

Waterford Station Development Strategy



**Prepared for: Blackstone Developments Inc.
Prepared by: MXD Development Strategists, Ltd.**

Waterford Station – Preface

- This report was commissioned by Blackstone Developments Inc.. The Waterford Station Development Strategy assignment was performed between April 2015 and July 2015.
- The purpose of this assignment was to assess, identify and define the optimal Retail Development Program Directions for the Waterford Station Development Site based upon a solid foundation of Market Research, as well as to provide preliminary conceptual design recommendations.
- The figures presented in the report are based on an evaluation of the current general level of the economy in the local market, and neither take into account, nor make provisions for the effect of any sharp rise or decline in local or general economic conditions.
- MXD Development Strategists, Ltd. do not warrant that any estimates contained within the study will be achieved, but that they have been prepared conscientiously on the basis of information obtained during the course of this market analysis. Also, any tenant references made in this report are for illustrative purposes only.
- Reference material used for this report was derived from the project team, as well as from the public and private sectors and government publications. This information was supplemented by our experience in the planning and development of real estate projects throughout North America and around the world.
- 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 MXD Development Strategists, Ltd.

Waterford Station – Development Strategy

- MXD Development Strategists was commissioned by Blackstone Development Inc. to prepare a Development Strategy framework for Waterford Station, located in Sylvan Lake, Alberta.
- The Development Strategy Framework built on previous studies to provide updated estimates for Retail Commercial Demand, Potential Uses as well as Concept Layout and Circulation.
- Previous studies estimated potential for retail development ranging from approximately 40,000 SF to 350,000 SF. Recognizing that each study employs different criteria for Trade Area, Planning Horizon and Rate of Growth, revised estimates indicated a potential demand of approximately 80,000 SF by 2021 and additional 60,000 SF by 2036.
- Competitive Assessment of Retail Commercial Development within the Town of Sylvan Lake found lack of Retail offering on the western edge of the growing jurisdiction with the potential for Waterford Station to act as both a Commercial Hub and a Community Hub.
- Recognizing that west of the 50th street corridor there are approximately 8,500 existing residents, with limited access to goods and services and that additional population growth will be concentrated in this area, a phased Mixed-use Development Strategy provides opportunity for a growing population in West Sylvan Lake.
- Leveraging the residential, multi-purpose overall positioning of Waterford Station, potential Community functions for further considerations included: Urgent Care Center, Church and Place of Worship, Medical Service Centre, Brewpub, as well as Community Hub & Recreational Facilities.
- Contingent upon a number of factors, initial Anchors may include a Grocery Store, Gas Station/Car Wash Facilities. Alternatively, it is recognized that a “4 corners approach” may be utilized to leverage the on-site population that is present from the residential development. The “4 corners approach” has a focus on neighbourhood serving retail and professional services and may include: restaurants, banking, insurance, medical as well as convenience-grocers.
- As part of evolving the Waterford Station Development Site, the following Development Strategy Framework provides a guiding document and foundation for potential direction and implementation.

Waterford Station – Development Strategy

- Strong visitor and tourism metrics for Sylvan Lake are primarily driven by inter-regional patterns, with Hotel and Accommodation primarily located along the Waterfront the potential for future Hotel Development as part of Waterford Station would require a detailed feasibility analysis.
- The Development Strategy Framework built on previous studies to provided updated estimates for Retail Commercial Demand, Potential Uses as well as Concept Layout and Circulation.
- Waterford Station’s potential to act as Community Anchor to a growing West Sylvan Lake population is complimented by its potential to leverage its Adult Community component. In particular, related services such as a medical facility with uses such as Medical Imaging could potentially accommodate a range of residents and provides opportunity for the co-location of Urgent Care Operations for the Town of Sylvan Lake and Red Deer region.
- With 60th Street becoming the site of a future interchange at Hwy 11, and the closing of 50th Street to Hwy 11, 60th Street will become one of two access points from Hwy 11 into the Town of Sylvan Lake.
- Additional uses that leverage the site location of Waterford Station include: Professional Services, Insurance, Gas Station & Convenience, Banks and Copy/Printing.
- As the town of Sylvan Lake increases efforts to become more pedestrian-friendly, trails such as the recently completed walking corridor along 60th Street that extend from 48th Ave. to Memorial Trail further position Waterford Station to act as a potential Community anchor.

SUMMARY OF PREVIOUS STUDIES

Summary of Previous Studies

Colliers – Retail Land Demand and Growth Implications Analysis (January 2014)

- Total on-site support for retail-commercial facilities is 42,000 to 48,000 square feet. At an FAR of 0.26, total required land area is 4.7 to 5.2 acres including 1 acre for a market-supportable gas bar.
- 2,900 square feet projected Resident-Driven Restaurant Food & Beverage Support.
- Phase 1 Recommendation (Immediate Support and Full Operational Stability in 3 years):
 - Gas Station – minimum 6 pumps
 - Convenience Store
 - Drive Through and Sit Down Coffee Shop such as Starbucks or Tim Horton’s
 - Liquor Store/cold beer & wine store
- Future phases will create a commercial village containing:
 - Personal service establishments (ex. Banks)
 - Professional service establishments (ex. Real Estate & Insurance)
 - Restaurants & Cafes
 - Car Wash Facility and Auto-Service Oriented Business
- Also considered an excellent location for recreation facilities and express-oriented hotel use.

Waterford Station	
Total Warranted Retail-Commercial Floor Area by Source of Demand	
	Build-Out (sf)
Lakeway Landing (SW 29) Support	6,000
NW 29 Support	4,100
Annexation North 1 Area/Subject Lands Support	5,900
Annexation North 2 Area Support	5,100
TOTAL TRADE AREA RESIDENT SUPPORT - TRADITIONAL RETAIL CATEGORIES	21,100
Service Commercial Uses at % of Above Sub-Total	35% 7,400
SUB-TOTAL, NET OF NON-TRADE AREA RESIDENT SUPPORT	28,500
Projected Resident-Driven Restaurant Food & Beverage Support	2,900
TOTAL RETAIL COMMERCIAL SUPPORT NET OF INFLOW (000s sf)	31,400
Inflow (Non Trade Area Resident) Support as % of Total	25% 10,600
TOTAL RETAIL COMMERCIAL SUPPORT - WATERFORD STATION SUPPORT	42,000

Source: Colliers International Consulting

Summary of Previous Studies

Global Retail Strategies – Commercial Market Opportunity & Development Strategy (July 2014)

- Total recommended commercial demand for Phase 1 is +/- 150,000 square feet in a Main Street Village. The retail will be focused towards convenience such as a gourmet market, drug store, speciality wines, etc. It will be oriented towards daily needs of residents and visitors.
- Critical mass is required to meet market demand and establish “first to market” position. Phase 1 expected to be operational in 2020.
- Phase 2 is expected to add +/- 100,000 square feet of retail space by 2030. Recommended that Phase 2 have an entertainment component such as a cinema or bowling alley as a prime anchor.
- Phase 1 and 2 are expected to encompass 25 acres of land and the recommended 250,000 square foot build-out by 2030 which means an FAR of 0.23.
- A further +/- 75,000 square feet of retail could be accommodated after 2035 as a continuation of the Main Street. This will require 7 acres of land.
- A signature boutique spa hotel is recommended for Phase 1. The hotel would have 70 to 80 rooms.
- 25,000 square feet of office space is recommended for Phase 1, primarily as multi-level space above ground floor retail. 50,000 square feet are recommended for Phase 2 by 2030.

Global Retail Strategies – Commercial Market Opportunity & Development Strategy (July 2014)

GRS Suggested Phasing and Project Components

Phase	Project Component	Retail Deployment	Hospitality Deployment	Office Deployment
Phase 1 (2020)	Gourmet Market / Specialty Foods	48,000 s.f.		
	Restaurants / Cafes	14,000 s.f.		
	Lifestyle Retail / Sports / Hobbies	25,000 s.f.		
	Showcase Wine / Spirits	10,000 s.f.		
	Drug Store	5,000 s.f.		
	Banks / Financial Services	8,000 s.f.		
	Specialty Retail / Services	25,000 s.f.		
	Destination Wellness Spa	15,000 s.f.		
	Signature Boutique Spa Hotel	-	80 Rooms	
	Multi-level Office	-	-	20,000 s.f.
	Live-Work Units	-	-	5,000 s.f. (10 units)
PHASE 1 TOTAL		± 150,000 s.f.	±80 Rooms	±25,000 s.f.
Phase 2 (2030)	Entertainment (Cinema / Bowling Alley)	25,000 s.f.		
	Restaurants / Cafes	11,000 s.f.		
	Specialty Foods	15,000 s.f.		
	Misc. Specialty Retail / Services	49,000 s.f.		
	Multi-level Office	-	-	20,000 s.f.
	Live-Work Units	-	-	5,000 s.f. (10 units)
	PHASE 2 TOTAL		±100,000 s.f.	-
Total Phase 1 and Phase 2		±250,000 s.f.	±80 Rooms	±50,000 s.f.
Phase 3 (2035+)	Additional Retail / Services	±75,000 s.f.	-	-
Total Overall Programming	Three (3) Project Phases	± 325,000 s.f.	±80 Rooms	± 50,000 s.f.

Summary of Previous Studies

Urban Systems – Development Program (January 2015)

- Guiding Principles:
 - Create a unique destination
 - Create identity and space
 - Environmental Sustainability
 - Socially Inclusive
 - Healthy Lifestyles
 - Healthy Business

- Vision Statement: *“Waterford Station is a complete neighbourhood that incorporates sustainable community development principles to create a socially inclusive space, integrated with commercial and recreational uses creating a unique destination within Sylvan Lake and beyond”.*

- 13 to 18 acres of commercial space depending on concept. This translates to approximately 150,000 to 326,800 square feet.

- 5 acres of mixed-use development was also allocated, which can contain commercial and residential uses.

- Examined the possibility of creating a lower density office environment (employment hub). This would be located next to the mixed-use area.

- Urban Systems identified the requirement for various densities of housing as well as a significant amount of adult community housing which would allow aging-in-place to occur.

- An institutional campus was identified for the eastern edge of the development, accommodating public and institutional uses such as a school site, major community or recreational facility or integrated uses.

Urban Systems – Development Program (January 2015)

Category	Original Concept	%	Alternative Concept #1	%	Alternative Concept #2	%
Land Base						
Total Area	61.2		61.2		61.2	
Road Widening	0.8		0.8		0.8	
Developable Area	60.4	100	60.4	100	60.4	100
Land Use Classification						
Parks and Open Space	5.5	9	5.5	9	5.5	9
Stormwater/Park Space	4.5	7	4.5	7	4.5	7
Commercial	5.3	9	6.3	10	7.4	12
Institutional Campus	5.1	8	4.9	8	3.1	5
Employment Area	NA	NA	1.8	3	NA	NA
Mixed-Use Hub	1.8	3	2	3	1.8	3
Medium-Density Housing	9.1	15	6.4	11	9.1	15
Low-Density Housing	18.8	31	18.8	31	18.8	31
Adult Community Housing	4.2	7	4.2	7	4.2	7
Roads (estimate)	6.0	10	6.0	10	6.0	10
Totals	60.4	100	60.4	100	60.4	100

Note: All areas are in Hectares

Summary

Consultant	Trade Area	FAR	Total Amount of Retail (SF)	Total Land Requirement (Acres)
Colliers	Localized Trade Area (3-5 minute drive time)	0.26	42,000 – 48,000	4.7 – 5.2
Global Retail Strategies	PTA includes all of Sylvan Lake	0.23	325,000 (3 phases)	32
Urban Systems	PTA includes all of Sylvan Lake	N/A	150,000 – 326,800	32

CASE STUDIES

Mixed-Use Commercial Case Studies

New Monaco (To Begin Construction in 2015) Peachland, BC

- **Locational Context:** Located 20 minutes from Kelowna, Peachland is a district municipality with over 5,000 residents located along Okanagan Lake.
- **Total Commercial Square Footage:** Up to 100,000 square feet of retail space in small format retail (no big box), and 150,000 square feet of office and services.
- **Other Uses:** Multi-Family & Single-Family Residential, Full-Service, Hotel, Food Gardens, Indoor and Outdoor Recreation.
- **Project Overview:** 125-acre master-planned mixed-use development that is built around an urban village and office commercial district that focuses on comprehensive wellness, learning, medical technology, art, and wine tourism. Will be marketed towards young families, luxury market, and full amenity community for seniors. The development has won the Award for Planning Excellence from the Canadian Institute of Planners.
- **Key Takeaways for Waterford Station:**
 - Focus towards niche industries such as medical, wellness, tourism, and technology.
 - Target specific retail and employment types to ensure that the vision is kept in tact.
 - A sizeable amount of local consumers will be required to sustain 40-50 small boutique and medium size retailers. Expenditures from adjacent neighbourhoods and tourists are integral to make businesses profitable.



Mixed-Use Commercial Case Studies

Eagle Ranch Village Eagle, Colorado

- **Locational Context:** Located 30 minutes from Vail, and one mile from the interstate highway. The Town of Eagle has a population of 6,500.
- **Total Commercial Square Footage:** 120,000 square feet (70,000 square feet constructed).
- **Other Uses:** Office, Entertainment, Residential
- **Project Overview:** An entertainment destination anchored by a four-screen Capitol Theatre. High-quality development standards based around a village setting. Tenants include several restaurants, day spa, hair studio, wine & spirits, a small neighbourhood market, a healthcare center, sports medicine, and other various medical tenants.
- **Key Takeaways for Waterford Station:**
 - Residential had high demand, but the retail and office has been harder to lease due to the lack of an anchor such as a major grocery store.
 - Difficult to compete with established retail centres in the town, must differentiate itself with a niche commercial tenant mix, focusing on the retail gaps of the town.
 - Commercial units are created and zoned with flexibility in mind so that they can be either retail, office, or medical due to market demand.



Mixed-Use Commercial Case Studies

Willits Town Center Basalt, Colorado

- **Locational Context:** Located on the edge of the Town of Basalt, 30 minutes drive from Aspen. The Town of Basalt has a population of 3,850 and affluent consumer base annual household income of \$120,000.
- **Total Commercial Square Footage:** 187,303 square feet
- **Other Uses:** Residential (single family, condominium, lofts), office, future hotel and civic uses.
- **Project Overview:** 15 acre mixed-use development that is modeled after a small western downtown. Looks to attract local residents and tourists who value shopping as a part of their vacation experience. Anchored by a Whole Foods Market. The project has gone through three developers, but is now beginning to slowly build-out.
- **Key Takeaways for Waterford Station:**
 - Attracting Whole Foods for a grocery anchor has been a catalyst for leasing. Anchor has created interest from other national tenants who were previously uninterested.
 - Cost of mixed-use was very high to build, price per square foot of condominiums has steered potential buyers away, and retail lease rates are higher than competing local centres.
 - Many national retailers prefer locating in typical suburban retail centres, so it is integral in finding the correct niche and mix.



Mixed-Use Commercial Case Studies

Centre in the Park Sherwood Park, Alberta

- **Locational Context:** Located within the heart of Sherwood Park, east of Edmonton city limits.
- **Total Commercial Square Footage:** Over 115,000 square feet at build-out.
- **Other Uses:** Residential, Commercial Office, Municipal Office, Library, Cultural Facilities, Indoor and Outdoor Recreation.
- **Project Overview:** Envisioned to be a multi-use area and act as a “centre” for Sherwood Park where people live, work, shop, and play. Designed as an urban village over 20 acres which has built-out over the past decade. The focus is on a town square where there are ample public amenities and a strong design towards walking and cycling.
- **Key Takeaways for Waterford Station:**
 - Developed in public-private-partnership (P3) between Sherwood Park and multiple private developers.
 - Strong demand for multi-family housing in an amenity rich area.
 - Integrated seniors housing overtop of retail in a mixed-use setting (tenders currently out for construction).
 - Anchors are community uses such as library and community centre rather than retail.
 - Mixed-Use Retail has been the most difficult development type to construct due to competing Sherwood Park Mall across the street.



Mixed-Use Commercial Case Studies

Garrison Crossing Village Chilliwack, BC

- **Locational Context:** Located 1 hour from Vancouver, and five kilometers from Highway 1. Chilliwack has a population of 80,000 residents.
- **Total Commercial Square Footage:** Over 80,000 square feet of retail, and 176 residential units over retail.
- **Other Uses:** Residential, Office, Community Centre, Pool.
- **Project Overview:** Garrison Crossing is a 153 acre redevelopment of CFB Chilliwack by Canada Lands Company into walkable village-type community. At full build-out, the site will have 1,500 to 1,700 residential units, and extensive trail system, community centre, and a hub of retail and services (Garrison Village). The retail is anchored by a Coopers Foods Grocery, and also includes restaurants, cafes, pharmacy, banks, salons, wellness, and medical facilities.
- **Key Takeaways for Waterford Station:**
 - Four phases of residential were constructed prior to commercial development, to create rooftops and demand for retail and services.
 - Grocery anchored village creates a destination for daily needs of local residents.
 - Wellness and medical facilities supplement the retail and dining options, enable constant foot traffic during the day.
 - Pent-up demand in the market for condominiums in an “active” walkable setting.
 - Retailers and services willing to pay slightly higher rents for prime location (\$11-\$14 in typical retail centre vs. \$14-\$18 per square foot NNN).



Mixed-Use Commercial Case Studies

Summary

- The commercial retail villages range in size from 80,000 square feet to 187,000 square feet in size.
- Primarily grocery anchored, but can also be anchored by entertainment, medical, or institutional uses such as community centres, libraries, etc.
- Retail components build-out over time as population and consumer demand increases. Phasing strategy must be in place.
- Many retail villages provide a large amount of daily services for the surrounding population. This includes salons, doctors, dentists, medical specialists, insurance, etc.
- Restaurant clusters (limited and full-service) are becoming more prevalent anchors for retail villages.
- Projects are flexible in nature so that they can quickly and easily respond to market forces.
- When combined with residential, the retail villages act as a component to increase desirability and price point for the residential.
- Retailers must be willing to pay the higher lease rates to locate in a village setting rather than a typical retail strip or power centre.

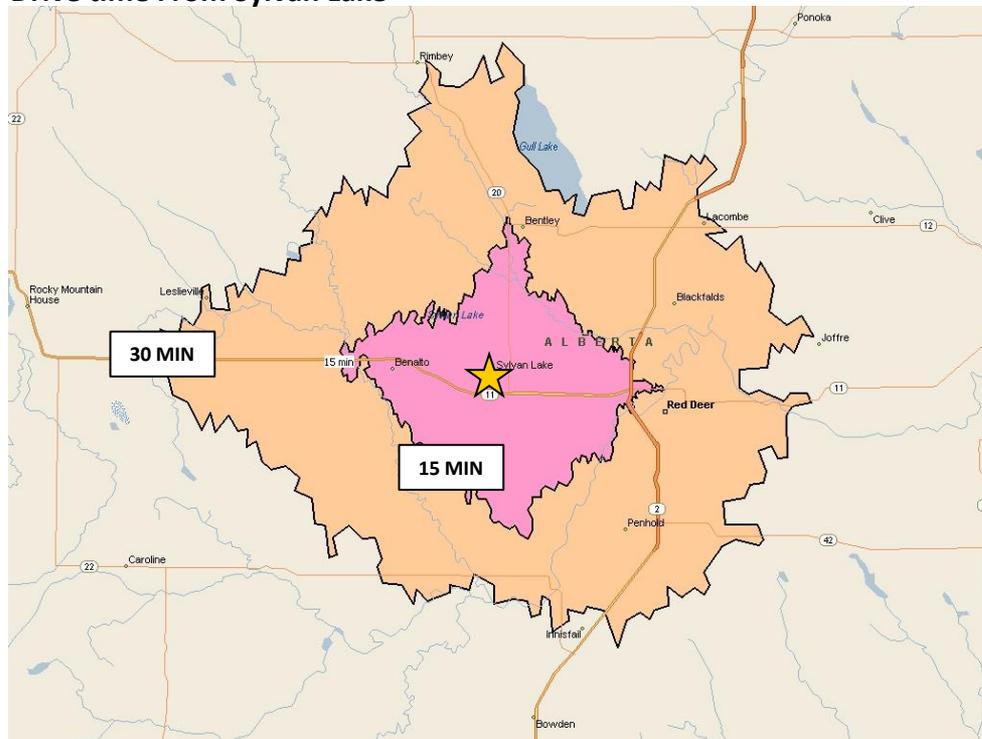


LOCAL CONTEXT

Sylvan Lake Location

- Located 18 kilometers or 15 minutes west of Red Deer.
- Centrally located between Edmonton and Calgary, with close proximity to Highway 2.
- Offers small town setting with adjacency to larger city amenities in Red Deer.

Drive time From Sylvan Lake



Source: MapPoint 2013

Sylvan Lake Demographic & Economic Profile

- 2014 town population of 14,484.
- Median age of 31.8, compared to Alberta Provincial median of 38 years old, displaying a very youthful and family-oriented town.
- Experienced an average annual population growth rate of 5.2% between 2001 to 2014. Double of Provincial average.
- Sylvan Lake has a higher proportion of residents with apprenticeship or trades certification than the Provincial average, but a lower proportion of university degrees.
- Oil & gas industry is core focus for employment, along with retail trade and health care.
- Highest growth of employment since 2011 is within trades, transport and equipment operators and related occupations.
- 2014 estimated total labour force is 8,503. Labour catchment area is a 45 minute drive.
- 2014 Sylvan Lake median household income is \$92,060, higher than Provincial average of \$83,317.
- Average home values are higher than nearby Red Deer, \$560,143 compared to \$467,593.

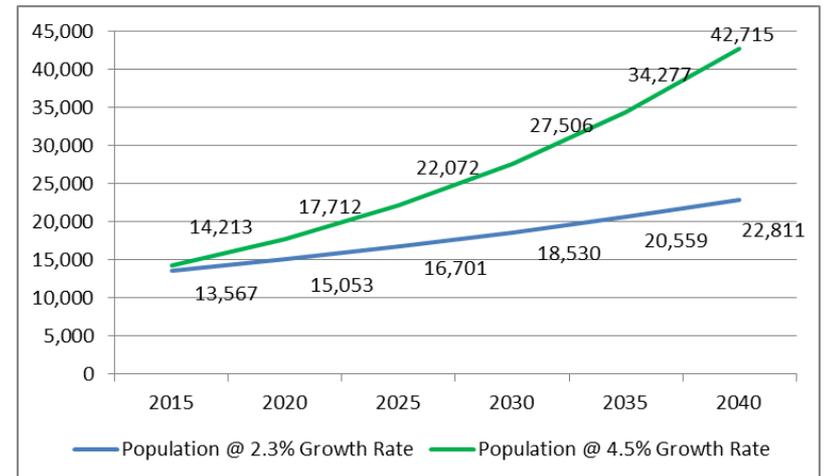
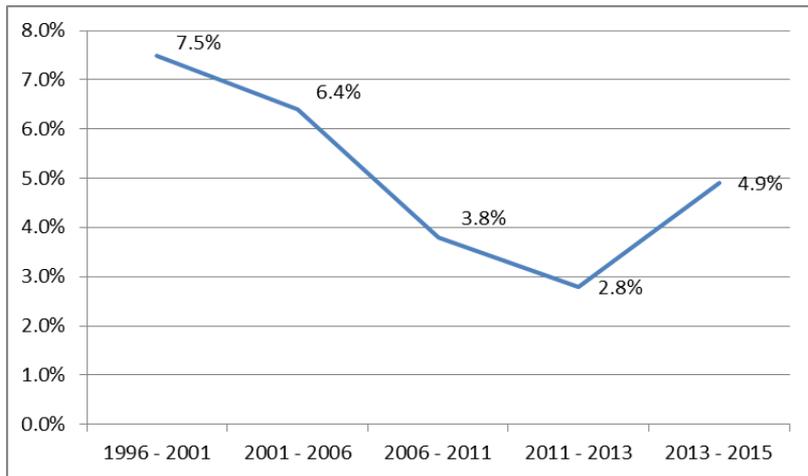


Local Context

Sylvan Lake Historic Population Growth

- Sylvan Lake has been one of the fastest growing towns in Canada, but has begun to see a slight slowdown in population growth compared to the late 1990's and early 2000's.
- On average, Sylvan Lake records 460 new residents per year.
- With Sylvan Lake now conducting an annual municipal census, accurate annual population readings can now be compiled moving forward.
- According to Sylvan Lake Annexation documents, the Town has a 2043 population projection of approximately 45,000 to 50,000 residents, a 4.48% average annual growth rate.

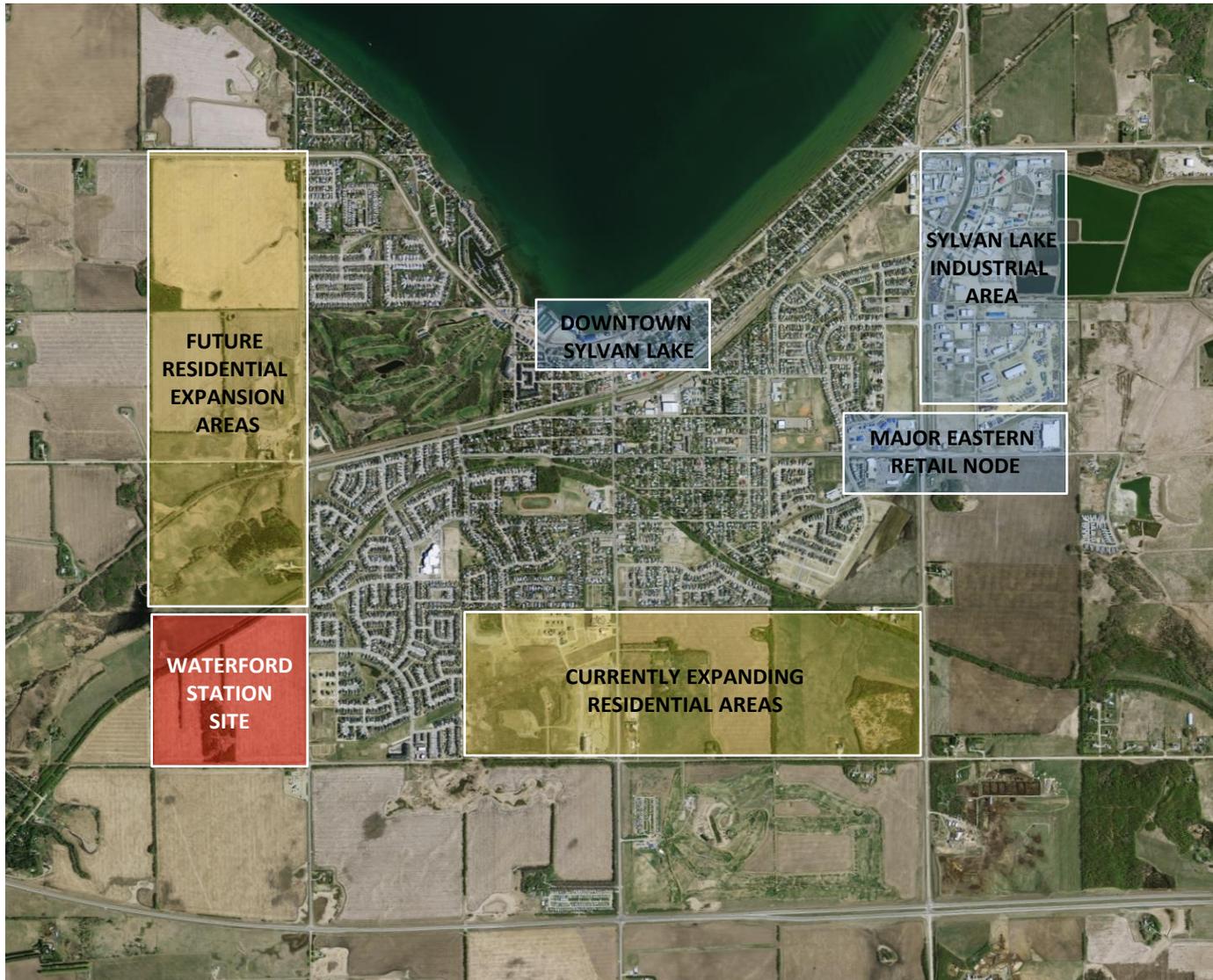
Average Annual Population Growth for Sylvan Lake



Source: Red Deer Region, Sylvan Lake Municipal Census, Census Canada

SITE ASSESSMENT

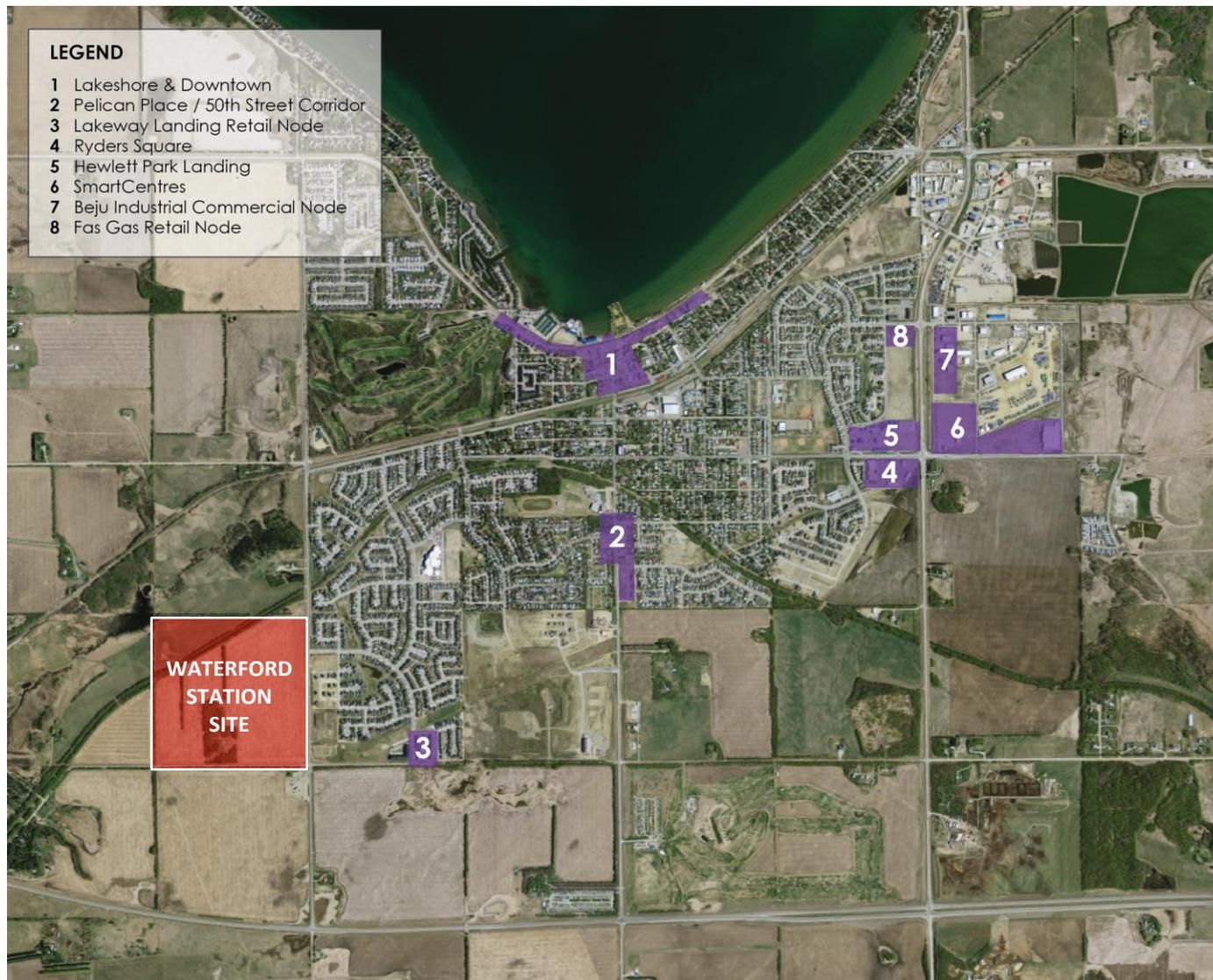
Waterford Station Site Location



Waterford Station Circulation Pattern



Waterford Station Competitive Overview



Retail Demand Methodology

- Sobeys Grocery
- Walmart Super Centre
- Real Canadian SuperCentre

Waterford Station Site Adjacencies



Waterford Station Visual Site Assessment



South along 60th from Memorial Trail



Old Farmstead Tree Grove



Old Railway Trail



South along 60th fr Lakeway Blvd.



North along 60th fr Lakeway Blvd.



North along 60th from Memorial Trail

Waterford Station Visual Site Assessment



NW Corner - Utilities



Looking West on Memorial Trail



NE portion of site along 60th



East along Memorial Trail from 60th



Central Portion of Site – View to North



Southern portion of site from 60th

Waterford Station Site SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ Located on west side of town with 8500 "existing" residents and growing residential areas. ▪ Build-out nature of surrounding area will provide new population base for the project. ▪ Strong frontage along 60th Street. ▪ 60th Street will have signalization at Highway 11 in the future. ▪ Direct access into Lakeway Landing residential subdivision. ▪ Greenfield rectangular site allows for ease of development. ▪ Lack of commercial development on west side of town. ▪ Memorial Trail pulls potential consumers from east side of town. ▪ Site benefits and pulls Traffic from Hwy. 11. ▪ Improved Hwy. 11 accessibility allows shorter commute to Red Deer while living in Lakeside Community. 	<ul style="list-style-type: none"> ▪ Rolling topography not conducive to retail development. ▪ Township Road not currently paved west of 60th Street. ▪ City improvements and infrastructure needed to increase current traffic counts along 60th Street. ▪ Cannot draw consumers from all sides of site. ▪ Need to increase sidewalks and buffering along 60th Street to increase pedestrian-friendliness and encourage residents of Lakeway Landing to walk to site for entertainment, shopping and dining. ▪ Utilities located directly south of site. ▪ Distance from major tourist area.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▪ Creating a pedestrian-friendly shopping & dining “community hub” on the west side of town. ▪ Provide everyday amenities and services for the surrounding growing population such as health & wellness and professional services. ▪ Create a commercial development that becomes the preferred shopping setting for Sylvan Lake. ▪ Quality of commercial development creates a selling feature for housing at Waterford Station. ▪ Potential site for new Urgent Care Centre. 	<ul style="list-style-type: none"> ▪ Location is not strategic enough and population is too low to attract major retail brands within various retail categories such as fashion, accessories, etc. ▪ Current vacancy and build-out issues at the town’s east side commercial node suggest lower demand for commercial space. ▪ Population growth rate shrinks and west side residential development slows.

POTENTIAL TARGET MARKET

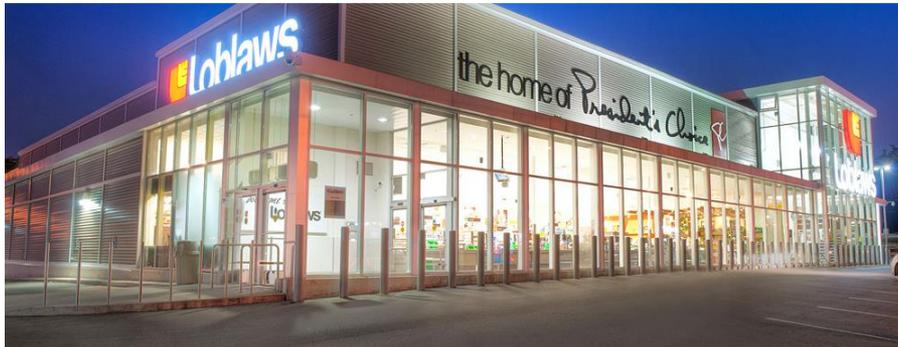
Waterford Station Target Segment Primary Needs Assessment



Potential Target Market

Waterford Station Retail & Professional Services

GROCERY MARKET



BANKING & FINANCIAL SERVICES



PROFESSIONAL SERVICES



DAILY PERSONAL GOODS



SPECIALTY SHOPS



ELECTRONICS



INLINE RETAILERS



Potential Target Market

Waterford Station Dining & Entertainment

WINE & LIQUOR



FARMERS MARKET



ENTERTAINMENT



BREW PUB



CAFES

PUBLIC EVENT PLAZA



FULL SERVICE & LIMITED SERVICE RESTAURANTS



Potential Target Market

Waterford Station Health & Wellness



REHABILITATION CENTER & ATHLETIC TESTING



URGENT CARE FACILITY



MEDICAL CLINIC



SPECIALTY MEDICAL



FITNESS & RECREATION



SPA & WELLNESS



DRUG STORE & PHARMACY

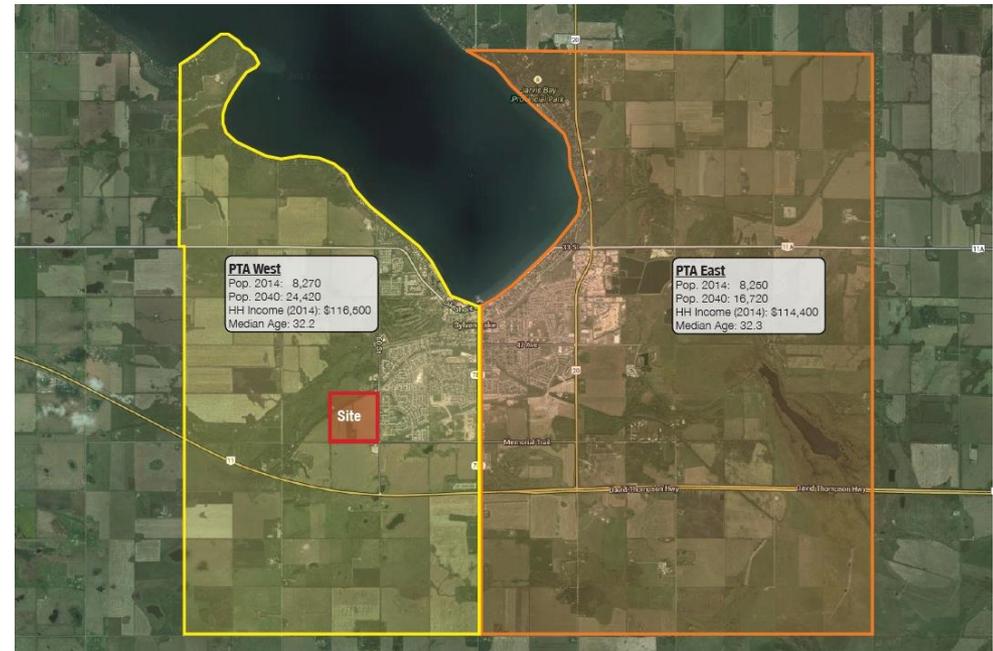


RETAIL DEMAND

Retail Demand Methodology

- Understanding that several retail studies have previously been completed for Waterford Station, MXD employed the delineated trade area, retail allocation, and expenditure profile from GRS (Global Retail Strategies).
- Sylvan Lake's strong population growth of 9.95% in 2015 is informing the City's westward growth. Using data supplied by the Town of Sylvan Lake, a 4.48% average annual growth rate was applied for PTA West and PTA East. A historic 0.5% annual growth rate was used for the STA.
- Expenditure profiles for each trade area were grown over a 20 year horizon (expected construction start date of 2016), up to 2036.
- A sensitized capture rate was applied for the respective trade areas, and each of the sixteen retail categories. For example, grocery and personal goods will capture a higher percentage of sales from PTA West than PTA East and the STA.
- Employing industry standard sales productivities and the captured expenditures for the three trade areas, cumulative floor space demand at Waterford Station was calculated.

PTA West and PTA East



Source: GRS (2014)

Warranted Floorspace

- The retail demand model employing base GRS data with revised population growth rates and capture rates by MXD demonstrates that there is demand for nearly 115,000 square feet of retail space by 2021 at Waterford Station. This increases to nearly 200,000 square feet (cumulative) by 2031.
- Recognizing that various retail categories either have too low of a development threshold, have market competing forces, or do not fit the local context of the site, only several retail categories demonstrate development viability for Phase 1 at Waterford Station.

Warranted Floorspace (Cumulative 5-year Intervals)

Categories	2016	2021	2026	2031	2036
Grocery	29,961	39,190	51,465	67,812	89,611
Health & Pharma	2,090	2,717	3,549	4,656	6,129
Personal Goods & Services	5,606	7,313	9,582	12,600	16,622
Tobacco & Alcohol	3,251	4,291	5,680	7,535	10,013
Restaurants & Cafes	10,789	13,784	17,731	22,944	29,849
Entertainment	5,421	6,997	9,081	11,845	15,518
Cinema	3,070	3,975	5,173	6,764	8,880
Apparel	3,623	4,649	6,002	7,792	10,167
Footwear	785	1,008	1,301	1,689	2,204
Jewelry, Watches & Accessories	137	170	213	269	343
Home Furniture & Accessories	981	1,253	1,612	2,086	2,714
Appliances	720	919	1,182	1,530	1,991
Books & Stationary	2,263	2,966	3,903	5,151	6,816
Electronics & Media	2,880	3,775	4,967	6,555	8,675
Sports, Toys & Music	4,912	6,359	8,277	10,822	14,207
Specialty Retail	11,789	15,263	19,865	25,974	34,098
Total Retail Demand SF	88,278	114,631	149,583	196,026	257,836

Source: MXD, GRS (2014)

Phase 1 Recommended Mix (2016)

- Based on a construction start date of 2016, the recommended retail mix is as follows:

Phase 1 Recommended Mix (2016)				
Retail Type	Square Footage		Total Square	Example Retailers
	Units	(Per Unit)	Footage	
Grocery Store	1	32,000	32,000	Save-On Foods, Loblaws
Pharmacy & Personal Goods	1	8,000	8,000	Pharmasave, Shoppers Drug Mart
Liquor Store	1	3,500	3,500	Liquor Depot, Liquor Barn
Full-Service Restaurant	1	5,000	5,000	Montana's Cookhouse, Olive Garden
Limited-Service Restaurant	2	2,500	5,000	Tim Horton's, Subway, Wendy's
Coffee Shop / Café	1	1,500	1,500	Starbucks, Second Cup
Specialty Inline Retailers	6	2,000	12,000	Candy Store, Cellphone Store
	13	-	67,000	

While not directly indicated through the general retail categories, Gas Stations, Quick Lube Service and Fitness Centers also provide benefit to the preliminary Development Program

Phase 1 Recommended Mix (2021)

- If the commercial component is delayed by unforeseen circumstances, demand for a 2021 construction start date is as follows:

Phase 1 Recommended Mix (2021)				
Retail Type	Square Footage		Total Square	Example Retailers
	Units	(Per Unit)	Footage	
Grocery Store	1	40,000	40,000	Save-On Foods, Loblaws
Pharmacy & Personal Goods	1	10,000	10,000	Pharmasave, Shoppers Drug Mart
Liquor Store	1	5,000	5,000	Liquor Depot, Liquor Barn
Full-Service Restaurant	2	5,000	10,000	Montana's Cookhouse, Olive Garden
Limited-Service Restaurant	2	2,500	5,000	Tim Horton's, Subway, Wendy's
Coffee Shop / Café	1	1,500	1,500	Starbucks, Second Cup
Specialty Inline Retailers	7	2,140	15,000	Candy Store, Cellphone Store
	15	-	86,500	

Phase 2 Recommended Mix (2031^{approx.})

- Based on a construction start date of 2031, the recommended new retail mix is as follows:

Phase 2 Recommended Mix (2031 approx)				
Retail Type	Units	Square Footage (Per Unit)	Total Square Footage	Example Retailers
Specialty Grocery	5	2,000	10,000	Bakery, Butcher, Organic Grocer
Pharmacy & Personal Goods	2	4,000	8,000	Specialty Health Store, Supplements
Liquor Store	1	3,500	4,000	Specialty Wine Store
Full-Service Restaurant	1	5,000	5,000	Earl's, Cactus Club
Limited-Service Restaurant	2	2,500	5,000	Panera Bread, Nando's, Chipotle
Coffee Shop / Café	1	1,500	1,500	Blenz, Waves, Independent Café
Specialty Inline Retailers	5	2,000	10,000	Artisan & Local Made Goods Village
Entertainment	1	12,000	12,000	Karaoke Bar, Bowling Alley
Footwear	1	1,800	1,800	Running Room
Sports & Outdoors	2	3,000	6,000	Hockey Store, Bike Shop
	21	-	63,300	

COMMERCIAL DEMAND & ALLOCATION

Phase 1 Recommended Mix (2016)

- Calculated through the GRS study, demand for office space at Waterford Station based off of a 20% capture rate is 15,000 square feet by 2016. Based on a construction start date of 2016, the recommended total commercial development mix is as follows:

Phase 1 Recommended Mix (2016) All Commercial Uses				
Retail Type	Units	Square Footage (Per Unit)	Total Square Footage	Example Retailers
Grocery Store	1	32,000	32,000	Save-On Foods, Loblaws
Pharmacy & Personal Goods	1	8,000	8,000	Pharmasave, Shoppers Drug Mart
Liquor Store	1	3,500	3,500	Liquor Depot, Liquor Barn
Full-Service Restaurant	1	5,000	5,000	Montana's Cookhouse, Olive Garden
Limited-Service Restaurant	2	2,500	5,000	Tim Horton's, Subway, Wendy's
Coffee Shop / Café	1	1,500	1,500	Starbucks, Second Cup
Specialty Inline Retailers	6	2,000	12,000	Candy Store, Cellphone Store
Bank	1	3,000	3,000	TD Canada Trust, BMO
Office Space	5	3,000	15,000	Insurance, Medical
	19	-	85,000	

- Employing a 0.25 Floor Area Ratio (FAR), 85,000 square feet for Phase 1 of commercial development at Waterford Station will require 8 acres of land.
- Development is expected to be primarily single story suburban retail with high quality architecture and pedestrian friendly design.

Phase 2 Recommended Mix (2031 approx.)

- Calculated through the GRS study, demand for office space at Waterford Station based off of a 20% capture rate is 15,000 square feet by 2016. Based on a construction start date of 2016, the recommended total commercial development mix is as follows:

Phase 2 Recommended Mix (2031 approx) All Commercial Uses				
Retail Type	Units	Square Footage (Per Unit)	Total Square Footage	Example Retailers
Specialty Grocery	5	2,000	10,000	Bakery, Butcher, Organic Grocer
Pharmacy & Personal Goods	2	4,000	8,000	Specialty Health Store, Supplements
Liquor Store	1	3,500	4,000	Specialty Wine Store
Full-Service Restaurant	1	5,000	5,000	Earl's, Cactus Club
Limited-Service Restaurant	2	2,500	5,000	Panera Bread, Nando's, Chipotle
Coffee Shop / Café	1	1,500	1,500	Blenz, Waves, Independent Café
Specialty Inline Retailers	5	2,000	10,000	Artisan & Local Made Goods Village
Entertainment	1	12,000	12,000	Karaoke Bar, Bowling Alley
Footwear	1	1,800	1,800	Running Room
Sports & Outdoors	2	3,000	6,000	Hockey Store, Bike Shop
Office Space	5	3,000	15,000	Insurance, Medical
	26	-	78,300	

- Employing a 0.30 Floor Area Ratio (FAR), 78,300 square feet for Phase 2 of commercial development at Waterford Station will require 6 acres of land.
- Development for Phase 2 is expected to have slightly higher density, in an urban village setting that is pedestrian friendly. Office space and multi-family residential can potentially be over retail on a second-storey to create a sense of scale.
- In total, Waterford Station will require 14 acres for 163,300 commercial development.

Commercial Demand & Allocation

Grocery Store Format Sizes

- A number of grocery store formats are entering the market to serve smaller population bases with niche offerings. Below is a table with examples of Grocers and the range of sizes.

Jim Pattison Group			Loblaw Companies			Empire Company			Independent		
Name	SF (Min.)	SF (Max.)	Name	SF (Min.)	SF (Max.)	Name	SF (Min.)	SF (Max.)	Name	SF (Min.)	SF (Max.)
Buy-Low Foods	20,000	Athabasca	No Frills	40,000	Sylvan Lake	IGA	30,000	Edmonton	Co-op Grocery & Gas	40,000	Red Deer
Nesters Markets	15,000	Banff	No Frills	26,000	Calgary	Sobeys	32,000	Sylvan Lake	Freson Bros.	40,000	Stony Plain
Save-On-Foods	32,000	Red Deer	SuperValu	10,000	Nanton	Thrifty Foods	12000	Salt Spring Island			
Cooper's Foods	27,000	Revelstoke	Extra Foods	28,000	Devon						
Overwaitea Foods	18,000	Golden	City Market	15,500	Whistler						

Currently Located in Alberta
Not Currently Located in Alberta

Commercial Demand & Allocation

April 20th Allocation Workshop

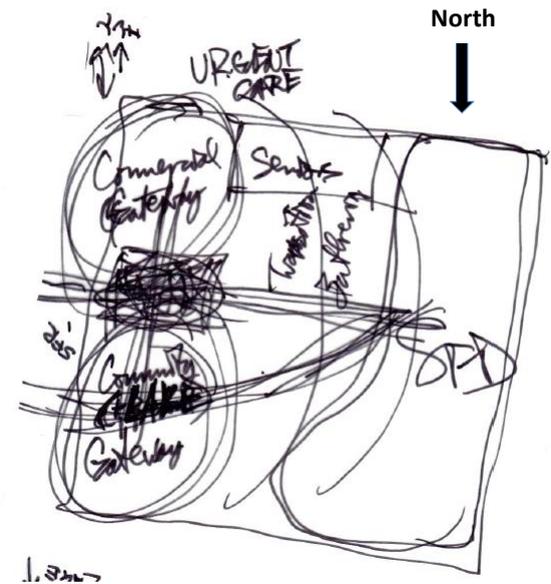
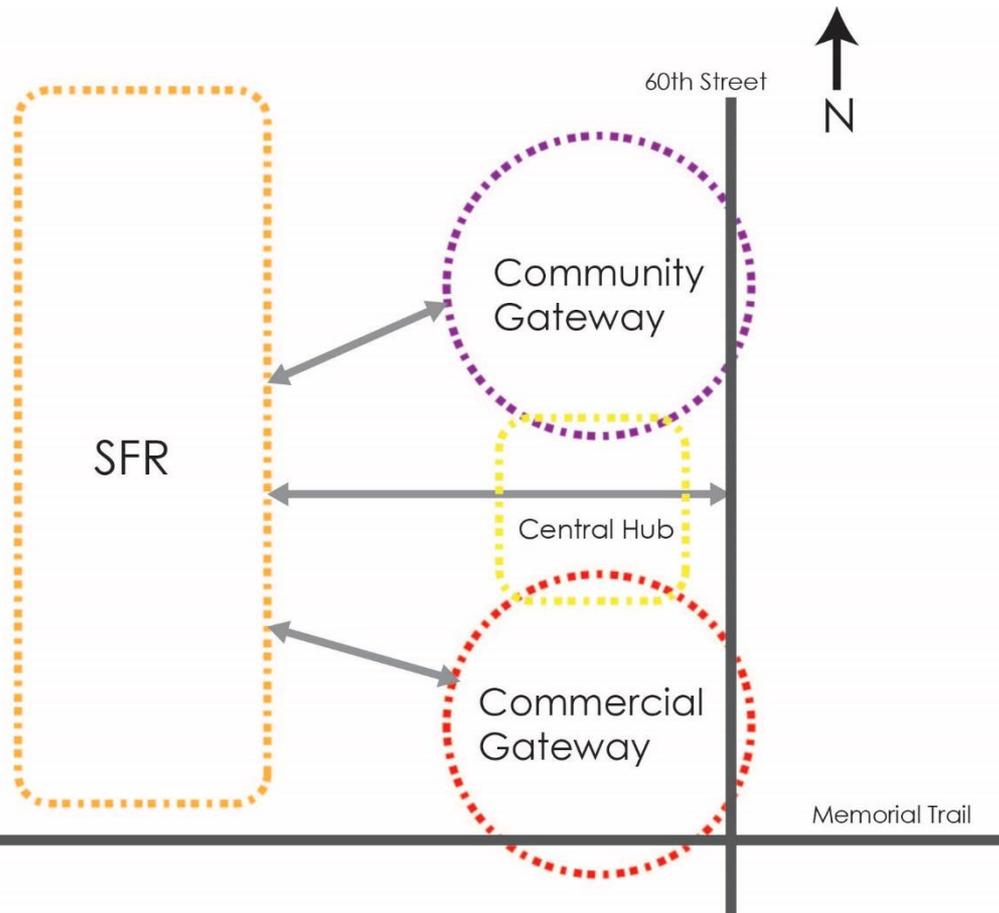
- An internal workshop was conducted at MXD to allocate uses spatially using the demand figures, and how they can be integrated with other uses at Waterford Station such as medical, assisted living, residential, and recreation.



Commercial Demand & Allocation

April 20th Allocation Workshop Results

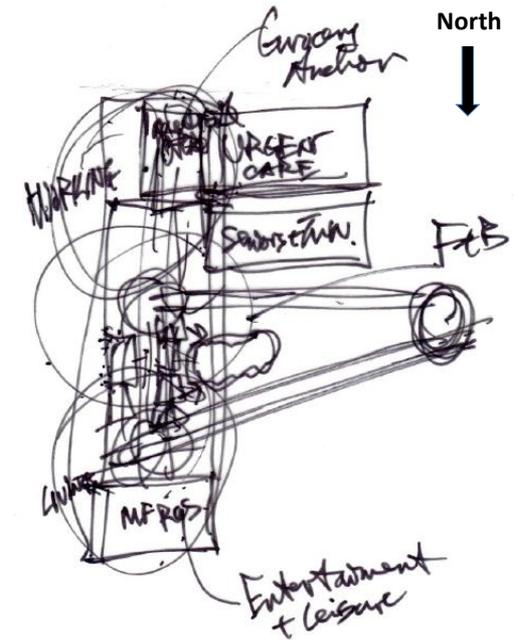
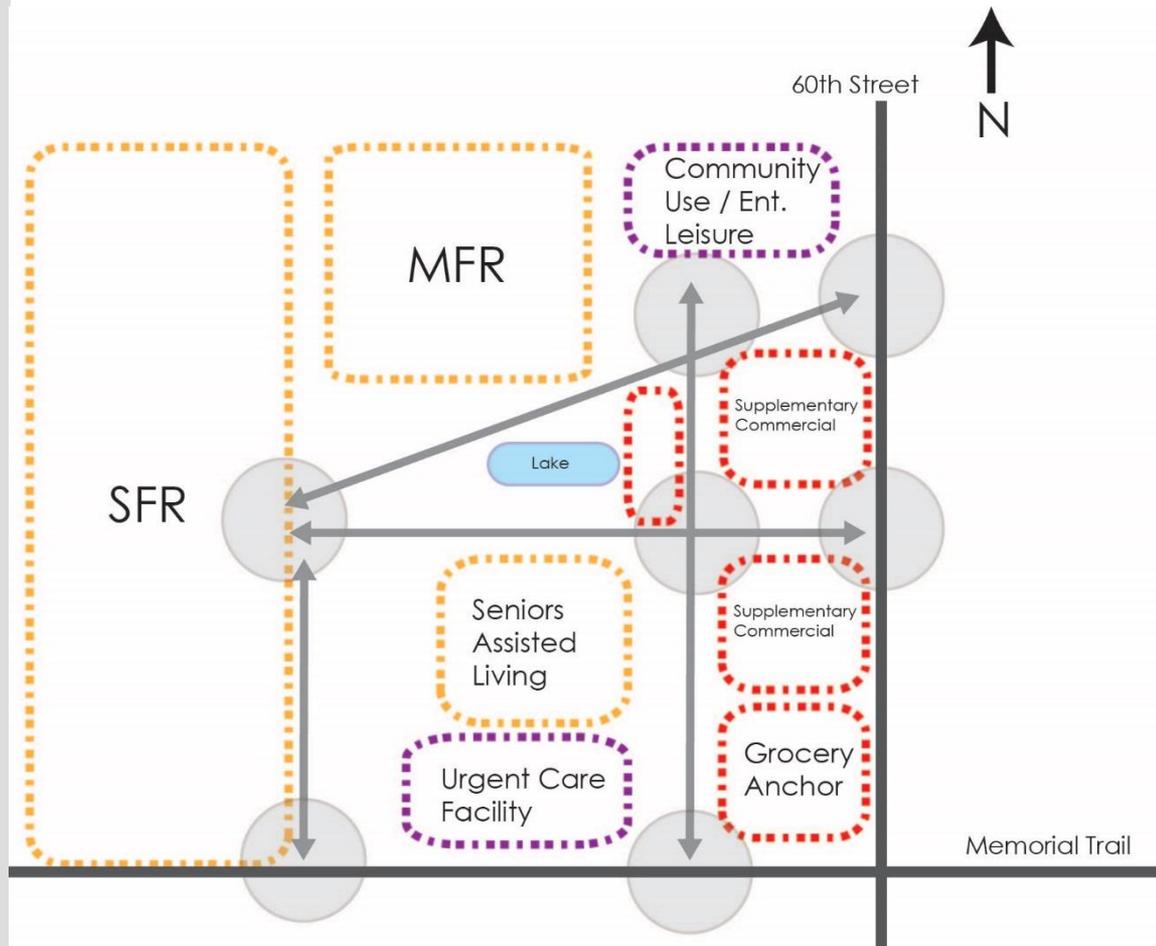
- MXD first looked at circulation patterns and where “gateways” could occur based off of auto and pedestrian access points. This includes a commercial gateway, community gateway, and residential gateway. Potential anchors and connectivity spines were then analyzed.



Commercial Demand & Allocation

April 20th Allocation Workshop Results

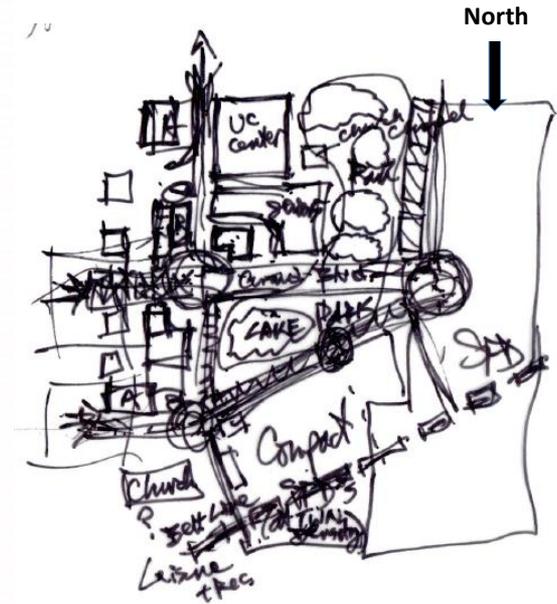
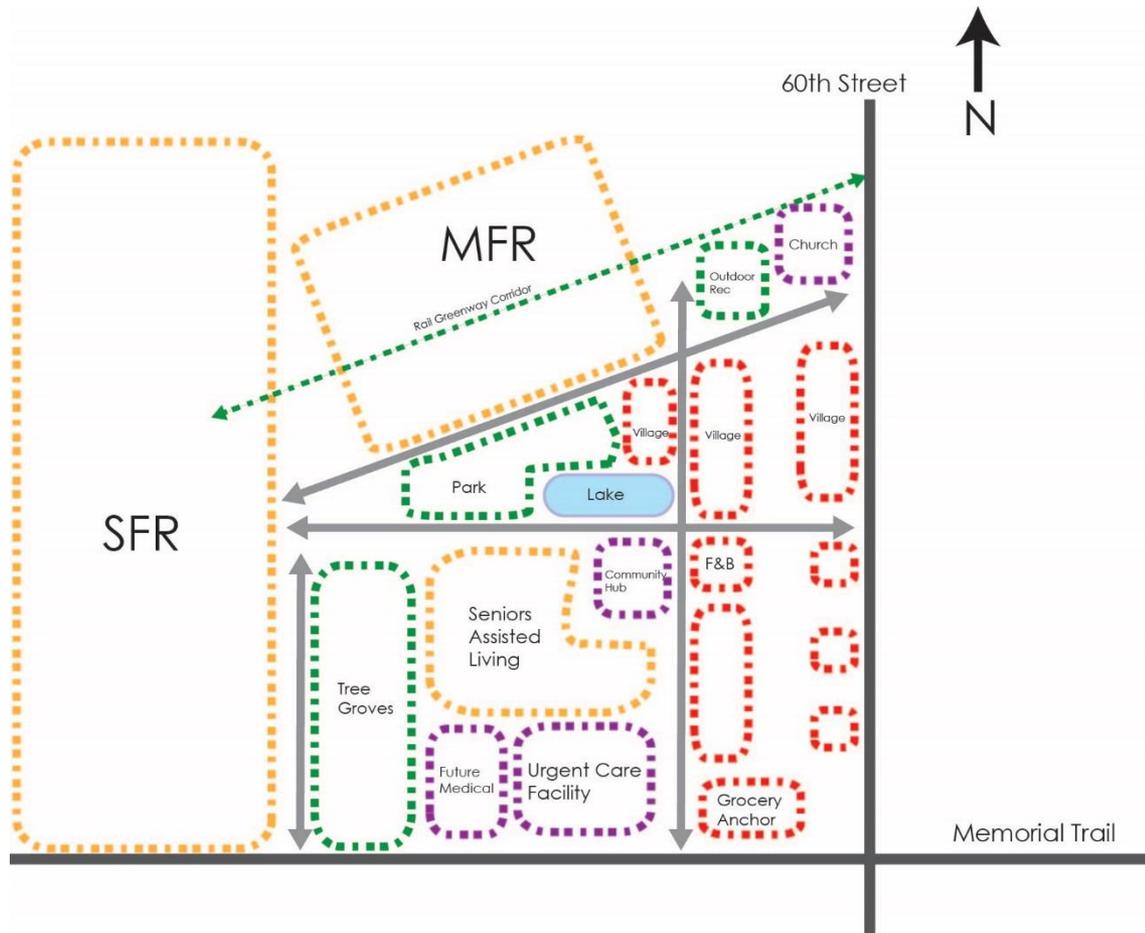
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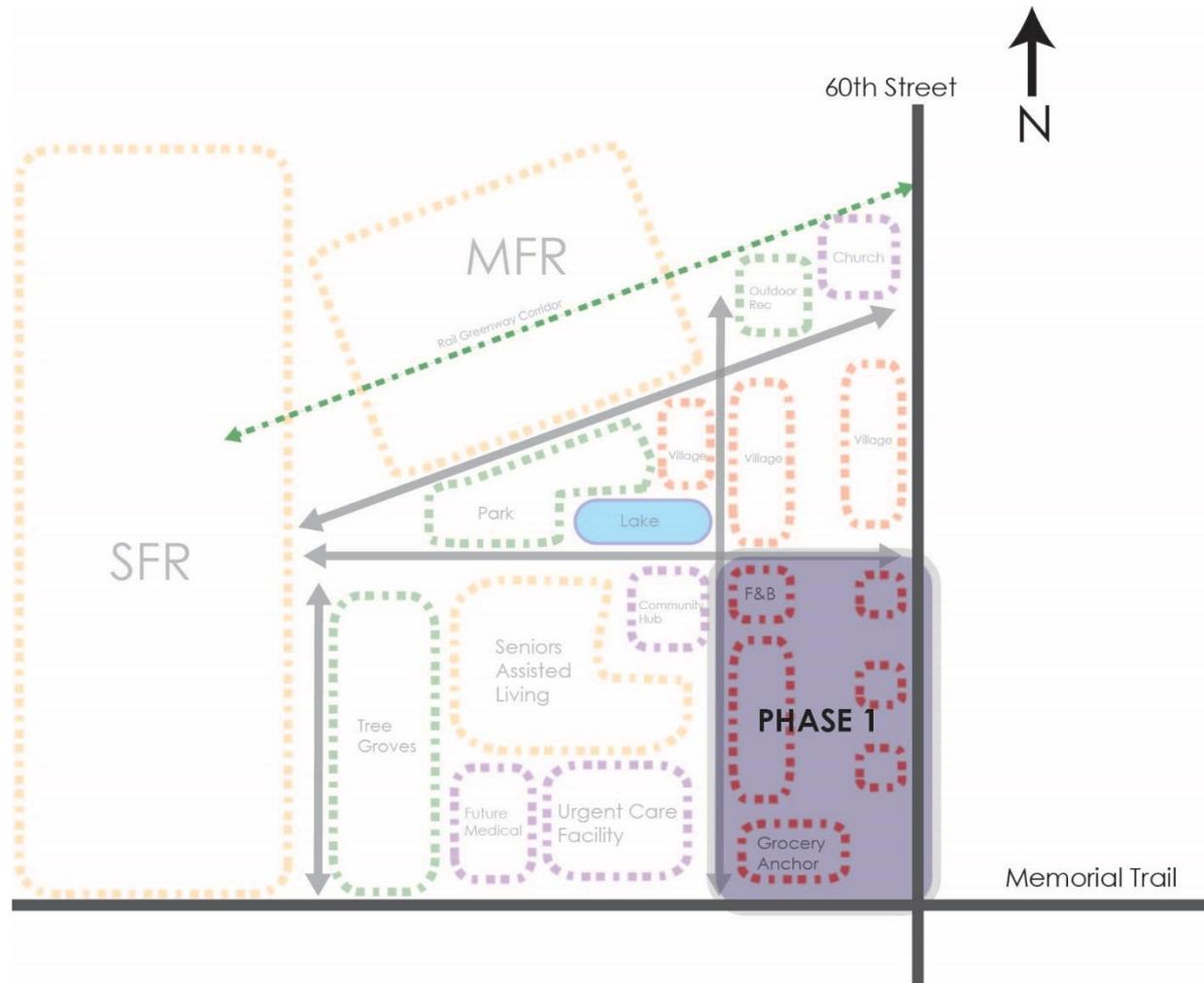
Commercial Demand & Allocation

April 20th Allocation Workshop Results

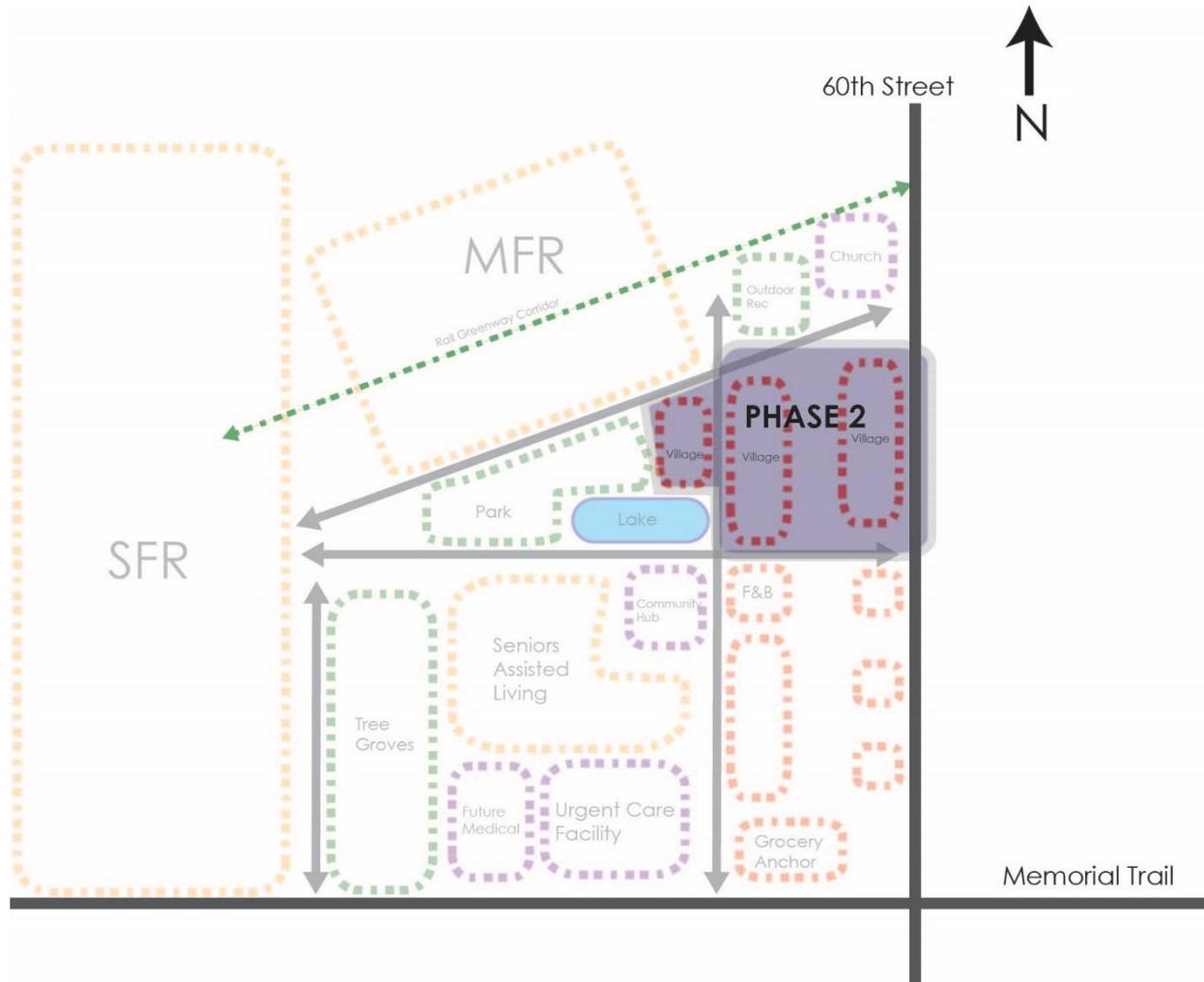
- MXD then went into further depth of where commercial units could be located based off the demand models (both Phase 1 and 2), as well as their relationship and connectivity to other uses at Waterford Station such as a potential Urgent Care Center, Community & Meeting Facility, Seniors Housing, Multi-Family Residential, and Single-Family Residential.



April 20th Allocation Workshop Results – Commercial Phasing



April 20th Allocation Workshop Results – Commercial Phasing

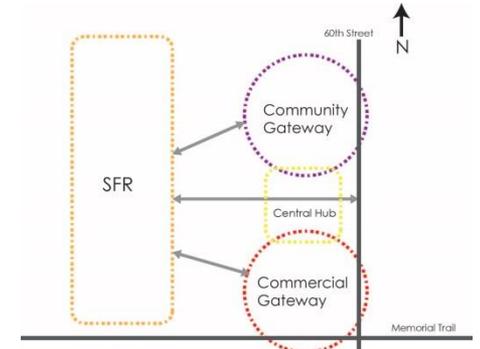


Anchors & Co-Tenancy

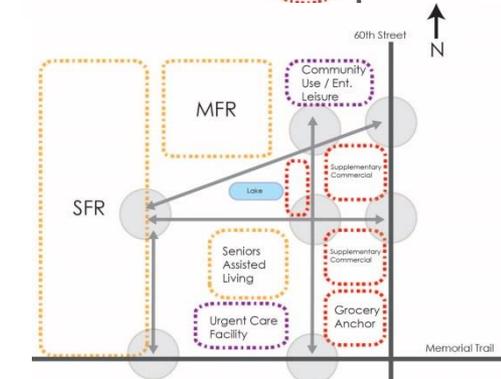
Waterford Station – Development Strategy

- **Anchors & Co-Tenancy:**
 - The Development Strategy for the Waterford Station Development Site is informed by its potential to act as a Commercial Hub and Community Hub. The demand estimates for Waterford Station provide a framework for Commercial Development that is further refined by identifying potential activity generators that enable its position as a Community Hub for the West side of Sylvan Lake and its growing population.
- Primary Anchors for the Waterford Station Development Site include:
 - Grocery Store
 - Liquor Store
 - Gas Station
 - Car Wash Facility
- In addition to the primary anchors for the Waterford Station Development Site, potential Community Anchors within the Activity Generators include:
 - Urgent Care Facility
 - Medical Offices & Service Center
 - Church

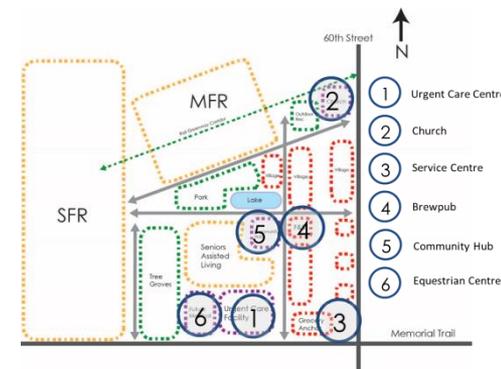
Community & Commercial Hubs



Potential Commercial Anchors



Potential Community Anchors



Waterford Station – Development Strategy

▪ Optimal Market Positioning:

- As illustrated in the adjacent figure, current retail development is concentrated on the eastern edge of the Town of Sylvan Lake.
- Major Retail Nodes and Retail Village Centres include:
 - 1. Food & Beverage, Entertainment and Professional Services catering to Town residents and Visitors to Sylvan Lake.
 - 2. Comparison and Convenience Shopping is the primary function of this Retail Commercial Node with a focus on large format stores.
- Building on the previous studies, the competitive positioning of Waterford Station is directly related to the current and future retail supply within Sylvan Lake and Red Deer. Competitive positioning is also informed by the potential for growth occurring on the west side of the Town of Sylvan Lake.
- Furthermore, visitor expenditures create a modest uplift in the warranted demand for Retail Floorspace at Waterford Station.



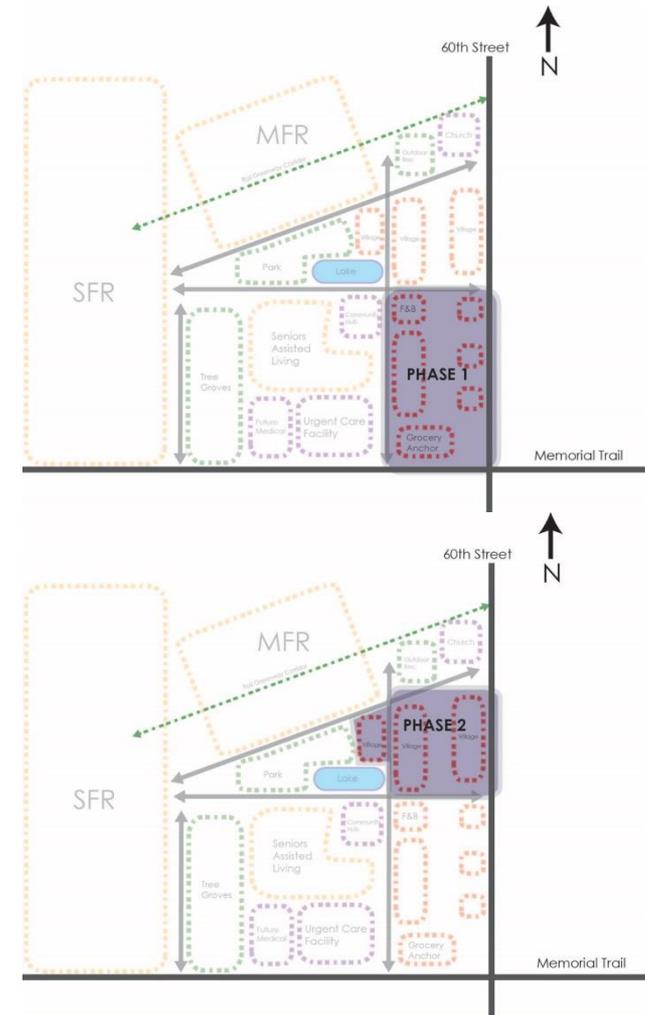
▪ Optimal Market Positioning:

- Recognizing that the primary retail functions of Sylvan Lake are currently located on 50th Street, a phased **Mixed-Use Development Strategy** at Waterford Station provides the western edge of a growing community with alternative Commercial, Retail and Destination Activities.

Waterford Station – Development Strategy

▪ Retail Development Phasing & Staging:

- Building on the Competitive Positioning as well as the Anchors & Co-Tenancy Strategy, the Phasing & Staging of the Waterford Station Development Site is also informed by the demand estimates.
- Recognizing the potential for a Grocery Anchored Development and the south east location of the Grocery component, the first phase is primarily Community serving and drawing from a larger Trade area.
- As Waterford Station functions as a multi-function site, the presence of residential development allows flexibility in the phasing of development, specifically, it allows for a smaller amount of retail to occur in the first phase utilizing a four corners approach.
- The Phasing in of the Central Hub is directly informed by the provision of access to the site, the presence of residential development and enough critical mass (tenants) in place to ensure the site is seen as a destination.



ACTIVITY GENERATORS

Activity Generators

Urgent Care Centre (UCC)

- An Urgent Care Centre will be a medical facility for non-life threatening injuries that will be open seven days a week extended hours.
- The Centre will have doctors on staff with labs, x-rays, and observation beds. It will deal with significant issues without having to go to a hospital in Red Deer.
- Provide service to 18,000 area residents and nearly one million annual visitors to Sylvan Lake.
- **Spinoffs:** UCC would act as a catalyst for a medical and wellness hub that could contain doctors, dentists, physiotherapy, specialty medicine, etc. Seniors living would prefer to be located near a UCC. Commercial development is a supplementary use to medical.



Church

- A church has the ability to offer more than just services on the weekend, it connects people and builds a strong foundation for the community.
- The church can have activity seven days a week through various youth groups, fundraisers, special events, choirs, sports days, weddings etc.
- **Spinoffs:** A highly active and programmed church enables and creates demand for daily services, food & beverage, and shopping.



Activity Generators

Service Centre

- Service Centre can consist of a gas station, oil & lube, and carwash facility.
- Provides services for those living on west side that are required on a daily or weekly basis.
- Requires 2-3 acres of land depending on number of bays for self-serve carwash and number of pumps for gas station.
- Demand is always high for a service center with these specific uses and is simple to construct and operate.
- **Spinoffs:** Strong catalyst and trigger project for commercial center.



Brewpub

- Local brewpub and craft brewery provides a food & beverage option that is not currently offered in the Sylvan Lake market.
- Creates a destination for tourist population during the peak summer months.
- Would require 5,000 to 10,000 square foot building depending if craft brewery is constructed on-site. Brewpub itself would require a minimum of 5,000 square feet.
- **Spinoffs:** Anchor or sub-anchor for commercial center. Trigger project for other entertainment and nightlife uses such as theatre or bowling alley.



Activity Generators

Community Hub

- A community hub can be a centre for the growing west side of Sylvan Lake, where coordinated services such as education, recreation, health, and social services can occur.
- Uses can include a second library for the Town, after school learning center, daycare, banquet hall, meeting & conference rooms, commercial kitchen, health & wellness centre, gym, and outdoor sports fields.
- The building can be configured in a way that it remains flexible for various uses as the years pass by.
- **Spinoffs:** Trigger project for commercial center. Enabler for residential development as new residents seek out areas with high amenity packages.



Medical Facility

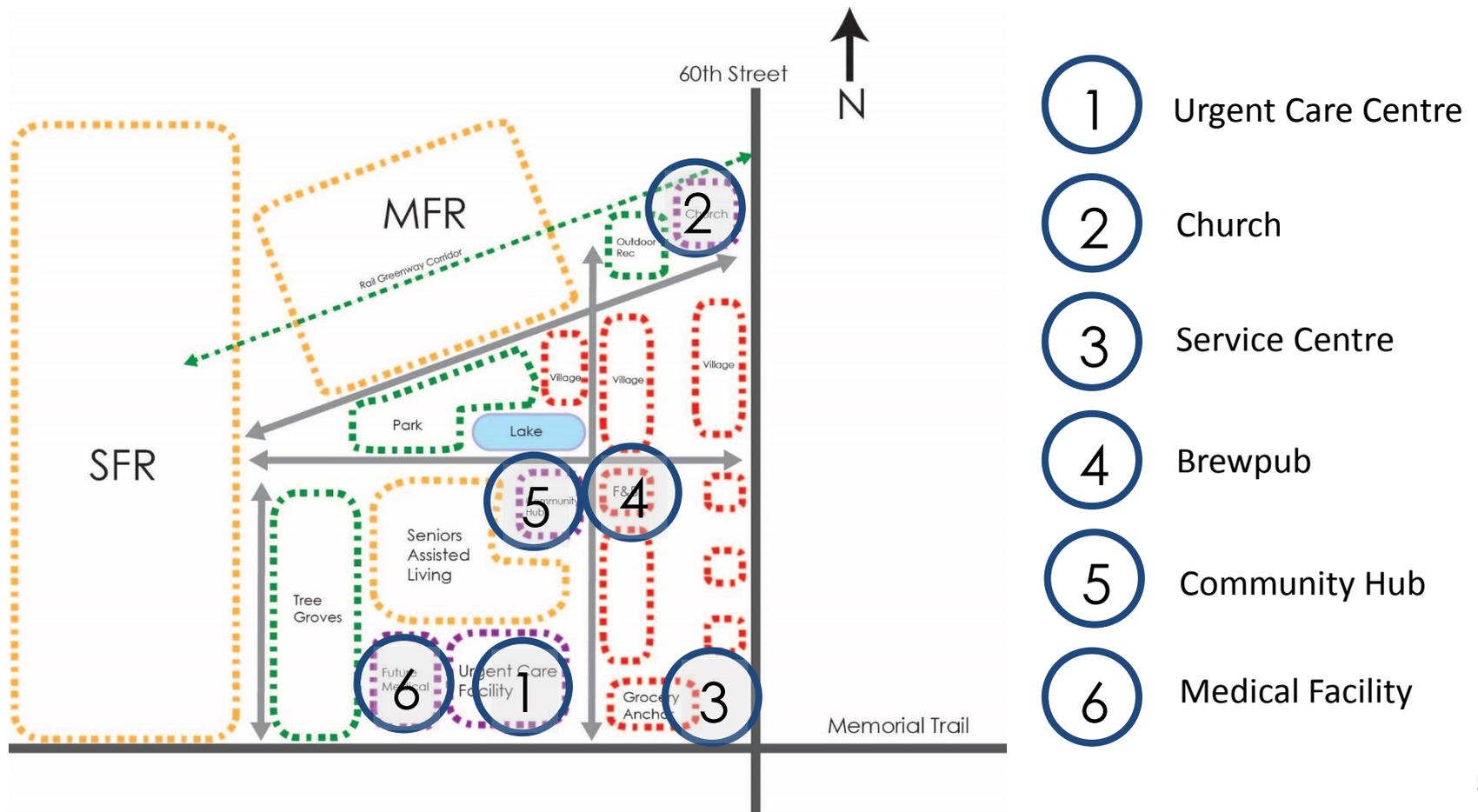
- Leveraging the Adult-Oriented Community component of Waterford Station and the stable population growth of west Sylvan Lake.
- Potential Co-Location of Urgent Care Facility to facilitate Health & Wellness Cluster.
- Provides further Co-Location opportunities when located in proximity to Grocery, Full-Service Restaurants and Professional Services.
- Location of potential services such as Medical Imaging requiring new space in proximity to Hwy 11.
- **Spinoffs:** Creates a Comprehensive Mixed-Use Development that responds to the needs of the local Waterford population while acting as a Commercial & Community Hub for west Sylvan Lake.



Activity Generators

Potential Locations for Activity Generators

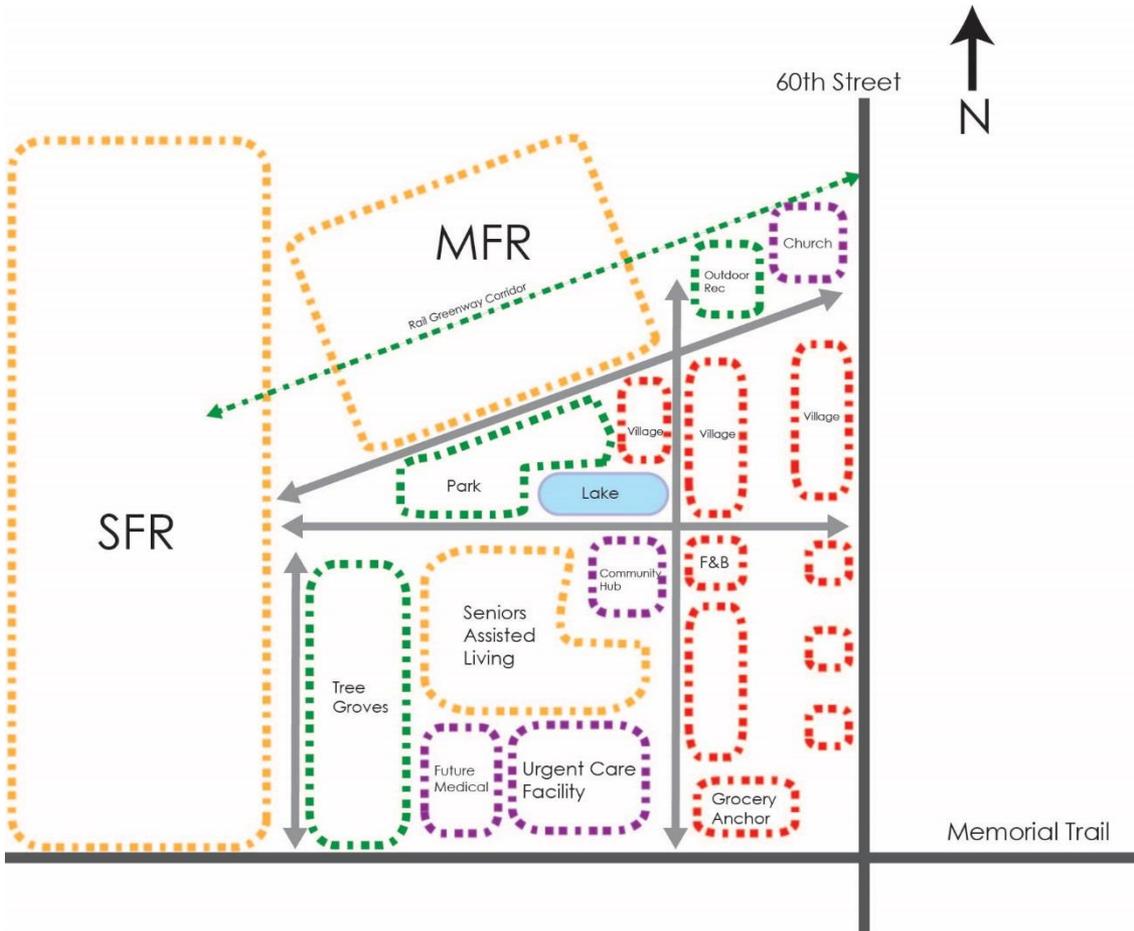
- Activity generators have many benefits to a master planned development. They can sell residential units, increase price points, draw Sylvan Lake residents to the commercial area, and bring out-of-town visitors to the project depending on the use. Many of these activity generators would require a mixture of public and private funding. It is important to note that not all activity generators can be located at Waterford Station at one time, each has different implementation metrics, however all activity generators noted could benefit and increase the desirability of Waterford Station.



Residential Development

Potential Allocation of Residential Development at Waterford Station

- Total residential units = 750
 - R1 = 4%
 - R1A = 42%
 - R5 = 22%
 - R2 = 10%
 - R3 (mostly townhouse) = 22%



The Total Residential Units proposed for Waterford Station are 750 units comprised of Single-Family Detached and Townhouse Multi-Family.