

The Commercial Balance Sheet

Retail is pervasive. Retailers can be found near the highway, downtown, on the outskirts of a new residential neighbourhood, at the entrance of an industrial park, on main floors of office buildings and at so many other sites.

Often, it is the nature of retailers that will convey an image of the area. More often than not, though, that image is not optimal.

The Urban Logic

Many territories have felt the need to structure their retail scene! Are there enough retailers? What is missing exactly? Is it possible to physically organize retail? If so, how?

These questions are part of a new idea that is gaining traction in the municipal world. How can a City stimulate private investments? How can a Municipality increase property revenues?

By taking initiatives on the retail infrastructure, a Municipality can effect change in the retail landscape. By doing so, the City recognizes that the private sector has limits in its understanding of public interests. These interests are globally more critical. For example, the City must plan its development for many decades. It must ensure harmo-

ny between urban functions (residential, industrial, commercial, institutions and others) at all times.

The urban logic also implies that the City must influence vectors of its development. It is no longer sufficient to wait for private projects; the City must stimulate, encourage and even directly participate in some projects.

The urban logic supersedes private logic; it does not mean that the City must reject private project. It means that the City determines orientations and guidelines for its development. Reality teaches us that investors welcome the knowledge of these guidelines. The urban logic also stipulates that the City has defined. Its vision.

Demand and Supply

A clear picture of the retail function is a crucial ingredient for defining a vision..

To obtain this picture, an assessment of the consumer demand and of the actual offering is necessary. Economists would call this an expression of supply and demand.

Today, it is possible to assess both sides of the equation. That is what we call the Commercial Balance Sheet. Here is an excerpt from such an exercise. In this case, we can observe that Supermarkets, Baked Goods Stores, Confectionery Stores serve a territory more extensive than that of the municipality, so that these stores attract customers from outside city limits.

We can also note some absent businesses while there is much other information from such a review: areas needed to fill recoverable commercial leaks, retail surplus, cases of market saturation and others.

NAICS		Demand \$	Supply \$
Food			
445 110	Supermarkets and Other Grocery (except Convenience) Stores	26 857 732	29 709 469
445 120	Convenience Stores	4 087 245	2 739 778
445 230	Fruit and Vegetable Markets	1 495 270	
445 210	Meat Markets	1 531 740	996 289
445 291	Baked Goods Stores	252 685	1 958 977
445 292	Confectionery and Nut Stores	109 410	661 291
445 310	Beer, Wine and Liquor Stores	993 484	
446 191	Food (Health) Supplement Stores	80 755	
445 299	All Other Specialty Food Stores	192 770	493 116
445 220	Fish and Seafood Markets	224 030	
	Total Food	35 825 121	36 558 920

The balance sheet provides a macro-economic portrait of the retail sector in a municipality, a county or even in a regional area.

Municipal Retail Risks

There are a good number of retail risks in a municipality. Here are some of the most commonly found: retail scarcity, downtown divestment, not very distinctive commercial positioning, vacancy rate, messy layout, commercial sprawl. The Commercial Balance Sheet and regulations can address most of these risks. Of course, other factors come into play in mitigating these risks.

Past experiences teach us that an imbalance in the business function has side effects that can quickly become significant. The longer we wait to manage these risks, the more the Municipality must get involved to resolve these issues.

Getting Involved

Without data, everyone has a good opinion on what to do to improve the quality of the retail trade. However, information is critical. For example, several municipalities maintain a register of retail businesses and their floor space; it is one of the essential data to capture. Then, the number of current

and potential households, the areas of vacant commercial land and some other data allow us to benefit from an enlarged portrait of local commercial potential.

The Urban Planning Department also holds information on the types of commercial zones, authorized commercial uses and is usually knowledgeable about future projects.

The creation of a BIA (Business Improvement Area) or a municipal business development service are organisations that can handle the needs associated with managing commercial leaks.

Benefits

Nobody wants to manage decay! Improving business assets can attract new households as well as investment. The Commercial Balance Sheet is one tool in the municipal toolbox which allows for a partial diagnosis of the business situation.

Benefits of Urban Retail Business Management

Consumer	Investor	City
Quantitative		
Encourage local purchasing	Avoid market saturation	Make public investments profitable
Benefit from a diversified offer	Improve the power of attraction	Consolidate the economic base
Reduce the carbon footprint	Limit commercial leakages	Protect property values
		Create and maintain jobs
Qualitative		
Create a pleasant living environment	Attract sustainable projects	Build an urban identity
Nurturing local belonging	Promote a commercial vocation	Create a favorable investment climate
		Reduce commercial sprawl