



13339 Ilderton Road

Market Impact Assessment

July 11, 2023

Parcel

PREPARED FOR:

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Cover Image: Google Maps



1.0 Introduction

1.1 Background

Parcel Economics Inc. (“Parcel”) has been retained by Cerberus Partners Inc.–the owners of the property known municipally as 13339 Ilderton Road in the community of Ilderton, Ontario—to complete a high-level *Market Impact Assessment* in support of the proposed development of a portion of their lands.

The location of the subject site—shown in Figure 1.1—currently contains a daycare facility at the rear of the property. The landowners are now seeking to develop the underutilized front portion of these lands with a separate commercial building of approximately **2,260 square feet (210 square metres)**. Consistent with permissions for a building on lands zoned Village Commercial (C1), the intent is for this space to be used for a local-serving retail / service commercial use, such as: an ice cream store, a small retail shop, a general or professional office space or potential after school programs.

The subject site is located within the Ilderton *Urban Settlement Area* and designated *Settlement Commercial*. It is also subject to SPA#27, which specifies the following requirement for this type of study:

Section 11.0 – *The establishment of any new uses on the property shall be subject to a further zoning by-law amendment application that includes the submission of a planning justification report, a market impact assessment and any other additional supporting documentation as deemed appropriate by the Municipality.*

Figure 1.1
Location of the Subject Site



Source: Parcel.

1.2 Purpose

Based on ongoing discussions with municipal staff at Middlesex County—and as identified in SPA#27 of the Middlesex Centre Official Plan—you have been asked to prepare a *Market Impact Assessment* as one of the technical submission requirements in support of your municipal development application.

As detailed by the County, the purpose of this report is to establish the current—and potential future—commercial market conditions in the community and to gauge the extent to which the subject development could negatively **impact the planned function** of other commercial establishments in the area, if at all.

As part of this study, we have also included a brief written opinion as to the overall appropriateness of the proposed commercial development, from a market / economic perspective and based on our extensive experience preparing similar market demand studies.

1.3 Scope

The scope of work for this study was originally coordinated and agreed upon through preliminary discussions with the landowners of the subject site and their planning consultants (Baker Planning Group), as well as in direct coordination with the County's planning staff.

Recognizing the relatively limited amount of new development proposed on an existing commercial property, our study has generally been **limited to a high-level "letter of opinion" style reporting** supported by appropriate high-level research and analysis, rather than a more extensive or typical retail market demand analysis and/or narrative report. To that end, we further note that this engagement deliberately excludes the preparation of any: (i) in-person field work; (ii) more extensive or supplementary consumer market research (e.g., surveys, customer origins, etc.); and (iii) more detailed expenditure-based market demand / impact analysis.

Consideration of Previous Market Study

In addition to the range of independent research and analysis presented herein, we note that Parcel has also reviewed and directly considered the results of an equivalent market study prepared a number of years ago by urbanMetrics inc. (i.e., the *Retail Market Study*, dated June 20, 2016 and prepared on behalf of HLH Investments Inc.). This previous study by urbanMetrics was prepared for the proposed commercial development at 13349 Ilderton Road, which is now home to the Tim Horton's adjacent to the subject site.

For the purposes of simplicity and ease-of-comparison, we have utilized similar underlying assumptions as a baseline to selected elements of this assessment, including: the delineation of a key geographic area of study (the "Trade Area"), target market capture / inflow assumptions, as well as the results of the inventory of existing commercial space operating in the community at that time. Where applicable, some of these assumptions and statistical inputs have been updated accordingly by Parcel to reflect not only our own professional judgement, but also the time that has elapsed since this previous study was completed (e.g., to reflect natural changes that have occurred in the local market, as well as the retail industry more generally, especially in the context of a post-COVID-19 environment).

2.0 Site Context

2.1 Surrounding Uses

To determine the suitability of the subject site for the proposed commercial development, we have evaluated it from a market perspective and summarized the land uses surrounding the subject site. At a high-level, the area surrounding the subject site is primarily comprised of residential uses, as well as open park space. The *Village Centre*—and main commercial area of the community—is located just west of the subject site. More specifically:

- The property abutting the site to the **east** is occupied by a new commercial development that includes a limited food service (Tim Hortons) and a small commercial building (4,550 square feet). Additional retail/service commercial space is concentrated **west** of the subject site in the *Village Centre*. This area also includes a range of other office uses, complementary entertainment / recreational facilities, and open space or park land as permitted in the Middlesex Centre Official Plan (OP).
- The area to the **north** of Ilderton Road, extending to the northern end of the community, is largely developed with residential uses. This includes more established subdivisions (e.g. Deerhaven), in addition to developing residential communities (e.g. Clear Skies Community). Residential uses also prevail **west** of the subject site, extending **south** to the edge of the community.
- A range of other uses—including places of worship, adult living communities, a public library and medical uses—surround the subject site, primarily to the **west** and **south**.

The subject site is already designated Settlement Commercial and is well positioned to host additional retail/service commercial uses given its proximity to neighbouring commercial properties, in addition to existing development on the subject site.

Overall, the proposed addition of a small commercial block at the front end of the subject site would enhance the retail offerings and planned function of an existing commercial node at this location, without detracting from more substantive retail offerings in the *Village Centre*.

2.2 Access

In conjunction with above, we have considered the transportation network surrounding the subject site. Ilderton Road is identified as a *County Road* in the Middlesex Centre OP. Similarly, County Road 20 (Hyde Park Road) just east is also identified as a *County Road*. As such, local residents—in addition to potential customers travelling by automobile among/between nearby communities or from beyond the immediately surrounding area—will have excellent access to the subject site.

The proposed development at the front of the subject property may also:

- **Enhance exposure and visibility** to the subject site, improving visitor traffic to the site and abutting commercial development to the east at 13349 Ilderton Road; and,
- **Increase the attraction of the *Village Centre*** which is only 350 metres west of the subject property by enhancing the overall draw of commercial offerings at the subject gateway intersection.

3.0 Market Context

3.1 Trade Area

A Trade Area represents the primary geography for which the proposed new commercial uses at the subject site are expected to derive most of their sales volume or “customer support”. For the purposes of this study, it encompasses the surrounding population which is most likely to shop for goods and services at the subject site.

Additional retail/service commercial spending will also inevitably be generated—to some extent—from the occasional shopping performed by customers living outside this Trade Area (i.e., a source of customer support commonly known as “inflow”).

The Trade Area delineated for this analysis has been shown in Figure 3.1. Recognizing the location of the subject site, the surrounding retail competition, the nature and scale of the subject proposal, in addition to previous market studies prepared for nearby commercial developments, the Trade Area is **consistent with the Ilderton Urban Settlement Area**, as defined by the Middlesex Centre Official Plan.

Figure 3.1
Map of Delineated Trade Area



Source: Parcel with ESRI.

3.2 Population

In evaluating commercial market demand in the Trade Area, it is important to establish the local population base and any projected changes in future years. Both are key inputs in determining future demand for commercial space in the area, including on the subject site.

These characteristics provide an understanding of the potential growth in the customer base that are likely to patronize commercial facilities in the Trade Area and help gauge the extent to which the subject development could negatively impact the planned function of commercial establishments in the area, if at all.

As detailed in Figure 3.2:

- Based on data from Statistics Canada, the **2021 population of the Trade Area is some 3,700 persons**. This represents a growth of 700 persons from the 2011 population (2.3% average annual growth) and comprises some 19.5% of the Municipal population in 2021.
- To forecast the future population of the Trade Area, Parcel has reviewed population forecasts prepared for the Municipality of Middlesex Centre Growth Management Strategy (GMS) in 2022 and included as background to the Municipality’s Official Plan Review (OPR). These forecasts include future population estimates for Middlesex Centre over the longer-term 25-year planning horizon. They also provide a 2046 population estimate for each settlement area, including the Ilderton Urban Settlement Area.
- Consistent with forecasts prepared for the GMS, the **2046 population of the Trade Area has been estimated at some 7,100 persons**. This represents approximately 19.9% of the anticipated 2046 population for Middlesex Centre.
- Relying on the 2021 and 2046 population estimated for the Trade Area and Middlesex Centre, Parcel has subsequently estimated the 2031 population of the Trade Area as a more relevant “intermediate” point of reference within this forecast period. This estimate considers the current (2021) and anticipated future (2046) relationship between the Trade Area and Middlesex Centre, to estimate the share of municipal residents that will likely reside in the Trade Area in 2031. It is also based on the 2031 population forecast for Middlesex Centre which is included in the population forecasts prepared for the GMS.

Based on this analysis, it is estimated that the **2031 population of the Trade Area could be 5,200 persons** (19.7% of Middlesex Centre).

Figure 3.2

Trade Area Population

	Historical ¹			Forecast ²	
	2011	2016	2021	2031	2046
Ilderton	3,100	3,300	3,700	5,200	7,100
Middlesex Centre	16,900	17,700	19,200	26,700	35,600
<i>Ilderton Share of Middlesex Centre</i>	<i>18.3%</i>	<i>18.6%</i>	<i>19.3%</i>	<i>19.5%</i>	<i>19.9%</i>

Source: Parcel.

¹ Based on Statistics Canada and adjusted for net under coverage.

² Based on forecasts included in the Middlesex Centre - Growth Management Strategy Technical Report (February 2022) and as background to the Official Plan Review.

Commercial Demand Generated by Population Growth

The population of Ilderton is anticipated to grow by some 1,500 persons by 2031, representing approximately 20% of anticipated growth forecast across Middlesex Centre over this period. The residential population growth across the community anticipated over the short- and longer-term planning horizon highlights the need for new commercial space in Ilderton. In particular, at least some expansion of commercial space will likely be required to maintain current and/or preferred service levels and to support the support the day-to-day needs of community residents, particularly as it relates to local-serving commercial activities such as those proposed on the subject site.

3.3 Commercial Inventory

Existing Space

In determining the potential impact, if any, of the proposed commercial space on the subject site, a high-level retail/service commercial inventory was completed by Parcel in June 2023.

This included an inventory of all Food Retail ("FR"), Non-Food Retail ("NFR") and Service-based commercial facilities:

- A total of some **64,500 square feet** of retail/service commercial space was identified.
- This total inventory represents growth of some 20,000 square feet above the total retail/service commercial space identified in Ilderton in 2016 via the urbanMetrics inc. market study.

- Despite growth in the total quantum of space (including new developments at 13187 & 13349 Ilderton Road), retail/service commercial space in Ilderton continues to be comprised of relatively small-scale, local-serving facilities that range between 500 and 2,000 square feet.
- There is limited variety among existing retailers in Ilderton, with some 76% of retail/service commercial space comprised of Services. Ilderton also lacks a grocery store, which limits its overall commercial draw.
- A reasonably healthy **vacancy rate of 7.1%** was also identified through our inventory¹. In our experience, a vacancy rate between 5% and 8% is reflective of a balanced market. We would also note that existing vacant space is largely comprised of new developments that have not yet been tenanted.

Figure 3.3

Inventory of Retail/Service Commercial Space

Retail / Service Category	Supply (square feet)	%
Food Retail (FR)	2,400	3.7%
Convenience & Specialty Food	2,400	3.7%
Non-Food Retail (NFR)	8,700	13.5%
Health & Personal Care	4,600	7.1%
Miscellaneous Stores	2,200	3.4%
Furniture, Home Furnishings & Electronics	1,900	2.9%
Services	48,800	75.7%
Finance, Insurance, Real Estate (F.I.RE)	13,100	20.3%
Professional & Business Services	3,900	6.0%
Health Care & Social Assistance	1,900	2.9%
Arts, Entertainment & Recreation	6,000	9.3%
Food Services	7,800	12.1%
Personal Care, Goods Repair & Maintenance	6,700	10.4%
Other ¹	9,400	14.6%
Vacant	4,600	7.1%
Grand Total	64,500	100.0%

Source: Parcel based on desktop inventory and rounded to the nearest 100 square feet.

¹ Includes Civic and Social Organizations.

¹ A typical or “healthy” retail/service commercial vacancy rate that is characteristic of a balanced market typically falls in the range of 4-6%. Given the size and stature of the community of Ilderton and recent changes in the retail industry, it is not surprising—nor alarming—that the current vacancy rate extends slightly beyond this typical range.

Proposed Space

At the time of this study, there are no other known development proposals in the Trade Area that would alter the local supply of commercial space.

4.0 Market Assessment

To gauge the extent to which the subject development could negatively impact the planned function of other commercial establishments in the area, Parcel has conducted a high-level market demand assessment based on a “per capita” space needs methodology.

The following provides a brief overview of our approach to this assessment:

- Per capita space ratios for this analysis have been based on a range of previous commercial inventories carried out across Southern Ontario communities. They also have regard for—and are more-or-less consistent with—the previous retail market study prepared for the commercial lands located at the southwest corner of Ilderton Road and Hyde Park Road.
- Recognizing that future residents of the Trade Area will continue to shop in areas beyond the Trade Area, we have also estimated target Trade Area capture rates which vary by store category depending on their typical drawing power (e.g., “local” versus “community-wide” or even “regional” type facilities).
- Similar to above, future retail/service commercial businesses can also be expected to generate a portion of their sales volumes from customers living outside the Trade Area (known as “inflow”). The amount of inflow will also vary by store category, resulting in an estimated overall increase in the total space warranted in the Trade Area.
- The capture and inflows employed in this analysis recognize the previous retail market study prepared for neighbouring commercial lands. That said, minor adjustments have been made to selected store categories to reflect more recent changes in the local commercial market and based on our own professional opinions.

As shown in Figure 4.1, the estimated 2031 population of some 5,200 residents could command an overall demand for some **79,900 square feet** of retail/service commercial space. After considering the current inventory of commercial space identified earlier, this would result in a **net new space requirement of about 20,000 square feet**.

2022 GMS Technical Report

The need for additional retail/service commercial space in Ilderton going forward is validated in the 2022 Technical Report prepared for the *GMS*. The Technical Report clearly states that the city will need additional commercial land to support population growth to 2046.

More specifically—and in advance of a more detailed *Commercial Land Needs Study*—it also acknowledges that **Ilderton will need to add commercial lands** to keep pace and support more localized population growth.

Figure 4.1

Ilderton Retail / Service Commercial Needs Analysis

	Typical Space per Capita			Space Supported by Residents		Target Capture		Space Supported in Trade Area		Inflow		Warranted Space		Less: Existing Space		Net New Space	
2031 Population	5,200	x	A	=	B	x	C	=	D	x	E	=	F	-	G	=	H
Food Retail																	
Convenience + Specialty Food	1.5 sf				7,800 sf		75%		5,850 sf		15%		6,900 sf		2,400 sf		4,500 sf
Non-Food Retail																	
Building + Outdoor Home Supply	3.0 sf				15,600 sf		20%		3,120 sf		15%		3,700 sf		-		3,700 sf
Furniture, Home Furnishings + Electronics	3.0 sf				15,600 sf		20%		3,120 sf		10%		3,500 sf		1,900 sf		1,600 sf
Health + Personal Care	1.5 sf				7,800 sf		65%		5,070 sf		15%		6,000 sf		4,600 sf		1,400 sf
Apparel + Accessories	2.0 sf				10,400 sf		20%		2,080 sf		10%		2,300 sf		-		2,300 sf
General Merchandise	6.5 sf				33,800 sf		20%		6,760 sf		10%		7,500 sf		-		7,500 sf
Miscellaneous Retailers	2.0 sf				10,400 sf		35%		3,640 sf		15%		4,300 sf		2,200 sf		2,100 sf
Services																	
Finance, Insurance + Real Estate	2.0 sf				10,400 sf		60%		6,240 sf		20%		7,800 sf		13,100 sf		(5,300) sf
Professional + Business Services ¹	1.0 sf				5,200 sf		20%		1,040 sf		10%		1,200 sf		3,900 sf		(2,700) sf
Health Care + Social Services	2.5 sf				13,000 sf		60%		7,800 sf		15%		9,200 sf		1,900 sf		7,300 sf
Food + Drinking Places	3.5 sf				18,200 sf		55%		10,010 sf		20%		12,500 sf		7,800 sf		4,700 sf
Cultural, Entertainment + Recreation	1.0 sf				5,200 sf		50%		2,600 sf		15%		3,100 sf		6,000 sf		(2,900) sf
Personal + Household Goods Repair + Maintenance	0.5 sf				2,600 sf		60%		1,560 sf		10%		1,700 sf		6,700 sf		(5,000) sf
Other ²	4.5 sf				23,400 sf		35%		8,190 sf		20%		10,200 sf		9,400 sf		800 sf
TOTAL	34.5 sf				179,400 sf		37%		67,080 sf		16%		79,900 sf		59,900 sf		20,000 sf

Source: Parcel

¹Professional + Scientific Services; Selected Office Administrative Services

A = Professional judgement from other communities

B = A x 2031 Population

C = Professional judgement & previous market studies

D = B x C

²Selected Civic + Education + Social Organizations

E = Professional judgement F = D / (1 - E) and previous market studies in Ilderton

G = Parcel 2023 Desktop Inventory

H = F - G

5.0 Conclusion

5.1 Summary

The results of our market analysis suggest that additional retail/service commercial space will be required to accommodate a growing population in Ilderton.

This includes **up to 20,000 square feet of new retail/service commercial space by 2031**. In our opinion, the categories with additional warranted space—including those that are most likely to locate on the subject site—include:

- Convenience and Speciality Food (4,500 square feet);
- Health and Personal Care stores (1,400 square feet);
- Health Care and Social Services (7,300 square feet); and
- Food and Drinking Places (4,700 square feet)

5.2 Key Takeaways

1

Market Opportunity Available

Based on the foregoing analysis, there is market demand to warrant the addition of a 2,260 square foot (210 square metre) retail / commercial development on the subject site.

2

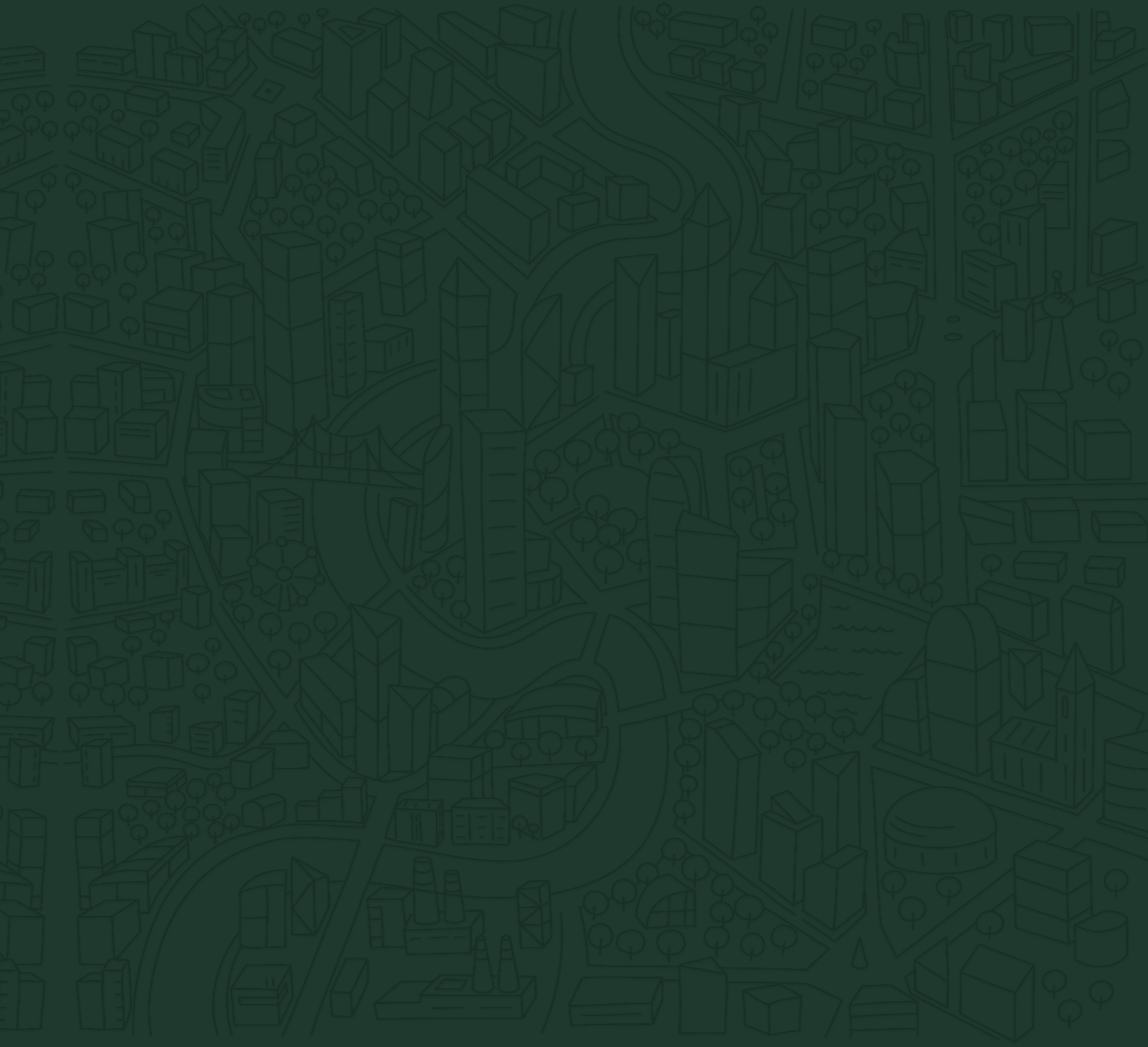
Appropriateness of Site for Commercial Development

The subject site is primed for retail development and is suitable for the range of potential local serving uses contemplated (e.g., ice cream store, office space, clinic, etc.). Not only is the site already designated for commercial uses, but it also sits directly west of another commercial property that has recently expanded its retail offerings.

3

No Impact on Planned Function

In our opinion, the proposed development will not have any negative impact on the planned function or operation of other commercial establishments in the area. In fact, recognizing significant population growth anticipated in Ilderton, new retail space on the subject site will support the expanding commercial needs of a growing community by increasing the retail supply on an existing commercial property.



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