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5.1 Retail Sales Gap Analysis Introduction

The following section summarizes the market supply/demand gap for the purposes of identifying the following recommendations:

- Supportable Retail Supply in Strathcona County;
- Optimal Retail Role & Function in Strathcona County;
- Strathcona County Retail Market Voids;
- Strathcona County Retail Land Use Allocation.

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5.2 Supply/Demand Gap Quantification 2017

Based on the above Supply and Demand analysis it has been estimated that Strathcona County retail market in 2017 experienced a retail sales leakage of roughly 13%. When factoring in for inflow, this figures increases to 20% and 27% respectively depending on the estimated source of sales from inflow. While it is estimated that convenience goods have a varying degree of outflow, comparison sale leakage for categories such as sports & recreational goods are at 71.5%; Food & Beverage and Leisure & Entertainment are at 20.8% and 29.3% respectively.

Retail Floor Space Demand	2017 Total Supply		2017 Total Strathcona County Demand		Supply Demand Gap	Outflow	2017 Total SC Demand + Baseline Inflow		Supply Demand Gap	Outflow	2017 Total SC Demand + High Inflow		Supply Demand Gap	Outflow
Retail Categories	SF GLA	%	SF GLA	%	SF	%	SF GLA	%			SF GLA	%		
Convenience	1,553,468	41.0%	1,362,202	31.5%	(142,952)	-10.5%	1,505,759	32%	605	0%	4,711,305	91.1%	1,306,271	28%
Grocery & Supermarkets	580,507	15.3%	637,596	14.7%	57,089	9.0%	708,211	15%	127,704	18%	778,825	15.1%	198,318	25%
Pharmacy	124,734	3.3%	84,523	2.0%	(40,211)	-47.6%	95,197	2%	(29,537)	-31%	105,871	2.0%	(18,863)	-18%
Alcohol & Tobacco	123,117	3.3%	188,559	4.4%	65,442	34.7%	210,167	4%	87,050	41%	231,774	4.5%	108,657	47%
Services	676,797	17.9%	451,525	10.4%	(225,272)	-49.9%	492,185	10%	(184,612)	-38%	532,845	10.3%	(143,952)	-27%
Comparison	1,548,425	40.9%	2,069,431	47.8%	479,251	23.2%	2,275,775	48%	685,595	30%	2,482,119	48.0%	891,939	36%
Apparel	309,699	8.2%	483,475	11.2%	173,776	35.9%	531,672	11%	221,973	42%	579,870	11.2%	270,171	47%
Footwear, Luggage & Fashion Accessories	47,875	1.3%	102,906	2.4%	55,031	53.5%	112,887	2%	65,012	58%	122,868	2.4%	74,993	61%
Cosmetics, Health, Bath & Beauty	53,165	1.4%	179,668	4.2%	126,503	70.4%	199,234	4%	146,069	73%	218,800	4.2%	165,635	76%
Jewelry, Watches & Accessories	23,909	0.6%	27,524	0.6%	3,615	13.1%	29,934	1%	6,025	20%	32,345	0.6%	8,436	26%
Home Improvement	475,737	12.6%	403,060	9.3%	(72,677)	-18.0%	439,326	9%	(36,411)	-8%	475,591	9.2%	(146)	0%
Home Furnishings	279,561	7.4%	269,795	6.2%	(9,766)	-3.6%	295,638	6%	16,077	5%	321,480	6.2%	41,919	13%
Electronics & Appliances	69,322	1.8%	195,865	4.5%	126,543	64.6%	213,907	5%	144,585	68%	231,950	4.5%	162,628	70%
Toys, Hobbies & Pets	117,594	3.1%	119,575	2.8%	1,981	1.7%	130,194	3%	12,600	10%	140,812	2.7%	23,218	16%
Sports & Recreational Goods	58,513	1.5%	205,196	4.7%	146,683	71.5%	233,335	5%	174,822	75%	261,473	5.1%	202,960	78%
Multimedia, Books & Music	154,805	4.1%	82,366	1.9%	(72,439)	-87.9%	89,648	2%	(65,157)	-73%	96,930	1.9%	(57,875)	-60%
Food & Beverage	451,732	11.9%	570,165	13.2%	118,433	20.8%	620,730	13%	168,998	27%	671,294	13.0%	219,562	33%
Casual / Sit Down Restaurants	451,732	11.9%	570,165	13.2%	118,433	20.8%	620,730	13%	168,998	27%	671,294	13.0%	219,562	33%
Entertainment + Leisure	231,009	6.1%	326,907	7.6%	95,898	29.3%	347,984	7%	116,975	34%	369,061	7.1%	138,052	37%
Entertainment + Leisure	231,009	6.1%	326,907	7.6%	95,898	29.3%	347,984	7%	116,975	34%	369,061	7.1%	138,052	37%
Total Retail Floor Space	3,784,633	100%	4,328,706	100%	550,630	12.7%	4,750,248	100%	972,172	20%	5,171,790	100%	1,393,714	27%

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5.3 Supply/Demand Gap Quantification 2037

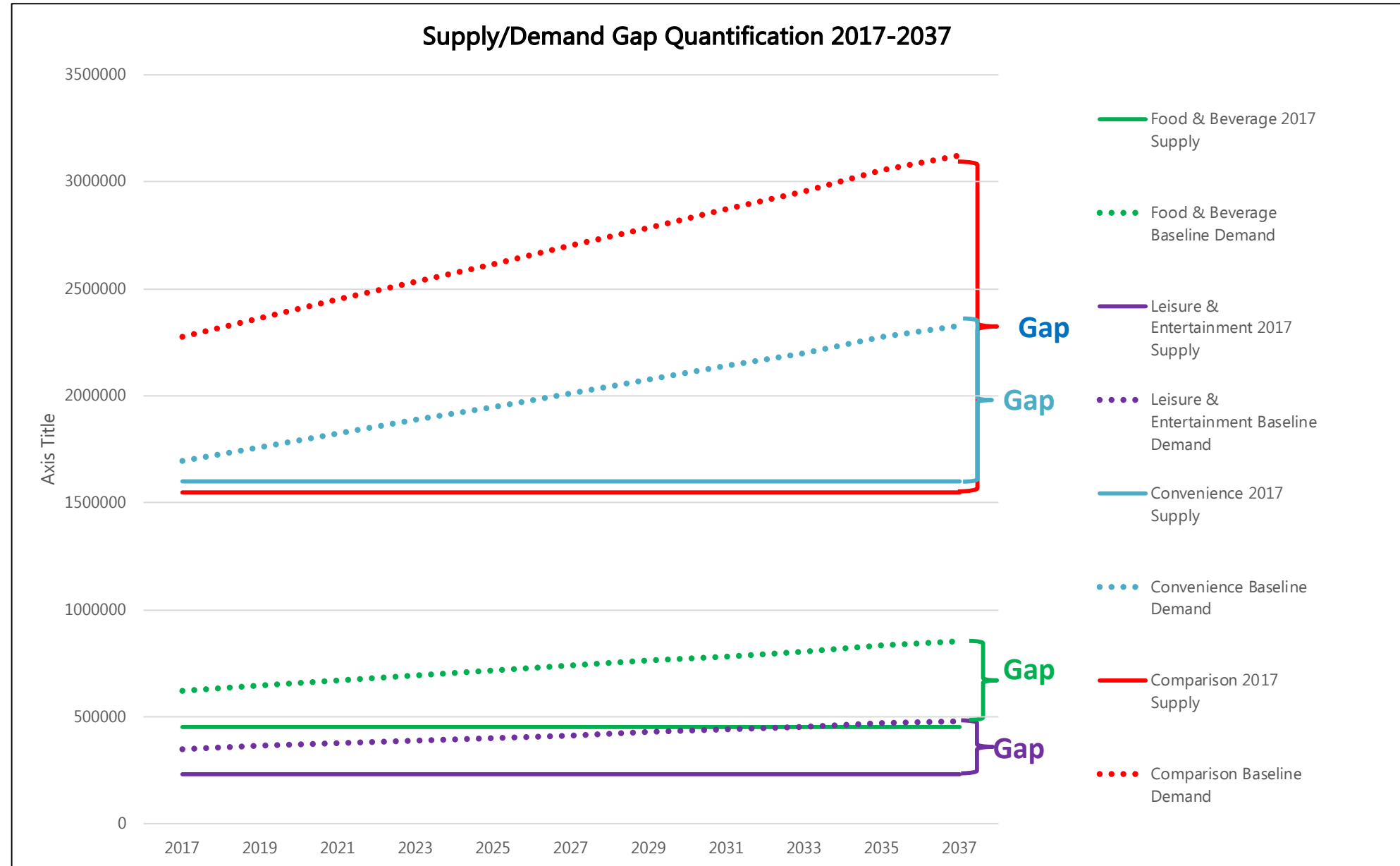
Assuming there are no increases to retail supply, the retail market in 2037 is expected to experience retail sales leakage of 36%. When factoring in for inflow, this figure increases to 40% and 44% respectively depending on the estimated source of sales from inflow. Outflow in 2037 for Convenience goods & services is estimated at 19.8%; Comparison at 44.2%; Food & Beverage at 42.5% and Leisure & Entertainment at 48.7%.

Retail Floor Space Demand	2017 Total Supply		2037 Total Strathcona County Demand		Supply Demand Gap	Outflow	2037 Total SC Demand + Baseline Inflow		Supply Demand Gap	Outflow	2037 Total SC Demand + High Inflow		Supply Demand Gap	Outflow
Retail Categories	SF GLA	%	SF GLA	%	SF	%	SF GLA	%			SF GLA	%		
Convenience	1,553,468	41.0%	1,875,883	43.3%	370,728	19.8%	2,066,898	44%	561,744	27%	6,450,225	124.7%	3,045,191	47%
Grocery & Supermarkets	580,507	15.3%	878,031	20.3%	297,524	33.9%	972,213	20%	391,706	40%	1,066,395	20.6%	485,888	46%
Pharmacy	124,734	3.3%	116,396	2.7%	(8,338)	-7.2%	130,611	3%	5,877	4%	144,825	2.8%	20,091	14%
Alcohol & Tobacco	123,117	3.3%	259,664	6.0%	136,547	52.6%	288,375	6%	165,258	57%	317,086	6.1%	193,969	61%
Services	676,797	17.9%	621,793	14.4%	(55,004)	-8.8%	675,700	14%	(1,097)	0%	729,608	14.1%	52,811	7%
Comparison	1,548,425	40.9%	2,849,804	65.8%	1,259,624	44.2%	3,123,844	66%	1,533,664	49%	3,397,885	65.7%	1,807,705	53%
Apparel	309,699	8.2%	665,791	15.4%	356,092	53.5%	730,109	15%	420,410	58%	794,426	15.4%	484,727	61%
Footwear, Luggage & Fashion Accessories	47,875	1.3%	141,712	3.3%	93,837	66.2%	155,042	3%	107,167	69%	168,372	3.3%	120,497	72%
Cosmetics, Health, Bath & Beauty	53,165	1.4%	247,420	5.7%	194,255	78.5%	273,680	6%	220,515	81%	299,940	5.8%	246,775	82%
Jewelry, Watches & Accessories	23,909	0.6%	37,903	0.9%	13,994	36.9%	41,139	1%	17,230	42%	44,375	0.9%	20,466	46%
Home Improvement	475,737	12.6%	555,052	12.8%	79,315	14.3%	602,766	13%	127,029	21%	650,479	12.6%	174,742	27%
Home Furnishings	279,561	7.4%	371,534	8.6%	91,973	24.8%	405,859	9%	126,298	31%	440,185	8.5%	160,624	36%
Electronics & Appliances	69,322	1.8%	269,725	6.2%	200,403	74.3%	293,955	6%	224,633	76%	318,185	6.2%	248,863	78%
Toys, Hobbies & Pets	117,594	3.1%	164,666	3.8%	47,072	28.6%	178,794	4%	61,200	34%	192,922	3.7%	75,328	39%
Sports & Recreational Goods	58,513	1.5%	282,575	6.5%	224,062	79.3%	319,361	7%	260,848	82%	356,146	6.9%	297,633	84%
Multimedia, Books & Music	154,805	4.1%	113,426	2.6%	(41,379)	-36.5%	123,140	3%	(31,665)	-26%	132,854	2.6%	(21,951)	-17%
Food & Beverage	451,732	11.9%	785,172	18.1%	333,440	42.5%	852,785	18%	401,053	47%	920,399	17.8%	468,667	51%
Casual / Sit Down Restaurants	451,732	11.9%	785,172	18.1%	333,440	42.5%	852,785	18%	401,053	47%	920,399	17.8%	468,667	51%
Entertainment + Leisure	231,009	6.1%	450,182	10.4%	219,173	48.7%	478,509	10%	247,500	52%	506,837	9.8%	275,828	54%
Entertainment + Leisure	231,009	6.1%	450,182	10.4%	219,173	48.7%	478,509	10%	247,500	52%	506,837	9.8%	275,828	54%
Total Retail Floor Space	3,784,633	100%	5,961,040	138%	2,182,965	36.6%	6,522,038	100%	2,743,962	42%	7,083,035	137%	3,304,959	47%

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5.4 Strathcona County Supply/Demand Gap Quantification 2017-2037

- The figure to the right illustrates the Supply/ Demand gap for each major retail category over the next 2 decades.
- It has been determined that there is a:
 - Small but positive gap for Convenience in 2017 (i.e. insufficient supply), growing even larger over the medium term.
 - A positive gap for Comparison in 2017, growing larger by 2037.
 - A small but positive gap for Food & Beverage exists that may persist into 2037, and a small but positive gap for Entertainment uses, both also growing over time.



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5.5 Supply/Demand Gap Interpretation: Qualitative Consumer Research Survey Overview

- In order to interpret this retail leakage data and vet it with the qualitative experience of Strathcona County residents themselves, and determine what type of retail could 'fill this gap', a consumer market research study was conducted by the Mustel Group in November 2013.
- This study consisted of a survey conducted on 500 Strathcona County residents aged 18 or over (proportionate representation of the Urban and Rural portions of the County was employed).
- Key objectives of the survey include:
 - Frequency of shopping outside of the County;
 - Specific destinations visited;
 - Types of Merchandise sought;
 - Reasons for shopping elsewhere;
 - Approximate amount of expenditure made outside of the County?
- This study, along with interviews conducted with local market experts, retail brokers, retail centre developers, owners and operators, have all been used to inform the strategy recommendations found on the following pages.

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5.6 Recommendation A: Supportable Retail Supply

- The purpose of the table below is to identify which retail categories would support additional floor space, taking into consideration warranted outflow and inflow.
- The warranted retail supply for Strathcona County here is based on a reasonable level of outflow with a weighted average of 23% (more for Comparison (30%) and Leisure & Entertainment (40%) and less for Convenience and Food & Beverage (10%).
- According to this estimated level of outflow, as well as demand coming from Strathcona County plus Baseline Inflow scenario, additional grocery, alcohol & tobacco, apparel, footwear, cosmetics, electronics, sports & recreational goods stores, as well as food and beverage floor space may be supportable in the future.
- Pharmacies, services, jewelry, home improvement, home furnishings, toys, hobbies & pets, multimedia, books & music, and entertainment & leisure may be in an oversupply scenario as of 2017.
- Although the summarized figure in the 2017 "difference" category suggests an overall oversupply in Strathcona County, a significant portion of this oversupply is in the services category, and represents lower-order retail (ex. Class B and below, strip malls, and independent operators).

Retail Floor Space Demand	2017 Total Supply	Warranted Outflow	2017 Total SC Demand + Baseline Inflow	%	Warranted Supply 2017	Difference	2021 Total SC Demand + Baseline Inflow	%	Warranted Supply 2021	Difference	2027 Total SC Demand + Baseline Inflow	%	Warranted Supply 2027	Difference
Retail Categories														
Convenience	1,553,468	10%	1,505,759	32%	1,355,183	(198,284)	1,620,765	32%	1,458,689	(94,779)	1,787,363	32%	1,608,627	55,159
Grocery & Supermarkets	580,507	10%	708,211	15%	637,390	56,883	762,326	15%	686,093	105,586	840,705	15%	756,634	176,128
Pharmacy	124,734	10%	95,197	2%	85,677	(39,057)	102,448	2%	92,203	(32,531)	112,964	2%	101,668	(23,066)
Alcohol & Tobacco	123,117	10%	210,167	4%	189,150	66,033	226,183	4%	203,565	80,448	249,406	4%	224,465	101,348
Services	676,797	10%	492,185	10%	442,967	(233,830)	529,809	10%	476,828	(199,969)	584,288	10%	525,859	(150,938)
Comparison	1,548,425	30%	2,275,775	48%	1,593,043	44,618	2,449,588	48%	1,714,712	166,287	2,701,370	48%	1,890,959	342,534
Apparel	309,699	30%	531,672	11%	372,171	62,472	572,375	11%	400,662	90,963	631,280	11%	441,896	132,197
Footwear, Luggage & Fashion Accessories	47,875	30%	112,887	2%	79,021	31,146	121,536	2%	85,075	37,200	134,049	2%	93,834	45,959
Cosmetics, Health, Bath & Beauty	53,165	30%	199,234	4%	139,464	86,299	214,513	4%	150,159	96,994	236,610	4%	165,627	112,462
Jewelry, Watches & Accessories	23,909	30%	29,934	1%	20,954	(2,955)	32,236	1%	22,565	(1,344)	35,561	1%	24,893	984
Home Improvement	475,737	30%	439,326	9%	307,528	(168,209)	472,795	9%	330,956	(144,781)	521,324	9%	364,927	(110,810)
Home Furnishings	279,561	30%	295,638	6%	206,946	(72,615)	318,234	6%	222,763	(56,798)	350,955	6%	245,669	(33,892)
Electronics & Appliances	69,322	30%	213,907	5%	149,735	80,413	230,349	5%	161,244	91,922	254,105	5%	177,874	108,552
Toys, Hobbies & Pets	117,594	30%	130,194	3%	91,135	(26,459)	140,163	3%	98,114	(19,480)	154,590	3%	108,213	(9,381)
Sports & Recreational Goods	58,513	30%	233,335	5%	163,334	104,821	250,866	5%	175,606	117,093	276,433	5%	193,503	134,990
Multimedia, Books & Music	154,805	30%	89,648	2%	62,754	(92,051)	96,522	2%	67,565	(87,240)	106,462	2%	74,524	(80,281)
Food & Beverage	451,732	10%	620,730	13%	558,657	106,925	668,370	13%	601,533	149,801	737,243	13%	663,519	211,787
Casual / Sit Down Restaurants	451,732	10%	620,730	13%	558,657	106,925	668,370	13%	601,533	149,801	737,243	13%	663,519	211,787
Entertainment + Leisure	231,009	40%	347,984	7%	208,790	(22,219)	374,828	7%	224,897	(6,112)	413,553	7%	248,132	17,123
Entertainment + Leisure	231,009	40%	347,984	7%	208,790	(22,219)	374,828	7%	224,897	(6,112)	413,553	7%	248,132	17,123
Total Retail Floor Space	3,784,633	23%	4,750,248	100%	3,657,691	(126,943)	5,113,551	100%	3,937,434	152,801	5,639,529	100%	4,342,437	557,804

5.0 Retail Sales Gap Analysis

5.6 Recommendation A: Supportable Retail Supply

By 2037, Strathcona County has been determined to be able to support up to an additional 1.2 million sf of retail. Over this 20 year time horizon, grocers, electronics, food & beverage and apparel spending are expected to drive demand for retail space in Strathcona County.

Retail Floor Space Demand	2017 Total Supply	Warranted Outflow	2031 Total SC Demand + Baseline Inflow	%	Warranted Supply 2031	Difference	2037 Total SC Demand + Baseline Inflow	%	Warranted Supply 2017	Difference
Retail Categories										
Convenience	1,553,468	10%	1,899,191	32%	1,709,272	155,804	2,066,898	32%	1,860,209	306,741
Grocery & Supermarkets	580,507	10%	893,314	15%	803,983	223,476	972,213	15%	874,992	294,485
Pharmacy	124,734	10%	120,024	2%	108,021	(16,713)	130,611	2%	117,550	(7,184)
Alcohol & Tobacco	123,117	10%	264,995	4%	238,496	115,379	288,375	4%	259,537	136,420
Services	676,797	10%	620,857	10%	558,772	(118,025)	675,700	10%	608,130	(68,667)
Comparison	1,548,425	30%	2,870,380	48%	2,009,266	460,841	3,123,844	48%	2,186,691	638,266
Apparel	309,699	30%	670,816	11%	469,571	159,872	730,109	11%	511,076	201,377
Footwear, Luggage & Fashion Accessories	47,875	30%	142,447	2%	99,713	51,838	155,042	2%	108,529	60,654
Cosmetics, Health, Bath & Beauty	53,165	30%	251,440	4%	176,008	122,843	273,680	4%	191,576	138,411
Jewelry, Watches & Accessories	23,909	30%	37,793	1%	26,455	2,546	41,139	1%	28,797	4,888
Home Improvement	475,737	30%	553,905	9%	387,733	(88,004)	602,766	9%	421,936	(53,801)
Home Furnishings	279,561	30%	372,920	6%	261,044	(18,517)	405,859	6%	284,102	4,541
Electronics & Appliances	69,322	30%	270,047	5%	189,033	119,711	293,955	5%	205,769	136,447
Toys, Hobbies & Pets	117,594	30%	164,272	3%	114,991	(2,603)	178,794	3%	125,156	7,562
Sports & Recreational Goods	58,513	30%	293,606	5%	205,524	147,011	319,361	5%	223,552	165,039
Multimedia, Books & Music	154,805	30%	113,134	2%	79,194	(75,611)	123,140	2%	86,198	(68,607)
Food & Beverage	451,732	10%	783,466	13%	705,119	253,387	852,785	13%	767,507	315,775
Casual / Sit Down Restaurants	451,732	10%	783,466	13%	705,119	253,387	852,785	13%	767,507	315,775
Entertainment + Leisure	231,009	40%	439,539	7%	263,723	32,714	478,509	7%	287,106	56,097
Entertainment + Leisure	231,009	40%	439,539	7%	263,723	32,714	478,509	7%	287,106	56,097
Total Retail Floor Space	3,784,633	23%	5,992,575	100%	4,614,283	829,650	6,522,038	100%	5,021,969	1,237,336

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5.7 Recommendation B: Retail Role & Function

Future retail development planning should take into consideration the surrounding market opportunities and respond to changes in demand that stem from the current market outflow and future population growth.

There are 3 distinct types of retail formats that should be implemented in the future planning for Strathcona County:

Local & Convenience-Oriented

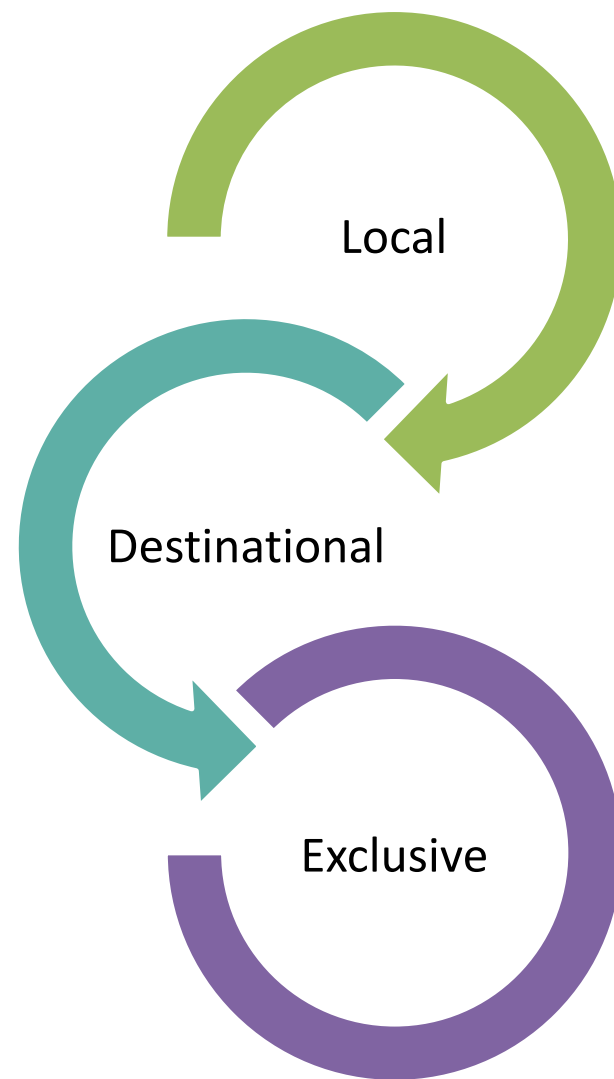
- The future demand for convenience retail will increase proportionally with the population and income growth for Strathcona County. As there is currently a demand for grocery, pharmacy, and alcohol and tobacco, these retail necessities should be added accordingly to anchor neighborhood or community centres, and allow easy access to these retailers to all community members.

Destination Retail

- Sherwood Park Mall is the only regional shopping centre in the County, and given the population and demographics of residents, there is not sufficient demand for another regional mall format in the medium term. In order to decrease outflow to the competitive power centres and super-regional shopping centres in Edmonton (Southgate Centre, Kingsway Mall, West Edmonton Mall, South Edmonton Common), the Mall add include specialty, fashion, homewares, gifts, sporting, and other tenants that are new to Sherwood Park, however widely available in the surrounding areas. This could help adapt the positioning and perception of the centre, and allow easier access to sought out brands within the community.
- Future destination retail in Sherwood Park should be entertainment based to offer a new outlet for residents and their families, decreasing the need to go to Edmonton for popular dining concepts, public houses, or family entertainment. Innovative and experience-oriented concepts are highly sought after by customers, and could also bring an inflow of patrons from the city or surrounding communities for specific attractions.

Exclusive to Strathcona County

- Future neighborhood and community retail centres should look to offer walkability in a town centre format, and incorporate a variety of uses that are community-oriented to draw customers in for different purposes. Currently in Strathcona County most developments are only accessible via vehicle, and there are few high street retail areas that offer double loaded tenancies. A development with a cohesive format, with placemaking and additional public uses would set apart from the conventional retail amenities in the County, and encourage customers to patronize and the centre for not only shopping, but community gathering.



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5.8 Recommendation C: Retail Market Opportunities

Based on the findings of the Retail Supply Analysis and Retail Demand Analysis, the following brand considerations could be added to fill market gaps, and have the potential to curb some retail outflow in the future. A focus on new retailers with mid to high price point offerings could be added in response to the high average and median incomes of Strathcona County residents.

Grocery & Specialty Food



Services



Comparison Retailers



F&B



Fitness



Entertainment



5.0 Retail Sales Gap Analysis

5.9 Recommendation D: Retail Land Use Allocation

Additional warranted retail GLA floor space demand amounts to the following in terms of land use:

- At 0.3 FSR, a total of 94 acres in 2037.
- At 0.4 FSR, a total of 71 acres in 2037.
- Land parcels to be utilized for this development are outlined in the 7 nodes identified in the figure below.

	Total Additional Warranted Demand	Acreage @ 0.3 FSR	Acreage @ 0.4 FSR
2017	0	0	0
2021	152,801	11.7	8.8
2027	557,804	42.7	32.0
2031	829,650	63.5	47.6
2037	1,237,336	94.7	71.0

