Scoped Market Impact Assessment

SmartCentres Burlington Appleby,

3051 Appleby Line, City of Burlington

May 2025

Prepared for: Calloway REIT (Burlington Appleby) Inc.

Prepared by: Tate Research



tate research

Calloway REIT (Burlington Appleby) Inc.
c/o SmartCentres REIT
Attn: Harrison Ioannou
3200 Highway 7
Vaughan, L4K 5Z5

May 9, 2025

Re: Scoped Market Impact Assessment
SmartCentres Burlington Appleby
3051 Appleby Line, City of Burlington

Dear Mr. Ioannou:

Tate Research is pleased to provide this Scoped Market Impact Assessment addressing the potential market impacts associated with the retenanting of existing retail commercial space for other uses at 3051 Appleby Line, in the City of Burlington ("Subject Site" or "Site").

Project Background

Calloway REIT (Burlington Appleby) Inc. (referred to as "SmartCentres" in this letter report) operates a retail commercial centre, situated at the intersection of Dundas Street and Appleby Line in the City of Burlington ("City" or "Burlington"). The retail centre is known as Smartcentres Burlington Appleby.

The Subject Site comprises 14 acres and includes Golf Town, Shoppers Drug Mart and other tenants as well as a vacant former Toys 'R' Us. The 54,800 square foot former Toys 'R' Us is expected to be retenanted with another retail use, such as a supermarket or a department store, which is anticipated to be 45,000 to 54,800 square feet. The Toys 'R' Us unit is referred to in this report as the "Subject Building".

The Subject Site is designated Regional Commercial in the 1997 City of Burlington Official Plan ("1997 OP") and City of Burlington Zoning Bylaw ("Zoning Bylaw"). The 1997 OP and Zoning Bylaw indicate that Regional Commercial designations generally allow for retail commercial uses including supermarket / grocery stores. However, Part III, Subsection 4.3.2 i) of the 1997 OP indicates that *"on the lands designated 'Regional Commercial' in the north-east quadrant of Dundas Street and Appleby Line, the following policies shall apply: supermarkets/grocery stores and department stores shall not be permitted".*

According to the 1997 OP, *"any proposal for additional retail uses which includes a warehouse club, supermarket/grocery store or large department store, or the sale of food in excess of 1,800 sq. m. in area, shall require the submission of a comprehensive market impact study which assesses the market impact of the proposal on existing and designated commercial areas throughout the City."*

It is noted that there is a 2020 City of Burlington Official Plan. Portions of it are under appeal and therefore the 1997 OP remains in effect. Recognizing the newer OP is not anticipated to require a Market Impact Study for the change proposed by SmartCentres, this Scoped Market Impact Assessment is being provided in support of the application, focussed on the market impact of the proposed additional permitted uses on commercial areas in Burlington.

It is the intention of this Scoped Market Impact Assessment to analyse the potential supermarket in the context of current and forecast market conditions. This Scoped Market Impact Assessment is summarized in the following letter report, presented in five sections

1. Site, Surroundings and Development Proposal;
2. Supermarket/Grocery Space Competition;
3. Population and Demographic Review;
4. Market Impact Assessment; and,
5. Conclusion.

1 Site, Surroundings and Development Proposal

This section presents an overview of the locational characteristics of the Subject Site and its surrounding context. It includes an accessibility analysis reviewing how vehicles can access the Subject Site.

1.1 Site Description

The Subject Site is situated north east of the intersection of Dundas Street and Appleby Line. The Subject Site is 14 acres and includes tenants such as the Subject Building, Golf Town, Shoppers Drug Mart, and others. The Subject Building's location within the Subject Site is shown in Figure 1-1, highlighted in yellow.

Figure 1-1: Subject Site & Subject Building



Source: Tate Research; SmartCentres Burlington Appleby Site Plan. Retrieved on April 30, 2025, https://smartcentres.com/property/1212/.

1.2 Site Access

Figure 1-2, below, illustrates the vehicular access to the Subject Site. There are two major roads that provide access to the Subject Site: Appleby Line and Dundas Street. Appleby Line connects to Highway 407 approximately 1 kilometre north of the Subject Site. Dundas Street runs east-west and intersects with Appleby Line at the southern edge of the Subject Site.

There are five access points to the Subject Site: one on Appleby Line, one on Dundas Street and three on Harrison Court. Of the three access points on Harrison Court, one is ingress-only and two allow both ingress and egress. The access point on Appleby Line allows both ingress and egress, while the access point on Dundas Street is ingress-only. Traffic signals are located on Appleby Line at both Dundas Street and Harrison Court.

Overall, the Subject Site's location provides excellent access to the local, and broader, area. It is well located for a wide range of retail commercial uses.

Figure 1-2: Access to Subject Site



Source: Tate Research; Basemap: ArcGIS Business Analyst.

1.3 Local Retail Competition

The Subject Site, SmartCentres Burlington Appleby, includes the Subject Building (vacant Toys 'R' Us), LA Fitness, Golf Town, Tim Hortons, Bank of Montreal, Shoppers Drug Mart, Marble Creamery, Panago, Great Clips, and Smile Centre Dental. The Subject Site totals approximately 151,000 square feet of total leasable area.

- North of the Subject Site is a retail commercial centre located at 3091 Appleby Line. It is approximately 8.3 acres in size and includes tenants such as No Frills, Marshalls, and other retail commercial units. It totals approximately 87,000 square feet of leasable area.

- Northwest of the intersection of Appleby Line and Dundas Street is the SmartCentres Burlington North Shopping Centre, located at 4515 Dundas Street. The shopping centre is approximately 18 acres in size and includes tenants such as Walmart Supercentre, Dollar Tree, Bulk Barn, Sleep Country, and others. The shopping centre totals approximately 221,000 square feet of leasable area.

- Southwest of the intersection of Appleby Line and Dundas Street is the Cornerstone Centre, located at 2500 Appleby Line. It is approximately 3.7 acres in size and includes tenants such as Benjamin Moore, Sunset Grill, and others. It totals approximately 33,000 square feet of leasable area.

- Southeast of the intersection of Appleby Line and Dundas Street is the Appleby Crossing Shopping Centre, located at 2515–2545 Appleby Line. The shopping centre is approximately 26 acres in size and includes tenants such as Goodlife Fitness, Fortinos, Winners & Homesense, Dollarama, SportChek, and others. The shopping centre totals approximately 244,000 square feet of leasable area.

As summarized above and shown in Figure 1-3 in the following page, the Subject Site is situated within a well-established retail commercial node that includes Walmart and many other national retailers. The proposed supermarket at the Subject Site will be well-positioned to capitalize on the existing commercial activity and customer traffic generated by this node, supporting co-location synergies and complementary shopping patterns.

Figure 1-3: Surrounding Retail Commercial Environment



Source: Tate Research; Basemap: ArcGIS Business Analyst.

2 Supermarket/Grocery Space Competition

The purpose of this section is to examine the supermarket competition in the vicinity of the Subject Site. It includes a competitive analysis of surrounding supermarkets and grocery stores within a defined Study Area.

2.1 Study Area

TR established a Study Area for this Scoped Market Impact Assessment. Its boundaries reflect inputs such as a 10-minute drive time from the Subject Site, the municipal limits of Burlington, and TR's professional experience in defining market areas for retail centres. As shown in Figure 2-1 below, the Study Area is generally located in the urbanized portion of Burlington, north of the QEW.

Figure 2-1: Study Area



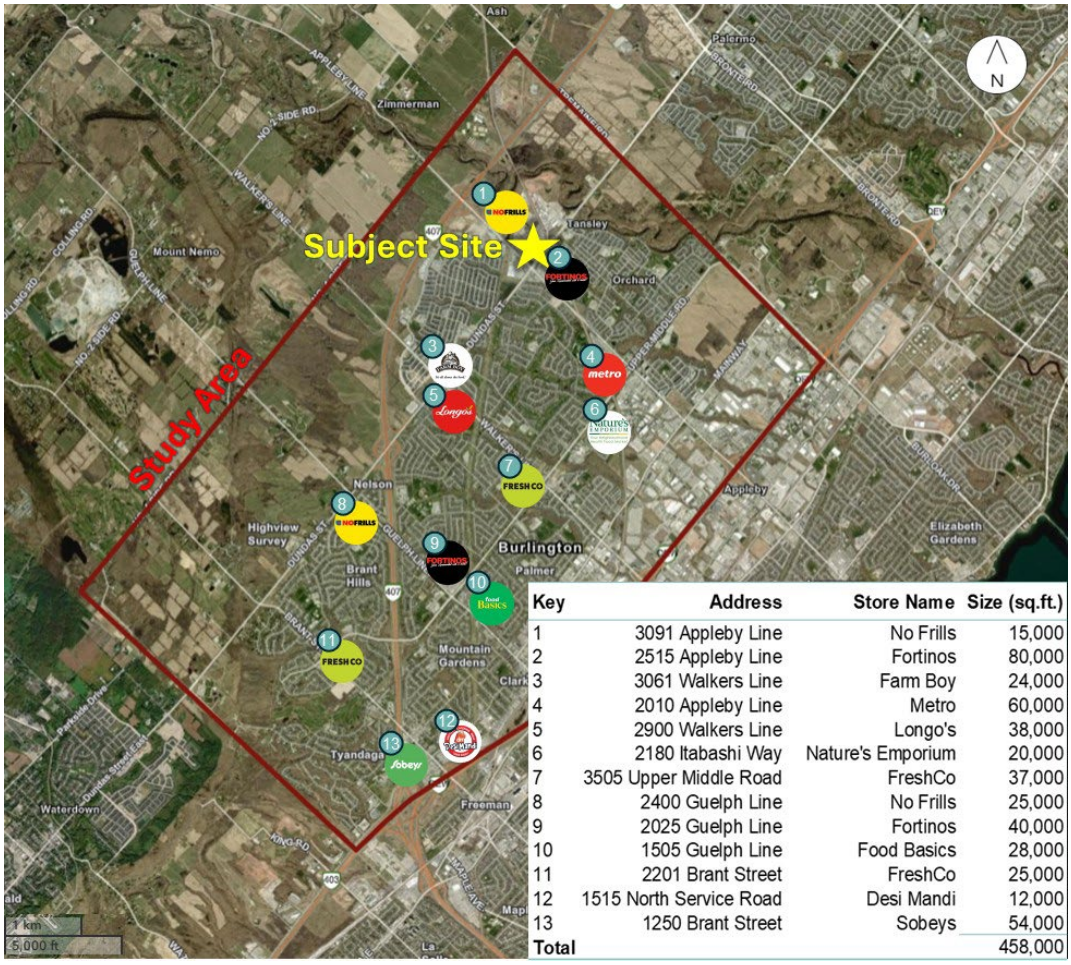
Source: Tate Research; Basemap: ArcGIS Business Analyst.

The eastern boundary of the Study Area is Tremaine Road / Burloak Drive, which forms the Burlington / Oakville border. The northern boundary extends along No. 1 Side Road, the western boundary extends to Kerns Road, and the southern boundary is the QEW.

2.2 Retail Competition in Study Area

Figure 2-2, below, illustrates the surrounding supermarket and grocery stores within the Study Area. A total of 13 supermarket and grocery stores are identified, including a range of national and regional chains such as No Frills, Fortinos, FreshCo, Metro, Longo's, and Sobeys. These stores vary in size and location and are distributed throughout the Study Area.

Figure 2-2 Supermarkets / Grocery Stores in Study Area



Key	Address	Store Name	Size (sq.ft.)
1	3091 Appleby Line	No Frills	15,000
2	2515 Appleby Line	Fortinos	80,000
3	3061 Walkers Line	Farm Boy	24,000
4	2010 Appleby Line	Metro	60,000
5	2900 Walkers Line	Longo's	38,000
6	2180 Itabashi Way	Nature's Emporium	20,000
7	3505 Upper Middle Road	FreshCo	37,000
8	2400 Guelph Line	No Frills	25,000
9	2025 Guelph Line	Fortinos	40,000
10	1505 Guelph Line	Food Basics	28,000
11	2201 Brant Street	FreshCo	25,000
12	1515 North Service Road	Desi Mandi	12,000
13	1250 Brant Street	Sobeys	54,000
Total			458,000

Source: Tate Research; Basemap: ArcGIS Business Analyst.

Similar to the Subject Site, these 13 supermarkets and grocery stores are all situated at or near intersections of major roads within the Study Area. Combined, these stores account for approximately 457,000 square feet of grocery retail space. It is also noted that there is a 160,000 square foot Walmart Supercentre located across Appleby Line. Although it includes a significant food component, it is classified by Statistics Canada Retail Trade as a department store. There is a Costco warehouse membership club in the Study Area, near Brant Street and the

QEW. It includes a significant food component and is classified as a general merchandise store, not a supermarket.

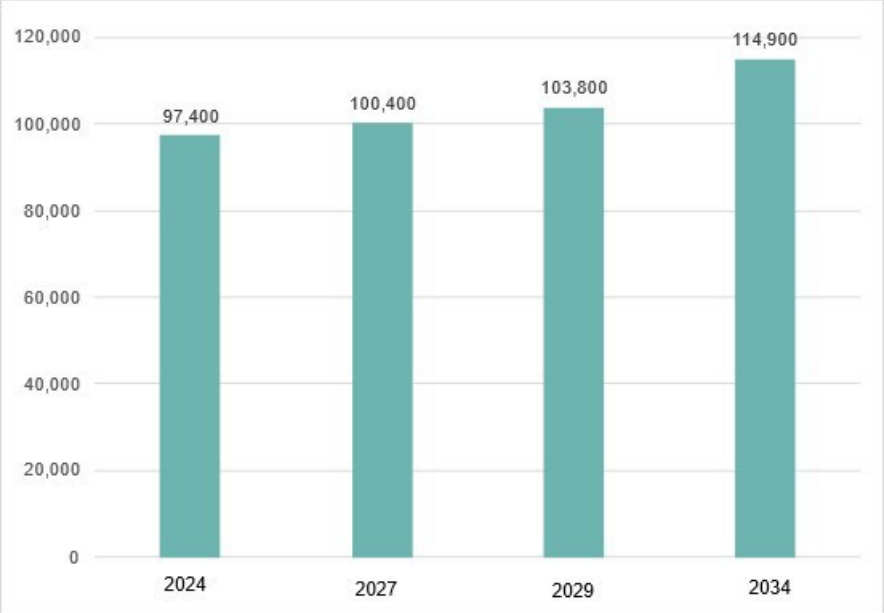
3 Population and Demographic Review

Population levels are often considered to be a primary driver of market demand for supermarkets and grocery stores. TR summarizes our analysis of population and demographics in this section of the letter report.

3.1 Population Forecast

TR relied on Environics Analytics data to determine current and forecast population levels within the defined Study Area. Figure 3-1, below, illustrates the population growth within the Study Area between 2024 and 2034. The population is forecast to increase from 97,400 in 2024 to a projected 114,900 in 2034. This represents growth of over 17,500 residents, or approximately 18%.

Figure 3-1: Study Area Population Forecast



Source: Tate Research; ArcGIS Business Analyst Environics.

3.2 Demographic Profile

Prizm5 is a segmentation tool which classifies Canada's neighbourhoods into 67 unique lifestyle types by integrating geographic, demographic and psychographic data. This tool creates a comprehensive picture of residents and customers according to their shared demographic, lifestyle and behavioural traits.

The **'First-Class Families'** Prizm5 profile represents the largest segment of Study Area residents. They comprise 14.6% of residents within the Study Area. For context, they represent 1.9% of Canadian households.



First-Class Families are upscale suburban households, typically with four or more members, living in established neighbourhoods in Toronto, Calgary, Ottawa, and Vancouver. Parents are middle-aged professionals with strong educational backgrounds and white-collar jobs in fields like management, education, and government. Nearly 90% live in single-family homes and earn incomes almost twice the national average. Many are second-generation Canadians, with Italian, Polish, Greek, or Mandarin as common mother tongues.

These families lead active, tech-savvy lifestyles. They participate in team sports, shop at retailers like Sport Chek and Lululemon, and often dine at fast casual restaurants. Homes are well-equipped with features like home theatres, landscaped gardens, and garages full of recreational gear. With three or more high-end vehicles per household, they rely heavily on smart devices to stay organized.

This segment could be considered a typical shopper of major supermarket, such as the one proposed at the Subject Site.

4 Market Impact Assessment

The following section provides an assessment of the anticipated market impact of the proposed supermarket on existing / designated commercial centres, considering factors such as Site accessibility, surrounding retail context, and population growth within the Study Area.

4.1 Regional Accessibility and Strategic Retail Node

The Subject Site is expected to generate a dispersed customer draw due to the highly accessible nature of its location. Situated near major roadways including Appleby Line, Dundas Street, and Highway 407, the Site benefits from convenient local and regional access, allowing it to attract customers from a broad surrounding area beyond the immediate neighbourhood. This broad attraction has the potential to reduce any impact on local retail operators.

4.2 Relative Scale of Proposed Supermarket

It has been noted that there are 13 supermarket / grocery stores, comprising 457,000 square feet, in the Study Area. The Subject Building comprises 54,800 square feet. It is anticipated to be retenanted with a supermarket of 45,000 to 54,800 square feet. If converted to a 54,800 square foot supermarket, it would change the total amount of supermarket space in the Study Area to 511,800 square feet. This increase represents growth in supermarket space of approximately 12%, which is considered moderate in this context and below the forecast population growth of 18%.

4.3 Population Growth and Anticipated Market Demand

The Study Area, which encompasses the northern urbanized portion of Burlington, is also experiencing population growth, which is forecast to continue in the future. As illustrated in previous sections, the population is projected to increase by over 17,500 persons between 2024 and 2034. This population growth will continue to support increased demand for grocery retail, reinforcing the market viability of the proposed supermarket.

4.4 Increased Supermarket Competition Benefits Consumers

It is recognized that there are a number of supermarkets operating in the Study Area. However, the addition of another supermarket is anticipated to increase options for consumers. It has the potential to provide a more competitive shopping environment, which can potentially benefit consumers.

4.5 Department Store Also Supported at Subject Site

As outlined previously, another use that is excluded from the Subject Site is “department store”. It is noted that, in the Ontario context, Walmart is the only department store operating on an ongoing basis. There is a 160,000 square foot Walmart operating adjacent to the Subject Site.

The Subject Building is 54,800 square feet and may be considered too small to be appropriate for a department store, if one was interested in operating at the Site. Although a department stores is not presently expected to retenant the Subject Building, it is the professional opinion of TR that the rationale for permitting a supermarket at the Subject Site could also be extended to support the inclusion of a department store. There is no market impact related rationale to continue to restrict such a use from operating at the Subject Site.

4.6 Limited Options for Existing Retail Unit

Typically, a Market Impact Analysis is undertaken to evaluate the effects of introducing new commercial space into a market. In this case, however, the proposed addition of a supermarket (or potentially a department store) to the list of permitted uses on the Site relates to the retenanting of existing space and does not constitute an increase in the total amount of commercial floorspace within the market.

It is further noted that the Subject Building, due to its scale and dimensions, would be difficult to subdivide into smaller units in the absence of a single anchor tenant, such as a supermarket, occupying the majority of the space. Vacant retail commercial space is undesirable for the City, the community, and SmartCentres. The proposed expansion of permitted uses on the Subject Site is anticipated to help reduce the vacancy period following the closure of Toys 'R' Us. It is also noted that a new anchor tenant in the Subject Building could be an additional customer draw that attracts more customers to the area, which can positively impact the surrounding retail commercial area.

5 Conclusion

Overall, it is our professional opinion that the proposed Official Plan Amendment for the Subject Site to permit a supermarket or department store is appropriate and supportable from a market impact perspective. The Subject Site benefits from excellent access, a strategic location within an established retail node, and proximity to a growing residential population in the northern urban area of Burlington.

Given these factors, the proposed supermarket is not expected to result in undue market impact on existing supermarket and grocery retailers within the Study Area. Rather, it will serve to enhance consumer choice, meet growing demand, and complement the broader retail function of the area.

Should you have any questions regarding this letter, please contact Jamie Tate via email at jtate@tateresearch.com or telephone at 416 260 9884.

Yours truly,
TATE RESEARCH





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