The Evolution of a Big-Box Landscape: A Case Study of the Winnipeg Market

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Introduction

During the 1990s, the Canadian retail landscape absorbed a considerable degree of change. The construction of enclosed shopping centres came to a virtual stop. In its place came a wave of big-box store and power centre development that ushered in a distinctively new set of shopping opportunities for consumers (Jones and Doucet 2000; Simmons and Hernandez 2004). Power retailing featured category-killer stores offering significantly greater depth of merchandise than what had been offered in conventionally-sized stores. It also featured an influx of foreign retail capital, especially American capital. Buoyed by the more liberal continental trading regime introduced through the NAFTA and by favourable currency exchange conditions, prominent American retailers began to establish networks of stores across Canada (Evans and Cox 1997; Thorne 2000).

This paper examines the imprint on the Winnipeg market of the advent of power retailing. The Winnipeg case is an intriguing one. Of the five Prairie Census Metropolitan Areas (CMAs), it is one of the slowest in terms of population growth. Between 1986 and 2002, the Winnipeg CMA population expanded by about 5 %. Over the same period, Calgary grew by 30 % and Edmonton by 17 %. Even Saskatoon's rate of growth was twice that of Winnipeg's. Slow population growth, however, has not deterred the expansion of power retailing in the Winnipeg market. Following several years of limited construction, the value of building permits issued for new retail space jumped dramatically in 1996 and continued to climb until 2000 (Table 1). Since then, there has been some retrenchment; however, it is notable that the value of permits issued in subsequent years even

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TABLE 1 Value of New Commercial Building Permits Issued by the City of Winnipeg, 1993-2003[1]

Year	Value of Permits ($000)	Value Corrected to 1992 Price Levels[2] ($000)	Year to Year % Change
1993	8,961	8,725	
1994	10,666	10,246	17.4
1995	12,147	11,352	10.8
1996	27,740	25,403	123.8
1997	35,863	32,164	26.6
1998	34,607	30,626	-4.8
1999	44,669	38,742	26.5
2000	46,938	39,744	2.6
2001	31,855	26,218	-34.0
2002	30,016	24,344	-7.1
2003	32,946	26,252	7.8

Note: 1. Building permit data available from City of Winnipeg Planning Department (see http://www.winnipeg.ca/ppd/statistics_5.stm)
2. Inflation-corrected values tabulated using CPI data from Cansim Table 326-0002

when adjusted for inflation has been three times what was issued in the early 1990s prior to the big-box construction boom. The paper begins, then, by examining the context within which this expansion of retail space has occurred, focusing attention on such factors as aggregate consumer spending, lower interest rates, and a devalued Canadian dollar. Attention then shifts to an examination of the geographical imprint left by power retailing on the Winnipeg market. Two questions are addressed. First, to what extent has this wave of big-box store and power centre development altered the pattern of planned regional-scale shopping nodes that evolved in the 1960s and 1970s? Second, what types of adjustments, if any, have been implemented by enclosed regional shopping centres in response to increased competition in the marketplace?

Retail Expansion and its Context

Rapid expansion of retail floorspace during the late 1990s and early 2000s was led by the entrance of several high profile retailers into the Winnipeg market and by strategies implemented by some existing retailers in response to this influx of new players. Table 2 provides a summary tabulation of some of the more significant amounts of space added by new entrants and existing retailers. The most prominent new entrant has been Wal-Mart. As part of its 1994 takeover of Woolco, Wal-Mart acquired five Winnipeg locations. Beginning in 1998, Wal-Mart embarked on an investment spree that saw it abandon all but one of the original Woolco locations in favour of five new 125,000 square foot stores. Other conspicuous American-owned retailers entering the Winnipeg market in this time period in-

TABLE 2 Prominent Big-Box Store Additions to the Winnipeg Market, 1998 – 2004

Chain	Ownership	# of Stores Built	Approximate Total Square Footage
Real Canadian Superstore	Canadian	4	650,000
Wal-Mart	USA	5	628,000
Home Depot	USA	4	437,000
Canadian Tire	Canadian	4	372,000
Rona/Revy	Canadian	2	233,000
Silver City	Canadian	2	133,000
Winners	USA	4	106,000
Home Outfitters	Canadian	2	80,000
Chapters	Canadian	3	77,000
Best Buy	USA	2	69,000
Michaels	USA	2	49,000

Source: Winnipeg Retail Data Base compiled by author.

clude Home Depot, Winners, Michaels, and Best Buy. Canadian-owned firms also participated in the boom. Some were new to the Winnipeg market (e.g., the Home Outfitters banner of the Hudson Bay Company, Chapters and RONA/ Revy). Others that already had networks of Winnipeg locations such as the Real Canadian Superstore, Canadian Tire, Future Shop, Famous Players, and Zellers began to adjust those networks by adding new locations, refurbishing and expanding other locations and, in several instances, abandoning sites in favour of new and larger facilities. All told, these major players constructed 2.8 million square feet of space since 1998.

How has the Winnipeg market been able to absorb and support an almost 10 % expansion in overall retail space when population has grown by only 5 %?[1] Most likely, the answer lies in a combination of several factors. One might be that new format retailers, because of lower overhead costs, are able to operate in an environment of higher floor area to population ratios. Alternatively, growth in floor area might be fueled by cannibalization of sales from existing retailers both inside and outside of the metropolitan market. Some evidence of the former, as manifested in retail vacancy rates is explored later in this paper. As for whether expansion of floor area in Winnipeg has increased the draw of the city for consumers living in the rest of the province, the evidence is mixed. While Winnipeg's share of provincial retail sales increased three percentage points between 1998 and 2003, it is still lower than it was in the early 1990s (see Table 3). Certainly one factor mitigating a migration of retail spending from the hinterland to the city is the arrival of big-box retailing in some of the smaller centres themselves (e.g., Steinbach, Selkirk, Winkler) as well as in Brandon, the province's second largest city.

A second possible explanation is that increased floor area was a response to

1. In 1998, the entire Winnipeg market was estimated to have 24.4 million square feet of retail space (Coriolis 2000).

TABLE 3 Retail Sales in the Winnipeg Market, 1991 - 2003

Year	Inflation Adjusted Retail Sales (millions)	Adjusted Retail Sales per Capita	% Share of Manitoba Retail Sales
1991	4,078.3	6,076	65.7
1992	4,124.3	6,033	65.2
1993	4,278.8	6,071	64.4
1994	4,323.0	6,036	62.2
1995	4,596.2	6,220	62.7
1996	4,889.2	6,498	62.6
1997	5,098.6	6,643	59.5
1998	5,234.5	6,720	59.8
1999	5,533.8	6,929	61.9
2000	5,758.9	6,997	61.7
2001	6,150.8	7,226	62.3
2002	6,601.2	7,608	62.5
2003	6,811.4	7,657	62.2

Source: Compiled from Cansim Tables 080-0015, 051-0054 and 326-0002

favourable demand conditions. In 1990, retail sales per capita in Winnipeg stood at $6,100. At mid-decade, sales per capita began to climb such that by 2003, even after accounting for inflation, they were 26 % greater than in 1990. Increased real spending can be traced to several sources, one being new household formation. New households are generally a boon to retailers as they deplete savings or tap lines of credit to furnish newly occupied dwellings. It is noteworthy then that the percentage increase in the number of households in the Winnipeg CMA between 1986 and 2001 has been nearly three times that of the population.

Aside from there being more households to spend money, it is also likely that the average household, as the 1990s progressed, found it had more money to spend. To a degree, added spending power derived from a very modest increase in real income.[2] This was derived largely from declining interest rates. By way of illustration, a Winnipeg household in 1990 holding a $100,000 mortgage amortized over 25 years would have seen its monthly principal and interest payment fall $470 by the end of the decade. As well, those with sizeable levels of equity built up in homes found it enticing to take advantage of lower interest rates by borrowing against that equity to finance increased consumption (Parkinson, 2005).

Winnipeggers also had added incentive to spend their new found wealth locally. By 1999, the value of the Canadian dollar had declined to the point where it took over $1.50 Canadian to purchase one U.S. dollar. Consequently, currency depreciation took away much of the attraction for most Manitobans to shop in nearby American marketplaces such as Grand Forks and Fargo, North Dakota. As well, such trips were being made redundant by the establishment of many American chains in the Winnipeg market itself. In summary, the relatively faster pace of new household formation, declining interest rates and a depreciating dollar created market conditions very favourable to the expansion of retail space.

2. Data from the 2001 and 1991 Census indicate average household income in the Winnipeg CMA rose 27.3 % over this ten year period. Much of this was eroded by inflation. Between 1991 and 2001, the consumer price index rose 26.0 % (see Cansim Table 326-0002).

Locational Imprint of the Big-Box Boom

To place Winnipeg's big-box boom in geographical context, it is first necessary to briefly describe the retail landscape of the city as it existed in the late 1980s. Similar to most North American cities, this landscape consisted of four standard components: a struggling downtown central business district, a few major intra-urban arterial ribbons (e.g., Portage Avenue, Pembina Highway), a larger number of neighbourhood-based shopping streets (e.g., Corydon, Ellice, Sargent Avenues) and a system of planned shopping centres. The latter of these components was anchored by five regional / super regional level centres. Of these, Polo Park Shopping Centre is the oldest and the largest. Located just over 4 km west of the CBD, Polo Park opened in the summer of 1959. It was anchored by a Simpson-Sears department store and featured an open air pedestrian concourse on which fronted some 200,000 square feet of retail space. Over the next 25 years, Polo Park underwent a series of renovations and expansions that involved the enclosure of the structure, the opening of two other anchor tenants (Eaton's and Zellers) and the addition of a second story. When the last of these projects was completed in 1986, the mall's gross leasable area (GLA) had grown to 1.1 million square feet (Greene, 2003). Between 1970 and 1980, the four other regional enclosed malls were constructed. The first of these was Garden City Shopping Centre on the northern edge of the city, anchored by Sears and Eaton's stores. Unicity Shopping Centre, with Bay and Woolco anchors, followed in 1975 on the city's western fringe. St. Vital Centre opened on the southern side of the city in 1979 and featured three anchors – Eaton's, The Bay, and Woolco. Lastly, Kildonan Place, with Sears and The Bay as anchors, opened in 1980 on the city's east side. The GLA of these centres ranged from 361,000 to 635,000 square feet, the largest being St. Vital Centre (Honigman et al 1985).

Figure 1 shows the geographical placement of these centres. With the exception of Unicity, the centres form a ring around the CBD that displays some regular geometric features. Distances from each shopping centre to the CBD are in the order of four to seven kilometres. Distances from each regional shopping centre to its nearest neighbouring regional shopping centre are all between eight and nine kilometres. Figure 1 also shows the location of four other enclosed shopping centres that were a part of the Winnipeg retail system by the late 1980s. Grant Park Shopping Centre is the oldest of these, its original structure being completed in 1963. The other three are Charleswood, Northgate and Pembina Crossing Shopping Centres. While enclosed, none of these centres included a major department store. Anchors were supermarkets and/or junior department banners such as Zellers and Woolco.

To assess the geographical imprint of big-box store development on Winni-

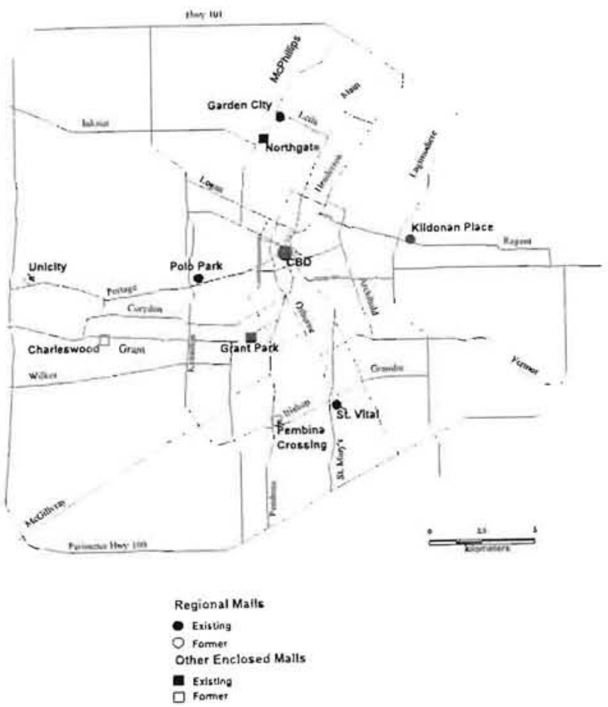

FIGURE 1 Location of Enclosed Shopping Centres in Winnipeg in 1990

peg's retail system, an inventory of all large format retailers was conducted in the fall of 2003. For the purposes of the inventory, the big-box store size threshold criteria used by Ryerson University's Centre for the Study of Commercial Activity

TABLE 4 Distribution of Big-Box Stores in the Winnipeg Market

Table 4a Distribution of Big Boxes Amongst Commercial Zones

Commercial Zone	# of Big-Box Stores	% Share of Big-Box Stores
Polo Park	41	29.7
Regent Corridor	29	21.0
McPhillips Corridor	17	12.3
Pembina Highway – Bishop Grandin	11	8.0
St. Vital Centre - St. Anne's Rd	11	8.0
Kenaston-McGillivray	8	5.8
Unicity – Portage Ave West	7	5.1
Fermor Ave - Southdale	4	2.9
Grant Park	3	2.2
Other	7	5.1
Total	138	100.0

Table 4b Distribution of Big Boxes by Type of Configuration

Retail Configuration	# of Big-Box Stores	% Share of Big-Box Stores
Anchored Power Centre	46	33.3
Power Centre	31	22.5
Strip Plaza	9	6.5
Enclosed Shopping Centre	21	15.2
Free Standing Location	31	22.5
TOTAL	138	100.0

Source: Winnipeg Retail Data Base compiled by author.

were applied with a few minor exceptions.[3] The inventory included all supermarkets with at least 40,000 square feet and all department stores of at least 100,000 square feet regardless of their location. From the big-box store inventory, a second list of power centre developments was created. A power centre was defined as an independently owned and planned shopping centre development comprised of a least two big-box stores. Power centres were classified as anchored and non-anchored with an anchored centre being defined as having at least one tenant occupying 75,000 or more square feet. The inventory produced a list of 138 stores and identified 20 power centres, half of which were classified as anchored power centres. While a few of these stores have been present since the late 1980s, the vast majority opened after 1996.

Table 4 and Figure 2 reveal some of the ways the big-box boom has been

3. Threshold criteria are generally in the order of three times the size of a conventional stores in a given retail sector. Some examples are building supplies (50,000), office supplies (20,000), electronics (15,000), pet store (12,000) and fashion and jewellery (10,000).

FIGURE 2 Location of Power Centres in Winnipeg

spatially imprinted on the Winnipeg market. Perhaps the most conspicuous outcome is that the influx of power retailers has acted more to reinforce the pre-existing geographical pattern of commercial areas than to dramatically alter it. Of the 138 stores, just over 80 % are found within a major commercial retail zone focused on one of the enclosed regional or super-regional shopping centres. Two of those nodes, the ones built around Polo Park and Kildonan Place Shopping Centres, account for 50 % of the big-box stores. Table 4 also shows that about

TABLE 5 Market Income Within Five Kilometres of Major Shopping Centres

Shopping Centre	# of Households	Market Income ($ millions)	Average Household Income
Polo Park	76,575	3,563	46,530
St. Vital	53,825	3,064	56,925
Kildonan Place	49,500	2,472	49,939
Kenaston Power Centre	30,290	2,143	70,749
Garden City	45,730	2,076	45,397
Unicity	29,530	1,857	62,885

Source: Compiled by author using Census Tract data from the 2001 Census

55 % of the stores are located within power centres while an additional 21 % are found either in enclosed shopping centres or strip mall developments. This spatial clustering associated with big-box development is particularly evident in Figure 2 which superimposes the locations of the 20 power centres on the map of regional / super-regional shopping centres. Again, the Polo Park and Regent Avenue zones dominate with the Polo Park region alone accounting for 40 % of the power centres.

That big-box development has reinforced an existing geography rather than creating a new one is likely more attributable to market forces than planning controls. In the mid 1990s, in an effort to preserve the integrity of downtown shopping, Winnipeg's newly amended official plan (known as Plan Winnipeg) decreed that no new regional shopping centres were to be created. But as a later document revealed, this reference to shopping centres was limited in scope referring only to the enclosed variety of regional shopping centres (Corriolis Consulting, 2000). As it turned out, nothing in Plan Winnipeg prevented developers from creating new "unconventional" shopping nodes such as power centres.

The attractiveness of an existing node such as Polo Park for power retail development suggests that factors such as centrality and access to high levels of market income that made the area attractive for previous investment have not been undermined over time. Of the city's major suburban retail nodes, Polo Park occupies the most central location to the entire Winnipeg market. More importantly, it has ready access to the high income neighbourhoods located in Winnipeg's southwest quadrant. To demonstrate this point, market income was tabulated within a five kilometre radius of each of the regional enclosed shopping malls using average household income and household counts from the 2001 census (Table 5).[4] At \$3.5 billion, Polo Park has 17% more market income in its five kilometre zone than the next highest node, St. Vital Centre.

4. Market income is defined as the total sum of money earned by all the households living within a certain distance of a given shopping opportunity. A GIS was used to identify those census tracts lying within a five kilometre radius of each designated node and then to sum the market income found in each of those tracts to arrive at a total for each of the major shopping centres in Winnipeg.

Retail expansion in the Polo Park area has challenged developers in the sense that the area offers virtually no undeveloped property on which to construct new stores. Almost all of the area not already in retail use by 1990 was home to manufacturing and warehouse operations. Therefore, the spurt of big-box and power centre development that began in the late 1990s almost exclusively involved some form or combination of greyfield or brownfield development. The most recent example is a new 140,000 square foot Real Canadian Superstore that opened on the corner of Sargent and St. James Avenues, a site previously occupied by a gypsum board factory. Other projects have seen chains such as Canadian Tire and Future Shop demolish existing stores and replace them with larger format outlets while a power centre anchored by Home Depot on Empress Avenue was shoehorned onto the site of what was the velodrome for the 1968 Pan American games. On the whole, this land conversion process faced relatively few regulatory barriers and very little, if any, opposition from either the city's planning department or citizen groups. No interest group came forward to argue that the loss of industrial land to retail development would strategically impair economic growth in the city by limiting the supply of industrial land. As well, being historically commercial-industrial in character, the lands in questions were sufficiently isolated or buffered from surrounding residential development so as to neutralize potential objections based on negative externality effects.

As noted previously, the geographical distribution of big-box stores is such that each of the major suburban shopping nodes has garnered a share of that development but the distribution has been anything but even. From Table 4 and Figure 2, it is evident that aside from Polo Park, development has favoured the retail node focused on the corner of Regent Avenue and Lagimodiere Boulevard in the city's east end and what can be called the Kenaston – Bishop Grandin corridor on the south side of the city. These can be contrasted against the McPhillips Avenue corridor in the north end and the Unicity node on the city's western fringe which have been relatively less successful in attracting big-box development.

The imbalance in big-box and power centre development between the north and south essentially mirrors the socio-economic map of Winnipeg (see Figure 3). Historically, the city's north end has been the home of lower class and non-charter group immigrant populations. All but two of the city's 11 census tracts with average household incomes of less than $30,000 are found north of Portage Avenue. Most other tracts in the city's north end, except for a few on very fringe of the city, have average household incomes below or marginally above the city average of $53,000. It is not surprising then, that the market income found within a five kilometer radius of Garden City Shopping Centre ranks among the lowest of all the major suburban retail nodes. Moreover, while the McPhillips corridor has attracted a 12% share of big-box stores, it is home to only one power centre development.

Quite the opposite picture is developing across the southern part of the city through the Kenaston – Bishop Grandin corridor. This corridor, which houses a super-regional enclosed mall (St. Vital Centre), has attracted seven power centres and is home to 25 % of the city's big-box stores. The 2001 Census provides some insight into the market forces underlying this development. Fifteen census tracts

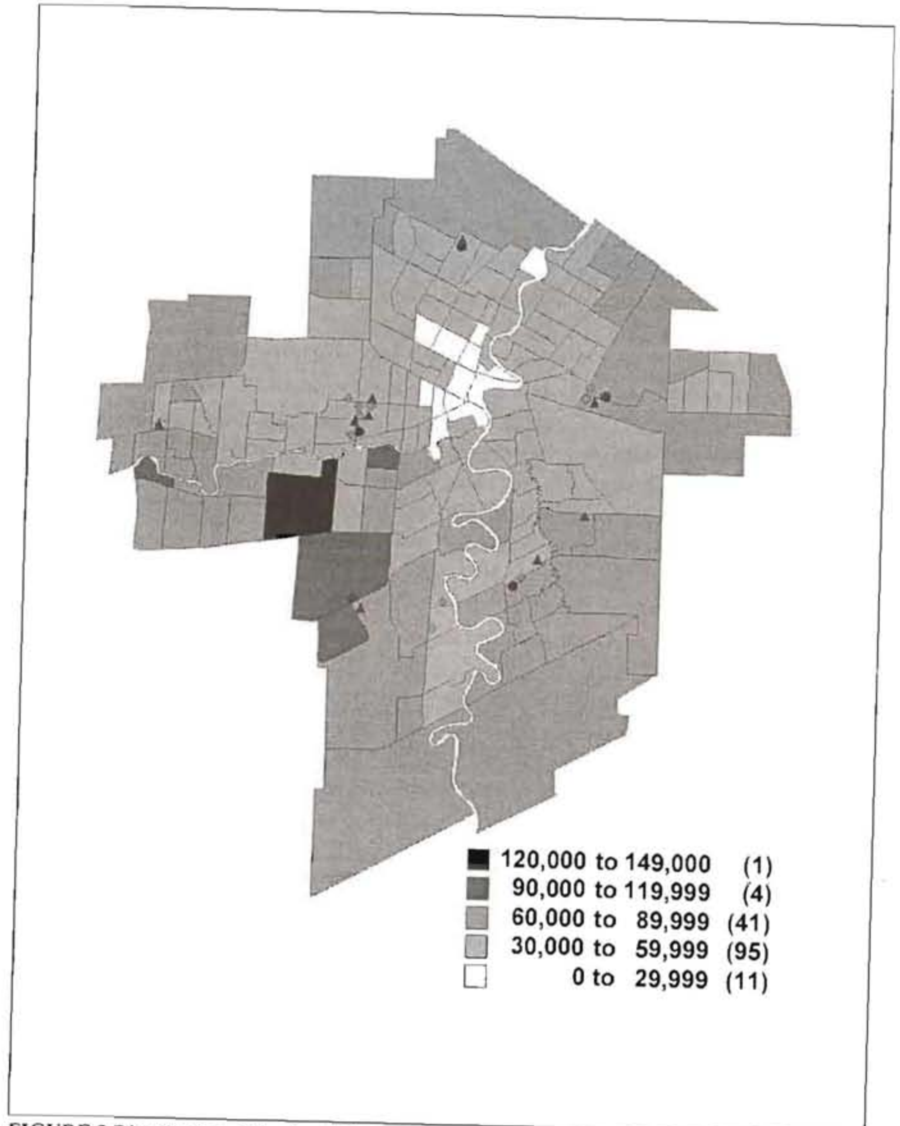

FIGURE 3 Distribution of Regional Shopping Centres and Power Centres in relation to Average Household Income in 2000

were chosen to represent the Kenaston – Bishop Grandin corridor. These tracts include the Lindenwoods and Whyte Ridge subdivisions that abut Kenaston Avenue and the neighbourhoods that lie between Bishop Grandin and the Perimeter Highway. What census data reveal is a rapidly growing population with above average purchasing power. Between 1996 and 2001, nearly 3,000 new homes were constructed in the corridor. These homes represent 36% of all new homes constructed within city limits. In the same time period, population within the corridor grew by 8% compared to the .2% growth rate recorded by the city as a whole. Almost all of the census tracts in the corridor have average household incomes that range anywhere from 20 to 100 % higher than the city-wide average. Hence, the five kilometre trading zone around St. Vital Centre yields a market income of just over $3 billion, second only to Polo Park and 47% more than what Garden City enjoys.

The influence of spending power on locational investment decision-making in the Kenaston – Bishop Grandin corridor is especially illustrated by the emerging cluster of power centre retailing at the corner of Kenaston and McGillivray Boulevards. Only five census tracts within Winnipeg city limits have average household incomes in excess of $90,000. Two of them, Whyte Ridge and Lindenwoods, border on the Kenaston-McGillivray retail node while a third, Tuxedo, is only four kilometres to the north. Market income within a five kilometre radius of this power centre does not yet match that surrounding Polo Park or St. Vital but that is largely because some land within the 5 km zone remains undeveloped. Nevertheless, since 1999 the Kenaston node has expanded from one small retail strip offering mostly low order neighbourhood retail functions to almost 750,000 square feet of big-box and ancillary shopping. The node is anchored by Wal-Mart and Canadian Tire outlets but also contains a conspicuous stable of fashion (Roots, Mexx, Reitman's, Liz Claiborne, Tommy Hilfiger) and home decor outlets (Home Outfitters, HomeSense, Urban Barn, Bowrings, Bombay). Notably, the Mexx, Liz Claiborne and HomeSense chains chose the Kenaston power node for their first, and so far only, Winnipeg outlets.

One further advantage accruing to the Kenaston – Bishop Grandin Corridor is its strategic position with regards to smaller rural-based population clusters located to the south and south-west of the city but north of the U.S. border. None of the towns and rural municipalities within this area has populations of more than 10,000 but collectively, the area is home to over 106,000 people who live no more than a 90 minute drive from the city. For shoppers travelling into the city from these outlying areas, the retail clusters of the Kenaston – Bishop Grandin corridor form an intervening opportunity that has the potential to intercept dollars that might have flowed to other shopping areas such as Polo Park or Regent Avenue.

Table 4 and Figure 2 also reveal an imbalance in power retail development between the eastern and western edges of the city. Despite having a lower average income, the five kilometre trading zone around Kildonan Place in the Regent corridor holds $600 million more market income than the Unicity trading zone. This is not the only factor, though, tipping the balance in favour of the Regent Avenue corridor. Compared to Unicity, Regent Avenue is more isolated from Polo Park, the city's most dominant shopping district. The distance from Regent to Polo Park is about 10 km which is only 2 km more than the distance from Polo Park to Unicity. However, access to the Polo Park area from the Regent trading area is hindered by the need to cross the Red River and travel through the downtown area. Households in the neighbourhoods surrounding the Unicity area have much easier and faster access to the Polo Park area along both Portage and Ness Avenues.

While the north-south oriented Red River affords some natural protection for the Regent corridor trading area, a less favourable river-effect is felt by the Unicity area. The five kilometre ring around Unicity is split almost in half by the Assiniboine River. Many households living south of the river in the Charleswood area are in fact just as close to the Polo Park region as they are to Unicity when actual driving distances are taken into account. Hence the market income for Unicity listed in Table 5 is likely overstated.

Other factors favouring the Regent node over the Unicity node are its relative position within the city's road network, its access to a greater pool of rural-based shoppers and the presence of a regional enclosed shopping centre The Regent node, which is centred on the corner of Regent Avenue and Lagimodiere Boulevard, enjoys excellent accessibility to large volumes of traffic. Lagimodiere is the principal north-south arterial route on the city's east side and Regent Avenue serves as the conduit for traffic flowing in and out of the Transcona residential area located on the city's eastern fringe. The Unicity area lacks a comparable focal point intersection. Portage Avenue carries large volumes of traffic through the area in an east-west direction but there is no significant north-south arterial to create an intersection with elevated land values. The Unicity Power Centre, a development that can potentially accommodate 350,000 square feet of retail space, is a good case in point. It fronts on Portage Avenue but is bounded on its other three sides by residential streets. As for the potential to augment its city trade area with shoppers from outlying rural areas, Regent node enjoys a moderate advantage over the Unicity node. According to the 2001 census, approximately 43,000 people live within 100 kilometres of the city's eastern boundary compared to 31,000 to the west. A final factor that sets the Regent node apart from Unicity is that an enclosed regional shopping centre, Kildonan Place, remains part of the Regent complex and hence adds to the overall attractiveness of that area to consumers. On the city's far west side, the only enclosed shopping centre was demolished to make way for what remains the area's only power centre, the Unicity development. That an enclosed shopping centre could not survive in this area is, in itself, testimony to the geographical disadvantages with which it is encumbered.

Assessing the Fall-Out from the Big-Box Development Boom

Much has been written in the popular press about the competitive pressures that have been placed on conventional stores and shopping centres by the advent of power retailing (Dicker 2005; Liblin 2002). Of particular concern has been the possibility that power retailing might undermine the economic viability of the large enclosed regional shopping centres that have long been seen as the foundation upon which intra-urban shopping centres hierarchies have been organized (Harris 2002).

Large regional shopping centres were seen as particularly vulnerable on two fronts. Historically, the economic success of such centres has depended heavily on the performance of department store anchor tenants. Anchors are relied upon to draw traffic to the mall and then to circulate traffic through the interior corridor of the mall to maximize its exposure to the mall's smaller retail units. Hence, if anchor stores floundered or even failed in the face of competition from discount department stores like Wal-Mart or by having sales of individual departments cannibalized by category killers such as Linen n' Things, Old Navy or Best Buy, owners of malls would first be confronted with the challenge of finding new tenants for large empty spaces. The fallout from such floundering or failure might then cascade down to the smaller stores in the mall that might not be able to generate enough traffic on their own to meet survival threshold sales levels (Jones and Doucet 2001; Yeates et al 2001).

Recent reports on national vacancy rates in enclosed shopping centres suggest these types of fears may be unfounded (Belford 2005; Thorne 2003). In the case of Winnipeg, the same seems to be true. A survey of the city's enclosed shopping centres in 2001 revealed a vacancy rate based on square footage of only 3 % (Lorch, 2002). Such a low vacancy rate can be attributed to a number of factors including the success of mall owners in keeping anchor tenant spaces occupied, incorporating larger stores into their tenant mix and making more efficient use of their sites by expanding the existing structure or by constructing stand alone structures on their parking lots to house big-box stores themselves. Several examples of these coping strategies are outlined below.

In terms of anchor tenant space, most of Winnipeg's enclosed malls have been fortunate not to have felt the brunt of Wal-Mart's on-going strategy to give up mall locations it inherited from Woolco in favour of either power centre or free standing locations. This is largely because only a small number of Winnipeg's enclosed malls had Woolco stores in the first place. Of those which had Woolco banners, one store remains in place (St. Vital), one has been rebuilt on site as part of the transformation of an enclosed mall to a power centre (Unicity) and one filled the space vacated by Wal-Mart with an even larger Zellers outlet (Grant Park). A potentially far greater concern for the enclosed malls was the 1998 bankruptcy of the major department store chain Eaton's which left empty anchor spaces in three malls. However, the space in St. Vital Centre was quickly filled by Sears and in Polo Park by The Bay. At Garden City, a significant proportion of Eaton's space has been occupied by Canadian Tire and Winners outlets rather than a major department store, a transformation that is reflective of the lower market incomes in that part of the city.

With regard to leasing of corridor space, Polo Park has been particularly proactive in attracting tenants with above average space requirements. The mall now hosts several clothing stores (e.g., Eddie Bauer, Esprit and the Gap) not large enough to exceed big-box criteria thresholds but more than twice the size of a traditional mall-based clothing store. That many of these stores are high profile American-owned banners also serves to increase the attractiveness of the mall to consumers looking for something different. Kildonan Place, which now finds itself in the midst of the city's second largest concentration of big-box stores and power centres, has also undertaken steps to enhance its attractiveness. A recently completed renovation saw a Shoppers Drug Mart outlet relocate to a more prominent location within the mall and in the process, double its size. Along with a Sport

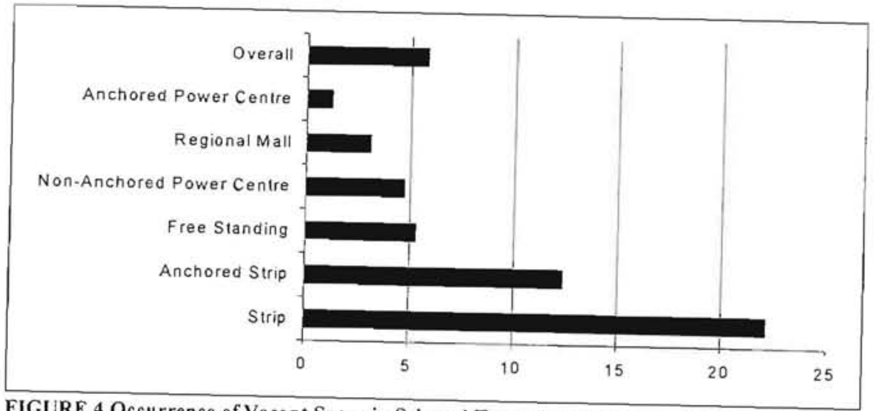

FIGURE 4 Occurrence of Vacant Space in Selected Types of Shopping Configurations located in Winnipeg's Major Suburban Shopping Nodes, September 2001

Mart and Shoe Warehouse outlet, it now occupies space on the mall's southern face that fronts on Regent Avenue. The visibility and accessibility of these locations to passing traffic has been further enhanced by the addition of store-specific exterior signage and dedicated entrance ways that give the mall the look and feel of a big-box complex.

The integration of big-box stores themselves into enclosed regional shopping centres or onto their properties is most evident at Winnipeg's two largest malls, Polo Park and St. Vital. At St. Vital Centre, a 1998 expansion saw the addition of a Silver City movie complex and a Chapter's bookstore which now serve as a fourth anchor point for the mall. As part of the expansion, a Safeway grocery store was relocated to a 55,000 square foot structure on a corner of the centre's parking lot. More recently, another expansion of the mall's main structure made room for the city's first London Drugs outlet and two independent buildings were added to the centre's ring road to house a Montana's and an Old Navy. Cadillac Fairview, the owners of Polo Park, have also taken steps to maximize the revenue generating capability of their site by replacing existing free standing conventional tenants with power retail-like functions. These decisions involved the demolition of two restaurants on the south end of the site in 1999 to create room for another Silver City complex and the closure and demolition of a Sears auto centre to allow for the construction of big-box pads for Pier 1 and EQ3 stores.

While space does not permit a full discussion of the health of other components of Winnipeg's retail system, it is sufficient to say that some have not fared nearly as well as the enclosed centres (see Figure 4). Vacant space in strip malls anchored by a major tenant (e.g., supermarket or other big-box store) in 2001 was four times as prevalent as in enclosed malls. In smaller non-anchored strip malls, vacancy rates exceeded 20 %. There is evidence as well that the high vacancy rates experienced by some strip malls are the flip side of the successes experienced by centres higher up in the hierarchy. One such case is that of Canadian Tire at Garden City Shopping Centre. Canadian Tire filled a large portion of the space vacated by Eaton's. To do so, it vacated much smaller and outdated premises located in a strip plaza directly across the street from its new location. Four years later, Canadian Tire's old store remains empty.

Conclusion

The Winnipeg market experienced a boom of big-box and power centre development beginning in the late 1990s. In one regard, this boom is puzzling as it occurred at a time when the city's population was growing at a very slow pace compared to other metropolitan areas in the Prairie region. However, the boom is more understandable when placed within the context of general market conditions. Rising sales per capita coincided with falling interest rates that augmented consumer purchasing power at home while a falling Canadian dollar discouraged outshopping in nearby North Dakota. To a degree, the loss of the latter was compensated by the entrance of many American owned chains into the American market. One did not have to go to the U.S. to shop; the stores had come north of the border creating a type of novelty effect that spurred on consumption.

Big-box invasions are often cast as a force that is drastically altering our retail landscapes. To the extent that they have ushered in a new format for shopping, i.e., larger than normal stores clustered together in open air power centres, the landscape is changing. However, this case study of Winnipeg has demonstrated that the big-box boom has not drastically altered the geography of the retail system. The vast majority of power retailing developed in the Winnipeg market has gravitated to already existing commercial nodes that are anchored by traditional enclosed shopping centres. The distribution of big-box stores amongst these nodes has not been even but that too can largely be accounted for by traditional market analysis variables such as differential population growth, spatial variations in the distribution of purchasing power, accessibility created by transportation routes and the truncation of trading areas by natural barriers.

Will the traditional retail hierarchy be able to coexist with the big-box landscape that has been overlaid upon it? Evidence from the Winnipeg market suggests that shopping centres at the top end of the hierarchy are adjusting well to the new competition by, in some cases, incorporating features of the new competition. At lower levels of the hierarchy, the picture is less clear. A one-time snap shot view found vacancy rates at smaller strip malls to be three to six times higher than what the larger enclosed malls were experiencing. Lack of historical data makes it difficult to tell whether such a discrepancy is normal or whether it marks the leading edge of a process that might hollow out some segments of the system. In the final analysis, what this paper reveals is the need for on-going monitoring of all levels of the retail system to create the longitudinal record of data necessary to more clearly evaluate the impact of the big-box boom.

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