
Grocery Stores in Canadian Urban Centres

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Executive Summary

This study examines current and proposed grocery store locations in seven Canadian urban centres, as well as mapping out potentially underserved areas which may benefit from new grocery stores. As Canada's urban cores continue to grow, grocery stores are required to serve new residents. Many residents seek opportunities to shop on foot and increasingly, many inner-city residents do not have access to cars. As a result, conveniently located grocery stores have become increasingly important.

Full-service grocery stores are a somewhat recent phenomenon, and their breadth of product and potential economies of scale provides an important element to inner-city neighbourhoods. Ensuring that residents have access to a wide variety of healthy food choices is particularly important, as lack of healthy food choices has been linked to health problems including disease and increased mortality.

This study examines high-density inner-city areas in Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Ottawa and Montreal. Existing and proposed grocery stores are mapped with a 500 metre radius trade area, and opportunities for new grocery stores are examined based on a lack of nearby grocery stores, taking into account current and projected populations.

The study finds exceptional inner-city grocery store availability in Vancouver, Toronto and Montreal, with less in the other four cities studied. New grocery stores are proposed in all cities' urban cores, particularly in Calgary, Edmonton and Toronto. All seven Canadian cities have opportunities for new grocery stores, as revealed in this study.

Inner-city grocery stores will see increased competition from Shoppers Drug Mart, as it adds grocery components to most of its current locations. Other smaller food stores will continue to compete with inner-city grocery stores and, increasingly, [amazon.ca](https://www.amazon.ca) and other e-commerce sites may become competitors as urban dwellers seek out new food options.

Purpose of this Study

This study analyses current, proposed, and potential grocery store locations in Canada's urban cores. Cities analyzed include Vancouver, Calgary, Edmonton, Winnipeg, Ottawa and Montreal. While some areas are well-served by food retailers, some existing and emerging inner-city neighbourhoods are underserved.

Grocery stores provide a variety of healthy food options which are not always available at convenience stores and other small food retailers. Studies indicate that, statistically, people living in areas with inadequate grocery store access may suffer from poor diets leading to higher rates of obesity, diabetes and cardiovascular diseases. A higher ratio of convenience stores and fast food restaurants to grocery stores has been linked to higher mortality rates¹.

As growth continues in Canadian urban cores, grocery stores continue opening new locations. About 81% of Canadians live in urban areas and some downtowns are seeing significant population increases². Inner city dwellers are less likely to own cars, sometimes necessitating walking for errands including grocery shopping. A variety of demographic factors including age, income and density contribute to this phenomena.

Given potential economies of scale, grocery stores may price offerings lower than smaller stores. Full-service grocery stores provide 'food security' and in order to keep urban grocery stores operational and therefore profitable, unique factors must be considered.

Canadian Grocery Industry Overview

History: Prior to the 1960's, Canadian grocery retailing was characterized by small stores catering to a centralized population within Canadian cities. These stores were often family-run, typically under 1,000 square feet. As suburbanization took hold, larger grocery stores became common in car-dependent areas with lower land prices. These larger retailers discovered economies of scale and as a result, could provide lower prices to consumers³. Loss leaders were used to entice new shoppers, at the expense of smaller food retailers. As populations declined in Canadian urban cores as suburbanization took hold, many smaller grocery retailers shuttered.

¹ See: <https://thewardottawa.wordpress.com/2012/11/20/twenty-neighbourhoods-face-problems-accessing-healthy-food-ottawa-neighbourhood-study>

² <http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=34>

³ <http://quickbooks.intuit.com/r/pricing-strategy/art-using-loss-leaders-attract-new-business>

Modern Times: Today, much of Canada's grocery landscape consists of larger chain stores under the ownership of Canada's largest companies. Loblaw, Sobeys, Metro, Overwaitea, and a handful of other companies occupy much of Canada's grocery landscape, with Loblaw's total grocery market share being almost 30%⁴. Grocery stores in Canada's urban cores typically span 10,000 to 50,000 square feet, with some chains operating locations smaller than 10,000 square feet and a handful surpassing 50,000 square feet.

Walmart, Costco and e-commerce are increasingly eroding traditional grocery store market share. If Lowblaw-owned Shoppers Drug Mart follows through with plans to include groceries in almost all of its locations⁵, it may further erode traditional grocery store market share. This will be discussed further towards the end of this study.

Non-Traditional Players: Grocery stores will see increasing competition from Walmart, Giant Tiger, Shoppers Drug Mart and even e-commerce. Shoppers Drug Mart may eventually include groceries in all its stores, as mentioned above. Walmart may even open smaller food stores within Canadian cores, provided the right opportunities. In the United States, there are currently 17 Walmart Express stores ranging between 10,000 and 15,000 square feet, featuring pharmacy services, groceries, fresh produce, general merchandise, and health and beauty aids⁶. Although not yet mainstream, online grocery shopping is increasing in popularity⁷.

⁴ https://www.raymondjames.ca/en_ca/equity_capital_markets/equity_research/sample_research/docs/Loblaw%20Companies%20Ltd.%20011612.pdf

⁵ <http://business.financialpost.com/2015/02/06/shoppers-drug-mart-prescription-for-food/>

⁶ <http://renx.ca/retailers-slow-to-follow-urban-trend>

⁷ <http://www.canadiangrocer.com/blog/its-not-an-e-commerce-world-but-maybe-soon-37051>

Store Types

The following is a brief description of different types of food retailers:

Convenience Stores: 1,000 to 5,000 square feet, often with extended hours, carrying a limited range of household goods and groceries such as snacks, drinks, produce, dairy, and some grocery. Locations are often in 'local' neighbourhood, hence the 'convenience'.

Full-Service Grocery Store: 10,000 to 35,000+ square feet, carrying full range of groceries including meat and produce, canned, frozen, boxed goods, bakery and dairy products.

Supermarket: Generally in the 25,000 to 50,000+ square foot range, stores carry full-line of groceries plus in-house butchers and bakery. May also include household merchandise and health and beauty. 25,000-50,000 items available – substantially more than in full-service grocery stores.

Hypermarkets: Generally 50,000 square feet plus, including everything above, as well as possibly clothing, pharmacies, eyeglass dispensaries, and other amenities.

Member Club: Customers (who are members) may purchase a wide variety of goods including groceries and other categories. Costco is Canada's largest member club and has a large location in downtown Vancouver.

Challenges for Inner-City Grocers

Inner-city grocery stores experience some unique challenges. These include the following:

- **Logistics:** Urban density and related traffic can make deliveries a challenge. Loading dock placement strategy is paramount as mid-sized grocery stores may need up to 12 deliveries/day from three and five ton trucks.
- **Demographics:** Some Canadian urban cores have higher-than-average numbers of lower-income residents, especially in Edmonton and Winnipeg. A higher-number of seniors may necessitate increased attention towards the needs of those with disabilities including convenient product placement and consideration for mobility.
- **Parking Requirements:** Despite many urban shoppers using foot and bicycle transportation, some municipalities mandate set parking requirements for stores of a certain size. This may significantly add to the cost of building a new store.
- **Zoning:** Some jurisdictions limit store sizes in certain areas.
- **Shrinkage:** Statistically, theft is more common in urban cores, requiring enhanced security and other considerations.

-
- **Rents:** Typically higher downtown vs. the suburbs. Grocery retailers shouldn't pay more than 4% of gross revenue as rent, given that grocery stores often earn profits of less than 2%⁸. Note: municipal tax relief may be required to ensure continued viability of grocery stores in some urban centres. Lower-cost leases, obviously, are therefore ideal.

Study Background

This study examines the urban cores of Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Ottawa and Montreal. Urban core boundaries include the city's central business district and adjacent high-density residential areas. Methodology to determine geographic areas include the following:

- The city's traditionally defined central business district,
- The city's main 'high street', if nearby,
- Nearby concentrations of commercial and mixed-use buildings, major civic buildings such as the city's town hall, major public spaces such as a city square or plaza, religious or ceremonial spaces.
- Hard-edged boundaries are used where possible, such as major streets, train tracks, and natural features such as bodies of water.
- Census Tracts and Dissemination Areas, as classified by Statistics Canada, making the study workable and boundaries logical,
- High-density residential areas, adjacent to the downtown core, featuring a high percentage of multi-unit dwellers with low automobile ownership/usage and considerably higher tendency towards walking, cycling, and using transit. High density includes higher-density floor-space ratios and permissive building heights, as well as a desired density in excess of 12,000 people per square kilometre,
- A total area not exceeding 18 square kilometres,
- Proposed high-density areas adjacent to urban cores, such as redevelopment of Toronto's East Bayfront, Edmonton's 'The Quarters', and Montreal's Griffintown.

Methodology for Optimal Grocery Store Location

This study uses a hybrid methodology to determine the best placement of grocery stores in inner city areas. Assuming that urban shoppers walk to and from grocery stores several times per week, this study determined a trade area to be a 500 meter radius from an existing and potential grocery store location. Studies indicate that optimally, between 4 and 5 square feet of grocery retail per capita is desirable, with less than 3 square feet being

⁸ CBRE Consultation, March 2015, discussing Statistics Canada industry benchmarks.

considered a ‘food desert’⁹. Furthermore, a study from New York City recently determined that there should be at least one 15,000+ square foot grocery store for each 10,000 residents in a trade area¹⁰.

An important study out of Great Britain determined the optimal 500 meter grocery store radius¹¹. A Canadian study set trade areas as within a five to eight minute walk of a grocery store and given an average walking speed of 5 kilometres per hour, distances of 400 meters and 600 meters were calculated¹². This study will meet these half way, utilizing a 500 meter trade area when determining optimal grocery store placement.

The New York City study’s optimal 15,000 square foot grocery store for each 10,000 residents would be less applicable to our Canadian study, especially as some Canadian urban cores already surpass this number, with potentially room for more grocery stores.

The analysis below reflects our hybrid methodology of radius, square footage per capita and stores per population.

⁹ www.nyc.gov/html/misc/pdf/nyc_store_analysis.pdf and J.C. Williams Group consultation.

¹⁰ *ibid*, p. 7

¹¹ Donkin, A., Dowler, E., Stevenson, S., and Turner, S. 1999. Mapping access to food at a local level. *British Food Journal*, 101:7, 554-564.

¹² Hamilton Commercial Strategy Study: http://www.hamilton.ca/NR/rdonlyres/92B21488-60AC-478B-BAE9-6D710BF2C6D8/0/Jun20EDRMS_n319391_v1_7_5_PED12120.pdf

CITY-BY-CITY: CANADIAN URBAN CORE ANALYSIS



VANCOUVER, BRITISH COLUMBIA

British Columbia's largest city has a metro population of 2,470,289, growing at an average rate of 1.3% annually, with an estimated 31,478 people added between 2013 and 2014¹³. The city's core continues to see exceptional growth.

The map below indicates the urban core study area, outlined in red. Its boundaries include the downtown peninsula and uses Main Street as its eastern boundary, except for an extension into Strathcona bounded by East Hastings Street to the north, Jackson Avenue to the east and Union Street to the south (Census Tract 9330057.01). Broadway Avenue acts as the study area's southern boundary, and Burrard Street acts as a western boundary from Broadway up to False Creek, where the boundary extends westward to include the rest of the downtown peninsula. The trade area has an estimated 2014 population of 126,000, with the ability to house an estimated 145,000 residents under current zoning¹⁴.



¹³ <http://www.statcan.gc.ca/daily-quotidien/150211/t150211a001-eng.htm>

¹⁴ City of Vancouver Central Area Study, 2012, Statistics Canada, plus statistical calculations based on average unit size, household size and allowable density ratios.

The map on the previous page pinpoints 19 existing grocery stores within the study area. Each green circle represents a 500 metre trade area around each store. Numbered 1 to 20, below, is a description of each store:

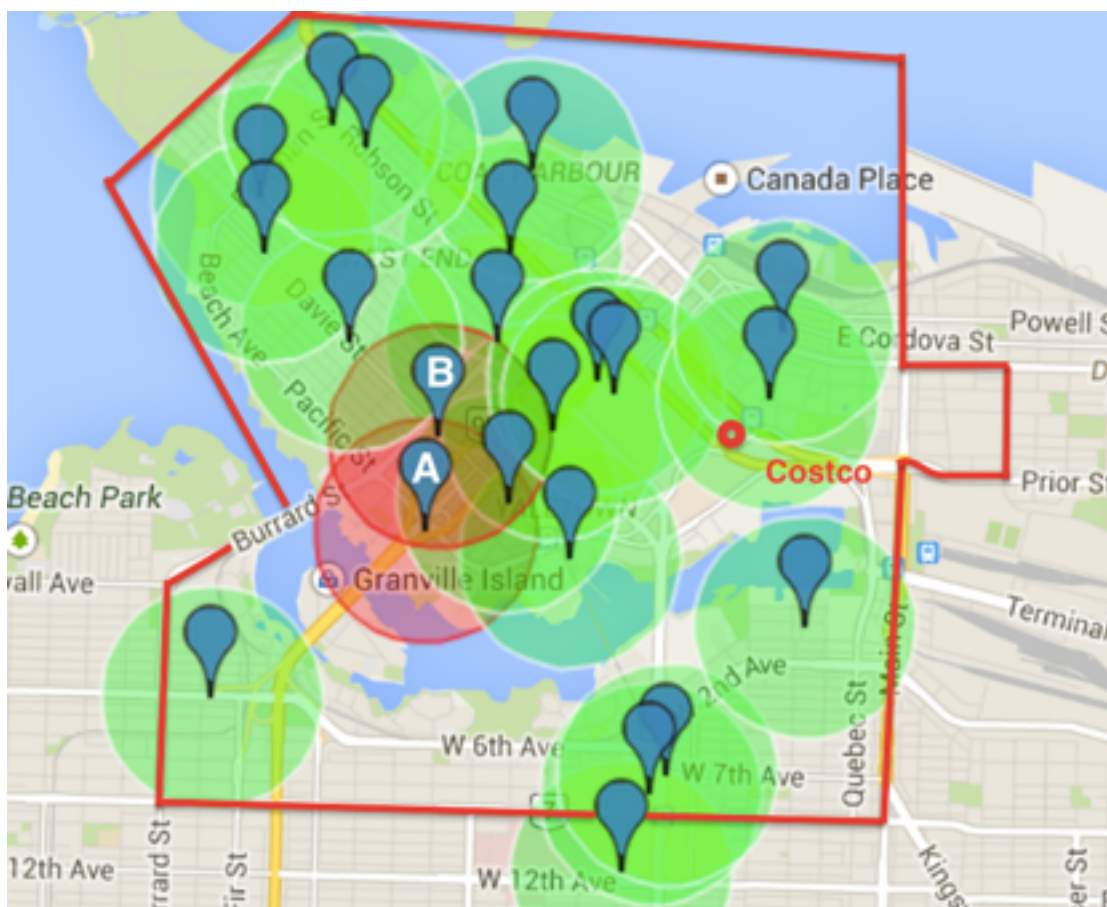
| | Store Name | Address | Approximate Size |
|----|---------------------|----------------------|--------------------|
| 1 | T&T Market | 179 Keefer Place | 38,000 square feet |
| 2 | Nester's Market | 333 Abbott Street | 15,000 square feet |
| 3 | Urban Fare | 177 Davie Street | 25,000 square feet |
| 4 | Choices Market | 1202 Richards Street | 11,500 square feet |
| 5 | Nester's Market | 990 Seymour Street | 10,226 square feet |
| 6 | Marketplace IGA | 489 Robson Street | 12,000 square feet |
| 7 | H-Mart | 590 Robson Street | 14,417 square feet |
| 8 | Marketplace IGA | 909 Burrard Street | 23,000 square feet |
| 9 | Urban Fare | 1133 Alberni Street | 22,000 square feet |
| 10 | Urban Fare | 305 Bute Street | 21,500 square feet |
| 11 | Independent Grocers | 1255 Davie Street | 18,000 square feet |
| 12 | Safeway | 1641 Davie Street | 32,000 square feet |
| 13 | No Frills | 1030 Denman Street | 17,500 square feet |
| 14 | Safeway | 1766 Robson Street | 42,450 square feet |
| 15 | Whole Foods | 1675 Robson Street | 16,000 square feet |
| 16 | Urban Fare | 1688 Salt Street | 23,000 square feet |
| 17 | Whole Foods | 510 W. 8 Avenue | 51,000 square feet |
| 18 | Save on Foods | 2308 Cambie Street | 42,398 square feet |
| 19 | No Frills | 1688 W. 4 Avenue | 20,000 square feet |

Store #20 on the map is a Safeway located at City Square, 555 W. 12 Avenue. Although it lies outside the study area, it lies in close proximity and draws shoppers from within the study area borders.

Marked A) and B) on the map below are two proposed grocery stores within the study area. Red circles and lighter red shading indicating their 500 metre trade areas:

A) Tenant to be determined at the southwest corner of Granville Street and Pacific Boulevard, with the new 'Vancouver House' condominium development. Estimated size: 17,900 square feet¹⁵. Its trade area currently includes 18,197 residents with a household size of 1.67. Those aged 25 to 34 represent 25.07% of the population. According to City of Vancouver estimates, approximately 2,250 more residents are expected to move into the trade area's proposed residential towers.

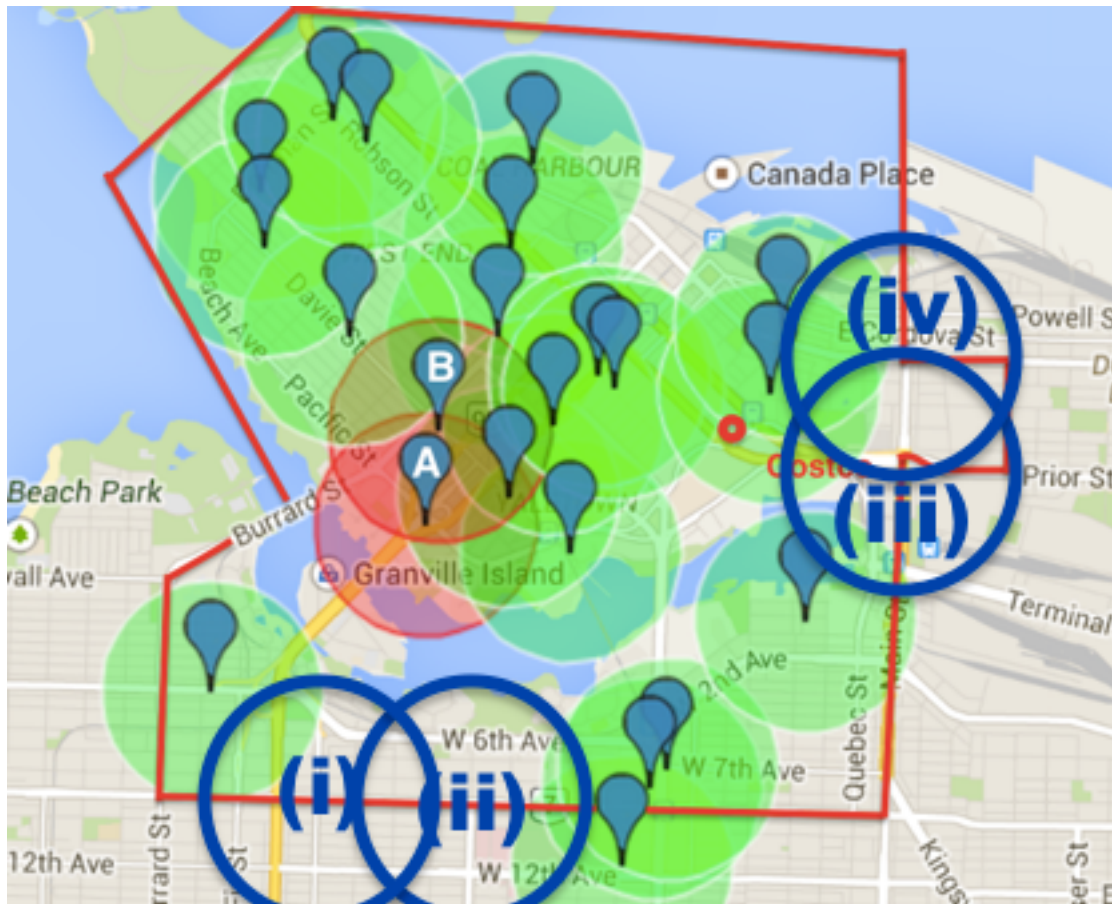
B) Tenant to be determined at the 902 Davie Street condominium development, estimated 35,000 square feet. The trade area is high density with 22,287 residents and a household size 1.57, with plans to add another 1,800 residents, according to City of Vancouver estimates. Current population aged 25-34 is 29.56%, and 35-44 is 21.43%.



Note: A 147,000 square foot Costco store, marked on the map above, carries a considerable amount of food. The store generally lacks smaller portion food items convenient to walkers, and does not supply shoppers with bags.

¹⁵ <http://vancouver.ca/files/cov/committees/report-development-permit-board-1461-granville-street-DE417597.pdf>

Potential New Grocery Store Locations:



This study examines four areas, marked (i) to (iv) in the map above, to determine potential grocery store placement. Each point marks a major intersection with commercial potential. Each study area is circled in blue, representing a 500 metre trade area radius. Statistical analysis is via Statistics Canada, the City of Vancouver, and calculations via superdemographics.com. Opportunities are based primarily on unshaded gaps within the study area on the map above. Two areas were excluded - an area around the Central Business District and an area around BC Place Stadium, both lacking sufficient population.

(i) West Broadway Avenue and Hemlock Street: With a population of 10,948, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (92%) and an average household size of 1.62. With a median age of 37.5, the area is primarily home to residents aged 35 to 44 at 20.48% of the population. Zoning and city planning applications indicate a modest potential population increase of less than 1,000 new residents. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet.

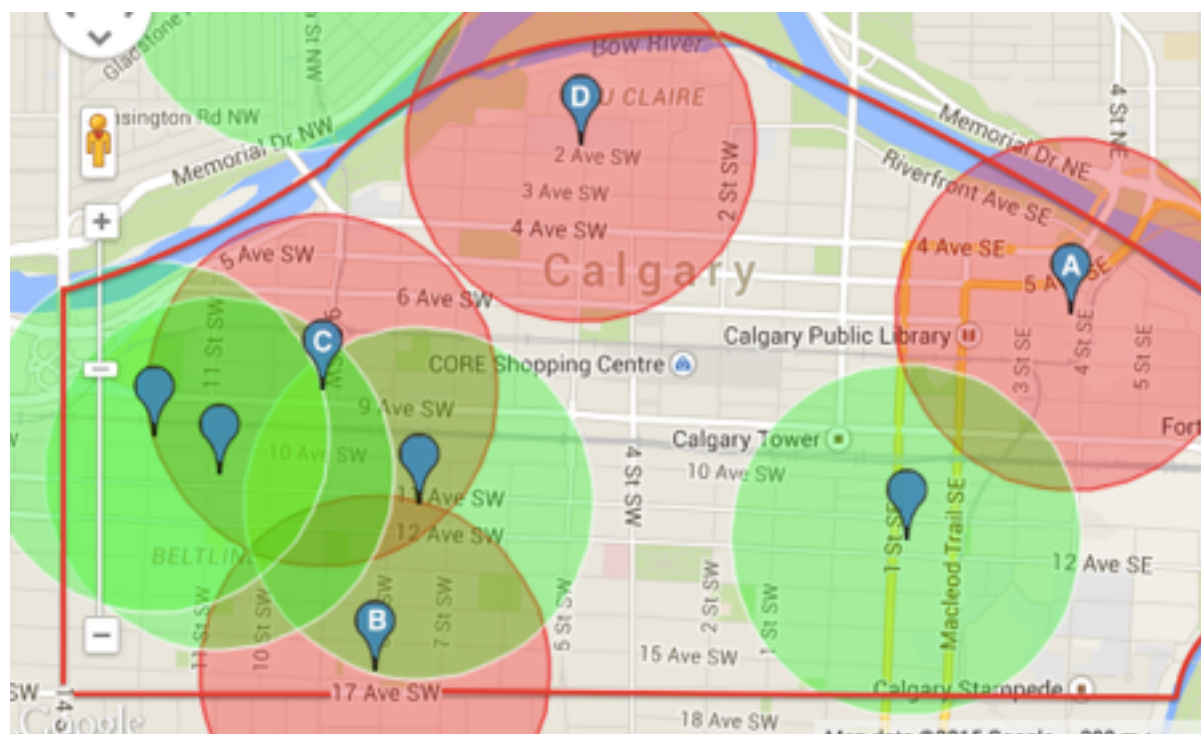
(ii) West Broadway Avenue and Oak Street: With a population of 9,755, this increasingly high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (89%) and an average household size of 1.69. With a median age of 38.5, the area is primarily home to residents aged 35 to 44 at 21.42% of the population, with 14.34% exceeding age 65. Zoning and city planning applications indicate a potential population increase of about 1,350 people. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet, potentially at the base of one of several proposed residential developments.

(iii) Main Street and Union Street: With a population of 9,214, this high-density area is underserved by large grocery stores, although adjacent Chinatown has numerous smaller-format food retailers. Statistics Canada indicates a high number of multi-dwelling units (96%) and an average household size of 1.99. With a median age of 44.6, the area is primarily home to residents aged 45-54, at 16.58% of the population, while residents 65+ represent 18.24%. Zoning and city planning applications indicate a potential population increase of over 5,000 people within the proposed trade area. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet, with opportunities primarily at the base of new condominium towers proposed on and adjacent to Main Street.

(iv) Main Street and Hasting Street: With a population of 12,323, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (100%) predominantly in one-person households with an average household size of 1.86. With a median age of 44.7, the area is primarily home to residents 45-54, at 17.91% of the population, with 17.12% over the age of 65. Zoning and city planning applications are conflicting, indicating a potential population increase of approximately 2,000 people. The area presents unique challenges, including poverty, homelessness and addiction. Despite this, upscale condominium units continue to be built in the southern portion of the trade area. Although the population, density, and lack of nearby grocery stores indicates opportunity for a new grocery store, area challenges may necessitate any new grocery retailer being located closer to area (iii) as described above.

| | Store Name | Address | Approximate Size |
|---|-------------------------|---------------------|--------------------|
| 1 | Sunterra Market | 200 12 Avenue S.W. | 32,000 square feet |
| 2 | Safeway | 813 11 Avenue S.W. | 38,275 square feet |
| 3 | Co-op | 1130 11 Avenue S.W. | 45,000 square feet |
| 4 | Community Natural Foods | 1304 10 Avenue S.W. | 11,500 square feet |

Two grocery stores are confirmed, while two are intended and until signed, continue to remain speculation. These include the following:



A) Loblaws: 428 6 Avenue S.E., estimated 100,000 square feet¹⁹

B) Urban Fare: 880 16 Avenue S.W., estimated 25,000 square feet²⁰

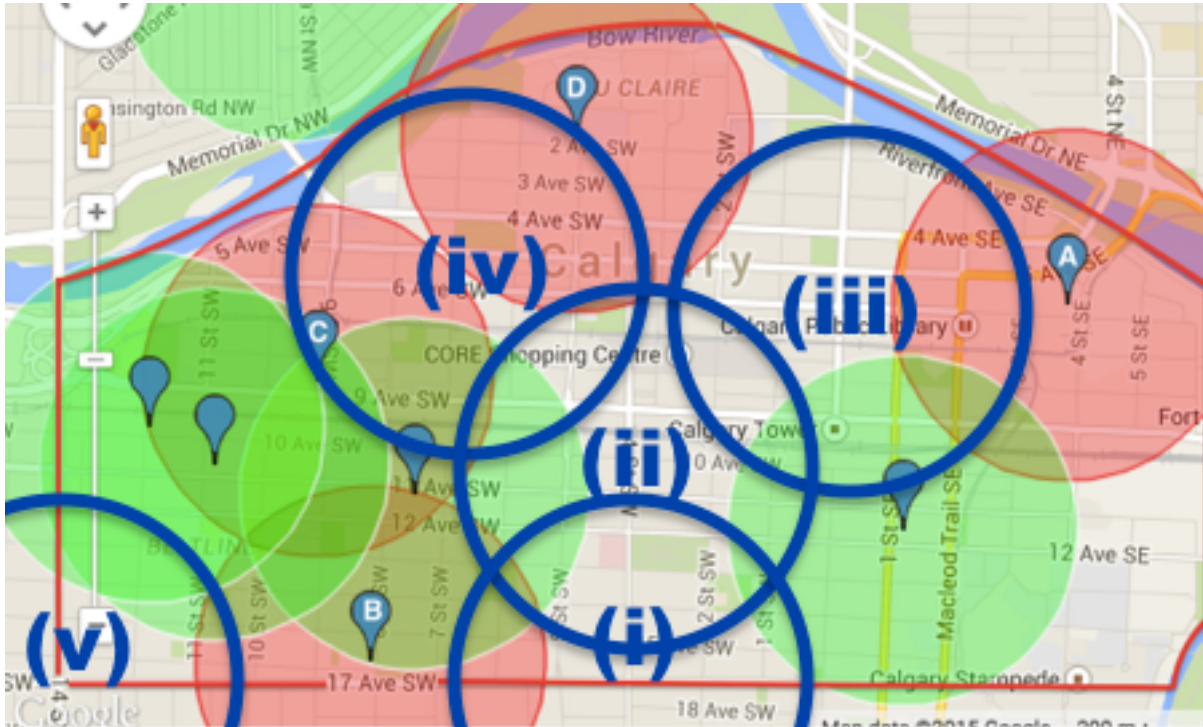
C) Tenant Unknown: 1000 9 Avenue S.W., 60,000 square feet over two-levels

D) Tenant Unknown: 660 2 Avenue S.W.

¹⁹ RioCan REIT

²⁰ First Capital Realty

Potential New Grocery Store Locations:



This study examines five areas, marked (i) to (v) in the map above, to determine potential grocery store placement. Each point marks a major intersection with commercial potential. Each study area is circled in blue, representing a 500 metre trade area radius. Statistical analysis is via Statistics Canada, the City of Calgary, and superdemographics.com. Opportunities are based primarily on unshaded gaps within the study area on the map above.

(i) 17 Avenue S.W. and 4 Street S.W.: With a population of 8,707, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (82.4%) and an average household size of 1.51. With a median age of 32.6, the area is primarily home to residents aged 25 to 34 at 35.89% of the population and those aged 65+ represent only 6.88%. Zoning and city planning applications indicate potential population growth in excess of 3,000 persons. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet. Given the tendency towards higher rents on 17 Avenue S.W., locating on 4 Avenue S.W. may be more ideal.

(ii) 11 Avenue S.W. and 4 Street S.W.: With a population of 10,948, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (92%) and an average household size of 1.57. With a median age of 32.5, the area is primarily home to residents aged 25 to 34 at 32.7% of the population, while those

aged 65+ represent 8.39%. Zoning and city planning applications indicate an expected population increase of over 3,500 new residents over the next 8 to 10 years. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet, which could be facilitated at the base of one of a number of proposed new tower developments.

(iii) 6 Avenue S.W. and Centre Street S.W.: With a population of 7,288, this relatively high-density mixed-use area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (100%) and an average household size of 1.67. With a median age of 33.3, the area is primarily home to residents aged 25 to 34 at 20.87% of the population, as well as those aged 35 to 44 being 15.04%. Those aged 65+ represent 12.39% of the population. Zoning and city planning applications indicate a potential population increase in excess of 2,500 new residents. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet.

(iv) 6 Avenue S.W. and 7 Street S.W.: With a population of 10,494, this high-density, fast growing area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (100%) and an average household size of 1.67. With a median age of 37.5, the area is primarily home to residents aged 25-34 at 31.37% of the population, with 15.04% aged 35-44. According to Superdemographics, 17.39% are classified as “Affluents” and those over the age of 65 represent 9.36% of the population. Zoning and city planning applications indicate a potential population increase of 5,000+ new residents. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for at least one grocery store in excess of 10,000 square feet, at the base of one of several anticipated residential tower developments in the area.

(v) 17 Avenue S.W. and 14 Street S.W.: With a population of 8,715, this relatively high-density mixed-use area would benefit from a grocery store. Statistics Canada indicates a high number of multi-dwelling units (81%) with an average household size of 1.62. With a median age of 37.9, the area is primarily home to residents aged 25 to 34 at 31.69% of the population, as well as those aged 35 to 44 at 21.41%. Those over the age of 65 represent only 5.95% of the population. Zoning and city planning applications indicate a moderate potential population increase in excess of 1,200 new residents, primarily in the northeast quadrant of the proposed trade area. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet, serving both those within the study area and those in the high density areas within the 500 metre trade area.

EDMONTON, ALBERTA

Alberta's capital city has a metro population of 1,328,290, growing at an average rate of 3.3% annually, with an estimated 42,495 people added between 2013 and 2014. The city's core will see considerable growth, including new residences and amenities.

The map below indicates the urban core study area, outlined in red. Its boundaries include 107 Avenue to the north, 95 Street and boundaries for 'The Quarters' to the east, the North Saskatchewan River to the south, and 124 Street to the west. The area represents the Central Business District as well as high-density Oliver to its west, the emerging residential districts north of 104 Avenue, and proposed high-density areas east of 97 Street. The study area's current population is estimated to be in excess of 41,000²¹. Thousands of residential units will be built over the next several years in areas in and around the central business district, including an almost entirely newly-built high density area east of downtown, as well as a massive downtown sports facility with adjacent hotels and residences²².



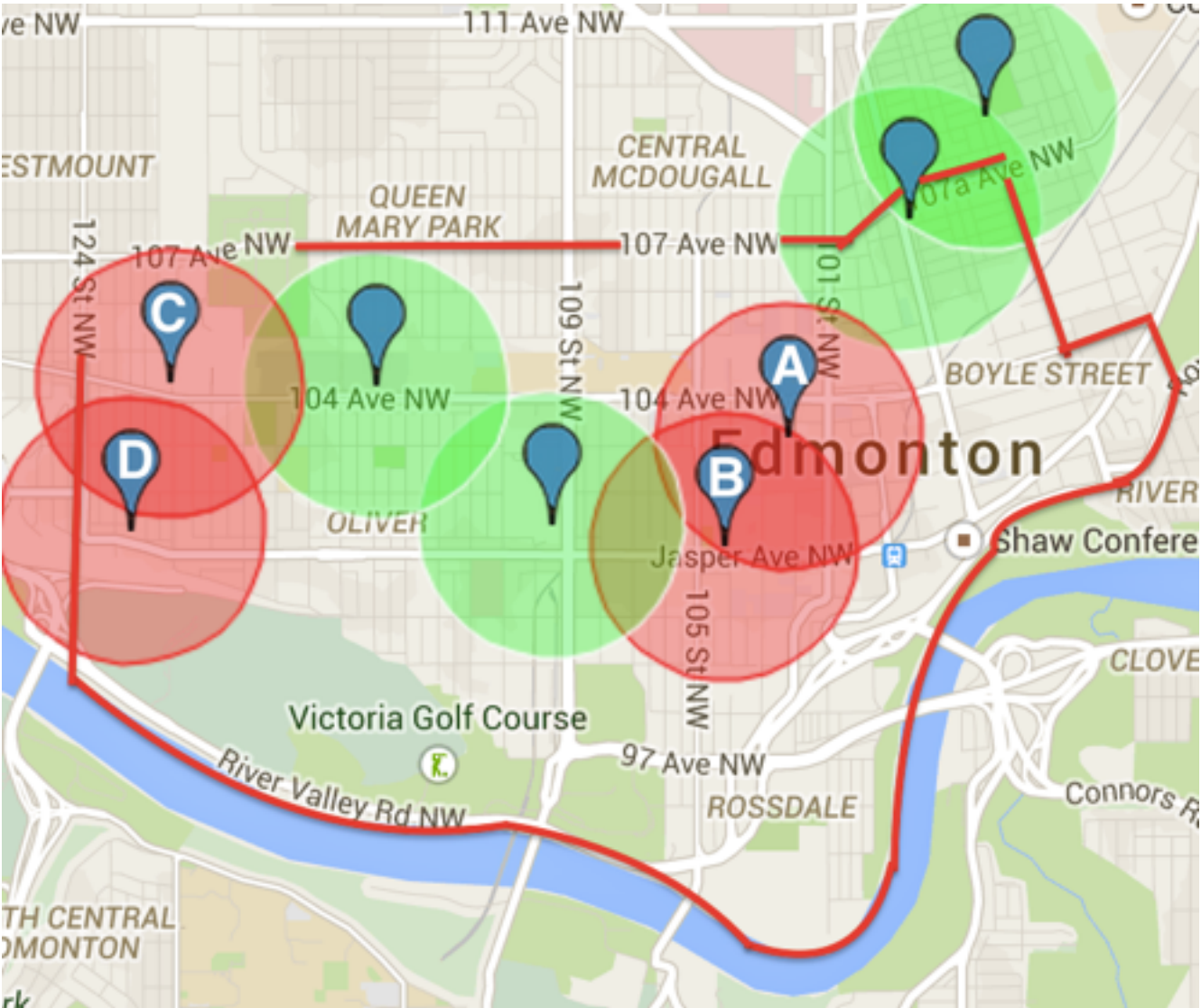
²¹ Statistics Canada, superdemographics.com

²² [http://www.edmonton.ca/city_government/documents/09371COE Urban Design Plan Revision LowRes for Download.pdf](http://www.edmonton.ca/city_government/documents/09371COE_Urban_Design_Plan_Revision_LowRes_for_Download.pdf)

The map on the previous page pinpoints three existing grocery stores within the study area. Each green circle represents a 500 metre trade area around each store. Numbered 1 to 3, below, is a description of each store:

| | Store Name | Address | Approximate Size |
|---|----------------|------------------|--------------------|
| 1 | Lucky 97 Plaza | 10725 97 Street | 27,000 square feet |
| 2 | Save on Foods | 10180 109 Street | 33,000 square feet |
| 3 | Safeway | 11410 104 Aenue | 50,269 square feet |

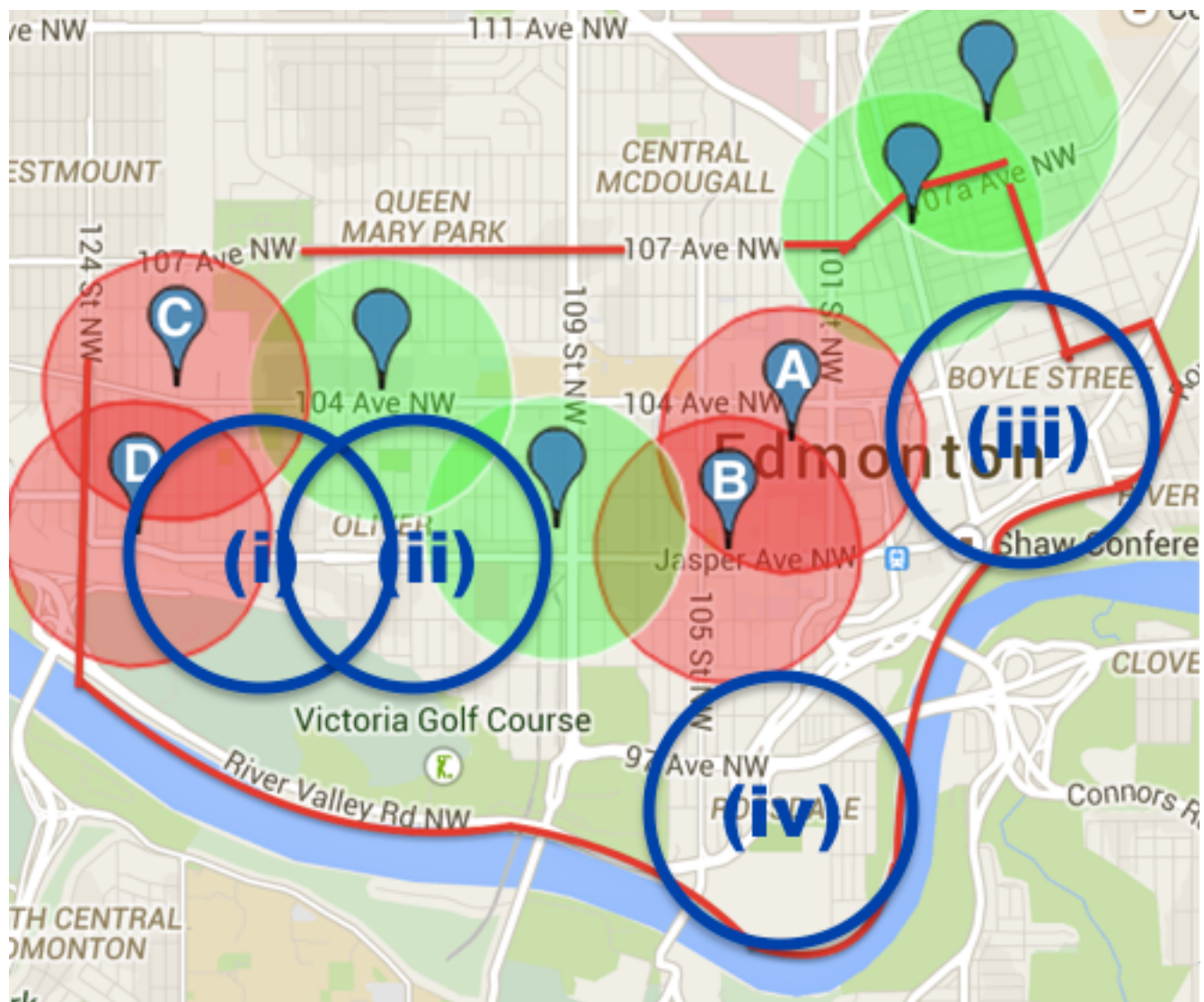
Four grocery stores are proposed within the study area, with red circles and lighter red shading indicating 500 metre trade areas, on the map below:



One of the four grocery stores in the map on the previous page is confirmed and identified, while three are intended and until signed, are speculative. These include:

- A) An unknown proposed grocery store for Edmonton's new 'Arena District'. Address of convenience is 10302 103 Street,
- B) An unknown potential replacement grocery store for a shuttered Sobeys location at 10404 Jasper Avenue, measuring 18,898 square feet,
- C) Loblaws City Market, 10401 121 Street, measuring 40,279 square feet, and
- D) Unnamed grocery tenant under construction at 12250 Jasper Avenue, measuring about 30,000 square feet.

Potential New Grocery Store Locations:



This study examines four areas, marked (i) to (iv) in the map on the previous page, to determine potential grocery store placement. Points (i) and (ii) mark major intersections with commercial potential, while (iii) and (iv) identify potentially underserved areas. Each study area is circled in blue, representing a 500 metre trade area radius. Statistical analysis is via Statistics Canada, the City of Edmonton, and superdemographics.com. Opportunities are based primarily on unshaded gaps within the study area on the map above.

(i) Jasper Avenue and 118 Street: With a population of 8,959, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (92.4%) and an average household size of 1.48. With a median age of 42.6, the area is primarily home to residents aged 25 to 34 at 27.14% of the population. A fairly high percentage of the population is aged 65+, at 18.85%. Zoning and city planning applications indicate modest potential population growth in excess of 1,500 persons, although up zoning could see more eventually. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet within close proximity of this intersection.

(ii) Jasper Avenue and 114 Street: With a population of 11,336, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (98%) and an average household size of 1.49. With a median age of 39.5, the area is primarily home to residents aged 20 to 34 at 28.93% of the population. A fairly high percentage of the population is aged 65+, at 17.99%. Zoning and city planning applications indicate potential population growth in excess of 2,000 persons. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet.

(iii) "The Quarters", 102 Avenue and 96 Street: A longer-term opportunity exists for at least one grocery store in this area, as the City of Edmonton has determined that the area could house between 8,000 and 20,000 new residents²³. If final build-out is closer to 8,000 residents, one grocery store in excess of 10,000 square feet would be ideal. If the area's new population is closer to 20,000, as many as two 10,000+ square foot grocery stores could comfortably locate in the area. As retail typically follows residential, and construction has only commenced in this new neighbourhood, potential grocery store opportunities are years away. The area already houses close to 6,400 residents in homes primarily outside of The Quarters redevelopment area. Locating a grocery store at this time within the proposed trade area

²³ City of Edmonton Study: http://www.edmonton.ca/city_government/documents/Quarters_Downtown_CRL_Area_Plan_15800.pdf

would not be ideal, given plans for redevelopment and a current proliferation of multiple surface parking lots surrounding the proposed intersection.

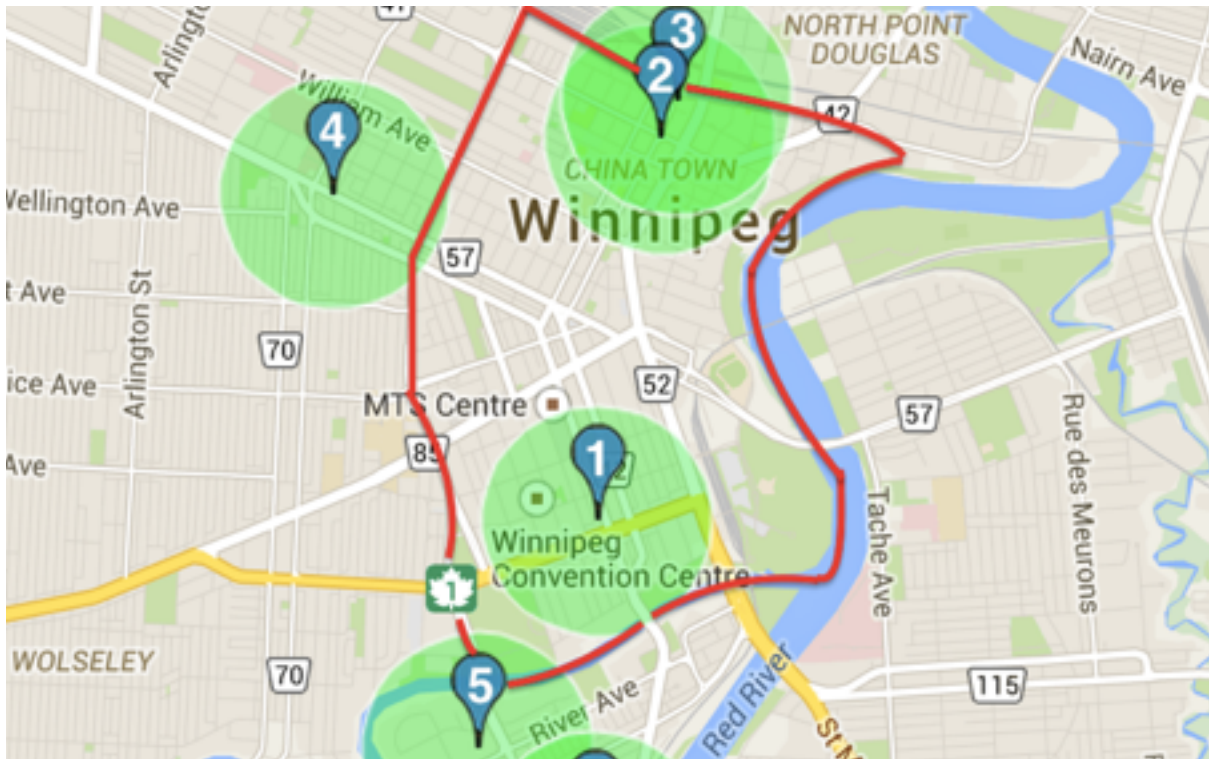
(iv) “Rossdale” Redevelopment: With a population of 2,951, this medium-density area is underserved by grocery stores. The City of Edmonton proposes in excess of 3,000 new residences for the area, including the opportunity for a "small scaled grocery store along 96 Avenue, between 105 Street and 103 Street"²⁴. As with The Quarters redevelopment mentioned above, the opportunity to build a new grocery store in this area won't be feasible for a number of years.

²⁴ http://www.edmonton.ca/city_government/documents/PDF/West_Rossdale_UDP_CA.pdf

WINNIPEG, MANITOBA

Manitoba's largest city, also its capital, has a metropolitan population of 782,640, growing at an average rate of 1.6% annually, with an estimated 12,247 people added between 2013 and 2014. The city's core continues to expand with several multi-unit residential buildings proposed and under construction.

The map below indicates the urban core study area, outlined in red. Its boundaries include Higgins Avenue to the north, the Red River to the east, the Assiniboine River to the south, and the combined Osbourne St./Memorial Blv./Colony St./Isabel St. (all Route 62) to the west. The study area's current population is estimated to be in excess of 17,000²⁵. Hundreds of residential units are proposed to be built over the next several years in areas surrounding the central business district²⁶.



The map above pinpoints three existing grocery stores within the study area, as well as two outside of the study area. Each green circle represents a 500 metre trade area around each store. Numbered 1 to 3, on the next page, is a description of each store:

²⁵ Statistics Canada, superdemographics.com

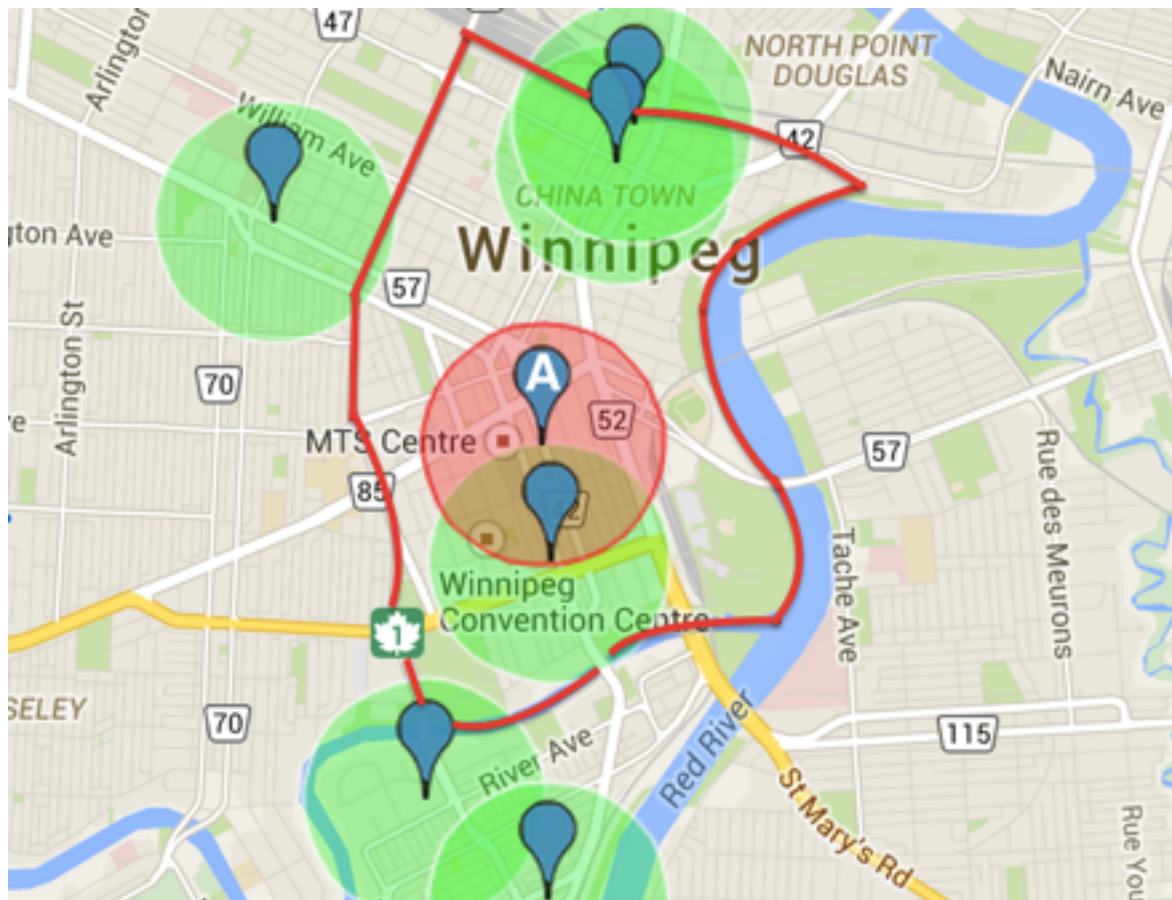
²⁶ City of Winnipeg.

| | Store Name | Address | Approximate Size |
|---|-----------------------|-------------------|--------------------|
| 1 | Downtown Family Foods | 120 Donald Street | 9,800 square feet |
| 2 | Oriental Market | 268 King Street | 9,700 square feet |
| 3 | Sun Wah | 303 King Street | 13,850 square feet |

Two notable stores are located outside of the study area:

4. Opened in March of 2015, a No Frills at 600 Notre Dame Avenue spans about 30,000 square feet,

5. Safeway at 499 River Avenue measures about 50,000 square feet and is accessible to some residents within the study area.

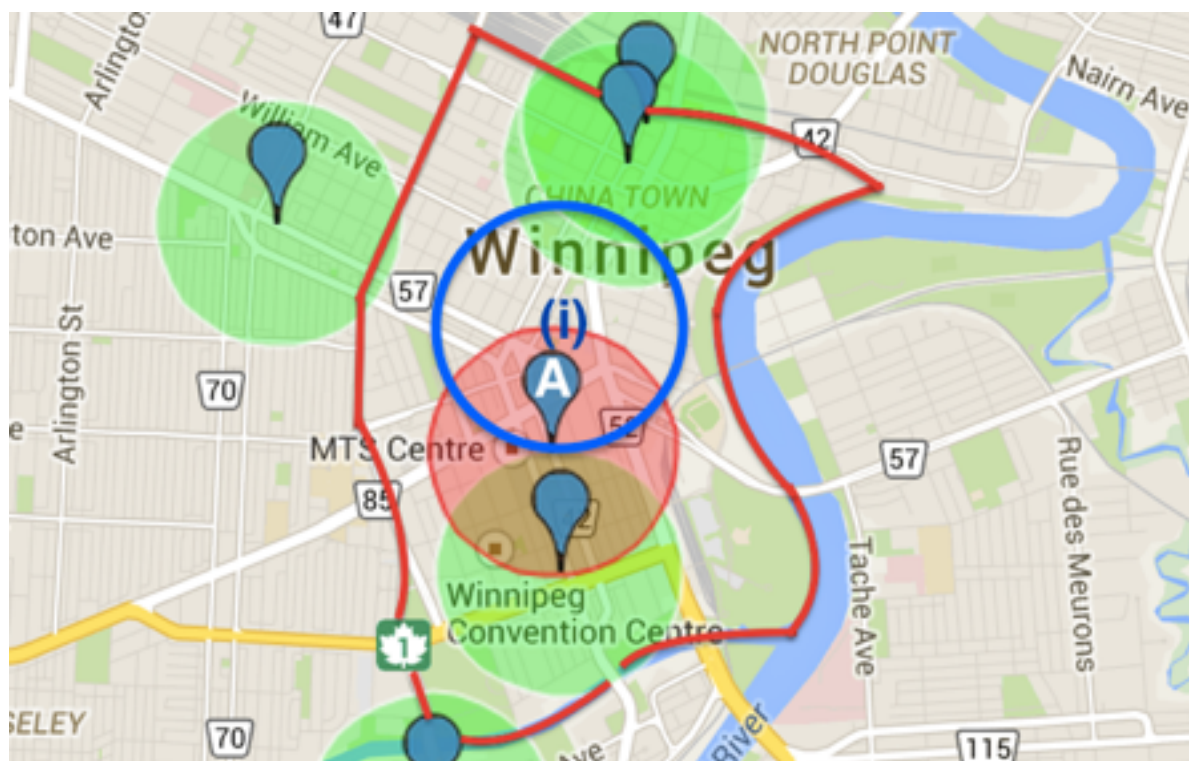


Marked "A" on the map above, at the intersection of Graham Avenue and Smith Street, is an unknown proposed 25,000 square foot grocery store. Its 500 metre trade area, marked in red, represents only 3,643 residents with an average household size of 1.58 and 22.11% of

the population aged 25 to 34, and 16.19% of the population aged 65+. Developers recognize a potential population increase somewhere in excess of 1,000, though it is difficult to determine accurate numbers at this time.

In 2012, two downtown grocery stores announced their closures - Riediger's Foods on Isabel Street, and Zellers Food Mart in the basement of the Hudson's Bay building.

Potential New Grocery Store Locations:



This study identifies one area possibly warranting a grocery store, marked (i) on the map above, at the intersection of Notre Dame Avenue and Albert Street. The study area is circled in blue, representing a 500 metre trade area radius. Statistical analysis is via Statistics Canada, the City of Winnipeg, and superdemographics.com. The potential trade area has a current estimated population of 6,234 and an average household size of 2.21. The area's median age is 35.4, with 18.44% aged 25 to 34 and 17.62% aged 35 to 44. Remarkably, 16.3% of the population is aged 0 to 14 and 12.23% are over the age of 65. Zoning and city planning applications indicate potential population growth into the hundreds or more,

especially with new developments in the city's 'Exchange District'²⁷. Given the population, density, and lack of nearby grocery stores, this study area may provide an opportunity for one grocery store in excess of 10,000 square feet within close proximity of this intersection, provided that residential intensification continues within the immediate area.

The study notes that several underserved areas remain within the study area. Examining various unshaded area intersections, this study concludes that there is insufficient population, density, and insufficient growth plans to warrant further grocery store development within the study area. There may be opportunities, however, for smaller food retailers (including grocery departments within Shoppers Drug Mart) as well as farmer's markets and co-ops.

²⁷ <http://downtownwinnipegstrends.com/development-map/>

TORONTO, ONTARIO

Canada's largest city, and Ontario's capital city, has a population of 6,055,724, growing at an average rate of 1.5% annually, with an estimated 89,385 people added between 2013 and 2014. The city's core continues to experience remarkable growth, as thousands of new residents move into new residential towers each year.

The map below indicates the urban core study area, outlined in red. Its boundaries include the Rail Corridor, West Roxborough Drive and Rosedale Valley Road to the north, the Don River to the east, Lake Ontario to the south, and Bathurst Street to the west. The study area's current population is estimated to be approximately 215,000²⁸. Thousands of residential units are under construction within the study area and an additional 60,000 residents are anticipated over the next 10 years²⁹

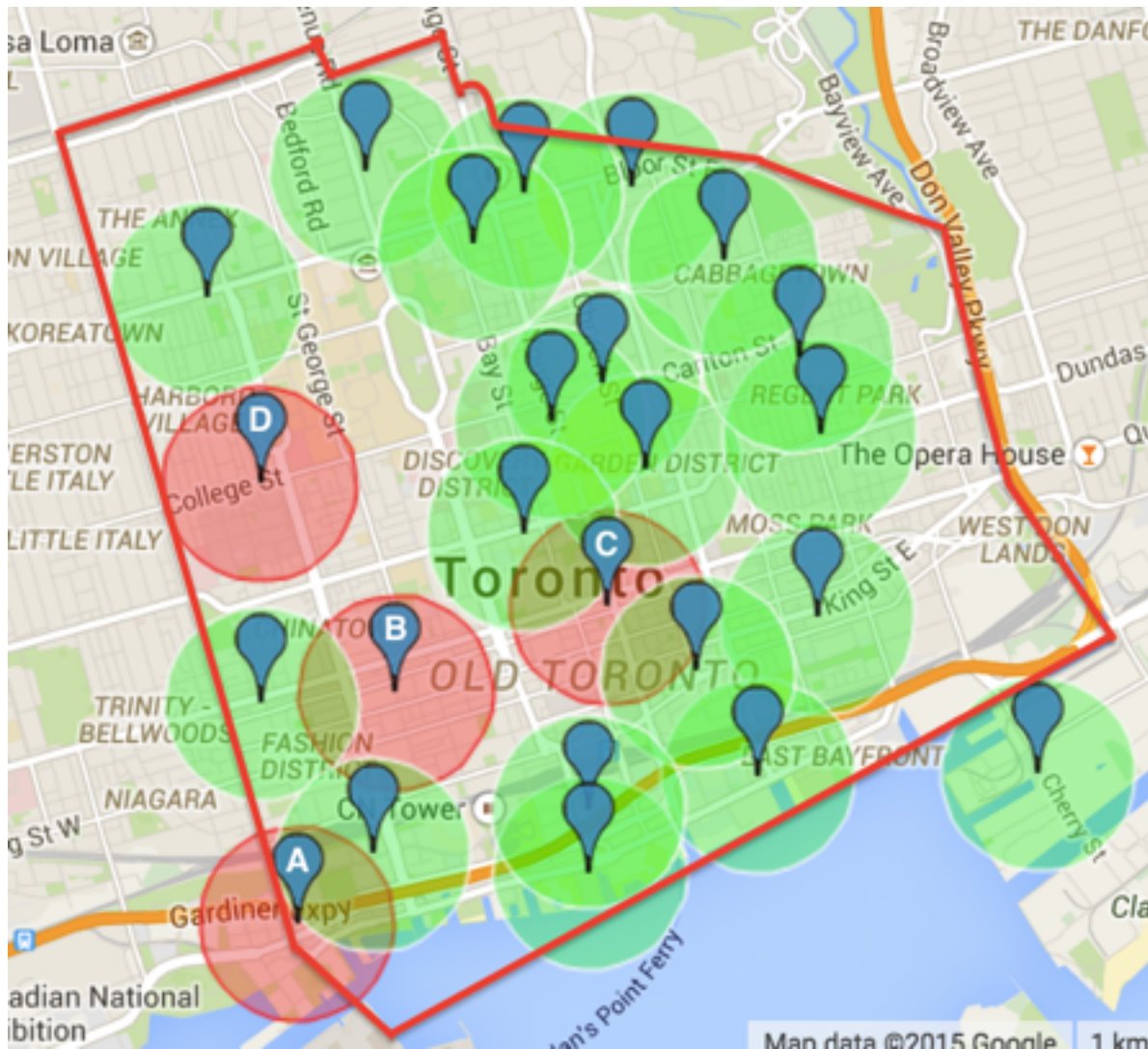


²⁸ Statistics Canada, superdemographics.com

²⁹ City of Toronto Core Growth Study, 2013, p. 41.

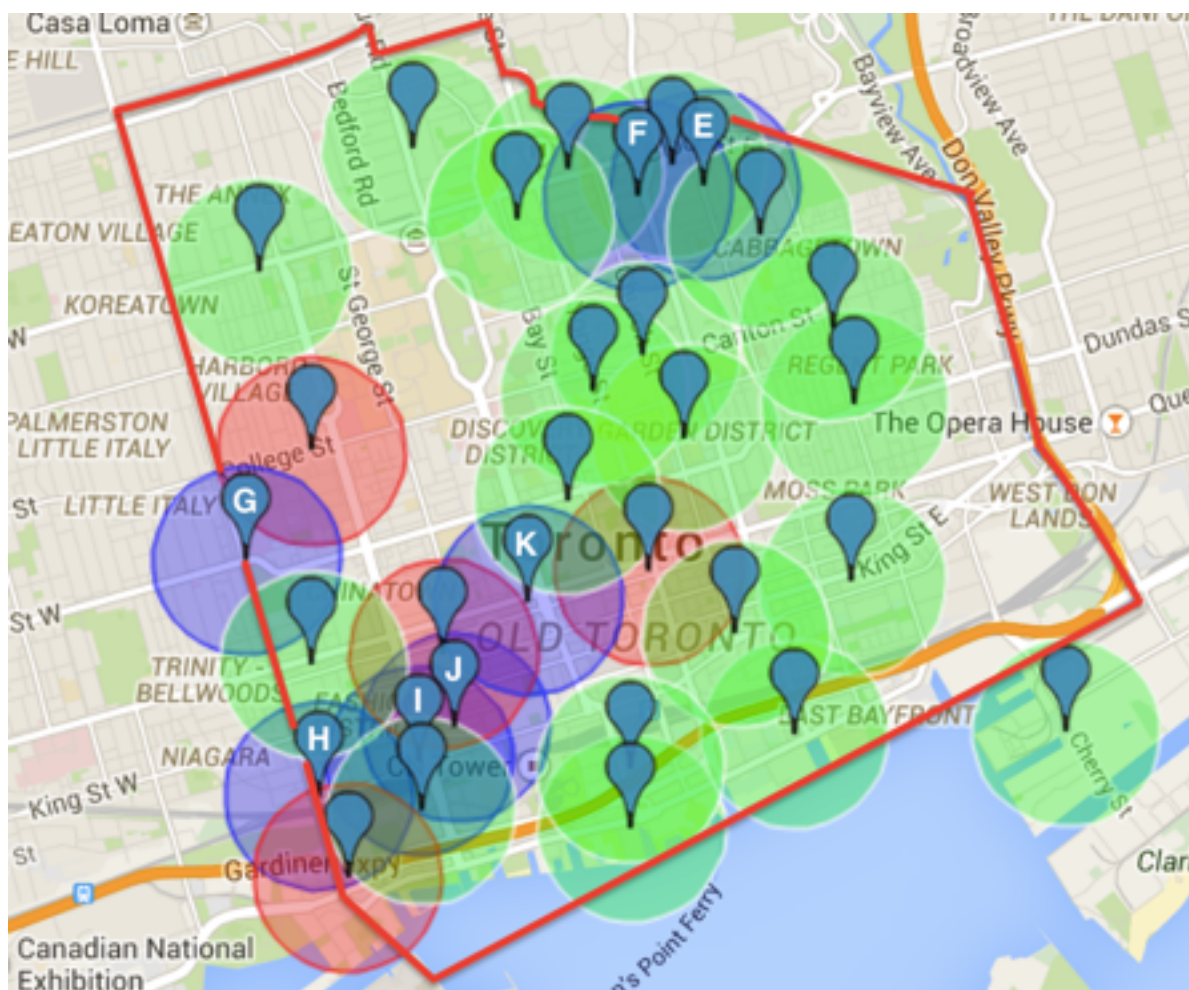
The map on the previous page pinpoints 20 existing grocery stores within the study area. Each green circle represents a 500 metre trade area around each store. Numbered 1 to 20, below, is a description of each store:

| | Store Name | Address | Approximate Size |
|----|---------------------|---------------------------|--------------------|
| 1 | No Frills | 200 Front Street East | 61,000 square feet |
| 2 | FreshCo | 325 Parliament Street | 26,000 square feet |
| 3 | No Frills | 449 Parliament Street | 16,550 square feet |
| 4 | Food Basics | 238 Wellesley Street East | 21,000 square feet |
| 5 | No Frills | 345 Bloor Street | 11,500 square feet |
| 6 | Longo's | 100 Bloor Street East | 10,000 square feet |
| 7 | Bloor Street Market | 55 Bloor Street West | 30,000 square feet |
| 8 | Whole Foods | 77 Avenue Road | 47,000 square feet |
| 9 | Metro | 485 Bloor Street West | 14,300 square feet |
| 10 | Loblaws | 60 Carlton Street | 85,000 square feet |
| 11 | Metro | 444 Yonge Street | 35,000 square feet |
| 12 | Sobeys | 777 Bay Street | Unknown |
| 13 | Longo's | 111 Elizabeth Street | 9,850 square feet |
| 14 | Metro | 80 Front Street East | 45,000 square feet |
| 15 | Loblaws | 10 Lower Jarvis Street | 60,000 square feet |
| 16 | Sobeys | 207 Queen's Quay | 10,000 square feet |
| 17 | Longo's | 15 York Street | 48,000 square feet |
| 18 | Sobeys | 22 Fort York Blv. | 20,000 square feet |
| 19 | Loblaws | 585 Queen Street | 45,000 square feet |
| 20 | Metro | 89 Gould Street | 27,900 square feet |



Four grocery stores are confirmed in the study area, marked on the map above. These include the following:

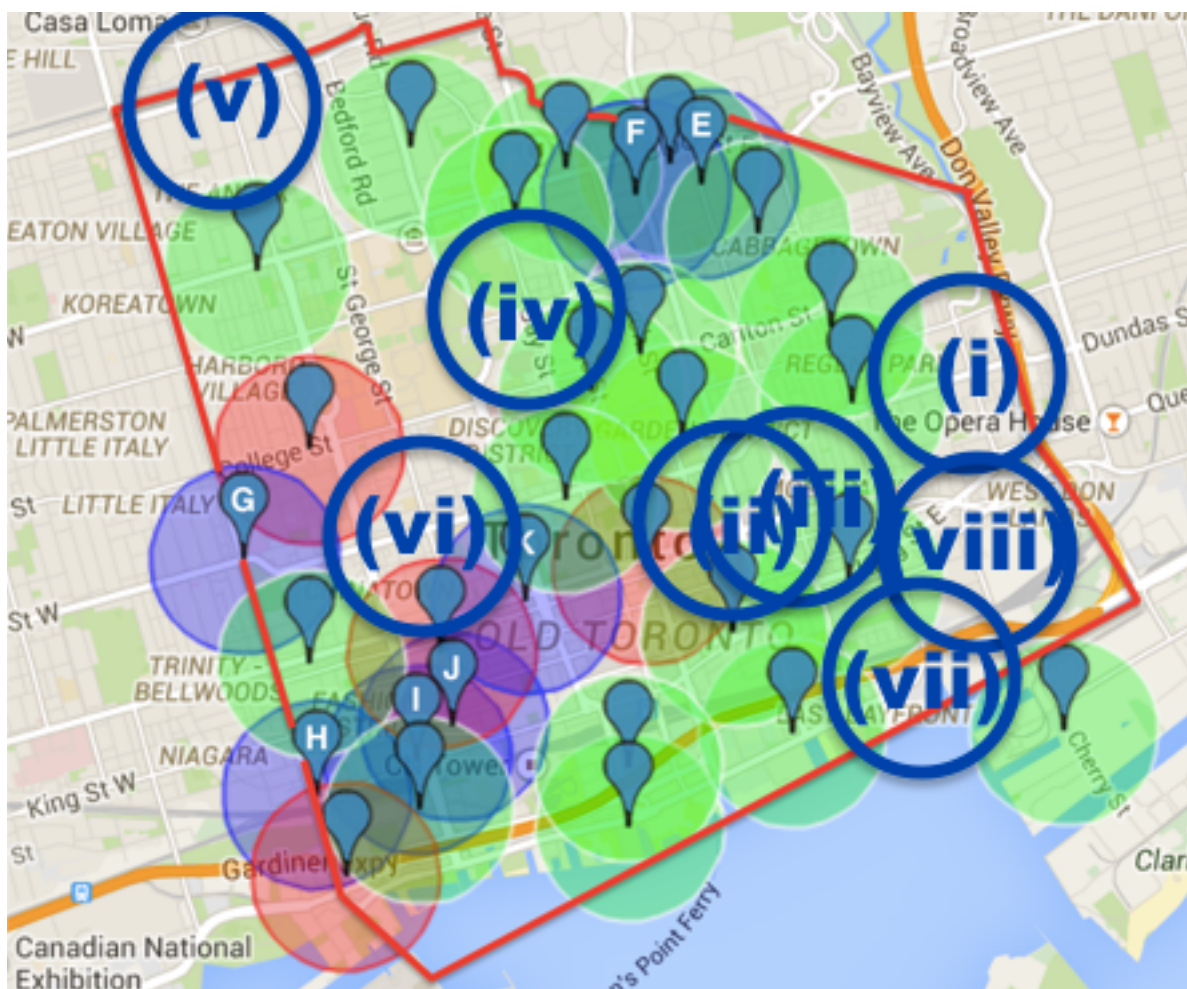
| | Store Name | Address | Approximate Size |
|----------|---------------------------------|---------------------|--------------------|
| A | Loblaws | 500 Bathurst Street | 91,000 square feet |
| B | Loblaws | 111 Peter Street | 12,450 square feet |
| C | Saks Fifth Avenue by Pusateri's | 176 Yonge Street | 25,000 square feet |
| D | Loblaws | 297 College Street | 20,000 square feet |



A further seven grocery stores are proposed within the study area, marked “E” to “K” on the map above, though their identities are currently unknown. These include the following:

| | Store Name | Address | Approximate Size |
|---|--|---|--------------------|
| E | FreshCo (speculated) | 565 Sherbourne Street | 30,000 square feet |
| F | Unknown (Lowlaws City Market Speculated) | 101 Charles Street East | 11,000 square feet |
| G | Unknown | Bathurst & Dundas St. | 25,000 square feet |
| H | Unknown (Whole Foods Speculated) | 25 Bathurst Street | 40,000 square feet |
| I | Unknown (Whole Foods Speculated) | 8 Spadina Avenue | 40,000 square feet |
| J | Undetermined | 400 Front Street (Blue Jays Way & Wellington) | 42,000 square feet |
| K | Undetermined | Queen Street West & University Avenue | Unknown |

Potential New Grocery Store Locations:



This study examines eight areas, marked (i) to (viii) on the map above, to determine potential grocery store placement. Each point marks a major intersection with commercial potential. Each study area is circled in blue, representing a 500 metre trade area radius. Statistical analysis is via Statistics Canada, the City of Toronto, and superdemographics.com. Opportunities are based primarily on unshaded gaps within the study area on the map above.

(i) Dundas Street East and River Street: With a population of 11,592, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (98%) and an average household size of 2.72. With a median age of 33.5, the area is primarily home to residents aged 0 to 14 at 20.01% of the population, with those aged 45 to 54 being the second largest at 16.28%. Zoning and city planning applications indicate potential population growth in excess of 7,000 persons as the adjacent Regent Park area

continues to redevelop³⁰. As a result, the demographics described above will likely change substantially. Given the current and projected population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet.

(ii) Queen Street West and Jarvis Street: With a population of 15,719, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (92%) and an average household size of 1.62. With a median age of 34.5, the area is primarily home to residents aged 24 to 34 at 25.97% of the population, as well as those aged 35 to 44 being the second largest at 22.28%. Those over the age of 65 represent 7.84% of the population. Zoning and city planning applications indicate potential population growth in excess of 5,500 persons in multiple proposed residential towers and adjacent ground-oriented townhomes. Given the population, density, and lack of nearby grocery stores, this trade area provides an opportunity for one or even two grocery stores in excess of 10,000 square feet, close to the Queen Street West and Jarvis Street intersections.

(iii) Queen Street West and Sherborne Street: With a population of 15,194, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (98%) and an average household size of 1.63. With a median age of 35.2, the area is primarily home to residents aged 25 to 34 at 21.80% of the population and those aged 35 to 44 at 21.17%. Those over the age of 65 represent just 9.3% of the population. These numbers will change as the area continues to add new residents, with projected growth in excess of 4,000 in multiple proposed multi-unit residential buildings. Given the current and potential population, density, and lack of nearby grocery stores, this study area provides an opportunity for one or possibly two grocery stores in excess of 10,000 square feet within close proximity to this intersection.

(iv) Bay Street and Wellesley Street: With a population of 17,269, this high-density area is underserved by larger grocery stores, although a 4,800 square foot Rabba is located close by. Statistics Canada indicates a high number of multi-dwelling units (99.5%) and an average household size of 1.63. With a median age of 31.9, the area is primarily home to residents aged 20 to 34 at 30.94% of the population, with those over the age of 65 at 10.61%. Zoning and city planning applications indicate potential population growth of more than 3,000 as the area becomes one of Canada's most densely populated areas. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet.

³⁰ http://www1.toronto.ca/static_files/CityPlanning/PDF/28_regent_park_aug2007.pdf

(v) Spadina Street and Davenport Road: With a population of 6,072, this moderate-density area is underserved by grocery stores. Statistics Canada indicates a moderate number of multi-dwelling units (73%). With a median age of 32, the area is primarily home to residents aged 25 to 34 at 29.26% of the population. The area is quite wealthy and according to superdemographics.com, 43.88% of the population is classified as “Elite Professionals” and 9.36% are classified as “Affluents”. Zoning and city planning applications indicate very modest population growth, and the potential trade area is limited due to the escarpment hindering convenient walking from the Casa Loma area above. Given the limited population, density, and lack of potential growth, this intersection is less likely to support a grocery store, unless parking was provided for drivers utilizing busy Davenport Road. Furthermore, staff at a nearby Shoppers Drug Mart confirm that it will soon see an expanded assortment of groceries, possibly providing enough food retail for the immediate area.

(vi) Dundas Street West and Beverly Street: With a population of 10,640, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (88%) and an average household size of 2.11. With a median age of 36.6, the area is primarily home to residents aged 25 to 34 at 27.89% of the population, with those aged 65+ at 12.78%. Zoning and city planning applications indicate modest potential population growth of around 1,000 persons. Regardless, given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet.

(vii) “East Bayfront” Redevelopment: Currently sparsely populated, Toronto’s East Bayfront is projected to grow to in excess of 14,000 residents³¹. Given the dense population and length of the proposed development, two grocery stores in excess of 10,000 square feet would be desirable. The intersection of Queen’s Quay and Sherborne Street would be ideal for one location, while the intersection of Queen’s Quay and Parliament Street could facilitate a second full-service grocer.

(viii) “West Don Lands” Redevelopment: Also currently sparsely populated, the West Don Lands is forecasted to eventually have a population in excess of 11,000 people³². Furthermore, Toronto’s Distillery District is set to add several towers with as many as 3,000 more residents within the (viii) trade area. Optimally, one grocery store in excess of 10,000 square feet could locate near the corner of Cherry Street and Mill Street. Given the shape and projected population projection, a large grocery store measuring up to 50,000 square feet may be desirable.

³¹ <http://www.ryerson.ca/content/dam/surp/documents/Bayfront.pdf>

³² City of Toronto West Don Lands Study, 2009, p. 4.

OTTAWA, ONTARIO

Canada's Capital Region has a metropolitan population of 1,318,122, growing at an average rate of 1.15% annually, with an estimated 15,217 people added between 2013 and 2014. Its core continues to add new residents, though not as dramatically as Toronto and Vancouver.

The map below indicates the urban core study area, outlined in red. Its boundaries include the Ottawa River, St. Patrick Street, Gigués Avenue and Clarence Street to the north, Augusta Street down Daly Avenue as well as Nicholas Street and the Rideau Canal to the east, Catherine Street to the south, and western boundaries including Kent Street to James Street and then Bronson Avenue to the west. Boundaries follow natural, man-made, and Statistics Canada boundaries. The study area's current population is estimated to be just under 30,000³³.

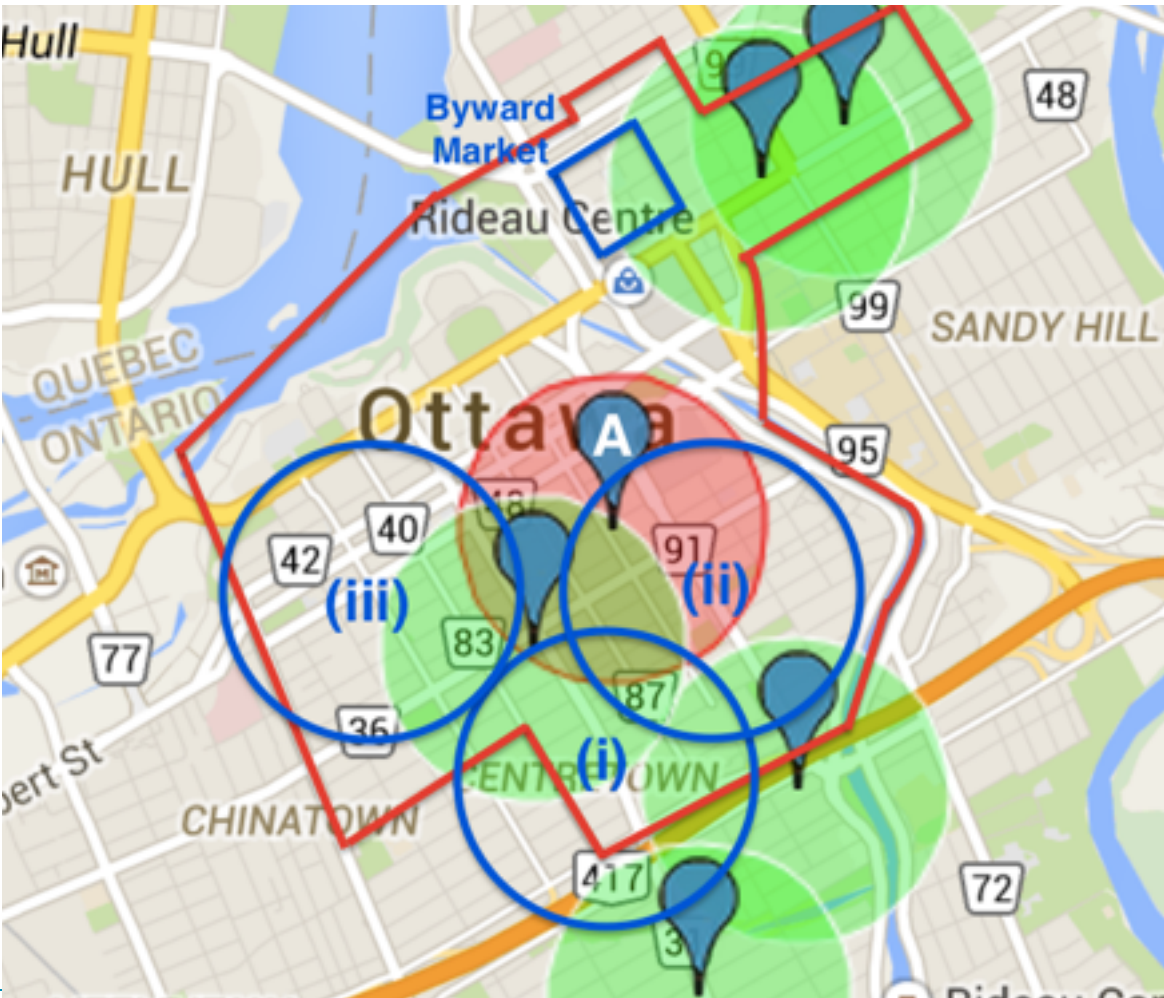


³³ Statistics Canada, superdemographics.com

The map on the previous page pinpoints four existing grocery stores within the study area, as well as a confirmed grocery store marked by a red circle and shading. Each circle represents a 500 metre trade area around each store. Numbered 1 to 4, below, is a description of each store:

| | Store Name | Address | Approximate Size |
|---|----------------------|--------------------|--------------------|
| 1 | Loblaws | 363 Rideau Street | 53,000 square feet |
| 2 | Metro | 245 Rideau Street | 19,000 square feet |
| 3 | Hartan's Independent | 296 Bank Stret | 43,000 square feet |
| 4 | Loblaws | 64 Isabella Street | 14,000 square feet |

It should be noted that Loblaws, marked as “4”, is technically outside of the study area. Some shoppers from within the study area may choose to walk under the Trans Canada Highway via sidewalks on Metcalfe Street and Elgin Street to access the store. A grocery store marked “5” in the map above has since been excluded from this study.



On the map above, marked “A”, is a 30,000 square foot Sobeys store set to open in the spring of 2015 at 175 Metcalfe Street³⁴.

This study examines three areas, marked (i) to (iii) on the map above, to determine potential grocery store placement. Each point marks a major intersection with commercial potential. Each study area is circled in blue, representing a 500 metre trade area radius. Statistical analysis is via Statistics Canada, the City of Ottawa, and superdemographics.com. Opportunities are based primarily on unshaded gaps within the study area on the map above.

(i) Bank Street and Florence Street: With a population of 7,859, this relatively high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (92%) and an average household size of 1.58. With a median age of 36.6, the area is primarily home to residents aged 20 to 34 at 30.18% of the population and those aged 65+ at 11.64%. Zoning and city planning applications indicate modest expected population growth of around 1,000 persons. Regardless, the lack of walkable grocery stores and density warrant a grocery store in excess of 10,000 square feet near this intersection.

(ii) Elgin Street and Gilmour Street: With a population of 11,040, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (98%) and an average household size of 1.48. With a median age of 32.6, the area is primarily home to residents aged 25 to 34 at 32.28% of the population, making it youth oriented. Remarkably, the population is also home to 12.99% seniors. Zoning and city planning applications indicate potential population growth in excess of 1,500 persons over the next several years, as the area continues to see interest from younger residents and those seeking inner-city retirement³⁵. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet.

(iii) Albert Street and Slater Street North: With a population of 8,259, this relatively high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (99%) and an average household size of 1.55. With a median age of 39.6, the area is primarily home to residents aged 25 to 34 at 25.71% of the population and those aged 65+ at 14.45%. superdemographics.com classifies 16.35% of the population as “Elite Professionals”. Zoning and city planning applications indicate potential population growth in excess of 1,600 persons, as the area increasingly becomes popular among those

³⁴ http://www.reddit.com/r/ottawa/comments/301uzq/sobeys_on_metcalfe_is_hiring_spring_2015_opening/

³⁵ <http://www.cbc.ca/news/canada/ottawa/condo-construction-sales-boom-in-ottawa-1.999229>

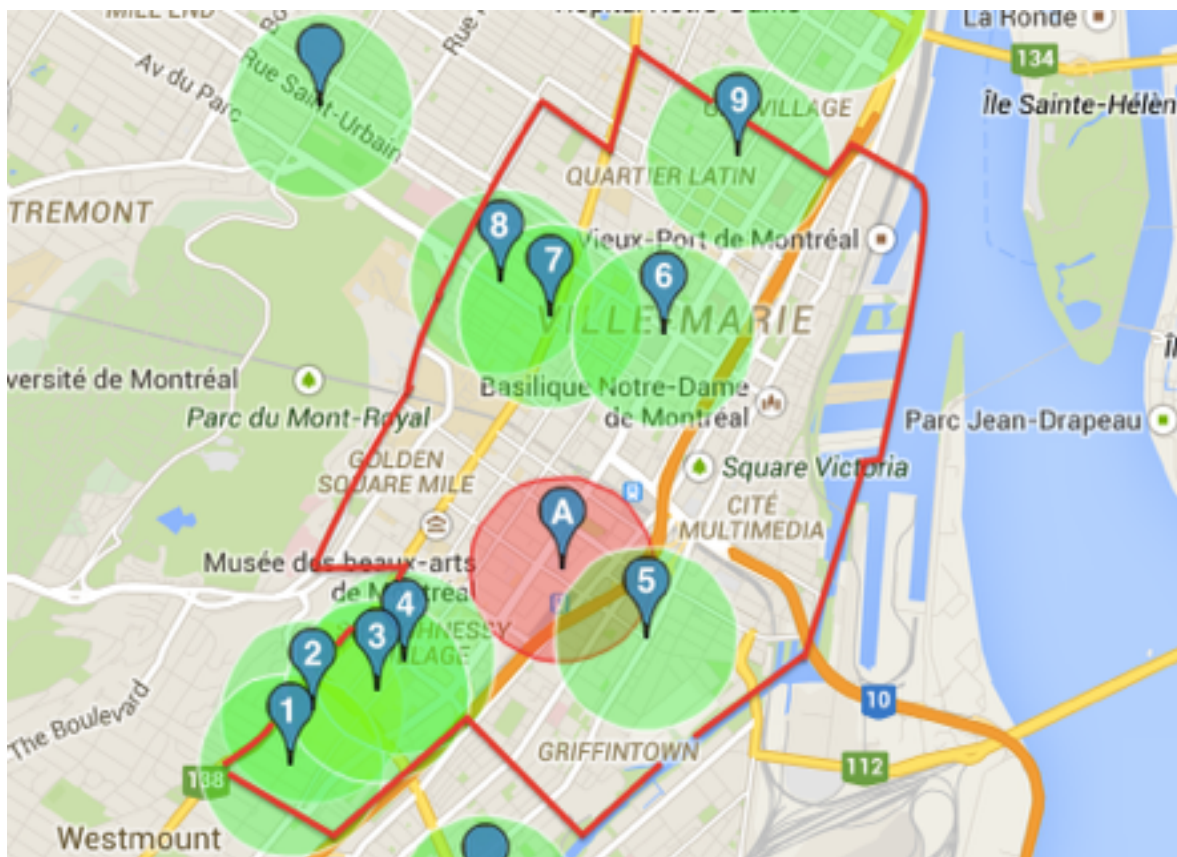
looking to walk to work. Given the population, density, and lack of nearby grocery stores, this study area provides an opportunity for one grocery store in excess of 10,000 square feet.

It should be mentioned that the blue square in the above map marks Ottawa's Byword Market. Given its various food components, this study will not recommend putting a full-service grocery store in the immediate area. A quick calculation determines an immediate area population of 5,577.

MONTREAL, QUEBEC

The largest city in the province of Quebec has a metropolitan population of 4,027,121, growing at an average rate of 1.2% annually, with an estimated 42,659 people added between 2013 and 2014. Several residential towers are planned and under construction in the core.

The map below indicates the urban core study area, outlined in red. Its boundaries include Avenue des Pins to Rue St. Denis and then Sherbrooke Street to the northwest, Rue Amherst to the north, the St. Lawrence River/Port/Canal de Lachine to the southeast, Blv. Georges Vanier to Autoroute Ville Marie and then Avenue Clarke to the south. The southwest boundary protrudes north along Sherbrooke Street West to Rue Guy, where it meets Avenue des Pins. Boundaries follow natural, man-made, and Statistics Canada Census Tract and Dissemination Area boundaries. The study area's current population is estimated to be just over 70,000³⁶.



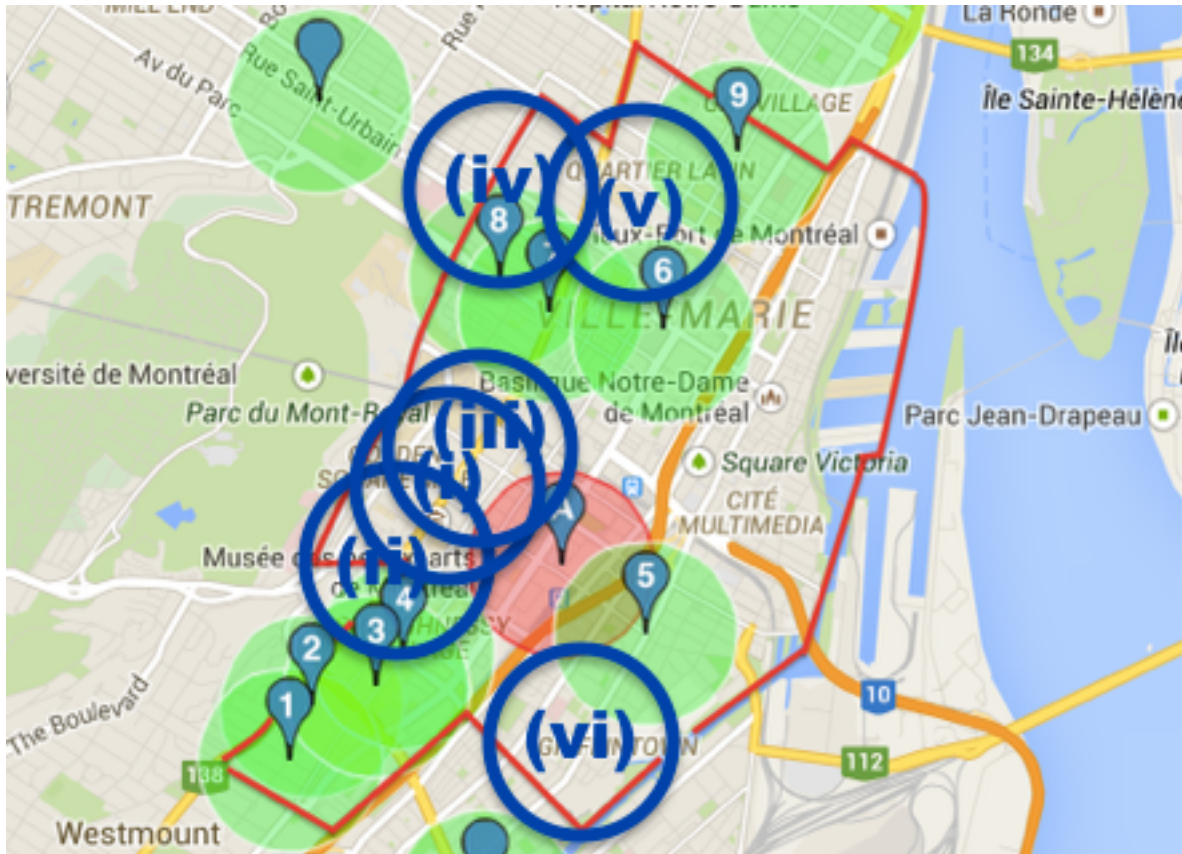
³⁶ Statistics Canada, superdemographia.com

The map on the previous page pinpoints nine existing grocery stores within the study area, as well as a confirmed grocery store marked by a red circle and shading. Each circle represents a 500 metre trade area around each store. Numbered 1 to 9, below, is a description of each store:

| | Store Name | Address | Approximate Size |
|---|---------------|----------------------------|--------------------|
| 1 | Les 5 Saisons | 1280 Avenue Greene | 27,000 square feet |
| 2 | IGA | 1500 Avenue Atwater | 33,000 square feet |
| 3 | Marché Adonis | 2173 Rue Ste-Catherine O | 14,000 square feet |
| 4 | Provigo | 1953 Rue Ste-Catherine O | 14,500 square feet |
| 5 | Metro | 1230 Rue Notre Dame O | 17,500 square feet |
| 6 | IGA | 150 Rue Ste-Catherine O | 12,000 square feet |
| 7 | Provigo | 3421 Avenue du Parc | 34,000 square feet |
| 8 | Metro | 3575 Avenue du Parc | 33,000 square feet |
| 9 | IGA | 865 Rue Sainte-Catherine E | 9,900 square feet |

Point “A” on the map above, with a red circle and shading, represents the 500 metre trade area of a new 25,000 square foot Provigo store planned for the corner of Rue de la Montagne and Avenue des Canadiens-de-Montréal³⁷. The store will serve 4,719 existing residents, as well as residents in new neighbouring residential towers. The trade area is affluent, with superdemographics.com classifying 26.24% as “Elite Professionals” and about 50% own their homes - which is unusual for inner-city Canadian areas.

³⁷ http://montrealgazette.com/business/urban-format-provigo-to-open-near-bell-center?_lsa=b88c-9937



This study examines six areas, marked (i) to (vi) on the map above, to determine potential grocery store placement. Each point marks a major intersection with commercial potential. Each study area is circled in blue, representing a 500 metre trade area radius. Statistical analysis is via Statistics Canada, the City of Montreal, and superdemographics.com. Opportunities are based primarily on unshaded gaps within the study area on the map above.

(i) Rue Sherbrooke O and Rue de la Montagne: With a population of 12,787, this high-density, affluent area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (98%) and one-person households. superdemographia.com classifies 18.5% of the population as “elite professionals”. With a median age of 43.1, the area is primarily home to residents aged 20 to 34 at 32.5% of the population, with another 18% being over the age of 65. Zoning and city planning applications indicate modest expected population growth of under 1,000 persons. The lack of walkable grocery stores and density warrant a grocery store in excess of 10,000 square feet at this intersection. One possible site involves a current Holt Renfrew store at 1300 Rue Sherbrooke O, which will shutter in 2017.

(i) Rue Sherbrooke O and Rue Guy: With a population of 16,770, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (97%) and an average household size of 1.66. With a median age of 46.6, the area is primarily home to residents aged 34 to 49 at 26.9% of the population. Approximately 14.9% of the population is over 65. Zoning and city planning applications indicate modest expected population growth of under 1,000 persons. A lack of walkable grocery stores and density warrant a grocery store in excess of 10,000 square feet at this intersection.

(iii) Rue Sherbrooke O and Rue Peel: With a population of 7,150, this relatively high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (99%) and an average household size of 1.62. With a median age of 33.6, the area is primarily home to residents aged 20 to 34 at 29.9% of the population. Zoning and city planning applications indicate modest expected population growth of around 1,500 persons. Regardless, the lack of walkable grocery stores and density warrant a grocery store in excess of 10,000 square feet near this intersection.

(iv) Avenue des Pins O and Blv St-Laurent: With a population of 12,656, this high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (99%) and an average household size of 1.72. With a median age of 37.1, the area is primarily home to residents aged 25 to 34 at 23.2% of the population. Zoning and city planning applications indicate modest expected population growth of around 1,000 persons. The lack of walkable grocery stores and density could warrant a grocery store in excess of 10,000 square feet at this intersection.

(v) Rue St-Catherine O and Rue Ste-Elizabeth: With a population of 7,909, this relatively high-density area is underserved by grocery stores. Statistics Canada indicates a high number of multi-dwelling units (99%) and an average household size of 1.76. With a median age of 35.1, the area is primarily home to residents aged 25 to 34 at 20.22% of the population, with those aged 65+ at 18.61%. Zoning and city planning applications indicate modest expected population growth of around 1,000 persons. superdemographics.com classifies the area as being “Thrifty”, or of lower-to-moderate income. The lack of walkable grocery stores and density could warrant a grocery store in excess of 10,000 square feet at this intersection.

(vi) Rue Notre Dame and Rue Richmond: With a population of 7,238, this moderate-to-high density area could see considerable growth with a proposed redevelopment of the adjacent Griffintown area, potentially adding in excess of 10,000 new residents³⁸. If the

³⁸ <http://www.griffinplus.com/griffintown-montreal-on-april-28-2012/>

proposed development continues as planned, there could be an opportunity for a grocery store in excess of 10,000 square feet at or near this intersection. The current population is predominantly aged 25 to 34 with 20.13% of the population, and those aged 0 to 14 represent 15.08%, meaning the area has a considerable number of households with children - with a household size of 2.22. sperdemographics.com classifies 11.44% of residents as “Elite Professionals” and currently, 51.18% of residents own their homes.

This study also examined the area around Old Montreal. Given the nature of its heritage buildings and a population of 4,380 within a calculated trade area, it is determined that a 10,000+ square foot grocery store in Old Montreal would not be practical at this time.

The Potential Impact of Shoppers Drug Mart on Inner-City Grocery Store Retail

Shoppers Drug Mart plans to eventually carry a wide variety of groceries, including meats and fresh produce, in most of its store locations. In the summer of 2013, Loblaw announced that it was buying the Toronto-based drug store chain and it has subsequently been introducing an extended variety of food items to several of its stores³⁹. In Regina, Saskatchewan, Shoppers Drug Mart is renovating all eight of its locations to include grocery areas, occupying about a third of each store⁴⁰. If successful, the chain is expected to introduce expanded grocery areas into most of its 1,250+ locations.

Although potentially good for residents, some urban grocery stores may be concerned about Shoppers Drug Mart's efforts to effectively open small grocery stores throughout Canada. Shoppers Drug Mart has locations in all of the major cities in this study, and it just announced a new 12,000 square foot downtown Edmonton location, directly across the street from the now-shuttered Sobeys at 104 Street and Jasper Avenue⁴¹. Although residents will soon be served by a new 3,000 square foot grocery shop-in-store, some might question if a larger grocery tenant will sublease Sobeys former space, given its close proximity and limited number of area shoppers - many of whom may have become accustomed to buying groceries in the suburbs.

In underserved markets such as Winnipeg, for example, we find that there are two Shoppers Drug Mart locations within our downtown study area. One of them, located at 360 Main Street, is only about 150 meters from our identified opportunity grocery location. One might argue that Shoppers Drug Mart may serve that trade area if it includes a substantial grocery department at that location, possibly eliminating the need for a new, larger grocery store as identified above.

Grocery store margins are tight, and challenges exist for inner-city grocery stores which often make them more costly to operate. Competition from Shoppers Drug Mart could reduce sales at some nearby grocery stores, possibly leading to lack of profitability and ultimately closure. On the flip side, clustering Shoppers Drug Mart with a nearby grocery store could bring more shoppers to the area, creating enough sales for both. Time will tell how it all plays

³⁹ <http://www.cbc.ca/news/business/loblaw-to-buy-shoppers-drug-mart-for-12-4b-1.1342108>

⁴⁰ <http://business.financialpost.com/news/retail-marketing/shoppers-drug-mart-prescription-for-food>

⁴¹ <http://www.edmontonjournal.com/business/commercial-real-estate/grocery+options+heading+Jasper+Avenue/10904203/story.html>

out, and whether or not Shoppers Drug Mart has a considerable effect on inner-city Canadian grocery retailing.

The Potential Impact of Smaller Grocery Stores on Inner-City Grocery Store Retail

Smaller grocery stores continue to operate in various urban cores, especially in older cities such as Montreal and Toronto. Toronto has a number of smaller food chains and independent retailers measuring under 2,000 to over 5,500 square feet. Chains such as Rabba Fine Foods, Hasty Market and Kitchen Table operate multiple locations within Toronto's downtown core, for example. The largest of the three, Rabba, has recently started expanding and renovating some existing locations as its competition continues to expand, and as downtown Toronto continues to grow.

Smaller grocery stores, similar to Shoppers Drug Mart mentioned above, may provide benefit to locals when grocery stores are lacking. In some areas which may not justify a 10,000+ square foot grocery store, or in areas where existing real estate or zoning will not permit such large spaces, smaller grocery stores may fulfill a need for local residents. Because some smaller grocery stores lack economies of scale enjoyed by larger brands, they may price product marginally higher. In a handful of Canadian downtowns, particularly those lacking population density and/or critical mass, smaller grocery stores may fulfill the needs of local residents by occupying the space between full-service grocery stores and convenience stores.

Urban grocery stores could also be negatively affected by smaller grocery stores, especially those which themselves achieve economies of scale. Rabba, as mentioned above, continues to expand operations and now serves most of this study's downtown Toronto area. Although 24-hour grocery stores are increasingly common, most smaller grocers in Toronto's core never close and as a result, may attain customer loyalty through reliability. As urbanites shopping on foot seek convenience, chains similar to Rabba could see success by moving into underserved Canadian cores, precluding the need for new larger grocery store locations.

Adding to the competition is convenience stores themselves, some of which continue to expand food offerings. A limited but expanding selection of grocery items are available at 7-11

locations, for example, and smaller ‘bodegas’⁴² operate in all of the Canadian downtowns in this study. One of the primary benefits to these smaller stores is the ability to locate convenient real estate closer to residents, as opposed to grocery stores which sometimes struggle to find appropriate retail space.

The Effects of amazon.ca and E-Commerce on Inner-City Grocery Store Retail

As e-commerce becomes increasingly common in Canada, some Canadians choose to buy groceries online. In October of 2013, amazon.ca launched its Canadian grocery website, boasting attractive pricing and convenient delivery⁴³. Not to be outdone, Walmart expanded its online shopping to include free shipping within Canada⁴⁴. As Canadians become increasingly receptive to online shopping, all grocery chains could see reduced sales, provided they themselves are not involved in e-commerce initiatives. Loblaw and Overwaitea Group, for example, are testing click-and-collect groceries at several locations, while competitors examine ways to profit from Canadian consumers online.

Home delivery could benefit those living in urban areas underserved by grocery stores. Adding to this is the convenience that home delivery may have to time-starved urban dwellers. If grocery retailers are able to find profitability from delivering groceries downtown, urban grocery stores, both large and small, could see negatively impacted sales and possibly even closure.

Recently, Loblaws partnered with transportation concept Uber to provide free transportation to Loblaws new Toronto click-and-collect concept⁴⁵. If inner-city dwellers become receptive to ordering groceries online and picking them up at suburban locations, urban grocers could also experience reduced sales.

At the same time, home delivery could provide existing grocery retailers an opportunity to penetrate Canada’s urban cores without actually opening brick-and-mortar locations. If

⁴² <http://www.merriam-webster.com/dictionary/bodega>

⁴³ <http://www.canadiangrocer.com/top-stories/amazon-adding-groceries-in-canada-33715>

⁴⁴ <http://business.financialpost.com/news/retail-marketing/as-walmart-canada-declares-war-in-online-retail-free-shipping-may-soon-become-the-new-normal>

⁴⁵ <http://www.theglobeandmail.com/report-on-business/uber-joins-forces-with-loblaw-as-ride-sharing-service-battles-criticism/article23962301/>

delivery costs and logistics could be managed, savings could be found from not having to operate real estate within Canadian downtowns. Alternatively, large grocery chains could operate smaller urban ‘convenience store’ locations, augmenting these with comprehensive home delivery from distant warehouses. Existing grocery chains may wish to further examine potential profitability of e-commerce, be it for downtown dwellers or cities as a whole.

Conclusion

As the populations of Canadian inner-cities continue to grow, opportunities for new grocery stores continue to expand. Regardless of current market penetration, opportunities exist for new grocery stores in all seven Canadian cities in this study — especially when taking into account walking distances and existing grocery store locations. Although opportunities may be present in Canadian downtowns, grocery retailing operates on slim margins and being central includes factors which may increase operating costs. Adding to the competition is Shoppers Drug Mart, smaller food retailers and now, e-commerce. Although potentially lucrative opportunities may be available in Canadian downtowns, grocery store retailers must fully examine market conditions to ensure profitability.