

# **Market and Economic Impact Assessment**

## *Town of Wasaga Beach*

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Prepared for:  
Hamount Investments Ltd.

*June 5, 2019*





Mark Crowe  
Hamount Investments Ltd.  
2458 Dundas Street West, Unit 9  
Mississauga, Ontario L5K 1R8

June 5, 2019

**Re: Market and Economic Impact Assessment – Town of Wasaga Beach**

Dear Mr. Crowe:

Tate Economic Research Inc. (“TER”) has prepared this Market and Economic Impact Assessment of Wasaga Beach on behalf of Hamount Investments Ltd. Hamount is a major landowner in the area, actively developing the Stonebridge community in Downtown Wasaga Beach. Stonebridge is a complete, pedestrian-friendly, active community including many forms of residential development, as well as trails, open space parkland and water features. It also includes the Stonebridge Town Centre, a retail centre with event space.

Given the considerable changes occurring and anticipated in the retail industry in general and specifically in the Town of Wasaga Beach (“Town”), TER has prepared this assessment in order to provide a greater understanding of the future viability and opportunity for the Downtown from an economic perspective.

As you are aware, I have reviewed previous research, conducted site inspections and provided preliminary comments on the opportunities for Downtown Wasaga Beach. My preliminary comments were presented to the Wasaga Business Association on May 2, 2019. My comments could be summarized as follows:

- There will be limited, if any, economic benefit to the Downtown from the Casino.
- Commercial development in Wasaga Beach is a “Zero Sum Game”. Development in one location will be at the expense of development in another location.
- Civic and commercial uses should be concentrated in the Downtown.

The purpose of this letter is to formalize my comments and to provide background information that informed my opinions.

## **1. Wasaga Beach Planning / Council Background**

The Town adopted Official Plan Amendment 42 (“OPA 42”) in May 2016. OPA 42 identified the location of Downtown Wasaga Beach and created a Special Policy Area for it. OPA 42 also identifies the Downtown as a Community Improvement Project Area.

The Town retained a consulting team to prepare the Wasaga Beach Downtown Development Master Plan (“DDMP”). The DDMP was completed by the consulting team and approved by council in March 2017. The DDMP includes components such as a Town Square, a Festival Square and Gateways. The plan recommends a range of uses for the Downtown including residential, retail commercial, boutique hotel, performance venue, water park, a boardwalk, as well as a community hub with an arena and a library.

In April 2017, Town council authorized a Request for Expression of Interest (RFEOI) seeking development partners to work with the Town on the development of the Downtown and beachfront. In May 2017, the Downtown Steering Committee and the RFEOI Review Committee undertook a review of the proposals. The highest scoring proposal was led by FRAM/Slokker. Based on the review, the Downtown Steering Committee passed a resolution recommending FRAM/Slokker as the preferred developer. In July 2017, Committee of the Whole granted conditional approval to FRAM to be the development partner with the Town for Town-owned lands in the Downtown and Beach Area 1 and 2.

In July 2018, the Town entered into a binding Letter of Intent with FRAM. This agreement was allowed to lapse as of the end of December 2018.

The Town will be convening a builders' forum to discuss their ideas for the development of the beachfront. The Town will issue a new RFEOI for the development of Beach Area 1. FRAM has stated they are not interested in pursuing this RFEOI.

The DDMP included a “Community Hub”. The Town has indicated that the Community Hub was to include public uses such as a twin pad arena, library, cultural centre, and other uses. The Town is now reviewing alternate locations for a new arena and library. One of the potential uses considered for the Downtown was a casino. In April 2019, it was announced that Gateway Casinos and Entertainment Ltd. will be opening its casino at Highway 26 / Mosley Street, approximately 10 kilometres from Downtown.

The Town has significant land holdings and a plan to revitalize the Downtown. However, the location of the casino and creation of a new site selection process for the library and arena require the Town to revisit the process of redeveloping the Downtown.

## **2. Retail Industry Trends**

Most great communities around the world have thriving commercial streets. These streets come in all forms including iconic boulevards, commercial high streets, waterfront streets, transit streets, pedestrian streets and market streets.

These streets are the foundation of a community and play a vital role in the community as transit corridors, public spaces, centres of commerce, etc. These streets are important character streets in the community and foster a sense of neighbourhood pride and community focus.

The retail environment is undergoing a significant paradigm shift in how retailers view their stores and the way people purchase and consume retail goods and services. Retailer innovation such as e-commerce is at the leading edge of this paradigm shift.

Transactional shopping purchases are being made and will continue to be made on-line when it is convenient to the shopper. Therefore, when a consumer goes shopping in a physical store or within the Downtown Area, the expectation is for an “experience” that cannot be replicated on-line. This expectation is further heightened in tourism related communities, such as Wasaga Beach, which are expected to deliver a differentiated experience from traditional shopping areas.

In addition to changes in consumer shopping behavior, the traditional tenant mix of retail streets is changing. Food and beverage tenants are increasingly being viewed as anchors and the tenant mix is skewing towards service oriented uses as opposed to retail uses.

The implications of these retail trends on overall retail development patterns, and Wasaga Beach in particular, are that there is less demand for retail commercial space on a per capita basis than existed in the past. Furthermore, retail commercial demand is anticipated to be led by food & beverage and health & wellness tenants, which could be accommodated in the Downtown. This type of commercial opportunity is particularly relevant, given the demographic characteristics of Wasaga Beach, which indicate an older and less affluent community.

## **3. Wasaga Beach Market Conditions**

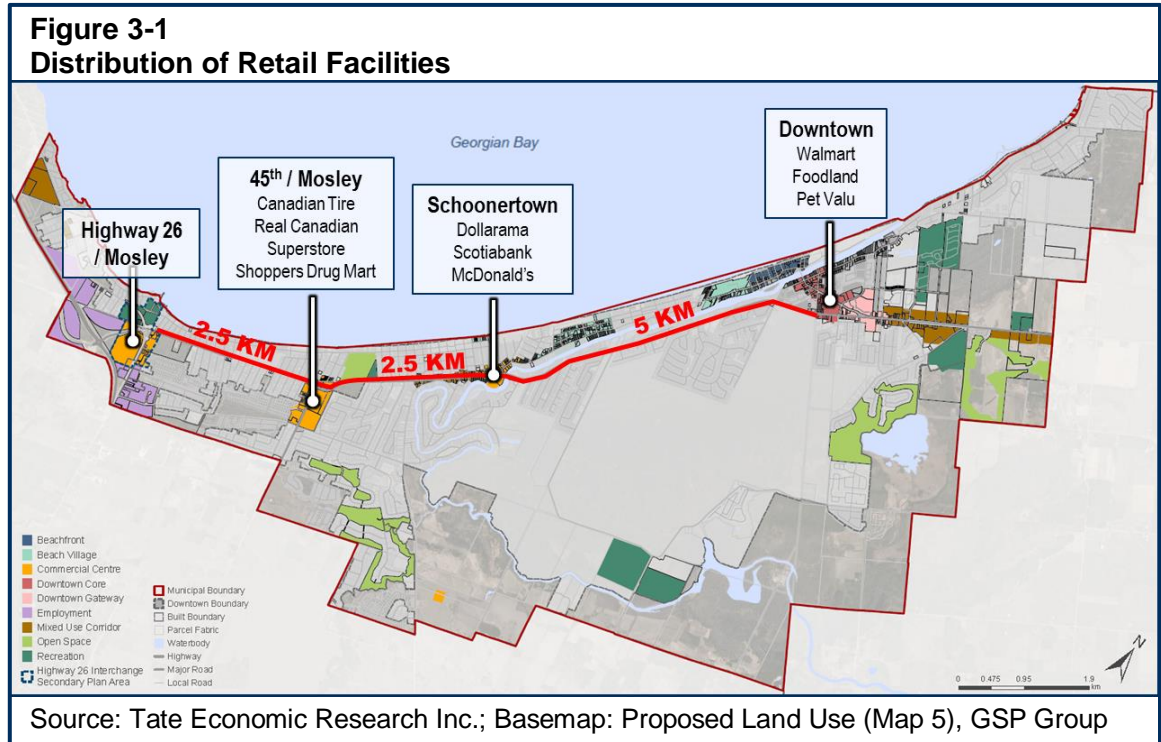
This section of the report provides an assessment of the retail commercial market conditions within the Town of Wasaga Beach.

### **3.1 Distribution of Retail Facilities**

The Town includes three commercial nodes. These nodes are: Downtown, Schoonertown, and 45<sup>th</sup> Street / Mosley Street. TER has conducted site observations to assess the character and function of the commercial nodes. This assessment can be summarized as follows:

- Downtown is primarily composed of Tourism Commercial and District Commercial land use designations. The Tourism Commercial area has limited retail commercial space, primarily composed of community oriented local businesses. The District Commercial area is a power centre node including a 110,000 square foot Walmart anchored retail centre known as Stonebridge Town Centre and a 26,000 square foot Foodland on River Road West.
- Schoonertown is composed primarily of retail commercial strip plazas. This includes Riverbend Plaza, a 35,000 square foot retail commercial strip plaza which includes McDonald's, Scotiabank, Dollarama and Tim Hortons.
- 45<sup>th</sup> Street / Mosley Street is a major power centre with over 200,000 square feet of retail commercial space including a 90,000 square foot Real Canadian Superstore and 54,000 square foot Canadian Tire / Mark's.

There is potential for a fourth node near the casino site, at Highway 26 / Mosley Street. At present, these lands are primarily composed of vacant land with several small commercial operators such as Lorna Dunes Ice Cream and the Mini Golf / Ice Cream Shack. Highway 26 / Mosley Street is contemplated for future retail commercial intensification.



The Wasaga Beach retail market is dispersed across a large area. TER has examined distances and drive times from Downtown to the other retail commercial nodes. The results are summarized below:

- Downtown to Schoonertown is 5 kilometres or a 10 minute drive;
- Downtown to 45<sup>th</sup> Street / Mosley Street is 7.5 kilometres or a 12 minute drive; and,
- Downtown to Highway 26 / Mosley Street is 10 kilometres or a 16 minute drive.

Additional retail commercial development, as contemplated at the Highway 26 / Mosley Street node, will further disperse the Wasaga Beach retail structure.

#### **4. Summary of Previous Research**

TER has reviewed previous research and analysis prepared as components of the Downtown Development Master Plan conducted on behalf of the Town. Specifically, TER has examined the “Downtown Wasaga Beach Retail and Retail Related Program” (“Retail Program”) completed in February 2017. The following points summarize the results of the Retail Program:

- Creating a downtown retail district is fundamental to the Downtown revitalization;
- The Town population is older (Over 55 years of age 39.4% vs. 29.7% for the Province) and has lower income levels (Average household income is \$80,900 vs. \$100,700 for the Province);
- Demographic profiles of residents indicate low potential for retail spending;
- The retail market is “oversaturated”. This conclusion is influenced by major retailers such as Walmart, Real Canadian Superstore, Canadian Tire and others;
- There is a limited supply of middle and upper-middle retailers due to competition from Collingwood and Barrie;
- There is opportunity for niche retailers providing specialty products and services, such as: beauty salon, bakery, restaurant, cultural centre, art gallery, etc.;
- The niche retail opportunities should be implemented within a Town Square and/or Festival Square in downtown; and,

- Complementary support from civic buildings, services, community centres, etc. will encourage downtown revitalization.

The Retail Program states: *Complementary support from the Town should come from the appropriate civic buildings, services, transportation hub, and community centre... This will encourage both residents and stores to locate at the Town Square in the Lower Main District.*

Previous research and analysis indicate many challenges related to retail development in Downtown Wasaga Beach. In particular, the Retail Program highlights the importance of focusing future retail commercial development in the Downtown and supporting pedestrian activity through the development of civic services in the Downtown.

## 5. Implications of Proposed Retail Node Near Casino

This section of the report examines the impact of the creation of a new retail node near the proposed casino site located at Highway 26 / Mosley Street.

### 5.1 Land Use and Development

The proposed Gateway casino is located on Highway 26 / Mosley Street. This site is included within the proposed Highway 26 Interchange Secondary Plan Area. The lands within the proposed Highway 26 Interchange Secondary Plan Area permit a full range of commercial uses. The Highway 26 Interchange Secondary Plan Area is planned to be composed of Commercial Centre and Recreation land use designations.

The Town of Wasaga Beach Official Plan Review Commercial, Retail and Tourism Discussion Paper, 2018 (“Retail Discussion Paper”) prepared by GSP Group Inc., states: *Commercial Centre areas will function as centralized locations to service the day-to-day needs of residents. We note that the Commercial Centre designation permits a “full range of commercial and retail establishments.”*

However, we note that there may not be market demand to support such development, as referenced below in the Retail Discussion Paper. It states: *The Downtown area needs to be the primary destination for new retail and tourism-related growth in the future except for large scale retail, which may be more suitable near 45<sup>th</sup> Street, the Mosley and Highway 26 area, or possible along the River Road West/Highway 92 corridor.*

The proposed casino is located on lands municipally addressed as 88 and 176 Lyons Court. There is an approved site plan for 88 and 176 Lyons Court which is composed of approximately 200,000 square feet of retail commercial space. The site plan includes 19 buildings with gross floor areas ranging from 3,000 square feet to 5,500

square feet<sup>1</sup>. A site plan amendment is required for the development of a casino on the site.

## **5.2 Community Improvement Plan**

Part IV of the Planning Act allows the designation of a community improvement project area for any “environmental, social or community economic development reason”. The Town of Wasaga Beach Official Plan (“OP”) identifies three areas for community improvement:

- West End community improvement project study area;
- Mosley Village community improvement project area; and,
- Downtown community improvement project area.

Section 19.19.10 of the OP sets out policies and objectives for community improvement project areas. In relation to the West End community improvement project study area, Section 19.19.10.4.1 of the OP states that “...further study of this area is required to delineate the precise boundaries of the area for which a community improvement plan could be prepared.”

A Community Improvement Plan (“CIP”) for Downtown Wasaga Beach was adopted by council in December of 2017. The CIP includes the following incentives:

- Residential / Mixed-use Development Incentive program;
- Tax Increment and Development Fee Rebates;
- Planning and Development Fee Rebates;
- Exemption / Reduction from Parking Ratio Requirements; and,
- Affordable Housing Program.

The Wasaga Beach Coordinated Committee, on March 14, 2019, recommended Council to direct staff to develop a work plan to implement Community Improvement Incentives in the identified Community Improvement Areas and Nodes / Corridors. These Community Improvement Areas include the casino site at Highway 26 / Mosley Street.

The implementation of a CIP near the casino site has the potential to impact the redevelopment of Downtown. Incentives should be directed to the Downtown to support redevelopment efforts.

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<sup>1</sup> TER requested a digital copy of the site plan for 88 and 176 Lyons Court. This request was denied and we were informed by Town staff that this request must be filed through the Freedom of Information act.



### 5.3 Impact of Casino Retail Node Summary

It is our opinion that the development of another commercial node, near the casino, at Highway 26 / Mosley Street is not warranted at this time. There is no rationale to support the creation of another retail commercial node in the Town. We concur with the GSP Group comments indicating “*The Downtown area needs to be the primary destination for new retail and tourism-related growth...*”

The current plans for the casino site at Highway 26 / Mosley Street will permit a “full range of commercial and retail establishments” of up to 209,000 square feet. This development may be premature and if developed, would further disperse the retail commercial space in the Town. It could have a significant detrimental impact on the ability of the Downtown to redevelop, as envisioned in the DDMP.

### 6. Library and Arena Location

The DDMP indicated a Downtown Main Street location as the preferred site of both the new arena and library. Nonetheless, the Town is considering other locations for both arena and library.

The Library Location Report and Twin Pad Arena Location Report, presented to the Committee of the Whole on March 7<sup>th</sup>, identified 13 potential sites for the proposed



library and 12 potential sites for the proposed twin pad arena. Only the locations of the Town owned sites were disclosed. Figure 6-1, on the previous page, indicates the location of the publicly owned sites contemplated for the library and arena. The remaining sites are privately owned and undisclosed. The potential locations have been short listed to 7 library sites and 6 arena sites.

The Town has developed criteria for ranking each of the potential library and arena sites. There are 16 criteria for the library sites and 14 criteria for the arena sites. These criteria do not place a strong emphasis on the potential synergies the library or arena could have on the redevelopment of the Downtown. For example, the arena criteria include “Economic Impact” as one criteria that could account for up to 5% of the total allocation of points. Neither the library or arena evaluation approaches specifically include “Downtown” in their criteria matrices.

It is our opinion that community uses, such as the arena and library, should be located in the Downtown in order to contribute to the successful redevelopment of the Downtown. This approach has not been recognized in the Town’s ranking of potential sites.

## 7. Summary of Findings

Wasaga Beach is at a crossroads regarding its future vision. The creation of a successful, multifaceted Downtown is within reach and considerable efforts have been made to encourage its development.

Our research and analysis has resulted in the following findings and conclusions:

### **Downtown Should Be a Priority**

- The Town has retained consultants who consistently recommend retail commercial development be focussed on the Downtown.
- The 2018 Town of Wasaga Beach Official Plan Review Commercial, Retail and Tourism Discussion Paper, prepared by GSP Group Inc. states the “...*Downtown area needs to be the primary destination for new retail and tourism-related growth in the future...*”
- The 2017 Downtown Wasaga Beach Retail and Retail Related Program, prepared by J.C Williams Group, states: “*Cities and towns are judged by the robustness of their downtown*” and “*Downtown plays a multi-functional role for all citizens.*”

### **Civic and Commercial Uses Should Be Encouraged Downtown**

- Downtown should be encouraged as the location for new retail space.

- The new arena and library should be encouraged to locate Downtown.

### **No Need For New Retail Node**

- The Downtown Wasaga Beach Retail and Retail Related Program describes the Town of Wasaga Beach retail market as “oversaturated”. We concur.
- The dispersion of retail commercial sites throughout Wasaga Beach has contributed to the challenges of a reintroducing a successful main street retail component to the Downtown.
- There is not enough market support, in the context of the current “oversaturated” market conditions, to support the development of a new node near the casino site in conjunction with a rejuvenated Downtown.

### **A Community Improvement Program Not Warranted Near Casino Site**

- The creation of additional retail commercial nodes, including one near the casino site, should be discouraged.
- Development in Wasaga Beach is a “Zero Sum Game”. Any development that occurs at the casino site (hotel, retail, restaurants) will pre-empt development elsewhere in the Town.
- If the Downtown is a priority for the Town, there is no rationale to support additional commercial development near the casino site through a CIP.
- Municipal support for the casino node through a CIP is at the expense of the other areas in the Town, including the Downtown.

## **8. Conclusion**

Retail main streets are the foundation of a community. There is an opportunity for the Town of Wasaga Beach to create a vibrant and successful Downtown. The Town is in a unique position as it controls large parcels of development land in the Downtown.

However, there are many challenges associated with retail development in the Downtown. The Town’s actions are inconsistent with the stated goals of encouraging Downtown revitalization.

Thank you for this opportunity to prepare this economic assessment. If you have any questions regarding this letter, please do not hesitate to contact Jamie Tate at 416-260-9884 x111 or via email at [jtate@tateresearch.com](mailto:jtate@tateresearch.com).

Yours truly,  
TATE ECONOMIC RESEARCH INC.



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