
Market Sounding Results for a Downtown Grocery Store

Recommendation

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council that the Administration be directed to review Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035 for potential options to further incentivize residential development, and grocery store development, in the Downtown.

Topic and Purpose

The purpose of this report is to bring forward the findings of the Downtown Grocery Store Market Sounding completed by the Saskatoon Regional Economic Development Authority.

Report Highlights

1. The Saskatoon Regional Economic Development Authority (SREDA) has completed work on its Market Sounding process.
2. Respondents to the Market Sounding suggest more residents are needed Downtown before a grocery store will locate in the area.
3. The Administration recommends that efforts be focused on incentives to encourage more Downtown residents.

Strategic Goal

This initiative supports the City of Saskatoon's (City) Strategic Goal of Sustainable Growth by supporting growth and investment in the Downtown.

Background

At the February 27, 2017 City Council meeting, Councillor Block submitted a Notice of Motion requesting the Administration undertake a Market Sounding to determine what conditions are required to attract a grocery store to locate in the Downtown.

At the March 27, 2017 City Council meeting, the Administration presented a report outlining the process for a Market Sounding. City Council resolved:

- “1. That City Council, through the Administration, direct SREDA as part of their service agreement with the City, to initiate a “Market Sounding” to determine the level of interest of various proponents who would be interested in owning/operating a grocery store, either in whole or in part, in Downtown Saskatoon; and
2. That the Administration report back with options and recommendations for next steps in the process to the appropriate Committee/Standing Policy Committee not later than May 31, 2017.”

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Report

Findings of the Market Sounding Suggest Downtown Needs More Residents

SREDA has completed work on its Market Sounding process and reported its findings in the Saskatoon Downtown Grocery Store Market Study (see Attachment 1).

SREDA interviewed a number of people in the grocery industry, including grocers, food cooperatives, and developers. The Market Sounding revealed some unique insights by the respondents, as well as differing views regarding the size and scale best suited for a Downtown grocery store. However, most respondents had similar views when it came to the risks and challenges of operating Downtown, and most indicated the biggest challenge was an insufficient number of residents Downtown to support a grocery store.

The key challenges to locating in a downtown, as identified by the respondents, included:

- a) population density;
- b) higher costs of land, construction, and rent costs in a downtown;
- c) locating a site in an appropriate location with the desired building size;
- d) safety concerns; and
- e) adequate parking.

A question posed to the grocers interviewed in the Market Sounding process was whether or not they were currently interested in locating in Downtown Saskatoon and why. All respondents, except one, indicated they had no interest at this time, and the primary reason was an insufficient population in the Downtown. One respondent indicated possible interest, given the right circumstances. SREDA is following up with this respondent.

A map identifying all current grocery stores in Saskatoon is provided in Attachment 2.

Public Survey is Not Recommended

In the March 27, 2017 report to City Council, the Administration recommended a public survey in order to gather information regarding the factors that would affect patronage of a Downtown grocery store. After review of the SREDA report and its findings, the Administration has determined that a public survey would not provide any further insight at this time.

Consider Incentives to Increase Population Downtown

A grocery store relies on a local population regularly shopping at the store. At the same time, people want to live in areas that have amenities such as grocery stores. The Market Sounding respondents advised that even if financial incentives (tax abatements, leasing incentives, etc.) were provided to locate in the Downtown, the current population is insufficient to support a grocery store and make it viable long enough for more residential developments to occur in the area.

The Administration recommends that efforts be focused on increasing the number of residents in the Downtown, particularly in the north end where there is already a large concentration of residential buildings. Although Vacant Lot and Adaptive Reuse

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Incentives Program Policy No. C09-035 has incentives for residential development in the Downtown, the Administration will review these incentives with the goal of making them more accessible, comprehensive, and effective in attracting developments. These incentives may also target specific locations in the Downtown as a means to address population density.

A suite of incentives aimed at prospective grocery stores will also be prepared for City Council's consideration so that when a grocer comes forward, development of a grocery store can be expedited.

Options to the Recommendation

City Council has the option to request additional research as part of the Market Sounding process; however, the Administration would require direction from City Council.

Public and/or Stakeholder Involvement

Through the Market Sounding, SREDA interviewed a number of people in the grocery industry, including grocers, food cooperatives, and developers.

Communication Plan

The Market Sounding report will be shared with partners in the development industries, as well as the Business Improvement Districts. An incentive package will be developed with their input.

Other Considerations/Implications

There are no policy, financial, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

Amendments to the Vacant Lot and Adaptive Reuse Incentives Program Policy No. C09-035 will be anticipated for late 2017.

Public Notice

Public notice, pursuant to Section 3 of Public Notice Policy No. C01-021, is not required.

Attachments

1. Saskatoon Downtown Grocery Store Market Sounding
2. Current Grocery Store Locations in Saskatoon

Report Approval

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Reviewed by: Lesley Anderson, Director of Planning and Development

Approved by: Randy Grauer, General Manager, Community Services Department

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