

## Retail, the unsung hero

Canadian municipalities have limited revenues; they face increased responsibilities and costs. Municipalities need new annual revenue streams to fund public goods and services that are part of their mission.

The different urban functions of a territory allow a relative diversity of land revenues: industrial and housing development, as well as trade, are some of the sources of revenue that fuel municipalities. We want to focus more specifically on trade.

The place occupied by retail in a municipality must correspond to three characteristics: commercial autonomy, the relevance of supply and, organized growth.

a. The commercial offer should aim at **optimizing local autonomy**.

The business offer must meet the needs of the citizens as best as possible to reduce frequent trips to other destinations. It also enhances the number of local businesses. There is a whole chain of events that sets in motion as soon as there are positive changes in the commercial offer. For example, if more businesses open their doors, it

means more jobs. It also means either renovated buildings or new real estate developments that ultimately create new revenue streams for the municipality.

The optimization of local autonomy makes it possible to appropriate latent property values.

b. A **relevant commercial offer**.

Shopping centers are masters in the art of programming their business spaces with relevant businesses, whose offer pleases consumers. Can the city imitate this approach? In fact, yes, it is possible to identify the most suitable businesses that meet the needs of consumers. It is not necessary to carry out long surveys to discover rare pearls. In economic development, business planning is possible because there are enough tools to support it. A set of factors that make it possible to establish a potential range of businesses that can exercise locally defines the planning direction. All business opportunities are not necessarily good prospects for the municipality. Here comes into play the history of the municipality, the geographical context, the very vocation of the territory.

The municipality thus imbues an orientation to desirable businesses to be established locally.

c. **Management of growth**.

Trade is not static. He is in continual motion. Yes, it can wither and dilute as it can make a fast-ascending curve. The management of commercial growth is crucial in the urban planning strategy. Where should the future businesses be located to serve the future households who will choose your municipality? Over time, there is segregation of commercial areas in the territory and, this is appropriate. We do not want systematic competition from all-new areas with the historic area. We then witness the creation of a commercial hierarchy.

The village core area will now live with either a commercial highway zone, community development, or a few small islands nearby. In all cases, commercial areas will be complementary. In a family, each member occupies a special place in the home. Nobody tries to cumulate the roles of father or mother. It is the same in the commercial function. Each business area occupies a special place.

All this requires putting in place some management routines that will take different forms: regulation, vocation, planning and, others.

## The future is now

Recent urban developments force the adoption of new management rules for the commercial function of territory, what we call the commercial framework.

More and more municipalities are developing particular strategies to take into account the insertion of the retail trade. We then witness an arbitration between private logic and urban logic. Private logic casts to profit optimization while public logic seeks to balance the different uses of the territory through the different phases of urban growth. Urban logic gives rise to what is called commercial urbanism, which seeks to harmonize the interests of different investors so that they adapt to urban objectives. Here are some examples.

1. **Real estate valuation of brownfields.** This type of project often requires the integration of residential and commercial buildings into a TOD. The difficulty lies in how to program the commercial function so that the offer is relevant and sustainable.
2. **Vacant land conversion.** Urban growth justifies new neighborhoods that are better organized and

better planned than those of the past. We must think about inserting shops and local services. Business programming depends on the potential for consumer spending offered by neighborhood households.

Commercial artery requalification. Old neighborhoods offer advantages for those who can imagine the future. Often located in the center of the city or a dense real estate area, these old neighborhoods can benefit from a recovery plan that will bring new citizens and new businesses.

The city is constantly changing. In some cases, this change will be hardly noticeable. For other municipalities, change is fast and abrupt. It is in this atmosphere that it is justified to proceed with a method because it is the moment to apply a relevant strategy of development.

## Shaping Gravity?

The concept of gravity is a natural phenomenon where one body draws objects toward its center. In retail, there are some natural attractors. For example, a supermarket, a big box, a bundle of retailers made of restaurants, food boutiques or even car dealers are attractive to customers. That is what we call critical mass. The challenge is creating the right retail mix that will exert a positive influence among customers.

## Retail infrastructure?

It refers to all the retail manifestation in a territory.



The Petit Champlain street in Quebec city is a ambiance street dedicated to arts and craft.

## Demarcom

We provide strategic advice on the management of retail infrastructure to municipalities, economic development organizations and municipal districts.