



**Big Boxes, Power Centres and the
Evolving Retail Landscape of Winnipeg:
A Geographical Perspective**

Research and Working Paper # 43

Brian J. Lorch

**Department of Geography
Lakehead University, Thunder Bay, ON**

&

**Senior Research Associate
Institute of Urban Studies
University of Winnipeg**

Institute of Urban Studies

2004

PUBLICATION DATA

Lorch, Brian

Big Boxes, Power Centres and the Evolving Retail Landscape of Winnipeg: A Geographical Perspective

Research and Working Paper # 43

ISBN 1-894858-12-3

I. The University of Winnipeg, Institute of Urban Studies. II. Title. III. Series: Research and Working Paper (The University of Winnipeg, Institute of Urban Studies); 43

This publication was funded by the Institute of Urban Studies but the views expressed are the personal views of the author. The Institute accepts no responsibility for them.

Published by:

Institute of Urban Studies
The University of Winnipeg
103-520 Portage Avenue
Winnipeg, Manitoba
R3C 0G2

ISBN 1-894858-12-3

© 2004
Institute of Urban Studies

Table of Contents

List of Tables	iii
List of Figures	iii
Acknowledgements	iv
Abstract	v
1 Introduction	1
2 Overview of Big Box Store and Power Centre Development in Winnipeg	3
3 Underlying Economic Conditions Supporting Retail Expansion	5
4 Criteria for Defining Big Box Stores and Power Centres	8
5 Locational Pattern of Power Centre Development	9
6 Assessing the Fallout of Big Box and Power Centre Development	12
7 Power Centres and Consumer Spatial Behaviour	17
8 Looking to the Future	24
9 Summary and Conclusion	28
Endnotes	30
References	31

List of Tables

Table 1	Examples of New Big Box Store Construction in Winnipeg, 1998-2002	5
---------	---	---

List of Figures

Figure 1	Value of Commercial Retail Building Permits, City of Winnipeg	4
Figure 2	Percentage Population Change in Prairie Census Metropolitan Areas, 1986-2002	6
Figure 3	Winnipeg Census Metropolitan Area Retail Sales	6
Figure 4	Change in Monthly Carrying Cost (Principal and Interest) on a \$100,000 Mortgage, 1990 – 2002	7
Figure 5	Year End Close of the Dow Jones Industrial Average, 1990-2003	7
Figure 6	Quarterly Average Value of the United States Dollar in Canadian Funds, 1990-2002	8
Figure 7	Location of Major Planned Shopping Centres in Winnipeg	10
Figure 8	Average Household Income in Winnipeg Census Tracts, 2000	11
Figure 9	Old and New Faces of Canadian Tire	15
Figure 10	Vacancy Rates by Type of Retail Configuration in Winnipeg's Major Suburban Retail Nodes	16
Figure 11	Site Plan of the Retail Development at Kenaston and McGillivray	19
Figure 12	Unfriendly Pedestrian Pathways in the Kenaston-McGillivray Retail Node	21
Figure 13	Retail Island Effect in Unicity Power Centre	22
Figure 14	Retail Island Effect in the Crossroads Station Power Centre	23
Figure 15	Longitudinal Trajectory of the Retail Cycle	24

Acknowledgements

In November, 2003, I was asked to speak to a meeting of the Manitoba Professional Planners Institute (MPPI) held at the Fort Gary, Hotel in Winnipeg. This document represents the transformation of that morning's presentation into a formal research report. I wish to thank Dr. Ian Wight, City Planning, University of Manitoba and Mr. Bill Budd of the MPPI for extending the invitation for me to speak.

Over the past two years, the Institute of Urban Studies has made it possible for me to enjoy a reduced teaching load at Lakehead University and consequently enabled me to pursue research about Winnipeg's retail landscape. The Institute's on-going support is very much appreciated. Appreciation is also extended to my colleagues in the Geography Department at Lakehead University for their tolerance of my extended absences from campus.

Particular appreciation is extended to Tom Carter and Jino Distasio who provided useful critiques of a draft of this report. Michelle Swanson, also of IUS, added valuable editorial comments.

ABSTRACT

This report offers a geographical perspective on a wave of big box store and power centre development that Winnipeg experienced between 1998 and 2001. Analysis reveals that new retail development has gravitated to existing major retail nodes thereby reinforcing the traditional retail hierarchy. New big box discount and category killer merchants have not eroded the integrity of any regional or super-regional enclosed shopping malls. Smaller open air strip malls have not fared as well. Micro-geographies of traditional enclosed malls and the new retail power centres are explored with attention given to ways the typical design and layout of power centres contributes to increased levels of dependence on automobiles. Planning issues related to the construction of new retail space and the redevelopment of existing retail spaces are discussed.

1.0 Introduction

In the world of retail development, “power centre” has become the accepted descriptor for a planned agglomeration of big box retail outlets that may or may not be accompanied by conventionally-sized commercial units. Architecturally speaking, the most distinguishing feature of a power centre is its open-air design. Unlike tenants in a conventional enclosed shopping centre, power centre tenants are not connected by an interior, climate-controlled corridor. To move between stores, power centre patrons travel along exterior pathways or across parking lots. In Canada, the popularity of the power centre format has not been diminished by the harsh winter weather experienced by most regions of the country. Indeed, since the early 1990s, the power centre format has all but replaced the enclosed shopping centre as the preferred choice of developers (Jones and Doucet, 2001). Testimony to this is the rapid growth of First Pro Shopping Centres, one of the leading developers of power centres in Canada. First Pro currently operates or is in the process of developing over 90 power centre sites with at least one site in each province of the country.¹

This paper examines aspects of big box store and power centre development in Winnipeg, Manitoba from a geographical perspective. Geographical interest in retailing has its roots in central place theory and its notion that the provision of goods and services evolves as a hierarchical system. Within large metropolitan areas, this hierarchy is reflected in a system of planned shopping centres beginning with large numbers of small neighbourhood nodes offering mostly convenience goods and service and topped off by a limited number of much larger regional and super-regional centres dominated by large department stores and specialty retailers. Retail geographers are particularly interested in how power centres are melding with this pre-existing hierarchy. Where are power centres located relative to established shopping nodes? What types of goods and services are offered? How has or how will the addition of power centres impinge on other components of a city’s shopping system?

Retail geographers are also interested in the spatial behaviour of consumers. Spatial behaviour has both macro and micro dimensions. Macro refers to the choices consumers

make between competing shopping nodes or destinations. Micro-spatial behaviour refers to how consumers move about within a planned shopping centre environment. Enclosed regional and super regional malls and power centres offer starkly contrasting shopping experiences. Of interest, then, is whether multiple big box outlets situated in open-air environments is changing the way consumers shop.

Questions pertaining to the evolution of urban retail systems and spatial behaviour of consumers should also interest those in the profession of urban planning. The cornerstone principal of municipal retail planning for many years has been the same spatial hierarchy of central place theory. Official Plans often spell out the framework for a spatial system of shopping opportunities that are reasonably accessible to all consumers. At the same time, regulatory environments have sought to restrict undue expansion of the system in order to preserve the integrity of existing components. The classic example is that of efforts to preserve the hegemony of the central business district in the face of the wave of suburban enclosed shopping centre development that began to unfold in the 1960s and continued through the 1970s and 1980s. Today, the same issue prevails but it is now beginning to revolve around a different set of players as concerns are raised about the ability of those same community and regional shopping centres to remain viable in the face of increased competition from big box stores and power centres.

The interests of geographers and planners also intersect with regard to the spatial behaviour of consumers. To a degree, the advent of power centre development is yet one more manifestation of the type of urban landscape that evolves when society chooses to emphasize private over public transportation. Like most regional shopping centres, power centres are more conveniently accessed by automobile. It may be suggested, however, that power centres create a second level of automobile dependency in that their morphological structure induces shoppers not only arrive by car but to move from store to store by car as well.

This paper explores some of these dimensions of power centre development as they relate to the retail landscape of Winnipeg. It begins with a brief overview of big box store and power centre development in Winnipeg and some of the reasons underlying the surge in the

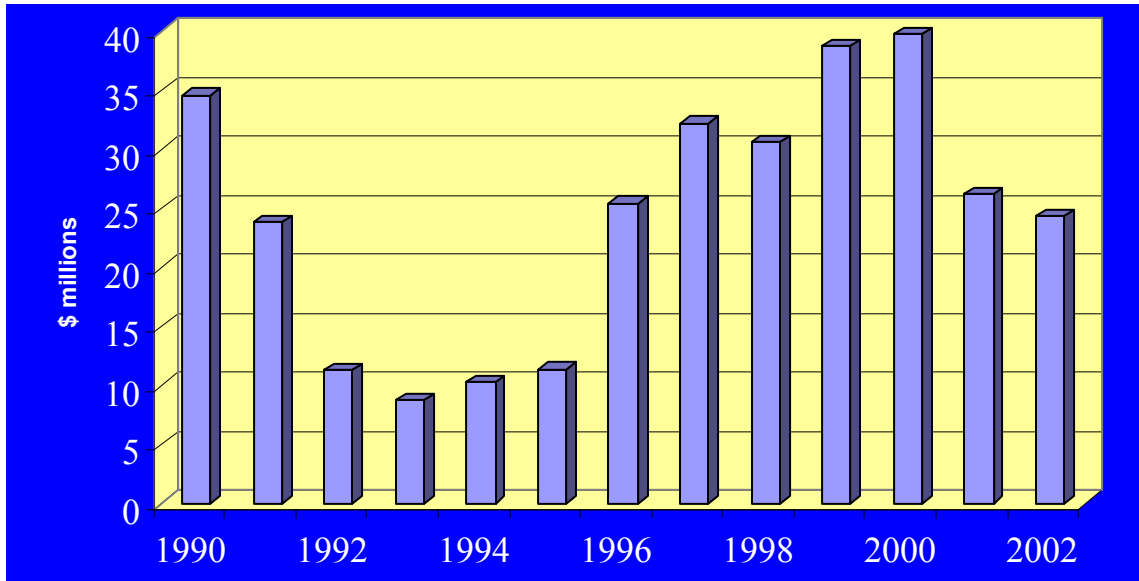
construction of retail space that has occurred in the last five years. The paper then examines some of the strategic responses made by existing retailers and mall owners in the face of the big box invasion. Several local power centres are then audited for the potential impact of their layout and design on the spatial behaviour of consumers. Finally, the paper concludes with a brief discussion of what the future might hold for further retail development as well as policy to guide that development.

2.0 Overview of Big Box Store and Power Centre Development in Winnipeg

That a new generation of stores is being built to a larger scale than previous ones is hardly a new phenomenon to the Winnipeg market. One only need think of how the retailing of food has evolved from small neighbourhood groceries to larger grocery supermarkets and then most recently to the superstore model. As well, it could be argued that Winnipeg's original big box stores were the downtown locations of the Hudson Bay Company and former Eaton's department store chains were the original big box stores in the city. At over 500,000 square feet, both outstripped by far any of the new Wal-Marts. If one adopts, though, the more commonly held image of big box stores as suburban-based discounters or category killers, such stores made their first appearance in Winnipeg in the late 1970s and early 1980s with the arrival of such retailers as the Brick Furniture Warehouse and Toys R Us.

Undoubtedly, the most conspicuous addition of big box retail space to the Winnipeg market is associated with a wave of development that commenced in 1996 and peaked in 2000 when the city issued building permits for new retail space valued at nearly \$40 million (see Figure 1). This boom in store-building activity involved several high profile players, many of them American in origin. Wal-Mart built five new stores totaling some 630,000 square feet and Home Depot launched three locations, each at over 100,000 square feet. Other prominent American retailers entering the market included Michaels, Linen n' Things, Winners, Best Buy and Old Navy. Canadian owned stores have also been active. A prominent example is Canadian Tire which closed four smaller stores, expanded two, and built four new big box outlets. Others include Real Canadian Superstore, Chapters and Home Outfitters (see Table 1).

Figure 1
Value of Commercial Retail Building Permits, City of Winnipeg
(1992 Constant Dollars)



Sources: City of Winnipeg, Planning Property and Development Department; Statistics Canada, Cansim Table 326-0002 Consumer Price Index

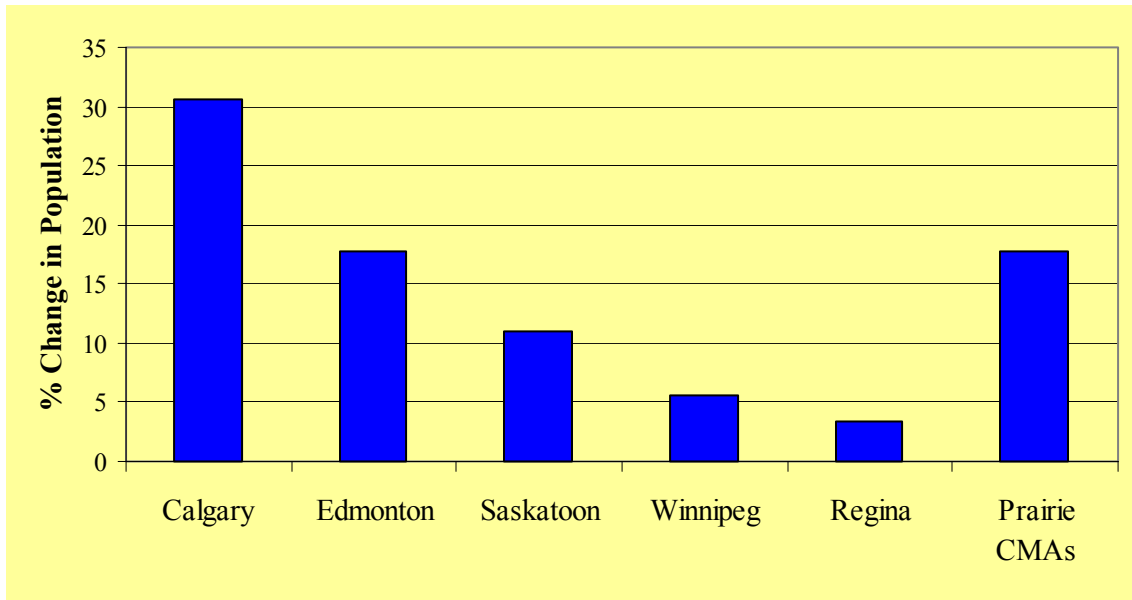
<p style="text-align: center;">Table 1 Examples of New Big Box Store Construction in Winnipeg, 1998-2002</p>		
Company	# of New Stores Constructed	Approximate New Store Square Footage Added
Wal-Mart	5	630,000
Home Depot	3	321,000
Canadian Tire	3	285,000
Chapters	3	76,700
Home Outfitters	2	80,000
Michaels	2	49,000

3.0 Underlying Economic Conditions Supporting Retail Expansion

While retail construction activity surged in the latter half of the 1990s, population growth in Winnipeg continued at a sputtering pace. Between 1986 and 2002, the population of metropolitan Winnipeg increased by only five percent. By contrast, in the same period, Calgary saw its population jump by over 30 percent while Edmonton experienced a gain of some 17 percent (see Figure 2). Despite this slow pace of population growth, retail sales in Winnipeg have risen steadily since 1994 even when inflation is taken into account. More importantly, retail spending per capita increased almost 25 percent between 1994 and 2001 (see Figure 3).

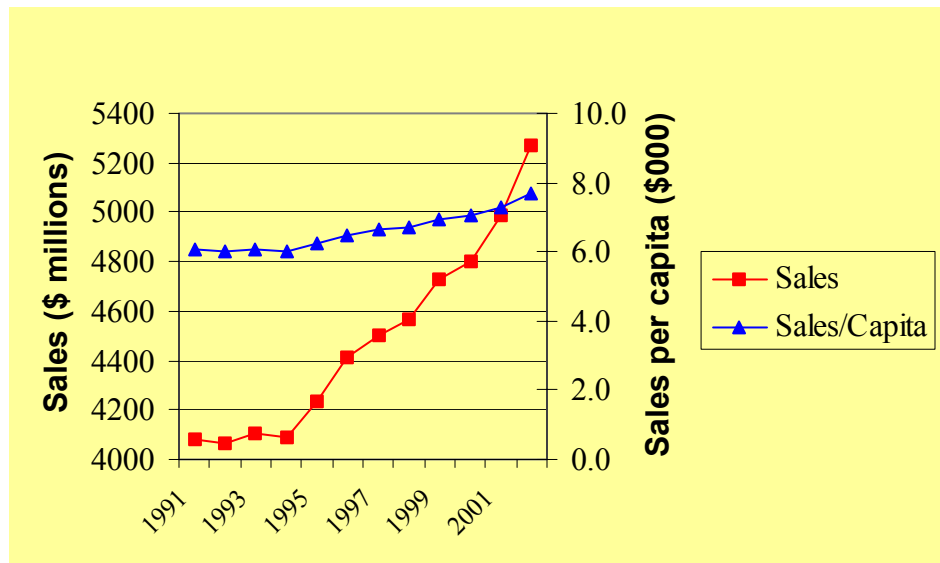
Several factors possibly underlie increased consumer spending. First, declining mortgage rates have greatly reduced the cost of home ownership. For example, in 2002, the monthly carrying cost of a \$100,000 mortgage amortized over 25 years for five year terms was over \$400 less than what it was in 1990 without considering the effect of inflation (see Figure 4). Second, rising equity markets (see Figure 5) created a so-called wealth effect. Increased paper value of stock portfolios spurred consumer confidence in the health of the economy and the safety of their jobs. Local retail sales benefited as well from a decline in cross-border shopping. Beginning in the 1990s and continuing into the 2000s, the cost of buying a \$US

Figure 2
Percentage Population Change in Prairie Census Metropolitan Areas, 1986-2002



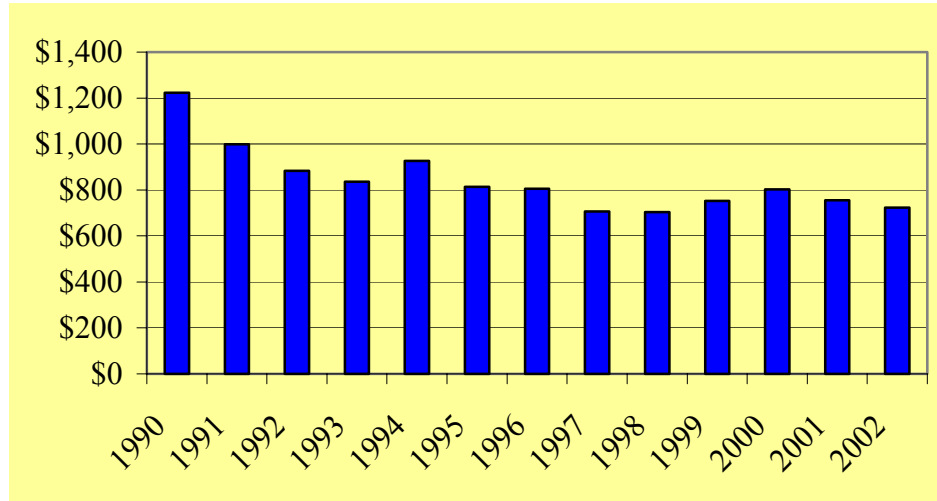
Source: Tabulated from Statistics Canada Cansim Table 51-0014

Figure 3
Winnipeg Census Metropolitan Area Retail Sales
(1992 Constant Dollars)



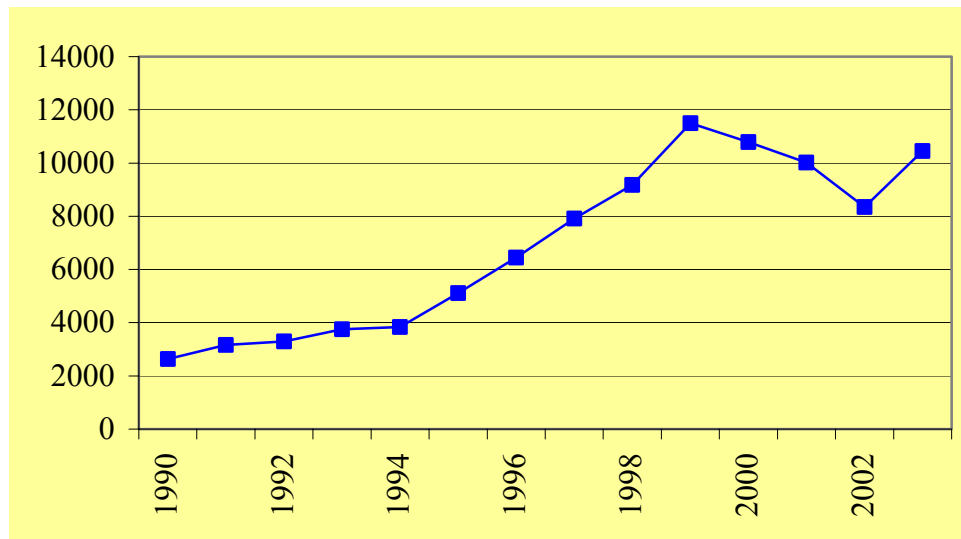
Source: Tabulated from Statistics Canada Cansim Tables 326-0002 and 051-0014

Figure 4
Change in Monthly Carrying Cost (Principal and Interest)
on a \$100,000 Mortgage, 1990-2002



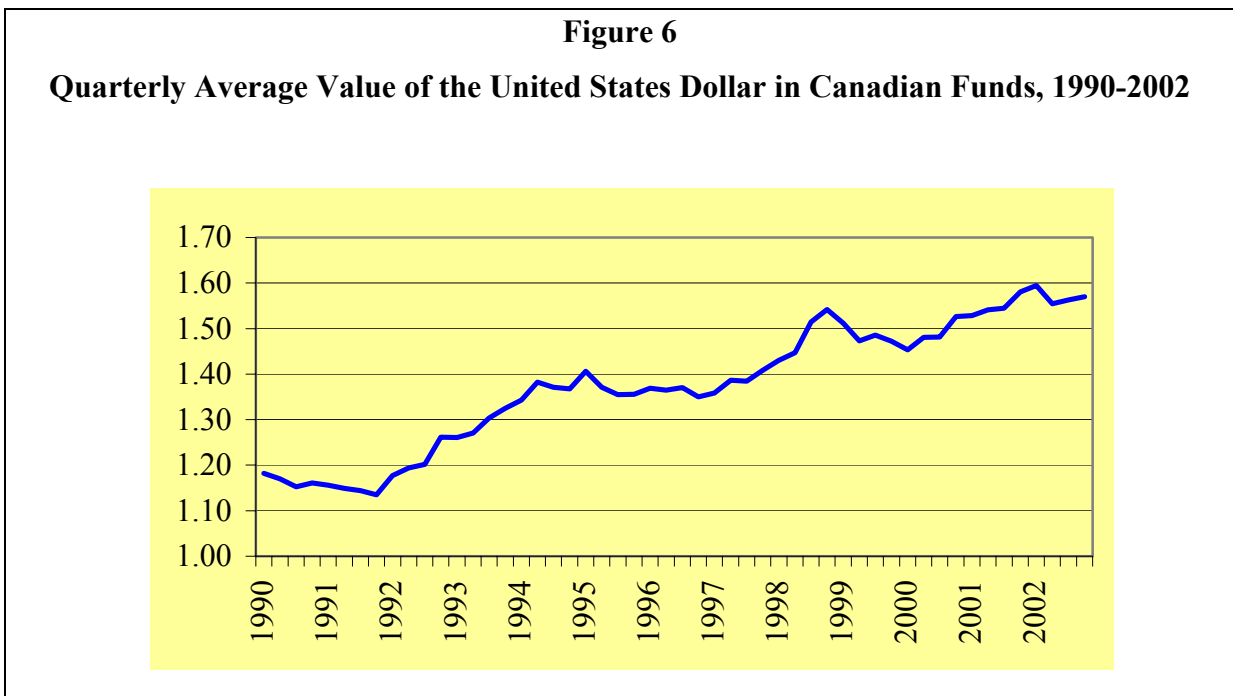
Source: Calculated using five year term interest rates as of June 30 of each year. Historical interest rate data obtained from Bank of Canada (www.bankofcanada.ca/en/interest-look.htm)

Figure 5
Year End Close of the Dow Jones Industrial Average, 1990-2003



Source: Compiled from data obtained from www.dowjones.com

increased dramatically (see Figure 6). Unfavourable exchange rates all but choked off recreational shopping excursions by Manitobans to nearby American markets such as Grand Forks and the Twin Cities. At the same time, Winnipeg sales have likely been boosted by increased patronage from residents of surrounding municipalities drawn to Winnipeg by expanded super-regional centres (Polo Park and St. Vital) and more recently, by the novelty of category killer big boxes. Historically, low interest rates have also made it easier to spend using borrowed money. Statistics Canada has recently reported that the debt level of the average Canadian household is reaching record highs.² Lastly, a final potential contributing factor to increased sales levels is the spending being done by the aging baby boom generation. With mortgages paid off, children educated, and careers maturing, disposable incomes of this group have never been greater.



Source: Based on data derived from Statistics Canada Cansim Table 176-0064

4.0 Criteria for Defining Big Box Stores and Power Centres

Analysis in this paper is based on an October 2001 enumeration of power centres conducted by the author. Power centres were identified using definitions established by researchers at the Centre for the Study of Commercial Activity at Ryerson University, Toronto (Yeates,

2000). The minimum requirement for inclusion was the presence of at least two big box stores that shared or at least appeared to share a common parking facility. Once identified, power centres were further classified as anchored or non-anchored. Anchored Power Centres (APCs) were those with at least one tenant occupying 75,000 or more square feet. Common anchors include Canadian Tire, Wal-Mart, Real Canadian Superstore and Home Depot. Non-anchored power centres (NPCs) include at least two big box stores but none exceeding the 75,000 square foot threshold.

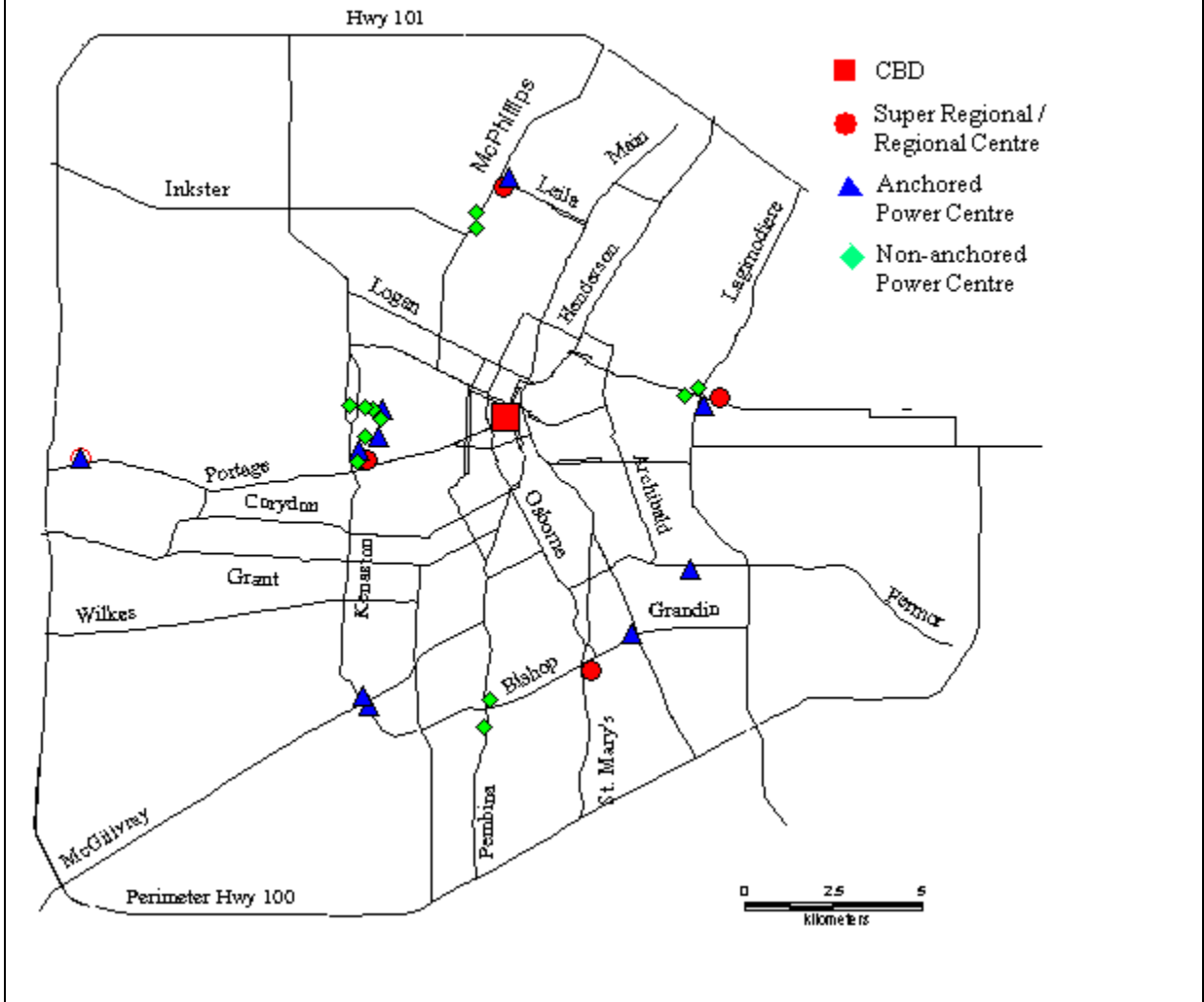
Whether a planned shopping development is classified as a power centre is also dependent on the definition used for a big box store. For the purposes of this study, a big box retail outlet was defined as one whose floor space footprint was at least 2.5 times the median footprint for stores in the same business sector. A more detailed description of the methods employed for defining and classifying big box stores and power centres can be found in Lorch (2002).

5.0 Locational Pattern of Power Centre Development

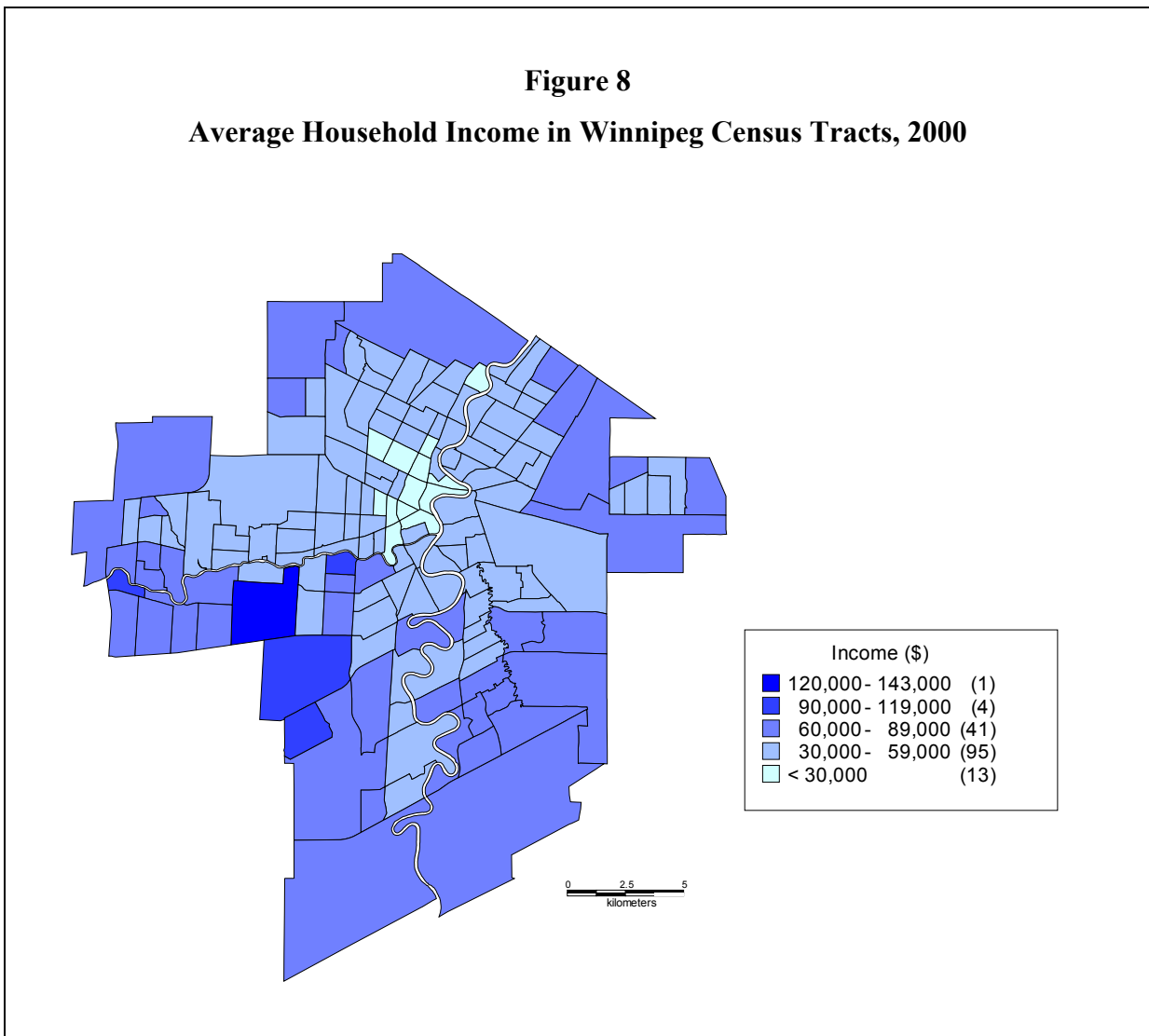
Based on these definitions, Winnipeg is currently home to 22 power centres, 10 of which can be classified as anchored. Their size varies from a minimum of just under 60,000 square feet to a maximum of 680,000 square feet with the average size being around 190,000 square feet.

Figure 7 shows the location of each of these centres as well as the location of the city's five enclosed regional and super-regional shopping centres.³ Overall, the spatial pattern of power centres displays three prominent trends. First, development is clustered around existing regional and super-regional shopping centers. Fifteen of the 22 centres are within close proximity of one of the city's five enclosed regional or super-regional shopping centres while another occupies the site of a former enclosed regional mall, Unicity Shopping Centre on Portage Avenue near the city's western boundary. This pattern also reflects the continuing importance of the city's arterial road network in contributing to the value of land for retail development.

Figure 7
Location of the Major Planned Shopping Centres in Winnipeg



Second, development displays a pronounced bias towards the southern half of the city. If an east-west transect roughly following Portage Avenue is drawn, 19 of the 22 centres are located either just north of the line (the Polo Park area) or to the south of the line. This pattern is testimony to the way in which the geography retail development mimics the geography of consumer purchasing power as it is in the southern half of the city where the city's wealthiest suburban enclaves are located (see Figure 8).



Source: Compiled from data retrieved from 2001 Census of Canada

Third, the transformation of raw land at the corner of Kenaston and McGillivray into a Wal-Mart anchored big box development is one of only a few power centres in Winnipeg that can be classified as stereotypical green field development. The majority of projects have involved either the transformation of industrial properties into retail use or the upgrading of retail properties to power centre status through the addition of big box stores or reconfiguration of existing space for big box tenants.

6.0 Assessing the Fallout of Big Box and Power Centre Development

It is no secret that Wal-Mart's 1994 acquisition of the 122 store Woolco chain and its ensuing aggressive expansion and modernization strategy drastically altered the Canadian retail playing field (Jones and Graff, 1998). In the face of strengthened competition, well-established firms such as the Hudson Bay Company (owners of The Bay and Zellers), Sears and Canadian Tire were forced to adapt and did so with their own expansion and reconfiguration strategies. The fallout from such action has left a significant spatial imprint on the Winnipeg market.

With the Woolco acquisition, Wal-Mart obtained five Winnipeg outlets, almost none of which met the long term needs of the company. Beginning in 1998, and over the next five years, Wal-Mart embarked on an investment spree that saw the construction of five new 125,000 square foot stores. Some of this investment did not significantly alter the company's Winnipeg geography as it simply involved the substitution of new stores for old ones within the same regional shopping nodes. In the Garden City and Regent Avenue nodes, old Woolco stores were eventually occupied by other tenants. At Unicity, the old store was demolished along with the rest of the enclosed shopping centre that it anchored and was replaced by a power centre. Where geography was altered was with the decision to abandon the Grant Park Shopping Centre store in favour of adding stores in new power centre developments in the well established Polo Park node (Ellice Avenue) and in a green field development on Kenaston Avenue about five kilometers southwest of the old Grant Park location. The only surviving Woolco store is an anchor tenant in the St. Vital Centre, a super regional mall in the city's south end. This store, which only recently completed an

expansion, is now the only Wal-Mart location in Winnipeg found within an enclosed shopping centre.

As suggested above, the competitive threat posed by Wal-Mart can be viewed as a struggle between different corporate retail stores. It can also, though, be viewed as a struggle between different corporate landlords. If Wal-Mart's investment in Canada threatened the economic position of stores such as Sears, Zellers, The Bay and Canadian Tire, what of the economic vitality of the many enclosed malls that rely on such stores to be the anchor tenant engines that draw in patrons?

In the case of Winnipeg, evidence suggests that the traditional enclosed regional and super-regional malls, at least in the short run, have coped well. The Bay, Sears and Zellers have responded to Wal-Mart's aggressive expansion with a flood of re-investment dollars of their own. At Kildonan Place, HBC converted its Bay store to the Zellers banner to counter Wal-Mart's new, larger store in an adjacent big box complex. At Southdale, HBC invested in a significant expansion of a Zellers, a move that can be interpreted as a strategic effort to prevent loss of market share to the Wal-Marts at St. Vital Centre and Crossroads Station. Meanwhile, at Grant Park, the space previously occupied by Woolco and then Wal-Mart, was acquired, renovated and expanded for a new Zellers location.

Garden City Shopping Centre in the city's north end has also been the beneficiary of new investment. New Canadian Tire and Winner's outlets have mostly filled space vacated by the bankrupted Eaton's chain. As well, the former Wal-Mart store located in Garden City Square across the street from Garden City Shopping Centre is in the process of being renovated for a Home Depot outlet.

At Polo Park Shopping Centre, Sears has recently completed a wholesale renovation of a late 1950s vintage store while the Bay has moved into the mall's other anchor space, which had been an Eaton's location. Similarly, Eaton's in St. Vital Centre was converted to a Sears. Overall, the net result of these investments is that with one exception, no major mall has

vacant anchor tenant space. The only exception is Garden City Shopping Centre, which has not completely filled the space once occupied by Eaton's.

Major malls have also fared quite well in terms of keeping their smaller commercial retail units (CRUs) occupied in spite of the proliferation of big box category killer stores. A survey of the city's enclosed regional and super-regional centres conducted in September 2001 revealed a vacancy rate of less than four percent (Lorch, 2002). In part, the low vacancy rate can be attributed to the ability of malls to retain existing and attract new, large scale tenants. Such tenants in Polo Park Shopping Centre include Sport Chek, Eddie Bauer, American Eagle and the Gap / Gap for Kids while local bookseller, McNally Robinson has added a large format store in Grant Park Shopping Centre. Similarly, renovations at Kildonan Place have made room for an enlarged Shoppers Drug Mart and an expansion underway at St. Vital Centre will house the city's first London Drugs outlet.

Lower down in the retail hierarchy, success at keeping space occupied has been more mixed. Canadian Tire, for example, has almost entirely rebuilt its network of Winnipeg stores through a series of store renovations, expansions, closures and relocations (Figure 9). Two of the stores abandoned by Canadian Tire have been successfully converted to other uses: one as an electronics store and the other as a family YMCA. Not so fortunate is the small strip plaza at the corner of McPhillips and Leila that housed a small 60,000 square foot Canadian Tire. This space has been vacant for over two years following Canadian Tire's move across the street to the former Eaton's store in Garden City Shopping Centre.

Another example of a trickling down effect was the ripple created by Future Shop's move from a 12,000 square foot store in a three-unit strip plaza on McPhillips into a new, 20,000 square foot unit on the site of Garden City Square. The abandoned space remained vacant for almost 18 months but was eventually occupied by an outlet of the Buck or Two chain. However, in the same strip plaza, a 1,400 square foot unit formerly occupied by a small, independent toy store is available for lease.

Figure 9
Old and New Faces of Canadian Tire



(a) An abandoned Canadian Tire outlet on McPhillips Avenue. This location was replaced by a new store across the street in Garden City Shopping Centre

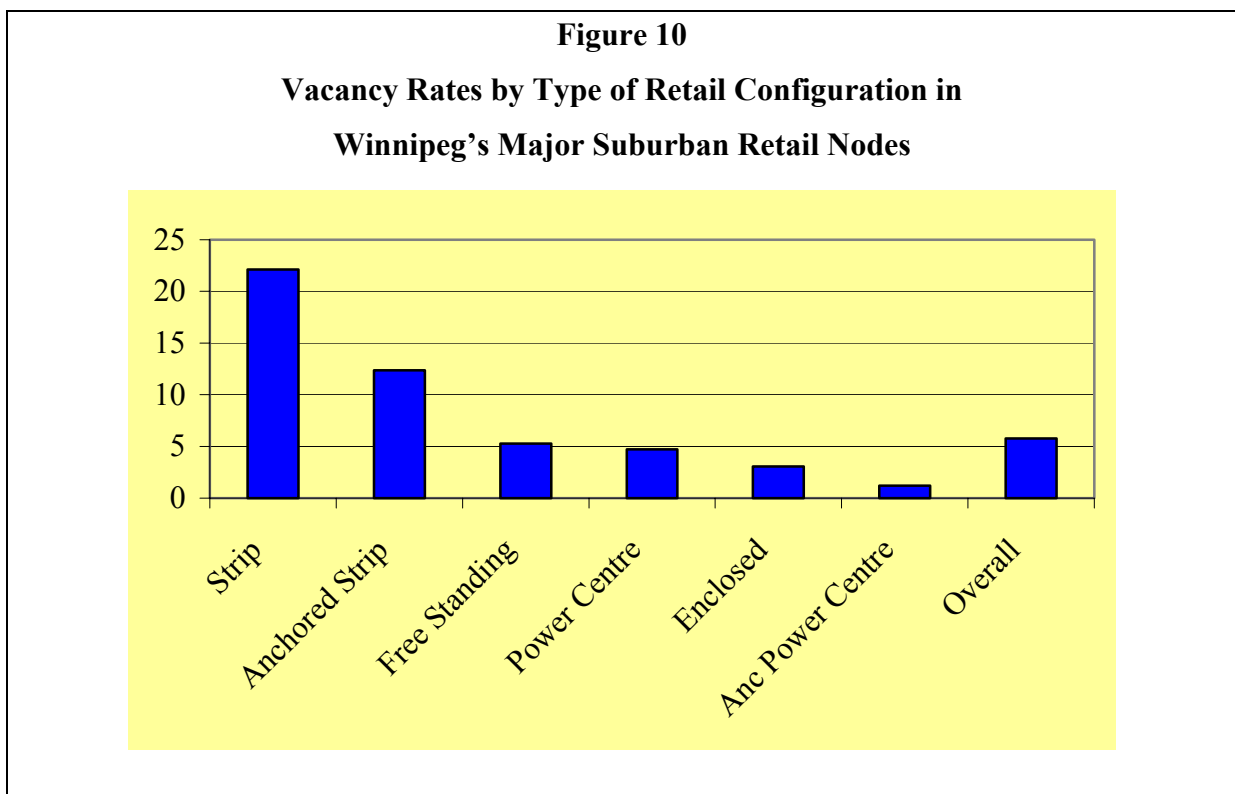


(b) New Canadian Tire outlet in Linden Ridge Power Centre on Kenaston Avenue.

Source: Photographed by author

One final example of a “trickling down the hierarchy” effect is the high vacancy rate at Charleswood Shopping Centre. Located on Grant Avenue about 6 kilometers west of Grant Park Shopping Centre, Charleswood Shopping Centre is a community-level shopping centre anchored by a Safeway supermarket. Its other anchor space sits vacant following the closure of an approximately 60,000 square foot Zellers store, as does a significant portion of its smaller CRUs. Unfortunately for Charleswood, its Zellers store was deemed inefficient and redundant following the opening of the Grant Park Zellers location. The latter is nearly twice the size of as was the Zellers in Charleswood location.

Overall, the anecdotal evidence suggests evidence of retail blight in the post-big box boom era to be much more visible at lower levels of the retail hierarchy. This is consistent with the results of a survey of retail activity in Winnipeg’s eight major retail nodes conducted in 2001 (Lorch, 2002) that found vacancy rates to be lowest in enclosed regional shopping centres and power centres and highest in strip malls (see Figure 10).



Source: Compiled by author from field data collected Fall 2001.

7.0 Power Centres and Consumer Spatial Behaviour

Historically, rent paid by a shopping centre tenant has been partially tied to the volume of sales generated. Owners of such centres, therefore, have a vested interest in maximizing overall sales. Furthermore, since sales are thought to be positively correlated with the duration of shopper visits and the amount of distance shoppers walk during a visit to the mall, owners have designed their malls with these objectives in mind. Site planning is the first step. The mall structure itself is normally centred on the site with parking found around the perimeter. Anchor tenants are placed at the extremities thus forcing shoppers wishing to visit more than one major attraction to traverse a long corridor. This trip, of course, is made palatable by the fact that the corridor is an enclosed climate-controlled space lined with smaller shops. In a limited number of places along the way are benches that afford an opportunity to rest, converse and watch people. If the mall is a multi-level facility, the corridor ceiling is vaulted allowing those at ground level a glimpse of what stores await them on the upper levels and vice-versa for those on upper levels looking down. So as to maximize distance travelled on any level, only a limited number of places are provided for shoppers to move between levels. Corridors sometimes curve or jog to downplay any thought that the distance from one anchor tenant to another is too far to walk. Other design features attempt to separate and insulate shoppers from their hectic every-day lives. They are soothed by 'muzak' and enticed to think of more exotic locales by palm trees and fountains. Clocks that would remind shoppers of other scheduled tasks are few and far between as are windows. Views of the outside are generally restricted to ones seen through skylights. Overall, the desired effect is one of psychologically distancing the consumer from the outside environment left behind once they walk through the centre's doors.⁴

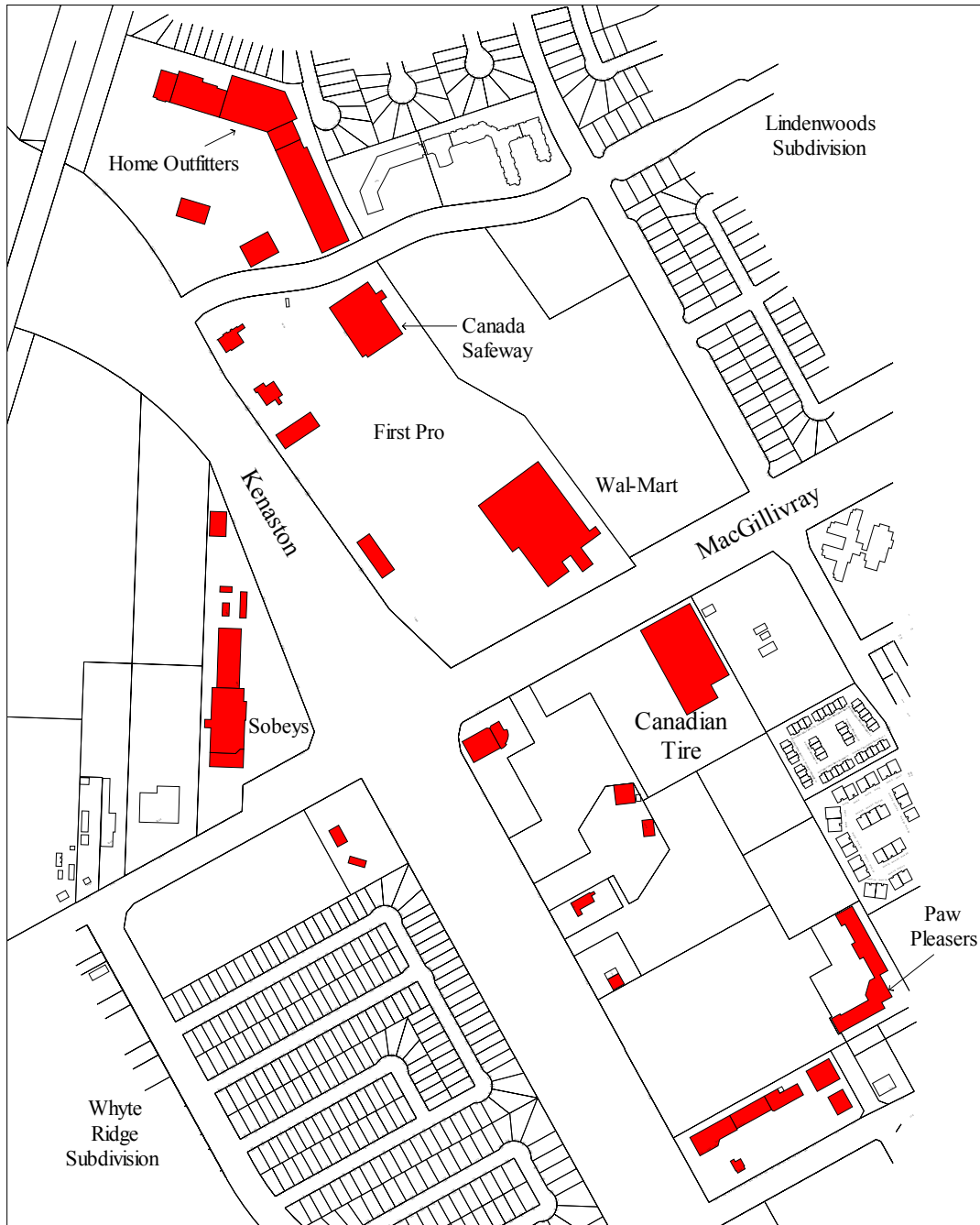
To the retail geographer, power centres are intriguing phenomena because of the way they have eschewed almost all of this conventional wisdom with regard to how to maximize the sale generating capacity of a shopping centre. To begin, the typical power centre turns the site plan geography of the traditional mall inside out. Often, it consists of not one, but multiple structures. These structures are normally located on the perimeter of the site or, in the case of larger developments, around the perimeter and about the interior of the site to create a campus-like environment.

Recent retail development at the corner of Kenaston and McGillivray in the southwest quadrant of Winnipeg illustrates several of these features (Figure 11). This node consists of a number of planned retail developments including a Wal-Mart anchored power centre on the northeast corner of the intersection, a Canadian Tire anchored project on the southeast corner (Linden Ridge Shopping Centre) and a Sobeys anchored strip plaza on the northwest corner (Kenaston Crossing). The Wal-Mart anchored project is particularly illustrative of the campus-like morphology of a power centre. Wal-Mart and Safeway, the centre's two anchors, occupy freestanding buildings separated by a vacant building lot. Other tenants are found in either a major L-shaped strip, one of four smaller retail "island" strips, or in three free-standing single tenant structures found on the perimeter of the site. What gives an added sense of fragmentation is the way the road system bisects this retail node. On the First Pro site, Wal-Mart and Safeway, the two anchors, are separated from the majority of the other stores by a four-lane roadway (Lindenwoods Drive) while the block of land housing Wal-Mart and Safeway is separated from the Linden Ridge development by McGillivray Avenue.

A second distinguishing feature of power centre geography is its potential to induce a greater degree of automobile dependency. While it is true that trips to traditional enclosed shopping centres are predominantly made by automobile, such centres have also made allowances for those who choose to or, out of necessity, must use public transit. Locally, Polo Park, St. Vital and Garden City Shopping Centres have dedicated portions of their sites for city transit buses to drop off and pick up shoppers. These depots are also located close to mall entrances. Contrast this situation to that of the First Pro Centre on Kenaston where buses are routed away from the entrance to Wal-Mart to a stop located on the opposite side of the parking lot. A similar situation exists at the Unicity power centre on Portage Avenue.

Power centre geography also contributes to automobile dependency in the way it encourages patrons to use their vehicles to move between stores rather than travelling by foot. One reason for this is the sheer geographical scale of such centres. A rule of thumb in

Figure 11
Site Plan of Retail Development at Kenaston and McGillivray



conventional shopping centre design is that the maximum length of mall corridors should not exceed 183 meters as consumers will likely perceive a distance greater than that as too far to walk (Garreau, 1991). As mentioned earlier, design features such as curved or jogged corridors or interesting in-route attractions can camouflage the true distance shoppers face when moving from one end of a mall to another. At Polo Park, for example, a distance of 248 meters separates Sears from the Bay but midway between is a large centre court facility that is frequently used for temporary displays and events. At West Edmonton Mall, the comparable end-to-end distance is 607 meters but it is broken up by features such as a large marine aquarium replete with dolphin shows and an NHL-scale ice rink. At the First Pro power centre on Kenaston, a walk from Wal-Mart at the south end of the centre to Home-Outfitters at the north end is about 640 meters. An even greater distance of 1.4 kilometers separates businesses at the extreme south end of the neighbouring Linden Ridge development (e.g. Paw Pleasers) from those at the extreme north end of the First Pro centre (e.g. Marks Work Wearhouse and Tommy Hilfiger). Given the open air structure of the centre, camouflaging these distances is a difficult task. There is no interior corridor to curve or jog and ‘quasi-public’ common spaces that might house special events are non-existent. Moreover, a walk between two power centre tenants is likely to be far less stimulating than one down a corridor of an enclosed mall. The cost cutting architecture employed by big box stores rarely makes use of windowed storefronts. Power centre pedestrians walking from one store to the next are often exposed to stretches of sterile masonry walls and in some cases, the challenge of traversing a parking lot without the benefit of pedestrian-dedicated pathways (Figure 12).

Inter-store pedestrian movement can also be discouraged by a site plan that incorporates what may be termed “retail islands.” Retail islands occur when power centres with stores facing each other from opposite sides of the site have a strip of stores added to the centre of the site. Customer entrances to stores on the island are located on one side of the building while the reverse side is reserved for service entrances / loading bays. An example of this type of structural layout occurs at Unicity Power Centre on Portage Avenue West where the entrance to the Canadian Tire store on the east side of the property faces across a parking lot to the rear side of retailers located in a strip of stores in the centre of the site. To access these

Figure 12

Unfriendly Pedestrian Pathways in the Kenaston-McGillivray Retail Node



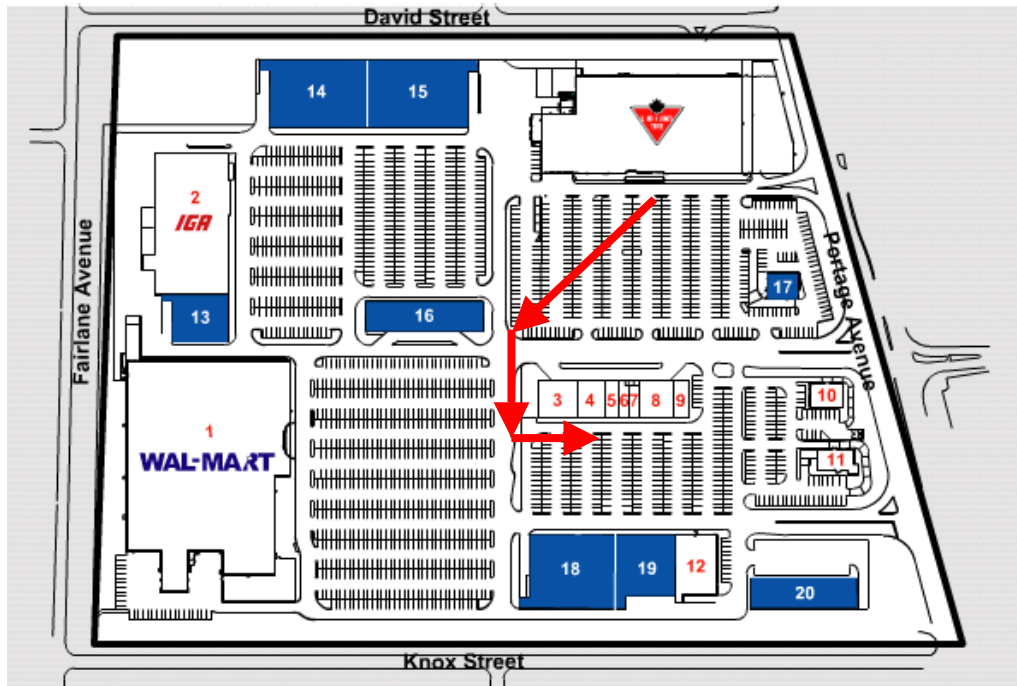
- (a) Lindenridge Shopping Centre feature a four lane interior arterial roadway for automobiles but no sidewalks for pedestrians.



- (b) McGillivray Road facing west towards Kenaston Avenue. Note the gravel shoulders and drainage ditch that mark the southern boundary of the First Pro Power Centre.

Source: Photographed by author

Figure 13
Retail Island Effect in the Unicity Power Centre

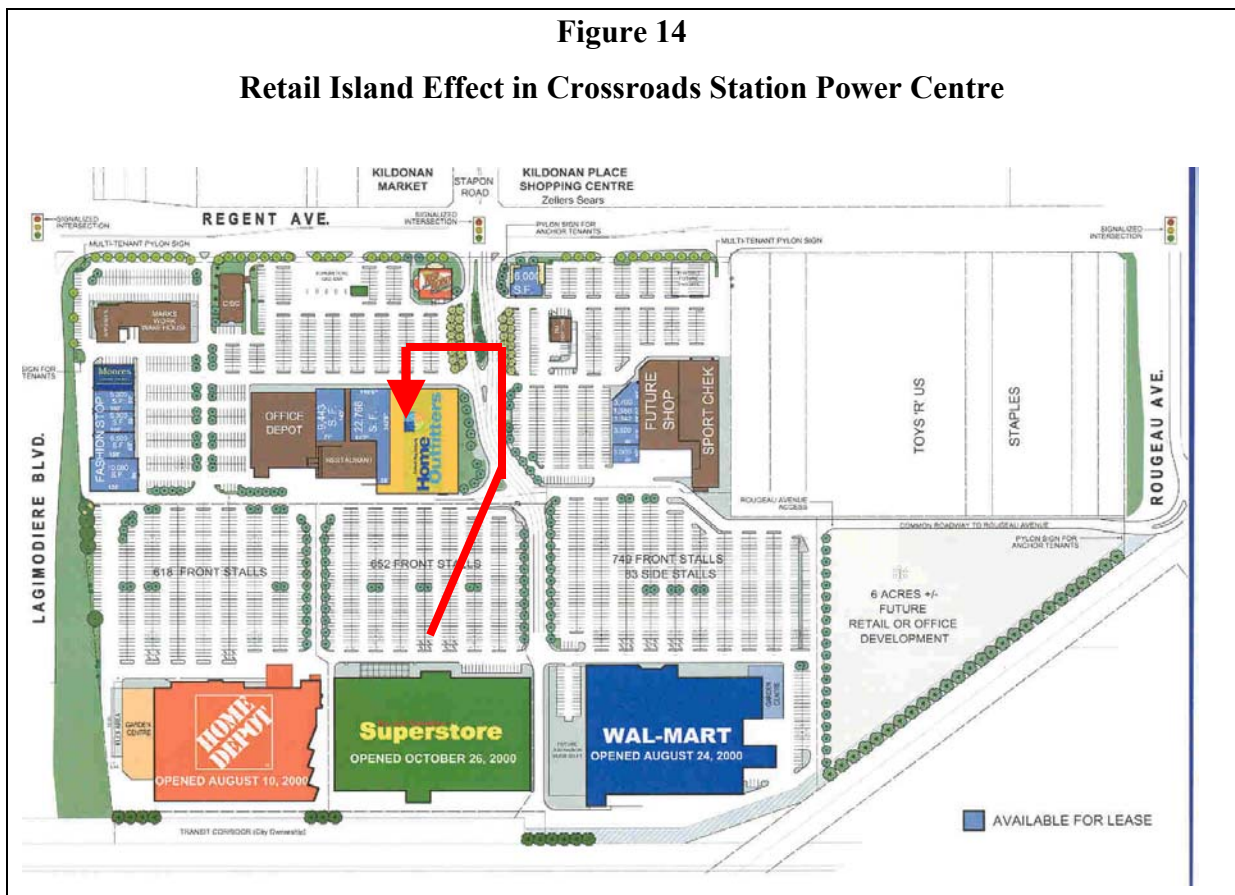


Source: Adapted from www.firstpro.com

stores, patrons of Canadian Tire must follow a less convenient and longer end-around route (see Figure 13). A similar situation occurs at Crossroads Shopping Centre on Regent Avenue. From the parking lots in front of the Real Canadian Superstore and Home Depot, one can turn 180 degrees and face the loading bays of Home Outfitters, Best Buy and Office Depot. Patrons of the Superstore or Home Depot who have parked in front of those outlets must do an “end around” route to reach the front doors of these nearby retailers (see Figure 14). Again, such extended routes encourage patrons on multi-purpose trips to move between stores by vehicle rather than on foot.

A final way consumer behaviour within power centres may differ from behaviour in enclosed centres is in the relative frequency of multi-store visits. If power centres have built-in biases against pedestrian-based inter-store interaction, a question that arises is whether the level of

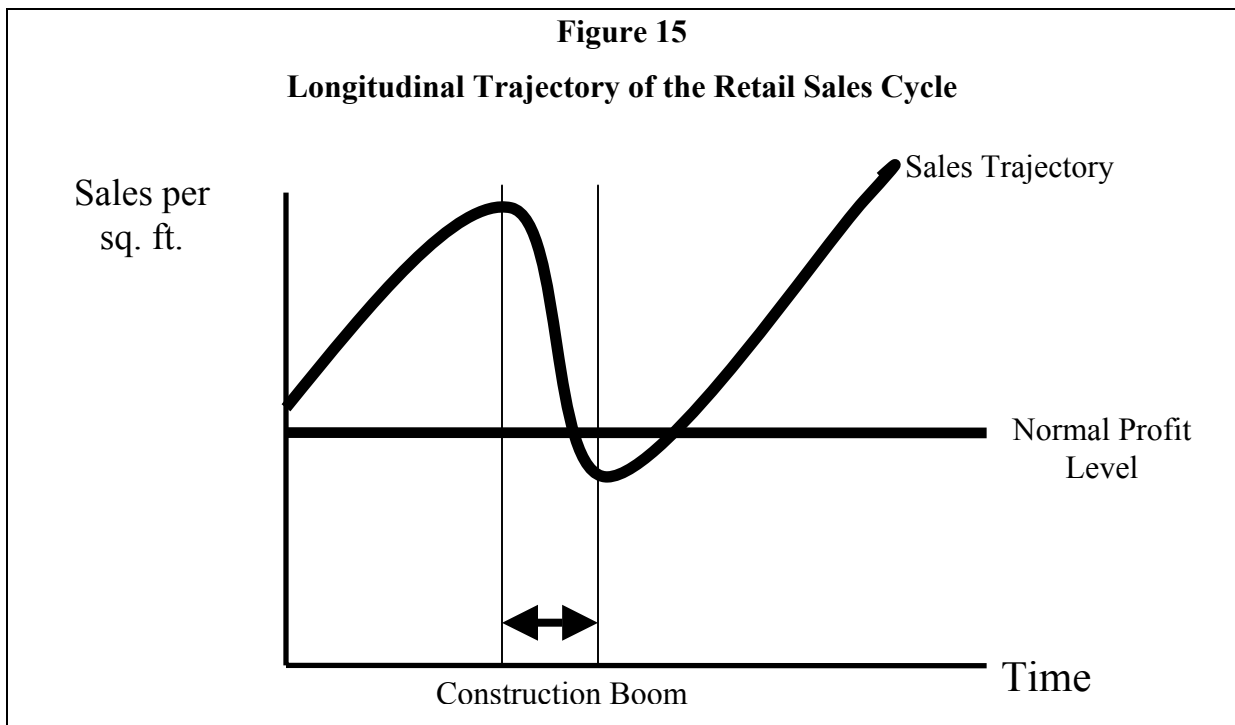
inter-store interaction that occurs in power centres is less than what is planned for and expected in the traditional enclosed shopping centre. One of the reasons why lease rates are lower in power centres than in enclosed centres is that smaller tenants in enclosed centres pay a premium for the spillover benefits reaped from the drawing power of anchor tenants and the enclosed design which channels pedestrian traffic past the entrances to their stores. As noted earlier, such features are absent in the geographical layout of power centres meaning stores must be more dependent on destination shoppers and less dependent on comparison shoppers (Harris, 2001). Lower lease rates, therefore, are partially offset by increased expenditure on advertising and marketing budgets. Furthermore, as stores must attract “destination” shoppers, added importance is attached to having conspicuous signage. To this end, façades of power centre stores are often vertically extended to accommodate large-scale corporate logos that are visible to passing traffic on nearby high-speed arterial routes.



Source: Adapted from site plan provided by Morguard Investments Ltd.

8.0 Looking to the Future

The market for retail space, like many other systems in the natural world, is subject to feedback mechanisms that at times, entice construction of new space and at others, inhibit further expansion. As Figure 14 suggests, retail development tends to follow a cyclical pattern. When real purchasing power of consumers rises, existing retailers reap the benefit of increased sales that raise performance levels above industry benchmarks. Over time, the market becomes increasingly attractive for new investment and a surge in construction activity occurs. This may take the form of expansions by existing players and / or the arrival of new players. Over exuberant investors, however, can build too much retail space. Consequently, performance levels drop to the point where retailers earn less than benchmark norms. If performance levels fall too far, industry shakeouts may occur as weaker players, perhaps unable to meet payments on money borrowed to finance expansions, drop out of the market. Stronger players are able to wait out the market. Eventually, a growing population or further increases in consumer spending power contribute to rising sales bringing retailers back to normal sales levels and the start of a new cycle.



Signs indicate that the Winnipeg market is nearing the mid-point of this cycle. Though 2003 saw some notable new store openings (e.g. two Best Buy outlets, Old Navy and a fourth

Home Depot), the pace of big box store growth has slowed noticeably as has the supply of building lots in existing power centres. Both Unicity and Crossroads are nearing capacity, as is the First Pro site on Kenaston. Moreover, it would appear that major big box players such as Wal-Mart, Home Depot, and Canadian Tire now have in place an adequate number of stores to spatially cover the Winnipeg market.

While all may not welcome slower growth, entering the latter phase of the development cycle does have its advantages. After several years of rapid expansion, a period of dormancy affords opportunity for reflection on the type of landscape created by this most recent boom and preparation and planning for the inevitable next surge in retail development. Three areas are likely to draw attention and discussion: (1) the suitability and sustainability of the power centre format; (2) the ability of older shopping centres to stave off or recover from retail blight; and (3) the role of the downtown in the city's overall retail system.

Whether the power centre model has a long-term future is dependent on a variety of factors, not the least of which is consumer acceptance. For the most part, Winnipeg residents were relatively silent when given opportunity to comment upon proposals for power centre developments as they were brought forward in the mid 1990s.⁵ Now that many of these developments are in place, are Winnipeggers pleased with the result? Are they content with the campus-like shopping environments that in almost all instances require automobiles not only to get to the centres themselves but also to get around within them? Are they accepting of open-air freestanding site layouts in a region where winter climate is so severe? Do they perceive power centre architecture as uninteresting and bland, and if they do, does it really matter to them?

In the absence of hard empirical data, answers to such questions can only be speculative. One should not overlook, however, the possibility that the popularity of power centres will run its course as well. The history of retailing formats can be likened to a swinging pendulum (Brown, 1986). Small-scale general merchants grew into large-scale department store operations. In the wake of this expansion came a new wave of small-scale specialty retailers, some of which in turn evolved into what today are big box category killers (e.g.,

Toys R Us, Linen n Things). What is the next step in this progression? Will an aging population of consumers eventually grow tired of cavernous self-service stores? Will the pendulum then swing back in the direction of smaller scale retailers offering specialized goods with greater emphasis on pre and after sales service? If so, what will become of power centres with geographies that favour large scale tenants and automobile dependent consumers? In some American cities, there are already indications that the power centre format is undergoing a transformation as new retail suburban retail developments begin to adopt a mixed use approach (Schwanke, 2003). Hence, rather than building single purpose retail centres, developers are producing projects that incorporate civic functions such as libraries, recreation complexes and municipal offices as well as residential units. Internal road systems too are being changed to take on more of a conventional 'main street' look (Truit, 2003). Certainly one area in Winnipeg where such design features might take root is in Waverly West in the city's southwest quadrant. While the site is still in agricultural use, plans call for a series of subdivision developments to be built over the course of several decades that will collectively house some 50,000 people.⁶ Notwithstanding market and political pressures that might come to bear, there is potential to create a less automobile dependent type of suburban development than what has been built in the past.⁷

While the big box store phenomenon has apparently not significantly dented the fortunes of shopping centres at the top end of the retail hierarchy, the same cannot be said for malls lower down in the hierarchy. Of particular interest are those at the community level, a Winnipeg example being the Charleswood Shopping Centre on Grant Avenue. Historically, such centres have offered convenience goods and services along with a smattering of shopping goods (e.g. fashion, home décor). When these latter functions are squeezed out of the market by big-box competition, the vacancies created are in excess of what can be absorbed by any expansion of convenience goods and services. Also commonly found in such centres are junior department stores operating on spaces less than one half the size of that occupied by a typical new Wal-Mart or Zellers location. The owners of the Charleswood mall faced both of these pressures. The closure of a small Zellers store along with its inability to fill many of its smaller commercial units lead to a decision to convert the mall from its enclosed form to an open-air design. As part of this reconfiguration, the old Zellers

location is being demolished and replaced with a new big-box scale Shoppers Drug Mart (Winnipeg Free Press, 2004b). The net result is a downgrading of the status of the mall to more of a neighbourhood function. As centres such as Charleswood come under increasing competitive pressure, there will also be opportunity to explore their potential for conversion to mixed use developments. As the baby boom ages, demand for housing with accessibility to frequently used retail services such as grocery supermarkets, drug stores, financial institutions, medical practices and restaurants as well as recreational and social services such as drop-in centres and fitness clubs may provide the boost needed to make tired retail properties profitable once again.

A final focal point for reflection is the role the downtown core is to play in the overall retail system of Winnipeg. As was the case with most North American cities, downtown Winnipeg's lost its hegemonic position in the 1970s when a ring of suburban regional malls anchored by major department stores appeared on the landscape. Since then, continued growth of housing subdivisions such as Lindenwoods and Whyte Ridge has created a ready market for further suburban retail expansion. Suburbanites, it seems, have never had more reason to do their shopping close to home as opposed to coming downtown. This is not to say that downtown has become a retail wasteland. A significant retail presence still exists but much of it is found inside the three enclosed malls and hence invisible to passing traffic. What passing traffic does see are numerous vacant storefronts on the downtown's main artery, Portage Avenue. Even so, optimism for revitalization can be built upon the opening of stores such as Mountain Equipment Co-op, a&b Sound, Red Apple, Giant Tiger and Staples in the downtown core and by potential spin off benefits from the MTS Centre, a new 15,000 seat arena & entertainment complex slated to open its Portage Avenue doors in November, 2004.⁸

All this new development notwithstanding, the most probable role for the downtown will be that of a retail goods and service provider for what is still a sizeable downtown workforce. While retailing in Winnipeg has decentralized over the years, the same cannot be said for office space. The downtown core is still the dominant home of the office-based commercial functions. For example, members of the Downtown Business Improvement Zone collectively

employ close to 35,000 people.⁹ Add in those working in offices and businesses in the Exchange District, the provincial legislature and Great West Life and the workforce easily climbs closer to 50,000 or more. Factor in still an additional 2,000 Manitoba Hydro employees who will occupy a new headquarters office tower on Portage Avenue and one cannot be entirely pessimistic about the future of downtown.

9.0 Summary and Conclusion

Rising per capita retail sales, lower debt financing rates and a devalued Canadian dollar that kept more shoppers at home all helped to support a wave of big box store and power centre development in Winnipeg between 1996 and 2002. This wave, which brought a number of new players and a considerable amount of new floor space to the local market, did not significantly alter the spatial configuration of the city's retail system. Much of the new development has been concentrated in and around pre-existing regional-level nodes.

Increased competition from alternative retail formats has not adversely affected traditional enclosed shopping centres, at least in terms of their ability to maintain occupancy rates. Some locational shuffling and re-bannering of stores has occurred but overall the combined effect of the loss of three Eaton's stores and the addition of five new Wal-Mart stores has not left any of the major enclosed centres without its historical number of anchor tenants. As well, major enclosed centres such as Polo Park, St. Vital and Kildonan Place have been successful in attracting larger format stores themselves by combining several smaller units to accommodate the larger space needs of stores such as Eddie Bauer, Gap and American Eagle or by sacrificing parking space to expand the existing building (e.g. London Drugs at St. Vital Centre) or to construct on-site satellite retail units (e.g. Pier 1 at Polo Park).

The fallout from the wave of big box store expansion seems more conspicuous at lower levels of the retail hierarchy. Vacancy rates in smaller open-air strip malls were found to be in the range of 15 to 25 percent or five to eight times higher than what is the case in the larger enclosed malls. Hence, as the average size of retail units increase and the number of smaller "mom and pop," non-chain retail businesses decrease, landlords of these smaller

malls are finding it increasingly difficult to find tenants to fill the type of units they have for lease.

While the advent of power centres may not have significantly altered the geographical distribution of shopping opportunities for Winnipeg consumers, the design of such centres certainly has the potential to alter the nature of individual shopping trips. The sheer scale of these centres coupled with the way retail outlets are dispersed around the perimeter of sites decreases the ease of inter-store interaction, especially by foot. Layouts are more conducive, then, to purpose-minded destination shopping rather than outings for browsing. Shopping as entertainment is also suppressed by the lack of enclosed common spaces and a central corridor to channel the flow of pedestrians. Lack of climate controlled common space also hinders the use of power centres as places to meet, hang out or just simply to stop, rest and people watch.

Are Winnipeg consumers content with the new retail landscapes that have been created? One might be tempted to answer this in the affirmative given the large number of cars observed in the parking lots of the newest power centres on most weeknights and weekends. Usage, though, may not in itself, be an indication of satisfaction. Usage may indicate the attraction of something novel or perhaps resignation to the fact that alternatives to the cookie cutter designs employed by power centre developers have not yet materialized. In the final analysis, it seems an opportune time to reflect on what has transpired over the past decade and to ask whether more of the same is a desirable option.

Notes

- ¹ First Pro provides a listing of its shopping centre projects on its web site. See www.firstpro.com. See Silcoff (2000) for an overview of First Pro's rise to prominence in the Canadian commercial real estate development sector.
- ² The average Canadian household has \$103 in debt (mortgages and consumer credit combined) for every \$100 of disposable income (see Statistics Canada (2004)).
- ³ The five super-regional and regional shopping centres are, in order of gross leasable area, Polo Park Shopping Centre, St. Vital Centre, Garden City Shopping Centre, Kildonan Place, Grant Park Shopping Centre.
- ⁴ For a more detailed discussion of intentional features of mall design, see Bodamer (2001), Goss (1993) and Farrell (2003).
- ⁵ The extent of citizen activism in Winnipeg pales in comparison to the opposition seen recently in such American cities as Los Angeles (Wood, 2003), Oakland (Hallissy, 2004) and Denver (Ingold, 2004) where ordinances banning the construction of Wal-Mart super-centres have either been put in place or are being debated.
- ⁶ Waverly West will be bordered by Bishop Grandin Boulevard on the north and Waverly Avenue on the east. While plans for the subdivision are far from being finalized, design concepts being considered call for the inclusion of a mixture of dwelling types and the use of geo-thermal energy as source of heating (see Winnipeg Free Press, 2004a).
- ⁷ Winnipeg's Whyte Ridge subdivision provides a classic example of an automobile dependent subdivision. The subdivision is exclusively single detached dwellings with a large majority having a two car garage. It is also almost devoid of pedestrian-accessible neighbourhood shopping opportunities. The only retail use built into the community of 1,700 homes is a gas bar / convenience store located at the main entrance to the subdivision.
- ⁸ Downtown big box stores, though still somewhat of a rarity, are starting to make their appearance in several North American cities as opportunities for suburban expansion are exhausted. Lowes, the big box American hardware chain, recently opened a 136,000 square foot store in the New York City borough of Brooklyn (Caldwell, 2004) while Safeway has opened a 50,000 square foot supermarket in downtown Portland replete with an underground parking garage below and residential units above (Libby, 2004).
- ⁹ Employment totals are based on data provided by the Winnipeg Downtown Biz.

References

- Bodamer, D. 2001. From classic to rock, music sets mood for malls. *Shopping Centers Today*. October. <http://www.icsc.org/srch/sct/current/sct1001/page66.html>
- Brown, S. 1986. Institutional change in retailing: a geographical interpretation. *Progress in Human Geography* 11 (2): 181-206.
- Caldwell, D. 2004. Suburban retailing for the New Brooklyn. *New York Times*. May 3. <http://www.nytimes.com>
- Farrell, J. 2003. *One Nation Under Goods: the Seductions of American Shopping*. Washington & London: Smithsonian Books.
- Garreau, J. 1991. *Edge City: Life on the New Frontier*. New York: Doubleday.
- Goss, J. 1993. The "magic of the mall": an analysis of form function and meaning in the contemporary retail build environment. *Annals of the American Association of Geographers* 83 (1) 18-47.
- Hallissy, E. 2004. Wal-Mart's super-size battle in the Bay Area: Contra Costa seeks to ban huge stores. *San Francisco Chronicle*. February 8. <http://www.sfgate.com>
- Harris, G. 2001. Planning to shop: what planners need to know about retail. *Ontario Planning Journal* 16 (6) 7-8.
- Ingold, J. 2004. Disdain for Wal-Mart pulls neighbors together. *Denver Post*. April 18. <http://www.denverpost.com>
- Jones, K., and M. Doucet. 2001. The big box, the flagship and beyond: impacts and trends in the Greater Toronto Area. *The Canadian Geographer* 45 (4) 494-512.
- Jones, K., and T. Graff. 1998. *Wal-Mart Comes to Canada*. Research Report 1998-9. Centre for the Study of Commercial Activity, Ryerson Polytechnic University, Toronto.
- Libby, B. 2004. Safeway's Portland store redefines 'green' grocer. *Metropolis Magazine*. <http://www.metropolismag.com/html/sustainable/case/safewaygreengrocer.html>
- Lorch, B. 2002. A Comparative Analysis of Major Suburban Shopping Nodes in Winnipeg. Research Paper 40. Institute of Urban Studies, Winnipeg.
- Schwanke, D. 2002. *Mixed use Development Handbook*. Washington, D.C.: Urban Land Institute.
- Silcoff, S. 2000. Wal-Mart's silent partners. *Canadian Business* 73 (1) 10-17.
- Statistics Canada. 2004. National balance sheet accounts. *The Daily*. March 25.

Truit, S. 2003. The Greying of American Retail: Putting the 'All' back in Malls. *Reiss Insights: Commentary and Analysis*. December 16. <http://www.reis.com>

Winnipeg Free Press. 2004a. A vision for Winnipeg: environment not forgotten in southern city suburb. February 27. <http://winnipegfreepress.com>

Winnipeg Free Press. 2004b. A new face for Charleswood Centre. May 4, C6.

Wood, D. 2003. Wal-Mart rollout - or rollback? *Christian Science Monitor*. December 24. <http://www.csmonitor.com/2003/1224/p01s01-usec.html>

Yeates, M. 2000. *The GTA @ Y2K: the Dynamics of Change in the Commercial Structure of the Greater Toronto Area*. Research Report 2000-1, Centre for the Study of Commercial Activity, Ryerson Polytechnic University, Toronto.