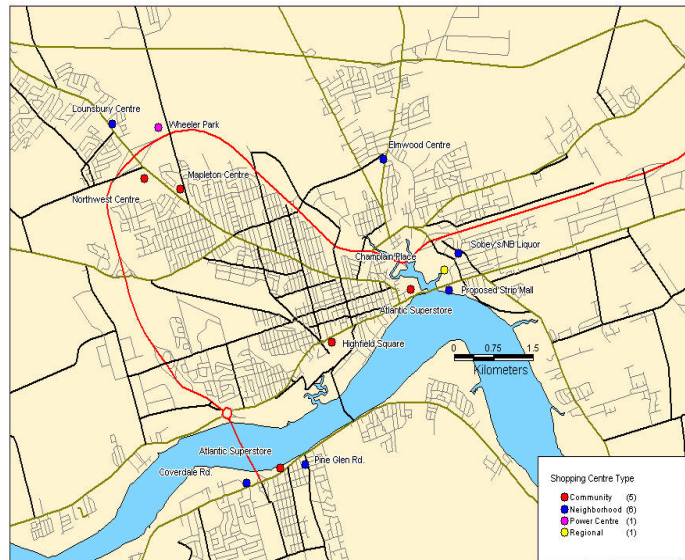


Greater Moncton Retail Market Prospects: Malls, Strip Malls, Big Boxes, Small Boxes and Lifestyle Centres



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“There’s no level ground in retail; it’s either up or down. It’s a business in which you get a new report card every day. In retail as they tell in the fine print of a mutual fund prospectus, past performance is no guarantee of future success.”

– Robert Spector, *Category Killers*, Harvard Business Press, 2005

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1. Executive Summary

Mandated by Enterprise Greater Moncton Inc. to analyze the state of the retail sector for the cities of Moncton, Dieppe and the town of Riverview, with an eye towards downtown Moncton, Shift Central is able to report that while the retail sector is healthy, growing organically, but still mainly reacting to local growth and is not actively seeking new opportunities. Ten strategic considerations and ten recommendations are offered with the aim of injecting new life in the retail sector.

Beginning with an appraisal of the socio-economic context of the Greater Moncton, one sees that retail sales are strong and well diversified. Both the Champlain Place and the Wheeler Park / North End retail nodes will continue to attract retailers and secure their position as the main retail hubs of the greater region. New housing, hotels, retail developments in both areas will feed the retail sector. The key is to continue to attract the right sort of tenants.

The town of Riverview will continue to serve its local market. However, with new housing being developed and the rejuvenation of the Gunningsville Bridge, it is expected that the town's retail sector will grow (especially considering the residents' already high disposable incomes). The town could strengthen its retail sector by expanding the present retailers and attracting new and niche developing opportunities, such as crafts, tourism and outdoor related retail.

As for downtown Moncton, the situation is a bit more delicate. A mid-high turnaround rate testifies to some difficulties, yet also points to an ongoing belief that success is possible – as new retailers keep coming. Population density is a factor and an existing cachet (e.g. Farmer's Market, very good nightlife) could be further developed to draw even more traffic. Interviews and data reveal that downtown retail can grow even more. The proposed Verdiroc (convention centre, condos, retail space) is likely to generate more traffic. As things stand, much has been done to render the downtown attractive, accessible and there is indeed potential for more retail growth, especially considering the dual extensions of Assumption and Vaughan Harvey boulevards.

An overarching concern that has emerged in this study is the dwindling catchment area. While people will still drive from Miramichi, Sussex, or elsewhere in the province to shop in the Greater Moncton region, the rolling out of Wal-Mart and other mid-range retailers in these regions are removing important incentives to shop in Greater Moncton. Part of the task is to find new retailers for Atlantic Canada or supporting unique local retailers to draw them back.

Researching the general trends in the retail world, almost every retail format has shown some level of growth. Strip malls, with their ease of access are doing well, big boxes are here to stay, everyone is looking out for the next niche retailer and retail outlets are back. This last format, however, has yet to appear to any significant degree in the greater region and should be pursued.

The other major development is the "lifestyle centre": a massive retail, family experience, restaurant and open-air development complex. Dartmouth is set to open its own centre in 2006, further drawing attention and consumers. It is not yet clear if Greater Moncton could support such a development and its impact on the downtown core.

Comparative analysis between Greater Moncton and the cities of Saskatoon (ranked 3rd Canadian retail hotspot) and Chicoutimi-Jonquière (ranked 20th) to actual retail and downtown development reveals that Greater Moncton is not that far off the mark, but there is some work to be done in order to get to the next level. As a final look towards the future, best practices retail strategies have been identified to provide additional context.

In sum, while it is possible to confirm that the retail sector of the region is quite healthy, it is not breaking any new grounds. An eroding catchment area, a loss of the "destination" feel, no unique retailers to stimulate retail growth, are the key observations of this study.

2. Strategic Considerations

1. The Greater Moncton retail market is poised for some growth, but it is close to saturation in the discount retail sector.

This study reveals that in spite of retail market growth, the sector is mainly following overall economic growth. Interestingly, it is close to saturation in the discount market and cannot support much more development.

2. The Greater Moncton retail market is seen as 2nd best to the Halifax market from a retailer's perspective.

The Greater Moncton retail sector is 2nd to Halifax when it comes to catchment, household income, variety of retailers and overall attractiveness. The region should consider an aggressive strategy to compete with Halifax.

3. Other competing regional markets are showing solid retail growth.

Research and interviews have indicated that competing regions (like Fredericton and Saint John), will continue to grow in the retail market – due to the higher household income and expanding retailers.

4. Secondary markets are attracting Wal-Mart and other discount retailers, which is eating away at Greater Moncton's catchment area.

As Wal-Mart and other retailers have rolled-out in Greater Moncton's catchment area (e.g. Miramichi, Summerside and Amherst), consumers have fewer incentives to drive to the region in order to shop.

5. The region can support two retail nodes: Champlain Place and Moncton's North/End Wheeler Park.

Developments around the two retail nodes situated around Champlain Place and Moncton's North End and Wheeler Park will surely attract prospective retailers. In this sense, the retail sector is healthy.

6. Riverview's success might come from existing retailers looking to expand, new infrastructure development and niche retail.

Riverview's retail sector is billed for growth, given the new Gunningsville Bridge, the East- West Corridor and new housing development. Further growth could be located in niche retail (crafts, tourism and outdoor related retail).

7. Downtown Moncton retail has its place. Retail experts say it would benefit from niche retail and a unique proposition.

Real estate is at a premium, and daytime population is important. The downtown core can consolidate its place in the middle of the region's two retail nodes, if it continues to develop its cachet. Access is good.

8. The Greater Moncton retail sector could be marketed more aggressively, be more visible and redefine/consolidate its catchment area.

To attract more high-end retail, an aggressive and highly visible retail marketing strategy could re-orient the market, broaden and deepen its catchment area by catering to higher income clients from all regions.

9. The Greater Moncton retail sector needs to re-energize its promotion campaign, to clearly redefine its value proposition and to promote it aggressively.

The Greater Moncton should be the "Retail downtown of the Maritimes". With unique retailers, a unique feel and easy access, the region is well poised to take up such a role.

10. Lifestyle centres and retail outlets are two formats that could significantly change the regional retail landscape.

Dartmouth is going to open the first lifestyle centre in on the East Coast. Alternatively, new growth in retail outlets could boost the Greater Moncton retail offerings.

3. Highlights

Riding on the heels of a very positive and highly visible review in November's 2004 issue of *Canadian Business*, the Greater Moncton Region is simply one of the best places to do business in Canada.

The combination of the cities of Moncton and Dieppe and the Town of Riverview makes for a very dynamic retail sector, which can be seen for the time being as the 2nd best east of the Maritimes. Halifax is the main retail centre of the East. New developments, population growth, prime location and confident consumers will keep the retail sector strong. However, other cities like Fredericton and Saint John are catching up.

Following the national trends of low mall vacancy, strip mall redevelopment and a growing presence of power centres and power nodes, the Greater Moncton retail market is doing well. The challenge is to target retailers that match local, regional, provincial consumer interests, to re-energize and to add to the sustainability and growth of the retail sector.

Socio-demographic data, interviews, extensive research and analysis show that at many prospective retailers could be good targets for the Greater Moncton region. Divided amongst cities, main arteries, downtown developments, new developments and existing shopping centres, a proper mix can be obtained in order to maximize the success rate of new retailers.

Pros:

- ❑ In '04 voted as best place in Canada to open a business.
- ❑ Regional economic growth offers a solid foundation for the retail sector.
- ❑ The lowest corporate tax rate for small business in Canada.
- ❑ Ongoing residential and commercial development.
- ❑ Diversified economy with low unemployment.
- ❑ The population enjoys a lower cost of living than the national average.

Cons:

- ❑ Approaching market saturation.
- ❑ Stuck with the middle market: little high-end potential.
- ❑ Average to low disposable income.
- ❑ The catchment area is slowly eroding.
- ❑ Struggling with a "dormant" image.
- ❑ A delicate downtown retail sector.

4. Introduction

4.1 The Setting

This research aims to inform key stakeholders of the Greater Moncton region to the avenues to be explored for retail development. New retail trends, changing consumer demand and ongoing socio-economic growth are the main elements that spark interest in furthering the retail sector of the region. The report looks at the actual state of the retail sector in the Greater Moncton area, paying careful attention to the needs within the area itself.

Stepping out of the Greater Moncton region, this report examines retail trends in North America, Canada and the East Coast in particular. The final outcome of this report is a list of considerations and recommendations that may re-energize the Greater Moncton retail sector based on a set of objective criteria and in-depth research.

4.2 Methodology

Widespread research was made to obtain the latest analysis and information on the general trends and strategies in modern retailing. Careful analysis of a variety of well-established sources like Statistics Canada, the Financial Post, Ryerson's Center for the Study of Retail activity and many others was made to customize this report for the needs of the Greater Moncton retail sector.

The most recent socio-economic data was gathered to clearly understand the setting of the retail sector and to see if it matched the consideration of local retailers. With this solid information in hand and the accompanying in-depth analysis, a reassessment by the core analysts brought to bear key factors and retailers to take into consideration. Also, a series of interviews with retailers and interest groups are were accomplished to treat the information as best as possible.

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- Shopping Center Digest, *Expanding Retailers for 2005*, 11th Edition, 2005.
- Spector, Robert, *Category Killers*, Harvard Business School Press, 2005.
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- Statistics Canada, *Spending Patterns in Canada*, 2002.

Retail Time Line 1890 – 2005

- **1890-1920:** General stores to department stores.
- **1920-1930:** Department stores to first shopping malls.
- **1956:** First indoor regional mall.
- **1962-1964:** Malls to discount stores (Wal-Mart is born).
- **1978:** Home Depot opens.
- **1980-1988:** Discount stores to big box.
- **1988:** The rise of Superstores.
- **1990s:** Birth of "retailtainment".
- **1995:** Retail stores become brands.
- **2000-2005:** Rise of lifestyle centres, power nodes and return to downtown.

Source: CERR, *A Century Time Line of Retailing*, 2001

5. Greater Moncton Analysis

Strategically located in the Maritimes, the Greater Moncton region has long-benefited from being the linchpin between NB, NS, and PEI. This prominence is highlighted by retail sales that outstrips other Maritime cities and a presence of major retailers that attract consumers from north-eastern NB, PEI and northern NS.

5.1 Highlights

A Community Outlook

- The Greater Moncton average household income of \$57 400 is lower than in Fredericton, Saint John and Halifax.
- Moncton's retail spending per household is 1st in the region, 2nd best in the Maritimes (at 31 000 \$).
- Moncton (CA) had the strongest housing starts of major NB cities between 2001-04. Things are looking great for 2005.

Sources: *FP Markets*, 2005 and CHMC, 2005

Greater Moncton's Surging Retail Sales

- Retail sales are projected to grow annually by 19% from 2004 to 2009.
- Most important retail sales in the province estimated at \$1.54 billion in 2004.
- Retail sales are 17% above national average.
- Annual retail sales per household are greater than other major cities.

Source: *FP Markets*, 2005

The Greater Moncton Region Offers:

- A dynamic retail mix
- Big boxes
- Some destination retail
- A regional centre
- A catchment area of 750 200 consumers.
- Only city of its size to support two Wal-Marts.

Source: Statistics Canada, 2005

5.2 Greater Moncton Demographic Profile and Other Key Indicators

Greater Moncton has known a population growth of about 1% per year since 1990 and this is forecast to continue at about the same rate until 2009. This is higher than the provincial average as well as for that of St. John. However, the population growth rates are lower than those of Fredericton (2%) and Halifax (2%), which are projected to slow from 2004 to 2009 according to *FP Markets*.

IMPLICATIONS FOR RETAIL:

In terms of retail strategy, one must recognize that there is slow population growth and that the Greater Moncton region does not have the same buying power as the major competing regions.

This does, and will, have a direct impact on the type of retailers the region can attract with its present strategy: mid-range to discount.

Major Demographic Indicators for Select Cities in 2004

City (CMA/CA) and region	Population 2004	Avg. Annual Increase 2000-2004	Estimated Population in 2009 with growth in (%)	Number of Households 2004	Avg. Household Income	% Income Tax Class Over \$50K
Moncton	124 200	1%	131 500 (1%)	50 300	\$57 400	12%
St. John	127 000	0.5%	128 700 (0.3%)	50 500	\$57 800	14%
Fredericton	87 700	2%	92 900 (1%)	35 300	\$62 000	15%
Charlottetown	60 000	0.5%	61 600 (3%)	23 400	\$53 800	12%
Halifax	392 700	2%	428 000 (2%)	157 800	\$63 700	17%
NB	760 800	0.7%	784 700 (0.6%)	300 100	\$53 000	10%

Source: FP Markets

5.3 Linguistic Composition

Greater Moncton is the only major city in Atlantic Canada with a significant Francophone population. In recent times it has become a cultural and institutional focal point for Francophones.

Linguistic Composition for Select Cities in 2004

City (CA/CMA)	% English	% French
Moncton	64%	35%
St. John	94%	5%
Fredericton	89%	10%
Charlottetown	96%	3%
Halifax	93%	5%

Source: FP Markets

IMPLICATIONS FOR RETAIL:

In term of the retail strategy, the language element can be used as a draw for that “*je ne sais quoi*” French chic, in respect of selling to the English community.

This linguistic factor should be kept in mind when attracting retailers from Québec.

5.4 Housing Starts

Steady socio-economic growth has fuelled the housing market in Moncton. CHMC reports that we will see more expensive houses, semi-detached starts will continue to rise and apartment rental will gain some momentum.

Moncton Housing Starts 2004-05 Forecasts

Moncton CA	2004	2005	% Change
Total Housing starts	1 150	1 220	+ 6%
Single Starts	760	700	- 8%
Multiple Starts	391	520	+ 33%
Vacancy Rate (Oct.)	5%	5%	

Source: CHMC, *Greater Moncton Housing Outlook*, 2005

IMPLICATIONS FOR RETAIL:

New construction will maintain the strong spending in home development and furnishing related retailers.

Still, as people settle in their new houses, expect growth in home electronic retail.

5.5 Regional Retail Sales

The Moncton retail market leads all New Brunswick cities in total retail sales, but more importantly, it is 17% above the national average in total retail sales. No other city, with the exception of Charlottetown, is even close, including Halifax. As residents of the region have a lower disposable income, this explains the draw of discount retailers.

Retail Sales by City in 2004

City (CMA/CA)	Total Retail Sales \$B	% Above/Below National Average	Sales per Household	Retail Sales Growth % Projections 04-09
Moncton	1.54	+17	\$30 100	20%
St. John	1.37	+4	\$27 300	15%
Fredericton	0.94	+5	\$27 000	22%
Charlottetown	0.7	+24	\$33 100	17%
Halifax	3.96	-3	\$25 200	26%

Source: FP Markets, *Canadian Demographics 2004*

Average Annual Household Expenditures in 2004

City (CMA/CA)	Total \$	Food \$ (%)	Clothing \$ (%)	Health & Personal \$ (%)	Leisure & Educ. \$ (%)
Moncton	55 800	6 900 (12%)	2 400 (4%)	2 100 (4%)	4 000 (7%)
St. John	56 100	6 800 (12%)	2 300 (4%)	2 200 (4%)	4 100 (7%)
Fredericton	59 600	7 100 (12%)	2 500 (4%)	2 300 (4%)	4 400 (7%)
Charlottetown	52 800	6 400 (12%)	2 200 (4%)	2 100 (4%)	4 000 (8%)
Halifax	60 900	7 200 (12%)	2 600 (4%)	2 300 (4%)	4 500 (7%)

Source: FP Markets, *Canadian Demographics 2004*

IMPLICATIONS FOR RETAIL:

Given the reasonably solid state of the Greater Moncton retail sector, organic growth will continue.

This means that commercial retail space should find tenants and that consumers will follow.

The region cannot continue to bank on the attraction of discount retailers as Wal-Mart and other discounters have rolled-out in competing secondary markets.

Spending patterns of the major retail cities mirror one another and therefore, a unique and aggressive retail strategy is in order for Greater Moncton, if it wants to sustain growth and set itself apart.

5.6 An Eye Towards Provincial Retail Trends: Where is the Growth?

There is good growth across the board in retail representation in New Brunswick. Apart from motor-vehicle business activity, the key areas are supermarkets, clothing, home furnishing and furniture and hardware according to Statistics Canada data.

For the most part, this reflects strong housing development, which is true for the Greater Moncton area. Now, once the homes are built and furnished, residents consider the next level of spending. This is why we also notice strong growth in the home electronics department.

Finally, as the population is aging, pharmacies and personal care still make an important contribution to retail activity.

5.7 Greater Moncton Catchment Area

The central location of Greater Moncton within the Maritime Region gives it a significant advantage over other New Brunswick communities. There is a challenge to develop this consumer base in light of increased competition. If Greater Moncton had a more unique retailing mix, it could consolidate its position by including Fredericton and Saint John in its catchment area.

Greater Moncton Catchment Area Demographics 2004

Market	Population	Avg. Annual Pop. Growth 00-04	Average Household Population	Average Annual Household Income	Retail Sales Estimates	Retail Sales per Household
Greater Moncton	124 200	1%	50 300	\$57 400	\$1.5 B	\$30 100
Primary	167 000	0.4%	66 000	\$54 900	\$1.9 B	\$25 400
Primary & Secondary	750 200	0.3%	290 100	\$54 900	\$10.3 B	\$25 400
New Brunswick	760 800	0.7%	300 100	\$53 000	\$7.7B	\$25 800

Source: FP Markets, *Canadian Demographics 2004*

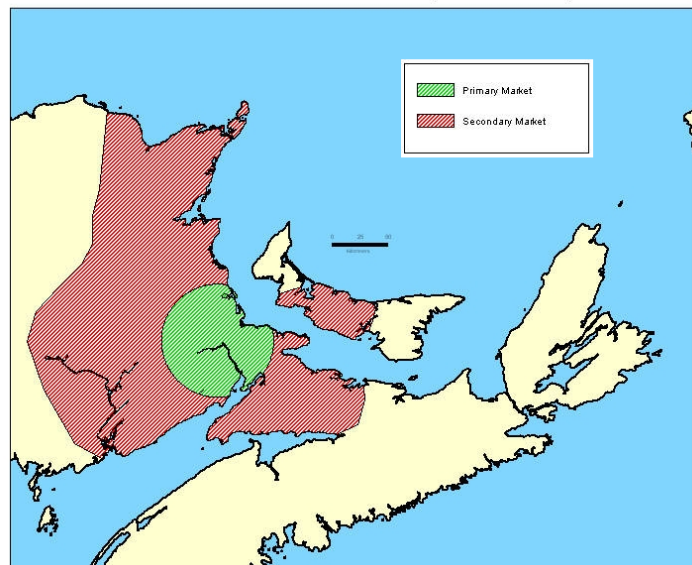
The potential consumer market for Greater Moncton is divided into primary and secondary markets. The primary market stretches for about a 50 km radius around the city (where a retail node derives about 40-60% of its customers). The secondary market depends on population density, competition from other retail centres and accessibility. In the case of Moncton it would extend to the north shore of NB, central PEI, and northern NS (for 60-80% of its customers). The only other major retail concentration within this catchment area is the power centre in Charlottetown. Otherwise, the smaller competition comes from Amherst, Sussex, Miramichi and Bathurst.

Greater Moncton Catchment Area

- Eastern half of NB, central P.E.I. and Northern NS.
- Total population of about 750 200.
- Competitors include St. John and Fredericton (with Truro and Halifax to certain degree).
- Total retail sales of \$10.3B within the broader catchment area.

Source: FP Markets, *Canadian Demographics 2004*

Greater Moncton Catchment Area - Primary and Secondary Markets



IMPLICATIONS FOR RETAIL:

While the catchment area is important, limited disposable income will talk to the types of retailers that the region does and could attract. But, as Wal-Mart is now present in many other towns, people need a new reason to come. It might be possible to further increase this catchment area by finding unique retailers that no other region has. Finally, a greater visibility of the retail sector might also widen the catchment area.

5.8 Growth Areas Within Greater Moncton

When considering the growth of population, housing development and retail sales in Greater Moncton, three areas are most prominent: Dieppe, North End/Evergreen Park and Riverview. In the last 25 years these areas have been the growth poles in Greater Moncton in terms of both residential and population growth and migration.

Not coincidentally, the most important clusters of retailers are also heavily concentrated in these high growth areas such as Dieppe and the North End of Moncton. Riverview also boasts a smaller localized retail cluster that could grow.

5.8.1 Moncton's North End & Evergreen Park

This neighbourhood has seen steady growth since the early 1980's and has established itself as a primary growth region and retail destination. It is located in the northwest corner of Moncton stretching along either side of Mountain Rd. from Wheeler Blvd. to Magnetic Hill and is in proximity of Magnetic Hill and the Mountain Ridge golf course.

Characteristics & Highlights

- Strong annual population growth of 4.9% (2000-04).
- Average household income estimate of \$72 170, higher than in Moncton (\$57 400).
- Moncton's retail node.
- Good regional access.

Source: FP Markets, *Canadian Demographics 2004*

Future Projects

- Land between Mapleton Rd. and McLaughlin Dr. and the Trans-Canada Highway and Wheeler Blvd. to be residential development.
- Mapleton Rd. to see further retail development with two hotels announced recently.
- Residential housing to be developed around Mountain Ridge golf course.

5.8.2 Dieppe

Dieppe has been one of the fastest growing communities in Atlantic Canada for over a decade. A majority francophone community, it has been a major retail destination since the construction of Champlain Place in the 1970's. Most housing growth in Dieppe has been concentrated in suburban St-Anselme.

Characteristics & Highlights

- Strong population growth of 4% (2000-04) reaching 15 600 in 2004.
- Average household income estimate of \$55 700, higher than the provincial avg.
- Champlain Place and nearby retailers is a node.
- Very good regional access.

Source: FP Markets, *Canadian Demographics 2004*

Future Projects

- New strip mall to be anchored by a Shopper's Drug Mart in construction on Champlain St. across from Champlain Place.
- New golf course and adjoining housing development nearing completion.
- New proposed downtown development with pedestrian walkways, shops and terraces, farmers' market in the making.
- The junction of Champlain St. and Acadie Ave. has been improved to deal with traffic issues.

5.8.3 Riverview

Riverview enjoyed strong growth beginning in the 1960's through to the 1980's, but now, it is a more mature community with very low growth rates, since the early 1990's. The town is home to some retail development in the form of neighbourhood strip malls along Coverdale Rd. No large scale regional or community shopping centres exist in the city.

Characteristics & Highlights	Future Projects
<ul style="list-style-type: none"> ▪ Stagnant annual population growth of 0.5% (2000-04): 2004 population of 16 500. ▪ Average household income of \$67 200. ▪ Waterfront walking trails. ▪ Good regional access. ▪ Gateway to the Fundy area <p>Source: FP Markets, <i>Canadian Demographics 2004</i></p>	<ul style="list-style-type: none"> ○ The rebuilt Gunningsville Bridge will greatly improve access to Riverview. ○ The proposed extension to Findlay Blvd. that would loop around Riverview to link the causeway to the rebuild Gunningsville Rd. will provide a circumferential route around the town, improving traffic significantly. ○ Significant housing project east of Gunningsville in the works. ○ There is ongoing talk of continued waterfront development. ○ Plans for an east-west transportation corridor could substantially enhance traffic flows and open up new retail opportunities.

5.9 Evolution of Greater Moncton Retail

Retail activity in Greater Moncton is clustered in three primary retail nodes: Wheeler Park Power Centre in the North End of Moncton, Champlain Place in Dieppe, and a smaller concentration of retailers along Coverdale Rd. in Riverview. The downtown core did occupy the central role in Moncton's retail sector, but the arrival of the power centres and big boxes steered the retail activity away from the downtown area (as well as from Highfield Square).

5.9.1 Wheeler Park Centre – Moncton

The Wheeler Park Power Centre is the most important retail node in the region and the 2nd largest power centre in the Maritimes (after Bayer's Lake in Halifax).

It is the 1st choice location in NB for major big box stores such as Home Depot and Costco (anchored by Kent, Wal-Mart, Winners, and Superstore).

5.9.2 Champlain Place – Dieppe

The Champlain Place has managed to attract big box retailers like Future Shop, Chapter's and Wal-Mart. However, the Wheeler Park Power Centre has replaced it as the most important retail node. A new strip mall is under construction on Champlain St., which should strengthen the area's retail appeal and power of attraction as a whole.

The Northwest Centre: A successful adaptation in a changing retail environment

Formerly known as the Moncton Mall, this enclosed regional shopping centre began to decline shortly after the establishment of the nearby Wheeler Park Power Centre.

The centre was redeveloped into the Northwest Centre, an outdoor strip plaza with a power centre look and orientation with fewer, but larger retailers. Sobey's and Zeller's still acted as the important anchors.

Now it is a thriving shopping centre in a strong retail node providing retailers what they want: competitive rent, easy access and high visibility.

5.9.3 Coverdale Rd. – Riverview

Characterized by neighbourhood strip malls along Coverdale Rd., Sobey's and Atlantic Superstore are the dominating retailers, with accompanying pharmacies. Otherwise, one finds an array of financial institutions in this complex. This retail area serves the local market.

5.9.4 Downtown Moncton

See section 6.

5.10 Moncton Retail Principal Competitors

There is significant retail competition in the catchment area, as well as some outside of it. The challenge for Greater Moncton is to position itself as offering something unique, at a good price, while being easily accessible for consumers.

Competitors within catchment area:

- Charlottetown with its Wal-Mart, Sobey's Home Depot, Future Shop and Canadian Tire.
- Fredericton with its Regent Mall (115 stores) that includes Wal-Mart, Chapters, Sears, Toys 'R Us, etc., Prospect Street retail, with Future Shop, Canadian Tires, Winners... and a solid downtown retail sector (30 stores).
- Sussex has two regional malls, The Gateway with smaller retailers, i.e. Radio Shack, Reitmans, Radioland, and the Sussex Mall, which mostly caters to discount retail (e.g. Dollorama).
- Amherst has two regional malls, the Amherst Centre Mall with 27 stores including Shoppers, Zellers and Canadian Tires and the Cumberland Mall.
- Summerside has the Summerside Mall with a Canadian Tire and Super Store anchor, the County Fair Mall (27 tenants) with Sobey's and Zellers anchors and the Waterfront Mall.
- Saint John with its Consumers Drive Power Centre, Wal-Mart, Sobey's, Kent, Future Shop, Sears Whole Home and Home Depot.

Competitors just outside catchment area:

- Bayer's Lake Power Centre with its: Costco, Kent, Home Depot, Staples, Future Shop, Atlantic Superstore, Sears Whole Home and Home Depot, shouldered by the Halifax retail sector.

From Riverview Mall to the Riverview Place

This enclosed community mall was once the main retail node in Riverview. The mall suffered a steady decline over the years.

Faced with such a predicament, the tenant mix has been changed in order to attract more business-oriented services. Up to date, the reorientation has proven to be successful, with the retail activity finding life in other strip mall or self-standing formats.

IMPLICATIONS FOR RETAIL:

A quick study of the surrounding regions reveals that the Greater Moncton retail mix is losing its uniqueness. Major cities easily offer the same stores that one finds in Moncton. This implies that the catchment area is diluted. As for smaller towns, they too have shown retail growth.

Major Lifestyle centre to open in Dartmouth in 2006!

A major \$270 million project that includes several big box retailers, medium size stores, hotels, restaurants, bike paths, movie theatres has reached the planning approval level.

"We will become more of a destination," says the Halifax Chamber of Commerce."

IMPLICATIONS FOR RETAIL:

This new Dartmouth development could have a considerable impact on the Greater Moncton retail landscape. On the one hand, it might limit the number of unique retailers that would set up in the Moncton area. On the other, it will detract attention away from the Greater Moncton region – further sealing its fate as 2nd best to Halifax and Dartmouth.

Mini Box Development Hits the Region

In 2004-05 Wal-Mart has established a presence in Miramichi, Woodstock, Edmundston, Grand Falls, Yarmouth, Bridgewater, NS, and is rumoured to be looking at Tracadie. Home Depot is doing the same.

Fredericton Set to Expand Retail

Plazacorp in conjunction with UNB have just reached an agreement in regards to further developing retail in the area surrounding the Regent Mall.

IMPLICATIONS FOR RETAIL:

Other towns and cities are aggressively developing retail and the Greater Moncton market must to more than react: it must anticipate.

5.11 The Local Perspective: What Retailers and Developers Are Saying

Speaking with new and experienced retailers of the Greater Moncton Region, there seems to be a consensus on the relative stability and future growth of the retail sector. However, as retail is developing at a healthy pace in Fredericton, Saint John and Halifax, most recognized the need for a proactive approach in order to avoid falling behind.

Overall, those interviewed stated that the two retail nodes are: the Wheeler Blvd. North End complexes and Champlain Place. Retailers do not think that the region could support another retail power node.

Also, some have mentioned the appeal of strip malls, which allow for easy access and easy set-up. These two elements make such a retail centre highly relevant for Riverview and certain parts of Dieppe.

Future development has been stated for the Mapleton and Trans Canada area (behind Costco) and opposite Costco on the McCray Properties. In particular, a number of big boxes have shown interest and two hotels (one confirmed, one probable) are said to be built in that area. This will strengthen the polarity of the two retail nodes in the region.

The implication for downtown Moncton is that it should not compete to reproduce the Champlain Place / Trinity Drive retail mix. For downtown Moncton to find a solid place and grow, there is a need to develop something unique, with a cachet. It can strategically position itself in the middle of the two nodes in this way, while extracting all the benefits of the extension of the Assumption and Vaughan Harvey boulevards.

Moreover, it was reported that simply closing Main Street would not boost the retail sector – it would kill it. Street Festivals and downtown events have done little to draw in clients into their commerce. Ongoing, strategic and concerted efforts to further help retailers by increasing traffic, cachet and more reasons to come downtown (e.g. a mix of entertainment and shopping), are some ingredients mentioned to boost this retail sector. Neither vagrancy, nor access has been mentioned as problems.

In short, the word on the street is that:

- ❑ ***“There are two retail nodes here: Champlain Place and the Wheeler blvd. area.”***
- ❑ ***“Moncton will always be behind Halifax.”***
- ❑ ***“Stakeholders should attract unique retailers that are not yet in Atlantic Canada.”***
- ❑ ***“Growth of retail only follows overall job growth – and not the other way around.”***
- ❑ ***“Fredericton and Saint John are showing high retail activity.”***

IMPLICATIONS FOR RETAIL:

The stakeholders recognize that the retail sector is strong, but the competitive threats are increasing.

6. Downtown Moncton

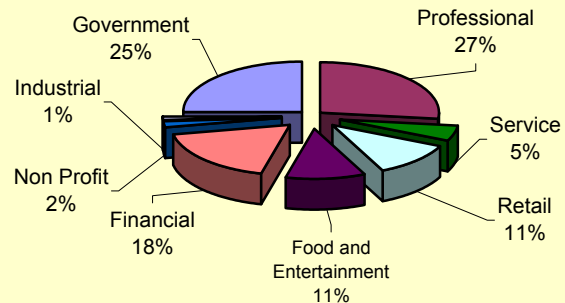
Since the 60's, the establishment of Champlain Place, Highfield Square and Moncton Mall shopping centres curtailed the downtown area's retail dynamics. In downtown Moncton, downtown Moncton has become an important employment district and entertainment and restaurant sector. Despite the relative retail decline, downtown Moncton has still retained a solid degree of vitality.

6.1 Employment in the Downtown Area

Downtown Moncton's vitality mainly depends on employment. With an estimated 13 000 daytime population, both the government and professional sectors employ about half of the total downtown workforce. To this, one needs to add the financial sector to complete the main picture.

The retail sector accounts for just 11% of employment in the downtown core, which registers the smallness of the downtown retail sector. Although the entertainment sector is only 11% of employment, the restaurant, bar and entertainment scene as is an important draw to the downtown.

Employment by Sector in Downtown Moncton, 2004 (Statistics Canada)



6.2 Population Density

With as little as 800 to 1000 residents in the downtown core, the retail cannot rest on this population: traffic is important. With the arrival of the new convention centre and 60 or more new housing units (e.g. condos and apartments), this will energize the residential element. Ease of access, daytime workforce and a relatively unique cachet are the main ingredients that help the downtown core to keep its population density.

6.3 Downtown Moncton Retail

Retail activity in downtown Moncton is limited to a handful of small retailers, specialty retailers (designer goods, clothing, fashion, tobacco and newsprint). They all exist amidst a very high turnover rate for retailers in downtown Moncton.

The largest retail draw in downtown Moncton is Highfield Square. The mall is anchored by The Bay, and finds additional support from independent retailers and a solid and economically healthy food court.

The proposed Verdiroc convention centre is looking to include retail space (20 000 sqf.), standalone retail, a hotel (150 rooms) and housing. It has already approached several restaurant chains, a gym and a spa. This will reinforce the downtown as a restaurant and entertainment district and is likely to increase traffic and potential consumer base.

The Gunningsville Bridge reconstruction holds good promise for retail development. This thoroughfare will increase traffic. And both the extensions of the Assumption and Vaughan Harvey boulevards will further facilitate access and may draw more people downtown.

Downtown Cultural and Recreation Attractions

- Capitol and Empress Theatres
- Saturday's Farmer's Market
- Riverside Walking Path
- Restaurant and Entertainment Sector

Potential and Actual Future Projects

- The Verdiroc convention centre with adjoining hotel and retail space.
- Vaughan Harvey Blvd. extension
- Assumption Blvd. extension
- Closing Main St. to vehicles on weekends

6.4 Downtown Moncton Strengths and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none">▪ Strong employment base (13 000 daytime population estimated) with high proportion of professional and government employees.▪ Established restaurant and entertainment sector.▪ Major hotel presence – Delta Beauséjour, Howard Johnson’s and Chateau Moncton.▪ Vaughan Harvey Blvd. extension and potential Highfield Square redevelopment may bring new retail opportunities.▪ Safe and clean environment, with an eye towards aesthetic considerations.	<ul style="list-style-type: none">▪ In need of a higher population density.▪ Limited free parking during the week.▪ Moderate pedestrian activity.▪ Does not benefit from the waterfront.▪ Delicate retail sector.▪ Limited cultural and recreational attractions.▪ Insufficient greenery.

IMPLICATIONS FOR RETAIL:

Based on the data and interviews, one can see a greater place for retail in the downtown area. The ongoing growth of the regions two retail nodes will challenge the downtown sector to further develop its unique character. Niche and destination retails are two solutions that interviewees have offered, which may be shouldered by a facilitated access through streets and thoroughfare developments.

For a seriously dynamic downtown retail sector to radiate, it needs to be bold and innovative.

6.5 Case Study: Downtown Growth in Kalamazoo, Michigan

The city of Kalamazoo, Michigan (pop. 76 000) adopted back in 1996 proactive stance in regards to its downtown development. The city hoped to “Prepare downtown to be a dynamic and vibrant area which adapts to changing social, technological and economic forces” (*Vision for Downtown Kalamazoo, 2004*). To achieve this, the city focussed on:

- Providing major greenway areas, streetscape and architecture design, maximizing riverfront development with an eye towards recreation, housing entertainment and retail, dealing with traffic issues to improve navigation and accessibility, leveraging existing downtown assets.
- They also, “Encourage the creation of new downtown districts that integrate workplace, housing, transportation, retail and cultural amenities,” and “create walkable and interesting urban neighborhoods.”
- Attempt to create a connection between to downtown area and the other part of the city. In short, they want to reinforce the identity of the downtown district: “The experience of a place is integral to real estate value.”

Kalamazoo Incentive Programs 2005

- ✓ Business Recruitment Incentive Program – grants up to \$10,000 for new retail/office tenants downtown.
- ✓ Building Revitalization Program – design, facade and interior rehab grants.
- ✓ TIF – Public Infrastructure – improvement support for private development.
- ✓ Brownfield Redevelopment Initiative – environmental cleanup and single business tax credits.
- ✓ Small Business Revolving Loan Program – up to \$40,000 loans to small businesses

Source: Central City Net, www.central-city.net, 2005

... Looking to Canadian examples, Ontario also turns to TIF to counter downtown stagnation ...

“Some Ontario municipalities are adapting concepts of their American counterparts to provide assistance that is tax-increment based. ... Ontario's legislative framework does not provide the authority for municipalities to establish TIF districts, freeze taxes or divert the increase to a separate TIF authority. However, a number of municipalities [e.g. London and Thunder Bay] have developed innovative approaches to providing financial incentives for private-sector-led redevelopment and community improvement initiatives.” (Ontario Minister of Municipality and Housing, 2004)

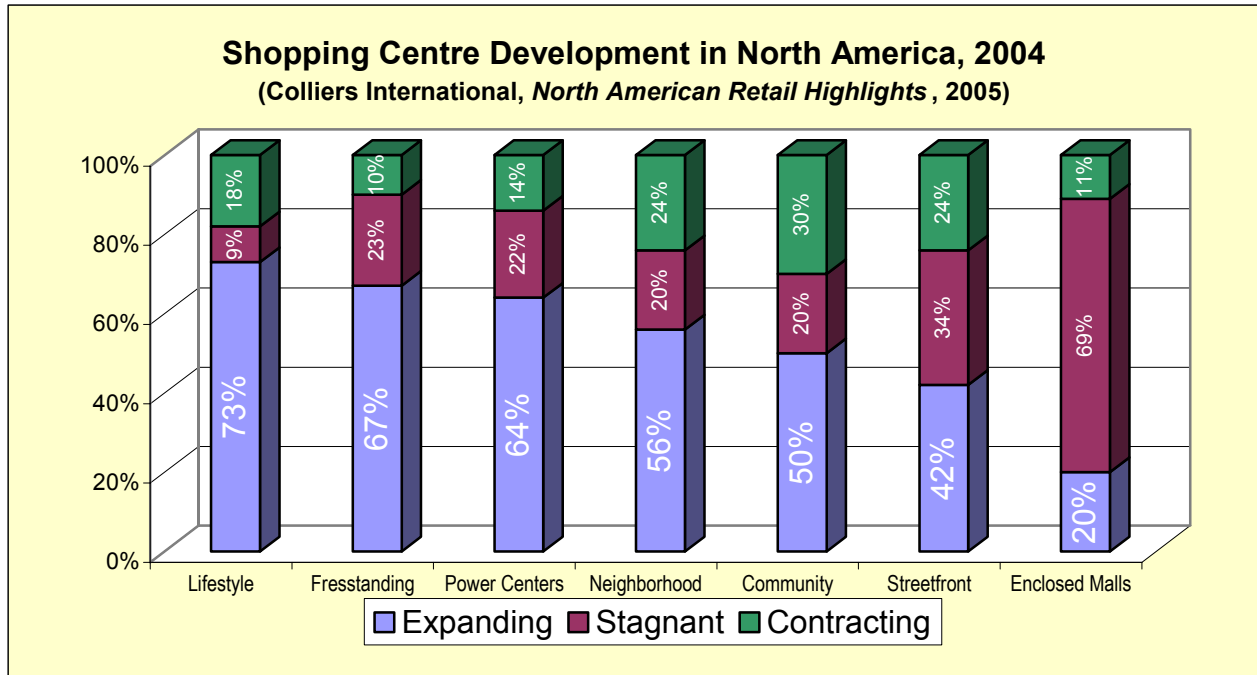
“TIF [tax increment improvements by borrowing money tax free (thus reducing interest rates) and lets companies purchase renovated sites incentives] is a real estate redevelopment technique that allows a company to finance land acquisitions or buildings at below-market costs.” (Federal Reserve Bank of Minneapolis, 2005)

IMPLICATIONS FOR RETAIL:

There are vast quantities of approaches to downtown development. However, when it comes to choosing the right one, everyone believes that he is or she is an expert. Opportunities do exist for downtown retail development, but as it has been shown for Kalamazoo and other Canadian cities, massive changes, professional planning and innovative approaches have been adopted. If Downtown Moncton is committed to its retail sector, it must consider more of these options.

7. Present Trends in Retail

In general, the retail market is hot across North America. Renewed consumer confidence, housing boom and new products all create a favourable mix for retailers, consumers and investors. Belford's recent Globe & Mail article "Retail investors soak up mall," nicely sums up the business climate in this vibrant sector.



7.1 Shopping Malls

The traditional enclosed mall has had to change its approach to the anchor department store. Changes in tastes and the new "Experience Economy" oriented stores, means that instead of the usual 12 major anchors (e.g. Sears, Wal-Mart), enclosed malls now have choices that reach 100 potential anchors. Recent news shows signs of good health.

7.2 Strip Malls

Because of low vacancy rates in malls, both big and small companies are moving towards strip malls. The rise in importance of strip malls is due to the ease of accessibility for an aging population and the proximity to suburban areas.

7.3 Big Box, Power Centres and Power Nodes

Big box centres have been sprouting like mushrooms across North America during the last ten to fifteen years. These stores are super-sized versions of competing stores. CSCA Ryerson's, *Power Retail: Close to Saturation?* defines them as 'category killers' or 'destination' shopping as they offer a wide variety of products at very competitive prices.

7.4 Small Box

Perhaps the defining appeal in small box retail is the time saved for consumers. Food marketing professor Richard George states that: "We're time-starved ... People are looking for that food retailer that can solve their time-starvation problem." (Retail Wire, *Wawa More Convenient*, 2004)

7.5 Lifestyle Centres

As part of the latest trend in retail and mall developments, "lifestyle centres" aim to maximize convenience in a safe environment. It is a retail reconstruction of a downtown village usually in the proximity of affluent neighbourhoods, with an upscale orientation. The open-air format requires between 150 000 and 500 000 square feet of space.

- The accompanying restaurants, cafés and cinemas, shops that are in lifestyle centres include: Banana Republic, Sharper Image and Barnes & Noble.

7.6 Niche Retail

Niche retailing covers a wide variety of store formats that fit into the traditional enclosed malls, strip malls and power centres. This category is always in movement: what was a niche segment a few years ago is now part of the mainstream (e.g. Value Village).

7.7 Destination Retailing

Above and beyond the need to purchase a product, destination retailing focuses on a more holistic shopping experience. Location might be the main issue of the majority of retailers, but in the world of destination retail, retailers offer a shopping experience, which is deeper than the availability of every product that one can find in a big box.

7.8 Outlets and Discount Retailers

Originally seen as second rate, discount retailers have found their permanent place in the retail environment. Today's consumers almost always shop for the lowest price... but with the added research tool of the Internet (comparison is a but a click away). To this, one needs to add that outlet and discount retailers have made their store more appealing.

- "Outlet centers are coming back because people realize there is more savings and selection buying from the manufacturer." (Koch, *Outlet Operators Optimistic*, 2004)

IMPLICATIONS FOR RETAIL:

A Greater Moncton retail strategy can appeal to every single type of retail format to develop its market: all have shown significant growth in activity in the last years.

In particular, the region should consider retail outlets as they have become more popular as of late. Even if they are not discounters, but cutting out the middleman, they pass on the savings to the consumers: a key factor for the region.

The arrival of lifestyle centres on the retail significantly changes the game. While the one being constructed in Dartmouth will further add to its retail appeal, it will increase the competition.

8. Comparable Markets

The recent Centre for the Study of Commercial Activity publication *Hot Spots in Canadian Retailing* (2004) has ranked the top 20 Canadian retail hot spots as of 2000. Barrie, Ont., Saskatoon, Sask. and Sudbury, Ont. have been signalled out as directly relevant to the Greater Moncton retail attraction strategy.

8.1 Saskatoon, Sask.

Appearing for the first time on the top 20 Canadian retail hotspots, Saskatoon hit the 3rd position. With a population of 205 000, the city shows little population growth at the rate of 1% per year. The Centre, the 8th Street retail strip, the Mall at Lawson Heights, the Market Mall, and other retail areas make Saskatoon an exemplary case of retail success.

Saskatoon Strengths	Greater Moncton Comparison
<ul style="list-style-type: none"> ▪ Very diverse economy 	✓
<ul style="list-style-type: none"> ▪ Low cost of living 	✓
<ul style="list-style-type: none"> ▪ Dynamic downtown development project 	✓
<ul style="list-style-type: none"> ▪ Low cost of utilities 	
<ul style="list-style-type: none"> ▪ Very stable business climate: AAA credit rating 	✓
<ul style="list-style-type: none"> ▪ Competitive tax environment 	✓
<ul style="list-style-type: none"> ▪ Least expensive place to park in Canada 	
<ul style="list-style-type: none"> ▪ Avg. household income of \$59 300 in 2004 	<ul style="list-style-type: none"> ▪ Avg. household income of \$57 400 in 2004
Sources: City of Saskatoon 2004 and FP Markets, <i>Canadian Demographics</i> 2004	

Lessons learnt:

1. Saskatoon has combined its downtown and retail development strategy to shoulder one another.
2. The city has developed, and is further developing, its waterfront area to make it an attractive place to go and to shop.
3. The Eighth Street East is the main retail strip, which cater to both high and low end consumers, with a fair number of enclosed and strip malls, restaurants and a variety of services.
4. Overall, the retail distribution respects the criteria of ease of access and properly disbursed around the city (with a downtown and one main retail strip concentration).
5. Waterfront development is in tune with retail development.

Retail in Saskatoon

- Wal-Mart and PETsMART are opening new stores.
- Retail space: open anchors occupy 42%, enclosed regional 29%, enclosed community 29% and power centres 7%

Source: Colliers International, *Canadian Real Estate Review* 2004-2005, 2005

8.2 Chicoutimi-Jonquière, Qc.

The overlapping cities of Chicoutimi and Jonquière have a population of over 120 000. The region came in 20th in the top 20 general merchandise category. The Place du Saguenay is the major draw for the region focusing on general retail. Located in the greater region of Saguenay-Lac-Saint-Jean, the cities of Chicoutimi-Jonquière are facing problems of population decrease. However, a diversified economy and a keen interest in arts, culture and the great outdoors give the region the necessary activity to maintain its retail sector.

Chicoutimi-Jonquière Strengths	Greater Moncton Comparison
<ul style="list-style-type: none"> Very diverse economy 	✓
<ul style="list-style-type: none"> One of the best climates for industrial development 	<ul style="list-style-type: none"> Strong manufacturing, distribution and industrial park vitality.
<ul style="list-style-type: none"> Strategic approach to the new economy. 	
<ul style="list-style-type: none"> Financial support for big and small players. 	✓
<ul style="list-style-type: none"> Integration of outdoor life and community living. 	
<ul style="list-style-type: none"> Good dock activity. 	
<ul style="list-style-type: none"> Avg. household income of \$52 900 in 2004 	<ul style="list-style-type: none"> Avg. household income of \$57 400 in 2004
Sources: <i>Transformations</i> , Saguenay-Lac-Saint-Jean, 2005 and FP Markets, <i>Canadian Demographics 2004</i> .	

Lessons learnt:

1. Dispersion of retailers has been the formula for this extended region.
2. Both the cities of Chicoutimi and Jonquière share the client base.
3. Located in a region where outdoor activity is significant, retailers do not appropriately recognize the importance of this market segment and therefore lose to retailers outside the region (despite certain efforts).
4. Their catchment area services other regions by focussing on general retail.
5. Retail success does not necessarily depend on waterfront development.

Top 4 Motivations for Shopping Outside the Saguenay-Lac-Saint Region

Greater choices	34%
Leisure	27%
Leaving the region	15%
Better price	13%

Source: Ville de Saguenay, *Les habitudes d'achats au Saguenay-Lac-Saint-Jean 2000, 2001*.

9. Retail Strategies: Getting the Proper Mix

9.1 Is There Such a Thing as The Successful Retail Mix?

There is no unique formula to provide the perfect retail mix. Taking the top players in the retail sector is not enough. Niche retailers, destination areas and supporting venues or activities, all help to draw in the prospective consumers.

Top players in the retail market for 2003-2004:

- Discount retailers
- Restaurants
- Home Improvement
- Home Furnishing
- Supermarkets

Source: Colliers International, *North American Highlights* 2004, 2005

- “If there is one thing that architects, planners and developers agree on at the beginning of the 21st Century, it's that the ideal form of commercial development mixes housing, office and retail in a lively community setting.” (Steve Lewis, *Zoning Trends*, in Retail Traffic, 2002)
- “But municipalities — and shoppers — are discovering there's something special about cities. They offer a sense of place. They often have rich, distinct histories and beautiful rivers. They have it all, from workplaces to entertainment centers to dwellings.” (Retail Traffic, *Municipalities work to BRIDGE the URBAN RETAIL gap*, 2001)
- Particular stores come and go and brand loyalty is always difficult to maintain. Despite the emergence of the experience economy and destination shopping, a good price is still a key variable for shoppers.

9.2 Dynamic vs. Stagnant Retail Mix Main Arteries and the Downtown Setting

Following the in depth analysis of *Les rue principales* (Commercial Street), one sees in the box below, that for a dynamic downtown and street-level commercial success several key elements need to be present.

Key Ingredients For A Dynamic Downtown and Commercial Strip

- Unique ambiance
- Cachet
- Interesting architecture
- Vegetation
- Meeting place to socialize

Source: Fondation Rues principales, *La composition commerciale idéale*, 2005

IMPLICATIONS FOR RETAIL:

It is worthwhile to consider such specialized urban development strategies that *Les rues principales* (<http://www.fondationruesprincipales.qc.ca/>) and the *Canadian Urban Institute* (www.canurb.com) offer to cities and regions that are looking to revamp their downtown core. The Moncton's downtown could benefit from these services.

9.3 Case Study: “The Proper Mix” Portland, Maine

With a good dosage of self-publicity, based on facts, Portland, Maine is creating a wave on almost every socio-economic front. It is a success story. “Portland is Maine’s business, financial and retail capital.” While the city’s population is 64 000, the Greater Portland region is closer to 230 000.

According to the City of Portland: “Seascape and cityscapes blend harmoniously in Portland, perched on a peninsula, jutting out into island-studded Casco Bay. The metropolitan hub of Maine’s south coast region, Portland is a lively city incorporating the character of yesteryear into a modern urban environment. Historic architecture blends gracefully with the new as you stroll along her working waterfront or the cobblestone streets of the Old Port section of the city.”

Portland Strengths

- Named #1 place in the country to raise children.
- Named #1 for small business vitality.
- Located in the Atlantic Canada – NY corridor.
- The city is linked by air, sea and land.
- The city supports a vibrant arts community.
- Cited as top 12 US distinctive destinations.

Source: www.ci.portland.me.us, 2005.

Imagination is the key: how to fight high rental prices and low vacancy rates

- Redevelop and expand old retail centres.
- Facelift old buildings.
- Locate retail next to turnpikes opens up new markets.
- Find the proper retail and tenant mix.
- Find new use for old sites, like industrial land.

Source: Northeast Real Estate Business, *Northeast Snapshot: Maine Market*, 2005

What does Portland have to offer in terms of a unique shopping experience?

- ❑ Cobblestone streets of Portland's Old Port and unique boutiques.
- ❑ Antique stores throughout the area.
- ❑ South Portland has over 140 shops
- ❑ The Maine Mall is Maine's largest indoor shopping centre.
- ❑ Bargains are to be found in the Kittery and Freeport outlets.

Lessons learnt:

- ✓ Retail is not independent of the living environment. Being one of the best places to live in the US stimulates shopping and encourages businesses.
- ✓ Outlets do not imply low-end: people are always looking for a deal.
- ✓ Proper design gives a reason for people to flock to certain areas. Making it an experience makes shopping pleasant.
- ✓ Locating new retail developments next to high traffic arteries facilitates access.
- ✓ With 16 parking areas, getting there is never a problem. This is made more attractive by giving free “Park and Shop” parking vouchers for downtown shopping.
- ✓ The old port redevelopment offers chic shopping, entertainment and a unique environment – in short it is a people magnet.

9.4 Municipal Government Incentives

There appears to be very little incentives to attract retailers as such to the region. While in the US, programs like Brownfield developments create extra incentives for re-development, no such program exists here up to date. The downtown Moncton area is presently working on its “Heritage Tax Abatement” strategy, which would see tax breaks for owners of buildings with heritage character that are improved by the owner.

But for the time being, at best, businesses are lured by the already existing dynamism of the Greater Moncton region. Otherwise, provincial tax incentives have been adopted in order to attract prospective businesses. This could encourage unique or independent retailers to set up in the region, or in the downtown area in particular.

IMPLICATIONS FOR RETAIL:

Creative strategies or incentives need to be put in place if the region does not want to simply fill in vacant areas. There is something to be said for proactive and aggressive development. The municipalities are equipped to participate and favour retail development.

Greater Moncton’s municipal governments need to be even more proactive when it comes to devising a retail strategy.

10. Recommendations

Based on our research and interviews conducted, a multi-pronged approach should be adopted to attract retailers. Each city, town, or district can orient its retail market to cater to its local and general consumer base. Yet, the erosion of Greater Moncton's catchment area should prompt a concerted effort to draw unique retailers foreign to Atlantic Canada.

□ **Moncton's Wheeler Park/North End:**

1. As this district is booming they should attract big players. To improve the catchment area, targets should include category killers, freestanding big boxes and retailers in need high exposure.
2. Aggressively market the fact that the district is located along main arteries that insure good access.
3. Make it a shopping destination with the two planned hotels.

□ **Dieppe's Champlain Place:**

1. Recent news has just indicated that mall sales and visits are up again. However, because of the arrival of new competitors, like freestanding big boxes, the shopping centre should try to attract more 'experience economy' oriented retailers (like American Girl) that give new life to malls.
2. Be mindful that big boxes might just set up a freestanding format (Wal-Mart), or close (Toys 'R' Us).

□ **Dieppe's New Downtown**

1. Dieppe has an opportunity to create a unique downtown with a distinct cachet that does not reproduce other retail avenues. A degree of attention has been given to this fact, yet it should be clear that they have an occasion to create a retail mix and cityscape to draw a new clientele.

□ **Riverview:**

1. The town should facilitate the growth of existing retailers that have shown potential for expansion and capitalize on its high family income.
2. With developments like Findlay Park and new arteries, the town should expand its catchment area.
3. The town could encourage developers to be more competitive with incentives.
4. Other avenues to explore are in niche retail like tourism, outdoors related retail and crafts sector.

□ **Downtown Moncton:**

1. Recognize that the retail sector is delicate.
2. Decide whether to let retail as is or adopt a new and professional urban development strategy.
3. Try and attract more unique retailers that give consumers a reason to come downtown.
4. Find strong local/regional successful retailers like Pete's Frootique, Olivier Soaps, NB Liquor and give them a prominent place.
5. Give a unique cachet to a part of the street by attracting specialty food stores, Italian eateries and a critical mass of small, but high-end retailers – such as Terra Verde.
6. Continue to improve the look/feel of Downtown with more greenery and a pleasant environment.
7. The proposed Verdrioc project will stimulate downtown, but not guarantee retail growth on its own.
8. Encourage the local government to provide TIFs.

□ **Greater Moncton:**

1. Develop a clear value proposition.
2. Aggressively and visibly market this value proposition to Atlantic Canada and the whole country.
3. Go to Halifax without a broker and woo existing retailers to come to the region, or expand there. Otherwise, the region will stay 2nd to Halifax and retailers might go the Fredericton or Saint John.
4. Find unique retailers that would make the region a destination once again.
5. Market to the higher-end, because regional Wal-Mart stores are everywhere and the region is losing its catchment area and Home Depot is now doing the same.
6. Encourage retailers in developing outlet retail.

Appendices

11. Appendices

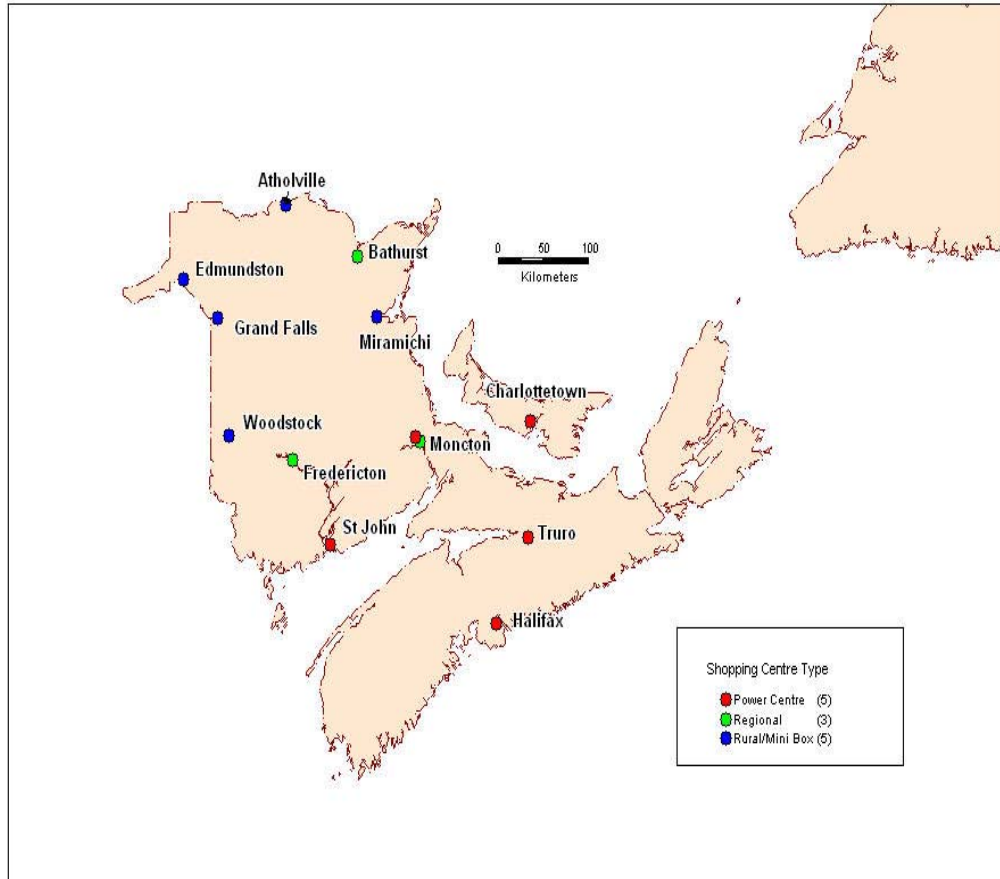
11.1 Definitions

In the present study retailwe referred to apporximately four general types of shopping centers/retail nodes that have come to supplement the usual retail lanscape (e.g strip malls, enclosed malls).

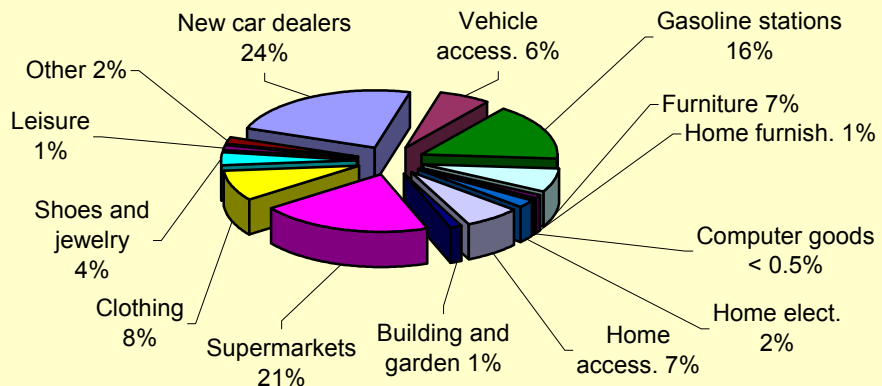
- **Lifestyle Centre:** These centres attend to both the shopping and living (experiential) needs of their customers. Located near affluent neighbourhoods, these centres tend to have a high-end or upscale market. On average lifestyle centres tend to be between 150 000 square feet (sqf.) and 500 000 sqf. of retail space. Two noteworthy features of these centres are their open-air set-up and include at minimum 50,000 sqf. of high-end national chain specialty stores.
- **Power Centre:** A centre dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or "category killers," i.e., stores that offer tremendous selection in a particular merchandise category at low prices. The centre consists of several freestanding (unconnected) anchors and only a minimum amount of small specialty tenants.
- **Power Node:** This is a variation or extension of the power centre concept, which is defined as having one power centre with additional big boxes or other shopping centres within a 1 km radius, centred on a major intersection.
- **Regional Centre:** This centre type provides general merchandise (a large percentage of which is apparel) and services in full depth and variety. Its main attractions are its anchors: traditional, mass merchant, or discount department stores or fashion specialty stores. A typical regional centre is usually enclosed with an inward orientation of the stores connected by a common walkway and parking surrounds the outside perimeter.

11.2 Maritime Retail Activity

Moncton and Surrounding Shopping Centre Developments

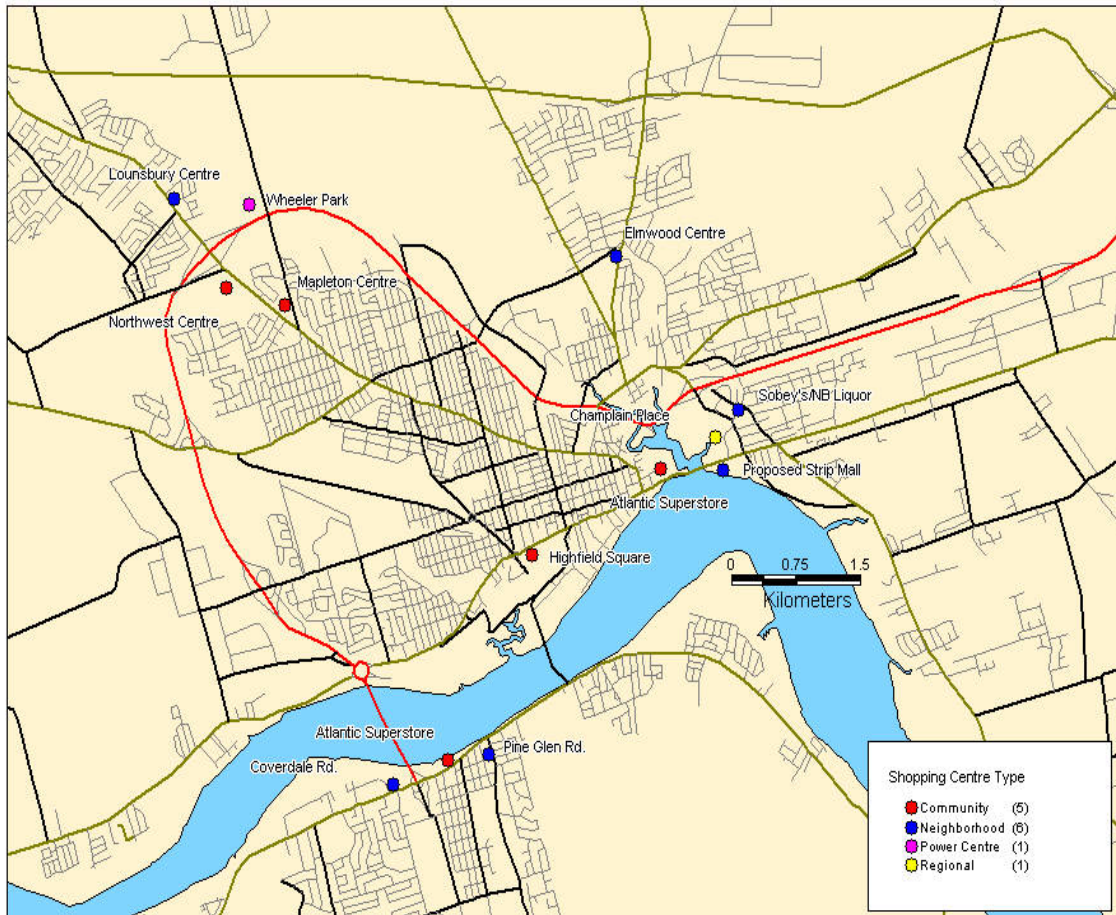


Retail Sales for New Brunswick in 2004
(Statistics Canada, Retail Trade, 2005)



11.3 Greater Moncton Retail

Greater Moncton Shopping Centre Distribution



11.4 Cluster Analysis Categories

Cluster analysis is a statistical method that identifies relationships between a range of variables. The leading cluster in the Greater Moncton region is the “Old Town’s New Fringe,” which mirrors the relatively lower disposable income that people have in comparison to the other regions. For the retail strategy, one should keep in mind that the other cities can cater to the “Small City Elite.” Perhaps more attention can be given to slightly higher-end consumers.

Leading Cluster Categories per Region								
Cluster	Moncton		Fredericton		Saint John		Halifax	
	Number of Households	%	Number of Households	%	Number of Households	%	Number of Households	%
Old Town’s New Fringe: Young to middle aged, high school and college educated. Grey/blue collar workers, with small families. Generally own smaller, moderately-priced detached homes; heavily mortgaged.	9 900	19%	6 600	19%	14 000	28%	20 600	13%
Small City Elite: Small, traditional families and older couples headed by middle-aged, well-educated managerial/executives. Comfortable neighbourhoods.	2 400	5%	8 600	24%	6 800	13%	14 400	9%
Leading Financial Cluster Categories per Region								
Tractors and Tradelines: Self-employed blue-collar farmers and related agricultural occupations. Household income just below the Canadian average. Middle-size families with younger children.	9 900	20%	6 600	19%	14 300	28%	21 000	13%
Canadian Comfort: These households rarely rent, they own and their homes are nicer than average. Both their dwelling values and liquid assets are about 30% greater than average.	5 100	10%	8 600	24%	7 700	15%	20 000	13%
Young Urban Struggle: These young singles do not typically have much money. Bad debts, unpaid bills, and bankruptcies are relatively common.	4 200	8%	3 200	9%	4 400	9%	25 000	16%
Source: Financial Post, <i>FP Markets: Canadian Demographics 2004</i>								

11.5 Media Clippings

Omni centre

Multi-million-dollar development offers great economic promise

By Joanie Veitch
Nova Scotia Business Journal

It's going to be a commercial development unlike any the region has seen before. That's the word from North American Acquisition Corp. – the driving force behind the massive multi-million-dollar retail development project slated to open soon near highway 118 in Dartmouth.

"People will be surprised," says Ron Richards, a consultant working on the project for the Ontario-based development company. "This isn't going to be another Bayers Lake. It goes way beyond that. Bayers Lake is a 'stage one' type development. We're looking at a 'stage three' or 'stage four' type development."

The \$270-million project – which will involve several big box stores and medium retail operations, as well as hotels, restaurants and movie theatres – was announced publicly last fall and just recently reached the tentative plan approval process.

The development is called an "omni centre". It's a concept that exceeds the "power centre" concept that has become popular across the country in recent years. The plan involves a more modular design, with square land lots instead of the traditional linear design used in other large retail parks.

With the big box stores located along the outside ring, the interior of the park will have more of a village-style feel to it, says Margot Young, project manager with Environmental Design and Management (EDM) Ltd., the local company which is coordinating the design and approval process of the development.

"We want a layout that minimizes the need to get in the car," she says.

The development of the property is modeled after a similar commercial development in Boucherville, Quebec. Pictures on EDM's web site of the Boucherville project show many "upmarket" retail outlets, large cafés, wide sidewalks, park benches and attractive landscaping. The new development in Dartmouth will even have a walking and bicycle trail running through it that connects to the Shubie Park trails.

Record sales take shopping malls off retail's critical list

By David Goll

East Bay Business Times

Updated: 8:00 p.m. ET June 5, 2005

Despite fierce competition from big-box discounters that typically anchor retail power and lifestyle centers, regional and super-regional shopping malls are proving to be resilient rivals.

Written off by many industry insiders as leftover 20th-century retail dinosaurs, the memo apparently has not reached a sizable number of consumers. According to a new survey by the International Council of Shopping Centers, U.S. enclosed malls enjoyed their biggest sales increase in more than a decade in 2004: Sales of \$366 per square foot for non-anchor tenants represented a 4.2 percent rise over 2003.

Furnishings, a category that encompasses furniture, decor and home electronics, was the strongest performer for the year, with growth of 5.8 percent. Also recording strong numbers were apparel and accessories, with sales 4.8 percent higher year-over-year, according to ICSC, a New York-based retail trade organization.

"This data sort of goes against the grain of conventional wisdom, but regional malls are, generally speaking, continuing to be a vital part of the retail industry," said ICSC spokeswoman Patrice Duker. "This is still a pretty young format, since the average regional mall is 28 years old."

Sales figures have been higher - about \$425 per square foot in the booming 1990s - but last year's figure is the highest so far in this decade, according to Duker. And not many regional, enclosed malls are being built these days - especially in congested, expensive urban centers such as the Bay Area - but a fair number are being revitalized through remodels and new tenant mixes.

Gayle Speare, general manager of Newark's NewPark Mall, isn't the least bit surprised at the staying power of traditional malls. Those owned by NewPark's parent, General Growth Properties Inc. of Chicago, the nation's second-largest operator of retail centers, come in higher than the national average in annual sales-per-square-foot at \$416.

"There certainly are people who say the shopping mall is dead, but consumers just don't believe it," Speare said. "It's true there may not be a lot of new (regional mall) development opportunities, but owners of malls are reinvesting in their properties with remodels and adding 'lifestyle' components like restaurants and theaters."

Speare is about to have first-hand experience in that arena. Her 150-store center, which has more than 1.1 million square feet of gross leasable space, will undergo a major facelift beginning this summer.

The rather dated appearance of NewPark reflects the period in which it opened - 1980 - leading Speare and others to jokingly refer to its original decor as the "Miami Vice look."

Along with cosmetic changes including earth tone colors more reflective of 2005, NewPark will get a lifestyle infusion in the form of new restaurants and a 20-screen Century Theatres cineplex.

"There's no question you have to innovate and reinvent yourself to survive, especially in an industry as trend-oriented as retail," she said. "You don't want to become stagnant. Regional malls have always been community gathering spots, but I think some of our new features will increase our appeal to an even broader range of the community.

"You want to draw people here to do other things than just shop, such as entertainment and dining," she said.

And that communal experience may be exactly what is fueling the continued success of regional malls, according to Eric Soares, professor of marketing at Cal State East Bay. Malls that innovate and stay ahead of the trends - especially those that strengthen a sense of community - will thrive, he said.

"In recent years we have seen an industry shakeout and malls that didn't change with the times failed," he said. "No one likes to go shopping in a place that's run down and dilapidated."

But, he added, malls that have refreshed themselves with updated looks and tenant mixes are enjoying a resurgence.

"I think what we're seeing today we're seeing is a bit of a backlash against Internet shopping and the standalone big-box discount stores," he said. "People like to go to nice places, they like being around other people, and mall managers have gotten savvy to that. You can go to this community meeting spot now to eat and see a show. And go shopping in many different stores, too."

As Soares said, however, all is not rosy. Malls stuck in a time warp or in economically challenged areas have either closed their doors or are struggling. The Congress of New Urbanism, a Chicago-based advocacy group of "livable" communities, has identified 140 "declining" malls in the United States, with another 250 teetering in the "at-risk" category.

Those with visionary - and well-capitalized owners - are avoiding those traps, according to ICSC's Duker.

"No question some malls are declining, but many are doing very well," she said. "Those who pay attention to issues of tenant mix and cosmetic improvements are very successful."

A good local example is Concord's Sunvalley Shopping Center, first opened in 1967 but extensively remodeled a decade ago. Though his mall "falls a bit below" the average sales of \$477 per square foot at developments owned by Taubman Centers

Inc., Sunvalley General Manager Tom McCracken said the 1.3 million-square-foot mall is almost fully leased and year-over-year sales are up.

"We had a similar increase (to the 4.2 percent increase nationwide) here last year and had increases of more than 5 percent in March, a little less than 5 percent in April," McCracken said, referring to year-over-year sales at his 1.3 million-square-foot mall.

Along with the busy specialty tenants, anchor tenants at Sunvalley - including Macy's, Sears and JCPenney - do "huge" volumes of business and often rank among the most successful in their respective companies, McCracken said.

Although it does not have a theater complex, Sunvalley has added a wide array of eateries and a 24 Hour Fitness health club in recent years. Mixing new tenants with tried-and-true mall regulars such as department stores has proved to be a winning formula - along with having a central, accessible location on the busy Interstate 680 corridor.

"In my 19 years here, we have never had sales go downhill," McCracken said. "We might have had a few flat years, but never a loss. We just continue to do well."

11.6 An Example of Work done By Les Rues principales

Drummondville

Une ville au riche patrimoine industriel

Population : 44 882 habitants - Début du projet : mars 1991

- Augmentés d'animation de 15 en 1994 à 35 en 1999.
- Ouverture de 115 nouveaux commerces entre 1995 et 1999 .
 - Implantation d'un programme de revitalisation qui a permis la rénovation de 173 bâtiments pour des investissements de 15,2M\$ au cours des trois dernières années.
 - Des investissements immobiliers privés de 22 millions \$ entre 1994 et 1997.
- La conservation, la rénovation et l'agrandissement du Théâtre Capitol a permis de maintenir une institution essentielle au centre-ville tout en favorisant l'implantation tout autour de commerces aux vocations complémentaires, renforçant ainsi la qualité du milieu de vie.

