

540 - 544 North Service Road
Grimsby, ON

Commercial Land Needs Assessment

Prepared for:
LJM Developments Inc.

November 14th, 2023

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The logo for urbanMetrics, featuring the word "urban" in a smaller font above "Metrics" in a larger font, both in white text on a red square background.

RE: 540 - 544 North Service Road, Grimsby, Ontario

urbanMetrics is pleased to provide this **Commercial Land Needs Assessment (CLNA)** for the above referenced property. LJM Developments (LJM) has recently submitted a development application to the Town of Grimsby to support the development of a 0.79 ha (1.95-acre) vacant site along the north side of the Queen Elizabeth Highway. LJM's development application proposes two side-by-side residential structures, comprising a total of 548 units across both buildings.

As part of the Town of Grimsby's submission requirements, the Town Staff has asked LJM to retain a qualified market expert and land economist to undertake a Commercial Land Needs Assessment in accordance with a standardized Terms of Reference. urbanMetrics has reviewed the terms of reference carefully and has undertaken an independent evaluation of market conditions, specifically as they relate to the need for additional commercial uses on-site. Our evaluation includes an assessment of potential market impacts attributed to a predominantly residential-oriented development, and specifically the impact such a development concept may have on the realization of Grimsby's long-range employment growth targets.

This study concludes that the area adjacent to and around the LJM subject site is extremely well-supported by retail and service commercial uses, and that the addition of new commercial uses on the subject lands are neither required, nor warranted to achieve and support local and regional planning policy.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. Thoma".

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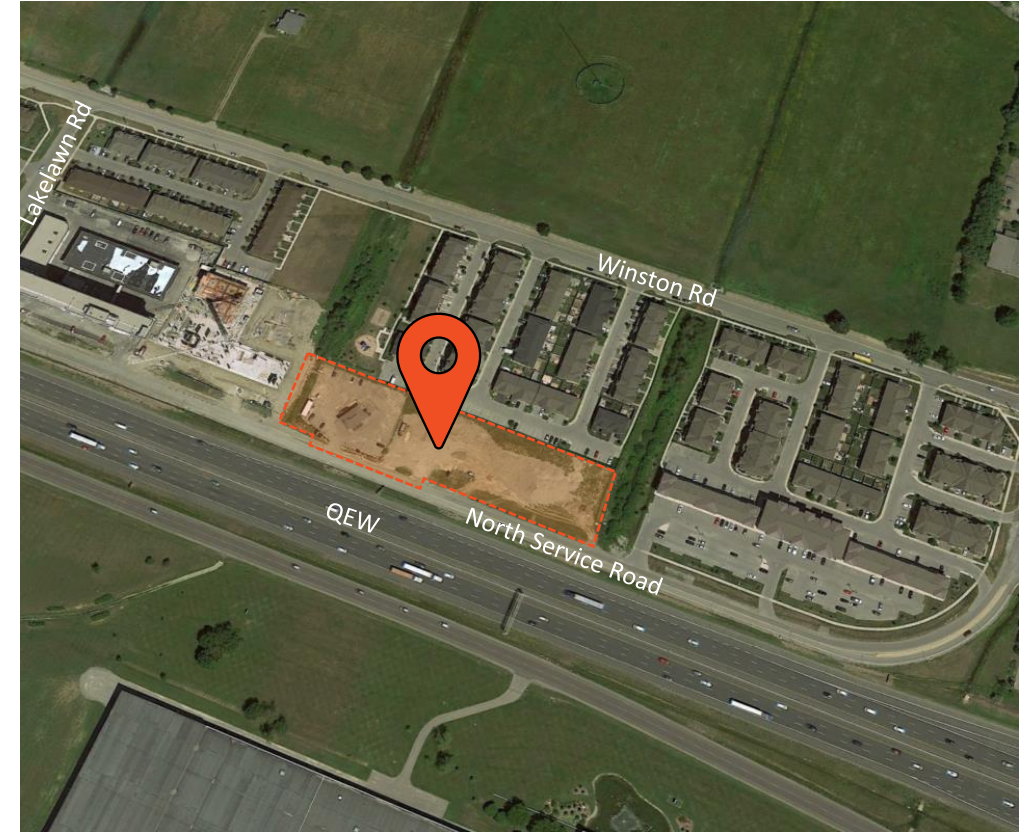
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Introduction

- LJM is proposing a new development on lands it owns at **540 - 544 North Service Road** in the Town of Grimsby, referred to herein as “the Subject Site”.
- The Subject Site is approximately **0.79 hectares (1.95 acres)** and best described as vacant and undeveloped.
- LJM’s development submission to the Town of Grimsby envisions two residential towers of 22 and 16 storeys comprising **548 new housing units** and 606 underground parking spaces.
- Due to parcel constraints, including an Ontario Ministry of Transportation (MTO) setback requirement, the potential to include viable commercial uses at-grade in accordance with normal “mixed use” development practices would be exceedingly difficult to build.
- The site is currently designated ***Mixed Use – Medium Density*** and requires an Official Plan Amendment and Zoning By-law amendment to fully optimize the capacity of the site to deliver a diverse – and sizeable number of housing units which can help address the pervasive housing shortfalls that exist locally and regionally.



SOURCE: Google Earth. Images for illustrative purposes only.

Background

- As outlined in the Town of Grimsby Official Plan, a Commercial Land Needs Assessment (CLNA) prepared by a qualified professional has been requested by Staff in support of a development application.
- The terms of this CLNA are set out in Schedule A of the Town of Grimsby Planning Department's Terms of Reference
- urbanMetrics has been retained by LJM to address items 1 through 5 of the Terms of Reference

Town of Grimsby Terms of Reference Study Contents

1. The land is not required for commercial purposes over the long term
2. There is a greater need for conversion to the non-commercial use
3. The Town will meet its employment forecasts established in the Official Plan
4. The location, size and scale of the proposed development
5. The potential for compatibility



Assumptions & Limitations

There are several underlying and basic assumptions upon which the validity of the findings presented in this report depend. Based on urbanMetrics (our) professional experience in the retail 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.

- 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 Grimsby market.
- The official statistical sources utilized in this report (based largely on Statistics Canada, Province of Ontario, and Town of Grimsby data, which have been footnoted where utilized) are considered sufficiently accurate for the purposes of this 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 recommendations in this report should be reviewed considering such changed conditions and revised if necessary.

Approach

urbanMetrics has carried out the following seven steps in the preparation this commercial land needs assessment:

- 1 Reviewed the concept plan focusing on opportunities and constraints on mixed use development.
- 2 Reviewed relevant planning policies and market data.
- 3 Delineated a Study Area for commercial uses on the Subject Site.
- 4 Completed a commercial space inventory (supply assessment) of the Study Area
- 5 Undertaken a per capita commercial space analysis
- 6 Applied the findings to the CLNA Terms of Reference, as appropriate
- 7 Prepared a professional (expert) report for submission to the Town

Defining the Study Area

To ensure the most accurate population data, we have defined a Study Area based on the Census Dissemination Area that most closely aligns with the Winston Road Neighbourhood Secondary Plan Area (SPA).

There are two small, low-density residential areas and some large format commercial uses within the Study Area that are not within the SPA.

The SPA is a logical (and reasonable) basis for defining the CLNA Study Area. By definition, the SPA is intended to form a ‘complete community’ that meets the daily and weekly needs of residents through providing a walkable “focal area for convenience commercial and personal services”.

Moreover, the SPA can be considered a separate and distinct market area due to its physical separation from the rest of the Town by the QEW highway.



SOURCE: Imagery from Google Earth, Census boundaries from Statistics Canada. Data from urbanMetrics inc., via the Town of Grimsby. Images for illustrative purposes only.

Future Development in the Study Area

Using data from development applications submitted to the Town of Grimsby, urbanMetrics has identified three (3) development submissions comprising a total of 1,964 new residential units plus an additional 66,200 ft² (6,100 sm) of new retail/service commercial space in the Study Area. This total includes the proposed development on the subject site.

	Development	New Units	New Commercial Space
1	Subject Site	548	-
2	362 & 398 N Service Rd	1,295	57,400 ft ²
3	9 Windward Dr	121	8,800 ft ²
	Total	1,964	66,200 ft²



SOURCE: Imagery from Google Earth. Data from urbanMetrics inc., via the Town of Grimsby. Images for illustrative purposes only.

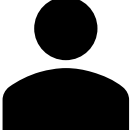

The Subject Lands are not required for Commercial purposes over the long term

- The Study Area's population is currently over-served by commercial space and will remain over-served as future development in the immediate area is built out and occupied.
- The Town's planning policies direct that the pedestrian-oriented main street area on Winston Street (300 metres away from the subject site) should serve nearby residents' day-to-day and weekly convenience shopping needs.
- The size and shape of the subject site, along with MTO buildable area restrictions, make it unsuitable for uses that meet the weekly commercial needs of residents, such as grocery stores.
- Weekly or major commercial needs - both now and upon full build out - will be fully-supported by commercial uses, including larger format retail around Casablanca Blvd and S Service Rd, as well as nearby Downtown Grimsby
- Optimizing (maximizing) the number of residential dwellings on the subject lands would, in our professional opinion, benefit existing commercial interests in the Study Area and facilitate commercial strength and long-term stability along the Main Street segment of the SPA.



SOURCE: Town of Grimsby

The Study Area is over-served by commercial space, and this will continue in the future

	2023	Future Build Out
	3,387 residents	6,590 residents
	197,900 ft ²	266,000 ft ²
Space per Capita	58.4 ft ²	40.4 ft ²

The Study Area is currently overserved by commercial space, with approximately 58.4 ft² per capita. While we recognize that several commercial spaces within the Study Area, particularly those on S Service Road, are intended to serve broader populations and travelers along the QEW, they still fulfill the convenience commercial needs of Study Area residents. Based on proposed developments, the Study Area will continue to be overserved by commercial space as the neighbourhood approaches full build-out.

Based on current/available information, the expected 3,203 new residents in the Study Area will be accompanied by ~68,000 ft² of additional commercial space, resulting in approximately 40.4 ft² per capita.

An industry standard ratio for neighbourhood commercial space per capita within a reasonable study area is approximately 15 to 20 ft² per capita. As such, additional commercial space on the subject lands is not warranted or required.

There is a greater need for conversion to add much needed units to the future housing supply

- Niagara Region and the Greater Golden Horseshoe are experiencing an increasingly acute housing crisis requiring multiple solutions, including delivering more housing faster.
- The subject site will provide 548 housing units. Assuming standard person-per-unit estimates, the proposed development would accommodate some 926 people.
- Starts in Grimsby have dropped to their lowest levels in 10 years, and the development pipeline is inadequate to provide sufficient housing options for the community.

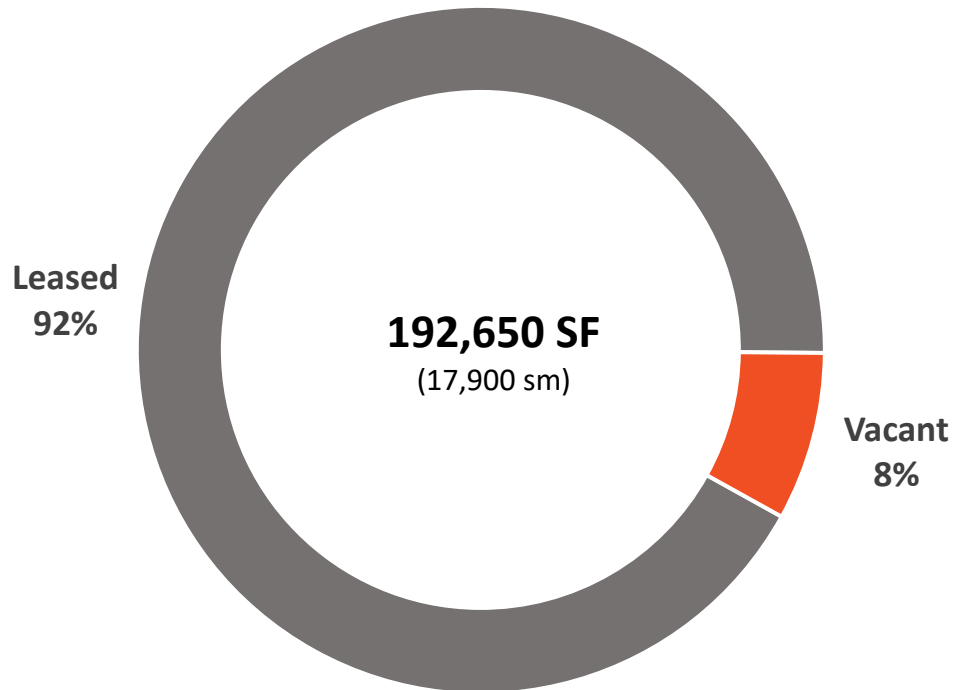
Grimsby Housing Starts & Completions – 4 Month Rolling Average 2013-23



SOURCE: Data from Canada Mortgage & Housing Corporation, with calculations by urbanMetrics inc.

Increased density will help support the growth and expansion of businesses – including those which are struggling to survive

Commercial Space in the Study Area



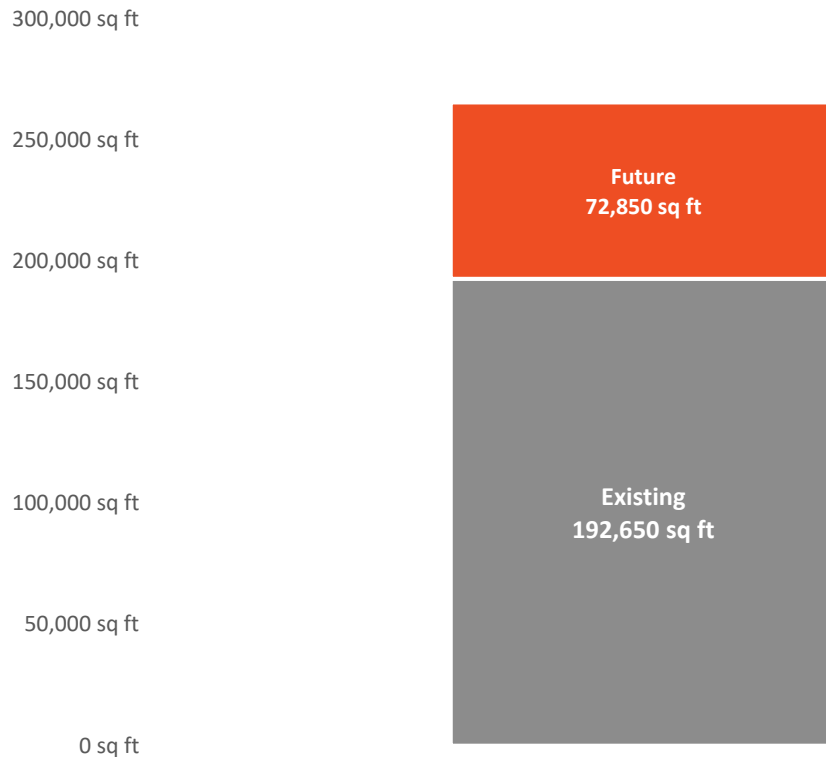
Our inventory of the Study Area identified approximately 192,650 ft² of existing commercial space within the Study Area. This does not include purpose-built office space that is not oriented to the public. Of this space, approximately 8% is currently vacant.

In addition to vacant space, many of the businesses in the Winston Road Neighbourhood are relatively new, and do not yet appear to be operating at full capacity. Additional residential density in the Secondary Plan Area will help existing businesses succeed, contributing to more economic activity and higher employment.

SOURCE: Data from CoStar Realty Ltd. and first-person research by urbanMetrics inc.

More Residents in the area will support the activation and growth of existing and future commercial uses within the Study Area

Retail & Service Commercial Space in the Study Area, 265,500 Square (Existing + Future)



In addition to existing 192,650 square feet of commercial space in-situ, approximately 6,600 ft² are currently under construction, with a further 66,250 ft² of commercial space embedded within active development applications for a total of 72,850 ft² of new commercial space in the pipeline.

This would bring the total quantity of commercial space in the Study Area to approximately 265,500 ft². According to our research, the identified under-construction space has not been pre-leased.

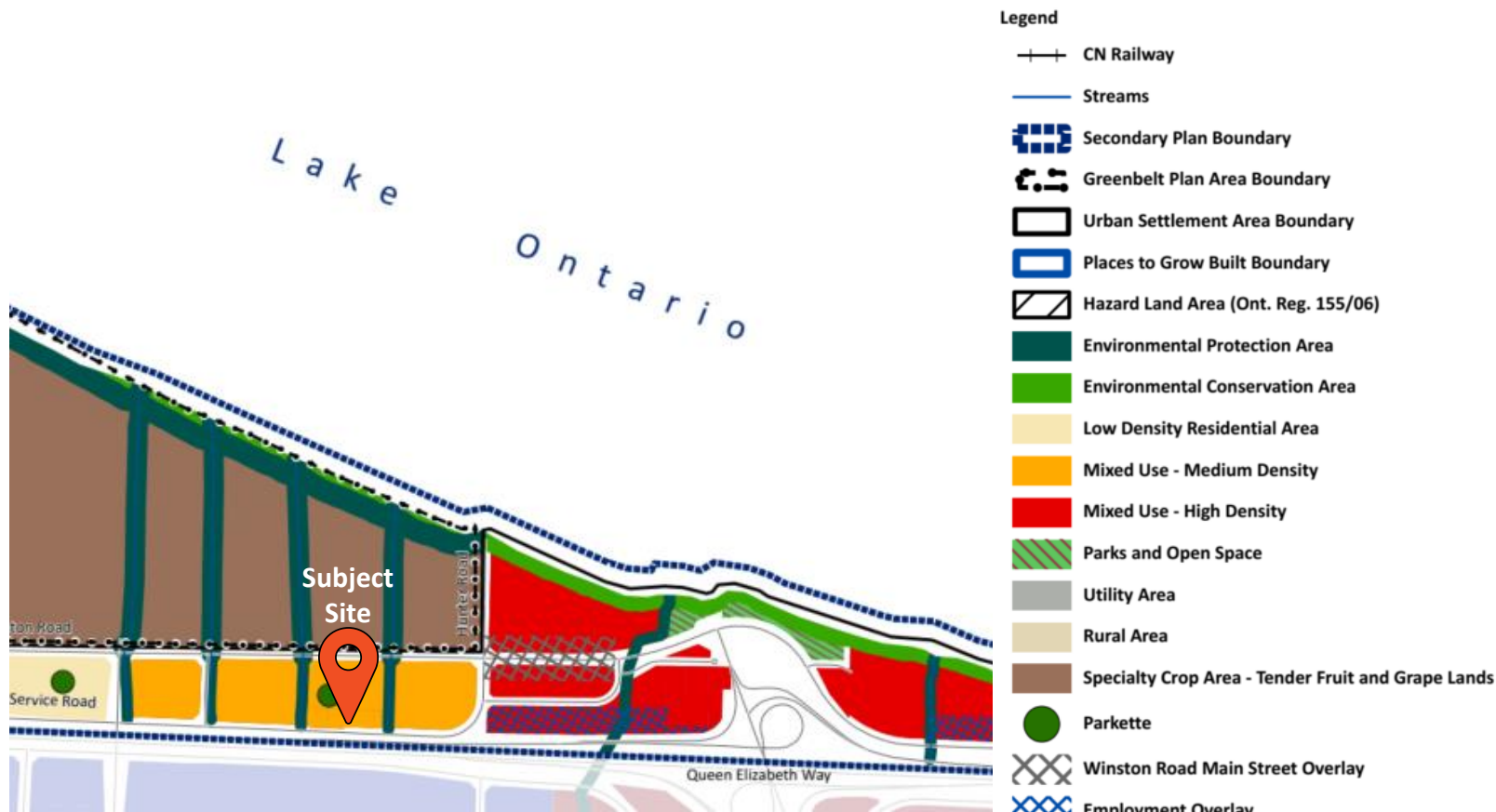
The increased residential density proposed on the subject site will support and advance the absorption of the proposed and under-construction commercial space in the Study Area. The subject site, as proposed would add additional customer support and would help alleviate potential commercial oversupply within the SPA.

The Subject Site would have no discernable impact on Grimsby's ability to meet employment forecasts

- Designated as Mixed Use – Medium Density, the Subject Site was not planned to accommodate significant volumes of employment.
- Given restrictions on the Subject Site's buildable area, the potential development of commercial uses at 25% of the lot area could accommodate approximately 2,233 ft² of commercial space, equivalent to approximately 5 FTE employees.
- In contrast, increasing the residential density on the Subject Site will help drive employment in the area by supporting existing businesses and the absorption of currently vacant and under construction commercial space, maximizing the employment potential of the Main Street area on Winston Road, and the overall people plus jobs density of the Secondary Plan Area.



Surrounding land uses are compatible with high-density residential uses



SOURCE: Town of Grimsby Official Plan Schedule F. Alterations by urbanMetrics inc. All images for illustrative purposes only.

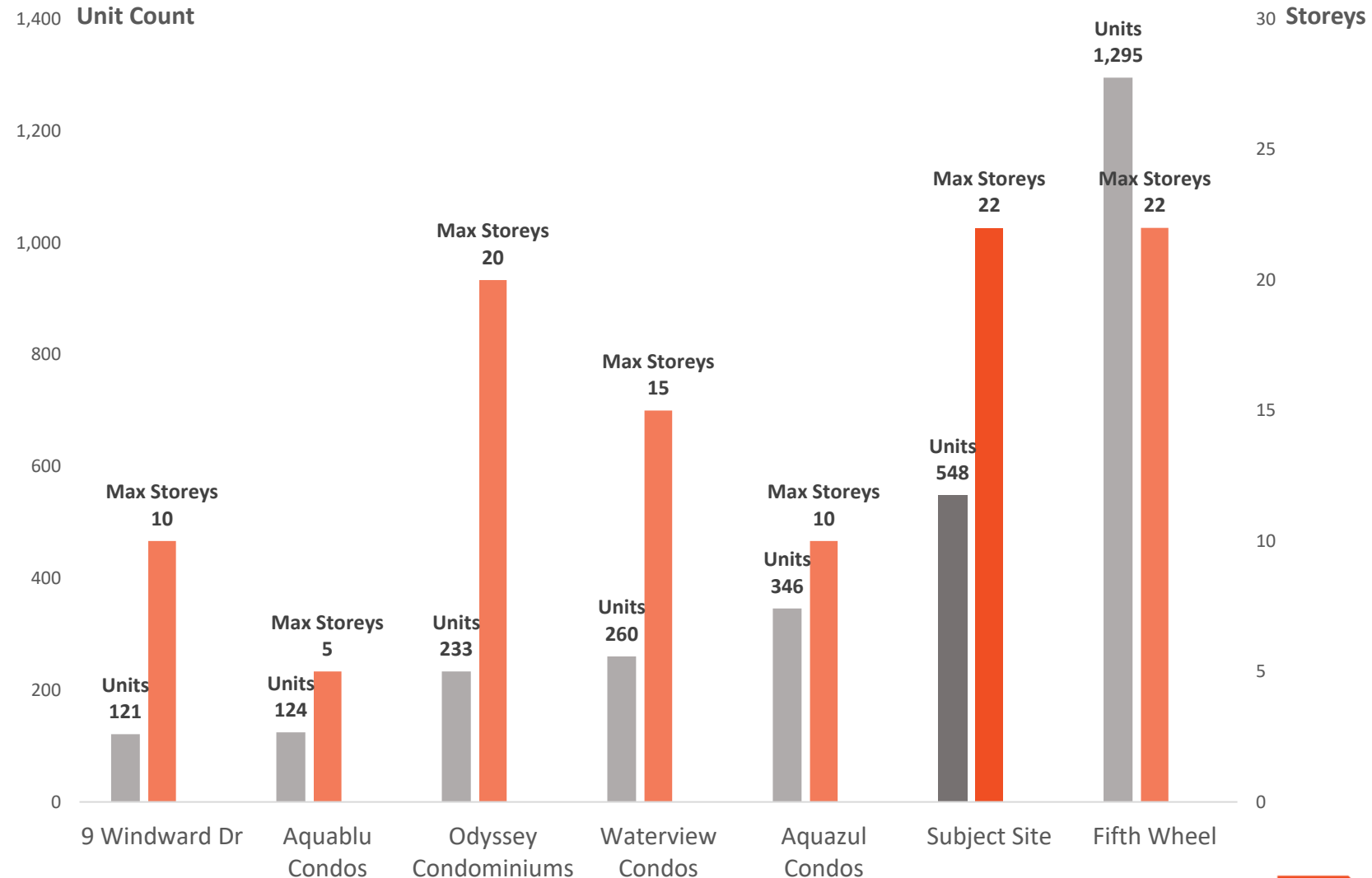
- The subject site is designated *Mixed Use - Medium Density*
- The site is less than 300 metres from *Mixed Use - High Density* designations including existing and proposed residential towers of comparable heights and densities to the proposed development.
- Residential density on the subject site is a complementary use to the existing and under construction *Main Street* commercial corridor on Winston Road.
- From our perspective there are no significant market need or compatibility issue brought about by the increased density proposed on the subject site by the applicant.

Appropriate size and scale of the development

The proposed development represents a continuation of the residential growth in this increasingly urban area.

At a potential 548 units over 22-storeys, the size and scale of the proposed development is consistent with existing and proposed developments in the Secondary Plan Area.

There are no anticipated negative impacts on commercial uses in the local area resulting from the size and scale of the proposed development.



SOURCE: urbanMetrics inc., from publicly available documents submitted to the Town of Grimsby as part of development applications

Intensification of the Subject Site will continue to support ‘complete community’ policies, and will contribute favorably to the maturation and stability of the Town’s Main Street commercial areas

	High-Density	Medium-Density	Difference
Housing Units	548	60	+ 488
Occupied by Usual Residents ¹	98.1%	98.1%	-
Permanent Residences	538	59	+ 479
Persons per Unit ²	1.69	2.117	-
Resident Population	909	125	+ 784
Local Commercial Space Ratio ³	17.5 sq ft	17.5 sq ft	-
Neighbourhood Commercial Space Required by Residents	15,899 sq ft	2,181 sq ft	+ 13,718 sq ft
Square Footage per Employee ²	450	450	-
Employees Required	35	5	+ 30
Employment to Population Ratio	25.7	25.7	-

- Supporting additional residents on a site incapable of accommodating significant direct employment will drive indirect employment growth through increased demand for goods and services.
- Residential intensification on the subject site supports commercial space absorption and the success of businesses in *Main Street* areas, particularly Winston Road and Downtown Grimsby.
- The ratio of new residents to commercial employment is relatively consistent, at approximately 25.7 residents per employee.
- Additional residents on the site could support about ~30 more FTE positions in population-related commercial employment compared to a medium-density development scenario (as per the current designation).

Source: urbanMetrics

¹ from Statistics Canada Census Profiles

² from Grimsby’s Development Charges Background Study

³ Based on urbanMetrics professional experience

urbanMetrics Conclusions

This report addresses the Terms of Reference provided by the Town of Grimsby

- ✓ (1) The land is not required for commercial purposes over the long term.
- ✓ (2) There is a greater need for conversion to the non-commercial use
- ✓ (3) The Town will meet its employment forecasts established in the Official Plan
- ✓ (4) The location, size and scale of the proposed development
- ✓ (5) The potential for compatibility
- ✓ (9) the Intent of the policies of the Official Plan, including those in Section 2.6 of the Official Plan (Economic Development)

NB: Items 6, 7 and 8 of the Town's ToR are addressed elsewhere in the applicant's submission.

Based on our review of the site, the neighbourhood and the policy context directing growth and development in the Town of Grimsby, we conclude:

- The land is not required for commercial purposes over the long term as the area is, and will likely continue to be, overserved by commercial space. This condition is expected to continue as the area moves toward full build-out.
- There is a greater need for conversion to non-commercial uses to support Niagara Region's efforts in housing affordability, as well as the Town's planning intent to facilitate a vibrant *Main Street* commercial environment on nearby Winston Road. Additional residents will support the absorption of vacant, under-construction, and proposed commercial space and existing local businesses.
- The Subject Site is not intended to, nor can it physically accommodate, employment-generating uses at a scale relevant to the pre-employment forecasts. The proposed increase in residential density would help support existing and future businesses in the local area, increasing economic activity and generating additional employment opportunities.
- The size and scale of the proposed development is consistent with other developments in the area, and its location within the Secondary Plan Area supports the planning intention of facilitating high-quality urban developments oriented around Main Street commercial uses on Winston Road.
- No significant land use compatibility issues arise from the proposed development. The application envisions higher density development rather than a fundamental change in land use. Moreover, there are other lands designated *Mixed Use - High Density* near the site.
- The relationship between residents and population-related employment is relatively consistent. As such, restricting residential growth limits indirect employment generation, while residential intensification encourages further employment generation, in population-related businesses. The additional population will indirectly support employment, contributing to the development of complete communities and buttressing the commercial functions of the Winston Road and Downtown *Main Street* areas.