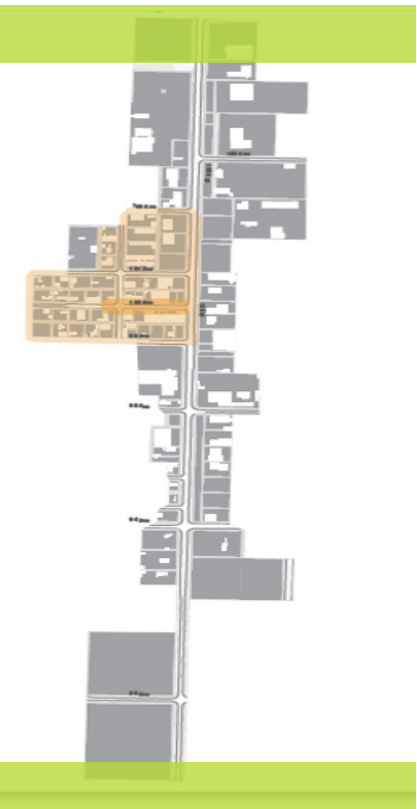


JULY 2017



LA CRETE RETAIL MARKET ANALYSIS



Prepared for the Hamlet of La Crete, Mackenzie County

Prepared by Cushing Terrell Architecture Inc.

**CUSHING
TERRELL**
ARCHITECTURE INC.

RETAIL

Market Analysis

**CUSHING
TERRELL**
ARCHITECTURE INC.



Member of
International Council
of Shopping Centers



ICSC Alliance for Public-Private Partnership

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i PREFACE



Cushing Terrell Architecture Inc. ("Cushing Terrell") was commissioned by the Hamlet of La Crete and MacKenzie County in February 2017 to conduct a Retail Market Analysis for the Hamlet and County. The same is being conducted for the Town of High Level, but this document is provided under a separate cover.

The study was carried out over the period of February to July 2017.

The objective of this study is to thoroughly document the Hamlet of La Crete's current retail inventory. Then estimate the realistic retail Trade Area area for which it serves and the retail expenditure profile across various retail categories/store types as an indication of retail inflow/outflow and opportunities therein that the Hamlet of La Crete could potentially pursue. The end result is to fill gaps and bolster the local retail market by retaining or attracting greater market share of resident and visitors in the wider community including areas such as Fort Vermillion and Fox Creek.

Retail spending (i.e. demand), the Hamlet's retail inventory, and its corresponding productivity (i.e. supply) was estimated to identify gaps in La Crete's current provision of shops and services.

This document is intended to assist the Hamlet of La Crete, MacKenzie County and the Regional Economic Development Initiative (REDI) in promoting the community, working with developers and investors, as well as attracting new or expanding retailers and formats. It further aims to retain existing retailers as part of a wider Economic Development Strategy for business retention and attraction and succession planning.

Reference material for this report was obtained from, but not limited to: the Hamlet of La Crete, MacKenzie County, Commercial Real Estate Brokerage Firms, International Council of Shopping Centers, and Cushing Terrell Architecture Inc.

Cushing Terrell does not warrant that any estimates contained within the study will be achieved over the identified time horizons, but that they have been prepared conscientiously and objectively on the basis of information obtained during the course of this study.

Also, any tenant references made in the report are for illustrative purposes only and should not be taken as guarantees that they will locate in the Hamlet or County, but rather that they could represent compatible "target" category types to pursue either for local businesses or external regional businesses.

This analysis was conducted by Cushing Terrell as an objective and independent party, and is not an agent of the Hamlet of La Crete or MacKenzie County.

As is customary in an assignment of this type, neither our name nor the material submitted may be included in a prospectus, or part of any printed material, or used in offerings or representations in connection with the sale of securities or participation interest to the public, without the expressed permission of the Hamlet of La Crete, MacKenzie County or Cushing Terrell Architecture Inc.

Cushing Terrell Architecture Inc.
2017

ii EXECUTIVE SUMMARY

INTRODUCTION

Cushing Terrell Architecture Inc. ("Cushing Terrell") was commissioned by the Hamlet of La Crete ("La Crete") and MacKenzie County in February 2017 to conduct a Retail Market Analysis for the Hamlet and County.

LOCATION CONTEXT SUMMARY

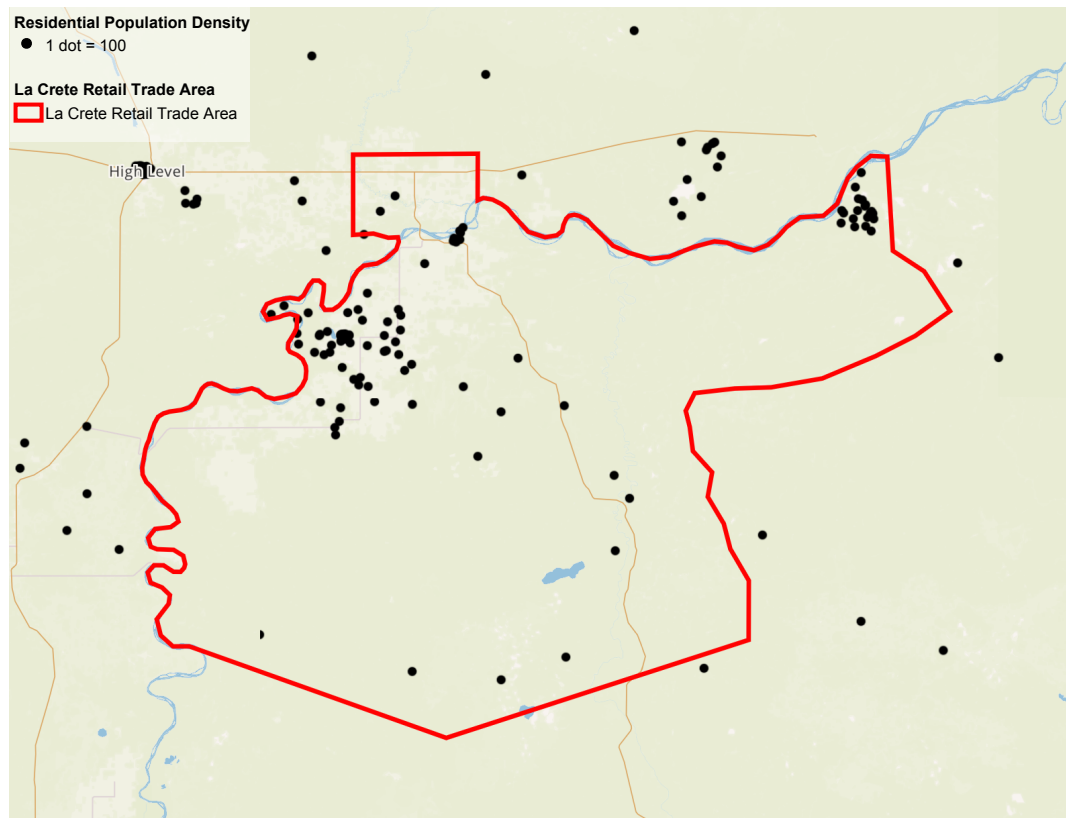
La Crete is located 320 km north of Peace River, Alberta and 115 km southeast of High Level. A Mennonite Community with a population of approximately almost 2,300 (2016 Census), La Crete's trading region approaches almost 14,000 within an approximate 45 to 60 minute drive time.

RETAIL TRADE AREA SUMMARY

The Trade Area population is estimated for 2017 to be just over 13,500. This population is forecast to generally remain in and around that level over the foreseeable horizon, growing to almost 14,000 by 2027.

La Crete is a unique market in that residents are very loyal and thus the market penetration is relatively strong, with the exception of bigger ticket item, for which infrequent trips to Grande Prairie or Peace River are likely.

On that basis, ongoing efforts should be focused on even further deepening market penetration for sustaining existing business vitality and for ensuring proper business succession planning.



ii EXECUTIVE SUMMARY



Clearly however, new population growth will not be the primary determinant to retail growth, but rather better marketing and penetration of the exiting market.

In total, the median age is a very youthful 21.7 and within which the dominant age group cohort is the 0 to 4 years. The trade area demographic profile further reveals that 47% of the Primary Trade Area's population is currently under the age of 20 years. This age cohort represents an age cohort that may not be the strongest spending segment, but they are nonetheless very influential in the spending of other household members.

In terms of Trade Area retail spending and regardless of where residents spend their money, realizing that spending will occur in Grande Prairie or Peace River, the Top 5 retail spending categories for the Total Trade Area are:

1. *Grocery & Specialty Foods - \$42.2 Million*
2. *Auto/RV/Motorsport - \$29.3 Million*
3. *Clothing & Apparel - \$15.7 Million (\$19.2 million including Footwear)*
4. *Restaurant F&B - \$12.5 Million*
5. *Home Electronics and Appliances - \$12.4 Million*

RETAIL INVENTORY SUMMARY

The overall vacancy rate is estimated at 3.6% which is within the industry standard for a healthy retail market that typically is in the 3% to 5% level.

The strength of the local market vis-a-vis its support and loyal shopping base is a key driver for the low vacancy and a contributing factor to why retail in La Crete represents a stable market.

The Top 5 retail categories in terms of overall retail floor space in La Crete (excluding Auto categories) are:

- | | |
|--|------------|
| 1. <i>Grocery & Specialty Foods</i> | 66,8500 sf |
| 2. <i>Home Improvement & Gardening</i> | 65,600 sf |
| 3. <i>Specialty Retail</i> | 46,900 sf |
| 4. <i>Clothing & Apparel</i> | 16,400 sf |
| 5. <i>Pharmacy</i> | 14,900 sf |
| 5. <i>Home Furnishings & Accessories</i> | 14,800 sf |

Restaurants are a notable category lacking in the community and while this may have a correlation with the young demographic profile, one of the other driving factors is that many of the restaurant concepts looking at a market of La Crete's size typically have a bar or alcohol component, which is not as conducive to the demographic makeup of La Crete.

RETAIL DEMAND SUMMARY

The key to La Crete's retail opportunity lies in incrementally and slowly increasing the overall market share of sales, realizing that the draw of Grande Prairie, Peace River (Wal-Mart) will still continue to be a major factor in attracting spending in the DSTM type categories.

This opportunity is summarized for key categories as follows:

Grocery & Convenience new demand	14,700 sf
market share increase from 52% to 60%	
Restaurant F&B new demand	7,600 sf
market share increase from 17% to 25%	
Personal Services new demand	4,075 sf
market share increase from 3% to 10%	
Personal Services new demand	2,800 sf
market share increase from 3% to 15%	

If La Crete were to increase its current market share penetration by 5% from an estimated 35% to 40%, of the Trade Area then the total demand by the year 2022, without new population growth could be just over 40,000 sf.

LA CRETE



Agricultural
Center
of the North



Welcome To
La Crete
"Alberta's Last Frontier"

1.0 introduction

1.1

SCOPE OF STUDY & PROJECT BACKGROUND

Cushing Terrell Architecture Inc. ("Cushing Terrell") was commissioned by the Hamlet of La Crete ("La Crete") and MacKenzie County in February 2017 to conduct a Retail Market Analysis for the Hamlet and County. The same is being conducted for the Town of High Level, but this document is provided under a separate cover.

The study was carried out over the period of February to July 2017.

The objective of this study is to thoroughly document the Hamlet of La Crete (as well as and including Fort Vermillion) current retail inventory. The study then estimates the realistic retail Trade Area area for which it serves and the retail expenditure profile across various retail categories/store types as an indication of retail inflow/outflow and opportunities therein that the Hamlet of La Crete could potentially pursue. The end result is to fill gaps and bolster the local retail market by retaining or attracting greater market share of resident and visitor spending in the community.

1.2

REPORT STRUCTURE

Cushing Terrell conducted on-the-ground research in February 2017 to gain a firm understanding of existing and future retail prospects in La Crete. The purpose of this research was to establish a solid foundation and baseline for determining the depth of retail opportunity, associated gaps in the market provision of shops and services, and to determine what type of retail could fill these gaps.

To respond to the work program process, the document is presented in the following sections:

Section 1 - Introduction:

Introduces the study process and structure.

Section 2 - Location Context:

Lays out the important regional and local context of the Hamlet of La Crete as a location where prospective retailers could express interest.

Section 3 - Retail Trade Area Profile:

Identifies and defines the Primary Retail Trade Area and documents the population and expenditure profiles generated from within this respective trade area, against which estimates of floor space demand can be attributed.

Section 4 - Retail Supply:

Assesses the location and characteristics of La Crete's current nodes of retail activity ("supply"), including developing or future planned retail sites. Fieldwork assessments included identifying and quantifying the entire Hamlet's retail inventory by retailer, merchandise category and NAICS industry classification.

Section 5 – Retail Demand:

Quantifies the Trade Area spending and sales productivities, resulting in "demand" associated with each retail category over the next 5 years. La Crete's Demand estimates are then applied against supply to estimate the magnitude of inflow and outflow of retail on a category-by-category basis.

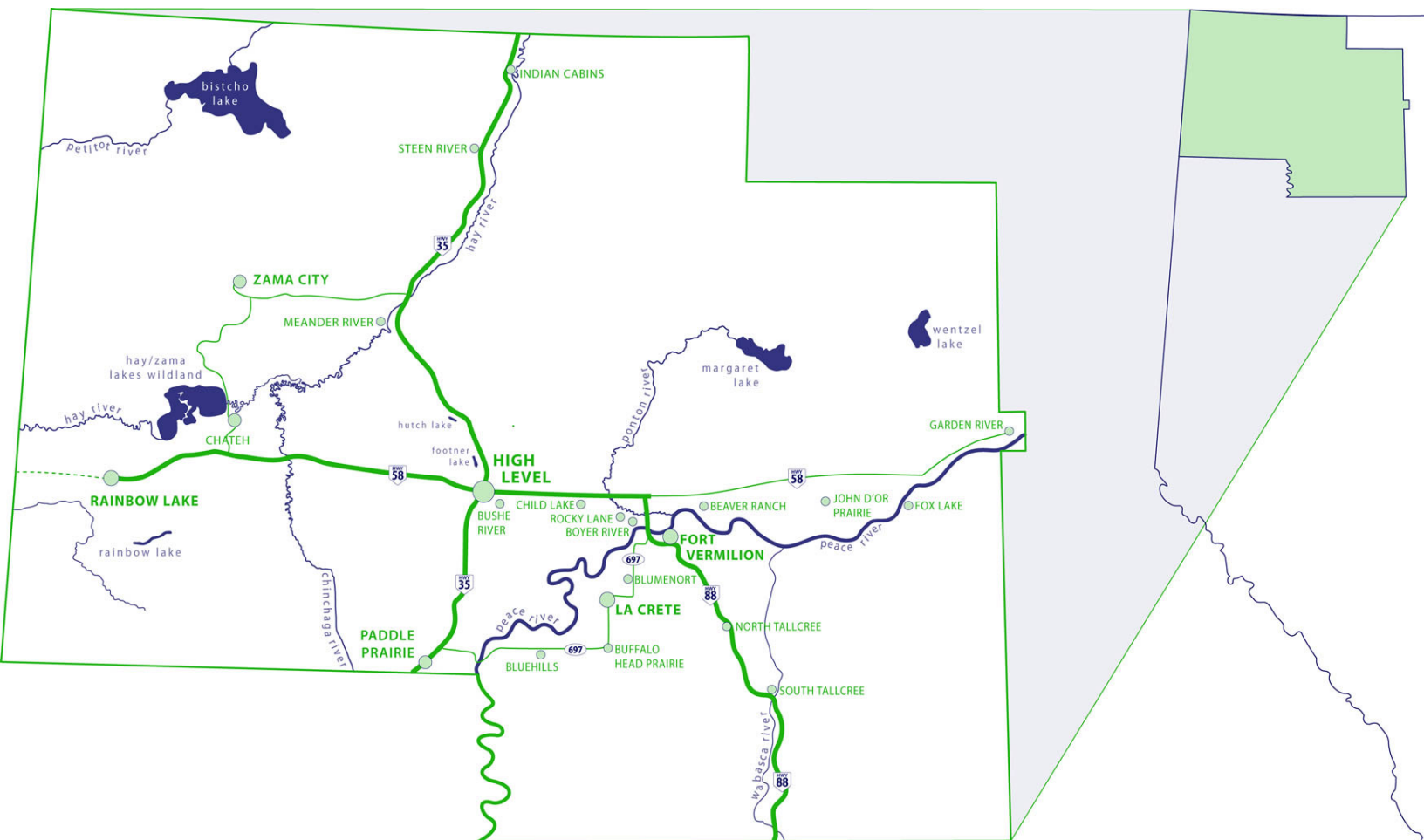


Photo courtesy of <http://www.rediregion.ca/wp-content/uploads/2012/07/REDIFullDownload.jpg>

1.3

SOURCES OF INFORMATION

During the course of this study, a number of resources were used to quantify retail market supply and demand conditions largely comprising primary and secondary research.

The following sources of information were used in this Retail Market Analysis:

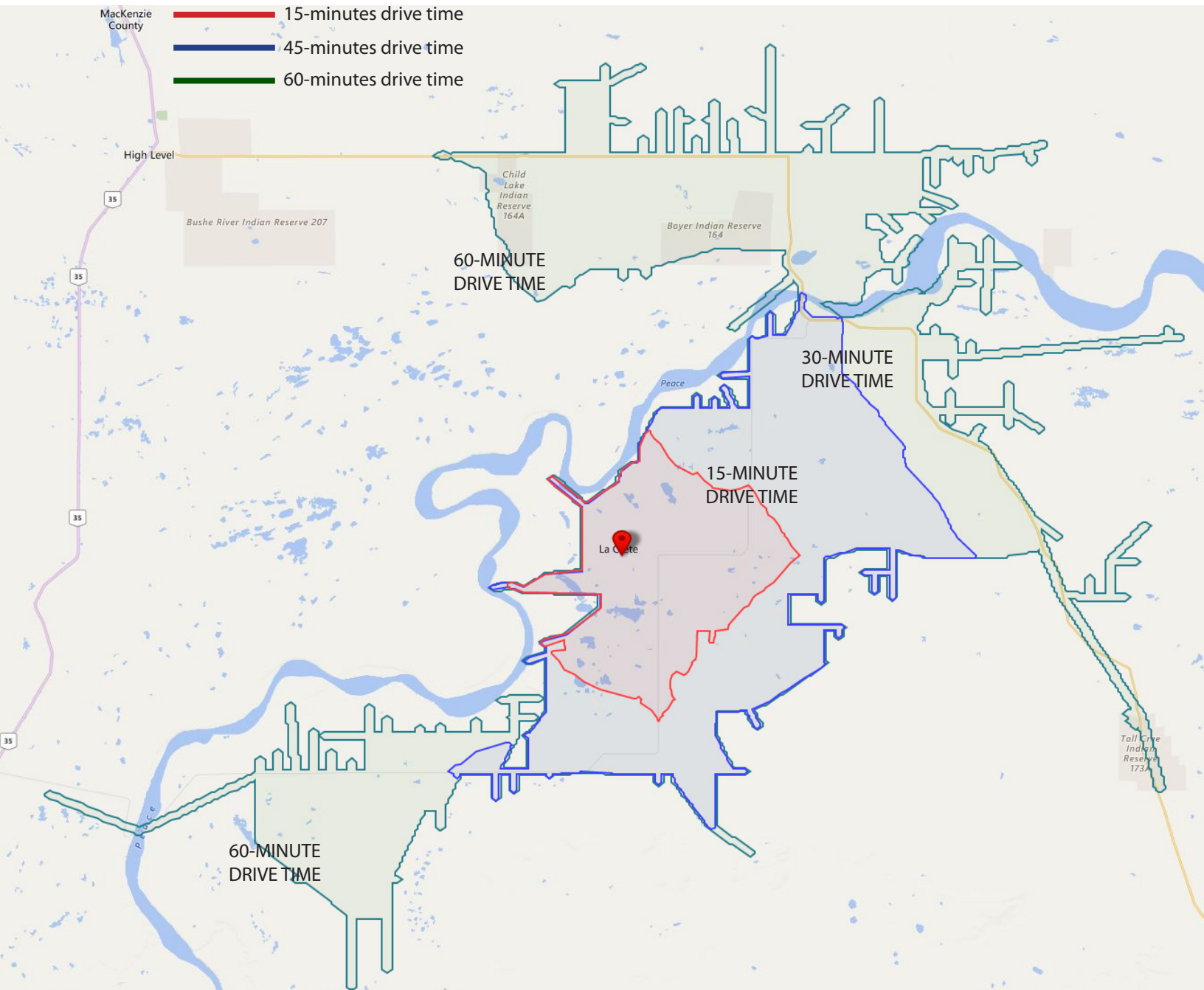
- Alberta Ministry of Transportation, Highways 1 to 986 Traffic Volume History 2003-2016
- Cushing Terrell Architecture Inc. Detailed Retail Inventory Fieldwork, February 2017.
- REDI Retail Market Overview and Trade Area Profiles, 2016 (Cushing Terrell)
- Pitney Bowes Demographics & Spending Data, 2016/2017
- Business Inventory listings

Cushing Terrell would like to thank the following firms and organizations from whom additional information was obtained to provide supplemental retail development, project profiles market and tenant information:

- Century 21 Prime Realty, High Level
- M & M Real Estate, La Crete/High Level
- Conference Board of Canada Metropolitan Outlook, Spring 2016
- International Council of Shopping Centers
- Statistics Canada
- Pitney Bowes
- La Crete & Area Chamber of Commerce
- REDI (Regional Economic Development Initiative)

Figure 2.1

15-30-60 MINUTE DRIVE TIME FROM JUNCTION OF AVENUE 101 & 100TH STREET



2.0 location context

2.1 INTRODUCTION

Location factors are an essential foundation to retail success, and an understanding of these factors can help create the necessary conditions for attracting and retaining retail businesses in a community. This section identifies the Town of High Level regional and local characteristics as they relate to the attraction and retention of retail businesses and merchandise categories.

2.2 LOCAL & REGIONAL CONTEXT

Mackenzie County is Alberta's largest county by area at 7,760,000 hectares of land, and includes the communities of High Level, La Crete, Fort Vermillion, Zama City, and Rainbow Lake located within the boundaries. Highway access to the County is attained through Highway 35, with rail and air services both provided via the Town of High Level.

Economic areas of focus in this County include agriculture, forestry, tourism, and the oil & gas industry.

The Hamlet of La Crete is predominantly Mennonite community started in the mid 1930's and is the agricultural centre of Mackenzie County.

La Crete is located 320 km north of Peace River, Alberta and 115 km southeast of High Level. A Mennonite Community with a population of approximately almost 2,300 (2016 Census), La Crete's trading region approaches almost 14,000 within an approximate 45 to 60 minute drive time.

La Crete is situated in the northwest corner of Alberta and lies at the north base of the Buffalo Head Hills. A few miles to the east lays the Peace River. Besides the scenic hills and majestic river, La Crete is also surrounded by forests, lakes and farmland. La Crete's location provides unlimited opportunities for outdoor recreational activities.

La Crete's economy is fueled primarily by agriculture with logging a close second. The largest employer of La Crete is La Crete Sawmills, which is located a few km southeast of La Crete along Highway 697 and employs approximately 110 people (source - discoverthepeacecountry.com).

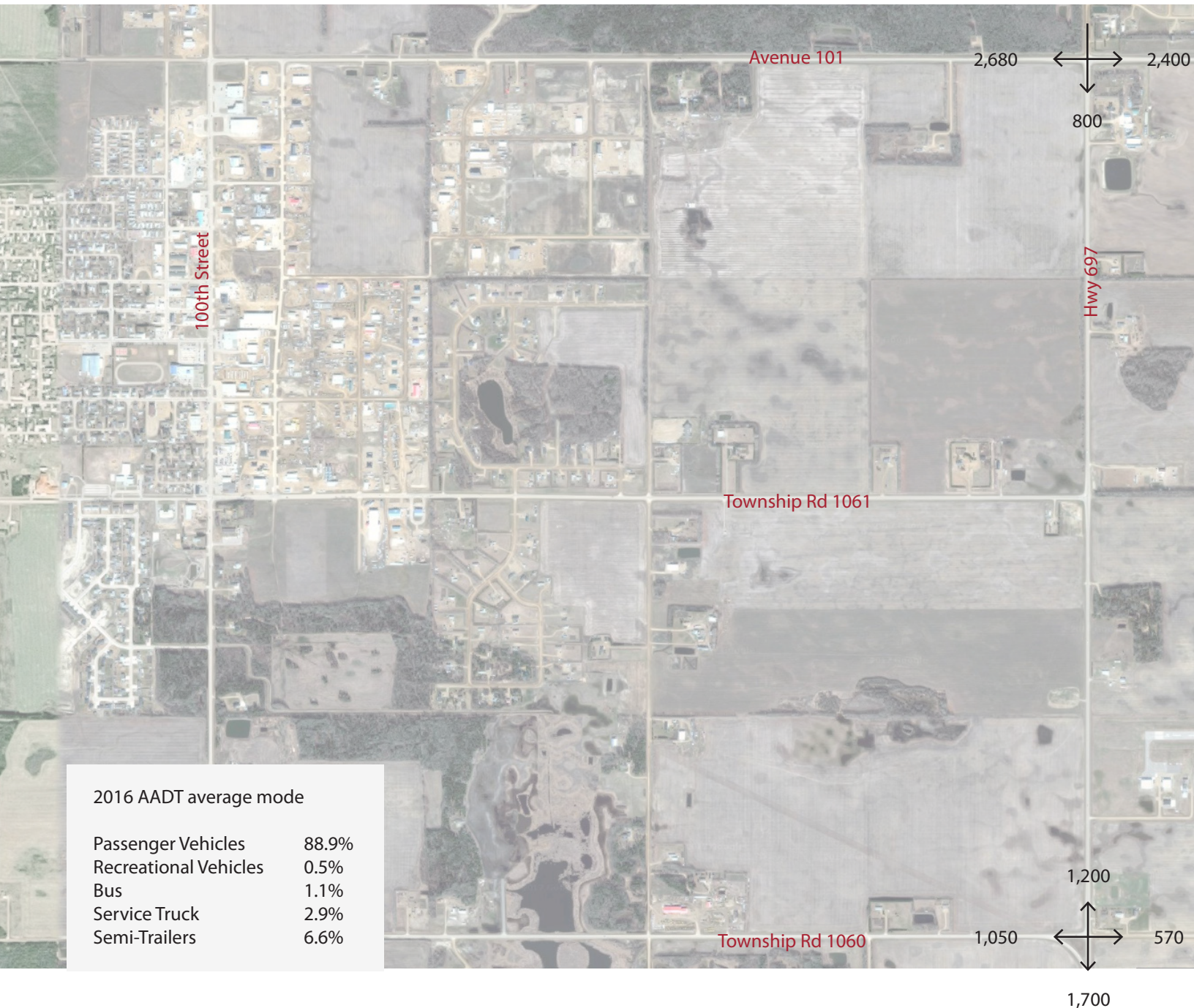
2.3 TRANSPORTATION CONTEXT

One of the most significant aspects to successful commercial development relates to patterns of transportation. The ability to be accessible as well as visible to high volumes of traffic are among the most influential considerations for retail businesses.

For a more isolated rural market such as La Crete a retail location relative to strong and accessible transportation patterns remains an important component. This may be slightly less essential for a local independent business.

Nonetheless, it is paramount for a recognized brand that it have access to as much customer base as necessary, largely because the cost overhead of either acquiring a Franchise License or operating as a corporate entity has a bottom line that must be adhered to.

Figure 2.2
LA CRETE AADT TRAFFIC COUNTS
 (Source: Alberta Transportation 2016)



The Alberta Ministry of Transportation provides detailed traffic counts on major highways and junction points. The most recent 2016 data documented in the form of Average Annual Daily Traffic (AADT) from this Provincial source is shown in **Figure 2.2** and as follows:

1) Avenue 101 & Hwy 697

West on Avenue 101 = 2,680

East on Avenue 101/Hwy 697 = 2,400

South on Hwy 697 = 800

2) Township Rd 1060 & Hwy 697

North on Hwy 697 = 1,200

West on Township Rd 1060 = 1,050

East on Township Rd 1060 = 570

South on Hwy 697 = 2,440

Current Provincial traffic counts are not actually available for the core retail area within the La Crete community, which is along 100th Street.

As a benchmark, it is reasonably believed that traffic counts along 100th St are much higher than those at the Provincially tracked locations. Estimated average annual daily traffic counts along 100th Street are more likely in the range of 3,000 to 4,000 given the compact location of commercial and business services in the area.

With future planned streetscape improvements planned along 100th Street (refer to Figures 2.3 & 2.4), traffic flow and pedestrian mobility is expected to be improved.

Tomkins Landing Ferry

During the summer months the La Crete Ferry, also known as the Tompkins Landing Ferry, shuttles vehicles across the Peace River on Highway 697 about 70 km southwest of La Crete. In the winter, an ice bridge is maintained at the same spot, but only allows limited crossings.

Although this access connects La Crete to the Mackenzie Highway near Paddle Prairie, offering a considerable time saving when traveling to or from La Crete., the seasonality of the travel limits a more deeper penetration to markets such as Manning.

For example, during the spring and fall, when the river is unfit for the ferry and the ice too thin to support vehicle traffic, or at other times when the ferry is not operational, travelers must continue north to High Level, then east on Highway 58 before coming back south to reach La Crete.

Because of the challenges presented by traveling the ice bridge or ferry, the La Crete trading region largely does not penetrate west of the Peace River.



Photo courtesy of

<http://www.discoverthepeacecountry.com/htmlpages/lacrete.html>

Figure 2.3
LA CRETE STREETSCAPE IMPROVEMENTS
 (Source: Mackenzie County Economic Development)

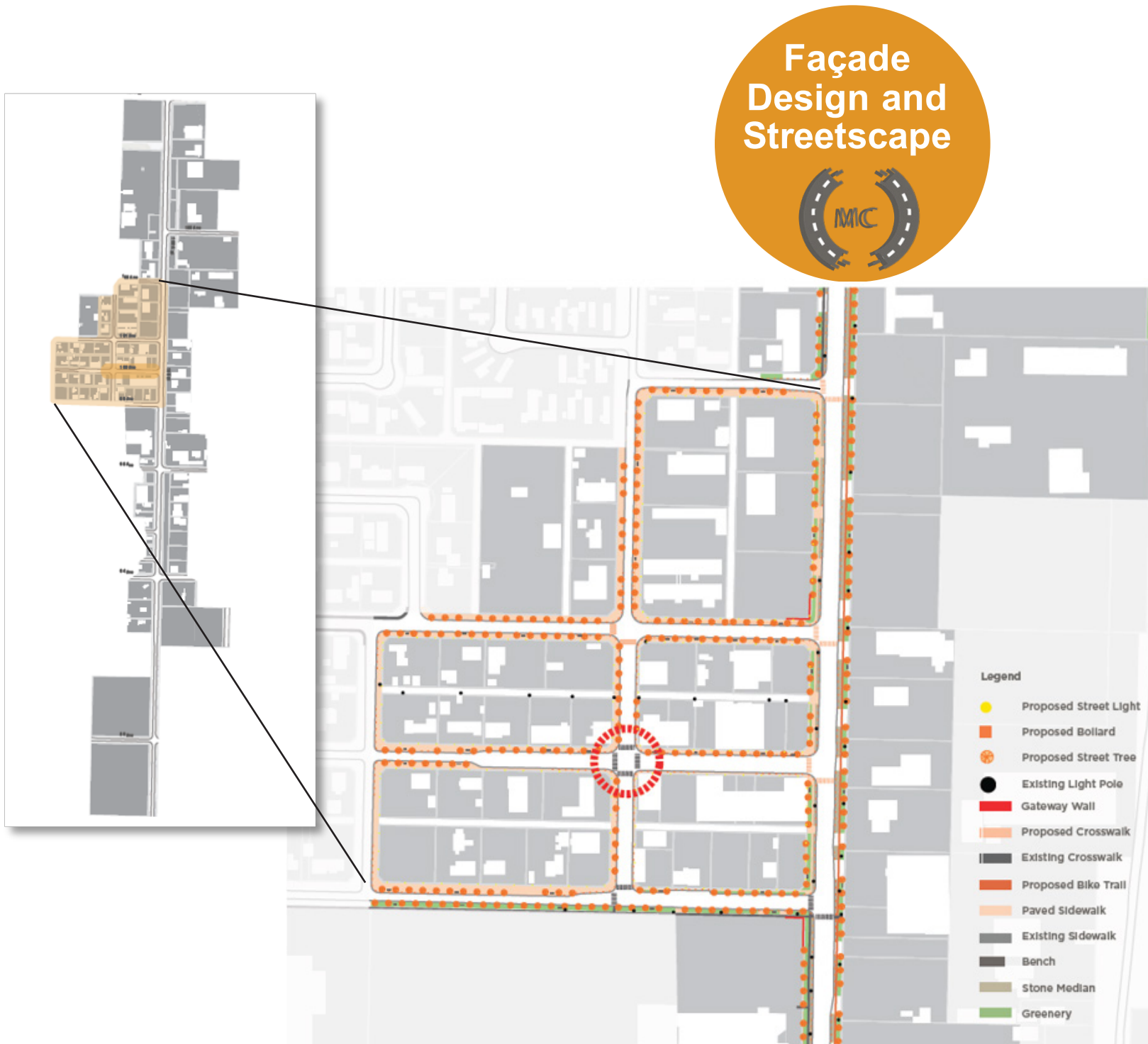
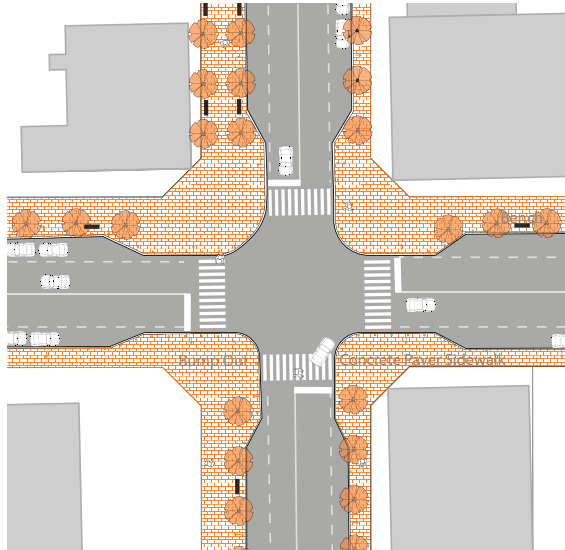


Figure 2.4
LA CRETE DOWNTOWN PLAN
 (Source: Mackenzie County Economic Development)

La Crete Downtown Plan

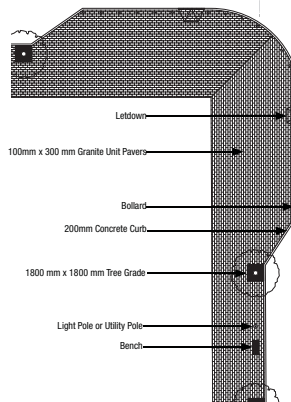
Cross Section at 100 Ave and 101 St



Safety Crossing Precedent



Sidewalk Paving Standard



La Crete Street Section

Section C

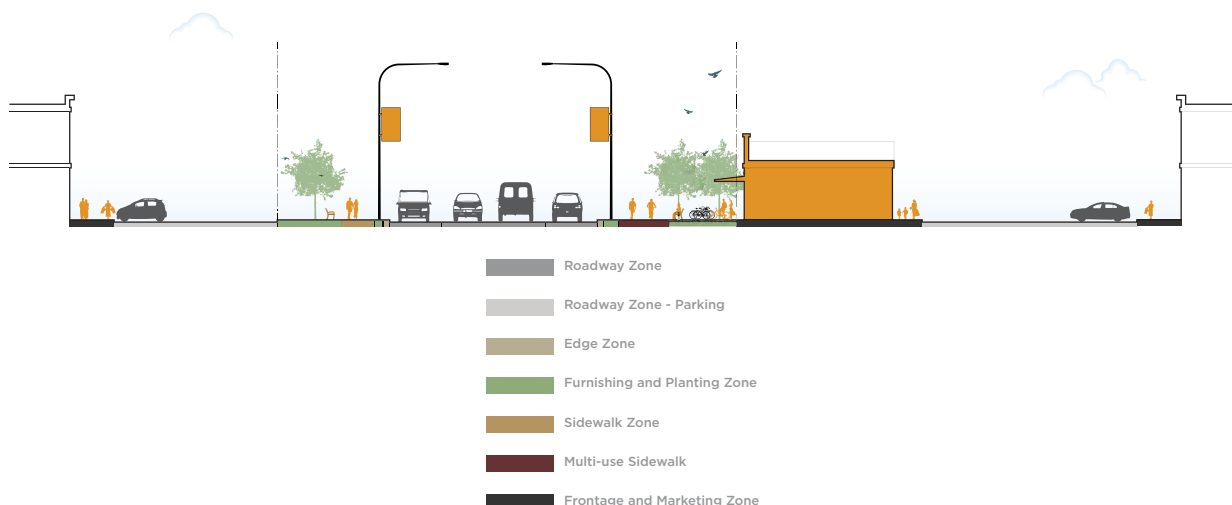




Photo courtesy of Cushing Terrell Architecture Inc.

3.0 retail trade area

3.1 INTRODUCTION

In order to create a framework for evaluating retail demand and subsequent gaps in the provision of shops and services, it is necessary to define and identify the Trade Area from which La Crete's retail sales are most frequently and likely to be sourced and generated.

The Trade Area recognizes drive times, demographics, spending attributes and competition, which collectively portray the market to prospective tenants, developers and investors.

Identifying the Trade Area is important for understanding the total market potential available to current and future retailers. The local and regional residential base has particular demographic and spending habits that provide insight as to the type of compatible retail tenants, the amount of retail floor space supportable in the market, and the current inflow or outflow of retail sales, and for which categories such inflow or outflow exists.

As a first step, a Trade Area was delineated to identify the geographic region from which regular patronage could be expected, based on a series of boundary determinants.

Major considerations in defining a Retail Trade Area were applied to La Crete to determine its most realistic Trade Area, as well as to help sensitize potential market share inputs from within the Trade Area. Given the regional relationship with other retail hubs notably High Level, the Trade Area is a reflection of other retail nodes.

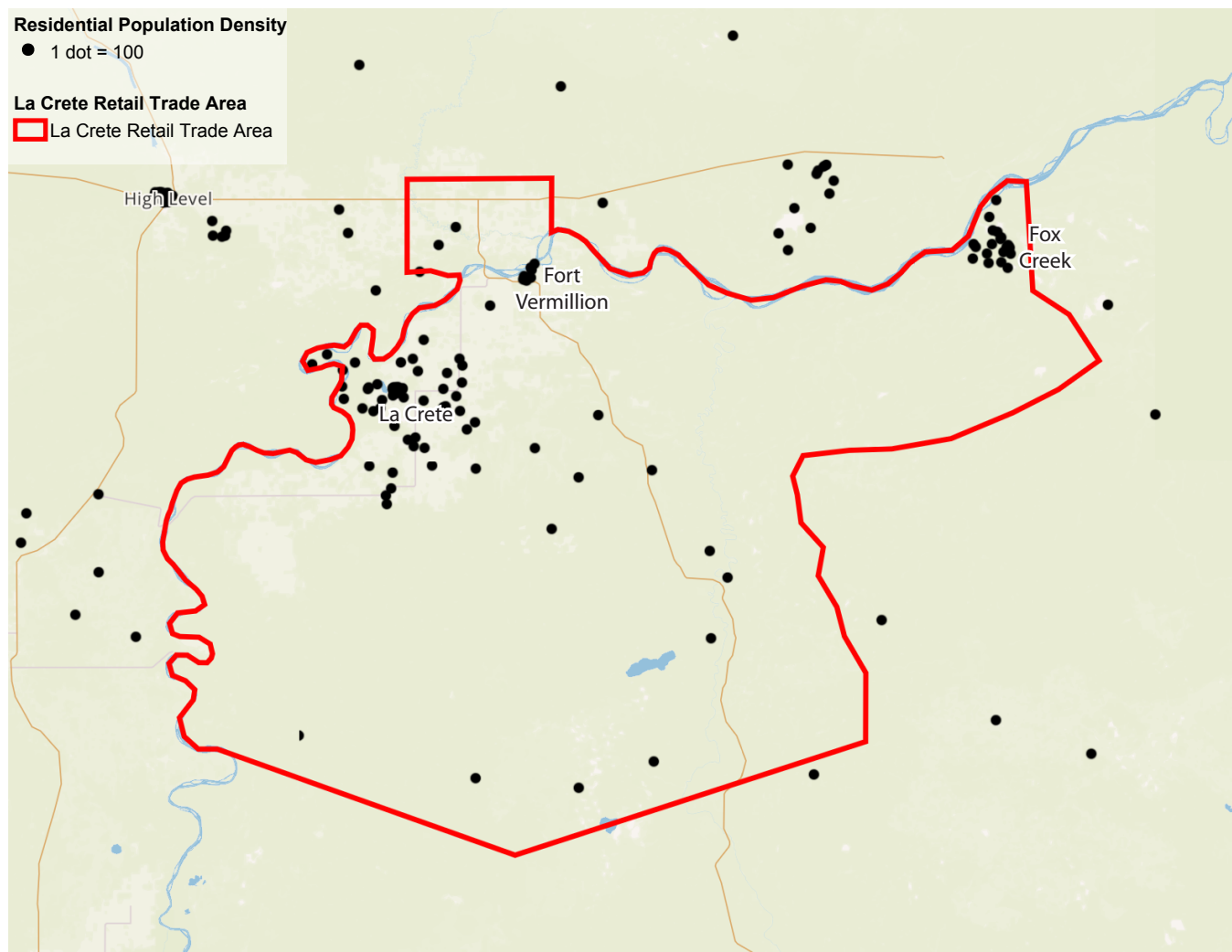
Retail Trade Area Determinants

- i. Transportation networks, including streets, highways and river crossings which affect access, drive times (Figure 3.1), commuting and employment distribution patterns;
- ii. Major infrastructure projects both planned or under development which could affect future travel patterns;
- iii. Overall Community development vision, including an understanding of key nodes' characteristics;
- iv. Local and regional competitive environment, present and future;
- v. Proposed generative uses (retail, cultural, civic, etc.) and their relationship within the wider market;
- vi. Significant natural and man-made barriers (e.g. water features, highways and industrial areas);
- vii. De facto barriers resulting from notable socioeconomic differentiation;
- viii. Patterns of existing and future residential and commercial development; and
- ix. Economic realities, such as provincial retail sales taxes.

In some markets, a Trade Area could be subdivided into additional Trade Areas to provide a more refined analysis of the retail opportunity. These subdivisions include a Primary Trade Area from which the majority of retail sales originate, as well as Secondary Trade Area(s), each of which is specifically determined based on the identified trade area determinants.

Figure 3.1

LA CRETE RETAIL TRADE AREA WITH RESIDENTIAL DENSITY



In the case of La Crete, given its geographic boundaries as well as the specific demographic and cultural nuances, its Trade Area is best represented by a singular Primary Trade Area, which could be supplemented by miscellaneous inflow that results from visitor flows, most often in the warmer summer months, though miscellaneous inflow is more infrequent.

For this particular study, the Retail Trade Area shown in **Figure 3.1** utilized a combination of drive times of up to 60 minutes and competitive forces. It is particularly noted that residents of La Crete have a strong propensity to shop within their own community. However, a community like Manning (located on the west side of the Peace River) is more likely to use High Level as their regional hub for shops and services, given the highway and accessibility attributes.

The resulting Trade Area for La Crete does however extend to include all the communities east and south of the Peace River including Fort Vermillion and as far east as Fox Creek.

As noted, a major boundary to the west and north of the La Crete's PTA is the Peace River, which provides a natural divide for the trading region.

3.2 POPULATION PROJECTIONS

Using data sources that include the most recent Statistics Canada Census release as well as Pitney Bowes (2017), population estimates and growth forecasts were tabulated for each of the identified Trade Areas.

The Hamlet of La Crete's most recent census data from the February 2017 Statistics Canada release revealed a declining population from 3,024 in 2011 to 2,293 for 2017.

Conversely, Mackenzie County's population increased from 10,927 in 2011 to 11,171 in 2016. Much of this growth took place in rural areas outside of La Crete, thus falling within the La Crete Trading Region.

Therefore, utilizing a trade area approach, which is more amenable as a true site selector criteria for retail businesses, as shown in **Figure 3.1** and documented in **Tables 3.1 to 3.4** provides a much more accurate depiction of the Trade Area for La Crete rather than being solely dependent upon the smaller localized population base.

To that end, **Tables 3.1 & 3.2** provide a breakdown of the Trade Area Population and one that is much more appealing and realistic to the business community.

The Trade Area population is estimated for 2017 to be just over 13,500. This population is forecast to generally remain in and around that level over the foreseeable horizon, growing to almost 14,000 by 2027. Growth in the Alberta market, as evidenced by the 10-year boom over the period 2004 to 2014 can impact population growth, but it is nonetheless believed that given the cultural and demographic composition of La Crete that even if the oil and gas markets boom, the population growth will be more adequately accommodated and compatible in High Level than La Crete. Thus, population growth in La Crete will be lower but stable as shown.

Because the Trade Area population growth dynamics for La Crete do not exhibit strong projected growth, this suggests that focus should be on diligently attracting the types of retail that are most compatible with the demographics and which benefit the community while not detrimentally impacting existing retailers.

Table 3.1

TRADE AREA DEMOGRAPHIC SUMMARY

(Source: Pitney Bowes 2016 and Cushing Terrell Architecture Inc.)

2017 Demographic Snapshot		La Crete Retail Trade Area	
			%
2011 Census*	12,707		
2017 Population estimate	13,559		
2020 Population projection	13,667		
% Population Change (2011-17)	6.7%		
% Population Change (2017-20)	0.8%		
2017 Population by Age		13,559	
0 to 4 years	1,965		14%
5 to 19 years	4,413		33%
20 to 24 years	1,210		9%
25 to 34 years	1,769		13%
35 to 44 years	1,487		11%
45 to 54 years	1,037		8%
55 to 64 years	823		6%
65 to 74 years	536		4%
75 to 84 years	248		2%
85 years and over	72		1%
Median Age		21.7	
2017 Families		3,214	
Married couples	2,395		75%
Without children at home	641		20%
With children at home	1,755		55%
Common-law couples	342		11%
Without children at home	81		3%
With children at home	260		8%
Lone-parent families	476		15%
Average Persons Per Family	3.9		
Average Children Per Family	2.1		
2017 Households		3,342	
Persons per household	4.1		
Average household income	\$ 81,949		
Median Estimated Household Income	\$ 58,861		

Table 3.2

TRADE AREA POPULATION PROJECTIONS SUMMARY 2011 TO 2026

(Source: Pitney Bowes 2016 and Cushing Terrell Architecture Inc.)

2017 Estimates and Projections Population Trends	La Crete Retail Trade Area	
Total Population		
2011 Census*	12,707	
2017 estimated	13,559	
2020 projected	13,667	
2022 projected	13,739	
2027 projected	13,939	
Change in Population (persons)		
2011 to 2017	852	
2017 to 2020	108	
2020 to 2022	73	
2022 to 2027	200	
Change in Population (percent)		
2011 to 2017	6.7%	
2017 to 2020	0.8%	
2020 to 2022	0.5%	
2022 to 2027	1.5%	
Rate of Change in Population (percent per year)		
2011 to 2017	1.1%	
2017 to 2020	0.3%	
2020 to 2022	0.3%	
2022 to 2027	0.3%	
* Population counts have been adjusted by MapInfo for census undercounts.		

La Crete is a unique market in that residents are very loyal and thus the market penetration is relatively strong, with the exception of bigger ticket item, for which infrequent trips to Grande Prairie or Peace River are likely.

On that basis, ongoing efforts should be focused on even further deepening market penetration for sustaining existing business vitality and for ensuring proper business succession planning.

Clearly however, new population growth will not be the primary determinant to retail growth, but rather better marketing and penetration of the exiting market.

Table 3.3

TRADE AREA POPULATION AGE BREAKDOWN

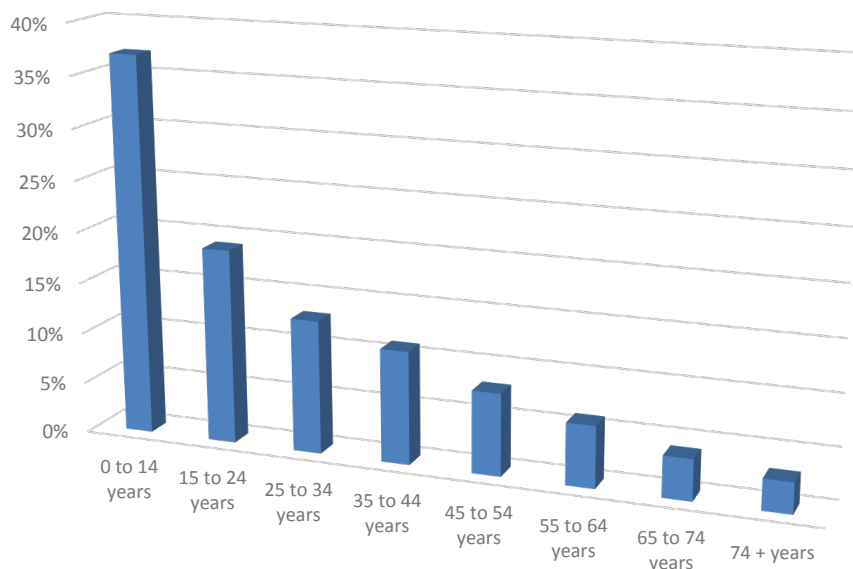
(Source: Pitney Bowes 2016 and Cushing Terrell Architecture Inc.)

2017 Estimates and Projections Population by Age and Sex		La Crete Retail Trade Area	
			%
2017 Estimated Population		13,559	% base
0 to 4 years		1,965	14%
5 to 9 years		1,632	12%
10 to 14 years		1,489	11%
15 to 19 years		1,293	10%
20 to 24 years		1,210	9%
25 to 29 years		961	7%
30 to 34 years		808	6%
35 to 39 years		815	6%
40 to 44 years		672	5%
45 to 49 years		534	4%
50 to 54 years		502	4%
55 to 59 years		473	3%
60 to 64 years		350	3%
65 to 69 years		326	2%
70 to 74 years		210	2%
75 to 79 years		153	1%
80 to 84 years		95	1%
85 years and over		72	1%
Median Age		21.7	
Dominant Age Group		0 to 4	

Figure 3.2

TRADE AREA POPULATION AGE BREAKDOWN

(Source: Pitney Bowes 2016 and Cushing Terrell Architecture Inc.)



3.3 AGE PROFILE

A summary of the current age profile, as documented in **Table 3.3 and Figure 3.2** reveal a slightly older family profile. In total, the median age is a very youthful 21.7 and within which the dominant age group cohort is the 0 to 4 years.

Table 3.2 reveals that 47% of the Primary Trade Area's population is currently under the age of 20 years. This age cohort represents an age cohort that may not be the strongest spending segment, but they are nonetheless very influential in the spending of other household members. Fifty percent (50%) of the Household Maintainers are in the 24 to 44 year age bracket. This segment is that component for which income is generated for the respective household.

A young family dynamic is emblematic of current store types that include family and infant apparel as well as consignment stores. A target retailer that could well fit this demographic profile could be Value Village, which is also has a notable charitable component, also conducive to the demographic of La Crete.

Another attribute of this demographic is a propensity for on-line purchases, which suggest that future physical retail should be cautiously introduced, except for Food & Beverage which is seen as a spending opportunity worth pursuing.

From a retail perspective, spending on discretionary items such as Automobiles & Recreational Vehicles/Motorsports, Fashion, House & Home, Food & Beverage (away from home), Sporting Goods, and Entertainment & Leisure is expected to be strong, especially in a community with outdoor recreational opportunities and family demographics (refer to **Table 3.3 and Figure 3.2**).

Therefore, La Crete, like other similar Northern Alberta markets should look to consolidating and focusing on a provision of shops and services that are most compatible and sought by the target demographic profiles.

3.4 HOUSEHOLD INCOME PROFILE

Household incomes are among the most direct determinants in identifying patterns of spending and potential thereof for retail, food & beverage, entertainment and services.

A summary of the current average Household Income in the Retail Trade Area as documented in **Table 3.4 and Figure 3.3**, reveals an average Household Income in 2017 estimated at \$81,949. The household income represents a healthy level for consumer spending, particularly when combined with the cost of living. Overall, the household income bracket ranging from \$50,000 to \$80,000 accounts form 21% of the trade area

Table 3.4 reveals that Average Household Income is forecast to grow, over the 5-year period 2017 to 2022, to an estimated \$90,972.

Figure 3.3 illustrates that approximately 15% of households have an average Household Income of over \$125,000. Thus, the income profile represents overall economic health and stability for retail opportunities, even in the face of challenging provincial economics.

Table 3.4

TRADE AREA HOUSEHOLD INCOME BREAKDOWN

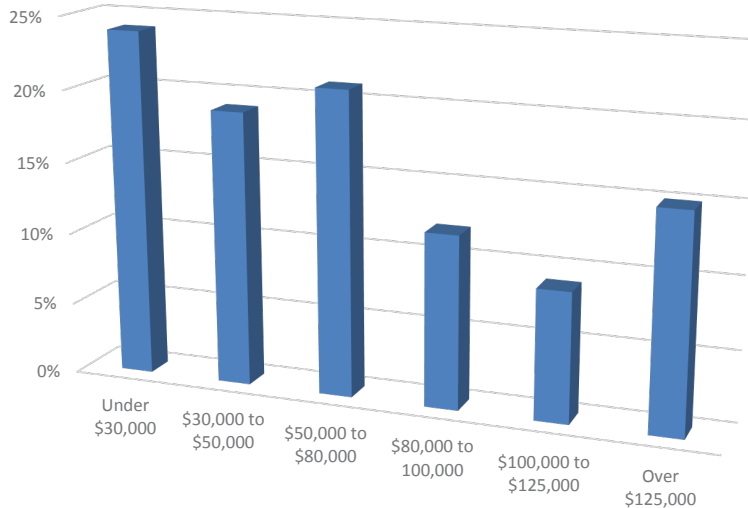
(Source: Pitney Bowes 2016 and Cushing Terrell Architecture Inc.)

2017 Estimates and Projections Income Trends		La Crete Retail Trade Area	
Average household income			
2017 estimated	\$	81,949	
2020 projected	\$	87,364	
2022 projected	\$	90,972	
Aggregate household income (\$000)			
2017 estimated	\$	273,845	
2020 projected	\$	295,077	
2022 projected	\$	309,346	
Change in average household income			
2017 to 2020	\$	5,415	
2020 to 2022	\$	3,608	
Change in aggregate household income (\$000)			
2017 to 2020	\$	21,232	
2020 to 2022	\$	14,269	
2017 Estimated Households by Income		3,342	% base
Under \$5,000		61	2%
\$5,000 to 9,999		83	2%
\$10,000 to 14,999		132	4%
\$15,000 to 19,999		210	6%
\$20,000 to 29,999		330	10%
\$30,000 - 39,999		333	10%
\$40,000 - 49,999		293	9%
\$50,000 to 59,999		259	8%
\$60,000 - 79,999		440	13%
\$80,000 - 99,999		403	12%
\$100,000 - 124,999		294	9%
\$125,000 - 149,999		185	6%
\$150,000 - 174,999		107	3%
\$175,000 - 199,999		71	2%
\$200,000 - 249,999		48	1%
\$250,000 and over		94	3%
Median Estimated Household Income		\$ 58,861	

Figure 3.3

TRADE AREA HOUSEHOLD INCOME BREAKDOWN

(Source: Pitney Bowes 2016 and Cushing Terrell Architecture Inc.)



3.5

RETAIL SPENDING PROFILE

Building upon the Trade Area demographic profile analysis, an assessment was made of the Trade Area's retail spending profile. This provides a more refined understanding of the opportunity for retail within the Hamlet of La Crete.

The key questions it seeks to answer are:

- How much do Trade Area residents spend on Convenience retail (such as Grocery and Pharmacy), on Comparison retail¹ (such as Fashion and Home Furnishings), and Leisure (Food & Beverage and Entertainment)?
- What spending patterns or trends does the Trade Area expenditure profile demonstrate? And how is spending forecast to change over the coming years?
- What types of retail goods and services are garnering inflow of sales dollars and which categories are exhibiting outflow of sales (or leakage)?

Detailed information of retail spending within the Trade Area was collected from Pitney Bowes, a leading supplier of demographic and consumer expenditure information, using 2017 data. The data was compiled into groups according to where the respondent was from in order to build a spending profile for the Trade Area.

Each of the major three categories of spending (Convenience, Comparison and Leisure) was assessed at a detailed category-by-category level then aggregated into major categories.

The initial task involved developing an understanding of how each of the delineated Trade Area residents spend their shopping and leisure dollars on a per capita basis for each of the 20 merchandise categories.

Having established the Trade Area boundary, population and demographic profile, size of the retail market and its anticipated growth was projected using spending data from Pitney Bowes.

Table 3.5

TRADE AREA RETAIL SPENDING 2017

(Source: Pitney Bowes 2016 and Cushing Terrell Architecture Inc.)

Retail Spending by Merchandise Category	2017	
	La Crete Per Capita Retail Spending	La Crete Aggregate Retail Spending
Grocery & Specialty Foods	\$3,110	42,173,720
Pharmacy	\$325	4,411,280
Alcohol & Tobacco	\$680	9,219,785
Personal Services	\$649	8,796,427
Clothing & Apparel	\$1,161	15,747,852
Footwear	\$256	3,470,486
Jewelry & Accessories	\$203	2,749,210
Health & Beauty	\$297	4,029,736
Home Furnishings & Accessories	\$813	11,028,200
Home Electronics & Appliances	\$916	12,423,712
Home Improvement & Gardening	\$311	4,223,121
Books & Multimedia	\$232	3,141,208
Sporting Goods & Recreation	\$182	2,461,745
Toys & Hobbies	\$158	2,137,694
Miscellaneous Specialty	\$375	5,080,289
Restaurant F&B	\$925	12,543,925
Drinking Establishments	\$191	2,587,184
Entertainment & Leisure	\$618	8,373,070
Auto Parts & Accessories	\$220	2,979,182
Auto/RV/Motorsports Dealership	\$2,160	29,290,064
TOTAL RETAIL CATEGORIES ONLY	\$13,782	186,867,891

As illustrated in **Table 3.5**, the Retail Trade Area is estimated at \$186.8 million (2017 year-end estimate).

The overall spending profile is healthy, though opportunities are somewhat limited because of relatively slow/flat population growth, requiring an approach that should entail stronger penetration of the existing market rather than focusing on new growth.

Figures 3.4 and 3.5 illustrate the retail spending as summarized by the larger categorizations of Grocery & Conveniences, Comparison Merchandise (also known as Department Store Type Merchandise), Restaurants & Entertainment and Auto/RV/Motorsports Parts and Sales (excluding auto service).

As shown in **Figure 3.5** and as is more common in rural or secondary markets, the share of spending on Grocery and Conveniences (34%) is high when compared to other segments, while spending on Restaurants & Entertainment (13%) is comparable to other more urban markets. This spending does not necessarily mean that spending is occurring in La Crete, but is rather a component of their spending that likely occurs outside of the La Crete Trade Area.

As a comparison, the Town of High Level has Grocery and Conveniences spending share at 37%, while the spending on Restaurants & Entertainment are at 11%. Similarly, recent studies for the City of Grande Prairie and City of Chestermere have Grocery & Conveniences spending share at 31% and 32% respectively, while the spending on Restaurants & Entertainment are at 10% and 12% respectively.

Regardless of where residents spend their money, realizing that spending will occur in Grande Prairie or Peace River, the Top 5 retail spending categories for the Total Trade Area are:

1. *Grocery & Specialty Foods - \$42.2 Million*
2. *Auto/RV/Motorsport - \$29.3 Million*
3. *Clothing & Apparel - \$15.7 Million (\$19.2 million including Footwear)*
4. *Restaurant F&B - \$12.5 Million*
5. *Home Electronics and Appliances - \$12.4 Million*

Figure 3.4
TRADE AREA RETAIL SPENDING SUMMARY 2016
(Source: Pitney Bowes 2016 and Cushing Terrell Architecture Inc.)

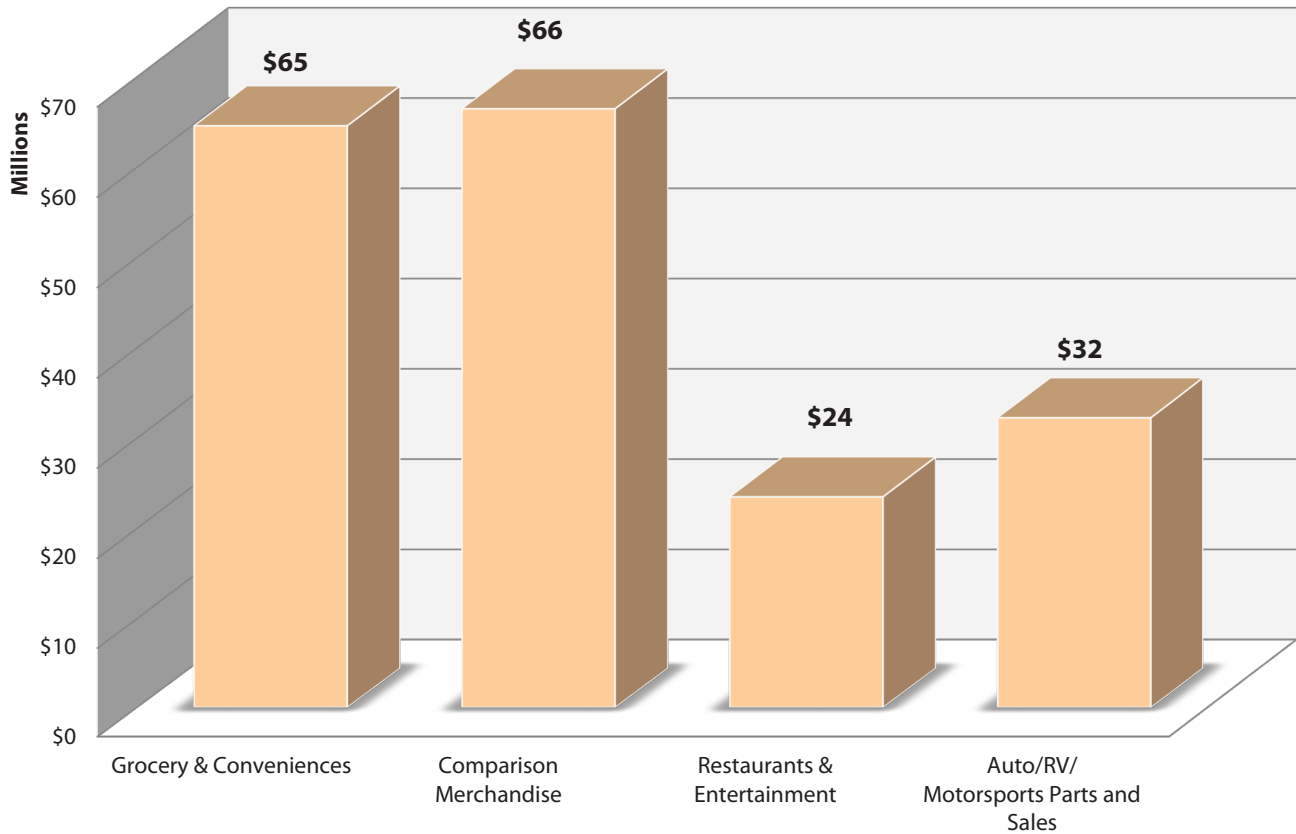
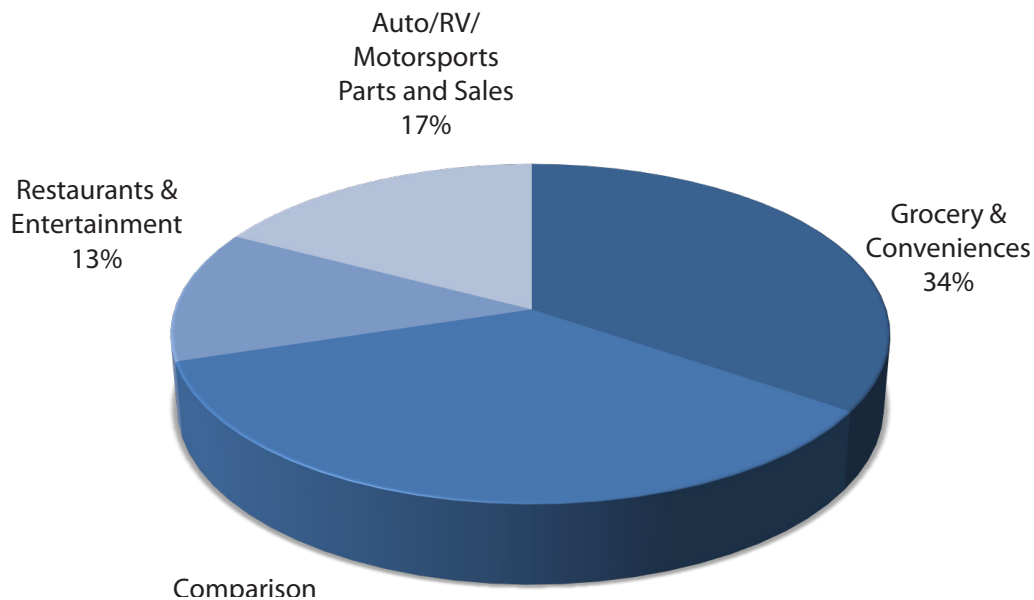


Figure 3.5

TRADE AREA RETAIL SPENDING BY GENERAL CATEGORY

(Source: Pitney Bowes 2016 and Cushing Terrell Architecture Inc.)



¹ Comparison Retail comprises retail categories that one would usually compare prices or shop around. Examples include Automobiles, Fashion, Footwear, House & Home, Books, Specialty Retail. The term Comparison Retail is synonymous with the Industry Term DSTM, which refers to Department Store Type Merchandise or GAFO, which refers to General Merchandise, Apparel Accessories, Furniture and Other Stores.



Photo courtesy of Cushing Terrell Architecture Inc.

4.0 retail supply

4.1 INTRODUCTION

The dynamics of the overall retail market provide critical indicators as to the performance of the retail and moreover the magnitude of demand and resulting opportunity for which certain market segments can be filled.

This section will provide a detailed inventory of the tenants that comprise the current retail market for La Crete. Smaller nodes such as Fort Vermillion were accounted for, but the focus lies in the main hub for retail for La Crete's Trade Area. The purpose of the competitive evaluation is to identify a foundation for demand and current retail performance (also known as retail sales productivity) followed by identifying the potential types of tenants and/or merchandise categories for whom La Crete and to a lesser degree communities like Fort Vermillion may represent a compatible fit, if appropriate.

4.2 LA CRETE RETAIL MARKET

To document the retail inventory, Cushing Terrell conducted on-the-ground fieldwork in which every street front retail premise was documented in terms of the retail store, merchandise category, estimated unit size, vacancy as well as North American Industry Classification System (NAICS) code.

The inventory was categorized into the same merchandise categories that were profiled in the retail spending so that a direct comparison could be taken. In some cases where retail data was not available, store sizes were estimated using leasing plans, brokerage websites, Geographic Information Systems (GIS), and satellite mapping measurements.

As documented in **Tables 4.1 and 4.2** and **Figure 4.1** the La Crete retail market has an estimated retail floor space of approximately 335,800 sf. This retail floor space is comprised of retail premises that range from Grocery Stores to Restaurants to Personal Services such as Optometrists and Salons. Of note, Fort Vermillion has an approximate retail inventory of 15,000 sf of which the local Grocery accounts for ____ sf or almost one-quarter of the floorspace).

The inventory also distinguishes between Professional Medical, Finance/Insurance/Real Estate Services or other Non-Retail that may occupy traditional street front spaces, but typically do not have a retail productivity. Regardless, many of these uses even if not traditional retail are essential to the lifeblood of retail and are part of the overall market demand analysis.

Table 4.1 RETAIL MARKET SNAPSHOT

Total retail floorspace (Excluding NON-RETAIL Streetfront)	335,800
VACANT	12,000
% VACANT	3.6%
Retail Space Per Capita (against La Crete Trade Area Population 13,559)	24.8

4.3 RETAIL VACANCY

A review of the current vacancy and nature of the vacancies provides additional cues for prospective business interests in the community.

In particular, the overall vacancy rate is estimated at 3.6% which is within the industry standard for a healthy retail market that typically is in the 3% to

Figure 4.1

LA CRETE RETAIL INVENTORY BY CATEGORY

(Source: Cushing Terrell Architecture Inc.)

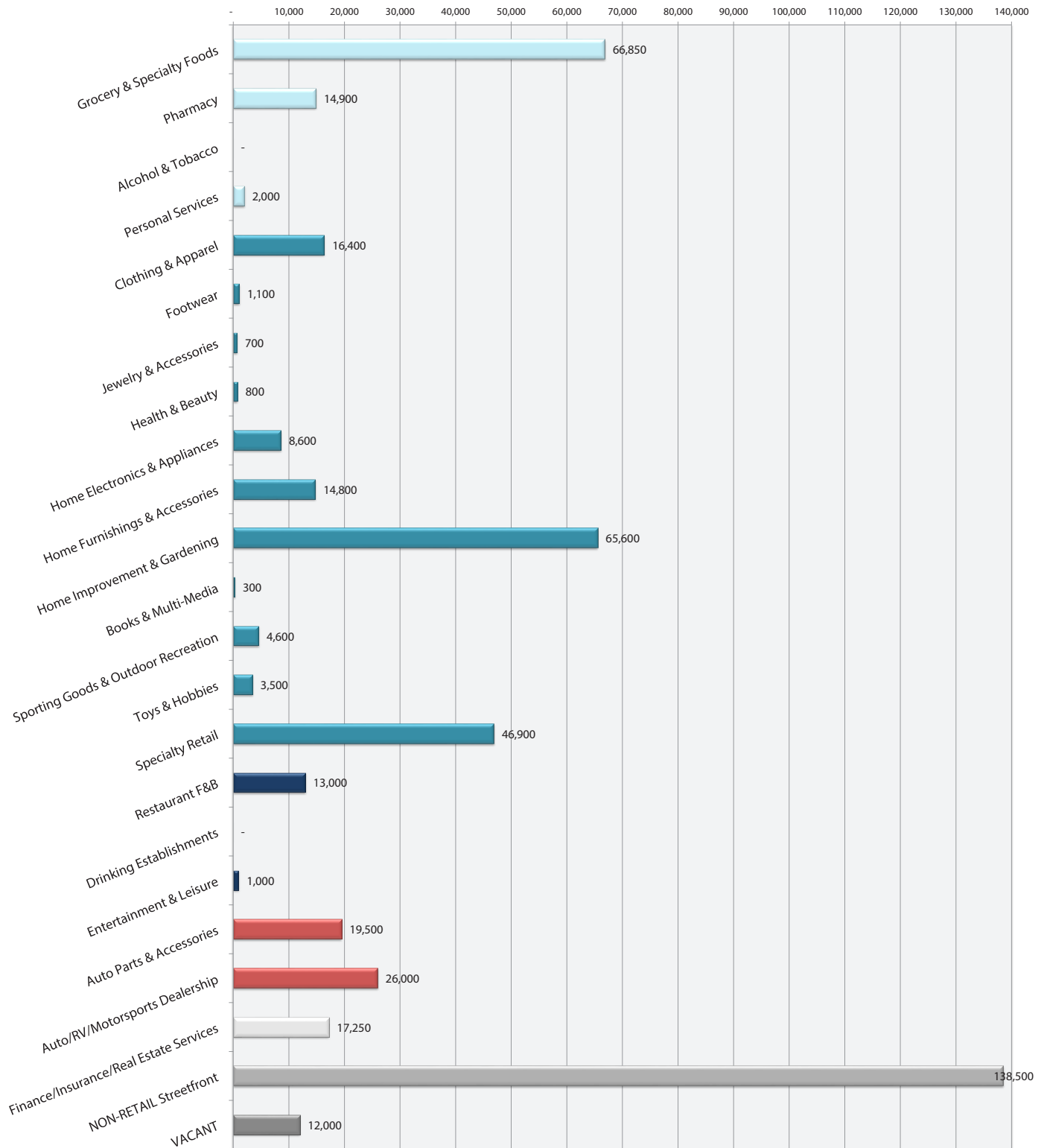


Table 4.2

LA CRETE RETAIL INVENTORY SUMMARY

Merchandise Category	Existing Inventory (SF)	Existing Inventory (%)
Grocery & Specialty Foods	66,850	14.1%
Pharmacy	14,900	3.1%
Alcohol & Tobacco	-	0.0%
Personal Services	2,000	0.4%
Clothing & Apparel	16,400	3.5%
Footwear	1,100	0.2%
Jewelry & Accessories	700	0.1%
Health & Beauty	800	0.2%
Home Electronics & Appliances	8,600	1.8%
Home Furnishings & Accessories	14,800	3.1%
Home Improvement & Gardening	65,600	13.8%
Books & Multi-Media	300	0.1%
Sporting Goods & Outdoor Recreation	4,600	1.0%
Toys & Hobbies	3,500	0.7%
Specialty Retail	46,900	9.9%
Restaurant F&B	13,000	2.7%
Drinking Establishments	-	0.0%
Entertainment & Leisure	1,000	0.2%
Auto Parts & Accessories	19,500	4.1%
Auto/RV/Motorsports Dealership	26,000	5.5%
Finance/Insurance/Real Estate Services	17,250	3.6%
NON-RETAIL Streetfront	138,500	29.2%
VACANT	12,000	2.5%
TOTAL	474,300	100.0%

Table 4.3

LA CRETE RETAIL INVENTORY BY NAICS CODES

(Source: Statistics Canada and Cushing Terrell Architecture Inc.)

NAICS CATEGORY	Existing Inventory (SF)	Existing Inventory (%)
Accommodation & food services	5	7.0%
Administrative support	-	0.0%
Arts, entertainment & recreation	1	1.4%
Construction	2	2.8%
Educational Services	1	1.4%
Finance & insurance	5	7.0%
Health care and social assistance	2	2.8%
Manufacturing	1	1.4%
Other services	3	4.2%
Professional, scientific and technical services	3	4.2%
Real Estate and rental and leasing	-	0.0%
Retail Trade	39	54.9%
Transportation and warehousing	-	0.0%
Wholesale Trade	4	5.6%
VACANT	5	7.0%

Figure 4.2

LA CRETE RETAIL INVENTORY BY NAICS CODES

(Source: Statistics Canada and Cushing Terrell Architecture Inc.)

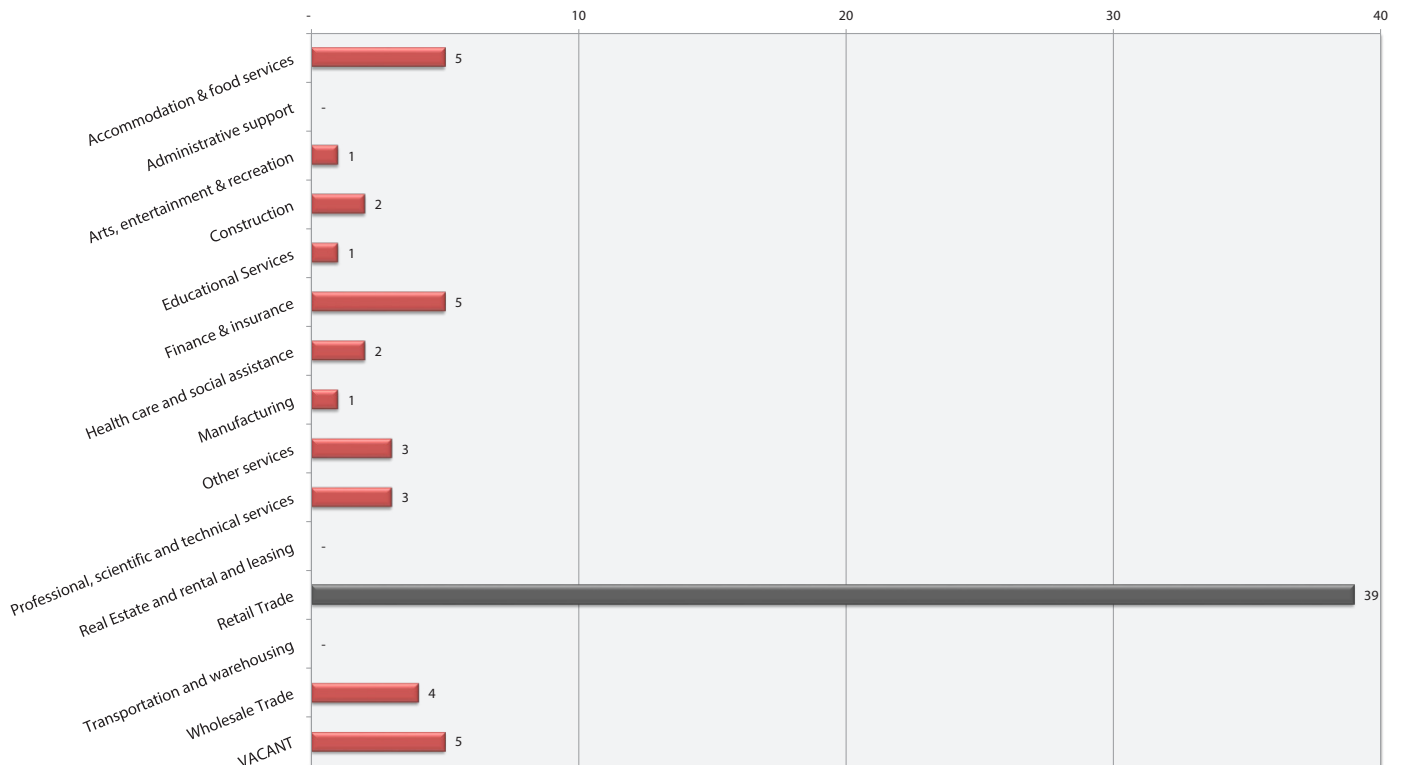


Figure 4.3
RETAIL VACANCY IMAGERY

Source: Photos by Cushing Terrell Architecture Inc.)



5% level.

The strength of the local market vis-a-vis its support and loyal shopping base is a key driver for the low vacancy and a contributing factor to why retail in La Crete represents a stable market.

Because the overall vacancy is low, a review of current retail/commercial space or land for lease or sale is isolated to the newest retail development at the south end of 100th Street, which itself is a newer project.



Overall, vacancy is not an issue in La Crete, which represents a strong and stable retail market; and one which has a very loyal customer base attributed to the demographic and cultural make up of the community.

4.4

RETAIL INVENTORY BY CATEGORY

Table 4.2 (and Appendix A) provides a breakdown of La Crete's retail inventory by category. Designating retail categories to the overall inventory makes it possible to conduct a category void analysis for La Crete.



The Top 5 retail categories in terms of overall retail floor space in La Crete (excluding Auto categories) are:

- | | |
|-----------------------------------|------------|
| 1. Grocery & Specialty Foods | 66,8500 sf |
| 2. Home Improvement & Gardening | 65,600 sf |
| 3. Specialty Retail | 46,900 sf |
| 4. Clothing & Apparel | 16,400 sf |
| 5. Pharmacy | 14,900 sf |
| 5. Home Furnishings & Accessories | 14,800 sf |

Restaurants are a notable category lacking in the community and while this may have a correlation with the young demographic profile, one of the other driving factors is that many of the restaurant concepts looking at a market of La Crete's size typically have a bar or alcohol component, which is not as conducive to the demographic makeup of La Crete.

Figure 4.4
REPRESENTATIVE LA CRETE RETAIL IMAGERY

Source: Photos by Cushing Terrell Architecture Inc.)



Photos courtesy of Cushing Terrell Architecture Inc.

For example, a concept such as Boston Pizza would be a fit for the trade area size, but less so for its concept which bases a large share of its revenue from its bar sales.

Also, the demographic composition is more amenable to true family dining concepts, such as Ricky's All Day Grill, Tim Horton's or other franchised formats and is a demographic where home meals are significant.

There is room for food and beverage brands to enter the market given the spending profile, demographics and current low market share penetration (forthcoming in Section 5.0).

4.5

RETAIL INVENTORY BY NAICS

Table 4.3 and Figure 4.2 provides a breakdown of the North American Industry Classification System (NAICS) for La Crete's street front businesses. La Crete's street front inventory is comprised of almost 55% of businesses that are traditional Retail in their classification, followed by almost 7% in the Accommodations & Food Services classification. Rounding out the top 3 industries tally 7%. The relative strong presence of Finance/Insurance/Real Estate services is equally important to acknowledge as banks in particular are the lifeblood to a community. La Crete benefits from the fact that retail is concentrated along 100th Street and is not scattered across the community in other areas that could negatively impact businesses along 100th Street.

4.6

RETAIL SPACE PER CAPITA

Utilizing data from Cushing Terrell's extensive retail inventory tabulation in conjunction with Demographic Data provided by Statistics Canada and Pitney Bowes, the approximate retail space per capita ratio has been estimated for the La Crete retail market.

As a starting point, **Figure 4.5** depicts the Target Retail Space Per Capita, which provides a baseline for determining how much retail per capita is best suited to a community, according to its population size. How much retail a community is able to support is crucial for determining future land use plans: a local government wants to have as much evidence as possible to demonstrate to potential retailers the opportunity and untapped potential in their community. Per Capita ratios can also be used as a methodology to gauge future demand, if and as population growth occurs.

In predominantly rural areas such as MacKenzie County, many communities with retail services are shopping destinations for not only the residents of that community, but a larger regional area, as is the case for La Crete. The current retail space per capita, as calculated by Cushing Terrell takes into account a trade area beyond simply the Hamlet of La Crete by using a drive time analysis and other criteria to form the retail trade (as noted in Section 3).

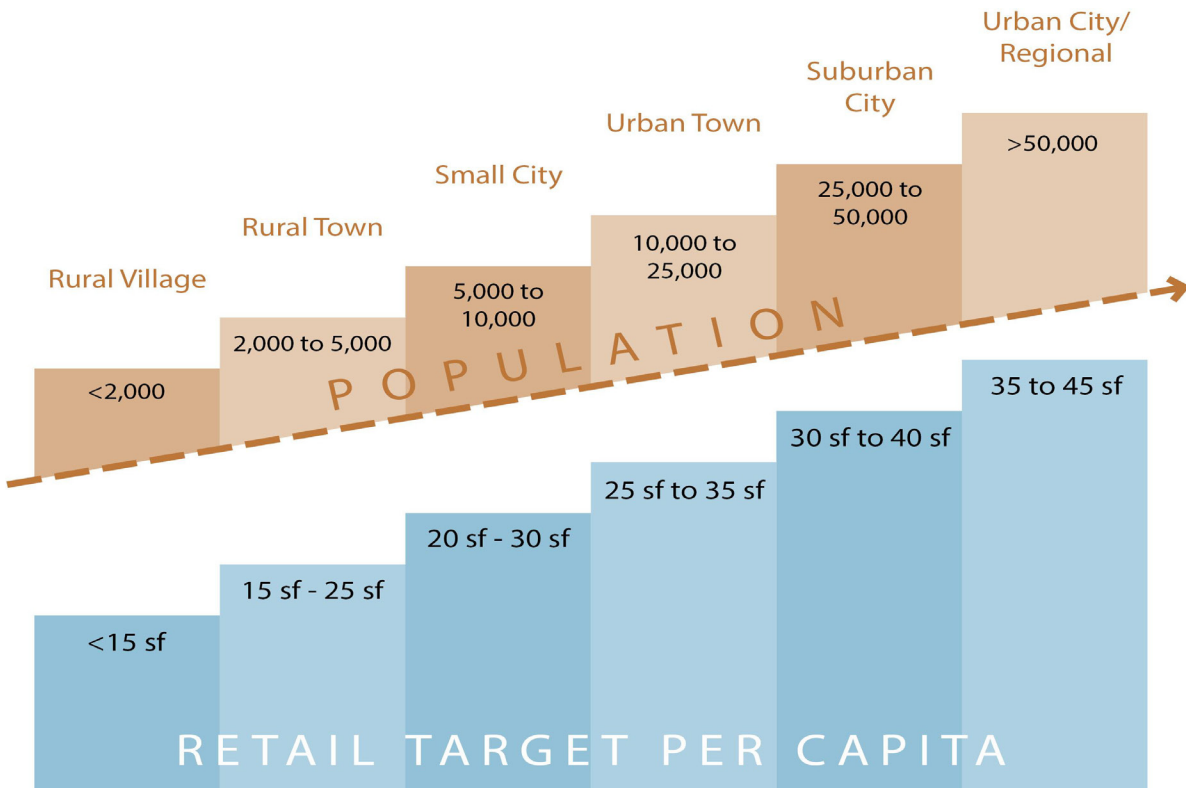
Figure 4.5 is meant to illustrate a general indication of retail opportunity and representation for communities.

Many location specific factors contribute to an areas overall retail market, and cannot be addressed in a general chart or graph.

Figure 4.5

RETAIL SPACE PER CAPITA GROWTH CONTINUUM

(Source: Cushing Terrell Architecture Inc.)



4



Such locational factors can include specialized demands of a community, or unique characteristics that warrant certain retail traits. Aside from unique locational factors that each retail trade area has, **Figure 4.5** provides beneficial direction and insight for communities to consider when trying to understand the opportunities of their retail market.

Retail space per capita is an industry measure of the ratio of retail space against a city's population. An examination of retail space per capita provides a general indication of whether a market is under-retailed or over-retailed.

In most urban markets in Canada and the United States, a typical benchmark for ALL retail space per capita is in the range of 30 sf to 40 sf (Source: International Council of Shopping Centers).

This figure can be misleading however as this it accounts for organized shopping center space only in centers larger than 10,000 sf. Therefore, when factoring in all retail including street front retail, urban markets are usually much higher than this figure. It also means that rural markets, since they don't have the same type of retail infrastructure need to factor all space into their equation, since they are predominantly main street and multiple property owner/business owner driven.

Using **Figure 4.5** as a benchmark for retail space in communities and for a comparable market like La Crete which is more rural and reaches a wider area given the more remote nature, this figure should fall in the 25 to 35 sf per capita range.

Accordingly, the estimated retail space per capita ratio for the La Crete retail trade area is actually 25 sf/capita, which is perfectly situated in the market for stability and resilience.

Generally, and when looking at the current market dynamics, such as inventory, this figure would suggest that La Crete is at a stage of relative balance for its retail inventory against its trade area.



5.0 retail demand

5.1 INTRODUCTION

The following section will assess the amount of supportable floor space in the Hamlet of La Crete as justified by the Trade Area it serves. After determining the supportable and residual floor space (if and as determined), the retail analysis will measure the difference between the supply and demand as presented in terms of inflow or outflow of retail sales and the net resulting implications on demand and tenant prospects.

5.2 RETAIL FLOOR SPACE DEMAND

In most typical urban market scenarios, forecasting retail demand would largely be predicated and have a close correlation with population growth and the inherent opportunities that would naturally come from a growing trade area.

However in secondary or rural markets and since population growth forecasts in La Crete are not expected to provide this requisite increase, an alternative approach to demand is applied. While the overall retail market in La Crete seems to be in balance, there are opportunities within the existing retail inventory to accommodate new business opportunities.

With this understanding of La Crete's market dynamic and population growth, the key to forecasting new floorspace demand must look at the notion of achieving a greater market share of the existing spending for categories that represent strength today.

From Cushing Terrell's extensive analysis of the current retail inventory, retail sales productivity estimates were applied to each of the respective categories to provide an indication of the current estimated retail sales that the community's businesses are generating.

A sounding board for retail productivities are the lease rates which average between \$9 - \$15 per sf. When applying typical industry rent to sales ratios, this would suggest that businesses sales productivity would need to be in the \$150 to \$200 range in order to reasonably justify rents. The more remote nature of La Crete also would suggest lower sales productivities than market like Grande Prairie.

In applying sales productivities as shown in **Tables 5.1 & 5.2** against the Town's current retail inventory of occupied space only suggests that La Crete currently garners 35% market share of the total trade area retail spending (refer to Table 5.1), which also factors in a "miscellaneous inflow" component to account for passing 'pit-stop' motorists as well as visitors from outside the defined trading region, but who may be infrequent.

The key to La Crete's retail opportunity lies in incrementally and slowly increasing the overall market share of sales, realizing that the draw of Grande Prairie, Peace River (Wal-Mart) will still continue to be a major factor in attracting spending in the DSTM type categories.

The analysis of market shares as shown in **Table 5.3 and Figure 5.1** illustrates that in particular, merchandise categories that include Grocery & Conveniences, Pharmacy, Personal Services, Health & Beauty, Personal Services and Restaurants (limited and full-service) could boost their market share of total trade area spending to provide sufficient demand to warrant additional businesses in the community by 2022.

TABLE 5.1

LA CRETE ESTIMATED RETAIL MARKET SHARE AND PRODUCTIVITY

Miscellaneous Spending Inflow Factor ¹	Merchandise Category	2017				
		2017 Total Trade Area Retail Spending (with Misc Inflow)	2017 Estimated Retail Sales Productivity (\$psf)	2017 Estimated Market Share	2017 Estimated Retail Sales \$ (Inflow)	2017 Current Town/MD Retail Inventory (sq. ft.) ²
15%	Grocery & Specialty Foods	\$48,499,778	\$375	52%	\$25,068,750	66,850
15%	Pharmacy	\$5,072,972	\$375	110%	\$5,587,500	14,900
0%	Alcohol & Tobacco	\$9,219,785	\$250	0%	\$0	0
15%	Personal Services	\$10,115,891	\$175	3%	\$350,000	2,000
0%	Clothing & Apparel	\$15,747,852	\$150	16%	\$2,460,000	16,400
0%	Footwear	\$3,470,486	\$125	4%	\$137,500	1,100
0%	Jewelry & Accessories	\$2,749,210	\$125	3%	\$87,500	700
0%	Health & Beauty	\$4,029,736	\$175	3%	\$140,000	800
0%	Home Furnishings & Accessories	\$11,028,200	\$200	16%	\$1,720,000	8,600
0%	Home Electronics & Appliances	\$12,423,712	\$150	18%	\$2,220,000	14,800
50%	Home Improvement & Gardening	\$6,334,682	\$125	129%	\$8,200,000	65,600
0%	Books & Multimedia	\$3,141,208	\$150	1%	\$45,000	300
0%	Sporting Goods & Recreation	\$2,461,745	\$175	33%	\$805,000	4,600
0%	Toys & Hobbies	\$2,137,694	\$150	25%	\$525,000	3,500
25%	Miscellaneous Specialty	\$6,350,362	\$150	111%	\$7,035,000	46,900
25%	Restaurant F&B	\$15,679,906	\$200	17%	\$2,600,000	13,000
0%	Drinking Establishments	\$2,587,184	\$125	0%	\$0	0
0%	Entertainment & Leisure	\$8,373,070	\$100	1%	\$100,000	1,000
50%	Auto Parts & Accessories	\$4,468,773	\$250	109%	\$4,875,000	19,500
5%	Auto/RV/Motorsports Dealership	\$30,754,567	\$400	34%	\$10,400,000	26,000
10%		\$204,646,813	\$236	35%	\$72,356,250	306,550

NOTES & ASSUMPTIONS

¹ Miscellaneous Inflow accounts for residents falling outside of the Trade Areas and not accounted for in residential base

² Retail inventory includes inventory in Hamlet of La Crete but does NOT include current vacancies totaling 12,000 sq. ft.

³ 2022 Estimated Retail Sales reflect an inflationary increase in spending at 1.0% per annum.

This opportunity is summarized for key categories as follows:

Grocery & Convenience new demand	14,700 sf
market share increase from 52% to 60%	
Restaurant F&B new demand	7,600 sf
market share increase from 17% to 25%	
Personal Services new demand	4,075 sf
market share increase from 3% to 10%	
Personal Services new demand	2,800 sf
market share increase from 3% to 15%	

If La Crete were to increase its current market share penetration by 5% from an estimated 35% to 40%, of the Trade Area then the total demand by the year 2022, without new population growth could be just over 40,000 sf.

5.3

DEVELOPING SUCCESSFUL RETAIL

According to ICSC's "Developing Successful Retail in Secondary and Rural Markets", targeted retail recruitment should reach out to those retailers or developers who may not have discovered a respective community yet.

However, the process to attract businesses must be tempered by reality and thus cognizant of the following:

- Pay attention to the geographic base of operations for retailers. Do not expect retailers to deviate significantly from their base of operations to serve a small community;
- Accept that most retailers have established minimum trade area populations or income thresholds for success based on years of operating experience;
- Understand that the limited consumer spending in small communities simply cannot support some retailers offering specialized merchandise assortments;

- Be realistic about how a business opportunity in a respective community ranks against other opportunities in front of the retailer;
- Understand co-tenancy requirements that retailers have established as predictors of success.

Overall, commercial real estate continues to shift to meet the rapidly changing tastes and needs of target markets. Consumers now value uniqueness, and they are quick to switch their brand allegiance. These emerging trends require new developments that are adaptable and flexible, which can stay relevant and retain their consumer base. One of the most critical aspects to being proactive and understanding whom to target starts with creating a business case based on some statistical foundation.

A statistical business case is typically required to explain the merits of a community, in this case the Hamlet of La Crete. It is important to first establish an understanding of the communities before promoting any specific site option.

Accordingly, La Crete was profiled to illustrate and document the following statistical facts:

- Geographic delineation of retail trade area that reflects a realistic market penetration;
- Demographic and economic profiles of the trade area population;
- Growth projections for trade area population;
- Annual retail spending;
- Sales performance of key retail categories;
- Current estimated retained market share of trade area spending; and
- Current supportable retail space.

FIGURE 5.1
LA CRETE 2022 NET POTENTIAL DEMAND BY CATEGORY

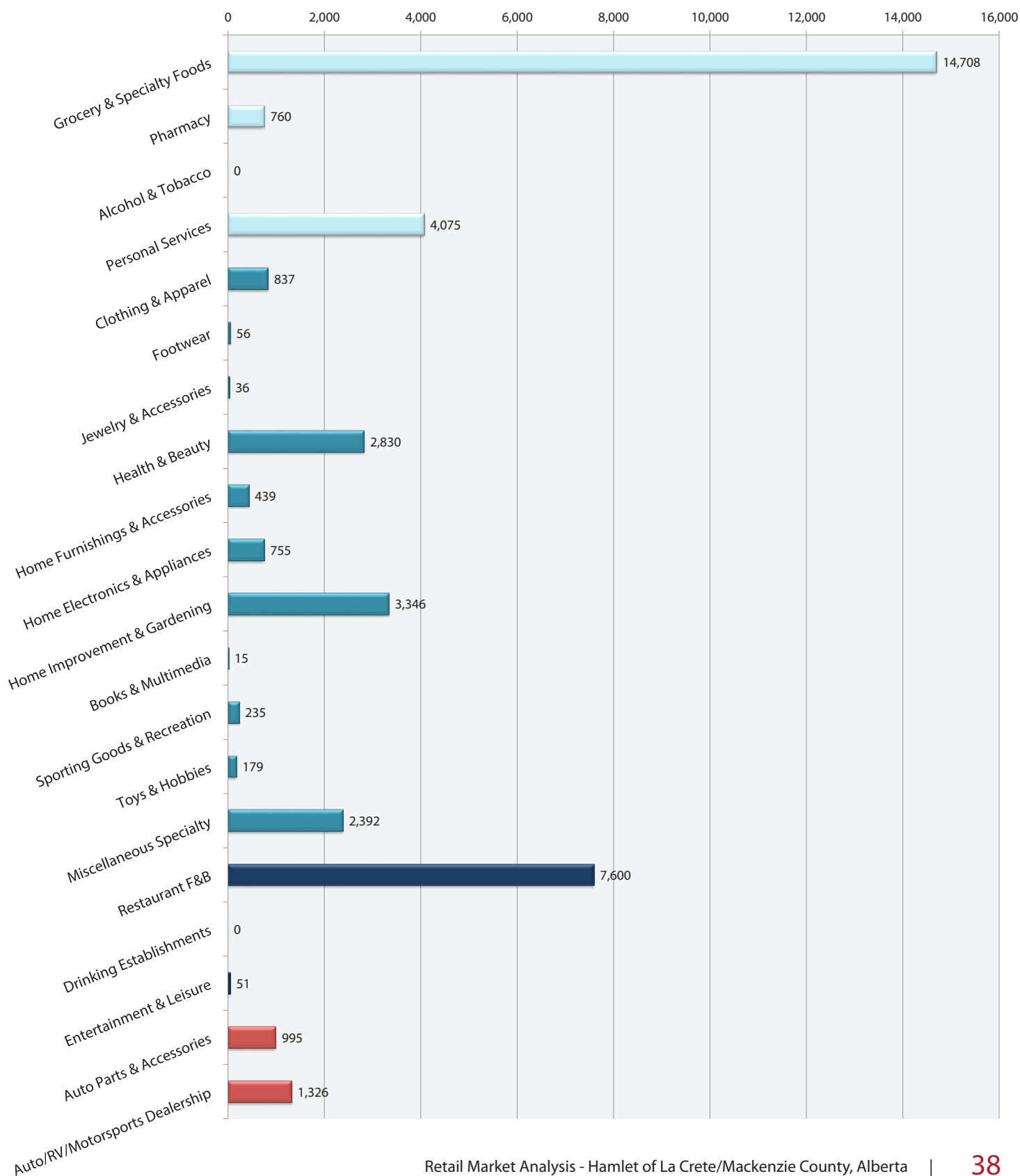


TABLE 5.3
LA CRETE 2022 TARGETED RETAIL MARKET SHARE AND RESULTING DEMAND FORECAST

Miscellaneous Spending Inflow Factor ¹	Merchandise Category	2022			
		2022 Target Market Share of Retail Spending	2022 Estimated Retail Sales \$ (Inflow) ²	2022 Potential Retail Inventory	2022 Potential Net Future Retail Floorspace Demand
15%	Grocery & Specialty Foods	60%	\$30,584,252	81,558	14,708
15%	Pharmacy	110%	\$5,872,519	15,660	760
0%	Alcohol & Tobacco	0%	\$0	0	0
15%	Personal Services	10%	\$1,063,190	6,075	4,075
0%	Clothing & Apparel	16%	\$2,585,485	17,237	837
0%	Footwear	4%	\$144,514	1,156	56
0%	Jewelry & Accessories	3%	\$91,963	736	36
0%	Health & Beauty	15%	\$635,294	3,630	2,830
0%	Home Furnishings & Accessories	16%	\$1,807,737	9,039	439
0%	Home Electronics & Appliances	18%	\$2,333,242	15,555	755
50%	Home Improvement & Gardening	129%	\$8,618,282	68,946	3,346
0%	Books & Multimedia	1%	\$47,295	315	15
0%	Sporting Goods & Recreation	33%	\$846,063	4,835	235
0%	Toys & Hobbies	25%	\$551,780	3,679	179
25%	Miscellaneous Specialty	111%	\$7,393,856	49,292	2,392
25%	Restaurant F&B	25%	\$4,119,935	20,600	7,600
0%	Drinking Establishments	0%	\$0	0	0
0%	Entertainment & Leisure	1%	\$105,101	1,051	51
50%	Auto Parts & Accessories	109%	\$5,123,674	20,495	995
5%	Auto/RV/Motorsports Dealership	34%	\$10,930,505	27,326	1,326
10%		40%	\$82,854,688	347,184	40,634

NOTES & ASSUMPTIONS

¹ Miscellaneous Inflow accounts for residents falling outside of the Trade Areas and not accounted for in residential base

² Retail inventory includes inventory in Hamlet of La Crete but does NOT include current vacancies totaling 12,000 sq. ft.

³ 2022 Estimated Retail Sales reflect an inflationary increase in spending at 1.0% per annum.

Specific categories for which target market shares are estimated for future demand

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Retail Development Fundamentals

Retail development, whether in smaller communities such as those found throughout the region are driven by critical business fundamentals that must be acknowledged and considered when identifying retail opportunities.

By way of a checklist, these include:

- Population characteristics of consumer base;
- Retail follows consumers;
- Consistent and high shopper traffic is a pre-requisite for most retailers;
- The consumer base must demonstrate sufficient buying power for retailers;
- Chain retailers have a limited number of prototypical store formats that they are willing to operate. Deviating from these established formats is done only as a last resort in circumstances where demand for a location by a retailer or developer is high;
- Most retailers require sites with convenient access, high visibility, and ample parking;
- Most retailers expand in well-defined geographic areas that coincide with their distribution networks and their familiarity with consumer preferences;
- Most retailers have established criteria for site selection. For example, Shoppers Drug Mart typically requires a population of 10,000 to build a 15,000 sf store;
- Clustering of compatible retailers is the norm;
- Retailers cannot generally survive rent-to-sales ratios in excess of 15%. Retailers have a threshold level of sales they know they must achieve to be profitable; and
- Retailers attempt to maximize profitability by operating the fewest number of stores possible in a market to avoid sales transference.

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SUMMARY & IMPLICATIONS

Given current low vacancies combined with the strong clustered concentration of retail along 100th Street, there is sufficient locations for the foreseeable future to accommodate retail growth as infill or at the north and south ends that would be compatible with the community when measured against the existing trade area demographics and slow population growth.

With limited population increase, but an increase in overall market share penetration of trade area spending by 5%, La Crete could add to its retail inventory by 40,000 sf by 2022.

For many businesses with recognized brands, the likelihood of attracting a corporate run store is limited, but the franchise model is a distinct possibility. The optimal approach for this target is to look at Grande Prairie to see if existing franchise holders would be interested in additional locations. This approach is preferred by franchisers as there is a built in relationship with the franchisees who understand the business model.

Succession planning is often overlooked in smaller or rural markets, where a successful local business may be family run and is of value to the community, but its future is up-in-the-air because no one is able to take over. An organization such as Succession Matching (www.successionmatching.com) provides a road map for businesses to ensure they can continue in their respective communities. Succession planning looks to understand the Consumer Segment, Value Proposition, Revenue Streams, Distribution Channels and Partnerships.

La Crete may not have huge demand forecasts, but with strategic messaging, collaborations and awareness can retain and attract business opportunities compatible with the community and its trade area demographic and cultural nuances.

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RETAIL MARKET ANALYSIS

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APPENDICES

Retail Business Name	Community	General Retail Category	Est. Area (SF)	NAICS Sector #	NAICS Sector Name	NAICS Industry #	NAICS Industry Name
La Crete Tire and Battery	La Crete	Auto Parts & Accessories	9,500	44-45	Retail Trade	441310	Automotive parts & accessories stores
OK Tire, Kubota	La Crete	Auto Parts & Accessories	10,000	44-45	Retail Trade	441310	Automotive parts & accessories stores
Northern Towing and RV	La Crete	Auto/RV/Motorsports Dealership	5,000	44-45	Retail Trade	441210	Recreation vehicle dealers
Northstar Auto Dealer	La Crete	Auto/RV/Motorsports Dealership	7,500	44-45	Retail Trade	441110	New car dealers
Northstar Auto Dealer	La Crete	Auto/RV/Motorsports Dealership	7,500	44-45	Retail Trade	441110	New car dealers
Tuffline Power Sports	La Crete	Auto/RV/Motorsports Dealership	6,000	44-45	Retail Trade	441210	Recreation vehicle dealers
Mix and Match Clothing, Sears	La Crete	Clothing & Apparel	6,500	44-45	Retail Trade	448140	Family clothing stores
My Child's Closet	La Crete	Clothing & Apparel	1,500	44-45	Retail Trade	448140	Family clothing stores
Warehouse One	La Crete	Clothing & Apparel	3,500	44-45	Retail Trade	448140	Family clothing stores
Rolli Health & Fitness	La Crete	Entertainment & Leisure	1,000	71	Arts, entertainment & recreation	713940	Fitness & recreational sports centres
Alberta Treasury ATB	La Crete	Finance/Insurance/Real Estate Services	3,000	52	Finance & insurance	522111	Personal and commercial banking
ATB Financial	La Crete	Finance/Insurance/Real Estate Services	5,500	52	Finance & insurance	522111	Personal and commercial banking
CIBC	La Crete	Finance/Insurance/Real Estate Services	1,000	52	Finance & insurance	522111	Personal and commercial banking
Financial Services	La Crete	Finance/Insurance/Real Estate Services	750	52	Finance & insurance	522111	Personal and commercial banking
The Co-operators	La Crete	Finance/Insurance/Real Estate Services	1,500	54	Professional, scientific and technical services	52421	Insurance agencies and brokerages
Vision Credit Union	La Crete	Finance/Insurance/Real Estate Services	5,500	52	Finance & insurance	522111	Personal and commercial banking
Fields	La Crete	General Merchandise	6,000	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
The Bargain Shop TBSI	La Crete	General Merchandise	8,000	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
Backcountry Convenience	La Crete	Grocery & Specialty Foods	2,500	44-45	Retail Trade	445120	Convenience stores
Co-op Food Store	La Crete	Grocery & Specialty Foods	36,000	44-45	Retail Trade	44510	Supermarkets & other grocery (except convenience) stores
Sunnybrook Sausages	La Crete	Grocery & Specialty Foods	750	44-45	Retail Trade	44510	Supermarkets & other grocery (except convenience) stores
Super J Foods	La Crete	Grocery & Specialty Foods	22,500	44-45	Retail Trade	44510	Supermarkets & other grocery (except convenience) stores
UFA Convenience Store	La Crete	Grocery & Specialty Foods	4,700	44-45	Retail Trade	44711	Gas Stations with convenience stores
LRT Investments, Telus, the Source	La Crete	Home Electronics & Appliances	7,000	44-45	Retail Trade	44314	Electronics and appliances stores
Technical Solutions IT	La Crete	Home Electronics & Appliances	1,000	44-45	Retail Trade	44314	Electronics and appliances stores
Country Corner Furniture	La Crete	Home Furnishings & Accessories	11,000	44-45	Retail Trade	44211	Furniture stores
Interior Color and Design	La Crete	Home Furnishings & Accessories	2,500	44-45	Retail Trade	444120	Paint and wallpaper stores
Home Hardware	La Crete	Home Improvement & Gardening	65,000	44-45	Retail Trade	444130	Hardware stores

Retail Business Name	Community	General Retail Category	Est. Area (SF)	NAICS Sector #	NAICS Sector Name	NAICS Industry #	NAICS Industry Name
Accounting Office	La Crete	NON-RETAIL Streetfront	2,000	54	Professional, scientific and technical services	541212	Offices of accountants
JaCar Electric	La Crete	NON-RETAIL Streetfront	3,000	23	Construction	23899	All other specialty trade contractors
John Deere Dealership	La Crete	NON-RETAIL Streetfront	19,000	41	Wholesale trade	417110	Farm, lawn and garden machinery and equipment
Knelsen Sand and Gravel	La Crete	NON-RETAIL Streetfront	6,500	41	Wholesale trade	416390	Other specialty line bulding supplies wholesal
Knelsen Sand and Gravel	La Crete	NON-RETAIL Streetfront	11,000	41	Wholesale trade	416390	Other specialty line bulding supplies wholesal
La Crete & Truck Wash	La Crete	NON-RETAIL Streetfront	8,500	81	Other services	811192	Car washes
Norpine Auto Industrial Supply	La Crete	NON-RETAIL Streetfront	45,000	81	Other services	8113	Commercial and industrial machinery and equipment
Office	La Crete	NON-RETAIL Streetfront	3,500	56	Administrative and support	5611	Office administrative services
Prestige Signs	La Crete	NON-RETAIL Streetfront	5,500	31-33	Manufacturing	32311	Printing
Ranwal Plumbing Electric	La Crete	NON-RETAIL Streetfront	4,000	23	Construction	23899	All other specialty trade contractors
The Centre for Learning	La Crete	NON-RETAIL Streetfront	3,500	61	Educational Services	611690	All other schools and instruction
Tribal Living Services	La Crete	NON-RETAIL Streetfront	2,000	62	Health care and social assistance	6241	Individual and family services
Twilight Dental Centre	La Crete	NON-RETAIL Streetfront	1,000	62	Health care and social assistance	621210	Office of dentists
UFA Farm Supply	La Crete	NON-RETAIL Streetfront	23,000	41	Wholesale trade	4183	Agricultural supplies merchant wholesalers
WSP Engineering	La Crete	NON-RETAIL Streetfront	1,000	54	Professional, scientific and technical services	54133	Engineering services
Cutting Edge Salon	La Crete	Personal Services	2,000	81	Other services	812116	Unisex hair salons
La Crete Apple Drugs	La Crete	Pharmacy	14,900	44-45	Retail Trade	446110	Pharmacies & drug stores
Burger Shack	La Crete	Restaurant F&B	2,500	72	Accommodation & food services	722511	Full-service restaurants
Country Grill Restaurant	La Crete	Restaurant F&B	2,000	72	Accommodation & food services	722511	Full-service restaurants
Espresso House	La Crete	Restaurant F&B	3,000	72	Accommodation & food services	722512	Limited service eating places
Subway	La Crete	Restaurant F&B	2,000	72	Accommodation & food services	722512	Limited service eating places
The Pizza Place	La Crete	Restaurant F&B	3,500	72	Accommodation & food services	722511	Full-service restaurants
Back Door Gift Co	La Crete	Specialty Retail	8,000	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
Big Deal Bulletin	La Crete	Specialty Retail	1,000	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
Care and Share Thrift Store	La Crete	Specialty Retail	8,000	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
EmbroiderMe	La Crete	Specialty Retail	1,700	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
Espressions Photography	La Crete	Specialty Retail	1,500	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
First Fire & Safety Retailer	La Crete	Specialty Retail	4,000	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
FYI Doctors	La Crete	Specialty Retail	750	44-45	Retail Trade	446130	Optical goods stores
Goods Galore	La Crete	Specialty Retail	7,000	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
La Crete (?)	La Crete	Specialty Retail	1,500	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
Northern Engraving	La Crete	Specialty Retail	750	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
Real Deals Liquidations	La Crete	Specialty Retail	4,500	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
Sole Patch	La Crete	Specialty Retail	4,000	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
TG's Flowers and Gifts	La Crete	Specialty Retail	500	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
Town & Country Shopping Centre	La Crete	Specialty Retail	2,000	44-45	Retail Trade	452999	All other miscellaneous general merchandise stores
Source For Sports	La Crete	Sporting Goods & Outdoor Recreation	4,000	44-45	Retail Trade	45111	Sporting goods stores
L.A. Music	La Crete	Toys & Hobbies	1,500	44-45	Retail Trade	4511	Sporting goods, hobby and musical instrument stores
La Crete Learning Store	La Crete	Toys & Hobbies	1,000	44-45	Retail Trade	45112	Hobby, toy and game stores
VACANT	La Crete	VACANT	2,000		VACANT		
VACANT	La Crete	VACANT	2,000		VACANT		
VACANT	La Crete	VACANT	2,500		VACANT		
VACANT	La Crete	VACANT	2,500		VACANT		
VACANT	La Crete	VACANT	3,000		VACANT		



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