



Retail Market Analysis

Town of Morinville, AB

Colliers International Consulting, a division of Colliers MacAulay Nicolls Inc. / February 18, 2015



Colliers International
200 Granville Street, 19th Floor
Vancouver, BC V6C 2R6

February 18, 2015

Schaun Goodeve
Economic Development Coordinator
Town of Morinville
10125-100 Avenue
Morinville, AB T8R 1L6

Dear Mr. Goodeve,

RE: Town of Morinville Retail Market Analysis,

Please find enclosed Colliers International Consulting's draft report which gauges the market feasibility of retail-commercial uses in the Town of Morinville.

Should you have any questions regarding this report, please do not hesitate to contact me directly at (604) 694-7243.

Sincerely,

COLLIERS INTERNATIONAL CONSULTING

A handwritten signature in black ink, appearing to read "Gordon Easton".

Gordon Easton
Managing Director, Consulting
Colliers International Consulting
604 662 2642
Gordon.Easton@colliers.com

A handwritten signature in black ink, appearing to read "James Smerdon".

James Smerdon
Vice President, Director | Retail Consulting
Colliers International Consulting
+1 604 685 4808
James.Smerdon@colliers.com



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Executive Summary



Town of Morinville

Retail Market Analysis – Executive Summary

January 2015

Prepared by:



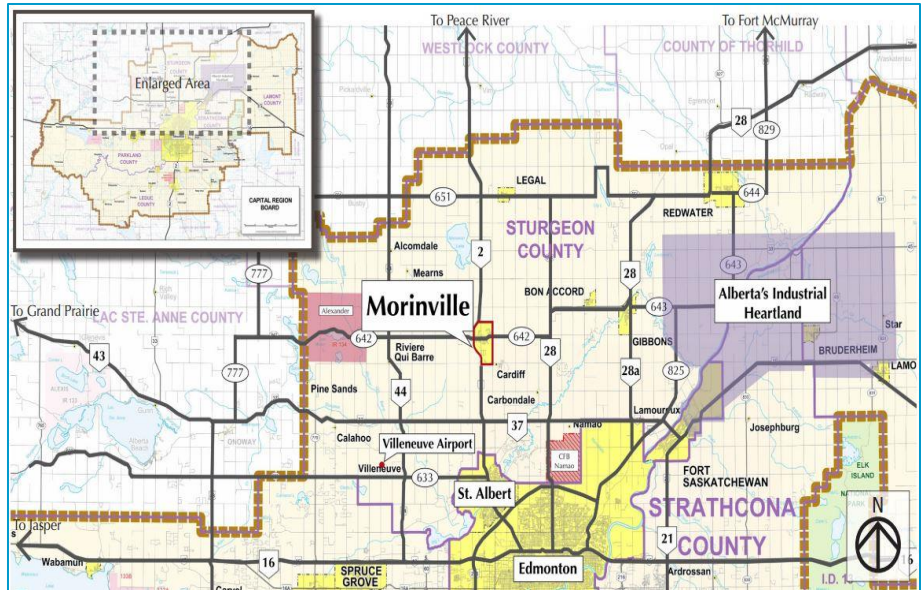
This document is the Executive Summary of the Town of Morinville Retail Market Analysis prepared by Colliers International Consulting (CIC). It represents the culmination of work by Staff and Consultants, with the goal of describing the current retail landscape in the Town of Morinville and identifying any opportunities for improving or expanding this important industry.

Notes: *Call Schaun Goodeve - Economic Development Coordinator for the Town of Morinville @ 780-939-7622*

Morinville Municipal Overview

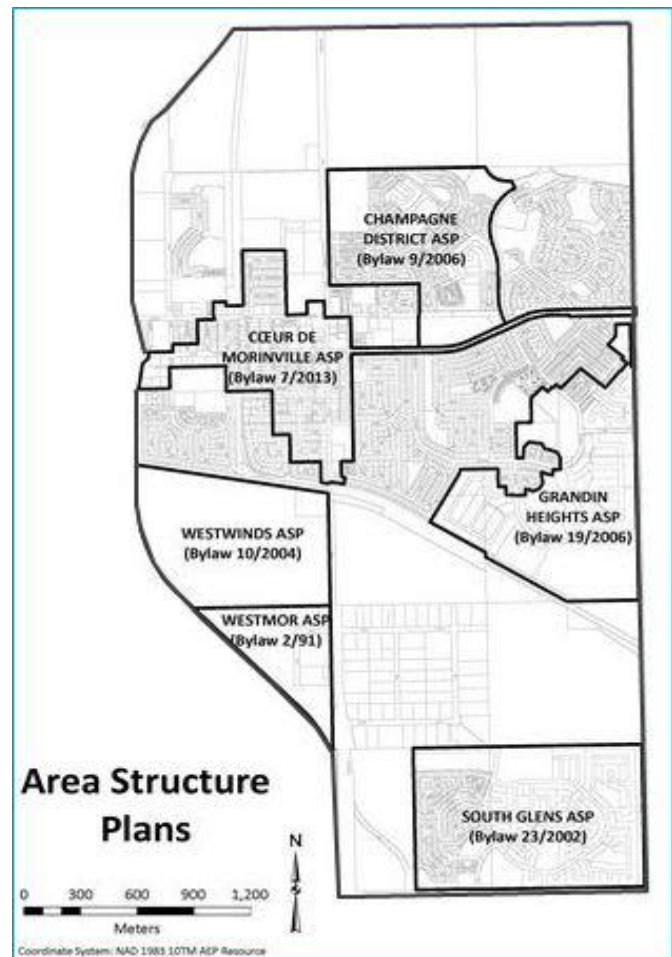
Municipal Context

Comprising over 11 sq. km., the town of Morinville is positioned in the heart of Sturgeon County and located north of the major population centres of St. Albert (18km) and Edmonton (30km). The town is connected regionally by Highway 2 from the north to south and Highway 642 from east to west. Within Morinville, 100th Ave and 100th St. are the two main arterial roads which possess the majority of retail commercial development.



Planning Context

Outlined in the map to the right, over the past 24 years the Town has introduced multiple area structure plans (ASPs) which enable them to handle increased growth. Currently six ASPs have been established and of those six, three ASPs (Coeur de Morinville, Westwinds and Westmor) are meant for retail-commercial use. Additionally, the South Commercial ASP has been accepted for its first reading in council. If approved, it will outline the guidelines for retail-commercial development on the lands west of the South Glens ASP along 100th Street.



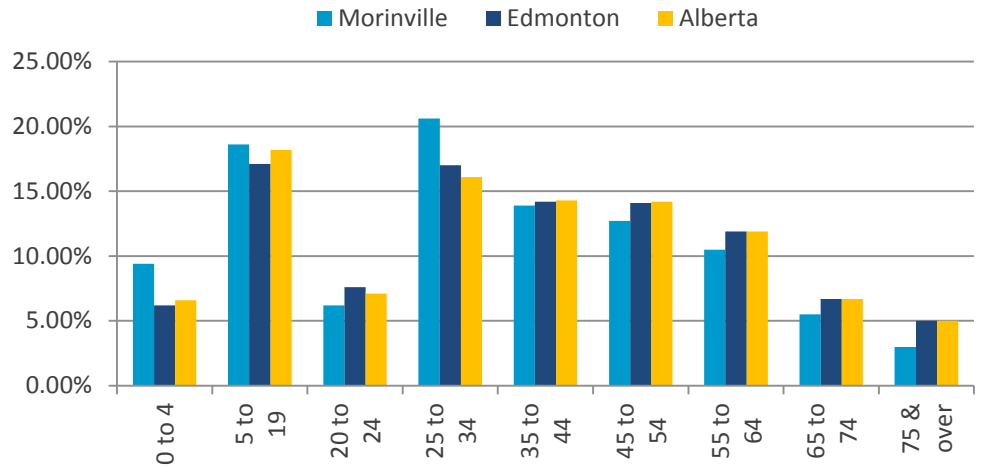
Demographics

Morinville has approximately 9,703 residents; their median age is 32.8, which is almost 4 years younger than the median age for Edmonton and Alberta.

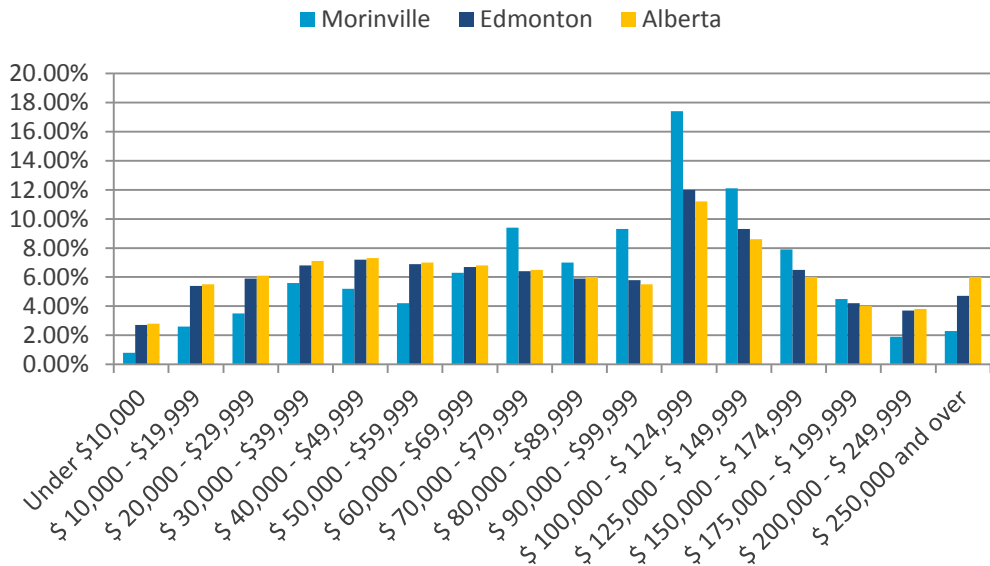
Household per capita income is the most direct demographic determinant of a population's likely retail, food & beverage and service commercial spending. Morinville's average household income of \$114,512 is similar to the Provincial average of \$113,930, while it is greater than Edmonton's average of \$108,438.

Morinville's labour force is similar to that of Edmonton and the rest of Alberta. However, the town has a greater percentage of their labour force working in trades and the public service. This can be related to the proximity of Alberta's Industrial Heartland and CFB Edmonton.

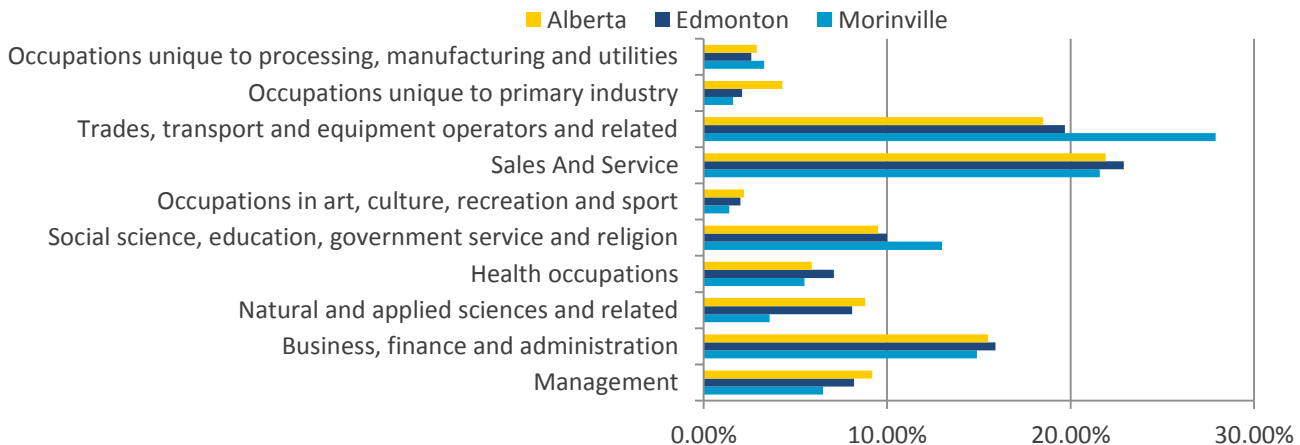
2014 Total Population by Age (Source: 2014 Environics)



2014 Households by Income (Source: 2014 Environics)



2014 Labour Force by Occupation (Source: 2014 Environics)

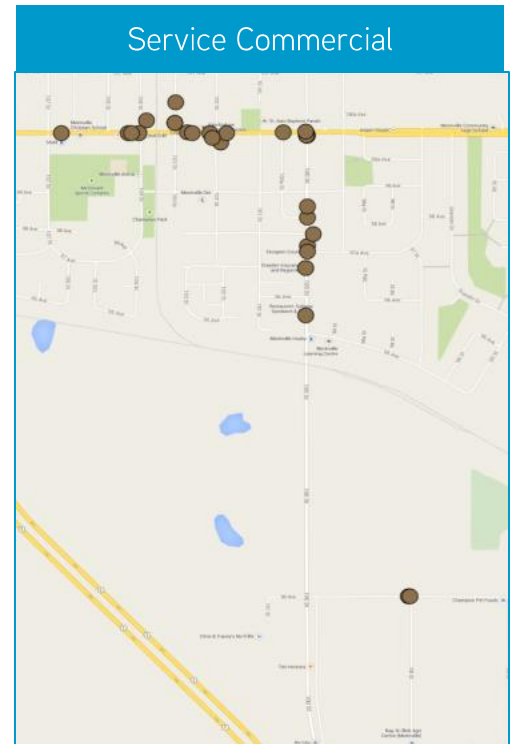
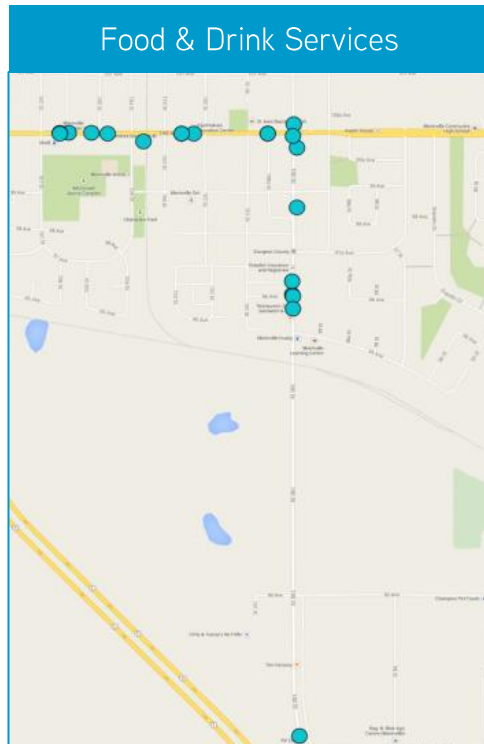
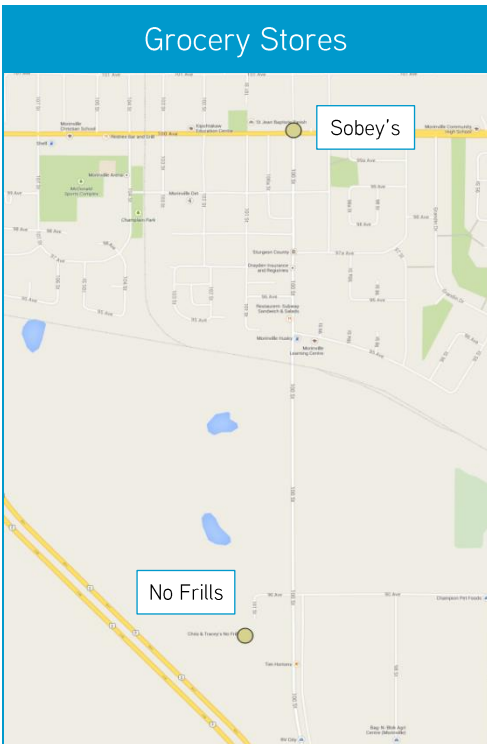
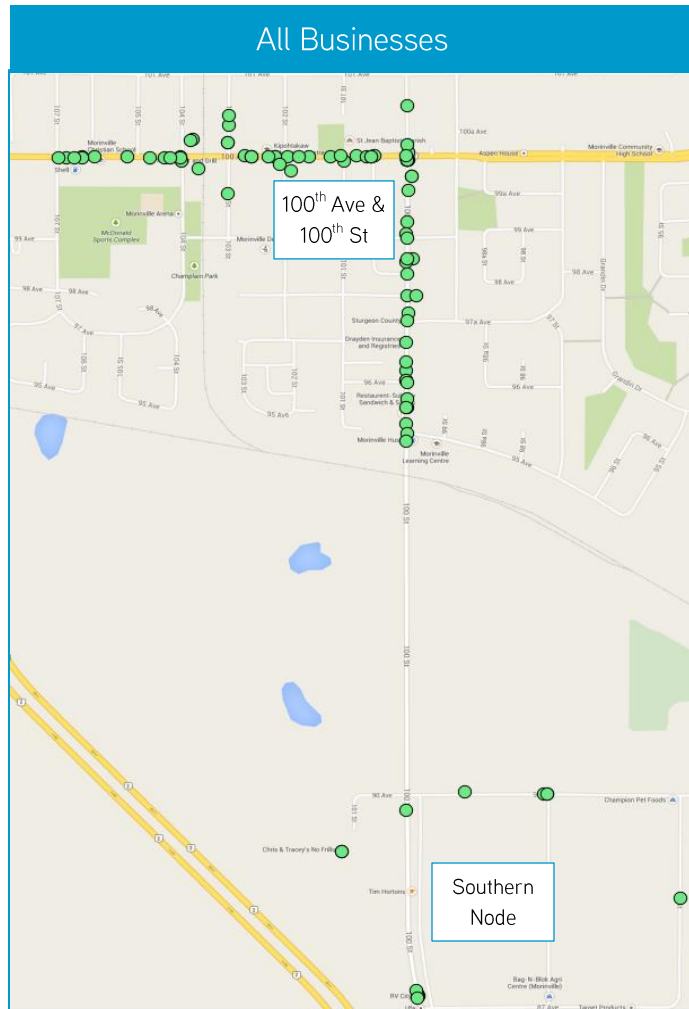


Retail Supply

Business Concentration

Based on leasing plans and satellite mapping measurements Colliers was able to create the map on the right which illustrates the current geographic distribution and frequency of retail businesses in Morinville.

Retail businesses are mostly concentrated along the two arterial roads in Morinville; 100th Ave and 100th St., with limited business presence in the surrounding residential neighbourhoods. Additionally, there is a small node of grocery stores and service retail located at the southern section of the municipality.



Town of Morinville Retail Supply (sf)	
Major Retail Category (Rounded to the nearest 00)	
Motor Vehicle Parts and Dealers [411]	42,600
Furniture and Home Furnishing Stores [442]	8,000
Electronics and Appliance Stores [443]	4,400
Building Materials and Garden Equipment and Supplies Dealers [444]	24,400
Supermarkets and Other Grocery [44511]	55,200
Convenience Stores [44512]	2,700
Beer, Wine, and Liquor Stores [4453]	14,800
Health and Personal Care Stores [446]	10,400
Gasoline Stations [447]	11,500
Clothing and Clothing Accessories Stores [448]	2,900
Hobby Goods, Books, and Music Stores [451]	4,200
General Merchandise Stores [452]	9,500
Miscellaneous Store Retailers [453]	9,900
Restaurant Food & Beverage [722]	47,400
Service Commercial	93,300
Total Retail Supply	341,200
Source: Colliers International Consulting	

Supply by Category

As the table to the left shows, there is currently over 340,000 sq. ft. of retail floor space in Morinville. The majority of the floor space is comprised by the Service Commercial, Supermarkets and Other Grocery, and Restaurant Food and Beverage categories.

Future Local Supply

- › **Trade Developments:** Trade Developments is set to construct a mixed-use development along 100th Ave. which will provide approximately 11,000 sq. ft. of retail at grade in Downtown Morinville. This development will both increase density in the downtown core and provide space for new market retailers.
- › **South Commercial ASP:** Recently approved for its first reading in council, the South Commercial ASP will provide mixed-use industrial and commercial developments in the south of the town. The 15-hectare site will be phased based on market conditions.
- › **Sobeys:** Sobeys has recently obtained an approved development plan for a 56,000 sq. ft. grocery store on a site east of its current location down 100th Ave. The site also has the potential of a 6,000 sq. ft. expansion on the Sobeys' building along with a 4,800 sq. ft. CRU. This relocation would allow the repurposing of the current location.

Retail Demand

Total Demand

The chart below outlines the total supportable square footage that exists in the Town of Morinville. Based on the project population, retail expenditure profile, and market shares of the two trade areas, CIC estimates that approximately 183,000 sq. ft. of commercial space in the categorical distribution shown below are supportable immediately, growing to 206,000 sq. ft. in 2018, which is an increase of 22,400 sq. ft.

Total Resident Floor Area Support by Category (Source: CIC)

	2014	2018	Additional Growth
Major Retail Category			
Motor vehicle and parts dealers	10,210	11,817	1,607
Furniture and home furnishings stores	2,089	2,291	202
Electronics and appliance stores	381	441	60
Building material and garden equipment and supplies dealers	13,543	15,077	1,533
Supermarkets and other grocery (except convenience) stores	24,209	27,326	3,117
Convenience stores	2,130	2,403	273
Specialty food stores	965	1,095	130
Beer, wine and liquor stores	4,972	5,622	651
Health and personal care stores	7,157	8,058	902
Gasoline stations [447]	26,423	29,208	2,965
Clothing and clothing accessories stores	5,187	5,824	636
Sporting goods, hobby, book and music stores	2,188	2,457	270
General merchandise stores	37,200	41,603	4,403
Miscellaneous store retailers	1,749	1,947	198
Food and Beverage Establishments	10,491	11,717	1,226
Service Commercial (30%)	34,931	39,132	4,201
NET WARRANTED RETAIL FLOOR AREA	183,600	206,000	22,400

Market Capture

As shown in the table below, the category specific market captures applied result in retail spending within the two trade areas ranging from almost \$70-million to \$78-million by 2018.

Total Net Resident Sales Capture (Source: CIC)

	2014	2018
Major Retail Category		
Motor vehicle and parts dealers	\$3,063,000	\$3,545,000
Furniture and home furnishings stores	\$940,000	\$1,031,000
Electronics and appliance stores	\$381,000	\$441,000
Building material and garden equipment and supplies dealers	\$4,063,000	\$4,523,000
Supermarkets and other grocery (except convenience) stores	\$16,946,000	\$19,128,000
Convenience stores	\$1,278,000	\$1,442,000
Specialty food stores	\$579,000	\$657,000
Beer, wine and liquor stores	\$4,226,000	\$4,779,000
Health and personal care stores	\$4,652,000	\$5,238,000
Gasoline stations	\$10,497,000	\$11,683,000
Clothing and clothing accessories stores	\$2,853,000	\$3,203,000
Sporting goods, hobby, book and music stores	\$1,258,000	\$1,413,000
General merchandise stores	\$11,160,000	\$12,481,000
Miscellaneous store retailers	\$918,000	\$1,022,000
Food and Beverage Establishments	\$6,819,058	\$7,616,233
TOTAL NET RETAIL EXPENDITURES	\$69,633,000	\$78,202,000

Spending Profile

The Mustel Marketing Group was commissioned to conduct primary research to gain insight into the shopping habits of Morinville residents and understand the different aspects of retail leakages taking place inside the Town. Key findings include:

- › More than 8-in-10 Morinville residents travel outside of the community at least on a weekly basis for shopping purposes.
- › St. Albert is the most popular destination with 95% of residents stating that their shopping takes place there.
- › The highest spending per capita outside the trade area occurs in the Grocery, Food and Beverage, Apparel, and Home Improvement categories. This could be due to the lack of options in Morinville along with a convenience aspect where it is simply easier for a consumer to stop on the way to or from work in the employment centres of St. Albert and Edmonton.
- › One-third of Morinville residents are satisfied with the current retail selection. Suggestions were made for stores that are in need; clothing (45%), restaurants (37%), and big box stores (24%).

Retail-Commercial Planning Implications

Market & Demand Implications

Based on CIC's assessment of the retail landscape in the Town of Morinville, the salient findings are as follows:

- › The Town of Morinville is expected to continue growing through the forecast horizon.
- › Typical of other Canadian towns, Morinville has younger and larger families establishing households close to employment centres. These populations have above average household incomes and home ownership trends that lead to higher retail expenditures.
- › In order to reduce spending outflow to St. Albert and Edmonton, Morinville is focusing on unique retail experiences and specialized offerings which will provide reason to visit and induce spending on products that are not available at mainstream retailers.
- › A perfect example of this is the Trade Developments project planned to be completed in 2015. It features residential above grade with smaller retail units along the street front. These types of developments will entice entrepreneurs and small businesses to establish in Morinville, to form an eclectic mix of tenants. Local and regional residents will be drawn to a quaint and well tenanted Downtown for the experience instead of the necessity.

Conclusion

Retail success in Morinville relies on differentiation to capture more retail spending. Specific retail categories can be targeted for growth and encouraged through incentive programs and Town policies. To create a strong Downtown Core, Morinville could target categories that typically take less consideration to spend. Purchases in food and beverage, apparel, boutique house and home, and specialized products are higher in value and more frequent while being more difficult to make in large retail centres that lack ambiance and customer service. This is the market void in the Capital Regional District where Morinville could attract additional spending from trade area residents, and in the future from St. Albert and even Edmonton.

Introduction

The Town of Morinville has retained Colliers International Consulting to provide a retail-commercial analysis. This study seeks to better understand the retail network in Morinville while highlighting any retail opportunities and spending leakages. The study area is limited to the Town boundaries (approximately 11.34 square kilometres); however the focus will be on the downtown and commercial lands along 100th Avenue and 100th Street.

The objectives of this report are to:

- Determine Morinville's suitability for commercial uses by reviewing key area characteristics including ease of access, existing and future residential developments, proximity to employment nodes, and planned infrastructure improvements.
- Summarize existing and planned retail nodes in the region and discuss their implications for retail opportunity within Morinville.
- Delineate trade area boundaries for the Town of Morinville.
- Highlight existing and anticipated competitive retail-commercial facilities to assist in determining both likely trade area market shares and optimal market positioning for retail uses in Morinville. The inventory will be organized by size and use into Statistics Canada NAICS Retail Trade categories.
- Calculate the total supportable retail floor area square footage in the Town area on a category by category basis, including restaurant food & beverage.

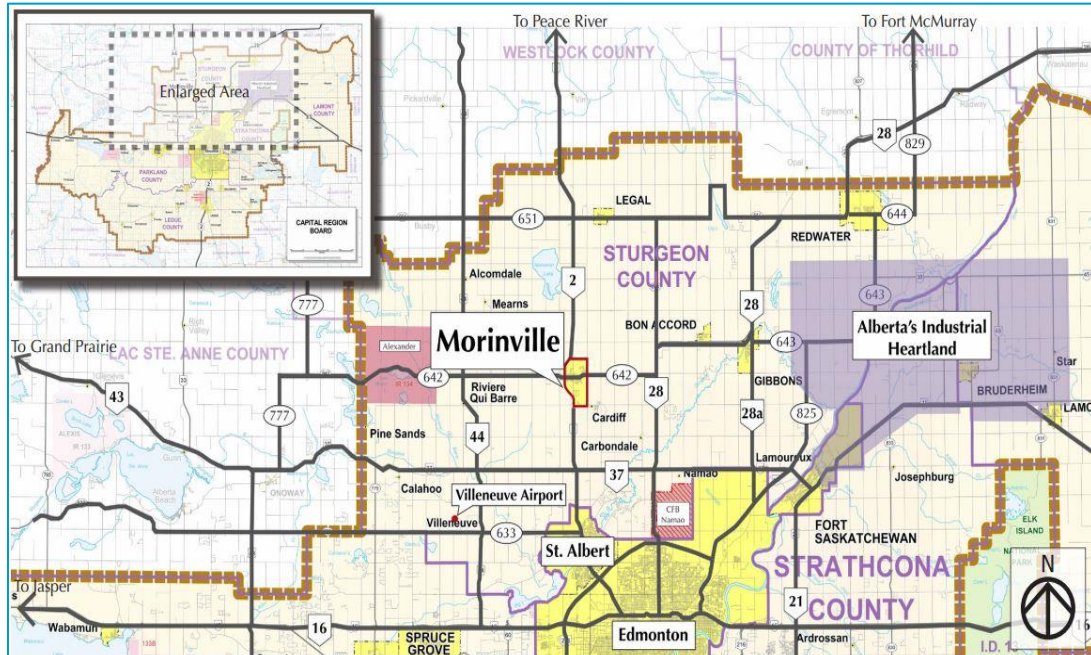
Site & Planning Context Assessment

Regional Location & Accessibility

Sturgeon County comprises over 2,300 square kilometres north of Edmonton. The county's population reached 19,578 in 2011, which is a 5.5% growth from 18,566 in 2006; additionally the Capital Region Regional Growth Plan projects that the population could grow to 32,900 by 2044. Major population centres in the County include Morinville (9,200 residents, 2014), Gibbons (3,200 residents, 2014), Redwater (2,200 residents, 2014), and Bon Accord (1,600 residents, 2014).

The two major industries within Sturgeon County are the agriculture and heavy-industrial sectors. Located on the eastern border of the county, Alberta's Industrial Heartland employs over 7,000 people in the oil and gas sectors. The continued progression of this industry will create accelerated expansion and employment growth in the region. Furthermore, the agricultural industry has a strong economic significance in the region with the majority of County land is allocated to agricultural uses. The performance of these two industries will be a major determinate of Sturgeon County's economic performance.

Regional Location Map

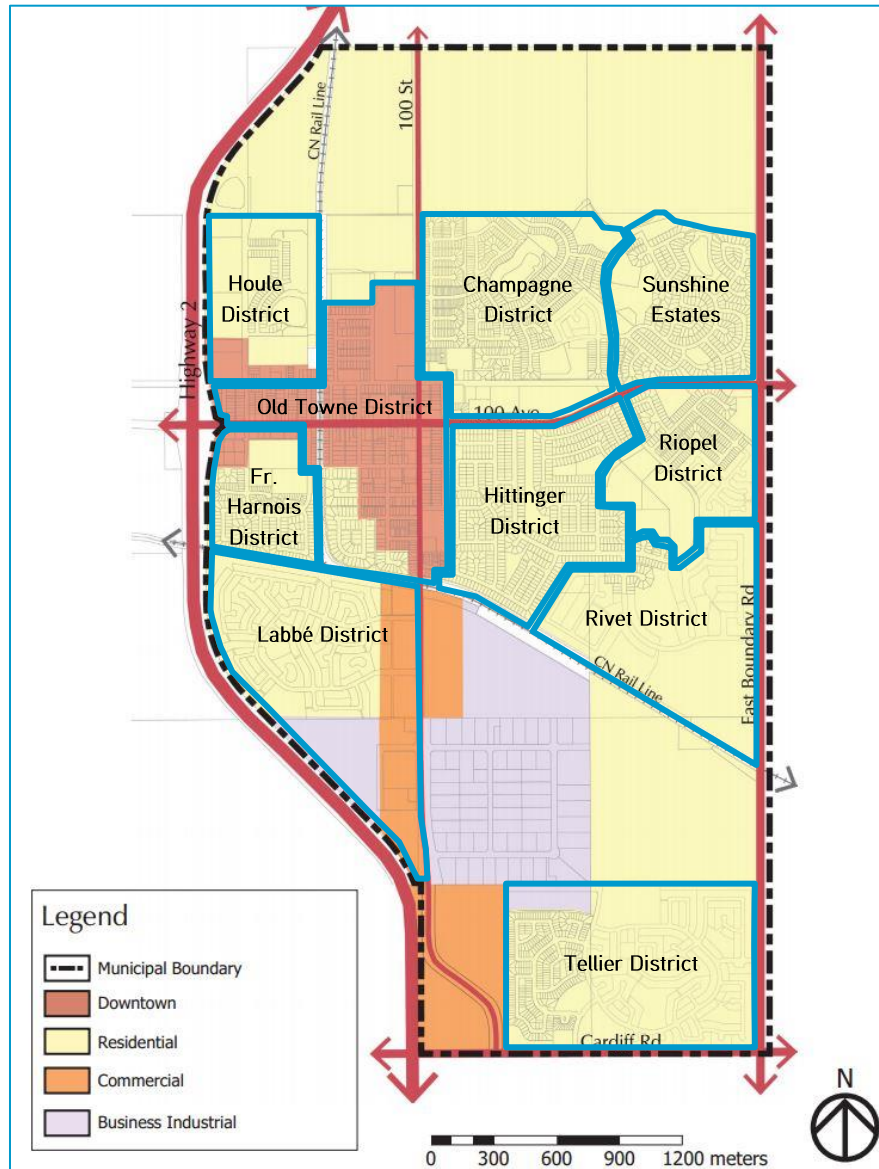


Source: Township of Morinville

Municipal Location & Accessibility

The Township of Morinville covers approximately 11.34 square kilometres of land in Sturgeon County at the intersection of two major transportation corridors: Highway 2 and Highway 642. The Town limits are bound by Cardiff Road to the south, East Boundary Road to the east, Highway 2 to the western border, and agricultural lands form the northern most border.

Municipal Location Map



Source: Township of Morinville



100th Avenue and 100th Street are the two main arterial roads in Morinville with 100th Avenue connecting east to west and 100th Street connecting north to south. Nearly all retail/commercial developments in the town are found within Downtown along these two corridors. Morinville's Municipal Development Plan encourages commercial development within the Downtown Core to create a retail critical mass and meet the growing needs of Morinville residents.

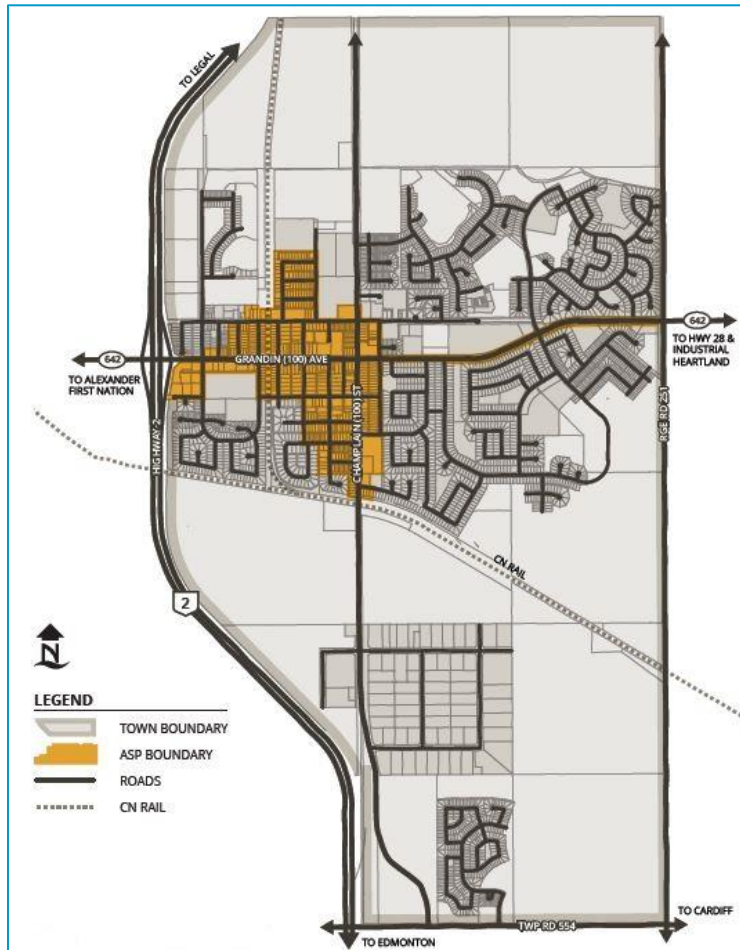
The Township is well-connected regionally with Highway 2 providing access to North and South Alberta, including Edmonton, Red Deer, and Calgary. Highway 642 connects with smaller municipalities such as Gibbons and Bon Accord while ultimately providing access to British Columbia and Grand Prairie to the West and, Fort McMurray to the Northeast. Morinville is located 18 km north of St. Albert and 30 km North of Edmonton.

The map on the previous page highlights existing land use designations within the Town of Morinville. In 2013, the Town adopted the Coeur de Morinville Area Structure Plan (ASP) that outlines the development guidelines and policies with respect to the designation of a Downtown Core and the potential to extend 100th Avenue to East Boundary Road. The ASP sets out to revitalize existing properties and densify the downtown core with a variety of retail/commercial options. Some policies that the plan seeks to implement are:

- Encouraging mixed-use developments in the downtown core;
- Fostering densification of the downtown core;
- Supporting a pedestrian friendly downtown.

Currently 3 acres of vacant land exists within the Coeur de Morinville ASP boundaries that are zoned either Primary Commercial (C-1) which designates typical downtown uses or Secondary Commercial (C-2) that is similar to C-1 zoning however it does not allow for certain automobile oriented uses. The ASP also addresses the potential to expand the Primary Commercial district to north of 99 Avenue along 100th Street to increase street front retail.

Coeur de Morinville ASP Map



Source: Coeur de Morinville ASP

Morinville - Mustel Group Retail Customer Market Survey

Mustel Marketing Group conducted a Retail Customer Market Survey in the Town of Morinville over the course of six days in October and November 2014. The purpose of the report was to understand the different aspects of retail leakages taking place inside the Town and the services that consumers believe are lacking.

Some key findings that were obtained from the survey are:

- More than 8-in-10 Morinville residents travel outside of the community at least on a weekly basis for shopping purposes.
- The reasoning for this outflow spending is better variety in other municipalities (49%), convenient locations (31%) and better prices (22%).

- St. Albert is the most popular destination with 95% of residents stating that their shopping takes place there.
- The highest spending per capita outside the trade area occurs in the Grocery, Food and Beverage, Apparel, and Home Improvement categories. This could be due to the lack of options in Morinville along with a convenience aspect where it is simply easier for a consumer to stop on the way to or from work in the employment centres of St. Albert and Edmonton.
- One-third of Morinville residents are satisfied with the current retail selection. Suggestions were made for stores that are in need; clothing (45%), restaurants (37%), and big box stores (24%).

The following table shows the specific stores that are needed in the community recommended by those who were surveyed. A larger variety of clothing stores (37%) and more family/casual dining selection (22%) were the two most requested retail options.

Specific Stores Needed in the Community	Total (203) %
Clothing Stores	45
Larger variety/selection of clothing stores	37
Children's clothing (i.e. Gymboree, Please Mum)	7
Women's clothing stores	4
Casual/trendy clothes (i.e. Old Navy, The Gap)	3
Men's clothing stores	2
Restaurants	37
Family/casual dining (i.e. Olive Garden, The Keg)	22
Fast Food/Tim Horton's	12
Larger variety of restaurants	8
Big Box Stores	24
Walmart	16
Saan	3
Target	3
Fields	2
Miscellaneous	5
Leisure/Entertainment (i.e. movie theatre, bowling alley, sports facilities)	24
Source: Morinville Retail Market Analysis Survey (Mustel Group)	



It is clear from this survey that shopping in St. Albert and Edmonton is strongly entrenched in the minds of Morinville residents. Residents are not overly bothered by making the short trip to St. Albert or Edmonton on a regular basis even on days when they are not commuting to work. This habit could prove difficult to break and would require unique and enticing tenants within the Town.

To break this habit, based on the requested tenants that the survey group seeks, Colliers believes that the most opportunity lies in the Restaurants segment. Restaurants, if marketed correctly, can have a much larger trade area and can become a destination for regional residents. Food and beverage operations can establish within a market in a much smaller space compared to most other retailers and when popular tend to animate the streets of the Downtown Core.

The requests for big box stores by residents are an opportunity to be a long term consideration for the Town of Morinville. Typically these retailers require a substantial population and land area to develop and establish in a market. They also tend to detract from a town's downtown core when placed on peripheral properties. In the future, should big box formats seek to develop in Morinville, they could be required to be incorporated into the Downtown Core. This will help drive traffic to the core as dictated by Le Coeur de Morinville, and it is likely that vacant space could be sufficient to host a format this large.

Competitive Retail Supply Review

Current Competitive Supply

Overview

Potential retail opportunities are strongly correlated with the competitive retail network already established in the market. In highlighting the current trends in retail formats, tenants, and price points, Colliers seeks to discover market voids within the Morinville network for which future retailers could find success. To identify the total supportable floor space and potential retail opportunities within the Town's network, Colliers has analyzed the market position and merchandise mix of the current and planned centres in the study area.

Existing Retail Supply

To conduct this supply analysis, Colliers calculated the floor area for retail businesses in Morinville using leasing plans and satellite mapping measurements. The retail businesses within the database were subsequently organized into NAICS (North American Industrial Classification System) to enable direct comparison with the demand numbers generated in the Colliers retail demand model. The following summary table shows current retail supply in square feet, by major retail category.

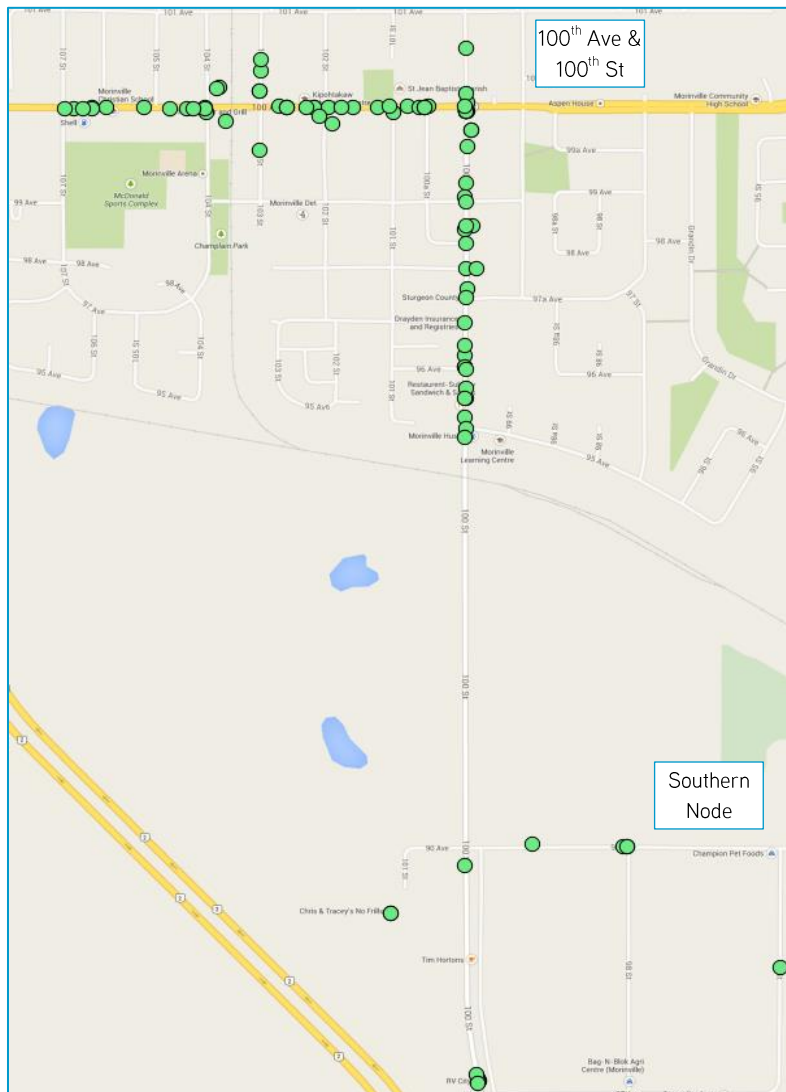
Town of Morinville Retail Supply (sf)	
Major Retail Category (Rounded to the nearest 00)	
Motor Vehicle Parts and Dealers [411]	42,600
Furniture and Home Furnishing Stores [442]	8,000
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Miscellaneous Store Retailers [453]	9,900
Restaurant Food & Beverage [722]	47,400
Service Commercial	93,300
Total Retail Supply	341,200
Source: Colliers International Consulting	

As the table above shows, there is over 340,000 sq. ft. of retail floor space in the Town of Morinville. All retail functions are included in the table such as traditional retail, service commercial, and food and beverage.

Existing Retail Supply Map (All Businesses)

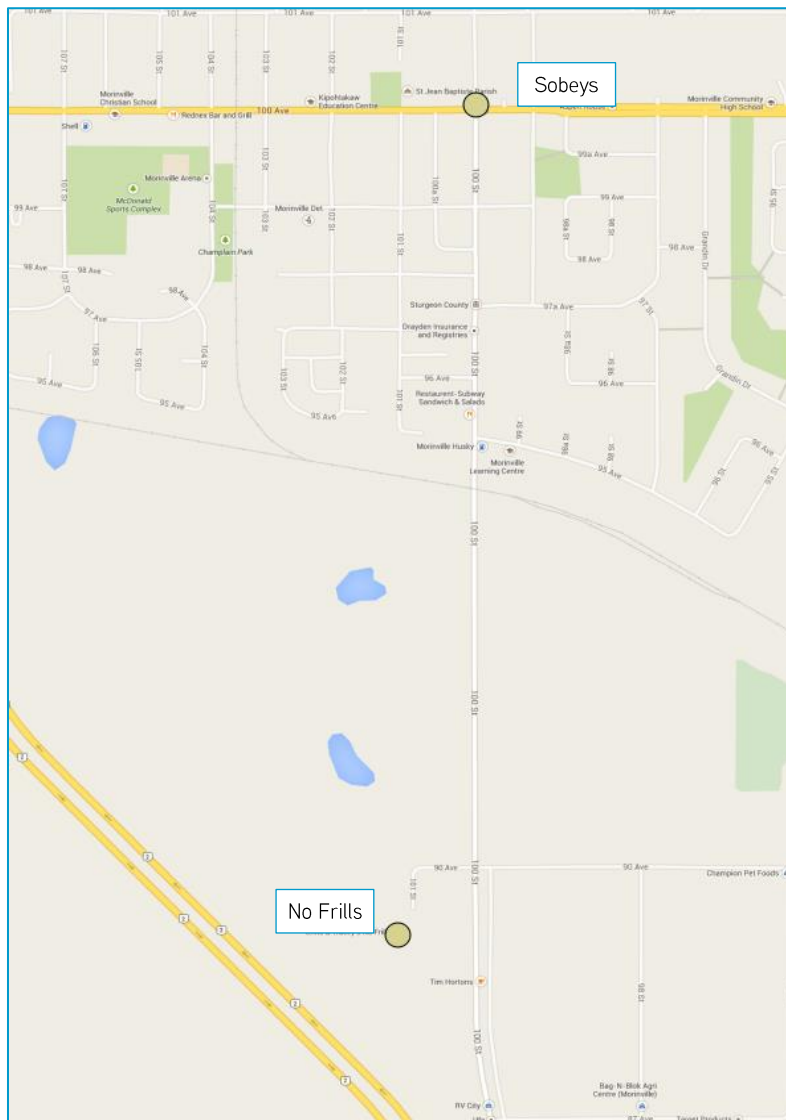
The map below outlines the distribution of all retail spaces in Morinville. Most of the retail outlets share similar characteristics based on their location and frequency.

- Retail outlets are concentrated along the two arterial roads in Morinville; 100th Street and 100th Avenue.
- There is very minimal retail presence in the surrounding residential neighbourhoods.
- A small node of grocery and service retail is located at the southern section of the municipality.



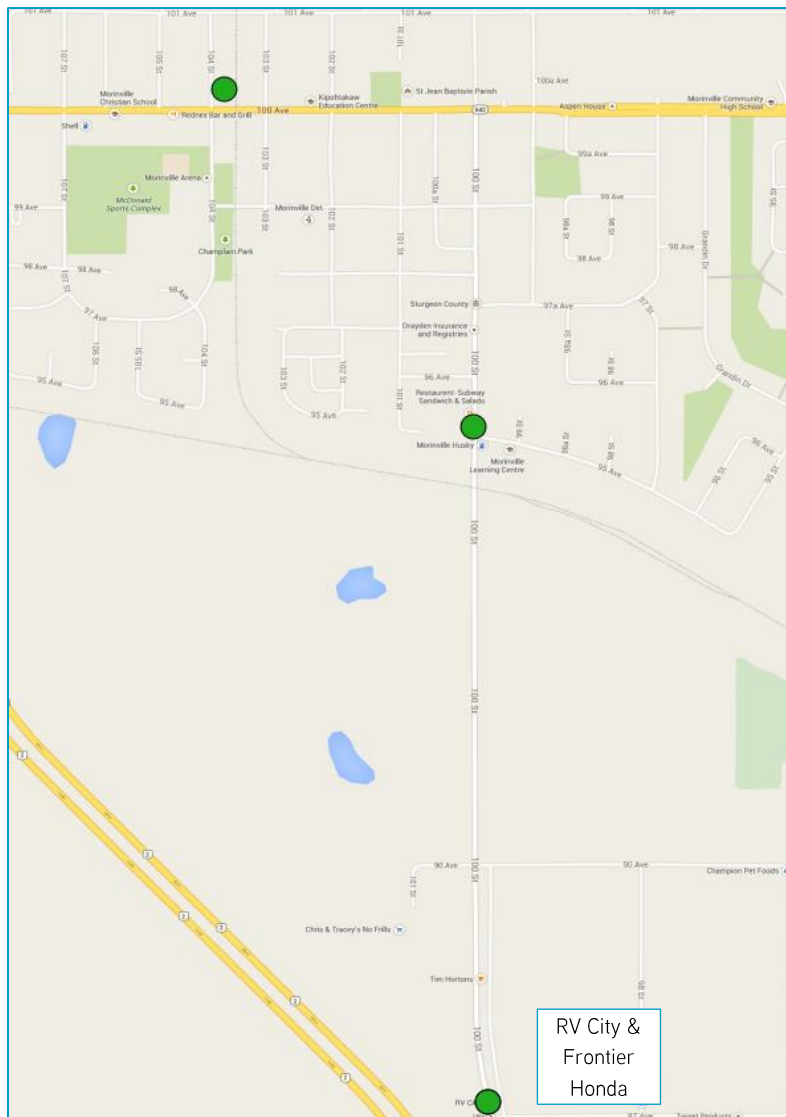
Grocery Stores

The second largest retail category by floorspace, Supermarkets and Other Grocery accounts for over 55,000 sq. ft. of retail in the Town. The Town's supermarket inventory is comprised of only two grocers, No Frills (35,200 sq. ft.) and Sobeys (20,000 sq. ft.). Both retailers are well situated on either end of 100th Street, providing convenience for customers and critical competitive distance from one another. These grocers cover the mid to low priced grocery market well. No Frills caters to the price sensitive shopper while Sobeys offers a higher level of product and cost. Together these grocers have reduced the amount of inter-competition strictly based on their price point and product offering, a key for success in a town with high outflow and moderate population.



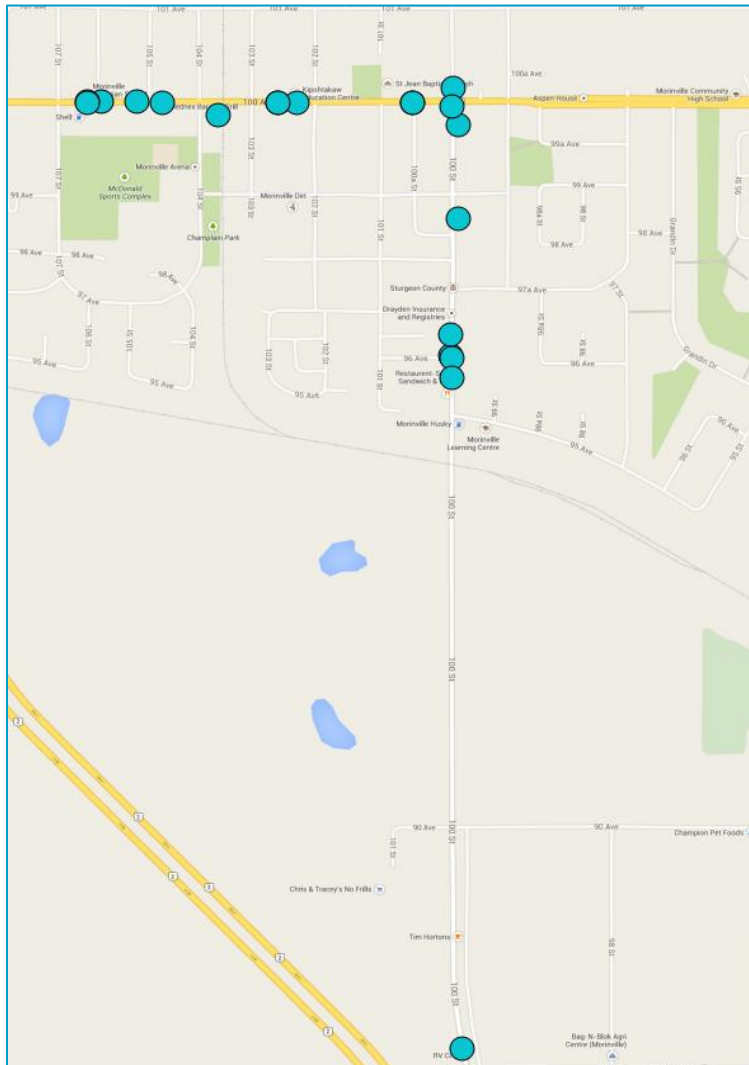
Motor Vehicle and Parts Dealers

Morinville's Motor Vehicle and Parts Dealers are made up of three automotive dealerships and a tire dealership. The category consists of 42,600 sq. ft. of retail floor space, the majority of which is made up by Frontier Honda and RV City.



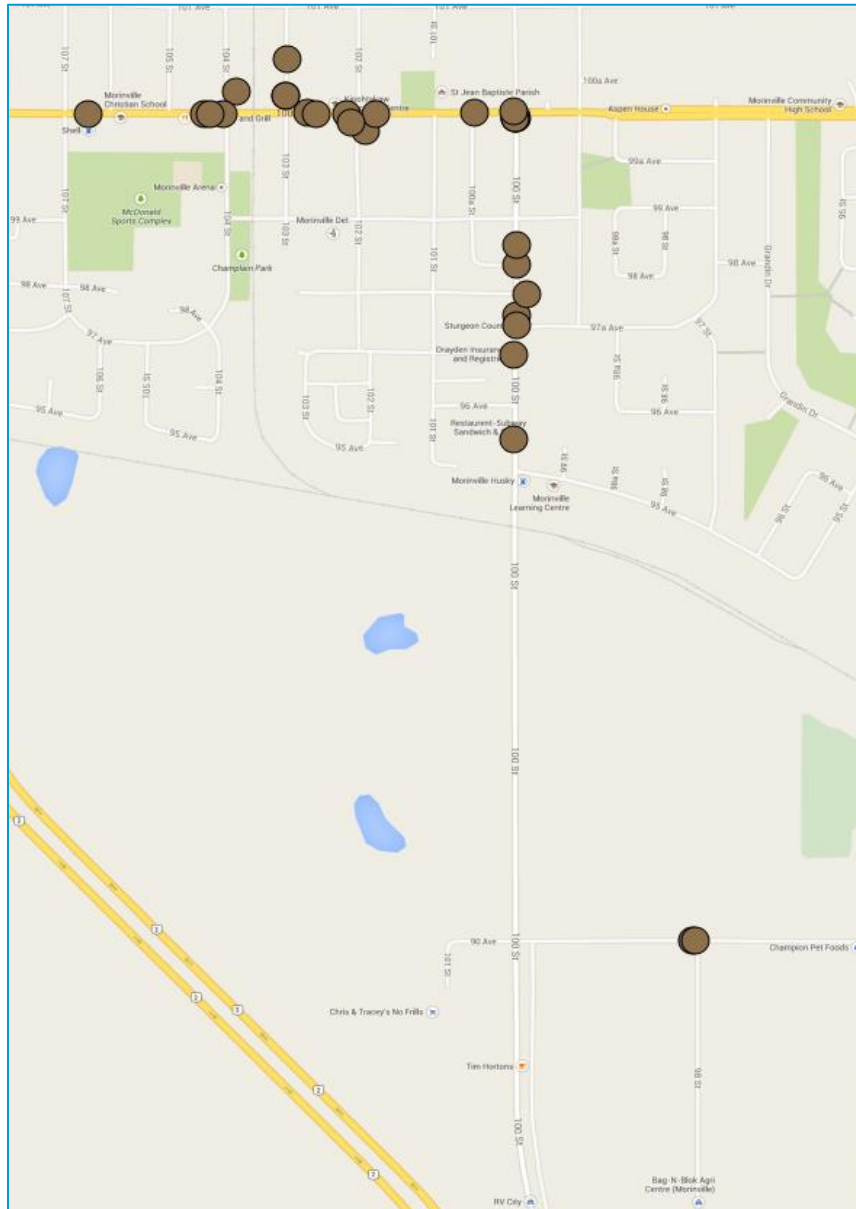
Food Services and Drinking Places

Food and Beverage tenant nearly 15% of all floorspace in Morinville, making it the third largest retail category by floorspace. There are a total of 20 restaurants in the town, all of which are located along 100th Street and 100th Avenue. Of the 47,400 sq. ft. of total floor space there are 6 full-service restaurants with a combined 17,200 sq. ft. of space while 14 limited-service restaurants (fast food, etc.) which make up 30,200 sq. ft. The food services category is fairly balanced with fast food being slight more dominant. In the food and beverage categories, many Canadian towns are seeing independent restaurants with niche offerings becoming very successful by catering to a niche market. Quite frequently, these restaurants will create a buzz and not only reverse spending outflow but create an inflow from markets nearby. These restaurants typically offer a new to market environment and food/beverage offering.



Service Commercial

Service Commercial retail encompasses a variety of services such as medical, bank and credit, personal care, and automobile repair and maintenance. This category's 33 businesses account for over 93,000 sq. ft. of retail floor space in Morinville. Similar to the other categories the highest density of Service Commercial outlets is located in the downtown district.

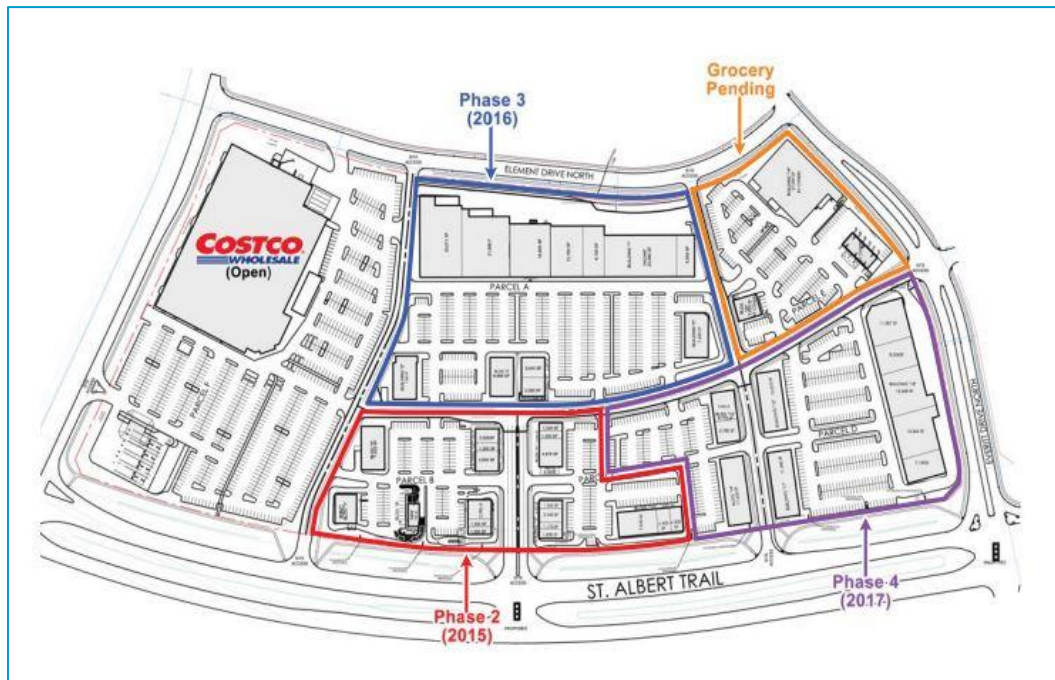


Future/Planned Retail Supply – Regional Context

Erin Ridge Shopping Centre

The Erin Ridge Shopping Centre is a four-phase, 500,000 sq. ft. retail power centre development currently underway in the Erin Ridge ASP in Northern St. Albert. The site is a 10 minute drive south from Morinville down Highway 2. The first phase has already been completed and consists of a 150,000 sq. ft. Costco, the largest in Western Canada. The second phase, scheduled to be completed in 2015, will provide an additional 9 retail spaces in 54,000 sq. ft. The third phase, to be completed in 2016, will add an additional 140,000 sq. ft. with phase 4 adding the remaining 140,000 sq. ft. by 2017. Expected onsite are a range of fashion and box retail tenants typical to similar centers in Edmonton. Offerings will be likely be less unique and very mainstream like much of the other box centres found in Alberta.

The presence of this regional shopping centre in close proximity to Morinville will draw outflow spending to the St. Albert area, caused particularly by the regional draw that Costco creates. The Erin Ridge Shopping Centre further increases the competitive retail strength of Northern St. Albert which already draws significant patronage from Morinville through a variety of offerings from tenants like Walmart, Save-On Foods, Home Depot, Future Shop, Mark's Work Wearhouse, and Shopper's Drug Mart. With all of these tenants within 10 minutes of Morinville, there remains little potential for these types of retailers within the Town until population increases significantly. Focus on independent and unique retail will animate and differentiate Morinville from the standard Alberta box retail found in St. Albert.



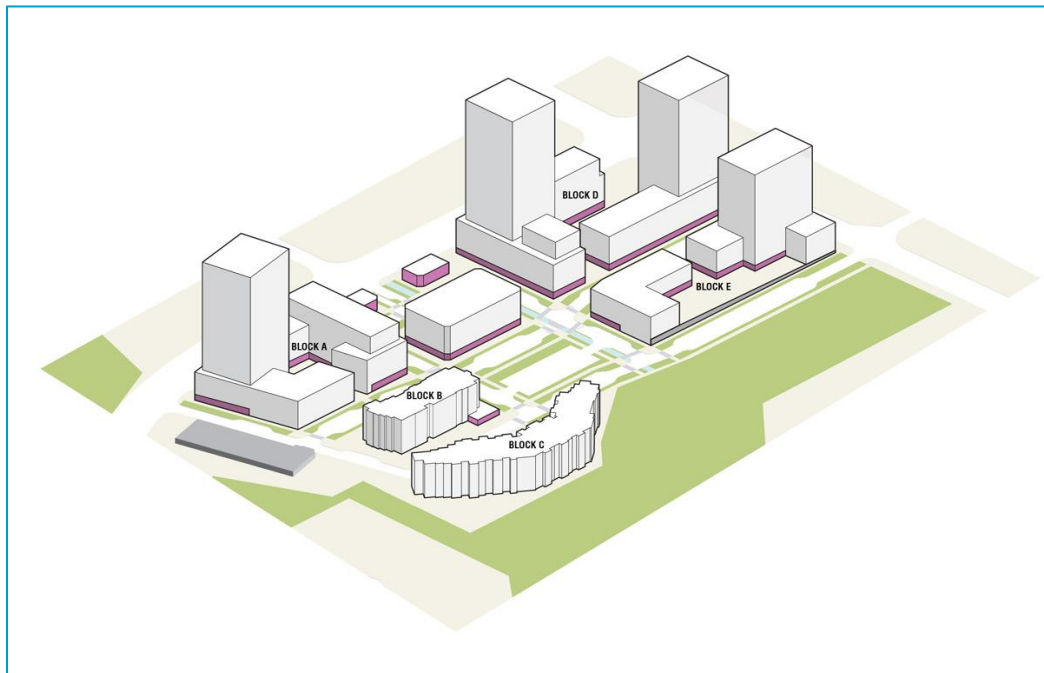
Source: Northwest Atlantic

Grandin Park Mall

Amacon Developments is planning to redevelop the 4.2 hectare Grandin Park Plaza site on Sir Winston Churchill Avenue in southern St. Albert. Four phases will take place over the course of ten years from 2014-2025; the first phase has already begun with the removal of most of the existing mall and in due time two 5-storey residential buildings will be added. The first phase fits within the existing approvals from the City of St. Albert while further approval processes are required to complete further phases. In future phases, Amacon plans to build three towers up to 27 storeys tall along with mid-rise buildings all of which will be mixed use residential, commercial and retail.

At build-out the project will add 1,200 residential units and 160,000 sq. ft. of retail to St. Albert. The retail is expected to provide a mix of both large and small format retailers to encourage both anchor tenants and independent businesses to establish onsite. If approved, the towers will be the first of their size in St. Albert, which has typically only seen mid-rise projects.

The Grandin Park Mall project will likely have a minimal effect on the current and future retail in Morinville based on the relatively small retail footprint and its location. When considering the project as a whole, based on the proposed residential offering and depending on price, Morinville could see a migration of residents from the Town to this project, where aging residents are drawn to an all-inclusive community. To reduce any population outflows to St. Albert, Morinville could provide the opportunity to continue to increase density and improve the Downtown Core to give residents an increased sense of belonging and loyalty to the Town as a whole.



Source: Amacon Developments

Future/Planned Retail – Local Context

Trade Developments

Trade Developments is set to construct a mixed-use development along 100th Avenue which will provide approximately 11,000 sq. ft. of retail at grade in Downtown Morinville by spring 2015. Above the retail units, 36 adult market rental suites will be offered exclusively to residents of at least 50 years old. This project marks an important part in the redevelopment of Morinville's Downtown Core as it not only densifies the area but provides ample space for new to market retailers.

Of significant retail importance, the space provided by Trade Developments allows independent retailers to establish a business in Morinville. In similar markets, these types of retail spaces attract entrepreneurs looking to animate the street with a unique food offering or a boutique clothing store. These types of projects provide a good opportunity for the Town of Morinville as it is a realistic and beneficial way to attain the goals set forth in Le Coeur de Morinville ASP. If retailers find success in this project, they could help significantly reduce expenditure outflow to St. Albert and Edmonton, while helping the Downtown Core regenerate.



Source: Trade Developments

South Commercial ASP

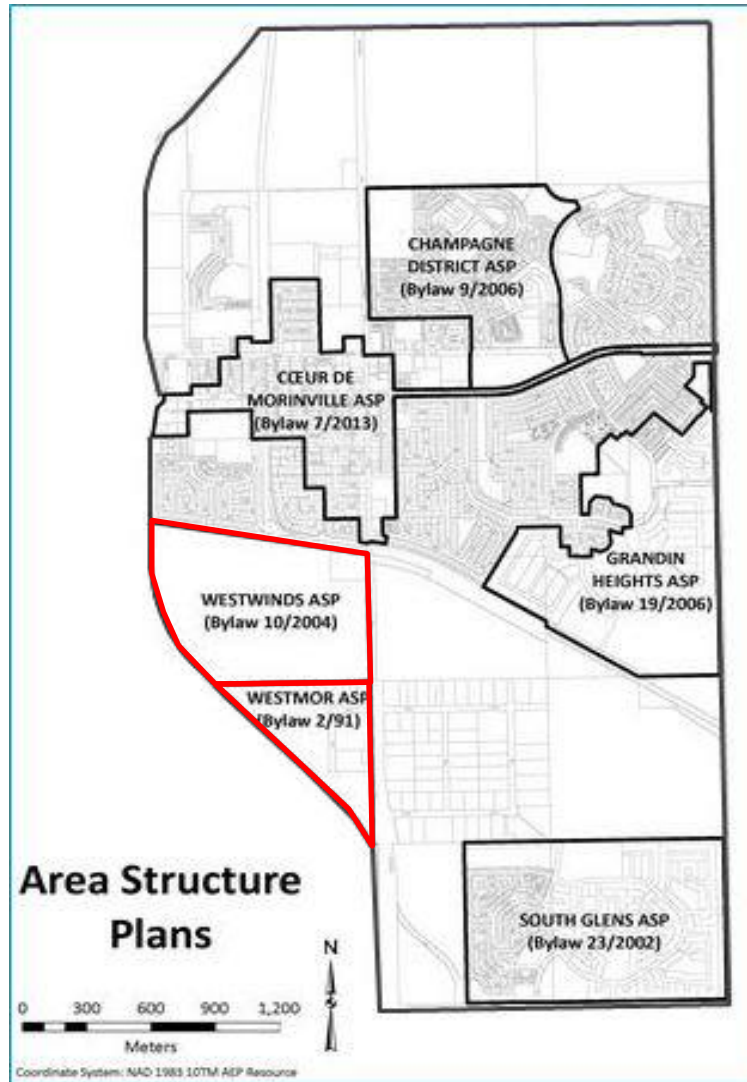
The Town of Morinville is recently accepted application R14-004 for first reading which outlines the adoption of the South Commercial Lands ASP. Located at Morinville's southern border, the ASP lands are a 15 ha parcel of undeveloped land immediately west of the South Glens ASP residential neighbourhood. The commercial lands, which are currently planned for second reading in council for early 2015, will be phased based on market conditions. Commercial/industrial developments will be situated at the northern end of the ASP with the potential for a retail strip and big box precinct at the south end of the ASP.

The site is currently zoned Urban Reserve (UR) holds vacant land for future urban development, for primarily low intensity uses.



Westwinds ASP & Westmor ASP

The Westwinds and Westmore ASPs are two more sites of future commercial-retail development in Morinville. Approved in 1991, the Westmor ASP is a 94 hectare site that is currently planned for commercial development. The Westwinds ASP, approved in 2004, is currently in the process of subdividing the quarter section which will lead to future commercial development.



Source: Town of Morinville OCP

Sobeys

Sobeys has obtained a development application to move their current operation in at the intersection of 100th Street and 100th Avenue to a site down 100th Avenue to the east. It is expected that a 56,000 sq. ft. grocery store and a 4,800 sq. ft. CRU will be developed along with the potential of a 6,000 sq. ft. expansion on the grocery store. The existing Sobeys site will then be available repurposing into a new retail site.



Trade Area & Demographic Analysis

Demographic Review

Population by Age Profile – 2014 Projection

The 2014 projected trade area population by age for the Town of Morinville based on the 2011 Census is shown in the table below:

2014 Demographic Snapshot	Morinville (T), AB		Edmonton, AB		Alberta	
		%		%		%
2014 Total Population by Age	9,703		1,279,368		4,020,964	
0 to 4 years	908	9.4%	79,847	6.2%	266,704	6.6%
5 to 19 years	1,803	18.6%	218,948	17.1%	729,860	18.2%
20 to 24 years	605	6.2%	97,727	7.6%	285,520	7.1%
25 to 34 years	2,000	20.6%	217,717	17.0%	646,457	16.1%
35 to 44 years	1,347	13.9%	181,698	14.2%	575,704	14.3%
45 to 54 years	1,235	12.7%	179,819	14.1%	570,241	14.2%
55 to 64 years	1,018	10.5%	151,833	11.9%	478,067	11.9%
65 to 74 years	529	5.5%	85,737	6.7%	267,591	6.7%
75 years & over	258	3%	66,042	5%	200,820	5%
Median Age	32.8		36.4		36.4	
Source: Environics 2014 Estimates						

The median age of residents within Morinville is almost four years younger than Edmonton and the Province of Alberta as a whole. Although the Town's age group distributions are similar to Edmonton and Alberta, Morinville does have a slightly larger proportion of children aged 0 to 4 years and young adults aged 25 to 34 years, an indication of more young families in the area. As these families establish themselves in the neighbourhood they will continue to seek convenience and unique retail opportunities either locally or within close proximity. St. Albert offers a variety of brands but in a fairly bland format. Downtown Morinville could be an ideal setting for a shopping experience that encourages patrons to linger longer and enjoy their free time.

Households by Size and Tenure – 2014 Projection

The average number of persons per household in Morinville is 2.64, only slightly higher than Edmonton and the Province which have 2.53 and 2.57 persons per household, respectively. Morinville also has a higher proportion of households with three, four and five persons, which is again indicative of a larger concentration of families.

Private dwellings in Morinville are largely owned, and the proportion of owned dwellings is significantly higher than both Edmonton and the Province as a whole. A town with higher house ownership inherently indicates a population that is less transient and financially stable. Populations with these types of profiles present retail opportunities for the Food and Beverage sector, along with the Home Furnishings and Electronics categories.

2014 Estimates Households and Dwellings	Morinville (T), AB		Edmonton, AB		Alberta	
		%		%		%
2014 Households by Size of Household	3,631		497,416		1,533,372	
1 person	662	18.2%	127,139	25.6%	371,781	24.2%
2 persons	1,210	33.3%	166,521	33.5%	523,424	34.1%
3 persons	726	20.0%	81,635	16.4%	249,349	16.3%
4 persons	674	18.6%	76,242	15.3%	237,235	15.5%
5 persons	290	8.0%	29,850	6.0%	95,288	6.2%
6 or more persons	69	1.9%	16,029	3.2%	56,295	3.7%
2014 Persons in Households	9,595		1,256,767		3,937,772	
Persons per household	2.64		2.53		2.57	
2014 Occupied Private Dwellings by Tenure	3,631		497,416		1,533,372	
Owned	3,182	87.6%	359,233	72.2%	1,150,039	75.0%
Rented	449	12.4%	137,512	27.6%	372,521	24.3%
Band housing	0	0.0%	671	0.1%	10,812	0.7%
Source: Environics 2014 Estimates						

Educational Attainment Profile – 2014 Projection

The Town of Morinville has a smaller proportion of residents holding a university certificate or degree, only 8.2% compared to 23.9% in Edmonton and 22.5% in Alberta overall. However, residents of Morinville do hold a higher proportion of apprenticeship, trade and college certificates or diplomas. An estimated 38.7% of the population of Morinville has attained education in these two categories, compared to 28.4% in both Edmonton and Alberta as a whole. This profile is similar to other Canadian suburban markets and is not an indication of lower disposable income.

2014 Estimates Education	Morinville (T), AB		Edmonton, AB		Alberta	
		%		%		%
2014 Household Population 15 years and over by Educational Attainment	7,518		1,036,311		3,193,177	
No certificate, diploma or degree	1,272	16.9%	177,097	17.1%	605,937	19.0%
High school certificate or equivalent	2,444	32.5%	266,202	25.7%	818,202	25.6%
Apprenticeship or trades certificate or diploma	1,051	14.0%	107,619	10.4%	336,542	10.5%
College, CEGEP or other non-university certificate or diploma	1,857	24.7%	186,955	18.0%	571,179	17.9%
University certificate or diploma below bachelor	277	3.7%	50,313	4.9%	142,816	4.5%
University certificate or degree	617	8.2%	248,125	23.9%	718,501	22.5%

Source: Environics 2014 Estimates

Labour Force Profile – 2014 Projection

The Town of Morinville has a higher labour participation rate than both Edmonton and Alberta. Approximately 78.5% of residents aged 15 years or over are actively in the labour force, compared to 72.4% in Edmonton and 73.2% in the Province.

The largest occupational category in the Town of Morinville is trades, transport and equipment operators. Consistent with a higher proportion of residents educated in the trades, 27.9% of the Morinville labour force is employed in this category compared to only 19.7% in Edmonton and 18.5% in Alberta overall.

2014 Estimates Labour Force, Occupations	Morinville (T), AB		Edmonton, AB		Alberta	
		%		%		%
2014 Household Population 15 years or Over by Labour Force Participation	7,518		1,036,311		3,193,177	
In the labour force	5,903	78.5%	750,551	72.4%	2,338,060	73.2%
Not in the labour force	1,615	21.5%	285,760	27.6%	855,117	26.8%
Participation rate	78.5%		72.4%		73.2%	
2014 Labour Force 15 years and over by Occupation	5,903		750,551		2,338,060	
Occupation - Not applicable	33	0.6%	10,714	1.4%	32,570	1.4%
All occupations	5,870	99.4%	739,837	98.6%	2,305,490	98.6%
Management	386	6.5%	61,320	8.2%	214,100	9.2%
Business, finance and administration	881	14.9%	119,226	15.9%	361,665	15.5%
Natural and applied sciences and related	211	3.6%	60,937	8.1%	205,402	8.8%
Health occupations	327	5.5%	52,994	7.1%	138,035	5.9%
Occupations in social science, education, government service and religion	770	13.0%	74,829	10.0%	222,140	9.5%
Occupations in art, culture, recreation and sport	83	1.4%	15,157	2.0%	51,237	2.2%
Sales And Service	1,273	21.6%	171,631	22.9%	513,128	21.9%
Trades, transport and equipment operators and related	1,649	27.9%	147,987	19.7%	431,593	18.5%
Occupations unique to primary industry	93	1.6%	15,871	2.1%	100,519	4.3%
Occupations unique to processing, manufacturing and utilities	197	3.3%	19,885	2.6%	67,671	2.9%

Source: Environics 2014 Estimates

Household & Per Capita Income Profile – 2014 Projection

Morinville resident income levels are a key demographic in assessing retail demand potential as they, along with an area's cost of living, help to determine personal disposable income.

The average household income in Morinville is higher than Edmonton but in-line with the Province of Alberta. Since the average incomes of Morinville and the Province are similar, but Morinville's median income is higher, the proportion of wealthy residents is higher in Morinville than the Province. The median household income in Morinville is approximately \$95,600 annually, nearly \$14,000 more than that of the Province. With a stronger proportion of residents who earn more, the retail spending potential increases.

2014 Estimates Household Income	Morinville (T), AB		Edmonton, AB		Alberta	
		%		%		%
2014 Households by Income (Current Year \$)	3,631		497,416		1,533,372	
Under \$10,000	30	0.8%	13,426	2.7%	43,519	2.8%
\$ 10,000 - \$19,999	96	2.6%	26,839	5.4%	84,054	5.5%
\$ 20,000 - \$29,999	127	3.5%	29,232	5.9%	93,107	6.1%
\$ 30,000 - \$39,999	204	5.6%	34,047	6.8%	108,159	7.1%
\$ 40,000 - \$49,999	190	5.2%	35,597	7.2%	112,544	7.3%
\$ 50,000 - \$59,999	152	4.2%	34,173	6.9%	107,517	7.0%
\$ 60,000 - \$69,999	229	6.3%	33,266	6.7%	103,920	6.8%
\$ 70,000 - \$79,999	343	9.4%	31,951	6.4%	99,354	6.5%
\$ 80,000 - \$89,999	255	7.0%	29,534	5.9%	91,267	6.0%
\$ 90,000 - \$99,999	336	9.3%	28,863	5.8%	84,333	5.5%
\$ 100,000 - \$ 124,999	630	17.4%	59,448	12.0%	171,326	11.2%
\$ 125,000 - \$ 149,999	439	12.1%	46,082	9.3%	131,555	8.6%
\$ 150,000 - \$ 174,999	286	7.9%	32,409	6.5%	91,532	6.0%
\$ 175,000 - \$ 199,999	162	4.5%	20,796	4.2%	61,327	4.0%
\$ 200,000 - \$ 249,999	68	1.9%	18,594	3.7%	58,226	3.8%
\$ 250,000 and over	84	2.3%	23,159	4.7%	91,632	6.0%
Average income	\$114,512		\$108,438		\$113,930	
Median Income	\$95,640		\$83,446		\$81,590	

Source: Environics 2014 Estimates

Demographic Implications

Understanding the current and future demographics in Morinville is essential for future retail development, in both retail format and offering. The following are demographic highlights to be considered as the Town progresses:

- The median age of the town is slightly lower than that of Alberta, with a higher concentration of young children and adults under 34 years old. Many households in the study area are in the family forming stage and could remain in the town for the mid to long terms.
- Both ownership rates and income levels are strong in Morinville indicating a relatively stable and wealthy lifestyle when compared to the Province of Alberta. These residents have a strong retail potential for the town although based on market understanding a strong leakage of spending exists.
- Typically Canadian towns with this type of population profile show stronger expenditures in the food and beverage, household furnishings, apparel, and general merchandise sectors. Within the study area, it is likely that spending in these categories currently flow to St. Albert. Strategic planning to reduce outflow in key sectors will help concentrate spending to the commercial areas within the Towns Boundaries.

The following section investigates the retail market in Morinville, providing estimates and projections to base further policy and analysis upon.

Retail Commercial Demand Analysis

Trade Area Delineation

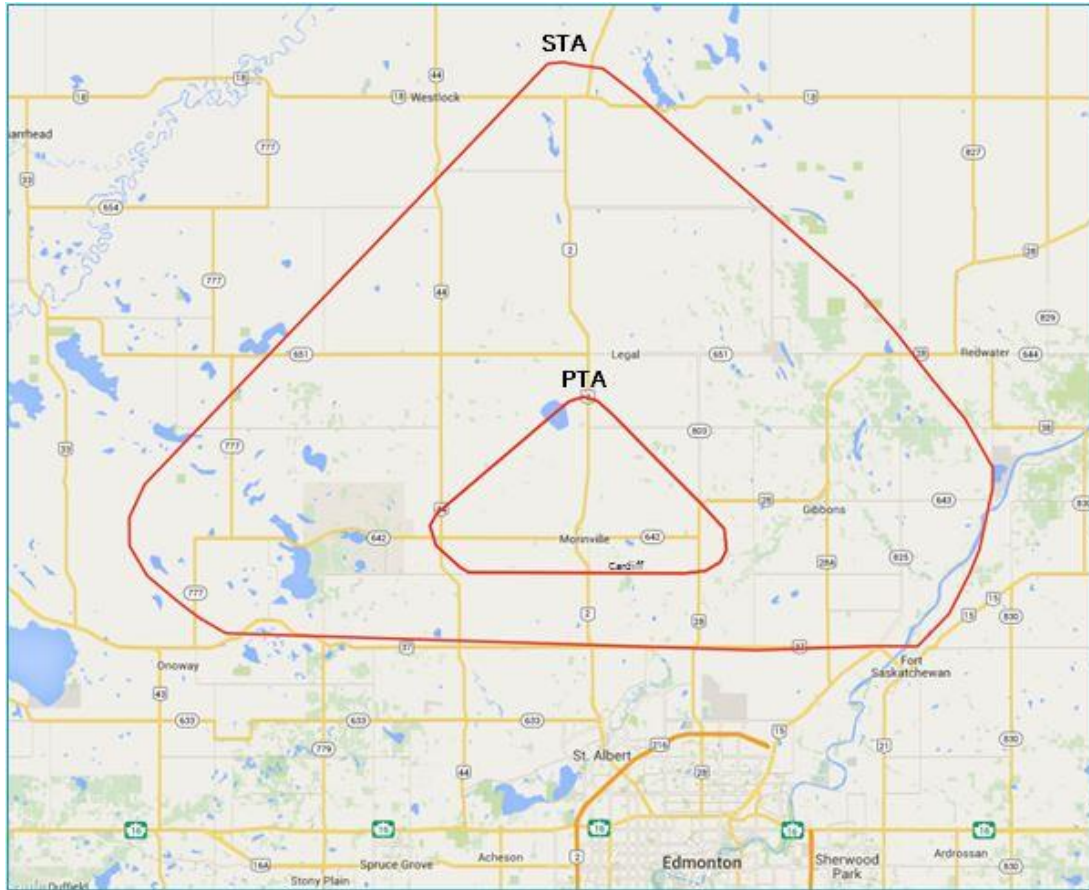
In order to determine the potential for retail uses within Morinville, Colliers has delineated trade areas which represent the boundaries from which the majority of retail spending can be expected. Colliers determines trade areas based on a range of factors, including:

- Proximity to residential concentrations and residential growth areas;
- Relative proximity, scale and quality of competitive retail projects and nodes (both existing and planned);
- Quality of local and regional accessibility;
- Visibility and exposure to traffic volumes;
- Site size and general scale of envisioned retail-commercial component;
- Physical (e.g. bodies of water, other geographic features with no man-made crossings) and psychological (e.g. railroad tracks, bridges) barriers affecting retail expenditure patterns.

The applicable retail trade areas have been determined based on the above factors and are presented in the map on the following page.

The primary trade area (PTA) for Morinville comprises of the Town's boundaries and surrounding areas within a ten minute drive time. Its southern boundary is limited by the retail draw of St. Albert's. The secondary trade area (STA) spans a 30 minute drive time from the retail centre of Morinville, follows the same southern constraint as the PTA. Sales to customers in the STA account for a smaller proportion of total sales, however it is still important to consider the size and impact of the STA in the planning of future commercial developments.

Trade Areas Map



Population Projections

The population figures illustrated in the chart below will serve as key inputs into Colliers' retail demand modeling and determination of market-supportable floor area over time:

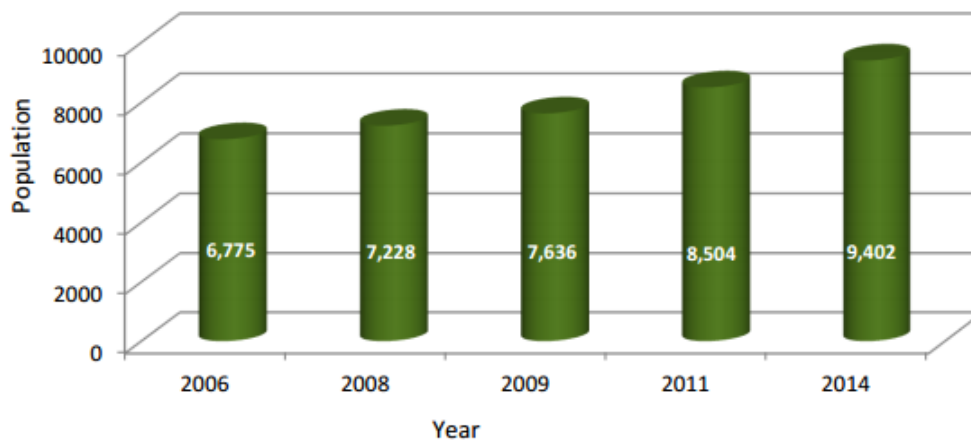
Trade Area Population Projections	2014	2018
PTA	11,485	12,774
STA	21,672	22,061
Total	33,175	34,835

Source: Environics data estimates at block level.

The trade area population estimates used in the retail demand model are based on Environics-supplied block-level data which is projected from 2011 Census figures. They show an average annual growth rate of 2.9%. Colliers has utilized the Environics population estimates through to 2018 as a moderate estimate for the trade area growth. It should be noted that within the Town limits, Morinville has grown by 4.8% annually since 2006, and the Capital Growth Region by 1.8% during the same period. A mid-point estimate provides a calibrated growth rate for the rural and urban areas of the trade area.

Provided below is the historical population growth for the Town of Morinville for reference purposes.

Population Growth (2006 – 2014)



Source: Morinville 2014 Municipal Census

Retail Demand Model Overview

Colliers' retail demand model calculates the retail expenditure potential from a population based on socio-economic variables, Provincial data, and retail industry benchmarks. Expenditures are then split amongst the retail categories using the most recent Provincial profile of retail sales data from Statistics Canada.

The model uses Personal Disposable Income (PDI) as a basis to calculate the total retail expenditure potential within a given area. PDI is defined as the amounts of money that households or individuals have available for spending after income taxes have been deducted.

Firstly, an average per capita income estimate is calculated by dividing household income projections by household size. Household incomes for the future PTA population are based on the demographic proxy area discussed in the previous section. Using the differential between the Trade Area per capita income and the Alberta average, Colliers calculates the PDI for the PTA. This methodology allows for a local PDI but does not rely on specific income data, which can be prone to large degrees of error.

Since not all disposable income is spent on retail goods, we reduce the PDI by retail expenditure to PDI ratio which is also an adjusted Provincial rate from the Conference Board of Canada. The Alberta average retail sales to PDI ratio is 45.5%. Using an algorithm which factors in the reality that higher income does not bring about proportionately higher retail spending, Colliers calculates retail expenditure to PDI ratio for each trade area delineated. Generally, the lower a Trade Area's PDI is, the larger the proportion of retail spending relative to PDI.

Beyond those assumptions already noted above, Colliers has made a number of key assumptions based on its review of the overall retail landscape in Morinville. These key assumptions include the following:

- Service-commercial uses, including local-serving professional service offices, at 30% of total retail, food and drink establishment floor area.
- Market shares expected to hold steady over the defined study period, which is projected to 2018. (In reality, market shares tend to build up over the initial years of a new project as the facilities gain acceptance and build a regular clientele.)

Trade Area Expenditure Potential

Retail expenditure potential is the amount of retail spending (by category) that a given population is statistically likely to do. It is a measure of an area's ability to support retail and service commercial establishments and, as such, is the first step in determining the total potential commercial demand for an area. Expenditure potential is a function of an area's population, its income and overall retail expenditure patterns.

On the following few pages, Colliers calculates the annual expenditure potential for PTA and STA residents between 2014 and 2018. Colliers has included annual expenditure potential for each of the major 3-digit NAICS retail trade categories as tracked by Statistics Canada.

As Statistics Canada NAICS retail categories do not include Food & Beverage facilities such as restaurants, cafes and bars, Colliers calculates these separately using data from Environics which is derived from Statistics Canada's Survey of Household Spending.

PTA Resident Expenditure Potential

The following table highlights the expenditure potential of PTA residents in 2013 and 2018. The PTA is expected to grow from 11,485 residents (2014) to 12,774 in 2018. This trade area has a similar average Personal Disposable Income (PDI) and propensity to spend on retail purchases when compared to the Province of Alberta. By 2018, retail developments will have the potential to capture almost \$262 million annually. This equates to each resident having approximately \$20,000 to spend on retail each year. Additionally, spending inside food and drink establishments is expected to grow to more than \$13.2 million by 2018.



PTA Resident Expenditure Potential	2014	2018
Population	11,485	12,774
INCOME (PDI)	\$41,203	\$42,876
TOTAL INCOME POTENTIAL	\$473,219,160	\$547,701,240
RETAIL SALES / INCOME	45.5%	45.5%
TOTAL RETAIL POTENTIAL	\$215,185,500	\$249,054,500
Motor vehicle and parts dealers [441]	\$61,262,378	\$70,904,735
Furniture and home furnishings stores [442]	\$7,098,566	\$8,215,841
Electronics and appliance stores [443]	\$7,614,836	\$8,813,369
Building material and garden equipment and supplies dealers [444]	\$11,136,388	\$12,889,194
Food and beverage stores [445]	\$40,647,861	\$47,045,608
Grocery stores [4451]	\$32,261,570	\$37,339,361
Supermarkets and other grocery (except convenience) stores [44511]	\$30,000,012	\$34,721,847
Convenience stores [44512]	\$2,261,558	\$2,617,515
Specialty food stores [4452]	\$1,513,409	\$1,751,611
Beer, wine and liquor stores [4453]	\$6,872,587	\$7,954,294
Health and personal care stores [446]	\$9,035,611	\$10,457,766
Gasoline stations [447]	\$28,768,929	\$33,296,998
Clothing and clothing accessories stores [448]	\$12,276,017	\$14,208,194
Sporting goods, hobby, book and music stores [451]	\$5,412,281	\$6,264,143
General merchandise stores [452]	\$26,899,736	\$31,133,605
Miscellaneous store retailers [453]	\$5,032,896	\$5,825,046
TOTAL - MAJOR RETAIL CATEGORIES (3-Digit NAICS Codes)	\$215,186,000	\$249,055,000
Food/Drink Establishment Spending per Capita	\$996	\$1,037
TOTAL - FOOD & BEVERAGE ESTABLISHMENT SPEND POTENTIAL	\$11,442,463	\$13,243,443
TOTAL RETAIL, FOOD & BEVERAGE ESTABLISHMENT EXPENDITURE POTENTIAL	\$226,628,463	\$262,298,443



STA Resident Expenditure Potential

The residents of the STA could provide additional patronage to retail in Morinville. Based on Colliers forecasting, residents of the STA represent an expenditure potential of almost \$400 million by 2018.

STA Resident Expenditure Potential	2014	2018
Population	21,672	22,061
INCOME (PDI)	\$34,814	\$36,227
TOTAL INCOME POTENTIAL	\$754,480,420	\$799,207,720
RETAIL SALES / INCOME	47.0%	47.0%
TOTAL RETAIL POTENTIAL	\$354,765,700	\$375,797,000
Motor vehicle and parts dealers [441]	\$101,000,255	\$106,987,775
Furniture and home furnishings stores [442]	\$11,703,055	\$12,396,838
Electronics and appliance stores [443]	\$12,554,204	\$13,298,445
Building material and garden equipment and supplies dealers [444]	\$18,360,013	\$19,448,435
Food and beverage stores [445]	\$67,014,120	\$70,986,866
Grocery stores [4451]	\$53,188,056	\$56,341,162
Supermarkets and other grocery (except convenience) stores [44511]	\$49,459,537	\$52,391,609
Convenience stores [44512]	\$3,728,519	\$3,949,554
Specialty food stores [4452]	\$2,495,082	\$2,642,996
Beer, wine and liquor stores [4453]	\$11,330,495	\$12,002,192
Health and personal care stores [446]	\$14,896,566	\$15,779,668
Gasoline stations [447]	\$47,429,912	\$50,241,662
Clothing and clothing accessories stores [448]	\$20,238,863	\$21,438,668
Sporting goods, hobby, book and music stores [451]	\$8,922,959	\$9,451,932
General merchandise stores [452]	\$44,348,266	\$46,977,330
Miscellaneous store retailers [453]	\$8,297,487	\$8,789,380
TOTAL - MAJOR RETAIL CATEGORIES (3-Digit NAICS Codes)	\$354,766,000	\$375,797,000
Food/Drink Establishment Spending per Capita	\$866	\$901
TOTAL - FOOD & BEVERAGE ESTABLISHMENT SPEND POTENTIAL	\$18,761,308	\$19,873,521
TOTAL RETAIL, FOOD & BEVERAGE ESTABLISHMENT EXPENDITURE POTENTIAL	\$373,527,308	\$395,670,521

Total Resident Expenditure Potential – All Trade Areas

As the combined trade area population grows from 33,157 to 34,835 in 2018, the total annual retail expenditure potential in all trade areas is expected to grow from \$600 million to approximately \$658 million.

Total - All Trade Areas	2014	2018
Population	33,157	34,835
TOTAL RETAIL POTENTIAL	\$569,951,200	\$624,851,500
Motor vehicle and parts dealers [441]	\$162,262,633	\$177,892,510
Furniture and home furnishings stores [442]	\$18,801,621	\$20,612,679
Electronics and appliance stores [443]	\$20,169,040	\$22,111,814
Building material and garden equipment and supplies dealers [444]	\$29,496,401	\$32,337,629
Food and beverage stores [445]	\$107,661,981	\$118,032,474
Grocery stores [4451]	\$85,449,626	\$93,680,524
Supermarkets and other grocery (except convenience) stores [44511]	\$79,459,549	\$87,113,455
Convenience stores [44512]	\$5,990,077	\$6,567,068
Specialty food stores [4452]	\$4,008,491	\$4,394,607
Beer, wine and liquor stores [4453]	\$18,203,082	\$19,956,486
Health and personal care stores [446]	\$23,932,178	\$26,237,434
Gasoline stations [447]	\$76,198,841	\$83,538,661
Clothing and clothing accessories stores [448]	\$32,514,881	\$35,646,863
Sporting goods, hobby, book and music stores [451]	\$14,335,240	\$15,716,076
General merchandise stores [452]	\$71,248,002	\$78,110,935
Miscellaneous store retailers [453]	\$13,330,382	\$14,614,426
TOTAL - MAJOR RETAIL CATEGORIES (3-Digit NAICS Codes)	\$569,951,000	\$624,852,000
TOTAL - FOOD & BEVERAGE ESTABLISHMENT SPEND POTENTIAL	\$30,203,771	\$33,116,964
TOTAL RETAIL, FOOD & BEVERAGE ESTABLISHMENT EXPENDITURE POTENTIAL	\$600,154,771	\$657,968,964

Trade Area Net Sales Capture

As the total expenditure potential of \$658 million represents the projected retail spending by study area residents in 2018. This spending could be made in any market throughout the year therefore the number must be converted to spending within Morinville. To do so, Colliers applies a category-specific estimated market capture rates to understand on what and how frequent trade area residents will spend in the Town.

Based on Colliers' review of competitive retail facilities in surrounding areas, Colliers projects the category-specific market shares and annual net sales volumes for the study area on the following pages.

PTA Net Residential Sales Capture

Based on the competitive landscape, and the subject site, Colliers assigns an estimated market capture rate for retail development in the PTA. As shown in the following table, Colliers expects that Morinville will capture only a portion of total potential spend. This is due to competition from strong retail nodes in St. Albert and Edmonton. The most likely categories for Morinville to capture spending on are in convenience retail sectors like groceries and general merchandise. It is estimated that by 2018, PTA residents could spend approximately \$52 million in Morinville. The following table provides further detail.

PTA Net Resident Sales Capture by Category	Market Capture	2013	2018
Major Retail Category			
Motor vehicle and parts dealers [441]	5%	\$3,063,000	\$3,545,000
Furniture and home furnishings stores [442]	5%	\$355,000	\$411,000
Electronics and appliance stores [443]	5%	\$381,000	\$441,000
Building material and garden equipment and supplies dealers [444]	20%	\$2,227,000	\$2,578,000
Food and beverage stores [445]			
Grocery stores [4451]			
Supermarkets and other grocery (except convenience) stores [44511]	40%	\$12,000,000	\$13,889,000
Convenience stores [44512]	40%	\$905,000	\$1,047,000
Specialty food stores [4452]	30%	\$454,000	\$525,000
Beer, wine and liquor stores [4453]	45%	\$3,093,000	\$3,579,000
Health and personal care stores [446]	35%	\$3,162,000	\$3,660,000
Gasoline stations [447]	20%	\$5,754,000	\$6,659,000
Clothing and clothing accessories stores [448]	15%	\$1,841,000	\$2,131,000
Sporting goods, hobby, book and music stores [451]	15%	\$812,000	\$940,000
General merchandise stores [452]	25%	\$6,725,000	\$7,783,000
Miscellaneous store retailers [453]	10%	\$503,000	\$583,000
Food and Beverage Establishments	35%	\$4,004,862	\$4,635,205
TOTAL NET RETAIL, FOOD & BEVERAGE ESTABLISHMENT EXPENDITURES		\$45,280,000	\$52,406,000

STA Net Residential Sales Capture

Due to distance away from Morinville, residents of the STA will not patronize the retail developments in the study area as frequently. Unless there is a destination or differentiating retail factor in Morinville, STA residents will be served by the retailers that are more conveniently located to them and provide similar retail experiences and tenants. To attract spending from this valuable trade area, it is imperative to have distinguished and unique tenants to create a retail attraction and a reason to visit. With differentiating retailers, market capture rates could rise in categories like Food and Beverage, Apparel, and Specialty Foods. The following table outlines the proposed retail area's capture rate on STA expenditure potential.

STA Net Resident Sales Capture by Category	Market Capture	2014	2018
Major Retail Category			
Motor vehicle and parts dealers [441]	0%	\$0	\$0
Furniture and home furnishings stores [442]	5%	\$585,000	\$620,000
Electronics and appliance stores [443]	0%	\$0	\$0
Building material and garden equipment and supplies dealers [444]	10%	\$1,836,000	\$1,945,000
Food and beverage stores [445]			
Grocery stores [4451]			
Supermarkets and other grocery (except convenience) stores [44511]	10%	\$4,946,000	\$5,239,000
Convenience stores [44512]	10%	\$373,000	\$395,000
Specialty food stores [4452]	5%	\$125,000	\$132,000
Beer, wine and liquor stores [4453]	10%	\$1,133,000	\$1,200,000
Health and personal care stores [446]	10%	\$1,490,000	\$1,578,000
Gasoline stations [447]	10%	\$4,743,000	\$5,024,000
Clothing and clothing accessories stores [448]	5%	\$1,012,000	\$1,072,000
Sporting goods, hobby, book and music stores [451]	5%	\$446,000	\$473,000
General merchandise stores [452]	10%	\$4,435,000	\$4,698,000
Miscellaneous store retailers [453]	5%	\$415,000	\$439,000
Food and Beverage Establishments	15%	\$2,814,196	\$2,981,028
TOTAL NET RETAIL, FOOD & BEVERAGE ESTABLISHMENT EXPENDITURES		\$24,353,000	\$25,796,000
Source: Colliers International Consulting - Rounded to nearest \$1,000.			

Total Net Resident Sales Capture

As shown in the table below, the category-specific market captures applied result in retail spending within the two trade areas ranging from \$70 million to almost \$78 million by 2018.

Total Net Resident Sales Capture by Category	2014	2018
Major Retail Category		
Motor vehicle and parts dealers [441]	\$3,063,000	\$3,545,000
Furniture and home furnishings stores [442]	\$940,000	\$1,031,000
Electronics and appliance stores [443]	\$381,000	\$441,000
Building material and garden equipment and supplies dealers [444]	\$4,063,000	\$4,523,000
Food and beverage stores [445]		
Grocery stores [4451]		
Supermarkets and other grocery (except convenience) stores [44511]	\$16,946,000	\$19,128,000
Convenience stores [44512]	\$1,278,000	\$1,442,000
Specialty food stores [4452]	\$579,000	\$657,000
Beer, wine and liquor stores [4453]	\$4,226,000	\$4,779,000
Health and personal care stores [446]	\$4,652,000	\$5,238,000
Gasoline stations [447]	\$10,497,000	\$11,683,000
Clothing and clothing accessories stores [448]	\$2,853,000	\$3,203,000
Sporting goods, hobby, book and music stores [451]	\$1,258,000	\$1,413,000
General merchandise stores [452]	\$11,160,000	\$12,481,000
Miscellaneous store retailers [453]	\$918,000	\$1,022,000
Food and Beverage Establishments	\$6,819,058	\$7,616,233
TOTAL NET RETAIL, FOOD & BEVERAGE ESTABLISHMENT EXPENDITURES	\$69,633,000	\$78,202,000

Total Floor Area Support

The projected on-site sales volumes can then be converted into warranted floor area by dividing the net expenditures by sector-specific sales-per-sf productivity targets – a metric used in the retail industry to evaluate sales performance and development potential opportunities.

PTA Resident Floor Area Support

The following table provides the total retail-commercial support in the traditional categories from PTA residents. By 2018 PTA residents could support approximately 110,000 sf in of retail and food and beverage establishments in Morinville. Floor area for service commercial requirements will be calculated in the 'Total Floor Area Support' section of the report.

PTA Resident Floor Area Support By Category	Sales Reqmt (\$/Sq. Ft.)	2014	2018
Major Retail Category			
Motor vehicle and parts dealers [441]	\$300	10,210	11,817
Furniture and home furnishings stores [442]	\$450	789	913
Electronics and appliance stores [443]	\$1,000	381	441
Building material and garden equipment and supplies dealers [444]	\$300	7,423	8,593
Food and beverage stores [445]			
Grocery stores [4451]			
Supermarkets and other grocery (except convenience) stores [44511]	\$700	17,143	19,841
Convenience stores [44512]	\$600	1,508	1,745
Specialty food stores [4452]	\$600	757	875
Beer, wine and liquor stores [4453]	\$850	3,639	4,211
Health and personal care stores [446]	\$650	4,865	5,631
Gasoline stations [447]	\$400	14,385	16,648
Clothing and clothing accessories stores [448]	\$550	3,347	3,875
Sporting goods, hobby, book and music stores [451]	\$575	1,412	1,635
General merchandise stores [452]	\$300	22,417	25,943
Miscellaneous store retailers [453]	\$525	958	1,110
Food and Beverage Establishments	\$650	6,161	7,131
NET WARRANTED RETAIL, FOOD & BEVERAGE ESTABLISHMENT FLOOR AREA		95,000	110,000

STA Resident Floor Area Support

Utilizing the capture rates above and the industry average floor space productivity, residents of the STA could support approximately 56,000 sf of retail by 2018. There is additional potential to cater to this group through new-to-market tenants, design, attractions, and food and beverage.

STA Resident Floor Area Support By Category	Sales Reqmt (\$/Sq. Ft.)	2014	2018
Major Retail Category			
Motor vehicle and parts dealers [441]	\$300	0	0
Furniture and home furnishings stores [442]	\$450	1,300	1,378
Electronics and appliance stores [443]	\$1,000	0	0
Building material and garden equipment and supplies dealers [444]	\$300	6,120	6,483
Food and beverage stores [445]			
Grocery stores [4451]			
Supermarkets and other grocery (except convenience) stores [44511]	\$700	7,066	7,484
Convenience stores [44512]	\$600	622	658
Specialty food stores [4452]	\$600	208	220
Beer, wine and liquor stores [4453]	\$850	1,333	1,412
Health and personal care stores [446]	\$650	2,292	2,428
Gasoline stations [447]	\$400	11,858	12,560
Clothing and clothing accessories stores [448]	\$550	1,840	1,949
Sporting goods, hobby, book and music stores [451]	\$575	776	823
General merchandise stores [452]	\$300	14,783	15,660
Miscellaneous store retailers [453]	\$525	790	836
Food and Beverage Establishments	\$650	4,330	4,586
NET WARRANTED RETAIL, FOOD & BEVERAGE ESTABLISHMENT FLOOR AREA		53,000	56,000

Total Floor Area Support

An additional allowance was made for service commercial space, which amounts to approximately 30 percent of floor space of total retail. Based on the projected population, retail expenditure profile, and market shares of the two trade areas, Colliers estimates that approximately 183,600 sf of commercial space in the categorical distribution shown below is supportable immediately, growing to 206,000 sf in 2018. Regardless of current inventory, these demographic trends indicate that a further 22,400 square feet of retail, food and beverage, and service commercial space can be supported by 2018.

Total Resident Floor Area Support By Category	2014	2018	Additional Growth
Major Retail Category			
Motor vehicle and parts dealers [441]	10,210	11,817	1,607
Furniture and home furnishings stores [442]	2,089	2,291	202
Electronics and appliance stores [443]	381	441	60
Building material and garden equipment and supplies dealers [444]	13,543	15,077	1,533
Food and beverage stores [445]			
Grocery stores [4451]			
Supermarkets and other grocery (except convenience) stores [44511]	24,209	27,326	3,117
Convenience stores [44512]	2,130	2,403	273
Specialty food stores [4452]	965	1,095	130
Beer, wine and liquor stores [4453]	4,972	5,622	651
Health and personal care stores [446]	7,157	8,058	902
Gasoline stations [447]	26,243	29,208	2,965
Clothing and clothing accessories stores [448]	5,187	5,824	636
Sporting goods, hobby, book and music stores [451]	2,188	2,457	270
General merchandise stores [452]	37,200	41,603	4,403
Miscellaneous store retailers [453]	1,749	1,947	198
Food and Beverage Establishments	10,491	11,717	1,226
Service Commercial (30%)	34,931	39,132	4,201
NET WARRANTED RETAIL, FOOD & BEVERAGE ESTABLISHMENT FLOOR AREA	183,600	206,000	22,400

Based on industry average productivity estimates a total supportable floorspace of 206,000 sf is warranted by 2018. This figure is based on industry average productivity figures which are likely higher than current Morinville retail space. The potential for future retail development lies in the potential to attracting outflowing retail spending and thereby increasing the existing productivity figures and market capture rates.

Township of Morinville Retail-Commercial Planning Implications

Market Implications

Based on Colliers assessment of the retail landscape in the Town of Morinville, the salient findings are as follows.

- The Town of Morinville is expected to continue growing through the forecast horizon being within close proximity to St. Albert and Edmonton.
- Currently, Morinville's retail supply is estimated at 341,000 sf, and has a strong concentration of floorspace in the service commercial and grocery sectors.
- Retail competition is strong, coming from retail developments in St. Albert and Edmonton. Of significant importance Erin Ridge Centre boasts the largest Costco in Western Canada. The regional draw of this centre will significantly affect the potential for large format retail in Morinville.
- Typical of other small Canadian suburbs, Morinville has younger and larger families establishing households close to employment centres. These populations have above average household incomes and home ownership trends that lead to higher retail expenditures
- In order to reduce spending outflow to St. Albert and Edmonton, focus on unique retail experiences and specialized offerings in Downtown Morinville would provide reason to visit and induce spending on products that are not available at mainstream retailers.
- A perfect example of Downtown retail product is found in the Trade Developments project planned to be completed by 2015. It features residential above grade with smaller retail units along the street front. These types of developments will entice entrepreneurs and small businesses to establish in the Town, to form an eclectic mix of tenants. Local and regional residents will be drawn to a quaint and well tenanted Downtown for the experience instead of the necessity.

Morinville's competitive edge lies in the ability to provide unique retail experiences not in big box retail offered in Edmonton and St. Albert. The development of a retail/downtown destination could potentially attract spending from outside of the trade areas and certainly within the PTA and STA. Focusing on regional retail market voids is essential for future development in the Town.

Retail Demand Analysis

To estimate the potential for retail development within the Town of Morinville, Colliers utilizes industry average productivity figures along with current and future market expenditures to calculate the supportable retail floorspace of a market. It is expected that in Morinville, lower than average productivities are experienced which leads to higher actual floorspace usages. Although numerically different, the assessment does show a fairly stable retail market based on current outflow estimates and inventory, with a slight growing demand between 2014 and 2018. Colliers finds the following retail opportunities:

- With strong big format competition within the regional retail network, Morinville has the potential to provide a unique retail setting.
- Total retail expenditure potential is estimated at \$600 million which is expected to grow to \$658 million within 4 years.
- Current estimated market capture rates are low due to regional competition, proximity to large retail centres, and local retail offering. Although there are no great voids in the retail market by category, there is potential to capture more spending from PTA and STA residents. This potential lies in the retail format provided.
- Using current market share assumptions, retail outlets in Morinville capture approximately \$69.6 million growing to \$78.2 million by 2018.
- The opportunity to increase the capture rates in any retail category lies in the experience created by the Town of Morinville. Developments with smaller retail units and downtown locations opportunities are encouraged.

Conclusion

Morinville has the opportunity to shape the Downtown Core to not only be successful but to create a distinctive retail precinct that does not compare to the regional retail network. As the Town is investment ready now, policy and planning will provide prospects focused on supporting developments that provide a retail experience instead of large format drive-in/drive-out power centres. A prime example of this would be the trade developments site on 100th ave. These types of developments are encouraged to attract small businesses and new to market retailers.

The ability for the market to support more retail does not lie in the lack of retail offering, it lies in the market capture rates. Currently spending outflow is extensive in all categories, as Edmonton and St. Albert act as both employment and retail districts for Morinville residents. It will be extremely difficult to change the shopping habits that residents currently exhibit due to the convenience and price point that is offered in these markets without retail differentiation. To change these habits, residents need to see value in their community and their businesses. There are examples of local businesses being very strong in Morinville because they offer a sense of

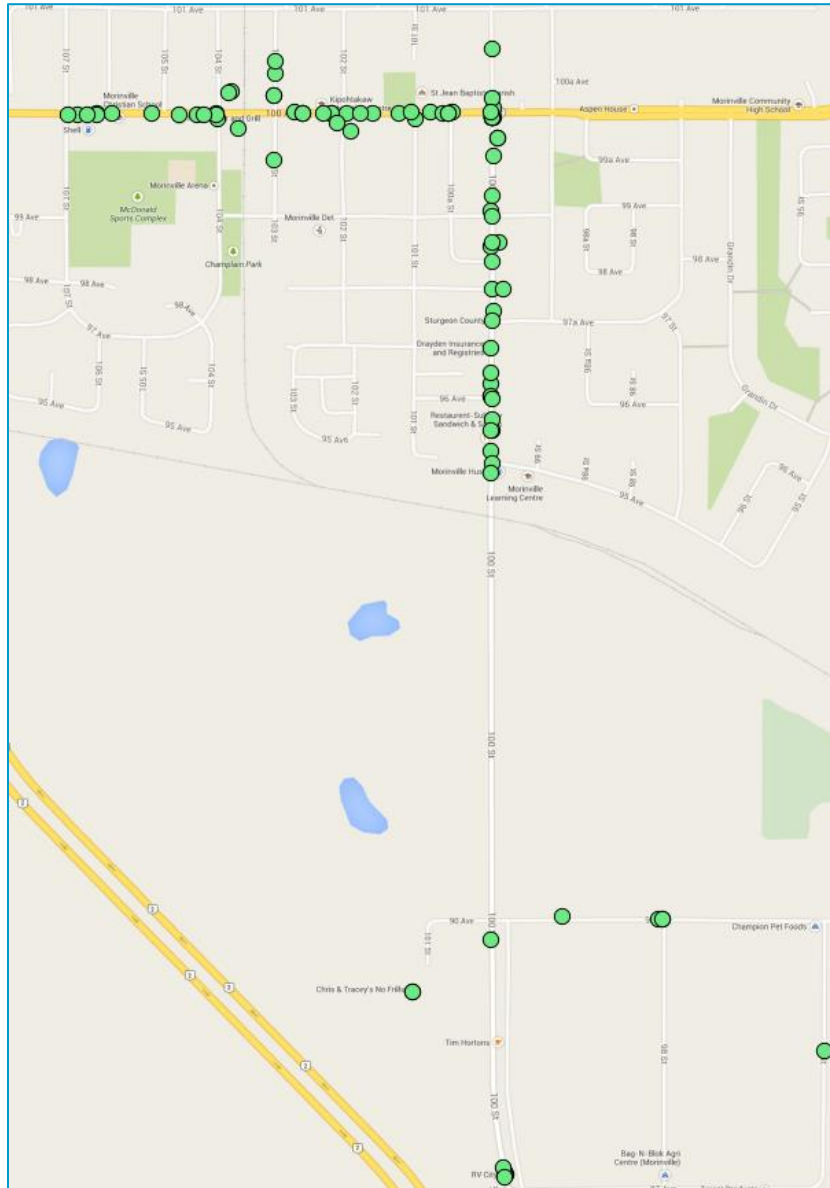


place and product differentiation. They work with the community to create an experience not just a convenience.

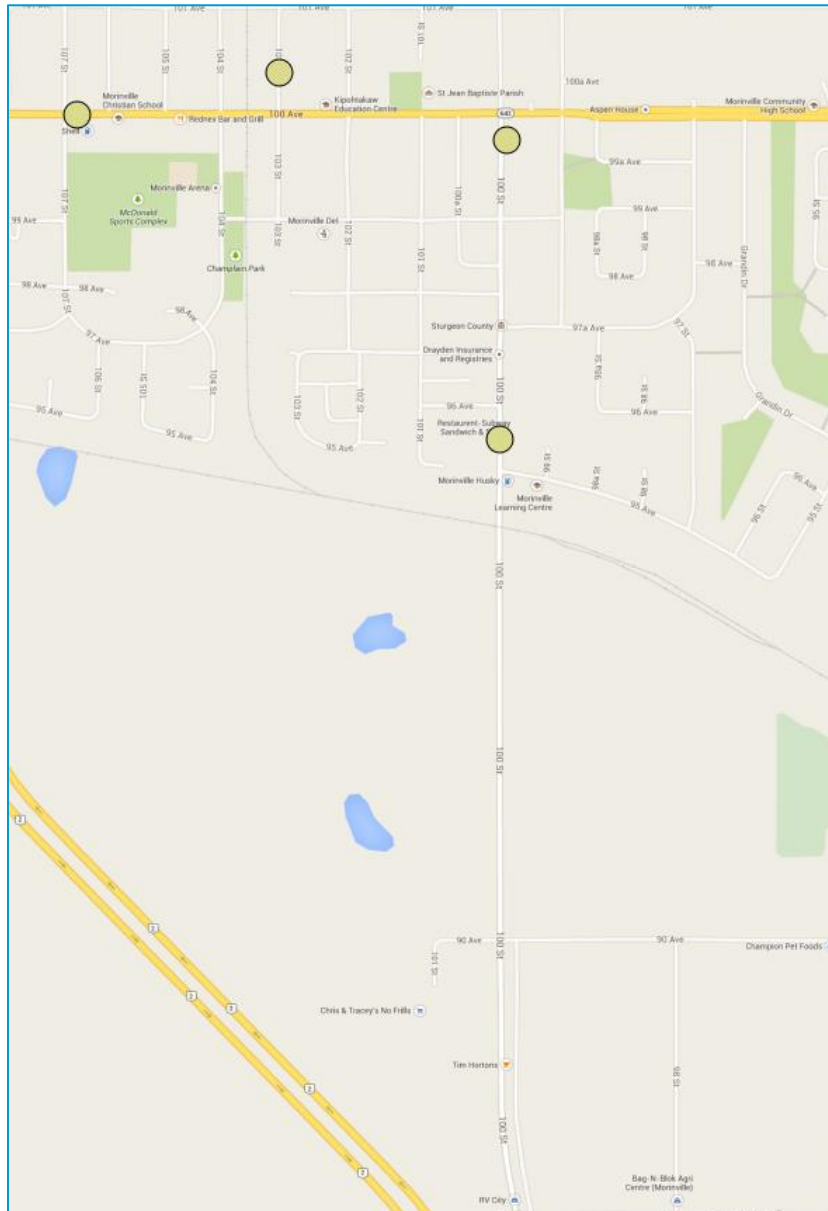
Retail success in Morinville relies in differentiation to capture more retail spending than is estimated currently. Incentive programs and Town policies could look to encourage growth and development. To create a strong Downtown Core, Morinville could look at opportunities to target categories that typically take less consideration to spend. Purchases in food and beverage, apparel, boutique house and home, and specialized products are higher in value and more frequent while being more difficult to make in large retail centres that lack ambiance and customer service. This is the market void in the Capital Regional District where Morinville could attract additional spending from trade area residents, and in the future from St. Albert and even Edmonton. The following diagram illustrates the market void for which to act upon.

Appendix A: Business Inventory Maps

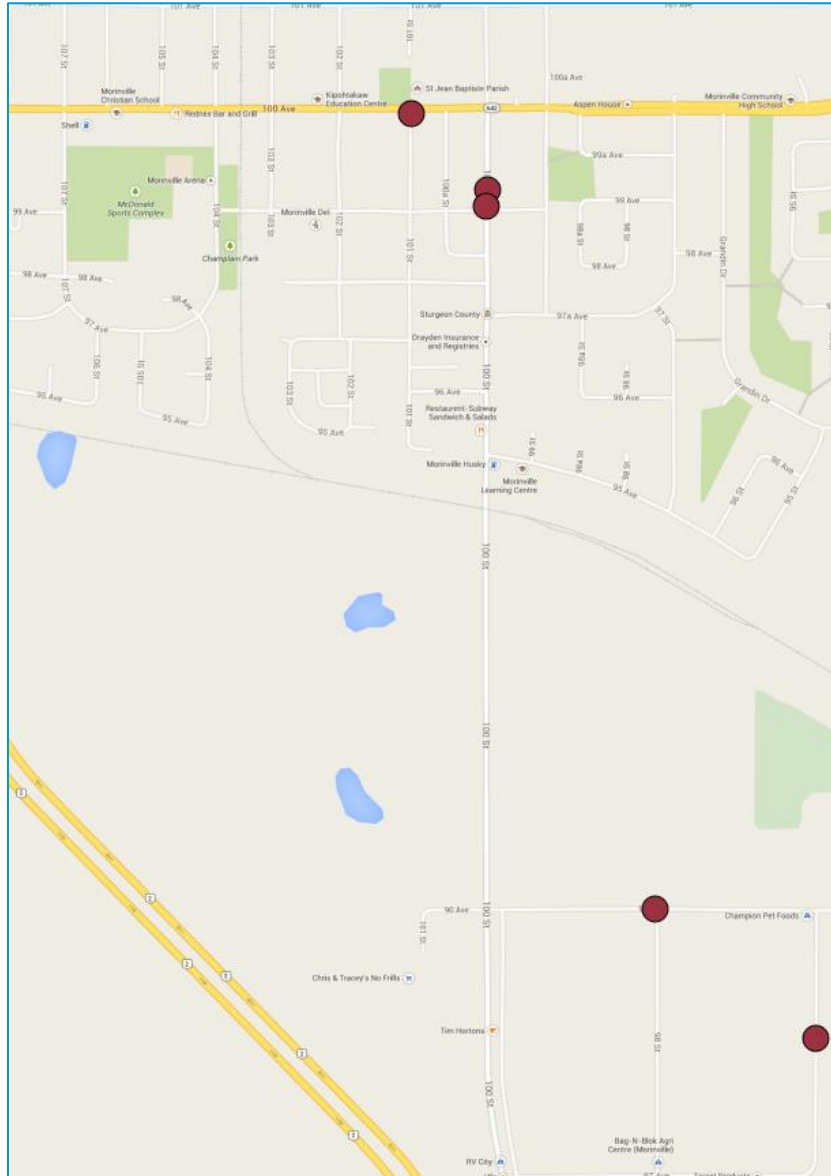
All Retail Businesses



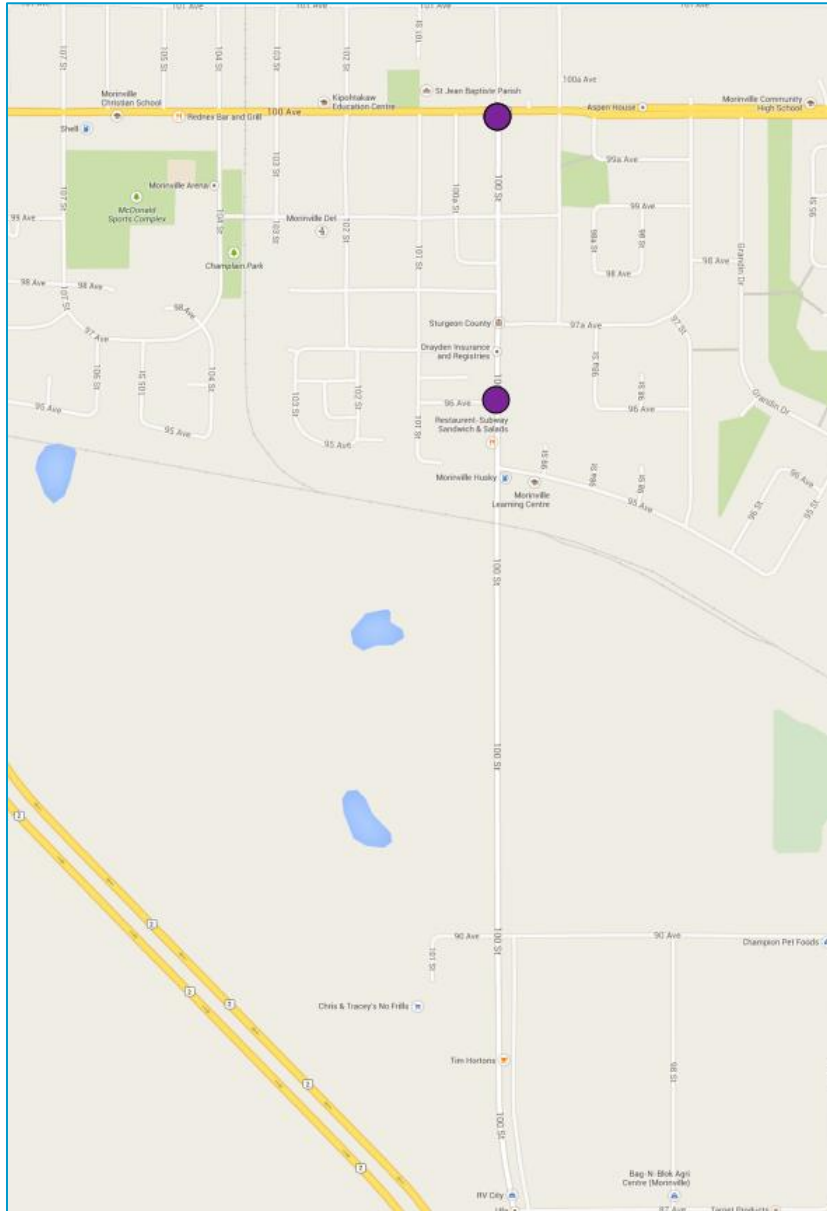
Beer, Wine, and Liquor Stores



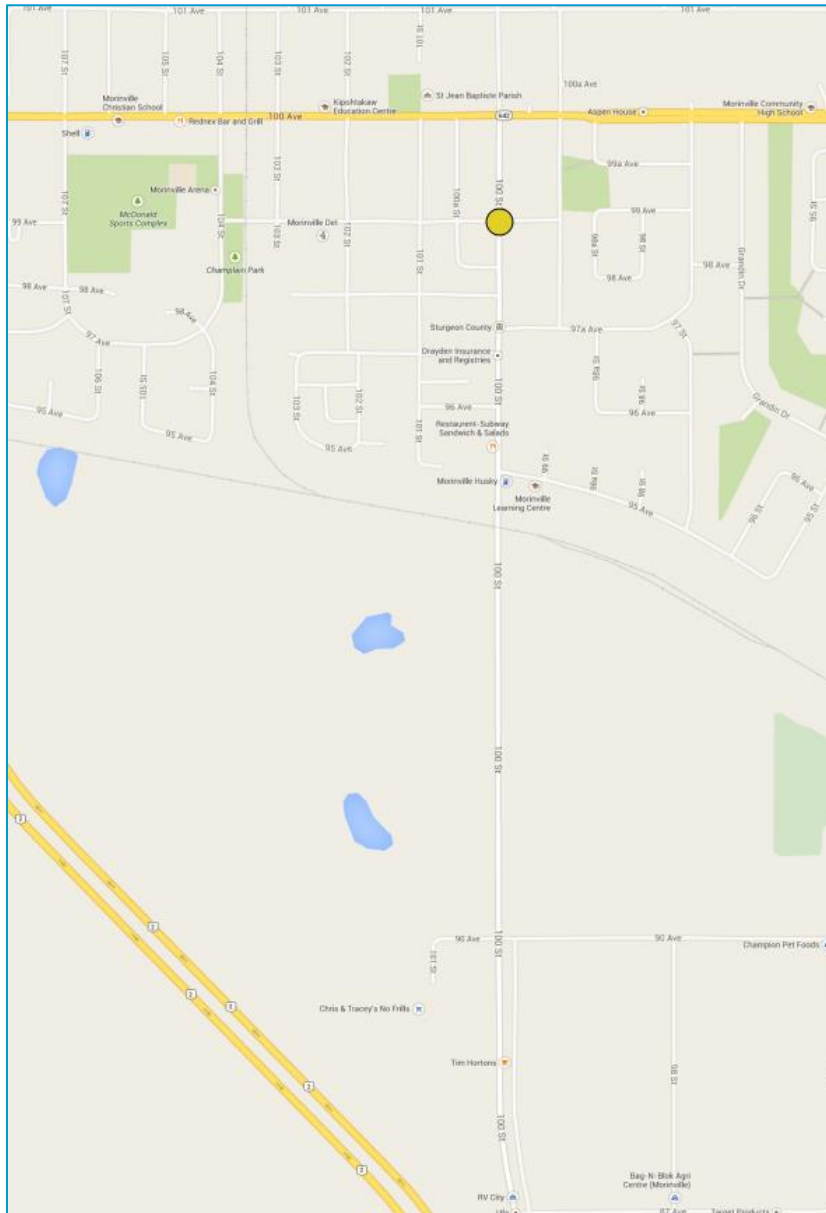
Building Material and Garden Equipment and Supply Dealers



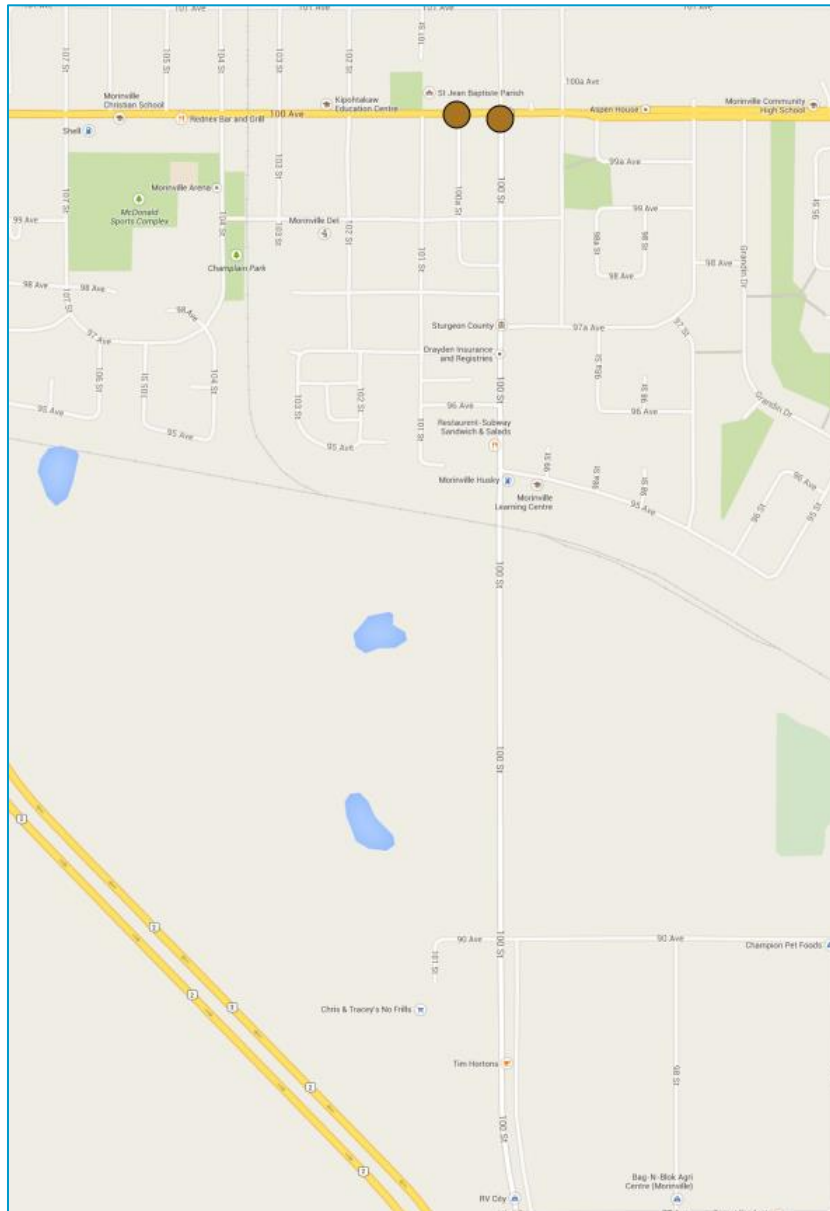
Clothing and Clothing Accessory Stores



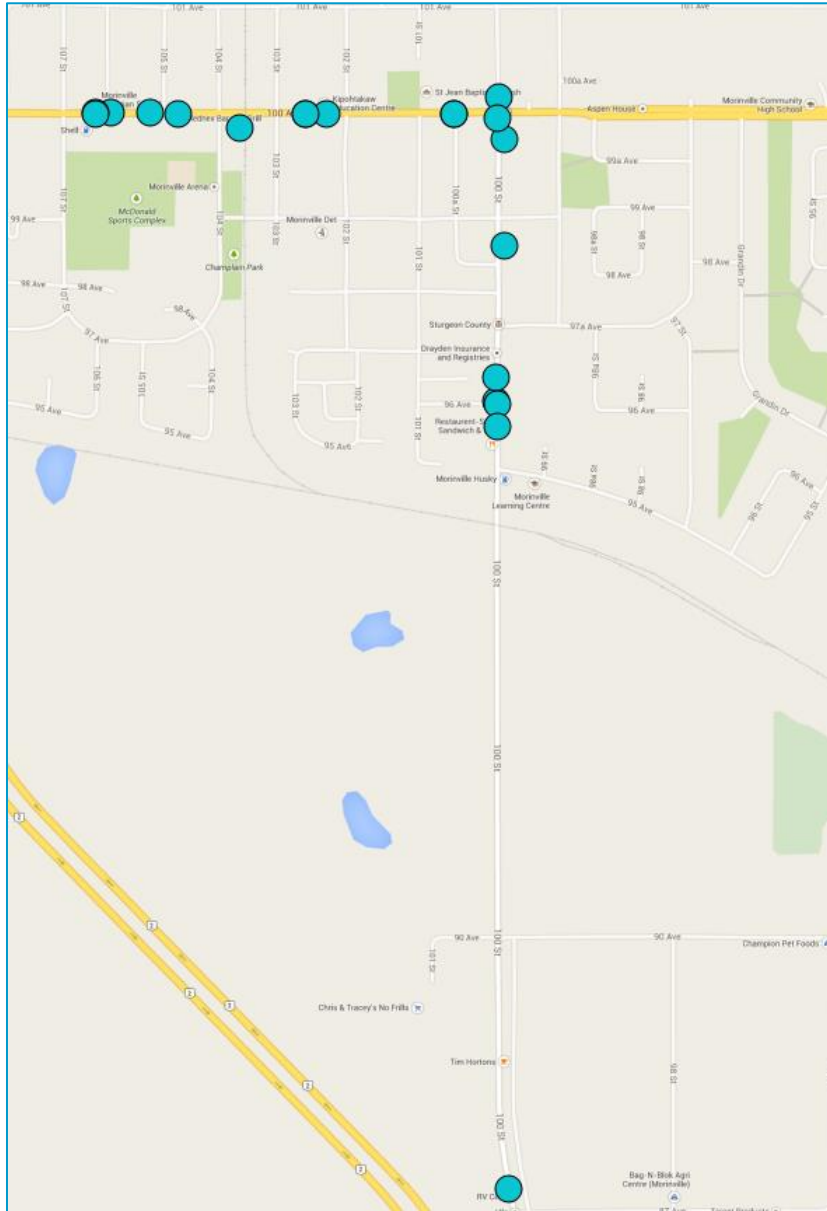
Convenience Stores



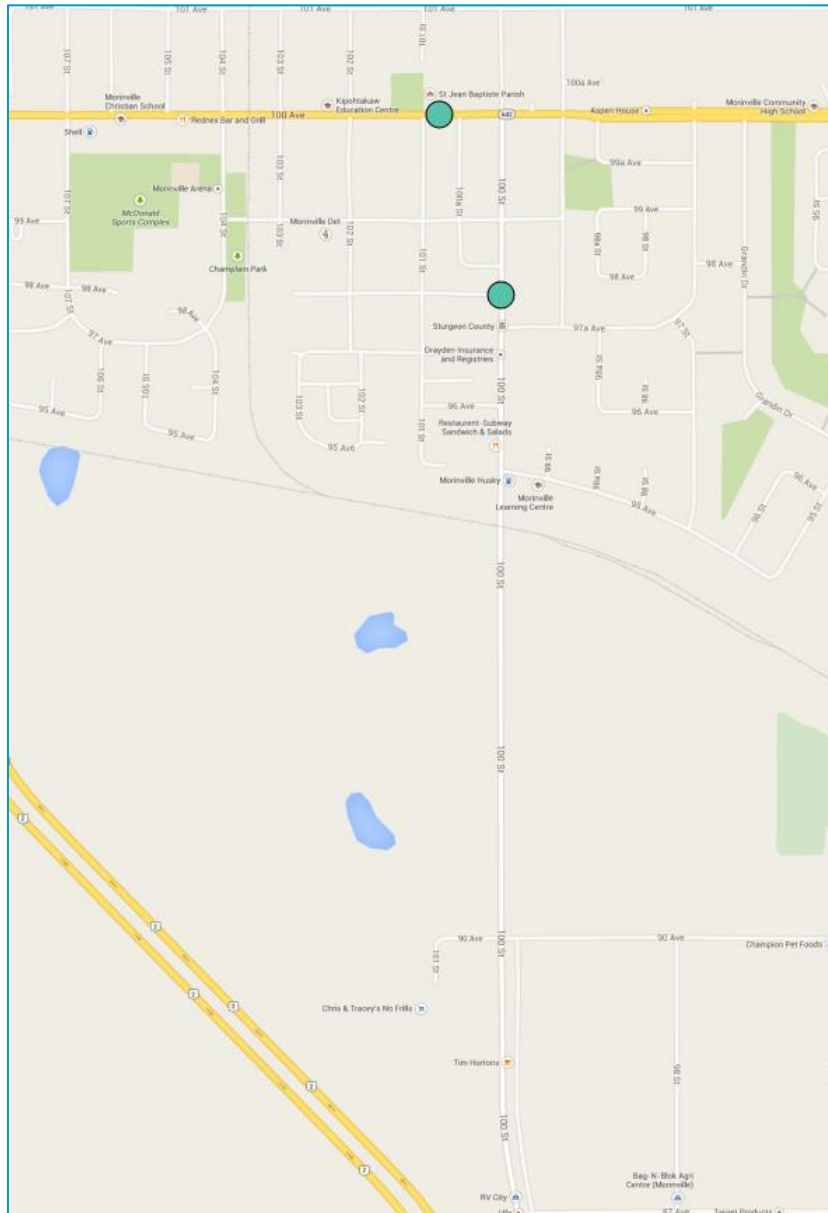
Electronics and Appliance Stores



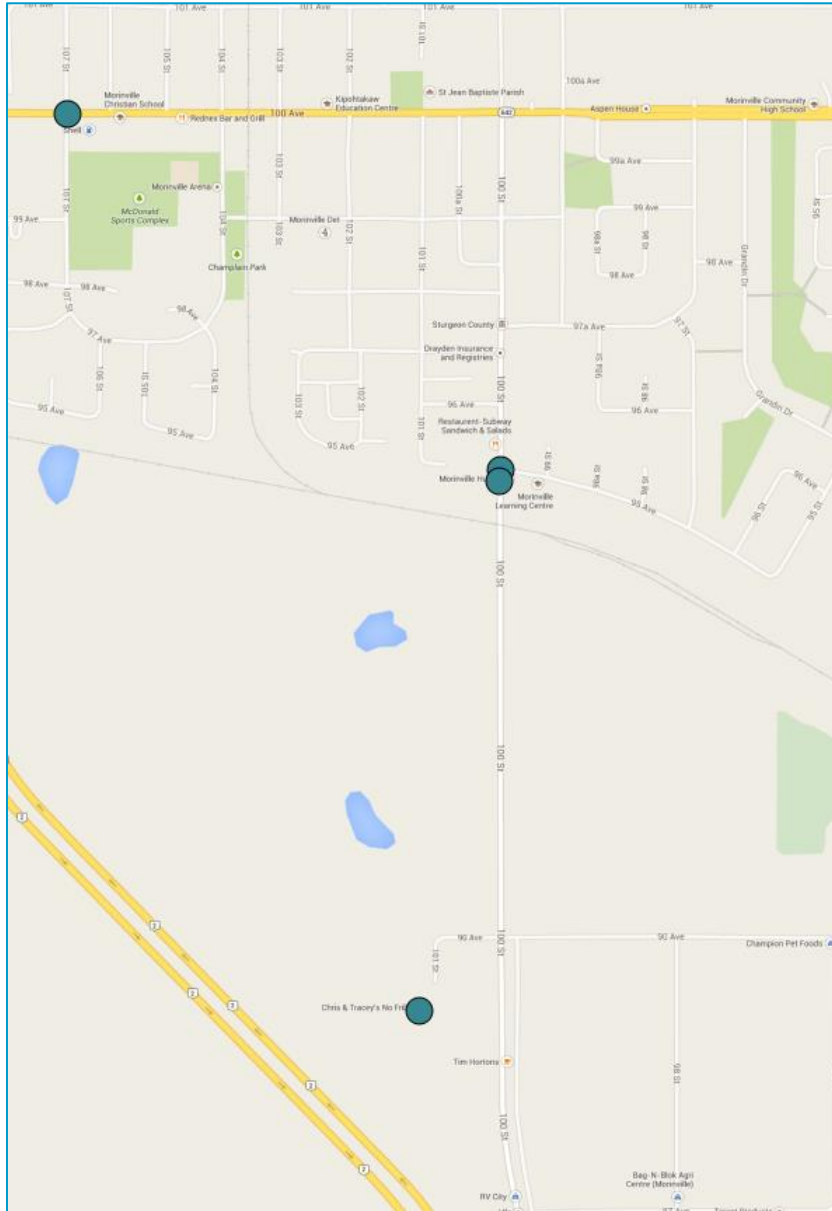
Food Services and Drinking Places



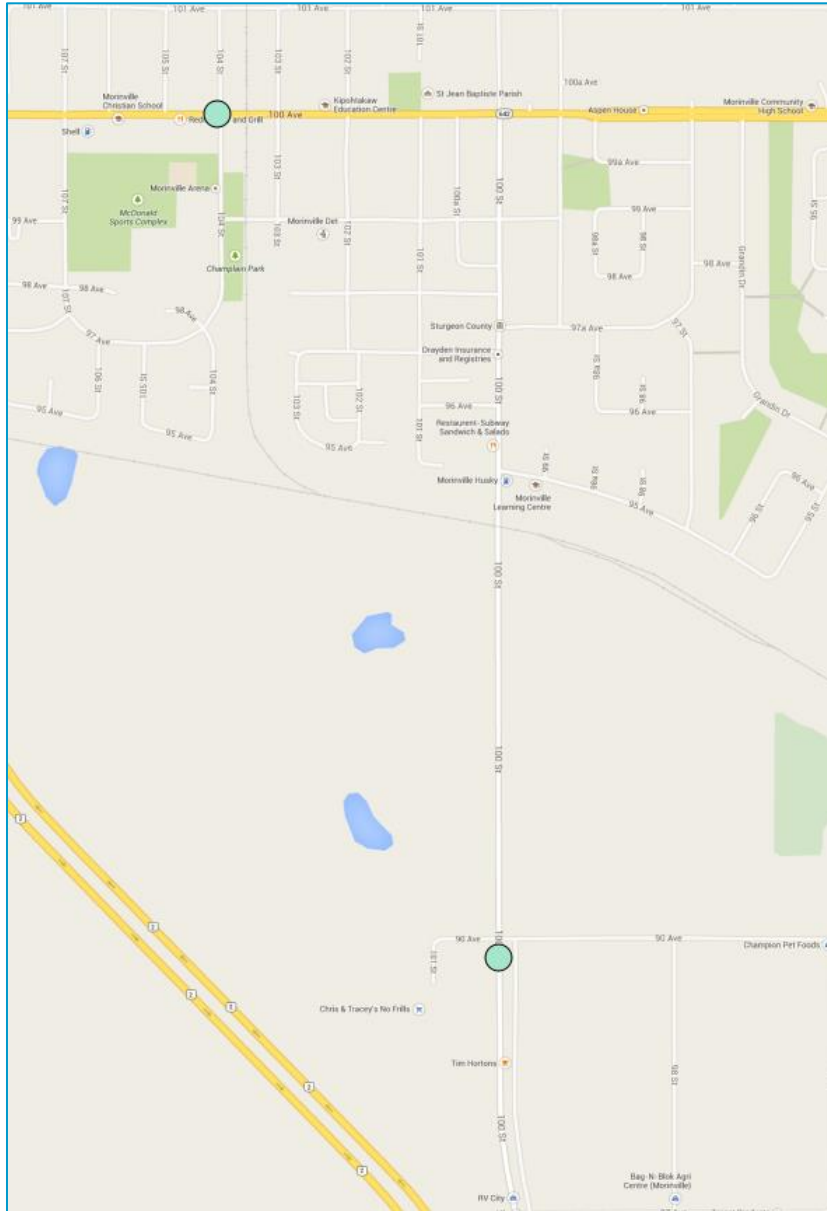
Furniture and Home Furnishing Stores



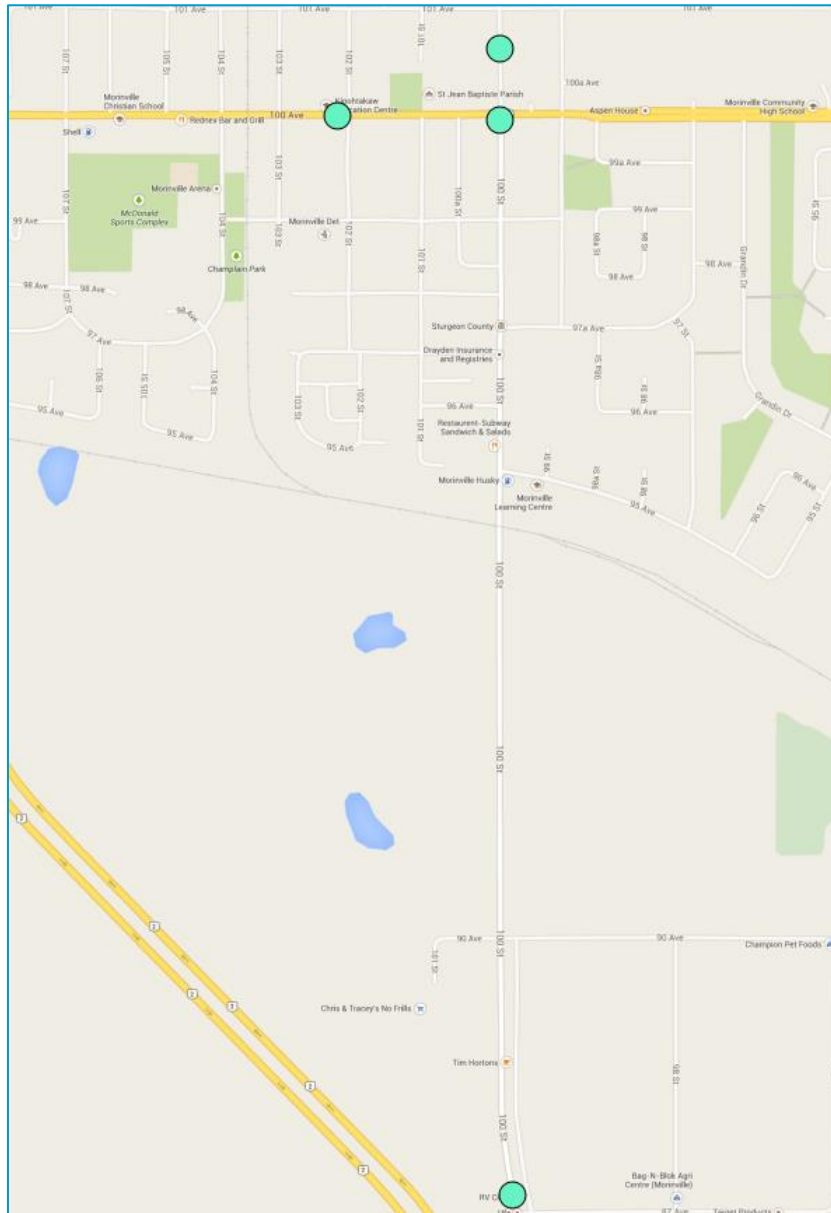
Gasoline Stations



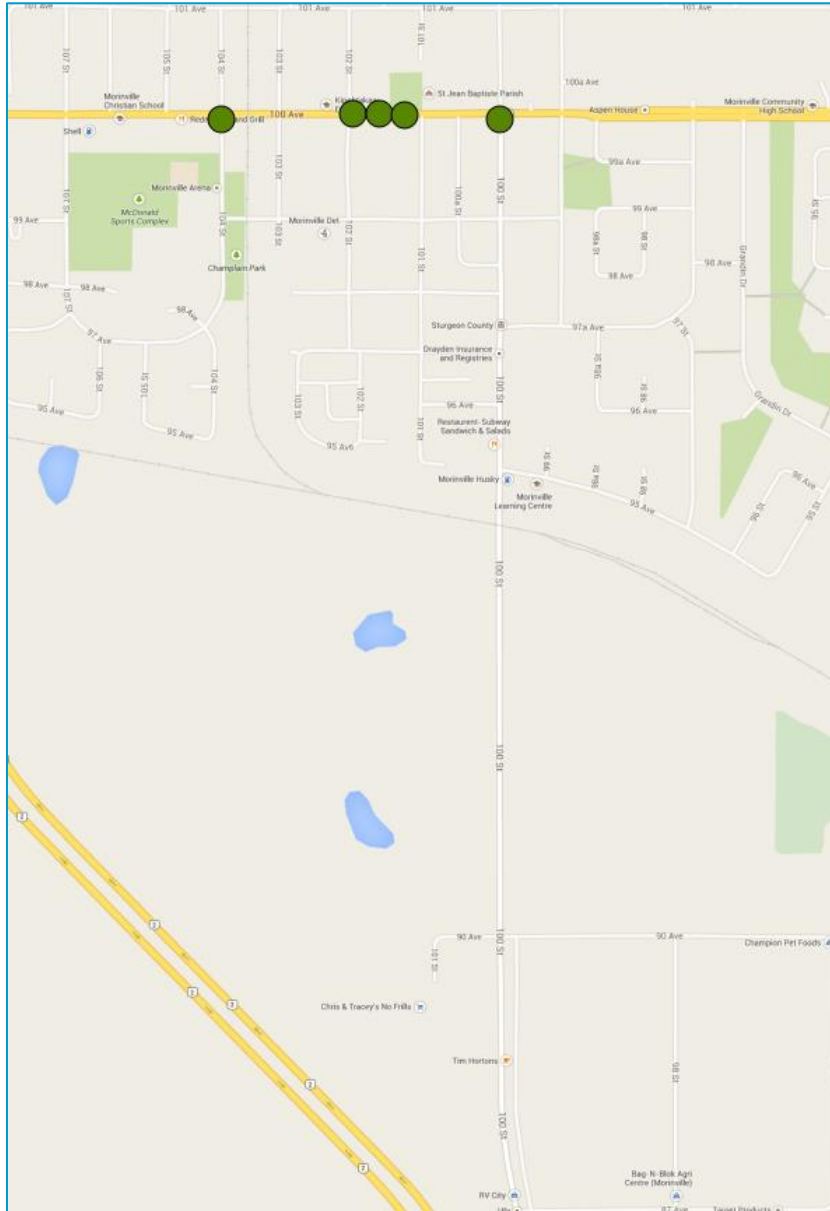
General Merchandise Stores



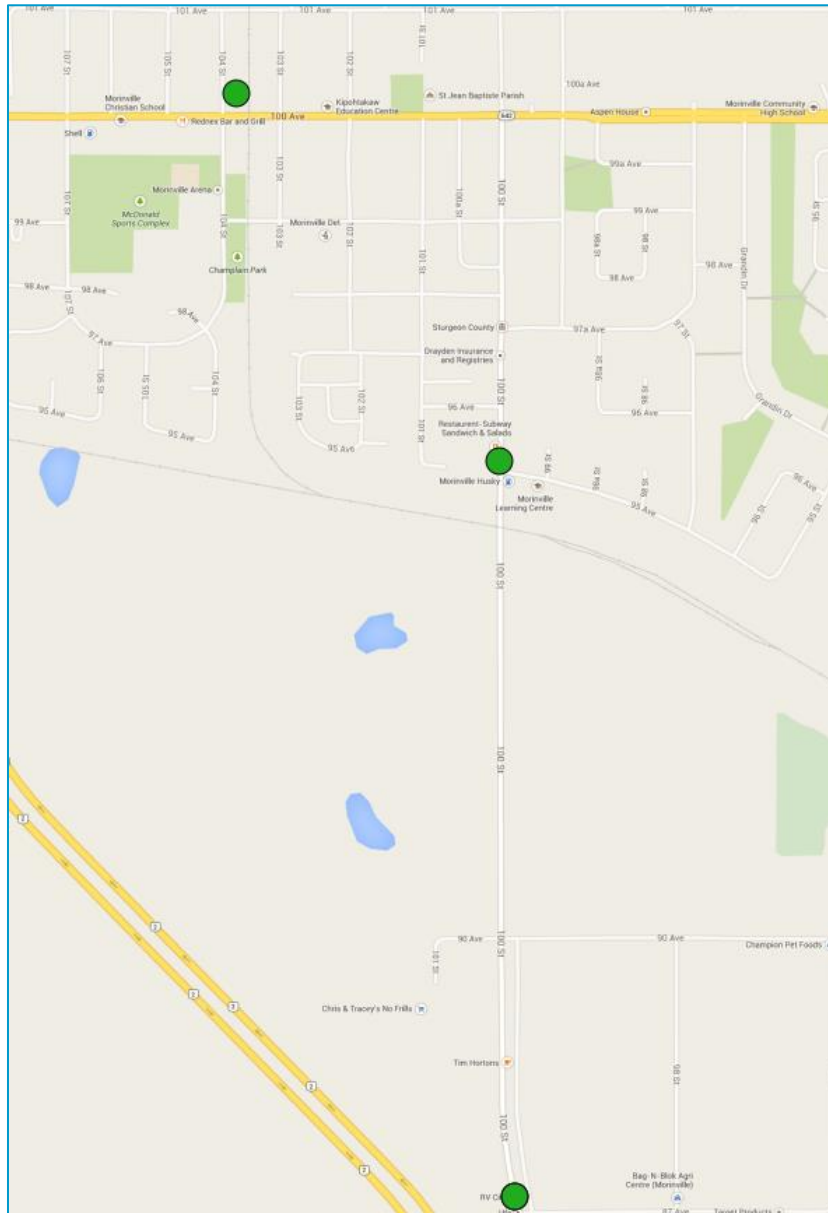
Health and Personal Care Stores



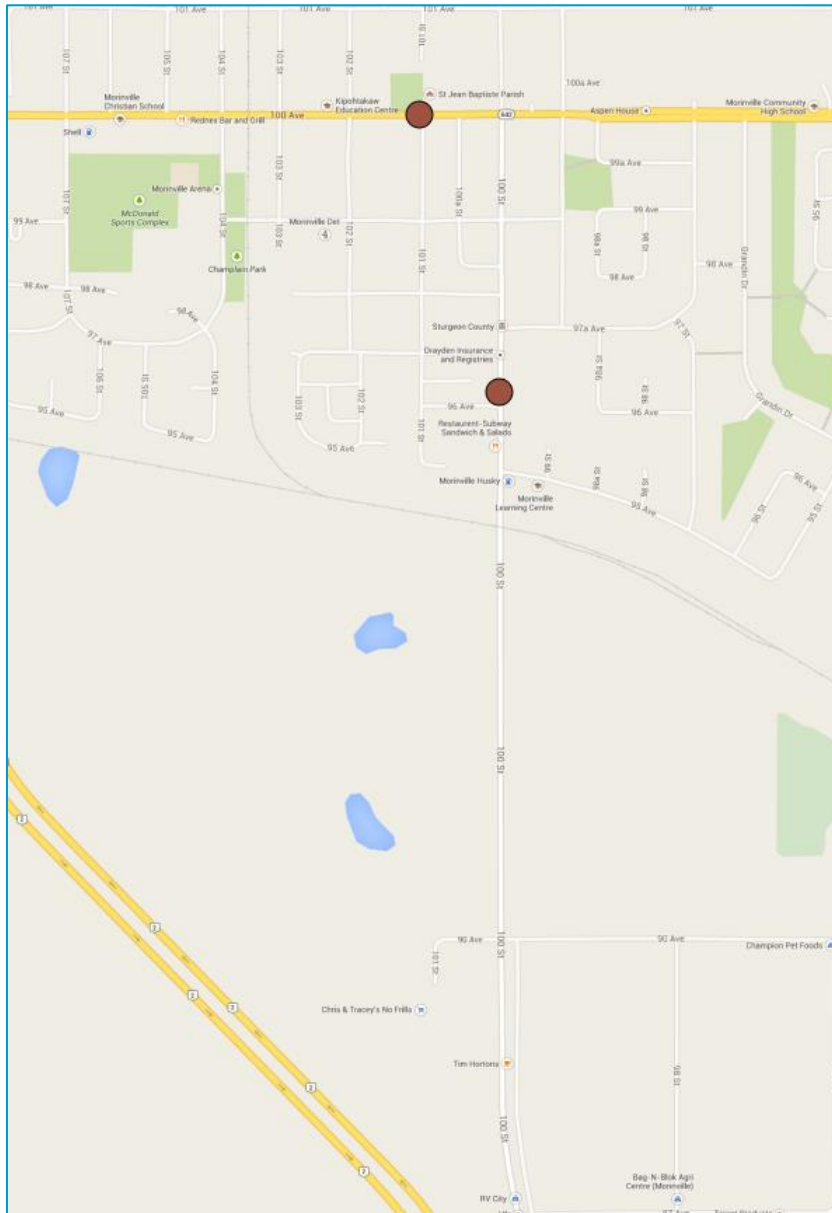
Miscellaneous Store Retailers



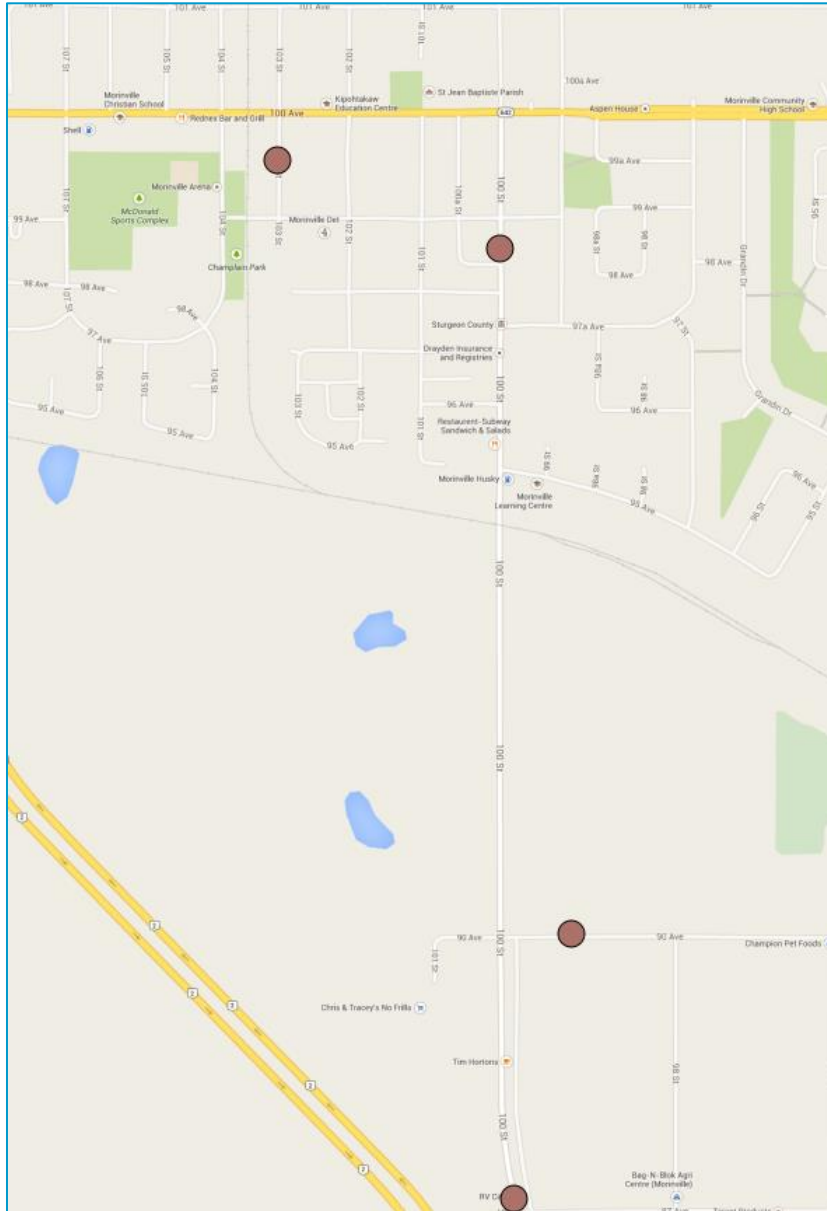
Motor Vehicle and Parts Dealers



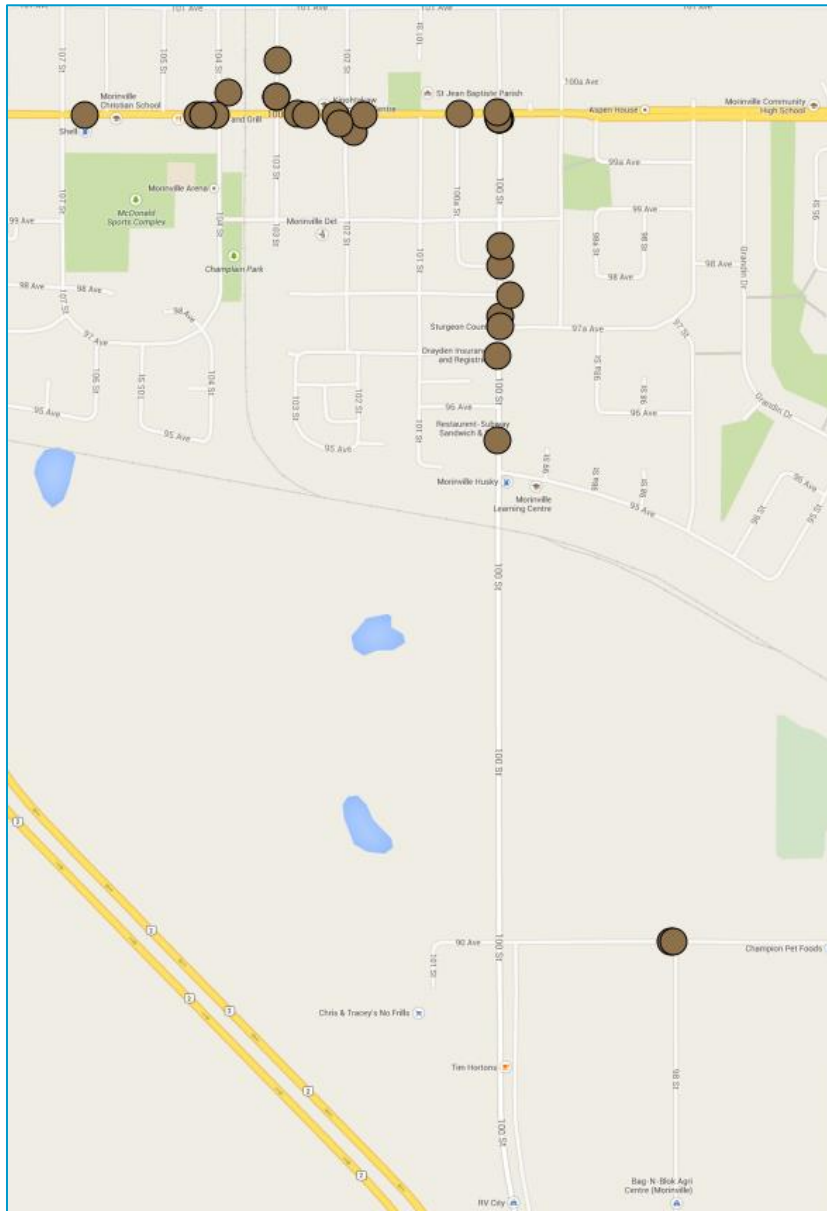
Other Amusement and Recreation Industries



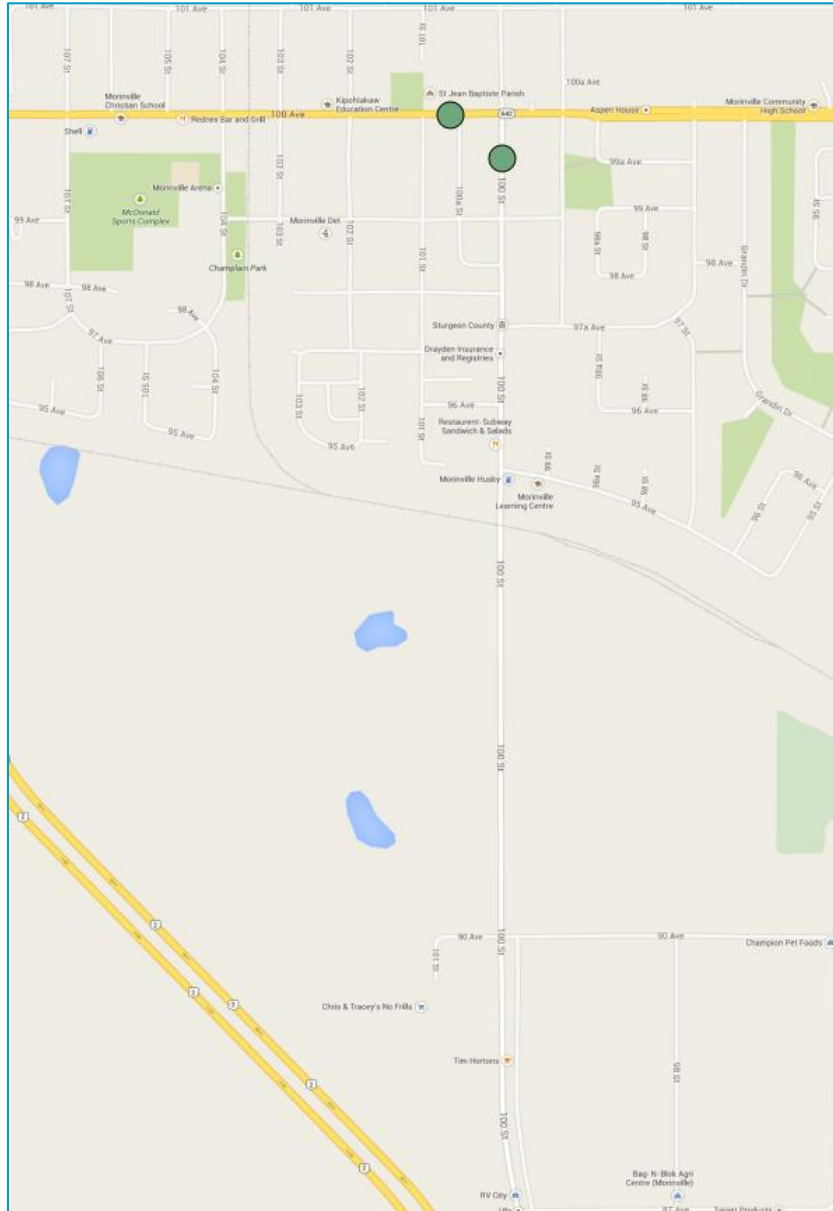
Repairs and Maintenance



Service Retail



Sporting Goods, Hobby, Book and Music Stores



Supermarkets and Other Grocery

