

WOODWARDS REDEVELOPMENT PROPOSALS  
REVIEW OF COMMERCIAL COMPONENTS

For:



**CITY OF VANCOUVER  
REAL ESTATE SERVICES GROUP**

August 2004



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CONSULTING  
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**RETAIL/  
COMMERCIAL  
ASSESSMENT**

of the

**WOODWARDS  
REDEVELOPMENT  
PROPOSALS**



August 2004



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August 27, 2004

Mr. Leigh Gayman  
Property Development Officer  
Real Estate Services  
453 12<sup>th</sup> Ave  
Vancouver, BC  
V5Y 1V4

**Re: Proposal – Woodward's Commercial Components Review**

Dear Mr. Gayman:

Thank you for the opportunity to work with the City of Vancouver to provide an assessment of the retail components contained within the three Woodward's Redevelopment proposals.

We have evaluated the proposals against a number of criteria, and we believe the goal of the City should be to increase the local demand for commercial and decrease the local supply of same, all the while maintaining the Woodward's site as a vibrant, pedestrian oriented area that can help to connect Gastown and Chinatown, and play a key part in the revitalization of the Downtown Eastside as a whole.

In our report, you will find that we feel that the best proposal is the one that provides the most advantageous net additional demand for retail and service commercial *and* which does not propose significant new additions to commercial floor area supply. According to our assessment, the proposal which best accomplishes this is the Concert/Holborn proposal which includes SFU.

We look forward to your comments on this draft, and welcome further discussion on our recommendations.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Blake Hudema'.

Blake Hudema

Encl.

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## WOODWARDS REDEVELOPMENT PROPOSALS



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## INTRODUCTION

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This report has been commissioned in order to help the City of Vancouver understand the market for commercial and retail uses on the Woodward's site, both currently, and after the completion of the various construction proposals. Proposals were submitted by a number of teams detailing how they would redevelop the site, while abiding by the following guiding principles:

- be financially viable and self-sustaining
- be developed in a timely manner
- include at least 100 units of non-market housing
- be open and inclusive
- be an urban revitalization catalyst
- maintain and enhance the existing community
- incorporate the talents, visions and desires of the Downtown Eastside community
- incorporate the talents and ideas of people throughout the city
- provide employment opportunities for local residents in both the construction and operation of the new building
- provide opportunities and create synergies for local owners and businesses
- incorporate user group involvement in the design process
- celebrate the symbolism of the historic building (e.g., the lighted "W", the façade, Christmas displays, etc.)
- be environmentally sustainable
- create a lively street front (with animation at grade)
- not be a "black box" (e.g. accommodate and encourage pedestrian circulation, etc.)
- provide appropriate parking
- be accessible
- take advantage of heritage opportunities
- respond to local, physical context.

These principles have led all of the potential design teams to include commercial components in their proposals. At a time when the City is also involved in a Downtown East Side (DTES) Revitalization program which has included a study of the retail capacity of the neighbourhood, the City would like to understand how the commercial components in the proposals fit within the DTES commercial fabric. The City would also like to gain an understanding of the viability of the proposals' commercial components based on market support and any potential impacts on existing retail in the DTES.

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## **1.0 Review of Proposals**

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### **1.1 Introduction**

This section consists of an examination of the context for the implementation of retail uses on the Woodward's site and a review of the retail components of the three proposals for redevelopment of the Woodward's site.

Initially, the proposed commercial uses for implementation on the Woodward's site are incorporated into the greater DTES context. Our in-house retail inventory conducted in July 2004 is used in this regard.

Subsequently, this section reviews the proposals submitted to the City by the Westbank / Peterson, Concert / Holborn and Millennium redevelopment teams. This review consists of a study of the design plans and an assessment of the size, scale, and configuration of retail commercial uses as detailed in each of the proposals (SFU-In or SFU-Out) presented by each team. Initially, each proposal is covered individually, after which the review is summarized in a matrix format.

### **1.2 Downtown Eastside Commercial Context**

Any commercial component of the Woodward's redevelopment must fit properly into the commercial context of future plans for the Downtown Eastside as a whole.

The City of Vancouver is examining future directions for the DTES, and commissioned Hudema Consulting Group to study the market for commercial space in the area. As part of this study, Hudema Consulting prepared an inventory of commercial space across the DTES, conducted in June, 2004.

#### **1.2.1 Commercial Inventory – Downtown Eastside**

The inventory of Vancouver's Downtown Eastside recorded a total of 2.4 million square feet of commercial floor space. A 40 percent vacancy rate (almost 1 million square feet vacant) exists across the area. It should be noted that the Woodward's Building represents 567,000 square feet of this vacant area.

Commercial space in the DTES is arrayed all across the area, as shown in the following map.



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EXISTING BUSINESSES	
Victory Square Sub-Area	
<i>Type of Use</i>	<i>Square Feet</i>
Vacant	645,000
General Merchandise Stores	65,000
Food Services and Drinking Places	37,000
Miscellaneous Store Retailers	27,000
Sporting Goods, Hobby, Book, and Music Stores	16,000
Unknown or N/A	13,000
Food and Beverage Stores	10,000
Clothing and Clothing Accessories Stores	10,000
Educational Services	10,000
Religious, Grantmaking, Civic, Professional, and Similar Organizations	3,500
Performing Arts, Spectator Sports, and Related Industries	3,000
Personal and Laundry Services	3,000
Printing and Related Support Activities	2,000
Social Assistance	2,000
Furniture and Home Furnishings Stores	2,000
Electronics and Appliance Stores	2,000
Rental and Leasing Services	1,000
Health and Personal Care Stores	500

### 1.2.2 Retail Demand

Demand for retail in the Downtown Eastside is a major issue in an analysis of development of commercial space at the Woodward's site. Demand is measured by estimating the Retail Expenditure Potential and resulting Warranted Retail Floor Areas in a given area.

Retail Expenditure Potential is based on population, the level of disposable income and the retail expenditure to disposable income ratio. Retail expenditures amongst the DTES' 16,000 odd residents are currently estimated at approximately \$116 million. This level of expenditures warrants a total commercial floor area of 342,000 square feet. Additional considerations include the outflow of some area expenditures to other retail centres such as Vancouver's CBD and the massive inflow of tourist expenditures that support the large commercial districts in Gastown and Chinatown.

The Victory Square district has a relatively low population of approximately 1,200, and a low per capita income, at \$11,018. The resultant retail expenditure potential is greater than \$7 million. This area may see increasing income and population numbers in the future, due to its close proximity to the CBD, its developing education cluster, and its large stock of heritage buildings.

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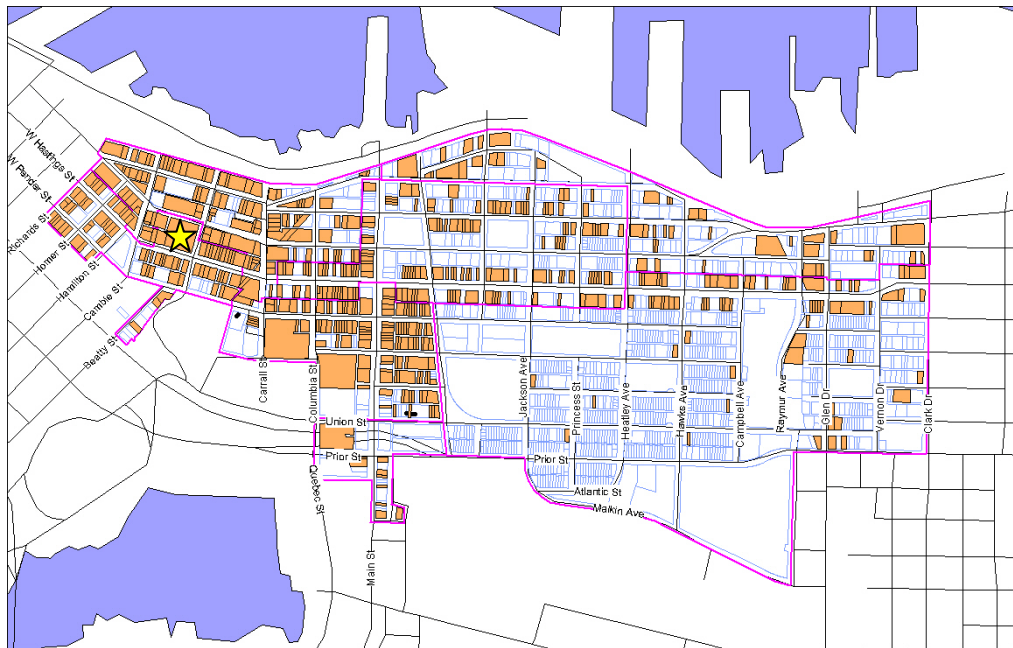


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Based on this income and population data, the Victory Square area currently supports about 21,000 square feet of retail and service commercial space – significantly less than the current supply. Inflow trade supports much more than 21,000 square feet, but the resident population's retail and commercial requirements are a fraction of the current supply.

### 1.2.3 Draft Conclusions of the DTES Retail Capacity Study

The draft study of Downtown Eastside retail capacity found that the supply of commercially space in the DTES greatly exceeds the amount warranted by current demand. This reflects a time when the DTES was the City's central business district, and much more inflow spending warranted a much more significant amount of space. In response to this oversupply, it was found in this draft report that commercial space could be reduced by a significant amount to improve the retail market, with the remaining space controlled as to location and amount. The current distribution of commercial space is shown in the following figure.



The study recommended which areas could be targeted for commercial activity by applying a series of criteria to the map of the DTES. Factors considered included population density, tourism potential and a review of relevant planning documentation including the Vancouver Agreement, the Downtown Eastside Economic Revitalization Plan and an Economic Capacity Study by Ference Weicker & Company. The final recommendations made by the study involved the retention of commercial floor space in certain parts of the DTES including Chinatown and Gastown, and the rezoning of the rest

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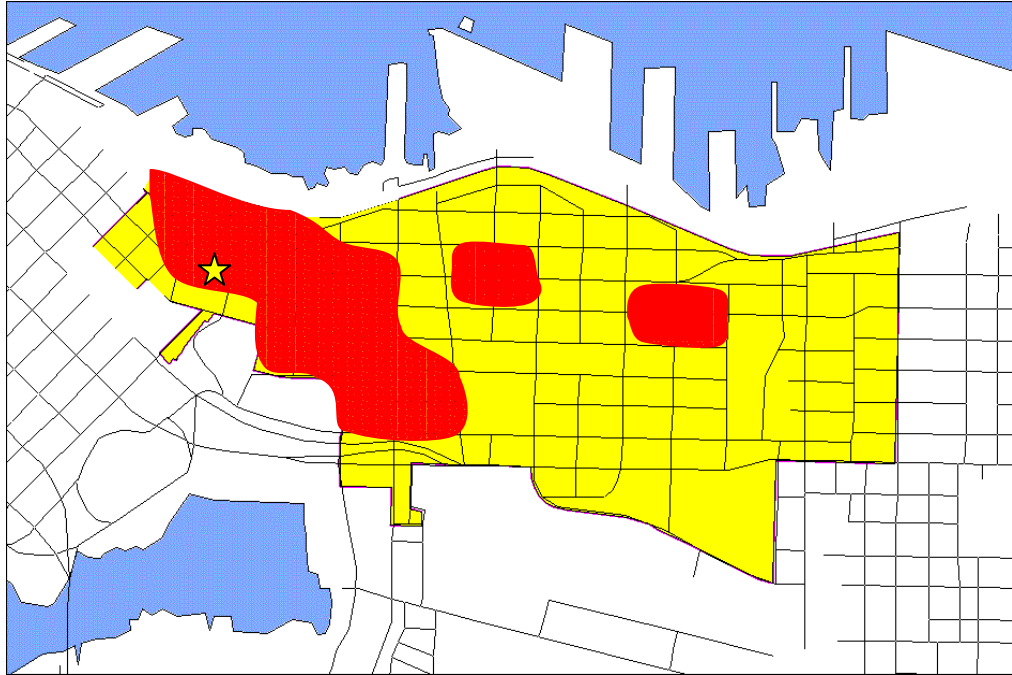
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of the area's commercial space to residential. The area recommended for retention of commercial uses is illustrated in the following map.



The area includes Gastown, Chinatown and the intersections of Powell & Dunlevy and Hastings & Hawks. The Woodward's site falls within this area, along the Hastings Street corridor between Cambie and Main Streets.

The general idea in reducing the commercial supply in the DTES is not only to eliminate commercial uses from outside of the recommended areas, but also to render more viable the uses existing within those areas. This may mean reducing the supply of commercial within the recommended areas in certain cases.

### 1.3 Woodward's Commercial

Some of the results of the over-supply of commercial space throughout the DTES can be seen in the high vacancy rates and lower retail productivity in Victory Square and Chinatown (most noticeably). While the development on the Woodward's site will not deal with all of the retail and commercial problems in the DTES, by adhering to some principles to limit and focus the retail portion of the development, it could yield a positive direction for change. To maximize the potential for Woodward's to benefit the broader DTES region's retail and commercial viability, retail and service commercial uses on the site should be:



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- Primarily serving the on-site population;
- Non-competitive with existing destination-type retail in Gastown and Chinatown;
- Street-oriented or highly street-accessible to engage pedestrian interest;
- Year-round, daily uses.

The intent of these principles is to ensure that the retail on the Woodward's site is effective and engaging for the local and on-site populations, while not weakening the competitive positions of important commercial areas in Chinatown and Gastown.

The Woodward's redevelopment proposals include a variety of uses including residential, education, commercial, civic, live-work, and offices. The people that will be located on-site will create demand for certain types of retail and service commercial uses, either on-site or nearby. The types of retail and commercial uses considered appropriate for locating on-site include:

- Convenience store
- Coffee shops
- Restaurants
- Fast food
- Personal services
- Business services
- Florists
- Cards and gifts
- ATM and vending machines

### **1.4 Concert Properties/Holborn Group Proposal**



Concert Properties and Holborn Group have proposed their Woodward's Square concept, a large mixed-use development encompassing both the Woodward's Site and the adjoining 'Western Lands'.

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The Woodward's Square development (with SFU) would include only 17,000 square feet of commercial space to complement the large demand it would create for commercial space through such components as its 235 market and non-market housing units, Simon Fraser University School for the Contemporary Arts and Vancouver Community College Contemporary Design Centre & School of Music.

In an alternative development plan, SFU would be replaced at the Woodward's Square development with 25,000 square feet of retail (an 8,000 square foot increase) and a 69 percent increase in residential area.

The proposed use mixes for the two Woodward's Square development options are described in the following table.

CONCERT / HOLBORN PROPOSED USE MIX		
	<b>Option 1</b>	<b>Option 2</b>
<b>Non-Market Housing</b>	80,000	80,000
<b>Market Housing</b>	148,000	211,000
<b>Low-End Market Rental Housing</b>	0	95,000
<b>City / Community Space</b>	57,000	57,000
<b>Amenity Space</b>	31,000	31,000
<b>Church</b>	5,000	5,000
<b>SFU</b>	166,000	0
<b>VCC</b>	55,000	55,000
<b>Retail</b>	17,000	25,000
<b>TOTAL</b>	559,000	559,000

The retail portion of the Woodward's Square development is intended to contribute, along with SFU, VCC, the City of Vancouver services, occasional arts & crafts markets, art exhibits, theatrical productions, concerts, film festivals and special events, to an energetic and animated 'heart' for the DTES and City.

The proposal is to array retail space along West Hastings, Abbott and Cordova Streets, as well as possibly facing the public plaza. Retail is provided along most of West Hastings and a small portion of Abbott. It is stated that pedestrian interest is to be stimulated along Cordova and at the corner of Cordova and Abbott (VCC frontage) through the creation of a transparent façade allowing views upwards to the level of the square and down to the level below.



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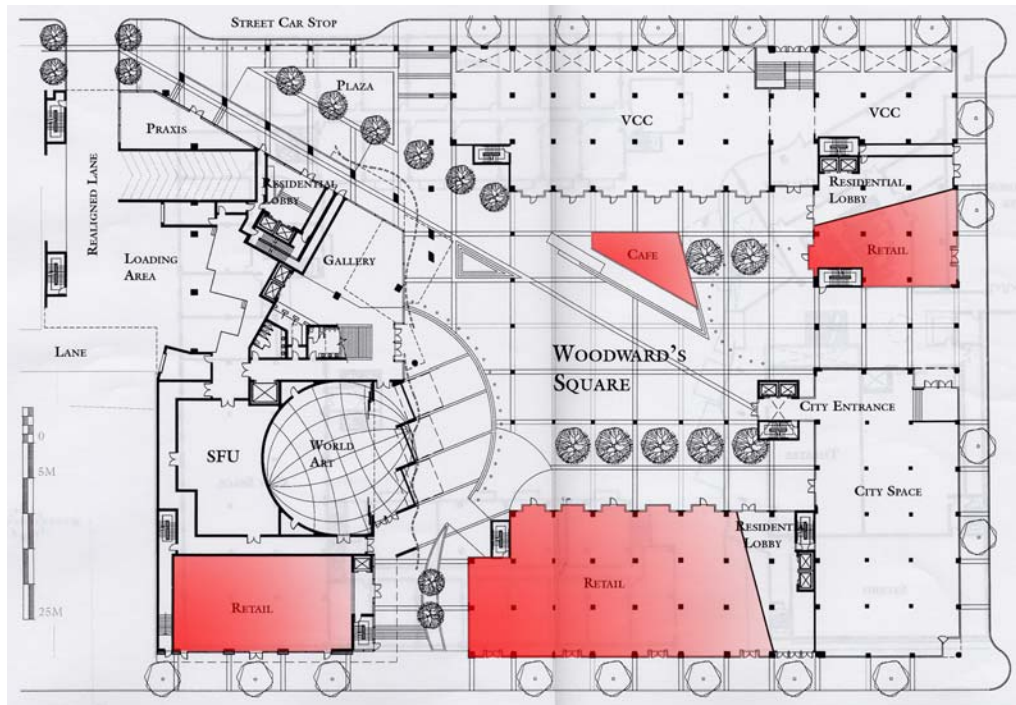
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## WOODWARD'S SQUARE WITH SFU GROUND LEVEL FLOOR PLAN



If SFU is not included in the Woodward's redevelopment, the Woodward's Square development would include 4,000 square feet of retail on the northwest portion of the site, underneath the affordable and non-market housing tower, as well as 9,500 square feet of retail on the southwest portion of the site, under the market loft housing component. It is interesting, and somewhat contradictory to the notion of serving a primarily on-site population, that the retail component of the development would increase by 8,000 square feet (47 percent) in the event that SFU is not part of the development.

The Concert/Holborn team intends to focus commercial offerings mostly in terms of food and food market, restaurant and coffeehouse type uses, as well as possible arts and culture type offerings related to the artistic programs at SFU and VCC.

### **1.5 Millennium Developments**

The Millenium Properties proposal details a large mixed-use development characterized by unique design elements and a tall residential tower.



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The SFU-In option of the Millenium proposal would include 31,000 square feet of retail space at grade as well as a 41,000 square foot food store on the basement level. This commercial component would be supported (in part) by 105 units of non-market housing, 30 units of affordable market housing, 295 units of market housing and 12 live/work units as well as the traffic generated by SFU, a native healing centre, a senior services centre and a City of Vancouver services centre.

The SFU-Out option of the Millenium proposal would include 33,000 square feet of retail space at grade as well as a 43,000 square foot food store on the lower level. Other components of the project which would support this commercial aspect include 110 units of non-market housing, 30 units of affordable housing, 12 live/work units and 279 units of market housing, as well as the traffic generated by the presence of a City services centre, a native healing centre, a senior services centre and VCC.

The mix of uses proposed in the two Millenium development options is summarized in the following table.



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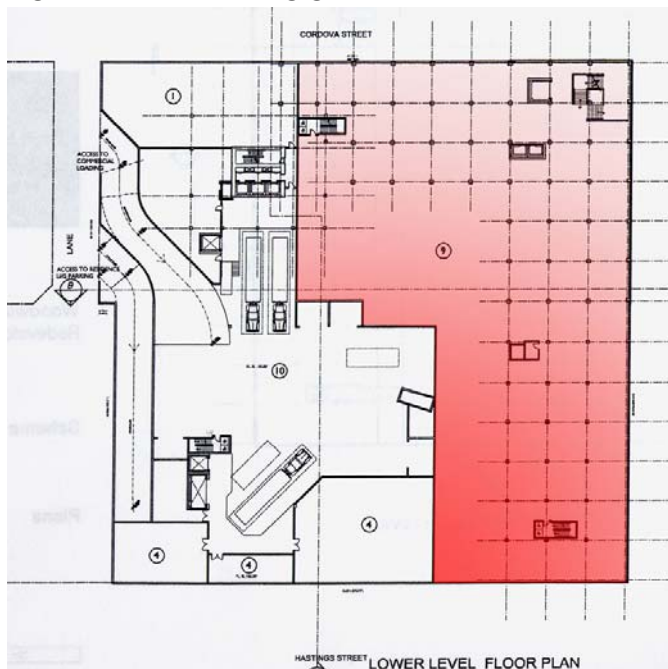
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MILLENIUM PROPOSED USE MIX		
	<i>Option 1</i>	<i>Option 2</i>
<i>Non-Market Housing</i>	95,000	109,000
<i>Market Housing</i>	308,000	286,000
<i>Live / Work</i>	14,000	12,000
<i>Affordable Housing</i>	37,000	29,000
<i>City Parcel</i>	13,000	18,000
<i>Native Healing Centre</i>	17,000	15,000
<i>Senior Services</i>	14,000	9,000
<i>Simon Fraser University</i>	164,000	0
<i>Vancouver Community College</i>	0	67,000
<i>Underground Store</i>	41,000	43,000
<i>Retail</i>	31,000	33,000
<b>TOTAL</b>	<b>734,000</b>	<b>621,000</b>

*Plus proposed Hotel (70,000 to 80,000 square feet)*

The commercial uses proposed by Millenium Properties are distributed around the periphery of the Woodward's site along Hastings, Abbott and Cordova Streets. Additionally, there is a large food store on the basement level, with access at the corner of Abbott and Cordova. The distribution and amount of commercial uses is very similar between the SFU-In and SFU-Out options proposed by Millenium. The commercial layout for the two options is illustrated in the following 4 figures.

### SFU-IN OPTION LOWER LEVEL FLOOR PLAN



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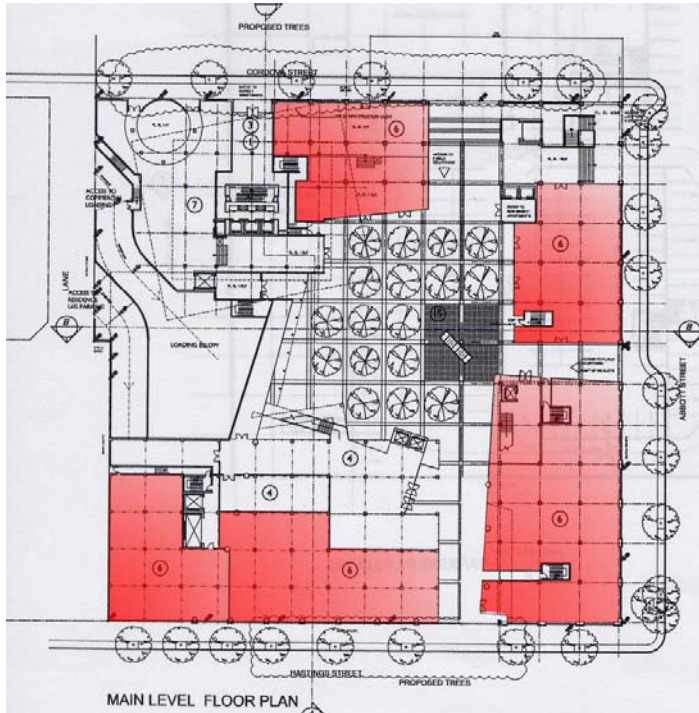


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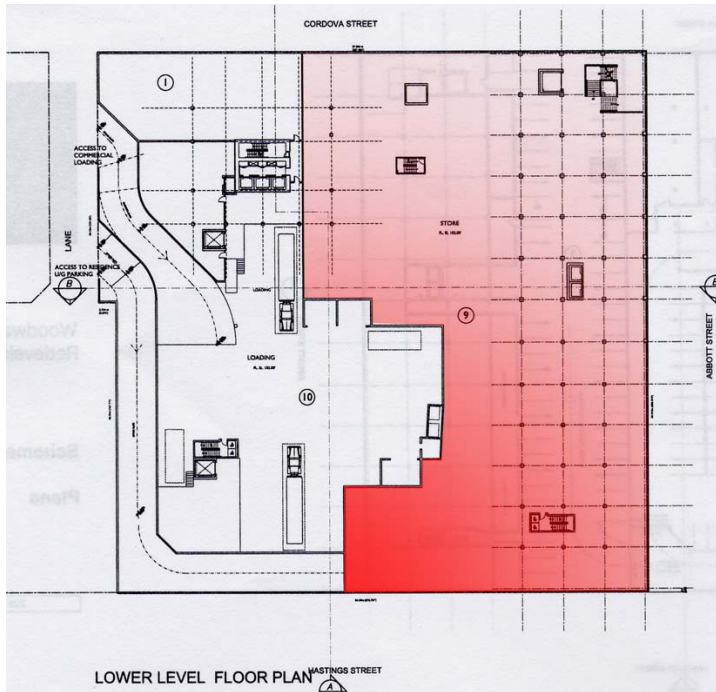


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## SFU-IN OPTION GROUND LEVEL FLOOR PLAN



## SFU-OUT OPTION LOWER LEVEL FLOOR PLAN



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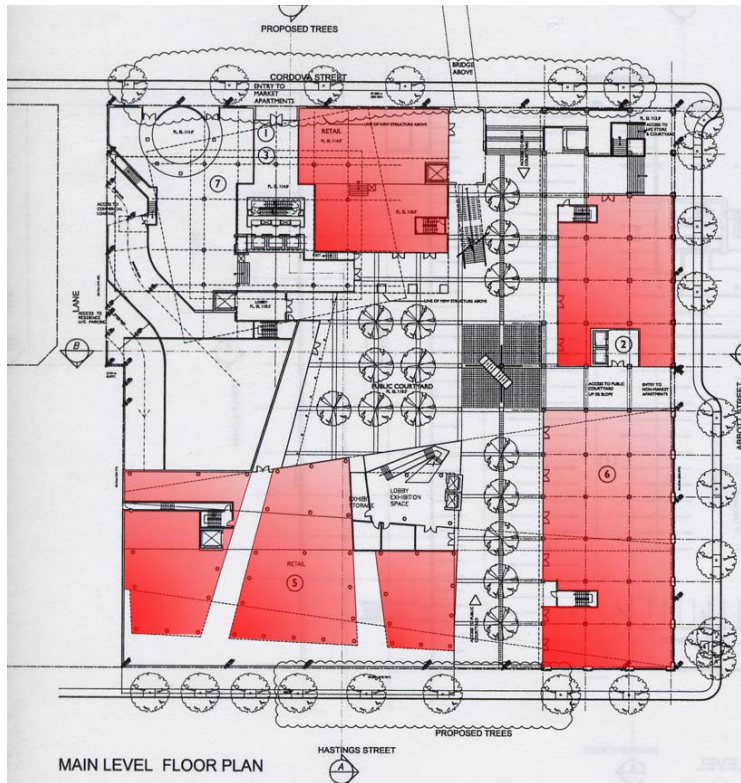
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### SFU-OUT OPTION GROUND LEVEL FLOOR PLAN



This proposal (both options) provides relatively continuous commercial uses at grade along the Hastings, Abbott and Cordova facades. The largest gap in this continuum appears at the corner of Cordova and Abbott. However, this gap is filled with the entrance to the lower level food store, and will not inhibit pedestrian interest or flow.

Of note are the use options mentioned but not elaborated upon in the Millennium proposal. These include a 70,000 to 80,000 square foot hotel, and the possibility of incorporating the Army & Navy department store (currently located two blocks to the east on Hastings Street) into the Woodward's redevelopment, while placing the SFU centre in the space currently occupied by Army & Navy.



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### 1.6 Westbank Projects

The Westbank Projects / Peterson Investment Group (Woodward's Redevelopment Group) proposal is characterized by a more prominent retail component, as well as the retention of a large proportion of the current Woodward's façade.



The first Woodward's redevelopment option proposed by Westbank includes 30,000 square feet of retail (including a community food store), supported in part by 480 units of market and non-market housing and the traffic generated by a daycare centre, City amenities and the SFU Contemporary Arts School.

The second Westbank option includes 69,000 square feet of commercial uses, including a community food store and a 'Day & Night Market', which will be supported in part by 529 units of market and non-market housing and the traffic created by a daycare facility, City of Vancouver Amenity Space, VCC Jewellery Art & Design and Gemmology programs and UBC School of Architecture and Centre for Community Research and Design.

The following table summarizes the proposed use mix for the two Woodward's Redevelopment Group options. It should be noted that each option has two sub-options, where the opportunity exists to transform 104,000 square feet of market housing into further non-market housing.



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WESTBANK / PETERSON PROPOSED USE MIX		
	<b>Option 1</b>	<b>Option 2</b>
<b>Non-Market Housing</b>	104,000/208,000	109,000/228,000
<b>Market Housing (Loft Live/Work)</b>	104,000/0	119,000/0
<b>Market Housing (Flatiron Building)</b>	222,000	246,000
<b>SFU Contemporary Arts School</b>	179,000	0
<b>UBC School of Architecture and Centre for Community Research and Design</b>	0	13,000
<b>Vancouver Community College</b>		
<b>Jewellery Art &amp; Design and Gemmology Program</b>	0	9,000
<b>Public Space</b>	22,000	19,000
<b>Daycare</b>	12,000	12,000
<b>City of Vancouver Amenity Space</b>	32,000	32,000
<b>Parking</b>	95,000	116,000
<b>Retail</b>	30,000	69,000
<b>TOTAL</b>	<b>517,000</b>	<b>722,000</b>

*In both options, the loft live/work housing can be replaced with non-market housing*

The retail uses in both Westbank options are very similar, being arrayed along Hastings, Abbott and Cordova Streets and in the internal plaza.

The sidewalks outside of the relatively constant retail continuum surrounding the Woodward's site will be shielded from rain by a series of canopies, divided into four styles depending on the portion of the façade.

The unique aspect of the Westbank proposal with regard to commercial uses is the 'Day & Night Market', which is one portion of the replacement for SFU (in Option 2). The market is envisioned as a mix of stalls (50 square feet each), shops, restaurants and events, from morning to evening, 7 days a week. The market would be divided into mini-markets with themes including food, fruits and vegetables, arts & crafts, asian market, antiques, furniture and collectibles. The Hastings Street retail spaces would open through to the market, providing added access. The 'Day & Night Market' is reminiscent of the Chinatown and Richmond Night Markets, and a photo of the Richmond Night Market is provided in the proposal adjacent to the description of the Day & Night Market.

The layout of commercial uses in the Westbank options is illustrated in the following figures.



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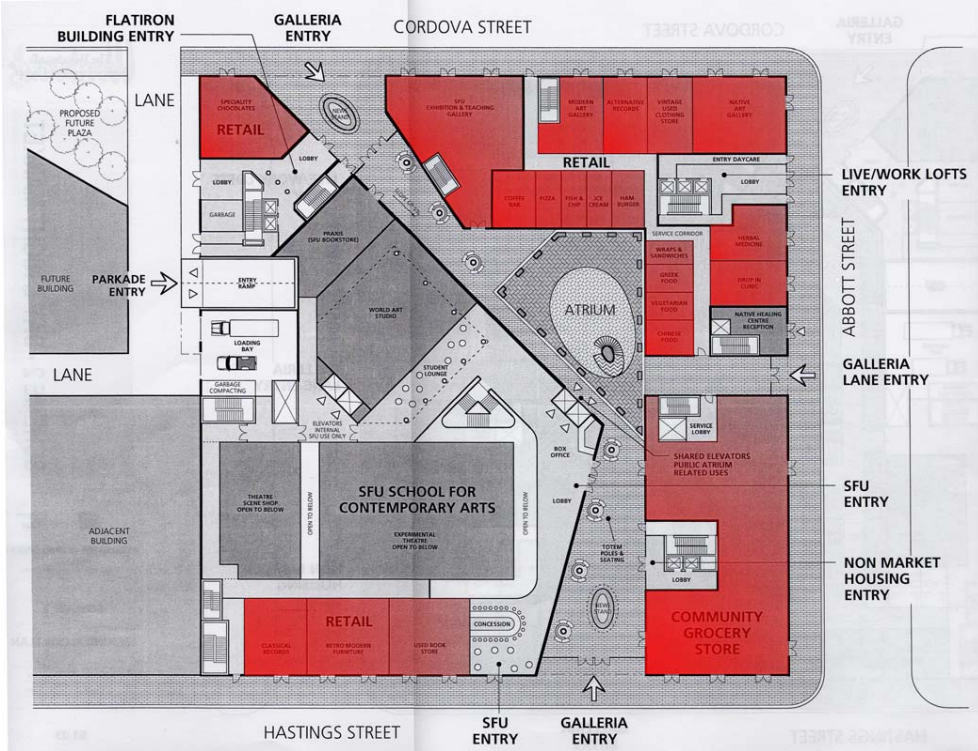
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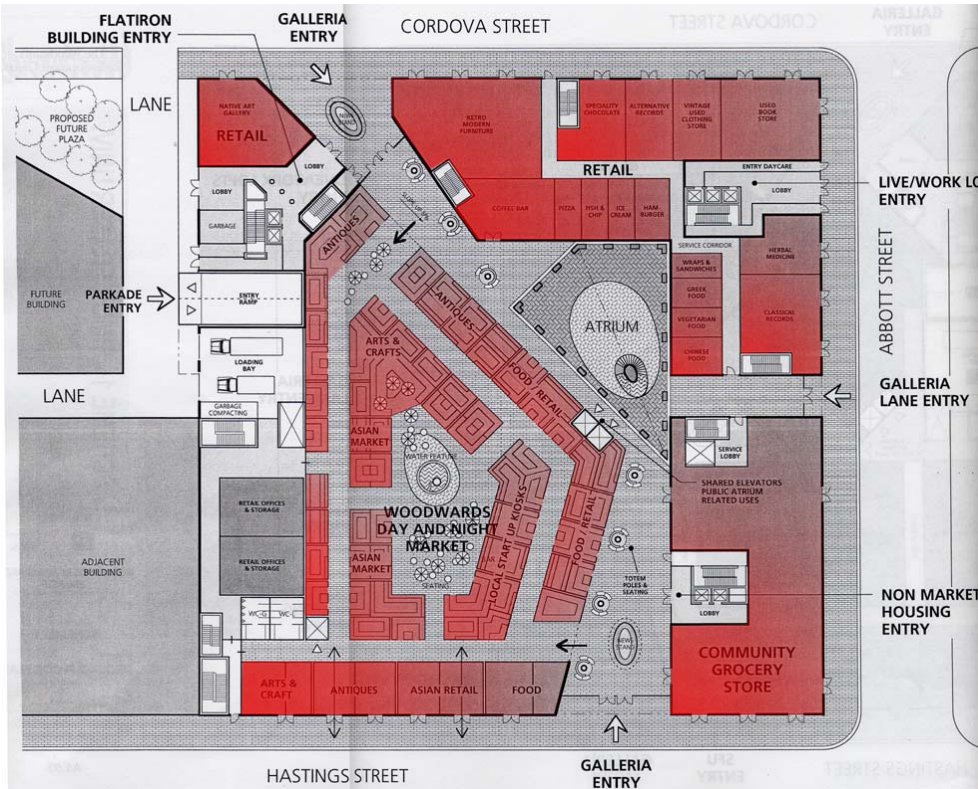


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## WESTBANK / PETERSON WITH SFU GROUND LEVEL FLOOR PLAN



## WESTBANK / PETERSON WITHOUT SFU GROUND LEVEL FLOOR PLAN



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## 2.0 On-Site Demand

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The redevelopment of the Woodward's site in Vancouver's DTES will ideally include a commercial component that has good fit with both planning and future directions for the DTES and the market demand for commercial space in the area.

In order to accomplish this, commercial space in the new development should be:

- Primarily serving the on-site population;
- Non-competitive with existing destination-type retail in Gastown and Chinatown;
- Street-oriented or highly street-accessible to engage pedestrian interest;
- Include year-round, daily uses.

In order to estimate the amount of demand created by the on-site population, we have made a number of assumptions regarding the consumption patterns of on-site population, and retail performance rates. Our assumptions are as follows:

- Average persons per residential unit: **1.25 people**
- Average Personal Disposable Income (PDI): **\$12,000**
- Retail spending to PDI ratio: **51.1%**
- Average square feet per capita for non-resident users of education and other space **100 sf per capita**
- Number of spending days per year for non-residents **300 days**
- Average on-site daily spending by non-residents: **\$6**
- Average retail performance levels: **\$300 per sf, per year**
- Additional inflow spending **10%**

## 2.1 Residential Demand

Demand from on-site residents will be a function of many things, including the population, the average household and personal incomes of residents, and their retail spending habits. In this analysis we have generated an estimated demand for goods and services from the population. We have made no assumptions in this model about the provision of certain types of products or services, rather it is purely a demand model, expressing the gross demand for all types of retail goods and personal services.

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The following table shows that depending on the number of residents on-site (ranging from an estimated 294 to 661), retail expenditure potential could range from about \$1.9 million to almost \$4.5 million. These expenditures (aggregated from detailed sub-categories not shown) would support between 5,700 and 12,800 square feet of retail and service commercial floor area.

RETAIL DEMAND Woodward's Site	Concert / Holborn		Millenium		Westbank / Peterson	
	SFU-In	SFU-Out	SFU-In	SFU-Out	SFU-In	SFU-Out
RESIDENT POPULATION	294	500	553	539	600	661
INCOME (PDI)	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
TOTAL INCOME POTENTIAL	3,525,000	6,000,000	6,630,000	6,465,000	7,200,000	7,935,000
RETAIL SALES / INCOME Inflow	51.1%	51.1%	51.1%	51.1%	51.1%	51.1%
	10%	10%	10%	10%	10%	10%
TOTAL RETAIL POTENTIAL	\$1,981,310	\$3,372,440	\$3,726,550	\$3,633,800	\$4,046,930	\$4,460,050
TOTAL COMMERCIAL SQ FT	5,696	9,696	10,714	10,447	11,635	12,823

Source: Hudema Consulting Group Limited - August 2004

## 2.2 Non-Residential Demand

The daytime, or non-resident population of the redeveloped Woodward's site will create demand for retail and service commercial uses. Students, teachers, office employees, and other non-resident users of the site will generate demand through their daytime spending, estimated at an average of \$6 per day<sup>1</sup>, over 300 days per year.

The following table shows the estimated demand created by the daytime on-site population. Demand for retail and commercial floor area ranges from a low of 2,040 square feet to over 13,500.

Non-Resident Retail Demand	Concert / Holborn		Millenium		Westbank / Peterson	
	SFU-In	SFU-Out	SFU-In	SFU-Out	SFU-In	SFU-Out
Education/Office SF	226,000	60,000	195,000	91,000	191,000	34,000
Daytime Population	2,260	600	1,950	910	1,910	340
Annual Expenditures (\$)	\$4,068,000	\$1,080,000	\$3,510,000	\$1,638,000	\$3,438,000	\$612,000
Demand from Daytime (SF)	13,560	3,600	11,700	5,460	11,460	2,040

Source: Hudema Consulting Group 2004

The following summary table shows the estimated total demand for retail and service commercial area that would result from each of the proposed redevelopment plans, assuming the expenditure patterns between the consumer populations in each of the proposals are constant.

The table shows that the greatest demand will be created by the combination of residents and daytime users that would result from the



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<sup>1</sup> Based on a 1995 ICSC survey of office workers. \$6 reflects an overall average that accounts for full and part-time employees/users, and reduced spending to allow for spending outflow.

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Westbank/Peterson SFU-in option. This is followed by the SFU-in options for the Millennium and the Concert/Holborn teams.

<i>Total Retail Demand</i>	<i>Concert / Holborn</i>		<i>Millenium</i>		<i>Westbank / Peterson</i>	
	<i>SFU-In</i>	<i>SFU-Out</i>	<i>SFU-In</i>	<i>SFU-Out</i>	<i>SFU-In</i>	<i>SFU-Out</i>
<i>Demand for Retail (SF)</i>	19,256	13,296	22,414	15,907	23,095	14,863

Source: Hudema Consulting Group 2004

The following section summarizes the findings in Section 1 of this report, in which we describe the proposals, with this section which calculates demand for commercial space. Our conclusions will follow, and will be based upon the proposal which results in the best ratio of space provided to demand created for commercial uses on the Woodward's site.

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### 3.0 Impacts/Benefits Assessment

Based on the evaluation criteria described in sections 1.2 and again in section 2.0 above, this section compares the amount of floor area demand created by the uses in the proposals with the amount of retail and commercial floor area proposed. The following table shows the anticipated magnitude of the transfer of spending in terms of dollars spent (assuming \$300 psf on-site), and the resulting square foot impact on the other DTES areas (based on \$200 psf sales at existing merchants).

EFFECT ON DTES RETAIL WOODWARD'S REDEVELOPMENT PROPOSALS						
	Concert / Holborn		Millenium		Westbank / Peterson	
	SFU-In	SFU-Out	SFU-In	SFU-Out	SFU-In	SFU-Out
Size of Proposed Retail Supply (SF)	17,000	25,000	72,000	76,000	30,000	69,000
Estimated Demand (SF)	19,256	13,296	22,414	15,907	23,095	14,863
Spending Capture from other DTES	-\$ 676,924	\$ 3,511,195	\$ 14,875,767	\$ 18,027,766	\$ 2,071,432	\$ 16,241,107
Square feet Trasfer from other DTES	-3,400	17,600	74,400	90,100	10,400	81,200

Hudema Consulting Group Limited, 2004

According to our modelling, the Concert/Holborn proposal which includes SFU will provide less retail and service commercial space on-site than is warranted by the demand it will create. This will result in net benefit to other DTES commercial areas, while still providing almost 90 percent of warranted floor area on-site. All of the remaining proposals and options result in a net transference of retail spending **to** Woodward's retail establishments, from other areas, thus weakening those areas.

In terms of spending and square feet, the Concert/Holborn SFU-in option results in a net transference of almost \$677,000 from Woodward's site to other areas, thereby supporting 3,400 square feet elsewhere.

All of the proposed options which do not include SFU, due to the fact that they reduce the on-site daytime population while increasing the provision of commercial space, will have net negative impacts on other retail areas in the DTES.

It should be noted that certain types of uses should clearly be avoided on the Woodward's site, as they would provide disproportionately more competition for Gastown and Chinatown. In our opinion, the location of significant amounts of food, souvenir, clothing, housewares, or other "Department Store Type Merchandise" (DSTM) would directly compete with existing merchants in nearby Gastown and Chinatown, and should be avoided.

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## 4.0 Summary Assessment

The proposals for the redevelopment of Woodward's should include commercial components that meet the following criteria:

- Primarily serving the on-site population;
- Non-competitive with existing destination-type retail in Gastown and Chinatown;
- Street-oriented or highly street-accessible to engage pedestrian interest; and,
- Include year-round, daily uses.

The following table represents a summary of Hudema Consulting's assessment of the commercial components of the 6 Woodward's redevelopment proposals.

SUMMARY ASSESSMENT Woodwards Redevelopment Proposals						
	Concert / Holborn		Millenium		Westbank / Peterson	
	SFU-In	SFU-Out	SFU-In	SFU-Out	SFU-In	SFU-Out
<i>Size of Proposed Retail (SF)</i>	17,000	25,000	72,000	76,000	30,000	69,000
<i>Increased Demand (\$)</i>	\$6,049,310.00	\$4,452,440.00	\$7,236,550.00	\$5,271,800.00	\$7,484,930.00	\$5,072,050.00
<i>Increased Demand (SF)</i>	19,256	13,296	22,414	15,907	23,095	14,863
<i>Net Sales Transference</i>	-\$676,924	\$3,511,195	\$14,875,767	\$18,027,766	\$2,071,432	\$16,241,107
<i>Square Footage Transferred</i>	-3,385	17,556	74,379	90,139	10,357	81,206

Source: Hudema Consulting Group 2004

We believe that commercial floor space additions should be minimized in keeping with the fact that the Downtown Eastside is currently greatly over-served. The commercial floor space additions are much smaller in both Concert proposals and the Westbank SFU-In proposal than in the other three.

The increase of the market for commercial goods in the DTES (in terms of greater retail expenditure potential and warranted commercial floor area) is an important goal in the revitalization of the neighbourhood. Increased retail expenditure potential and warranted floor area is maximized in the Millenium and Westbank SFU-In scenarios. Additionally, it should be noted that the inclusion of SFU in the development increases demand for commercial greatly in each team's submissions.

Impact on the area immediately surrounding Woodward's (and the existing businesses there residing) is to be avoided. Only one proposal (Concert/Holborn SFU-In) creates positive benefits by increasing the demand for commercial space by more than the supply it proposes. The Concert/Holborn SFU-Out and Westbank/Peterson SFU-In proposals also create minimal impacts to existing businesses, while the other three proposals are likely to result in significant transfer

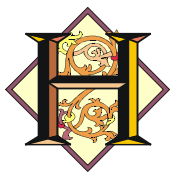
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of spending to the Woodward's site, at the expense of other retailers in the area.

In our opinion, the proposals rank in the following manner, from top to bottom, in terms of the criteria for evaluation of commercial uses at the Woodward's site:

### 1) Concert/Holborn

- Creates a greater demand for retail than supply the supply proposed, with the inclusion of SFU; causes minimal impacts without the University, thereby serving primarily local residents;
- Minimal competition with Gastown or Chinatown;
- Proposes a pedestrianized commercial area and addresses view lines;

### 2) Westbank/Peterson

- 70 percent of new commercial space is supported by Woodward's residents and on-site daytime users, and minimal impacts on the existing commercial are created by the SFU-In option; this option serves primarily the local residents and will not compete with Gastown or Chinatown;
- The SFU-Out option may cause serious impacts to the surrounding commercial infrastructure. A large-scale transference of retailing could stress nearby businesses. Additionally, the Day & Night Market concept competes directly with retailing in Chinatown;
- The Westbank/Peterson scenarios will likely succeed in creating solid pedestrian interest, although the Day & Night Market could internalize much of this pedestrian traffic, reducing potential benefits.

### 3) Millenium

- Both Millennium proposals include a large amount of retail ( $\pm 72,000$  square feet). This retail could be detrimental to existing businesses in the surrounding area, with estimated retail spending transference to the new development at between \$14.8 and \$18.0 million.
- The Millenium proposals would likely create good pedestrian interest, unless they drew too many existing businesses from the surrounding area.
- The Millennium proposal for the food store in the basement would seem to compete directly with Chinatown merchants and with the T&T Supermarket at International Village, less than 450m away.