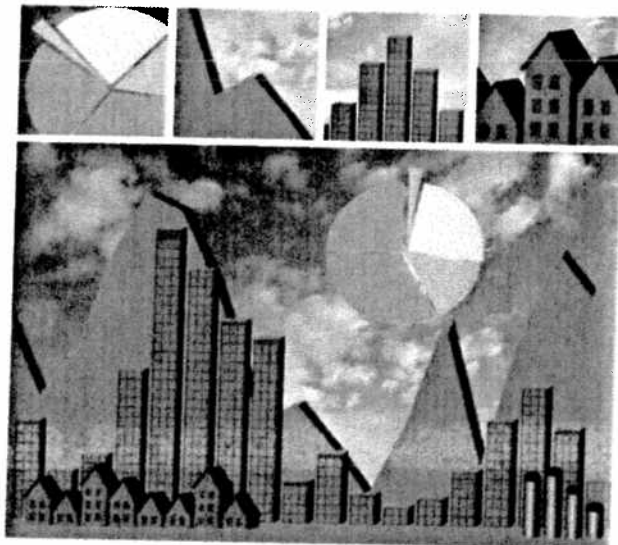
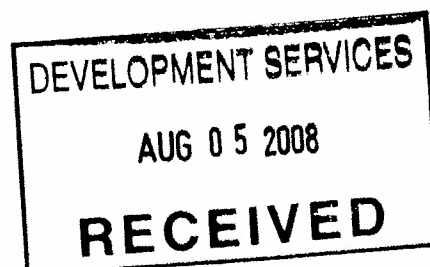


Market Assessment of a Proposed Wal-Mart Anchored Commercial Centre Box Grove Community, Town of Markham



AltusClayton



**Market Assessment of a Proposed
Wal-Mart Anchored Commercial Centre
Box Grove Community, Town of Markham**

Prepared for:

Box Grove Hill Developments Inc.

Prepared by:

Altus Clayton

Division of Altus Group Limited

1580 Kingston Road Toronto Ontario M1N 1S2

Phone: (416) 699-5645 Fax: (416) 699-2252

info@altusclayton.com

www.altusclayton.com

June 2, 2008

EXECUTIVE SUMMARY

Altus Clayton was retained by Box Grove Hill Developments Inc. to assess market impacts of a Wal-Mart anchored mixed retail-office centre (the 'proposed development') on lands located in the Box Grove community in the Town of Markham.

Subject Site and Proposed Development

The location of the proposed development is at the south-west corner of Highway 407 and Donald Cousens Parkway (the 'subject site'). The subject site is about 12.6 hectares (31.15 acres) in size.

Box Grove Hill Developments Inc. plans to develop a mixed retail-office centre with approximately 35,308 square metres (380,055 square feet) of floor space on the subject site. The retail and service commercial component of the centre will be about 32,407 square metres (348,825 square feet) while the office component is 2,773 square metres (29,850 square feet). The centre is proposed to be anchored by an 18,592 square metre (200,135 square foot) Wal-Mart store.

Official Plan Designation

According to the *Town of Markham Official Plan*, the subject site is designated *Business Corridor Area* with site specific policies. The site specific policies differentiate the subject site from other areas designated *Business Corridor Area* in the Town. According to the Official Plan section 3.5.6.3.1 a), the planned function of the subject site is for:

...a mix of high quality business activities in corridors along major road frontages, primarily adjacent to industrial areas. Business Corridor Areas are intended for industrial and commercial uses that require the exposure offered by such locations in order to accommodate the business and service needs of companies and employees, and to accommodate at appropriate locations certain businesses that may also serve the general public.

Retail uses are permitted in this designation however such uses:

...shall generally be limited to individual premises of not more than 6,000 square metres of gross floor area.

Study Purpose

The proposed Wal-Mart store at 18,592 square metres is in excess of the general maximum size limit of 6,000 square metres for individual retail stores as established in the site specific *Business Corridor Area* designation. In this regard, the report shall address the following:

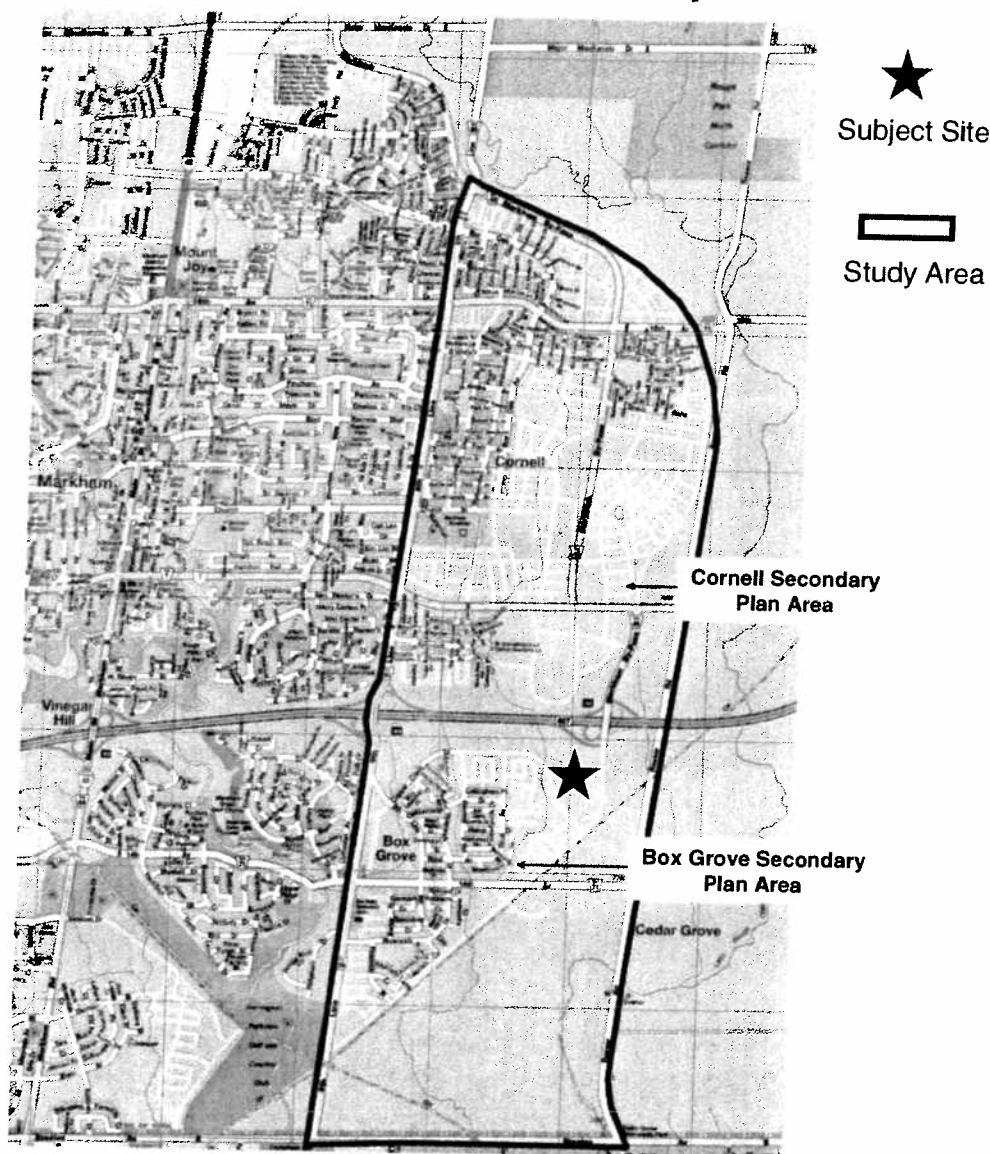
- Is the proposed development consistent with the planned function of the site specific *Business Corridor Area* designation? Will including Wal-Mart in the proposed development create a "destination" retail centre which will draw customers from a more regional area?;
- Would the proposed development affect the planned function and timely development of other lands designated for commercial uses in the Box Grove and Cornell Secondary Plan Areas?; and
- Would approval of the proposed development impact the planned function of adjacent lands designated *Business Parks* in both the Official Plan and Secondary Plan for Box Grove?

The focus of the report is on the Wal-Mart component of the proposed development since it is the only use proposed that is not consistent with the site specific *Business Corridor Area* floor space limitation (generally limited to stores 6,000 square metres or less).

Study Area for this Report

The subject site is well-located to serve the growing Box Grove community and also the Cornell community to the north of Highway 407. These two areas form the study area referred to in this report. The study area represents the area which retail facilities on the subject site are expected to primarily serve.

Location of Subject Site and Study Area



Source: Altus Clayton based on MapArt Publications

The study area had a population of 7,558 according to the 2006 Census of Canada. The anticipated build-out population is 50,000, with 10,000 planned for Box Grove (south of Highway 407) and 40,000 planned for Cornell (north of Highway 407).

Retail Facilities in the Study Area

Except for some smaller street-front retail development within the Cornell area, mainly along Bur Oak Drive, there are currently no significant retail

centres in the study area. The closest retail areas are along Markham Road (Highway 48) well east of the study area.

Two new retail centres are either under construction or planned in the study area - a mixed retail-office centre which will be anchored by a Longo's supermarket in the Box Grove community and a mixed-use centre anchored by a home improvement store, supermarket and drug store in the Cornell community. A number of new retail centres are also under construction or planned just outside the study area.

Currently there is only one Wal-Mart store in the Town of Markham, located at Markville Mall. In addition, a Wal-Mart store on Highway 48 in Stouffville is a short distance north of the Town.

New Wal-Mart stores are planned in the Town of Markham and surrounding area at the following locations:

- Wal-Mart under construction at Markham Road (Highway 48) and Steeles Avenue in the City of Toronto;
- Proposed Wal-Mart at Copper Creek Drive and Donald Cousens Parkway (the subject site); and
- Proposed Wal-Mart at Woodbine Avenue north of 14th Avenue.

Study Conclusions

The Proposed Development is Consistent with the Planned Function of the Business Corridor Area

The proposed development is consistent with the planned function under the site's *Business Corridor Area* designation. A Wal-Mart store would serve the general public in an area that is experiencing significant population growth with limited retail facilities in close proximity. The Town's size limitation on individual stores of 6,000 square metres limits the kind of retail services that can be provided to residents in this area.

The Subject Site is Suitable for the Proposed Uses, Including Wal-Mart

There are a number of planning and market reasons which support the establishment of the proposed development including a Wal-Mart on the subject lands:

- With a projected population of 50,000 at build-out, the study area could support a department store such as Wal-Mart. Not permitting

a development of this kind in the study area will continue the current trend of local residents shopping outside the study area for department store type merchandise.

- A Wal-Mart store is made up of a series of departments that function similar to individual stores. In this respect, the proposed Wal-Mart would serve a similar market function to a series of smaller retail stores under the floor space limit of 6,000 square metres (i.e. a supermarket, automotive supply store, building supply outlet, home furnishings and apparel stores).
- Including Wal-Mart as part of the development on the subject site would not result in this being a "destination"-type centre which draws customers from across the Town and beyond.

Permitting the Proposed Development Including Wal-Mart would Not Impact Development of Nearby Commercial Sites

There are few sites designated to accommodate larger footprint retail stores in the Box Grove and Cornell Secondary Plan areas. Development of Wal-Mart would not impact the planned function or timely development of these other sites.

The planned function of lands designated *Community Amenity Areas* in both the Box Grove and Cornell Secondary Plan areas would not be adversely affected by the proposed Wal-Mart store:

- Those lands in the Box Grove Secondary Plan area either have or will be developed as exclusively residential communities.
- In the Cornell Secondary Plan area, the development of the *Community Amenity Areas* permitting larger floorplate retail stores would not be negatively impacted by the proposed Wal-Mart. Their viability from a market perspective and timely development would not be threatened. Other *Community Amenity Areas* that are planned to accommodate smaller scale retail stores would similarly be unaffected by Wal-Mart as the planning vision for these areas is for a mix of retail and residential uses.

Based on retail centres that are under construction or planned in the study area, the development of Wal-Mart as opposed to a contingent of stores that are around 6,000 square metres in size will differentiate the offering on the subject site from the nearby centres, and would result in a more complementary retail hierarchy. Some of these centres will also be developed

before the subject site and it is not likely that Wal-Mart would cause store closures or impede the development of these lands.

Development of the Adjacent Business Park Lands would not be Impacted by the Proposed Development, Including Wal-Mart

Development of Wal-Mart on the subject site would not impact the development of the adjacent *Business Park Area* lands for the following reasons:

- Many employment uses prefer to locate near retail facilities. The range of goods and services offered at Wal-Mart is viewed as a benefit to nearby businesses in the office sector and certain small industrial-type businesses.
- The proposed development is separated from the *Business Park Area* to the west by a watercourse and environmental area in the event there are any concerns over land use conflicts between retail and business park uses.
- As employment lands to the west in the Town of Markham are developed and the supply of employment lands declines, development of the study area business park lands is expected to accelerate. The timing of development of the business park lands is not adversely affected by having a Wal-Mart store in an adjacent location.

MILLER THOMSON LLP

Barristers & Solicitors
Patent & Trade-Mark Agents

APPENDIX

F

Accelerator Building
295 Hagey Blvd., Suite 300
Waterloo, ON N2L 6R5
T: 519.579.3660
F: 519.743.2540
www.millerthomson.com

March 17, 2009

Sent via E-mail: (bkarumanchery@markham.ca)

Biju Karumanchery
Senior Development Manager
The Corporation of the Town of Markham
101 Town Centre Boulevard
Markham, ON L3R 9W3

Steven J. O'Mella
LSUC Certified Specialist (Municipal Law)
Direct Line: 519.593.3289
somelia@millerthomson.com

File: 70725.0022

Dear Mr. Karumanchery:

**Re: Proposed Official Plan and Zoning By-law Amendments
Box Grove Developments Inc.
Industrial - Business Corridor Area
500 Copper Creek Drive, Markham**

I am writing to thank you, Margaret Wouters and Doris Cheng for meeting with Anthony Longo, Wendy Nott and me this past Friday to discuss our client's concerns regarding the planning applications submitted by Box Grove Developments Inc. We greatly appreciated you accommodating us within your schedules in such a timely manner.

I understand that staff are currently preparing the follow-up planning report on the applications and that it is your expectation that this report will be considered at the April 21st meeting of the Development Services Committee. We are providing you with this letter in order to summarize our client's initial concerns and trust that they will be taken into consideration in the final staff report.

Planned Function of the Subject Property

As was noted in the preliminary staff report that was prepared for these applications, it was never the planned function of the Town's Industrial - Business Corridor Area to accommodate large format retail development. Yet, as discussed at our meeting, if the Walmart building is approved in its current proposed form it would be the largest single retail building in the entire Town of Markham.

As Wendy Nott pointed out at our meeting, the provisions of the Town's Industrial - Business Corridor Area Official Plan designation contemplate control of the retail concentration on a site by limiting the area of permitted retail uses to not greater than a 1:1 ratio with other permitted uses. The portions of this proposal that contemplate ground level retail with second story office

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Affiliations Worldwide

space meet this requirement on a building-specific basis. However, there is no proposed office or other use that would counter-balance the almost 20,000 square metres of area that is being requested for the proposed large format retail building.

Although we understand that the planned 1:1 ratio is missing from the provisions of By-Law No. 177-96, it remains part of the planned function of this site and it is in our view appropriate and in conformity with the Town's Official Plan to evaluate the current proposal within the context of this approved policy regime and, include that required ratio within any proposed amending by-law. More fundamentally, we question whether this large format retail proposal is consistent with the Town's stated planning vision for this area.

Adequacy of Market Impact Analysis

One of our client's key concerns is the slow growth of the anticipated market population in this part of Markham and the adequacy of the market impact assessment submitted by the proponent in support of these applications, particularly as it related to the food/supermarket component of the proposed Walmart operation. We have provided the market impact assessment to our client's marketing consultants, urbanMetrics Inc., for their review. They have identified several significant concerns regarding the adequacy of the assessment, which include the following:

- The assessment deals only with a proposed Walmart store, and does not contain a separate analysis for the significant full-service food retail portion of that is part of this store format. There should be a separate analysis for this unique part of the proposed retail operation.
- The assessment contains no temporal analysis of the growth that will be necessary to support both the existing Longo's store and the proposed Walmart food store. The report simply indicates that by 2031 there is expected to be enough projected population in this area to support both stores. It does not examine the market impacts during the intervening period as that growth is expected to occur.
- The assessment does not contain an analysis of whether or not the projections upon which it is relying remain accurate in the current economic climate. Housing starts and sales in this market area have demonstrably slowed in the past year, and it is not at all clear that it is still reasonable to rely on these past population projections to support the addition of a large food retail store.

As noted in Ms. Cheng's preliminary planning report, the market assessment study submitted by the proponent in support of its applications requires a detailed review. You indicated to us that the Town does not have in-house expertise to conduct such a review but has in the past required proponents to fund a peer review to be carried out by a consultant retained by the Town. We believe that such a peer review is essential in this instance, and urge you to recommend to Town Council that one be required prior to the final consideration of these applications.

Summary

On behalf of our client, we ask that Town staff ensure that this proposal to dramatically alter the existing provisions of the Industrial - Business Corridor Area be required to provide a fulsome and detailed rationale to support that change. At a minimum, a more detailed market impact analysis is required (as described above), and that study should be peer-reviewed upon its completion. The proponent is requesting a significant change to the Town's Official Plan and zoning by-law and it bears the onus of proving that its proposed changes will not fundamentally disrupt the planned function of development that is already in place.

As our client emphasized at our meeting, this is not a case of Longo's being against competition. Longo's successfully competes against Walmart and other food retailers in many markets in Ontario. The key difference is that those are mature markets that can support the level of sales that is required in order for all competitors to remain viable. In this instance, the area under consideration has not yet developed to the point where it is even adequately supporting the Longo's store, and it is our client's genuinely held concern that the granting of a further food store approval at this point without adequate justification would have a severely detrimental impact on its newly established operation.

Thank you once again for your consideration.

Yours truly,

MILLER THOMSON LLP

Per:



Steven J. O'Melia
SJO/sk

- c. Margaret Wouters, Manager, Development – East District – Town of Markham (via e-mail: mwouters@markham.ca)
Doris Cheng, Planner – Town of Markham (via e-mail: dcheng@markham.ca)
Anthony Longo (via e-mail: anthony.longo@longos.com)
Wendy Nott (via e-mail: wnott@wndplan.com)



APPENDIX

G

Legacy Community Ratepayers Association Box Grove Walmart Development

On February 20, 2009, representatives from TACC Developments, Town staff and the Legacy Community Ratepayers Association (LCRA) met to review the pending by-law changes to accommodate development of a Walmart Super Centre in the Box Grove area. As a result of the meeting, the LCRA Executive Committee requests that the Town of Markham include the following comments as part of the Staff report and permit approval. Further, we respectfully request that these comments be established as conditions for approving for the Walmart-sponsored zoning amendment.

A Town and Region Permit inclusions

- 1 To review all current traffic signals and make adjustments to accommodate increased traffic, including
 - Change signal timing at the Box Grove Bypass / Rouge Bank and Box Grove Bypass / 14th Avenue intersections to achieve a more even balance between north/south and east/west traffic
 - Confirm approval status for completion of Don Cousens Parkway to 14th Avenue and to Boxgrove Bypass.
 - Confirm traffic review schedule for 90 days and 180 days following opening of Walmart and any other major developments in east Markham area south of Hwy 407.
 - Agree to initiate traffic review of 14th Avenue following opening of Walmart, Don Cousens Parkway and Hwy 407 northbound entrance ramps
 - Undertake traffic study on Old Ninth Line between 14th and Rouge Bank and Legacy between 14th and Rouge Bank. Based on findings, implement traffic controls (e.g. stop signs, speed bumps, etc.) to discourage use of these routes as an alternative to Box Grove Bypass
 - Ensure that developer agreement includes all costs as would normally be applicable to developer concerning traffic studies, monitoring, and adjustment costs for up ninth months following each new development opening.
 - To ensure that in any places where traffic capacities exceed estimates by more than 5%, adjustments will be implemented either by Region, Town, or Developer within 45 days of reporting for minor variances, and 90 days for major variances.
- 2 Provide report on number of occupied homes in Box Grove and Cornell South and future population growth over next 10 to 20 years.
- 3 Confirm that as any future developments in Box Grove occur, LCRA will be notified of the application within 60 days of submission and at least 45 days prior to applicable public hearings so that we have time to be consulted by staff on traffic impact factors.

B TACC Developments Inclusions regarding traffic

- 1 To agree that traffic design is based on professionally assessed projections, and that adjustments may be required following the opening of Walmart and other businesses in the area. Agree to all above terms subject to normally applicable standards.
- 2 With submission of application for permit for each new business, provide notification to the LCRA with sufficient opportunity to review each application ,as they may affect the local residents in Legacy.
- 3 Following opening of each new major development, assist and/or conduct additional traffic studies as called for in agreement with town and Region and provide copies of all reports to LCRA concurrent to Town submissions.

C TACC Developments Marketing

Support the current business tenants in the Box Grove area. Due to the close proximity of retail businesses at Copper Creek and Box Grove Bypass, that TACC Developments will consider aiding or facilitating marketing programs to promote the retail area so as to aid retailers with establishment of their business traffic overall from the local area.

File

BOX GROVE HILL DEVELOPMENTS INC.

600 Applewood Crescent, Vaughan, ON L4K 4B4 TEL: 905-760-7300 FAX: 905-669-9600

March 4, 2009

APPENDIX

H.

Town of Markham
Development Services Commission
101 Town Centre Boulevard
Markham, Ontario
L3R 9W6

Attention: Mr. Biju Karumanchery, Acting Director

Dear Sir:

**Re: Box Grove Hill Developments Inc.
Applications for Official Plan Amendment, Zoning Bylaw Amendment
and Site Plan Approval – Mixed Use Office Retail Development at NW
corner of Donald Cousens Parkway and Copper Creek Drive
File OP 08-121619/ZA 08-121691 and SC 08-121694**

Further to our discussions regarding the above-referenced applications, I am pleased to provide the following details concerning the green initiatives that will be incorporated into the project:

1 Rooftop Rainwater Infiltration

Based on the proposed design, the rainfall runoff from the roof-top area of the Wal-Mart building will be provided with quantity control to a rate of 42 l/s/ha through the use of roof-top weirs and temporary stormwater storage on the roof-top area. Stormwater run-off from roof-top areas is considered to be generally clean water, so this controlled flow will be separated from the remainder of the parking lot surface drainage and discharged into the upper portion of Tributary B to replicate the pre-development flow direction. As an added quality and quantity measure, the roof drainpipe will pass through a stone infiltration trench, which will provide an opportunity for both reduction of runoff volume through groundwater infiltration recharge opportunities during frequent, low intensity storm events as well as increased cooling of the stormwater runoff prior to entering the tributary. A sketch showing the infiltration trench detail is attached.

2. Stormwater Infiltration

Stormwater runoff in the Wal-Mart parking area from the 5 year rainfall event will be conveyed to underground storage facilities by a proposed open-bottom stormwater chamber system. The open-bottom storage facility will have a direct hydraulic connection to the underground soils to promote groundwater infiltration, recharging the groundwater table with stormwater runoff by the similar means to that of pre-development conditions.

3. Wal-Mart Energy Store Design

The Wal-Mart store will have enhanced R25 roofing insulation and a white roofing membrane over the entire store. The "white roof" reflects almost 90% of sunlight from the store thereby reducing the need for peak-load summer air conditioning. This technology reduces the "heat island" effect common with large roof areas.

The size of the proposed store has been reduced from other Wal-Mart stores resulting in more than 10% reduction of square footage. This has energy reductions relating to conditioned volume of space, lighting reductions, mechanical equipment etc. Another benefit is the reduction to material resources such as construction materials.

4. Refrigeration – Wal-Mart Store

- a. The food refrigeration technology saves energy and incorporates new technologies utilizing refrigerant R404A which has no CFC's.
- b. Redesigned compressors use less energy.
- c. Film on glass of (no heat) doors in display cases to eliminate energy-intensive heated doors.
- d. Night covers to capture air in open refrigerators during overnight non-operational hours.
- e. LED lighting with motion detectors in closed refrigerated cases to turnoff when customers are not present.
- f. Generally reduced refrigeration equipment and walk-ins.

5. Temperature, Ventilation and Lighting Control - Wal-Mart Store

- a. Store heating and cooling will be centrally controlled to better manage energy use.
- b. Interior lighting is scheduled to 33% lighting level during overnight stocking period for energy conservation.

- c. Exterior lighting, signs, security and parking lot lights are on a photocell to activate upon dusk conditions and de-activate during daylight conditions.
- d. Demand Control in place to shed equipment loads when peak KW spiking is present based on set targets.
- e. In-store carbon dioxide monitors will determine need for ventilation to ensure it is used only as needed.
- f. Energy recovery ventilation in sales floor.
- g. Reduced range hood exhaust volumes.

6. Lighting - Wal-Mart Store

- a. LED lights will be used in storefront signs, refrigerators and product display cases to reduce related energy use by as much as 90%.
- b. Reduced lighting levels on sales floor by using lower wattage alternatives will save energy.

7. HVAC Design - Wal-Mart Store

- a. Heat reclaimed from refrigeration will be re-used for spaceheating.
- b. High efficiency roof top units utilizing heat pump/cool sections and modern refrigerant (R410) which has no CFC's.

8. Water - Wal-Mart Store

- a. Low flow fixtures will be used in washrooms.
- b. Use of native planting on site to reduce irrigation requirements.

9. Waste Diversion - Wal-Mart Store

- a. The store will implement 3-stream recycling bins throughout the store for the customers to facilitate the recycling of paper, plastic and beverage containers.
- b. The store will implement internal plastic and paper/cardboard recycling. New Wal-Mart stores across Canada have implemented waste management systems that divert up to 65% of all wastes to recycling rather than municipal landfill.

10. Tree Planting

- a. The site plan contemplates the planting of approximately 550 trees, including deciduous trees, coniferous trees and boulevard trees which significantly exceeds the Town's Trees for Tomorrow target of 1 tree per 5 parking spaces.

- b. Shade tree planting has been added to the parking areas throughout the plan to break up the hard surface area and reduce the "heat island" effect associated with parking areas.
- c. Landscaping buffers adjacent to streets have been widened to 6m and wider in some locations thereby increasing infiltration potential and providing a disconnect with impervious areas. These buffers will also be planted with a variety of trees and shrubs as per plan.

11. Bicycle Network and Storage

The site is located within the Box Grove Secondary Plan area which has been developed with a planned network of provisions for bicycle travel. There are existing and planned bike lanes on the boundary roads which define this site namely, Copper Creek Drive and the Donald Cousens Parkway. The Donald Cousens Parkway will provide a multi-use trail immediately adjacent to this site. This connectivity extends to the valley system within Box Grove and ultimately to the Bob Hunter Park/Rouge Park complex and beyond. This site is designed to accommodate patrons who travel by bicycle and provides bicycle storage racks to make bike travel comfortable and practical.

12. Transit Oriented

Planned bus platforms are conveniently located on the Donald Cousens Parkway and Copper Creek Drive which connect seamlessly to the efficient pedestrian walkway network internal to the site. For employees who prefer to car-pool, the site will accommodate car pool parking areas, if required.

13. Proximity to the Community

The site is immediately adjacent to the existing and future planned phases of the Community of Box Grove and is well-served by pedestrian access routes. Proximity to the Community also provides efficient access to a requisite labour force for the jobs that will be created by this project. Future employees of the site who live in the community will have a variety of alternative modes of transportation available to get to the site including walking, cycling and transit.

The foregoing reflects the green initiatives that are proposed to be implemented in the subject development. These matters can be further developed during the site plan review process.

Please contact me if you require further clarification on any of these initiatives.

Yours truly,

BOX GROVE HILL DEVELOPMENTS INC.

Per:


David Stewart, MES, MCIP, RPP

DS/sg

Enclosure

cc. Paula Bustard, Smart Centers

