

# Retail / Office Commercial Redevelopment Assessment

1099 - 1105 Kingston Road  
City of Pickering

December 20, 2024

Prepared for: Tribute (Brookdale) Limited

Prepared by: Tate Research



Tribute (Brookdale) Limited  
c/o Tribute Communities  
1815 Ironstone Manor, Unit 1  
Pickering, Ontario L1W 3W9  
Attention: Mark logna

December 20, 2024

Re: Retail / Office Commercial Redevelopment Assessment  
1099 - 1105 Kingston Road  
City of Pickering

Dear Mr. logna:

Tate Research is pleased to provide this Retail / Office Commercial Redevelopment Assessment for your planned community in the City of Pickering. We look forward to discussing the results with you.

Yours truly,

TATE RESEARCH



Sameer Patel  
Vice President



James Tate  
President

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# Executive Summary

Tribute (Brookdale) Limited (“Tribute”) controls lands located west of Liverpool Road and south of Kingston Road in City of Pickering (“City” or “Pickering”). The Tribute lands comprise approximately 19 acres and are addressed as 1099 – 1105 Kingston Road (“Site” or “Subject Site”). The Site is occupied by Brookdale Centre. The Subject Site and the surrounding area are planned to experience intensification through redevelopment.

With respect to the Subject Site, the City has requested that Tribute provide justification for the development concept in terms of the non-residential uses that are proposed. Tate Research (“TR”) has been retained by Tribute to undertake research and analysis that provides an assessment of the appropriateness of the proposed retail and office commercial space at the redeveloped Brookdale Centre.

This section of the report provides a summary of the research, findings and conclusions of the TR analysis.

## Redevelopment Concept

Brookdale Centre is a 225,900 square foot<sup>1</sup>, retail commercial centre. Brookdale Centre is primarily comprised of large format retailers, including Home Depot, Food Basics and Michaels. Additional retail commercial and office uses are also located on the Site.

Tribute intends to redevelop the lands for a master planned, mixed-use community, primarily focussed on high density residential development. The proposed redevelopment is to include 14 towers and will be built in phases. It is to include over 5,000 residential units and approximately 71,000 square feet of non-residential space<sup>2</sup> at full build out.

It is noted that there is limited Kingston Road frontage for the Subject Site. This limited frontage diminishes the opportunity for retail commercial uses on the Site.

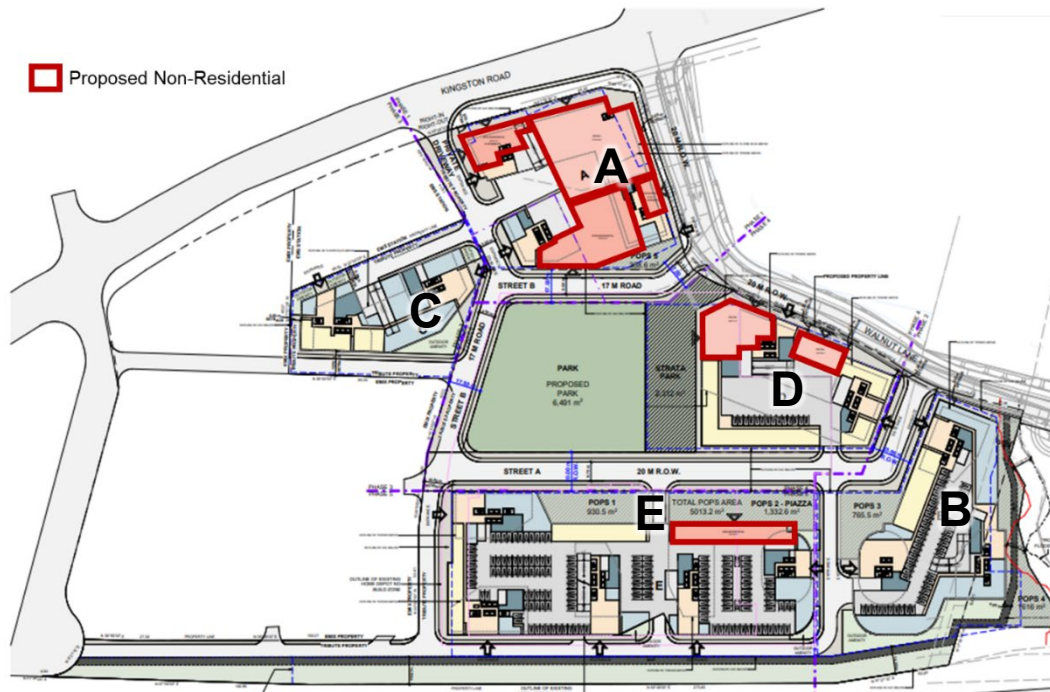
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<sup>1</sup> All sizes indicated in this report relate to gross leasable area (GLA), unless otherwise noted.

<sup>2</sup> The concept plans included on in this report refer to “Retail” and “Non-Residential”. TR has combined this space and referred to it as “non-residential”. It is noted that the non-residential space excludes amenity space.

The recommended floorspace in this report relates to non-residential uses, rather than retail commercial exclusively. The non-residential category allows for greater flexibility as the community develops and matures over time. It can include a range of retail, service, office, employment, and institutional uses, as dictated by market conditions and required by residents. Allowing for flexibility in terms of uses is critical to the success of phased developments, particularly those that will be developed over a longer time period, such as the one examined in this report. The redevelopment plan is shown below.

### Proposed Non-Residential on Subject Site



Source: Tate Research; Concept plan provided by Turner Fleischer dated December 13, 2024.  
Annotated by TR.

### Existing Retail Commercial Function

There is currently 225,900 square feet of non-residential space on the Site. This space is concentrated into larger floorplates. There are three units above 15,000 square feet. These units are:

- Michaels                      16,900 square feet;
- Food Basics                25,700 square feet; and,
- Home Depot                117,100 square feet.

These three freestanding units are typically referred to as 'big-box' retailers. These store banners all represent sole locations in the City. These stores,

particularly the Home Depot and Michaels, have regional customer draws and serve customers from a wide area.

### **Proposed Retail Commercial Function**

The proposed redevelopment will take a much different form than the existing Brookdale Centre. Its buildout is anticipated over many years and will take place in phases. The role of the non-residential component on the Site will change as the redevelopment occurs since the new non-residential space in the proposed redevelopment will be focussed on local serving, convenience oriented retail commercial space, whereas the existing space is more regional serving.

There are considerable challenges for the initial mixed-use developments in any market. While these developments provide much needed housing, the commercial components face competition from legacy shopping centres in the surrounding area. Furthermore, it is noted that shopping centres in the surrounding area are attractive to potential tenants, offering easy direct access, surface parking, highly visible signage, and operational benefits such as convenient loading and garbage facilities. These factors are typically critical to the success of retail and service tenants in certain environments, such as Pickering.

There is approximately 1 million square feet of retail commercial space within a 15-minute walk of the Site. From a market demand perspective, there is a significant amount of retail commercial competition in the surrounding area that limits the opportunity for retail and service commercial space on the Site.

From the consumer perspective, residents will be adequately served by retail commercial space at the Site and in the surrounding area. It is particularly important that access to food and drug retail be conveniently provided to future residents. The non-residential plan proposed by Tribute provides opportunities for convenience oriented retail commercial uses, including food and drug stores. These stores could be relocations of the existing food and drug stores on-site.

## Office Market Summary

The Major Office<sup>3</sup> market is limited in Pickering. There are four competitive (multi tenant) Major Office buildings in Pickering. Pickering is not considered a Major Office node. Major Office space in Pickering represents less than 0.3% of the GTA market.

There is a wide range of local serving office units in Pickering. TR identified 19 vacant office units in Pickering. These vacancies represent approximately two times the amount of existing office space at the Site.

The office market in general is undergoing structural changes, primarily reflecting post Covid-19 work-from-home changes. These changes are considered ongoing and have severely impacted demand for new Major Office space. Given general market conditions, there is very limited opportunity for Major Office space in Pickering.

Concept plans for the redevelopment of Brookdale Centre provide opportunity for local serving office space, which includes medical / dental uses. TR has conducted a review of the opportunities for tenant relocations of the office uses that currently operate on the Site<sup>4</sup>. It has been concluded that all existing office tenants may be accommodated on the redeveloped Site as the project develops over time.

## Conclusion

TR has undertaken a retail and office commercial assessment of the proposed redevelopment. TR has concluded that the proposed development concept will result in a shift in focus away from an open concept, regional serving, big-box retail centre to a locally oriented mixed-use centre.

It is anticipated that retail commercial space will form the majority of the 71,000 square feet of non-residential space that is proposed at the Site. There will be opportunities for food stores, drug stores as well as a variety of service commercial uses, including restaurants, fast food, coffee shops, financial, medical / dental as well as other local serving uses. A tenant relocation plan has

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<sup>3</sup> Official Plan Amendment 38 defines Major Office as “freestanding office buildings of approximately 4,000 square metres of floor space or greater, or with approximately 200 jobs or more.”

<sup>4</sup> Tate Research has prepared a report titled “Tenant Relocation Plan” dated December 20, 2024.



been outlined that may allow the opportunity for many existing tenants (both retail and office) to continue to operate as the Site redevelops in phases.

With respect to an office component of the redevelopment, the office market is undergoing structural change which has impacted demand for existing and future office space. Furthermore, Pickering is not considered a Major Office node in the GTA context. It is also noted that Major Office space, if it were to be located in Pickering, should be located in closer proximity to a major transit station, such as Pickering GO.

However, it is noted that there is opportunity for local serving office space in the proposed non-residential component planned in the Tribute redevelopment. It is anticipated that office uses at the Site will focus on medical / dental and other local serving offerings. There is an opportunity to relocate all of the existing office tenants on the Site within the redevelopment.

**The amount of non-residential space proposed represents a reasonable and well-balanced quantum of space for this development in its evolving urban context. The realization of this non-residential space would help achieve a healthy concentration of businesses needed to support growth and meet the day-to-day needs of residents living at the Site and in this area of the City. TR is supportive of the non-residential concept, as proposed.**

# 1 Introduction

Tribute (Brookdale) Limited (“Tribute”) controls lands located west of Liverpool Road and south of Kingston Road in City of Pickering (“City” or “Pickering”). The Tribute lands comprise approximately 19 acres and are addressed as 1099 – 1105 Kingston Road (“Site” or “Subject Site”). The Site is occupied by Brookdale Centre. These Subject Site and the surrounding area are planned to experience intensification through the redevelopment.

With respect to the Subject Site, the City has requested that Tribute provide justification for the development concept in terms of the non-residential uses that are proposed. Tate Research (“TR”) has been retained by Tribute to undertake research and analysis that provides an assessment of the appropriateness of the proposed commercial space, both retail and office, at the redeveloped Brookdale Centre.

## 1.1 Project Background

Brookdale Centre is a 225,900 square foot<sup>5</sup>, retail commercial centre. Brookdale Centre is primarily comprised of large format retailers, including Home Depot, Food Basics and Michaels. Additional retail commercial and office uses are also located on the Site.

Tribute intends to redevelop the lands for a master planned, mixed-use community, primarily focussed on high density residential development. The proposed redevelopment is to include 14 towers and will be built in phases. It is to include over 5,000 residential units and approximately 71,000 square feet of non-residential space<sup>6</sup> at full build out.

The recommended floorspace in this report relates to non-residential uses, rather than retail commercial exclusively. The non-residential category allows for greater flexibility as the community develops and matures over time. It can include a range of retail, service, office, employment, and institutional uses, as dictated by market conditions and required by residents. Allowing for flexibility in terms of uses is critical to the success of phased developments, particularly

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<sup>5</sup> All sizes indicated in this report relate to gross leasable area (GLA), unless otherwise noted.

<sup>6</sup> The concept plans included on in this report refer to “Retail” and “Non-Residential”. TR has combined this space and referred to it as “non-residential”.

those that will be developed over a longer time period, such as the one examined in this report.

## 1.2 Study Approach

TR has been requested to comment on the appropriateness of the extent of non-residential space proposed in the development concept on the Site. The following scope of work was undertaken by TR in preparation of this report:

- Review of existing and proposed site conditions, with a focus on the non-residential component;
- Review of the development concept;
- Review of potential phasing of redevelopment;
- Review and commentary on retail trends;
- Inventory of surrounding retail commercial space;
- Review of office market trends;
- Inventory and review of local office market conditions; and
- Retail / Office Commercial Assessment.

## 1.3 Basic Assumptions

The report and its recommendations should be reviewed in light of the basic assumptions, which are outlined below:

- Development projects, especially large-scale developments such as the one examined in this report, typically occur over a long period of time. In some cases, concept to build-out can take 10 to 15 years or even longer. The retail environment is constantly evolving, and market conditions may change as the development progresses. Therefore, the background and recommendations of this report should be interpreted in the context of the prevailing trends at the time it was written. TR reserves the right to adjust the recommendations in the future should market conditions deem it necessary; and,

- The recommendations and conclusions of this report are premised on the development concept provided by Tribute. The design of the proposed development, including access, roads, parking, and sidewalks influences the opportunity for non-residential space on the Site.

This report and its recommendations should be reviewed considering these basic assumptions.

## 2 Existing Non-Residential on Site

This section of the report provides an assessment of the current inventory of non-residential space on the Site. It also outlines the proposed development concept, and its non-residential component, that is proposed by Tribute.

### 2.1 Existing Retail Commercial Space

The existing Brookdale Centre is a retail commercial centre, with second floor office space. Figure 2-1, below, and the following points, provide a summary of the tenants at Brookdale Centre:

Figure 2-1: Summary of Non-Residential Space in Brookdale Centre



Source: Tate Research; Basemap: ESRI ArcGIS.

Based on May 2024 rent rolls and site inspections completed by TR in July 2024. Rounded to the nearest 100 square feet.

- Overall, there is approximately 225,900 square feet of non-residential space in Brookdale Centre;
- The non-residential space is located in five buildings (these are referred to as Buildings A, B, D, E, and F in Figure 2-1);

- Buildings A, B and F are single level, single tenant buildings. Buildings D and E are multi-tenanted, two level buildings;
- The largest building at Brookdale Centre is Building A. It is approximately 117,100 square feet, with Home Depot being the sole tenant;
- Building B is tenanted by a 25,700 square foot Food Basics supermarket;
- Building D includes Shoppers Drug Mart on the first floor and a part of the second floor, as well as second floor office space. The building totals approximately 28,200 square feet;
- Building E includes a range of retail commercial uses on the first floor and offices on the second floor. The majority of ground floor uses are full and quick service restaurants. The majority of office tenants on the second floor are medical related. The total area of Building E is approximately 38,000 square feet; and,
- Building F is tenanted by a 16,900 square foot Michaels, an arts and crafts store.

## 2.2 Second Floor Office Space

As indicated above, Brookdale Centre has an office component on the second floor of two of its buildings (D and E). The existing second floor office space is summarized below and indicated in Figure 2-2, on the following page.

- The total amount of second floor space combined between Building D and E is approximately 29,600 square feet;
- There are 10 units combined between Building D and E, eight of which are occupied and two are vacant;
- Building D has approximately 10,200 square feet of space on its second floor, in six units;
  - 7,000 square feet of that total second floor space is occupied, and 3,200 square feet, split between two units, is vacant;
- Building E has approximately 19,400 square feet of space on its second floor, in four units;
  - All of the four second floor units in Building E are occupied;

- The majority (63%) of the second floor space in Building E is occupied by CorCare, which is a 12,200 square foot medical office;
- The total amount of medical office space in Building D is 6,200 square feet. The total amount of medical space in Building E is 12,200 square feet.
- Of the eight occupied second floor units in Building D and E, four of the units (50%) are considered medical offices. The total amount of medical office space in both buildings, and therefore in Brookdale Centre, is 18,400 square feet.

Figure 2-2: Summary of Second Floor Space in Brookdale Centre

Building	Name	Type of Office	Size Rounded (Sq Ft)
D	Dr. Phillip Willenburg	Medical	1,200
D	MyHealthcare Centre	Medical	4,000
D	Pickering Foot Clinic	Medical	1,000
D	Cipparrone Wealth Management Group	Financial	800
D	Vacant	Vacant	800
D	Vacant	Vacant	2,400
<i>Building D Subtotal</i>			<i>10,200</i>
E	Linen & Love Studios	Photography Studio	1,200
E	Corcare	Medical	12,200
E	Co-Operators Insurance	Insurance	3,300
E	Tribute Communities	Other	2,700
<i>Building E Subtotal</i>			<i>19,400</i>
<b>Total</b>			<b>29,600</b>

Source: Tate Research

Based on May 2024 rent rolls and site inspections completed by TR in July 2024. Rounded to the nearest 100 square feet.

\*Building D does not include the second-floor space occupied by Shoppers Drug Mart (approximately 3,700 square feet).

## 2.3 Existing Non-Residential on Site Conclusion

Brookdale Centre contains approximately 225,900 square feet of non-residential space. Over 50% of this space is in the form of 'big-box' retailers, including the Home Depot store of 117,100 square feet, Food Basics of 25,700 and the Michael's store of 16,900 square feet. Total other non-residential space, excluding these big-box retailers, is 66,200 square feet. Of that non-residential space, 18,400 square feet is second floor medical office space.

# 3 Redevelopment Plan and Phasing

This section of the report addresses the planned phasing buildout of the Brookdale Centre redevelopment. The proposed redevelopment is to include approximately 71,000 square feet of non-residential space. This space is planned in the form of locally oriented retail and other commercial uses.

The existing Brookdale Centre includes buildings referred to as Buildings A, B, D, E and F, as outlined in Figure 2-1. The proposed redevelopment is planned in Blocks A, B, C, D and E, as outlined in Figure 3-1. There is no correlation between the existing building lettering and the phasing lettering. It is also noted that greater detail of the proposed phasing is included in the TR Report “Tenant Relocation Plan”, dated December 20, 2024.

## 3.1 Phasing Plan

The redevelopment of Brookdale Centre is planned in phases. Block A, currently including commercial Buildings D and E at the existing Brookdale Centre, is the first area being developed.

The current tenants of Building D include Shoppers Drug Mart as well as second floor offices. Building D totals approximately 28,200 square feet. The current tenants of Building E include full and quick service restaurants such as Sunset Grill, Pita Pit, and South St. Burger as well as second floor offices. Building E totals approximately 38,000 square feet.

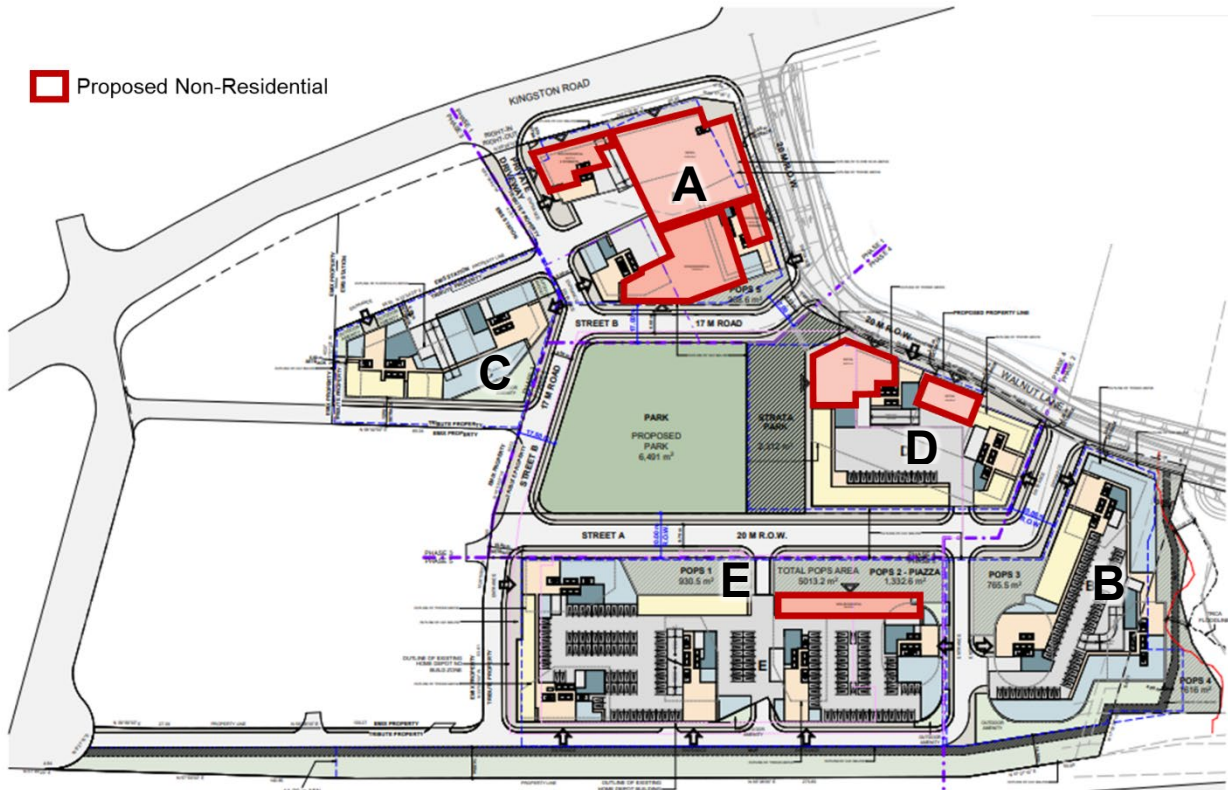
Similarly to the entire redevelopment of Brookdale Centre, Block A will also be constructed in phases. The first phase is anticipated to include the demolition of Building E. During this time, Building D will continue to operate. When Building E is completed, it is anticipated that Shoppers Drug Mart, or potentially another drug store, may open in the new Building E, eliminating or minimizing any downtime. It is noted that after Block A is developed, any relocated office tenants may have the opportunity to relocate back to the Site in new mixed-use format buildings.



### 3.2 Proposed Non-Residential Component on Site

There is approximately 71,000 square feet of non-residential space proposed in the redevelopment. The non-residential component will be located in Blocks A, D and E. Non-residential in Block A will front onto both Kingston Road and Walnut Lane. Non-residential in Block D will have frontage on Walnut Lane, directly southeast of Block A, as indicated in Figure 3-1, on the following page. The non-residential component of Block E will front onto Street A.

Figure 3-1: Proposed Non-Residential Space on Subject Site



Source: Tate Research; Concept plan provided by Turner Fleischer dated December 13, 2024. Annotated by TR.

The Shoppers Drug Mart may have the opportunity to relocate to the new mixed-use format building in Block A. In addition, the Food Basics at the southern end of Brookdale Centre may also have the opportunity to relocate to Block A. Similar to the Shoppers Drug Mart, the Food Basics could remain open in its current location during the development of Block A.

It is noted that there is limited Kingston Road frontage for the Subject Site. This limited frontage diminishes the opportunity for retail commercial uses on the Site.

# 4 Retail Industry Trends

This section of the report examines trends shaping the retail industry and mixed-use development. These trends are factored into our assessment of the non-residential space planned at the Subject Site.

## 4.1 Increased Options for Consumers

One of the overriding shifts in the retail industry has been the change in the channels for delivering merchandise to consumers. In the past, retailers were the sole source of many types of merchandise. Goods needed to be purchased, in person and in store, during the hours set by the retailer. The consumer was required to travel to the store to undertake this transaction as the physical store was the only distribution channel available to shoppers.

Consumers now can choose their preferred method of purchasing for most types of merchandise. The hours they choose to shop are no longer limited to the opening hours of a physical store.

Customers can also choose from a variety of options to receive their merchandise. These include same day delivery, in-store pickup, ship from store and scheduled delivery. Technological advancement has changed the retail industry and has impacted the retail environment. Shoppers can now choose to shop in a variety of ways, including on their smartphones, computers, via telephone. In some ways, the physical store has become less important as other purchasing paths have evolved.

## 4.2 Macro Retail Trends

Two of the major influences on retail demand have been:

- a) E-commerce; and,
- b) Diverging Retail Market.

In a general sense, consumers are still spending approximately the same amount, however, the way they make those expenditures has changed from “brick & mortar” stores (traditional retail) to online. E-commerce has meant that many non discretionary transactional and some discretionary items can now be

ordered on-line. The result is the replacement of physical store space and the rationalizing of store networks.

From a retail planning perspective, the primary implication is that the amount of physical space required to accommodate future retail demand has decreased, on a per capita basis.

E-commerce and the diverging retail market are linked. The diverging retail market can generally be described as follows: There are a growing number of households placing a greater emphasis on value retailing. The price of the product or service is often noted as the most important determinant of where people shopped. This emphasis on value has given rise to a wide spectrum of off price and discount retailers as well as service providers. At the lower end, retailers such as Walmart and Dollarama are thriving, as well as value service providers such as Anytime Fitness.

Conversely, in more urbanized and specialized markets, the high-end market is also thriving. This pattern is particularly evident in certain categories such as specialty food, restaurants, clothing and recreational items and activities.

The net impact of the e-commerce and the diverging retail market is that while demand is still present, a decreasing portion of demand is being fulfilled through brick & mortar stores. In many cases, national chain tenants are rethinking their store network and assessing how to serve a larger area through fewer stores.

### 4.3 Changing Store Sizes

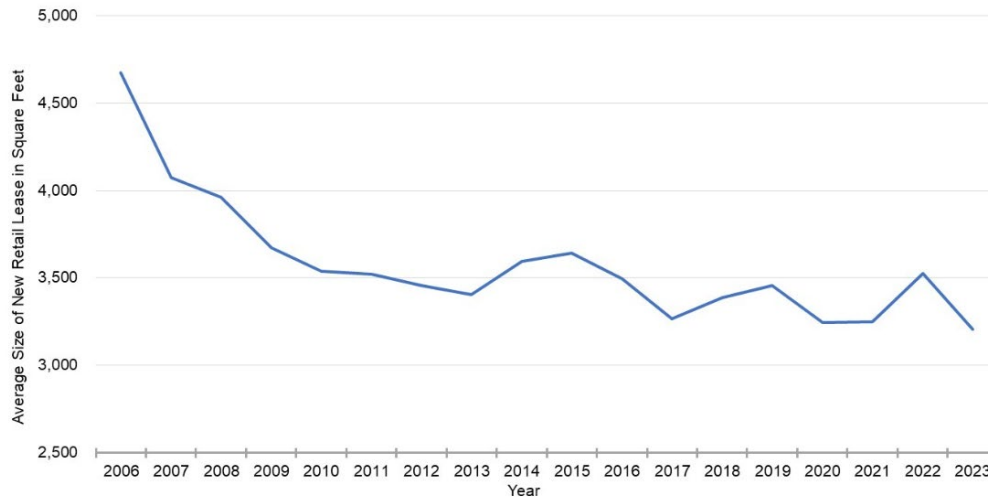
Overall, there has been a shift towards smaller store sizes, as indicated in Figure 4-1, on the following page. This trend is evident in many types of retailers, including supermarkets. There are now urban examples of discount supermarkets such as No Frills that occupy 10,000 square feet, whereas previous versions were 25,000 to 35,000 square feet.

“For a long time, retailing was the cornerstone or the foundation for placemaking. But just because you put a retail store in a certain spot doesn’t mean that all of a sudden you have a great place. Now, retail continues to struggle, and the millennial generation is demanding a more qualitative experience rather than a quantitative experience: they want places that aren’t necessarily about buying and selling, but rather about the experience of exchange between people.”

\*\*ULI Placemaking

This trend has been heavily influenced by the growth of e-commerce, which allows businesses to transact a higher proportion of their business online, requiring less physical store space.

Figure 4-1: Average New Retail Lease Size



Source: CoStar Advisory Services.

## 4.4 Location Economics

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

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

## 4.5 Mixed-Use Challenges

The development of successful and vibrant mixed-use buildings is challenging. Issues such as access to ground level parking, loading, noise, odour, security, visibility, signage, and floorplates make it challenging to create successful mixed-use retail.

The challenges of mixed-use development are exacerbated in certain environments. This situation reflects several factors, such as:

- Some consumers have not fully embraced mixed-use retail. They will often drive past stores in mixed-use developments to shop at traditional shopping centres with more convenient, ground level parking;
- Typically, retailers prefer traditional auto-oriented locations in free standing buildings or as part of shopping centres. These locations are typically superior from the perspective of parking, signage, visibility, store layout, and loading; and,
- Mixed-use developments in certain locations, such as Pickering, must compete with traditional auto-oriented shopping centres to attract tenants.



Vacant Ground Floor Retail – Lawrence Avenue, Toronto

Designating streets, or buildings, as mixed-use is viewed as a solution for a number of urban challenges that encompass a wide range of environmental and social issues. However, the ground floor of mixed-use can become a liability as opposed to an asset in some developments. Vacant retail commercial space can become a blight to the building, the street, and the broader community.

## 4.6 Retail Industry Trends Summary

Retail trends have resulted in smaller store sizes and a reduced demand for retail commercial space on a per capita basis. The development of successful mixed-use retail is challenging. The location, market characteristics, and design of the retail space is critical to its success. Even when all these factors are present, in certain environments, consumers and retailers have not yet fully embraced mixed-use retail.

# 5 Retail Service Level Assessment

This section of the report summarizes the competitive market in the vicinity of the Site and examines the retail commercial service levels of the community.

## 5.1 Inventory of Retail Commercial Space

The existing retail commercial environment influences the demand for non-residential space on the Subject Site, as well as the service levels of future residents on the Site. This section of the report examines the quantum, type, and format of retail and service commercial space within an approximate 15 minute walk of the Subject Site. Figure 5-1, which follows, indicates the competitive retail and service commercial environment and is summarized below:

- Overall, there is approximately 1 million square feet of retail and service commercial space within a 15 minute walk of the Site. This space includes a wide range of retail and service tenants that serve the local community and broader area;
- There are three primary retail commercial nodes within a 15 minute walk of the Site: Pickering Town Centre, Pickfair Shopping Centre, and The Hub and Area. These nodes are described below:
  - Pickering Town Centre is an enclosed mall located approximately 700 metres east of the Subject Site. It includes 700,000 square feet of retail and service commercial space. Pickering Town Centre is a regional shopping centre and includes a wide range of retail and service commercial tenants such as a supermarket (Farm Boy), a department store (Hudson's Bay) as well as other retailers such as Dollarama, The Beer Store and Winners. It also includes many local and regional services such as Cineplex, Scotiabank, Moxie's, Jack Astors and more;
  - Pickfair Shopping Centre is located approximately 400 metres east of the Subject Site. It includes approximately 200,000 square feet of retail and service commercial space. It is anchored by a Loblaws supermarket with a pharmacy and a Joe Fresh component, as well

as other services such as Starbucks, Goodlife Fitness, and medical offices. Pickfair Shopping Centre also includes a range of retail commercial tenants such as Bulk Barn, TD Canada Trust, Pizza Hut, Mr. Sub and others;

- The Hub and Area refers to the open concept retail centre known as “The Hub” as well as the retail commercial that surrounds it on the north side of Kingston Road. The Hub includes approximately 120,000 square feet and is located 700 metres east of the Site. It is anchored by Pacific Fresh Food Market and includes a range of retail commercial tenants such as Bank of Montreal, National Bank, McDonalds, Tim Hortons and Starbucks. Adjacent to The Hub, near the northwest corner of Kingston Road and Liverpool Road is an 11,000 square foot retail centre that includes National Bank, a day care and other uses;
- It is also noted that the Pickering Medical Centre is located approximately a 15 minute walk from the Site. It includes a Dynacare Laboratory and Heath Services Centre and occupies approximately 35,000 square feet of commercial space on two levels; and,
- The existing retail and service commercial offerings can fulfill future residents day-to-day, weekly shopping and comparison shopping needs. The local offerings include essential retail and services such as food stores, drug stores, financial institutions, and medical and dental offices.

Figure 5-1: Surrounding Retail and Service Commercial Space



Source: Tate Research; Basemap: ESRI ArcGIS.

## 5.2 Retail Service Level Examples

The Subject Site is proposed to have over 5,000 units at full build out. These units would represent approximately 10,000 residents. There is 71,000 square feet of non-residential space planned. This space represents approximately 7 square feet per resident.

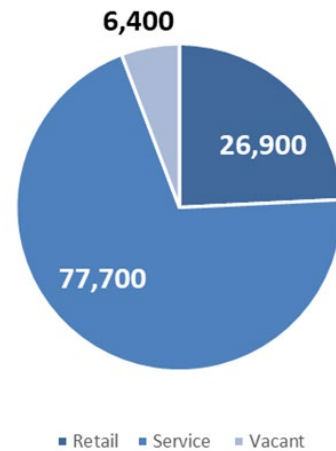
TR has examined the following master planned communities to compare non-residential service levels with the Tribute proposal. It is recognized that there are other comparables that vary considerably from the two examples presented here, however, these examples are included to demonstrate master planned communities that function well from a retail commercial perspective, with limited retail commercial space.



## CityPlace (Toronto)

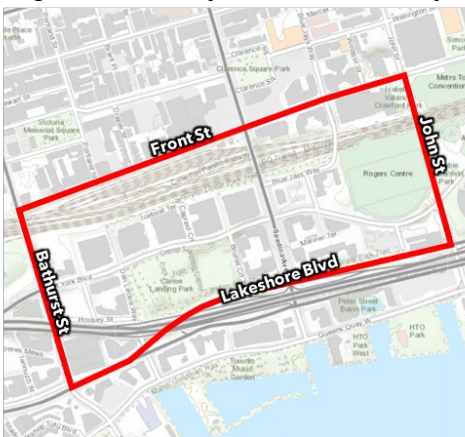
- CityPlace is 45 acres of land that was formerly occupied by the CN Rail Yards.
- At build-out, CityPlace includes 30 residential towers with approximately 18,000 residents;
- There is 111,000 square feet of retail space in CityPlace. The majority (70%) of this space is service oriented;
- This 111,000 square feet of retail commercial space and the build out population of 18,000 persons represents approximately 6 square feet per capita;
- There is 78,000 square feet of service oriented uses, including restaurants, nail and hair salons, professional services, and others;
- There is approximately 27,000 square feet of retail oriented uses in CityPlace. The majority (65%) of this space is occupied by a Sobeys Urban Fresh supermarket; and,
- The vacancy rate of CityPlace is 5.8%. This is within the range for a balanced market.

Figure 5-2: CityPlace Inventory (SF)



Source: Tate Economic Research Inc. based on inventory conducted in 2018.

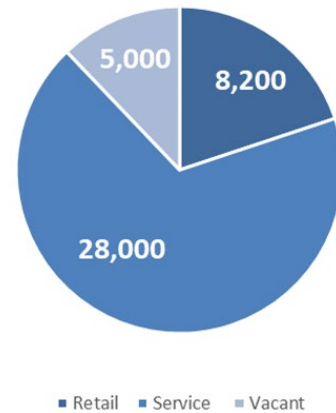
Figure 5-3: CityPlace Boundary & Street Image



## West Don Lands (Toronto)

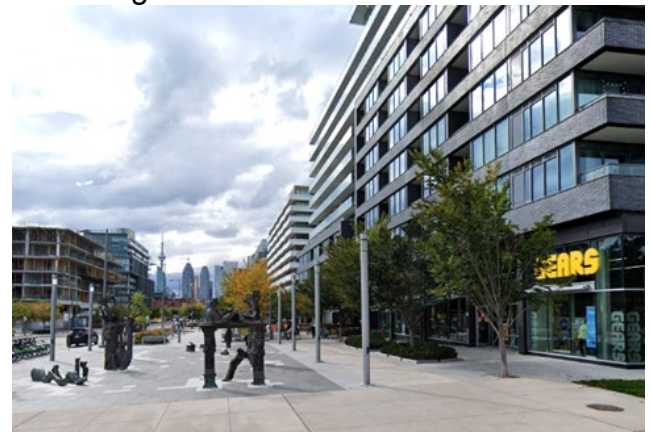
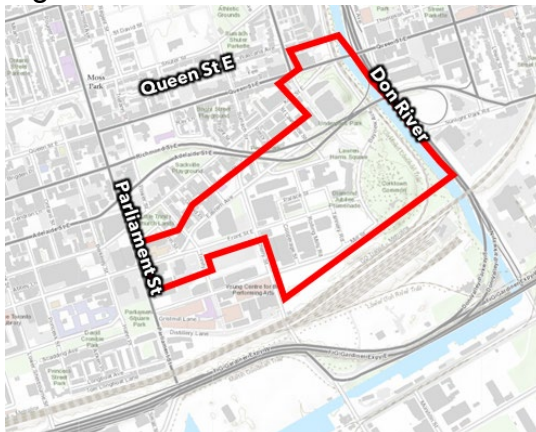
- At build-out, the West Don Lands are anticipated to feature approximately 6,000 residential units representing approximately 10,000 residents,
- There is 41,200 square feet of retail space in the West Don Lands.
- This 41,200 square feet of retail commercial space and the build out population of 10,000 persons represents approximately 4 square feet per capita;
- The majority (70%) of this space is service oriented. There is 28,000 square feet of service-oriented uses primarily composed of restaurants and professional services;
- There is approximately 8,200 square feet of retail oriented uses in the West Don Lands. This includes two sporting goods stores that sell bikes and roller blades; and,
- The vacancy rate of the West Don Lands is 12.1%. This is above the range for a balanced market.

Figure 5-4: West Don Lands Inventory (SF)



Source: Tate Economic Research Inc. based on inventory conducted in 2021.

Figure 5-5: West Don Lands Boundary & Street Image



### 5.3 Competitive Environment Summary

From a market demand perspective, there is a significant amount of retail competition in the surrounding area that limits the opportunity for retail and service commercial space on the Site. Many national tenants are already present in the market, including tenants that typically anchor mixed-use developments, such as banks, drug stores, and dollar stores.

Furthermore, it is noted that shopping centres in the surrounding area are attractive to potential tenants, offering easy direct access, surface parking, highly visible signage, and operational benefits such as convenient loading and garbage facilities. These factors are typically critical to the success of retail and service tenants in certain environments, such as Pickering.

There is a wide range of retail and service commercial offerings within a 15 minute walk of the Subject Site that will serve the day-to-day and weekly shopping needs of future residents. The existing extensive retail commercial offerings in the market can be complemented by the proposed non-residential space at the Subject Site. Furthermore, the amount of non-residential space per future resident on the Subject Site is within the range of other master planned communities.

# 6 Office Market Conditions

This section of the report examines post-pandemic changes in the office market, including trends in office utilization, vacancy rates, and shifting demand for office space. It also explores the impact of hybrid work on office and residential activity, concluding with a summary of key observations.

## 6.1 Overall Office Market Trends

The global office market has undergone significant structural changes since the onset of the COVID-19 pandemic in 2020 (“Covid”). The office landscape is continuing to evolve as asset owners, businesses, and employees adapt to new modes of working. These structural changes in the industry will continue.

Covid provided a catalyst for the transition from in-person work to hybrid and remote work. The permanency of remote and hybrid work is driven by two primary factors: the ability for businesses to attract talent and the opportunity for them to reduce costs by eliminating physical space.

It is likely that the full impact of these structural changes has not yet occurred as the terms of office leases have limited the impact to date of remote work on office occupancy. Office leases often range from 3 to 5-year terms for smaller properties and 10 to 15 years or longer for larger spaces. As such, many businesses are continuing to operate in their existing office space due to existing lease agreements. As leases expire, businesses are expected to “right size” their office space and vacancy rates are anticipated to increase as businesses reduce their physical footprint.

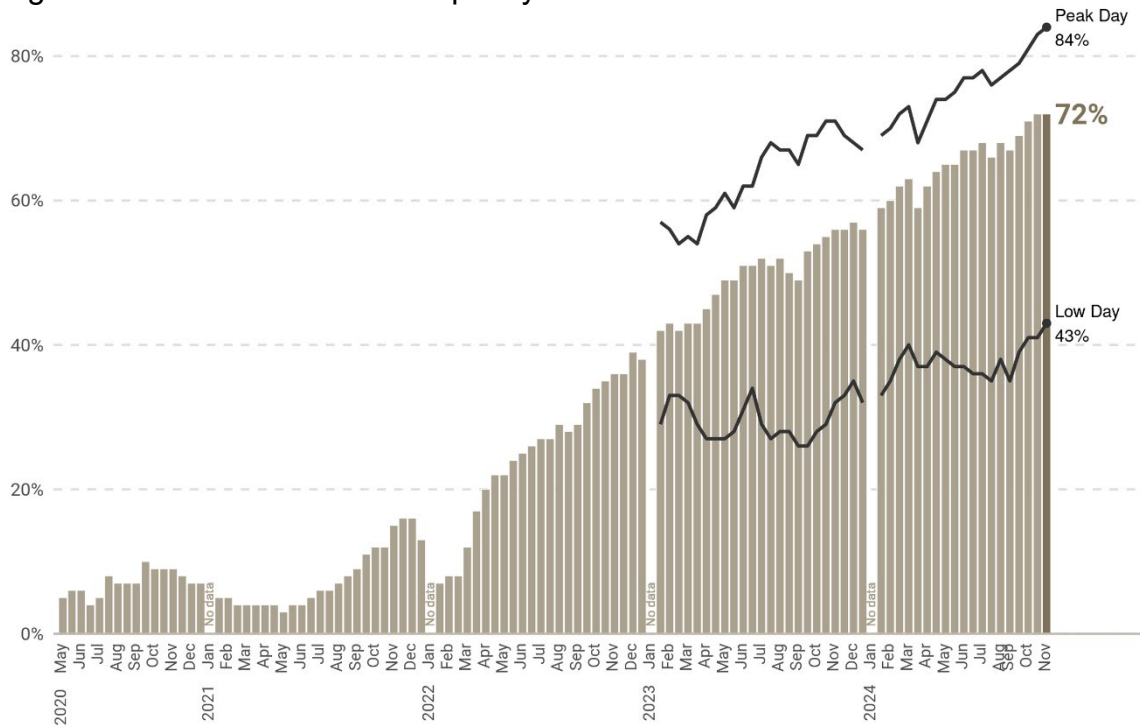
### 6.1.1 Office Utilization vs. Office Vacancy

In many cases, the amount of space that is currently leased by tenants exceeds their requirements. Many offices remain underutilized, and tenants are not fully using their leased space to maximize efficiency. This dynamic is also reflected in the rise in office subleases as tenants reassess their space needs prior to lease expirations.

Generally speaking, office space vacancy rates do not represent actual office usage rates. In other words, office space may be leased but remains underutilized. Recent data indicates that office occupancy levels, while recovering, remain below pre-pandemic norms. As of November 1, 2024, the

average weekly office occupancy in Toronto has reached 72% of pre-pandemic levels, with a peak day (Wednesday) at 84% and a low day (Friday) at 43%. This trend highlights a pattern of mid-week office usage, consistent with hybrid work arrangements (Figure 6-1).

Figure 6-1: Toronto Office Occupancy Index



Source: Strategic Regional Research Alliance, November 1, 2024

Description: The office occupancy index measures the percentage of office employees returning to the office compared to the number of employees who would normally have come to their offices pre-Covid.

Office vacancy increased since the onset of Covid and has not recovered. However, not all office classes have been impacted evenly. Many businesses are reducing office footprints and at the same time, emphasizing the importance of having premium office space. This means they want less space, but better space. Office buildings with the best locations, designs, amenities, and services will continue to maintain high occupancy rates and superior rents. The greatest change will be in lower tier office space, especially older buildings and those located outside the downtown of major centres, such as Toronto.

### 6.1.2 Structural Change in Office Market Fundamentals

A key indicator of structural change in the office market is the relationship between the labour market and office market. Historically, the labour market and office market have moved in parallel, as job growth results in office market growth. However, currently the labour market and office market are not moving in

parallel. There has been job growth without a corresponding growth in office space.

The restructuring of the office market and growth in remote work has altered the function of the residence. With the new hybrid work model, those who previously went into an office every day, now work from home multiple days a week. As such, residential buildings are now centres of activity during the day with people working from home. In some cases, residential buildings can be viewed as mixed-use, as people both live and work there.

## 6.2 Greater Toronto Area Office Market

The GTA office market comprises approximately 188 million square feet of space (Q3 2024) in 1,408 buildings. The largest concentration of office space is in Downtown Toronto, which represents 43% of office space in the Greater Toronto Area (“GTA”) <sup>7</sup>.

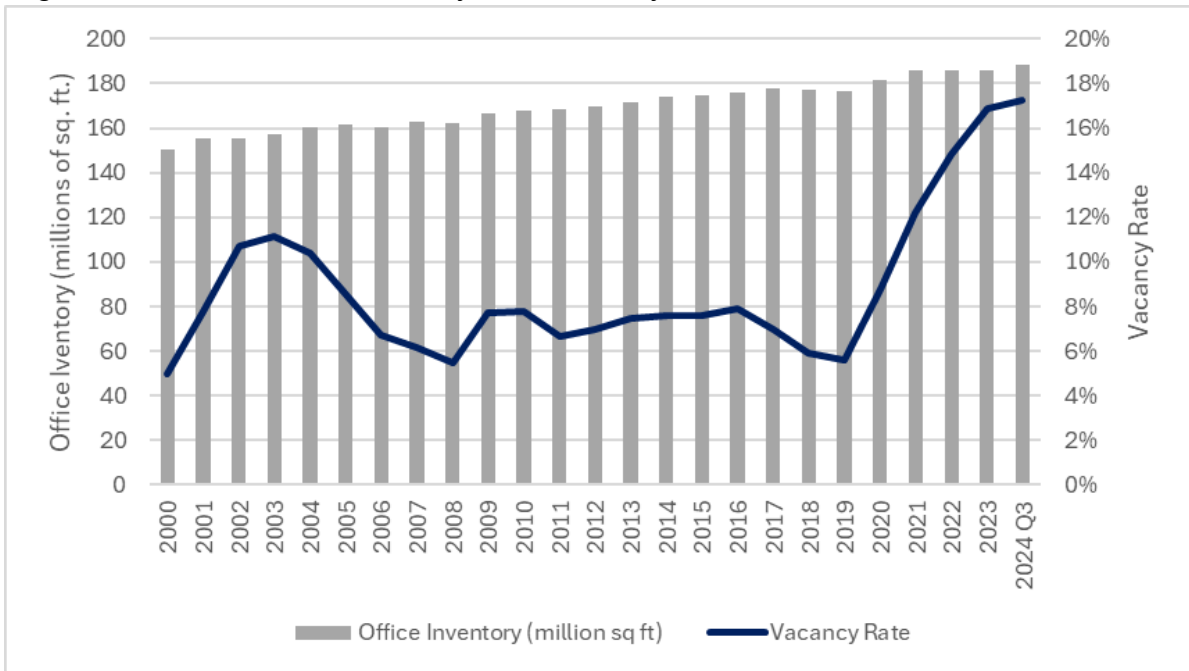
Historic and current GTA office market performance and dynamics are summarized below:

- Figure 6-2, on the following page, indicates the historic and current office vacancy rate for the GTA. With the exception of the most recent few years, the office market has experienced steady growth over the past two decades. Since 2000, the GTA office market has grown by approximately 38 million square feet;
- Between 2000 and 2019 (prior to Covid) the average GTA office vacancy rate was 7.5%. In 2019, the office vacancy rate was 5.6%. This compares to national office vacancy of approximately 10.0% in 2019;
- Since 2019, and the onset of Covid, office vacancy has increased dramatically. Currently, in Q3 2024, GTA office vacancy is 17.2%. This level is nearly three times greater than in 2019;

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<sup>7</sup> In this section, TR has relied on information provided by Cushman & Wakefield (“C&W”), an international real estate brokerage firm.

Figure 6-2: GTA Office Inventory and Vacancy Rate



Source: Tate Research based on data provided by Cushman & Wakefield.

### 6.3 Office Market Trends Summary

The office industry has undergone significant and structural change over the past several years. Most notably, the new hybrid work model has reduced the amount of physical space required by businesses. As businesses have reduced their physical footprint, they have placed a new emphasis on Class AAA office space with prime downtown locations and a full range of amenities.

# 7 Local Office Market Conditions

This section of the report summarizes the supply of large scale office buildings in Pickering and also analyses the supply of office space near the Site.

## 7.1 Major Office Space Near Brookdale Centre

Official Plan Amendment 38 defines Major Office as “freestanding office buildings of approximately 4,000 square metres of floor space or greater, or with approximately 200 jobs or more.” Figure 7-1, below, indicates the Major Office buildings in Pickering, as determined by TR, based on the City definition.

Figure 7-1: Summary of Major Office Buildings in Pickering



Source: Tate Research; Basemap: ESRI ArcGIS.

Figure 7-1 indicates that there are seven Major Office buildings in Pickering. These buildings total 738,000 square feet. Of these seven Major Office buildings, three (1340 Pickering Parkway, 889 Brock Road, and 777 Brock Road) are single



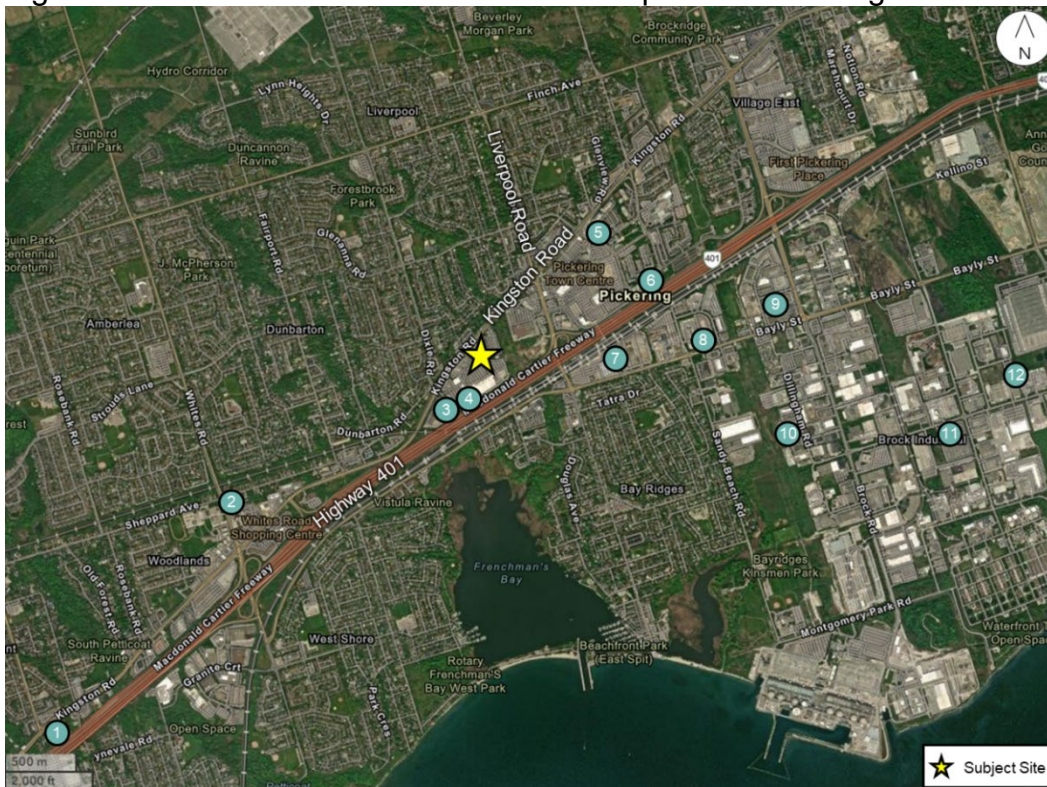
tenant buildings related to Ontario Power Generation. The remaining four buildings are considered as competitive, multi tenant buildings.

These four competitive buildings do not constitute a significant concentration of office buildings, given that there are 1,408 office buildings in the C&W GTA inventory. It is noted that the four competitive Major Office buildings represent approximately 0.3% of the number of buildings and 0.2% of the amount of space in the GTA, based on the C&W information.

## 7.2 Vacant Local Office Space in Pickering

TR conducted research relating to the availability of office space near Brookdale Centre. There were 19 vacant office units within approximately 6 kilometres of the Site. The location of the office buildings within which the vacant units are located is indicated in Figure 7-2, below:

Figure 7-2: Location of Vacant Local Office Space in Pickering



Source: Tate Research; Basemap; ESRI ArcGIS  
Based on vacancy listings from Realtor.ca and LoopNet.ca dated October 16, 2024.

The vacant office space near Brookdale Centre is summarized below and in 0, on the following page:

- There is approximately 59,500 square feet of vacant office space available near Brookdale Centre;
- The largest unit is approximately 12,200 square feet, which is approximately the same size as the largest unit (CorCare) that may have to relocate due to the redevelopment;
- Annual rent for these units ranges from \$11.52 to \$30.00 per square foot;

Figure 7-3: Summary of Vacant Local Office Space in Pickering

Map Key	Location	Floor	Size (Sq Ft)	Net Rent/ Sq Ft	Distance from Site (KM)
1	325 Kingston Road	1	1,880	\$16.00	4.2
2	720 Sheppard Avenue	1	1,321	\$18.00	2.4
2	720 Sheppard Avenue	1	1,186	\$18.00	2.4
2	720 Sheppard Avenue	1	609	\$18.00	2.4
3	1099 Kingston Road	2	3,833	\$20.00	0.3
3	1099 Kingston Road	2	2,463	\$19.00	0.3
3	1099 Kingston Road	2	226	\$30.00	0.3
4	1101 Kingston Road	N/A	10,611	N/A	0.3
5	1885 Glenanna Road	2	634	N/A	1.7
6	1465 Pickering Parkway	3	12,188	\$14.00	2.1
7	1400 Bayly Street	1	2,441	\$15.00	2.2
7	1400 Bayly Street	1	2,057	\$15.00	2.2
7	1400 Bayly Street	1	1,540	\$21.60	2.2
7	1400 Bayly Street	1	498	\$28.92	2.2
8	1550 Bayly Street	1	5,267	\$13.00	2.9
9	1755 Plummer Street	1	2,400	\$17.00	3.4
10	900 Dillingham Road S	2	5,700	\$11.52	4.7
11	1895 Clements Road	1	600	\$23.04	5.2
12	1950 Silicone Drive	1	4,000	\$13.50	5.6
			59,454		

Based on vacancy listings from Realtor.ca and LoopNet.ca dated October 16, 2024.

### 7.3 Summary of Local Office Market Conditions

There are three (not single tenant) Major Office buildings in Pickering. Pickering is not considered a Major Office node. The Major Office space in Pickering represents less than 0.3% of the GTA market.

There are a wider range of local serving office units in Pickering. TR identified 19 vacant office units in Pickering. These vacancies amount to considerably more space than the 29,600 square feet of existing space at the Subject Site.

It is noted that there is approximately 18,400 square feet of medical office space at the Site. There is approximately 59,500 square feet of vacant office space currently located in Pickering. Much of this vacant office space is located near the Site.

# 8 Retail / Office Commercial Justification

This section of the report provides TR commentary relating to the appropriateness of the proposed non-residential space at the Subject Site.

## 8.1 Proposed Retail Commercial Space Assessment

The proposed redevelopment will take a much different form than the existing Brookdale Centre. Its buildout is anticipated over many years and will take place in phases. The role of the non-residential component on the Site will change as the redevelopment occurs since the new non-residential space in the proposed redevelopment will be focussed on local serving, convenience oriented retail commercial space, whereas the existing space is more regional serving.

There are considerable challenges for the initial mixed-use developments in any market. While these developments provide much needed housing, the commercial components face competition from legacy shopping centres in the surrounding area. Furthermore, it is noted that shopping centres in the surrounding area are attractive to potential tenants, offering easy direct access, surface parking, highly visible signage, and operational benefits such as convenient loading and garbage facilities. These factors are typically critical to the success of retail and service tenants in certain environments, such as Pickering.

There is approximately 1 million square feet of retail commercial space within a 15 minute walk of the Site. From a market demand perspective, there is a significant amount of retail competition in the surrounding area that limits the opportunity for retail and service commercial space on the Site.

From the consumer perspective, residents will be adequately served by retail commercial space at the Site and in the surrounding area. It is particularly important that access to food and drug retail be conveniently provided to future residents. The non-residential plan proposed by Tribute provides opportunities for convenience oriented retail commercial uses, including food and drug stores. These stores could be relocations of the existing food and drug stores on-site.

## 8.2 Proposed Office Space Assessment

The Major Office market is limited in Pickering. There are four competitive (multi tenant) Major Office buildings in Pickering. Pickering is not considered a Major Office node. The Major Office space in Pickering represents less than 0.3% of the GTA market.

There is a wide range of local serving office units in Pickering. TR identified 19 vacant office units in Pickering. These vacancies amount to approximately two times the amount of existing office space at the Site.

The office market in general is undergoing structural changes, primarily reflecting post Covid-19 work-from-home changes. These changes are considered ongoing and have severely impacted demand for new Major Office space. Given general market conditions, there is very limited opportunity for Major Office space in Pickering.

Concept plans for the redevelopment of Brookdale Centre provide opportunity for local serving office space, which includes medical / dental uses. TR has conducted a review of the opportunities for tenant relocations of the office uses that currently operate on the Site. It has been concluded that all existing office tenants can be accommodated on the redeveloped Site as the project develops over time.

## 8.3 Conclusion

TR has undertaken a retail and office commercial assessment of the proposed redevelopment. TR has concluded that the proposed development concept will result in a shift in focus away from an open concept, regional serving, big-box retail centre to a locally oriented mixed-use centre. It is noted that there is limited Kingston Road frontage for the Subject Site. This limited frontage diminishes the opportunity for retail commercial uses on the Site.

It is anticipated that retail commercial space will form the majority of the 71,000 square feet of non-residential space that is proposed at the Site. There will be opportunities for food stores, drug stores as well as a variety of service commercial uses, including restaurants, fast food, coffee shops, financial, medical / dental as well as other local serving uses. A tenant relocation plan has been outlined that may allow the opportunity for many existing tenants (both retail and office) to continue to operate as the Site redevelops in phases.

With respect to an office component of the redevelopment, the office market is undergoing structural change which has impacted demand for existing and future office space. Furthermore, Pickering is not considered a Major Office node in the GTA context. It is also noted that Major Office space, if it were to be located in Pickering, should be located in closer proximity to a major transit station, such as Pickering GO.

However, it is noted that there is opportunity for local serving office space in the proposed non-residential component planned in the Tribute redevelopment. It is anticipated that office uses at the Site will focus on medical / dental and other local serving offerings. There is an opportunity to relocate all of the existing office tenants on the Site within the redevelopment.

**The amount of non-residential space proposed represents a reasonable and well-balanced quantum of space for this development in its evolving urban context. The realization of this non-residential space would help achieve a healthy concentration of businesses needed to support growth and meet the day-to-day needs of residents living at the Site and in this area of the City. TR is supportive of the non-residential concept, as proposed.**