urbanMetrics inc.
market, economic and strategic advisors

COMMERCIAL MARKET ANALYSIS

Existing Conditions & Opportunities Assessment

Stettler, Alberta

Prepared for the **Town of Stettler**

June 10, 2021

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

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June 10, 2021

Ms. Leann Graham
Director of Planning and Development
Town of Stettler
5031 – 50th Street
Stettler, Alberta
T0C 2L0

Dear Ms. Graham:

RE: Commercial Market Analysis – Existing Conditions & Opportunities Assessment (Stettler, Alberta)

urbanMetrics inc. ("urbanMetrics") is pleased to submit this *Commercial Market Analysis* for the Town of Stettler. The primary purpose of this engagement has been to provide strategic advice relating to the current and anticipated opportunities for Stettler's commercial and industrial sectors.

This research is intended to provide municipal staff with a detailed understanding of the current structure of Stettler's commercial business sector, the impact of ongoing provincial / national / global trends, as well as targeted strategic recommendations to guide future policymaking in the community.

We hope that you find this information helpful as part of your ongoing strategic planning efforts and we look forward to discussing the results of our study with you in the days to come.

Yours truly,

urbanMetrics

Christopher White
Partner
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Introduction

- urbanMetrics has been retained by the Town of Stettler to provide this *Commercial Market Analysis* evaluating current conditions and future opportunities to support and attract businesses within the community.
- This *Commercial Market Analysis* is ultimately intended to provide an understanding of Stettler's current and projected population and employment patterns, community feedback and perspectives, retail and industrial business offerings and prospects, as well as advice and recommendations to policy makers.

Key Findings: Community Context

Locational Context

- Stettler is a well-established municipality offering a range of existing commercial, industrial, healthcare and government services to its residents and surrounding populations.
- As a regional service centre, Stettler is an important destination for surrounding rural and agricultural residents to obtain services.
- Stettler is located outside of Alberta's primary population and employment corridor along the Queen Elizabeth Highway. As such, it presents unique growth prospects relative to other municipalities located along that corridor.

Trade Area Delineation

- A Trade Area represents the geographic extent from which a municipality—or individual business—attracts the majority of its customer base and sales support. Trade Areas can be divided into different zones, which account for substantive differences in customer behaviours. For the purposes of this analysis, urbanMetrics has considered a Trade Area, as well as a broader "Area of Influence" to reflect this nuance in this part of the Province.
- To inform the delineation of Stettler's Trade Area, urbanMetrics reviewed the nature of commercial businesses located in Stettler which are likely to have regional drawing power, as well as the location of these, or additional regionally-significant businesses in surrounding municipalities. We further assessed travel distances from various points to Stettler, versus surrounding municipalities which may offer comparable services. Lastly, we utilized a mobile

analytics survey data to understand the origin of visitors to Stettler, and selected other nodes throughout Eastern Central Alberta.

- Based on the analysis above, we have determined that the subject **Trade Area is currently comprised of the Town of Stettler and surrounding Stettler County.** However, a **broader "Area of Influence" has also been identified, which represents lands to the immediate east of Stettler County**. It is our assessment that—generally—the travel patterns of these residents differ from Trade Area visitors, however they nonetheless represent an important source of support for local Stettler businesses.

Population and Employment

- The 2020 population of the Trade Area has been estimated at some 12,200, with approximately half (47.9%) located within the Town of Stettler. By **2041, the population of the Study Area is forecast to grow to approximately 13,300 residents**. This market growth represents a portion of additional market support for retail and service space in the local market.
- Stettler's population is aging at a faster rate than the Alberta average. This growing demographic is likely to require additional supports in medical services and long-term care facilities, to ensure that the population can continue to "age in place."
- The Trade Area currently supports approximately 4,300 jobs. By **2041, this is expected to grow to some 4,900 positions**. Nearly 80% of all jobs in the Trade Area are concentrated in the Town of Stettler, suggesting there is significant inflow from the surrounding area.
- Employment growth in Stettler is expected to be driven by increases in the **institutional sector**, as well as **retail**, **service**, **entertainment** and **accommodation**.

Key Findings: Retail/Service Commercial Uses

Current Market Conditions

- urbanMetrics has identified approximately 835,000 square feet of retail/service commercial space in the Town of Stettler. With a **commercial vacancy rate of 6.2%**, Stettler is representative of a healthy, balanced market.
- Downtown Stettler is the single largest commercial node in the Town, containing nearly half of all commercial space. Downtown Stettler is the primary destination for employment, personal

care services, and entertainment. Residents also report visiting Downtown Stettler on a more frequent basis than other commercial nodes.

- Stettler's West End commercial area is the primary destination for more convenience based 'day-to-day' shopping needs. Compared to Downtown Stettler, it is also a more substantial draw for shoppers from outside of the Town; particularly given its physical location.

Retail Market Demand Analysis

- The results of our market demand analysis have identified a capacity for between **46,300 and 70,000 square feet** of additional commercial retail/service space in the Trade Area to 2041, with requirement varying across different store categories.

Recommendations

- Cross-shopping opportunities between residents of the West End Commercial node and Downtown Stettler should be encouraged.
- Stettler officials should identify initiatives and opportunities to increase visitation to Downtown Stettler, particularly during the evening and weekend periods. These initiatives could include street festivals, expanded restaurant patio opportunities, and evening shopping opportunities.
- The Town could pursue opportunities to support prospective new or expanding businesses through financial and regulatory initiatives.

Key Findings: Industrial Uses

Current Market Conditions

- Stettler is currently supported by a range of industrial businesses. These businesses can be either classified as "local population serving," businesses such as plumbers, automobile technicians, or home-furnishing/outfitting. Alternatively, "export-based" businesses generally rely on locational characteristics or surrounding resources or industries as their customer base. In Stettler, the latter are primarily related to the oil and gas and agricultural sectors.
- urbanMetrics has identified at least 195 acres of vacant, industrially-zoned land in the Town of Stettler. Based on previous building permit trend activity, this **supply is sufficient to accommodate at least 40+ years of status quo industrial growth** in the community.

- Growth in Stettler's industrial base is likely to be generated by innovations in surrounding natural resource economies. Recently announced investments in MDF manufacturing in surrounding areas, for example, could result in spin-off services clustering in Stettler. Likewise, broader trends in renewable energy and food production could also benefit Stettler's industrial sector.

Recommendations

- The Town of Stettler should continue to monitor the supply of industrially-zoned lands and ensure that there is a diverse supply of "shovel-ready" development sites to accommodate different types of prospective businesses. These should be available in different sizes, locations and configurations.
- Recognizing current positioning, the Town should continue to monitor ongoing property tax rates to ensure that Stettler presents the most competitive regional option for prospective industrial users.
- Ongoing outreach and engagement with target growth sectors is advisable to continue to position Stettler as the ideal place to locate businesses in Eastern Central Alberta.
- Investments in transportation and telecommunications infrastructure will be important to continue to ensure that surrounding road, railway and digital connections are competitive with surrounding jurisdictions.

1.0 Introduction

urbanMetrics inc.

1.1 Purpose

As the Town of Stettler continues to assess the current and potential future opportunities within the retail/service commercial and industrial sectors, the municipality has sought an improved understanding as to the existing gaps in the market, as well as the potential implications of changing demand/supply imbalances. This type of information ultimately assists Stettler in effectively developing policies and economic development initiatives that appropriately address future commercial needs and service levels within the community, support existing businesses, as well as attract new economic activity.

To this end, urbanMetrics inc. ("urbanMetrics") has been retained by the Town of Stettler to prepare a *Commercial Market Analysis,* the results of which have been presented throughout this document. It is our intent that this reference document provides the Town of Stettler with an updated community profile and understanding of local demographic and economic trends, as well as more targeted insights as to broader trading area and economic development / employment opportunities. Further to above, this work will provide the Town with valuable information to inform related economic development strategies, infrastructure servicing and business development decisions, in addition to approaches to business retention.

In light of significant economic challenges facing Stettler, Alberta and Canada—including COVID-19, evolving energy markets and rapid technological change—now is an important time to develop strategies to effectively compete in a changing economy.

1.2 Objectives

As part of this Commercial Market Analysis, the Town of Stettler, Stettler Regional Board of Trade, and project consulting team have worked collaboratively to answer a number of pre-defined questions for the study:

Determination of Key Trading / Catchment Area(s)

- *Who relies on the Town for retail/service commercial type facilities and over what geography?*
- *What demographic, economic, social characteristics does this community have?*
- *What is the total volume of expenditure support available?*

Existing Conditions & Future Opportunities

- *How effectively do local businesses serve the community and surrounding populations?*
- *What gaps exist and are there opportunities to provide an improved and/or more comprehensive service level to the broader community?*

Business Attraction

- *What opportunities exist to attract new industrial users and other commercial establishments to Stettler?*
- *How can the Town continue to support growth and expansion in these sectors?*

1.3 Scope

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

- Review of the Town of Stettler's **site and access characteristics** and evaluation as to the growth opportunities available based on geographic location. This has included the Town's proximity to other regional service centres, existing commercial structure, and highway and rail connections.
- Delineation of a **Trade Area**, which represents the basis of our population and employment forecasts, and subsequent commercial market analysis (as detailed herein). Recognizing the unique characteristics of Stettler and Eastern Central Alberta, we have also identified a secondary **"Area of Influence"**, which represents an additional source of inflow to Stettler.
- Development of a **demographic and economic profile** for the Town of Stettler and its broader Trade Area, benchmarking against selected geographies for reference and informational purposes. This profile includes a range of demographic indicators (e.g., population and employment change, immigration, age profile and education), as well as relevant market indicators (e.g., total commercial space, vacancy rates etc.)
- Preparation of unique **population and employment forecasts** for the Town of Stettler and surrounding Trade Area. These projections have provided insight into anticipated growth patterns to 2041, thereby further informing market growth opportunities.
- Production of **market research targeted at local Stettler residents and business owners** to develop an improved understanding of a range of current economic factors in the community

(e.g., local spending habits, the impacts of e-commerce and COVID-19, as well as business owners' future plans in Stettler).

- Establish **commentary on trends in the retail industry** and discussion of how these trends could ultimately influence the market for commercial space in Stettler in the coming years.
- Completion of a **detailed inventory of existing commercial space in Stettler**, including a classification of businesses by North American Industrial Classification System ("NAICS"), and identification of vacant commercial spaces.
- Preparation of an **expenditure-based market analysis** to understand the extent to which the Trade Area is adequately served by the existing supply of commercial space, and additional need based on population growth forecast to 2041. This analysis has identified specific store-types and categories which may be underserved. Where possible, we have also provided related commentary and analysis as it relates to opportunities for specific retail store types and/or banners to potentially enter the Stettler market.
- Preparation of an assessment of **industrial market opportunities**, which may represent growth sectors for the Stettler market. We have also provided an analysis of Stettler's current supply of vacant industrial lands, as well as development and growth patterns which may inform future prospects.
- Based on the above work plan, we have subsequently developed a series of targeted recommendations for consideration by Stettler Town Council and other key decision-makers within the lens of broader economic development strategies.

1.4 Assumptions and Limitations

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

These basic assumptions are:

- During the forecast period discussed in this report, a reasonable degree of economic stability will prevail in the Province of Alberta, and specifically in the Town of Stettler;
- Further to above, due to the recent and ongoing conditions relating to COVID-19, it is difficult to accurately and reliably determine the potential longer-term impacts of the

pandemic on future economic conditions, investment patterns, shopping habits, among various other factors that will directly influence future retail/service and commercial market in Stettler and across Alberta. Similarly, in reviewing this report, it is important to note that a significant portion of the background supporting data and statistics relied upon—as well as the resulting analyses, professional observations and research findings—have been developed in during the COVID-19 pandemic in Canada (e.g., Statistics Canada data for previous annual periods, etc.). As such, the information presented herein reflects the latest available research on relevant historical patterns and best practices. Given the inevitable longer-term planning horizon of the recommendations included in this report, however, our analysis generally assumes that the local commercial environment will more or less return to pre-pandemic conditions, in due course. Where applicable, we have also provided more targeted commentary as to the potential short and longer-term impacts of the pandemic on changed behaviours and/or market conditions;

- Estimates of future population and employment growth in the Town of Stettler and surrounding Study Areas delineated are assumed to be sufficiently accurate for the purposes of this analysis.
- The official statistical sources utilized in this report (based largely on Statistics Canada, Province of Alberta and Town of Stettler data, which have been footnoted where utilized) are considered sufficiently accurate for the purposes of this analysis;
- References to the Canadian dollar in this report, dealing with present and future periods, reflect its 2020 value (i.e., the latest full year period for which reliable statistics are available for this type of analysis). We recognize that fluctuation in the absolute value and purchasing power of the dollar will likely occur during the period covered by this report. We assume, however, that the relationship between per capita income and expenditure levels, and the value of the dollar will remain more or less constant during the period analyzed. Since this report deals with future space additions, inflation has been eliminated since it has no influence on the physical space used in commercial facilities. However, real growth (excluding inflation) in expenditures has been acknowledged in the analysis.

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

2.0 Community Context

Key Findings

- The Town of Stettler is an important regional commercial node that serves Eastern Central Alberta, a largely rural area situated approximately one hour to the east of Red Deer.
- Eastern Central Alberta is predominantly rural in nature, and Stettler serves as one of few settlements that offer a comprehensive commercial service offering for this area.
- The Town of Stettler is well connected by Alberta Provincial Highways 12 and 56. These routes intersect in Stettler, and generally connect the Town to Red Deer and the Queen Elizabeth Highway, Drumheller, Camrose and the Saskatchewan border.

2.1 Locational Context

The Town of Stettler is an important commercial node in Eastern Central Alberta and serves a regional function for surrounding rural municipalities and farming communities.

The following identifies some of the key features of the areas immediately surrounding Stettler, which establish many of the core commercial relationships among and between communities in this part of the Province.

- **West** – Stettler is located approximately 80 kilometres east of Red Deer. Red Deer is the third largest population centre in Alberta, with a population of slightly over 100,000. The City of Red Deer provides a comprehensive range of services, including a commercial airport, post-secondary institutions and regional retailers. Some of these regional retailers include Costco, Home Depot and Best Buy.

  In addition, Red Deer is located on the Queen Elizabeth II Highway (Highway 2). Highway 2 is the busiest inter-municipal roadway in Alberta, providing a direct link between Calgary, Edmonton and the United States border, as well as connections to Lethbridge and Fort McMurray. Highway 2 further serves as the Canadian portion of the CANAMEX Corridor – an international trade route established under NAFTA to facilitate the free flow of goods. This important route runs through several American States and Mexico, providing trade connectivity throughout North America.

- **North** – Stettler is located approximately 185 kilometres South-east of Edmonton, and 170 kilometres from Edmonton International Airport. As the Provincial capital, and an important economic hub, Edmonton offers a range of regional services, amenities and attractions which have a significant draw.

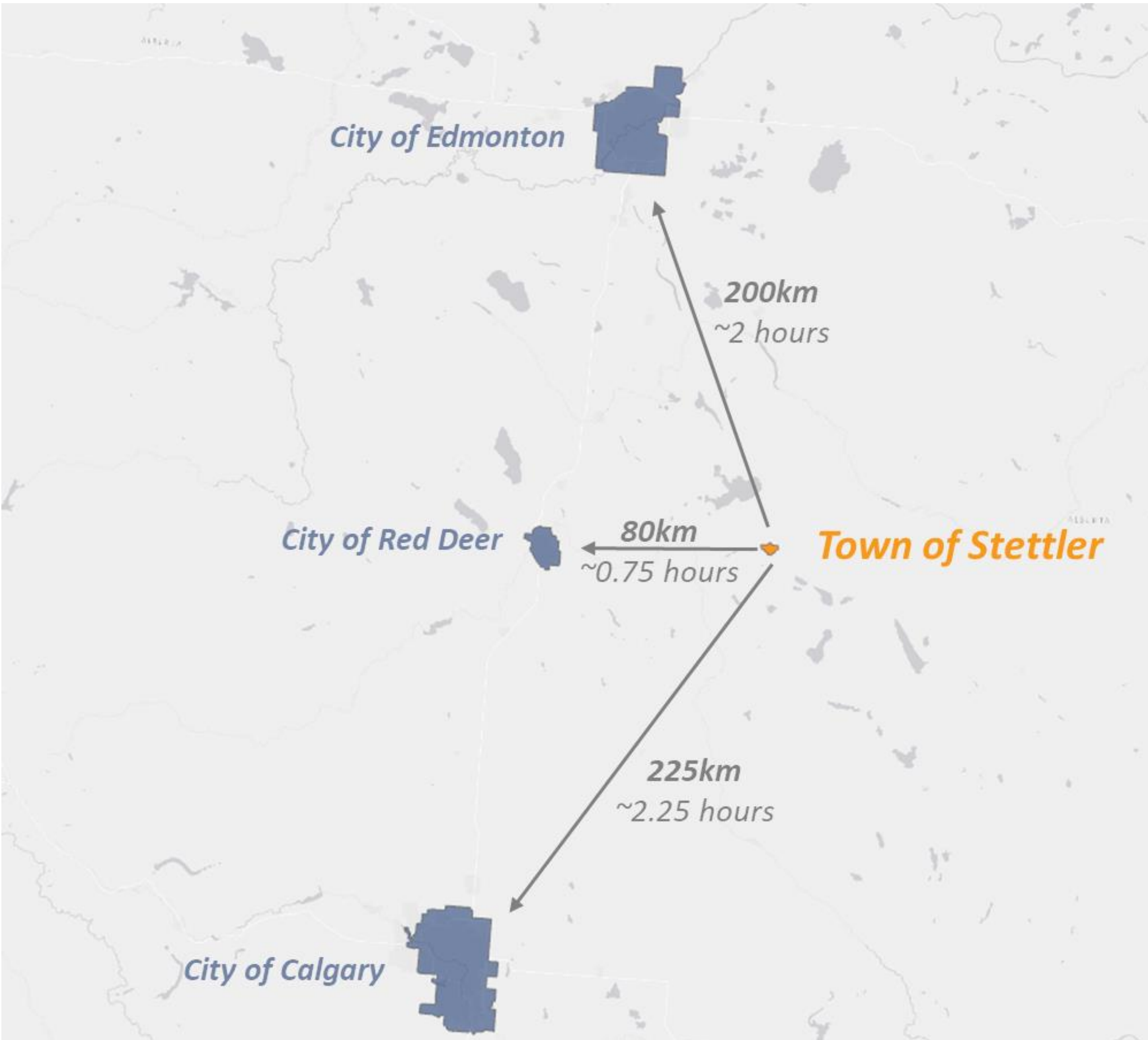
Stettler is also located some 85 kilometres south of Camrose, which is a regional service centre which likely draws inflow from a surrounding trade area. With a population approaching 20,000, Camrose offers regional serving commercial functions competitive with those located in Stettler, and to some extent beyond those service offerings.

- **East** – There are no significant population centres in Alberta that are located immediately to the east of Stettler. The Saskatchewan border is approximately 200 kilometres to the east of Stettler. As such, Stettler functions as a major commercial node for these rural areas, and likely draws a significant inflow from communities to the east. The municipality of Wainwright, some 200 kilometres north-east of Stettler, serves a similar regional commercial function, which may also draw some inflow amongst residents in that quadrant of Eastern Alberta.
- **South** – The City of Calgary is located some 225 kilometres south-west of Stettler. As the largest city in Alberta, Calgary provides regional services that draw visitors from across Alberta and portions of British Columbia and Saskatchewan.

  Stettler is also located approximately 100 kilometres north of Drumheller, a town of approximately 8,000 residents that serves a regional commercial function. With major retailers including Wal-Mart, Canadian Tire and Extra Foods, Drumheller provides a similar range of services to Stettler, and likely competes for inflow visitation for residents who live between the two municipalities.

Figure 2-1 below illustrates Stettler's location within Eastern Central Alberta, and relative to other local population centres.

Figure 2-1: Location Context Map



SOURCE: urbanMetrics inc., based on ArcGIS.

2.2 Access Characteristics

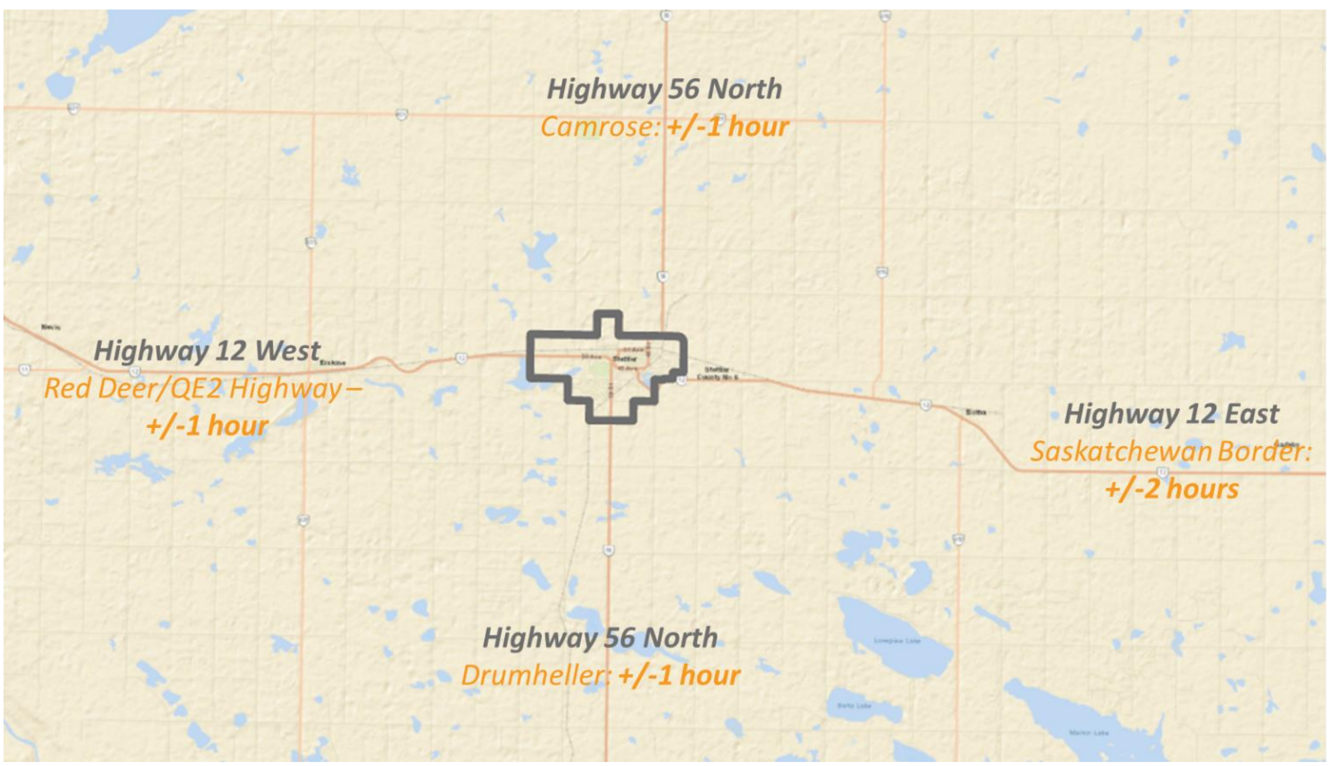
Regional Highway Access

Stettler is located at the junction of two Alberta Provincial highways—Highway 12 and Highway 56. Figure 2-2 below demonstrates major automobile corridors serving Stettler in relation to other areas of Alberta.

Highway 12 is an important east-west route that connects Stettler to Red Deer, Sylvan Lake and Highway 93 in the Rocky Mountains, via Highway 11. To the east, Highway 12 connects several rural farming municipalities, including Castor, Coronation and Consort. Highway 12 becomes Highway 51 at the Saskatchewan border, which ultimately terminates in Saskatoon.

Highway 56 is a north-south corridor through eastern Alberta which connects to the Trans-Canada Highway in the south, through Drumheller and Stettler, before ultimately terminating at Highway 26, immediately east of Camrose. Much of the route runs parallel to Highway 2, located some 90-100 kilometres to the west.

Figure 2-2: Regional Highway Connection Map



SOURCE: urbanMetrics inc.

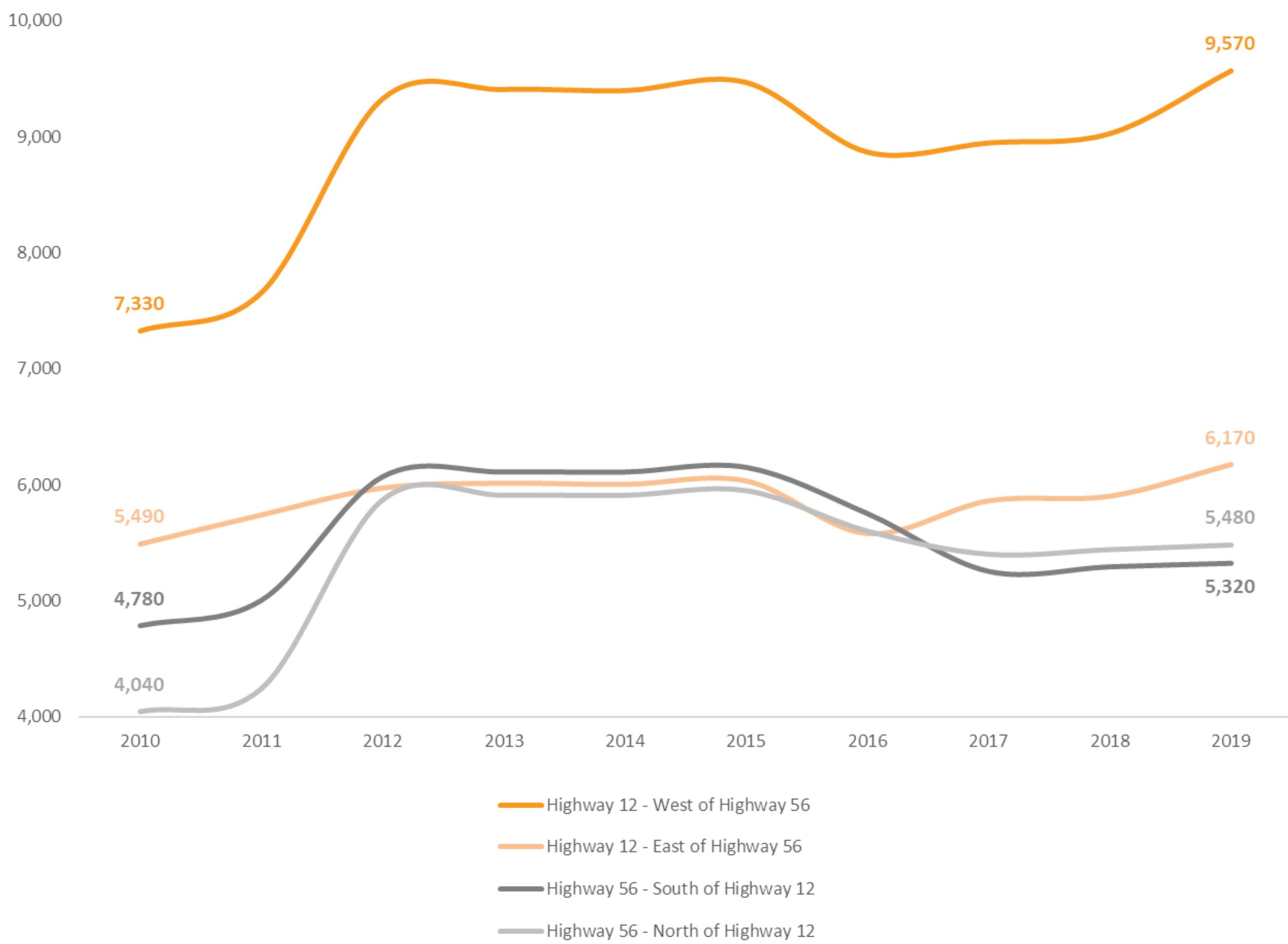
Figure 2-3 further illustrates historical highway traffic volumes for Highways 12 and 56 as they travel through Stettler. Based on the data shown, the east-west-serving Highway 12 is the busiest corridor through Stettler. In particular, counts immediately to the west of Highway 56 tally the highest traffic totals, recording over 9,500 average daily vehicle movements in 2019. Interestingly, there is a significant drop-off in traffic on the eastern side of the Highway 56 intersection, with approximately 6,170 vehicle movements recorded.

The highway connection between Red Deer and Stettler experiences significantly more traffic than the connection to the east. Likewise, a significant amount of traffic that enters Stettler from the west is not through-traffic.

Rather, this inflow is destined for locations within Stettler, or ultimately represents travellers continuing to additional points further north and south along Highway 56.

As shown, both highways demonstrate a significant increase in volume between 2010 and 2012, and declines from 2015-2017, prior to stabilization and slight recoveries. These fluctuations align with economic trends in Alberta. Namely, economic activity was in a growth pattern at the earliest stage of the identified period, whereas declines in oil pricing and drilling activity towards the latter portion of the period could be responsible for the subsequent decrease in vehicle movements.

Figure 2-3: Highway Traffic Counts at Select Intersections, 2010-2019



SOURCE: urbanMetrics inc., based on data provided by the Government of Alberta.

Airport Access

The Stettler Airport is not served by commercial passenger or cargo flights. Rather, these services are provided at airports located in Calgary or Edmonton, each approximately a 2-hour drive from Stettler. Both airports provide extensive connections to population centres across Canada. Calgary International Airport in particular provides direct service to a range of destinations in the United States, Europe and Asia, in addition to extensive service nationally.[1]

[1] The COVID-19 pandemic has upended air travel, resulting in the suspension and cancellation of many routes at airports throughout Canada. It is our assumption that air service in Alberta will return to pre-pandemic levels over time.

Bus and Passenger Rail

It is our understanding that—as a result of Greyhound's decision to reduce service in Western Canada—Stettler is no longer served by scheduled regional transportation services. As such, there is currently no scheduled shared transportation option to Stettler. Given Stettler's size, economic positioning and location, this is unlikely to significantly influence visitation to Stettler. However, public transit service can be an important benefit to connect Stettler residents to services, amenities and family in other municipalities, or larger centres, enhancing Stettler's liveability.

Freight Rail

Stettler is supported by a rail spur line by both CN and CP Rail. The line provides a direct connection to Lacombe and to both similar operators' extensive North American freight networks. Furthermore, the Stettler terminal provides grain storage and freight loading capabilities. This offers a natural economic clustering opportunity which undoubtedly draws agricultural uses from surrounding areas. This benefit could be an attractive differentiating factor that draws manufacturing users or other resource intensive uses. In particular, it is worth noting that Drumheller is not currently served by a freight rail connection, which therefore serves as a potential competitive advantage for Stettler in this regard.

3.0 Regional Market Delineation

Key Findings

- urbanMetrics has defined Stettler's Trade Area as comprising The Town of Stettler, as well as the balance of Stettler County. Recognizing unique local conditions, rural lands east of Stettler have been identified as a broader "Area of Influence" that that could further support a meaningful portion of commercial activity in Stettler. This area has been evaluated distinctly from the core Trade Area because it is our assessment that shopping and visitation patterns differ from residents of Stettler and the surrounding County.
- Several municipalities in Eastern Central Alberta provide a range of regional serving commercial uses that meet the needs of rural and urban residents. These municipalities include Stettler, Drumheller, Wainwright, Camrose and Red Deer.
- From a distance perspective alone, Stettler is the likely destination for a distinct portion of rural residents in Eastern Central Alberta, with the other likely destination being the Town of Wainwright. Furthermore, given selected super-regional retailers located in Red Deer and—to some extent—Camrose, these municipalities likely draw from greater distances.
- Mobile analytics (cell phone) survey data confirms that the majority of visitors to key commercial areas in Stettler originate from within the Town and surrounding County geogrpahies. Additionally, differing visitation patterns between Stettler's Downtown Commercial corridor and West End node indicate clear differences in patronage.
- Opportunities to increase visitation to Downtown Stettler from regional customers could provide increased sales support to Downtown businesses.

The following section provides a description of Stettler's commercial trading area and the associated rationale for its delineation. Furthermore, based on the unique characteristics of the Stettler market, a broader "Area of Influence" has been identified, which represents an additional source of likely market support.

3.1 Trade Area Definition

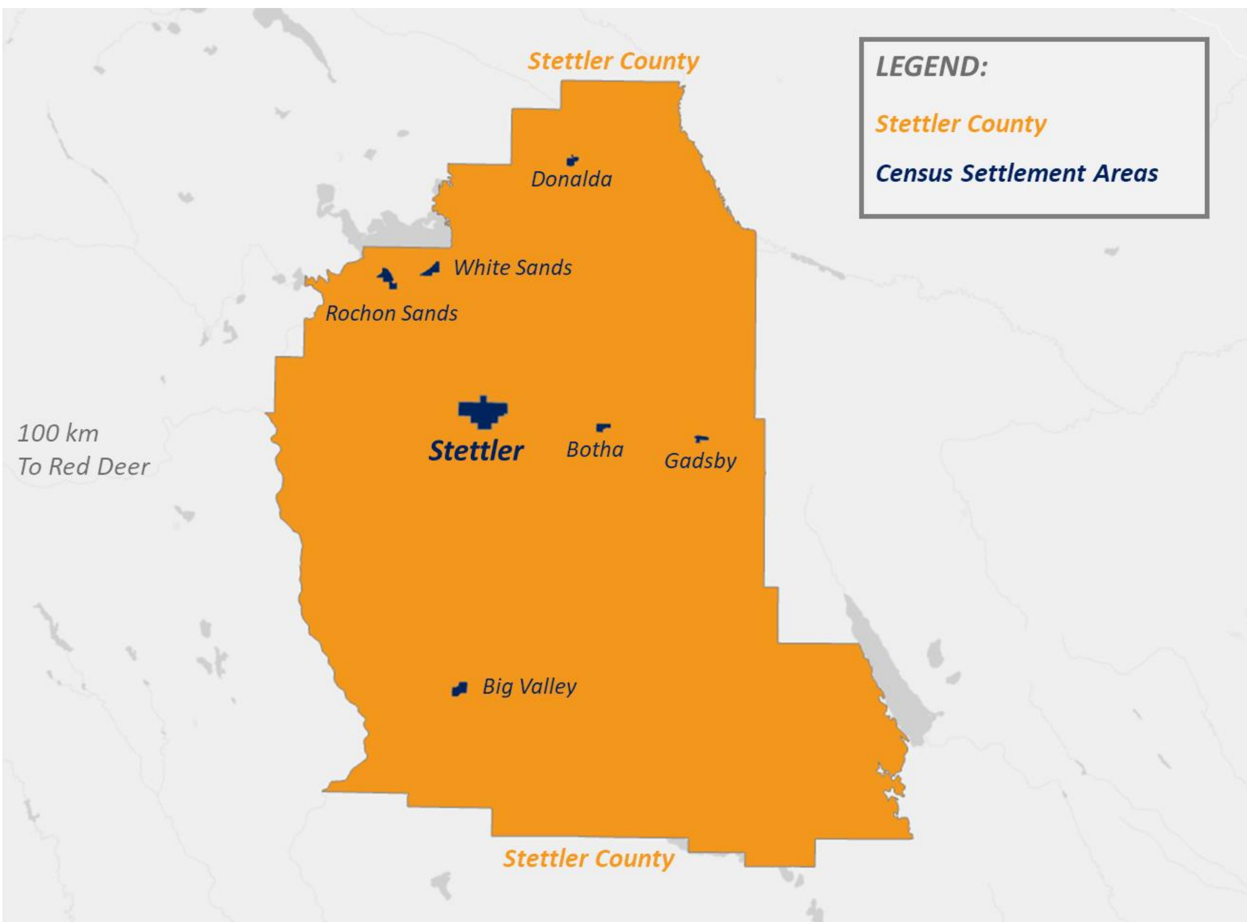
A Trade Area represents the geographic extent from which the majority of shoppers and associated customer expenditure support are derived for a given retailer, commercial node or community (i.e., in this case, the entirety of the Town of Stettler). As such, the Trade Area identified herein is intended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

In certain situations, Trade Areas can also be further subdivided into primary and secondary zones, which represent some degree of differentiation within that customer base. For example, a Secondary Zone resident may shop in Stettler for a similar amount of specialty goods as a Primary Zone resident, however, for other more common goods (e.g., grocery stores, convenience, restaurants), a Secondary

Zone resident may be more likely to travel to a different community altogether or purchase these goods closer to home within their own municipality or origin.

The Town of Stettler's Trade Area is comprised of the Town of Stettler, as well as Stettler County. Recognizing unique local conditions, lands to the east of Stettler County have also been defined as a further "Area of Influence." The Town undoubtedly attracts visitation from visiting populations within this extended geography, but it is our general opinion that expenditure and visitation patterns differ relative to the core Trade Area delineated.

Figure 3-1: Map of Stettler Trade Area



SOURCE: urbanMetrics

3.2 Trade Area Derivation

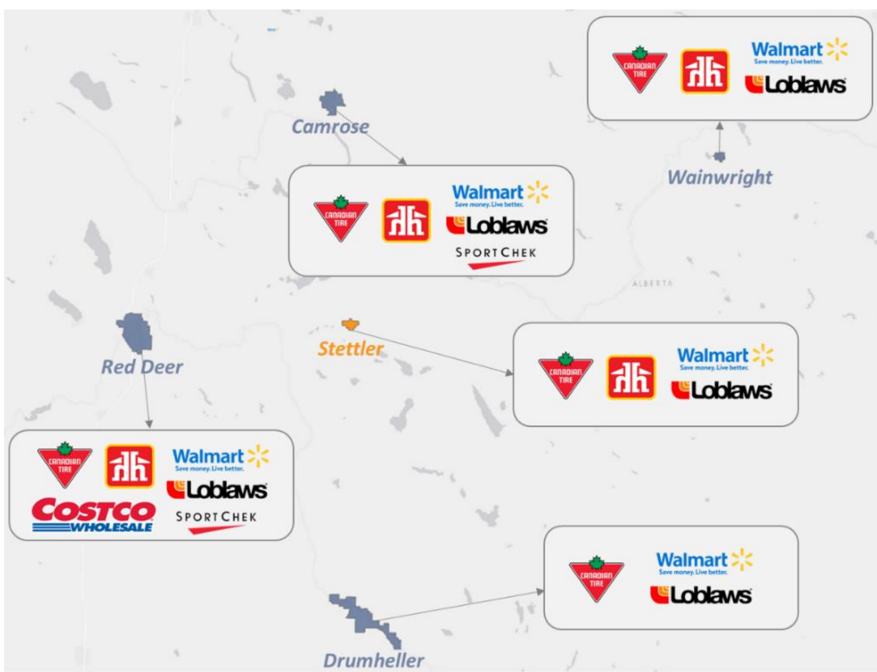
To delineate the Trade Area(s) considered as part of this study, we have relied on several different factors, both quantifiable and more qualitative observations informed by our familiarity with the nature of commercial activity in similar municipalities across Canada.

Presence of Regional Retailers

The nature of the existing retail base in Stettler and in surrounding municipalities is an important indicator of likely market draw.

In rural contexts, large format or specialty retailers that are unique to an area tend to draw from a broader geography, as surrounding residents access those businesses for groceries, essential services and other day-to-day functions. In determining Stettler's Trade Area, we have reviewed the location of these types of anchor retailers in Eastern Central Alberta municipalities. Figure 3-2**Error! Reference source not found.** below illustrates some of the retailers which informed this approach:

Figure 3-2: Selected Major Retailers in Central Alberta Municipalities



SOURCE: urbanMetrics inc.
NOTE: The retailers displayed do not necessarily identify the only businesses which contributed to the trade area delineation. Rather, this graphic is intended to provide a general illustration of the presence of selected national and international retailers located in municipalities within Eastern Central Alberta, which tend to draw customers from large geographic areas.

Distance-Based Relationships

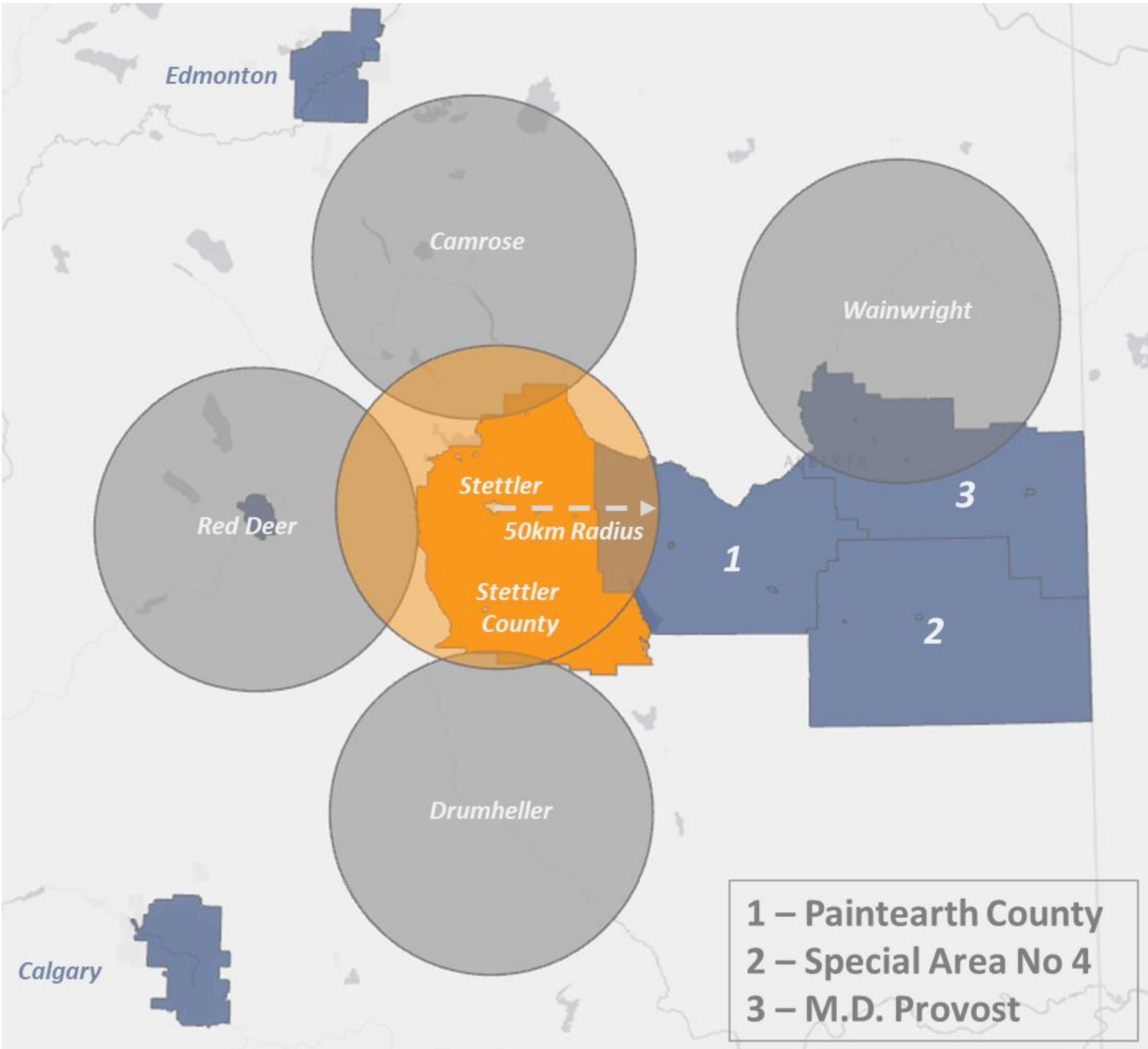
Highway access and distance represent important factors in determining the geographic extent and boundaries of a Trade Area.

Efficient and safe highway connections can influence Trade Area delineations. Particularly, there is a relationship between travel times and availability of a range of goods and services which rural residents make every time they decide where to shop for goods and services.

Figure 3-3 below illustrates a 50-kilometre radius around the municipalities identified above which provide regional services to Eastern Central Alberta residents. As shown, this mapping indicates that the 50-kilometre radius comfortably includes the vast majority of Stettler County. More broadly, the figure demonstrates some overlap between Stettler and Camrose, Red Deer and Drumheller to the north, west and south respectively. Given the clustering patterns of more regional-serving retailers—particularly in Red Deer and Camrose—these two municipalities likely represent a stronger draw for residents in areas of overlap or intersection. Drumheller to the south maintains a more limited—albeit still regional—serving draw. As there is limited intersection in the radii shown, each of Stettler and Drumheller appear to have a relatively clearly defined market boundary.

To the east, however, there is a significant gap in regional services within this 50-kilometre delineation. Therein, the determination of a single regional service centre for these residents is less clearly defined. Based on this analysis, both Stettler and Wainwright provide regional services which could support these nearby and adjacent communities.

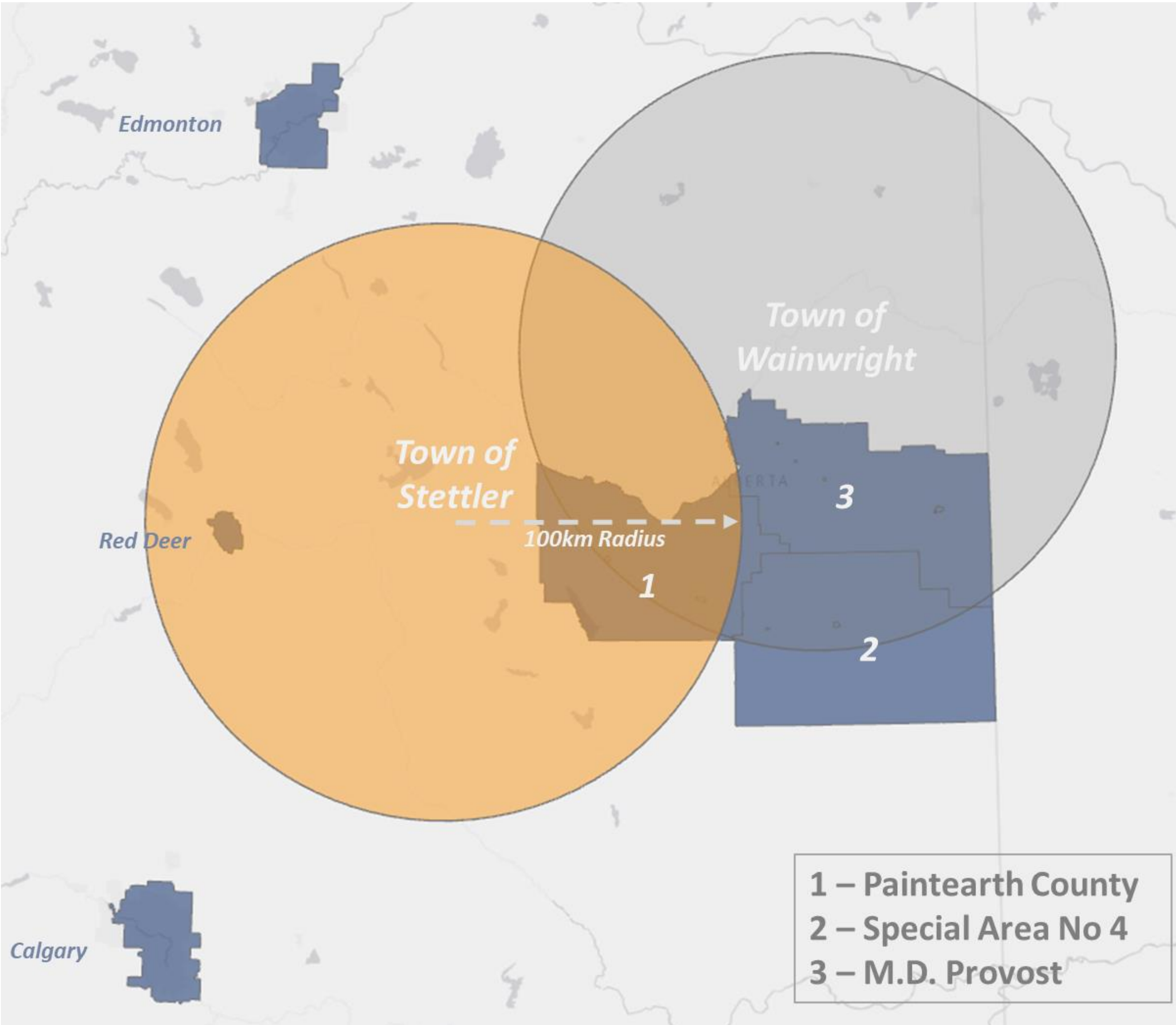
Figure 3-3: 50 Kilometre Radius Around Selected Municipalities



SOURCE: urbanMetrics inc., based on ArcGIS.

Figure 3-4 below illustrates a similar 100-kilometre radius map focusing exclusively on the Towns of Stettler and Wainwright. The purpose of this exercise has been to further highlight the distance-based factors influencing market delineation for the Town of Stettler to the east of the community. As shown, Paintearth County falls within both Stettler and Wainwright's overlapping extended areas of influence. Other geographies shown, including Special Area No. 4 and the M.D. of Provost, primarily fall within Wainwright's distance-based spheres.

Figure 3-4: 100 Kilometre Radius Around Selected Municipalities



SOURCE: urbanMetrics inc., based on ArcGIS.

It is important to note that the findings of this distance-based assessment do not necessarily suggest that communities east of Stettler fall firmly within the Trade Areas of either Stettler, or Wainwright.

Rather, this analysis suggests that—both from an amenity and accessibility perspective—there is not a clearly articulated differentiation between the two municipalities. As such, based on this analysis, **it is likely that residents of Eastern Central Alberta cannot be definitively assumed to be travelling to one municipality over another for the majority of their retail and service commercial needs**.

Furthermore, it is important to note that—given the relative distance(s) to regional centres—**some residents may actually travel to super-regional shopping nodes in Red Deer to do a significant portion of their shopping instead**. The presence of retailers such as Costco could ultimately draw a portion of these residents to by-pass more frequent visits to smaller regional centres to make less frequent trips to Red Deer (fewer longer and larger shopping trips). These trips would likely involve large expenditures on items like non-perishable goods, clothing, sporting equipment and office supplies.

Customer Origins (Mobile Analytics)

In addition to the traditional distance and competitive framework-based factors outlined above, urbanMetrics has partnered with a mobile analytics data provider to develop an understanding of the travel behaviours of residents in Eastern Central Alberta. The results of this analysis have been utilized to support the delineation of a data-driven, market-tested Trade Area that most accurately captures the true drawing power and customer support to commercial facilities in Stettler.

For the purposes of this analysis, urbanMetrics worked collaboratively with Town of Stettler staff to determine a number of pre-defined target geographies to consider as part of evaluation. These geographies were intended to capture patterns in several different municipalities, as well as shopping districts comprising different retailers and retail formats within those jurisdictions. The following geographies were surveyed:

- **Stettler – 50th Avenue Commercial Corridor**
- **Stettler – West End Commercial Corridor (Wal-Mart, Canadian Tire, Marks, Stettler Mall)**
- **Red Deer – Bower Mall**
- **Red Deer – Southpointe Shopping Centre**
- **Drumheller – Wal-Mart/Canadian Tire/Extra Foods**

Due to likely changes in travel and shopping behaviour as a result of the COVID-19 pandemic, urbanMetrics collected and analyzed data covering the full 2019 calendar period. It is assumed that—over time—the travel behaviours captured within the 2019 period will represent a more accurate representation of the status quo than those demonstrated in 2020.

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

Figure 3-5 below illustrates the geographic extent of the responses observed. As shown, in Stettler's West End and Downtown geographies, **over 50% of visitation was generated from within the Town of Stettler or surrounding Stettler County**. It is worth noting that a relatively small portion of overall visitation to Stettler was generated from the Eastern Alberta geography[2]—between 1.1% and 1.3% of the total.[3]

It is also important to note the differences observed between Stettler's Commercial West End and 50th Street corridor. As shown, some 52.2% of responses in the West End were residents of Stettler or Stettler County, whereas that figure rose to 65.7% in Downtown Stettler (i.e., suggesting a more "local" customer base). This significant difference is undoubtedly attributable to the nature of the businesses located in each of these two geographies. Downtown Stettler currently caters to local, frequent visitors, and has a greater emphasis on providing service-based functions, as well as groceries. The large format or "big box" businesses in Stettler's West End provide other important retail goods that draw visitors from a broader geography.

There is a clear market opportunity for Stettler's Downtown to attract an increasing share of regional visitation by increasing cross-shopping opportunities into Downtown Stettler.

[2] Comprised of Paintearth County, Special Area No 4 and M.D. of Provost.

[3] Figures shown above are unweighted relative to each geography's population. On a population-weighted basis, (i.e. accounting for the relative population of Eastern Central Alberta as reported in the 2016 Census), the findings shown above increase marginally, to between 1.3% and 1.8%.

Figure 3-5: Customer Origin Survey Data

Survey Geography	Red Deer - Southpointe	Red Deer - Bower Mall	Drumheller	Stettler - West End Commercial	Stettler - Downtown
	%	%	%	%	%
Total Trade Area	**0.8%**	**0.8%**	**0.5%**	**52.2%**	**65.7%**
Town of Stettler	*0.4%*	*0.4%*	*0.2%*	*29.4%*	*39.2%*
Stettler County	*0.4%*	*0.4%*	*0.3%*	*22.8%*	*26.5%*
Other Geographies					
Eastern Alberta	0.1%	0.1%	0.1%	1.3%	1.1%
City of Red Deer	49.1%	55.5%	1.4%	4.9%	3.9%
City of Camrose	0.1%	0.1%	0.1%	0.8%	0.9%
City of Drumheller	0.1%	0.1%	48.6%	0.7%	0.5%
Provincial Totals					
Province of Saskatchewan	0.8%	0.7%	3.5%	2.7%	1.6%
Province of Manitoba	0.3%	0.1%	0.8%	0.7%	0.6%
Province of Alberta	94.6%	95.5%	88.6%	92.7%	94.7%
Distance Based Totals					
Within 25km	60.7%	64.9%	53.5%	43.9%	55.3%
Within 50km	72.9%	76.2%	59.5%	53.8%	66.7%
Within 100km	78.9%	82.2%	64.2%	64.1%	74.7%

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

Additionally, urbanMetrics evaluated the proportions of this overall visitation within a distance-based analysis. As shown, the majority of visitors to Stettler's West End and Downtown Core geographies are visiting from within 50-kilometres—between 53.8% and 66.7% respectively. This figure increases when the geography is expanded to 100 kilometres. However, the rate of increase clearly tapers off, whereby only an additional 8-10% are captured within the broader 100-kilometre radius. Furthermore, based on the findings from the Eastern Alberta geography, it is likely that much of this visitation is coming from points to the north, west and south.

Additionally, recognizing the limited commercial centres located in the rural lands east of Stettler, we have attempted to identify additional inflow. However, as a result of a potential myriad of factors—including a low population, potentially fewer overall trips, opportunities to access services in Wainwright—market share from this eastern quadrant totalled 1-2% of total inflow. Therefore, it is our professional opinion that—although this eastern geography does not necessarily represent a core component of Stettler's Trade Area—**there is significant market opportunity for Stettler to better serve these residents and increase market capture rates accordingly**.

Although the figures shown from the combined total of Stettler County and the Town of Stettler capture rates fall somewhat lower than one would anticipate for the delineation of a Trade Area (i.e., suggesting a need to expand this geography in other circumstances), further analysis provided limited rationale for extending the core Trade Area geography beyond the boundaries of Stettler County. As noted, the proportion of visitation derived from Eastern Central Alberta does not—in our view—

highlight inflow figures at a rate that necessarily merit inclusion in the core trading area. Overall, the visitation rates declined significantly beyond Stettler County—suggesting broad geographic visitation accounts for a significant portion of inflow to Stettler. For example, within a broader 100-kilometre radius (i.e. encompassing Red Deer, Camrose, Wetaskawin, Drumheller, Coronation), the total figure rose to between 64.1% and 74.7%. Based on provincial capture rates, that suggests that a significant amount of visitation is captured even from beyond that 100-kilometre area.

The findings of the mobile analytics survey clearly suggest that Stettler and Stettler County account for the greatest proportion of visitors to the Town of Stettler. Although there is a significant amount of visitation from beyond those geographies as well, this additional customer support appears to be relatively dispersed, rather than concentrated within any one (or more) specific geographies. As such, there is limited rationale to define a baseline Trade Area that extends beyond the boundaries of the Town of Stettler and surrounding Stettler County.

3.3 Additional "Area of Influence"

As identified, the Trade Area represents the geographic extent from which Stettler businesses generate the majority of their most consistent and frequent customer base and sales revenue volumes. Based on the information presented above, the Trade Area for this analysis has been defined as including the Town of Stettler and Stettler County. This Trade Area has been informed by a variety of inputs, including the nature and expected market draw of anchoring businesses located in the Town of Stettler, results of the mobile phone origins survey assessment, regional transportation connections, as well as the known commercial offerings in surrounding municipalities.

In addition to the resulting Trade Area identified, the extended rural characteristics of Eastern Central Alberta result in an unclear delineation of market draw for these areas further afield. Residents of towns such as Castor, Coronation and Consort, as well as surrounding farming populations are located a significant distance from urban centres that offer commercial facilities. As such, these residents would inherently need to travel to one of several centres for these services. These options include Red Deer, Stettler, Drumheller, Wainwright or Camrose.

It is our view that—informed by the distances these residents must travel and by the nature of the businesses located in Stettler when compared to surrounding municipalities—it would be inappropriate to consider residents of the geography in question as located definitively within Stettler's core Trade Area. **Rather, it is likely that these residents travel to some combination of Wainwright, Stettler, Red Deer or Camrose for regional commercial needs**.

Recognizing this dynamic, we have identified these areas of Eastern Central Alberta as representing a broader "area of influence" for consideration in our commercial market analysis. While these areas are technically located beyond the main Trade Area delineated, they nonetheless represent an important portion of customer inflow into Stettler and its local businesses.

However, shopping and travel patterns of residents of these communities are clearly differentiated from the main Trade Area, as defined above. Market support from additional "area of influence" residents have been represented in our retail analysis, in a manner that appropriately captures the differentiated patterns of these residents, relative to those within the Trade Area.

4.0 Recent Growth Patterns

Key Findings

- The estimated 2019 population of Stettler is approaching 6,000, with an additional 6,400 in Stettler County. Over the past 20-years, the Town of Stettler has experienced stable population growth, albeit below the Provincial average.
- Stettler's population skews older than that of the Province as a whole – with some 28.1% of the population over 60 years old, compared to 17.9% across Alberta. The Town is also aging, at a faster rate. Over the past 10 years, the proportion of older residents has outpaced Provincial benchmarks, and the proportion of younger residents remains slightly lower than the Province.
- Stettler's unemployment rate generally tracks the Alberta-wide average. However, between the most recent Census period, it has outpaced Alberta, with an 11.6% rate, compared to 9.0% Provincially.
- Over the past 10 years, Stettler has seen employment growth in a variety of sectors, led by educational services, health care and social assistance, as well as administrative and support (i.e., predominantly population-service sectors). Alternatively, declines have been identified in the oil and gas extraction, wholesale trade, and accommodation and food services sectors.
- urbanMetrics has identified economic clusters in in Stettler in several fields. These relative clusters represent important areas of concentration in Stettler, which benefit from concentrations of skill, resources and labour, and could represent future growth sectors or target industries. Sectors with local clusters include retail trade, oil and gas extraction, health care, and administrative and support services.

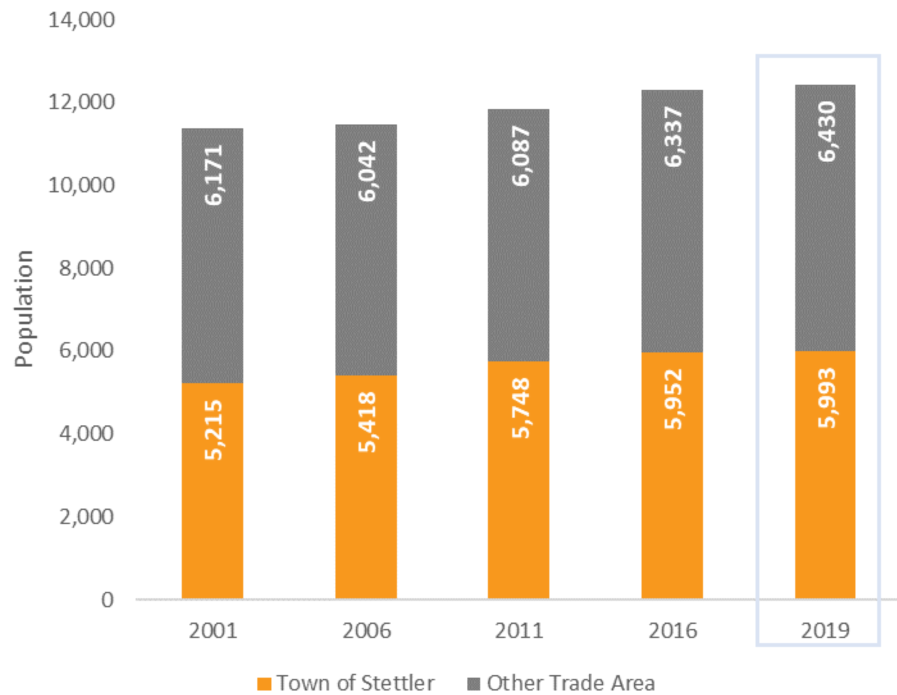
Developing an understanding of current population and demographic trends in Stettler and the surrounding Study Area provides insights into market opportunities and future conditions. The following section presents a range of related patterns observed specifically in the Town of Stettler and an understanding of the potential implications for the need for industrial and commercial facilities.

4.1 Population Trends

Figure 4-1 illustrates the current population in Stettler, and within the broader Trade Area. As shown, Stettler's population has increased from 5,200 in 2001 to an estimated 2019 total of some 5,993 in 2019. This represents healthy, if not slow growth for a smaller municipality; particularly in the context of a fast growing province like Alberta. For comparison purposes, the Provincial population has grown by some 45.9% over the 2001-2019 period, or an annualized rate of 2.5% (versus the Stettler average of approximately 0.81%).

The estimated 2019 population of Stettler County is some 6,431, creating a combined Trade Area population of slightly over 12,400.

Figure 4-1: Population Growth, 2001-2019



SOURCE: urbanMetrics inc.
2001-2016 Population is based on the Census of Canada. 2019 estimate is provided by the Government of Alberta. Other Trade Area geography includes the following Census Subdivisions: Stettler County, Big Valley, Gadsby, Botha, White Sands, Rochon Sands, Donalda.

Figure 4-2 illustrates growth rate trends across various selected geographies. As shown, the Trade Area has experienced positive growth since 2001, however this rate of growth is much slower than that experienced across the Province. **Furthermore, over the 2001-2019 period, the Town of Stettler has grown at a significantly faster rate than the surrounding, rural areas**.

Figure 4-2: Growth Rates by Geography

Annualized Growth Rates (%)	2001-2011	2011-2019	2001-2019
Town of Stettler	1.0%	0.5%	**0.8%**
Other Trade Area	-0.1%	0.7%	**0.2%**
Alberta	2.3%	2.4%	**2.5%**

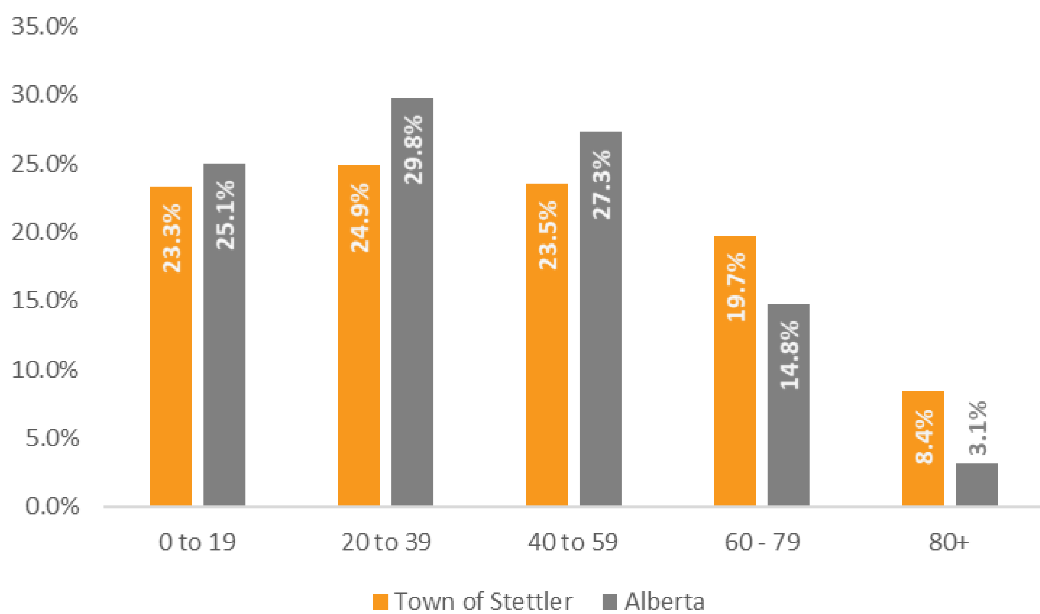
SOURCE: urbanMetrics inc., based on Census of Canada and 2019 Population estimates provided by the Government of Alberta.

4.2 Demographic Trends

Age Profile

Understanding the age profile of a municipality provides an important view of the structure of the jurisdiction, and the services that may be required to best serve those residents. Figure 4-3 below illustrates the percentage of the population falling within each age cohort in Stettler, as compared to the equivalent Provincial ratios in the 2016 Census. As shown, Stettler has a below average proportion of young residents aged 0-19, as well as working age residents aged 20-59. **Stettler exhibits a substantially higher clustering of residents aged 60 and older.**

Figure 4-3: Population Composition by Age Cohort, 2016



SOURCE: urbanMetrics inc., based on Statistics Canada.

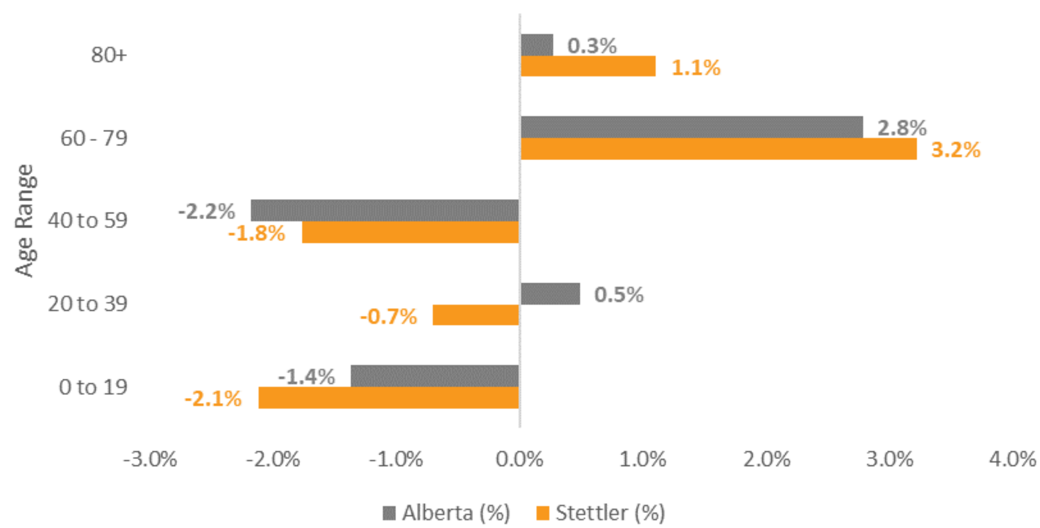
Figure 4-4 below demonstrates how Stettler's age profile has changed over the ten years between 2006 and 2016, compared to changes across the Province. Generally, the graphic demonstrates that—consistent with Canada-wide trends—the population is aging, as the baby boomer generation enters retirement and the latter stages of life. However, it is worth noting that, over the period surveyed, Stettler is aging at a faster rate. This is a function of a couple of key metrics.

Over the period surveyed, the proportion of Stettler residents who are older than 60 years has increased at a faster rate than the Provincial average. Furthermore, residents aged 0 to 19 make up a smaller proportion of the population in Stettler than the Provincial average. Lastly, and perhaps most significantly, Alberta has seen a small (0.5%) increase in the proportion of individuals aged 20 to 39, whereas the proportion in Stettler has actually declined by 0.7% over the same period.

These findings confirm that Stettler is aging at a faster rate that the Provincial average.

In general, the Town is growing older and faster than the rest of the Province. **Ensuring services and amenities are in place to support an aging demographic, while continuing to invest in strategies that retain and employ younger populations must be front of mind to guide decision making in Stettler moving forward**.

Figure 4-4: Change in Age Structure, 2006-2016



SOURCE: urbanMetrics inc., based on Statistics Canada.

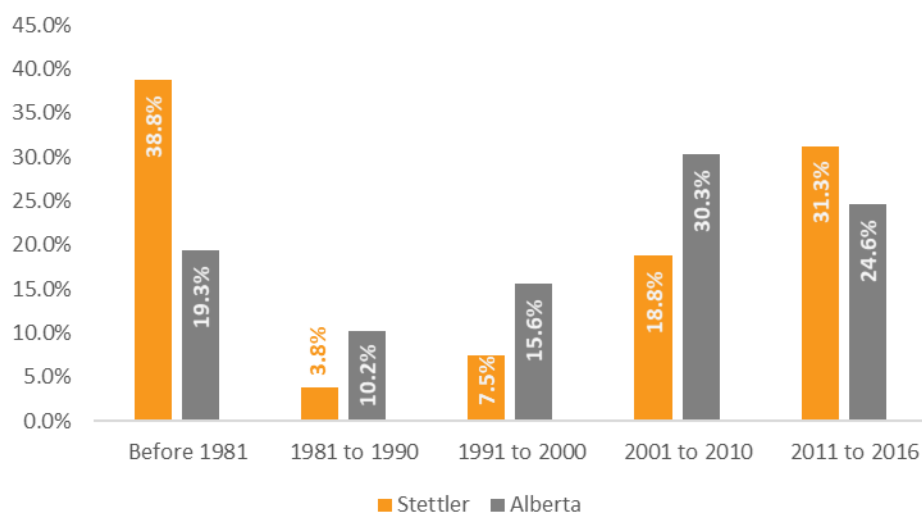
Immigration

As reported in the 2016 Census, some 7.2% of Stettler residents identify as immigrants, compared to 21.2% of the Province-wide figure. It is important to note however that in general, recent immigration patterns have seen large cities absorbing the largest share of the immigrant population. As such, one would expect Calgary and Edmonton to be absorbing an overwhelming proportion of immigration to Alberta.

Figure 4-5 shows the proportion of immigrants who arrived in Stettler, based on the period of their arrival. As shown, the highest proportion of Stettler's immigrant population arrived prior to 1981—a greater proportion than that absorbed across the Province. Between 1981 and 2011, Stettler's absorption of immigrants has been substantially lower than the Provincial average.

Interestingly, immigration to Stettler between 2011-2016 exceeded the Provincial benchmark on a proportionate basis. **Given the aging demographic profile identified previously, immigration could become increasingly central to supporting additional population growth and strong family formation rates in Stettler**.

Figure 4-5: Immigrant Population by Period of Migration

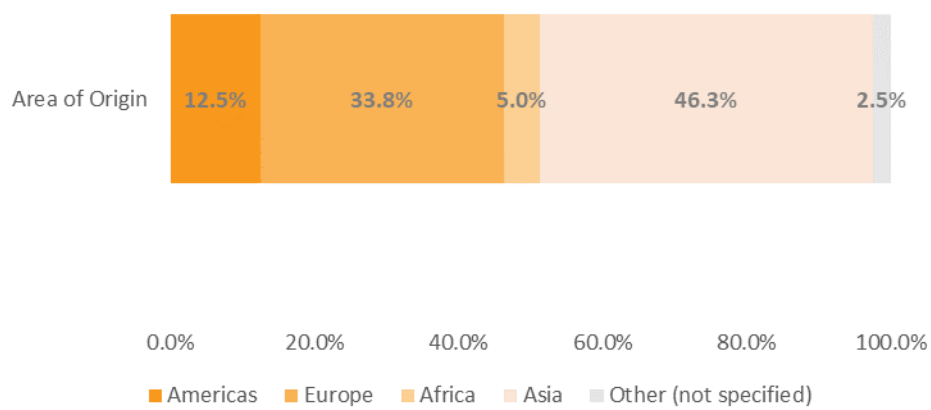


SOURCE: urbanMetrics inc., based on 2016 Census.

According to the 2016 Census, some 400 residents of Stettler identify as immigrants. Figure 4-6 shows the location of origin of those migrants. As shown, the largest proportion of migrants—some 46.3% of the total—identify Asia as their origin, with some 33.8% from Europe.

Given prevailing immigration patterns, it is our anticipation that a significant portion of future immigration inflow to Canada are likely to come from Asia, particularly in comparison to European migration. As such, expanding outreach and appeal to the diverse migrants from Asia could be an important strategy to support a growing, economically prosperous and multicultural population in Stettler.

Figure 4-6: Immigration by Area of Origin (%)



SOURCE: urbanMetrics inc., based on Census of Canada.

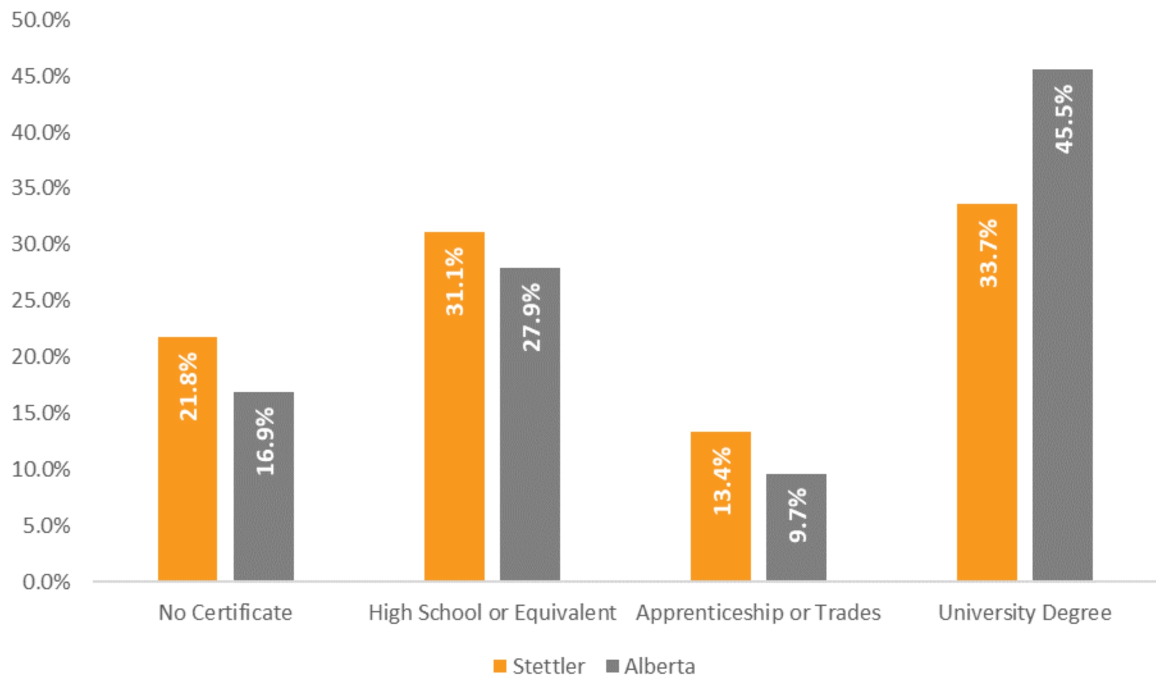
4.3 Employment Trends

The following section provides an analysis of historical employment and economic patterns observed in Stettler and insight into how these may inform potential market opportunities and need for industrial or commercial facilities.

Education Levels

Figure 4-7 below compares the highest levels of educational attainment among residents in Stettler to Provincial averages. As shown, Stettler has a higher proportion of residents whose highest level of educational attainment is "high school or equivalent" or "no certificate." Approximately 33.7% of Stettler residents report having a university degree, below the Provincial rate of 45.5%. **Additionally, Stettler residents report a higher rate of education in the trades than across Alberta – likely reflecting local employment needs**.

Figure 4-7: Highest Level of Educational Attainment by Geography, 2016

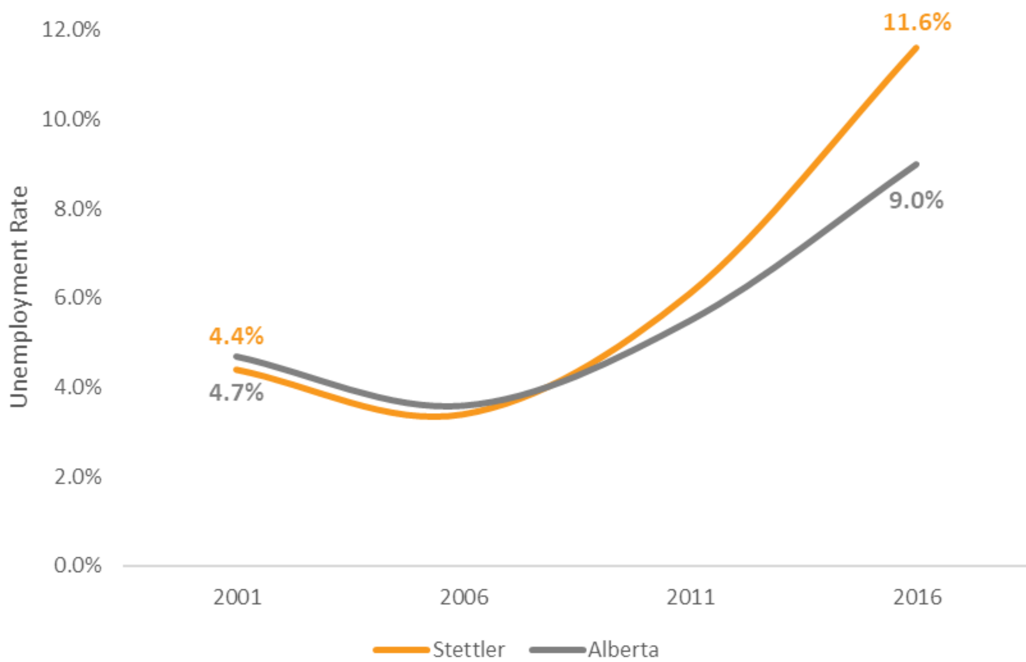


SOURCE: urbanMetrics inc., based on 2016 Census.

Unemployment Rate

Figure 4-8 below illustrates the unemployment rates in Stettler and across Alberta between 2001 and 2016. As shown, Stettler's unemployment rate has traditionally reflected the broader Provincial trend. However, beginning in 2011, Stettler has experienced higher rates of unemployment than the Alberta average. This could be due—at least in part—to the Region's exposure to extractive industries and ongoing global instability in the oil and gas sector. Although Statistics Canada unemployment estimates are unavailable for the Town of Stettler during inter-Census years, the reported Alberta rate of unemployment as of January 2021 is 10.7%.

Figure 4-8: Unemployment Rate by Geography, 2001-2016



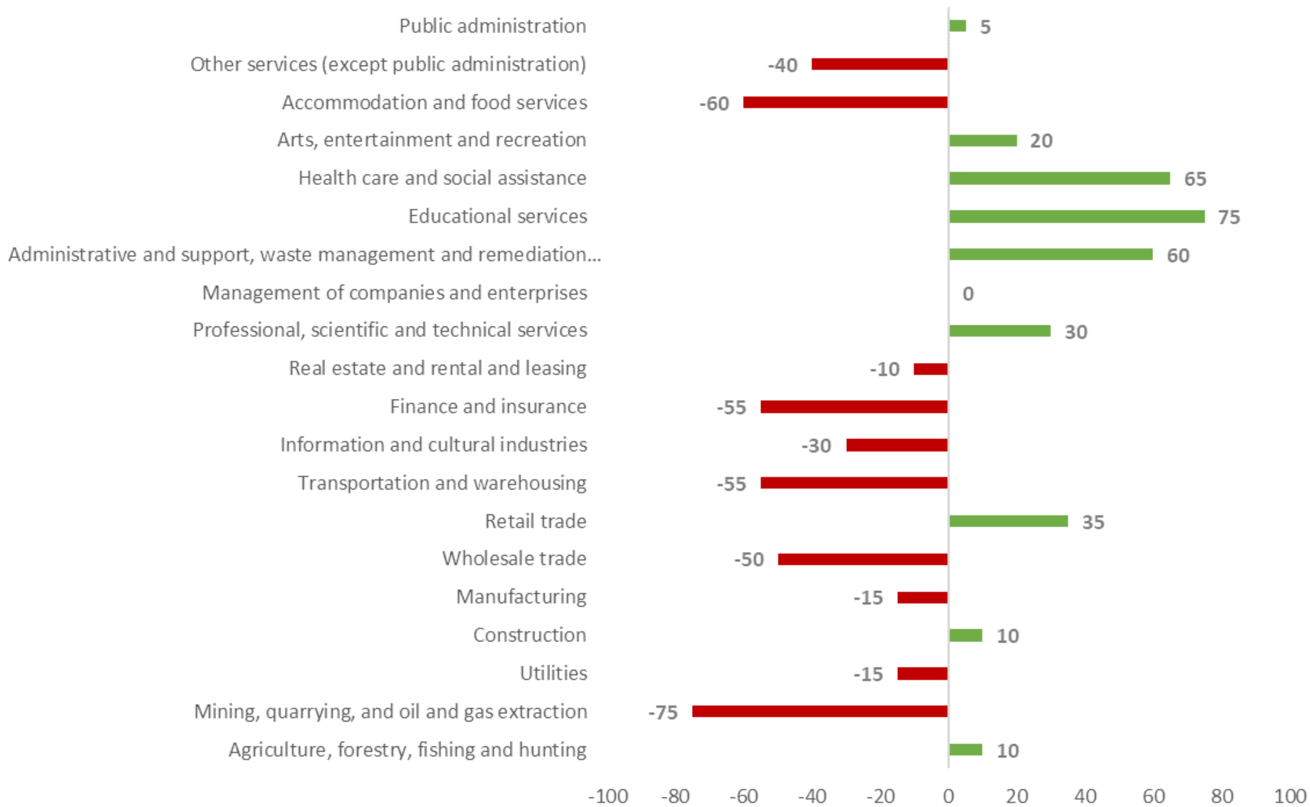
SOURCE: urbanMetrics inc., based on Census of Canada.

Industry Composition

Figure 4-9 illustrates employment change in Stettler between 2006 and 2016. In aggregate, the Town of Stettler has lost a total of 95 positions over the surveyed period. As shown, **Stettler has experienced the greatest employment decline in the mining and oil and gas extraction sector**, with other significant decreases occurring in accommodation and food services, finance and insurance and transportation and warehousing.

Alternatively, **Stettler has demonstrated increased employment in educational services, health care and social assistance, retail trade and professional services**. The trends illustrated over the previous ten years may provide some insight into broader economic directions and allow for the creation of policies and strategies that attract growth sectors and support existing employment in Stettler.

Figure 4-9: Employment Change in Stettler, 2006-2016



SOURCE: urbanMetrics inc., based on Census of Canada.

Location Quotient Analysis

To develop an understanding of employment patterns in Stettler, we have prepared a Location Quotient ("LQ") analysis. Location Quotients provide a snapshot of the underlying employment base and representation across a range of sectors within a local economy when compared to a broader geography. This form of analysis provides insight into relative economic clusters in various industry sectors. Economic clusters are important anchors for employment and investment in a given geography, and generate spillover benefits that impact a range of supporting services.

LQ analyses are also useful in understanding local areas of specialization and concentration. It also allows for further investigation into potential growth opportunities, and identification of strategies to enhance competitiveness and appeal to such sectors (e.g., targeted investments or allocation of resources, etc.).

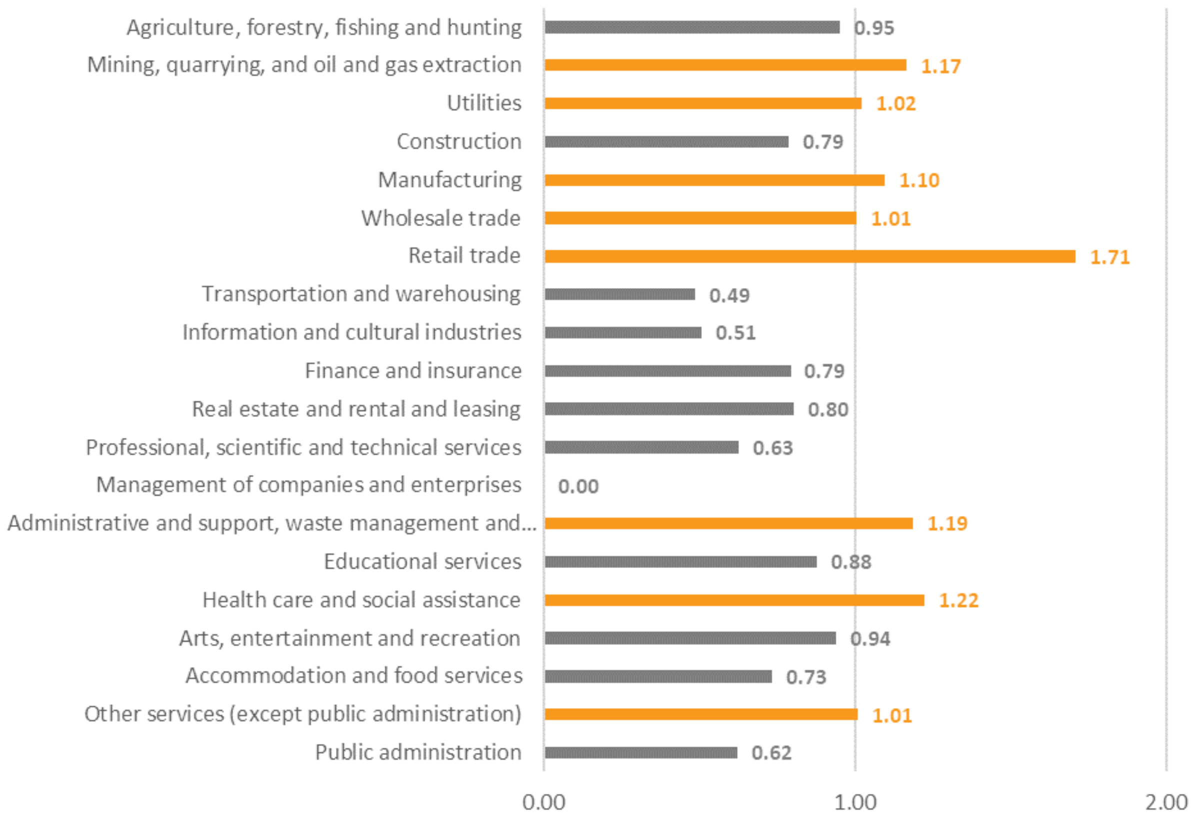
For this analysis, urbanMetrics has prepared LQ analyses comparing the Town of Stettler to the broader Provincial economy in Alberta. It is important to note that this analysis has been prepared using “Place of Work” data. This dataset—most frequently utilized in analyses of this nature—analyzes employment offered *within* the Town of Stettler. As such, it does not consider positions without a fixed place of work, nor with a reported place of work outside of the municipality.

Figure 4-10 below illustrates the results of the analysis for various NAICS categories within Stettler. For the purposes of this exercise, municipalities with an LQ result that is greater than 1.0 exhibit a stronger clustering of a given employment category than the provincial average. As shown, the Town of Stettler has economic concentrations in a range of industries, in addition to lower proportionate levels of employment in others. Perhaps most notably, several areas with lower concentrations are those which may be generally categorized as “white collar” jobs, whereas areas with economic clusters are those that could be generally characterized as “blue collar”, or “service industry” type employment positions.

The findings of the analysis demonstrate that Stettler is clearly an important service centre that functions as a regional node for retail/commercial goods, access to health care and—in many respects—a service centre for industrial functions, primarily servicing the surrounding agricultural and energy sectors.

The findings also suggest that Stettler is *not* a regional node for professional services (i.e., accounting, real estate, consulting services etc.), and that a portion of that demand is met in other surrounding municipalities—likely to be primarily in Red Deer.

Figure 4-10: Location Quotient Analysis, Town of Stettler 2016



SOURCE: urbanMetrics inc., based on 2016 Statistics Canada Place of Work data.

5.0 Future Growth Prospects

Key Findings

- The Town of Stettler is forecast to continue the pattern of stable, slow growth over the next 20 years. By 2041, the population is estimated to reach 6,430.
- Stettler County's population is forecast at some 6,860, making for an estimated total 2041 population of almost 13,300 across the Trade Area. This increased population will form important additional market support for local retail and service providers.
- Over the 20-year forecast period, under a "business as usual scenario," the Study Area is projected to add over 600 jobs, with almost 80% being concentrated in the Town of Stettler. Employment growth in Stettler is expected to be focused in institutional, retail services and office-based positions.

The following presents population and employment growth forecasts for Stettler and the surrounding trade area to 2041, based on information prepared by our project partners for this assignment, metroeconomics. This information provides an understanding of anticipated growth patterns and can be used to inform future employment and commercial prospects in Stettler.

metroeconomics' approach to forecasting is economically driven. That is, the approach assumes that the breadth, depth and growth potential of the local economy will dictate employment growth. Economic expansion and employment opportunities are ultimately most directly correlated with population growth.

See **Appendix D** for detailed overview of population and employment forecasts.

5.1 Population

Figure 5-1 illustrates the anticipated population growth in Stettler and across the broader Trade Area, based on the custom forecasts prepared as part of this study. As shown, the 2020 population estimated in the Study Area was some 12,220. Of the 2020 estimate, slightly over half (52.1%) resided outside of the Town of Stettler, with the remaining 47.9% within municipal boundaries.

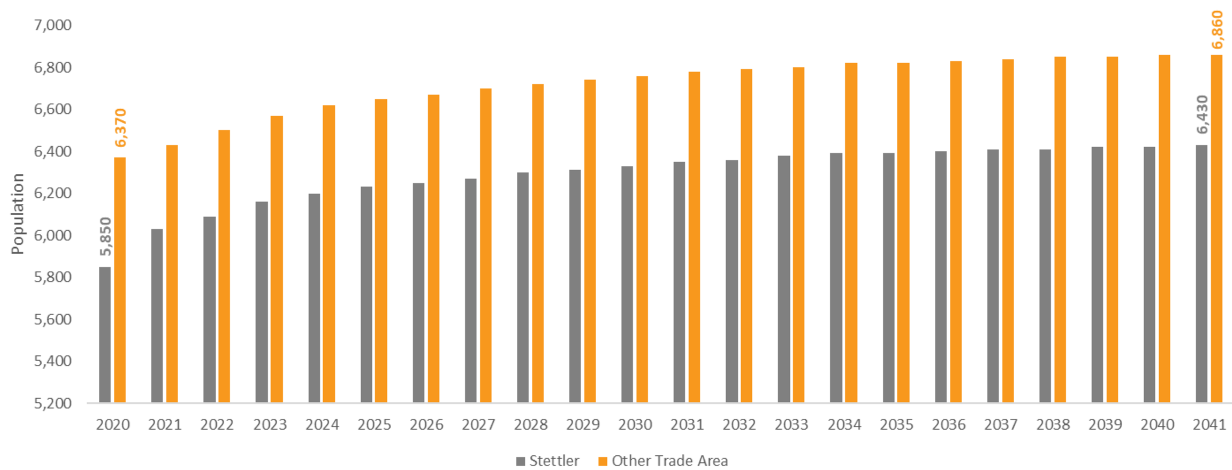
By 2041, the population of the Trade Area is anticipated to grow by over 1,000 residents, to a total of 13,290.

Both Stettler and the surrounding areas are anticipated to grow at a similar rate. The Town of Stettler is expected to absorb 54.2% of the growth over the forecast period, with the remaining 45.8% being accommodated in rural areas outside of the municipality.

The growth anticipated in the Trade Area represents a stable, healthy community, growing at rates similar to previous trends over the last two Census periods.

The population projections identified below represent key input assumptions considered as part of our accompanying commercial market demand analysis, as presented herein (see Section 7.0).

Figure 5-1: Population Projections by Geography, 2020-2041



SOURCE: urbanMetrics inc., based on projections prepared by metroeconomics. Figures rounded to the nearest 10. Figures may not sum due to rounding.

Figure 5-2 illustrates the anticipated change in age profile in Stettler between 2020 and 2041. As shown, the profile shows relatively minor changes in the age structure of the Town. However, the forecasted changes shown re-emphasize the broader findings identified earlier in Figure 4-3. That is, the population of the Town is generally expected to continue to—albeit only slightly—skew older.[4]

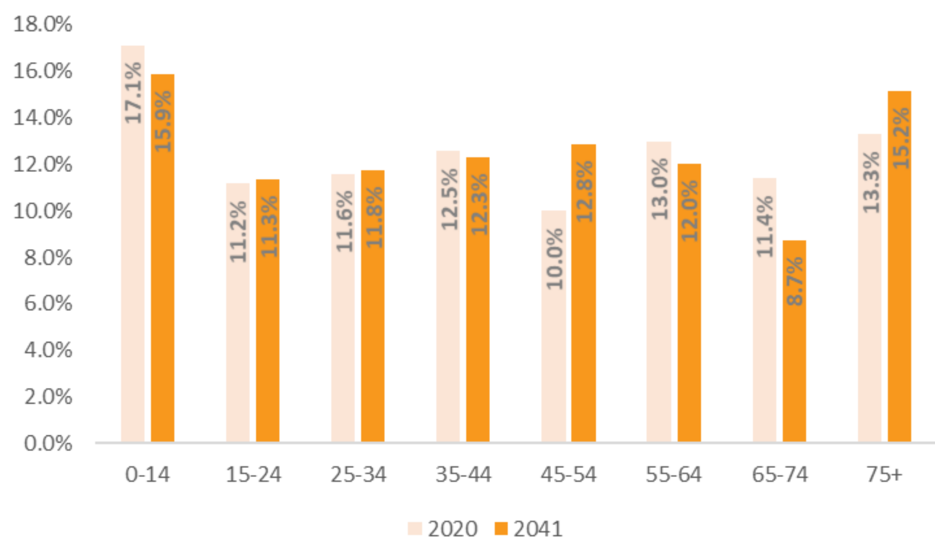
Figure 4-3 previously demonstrated that Stettler's population was substantially older than the Provincial average. The findings below suggest that by 2041 the Town's population is expected to be composed of slightly higher proportions of residents in the 45-54 age bracket, as well as those older than 75. The Town is also expected to be home to slightly lower proportions of children aged 0-14, as well as adults between 55 and 74.

[4] Due to data limitations, the age ranges shown differ between those shown Figure 4-3 and Figure 5-2. However, it is our view that this does not alter the conclusions drawn.

As a result of these demographic changes, it is anticipated that a greater proportion of healthcare and social services will be required to support an aging population.

These services may include senior care facilities, medical device commercial services as well as social and community gathering spaces.

Figure 5-2: Change in Age Profile, Town of Stettler, 2020-2041



SOURCE: urbanMetrics inc., based on metroeconomics.

5.2 Employment

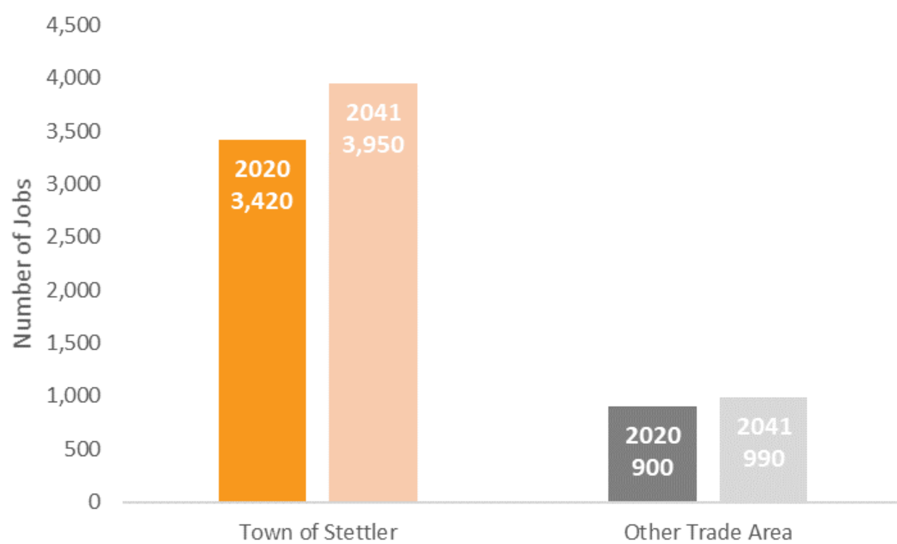
In addition to the population forecasts summarized above, metroeconomics has also prepared an analysis of the anticipated employment profile of Stettler and across the broader Trade Area over the same forecast period. Figure 5-3 below shows the projected change in employment between the Town of Stettler and surrounding County area. As of 2020, there are an estimated 4,320 jobs in the Trade Area, **expected to grow to 4,940 positions over the next 20 years**.

As shown, the vast majority (some 79.2%) of positions in the Trade Area are located in Stettler, with a substantially smaller proportion located in the surrounding rural area. Furthermore, the growth projections demonstrate that the majority of employment in the Trade Area is expected to be accommodated within the Town of Stettler. It is important to note that—among the positions located beyond Stettler—over 50% are agriculture based, demonstrating the obvious rural, agricultural base throughout the remainder of the Trade Area.

Stettler is clearly the primary employment node in the region, and the only notable location for community services, retail goods and industrial services in the Trade Area. There is clear differentiation between the rural agricultural base located outside of the Town of Stettler, and the support services in the Town that serve both residents and surrounding populations.

Given this dynamic, and recent growth patterns, it is possible that Stettler outperforms the projections identified—particularly as it relates to retail and support services assumed to be accommodated outside of the Town of Stettler. **Moving forward, the projections prepared support the notion that the Town of Stettler continues to function as the primary commercial node for Trade Area residents, as well as an important service node for residents beyond**.

Figure 5-3: Employment Growth by Geography, 2020-2041



SOURCE: urbanMetrics inc., based on place of work projections prepared by metroeconomics. Figures rounded to the nearest 10. Figures may not sum due to rounding.

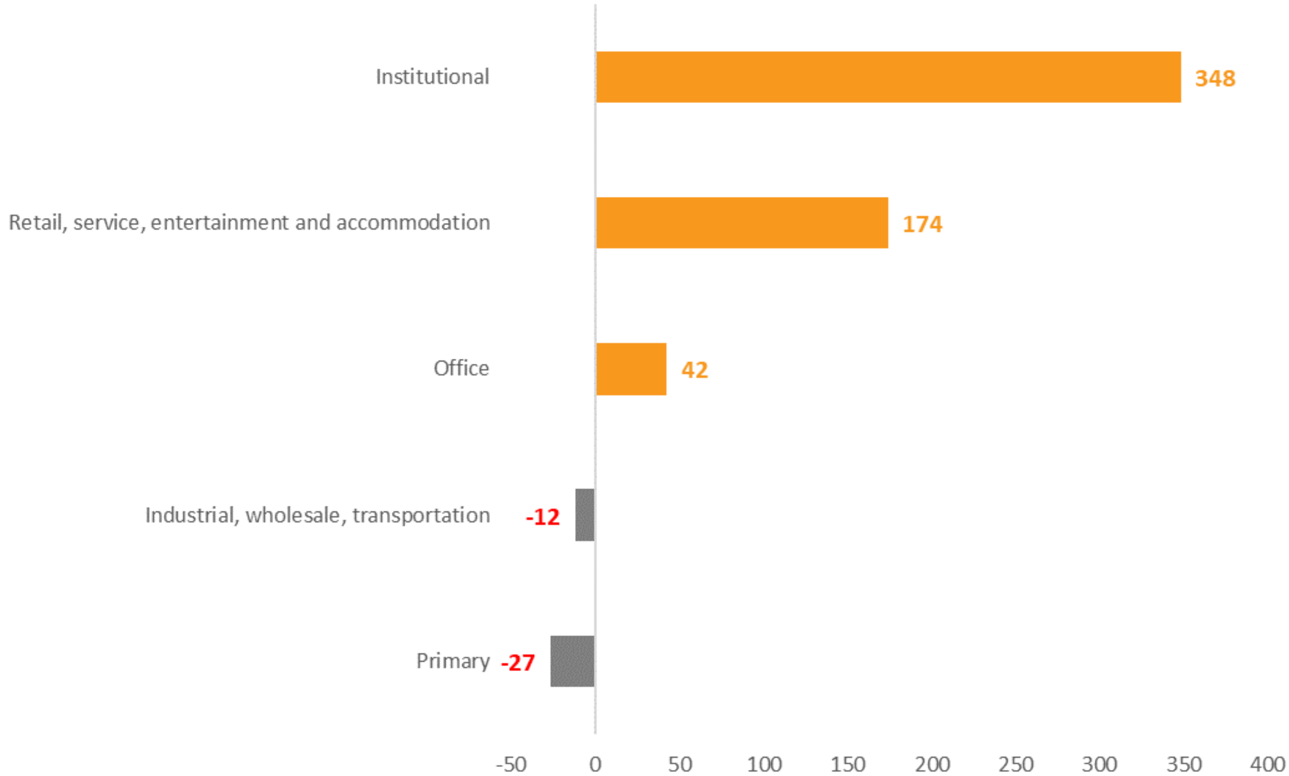
In addition to the above high-level employment projections illustrating growth between Stettler and the broader Trade Area, Figure 5-4 illustrates the growth projections of consolidated industry categories. This breakdown provides insight into areas that are anticipated to generate employment over the next 20 years, and those which may contract. This provides important insights into how the economic structure in Stettler may be exposed to broader economic trends.[5]

For the purposes of this analysis, urbanMetrics has consolidated more detailed industry sectors into several generalized employment categories or "buckets". The employment forecasts by detailed industry category are available in the appendices of this report.

As shown in Figure 5-4, employment growth in Stettler is expected to be driven by growth in what we have broadly categorized as the institutional, retail services and office segments. Alternatively, primary and industrial based sectors are generally expected to remain constant or decline slightly over the 20-year horizon. This has important implications for future planning efforts within the community, as the industries anticipating the least growth (or in fact declines in this case) are those which are typically most land-intensive.

[5] It is important to note that the employment projections presented are predicated on the *current* structure of Stettler's economy. The forecasted patterns illustrate the anticipated growth trajectory under a status quo scenario, informed by broader provincial, national and global assumptions about sector-based economic growth prospects. As such, decisions made by private sector actors, municipally, provincially or federally could influence growth prospects for specific industries, which may alter local opportunities.

Figure 5-4: Assumed Employment Growth by Consolidated Category, 2020-2041



SOURCE: urbanMetrics inc., based on data prepared by metroeconomics.

The following provides a brief commentary related to the opportunities in each economic sector identified:

- **Institutional** – This employment category is expected to account for the largest increase in overall employment opportunities in Stettler. The vast majority of this growth is within health and social services, primarily as a result of a local population that is aging and the need to provide facilities and services specifically supporting that population. Smaller employment increases are expected to be realized in both the education and government sectors, also driven—in part—by demographic changes.

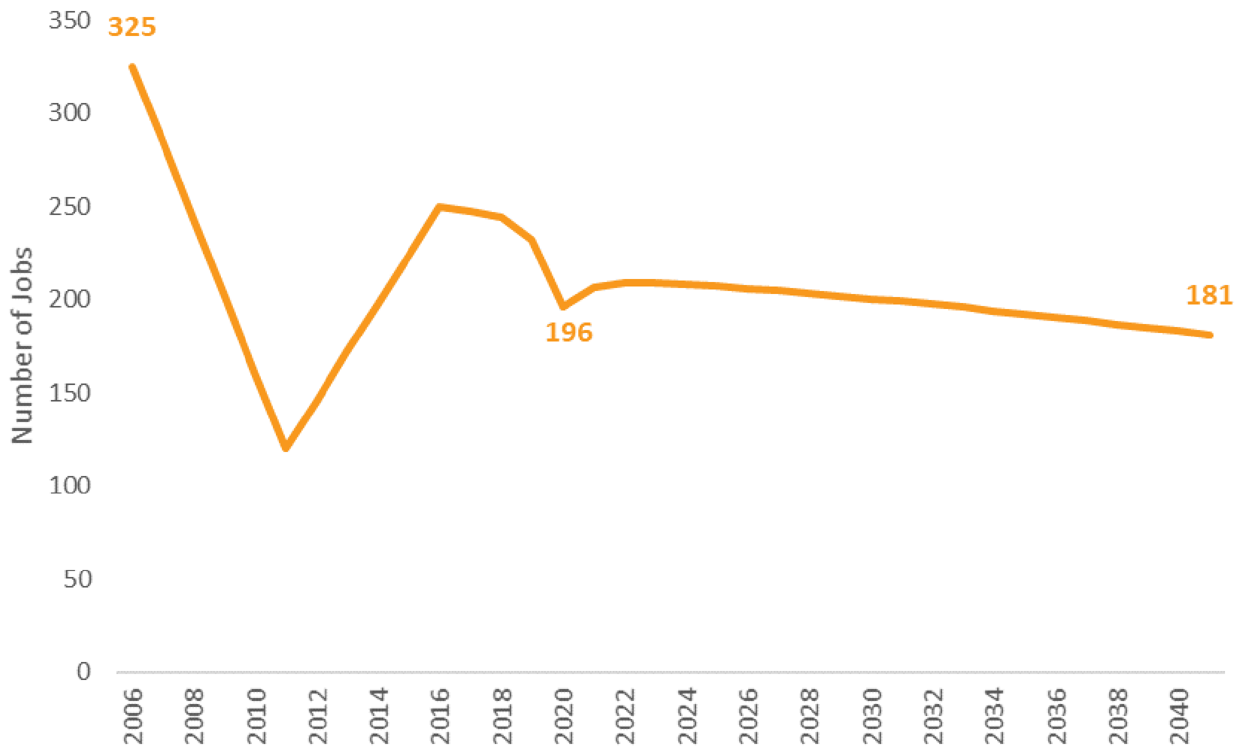
- **Retail, service, entertainment and accommodation** – Growth in this category is distributed amongst a range of related subsectors, particularly food and accommodation, as well as retail trade. Stettler's positioning as a regional service centre, as well as growth opportunities in arts, entertainment and food services will support most of the anticipated employment growth in this segment.

- **Office** – Stettler is expected to see a small increase in office-based employment activities over the surveyed period. Stettler—consistent with most rural service nodes—is not a primary location for significant concentrations of office-based uses, beyond those which service the local population. Barring any significant deviation from historical trajectories, growth in office-based employment is largely expected to be driven by local population needs.
- **Industrial, wholesale, transportation** – The projections indicate a modest decline in industrial employment in Stettler over the next twenty years. The anticipated decline is primarily driven by technological advancements creating job redundancies in the manufacturing and wholesale trade sectors. Of note, transportation and warehousing is expected to drive some employment growth in Stettler, primarily as a result of increased emphasis on delivery and logistics for consumer goods.[6]
- **Primary** – Similar to the industrial category, employment in primary industries in Stettler is forecast to experience a moderate decline over the twenty-year period considered. This decline is driven by anticipated job losses in an evolving oil and gas sector. Additional declines in agriculture are expected, driven almost exclusively by technological improvements which increase agricultural output, with less human resource requirements.

  As shown in Figure 5-5, the mining, oil and gas sector has experienced a significant decline in employment since 2006, when over 300 jobs were supported locally, accounting for approximately 8.2% of total employment in Stettler. In 2020, the sector supported an estimated job count of almost 200. However, moving forward, as a result of increased automation and technical advancement, adoption of alternative energy sources and global investment patterns, the sector is expected to experience moderate employment declines. The industry will continue to be an important component of Stettler's broader employment mix, however is not forecast to be responsible for historical levels of employment growth over the 2041 planning horizon.

[6] It is important to re-emphasize that the employment projections model growth prospects for Stettler given the current structure of the economy. The prospective construction of a major fibre board plant and resulting jobs represents a significant deviation from the status quo and undoubtedly an anchoring opportunity to establish an important new industry cluster.

Figure 5-5: Historic and Projected Employment Totals in Mining, Oil and Gas in Stettler, 2006-2041



SOURCE: urbanMetrics inc., based on data prepared by metroeconomics.

6.0 Survey Research

Key Findings

Resident Survey

- Residents visit Downtown Stettler slightly more frequently than the West End commercial node. Furthermore, the nature of visits are different. Visitation to the Downtown are primarily generated for employment, personal care services and destination shopping purposes, whereas the West End node is the primary destination for convenience and day-to-day shopping needs.
- Stettler residents travel outside of Stettler to shop on occasion—typically once every month or two. Almost 60% of these trips are to Red Deer, however Camrose, Calgary and Edmonton are other common destinations. During these trips, residents are most likely to shop at warehouse membership clubs (Costco), clothing, and electronics retailers. Interestingly, clothing and electronics are also frequent sources of e-commerce purchases among Stettler residents.

Business Survey

- Most of Stettler's businesses derive the majority of their customer base within the Town of Stettler (29.7%), or across Eastern Central Alberta (43.8%). Roughly one in five business respondents indicated that their customers are drawn from across Alberta.
- Business performance over the past two years has been mixed, with generally neutral or positive activity. Slightly over one quarter of businesses experienced declines in the past two years, whereas four in ten reported growth. Looking forward over the next five years, almost half of the businesses surveyed expect similar levels of business activity to current conditions. More than a third (36.5%) are planning for growth.
- Businesses generally view Stettler's business environment (regulatory, infrastructure, and market) as either favourable, or not a significant factor to their activity. Approximately 28% of respondents suggested that municipal regulations and property tax rates were 'unfavourable' in Stettler—the highest negative responses of any factor surveyed.

urbanMetrics, in collaboration with the Town of Stettler and Stettler Economic Development, prepared surveys of residents and businesses within the Town of Stettler and surrounding areas. The purpose of these surveys was to develop a more nuanced understanding of the perspectives, expenditure patterns, travel behaviours and outlooks of residents who live and shop in Stettler, as well as the businesses that operate within the Town.

Both sets of surveys were conducted via an online platform between February and April of 2021. The surveys were disseminated primarily through online channels, via social media, government news releases, and through the Stettler Economic Development office.

A total of nearly 300 residents and 75 businesses responded to the survey research program undertaken for this study.

6.1 Community Survey

Overview

The survey of residents collected responses from residents of the Town of Stettler as well as those from surrounding areas who visit Stettler. The survey explored a variety of topics, relating, but not limited to:

- Demographic profile of respondents;
- Employment status;
- Purpose of visits to Stettler;
- Travel patterns to Downtown Stettler;
- Travel patterns to the West End commercial area;
- Satisfaction with retail/service offerings in Stettler;
- Online expenditures; and
- Expenditures made in Stettler versus those made in other municipalities.

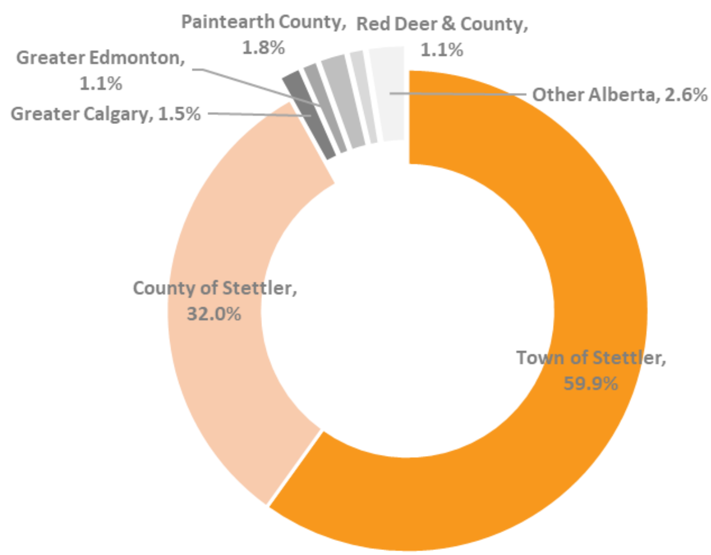
The following section of the report provides a brief overview of some notable findings and key takeaways from this online survey research program, whereas the full and detailed responses to each question have been provided in the appendices at the end of this document.

See **Appendix B** for detailed survey results.

Demographic Profile

Figure 6-1 below illustrates the make up of the sample of respondents to the customer survey. As shown, some 59.9% of responses indicated that they were residents of Stettler, with another 32.0% located in the surrounding County. Almost 9% of respondents were located outside of this geography. Although these respondents were located outside of Stettler, they generally indicated that they maintained vacation properties in Town and are frequent visitors of the municipality or visit Stettler from surrounding areas for employment or to shop for goods and services.

Figure 6-1: Community Survey Respondents' Location of Residence



SOURCE: urbanMetrics inc.

Of those who are not residents of the Town of Stettler, Figure 6-2 below illustrates the primary purpose of visitation to the Town. As shown, 43.7% of respondents' primary purpose for visiting is shopping for goods and services. A significant portion of respondents visit Stettler to conduct business, because of the location of their employer, or because of ownership of vacation/second properties.

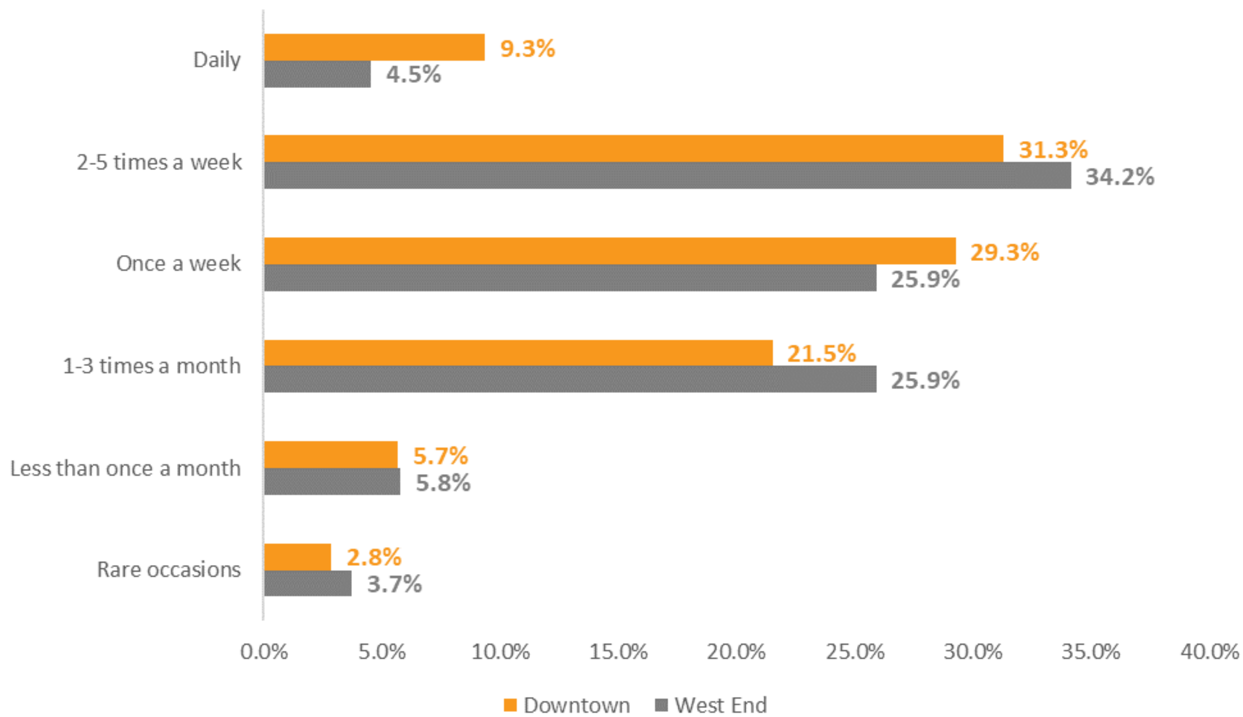
Figure 6-2: Primary Purpose of Visitation to Stettler

SOURCE: urbanMetrics inc.

Stettler's Shopping Nodes

Figure 6-3 below illustrates responses to the frequency within which respondents visit the different commercial areas of Stettler. As shown, there are relatively minor, but important differences between each geography. The rate of daily visitation to Downtown Stettler is over double that of the West End. This likely indicates a stronger employment base clustered in the Downtown, or that the Downtown provides a wider range of services. Altogether, the Downtown has a slightly higher frequency of visitation than the West End Commercial node. Some 69.9% of visitors to Downtown report visiting at least once a week, compared to 64.6% in the West End.

Figure 6-3: Frequency of Visits to Downtown Stettler versus the West End



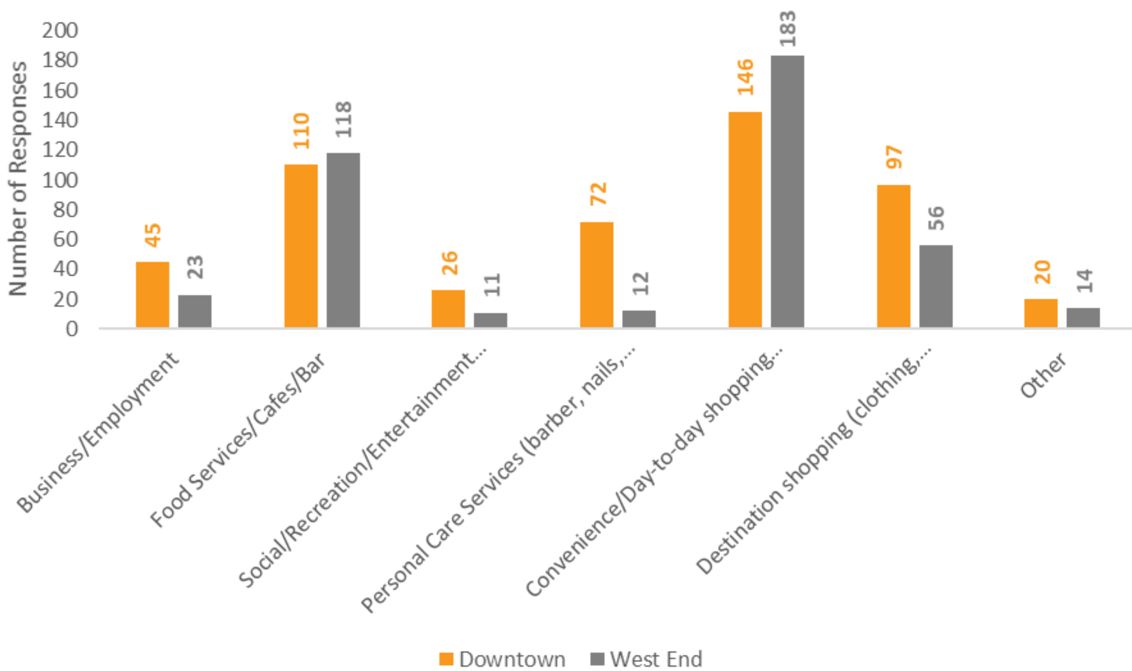
SOURCE: urbanMetrics inc.

Figure 6-4 provides a more nuanced understanding of the primary purpose(s) of visitation to each node. The figure illustrates the total of respondents top 3 reasons for visiting each geography.

Downtown Stettler is considered a primary draw for a substantially greater range of commercial functions than the West End.

As shown, compared to the West End node, Downtown Stettler is far and away the primary destination for **business/employment, social/cultural activities, personal care services, and destination shopping**. Alternatively, Stettler's West End is the primary destination for day-to-day shopping needs. Interestingly, respondents were **split on the draw of restaurants, cafes and bars in each node**. Traditionally, one would expect to see Downtown areas comprising the primary draw for uses of this nature.

Figure 6-4: Primary Purpose of Visits to Each Commercial Node



SOURCE: urbanMetrics inc.
NOTE: Totals across the Downtown and West End geographies are not equal. The question structure permitted respondents to select up to three choices. Generally, responses in the West End geography did not select three.

Retail Needs

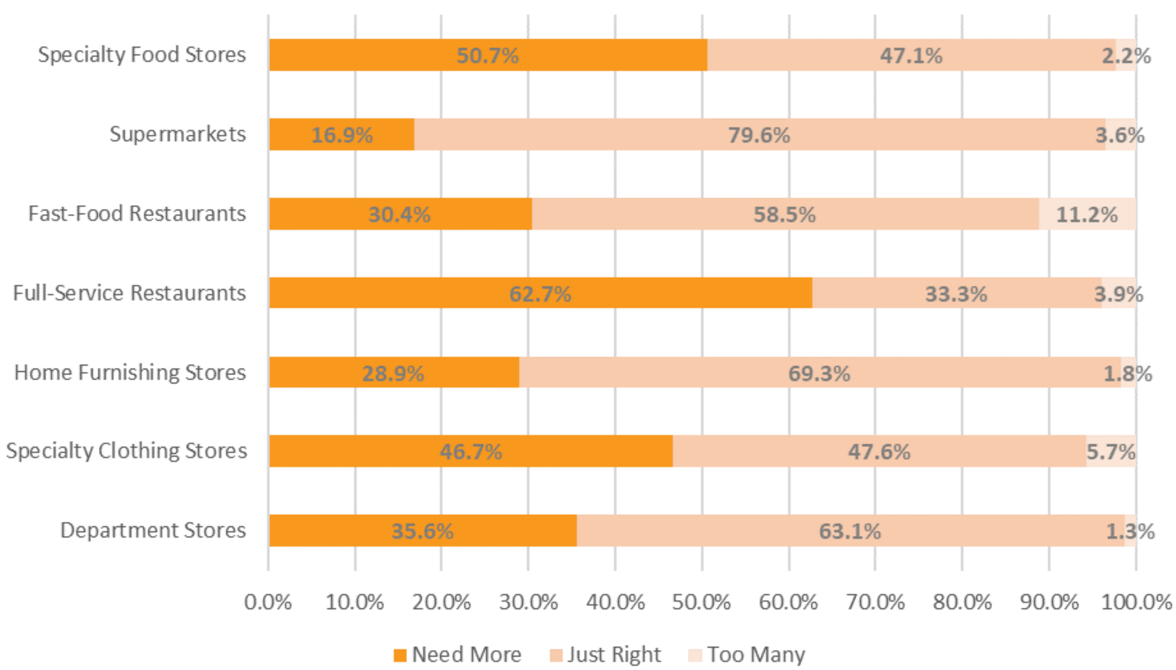
Additionally, the project team asked Stettler residents about their assessment of the existing commercial offerings in Town. These questions provide insight into community members' view of how the current commercial offerings meet their needs, and preferred development format.

Figure 6-5 demonstrates residents' assessment of the availability of a selected range of store categories in Stettler. These anecdotal insights, as well as more detailed inflow and capture rate findings will serve as important inputs into assessing the market opportunity for additional commercial space in the Stettler market.

As shown, more than half (50.7% and 62.7%) of residents have suggested that Stettler is not currently served by enough specialty foods stores, nor full-service restaurants, respectively.

Given the evolving nature of retailing, these represent two subsectors that have demonstrated resilience in the face of broader structural trends. As such, **these subsectors may represent opportunities for growth in the Stettler market**. Alternatively, some 46.7% of respondents indicated a desire for more specialty clothing stores. Contrary to the above, clothing stores in particular have experienced significant consolidation, closure and pressures from e-commerce. Although there may be niche opportunities for expansion in this sector, it is unlikely to be a significant growth opportunity in Stettler.

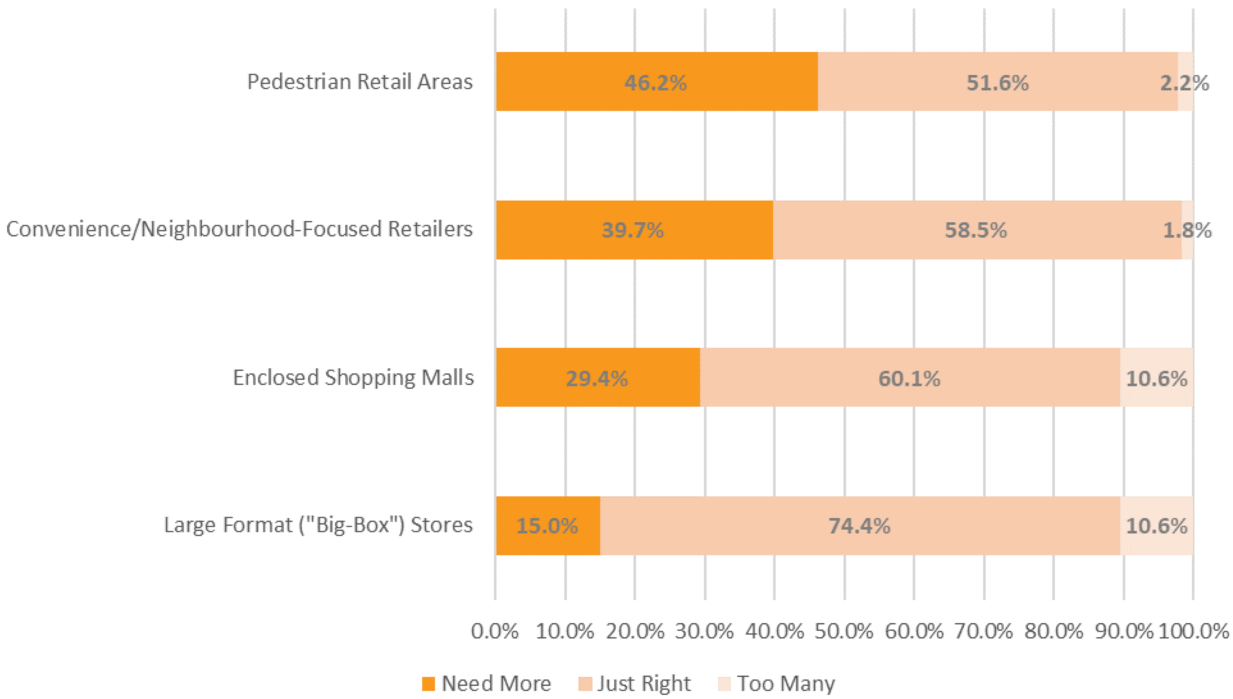
Figure 6-5: Availability of Stores by Type in Stettler



SOURCE: urbanMetrics inc.

Figure 6-6 illustrates respondents' assessment of the commercial offerings in Stettler based on their built form. **There is a clear desire for more pedestrian-oriented retail areas**, with some 46.2% of responses suggesting that the municipality needs more of this form. Alternatively, there is limited desire for additional enclosed shopping mall or large format type shops, with 70 – 85% in each category suggesting that Stettler is adequately served, or even over-served by those commercial use types. With the exception of high-performing, regional / super-regional shopping centres, this is a common dynamic across the country at this stage.

Figure 6-6: Availability of Stores by Built Form



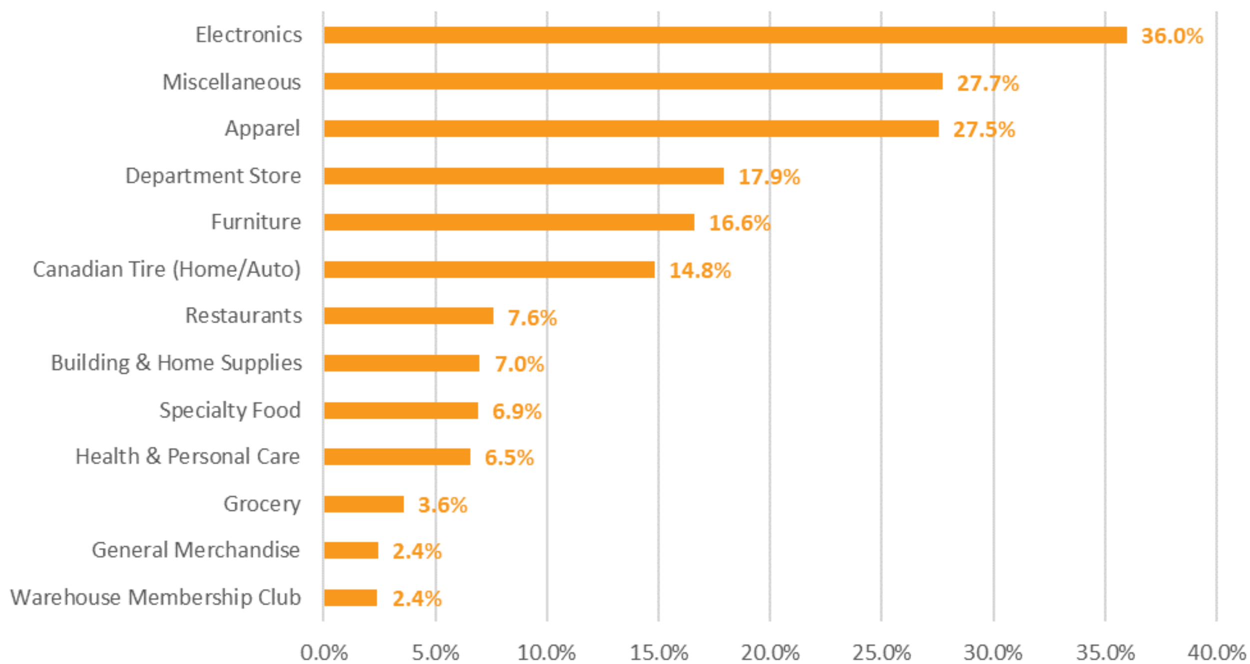
SOURCE: urbanMetrics inc.

E-Commerce and Outflow

The following section provides a brief introduction to two important factors in assessing the supportable quantity of commercial space in a given municipality. These factors have served as important inputs to our market demand analysis, as presented in Section 7.0.

The growth of online shopping has been rapid over the past decade. Sectors such as clothing, and electronics, have seen substantial penetration, putting pressure on traditional bricks and mortar retailers. Alternatively, several other sectors are much less likely to be similarly adopted. These may include building and home supplies, or grocery. Figure 6-7 below illustrates survey respondents' estimates of the proportion of expenditures made through e-commerce platforms. As shown, expenditure patterns in Stettler are generally consistent with expected patterns across other geographies. However, it is important to note that—due to Stettler's size, location and commercial offerings—these figures are elevated compared to larger municipalities. For example, online spending on electronics recorded amongst the categories with highest e-commerce penetration—consistent with the findings shown below. However, Stettler does not have a substantial local presence of bricks and mortar electronics retailers. As such, if residents cannot purchase products locally, they will either shop online, or travel to larger centres.

Figure 6-7: Proportion of Purchases Estimated to be Made through E-Commerce Platforms



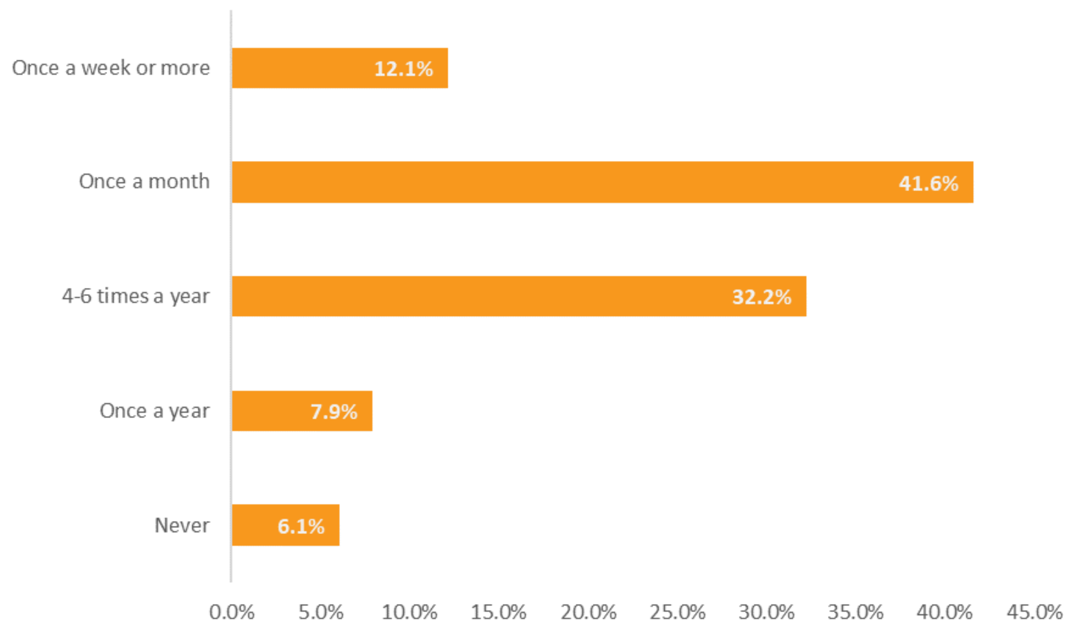
SOURCE: urbanMetrics inc. Figures shown are a weighted average of the survey responses.
NOTE: Restaurant purchases refer to deliveries made online.

In addition to purchases made online, the survey asked respondents for details about expenditures made outside of Stettler. These questions provided both information high level competitive information, and more detailed inputs to the commercial analysis regarding market capture rates. This metric calculates the proportion of expenditures residents are estimated to have made locally, versus in geographies outside of Stettler. These figures have been utilized in collaboration with industry benchmarks and urbanMetrics' professional experience in Section 7.0.

Figure 6-8 below illustrates the frequency with which residents of Stettler travel outside of the Town with the primary purpose of shopping for retail goods or services. As shown, almost three quarters of Stettler residents leave the Town for goods once approximately every month or two. This segment represents the largest response group, with only 12.1% suggesting that they leave Town at least once a week, and 7.9% suggesting once a year.

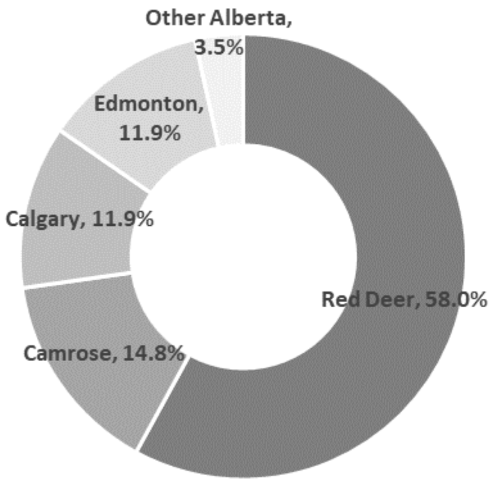
This suggests that—for the most part—the Town of Stettler provides a sufficient level of service to support most of the day-to-day shopping needs of its residents. Typical weekly requirements (e.g., groceries, pharmacies, personal care services, medical services) are able to be accommodated within Stettler.

Figure 6-8: Frequency that Respondents Travel Outside of Stettler for Retail Goods and Services



SOURCE: urbanMetrics inc.

Figure 6-9: Destination for Retail Goods and Services Procured Outside of Stettler



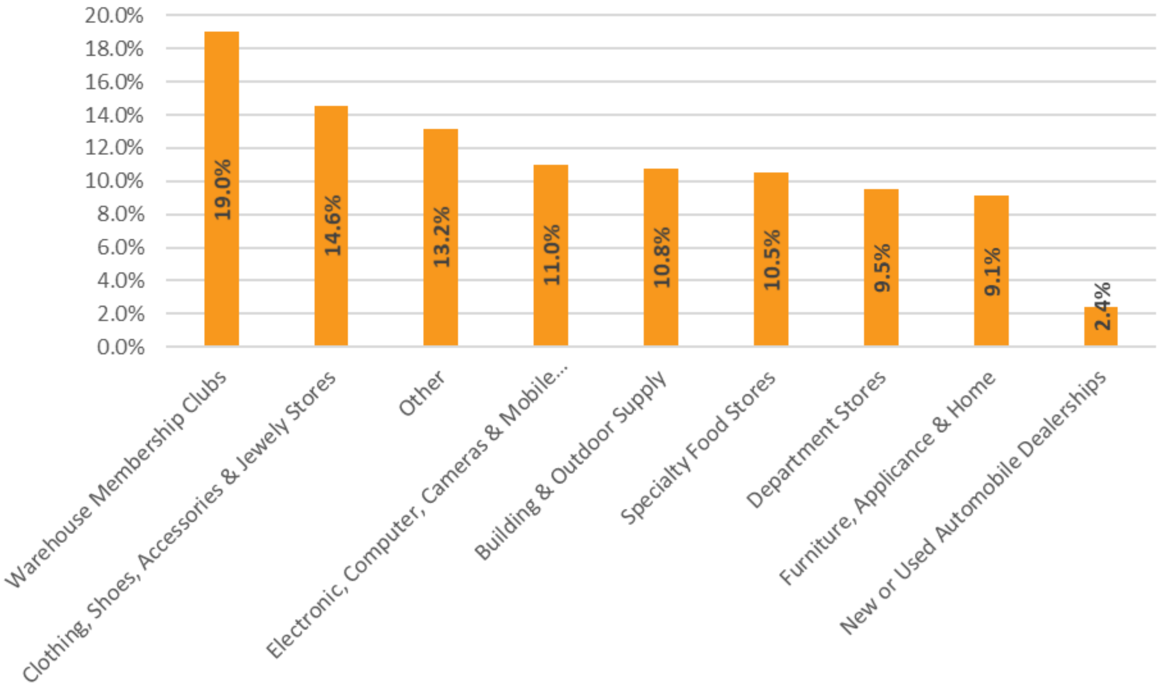
SOURCE: urbanMetrics inc.

Figure 6-9 illustrates where residents of Stettler travel to, when they do leave Stettler for shopping. **As shown, most of this type of visitation is captured in Red Deer, totalling some 58.0% of the total**. Red Deer's broader range of retailers—particularly Costco—likely satisfies the majority of infrequent trips undertaken by Stettler residents. Visitation to Calgary and Edmonton is likely driven by super-regional attractions or retail chains which are not available in Red Deer, including IKEA, or highly specialized stores such as Apple.

Interestingly, some 14.8% of respondents cited Camrose as their preferred destination. Camrose certainly offers a wider-range of retail banners than smaller municipalities in Eastern Central Alberta, including Sport Chek, Winners, Staples, RONA and Real Canadian Superstore. However, Camrose is roughly an equal travel distance from Red Deer and does not have an equally comprehensive commercial offering.

Lastly, Figure 6-10 demonstrates the store categories that shoppers most frequently visit when they leave Stettler to shop. It is important to note that this question allowed respondents to select the top 3 choices—the table below illustrates the most frequently selections. **Unsurprisingly, Warehouse Membership Clubs (Costco) is the most common draw on the list**, garnering some 19.0% of total responses. The remaining responses are generally consistent with the availability of retail goods in the Stettler market. Interestingly, very few Stettler residents leave the Town to purchase new or used automobiles, suggesting that the current complement of auto dealers is meeting the needs of the community and surrounding area.

Figure 6-10: Store Categories Most Frequented during Shopping Trips Outside of Stettler



SOURCE: urbanMetrics inc.
NOTE: Respondents were able to select up to three choices.

See **Appendix B** for detailed survey results.

6.2 Business Survey

Overview

The survey of businesses collected responses from active enterprises operating within the Town of Stettler. The survey explored a variety of topics, relating, but not limited to:

- Nature of the business;
- Size of the business;
- Customer draw;
- Business performance over the past two years;

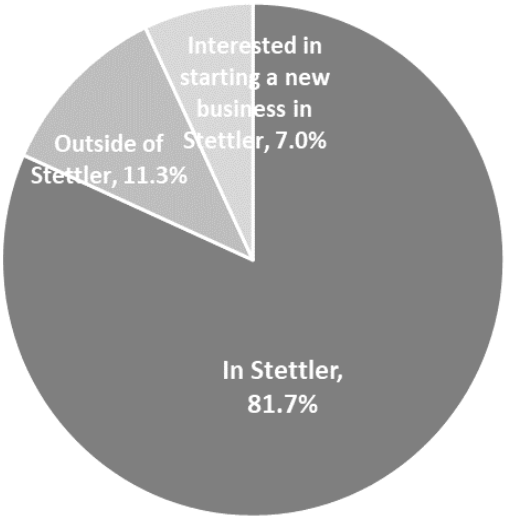
- Future growth prospects; and
- Impact of certain cost variables.

The following section of the report provides a brief overview of some notable findings and key takeaways from this online survey research program, whereas the full and detailed responses to each question have been provided in the appendices at the end of this document.

See **Appendix C** for detailed survey results.

Business Profile

Figure 6-11: Location of Businesses

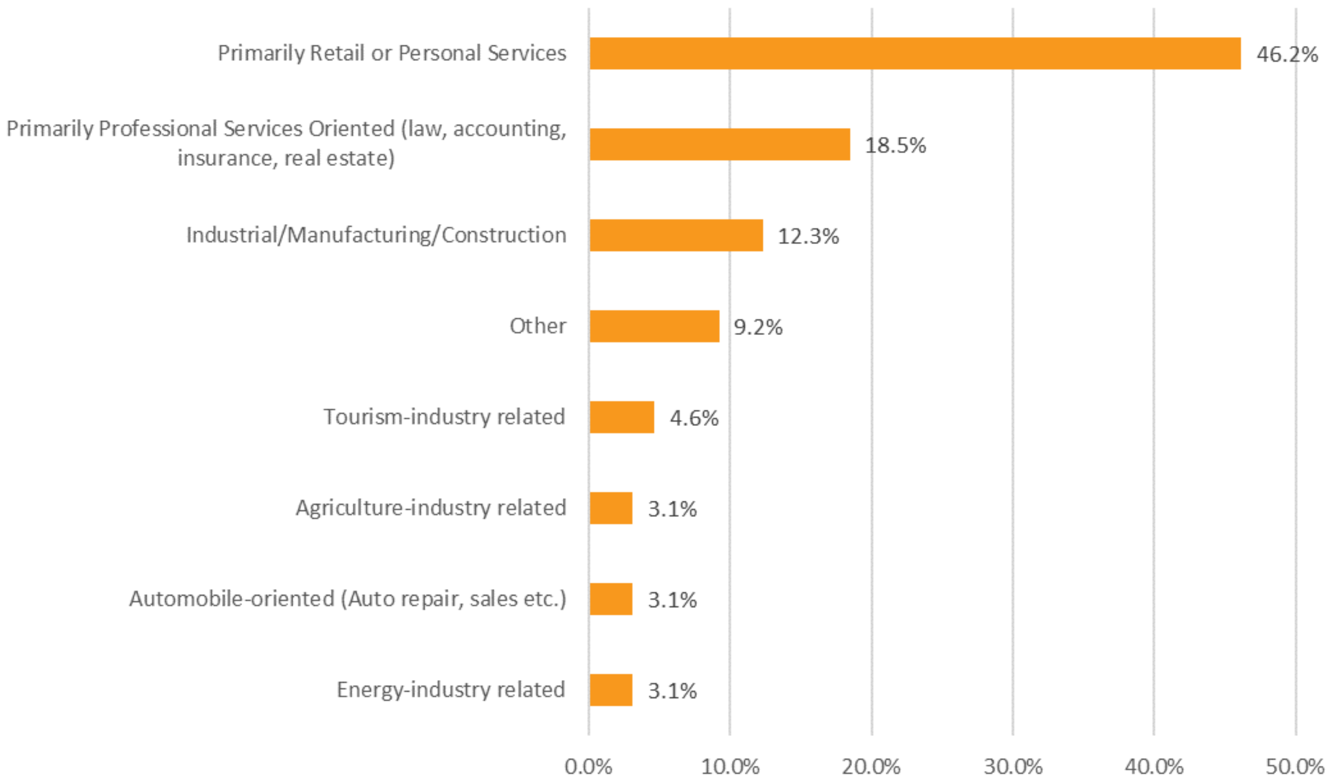


SOURCE: urbanMetrics inc.

Figure 6-11 illustrates the geographic location of businesses surveyed as part of this exercise. As shown, the vast majority—some 81.7%—of businesses surveyed are located within Stettler. A small proportion were outside of Stettler, primarily in the surrounding County. Lastly, some 7.0% of responses were collected from individuals contemplating starting a new business in the Town.

Figure 6-12 below illustrates the type of businesses surveyed. As shown, nearly half of respondents were categorized as operating within the retail and personal care sphere.

Figure 6-12: Primary Business Activity



SOURCE: urbanMetrics inc.

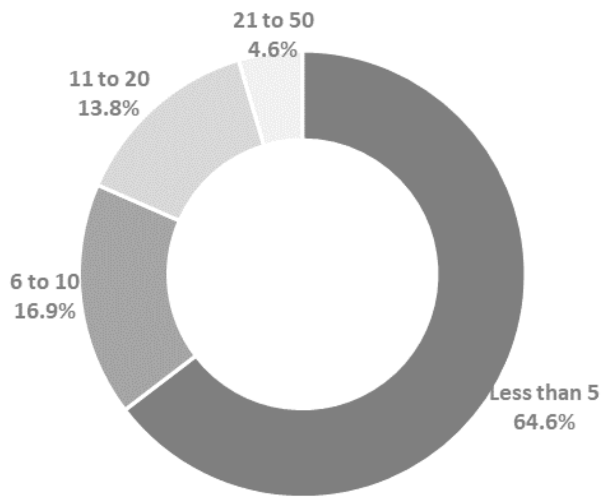
NOTE: In some circumstances responses were re-allocated based on urbanMetrics' discretion as to their primary function.

Figure 6-13 below illustrates the size of each business response, based on the number of full-time employees. As shown, almost two thirds of responses were from businesses of less than 5 employees. By contrast, some 4.6% of responses were collected from larger businesses, of between 21 and 50 staff. This breakdown likely reflects the general structure and size of the businesses which operate in Stettler.

Small businesses comprise the backbone of Stettler's economy.

As a smaller municipality, Stettler is generally comprised of smaller-scale businesses, while larger employers cluster in Alberta's major cities and natural resource nodes (e.g., oil sands based employment.).

Figure 6-13: Number of Employees



SOURCE: urbanMetrics inc.

Lastly, urbanMetrics asked respondents to characterize where the majority of their customers are drawn from. As shown, some 43.8% of responses suggested that Eastern Central Alberta represented the full extent of their customer draw. This draw would primarily emerge from the Town of Stettler and surrounding Stettler County, in addition to likely visitation emerging from Paintearth County, Special Area #4, and the M.D. of Provost. Alternatively, only some 6.2% of total responses suggested that their clientele was from a geography that extended beyond Alberta.

Stettler businesses are generally highly connected to local dynamics, and typically provide the vast majority of their business to Albertans.

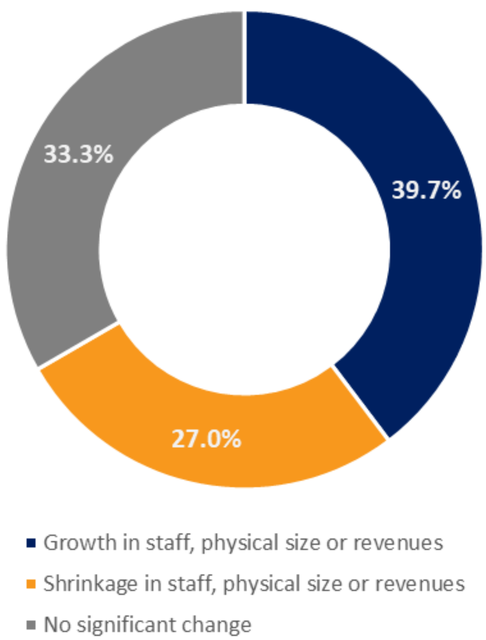
Figure 6-14: Location of Majority of Respondents' Customer Draw

SOURCE: urbanMetrics inc.

Business Prospects

The following section provides responses relating to how local surveyed businesses assess their own performance in recent times, and anticipated future conditions. These questions have helped to assess the underlying impact of external, global influences such as COVID-19, and evolving energy markets.

Figure 6-15: Business Performance over the Past Two Years



SOURCE: urbanMetrics inc.

Figure 6-15 includes an overview of how respondents characterized the performance of their businesses over the past two years. Interestingly, responses to this question were quite diverse, with a reasonably significant split across the sample. **Although the largest segment—some 39.7%—cited growth, over one quarter of respondents suggested that their businesses had actually shrunk over the past two years**.

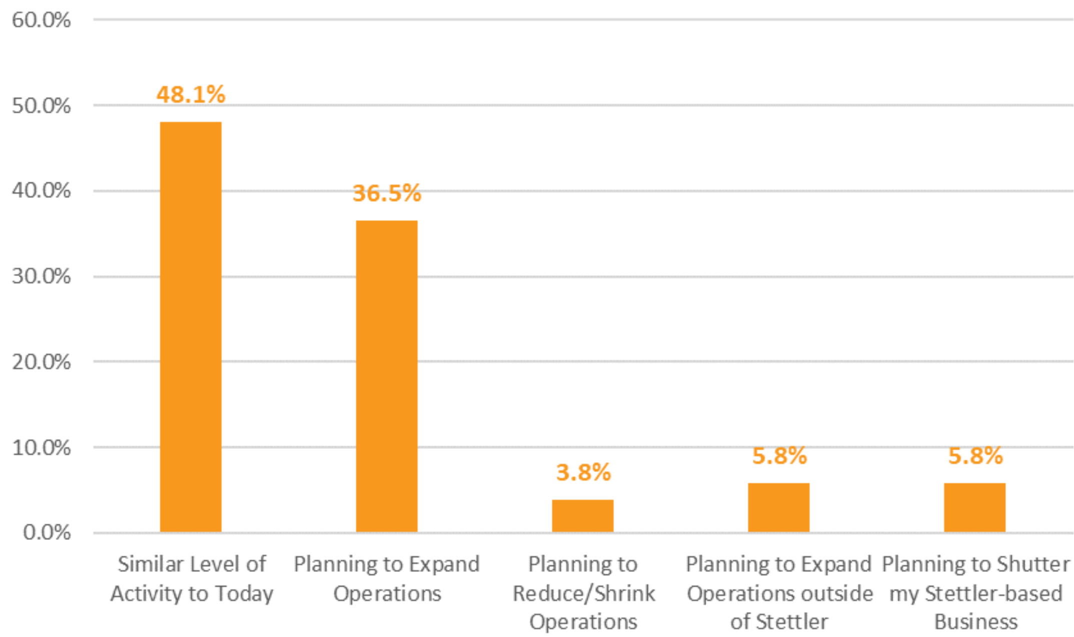
The survey additionally asked a further probing question to respondents that noted their businesses shrunk. This question asked about the primary reason for the decline in their business performance. Although there was limited response uptake to this particular question, the overwhelming sentiment was that the COVID-19 pandemic and associated restrictions had served as the primary culprit. Some responses additionally pointed to the slowdown in provincial growth or energy prices, however our general observation has been that this was not as significant a factor among the responses collected.

The survey also collected information related to business owners' plans for their businesses over the next 5-year period. This data provides valuable insight into the general sentiment of local businesses, and informs policymakers as to the state of the local economy.

As Figure 6-16 illustrates a reasonably positive sentiment expressed across the businesses surveyed. **As shown, some 48.1% of businesses are planning for a similar level of business activity as today. Some 36.5% of businesses are planning for expansion and growth in Stettler, whereas only 9.6% of businesses are either planning for a reduction** or shuttering of their operations within the Town of Stettler.

All told, the findings represent a cautiously optimistic perspective on growth prospects for Stettler businesses.

Figure 6-16: Business Owners' Intentions over the Next Five Years



SOURCE: urbanMetrics inc.

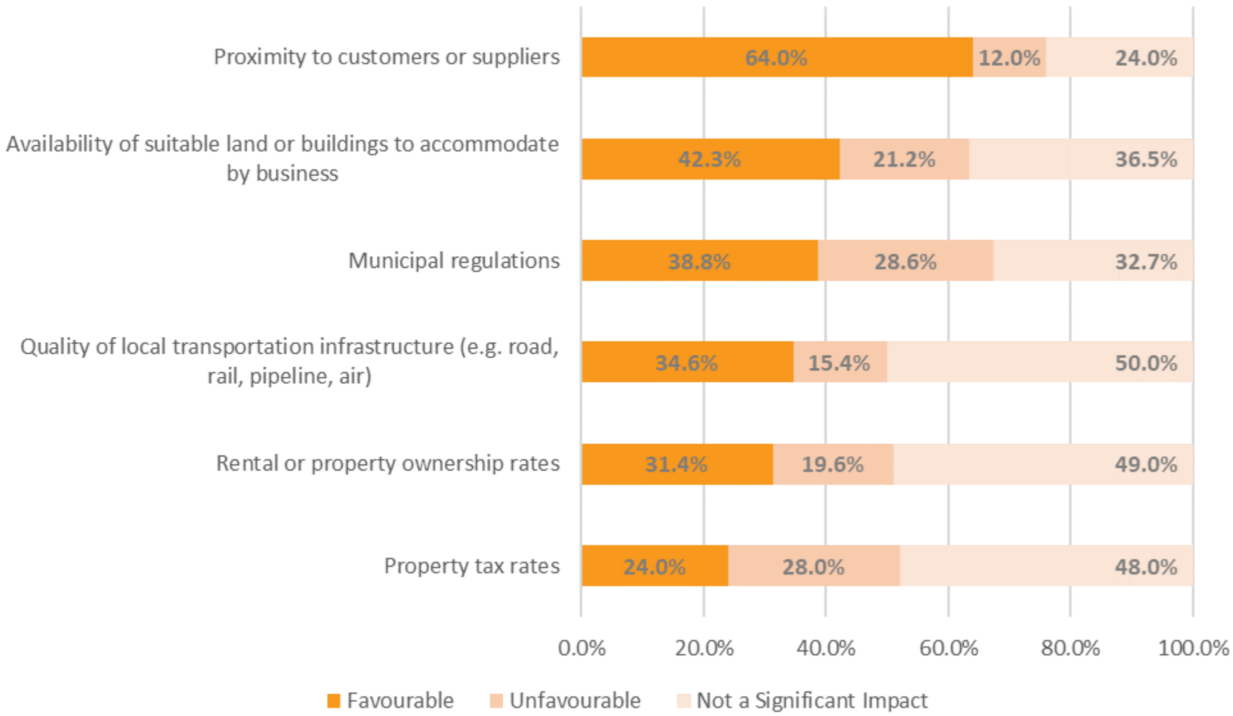
Business Factors

Lastly, urbanMetrics outlined a range of external factors that may manifest as favourable or unfavourable for local business operations. Some of these factors can ultimately be influenced by local municipal policy, whereas others are associated with intangible locational characteristics, or factors determined by higher orders of government. Similar to the above, business sentiment on the factors identified could provide policymakers with important insights as they advance decisions on issues such as taxation, regulation and infrastructure investments.

Figure 6-17 below shows the results of respondents' views on several factors, which typically impact business operations in a given municipality. **As shown, there are few factors which elicit overwhelmingly strong responses—either positive or negative**. Respondents' rated proximity to customers as a generally favourable trait—certainly reflecting the local-serving nature of most Stettler-based businesses.

From a policymaking perspective, the two variables of most relevance include municipal regulations and property tax rates. As shown, upwards of 70% of respondents in each category either rated these factors as favourable, or as not a significant impact on business operations. However, it is important to note that 28.0% and 28.6% of respondents respectively suggested that these variables were unfavourable. Although this represents less than one third of the respondents, these two variables elicited the highest unfavourability response of any surveyed.

Figure 6-17: Impact of External Factors on Business Activity



SOURCE: urbanMetrics inc.

7.0 Industry Trends

Key Findings

- The bricks and mortar retail sector has been undergoing a long-term evolution, defined by 'one-stop' shopping, e-commerce and a shift towards more service/entertainment-based facilities or other experiential commercial formats.
- The COVID-19 pandemic has not necessarily upended these trends, but rather accelerated them and Stettler is no exception. However, as a regional service centre, the Town does not bear the brunt of these impacts in a similar way to larger municipalities.
- Stettler's industrial base is comprised of either local, population-serving users (home suppliers, automobile repair, etc.), or "export-based" users (oilfield or agricultural services), which are supported by surrounding natural resources, industries and transportation characteristics. Supporting these existing industries and identifying potential new "export-based" industries in the broader region will directly and indirectly benefit Stettler's existing industrial businesses, and attract new ones. Composite particle board manufacturing may represent one such opportunity.

The following section provides a detailed review of broader trends affecting the local market for commercial space, as well as an analysis of how those patterns are impacting Stettler in particular.

7.1 Retail Market Trends

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

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

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

In certain respects, Stettler is insulated from some of these patterns. As an important local and regional service centre, Stettler's businesses provide a complement of essential goods and services to a reliant population. Groceries, pharmacies and home building supplies are all critical amenities. Likewise, essential and discretionary services including healthcare, banking, entertainment, restaurants and personal care largely require in-person interaction to function well. Opportunity and stability in these areas form an expected source of demand moving forward.

Other retail sectors, including department stores, clothing, and books, continue to face challenges in terms of their future growth prospects. The ongoing digitization, and shifting towards online shopping in these categories will limit growth potential. However, in general terms, these are not challenges for a regional-serving market like Stettler that focus less on fashion and design type retailing. Given the Town's commercial structure, there is not a high concentration of these retailers as may be seen in Bower Mall in Red Deer, for example. Rather, Stettler, and comparable municipalities, traditionally contain upwards of one or two locally operated specialty retailers in these categories, rather than a broader collection.

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

It is important to note that the true impact of the COVID-19 pandemic on the real estate market is not fully understood. Where possible, we have provided informed analysis based on our understanding and experience to date. However, these experiences may change, particularly as a vaccination program is advanced, and society is hopefully, able to return to some semblance of normalcy.

E-Commerce

The rise of e-commerce has led to the most profound shift in shopping patterns over the last ten years.

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

Prior to the COVID-19 pandemic, e-commerce was slowly penetrating various traditional market segments. As shown in Figure 7-1, online shopping was most widely accepted for goods that are material products that are not customizable, do not benefit from substitution/testing, and are relatively easy to ship.

Figure 7-1: E-Commerce Penetration

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

SOURCE: urbanMetrics inc.

More broadly, the impact of online shopping on the bricks and mortar sector is still not fully understood.

There remains a lack of reliable data with which to evaluate the magnitude of current online shopping activities. There is a "grey area" in terms of what expenditures are included as online shopping (i.e., if a product was purchased online but picked up in a store as part of "click and collect" offerings, for example). Traditional retail market demand analyses focus exclusively on market demand for physical retail spaces. Typically, these studies are reliant on Retail Trade data from Statistics Canada. Based on our own latest correspondence with Statistics Canada, the extent to which self-reported sales data by major retailers incorporates online purchases through omni-channel networks remains largely unknown.

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

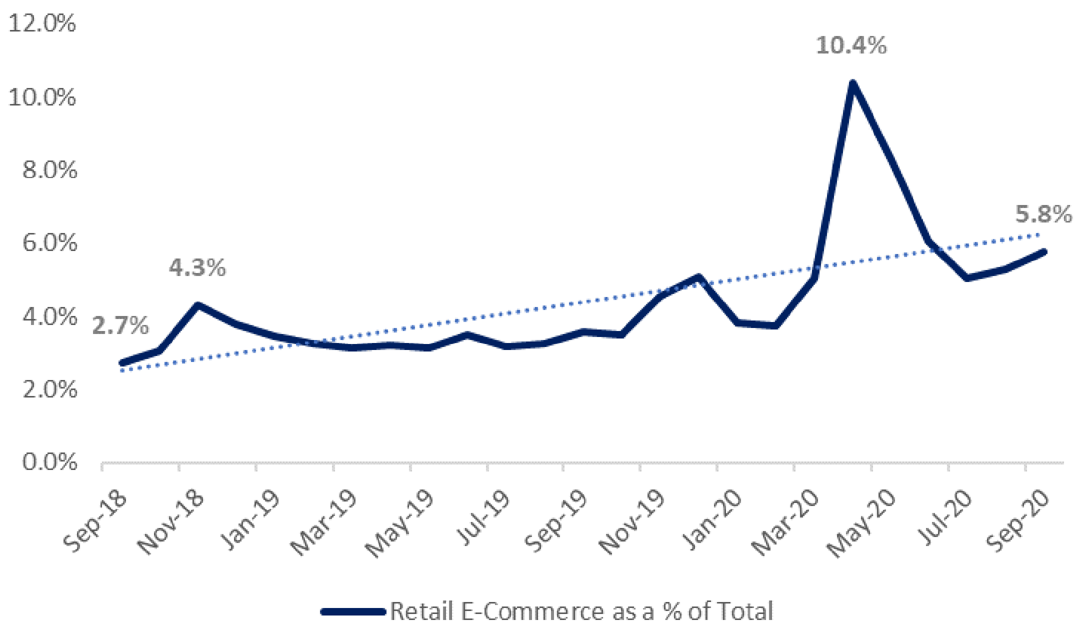
Although e-commerce continues its rise across store categories, particularly exacerbated by the COVID-19 pandemic, it remains our view that it will not entirely replace in-person shopping experiences for all store types. Large segments of the population view shopping for goods as an enjoyable, social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

Recognizing the limitations identified above, Figure 7-2 demonstrates the impact that the COVID-19 pandemic has had on recorded e-commerce sales in Canada in recent months. As shown, for the period prior to the pandemic, online sales were estimated to account for roughly 2-4% of overall activity[7]. However, as of April 2020, the figure spiked to 10.4% of the total. Through September, e-commerce sales remain at elevated rates, at least relative to historic patterns. However, it is important to note that as economic lockdowns eased over the summer and fall periods, the proportion of sales occurring via online platforms declined as well.

These early findings may indicate an underlying preference for in-person shopping, however the pandemic appears to have firmly increased familiarity and comfort with e-commerce as a viable and widely accepted—if not essential—way to procure a range of merchandise.

[7] As calculated using Statistics Canada Retail Trade data, which excludes "pure play" online retailers such as Amazon.

Figure 7-2: Retail E-Commerce Sales as a Percentage of Total Retail Sales 2018-2020



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

The COVID-19 pandemic has resulted in the acceleration of online shopping trends. In particular, consumers have rushed to adopt online purchasing and pickup/delivery options with respect to staple goods. Most significantly, middle-aged (e.g., Generation X) consumers appear to be adapting to e-commerce. Post-pandemic, it remains to be seen if this significant uptick holds, however it certainly has resulted in increased acceptance throughout this recent period of lockdowns.

In Stettler, e-commerce has provided access to global retailers without requiring travel to Calgary, Edmonton or Red Deer. This creates the indirect impact of reducing the need for retailers to maintain physical storefronts in as many urban centres. Rather, maintaining a single regional presence is increasingly becoming a strategy in more rural areas, to complement a robust online operation.

Local Impacts

In Stettler and other rural communities, the impact of e-commerce is multifaceted:

- On the one hand, e-commerce has provided local residents with direct access to the global retailers, without requiring travel to bricks and mortar shopping destinations in Calgary, Edmonton or Red Deer. This has undoubtedly reduced the impact of distance on residents' access to specialty goods, particularly for popular retail brands that cluster in urban centres (i.e. Lululemon, H&M, American Eagle etc.).
- However, on the other hand, e-commerce has given retailers the opportunity to reconsider how they serve customers without a physical presence. For Stettler and other rural communities, retailers which may have traditionally contemplated a physical presence are now able to reconsider a "bricks and mortar first" retail strategy.

As such, we anticipate that demand for retail space will be driven by either local businesses, retailers without robust online sales platforms, or service-based businesses, which simply cannot be provided online. Traditional retailers may—subject to market need—contemplate adding physical space in the Stettler market. However, it is likely that these spaces will be relatively compact, optimized to support a robust online presence, rather than focused on providing a full range of service offerings in store. Businesses that provide services (restaurants, entertainment, personal care) will be an opportunity for growth, particularly in a regional service node like Stettler.

Lastly, the growth of e-commerce has produced increased demand for warehousing, transportation and distribution capacity. Retailers are pursuing opportunities throughout the supply chain to enhance delivery speed and reduce costs. Given the market characteristics of Central Alberta, it is our opinion that the overwhelming majority of economic opportunities emerging from this growth will be clustered in Calgary and Edmonton, due to proximity to international airports, major rail terminals and the vast majority of the Provincial population. Stettler may—in time—become a viable option for serving Eastern Central Alberta, or as an alternative to possible long-term increases land costs or supply constraints in the Red Deer market. However, at this time, we do not anticipate this segment serving as a significant growth opportunity for Stettler.

Rural and Urban Segmentation

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

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

The broadening of merchandising categories has further exacerbated these challenges for smaller and mid-sized commercial centres: both in traditional enclosed centres and large format, open-air type power centres.

The continued success of big-box and large format retailers such as Wal-Mart, Costco, Real Canadian Superstore or Canadian Tire has resulted in these establishments becoming effective "one-stop shop" destinations. By offering goods such as groceries, electronics and home furnishings, many of these retailers serve a range of needs. As such retailers of this nature has created a significant overlap between what were formerly distinct store categories. This has resulted in retail nodes frequently competing for the same customers, and also for the same individual store tenants. Furthermore, the volume and scale at which these large merchandisers are able to purchase goods results in cost savings for consumers. These cost savings typically cannot be matched by retailers operating within more narrowly defined segments.

As such, a typology has emerged amongst rural service centres, whereby the regional-serving retailers are the same across each centre. For example, Wal-Mart, Canadian Tire and Loblaws or Sobeys branded grocery stores are reasonably common anchors in these municipalities. Furthermore, due to the broadened merchandising at these businesses, these retailers meet the majority of rural visitors' needs. As such—absent any other specialized draw—the primary determinant of draw to a rural municipality is frequently distance or weather conditions. Pursuing opportunities to expand the draw beyond these core anchors is crucial to differentiating service nodes of this nature.

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

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

Notwithstanding COVID-19, restaurants, grocery stores, entertainment, personal care facilities and other similar services are increasingly driving demand growth in the commercial retail segment.

Commercial retail growth has most recently been driven by international expansions and by need-based businesses.

The retail goods sector has been defined by two primary trends recently. First retailer growth is primarily driven by international retailers expanding into the Canadian market. These retailers span large and small scale clothing and goods providers (Nordstrom, Uniglo, H&M, Marshall's), online-first businesses establishing a complementary physical presence (Warby Parker, Frank and Oak, Endy Mattress) to fast food restaurants (Popeye's, Jollibee).

The initial demand for space from these retailers is almost exclusively concentrated in luxury malls and main street corridors in Canada's largest cities. It is unlikely that these new entrants will—in the short or medium term—impact demand for space in municipalities like Stettler. Over time, there may demand from some businesses adopting a cross-Canada strategy, or for restaurants building a national network with an extensive presence, such as Popeye's. Other examples include MiniSo, a Chinese dollar-store chain, which reportedly anticipates opening upwards of 500 Canadian stores.

Local Impacts

Stettler's existing commercial complement contains a mixture of regional serving anchor stores (i.e. Wal Mart, Canadian Tire etc.), and more niche businesses catering to specific needs. These regional uses will continue to form a core anchor to the Town, drawing residents from the Trade Area and Area of Influence to shop for essentials, including groceries, clothing and appliances.

As a result of ongoing structural changes in the retail sector, the Town of Stettler faces challenges attracting additional traditional banner discretion-based retailers, as the industry continues to evolve. However, as shown in Section **Error! Reference source not found.** there remain areas of o pportunity to meet underserved segments of the local retail market. Furthermore, it is our expectation that growth in traditional goods-based retail in rural centres will be dictated by local businesses providing a niche offering, or traditional banners operating smaller physical footprints.

Alternatively, Stettler operates as a critical commercial centre for essential goods, as well as services. Groceries, pharmacies, access to medical and financial services will be a core draw. Increasingly, other services such as restaurants, entertainment options, personal care services and experiential offerings will draw surrounding residents into Stettler.

Impact of COVID-19

COVID-19 has not fundamentally altered the general division of shopping nodes or individual retailers into "winners and losers", but it has perhaps amplified pre-existing conditions and trends. Large urban areas continue to see upheavals in the structure of their commercial hierarchy, as retailers reconsider their physical footprints. Likewise, increased penetration of online shopping is putting further pressure on maximizing value from physical locations.

COVID-19 has created additional pressures and opportunities for local, small business. These businesses have experienced similar pressures to national chains—capacity restrictions, closures and increased costs have required innovative solutions and perseverance. Furthermore, in many markets, a notable upswing in community support redirection of spending at local businesses has been observed. This support has helped many small businesses through the pandemic, and demonstrated community the community value of these businesses. Maintaining this culture of "supporting local" represents a significant opportunity moving forward from the pandemic.

As Stettler functions as a regional service node, it is our assessment that—over a longer-term horizon—the Town is unlikely to be as significantly impacted by the COVID-19 pandemic in this regard. The impacts of the vast majority of e-commerce leakage from Stettler will not influence retailer growth within the market, as those retailers are unlikely to have contemplated a presence in Stettler in the first place.

Rather, an increased focus on local, small business, and broader secular trends in the retail market will be important factors for Stettler. Focusing on creating unique entertainment, social and cultural experiences, forming partnerships with and between local businesses and expanding the local and regional draw of the municipality will be core elements in driving employment growth for small businesses, and expanding Stettler's regional draw.

7.2 Industrial Market Trends

The industrial market relates to a large, diverse and evolving range of users and uses. Local trends can be highly dependent on a range of factors, including market access, proximity to resources and land availability. This section highlights several of these trends and discusses the implications for Stettler.

Provincial Outlook

The industrial real estate market in Alberta has proven to be resilient in the face of broader economic challenges facing other commercial real estate asset classes. Demand in major markets has been driven by distribution and logistics space for e-commerce users (Amazon), as well as storage space for major retailers (Canadian Tire, Sobeys, etc.). Additional demand for space is emerging from relatively robust growth in the film sector, cannabis and agricultural products, and less traditional office users seeking ownership of spaces.

Alberta's industrial markets have demonstrated healthy growth, with vacancy rates reported by CoStar Realty Services for the first quarter of 2021 in Calgary and Edmonton at 6.8% and 6.0% respectively. Significant supply is being brought online in each of these markets, with CoStar Realty Services reporting that they are less land-constrained than Canada's other major distribution hubs Toronto and Vancouver. As such, the outlook for industrial lands in these markets remains strong.

Key Takeaway: *Alberta's major industrial markets have remained a bright spot throughout the recent economic challenges and COVID-19 pandemic. Slightly elevated vacancy rates and modestly declining vacancy rates are not cause for concern, as these are a result of significant new supply being brought into these markets. This has put pressure on older facilities to modernize in order to remain competitive.*

Given minimal physical constraints to accommodating expanding industrial areas, Alberta's major centres are in a strong position to continue to provide supply to meet seemingly unrelenting demand.

Unlike markets in Vancouver or Toronto, Alberta's sector has proven capable of responding to the land requirement, which has kept pricing in balance.

Moving forward, we expect Alberta's industrial sector to continue strong rates of growth. Because these markets are relatively balanced, the sector is unlikely to experience the runaway pricing conditions demonstrated in Vancouver and Toronto.

Local Context

The Town of Stettler's industrial land users are primarily comprised of "local" or "regional" serving users. Local services include automotive services, home and renovation, and building supplies. These businesses can be categorized as population-based, meaning that they derive the majority of their revenue and activity from serving the surrounding residential community.

In addition, a regional-serving market like Stettler supports some "export-based" users. In the Stettler context, these are primarily providing support to resource-based industries located in Eastern-Central Alberta. These businesses are largely oil and gas-related (well services, fabrication, etc.), or agricultural-related (auction house, transportation, machinery servicing).

Alberta's industrial market has shown resilience and growth in recent years, particularly in Calgary and Edmonton. Given favourable pricing conditions, access to transportation infrastructure and major markets, and a lack of constraints to expansion, it is expected that these markets will continue to absorb the majority of "export-based" industrial demand realized in Alberta.

Traditionally, industrial users may pursue land outside of major markets as pricing increases or due to a lack of quality of available development sites. Due to the limited land constraints in Calgary and Edmonton, neither of these factors are expected to occur en masse.

Achieving significant growth in Stettler's industrial sector will be contingent upon favorable economic conditions that support the existing range of local serving uses, but also attracting and expanding the range of "export-based" users that operate in Stettler and across Eastern Central Alberta. Both the agricultural and oil and gas sectors are core, foundational components of Stettler's, and Alberta's economy and are expected to remain so. However, given the nature of these sectors and their forecast prospects, they are not expected to comprise significant growth/expansion opportunities moving forward, rather form a strong and consistent base.

Opportunities to build upon this strong base to expand and diversify the Town's industrial sector will create more jobs, a more resilient / sustainable local economy, and drive investment moving forward.

Logistics and Distribution

The industrial market has continued to be a bright spot in Canadian real estate throughout the pandemic-induced economic recession. Previous trends had already elevated demand for industrial land and buildings in markets throughout Canada, and this outlook has remained resilient. Generally, growth in industrial demand can be attributed to several core factors.

The recent and ongoing rise in online shopping and just-in-time delivery services has resulted in a marked increase in demand for transportation, warehousing and fulfillment centre space.

Growth prospects for logistics-based businesses are strong, as demand grows and customer expectations around delivery times continue to accelerate. PricewaterhouseCoopers identifies demand drivers from two primary sources, **Business to Business** ("B2B") and **Business to Consumer** ("B2C"). [8]

- **Business to Business** demands have experienced significant change driven by ever increasing expectations for manufacturing industries around delivery times, efficient turnaround and product performance. Business customers increasingly expect manufacturers to provide products in increasingly short-time periods and to higher level specifications. In turn, manufacturers are pressuring suppliers for input materials to respond to these demands. Demand for well located, technologically advanced warehousing and distribution facilities, in proximity to raw materials and manufacturing processors will increasingly support demand.
- **Business to Consumer** demand patterns have been more firmly established and are driven by e-commerce and online shopping comprising an ever-increasing share of consumer goods spending. Increasingly, consumer expectations are driven by distribution innovations promising ever faster delivery times, low cost or no cost delivery, and mass product availability. Furthermore, the COVID-19 pandemic has rapidly increased usage of delivery-services and online shopping. It remains to be seen if those bumps are sustained, or trends revert to the broader secular increase in e-commerce as part of consumers spending habits.

[8] SOURCE: "The Future of the Logistics Industry" prepared by PwC in 2016.

Local Context

Stettler's existing industrial users and consumer base do not likely represent a large enough network to draw substantial logistics and distribution type users—currently the primary growth sector in industrial demand to date. However, Stettler's location and standing as a regional service centre does warrant some discussion of possibilities for the market in capturing a share of growth in this sector.

Stettler supports not only local, but regional businesses and industrial users. Currently, the majority of this user base is oil and gas or agricultural related, however recent and ongoing investments in Stettler County and across rural Alberta are diversifying this base. Given increased demand and expectation amongst businesses for on-demand inventory delivery and service, there could be market opportunity for a small presence in the Stettler market. Existing industries are relatively well served in this regard, however, as new industries emerge in surrounding areas, there may be spin-off benefit for Stettler.

Stettler, and the surrounding area's population may not currently justify a material e-commerce distribution presence. Currently, these uses are clustered in Calgary and Edmonton, with a small regional distribution network in medium-sized cities such as Lethbridge and Red Deer. As distributers are building out these networks, the focus is on establishing anchoring networks in large and medium sized municipalities, with the expectation that serving markets like Stettler will be drawn from surrounding larger jurisdictions.

As e-commerce and distribution continues to evolve, it is possible that Stettler will, in time, draw some distribution-based business. This presence would be tied to serving local and surrounding population and business needs. Given the scale of population and employment in Stettler and the surrounding area, the presence may be limited to a storefront pick up and drop off point for parcels and products, with a sizeable storage area to support distribution needs.

Increased Productivity and Efficiency

Industrial growth is also being driven by technological innovation, increased productivity and efficiency. Major manufacturers, distributers, and product suppliers are aggressively pursuing investments and innovations that increase output while cutting costs. This drastic shift has upended a traditionally labour-intensive industry to one that is defined by office-based work and research. Innovations of this nature have resulted in expansion of industrial activities in many markets, however requiring less human capital. Instead, investment decisions are less influenced by proximity to labour sources, but by decisions around availability of raw materials or supplier goods, access to major markets or highway infrastructure, or availability of developable land and costing considerations.

Local Context

Stettler's current industrial employment complement is unlikely to be as impacted by mechanization as the manufacturing and distribution/logistics sectors at large facilities in major centres. However, as previously shown in Section 5.2, Stettler is anticipated—in part—to see modest declines in several sectors, owing in part to this secular trend impacting all sectors of the economy.

Other Industrial Opportunities

As previously discussed, the primary growth segment across the industrial sector is currently distribution and logistics—driven by e-commerce. This sector is driven primarily by access to major metropolitan markets and connections to national and international transportation networks. As such, growth in this sector is unlikely to realize substantial impact in the Town of Stettler moving forward.

Stettler, and other regional markets, are generally driven by surrounding resource-based opportunities. Historically, this has been drawn from the agricultural and oil and gas sectors, which have long-established legacies throughout Alberta and will always provide a baseline level of employment and industrial activity. The following provides a brief commentary of some potential growth sectors which *could* occur in Stettler or the surrounding areas which could result in increased industrial activity in the Town.

- **Composite Particle Board Product** – Recent media reporting and investment activity has reported on significant opportunity for Eastern Central Alberta to become a nationally significant hub for medium-density fibreboard production. Leveraging surrounding agricultural straw product, there are at least two companies pursuing investments of almost one billion dollars each in manufacturing facilities, including one immediately adjacent to Stettler.

  This agricultural bi-product has the potential to generate hundreds of jobs through the construction process, as well as a result of the ongoing operations at the facility. Furthermore, indirect jobs associated with these facilities could locate in regional centres such as Stettler. A significant portion of these positions will be sourced to supplying raw fibre product on farms, however there will be jobs connected to transportation, storage of raw materials, servicing of machinery and providing technical support and oversight. These positions will benefit from locational proximity to manufacturing sites, raw materials, population centres and transportation networks, and represent areas in which Stettler could benefit.

- **Renewable Power** – Alberta has recently drawn significant investment in large-scale solar energy generation sites. Although much of this capacity is being generated in the sunniest corners of Southern Alberta (Vulcan County, surrounding Taber and Medicine Hat), investments are being undertaken in other areas, including Innisfail, Leduc and northern communities. As investment continues to flow into a range of renewable and non-renewable resource sectors, solar energy represents a possible growth sector.

  The construction and installation of solar facilities is a labour-intensive process, providing substantial project-based employment. Although ongoing operational maintenance and monitoring of these facilities generates significantly less employment, spin off benefits may include technical support and monitoring, providing repair and replacement services, as well as storage of replacement materials. Similar to above, clustering of facilities of this nature in local centres such as Stettler represents a potential source of industrial land demand.

- **Food Production** – Increasing societal preference for locally produced, processed or brewed food and beverage products has been a recent source of growth in cities across Canada. In Alberta, changing regulations surrounding brewing or distilling of alcohol has resulted in the creation of over 100 breweries in small and large jurisdictions across the Province, including in municipalities like Drumheller, Camrose and Ponoka. Likewise, coffee roasters can be found in municipalities throughout the Province, including Cremona, Lacombe and High River. Locally procured meat products, baked goods or produce growing operations are also increasingly common.

  Although these industrial food-producers do not necessarily represent scalable sector-based industrial development opportunities, these users represent a potential source for growth and demand for local industrial space. Furthermore, businesses of this nature tend to be highly localized, and reinvest in the communities in which they operate. Furthermore, they frequently present partnership opportunities with other local businesses, and contribute to strengthening placemaking and local branding efforts.

- **Rail Based Shipping** – Stettler's location on an active railway corridor does present some potential opportunities, which could differentiate the Town from surrounding municipalities. As companies continue to demand reliable and efficient distribution solutions, Stettler's location on a rail corridor provides a low-cost alternative to the potentially more expensive land and operating markets in Alberta's larger cities. Under current market conditions, as previously discussed, it is our assessment that it is unlikely that land costs rise in the near future to the extent that industrial users would seek space outside Alberta's major cities. However, increasing economic diversification, a supply of affordable and available land, and competitive taxation rates could draw potential businesses to lands adjacent to the rail corridor.

8.0 Retail Market Assessment

Key Findings

- As of March 2021, Stettler's commercial vacancy rate has been calculated at 6.2%. This vacancy rate is indicative of a reasonably balanced and healthy commercial environment.
- In square footage terms, Downtown Stettler contains the largest concentration of retail and service space in Town. Notably, the majority of service-based uses, and all supermarket banners are located within Downtown Stettler.
- The results of our retail demand analysis suggest that Stettler could support between 46,300 and 70,000 additional square feet of commercial space by 2041. Food Services & Drinking Places, as well as Non-Food Store Retail-based uses would comprise the largest growth opportunities over the period surveyed.

As detailed throughout this section, we have completed an inventory of all existing retail/service commercial space in Stettler, as well as assessed opportunities to support additional and/or reconfigured commercial space within the community over the longer-term planning horizon.

8.1 Commercial Inventory

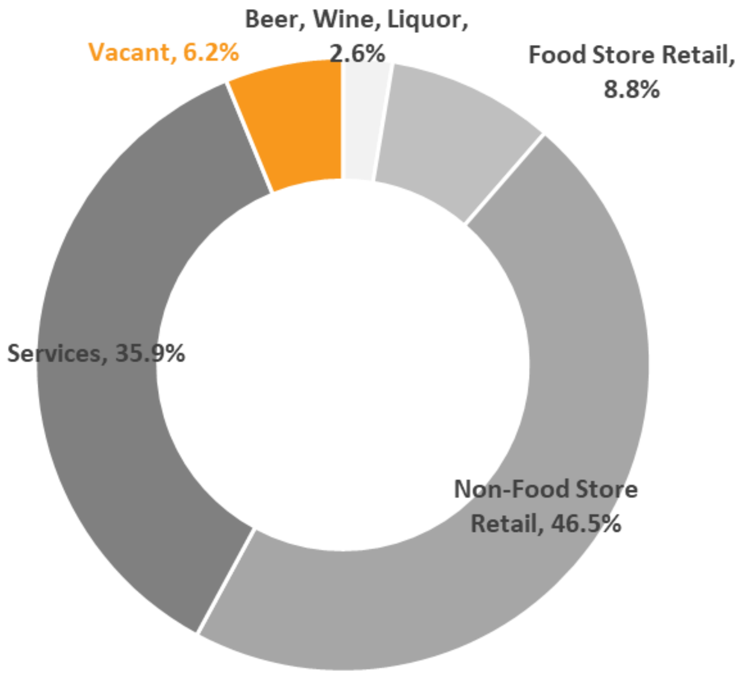
A review of the existing and competitive retail and service facilities is key to understanding what retail roles and functions are currently provided for residents and visitors to the Trade Area, as well as to identify store categories which may represent growth opportunities.

To this end, an inventory of existing retail and service commercial space in the Town of Stettler was conducted by urbanMetrics in February 2021. This inventory includes all Food Store Retail (FSR), Non-Food Store Retail (NFSR), Beer, Wine, and Liquor (BWL) stores, as well as all types of Service based commercial facilities.

The commercial operations located within the Town of Stettler capture potential retail/service demand from people living and working outside the defined Trade Area ("inflow"), as well as from persons living within the Town of Stettler, in addition to other parts of the STA (i.e. Stettler County). If there are more attractive or different retail/service options outside the PTA or Trade Area, people living within the Town of Stettler are likely to travel to these other locations rather than shopping within the Town. These considerations are important in determining what and when new retail/service commercial development can be supported in Stettler.

The results of our commercial inventory indicate that the Primary Trade Area contains a total of approximately **835,500 square feet of commercial space**. As shown, in Figure 8-1, the Town-wide vacancy rate is estimated at some 6.2%. A **vacancy rate of 6.2%** represents a reasonably healthy, balanced market. Generally, it is our opinion that a balanced market reports a vacancy rate ranging between 4.0% and 7.0%.

Figure 8-1: Existing Retail/Service Commercial Space



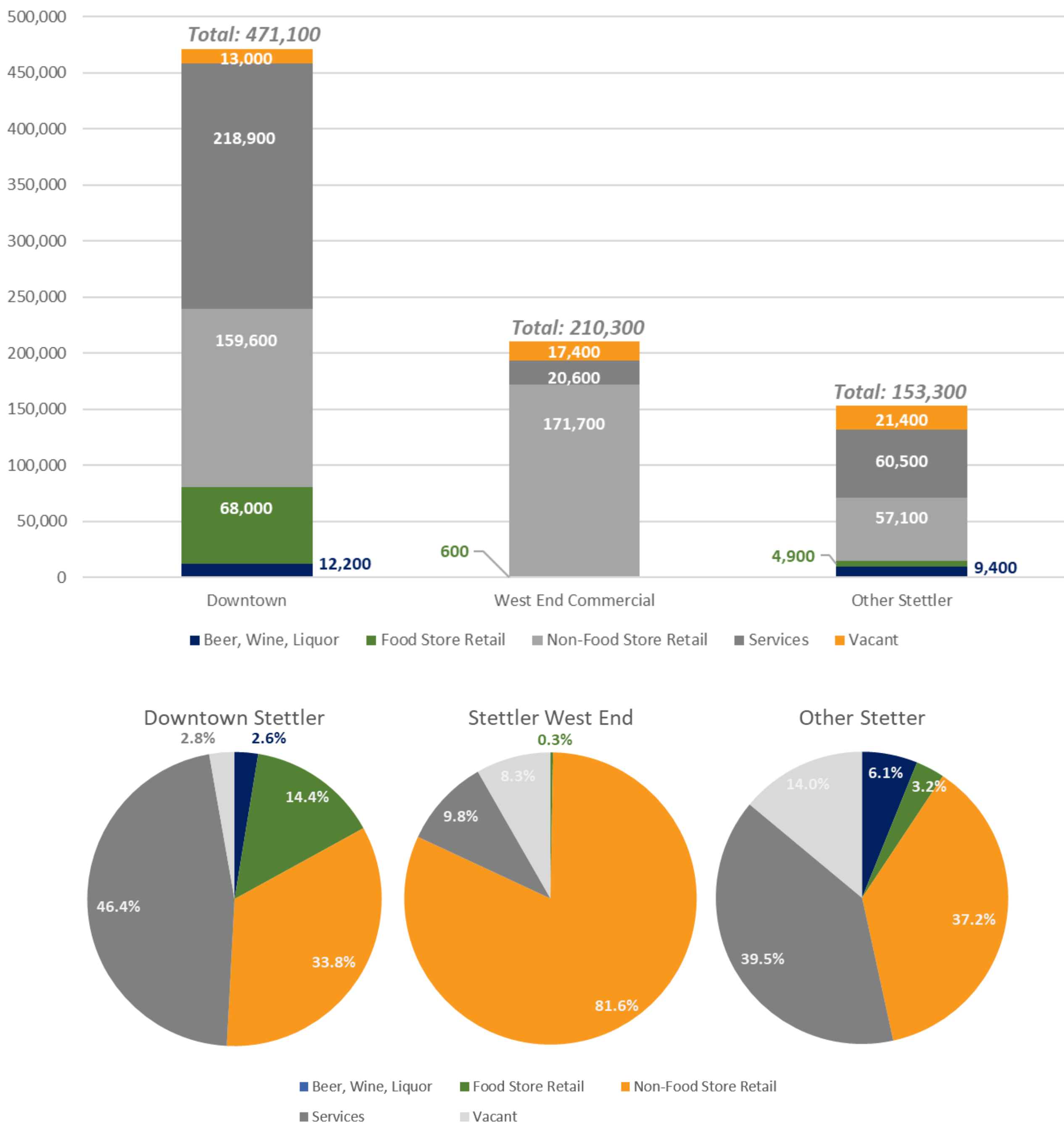
SOURCE: urbanMetrics inc., based on in-person and desktop commercial inventory conducted in February 2021.

Figure 8-2 shows the commercial inventory broken out by node and by use type. As shown, Downtown Stettler is the largest commercial node in the Town, containing more than half (56.4%) of the Town's total commercial space. Stettler's West End node accounts for another quarter of the total space at 25.2%.

The figure also illustrates a clear differentiation in general space usage across each node. Both Downtown and the West End node have a significant supply of non-food store retailers. In the Downtown this is largely driven by smaller scale businesses providing a more specialized product offering. Alternatively, this figure in the West End node is driven primarily by large-format retailers, including Wal-Mart and Canadian Tire. Furthermore, the Downtown node is effectively the only Food Store retail cluster in Stettler, providing almost 70,000 square feet of space, primarily at the local Sobeys and No-Frills. As these businesses tend to draw frequently (weekly) visitation, there is opportunity to leverage cross-shopping opportunities at other retailers in central Stettler.

Lastly, it is worth noting that the vacancy rate across Stettler is not necessarily concentrated in a single node. This suggests that—in aggregate—each node is reasonably healthy and that there is not necessarily a chronic decline nor challenge associated with a particular shopping area. However, our in-person research did identify significant vacancies at the Stettler Mall in particular.

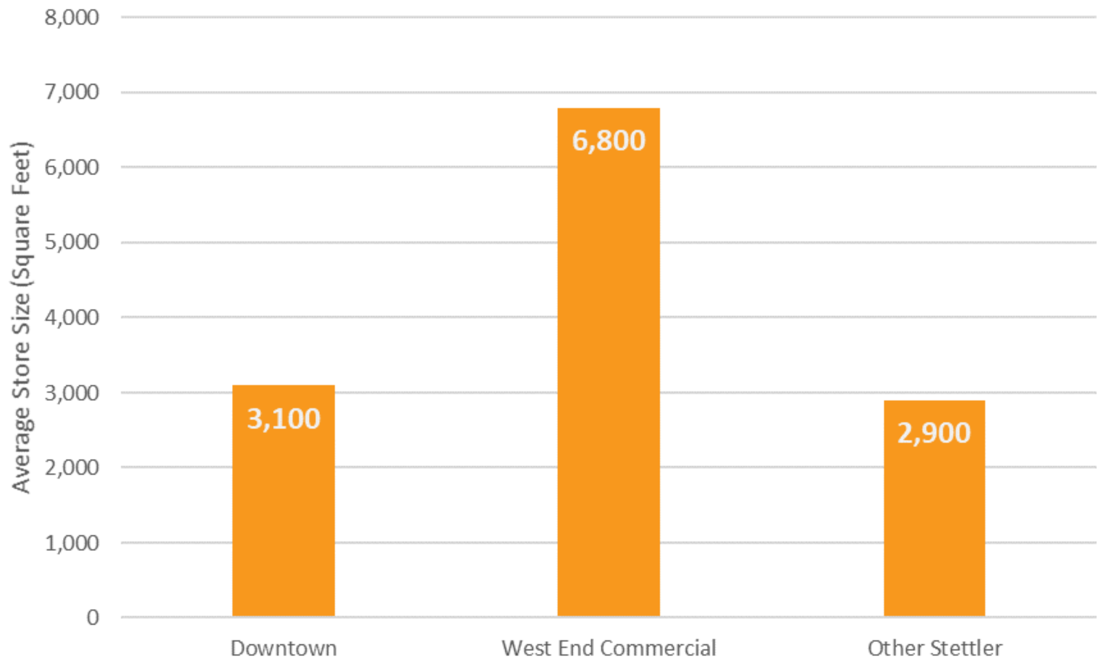
Figure 8-2: Inventory by Node



SOURCE: urbanMetrics inc., based on in-person and desktop commercial inventory conducted in February 2021. All figures rounded to the nearest 100.

Figure 8-3 below illustrates the average retailer size amongst businesses in each node. As shown, there is a clear differentiation between the nature of businesses identified in Stettler's West End, versus those in Downtown Stettler and across the rest of the municipality. This finding is consistent with our expectation, given the nature of uses in each area.

Figure 8-3: Average Store Size, by Node



SOURCE: urbanMetrics inc., based on in-person and desktop commercial inventory conducted in February 2021. All figures rounded to the nearest 100.

See **Appendix A** for details of commercial inventory.

8.2 Expenditure Potential

The following section details the estimated retail expenditures of Trade Area residents by major retail store category, based on per capita expenditure and population estimates. This expenditure analysis has served as the basis for our more detailed market demand calculations presented herein; particularly for the Food Store Retail ("FSR"), Non-Food Store Retail ("NFSR"), Health and Personal Care ("HPC") and Food Services and Restaurants store categories for which reliable Statistics Canada Retail Trade data are available. We have also prepared a modified per capita analysis to quantify the service-based space need which may be required by *net new* population growth in the Study Area over the next 20 years.

Current per Capita Expenditures

Based on Statistics Canada Retail Trade data, average per capita retail expenditures for Alberta have been estimated for 2020. Allocations by individual store category have also been determined, consistent with the key commercial categories identified above for consideration as part of our analysis. The average per capita retail expenditures for 2020 have also been estimated for each unique geography identified in this study (i.e., for both the Town of Stettler and the rest of Stettler County) based on the per capita income levels of local residents in each of these areas, which have been indexed to the Province. Corresponding regression equations have also been applied, as developed by urbanMetrics utilizing Statistics Canada Household Survey data for Alberta residents by income quartile. The use of these regression equations recognizes that spending by store category varies based on income levels.

Forecast per Capita Expenditures

In addition to our calculation of base year (2020) expenditures, per above, our detailed analytical tables have included an articulation of our per capita retail expenditures of local residents for 2041—the future period utilized in this analysis, and aligned with the population projections prepared by metroeconomics. It should be noted that these estimates represent only the expenditure potential of local Study Area residents and do not include purchases made by persons residing outside of Stettler or Stettler County (i.e. “inflow”). Inflow estimates—which include residents in the previously defined “Area of Influence”—have been accounted for separately in this analysis.

An average annual growth rate, excluding inflation, has also been applied to the base year per capita expenditures.

Retail Expenditure Potential

Based on our estimates of current and future per capita retail expenditures, the total expenditures of local residents have been calculated by multiplying the average per capita retail expenditure by the projected population for each geography over the forecast period.

For the Town of Stettler as a whole, total annual retail expenditures have been estimated at some $57.6 million in 2020; increasing to $68.8 million by 2041. This represents a spending growth of approximately $11.2 million annually over the period, which will undoubtedly increase sales support to existing Stettler businesses, and generate demand for additional businesses across the Town in coming years. Including Stettler County, overall retail expenditure for 2020 is estimated at some

$121.2 million in 2020, forecast to rise to $143.4 million by 2041. Based on limited commercial uses in Stettler County, much of this expenditure potential will be captured within the Town of Stettler.

The existing base year distributions for expenditures in 2020 are urbanMetrics' estimates based on our review of the Alberta-wide expenditure data. Distributions for all future periods have been held constant based on these existing provincial averages.

The expenditure calculations presented in our analysis reflect the spending of all local residents in all FSR and NFSR store categories, whether located within the Trade Area or elsewhere. The portion of these expenditures made in stores located outside the Trade Area (i.e. in Red Deer, Camrose, Drumheller, etc.) are referred to as "outflow".

Local retail facilities will also obtain sales from persons residing outside the City, such as visitors, tourists, and local employees living outside this area. A significant portion of this sales support will be generated from the broader "Area of Influence" previously identified—lands located in rural, agricultural areas to the east of the Study Area. Expenditures at stores in the Study Area by residents from outside the Town of Stettler or Stettler County residents are termed inflow. We have recognized both outflow and inflow in the market demand analysis, as presented in the following sections of this report.

8.3 Warranted Space

Demand Analysis (Expenditure Approach)

Relying on a number of statistical inputs, including: our population forecasts; the average per capita income levels of Study Area residents; the results of our customer origins surveys, and Retail Trade data from Statistics Canada, we have carried out a retail market demand analysis in order to identify the future potential available to existing and future developments in the Trade Area. It is our expectation that the vast majority—if not all—future commercial developments in the Trade Area will be located in the Town of Stettler. As noted earlier, we have undertaken this analysis to focuses specifically on: **FSR** (Food Store Retail), **Selected NFSR** (Non-Food Store Retail), **HPC** (Health & Personal Care) and **Food Service & Drinking Places** categories.

Generally speaking, these calculations are intended to provide a measure of the future market potential available across the various store categories identified, based on anticipated growth in available retail expenditures from the local residential population, as well as some marginal adjustments to current market capture rates as the area continues to respond to a variety of external influences, including evolving employment opportunities, the introduction of new commercial facilities, transportation improvements, changes in surrounding municipalities, or other external factors.

Our detailed analytical tables include the results of our warranted space calculations, whereas a consolidated roll-up of our demand assessment has been provided herein for reference. Based primarily on the existing supply of commercial space in Stettler, new growth in population expected over the forecast period—there is expected to be market support for a reasonable amount of new FSR, GAFO, HPC and Food Services space in the coming years. These calculations are based on our "low" and "high" estimates, determined by applying a unique range of potential sales per square foot performance levels for each store category.

We further note at this stage that we believe several aspects of our analysis are conservative, given our corresponding adjustments for e-commerce and due to holding constant most of the base-year market conditions and assumptions shown (i.e., with the exception of some marginal increases to capture rates within the more local-serving store categories identified for FSR and Food Services, for which adjustments have been made to reflect a shift towards increased opportunities for local convenience and restaurant offerings capturing a greater rate of regional expenditures). Based on this conservatism, most of the future potential demonstrated by our analysis is predominantly a function of the residual potential available through simple growth in population. Moreover, all existing stores are assumed to continue operating and functioning at current sales per square foot performance levels, as articulated in our base-year calculations.

Demand Analysis (Per Capita Approach)

We have undertaken a different approach to evaluate the current supply and future need for local-serving services space within the Study Area (excluding restaurants, which have been considered using the expenditure approach outlined above). For other service-related uses, our traditional approach involves the utilization of per capita service ratios. That is, population-based targets established based on industry-standard service levels within comparable communities, expressed as a measure of total space supported per resident.

However, in our experience, applying this methodology for smaller population centres that serve relatively large regional areas does not necessarily allow for a sufficiently accurate, nor reasonable depiction of supply-demand characteristics alone. Municipalities of this nature (including Stettler), tend to be supported by a range of regional visitors in a manner that is unique to municipalities with this type of local population base (i.e., primarily a result of geographic location and proximity to surrounding rural populations where certain types of retail/service commercial amenities are unavailable). For example, Stettler's health care services—similar to the Stettler Hospital—provide a range of services that are likely more extensive than those typically warranted based on population alone. These services draw from a significant portion of Eastern Central Alberta, albeit more likely for issue-specific challenges rather than regular or frequent visitation. Likewise, Stettler has a larger presence of financial institutions and advisory services, and government services than may be anticipated based on population alone—owing to infrequent visits made by a broader population base.

To evaluate the supply of service-based uses, we have applied a modified **per capita space ratio approach**. The approach presented below considers the per capita space needs of *net new residents* identified over the forecast period. That is, the calculation presented below identifies the total space required by the estimated additional population growth in the Study Area to 2041. Based on the population forecasts previously prepared, this estimated population growth across the Study Area is almost 1,100 residents.

This modified per capita approach assumes that the current supply of services is an appropriate level to serve the current Study Area population, and any regional demand that is drawn to Stettler at present. In this way, we have provided a simplifying assumption that allows for a more appropriate utilization of a per capita methodology, while continuing to recognize that Stettler's regional positioning influences the provision of services specifically in the Town and beyond standard indices of this nature.

Therefore, this approach makes the following assumptions, which deviate from some other more traditional per capita analyses:

- The figures calculated below show the expected space needs of the **net new population** expected to locate in The Town of Stettler and Stettler County to 2041.
- The approach assumes that the **current supply and availability of service-based uses is balanced**, and adequate to service the local and regionally derived demand.
- The analysis **conservatively assumes that the future demand anticipated will be drawn only from new Study Area residents**. Additional demand for service-based uses in Stettler that is drawn from outside of the Study Area has not been directly included in these projections.

Warranted Space Summary

As highlighted in the figure below, a total of between **32,100 and 55,800 square feet of new FSR, NFSR, HPC and Food Services & Drinking Places space could be warranted in the Study Area by 2041**. Additionally, some **14,200 square feet of service-based uses** (excluding Food Services) could be supported *based on residential population growth.* These estimates are based on the warranted space estimates presented above for our expenditure-based analysis, as well as the modified per capita analysis, also described earlier. Furthermore, given the characteristics of the broader Study Area, it is our expectation that **the majority—if not all—of this warranted space would be clustered in the Town of Stettler**.

Within Stettler, this represents a reasonable level of new demand that will continue to reinforce the Town as a primary commercial node in Eastern Central Alberta. Furthermore, these positive growth prospects provide local decisionmakers some degree of confidence in making investments that support attracting new businesses and strengthening existing ones. For example, financial investments in drawing increased visitation to Downtown Stettler could create demand and ultimately development of additional commercial space in the node. These investments could include street fairs, festivals, evening activation initiatives, or enhanced outdoor patio space.

Figure 8-4: Summary of Net Additional Retail Space Warranted (FSR, NFSR, HPC & Food)

	2041	
	Low	High
Retail + Food Services		
FSR	7,600	15,100
NFSR	9,300	15,400
Health & Personal Care	1,300	2,100
Food Services & Drinking Places	13,900	23,200
Total Retail Space Warranted	**32,100**	**55,800**
Select Services		
Cultural, Entertainment & Recreation	2,700	
Finance, Insurance & Real Estate	3,000	
Health Care	2,300	
Personal Care	2,500	
Other 2	3,700	
Total Services Space Warranted	**14,200**	
Total Retail + Services Space Warranted	**46,300**	**70,000**

SOURCE: urbanMetrics, based on detailed market demand analysis undertaken as part of this study. Low and High space estimates based on the lower and upper ranges of assumed sales per square foot performance levels, respectively, for identified retail categories. Services estimated based on modified per capita approach.

Additionally, we offer the following observations, which are more specific to individual store and service categories:

- The analysis indicates that there could be market support for **7,600 – 15,100 square feet of Food Store Retail**. It is our opinion that this would likely come in the form of specialty or convenience food retailers (bakery, meat or fish shop, ethnic foods, or convenience/corner stores). New, moderately-sized supermarkets generally occupy upwards of 25,000 – 30,000, which is unlikely in Stettler, particularly given the current saturation of supermarket retailers in Town.

- Between **9,300 and 15,100 square feet of Non-Food Store Retail** capacity has been identified. This suggests market support for up to 1-2 nationally branded, larger format retailers, or 5-7 smaller format businesses, likely in Downtown Stettler. Commenting on growth opportunities in this sector can be challenging—primarily as a result of the ongoing evolution of e-commerce trends. However, opportunities could be identified in expanded small apparel, home furnishings, or electronics presences in the Stettler market. In our experience, this scale and type of demand is often determined by availability of specific tenants or new businesses interested in occupying space in the Town rather than more targeted efforts by a given municipality.
- Only **1,300 to 2,100 square feet of additional Health & Personal Care** space has been identified through our analysis. This is unlikely to be sufficient to merit the addition of another pharmacy to the market. Rather, it may justify a modest expansion or relocation of an existing operator within Stettler.
- The analysis has identified support for **13,900 to 23,200 square feet of additional Food Services & Drinking Places** in the Town of Stettler. Depending on the size and service offering, this could result in market support for an additional 5 to 7 smaller restaurants in the market, or larger, more consolidated spaces for food services. Exploring strategies to attract more restaurants to Downtown Stettler's commercial core could be an important strategy in increasing cross-shopping between the West End commercial node and Downtown. It further delineates Downtown Stettler as a regional entertainment, destination node for surrounding visitors.
- Lastly, market support—**based on net population growth alone—for 14,200 square feet of non-restaurant-based service space has been identified**. This analysis merits the addition of 1-2, selected stores operating in each category identified.

8.4 Other Considerations

Beyond the analytical findings presented through this section of the report, there are also a number of additional factors that we believe positively impact demand for retail and service space in Stettler.

- Population forecasts prepared for Stettler and the surrounding Trade Area reinforce that Stettler's population is anticipated to grow at a similar proportionate rate to the surrounding areas. Therefore, the share of population and assumed service level the Town offers is likely to grow, if anything.
- Employment forecasts anticipate that most of the employment growth contemplated for the Trade Area will actually be located within the Town of Stettler itself. This increased

employment clustering will not only support population growth, but may also expand inflow expenditure into Stettler, as residents from the Trade Area (and potentially beyond) travel into Stettler on a daily basis for employment, and shop for goods and services during that time.

This clustering of businesses also creates more opportunities for cross-purchasing amongst and between different local businesses. Businesses create linkages amongst one another for day-to-day goods (office supplies, fuel, repair and maintenance) as well as for one-time or capital goods (renovations, food event catering, specialty machinery), which creates a cyclical benefit that strengthens the local economy.

- Stettler's aging population presents a range of challenges, but also opportunities for increased services. Growth in the services sector is likely to be driven—in part—by an aging demographic. Employment and commercial space opportunities for long-term care, medical practitioners, and medical devices, will emerge as increasingly important uses to serve the population.
- We have not contemplated adjustments in the current level of visitation to Stettler generated by seasonal visitors, or vacation property owners around Buffalo Lake. This area has long been a lakefront destination for locals, as well as a small portion of Albertans from Calgary, Red Deer and Edmonton. Overwhelming demand for vacation and second properties driven by the COVID-19 pandemic could result in increased demand for properties at Buffalo Lake over a medium-term horizon. This would undoubtedly result in increased market inflow and support into the Town of Stettler.

9.0 Industrial Market Assessment

Key Findings

- Stettler's current non-residential property tax rates are favourable when compared to surrounding municipalities and jurisdictions.
- urbanMetrics has identified a substantial supply of upwards of 195 acres of vacant industrially-zoned land in Stettler. This land supply ranges in size between 1 and approximately 60 acres in size, appropriate to accommodate a diversity of potential users' needs as they arise.
- Based on historical building permit activity, it is our estimate that Stettler has—at minimum—over 40 years of supply of industrial lands to meet anticipated demand, under a "status quo" scenario. The presence of a significant new industry, manufacturer, or corporation could alter this assessment. As such, it is important that the Town continually monitor supply to ensure that it adequately responds to market demands.
- In order to be as favourable as possible to prospective tenants, Stettler should consistently monitor land supply to ensure that the town has a range of sizes amenable to various potential new users. Providing servicing to these sites or ensuring capacity/ability to service them in short order is an additional differentiating factor.

We have completed a competitive analysis of Stettler and surrounding municipalities from the perspective of industrial space users, as well as an assessment as to the supply and demand relationship in the Stettler market.

9.1 Competitive Analysis

Due to the relative size of the industrial segment in Stettler and limited availability of active real estate listings, the project team was unable to review substantial data related to industrial land pricing, transactions and sales related specifically to the Stettler market, or other surrounding municipalities. Based on the limited sample size reviewed, the project team estimates that industrial land in the Stettler market currently transacts for some $200,000 per vacant acre. It is our understanding that—based a review of land transactions in Red Deer—vacant industrial land is being marketed at a rate of some $290,000-$300,000 per acre in other markets.

Based on this limited data, there is a clear cost advantage associated with the purchase price of industrial land in Stettler. However, for many businesses, there is an associated trade off in terms of distance to or from major markets. The Town of Stettler can continue to ensure that the municipality offers a compelling pricing structure by ensuring an adequate supply of lands are available for any prospective new market entrants.

Property Tax Comparison

An important consideration for industrial users in locating facilities is ongoing property tax charges. For an operator that may have the flexibility to locate in several different municipalities and operate over a long-term period, expected annual property taxes can be an important cost consideration and competitive differentiator.

urbanMetrics has collected property tax information for non-residential property types from several municipalities located in Eastern Central Alberta. The purpose of this evaluation has been to assess how Stettler's mill rate relates to other regional municipalities. It is important to understand that the mill rate represents one facet of the property tax formula. The mill rate is developed based on municipal budgeting needs, and the total revenue that municipalities require to generate from property taxes to fund their operating and capital budgets.

Mill rates are then applied against individual properties under various assessment types, based on the formula shown:

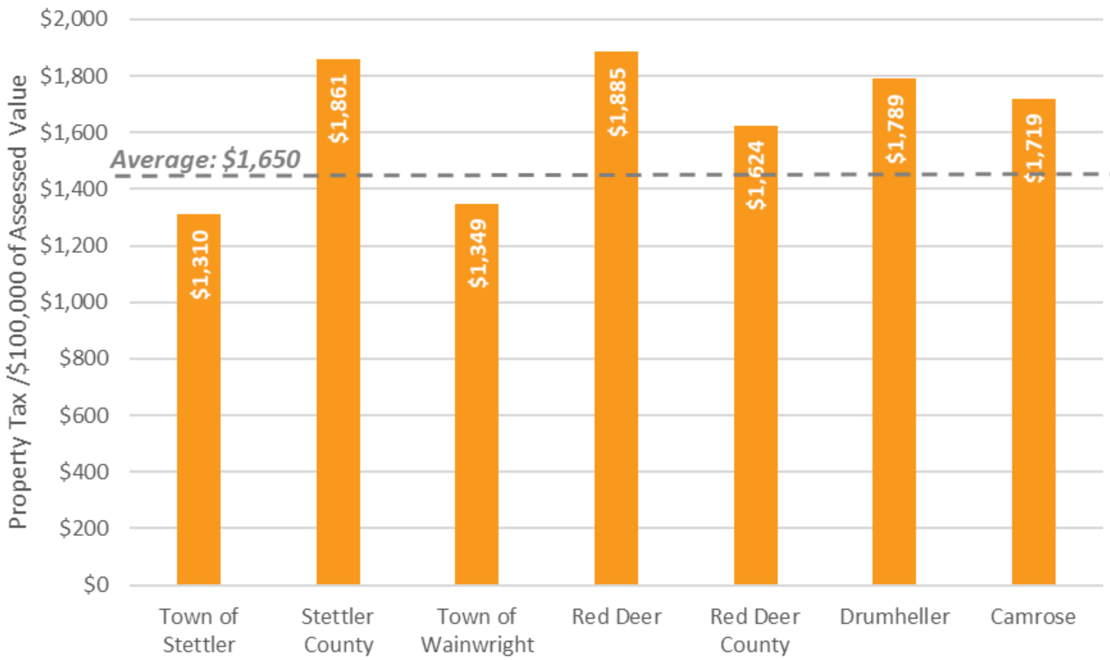
$$\text{Property Tax Payable} = \frac{(\text{Mill Rate} * \text{Assessed Value})}{1{,}000}$$

Figure 9-1 below illustrates the property taxes payable for non-residential properties in a range of Alberta municipalities. These tax burdens are based on an assumed $100,000 of assessed property value. It is important to note that the assessed value of properties in a given municipality may differ based on a range of factors, including local market conditions and the date of the last assessment. As such, the figures shown below may not necessarily be indicative of the tax payable for properties of comparable size. Rather, it provides an understanding of the baseline tax burden for an equivalent property assessment value.

As shown, for non-residential properties, the Town of Stettler's tax burden is approximately $1,310 per $100,000 of assessed value. This falls substantially lower than most of the other properties surveyed, and approximately 20% less than the average across all properties.

Stettler's current non-residential taxation rates represent a competitive advantage relative to other municipalities in Eastern Central Alberta.

Figure 9-1: Non-Residential Property Tax per $100,000 of Assessed Value



SOURCE: urbanMetrics inc., based on data collected from each individual municipality.

9.2 Supply/Demand Analysis

Supply

Maintaining an adequate supply of serviced industrial lands with access to transportation networks is one of several important features for municipalities in attracting prospective businesses. Having available supply and shovel-ready options can be a differentiating factor in locational decisions. Furthermore, recognizing that industrial tenants have varying needs, it is important to offer—or have the flexibility to offer—industrial parcels of various sizes and configurations. Large scale manufacturing, distribution or warehousing operations frequently require sites of at least 20 acres, whereas smaller scale users serving the local or regional community may pursue sites in the range of 1-5 acres.

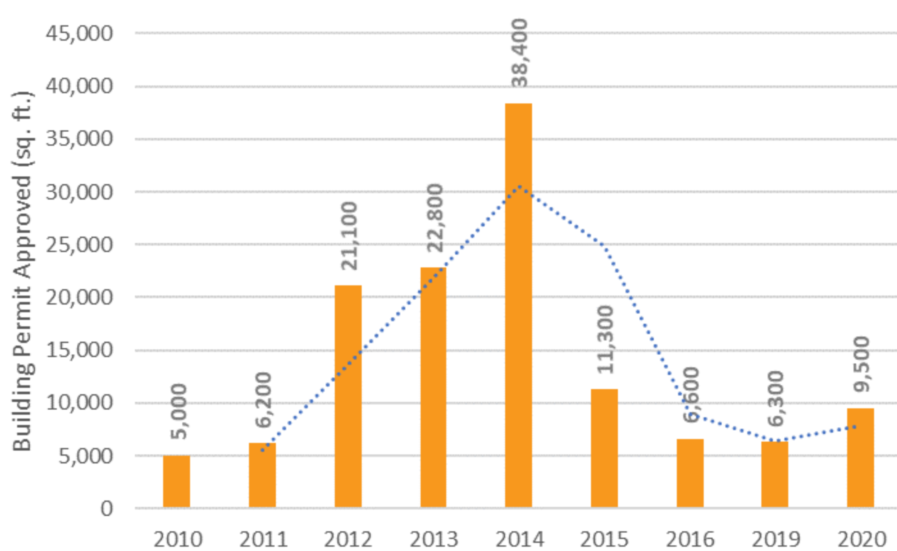
urbanMetrics has undertaken a high-level review and of vacant lands zoned to accommodate industrial uses in Stettler. Our review identified a range of vacant industrially zoned properties, including ranging in size from under one acre to over 60 acres in size. **In total, we have identified—at minimum—some 195 gross acres of vacant land designated to accommodate growth.**

Additionally, the Town of Stettler has a significant supply of lands zoned as “Urban Reserve.” Per the zoning by-law, these lands are to be reserved for future subdivision and development. These lands are intended to accommodate longer-term residential, commercial and industrial growth needs throughout Stettler. As such—subject to demand conditions—the lands represent additional opportunities to support growth.

Demand (Absorption)

Figure 9-2 below illustrates industrial construction activity in the Town of Stettler over the 2010-2020 period. Over the period shown, an average annual supply of slightly over 14,000 square feet was delivered to the market annually. However, as shown, this supply is highly uneven, and—in our assessment—generally follows macroeconomic trends. Construction activity hit a peak between 2012-2014, representing the tail period of a period of economic prosperity in Alberta. The latter half of the period shown depicts slower economic conditions. Although some construction activity has occurred, it is clear that the pace of activity has dropped off significantly, coinciding with a decline in energy prices.

Figure 9-2: Historical Industrial Construction Activity in Stettler



SOURCE: urbanMetrics inc., based on detailed building permit data provided by Town of Stettler, and urbanMetrics’ assessment of each permit activity.
Figures rounded to the nearest 100.
NOTE: Totals shown include additions to existing industrial facilities.

Relationship to Employment Projections

It is important to note that the employment forecasts identified in Section Figure 5-2 anticipated a modest decline in industrial employment over the 20-year forecast period. The decline in employment in this sector is attributed to several factors. However, generally the most significant influence resulting in declines in the industrial sector is enhanced technological capabilities. As technological solutions continue to simplify and automate formerly labour-intensive processes, the ultimate outcome is a reduction in human capital required for such functions.

Therefore, these forecasts do not necessarily suggest that the industrial sector is declining and that additional space will not be required over time. Rather, it is our view that Stettler's industrial sector will continue to evolve and require expand, taking advantage of technological innovations to remain competitive.

In addition, urbanMetrics has—at a high level—assessed the lot coverage ratio for projects completed over this time period that were on previously undeveloped lots. That is, the lot coverage ratio has been calculated by removing projects understood to be "net new" additions to previously developed properties. This analysis suggests that—on average—Stettler's recently built industrial structures comprise approximately 15.5% of the total property. The remaining portion of the property is likely earmarked for a range of uses, including surface vehicle parking, product storage, disposal areas, undeveloped greenfield lands or paved areas.

A lot coverage ratio in the range of 15.5% is characteristic of industrial uses in a municipality of Stettler's size, location, and property market. Furthermore, the current nature of industrial users in Stettler likely require significant outdoor storage or parking space. In municipalities with higher land prices, a lower supply of industrial lands, or strong demand pressures, lot coverage ratios can reach 30%. As such, it is our assessment that—in general—many of Stettler's industrial businesses *could* support expansion plans through intensification of their existing lands. However, as previously demonstrated, there is also a significant supply of undeveloped lands to support additional growth in the municipality longer-term.

Supply-Demand Reconciliation

Figure 9-3 below illustrates a high-level reconciliation of the supply-demand factors identified in earlier portions of this assessment.

As shown, it is our assessment that Stettler has—at a minimum—sufficient industrially designated land to supply to support at least 40+ years of absorption.

It is important to note that, particularly in a resource dependent market like Stettler, the analysis presented assumes future conditions that are relatively consistent with historical patterns. Should these patterns change, the assumptions and analysis presented should be revisited.

In this light, it is our understanding that there has been ongoing interest to establish MDF straw fibre manufacturing facilities in Stettler and across Eastern Central Alberta. Although at this time such a facility is not being contemplated for within the Town of Stettler, spinoff, or supporting business may generate additional industrial development activity. This significant opportunity could accelerate industrial growth pressures in the Stettler market over time.

New industries, as well as evolving conditions in the oil and gas or renewable resource sectors could impact demand for industrial space in the market.

Figure 9-3: Projected Supply of Vacant Industrial Land in Stettler

Vacant Industrial Land	**195**	**acres**	
Gross to Net Adjustment[1]	81%		
Net Land Supply	**159**	**acres**	
Lot Coverage Assumption[2]	**15%**	**20%**	**25%**
Total Building Size Supported (sq. ft.)	*1,038,000*	*1,383,000*	*1,729,000*
Building Size Absorption Patterns[3]			
Low Growth (Ten Year Trend 2010 - 2020)	14,100		
Medium Growth (Five Year Trend 2010-2015)	18,700		
High Growth Scenario (uMi Target)	25,000		

Years of Projected Supply	**@ 15% Coverage**	**@ 20% Coverage**	**@ 25% Coverage**
Low Growth Scenario	74	98	123
Medium Growth Scenario	56	74	92
High Growth Scenario	42	55	69

SOURCE: urbanMetrics inc.

[1] An 80% adjustment factor was applied to parcels over 5 hectares (12.4 acres) in size. No adjustment factor was applied to parcels under 5 hectares.

[2] Based on historical development activity trends in Stettler and urbanMetrics' professional experience.

[3] Based on historical development activity trends in Stettler.

Consequently, it is important that the Town of Stettler continue to monitor economic conditions, and ensure an adequate supply of serviced sites capable of accommodating a range of large and small-scale users.

This ongoing monitoring, in addition to several other competitive factors, can be an important differentiating factor when a business is making locational decisions. Furthermore, it is important that the Town monitor the *quality* of industrial land supply on an ongoing basis. Some specialized industrial users may require different features or locational amenities which require highly specific land needs. Although a comprehensive list of such needs is not necessarily feasible given the diverse operational activities of private industrial users, the following provides some insight into several of these important considerations:

- **Supply of vacant industrial sites of various sizes**, ranging from business (e.g. 1-2 acres) to large, single users (60 acres). In Stettler, it is more likely that users will be on the smaller scale, however having the ability to support a large-land user may be a core differentiator.
- **Industrial sites that are serviced, or capable of being serviced quickly**. Industrial users are often contemplating several different municipalities at once, and the ability to provide immediate servicing to a site can be a core differentiator, particularly for users requiring operational sites in the short term.
- **Access to transportation infrastructure and key markets** is often a core consideration as many industrial users import raw materials and export products. Direct access onto regional highways, or rail-loading terminals is an important value add for certain business sectors. Likewise, proximity to Red Deer, Calgary or Edmonton is an important consideration for prospective tenants who may serve a diverse client base.
- **Property tax rates** for industrial users are often substantial, and an important differentiator between municipalities. Particularly for medium/large users who intend to operate out of a given municipality over the long-term, the differential in tax rates can result in significant costing considerations that impact locational decisions.

10.0 Conclusions & Recommendations

10.1 General Observations

- Stettler is expected to experience moderate population and employment growth over the next 20-years, and likely an accompanying complement of retail/service and industrial commercial expansion to maintain current service and activity levels.
- To facilitate future growth, the Town should invest in and support initiatives that increase the overall level of visitation to Stettler. Supporting existing or new tourism attractions helps to draw expenditures and investment into Stettler from the broader Trade Area and beyond.
- The community could also implement new initiatives and strategies to draw residents deeper within the community to Downtown Stettler specifically, including regional shoppers that are more likely to visit the west end commercial node than Downtown Stettler.
    - Activities such as weekend street festivals, seasonal / temporary patios, cultural events and other similar event programming could all be supported to increase activation of Downtown during weekends and evenings.
    - Partner with local businesses to improve marketing efforts targeted at generating cross-shopping opportunities between the west end node and Downtown Stettler. These could include promotions, or business profiles, highlighting the offerings and services provided by local businesses.
    - Longer term, growth of more restaurants and service-based establishments that promote gathering and dwell times in Downtown Stettler will be important in strengthening the core.
- Moving forward, providing enhanced medical services and senior-related amenities will be important to maintain Stettler's high quality of life and allow residents to age in place given underlying demographic conditions within the community. This also provides employment opportunities for residents and visitors, further supporting local growth.
- Encouraging the development of medium density housing (townhomes or low-rise condominiums) in existing built up areas close to commercial and public amenities could be an opportunity to provide diverse housing options that appeal particularly to an aging demographic considering downsizing or lower-maintenance options.
    - Supporting these investments in proximity to Stettler's two commercial corridors would provide immediate support to surrounding retailers, and convenience to residents.
    - It would also allow an aging demographic more opportunities to age in their communities, rather than seek appropriate housing in other urban centres.

10.2 Retail Market Opportunities

- Stettler is currently a relatively balanced commercial environment with no significant need for immediate expansion.
- To further strengthen the current commercial environment within the community, there are likely opportunities to increase cross-shopping and visitation between the west end commercial node and the downtown (i.e., versus operating as two distinct "islands" in isolation).
- There are opportunities to increase visitation and the drawing power of Downtown Stettler. Expanding permissions for street-side cafes and making allowances for temporary road or parking closures to accommodate weekly farmers markets, seasonal or special events—particularly during evenings or weekends—could help to support this type of growth and increased attraction.
- Council should consider financial or regulatory relaxations to support pop up, or temporary businesses that fill vacant storefronts. Such an incentive could serve several uses.
    - These short-term uses could draw regional visitors, particularly for seasonal products.
    - Activation of vacant retail bays will also create more vibrant commercial areas, whether on downtown main streets or in enclosed shopping centres. This enhances the vibrancy and appeal of Stettler to other prospective businesses, residents or potential customers.
    - Provides an opportunity for local entrepreneurs and small businesses to test concepts in a commercial unit with a lower degree of risk than a traditional commercial lease. This could provide a necessary catalyst to draw home-based businesses or young entrepreneurs to establish a physical retail presence in Stettler.
- Stettler has the capacity to support a moderate amount of additional retail/service commercial space. Opportunities to facilitate additional space in pedestrian-oriented forms, possibly in central Stettler should be explored. This is not only the type of space most desired by local residents (per our survey research), but also the type of public realm that has the potential to draw repeat visitors from the region and encourage additional cross shopping (i.e., versus more utilitarian, convenience-oriented shopping trips for staple products or services at routine intervals).

10.3 Industrial Market Opportunities

- Stettler has a sufficient supply of industrial lands to support *status quo* industrial land needs for the foreseeable future.
- The Town should nonetheless continue to monitor land supply to ensure that various sizes and locations of “shovel-ready” lands are available to accommodate future growth.
- Stettler’s regulatory environment and tax levels put it in a strong competitive position regionally. The Town should continue to monitor regional changes and make sure it remains a competitive location for investment in this regard.
- The community and municipal staff should continue to actively engage with, and support existing population-serving businesses, as well as those in existing “export-oriented” industries—namely agriculture and oil and gas.
- To experience more meaningful levels of growth and to perhaps exceed current projections, the Town should continue to pursue and explore direct and indirect benefits associated with potential emerging industrial opportunities across rural Alberta. Expanded efforts around marketing and incentives should be leveraged to ensure that Stettler becomes a priority service centre for supportive businesses to other primary industries, as these activities are ultimately drawn to the area.

  While Stettler may not—in and of itself—be capable of attracting some of these new industries due to its relatively small scale, there are likely opportunities to appropriately market Stettler as new initiatives are announced so as to ensure proper positioning to benefit from broader market changes; either directly or indirectly.

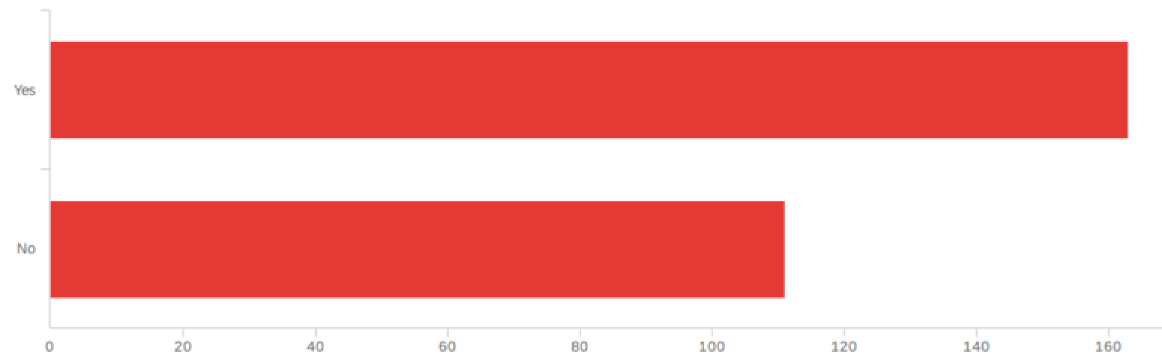
Appendix A Commercial Inventory

	Downtown		West End Commercial		Other Stettler		Grand Total	
	Sq Ft	%	Sq Ft	%	Sq Ft	%	Sq Ft	%
BWL	**12,200**	**3%**	**0**	**0%**	**9,400**	**6%**	**21,600**	**3%**
FSR	68,000	14%	600	0%	4,900	3%	73,500	9%
Convenience & Specialty Food	4,900	1%	600	0%	4,900	3%	10,400	1%
Supermarkets & Grocery	63,100	13%	0	0%	0	0%	63,100	8%
NFSR	**159,600**	**34%**	**171,700**	**82%**	**57,100**	**37%**	**388,400**	**46%**
Apparel and Accessories	43,200	9%	5,700	3%	0	0%	48,900	6%
Automotive	9,600	2%	0	0%	13,300	9%	22,900	3%
Building and Outdoor Home Supply	28,200	6%	19,300	9%	32,900	21%	80,400	10%
Furniture, Home Furnishings & Electronics Store	15,800	3%	1,100	1%	400	0%	17,300	2%
General Merchandise	8,000	2%	88,000	42%	0	0%	96,000	11%
Miscellaneous Retailers	35,200	7%	57,600	27%	10,500	7%	103,300	12%
Pharmacies & Personal Care	19,600	4%	0	0%	0	0%	19,600	2%
SERVICES	**218,900**	**46%**	**20,600**	**10%**	**60,500**	**39%**	**300,000**	**36%**
Consumer Goods Rental	1,300	0%	0	0%	500	0%	1,800	0%
Cultural, Entertainment & Recreation	17,000	4%	0	0%	11,000	7%	28,000	3%
Finance	24,500	5%	5,300	3%	0	0%	29,800	4%
Food Services & Drinking Places	19,100	4%	11,300	5%	35,300	23%	65,700	8%
Health Care	39,200	8%	0	0%	0	0%	39,200	5%
Insurance and Real Estate	22,900	5%	0	0%	0	0%	22,900	3%
Personal & Household Goods Repair & Maintenance	1,700	0%	0	0%	1,200	1%	2,900	0%
Personal Care	31,300	7%	2,000	1%	2,300	2%	35,600	4%
Professional, Scientific & Technical Services	28,200	6%	0	0%	3,800	2%	32,000	4%
Selected Civic & Social Organizations	2,300	0%	2,000	1%	1,300	1%	5,600	1%
Selected Educational Services	4,300	1%	0	0%	0	0%	4,300	1%
Selected Office Administrative Services	12,700	3%	0	0%	0	0%	12,700	2%
Social Services	10,100	2%	0	0%	5,100	3%	15,200	2%
Transportation	4,300	1%	0	0%	0	0%	4,300	1%
VACANT	**13,000**	**3%**	**17,400**	**8%**	**21,400**	**14%**	**51,800**	**6%**
TOTAL	**471,700**	**100%**	**210,300**	**100%**	**153,300**	**100%**	**835,300**	**100%**

SOURCE: urbanMetrics inc., based on in-person and desktop inventory conducted in February 2021. Figures rounded to the nearest 100.

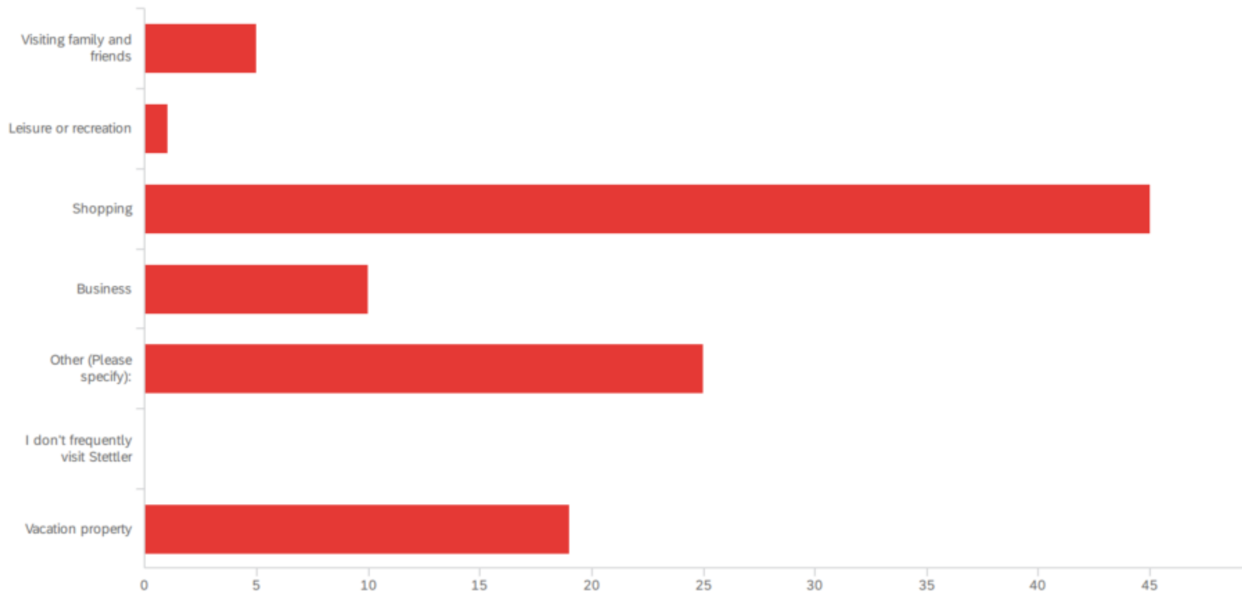
Appendix B Resident Survey Results

Q2 - Are you a resident of the Town of Stettler?



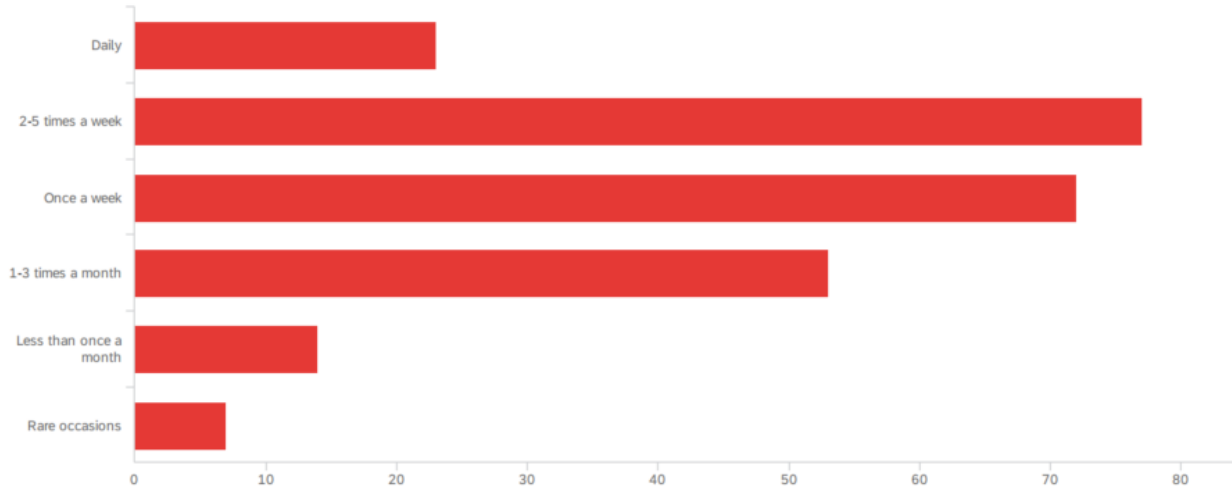
1	Yes	59.49%
2	No	40.51%

Q3 - If you are not a resident of Stettler, what is typically the primary purpose of your visit?



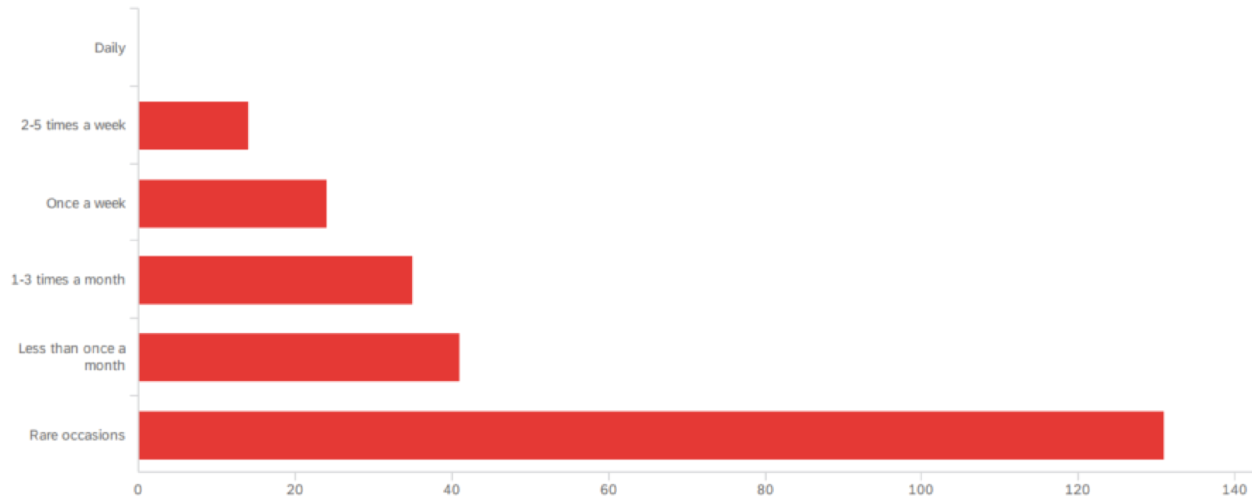
1	Visiting family and friends	4.76%
2	Leisure or recreation	0.95%
3	Shopping	42.86%
4	Business	9.52%
5	Other (Please specify):	23.81%
6	I don't frequently visit Stettler	0.00%
7	Vacation property	18.10%

Q6 - How frequently do you visit Downtown Stettler (i.e. businesses on or adjacent to 50th Street)?



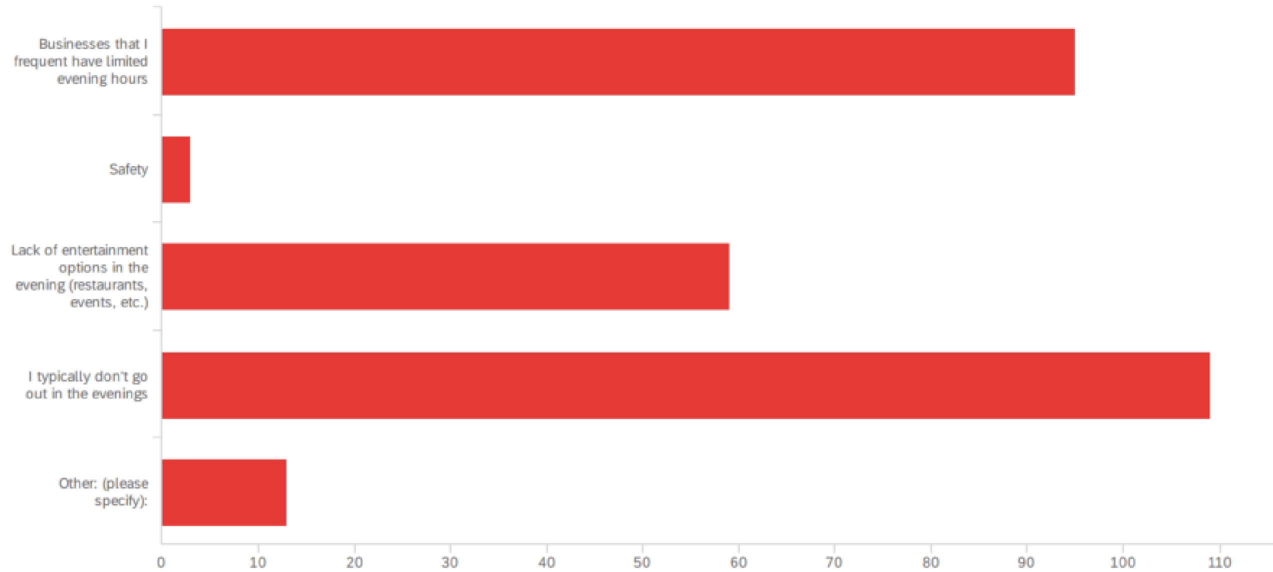
1	Daily	9.35%
2	2-5 times a week	31.30%
3	Once a week	29.27%
4	1-3 times a month	21.54%
5	Less than once a month	5.69%
6	Rare occasions	2.85%

Q7 - How frequently do you visit Downtown Stettler in the evening?



1	Daily	0.00%
2	2-5 times a week	5.71%
3	Once a week	9.80%
4	1-3 times a month	14.29%
5	Less than once a month	16.73%
6	Rare occasions	53.47%

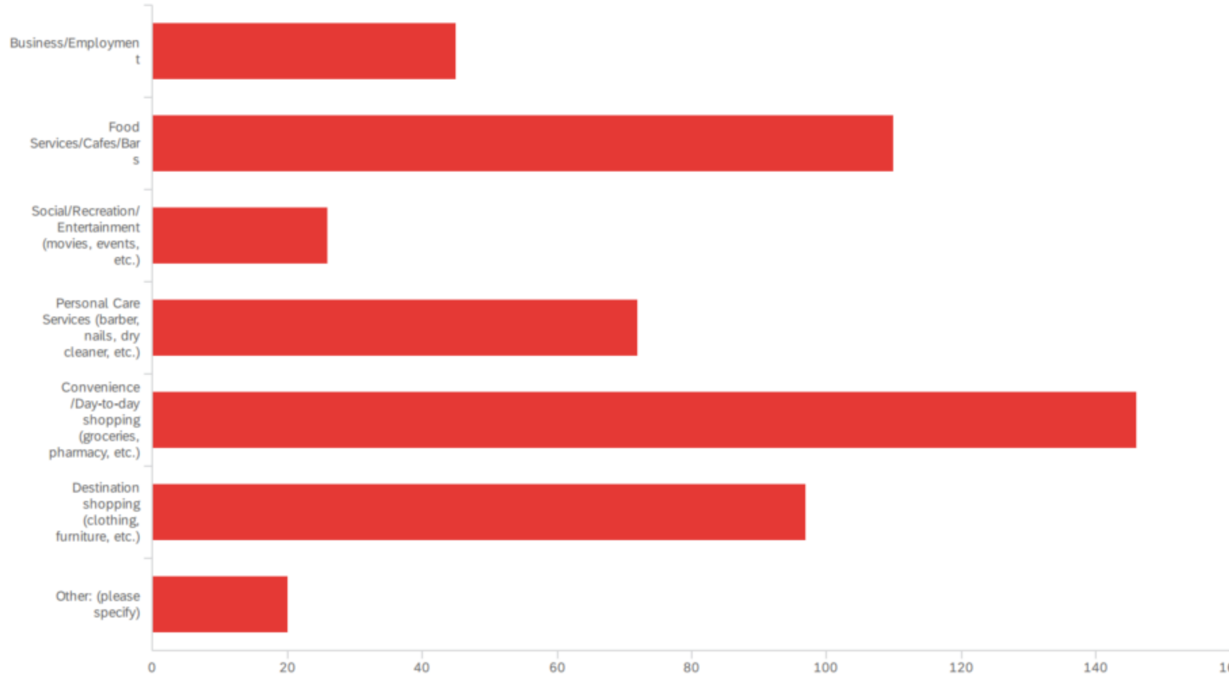
Q8 - What factors impact your decision to visit Downtown Stettler in the evenings?



1	Businesses that I frequent have limited evening hours	34.05%
2	Safety	1.08%
3	Lack of entertainment options in the evening (restaurants, events, etc.)	21.15%
4	I typically don't go out in the evenings	39.07%
5	Other: (please specify):	4.66%

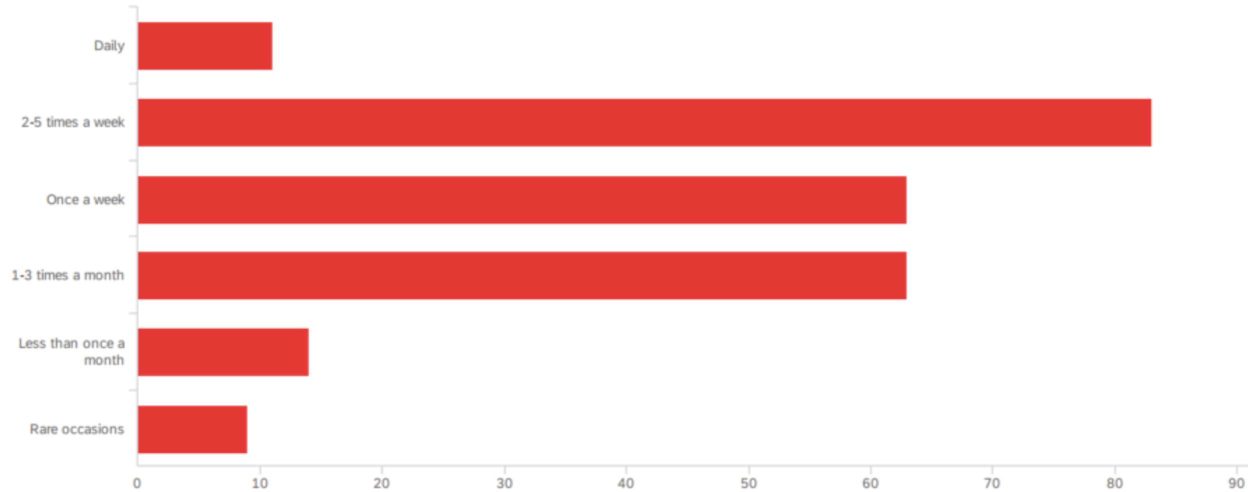
Q9 - When you do visit Downtown Stettler, what is the primary purpose of your visit?

(Select up to 3 responses)



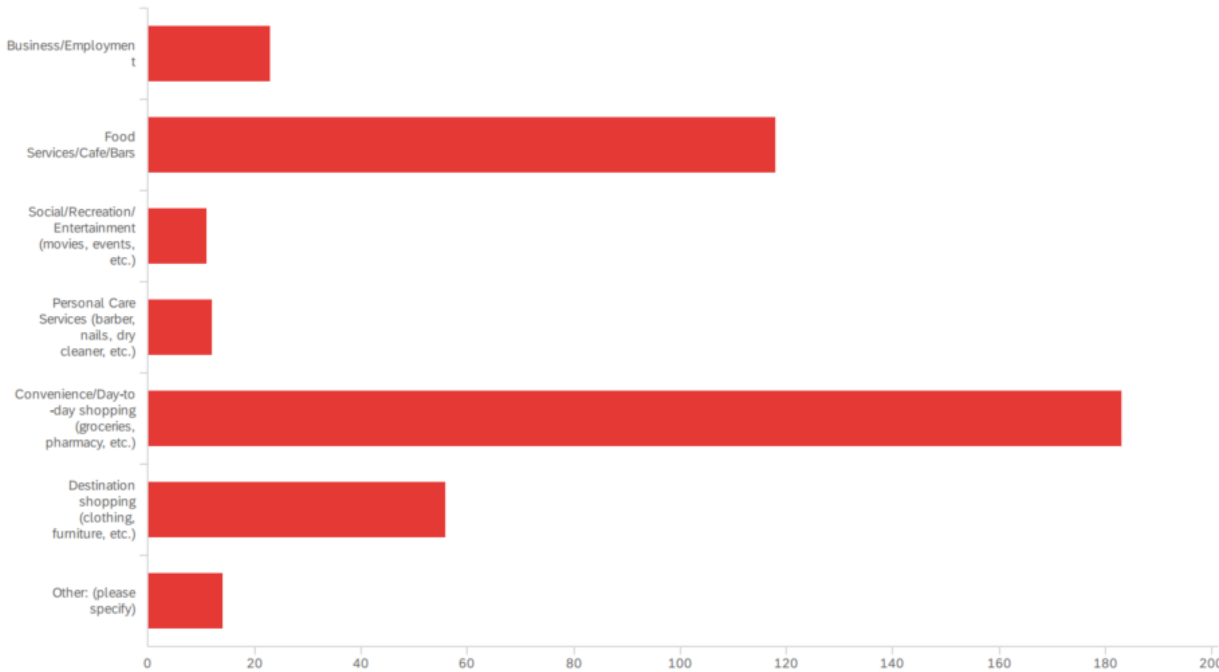
1	Business/Employment	8.72%
2	Food Services/Cafes/Bars	21.32%
3	Social/Recreation/Entertainment (movies, events, etc.)	5.04%
4	Personal Care Services (barber, nails, dry cleaner, etc.)	13.95%
5	Convenience /Day-to-day shopping (groceries, pharmacy, etc.)	28.29%
6	Destination shopping (clothing, furniture, etc.)	18.80%
7	Other: (please specify)	3.88%

Q10 - How frequently do you visit the shopping area at the west end of Stettler?



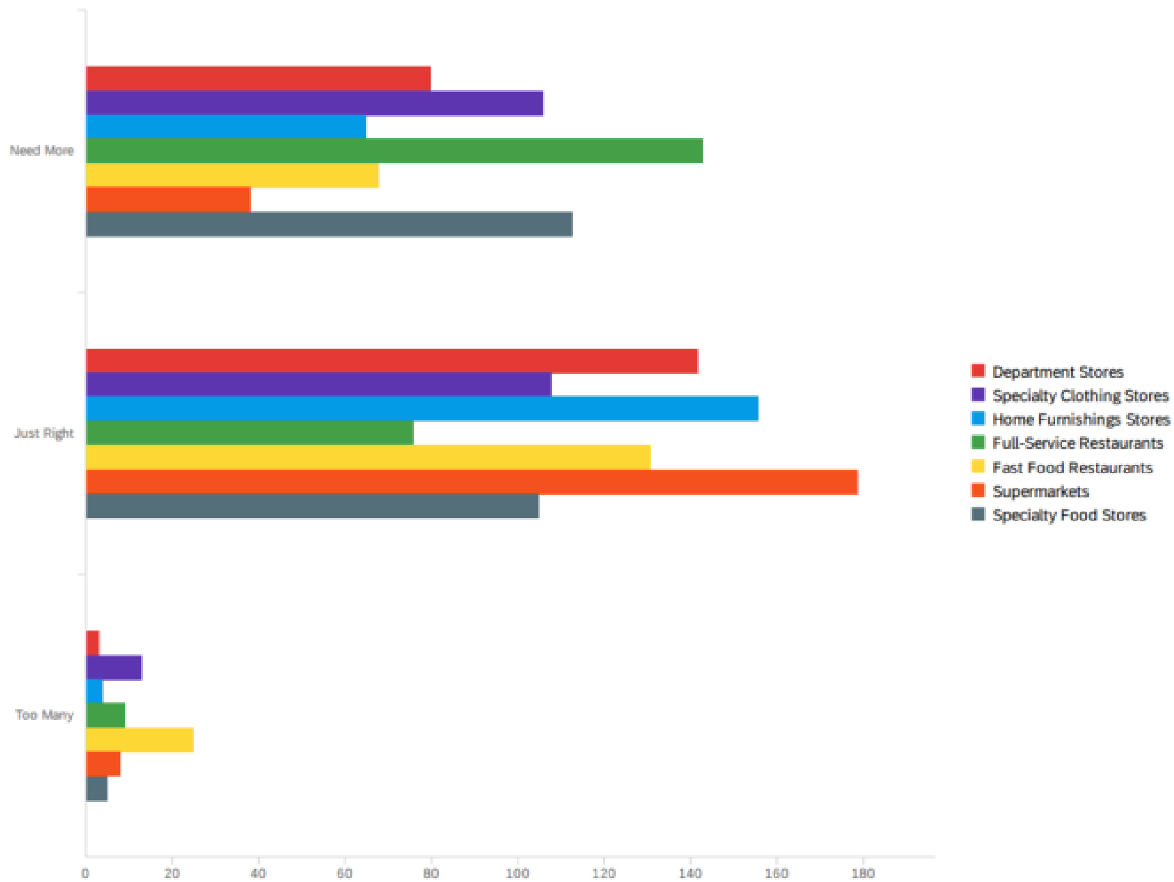
1	Daily	4.53%	11
2	2-5 times a week	34.16%	83
3	Once a week	25.93%	63
4	1-3 times a month	25.93%	63
5	Less than once a month	5.76%	14
6	Rare occasions	3.70%	9

Q11 - When you visit this area, what is the primary purpose of your visit? (Select up to 3 responses)



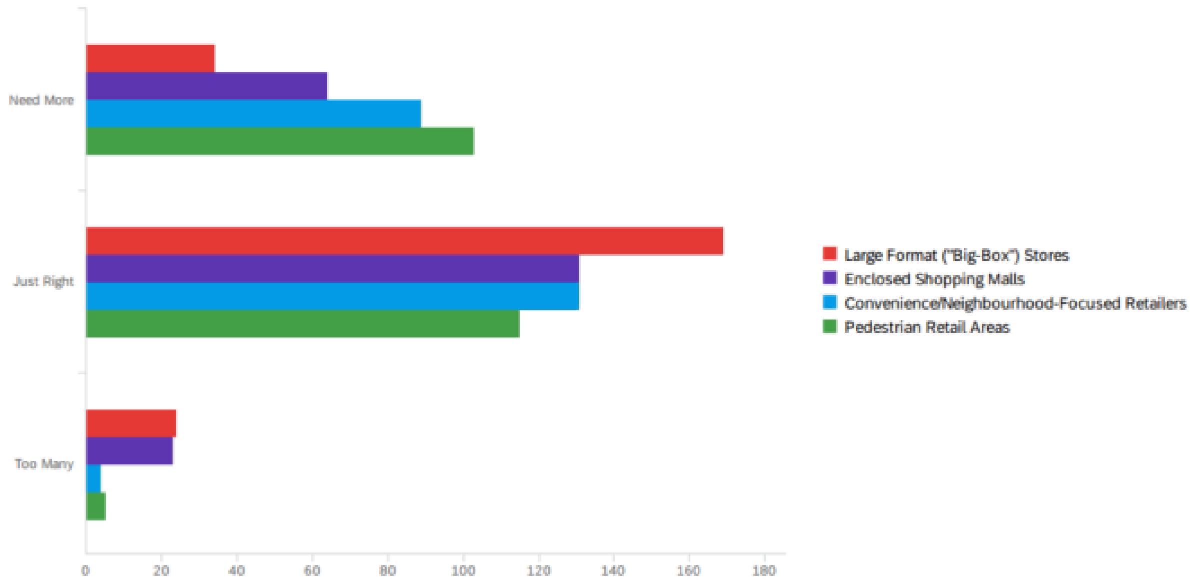
1	Business/Employment	5.52%
2	Food Services/Cafe/Bars	28.30%
3	Social/Recreation/Entertainment (movies, events, etc.)	2.64%
4	Personal Care Services (barber, nails, dry cleaner, etc.)	2.88%
5	Convenience/Day-to-day shopping (groceries, pharmacy, etc.)	43.88%
6	Destination shopping (clothing, furniture, etc.)	13.43%
7	Other: (please specify)	3.36%

Q12 - How would you describe the following type of retail/service facilities in terms of their availability to you in the Town of Stettler?



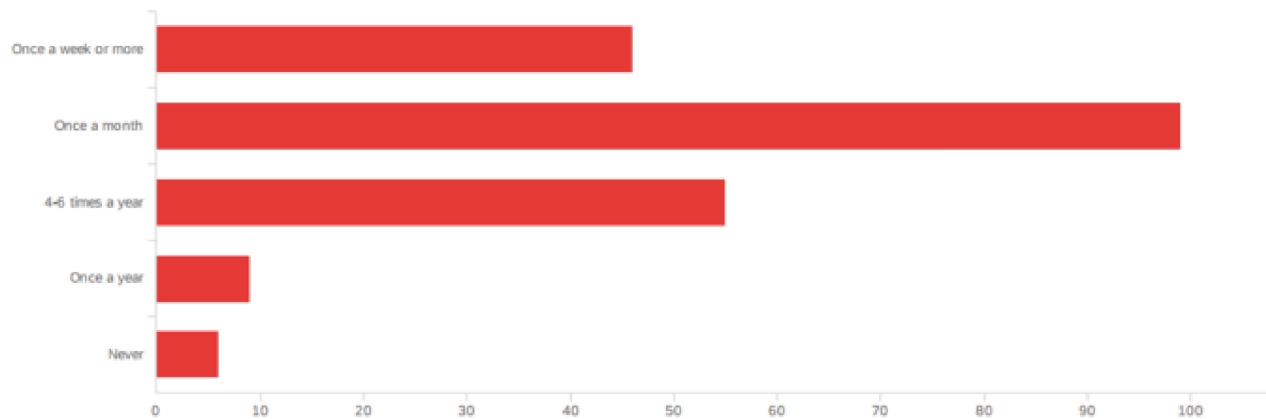
#	Field	Need More		Just Right		Too Many	
1	Department Stores	35.56%	80	63.11%	142	1.33%	3
2	Specialty Clothing Stores	46.70%	106	47.58%	108	5.73%	13
3	Home Furnishings Stores	28.89%	65	69.33%	156	1.78%	4
4	Full-Service Restaurants	62.72%	143	33.33%	76	3.95%	9
5	Fast Food Restaurants	30.36%	68	58.48%	131	11.16%	25
6	Supermarkets	16.89%	38	79.56%	179	3.56%	8
7	Specialty Food Stores	50.67%	113	47.09%	105	2.24%	5

Q13 - How would you describe the following format of retail/service facilities in terms of their availability to you in the Town of Stettler?



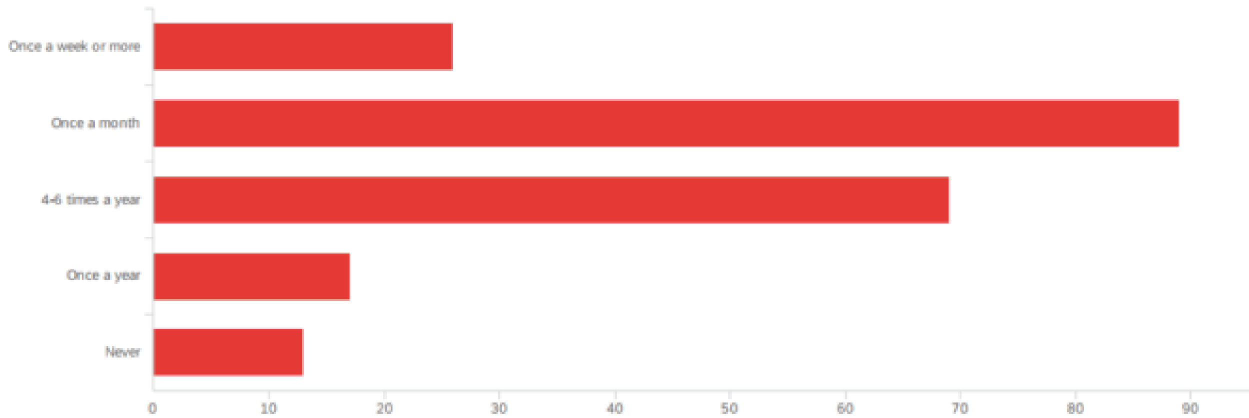
#	Field	Need More		Just Right		Too Many	
1	Large Format ("Big-Box") Stores	14.98%	34	74.45%	169	10.57%	24
2	Enclosed Shopping Malls	29.36%	64	60.09%	131	10.55%	23
3	Convenience/Neighbourhood-Focused Retailers	39.73%	89	58.48%	131	1.79%	4
4	Pedestrian Retail Areas	46.19%	103	51.57%	115	2.24%	5

Q16 - How frequently do you travel outside of Stettler (i.e. to Red Deer, Edmonton, Calgary or other places) for any purpose (i.e. work, visiting family or friends, attending events, business purposes or recreation?



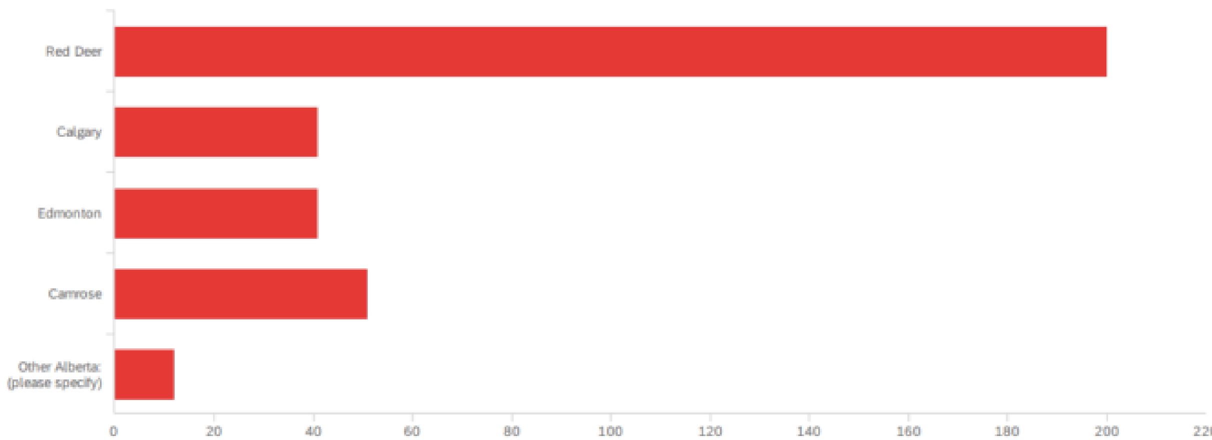
1	Once a week or more	21.40%
2	Once a month	46.05%
3	4-6 times a year	25.58%
4	Once a year	4.19%
5	Never	2.79%

Q17 - How frequently do you travel outside of Stettler (i.e. to Red Deer, Edmonton, Calgary or other places) with the primary purpose of shopping for retail goods and services?



1	Once a week or more	12.15%
2	Once a month	41.59%
3	4-6 times a year	32.24%
4	Once a year	7.94%
5	Never	6.07%

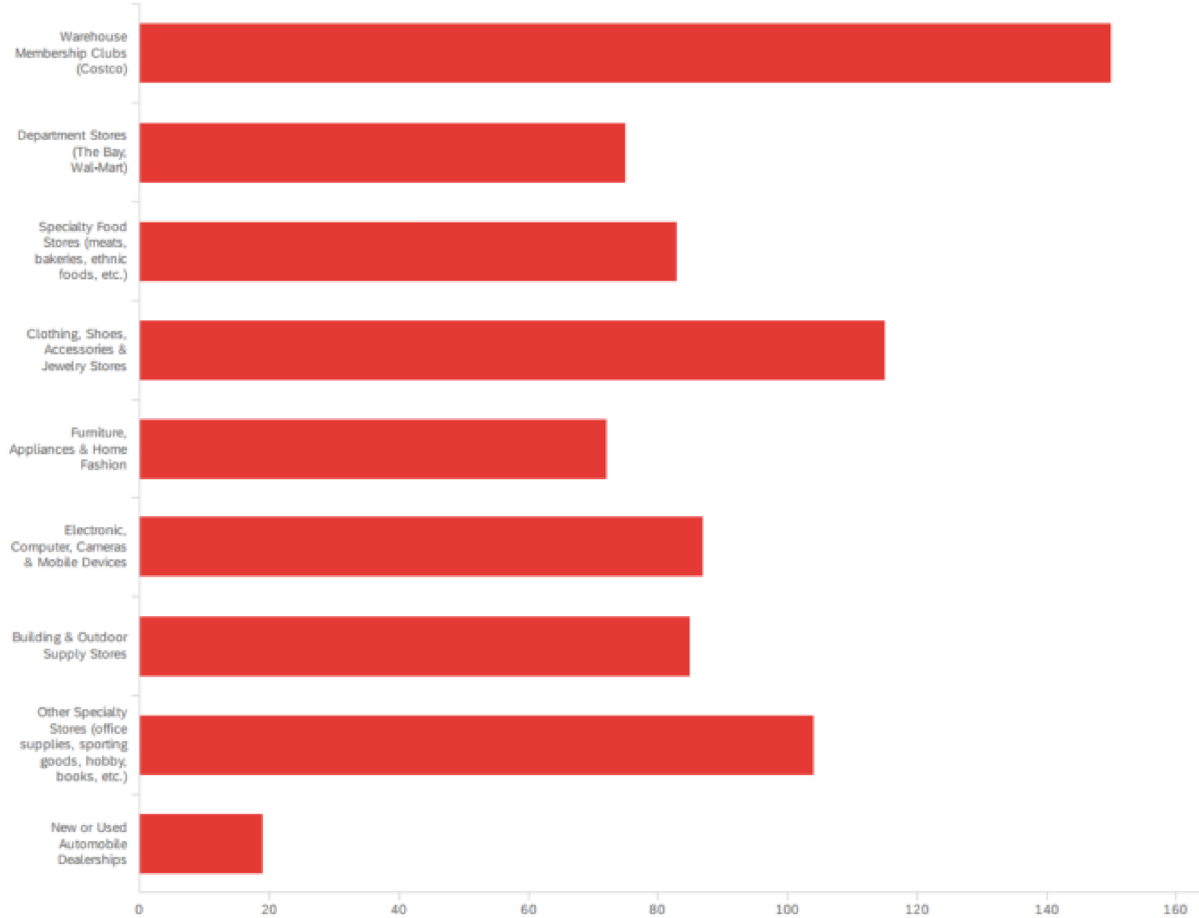
Q18 - If you travel outside of Stettler for retail goods or services, where do you typically travel to? (select all that apply)



1	Red Deer	57.97%
2	Calgary	11.88%
3	Edmonton	11.88%
4	Camrose	14.78%
5	Other Alberta: (please specify)	3.48%

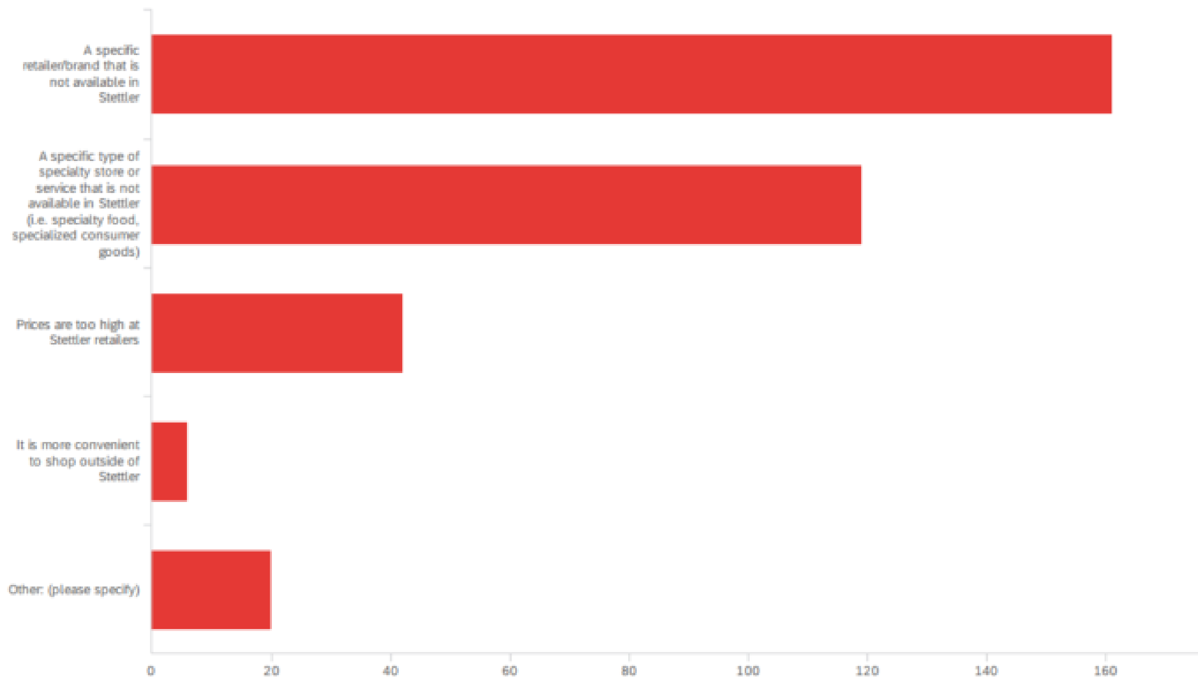
Q19 - What store types do you typically visit when you travel outside of Stettler to shop?

(select all that apply)



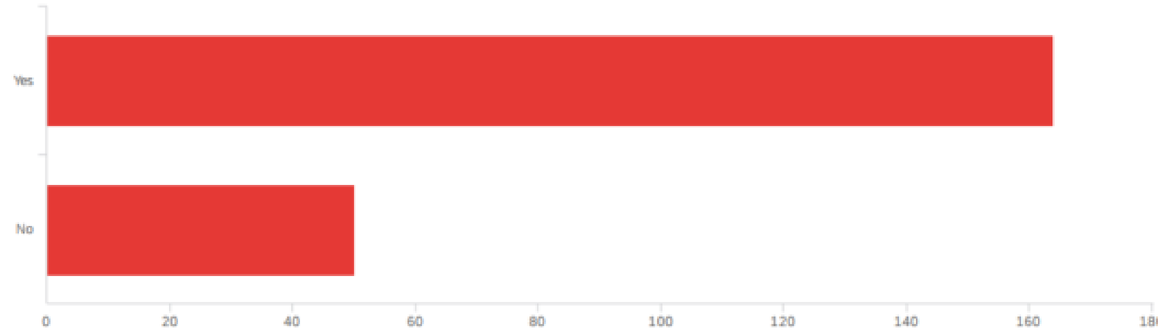
1	Warehouse Membership Clubs (Costco)	18.99%
2	Department Stores (The Bay, Wal-Mart)	9.49%
3	Specialty Food Stores (meats, bakeries, ethnic foods, etc.)	10.51%
4	Clothing, Shoes, Accessories & Jewelry Stores	14.56%
5	Furniture, Appliances & Home Fashion	9.11%
6	Electronic, Computer, Cameras & Mobile Devices	11.01%
7	Building & Outdoor Supply Stores	10.76%
8	Other Specialty Stores (office supplies, sporting goods, hobby, books, etc.)	13.16%
9	New or Used Automobile Dealerships	2.41%

Q20 - You answered that you travel outside of Stettler for your shopping, why? (select all that apply)



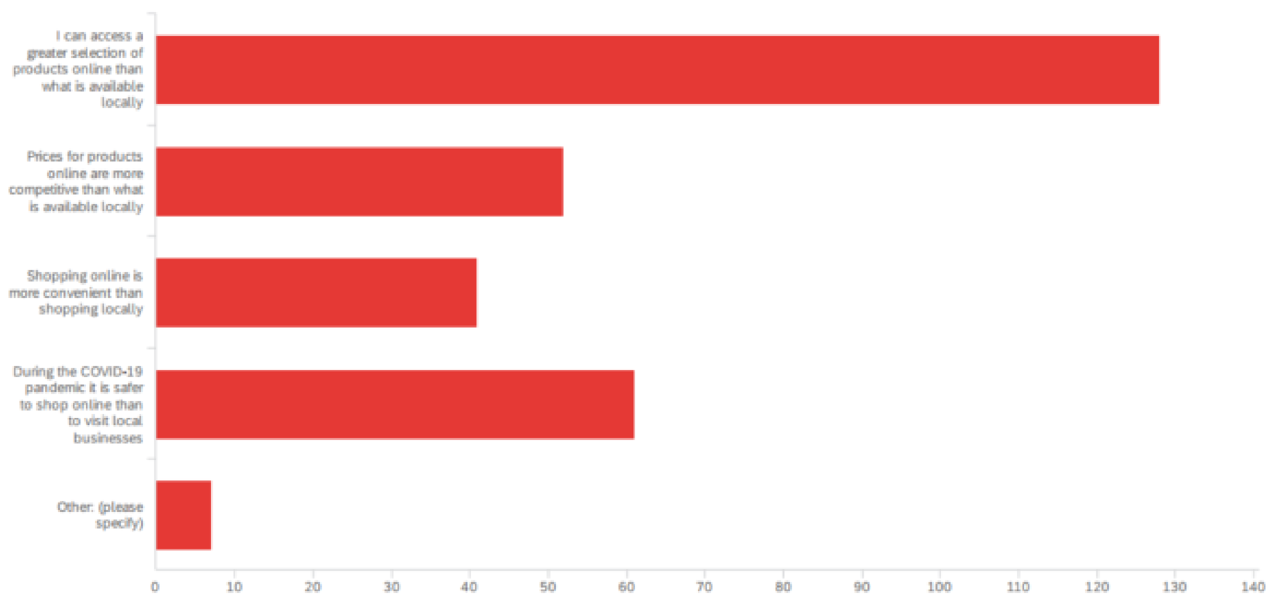
1	A specific retailer/brand that is not available in Stettler	46.26%
2	A specific type of specialty store or service that is not available in Stettler (i.e. specialty food, specialized consumer goods)	34.20%
3	Prices are too high at Stettler retailers	12.07%
4	It is more convenient to shop outside of Stettler	1.72%
5	Other: (please specify)	5.75%

Q21 - In addition to purchases made in physical retail locations, do you shop online?



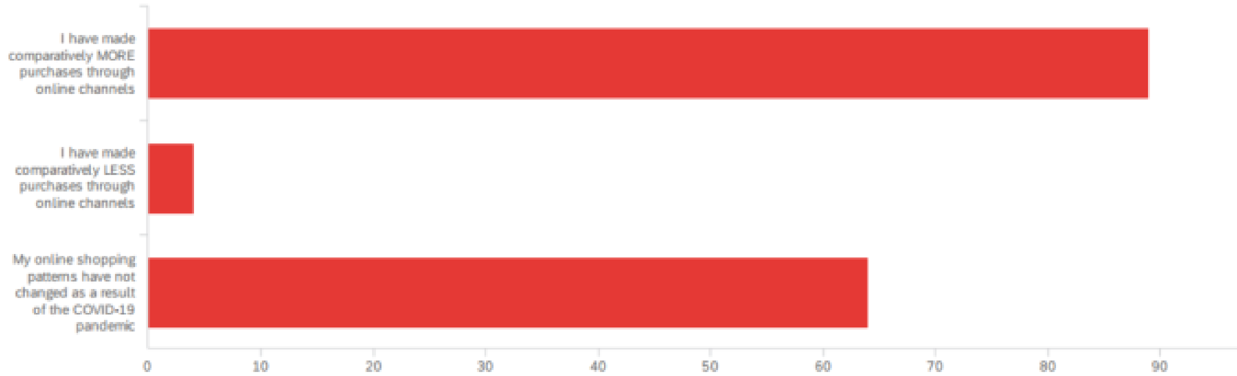
1	Yes	76.64%
2	No	23.36%

Q22 - Generally, why do you shop online? (choose your top 3 reasons)



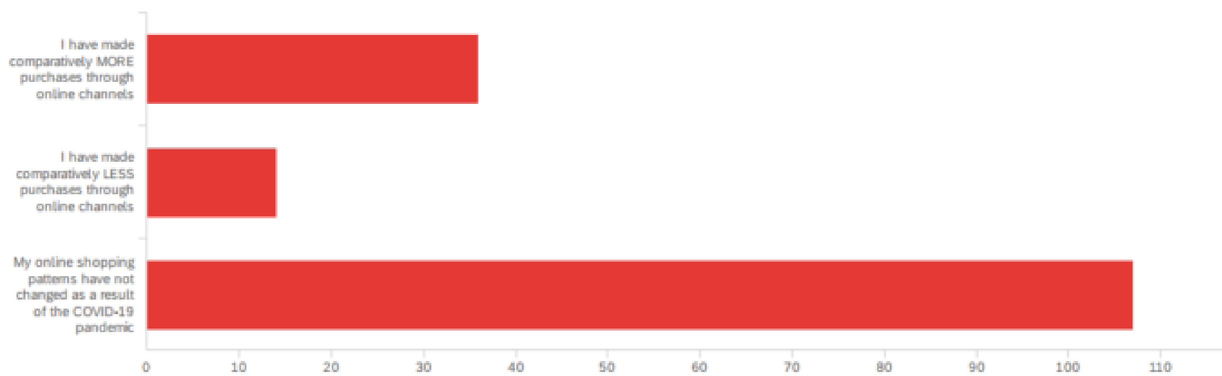
1	I can access a greater selection of products online than what is available locally	44.29%
2	Prices for products online are more competitive than what is available locally	17.99%
3	Shopping online is more convenient than shopping locally	14.19%
4	During the COVID-19 pandemic it is safer to shop online than to visit local businesses	21.11%
5	Other: (please specify)	2.42%

Q24 - As a result of the COVID-19 pandemic, how would you characterize your total online spending habits?



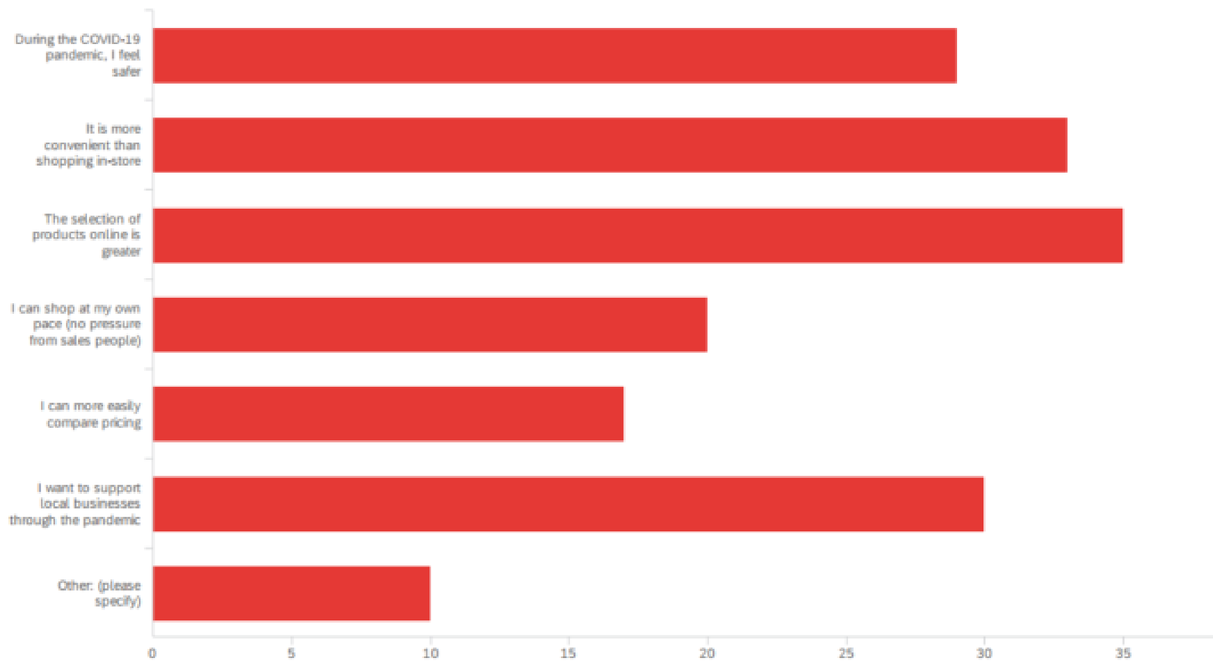
1	I have made comparatively MORE purchases through online channels	56.69%
2	I have made comparatively LESS purchases through online channels	2.55%
3	My online shopping patterns have not changed as a result of the COVID-19 pandemic	40.76%

Q25 - As a result of the COVID-19 pandemic, how would you characterize your online spending habits at local Stettler businesses specifically?



1	I have made comparatively MORE purchases through online channels	22.93%
2	I have made comparatively LESS purchases through online channels	8.92%
3	My online shopping patterns have not changed as a result of the COVID-19 pandemic	68.15%

Q26 - Focusing on local Stettler businesses, for what reason have you shifted to making MORE purchases through available online channels? (select all that apply)



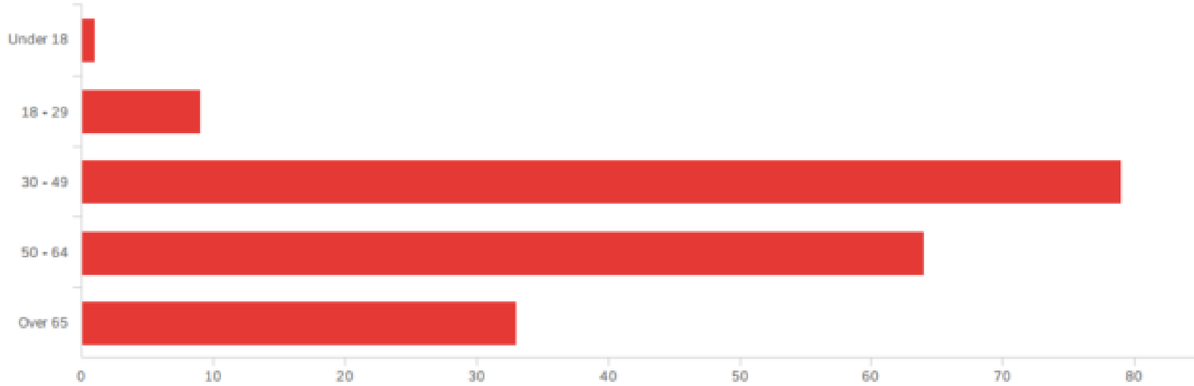
1	During the COVID-19 pandemic, I feel safer	16.67%
2	It is more convenient than shopping in-store	18.97%
3	The selection of products online is greater	20.11%
4	I can shop at my own pace (no pressure from sales people)	11.49%
5	I can more easily compare pricing	9.77%
6	I want to support local businesses through the pandemic	17.24%
7	Other: (please specify)	5.75%

Q28 - Thinking about your shopping habits in Stettler, and in surrounding municipalities, approximately what percentage of your typical retail spending is made by visiting stores in the Town of Stettler, versus those outside of Stettler (e.g. Red Deer, Edmonton, Calgary, etc.), versus online channels.

Note: Responses to this question are presented on the following page in a summary chart prepared by urbanMetrics, for readability purposes.

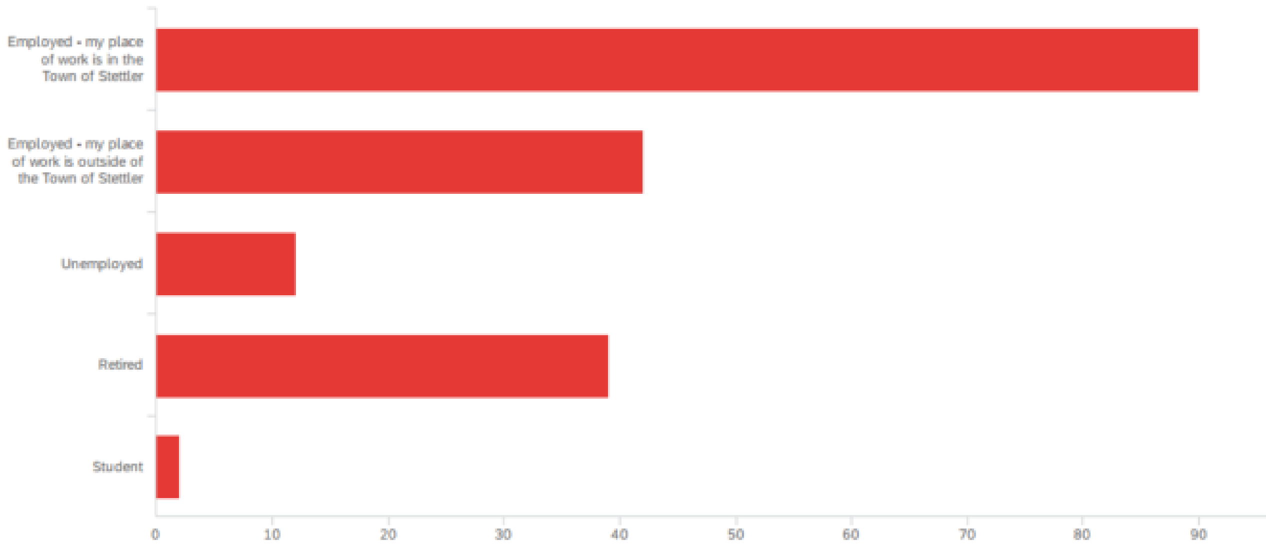
		Department Store	Grocery	Specialty Food	General Merchandise	Apparel	Miscellaneous	Furniture	Electronics	Building & Home Supplies	Restaurants	Warehouse Membership Club	Canadian Tire (Home/Auto)	Health & Personal Care
Town of Stettler Residents	In Stettler (%)	79.7%	88.9%	76.3%	90.8%	54.8%	63.5%	71.5%	43.3%	73.8%	71.7%	10.3%	83.5%	83.7%
County Residents	In Stettler (%)	54.8%	75.6%	54.3%	70.0%	41.4%	46.3%	54.2%	46.9%	58.6%	52.5%	10.3%	63.1%	73.3%

Q30 - In what age category do you fall?



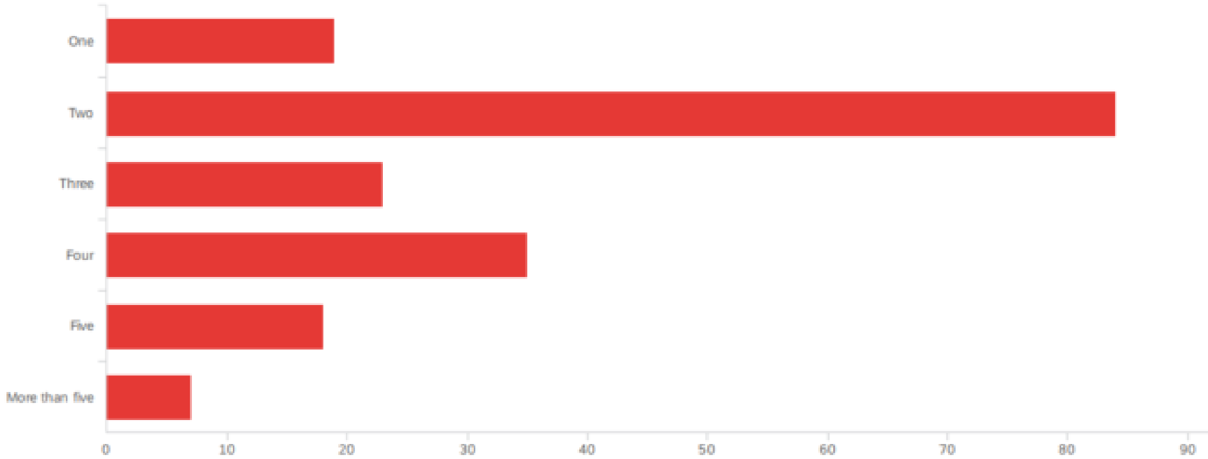
1	Under 18	0.54%
2	18 - 29	4.84%
3	30 - 49	42.47%
4	50 - 64	34.41%
5	Over 65	17.74%

Q31 - What is your employment status?



1	Employed - my place of work is in the Town of Stettler	48.65%
2	Employed - my place of work is outside of the Town of Stettler	22.70%
3	Unemployed	6.49%
4	Retired	21.08%
5	Student	1.08%

Q32 - How many people live in your household?



1	One	10.22%
2	Two	45.16%
3	Three	12.37%
4	Four	18.82%
5	Five	9.68%
6	More than five	3.76%

Q33 - What sources of information do you rely on the most to learn about local Stettler news? (Rank from MOST to LEAST frequent by dragging your choices up to the correct position - top position is Most, bottom position is Least)

#	Field	1		2		3		4		5		6		7		8
1	Social Media (Facebook, Twitter, etc.)	74.58%	132	13.56%	24	3.39%	6	2.82%	5	3.39%	6	0.56%	1	0.56%	1	0.00%
2	Online newsletters	1.69%	3	18.64%	33	19.21%	34	17.51%	31	12.43%	22	15.25%	27	9.60%	17	5.65%
3	Local community flyers	5.08%	9	6.21%	11	22.03%	39	18.64%	33	18.64%	33	13.56%	24	7.91%	14	6.78%
4	Real Country 93.3 FM	3.39%	6	13.56%	24	10.17%	18	11.86%	21	17.51%	31	10.73%	19	13.56%	24	12.43%
5	Other Radio Stations	0.00%	0	4.52%	8	6.21%	11	9.04%	16	14.12%	25	14.69%	26	24.29%	43	23.73%
6	The East Central Alberta Review	3.95%	7	11.86%	21	10.73%	19	11.86%	21	14.69%	26	22.60%	40	14.12%	25	7.34%
7	The Stettler Independent	3.39%	6	11.30%	20	12.43%	22	11.30%	20	9.04%	16	12.43%	22	19.77%	35	16.95%
8	Stettler Local Online	5.08%	9	16.95%	30	14.69%	26	14.12%	25	9.60%	17	7.34%	13	6.21%	11	21.47%
9	Other: (please specify)	2.82%	5	3.39%	6	1.13%	2	2.82%	5	0.56%	1	2.82%	5	3.95%	7	5.65%

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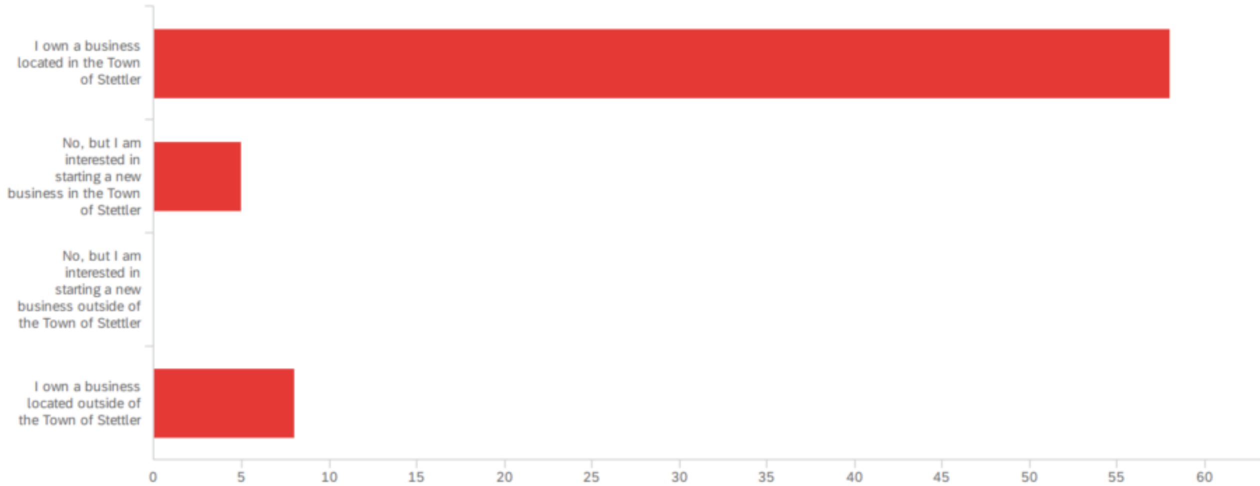
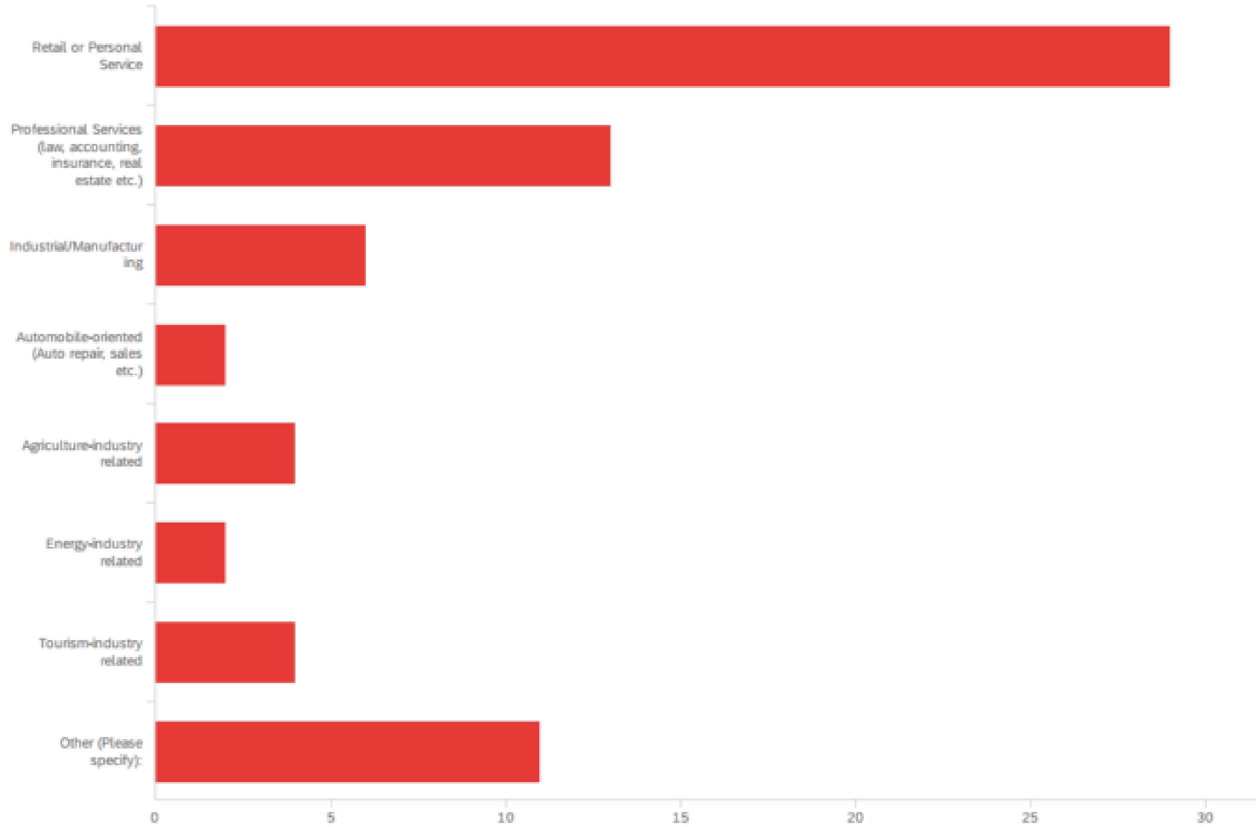
Appendix C Business Survey Results

Q2 - Tell us about your business



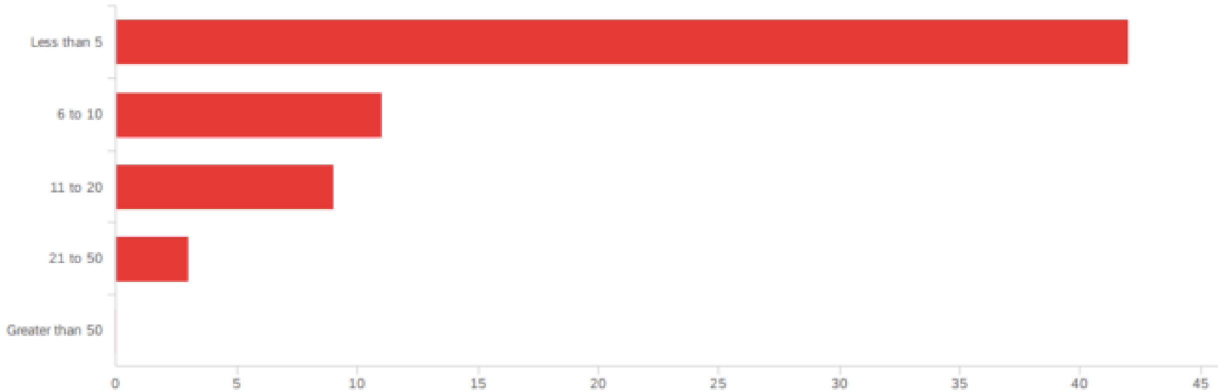
1	I own a business located in the Town of Stettler	81.69%
2	No, but I am interested in starting a new business in the Town of Stettler	7.04%
4	No, but I am interested in starting a new business outside of the Town of Stettler	0.00%
5	I own a business located outside of the Town of Stettler	11.27%

Q4 - What category below best describes your business? (Select all that apply)



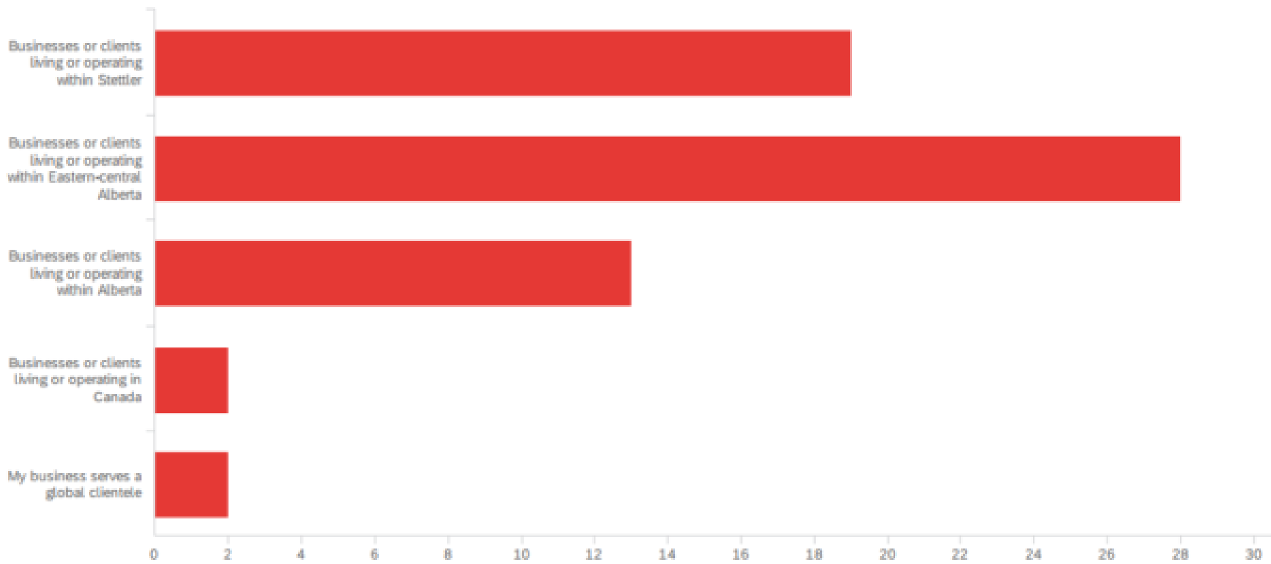
1	Retail or Personal Service	40.85%
2	Professional Services (law, accounting, insurance, real estate etc.)	18.31%
3	Industrial/Manufacturing	8.45%
4	Automobile-oriented (Auto repair, sales etc.)	2.82%
5	Agriculture-industry related	5.63%
6	Energy-industry related	2.82%
7	Tourism-industry related	5.63%
8	Other (Please specify):	15.49%

Q5 - How many full time employees does your business support?



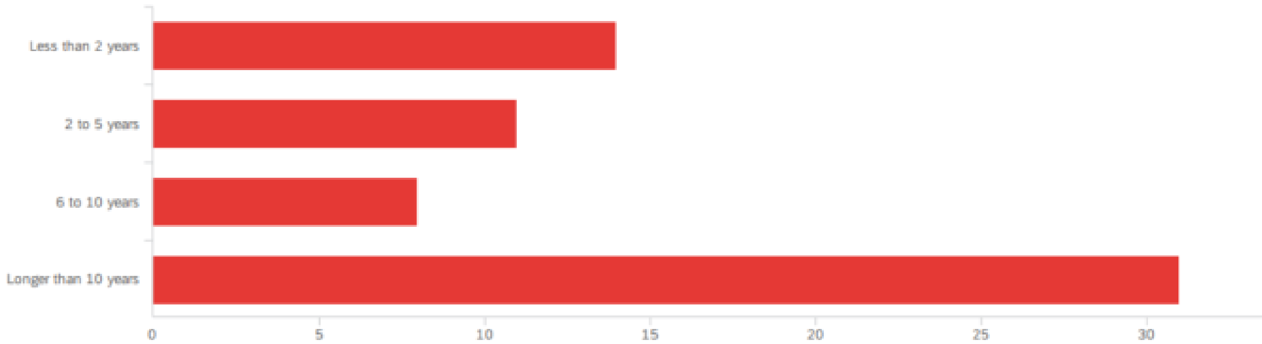
1	Less than 5	64.62%
2	6 to 10	16.92%
3	11 to 20	13.85%
4	21 to 50	4.62%
5	Greater than 50	0.00%

Q6 - The majority of my customers are:



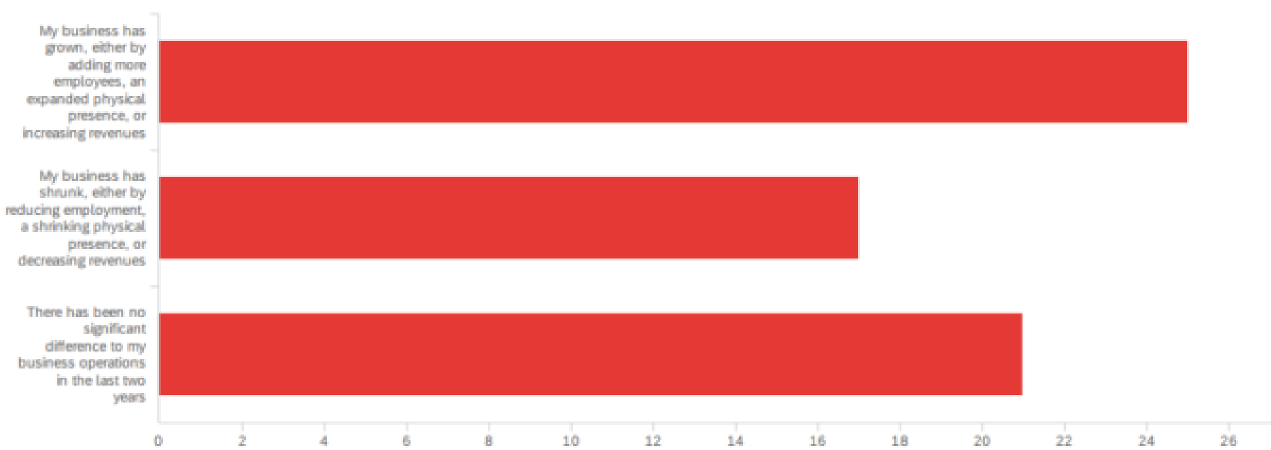
1	Businesses or clients living or operating within Stettler	29.69%
2	Businesses or clients living or operating within Eastern-central Alberta	43.75%
3	Businesses or clients living or operating within Alberta	20.31%
4	Businesses or clients living or operating in Canada	3.13%
5	My business serves a global clientele	3.13%

Q7 - How long has your business been in operation?



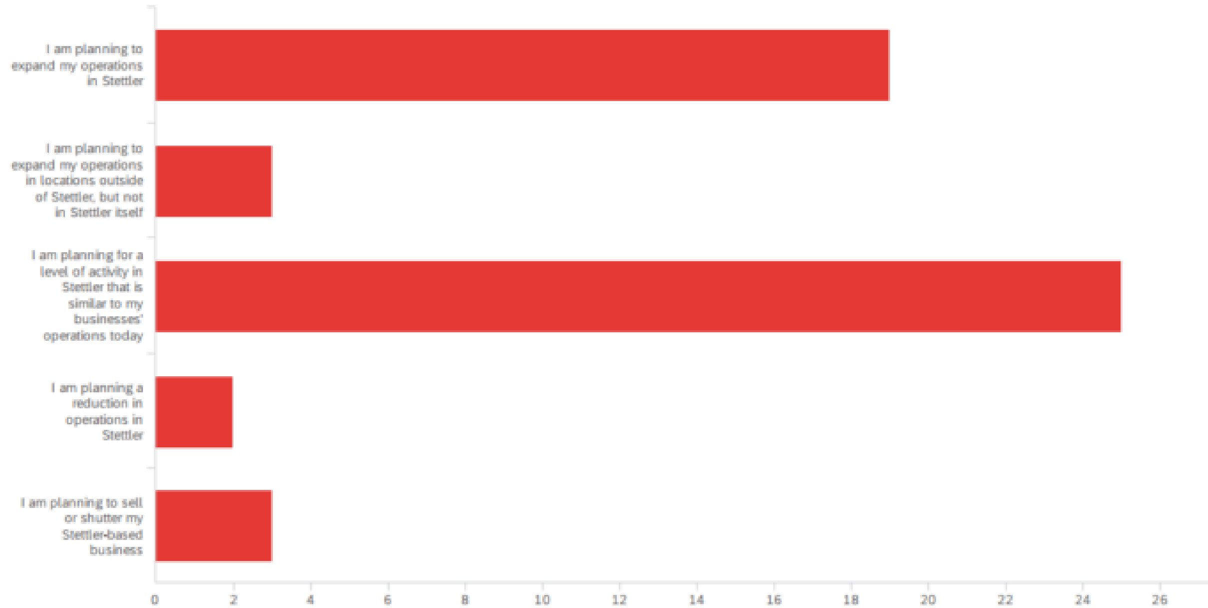
1	Less than 2 years	21.88%
2	2 to 5 years	17.19%
3	6 to 10 years	12.50%
4	Longer than 10 years	48.44%

Q8 - In the past 2 years, how would you characterize your business?



1	My business has grown, either by adding more employees, an expanded physical presence, or increasing revenues	39.68%
2	My business has shrunk, either by reducing employment, a shrinking physical presence, or decreasing revenues	26.98%
3	There has been no significant difference to my business operations in the last two years	33.33%

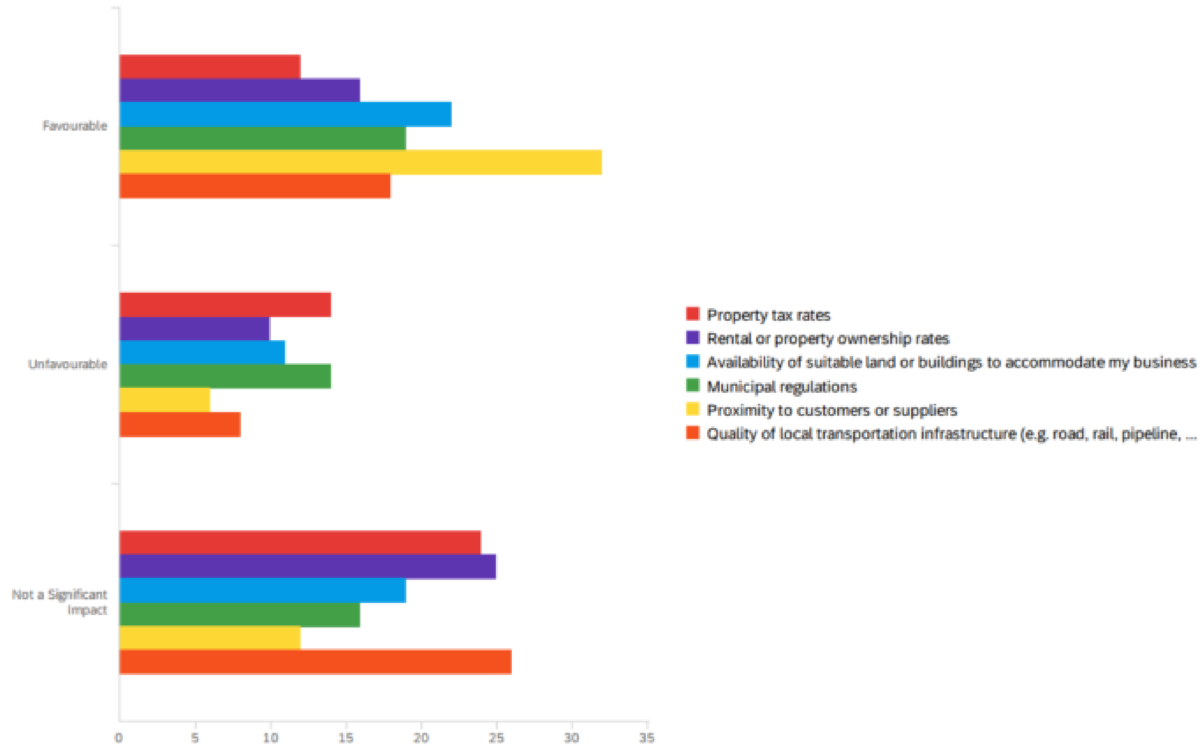
Q10 - Looking into the future (the next 5 years) what plans do you have for your business operations?



1	I am planning to expand my operations in Stettler	36.54%
2	I am planning to expand my operations in locations outside of Stettler, but not in Stettler itself	5.77%
3	I am planning for a level of activity in Stettler that is similar to my businesses' operations today	48.08%
4	I am planning a reduction in operations in Stettler	3.85%
5	I am planning to sell or shutter my Stettler-based business	5.77%

Q11 - How would you rate the following factors for your business operating in Stettler

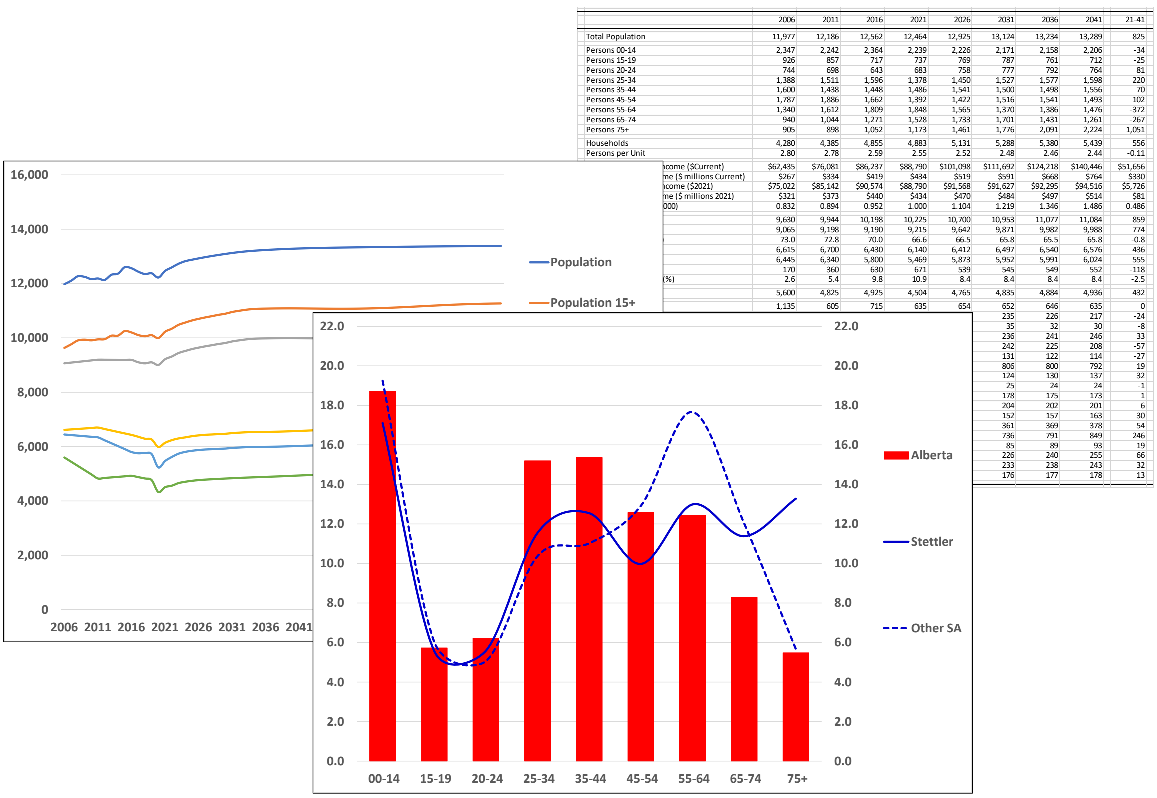
(Please select one)



#	Field	Favourable		Unfavourable		Not a Significant Impact	
1	Property tax rates	24.00%	12	28.00%	14	48.00%	24
2	Rental or property ownership rates	31.37%	16	19.61%	10	49.02%	25
3	Availability of suitable land or buildings to accommodate my business	42.31%	22	21.15%	11	36.54%	19
4	Municipal regulations	38.78%	19	28.57%	14	32.65%	16
5	Proximity to customers or suppliers	64.00%	32	12.00%	6	24.00%	12
6	Quality of local transportation infrastructure (e.g. road, rail, pipeline, air)	34.62%	18	15.38%	8	50.00%	26

Appendix D Population & Employment Forecast

Economic and Demographic Prospects
Stettler Area, Alberta



metro economics

February 2021

Economic and Demographic Prospects for the Stettler Area

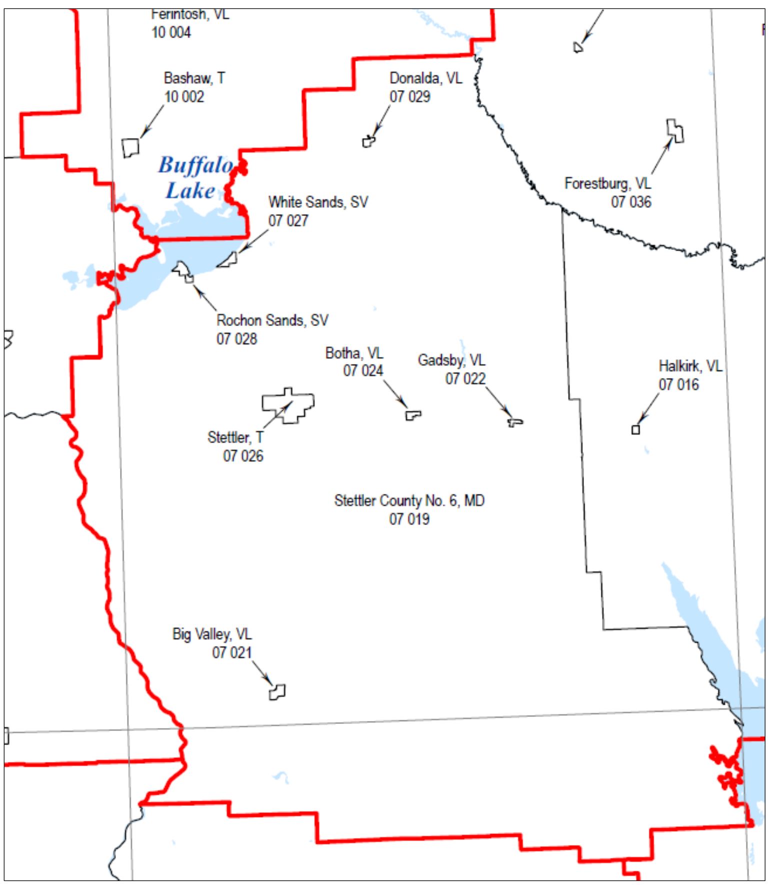
This report was prepared by *metroeconomics* at the request of *urbanMetrics*. It assesses the economic and demographic potential of the Stettler Area of Alberta to the year 2041.

Identifying the Study Area

The Town of Stettler is located about 225 kilometres north of Calgary and 200 kilometres south of Edmonton. Statistics Canada identifies sub-provincial areas (cities, towns and villages) as Census Sub-Divisions (CSDs). The Stettler Study Area is the focus of this assignment. It includes the following CSDs:

- The Town of Stettler (the Town)
- The seven CSDs surrounding Stettler (the rest of the Study Area)

Exhibit 1
The Stettler Study Area



Source: Statistics Canada

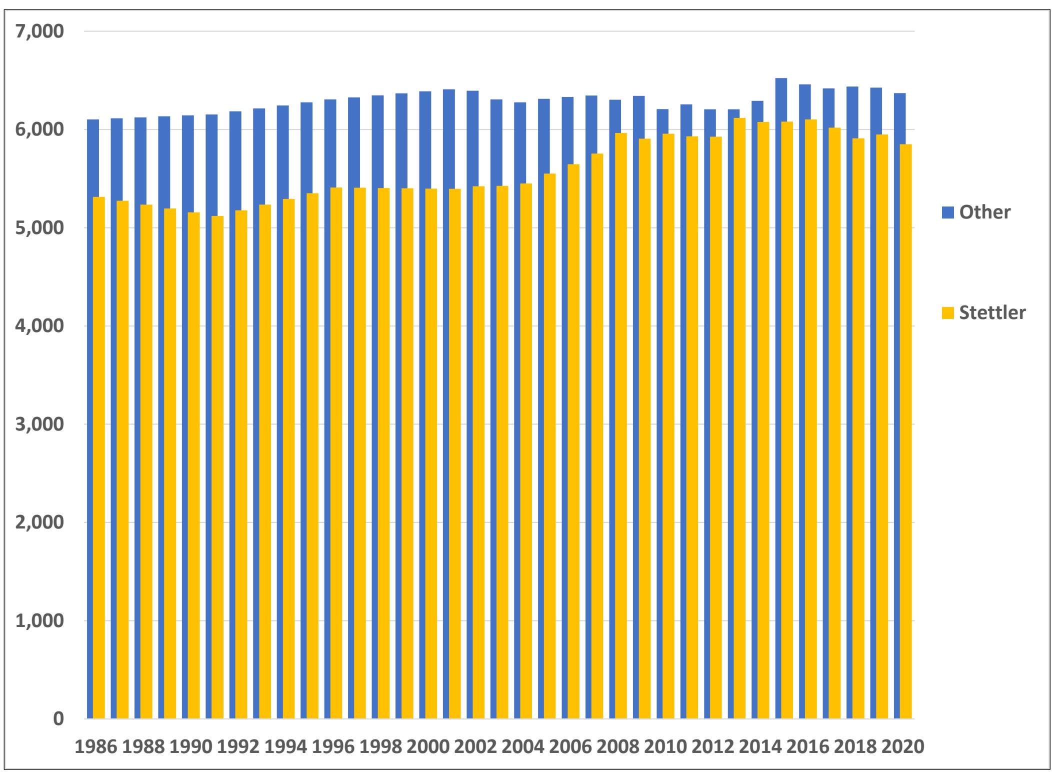
Exhibit 1 (a portion of Statistics Canada's CSD map for southern Alberta) identifies the location of the eight CSDs included in the Study Area. The outer perimeter of the Area is defined by the external border of the Municipal District of the County of Stettler 6. Within the County's boundary are the Town of Stettler; the Villages of Big Valley, Gadsby, Botha, and Donalda; and the Summer Villages of White Sands and Rochon Sands.

The Study Area covers 4,040 square kilometres in total. By way of comparison the City of Edmonton covers 685 square kilometres and the City of Calgary 825. Despite the Study Area's large coverage area its most populated communities are all within a half hour drive of the Town of Stettler.

Population Growth Historically in the Study Area

Census estimates indicate the population of the Study Area in 2016 was 12,289 with the Town at 5,952 and the rest of the Area at 6,337 for a total of 12,289. Thus the Town accounts for 48 percent of the residents of the Study Area. The most populated centres outside the Town are the County (5,322), Big Valley (346), Donalda (219) and Botha (204) with White Sands (120), Rochon Sands (86) and Gadsby (40) accounting for the remainder.

Exhibit 2
Total Population: Town of Stettler and "Other" Study Area



Source: Statistics Canada

Exhibit 2 illustrates trends in the population underway in the Area since 1986 based on Census and Post Censal estimates of the population.[1] Following on a slight dip between 1986 and 1991 the Town's population grew steadily until 2013, leveled off through to 2016, then declined slightly between 2016 and 2021. The population of the rest of the Area grew steadily between 1986 and 2001, declined slightly between 2001 and 2013, bounced back in 2014, then declined slightly through to 2020.[2]

The estimates in Exhibit 2 indicate the population of the Study Area grew by 805 (or 7.0 percent) between 1986 and 2020 with the Town accounting for 538 new residents (up 10.1 percent) and the rest of the Study Area accounting for the remaining 267 (up 4.4 percent). While the gains in both cases are positive, they fall short of the 81.9 percent gain in the population of Alberta over the 1986 to 2000 period!

Projecting the Population and Employment of the Study Area to 2041

Our approach to the development of population projections for a selected area starts with assessing the breadth, depth, and growth potential of its economy. We follow this approach because population growth is most often correlated with economic expansion. We consider, as well, how the area relates to its immediate neighbours.

Applying this approach to the Study Area leads us to conclude its population will increase from 12,464 in 2021 to 13,289 in 2041 or by 825 (6.6 percent). The Town's population is projected to grow from 6,031 in 2021 to 6,428 in 2041 or by 397 (6.6 percent) and the population of the rest of the Study Area is projected to increase from 6,433 to 6,861 or by 428 (6.6 percent).

The Economy of the Study Area

Based on Census 2016 data regarding population and employment the Study Area functions like a metropolitan area except its population is not large enough to qualify the area as metropolitan.[3] By that we mean the Area consists of a group of economically-socially interdependent contiguous CSDs; with a major urban centre at its core (Stettler); with the surrounding communities heavily dependent on the core for employment, shopping and recreational purposes; and with the core dependent on the surrounding area for workers.

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[1] Post censal estimates adjust the census estimates by the estimated undercount of the population and shift the day of estimation from mid-May to July 1st. The population of the Study Area in 2016 was 12,289 according to the raw census count and 12,562 according to the post censal estimate indicating the census undercounted the Area's population by 2.2 percent.

[2] Annual estimates from 1986 to 2001 are based on the Censuses of 1986, 1991, 1996 and 2001 with intervening years interpolated by *metroeconomics*. Annual estimates from 2001 to 2020 are Statistics Canada's post-censal estimates for the period as released on January 25, 2021. The Census estimates up to 2001 have been adjusted by *metroeconomics* to reflect the probable census undercount over that period.

[3] Statistics Canada defines a Census Agglomeration (CA) as a contiguous group of economically-socially interdependent municipalities centred on a core city with a population of 10,000 or more with suburban residents relying heavily on the core for employment, shopping, and recreational activities. A Census Metropolitan Area (CMA) is defined in the same way except a CMA's core has a population of 100,000 plus.

This interdependence is best illustrated by the following 2016 Census estimates:

- The total population of the Study Area was 12,289, 5,952 (48 percent) in Stettler and 6,337 (52 percent) throughout the rest of the Study Area.
- Employers provided 4,925 jobs on a place-of-work basis in the Study Area, 3,895 (79 percent) in the Town and 1,030 (21 percent) throughout the rest of the Study Area.
- A total of 5,800 residents of the Study Area worked. This total (jobs by place-of-residence or POR) exceeds the number of jobs by place-of-work (POW) cited in the previous bullet by 875. The difference is accounted for by those who work at jobs with no fixed workplace address (such as those in construction, transportation, sales and maintenance/repair services).
- Of the 5,800 who work, 2,731 lived in Stettler (47 percent) and 3,035 lived outside Stettler (53 percent). These shares reflect the total population shares.
- 1,275 commuted to jobs in Stettler each day from the rest of the Study Area.
- Fewer than 50 commuted each day from Stettler to outside Stettler for employment.
- There was no significant commuting from anywhere within the Study Area to jobs located outside the Study Area.

Through use of a Location Quotient (LQ) procedure (see the accompanying Appendix for details) we found Stettler is a major supplier of services to the Study Area outside of Stettler with respect to tourism services (retail; food and accommodation; arts, entertainment and recreation); business services; logistics services; health care and social services; education services; other personal services; and government services. For Stettler these jobs in Stettler are Economic Base (EB) jobs providing these services beyond the local needs of the Town. EB jobs support the size and growth potential of a local economy. Stettler is also a major supplier of EB goods in the areas of agriculture, mining, and manufacturing.

Of the total of 3,895 jobs on a POW basis in Stettler in 2016, 2,238 are EB jobs and the remaining 1,657 are Community Base (CB) jobs providing services to the residents of Stettler.

Applying this LQ procedure to the 1,030 total jobs by POW in the rest of the Study Area reveals:

- 665 are EB jobs.
- Most (600) are in agriculture.
- 25 are in manufacturing and 40 are in mining.
- None are in services.

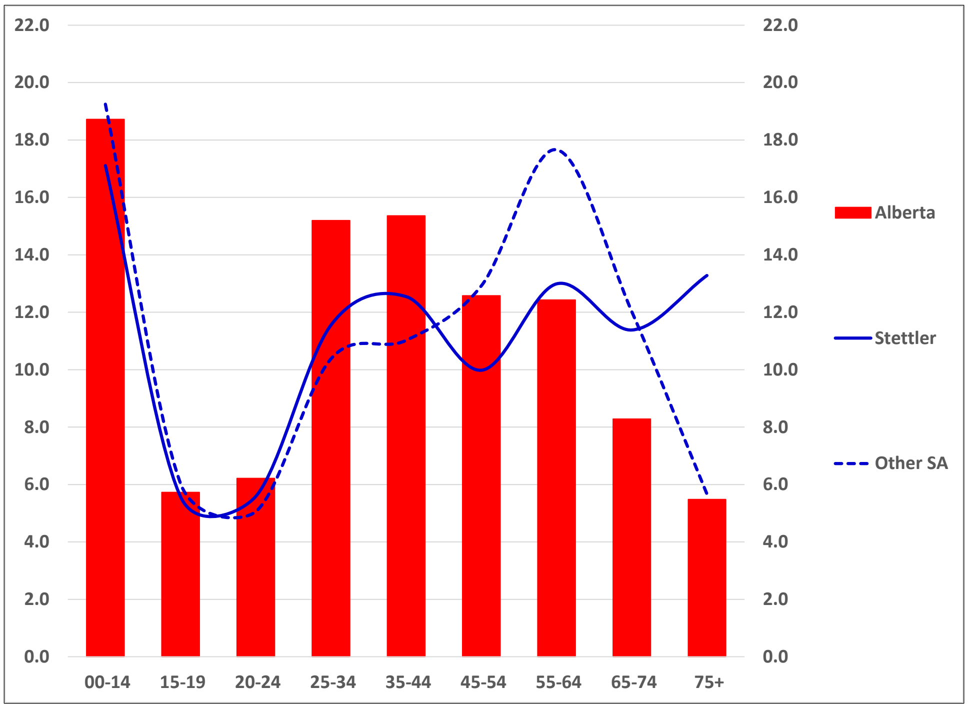
The remaining 365 jobs are CB jobs supply services to residents of the rest of the Study Area.

In other words the Town of Stettler accounts for most of the EB jobs in the Study Area and most of the EB jobs in Stettler (65 percent) reflect the provision of services to residents of the surrounding area.

The People of the Study Area

Exhibit 3 compares the age distribution of the populations of each of the Town of Stettler and the rest of the Study Area to that of Alberta.

Exhibit 3
Population of Stettler, the Rest of the Study Area and Alberta in 2020
Percentage Distribution of the Total Population by Major Age Group



Source: Statistics Canada

Exhibit 3 reveals:

- Up to the age of 24 the shares of the population are similar across all three areas.
- The share accounted for by persons 25 to 44 is much greater province-wide than in either part of the Study Area.
- The share accounted for by persons 45 to 54 is lowest in Stettler but about the same in the rest of the Study Area and in Alberta.
- The share accounted for by persons 55 to 64 in Stettler matches that of the province but is greatly exceeded in the outer area.
- The share accounted for by people 65 to 74 and 75 and over is much lower province wide than in either part of the Study Area.

On balance the population of the Study Area has a much older tilt than the province.

The Baby Boom Generation is currently between the ages of 55 to 74. Many are still working but given their age they will gradually retire over the next two decades. Because the Boomers did not replace themselves Canada, and all communities within it, face the need to replace them between now and 2041. To make that possible immigration permissions will increase significantly over the next two decades to facilitate that process.

That the Study Area's population aged 55 to 74 exceeds that of Alberta currently means replacing retiring Boomers is a relatively larger challenge for the Study Area than for the province. Most retirees remain in place during their retirement years. Thus higher than usual in-migration to replace retiring Boomers, coupled with Boomers remaining in place, will provide an underpinning for population growth in the Study Area between now and 2041 just as is occurring in most every other community in Canada.

Projected Economic and Demographic Growth for the Study Area

metroeconomics' sub-provincial projection system – described in detail in the Appendix – takes account of the interwoven economic and demographic factors that will determine the Study Area's future population and jobs. Stated simply:

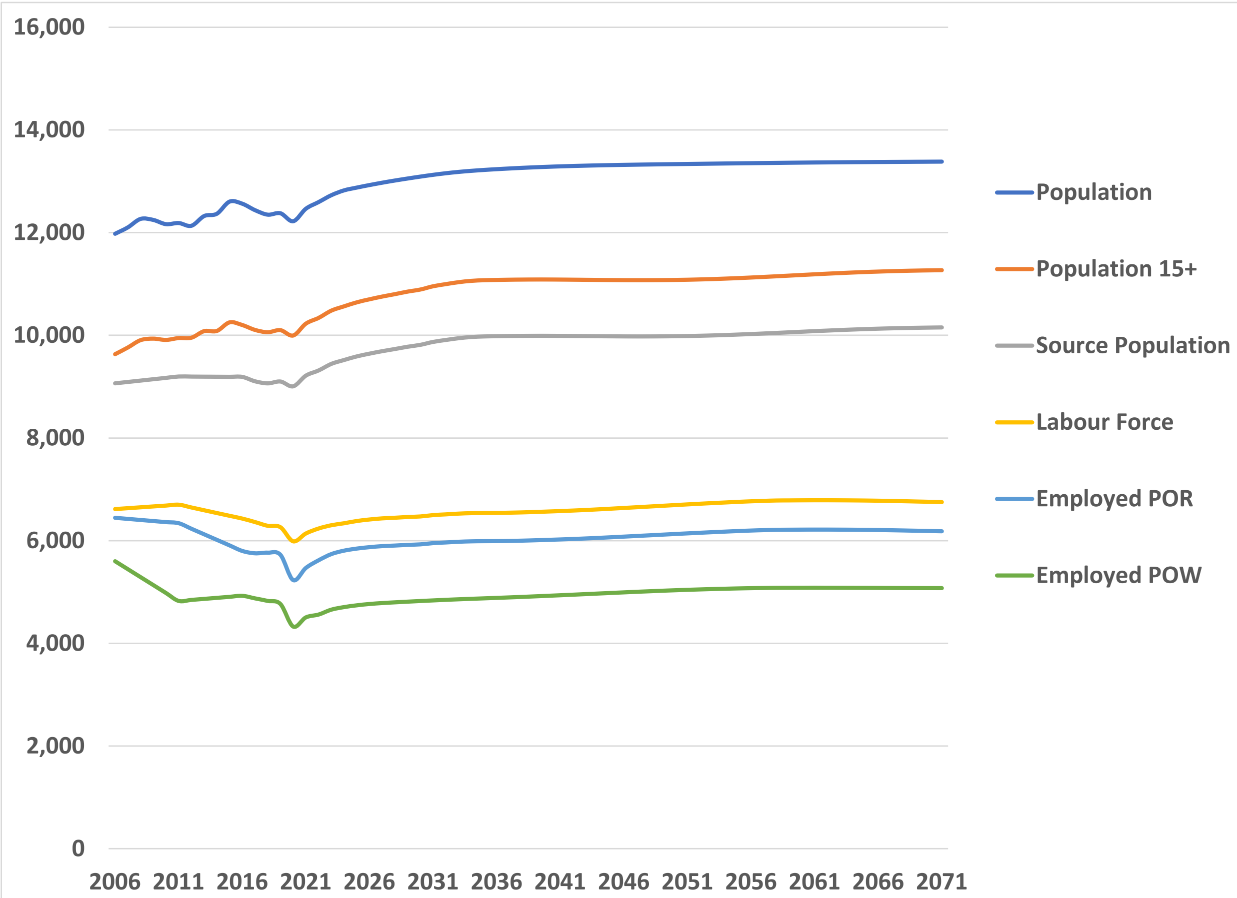
- EB goods jobs in Stettler and the rest of the Study Area are projected to grow at the rates we project for them for Alberta.
- As the Boomers retire people will migrate to the area to satisfy labour market needs.
- Most Boomers retire locally so the in-migration increases the population.
- Some in-migrants will choose to live in Stettler and some will choose to live somewhere within the Study Area outside of Stettler.
- The population gains increase the need for private and public sector services which, in turn, leads to further in-migration.

The Base Case projection developed here suggests the following:

- The population of the Area will reach 13,289 by 2041, up from 12,464 in 2021 by 825.
- Stettler's population will grow by 397 and the rest of the Study Area's by 428.
- The number of households will grow by 556, 202 in Stettler, 355 outside.
- The average income per household will grow from $88,790 in 2021 to $95,516 in constant 2021 dollar terms (up $5,736) and to $140,446 in current dollar terms (up $51,656).
- The total household income in constant 2021 dollars will grow from $434 million to $514 million or by $81 million.
- The number of workers will grow by 555, with 257 living in Stettler, 298 outside.
- The number of jobs on a POW basis will grow by 432, 371 in Stettler and 61 outside.

A series of charts and tables are provided on the following six pages to illustrate the projections for each of the entire Study Area, the Town of Stettler and the rest of the Study Area.

Stettler Alberta Study Area
Population, Labour Force and Employment by Place-of-Residence and Place-of-Work
Actual and Estimates 2006 to 2020, Projections 2021 to 2041



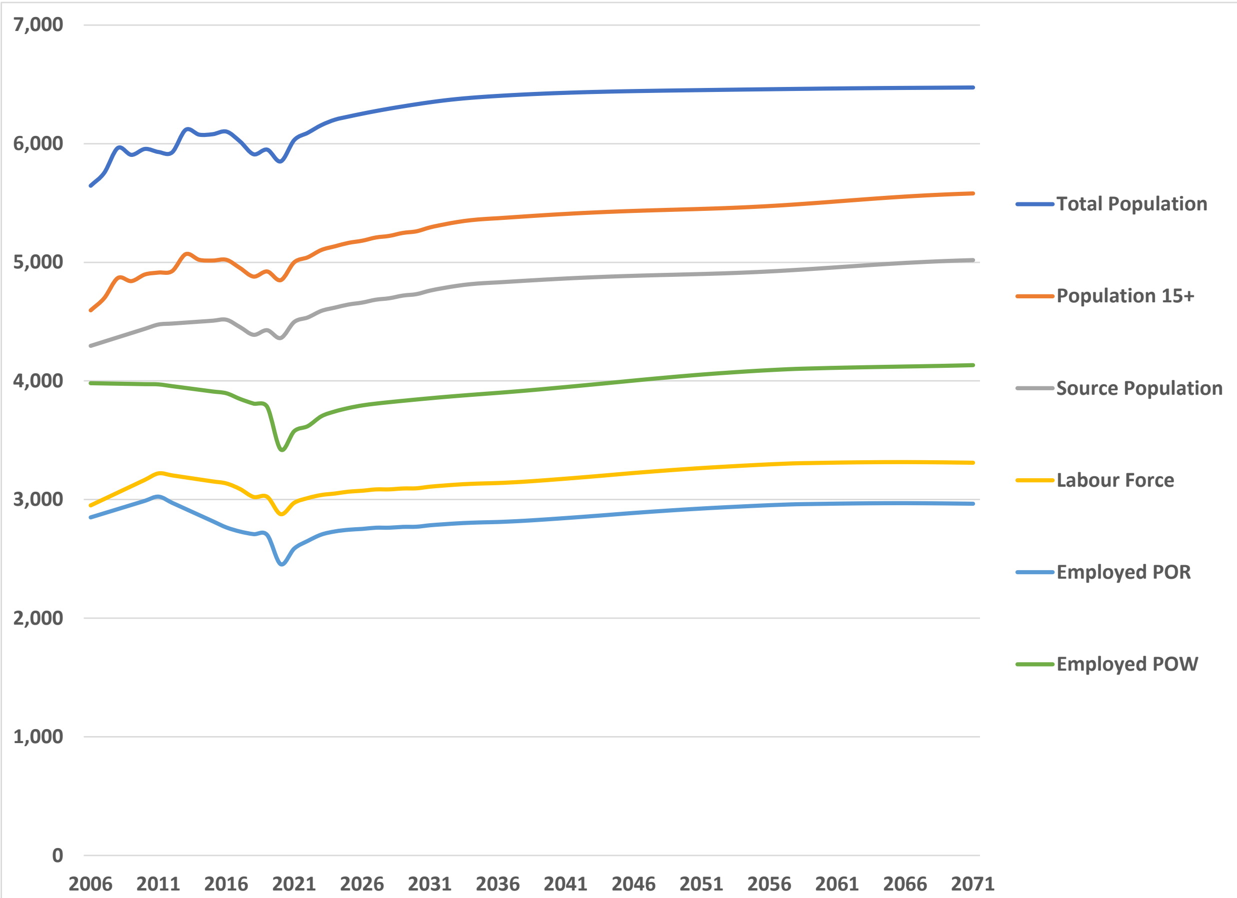
Source: Statistics Canada and *metroeconomics*

Stettler Alberta Study Area
Projection Summary
Actual and Estimates 2006 to 2020, Projections 2021 to 2041

	2006	2011	2016	2021	2026	2031	2036	2041	21-41
Total Population	11,977	12,186	12,562	12,464	12,925	13,124	13,234	13,289	825
Persons 00-14	2,347	2,242	2,364	2,239	2,226	2,171	2,158	2,206	-34
Persons 15-19	926	857	717	737	769	787	761	712	-25
Persons 20-24	744	698	643	683	758	777	792	764	81
Persons 25-34	1,388	1,511	1,596	1,378	1,450	1,527	1,577	1,598	220
Persons 35-44	1,600	1,438	1,448	1,486	1,541	1,500	1,498	1,556	70
Persons 45-54	1,787	1,886	1,662	1,392	1,422	1,516	1,541	1,493	102
Persons 55-64	1,340	1,612	1,809	1,848	1,565	1,370	1,386	1,476	-372
Persons 65-74	940	1,044	1,271	1,528	1,733	1,701	1,431	1,261	-267
Persons 75+	905	898	1,052	1,173	1,461	1,776	2,091	2,224	1,051
Households	4,280	4,385	4,855	4,883	5,131	5,288	5,380	5,439	556
Persons per Unit	2.80	2.78	2.59	2.55	2.52	2.48	2.46	2.44	-0.11
Average Household Income ($Current)	$62,435	$76,081	$86,237	$88,790	$101,098	$111,692	$124,218	$140,446	$51,656
Total Household Income ($ millions Current)	$267	$334	$419	$434	$519	$591	$668	$764	$330
Average Household Income ($2021)	$75,022	$85,142	$90,574	$88,790	$91,568	$91,627	$92,295	$94,516	$5,726
Total Household Income ($ millions 2021)	$321	$373	$440	$434	$470	$484	$497	$514	$81
Price Index (2021 = 1.000)	0.832	0.894	0.952	1.000	1.104	1.219	1.346	1.486	0.486
Population 15+	9,630	9,944	10,198	10,225	10,700	10,953	11,077	11,084	859
Source Population	9,065	9,198	9,190	9,215	9,642	9,871	9,982	9,988	774
Participation Rate (%)	73.0	72.8	70.0	66.6	66.5	65.8	65.5	65.8	-0.8
Labour Force	6,615	6,700	6,430	6,140	6,412	6,497	6,540	6,576	436
Employed POR	6,445	6,340	5,800	5,469	5,873	5,952	5,991	6,024	555
Unemployed	170	360	630	671	539	545	549	552	-118
Unemployment Rate (%)	2.6	5.4	9.8	10.9	8.4	8.4	8.4	8.4	-2.5
Employed POW	5,600	4,825	4,925	4,504	4,765	4,835	4,884	4,936	432
Agriculture, forestry	1,135	605	715	635	654	652	646	635	0
Mining, oil and gas	425	180	290	241	242	235	226	217	-24
Utilities	55	55	40	38	37	35	32	30	-8
Construction	260	235	230	214	230	236	241	246	33
Manufacturing	280	200	285	265	257	242	225	208	-57
Wholesale trade	220	175	150	141	139	131	122	114	-27
Retail trade	855	1,030	850	774	806	806	800	792	19
Transportation, warehousing	200	100	115	105	117	124	130	137	32
Information, culture	75	25	30	25	26	25	24	24	-1
Finance, insurance	235	235	175	173	179	178	175	173	1
Professional, scientific, technical services	185	165	215	195	205	204	202	201	6
Other business services	85	160	150	133	146	152	157	163	30
Education	275	225	340	325	351	361	369	378	54
Health, social services	535	555	600	603	680	736	791	849	246
Arts, entertainment, recreation	55	50	85	74	81	85	89	93	19
Accommodation, food	325	385	250	189	212	226	240	255	66
Other services	260	250	240	211	227	233	238	243	32
Government	140	195	165	164	175	176	177	178	13

Source: Statistics Canada and *metroeconomics*

Town of Stettler
Population, Labour Force and Employment by Place-of-Residence and Place-of-Work
Actual and Estimates 2006 to 2020, Projections 2021 to 2041



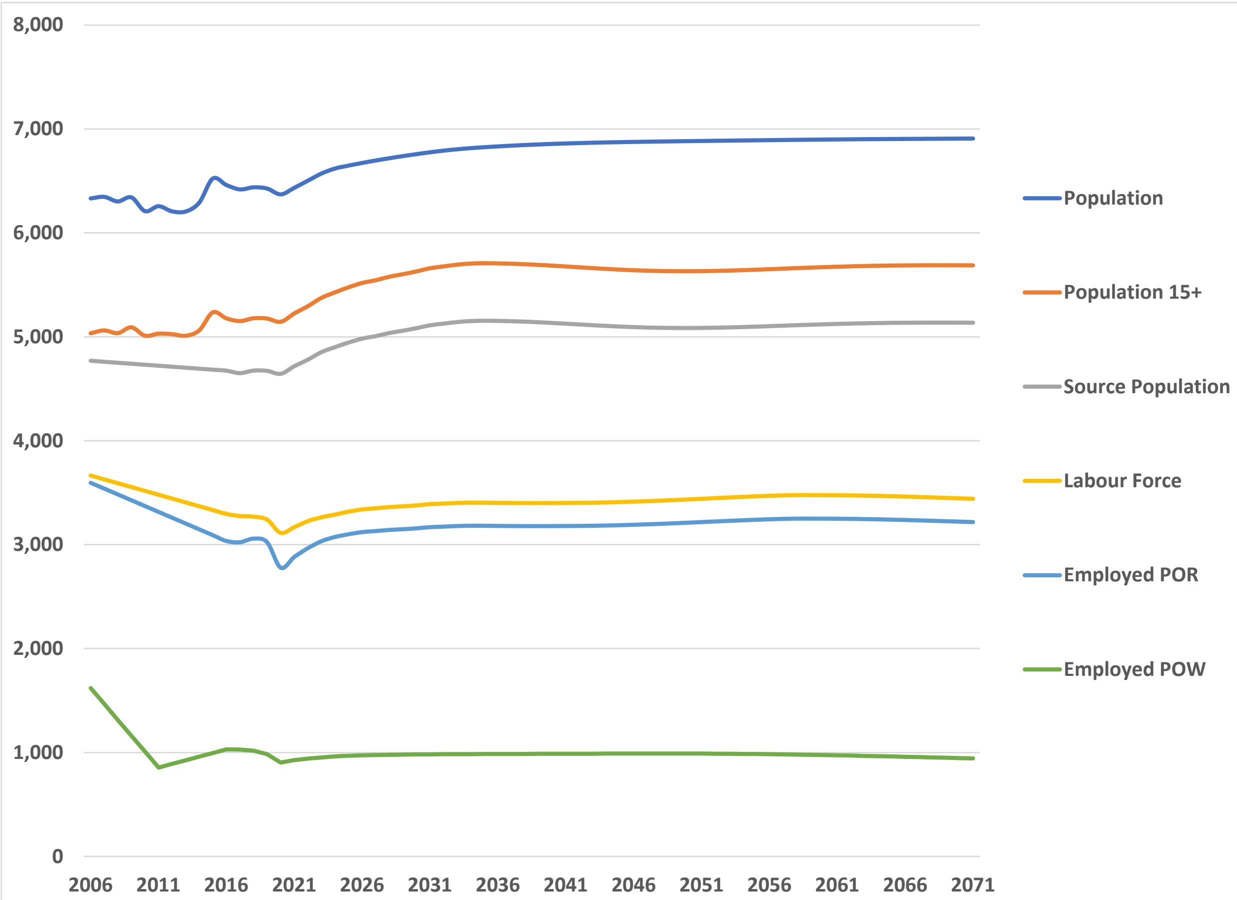
Source: Statistics Canada and *metroeconomics*

Town of Stettler
Projection Summary
Actual and Estimates 2006 to 2020, Projections 2021 to 2041

	2006	2011	2016	2021	2026	2031	2036	2041	21-41
Total Population	5,646	5,930	6,102	6,031	6,252	6,349	6,402	6,428	397
Persons 00-14	1,050	1,016	1,081	1,030	1,070	1,054	1,031	1,021	-10
Persons 15-19	398	401	336	325	337	376	374	351	26
Persons 20-24	383	392	327	350	341	345	382	377	27
Persons 25-34	764	829	834	734	782	758	726	756	21
Persons 35-44	727	705	748	765	820	823	827	789	24
Persons 45-54	731	773	708	603	680	791	828	825	223
Persons 55-64	533	703	737	749	638	603	670	774	25
Persons 65-74	431	487	594	687	741	699	589	561	-126
Persons 75+	629	624	737	787	843	899	977	974	187
Households	2,180	2,350	2,435	2,405	2,500	2,549	2,573	2,607	202
Persons per Unit	2.59	2.52	2.51	2.51	2.50	2.49	2.49	2.47	-0.04
Average Household Income ($Current)	$67,828	$74,563	$86,286	$88,842	$101,158	$111,759	$124,292	$140,530	$51,688
Total Household Income ($ millions Current)	$148	$175	$210	$214	$253	$285	$320	$366	$153
Average Household Income ($2021)	$81,502	$83,443	$90,626	$88,842	$91,622	$91,681	$92,351	$94,573	$5,731
Total Household Income ($ millions 2021)	$178	$196	$221	$214	$229	$234	$238	$247	$33
Price Index (2021 = 1.000)	0.832	0.894	0.952	1.000	1.104	1.219	1.346	1.486	0.486
Population 15+	4,596	4,914	5,021	5,001	5,182	5,294	5,371	5,408	407
Source Population	4,295	4,475	4,515	4,497	4,660	4,761	4,830	4,863	366
Participation Rate (%)	68.7	72.0	69.4	66.1	66.0	65.3	65.0	65.3	-0.8
Labour Force	2,950	3,220	3,135	2,972	3,074	3,108	3,139	3,175	203
Employed POR	2,850	3,025	2,765	2,588	2,753	2,784	2,811	2,844	257
Unemployed	100	195	370	385	321	324	327	331	-54
Unemployment Rate (%)	3.4	6.1	11.8	12.9	10.4	10.4	10.4	10.4	-2.5
Employed POW	3,980	3,970	3,895	3,576	3,793	3,853	3,899	3,948	371
Agriculture, forestry	105	140	115	99	98	95	91	86	-13
Mining, oil and gas	325	120	250	207	206	199	190	181	-25
Utilities	55	55	40	38	37	35	32	30	-8
Construction	175	215	185	172	186	191	195	200	28
Manufacturing	270	190	260	241	233	218	202	186	-55
Wholesale trade	200	175	150	141	139	131	122	114	-27
Retail trade	790	1,005	825	751	783	783	778	770	19
Transportation, warehousing	135	45	80	73	81	86	90	95	23
Information, culture	60	25	30	25	26	25	24	24	-1
Finance, insurance	235	235	175	173	179	178	175	173	1
Professional, scientific, technical services	155	165	185	168	176	175	174	173	6
Other business services	75	80	130	116	126	132	137	142	27
Education	175	195	250	239	259	267	274	281	42
Health, social services	525	510	590	593	669	724	779	835	242
Arts, entertainment, recreation	55	50	75	65	72	76	79	82	17
Accommodation, food	275	370	215	162	183	195	207	220	58
Other services	230	210	195	171	185	190	194	198	27
Government	140	185	145	144	154	155	156	157	12

Source: Statistics Canada and *metroeconomics*

Rest of the Study Area
Population, Labour Force and Employment by Place-of-Residence and Place-of-Work
Actual and Estimates 2006 to 2020, Projections 2021 to 2041



Source: Statistics Canada and *metroeconomics*

Rest of the Study Area
Projection Summary
Actual and Estimates 2006 to 2020, Projections 2021 to 2041

	2006	2011	2016	2021	2026	2031	2036	2041	21-41
Total Population	6,331	6,256	6,460	6,433	6,673	6,776	6,833	6,861	428
Persons 00-14	1,297	1,226	1,283	1,209	1,155	1,117	1,127	1,185	-24
Persons 15-19	528	456	381	412	431	411	387	360	-51
Persons 20-24	361	306	316	333	418	432	410	387	54
Persons 25-34	624	682	762	644	669	768	851	842	198
Persons 35-44	873	733	700	721	721	677	671	767	46
Persons 45-54	1,056	1,113	954	789	741	725	713	668	-121
Persons 55-64	807	909	1,072	1,098	926	767	716	702	-397
Persons 65-74	509	557	677	841	992	1,002	842	700	-141
Persons 75+	276	274	315	386	618	877	1,115	1,249	864
Households	2,100	2,035	2,420	2,478	2,631	2,739	2,807	2,832	355
Persons per Unit	3.01	3.07	2.67	2.60	2.54	2.47	2.43	2.42	-0.17
Average Household Income ($Current)	$56,836	$77,834	$86,187	$88,740	$101,042	$111,631	$124,149	$140,369	$51,629
Total Household Income ($ millions Current)	$119	$158	$209	$220	$266	$306	$348	$398	$178
Average Household Income ($2021)	$68,294	$87,104	$90,522	$88,740	$91,517	$91,576	$92,245	$94,464	$5,724
Total Household Income ($ millions 2021)	$143	$177	$219	$220	$241	$251	$259	$268	$48
Price Index (2021 = 1.000)	0.832	0.894	0.952	1.000	1.104	1.219	1.346	1.486	0.486
Population 15+	5,034	5,030	5,177	5,224	5,518	5,659	5,705	5,676	452
Source Population	4,770	4,723	4,675	4,718	4,983	5,110	5,152	5,126	408
Participation Rate (%)	76.8	73.7	70.5	67.1	67.0	66.3	66.0	66.3	-0.8
Labour Force	3,665	3,480	3,295	3,168	3,339	3,389	3,402	3,401	233
Employed POR	3,595	3,315	3,035	2,882	3,121	3,168	3,180	3,179	298
Unemployed	70	165	260	286	218	221	222	221	-65
Unemployment Rate (%)	1.9	4.7	7.9	9.0	6.5	6.5	6.5	6.5	-2.5
Employed POW	1,620	855	1,030	927	972	982	986	988	61
Agriculture, forestry	1,030	465	600	536	555	558	555	549	13
Mining, oil and gas	100	60	40	34	36	36	36	35	1
Utilities	0	0	0	0	0	0	0	0	0
Construction	85	20	45	42	44	45	46	47	5
Manufacturing	10	10	25	24	24	24	23	22	-2
Wholesale trade	20	0	0	0	0	0	0	0	0
Retail trade	65	25	25	22	23	23	22	22	0
Transportation, warehousing	65	55	35	32	36	38	40	42	10
Information, culture	15	0	0	0	0	0	0	0	0
Finance, insurance	0	0	0	0	0	0	0	0	0
Professional, scientific, technical services	30	0	30	27	29	28	28	28	0
Other business services	10	80	20	18	19	20	20	21	3
Education	100	30	90	86	92	94	96	98	12
Health, social services	10	45	10	10	11	12	13	13	3
Arts, entertainment, recreation	0	0	10	9	9	10	10	11	2
Accommodation, food	50	15	35	27	30	31	33	35	9
Other services	30	40	45	39	42	43	43	44	5
Government	0	10	20	20	21	21	21	21	1

Source: Statistics Canada and *metroeconomics*

Appendix: Economic and Community Base Jobs

Employment by industry in any given area can be decomposed into economic base jobs (those that drive the overall economy) and community base jobs (those that serve the local population). The population growth of an area typically depends on its potential for growth in economic base employment while an area's growth in community base employment depends on its population growth. In recognition of this interdependence between population and employment growth *metroeconomics* developed a community-based projection system that takes account of the economic and demographic factors influencing an area's growth potential. The system takes these factors into account as follows:

- The economic base of the community is identified through the de-composition of local jobs on a place of work basis by industry into those that are *economic base* jobs and those that are *community base* jobs; this is achieved using a location quotient process.
- Economic base industries produce goods and services consumed primarily by businesses or people outside of the local community; these industries – also called export-based industries – produce agriculture, mining, or manufactured products for consumption elsewhere or provide tourism or higher-order education/health care services to visitors/temporary residents.
- The potential for growth of a local community's economic base jobs is identified through assessing how many such jobs exist today and how many might exist in the future drawing on *metroeconomics*' extensive forecasts of economic base industrial job trends nation-wide and province-wide.
- An assessment is also made of the potential for residents to commute to jobs in nearby employment locations drawing on existing patterns and on *metroeconomics*' base case forecasts of such jobs by sub-provincial area across the country.
- The potential for job growth within the local area and for job growth in nearby locations determines the potential for job growth among residents.
- The *metroeconomics* system ties this resident job growth potential to the demographic side of the community; if potential job growth among residents exceeds the current supply of workers (based on an age and gender assessment of the current population, age specific rates of labour force participation, the level of unemployment, and the need to replace retiring workers), in-migration occurs; thus job growth potential determines population growth potential recognizing each new job-holding resident typically brings along one or two dependents.
- The system further considers the fact that each new resident jobholder increases the need for workers who service the local population – the community base jobs – and that these additional community base jobs, in turn, create the need for more workers, more residents, etc.
- Growth in employed residents, in other words, drives the community's net in-migration requirements which, along with standard assumptions regarding fertility and mortality rates, provide the parameters needed to develop local area population projections by age and gender.
- Projected economic base jobs by industry are added to projected community base jobs by industry to determine the total number of jobs by place of work that will exist in the community in the decades ahead.

The Location Quotient procedure is carried out as follows:

- All jobs in agriculture and forestry, in mining and oil and gas extraction, and in manufacturing are economic base jobs as most of their production is consumed by businesses and people outside of the area.
- For all other industries, the number of jobs per 1,000 residents in the area is compared to that ratio across the relevant province. Where the ratio in an industry in the area exceeds that of the province it is assumed the excess jobs in the area are providing services to people or businesses outside of the area. These excess jobs are defined as export-based service jobs and their output as exportable services.