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Property Report

RETAIL



Developer Mark Kindrachuk hopes the small touches on his retail centre in Kitchener, Ont., will set it apart from the traditional big-box outlets. DEBORAH BAIC/THE GLOBE AND MAIL

At this centre, it's power to the pedestrians

Developer shuns the big boxes and acres of asphalt for a more genteel suburban shopping centre

BY CRAIG SAUNDERS

According to the stereotype, shopping centre developers set out to cram as much retail floor space as possible onto the available land — then use the rest for acres of parking lot.

Not Mark Kindrachuk. The Toronto developer is bucking the big-box trend by building an office and shopping centre in Kitchener, Ont., that will feature smaller stores and public transit options — he's even saving some of the mature trees for green space.

In fact, when he applied for zoning on the 40-acre site, Mr. Kindrachuk agreed to scale down the size of individual shops so that they will each occupy no more than 20,000 square feet. The zoning change helped expedite the process but also widened the range of stores that could be located on the site, he says.

"We down-zoned ourselves," he says. "We had the opportunity to do 100,000-square-foot boxes ... We'll guarantee we'll only do smaller stores."

The \$100-million development, called Sportsworld Crossing, is occupying the site of a former amusement park near Ontario's Highway 401. Mr. Kindrachuk's development company, **Intermarket Group**, plans to keep an existing skating rink and add offices, retail

space and a hotel, for a total of 500,000 square feet.

He says it's a departure from the traditional power centre to the east of Sportsworld's site. There, vast parking lots separate huge stores, including Staples, Home Depot, Costco and Future Shop.

The plan for Sportsworld involves smaller, more fragmented parking lots and smaller stores to create the impression of a more natural streetscape. This, combined with walkways and a large central green space, a pond and waterfall, is intended to make the suburban shopping centre more pedestrian-friendly. The development also features some architectural flourishes on the store facades, such as arched windows and limestone facings, which Mr. Kindrachuk hopes will help set it apart from the traditional big-box approach.

The plan also uses a natural slope on the property to keep loading docks out of sight. They are a bone of contention for Mr. Kindrachuk, who points to a stretch of Highway 401 running through Milton, Ont., as an example of shopping centre design gone wrong. There, passing motorists see unsightly loading docks from power centres lining either side of the highway. At Sportsworld Crossing, the highway frontage will be lined

by four- or five-storey office buildings, the ice rink and a mass transit depot.

"I think it's going to set the bar, frankly, for commercial development in Ontario. You can never find that in any retail project in Ontario."

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Mark Kindrachuk, developer

But there's also a financial interest: It's hoped the high-quality development will command higher rents and yield better long-term returns for Sportsworld's owner, Toronto-based **Greiner-Pacaud Management Associates**, which bought the property in 2005 for \$12.7-million.

"This isn't a quick flip, this is a long-term ownership," Mr. Kindrachuk says.

Office space at Sportsworld Crossing is leasing for \$16 a square foot, and retail in the low \$20 range, he says.

Phase one of the project will open in November, consisting of about 75,000 square feet of retail and 75,000 square feet of

office space. Tenants include Reebok, Calvin Klein, Rockport and Pro Hockey Life, which would be the largest at 20,000 square feet.

"It is in the absolute right place, being the centre of the region," says Karl Innanen, managing director of Colliers for southwestern Ontario. "And a fantastic place for suburban office space." Demand for suburban office space is high, he adds.

Suburban office vacancy rates have been low in the region for the past decade, Mr. Innanen says, and technology is driving growth in the area. Research In Motion Ltd. recently bought a nearby building, and Manulife Financial Corp. and Sun Life Financial Inc. have opened offices in the area. The universities and colleges are providing the Kitchener-Waterloo region with stable, white-collar employment, and Toyota Canada Inc. is doing well, Mr. Innanen says. As a result, the area is enjoying a lot of investor attention, particularly from Germans, who are known as long-term investors, and Israeli pension funds and trusts.

Despite all this, the development isn't quite a Jane Jacobs dream-come-true, an observer suggests. It is separated from residential areas by large roads and, despite its pedestrian-friendly features, it remains a

place that people will drive to.

"As I was looking at the layout, it looks a lot like a power centre," says Pierre Fili-on, a professor at the University of Waterloo's School of Planning.

"You need to have density, walkability and connectivity," he says. A successful commercial development, in Dr. Fili-on's view, is one with enough people in the offices to provide a clientele for the retail and restaurants, and where people can move from one place to another by walking. Also, it should be easy for people from surrounding areas to get there. This plan doesn't appear to have the density or connectivity, he says, but may have some of the walkability.

But with the varying levels and designs of storefronts, the public transit connections and the central green space, he says it is a marked improvement on the typical commercial park that can be found in most suburban communities.

And it's a model that Mr. Kindrachuk plans to build on. Across a highway, he has plans to create a larger mixed-use development on a 225-acre site with offices, hotels and possibly condominiums. Now at the planning approval stage, that development will include 50 acres of green space in the middle and walking trails.

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