

THE UNIVERSITY OF MANITOBA

DOWNTOWN VS SUBURBAN SHOPPING CENTRES:
MEASURING THE SHIFT OF WINNIPEG'S RETAIL FUNCTION

by

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wise reproduced without the author's written permission.

This thesis is dedicated to Joan Gordon, for the assistance and encouragement you gave me during my studies at both the University of Winnipeg and the University of Manitoba. Your contribution to my education will never be forgotten.

ABSTRACT

Research Question: what effect do suburban shopping malls have on the City's retail sector?

The purpose of this thesis is to assess and evaluate the physical and economic impact suburban shopping centre development has had on the retail sector of a city using a case study approach.

The inquiry is comprised of a review of theories and models relating to retail location and consumer patronage, a review of existing literature on the introduction of shopping centres, and the physical and economic impact shopping centres have had on both the central business district (C.B.D.) and the city overall. The case study examines the City of Winnipeg and the impact regional shopping centres have had on the C.B.D. of the city.

The findings of this thesis show that new suburban retail space severely diluted businesses and did have a definite impact on the surrounding retail areas such as the downtown area.

Overall, this document will serve as a basis for developing an understanding of the mechanics of the retail function within Winnipeg. Policy-makers, so enlightened will be better able to make responsible decisions, decisions based on a keener insight into the consequences of their actions.

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INTRODUCTION

Purpose of the Thesis

The purpose of this thesis is to assess and evaluate the impact, both physical and economic, of suburban shopping centre development on the retail sector of a city. To most effectively demonstrate this impact, a case study approach will be applied using the city of Winnipeg.

Statement of Problem

Traditionally, the central business district (CBD)* represents the retail hub of most cities. In North America this phenomenon predominated until World War II. Since then, profound changes have occurred in the pattern of retail location and activities in many North American cities. One of the most outstanding developments in this changing pattern has been the emergence of the planned suburban shopping centre as a completely integrated retailing unit. The suburban shopping centre evolved to meet the needs generated by such changing factors as the new market created by the rapid growth and expansion of urban population into suburbs, increased use of the automobile, increased purchasing power of the population, changed consumer buying habits, congestion in the downtown area, and the lack of

* For the purposes of this thesis the term "Central Business District", "CBD" and "downtown" are synonymous.

economical and convenient parking provisions in the central shopping district. All of these factors have culminated in the reorganization of retail trade, have influenced the location of existing businesses, and sparked the advent of new national and multinational specialty chain operations to suburban areas.

Both the movement of people and business from the inner to outer city areas in addition to growing suburbs, have resulted in the formation of nodes of commercial activity outside the city central area. The development of these nodes has given areas outside the city central area ideal self-sufficiency. In a contained area close to the homes of suburban dwellers the malls provide goods, services, special events and displays which appeal to every need and convenience of the young and old, housewife and businessman: a need which was once fulfilled by the central business districts. The importance of the downtown areas was seriously challenged, then, by the development of these nodes. Moreover, it found itself in the undesirable position of having to compete with them for its continuing economic viability.

The main advantages of suburban shopping centre development involve the investment of private capital in new retail facilities, the generating of new tax assessment and the introduction of new products and more efficient retailing methods. These benefits are immediate and highly visible. The costs involved are not as visible nor as clearly understood. The costs tend to occur over longer periods of time and have wide ranging economic, fiscal, social and physical implications for the entire community. One particular city that has felt the

repercussions of shopping centre development has been the city of Winnipeg, specifically its central business district. The first comprehensive statement of this concept was made in the 1969 Downtown Development Plan, which cited such factors as the decreasing inner-city population, the relocation of manufacturing and warehousing to the suburbs, and the loss of retail trade as the ones contributing most to the blight of what once was the vibrant core of the city. The cause of this decreased importance rests indisputably with the rapid growth of the suburban shopping centre.

This phenomenon has repeated itself in most major North American centres besides Winnipeg. Shopping centre development has dramatically affected the urban economy and landscape. To illustrate, the opening of a new shopping centre in most of the municipalities in Canada implies burgeoning retail space in the marketplace. Rapid introduction of retail facilities seriously affects the host municipality in a number of ways. These include shifting the focus of commercial activity within the planning area, altering established retail trade patterns, causing potential decay in the downtown area, discriminatory relationships between the national chain stores and local independents within the shopping centre, and increasing the potential for dependency of the regional hinterland on the central Canadian metropolis.

Community and retail trade which have traditionally been the mainstay of a vital CBD are almost impossible to retain in the face of uncontrollable development of outlying shopping centres. The question arises: Is downtown currently valuable enough to salvage? Why not let

the downtown area deteriorate if it is not going to be fully utilized? It must be understood that a city cannot afford to abandon its CBD: an area which is frequently not only the commercial nodal point but also the governmental, financial and transportation centre of its region. There are historical significance to the area where tourism, massive office use and convention trade spur activity and income. All this regional retail trade is what gives vitality to the CBD. In many cases, however, the regional market will not support more than one major shopping centre. Thus, when a city receives a proposal to establish a new outlying shopping centre, it is in reality a proposal to fundamentally alter or abandon the CBD.

If the CBD is abandoned, a city is left with a major concentration of under-utilized utility systems and public facilities. Moreover, the city assuredly faces the burden of creating new systems and infrastructures to serve the new concentrations of development that must be expected to materialize at the city's periphery. In this instance, there is an enormous waste of both the urban and rural environments in terms of abandonment in the central area, also in terms of land and resources consumed in the peripheral areas, and in terms of increasing pressures for private rather than public transportation.

The trend of the past three decades of residential sprawl is a source of great concern. City developers only accelerate this problem by taking the diverse and mutually supportive uses (typically concentrated in a reasonably accessible central business district) and spreading them out across the countryside. These centres are

constructed at a random assortment of locations convenient neither to each other nor to the population they serve.

The city must also anticipate the day when major portions of its former central business district will be given over to a series of marginal uses. Cities have often watched helplessly as second hand stores, liquor outlets, second rate hotels, and pawn and porno shops have crept into what was once their retail vibrant and proud core area. The demise of this old core is complete when this blight spreads into the residential area surrounding the central business district.

In addition to the obvious physical problems associated with central business decline, one can anticipate a less tangible, but nonetheless important loss: that of public image. Residents of a city or region can view their CBD with either civic pride or embarrassment. To the traveller, tourist, prospective resident or potential investor, the CBD creates the first and often the most lasting impression of the city. It is reasonable to assume, for example, that a businessman viewing a city through the "lens" of the CBD will decide if it is either worthy or unworthy of his investment.

Focus of Thesis

In consideration of the immense importance of the CBD and the aforementioned negative effects of shopping centres on a city's retail sector, a more detailed analysis regarding CBD retail sector impacts is in order. This inquiry will focus on the role played by the retail

function in a city and its problems and prospects. In particular, it will focus on Winnipeg, using a case study approach. Winnipeg began suffering a decline in the downtown area just after World War II and found that with the introduction of the suburban shopping centre on the periphery of the city, this decline accelerated. For this reason, a case study of Winnipeg's CBD and surrounding regional shopping centres provides an excellent basis for a retail impact assessment.

Due to the breadth of the thesis topic and the time constraint, there will be certain omissions will be necessary. For example, this study will not concern itself with any social, cultural, or political (Governmental) issues pertaining to the role and function of retailing in a city. Instead it will focus upon the physical and economic aspects.

In exploring this thesis topic, I will ultimately be concerned with the physical urban form and the way it is related to the retail economic function within the city. The investigation proposed in this thesis will be pursued through the perspective of economic geography methods.

Methodology

In the course of the study, the following methods of approach are to be used.

The first method will be a review of existing theories and models relating to retail location and consumer patronage.

The second method of approach will be a review of existing literature on the introduction of shopping centres and the physical and economic impact shopping centres have had on both the central business district and the city overall.

The third method to be employed will be a case study. The case study will focus on the chronological history retail development has had on Winnipeg's retail sector. The data used in this approach will consist of existing historical and archival sources. As well data will be compiled from Statistics Canada information, tax assessment rolls, business directories and interviews in order to determine the extent to which shopping centres have affected the retail trade of Winnipeg's CBD.

The three parts, in concert, will serve as a basis for developing an understanding of the mechanics of the retail function within the city. This in turn, will enable policy-makers to make decisions with a better knowledge of the consequences of their actions.

Synopsis

This thesis is organized into six chapters. The first chapter is a review of existing theories and models relating to retail location and consumer patronage. The second chapter reviews existing literature on the introduction of shopping centres and the physical and economic impact shopping centres have had on both the central business district and the city overall.

The third chapter looks at the chronological history of retail development in Winnipeg up until the present date. The fourth chapter is an investigation of downtown and regional shopping centre retailing in Winnipeg using a case study approach. It should be noted that for the purposes of this thesis, only regional shopping centres will be considered. These centres were chosen over neighbourhood and community centres because of their much greater significance in gross floor area, retail sales, market size and drawing power in the Winnipeg area. The fifth chapter deals with past and current retail proposals for the City of Winnipeg and suggests planning actions for future retail development.

The last chapter consists of conclusions and suggests recommendations for a new approach to future retail development in Winnipeg.

CHAPTER ONE

OVERVIEW OF SHOPPING AND RETAIL THEORIES

A. Introduction

The purpose of this chapter is to review the literature regarding existing theories and models relating to retail location and consumer patronage. There will also be a discussion on the economic base theory as relating to retail function and the methods of measuring revenues of retail dollars.

B. Retail Location Theories and Models

Central place theory and spatial interaction theory are the normative spatial models involved in an approach to the study of retail location and consumer spatial behavior. They attempt to account for spatial structure from assumed optimal patterns of spatial behaviour.¹

The use of models in studying retail location was put into its proper perspective by Huff (1963) when he stated:

Location theory provides a framework for analyzing alternative locations, it is not intended to describe the actual distribution of economic (or retail) activities, its purpose is to indicate spatial tendencies.²

There are two approaches to studying the retail location phenomenon.³ The trade area approach involves a closed system which is divided into an hierarchy of subsystems depending on the type of

goods sold. The shopping centre approach assumes a more open system in which the consumer probabilities of shopping at any centre within a system are devised. Central place theory utilizes the trade area concept, while gravity or interaction models combine both approaches. In applying these models, the delineation of study region boundaries constitute an enclosed economic and spatial entity, and cross-boundary flows which exist are considered negligible compared to the total trade within the study region. This section will review some of the major theories and models in the study of retail location.

C. Central Place Theory

The base for Central Place Theory was formulated in the 1930's by Walter Christaller, a German geographer, after making empirical observations concerning regularities on the provision of goods and services.⁴ Central Place Theory provides a classification of the size, location, nature and space of clusters of activities. It focuses on centrality, assuming that identical consumers can travel freely in any direction and are distributed with uniform density over an unbounded and featureless plain.

The two key concepts of Central Place Theory are threshold (the minimum level of consumer demand, or smallest area, that will support a particular type of business), and range (the maximum distance that consumers will travel to purchase a good or service).⁵ The choice of goods supplied increases in proportion to the number of existing centres.

Christaller's theoretical marketing model assumes a hierarchical system with hexagonal-shaped trade areas (see Figure 1.1). Christaller observed that for each centre of highest order, there are three trade areas of next lowest size. The hierarchical system has a progressive increase in the number of trade areas at successively lower levels of the hierarchy by a rule of three. This is referred to as the $K=3$ network.⁶

In the 1940's, a German economist named Losch further developed Christaller's hierarchical system. Losch also based his location system on hexagonal geometry, but he did not use a rigid hierarchy or fixed - K assumption. Losch's model allowed for a rotation of hexagonal trade area networks depending upon different retail functions having different patterns (See Figure 1.2).

Central Place Theory seeks to explain an order among settlement patterns or central places distributing goods and services to surrounding trade areas. Dawson (1980) summarized the main postulates of Central Place Theory:

1. There exists a threshold of demand below which a good cannot be economically offered for sale, i.e. there is a minimum population required to support a good.
2. The size of this population, and hence trade area, depends on the type or class of good.
3. Centres are classified into hierarchical groups according to the size of the trade area; or are classified by the type of goods offered at the centre.
4. Each high-ranked centre contains the goods offered by lower-ranked centres.

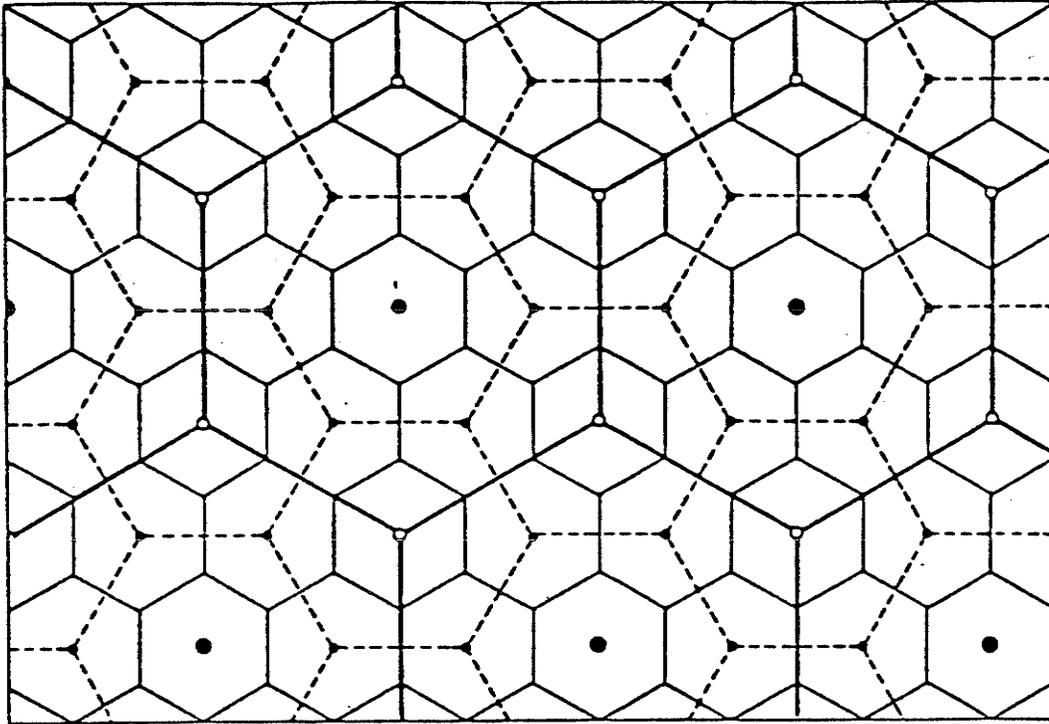


Figure 1.1: A Hierarchy According to Christaller's
Marketing Principle. (K-3)

Source: Adapted from Shirley Kwan Thesis, A Retail Impact Analysis of
Unicity Fashion Square, A Regional Shopping Centre, p. 14.

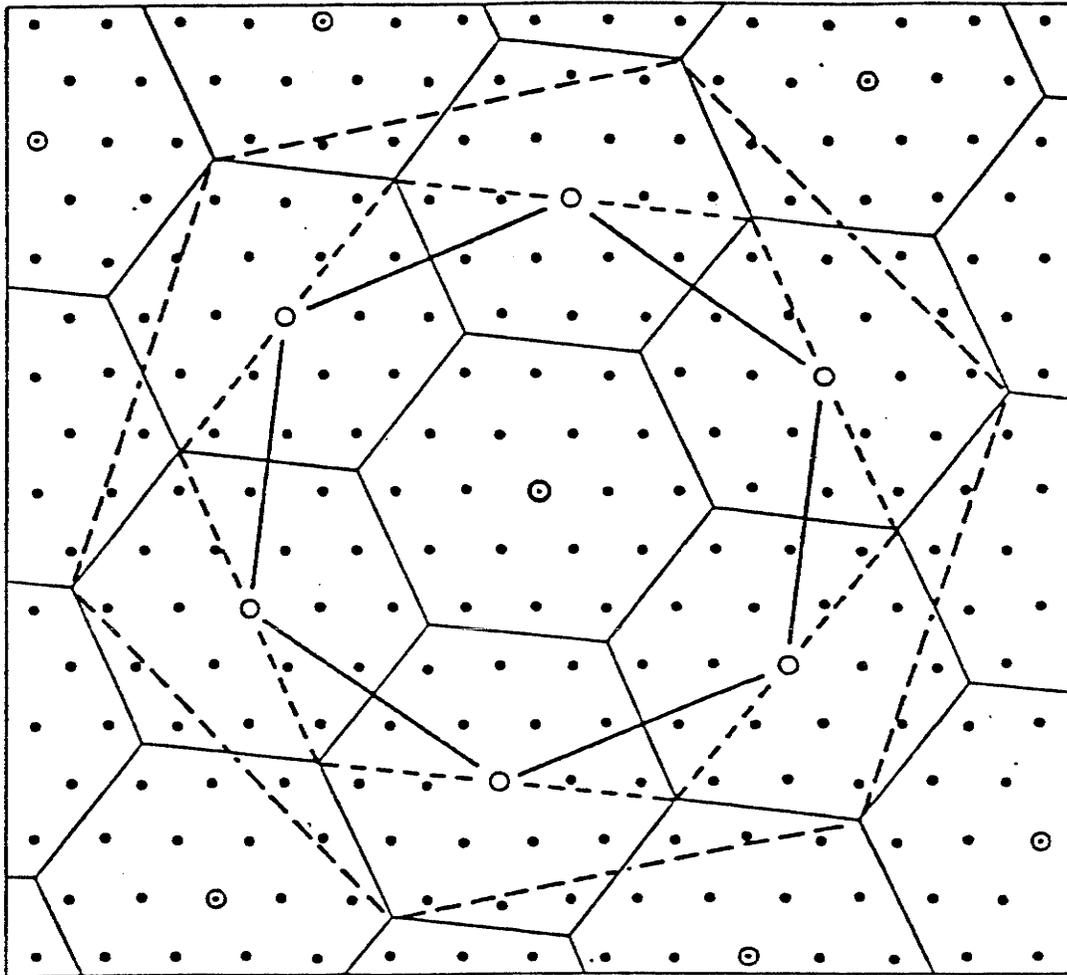


Figure 1.2: The Three Smallest Market Area Sizes
in Losch's System.

Source: Adapted from Shirley Kwan Thesis, A Retail Impact Analysis of
Unicity Fashion Square, A Regional Shopping Centre, p. 14.

5. Free entry of business produces a contraction of trade areas to their minimum size.
6. The close packing of circular or hexagonal trade areas generates a set of interweaving hexagonal lattices.⁷

Berry (1967) and Dawson (1980) indicated that most of the studies involving Central Place Theory have been concerned with the deductive theoretical basis for the development of hierarchical systems of service centres at the inter-urban scales and the empirical testing of the validity of such systems in the real world.⁸

Berry (1967) suggested that Central Place Theory could be used in understanding the spatial structure of retail and service within cities using population and distance as the major variables. Berry claimed that Christaller's formulation appeared most relevant for understanding the geography of retail and service business because it is compatible with the idea of travel-cost minimization by rational consumers on multi-purpose trips.⁹ The theory allowed for a description of retail location by formally classifying shopping centres according to their range of facilities. The city centre, or CBD, is the highest level of the retail hierarchy because it is the most accessible node in the intra-urban system and offers the greatest range of service and retail functions.

A number of factors will determine what shall be offered at each central place. These include:

1. the price of the good at one central place related to its price at another central place;

2. the number of inhabitants concentrated at the central place;
3. the density and distribution of population;
4. the theme and social structure of the population;
5. the proximity of other central places.¹⁰

Berry (1963) used a general linear model based on Central Place Theory principles and found that it adequately explained the commercial structure of Chicago.¹¹

Simmons (1904) found that changes in Chicago's retail structure were related to changes in income and in population.

Central Place Theory is limited in its effectiveness and has been criticized because of some major problems in its assumptions. It is assumed that equilibrium exists between the supply of the facilities offered by a centre and the aggregate demand of the residents in its trade area. In fact, disequilibrium exists because of time lags in deciding and implementing locational decisions, as well as constraints existing on the mobility of retail business. Central Place Theory is also based on the notion that retail location patterns are endogenously determined by a prior allocation of consumers and their characteristics.¹² This notion fails to take into consideration social and government influences. Central Place Theory is also a static model analyzing a cross-section of time and space, and therefore cannot account for the dynamics of retail structure and patterns. Dawson (1980) added that the theory can only provide a partial explanation for intra-urban shopping behavior because of the limitations in incorporating behavioural variations into the model.¹³

Berry pointed out that Central Place Theory is based on the fact that retail activities are arranged spatially and hierarchically, as well as being interdependent and consumer oriented. He underlined the theory's importance when he stated:

The geography of retail and service business displays regularities over space and through time . . . central place theory constitutes a deductive base from which to understand these regularities, and that the convergence of theoretical postulates and empirical regularities provides substance to marketing geography and to certain aspects of city and regional planning.¹⁴

Thus, Central Place Theory is a descriptive model and an analytical tool which can provide valuable insights about the spatial structure of retail facilities, but it cannot be used to forecast or totally explain retail location.

D. Retail Gravity Models

Retail gravity or interaction models refer to the use of empirically derived mathematical formulations to delineate intra-urban and inter-urban retail trade areas. Interaction models have been widely used in trade area analysis since Reilly first applied the gravity concept in 1931. In a study of marketing problems, Reilly found that the movement of persons between two urban centres would be proportional to the product of the populations and inversely proportional to the square of the distance between them. Reilly expressed this formula as:

$$\frac{B_a}{B_b} = \frac{P_a}{P_b} \cdot \frac{D_b}{D_a}$$

where: B_a = the proportion of trade from the intermediate city attracted to Place A.

B_b = the proportion attracted to Place B.

P_a = the population of Place A.

P_b = the population of Place B.

D_a = the distance from the intermediate town to Place A.

D_b = the distance from the intermediate town to Place B.¹⁵

Spatial interaction theory consists of modifications of Reilly's Law of Gravitation based on its two basic elements - size and distance. Spatial interaction theory provides an alternative normative model for explaining behavioral interaction and retail trade areas. The assumption of Central Place Theory that behaviour is explained by consumers travelling to the closest shopping site for a good or service is eliminated. Behavior is assumed to be determined by a more complex trade-off of the advantages of shopping centre size (attraction) against the disadvantages of distance (disincentive) of the consumers to the centres.¹⁶

Huff (1962) formulated an interaction model which extended from Reilly's gravity concept. This model has been used extensively to analyze shopping patterns and is the most widely known model for estimating shopping centre trade area. The model incorporates some elements of consumer behavior theory such as convenience cost (travel time) and choice available (shopping centre size). Huff's model assumes that consumers are willing to travel increased distances as additional merchandise is available at a central location. Huff also assumed that where there was a set of alternative shopping centres, the utility derived by a consumer from a visiting alternative, "j", was U_j , and the probability of alternative "j" being chosen was proportional to U_j . Thus,

$$P_j = \frac{U_j}{\sum U_j} \quad P_j = 1.0^{17}$$

Huff found that there were no fixed boundaries to retail trade areas but rather a continuum of zonal probability contours radiating from a shopping centre.

Mason and Mayer (1984) outlined the steps involved in the use of the Huff model:

1. Divide the area surrounding a shopping centre into small statistical units within a constructed grid;
2. Determine the square footage of retail selling space of all shopping centres included within the area of analysis;
3. Ascertain the travel time involved in getting from each statistical unit to each of the specified shopping centres;
4. Calculate the probability of consumers in each of the statistical units going to each shopping centre for a given product purchase.

$$P(C_{ij}) = \frac{\frac{S_{ij}}{T_{ij}}}{\sum_{j=i}^n \frac{S_j}{T_{ij}}}$$

Where: $P(C_{ij})$ = probability of consumers from each statistical unit (i) going to a specific shopping centre (j);

S_j = the size of shopping centre j;

T_{ij} = the travel time involved in getting from i to j;

α = a parametre which is to be estimated empirically to reflect the effect of travel time on various kinds of shopping trips.

Map the trading area for the shopping centre by drawing lines connecting all statistical units having the same probabilities. A demand surface is drawn to reflect varying customer sales potentials over a study area.¹⁸

Huff's model considers three important components of retail location and consumer behavior: distance (travel time), size (attraction) and competition. The probability of the residents of an area using any particular centre was considered likely to vary in direct proportion to the relative attraction of the centre, - in inverse proportion to some function of distance between the centre and residential area, and in inverse proportion to the competition exerted upon the earlier relationship by all other centres in the system.¹⁹

Mason and Mayer (1984) indicated that various studies have supported Huff's model for use in forecasting consumer patronage for retail shopping centres. Berry (1967) indicated that Huff's model of economic behavior provided probabilistic rules from which Central

Place Theory could be generalized in intra-urban market analyses to allow for complex overlapping market areas.²⁰

Huff's behavioral assumptions and probabilistic formulations were incorporated into a modified interaction model designed by Lakshmanon and Hansen (1965) in a study of Baltimore. The model was designed to estimate retail expenditure flows between any residential area (i) and shopping centre (j) in a system. The model is given in the formula below.²¹

$$S_{ij} = C_i \frac{A_j}{D_{ij}^b} \frac{1}{\sum_{j=1}^n \frac{A_j}{D_{ij}^b}}$$

Where:

S_{ij} = the shopping expenditure of residents in area i in centre j;

A_j = the size (or index of attraction) of centre j;

D_{ij} = the distance from area i to centre j;

b = an exponent empirically calibrated using known origin-destination data to express the distance disincentive function operating in the system under investigation;

C_i = the total shopping expenditure of residents in area i.

The model states that a shopping centre in a given zone will attract consumer expenditure from another zone in direct proportion to total consumer expenditure, - in direct proportion to the size of the centre measured in floor space, - in inverse proportion to the distance to the consumer expressed in travel time, and in inverse proportion to competing shopping facilities. It was assumed that the size of the centre would be partly controlled by those responsible for planning

decisions and that the transportation policy for the area would have a significant effect on shopping behavior.²²

There are serious problems associated with gravity or spatial interaction models at the intra-urban scale of analysis. One problem is that to estimate the parameter (b), a comparison of actual and estimated flows of trade between residential zones and shopping centres is needed, and insufficient data usually exists which causes inaccurate results. A study by Young (1975) investigated the relationship of the distance-decay function to shopping behavior in Philadelphia, and found a distance-decay function (b-parameter) of 2.0 appropriate for trips to community centres and 1.0 appropriate for regional centres.²³

Dawson (1980) claimed that the model offered potential practical value, but minimal research efforts have gone into refining the model. Interest has centred increasingly on development of more complex models such as Harris' intervening opportunities model and Wilson's maximum entropy approach. Dawson suggested that the gravity model approach to the study of shopping behavior has been criticized because it lacks full understanding of consumer behavior and it is only a static description of a particular existing situation; thus, it cannot predict or account for changes in shopping patterns.²⁴ Thomas pointed out that the three assumed determinants of shopping behavior - attraction, distance disincentive and competitive influences - have been the only major factors consistently identified with behavioral variation,²⁵ and gravity or interaction models contain these factors.

E. Consumer Behavior Theories

According to the micro-economic theory, consumer decision on the purchase of goods is based on price. Generally, consumers will consume more when the price is lower.²⁶ But when the consumer is faced with the choice of alternative locations of purchase, the decisions will be made on the balance between commodity cost and convenience cost. According to economic geographer Eugene Kelly, commodity cost refers to the monetary price paid to the seller in order to obtain the possession of goods and services.²⁷ Convenience cost, on the other hand, is incurred through the expenditure of time, physical and nervous energy, and money required to overcome the frictions of space and time in order to obtain possession of goods and services. The underlying principle is to minimize both costs. However, trade-offs sometimes have to be made to obtain the maximum benefit. In our current fast-paced economy it is apparent that convenience costs are assuming more importance as patronage determinants. It is natural to assume that the consumer will shop at the nearest available outlet, so distance may be the primary variable for retail patronage. Nevertheless, this simple analogy is subject to constraints, according to marketing consultant Donald L. Thompson. The actual distance travelled by the consumer to the place of purchase may be different from the consumer's perceived distance.²⁸ Thompson termed this the consumer's subjective distance. His study in the San Francisco Bay area showed that a consumer's subjective feelings about a retail establishment affected

his ability to evaluate its geographic position. The findings show that the discount outlets generally offered less convenience and fewer services, and were usually more crowded and less desirable to shop in than the competing department stores. This raises another aspect of consumer behavior, that is, the character of goods theory.

The American Marketing Association laid down the distinction between convenience goods, shopping goods and specialty goods.²⁹ The definitions are based on the amount of effort a consumer is willing to spend to obtain that particular item of goods. Richard H. Holton stated that the essence of the distinction between convenience goods and shopping goods lies in the gain resulting from and quality comparison relative to the searching cost.³⁰ For convenience goods this ratio is low, but for shopping goods the probable gain is large enough to call forth more extensive searching. Specialty goods seem to overlap with both of the above-mentioned categories and are distinguished by the limited size of the market demand for the goods. In order to minimize the searching cost, the consumer will shop where more choices are offered instead of the nearest available outlet. Also, a consumer will minimize the convenience cost by clustering his purchases.³¹ Ideally, one would shop where all kinds of goods can be obtained in the same location. Under such conditions, it is tempting to assume that a consumer choice is a linear function of items available at the shopping centre. David Huff, however, points out that such a function is curvilinear.³² This phenomenon is a result of more and more goods being offered by shopping centres, making it

increasingly difficult for the consumer to make a rational selection of the shopping centre, which he will thus avoid in preference to others in the area or in the downtown retail district.

Shopping today is becoming more and more of a family affair. Shopping centres are playing an increasingly important role in the community's social life: a phenomenon that Richard L. Nelson views as a revival of one of the functions of the ancient market place.³³ Modern shopping centres are designed to create an environment of community identification.³⁴ The Charles Thomas Moore and Joseph B. Mason thesis found that consumer patronage is strongly influenced by social class perceptions.³⁵ Donald Thompson attempted to calculate a convenience indice to consumer patronage.³⁶ The convenience indice was a ratio between the retail food sales population (resident and non-resident) equivalents for any community and its resident population. His study of the San Francisco Bay area showed that convenience indices failed to explain consumer patronage in a growing area. His findings also showed that consumer behavior theory greatly oversimplifies the concepts of utility and convenience that few descriptive or predictive results can be obtained. William A. Mindal and P. Donald Stephenson suggested the use of a semantic differential method to obtain information of consumer patronage.^{37 38} Their analyses showed that it could be most effectively done on a specific basis, that is, comparison should be made between the operations of a specific store and its identified direct competitor. The results of the empirical study were ambiguous when the general case was applied.

In conclusion, consumer behavior theories have not yet been able to be compiled into a formal model. There are just sketchy findings supporting the importance of socio-economic variables affecting retail consumer patronage. Distance is an important variable, but is greatly affected by the mobility and subjective perception of the consumer. The income level of the consumer and the range of goods offered in the shopping centre are two other important variables. The basic assumption of micro-economic theory is consumer rationality, but behavioral theories cannot be applied. Hence, these theories can be used to obtain information concerning the market potential, but no qualitative model can be formulated. The whole aspect of transactional psychology has potential value for evolving new theories of shopping behavior and has been adopted by only a few researchers into models of spatial behavior.^{39 40}

F. Economic Base Theory as Relating to Retail Function

Any discussion of economic theory or retail function must be preceded by concise definitions. Economic base theory involves identifying principles and relationships on how individuals, institutions and cities function in producing, exchanging and consuming goods and services.⁴¹ Retail function revolves around all the activities involved in the sale of products and services to the ultimate consumer for their own use.⁴² Retail function is merely one component within the economic base theory of a city or region. The analysis of these

are factors involves several economic and spatial considerations.

G. Economic Theory

The most rudimentary theory regarding retail function involves supply and demand. Demand is defined as a schedule which shows the various amounts of a product which consumers are willing and able to purchase at each specific price in a set of possible prices during some period of time. Conversely, supply is a schedule which displays the various amounts of a product which a producer is willing and able to produce and make available for sale in the market at each specific price in a set of possible prices during some specified time period. Moreover, the forces of supply and demand compete and eventually synchronize until a price for a good or service in the retail sector is established. Obviously, this is a basic explanation, but it nevertheless introduces the concepts of supply and demand.

All economic theory regarding a city must consider its base or employment background. Basic economic background factors are classified as (1) manufacturing, (2) trade and finance, (3) extraction of minerals, (4) tourist trade, (5) political capitals, (6) educational institutions and (7) transportation. All these basic employment sources provide income derived mostly from supplying goods or services to be used in areas outside the city. These sources of employment are considered basic because without them the city as a self-supporting entity would cease to exist. A city's retail function only comes into

existence once an employment base is established. The retail function is to service these basic employees with goods and services.⁴³

H. Flow Theories

Three approaches have traditionally been used in the study of the economic base of cities. All are based upon the concepts of flows and the dichotomy of external and internal components of economic support. These approaches may be termed (1) the basic-nonbasic approach, (2) the input-output approach, and (3) the minimum or average requirements approach. Each are concerned with the flows into and out of cities and regions, and each of them develop the concept that the basic economic support of an area lies in the specialized functions which it performs for people and establishments outside of the area.⁴⁴

The basic-nonbasic approach involves the concept of the basic employment sectors which export goods and services outside the city. The population of a city (to which must be added family dependents) and the income involved in the "export" activities are considered "basic" and the people and income involved in supplying the needs of the basic population is termed "nonbasic" or "secondary". The ratio between basic and nonbasic employment - the B/N ratio - relates the relative importance of each category of economic activity in producing employment and hence contributing to the economic support of the city or region.⁴⁵

The input-output approach is another tool in the study of the economic base. Inputs are those items which make possible an economic

activity within a region or individual establishment - e.g., physical goods including raw materials and components as well as fuels, labour, capital investment and credit. The sum of the inputs to all establishments, households included, is the total set of inputs into a region. Similarly, outputs are products of the region or of individual establishments. In the case of a region, such as a metropolitan area or city, inputs and outputs may be entirely among the establishments within the area, but some inputs and outputs will involve interactions with external areas--other cities and regions.⁴⁶

Another flow theory of economic base analysis is the minimum or average requirements method. This is comparing the city or region of concern with other cities or regions which resemble it with respect to factors such as size, age and location. Thus, it was desired to determine, on the average, how much land will be required for certain uses, such as industrial plants of various types, or how much employment can be anticipated, or income generated by various types of activity. It may be useful to determine the average amounts actually utilized by comparable cities or regions.⁴⁷

I. The Market Principle

In consideration of these general economic base theories, a closer focus on the economic forces and retail functions within the city is now appropriate. Three sets of forces affect at all times the function, size and distribution of cities. These have been described as the market principle - the principle of association with a

surrounding complementary area; the traffic or transport principle - the principle of growth and distribution based on the movements of through traffic on main routes; and third, the administrative principle, whereby the organization of occupied land demands the construction of places with the appropriate institutions to carry out the functions of defence, administration and public service. The concept of these forces is important to understand further economic and spatial theories. The degree of segregation of these centralized services and goods located in a city is based on two factors, namely, the range of the service from the centre and the population that is required for its efficient provision. The range of service of a commodity (i.e. the geographic limit of its collection or delivery) depends on the degree of its specialization and the frequency with which it has to be provided or purchased and the money involved in buying it. The threshold of a service is the minimum demand which is required to support the concern providing the service. The area required to provide this threshold will depend on the availability of income, density of population, needs and preferences. Spatial competition between similar services also tends to restrict the area available to reach this threshold.⁴⁸

J. Retailing Concepts

Brief mention must be made of other relevant, theoretical concepts. Land value theory states a firm adjusts its location to obtain the desired degree of accessibility at the lowest costs of friction, with individual firms differing in the degree to which they can make

use of accessibility. A wrongly located use has a very low rent-paying ability. The human ecologists stress the competition for a site, expressed in bid-rents, between different types of land use and between firms of any one business type. Another concept is the theory of the firm. This maintains the basic assumption of the firm's operations, maximization of profit, and requires that marginal cost equal marginal revenue. The theory also states as the retailer maneuvers to obtain the maximum profit, he may vary his scale of operation, his production function and his product, the latter including width of line, the product mix and the type of extra services provided. Finally, the fact that there is a limit to rent-paying ability is described by the law of diminishing returns which says that as equal increments of one input are added, with inputs of some other productive services being held constant, beyond a certain point the marginal product will decrease.⁴⁹

These economic base theory concepts of supply and demand, basic-nonbasic employment, input-output analysis, average requirements, threshold-range, the market principle, land value theory, theory of the firm and the law of diminishing returns all have direct application in retail functions. Retailing is known as a distributive trade which constitutes the intermediary activities involved in the transfer of goods from producers to consumers. Three main categories of retailing are usually distinguished, based on their mode of organization or ownership: the independents, the multiples and the cooperatives. The department stores, mail order firms and retail markets may be further

separated from these. These retail and service activities form an important part of the city's existence. A major part of the theory of the city size, location, and the concept of central place, has been built on the premise that a population distributed over space has needs for consumer's goods which are predictable and result in a regular pattern of service centres.⁵⁰

K. Methods of Measuring and Ranking Retail Trade Areas

Methods of measuring the "strength" of a shopping establishment vary in their nature and complexity. The most simple methods rely solely on some measures of size such as shopping floorspace or retail sales. The most complex methods measure the value of a large number of elements relating to the size, trade mix, and quality of the retail centre, and its spatial relationship with both the resident population and other nearby retail facilities. The values of these elements are then analyzed, using statistical techniques in order to group retail centres having similar characteristics.

However, the major distinguishing feature of ranking methods is the inclusion or omission of spatial elements such as the size of trade area. Many geographers take the view that a stepped hierarchy cannot be established simply by looking at the size and trade mix of a shopping centre, without relating it to the characteristics of the trade area.⁵¹ Moreover, certain types of data do not appear to be consistent with the theory supporting the stepped-hierarchy concept

and almost invariably emphasize a continuous hierarchical organization. In such cases, an investigation in which the spatial relationships between the retail centre, its customers, and other retail centres was taken into account, identified a discrete hierarchy as the dominant feature.⁵² It is the interdependent spatial patterns of retail centres of different levels, and the interlocking market areas of goods and services which are seen to weld the hierarchy into a central place system.⁵³

Typical non-spatial elements which have been incorporated into hierarchical analyses are the number of establishments (in total or disaggregated by trade); retail sales (in total or by trade categories); shopping floorspace; or the frequency of occurrence of specifically named establishments. The usual spatial elements are either trade area size and the extent and degree of smallest penetration, or the simpler but cruder "theoretical" net gain or loss of trade from the local authority area.⁵⁴

Where the results of a transportation survey are available, trade areas are defined as those "intensive" areas within which a constant rate of accumulation of trips with distance occurs.⁵⁵ In other words, considering distance from the retail centre irrespective of direction, the limit of the trade area is taken as the point where the rate of accumulation of trips with distance begins to decrease. If a sample of shoppers can be interviewed in a specific retail centre and their residence located on a grid, a trade area can be established according to some specified minimum per capita expenditure of a grid square in the centre.

According to retail geographer Brian Berry, an axiom of central place theory is that customers patronize the nearest retail centres which will provide the commodity they require.⁵⁶ Trade areas are therefore expected to be distinct from similar levels of centre, and need to be capable of measurement if a satisfactory spatial element is to be incorporated into the analysis. However, in practice, trade areas are not usually conclusively demarcated and the limitations of the techniques available for identifying them in the field have meant that the definition of a trade area has often been modified to suit the method being used.

L. Conclusion

There are two approaches to studying the retail location phenomenon. The trade area approach involves a closed system which is divided into an hierarchy of systems depending on the type of goods sold. The shopping centre approach assumes a more open system in which the consumer probabilities of shopping at any centre within a system are devised. Central place theory utilizes the trade area concept, while gravity or interaction models, combine both approaches. In applying these models the delineation of study region boundaries constitute an enclosed economic and spatial entity, and cross-boundary flows which exist are considered negligible compared to the total trade within the study region.

Retail gravity or interaction models refer to the use of

empirically derived mathematical formulations to delineate intra-urban and inter-urban retail trade areas. Interaction models have been widely used in trade area analysis since Reilly first applied the gravity concept in 1931. David Huff (1962) formulated an interaction model which extended from Reilly's gravity concept. This model has been used extensively to analyze shopping patterns and is the most widely known and used for estimating shopping centre trade area. Mason and Mayer (1984) indicated that various studies have supported Huff's model for use in forecasting consumer patronage for retail shopping centres.

The whole aspect of consumer behavior theories have not yet been accepted into a formal model. There are just sketchy findings supporting the importance of socio-economic variables affecting retail consumer patronage. Consumer behavior theories can be used to obtain information concerning the market potential, but no quantitative model can be formulated.

As for Economic Base Theory relating to retail function, it involves identifying principles and relationships on how individuals, institutions and cities function in producing, exchanging and consuming goods and services. Retail function revolves around all the activities involved in the sale of products and services to the ultimate consumer for his own use. Retail function is merely one component within the economic base theory of a city or region. The analysis of these factors involves several economic and spatial considerations.

Methods of measuring the "strength" of a shopping establishment

vary in their nature and complexity. The most simple methods rely solely on some measures of size such as shopping floorspace on retail sales. The most complex methods measure the value of a large number of elements relating to the size, trade mix, and quality of the retail centre, and its spatial relationship with both the resident population and other nearby retail facilities. The values of these elements are then analyzed, using statistical techniques in order to group retail centres having similar characteristics.

FOOTNOTES

CHAPTER ONE

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CHAPTER TWO
THE INTRODUCTION OF THE SHOPPING CENTRE

A. Introduction

This chapter deals firstly with a review of the existing literature regarding the history and background of shopping centre development. Secondly, there will be a discussion on retail institutional changes and shopping centre development since the mid-eighteen century. There will, as well be an examination of how consumer influences and recent marketing changes have accelerated shopping centre development. Thirdly, there will be an in-depth explanation on the different types of shopping centres and their functions within the city. Fourthly, there will be a step-by-step investigation on the physical and economic variables developers must look at in determining whether or not a shopping centre should be built. Lastly, and most importantly, there will be a brief discussion on the economic base of shopping centres and an analysis on the impact these centres have had on many U.S. and Canadian cities. It should be noted that the discussion of the C.B.D. is primary in the light of the changes exerted upon it by the emergence of the suburban shopping centre.

B. History and Background of Shopping Centres

Retail institutions, similar to other social phenomena, tend to go through a life cycle, whether shorter or longer. These institutions pass through predictable stages as they progress from innovation, to substantial growth, to maturity and to eventual decline. This inquiry is not directed to changes resulting from the death or birth of specific product. Rather, it will focus on the changes in the institutions catering to the ongoing retail demand for broadly similar merchandise. For instance, the corner grocery store and the farmer's market are all but extinct species of the retail organism. Conversely, the shopping centre is in the growing and mature stages. These are two examples of retail media being at different stages in the retail life cycle. This concept is necessary in better understanding the dynamic nature of retailing and the origins of the shopping centre idea.

An overview of the importance of retailing is a convenient starting point in this discussion. Retail stores, of any form, are merely means to an end of satisfying consumer desires. The ultimate consumer loyalty is attached not to a brand name product or a specific retail locale but rather to a standard of living. Individuals or communities seek out goods and services to maintain or, hopefully, to improve their living standard. Exchange is an inescapable part of this human activity since all men must be both producers and consumers if they wish to survive. This production-consumption process, however, may be complicated by the intervention of multiple patterns of distribution,

the grouping of the population, the distribution of incomes and the organization of traffic routes, all of which have an influence on the methods of exchange and thus on the relations between producer and consumer. Retailing is the critical stage of this exchange where the types of trading relationships and how they function, the mechanics of the exchange process and its subsequent financial implications are all synthesized to create a distribution organization. Moreover the importance of retailing entails its pre-eminent position in the structuring of both real and perceived space, urban spheres of influence, the hierarchy of local and regional centres, the balance of trade flows between one district and another, the constitution of customs unions and organization of produce or commodity markets that cross political boundaries. Thus, retailing exerts both directly and indirectly a powerful influence on economic structure and spatial groupings in cities and society.¹

C. Retail Institutional Changes and Shopping Centre Development

The aforementioned theoretical considerations on retailing establish a framework for a more specific discussion of modern retail and shopping centre history. The earliest form of agglomerated retailing, or two or more stores operating side-by-side involved eighteenth and nineteenth century arcades and shop terraces. These outlets were operated by landlords who recognized that two stores side-by-side always do more than twice the volume of business of a single store

because of its cumulative pull. Retailers were now aware of the benefits of locating in close proximity to one another and spatial considerations were becoming an ever-important factor in retail planning. The advent of the industrial revolution in the nineteenth century and the subsequent technological innovations in the twentieth century would have dramatic impacts on consumer demands and retail strategies. This period further accentuated the relevancy of these spatial concepts and were correspondingly reflected in North American retail modes.

One can distinguish three periods of retail institutional change in the modern era as follows: Period 1 - 1850-1930; Period 2 - 1930-1950; Period 3 - 1950 to the present.² These particular time-frames are used because economic and historical evidence suggests these as suitable groupings.

1) Period 1 - 1850-1930

This period witnessed the beginnings of three highly important retail organizational types: the department store, the chain, and the general mail-order business. Prior to the development of these types, retail institutions were primarily small-scale, local enterprises, highly specialized by type of merchandise (e.g. drapers, shoe stores, butchers, druggist, craftsman, artisans). The department store represented a sharp break with the past with the introduction of numerous lines of merchandise under one roof, policies of fixed prices with no bargaining, acceptance of merchandise returns, and extensive newspaper advertising. The next important innovation in this period was the

chain store. The chain concept began to emerge as a viable type of retail institution, not only in food but in other areas when it became widely recognized that a group of retail stores could be organized so that the wholesale and retail functions were combined under one management. This enabled economies of scale and of functional interaction that permitted regular offering of merchandise at prices below those of the competing independent-wholesaler/independent-retailer types of operations. The third major retail institutional innovation was the general mail-order business marked by the entrance of Montgomery Ward in 1872, Sears-Roebuck in 1886 and Spiegel in 1905. These companies began dealing with customers via catalogs, with orders received and delivered by mail nationwide.³

Isolated experiments in shopping centre development were attempted in this period, but important breakthroughs in design, development and operation date from the 1920's and 1930's within the United States. In 1829, Cyrus Butler opened a fifty-shop, three-level enclosed shopping arcade in Providence, Rhode Island. In 1907, Edward H. Boulton built the Roland Park shopping centre in Baltimore, Maryland as part of a high-status residential community. By the 1920's, however, there had some American cities had began the decentralization of general merchandise stores into free-standing shops at key intersections in an expanding suburban transport network. The trend toward the decentralization of retail activity began with the significant shift to the suburbs of the population of large cities such as New York, Philadelphia and Chicago. Most of these new suburbanities were affluent executives

and professionals who used intra-urban mass transportation systems. These people moved to residential developments around commuter train stations from which they had easy access to their downtown work places. Clusters of stores were opened next to these stations to capture this new concentration of traffic and wealth. The range of goods offered and the number and size of stores in these outlying retail nucleations was smaller than in the downtown area but the internal distribution of stores was similar to that of the Central Business District.⁴

These "strip centres" served as the nucleus for new shopping districts (i.e. concentrations of individual shops on individual sites providing some sort of general mode for shopping activity). These stores also provided the impetus for the construction of small shopping centres (i.e. a planned assemblage of shop units which may or may not exist as part of a shopping district). Hoyt (1933) pointed to the emergence by 1929 of 16 leading suburban shopping districts comprising small shopping centres but with considerable additional general retail development. In the same period, Proudfoot isolated 33 such districts and over 50 minor suburban shopping districts, the majority of which contained a strip centre within them. The emergence of strip centres as an efficient medium for retail operation and as a form of property investment was one of several important features of the early shopping centre industry in the United States.⁵

Another characteristic of the shopping centre industry involved the creation of larger shopping developments providing shop units for fashion retailers as well as for retailers of convenience goods. These

were extensions of the idea of a strip centre in their form and structure. Additionally, the personal associations between the developers and designers of these early centres became more intimate. Edward Boulton, the developer of Roland Park, had a strong influence through personal discussions, with J.C. Nichols and H. Potter who were respectively responsible for developing the Country Club Plaza in Kansas City in 1922-23, and the River Oaks Centre in Houston in 1937. All three men were important in forming, in 1936, the Urban Land Institute, which has been a powerful force in diffusing new ideas on shopping centre design and operation.⁶

Overall, in this period from 1850 to 1930, innovative institutional changes in retailing were primarily in the direction of larger scale of operation, integration of wholesale and retail function (shortening of distribution channels), and more diversity of lines of goods offered under one roof. Furthermore, strip development spurred the growth of shopping districts and pioneer shopping centres.

2) Period 2 - 1930-1950

This period was highlighted by the shift to the combination food store, or supermarket by corporate chains, voluntary chains and some large independent service stores. The innovations of the food supermarket - including self-service and checkout, combination stores handling a complete array of food stuffs, plus some household supplies, larger stores and stores in automobile-traffic oriented locations - were by far the most important retail developments of this period.

This was accompanied by the decline of neighborhood grocers and various types of specialty food merchants. Broadly similar trends of institutional change appeared in the retail-drugstore field, general merchandise institutions and variety chain businesses. The overall trend was the growth of the increasingly dominant chain store type of organization. Moreover, the move to the suburbs increased in the late 1930's and 1940's continuing earlier population shift trends. Shopping centre development in this period was slow but steady in order to facilitate the corresponding increase in the suburban market.⁷

3) Period 3 - 1950 to the Present

By the late 1940's, the societal infrastructure in North America had been established for a boom in shopping centre construction. There already existed:

- a) the concept of a group of commercial establishments designed, developed and managed as a unit.
- b) the planners and architects capable of designing these centres required in the new suburban areas.
- c) the developers, both private and government, providing the organization and finance for the building process.
- d) the retailers willing to trade in the new commercial environment of the shopping centre.
- e) the consumers becoming more mobile, increasingly suburban and willing to undertake multi-purpose shopping trips.

All that was needed were the two catalysts of urban growth and economic

growth - one to provide population concentrations, the other to provide consumers with spending power.⁸

These catalysts began to appear by the early 1950's with the increased birth rate, the expansion of the middle-income group, the growth of the suburbs and a greater use of the automobile. There was a significant growth in consumer buying power due to a large increase in the population of urban areas, number of wage earners, average hourly wage and average disposable income. Buying power grew as retailers were able to level the prices of their goods by introducing economies of scale and changes in their operations which resulted in reduced labour costs. Furthermore, the retail trends of chain stores, integration of wholesaling and retailing functions and larger scale operations were now being combined to create the shopping centre retail medium. The old department store, the rural general store, the downtown shopping block and a traditional street market were all being synthesized with great success.⁹

Another catalyst for the booming growth of shopping centres was the use of the automobile, which became an increasingly important mode of intra-urban transportation. Existing central business district street systems were not designed with the requirements of the automobile in mind and the relationship that had once existed between the shop and the street broke down when the prospective customer was driving his automobile. As a result, the narrow downtown streets became more congested, noise and pollution levels increased and parking space became scarce. These resulting problems of traffic congestion

and inadequate parking soon became of troublesome proportions, and housewives found it easier to shop in suburban stores, which alert merchants had been opening in increasing numbers. So by 1950, the use of the automobile which originally had aided the growth of the downtown department store, was now threatening to retard it. A natural response to these changes was the development of planned suburban shopping centres equipped with acres of parking.¹⁰

D. Consumer Influences on Shopping Centre Development

Changing life conditions and consumer influences were additional contributors to shopping centre development. The wants and needs of consumers have varied over time, but the basic objective has always been to improve the quality of life. As a result, a massive increase occurred in the variety, types and quantities of goods and services demanded as improved productivity and consequent higher real income of wage earners raised the level of discretionary spending. For each new generation, many of the luxuries of their parents became commonplace necessities. This transition from luxury to basic need occurred in the cases of the automobile, telephone, electric service, refrigerator, television and stereo. This general expansion of demand explains the overall growth in number and types of retailing institutions, particularly shopping centres.¹¹

More specific situations of cause and effect must be noted in discussing the development of shopping centres in this period.

Firstly, consumers manifested their desire to shop by examining fairly large numbers of merchandise items in several stores for the purposes of comparing values and prices and also because many of them simply enjoyed shopping. Unquestionably, this desire to shop was one of the reasons for the favorable reception of the centres. Another important factor was the ease with which wanted goods could be obtained. Considerations of ease, convenience and time-saving have clearly exerted influence on retail institutional change. Hence, consumers enthusiastically accepted the convenience of shopping centres, which provided a variety of merchandise and services. As the suburban shopping centres began to embrace considerable numbers of competing stores, they were also catering to the shopping desire of consumers. Indispensable to these kinds of purchasing patterns were the consumer's automobile and the provision of easy road access and adequate parking.¹²

The increase in leisure time, the growing popularity of less formal life-styles and rising discretionary spending led consumers to expand their interest in spectator and participant in sports, hobbies and travel. This development opened new markets and afforded retailers opportunities to satisfy new demands. Additionally, fashion had become vastly more important in consumer attitudes as styling was applied to a whole range of consumer goods and frequent fashion changes ensued. This occurrence was once of the consequences of the greater variety of choice, the enhanced value of time and the increased affluence of society. The influence of fashion on consumer choice and

the extension of style and fashion to many types of merchandise has clearly been a source of strength to the shopping centre.

Another set of considerations which enters into consumer influences is the growth of the communications media, particularly television and radio, and the enormous growth of advertising. Interestingly, advertising has shifted from a factual product specification (the rational basis) to appeals aimed at arousing emotional and psychological responses. Another important element was the introduction of consumer credit. Increasing consumer acceptance of installment buying and credit undoubtedly had a substantial effect on retail institutional development. A further consumer factor was the tendency for an individual consumer to patronize a varied number of types of retail institutions. This trend further reinforces the need to develop the conglomerate form of retail institution.¹³

E. Marketing Changes Affecting Shopping Centre Development

Marketing changes, as well as consumer influences, have played crucial roles in the rise of shopping centres. The great influx of products that has characterized North American business in part reflects advances in technology and invention, but to a large extent is a marketing phenomenon. This mounting flood of consumer products has had a twofold effect on retail institutional structure. Firstly, individual stores had to expand in size in order to accommodate the volume of goods in their variety of sizes, colours and designs.

Additionally, new types of products, specifically those of relatively high unit value and involving a need for service, have resulted in the development of specialty-type retailing (i.e. record shops, electronic stores and stereo outlets). Furthermore, the increased use of manufacturer and private brand names, the concomitant growth of packaging and the expansion of advertising have been indispensable conditioning factors for the self-service revolution in retailing. This complex array of brand names, packaging and advertising certainly played a role in developing those consumer attitudes that led to the acceptance of self-selection in the retailing of general merchandise, apparel and other non-food lines in shopping centres.¹⁴

A significant organizational development was the functional integration of wholesaling and retailing. This integration represents a shortening of distribution activities affecting the movement of both goods and people. Integration took place on either an ownership basis or a contractual basis and moved either forward (closer to ultimate consumers) or backward (closer to suppliers). These developments in marketing made it easier for manufacturers, wholesalers and retailers to increase volume and profit through creation of new channels and adaptation of products of particular market segments. In general, these marketing changes have brought closer relations between manufacturers and retailers, with a majority of the wholesaling function tending to coalesce either with the retailer or with the manufacturer. These trends have regularized relations between retailers and manufacturers and have promoted the growth of large, well-organized retail

businesses. Another factor contributing to closer business connections has been the growth in the collection of marketing data, particularly since the development of electronic data processing. This innovation greatly increased the efficiency of accounting procedures, inventory control and credit management. These innovations immensely contributed to the success of shopping centre development.¹⁵

F. Shopping Centre Development in Canada

The aforementioned retail innovations, consumer influences and marketing changes were all prevalent in varying degrees throughout North America, Europe, Australia and Latin America. In Canada, the first shopping centre was opened in 1950. Table 2.1 illustrates shopping centre development in Canada being minimal in the 1950's and moderate in the 1960's. However, in the 1970's the construction of shopping centres increased dramatically with nearly 75% of the development concentrated in Ontario and Quebec.¹⁶ The first shopping centre to be constructed in Manitoba was the Polo Park Shopping Centre which was opened in 1959. The subsequent development of Winnipeg shopping centres following Polo Park will be discussed in the upcoming chapter.

The diffusion of the shopping centre idea from its inception in Kansas City, Missouri in 1922 to Polo Park in 1959 illustrates the rapid acceptance and far-reaching geographic scope of centre development. The three periods of retail institutional changes, coupled

Table 2.1
SHOPPING CENTRE DEVELOPMENT IN CANADA*

<u>Region</u>	<u>Gross Leaseable Area Constructed - sq ft (x1,000)</u>						<u>Total</u>	Percent of <u>Total Canadian</u>
	<u>1950-55</u>	<u>56-60</u>	<u>61-65</u>	<u>66-70</u>	<u>71-75</u>	<u>76-80</u>		
B.C. & Alta.	582	2739	3580	3956	10993	12860	34710	19.6
Sask. & Man.	0	468	711	1717	3496	2796	9188	7.4
Ont.	2021	5488	6927	8907	21100	11529	55972	38.4
Que.	777	4135	4423	6845	15544	6434	38158	35.7
Atlantic	0	743	1563	1774	6366	5180	15626	8.9
Period Total	3380	13573	17204	23199	57499	38801	153656	100.0

* Peripheral shopping centres of 50,000 square feet or more plus their expansions as listed in the Directory.

SOURCE: Canadian Directory of Shopping Centres - 1980 (Toronto, Ont.: MacLean-Hunter, 1980).

with retail marketing innovations and consumer influences better illustrate the history and background of this retail medium. Overall, shopping centres evolved out of interacting economic and social forces of the mid-twentieth which synthesized to create this unique conglomerate retail mode.

G. Definition and Function of Shopping Centres

The term "shopping centre" has been used rather loosely and concise definitions are in order. For its own purposes, Statistics Canada defines a planned shopping centre as follows:

... a group of stores which are planned, developed and designed as a unit containing a minimum of five retail establishments (or four retail establishments and a restaurant) in operation during any part of the current year. The centre must have a minimum of 20,000 square feet of usable parking area adjacent to it and the parking facilities must be free of charge to customers. For shopping centres with paved parking lots of 20,000-50,000 square feet, the ratio of parking area to gross floor area must be 1.5 to 1 or better.¹⁷

John Dawson in Shopping Centre Development (1983) offers another definition:

A group of architecturally unified commercial establishments built on a site which is planned, developed, owned and managed as an operating unit related in its location, size and type of shops to the trade area that the unit serves. The unit usually provides on site or associated car parking in definite relationship to the types and total size of the stores.¹⁸

Both these descriptions isolate the essence of the centre and serve well as general definitions of shopping centres. However, the rapid growth in numbers and the world-wide diffusion of shopping centres in

the last thirty years are associated with an evolution of centre form. The shopping centre continues to grow and new forms appear as a commercial and architectural entity within the city.

Since 1950, three main types of shopping centres have been recognized by developers, architects, planners and geographers. The three types are neighborhood centre, community centre, and regional centre. The acceptance of these classifications has given it an enduring place in shopping centre planning activities and urban geography. This three-tiered classification has remained in common use despite the subsequent development of many centres which clearly do not fit any of the three categories. This classification remains applicable to the traditional suburban centre concept and is based on the size of the centre, together with related function and tenant mix.¹⁹

1) The Neighborhood Centre

As Table 2.2 illustrates the function of the neighborhood centre is to provide a range of personal services and convenience goods. Sizes of these centres range from 30,000 to 100,000 square feet of GLA (Gross Leaseable Area is the total floor space that is designed for and used exclusively by individual tenants and upon which rent can be obtained). Total site area varies from four acres to 10 acres. The "key tenant is usually a supermarket and/or drugstore. The assumed population threshold is 7,500 to 40,000 people within a one-half to one mile radius. Development is usually carried out by a local or regionally-based developer often using relatively local funding agencies.

Table 2.2

SHOPPING CENTRE DEFINITIONAL CRITERIA

	NEIGHBOURHOOD CENTRE	COMMUNITY CENTRE	REGIONAL CENTRE
MAJOR FUNCTION	Sale of Convenience Goods and Personal Services	Functions of the Neighbourhood Centre plus soft line and hard line goods	Functions of the Community Centre plus General Merchandise, Apparel, Furniture and Home Furnishings in full depth and variety
LEADING TENANT	Supermarket or Drugstore	Variety Store and Supermarket	One or Two Full Line Department Stores
SITE AREA	4 - 10 acres	10 - 30 acres	30 - 100 acres
AVERAGE GROSS LEASABLE AREA	50,000 Square Feet	150,000 Square Feet	400,000 Square Feet
RANGES IN GROSS FLOOR AREA	30,000 - 100,000 Square Feet	100,000 - 350,000 Square Feet	350,000 to over 1,000,000 Square Feet
NO. OF STORES AND AND SHOPS	5 - 15	15 - 30	Minimum of 30
RADIUS OF SERVICE AREA	1/2 - 1 mile	1 - 2 miles	3 - 7 miles
MINIMUM POPULATION OF SERVICE AREA REQUIRED TO SUPPORT CENTRE	7,500 - 40,000	40,000 - 100,000 to 150,000	100,000 to 150,000 or more

Adapted from Department of Environmental Planning, Shopping Centres - City of Winnipeg, 1983.

Designs vary considerably from simple shop strips to that of a fully enclosed air-conditioned building. There is great variety in the form of development of neighborhood centres in North America but the local nature of their threshold population is a critical feature in their definition because on this depends their convenience function and tenant and product mix.²⁰

2) The Community Centre

A community shopping centre offers shoppers a greater depth and range of merchandise than does a neighborhood or convenience centre. Table 2.2 illustrates that the community centre serves a population of between 40,000 to 150,000 people, has a site area of 10-30 acres and GLA of approximately 150,000 square feet. The anchor tenants are typically a small department store and/or supermarket which combine with approximately thirty other retailers and service outlets. There is usually a greater variety of shop size in these centres than in neighborhood centres with anchor tenants occupying both large and small units, with small units taken by specialist national chains.²¹

3) The Regional Shopping Centre

The regional shopping centre may be considered a satellite downtown area. The centre is designed to provide all the necessary items for a one-stop shopping trip while also offering a recreation area and planned community activity. One estimate has determined that some 50,000 persons should be within 30 minutes driving time in order

to support this aggregation.²² The regional centre has a typical GLA of around 600,000 square feet within a range from 350,000 square feet to over 1,000,000 square feet. There is obviously considerable variation within such a size range in the form of a centre and it has been suggested that the largest centre - over about 1,000,000 square feet and with three or more department stores - compose a distinct type, the super-regional centre. The traditional type of regional centre provides general merchandise, shopping goods, apparel, furniture and home furnishings in depth and variety.²³

The centre is built around a full-line department store, with a minimum GLA of 100,000 square feet as the major drawing power. Larger centres have several department stores, thus increasing the assumed consumer attraction of the overall centre. The normal design utilizes the pedestrian mall, either open or enclosed, as a connection between the major anchor stores. The mall also establishes a pattern for directing customer flow past supplementary tenant stores which are placed between the purposely separated majors. Locations for such centres are at freeway and motorway intersections, particularly where arterial freeways intersect ring freeways. New ring thoroughfares provide potential sites for regional centres and developers take options on such sites well in advance of either the road construction or the residential development.²⁴

H. Extensions to the Traditional Classification

The three-tier classification of shopping centres into neighborhood, community and regional types is widely accepted, but it is far from inclusive of shopping centre development. Difficulties arise in the use of the classification for developments intermediate in size between the clear-cut types. In terms of size and function, the pattern is now more of a continuum of centres rather than that of the three-tiered typology. An extended listing is noted in Table 2.3. The neighborhood, community and regional centres, three sub-types of category 1 have already been discussed. The strip centre is the most numerous centre type, providing commercial and investment opportunities for small businesses both in development and in retailing. Centres may be free-standing or on sites adjacent to large community or regional shopping centres, attempting to complement the comparison goods product mix of the large centre. In contrast, the super-regional centre is fairly rare, effectively accessible only to middle and higher-income suburban North American consumers. Such centres usually have three to six department stores and at least 100 other units. These centres represent massive investments in a belief that for many years to come shoppers in large numbers will use their cars to go shopping and will have money and time to spend on mass consumption of goods and services.²⁵

Table 2.3

AN EXTENDED CLASSIFICATION OF SHOPPING CENTRES

<u>Main Type</u>	<u>Sub-Types</u>
1. General purpose free-standing centres	Neighbourhood Community Regional Strip Super-regional
2. General-purpose centres in shopping districts (Renewal centres)	Infill Extension Core replacement
3. Multi-use centres	New Town centres Downtown megastructures
4. Ancillary centres	Hotel-associated Office-associated Transport-associated
5. Speciality centres	Purpose-built In recycled buildings
6. Focused centres	

Source: Adapted from John Dawson, Shopping Centre Development, (London: Longman Group Limited, 1983), p. 26.

There also exists three sub-types of general purpose shopping centres within shopping districts - infill centres, extension centres and core replacement centres. The first type, infill centre, usually comprises up to about 20 units built on a redeveloped site within an established shopping district. Infill centres are situated in essentially secondary locations and redevelop sites given over to storage, warehousing and retailing where economic or physical blight is present. The second type, extension centre, occurs where existing retail floorspace in a shopping district becomes inadequate to meet the demands of a growing population and expanding retail sector. The purpose of such centres is to provide more floorspace in a planned way rather than merely to redevelop small blighted parcels of land to provide better quality retail premises. The third sub-type of this category is the core replacement centre. The purpose of these centres is to replace functionally and structurally obsolete retail property in prime locations with new retail space designed for contemporary retail techniques.²⁶

The third major category, the multi-use shopping centres are developments in which retailing is part of a broader planned land use and activity mix within a single building complex. These centres are large with 200,000 square feet or more of retailing space together with extensive office, hotel and residential space. New Town development, in the British New Towns, in Canberra, suburban Stockholm and Israel usually involves the creation of these multi-use centres. For example, the New Town shopping centre schemes have major anchor tenants of

department stores, chain variety stores and 100 or so units alongside offices, recreational facilities and even residential provision all within the one megastructure. Another centre type is the ancillary shopping centre. The tenant mix of this centre is chosen to complement the use in the rest of the building. These centres would aim at serving office workers, hotel residents, and providing for convenience needs of mass transit pedestrians who pass in high flows through the centre. The specialty centre is another centre form. There are purpose-built theme centres in which the tenant mix is carefully controlled and limited to a specific range of high quality and usually high price goods. These centres may include a small department store and gourmet food shops, but more usually the majority of tenants are limited to jewellers, fashion clothes and accessories. The sixth and final type is the focused centre where a single tenant operates from a large unit which totally dominates the centre structure. The most common dominant tenant in this centre type is the supermarket. The main tenant types are usually household furniture stores, discount department stores or hardware stores. Financial service, a dry cleaner and a tobacconist are typical tenants of the smaller units, but the exact mix depends on the dominant tenant.²⁷

The six fold classification of centres seeks to provide a more comprehensive overview than that given by the division into neighborhood, community and regional centres. This typology is far from comprehensive, but it introduces a framework for centre analysis. Similar to other classification systems, centre types often merge with

each other as change in social and economic structure occurs and tenant mix evolves. More specific discussion concerning the development processes and economic basis of these differing centre types will now be considered in more detail.

I. The Development Process of Shopping Centres

In order for a development corporation to establish a shopping centre at a specific location, it must decide whether or not to proceed by making several judgements. W. Applebaum, in his case study of the Del Monte Centre in Monterey California, suggests that this process be undertaken by gathering and analyzing data in four steps.²⁸ First of all, he states that the development corporation has to determine if the trade area could support a shopping centre. This entails the conducting of market surveys of the trade area and the purchasing power within that area.

Edgar Lion also maintains that a thorough in-depth market research report is necessary prior to site location and construction. To neglect this process, he claims would be "economic suicide". Nevertheless, he notes that many projects seem to be conceived simply on the basis that a large tract of land is readily available.²⁹ The criteria to be used in determining a location for a shopping centre site are listed by Lion in Table 2.4

The second step proposed by Applebaum in the shopping centre

Table 2.4

CHECKLIST

ALL-PURPOSE SITE INVESTIGATION

SITE IDENTIFICATION	Surface water pattern
Location	Running
Dimensions	Stagnant
Area	Water analysis
SITE ACCESS	Pressure
Major traffic arteries	Hardness
Existing	Potability
Planned	Vegetation pattern
Traffic signals	Fields
Existing	Wooded areas
Planned	Marshland
Major intersections	Other
Distance	Soil test results
Relation to site	Surface composition
Public transportation systems	Subsurface composition
Existing	Rock
Planned	Soil-bearing capacity for foundations
Major terminus	Pile or caisson requirements
Existing	Visual exposure of site
Planned	Open sight lines
SITE ORIENTATION	Obstructions
Frontage along	SITE UTILITIES
Major traffic arteries	Existing or planned
Secondary streets	Sewers
Compass direction exposure	Sanitary
SITE CONDITIONS	Storm
Existing buildings or structures	Sewage treatment plant
To remain	Water mains
To be relocated	Water filtration plant
To be demolished	Electricity
Slope pattern of site	Overhead
Fill required?	Underground
Precipitation pattern	Gas
Snow	Natural
Rain	Manufactured
Ground water table	Telephone lines
	Overhead
	Underground

Source: E. Lion, Shopping Centres: Planning Development and Administration (New York: John Wiley & Sons, 1976).

development process entails determining the size and character of a shopping centre to serve the trade area most effectively. This step involves more detailed deductive market research, which evaluates the trade area as a potential support for a different type of centre.³⁰ A summary of the first two development steps is graphically presented by Figure 2.1.

The third step is formulated to evaluate the feasibility of various sites within the general location provided in the trade area analysis. Lion presents a process in which a developer can examine in detail the attributes of different types of sites in terms of their location, area and cost (see Table 2.5). A comprehensive site investigation is also proposed and formulated by Lion.³¹ Gwen and Smith (1960) also considered in detail the attributes of different types of sites in respect to shape, size and relationship to road network. However, they concluded in a subsequent study that:

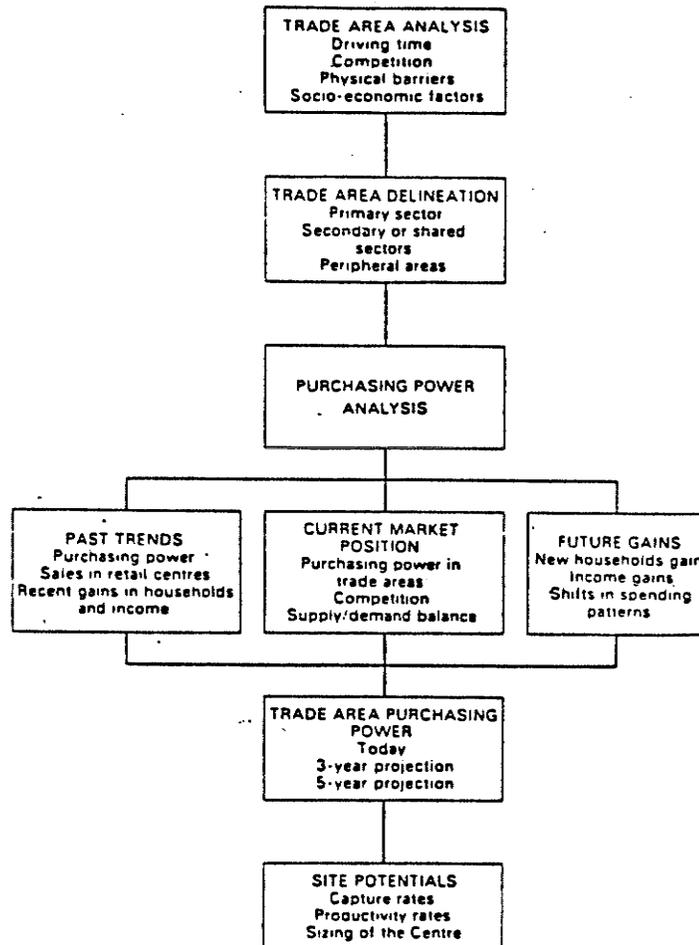
Experience in the last twenty years has shown that many obstacles concerning difficult site problems can be overcome by planning and construction techniques.³²

Dawson notes that this is particularly true for shopping developed in areas of urban re-development where there is virtually no choice of site.

Lion also contends that little real choice may exist at the third stage given the highly competitive nature of site acquisition. As a result, Lion claims that many major developers, major retail chains and real estate firms have established land banks at strategic locations on a speculative basis, for future development of shopping centres or chain outlets.³³

Figure 2.1

SHOPPING CENTRE DEVELOPMENT PROCESS



Source: Adapted from John Dawson, Shopping Centre Development, (London: Longman Group Limited, 1983), p. 40.

Table 2.5

CHECKLIST

LAND

LOCATION

- What type of center is the land suitable for?
- Has a market survey been made for the land?
- What is the relation of the land to existing population centers?
- What are the primary, secondary, and marginal trade areas for the land?
- What is the income level pattern of the area?
- What new housing developments are under way or planned, and what is the potential new population?
- What other competitive shopping is in the region, and what is the distance from the land?
- Are there industrial plants in the vicinity, creating noise, pollution, or other nuisance problems?
- What is the pattern of the primary traffic arteries in relation to the land?
- What is the secondary traffic system like?
- What new roads are planned?
- Has a traffic count been made?
- What is the visual exposure toward the existing traffic arteries?
- What vegetation is on the land?
- Are aerial photographs available?
- Are site photographs available?
- Are soil test results available?
- What department stores or supermarkets are not represented in the area?
- What is the existing zoning, or what zoning changes would be required?
- What is the topography of the land, and are there special problems with drainage, parking lot levels, and building floor levels?

- What is the composition of the subsoil, and will there be special foundation problems?
- Are sewer, water, electricity, gas, telephone, and other utilities readily available?
- What would be the principal direction of exposure of the buildings?
- What public transportation is available now?

AREA

- What is the area of the existing land?
- What other land could be obtained contiguously?
- What restrictions on the type of shopping center does the land area represent?

COST

- How much does the land cost?
 - How much will the land appreciate after utilization?
 - What is the tax structure on the land?
 - What is the potential tax escalation pattern?
 - What would be the cost of acquiring additional contiguous land?
 - What tax advantage could be obtained from the appropriate authorities?
 - What additional costs are likely to be encountered because of special site conditions?
 - What additional costs are likely to be incurred because of additional required utilities?
-

Source: E. Lion, Shopping Centres: Planning Development and Administration (New York: John Wiley & Sons, 1976).

The fourth step essentially involves the final decision by the development corporation on whether or not to proceed with the procedure necessary to construct the shopping centre. If the decision is made to go ahead with the project, the remaining components of the development process include, according to Dawson, the planning phase; construction phase and opening phase.³⁴

Dawson divides the planning phase into three stages - an exploratory stage, a preliminary stage and a final stage. The exploratory stage involves professional discourse between the developer and a property consultant, environmental planner and architect. Discussion will centre on tenant type and design, as well as the various planning, building and environmental guidelines that are to be followed. The outcome of the exploratory phase is a feasibility report which will outline for the basic programme and any foreseeable problems which may delay or cancel the project.³⁵

The purpose of the preliminary stage is to make a reliable economic projection concerning capital cost, operating and maintenance cost and revenue by analyzing and clarifying all planning and programming factors.³⁶ These factors include determining suitable site location, traffic information, merchandise planning, parking facilities and zoning. The latter factor warrants further attention, for it is one of the first items examined by a development corporation. If the land is already zoned to include shopping centre developments (i.e. "CZ" Commercial under various by-laws in Winnipeg), then planning on the site can proceed on the basis. However, if the parcel of land

is zoned for an alternative use, such as "A1" Agricultural, then certain procedures must be undertaken by the developer before the construction phase may begin. In the metropolitan area of Winnipeg, for example, a developer must initially file a development application for Zoning (D.A.Z.) with the City of Winnipeg's Environmental Planning Branch. Secondly, notice of a Community Committee meeting in the daily newspapers and in posters situated on the parcel of land in question is required. At the meeting, opponents or proponents of the application may voice their views and concerns before a committee of alderman for the ward. The report and recommendations of this committee are presented to the Committee on Environment for further scrutiny and approval. This committee also conducts a public meeting on the proposed development application for zoning.

A vital factor in the Committee on Environment's final decision on whether or not to recommend to City Council that the application be accepted is the condition that the necessary constraints are imposed to minimize the severity of vehicular transportation problems. The City contends that major developments generating significant traffic volumes should be cited in such a manner that the public investment in adjacent regional transportation facilities is protected. To achieve this goal, the City supports the principle that the developer be required to provide special access facilities or participate in remedial measures to ensure that the operation of the City's transportation system does not suffer from traffic surcharges directly related to a major development.³⁷ The importance of thoroughly analyzing this issue is

brought to light by the following policy statement:

... the existence of additional supporting reasons such as the compatibility of the project with surrounding land rises, would depend upon the extent to which the dominant transportation problem can be solved.³⁸

The Committee on Environment submits its report and recommendations to City Council which has final approval. If approved the D.A.Z. is subject to the conditions authorized by the City under Section 600 (1) of the City of Winnipeg Act (see Figure 2.2).

J. The Economic Base of Shopping Centres

Once a proposed shopping centre project is approved by the city Council, it is then up to the developer to arrange final financing. Mortgage lenders and insurance companies historically required about 75% of the space in a regional shopping centre to be leased to a triple - A tenants - highly rated national companies.³⁹ Thus, lease negotiation between developers and tenants becomes crucially important. The developer needs the tenants to make his project work, and the tenants need the space if they want to do business in that part of the city. The bargaining power of the anchor tenant means that they usually get a better rate per square foot than the other mall tenants.

Shopping centre leases always provide for two kinds of rent. There is basic rent, expressed in dollars per square foot, for the space a tenant occupies. A shopping centre mall tenant agrees to pay this figure as a minimum. Leases also provide for a percentage rent, ranging from 1 percent to as much as 17 percent of total sales.⁴⁰

Figure 2.2

CITY OF WINNIPEG

S.M. 1971, c. 105

Application for enactment.

600 (1) Where an application is made for the enactment of a zoning by-law, the council may require the owner or the applicant entitled to be registered as owner of the land, building or structure to which it will apply, as a condition to its enactment, to enter into a zoning agreement with the city in respect of that land as well as contiguous land owned or leased by the applicant dealing with;

- (a) the use of the land and any existing or proposed building or structure;
- (b) the timing of construction of a proposed building or structure;
- (c) the siting and design including exterior materials of a proposed building or structure;
- (d) traffic control and the provision of parking;
- (e) landscaping, the provision of open space and the grading of the land;
- (e.1) the construction by or at the expense, in whole or in part of the owner, of a system, works, plant, pipeline, or equipment for the transmission, delivery, or furnishing of electricity and water and the collection and disposal of sewage, or any one or more of them;
- (e.2) the payment of a sum of money to the city in lieu of the requirement under clause (e.1) to be used by the city for any of the objects referred to in clause (e.1);
- (e.3) the conveyance of land or payment of money in lieu thereof to the city or where the land is in a municipality in the additional zone to the municipality in which the land is located, by the applicant or the owner, where the application is for a zoning classification to permit a multiple residential use, commercial use or industrial use, or any one or more of them, and the land conveyed shall be used for public purposes other than highways or the money paid shall be used to purchase land for public purposes other than highways, as the case may be; or
- (f) any one or more of them, provided that an agreement dealing with any of the matters referred to in clauses (e.1) and (e.2) shall be in accordance with a by-law passed pursuant to section 637.1.

Am. S.M. 1972, c. 93, ss. 76.1 & 77; S.M. 1974, c. 73, s. 48 & c. 74, s. 34.

The tenant pays either the basic square-foot rent or the percentage rent, whichever is higher. The industry calls rent paid over the basic square-foot figure "overage" rents. Tenant merchants also agree by lease to pay the cost of maintaining the common areas of the shopping centre. The tenants, as well, agree to a compulsory levy which goes to the centre's merchant association and is used for promoting sales and special events.

Both the basic rent and the percent rent differ depending upon the retailer's ability to pay:

The greater the dollar volume taken in by a specific type of retailer in a shopping centre location, the larger the profit margin in that line of business, the greater the retailer's ability to pay rent to the developer and still make a profit from his business.⁴¹

Thus, owing to his monopolistic position in the shopping centre marketplace, the developer is able to squeeze maximum return from his tenants. Table 2.6 lists a sample of median rents paid by retailers in Canadian regional shopping centres.

The effect of these differential levels in rent is that the anchor and national retail chains are carried, to an extent, by the independent retailers who manage to obtain selling space within the shopping centre. In a major study of leasing practices in Canadian shopping centres done by the Department of Consumer and Corporate Affairs it was found that the major chains were well aware of the inequities inherent in current leasing practices. Quoted comments from representatives of national chains included:

Table 2.6
RENT LEVELS - CANADIAN REGIONAL SHOPPING CENTRES

<u>Retail Outlet</u>	<u>Total Median Rent per sq. ft. (\$)</u>	<u>Rate of Median Percentage Rent (%)</u>
National Chain Department Store	2.62	2.0
Supermarket	3.05	1.5
Menswear	8.01	6.0
Books and Stationery	8.05	6.0
Ladies Specialty	9.06	6.0
Flowers	11.93	8.0
Men's and Boy's Shoes	13.00	6.0
Records and Tapes	14.46	6.0
Specialty Foods	19.52	7.5
Fast Food	20.60	7.0

Source: Dollars and Cents of Shopping Centers - 1978 (Washington, DC: Urban Land Institute, 1978), pp. 194-219.

I would say that and I think we are, I know we are subsidized in our rent by other tenants.

One of the ... unfair situations ... that exist about shopping centres, is the unequal bargaining power of the tenants ... the smaller tenants with the lower negotiating power end up carrying all those costs.⁴²

To a certain extent, the local independent retailers pay substantial rents because the supply of space available to them in the shopping centre is limited. Much of the floor space has been pre-committed earlier on to the anchors and national chains to satisfy the security demands of the financial institutions. Besides independents are generally difficult to deal with, however, as Lion has pointed out as they pay to the developers ... higher rents, they provide the icing on the cake.⁴³ This "icing" is important in maintaining the high profit levels found in shopping centres.

Investment analyst Ira Gluskin, in his study for the Royal Commission on Corporate Concentration, makes a very conservative assumption on his analysis of Cadillac Fairview, and shows, for example, a first-year rate of profit on shopping centre projects range from 14.6% (if the developer puts up 20% of the cash cost) to infinity (if the developer finances 100% of the project cost from mortgage money). Gluskin shows that 14.6% return grows to 40.2% after 5 years and 103.3% after 10 years, assuming that the centre is successful and sales (and rental income, of course) increase at the rate they increased for successful Cadillac Fairview regional shopping centres in the last ten years.⁴⁴ Concludes Gluskin: "It is clear that the shopping centre business is highly profitable."⁴⁵ Architect Harry Petroff sums up

the essence of shopping centres very simply by stating "They're machines for making money".⁴⁶

K. Impact of Shopping Centre Development

The opening of a new regional shopping centre in most cities results in a dramatic increase in retail floorspace virtually overnight. This rapid introduction of new retail space creates a number of economic and environmental impacts within the entire region. Although much criticism has been levelled at this form of retail structure, in fairness, one must consider both the benefits and costs provided by the shopping centre. Economist Ray McCabe, in his evaluation of Shopping Centres, pointed out that the advantages of a new shopping centre include "...increased convenience, comfort, and an enhanced availability of goods and services."⁴⁷ There can be little dispute that indeed these advantages do accrue to a certain sector of the population - those residents fortunate enough to be mobile and who can drive to the facility.

Shopping centre developers usually add to their list of benefits by commenting on the impact of construction activity, the positive addition to the municipalities property tax base and the provision of long-term retail employment. In the first case, there is little dispute that the actual construction of the centre aids the local construction trades and supplies. In this sense, it is indeed a short-term benefit to the community. However, the latter two situations must be examined closer.

In order to assist the shopping centre developers in their endeavors to build a new centre, municipalities must approve rezoning, and extend roads, water and sewer services. The capital needed for these extension services can only be generated through higher municipal and property taxes from existing residence and businesses. Centre proponents would argue that these costs would be recovered by having a greater municipal tax assessment base once the centre is constructed. However, Thomas Mullers' 1978 report on "The Fiscal Impacts of Regional Malls on Central Business Districts in Small Cities" contends that rental levels, property values and subsequently assessment values dropped in the central core of cities surrounded by shopping centre development. In other words, any tax gains a municipality hopes to gain at a new mall are usually offset by losses in older shopping areas.⁴⁸

There exists numerous development implications for the municipality as well. A successful shopping centre will stimulate increases in property values in its immediate vicinity, and will increase development pressure along access roads and on adjacent lands. Developments that most frequently flourish are of the highway commercial variety. This development tends to detract from the unified architectural treatment of the shopping centre, consume considerable land, require full water and sewer services, as well as access roads. Yet it does not add greatly to assessment. Thus, development usually involves fast food outlets and other restaurants, service stations and automobile related trade, warehousing, storage and motels. Developments such as this are

not always consistent with the pattern of development in the surrounding suburban area and are usually difficult to control. Community costs involved in servicing, maintenance and providing for increasing traffic requirements outweigh the benefits that are derived through increased assessment (if any exists). More important, these developments further perpetuate an inefficient and unattractive urban environment.⁴⁹ Thus, there is no question that the new peripheral shopping centre adds little if no benefit to the city and may not be as great as anticipated.

Employment is another area greatly affected by shopping centre development. Obviously both the downtown retailer and the new dominant retail centres are important employers. However, due to the nature of the retailing methods used in the new centre, its employment would be less than 50% of the employment provided by the retailers in the downtown area doing a similar volume of business. The centres have adopted self-service retail approaches and computerized recording of sales. Attention has shifted from personalized customer service to a more efficient and economical approach using part-time, rather than full-time knowledgeable staff. Rapid turnover of high volume items has replaced the stocking of specialized and esoteric commodities. In this way, the labour cost components of the operation is kept to a minimum. To illustrate, the Halifax region (the SMSA) added approximately 2.1 million square feet of shopping centre retail space between 1956 and 1971. During the same period, total employment in the retail trade in the Census Metropolitan Area declined. These employment losses in the

retail trade sector would also negatively affect the businesses which service these operations.⁵⁰ In another study examining the potential impact of a regional mall outside Burlington Vermont, Muller pointed out that although the new centre would provide some 516 full-time equivalent positions, it would do so at a cost of 627 jobs in downtown Burlington - a projected net loss of 111 jobs.⁵¹ In Germany, nearly 7,000 small food stores have closed annually since 1870 as a direct result of shopping centre and superstore development.⁵² These examples emphasize the effects of a centre's development on a region's employment sector.

Since shopping centres cannot create new buying power they simply attract customers from existing businesses. Local retailers are invariably affected. These centres absorb a large share of the retail market at the expense of established retailers. In the wake of declining retail sales due to the introduction of a compelling peripheral mall, some local independent retailers may choose to relocate within this new facility. However, few independent merchants are found in dominant shopping centres. The high rents in these centres make it prohibitive for an independent merchant to pay additional wages for purchasing, credit, legal accounting and other support services that are centralized by the chain stores. Chains keep branch store wage costs to a minimum in order to pay high rents ranging from 6% to 8% of sales. Shopping centre owners naturally select tenants for their ability to pay high rents and to maintain or strengthen the centre's market domination. Furthermore, shopping centre owners and developers

usually lease 80% to 90% of their shopping centre space to national retail chains. Hence, in the majority of circumstances, independent merchants will discover that neither downtown nor the shopping centres offer adequate places to conduct business and they will soon disappear from the scene.⁵³

Not surprisingly, the development of shopping centres is closely linked with national corporate chains and the national department stores. In general, the corporate branch stores situated within shopping centres have generated higher sales volumes than comparable outlets in other urban locations. Thus, these chains have been able to maintain and even increase their profitability by expanding into shopping centres. Continued expansion of these chains has led to further changes. Many of the seemingly different chain stores are, in fact, members of the same corporate enterprise. For example, Dylex Diversified is a national grouping of chain stores which includes such familiar names as Tip Top Tailors, Fairweather's, Thrifty's and Big Steele.⁵⁴

Almost all of these national chain stores, like the above mentioned, are headquartered in central Canada. Moreover, a substantial proportion of the shopping centre facilities in Canada, like the centres in Winnipeg, are owned by national developers headquartered predominantly in Toronto and Montreal (see Table 2.7). One could reasonably suggest that a substantial amount of the monetary returns being generated by these shopping centres flows to central Canadian boardrooms. A corollary impact of this arrangement is that other

Table 2.7

WINNIPEG SHOPPING CENTRE OWNERSHIP, TRAFFIC AND SALES ESTIMATES

<u>Name-Owner (base)</u>	<u>No of Stores*</u>	<u>Distance To Nearest Regional Shopping Centre Or Downtown</u>	<u>Estimated Annual Traffic (millions)</u>	<u>Estimate of Annual Sales (millions \$)</u>
Eaton Place- Bredoro Group (Belgium via Calgary)	74	2 mi.	8.8	27-35
Grant Park- Grant Park Ventures Inc. (Winnipeg)	20	3 mi.	-	-
St. Vital- Trizec (Montreal)	83	4 mi.	5.2	-
Kildonan Place- Metropolitan Ltd. (Toronto)	71	5 mi.	-	50+
Unicity- Trizec (Montreal)	58	5 mi.	-	-
Garden City- Grofvenor International (London, England)	53	4 mi.	-	30-35
Polo Park- Cadillac-Fairview Corp. (Toronto)	76	2 mi.	12.0	50-75

Source: J. Hubbard Canadian Directory of Shopping Centres (Toronto: MacLean-Hunter, 1983).

* For number of stores, City of Winnipeg.

types of local businesses may also decline as chain stores replace local retail stores. Chains tend to purchase various supplies and also tend to spend their accounting, advertising, insurance, printing and legal budgets through head office rather than through local branches. Consequently, as chain stores replace locally-owned stores, there is a decline in the number of jobs or standards of living in these service industries. This process results in a net economic loss to the local community and a real substantial gain in the boardrooms of corporate offices located in either Toronto or Montreal.

When faced with a proposal for a major shopping centre development, the governing body should concern itself with the problems of the project's externalities. These arise when the actions of one individual or a group provide benefits or costs to others - costs which the initiating body does not have to pay. Externalities may be either negative or positive.

Negative externalities or indirect costs result when other person's actions cause inconvenience or damage to persons and property. Positive externalities result from gaining unanticipated economic or other benefits from the actions of others. For example, the improvement of a highway often results in higher property values of adjacent lands. The land-owners in this case receive a benefit from public investment.⁵⁵

Intertwined within the concepts of externality is the idea of equity. This relates to who should bear the costs of a particular activity. For example, should the poor, elderly and immobile bear the price of reduced retail services arising from the increased suburbanization of shopping facilities?

Economist Roy Gallegher has argued that the concept of externality and its companion, equity, is critical in dealing with retail development.

The decision to allow or disprove a particular proposal for development has an impact not just on the developer and ... [his customers] ... but also, it affects land values ... the transportation system ... environmental quality ... employment ... the impact on the well-being of existing competitive retailers ... and, in fact, the general health and well-being of residents of that area and adjacent areas.⁵⁶

A project's externalities are usually projected as a result of previous experience before approval and discovered after opening. "For the most part, decisions to accept or reject a particular proposal for a shopping centre development depends on how well the ... externalities are understood".⁵⁷ Thus in developing a policy dealing with retail development, it is incumbent that the political decision-makers, at each level of government consider as many of the known externalities to the proposal as possible.

One method of doing this is carrying out an independent, comprehensive economic and environmental impact study. A number of government bodies, in providing policy direction, have settled on this device as a technique to best illuminate various externalities. As suggested by McCabe:

An impact study implies the assessment of the consequences for the community as a whole of the introduction of a new centre of a size and at a location not previously contemplated in adopted municipal policy guidelines.⁵⁸

The spread of shopping centres into the suburban areas has had a serious effect on downtown retailers. Downtown merchants need no detail analysis or scientifically conducted research to remind them of

the fact that suburban regional shopping centres means competition for the shopping dollar. Downtown retailers realize their proportion of area retail sales is being steadily lessened with the construction of every new regional shopping centre. In the United States, for example, regional malls captured less than 5 percent of shopper goods sales before 1958, increasing their share to 13 percent in 1967 and about 31 percent in 1979.⁵⁹

If current trends continue, by the middle of the 1980s, one out of every three dollars in shopping goods purchases will be spent at a regional mall (see Table 2.8).

National estimates, which include data from sixteen representative states, are derived as shown in Table 2.9.

Between 1967 and 1972, mall shopper goods sales nationally absorbed 57 percent of the expanded market for these products (see Table 2.10).

Between 1972 and 1979, by contrast, total shopper goods sales nationally (in constant dollars) increased by only \$2.4 billion, while mall sales are estimated to have grown by almost \$19 billion.

In the United States, the average mall increased in gross square footage from 652,000 in 1967 to 729,000 in 1978. As shown in Table 2.11, the growth is totally attributable to additional so-called super-regional malls, defined according to the Urban Land Institute as having 850,000 or more square feet.⁶⁰

The increase in the average size of malls is traceable to several factors, including improvements in the highway system, public

Table 2.8

CHANGE IN SHOPPER GOODS SALES, U.S. TOTAL
AND REGIONAL MALL SHARES 1967-1979
(In Billions Dollars)

Year	Total Shopper Goods Sales		Mall Sales ^a		Mall S.G. ^c	Mall Sales as % Total S.G. Sales	S.G. Mall Sales as % Total S.G. Sales
	Current	1977 ^b	Current	1977 ^b	1977 ^b		
1962	\$ 61.7	\$123.6	N/A	N/A	N/A	-	-
1967	79.2	143.7	11.9	21.6	19.4	15.0	13.5
1972	118.4	171.5	27.9	40.4	36.4	23.6	21.2
1977	175.1	175.1	-	-	-	-	-
1978	192.2	178.6	64.5	59.9	53.9	33.5	30.2
1979	206.9 ^d	173.9	73	61.4 ^e	55.2	35.3	32

^a Includes only shopping centres with 350 thousand or more square feet. Preliminary estimates.

^b Deflated based on CPI index.

^c Derived from small S.G. sales = .90 x mall sales. (S.G. = Shopper Goods).

^d Based on national sales, first eight months of 1979 compared to first 8 months 1978 (10.1% increase) and estimated 10.5% inflation.

^e Estimated \$1.6 billion 1978 dollars increase from malls identified as opening in 1979, which is a conservative estimate.

Data Sources: Urban Land Institute, Dollars and Cents of Shopping Centres, various issues.

National Research Bureau, Directory of Shopping Centres in the United States, various issues.

Bureau of the Census, Monthly and Annual Trade Reports, various issues.

Source: Urban Land Institute, Dollars and Cents of Shopping Centres, 1980 issue.

Table 2.9

ESTIMATED MALL AND TOTAL SHOPPER SALES IN 16 STATES^a 1967-1977
(In Millions 1977 Dollars)

Year	Mall Square Feet*	Sales Per		Total		Total S.G. Sales	% Mall	
		Gross ULI ^b	Sq. Ft. MRC	Mall Sales ULI ^b	Sales MRC ^c		Sales of Total S.G.	Total S.G.
1967	63.2	\$85	83	\$ 5,372	5,309	\$45,618	11.8%	11.6%
1972	125.3	86	82	10,776	10,425	54,442	19.8	19.1
1978	235.8	82	87	19,335	20,515	59,310	32.6	34.6
Percent Change 1967-								
1978	273.1			268.6	286.3	27.7		

* (in Millions)

^a States included are Connecticut, Maine, Massachusetts, New Hampshire, Pennsylvania, Rhode Island, Alabama, North Carolina, Tennessee, Illinois, Missouri, Texas, Colorado, Montana, Nevada, and Washington. Sales in these states comprise 33 percent of the U.S. total.

^b Based on calculating sales from values shown in Dollars and Cents of Shopping Centres, Urban Land Institute.

^c Based on estimating sales from estimates derived by the use of the 1967 and 1972 Census of Retail Trade, Major Retail Centres, adjusting for sales outside the core center or centers (excluding CBDs). The 1977 estimates are based on sales derived from large shopping malls shown in the 1977 Census of Retail Trade where the major retail centers are limited to one shopping mall. Sales in these centers could be slightly above the average of all malls, since they are somewhat large.

Source: Urban Land Institute, Dollars and Cents of Shopping Centres, 1980 issue.

Table 2.10

CHANGE IN TOTAL AND MALL SHOPPER GOODS SALES 1967-1979
(In Billions 1977 Dollars)

	<u>1967-72</u>	<u>1972-79</u>
Change, Total Shopper Goods	\$30.3	\$ 2.4
Change, S.G. Mall Sales	17.0	18.8
% S.G. Mall Sales of Total	56.1%	683.3%

Source: 1967 and 1972 Census of Retail Trade Current Business Reports.

Table 2.11

NUMBER AND SIZE OF REGIONAL MALLS^a

	Regional Malls (350-849,000 sq. ft.)		Super Regional Malls r) (850,000 sq. ft. and ove	
	<u>No.</u>	<u>Average Size</u>	<u>No.</u>	<u>Average Size</u>
1967	82	542	23	1043
1972	152	545	47	1096
1978	230	549	103	1130

^a Based on sample of 16 states. Preliminary analysis is subject to further verification. Based on definitions applied in the study, there were about 950 to 1,000 malls in 1977. This compares to 1450 major retail centers based on the 1977 Census definition which includes shopping centers with 25 or more stores, one or more department stores with 100,000 or more sq. feet.

Source: Urban land Institute, Dollars and Cents of Shopping Centres, 1980 issue.

acceptance of malls, and higher sales per square foot in large as compared to small malls. As banks, insurance companies, and foreign investors found shopping malls to be good investments, additional capital became available to construct so-called super-regional malls, with construction costs in the \$50 million to \$100 million range and above are not uncommon.⁶¹ For example, in Edmonton, Alberta, there is a so-called "Super Regional Shopping Centre" called the West Edmonton Mall, which currently has "a gross leasable area of 1,650,000 square feet".⁶² When phase III of the Mall is complete in 1988, this mall will have a total of "2,450,000 square feet of gross leasable space".⁶³

The ongoing development of the West Edmonton Mall threatens to destroy the traditional role of the downtown as the central shopping district for the Edmonton metropolitan area. To substantiate this claim, a report done by Urbanic's Consultants Limited, for the City of Edmonton Planning Department, called West Edmonton Mall Impact Study compares the size of the largest suburban shopping centre to the size of the largest downtown shopping centre for Canada's six biggest metropolitan areas including Edmonton. According to the report:

This comparison provides the best indication in our opinion (Consultants), as to the relative strength of downtown and suburban shopping centres. While the core of every large metropolitan area has considerable more retail space than that contained in its largest downtown shopping complex, much of this space is dispersed over a relatively large geographic area and/or occupied by lower quality tenants (lower quality compared to those found in the big suburban shopping malls at least).⁶⁴

Table 2.12 shows the size of the largest suburban shopping centres and the size of the largest downtown shopping centre in the Toronto,

Table 2.12

RATIO OF LARGEST DOWNTOWN SHOPPING CENTRE TO
LARGEST SUBURBAN SHOPPING CENTRE FOR SELECTED
METROPOLITAN AREAS IN CANADA FOR 1983

	Largest Existing Downtown Shopping Centre		Largest Existing Suburban Shopping Centre		Downtown: Suburban Ratio
	Name	Size (Sq.ft. GLA)	Name	Size (Sq.ft. GLA)	
Toronto	Eaton Centre ¹	2,495,000	Yorkdale	1,237,000	2.02
Montreal	McGill Station ²	1,833,000	Galleries D'Anjou	974,000	1.88
Vancouver	Pacific Centre ³	1,305,000	Park Royal	880,000	1.48
Ottawa	Rideau Centre ⁴	883,000	Bayshore	595,000	1.48
Edmonton	Edmonton Centre ⁵	982,000	W. Edmonton	1,650,000	0.60
Calgary	TD Square ⁶	1,178,000	Chinook	1,020,000	1.15

¹ Eaton Centre includes Eatons, the Eaton Centre Mall and Simpsons.

² McGill Station includes Eatons, the Les Terraces Mall, the 2020 University Mall, the 2001 University Mall, and the Bay.

³ Pacific Centre includes Eatons, the Pacific Centre Mall, the Vancouver Centre Mall and The Bay.

⁴ Rideau Centre includes The Bay, Eatons, the Rideau Centre Mall and Ogilvy's.

⁵ Edmonton Centre includes Woodwards, the Edmonton Centre Mall, Eatons, the Continental Bank Building Mall and the ManuLife Centre Mall.

⁶ TD Square includes The Bay, Scotia Centre, TD Square and Eatons.

Source: West Edmonton Mall Impact Study: prepared for the City of Edmonton Planning Department (Vancouver: Urbanics Consultants Ltd., July 1983).

Montreal, Vancouver, Ottawa-Hull, Edmonton and Calgary census metropolitan areas. The data presented on Table 2.12 shows as of August of 1983, "the West Edmonton Mall has a gross leasable area of 1,650,000 square feet and, as a result, is in a unique position in that it is one and a half times as big (68 percent bigger to be precise) as its largest downtown shopping complex - that being Edmonton Centre".⁶⁵ "As of 1988, assuming that the Phase III expansion of West Edmonton mall proceeds as presently planned and that no major efforts are made to expand retailing activities in the downtown area, the largest suburban shopping centre in Edmonton will be two and a half times as big (149 percent bigger to be precise) as its largest downtown complex."⁶⁶

By the same token, the typical regional shopping centre normally captures between 5-10% of the D S T M market in a large metropolitan area. However, the West Edmonton Mall share of the D S T M market in Edmonton is currently between 18-21 percent. If the Phase III expansion of the mall proceeds as presently planned, it is projected that the D S T M will be between 21-24 percent.⁶⁷ No doubt, it will be difficult for downtown Edmonton to retain its traditional role as the central shopping district for the entire metropolitan area in the face of such overwhelming competition from a single suburban shopping centre development.

Shopping centres, such as the West Edmonton Mall, seem favoured in today's market because of what might be termed "convenience" factors. Consumers generally feel that the shopping centres are superior in terms of accessibility, parking and shopping hours. Moreover, downtown

areas of large cities have been penalized for lack of "convenience factors" and the Central business districts have been severely hurt by this competitive retailing mode.

L. Conclusions

One can distinguish three periods of retail institutional change in the modern era. Period one (1850-1930) witnessed the beginnings of three highly important retail organizational types: the department store, the chain, and the general mail-order business. Isolated experiments in shopping centre development were attempted in this period but no real breakthrough was made.

Period two (1930-1950) was highlighted by the shift to the combination food store, or supermarket by corporate chains, voluntary chains and some large independent service stores. The innovations of the food supermarket - including self-service and checkout, combination stores handling a complete array of food stuffs plus some household supplies, larger stores and stores in automobile traffic oriented locations - were by far the most important retail developments of this period.

Period three (1950 to the present) saw urban growth and economic growth flourish. There was a significant growth in consumer buying power due to a large increase in the population of urban areas, number of wage earners, average hourly wage and average disposable income. Buying power grew as retailers were able to level the prices of their

goods by introducing economies of scale and changes in their operations which resulted in redirected labour costs. Furthermore, the retail trends of chain stores, integration of wholesaling and retailing functions and larger scale operations were now being combined to create the shopping centre retail medium. Consumers enthusiastically accepted the convenience of shopping centres, which are equipped with acres of free parking and offer a variety of merchandise and services. The increased desire by consumers to shop in climatically controlled malls triggered a shopping centre boom during the mid 1970's.

Today there are three main types of shopping centres which have been recognized by developers, architects, planners and geographers. As illustrated below, the three types are neighborhood centre, community centre and regional centre.

NEIGHBORHOOD SHOPPING CENTRE

FUNCTION: Is to provide a range of personal services and convenience goods.

SIZE: Range from 30,000 to 100,000 square feet (gross leasable area).

KEY TENANTS: Is usually a supermarket and/or drugstore.

COMMUNITY SHOPPING CENTRE

FUNCTION: Offers shoppers a greater depth and range of merchandise than does neighborhood or convenience centre.

SIZE: Range from 100,000 to 350,000 square feet (gross leasable area).

KEY TENANTS: Is typically a discount department store and or supermarket.

REGIONAL SHOPPING CENTRE

FUNCTION: Is designed to provide all the necessary items for a one-stop shopping trip while also offering recreation area and planned community activity (may be considered a satellite downtown area).

SIZE: Range from 350,000 to over 1,000,000 square feet (gross leasable area).

KEY TENANTS: Two or more full line department stores.

In order for a development corporation to establish a shopping centre at a specific location, it must decide whether or not to proceed by determining the following:

- if the trade area could support a shopping centre.
- what the size and character of the shopping centre should be in order to serve the trade area most effectively
- the different types of sites in terms of their location, area and cost.

The examination of the economic base of shopping centres reveals that the anchor tenants pay the lowest rent because the presence of their stores is a growth pole and retail magnet around which all other centre activity revolves.

It was found that the opening of a new regional shopping centre in most cities results in a dramatic increase in retail floor space virtually overnight. This rapid introduction of new retail space creates a number of impacts within the entire region, for example:

- the host municipality may be responsible for the cost and or maintenance of water and sewer lines, road extensions, traffic control signals, street lighting and landscaping both within and outside the development site.
- any tax gains a municipality hopes to realize from a shopping centre are usually offset by losses in older shopping areas.
- employment in shopping centres would be less than that provided by retailers in the downtown area doing a similar volume of business.

Critics also argue that the rapid development of shopping centres seriously affects a city's retail sector in a number of ways. These impacts include:

- shifting the focus of commercial activity within the planning area.
- altering established retail trade patterns.
- perpetuating discriminatory relationships between the national chain stores and local independents within the shopping centre.

As well, a substantial amount of the monetary returns being generated by shopping centres are routed outside the city, resulting in a net economic loss to the local community and a real substantial gain in the boardrooms of corporate offices located in either Toronto or Montreal. Thus, in determining whether to accept or reject a particular proposal for a shopping centre, it is incumbent that the political decision-makers at each level of government, consider as many of the known externalities to the proposal as possible.

The historic retail occurrence in Winnipeg seems to follow the patterns outlined above, and is the subject of the next chapter.

FOOTNOTES

CHAPTER TWO

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CHAPTER THREE

THE CHRONOLOGICAL HISTORY OF RETAIL DEVELOPMENT IN WINNIPEG

A. Introduction

The purpose of this chapter is to provide the reader with a chronological review of the history of retail development in Winnipeg. From being a frontier outpost, Winnipeg quickly grew into a viable commercial centre and closely followed most of the historical trends discussed in the previous chapter. An examination of the causes of the growth and shifts of retail districts in Winnipeg will now be presented.

B. Winnipeg's Early Retail Development

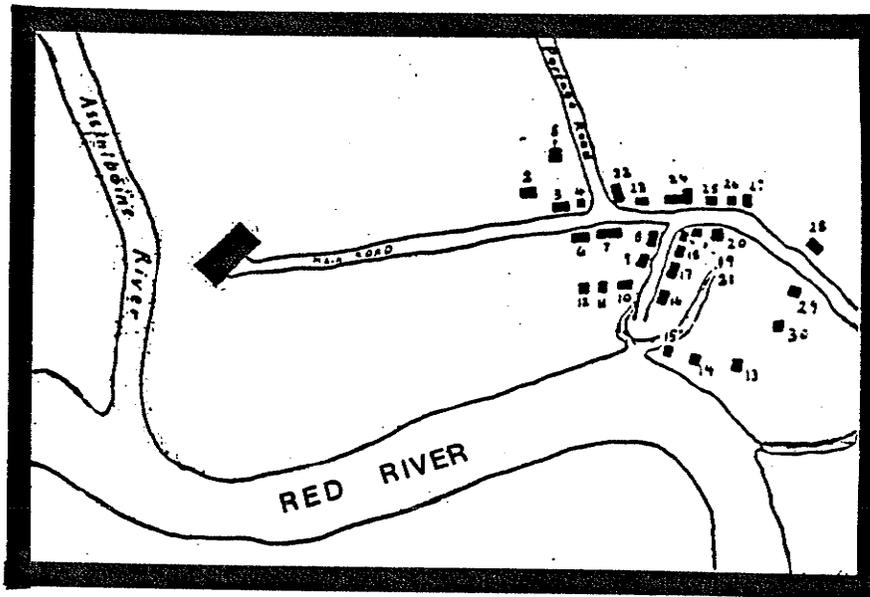
In 1812, a colonial settlement of Scottish crofters from the county of Selkirk was established at the junction of the Red and Assiniboine Rivers. The nucleus of the settlement was situated a mile and a half north of "the forks" on the west bank of the Red River.¹ Fort Douglas, which was erected in 1814 by the Hudson's Bay Company of England, served as the centre of community life. Hans Hosse, in his thesis, "The Areal Growth and Functional Development of Winnipeg from 1870 to 1913", maintains that the arrival and entrenchment of the Selkirk settlers marked the beginning of a new period in the Canadian West.² The local economic and social organization based on the fur

trade was to eventually give way to an agricultural economy.

The construction of two successive forts, both called Fort Garry, in 1822 and 1836 was of great significance to the vitality of the settlement. The latter fort was situated overlooking the Assiniboine at its junction with the Red, at the southern end of Main Road. This post became the focal point of the fur trade and Hudson's Bay Company administration in the West.³ Furthermore, this locale served as the commercial centre of the settlers of the Red River Valley.

The Company's monopoly on commercial trade in the Red River Valley region was eventually broken with the establishment of five independent businessmen along Main Road (i.e. present day Main Street) immediately north of its intersection with the overland road to the West (i.e. present day Portage Avenue) about a half a mile north of Fort Garry. The "five merchants" provided retail goods and services to the settlement along the Red River in direct competition with the Hudson's Bay Company. Henry McKenny was the first of these merchants to construct a retail outlet at the present-day corner of Portage and Main. Initially, his choice of location provided "ridicule and even jeers".⁴ However, Hosse notes that by 1869 a collection of thirty houses and buildings was grouped around the intersection of the two trails (see Figure 3.1). Hosse also states that by 1869, the "free merchants" offered serious competition to the Hudson's Bay Company.⁵

MAP OF THE VILLAGE OF WINNIPEG in 1869

KEY TO MAPTHE VILLAGE OF WINNIPEG IN 1869

- (1) Fort Garry.
- (2) Hudson's Bay Company's Store.
- (3) Wm. Drever's building.
- (4) Red Saloon.
- (5) Holy Trinity Church.
- (6) Brian Devlin's restaurant.
- (7) Red River Hall and Block.
- (8) O. Monchamp's hotel.
- (9) Garret House.
- (10) McDermott's house, occupied by Dawson Road overseers.
- (11) McDermott's house, later Custom House.
- (12) Wm. Drever's house, used as a convent.
- (13) McDermott's Mill.
- (14) A. McDermott's residence.
- (15) Steamboat landing and small warehouse.
- (16) Engine house (fire hall).
- (17) Post Office Block.
- (18) Bannatyne's and Begg's stores.
- (19) Salt warehouse.
- (20) A.C.B. Bannatyne's residence, used as Parliament Building.
- (21) W. Palmer Clark's general store.
- (22) Henry McKenny & Larsen's block, the first building in the Village of Winnipeg.
- (24) Emmerling's hotel, afterwards Davis House.
- (25) John Higgin's store.
- (26) W. H. Lyon's house and store.
- (27) House of Henry Coture, the butcher.
- (28) W. G. Fonseca's store.
- (29) Logan's house.

(Sources: Begg & Nursey, Ten Years in Winnipeg, (Times Printing and Publishing House Winnipeg, 1879) pages 1, 2, and 13. McWilliams, Manitoba Milestones, (Toronto: J. Dent & Sons, 1928) page 8). G.B. Elliot, Winnipeg as it is in 1874 and as it was in 1860 (Winnipeg: Printed in the Daily Free Press Office, 1874) pages 4-28.)

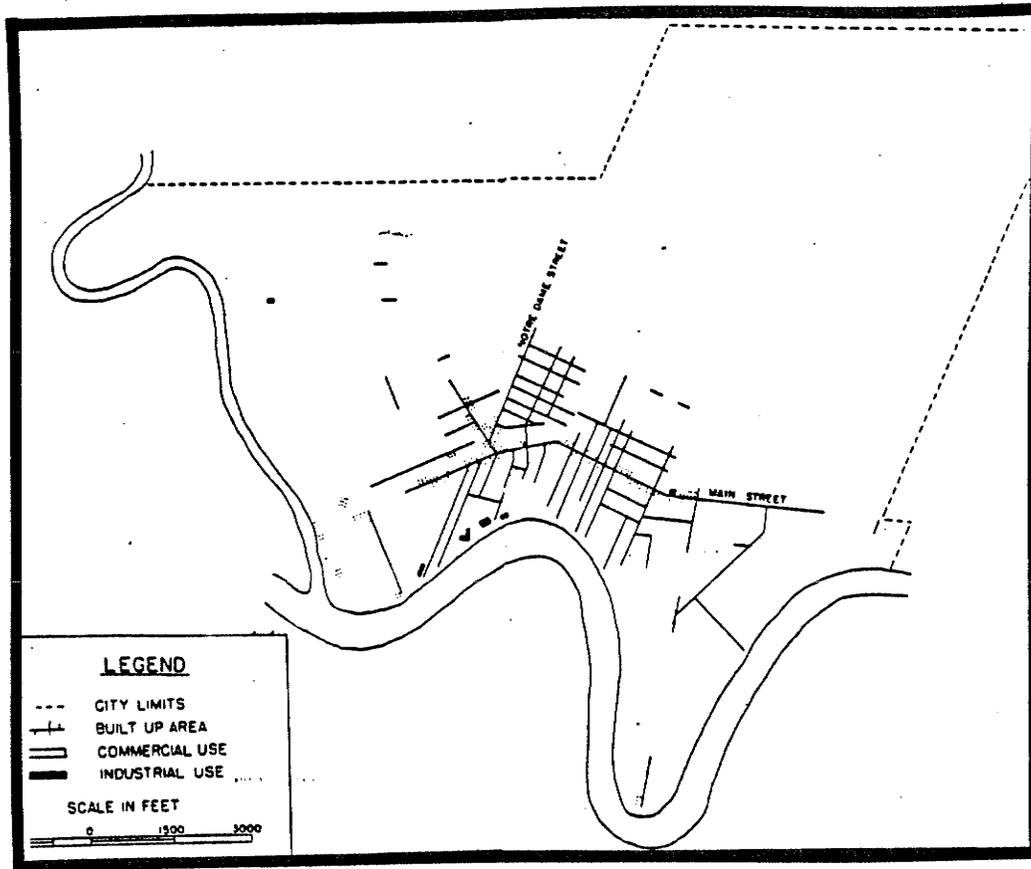
Figures 3.2 through 3.5 illustrate the increase in commercial development in Winnipeg from 1875 to 1901. According to Hosse, by 1875, the corner of Portage and Main was "the very core of the commercial district of the city".⁶ Commercial development started from this point northward along Main as far as the present-day Higgin's Avenue intersection. Commercial growth southward continued to be dominated by the presence of Fort Garry. Furthermore, commercial buildings on "Portage Road" were constructed only as far west as Smith Street, the third street west from Main Street.⁷

The arrival of the railway to Winnipeg in 1881 provided impetus to an unprecedented population growth. In a brief four-year period, from 1877-1881, the population soared from 3,250 to an incredible 7,985. Lloyd David Talbot in his thesis "A Study of the Development of Winnipeg's Planned Shopping Centres" contends that "with the railway as an attraction, manufacturing and wholesaling enterprises were soon established and a population base was provided for the expansion of the retail and service trades."⁸

During the period 1877 to 1881, the section of Main Street between the Portage intersection and Point Douglas (i.e. Higgins Avenue) had maintained its position as the centre of the City's commercial sector.

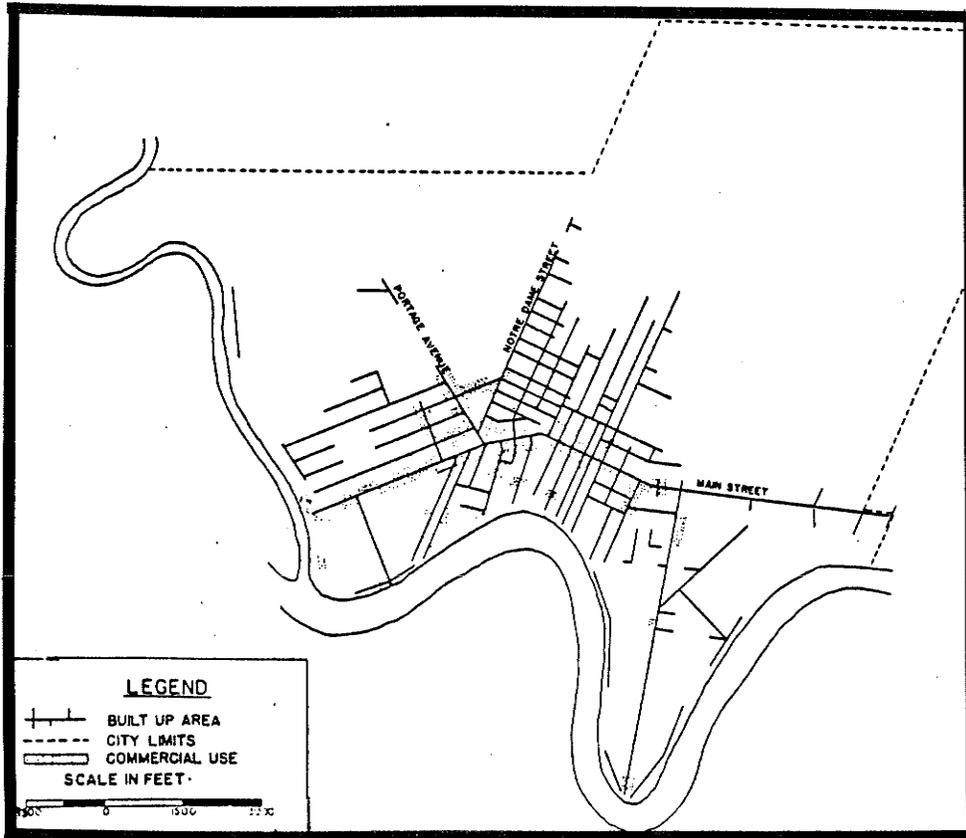
Hosse notes that the intersection of Portage Avenue and Main Street had emerged as the core of the commercial district by 1884. Commercial land use by this time had engulfed complete blocks adjacent to this intersection. A growing retail district on streets east and west of Main Street had also emerged in addition to the existing

Figure 3.2
MAP OF WINNIPEG IN 1875



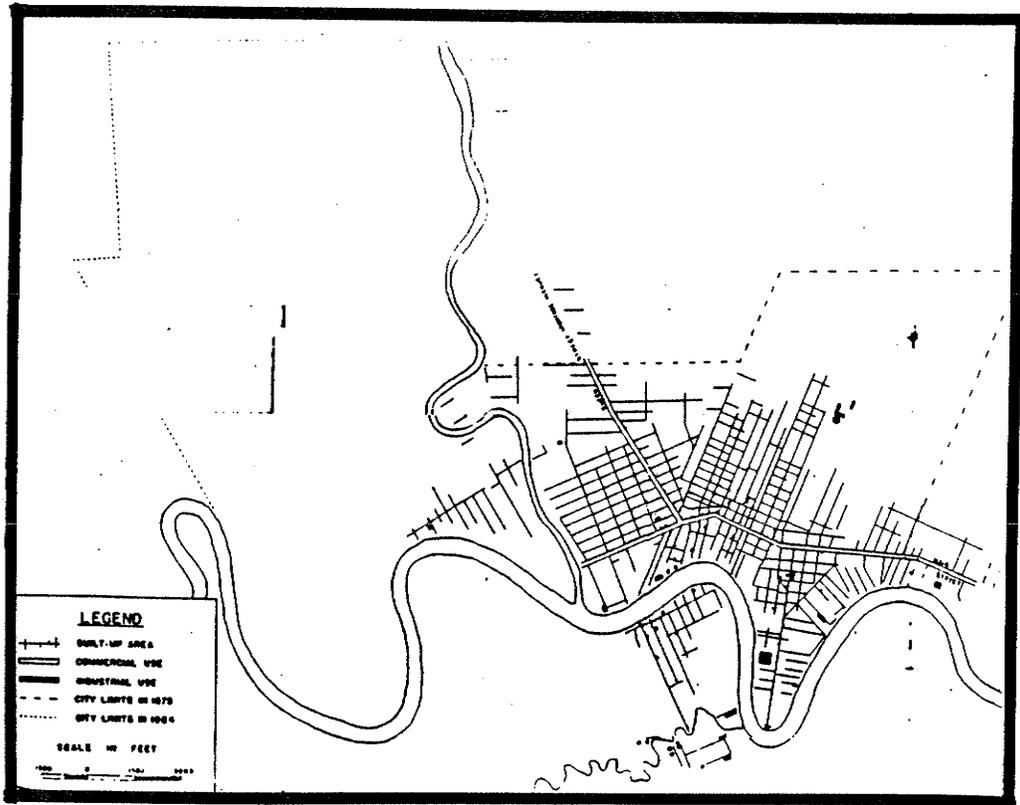
Source: Weir, Thomas, Ried, Atlas of Winnipeg, (Toronto: University of Toronto Press, 1978).

Figure 3.3
MAP OF WINNIPEG IN 1881



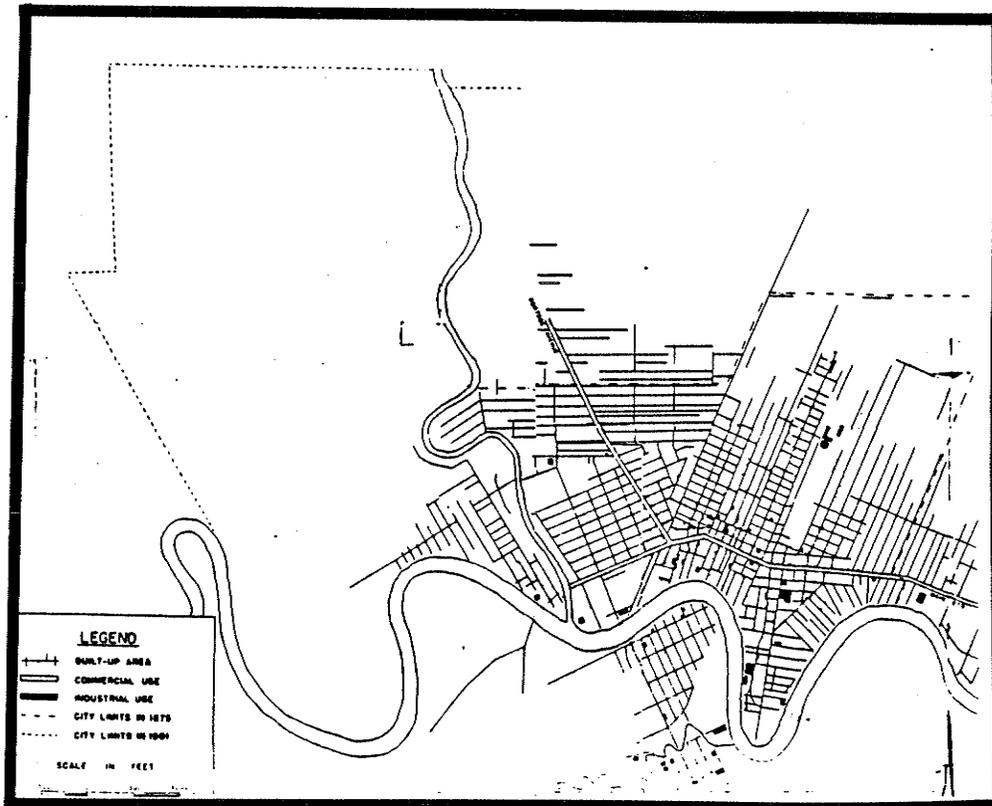
Source: Weir, Thomas, Ried, Atlas of Winnipeg, (Toronto: University of Toronto Press, 1978).

Figure 3.4
MAP OF WINNIPEG IN 1884



Source: Weir, Thomas, Ried, Atlas of Winnipeg, (Toronto: University of Toronto Press, 1978).

Figure 3.5
MAP OF WINNIPEG IN 1901



Source: Weir, Thomas, Ried, Atlas of Winnipeg, (Toronto: University of Toronto Press, 1978).

north-south commercial axis. This axis of development was further augmented by the presence of the tracks of the C.P.R. running along Point Douglas (i.e. Higgins Avenue) across Main Street. Hosse notes that their presence accounted for "a great number of new stores" north of Point Douglas and along Point Douglas Avenue.⁹

By 1901, the structure of the commercial section of the city experienced dramatic change.¹⁰ The thrust behind the change was the establishment of Winnipeg as the headquarters of the western grain trade. Thus, a financial section to accommodate this new function evolved within the commercial district of the city. The growth of a grain economy also facilitated the concentration of agricultural implements dealers along Princess Street close to the Exchange Building. Retail store growth along north Main was checked by the commercial core at Portage and Main. Thus, only a few new stores opened north of Point Douglas in the period from 1885 to 1901.¹¹

C. Winnipeg's Retail Development During the 1900's

During the period from 1902 to 1913, according to Hosse, Winnipeg enjoyed the distinction of being the centre for business on the prairies. Vital to the expansion of the business community was the development and growth of the urban area of Greater Winnipeg and its hinterland. In particular, the growth of the suburbs, in addition to St. Boniface, was significant. For instance, St. James, situated on the western fringe of the urban area of the City of Winnipeg along both

sides of Portage Avenue became one of the most progressive suburbs of Winnipeg.¹² Its rapid development was representative of the pronounced western expansion of the built-up area of Winnipeg. This growth was partially facilitated by streetcar and bicycle communications to the central business core, as well as the establishing of "Portage Avenue as the main thoroughfare and highway to the West".¹³

Residential development on both sides of Portage was enhanced by low municipal taxes and large lots. Hosse notes that the planned development of Woodhaven was also a further attraction for residential development in the first years of the century.¹⁴

Residential development also evolved in the municipality of St. Vital, which was incorporated in 1903, and in the rural community of Kildonan on the northern city limits. In St. Vital, the development was centred on St. Mary's Road and adjacent streets to the east. In Kildonan, west of the Red River, urbanization paralleled Main Street and on the eastern side development on a much smaller scale was prevalent along the northern stretch of present-day Henderson Highway and five adjoining streets. On the other hand, urban development northward was delayed by a marked process of urban blight which encompassed an area including Point Douglas.¹⁵ Hosse states that,

Winnipeggers naturally tended to avoid this slum area, which lay between the downtown (sic) commercial district and a large part of the northern residential area; they preferred to construct their homes in other parts of the city.¹⁶

The extensive growth of residential areas "favoured the growth of commercial establishments along main thoroughfares and at main inter-

sections away from the downtown commercial area".¹⁷ In greater Winnipeg, commercial land use took the form of pronounced ribbon developments along Notre Dame, Ellice and Sargent Avenues "for more than a mile from the central commercial district".¹⁸ A concentration of commercial development was also evident in Fort Rouge along Osborne Street. Other concentrations of commercial establishments in predominantly residential districts were located in St. Boniface, at the intersections of Tache and Marion Streets, and Tache and Provencher Streets, in St. James along Portage Avenue West and in Elmwood in proximity to the Louise Bridge.¹⁹

Despite these modes of commercial land-use, Hosse notes that the intersection of Portage Avenue and Main Street still represented the core of the central business district. Furthermore, he states that commercial establishments had become entrenched at "a depth of two to three blocks west of the central part of Main Street and had spread to the east between Water Street and Alexander Avenue".²⁰ Scattered commercial development was also evident along both sides of Main Street as far north as Redwood Avenue.

The westward urban expansion also influenced the development of Commercial land use along Portage Avenue. With the construction of the massive T. Eaton Department Store in 1905 on Portage Avenue between Donald and Hargrave Streets, retail stores proceeded to fill in the vacant space between this location and Main Street. Talbot asserts that the Eaton's store represented a new retailing focal point which was effective in drawing business away from Main Street.²¹

By 1913, retail establishments were situated on Portage Avenue as far west as Maryland Street. Hosse contends that this expansion resulted in a significant increase in land values along Portage Avenue which, in due course, would exceed those along Main Street.²² This is evident in Hosse's examination of the 1926 assessed value of land along Portage Avenue, between Hargrave Street and Main Street between Bannatyne Avenue and Portage Avenue. The data indicates that the values per foot frontage on Portage for the area under consideration exceeded \$3,500 whereas the value per foot frontage on Main Street, between the specified streets, ranged from \$2,500 to \$3,499.²³

By the end of 1913, Hosse maintains that Portage Avenue with its newly established higher order retail outlets and modern office buildings was perceived to be more attractive to increasing numbers of consumers and their demands. He states that, in comparison, the retail establishments along the central part of Main Street were confined and outdated.

The construction of the Hudson's Bay Company store in 1927 at Portage Avenue and Vaughan Street further consolidated the higher order retail activity in the central business core. Talbot maintains that:

Since 1927, the area along Portage Avenue between Eaton's and the Hudson's Bay Company store has been the scene of most of Winnipeg's higher order retail activity.²⁴

However, between 1900 and 1930, it became increasingly uneconomical for consumers to travel to the downtown area for other than higher order

goods. As a result, consumers patronized retail outlets, for lower order merchandise, which were being developed along major thoroughfares and street car routes or in small outlying retail nucleations situated at major intersections within suburban communities.²⁵ Talbot states that prior to 1930, Pembina Highway, in addition to Portage Avenue and Main Street, had a well developed commercial ribbon and St. Vital, St. Boniface, Fort Garry, St. James, Elmwood, West Kildonan, East Kildonan, Old Kildonan and Transcona each had a small business district. Talbot notes, though, that the retail and residential growth in Winnipeg was essentially brought to a halt by the Depression and World War II.

D. Winnipeg's Retail Development during the Post-World War II Years

The period immediately following World War II was marked by a significant increase in population and a resultant demand for housing. Consequently, Winnipeg faced the crisis of an acute housing shortage. The City of Winnipeg Health Department was commissioned in 1947 to do a study on this problem. The report recommended that 10,000 additional housing units be constructed as soon as possible. As a direct result of this report, thousands of new homes were built in Winnipeg and surrounding suburban municipalities.

Population growth coincided with the residential development in Winnipeg, especially in the suburban municipalities. In fact, every municipality with the exception of Transcona and Tuxedo, had an

increase in population of at least fifty percent between 1941 and 1951.²⁶ Moreover, municipalities bordering the City of Winnipeg continued to grow during the 1950s and 1960s as the nation-wide trend of suburban living continued. Suburban developments such as Westdale, Southdale, Fort Richmond and Windsor Park evolved during this period, as were areas in North, West and Old Kildonan and St. James Assiniboia.²⁷ However, from a retail perspective, the increased usage of the automobile was not without its hazards. It precipitated greater traffic congestion in traditional commercial areas. As a result, shopping in the downtown area became increasingly inconvenient. Moreover, travel from suburban areas became more costly as distances increased and parking space decreased in the core.²⁸

In 1947, the Wildwood Shopping Centre located in Fort Garry was the first commercial development in Winnipeg that was designed to better accommodate the car-driving public. The stores in this "planned retail nucleation" were set back further from the street to allow diagonal parking for cars.²⁹ Five retail outlets, including a grocery store and a car service station, were accommodated under one roof. The shopping centre was designed to serve Wildwood Park and a designated target population. It was operated by a single entrepreneur. Talbot maintains that its "development marked the beginning of a new era in retailing in Winnipeg and Western Canada as a whole".³⁰

The success of Wildwood Shopping Centre triggered further development of more multi use shopping facilities. The next shopping centre was located in south Winnipeg at Stafford Avenue and Pembina Highway.

When this centre was opened in 1955, it contained 82,000 square feet of retail space. The chief tenant of the neighbourhood centre was a large A and P food store.³¹

It should be noted that during this period another major food chain, Canada Safeway, was making efforts to strengthen its position in Winnipeg and across Western Canada. This chain was closing many of its smaller stores in the older parts of the city and building supermarkets along major thoroughfares such as Pembina Highway, Portage Avenue and Corydon Avenue. Dominion Stores and Loblaws built their first Winnipeg supermarkets during the mid 1950's. Their target, as with Canada Safeway, was the car driving consumer who was now tending to buy bulk and to shop on Friday evenings and on Saturday. The prairies based Western Grocers Ltd. was also changing and expanding its operations with the openings of numerous Shop Easy supermarkets and by banding together a group of independent grocers under the name of Tomboy Stores.³²

The next shopping centre to be built in 1958 was located in St. James. The Silver Heights Shopping Centre was another neighbourhood type centre and was located on Portage Avenue and Mount Royal Road. Its arterial location enabled the stores in this shopping centre to tap the homegoing traffic market, in addition to that of the local area.

The next new shopping centre to be opened in 1958 was in West Kildonan at Jefferson Avenue and Main Street. This was another neighbourhood shopping centre and featured a food and junior department store.

In 1959, what is still Winnipeg's largest shopping centre, Polo Park, opened for business. This was the first regional shopping centre in Winnipeg and western Canada. When Polo Park was first opened, forty-eight stores were featured, including a Simpson-Sears Department Store, two junior department stores and two supermarkets.³³ It was the first mall-type shopping centre to be developed in Winnipeg. Unfortunately, shoppers had to fight the elements of the weather until the centre was enclosed in 1963. The enclosure of Polo Park improved the shopping atmosphere greatly and, as a result of the weather proofing and landscaping of the mall, sales increased by 15% in 1964.³⁴ A major addition was made to Polo Park in 1968, which resulted in the opening of Winnipeg's second Eaton's department store with a number of smaller shops.

Winnipeg experienced a significant growth in the number of shopping centres since the 1950's. Table 3.1 displays Winnipeg's regional, community and neighbourhood centres by year of construction, area and major tenants. The period from 1960 to 1966 was one of significant growth in the number of shopping centres. During this time, eight community and eleven neighbourhood shopping centres were opened. All of these new retail nucleations were developed in the suburbs and many were opened in conjunction with a residential area expansion. Junior department stores such as Woolco, K-mart, Gambles and Zellers were the chief tenants in the Grant Park, Northgate, Westwood, Crestview, Northdale, Southdale and Elmwood community shopping centres. Small neighbourhood shopping centres were designed to service the everyday

Table 3.1
CITY OF WINNIPEG SHOPPING CENTRE INVENTORY - 1982¹

TYPE AND NAME	ADDRESS	DATE OPENED	G.F.A. ²	G.L.F.A. ³	MAJOR TENANTS
REGIONAL					
Polo Park	1485 Portage Ave.	1959	945,516	892,403	Eatons, Sears
Garden City	2305 McPhillips St.	1970	444,636	361,323	Eatons, Sears
Unicity Mall	3605 Portage Ave.	1975	552,854	474,053	Bay, Woolco
St. Vital Mall	1225 St. Mary's Rd.	1979	709,225	635,000	Eatons, Bay, Woolco
Kildonan Place	1555 Regent Ave. West	1980	505,860	444,500	Bay, Sears
COMMUNITY					
Northgate Plaza	1361 McPhillips St.	1962	240,590	190,214	K-Mart, Gambles
Grant Park Plaza	1120 Grant Ave.	1963	420,137	352,393	Woolco, Gambles
Westwood	3286 Portage Ave.	1964	139,436	118,500	Zellers
Elmwood	1150 Nairn Ave.	1964	96,759	86,334	Gambles
Northdale	963 Henderson Hwy.	1965	129,990	115,711	Zellers
Southdale	21 Lakewood Blvd.	1966	127,700	110,320	K-Mart
Crestview	3395 Portage Ave.	1966	113,083	98,901	K-Mart
Crossroads	1570 Regent Ave.	1966	255,360	229,051	Woolco, Beaver
Ft. Richmond	2860 Pembina Hwy.	1972	141,800	127,575	Zellers
River east	1439 Henderson Hwy.	1972	135,045	115,106	K-Mart
Garden City Square	845 Leila Ave.	1976	242,097	206,136	Woolco
Southwood Mall	1900 Pembina Hwy.	1978	188,744	178,874	K-Mart
Forest Park Mall	3900 Grant Ave.	1982	186,820	163,000	K-Mart
NEIGHBOURHOOD					
Stafford Plaza	651 Stafford Ave.	1955	82,844		
St. James	2527 Portage Ave.	1958	33,453		
West Kildonan	1650 Main St.	1958	56,308		
Alpine Place	Fermor Ave. & St. Anne's Rd.	1959	58,624		
Cottonwood	1031 Autumnwood Dr.	1960	51,999		
Regent Park	701 Regent Ave. W.	1960	64,850		
Rossmere	1050 Henderson Hwy.	1961	60,768		
Munroe	501 London St.	1961	28,139		
Windsor Park	650 Elizabeth Rd.	1961	37,747		
Southgate	1305 Pembina Hwy.	1963	39,235		
Dakota	1077 St. Mary's Rd.	1963	55,066		
Tuxedo	2025 Corydon Ave.	1963	73,078		
Dominion	43 Marion St.	1964	66,615		
Goulet	125 Goulet St.	1965	31,088		
Kern Park	630 Kildare Ave., E.	1965	33,222		
Springfield Heights	1155 Rothesay St.	1967	24,746		
Courts of St. James	2727 Portage Ave.	1967	62,492		
West Park Centre	390 Provencher Blvd.	1968	27,554		
Sturgeon Park Plaza	3039 Ness Ave.	1969	41,539		
Lakewood Plaza	Lakewood & Fermor Ave.	1969	60,877		
Weston Square	305 McPhillips St.	1974	47,263		
Park West	6650 Roblin Blvd.	1976	73,285		
Kenaston Village	1853 Grant Ave.	1979	51,550		
College Heights	1717 Pembina Hwy.	1979	50,116		
Garden City Place	2211 McPhillips St.	1980	54,184		
McIvor Mall	1975 Henderson Hwy.	1980	73,380		
Maples Market Place	1273 Jefferson Ave.	1980	50,920		
Garden Oak Square	2188 McPhillips St.	1980	44,344		
Dakota Park Plaza	200 Meadowood Dr.	1980	65,176		
Richmond West	2855 Pembina Hwy.	1980	73,489		
Eastwinds Centre	1530 Regent Ave. West	1980	68,840		
Co-op Centre	2136 McPhillips St.	1981	41,200		
McPhillips Medical Centre	2200 McPhillips St.	1983	26,768		

¹ Source: City of Winnipeg Assessment Department

² Gross Floor Area: Is equal to the gross leasable floor area plus any other floor area. It equals the total floor space of all stores, office facilities and common mall area, including the ground floor, the upper floors, mezzanines and basements.

³ Gross Leasable Floor Area: is the total floor space that is designed for and used exclusively by individual tenants and upon which rent can be obtained. It is the true generator of traffic and parking requirements. It can be divided into the actual sales area storage space.

needs of the new residents of eastern Transcona, East Kildonan, Windsor Park, St. Vital, Fort Garry, Tuxedo, Charleswood, Westwood and St. James. The saturation of the suburban market with shopping centres has been so effective that retailing in parts of East Kildonan, Windsor Park, Tuxedo and the western extremes of St. James-Assiniboia is carried on almost exclusively in this new form of retail nucleation.

Between 1967 and 1974, nine more shopping centres came into existence. Of these, one was Winnipeg's second regional planned shopping centre called the Garden City Shopping Centre, which was located in the north-western part of the city.

Since 1975, the demand for new retail facilities has been met with the introduction of four new downtown retail centres and eighteen suburban shopping malls. It should be noted that the City of Winnipeg's Department of Environmental Planning does not include downtown retail centres such as Eaton Place, Osborne Village, Townsite and Northside Centre in their statistical tables because they did not meet the definitional requirements of a shopping centre as outlined in the previous chapter. Specifically, the rationale behind their exclusion was that most downtown retail operations lack on-site parking and some do not have a major supermarket or department store as an anchor tenant.

In reviewing Winnipeg's current inventory of suburban retail operations, one will notice that five regional shopping centres contain the largest aggregate leasable floor area of the three types of sizes of shopping centres (see Table 3.2).

Table 3.2

WINNIPEG'S SHOPPING CENTRES
 (Gross Leasable Floor Area)²
 by YEAR OF CONSTRUCTION

TYPE	CONSTRUCTED Prior to 1966	CONSTRUCTED 1966-1970	CONSTRUCTED 1971-1975	CONSTRUCTED 1976-1980	CONSTRUCTED Post 1980	Total
REGIONAL	{11892,403 ¹	{11361,323	{11474,053	{211,079,500		{512,807,279
COMMUNITY	{511,026,912	{31496,143	{21276,845	{21430,841	{11163,000	{1312,393,741
NEIGHBOURHOOD	{151773,036	{51217,208	{1147,263	{101605,784	{2167,968	{3311,711,259
TOTAL	{2112,692,351	{911,074,674	{41798,161	{1412,116,125	{31230,968	{5116,912,279

¹ The number of shopping centres is shown in brackets, to the left of the indicated square footage.

² The gross leasable floor area is indicated in square feet.

Source: Department of Environmental Planning Shopping Centres - City of Winnipeg, 1983.

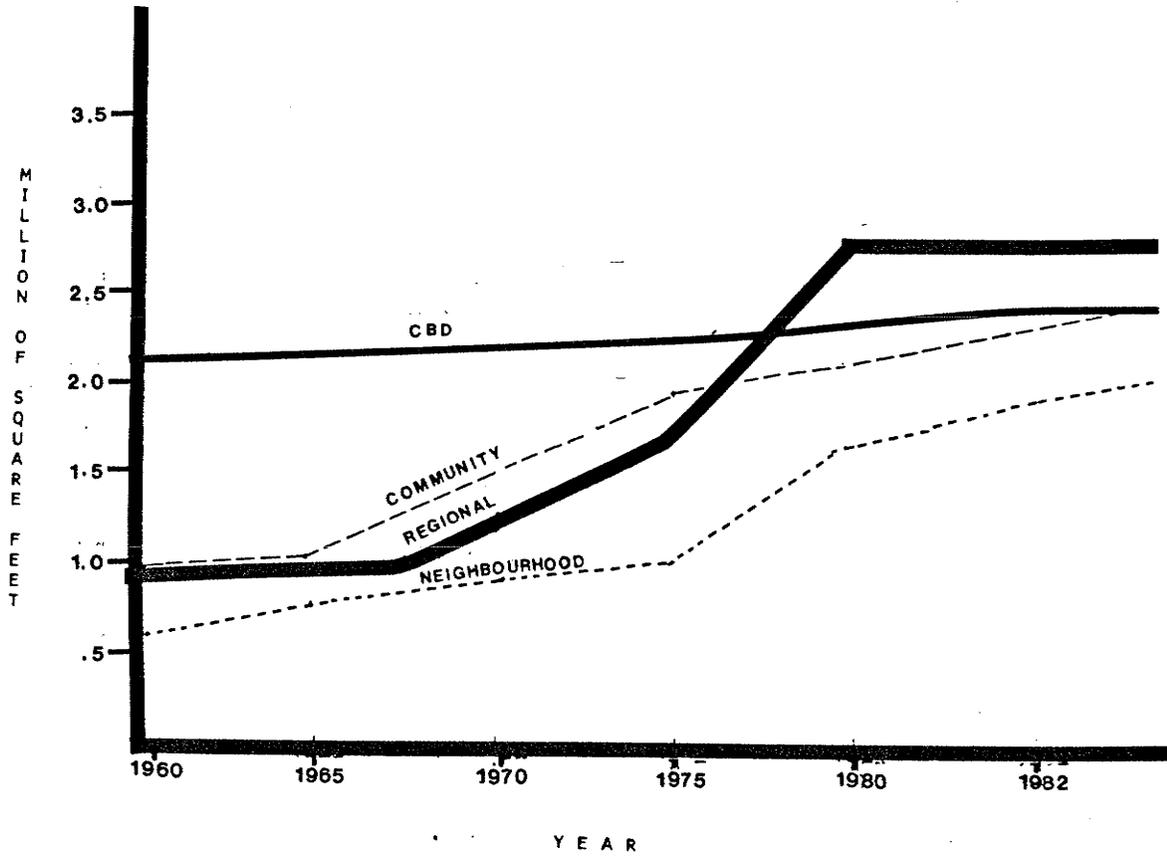
In fact, 39% of the regional shopping centres floor space, or 27% of the total gross leasable floor space, has been established since 1975.³⁵ As illustrated in Figure 3.6 Neighbourhood, Community and Regional shopping centres, all witnessed a dramatic increase in the amount of gross leasable floor area. For example, since 1970, regional and neighbourhood centres in Winnipeg have increased their amount of gross leasable floor space by over 100%. However, in the C.B.D., there has been minimal absolute or relative change in retail space since 1960. (Further discussion on this in the next chapter.)

Neighbourhood, Community and Regional shopping centres have been quite evenly distributed in the five community committee areas which form the development suburban areas of the City of Winnipeg as seen in Figure 3.7 and in Table 3.3. With the completion of Kildonan Place in 1980, over 20% of the gross leasable floor area is located in East Kildonan/Transcona.³⁶ Interestingly, the City Centre/Fort Rouge community committee area which has not been an area of suburban residential growth has the fewest number of shopping centres. However, it does encompass the downtown retail district and interestingly developed strip commercial land use. The Department of Environmental Planning maintains that the existing inventory of Regional, Community and Neighbourhood shopping centres appears adequate to serve the projected local market of 660,000 people by the year 2000.³⁷

The years since World War II have definitely been ones of tremen-

Figure 3.6

COMPARISON OF THE GROSS LEASEABLE FLOOR AREA OF WINNIPEG'S RETAIL CENTRES AND THE C.B.D.



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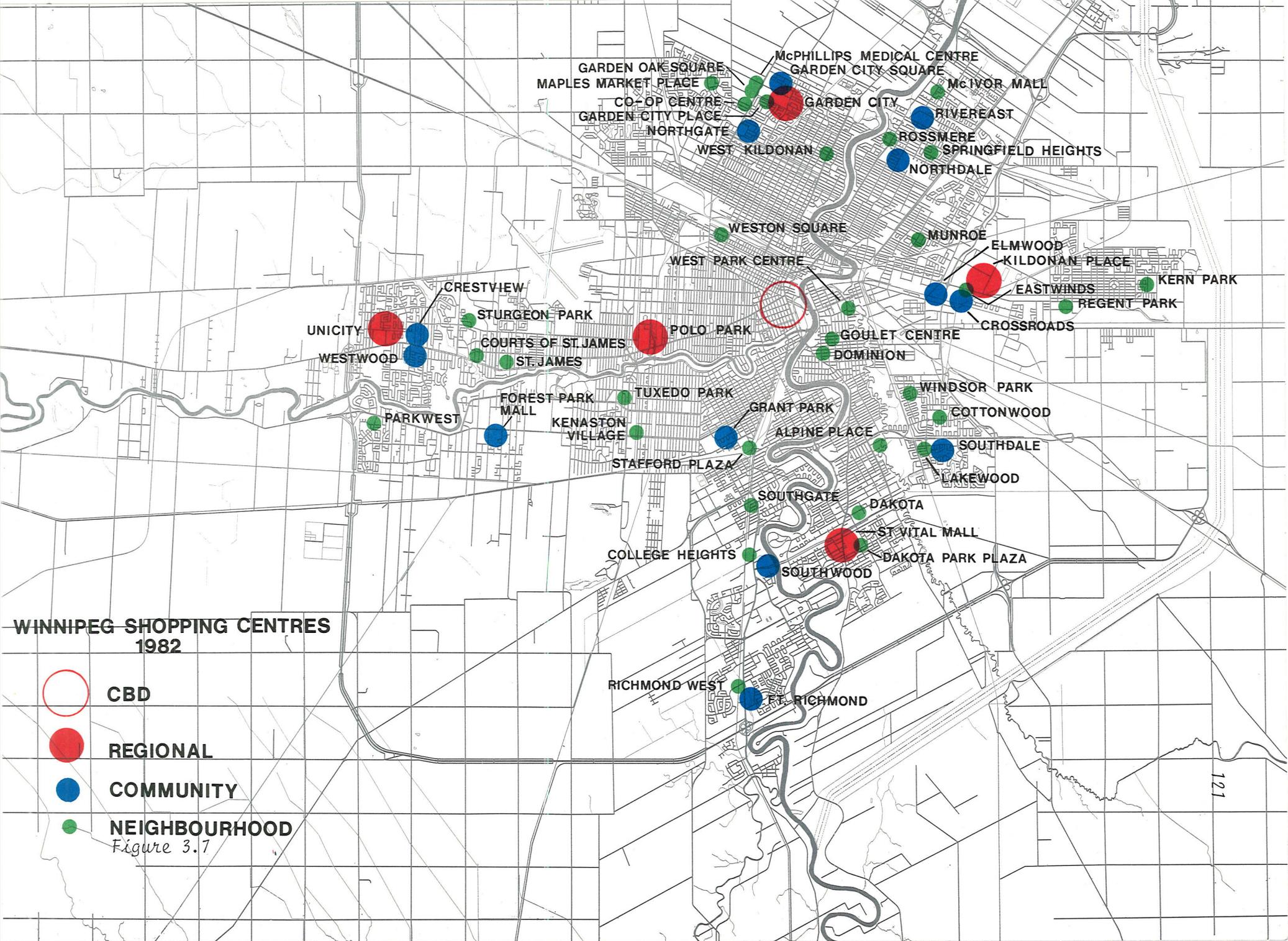


Table 3.3
 WINNIPEG'S SHOPPING CENTRES
 (Gross Leasable Floor Area)¹
 by COMMUNITY COMMITTEE AREA

TYPE	City Centre/ Ft. Rouge	Assiniboine Park/Ft. Garry	East Kildonan/ Transcona	Lord Selkirk/ West Kildonan	St. Boniface/ St. Vital	St. James/ Assinibola	Total
REGIONAL	{11892,403 ²		{11444,500	{11361,323	{11635,000	{11474,053	{512,807,279 (40.6%)
COMMUNITY		{41913,681	{41617,154	{21482,687	{11127,700	{21252,519	{1312,393,741 (34.6%)
NEIGHBOURHOOD	{21130,107	{51310,637	{71353,945	{71324,340	{91454,746	{31137,484	{3311,711,259 (24.8%)
TOTAL	1,022,510 (14.8%)	1,224,318 (17.7%)	1,415,599 (20.5%)	1,168,350 (16.9%)	1,217,446 (17.6%)	864,056 (12.5%)	{5116,912,279 (100%)

¹ The gross leasable floor area is indicated in square feet.

² The number of shopping centres is shown in brackets, to the left of the indicated square footage.

Source: Department of Environmental Planning Shopping Centres - City of Winnipeg, 1983.

dous changes in Winnipeg's retail structure. Most of these changes have taken place during the past 20 years and have been coincident with a major residential area expansion. During this time period, the once thriving businesses situated along major thoroughfares such as Selkirk Avenue, Provencher Avenue, Main Street, Portage Avenue and the downtown area have all suffered economically due to the introduction of the nearby suburban shopping centres.

E. Conclusions

Prior to its incorporation as a town in 1873, Winnipeg's commercial land use was intermixed with that of residential usage. However, by 1875, the corner of Portage and Main was the very core of the commercial district of the city. The arrival of the railway to Winnipeg provided impetus to an unprecedented population growth for several decades. As a result, the extensive physical expansion of residential areas favoured the growth of commercial establishments along main thoroughfares and at main intersections away from the downtown commercial area.

In 1947, the Wildwood Shopping Centre located in Fort Garry was the first commercial development in Winnipeg that was designed to accommodate the modern-day car-driving public. The success of Wildwood Shopping Centre triggered further development of more large suburban shopping facilities. In fact, since World War II, five major regional shopping centres have been constructed in the City.

The Department of Environmental Planning maintains that there are enough major shopping centres in all areas of the city to adequately serve the projected local market of 660,000 people by the year 2000.

FOOTNOTES

CHAPTER THREE

1. Hans August Hosse, "The Areal Growth and Functional Development of Winnipeg from 1870 to 1913", an unpublished Master's Thesis, University of Manitoba, Winnipeg, Manitoba (1956), p. 44.
2. Ibid., p. 48.
3. Ibid., p. 51.
4. Ibid., p. 64.
5. Ibid., P. 53.
6. Ibid., p. 85.
7. Ibid., p. 87.
8. Lloyd David Talbot, "A Study of the Development of Winnipeg's Planned Shopping Centres and an Analysis of Selected Planned Shopping Centre Characteristics", an unpublished Masters thesis, University of Manitoba, Winnipeg, Manitoba (1974), p. 31.
9. Hans August Hosse, "The Areal Growth and Functional Development from 1870 to 1913". p. 101.
10. Ibid., p. 138.
11. Ibid., p. 141.
12. Ibid., p. 161.
13. Ibid.
14. Ibid.
15. Ibid., pp. 163-165.
16. Ibid., p. 165.
17. Ibid., p. 177.
18. Ibid., p. 128.
19. Ibid.
20. Ibid., p. 172.

21. Lloyd David Talbot, "A Study of the Development of Winnipeg's Planned Shopping Centres and an Analysis of Selected Planned Shopping Centre Characteristics", p. 33.
22. Hans August Hosse, "The Areal Growth and Functional Development of Winnipeg from 1870 to 1913", p. 175.
23. Ibid.
24. Lloyd David Talbot, "A Study of the Development of Winnipeg's Planned Shopping Centres and an Analysis of Selected Planned Shopping Centre Characteristics", p. 33.
25. Ibid., p. 34.
26. Ibid., p. 35.
27. Ibid., pp. 35-36.
28. Ibid., p. 36.
29. Ibid.
30. Ibid., p. 38.
31. Ibid., p. 41.
32. Ibid.
33. Ibid., p. 43.
34. Roy Morris, "An Evaluation of the Functions and Characteristics of a Regional Shopping Centre - Polo Park, Winnipeg", Unpublished Master's thesis, University of Manitoba, 1966, p. 26.
35. City of Winnipeg Department of Environmental Planning - Shopping Centres, 1983, p. 1.
36. Ibid., p. 2.
37. Ibid., p. 3.

CHAPTER FOUR

A CASE STUDY: INVESTIGATION OF DOWNTOWN AND REGIONAL SHOPPING CENTRES
RETAILING IN WINNIPEGA. Introduction

The previous discussion of the history and function of shopping centres provides a basis for a case study of the nature of shopping centre and downtown retailing in Winnipeg. The case study is divided into a macro and micro retail analysis of Winnipeg. This approach has been designed to address as many economic geographic and human variables as possible in order to better assess these retailing locales.

In this chapter, data from Statistics Canada, assessment rolls and business directories have been synthesized to undertake a specific retail impact study. Five separate analyses have been performed to view a wide variety of economic and geographic variables. Initially, a national retail overview is included to contrast the Winnipeg's retail economy with other comparable Canadian cities. Next, Winnipeg retail structure and sales figures are examined in order to give a better understanding of the retail infrastructures of the C.B.D. This prerequisite discussion includes an analysis of downtown/shopping centre retail spatial structure and ownership. Huff's Market Potential Model is next used to illustrate retail market potentials and expected retail sales of Winnipeg shopping centres and the CBD. Finally, a micro-

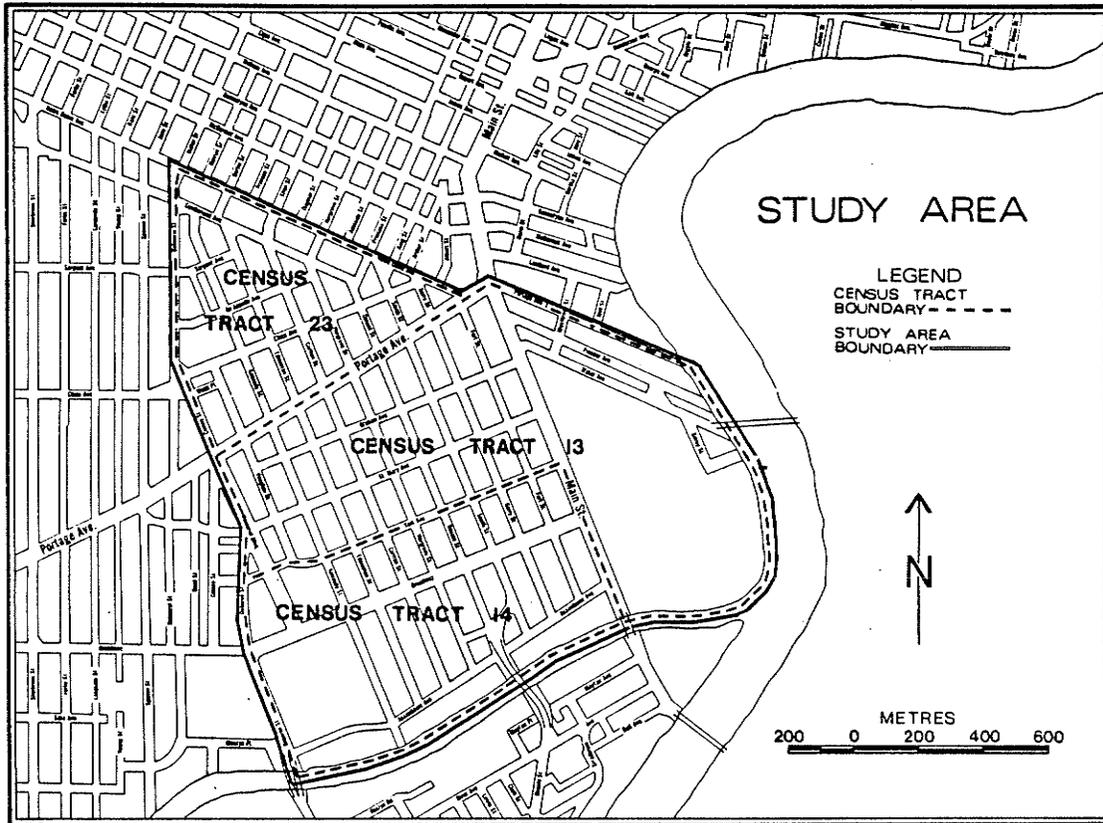
analysis identifies six Downtown Key Retail Areas (DKRA's) within Winnipeg. Overall, this chapter will show the dynamic nature of downtown and shopping centre retailing in Winnipeg. It should be noted that for the purposes of this thesis, only regional shopping centres will be considered in the analysis within this chapter. These centres were chosen over neighbourhood and community centres because of their much greater significance in gross floor area, retail sales, market size and drawing power in the Winnipeg area.

B. Study Area and Methodology

For the purpose of this analysis, Statistics Canada census tracts 13, 14 and 23 were used as the downtown retail boundaries (see Figure 4.1). Thus, the Winnipeg Central Business District is defined as the Assiniboine River on the south, Memorial Boulevard-Balmoral on the west, Notre Dame on the north and the Red River on the east. These boundaries were chosen because Statistics Canada has traditionally considered this area as the downtown of Winnipeg. The data for retail sales was acquired from Statistics Canada and information regarding retail space was obtained from the Department of Environmental Planning, City of Winnipeg. Henderson Directories were also utilized to determine the location of business establishments.

In this study, the use of the Statistics Canada retail classification in which there are six retail sectors and 27 retail groups is employed. (Statistics Canada actually uses 28 groups but for the study "shoes" and "specialty shoes" are combined.) One should note that a

Figure 4.1



RETAIL CLASSIFICATION

<u>Major Retail Sector</u>	<u>Retail Group</u>
Food	1. Combination stores (groceries and meat)
	2. Grocery, confectionery, and sundries stores
	3. All other food stores
General Merchandise	4. Department stores
	5. General merchandise stores
	6. General stores
	7. Variety stores
Automotive	8. Auto dealers
	9. Used car dealers
	10. Service stations
	11. Garages
	12. Auto parts stores
Apparel	13. Men's clothing stores
	14. Women's clothing stores
	15. Family clothing stores
	16. Shoes
Hardware and Home Furnishings	17. Hardware stores
	18. Household furniture stores
	19. Household appliance stores
	20. Furniture, T.V. and radio stores
Other Retail	21. Pharmacies and cosmetic stores
	22. Books and stationery stores
	23. Florists
	24. Jewellery stores
	25. Sporting goods and accessories
	26. Personal accessories stores
	27. All other retail stores

Source: Statistics Canada 63-005

"retail sector" contains a number of "retail groups", while the term "retail industry" refers to all retail activity. Moreover, "retail structure" is defined as the relative proportion or amount of a certain type of retail activity within the total retail trade industry of the area under consideration. Real structure is examined in terms of sales figures and in terms of physical space.

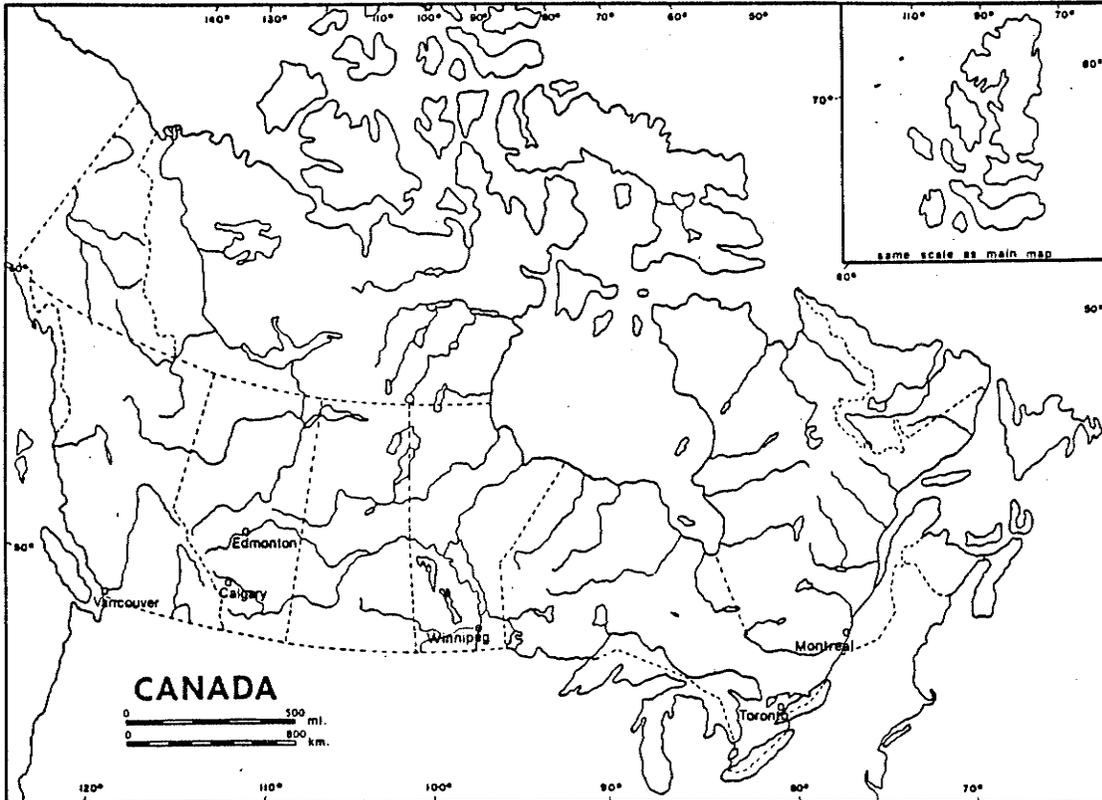
Unfortunately, sales figures by census tracts for the CBD area have not been available since 1971. The lack of this specific data poses a serious limitation to the case study. Since most businesses are unwilling to surrender this information, an extensive retail sales analysis is not possible. Sales figures are the true indicators of retail health; without them, one can only estimate the degree of success achieved by a particular retail outlet.

C. National Retail Overview (1974 - 1982)

Any analysis of Winnipeg retail sales must be preceded by a comparison with other major Canadian cities. Annual data for retail sales activity is available for only four major Canadian cities (Montreal, Toronto, Vancouver, Winnipeg) beginning in 1974 (see Figure 4.2 for the location of these cities). This analysis includes annual sales figures to 1982, the last year for which data is available.

Figure 4.3 illustrates the trends in real retail sales (as measured in constant 1971 dollars) for 1974 - 1982. Growth in real

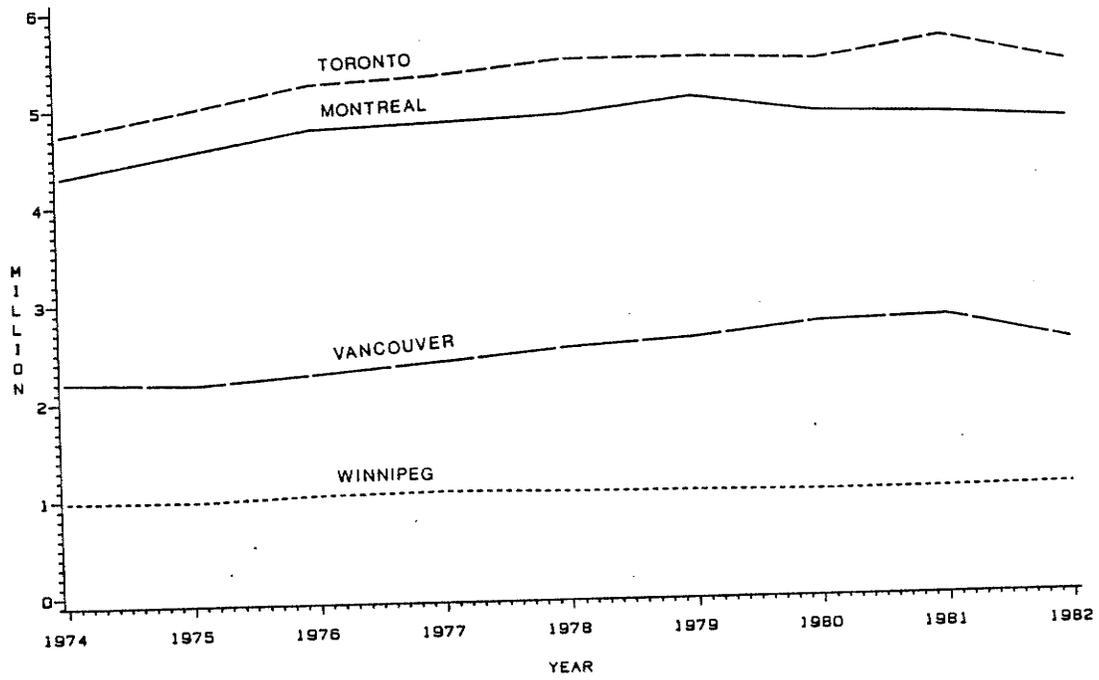
Figure 4.2



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Public price:

Figure 4.3

Comparison of Real Retail Sales of Major Canadian Cities 1974-1982



retail sales in this period has parallel population growth for each of the major cities except Montreal (see Table 4.1).

Table 4.1
Comparison of Population and Retail Sales 1974-82

	<u>% change population 1974-82</u>	<u>% change retail sales 1974-82 (constant 1971 \$)*</u>
Montreal	2.8	10.5
Toronto	11.5	12.6
Vancouver	13.7	13.6
Winnipeg	4.7	4.5

*(See Appendix 1 for 1971 consumer and retail price index).

Most of the growth in real retail sales is accounted for in the 1974-78 period. All cities except Winnipeg experienced rapid growth in retail sales from 1974 to 1978. Winnipeg's growth in retail sales was only one-third the rate of the other cities during this period. Real retail sales have generally declined since 1978. Real retail sales have declined least in Winnipeg and Vancouver - in fact, Winnipeg was the only city to increase real retail sales in 1982.

Table 4.2 illustrates that Winnipeg had the highest percentage of chain store sales and the lowest independent store sales of other comparative cities in 1974. By 1982, Winnipeg was the only city whose

Table 4.2
 COMPARISON OF RETAIL SALES,
 MAJOR CITIES, 1974-1982

<u>City</u>	<u>Total</u> <u>(\$ 000s)</u>	<u>Independent</u> <u>(%)</u>	<u>Chain</u> <u>(%)</u>	<u>Retail Sales</u> <u>(per capita)</u>
<u>1974</u>				
Montreal	5,246,629	56.3	43.7	\$1895
Toronto	5,772,652	47.7	52.3	\$2126
Vancouver	2,672,249	50.4	49.6	\$2367
Winnipeg	1,191,417	46.8	53.2	\$2103
<u>1982</u>				
Montreal	11,609,951	60.6	39.4	\$4076
Toronto	13,056,559	48.3	51.7	\$4312
Vancouver	6,073,284	51.9	48.1	\$4734
Winnipeg	2,493,571	41.7	58.3	\$4206

Source: Statistics Canada 63-005

retail sales shifted towards a higher chain store percentage. Independent merchants increased their share of the market significantly in the other three cities between 1974 and 1982. These figures suggest an increasing trend of chain store sales in Winnipeg, in contrast with greater independent store sales in other centres. Vancouver led all cities in retail sales per capita through this period, followed by Toronto, Winnipeg and Montreal respectively.

One should note the similarity in retail structure of Vancouver and Winnipeg, and likewise Montreal and Toronto. The east-west differences in structure and subsequent changes in structure are evident from Table 4.3. The only strong similarity in structure among all centres is that the automotive sector represents approximately one-quarter of all retail sales in both 1974 and 1982. The larger, eastern Canadian cities have a greater proportion of their retail sales devoted to the Food, Apparel and Hardware/Home Furnishing retail sectors than do the western Canadian cities. While the General Merchandise sector (which consists primarily of department store activity) has declined significantly in all cities, Winnipeg and Vancouver have a substantially greater share of their retail industry in department store sales. These trends reflect a shift from department store activity towards specialty-type retail activity in major Canadian cities. Winnipeg's "other Retail", or specialty group, is keeping pace with this trend, yet still lags in terms of actual structure.

Table 4.3

COMPARATIVE STRUCTURE OF RETAIL SECTORS
OF MAJOR CANADIAN CITIES, 1974-1982

<u>Major Group</u>	<u>Percentage Distribution</u>			
	<u>Montreal</u>	<u>Toronto</u>	<u>Vancouver</u>	<u>Winnipeg</u>
<u>1974</u>				
Food	29.8	27.4	21.1	25.9
General Merchandise	14.0	16.9	24.2	27.1
Automotive	25.6	25.5	27.1	27.3
Apparel	6.5	6.6	4.0	2.5
Hardware and Home Furnishings	5.3	3.8	2.6	2.1
Other Retail	18.8	19.7	21.0	15.1
Total	100.0	100.0	100.0	100.0
<u>1982</u>				
Food	32.4	27.6	26.1	27.3
General Merchandise	10.9	13.6	18.7	20.8
Automotive	25.0	26.2	25.7	25.7
Apparel	6.6	6.5	4.1	4.7
Hardware and Home Furnishings	3.6	2.8	2.5	2.4
Other Retail	21.5	23.4	22.9	19.1
Total	100.0	100.0	100.0	100.0

Source: Statistics Canada 63-528 and 63-005

D. Winnipeg Retail Analysis

After examining general Canadian retailing trends, a micro analysis of Winnipeg retailing is now in order. Any study of micro retailing, however, must first consider the demographic and economic factors within its study area.

1) Demographic Trends

Table 4.4 displays a comparison of Winnipeg's population, income and retail sales from the period 1951-1981.

- a) The population figures reveal an average of less than one percent growth per year between 1971 and 1981.
- b) The average household income has increased two and a half times in actual dollars from 1971 to 1981.
- c) Retail sales increased three-fold from 1971 to 1981.
- d) The majority of change occurred in the 1971 to 1974 period, when real retail sales increased by 23%.
- e) Following 1974, little change in sales occurred.
- f) The figures also suggest:
 - modest population growth.
 - a slight increase in household income, and
 - a significant increase in retail sales in Winnipeg in the last period.

Table 4.4

COMPARISON OF WINNIPEG'S POPULATION,
INCOME, AND RETAIL SALES, 1951-1981

	<u>Population</u>	<u>Average Household Income (\$)</u>	<u>Retail Sales (\$ 000s)</u>
1951	354,069	2,369	353,051
1961	475,989	4,307	493,139
1971	540,265	9,382	815,885
1981	584,842	23,208	2,251,215
	<u>Change in Population (%)</u>	<u>Change in Average Income (%)</u>	<u>Change in Retail Sales (%)</u>
1951-1961	34.4	81.8	39.7
1961-1971	13.5	117.8	65.4
1971-1981	8.3	147.4 (5.0*)	175.9 (23.1*)

* adjusted

Source: Statistics Canada

2) Downtown Residential Characteristics

Table 4.5 indicates that the population of downtown Winnipeg declined substantially from 1951 to 1966, but has remained relatively stable since 1971.

- 1) The area from North Portage to Notre Dame (census tract 23) showed an increase in population in 1981 for the first time since 1971.
- 2) The South Portage area (census tract 13 and 14) has experienced fluctuating growth.
- 3) Overall, there were 9,259 people living in the downtown in 1981, representing 1.6% of the population in this small area of approximately 2.5 km².
- 4) The average income of a downtown resident has declined from 65% of the average income of a Winnipeg resident in 1974 to only 55% in 1981.
- 5) The lowest income area within the downtown is the North Portage district (C.T. 23).
- 6) The increase in households from 1971 to 1981 was offset by a slight decline in total population and is an indication that the downtown has significantly increased its already high proportion of single, widowed, and divorced people.
- 7) Another notable change in the downtown is its aging population. The downtown contains a substantially higher portion of elderly people (65 and over) than Winnipeg as a whole. Over

Table 4.5
 SELECTED CHARACTERISTICS OF
 WINNIPEG'S DOWNTOWN

A. POPULATION

<u>Year</u>	<u>C.T. 13</u>	<u>C.T. 14</u>	<u>C.T. 23</u>	<u>Total Pop. Downtown</u>	<u>% of Wpg. C.M.A.</u>
1951				13,080	3.7
1961	1,576	4,447	3,925	9,948	2.1
1966	1,316	3,960	3,829	9,105	1.8
1971	1,260	4,335	3,810	9,405	1.7
1976	2,175	3,735	3,420	9,330	1.6
1981	1,689	3,900	3,670	9,259	1.6

B. AVERAGE PRIVATE HOUSEHOLD INCOME (\$)

				<u>Average Downtown</u>	<u>% of Wpg. Ave.</u>
1971	5,064	6,673	5,710	\$ 6,125	66
1981	13,377	14,040	10,024	\$12,650	55

C. TOTAL HOUSEHOLDS

1971	610	2,510	1,750	4,870
1981	1,110	2,895	1,840	5,845

D. POPULATION OVER 65 YEARS

	<u>% of Pop 65+ Downtown</u>	<u>% of Pop. 65+ Wpg.</u>
1966	23	9
1971	24	10
1976	27	10
1981	27	12

Source: Statistics Canada

one-quarter of the downtown's population is over the age of 65, and this proportion seems to have stabilized in 1976-81.

3) Retail Trade Performance

An examination of Winnipeg's retail trade performance at the retail group level is necessary in order to better understand the changing structure and trends of retail sales growth and development. Generally, it can be seen that retailing has grown, but at relatively modest levels. Sectors containing specialty goods have grown significantly at the expense of general merchandising.

- 1) Retail sales for 1951-1981 period show the apparel and automotive sectors remaining constant in terms of percentage of total sales (see Table 4.6).
- 2) A slight increase in the food sector is evident since 1961.
- 3) The general merchandise and hardware and home furnishing sectors display significant decreases.
- 4) Other retail, a sector which includes specialty shops, and items such as computers, office furniture, stereos and video equipment, substantially increased probably at the expense of the sectors mentioned in point 3.

Tables 4.7 to 4.9 illustrate the retail sales, real change and structures of retail trade in Winnipeg for the period 1974-82.

- 1) The food sector has increased its share of retail trade structure due largely to the growth of combination food stores.

- 2) The General Merchandise sector showed significant decreases in retail sales and retail trade structure. The department store group, in particular, suffered the highest loss in retail structure of all 27 groups. This decline follows similar occurrences in other Canadian cities.
- 3) The Automotive sector has shown similar trends of decline, except for the service stations group which has significantly increased its share of retail trade structure. This service station group increase may be attributed to the hefty increases in gasoline and oil costs in the 1974-1982 period.
- 4) All groups within the Apparel sector have displayed significant increases in retail sales and structure. This increase may be explained by the growth of specialty apparel shops. Significant growth in the women's clothing and family clothing groups is especially evident.
- 5) The Hardware and Home Furnishing sector displays uneven sales and relatively static structure.
- 6) Books, stationery, florist and personal accessory groups showed the greatest increase in retail sales. The growth in this sector may be explained by the increase of many specialty shops which are included in this category.

Table 4.6

WINNIPEG RETAIL SALES, 1951-1981

	<u>1951</u>	<u>1961</u>	<u>1971</u>	<u>1981</u>
	(\$ Thousands)			
TOTAL	353,051	493,139	815,885	2,251,215
Food	94,171	127,157	213,508	615,619
General Merchandise	94,217	129,395	225,172	498,714
Automotive	72,585	125,363	196,192	551,959
Apparel	18,283	24,017	38,485	107,157
Hardware and Home Furnishing	38,844	23,837	31,923	51,098
Other Retail	34,951	63,371	110,601	426,668
	(Percentage Distribution)			
Food	26.7	25.8	26.2	27.3
General Merchandise	26.7	26.2	27.6	22.2
Automotive	20.6	25.4	24.0	24.5
Apparel	5.2	4.9	4.7	4.8
Hardware and Home Furnishing	11.0	4.8	3.9	2.3
Other Retail	9.9	12.9	13.6	19.0
TOTAL	100.0	100.0	100.0	100.0

Table 4.7

RETAIL SALES, BY TYPE OF BUSINESS,
WINNIPEG, 1974-1982*
(\$ thousands)*

<u>Retail Group</u>	<u>1974</u>	<u>1978</u>	<u>1982</u>
Combination food stores	178,922	194,180	215,542
Grocery, Confectionery	57,830	67,688	48,561
Other food stores	16,354	16,792	14,701
Department stores	238,117	237,843	198,288
General merchandise	18,193	11,228	7,729
General stores	1,991	3,068	1,273
Variety stores	6,512	6,176	4,984
Auto dealers	186,969	182,007	153,942
Service stations	49,450	48,933	84,252
Auto parts	21,377	20,019	17,769
Used cars	n/a	n/a	8,295
Garages	n/a	n/a	8,443
Men's clothing	4,960	7,407	8,852
Women's clothing	9,990	16,877	20,493
Family clothing	4,120	6,762	9,601
Shoes	5,448	6,726	9,161
Hardware	1,440	3,488	1,655
Furniture, T.V.	11,741	8,384	10,463
Household Appliances	3,011	3,046	1,102
Pharmacies	32,777	36,612	40,143
Books, Stationery	1,637	4,229	3,556
Florists	1,513	3,460	3,317
Jewellery	8,513	13,864	13,426
Sporting goods	5,484	4,826	6,859
Personal accessories	7,324	11,694	13,191
All other retail	90,237	96,145	114,729
TOTAL	1,191,417	1,688,146	2,493,571

Source: Statistics Canada 63-005

* Sales for these years are factored based on Statistics Canada, using 1971 as a Base Year. (See Appendix 1)

Table 4.8

REAL CHANGE IN RETAIL SALES
BY TYPE OF RETAIL BUSINESS
(percent change)

<u>Retail Group</u>	<u>1974-78</u>	<u>1978-82</u>	<u>1974-82</u>
Combination food stores	8.5	11.0	20.5
Grocery, Confectionery	17.0	-28.3	-16.0
All other food	2.7	-12.5	-10.1
Department stores	0.0	-16.6	-16.7
General merchandise	-38.3	-31.2	-57.5
General stores	5.4	-58.5	-36.0
Variety stores	-5.2	-19.3	-23.5
Auto dealers	-2.7	-15.4	-17.7
Service stations	-1.0	72.2	70.4
Auto parts	-6.4	-11.2	-16.9
Men's clothing	49.3	19.5	78.5
Women's clothing	68.9	21.4	105.1
Family clothing	64.1	42.0	133.0
Shoes	23.5	36.2	68.2
Hardware	142.3	-52.5	15.0
Household furniture	-28.6	24.8	-10.9
Furniture, T.V. and radio	10.3	115.5	137.6
Household appliances	1.2	-63.8	-63.4
Pharmacies	11.7	9.6	22.5
Books, Stationery	158.3	-15.9	117.1
Florists	128.7	-4.1	119.3
Jewellery	66.8	-3.2	61.5
Sporting goods	-12.0	42.1	25.1
Personal accessories	59.7	12.8	80.1
All other retail	6.5	19.3	27.1
TOTAL	+4.55	-.03	+4.52

Source: Derived from Statistics Canada 63-005

Table 4.9

STRUCTURE OF RETAIL TRADE IN WINNIPEG,
 BY SALES, 1974-82
 (percentage distribution)

<u>Retail Group</u>	<u>1974</u>	<u>1978</u>	<u>1982</u>	<u>Change</u> <u>1982 minus 1974</u>
Combination food stores	18.31	19.00	21.10	+2.79
Grocery, Confectionery	5.92	6.62	4.75	-1.16
Other food stores	1.67	1.64	1.44	-.23
Department stores	24.36	23.28	19.41	-4.95
General merchandise	1.86	1.10	.76	-1.10
General stores	.20	.30	.12	-.08
Variety stores	.67	.60	.49	-.18
Auto dealers	19.13	17.81	15.07	-4.06
Service stations	5.06	4.79	8.25	+3.19
Auto parts	2.19	1.96	1.74	-.45
Garages	n/a	n/a	.34	-
Used car	n/a	n/a	.33	-
Men's clothing	.51	.72	.87	+.36
Women's clothing	1.02	1.65	2.01	+.98
Family clothing	.42	.66	.94	+.52
Shoes	.56	.66	.90	+.34
Hardware	.15	.34	.16	+.01
Household furniture	1.20	.82	1.02	-.18
Furniture, T.V. & radio	.48	.50	1.09	+.61
Household appliances	.31	.30	.11	-.20
Pharmacies	3.35	3.58	3.93	+.58
Books, Stationery	.17	.41	.35	+.18
Florists	.15	.34	.32	+.17
Jewellery	.85	1.36	1.31	+.46
Sporting goods	.56	.47	.67	+.11
Personal accessories	.75	1.14	1.29	+.54
All other retail	9.23	9.41	11.23	+2.00
TOTAL	100.0	100.0	100.0	-

Source: Derived from Statistics Canada 63-005

4) Shift-Share Analysis

Other Quantitative techniques such as shift-share analysis can be utilized to study Winnipeg retailing. Shift-share is the methodology used in Table 4.10 to analyze growth trend patterns in retail space of Winnipeg's retail groups. This approach is used to describe how much of the difference in growth rates of a specific retail group or type is accounted for by the national rate of growth of that specific retail group relative to the national retail trade industry. Additionally, the technique attempts to explain how much of this growth differential is accounted for by the local rate of growth relative to the national rate of growth for that particular retail group.

The "net relative change" is the difference of the growth of a particular local retail group compared to the overall growth of the retail trade industry in Canada (which was 118% from 1974 to 1982 when not adjusted for inflation). The "industry effect" refers to the growth of a national retail group relative to the growth of the national retail trade industry. The "competitive effect" refers to the growth of a retail group in Winnipeg relative to that retail group in Canada. Shift-share analysis is thus useful for evaluating macro influences on local retail trade.¹

The fastest growing retail groups are those found in the "Other Retail" or Specialty sector and the "Apparel" sector. The clothing and shoes retail groups have had high net relative growth due to those particular retail groups experiencing faster growth than their respective retail groups in Canada (competitive effects). Most of the other

Table 4.10

SHIFT-SHARE ANALYSIS, WINNIPEG RETAIL SALES, 1974-82*

	Growth		Shift-Share (\$ 000's)			
	1974-82 %	Net Relative %	Net Relative Change	Industry Effects (% of N.R.C.)	Competitive Effects (% of N.R.C.)	
Combination food stores	141.2	23.0	50,144	44,429 (88.6)	5,715 (11.4)	
Grocery, Confectionery, and Sundries	68.2	-50.1	-35,310	27,423 (-77.7)	-62,734 (177.7)	
All other food stores	80.0	-38.2	-7,623	1,067 (-14.0)	-8,690 (114.0)	
Department stores	66.8	-51.5	-149,455	-49,200 (32.9)	-100,256 (67.1)	
General merchandise	-14.9	-133.2	-29,532	-17,034 (57.7)	-12,500 (42.3)	
General stores	28.1	-90.2	-2,189	-104 (4.8)	-2,085 (95.2)	
Variety stores	53.3	-65.0	-5,157	-6,313 (122.4)	1,155 (-22.4)	
Auto dealers	64.9	-53.4	-121,629	-101,787 (83.7)	-19,581 (16.3)	
Service stations	241.2	122.9	74,105	41,418 (55.9)	32,684 (44.1)	
Auto parts	66.5	-51.8	-13,496	4,829 (-35.8)	-18,325 (135.8)	
Men's clothing	257.4	139.2	8,413	-2,091 (-24.9)	10,504 (124.9)	
Women's clothing	310.8	192.5	23,446	4,695 (20.0)	18,752 (80.0)	
Family clothing	366.6	248.4	12,475	1,001 (8.0)	13,473 (92.0)	
Shoes	236.7	118.5	7,870	1,393 (17.7)	6,477 (82.3)	
Hardware	130.2	12.0	210	-883 (-420.5)	1,093 (520.5)	
Household Furniture	78.5	-39.8	-5,695	-6,310 (110.8)	615 (-10.8)	
Furniture, T.V. & radio	375.8	257.5	14,653	-6,279 (-42.9)	20,932 (142.9)	
Household Appliances	-26.7	-144.9	-5,318	-814 (15.3)	-4,504 (84.7)	
Pharmacies & Cosmetics	145.3	27.0	10,790	32,719 (303.2)	-21,928 (-203.2)	
Books & Stationery	334.8	216.6	4,323	855 (19.8)	3,467 (80.2)	
Florists	339.0	220.8	4,071	311 (7.7)	3,760 (92.3)	
Jewellery	223.4	105.2	10,658	-468 (-4.4)	11,126 (104.4)	
Sporting goods	150.4	32.2	2,153	5,759 (267.5)	3,606 (-167.5)	
Personal accessories	260.7	142.4	12,716	-555 (-4.4)	13,270 (104.4)	
All other retail	154.6	36.4	39,991	19,608 (49.0)	20,383 (51.0)	

Source: Derived from Statistics Canada 63-005

*For explanation of shift-share methodology, see Appendix 2

Specialty groups had a high net relative growth for the same reason as the Apparel sector, except pharmacies/cosmetics and sporting goods, which grew because those industries are growing rapidly and increasing their proportion of the national retail trade industry.

All the retail groups in the General Merchandise sector had negative net relative growth due to downward shifts on those retail groups within both the local and national retail trade industry. The Automotive sector has experienced the same problems, except for the service stations which had a high positive net relative growth in sales in this period largely due to skyrocketing gas prices.

The largest retail group in Winnipeg in terms of sales is the combination food stores. It had a positive net relative growth largely due to the upward shift of that type of retailing within the national retail trade industry. The smaller and more specialized food groups have had a negative net relative change due to a local shift towards more food purchasing at the large supermarkets.

The Hardware and Home Furnishings sector has been declining nationally (industry effects) faster than it has locally, with the exception of the household appliance group.

5) Downtown Retail Sales

This retail sales and shift-share analysis becomes more intriguing when one views retail sales with specific reference to downtown. Table 4.11 displays decreasing downtown sales and a lesser proportion of Winnipeg retail sales for the downtown since 1971. Nevertheless,

Table 4.11

RETAIL OUTLETS AND SALES
IN THE DOWNTOWN (\$ Millions)

	<u>1961</u>	<u>1966</u>	<u>1971</u>
Downtown Retail Sales	181.1	178.9	149.2
Winnipeg Retail Sales	493.1	561.9	815.9
Downtown Proportion of Winnipeg Retail Sales	37%	32%	18%

Sources: Damas and Smith Winnipeg Downtown and Portage Avenue Study. Downtown Winnipeg Businessmen's Association, Jan. 1979.

S. Kwan Retail Commercial Study. City of Winnipeg, Sept., 1977.

overall Winnipeg retail sales have been significantly increasing since 1961, of which, an increasing proportion occurred in shopping centres. One must also consider that Eaton Place, with its substantial drawing power and sales, did not exist in 1971. Furthermore, in 1971, downtown contained 38% of Winnipeg's retail space but by 1983, even with Eaton Place, the downtown's share of retail space declined to approximately 25%.

In 1974, Larry Smith Research Limited estimated the downtown share of department store type merchandise (D.S.T.M.) sales in Winnipeg at that time was 48%. The downtown's share of D.S.T.M. potential was projected to decrease to 32% to 34% - 1981 and to 22% -24% by 1991, given the quantity of retail floor space committed and proposed for development in the suburbs.²

Unfortunately, more specific data regarding CBD retail sales is not available because the federal government amended the Statistics Act to impose greater confidentiality on certain census data. By 1971, retail sales volumes for the downtown area had become impossible to obtain. Statistics Canada ceased gathering retail sales figures by 1976, and private research firms became the only source of developing retail sales statistics and projecting trends. Nevertheless, data on other aspects of retailing are still available from the census. This information, combined with private market analyses, still portrays a steady decline in downtown retailing sales.³

E. Retail Spatial Structure

An examination of retail trade structure of the retail group level is important in order to recognize the changing structure and trends of retail growth and development. This section will examine retail structure by comparing the number of stores and the amount of retail space (occupied leasable retail floor space in square feet) of Winnipeg's downtown against the cumulative totals for Winnipeg's regional shopping centres (Tables 4.12 and 4.14). Figure 4.4 illustrates the location of the downtown and of regional shopping centres. Retail trade is classified into the 27 retail groups in order to examine the relevant changes which have occurred for the years 1971 and 1983. Tables 4.13 and 4.15 indicate a structural breakdown of Tables 4.12 and 4.14 in relative terms.

In 1971, there were 281 stores occupying approximately 2.32 million square feet of retail space in the downtown. The three regional shopping centres which existed then (Polo Park, Grant Park*, Garden City) contained 139 retail establishments occupying approximately 1.3 million square feet. By 1983, the downtown had added 107 stores while remaining fairly constant in the total amount of retail space (minimal decrease to 2.28 million square feet). Meanwhile, three new regional shopping centres were added which effectively doubled the

*For the purpose of this analysis, Grant Park Shopping Centre will be considered a regional shopping centre because it falls within the definitional requirements of such a facility, based on the square footage of gross floor area.

Figure 4.4

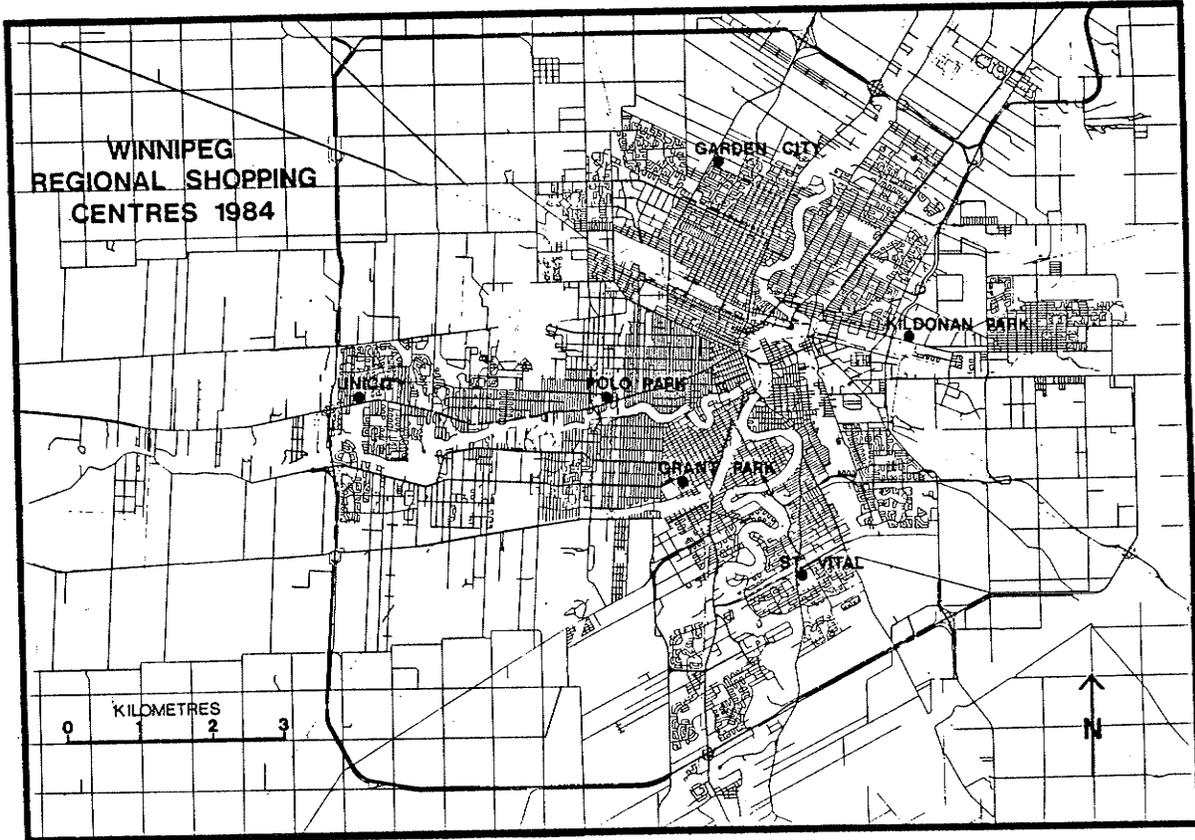


Table 4.12
WINNIPEG C.B.D. RETAIL SQUARE FOOTAGE

Major Retail Group	Gross Leasable Retail Floorspace, square feet (No. of stores)			
	1971	1983	Change 1983-1971	% change
Combination food stores	14109(2)	2464(1)	-11645(-1)	-82.5
Grocery, Confectionary	6933(7)	7705(5)	-772(-2)	-11.1
All other food stores	3912(3)	10998(9)	7086(6)	181.1
Department stores	1383000(3)	1384076(2)	-8924(-1)	-8.8
General merchandise	190000(2)	1880(1)	-188120(-1)	-99.0
Variety	46504(4)	28698(2)	-17806(-2)	-38.3
Auto Dealers	69053(7)	17413(2)	-51640(-5)	-74.8
Used Cars	21363(4)	15502(1)	-5861(-3)	-27.4
Service Stations	5465(3)	275(1)	-5190(-2)	-95.0
Garages	20079(7)	47261(9)	27182(2)	135.4
Auto Parts	61529(13)	10967(4)	-50562(-9)	-82.2
Men's Clothing	16281(13)	28096(12)	11815(-1)	72.6
Women's Clothing	110609(55)	125483(57)	14874(2)	13.4
Family Clothing	6320(2)	63710(12)	57390(10)	908.1
Shoes	24813(13)	35143(21)	10330(8)	41.6
Hardware	4824(1)	7330(4)	2506(3)	51.9
Household furniture	51654(7)	44771(8)	-6883(1)	-13.3
Household appliance	4672(3)	5816(7)	5144(4)	110.1
Furniture, TV and radio	494(1)	0(0)	-494(-1)	-
Pharmacies and cosmetics	32495(13)	39605(22)	7110(9)	21.9
Books and Stationary	12121(7)	46167(22)	34046(15)	280.9
Florists	11672(8)	9828(7)	-1844(-1)	-15.8
Jewelry	41470(11)	41808(22)	338(11)	.8
Sporting Goods	4199(2)	6027(4)	1828(2)	43.5
Personal Accessories	37715(23)	73469(51)	35754(28)	94.8
All other Retail (Specialty)	127776(67)	220663(102)	92887(35)	72.7
TOTAL	2319062 (281)	2279155(388)	-39907 (107)	-1.7 (38.1)

Source: Derived from City of Winnipeg

Table 4.13

WINNIPEG C.B.D. RETAIL STRUCTURE,
BY LEASABLE FLOORSPACE SQUARE FOOTAGE

Major retail group	1971 %	1983 %	Change Shift 1983%-1971%
Combination food stores	.6	.1	-.5
Grocery, Confectionary	.3	.3	-
All other food stores	.2	.5	.3
Department stores	60.1	60.7	.6
General merchandise	8.2	.1	-8.1
Variety stores	2.0	1.3	-.7
Auto Dealers	3.0	.8	-2.2
Used Cars	.9	.7	-.2
Service Stations	.2	0	-.2
Garages	.9	2.1	1.2
Auto Parts	2.7	.5	-2.2
Mens' Clothing	.7	1.2	.5
Women's Clothing	4.8	5.5	.7
Family Clothing	.3	2.8	2.3
Shoes	1.1	1.5	.4
Hardware	.2	.3	.1
Household Furniture	2.2	2.0	-.2
Household Appliances	.2	.4	.2
Furniture, TV and radio	.02	.0	-
Pharmacies, Cosmetics	1.4	1.7	.3
Books and Stationary	.5	2.0	1.5
Florists	.5	.4	-.1
Jewelry	1.8	1.8	-
Sporting Goods	.2	.3	.1
Personal accessories	1.6	3.2	1.6
All other Retail (specialty)	5.5	9.7	4.2
TOTAL	100	100	

Source: Derived from City of Winnipeg

Table 4.14

WINNIPEG REGIONAL SHOPPING CENTERS
RETAIL SQUARE FOOTAGE

<u>Major Retail Group</u>	<u>1971</u>	<u>1983</u>	<u>Change 1983-1971</u>	<u>% change</u>
Combination food stores	106,022(4)	226,430(7)	120,408(3)	113.6
Other food stores	6,800(8)	14,169(17)	7,369(9)	108.3
Department stores	849,300(6)	1,773,641(13)	924,341(7)	108.8
Variety stores	28,289(2)	28,289(2)	0(0)	0
Service Stations	7,484(2)	7,669(3)	185(1)	2.5
Men's Clothing	24,401(6)	66,541(18)	42,140(12)	172.7
Women's Clothing	76,478(25)	208,500(74)	132,022(49)	172.6
Family clothing	21,789(8)	48,073(17)	26,284(9)	120.6
Shoes	42,856(10)	88,588(33)	45,732(23)	106.7
Hardware	31,690(1)	31,690(1)	0(0)	0
Household Appliances	2,476(1)	2,476(1)	0(0)	0
Pharmacies and Cosmetics	23,223(5)	46,820(9)	23,597(4)	101.6
Books and Stationary	19,906(7)	48,862(20)	28,956(13)	145.5
Florists	3,850(2)	7,862(6)	4,012(4)	104.2
Jewelry	17,311(8)	42,995(22)	25,684(14)	148.4
Sporting Goods	5,274(3)	19,299(10)	14,025(7)	265.9
Personal accessories	19,476(17)	40,437(34)	20,961(17)	107.6
All Other (Specialty)	33,735(24)	92,496(64)	58,761(40)	174.2
 TOTAL	 1,345,275	 2,822,000	 1,476,725	 109.8
ALL RETAIL	(139)	(351)	(213)	(153.2)

Source: Derived from City of Winnipeg

Table 4.15

WINNIPEG REGIONAL SHOPPING CENTER RETAIL STRUCTURE,
BY LEASABLE FLOORSPACE SQUARE FOOTAGE

Major Retail Group	1971	1983	Change 1983-1971
Combination food stores	7.9	8.0	.1
Other Food stores	.5	.5	-
Department stores	63.1	62.9	-.2
Variety stores	2.1	1.0	-1.1
Service Stations	.6	.3	-.3
Men's Clothing	1.8	2.4	.6
Women's Clothing	5.7	7.4	1.7
Family Clothing	1.6	1.7	.1
Shoes	3.2	3.1	-.1
Hardware	2.4	1.1	-1.3
Household Appliances	.2	.1	-.1
Pharmacies and Cosmetics	1.7	1.7	-
Books and Stationary	1.5	1.7	.2
Florists	.3	.3	-
Jewelry	1.3	1.5	.2
Sporting Goods	.4	.7	.3
Personal Accessories	1.4	1.4	-
All other (specialty)	2.5	3.3	.8
 TOTAL, ALL RETAIL	 100.	 100.	

Source: derived from City of Winnipeg

amount of retail space contained in regional shopping centres to 2.82 million square feet and 351 stores. The primary reason for the increase in the number of downtown retail stores, but not in retail space, was the addition in 1979 of Eaton Place. This downtown shopping mall, with 75 stores utilizing 120,000 square feet, replaced the Eaton Catalogue Centre which had consisted of 185,000 square feet of retail floor space in 1971.

Overall, there has been minimal absolute or relative change in retail space in the downtown, but there have been significant shifts within the structure of downtown retailing. The most significant losses in downtown retail activity occurred in the general merchandise and automotive sectors. Specifically, the general merchandise group lost the most retail space, almost 200,000 square feet, due to the closing of the Eaton Catalogue Centre (mail order and catalogue sales are listed under this retail group). The automobile dealers and automobile parts group lost 14 stores and approximately 100,000 square feet. Retail groups which incurred the highest growth in the downtown were "all other retail" (a combination of small types), family clothing, personal accessories, and books/stationery, respectively. These additions primarily occurred within new downtown shopping mall developments. Together these four groups added 88 stores and approximately 220,000 square feet of retail activity. These gains, in addition to smaller increases in other specialty-type shops, offset the losses caused by declines in general merchandise and automotive sectors, thus balancing the total amount of retail space in the downtown area. Table

4.13 illustrates these structural shifts in downtown retailing.

The dramatic increase in regional shopping centre space in Winnipeg has resulted in all retail groups in Table 4.14 showing an increase in stores and space except for three small retail groups - hardware, household appliance, and variety stores which have not changed since 1971. Almost two-thirds of the increase in regional shopping centre retail space can be attributed to the addition of seven large department stores. Two other retail groups which added a large amount of stores and space were women's clothing and combination food stores. Table 4.15 indicates that there has been little change in the retail structure of regional shopping centres.

Department stores are by far the largest type of retail group in both the downtown and in regional shopping centres. Department stores constitute over 60% of the total retail space in both types of locations (Tables 4.13 and 4.15) in 1971 and 1983. Combination food stores, women's clothing, shoes, other retail, and men's clothing were the next largest types of retailing in the shopping centres, while other retail (specialty), women's clothing, personal accessories, and family clothing were the next largest types of retailing in the downtown. Overall, downtown retail trade has remained much more diversified in structure than the regional shopping centres.

Generally, the same types of retail groups are growing in both the downtown and in shopping centres; that is, a shift is occurring towards more specialty-type retail activity rather than multi-purpose retailing.

The most evident impact on downtown retail trade is the addition of more large department stores in an era when department store and other multi-purpose retailing (except in the food sector) is losing its relative share of retail trade in Winnipeg as well as nationally. Thus, one million square feet of department store space has been added to the city by regional shopping centres since 1971, but that sector has dropped its share of the retail trade industry substantially. Ironically, these department stores are owned by the same national chain organizations which own downtown department stores. This poses a serious threat to downtown department store activity because that type of retailing, which is the mainstay of downtown retail trade, has had its business spread out to the suburbs and subsequently is bound to have lost a significant share of its previous market. In effect, when major department store chains like Eaton's and The Bay build anchor stores in shopping centres, they create barriers which capture potential downtown customers. These suburban stores are, in fact, self-inflicted retail competition which obviously detracts from downtown sales. Additionally, high downtown tax assessments and the availability of large tracts of relatively inexpensive land in the suburbs have further encouraged department stores to develop in suburban locations.

The other sector which is substantially declining in the downtown is the automotive sector, but this cannot be attributed to an impact from regional shopping centres because that type of activity generally does not exist in Winnipeg's regional shopping centres. It should be

noted that retail activity within the automotive sector refers to those operations which consist solely of automotive sector retail; thus automotive departments within department stores are not part of this sector.

F. Ownership

Table 4.16 displays the number of stores and the amount of retail space owned by national chain organizations and local independent merchants in each of the regional shopping centres and the downtown. All regional shopping centres are similar in that most of their stores and retail space (an average of 96%) are owned by national chain organizations. As illustrated in Figure 4.5, the low number of local independent stores which do exist within the shopping centres tend to be extremely small in size. The proportion of independent stores within the newer shopping centres is actually less than the small number within the older shopping malls such as Polo Park and Garden City. This indicates a trend towards even further national chain ownership of Winnipeg's regional shopping centres.

The great majority of downtown stores are owned by local merchants, but almost three-quarters of the retail space is owned by national chain organizations. This is largely attributable to the tremendous size of the downtown's two major department stores, Eaton's and The Bay.

In terms of trends, both types of stores increased in number from

Table 4.16

COMPARISON OF THE NUMBER OF NATIONAL CHAINS AND
LOCAL INDEPENDENT STORES IN REGIONAL SHOPPING CENTRES AND THE C.B.D.

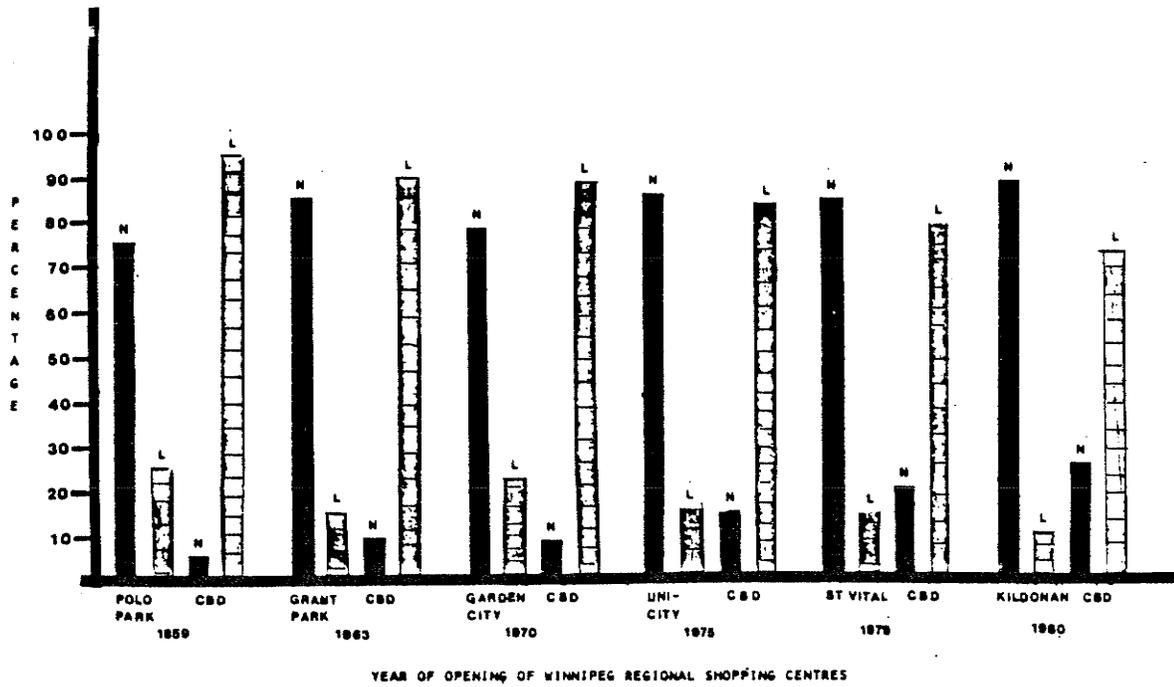
	NUMBER(%)		SQUARE FOOTAGE(%)	
	<u>LOCAL</u>	<u>NATIONAL</u>	<u>LOCAL</u>	<u>NATIONAL</u>
Polo Park	17(25.8)	49(74.2)	22136(3.1)	689152(96.9)
Grant Park	.3(15)	17(85)	24935(8.2)	277860(91.8)
Garden City	12(22.6)	41(77.4)	15801(4.8)	315391(95.2)
Unicity	8(13.8)	50(86.2)	10609(2.4)	432187(97.6)
St. Vital	15(18.1)	68(81.9)	16366(2.7)	589679(97.3)
Kildonan	7(9.9)	64(90.1)	11731(2.7)	416153(97.3)
TOTAL, ALL REGIONAL SHOPPING CENTERS (1983)	62(17.7)	289(82.3)	101578(3.6)	2720422(96.4)
C.B.D. (1971)	259 (92.3)	22(7.7)	634707(27.4)	1684355(72.6)
C.B.D. (1983)	287(74.9)	101(25.1)	626921(27.5)	1652234(72.5)

Source: Derived from City of Winnipeg

Note: Only retail floorspace (i.e. does not include restaurants.).

Figure 4.5

COMPARISON OF THE NUMBER OF NATIONAL (N) CHAINS AND LOCAL (L) INDEPENDENT STORES IN REGIONAL SHOPPING CENTRES AND THE C.B.D.



1971 to 1983 in the downtown, but national stores substantially increased their proportion of downtown retail establishments due to the addition of Eaton Place and Winnipeg Square shopping malls. Overall, a minimal change has occurred in the absolute and relative amount of downtown space owned either nationally or locally since 1971.

G. A Model of Market Potential

The next mode of analysis involves the application of Huff's model, which is the major retail gravity model used in studies of shopping behavior and location (for a more detailed discussion of Huff's model consultant Appendix 3). Huff's model indicates the probability that a consumer in a particular residential area will purchase goods at a particular shopping location. The model is based on three major factors involved in shopping behavior and location - distance (or travel time), size (or attractiveness), and competition.

There were several steps involved in applying Huff's model to a study of changes in retail market potential in Winnipeg.

1) The census tract areas of Winnipeg for 1971 and 1981 were designated as the statistical units for the residential areas of the model.

2) The gross leasable retail floor space of all regional shopping centres and the downtown was determined for 1971 and 1983 (this is the size of attractiveness variable in the model). For the purposes of Huff's model the total for the downtown retail area was viewed as one

supra-regional shopping centre. This precondition tends to overstate the drawing power of the downtown in the model because the downtown retail area encompasses a greater area of retail activity than an enclosed climatically controlled suburban shopping mall.

3) Distance measurements were calculated from the geographical centre of each statistical unit (census tracts) of each regional shopping location. It is recognized that this represents a crude indicator of travel time because a featureless plain with equal transportation routes from all directions is assumed. Only the regional shopping centres and downtown were considered in this mode; other shopping facilities such as neighbourhood and community shopping centres and strip developments were excluded and thus held constant in the model.

4) The probability of consumers in each census tract shopping at each shopping location was calculated for 1971 and 1983. The probability of consumers from each census tract shopping at each shopping location was then multiplied by (a) the population and (b) the total income of each census tract for the base years of 1971 and 1981 (1981 statistics were used with data on retail space for 1983). The market potential and retail sales potential were then calculated by adding up all census tract results for each shopping location (Tables 4.17 - 4.20).

These figures give a relative indication of the retail trade area for a particular location and/or type of retail activity at each location by allotting certain portions of Winnipeg's market to each shopping location based on consumer probability.

TABLE 4.17
 EXPECTED MARKET POTENTIAL *
 (RELATIVE PROPORTION OF EXPECTED RETAIL MARKET)

Major Retail Group	Central Business District			Regional Shopping Centers		
	1971	1983	Change 1983-1971	1971	1983	Change 1983-1971
Combination Food Stores	8.5	3.4	-5.1	91.5	96.6	+5.1
Other Food Stores	41.9	48.0	+6.1	58.1	52.0	-6.1
Department stores	69.4	48.2	-21.2	30.6	51.8	21.2
Variety						
Men's Clothing	44.6	35.0	-9.6	55.4	65.0	+9.6
Women's Clothing	63.5	41.9	-11.6	36.5	58.1	+11.6
Family Clothing	28.0	63.8	+35.8	72.0	36.2	-35.8
Shoes	44.9	33.6	-11.3	55.1	66.4	+11.3
Hardware	22.5	26.6	+4.1	77.5	73.4	-4.1
Household Appliances	68.9	81.3	+12.4	31.1	18.7	-12.4
Pharmacies and Cosmetics	62.0	49.8	-12.2	38.0	50.2	+12.2
Books and Stationary	50.7	53.7	+3.0	49.3	46.3	-3.0
Florists	78.5	58.6	-19.9	21.5	41.4	+19.9
Jewelry	72.8	54.0	-18.8	27.2	46.0	+18.8
Sporting Goods	52.2	31.4	-20.8	47.8	68.6	+20.8
Personal Accessories	67.3	67.6	+0.3	32.7	32.4	-0.3
Other Retail (specialty)	83.0	75.2	-7.8	17.0	24.8	+7.8
TOTAL, ALL RETAIL	67.1	48.9	18.2	32.9	51.1	+18.2

* Based on Huff's Model

Table 4.18

EXPECTED MARKET SALES POTENTIAL *

Major Retail Group	(RELATIVE PROPORTION OF EXPECTED RETAIL SALES)					
	Central Business District			Regional Shopping Centers		
	1971	1983	Change 1983-1971	1971	1983	Change 1983-1971
Combination food stores	8.1	3.1	-5.0	91.9	96.9	+5.0
Other Food stores	40.6	46.6	+6.0	59.4	53.4	-6.0
Department stores	68.1	46.7	-21.4	31.9	53.3	+21.4
Men's Clothing	43.4	33.6	-9.8	56.6	66.4	+9.8
Women's Clothing	62.4	40.7	-21.7	37.6	59.3	+21.7
Family Clothing	26.9	62.4	+35.5	73.1	37.6	-35.5
Shoes	43.6	32.3	-11.3	56.4	67.7	+11.3
Hardware	21.5	25.3	+3.8	78.5	74.7	-3.8
Household Appliances	67.6	80.3	+12.7	32.4	19.7	-12.7
Pharmacies and Cosmetics	61.0	48.6	-12.4	39.0	51.4	+12.4
Books and Stationary	49.5	52.6	+3.1	50.5	47.4	-3.1
Florists	77.6	57.6	-20.0	22.4	42.4	+20.0
Jewelry	71.9	52.9	-19.0	28.1	47.1	+19.0
Sporting Goods	52.0	30.5	-21.5	48.0	69.5	+21.5
Personal Accessories	66.0	66.2	+0.2	34.0	33.8	-0.2
Other Retail	82.3	74.4	-7.9	17.7	25.6	+7.9
TOTAL, All Retail	65.8	47.5	-18.3	34.2	52.5	+18.3

* Based on results using Huff's retail model.

TABLE 4.19

SHOPPING CENTRE MARKET POTENTIAL IN 1971

	(Relative Proportion of Expected Market (% of Market Income))		
	<u>Polo Park</u>	<u>Garden City</u>	<u>Grant Park</u>
Combination Stores	36.4 (36.8)	25.7 (24.5)	29.4 (30.6)
Other Food Stores	46.0 (47.3)	7.5 (7.4)	4.5 (4.8)
Department Stores	16.9 (17.5)	6.1 (6.0)	7.7 (8.2)
Men's Clothing Stores	33.3 (34.4)	15.1 (14.7)	7.0 (7.5)
Women's Clothing Stores	22.9 (23.9)	10.2 (10.0)	3.4 (3.7)
Family Clothing Stores	57.9 (59.0)	9.9 (9.6)	4.3 (4.5)
Shoe Stores	41.3 (42.7)	10.2 (9.9)	3.6 (3.8)
Hardware Stores	77.5 (78.5)	0 (0)	0 (0)
Household Appliances	31.1 (32.4)	0 (0)	0 (0)
Pharmacies and Cosmetics	11.9 (12.4)	16.6 (16.2)	9.6 (10.4)
Books and Stationery	26.1 (27.1)	16.7 (16.3)	6.5 (7.0)
Florists	16.8 (17.6)	4.8 (4.8)	0 (0)
Jewellery	15.3 (16.1)	9.0 (8.9)	2.8 (3.1)
Sporting Goods	13.9 (14.7)	33.9 (33.3)	0 (0)
Personal Accessories	11.4 (11.9)	8.3 (8.2)	12.9 (13.9)
Other Retail (Specialty)	6.5 (6.9)	6.7 (6.7)	3.8 (4.1)
 TOTAL	 17.4 (18.1)	 7.7 (7.6)	 7.9 (8.5)

Table 4.20
 SHOPPING CENTER MARKET POTENTIAL IN 1983

(Relative Proportion of Expected Market)

Major Retail Group	Polo Park	Garden City	Grant Park	Unicity	St. Vital	Kildonan
Combination food	19.8	15.2	15.7	12.8	17.4	15.8
Other food	21.1	3.7	1.9	3.2	17.4	4.6
Department	14.5	5.9	6.5	6.5	11.4	6.9
Men's Clothing	15.8	8.1	3.1	7.2	22.1	8.7
Women's Clothing	14.5	7.1	2.1	6.5	13.8	14.0
Family Clothing	14.9	2.7	1.1	11.5	2.1	3.8
Shoes	25.6	6.9	2.1	7.5	12.7	11.6
Hardware	73.4	0	0	0	0	0
Household Appliances	19.7	0	0	0	0	0
Pharmacies and Cosmetics	7.9	12.5	6.4	7.4	8.6	7.5
Books and Stationary	10.5	7.6	2.5	5.1	10.5	10.0
Florists	16.5	5.1	0	2.9	5.3	11.6
Jewelry	11.0	7.3	2.0	7.0	11.3	7.4
Sporting Goods	5.7	16.6	0	21.1	8.3	17.0
Personal Accessories	5.7	4.7	6.5	5.6	6.2	3.7
Other Retail (specialty)	3.4	4.1	2.0	5.8	4.9	4.7
TOTAL	13.6	6.7	6.1	6.7	10.7	7.3

(Relative Proportion of Expected Retail Sales)

Major Retail Group	Polo Park	Garden City	Grant Park	Unicity	St. Vital	Kildonan
Combination food	20.0	14.3	16.9	13.3	17.1	15.2
Other food	22.1	3.7	2.2	3.4	17.5	4.6
Department	15.1	5.7	7.3	6.9	11.4	6.9
Men's Clothing	16.5	7.9	3.6	7.6	22.3	8.5
Women's Clothing	15.3	7.0	2.4	6.9	13.8	13.9
Family Clothing	15.6	2.7	1.2	12.2	2.1	3.8
Shoes	26.6	6.7	2.4	8.0	12.7	11.4
Hardware	74.7	0	0	0	0	0
Household Appliances	19.7	0	0	0	0	0
Pharmacies and Cosmetics	8.3	12.1	7.2	7.9	8.5	7.5
Books and Stationary	11.1	7.4	2.9	5.5	10.5	10.0
Florists	17.4	5.0	0	3.1	5.3	11.6
Jewelry	11.6	7.2	2.3	7.4	11.3	7.3
Sporting Goods	6.0	16.0	0	22.3	8.3	16.9
Personal Accessories	6.0	4.6	7.4	6.0	6.2	3.7
Other Retail (Specialty)	3.6	4.0	2.3	6.2	4.8	4.7
TOTAL	14.2	6.5	6.8	7.1	10.6	7.3

It is important to note that the results of this model can only be viewed as a general and relative indicator of retail market areas because several factors such as quality, variety, individual consumer decision-making and preferences, frequency of visitation, advertising effects, and other exogenous influences cannot be accounted for within the context of Huff's model.

The main intent of the model is to examine the relative changes in shopping behavior and market shares which would have been expected to occur with the addition of more regional shopping centres. Thus, the focus of attention should be on a comparison of downtown retail versus suburban retail (the cumulative market of suburban regional shopping centres). Table 4.17 and 4.18 indicate the relative proportion of population and total income that is expected to accrue to the previously defined downtown and suburban retail areas based on factors considered in the model. Tables 4.19 and 4.20 disaggregate the suburban totals into market shares for each individual shopping centre.

It must be emphasized that: (1) the model examines retail trade as though only regional shopping centres and downtown retailing exist (this covers about half of all retail space in Winnipeg); and (2) the model only considers the population within the study area boundaries as the potential market.

Given these conditions, the results indicate that the downtown would have been expected to lose 18% of its market share to regional shopping centres from 1971 to 1981-3. The three shopping centres (Polo Park, Garden City, Grant Park) which were included in the 1971 analysis

also had their market share decline slightly by 1983 with the addition of the three new centres (St. Vital, Unicity, Kildonan Place).

In addition, the relative proportion of expected market (based on population in a residential area) and expected retail sales (based on total income of a residential area) for each retail group and location are highly correlated. The suburban share of retail sales (Table 4.18) tends to be slightly higher than its relative proportion of population potential (Table 4.17) because of the proximity of regional shopping centres to populations with generally higher average incomes as opposed to the relatively lower average incomes in the urban core.

An analysis by retail group categories demonstrated that only family clothing, and a few small retail groups like books, household appliances and hardware, have shown an increase in probable downtown market, while other retail groups in the downtown have lost some degree of their market share to suburban shopping centres. Retail groups which would be expected to be most significantly affected in the downtown appear to be department stores, women's clothing and shoes - the three major components of regional shopping centre activity.

Figures 4.6 and 4.7 illustrate the market potential and probability of a consumer in each census tract (residential area) shopping downtown as opposed to shopping in regional shopping centres for the years 1971 and 1983.

The probabilities range from 0 to 1.0. The results lie between these extremes. For example, if the probability for census tract "a" equals .4 this indicates that a consumer in census tract "a" will

Figure 4.6

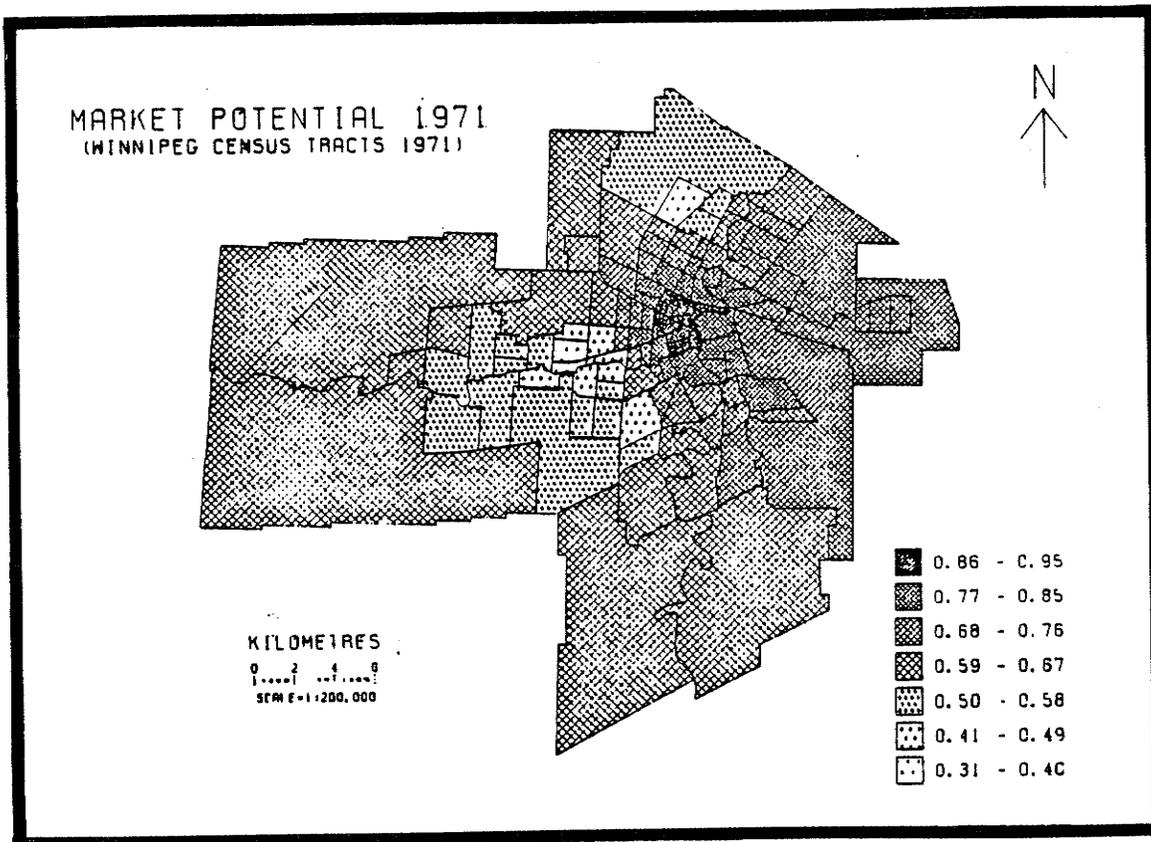
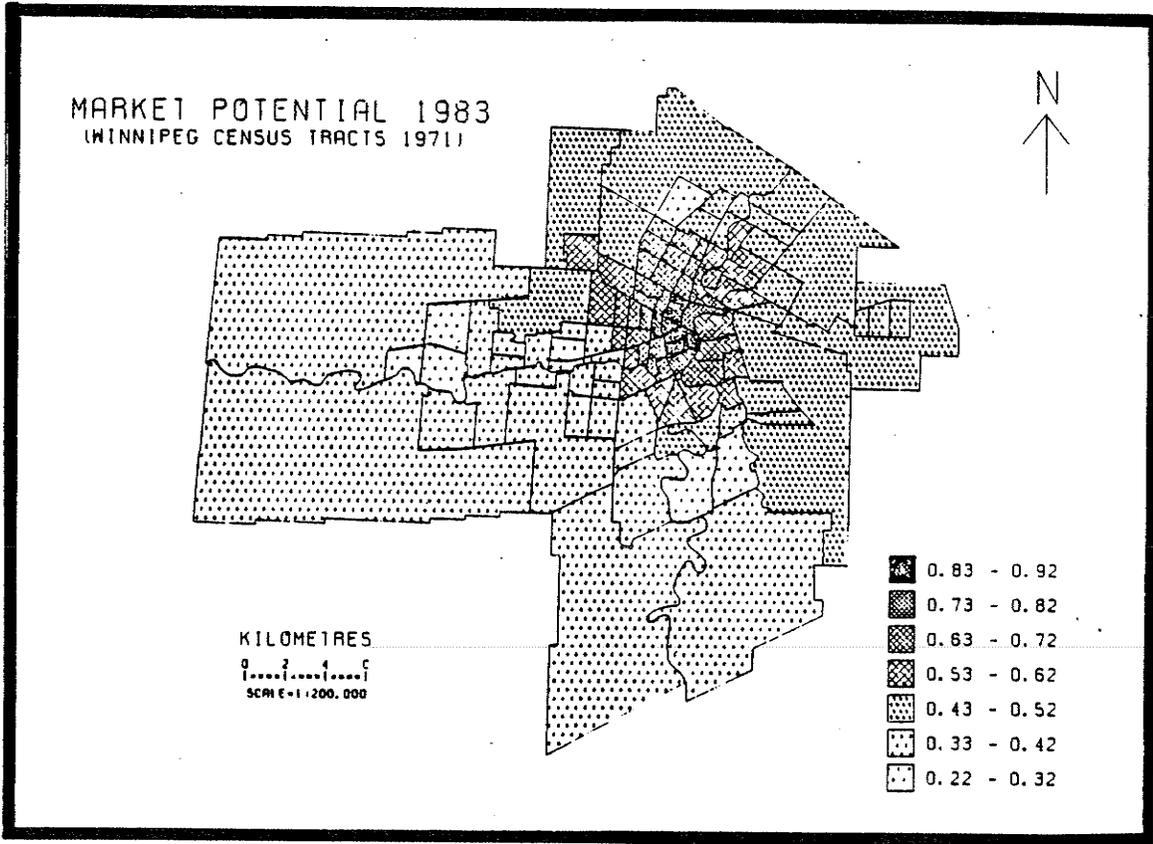


Figure 4.7



probably do 40% of their shopping downtown as opposed to regional shopping centres or 40% of all the consumers in census tract "a" will shop downtown and 60% will shop in regional shopping centres.

Figure 4.6 indicates that residential areas near the downtown, such as Fort Rouge, St. Boniface, the North End, and the Midland area had high probabilities (over .75) of their residents shopping downtown, while areas such as St. James, River Heights - Tuxedo and Garden City - West Kildonan had low probabilities of their residents shopping downtown because there were the surrounding areas of regional shopping centres. By 1983, the core market surrounding the downtown did not change significantly, but there were downward shifts of probability in Assiniboia, Charleswood, St. Vital, Fort Garry, Transcona, Windsor Park - Southdale and East Kildonan. In general, downtown retailing appears to have maintained its market near the city centre and in the northern part of Winnipeg, but has lost some of its previous market in the outlying suburbs to the west, south and east due to new large shopping developments in each area.

This model indicates and assumes that as retail space is added in the suburbs, retail sales subsequently will be shifted and spread out among retail locations. Limitations and assumptions inherent within Huff's model extend its description of retail activity to only relative and general terms. Thus, one can only generalize that Huff's model indicates an expected redistribution of the retail market towards more suburban shopping centre activity in Winnipeg since 1971.

H. Micro-Analysis of Downtown Retail Trade 1971 - 1983

In this section a micro-level analysis of the structure and trends of retail activity in Winnipeg is undertaken for the years 1971 and 1983. The downtown was divided into five major retail areas referred to as Downtown Key Retail Areas (DKRA's): North Portage Avenue from Colony to Main, South Portage Avenue from Memorial to Main, South Main Street (both sides), North Portage Avenue, and South Portage to Assiniboine excluding South Portage Avenue. Eaton Place, a shopping mall built in 1979, was added as a sixth DKRA for the 1983 analysis. Figure 4.8 illustrates the location and boundaries of these DKRA's.

1) An Overview of Downtown Retail Activity

Tables 4.21 and 4.22 indicate the number of retail establishments and total leasable retail floor space of each DKRA for the year 1971 and 1983.

South Portage Avenue, accounting for over two-thirds of total downtown retail space, is the overwhelmingly dominant DKRA in terms of leasable retail floor space due to the two large department stores, Eaton's and The Bay. The South Portage to Assiniboine DKRA contains the largest number of stores and has the second highest total of retail space (only about one-quarter of South Portage Avenue DKRA). Retail space in general concentrated on the south side of Portage Avenue and on the streets south of Portage Avenue.

Figure 4.8

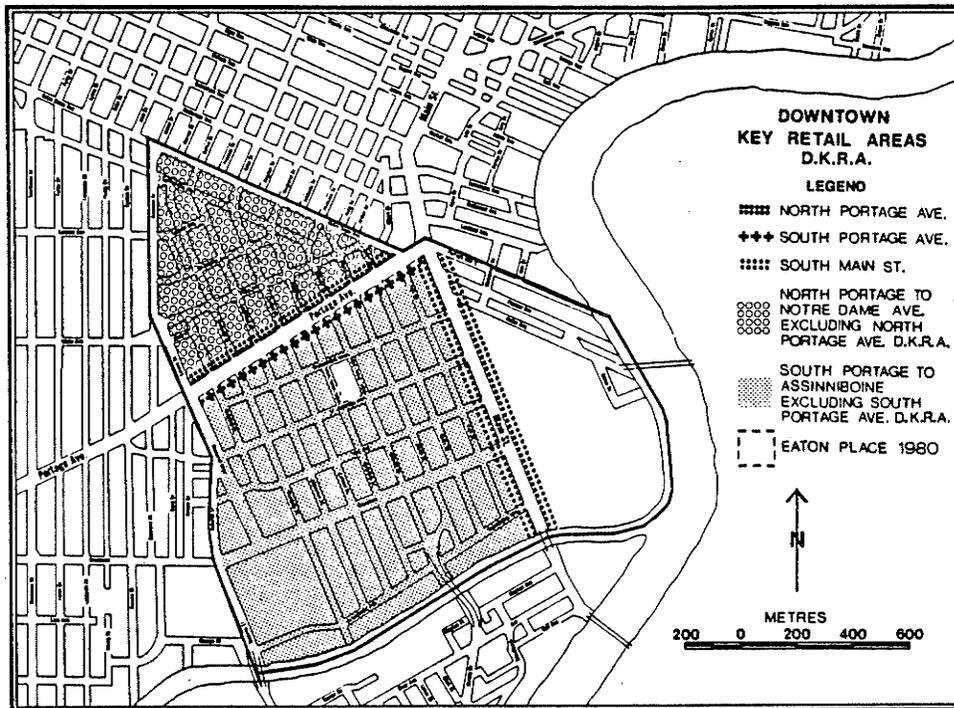


Table 4.21
DOWNTOWN KEY RETAIL AREAS, 1971

	<u>No. of Stores</u>			<u>Leasable Retail Floorspace (sq. ft)</u>		
	<u>Local</u>	<u>National</u>	<u>Total</u>	<u>Local</u>	<u>National</u>	<u>Total</u>
North Portage	53	3	56	132008	10381	142389
South Portage	22	11	33	51132	1463721	1514853
South Main Street	9	0	9	54321	0	54321
North Portage to Notre Dame (Excluding Portage)	82	1	83	164253	2460	166713
South Portage to Notre Dame (Excluding Portage)	93	7	100	232993	207793	440786
(Excluding Eaton's Catalogue Center)	(93)	(6)	(99)	(232993)	(22793)	(255786)
TOTAL	259	22	281	634707	1684355	2319062

Source: Derived from City of Winnipeg

Table 4.2 2
DOWNTOWN KEY RETAIL AREAS, 1983

	<u>No. of Stores</u>			<u>Leasable Retail Floorspace (sq. ft.)</u>		
	<u>Local</u>	<u>National</u>	<u>Total</u>	<u>Local</u>	<u>National</u>	<u>Total</u>
North Portage	29	12	41	45536	40094	85630
South Portage	22	16	38	41507	1490006	1531513
South Main St	14	15	29	57756	27681	85437
North Portage to Notre Dame (Excluding Portage)	88	1	89	205574	1200	206774
South Portage to Broadway (Excluding Portage and Eaton Place)	109	8	117	242332	9973	252305
Eaton Place	25	49	74	34216	83280	117496
TOTAL	287	101	388	626921	1652234	2279155

Source: Derived from City of Winnipeg

Most of the retail space owned by national chain organizations is along South Portage Avenue. In 1971, South Portage Avenue contained 18 of its 22 nationally-owned stores in the downtown. The number of nationally-owned stores in the downtown increased tremendously by 1983, largely due to the opening of the Eaton Place and Winnipeg Square shopping malls. The slight decrease in the amount of nationally-owned retail space can be explained by the fact that Eaton Place, with 49 chain stores containing approximately 83,000 square feet, replaced one large nationally-owned catalogue centre which previously constituted 185,000 square feet. Retail activity on the North side of Portage Avenue to Notre Dame is dominated by small and locally-owned stores. South Portage Avenue, Eaton Place and Winnipeg Square are characterized by larger and nationally-owned stores, while South Portage to Assiniboine, excluding Portage Avenue and Eaton Place, is characterized by small, locally-owned retail outlets.

Table 4.23 examines the shifts in downtown retail. Eaton Place represented 74 out of the 107 additional stores in the downtown by 1983. Excluding this shopping centre, the largest growth in retail stores occurred in the South Main Street DKRA (due to the addition of Winnipeg Square) and the South Portage to Assiniboine DKRA (largely due to the Convention Centre). Only North Portage Avenue declined in number of stores, with a net loss of 15.

In terms of change in retail floor space, excluding the conversion of Eaton Catalogue Centre to Eaton Place, the North Portage to Notre Dame and South Main Street DKRA's experienced the largest growth.

Table 4.23
 SHIFTS IN DOWNTOWN RETAIL,
 BY LEASING FLOORSPACE 1971-1983

	Change in no. of Stores		Change in Leasable Retail FloorSPACE	
	<u>No. 1983-1971</u>	<u>% change</u>	<u>Sq. Ft. 1983-1971</u>	<u>% change</u>
North Portage Ave.	-15	-26.8	-56759	-39.9
South Portage Ave.	5	15.2	16660	1.1
South Main Street *	20	222.2	31116	57.3
North Portage to Notre Dame (Excluding Portage Ave.)	6	7.2	40061	24.0
South Portage to Assiniboine (Excluding Portage Ave and Eaton Place)	17	17.0	-3481	1.4
TOTAL	33	11.7	27597	
TOTAL including Eaton Place **	107	38.1	-39907	-1.7

* Winnipeg Square added by 1983

** Eaton Catalogue Center 1971

Source: Derived from City of Winnipeg

South Portage Avenue and South Portage to Assiniboine DKRA's did not have any significant loss or gain in total retail space. Only North Portage Avenue experienced a loss in retail, as this DKRA declined in total retail space by 57,000 square feet.

Table 4.24 indicates the number of vacant lots and the amount of vacant retail space which existed in the DKRA's for 1971 and 1983. Overall, vacant retail space represented 5% of all occupied retail space in the downtown in 1971 and this proportion increased to 7% by 1983. Vacant retail space was defined as any vacant ground floor space which was previously retail and subsequently abandoned, ground floor space deemed suitable for retail development. In 1971, the two DKRA's outside Main Street and Portage Avenue contained the greatest number of vacant lots and amount of vacant retail space. South Portage to Assiniboine accounted for over half of all vacant space in 1971, while North Portage to Notre Dame contained over one-quarter of this vacant space. Both of these DKRA's also had the highest proportion of vacant space as a proportion of occupied retail space in 1971.

The total amount of vacant downtown retail space increased and became more spread out among the different DKRA's by 1983. The only DKRA that declined in vacant space from 1971 to 1983 was South Portage to Assiniboine. Retail vacancy in the downtown appeared to shift southward by 1983. North Portage Avenue showed an extremely high ratio of vacant space to occupied space. South Main Street also experienced a large gain in vacant space in 1983 due to the closing of the downtown's largest automobile dealer. It is noteworthy that South Portage

Table 4.24

<u>RETAIL VACANCY, 1971</u>				
	<u>no.</u>	<u>Total Vacant Sq. Ft.</u>	<u>% of Vacancy</u>	<u>Vacancy Space as a Proportion of Occupied Retail Space</u>
South Portage	1	851	.7	-
North Portage	3	8860	7.8	.06
South Main	5	7587	6.7	.14
Portage to Assiniboine excluding Portage and Eaton Catalogue Center	17	64281	56.4	.25
Portage to Notre Dame excluding Portage	17	32447	28.5	.19
TOTAL (1971)	43	114026	100	.05
<u>RETAIL VACANCY, 1983</u>				
	<u>no.</u>	<u>Total Vacant Sq. Ft.</u>	<u>% of Vacancy</u>	<u>Vacancy Space as a Proportion of Occupied Retail Space</u>
South Portage	3	5702	3.3	.004
North Portage	11	60812	35.7	.71
South Main	7	33392	19.6	.39
Portage to Assiniboine excluding Portage	8	23467	13.8	.09
Portage to Notre Dame excluding Portage	22	37916	22.2	.18
Eaton Place	9	9209	5.4	.08
TOTAL	60	170498	100	.07

Source: City of Winnipeg

Avenue has not experienced major problems with retail vacancy, reflecting the fact that this strip is the only consistently stable retail area in the downtown.

2) Locational Shifts in Downtown Retail Activity

Table 4.25 indicates the locational shifts in types of retail activity which occurred within the downtown from 1971 to 1983.

The Food sector as a whole has declined in the downtown in terms of retail space, but the "all other food" group had a net increase of six stores in the downtown. The grocery, confectionery and sundries group lost three stores in the area north of Portage.

The General Merchandise sector lost four stores and a large amount of retail space primarily due to the closing of the Eaton Catalogue Centre in the area south of Portage, but also because of the closing of a department store on North Portage Avenue and two variety stores on south Portage Avenue.

The Automotive sector has experienced the most dramatic decrease of all retail sectors in the downtown, affecting the South Portage to Assiniboine DKRA and the South Main Street DKRA. Overall, 17 motor vehicles dealers and auto parts operations left these areas.

The Apparel sector experienced gains in the downtown overall, but spatial location of these types of retail activity has been altered. Two retail groups, women's clothing and shoes, were the most obviously affected by the opening of two downtown shopping malls, Eaton Place and Winnipeg Square. These two retail groups experienced losses in most of

Table 4.25

LOCATIONAL SHIFTS IN RETAIL STORES

	South Portage	North Portage	Main	South Portage to Assiniboine	North Portage to Notre Dame	(Eaton Place)	Total Shift-Retail Group
Combination foods	-	-	-1	-1	+1	-	-1
Groceries, conf.	-	-	-	+1	-3	-	-2
Other food	+1	-	+1	+2	0	(+2)	+6
Department	0	-1	-	-	-	-	-1
Gen. Merchandise	-	+1	-	-2	-	-	-1
Variety	-2	-	-	-	-	-	-2
Motor Vehicles	-	-	-4	-4	-	-	-8
Garages	-	-	-	+2	-	-	+2
Auto Parts	-	-	-1	-7	-1	-	-9
Women's Clothing	-4	-1	+3	-6	-5	(+15)	+2
(Furs)	(-1)	(+1)	-	(-3)	(-3)	(+1)	(-5)
Men's Clothing	(-1)	-4	0	+3	-3	(+4)	-1
Family Clothing	+4	-	-	-	0	(+5)	+9
Shoes	0	-7	+3	+1	0	(+11)	+8
Hardware	-	-	-	+1	+2	-	+3
Household Furn.	-	-1	+3	+2	-3	-	+1
Household Appli.	-	-1	+1	+3	+2	-	+4
Pharmacies, cosm.	+3	0	+1	-1	+2	(+4)	+9
Books, Stat.	+1	+2	+3	+1	+5	(+3)	+15
Florists	-	-2	+1	+1	-2	(+1)	-1
Jewelry	+1	-1	+1	+2	+2	(+6)	+11
Sporting Goods	-	0	-	-	-	(+3)	+3
Personal Access.	0	0	+5	+11	+1	(+11)	+28
All Other Retail	+2	0	+4	+9	+10	(+9)	+34
(Other home furn.)	(+1)	(+1)	(+1)	(-1)	(+3)	(+1)	(+6)
(Opticals)	(+1)	(-1)	-	(+3)	(+2)	-	(+5)
(Arts Supplies)	(-2)	(+1)	-	(+1)	0	(+2)	(+2)
(All other)	(+2)	(-1)	(+3)	(+6)	(+5)	(+6)	(+21)
TOTAL							
BY O.K.R.A.	+5	-15	+20	+17	+6	(+74)	+107

Source: Derived from City of Winnipeg and The Henderson Directory.

the DKRA's, but were major components of Eaton Place and to a lesser extent, Winnipeg Square (South Main Street DKRA). The DKRA's which were most adversely affected by the locational shifts of these two retail groups were North Portage Avenue with a net loss of seven shoe stores and South Portage to Assiniboine, with a net loss of 10 women's clothing stores. Few stores showed an overall decline due to the loss of six stores in the DKRA's outside of Portage Avenue. Men's clothing stores experienced some shifts away from Portage Avenue to Eaton Place and the South Portage to Assiniboine DKRA. The family clothing group increased its number of stores by nine because of new additions on South Portage Avenue and in Eaton Place.

The hardware and household appliance group made slight gains in the North Portage to Notre Dame and South Portage to Assiniboine DKRA's. The household furniture group lost four stores in the North Portage area, but gained three stores on Main Street and two stores in the South Portage to Assiniboine DKRA.

The "Other Retail" sector has experienced substantial increases in retail establishments in the downtown as a whole. The pharmacies, cosmetics, books and stationery, and jewellery retail groups had slight gains in most DKRA's, while florists had slightly declined. The largest gains occurred in the personal accessories and all other retail groups - a combined total of 62 more stores in 1983 than in 1971. The majority of this new retail accrued in the South Portage to Assiniboine area (including Eaton Place) and to a lesser extent in the North Portage to Notre Dame DKRA. This seems to indicate that the increase

in small specialty shops has occurred in the malls and on the side-streets of the downtown and not on the main strip of retail activity.

3) Retail Structure of the Downtown Key Retail Areas

A spatial and structural breakdown of the major types of retail activity within each of the key retail areas is given in Appendix 4 to 8 (for 1971) and 9 to 14 (for 1983).

The largest DKRA, South Portage Avenue (Appendices 4 and 9), is dominated by two major department stores which represent over 90% of the retail space on South Portage Avenue for both 1971 and 1983. There was little change in the retail structure of this DKRA - except a loss of four women's clothing stores and two variety stores which was balanced by gains in family clothing and pharmacy stores.

North Portage Avenue has undergone substantial changes in retail structure (see Appendices 5 and 10). North Portage Avenue had a net loss of 56,759 square feet of retail floor space from 1971 to 1983. The retail groups most adversely affected were shoes, jewellery, household furniture and men's clothing. The only types of retail that have shown any increase on North Portage Avenue since 1971 are other home furnishings (this group includes stereo and record shops) and book stores. The primary types of retail in 1971 were women's clothing, shoes, household furniture and jewellery, but by 1983 the only sizable retail activities (over 10,000 square feet) along North Portage Avenue were stereo/record shops. It should be mentioned that some of the loss in retail space on North Portage has been due to government actions

(expropriations), as well as an increase in service businesses (i.e. restaurants) on North Portage.

South Main Street, retailing in 1971, was completely dominated by the Automotive sector (mainly motor vehicle dealers), but this type of retail on South Main Street was devastated by 1983 because of a large-scale movement of the Automotive sector out of the downtown area. A complete structural change had occurred in the South Main Street DKRA with the addition of household/office furniture and printing stores plus a 15 retail store shopping mall, Winnipeg Square, located in the basement of the new Trizec development on Portage and Main. This has resulted in more diversified retail trade along the west side of Main Street between York and Portage (compare Appendices 8 and 13). South Main Street still has a relatively small amount of retail trade in the downtown, but it now compares to North Portage Avenue in overall retail space (much of which is not visible because of the underground location of Winnipeg Square).

The primary use of retail space in the South Portage to Assiniboine DKRA in 1974 (Appendix 6) was the general merchandise group because the Eaton Catalogue Centre accounted for 43% of the total retail space of this DKRA. Other important types of retailing in this DKRA in 1971 were: motor vehicle dealers, auto parts and the "all retail" group. Structural changes were evident in 1983 as the "all other retail" group accounted for over one-quarter of the retail stores/space, while garages, personal accessories and the motor vehicle dealer were the next largest retail groups respectively (see Appendix 11).

Other than general merchandise, the retail groups which experienced significant losses in terms of retail stores/space in South Portage to Assiniboine DKRA from 1971 to 1983 were: motor vehicle dealers, auto parts, women's clothing (especially furriers) and combination food stores (the DKRA's only supermarket).

Eaton Place on Donald Street is within the area south of Portage, but its unique position among downtown retailing warrants separate consideration in the analysis. Eaton Place can be described as a suburban-type shopping mall located in the downtown. It is important to examine the major types of retail within Eaton Place separately because of the centre's structural differentiation from the rest of the South Portage area. The three major retail groups of Eaton Place (Appendix 14) are women's clothing, shoes and personal accessories (as groups ranging from 15,000 - 30,000 square feet) which account for over half of the leasable retail floor space in the mall. The remainder of the leasable retail floor space includes smaller groups (as groups 5,000 - 10,000 square feet) such as books, jewellery, men's clothing, family clothing, pharmacies, cosmetics and the "all other retail" group.

The structure of the North Portage to Notre Dame DKRA has experienced relatively few changes and, in fact, some retail growth occurred due to new retail types such as books, art supplies and other small specialty shops. The only significant shifts which occurred were losses in household furniture which was balanced by a gain in family clothing, and a shift within the women's clothing retail group toward

more furriers. The dominant retail group in the North Portage to Notre Dame area is "all other retail", a classification consisting of a number of different types of specialty shops. Women's clothing (especially furriers), personal accessories and pharmacies/cosmetics also account for a significant portion of retail activity in this DKRA.

I Conclusions

There are seven distinct conclusions which can be drawn from this chapter.

1) Overall, there was no significant absolute or relative change in the total amount of retail space in downtown Winnipeg from 1971 to 1983, but in this time period, the development of new regional shopping centres dramatically increased the number of retail stores and amount of physical space occupied by this form of retailing.

<u>Year</u>	<u>DOWNTOWN</u>		<u>REGIONAL SHOPPING CENTRES</u>	
	<u>No. of Stores</u>	<u>Gross Leasable Floor Area (Sq. Ft.)*</u>	<u>No. of Stores</u>	<u>Gross Leasable Floor Area (Sq. Ft.)*</u>
1971	281	2,319	139	1,345
1983	388	2,279	351	2,822

* (Thousand of Square Feet)

2) The vast majority of stores and physical space in regional shopping centres is owned by chain-store organizations whose head offices are outside Winnipeg. Retail outlets in the downtown are predominantly owned by local independent merchants, but most new retail outlets added to the downtown since 1971 have been small in size and nationally-owned due to the introduction of the shopping mall concept to the downtown. Although an increase in nationally-owned stores occurred in the downtown, the overall amount of physical space owned by national chain organizations and local independent merchants in the downtown has not changed.

3) Since only a slow growth in real retail sales has occurred since 1971, a shift of the retail market towards regional shopping centres in comparison with the downtown is expected since physical space associated with regional shopping centres more than doubled from 1971 to 1983, while no net increase in retail space downtown occurred. It is thus assumed that as retail space is added to the suburbs but remains constant in the downtown, retail sales will subsequently be redistributed or spread out. It is expected that residential areas in close proximity to the downtown, such as Fort Rouge, Midland, St. Boniface and the North End, are still the major markets of the downtown retail trade, while some previous share of downtown retail trade was lost due to the outlying suburbs in the south, east and west of Winnipeg as new regional shopping centres were located in those areas.

4) South Portage Avenue continues to be the focus of retail activity in the downtown. The stability and strength of South Portage Avenue in

downtown retailing is emphasized by the fact that it has: (1) a consistently minimal amount of vacant retail space, (2) two-thirds of the entire retail space in the downtown, (3) the two major and only department stores in the downtown, (4) has not experienced any significant changes in retail structure.

5) The most evident physical impact of regional shopping centres on retail trade is the addition of more large nationally owned department stores in an era when department store and other multipurpose retailing (except in the Food sector) is losing its relative share of the retail trade industry both locally and nationally. Seven department stores, comprising approximately one million square feet of leasable retail floor space, were added to Winnipeg's retail sector with the development of three new shopping centres from 1975 to 1980, while the number of department stores in the downtown did not change. Total department stores sales in Winnipeg from 1974 to 1982 declined 17 percent (in constant dollars); thus, a substantial redistribution of a declining market resulted. It is expected that some share of downtown department store sales was lost to suburban department stores. Larry Smith Research Ltd.'s estimation of the downtown share of department store type sales dropped from 48 percent in 1971 to 32 to 34 percent in 1981 appears to be warranted.

6) Other than department stores, certain other retail groups in the downtown have been affected by the addition of regional shopping centres. The Apparel sector (women's, men's and family clothing, shoes) is a major retail component of regional shopping centre

structure, and was one of the fastest growing retail sectors in Winnipeg from 1974-82. Much of this growth has been at the expense of department store sales (the Apparel sector includes only specialty clothing and shoe stores and does not include apparel department within department stores). This sector experienced an increase in physical space in the downtown, but only had one-third of the increase which occurred in regional shopping centres. The location of the apparel sector within the downtown itself has been affected by the pull of the new shopping malls downtown. The trend towards apparel stores located in shopping malls has also resulted in national chain organizations assuming a larger share of this market because chain stores are the dominant owners of retail outlets in regional and downtown shopping malls.

It should be noted that regional shopping centres do not necessarily have an impact on all retail in the downtown. Combination food stores (supermarkets) are an example of an important component of regional shopping centres which have not had an impact on downtown because the downtown has only an extremely small Food sector to begin with.

There are certain types of retail such as specialty furniture or appliance stores which exist in the downtown and not in regional shopping centres.

The serious decline of the Automotive sector in the downtown cannot be attributed to regional shopping centre development because these types of retail activity (motor vehicle dealers, garages, auto parts)

are not components of regional shopping centres.

7) There is a definite trend towards specialty-type retailing and away from general merchandise retailing occurring both locally and nationally. This is reflected in retail sales figures since 1971. Specialty-type retail activity, which has experienced rapid growth in Winnipeg, includes the Apparel sector (shoes, men's, women's and family clothing) and retail groups in the "Other Retail" sector such as pharmacies, personal accessories, and "all other retail". This trend has been evident in downtown retail space, as well as in regional shopping centre space. A net loss in the general merchandise and automotive sectors in the downtown has been stabilized by additions in specialty retail, especially in the downtown shopping malls (Eaton Place, Winnipeg Square, and the Convention Centre) and side streets in the South Portage to York area. The trend towards more small specialty stores in the downtown should be reason for optimism because this type of retail activity is stronger and more diversified in the downtown than in regional shopping centres.

FOOTNOTES
CHAPTER FOUR

1. Economic Development Advisory Board, Manufacturing Retail Trends in Manitoba - Winnipeg (Winnipeg: Government of Manitoba, 1976), p. 59.
2. Dama and Smith, Winnipeg Downtown and Portage Avenue Study (Winnipeg: Downtown Winnipeg Businessmen Association, January, 1979), p. 14.
3. Ibid.

CHAPTER FIVE
PAST AND CURRENT RETAIL PROPOSALS FOR
THE CITY OF WINNIPEG

A. Introduction

The purpose of this chapter is to inform the reader on the decision making process of approving regional shopping centres in Winnipeg. To most effectively illustrate this, a case study analysis of Unicity Shopping Centre will be used. There will also be an examination of the planner's role in the decision making process, apparent retail trends in Winnipeg, new retail proposals, and suggested planning actions.

B. Decision Making Process of Winnipeg's Past Regional Shopping Centre Proposals: Case Study Analysis of Unicity Shopping Centre

As already mentioned in Chapter III, the first planned commercial development in Winnipeg, the Wildwood Shopping Centre, opened for business in 1947. But it was not until the late 1950's that shopping centres became the major commercial development in the City of Winnipeg. In 1959, Polo Park, the largest regional shopping centre in western Canada at that time, opened for business. Since then, regional shopping centres were built serving all parts of the City.

In October, 1972, an application for rezoning for a regional shopping centre (the first one after Polo Park) was presented to the

City of Winnipeg.¹ The application was submitted by the Trizec Corporation Limited of Montreal. The rezoning involved 36 acres of land bounded on Portage Avenue from "A", "RM-2" and "C2" to "C6", thus permitting construction of a major regional shopping centre to be known as the Unicity Mall.

The Greater Winnipeg Metropolitan Plan, of 1968 did not specifically mention regional shopping centres, thus there was no legal restriction on the rezoning of the land. But without a specific amendment to the Plan, persons objecting to the proposed development could ask whether the development was contrary to the intent of the official development plan. Shirley Kwan in her thesis, "A Retail Impact Analysis of Unicity Fashion Square" cites three such examples:

1. It was contrary to the 1969 Downtown Development Plan since a shopping centre of this scale would undoubtedly lead to retail decentralization from the Downtown;
2. It was contrary to the objectives set forth for the "Areas of no Urban Expansion", since the proposed shopping centre is only one-quarter mile from the Perimeter Highway, the developer might be speculating on residential development in the Addition Zone, thus encouraging urban sprawl;
3. It was contrary to the objectives set forth for the "Living Area". The area concerned was a designated residential area with one elementary school and two high schools in the vicinity. The privacy and protection of the surrounding home owners and their families would be destroyed.²

The only opposition for the Unicity Shopping Centre proposal came from a local citizen group who feared increased traffic in the area.

This problem was easily laid aside in the Community Committee hearing level with a promise of a technical solution. Since no other objections was filed, the application passed the Community Committee level and was then forwarded to the Committee of Environment for approval.

On December 11, 1972, a report prepared by Winnipeg's Environment Commissioner was received as information by the Committee on Environment. The report stated that although Polo Park was the only regional shopping centre in Winnipeg, the Garden City Shopping Centre* would eventually reach this potential, and the Grant Park Plaza* could easily become one. Thus, once these centres had all reached their potentials, and given the number of neighborhood and community centres, the Winnipeg - suburbs were well serviced commercially. Only one area of the City was said to be capable of supporting another regional shopping centre - that being the area east of the Red River.³ In other words, the report did not recommend the development of Unicity Mall.

The report met with severe criticism, especially from the developers who regarded this as an intrusion into the economic sector by the City which might eventually restrict competition in the retailing industry. Mr. Fred Morton, one of the Unicity Mall developers,

* Garden City Shopping Centre did become a regional shopping centre with the opening of a new annex featuring Eaton's on the 10th of August, 1976.

* The Grant Park Plaza has the required acreage and square footage to become a regional shopping centre. Its status is hampered by the fact that its leading store, Woolco, is a semi-discount store and cannot be classified as a major department store.

said that his company had spent at least \$250,000 on options, land acquisitions, plans and legal costs.⁴ He further expressed his concern that if developers in Winnipeg would continued to be harassed by controversies, red tape and administration, there was a danger of development slowing down or even stopping. Thaddius Charne, a developer who wanted to build another shopping centre in the same vicinity, was quoted as saying:

City Planners can say all they want about where shopping centres should go, but who is to say how the private sector invests its money.⁵

The report was thus rejected on January 15, 1973, based on Environment Committee Chairman D.A. Yanofsky's statement that protection from competition should not be a function of planning. The Committee recommended that the Commission prepare another report to allow a minimum of six regional shopping centres to be built within the next twenty-five years.⁶

On April 9, 1973 the Winnipeg Committee on Environment put forth a proposed amendment to the Greater Winnipeg Development Plan allowing "the greatest possible flexibility and Freedom for restriction for those who choose to compete in the marketplace".⁷ The report, The City of Winnipeg Shopping Centre 1972, was modified under political pressure to become The City of Winnipeg Shopping Centre 1973. The research was the same, but the conclusions were different. The 1973 report recommended six regional shopping centres:

1. Polo Park
2. In the west St. James-Assiniboia area

3. In the Charleswood-Fort Garry area to serve southwest Winnipeg
4. In the St. Vital area to serve southeast Winnipeg
5. Garden City Shopping Centre to serve northwest Winnipeg
6. The East Kildonan-Transcona area to serve the northeast section of the City of Winnipeg.⁸

On May 30, 1973, rezoning bylaw 272/73 to permit construction of the Unicity Mall Shopping Centre was given third and final readings. At the same time, Mrs. E. Eatons, a St. James resident who had been fighting persistently against this issue since 1972, filed an application asking Manitoba Court of Queen's Bench to quash City of Winnipeg bylaw 272/73. Mrs. Eatons was financially aided by a local businessman who was widely believed to be working for the Comox Corporation which owned two shopping centres, Westwood and Village Inn, on Portage Avenue. On November 7, 1973, the Environment Committee's proposal to amend the Greater Winnipeg Development Plan to include the regional shopping centre concept was approved in principle as bylaw 506/73. On December 14, 1973 the action from Mrs. Eatons was dismissed and the Unicity Fashion Square development was able to begin.⁹

C. The Planner's Role in the Decision Making Process

The approach taken in the City of Winnipeg Shopping Centre 1972 report was merely to present data on the shopping centres of Winnipeg. The content relied heavily on technical definitions and standards developed by the Urban Land Institute of Washington, D.C. in its book called "The Community Builder's Handbook 1960 Edition." Discussion

was confined principally to the physical features of the shopping centre proper and did not include problems of location, market analysis, and trade area delineation.

The conclusion stated that:

New retail facilities in an area are justified by actual increments in population and purchasing power in that area. It can be detrimental for competing centres to delineate their trade areas based on the same market potential as this can only mean retail space saturation.¹⁰

However since the actual market delineation and its analysis of various shopping centres was not included, the conclusion arrived at was hardly convincing.

The report itself admitted that it lacked the data to substantiate the economic arguments that it made against the growth of more shopping centres. As a result, the politicians were able to criticize this report severely. At this point, some value judgement has to be given. According to Shirley Kwan, all the Councillors who supported the rezoning application were either independent candidates or members of the I.C.E.C. association. Their goals and objectives were rather short-termed, i.e., only lasting as long as their term of office. The majority of these Councillors saw their role as being first and foremost a representative of their ward and a supplier of information to their constituents. Policy setting was rarely regarded as their primary role. Furthermore, citizens were unfamiliar with a new planning process. Thus residents' opposition did not exert as strong a pressure as it should have.¹¹

At a meeting on January 15th, 1973, The City of Winnipeg Shopping

Centre 1972 report was rejected. The Planning Division was instructed to revise the report to meet the Committee on Environment's specification of no severe limitations on the number or location of shopping centres in the City.¹² Mr. R. Drake, the Director of Planning, took a firm position on this matter and insisted that the Planning Division's report would remain as written. If there were to be changes, these would be attributable to the Committee on Environment and not the Planning Branch.¹³ The second report The City of Winnipeg Shopping Centre 1973 was prepared merely changing a few pages of the first report. This was regarded as the product of the Committee on Environment.

Whether or not the firm stand taken by Mr. Drake had any effect upon the politician's decisions was not as important as the fact that his action clearly portrayed the ethics of the planning profession.

According to Kwan, without the planner's aid, The City of Winnipeg Shopping Centre 1973 included recommendations which contradicted the substantive data which was retained from the first report. The planners seemed to have lost the battle in this issue, but to their credit, had not submitted to political pressure.¹⁴

There is thus a high probability that the Unicity Shopping Centre issue triggered the expansion of Garden City Shopping Centre to its regional capacity in 1976 and the approval and openings of the St. Vital Centre in 1979 and Kildonan Place in 1980. Did City Councillors have an idea or know what it was doing when it gave approval to these new regional shopping centres? Did Winnipeg really need these new

retail centres, given that the population growth rate has been less than 1% annually for almost two decades? In order to attempt to answer these questions, it would be helpful to examine recent retail statistics.

D. Apparent Retail Trends in Winnipeg

Statistics Canada retail sales activity figures are only available for the four major Canadian cities of Montreal, Toronto, Vancouver and Winnipeg.

The following findings are based on these figures:

- 1) The trend in retail sales based on constant 1971 dollars - sales for 1971 to 1982 were up in Montreal, Toronto and Vancouver but unchanged for Winnipeg. Therefore, 1982 sales could have been handled by 1971 physical retail facilities.
- 2) A comparison of population and retail sales 1974-1982:

<u>City</u>	<u>% Change in Population</u>	<u>% Change in Retail Sales In Constant 1971 Dollars</u>
Montreal	2.8	10.5
Toronto	11.5	12.6
Vancouver	13.7	13.6
Winnipeg	4.7	4.5

There was a noticeable relationship between growth of population and retail sales for 3 of the 4 major cities. Winnipeg had the slowest growth rate in both population and retail sales.

- 3) A comparison of retail sales of the 4 major cities 1974-1982 also indicated that:

Winnipeg in 1974 and 1982 had the highest percentage of chain store sales and the lowest percentage of independent store sales to total Winnipeg retail sales:

1974 - chains	53.2%	independent	46.8%
1982 -	58.3%		41.7%

This also shows an increasing trend to chain store sales and a lower percentage of sales by independent stores possibly due to the increase in the number of shopping centres which are predominantly made up of chain stores.

- 4) Comparison of national chains and local independents in shopping centres and central business district in 1983:

	<u>No./%</u>		<u>Sq. Ft./%</u>	
	<u>Local</u>	<u>National</u>	<u>Local</u>	<u>National</u>
All Regional Shopping Centres	62/17.7%	289/82.3	101,578/3.6	2,270,422/96.4
Central Business District	287/7.9%	101/25.1	626,931/27.6	1,652,234/72.6

- 5) Statistics Canada also shows that in 1982 Winnipeg retail sales per capita was \$4,206 and that Winnipeg ranked third of the four major cities behind Vancouver and Toronto.
- 6) Comparison of Winnipeg's population, income and retail sales 1971-1982 based on constant 1971 dollars:
- (a) Population increased by 8.3% to 584,842.
 - (b) Average household income dropped by 1%.
 - (c) Retail sales increased 10.4%.

The above statistics indicate that a modest increase in retail space could easily have accommodated both the increase in population and the increase in retail sales from 1971-1983. Yet, during this same period, almost three million sq. ft. of new retail space was added, largely through new shopping centres. Example: three regional shopping centres - Unicity Mall (582,854 sq. ft.), St. Vital Mall (709,225 sq. ft.) and Kildonan Place (505,860 sq. ft.) accounted for 1,800,000 sq. ft. of this total. This is an increase of more than 150% since 1971.¹⁵

During this period, available retail space in the downtown decreased by 40,000 sq. ft. The demise of Eaton's mail order was roughly offset by the addition of Eaton Place, Lombard and The Shops of Winnipeg Square. This decrease of 40,000 sq. ft. is a noticeable change in the Portage north area. (Note: this is available space not vacant space.)¹⁶

In 1971, there were 114,026 sq. ft. of vacant retail space in the downtown area in 43 locations. In 1983, this had increased to 60 locations of 170,498 sq. ft. (22 vacancies were on the north side of Portage Avenue, another 11 from Portage to Notre Dame and 9 in Eaton Place.) In other words, the downtown has 40,000 sq. ft. less retail space available plus another 170,498 sq. ft. of vacant space.¹⁷

In analyzing these statistics, it is unfortunate that City Councillors were not knowledgeable enough to foresee that new suburban retail space would severely dilute businesses of the surrounding commercial areas such as the downtown. In giving approval to build new centres or expand existing centres, Councillors failed to recognize the impacts and consequences the city would face in future years. The rapid expansion of the suburban shopping centre during the 1970's has truly decimated the downtown Winnipeg shopping area.

Since the introduction of the first enclosed Shopping Centre, downtown merchants are faced with a number of competing factors. Shopping centres in Winnipeg seem favoured in today's retail market because of superior accessibility, free parking, long shopping hours, convenience and comfort. The modern shopper appears to greet the

shopping centre retail medium with open arms. The modern consumer has a variety of demands, many of which are satiated within the confines of a regional shopping centre. The fact people return day after day, year after year to these institutions attests to the centres' success in supplying what the public want.

Unfortunately, since shopping centres cannot create new buying power, they simply attract customers from existing businesses. These centres absorb a large share of the retail market at the expense of established retailers. In the wake of declining retail sales due to the introduction of a compelling peripheral mall, some local independent downtown retailers may choose to relocate within this new facility. However, few independent merchants are found in dominant shopping centres. The high rents in these centres make it prohibitive for an independent merchant to pay additional wages for purchasing, credit, legal, accounting and other support services that are centralized by the chain stores.

Employment is another area greatly affected by shopping centre development. Obviously, both the downtown retailer and the new dominant retail centres are important employers. However, due to the nature of the retailing methods used in the new centre, its employment would be less than 50% of the employment provided by the retailers in the downtown area doing a similar volume of business.

During the summer of 1984, a group of university students conducted a survey both in the downtown and the suburbs, concerning individual shopping preferences and patterns. The survey results reveal

interesting perceptions and opinions of respondents regarding shopping habits and retail facilities in Winnipeg. The results were as follows:

1. Most downtown respondents cited selection of merchandise as the most influential factor in deciding to shop downtown and parking as their least favourite element of downtown shopping.
2. There existed a slight preference among those surveyed for car over bus use for travelling downtown. Moreover, the parking facility types in order of respondent preference were garage lot, parking meter and surface lot.
3. Over 15% of downtown respondents perceived more specialty shops as being needed downtown.
4. Shopping centre respondents indicated parking, convenience and selection as the three primary factors in shopping centre patronage.
5. Half of the shopping centre respondents suggested inadequate parking was a deterrent to downtown shopping.¹⁸

Overall, in both the downtown and shopping centre surveys, the majority of respondents cited lack of parking as a significant problem in the choice of their location preference. Respondents in both locales also suggested more specialty stores as a needed type of retail outlet. Additionally, most respondents lived in a relatively nearby, adjacent community to the shopping locale in which they were interviewed. Most respondents expressed preference for use of their automobile to shop at shopping centres and, to a lesser extent, to travel downtown. Thus, the opening of each new regional shopping centre in Winnipeg has resulted in a drastic decline in the number of shoppers in the downtown area, and has greatly affected the prosperity of the local retail sector. According to John Stokes, Executive Director of the Downtown Winnipeg Association, "our downtown has hit rock bottom as a

retail and commercial centre".¹⁹ The retail sector of downtown Winnipeg is no doubt faced with a dilemma, that being develop or die.

E. New Retail Proposals

Representatives from the federal, provincial and city governments have recently addressed this dilemma, and are now placing special emphasis on the revitalization of commercial and retail activities in the downtown area. They have recognized that downtown is the centre, the hub, and the heart of Winnipeg. They have also recognized it to be the focal point of commerce, transportation, government, our historical past and our cultural heart. According to Mayor William Norrie, "What a visitor to Winnipeg sees, feels and perceives the centre is the basis of his or her impression of Winnipeg as a whole."²⁰ The three levels of government have witnessed the run down of the downtown and seen it lose some of its glitter and greatness, and now through the vehicle of the North Portage Development Corporation, they have agreed to assist with a major redevelopment. Part of the plans includes the development of 200,000 square feet of new retail space.

There is basically an understanding that this space is needed to replace the retail and/or commercial space expropriated in the North Portage development area, and to provide additional space as incentive for those wishing to relocate in or return to the downtown. Many downtown merchants have openly criticized the North Portage development. They support the need for downtown redevelopment. However, at the same

time they are deeply concerned about the lack of a concrete plan of exactly where this new retail development will be located and what the type of stores it will attract.

While the North Portage Development Corporation was developing a scheme to revitalize downtown Winnipeg, the owners of Polo Park Shopping Centre announced plans (September 1984) to modernize and expand. Included in the plans are a major supermarket and a parking structure on the east side of the existing mall. In total, the proposal includes a 200,000 square feet increase in the gross leasable area of the shopping centre. This will be 200,000 square feet over and above the 200,000 square feet proposed in the North Portage area and will be in competition with it for new retail establishments and the retail market. The \$75 million dollar project is slated to open in the summer of 1986.

F. In Search of New Planning Directions

Now that the Polo Park expansion plan was approved by Winnipeg City council (September 5, 1984), the redevelopment plan of the North Portage area may have to be reconsidered. Why develop 200,000 square feet of new retail space in two locations? How can and when will the city be able to absorb all this new retail space? The City of Winnipeg Department of Environmental Planning, Information Bulletin entitled, "Shopping Centres" states that existing shopping centres appears adequate to serve the projected year 2000 local market of 660,000 people.²¹

The North Portage Development Corporation should be aware of the fact that new businesses are less inclined to locate in the downtown area as they once did in the past. Many businesses opt to locate in suburban shopping centres for reasons such as free parking, lower assessments of taxes, easy accessibility and convenience.

Since land values are much higher in the downtown than in the suburbs, availability determines price. It is a basic case of supply and demand. Thus, since suburban land is available and less expensive, more is purchased and given over to parking. If parking were more readily available in the downtown and much less expensive, business might not look upon this as a major obstacle to establishing in the downtown.

In Winnipeg, land values in the suburbs are assessed drastically lower than in the downtown, thus encouraging businesses to stay far away from the C.B.D. According to Winnipeg lawyer Michael Mercury, who is a specialist in property assessments:

It does not make sense for the Polo Park shopping centre for example, to be assessed at an average of 70 cents a square foot while on Portage Avenue land assessment runs from \$13.50 to \$66.00 per square foot. The assessment of the land under Eaton's downtown store is approximately equal to the total land assessment of the land utilized by St. Vital, Unicity, Kildonan Place and Grant Park Shopping Centres. This does not make sense for these shopping areas are only minutes away from downtown and each other. In general, property assessments in Winnipeg are grossly unfair and elected officials have a legal and moral obligation to address the problem immediately.²²

The current assessment structure in Winnipeg bears little relation to the current market value of properties. For example, why should downtown retail establishments be assessed so high, while thriving regional shopping centres are assessed so low? The City of Winnipeg

has both a moral and a legal obligation to reassess its property taxes.

As well, the downtown does not benefit economically when new roads, new services and extensions of existing services are provided by the city for new suburban shopping centre developments. However, the city government has seen fit over the years to extend "benefits" to suburban retail developments at the expense of the older established retailers located in the downtown area.

As previously mentioned, shopping centres do not create new buying power, but attract customers from existing businesses, other shopping centres and independent stores. This is apparent in slow growth areas such as Winnipeg. As an example: Kildonan Place was built in 1980 and in two years enjoyed over \$50 million in retail sales. It added about 500,000 square feet of retailing space while in terms of constant 1971 dollars the total retail sales in Winnipeg remained about the same.²³ The question now arises, do city councillors consider the inevitable losses of revenue from older established shopping areas plus the added costs of capital for services or extension of existing services? It behooves them to consider these variables because over the past decade the City has given approval to approximately three million square feet of new suburban retail development at the expense of the older established retail outlets located in the downtown area. It is felt that more urban downtown development could take place if the following planning actions were taken.

Firstly, the city should offer to upgrade roads, water, and other

services for any new downtown development.

Secondly, land assessments in the downtown should be compatible to the suburban-shopping centres' rate.

Lastly, high density, inexpensive self-sustaining parking should be developed downtown at a public expense. In general, the downtown merchants are not asking for concessions. Sure they will take it if they are offered. Who wouldn't? What they really want and feel they deserve is greater equality. For example, when the city makes improvements of roads for new suburban developments, and installs new sewers, water and services, it should effect the same improvements in the downtown or use the same amount of money to help the downtown. What is really needed in order to prevent downtown decay is for the City to establish a firm and democratic policy with regard to any new suburban development proposals.

The city's proposed new planning bylaw called Plan Winnipeg reveals most clearly the need for revitalization and renewal. Two brief quotations from the Plan state the need for such a direction.

The future of the City now lies largely in its existing neighbourhood and infrastructure and not in the suburban periphery.

There is not enough forecast future growth for Winnipeg to permit both downtown revitalization and at the same time allow continuing growth of traditional uses in the suburbs. A strong commitment to downtown growth and inner city renewal is in the best interests of Winnipeg's economic future.²⁴

Once this policy direction has been established, certain supportive policies must follow, dictated by the demographic realities facing Winnipeg. The first of these must be a clear and restrictive policy regulating the suburban development of housing and commercial

structures. This issue is addressed in Sections 6(2) (b) Urban limit Line, 15(1) Large Lot Residential Development, and 45(1)(2) Shopping Centre Development. This thesis endorses the intent of these sections, however, there is concern that the statements of intent are without sufficient detail indicating what specific developments will be allowed or disallowed. For example, section 45(1)(2) relating to shopping centre development states that:

45(1) Policy:

As determined by council the city shall limit the further development of shopping centres outside the downtown area to a scale necessary to meet the needs of the local neighborhood and consistent with the objective set out in Paragraph 45(2).²⁵

45(2) Objective:

To enable provision of neighborhood retail shopping centres to meet the needs of local residential communities and to encourage the location of larger scale shopping developments in the downtown.²⁶

According to Winnipeg's Chief City Planner, Len Vopnfjord, this bylaw [45(1)(2)] protects merchants in the inner city by preventing developers to construct new suburban regional shopping centres. This bylaw is currently a city policy, however it has not received final approval.²⁷ The City's proposed bylaw relating to shopping centre development is not specific and contains one major flaw. The bylaw is unfortunately silent on the important issue of the expansion of existing suburban malls.

For example, on September 5, 1984, City Council gave approval to Cadillac Fairview Corporation to add about thirty percent more space to the Polo Park Shopping Centre. There is nothing in the bylaw that

could have legally prevented the owners of Polo Park to expand. In fact, the owners of the other five regional shopping centres in the city can also launch similar expansions if they so desire.

The City is currently facing the dilemma that if it wanted to change the bylaw restricting development of new regional shopping centres and restricting expansion of existing shopping centres, it will forfeit new investment to the local economy. However, on the other hand, what real benefit would the city gain if more suburban retail space is added to the city? One must remember that since 1971, the amount of retail space in the city has grown nearly four times as quickly as total retail sales. There is no doubt that any new suburban retail space would have detrimental effects on older retail areas. Thus, it is proposed that the city be more direct and specific in formulating policies relating to shopping centre development.

G. Conclusion

In October of 1972, an application made by the Trizec Corporation, for rezoning for a regional shopping centre (the first one after Polo Park) was presented to the City of Winnipeg. The rezoning involved 36 acres of land on Portage Avenue from "A", "RM-2" and "C2" to "C6" thus permitting construction of a major regional shopping centre to be known as the Unicity Mall.

In a report prepared by Winnipeg's Environment Commissioner, it was recommended that the proposed development of Unicity Mall not be

given City Council approval. The report called The City of Winnipeg Shopping Centre 1972, underwent severe criticism from local citizen groups, developers and politicians. As a result of political pressure, this report was modified to become The City of Winnipeg Shopping Centre 1973. The research was the same but the conclusions were different. The 1973 report recommended the approval of Unicity Mall and a minimum of six regional shopping centres to be built within the next twenty-five years. There is thus a high probability that the Unicity Shopping Centre issue triggered the expansion of Garden City Shopping Centre to its regional capacity in 1976 and the approval and openings of St. Vital Centre in 1979 and Kildonan Place in 1980.

In analyzing retail statistics of Winnipeg, it is unfortunate that City Councillors were not knowledgeable enough to foresee that new suburban retail space would severely dilute business of the surrounding commercial areas such as the downtown. For example, a modest increase in retail space could easily have accommodated both the increase in population and the increase in retail sales from 1971-1983. Yet, during this same period, almost three million square feet of new retail space was added, largely through new shopping centres.

In giving approval to build new shopping centres, City Councillors did not take these and other factors into consideration and failed to foresee the impacts and consequences the city would face in future years. The rapid expansion of the suburban shopping centre during the 1970's has truly decimated the downtown Winnipeg shopping area. In fact, the opening of each new regional shopping centre has resulted in

a drastic decline in the number of shoppers in the downtown area, and has greatly affected the prosperity of the local retail sector. The retail sector of downtown Winnipeg is currently faced with a dilemma, that being "develop or die". Representatives from the federal, provincial and city governments have recently addressed this dilemma, and through the vehicle of the North Portage Development Corporation, they have agreed to place special emphasis on the revitalization of commercial and retail activities in the downtown area. Part of the plan includes the development of 200,000 square feet of new retail space. There is basically an understanding that this space is needed to replace the retail and/or commercial space expropriated in the North Portage development area, and to provide additional space as incentive for those wishing to relocate in or return to the downtown.

While the North Portage Development Corporation was developing a scheme to revitalize downtown Winnipeg, the owners of Polo Park Shopping Centre announced plans (September 1984) to modernize and expand its current facility by 200,000 square feet. This will be 200,000 square feet over and above the 200,000 square feet proposed in the North Portage area and will be in competition with it for new retail establishments and the retail market.

Now that the Polo Park expansion plan was approved by Winnipeg City council (September 5, 1984), the redevelopment plan of the North Portage area may have to be reconsidered. Why develop 200,000 square feet of new retail space in two locations? How can and when will the city be able to absorb all this new retail space? The City of

Winnipeg Department of Environmental Planning states that existing shopping centres appears adequate to serve the projected year 2000 local market of 660,000 people.

The North Portage Development Corporation should be aware of the fact that new businesses are less inclined to locate in the downtown area as they once did in the past. Many businesses opt to locate in suburban shopping centres for reasons such as free parking, lower assessments of taxes, easy accessibility and convenience.

In order to encourage new retail retail business to locate in downtown, the following planning actions should be taken. The City of Winnipeg should upgrade its infrastructure and provide better parking facilities. As well, land assessments in the downtown should be compatible to the suburban shopping centre's rate. The city's proposed new planning bylaw called "Plan Winnipeg" reveals most clearly the need for downtown revitalization and renewal. Its policy relating to shopping centre development is not specific and contains one major flaw. The bylaw is unfortunately silent on the expansion of existing suburban malls. Thus, it is proposed that the city be more direct and specific in formulating policies relating to shopping centre development.

FOOTNOTES

CHAPTER V

1. Shirley Kwan, A Retail Impact Analysis of Unicity Fashion Square, A Regional Shopping Centre, City of Winnipeg, p. 38.
2. Ibid., p. 40.
3. Ibid., op. cit., The Metropolitan Corporation of Winnipeg, The Metropolitan Development Plan, 1968, C5.1, C5.3-C5.9, pp. 59-60.
4. The Winnipeg Tribune, December 12, 1972.
5. Ibid.
6. Shirley Kwan, A Retail Impact Analysis of Unicity Fashion Square, A Regional Shopping Centre, p. 45, op. cit. Committee on Environment, City of Winnipeg, 1973, p. 46.
7. The City of Winnipeg, Planning Division, The City of Winnipeg Shopping Centres 1973.
8. Ibid.
9. Shirley Kwan, A Retail Impact Analysis of Unicity Fashion Square, A Regional Shopping Centre, p. 47.
10. The City of Winnipeg, Planning Division, The City of Winnipeg Shopping Centre 1972, p. 46.
11. Shirley Kwan, A Retail Impact Analysis of Unicity Fashion Square, A Regional Shopping Centre, p. 49.
12. Ibid., p. 49.
13. Ibid.
14. Ibid., p. 50.
15. Students employed on Summer Canada Works Project, A Study of Downtown and Regional Shopping Centre Retailing in Winnipeg, pp. 145-146.
16. Ibid.
17. Ibid.
18. Ibid., p. 147.

19. John Stokes, Executive Director of Downtown Winnipeg Associations Interview, June 19, 1984.
20. Mayor William Norrie, of the City of Winnipeg, Interview, August 16, 1984.
21. The City of Winnipeg Department of Environmental Planning, Shopping Centres 1983, p. 3.
22. Michael Mercury, Lawyer, Aikins, Macaulay and Thorvaldson Interview, June 4, 1984.
23. Students employed on Summer Canada Works Project, A Study of Downtown and Regional Shopping Centre Retailing in Winnipeg, pp. 145-146.
24. The City of Winnipeg Department of Environmental Planning, Plan Winnipeg: The Greater Winnipeg Development Plan.
25. Ibid., p. 79.
26. Ibid., p. 79.
27. Len Vopnfjor, Chief Planner, Department of Environmental Planning, City of Winnipeg, 10 August 1984.

CHAPTER SIX

SUMMARY

A. Purpose of Thesis

The objective of this thesis was to assess and evaluate the impact, both physical and economic, of suburban shopping centre development on the retail sector of a city. It was felt that the most effective manner of accomplishing this aim was to focus on the retail function in a city and its prospects and problems. In tackling this thesis topic, I was ultimately concerned with the physical urban form and the way it is related to the retail economic function within the city. The approach to this investigation was by means of economic geography methods, using the city of Winnipeg as a case study.

B. Overview of Shopping and Retail Theories

After reviewing existing theories and models relating to retail location and consumer patronage, it was discovered that there are several methods of measuring the strength of shopping establishments within a defined area. This thesis made use principally of David Huff's Market Potential model to illustrate retail market potential and expected retail sales of Winnipeg shopping centres and the C.B.D.

C. The Introduction of the Shopping Centre

A review of the existing literature pertaining to the history and background of shopping centre development revealed that there are important factors that caused a sudden demand for these types of facilities. Since the 1950's, many U.S. and Canadian cities experienced a surge in economic growth and urban expansion. Consumer buying power reached high proportions due to large increase in the population of urban areas, number of wage earners, average hourly wage and average disposable income. Buying power grew as retailers were able to level the prices of their goods by introducing economies of scale and changes in their operations which resulted in redirected labour costs. Furthermore, the retail trends of chain stores, integration of wholesaling and retailing functions and large scale operations were being combined to create the shopping centre retail medium. Consumers enthusiastically accepted the convenience of shopping centres, which are equipped with acres of free parking and offer a variety of merchandise and services. The increased desire by consumers to shop in climatically controlled malls triggered a shopping centre boom.

There in fact has been three types of shopping centres which have been developed and recognized by developers, architects, planners and geographers. The three types are neighbourhood centre, community centre, and regional centre.

The function of the neighbourhood centre is to provide a range of personal services and convenience goods. The sizes of these centres

range from 30,000 to 100,000 square feet of GLA (Gross Leasable Area) and the "key tenant" is usually a supermarket and or drugstore.

The community shopping centre offers shoppers a greater depth and range of merchandise than does a neighbourhood or convenience centre. The anchor tenants are typically a discount department store (i.e. K-Mart, Zellers) and or supermarket which combine with approximately thirty other retailers and service outlets. The gross leasable area of these centres range from 100,000 to 350,000 square feet of Gross Leasable area.

The regional shopping centre may be considered a satellite downtown area. The centre is designed to provide all the necessary items for one-stop shopping trips, while also offering recreation area and planned community activity. This kind of centre has a typical Gross Leasable area of around 600,000 square feet within a range from 350,000 square feet to over 1,000,000 square feet.

D. The Chronological History of Retail Development in Winnipeg

Like other cities in the past, Winnipeg has experienced a significant growth in the number of shopping centres since the 1950's.

The period from 1959 to 1966 was one of significant growth in the number of shopping centres. During this time, one regional, eight community and eleven neighbourhood shopping centres were opened. All of those new retail nucleations were developed in the suburbs and many were opened in conjunction with a residential area expansion. Between

1967 and 1974, nine more shopping centres came into existence. Since 1975, Winnipeg has witnessed the introduction of four new downtown retail centres and 18 suburban shopping centres.

In reviewing Winnipeg's current inventory of suburban retail operations, it was noted that the five regional shopping centres contained the largest aggregate leasable floor area of the three types of shopping centres. In fact 39% of the regional shopping centres floor space or 27% of the total gross leasable floor space has been established since 1975 with the introduction of St. Vital Centre in 1979 and Kildonan Place in 1980.

The once thriving businesses situated along major thoroughfares such as Selkirk Avenue, Provencher Avenue, Main Street, Portage Avenue, and particularly the downtown area, have declined greatly due to the introduction of the nearby suburban shopping centres.

E. Investigation of Downtown and Regional Shopping Centre Retailing in Winnipeg

In measuring what impact shopping centre development has had for the City of Winnipeg, only regional shopping centres were considered in the analysis within this thesis.

These centres were chosen in lieu of neighbourhood and community centres because of their much greater significance in gross floor area, retail sales, market size and drawing power in the Winnipeg area.

In order to measure the economic and geographic impacts, the following retail variables were considered.

Firstly, a national retail overview was included to contrast the Winnipeg retail economy with that of other comparable Canadian cities. Secondly, Winnipeg retail structure and sales figures were examined in order to gain a better understanding of retail infrastructures of the C.B.D. This discussion included an analysis of downtown/shopping centre retail spatial structure and ownership. Finally, a micro analysis was used to identify six downtown key retail areas within Winnipeg.

F. Conclusions

The following conclusions were drawn from the collected analysis:

1. The total amount of retail space in downtown Winnipeg decreased from 2,319,000 square feet in 1971 to 2,279,000 square feet in 1983. Whereas, in regional shopping centres, the total amount of retail space increased dramatically from 1,345,000 in 1971 to 2,822,000 square feet in 1983.
2. In the past, retail outlets in the downtown were predominantly owned by local independent merchants. However, since 1971, the number of nationally-owned stores in the downtown area has increased from 22 to 101 in 1983. As well, the vast majority of stores and physical space in regional shopping centres is

owned by chain-store organizations whose head offices are outside Winnipeg. In fact, out of 351 retail stores located in the regional shopping centres 289 or 82% of those are owned by National chain stores which are located outside of Winnipeg.

3. Since only a slow growth in real retail sales has occurred since 1971, a shift of the retail market towards regional shopping centres in comparison with the downtown is expected since physical space associated with regional shopping centres more than doubled from 1971 to 1983, while, no net increase in retail space downtown occurred. It is thus assumed that as retail space is added to the suburbs but remains constant in the downtown, retail sales will subsequently be redistributed or spread out.
4. In downtown Winnipeg, the South Portage Avenue area continues to be the focus of retail activity. The stability and strength of South Portage Avenue in downtown retailing is emphasized by the fact that it has a) a consistently minimal amount of vacant retail space, b) two-thirds of the entire retail space in the downtown, c) the two major and only department stores in the downtown, d) has not experienced any significant changes in retail structure.
5. The most evident physical impact of regional shopping centres on retail trade is the addition of more large nationally-owned department stores, occurring in an era when department stores and other multipurpose retailing (except in the Food sector)

is losing its relative share of the retail trade industry, both locally and nationally.

6. Seven department stores, comprising approximately one million square feet of leasable retail floor space were added to Winnipeg's retail sector with the development of three new shopping centres from 1975 to 1980, while the number of department stores in the downtown remained constant.
7. Total department stores sales in Winnipeg from 1974 to 1982 declined 17 percent (in constant dollars); thus, a substantial redistribution of a declining market resulted. It is thus expected that some share of downtown department stores sales was lost to suburban department stores. Thus, Larry Smith Research Ltd.'s estimation of the downtown share of department store type sales dropped from 48 percent in 1971 to 32 to 34 percent in 1981 appears to be warranted.
8. Other than department stores, certain other retail groups in the downtown have been affected by the addition of regional shopping centres. The apparel sector (women's, men's and family clothing, shoes) is a major retail component of regional shopping centre structure, and was one of the fastest growing retail sectors in Winnipeg from 1974-82. Much of this growth has been at the expense of department store sales. This sector experienced an increase in physical space in the downtown, but only had one-third of the increase which occurred in the regional shopping centres.

9. The location of the apparel sector within the downtown itself has been affected by the pull of the new shopping malls downtown. The trend towards apparel stores locating in shopping malls has also resulted in national chain organizations assuming a larger share of this market because chain stores are the dominant owners of retail outlets in regional and downtown shopping malls.
10. Comparison of Winnipeg's population income and retail sales for 1971-1982, based on constant 1971 dollars reveals that:
 - a) Population increased by 8.3% to 584,842.
 - b) Average household income dropped by 1%.
 - c) Retail sales increased 10.4%.

In general, the above analysis shows the dynamic nature of downtown and shopping centre retailing in Winnipeg. In analyzing the above, it can be concluded that a modest increase in retail space could easily have accommodated both the increase in population and the increase in retail sales from 1971-1983. Yet during this same period, almost three million square feet of new retail space was added, largely through new shopping centres. Example: three regional shopping centres, Unicity Mall (552,854 square feet), St. Vital Mall (709,225 square feet) and Kildonan Place (505,860 square feet) accounted for 1,800,000 square feet of this total. This is an increase of more than 150% since 1971.

During this period, available retail space in the downtown decreased by 40,000 square feet. The demise of Eaton's mail order was

roughly offset by the addition of a number of national chain stores now located in Eaton Place, Lombard Square and The Shops of Winnipeg Square. This decrease of 40,000 square feet is a noticeable change in the Portage north area (note: this is available space, not vacant space). In 1971, there were 114,026 square feet of vacant retail space in the downtown in 43 locations. In 1983, this had increased to 60 locations of 170,498 square feet. (22 vacancies were on the north side of Portage excluding Portage Avenue. 11 vacancies were right on Portage Avenue from Colony Street to Notre Dame, and 9 vacancies in Eaton Place.)

G. Political Decisions on Retail Proposals

In analyzing the statistics gathered within this thesis, it is unfortunate that City Councillors were not knowledgeable enough to foresee that new suburban retail space would severely dilute businesses of the surrounding commercial areas such as the downtown. In giving approval to build new centres or expand existing shopping centres, City Councillors have failed to recognize the impacts and consequences the city would face in future years. In fact, today the city is faced with the problem of finding solutions to correct the problems that were based on decisions made in the past. The approval given by City Councillors to developers, to build large regional shopping centres has truly created a number of serious impacts for the City of Winnipeg. In general, some of these impacts include: shifting the focus of

commercial activity within the planning area, altering established retail trade patterns, perpetuating discriminatory relationships between the national chain stores and local independents within the shopping centres, a decrease in retail sector employment in the C.B.D. and unnecessary infrastructure costs to the city government. An often overlooked yet crucial aspect to the economic health of the local community is the amount of the monetary returns being generated by regional shopping centres. These monetary returns are unfortunately being rerouted outside the city, resulting in a net economic loss to the local community and a real substantial gain in the boardrooms of corporate offices located in either Toronto or Montreal.

H. Recommendations

Based on the findings of this thesis, a few recommendations regarding future retail development were formulated:

1. In respect to future retail development in downtown Winnipeg:
 - a) The downtown of Winnipeg, as traditionally perceived, is spread out over too great an area for a city of 578,000 and a slow or no-growth urban economy. Thus, no further retail facilities should be constructed on North Portage, and any new retail development in the future ought to be situated on South Portage or South of Portage to Broadway. This is where the current retail strength is situated in the downtown.

- b) The type of retail development that should be developed downtown is that of small specialty stores. It has in fact been proven that this type of retail activity is stronger and more diversified in the downtown than in regional shopping centres.
- c) Downtown merchant organizations such as the Winnipeg Chamber of Commerce and Downtown Winnipeg Association should attempt to better establish and co-ordinate specific policy goals and actions with regards to C.B.D. development. They might wish to view the C.B.D. as a unified supra-regional shopping centre; the retail structure, space and sales of which should be constantly monitored.
- d) Representatives of downtown business could attempt greater dialogue and co-operation amongst themselves and with city officials and planners, and provincial and federal agencies. A simple, inexpensive and yet effective method would be to establish regular weekly or monthly meetings of selected private and public interests to maintain a constant dialogue regarding ~~the~~ contemporary city issues.

2. ^{With} ~~In~~ respect to shopping centre policy, the following recommendations are proposed:

- a) The city should be more direct and specific in formulating policies within the proposed planning bylaw called Plan Winnipeg, relating to shopping centre development.

b) Shopping centre development must keep pace with growth in population and real income.

3. In respect to future retail development policy:

a) The role of each form of retail development C.B.D. and shopping centres should be clarified.

b) Standards should be established as to how much retail development an area should have.

c) The Department of Environmental Planning maintains that the existing inventory of Regional, Community and Neighbourhood shopping centre appears adequate to serve the projected local market of 660,000 people by the year 2000. However, they did not specifically state how they arrived at these numbers. Thus a more detailed data bank is needed for future research on retail development.

These recommendations are addressed not only to city planners but also to city administrators and politicians. It is crucially important that they all gain a better understanding of how the retail component shapes the city. As well, in determining whether to accept or reject a particular retail proposal it is incumbent that the political decision-makers project into the future and seriously weigh both the possible physical and economic consequences it will have on the local community.

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APPENDICES

APPENDIX 1

PRICE INDICES

<u>Consumer Price Index (Winnipeg)</u>	<u>Retail Price Index (Canada)</u>
1971 = 100.0	1971 = 100.0
1972 = 104.7	1972 = 103.6
1973 = 111.7	1973 = 109.6
1974 = 123.4	1974 = 121.9
1975 = 138.7	1975 = 134.9
1976 = 150.6	1976 = 142.3
1977 = 162.7	1977 = 152.1
1978 = 176.5	1978 = 165.2
1979 = 192.7	1979 = 181.6
1980 = 211.9	1980 = 200.7
1981 = 235.5	1981 = 224.2
1982 = 256.2	1982 = 244.1

Source: Statistics Canada 62-001 and 63-005.

APPENDIX 2

SHIFT-SHARE ANALYSIS

Shift-share analysis centres about a mathematical truism which says that the differences between the ratio of growth of a division in a locality or province and rate of growth of the entire Canadian economy is equal to the local rate of growth for that division relative to the national rate for that division. This technique is commonly used in regional industrial analysis. Below is the derivative of this technique used for analyzing retail trade.

$$E_{ij} (E_{ij} - E_{ijo}) - \Delta E = \Delta E_{ij} \cdot \left[\frac{E_i}{E_o} - \frac{E}{E_o} \right] + \Delta E_{ij} \left[\frac{E_{ij} - E_i}{E_{ijo} - E_{io}} \right]$$

o - base year (1974)

Δ - change from base year (1974) to year ending the period of analysis (1982)

E - sales for retail trade at the national level

i - retail group/type

j - Winnipeg

E_i - sales for a particular retail group at the national level

E_{ij} - sales for a particular retail group at the local/regional level

Source: Derived for Economic Development Advisory Board. Manufacturing Rationalization Trends in Manitoba. Winnipeg. EDAB, p.59.

APPENDIX 3

HUFF'S MODEL

Huff (1962) formulated an interaction model which extended from Reilly's gravity concept. This model has been used extensively to analyze shopping patterns and is the most widely known model for estimating shopping centre trade area. The model incorporates some elements of consumer behaviour theory such as, convenience cost (travel time) and choice available (shopping centre size). Huff's model assumes that consumers are willing to travel increased distances as additional merchandise is available at a central location. Huff also assumed that where there was a set of alternative shopping centres, the utility derived by a consumer from a visiting alternative j was U_j , the probability of alternative j being chosen was proportional

to U_j , thus:
$$P_j = \frac{U_j}{\sum_j U_j} \quad \sum_j P_j = 1.0$$

Huff found that there were no fixed boundaries to retail trade areas, but rather a continuum of zonal probability contours radiating away from a shopping centre.

Mason and Mayer (1984) outlined the steps involved in the use of the Huff model:

- 1) Divide the area surrounding a shopping centre into small statistical units within a constructed grid.

APPENDIX 3 (continued)

- 2) Determine the square footage of retail selling space of all shopping centres included within the area of analysis.
- 3) Ascertain the travel time involved in getting from each statistical unit to each of the specified shopping centres.
- 4) Calculate the probability of consumers in each of the statistical units going to each shopping centre for a given product purchase.

$$P(C_{ij}) = \frac{S_j}{n} \frac{T_{ij}^\lambda}{\sum_{j=1} T_{ij}^\lambda}$$

where:

$P(C_{ij})$ = probability of consumers from each statistical unit (i) going to a specific shopping centre j

S_j = the size of shopping centre j

T_{ij} = the travel time involved in getting from i to j

λ = a parameter which is to be estimated empirically to reflect the effect of travel time on various kinds of shopping trips.

- 5) Map the trading area for the shopping centre by drawing lines connecting all statistical units having the same probabilities. A demand surface is drawn to reflect varying customer sales potentials over a study area.

APPENDIX 3 (continued)

Huff's model considers three important components of retail location and consumer behavior: distance (travel time), size (attraction), and competition. The probability of the residents of an area using any particular centre was considered likely to vary in direct proportion to the relative attraction of the centre, in inverse proportion to some function of distance between the centre and residential area, and in inverse proportion to the competition exerted upon the earlier relationship by all other centres in the system.

Mason and Mayer (1984) indicated that various studies have supported Huff's model for use in forecasting consumer patronage for retail shopping centres.

APPENDIX 4

SOUTH PORTAGE RETAIL, 1971

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (Sq. Ft.)</u>	<u>% of Total Square Footage</u>
Department	2	1384076	92.0
Variety	4	46504	3.1
Men's Clothing	1	3520	.2
Women's Clothing	10	39196	2.6
(Furs)	(2)	(7271)	(.5)
Shoes	3	5094	.3
Jewelry	2	18730	1.2
Personal Accessories	2	2538	.2
All other Retail	9	15195	1.0
(Other Home Furn.)	(2)	(3363)	(.2)
(Jewelry Repair)	(1)	(660)	(.1)
(Art Supplies)	(2)	(982)	(.1)
(Coin and Stamps)	(1)	(2795)	(.2)
(Photo Studios)	(2)	(3395)	(.2)
(Other)	(1)	(4000)	(.2)
TOTAL	33	1514853	100

APPENDIX 5

North Portage Retail 1971

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (Sq. Ft.)</u>	<u>% of Total Sq. Footage</u>
Department	1	8924	6.3
Men's Clothing	5	3925	6.3
Women's Clothing	9	19096	13.3
(Furs)	(5)	(10870)	(7.6)
Shoes	9	18859	13.2
Household Furniture	1	25400	17.3
Household Appliance	2	4145	2.9
Pharmacies, Cosmetics	2	7259	5.1
Books, Stationary	2	3082	2.2
Florist	3	3998	2.8
Jewelry	5	16392	11.5
Sporting Goods	1	1015	.7
Personal Accessories	4	9495	6.7
All Other Retail	12	15799	11.1
(All other Home Furn.)	(4)	(8126)	(5.7)
(Opticals)	(1)	(2255)	(1.6)
(Coin and Stamp)	(1)	(356)	(.3)
(Music Stores)	(1)	(1703)	(1.2)
(Photo Studio)	(3)	(1204)	(.8)
(Other)	(2)	(2155)	(1.5)
TOTAL	56	142389	100

APPENDIX 6

South Portage to Assiniboine Excluding Portage Retail 1971

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floor Space (Sq. Ft.)</u>	<u>% of Total Sq. Footage</u>
Combination	1	8925	2.0
Grocery, Conf.	1	1328	.3
All Other food	1	900	.2
Gen. Merchandise	2	190000	43.1
Motor Venicles (new)	5	29392	6.7
Motor Venicles(used)	1	15552	3.5
Service Station	1	2722	.6
Garages	7	20079	4.6
Auto Parts	11	58119	13.2
Women's Clothing	20	32655	7.5
(Fur)	(5)	(13893)	(3.2)
Shoes	1	860	.2
Hardware	1	4824	1.1
Pharmacies, Cosm.	8	10709	2.4
Books, Stationary	2	4423	1.0
Florist	2	3785	.9
Jewelry	1	450	.1
Sporting Goods	1	3184	.7
Personal Accessories	6	10330	2.3
All other Retail	28	42574	9.6
(Other home furn.)	(5)	(15914)	(3.6)
(Opticals)	(14)	(10254)	(2.3)
(Art Supplies)	(1)	(1257)	(.3)
(Coin and Stamps)	(1)	(252)	(.1)
(Music Stores)	(1)	(1362)	(.3)
(Photo Studios)	(2)	(2793)	(.6)
(Other)	(4)	(10742)	(2.4)
TOTAL	100	440811	100
LRFS 440811			
EATONS M.O 185000			
TOTAL 255811			

APPENDIX 7

North Portage to Notre Dame Excluding Portage Retail 1971

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (sq. ft.)</u>	<u>% of total Square footage</u>
Grocery, Conf.	6	5605	3.4
All other food	2	3012	1.8
Service Station	1	528	.3
Auto Parts	1	2460	1.5
Men's Clothing	6	3336	2.0
Women's Clothing	16	19662	11.8
(Furs)	(7)	(7258)	(4.4)
Family Clothing	2	6320	3.8
Household Furn.	6	26254	15.7
Household Appl.	1	527	.3
Furn., TV, Radio, Appliances	1	494	.3
Pharmacies, cosm.	3	14527	8.7
Books, Stationary	3	4616	2.8
Florist	3	3889	2.3
Jewelry	3	5898	3.5
Personal Accessories	11	15352	9.2
All other retail	18	54233	32.5
(Other apparel and accessories)	(1)	(15660)	(9.4)
(Other home furn.)	(4)	(5893)	(3.5)
(Alcoholic bev.)	(1)	(15317)	(9.2)
(Art Supplies)	(3)	(6915)	(4.1)
(Coin and Stamp)	(2)	(864)	(.5)
(Music Stores)	(1)	(620)	(.4)
(Photo Studio)	(1)	(1257)	(.8)
(Other)	(5)	(7707)	(4.6)
TOTAL	83	166713	100

APPENDIX 8

<u>SOUTH MAIN STREET RETAIL, 1971</u>			
<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (Sq. Ft.)</u>	<u>% of Total Square Footage</u>
Combination	1	5184	9.5
Motor Vehicles (new)	2	39661	73.0
Motor Vehicles (used)	3	5811	10.7
Service Station	1	2215	4.1
Auto Parts	1	950	2.0
Men's Clothing	1	500	1.0
TOTAL	9	54321	100

APPENDIX 9

SOUTH PORTAGE AVENUE RETAIL 1983

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (Sq. Ft.)</u>	<u>% of Total Square Footage</u>
All other food	1	1044	.1
Department	2	1384076	90.4
Variety	2	28698	1.9
Women's Clothing	6	31708	2.1
(Furs)	(1)	(5192)	
Family Clothing	4	29908	2.0
Shoes	3	6281	.4
Pharmacies, Cosmetics	3	3883	.3
Books and Stationary	1	2880	.2
Jewelry	3	19110	1.2
Personal Accessories	2	1782	.1
All Other Retail	11	22143	1.4
(Other home furnishings)	(3)	(8385)	
(Jewelry Repair)	(1)	(660)	
(Opticals)	(1)	(1815)	
(Other)	(6)	(11283)	
TOTAL	38	1531513	100

APPENDIX 10

NORTH PORTAGE AVENUE RETAIL 1983

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (Sq. Ft.)</u>	<u>% of Total Square Footage</u>
General Merchandise	1	1880	2.2
Men's Clothing	1	1160	1.4
Women's Clothing	8	17794	20.8
(Furs)	(6)	(11141)	
Family Clothing	1	5927	6.9
Shoes	2	3186	3.7
Pharmacies, Cosmetics	2	5367	6.3
Books and Stationary	4	7408	8.7
Florists	1	1703	2.0
Jewelry	4	6349	7.4
Sporting Goods	1	1728	2.0
Personal Accessories	4	9772	11.4
All other retail	12	23866	27.9
(Other home furn.)	(5)	(16855)	
(Jewelry Repair)	(2)	(1688)	
(Art Supplies)	(1)	(655)	
(Photo Studio)	(1)	(715)	
(Other)	(3)	(3953)	
TOTAL	41	85630	100

APPENDIX 11

SOUTH PORTAGE TO ASSINIBOINE EXCLUDING SOUTH PORTAGE AVENUE RETAIL, 1983

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (Sq. Ft.)</u>	<u>% of Total Square Footage</u>
Grocery, Confectionary	2	3525	1.4
All Other Food	3	3259	1.3
Motor Vehicle Dealers	1	15502	6.1
Used Cars Dealers	1	15502	6.1
Garages	9	47261	18.7
Auto Parts	4	10967	4.3
Men's Clothing	3	6098	2.4
Women's Clothing	14	18293	7.3
(Furs)	(2)	(5321)	
Shoes	2	2419	1.0
Hardware	2	6618	2.6
Household Furniture	2	4953	2.0
Household Appliances	3	4395	1.7
Pharmacies, Cosmetics	7	9059	3.6
Books and Stationary	3	5899	2.3
Florists	3	4099	1.6
Jewelry	3	5140	2.0
Personal Accessories	17	25698	10.2
All Other Retail	37	63600	25.2
(Other home Furn.)	(4)	(10078)	
(Opticals)	(17)	(15986)	
(Art Supplies)	(2)	(2788)	
(Music Supplies)	(2)	(10073)	
(Photo Studios)	(2)	(2420)	
(Other)	(10)	(22003)	
(Coin and Stamps)	(1)	(252)	
TOTAL	117	252305	100

APPENDIX 12

NORTH PORTAGE TO NOTRE DAME EXCLUDING NORTH PORTAGE AVENUE RETAIL, 1983

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (Sq. Ft.)</u>	<u>% of Total Square Footage</u>
Combination food	1	2464	1.2
Grocery, Confectionary	3	4180	2.0
All Other food	2	4400	2.1
Men's Clothing	3	8882	4.3
Women's Clothing	11	22663	11.0
(Furs)	(4)	(14725)	
Family Clothing	2	21191	10.2
Hardware	2	712	.3
Household Furniture	3	16676	8.1
Household Appliances	3	4010	1.9
Pharmacies, Cosmetics	5	9668	4.7
Books and Stationary	8	14071	6.8
Florists	1	2438	1.2
Jewelry	5	2762	1.3
Personal Accessories	12	16515	8.0
All other retail	28	76142	36.8
(Other home furn.)	(7)	(12065)	
(Alcoholic bev.)	(1)	(7114)	
(Opticals)	(2)	(2493)	
(Art Supplies)	(3)	(22427)	
(Coins and Stamps)	(2)	(686)	
(Music Stores)	(1)	(620)	
(Photo Studios)	(3)	(3338)	
(Other)	(9)	(27403)	
TOTAL	89	206774	100

APPENDIX 13

SOUTH MAIN STREET RETAIL, 1983

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (sq.ft.)</u>	<u>% of Total Sq. Ft.</u>
All Other food	1	389	.5
Motor Vehicle Dealers	1	1911	2.2
Service Stations	1	275	.3
Men's Clothing	1	2895	3.4
Women's Clothing	3	5401	6.3
Shoes	3	3214	3.8
Household Furniture	3	23142	27.1
Household Appliances	1	1411	1.7
Pharmacies, Cosmetics	1	6298	7.4
Books and Stationary	3	9240	10.8
Florists	1	525	.6
Jewelry	1	1200	1.4
Personal Accessories	5	4564	5.3
All Other Retail	4	24972	29.2
(Other Home Furnishings)	(1)	(1441)	
(Other)	(3)	(23531)	
TOTAL	29	85437	100

APPENDIX 14

EATON PLACE RETAIL, 1983

<u>Retail Category</u>	<u>No. of Stores</u>	<u>Leasable Retail Floorspace (sq.ft.)</u>	<u>% of Total Square Footage</u>
All Other food	2	1888	1.6
Men's Clothing	4	9061	7.7
Women's Clothing	15	29624	25.2
(Furs)	(1)	(1278)	
Family Clothing	5	6684	5.7
Shoes	11	20043	17.1
Pharmacies, Cosmetics	4	5330	4.5
Books and Stationary	3	6669	5.7
Florists	1	1063	.9
Jewelry	6	7247	6.2
Sporting Goods	3	4299	3.7
Personal Accessories	11	15138	12.9
All Other Retail	9	10450	8.9
(Other home furn.)	(1)	(1730)	
(Art Supplies)	(2)	(2435)	
(Other)	(6)	(6285)	
TOTAL	74	117496	100