



City of Pickering

Retail Market Study (FINAL)

December 24, 2024

Parcel

SGL

City of
PICKERING

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Acknowledgements

Project Consulting Team

The project consulting team responsible for completing this study included a range of professionals offering expertise spanning the full breadth of land economics, land use planning and municipal strategy / policy implementation. Parcel Economics Inc. ("Parcel") has served as the project lead for this study, with additional project support provided by SGL Planning and Design ("SGL").

The logo for Parcel Economics Inc., featuring the word "Parcel" in a bold, black, serif font.The logo for SGL Planning and Design, featuring the letters "SGL" in a bold, red, sans-serif font with a textured, brick-like appearance.

City of Pickering Project Team

Our study process has involved extensive collaboration with staff from the City of Pickering. A core working group from the City's Planning and Development department provided input, advice and direction throughout the study process.

Other Participants

Our work program also involved engaging with a range of market participants, including individuals/organizations that are active in the development of new residential and non-residential projects in Pickering and beyond. This involved receiving direct feedback from a diverse group of developers, landowners and other individuals familiar with the delivery—and management—of retail / service commercial uses in both standalone and mixed-use development environments.

Public Participation

Public participation was important in guiding this Retail Market Study. Parcel—in collaboration with the City of Pickering—made an online survey available to Pickering residents to better understand current retail and service expenditure patterns. The survey was launched on January 8th, 2024, and ran until February 16th, 2024. The survey received **440 responses** over this period. Among survey respondents, 91% (402 responses) were from Pickering residents. These survey responses directly informed the conclusions and recommendations in this Retail Market Study.

Executive Summary

The enclosed Retail Market Study, which is being prepared to inform the ongoing *Pickering Forward Official Plan Review*, is key to understanding the current and future retail market across the City of Pickering and to ensure that residential development pressures do not impede the City's ability to appropriately provide and support resident's current and future retail needs.

The City of Pickering has reached a turning point as it relates to retail / service commercial development. Historically, retail / service commercial space in Pickering has been concentrated in the South Pickering Urban Area in traditional shopping malls and plazas with areas for at-grade parking. Going forward, significant population growth anticipated over the next 30 years, will influence and change the location and form of new retail / service commercial space across the city.

At the same time, the retail sector is facing many headwinds. These headwinds include increased construction costs, the impacts from online shopping and the COVID-19 pandemic. These changes will also influence the type of retail space provided and integrated in the city going forward.

Locationally, much of the retail / service commercial growth will be accommodated across the developing Designated Greenfield Areas ("DGAs") of Seaton and Northeast Pickering, while some space will also be accommodated through intensified development along the Kingston Road Corridor. Within the South Pickering Urban Area, heightened residential development pressure could simultaneously reduce the existing supply of retail / service commercial space, particularly along the Kingston Road Corridor, at a time when more retail / service commercial space is needed to serve a growing population.

In light of these existing and forecasted growth pressures, the City of Pickering has sought a Retail Market Study to **better understand current and future market conditions**, as well as to gain an understanding of the likely land and **space required to meet the commercial needs of a growing population** to 2051.

Based on the enclosed research and analysis, to best serve the needs of existing and future Pickering residents, there will be an inevitable need to increase and evolve the City's existing commercial supply in light of competing priorities and growth. Within the South Pickering Urban Area, redevelopment of existing commercial plazas along the Kingston Road Corridor must strike the right balance of increasing housing options while also providing retail and service uses to new and existing residents. Developing areas of Pickering, including the Seaton Urban Area, need to maintain enough land for commercial development as a means to effectively serve the growing population and preserve opportunities for larger-scale retail development.

As part of this Retail Market Study, Parcel has estimated that as the population of Pickering (excluding Northeast Pickering) continues to grow, there will be demand for as much as 101,200 square metres of additional retail / service commercial space by 2031. By 2051, this could increase to support for up to 249,800 square metres of new retail / service commercial space.

Recognizing where population growth is anticipated to occur within the City, it is anticipated that 154,300 square metres of commercial space will be required in the Seaton Urban Area to serve growth between 2023 and 2051, while 94,700 square metres of space will be required in the South Pickering Urban Area. The remaining, small amount of space is required in Rural Areas.

Forecast demand for retail / service commercial space in Pickering assumes a reduction in total space per capita by 2051. Currently, based on the existing population of 105,400 persons, there is estimated to be 4.4 square metres of retail / service commercial space per capita. By 2051, retail / service commercial space per capita across the Trade Area is anticipated to decline to 3.4 square metres per capita.

The trend towards declining space per capita is being driven by a variety of factors. These include large-format stores (e.g. Walmart, Home Depot, etc.) that already have locations in Pickering and have built-out their store networks. Furthermore, it is also driven by the shift towards heightened e-commerce spending in some retail categories, as well as a shift towards more service commercial businesses that typically require smaller commercial units.

This forecast demand for retail / service commercial space is in addition to forecast demand for additional retail / service commercial space in the Northeast Pickering community. Based on the *Northeast Pickering Secondary Plan, Retail Market Study*, the Northeast Pickering community is anticipated to need between 95,100 and 114,200 square metres of new space to support population growth of 44,910 persons, or 2.1 to 2.5 square metres per capita.

Accommodating growing demand for retail / service commercial space will necessitate different approaches in the South Pickering Urban Area and Seaton. In the South Pickering Urban Area, active development applications could already amount to a net loss of some 26,300 square metres of retail / service commercial space. In turn, there is a need to at least preserve, and potentially increase, the amount of retail / service commercial space accommodated through the redevelopment and intensification of the Kingston Road Corridor going forward.

In Seaton, there are nearly 65 hectares of Mixed Use Area lands available to accommodate growing retail needs. Based on applying a typical 25% lot coverage, the City needs approximately 62 hectares of lands in Seaton to accommodate anticipated retail / service commercial demand to 2051. This means that while the supply of vacant land in the Seaton Urban Area is sufficient to accommodate demand over the longer term, it will be important for the City to monitor development trends to ensure that enough land remains available at appropriate locations to help create a complete community.

To help inform future policy considerations in the *Pickering Forward, Official Plan Review*, a series of market-based recommendations have been prepared. These recommendations cover a range of items, but largely aim to promote and/or sustain retail / service commercial space as a means to effectively serve current and future residents in Pickering.

Recommendations

- **Flexibility and Permitted Uses** - The continued evolution in the retail industry and other broad macroeconomic shifts necessitate flexible zoning permissions. This is pertinent outside the City Centre and the Kingston Road Corridor / Special Retailing Node.

The existing restrictions on Local Nodes and Community Nodes, specifically the “cap” on gross leasable floor space for the retailing of goods / services and existing restrictions on special purpose commercial uses could artificially limit the amount of retail / service commercial space that could be accommodated in the city and should be reviewed in light of ongoing market trends. In addition to the amendments by OPA 38, we further recommend that the term “department stores” be added to Community Nodes and City Centre subcategories in Table 5 which would permit all forms of department stores in those subcategories.

- **Mixed Use versus Mix of Uses** - The Pickering Official Plan does not require retail space to be provided in a mixed use building, although a mix of uses is permitted. For these greenfield sites, it is more important to realize the retail facilities and commercial services as each will help serve the new growing population and assist in the creation of complete walkable communities even in a sole commercial environment. As communities’ mature, opportunities will emerge for a transition of sole commercial areas to mixed use environments as is being seen along Kingston Road.
- **Kingston Road Corridor** - Intensified residential development combined with significant changes in the retail environment will impact the amount, type and form of commercial space in this area. As these changes will evolve over decades, the City should encourage new development applications to, at minimum, replace the existing retail / service commercial GFA that is currently provided on-site. This will help sustain the existing supply of space.

Alternatively, incentives (such as no development charges or reduced development charges) that are targeted specifically at new commercial development above the ground floor could be introduced if the City wants to increase the amount of retail / service commercial space in this area. This will help developers rationalize the cost of constructing this space against the lower lease rates they ultimately command.

- **Parking** - As the City moves towards more mixed-use commercial development along Kingston Road, parking is likely to become a key consideration. This is particularly likely given the current propensity of residents to drive to existing retail / service commercial businesses. The City should allow for flexibility in

parking requirements over the short-term to ensure parking does not become a limiting factor in developing new commercial space.

- **Monitor** - Fluctuations in the retail environment are natural. It is likely that the City will experience many more cycles in the commercial market before space is constructed, particularly given the long-term build-out period of Seaton, Northeast Pickering, and the Kingston Road Corridor. The City should therefore continue to monitor the need for retail / service commercial space during subsequent updates of the Official Plan to ensure that the policy framework addresses trends in the provision of commercial space and other broader development trends.

1.0

Introduction

1.1 Context

Purpose

The City of Pickering has reached a turning point, with significant population growth anticipated over the next 30 years. Much of this growth will be accommodated across the developing Designated Greenfield Areas (“DGAs”) of Seaton and Northeast Pickering, while some will also be accommodated through intensified development along the Kingston Road Corridor.

Population growth anticipated in Pickering over the 30-year forecast horizon will significantly increase demand for a range of retail / service commercial space across the City. Over the next 30-years, the City is also anticipated to experience heightened residential development pressure, which could simultaneously reduce the existing supply of retail / service commercial space across Pickering, particularly along the Kingston Road Corridor.

In light of these existing and forecast growth pressures, the City of Pickering has sought a Retail Market Study to more specifically understand current and future market conditions, as well as to gain an understanding of the likely land and space required to meet the commercial needs of a growing population to 2051.

Understanding the current and future retail market across the City of Pickering is key to ensuring that growth does not impede the City’s ability to appropriately provide and support for resident’s current and future retail needs.

Drawing on a combination of both market-based research and analysis and observations from a land use policy perspective, this Retail Market Study has specifically considered how the City’s planning policy framework can best support the City’s ability to acquire the necessary and appropriate type, scale, function and quantity of retail / service commercial uses. Specifically, this study centers on:

- Exploring existing gaps in the retail market, including the ideal service levels and the need or distribution of space required to support growth anticipated across various areas of the City.

- Strategies that can best achieve development that supports population growth and the creation of complete communities.
- Address the future commercial needs and service levels across the City and within more specific geographies.

Scope

In light of the key objectives above, our commercial analysis and related professional advice has explored existing and future gaps in the market, as well as potential strategies to appropriately support population growth while contributing to the creation of walkable, mixed-use, and complete communities.

The following summarizes the key elements of the work plan completed by our team as part of this Retail Market Study:

- **We have reviewed existing provincial, regional and local policy** applicable to retail / service commercial development in the City of Pickering, including potential changes to the policy and legislative framework that may influence commercial development in Pickering;
- Reviewed **trends in commercial development** and the extent to which these will influence the appropriateness and type of new retail / service facilities established in the City;
- **Delineated a relevant Trade Area** for existing and proposed retail / service commercial uses in Pickering that reflects the geography from which retailers and service providers are likely to derive the majority of their sales;
- Summarized the **current and anticipated market profile** of the Trade Area, including existing and potential future population as a key determinant in estimating future demand for retail / service commercial space;
- **Examined customer origins for various commercial nodes in Pickering** to gain a more nuanced understanding of the current commercial function and the markets served by these commercial nodes;
- **Conducted a consumer survey** to understand both the shopping behaviours of those living in the Trade Area and any existing gaps identified in the market;
- Calculated key performance measures for the community in terms of the area's **existing and proposed new supply of retail / service commercial space**;

- Prepared a **market demand analysis by major store type** that addresses current and potential future service levels (or “needs”) across the Trade area;
- Identified **market-based recommendations** relating to the ideal type and quantum of retail / service commercial space in the Trade Area;
- Prepared **policy-based recommendations** that will inform the Pickering Forward Official Plan Review.

1.2 Trade Area

For the purpose of this Retail Market Study, we have delineated a “Trade Area” which has served as the primary focus for most of our supporting research program and the targeted analyses that have been summarized herein. This Trade Area represents the primary geographic area from which retailers and service-providers are expected to generate most of their customer support. Our analysis has also considered “inflow” visitation from shoppers originating from beyond this immediate area (e.g., Trade Area employees, visitors from other areas of Durham Region, etc.) to recognize that some existing and future retail / service commercial establishments in Pickering also serve a regional function.

As illustrated in Figure 1.1, the Trade Area includes the entirety of the City of Pickering, less the Northeast Pickering Secondary Plan (“NEPSP”) area. The Trade Area excludes the NEPSP area because a *Retail Market Study* was recently prepared for this area to forecast the total volume of retail / service space required to support the future population in the secondary plan.

Figure 1.1

Map of the Trade Area - City of Pickering less Northeast Pickering



Source: Parcel.

1.3 Assumptions

When completing this type of Retail Market Study, it is important to identify the key assumptions and limitations inherent to our approach. Consistent with other similar analyses, we note that the demand forecasts and other economic research presented herein should not necessarily be taken as conclusive nor definitive evidence of the market opportunity available to—nor the financial feasibility of developing—individual commercial units or spaces in the City of Pickering.

Rather, **our research is intended to provide a more general understanding of the likely opportunities available within the community over the longer-term planning horizon**, based on the assumptions provided. To this end, the following provides a summary of the key assumptions that must be understood as limitations to the analysis undertaken as part of this assignment.

Analytical Structure & Approach

- The findings presented in this report do not account for the unique financial expectations, strategic positioning and/or other potential individual preferences of new commercial businesses in Pickering, nor the current and future owners of commercial / development properties in the area. As such, although this research may indicate a positive preliminary finding as it relates to commercial viability and development opportunity, it does not necessarily assert that these observations will ultimately be consistent with the perspectives (and/or parallel analyses) of individual commercial business / prospective tenants or developers.
- Although we have considered the general financial performance of commercial real estate in and around Pickering as an indicator of future demand—including forecast sales per square foot levels of existing and new commercial establishments—we have not been tasked with preparing a financial feasibility assessment for this project that directly considers: (a) the economics of new building construction; nor, (b) the economics of operating these spaces on a go-forward basis.
- Further to above, we note that the recommendations and direction in this report have been provided in the context of the City's broader objectives, which seek to achieve an appropriate balance of retail / service commercial space across the City. As such, our assessment has not focused exclusively on maximizing profitability and/or optimizing returns on investment, but rather balancing out a more complete range of municipal strategic objectives and priorities.

Other Assumptions

- It is assumed that a reasonable degree of economic stability will prevail in the Province of Ontario, and specifically in the context of the City of Pickering, over the course of the development planning horizon identified in this study.
- It is important to recognize that the lingering effects of the COVID-19 pandemic will continue to result in uncertainty as it relates to current and potential future market conditions; particularly within the commercial sector. To the extent possible, reasonable assumptions and conservatism has been applied to reflect this uncertainty.
- The statistical inputs relied upon in our analysis are considered sufficiently accurate for the purposes of this analysis. These statistical sources—including available Statistics Canada Census data, municipal information and third-party real estate information—have ultimately informed a number of the key underlying assumptions and inputs utilized in our analysis relating to the performance of commercial real estate in Pickering.

- References to the Canadian dollar in this report generally reflect its 2023 value, including the range of supporting statistical inputs and research that have informed our baseline market assumptions. Additional adjustments have also been made to reflect real growth in expenditures for future periods, where applicable.

In the event that material changes occur that could influence the foregoing assumptions, the various analytical assumptions, key research findings and other strategic recommendations contained in this report should be reviewed or updated, accordingly.

2.0

Policy Context

Key Findings

- The City of Pickering Official Plan (“POP”) does not contain exclusive commercial policies or designations but rather captures commercial uses through its mixed-use designations.
- Policies relating to these mixed-use designations in the POP will influence the **form, function** and **location** of retail / service commercial development in the City.
- Provincial, Regional and local planning policies support the idea of complete communities that are intended to have a diverse mix of land uses, including residential and employment uses, and convenient access to stores and services.
- In Pickering, Local Nodes and Community Nodes are intended to function at a neighbourhood scale, providing residents with distinct concentrations of commercial and retail uses.
- Within the Mixed Use Areas, the City Centre and the Mixed Corridor along Kingston Road are intended to be the main focus for retail and service commercial uses.
- Redevelopment of existing commercial plazas in the Kingston Road Corridor must strike the right balance of increasing housing options while also providing an appropriate amount of retail and service uses to new and existing residents.

2.1 Policy Context

New retail / service commercial development in Pickering will be influenced by a range of provincial, regional and local planning policies. The purpose of this section of the Retail Market Study is to provide a **summary** of how these policy documents will influence the **form, function** and **location** of retail / service commercial development in the City to 2051.

See **Appendix A** for details of the provincial, regional and local planning policy context and how they influence retail / service commercial development in the city.

Below we have **summarized** how policies in the *Provincial Policy Statement* ("PPS"), *A Place to Grow: Growth Plan or the Greater Golden Horseshoe* (the "Growth Plan"), the *Durham Regional Official Plan* ("DROP") and the *City of Pickering Official Plan* ("POP") will influence retail / service commercial uses in the City.

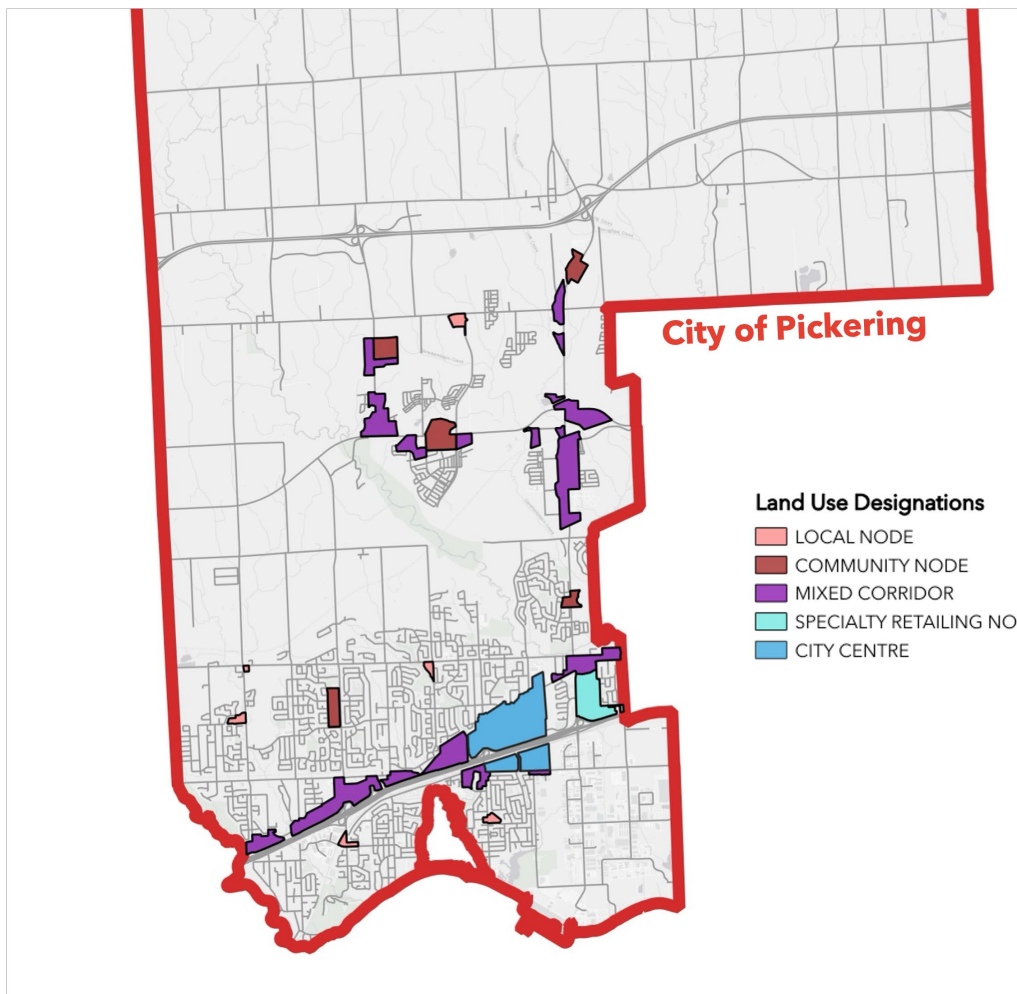
The POP does not contain exclusive commercial policies or designations but rather captures commercial uses through its mixed-use designations. Within the POP, these mixed-use designations include:

- **Local Nodes** - which are limited and found in pockets of some neighbourhoods within Pickering. They are generally small in area (up to 10,000 square metres) and complement the surrounding low to medium density neighbourhoods. The Local Nodes permit a range of uses (such as offices and restaurants, cultural and recreational uses, farmers markets, etc.) but are the most limited out of the five Mixed Use Area designations.
- **Community Nodes** - which are slightly larger than Local Nodes and can also be found in pockets of different neighbourhoods within Pickering. Permitted uses are the same as the Local Nodes but at a larger scale and intensity (up to 20,000 square metres and a floor space index of up to 2.5). The Community Node land uses are intended to serve a broader area than Local Nodes.
- The **Mixed Corridors** permit the same uses, scale and intensity of development as Community Nodes (a floor space index of up to 2.5). However, Mixed Corridors also permit "special purpose commercial uses" such as: retail warehouses, and automotive uses.
- The **Specialty Retailing** designation permits all the same land uses at the same scale as the Mixed Corridor, including the special purpose commercial uses. In addition, the Specialty Retailing designation also permits hotels and limited high-density residential development.
- Permitted uses in the Pickering **City Centre** designation include all retail and commercial uses except for special purpose commercial uses. It also permits convention centres, hotels, offices, and high density residential uses. The City Centre is intended to be the main focus for retail, commercial, employment,

community services, and residential uses in the City. Because of its location and prominence within the City, it is also expected to serve as a Mobility Hub for GO transit, regional rapid transit and local bus service.

The location of these various land use designations across the City are illustrated in Figure 2.1.

Figure 2.1
Location of Mixed Use Designations in Pickering



Source: Parcel.

Form & Function of Retail / Service Commercial Space

Within Durham Region, Strategic Growth Areas (“SGAs”), which include Urban Growth Centres, Regional Centres, Protected Major Transit Station Areas and Rapid Transit Corridors, are intended to be the primary location for mixed-use retail and commercial uses that will serve new and existing residents. In the City of Pickering, the SGAs include the **City Centre**, the **Specialty Retailing Node**, and the **Mixed Corridors** along Kingston Road.

The **Local Nodes** and **Community Nodes** are not located within SGAs. These areas are intended to accommodate the lowest scale of development. Mixed Corridors are anticipated to be developed at a scale and intensity equivalent to Community Nodes. In addition, Mixed Corridors also permit special purpose commercial uses that include large format retailers, retail warehouses, membership clubs, theme and/or specialty retailers, automotive uses, and ancillary retailing of other goods and services including restaurants.

Existing properties within the mixed-use designations are expected to redevelop over time and meet the built form requirements found in the POP, as summarized below.

Mixed Use Areas Subcategory	Maximum and Minimum Net Residential Density (dwellings/hectare)	Maximum Gross Leasable Floorspace for Retailing of Goods and Services (square metres)	Maximum Floorspace Index (total building floorspace divided by total lot area)
Local Nodes	over 30 and up to and including 80	up to and including 10,000	up to and including 2.0 FSI
Community Nodes	over 80 and up to and including 140	up to and including 20,000	up to and including 2.5 FSI
Mixed Corridors	over 30 and up to and including 140	determined by site-specific zoning	up to and including 2.5 FSI
Specialty Retailing Nodes	over 80 and up to and including 180	determined by site-specific zoning	up to and including 2.5 FSI
City Centre	over 80	up to and including 300,000	over 0.75 and up to and including 5.75

The PPS and Growth Plan support the idea of complete communities that are intended to have a diverse mix of land uses, including residential and employment uses, and convenient access to stores, services, and public service facilities. The development of complete communities is consistent with the DROP, which directs most of the future population and employment growth to the Urban System. Lands within the Urban System are to be developed with a mix and diversity of uses and amenities offering convenient access to services and shopping.

The DROP states that SGAs are intended to provide a mix of residential, retail and commercial uses that serve a more City-wide retail function.

In Pickering, **Local Nodes and Community Nodes are located in areas where most patrons are within a 10-to-20-minute walk.** The intent is for these nodes to function at a neighbourhood scale, providing residents with distinct concentrations of commercial and retail uses.

Community nodes are specifically designed to support the daily and weekly shopping needs of residents.

They are intended to provide population-serving uses, including retail), and service uses. **Mixed Corridors are intended to integrate retail uses at grade,** permitted and encouraged at entrances to surrounding residential neighbourhoods. **The City Centre is intended to include a range of higher-order retail uses** to support residents across Pickering and the Region more generally.

The DROP states that underutilized shopping centres and plazas are encouraged for redevelopment at higher densities, particularly within SGAs such as the Kingston Road Corridor and in the Specialty Retailing Node. This is consistent with the direction of the City's Intensification Plan (Kingston Road Corridor and Specialty Retailing Node) from 2019, which provides further direction on the form of retail / service commercial development and identifies how land uses can be allocated in a number of different ways along Kingston Road Corridor and Specialty Retailing Node. However, the DROP also supports the development of Urban Areas as complete communities with consideration for long-term sustainability and adaptability. This includes balancing housing with corresponding retail and services nearby. **Redevelopment of existing commercial plazas in the Kingston Road Corridor must strike the right balance of increasing housing options while also providing retail and service uses to new and existing residents.**

Location of Retail / Service Commercial Space

The POP identifies the primary locations for new retail and service commercial uses are in Mixed Use Areas of the City, with more limited retailing of goods in Urban Residential Area. Similarly, limited retailing of goods is currently permitted in Employment Areas. However, the draft Provincial Planning Statement, 2024, proposes to prohibit retail uses in Employment Areas unless directly affiliated with a permitted employment use. The City Centre and the Mixed Corridor along Kingston Road are intended to be the main focus for retail and service commercial uses. Retail and service commercial space has already been designated in the Seaton Community but not yet built. Future retail and service commercial space will also be needed in the NEPSP to serve the day-to-day shopping needs of new residents and contribute towards the development of a complete community.

3.0

Market Trends

Key Findings

- Growth in the retail sector has faced a variety of changes in recent years, ranging from increased construction costs that make it most costly to build brick and mortar commercial space, to the impacts from online shopping and the COVID-19 pandemic.
- We have identified five themes that are likely to impact retail trends in Pickering going forward.
 1. **E-Commerce** - the shift towards e-commerce has resulted in the need for less brick and mortar commercial space per person.
 2. **Typologies and Unit Size** - renewed interest in smaller commercial units in response to the shift towards service-based businesses and the impact of e-commerce.
 3. **Mixed-Use Feasibility** - at this time, there may not be sufficient demand from tenants for mixed-use space to command the commercial rents necessary to counteract the significant capital costs of new construction.
 4. **Construction Costs** - record increases to hard construction costs as well as a rising interest rate environment have caused additional uncertainty and risk in developing mixed-use projects.

From substantial growth in online shopping activity to increasing construction costs, the retail sector has faced a range of material changes in recent years.

The following section highlights selected and prevailing retail trends that are likely to influence retail / service commercial development in Pickering going forward. It is not expected that all trends identified will be felt equally across Pickering—and in fact may be felt in some neighbourhoods more than others. That said, each trend is intended to detail high-level shifts impacting the retail sector today and going forward.

Key Themes

Theme #1 - E-Commerce

Theme #2 - Typologies and Unit Sizes E-Commerce

Theme #3 - Mixed-Use Feasibility

Theme #4 - Macroeconomic Trends Impact Construction Costs

Trend #1:

E-Commerce

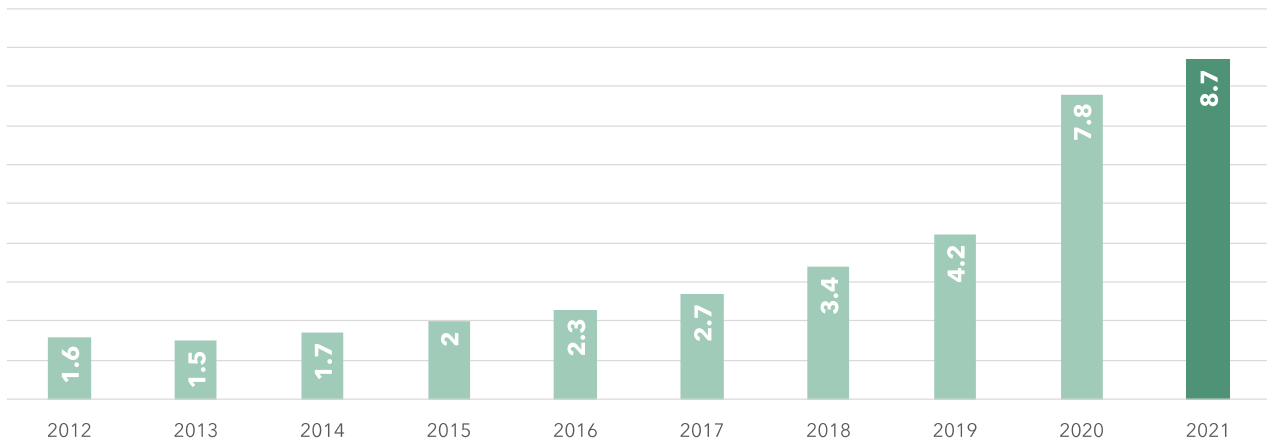
Among the most profound shifts in shopping patterns over the last decade has been the growth of e-commerce (online shopping) activities, which has caused a fundamental change in the way retail / service commercial providers do business. The convenience of shopping from home, the ability to easily compare products / prices and same-day delivery, has obvious appeal to consumers. That said, it is important to recognize the following key factors at the outset of this discussion:

- Although there is a general characterization in the media that this form of convenience shopping has come directly at the expense of traditional brick and mortar retailers, e-commerce has had limited impact overall. Furthermore, it has not been felt equally across all store categories.
- It is unclear how much impact e-commerce is having, based on a general lack of available (and reliable) data to properly evaluate the magnitude of these types of shopping activities. There is a significant “grey” area when it comes to capturing expenditures at omni-channel retailers that have both a physical and online presences (e.g., how these sales are reported to Statistics Canada, inconsistent treatment of online orders picked up in-store / delivered directly to a residence via a nearby store, etc.).
- The future impact of e-commerce is unknown. It is unclear if the impact of COVID-19 will ultimately represent a more permanent shift in shopping patterns or if the amount of online shopping during the pandemic was simply borne out of necessity vs. actual consumer preferences. In-person shopping, dining and other service-provisions continue to be both a necessary occurrence, as well as a desirable leisure-based activity for many.

Figure 3.1 highlights the recent growth in e-commerce activity, based on available Statistics Canada data for “Retail Trade”. This represents the most recent data relied upon in a range of traditional retail market analyses, including this Retail Market Study. Unsurprisingly, e-commerce is growing. That said, excluding “online-only” retail formats such as Amazon, e-commerce still only accounts for less than 10% of retail sales on average.

Figure 3.1

Growth in E-Commerce - Percentage of Total Sales (2012 - 2021)



Source: Parcel, based on Statistics Canada Table 20-10-0065-01 (Retail trade, total sales and e-commerce sales).

Figure 3.2 further shows that the impact of e-commerce is not consistent, with obvious variation in the level of e-commerce penetration across traditional market segments that involve products that are not necessarily customizable, do not benefit from substitution/testing, and are relatively easy to ship (e.g., electronics, sporting goods, and to a certain extent clothing).

Many retailers in these categories have shifted to more of a centralized “showroom” format where consumers can browse for products but, ultimately, purchase online. In turn, e-commerce **has impacted the size and number of brick and mortar stores** required by many of these retailers, particularly their desire to locate in secondary or tertiary locations.

Figure 3.2
 Percentage of Total Sales by Subcategory (2021)



Source: Parcel, based on Statistics Canada Table 20-10-0065-01 (Retail trade, total sales and e-commerce sales).

*Percentage of e-commerce sales for the General merchandise stores category suppressed for the purposes of confidentiality by Statistics Canada (per requirements of the Statistics Act). Equivalent data for previous annual periods since 2012 were in the range of 0.2 to 0.7.

Influence of COVID-19

Similar to the discussion above relating to the magnitude of impacts derived from online shopping, the longer-term effects of the COVID-19 pandemic cannot be fully known at this time either. It is our opinion that—while the pandemic has undoubtedly resulted in material changes in the retail sector and accelerated its evolution—it is nonetheless important to recognize that **most of these changes continue to be a function of pre-existing conditions**. That is, many of the foregoing trends have been developing for some time and the pandemic simply catalyzed these changes, albeit seemingly “overnight”.

Considerations for Pickering

E-commerce is not anticipated to result in significant changes to the types of spaces required for convenience-oriented retail categories and/or service-oriented commercial (e.g., restaurants, personal care service, health care, etc.). This is because these tenants continue to offer experiences and goods that cannot be replicated by online shopping. Going forward, this also means that a growing share of future retail space in Pickering will be comprised of more convenience-oriented retail categories and/or service-oriented commercial, which are less impacted by e-commerce.

Conversely, stores with less customizable products (and those stores whose products are relatively easy to ship) will likely continue to compete with online retailers. Many of these stores have already had to shift their store locations, sizes, scale and conditions to remain competitive. This has implications for Pickering, as e-commerce may reduce the willingness of these tenants to locate in less central areas such as outside the City Centre and Kingston Road Corridor.

Trend #2: Typologies & Unit Sizes

There has been renewed interest and emphasis in developing smaller commercial unit sizes. This stems from a shift to convenience-oriented tenants that are less impacted by growth in e-commerce, rising lease rates for commercial space, as well as technological improvements (including artificial intelligence) that are allowing tenants to do more with less space.

In the context of the Greater Toronto Area, and across much of North America, there has been a renewed focus from municipal planners on retail “main streets” and other street-related development along commercial corridors. Regardless of their overall health and real estate performance, these **typically take the form of neighbourhood-oriented, commercial corridors on major arterial roads**. In many cases, these areas are primarily centred around downtowns, near higher order transit infrastructure and/or around premier shopping and cultural destinations capable of leveraging their own unique identities and therefore customer draws that have been established over many decades.

Although routinely accommodating much larger retail anchors and chain stores as well, smaller unit sizes in this type of commercial environment typically range between 75 and 140 square metres (800 to 1,500 square feet) and are often occupied by independent (i.e., non-chain) retailers and/or service providers (e.g., restaurants / cafes /

bars, boutique shops, etc.). This is likely due to the multiple ownership of many smaller properties vs. the single ownership of a large property as in the case of box retail locations.

By comparison, these types of commercial environments can be challenging to establish “from scratch” in new-build contexts, especially in the absence of:

- Substantial existing and/or planned residential densities surrounding existing corridors that offer a source of immediate customer support to future retailers and a scale of development that supports viable mixed use projects; and
- Locations offering immediate access to higher-order transit infrastructure (e.g., major transit station area developments or similar).

Considerations for Pickering

While the City of Pickering currently does not have a traditional “main street”, the redevelopment of the Kingston Road Corridor provides an opportunity for the city to develop a more fine-grain retail fabric along sections of Kingston Road where mixed-use development is proposed. The smaller commercial units typically found on the ground floor of mixed-use buildings, some of which may be owner-occupied, provides the City with an opportunity to continue to accommodate independent businesses that currently occupy commercial plazas along the Kingston Road corridor.

Furthermore, this shift will likely reduce demand for larger format retail spaces in Pickering. As tenants strive to use less space and make more efficient use of space, there will likely be a reduction in the total amount of retail space provided per capita. This is important in light of intensified development being proposed across the City and particularly along Kingston Road Corridor.

Tenant needs and interests can vary significantly across different development contexts. Decisions often depend on whether a unit happens to be in a densely populated, major urban centre or a lower-density, suburban environment surrounded by predominantly single and semi-detached housing. For example, a fast-food restaurant may be willing to locate within a mixed-use building in a downtown context but require a drive-thru in a suburban context. This can also influence other commercial development parameters and conditions of lease agreements with respect to the number and location of available parking stalls, visibility / frontage / signage offered, as well as access characteristics for more practical day-to-day ease of operations (e.g., deliveries, storage, etc.).

A “formula” that has been proven successful and highly replicable across multiple store locations, often has the effect of perpetuating the status quo in terms of commercial development formats. For many major retailers, this can involve strong preferences for more suburban commercial formats (e.g., single-storey, open-air commercial

plazas with ample parking, especially in more auto-oriented communities such as Pickering and other parts of the 905-Region). Change from these development formats—including willingness to locate in mixed use projects—are typically only made under exceptional circumstances (e.g., when there is another driver such as desire to locate in a premier shopping destination, major urban market or other strategic site).

Trend #3:

Mixed Use Feasibility

It is also important to consider the **implications of financial feasibility on the delivery of commercial space in new developments**. As it relates to project viability, market-based housing continue to represent the highest return on investment of lands in Pickering. This is also consistent across Durham Region and many other parts of the GTA / beyond. Despite historically favourable market conditions for residential development, mixed use projects can often become challenged or overburdened financially by the cumulative effects of various other limiting factors affecting feasibility.

Factors such as expensive underground parking and the need to provide separate parking for commercial uses, can be especially impactful for **low and mid-rise building typologies that are generally incapable of spreading the added costs (or reduced revenues) across the profit of the rest of the project**.

Considerations for Pickering

Phased redevelopment of existing plazas, either on a single property or across multiple properties, can provide opportunities for existing commercial tenants in plazas to move directly into new ground floor units of mixed use buildings. This would allow for the continuation of the business in Pickering, while providing the added benefit of reducing the uncertainty of the developer around finding a tenant to occupy the new commercial unit.

Trend #4:

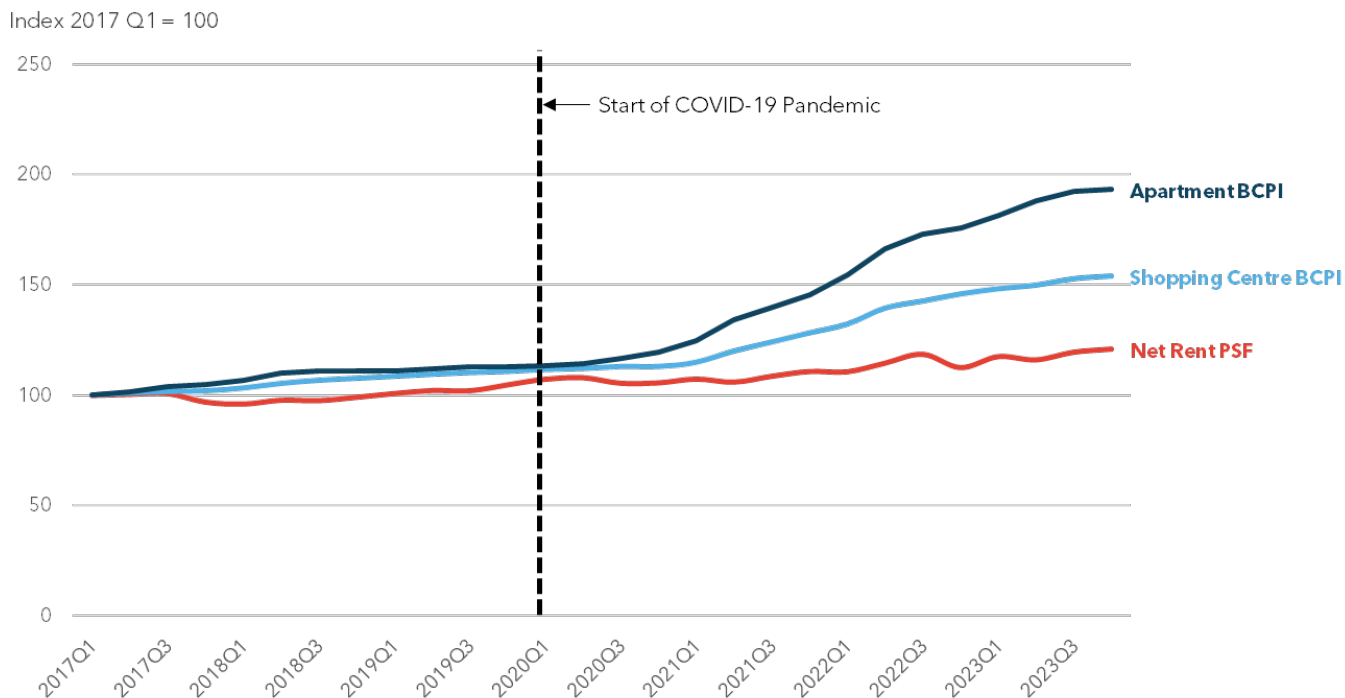
Macroeconomic Trends Impacting Construction Costs

The past several years has brought significant challenges to the advancement of feasible real estate projects of all kinds. This includes **record increases to hard construction costs as well as a rising interest rate environment**, that have caused additional uncertainty and risk. This is impacting not only the financial feasibility of developing ground floor commercial units in mixed use buildings, but also commercial plazas in greenfield locations.

As shown in Figure 3.3, prior to the COVID-19 pandemic, growth in commercial net rent per square foot (“PSF”) across the GTA was similar to increases in construction costs. This was the same for both apartment buildings (which includes mixed-use buildings) and shopping centres. Since the pandemic, construction costs have increased at a much faster rate than commercial net lease rates.

Figure 3.3

Asking Rents for Retail Space Across the GTA (PSF)



Source: Parcel based on CoStar Realty and Statistics Canada
 Note: BCPI = building construction price index; PSF = per square foot

To make development of new commercial units financially viable, developers are requiring lease rates that are substantially higher than “market” rates for existing commercial units. For example, the net lease rate for existing commercial units in Pickering is approximately \$20 to \$28 PSF. Based on market sounding interviews conducted as part of this Retail Market Study, new suburban commercial developments require \$40 to \$45 PSF to make development financially viable. While some tenants are willing to pay these net lease rates, they require a larger population within the Trade Area to maintain profit margins. Further, retailers are having to find creative ways to ensure they can protect their margins by seeking smaller spaces to mitigate the impact of higher lease rates.

Rising lease rates also impact the type and diversity of tenants that can locate in an area, as it often reduces the competitiveness of smaller businesses and community organizations in favour of larger chains. This is because smaller businesses often lack the capital to survive significant upswings in costs, relative to well supported chain retailers.

Considerations for Pickering

Rising construction costs and corresponding lease rates may impact the ability for the City of Pickering to sustain and support a diversity of retail uses. Significant redevelopment planned along Kingston Road Corridor is anticipated to increase lease rates for tenants seeking to locate at this location. This may impact the competitiveness of local businesses in the area, including their ability to remain at locations that were once occupied by older, more affordable buildings.

In greenfield locations, such as Seaton, higher construction costs and interest rates have delayed the construction of new retail / service commercial space until tenants are comfortable that the population in the area is sufficient to warrant the higher lease rates necessary to support new construction. For example, whereas before the pandemic a tenant may have been willing to consider a location that had a surrounding population of 5,000 persons, higher lease rates could mean that the same tenant would need to see a surrounding population of 7,500 or 10,000 persons.

4.0

Market Profile

Key Findings

- For the purposes of this study, the City of Pickering—excluding the area and population of Northeast Pickering—represents the “Trade Area” or primary geographic area from which new retailers and service-providers are expected to generate most of their customer support.
- In 2023, the population of the Trade Area was approximately 105,400 persons, representing 14% of the Durham Region population.
- Going forward to 2051, the **Trade Area is anticipated to grow to 211,500 persons**. This represents growth of 106,100 persons over this period.
- The average per capita income of the City of Pickering in 2020 was \$47,600. This was 7% higher than the per capita income of Durham Region.
- The Trade Area benefits from its connectivity to employees and visitors living outside the City. A notable 71% of those working in Pickering, travel from elsewhere in Durham Region, the GTA and beyond.
- The relatively high per capita income of Pickering residents and inflow expenditures from employees and visitors will influence the amount of retail / service commercial space warranted in the city.

4.1 Trade Area and Neighbourhoods

As described in the Introduction to this Retail Market Study, for the purposes of this assessment, the City of Pickering, excluding the NEPSP, represents the “Trade Area” or primary geographic area from which new retailers and service-providers are expected to generate most of their customer support.

Figure 4.1

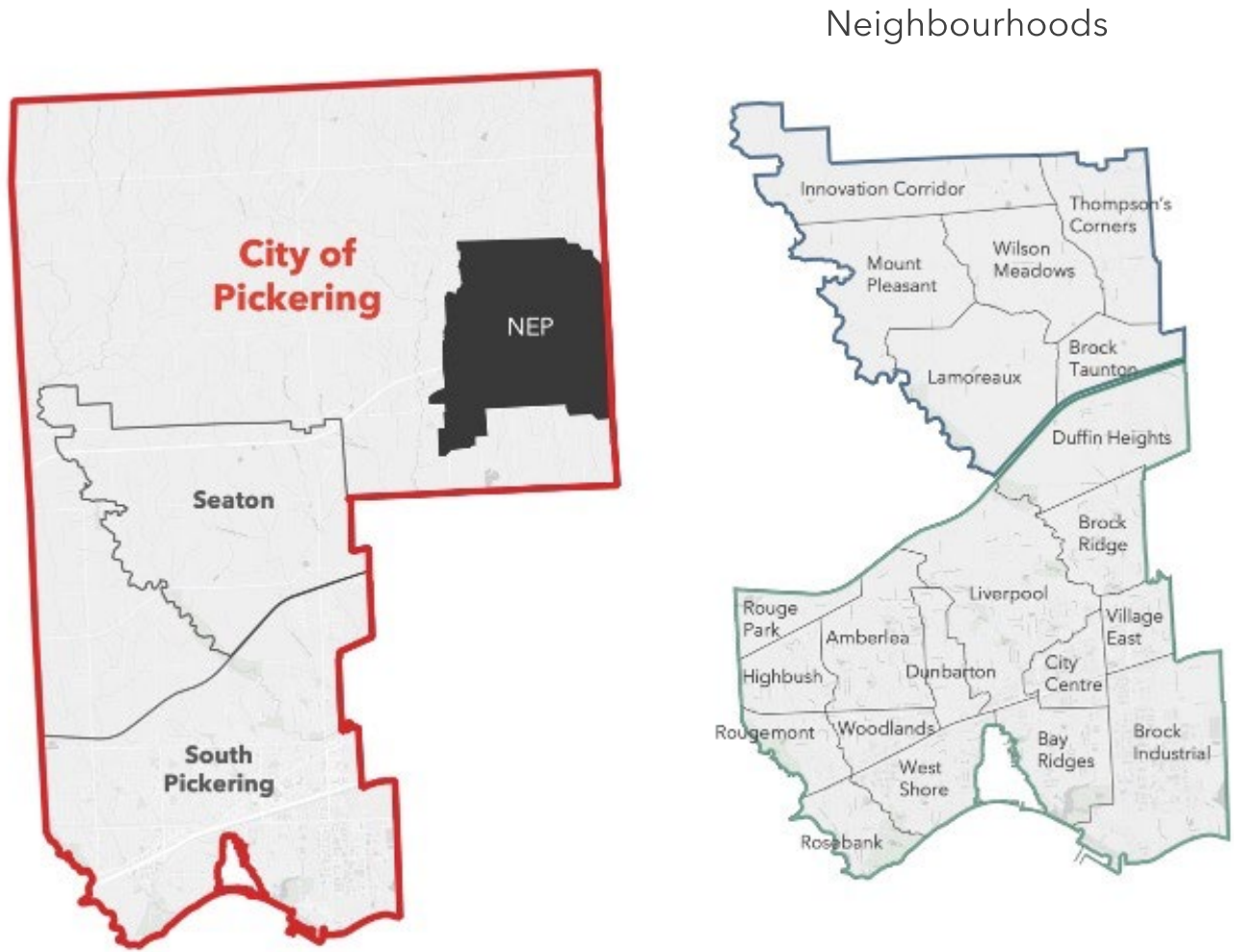
Trade Area Map (City of Pickering less Northeast Pickering)



Source: Parcel.

In conducting our analysis for the Trade Area, particular attention has been given to existing and developing neighbourhoods (Figure 4.2). The forthcoming sections of this study identify differences in the retail composition across different locations in the City, identifying the role and function of each area in the broader context of the City.

Figure 4.2
Neighbourhood Key Areas in the City of Pickering



Source: Parcel.

4.2 Population

The City of Pickering has reached a turning point in its growth trajectory. After adding only 12,910 new households over the last 30 years (about 1 in 9 new households in Durham), the City is poised to become a primary destination for new development within the Region.

Based on the recently adopted Envision Durham, Durham Regional Official Plan, the population of Pickering is forecast to grow to some 256,400 persons by 2051 (including population in the NEPSP). It is also anticipated to add 55,160 new households over the next 30 years. This forecast growth is four times higher than experienced over the last 30 years and is anticipated to account for 1 in 4 new households in the Region.

The population forecasts used in this report summarize the current and forecast population of the entire City of Pickering. It also details the current and anticipated population for Northeast Pickering Secondary Plan, as shown in Figure 4.3. The City of Pickering is currently undertaking a comprehensive secondary plan study for Northeast Pickering, which is intended to establish a detailed land use and development framework for this area to 2051. As part of the preparation of the background work to support the Northeast Pickering Secondary Plan, a *Retail Market Study* was prepared by urbanMetrics in April 2023. This *Retail Market Study* identified market support for between 92,900 and 111,500 square metres (1.0 and 1.2 million square feet) of commercial gross floor area in Northeast Pickering by 2051.

Historical Population for the Trade Area

As of July 2023, it is estimated by Statistics Canada¹ that approximately 105,400 residents live in the City of Pickering, 14% of the Durham Region population. Most of these residents reside in the Trade Area (South Pickering Urban Area and Seaton), as there has been minimal development across Northeast Pickering to date.

Currently, Pickering is the fifth most populated city in Durham region, behind the City of Oshawa, the Town of Whitby, the Town of Ajax, and the Municipality of Clarington.

The forecast population for the Trade Area detailed in Figure 4.3 shows that the population of the City of Pickering is anticipated to grow to 256,400 persons by 2051². Excluding the anticipated population of Northeast Pickering, the population of the **Trade Area is anticipated to grow to 211,500 persons by 2051**. Forecast population growth is anticipated to significantly exceed historical trends, largely because of continued in-migration from persons across Toronto and the Greater Toronto Area ("GTA") more generally. By 2051, the City of Pickering is projected to have the second highest population in the Durham region (behind only Oshawa).

¹ Based on Statistics Canada Annual Demographic Estimates: Sub provincial Areas, July 1, 2023 (publication 91-214-X).

² Based on Figure 2 in Region of Durham Official Plan as adopted by Regional Council - May 17, 2023.

Figure 4.3

Trade Area Population

	Historical ¹		Current ²	Forecast ²	
	2016	2021	2023	2031	2051
City of Pickering	94,500	103,500	105,400	151,600	256,400
Average Annual Growth	1,800	950	5,775	5,240	
Average Annual Growth Rate	1.9%	0.9%	5.5%	3.5%	
Less: Northeast Pickering	-	500	500	500	44,900
Average Annual Growth		0	0	2,220	
Average Annual Growth Rate		0.0%	0%	444%	
Trade Area	94,500	103,000	104,900	151,100	211,500
Average Annual Growth	1,700	950	5,775	3,020	
Average Annual Growth Rate	1.8%	0.9%	5.5%	2.0%	
Durham Region	666,000	728,000	745,600	907,300	1,300,000
Average Annual Growth	12,400	8,800	20,213	19,635	
Average Annual Growth Rate	1.9%	1.2%	2.7%	2.2%	

Source: Parcel. Rounded to the nearest 100 residents.

¹ Statistics Canada Census data, adjusted for net undercount.

² Population forecasts provided by Envision Durham for each municipality including the City of Pickering. 2023 population is based on Statistics Canada Annual Demographic Estimates: Sub provincial Areas, July 1, 2023 (publication 91-214-X). Population forecasts for Northeast Pickering are based on population estimates prepared by Watson & Associates as background to Envision Durham.

Neighbourhood Population

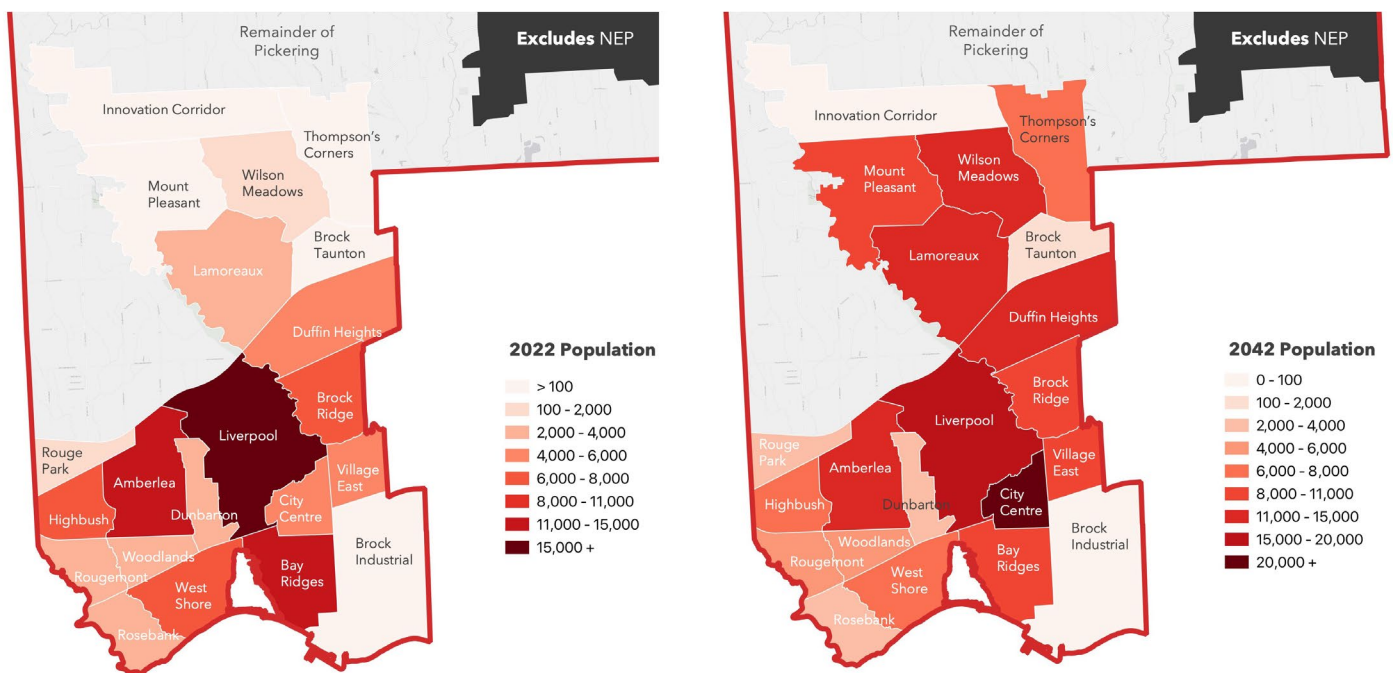
Parcel has also examined how the population in Pickering is distributed across existing neighbourhoods, to better understand how and where population growth in Pickering is forecast to be accommodated (Figure 4.4).

Historical Population

The neighbourhoods of Liverpool, Amberlea, Dunbarton, Bay Ridges and Brock Ridge accommodate the greatest number of existing Pickering residents. This is partially due to the size (e.g., land area) of these neighbourhoods, which are generally larger than other neighbourhoods in Pickering.

Liverpool, Bay Ridges and Amberlea have the highest population in the City of Pickering. These neighbourhoods have a greater concentration of medium and higher density development. Since 2016, the Rouge Park and Duffin Heights neighbourhoods have grown most significantly, some 41% and 30% respectively. This is due to the recent completion and occupancy of major residential development projects in each area. Population growth since 2016 has been more limited across neighbourhoods bordering the Kingston Corridor.

Figure 4.4
Population Distribution by Neighbourhood, 2022 & 2042



Source: Parcel based on data provided by the City of Pickering's Detailed 20 Year Population Forecast (2022).

Forecast Population

Kingston Road Corridor (i.e., parcels along the edge of the Woodlands, Rougemount, Liverpool, Village East neighbourhoods etc.): Significant intensification in the City Centre, and a growing interest in redeveloping and intensifying existing commercial plazas along Kingston Road, is anticipated to drive population growth.

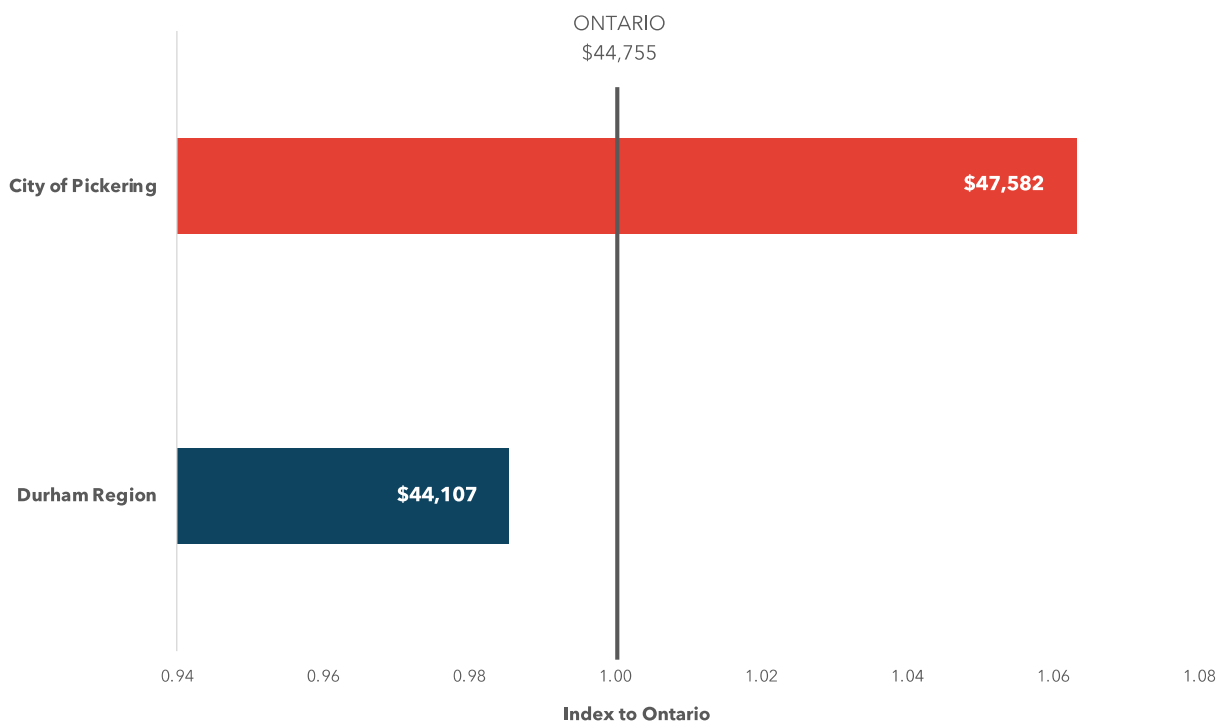
Seaton Urban Area (i.e., Lamoreaux, Wilson Meadows, Mount Pleasant, Brock Taunton, and Thomson's Corner): With ample vacant land for development, significant population growth is anticipated in the Seaton Urban Area. Current forecasts anticipate that the population of the Seaton Area could grow to some 70,000 at full build-out.

4.3 Other Demographic Factors

Income

Average per capita income is an important input when considering future demand for retail / service commercial space within a Trade Area. As of the 2021 Census, the average per capita income in Pickering was approximately \$47,600. This was 7% higher than the per capita income of Durham Region.

Figure 4.5
2020 Per Capita Income, City of Pickering



Source: Parcel based on 2021 Statistics Canada Census data.

We have also reviewed a range of other demographic factors to better understand the population and employment base in Pickering. As a municipality anticipated to experience significant population growth over the

medium to long term, the following are **potential factors that may influence future retail / service commercial demand** across the city.

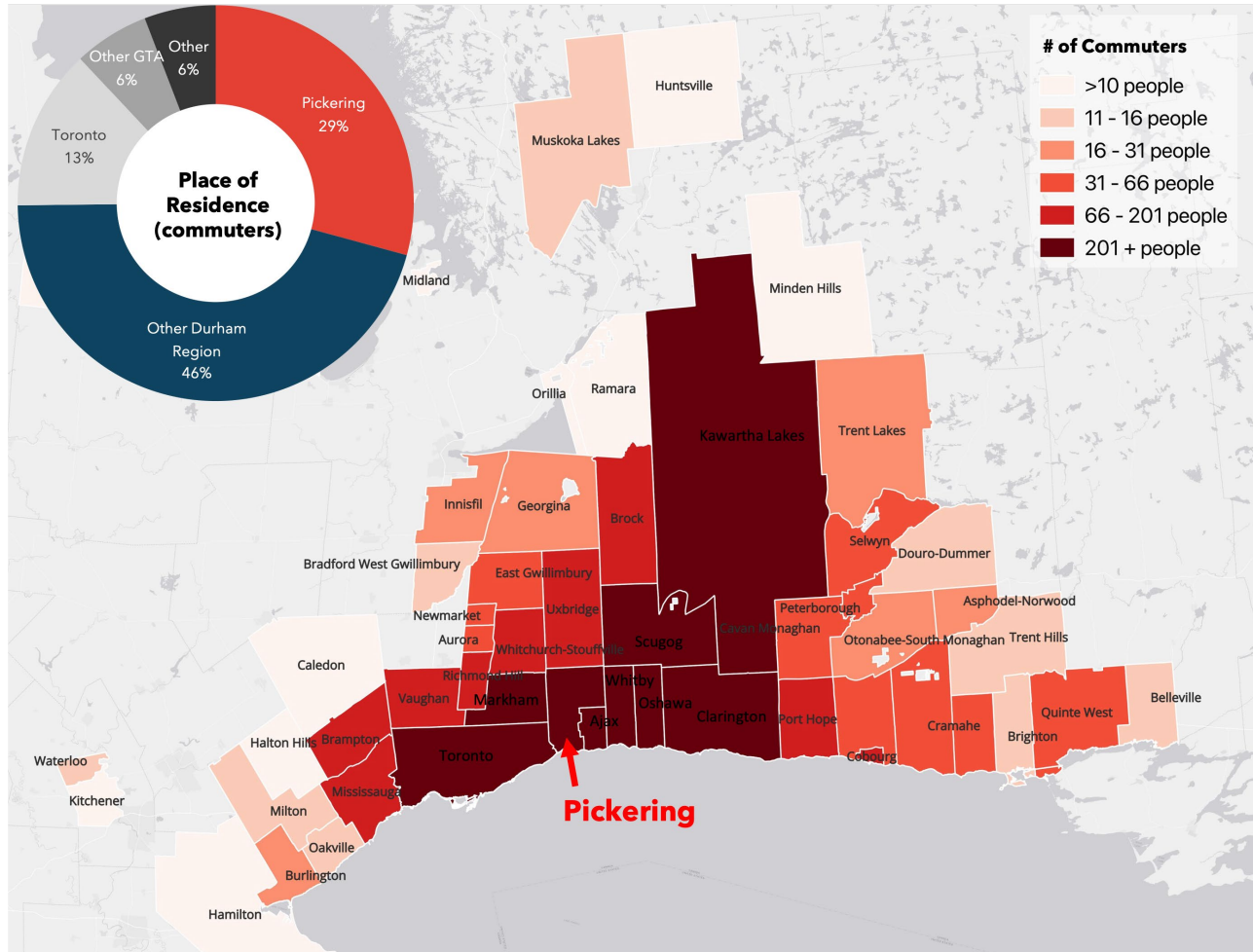
Impact of Inflow on Commercial Demand (Employment)

Located at the eastern Greater Toronto Area ("GTA"), the City of Pickering benefits from its connectivity to employees and visitors from across the region. The figure below shows that only about 29% of people with a usual place of work in Pickering also live in Pickering, with the remaining 71% of Pickering-based employees travelling from elsewhere in Durham Region, the GTA and beyond.

Inflow traffic generated from employees travelling to Pickering for work will generate **additional support and demand for retail / service commercial uses both now and in the future if the high rate of inflow continues.**

Figure 4.6

Place of Residence of People Working in Pickering



Source: Parcel based on data from the Census of Canada.

5.0

Current Market Context

Key Findings

- There is currently some **460,000 square metres** (4.95 million square feet) of retail / service commercial space in the Trade Area.
- The vacancy rate is currently estimated at 5%, which generally represents a healthy vacancy rate.
- There are 13 development applications that propose to increase or decrease the amount of commercial space provided at various sites in the Trade Area. Collectively, these applications would amount to a net loss of some 26,300 square metres (283,100 square feet) of commercial space in the South Pickering Urban Area and a net gain of 11,500 square metres (123,800 square feet) in Seaton.
- Customer origins research identify that the commercial uses in the various Mixed Use Area designations are generally fulfilling their intended role. Local Nodes and Community Nodes are generally serving the day-to-day shopping needs of local residents. While the Mixed Use Corridor, Specialty Retailing Node and City Centre are also serving a broader destination retail function.
- A survey of Pickering residents was completed to better understand the shopping behaviours of Trade Area residents. On average, those living in Pickering indicated that they typically complete over 70% of retail / service commercial expenditures at stores in the City of Pickering.

5.1 Inventory of Commercial Space

Store Categories

Existing retail / service commercial space in the Trade Area has been consolidated based on the store categories detailed below.

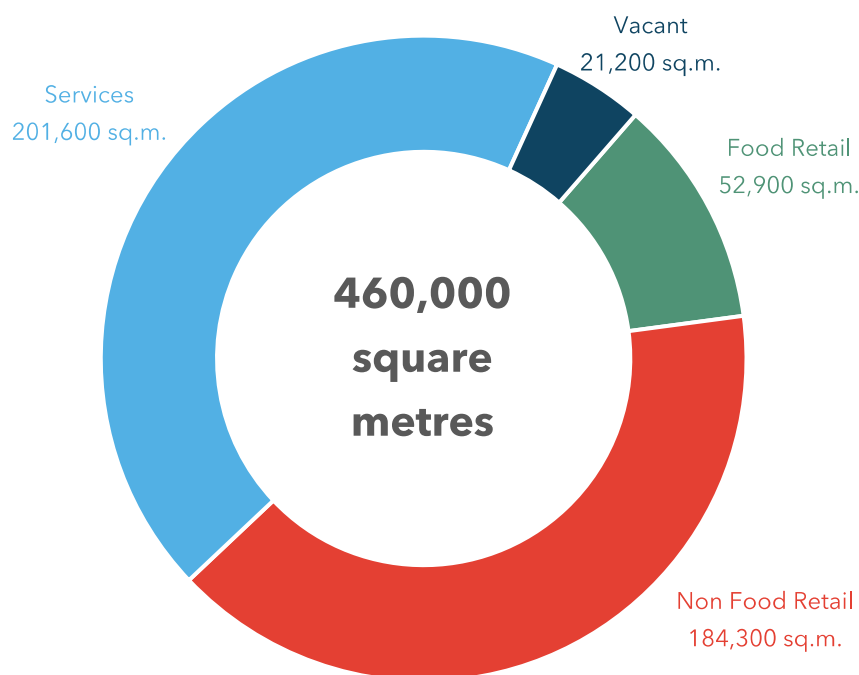
Store Category	Types of Uses
Food Store Retail	Supermarkets, Grocery Stores, Speciality Food Stores (e.g., bakeries, butchers etc.), Beer, Wine & Liquor Stores.
Non-Food Store Retail	Health & Personal Care Stores (e.g., pharmacy), General Merchandise Stores (e.g., dollar stores, Canadian Tire, etc.), Clothing & Accessories, Furniture & Electronics Stores, Building & Outdoor Supply Stores.
Services	Financial Institutions, Health Services, Personal Care Services (e.g. hair salon), Food Services (e.g., restaurants / fast food etc.), Other Professional & Educational Services.

Existing Space

Figure 5.1 shows that there is currently some **460,000 square metres** (4.95 million square feet) of retail / service commercial space in Pickering. About **21,200 square metres** (228,200 square feet) **of this space is currently vacant**, nearly 5% of all space. Recognizing that a healthy vacancy rate typically ranges between 5 - 7% depending on the context and location, this suggests that the existing commercial supply in Pickering is generally sufficient to meet current market needs.

Figure 5.1

Existing Supply of Retail / Service Space in Pickering



Source: Parcel.

Existing Space by Land Use Designations

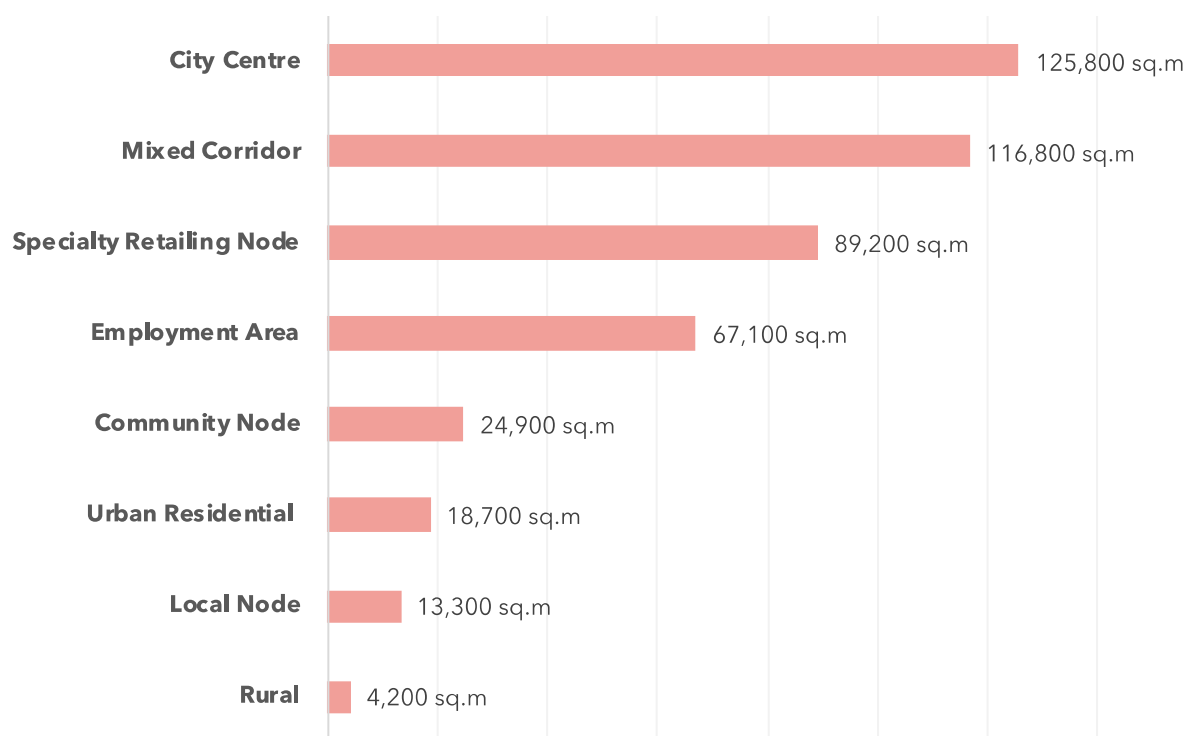
Approximately half (52%) of the retail / service commercial space in Pickering is located on lands designated City Centre (i.e. Pickering Town Centre) and Mixed Corridor (Kingston Road corridor), some 125,800 square metres (1.4 million square feet) and 116,800 square metres (1.3 million square feet) respectively.

Lands designated City Centre and Mixed Corridor are generally concentrated along the Kingston Road Corridor, the City of Pickering's "Main Street". The City Centre is one area of Pickering that is expecting intensification going forward. It is also intended to develop and serve as the City's primary location for a range of uses, including employment, entertainment and shopping. To this end, the significant concentration of retail on these lands is affiliated with the prominence of larger big-box stores and the Shops at Pickering City Centre (which includes some 63,000 square metres (678,000 square feet) of retail / service commercial uses).

Local and Community Nodes host the smallest amount of retail / service commercial gross floor area amongst all land use designations. This is consistent with the type and form of retailers located in these areas, which includes small, local-serving stores that cater to the daily and weekly needs of residents.

Figure 5.2

Supply of Retail / Service Space in Pickering by Designation



Source: Parcel.

Vacancy Rates

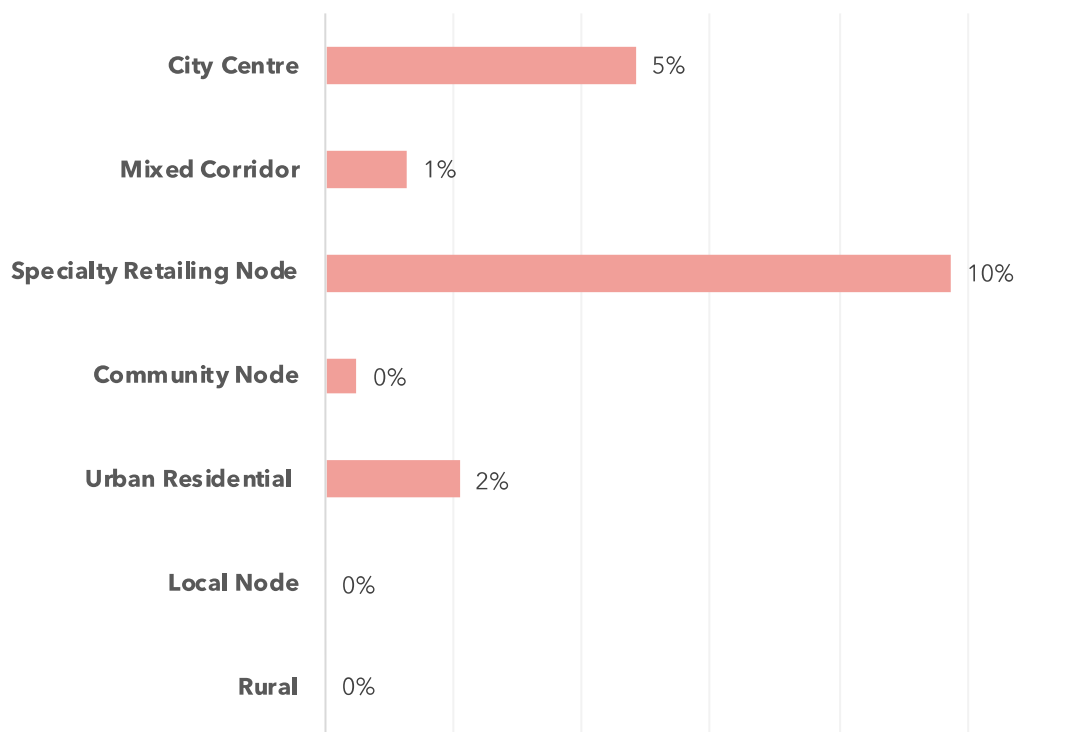
Figure 5.3 shows that lands designated Specialty Retailing have the highest vacancy rate, nearly 10% of space. Heightened vacancy across lands designated Specialty Retail is influenced by multiple recently vacated units at 1899 Brock Road—including the loss of a Sobeys location—in addition to vacant units at 1755 Pickering Parkway (located at the northeast corner of Highway 401 and Brock Road). Both locations are being poised for redevelopment. A portion of the lands located at 1899 Brock Road have been approved for a phased high-density, mixed-use redevelopment consisting of 5 towers with building heights ranging between 25 to 32 storeys. At

completion, the development will contain a total of approximately 1,599 residential units and 4,568 square metres of commercial space at grade. 1755 Pickering Parkway is similarly seeking planning approval for a 12-tower mixed-use redevelopment. The relatively high vacancy across lands designated Specialty Retail likely reflects the changing nature of the property, rather than a lack of demand for retail / service commercial space at these locations. In fact, if you were to remove the vacant units at these developments, the vacancy rate on lands designated Specialty Retailing would reduce to 2.5%.

Local Nodes, Community Nodes and Mixed Corridors have a comparably low vacancy. In fact, some areas have no vacant units available. This is consistent with the findings in our market sounding interviews, which highlighted the strength of neighbourhood shopping centres coming out of the COVID-19 Pandemic. Retail spaces in these areas primarily include smaller and mid-sized units, who can support the daily and weekly needs of residents. Low vacancy at these areas highlights the continued demand for these spaces across the City.

Figure 5.3

Share of Vacant Retail / Service Space in Pickering by Designation



Source: Parcel. Vacant retail space on Urban Residential lands is tied to small and vacant commercial retail units integrated within residential development at Saint Martin’s Drive and Bayly Street. Existing vacant units on these lands generally range between 90 and 140 square metres.

Composition

It is important to note that in many Ontario communities, service space often comprises 50% of occupied retail / service commercial space. This is generally true across commercial nodes in Pickering where service commercial uses—as shown in Figure 5.4—account for upwards of 41% of commercial space in each commercial designation except the Specialty Retailing Node. Service uses account for an even higher concentration of space in areas with denser development (e.g., Mixed Corridors, Community Node etc.). This is likely influenced by the smaller scale of units included across these lands.

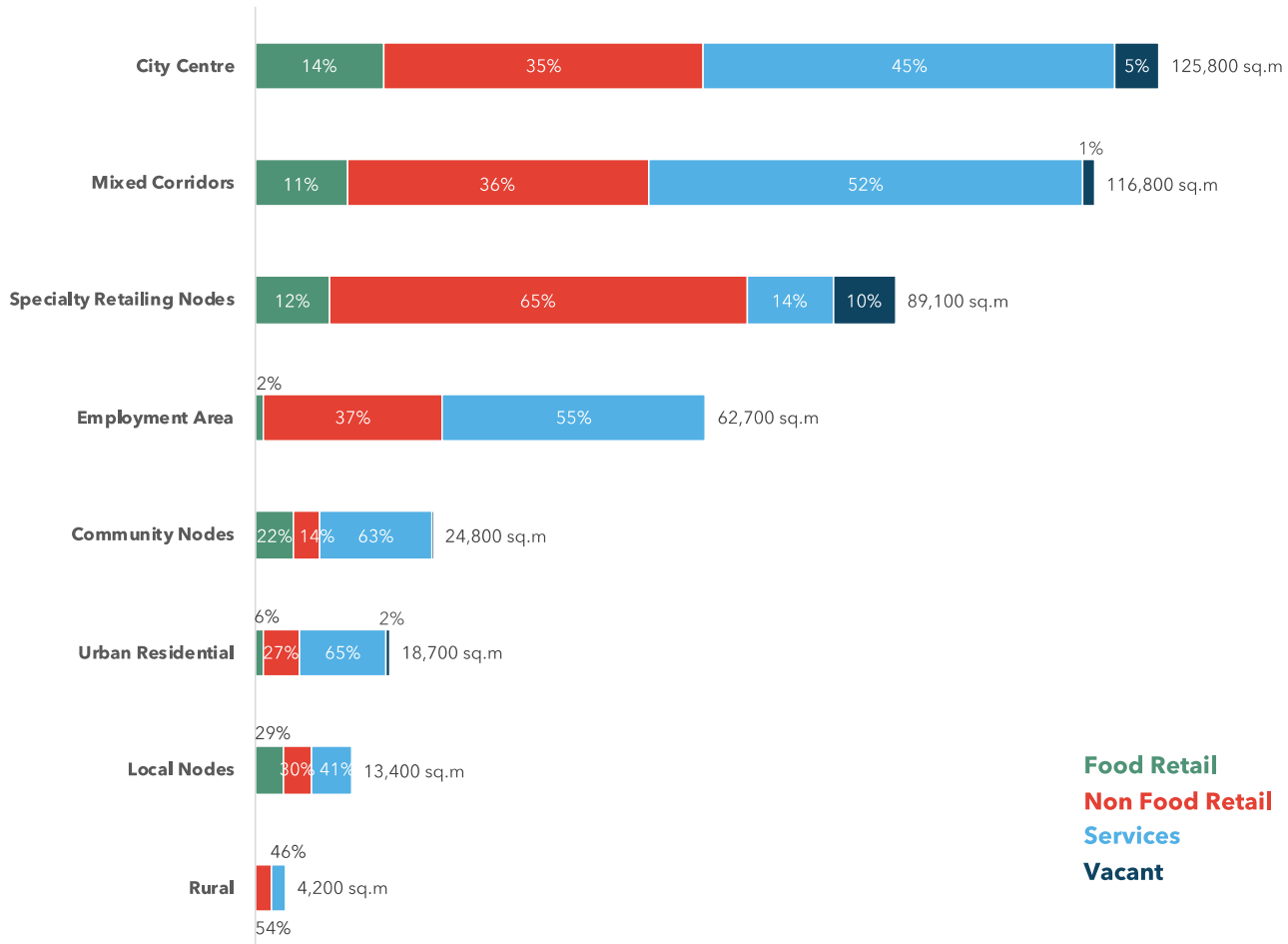
Lands designated Specialty Retail Node represent the only lands where Services do not account for a significant share of space. This is likely influenced by two factors:

- Speciality Retailing Nodes are one of few land uses that still permit large format stores (including large format food stores and discount stores). The presence of large-format retailers dilutes the ratio of retail to service uses in these areas.
- Also, some of the Speciality Retail Node lands are explicit in not permitting retail units that are less than 500 square metres (5,380 square feet). As service-uses typically seek smaller commercial units, there is less interest and opportunity for them to locate at these locations.

Food Retail uses are concentrated more significantly in neighbourhood designations (e.g., Local Nodes, Community Nodes, etc.) that are intended to cater to the daily and weekly needs of residents. These lands are better positioned to support food-related uses, particularly due to their favourable access characteristics and proximity to residential populations.

Ensuring an appropriate balance of retail and service uses, including opportunities for larger food and non-food retailers, will be key to supporting residents and visitors in Pickering going forward.

Figure 5.4
Existing Supply of Retail / Service Space by Designation



Source: Parcel.

5.2 Applications Proposing Commercial Space

Parcel has examined development applications (including official plan and zoning by-law amendments and site plan applications) and development approvals in the City of Pickering to determine the quantity and location of planned / approved commercial space being contemplated across the Trade Area. These applications represent

the most current, up to date data available through the City of Pickering as of June 2024. Data included herein excludes applications in pre-consultation as these more conceptual proposals do not necessarily lead to actual applications or may be modified before they are submitted.

The purpose of this analysis is to compare changes in the amount of space being proposed to future demand for retail / service commercial space.

In conducting this analysis, Parcel has examined all proposals which currently plan to increase or decrease the amount of retail / service commercial space. These applications—which are primarily for higher-density mixed-use projects—have been reconciled in the context of the existing retail space at each location to identify locations that are anticipated to experience a net gain or net loss in the amount of commercial space provided.

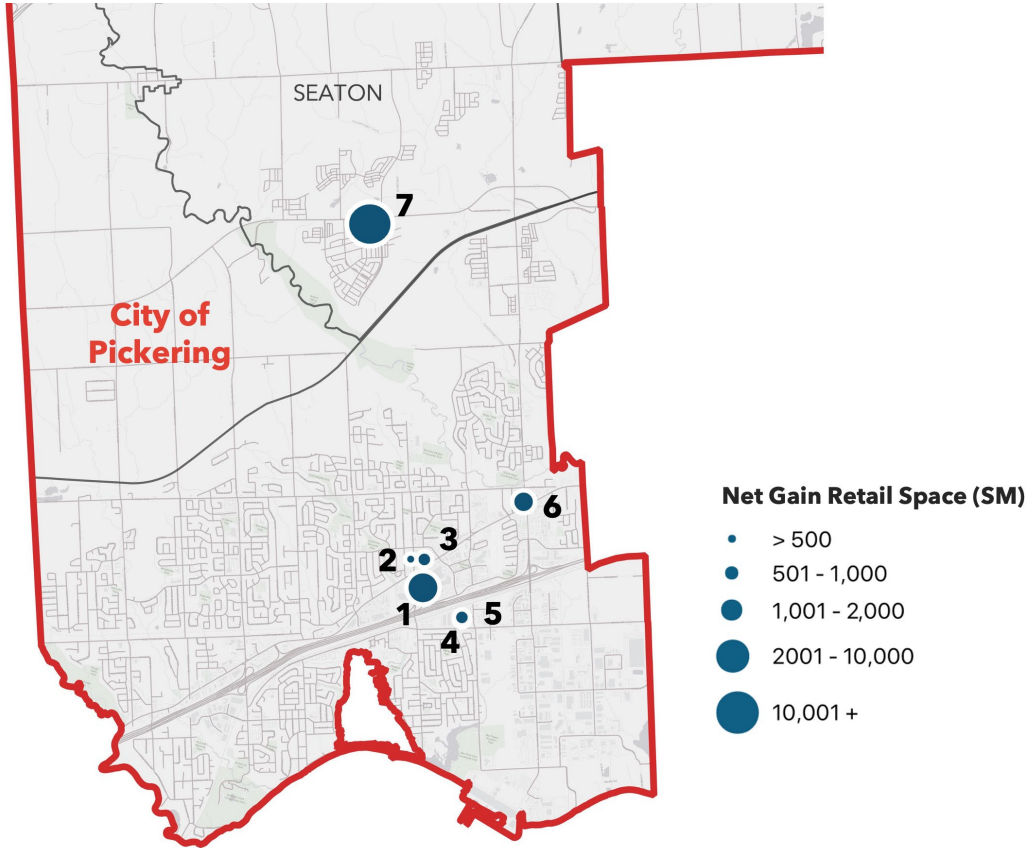
Applications Proposing Net New Space

Parcel has reconciled active development applications and development approvals that include retail / service commercial space against the existing supply of retail / service commercial gross floor area on each site in Figure 5.5 and Figure 5.6.

Figure 5.5 shows that there are seven applications where the proposed amount of retail / service commercial space is anticipated to exceed the existing commercial space currently provided at the site. These **7 applications** amount in a **net increase of 18,800 square metres** (204,400 square feet) overall as detailed below. Relative to other areas in the Trade Area, Seaton is anticipated to benefit most significantly from new retail development, with approximately 61% of the forecasted new supply to be in the Seaton area. This is tied to a single commercial application at Taunton Road and Peter Matthews Drive. By comparison, the South Pickering Urban Area is anticipated to see an increase of 7,300 square metres of retail / service commercial space, primarily through redevelopment that is distributed across the remaining 6 applications.

Figure 5.5

Applications Resulting in a Net Increase in Commercial Supply



ID	Address	Net New Retail GFA
1	1355 Kingston Rd	2,900 sm
2	1854 & 1858 Liverpool Rd	500 sm
3	1300 & 1360 Kingston Rd	700 sm
4	1435 Celebration	1,000 sm
5	1455 Celebration	800 sm
6	1970 Brock Rd	1,400 sm
7	Taunton Rd & Peter Matthews Dr	11,500 sm
Total		18,800 sm
South Pickering Urban Area		7,300 sm
Seaton Urban Area		11,500 sm
Total		18,800 sm

Source: Parcel based on development application provided by the City of Pickering and inventory data.

Applications Proposing a Net Reduction in Space

In addition to applications that propose an overall increase in retail / service commercial space, Parcel has also identified locations where existing proposals plan to reduce the existing supply of commercial space provided.

Figure 5.6 shows that there are **six applications** in the pipeline that propose an overall reduction in retail /service commercial space. Collectively, these applications—which are all located in the South Pickering Urban Area—amount to a loss of **29,500 square metres** (317,500 square feet).

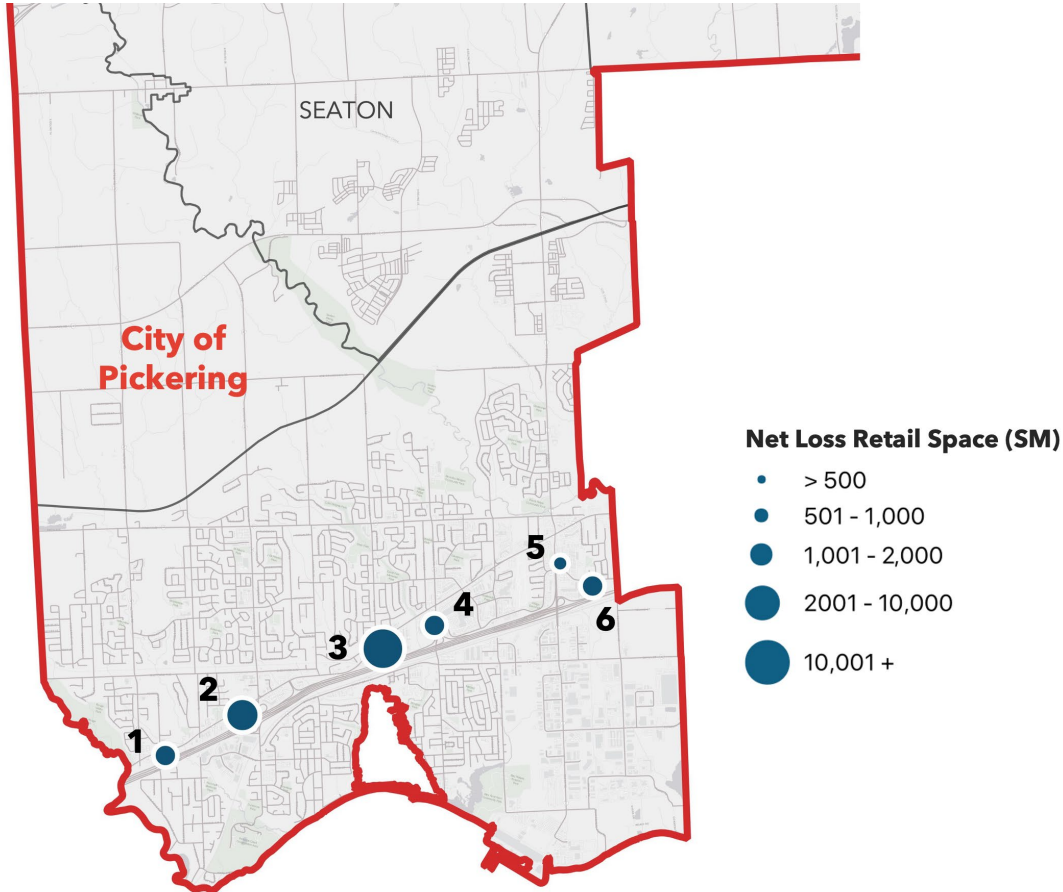
The most significant loss of commercial space in the Trade Area is anticipated to occur along the Kingston Road Corridor, owing to the redevelopment of existing commercial plazas with high-density mixed-use buildings. While some existing applications for higher density mixed-use buildings propose to include new retail / service commercial space on the ground floor, the amount is far less than the supply currently available on these sites.

It is important to note that there are only three development applications at locations where large-format retail space is currently present. This includes the revised application at 1755 Pickering Parkway, the application at 603 - 647, 699 Kingston Road where the existing Sports Chek outlet and Value Village are located and the application at 1101A, 1105 and 1163 Kingston Road that includes Home Depot, Michaels and Food Basics.

Aside from these three applications, the retail / service commercial space that would be eliminated due to proposed applications is primarily concentrated in commercial plazas where retail units could more easily be incorporated into the ground floor of a mixed-use building. Also, for the application located at 1101A, 1105 and 1163 Kingston Road, the existing Home Depot store is identified as being in Phase 4 of the development. Therefore, it will likely be many years before this portion of the site is redeveloped.

Figure 5.6

Applications Resulting in a Net Loss in the Commercial Supply



ID	Address	Net Loss Retail GFA
1	375 Kingston Rd	1,300 sm
2	603 - 647, 699 Kingston Rd	8,500 sm
3	1101A, 1105 and 1163 Kingston Road	15,800 sm
4	1786 & 1790 Liverpool Rd	1,600 sm
5	1899 Brock Rd	900 sm
6	1755 & 1805 Pickering Pkwy	1,400 sm
Total		29,500 sm
South Pickering Urban Area		29,500 sm
Seaton Urban Area		0 sm
Total		29,500 sm

Source: Parcel based on development application provided by the City of Pickering and inventory data.

Figure 5.7 reconciles all applications that include a commercial component. As detailed, it is found that overall, existing proposals will amount to a **net loss of some 22,300 square metres** (240,000 square feet) in the South Pickering Urban Area and a **net gain of 11,500 square metres** (123,800 square feet) in Seaton.

Collectively this means that existing proposals will amount to a **loss of 10,700 square metres** of retail / service commercial space across the Trade Area. Understanding the potential impact of a net loss of commercial space across the Trade Area is important, particularly as the population of the City continues to grow. If this trend continues going forward, the ratio of commercial space per capita is going to diminish due to the ongoing loss of commercial GFA in addition to the lack of corresponding commercial growth necessary to keep pace with demand.

Figure 5.7
Summary of Existing & Proposed Retail GFA in the Trade Area

	Existing	Proposed	Total
South Pickering Urban Area	157,300 sm	135,100 sm	-22,200 sm
Seaton Urban Area	0 sm	11,500 sm	11,500 sm
Total Trade Area	157,300 sm	146,600 sm	-10,700 sm

Source: Parcel.

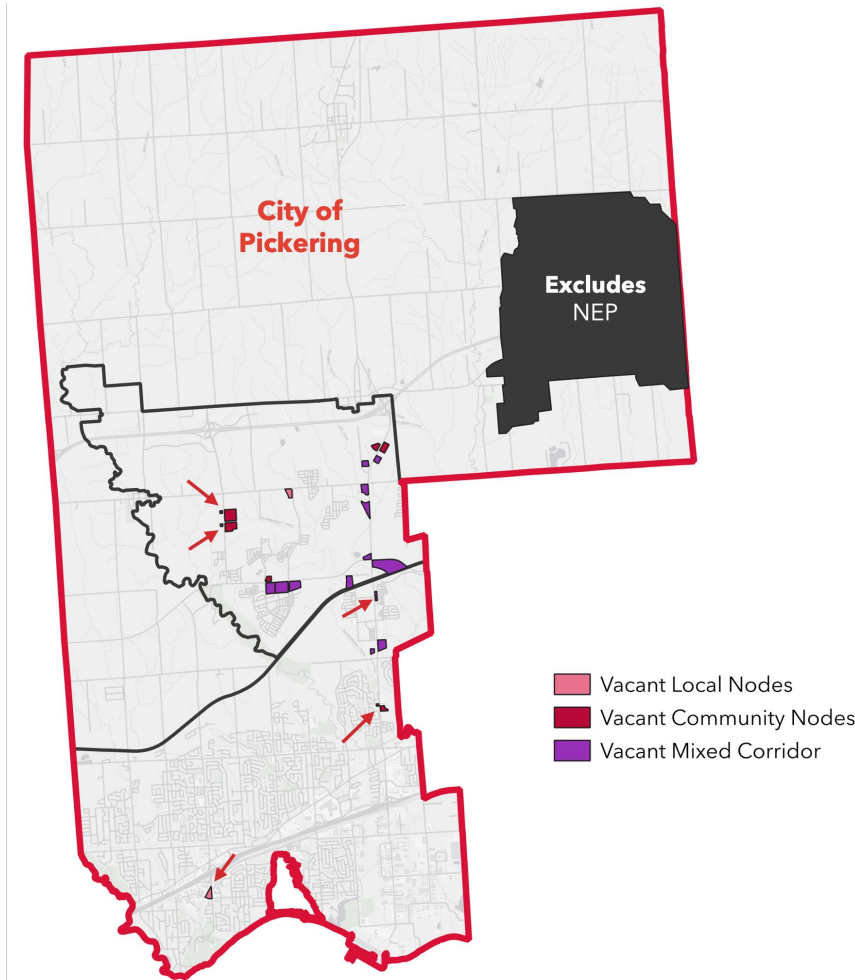
5.3 Vacant Designated Lands

Parcel has also identified remaining opportunities for commercial development in the Trade Area, by identifying vacant lands that are presently designated Mixed Use Areas and could therefore accommodate retail / service commercial uses, in addition to residential uses.

Figure 5.8 illustrates the location of vacant Mixed Use Area lands in the Trade Area. This includes lands designated Local Node, Community Node and Mixed Corridor. All lands designated Specialty Retailing Node and City Centre are considered to be occupied. That said, we acknowledge that there may be limited opportunities for additional retail / service commercial space accommodated through intensification at these locations. As shown, most vacant Mixed Use Area lands in Pickering (some 87% of the land area) are in Seaton.

Figure 5.8

Vacant Designated Commercial Lands in Pickering



	Seaton	Elsewhere	Total
Local Node	4.4 ha	2.4 ha	6.8 ha
Community Node	17.3 ha	1.9 ha	19.1 ha
Mixed Corridor	43.1 ha	5.3 ha	48.4 ha
Total	64.7 ha	9.6 ha	74.3 ha

Source: Parcel based on parcel data and details provided by the City of Pickering in December 2024.

5.4 Visitation & Customer Origins

To gain a better understanding of the current draw of commercial businesses in Pickering—in addition to the shopping patterns and preferences of Pickering residents—we have evaluated visitation patterns to several commercial areas in the city.

Parcel has used this data to understand the shopping behaviours and preferences of existing residents and visitors, including where shopping trips originate and shopping frequency. This exercise has also been undertaken to understand the customer support for a range of different retail areas in Pickering.

Note: Customer Origins Source Data

This research has involved partnering with a third-party data provider to determine the travel behaviours of residents, employees, and other individuals who visited the selected commercial areas in Pickering over a full one-year period. For the purposes of this analysis, this full year period includes visitation patterns that occurred between May 2021 and April 2022, the latest full year of data available. We note that during this period, there were still some COVID-19 restrictions in place that may have impacted the capacity permitted in non-essential retail establishments.

The analytics data employed for this analysis is based on the traffic volume of an average day in the defined study period, or average annual daily traffic estimate.

Analyzed Commercial Areas

For the purposes of this analysis, we have analyzed customer origins for **six** commercial locations in Pickering which represent reasonable, commercial developments in order to understand the travel patterns and behaviours of Pickering shoppers. We have also analyzed customer origins to the existing Costco in Ajax. This provided an indication of where and in what frequency, residents are shopping outside the city (i.e., outflow) at this particular store.

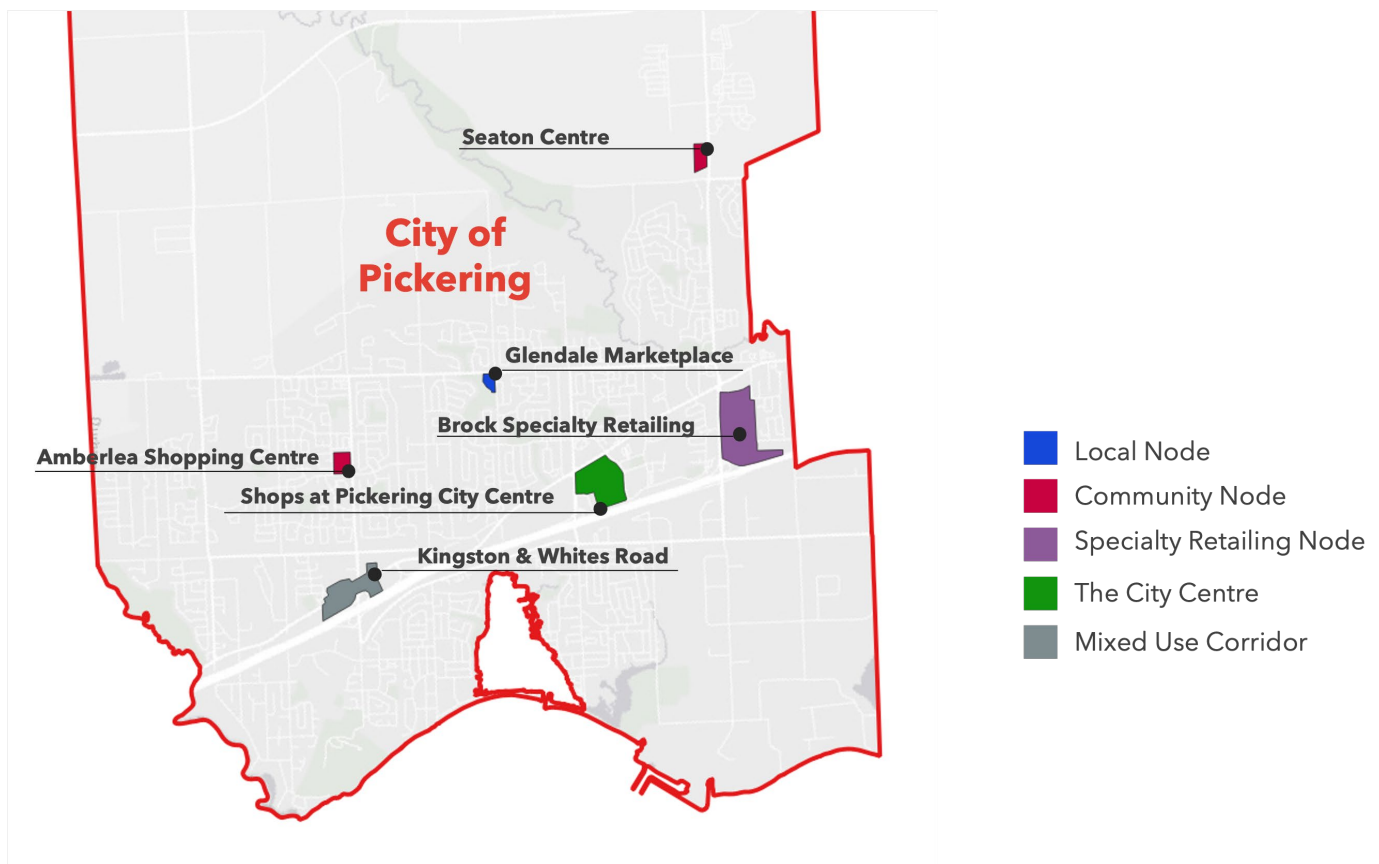
Put another way, different retail locations in Pickering were chosen to assess how the amount, location, type, and format of retail impacts capture rates and inflow, and how each may—or may not—impact the draw of residents. Figure 5.9, shows the retail locations that have been analyzed, those being:

- **One Local Node** - Glendale Marketplace

- **Two Community Nodes** - Amberlea Shopping Centre & Seaton Centre (on Brock Road)
- **One Speciality Retailing Node** - Brock Speciality Retailing (Walmart, et al.)
- **One Mixed Corridor** - Kingston & Whites Road
- **City Centre** - The Shops at Pickering City Centre

Figure 5.9

Surveyed Retail Locations in Pickering



Source: Parcel.

Customer Origins Summary

Figure 5.10 details where visitors to each node arrived from. This includes the share of trips made by “**locals**” or people who reside in the City of Pickering, and trips made by “**visitors**” which includes people who reside outside Pickering, including (i) elsewhere in Durham Region or the GTA and, (ii) elsewhere in Ontario.

This figure also shows the percentage breakdown associated with **total visits** and **individual visitors** by each proxy commercial node based on the municipality of residence. Specifically:

- It shows the percentage breakdown associated with **total visits** to each commercial area. Estimates of total visitation deliberately includes repeat visitation to highlight the tendency of locals to visit a given area more frequently.
- It also details the percentage breakdown by **individual visitors** (e.g., excluding repeat visitation made by a visitor) based on the primary location each device locates overnight (i.e., primary common evening location identified). Individual visitors have been examined as an indicator of total customer draw, or the attraction of different commercial areas to different shoppers.

Figure 5.10

Summary of Individual Visitors & Total Visits by Designation

Total Visits

	Glendale Marketplace	Amberlea Shopping Centre	Seaton Centre	Kingston & Whites Road	Brock Specialty Retailing	Pickering Town Centre
Pickering	89%	81%	49%	59%	46%	43%
INFLOW						
Rest of GTA	10%	17%	49%	39%	53%	56%
Rest of Ontario	1%	1%	2%	2%	1%	1%
OP Designation	<i>Local Node</i>	<i>Community Nodes</i>		<i>Mixed Corridor</i>	<i>Specialty Retailing</i>	<i>City Centre</i>

Individual Visitors

	Glendale Marketplace	Amberlea Shopping Centre	Seaton Centre	Kingston & Whites Road	Brock Specialty Retailing	Pickering Town Centre
Pickering	48%	23%	18%	10%	11%	11%
INFLOW						
Rest of GTA	43%	70%	78%	85%	83%	84%
Rest of Ontario	10%	7%	4%	5%	6%	5%
OP Designation	<i>Local Node</i>	<i>Community Nodes</i>		<i>Mixed Corridor</i>	<i>Specialty Retailing</i>	<i>City Centre</i>

Source: Parcel based on mobile analytics data.

While these numbers are illuminating, it is important to remember that not every visit results in the same amount of expenditure and/or demand for commercial space. For example, 10 visitors to Pickering buying coffee from a drive-thru does not compare with one Pickering resident purchasing a week’s worth of groceries from a supermarket.

Customer Origins - Detailed Comparison

Local & Community Nodes

Figure 5.10 details that Pickering residents represent 89% of overall visitation to the Glendale Marketplace (*Local Node*). A notable share of visitation to this area is comprised of individual residents making multiple trips. While this area attracts occasional visitors from other portions of the GTA—and to a lesser extent other areas of Ontario—it primarily serves the daily and weekly needs of local Pickering residents. The relatively high visitation from Pickering residents, relative to the other Mixed Use Area designations reflects the sometimes internal location of these lands and the types of retail / service commercial establishments.

Among the *Community Nodes* considered as part of this analysis, there is a significant difference in inflow patterns between the Amberlea Shopping Centre and Seaton Centre (which is located in the Duffin Heights Neighbourhood, not in Seaton). The capture patterns of the Seaton Centre (*Community Node*) is less tied to Pickering residents and captures a larger share of customers from across the GTA (predominately Ajax). The higher inflow for the Seaton Centre could be due to Brock Road connecting to municipalities in northern Durham Region and the residential population surrounding the Seaton Centre currently.

Going forward, growth in the population living near the Seaton Centre will likely increase the quantum of visitation attributed to Pickering residents. Additionally, this Centre is planned to have a grocery store. When they successfully attract a new grocery store, this will likely increase visitation to this node even further.

Existing Local and Community Nodes in Pickering provide a range of local-serving goods and services to support surrounding neighbourhood populations. The form and function of retail uses at these areas are consistent with the inflow patterns identified, including more frequent visitation by Pickering residents.

Mixed Corridor, Specialty Retailing Node & the City Centre

Pickering residents account for a smaller share of unique visitors to Mixed Use Corridor, Specialty Retailing Node and the City Centre and a less significant share of total visits when compared to Local and Community Nodes (as shown in Figure 5.10). This dynamic is especially apparent at the Brock Specialty Retailing Node and Pickering Town Centre, which draw a larger share of visits from people living outside Pickering. This is due, in part to the large-format retail tenants at these locations and their proximity to Provincial Highway 401. These entities offer distinct retail opportunities that differentiate them from other areas of the City. Furthermore, the City Centre also hosts other complementary uses (including cultural and recreational uses, community spaces and farmers market), which furthers its appeal to a range of visitors from outside the city.

These mixed use areas contain a more balanced mix of larger regional serving uses like Home Depot and Walmart and a diversity of stores and services. In turn, they generate the greatest levels of activity by effectively supporting the ongoing shopping needs of Pickering residents, in addition to the broader needs of people, employees and visitors living further afield.

Outflow of Pickering Residents: Ajax Costco

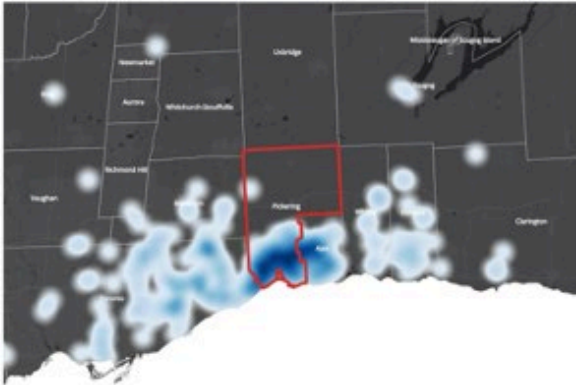
As mentioned, Parcel has examined the propensity for Pickering residents to visit the existing Costco in Ajax since there is currently not a Costco location in Pickering. Data for this analysis was similarly collected for the full year period between May 2021 and April 2022, the latest full year of data available.

Pickering residents comprised 22% of all visits made to the Ajax Costco. This is far less than the total number of visits made by Pickering residents to existing commercial locations in Pickering. Similar to larger, regional serving retail areas in Pickering (e.g., the Shops at Pickering City Centre) the Ajax Costco serves as an occasional shopping location for many Pickering residents, likely due to the absence of a Costco in Pickering. As with the rest of the customer origin data, it is not known how much is spent by Pickering shoppers during these visits. Therefore, it is not known whether these shopping trips represent a small or significant proportion of monthly household shopping expenditures.

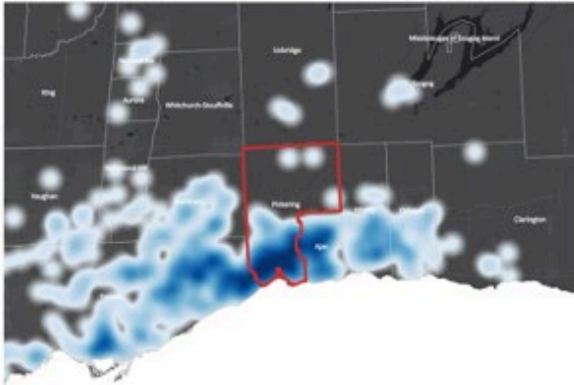
Figure 5.11

Visitation Patterns to Select Commercial Designations

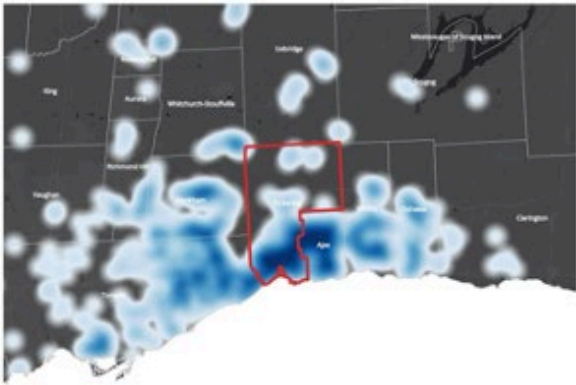
Glendale Marketplace



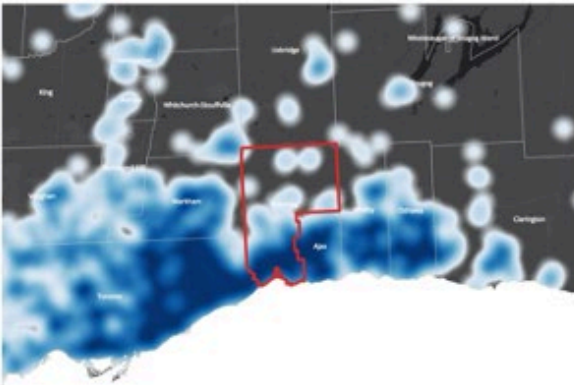
Amberlea Shopping Centre



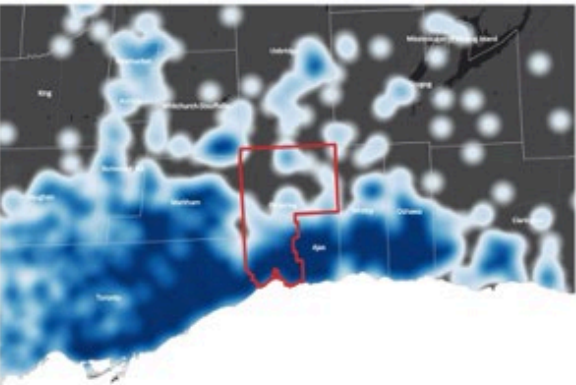
Seaton Centre



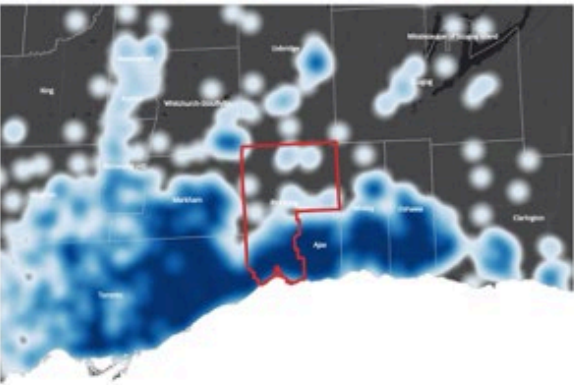
Kingston & Whites Road



Brock Specialty Retailing



The Shops at Pickering City Centre



Source: Parcel.

5.5 Consumer Spending Survey

Shopping Patterns

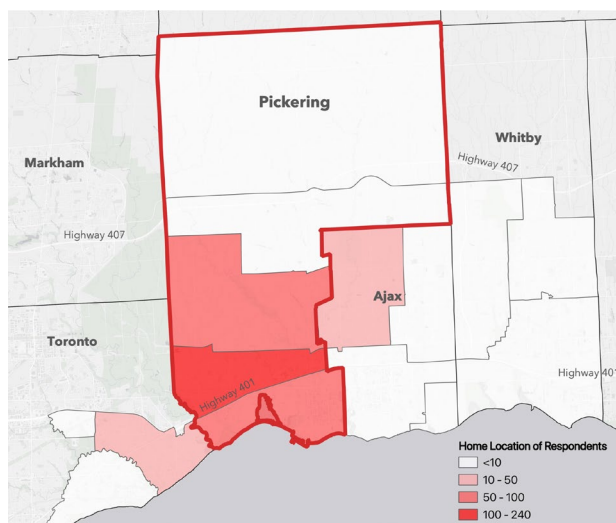
Parcel—in collaboration with the City of Pickering— prepared a survey to better understand the current retail and service expenditure patterns of residents.

The survey was launched on January 8th, 2024, and ran until February 16th, 2024. It was hosted and promoted through the City’s website and received **440 responses** over this period. Among survey respondents, 91% (402 responses) were from Pickering residents. The remaining 9% of respondents included individuals residing outside Pickering, most notably residents of Ajax, Whitby, and Toronto as shown in Figure 5.12.

Figure 5.12 also shows the distribution of Pickering survey respondents by age. Excluding those under the age of 30 (as these respondents represented less than 5% of all respondents), the age distribution of survey respondents was similar to the age profile of Pickering residents, as reported in the 2021 Census of Canada. With the 30 to 49 age group representing the largest share of respondents, followed by the 50 to 64 age group, and finally people aged 65 and over.

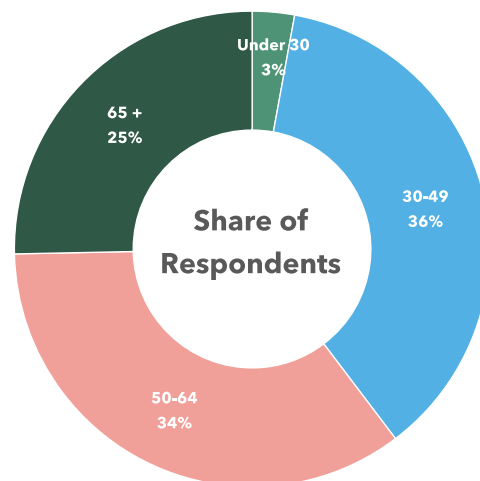
Figure 5.12
Profile of Survey Respondents

Home Location



Source: Parcel.

Age Group

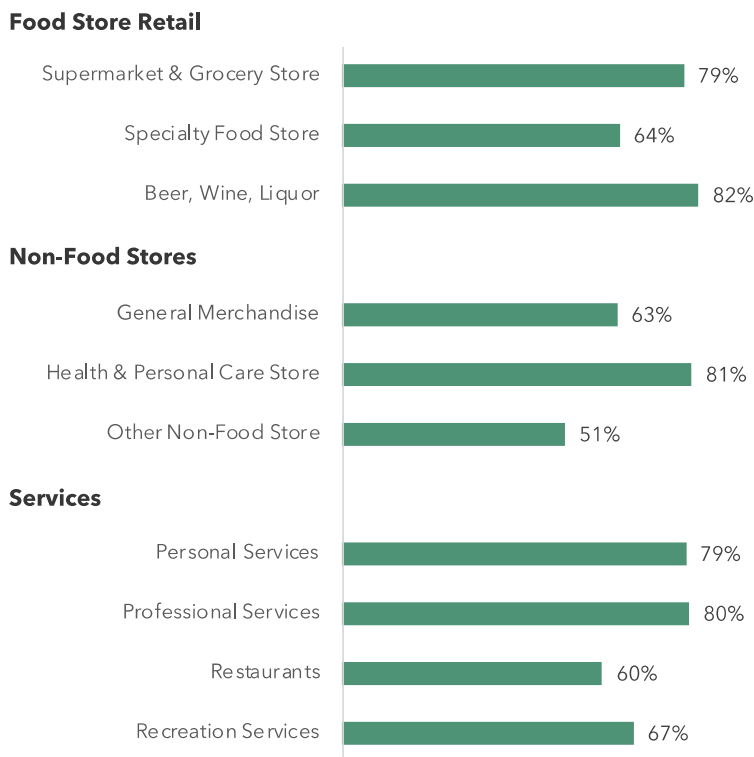


Share of Expenditures in Pickering

On average, survey respondents who live in Pickering reported that approximately 71% of their retail / service commercial expenditures occur at stores in the City of Pickering.

The consumer survey also asked Pickering residents the share of their expenditures, by store category, at stores located in the City of Pickering. Figure 5.13 shows the results for each of the store categories included in the survey. As shown, Pickering residents make a significant 79% of their Supermarket and Grocery Store purchases in Pickering. By comparison, Pickering residents make only 51% of their Other Non-Food Store purchases in Pickering.

Figure 5.13
Shopping Patterns of Pickering Residents within Pickering



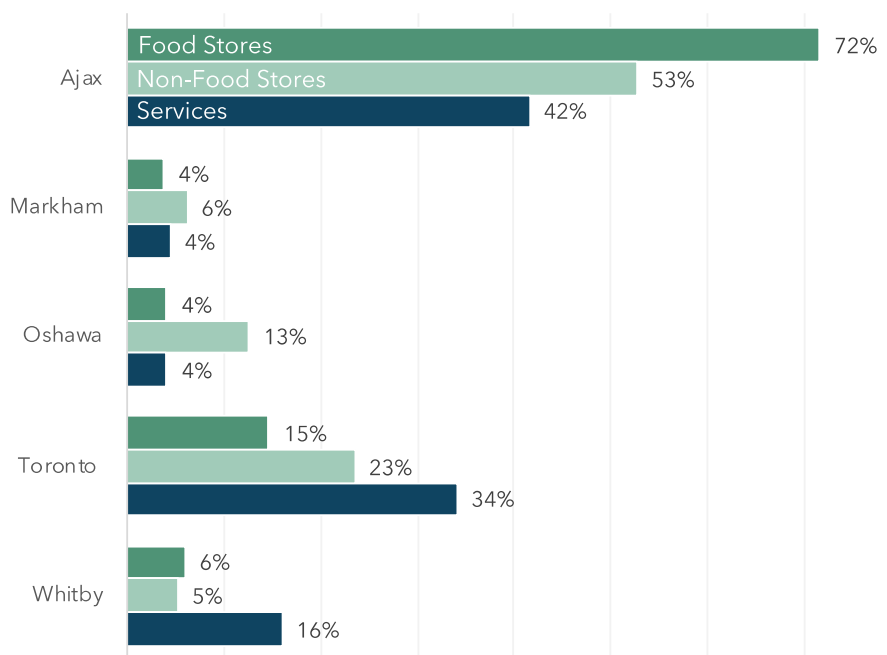
Source: Parcel based on respondents from retail survey conducted between January 8th, and February 16th, 2024. Reflects responses of Pickering residents only.

The survey also asked respondents where they shop when they travel to stores outside of Pickering. As shown in Figure 5.14, for Food Store Retail, most residents that travelled to stores outside of Pickering traveled to Ajax, followed by Toronto. This likely reflects Toronto and Ajax bordering Pickering to the west and east, respectively.

The same trend is also evident for both Non-Food Stores and Services, where Ajax attracted the largest share of respondent expenditures outside of Pickering, followed by Toronto.

Figure 5.14

Other Locations Where Pickering Residents Shop (Services)

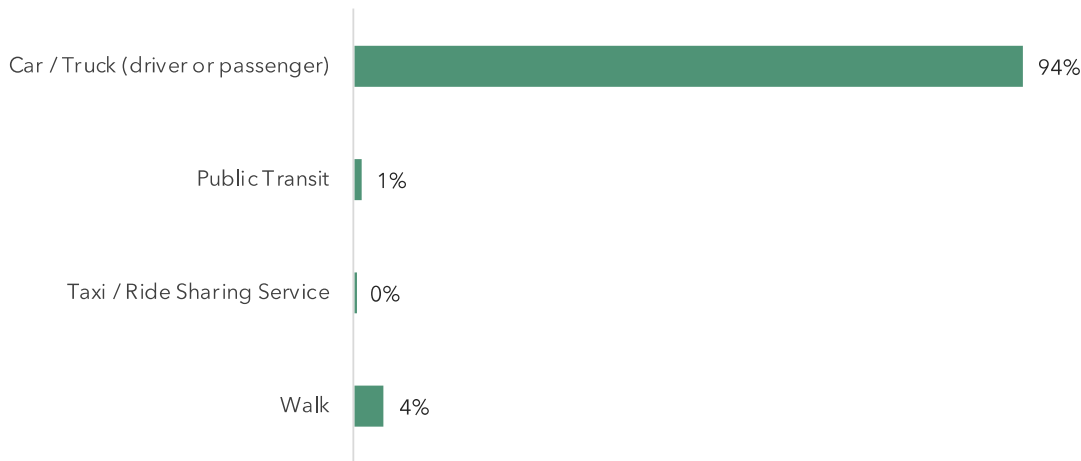


Source: Parcel based on respondents from retail survey conducted between January 8th, and February 16th, 2024. Reflects responses of Pickering residents only.

Respondents were also asked what factors would encourage them to spend more at retail and service commercial businesses in Pickering. While a range of responses were collected, many suggested that Pickering needs a greater diversity in the type and scale of retailers available in the City, including a greater share of high-end, culturally diverse stores, as well as chain stores.

As part of the survey, respondents were asked how they typically travel to retail and service establishments in Pickering. As shown in Figure 5.15, the overwhelming response was travel by personal vehicle (car or truck). Many respondents also indicated that their ability to frequent shops and services in Pickering by using transit is challenging. The transit service is infrequent through the neighbourhoods. Most retail and services are located in existing neighbourhoods in the South Pickering Urban Area, and new neighbourhoods in Seaton lack commercial developments.

Figure 5.15
Typical Mode of Travel to Retail and Service Stores in Pickering



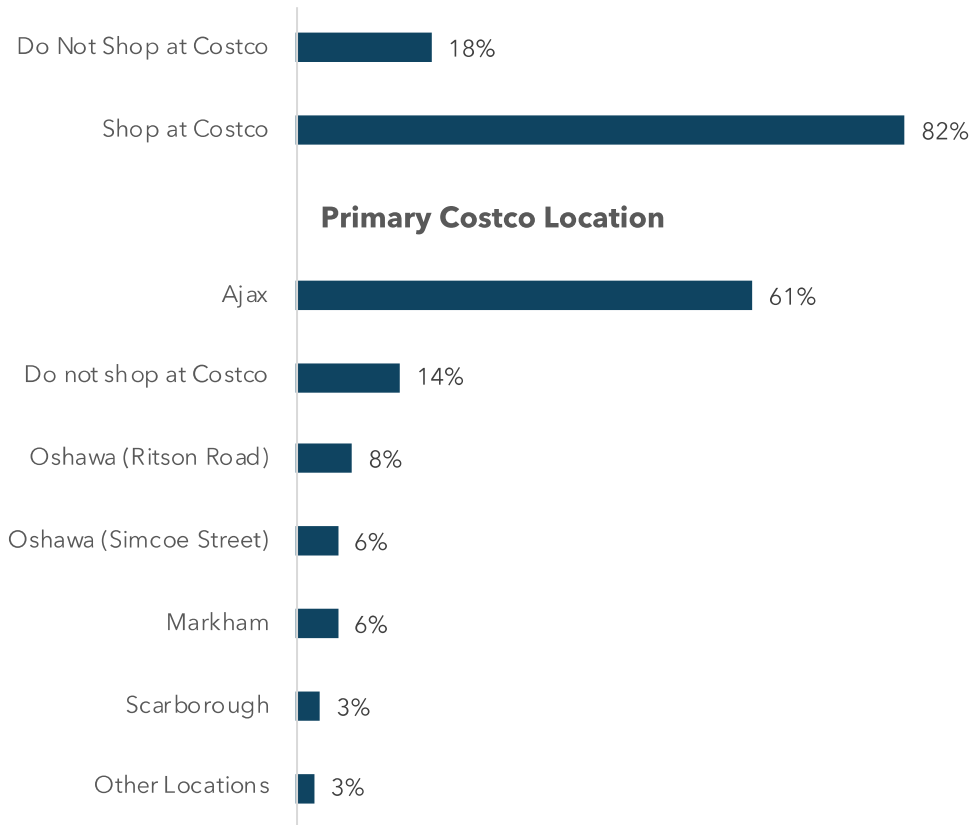
Source: Parcel based on respondents from retail survey conducted between January 8th, and February 16th, 2024. Reflects responses of all survey respondents.

Demand for Costco

Unsurprisingly, many residents also reported that they would spend more in Pickering if there was a Costco located in the city. Based on responses from Pickering residents, 82% reported they shop at Costco. Among those who do, the Costco in Ajax is the most popular, with some 61% of respondents reporting that this store is their preferred Costco location.

Figure 5.16

Share of Respondents Shopping at Costco, by Store Location



Source: Parcel based on respondents from retail survey conducted between January 8th, and February 16th, 2024. Reflects responses of Pickering residents only.

Online Shopping

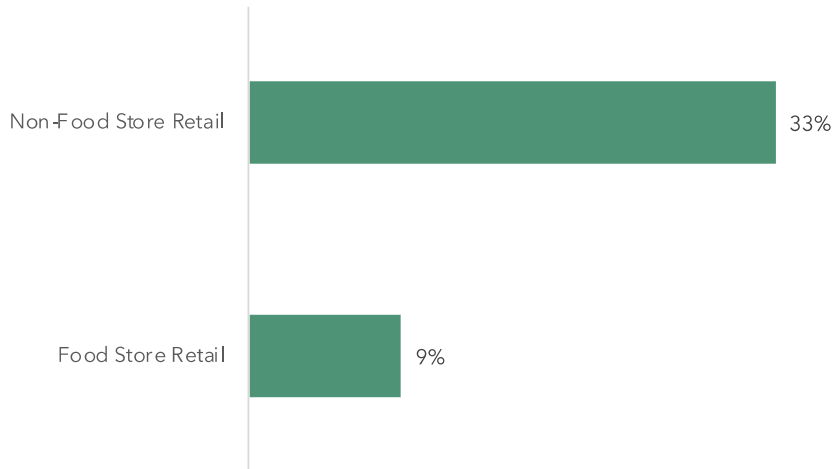
Survey respondents from Pickering were also asked about their online shopping expenditures and experiences. Figure 5.17 shows that on average, Pickering residents make only 9% of the Food Store purchases online.

For Non-Food Store shopping, Pickering residents who responded to the survey reported that they make an average of 33% of their expenditures online.

In examining why people complete purchases online, most respondents indicated that **convenience** and **better selection or options** are the primary reasons they choose to shop online.

Figure 5.17

Share of Food & Non-Food Retail Spending Conducted Online



Source: Parcel based on respondents from retail survey conducted between January 8th, and February 16th, 2024. Reflects responses of Pickering residents only.

5.6 Market Sounding Interviews

Parcel conducted virtual research interviews with relevant stakeholders throughout January and February 2024. As part of these interviews, we spoke with a range of **local developers** and **landowners** in the City of Pickering. The following themes were gleaned from those discussions.

Summary of Key Themes

- Theme #1** Tenant Needs Are Changing
- Theme #2** Big Box Development Has Slowed
- Theme #3** Development Phasing Will be Important in Providing Commercial Space
- Theme #4** New Commercial Space is Expensive
- Theme #5** Physical Land Limitations and Parking Regulations Limit the Opportunity for Large-Format Retailers in Mixed-Use Buildings
- Theme #6** Commercial Spaces in Mixed-Use Developments Presently Only Appeal to Select Tenants
- Theme #7** Flexibility is Key to Supporting Mixed-Use Commercial Development in Pickering
- Theme #8** Anything the Municipality Can Do to Reduce Costs is Helpful in Supporting Ground Floor Commercial Space

Theme #1: Tenants Needs are Changing

- In light of increasing lease rates and the rise in e-commerce, many tenants have adjusted their space needs. Many interviewees suggested tenants are prioritizing location ahead of space meaning that many are willing to settle on a smaller footprint for the right location. This is true even for large-format retailers. For example, in the past, Wal-Mart has sought stores as large as 21,400 square metres (230,000 square feet), but is now willing to develop buildings as small as 12,500 square metres (135,000 square feet) to serve the same population.

Shrinking footprints are driven by tenants' interest to reduce or stabilize occupancy costs. An interviewee noted that this is not necessarily a bad thing. You may just end up with less space that is of better quality.

Theme #2: Big Box Development Has Slowed

- Many interviewees highlighted that the form and type of commercial being developed has changed over the past decade, as large-format retail tenants such as Wal-Mart, Home Depot, etc. have largely built-out their store networks. Therefore, these large-format commercial spaces are not being built at the same pace as they have been historically. Many of these tenants are now focusing on adapting these existing stores to better serve a growing population in the trade area, rather than building new stores. This is increasingly the case as the lease rates required to justify the land prices and construction costs are not economically viable from a tenant perspective.
- Interviewees recognized that anticipated population growth in Pickering will generate demand for new retail space. They suggested that new retail spaces may be most appropriate to local serving tenants (e.g., nail salons, convenience stores etc.), especially service commercial tenants.
- Some interviewees noted that it has become increasingly challenging to lease or re-lease larger format commercial spaces, particularly as tenants are not actively seeking to expand to new locations. This makes the development of these spaces less viable and higher-risk, limiting the likelihood that new large format retail spaces will be constructed.

Mixed-Use Development: Integrating Big-Box Stores

There are examples in Ontario of big-box stores being accommodated on the ground floor of larger mixed-use developments. However, interviewees noted that, to date, these have only been successful in densely populated urban environments, such as those provided in select areas of Downtown Toronto. Interviewees suggested it will be some time before Pickering has the population density necessary to support large-format commercial space in a mixed-use development. This is primarily due to the loading requirements of these tenants and the need for surface parking, when most customers still drive to the store. However, in the interim, there may be opportunities for Pickering to accommodate big-box stores above at-grade parking. Examples include the Walmart Superstore located at 3132 Eglinton Avenue East, in Toronto, or Stock Yards Village by RioCan, located at 1980 St Clair Avenue West.

Theme #3: Development Phasing Will be Important in Providing Commercial Space

- While some of the proposed mixed-use developments along the Kingston Road Corridor identify a net reduction of retail space, many interviewees indicated that development plans often change throughout the proposal stage, meaning that the ultimate retail GFA included could be adjusted based on changes in tenant interest. Recognizing that many proposals take decades to build-out, landowners suggested that the ultimate amount of retail / service commercial space within planned mixed-use buildings will adapt to market changes and may not come to fruition exactly as envisioned today.
- Furthermore, many developers reiterated the importance of developing complete communities and how the presence of ground-floor commercial uses can make a building more desirable to the end purchaser or renter, thus providing a business case for ground floor commercial uses if they are financially viable and there is demonstrated market demand.
- Many landowners identified that the market acceptance for ground floor commercial uses from tenants is not there yet in Pickering. Tenants often feel disadvantaged on the basis that these locations typically have less parking, reducing the attractiveness or competitiveness of these locations compared to other more traditional retail formats with ample parking availability. However, as ground floor commercial uses become a growing share of the market in Pickering, they anticipate that tenant preferences will change.

Theme #4: New Commercial Space is Expensive to Build and Lease

- Rising costs—including construction costs, interest rates, development charges and property taxes - are limiting the desirability and viability of building commercial space (both stand alone and ground floor) in Pickering.
- Tenants increasingly have to consider their total costs of occupancy compared to their potential sales, in order to determine if a particular location is worthwhile. Similarly, landowners are requiring higher rents from tenants just to justify the construction of new retail space (both ground floor in a mixed use building and stand alone space in a neighbourhood shopping centre). Some interviewees mentioned they need lease rates between \$25-\$30 per square foot ("psf") for supermarket space and between \$40-\$45 psf for a commercial retail unit ("CRU") space to make development financially viable, while others suggested that these lease rates are still too low.
- The high lease rates necessary to support new commercial development explains why it has taken so long to see commercial development in Seaton. For a tenant to pay a lease rate of \$45 psf, they need to see a larger number of potential customers in the trade area before they sign a lease. Therefore, the population threshold required by tenants has increased, as lease rates have risen.

Theme #5: Physical Land Limitations and Parking Regulations Limit the Opportunity for Large-Format Retailers in Mixed-Use Buildings

- Parking requirements and expectations make larger tenants challenging to accommodate on the ground floor of mixed-use buildings. This is also because parking can be very costly to build, whether it be at grade or underground.
- Similarly, mixed-use developments generally provide lay-by parking as an opportunity to increase the ability for drivers to access retailers. A local example is the Frenchman’s Bay development (at the south end of Liverpool Road), where parking is provided in front of the ground floor commercial units. However, this approach is not conducive to larger format retailers who need substantially more parking spaces.
- Interviewees indicated that it is particularly challenging to attract large-format tenants to these ground floor units in a suburban environment when there are other leasing opportunities in traditional neighbourhood centres with surface parking.
- Parking requirements for ground floor commercial tenants were identified as a development constraint by many interviewees. If there was opportunity for a reduction in these requirements—such as combining commercial and visitor parking to reduce overall requirements—this would help a lot of developers struggling to meet current conditions.

Theme #6: Commercial Spaces in Mixed-Use Developments Presently Only Appeal to Select Tenants

- Commercial spaces in mixed-use buildings are most attractive to service uses that are less reliant on visibility and customer parking. This includes medical services, personal services and limited offices. They more directly complement the surrounding residential population and do not have to compete with uses and tenants at larger-scale plazas and shopping centres.
- Service uses typically have less parking and loading requirements than retail uses. Their primary focus is to be close to the local population, something supported by mixed-use developments.
- One interviewee identified Markham City Centre as an example of successfully accommodating ground floor commercial uses in a suburban environment. However, they noted this was, in part, due to customers parking at the nearby theatre and walking over to ground floor commercial tenants.

Theme #7: Flexibility is Key to Supporting Mixed-Use Commercial Development in Pickering

- Interviewees indicated that some of the impediments to ground floor commercial space are outside the City's control, as some of these challenges are often imposed by condominium boards. This includes restrictions on parking, loading, advertising, hours of operation and access.
- Tenants are restricted by a requirement for "active facades" in some municipalities. Interviewees suggested that many of the expectations associated with active facades (e.g., access doors on all sides of the unit) are not desirable for tenants. Many tenants require back of house space for inventory and/or want to reduce access to one door to prevent theft.

Theme #8: Anything the Municipality Can Do to Reduce Costs is Helpful in Supporting Ground Floor Commercial Space

- Incentives are always helpful, particularly amidst heightened costs. This could include tax incentives, the phasing of property taxes, or other financial support, as applicable.
- While some alluded to the value of having support from the municipality, many indicated that they think positively about what the City is already doing, suggesting that continuing to minimize opposition between developers and the City is more helpful than other cost-specific benefits.
- Even if the City provided additional support, many voiced that challenges developing ground floor commercial uses in Pickering would continue to be influenced by the evolving nature of the market alongside physical site characteristics, which neither the City or developers can control.

6.0

Forecast Retail / Service Commercial Needs

Key Findings

- Future demand for retail / service commercial space in Pickering will largely be a function of population growth, as new residents will result in increased spending, both in Pickering and elsewhere.
- It is estimated that current and future Pickering residents, as well as inflow traffic, could support some 101,200 square metres of new retail / service commercial space in the Trade Area by 2031. By 2051, Trade Area residents could support some 249,800 square metres of additional space. These estimates do not consider space that may be accommodated across existing development applications.
- Services and Non-Food Retail space are anticipated to account for the largest share of demand.
- Recognizing anticipated population growth, it is anticipated that some 154,300 square metres of commercial space will be required in the Seaton Urban Area to 2051, while approximately 94,700 square metres of space will be required in the South Urban Area and a small amount of space being required in the Rural Areas (Hamlets).

6.1 Food & Non-Food Space Requirements

Expenditure Patterns (Food & Non-Food Retail)

Expenditure Potential

In estimating current and future expenditure potential in Pickering, Parcel has relied on per capita retail expenditures in Ontario for 2023, the last full year period for which Retail Trade data is available. To account for how changes in income impact retail expenditures, a regression equation was developed by Parcel based on Statistics Canada Household Survey data. In the case of Food Store spending, income elasticity of demand is relatively “low” meaning that household spending on food is fixed and does not necessarily rise significantly with higher incomes. That said, minor adjustments associated with marginal differences in income levels have been applied to recognize some variability in spending patterns at the local level.

By comparison, spending at Non-Food Stores is much more elastic, rising considerably with income. The higher income elasticity of demand will benefit current and future Non-Food Store retailers in Pickering due to the higher spending capacities of people living in the Trade Area.

Future demand for retail / service commercial space in Pickering will largely be a function of population growth, as new residents will result in increased spending, both in Pickering and elsewhere.

As such, population growth anticipated across the Trade Area to 2051 has been multiplied by the estimated average per capita retail expenditures of Trade Area residents to determine the total amount of new retail / service commercial facilities that could be required in the Trade Area going forward.

In Section 6.2 below, adjustments have also been made recognizing that a share of Trade Area resident’s spending will continue to occur at stores located outside the Trade Area (i.e., outflow).

Simultaneously, adjustments have also been made to recognize that retail stores in the Trade Area will continue to benefit from sales obtained from persons residing outside the Trade Area (i.e., inflow (e.g., sales made to visitors, employees etc.)).

Though people typically conduct a significant share of their retail purchases at locations near their home for certain store categories, some inflow and outflow of retail sales is expected due to a range of shopping behaviours that are generally outside of the municipality’s control, including individuals’ personal store preferences, and affinity for certain brands or shopping that gets completed near people’s place of work, friends or family. The estimates

included in this analysis are based on the findings of our customer origins analysis in addition to our consumer spending survey.

6.2 Food & Non-Food Space Demand

To determine space requirements based on retail expenditures, Parcel has—among other things—relied on population growth anticipated in the Trade Area and average per capita income levels to determine future market demand by store category.

It is important to note that the future space estimates included herein are intended act as a guideline based on anticipated market growth and change, including likely population growth, anticipated adjustments to expenditure spending potential, in addition to likely inflow and outflow considerations.

See **Appendix C** for the more detailed results of our warranted space calculations

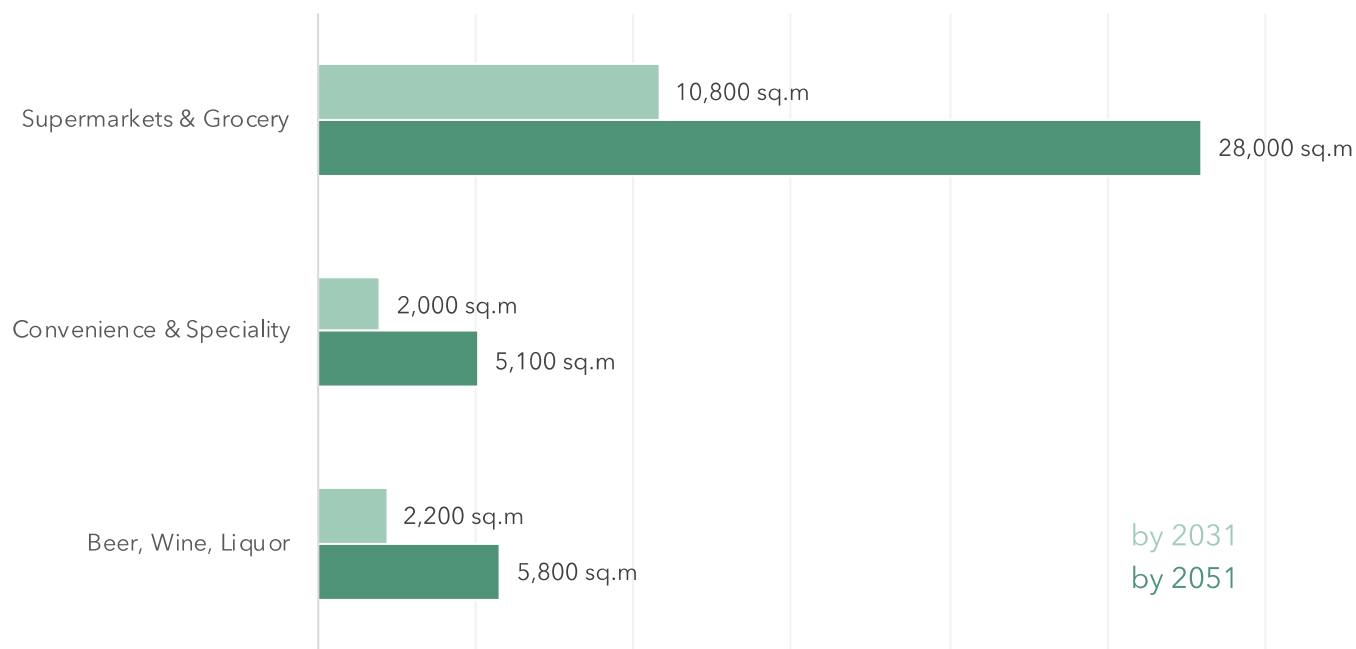
Demand for New Food Store Space

Based on the results of the Consumer Spending Survey, it is estimated that Trade Area residents make approximately 78% of their Food Store purchases in the Trade Area, which is a reasonable share that Parcel has seen across other municipalities in Ontario. In maintaining this share going forward, and based on population growth, a significant amount of new Food Store space will be warranted in the Trade Area going forward.

Parcel has identified market support for some **15,000 square metres** of Food Store space by 2031, increasing to **38,900 square metres** by 2051. The potential distribution of new Food Store space is summarized in Figure 6.1.

Figure 6.1

Additional Food Store Space Required by 2031 and 2051



Source: Parcel.

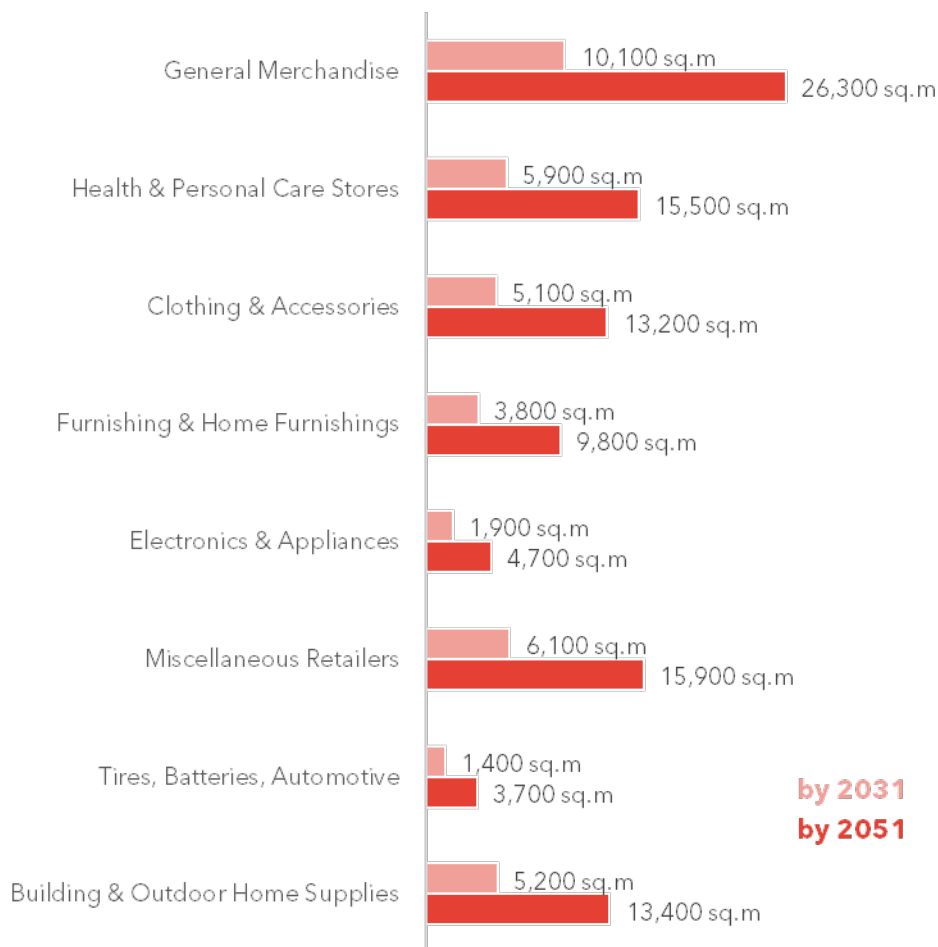
Demand for New Non-Food Store Space

As noted in Section 5.5, the results of the Consumer Spending Survey estimated that Trade Area residents make approximately 51% of their Other Non-Food Store purchases in the Trade Area, with these shares varying by store category. Holding these store type specific shares constant for future periods, we have estimated market demand for additional Non-Food store space to 2031 and 2051. While it is difficult to plan for a specific tenant, both the consumer survey (75% of respondents) and the customer origins data (22% of all Pickering retail visits) illustrate that Costco is a popular shopping destination. If a Costco were to locate in Pickering, it would increase market shares beyond what has been considered in our analysis.

Parcel has identified market support for some **39,500 square metres** of Non-Food Store space by 2031, increasing to **102,500 square metres** by 2051. The potential distribution of new Non-Food Store space is summarized in Figure 6.2.

Figure 6.2

Additional Non-Food Store Space Required by 2031 and 2051



Source: Parcel.

6.3 Commercial Services Demand

Our extensive experience inventorying commercial space in communities across Southern Ontario has yielded a typical amount of service commercial space that can be estimated or expressed on a per capita basis. This includes an underlying assumption that each resident typically requires approximately 1.2 square metres (12.5 square feet) to 1.6 square metres (17 square feet) per capita, across the select range of service commercial categories included in this per capita analysis.. We have chosen to integrate the lower end of the benchmark (1.2 square metres per

capita) to account for shrinking store footprints, the shift in development format (i.e., push for mixed-use), growth in e-commerce and to reflect the current oversupply of service commercial space operating in the Pickering market today (1.9 square metres / 21 square feet per capita).

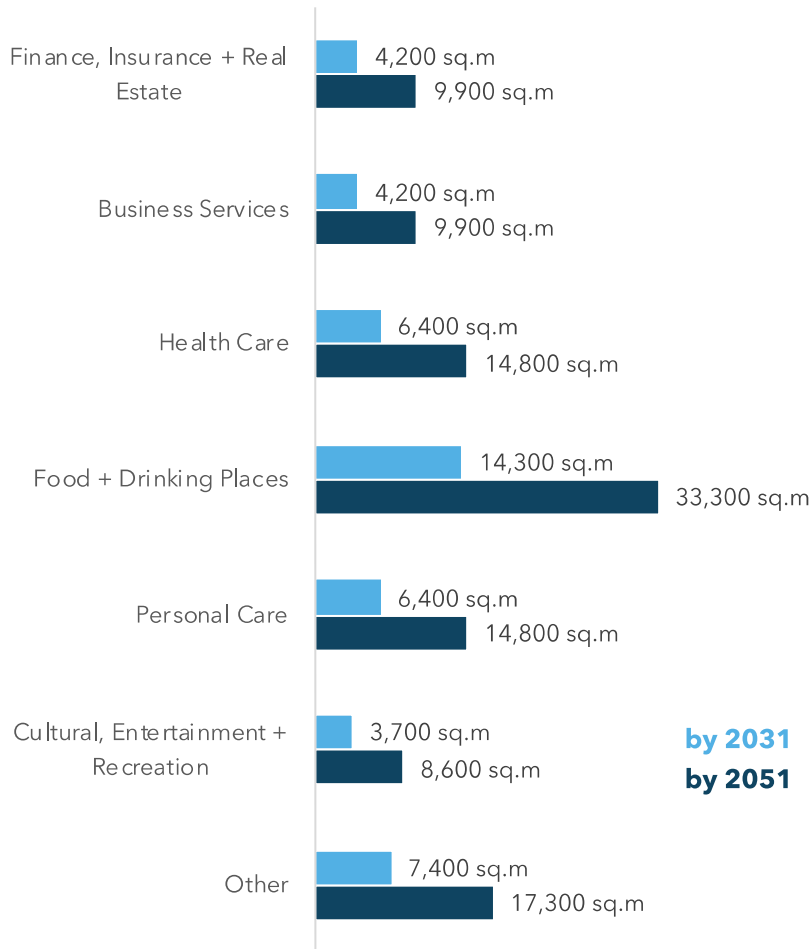
Other assumptions have been made with respect to likely market captures and inflow. These assumptions vary by service store category to reflect differences in shopping patterns between more local vs. regional store types.

Forecast demand for additional Service space in the Trade Area has been based on additional population growth only. This means that future space estimates reflect **net new space** required in the Trade Area to 2031 and 2051. Significant population growth anticipated in the Trade Area over the short and longer-term is anticipated to generate demand for a full range of service categories.

By 2031, it is estimated that Trade Area residents could support **some 46,600 square metres** of new Services space, increasing to **up to 108,600 square metres** by 2051. Figure 6.3 illustrates the more detailed results of our per capita analysis, including when and what type of Service space is warranted to 2031 and 2051.

Figure 6.3

Additional Service Commercial Space by 2031 and 2051



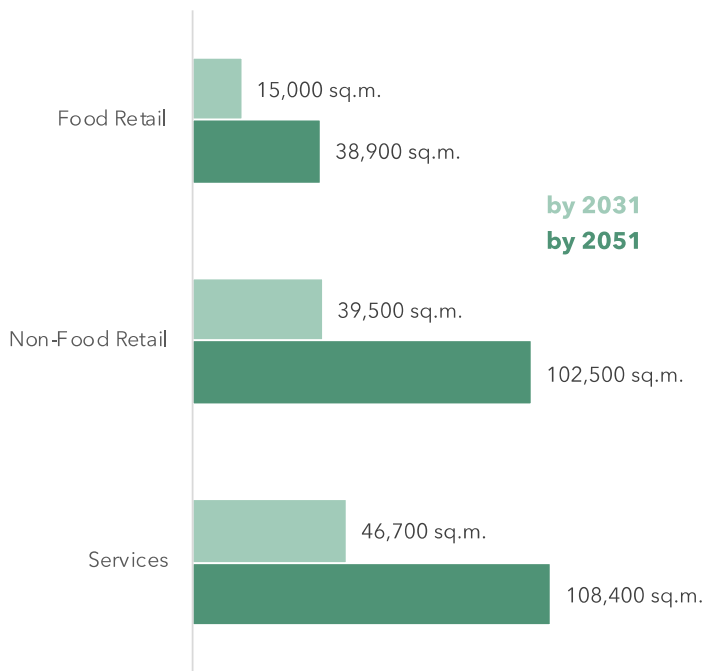
Source: Parcel.

6.4 Summary of Demand

Aggregating the analyses by store category detailed above, it is estimated that current and future Pickering residents, as well as inflow traffic, could support some **101,200 square metres** of additional retail / service commercial space in the Trade Area by 2031. By 2051, Trade Area residents could support some **249,800 square metres** of additional retail / service commercial space. Figure 6.4 also shows that by 2051, Services and Non-Food Retail space are anticipated to account for the largest share of demand, 43% and 41% respectively. These

estimates do not consider the potential space that could be accommodated across existing development applications that propose to include a retail / service commercial component. This has been reconciled separately in Section 6.5.

Figure 6.4
Total Demand Warranted in the Trade Area, 2031 and 2051



Source: Parcel.

The Trade Area currently contains approximately 461,400 square metres (5.0 million square feet) of retail / service commercial space. Based on the current population of 105,400 persons, this reflects 4.4 square metres per capita.

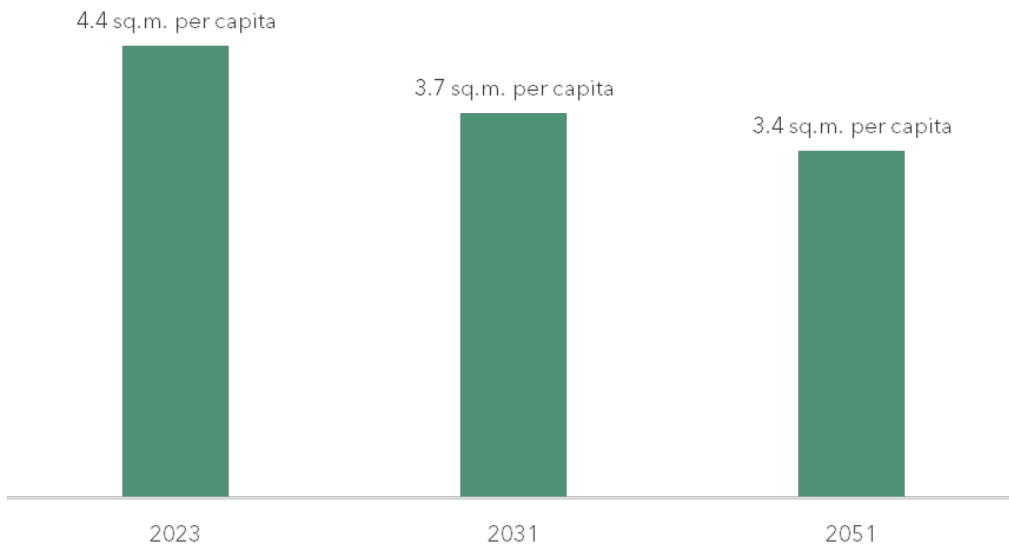
By 2051, the population of the Trade Area is anticipated to grow to some 211,500 persons. In the absence of new retail / service commercial space, this would reduce the retail / service per capita provision level in the Trade Area to 2.2 square metres per capita.

Forecasted demand for retail / service commercial space in the Trade Area (identified in Figure 6.4) is key to ensuring that Trade Area residents continue to be well-served going forward. In reconciling forecast demand for retail / service commercial space against forecast population growth, future retail / service commercial space per capita is anticipated to be 3.4 square metres per capita by 2051 (as shown in Figure 6.5). This represents a reduction in retail / service commercial space per capita in the Trade Area by 2051. This reduction recognizes the

anticipated loss of retail / service commercial space along the Kingston Road Corridor and broader development trends across the City of Pickering. It is also driven by other factors, some of which include large-format stores (e.g. Walmart, Home Depot, etc.) already having locations in Pickering and have built-out their store networks. The shift towards e-commerce spending in some retail categories, as well as the shift towards service commercial businesses that typically require smaller commercial units.

This forecast demand for retail / service commercial space is in addition to the forecast demand in the Northeast Pickering community. Based on the *Northeast Pickering Secondary Plan, Retail Market Study*, the Northeast Pickering community is anticipated to accommodate between 95,100 and 114,200 square metres of new space to support population growth of 44,910 persons, or 2.1 to 2.5 square metres per capita.

Figure 6.5
Forecast Retail / Service Commercial Square Metres Per Capita, Trade Area



Source: Parcel.

6.5 Supply & Demand Reconciliation

To help inform where 249,800 square metres of new retail / service commercial space should be located to best support new residents of the Trade Area to 2051, Parcel has allocated this space between the South Urban Area and the Seaton Urban Area. As population growth is a key driver of commercial space needs, this allocation has

been based on the share of the Trade Area's population growth that is anticipated to occur in each of these areas to 2051.

Anticipated Distribution of Space

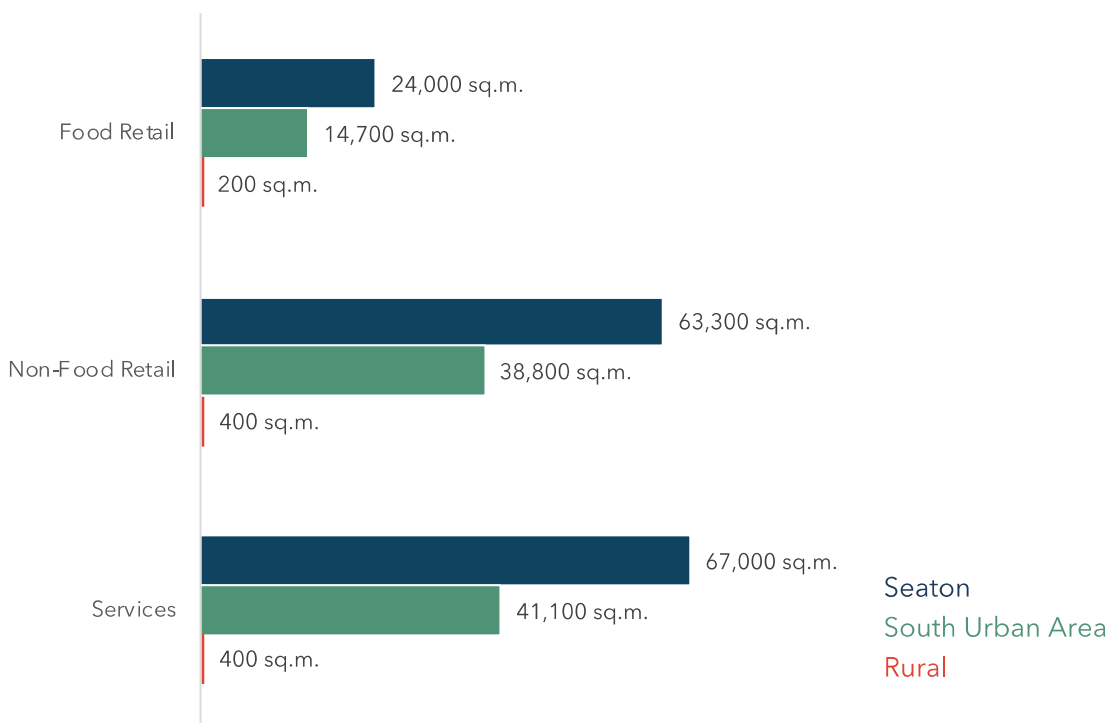
Space Needs

As previously mentioned, the population of the Seaton Urban Area is anticipated to grow to some 70,000 residents at full build out in 2051. Based on the population forecasts for the Trade Area detailed in Figure 4.3, population growth in Seaton is anticipated to account for some 62% of population growth across the Trade Area to 2051.

Parcel has used the share of population growth anticipated in each area to allocate total demand for retail / service commercial space in the Trade Area.

Figure 6.6 shows the results of this approach. Recognizing anticipated population growth, it is anticipated that 154,300 square metres of retail / service commercial space will be required in the Seaton Urban Area between 2023 and 2051, while an additional 94,700 square metres of space will be required in the South Urban Area.

Figure 6.6
2023-2051 Demand for Commercial Space



Source: Parcel.

In Seaton, we note there is an existing application that proposes 11,500 square metres of retail / service commercial space. This retail / service commercial space represents less than 10% of the total 154,300 square metres of space needed to support population growth between 2023 and 2051.

We note that in the South Urban Area, it will be challenging to develop an additional 94,700 square metres of retail / service commercial space, particularly when there are existing applications seeking to reduce the amount of existing space in the area by 22,200 square meters. Therefore, considering the potential loss of retail / service commercial space in the South Urban Area, by 2051, there will be a need for an additional 116,900 square metres of space to serve both existing and future residents.

Land Needs

To be conservative, and based on typical lot coverage factors, Parcel has estimated the amount of land that would be required to accommodate retail / service commercial demand across Pickering to 2051. At a 25% lot coverage

factor, the City would need at least 61.7 hectares of lands in Seaton and an additional 37.8 hectares of land in the South Pickering Urban Area to accommodate anticipated demand to 2051. As summarized in Section 5.3 and detailed in Figure 6.7, there are approximately 64.7 hectares of Mixed-Use land available in Seaton and some 9.6 hectares of vacant Mixed-Use land available elsewhere in the Trade Area.

The supply of vacant land in the Seaton Urban Area is sufficient to accommodate anticipated demand for new space over the forecast period to 2051, with only 3.0 hectare surplus. By contrast, there is a need for some 28.2 hectares of additional land to accommodate retail / service commercial needs anticipated in the South Urban Area. This land need increases further if space is lost through existing development applications.

Figure 6.7

Land Required to Accommodate Forecast Retail / Service Commercial Demand

	South Pickering Urban Area	Seaton	Total Trade Area
Vacant Mixed Use Land	9.6 ha	64.7 ha	74.3 ha
Land Needs to 2051	37.8 ha	61.7 ha	99.5 ha
Balance	-28.2 ha	3.0 ha	-25.2 ha

Source: Parcel.

7.0

Recommendations

7.1 Market Based Recommendations

Based on the above analysis, we have prepared market-based recommendations to help inform policy recommendations that can be incorporated into the Pickering Forward, Official Plan Review. These market-based recommendations cover a range of items that are intended to help promote and/or retain retail / service commercial space across the Trade Area. They are also intended to help facilitate a better overall commercial environment that will ensure that both existing and future residents of Pickering are well-served.

Anticipated Amount of Retail / Service Commercial Space

The Trade Area is characterized by having a relatively low vacancy rate (approximately 5%) for retail / service commercial space. It also maintains approximately 4.4 square metres of space per capita, which is in line with the amount of space that is typically required to support the retail / service commercial needs of residents. All of this points to a well-functioning retail environment, where residents can generally fulfill their day-to-day and specialty retail needs within the city.

As summarized in Figure 6.4, the Trade Area is expected to need 249,800 square metres of additional retail / service commercial space by 2051. This is in addition to the 95,100 square metres of new space required to support population growth and development in Northeast Pickering over this period. As a result, by 2051, it is anticipated the City will need at least 344,900 square metres of additional retail / service commercial space to satisfy the needs of new residents in the Trade Area and the Northeast Pickering Secondary Plan area. Put another way, this equates to a need for some 3.4 square metres of retail / service commercial space per in the Trade Area.

The reduction in commercial space per capita recognizes the anticipated loss of retail / service commercial space along the Kingston Road Corridor. It is also tied more specifically to the reduction of destination serving commercial uses such as department stores, clothing & accessory stores, furniture stores, electronic stores and building & outdoor home supply stores. For more convenience servicing stores, such as supermarkets, specialty food stores, pharmacies, and services, the per capita service levels are anticipated to be similar to existing space provisions (approx. 4.4 square metres per capita).

The lower space per capita for destination serving commercial uses is related to most destination serving retail / service commercial uses in Pickering being located in the City Centre and Kingston Road Corridor / Specialty Retailing Node, which are largely built-out. This will make accommodating new destination serving retail / service commercial uses in these areas more challenging. However, this trend is not specific to Pickering. Across the Greater Toronto Area ("GTA"), there has been a trend towards the construction of more convenience serving

shopping centres and away from regional serving commercial centres, such as enclosed malls. Therefore, space per capita for destination serving commercial uses has been declining across the GTA.

In light of this, Pickering will need to provide flexibility within its zoning use permissions, outside of the City Centre and the Kingston Road Corridor / Special Retailing Node, to permit a wide range of destination serving retail / service commercial uses.

Location

Most net new retail / service commercial space developed within the city will be accommodated in the Seaton Urban Area and the Northeast Pickering Secondary Plan, as these two areas currently do not have any retail / service commercial space to serve the growing population. Land for these uses will need to be designated and preserved until market conditions support their development.

Within the South Pickering Urban Area, specifically along the Kingston Road Corridor, there is already a large concentration of existing retail / service commercial space. That said, recognizing anticipated growth in population and that many current applications propose to reduce the overall amount of retail space in the Trade Area, it will be important to maintain retail / service commercial space in this area, and within new development, to ensure that current and future residents continue to be well served.

Form and Function

As summarized in our above analysis, some 43% of forecast demand for new space in the Trade Area will accommodate tenants engaged in Services. These types of tenants can be more easily accommodated in various commercial environments, including the ground floor of mixed use buildings and in traditional shopping centres. The form of commercial development will be influenced by where it occurs within the city. In the South Pickering Urban Area, most new growth will be accommodated in mixed-use buildings.

In the Seaton Urban Area and the Northeast Pickering Secondary Plan, it is anticipated that most demand will initially be for traditional shopping centres. However, over time, this could transition to more mixed use buildings, similar to trends being experienced in the South Pickering Urban Area today. It is important to recognize that this transition typically occurs over the long-term and the city should seek to avoid requirements for mixed-use buildings in all mixed-use areas in the early stages of development in the Seaton Urban Area and Northeast Pickering Secondary Plan, as it could further slow the development of retail / service commercial space in these areas.

The South Pickering Urban Area will likely continue to accommodate both regional serving commercial uses in the City Centre and Specialty Retailing Node, as well as more local serving commercial uses along the Kingston Road Corridor.

In the Seaton Urban Area and Northeast Pickering Secondary Plan, it is anticipated that most new commercial tenants will be local serving, including Food Stores, Services and select Non-Food Store tenants.

Flexibility

The retail / service commercial industry continues to evolve. Macroeconomic shifts necessitate some **flexibility to adapt to changing market conditions** over the longer-term planning horizon.

The existing restrictions on Local Nodes and Community Nodes, specifically the “cap” on gross leasable floor space for the retailing of goods / services and existing restrictions on special purpose commercial uses could artificially limit the amount of retail / service commercial space that could be accommodated in the city.

Patience / Urgency Dilemma

It is clear that existing residents in the Seaton Urban Area are not currently served with retail / service commercial space. While the proposed commercial development at Taunton Road and Peter Matthews Drive will be a welcome addition to the community, construction has yet to commence. At the same time, the Mixed Use Area designation prevailing in this area has led some landowners to come forward with proposals that do not include any retail / service commercial space.

While the lack of retail / service commercial space in the Seaton Urban Area is concerning, it is largely a timing issue. Many retail / service commercial tenants require an existing local population before signing a lease for a new commercial space. Therefore, commercial developers are understandably reluctant to build new commercial space before tenants are in a position to sign a lease. Furthermore, the recent escalation in construction costs and interest rates has made the development of new commercial space more expensive. This has resulted in developers requiring higher lease rates to make new development financially viable. These higher lease rates have a circular impact, resulting in tenants needing an even larger local population to support these higher lease rates and further delaying the introduction of commercial space. All that said, while incorporating new retail / service commercial space in Seaton is important, the city will need to be patient as the market adjusts to the higher lease rates necessary to facilitate the construction of new space.

Because of the number of applications for Mixed Use Area lands that do not include retail / service commercial space, the city should **monitor the existing supply of vacant lands** not under application to ensure that future

applications do not reduce the amount of land identified in this Retail Market Study for retail / service commercial space.

Kingston Road Corridor

While the *Kingston Road Corridor and Specialty Retailing Node Intensification Plan* anticipates that these areas could accommodate upwards of 22,000 residents, the full redevelopment will take decades to achieve. Over this period, there are likely to be significant changes in the retail environment that will influence the amount, type and form of commercial space.

Where possible, the City should encourage development applications located in the South Pickering Urban Area to—at minimum—replace the existing retail / service commercial GFA that is currently provided on-site as part of their proposed development. As commercial tenants become more efficient in their use of space and some large-format Non-Food Retail tenants are replaced with smaller format Food Store and Service uses, existing space could serve the needs of these new residents, while being integrated into a more densified, urban context.

To increase the amount of retail / service commercial space along the Kingston Road Corridor, the city could also consider the use of **incentives** that are targeted specifically at new commercial development above the ground floor. It is typical that commercial space located above the ground floor achieves lower net lease rates, in comparison to ground floor space due to lower visibility and foot traffic. As the cost of constructing commercial space above the ground floor comes at the same cost to the developer, the lower lease rates are a disincentive to provide this space. Incentives, such as no development charges or reduced development charges for commercial space on the second and third floor of a mixed use building could help lower costs, making the construction of this space financially viable and thereby support the increase of commercial space in the City.

Shared Parking

The Consumer Spending Survey summarized that 94% of survey respondents visited retail / service commercial businesses by car / truck. One challenge the City is likely to face as it moves towards more mixed-use commercial development along the Kingston Road Corridor is the unfamiliarity of customers and tenants to underground parking in mixed-use buildings when there are still traditional shopping centres with surface parking.

This unfamiliarity by customers and tenants could limit the amount of retail / service commercial space that developers are willing to incorporate into their buildings.

To help alleviate the concern regarding underground parking, the City should allow for flexibility in parking requirements along the Kingston Road Corridor. This flexibility could take two forms:

- 1) Allow for lower interim parking requirements where a landowner is proposing a phased mixed-use re-development of a traditional shopping centre. This could allow for surface parking spaces to be shared across tenants in the mixed-use building and tenants in the traditional shopping centre.
- 2) Allow for multiple landowners to share parking across multiple sites. Some mixed-use re-development sites may be too small to allow for phasing across the site. In these instances, if landowners can reach an agreement, the City could allow for sharing of surface parking facilities across multiple sites. While this is likely already occurring “informally”, codifying it through policy could help alleviate the concern of tenants when signing a new lease.

Overtime, as the Kingston Road Corridor builds-out and there are fewer opportunities for surface parking in traditional shopping centres, this will be less of a concern. Therefore, this approach would only be necessary in the early stages of re-development along Kingston Road, until customer preferences change and more people walk or take public transit to retail / service commercial businesses.

Monitoring the Commercial Environment

There is a tendency to react abruptly to changes in the retail environment, or to a flood of new development applications that propose to reduce the amount of retail / service commercial space. It is likely there will be many more “cycles” in the commercial market before space is actually constructed, particularly given the decades long build-out period of Seaton, Northeast Pickering, and the Kingston Road Corridor.

In the meantime, the City should continue to monitor the need for retail / service commercial space during subsequent updates of the Official Plan to ensure that the policy framework addresses trends in the provision of commercial space and other broader development trends.

As noted in this Retail Market Study, some active development applications propose to reduce the amount of existing commercial space. At the same time, population growth is anticipated to generate demand for an additional 28.2 hectares of land for retail / service commercial space in the City’s South Urban Area, or some 25.2 hectares of additional land across the Trade Area as a whole. This Retail Market Study also identifies that in Seaton, the amount of vacant Mixed-Use land is nearly in balance with anticipated demand to 2051.

Recognizing the potential challenges in meeting future demand for retail / service commercial space in Pickering (both in the South Urban Area and Seaton), the City should introduce a policy that requires all development applications that propose a decrease in a site’s commercial GFA to submit a Retail Market Study that validates how their proposal conforms to the goals and recommendations of this Retail Market Study.

7.2 Policy Based Recommendations

Permitted Uses

The policy framework in the POP for retail is fairly broad in terms of the range of permitted uses in each of the designations. The designations are also broad in the permission for residential, community, cultural, recreational and office uses. All commercial designations are considered mixed use designations. The one limitation is the permission for special purpose commercial uses only in Mixed Corridors and the Specialty Retailing Node. Considering the limited capacity of further development in the City Centre and Specialty Retailing designation, the larger users will need to be accommodated in the Mixed Corridors and Community Nodes in Seaton. The Community Nodes in Seaton are to be the central areas of multiple neighbourhoods and the permission for special purpose commercial uses, except for automotive uses, should be considered to allow for a full range of retail including specialty retailers.

Considering the change in department stores in Canada and the demise of many of the department store brands, Policy 3.6 h) is no longer needed and can be removed. We note that OPA 38 which is approved but under appeal removed 3.6 h) and removed the Special Retailing subcategory. In addition to the amendments by OPA 38, we further recommend that the term “department stores” be added to Community Nodes and City Centre subcategories in Table 5 which would permit all forms of department stores in those subcategories.

Designations

With the removal of the Special Retailing subcategory through OPA 38, there is no longer a description of special purpose commercial uses which is permitted in the Mixed Corridors (referred to as Other Mixed Corridors in OPA 38). A policy should be added to clarify the range of permitted uses under the category special purpose commercial uses.

Mixed Use verses a Mix of Uses

The POP does not require retail space to be provided in a mixed-use building although a mix of uses is permitted. The absence of a mixed-use building requirement is important in greenfield sites as noted in this report where the cost of providing retail uses in mixed use buildings may not be feasible throughout all greenfield sites. For these greenfield sites, it is more important to realize the retail facilities and commercial services that can serve the new growing population and assist in the creation of complete walkable communities even in a sole commercial environment. As communities mature with increased population and land values, opportunities will emerge for a

transition of sole commercial areas to mixed-use environments as is being seen along Kingston Road. However, it is important to ensure policies are in place that allow for appropriate redevelopment including streets and blocks and placement of buildings to allow for future intensification. The policies in Section 11.8 and 11.9 of the POP set out appropriate parameters to plan for intensification of mixed-use designations over time.

Although flexibility is needed in greenfield mixed-use designations in terms of the form of retail development (i.e., stand alone or mixed use), the policies should be strengthened to require the commercial planned function of a Community Node or Mixed Corridor to be achieved. It is common in greenfield areas for residential uses to be developed first with commercial lagging until a threshold of population is achieved. The policies could indicate that if residential development is to occur first in a Community Node or Mixed Corridor that a plan be submitted to demonstrate how the commercial function is to be achieved through the build out of the Community Node or Mixed Corridor.

Where existing retail plazas are being intensified with residential development, policies should be added to the POP to require that the commercial planned function be maintained through the redevelopment. To maintain the planned function, policies should require the replacement of existing commercial space in new mixed use buildings including zoning provisions requiring sufficient ground to ceiling heights and sufficient unit depth to cater to a variety of retail service commercial uses. Visibility and access for retail uses is key and that also follows for retail in mixed use buildings. Policies should not require retail in buildings that do not have access and visibility to a public street, and on street parking should be considered adjacent to mixed use buildings. Provision should be made to permit on-street parking on collector roads and Type C Arterial roads and encourage the Region to permit on Type B Arterial roads.

Built Form and Design

Considering the growing influence of e-commerce, the shopping experience will be more important for “brick and mortar” sites to distinguish themselves and drive visits. The policies in Section 11.7 of the POP on pedestrian focus in Community Nodes and the provision of a Pedestrian Predominant Street in Seaton can assist in creating that shopping experience. These policies should remain in the Official Plan. However, the requirement for a minimum height of 5 metres for stand-alone commercial uses in Seaton should be removed and left up to the zoning by-law to regulate.

Parking Requirements

With land costs and construction costs increasing, which are resulting in higher lease rates as noted earlier in the report, consideration needs to be given to ensuring parking requirements in greenfield sites are competitive with other municipal rates and not prohibitive to ensure feasibility of retail and a variety of retailers. For intensification

projects, parking rates can be even more onerous in terms of convincing developers to provide for retail and commercial space in the new mixed-use buildings. Consideration should be given in policy and through zoning to minimize retail and commercial parking rates in mixed-use buildings; provide for one retail / commercial rate rather than a rate per type of retail / commercial use; allow for shared parking with visitor parking; and allow for shared parking with adjacent developments which may be off-site. On-street parking opportunities should also be considered in the amount of parking that needs to be provided for a mixed-use building. In addition, easy access and free underground parking for retail units in mixed use buildings should be considered at the site planning stage and provided through implementation of agreements.



Appendix A:
Policy Context Background

Provincial Policy

The Provincial Policy Statement, 2020

Overview

- The Provincial Policy Statement (“PPS”) promotes an appropriate mix of uses, including commercial uses, in order to achieve efficient and resilient land use and development patterns.
- Additionally, the PPS supports the idea of a mix of uses in order to encourage complete communities that are healthy, livable and safe.

Key Policy Directions

- Ensuring sufficient lands and accommodating a mix of uses for employment, including both industrial and commercial to meet long-term needs (1.1.1.b, 1.1.2, 1.3.a)
- Plan for areas where growth or development will be directed, including the identification of nodes and corridors (1.2.4.b., 1.8.1)
- Encouraging compact and mixed-use development to support liveable and resilient communities, as well as promote economic development and competitiveness (1.3.d).
- Enhancing the vibrancy and vitality of downtowns and main streets with well-defined built form with a mix of uses (1.7.1).
- Locating commercial uses in proximity of public transportation and residential uses to create more complete communities, and reduce reliance on vehicles (1.8.1).

A Place to Grow: Growth Plan for the Greater Golden Horseshoe 2020

Overview

- Supporting the achievement of complete communities that are designed to support healthy and active living and meet people’s needs for daily living throughout an entire lifetime.
- Providing flexibility to capitalize on new economic and employment opportunities as they emerge, while providing certainty for traditional industries, including resource-based sectors.

- Improving the integration of land use planning with planning and investment in infrastructure and public service facilities, including integrated service delivery through community hubs, by all levels of government.
- Providing different approaches to manage growth that recognize the diversity of communities in the GGH.

Key Policy Directions

Complete community development is prioritized, and growth is allocated to settlement areas that can support its achievement. Including:

- Settlement areas with delineated built-up areas, strategic growth areas, areas where higher order transit is planned for or exists, and areas with existing or planned public service facilities (2.2.1.2, 2.2.5.3). The city has an urban growth centre around the GO rail station, strategic growth areas along the planned Kingston Road bus rapid transit corridor, a delineated built-up area and designated greenfield area (“DGA”).

Additionally:

- Complete communities will have a diverse mix of land uses, including residential and employment uses, and convenient access to local stores, services, and public service facilities (2.2.1.4, 2.2.5.15).
- In regard to growth in designated greenfield areas, new development should support the achievement of complete communities, support active transportation, and integrate and sustain viable transit services (2.2.7).
- The Growth Plan projects the Region of Durham will have a total population of **1,300,000 persons** and some **460,000 jobs** by 2051.
- Upper tier municipalities will establish a hierarchy of areas within settlement areas and provide direction to achieve complete communities with a compact built form (2.2.1.3).

Proposed Provincial Planning Statement, 2023

Overview

- Ministry of Municipal Affairs and Housing (MMAH) is proposing to create a province-wide land use planning document that would integrate policies from both a Place to Grow and the PPS. Should this document be adopted, the PPS and A Place to Grow would be revoked.
- The proposed planning statement centers on five pillars; the generation of housing supply, land availability, the provision of infrastructure, the balance of housing and, resources and implementation.
- Aims to support the achievement of livable communities, a thriving economy, a healthy and clean environment and social equity such that the quality of life for all Ontarians is improved.

- In supporting housing development, the plan emphasizes the role for strategic growth. This includes a mix and range of housing, intensified development at transit-oriented and other identified location and housing options that better accommodates local needs.
- Requirement for municipalities to plan for a 25-year horizon at minimum.
- Protect differing land uses and forms in light of increased growth pressures and an overarching need to use land more efficiently.

Key Policy Directions

Complete community development is prioritized, with growth allocated to settlement areas that can support its achievement.

- Settlement areas—specifically strategic growth areas and major transit stations—are the focus of growth, prioritizing intensification and redevelopment, a mix and range of housing and public service facilities (2.3.1, 2.3.3). encouragement and development of a compact built form is essential to optimizing infrastructure investment, quality employment, housing and service investment. (2.8.1,3.1.6)

Additionally:

- Complete communities will accommodate a mix of land uses, housing options, transportation, employment options, public service facilities, recreation, parks and open space and other uses to meet long-term needs (2.1.4. a).
- Employment areas shall be designated and protected as part of this plan. In regard for their preservation, residential uses, and **retail and office uses that are not associated with the primary employment use shall be prohibited** (2.8.2.1, 2.8.2.2).
- Upper tier municipalities—in consultation with lower tiers—will allocation population and housing growth, identify strategic growth areas, and identify minimum density targets for development (6.2.7).

Regional Policy

Durham Regional Official Plan, 2023 (as adopted)

Overview

- On May 17, 2023 Durham Regional Council adopted a new Durham Regional Official Plan (“DROP”). The DROP guides long-term planning and infrastructure within the Region and the lower-tier municipalities, including the City of Pickering.
- Provides population and employment growth forecasts for lower-tier municipalities to 2051. Pickering is expected to accommodate 256,370 residents, 88,590 households and 93,790 jobs.

Includes a land use structure that identifies an Urban System, a Rural System, a Greenlands System and a Transportation System. The Urban System comprises emerging centres, established and developing neighbourhoods, and Employment Areas. Most of the future population and employment growth is directed to the Urban System with limited growth to the Rural System (1.1.3).

Key Policy Directions

Chapter 2 of the DROP relates to Economic Development and a prosperous region.

- The Goals of Chapter 2 include supporting a strong, resilient and prosperous economy that maximizes opportunities for business and employment growth (Goal I) and developing the region to its fullest potential (Goal II).
- To encourage greater diversification of the Region’s economic base, the DROP supports the development of Strategic Growth Areas (“SGAs”) as locations for high-density, mixed-use development (2.1.13 b).

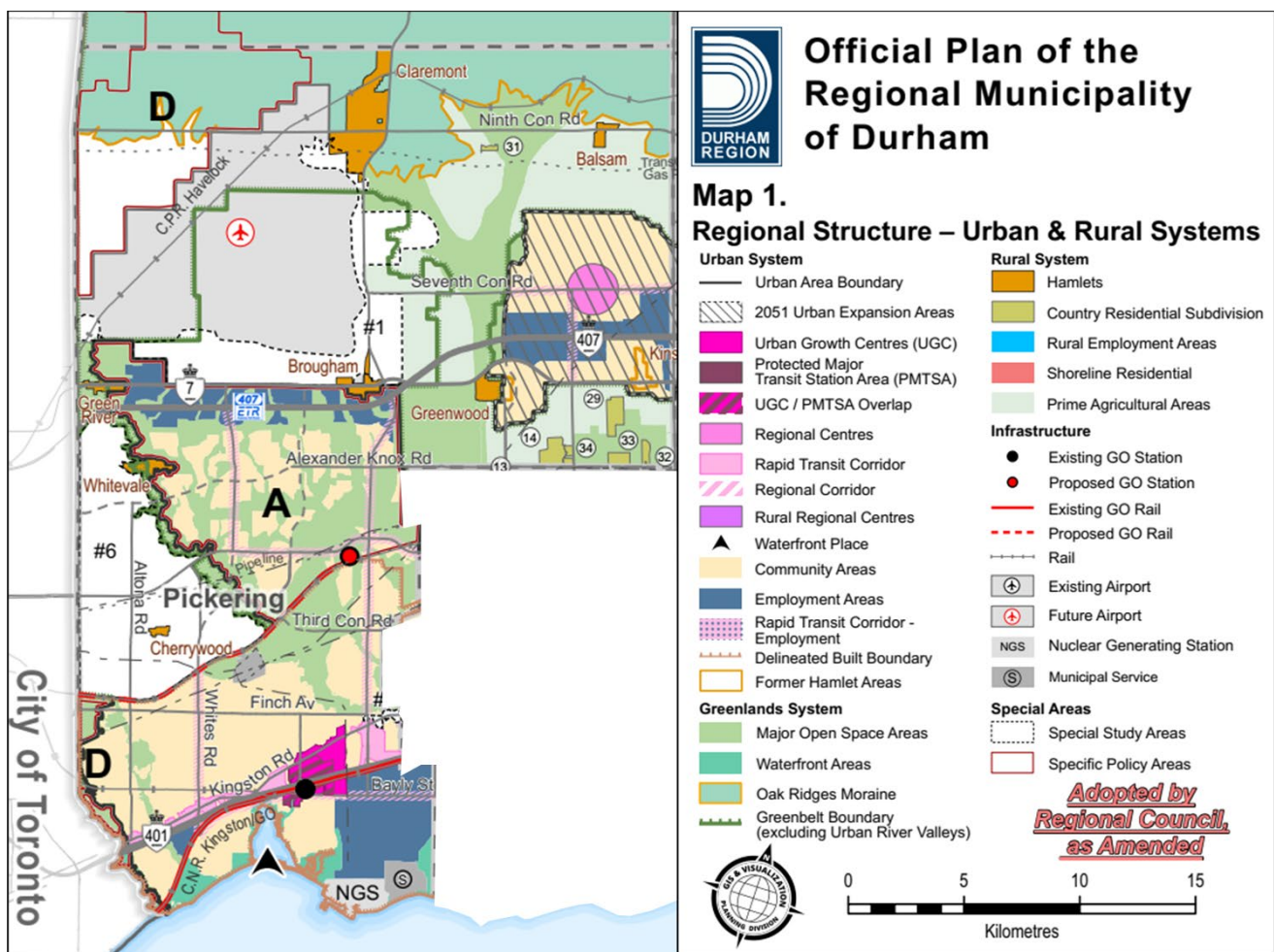
Chapter 5 of the DROP addresses a Vibrant Urban System. The Urban System is where most residents and businesses will be directed and will be characterized by walkable communities and more compact built form.

- The Urban Areas are to be developed as complete communities with a mix and diversity of uses and amenities offering convenient access to services and shopping (5.1.15).
- Commercial uses are to be provided in appropriate locations with large concentrations directed to the SGA, as well as Rural Regional Centres, Regional Corridors and Local Centres and Corridors (5.1.15 e)). Within the Urban Areas, underutilized shopping centres and plazas are encouraged for redevelopment at higher densities, particularly within SGAs (5.1.15 f)) where it results in complete communities that have consideration for long-term sustainability and adaptability.
- SGAs include Urban Growth Centres, Regional Centres, Protected Major Transit Station Areas and Rapid Transit Corridors (5.1.8 a)). The location of existing SGAs in Pickering are illustrated in Figure A.1 below. **These SGAs are intended to provide a mix of residential, retail and commercial uses (5.2.8 v)).** The Urban Growth Centre (“UGC”) in Pickering aligns with the boundary of City Centre Mixed Use Area

designation. Within the UGC is also a Protected Major Transit Station Area. The Kingston Road Corridor and Brock Mixed Node Intensification Areas are identified as a Rapid Transit Corridor. There is also a Regional Centre identified in Northeast Pickering and a Rapid Transit Corridor along Highway 2. These are SGAs that are intended to be the location of mixed use retail and commercial uses that will serve new and existing residents (5.2.12 a), 5.2.13 a), 5.2.16, 5.2.24).

Figure A.1

Durham Region Official Plan (as adopted), 2023, Map 1



Source: Durham Region Official Plan, Map 1.

- The DROP also identifies other nodes and corridors (5.1.8 b)) that include Rural Regional Centres, Regional Corridors, Waterfront Places, Local Centres and Local Corridors. Similar to SGA's, Regional Corridors are identified as an appropriate location for mixed-use development (5.3.6).

- Local Centres and Corridors are intended to function at a neighbourhood scale and be oriented to serve the day-to-day needs of nearby residents by providing concentrations of commercial and retail uses at a scale suitable to their surrounding communities (5.3.15). These areas are not designated in Map 1 of the DROP, but are encouraged to be designated in local official plans (5.3.14).
- The DROP also identifies Community Areas (Figure A.1). These Community Areas are intended to provide population-serving uses, such as commercial, retail (including major retail), and personal service uses provided such uses are appropriately located and compatible with their surroundings (5.4.2). Within Community Areas, major retail uses are permitted, subject to the inclusion of appropriate provisions (5.4.3).
- Employment Areas are intended for manufacturing, warehousing, logistics and associated uses. However, limited service industries and limited supportive uses including associated retail and ancillary facilities may be permitted (5.5.2, 5.5.20). Major retail uses are not permitted within Employment Areas (5.5.12).
- If adopted, the proposed Provincial Planning Statement would **prohibit retail and office uses** for all employment areas in settlement areas that are not associated with the primary employment use.

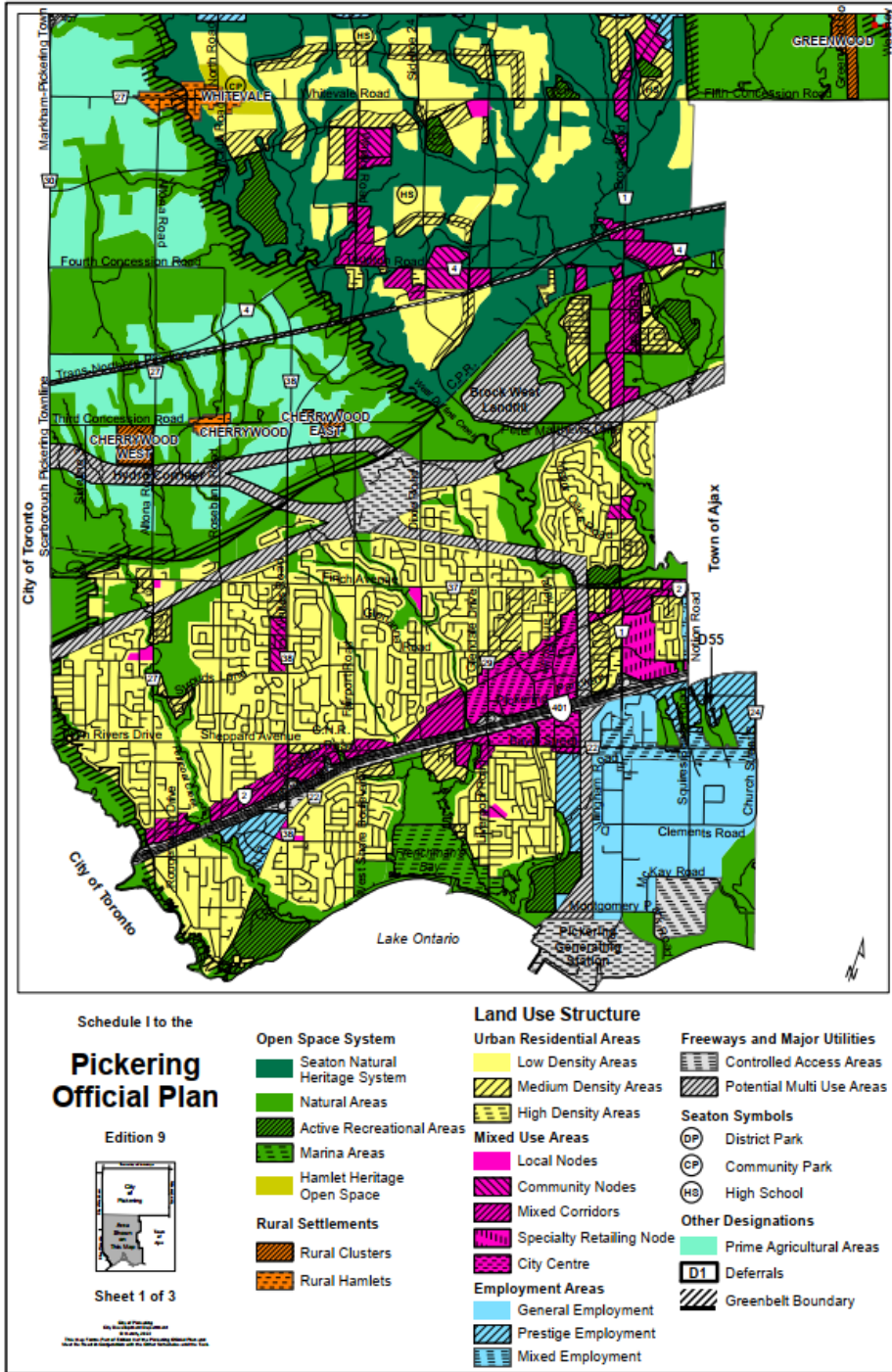
Local Policy

Pickering Official Plan, Edition 9

Overview

- The City of Pickering Official Plan (POP) was adopted in March 1997, with the most recent consolidation (Edition 9) from March 2022. The Pickering Official Plan provides a land use vision for the City and identifies how the vision can be reached. The Pickering Official Plan captures commercial uses through its Mixed Use Areas designations.
- Within the City, Mixed Use Areas are expected to have the highest concentration of activity and have the broadest diversity of uses. The variety of uses includes residential, retail, commercial, office, service, recreational, community and cultural uses. The location of Mixed Use Areas within the City are illustrated in Figure A.2.

Figure A.2
Pickering Official Plan, Schedule I



Source: Pickering Official Plan, Schedule I.

Key Policy Directions

Chapter 3 of the POP contains policies related to Mixed Use Areas.

- Mixed Use Areas includes the land use designations of Local Nodes, Community Nodes, Mixed Corridors, Specialty Retailing and the City Centre. The POP states that “the broadest diversity of uses, greatest levels of activity and highest quality of design shall be directed to two Mixed Use Areas: the City Centre; and the Mixed Corridor along Kington Road” (p. 60). That said, the City Centre is encouraged to host the most intensified development, with the highest mix of uses and activities (12.10 (a)).
- The same retail / service commercial uses are generally permitted in all Mixed Use Areas, with some exceptions and specific provisions. The intensity and extent to which a use may be allowed also varies depending on the land use designation. A detailed list of permitted uses for each designation in addition to performance standards related to densities and floor areas is provided below in Table A.1 and Table A.2.

Table A.1

Mixed Use Areas Permitted Uses

Land Use Designation	Permitted Uses
Local Nodes	<ul style="list-style-type: none"> • Residential; • Retailing of goods and services generally serving the needs of the surrounding neighbourhoods; • Offices and restaurants; • Community, cultural and recreational uses; • Community gardens; and, • Farmers’ markets.
Community Nodes	<ul style="list-style-type: none"> • Community gardens; • Farmers’ markets; and, • All uses permissible in Local Nodes, at a larger scale and intensity, and servicing a broader area.
Mixed Corridors	<ul style="list-style-type: none"> • Community gardens; • Farmer’s market; • All uses permissible in Local Nodes and Community Nodes, at a scale and intensity equivalent to Community Nodes; and, • Special purpose commercial uses.

Land Use Designation	Permitted Uses
Specialty Retailing	<ul style="list-style-type: none"> • Hotels; • Special purpose commercial uses; • Limited offices; • Community, cultural and recreational uses; • Community Gardens; • Farmers’ markets; and, • Limited residential development at higher densities as an integral part of an overall development scheme.
City Centre	<ul style="list-style-type: none"> • High density residential; • Retailing of goods and services; • Offices and restaurants; • Hotels; • Conventions centres; • Community, cultural and recreational uses; • Community gardens; and, • Farmers’ markets.

Table A.2

Mixed Use Areas Performance Standards

Mixed Use Areas Subcategory	Maximum and Minimum Net Residential Density (dwellings/hectare)	Maximum Gross Leasable Floorspace for Retailing of Goods and Services (square metres)	Maximum Floorspace Index (total building floorspace divided by total lot area)
Local Nodes	over 30 and up to and including 80	up to and including 10,000	up to and including 2.0 FSI
Community Nodes	over 80 and up to and including 140	up to and including 20,000	up to and including 2.5 FSI
Mixed Corridors	over 30 and up to and including 140	determined by site-specific zoning	up to and including 2.5 FSI
Specialty Retailing Nodes	over 80 and up to and including 180	determined by site-specific zoning	up to and including 2.5 FSI
Mixed Corridors	over 30 and up to and including 140	determined by site-specific zoning	up to and including 2.5 FSI

- **Local Nodes** are limited and found in pockets of some neighbourhoods within Pickering. They are generally small in area (up to 10,000 square metres) and complement the surrounding low to medium density neighbourhoods. The Local Nodes permit a range of uses (such as offices and restaurants, cultural and recreational uses, farmers markets etc.) but are the most limited out of the five Mixed Use Area designations.
- **Community Nodes** are slightly larger than Local Nodes and can also be found in pockets of different neighbourhoods within Pickering. Permitted uses are the same as the Local Nodes but at a larger scale and intensity (up to 20,000 square metres and a floor space index of up to 2.5). The Community Node land uses are intended to serve a broader area than Local Nodes.
- The **Mixed Corridors** permit the same uses, scale and intensity of development as Community Nodes (a floor space index of up to 2.5). However, Mixed Corridors also permit “special purpose commercial uses” such as: retail warehouses, and automotive uses.
- The **Specialty Retailing** designation permits all the same land uses at the same scale as the Mixed Corridor, including the special purpose commercial uses. In addition, the Specialty Retailing designation also permits hotels and limited high-density residential development.

- Permitted uses in the Pickering **City Centre** designation include all retail and commercial uses except for special purpose commercial uses. It also permits convention centres, hotels, offices, and high density residential uses. The City Centre is intended to be the main focus for retail, commercial, employment, community services, and residential uses in the City. Because of its location and prominence within the City, it is also expected to serve as a Mobility Hub for GO transit, regional rapid transit and local bus service.

Chapter 3 of the POP also addresses retailing in Employment Areas and Urban Residential Areas.

- The POP includes three Employment Areas designations, including General Employment, Prestige Employment and Mixed Employment. Table 7 in the POP identifies permissible uses within each of these Employment Areas designations. Within the **General Employment** and **Prestige Employment** land use designations, limited personal service uses and restaurants serving the area are permitted, in addition to retail sales that are accessory to an industrial operation. The **Prestige Employment** designation also permits hotels and financial institutions serving the area.
- The **Mixed Employment** designation, which is generally located on the north and south sides of Bayly Street, east of the Hydro corridor, and south of Highway 401, allows for all of the uses in the Prestige Employment designation, in addition to limited retailing of goods and services.
- Within the **Urban Residential Area** (Table 8 in the POP) and **Rural Hamlets** (Table 10 in the POP) land use designations, some local-serving commercial uses are permitted.

Policies related to retail uses in Rural Hamlets are included in Chapter 3

- These areas are predominantly residential but often contain a number of other land uses; including, commercial, community, cultural and recreation opportunities. They generally act as the **service and social centre** for abutting rural areas.
- They are the primary focus for limited growth and development across rural areas, including residential and other complementary uses.

Policies pertaining to the Seaton Community are included in Chapter 11 of the POP.

- One of the principals of the Seaton Community is that it is to be a walkable, pedestrian oriented community built at a relatively compact density. Densities are to be significant enough to support an active community and street life including neighbourhood shops, social facilities and parks as well as public transit.
- Under the policy of Walkable, Transit Supportive Neighbourhoods. The Seaton community is intended to develop as an urban neighbourhood that creates a sense of community and an attractive destination for

residents (11.1 (a)). It is to include mixed use areas, which support higher density residential uses in association with commercial uses (11.1 (b)).

- Within Seaton, Minor Commercial Clusters are permitted in nodal locations where they complement medium density residential housing (11.3). These small-scale retail, service and institutional uses are to be located in stand alone or mixed use buildings within a 5-10 minute walking distance of patrons. They are to be located at the intersection of arterial and collector roads which maximize opportunity for pedestrian access from adjacent neighbourhoods.
- Larger scale, Community Nodes, shall permit a minimum of 10,000 and a maximum of 20,000 square metres of GLA for the retailing of goods and services (11.4). They are to be located within a 10 to 20 minute walk for the majority of future patrons. The Community Node on Taunton Road shall contain a broader range of retail options, including large format retailers, with a maximum GLA of 60,000 square metres.
- Mixed Corridors shall be developed with a mix of multiple unit housing types (11.5). Retail uses are permitted at grade and are encouraged at the entrances to adjacent residential neighbourhoods and at major intersections.
- Policy 11.7 requires a strong pedestrian focus to be created within Community Nodes and Mixed Corridors. To do so development is to be designed to be pedestrian and transit friendly from the outset. A minimum height of 2 storeys is required for sole commercial buildings.
- The Prestige Employment designation permits limited personal service uses, convenience commercial, restaurants and financial institutions provided the uses are ancillary to and serve the employment area (11.33).

Kingston Road Corridor and Specialty Retailing Node Intensification Plan

Overview

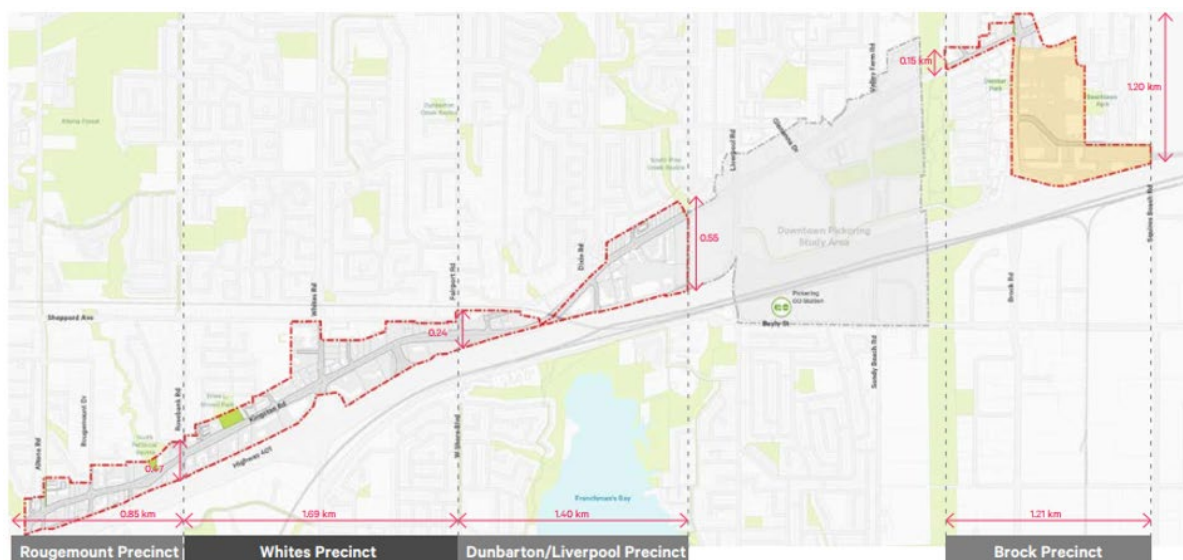
- The *Kingston Road Corridor and Specialty Retailing Node - Intensification Plan* (the "Intensification Plan"), November 2019, was prepared by SvN, AECOM and 360 Collective, and endorsed in principle by the Council of the City of Pickering in December 2019.
- The purpose of the Intensification Plan was to implement the strategic growth area objectives of A Place to Grow, Growth Plan for the Greater Golden Horseshoe (the "Growth Plan") and inform Official Plan policies, the Urban Design Guidelines, the Zoning by-law amendment and associated municipal strategies. The Intensification Plan identifies a vision, recommended intensification scenario and provides a comprehensive

framework for future development within the Study Area. The recommended intensification scenario within the Intensification Plan envisions nearly 21,860 residents and 7,630 jobs across four precincts.

- From a policy perspective, Kingston Road is designated as a Rapid Transit Corridor in the Durham Regional Official Plan and as a Mixed Use Area - Mixed Corridor in the Pickering Official Plan. The Specialty Retailing Node also has a Mixed Use Area designation in the Pickering Official Plan.
- The Study Area for the Intensification Plan generally included properties that fronted on to the north and south sides of Kingston Road, between the Rouge National Urban Park in the west and Notion Road in the east. The Study Area was divided into four precincts, including the Rougemont Precinct, the Whites Precinct, the Dumbarton/Liverpool Precinct and the Brock Precinct. The Study Area for the Intensification Plan and the various precincts are summarized in Figure A.3.

Figure A.3

Intensification Plan Study Area Boundary



Source: Kingston Road Corridor and Specialty Retailing Node - Intensification Plan, November 2019.

Key Policy Directions

The Intensification Plan identifies four land use categories within the Study Area. These include:

- **Mixed Use A (Residential / Retail / Office)** features a combination of residential, retail and office uses in mixed use buildings, or in separate buildings on mixed use sites. Targeted for significant development, Mixed

Use A areas will have the greatest density and represent the highest-intensity of uses within the Kingston Road Corridor and Special Retailing Node.

- **Mixed Use B (Residential / Retail)** features a combination of residential and retail uses in mixed use buildings, or in separate buildings on mixed use sites. Mixed Use B areas will contain a significant proportion of at-grade retail, most of which will be small-to medium scale neighbourhood-oriented businesses to satisfy local needs.
- **Mixed Use C (Residential / Retail)** also features a combination of residential and retail uses, with a greater proportion of residential, and a lower proportion of retail than the Mixed Use B designation. Mixed Use C represents the least-intensive designation within the Kingston Road Corridor. Mixed Use C areas will include smaller-scale retail and service uses which are complimentary to residential uses, reflecting their community-oriented role.
- **Residential** features primarily residential uses, generally in areas where a mix of uses on a specific site may not be desirable or achievable.

As it relates to the transition of uses over time, the Intensification Plan notes that uses that are not compatible with the vision for Kingston Road Corridor and Specialty Retailing Node will be encouraged to locate elsewhere within the City of Pickering. This includes auto-centric uses such as gas stations, auto repairs, car washes, car dealerships, commercial surface parking, drive through establishments, car storage, self-storage, warehouses, distribution facilities, and storage facilities, and any other businesses that are land intensive, require extensive parking or require outside storage.

Northeast Pickering Urban Expansion Area (Proposed)

Overview

Map 1 in the DROP identifies an area in northeast Pickering as *2051 Urban Expansion Areas*. This area is known as the Northeast Pickering Secondary Plan (“NEPSP”) Area and the City is currently in the process of preparing a secondary plan for this area that will set a vision and guiding principles for how this area will grow over the next 30 years (see map of the Secondary Plan below). Once completed, the NEPSP is expected to become part of the POP. The NEPSP is forecast to accommodate a population of some 44,910 residents and will account for 30% of all population growth in the City to 2051.

Figure A.4
Northeast Pickering Secondary Plan Area



Source: SGL, Northeast Pickering Secondary Plan - Retail Market Study.

As part of the Secondary Plan Study, a *Retail Market Study* was prepared by urbanMetrics inc. The purpose of the *Retail Market Study* was to provide recommendations on the total volume of retail / service space required to support the future population of the Northeast Pickering Secondary Plan Area, as well as to identify the most appropriate locations and formats for the retail / service space.

Based on the Retail Market Study for NEPSA, existing retail uses elsewhere in Pickering are anticipated to influence demand for additional retail / service commercial space within NEPSA area. It is anticipated that the commercial structure for the new community would serve almost all of the required day-to-day and weekly shopping by residents, as well as a portion of their specialised and higher-order retail and service requirements.

The land use options for the NEPSA are still being reviewed have yet to be established.

The Retail Market Study for NEPSP identified market support for between 95,100 and 114,200 square metres (between 1 million and 1.2 million square feet) of commercial space within the NEPSP by 2051. This commercial space will be allocated between a number of the land use designations, as summarized in Table A.3.

Table A.3

Northeast Pickering Retail / Service Commercial Needs by Land Use Designation

Official Plan Land Use	Total Space (square metres)	Number of Sites
Convenience Retail	9,300 to 13,900	5 to 10 (may vary)
Mixed-use Local Nodes	46,500 to 55,700	4 to 5
Mixed-Use Community Node (Regional Centre)	23,200 to 27,900	1
Mixed-Corridors & Specialty Retailing	13,900 to 18,600	Varies depending on suitable locations

Source: Parcel based on the Retail Market Study prepared as part of the Northeast Pickering Secondary Plan.



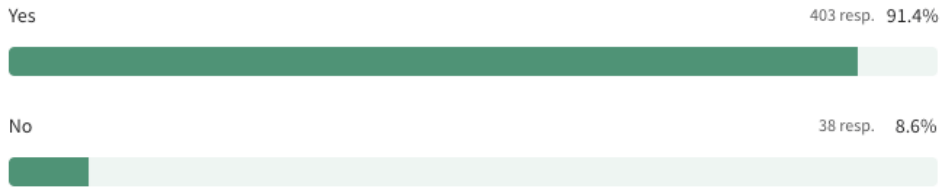
Appendix B:
Resident Survey Background

Figure B.1

Detailed Survey Responses

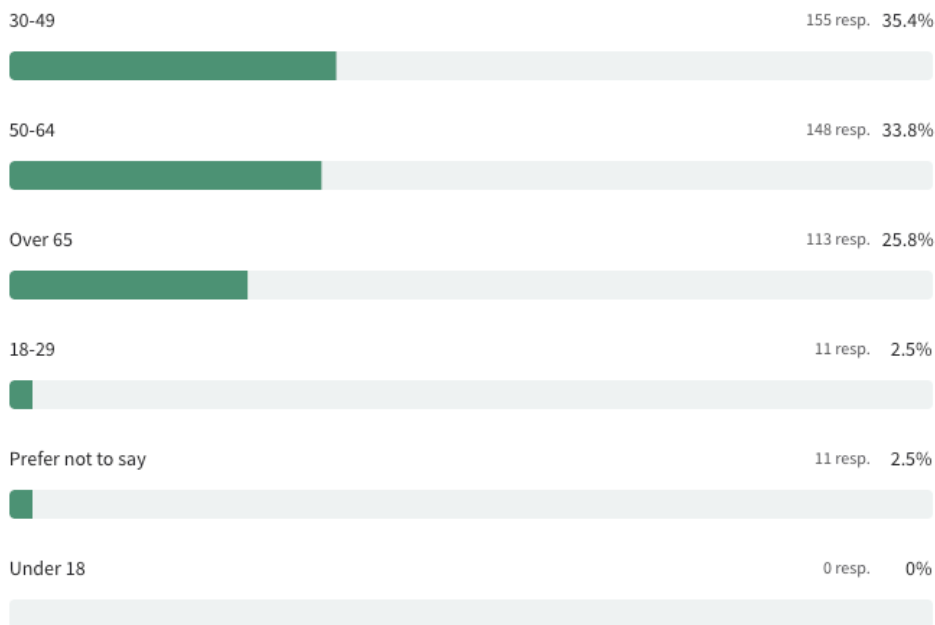
Do you currently live in Pickering?

441 out of 441 answered



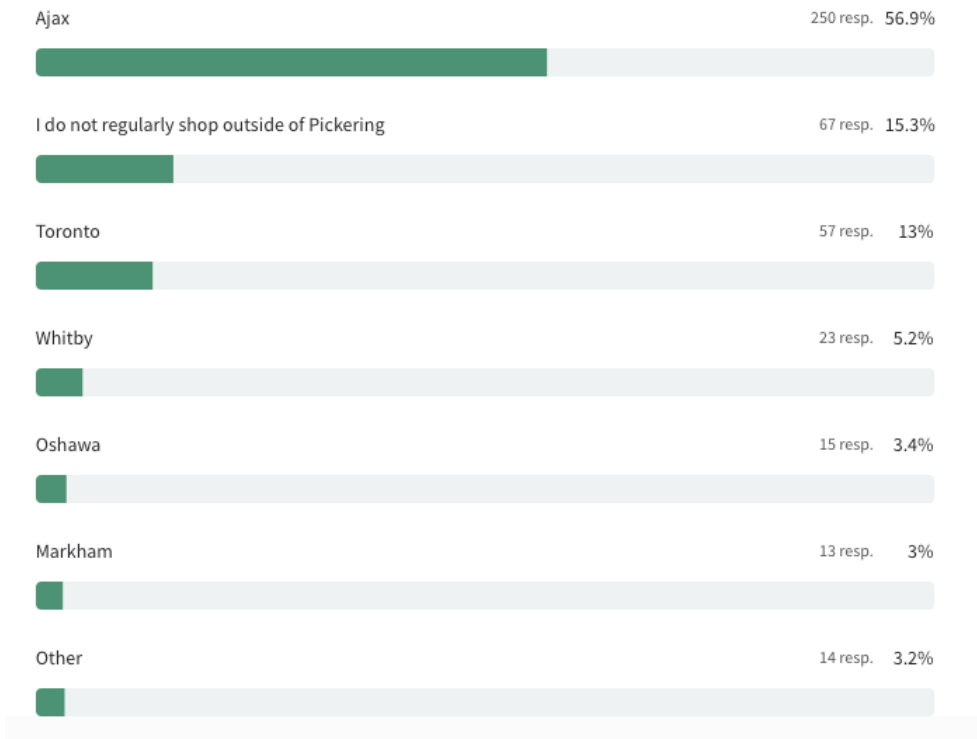
What is your age?

438 out of 441 answered



When you shop at **Food Stores** (e.g., supermarkets, convenience stores, beer stores etc.) outside of Pickering, where do you typically shop?

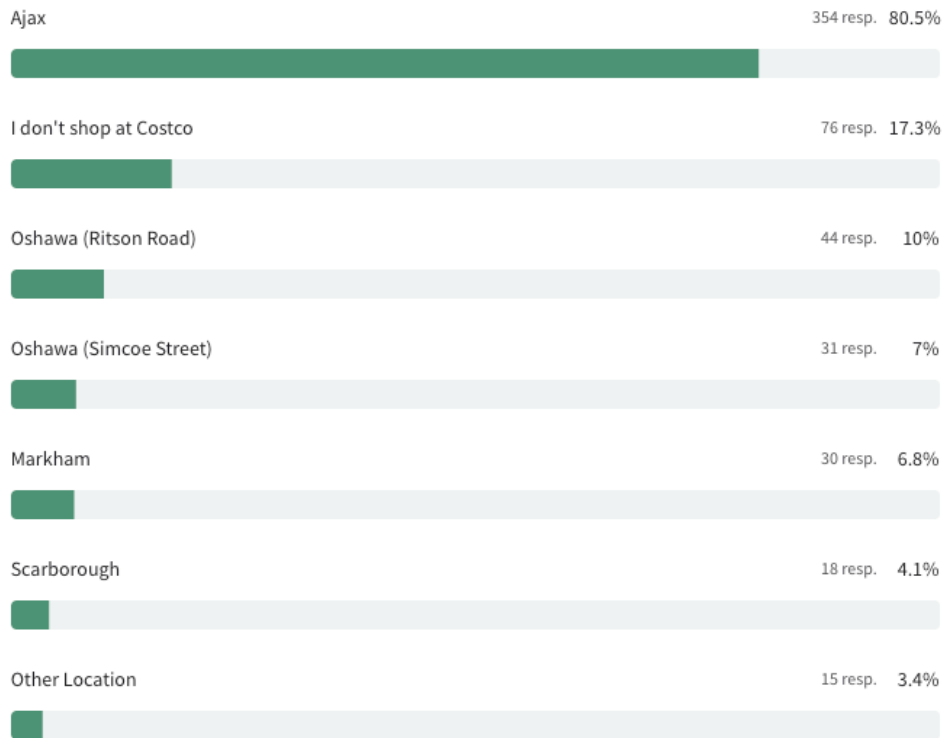
439 out of 441 answered



Other Included: Cottage area, all of the above, Midland, Scarborough, Uxbridge, Stouffville, Vaughan, multiple locations, Burlington & Port Perry.

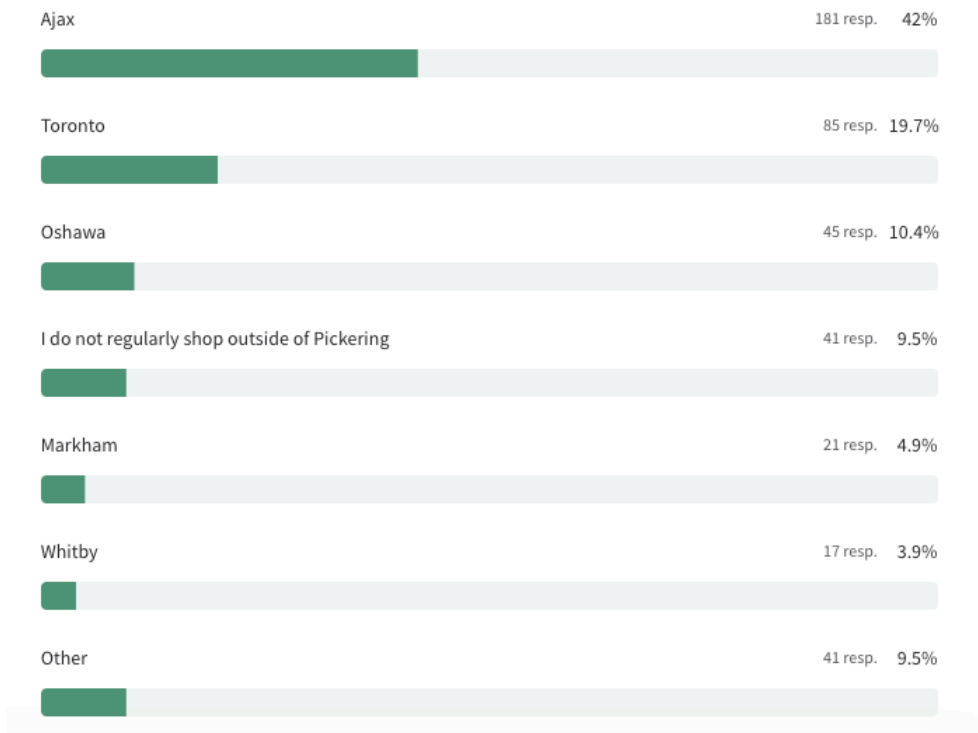
When you shop at **Costco**, which locations do you typically go to?

440 out of 441 answered



When you shop at **Non-Food Stores** (e.g., department stores, drug stores, hobby stores etc.) outside of Pickering, where do you typically shop?

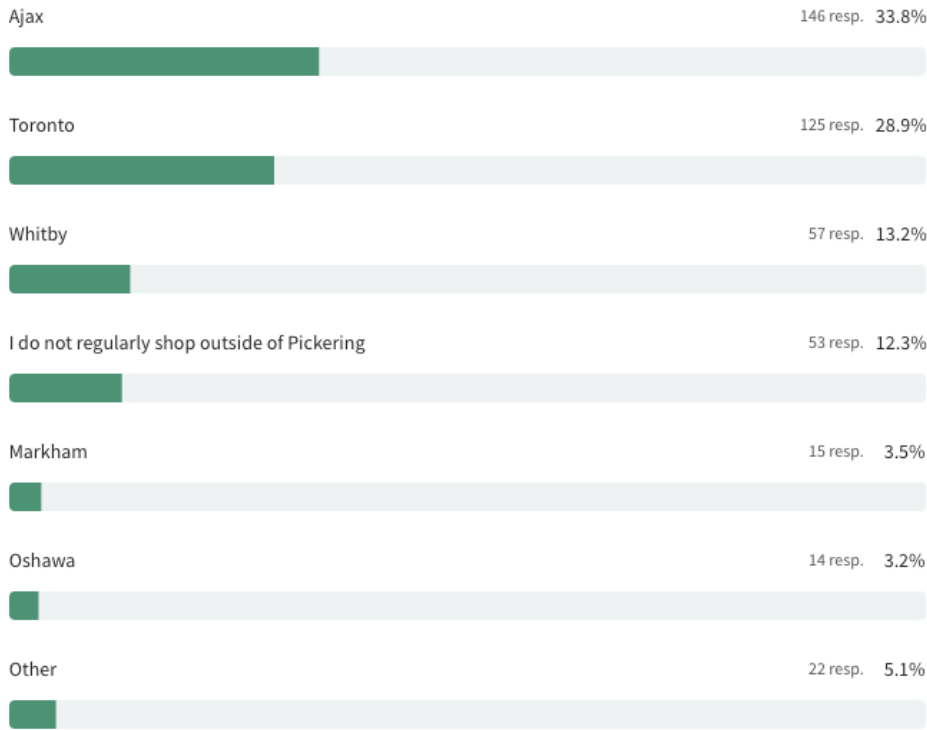
431 out of 441 answered



Other Included: Online, Newmarket, Uxbridge, North Whitby, Midland, Bancroft, Scarborough, Vaughan, multiple places.

When you shop for **Services** (e.g., food services, recreation, health etc.) outside of Pickering, where do you typically shop?

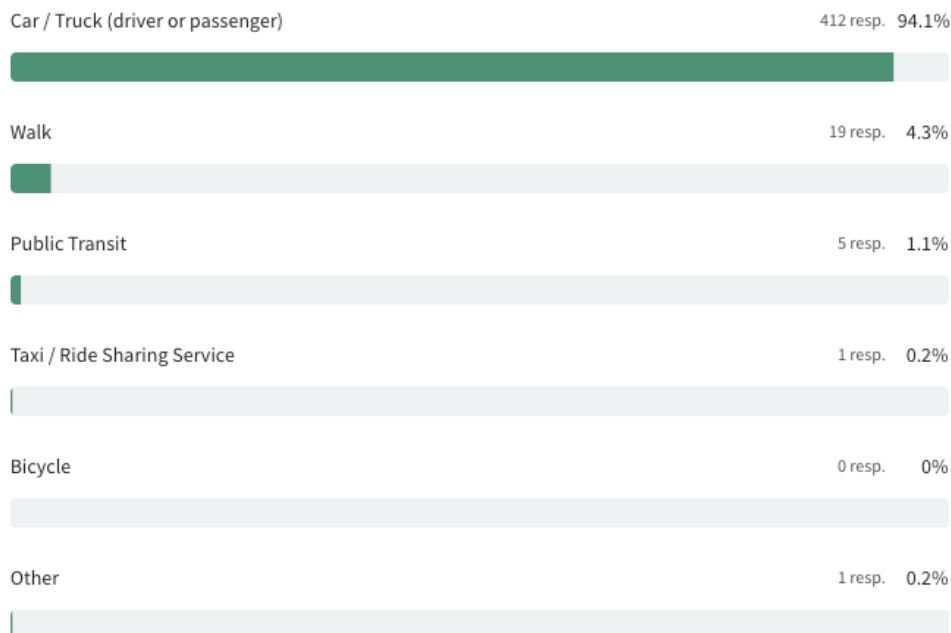
432 out of 441 answered



Other Included: Cottage area, Mississauga, Midland, Bancroft, Scarborough, Port Perry, Uxbridge, Stouffville, Vaughan, Burlington, multiple places, Keene, online and Scugog.

How do you typically travel to retail and service commercial businesses in Pickering?

438 out of 441 answered



I would spend more at retail and service businesses in the City of Pickering if ...

- There are more selections, better services, stores and recreation, including higher end goods and non-chain restaurants
- It had a Costco
- There was more choice of businesses (variety, big brands, culturally appropriate, food variety)
- I wouldn't spend any more, nothing special here.
- Better transit in Pickering
- It was directed to Canadian based items
- We had great stores, our mall is seriously lacking. We need better retailers Old Navy, Costco etc
- There were better, diverse, premium options. Our mall is pretty horrible.

- The stores I shop were here, along with roads/parking that were properly planned
- On-line shopping wasn't so easy
- The Pickering Town Centre had more stores in it! They are getting less, and less because the rent is SO high and there are too many telephone stores. We need some more GOOD retail stores. The Bay has become SO expensive since it was purchased by Americans years ago and it is very much a 'week-end' store....as is the Mall
- The hours on the weekend were longer and stores were generally open later
- Access was easier
- 900 bus route services were more frequent and better public transportation
- There were more options near my house
- I saw more ads
- If all my services were together
- PTC had more selection and better stores
- Goods and services were cheaper
- More competitive supermarkets
- There were more unique stores such as clothing, gift, home decor. The Town Centre Stores does not have a wide range of stores, most of them are the same as every other mall, not geared to my demographics.
- We had a better quality retail stores at the Pickering Town Centre. For mall shopping I regularly go to Markville Mall / Scarborough Town Centre. Much better stores.
- Better customer service
- There were larger and more name brand clothing and retail outlets, and a Costco!
- If the city wasn't planning to take away all the small businesses. Also need to attract larger retailers
- If the money was mostly kept in the area.
- There we higher end stores and restaurants

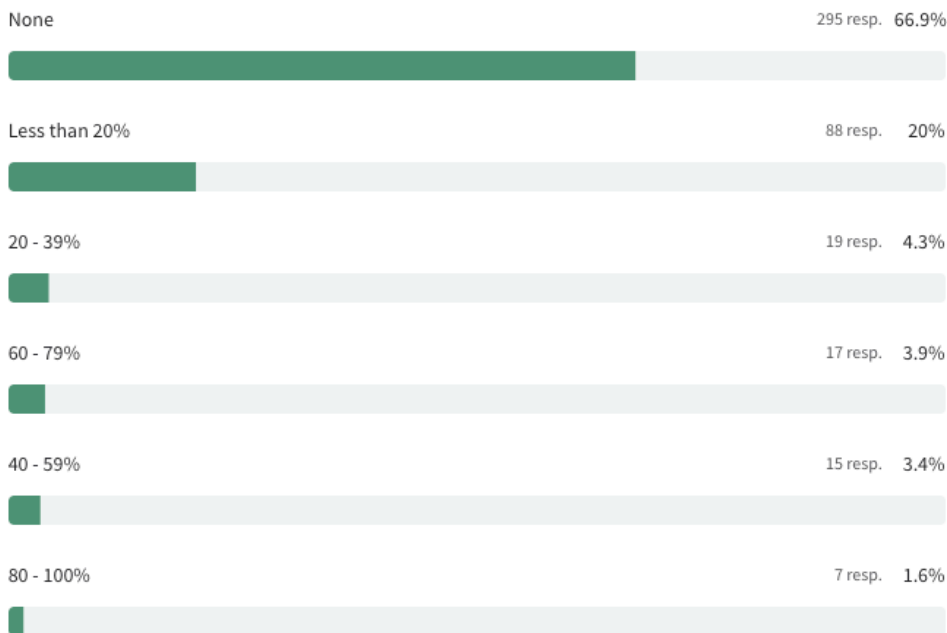
- It would have to be either a shopping mall at the caliber of what they did with Oshawa center, or a nice proper outdoor space with small little shops. Something pedestrian oriented would totally reinvigorate Pickering and be the place to be rather than be a copy and paste of what everyone else is doing which is huge towers and indoor shopping.
- After that we probably can't get a Costco since there's one in Ajax but if we could a lot of people would stay in Pickering of course"
- Easier parking, free parking and less traffic
- Variety of brand name stores in the central area of Pickering
- There was a wider variety of speciality shops
- More special interest stores
- If I could walk to more stores, easier to take the train to Toronto and shop there
- There was parking in all locations (not pointless retail locations in condo podiums), better restaurants and a mall with a wider variety of retailers
- More specialized store here like Giant Tire and Costco, Chapters, Sport Chek, Whole foods, Adonis grocery, Zara Sephora Apple
- More diverse and appealing offerings were available. Many of these businesses have are located outside of the City of Pickering as the local City Council has done little to nothing to attract more businesses to Pickering.
- Stores opened earlier
- I am handicapped and the Mall is just to big for me!
- There was better retail and/or a nightlife. Bars, non-chain restaurants, coffee roasters, etc.
- I worked in Pickering
- I could walk to them and the mall had more major brands
- We had more specialty stores and if they were closer together so I didn't have to drive between each. It's so sad that the mall is so empty.

- I would spend more at retail and service businesses in Pickering, if they were more accessible by foot/bike/transit. Most often I have to travel far distance to find the services/goods I need, therefore I mostly rely on Toronto businesses.
- Seniors discounts
- Make shopping eventful/experience - follow what some of our successful GTA neighbours are doing, use some of their ideas
- More stores that are not just gearing toward low-income families Pickering has people willing to spend but nothing here and have to go elsewhere
- Our mall was more like Oshawa Mall
- Less congestion along Whites, Liverpool and Brock Roads
- Pickering had a more of a downtown area and there were specialty shops, cafes, gift shops, etc.
- The city was more pedestrian friendly.
- I wouldn't. Online shopping is more convenient
- In West Shore we live in a food desert with no option for grocery within 1km of our home. It is faster to take the 401 to No Frills at Port Union than to turn left at Liverpool to get to Loblaws or Farm Boy.
- Stopped tearing down every store in every strip plaza, realize that the amount of building they have approved is impacting drive times.
- There was a grocery store south of the 401
- Pickering actually had more businesses and stores. It feels like the city gives absolutely no opportunity for commercial real estate for new plazas and stores to open up in.
- Better options closer to home (malls, Costco, convenience store, groceries etc.) Everything is at least 15-20 min away from Seaton
- Walking and biking was safer
- There were more options. Oshawa centre or Scarborough Town Centre has more stores
- There were more affordable options

- The PTC had more variety of stores, the construction of Brock Road was finished, and there were less speeders and inconsiderate drivers on Brock Road.

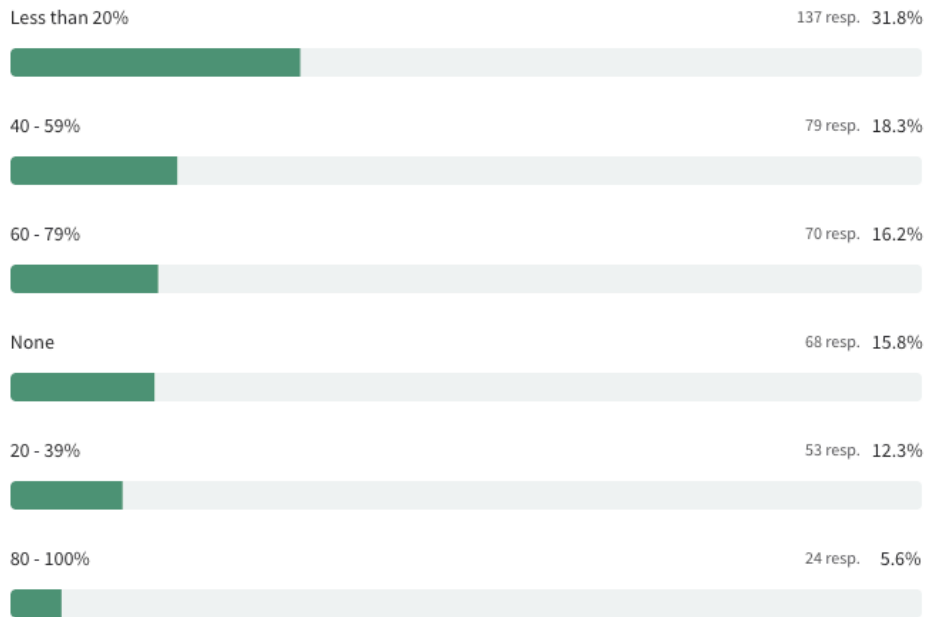
Approximately what percentage of your monthly **Food Store** (e.g., supermarkets, convenience stores, beer stores etc.) purchases are made **online and delivered to your home**?

441 out of 441 answered



Approximately what percentage of your monthly **Non-Food Store** (e.g., bookstores, home furnishing & furniture stores, hardware stores, toy stores etc.) purchases are made **online and delivered to your home?**

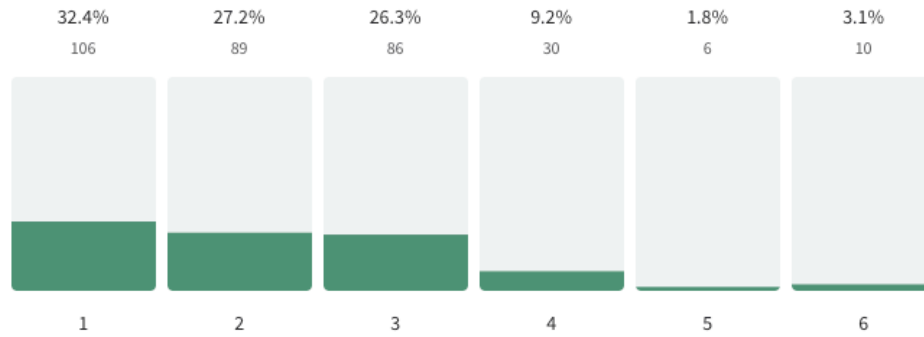
431 out of 441 answered



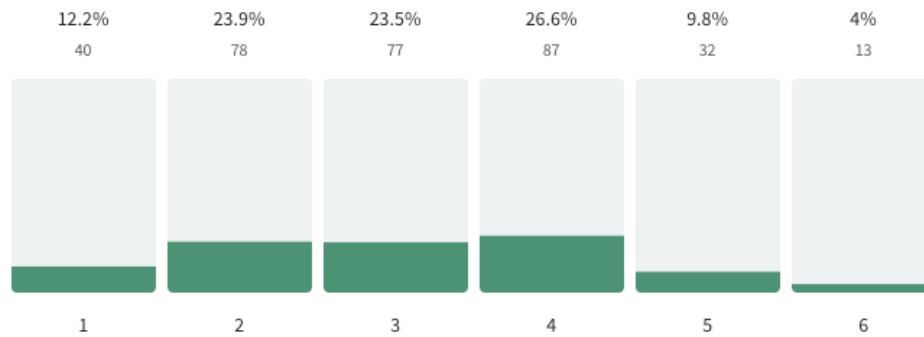
Why do you shop **online**?

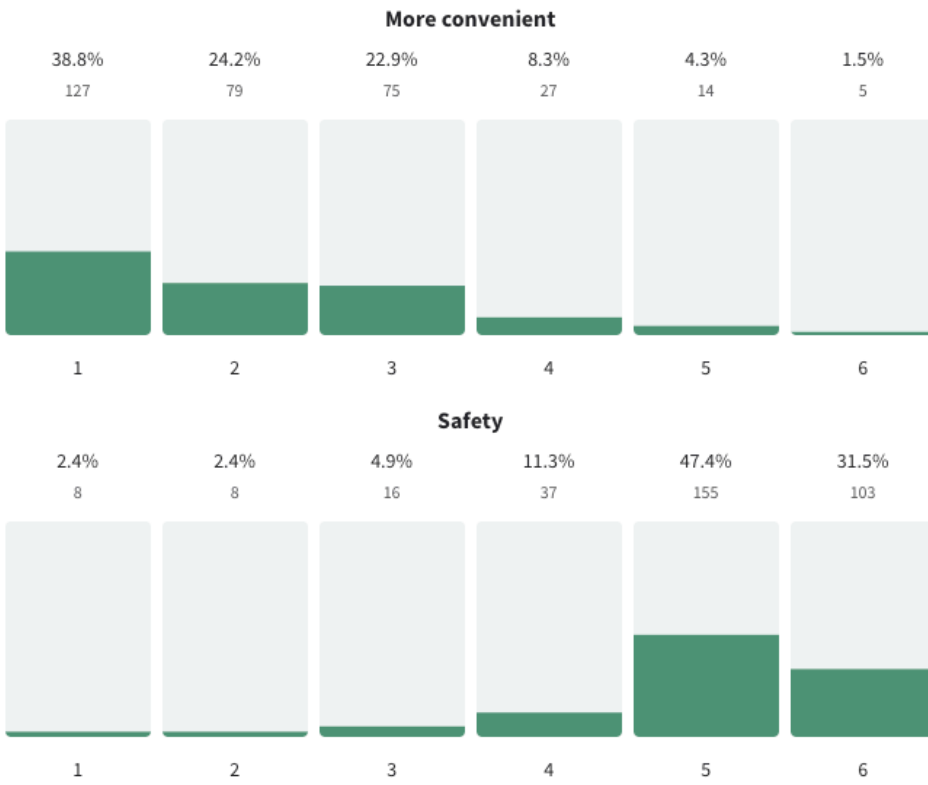
327 out of 441 answered

Better selection / more options

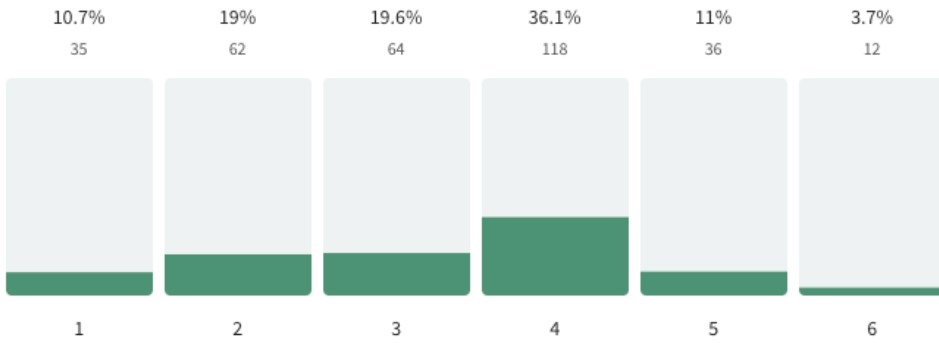


Better prices

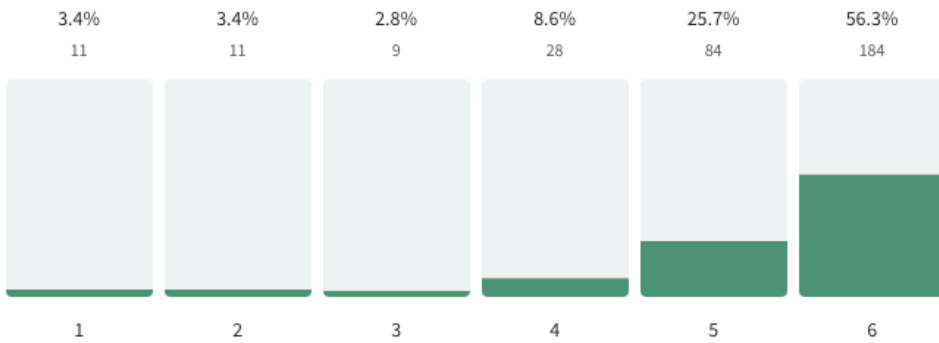


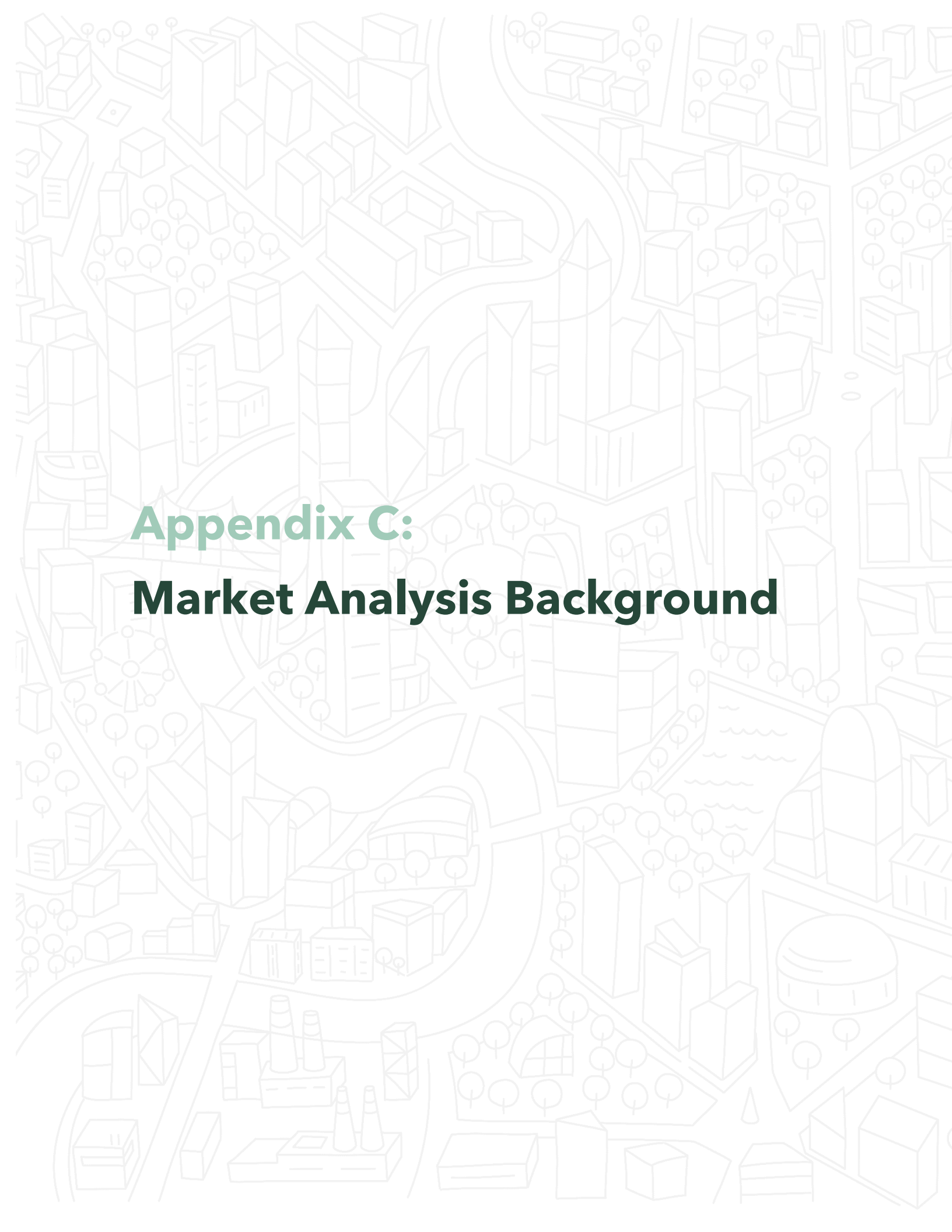


Shop at my own pace / no sales pressure



Other





Appendix C:
Market Analysis Background

Figure C.1
Food Store Retail Expenditure Analysis

Supermarket & Grocery	2023	2031	2051
Pickering Trade Area			
Supermarket & Grocery Expenditures (\$m)	\$ 240.4	\$ 356.8	\$ 541.8
Estimated Trade Area Share (%)	80.0%	80.0%	80.0%
Estimated Trade Area Share (\$m)	\$ 192.4	\$ 285.4	\$ 433.4
Residual Potential (\$m)		\$ 93.1	\$ 241.1
Existing Supermarket & Grocery Store Space	442,500		
Existing Inflow	20.0%		
Existing Supermarket & Grocery Sales Performance		\$543	
Pickering Trade Area Warranted Additional Supermarket & Grocery Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 93.1	\$ 241.1
Inflow (%)		20%	20%
Inflow (\$m)		\$ 23.3	\$ 60.3
		\$ 116.4	\$ 301.4
Space Warranted			
@\$800 per square foot		145,000 sf	377,000 sf
@\$900 per square foot		129,000 sf	335,000 sf
@\$1000 per square foot		116,000 sf	301,000 sf
Convenience & Specialty Food			
	2023	2031	2051
Pickering Trade Area			
Convenience & Specialty Food Expenditures (\$m)	\$ 44.2	\$ 65.6	\$ 99.6
Estimated Trade Area Share (%)	65.0%	65.0%	65.0%
Estimated Trade Area Share (\$m)	\$ 28.7	\$ 42.6	\$ 64.7
Residual Potential (\$m)		\$ 13.9	\$ 36.0
Existing Convenience & Specialty Food Store Space	84,900		
Existing Inflow	40%		
Existing Convenience & Specialty Food Sales Performance		\$564	
Pickering Trade Area Warranted Additional Convenience & Specialty Food Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 13.9	\$ 36.0
Inflow (%)		40%	40%
Inflow (\$m)		\$ 9.3	\$ 24.0
		\$ 23.2	\$ 60.0
Space Warranted			
@\$900 per square foot		26,000 sf	67,000 sf
@\$1000 per square foot		23,000 sf	60,000 sf
@\$1100 per square foot		21,000 sf	55,000 sf

Beer, Wine & Liquor	2023	2031	2051
Pickering Trade Area			
Beer, Wine & Liquor Expenditures (\$m)	\$ 67.1	\$ 99.5	\$ 151.1
Estimated Trade Area Share (%)	80.0%	80.0%	80.0%
Estimated Trade Area Share (\$m)	\$ 53.6	\$ 79.6	\$ 120.9
Residual Potential (\$m)		\$ 26.0	\$ 67.2
Existing Beer, Wine & Liquor Store Space	41,800		
Existing Inflow	10.0%		
Existing Beer, Wine & Liquor Sales Performance			
	\$1,426		
Pickering Trade Area Warranted Additional Beer, Wine & Liquor Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 26.0	\$ 67.2
Inflow (%)		10%	10%
Inflow (\$m)		\$ 2.9	\$ 7.5
		\$ 28.8	\$ 74.7
Space Warranted			
@\$1000 per square foot		29,000 sf	75,000 sf
@\$1100 per square foot		26,000 sf	68,000 sf
@\$1200 per square foot		24,000 sf	62,000 sf

Figure C.2

Non-Food Retail Expenditure Analysis

General Merchandise Stores	2023	2031	2051
Pickering Trade Area			
General Merchandise Stores Expenditures (\$m)	\$ 260.8	\$ 387.0	\$ 587.7
Estimated Trade Area Share (%)	65.0%	65.0%	65.0%
Estimated Trade Area Share (\$m)	\$ 169.5	\$ 251.6	\$ 382.0
Residual Potential (\$m)		\$ 82.0	\$ 212.5
Existing General Merchandise Stores Store Space	317,500		
Existing Inflow	25.0%		
Existing General Merchandise Stores Sales Performance		\$712	
Pickering Trade Area Warranted Additional General Merchandise Stores Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 82.0	\$ 212.5
Inflow (%)		25%	25%
Inflow (\$m)		\$ 27.3	\$ 70.8
		\$ 109.4	\$ 283.3
Space Warranted			
@ \$800 per square foot		137,000 sf	354,000 sf
@ \$900 per square foot		122,000 sf	315,000 sf
@ \$1000 per square foot		109,000 sf	283,000 sf
Health & Personal Care			
Pickering Trade Area			
Health & Personal Care Expenditures (\$m)	\$ 139.9	\$ 207.6	\$ 315.2
Estimated Trade Area Share (%)	80.0%	80.0%	80.0%
Estimated Trade Area Share (\$m)	\$ 111.9	\$ 166.0	\$ 252.1
Residual Potential (\$m)		\$ 54.1	\$ 140.2
Existing Health & Personal Care Store Space	164,400		
Existing Inflow	30.0%		
Existing Health & Personal Care Sales Performance		\$972	
Pickering Trade Area Warranted Additional Health & Personal Care Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 54.1	\$ 140.2
Inflow (%)		30%	30%
Inflow (\$m)		\$ 23.2	\$ 60.1
		\$ 77.4	\$ 200.4
Space Warranted			
@ \$1000 per square foot		77,000 sf	200,000 sf
@ \$1100 per square foot		70,000 sf	182,000 sf
@ \$1200 per square foot		64,000 sf	167,000 sf

Clothing & Accessories	2023	2031	2051
Pickering Trade Area			
Clothing & Accessories Expenditures (\$m)	\$ 95.5	\$ 141.6	\$ 215.1
Estimated Trade Area Share (%)	50.0%	50.0%	50.0%
Estimated Trade Area Share (\$m)	\$ 47.7	\$ 70.8	\$ 107.5
Residual Potential (\$m)		\$ 23.1	\$ 59.8
Existing Other Clothing & Accessories Store Space	254,700		
Existing Inflow	40.0%		
Existing Clothing & Accessories Sales Performance		\$312	
Pickering Trade Area Warranted Additional Clothing & Accessories Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 23.1	\$ 59.8
Inflow (%)		40%	40%
Inflow (\$m)		\$ 15.4	\$ 39.9
		\$ 38.5	\$ 99.7
Space Warranted			
@\$500 per square foot		77,000 sf	199,000 sf
@\$600 per square foot		64,000 sf	166,000 sf
@\$700 per square foot		55,000 sf	142,000 sf
Furnishing, Home Furnishing			
	2023	2031	2051
Pickering Trade Area			
Furnishing, Home Furnishing Expenditures (\$m)	\$ 50.5	\$ 74.9	\$ 113.7
Estimated Trade Area Share (%)	50.0%	50.0%	50.0%
Estimated Trade Area Share (\$m)	\$ 25.2	\$ 37.4	\$ 56.9
Residual Potential (\$m)		\$ 12.2	\$ 31.6
Existing Other Furnishing, Home Furnishing Store Space	179,200		
Existing Inflow	50.0%		
Existing Furnishing, Home Furnishing Sales Performance		\$282	
Pickering Trade Area Warranted Additional Furnishing, Home Furnishing Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 12.2	\$ 31.6
Inflow (%)		50%	50%
Inflow (\$m)		\$ 12.2	\$ 31.6
		\$ 24.4	\$ 63.2
Space Warranted			
@\$400 per square foot		61,000 sf	158,000 sf
@\$500 per square foot		49,000 sf	126,000 sf
@\$600 per square foot		41,000 sf	105,000 sf

Electronics & Appliances	2023	2031	2051
Pickering Trade Area			
Electronics & Appliances Expenditures (\$m)	\$ 59.1	\$ 87.6	\$ 133.1
Estimated Trade Area Share (%)	50.0%	50.0%	50.0%
Estimated Trade Area Share (\$m)	\$ 29.5	\$ 43.8	\$ 66.5
Residual Potential (\$m)		\$ 14.3	\$ 37.0
Existing Other Electronics & Appliances Store Space	51,300		
Existing Inflow	40.0%		
Existing Electronics & Appliances Sales Performance		\$959	
Pickering Trade Area Warranted Additional Electronics & Appliances Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 14.3	\$ 37.0
Inflow (%)		40%	40%
Inflow (\$m)		\$ 9.5	\$ 24.7
		\$ 23.8	\$ 61.7
Space Warranted			
@\$1000 per square foot		24,000 sf	62,000 sf
@\$1100 per square foot		22,000 sf	56,000 sf
@\$1200 per square foot		20,000 sf	51,000 sf
Miscellaneous Retailers			
	2023	2031	2051
Pickering Trade Area			
Miscellaneous Retailers Expenditures (\$m)	\$ 111.7	\$ 165.7	\$ 251.6
Estimated Trade Area Share (%)	60.0%	60.0%	60.0%
Estimated Trade Area Share (\$m)	\$ 67.0	\$ 99.4	\$ 151.0
Residual Potential (\$m)		\$ 32.4	\$ 84.0
Existing Other Miscellaneous Retailers Store Space	514,900		
Existing Inflow	30.0%		
Existing Miscellaneous Retailers Sales Performance		\$186	
Pickering Trade Area Warranted Additional Miscellaneous Retailers Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 32.4	\$ 84.0
Inflow (%)		30%	30%
Inflow (\$m)		\$ 13.9	\$ 36.0
		\$ 46.3	\$ 120.0
Space Warranted			
@\$500 per square foot		93,000 sf	240,000 sf
@\$600 per square foot		77,000 sf	200,000 sf
@\$700 per square foot		66,000 sf	171,000 sf

Tires/Batteries/Automotive Accessories	2023	2031	2051
Pickering Trade Area			
Tires/Batteries/Automotive Accessories Expenditures (\$m)	\$ 30.7	\$ 45.6	\$ 69.2
Estimated Trade Area Share (%)	50.0%	50.0%	50.0%
Estimated Trade Area Share (\$m)	\$ 15.4	\$ 22.8	\$ 34.6
Residual Potential (\$m)		\$ 7.4	\$ 19.3
Existing Other Tires/Batteries/Automotive Accessories Store Space	122,900		
Existing Inflow	20.0%		
Existing Tires/Batteries/Automotive Accessories Sales Performance		\$156	
Pickering Trade Area Warranted Additional Tires/Batteries/Automotive Accessories Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 7.4	\$ 19.3
Inflow (%)		20%	20%
Inflow (\$m)		\$ 1.9	\$ 4.8
		\$ 9.3	\$ 24.1
Space Warranted			
@\$400 per square foot		23,000 sf	60,000 sf
@\$500 per square foot		19,000 sf	48,000 sf
@\$600 per square foot		15,000 sf	40,000 sf
Building & Outdoor Home Supplies			
Pickering Trade Area			
Building & Outdoor Home Supplies Expenditures (\$m)	\$ 107.5	\$ 159.5	\$ 242.1
Estimated Trade Area Share (%)	60.0%	60.0%	60.0%
Estimated Trade Area Share (\$m)	\$ 64.5	\$ 95.7	\$ 145.3
Residual Potential (\$m)		\$ 31.2	\$ 80.8
Existing Other Building & Outdoor Home Supplies Store Space	378,600		
Existing Inflow	20.0%		
Existing Building & Outdoor Home Supplies Sales Performance		\$213	
Pickering Trade Area Warranted Additional Building & Outdoor Home Supplies Space			
Additional Residual Potential from Pickering Trade Area Residents		\$ 31.2	\$ 80.8
Inflow (%)		20%	20%
Inflow (\$m)		\$ 7.8	\$ 20.2
		\$ 39.0	\$ 101.0
Space Warranted			
@\$500 per square foot		78,000 sf	202,000 sf
@\$600 per square foot		65,000 sf	168,000 sf
@\$700 per square foot		56,000 sf	144,000 sf

Source: Parcel.

Figure C.3
Per Capita Service Space Analysis

	Typical Space per Capita		=	Space Req'd by Residents		x	Target Capture	=	Adjusted Space	x	Inflow	=	Warranted Space
		A	=	B			C	=	D		E	=	F
2031 Trade Area Population Increase	45,700	x											
Services													
Finance, Insurance + Real Estate		1.0 sf		45,700 sf		80%			36,560 sf		20%		45,700 sf
Business Services ¹		1.0 sf		45,700 sf		80%			36,560 sf		20%		45,700 sf
Health Care		1.5 sf		68,550 sf		80%			54,840 sf		20%		68,550 sf
Food + Drinking Places		4.5 sf		205,650 sf		60%			123,390 sf		20%		154,238 sf
Personal Care		1.5 sf		68,550 sf		80%			54,840 sf		20%		68,550 sf
Cultural, Entertainment + Recreation		1.0 sf		45,700 sf		70%			31,990 sf		20%		39,988 sf
Other ²		2.0 sf		91,400 sf		70%			63,980 sf		20%		79,975 sf
TOTAL		12.5 sf		571,250 sf					402,160 sf		20%		502,700 sf

¹ Professional + Scientific Services; Selected Office Administrative Services; Selected Educational Services.

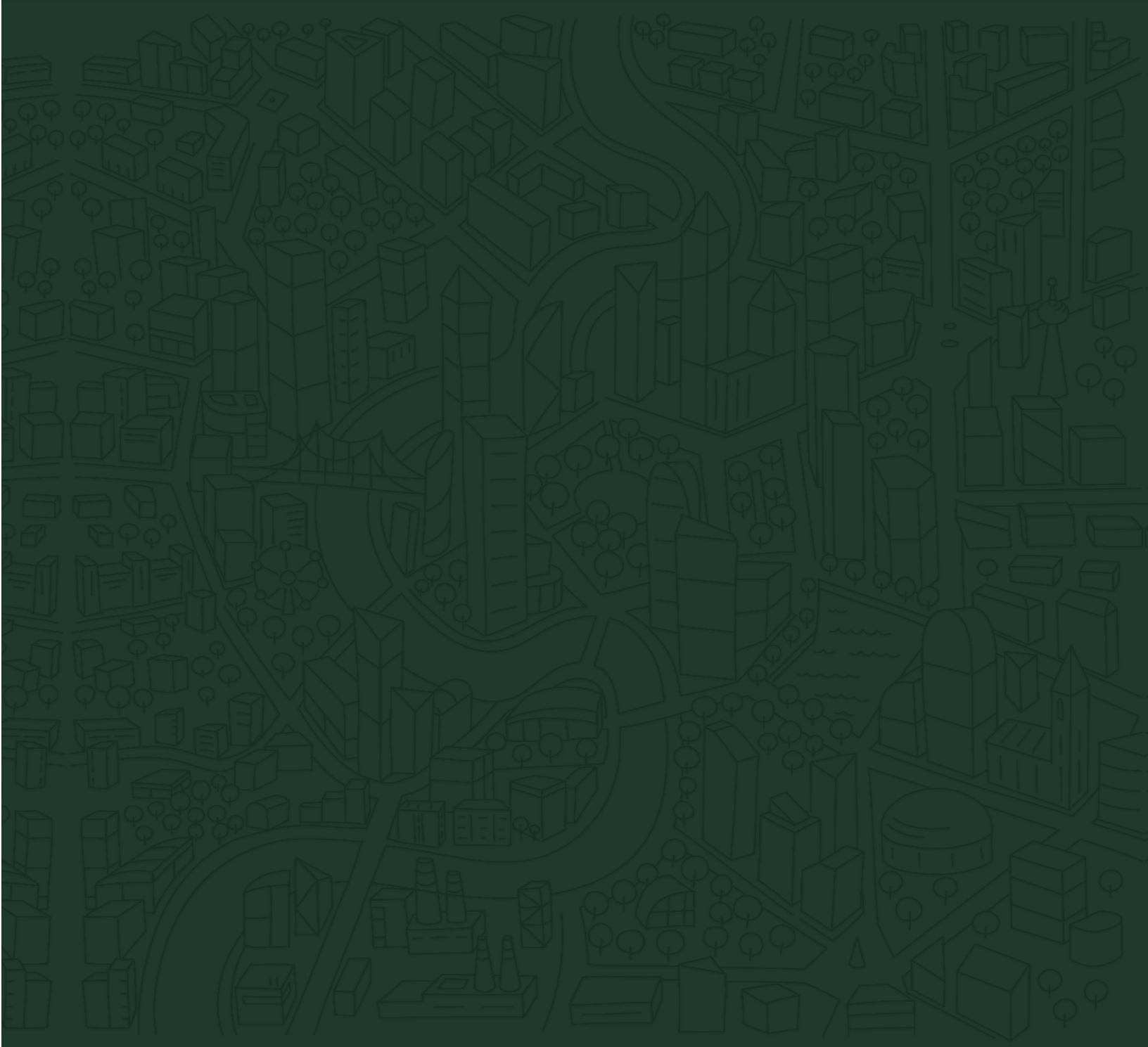
² Selected Civic + Social Organizations

	Typical Space per Capita		=	Space Req'd by Residents		x	Target Capture	=	Adjusted Space	x	Inflow	=	Warranted Space
		A	=	B			C	=	D		E	=	F
2051 Trade Area Population Increase	106,100	x											
Services													
Finance, Insurance + Real Estate		1.0 sf		106,100 sf		80%			84,880 sf		20%		106,100 sf
Business Services ¹		1.0 sf		106,100 sf		80%			84,880 sf		20%		106,100 sf
Health Care		1.5 sf		159,150 sf		80%			127,320 sf		20%		159,150 sf
Food + Drinking Places		4.5 sf		477,450 sf		60%			286,470 sf		20%		358,088 sf
Personal Care		1.5 sf		159,150 sf		80%			127,320 sf		20%		159,150 sf
Cultural, Entertainment + Recreation		1.0 sf		106,100 sf		70%			74,270 sf		20%		92,838 sf
Other ²		2.0 sf		212,200 sf		70%			148,540 sf		20%		185,675 sf
TOTAL		12.5 sf		1,326,250 sf					933,680 sf		20%		1,167,100 sf

¹ Professional + Scientific Services; Selected Office Administrative Services; Selected Educational Services.

² Selected Civic + Social Organizations

Source: Parcel.



Parcel

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