

3. Retail Development Trends

In recent years, North American retailing and retail development has been more evolutionary than revolutionary. Power centres continue to enhance their tenant selections and design standards, while enclosed mall owners are expanding, remerchandising and repositioning their properties to maintain their competitiveness and relevance to today’s consumers. A cycle can be observed in which formats filling a market niche thrive, reach the peak of their popularity and success, lose their position and are superseded and replaced by others. In this section we discuss some of the more prevalent trends in the retail and retail development industries, including:

- Power Centres and Large Format Retailers;
- The Broadening of Retail Centre Merchandising;
- Blurring of the Retail Hierarchy;
- Lifestyle Centres;
- Town Centre and Mixed-use Developments;
- Redevelopment of Obsolete Malls;
- Rebuilding Neighbourhood Retail;
- Transit Oriented Development; and,
- Sustainable Commercial Development.

3.1 Power Centres and Large Format Retailers

Some of the most sweeping changes that have been experienced in recent years have been the transition of the shopping centre industry with the evolution of the “power centre” and other new retail formats. The advent of larger and larger store sizes and the increasing popularity of lower cost, quasi-industrial style retail warehouse stores have altered the competitive position of the traditional regional shopping centre.



In Canada, many power centres began with tenants such as a warehouse membership club and home improvement centre. They have evolved from their “bare bones” discount warehouse beginnings to account for the greatest portion of new retail real estate in the 1990s and since. Big boxes and new format retailers have not only absorbed most new market growth, but they are cutting into the markets of existing traditional centres, particularly with the inclusion of more fashion retailers.

Traditionally, big box stores fell largely into two categories: 1) those focused on using their size to achieve cost savings to the consumer (e.g. Costco, Winners, etc.); and 2) those that used their scale to provide the maximum assortment of styles, brands and merchandise within a single category (e.g. Golf Town, Indigo/Chapters, Home Depot, PetSmart, Office Depot, etc.)



In the last few years, due to competitive pressures, a greater variety of retailers have developed ‘big box’ formats. Supermarkets and drugstores, for example, are seeking the same locations as power centres. Now these stores are becoming significantly larger and are relying on a broader population base. Many retailers are now changing from a strategy of multiple outlets serving local neighbourhoods to much fewer regional serving operations. This has had an impact on small and mid-sized shopping nodes.

This trend of large retail floor plates and stores with regional draws has distinct land use implications. Large format retailers seek large vacant land parcels in locations which offer high profile highway and arterial access. Unlike community and neighbourhood retailing, large format retailers do not necessarily require the same proximity to residential areas, since their offerings and merchandising approach encourage consumers to travel via arterial roads from a further distance.

Large format retailers have typically followed three locational models:

- Low cost locations on industrial designated lands or greenfield sites that provide for expansive parking areas and regional accessibility. Because industrial lands are often designated in highway corridors, they have ideal locational characteristics for large format retailers. An example of this

occurring in Vaughan is the emerging retail node at HWY 27 and Langstaff Road.

- Clustering around existing regional shopping centres and older power centres. This is accomplished through both redevelopment and greenfield development, and results in super regional retail clusters. Some examples include: 400/Highway 407 in Vaughan, the development on Centre Street in Vaughan north of Promenade Mall, Yonge and Davis Drive in Newmarket, Gardiners Road in Kingston, among many others.
- Brownfield industrial conversions, whereby older industrial sites are transformed into power centres.

Why has this Trend been Successful?

Big box retailing and power centres have been hugely successful due to their ability to use economies of scale and agglomeration together with low real estate costs, to offer the consumer:

- Low prices;
- Exceptional merchandise variety;
- Exceptional brand depth within merchandise categories;
- Convenient connections to the highway and arterial road network;
- Abundant and visible parking; and,
- Simplicity in internal orientation in contrast with enclosed shopping malls.

All of these attributes appeal to modern consumers' increased need for time and cost savings.

Implications for Planners

While appealing to basic consumer needs, power centres and big box retailers are in obvious contrast to the goals of sustainable development. They score very poorly in terms of urban form, transit supportiveness, walkability, and integration with surrounding communities. In developing guidelines for future commercial development, planners must seek to strike an appropriate balance between the beneficial attributes of large format retailing and the desire for sustainable community design. While still an early example of this approach, the SmartCentres

commercial development along Disera Drive demonstrates that power centre retailing can adopt more community friendly formats.

3.1.1 The Broadening of Shopping Centre Merchandising

The wave of power centre development is having a profound impact on the shopping centre industry, both indirectly and directly. Indirectly, Wal-Mart and the big box specialty sector have been rapidly eroding the market shares once attributable to the traditional department store sector. The newly introduced Wal-Mart Supercentre, with its large food component, is also having an impact on supermarket retailers.



With increased competition from power centre competitors, the major mid-market department stores in Canada have not fared well. As a result, many traditional mall anchor tenants have been lost across the country. While some top tier malls have had success in replacing vacant department store space by attracting existing department stores away from their competitors, many are strategically targeting large format specialty retailers to play an anchor role.



This strategy can take on several not necessarily mutually exclusive forms:

- Large format stores positioned in former department store units to retain high traffic volumes between mall extremities, such as the remerchandising of the former Eaton's department store in the Promenade Shopping Centre with a T&T supermarket, Old Navy, Urban Planet, and other popular retailers;
- High visibility large format units, such as theme restaurants and multi-plex theatres are positioned to animate the shopping centre exterior and enhance exposure to passing traffic;

- Out-parcel development to accommodate large format retailers desiring a freestanding unit that would otherwise have located within a power centre; and,
- The replacement of “traditional” department store anchors with large format trendy/innovative retailers with the goal of repositioning a centre to a more tailored and sophisticated market.

In many cases, mall owners have noticed overall mall performance improvements following the replacement of traditional anchors with new format retailers. With the increasing movement of apparel retailers to power centres and the attraction of big box tenants to traditional shopping centres, there is a growing competitive overlap between these two retail forms, not only for new shoppers but also for the same tenants.

Unfortunately, many smaller malls have often been unable to attract replacement anchors and have been forced into redevelopment or reformatting to include largely non-retail uses. This was the case with Peterborough Square, in Peterborough, which has largely been redeveloped for office uses, and the Downtown Chatham Centre, in Chatham Ontario, where the former Sears store was developed as a Fitness Centre.

Enclosed malls, however, still have a significant environmental and layout advantage, which translates into the ability to offer customers and retailers the cross-shopping opportunities that are not well facilitated at power centres. At the same time, with the loss of department stores and changes in the apparel sector, enclosed malls have broadened their merchandise and tenant mix. This enables them to better distinguish themselves from their power centre competitors, and compete better within those store categories where overlap exists.

A trend that has been developing over the past decade is for large format retailers to be attracted to the vicinity of successful regional shopping centres, creating an overall node that can reach several times the size of the original shopping centre. For example, the areas around Promenade Mall at Centre and Bathurst Streets in Vaughan and Upper Canada Mall in Newmarket at Highway 11 and Davis Drive, have developed into retail “super clusters” comprising both the regional mall together with representation from major big box categories and a wide range of small and big box tenants.

Why has this Trend been Successful?

While still having the advantage of a climate controlled environment, shopping centres have still lost market share to power centres, in part because many of the most popular retailers maintain large store formats that are not as conducive to a mall environment. In order to compete for these tenants, the owners of enclosed shopping centres added outparcels and remerchandised interior units. The addition of these stores was often undertaken in conjunction with a major refurbishment of the mall.

Aside from Wal-Mart, the department store industry in Canada has been faltering for a considerable period, losing market share to both specialty stores and big box retailers. For many malls, the closure of Eatons was seen as an opportunity to replace a tired and low rent paying tenant tied into a long term lease, with a dynamic mix of popular tenants with a capacity to pay higher rents. The anchor function of the department store has ceased to be a significant factor for many shopping centres.

Implications for Planners

In some ways, enclosed shopping centres are in the same situation that downtowns were in the 1970's, in that they are struggling to maintain market share in the face of overwhelming competition. While the largest shopping centres have a critical mass that has afforded them the opportunity to invest in maintaining their competitiveness, many smaller malls have closed.

While at one time enclosed malls were associated with negative urban connotations, they have attributes that make them adaptable to intensification, including large parking areas, infrastructure capable of supporting higher density development, a high degree of accessibility, and they are often tied into the public transit network. They also have a need to enhance their competitiveness with power centres. Planners must view these sites with a long term vision and develop policies that will enable them to adapt to changing competitive pressures and the opportunities offered by intensification.

3.1.2 Blurring of the Retail Hierarchy

The gradual progression of changes in retail formats has altered the role and function of existing and planned commercial areas. The presence and number of department store tenants is no longer a factor distinguishing levels of the retail hierarchy.⁹ At the same time, many successful retailers have broadened their merchandise offerings to non-traditional lines. (e.g. groceries in Wal-Mart; clothing and home décor in Loblaws; snack foods in Canadian Tire; frozen and refrigerated goods in Shoppers Drug Mart). Warehouse membership clubs carry an enormous breadth of merchandise, such that they compete in almost every store category.

Although the size of a power centre can provide some guidance as to where in the hierarchy it might fit, size alone is not a good determinant of function in today's retail environment. For example, a 300,000 square foot power centre with a Loblaw's Superstore and a Canadian Tire, will serve different needs than a similar sized centre containing a Wal-Mart and Costco. Furthermore, large format retailers often develop over time on adjoining sites and not necessarily as a single planned shopping centre. Oftentimes this leads to a patchwork of Official Plan Amendments and land use designations within what is effectively a single commercial cluster or "power node".



Above and Middle: Shoppers Drug Mart stores are beginning to sell a wide variety of food related goods. Below: Large format Canadian Tire Store

⁹ At one time the number of traditional department stores (e.g. Eatons, Sears, The Bay, Simpsons) was a defining characteristic of the upper levels of the retail hierarchy and also dictated the size a centre was likely to achieve. A shopping centre with one traditional department store was classified as a "sub-regional centre". A shopping centre with two traditional department stores was classified as a "regional centre" and a shopping centre with three or more traditional department stores was classified as a "super regional centre".

Another drawback to this development pattern is that smaller stand-alone community shopping centres, which anchored the commercial structural foundation of neighbourhoods, often cannot compete with emerging power centres and power nodes. As a result, conveniently located shopping centres are being replaced by larger, broader serving retail clusters, with a much greater selection of merchandise than could be offered by traditional community shopping centres, causing the retail hierarchy to flatten out to resemble a system of retail clusters and corridors.

Why has this Trend been Successful?

Consumers are demanding increased variety and time saving shopping opportunities, while at the same time, large retail organizations have the distribution networks and supplier leverage to effectively handle broader merchandise lines.

Implications for Planners

Planning according to a rigid hierarchy is difficult and may not necessarily result in the desired outcome. Many restrictive commercial policies based on store types have become outdated, as stores expand into new product lines. For example, many communities which had by-laws restricting supermarkets on certain sites were powerless to prevent Wal-Mart from constructing major grocery components. Similarly, the size of a retail site is not necessarily an indication of the level of the hierarchy it will ultimately serve.

To respond to this trend, planning policies should place more emphasis on location and community design rather than on regulating store types. While a distinction still needs to be made between neighbourhood-oriented retailing and retailers serving a more City-wide or wider serving function, the fine grained hierarchy of the past is impractical given today's trends.

3.1.3 Lifestyle Centres and Town Centre Developments

As an alternative to the power centre, which has been criticized for not adapting to non-automobile trips and lacking the aesthetic form and appeal required to attract the upscale market, some development companies are turning to so-called “lifestyle centres” and other hybrids.



Legacy Village, Lyndhurst, Ohio

The so-called “lifestyle centres” have been operating in the United States for over 20 years, however, what constitutes a lifestyle centre is often considered a difficult question to answer as more are built and the format evolves to fit different market needs. Not only has the size of “lifestyle centres” changed over the years, but also their design and tenant mix. The term “lifestyle centre” is now being referred to as a “catch-all term”¹⁰ for a number of diverse projects across North America.



Legacy Village, Lyndhurst, Ohio

Lifestyle centres are aiming to strike a balance between the mall shopping experience and the need for big box specialty tenants to create a regional draw. Currently, lifestyle centres are mainly developed in the United States and can have both interior and exterior components. In Canada, the first “lifestyle centre” was developed as part of Park Royal Shopping Centre in North Vancouver. Many of these centres focus on high fashion and include upscale retailers such as Pottery Barn, Williams Sonoma, Restoration Hardware, Ann Taylor, etc. The Shops at Don Mills recently opened in Toronto at Don Mills Road and Lawrence Avenue on the site of the former Don Mills Centre. The new centre incorporates pedestrian networks, a water feature, gathering spaces and ample parking into its design. To differentiate lifestyle centres from typical power centres, developers have used theming, internal pedestrian connections, high quality design, and entertainment.



Park Royal Shopping Centre, North Vancouver

Industry experts have often questioned why the lifestyle centre concept has been slow to emerge in Canada. As indicated in a recent publication by the Centre for the Study of Commercial Activity (CSCA),¹¹ lifestyle developments in Canada have been minimal due to a few significant differences between

¹⁰ Urban Land

the Canadian and American marketplace, including:

The cold climate through the long-winter means shoppers will not want to walk around a lifestyle streetscape with an open-air configuration;

The lack of upscale suburban neighbourhoods, and therefore the lack of interest on the part of upscale retailers to enter or expand within the Canadian marketplace; and,

The comparative conservatism of Canadian retail development compared to south of the border, which has created reluctance to enter into a perceived higher risk development.

The CSCA indicates, however, that open-air centres in the form of power centres have been successful in Canada based on their widespread growth, indicating that Canadians are more “hardy” when it comes to dealing with cold temperatures. In the U.S., the cold climate has not had an impact as there are numerous open-air lifestyle centres that have been developed in the northern snowbelt region with design and technology to offer shelter from the elements. For example, Oakbrook Center and Old Orchard are two successful open-air shopping centres in the Chicago area, a colder region in the US. The lack of lifestyle centres in Canada has likely more to do with income characteristics and shortage of high-end specialty retailers. The CSCA indicates that, unlike the US, Canada has not witnessed the same degree of suburbanization of affluence; instead Canadian suburbs are immersed in the “middle-ground”, making it harder to identify markets for lifestyle-type developments.

Despite the fact that lifestyle-type centres have been slow to emerge in Canada, there is increased impetus to develop alternative retail formats. The CSCA indicates that the traditional power centre has entered the mature stage of its lifecycle and that consumers are fatigued with the concept. New forms of retail development with so-called “lifestyle” components are emerging in Canada. In addition, existing centres are re-inventing themselves with the addition of new “lifestyle-focused” components. As indicated by the CSCA, in some cases, the new format centres can be considered as “more sophisticated power centres with design features to



Shoppes on Steeles,

soften the function and form of the centres”. Terms such as “power town”, “power plus centre”, and “omni-centre” are being used to describe centres which incorporate aspects of power centres, lifestyle centres and malls. This has led to a number of new format centres with lifestyle components being built across Canada in recent years, with others planned or under construction. The proposed Park Place in Barrie is an example of a lifestyle centre type of concept to be introduced in Canada. Other proposed lifestyle commercial developments include the redevelopment of the Shoppes on Steeles in Markham.

The emergence of “new urbanism” or neo-traditional development as an approach to community planning has resulted in a renewed focus on town centre and pedestrian-focused “main street” retailing in new community developments. The town centre is usually seen as the focal point for residential and employment development. In some new communities, town centres are developed in an open air, pedestrian-friendly format, combining commercial, entertainment, institutional and civic uses. Sidewalk cafes, live-work units, public squares and recreation trails are incorporated to introduce humanizing elements into the suburban landscape.



The Marketplace, Arlington, Virginia

Historically, village or town centers included uses such as markets, shops, civic buildings, offices, hotels and gathering spaces where the ‘mixed-use’ concept was a given. The interplay between these uses created an exciting and active place for the community to gather at all times of the day. These historic centres have the benefit of an established mix of uses. Developing an appropriate mix in a new centre or trying to introduce new uses into an existing centre can present a number of challenges for both developers and municipalities. Challenges can include differing absorption rates for retail and residential uses and stigmatism associated with noise levels along main streets or



The Marketplace, Arlington, Virginia

above different street level uses, such as restaurants or bars. However, creative and thoughtful solutions can usually be found to overcome these challenges.

Proper transitioning or buffering, both vertically and horizontally, can help to significantly mitigate noise and privacy concerns in mixed-use developments. Higher density residential units used as a buffer between busy main streets and surrounding lower density residential areas has been successful in many developments and is becoming almost standard practice. Offices developed between at-grade commercial and residential units can act as a vertical buffer allowing residents additional levels of privacy and separation between their homes and the public streetscape.



Deerfoot Meadows, Calgary,

While there are a number of well-known and successful examples in the United States, town centre retailing has been much more difficult to implement in Canada. Nonetheless, McKenzie Towne High Street in South-East Calgary represents a unique Canadian example of integrating street-related retailing into a greenfield residential neighbourhood. The High Street comprises a linear commercial avenue lined with shops and services. At the top of the commercial street is a supermarket, which acts as an anchor for the retail district. Community and institutional uses are also included within the commercial area. Similarly, Waterloo Town Square represents another successful example of a town centre type development integrated into the Uptown commercial district in Waterloo, Ontario. Markham Centre, which is still in the early stages of development, could become Canada's most extensive new town centre, bringing together a combination of high density residential and office development, commercial facilities, parkland and institutional uses.

Town centres are, however, not the only form of mixed-use development. Mixed-use retail strips are also becoming more common with successful examples within the GTA. North York Centre, an arterial development along Yonge Street in Toronto, contains major offices, residential towers and commercial uses. An

important lesson for developing successful commercial centres along major arterials can be drawn from the development of this area; street-facing retail is one of the keys to successful arterial commercial retail. Earlier developments along Yonge Street, including the Sheppard Centre, were inward facing and followed traditional mall formats, with shops facing onto internal walkways, completely failing to address the public realm in a meaningful way. Shops in the Empress Walk development, further north at Yonge Street and Empress Avenue, clearly address the street and draw pedestrians inside. Even second storey commercial units make themselves known to passersby through extensive glazing that affords a view of the activity inside the building.

Why has this Trend been Successful?

Lifestyle and town centres have proven successful because they offer an alternative retail experience to the power centre. In some ways, they offer a balance between the large format stores and variety offered by power centres, the ambience of a downtown commercial district, and the carefully tailored tenant mixes of malls. However, the expense of developing and operating lifestyle centres coupled with the need to attract retailers with very distinct characteristics, has restricted them to primarily affluent communities in the United States. With a more moderate income base and smaller selection of retailers, Canada has had limited success in attracting true lifestyle centre developments.

Town centres often blend together both public and private elements and are often conceptualized and encouraged by municipalities. Through a co-operative development approach, they can be both profitable for the developers and provide a wide range of public benefits, such as high quality design, public open spaces, a pedestrian environment and strong ties to the public transit network.

Implications for Planners

While municipalities have viewed lifestyle centres as an alternative to power centre development, this is not a realistic perspective owing to the significant differences in the real estate economics and market orientation of these two very different concepts. However, many lifestyle and town centres have pioneered innovative design strategies that can be integrated into retail centre designs, such as public open spaces, mixed-use formats, street-front retailing, pedestrian-friendly environments, and integrating enclosed mall components into open air centres. As a result, lifestyle centres can provide a good basis for developing design guidelines for new commercial developments.

Town centres, not only offer municipalities the chance to accommodate retail developments in a more sustainable format, but also have essentially been codified as Provincial policy through Places to Grow. Markham Centre, Vaughan Metropolitan Centre, and Newmarket Centre are York Region examples of planned town centres, for their respective municipalities.

3.1.4 The Redevelopment of Obsolete Malls and Large Format Stores

Across Canada older and uncompetitive community-scale shopping centres are being renewed either as power centres or with non-retail uses. In many cases community shopping centres in mature neighbourhoods are being redeveloped as high density residential projects with much smaller retail components. This is occurring due to the competitive challenges posed by large format retailers and power centres.



Shops at Don Mills, Toronto

An emerging trend is the reuse, including tearing down and retrofitting, of space left behind after large format or big box stores have closed or relocated. These new uses have included schools, seniors' centres, church, and offices. In Waterloo, for example, the vacated Eaton's department store in the Westmount Place Shopping Centre was replaced with a high-rise office tower. In London, the Main Library branch has moved into vacant space in the downtown Citi Plaza (formerly the Galleria Mall). The redevelopment of Thornhill Square in Markham and Northtown Plaza in North York with high density residential and ground floor retail are examples of this trend in proximity to Vaughan.



Shops at Don Mills, Toronto

Some communities in the United States have also introduced policies that require retailers to help redevelop the space that is left behind after big box stores are no longer operating. Some policies have required retailers to tear down stores that are

empty for more than a year, while others have introduced design standards that require landscaping and more than one main entrance so the building can accommodate multiple tenants in the future (e.g. City of Marietta, Georgia). Others, such as the City of



Metro Supermarket on former Northtown Site. Tennis courts and amenity space for the residential component is provided on the building roof. Parking is underground. (Google Earth

Wauwatosa in Wisconsin, have adopted provisions to ensure that vacated big box stores do not sit vacant for extended periods of time. They require developers building stores 50,000 square feet and larger to set aside funds that can be used by the City to raze the building if it sits empty for more than a year. This provision has been touted by the American Planning Association as an innovative approach to dealing with the vacant big-box stores that have become a prevalent feature of the American landscape.

Some examples in the GTA of obsolete retail centres that have been rehabilitated into more pedestrian friendly mixed use developments include Northtown Plaza and Thornhill Square.

Northtown Plaza was a former U-shaped exterior mall anchored by a Dominion supermarket. The site is situated within the rapidly intensifying Yonge Street and Steeles Avenue, Steeles Corridor in North York. The proposed redevelopment called for a mixed highrise residential/townhome/retail project and was subject to the provisions of the North York Centre Secondary Plan, and also involved negotiations between the City and developer as per Section 37 of the Planning Act. Key policies relating to the commercial components of the development include:

- The requirement for at-grade retail units along Yonge Street. The North York Centre Secondary Plan discourages internal and below-grade retailing, but does promote at-grade retail units which wrap around to side streets.

- Store size frontages on Yonge Street are limited to 14 metres, as a means of ensuring greater retail diversity.
- A Metro supermarket, with underground parking was incorporated into the rear of the development. This was facilitated through a density transfer, which helped to off-set additional costs associated with the construction of the store.
- A mid-block publically accessible pedestrian connection was incorporated to make the site accessible from the surrounding neighbourhood.

Thornhill Square, at Bayview and John Street, was a struggling community shopping centre faced with a secondary location and growing retail competition in southern York Region. The redevelopment (currently underway) involves the creation of a large-scale infill project that combining, commercial, office and residential uses. The site was designated “Community Amenity Area” in the Thornhill Secondary Plan, which allowed it to change its use from commercial to a mixed-use pedestrian-oriented development. This category permitted commercial uses together with medium- and high-density residential activities.

In 2000, the Town of Markham received an application to redevelop the site as a large-format home improvement store. The Town of Markham refused the application. Although, the OMB also dismissed the appeal, it required the Town to develop a clear set of urban design guidelines to direct the future redevelopment of the site.

The subsequent 2002 amendment to the Thornhill Secondary Plan required that a site plan for the development must:

- provide a continuous linked system of pedestrian walkways in order to improve connections between new and existing uses on the site, strengthen pedestrian connections between the site and neighbouring properties and provide direct links to pedestrian sidewalks along the John Street and Green Land frontages.
- incorporate at least one appropriately scaled, pedestrian accessible landscaped open space area in a central location to serve as a focal element;
- break up large expanses of surface parking with landscaping and pedestrian walkways;

- use opportunities for redevelopment and intensification to minimize the visual impact and presence of the existing parking structure; and,
- provide a seamless integration and harmonization of the new and existing built form through the use of high quality design, architectural detailing and materials

The main purposes of the guidelines are to ensure the project's compatibility with surrounding land uses and promote pedestrian connectivity between the project and other areas and amenities (for example, community centre, library, swimming pool) in the Thornhill district and the project vicinity¹².

Why has this Trend been Successful?

As noted previously, the economics are no longer working for smaller enclosed shopping centres. While a select number have been able to reposition themselves, many have succumbed to competition from power centres and big box development. In the Toronto area, the high density residential market has been buoyant in many markets and the land values associated with high density residential are often significantly higher than those of obsolete commercial sites. Similarly, early big box stores (e.g. the First Highway 410 and Highway 7 Costco) and many former Woolco stores taken over by Wal-Mart were inappropriately located for the chain and had a poor layout. Since large format construction costs are relatively low, many relocated from former premises several years after first opening.

Implications for Planners

As noted previously, planners must take a long term view with commercial sites to recognize opportunities for intensification and changing functions. Residential development on the sites of obsolete malls has proven to be successful both to the owner and in terms of providing for a more sustainable urban form.

3.1.5 Rebuilding Neighbourhood Retail

Over the past five decades, retailing in many urban neighbourhoods has hollowed out, due to suburban shopping centre competition combined with related demographic change. More recently, however, a re-emergence of the popularity of older urban neighbourhoods has led to the revitalization of some neighbourhood

¹² CMHC Greyfield Development Case Studies: Thornhill Secondary Plan.

pedestrian retail strips. Some examples within the GTA include downtown Richmond Hill and the Leslieville area in Toronto’s east end.

Why has this Trend been Successful?

Opportunities to re-establish retailing along neighbourhood commercial streets will likely increase in the future, as urban lifestyles are becoming more popular among empty nesters, and increasing numbers of seniors and immigrants. Municipalities across North America are adopting policies to redirect growth back into existing communities through investment incentives and innovative planning policies. Ontario’s Places to Grow Legislation is an example of this type of policy initiative to focus intensification in older town centres.



Bloor West Village, Toronto

Implications for Planners

While many municipalities are looking towards lifestyle centres and new retail formats as a way of reintroducing pedestrian oriented shopping, neighbourhood streets such as those in Vaughan’s Thornhill heritage district, the Woodbridge and Maple Core areas and Kleinburg represent authentic pedestrian precincts that are far easier to market and grow than attempting to recreate that experience in a planned retail development. Forceful policies and incentives (where necessary) must be in place to allow existing commercial streets to flourish and function to support the surrounding neighbourhoods.

When developing planning policies for retail sites, municipalities must envision land uses more fluidly, recognizing uses and densities that may supersede those in existence or proposed. Flexibility should be built into strategic sites to allow for intensification and mixed land uses.

3.1.6 Transit Oriented Development

Generally speaking retail on its own is not heavily influenced by transit, although it can represent an important element of successful mixed use areas. Vibrant retail destinations help to support high density residential and office development around major transit terminals. One of the most successful transit-oriented developments in

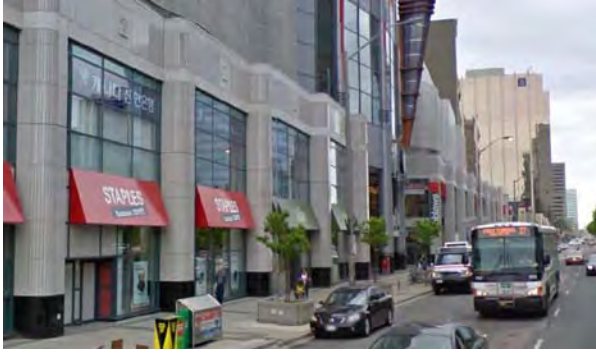
Canada is Burnaby's Metrotown Centre, which includes three adjacent shopping centres together with offices and residential towers connected to the Vancouver SkyTrain system.

North York Centre also represents a transit-oriented mixed-use area where retail has played a significant supporting role. The Empress Walk project, connected to the North York Centre subway station, is a successful example of a transit oriented development in high density pedestrian environment. The project includes two 34-storey condominium towers atop a three-storey retail/commercial mall, which includes a multiplex movie theatre. The first phase of the project was open in 1997, with the second residential building completed in 2000. This project contrasts very well with the earlier North York City Centre development across the street and connected with the same subway station.

North York City Centre is an office-hotel-retail project connected to the North York Central Library and the former North York City Hall. The retail space in the North York City Centre development comprised primarily of small units lining a two storey interior corridor, extending between the library and the subway entrance. The office tower lobbies and a bank enjoyed the Yonge Street frontage, while the remainder of the retail space was enclosed without direct streetfront exposure. There were no significant retail anchors.

The project has consistently struggled with high vacancies and tenant turnovers. Today the tenant mix comprises largely service uses, a food court, and local serving offices. It has never materialized as a retail destination.

In contrast, Empress Walk incorporated large anchor tenants, such as Future Shop, and Office Depot, as well as restaurants at street level. The restaurants, which occupy two levels, are oriented to Yonge Street with good views of the street and Mel Lastman Square. As opposed to North York City Centre, which has a linear horizontal layout extending from Yonge Street to the rear of the project, the retail space at Empress Walk is laid out on a four storey vertical format, maximizing exposure to Yonge Street and access to the subway. A Loblaws supermarket with underground parking has been incorporated into the basement, next to the subway entrance, and connected to the rest of the commercial space via an in-store escalator. The success of this project is owed to its inclusion of anchors, the supermarket as a neighbourhood service, maximization of the Yonge Street frontage, and its vertical layout.



Empress Walk with internal subway connection combined with street front retailing.



North York City Centre with internal mall connected to subway. (Google Image)

Why has this Trend been Successful?

The significant investment by governments in urban transit systems has led to planning policies and incentives to encourage high density developments around transit nodes. The previously strong suburban office market and now strong high density residential market has facilitated transit-oriented development at strategic nodes.

Implications for Planners

Historically, transit-oriented development has occurred at some, but not all nodes along subway connections. Planners must recognize the market for high density development is finite and be careful to ensure that policies are consistent with the quantum of demand. Office uses are most influenced by transit, which at the same time, are the most difficult to develop due to limited demand and competition from low cost business park sites. It will be important to reserve the prime sites adjacent to the subway stations for the highest density office uses. Retail uses should have access to appropriate amounts of parking to supplement the transit market.



Metrotown Centre and Vancouver’s SkyTrain

3.1.7 Sustainable Commercial Development

With continued world-wide political and social pressures to adopt more environmentally sustainable building and operating practices, a number of retailers have implemented green practices. The Centre for the Study of Commercial Activity (CSCA) released a report in 2009 highlighting leading retailers from around the world, some of which are located in Canada. Examples of green retailers in Canada include the Home Depot, Mountain Equipment Co-Op and Walmart.

From the outset, these retailers created an environmental strategy and plan, an environmental management structure and appointed staff with environmental responsibilities in both their head offices as well as in their retail stores. Sustainable strategies, policies and principles were integrated into existing operations and the management structure and reviewed/evaluated typically every two to three years. Tracking of energy usage, waste produced and diverted, CO2 emissions, transportation and water usage is also incorporated. The intent is to develop goals for reduction and track progress from the established benchmarks. Not only is adopting sustainable practices socially responsible, it provides retailers with the opportunity to reduce operating costs and increase their competitive edge.

Home Depot

By investing in sustainable retail best practices, the Home Depot has managed to reduce energy and waste, thus increasing revenue and profits - most notably, energy savings of over \$2million in one year through a reduction of energy consumption (lighting) and building LEED certified stores. The development of an Eco Options program has also contributed to the Home Depot brand and community perception of the company, thus increasing revenues and profits. In addition, environmental charity giving and volunteerism with Habitat for Humanity has fostered greater environmental practices through education and stewardship.

Mountain Equipment Co-op

This company is recognized for its best practices which include investing in environmental building management and achieving a LEED Gold Certificate; their involvement in a variety of workshops, presentations, conference and educational seminars; and by providing incentives and benefits to employees who commute to work either by cycling, walking, running or taking public transit. In addition their products are designed and manufactured using sustainable practices.

The 42,000 square foot Toronto store was built using 55% recycled materials, including wood recovered from Montreal's Marconi building, and from the bottom of the Ottawa River. Clay brick, concrete block, and Owen Sound natural stone facings are locally sourced to reduce energy consumption for transportation. Long service life also decreases waste.

To divert waste from landfills, the concrete contains 50% blast furnace slag, a by-product of steel manufacturing. It also requires 75% less energy to produce than conventional cement. The wallboard too is made of waste that would otherwise be landfilled: it's Desulphogypsum (DSG), a by-product of coal-fired thermo-electric power stations.

Maple flooring is sourced from a supplier certified by the Forest Stewardship Council, using ecologically and socio-economically sustainable harvesting methods. A roof garden is planted with indigenous meadow plants, flowers, and grasses that require infrequent watering. The plants offset CO2 generation, and the soil helps insulate the building to reduce heating requirements.

Covered bike parking encourages the use of bikes for trips to MEC.

Water consumption is reduced through low-flow, pressure-assisted toilets and faucets. Planters on the second story terrace contain hardy shrubs, and are watered with an efficient subsurface drip system. Planting of street trees increases urban green areas and captures water to reduce demand on urban infrastructures



Green Roof on MEC's Downtown Toronto Store

The building is overall 35% more energy efficient than required under the Model National Energy Code.

Walmart

Best practices include its contribution to energy efficiency and electricity conservation with a commitment to be 100 percent supplied by renewable energy, to produce zero waste, and to provide more environmentally friendly products.

The common thread of these organizations as it relates to their best environmental practices is a commitment to environmental responsibility. This includes: corporate social responsibility reporting, benchmarks and measurement indicators, a strong focus on returns on investment, customer education and marketing. The development of a culture of conservation and production/distribution of green products can be attributed to their success and recognition as green retailers.

Why has this trend been successful?

Widespread public awareness of environmental issues has caused many retailers and developers to incorporate green principles as part of their branding strategy. Mountain Equipment Co-op has been a leader in environmental building practices as a way of appealing to its core market.

At the same time, public policies, including both incentives and penalties have encouraged more sustainable building practices. A number of environmental initiatives lead to reduced operating and energy costs. However, there is still considerable debate as to the financial-cost benefit of specific practices, such as green roofs. Until these type of technologies become more developed and become commonly implemented, it will be up to individual retailers and developers to determine the financial impact of such initiatives.

Implications for Planners

While Ontario municipalities are guided by Provincial Policy to encourage more sustainable practices, the fact that many retailers have adopted environmentally responsible programs suggests that municipal incentives can lead to more widespread practices within the retail sector. Sustainable retail developments can be encouraged through provisions in the Planning Act, such as: Community Improvement Plans, zoning, site plan control, and development permit systems.

Community Improvement Plans in targeted areas can lead municipally-driven public space, streetscape and infrastructure improvements, as well as, provide the basis for private sector incentives to be used towards building retrofits for energy efficiency (green roofs, geothermal heating and cooling).

Municipalities can use zoning to limit vehicle parking, prohibit automobile-oriented land uses and require bicycle parking to improve non-motorized access to transit.

The passing of Bill 51 in 2007 permits municipalities to control external building and sustainable design features. Site plan control can be used to require street furniture and landscaping elements, lighting and bicycle parking to make transit stops or stations more attractive.

Urban design guidelines are also important tools in terms of encouraging non-automobile traffic in key retail areas. Wide sidewalks, street furniture, and visual amenities will enhance the pedestrian environment for casual and recreational walkers, parents with strollers, wheelchairs and mobility scooters. Bicycle lanes and recreational trails provide linkages to commercial areas for non-motorized traffic. At the same time, it will also be important to restrict elements that discourage pedestrian activity. Drive through lanes at restaurants and banks, for example, can impede pedestrian routes, create “unsafe” zones for pedestrians, and generate excessive vehicular exhaust fumes, which will ultimately inhibit non-automobile traffic in pedestrian oriented commercial areas. These types of facilities should be limited or restricted from locating in pedestrian oriented commercial areas.

These policies can play a role in achieving outcomes such as: more efficient use of existing land, infrastructure and buildings; employment opportunities within walking distance of transit stations; stronger demand for retail and commercial activity near transit nodes; improved business productivity through improved access to work; economic health and prosperity; and decreased smog-forming and greenhouse gas emissions.

Summary

Based on our research, significant changes in the retail landscape are expected over the next decade with the integration of power centres, malls and lifestyle centres into hybrid developments that will be differentiated from each other to some extent through style, architecture and the needs of the community.

Although the potential for widespread development of the more traditional lifestyle centres found in the United States is unlikely to occur in Canada, there will be more developments which incorporate lifestyle components, including redevelopment of existing shopping centres/power centres, the addition of more design elements including “main-street” and town centre initiatives, and the combination of mixed-uses (i.e. retail, office, residential) recognizing trends for new urbanism and smart growth initiatives.

The strength of the Canadian economy and shifting age cohorts are expected to fuel future changes in the retail landscape. As the large “Baby Boom” generation ages, it is expected that opportunities for more niche lifestyle developments will emerge. As also indicated by the CSCA, the mid-market consumer may start to expect more from their traditional power centre shopping experience, which is already evident in the increased addition of fashion and restaurant tenants in power centres.

The demand for developers to create unique formats and to satisfy the needs of consumers with unique tenants is having a positive impact on the retail landscape. Retailers are introducing additional concepts in order to remain competitive in the marketplace and adhere to public requirements for more sustainable practices.