



Danix Management Limited

9 November 2023

## Peer Review Commercial and Employment Land Needs Study Base31 Area Concept Plan

**Michael Michaud,**  
Manager of Planning  
The Corporation of the County of Prince Edward

I am pleased to submit my review of the *Commercial and Employment Land Needs Study*<sup>1</sup>, prepared as input to the *Base31 Area Concept Plan*<sup>2</sup>.

Set out below are my conclusions which are supported by a detailed review of the methodology and assumptions of the *Commercial and Employment Land Needs Study* - attached as Annex A.

### Conclusions

The methodology followed in the *Commercial and Employment Land Needs Study* to calculate the warrant for commercial and employment lands at Base 31 is well structured.

The assumptions adopted at each step in the calculation of the warrant are reasonable.

The designation of the Revitalization District in the *Base31 Design Concept Plan* for mixed use that focuses the commercial and employment requirements of Base31 development can be supported.

The Revitalization District is of sufficient scale that it can be designed with sufficient flexibility to accommodate most of the projected commercial and employment land requirements arising from the proposed residential development of Base31 through to build-out.

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<sup>1</sup> *Commercial and Employment Land Needs Study, Base31 Area Concept Plan, Picton, Prince Edward County*, Tate Economic Research Inc., 13 September 2023.

<sup>2</sup> *Base31 Area Concept Plan*, Sasaki, 7 September 2023.

Industrial uses not appropriate for a mixed-use centre should be accommodated elsewhere, such as the appropriately designated and serviced Picton Industrial Park.

With the dedication of the Revitalization District to mixed use to accommodate the majority of the commercial and employment requirements of the Base31 population and given the existing supply of commercial and employment sites elsewhere in Picton, in the aggregate there would be sufficient commercial and employment land capacity to meet the projected requirements through to the end of the projection period (2043).

### **Caveat**

The requirements for commercial and employment lands arising from the projected population at Base31 are derived from the projected residential development yield of the subject lands. The demand for this residential development program is not derived from a growth projection and has not been justified in the *Commercial and Employment Land Needs Study*.

In other words, IF the residential development program is realized, the commercial and employment land requirements projected in the *Commercial and Employment Land Needs Study* can be accommodated.

However, the underlying premise supporting the residential development program was not addressed in the *Commercial and Employment Land Needs Study*.

Sincerely,



**Daniel Nixey**  
**President**

## ANNEX “A”

The following text presents the Danix Management Limited review of the *Commercial and Employment Land Needs Study*<sup>1</sup> prepared by Tate Economic Research Inc.

The peer review was developed through:

1. a detailed review of the *Commercial and Employment Land Needs Study* in relation to the *Base31 Area Concept Plan*<sup>2</sup>, the *Planning Rationale* report<sup>3</sup>, the *2023 Development Charges Background Study*<sup>4</sup> and the *draft OPA*.
2. a detailed examination of each assumption supporting the warrant for commercial and employment land as presented in the *Commercial and Employment Land Needs Study*.

The documents reviewed are referenced in footnotes.

### Projection Procedure

Tate Economic Research Inc. (TER) developed their projection of commercial and employment land requirements as a progression of logical calculation steps, identifying their assumptions at each step.

The projection was developed in several parts and then aggregated.

The first part is a projection of the commercial land requirements of the future residents who may eventually live on the Base31 lands.

The second part is a projection of commercial land requirements for all residents of Picton except those who may eventually live on the Base31 development lands. This part of the project was derived from the *Development Charges Background Study*<sup>5</sup> by transforming the non-residential built space projection contained in that report to its equivalent in terms of required commercial land area.

The third part is a projection of the employment land requirements of the residents who may eventually live on the Base31 lands.

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<sup>1</sup> *Commercial and Employment Land Needs Study, Base31 Area Concept Plan, Picton, Prince Edward County*, Tate Economic Research Inc., 13 September 2023.

<sup>2</sup> *Base31 Area Concept Plan*, Sasaki, 7 September 2023.

<sup>3</sup> *Planning Rationale, Picton Base31 Redevelopment*, Urban Strategies Inc., 13 September 2023.

<sup>4</sup> Watson & Associates, 2023 Development Charges Background Study, County of Prince Edward, December 2022.

<sup>5</sup> Op. cit. Watson & Associate Economist Limited

The fourth part is a projection of employment land requirements for all residents of Picton except those who may eventually live on the Base31 development lands. This part of the project was derived from the *Development Charges Background Study*<sup>6</sup> by transforming the non-residential built space projection contained in that report to its equivalent in terms of required employment land area.

The calculation of land requirements was paired with an examination of the commercial and employment land supply to arrive at TER's conclusions concerning land requirements in relation to available supply.

The assumptions embedded in each part of the TER projection methodology are examined below, concluding with an opinion concerning the reasonableness for each assumption. The objective of this examination is to determine if the methodologies and assumptions TER used to create the projection of land requirements provides a reasonable basis for planning the development of Base31 within the context of Picton's future needs.

### **Commercial Land Requirements of Future Base31 Residents**

TER developed a calculation of commercial land requirements arising from future Base31 residents following a standard stepwise methodology. These steps comprised:

- calculate total space demand from per capita space requirements multiplied by the projected Base31 population level
- determine share of total space demand that will be satisfied by facilities located in Picton ("Picton Share")
- determine portion of "Picton Share" of space demand to be satisfied by facilities located on Base31 lands
- determine portion of "Picton Share" of space demand to be satisfied by facilities located elsewhere in Picton
- calculate conversion of built space demand to demand for commercial land requirements

The methodology for calculating commercial land requirements is presented at Figure 8.1 in *the Commercial and Employment Land Needs Study*<sup>7</sup>. The assumptions required at each step in the calculation are clearly identified and rationalized in the Figure 8.1 footnotes.

What follows is an examination of each of the assumptions and a conclusion (in blue font) as to whether they provide a reasonable basis for the projection.

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<sup>6</sup> Watson & Associates, 2023 Development Charges Background Study, County of Prince Edward, December 2022

<sup>7</sup> Op. cit. Tate Economic Research (page 39).

### **Assumption: Per capita commercial space requirements**

Figure 8.1 presents the projection of per capita commercial space requirement, divided into three categories. It is not clear from Figure 8.1 where “food store retail” is included nor where “food and beverage service” was included (possible lumped in the service space category). Regardless of the categorization issues raised above, the total per capital commercial space requirement projected is reasonable, including a generous provision for service space which is consistent with the “destination arts and cultural commercial hub” orientation of the Revitalization District of the *Base31 Area Concept Plan*.

TER’s assumption concerning per capita commercial space provision is reasonable.

### **Assumption: Per capita commercial space requirements will decline through the development horizon**

Figure 8.1 projects a 20% decline in per capita commercial space requirement. The Covid pandemic shifted purchasing patterns away from in-store purchases to online, curbside pickup and delivery options. Despite an expected recovery as customers resume previous shopping behavior, Covid served to accelerate a decline in per capita space retail that has been underway for the past fifteen years<sup>8</sup>. Products most reliant on in-store sales such as groceries, health and beauty will be less affected<sup>9</sup> by this trajectory. The requirement for service space has also been challenged by Covid induced work-at-home arrangements and the proliferation of on-line engagement options for service operations.

TER’s assumption concerning declining per capita commercial space requirements is reasonable.

### **Assumption: Picton’s share of commercial space demand arising from Base 31 residents**

Figure 8.1 projects the share of total demand for commercial space generated by future residents of Base 31 that will be satisfied by facilities located on lands located in Picton (vs. located anywhere else). The justification given for the allocation share, by category, is a judgement call by TER. The shares assigned by TER range from 75% for food and beverage to 40% for non food and beverage retail. It can be expected that a higher proportion of items purchased on a weekly basis (like food, restaurant meals, haircuts) would be made locally while purchases that benefit from comparison shopping from a wider array of options would more frequently occur in centres with larger concentrations of retail facilities (such as Bellville, Kingston or Toronto).

A related assumption is that the share of total demand for commercial space generated by residents of Base 31 that will be satisfied by facilities located on lands located in Picton will marginally increase as the Base31 development moves to “build out”. It can be expected that as the number and variety of commercial and employment services

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<sup>8</sup> <https://www.cbre.com/insights/briefs/cotw-retail-space-is-continuing-to-right-size>

<sup>9</sup> <https://londonlovesproperty.com/retail-space-requirements-to-decline-but-physical-stores-will-remain-vital/>

developed at Base31 increases, these services will increase the proportion of Base31 residents' demand captured in Picton.

TER's assumptions concerning the share of Base31 demand being satisfied in Picton and this share marginally increasing over time are reasonable.

**Assumption: Base31's share of commercial space demand arising from Base 31 residents**

Figure 8.1 projects the share of total demand for commercial space generated by future residents of Base 31 that will be satisfied by facilities located on the development lands of Base31 (vs. located elsewhere in Picton). In other words, of the demand generated by Base31 residents, how much will be satisfied in Picton and how much will be satisfied on the Base31 lands?

TER allocated 50% to Base31 and 50% to "elsewhere in Picton". This is a judgement call as it is not possible to determine the shopping habits of future residents in relation to commercial services that do not yet exist.

The Base31 demand from residents "on site" is augmented in the TER calculation by "inflow" from those living outside the Base31 development area. TER estimates this augmentation will range from 30% to 40% of the total demand. The mobility data from Near Intelligence (smart phone location) referenced in the TER report<sup>10</sup> confirms substantial local inflow of customers to commercial services in the Downtown Core and the No Frill and Canadian Tire store on Loyalist Parkway.

Added together, the 50% share of Base31 residents' demand plus the inflow from elsewhere results in TER's calculated requirement of commercial space to be satisfied on Base31 for the interim phase (9,075 population) at approximately 150,000 square feet. For comparison, this is one fifth the size of the current inventory of retail and service space in Picton<sup>11</sup>. As the Base31 development reaches "build out" (population 18,150 population), the calculated requirement from Base31 residents to be satisfied on site expands to approximately 350,000 square feet.

Although the calculated demand for space captured on site may appear optimistic given the well-established downtown core, the vision for Base31 is that it be developed as a "complete community". In addition, it can be expected that some of the commercial services developed on site will accommodate employees and customers drawn from beyond the Base31 development area.

TER's assumptions concerning the 50% share of Base31 "Picton" demand being satisfied on-site augmented by substantial inflow from beyond the site is reasonable given the orientation of the Area Concept Plan, though perhaps aspirational during the early stage of development.

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<sup>10</sup> Op. cit. Tate Economic Research (page 33).

<sup>11</sup>Op cit. Tate Economic Research (page 23).

### **Assumption: Share of Base31 demand for commercial land satisfied elsewhere**

The share of the demand for commercial space arising from Base31 residents not met on site (i.e., not satisfied within the Base31 development) but met by facilities located elsewhere in Picton was calculated by TER by deducting a percentage of the demand that could be absorbed into existing facilities (and therefore reduce the need for additional commercial facilities). TER assumes 25% of the demand would be absorbed by existing facilities. As Picton is currently well served by a wide variety of commercial services and there is a significant vacancy in the existing stock of commercial space that could be reactivated to absorb this demand, a 25% absorption share is a reasonable expectation.

TER's assumptions concerning the absorption of a quarter of the demand generated by Base31 residents (not satisfied on site) into the existing stock of commercial facilities located elsewhere in Picton is reasonable.

### **Assumption: Conversion of projection of commercial space demand to acres of land**

The final step in the TER projection of demand for commercial land arising from future residents of Base 31 was to convert the projection of square feet of facilities into acres of site area. TER applies coverage ratios to develop this conversion using three rates (low, medium and high). The "low" coverage ratio was selected for the "interim" development phase (population 9,075) transitioning to the "high" coverage ratio at "build out" (population 18,150). The transition reflects projects being delivered to urban density standards as site development approaches maturity. It can be expected that development intensification will occur as the site matures towards a complete community.

TER's assumptions concerning coverage ratios to convert demand expressed as square feet of facilities to acres of site area are reasonable.

### **Commercial Land Requirements from Residents other than at Base31**

TER relied on the recently prepared *Development Charges Background Study*<sup>12</sup> to develop a projection of commercial land requirements for residents other than those to be accommodated on the Base31 lands. To prepare the schedule of development charges, it was necessary to project the future population and from that the municipal investments in facilities and infrastructure that will be required. One aspect of this work, prepared by Watson & Associates Economists Ltd., was to project the amount, type and location of future development over two planning horizons (2023 through 2033 and 2233 through 2043). The medium population projection, adopted by TER, indicates a county-wide increase of approximately 3,445 persons for the 10-year forecast period and 6,475 persons for the 20-year forecast period. Fully three quarters of the new housing units required to support the medium population projection was allocated to Picton.

The employment associated with the population was then calculated using an "activity rate" (a ratio of jobs to population) based on 2016 employment and population. The

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<sup>12</sup> Op. cit. Watson & Associates Economists Limited

employment projection resulted in an increase of employment (not including those working at home or those with no fixed place of work) of approximately 1,210 for the 10-year forecast period and 2,190 for the 20-year forecast period. This was then converted to the amount of non-residential (commercial and employment) space required using a table of conversion ratios<sup>13</sup>.

The non-residential space requirements were then allocated to various parts of the county. The allocation assigned to Picton was 406,100 square feet by 2023 and 725,700 square feet by 2043<sup>14</sup> representing approximately forty percent of the county total.

The methodology used by Watson & Associates to prepare development charge studies is widely used in municipalities throughout Ontario and has been adopted by the county as the basis of its development charges., including its underlying growth projection.

The projection of non-residential built space requirements developed by Watson & Associates Economists Ltd. and the share allocated to Picton was relied upon by TER in the development of the Commercial and Employment Land Needs Study and has been accepted here without examination of the assumptions lying behind the growth projection.

TER took the projection of non-residential built space requirements presented in the *Development Charges Background Study* and converted these space requirements to land area.

TER first adjusted the projection to isolate the portion of the projection that aligned with the “commercial” definition used in their *Commercial and Employment Land Requirement Study report*. The adjustments included ignoring the requirements allocated to “industrial”; adding to “commercial” a portion of “institutional” requirement and subtracting from “commercial” a portion to be allocated to “employment” (vs commercial) lands.

Through these adjustments to the Watson & Associates projection, TER arrived at a requirement for additional commercial space in Picton of 145,300 square feet by 2033 increasing to 252,000 square feet by 2043<sup>15</sup>. TER adopted the two projection periods as roughly representative of the “interim” and “build out” phases of their projection for the Base31 requirements. Using the same coverage ratios as used for the Base31 projection, TER then translated the commercial space demand to 13.3 acres by 2033 increasing to 16.5 acres by 2043 and assumed all this demand will be met on lands within Picton.

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<sup>13</sup> Op. cit. Watson & Associates Economists Limited, Development Charges Background Study (page 3-10)

<sup>14</sup> Op.cit. Watson & Associates Economist Limited (Schedule 10c)

<sup>15</sup> Op. cit. Tate Economic Research Inc. (page 42)

The adjustments to the Watson & Associates projection (to conform to the distinction between jobs that may locate on commercial vs employment lands) and the coverage ratios used to translate space requirements to land requirements are reasonable.

Assigning none of the demand arising from Picton residents not living on the Base31 site to commercial facilities to be located at Base31 is a simplifying assumption that may contradict a previous assumption about inflow to Base31 but does not materially affect the overall projected requirement for commercial lands in Picton.

### **Employment Land Requirements from Future Residents of Base31**

To develop an “employment land” projection arising from the future population of the Base31 land, TER adopted the methodology used for projecting demand in the development charges study – applying an activity rate to the future population of Base31 to project jobs, converting this to square feet of space, then converting this to land area.

To isolate “employment” jobs (vs. “commercial” jobs), TER selected the “industrial” category from the development charges projection and added a share of the “commercial” and “institutional” categories. The activity and conversion rates were those used in developing the requirements for commercial land. The results are summarized in Figure 8.5 of the *Commercial and Employment Land Needs Study*<sup>16</sup> indicating a Base31 demand for employment lands of 42.9 acres at the “interim” phase of development (9,075 population) and 58.9 acres at the “build out” phase of development (18,150 population).

The TER methodology and assumptions underpinning their projection of employment land demand arising from future Base31 is reasonable.

Note: given the recent change in the Provincial Policy Statement (Bill 97) the inclusion of the “industrial” category of jobs used in calculating the “employment land” requirement for Base31 - if this demand is to be met in the “mixed use” Revitalization District of the Area Concept Plan<sup>17</sup> - may be subject to challenge.

### **Employment Land Requirements from Residents other than at Base31**

TER followed the same approach (i.e., used the same assumptions and conversion factors to translate the development charges study population projection to jobs, jobs to square feet of space, and then space to land area) to project “employment land” requirements arising from the projected Picton population excluding the population expected to locate on Base31. The results are summarized in Figure 8.6 of the *Commercial and Employment Land Needs Study*<sup>18</sup> indicating a demand for employment lands arising from Picton population other than at Base31 of 16.9 acres by 2023 and 19.3 acres by 2043.

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<sup>16</sup> Op. cit. Tate Economic Research Inc. (page 44)

<sup>17</sup> Sasaki, Base31 Area Concept Plan, 7 September 2023 (page 57 Figure 4.6.1)

<sup>18</sup> Op. cit. Tate Economic Research Inc. (page 44)

The TER projection methodology and assumptions are reasonable.

### **Commercial and Employment Land Supply**

Using the Prince Edward County Public GIS Viewer, supplemented with site inspections, TER determined the commercial land inventory in Picton was approximately 229 acres of land zoned commercial of which 43 acres were vacant<sup>19</sup>. TER notes that 36 of the vacant acres comprise a single site zoned “tourist commercial”. In addition to vacant sites TER observed that there are occupied commercial sites with intensification potential.

The supply of commercial and employment lands on Base31 is yet to be determined. According to the *Base31 Area Concept Plan*<sup>20</sup> the greatest concentration of commercial uses will be directed to the 70 acre<sup>21</sup> mixed-use Revitalization District, focussed on adaptive re-use of the existing heritage buildings. The *Base31 Area Concept Plan* indicates that some of the uses to be located in the Revitalization District will be “industrial”<sup>22</sup>.

The villages developed outside of the Revitalization District may also incorporate smaller, neighbourhood-scale retail and commercial services.

The TER projection methodology and assumptions are reasonable.

Note: given the recent change in the Provincial Policy Statement (Bill 97) the inclusion of the “industrial” category of jobs used in calculating the “employment land” requirement for Base31 - if this demand is to be met in the “mixed use” Revitalization District of the Area Concept Plan<sup>23</sup> - could be subject to challenge.

### **Warrant for Commercial and Employment Land in Picton**

For the purposes of evaluating the TER calculated warrant for commercial and employment land three considerations should be recognized.

First, the TER methodology for calculating commercial and land requirements has aggregated requirements derived from a population projection for Picton residents (from the growth projection used in the *2023 Development Charges Background Study*) - without reference to the impact of development at the Base31 site) - with a calculation of commercial and employment land requirements arising from a proposed 25-year residential development program for the Base31 site (a consideration not included in the current PEC population growth projection).

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<sup>19</sup> Op. cit. Tate Economic Research Inc. (page 29)

<sup>20</sup> Op. cit. Sasaki (page 43)

<sup>21</sup> Urban Strategies Inc, Planning Rationale, Picton Base31 Redevelopment, September 2023, (page 1)

<sup>22</sup> Op. cit. Sasaki (page 57)

<sup>23</sup> Sasaki, Base31 Area Concept Plan, 7 September 2023 (page 57 Figure 4.6.1)

Second, in settling on a time horizon for the land requirements projection, TER aligned the time intervals of the *Development Charges Background Study* based on years (2023 to 2033 and 2033 to 2043) with Base31 development phases expressed in population terms (“interim” at 9,075 resident and “build-out at 18,150 residents). The *Planning Rationale* report suggests a 20-to-25-year development program.<sup>24</sup>

Third, the development program for the Base31 site is not sufficiently detailed to determine the commercial vs employment land inventory at Base 31 – although it is clear the major opportunity for commercial and employment development will be directed to the 70-acre Revitalization District.

A summary of employment land demand and supply as taken from Figure 8-7 in the *Commercial and Employment Land Needs Study*<sup>25</sup> report is presented below. Figure 8-7 agrees with the land requirements presented in Figures 8-5 and 8-6.

<i>from Figure 8-7</i>	<b>Acres</b>	<b>Notes</b>
<b>Base31 Development Site</b>		
Commercial Land Requirement	22	
Employment Land Requirement	59	
Commercial / Employment Land Supply	70*	Revitalization District Mixed Use
<b>Elsewhere in Picton</b>		
Commercial Land Requirement	27	
Commercial Land Supply	43	
Employment Land Requirement	19	
Employment Land Supply	32	Adjusted for 12.5% vacancy

At page 45, TER concludes: *Overall, there is demand for 78.3 acres of employment land in Picton at build-out. This total includes 58.9 acres of demand generated by future Base31 Area Concept Plan residents and 19.3 acres of demand generated by future Other Picton residents.*

One final adjustment was then introduced by TER to arrive at their final summary of commercial and employment land requirements in relation to available land supply – as presented in Figure 9.1 of the *Commercial and Employment Land Needs Study*<sup>26</sup> – indicating demand conditions as given at the end of the projection horizon (2043 or “build out” as relevant).

<sup>24</sup> Op. cit. Urban Strategies Inc. (page 13)

<sup>25</sup> Op. cit. Tate Economic Research Inc. (page 46).

<sup>26</sup> Op. cit. Tate Economic Research Inc. (page 47).

<i>from Figure 9-1</i>	<b>Acres</b>	<b>Notes</b>
<b>Base31 Development Site</b>		
Commercial Land Requirement	22	
Employment Land Requirement	47	
Commercial / Employment Land Supply	70*	Revitalization District Mixed Use
<b>Elsewhere in Picton</b>		
Commercial Land Requirement	27	
Commercial Land Supply	43	
Employment Land Requirement	32	
Employment Land Supply	32	Adjusted for 12.5% vacancy

\*the 70-acre site includes many structures suitable for re-purposing plus vacant land

At page 46, TER concludes: *Overall, this analysis indicates that there is forecast demand for 22.2 acres of commercial land and 46.7 acres of employment land in the Base31 Area Concept Plan.*

The requirements for commercial and employment lands shown in Figure 9.1 for Base31 were used in the Base31 *Planning Rationale* report<sup>27</sup>.

To arrive at the final adjustments shown in Figure 9.1 TER directed the aggregate demand for employment land to sites in the employment land supply of “other Picton” until the supply was exhausted (i.e., 32 acres demand aligned with 32 acres of supply) and directed the residual employment demand (47 acres) to Base31.

It is a reasonable approach to direct the “industrial” portion of the aggregate employment land requirements to sites in Picton that are appropriately designated for this use.

**Conclusions**

The methodology followed in the Commercial and Employment land Needs Study to calculate the warrant for commercial and employment lands at Base 31 is well structured.

The assumptions adopted at each step in the calculation of the warrant are reasonable.

The designation of the Revitalization District in the Base31 Design Concept Plan for mixed use that focusses the commercial and employment requirements of Base31 development can be supported.

The Revitalization District is of sufficient scale that it can be designed with sufficient flexibility to accommodate most of the projected commercial and employment land requirements arising from the proposed residential development of Base31 through to build-out.

<sup>27</sup> Op. cit. Urban Strategies Inc. (page 23)

Industrial uses not appropriate for a mixed-use centre should be accommodated elsewhere, such as the appropriately designated and serviced Picton Industrial Park.

With the dedication of the Revitalization District to mixed use to accommodate the majority of the commercial and employment requirements of the Base31 population and given the existing supply of commercial and employment sites elsewhere in Picton, in the aggregate there would be sufficient commercial and employment land capacity to meet the projected requirements through to the end of the projection period (2043).

**Caveat**

The requirements for commercial and employment lands arising from the projected population at Base31 are derived from the projected residential development yield of the subject lands. The demand for this residential development program is not derived from a growth projection and has not been justified in the Commercial and Employment Land Needs Study.

In other words, IF the residential development program is realized, the commercial and employment land requirements projected in the Commercial and Employment Land Needs Study can be accommodated.

However, the underlying premise supporting the residential development program was not addressed in the Commercial and Employment Land Needs Study.