



RETAIL MARKET ANALYSIS

Commercial Market Assessment

Town of Smiths Falls, Ontario

Prepared for **Town of Smiths Falls**

September 10, 2021



This document is available in alternative formats upon request by contacting:

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September 10, 2021

Ms. Julia Crowder
Manager of Economic Development and Tourism
Town of Smiths Falls
77 Beckwith Street North
Smiths Falls, ONT
K7A 2B8

Dear Ms. Crowder:

RE: Retail Market Analysis – Commercial Market Assessment (Town of Smiths Falls, Ontario)

urbanMetrics inc. is pleased to submit this Commercial Market Assessment for the Town of Smith Falls. This study has examined the current commercial structure and provided recommendations as to how the Town can enhance its draw as a commercial destination and continue to ensure that local residents are adequately served by commercial services in the future. It was a pleasure to conduct this study on behalf of the Town of Smiths Falls.

Yours truly,
urbanMetrics inc.

A handwritten signature in blue ink that reads "Rowan Faludi". The signature is written in a cursive, flowing style.

Rowan Faludi, MCIP, RPP, CMC, PLE
Partner
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1. Introduction

1.1 Context

urbanMetrics inc. have been retained by the Town of Smiths Falls to conduct a Retail Market Analysis to review and assess the commercial facilities located in the Town of Smiths Falls, as well as to forecast any future market demand and opportunity for the Town.

1.2 Purpose of the Retail Market Study

Commercial development is a fundamental part of a complete community. Retail and service commercial uses, accommodations and restaurants create agglomerations of activity that are both highly utilized by businesses and residents and cherished as social centres. Retail and service commercial uses and restaurants are also a critical element of a community that serves a substantial tourist market. These facilities are important in establishing the character of the Town. Planning for retail and service commercial uses, accommodations and restaurants is an important municipal activity because there is a strong desire to ensure the maximum commercial choice for residents, businesses, and tourists, while attempting to manage those opportunities to ensure health competition.

The Town of Smiths Falls has a long tradition of providing retail shopping and commercial services to its own residents and to surrounding communities. Over the years, its commercial facilities have evolved and now encompass the historic Downtown, Lombard Street, and other neighbourhood focused retail nodes along Brockville Street and elsewhere.

The purpose of the Retail Market Study is to assess the implications of growth to date on the Town's commercial areas and to examine commercial land use requirements through to the year 2030. This review will provide guidance for the Town by assessing the adequacy of the existing supply of lands intended to accommodate commercial uses and recommend whether any changes to the land use designations and policies are required to protect the planned function of each commercial area.

1.3 Study Approach

In completing this assessment and specifically in addressing the above objectives, urbanMetrics has undertaken detailed research program involving the following key work tasks:

- Review of the Town of Smiths Falls site and access characteristics and evaluation as to the growth opportunities available based on geographic location. This has included the Town's proximity to other regional service centres, existing commercial structure, transportation connections.

- Delineation of a Trade Area, which represents the basis of our population forecasts, and subsequent commercial market analysis.
- Production of market research targeted at local Smiths Falls residents to develop an improved understanding of a range of current economic factors in the community (e.g., local spending habits and the impacts of e-commerce).
- Commentary on trends in the retail industry and discussion of how these trends could ultimately influence the market for commercial space in Smiths Falls in the coming years.
- Completion of a detailed inventory of existing commercial space in Smiths Falls, including a classification of businesses by North American Industrial Classification System (“NAICS”), and identification of vacant commercial spaces.
- Preparation of an per capita-based market analysis to understand the extent to which the Trade Area is adequately served by the existing supply of commercial space, and additional need based on population growth forecast to 2030 and beyond.

1.4 Assumptions

There are a number of basic and underlying assumptions upon which the validity of the findings presented in this report depend. Based on our considerable and long-term experience in the commercial real estate development and land use planning process, we recognize and appreciate the problems associated with making broad and generalized assumptions about future conditions. Undoubtedly, deviations from historic and current trends will take place in the future, however, basic assumptions are required regarding the possible extent of such deviations.

These basic assumptions are:

- During the forecast period discussed in this report, a reasonable degree of economic stability will prevail in the Province of Ontario, and specifically in the Town of Smiths Falls market;
- Further to above, due to the recent and ongoing conditions relating to COVID-19, it is difficult at this time to accurately and reliably determine the potential longer-term impacts of the pandemic on future economic conditions, investment patterns, shopping habits, among various other factors that will directly influence future retail/service and commercial market conditions in Smiths Falls and across Ontario. In reviewing this report, it is important to note that a significant portion of the background supporting data and statistics relied upon—as well as the resulting analyses, professional observations, and research findings—have been developed in the months during the COVID-19 pandemic in Canada (e.g., Statistics Canada data for previous annual periods, etc.). As such, the information presented herein reflects the latest available research on relevant historical patterns and best practices. Given the inevitable

longer-term planning horizon of the recommendations included in this report, our analysis therefore assumes that the local commercial environment will more or less return to pre-pandemic conditions in due course. Where applicable, we have also provided more targeted commentary as to the potential short and longer-term impacts of the pandemic on changed behaviours and/or market conditions;

- Estimates of future population and employment growth in the Town of Smiths Falls and surrounding Study Areas delineated are assumed to be sufficiently accurate for the purposes of this analysis.
- The official statistical sources utilized in this report (based largely on Statistics Canada, Province of Ontario and Town of Smiths Falls data, which have been footnoted where utilized) are considered sufficiently accurate for the purposes of this analysis;
- References to the Canadian dollar in this report, dealing with present and future periods, reflect its 2021 value. We recognize that fluctuation in the absolute value and purchasing power of the dollar will likely occur during the period covered by this report. We assume, however, that the relationship between per capita income and expenditure levels, and the value of the dollar will remain more or less constant during the period analyzed. Since this report deals with future space additions, inflation has been eliminated since it has no influence on the physical space used in commercial facilities. However, real growth (excluding inflation) in expenditures has been acknowledged in the analysis.

If, for any reason, major changes occur that could influence the basic assumptions stated above—including ongoing monitoring of any future changes resulting from the COVID-19 pandemic—the findings contained in this report should be reviewed in light of such changed conditions and revised if necessary.

2. Community Context

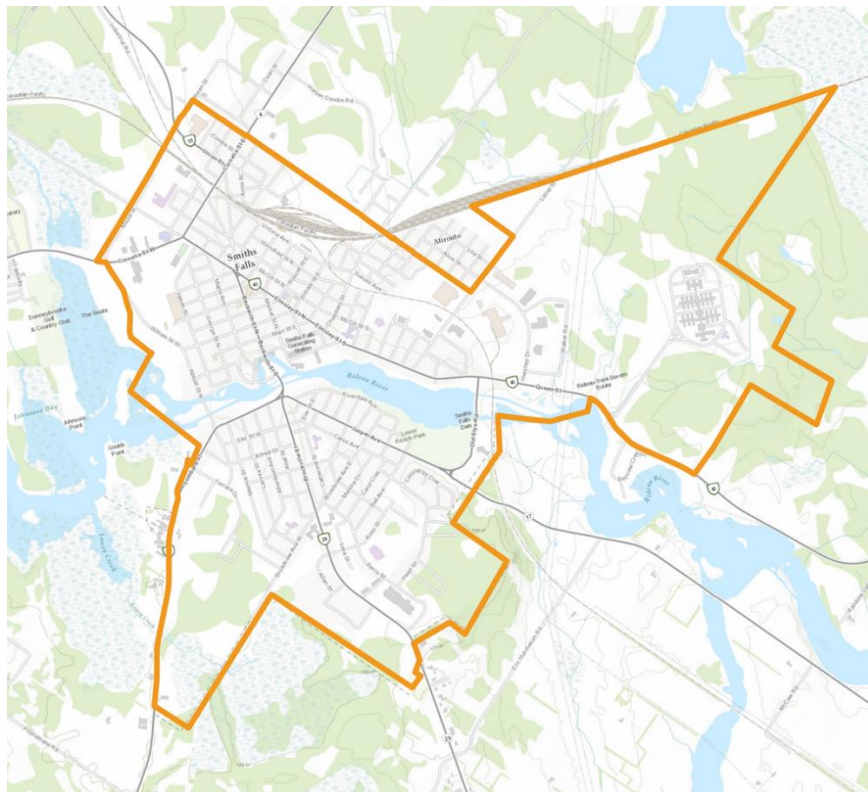
The Town of Smiths Falls is a vibrant, full-service community located about halfway between Ottawa and Kingston in Eastern Ontario. It is one of the eight municipalities that comprise Lanark County's Census Division, however it is separated from the County. Smiths Falls is a historic industrial town and has grown as a result of the transportation sector. It remains the largest community on the Rideau Canal south of Ottawa. The municipality is an irregular shape that has been defined by the canal and various transportation corridors, including major railroads.

Smiths Falls is compact and has been predominantly built out with a range of residential, commercial, and employment uses. For the most part, the Town has developed in a sustainable fashion with commercial facilities adjacent to residential communities. The Town's historic Downtown is well defined and home to some long-term retailers and mixed-use buildings. Future development areas that can accommodate new residential and employment growth are situated along the municipal border in the northeast and southwest corners of the Town.

A distinctive feature of the Town is its vibrant waterfront which serves both as a recreational amenity for the local population but is also a hub of boating activity being strategically located on the Rideau Canal system with access to Ottawa, Kingston, the Rideau Lakes and the Tay Canal into Perth.

The municipal boundary is detailed in Figure 2-1.

Figure 2-1: Town of Smith Falls Municipal Boundary



2.1 Access & Connectivity

The Town of Smiths Falls is located at the nexus of multiple modes of transportation, including highway, railroad, and canal access. The Town is primarily accessed by way of Highway 15, which connects the Town to various rural communities, the City of Kingston, and Highway 401 to the south, and Carleton Place predominantly to the north. Highway 15 is a popular, scenic route for people travelling to Ottawa region from Highway 401. The Town is currently not served by municipal or county-operated public transit.

Reflective of the Town's legacy as a transportation centre, Smiths Falls is served by a VIA Rail station, which is part of the railroad's Quebec City to Windsor Corridor and provides Smiths Falls' residents with frequent connections to Toronto, Kingston, and Ottawa, among other smaller municipalities.

The Town of Smiths Falls can also be accessed by water through the Rideau Canal, which runs between Ottawa and Kingston, and eventually feeds into Lake Ontario. The canal is primarily used for pleasure boating and drives tourism to Smiths Falls and the surrounding area. It has been registered as a National Historical Site of Canada and UNESCO World Heritage Site as the oldest operated canal system in North America and is frequented by boat tours and the cruise ship Kawartha Voyageur. Recently, Smith's Falls became the operations hub for a European boat-holiday provider ("Le Boat") with easy-to-navigate vessels aimed providing a unique vacation experience on the Rideau Lakes.

2.2 Commercial Policy Framework

Town of Smiths Falls Official Plan

The Town of Smiths Falls maintains a traditional commercial structure consisting of:

- The Downtown Core;
- The Uptown Mixed-use Area;
- Neighbourhood Serving Commercial;
- Corridor Commercial; and,
- Complementary small-scale commercial uses in residential areas.

The overall function of the hierarchy is laid out in Section 6-4 of the Official Plan:

The Town will plan for an appropriate amount of commercial land uses to meet the needs of the Town's residents, employees and businesses. A full range of commercial goods and services will be distributed throughout the community, with emphasis on providing day-to-day goods and services in close proximity to where people live and work, while avoiding oversupply of facilities. The Town will plan for pedestrian-

supportive commercial development, wherever possible, while also planning for automobile-oriented commercial development in appropriate locations. Providing convenient access to local goods and services is intended to reduce the length for all modes of travel within our community, in turn reducing impacts on the natural environment while enhancing public health and social interaction. A key component of this involves planning for convenient local neighbourhood shopping, including access to small to mid-size food stores. Commercial areas will accommodate a range of retail, office and service and commercial uses. All commercial development will be consistent with the Town's urban design guidelines and supporting implementation documents, as approved by Council.

Within the Commercial land use designation, the predominant use of land is commercial and the designation envisions a broad range of uses including retail, office, and service uses. We would note that in recent years, many municipalities are moving away from single use commercial designations to mixed use designations which could accommodate a mix of residential, commercial, office and institutional uses. The intent is to provide for residential intensification in addition to the downtown core as part of a pedestrian commercial environment. This may be something that the Town may wish to study as part of its next Official Plan Review.

Downtown Core (Section 6-4-2)

As with many municipal official plans, the Smiths Falls Official Plan designates the downtown as a regional centre for a broad range of commercial uses to serve the local, regional and tourist markets. Within the Smiths Falls Official Plan, the Downtown has been identified as a Targeted Growth Area and is an important part of the future growth prospects for the Town. The Official Plan articulates a "Town Centre" concept for the Downtown Core characterized by medium density housing, mixed-used zoning, and an emphasis on pedestrianization and public space.

In terms of specific uses, the Official Plan provides the following guidance distinguishing the downtown from other parts of the community:

- Emphasis on intensification and redevelopment;
- Encouragement of mixed use developments;
- The downtown is planned to serve as a government, community uses and cultural centre for the Town, supported by regional-serving retail, office, entertainment, recreation and tourism activities together with residential uses;
- The Downtown will also serve a local retail, service and administrative function for the surrounding neighbourhoods.

- The Official Plan supports Downtown as an employment centre in the region, especially for financial institutions, insurance companies, government offices, professional services.
- The OP supports the development of the Downtown as an arts, cultural, and entertainment centre for Smiths Falls and the region. It also identifies Downtown as a place to promote special events, parades, celebrations, festivals, etc.
- The Official Plan restricts uses that serve occupants of vehicles (such as drive-through windows) and discourage uses that serve vehicles (such as car washes and service stations), except where they do not disrupt pedestrian flow, are not concentrated, do not break up the building mass of the streetscape.
- Residential projects within the Downtown designation should generally incorporate ground floor commercial uses.

Uptown Mixed-Use (Section 6.4.3)

Lands designated Uptown Mixed-Use generally extend along the railway tracks towards the northwestern portion of the Town in the general vicinity of the Smiths Falls' Station Theatre and along Cornelia Street W. These lands represent a broad mix of vacant and under-utilised sites and a variety of non-residential land uses. Their development would likely occur over the long term. To support the continued vitality of the Downtown as a community focal point, the Official Plan contemplates that lands designated Uptown Mixed-Use will accommodate and encourage mixed-use development that includes commercial, employment and residential uses in a broad range of forms.

Lands within the Uptown Mixed-Use designation will be planned to accommodate medium to high density mixed-use areas that include residential and commercial uses in freestanding or mixed-use buildings. Such areas are intended to complement the planned function of the Downtown Core by limiting commercial uses to those that will complement the Downtown Core. This designation is intended to accommodate a mix of commercial and residential uses with an emphasis on commercial activity as the primary use and residential activity allowed in a secondary role.

Neighbourhood Serving Commercial (Section 6.4.4)

Lands designated Neighbourhood Serving Commercial are commercial areas that provide a focal point or destination to meet the day-to-day commercial needs of the adjacent neighbourhood(s) or business area(s). As neighbourhood destinations, areas designated Neighbourhood Serving Commercial are planned to accommodate safe and convenient pedestrian and cycle travel to, from and within the site, and connecting it to the surrounding local neighbourhood. The areas are intended to create opportunities for residents to obtain commercial goods and services within a reasonable walking and cycling distance to reduce the needs for automobile trips and reduce travel distances.

We would note that this designation generally includes a range of small sites both vacant and occupied that could serve this function. This designation also includes Settlers Ridge Centre (Formerly Country Fair Mall), which contains approximately 163,000 square feet of gross leasable area, which is far larger than a typical retail centre serving “day-to-day” commercial needs. However, approximately 93,000 square feet of this total is no longer used for commercial purposes, being formerly occupied by a Target and previously a Zellers department store. As a major retail site, Settlers Ridge has a number of disadvantages:

- The major retail momentum for the Town has shifted towards Highway 15 (Lombard Street), which is the location of Walmart, Canadian Tire and other retailers which draw support from throughout the entire Town and beyond;
- It is located on an edge site, meaning that its primary trade area is largely one sided; and,
- The surrounding lands are sparsely developed with minimal population within easy walking distance to the site.

Without the Target department store, the shopping centre including its supermarket anchor still serves an important local function to its surrounding neighbourhoods and the Town as a whole, although it is much less of a regional draw. However, it is unlikely that the centre will re-tenant the former department store space with retailers that would have the attraction of the former department store tenant. There is now an opportunity to consider a broader mix of uses for this site, including residential, to take advantage of and strengthen its local serving retail function.

Corridor Commercial Designation (Section 6.4.5)

Most of the lands designated Corridor Commercial extend along Highway 15 (Lombard Street) from Abbott Street to the southwestern boundary of the Town. In addition, there are several small sites elsewhere in the municipality that recognize existing uses, but are not part of a commercial corridor. This category is intended to primarily accommodate automobile oriented commercial uses, including:

1. commercial uses which do not normally cater to pedestrian shopping trade, but rather, to persons coming by vehicle specifically to the premises to do business;
2. uses which require the transportation exposure and vehicular accessibility afforded by Arterial Roads given their retailing of large or bulky goods;
3. a restricted range of commercial uses whose size requirements are such that they are not generally compatible, nor economically viable, in the Downtown Core or other categories within the commercial land use structure; and,
4. commercial uses which rely on business from the travelling public.

This category allows a significant amount of flexibility for the development of a varied mixture of compatible commercial and industrial uses. This designation generally occurs in areas where the existing development pattern exhibits a mix of commercial and industrial uses. Development intensity can vary significantly in this designation based on the nature of specific uses likely to occur in a

particular area. Larger big-box type developments may be allowed because they mix elements of retail commercial and warehouse forms and uses.

The Corridor Commercial designation shall be zoned to permit automobile-oriented commercial uses and may include the following primary uses:

- Retail uses, limited to automotive/vehicle related products and services, large or bulky goods such as furniture and domestic appliances, home entertainment goods, home improvement materials, hardware, nursery or garden supply products, office equipment; and the limited sales of goods in association with a wholesale use.
- Wholesale uses;
- Offices;
- Medical clinics;
- Accommodation uses;
- Restaurants;
- Entertainment uses;
- Commercial recreation; and,
- Banquet halls.

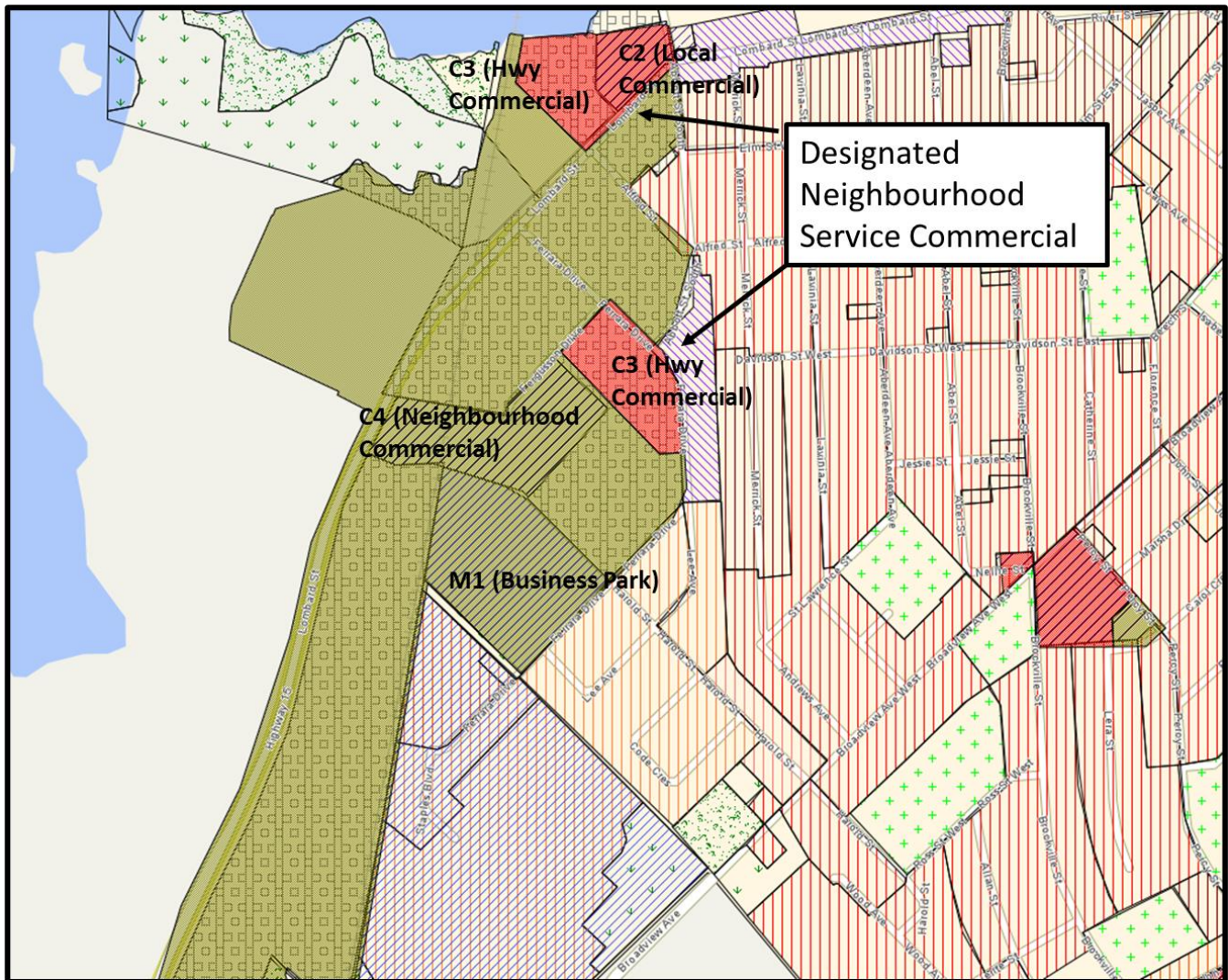
With several major tenants in this area, including Walmart, Canadian Tire, and Your Independent Grocer, as well as other important retail outlets, the Highway 15/Lombard Street Corridor has evolved into the dominant regional commercial destination for the Town.

However, in our opinion, there are some issues with the Corridor Commercial Category, which have been identified on Figure 2-2:

- Adjacent to the Corridor Commercial Area is a site of approximately 2 hectares at Abbott Street and Lombard Street designated Neighbourhood Serving Commercial. The eastern half of the site is occupied by a small multi-unit plaza, while the western portion is vacant. The eastern portion of the site is zoned to permit Local Commercial uses, while the western portion is zoned to permit Highway Commercial uses. In our opinion, the zoning over the entire site should be consistent with its Official Plan designation. We would note, however, that the western portion is complicated by the fact that it is under federal ownership.
- Off of Ferrara Drive, there is a vacant site designated Neighbourhood Serving Commercial, but zoned Highway Commercial. Again, the zoning should reflect the Official Plan designation.
- Off of Highway 15 in the vicinity of Ferguson Drive is a site within the Corridor Commercial Designation, zoned Neighbourhood Commercial. The front portion of the site contains a small plaza containing an LCBO store, a dollar store, a Pet Value and a hair salon. The back portion of the site is vacant. By contrast, the nearby freestanding Beer Store exists on a site zoned for Corridor Commercial uses. The distinction being that the Beer Store is freestanding, while the

LCBO is part of a multi-unit building. Based on the intent of the Corridor Commercial policies in the Official Plan, a site zoned for Neighbourhood Commercial uses should not exist in a Corridor Commercial area. However, the individual uses developed on the Neighbourhood Commercial zoned site are very similar to those developed in other parts of the Corridor Commercial Area. Furthermore, a Neighbourhood Serving Commercial designation would also not be reasonable at this site as it has no direct connection with any nearby residential area. In our opinion, the Corridor Commercial Designation and Corridor Commercial zoning should be reviewed so that they can be made consistent with each other, without having to introduce incongruous zoning areas to accommodate retailers that in another format would be permitted within the designation.

- Immediately south of the site zoned Neighbourhood Commercial, is a site within the Corridor Commercial designation zoned Business Park, which as we understand, is a relic from a previous plan. The Town is currently reviewing a rezoning application for this site and will be modifying the zoning to permit a range of commercial uses that would not otherwise be permitted within the Business Park zoning category.

Figure 2-2: Major Corridor Commercial Designation and Adjacent Lands

In our experience, over time it is not uncommon for municipal zoning-bylaws to become inconsistent with the Official Plan, to which they must adhere. However, this commercial review provides an opportunity to address the anomalies which exist along Highway 15 (Lombard Street) which has emerged as the regional retail centre for Smiths Falls.

The uses and formats permitted in this area should recognize its role as a regional draw, while at the same time ensuring that it does not detract from the downtown area, which relies on a strong retail core to function as the cultural and social heart of the municipality.

In addition, the Town should review the Corridor Commercial designations outside of the Lombard Street corridor. As these sites are not part of a commercial corridor and, in some cases, are internal

to neighbourhoods, there is justification for considering alternative designations which better serve the community and are compatible with adjacent designations and land uses. One such designation which we would note, is the Corridor Commercial designation along Union Street in the far north part of the Town. Current uses in this area include a gas station, several restaurants and an auto repair facility. This is near one of the few residential areas that does not have good pedestrian/cycling access to local commercial services. The Town may wish to redesignate this area to Neighbourhood Serving Commercial to expand the range of retail uses in the area and permit uses that could serve the day-to-day needs of persons living in the north end of Town. This designation would expand the uses in this area to include:

- Retail uses, not exceeding an individual unit size of 1,000 square metres;
- Commercial services;
- Personal service uses; and,
- Banks and financial services.

Other uses could also be added as a result of this designation, providing they do not restrict the development of primary uses or produce nuisance impacts, including:

- Community uses
- Child care centre;
- Commercial recreation;
- Commercial school; and,
- Arts, cultural, recreational uses.

Under the Neighbourhood Serving designation, the area would still be permitted some uses allowed under the Corridor Commercial designation, including:

- Restaurants;
- Offices;
- Medical Clinics; and
- Gas Stations, providing they do not detract from the primary uses or produce nuisance impacts.

Large scale retail uses, accommodations, banquet halls and automotive related uses, would no longer be permitted. However, the sites in this area are relatively small and most of these uses could likely not physically be accommodated in the area. There are a few small scale uses that would otherwise not be permitted under the Neighbourhood Serving designation, such as the auto repair facility. There are several planning strategies that may be used to extend the existing permissions to allow these uses.

Commercial and Compl[e]mentary Uses in the Residential Designation¹

A limited range of commercial and institutional uses are permitted in residential areas as per the Official Plan.

Policy LU 2-29 indicates that: “Lands designated Residential may permit a limited range of commercial uses that cater to pedestrian, bicycle and non-vehicular travel and are intended to support the primary residential uses. Particular regard shall be given to site and building design that give priority to pedestrian and other non-vehicular movements and that provide for adequate and safe vehicular circulation, vehicular parking and site services to be located away from the street, while maintaining a pedestrian-friendly streetscape and human-scale form of development.”

Policy LU-2.30 further states that:

In addition to permitted commercial uses listed above, lands designated Residential may be zoned to permit the following complimentary uses, subject the provisions of this Official Plan, provided they do not impact the ability of the lands to achieve the goals, objectives and policies of the Plan:

1. Assisted Living Facility;
2. Community Uses;
3. Day Care Facilities;
4. Long-Term Care Homes;
5. Supportive housing – domiciliary hostels
6. Places of Worship;
7. Pre-schools; and,
8. Retirement Homes.

In practice, however, the residential zoning categories are much more restrictive, permitting places of worship (“churches”) in all residential zones. Minimal non-residential development is permitted by the zoning by-law, other than on a few site specific zonings.

In larger urban areas, there is a trend towards permitting live-work and small-scale commercial uses in residential areas to provide more pedestrian and local commercial opportunities. Smiths Falls is a fairly compact community where no residential area is more than two kilometres from the downtown core. Other than the northern portion of the City noted above, the majority of the Town is within a reasonable walking or cycling distance of either a supermarket or the downtown. As a result, expanding permissions for non-

¹ The Official Plan contains a minor spelling error. In this context, “complementary” should be spelled with an “e” rather than an “i” as it appears in the Official Plan on p. 100.

residential uses in residential areas is not seen as a priority. In addition, the Uptown Mixed Use Area will provide new opportunities for mixed use development.

Downtown Master Plan and CIP

The Downtown Master Plan is a design focused document. It identifies a number of opportunities for mixed use and commercial retail development:

Evidence of existing vacant commercial units is principally a concern on the east-west streets either side of Beckwith Street North. This provides a clear indication of where Community Improvement Plan incentive programs should be allocated – to the level of individual buildings which can benefit from building fabric improvements to entice and retain commercial tendencies. Achieving viable uses on the upper floors which may include residential but also commercial office space, consistent with the role of Downtown as more than a retail environment, should form the basis for individual property projects which can collectively restate and confirm the long-term role of Downtown. Based on the existing profile of Downtown, the opportunity exists to promote the interests of income-generating commercial buildings operating as mixed-use. (Downtown Master Plan p. 6)

With regards to retail commercial opportunities, the Master Plan notes a lack of brand name retail establishments in the core. Although it recognizes that little can be done to attract more recognized retailers in the core, it indicates that the opportunity exists for landlords to enhance the building stock to entice long-term investment by retailers and building owners.

The plan also calls upon the Town to improve the retail mix in the downtown, stating that achieving an appropriate retail mix is a long-term proposition and aspiration of the Town to achieve higher order retail and specialty stores.

Although the 2018 Community Improvement Plan boundaries do not align exactly with the Downtown area as defined in the Official Plan, the CIP area generally encompasses the Downtown, as well as lands on the south side of the river along Lombard and River Streets. The CIP is generally intended to act as a tool for implementing the recommendations of the Downtown Master Plan by providing financial and other incentives for renovating, restoring and upgrading eligible properties. The CIP program is applicable to commercial, commercial mixed-use (commercial-at-grade) and multi-unit residential projects within the Downtown and Waterfront Areas. Among the goals and objectives for the CIP program is to reduce retail leakage, to support business attraction and retention, to encourage private investment in the building stock, to support appropriate infill and redevelopment projects, and to support a mix of new commercial/retail and residential development.

In summary, the Town of Smiths Falls has a fairly traditional commercial hierarchy centred on the Downtown Core. The Highway 15 Corridor has evolved into the principal regional

retail area for the Town, having supplanted Settlers Ridge Shopping Centre which had lost its former Target Anchor. Some specific policy areas that may be addressed to strengthen the Town's Commercial function:

- Rationalize the Official Plan designations and zoning categories along the Highway 15 Corridor;
- Consider expanding the range of uses, including residential, on the Settlers Ridge site.
- Consider redesignating the commercial uses along Union Street from Corridor Commercial to Neighbourhood Serving Commercial

3. Growth Patterns

3.1 Population

Historic Growth Patterns

Figure 3-3 outlines the historic population growth for the Town of Smiths Falls and Lanark County (Census Division) based on Census data. As shown, the Town's population remained stagnant over between 2006 and 2016. The Town's lack of population growth is attributed to multiple factors including an aging population and decreasing average household sizes for existing households, a series of setbacks in the Town's economic development and loss of employment opportunities at Rideau Regional Centre and Hershey Canada, and competitive residential development growth in neighbouring municipalities. For comparison purposes, Lanark's population grew by 5,000 persons during the same period, translating to an annualized growth rate of 0.8%.

Figure 3-3: Historical Population Growth, Town of Smiths Falls and Lanark County

	2006	2011	2016	2006-2016 Growth
Lanark County¹	65,400	67,300	70,400	5,000
Annual Growth	380	620	500	
Annual Growth Rate	0.6%	0.9%	0.8%	
Town of Smiths Falls	9,000	9,200	9,000	0
Annual Growth	40	-40	0	
Annual Growth Rate	0.4%	-0.4%	0.0%	

SOURCE: urbanMetrics inc., based on Statistics Canada Census Data (2006, 2011, and 2016).

NOTE: Figures have been adjusted for net undercoverage and have been rounded to the nearest 100.

¹ Population values are representative of the Lanark County Census Division, which includes the Town of the Smiths Falls.

Forecast

Figure 3-4 details the estimated current and forecast population for the Town of Smiths Falls. The population projections are consistent with those contained in the Town's ongoing Development Charges Background Study exercise.

Between 2016 to 2020, the Town saw healthy, rapid population growth in comparison to historic patterns. Some 700 residents were added over that period, representing an average annual growth rate of 1.9%. This can be attributed to consistent residential development throughout the Town, as well as the creation of new employment in the Cannabis industry which has attracted and retained young people in the community. The rapid growth is forecast to slow beyond 2020 as the Town anticipates a population of some 10,500 persons by 2030.

Figure 3-4: Current and Future Population Growth, Town of Smiths Falls

	Historical ¹			Current ²	Forecast ²		
	2006	2011	2016	2020	2030	2016-2020 Growth	2020-2030 Growth
Town of Smiths Falls	9,000	9,200	9,000	9,700	10,500	700	800
Annual Growth	40	-40	175	80		175	80
Annual Growth Rate	0.4%	-0.4%	1.9%	0.8%		1.9%	0.8%

SOURCE: urbanMetrics inc.

NOTE: Figures have been adjusted for net undercoverage and have been rounded to the nearest 100.

¹ Based on Statistics Canada Census data (2006, 2011, 2016).

² Current and forecast population growth is consistent with Town-wide forecasts contained in the Town of Smiths Falls Development Charges Background Study presentation, which was provided by the Town.

3.2 Growth Areas in Smiths Falls

Draft approval has been given to some 370 residential units (singles and townhomes) to be developed at the southwest of the Town. There are also development reserves at the southwest end of the Town which may be available to support longer term growth.

A key strategy of the Official Plan is to focus new growth and intensification of land uses in “Targeted Growth Areas”, while preserving the general character and density of other areas of the Town that are predominantly established detached dwelling neighbourhoods.

The Targeted Growth Areas have been established around the Downtown Core and areas to the north which approximately correspond with the Uptown Mixed Use Area.

This approach focuses new growth into relatively compact and centralized locations, thereby reducing fiscal and environmental impacts, fostering walkability and preserving the character of Smiths Falls’ established neighbourhoods. Intensification within these areas will be subject to the “Intensification Within Targeted Growth Areas” policies of this Plan.

3.3 Tourism

Smiths Falls is uniquely positioned at the confluence of three tourism regions including the Ottawa Valley; the City of Ottawa and Area; and Eastern Ontario/St. Lawrence River. It is within an hour of the Cities of Kingston and Ottawa. A large share of its tourism base is drawn to its location at the mid-way point on the Rideau Canal and the Gateway to the Rideau Lakes Region. To augment its scenic setting are a number of heritage attractions in the Town and its vicinity. A unique attraction is the Tweed Visitor Centre housed in the former Hershey plant, which offers an interactive tour of the cannabis industry.

The gem of the Town is its waterfront which serves as an important amenity to the local population and a key starting off or stop-over point for boaters, canoeists and kayakers on the Canal and Rideau Lakes. The Town also offers direct access to an extensive recreational trail network connecting to the Ottawa Area, Kingston and other areas within the Region. The trail network is a four-season draw attracting hikers and cyclists during the spring, summer and fall and snowmobilers, snowshoers and cross-country skiers in the winter months.

Analyzing tourism data for Smiths Falls is challenging owing to the fact that the Ministry of Heritage, Sport, Tourism and Culture includes it as part of a very large Tourism Region 11, which includes the Kawartha Lakes, the Ottawa River and the southern and eastern edges of Algonquin Park. In addition, Smiths Falls is situated at the extreme corner of this District and is also heavily influenced by tourists travelling in other Regions, including Eastern Ontario, Ottawa and Kingston.

Based on tourism spending data for Region 11, which is an area heavily dependent on outdoor adventure, particularly watersports and seasonal residences. The region is much more heavily reliant on spending from Ontario residents than many other visitor destinations in the Province. Almost 80% of visitors to the Region stay over night. However, it is important to recognize that because Smiths Falls is part of a more integrated tourism area, the actual time spend in Smiths Falls as part of an overnight stay will vary depending on where visitors are staying within the broader area.

Smiths Falls is served by three accommodations chains, including Econolodge in the Downtown on the waterfront, Hotel Rideau by Simply Comfort, a boutique suites hotel in the Downtown, and Best Western on Highway 15, as well as a variety of other motels and bed and breakfast operations. The local competition is fairly strong with nearby Towns, such as Perth and other small historic communities in the area vying for a share of the overnight market. Although further study is required, it is likely that Smiths Falls could attract a larger share of the overnight stay market by focusing more accommodations opportunities in the Downtown, particularly in the vicinity of the Canal and waterfront. While the 66 room Econolodge is situated on the canal with waterfront facing rooms, it is an older property and does not take full advantage of its waterfront location.

The Region is also dominated by visitors whose main purpose is a pleasure trip. Because of its waterfront and other attractions, Smiths Falls is well positioned to capture a share of this large market.

Despite being the largest market segment, Ontario visitors also spend less than other segments. An interesting feature of local tourist spending is that more is spent on food from stores than food from restaurants. In part this is likely due to provisioning for cottages, RVs, boating, camping and other outdoor activities popular in the area.

In our opinion, Smiths Falls does not adequately leverage the draw of the waterfront to attract tourists to nearby commercial destinations in the downtown. There are virtually no buildings that are open to the waterfront. Older buildings on Chambers Street and Old Mill Road are situated on the

water, however, there are no restaurants offering patios, windows or other spaces opening out to the water. A waterfront trail on the north side of the waterway, as described in the Downtown Master Plan, could represent a catalyst for commercial opportunities near to the river.

At present, downtown retailers and services are strongly oriented to serving the local population. The recent reconstruction of Beckwith Street has made the downtown very attractive and inviting to visitors. The strategy should be to attract more retail and unique tenants to the downtown that could assist in drawing non-regular visitors to the core.

Some strategies that have worked with other municipalities and shopping centre owners, have included:

- Marketing activities aimed at attracting local and regional entrepreneurs to the downtown. These may include small businesses with other locations in the Region or entrepreneurs, artisans, and craftspeople seeking a physical space for the first time.
- Identifying spaces that might act as temporary outlets for entrepreneurs. These could be underutilised storefronts or, in the case of some municipalities, establishing an area for pop-up stores which may lease on a short-term basis. (See Figures 3-3 and 3-4 below) According to research undertaken at Michigan State University: “Pop-ups can offer an affordable and creative means to address many problems that challenged retail districts face. Small, temporary investments fostered by pop-up programs can help advance larger, more permanent investments or broader organizational or community goals”².
- The local arts and culture community has traditionally been a source of many early adopters in terms of temporary and pop-up spaces. Engaging with this community may generate ideas and interest in new retail concepts for the downtown.

² Forsyth, M. & Allan, L.E. (2014). Pop-Up Program Development: Lessons Learned and Best Practices in Retail Evolution. University Center for Regional Economic Innovation, Michigan State University.

Figure 3-5: Storefront used for Temporary Retailing, Seattle



Figure 3-6: Pop-up Retail Outlets Used by Arts Community, Bangor, N. Ireland



Figure 3-5: Tourism Region 11 Visitor Spending

Visitor Spending Origin	Region 11	Ontario
Ontario	83%	54%
United States	9%	17%
Other Canada	5%	11%
Overseas	3%	18%
Length of Stay		
Overnight	78%	73%
Same-day	12%	27%
Main Trip Purpose		
Pleasure	65%	38%
Visiting Friends and Relatives	22%	29%
Business	6%	20%
Shopping	1%	3%
Other	6%	10%
Average Spend Per Person Per Trip		
Total	\$136	\$217
Ontario Visitors	\$124	\$141
US Visitors	\$277	\$387
Other Canadian Visitors	\$226	\$465
International Visitors	\$397	\$1,612
Average Spend (Person/Trip)		
Accommodation	\$35	\$46
Transportation	\$36	\$71
Recreation/Entertainment	\$10	\$20
Food and Beverage (Restaurants)	\$16	\$39
Food and Beverage (Stores)	\$27	\$15
Clothing	\$5	\$16
Other	\$6	\$10

Source: Ministry of Heritage, Sport, Tourism and Culture Industries, Regional Tourism Profiles, 2018

4. Trade Area

4.1 Customer Origins Survey

urbanMetrics has partnered with a mobile analytics data provider to develop an understanding of the travel behaviours of residents. The results of this analysis have been utilized to support the delineation of a data-driven, market-tested Study Area that most accurately captures the true drawing power and customer support to commercial facilities in Smiths Falls.

For the purposes of this analysis, urbanMetrics worked collaboratively with Town of Smiths Falls staff to determine a number of pre-defined target geographies to consider as part of evaluation. These geographies were intended to capture patterns across Smiths Falls various retail nodes that comprise different functions, retailers, and retail formats. The following geographies were surveyed:

- **Lombard Street Commercial Corridor**
- **Settlers Ridge Centre**
- **Downtown**
- **Brockville Street and Broadview Street Plaza**

Furthermore, it is important to note that mobile analytics data captures a representative segment or sample of total visitation to a given geography. This capture is based on a range of mobile applications installed on individual devices. Therein, the figures presented below are reported in percentage terms, as they represent a reasonable approximation as to the macro-level geographic origin of visitors, but do not present a comprehensive view of overall visitation in absolute volume terms.

The data was collected from September 2019 through December 2020, of which 10 of the 17 months were subject to various levels of restrictions owing to Covid 19. However, as Figure 4-1 shows the percentage distribution of customers rather than total visitation, the data for regular visitors to Smiths Falls would likely not be significantly affected. However, due to the significant impact of the pandemic on tourism, it is possible that the data understates the casual visitation from outside the area.

Figure 4-7 below illustrates the geographic extent of the responses observed. This figure illustrates that Smiths Falls draws very heavily from the surrounding communities, including Perth, Rideau Lakes, Carleton Place, and other Parts of Lanark County and Leeds and Grenville Counties. Overall the four nodes surveyed attracted less than 40% of total visitors. Beyond the Town, nearly 15% of visitation was generated from the Township of Rideau Lakes and 15% was generated by other municipalities in Lanark County. It is worth noting that a relatively small portion of overall visitation to the subject site was generated from Ottawa and other areas within Ontario and Canada.

As is discussed later in this report, Smiths Falls has far more retail space than can be supported by its local population. For example, as will be discussed in a later section, there is a ratio of some 112

square feet of retail and services space for every Smiths Falls resident. By comparison, in urban areas, a resident typically supports between 30 and 40 square feet per person. In addition, major regional retailers, such as Walmart and Canadian Tire help to enhance the attraction of the Town. As a result, has an attraction much greater than its population size would suggest.

Figure 4-7: Customer Origin Survey Data

Geography	Lombard Street Corridor	Settlers Ridge Centre	Downtown Smiths Falls	Brockville- Broadview Plaza	Total Visitation
Town of Smiths Falls	28%	37%	47%	52%	38%
Town of Rideau Lakes	18%	21%	10%	13%	15%
Other Lanark County	16%	14%	15%	12%	15%
Other Leeds and Grenville County	16%	17%	12%	15%	14%
City of Ottawa	10%	6%	7%	3%	8%
Other Ontario	10%	4%	6%	4%	8%
Other Canada	2%	1%	2%	1%	2%
Total Visits	100%	100%	100%	100%	100%

SOURCE: urbanMetrics inc., based on data provided by third party mobile analytics provider.

It is also important to note the differences observed between Smiths Falls various commercial nodes. As shown, some 28% of responses on Lombard Street were residents of Smiths Falls, whereas that figure rose to 47% in Downtown Smiths Falls and 52% at the Brockville-Broadview plaza. This suggests the latter two commercial nodes have a more local customer base. This significant difference is attributable to the nature of the businesses located in each geographies. Downtown caters to local, frequent visitors, and has a greater emphasis on providing service-based functions, as well as groceries. Additionally, the mall at Brockville-Broadview is located within a residential neighbourhood and likely serves a convenience function for surrounding residents. The large format of “big box” businesses along Lombard Street provides other important retail goods that draw visitors from a broader geography.

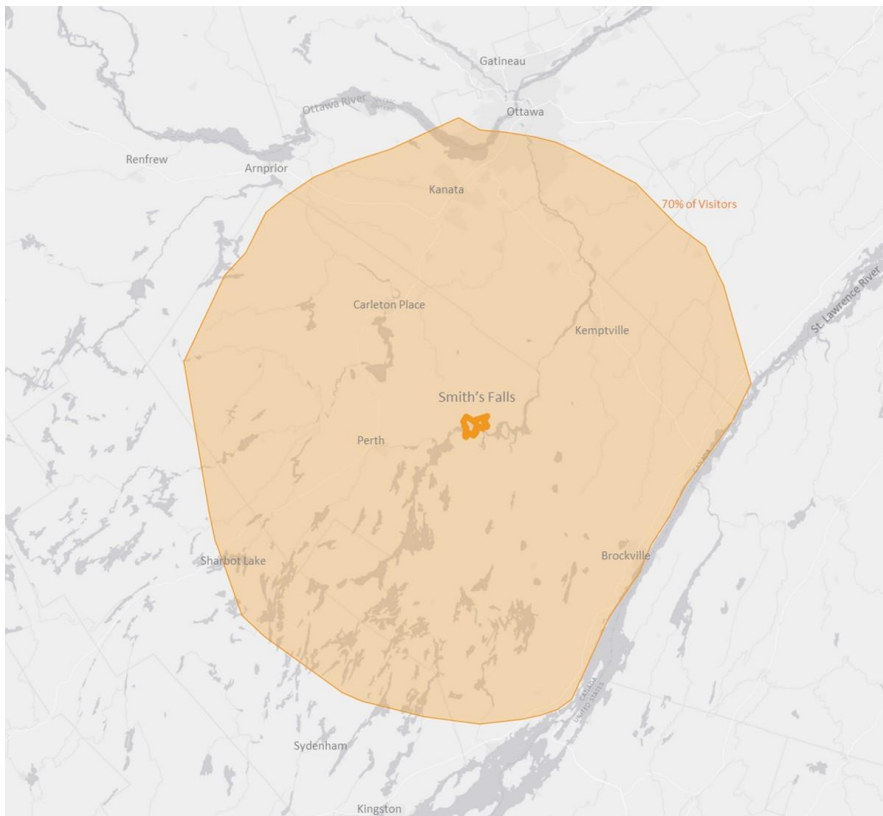
Additionally, it is notable that the Township of Rideau Lakes makes up the second largest concentration of visitors to Smiths Falls large format commercial nodes, including Lombard Street and Settlers Ridge Centre. This could be attributable to limited availability of large-scale retailers in Rideau Lakes. However, Rideau Lakes visitation significantly declines in Smiths Falls Downtown and Brockville-Broadview, indicating that these residents are likely drawn to the major retailers not available in their community. As a result, an opportunity may exist to attract more non-Smiths Falls residents to the downtown.

4.2 Trade Area Delineation

A Trade Area represents the geographic extent from which the majority of shoppers and associated customer expenditure support are derived for a given retailer, commercial node or community (i.e., in this case, the entirety of the Town of Smiths Falls). As such, the Trade Area identified herein is intended to capture the surrounding population which is most likely to shop for goods and services within the Town. In effect, it identifies the Town's core customer base.

Figure 4-2 represents the Trade Area for Smiths Falls based on the location of 70% of unique visitors to Smiths Falls, including residents and persons visiting from outside of the Town. The methodology differs from that used in Figure 4-1, which considers multiple trips from the same location. We would note that while Smiths Falls does draw a moderately sizeable visitor volume from the Ottawa area, the most consistent spending from outside of the Town would be derived from Lanark and Leeds and Grenville Counties

Figure 4-8: Smiths Falls Trade Area



Source: urbanMetrics based on uberMedia mobile data

5. Commercial Trends

Prior to the COVID-19 global pandemic, the bricks and mortar retail industry was experiencing substantial change. The true impacts of the pandemic on the retail sector are yet to be fully understood, however it has undoubtedly accelerated longer-term trends, presented new challenges, and created new opportunities within the industry.

The retail sector has always found itself in a constant state of evolution and change. From traditional main street retail environments to enclosed shopping malls to automobile-oriented power centres, retail has—in many ways—reflected broader societal trends and preferences. Currently, an increasingly globalized, technologically connected planet has resulted in the localization of products and brands from across the world, accessible as an increasing proportion of purchases are being made through e-commerce.

Traditionally, these trends have been drawn out over a period of years, as a function of broader externalities. However, the sudden emergence of the COVID-19 pandemic and resulting restrictions, lockdowns and social shock have upended this pattern. It remains to be seen how these impacts fall out over a longer-term horizon, however, the immediate shorter-term implications have been significant.

It is important to note that not all retail has been impacted evenly. Supermarkets, pharmacies, building supply centres, for example experienced surges in sales during the pandemic, as have many retailers with an on-line presence. Opportunity and stability in these areas form an expected source of demand moving forward.

Other retail sectors, including some enclosed shopping centres, some large general merchandisers, clothing, and books, continue to face challenges in growth prospects. Restaurants and personal services have been hit especially hard during the pandemic, and as they are important draws for many downtown, urban cores have also struggled. As such, COVID-19 has created additional pressure on small businesses located within the historic downtown. Small businesses are less financially resilient to closures, had less sophisticated e-commerce shops, and have smaller footprints that can only support 2 to 3 consumers due to capacity restrictions. However, a notable upswing in community support and redirection of spending at local businesses has been observed. This support has helped many small businesses survive through the pandemic and has demonstrated the community value of these businesses. Maintaining this culture of “supporting local” represents a significant opportunity moving forward from the pandemic.

The following sections provide a commentary and analysis of current trends in the retail sector, which have Province-wide impacts, and direct impacts on Smiths Falls.

E-Commerce

The rise of e-commerce has led to the most profound shift in shopping patterns over the last ten years. Many of the earlier issues with e-commerce, such as delivery wait times, merchandise returns, payment security and web-site functionality have been overcome by most major retailers.

The ability to shop from home, compare prices, and have goods delivered the next day has significant appeal to consumers. In broad terms, the convenience of shopping online has come directly at the expense of traditional brick and mortar retailers as individuals and households have redirected portions of their overall spending to these channels, particularly in the case of selected retail merchandise categories.

Prior to the COVID-19 pandemic, e-commerce was slowly penetrating various traditional market segments. As shown in Figure 5-9, online shopping was most widely accepted for goods that are material products that are not customizable, do not benefit from substitution/testing, and are relatively easy to ship.

Figure 5-9: E-Commerce Penetration Across Retail Categories

Widespread E-Commerce Acceptance	Increasing E-Commerce Acceptance	Slow E-Commerce Acceptance
Electronics	Custom Clothing	Food & Grocery
Books/Music/Toys	Eyewear	Large Furniture Items
Clothing (Basics)	Prepared Foods	Major Purchases (Automobiles)
Household Furnishings	Health & Personal Care Products	
Tickets/Event Sales		

SOURCE: urbanMetrics inc.

The impact of online shopping in the brick-and-mortar sector is still not fully understood. There remains a lack of reliable data with which to evaluate the magnitude of current online shopping activities. Additionally, there is a “grey area” in terms of what expenditures are included as online shopping (i.e., if a product was purchased online but picked up in a store as part of “curbside pickup” offerings, for example). Traditional retail market demand analyses focus exclusively on market demand for physical retail spaces. Typically, these studies are reliant on Retail Trade data from

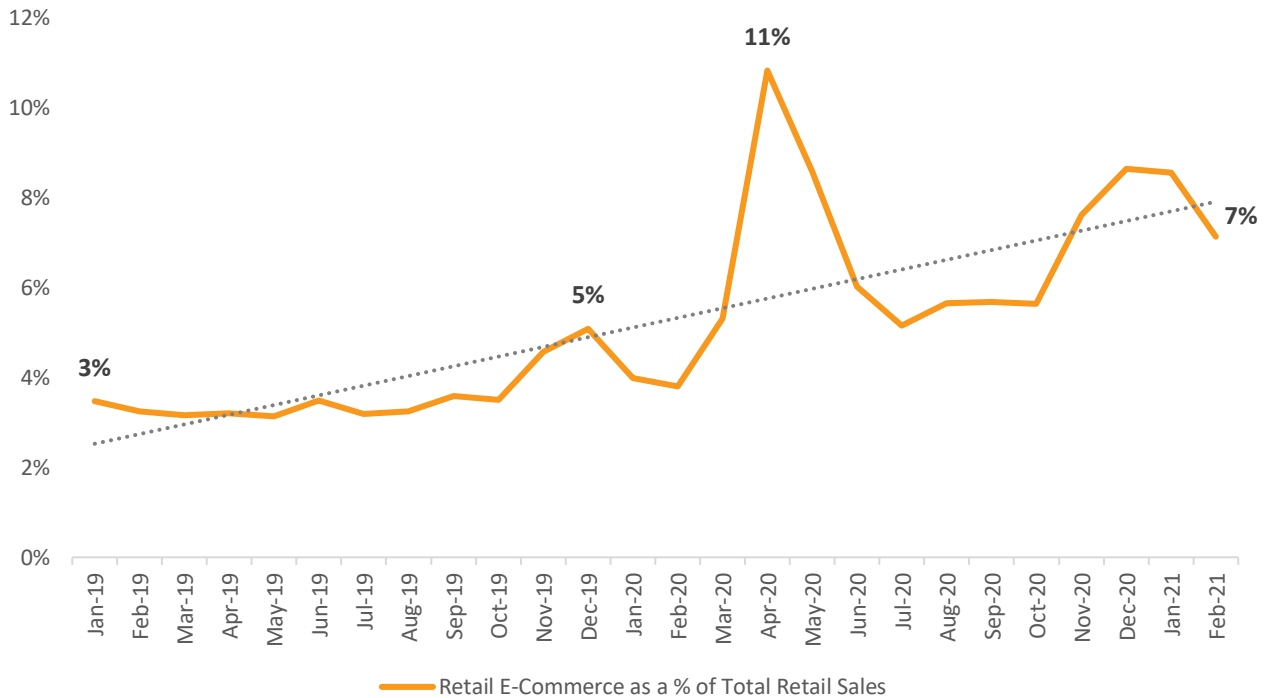
Statistics Canada. Based on our own latest correspondence with Statistics Canada, the extent to which self-reported sales data by major retailers incorporates online purchases through omni-channel networks remains largely unknown.

It remains to be seen if, over time, the impact of COVID-19 will result in a permanent shift in shopping patterns, or a shift borne out of necessity and not necessarily consumer preference.

Although e-commerce continues its rise across store categories, particularly exacerbated by the COVID-19 pandemic, it remains our view that it will not entirely replace in-person shopping experiences for all store types. Large segments of the population view shopping for goods as an enjoyable, social event. It is our expectation that e-commerce will continue to account for an increasingly large share of overall consumer expenditures, however, that share will “max” out at a certain point. Throughout that process, there will be a reorganization of brick-and-mortar shopping, as retailers respond to their individual situations. Some retailers will remain unaffected by e-commerce and continue to operate locations per usual. Others may see a significant reduction in their physical space presence, as online shopping replaces the need for a widespread on-the-ground presence. Others will draw a harmonious balance, operating selected retail locations that serve as a place for physical browsing, entertainment and gathering (i.e., “experiential retailing”), as well as flagship “showroom” type functions; all of which augment a robust online presence.

Recognizing the limitations identified above, Figure 5-10 demonstrates the impact that the COVID-19 pandemic has had on recorded e-commerce sales in Canada in recent months. As shown, for the period prior to the pandemic, online sales were estimated to account for less than 5% of overall activity³. However, as of April 2020, the figure spiked to 11% of the total. Through to the end of the year and into 2021, e-commerce sales remain at elevated rates, at least relative to historic patterns. These early findings demonstrate that the pandemic has increased familiarity and comfort with e-commerce as a viable and widely accepted—if not essential—way to procure a range of merchandise.

³ As calculated using Statistics Canada Retail Trade data, which excludes “pure play” online retailers such as Amazon.

Figure 5-10: Retail E-Commerce Sales as a Percentage of Total Retail Sales 2019-2021

SOURCE: urbanMetrics inc., based on Table 20-10-0072-1 prepared by Statistics Canada.

Retail Segmentation

Prior to COVID-19, the retail market was becoming increasingly segmented, as retailers continue to evaluate their physical store operations.

The ongoing closure and financial challenges of traditional anchor retailers (The Bay, Target, Sears etc.) has had widespread implications on major regional centres that previously relied upon these as major drivers of visitation and foot traffic. These traditional anchors have refocused on prominent locations in large urban centres, often at the expense of more local serving locations. Likewise, retailers such as The Source, Winners, and Staples have become more selective in opening new locations.

The continued success of big-box and large format retailers such as Wal-Mart, Costco, Real Canadian Superstore or Canadian Tire has resulted in these establishments becoming effective “one-stop shop” destinations. By offering goods such as groceries, electronics, and home furnishings, many of these retailers serve a range of needs. As such retailers of this nature have created a significant overlap between what were formerly distinct store categories. This has resulted in retail nodes frequently competing for the same customers, and also for the same individual store tenants. Furthermore, the

volume and scale at which these large merchandisers are able to purchase goods results in cost savings for consumers. These cost savings typically cannot be matched by retailers operating within more narrowly defined segments.

As such, a typology has emerged amongst rural and suburban service centres, whereby the regional-serving retailers are the same across each centre. For example, Wal-Mart, Canadian Tire, and major grocery stores are reasonably common anchors in these municipalities. Furthermore, due to the broadened merchandising at these businesses, these retailers meet the majority of rural and suburban visitors' needs.

Alternatively, service-based sectors remain an essential—if not growing—component of local commercial offerings.

As big box retailers continue to challenge traditionally distinct retail categories, the service sector remains relatively immune from these structural factors. Consumer preferences and expenditures have shifted to increased spending on experiences, events, and entertainment. Furthermore, demographic and technological changes have resulted in opportunities for businesses to provide an increasing range of services to an aging population, or as a means of serving a younger cohort that are driven by experiences, rather than products.

Non-Traditional Retail Experiences

In smaller municipalities like Smiths Falls, retail stores along concentrated main streets represent community gathering spaces where people connect, events are held, and unique retail offerings can be experienced.

Physical stores will take on new and non-traditional roles as retailers adopt multi-channel retailing and balance the utility of their stores while still capturing online sales. An emerging trend, accelerated by the COVID-19 pandemic, is the way retailers and restaurants are adapting their space into new types of contemporary services. This diversification of uses serves to create a unique experience that differentiates them from e-commerce offerings and increases the ability of the retail store to be productive at various “off-peak” times of day and week.

Bellwood's Brewery – a popular destination in Downtown Toronto – has transformed its previously crowded patio into a new marketplace for local residents and visitors. The market is adjacent to their brewery bottle shop and now sells pandemic-friendly items such as meal kits, produce baskets, candles, flower bouquets, and cookbooks, among other gifts and food items. Further, there are many additional examples of retail stores diversifying their offerings including hybrid bike repair and coffee shops and barber shops that transform into trendy cocktail bars in the evening.

An increased focus on local, non-traditional experiences in the retail market will be an important factor for Smiths Falls. Focusing on creating unique entertainment, social and cultural experiences,

forming partnerships with and between local businesses and expanding the local and regional draw of the municipality will be core elements in driving employment growth for small businesses, and expanding the Town's regional draw.

Repurposing Department Stores

The decline of department stores, enclosed malls, and some big box stores has been widely recognized for years. This year alone, multiple struggling department store chains filed for bankruptcy, including J.C. Penney and Neiman Marcus. Additionally, many malls across Canada have struggled to lease the large anchor units that were previously tenanted by Zellers and Target.

Amazon has been a major disrupter of the mall and department store industry, which has only been compounded by the increase of online shopping throughout the COVID-19 pandemic. Innovative property management operators in the US are now working with Amazon to transform the vacant anchor department stores in regional Amazon distribution hubs.

Similarly, independent retailers have taken initiative to transform their own vacant brick-and-mortar stores. Macys recently repurposed some stores in the United States into fulfillment centres where they process online orders and returns. These urban distribution centres could provide crucial last-mile connections for e-commerce companies and would be strategically warehoused with common products frequently purchased by residents in the surrounding area.

Pop-up Retailing

Pop-up retailing is an ongoing trend where short term leases are made available to trendy and upstart retailers. Particularly in urban settings, these spaces are common in public spaces, such as parks, squares, and pedestrian streets – typically in areas with a lot of pedestrian traffic. It is also used to occupy vacant storefronts with a myriad of uses, including pop-up restaurants, shared kitchens, maker spaces, arts and cultural activities, and health clinics.

Digital Platforms Reducing Need for Space

The emergence of digital delivery apps - such as UberEats, DoorDash, and Skip the Dishes - have dramatically changed the restaurant and fast-food industry. Many chains are reducing the size of their seating area as a growing number of customers are picking up or having food delivered to their homes. Additionally, the proliferation of delivery apps could potentially reduce the need for on-site customer parking. However, restaurants are required to provide dedicated parking and pick-up spaces for delivery drivers and bicyclists.

Since the beginning of the COVID-19 pandemic, the growth in the delivery economy has led to the significant increase in delivery worker employment. Recently, Instacart reported it was hiring 300,000

new “gig” workers in the USA and Canada. The share of gig workers among all workers in Canada rose from 5.5% in 2005 to about 8.2% in 2016. Statistics Canada estimates that the growth is largely attributed to push factors such as declining employment prospects during the 2008/2009 recession. It is anticipated that a similar trend will occur in the aftermath of the COVID-19 pandemic as it has facilitated the expansion of online platforms and crowdsourcing marketplaces which has potentially led to an overall increase of the gig economy.

Curbside Pick-Up

This is an emerging trend that has been significantly accelerated and normalized by the COVID-19 pandemic. Courier companies, Canada Post, retailers (e.g. Loblaws, Walmart, Home Depot), and shopping centre (e.g. Penguin Pick-up) are increasingly providing centralized pick up areas for pre-ordered goods.

Simultaneously, major retailers and smaller companies are expanding their pick-up and delivery capacities. Contactless shopping will soon be considered the new normal as retailers look to other industries that offer similar services. A wide range of retailers have already adopted digital reservation systems for consumers to book dedicated shopping and pick-up appointments.

Additionally, condominium and apartment buildings are responding in different ways using concierge services and package rooms. Ultimately the use of technologies, such as electronic locks, video surveillance, and drone deliveries may result in direct delivery to individual units.

Reimagining the Shopping Centre

Across North America former malls and power centres are intensifying by adding medium to high density residential projects. Among the most common redevelopment models, include:

- Adding residential towers to the parking lots of successful retail centres and adding back underground and/or structured parking;
- Partial demolition of an existing retail centre to add a residential component;
- Total redevelopment of an existing retail centre and the creation of a mixed-use village concept; and,
- Total redevelopment of an existing retail centre and the elimination of most or all retail space.

Most often these projects involve a decrease of the amount of retail space formerly on the site, but more importantly from a planning perspective they can result in a change of function. For example, a shopping centre which previously relied on a department store anchor to generate a regional draw, may replace this anchor with residential uses, thereby changing its function to a more local serving centre.

It is important to note that although planners may want to encourage intensification on sprawling retail sites, redevelopment may be a mid to long term process depending on how well the retail centre is performing and the strength of the local residential market.

Shifts in Consumer Spending

COVID-19 has caused the most significant disruption in consumer spending that has been recorded in recent years and has profoundly altered how people spend their discretionary income.

Before the pandemic, North Americans spent more money dining out than in grocery stores. But as restaurants closed and stay-at-home orders commenced, restaurant spending dropped about 60%, with the sharpest declines in fine-dining, lunch, and late-night food. While lockdowns have subsided in many regions, social distancing practices have curbed the hospitality industry from fully recovering. Restrictions on indoor dining and limitations on restaurant and/or patio capacity has discouraged large crowds and made restaurants awkward, more expensive, and less fun.

Even before the pandemic, restaurant chains were closing and reducing the size of outlets to accommodate pickup and delivery services, such as UberEats and Skip the Dishes. Meanwhile, data compiled by the New York Times reported that grocery sales experienced a surge in demand and were up nearly 80% from the previous year. The strongest sectors within grocery spending include meal kits and online grocers such as Instacart. Additional pockets of retail resiliency include alcohol stores, home improvement stores and entertainment media including video streaming and gaming.

More locally, the “Canadian Retail Sales Update: November 2020”, highlighted that Canadian households aligned with global trends and spent disproportionately at furniture, appliance, and building and garden materials retailers. Interestingly, the biggest change in consumer spend was in the cannabis sector – which has seen growth of 138.4% since 2019.

Implications for Smiths Falls

Slowing Retail Growth – Owing to competition from on-line shopping, growth in physical retail space may be slower than in the past.

Opportunities to Intensify Existing Retail Sites - Some retail centres, such as Settlers Ridge, which saw the loss of its major department store anchor, may provide a strong opportunity for residential intensification, while other large format sites, along the Highway 15 corridor are likely longer term prospects.

Localizing Food Sales – More than ever having access to large food store has become important to building and maintaining vibrant neighbourhoods. During the rapid rise in big-box stores many local retail sites were abandoned in favour of mega projects on major roadways and highways. The decline in big box retailing and the increase in home-cooked meals, combined with a desire to plan “complete

communities” means that communities must ensure that quality food store opportunities are available within a short distance of their residents. Where population and densities permit, this could mean the provision of full-size supermarkets. In smaller neighbourhoods this could mean small-or mid-sized grocery stores (e.g. 5,000 to 15,000 square feet) capable of supplying a variety of fresh, frozen and packaged foods.

Enhancing the Shopping Experience - Many retailers and shopping centres are combatting on-line shopping by creating a vibrant and unique retail experience. Downtown Smiths Falls is well positioned to do this by enhancing its interface with the waterfront, expanding on the food and entertainment available downtown and by continuing to promote its historic architecture and streetscape.

6. Resident Survey Findings

An on-line survey of residents of Smiths Falls and the surrounding area was conducted during the spring of 2021. Some 80% of respondents lived in the Town, while 20% were primarily from surrounding communities⁴.

Supply of Retail Stores and Services

The majority of respondents indicated that there was an appropriate supply of supermarkets, financial services and personal services. Respondents indicated a very strong desire for more clothing stores and home furnishings stores and a more moderate demand for more specialty food stores, full service restaurants and home improvement stores.

A very large majority of residents would like to see more downtown retailers. There was also a modest demand for more big box stores and neighbourhood scale retailers.

In terms of ideas for improving the retail environment in Smiths Falls, many were focused around the downtown, such as extending store hours, adding more restaurants and boutiques. Some thought that downtown is too dominated by services, including banks occupying prime corner locations. A number pointed out the attraction of the waterfront and providing better connection with the downtown core. Improved accessibility for persons with disabilities and seniors was also noted by a number of the respondents. This likely stems, in part, by the steep grade on Beckwith Street.

How would you describe the following in terms of their availability to you in the Town of Smiths Falls?

	Supermarkets	Specialty Food	Clothing	Home Furnishing	Full Service Restaurants	Quick Service Restaurants	Financial Services	Home Improvement	Personal Services
Too Many	1%	2%	1%	1%	11%	38%	7%	1%	5%
Just Right	73%	49%	9%	29%	44%	51%	91%	55%	71%
Need More	27%	50%	90%	70%	45%	12%	2%	43%	24%
n =	445	440	451	445	446	443	441	444	440

	Large Format (Big Box)	Neighbourhood Scale	Downtown Retailers
Too Many	9%	5%	2%
Just Right	49%	63%	17%
Need More	42%	32%	81%
n =	448	444	444

⁴ Although the survey was directed at Smiths Falls residents, it did attract respondents from outside of the Town. Almost all from outside of Smiths Falls were from postal code areas in the areas near to the Town, which would include K7A (inc. Rideau Lakes ; Montague; and others); K0G (including Lombardy, Portland, Jasper, Merrickville; Eastons Corners; and others); K7H (Perth, Gillies Corners, and others); K7C (including, Carleton Place and others); and KOE.

What could be added or changed in Smiths Falls to make shopping better for you? (Common Responses)

- Downtown is too service oriented
- Helping keep the existing businesses open
- Longer store hours. Many shops are closed by early evening, making it difficult to support them
- More boutiques and cozy restaurants and bars
- Variety of clothing
- Variety of restaurants
- Capitalize on the waterfront to and bring in more people by developing along the canal
- Add a public parking space slightly removed from the downtown itself
- Farmers/artisan market
- Fix and beautify the bridges and banks of the canal and river
- Better signage and promotion of businesses would help small business owners
- Less service companies (banks, real estate, payday loans) in prime locations
- Consideration of accessibility for those with disabilities and mobility issues

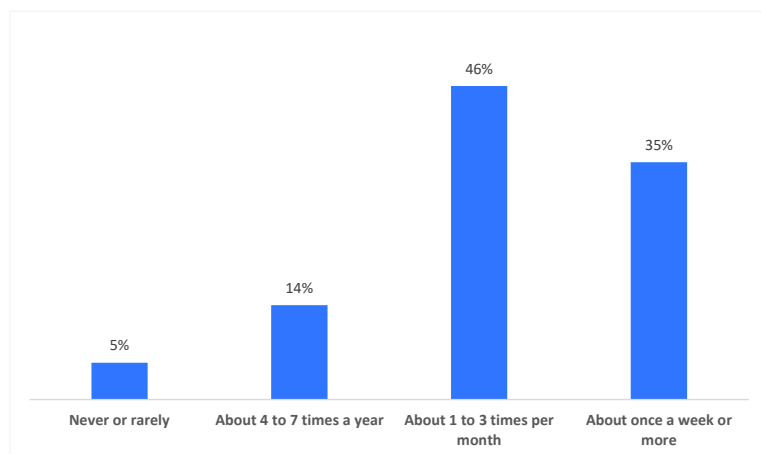
Shopping Outside of Smiths Falls

Over 80% of respondents shop outside of Smiths Falls at least once a month, with over one third shopping outside of Smiths Falls once a week or more often. The vast majority of spending at pharmacies and supermarkets is made in the Town, while over half of spending at department stores, restaurants (fast food and full service), home improvement stores and personal services is made in Town. The largest share of spending at specialty food stores, clothing stores and home furnishings stores is made out of town.

Combined with the inventory and the mobile phone data, this illustrates that Smiths Falls is much broader and relatively complex retail network. On the one hand, it contains far more retail space than a town of its size could normally support⁵ and enjoys extensive inflow from the surrounding area. On the other, it lacks stores in a number of comparison categories that cause residents to leave town on a regular basis. The proximity of Ottawa, as well as, many smaller communities with niche retail, food services, recreation and entertainment opportunities draws residents outside of the Town on a regular basis.

⁵ This is based on the Town of Smiths Falls population. It is recognized that the Town, like many municipalities in Ontario, has a hinterland which includes rural communities which have minimal or no commercial infrastructure of their own and rely on the Town for retail goods and services.

How frequently do you travel outside of Smiths Falls (i.e. to Perth, Carleton Place, Kemptville, Ottawa, Brockville or other places) with the primary purpose of shopping for retail goods and services?



Thinking about your shopping habits in Smiths Falls, and in surrounding municipalities, approximately what percentage of your typical retail spending is made at stores in the Town (including businesses on both sides of Highway 15), versus outside the Town of Smiths Falls. (Exclude online shopping).

	In Smiths Falls	Outside Smiths Falls
Supermarkets	80.4%	19.6%
Specialty Food Stores	38.9%	61.1%
Pharmacies	90.3%	9.7%
Clothing Stores	24.4%	75.6%
Home Furnishings	21.1%	78.9%
Department Stores	58.7%	41.3%
Full-Service Restaurants	51.8%	48.2%
Fast Food Restaurants	61.0%	39.0%
Home Improvement Outlets	56.5%	43.5%
Personal Services	66.0%	34.0%

Downtown Retailing

Generally, the respondents to the survey did not feel that downtown met their shopping needs very well, scoring it, on average 4.4 out of 10. Only 18% of respondents scored downtown 7 out of 10 or better. The lack of a supermarket, combined with few non-service based retailers and a general lack of high profile restaurants likely influenced the scoring.

The respondents felt slightly more positive about the downtown's attraction to tourists, scoring it on average 5.4 out of 10. Almost one-third of respondents rated downtown at least 7 or better out of 10 as a tourist destination.

What respondents most liked about downtown was that they preferred to shop locally and its convenient location. By far the most common response in terms of what downtown needs to do to improve was add more stores and services. More public washrooms was the second most common response.

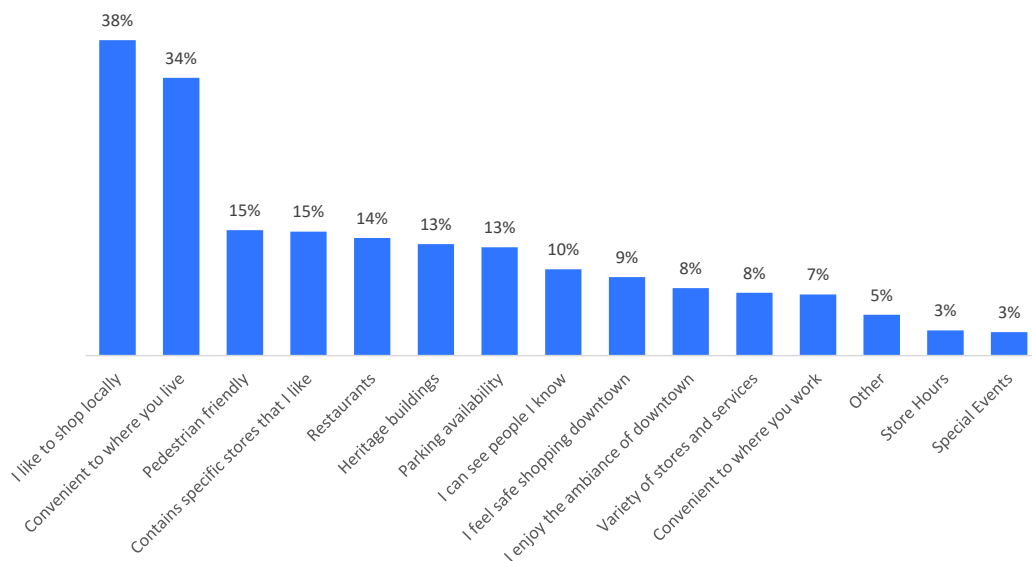
How well does Smiths Falls Downtown Commercial Area meet your shopping needs?

Average Score: 4.4/10

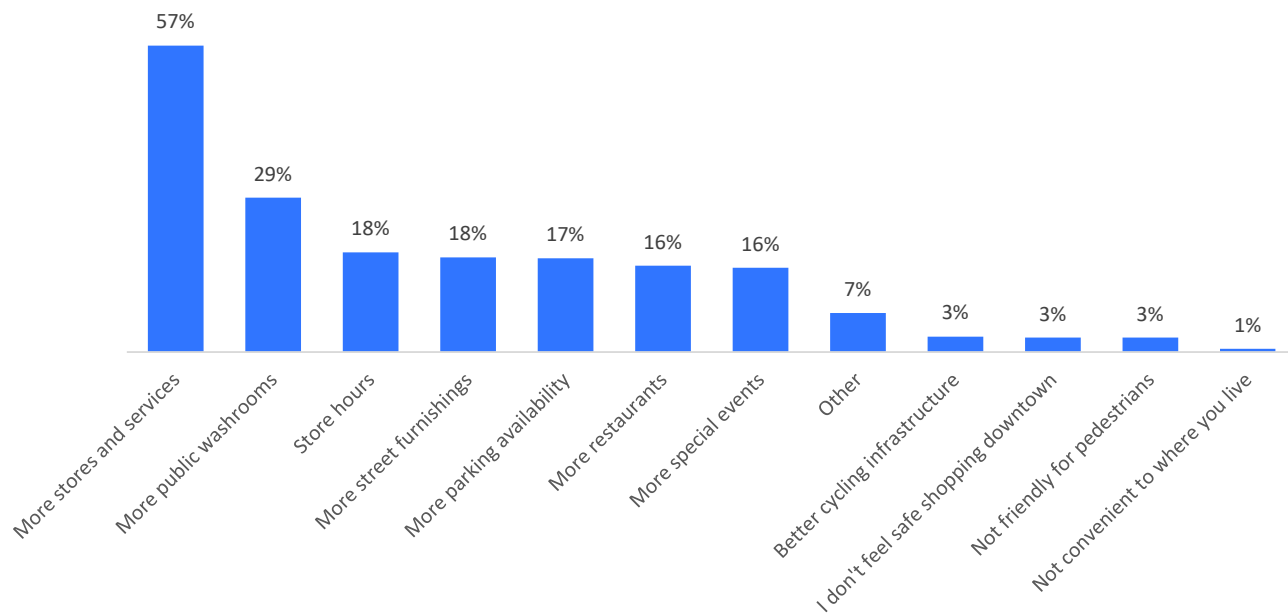
How attractive is Smiths Falls Downtown Commercial Area to tourists?

Average Score: 5.4/10

What do you like most about shopping in Smiths Falls' downtown commercial area? (select up to 3 responses) - Selected Choice



What could be improved in Smiths Falls' downtown commercial area?(Select up to 3 responses) - Selected Choice

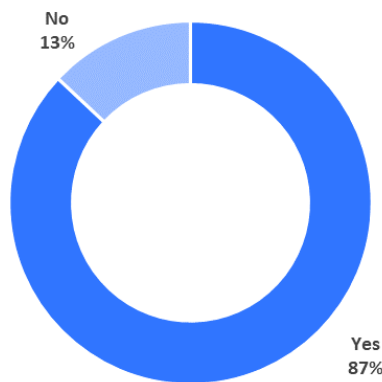


On-Line Shopping Patterns

Smiths Falls residents are very active on-line shoppers, with 87% of respondents indicating that they make on-line purchases. The respondents indicated that almost half of their spending on clothing, computers and electronics and food services was done on-line. It is likely, that food services on-line spending was influenced by the pandemic more so than the other categories, for which there is a lack of local retailers. For clothing and computers/electronics almost 60% of on-line purchases were delivered to persons homes. Interestingly enough, only 17% of food service orders were delivered.

About 15% of food and grocery purchases are made on-line with only 10% of orders being delivered. Local retailers attract a relatively small share of on-line sales.

In addition to purchases made in physical retail locations, do you shop online? (i.e. Where you order something from your computer, tablet or smart phone and have it delivered to your home or you pick it up a location other than your home)



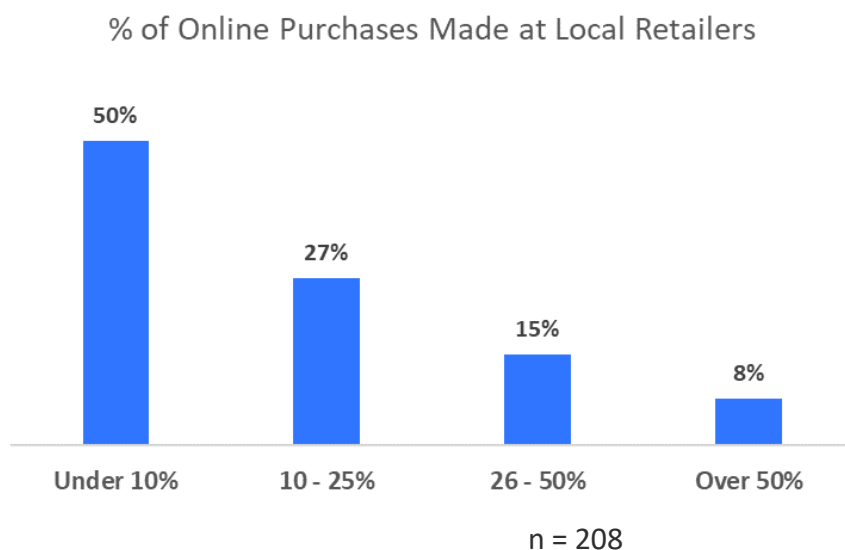
n = 384

Approximately what percentage of your total retail purchases are made online on the following types of products and services?

	Average % Bought Online	Responses
Food and Groceries	15%	262
Non-Prescription Pharmacy	10%	249
Clothing & Accessories	48%	290
Home Furnishings	27%	263
Computer & Electronics	47%	266
Fast food and Restaurants	47%	259

	Average % of Online Delivered	Responses
Food and Groceries	10%	231
Non-Prescription Pharmacy	13%	227
Clothing & Accessories	57%	275
Home Furnishings	39%	240
Computer & Electronics	59%	223
Fast food and Restaurants	17%	233

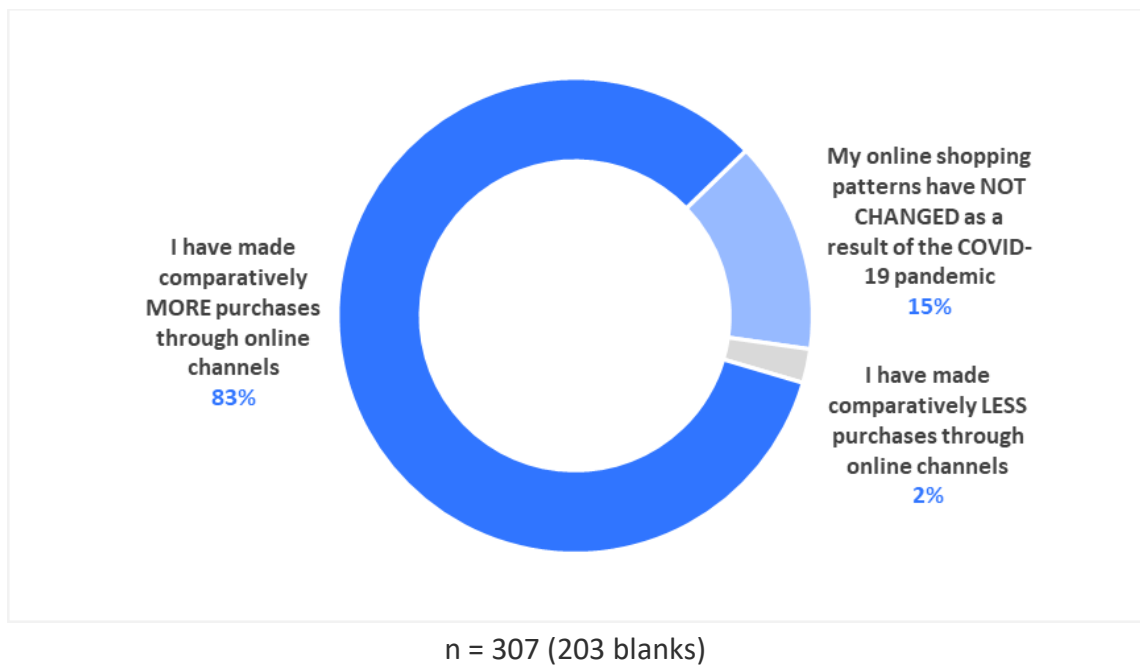
Of your total online purchases, approximately what percentage were made at local Smiths Falls retailers or services?



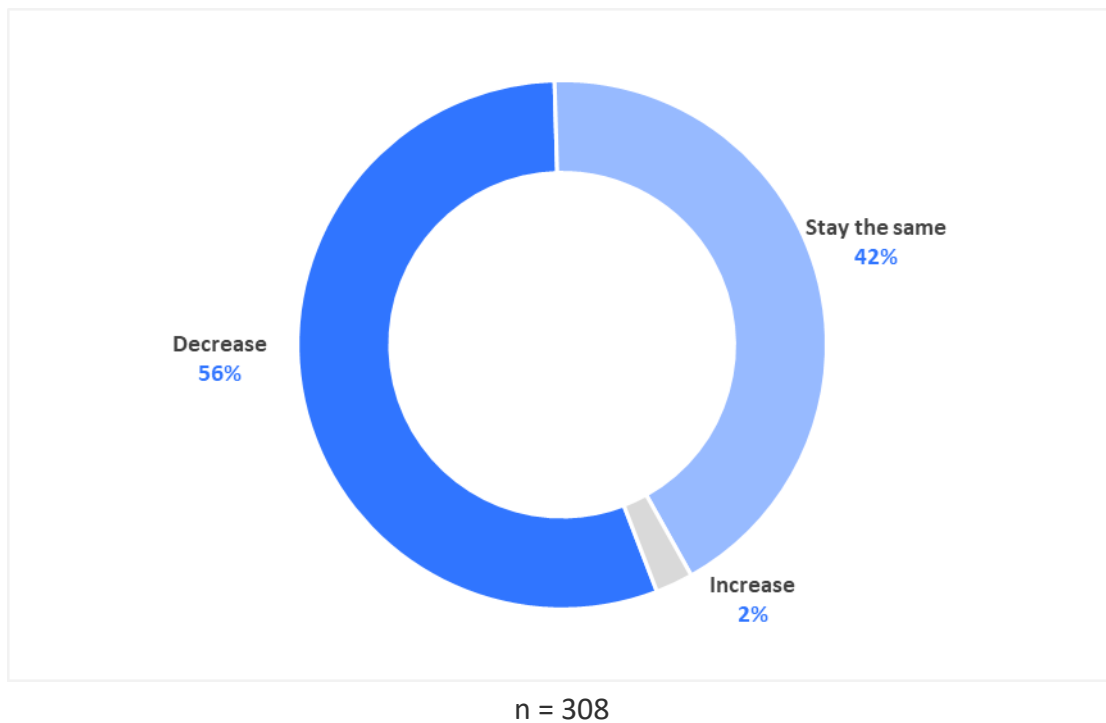
Post Pandemic Shopping Behaviour

There is no question that Covid-19 has had a profound impact on Smiths Falls residents spending. Some 83% of respondents indicated that their on-line spending had increased during the Covid pandemic. However, approximately 56% of respondents indicated that following the pandemic, their on-line spending will be reduced. It is still significant that the remainder indicated that their on-line purchases would stay the same, with a small number stating that they would increase. More importantly, some 54% indicated that they expect their shopping at Smiths Falls will increase following the pandemic.

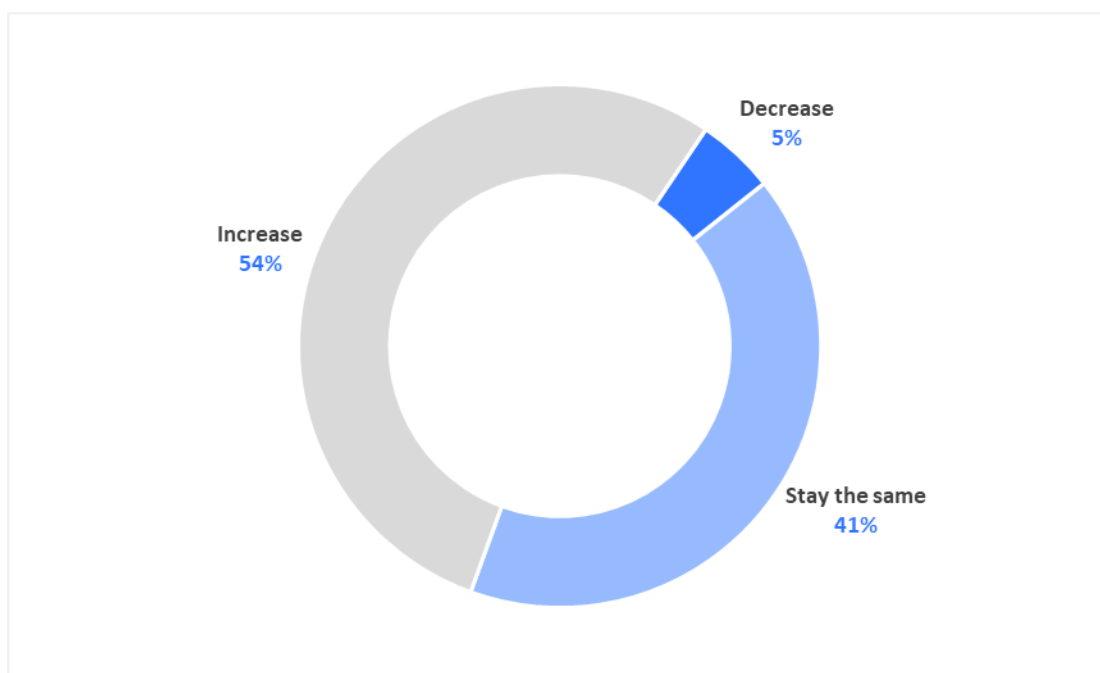
As a result of the COVID-19 pandemic, how would you characterize your online spending habits?



Once the COVID-19 pandemic is over, do you anticipate that your online shopping will...



Once the COVID-19 pandemic is over, do you anticipate your shopping at local Smiths Falls' stores and services will...

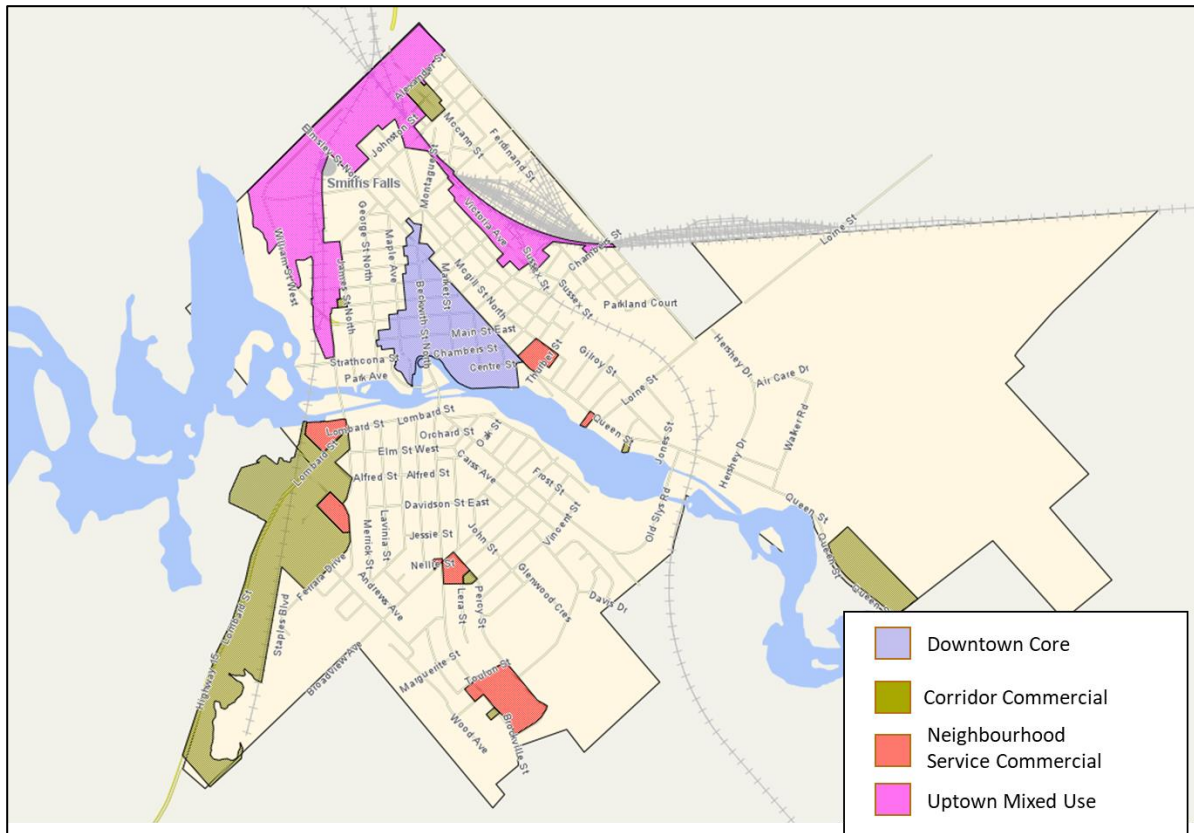


7. Commercial Supply Analysis

7.1 Smiths Falls Commercial Structure

As noted previously, Smiths Falls has a traditional hierarchical commercial structure, with the Downtown Core being the central commercial area with a broad range of commercial, institutional, recreation and residential permissions. The Official Plan designates it as the regional centre for a broad range of commercial uses to serve the local, regional and tourist markets. Its true commercial function, however, has been diminished owing to a lack of major anchor tenants. Presently, it effectively functions as the central service area for the Town and surrounding area, including: financial services, government services, food and hospitality services, offices, and personal services, with a range of smaller scale complementary retail outlets.

The regional retail node has gravitated to the Corridor Commercial lands along Highway 15 at the west end of the community, supplanting Settlers Ridge Shopping centre, whose function has been reduced to a neighbourhood serving role following the closure of the Target department store. The Town is also served by a number of other small scale neighbourhood serving nodes that serve a more localized trade area. In addition, the commercial structure is augmented by the Uptown Mixed Use area which is intended to accommodate future intensification through mixed commercial/residential development. Currently, the mixed use area is comprised of an eclectic mix of low density commercial and industrial uses. It does, also, contain the Station Theatre – housed in the former CPR Station – which has become an important cultural and entertainment attraction for the Town, as well as, The Garden Market a mid-sized grocery store serving the north west corner of the Town.

Figure 7-11: Smiths Falls Commercial Structure

Source: Town of Smiths Falls Official Plan

As food is an important element of a complete community, we have also identified the location of the major food outlets. All three major food stores are situated south of the river, including the Your Independent Grocer and Walmart Superstore on the Highway 15 corridor and the Food Basics at Settlers Ridge Shopping Centre. The only significant food store north of the river is The Garden Market, a much smaller grocery store. We would note that every home in the town is located within two kilometres of at least one supermarket or grocery store, which is a reasonable distance by urban standards. Furthermore, as a regional service centre, the Town, overall, has more major food store space than its size would normally permit.

The following discussion provides a general overview of the existing and planned commercial space in Smiths Falls.

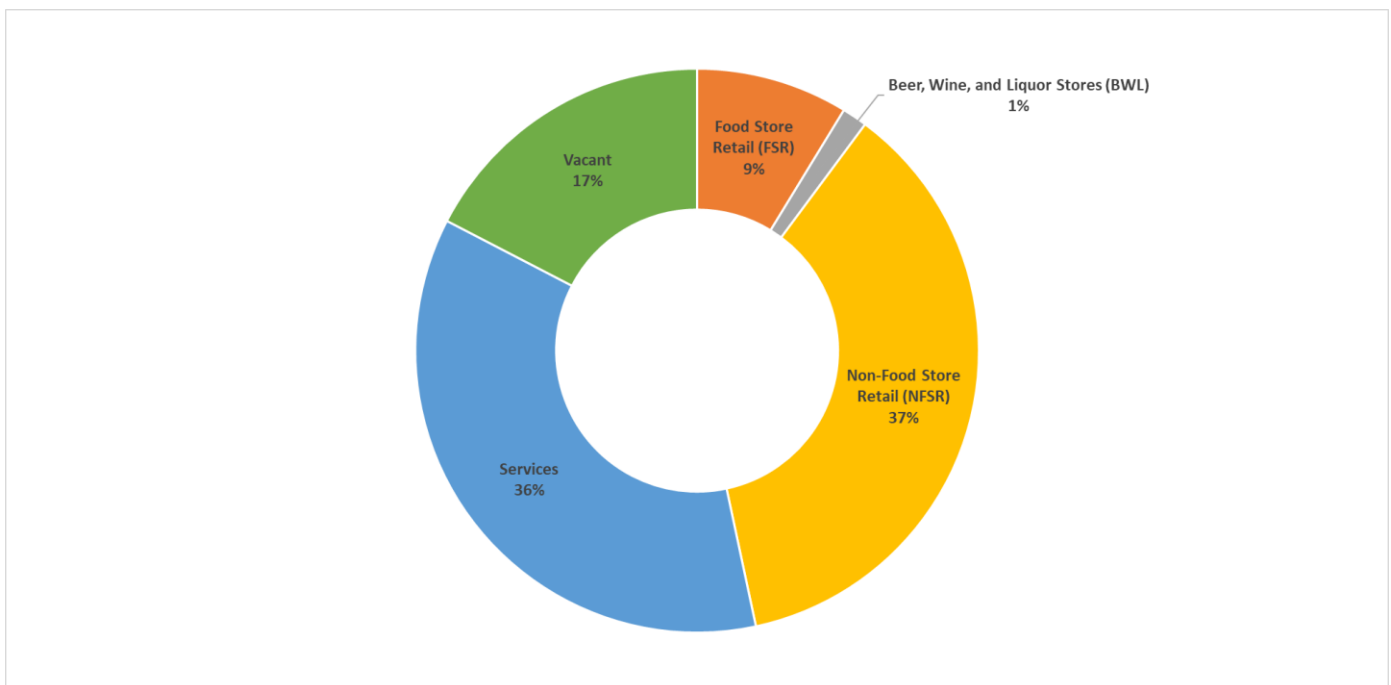
An inventory of retail/service commercial space was conducted in Smiths Falls by urbanMetrics in May 2021. Our inventory included all food store retail (FSR), non-food store retail (NFSR), and service commercial facilities. Based on the North American Industrial Classification System (NAICS), FSR and NFSR store types include the following:

- **FSR (Food Store Retail):**
 - Supermarkets and Grocery Stores.
 - Convenience and Specialty Food Stores – including meat markets, fish and seafood markets, fruit and vegetable markets, baked goods, confectionary, and nut stores.
- **Beverage Stores:**
 - Wine, beer, and liquor stores.
- **NFSR (Non-Food Store Retail):**
 - Building and Outdoor Home Supply Stores – includes home improvement centres, hardware stores, paint and wallpaper stores, nursery/garden centres, and a wide range of building material and supply stores.
 - Pharmacies and Personal Care Stores – includes drug stores, optical stores, health equipment stores, nutrition, and cosmetic stores.
 - General Merchandise Stores – includes department stores (i.e. The Bay or Walmart), Canadian Tire, Costco, dollar stores and variety stores.
 - Clothing and Accessories Stores – including jewellery and luggage/leather goods stores.
 - Furniture, Home Furnishings and Electronics Stores – including appliances, computer, camera, and photographic supply stores.
 - Miscellaneous Store Retailers – including other durable/semi-durable stores such as sporting goods, toy, hobby, book, florist, office supply, fabric/wool, gift stores, pet, and pet supply, used merchandise stores, and cannabis stores.
- **Commercial Services:**
 - Food Services & Drinking Places – including full- and limited-service restaurants and bars.
 - Personal Care – including hair salons, spas, dry cleaning, pet care, among others.
 - Professional, Scientific, and Technical Services – including law offices, accountants, architects, management consulting, marketing, and other specialized design services.
 - Finance, Real Estate, and Insurance – including banks, insurance agencies, real estate brokers.
 - Health Care – including doctors, dentists, chiropractors, diagnostic laboratories, mental health centres, and other health practitioners.
 - Cultural, Entertainment, and Recreation – including fitness, recreational sports centres, movie theatres, among others recreation facilities.
 - Social Services – including individual/family services, child services, and day care.
 - Selected Civic, Social, Educational, and other Administrative Services.

- Personal & Household Goods Repair – including automotive, electronics, furniture, footwear, jewellery, and household goods repair.
- Consumer Goods Rental – including electronics, equipment, clothing, and video rentals.
- Transportation Services – including the post office and other transportation services.

Smiths Falls contains just over 1 million square feet of retail/service commercial space. Of this total, 8% is comprised of FSR facilities (87,100 square feet), 2% is comprised of BWL facilities (15,700 square feet), 37% is comprised of NFSR facilities (404,500 square feet), and 36% is comprised of services (391,000 square feet).

Figure 7-12: Total Commercial Inventory by Store Type



SOURCE: urbanMetrics inc.

At the time of our inventory, the overall vacancy rate in Smiths Falls was estimated at 17% percent. This vacancy rate is far beyond what is considered a healthy retail market, which is generally around 5.0% to 7.5%. A significant portion of the vacant commercial space can be attributed to the empty 93,000 square foot retail unit in Settlers Ridge Mall. This unit was previously home to department stores including Zellers and Target and has not been able to secure a new large-format retailer. Excluding the former Target space, the vacancy rate amounts to about 8.8%. However, over half of the non-Target vacancy is in the Downtown core, which has a vacancy rate of some 16.9%, which is

cause for concern. The remaining vacant commercial space through Downtown and the Town's other commercial areas could be partially attributed to recent closures due to the COVID-19 pandemic. It is also true however, that many of Smiths Falls' commercial facilities are aging and may be difficult to lease to chain retail tenants with specific site and building requirements. In some cases, these may represent redevelopment opportunities where newer commercial or mixed-use buildings would replace older commercial structures. Figure 7-13 outlines the existing space found within Smiths Falls by detailed store category. The inventory also includes a limited amount of space on Highway 15 that is adjacent to the Town in the Township of Rideau Lakes and would be indistinguishable to shoppers in terms of its municipal location and effectively functions as part of the Town's commercial structure.

Figure 7-13: Summary of Commercial Inventory, Town of Smiths Falls (May 2021)

Store Type <i>(all referenced in square feet: gross leaseable area)</i>	Downtown Core	Corridor Commercial	Neighbourhood Service Commercial	Uptown Mixed Use	Remainder of Town	Smiths Falls Commercial Space	Outside of Town ¹	Total Commercial Space
Food Store Retail (FSR)	7,500	47,500	32,100	7,800	0	94,900	0	94,900
Supermarkets & Grocery	-	39,500	26,300	-	-	65,800	-	65,800
Convenience & Specialty Food	7,500	8,000	5,800	7,800	-	29,100	-	29,100
Beer, Wine, and Liquor Stores (BWL)	0	15,700	0	0	0	15,700	0	15,700
Beverage Stores	-	15,700	-	-	-	15,700	-	15,700
Non-Food Store Retail (NFSR)	103,700	199,400	23,500	24,400	2,900	353,900	42,800	396,700
Apparel and Accessories	6,600	-	-	-	-	6,600	-	6,600
Automotive	3,700	17,100	-	1,300	-	22,100	6,200	28,300
Building and Outdoor Home Supply	2,500	28,600	-	16,000	2,900	50,000	10,000	60,000
Furniture, Home Furnishings & Electronics Store	6,200	1,500	700	-	-	8,400	-	8,400
General Merchandise	24,700	147,400	4,000	-	-	176,100	-	176,100
Miscellaneous Retailers	30,100	4,800	14,300	3,000	-	52,200	23,100	75,300
Pharmacies & Personal Care	29,900	0	4,500	4,100	-	38,500	3,500	42,000
Services	174,900	50,800	53,800	87,300	10,100	376,900	14,100	391,000
Consumer Goods Rental	2,600	2,200	-	-	-	4,800	-	4,800
Cultural, Entertainment & Recreation	7,800	-	14,300	7,200	1,400	30,700	-	30,700
Finance	22,000	9,800	4,700	-	-	36,500	-	36,500
Food Services & Drinking Places	42,900	28,300	18,000	9,100	2,000	100,300	5,200	105,500
Health Care	20,000	3,300	2,400	16,400	-	42,100	-	42,100
Insurance and Real Estate	7,600	-	-	1,700	-	9,300	-	9,300
Personal & Household Goods Repair/Maintenance	6,600	5,800	-	4,700	3,400	20,500	3,400	23,900
Personal Care	21,800	1,400	6,700	3,000	-	32,900	-	32,900
Professional, Scientific & Technical Services	27,400	0	-	7,500	-	34,900	5,500	40,400
Selected Civic & Social Organizations	10,000	-	3,300	10,100	-	23,400	-	23,400
Selected Educational Services	4,000	-	3,400	2,000	1,500	10,900	-	10,900
Selected Office Administrative Services	2,200	-	-	5,000	1,800	9,000	-	9,000
Social Services	-	-	1,000	20,600	-	21,600	-	21,600
Transportation	-	-	-	-	-	0	-	0
Vacant	58,300	6,200	113,500	2,100	4,700	184,800	4,300	189,100
TOTAL	344,400	319,600	222,900	121,600	17,700	1,026,200	61,200	1,087,400

SOURCE: urbanMetrics inc.

1 "Outside of Town" includes commercial space located on the east side of Lombard Street that is not within the Town's municipal boundary.

Downtown Smiths Falls

The Downtown is intended to be the Central commercial area in the Town and the focal point for the community and indeed the Official Plan seeks to encourage the development of the downtown as a vital component of the Town's commercial structure.

Figure 7-3 above summarizes the Town's retail and service inventory by store type⁶ and Official Plan designation, based on field work conducted by urbanMetrics in May 2021. The store types for which over half of the space in Smiths Falls is located in the Downtown core play an important role in the competitive strength of Downtown and include:

- Apparel and Accessories;
- Home Furnishings and Electronics;
- Pharmacies and Personal Care (e.g. optical, hearing aids, cosmetics, etc.);
- Finance (e.g. banks, financial advisors, payday loans, etc.);
- Insurance and Real Estate;
- Personal Care (e.g. hair salons, nail salons, spas, dry cleaners, etc.); and,
- Professional, Scientific and Technical services (e.g. offices of lawyers, accountants, architects, etc.)

These stores and services represent 43% of the occupied space in Downtown. In addition to these uses, almost half of health care services space (i.e. doctors, dentists and other health and wellness offices) are located in the downtown.

Based on our research, the most successful downtowns are those that are able to have a strong attraction to four key market groups:

- Downtown Residents;
- Downtown Workers;
- The regional population base (i.e. elsewhere in Town and the surrounding region); and,
- Tourists

Each one of these groups supports a different range of retail uses and services and tends to generate activity during different time periods and seasons. (e.g. Residents – after work/weekends/year round; Workers 9-5 weekdays; Regional Population Base - similar to residents but much larger and less frequent; Tourists – spring/summer/fall/week-ends).

Smiths Falls has already either directly or indirectly addressed some of these markets. Through the reconstruction of Beckwith Street, the Town has created an attractive downtown to visit and to do business. It offers extensive grant and tax rebate benefits through its CIP programme, incentivizing

⁶ Store types are based on the North American Industry Classification System (NAICS).

business investment. Its Official Plan encourages mixed use development within and in proximity to the downtown thereby strengthening its resident population.

Overall, the Town's policies and programs place a strong emphasis on the downtown, downtown renewal and the attraction and retention of businesses. The function of the Downtown is very broad compared with other land use categories in the Town and is intended to play an important role in the future growth and development of the Town as a whole.

Particular uses that have been identified as important to the Downtown and that the Town may wish to encourage to locate Downtown vs other parts of Smiths Falls (i.e. Corridor Commercial) areas, include:

- Entertainment, cultural and tourism activities;
- Financial institutions and insurance companies;
- Government offices;
- Professional offices; and,
- Small scale offices that may locate on the second floors of mixed use buildings.

We would note several areas where the downtown is currently weak or lacking that could be improved:

- There is no significant food store within the downtown core, which would help to draw in the regional population, support future residential growth in the downtown and provide services to tourists, including boaters, campers and cottagers. To some extent, Giant Tiger fulfills part of this function, but it is limited in fresh foods, produce and meats. The nearest significant food store is the Garden Market at William and Cornelia Streets, which is over a kilometre outside of the core and cannot be accessed via a pedestrian friendly route. It is recognized that attracting a major food store into downtown cores will be challenging owing to their site requirements. However, encouraging the establishment of a small or mid-sized grocery store should be an important part of the Town's policies to attract more residential development in the core.
- The downtown is the dominant location for certain uses noted above, through policy and these uses should be encouraged and, where appropriate, the downtown should be identified as the preferred primary location for these uses.
- The waterfront plays a key role in attracting tourists, local residents and regional visitors. It is a major boating hub to the Rideau Lakes and canal system and is an important summer recreational destination for residents of the Town and surrounding communities. However, the waterfront is somewhat removed from the downtown. Although the distance is not great,

Figure 7-14: Chambers Street Property, Smiths Falls**Figure 7-15: Grand River Street Properties, Paris**

visually and perceptually the downtown and waterfront seem to operate independently of each other. In addition, private investment into the downtown core has not really been focused on the tourism market. As noted elsewhere in the report, there are underutilised properties along the waterfront, which if redeveloped with active uses, such as eating and drinking establishments, could bridge the gap between these two important areas. One Town with a similar waterfront setting to Smiths Falls is Paris, Ontario, which sits on the Grand River. The Grand River is also a popular recreational destination for the surrounding population. Over time, downtown Paris has reconnected to its riverfront through private investment into rooftop and balcony patios. The same opportunities exist in Smiths Falls, particularly along Old Mill Road, Chambers Street and other properties fronting onto the waterfront. Investment of this nature would certainly require a detailed architectural assessment and a business case analysis, and it is something with which the Town would need to work in tandem with the private sector.

7.2 Per Capita Space Supply

Based on the current population of 9,700 persons and a retail and services space supply of some 1,087,400 square feet, there is some 112 square feet per Smiths Falls resident. This is substantially more than the 30 to 40 square feet per person that would be expected in a balanced urban market, indicating that Smiths Falls draws customers from a very broad market area well beyond its municipal boundaries. Food store retail outlets in Smiths Falls amount to some 9.8 square feet per capita compared to about 4.5 to 5.0 in a closed urban market where supply and demand are in balance. There are approximately 40.9 square feet of non-food retail space per resident and some 40.3 square feet of services space compared to approximately 15.0 to 20.0 square feet in a closed balanced market, with minimal inflow and outflow.

7.3 Proposed Retail/Service Commercial Space

urbanMetrics has identified proposed commercial space included as part of active development applications in the Town of Smiths Falls. This information was provided by the Town's planning department in May 2021. There is one formal application and an active proposal where the applicant is seeking a rezoning.

1. This application proposes a 2,945 square foot Tim Horton's at **5 Toulon Street** at the Settlers Ridge Shopping Centre. It is currently in site plan review and is anticipated to be delivered in the immediate future.
2. The Town of Smiths Falls is aware of a developer interested in adding additional commercial uses in the Lombard Street Corridor Commercial Area. The Corridor Commercial Area also includes the Town's largest retailers, including: Walmart, Canadian Tire, Rona and others.

7.4 Unbuilt Commercial Potential

Figure 7-17 summarizes the vacant development land that can accommodate commercial uses within the Town of Smiths Falls by community, designation, and type. The data was provided by the Town of Smiths Falls' planning department. While the vacant land includes a variety of commercial and non-commercial designations; all parcels are zoned for commercial uses. In total, there are 66.19 acres of vacant land that can accommodate commercial uses.

Figure 7-16: Summary of Vacant Lands that can Accommodate Commercial Uses

Designation	Total Land Area (acres)
Corridor Commercial	25.16
Downtown Core	2.06
Neighbourhood Service Commercial	9.36
Uptown Mixed Use	23.31
Residential	3.20
Industrial	3.11
Total Vacant Land Supply that can Accommodate Commercial Uses (ac)	66.19

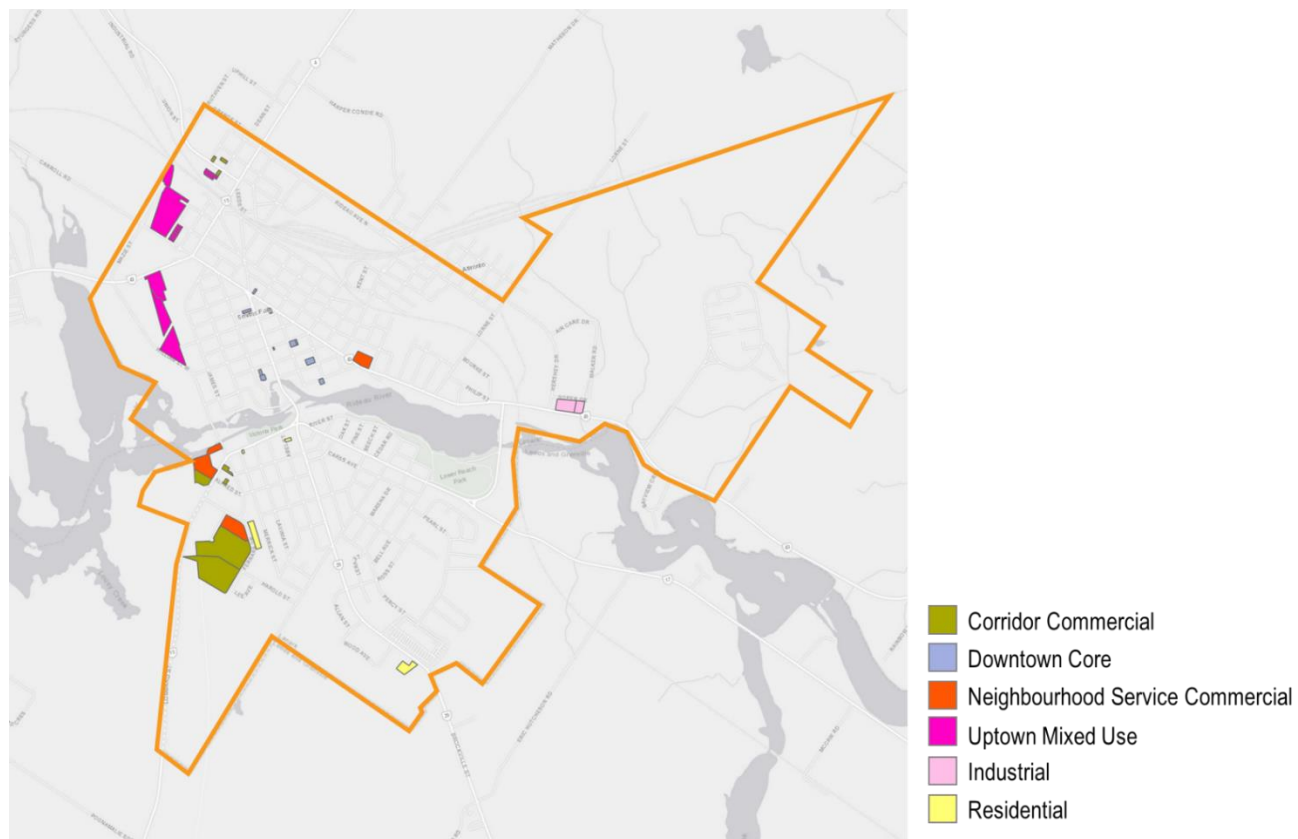
SOURCE: urbanMetrics inc., based on data received from the Town of Smiths Falls.

More than half of the vacant commercial land supply is designated as “Corridor Commercial” and “Uptown Mixed Use”. As shown in Figure 7-17, these sites are located along major arterial roadways on the east and north edges of the Town and could represent the most significant opportunities for large-scale commercial development. Existing commercial development within these areas ranges between big-box retailers, standalone retail pads, commercial plazas, and enclosed malls.

It is important to recognize that the vacant land inventory provides a high-level perspective of the commercial development potential available within Smiths Falls. Not all of the vacant land may be fully developable due to site constraints or other obstacles. On the other hand, the vacant land inventory does not include non-commercial lands that have commercial development potential. The 10-acre site in the Lombard Street Corridor Commercial Area and zoned for business park uses noted above is one such example. There is also likely development potential on occupied, but under-utilised sites within the Uptown Mixed-Use area. Finally, there is also likely additional intensification potential on Targeted Growth Areas in and near to the Downtown Core that won’t be known until applications come forward.

In general, the vacant land supply is intended to identify those lands that are zoned for commercial development as a principal land use and could reasonably be expected to accommodate commercial uses in the future.

Figure 7-17: Vacant Commercial Land Supply



SOURCE: urbanMetrics inc., based on spatial data received from the Town of Smiths Falls.

8. Commercial Needs Analysis

8.1 Market Growth

As noted previously, trade area for the Town extends well beyond its municipal limits to encompass communities elsewhere in Lanark County and neighbouring Leeds Grenville. While the Town also draws customers from larger municipalities, such as Ottawa and Kingston, the majority of recurring shopping trips are generated from within the two counties.

As noted in Section 3, the population of Smiths Falls is projected to increase from a 2020 level of 9,700 to 10,500 by 2030, representing a growth rate of 0.8% per year. Based on the most recent Ministry of Finance Projections, Lanark County, as a whole, is projected to increase at a rate of some 1.3% annually over the same period and neighbouring Leeds and Grenville County is projected to grow at a much slower rate of about 0.6% annually. Combined, Lanark and Leeds and Grenville Counties are projected to grow at 0.9% per year or a similar rate as Smiths Falls. In other words, the Town and its broader Trade Area will likely grow at similar rates over the next 10 years. In the longer term, over the next 25 years the Ministry of Finance projections show a slower growth rate of some 0.7% annually for the two counties combined.

8.2 Per Capita Space Analysis

As noted previously, the Town currently supports some 112 square feet of retail and services space per capita. Excluding vacant space, this would amount to some 93 square feet of occupied of retail and services. Assuming that the Town were able to sustain this ratio (i.e. the Town would continue to act as a commercial centre for the surrounding communities in Lanark and Leeds and Grenville) the Town would require some 74,000 square feet of additional commercial space between 2020 and 2030⁷. Over the longer term, assuming a similar rate of growth as the 2020 to 2030 period, the Town would grow by approximately 2,000 persons, which would require approximately 186,000 square feet of additional commercial space.

In terms of land needs, based on typical commercial coverages, 74,000 square feet would require approximately 7 acres, while the 186,000 square feet over the next 25 years would require some 18 acres.

These projections should be viewed with some flexibility. For example, growing the tourism market could result in the need for additional specialty retail and services tenants that could not be accounted for by examining regional population growth alone. Similarly, a new retailer not available elsewhere in the region could enhance the overall draw of Smiths Falls.

⁷ Population growth of 800 between 2020 and 2030 as per Section 3, multiplied by 93 square feet per capita.

At the same time, the continued growth of on-line shopping may slow retail growth and potentially reduce the amount of space required on a per capita basis.

8.3 Supply and Demand Reconciliation

As noted previously, the Town has a vacant commercial land supply of some 66 acres, excluding the proposed rezoning of approximately 10 acres within the Corridor Commercial from Business Park to permit a range of commercial uses. In addition, there is approximately 189,000 square feet of vacant commercial space, including the former Target space, as well as other under-utilised sites.

In our opinion, the Town has more than sufficient commercial land and vacant space to accommodate long term commercial space needs.

9. Commercial Strategy

Based on our analysis, the following points summarize the key elements of a commercial strategy for the Town.

- Given the abundance of future vacant commercial land and space supply, the Town should consider permitting mixed commercial/residential development on Neighbourhood Serving Commercial Sites. In particular, it is very unlikely that the Settlers Ridge Shopping Centre will re-tenant the former Target space with an anchor of comparable strength and size. Allowing for mixed-use development on this site would help to strengthen the remaining retail portion of the centre, enabling it to better function to serve the weekly and day-to-day shopping needs of the surrounding neighbourhood.
- There is currently some 58,300 square feet of vacant space within the Downtown core. The Town is in the process of a major renewal of the Downtown, which has already seen the redesign of Beckwith Street. The Town should stay committed to the recommendations of its Downtown Master Plan to work towards filling this space. From a need perspective, the town should seek to attract more retailers, particularly clothing retailers, as well as, eating and drinking establishments that can take better advantage of the waterfront, as well as, more specialty retailers that can draw tourists and regional visitors beyond those attracted to the large chain stores on Highway 15/Lombard Street.
- The Smiths Falls waterfront is an important tourist attraction, drawing boaters and other visitors seeking to experience the Rideau Canal. However, the Downtown currently has minimal attraction for tourists. The majority of retail uses and services solely serve the local and counties residential population and there are virtually no buildings which take advantage of their location on the canal to create an ambiance attractive to tourists. We would concur with the Downtown Master Plan with regards to working with land owners on the East and West Side Redevelopment Areas to encourage development that creates commercial opportunities along the Canal, including patios, windowing, trails, and other elements that open up the waterfront.
- The Town should consider redesignating the Corridor Commercial lands on Union Street to Neighbourhood Serving Commercial with consideration to permitting mixed commercial-residential development on these lands. While not a significant issue given the compact scale of Smiths Falls, the northern part of the Town is the most poorly served in terms of local commercial opportunities. The redesignation would provide for local commercial facilities which could support the surrounding neighbourhoods. The mixed-use format would be consistent with the adjacent Uptown Mixed Use Area.

This designation would expand the uses in this area to include:

- Retail uses, not exceeding an individual unit size of 1,000 square metres;
 - Commercial services;
 - Personal service uses; and,
 - Banks and financial services.
- The Town should seek to rationalize the zoning and Official Plan permissions within the Highway 15 (Lombard Street) Corridor Commercial Area to ensure that there are a consistent set of land use permissions in this area.
- The Corridor Commercial Lands on Highway 15 (Lombard Street) should continue to be focused on accommodating large scale destination uses that will allow Smiths Falls to enhance its commercial draw. Smaller uses that could be accommodated Downtown and on Neighbourhood Serving Commercial sites should be minimized.