nature of the community and its resulting impact on retail, commercial demand. The project used surveys, focus groups and discussions with town staff to gather data about residents, their needs and the gaps in the delivery of social services. The report found that residents are generally able to meet their needs and feel well taken care of. A key finding of the report related to seasonal vs permanent home ownership. The study found that the percentage of seasonal homes rose from 14% to 18% between 2006 and 2011. This trend supports the narrative that Sylvan Lake is becoming more successful as a tourist destination. A key takeaway from this statistic is that the

demand for social as well as retail services increases in the summer months when visitor numbers are highest.

Figure 20: Seasonal vs Permanent Home Ownership (Sylvan Lake Social Needs Assessment 2015)



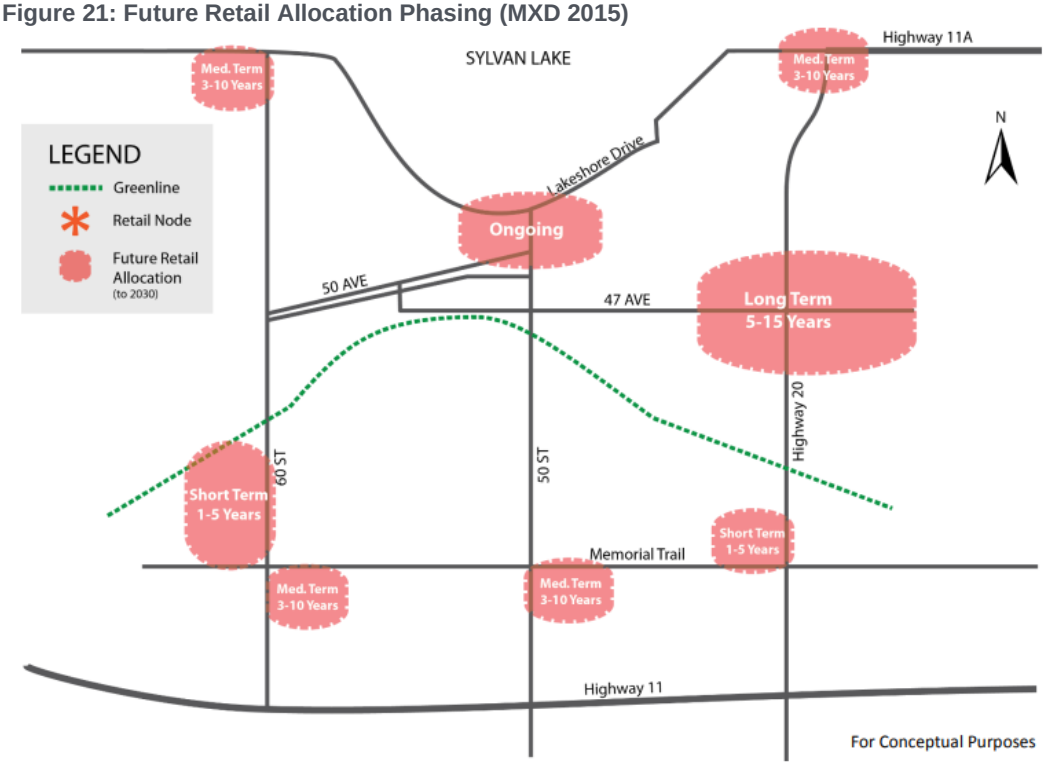
RETAIL GAP ANALYSIS 2015

MXD Development Strategists was contracted to complete a two-phase retail gap analysis for the town in 2015. The analysis revealed that there were approximately 551,000 square feet of retail space in Sylvan Lake or 38 square feet per capita, which is more than similar-size towns in Alberta. The study found that the town suffers retail leakage from common goods such as furniture, electronics, personal services and groceries. Red Deer is a 25-minute drive to the east, and 38% of residents work there, making it a natural stop for many. Inflow spending from visitors was also significant and was primarily focused on groceries and full and quick service restaurants. Overall, the amount of inflow spending was found to outweigh outflow, which is good for the community as a whole.

Phase 1 recommendations included focusing on visitor-oriented commercial space, short- and long-term initiatives to focus development at the waterfront, promote westside development to balance the town and to encourage businesses that fill current retail gaps to curb outflow spending.

Phase 2 was aimed at identifying potential opportunities for future retail nodes in Sylvan Lake. This phase detailed retail node typologies and makes some suggestions on where efforts to establish future retail nodes should be concentrated. The recommendations included estimates of square footage requirements and suggested a critical repositioning of the downtown waterfront that will be important in maintaining visitor interest. The report identifies important strategies for improving the waterfront downtown area through mixed-use development, diversified commercial amenities, off-site parking, the location of public uses downtown (such as libraries and services), encouraging active frontages and arts and culture uses and events and creative urban design.

Figure 21: Future Retail Allocation Phasing (MXD 2015)



APPENDIX B: EXPENDITURE DEMAND PROJECTION APPROACH

HISTORICAL REAL GROWTH IN RETAIL EXPENDITURES

To establish future retail expenditure levels in Sylvan Lake's trade areas, we reviewed the historical changes in consumer spending at the Provincial level, by category cluster, from 2005 to 2018.

Consumer Price Index (CPI) data published by Statistics Canada was used in this analysis to remove the effect of inflation on retail expenditures, thereby providing expenditure levels that can be compared between different years. CPI data reflects changes in the cost of goods to consumers, including all sales taxes. The per-capita retail expenditure estimates presented in this appendix utilize annual provincial population estimates from the Alberta Treasury Board and Finance.[22]

The table below provides an example of our analysis for the General Merchandise Store category, from 2005 to 2018, in both current and constant dollar values, based on the appropriate CPI. We have identified the percentage change in annual expenditures, the net growth for the total period, and the average annual growth rate. These findings form the basis for the future market growth estimates contained in the body of the report.

General Merchandise Stores						
Year		Per Cap. Exp.	CPI (2002 base year) (1)		Per Cap Exp (Constant $)	Annual Real Growth
2005	$	1,618	106.1	$	1,525	
2006	$	1,808	110.3	$	1,639	7%
2007	$	1,897	115.8	$	1,638	0%
2008	$	1,960	118.2	$	1,658	1%
2009	$	1,920	119.8	$	1,602	-3%
2010	$	2,018	120.7	$	1,672	4%
2011	$	2,152	121.7	$	1,768	6%
2012	$	2,235	123.4	$	1,811	2%
2013	$	2,285	125.1	$	1,827	1%
2014	$	2,398	128.1	$	1,872	2%
2015	$	2,343	131.0	$	1,788	-4%
2016	$	2,295	133.3	$	1,722	-4%
2017	$	2,395	134.8	$	1,777	3%
2018	$	2,427	138.2	$	1,756	-1%
Net Real Growth 2005-2018						15%
Avg. Annual, 2005-2018						1.2%
(1) Statistics Canada Consumer Price Index, Alberta, for all items excluding food & energy						

A-1: Province of Alberta, Historical Real Growth in General Merchandise Store Expenditures

[22] *Population figures prepared by OSI Demography, Albert Treasury Board and Finance, using data from Statistics Canada, Demography Division. Table 17-10-0005-01. Estimates for July 1. Last updated February, 2019.*

ELASTICITY OF RETAIL EXPENDITURES TO INCOME

Statistics Canada regularly publishes retail trade statistics on a provincial level, permitting us to calculate the average retail expenditures of the population. To conduct a market study for a particular trade area, it is necessary to calculate the average per capita retail expenditures of the population in that trade area. However, statistics comparable to the provincial data produced by Statistics Canada are not readily available for lower levels of geography. We therefore derive estimates of local average per capita expenditures through other means.

Since there is a clear correlation between incomes and expenditures, we can use this relationship between incomes in a particular trade area and the province to estimate average per-capita retail expenditures in that trade area. This allows us to benefit from the general availability of income statistics at a lower level of geography. For instance, provincial and local per-capita income levels can be calculated from Census data published for all levels of geography every five years. However, the relationship between income and retail expenditures is not direct. It is instead influenced by what is referred to as the income elasticity factor. This defines the degree to which a change in retail expenditures results from a change in income. Elasticity varies by store types.

As an illustration of the analytical method used, we present the example of the General Merchandise category, in Alberta between 2005 and 2016.

General Merchandise Stores								
Year	**Real Disp Income per cap**		**% Change**	**Per Cap Expenditure (Constant)**		**% Change**		**Index**
2005	$	25,790.50		$	1,524.90			
2006	$	27,061.40	5%	$	1,639.12	7%		1.52
2007	$	26,519.40	-2%	$	1,638.27	0%		0.03
2008	$	27,049.80	2%	$	1,657.97	1%		0.60
2009	$	26,403.40	-2%	$	1,602.43	-3%		1.40
2010	$	27,402.50	4%	$	1,672.09	4%		1.15
2011	$	27,948.20	2%	$	1,768.35	6%		2.89
2012	$	29,440.60	5%	$	1,811.42	2%		0.46
2013	$	30,000.40	2%	$	1,826.92	1%		0.45
2014	$	30,200.00	1%	$	1,871.72	2%		3.69
2015	$	30,428.60	1%	$	1,788.38	-4%	-	5.88
2016	$	27,506.00	-10%	$	1,721.68	-4%		0.39
Elasticity Factor								**0.61**

The current dollar disposable income estimate for each year is shown in the second column, while the third shows the year-over-year change in disposable income levels. The fourth and fifth columns show the per-capita General Merchandise expenditure for each year, and the annual change to these expenditures. By comparing the annual change in income to the annual change in expenditure by

store type, we calculate the income elasticity factor for each year. The results are presented in the sixth column.

For instance, between 2005 and 2006, the average per capita disposable income in Alberta increased by 5%, while average per-capita General Merchandise expenditures increased by 7%. This indicates that spending in this category increased at a slightly faster rate on a percentage basis than income, resulting in an elasticity factor of 1.52. During other periods, incomes increased faster than expenditures.

Overall, a 14-year period has been considered and average elasticity factors have been calculated and used in our modelling. Over the 14-year period from 2005 to 2016, the General Merchandise category in Alberta saw a 0.61 elasticity factor. Similar calculations were made for all other retail categories.

APPROACH LIMITATIONS

There are some limitations to the income elasticity approach outlined above:

- Incomes and expenditures are expressed in nominal dollars. If inflation in general varies between total incomes and total expenditures, fluctuations could arise based on that factor
- Changes to store types may play a role
- Average annual method employed cannot recognize expenditure variations between income groups
- The availability of funds from owned assets (capital gains) is not reflected in the per-capita income level but may be included in the expenditure calculations.

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