

TORONTO STAFF REPORT

April 3, 2006

To: Economic Development and Parks Committee

From: Donald Eastwood, General Manager,
Economic Development, Culture and Tourism
Ted Tyndorf, Chief Planning Official, City Planning
Jeffrey Steiner, President and CEO, Toronto Economic Development Corporation (TEDCO)

Subject: Long Term Strategy for Retaining Employment Lands and Stimulating New Investment and Job Creation
All Wards

Purpose:

The Economic Development Division, Toronto Economic Development Corporation (TEDCO) and City Planning Division are undertaking the development of a long term strategy for retaining employment lands in the City of Toronto. This report presents the findings from phase one of the initiative.

Financial Implications and Impact Statement:

There are no financial implications resulting from the adoption of this report.

Recommendations:

It is recommended that:

- (1) Council direct staff to develop and recommend growth strategies for the City's Employment Districts to support the City's efforts toward retaining and increasing a wide range of employment opportunities for Toronto;
- (2) Council direct staff to assess mechanisms for increasing investment and job levels in the Employment Districts and report back to Council on policies and programs that may be required to realize the strategies along with the Official Plan's Employment Districts goals and objectives; and

- (3) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

In December 2005 Council adopted a report entitled “Enhancing the Business Climate”, that noted the need to protect and enhance Toronto’s employment districts. “A key element of improving Toronto’s business climate is ensuring that there is sufficient land available to meet the City’s future employment needs. The City’s Economic Development Strategy and Official Plan address this goal by supporting the foundations of economic competitiveness. The Official Plan directs residential growth to priority locations where it is most suitably accommodated away from key employment lands.”

The report also made clear how other governments could assist in this regard. “The Province should be made aware that Council is doing all it can to protect these lands, grow the assessment base and create employment opportunities for Toronto residents. These efforts will be more successful if accompanied by Planning Act reform to support Council’s goals and actions.”

Fortunately, the Province of Ontario is recognizing the importance of maintaining a strong employment base. It passed a new Provincial Policy Statement that recognizes the importance of preserving and enhancing employment lands by directing municipalities to:

- (a) Provide for an appropriate mix and range of employment (including industrial, commercial and institutional uses) to meet long-term needs;
- (b) Provide opportunities for a diversified economic base, including maintaining a range and choice of suitable sites for employment uses which support a wide range of economic activities and ancillary uses, and take into account the needs of existing and future businesses;
- (c) Plan for, protect and preserve employment areas for current and future uses; and
- (d) Ensure the necessary infrastructure is provided to support current and projected needs.

The City of Toronto, recognizing both the pressures and the need to preserve stable employment lands, has initiated a long-term strategy to retain employment lands and stimulate new investment in employment districts. The study will also allow staff to better respond to the directives in the Provincial Policy Statement. The report was created through a partnership among the Economic Development Office, City Planning Division and the Toronto Economic Development Corporation (TEDCO).

This study will be done in 3 phases: reviewing the supply and demand for employment land and providing conclusions on the adequacy of supply; identifying the tools available to protect employment land and promote employment intensification; and, developing a specific growth strategy for the Park Lawn Road and Black Creek Employment Districts as these areas are experiencing or are anticipated to encounter conversion pressure.

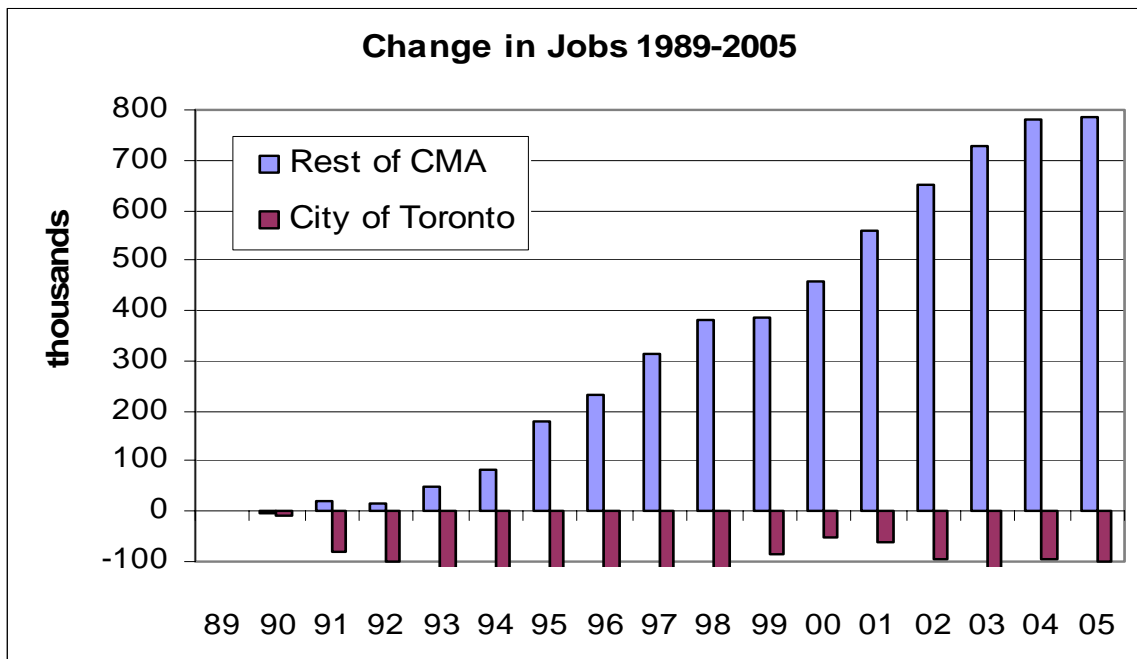
This report summarizes the findings of Phase 1 of the study and recommends some early steps toward implementing the Employment District Policies in the Official Plan.

Comments:

Toronto's suburban Employment Districts are at risk of becoming bedroom communities for the 905. A number of disturbing trends have emerged over the past number of years. Toronto is under pressure to permit employment lands to be redeveloped for other uses. The primary cause is the higher economic return that can be achieved from other uses, especially residential. Over time the potential to achieve this higher value from the land leads to pressure for conversion. Ultimately this has and is leading to a loss of employment land and a loss of future employment opportunities.

In fact, Toronto is not keeping pace with job growth as compared to the 905. Figure 1 below shows the change in employment levels compared to the base year of 1989, on an annual basis. Toronto has yet to return to the 1989 employment level while the 905 has seen significant new employment growth.

Figure 1.



(Source: City of Toronto Econometric Model.) Note: 1989 = 0

- (a) There are approximately 100,000 fewer jobs in the City today than in 1989, however over the same timeframe employment in the surrounding region increased by approximately 800,000.
- (b) From 2000 to June 2005 Toronto has lost over 185 acres of employment land, translating into a loss of over 4,000 potential jobs.
- (c) Toronto has become a net exporter of its manufacturing labour force sending 19,300 residents to the 905. In 2005, there were 209,300 Toronto residents employed in manufacturing

activities although there are only 190,000 positions in Toronto.

- (d) In 2001, it was shown that 39,185 people commuted from Vaughan to Toronto, while 40,635 people commuted from Toronto to Vaughan showing a reversal in commuting trends that had existed for decades.

Maintaining stable and competitive Employment Districts has many benefits. Toronto historically provides over 30% of the City's total employment in the suburban ring. This sets Toronto apart from many North American jurisdictions. These jobs (many of which are in the manufacturing sector) are within Toronto borders and offer its citizens a range and diversity of job opportunities not found in other large urban areas. While a continuing loss of employment to the 905 is itself a concern, ongoing employment sprawl increases commuting times for Toronto's labour force to workplaces outside of Toronto, decreases economic productivity, and creates associated negative impacts on the environment and public transit.

A key objective of The Long Term Strategy for Retaining Employment Lands Report is to help identify policy options to stabilize employment, attract new investment in and intensification of, the Employment Districts. Determining whether Toronto's employment land supply is adequate to accommodate future demand and meet the City's employment target, will be a crucial step toward meeting this objective.

Study Findings:

The study's findings are summarized as follows.

Toronto's Employment Districts are Nearly Fully Developed.

- (a) 93% of the total supply of 7730 ha is fully developed.
- (b) 90 ha of Greenfield development exist (1% of the total supply of employment land), much of it located in the Tapscott Employment District.
- (c) 460 ha of land in the employment districts are vacant or 6% of the total supply.
- (d) However, only half of the remaining vacant land is actually available for new development.

Current Employment Densities are Similar to the 905 Area:

- (a) Contrary to the perception of Toronto's employment areas as being underutilized, Toronto's employment density (excluding office) is 45 employees per net ha which compares favourably to many other GTA communities.
- (b) Toronto's industrial vacancy is at an historic low of around 4%.

Employment Districts Remain an Important Location for Business Formation:

- (a) Diversity in land and building stock gives Toronto an advantage. There is a wide variety of building forms available from large manufacturing facilities to industrial multiples, stand alone offices and small stand alone industrial buildings. This makes Toronto's employment districts attractive to a wide range of uses that value a central location.
- (b) The building stock allows the City to accommodate a range of high growth sectors such as business services, information technology and media operations.
- (c) Economic activities in Toronto's Employment Districts (in particular, the manufacturing

sector), unlike many urban centres in North America, have remained stable and healthy.
(d) More companies are showing interest in Toronto locations as land values increase in the surrounding 905 communities which are now \$100,000 to \$200,000 per acre higher than Toronto.

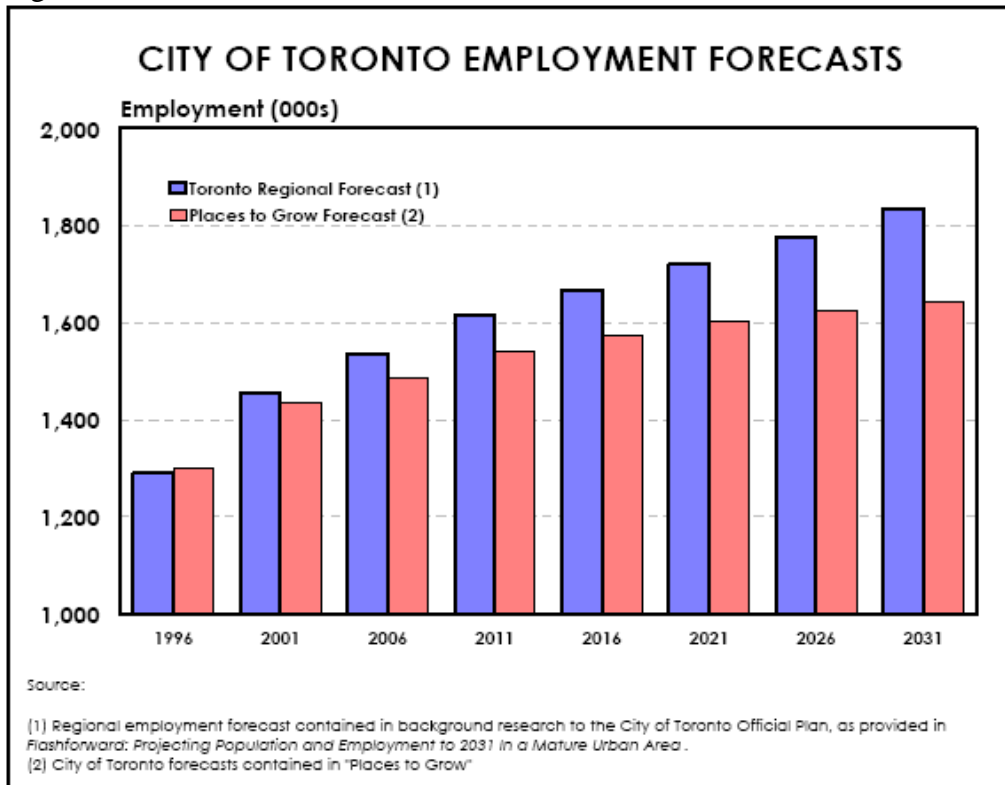
Pressure for Conversion of Employment Land Undermines Toronto’s Ability to Meet its Employment Objectives:

- (a) Pressure for conversion of employment lands, particularly to residential, affects the long term stability of the employment districts.
- (b) Currently 75 ha are under pressure for conversion. This translates into a loss of over 4,000 potential jobs.

Employment Forecasts for Toronto Project Significant Job Growth Over the Next 25 Years:

- (a) Employment target in the new Toronto Official Plan states that Toronto should accommodate 1.835 million jobs by 2031, up by 380,000 jobs from 2001 (see Figure 2 below).
- (b) The Province’s ‘Places to Grow’ initiative anticipates that employment will grow to approximately 1.64 million jobs in 2031, up by 200,000 jobs from 2001.
- (c) All of the forecasts are predicated on maintaining a stable base of employment lands.
- (d) The lower forecast was based on the assumption that there would be no policy interventions to redirect employment growth in the Greater Golden Horseshoe to the priority locations that the Province identified in the Places to Grow plan.

Figure 2.

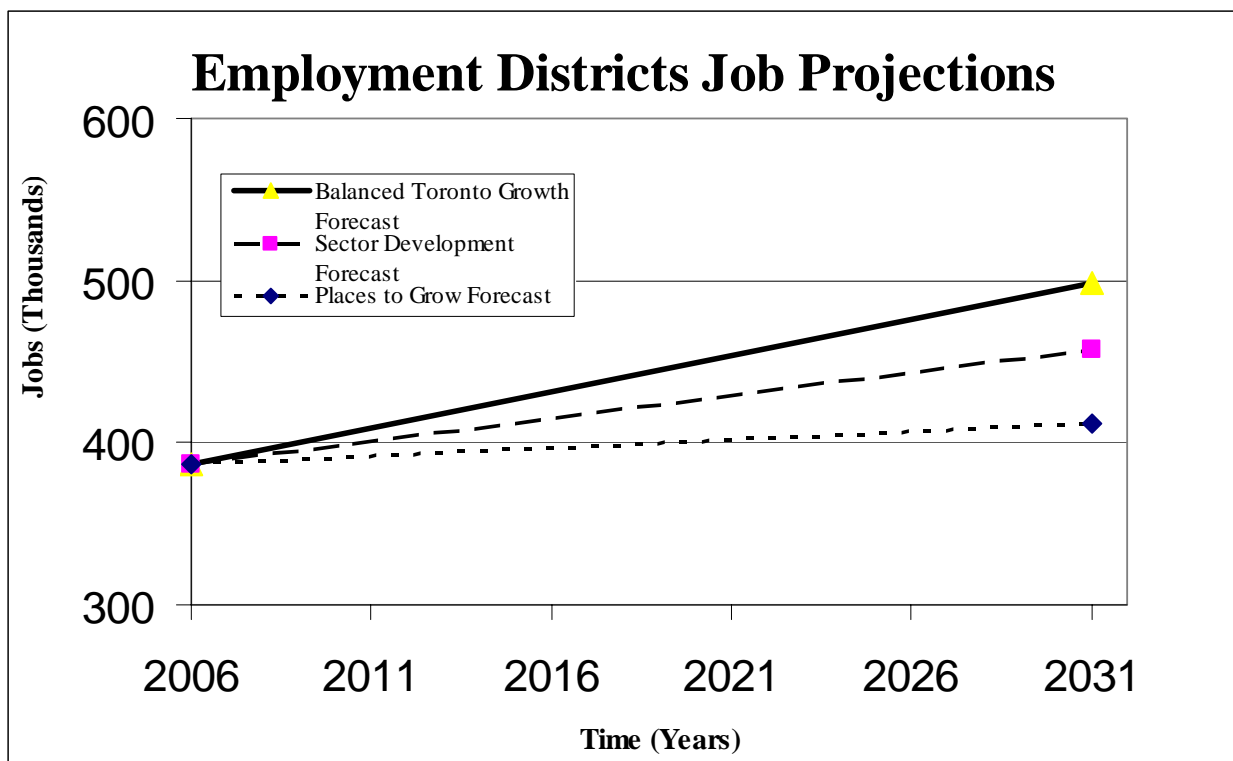


The Employment Districts Will be Needed to Accommodate a Significant Proportion of the Projected Growth:

- (a) The Employment Districts will need to accommodate 112,000 new jobs to meet the Official Plan employment target and maintain the historic balance of jobs distributed between Toronto’s core and the suburban ring.
- (b) The mid-range projection, based upon the expected growth of Toronto’s economic sectors, estimates that 70,000 jobs will be located in employment districts.
- (c) The projections in ‘Places to Grow’, anticipates the creation of 25,000 jobs.

Figure 3 below is a graphic representation of the points noted above. Each forecast is based on a different methodology. The lowest forecast from the Province’s ‘Places to Grow’ report assumes that there will be no policy interventions that would significantly change the current trend toward employment and urban sprawl. It should be noted that even under the lowest forecast that the 387,000 existing jobs and land base in the Employment Districts need to be retained and protected in order to achieve the projections in ‘Places to Grow’.

Figure 3.



(Source: Long Term Employment Land Strategy)

To Achieve 112,000 Jobs, Up to 6.7 million sq. m. (72 million sq. ft.) of Net New Space Will Need to be Added to the Districts:

- (a) Toronto must retain its land and building supply in the Employment Districts to eventually

- meet the Official Plan employment target.
- (b) Further losses from the existing land and building supply will require the construction of even more new space than projected.
 - (c) Even to achieve the low employment forecast for the Districts, the land and building supply must be protected to retain the existing level of jobs to accommodate the incremental growth anticipated by the lower forecast.

Figure 4.

Toronto Employment District Space Demand Projections			
	Places to Grow Forecast	Sector Development Forecast	Balanced Toronto Growth Forecast
Greenfield Development	3,875,000 sq. ft.	3,870,000 sq. ft.	3,870,000 sq. ft.
Vacant Land Infill	14,854,200 sq. ft.	14,850,200 sq. ft.	14,850,200 sq. ft.
Employment Intensification	Nil	36,800,000 sq. ft.	53,600,000 sq. ft.
Total Space Demand	16,100,000 sq. ft.	55,520,000 sq. ft.	72,320,000 sq. ft.

(Source: Long Term Employment Land Strategy)

Study Implications:

There are a number of opportunities for Toronto’s Employment Districts with respect to attracting new investment and employment growth. However, policy and program assistance will be required to maintain and improve the competitiveness of the existing space and to improve its attractiveness. The potential for regeneration and new development depends largely on how attractive the districts can be made for new investment. Two main initiatives will be required.

First, Toronto must retain its land and building supply in the Employment Districts to eventually meet the Official Plan employment target. The majority of new economic growth is generated by the City’s existing companies. Stabilizing the existing employment base is a prerequisite toward maintaining current job levels and achieving future growth. Even to achieve the low employment forecast for the Districts, the land and building supply must be protected to retain the existing level of jobs to accommodate the incremental growth anticipated by the lower forecast.

Second, action must be taken to improve the attractiveness of the Employment Districts for new investment and employment intensification. This will like require significant investment in the existing stock and owners may need an incentive in the short term to upgrade the stock to current business standards as well as for the construction of new space.

A number of actions are required to address the issues noted above, these include:

- (a) The use of incentives for landowners to invest in employment uses within the Districts;

- (b) Reducing the speculative value of residential use by making conversions less likely to succeed;
- (c) Having the employment policies in the Official Plan approved by the Province and indicating that redesignation is not an option;
- (d) Making traditional capital investments to improve the image and functioning of the Districts;
- (e) Establishing specific employment strategies for the Districts to identify necessary actions and act as a benchmark for assessing program results and employment intensification and redevelopment projects; and
- (f) The development and implementation of new and innovative tools to promote employment intensification.

Staff is proposing to report further on the actions noted above at the conclusion of Phase II of the initiative.

Conclusions:

The City of Toronto is losing its market share of employment in comparison to the 905 area. In fact Toronto is exporting manufacturing labour force from the City to the surrounding municipalities adding to employment sprawl and its attendant consequences.

Toronto's Employment Districts are nearly fully developed and there is a healthy demand for Toronto's employment lands for employment uses. However, even with the healthy economic situation in the districts, there exists intense pressure to convert employment lands into non-employment uses. This undermines Toronto's competitive advantage by creating land use instability, and limiting our potential to create new jobs in the Employment Districts.

The new Official Plan suggests that 112,000 new jobs can be achieved in the Employment Districts by 2031. This will be accommodated by supporting the existing base level of activity and the future reuse and intensification of existing employment lands. These lands will need to accommodate 6.7 million sq. m. (72 million sq. ft.) of new space in order to meet this target. This target will be met only if we can protect the Employment Districts, and improve the attractiveness of the Districts for new investment. In order to sustain and increase a wide range of job opportunities for City residents, strong and viable Employment Districts must be supported and enhanced through a number of public policy initiatives and tools. Achieving a well balanced assessment base between industrial / commercial and residential assessment will continue to be a prudent financial objective for the City.

Staff is recommending that specific growth strategies for the Employment Districts be established as one means of supporting the City's efforts toward retaining and increasing a wide range of employment opportunities for Toronto residents. The next phase of the initiative will be to explore new tools to assist in creating a stable and attractive investment environment within the employment districts.

Contact:

Donald Eastwood
General Manager
Economic Development, Culture and Tourism
deastwo@toronto.ca

Jeffrey Steiner
President and CEO
TEDCO
jsteiner@TEDCO.ca

Ted Tyndorf
Chief Planner
City Planning Division
TTyndor@toronto.ca

List of Attachments:

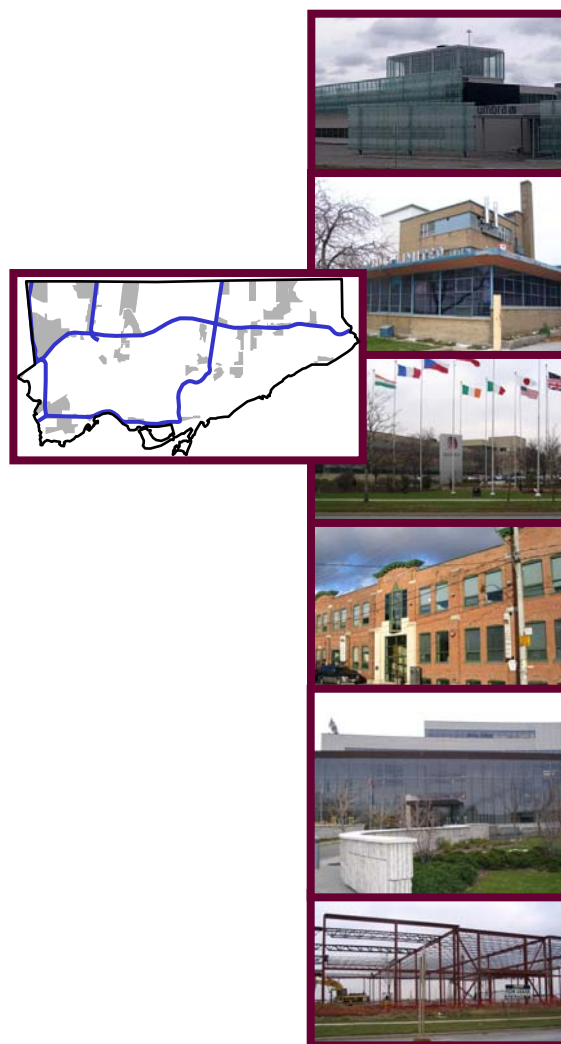
Attachment No. 1: Long Term Employment Strategy Phase 1 Report

LONG TERM EMPLOYMENT LAND STRATEGY

City of Toronto

Phase 1 Report

Prepared for:
Toronto Economic Development Corporation
in cooperation with
City of Toronto Economic Development Office



Hemson Consulting Ltd.

March 2006

HEMSON

Consulting Ltd.

30 St. Patrick Street, Suite 1000, Toronto, Ontario, Canada M5T 3A3
Facsimile (416) 595-7144 Telephone (416) 593-5090
e-mail: hemson@hemson.com

March 13, 2006

Ms. Judy Dunstan
Manager, Incubators and Economic Development Programs
City of Toronto Economic Development Corporation
Metro Hall
55 John Street, 7th Floor
Toronto, Ontario
M5V 3C6

Dear Ms. Dunstan:

Re: Long Term Strategy for Retaining Employment Land and Stimulating New Investment

Hemson Consulting Ltd. is pleased to submit the Phase 1 report of the Long Term Strategy For Retaining Employment Land and Stimulating New Investment in the City of Toronto. The report provides a discussion of the supply and demand for land in the Employment Districts and implications for continued employment growth in the City.

Yours truly,

HEMSON CONSULTING LTD.



Russell B. Mathew, PLE, RPP, MCIP
Partner

TABLE OF CONTENTS

I	INTRODUCTION	1
	A. Study Is Being Undertaken in Response to Pressure to Convert Employment Land to Other Uses	1
	B. Employment in Toronto Is Accommodated under a Different Dynamic than in Surrounding Communities	2
	C. Study Focus Is on Toronto’s Sixteen Employment Districts	4
	D. Strategy must Take into Account New Provincial Policies	6
	E. The Report Has Four Sections	7
II	TORONTO’S EMPLOYMENT DISTRICTS ARE NEARLY FULLY DEVELOPED ..	8
	A. Toronto’s Employment Land Supply Is Nearly Fully Developed	9
	B. Current Densities Are Very Similar to the 905 Area	15
	C. Diversity in the Land and Building Stock Gives Toronto Advantages Not Found in the 905 Area	19
	D. Pressure for Conversion of Employment Land Threatens to Undermine Toronto’s Advantage	30
III	DEMAND MUST BE CONSIDERED WITHIN THE CONTEXT OF A FULLY DEVELOPED SUPPLY	33
	A. Toronto’s Employment Districts Remain an Important Location for Business Formation	33
	B. <i>Places to Grow</i> Contains a Forecast of 200,000 New Jobs in Toronto by 2031	42
	C. Toronto Official Plan Contains a More Ambitious Target — Calling for 380,000 New Jobs by 2031	44
	D. To Achieve the Target, up to 6.7 Million M ² of New Space Will Need to Be Added in the Districts	48
	E. Employment Districts Could Add 6,300 New Jobs over the next Five Years	53
IV	ABILITY TO ACHIEVE THE GROWTH FORECAST DEPENDS UPON HOW INTENSELY THE SUPPLY CAN BE REUSED	59
	A. SWOT Analysis	59
	B. Policy Support Is Required to Achieve More Intense Development in the Districts	64
	C. Two Main Policy Initiatives Are Required	65
V	NEXT STEPS	67

List of Tables

Table 1	City of Toronto Employment Districts Land Supply, Net Occupied and Vacant Area, Ranked by Size, Year-End 2004 Estimate (page 10)
Table 2	Summary: City of Toronto Employment Districts Land Supply, Year-End 2004 Estimate (page 11)
Table 3	Median Size of Vacant Parcels, City of Toronto Employment Districts, 2005 Estimate (Page 13)
Table 4	Estimated Employment Density, City of Toronto Employment Districts, Year-End 2004 Estimate, Employees Per Net Ha (Page 16)
Table 5	Estimated Employment Density, City of Toronto Employment Districts, Year-End 2004 Estimate, Excluding Major Office Employees Per Net Ha (Page 17)
Table 6	Estimated Employment Land Densities, Selected Municipalities in Ontario, 2003, Excluding Freestanding Major Offices (Page 18)
Table 7	Median Lot and Building Size, City of Toronto Employment Districts, 2005 Estimate (page 21)
Table 8	Applications to Convert Land in Employment Districts to Residential Use, City of Toronto, July 2000 to June 2005 (page 30)
Table 9	Land Area of New Industrial Development, City of Toronto 1999-2005 (Page 38)
Table 10	City of Toronto Growth Forecast Contained in Places to Grow (Page 44)
Table 11	Regional Employment Forecast Contained in Background Research to City of Toronto Official Plan (Page 45)
Table 12	Growth in Employment Districts Required to Maintain Current Market Share to 2031 (Page 49)
Table 13	Space Growth in Employment Districts Required to Accommodate the Flashforward Distribution to the Districts (Page 51)
Table 14	Accommodating the Range of Space Demand in the Districts (Page 52)
Table 15	Summary SWOT Analysis City of Toronto Employment Districts (Page 63)

List of Figures

1. City of Toronto Designated Employment Districts (Page 5)
2. Greenfield Employment Land Opportunities (Page 12)
3. Buildings By Age of Development, City of Toronto Employment Districts (20)
4. Illustration of the Range of Buildings in Employment Districts (Pages 22 to 27)
5. GTA Change in Industrial Land Values, 1986 to 2004 (Page 28)
6. Location of Applications For Conversion to Residential Use (Page 31)
7. Employment in Employment Districts, Toronto 1983 to 2004 (Page 34)
8. Gainers and Losers in Employment Districts (by Sector From the Recession Low (1994) to Current (2005) (Page 35)
9. Cit of Toronto Share of GTA Industrial/Commercial Permit Values (Page 37)
10. Toronto Industrial Vacancy Rate (Page 37)
11. Illustration of New Industrial Development in Employment Districts (Pages 39 to 41)
12. City of Toronto Employment Forecasts (Page 46)
13. Toronto Employment by Sector (Page 47)

I INTRODUCTION

The Toronto Economic Development Corporation (TEDCO) together with the City of Toronto Economic Development Office and in consultation with the City Planning Division have initiated the preparation of a long-term strategy to retain employment land and stimulate new investment in the employment districts. The work is being undertaken in three phases.

1. Review the supply and demand for employment land and provide conclusions on the adequacy of supply;
2. Identify the tools available to protect employment land and promote employment intensification; and
3. Develop a specific strategy for the Park Lawn Road and Black Creek *Employment Districts*.

A. STUDY IS BEING UNDERTAKEN IN RESPONSE TO PRESSURE TO CONVERT EMPLOYMENT LAND TO OTHER USES

Like other mature communities in the Greater Toronto Area and Hamilton (GTAH) the City of Toronto is under pressure to permit employment land to be redeveloped for other urban uses. The main cause is the higher value that can be achieved from other uses, especially residential. Residential land is worth more to the private landowner because there is strong demand and the land can be developed more intensely than with most employment uses. Over time, the potential to achieve a higher value from the land leads to pressure for conversion. This leads to a loss of employment land, a loss of actual and future employment opportunities and a reduction in the City's share of the GTAH employment market.

This is a matter of concern because it has implications for achieving the City's employment targets. This, in turn, has implications for many other goals:

- Employment land contributes to a better live-work relationship. This has environmental benefits when fewer residents need to commute to job opportunities outside the community. Providing employment land in the community also provides a greater diversity in the land base, allowing flexibility in responding to economic changes. In most cases, the development of employment land represents a net fiscal benefit to a municipality over the long term.

- Employment land also accommodates a significant number of jobs. In the City of Toronto, the employment districts accommodate about 30 per cent of the City-wide employment. An additional 30 per cent is accommodated in the Downtown with the remaining 40 per cent accommodated in the other centres and scattered locations across the City. This geographic distribution of employment is unique in the GTA and characteristic of a central city. Most communities that do not have a large concentration of offices accommodate significantly greater shares of employment on employment land.
- Because employment land plays such a large role in accommodating employment, it must play a key role in the City's future economic development. Employment land is important to: the City's future economic prosperity and competitiveness; its ability to continue to provide high quality jobs and generate wealth and investment; and its continued long-term fiscal sustainability. Regardless of its level, economic activity in Toronto returns significant tax benefits to the City.

There are also concerns about the loss of employment land because the supply is finite. Unlike many suburban communities where there is a ready availability of greenfield sites, Toronto's employment land supply is nearly fully developed. This presents a unique set of opportunities and challenges to accommodating new development. These are discussed in the next section. While Toronto may not be competitive for certain types of large scale industrial-type uses, it is attractive to many other uses that value a city location within the GTA. Recognizing the pressure to convert employment land and that there are economic implications, Toronto is developing a long-term strategy to protect its employment land and to stimulate new investment.

There are some employment lands in the central part of the City that remain attractive for new economy uses in a mixed-use setting, such as the Kings. Even so, there continues to be pressure to convert land in the Employment Districts to non-economic activity. Recognizing that this pressure is at odds with the vision in the Official Plan and Economic Development Strategy, Toronto is taking action on a number of fronts to improve the competitiveness of the Employment Districts. This study provides important research to support these efforts.

B. EMPLOYMENT IN TORONTO IS ACCOMMODATED UNDER A DIFFERENT DYNAMIC THAN IN SURROUNDING COMMUNITIES

In discussing the demand and supply relationship for employment land, it is very important to understand that Toronto is different than the surrounding 905 areas.

Unlike the 905, Toronto's employment land supply is nearly fully developed and is occupied by an older building stock. Aside from a small amount of greenfield land in north east Scarborough, there are no other opportunities to provide a large supply of new development sites. This results in a complex relationship between new investment, job growth and the use of built space. These relationships have important implications for understanding the nature of future demand:

- Across the GTAH there is a significant overall demand for new building space to accommodate jobs. A significant amount of this demand is for industrial-type buildings in suburban business park environments.
- Within the GTAH, a community's ability to accommodate economic development depends largely on providing a competitive supply of new greenfield sites. The Region of Peel, for example, has performed very strongly because of its strategic location and a very large and competitive land supply. Communities that are not as well-located (such as the Region of Durham) or have difficulty delivering marketable sites (such as the City of Hamilton) have not performed as well.
- Unlike the 905, Toronto does not have a large supply of new greenfield sites. Most of Toronto's recent employment growth has occurred in its developed employment districts through more intensive use and re-use of existing buildings. Some employment districts in central Toronto have evolved to accommodate office, retail and new technology uses through "brick and beam" renovations. Others have recycled into major retail concentrations, such as the Weston Road–Junction area and the Golden Mile in Scarborough. There is and will continue to be demand for Toronto's building stock from a wide range of economic uses that value a city location, it is just different from that accommodated in the 905 area.
- Since growth is accommodated largely through the use and reuse of existing buildings, employment in Toronto is accommodated under a different dynamic than in the 905. In a suburban environment, employment growth occurs in a relatively predictable manner related mostly to the absorption of greenfield sites. The existing 905 building stock is new enough that it is not yet experiencing the type of use and reuse occurring in Toronto.

Employment rises and falls in Toronto as a result of the development of and redevelopment of existing sites, but also other factors such as changes in employment density and technological change. Because the employment base in Toronto is so large, even small shifts in the floor space per worker in the manufacturing or office sector can potentially produce a large effect on total employment. Under this dynamic changing occupancy patterns, including periodic vacancy, is part of the natural life-cycle of building stock.

- Because of the complex relationship between jobs and the use of built space in Toronto, the market for employment land is driven more by the supply side dynamic than the overall demand for space. Even the highest forecasts of growth suggest that Toronto would only accommodate about one-tenth of the GTA/H growth in the sectors concentrated in the employment districts — primarily industrial-type employment, but also some major office and population related employment.

If Toronto had a large supply of greenfield employment land, attracting this level of growth would not be a great challenge. However, it does not have such a supply, so the ability to attract this demand is dependant on the attractiveness of the existing development areas to accommodate growth through more intensive use and redevelopment. In the current market and policy environment, this will be a challenge.

Because of the unique supply and demand dynamic in Toronto, consideration of the demand requires an understanding of the supply. The report has been organised to firstly consider the characteristics of the supply. The demand discussion builds on the supply understanding in order to provide a complete view of the relationship, before considering future strategies.

C. STUDY FOCUS IS ON TORONTO'S SIXTEEN EMPLOYMENT DISTRICTS

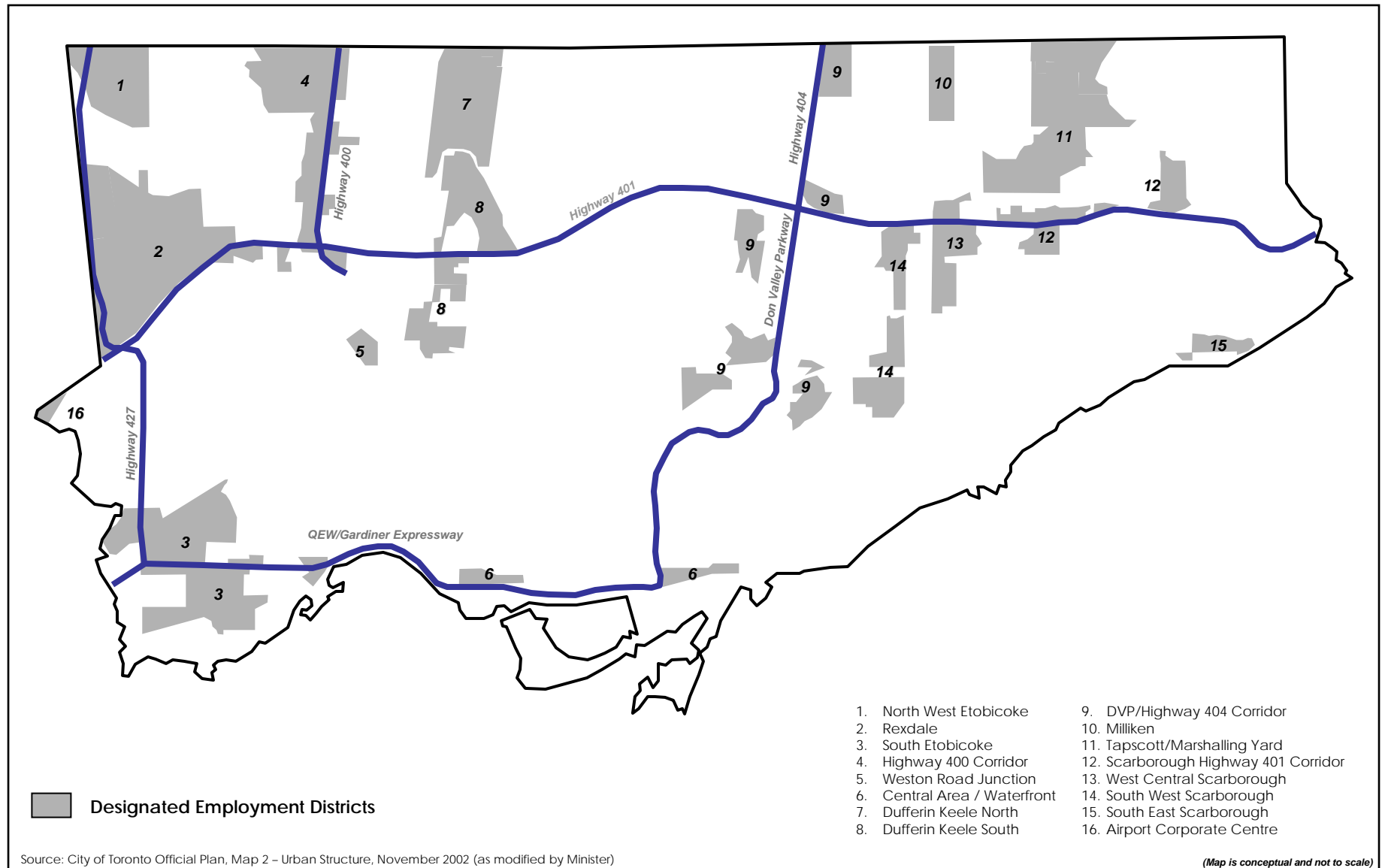
The analysis for this study is undertaken within the broad framework of the new *City of Toronto Official Plan*, adopted by Council in November 2002 and modified by the Ministry of Municipal Affairs in March 2003. The *City of Toronto Official Plan* (OP) seeks to direct future growth within an urban structure made up of the *Downtown*, (including the *Central Waterfront*) the *Centres*, the *Avenues*, and the *Employment Districts*. The *Employment Districts* are large areas comprised exclusively of lands where the *Employment Area* designation applies.¹

Within Toronto's urban structure, the 16 *Employment Districts* are planned as a major focus of job intensification (Section 2.2) as shown on the map on the following page.

¹ *The Employment Districts are a structural element of the plan, like the Avenues and Centres. This is distinct from the Employment Area designation, which is the underlying land use designation establishing the general uses to implement the strategy and zoning by-law.*

CITY OF TORONTO DESIGNATED EMPLOYMENT DISTRICTS

MAP 1



There is some land that is designated *Employment Area* that is not included in the *Employment Districts*. The focus of the strategy on the *Employment Districts* is intended to assist the City in implementing its planned urban structure and Economic Development Strategy. The urban structure, including the *Employment Districts*, are the durable features of the urban landscape — the City’s vision for what it will look like in 30 years. The *Employment Area* designations outside of the *Employment Districts* are still important. Applications for development in these areas will be considered on an individual basis within the context of other policies and goals of the *Plan*.

D. STRATEGY MUST TAKE INTO ACCOUNT NEW PROVINCIAL POLICIES

In conducting this study it is important to take account of the Province’s emerging policies. The key policies relevant to this work are contained in the *Places to Grow* initiative and the new *Provincial Policy Statement*, both of which have brought much greater attention to the importance of economic diversity and to protecting the employment land that is required.

- *Places to Grow* is the Province’s proposed Growth Plan for the Greater Golden Horseshoe (GGH). Preserving employment land for future economic opportunities is a key policy direction of the Province’s plan. There is a strong emphasis on providing an adequate supply of employment land for a variety of non-residential uses to ensure the vitality of the GGH and provincial economy.¹
- A range of other policies are provided to guide development, including a set of forecasts to be used as the basis for planning and managing growth. The forecast for Toronto is for continued job growth at a time when employment in many other central cities in Canada and United States is either stable or declining. *Places to Grow* also anticipates that downtown Toronto will remain the focus of major office employment within the broader economic region.
- The new *Provincial Policy Statement (PPS)* also provides clear direction on employment land. Prescriptive processes and policies are set out for the redesignation of employment land to other urban uses, including a set of specific criteria that must be met in order to remove land from planned employment areas.

¹ *Places to Grow: Proposed Growth Plan for the Greater Golden Horseshoe November 2005, Section 2.2.6*

Also important are proposed reforms to the Ontario Municipal Board (Bill 51) and the proposed *City of Toronto Act* (Bill 53). The key elements in this regard are:

- Recently proposed reforms to the *Planning Act* restrict appeals to the Ontario Municipal Board with respect to employment land. Under the proposed reforms appeals would not be permitted when a municipality refuses to remove land from an area of employment, even if other land is proposed to be added. The only exception is when a planning authority has undertaken a Comprehensive Review.
- The proposed new *City of Toronto Act* will expand Toronto's authority. In the past the City could only make laws in policy areas it was expressly permitted to by the Province. In the new Act, the City gains "permissive" powers. It gains the authority to enact legislation in any policy area unless it is restricted from doing so. This authority includes powers to provide any service or thing the City considers to be in the public interest

These are new policy tools that will enable the City to better withstand pressure for the conversion of employment land. However, there are other key issues affecting Toronto's ability to stimulate new investment, including a comparatively high cost environment and continued under-investment in infrastructure by the other levels of government.

E. THE REPORT HAS FOUR SECTIONS

The report that follows focusses on the question of whether or not Toronto's employment land supply is adequate to accommodate future demand. There are four chapters

- The first chapter discusses supply. The net occupied and vacant supply, employment densities and the building stock is discussed.
- The second chapter discusses demand. Demand is discussed in the context of the target contained in the *City of Toronto Official Plan* and the forecast contained in the Province's *Places to Grow* initiative.
- The third chapter undertakes an analysis of the strengths, weaknesses, opportunities and threats (SWOT) to the employment districts in relation to demand.
- The final chapter describes the next steps.

II TORONTO'S EMPLOYMENT DISTRICTS ARE NEARLY FULLY DEVELOPED

The key feature of Toronto's employment districts is that they are all nearly fully developed. The age and character of the employment districts reflects the different waves of industrial urbanization that have occurred in the City, beginning at the turn of the century and progressing through the pre-war period and early suburban development during the 1950s, 1960s and 1970s:

- Closest to central Toronto, the employment districts are oldest and rail-based and contain many buildings which have now been recycled to office or commercial and retail use;
- More traditional highway-oriented employment districts are located along the lakeshore in South Etobicoke, south of Highway 401 in Scarborough and along the Highway 400 corridor and Don Valley Parkway, this latter corridor dominated by offices and occupied at very high employment densities; and
- Near the edges of Toronto, particularly in northeastern Scarborough, the employment districts are newest and very similar to the abutting 905 employment areas. The pattern of development in many of these areas is nearly indistinguishable from the surrounding suburban built form.

The nature of Toronto's employment districts presents a number of challenges and opportunities for accommodating new development. Because the supply is mostly occupied, it is difficult for Toronto to compete for certain types of large-scale industrial-type uses that require large buildings on large sites. The overall density of employment in the employment districts is 54 employees per net ha which is reduced to 45 employees per net ha when free standing major offices are excluded.¹ Interestingly, this is very similar to many communities in the 905 area, suggesting that Toronto is not substantially different than suburban areas with respect to the intensity at which employment is accommodated on employment land.

¹ Major offices are defined as freestanding structures greater than 1,860 net m² (20,000 square feet) in size. Office uses located in other non-traditional built forms, such as smaller stand alone structures and industrial multiples are included in the density estimate. Because Major Office development occurs at such high densities, including it in the density estimate tends to skew the result.

While this profile makes it difficult for Toronto to compete for a range of large-scale industrial-type uses, the employment districts have other advantages. There is a much greater diversity in the land and building stock than typically found in the 905 areas, giving Toronto advantages in attracting other uses that value a city location within the GTA. The changing regional land supply situation presents additional opportunities. As the price of employment land in nearby 905 communities continues to rise, Toronto's employment districts will become increasingly attractive for non-residential redevelopment. Maintaining the existing stock of land and buildings is critical to be able to capitalize on these opportunities.

Pressure for the conversion of employment land, however, threatens to undermine these advantages. While the total amount of employment land under pressure for conversion may not seem large, it is still a concern. The amount of employment land currently under application for conversion is the most recent component of a long-standing trend of conversions to other uses. The loss of employment land represents a loss of actual and future employment potential and can have the effect of destabilizing adjacent properties by restricting existing operations or compelling other landowners to seek similar changes in use and undermining the City's ability to meet its employment objectives.

A. TORONTO'S EMPLOYMENT LAND SUPPLY IS NEARLY FULLY DEVELOPED

A common perception of Toronto's employment districts is that they are mostly obsolete, in decline and significantly vacant. Contrary to this perception, land in the City's employment districts is close to being fully occupied, with a few greenfield sites remaining to be developed. Despite the apparently large amount of vacant land — an estimated 550 net ha — this represents a small share of the total supply. The districts could have a higher occupancy and more building if more vacant lands were readily available for development. Excluding the vacant greenfield supply in north-east Scarborough, only a small amount of the vacant land could be considered readily available for development. This supply profile makes it difficult for Toronto to compete for a range of large-scale industrial-type uses that require large buildings on large sites.

1. Of the Total Supply, 7,200 Net ha or Approximately 93 Per Cent is Developed

Of the total supply of 7,730 net ha, an estimated 7,180 net ha is developed and 550 net ha are vacant. As illustrated in the table below, the employment districts¹ are characterized by a wide range of locations and sizes throughout the City, from the very large Rexdale and South Etobicoke districts to smaller areas throughout Scarborough and the central city.²

Table 1				
City of Toronto Employment Districts Land Supply Net Occupied and Vacant Area, Ranked by Size Year-End 2004 Estimate				
Employment Districts	Total Net Area (ha)	Occupied	Vacant	Share Occupied
2) Rexdale	1,300	1,200	90	93%
3) South Etobicoke	920	860	60	93%
11) Tapscott Marshalling Yard	840	650	150	82%
4) Hwy 400 Corridor	830	800	30	96%
9) Don Valley Parkway Corridor	680	670	20	97%
8) Dufferin Keele South	670	650	15	98%
7) Dufferin Keele North	630	600	25	96%
14) West Scarborough	400	390	20	95%
1) North West Etobicoke	390	370	20	95%
12) Scarborough Hwy 401 Corridor	320	270	50	85%
13) West Central Scarborough	290	280	10	97%
10) Milliken	170	140	30	83%
6) Central Inner-City (east-west)	120	110	10	94%
15) South East Scarborough	90	80	10	91%
5) Weston Road-Junction	60	50	10	83%
16) Airport Corporate Centre	25	15	10	66%
Total Employment Districts	7,730	7,180	550	93%

Source: 2005 Assessment Data, City Planning Division

The high level of occupancy is a good indicator of the economic health and stability of the employment districts.

¹ The Employment Districts, within the Official Plan, is a single urban structure designation for the entire area. For analytical and statistical purposes, the Employment Districts designation is divided into the 16 areas shown. Specific land parcels are not identified in the Official Plan.

² The net employment land area is defined as the area of the parcels, excluding roads, hydro corridors, rail lines parks and residential uses.

2. Despite an Apparently Large Amount of Vacant Land, Only a Very Small Amount is Readily Available for Development

Of the total net vacant supply of 550 ha, there is an estimated 90 net ha of greenfield employment land. This is located in the Tapscott and Milliken districts in north-east Scarborough, as shown on the map on the following page.

The City's greenfield supply is very well-positioned to compete for new development. In our view, once servicing is provided it has the opportunity to develop rapidly.¹ The balance of the vacant supply — an estimated 460 net ha — is made up of vacant parcels distributed across the City's employment districts. Toronto's employment district land supply is summarized below.

Table 2	
Summary: City of Toronto Employment Districts Land Supply Year-End 2004 Estimate	
Component of Estimate	Net Ha
Occupied Land Supply	7,180
Vacant Land Supply is Made up of:	
Greenfield Supply in Tapscott	80
Greenfield Supply in Milliken	10
Total Greenfield	90
Other Vacant Supply (including long-term vacancy)	<u>460</u>
Total Vacant Supply	550
Total Occupied and Vacant Supply	7,730
Share Occupied	93%
Share Vacant Greenfield	1%
Share Other Vacant	6%

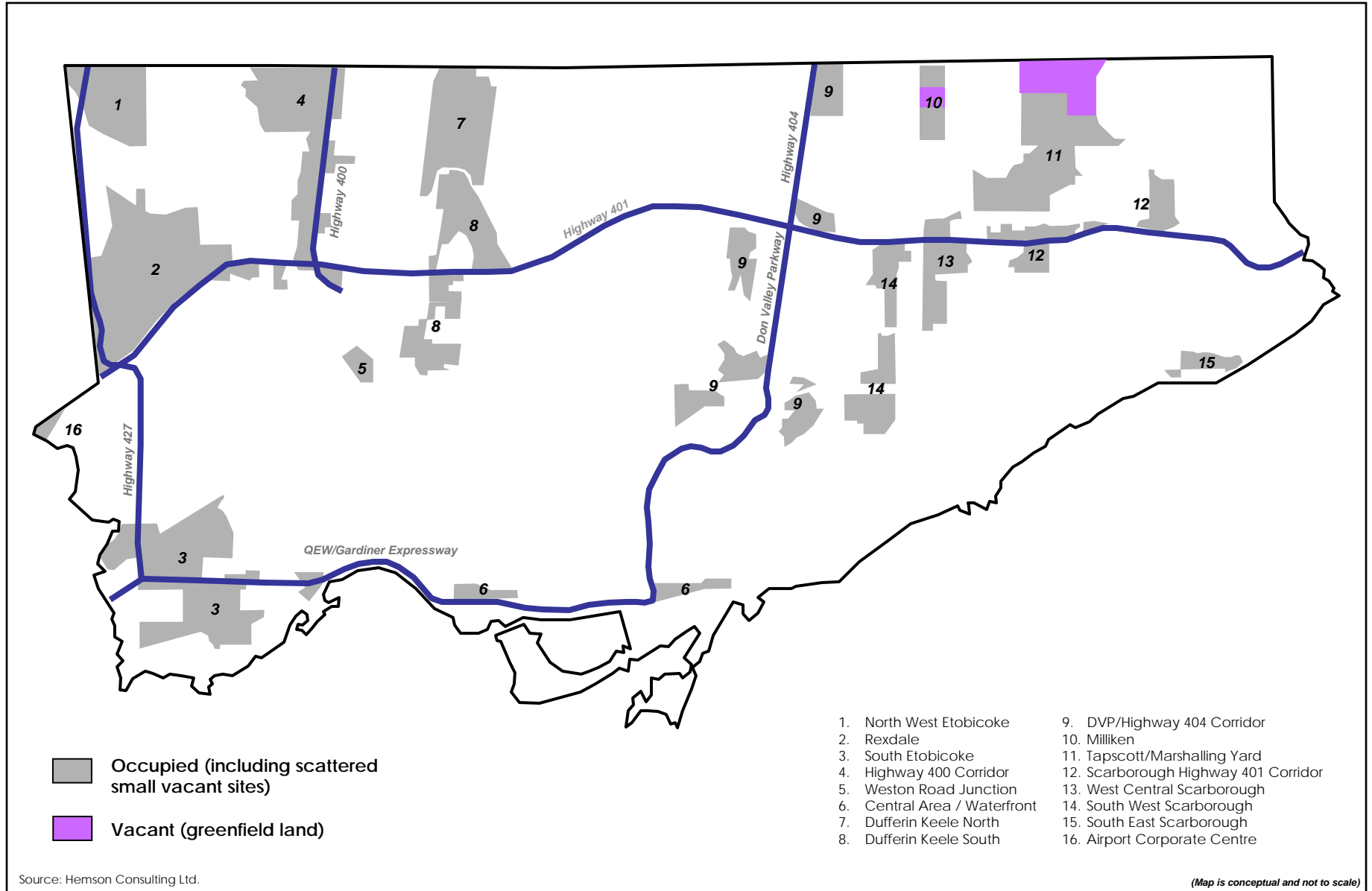
Source: Hemson Consulting Ltd. based upon Assessment Data, City Planning Division

Within the vacant supply (excluding the greenfield) a number of parcels are in use from time to time. While not developed, these parcels are often used for functions such as overflow car or truck parking or storage. These are low intensity uses, but still economically important functions for businesses using the land.

¹ For additional detail see Protecting Toronto's Employment Districts: Toronto Sufferance Truck Terminal, Hemson Consulting Ltd., 2003, page 15.

GREENFIELD EMPLOYMENT LAND OPPORTUNITIES

MAP 2



In most communities, about 5 per cent of the employment land supply remains vacant over the long term because it is being held for expansion purposes or is constrained for development by access, configuration, contamination or other reasons associated with the owner's business decisions.

Typically, this long-term vacancy is comprised of large numbers of smaller sites, which is also the case in Toronto. As shown in the table below, the remaining vacant parcels in the City's employment districts (excluding the greenfield supply) are small, approximately 0.5 net ha or just over 1 acre.

Table 3	
Median Size of Vacant Parcels City of Toronto Employment Districts 2005 Estimate	
Employment Districts	ha
16) Airport Corporate Centre	2.2
7) Dufferin Keele North	1.8
5) Weston Road-Junction	1.0
12) Scarborough Hwy 401 Corridor	0.8
11) Tapscott Marshalling Yard	0.8
15) South East Scarborough	0.8
2) Rexdale	0.7
14) West Scarborough	0.7
1) North West Etobicoke	0.6
4) Hwy 400 Corridor	0.5
8) Dufferin Keele South	0.5
10) Milliken	0.5
13) West Central Scarborough	0.4
9) Don Valley Parkway Corridor	0.2
3) South Etobicoke	0.2
6) Central Inner-City (east-west)	0.1
All Employment Districts	0.5

Source: Hemson Consulting Ltd. Based upon 2005 Assessment Data, Published by the City of Toronto Economic Development Office

Note: Median size of vacant parcels is based on a sample of parcels assessed as vacant in the 2005 Assessment Roll. Properties assessed as farmland (greenfield employment land) are not included.

While these sites may not remain vacant *indefinitely*, the experience of many other communities is that they are a challenge to develop. The sites may be challenged for development because of site-specific factors, may be under application for conversion to other uses, or may be held for expansion or continued low-intensity use. There are some vacant opportunities but they are limited. Most opportunities for new development are in the continuing use and reuse of existing built-up areas. Based upon the experience of other communities, and excluding the vacant greenfield supply, only a very small portion of the remaining vacant land in Toronto's employment districts is readily available for development.

3. The Profile of Land Supply Makes it Difficult for Toronto to Compete for a Range of Industrial-Type Uses

Currently, the largest component of demand for new built space to accommodate growth in the employment areas of the GTA is large, single storey industrial-type buildings on large sites with a component of accessory office. Based upon the long-term growth outlook for the economic region, in particular an expectation of continued strong performance in goods production and distribution, there will continue to be demand for this type of development to accommodate growth.¹

The buildings characterizing this demand can range from between 10,000 to 15,000 m² for standard industrial buildings to occasional buildings in excess of 100,000 m² for specialized distribution centres. Even at a relatively high 50 per cent coverage, these types of buildings require parcels of up to 20 net ha in size. For the most part, only the greenfield suburban business parks in the 905 area with large supplies of available development land are capable of meeting this segment of the space demand. However, as evidenced by the current high occupancy in Toronto (and other older areas in the 905) there are other segments of demand for other types and sizes of buildings. The diversity of Toronto's building stock provides flexibility and is attractive for accommodating a wide range of different economic uses.

¹ For additional detail see *The Growth Outlook for the Greater Golden Horseshoe*, Hemson Consulting Ltd, January 2005.

B. CURRENT DENSITIES ARE VERY SIMILAR TO THE 905 AREA

Interestingly, the density of employment in Toronto's employment districts is very similar to what is observed in many 905 communities. This is contrary to a perception of Toronto's employment areas as low density and significantly vacant. On a city-wide basis, the density of all employment districts is an estimated 54 employees per net ha including free standing offices. Excluding free-standing offices, the city-wide density is an estimated 45 employees per net ha. This compares favourably to many other communities in the suburban GTA, suggesting that Toronto is not that different from other communities with respect to the intensity at which jobs are accommodated.

1. Including Free-Standing Office Development, City-Wide Density is an Estimated 54 Employees Per Net Ha

According to the City's employment survey, there were approximately 387,000 jobs in the employment districts in 2004. Based upon an occupied land area of 7,180 net ha this translates into a City-wide density of 54 employees per net ha. This is for all types of employment, including major offices and population-related employment such as retail and other community services.

As shown below, densities range from over 100 employees per net ha in the central area and Don Valley, due to a large proportion of multi-storey buildings and office-type use, to 13 employees per net ha in south east Scarborough, due to a unique mix of older, established heavier industrial-type activities. Excluding these three outliers, the range in the remaining areas of 35 to 61 employees per net ha would be typical of the range of densities observed in most of the 905 area.

Table 4			
Estimated Employment Density, City of Toronto Employment Districts Year-End 2004 Estimate, Employees Per Net Ha (epnh)			
Employment Districts	Occupied Land (Year End 2004)	Employment Mid 2004	Density (epnh)
6) Central Inner-City (east-west)	110	13,100	119
9) Don Valley Parkway Corridor	670	74,500	112
13) West Central Scarborough	280	17,300	61
12) Scarborough Hwy 401 Corridor	270	16,400	61
14) West Scarborough	390	21,300	55
3) South Etobicoke	860	46,000	53
10) Milliken	140	7,400	51
5) Weston Road-Junction	50	2,500	51
7) Dufferin Keele North	600	30,200	50
4) Hwy 400 Corridor	800	37,900	47
11) Tapscott Marshalling Yard	680	32,100	47
16) Airport Corporate Centre	15	680	44
2) Rexdale	1,200	48,900	41
8) Dufferin Keele South	650	24,700	38
1) North West Etobicoke	37	13,000	35
15) South East Scarborough	80	1,060	13
All Employment Districts	7,180	387,000	54

Source: 2005 Assessment Data, Toronto Employment Survey 2004, City Planning Division

2. To Compare Densities to the 905 Area, Major Offices are Removed from the Analysis

Major offices are typically treated separately for analytical purposes. Including them in the density estimates tends to mask the understanding of the character of the much larger surrounding area. Because major offices accommodate such a large amount of employment on a relatively small land base, the resulting density is exceptionally high compared to more standard industrial-type development.

There is an estimated 2.1 million m² of office space within Toronto's employment districts, about half of which is located within the Don Valley Parkway district. A further 460,000 net m² is accommodated within the Rexdale, South Etobicoke, and Scarborough Highway 401 corridor and the balance throughout the remaining districts in the City.

Major office development in the employment districts accounts for an estimated 82,000 jobs on an estimated 420 net ha. This equates to an overall density of nearly 200 office employees per net ha. Removing major offices lowers the density estimate to approximately 45 employees per net ha. This is shown below.

Employment Districts	Occupied Land (Year End 2004)	Employment Mid 2004	Density (epnh)
6) Central Inner-City (east-west)	70	6,000	81
9) Don Valley Parkway Corridor	430	32,300	72
13) West Central Scarborough	280	16,600	60
14) West Scarborough	380	19,700	52
3) South Etobicoke	840	41,500	49
10) Milliken	140	6,700	48
4) Hwy 400 Corridor	800	37,200	47
11) Tapscott Marshalling Yard	680	31,400	46
7) Dufferin Keele North	580	26,400	45
16) Airport Corporate Centre	15	680	44
12) Scarborough Hwy 401 Corridor	230	9,720	41
8) Dufferin Keele South	640	22,400	35
2) Rexdale	1,150	39,700	34
1) North West Etobicoke	370	12,500	34
5) Weston Road-Junction	40	980	24
15) South East Scarborough	80	1,060	13
All Employment Districts	6,710	304,800	45

Source: 2005 Assessment Data, Toronto Employment Survey 2004, City Planning Division, Hemson Consulting Ltd. office database

As can be seen, even after excluding major offices the density remains high for many employment districts. For districts such as the Central Inner City and West Central Scarborough, this reflects the presence of a significant number of retail and professional service uses which are typically accommodated at higher densities. For other districts, such as the Don Valley Parkway Corridor and West Scarborough the high density reflects office-type uses being accommodated in non traditional built forms, such as smaller stand-alone structures and industrial multiples.

Overall, however, the density in Toronto is very similar to other communities in the GTA. The density in Toronto is low compared to communities such as Richmond Hill and Markham, but these are much smaller areas whose employment land supply is characterized by a large share of office-type uses in non-traditional forms. In essence, Markham and Richmond Hill are the newer northerly extensions of Toronto's Don Valley Parkway Corridor district. The more manufacturing oriented districts, such as Rexdale and the Highway 400 Corridor are at densities similar to communities such as the City of Vaughan and Brampton, which also accommodate this type of development.

Table 6	
Estimated Employment Land Densities Selected Municipalities in Ontario, 2003 Excluding Freestanding Major Offices	
Municipality	Employees Per Net Ha
Town of Richmond Hill	68
Town of Markham	59
City of Burlington	54
City of Ottawa	47
City of Toronto	45
City of Brampton	42
City of Oakville	40
City of Mississauga	37
City of Caledon	35
City of Vaughan	35
City of Hamilton	32
Town of Whitby	30

Source: Hemson Consulting Ltd. Based upon Municipal Data

On balance, this information suggests that the employment districts in Toronto are not substantially different than the surrounding 905 areas with respect to the intensity at which employment is accommodated. Apart from the South East Scarborough district where the density of employment is low due to older traditional industrial uses, there do not appear to be any other areas where there are large amounts of low density employment land as compared to other communities.

While the available land supply limits Toronto's ability to compete for large industrial uses, the employment districts have other advantages. What sets Toronto apart from the 905 area is a much greater diversity in the land and building base. As discussed in the next chapter, this makes Toronto attractive to a range of other types of uses that value a central City location in the GTA.

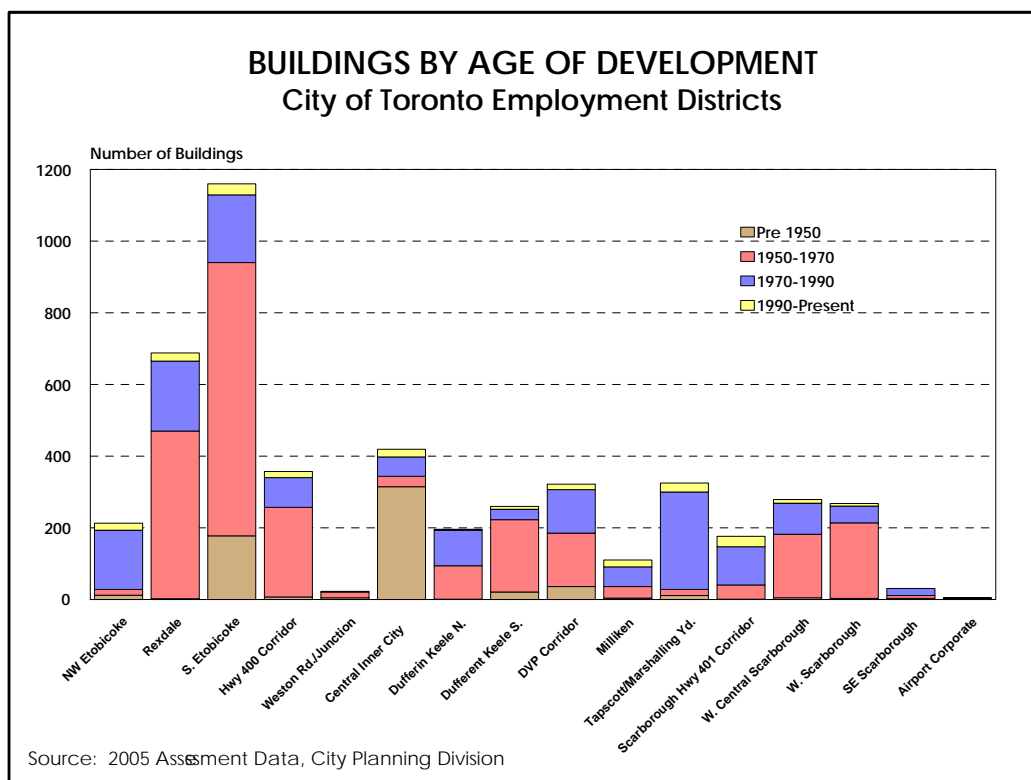
C. DIVERSITY IN THE LAND AND BUILDING STOCK GIVES TORONTO ADVANTAGES NOT FOUND IN THE 905 AREA

Most of Toronto's employment districts are older than those found in the 905 area. Buildings range from the very old, built as early as the 1850s in the Central Inner City district to newer buildings in employment areas nearer the edge of the City. The result of being built out over a century and a half is a wide range of built forms, from large manufacturing facilities to industrial multiples, stand alone offices and small stand alone, single purpose industrial buildings.

This diversity in supply makes Toronto's employment districts attractive to a wide range of uses that value a central location within the GTA. The changing regional land supply situation provides additional opportunities for Toronto's employment districts. Over time, the increasing price of land in nearby suburban communities, such as Mississauga, will make Toronto's employment districts increasingly attractive for redevelopment and intensification.

1. The Age and Characteristics of Toronto's Employment Districts Reflect the Waves of Urbanization that Have Occurred in the City.

As illustrated below, about half of the buildings in the employment districts were developed between 1950 and 1970, with a further 30 per cent developed between 1970 and 1990. Most of the buildings in the very large South Etobicoke district were built during this period, as is also the case with the Dufferin Keele South, the Don Valley Corridor and Scarborough districts. Only a relatively small portion of the buildings in Toronto's employment districts were built before 1950. A similarly small share of buildings have been developed during the most recent period, 1990 to present, when the supply was nearly built out. The continuation of new building activity during a period when the land supply was nearly fully occupied, however, is an indication of the district's ongoing attractiveness for employment.



An important observation from these data is that all of the districts contain a range of building types. Each district has a dominant age group reflecting its initial development, but also a certain amount of newer stock. This pattern demonstrates how most employment districts develop — over a long period of time to reach full build out.

Also reflecting the pattern of urbanization that has occurred in the City of Toronto, and the general trend to larger industrial buildings that began to occur in the early 1960s, there is a pattern of increasing lot size moving outwards from the downtown. Lots tend to be smallest near the downtown, such as in the Central Inner City district, and increase in size nearer the edge of the City. Building size follows a similar pattern. The value of land and property, however, indicates a consistent value through most of the city, save for a much higher value in the central area. This is shown in the table below.

Table 7					
Median Lot and Building Size and Values City of Toronto Employment Districts 2005 Estimate					
Employment Districts	Period Built	Lot Size (ha)	Building Size Gross m ²	Assessed Value	
				\$ / m ² of land	\$ / m ² of GFA
16) Airport Corporate Centre	1970-Present	1.6	4,570	172	1,496
15) South East Scarborough	1950-1990	1.0	2,300	151	624
11) Tapscott Marshalling Yard	1970-1990	1.0	3,740	226	495
12) Scarborough Hwy 401 Corridor	1950-1990	0.8	3,330	226	549
1) North West Etobicoke	1970-1990	0.8	4,910	215	377
10) Milliken	1950-1990	0.8	840	237	1,206
9) Don Valley Parkway Corridor	1950-1990	0.6	2,100	291	807
2) Rexdale	1950-1990	0.6	2,540	226	420
7) Dufferin Keele North	1950-1990	0.5	1,460	258	678
14) West Scarborough	1950-1970	0.5	1,730	215	571
13) West Central Scarborough	1950-1990	0.4	1,490	248	646
5) Weston Road-Junction	Pre 1970	0.4	2,400	237	366
4) Hwy 400 Corridor	1950-1990	0.3	1,170	248	700
8) Dufferin Keele South	1950-1970	0.2	980	297	650
3) South Etobicoke	1950-1990	0.2	850	301	645
6) Central Inner-City (east-west)	Pre 1940	0.02	140	1,227	1,647
All Employment Districts		0.4	1,390	258	657

Source: 2005 Assessment Data, City Planning Division and City Economic Development Office.

Note: The assessed value is based on improved properties where structure data is available. These are based on dollars of CVA per median size of lot or building. The data does not permit the preferred method of calculation using a mean, but the pattern will be very similar. However, extra caution should be exercised in interpreting the results in the three smaller areas of Airport Corporate, South East Scarborough and Milliken.

2. Varying Age of the Stock Results in a Great Diversity in Land and Built Form

Within this supply, there is a great diversity of built form and economic activity. The diversity of built form is unlike 905, where virtually all of the functions on employment land are accommodated in large, single-storey boxes, industrial multiples or major office buildings. As illustrated on the following pages, the employment districts in Toronto contain a wide range of buildings, from large-scale modern industrial facilities to older buildings, industrial multiples, warehouse and distribution uses and small stand alone offices and single-use industrial buildings. The small stand-alone industrial building is an interesting feature of the Toronto building stock and is generally not found in 905.



Bayer HealthCare Canada
Large Bio-Tech Facility
Biotechnical Research and Manufacturing
Rexdale Employment District



Celestica
Large Information Technology Facility
Electronic Manufacturing Services
Don Valley Parkway Employment District



MDS Pharmaceutical and Disease Diagnosis Process
Development
Large Bio-Tech Facility
Rexdale Employment District



Telus Corporation
Large Information Technology Facility
Communication Services
Don Valley Parkway Employment District



Excelsior Steel Processing
South Etobicoke Employment District



Irving Tissue
Black Creek Drive Employment District



Large Older Industrial Facility
Converted to Indoor Soccer Facility
Canadian St., Southwest Scarborough Employment
District



Large Industrial Multiple
Tapscott Employment District



Large Newer Industrial Facility
Rexdale Employment District



Large Older Industrial Facility
Southwest Scarborough Employment District



Large Newer Industrial Facility
Tapscott Employment District



Marsan Foods Ltd.
Large Industrial with Accessory Office Facility
Food Research, Manufacturing and Administration
Thermos Rd., Southwest Scarborough Employment
District



Industrial Multiple
Howden North of Eglinton, Southwest Scarborough
Employment District



Milner Industrial Plaza
Various Manufacturing and Distribution Operations
Scarborough-401 Corridor



Old Industrial Multiple
Continental Place, Southwest Scarborough Employment
District



Industrial Multiple
Don Valley Parkway Employment District



Industrial Multiple
Don Valley Parkway Employment District



Industrial Multiple
Dufferin Keele North Employment District



Small Stand Alone Industrial
South West Scarborough



Irwin Seating Company
Manufacturing and Distribution of Theatre and Stadium
Seating Systems
Rexdale Employment District



Old Industrial With Office
Don Valley Parkway Corridor



Old Stand Alone Office For Sale
Rexdale Employment District



Small Industrial Reuse
Don Valley Parkway Corridor



Small Stand Alone Industrial
Rexdale Employment District



Dineen Corporate Centre
Disco Rd., Rexdale Employment District



Dr. Bernstein Health and Diet Clinics
Don Valley Parkway Employment District



New Office
Dufferin Keele North Employment District



Office
Rexdale Employment District



Older Stand Alone Office
Don Valley Parkway Employment District



Office
Dufferin Keele North Employment District



Exclusive Affairs Rentals
Event/Party Equipment Rental Service
Don Valley Parkway Employment District



Iron Mountain Inc.
Secure Data Storage and Management Service
South East Scarborough Employment District



Purolator Courier Ltd.
Package Sorting and Distribution
Rexdale Employment District



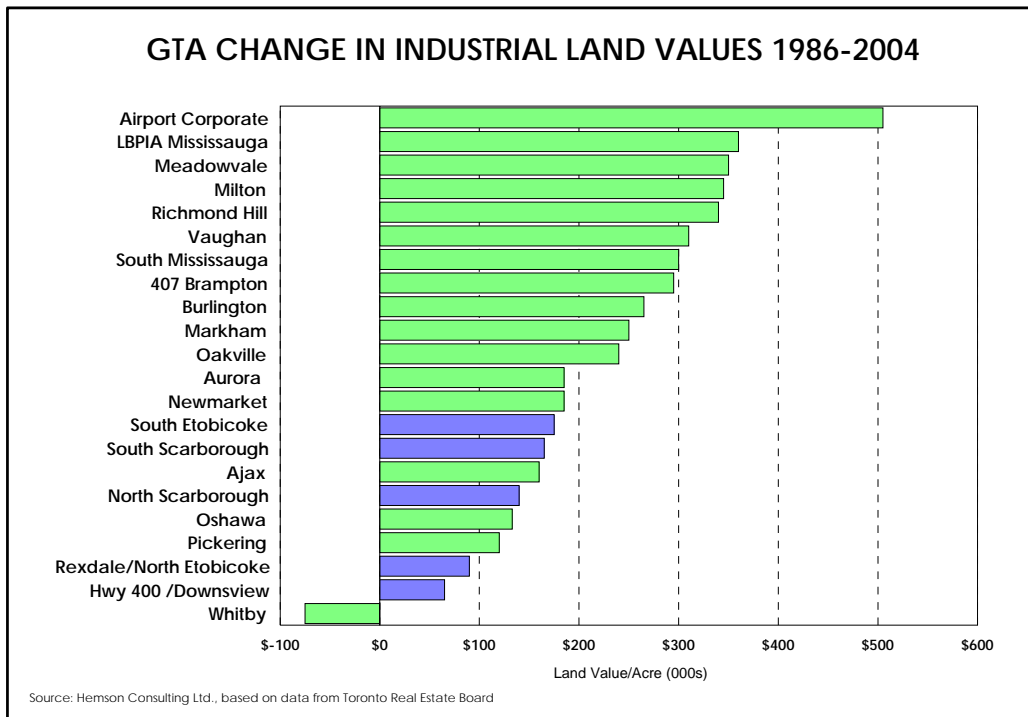
RONA Direct Storage
Building Supply Warehouse
Rexdale Employment District

3. Increasing Land Values in 905 Will Make Toronto’s Employment Districts Increasingly Attractive for Industrial and Commercial Development

In addition to a wide variety of stock, the changing regional land supply in the GTAH provides additional opportunities for Toronto. As the supply of greenfield employment land in 905 communities directly abutting Toronto is becoming increasingly constrained, two effects are occurring:

- Demand is being “pushed” west to more distant locations. Waterloo Region, Guelph, Milton and the Brantford area have all begun to accommodate increased levels of investment over the past decade; and,
- Land in the more central suburban locations in the GTAH such as southern Peel Region, York and western Durham is becoming more expensive.

As illustrated below, over the past 20 years the value of industrial land has risen rapidly in nearby 905 communities, particularly in the City of Mississauga around the airport and in the City of Vaughan. Current land values in the surrounding 905 communities are between \$100,000 and \$200,000 per acre higher than Toronto. As this value gap widens, the employment districts in Toronto are likely to become increasingly attractive for redevelopment, especially districts at the edge of the City that compete directly with adjacent areas in Peel and York, such as Rexdale, North West Etobicoke and the Highway 400 corridor.



4. Diversity in Built Stock and Competitive Land Pricing Are Advantages For Toronto's Employment Districts

While the lack of vacant supply makes it difficult for Toronto's employment districts to compete for certain types of large industrial-type uses, the districts have other advantages. The diversity of the land and building stock, combined with other advantages such as proximity to the downtown and a public transit system providing access to a large labour force, makes the supply attractive to a very wide range of economic uses. For example:

- Older buildings near the downtown are attractive to a range of culture, art, new media and technology and commercial uses, as evidenced by “brick and beam” conversions in the “Kings”, King-Dufferin and other scattered areas in central Toronto.
- Older, lower cost industrial buildings in other employment districts are attractive to a wide range of start-up businesses. Older industrial space can play a key role as informal business incubators as well as provide important “graduation space” for new firms that are expanding.¹
- Older areas are also attractive to a wide range of service and office-type activities, particularly those activities “servicing the service sector”², which include uses such as commercial printing, file storage and destruction, janitorial services, and a range of other commercial and retail activities for which relatively cheaper space is an advantage.

Given these advantages, the existing stock of buildings is an important economic asset that Toronto should seek to preserve. Uses within the building stock will shift, and occupancy levels will rise and fall as local business decisions and broader economic cycles dictate. Vacant buildings are part of the natural life-cycle of the stock, as it is continually recycled and reused for different uses.

Additionally, over time, as the land price becomes more affordable in Toronto relative to the 905, the employment districts will become more attractive for redevelopment. Maintaining the existing stock — vacant or otherwise — is necessary for Toronto to be able to capitalize on these opportunities.

¹ The notion of older industrial space as a business incubator is referred to in its general sense and is not meant to refer to any specific program begun undertaken by TEDCO or the City of Toronto.

² For additional detail on the notion of activities “servicing the service sector” see the Future of City Industry report, prepared by Hemson Consulting Ltd. as background to Cityplan '91

D. PRESSURE FOR CONVERSION OF EMPLOYMENT LAND THREATENS TO UNDERMINE TORONTO'S ADVANTAGE

Employment land in Toronto has been under pressure for conversion to other uses for many years. During the economic downturn of the 1990s, a number of major conversions took place, notably Morningside Heights in north east Scarborough, which represented a loss of nearly 300 ha. The pressure for conversion continued through the 1990s and the most recent period, 2000 to 2005. A total of 75 net ha of employment land are currently under pressure for residential use, focussed in the Central Inner City employment district. This is summarized shown below and illustrated on the map on the following page.

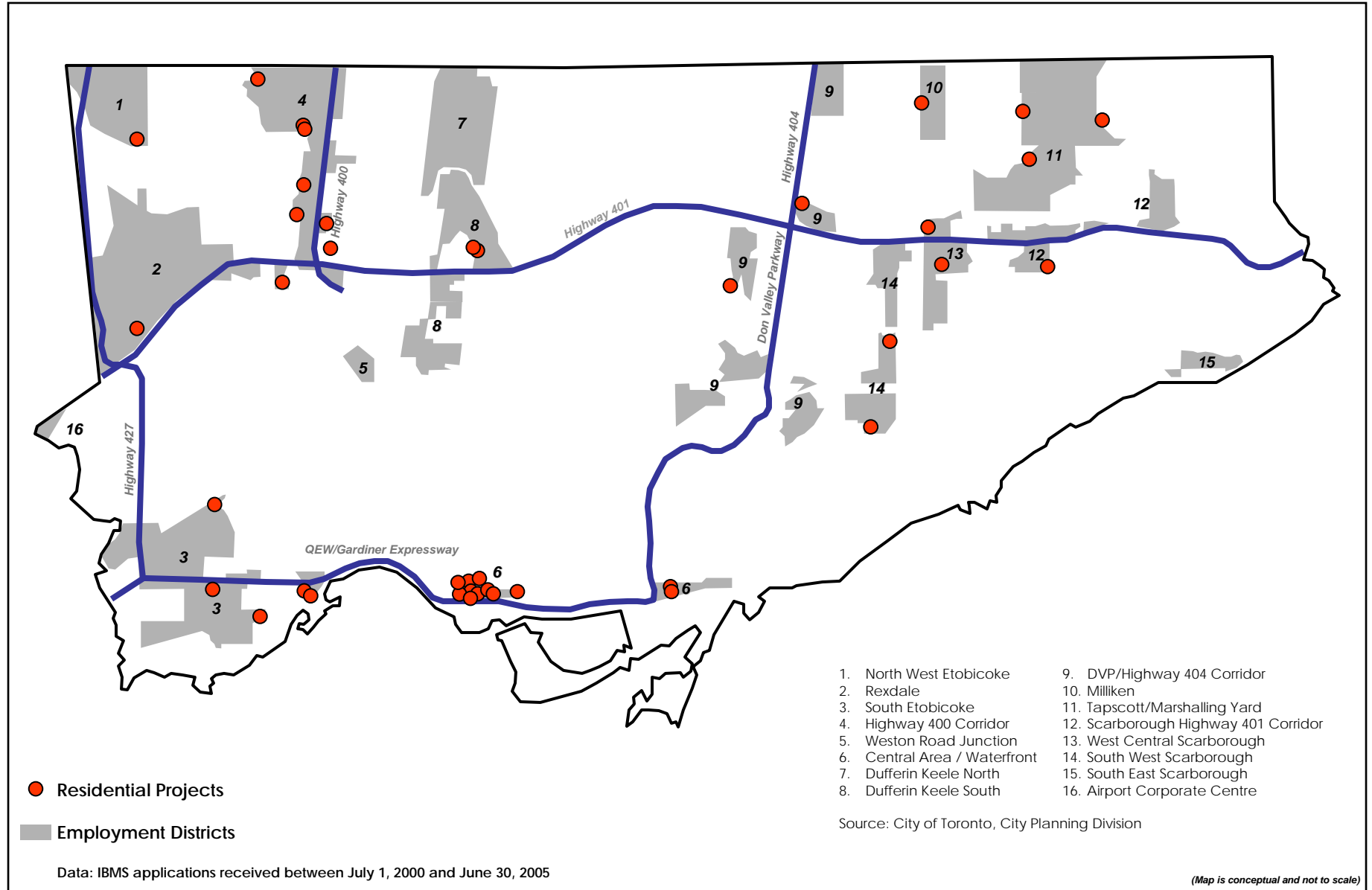
Employment Districts	Total Net Area (Net ha)	Land Under Application (Net ha)	Share of Total
Central Inner City	120	18	15%
All Other Districts	7,610	58	0.9%
Total	7,730	75	1%

Source: Hemson Consulting Ltd. Based upon Assessment Data, City Planning Division

Pressure for conversion is occurring in all of the employment districts, particularly at the interface with the surrounding residential fabric. This pattern is apparent not only in the Central Inner City district, which is smaller and has more interface with surrounding residential development, but also at the edge of other areas throughout Scarborough south of Highway 401. Fewer applications are observed in the large areas where there is relatively less interface with residential, such as in North West Etobicoke and Rexdale. The amount of land under pressure for conversion may seem small in relation to the total supply, but this 75 net ha is simply a continuation of the long-standing pattern to convert larger amounts of land. It would still translate into a loss of over 4,000 potential jobs at the current city-wide density of 54 employees per net ha and could also have powerful destabilizing effects by way of reducing the flexibility of existing operations or encouraging nearby owners to pursue similar changes in use, resulting in additional conversion pressure.

LOCATION OF APPLICATIONS FOR CONVERSION TO RESIDENTIAL USES

MAP 3



The main feature of Toronto's employment districts is that they are fully developed with a range of building stock and are older, but similar in employment density to the 905. While this profile constrains their ability to compete for certain types of industrial-type uses, the land and building stock is more diverse than found in most 905 communities. This makes the districts attractive to a wide range of other types of uses for which a central City location is desirable. As well, as the price of employment land in surrounding 905 areas increases, Toronto's employment districts will become increasingly attractive for redevelopment, particularly in districts near the edge of the City close to Peel and York. Maintaining the existing stock is a necessary condition to capitalize on these advantages.

Pressure for the conversion of employment land, however, is a major threat. It has the potential to result in actual and potential future job loss, and tends to have destabilizing effects on other nearby properties in the area. There is anecdotal evidence of a number of cases where new, proximate residential development in the employment districts has led to limits on business hours or has necessitated major investments to mitigate noise or odour associated with the normal functioning of industrial-type use. This is not considered good planning as it has the potential to detract from the City's capacity to achieve its employment targets as set out in the *Toronto Official Plan* as well as the broader urban structure vision to concentrate new residential development in the mixed-use Avenues.

In the next chapter, we turn to a discussion of future demand, including the employment target set out in the *Official Plan*, and the growth forecast contained in the Province's *Places to Grow* initiative. The demand discussion builds upon the supply understanding in order to provide a complete view of the relationship before considering future strategies

III DEMAND MUST BE CONSIDERED WITHIN THE CONTEXT OF A FULLY DEVELOPED SUPPLY

This chapter discusses the short and long-term demand for employment and space in the employment districts that needs to be considered in developing the City's employment land strategy. The range of longer-term demand is based upon the current forecasts for Toronto in the Province's *Places to Grow* initiative, and the target for growth contained in the *City of Toronto Official Plan*. The short-term outlook is considered within the context of the longer-term forecasts, though the short term is largely dependent on economic and real estate conditions.

Despite the very limited supply of vacant employment land, there continues to be demand for space in Toronto as a business and employment location. Toronto's employment districts have shown a remarkable stability in employment and new investment continues to occur. In the longer-term, achieving the *Toronto Official Plan's* employment target would mean that up to 6.7 million m² (72 million ft²) of new space will need to be developed within the employment districts. Over the next 5 years, the employment districts could add 6,300 additional jobs in new development.

A. TORONTO'S EMPLOYMENT DISTRICTS REMAIN AN IMPORTANT LOCATION FOR BUSINESS FORMATION

Much has been written about the loss of industrial activity from central city locations, particularly in the United States. In many of these cities, vast industrial areas and neighbourhood commercial strips have been abandoned while new production and service facilities have arisen in suburban locations on greenfield sites.¹ In contrast, Toronto's employment districts have shown a remarkable stability in employment over time. The fact that Toronto has been able to avoid this pattern sets it apart from the experience of many large central cities in the United States. Not only has employment in Toronto's employment districts remained stable, core economic base activities remain healthy — particularly manufacturing — and growth is occurring in many other types of service activities. Investment continues to occur in the employment districts,

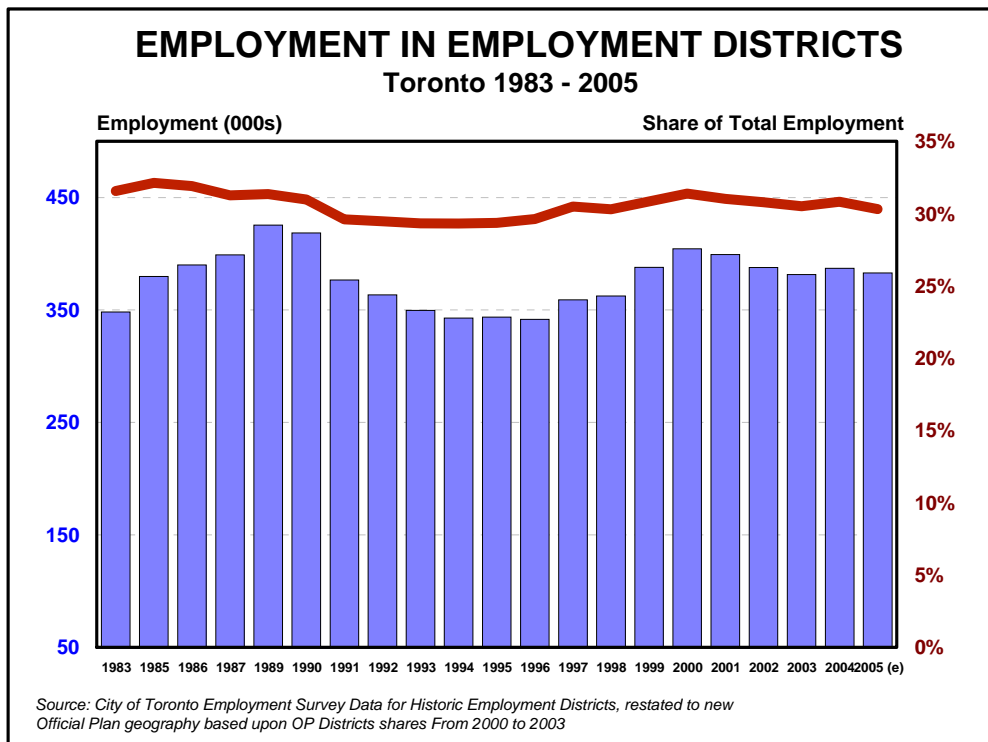
¹ Persky, J., and Wiewel. W., *The Distribution of Costs and Benefits Due to Employment Deconcentration*, printed in *Urban Suburban Interdependencies*, Lincoln Institute of Land Policy, 2000

despite the fact that only a very small amount of the vacant land supply is considered readily available for development.

1. Toronto’s Employment Districts Have Shown Remarkable Stability in Employment

Toronto’s employment districts have performed very well to have maintained their levels of employment during a period when a disproportionately large share of the GTAH total employment growth has occurred in suburban business parks. Over the past 20 years, the employment districts have maintained a range of employment of between approximately 350,000 and 400,000 jobs since 1983, and an average share of about 30 per cent of the City’s total employment.

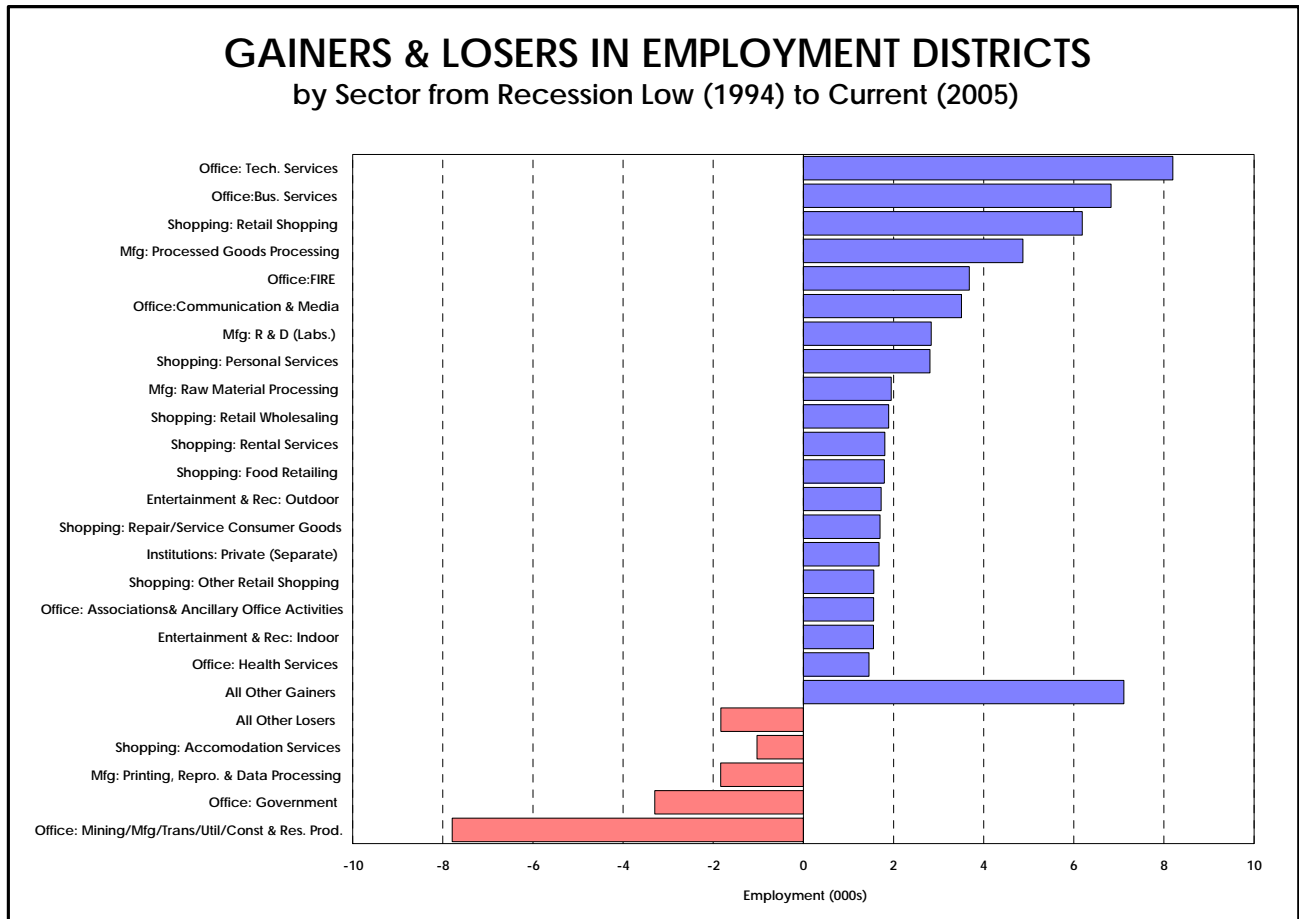
The variation in total employment is directly associated with the “boom and bust” economic cycle experienced more broadly in the GTAH over this period. Indeed, the stability of employment in the districts is remarkable given the extremity of the economic cycles over this period. This is shown below.



2. Core Economic Base Activities Remain Healthy and Growth is Occurring in Other Types of Service Activities

Manufacturing is the largest employment category in the employment districts, making up approximately one-third of the jobs in these areas. When combined with related services and support activities, these core economic activities make up over half of the total employment.¹ This sectoral profile is a positive indicator of the economic health of the employment districts.

Over time, while some sectors of manufacturing have declined along with related office uses, these losses have been replaced with higher value manufacturing in a range of service industries, particularly technical and business services. The top gainers and losers by detailed sector in the employment districts are illustrated below.



Source: City of Toronto Employment Survey by Land Use Activity Code

¹ Historical Profile of Employment Districts, 1991 to 2000 , Toronto Urban Development Services, March 2002

This pattern of sectoral change shows significant growth in commercial activities, that is office uses of various types and retailing. At the same, during this period, the commercial growth has not been at the expense of more traditional industrial activities. A wide range of manufacturing types are among the gainers. Some types of office activities as well as some industrial activities are among the losers.

By sector Toronto stands apart from most other North American central cities, not only in its ability to continue to grow in some more traditional industrial sectors, but also to replace job losses, when they occur, with service sector activities. This is a further indication of the districts' continued viability as a location for business formation.

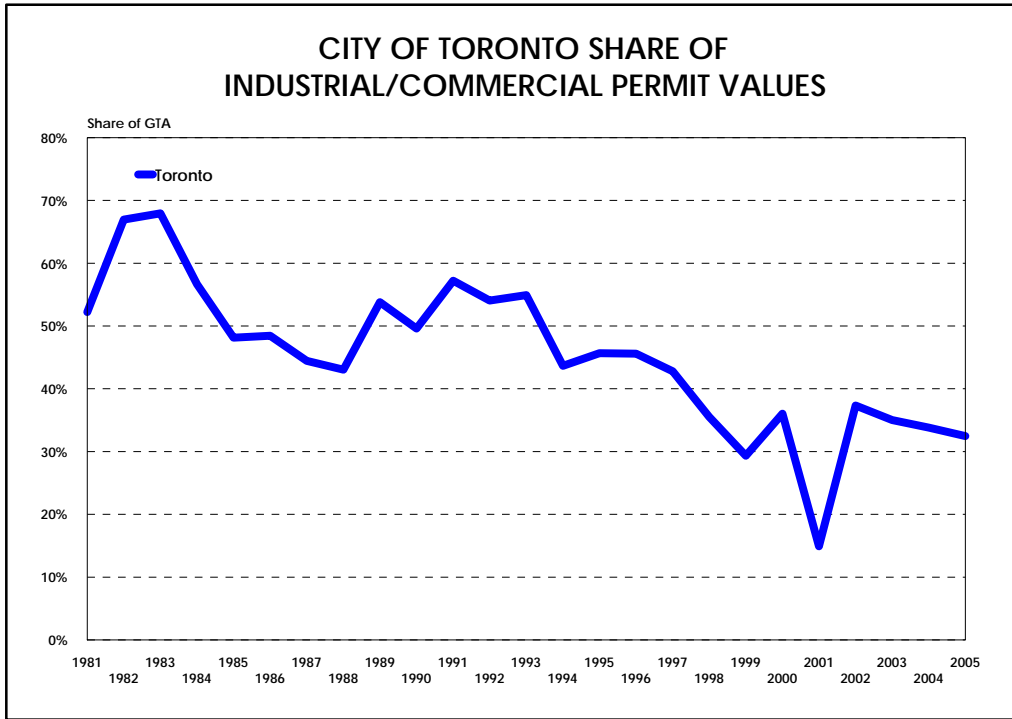
These data do, however, suggest that the future growth potential in the districts is likely to be more concentrated in office and commercial activities and less concentrated in the more traditional industrial sectors.

3. Investment Continues to Occur in the Employment Districts

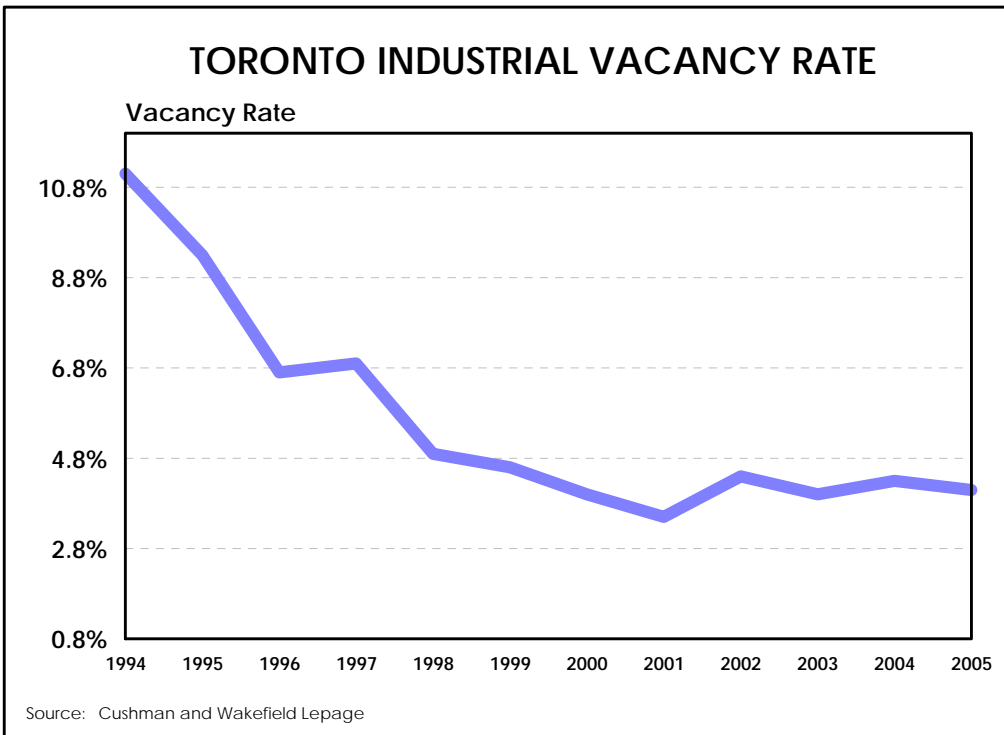
Despite the fact that only a very small share of the total vacant land supply is considered readily available for development, investment continues to occur in the employment districts. On a City-wide basis Toronto has averaged a 25 per cent share of the GTA value of industrial permits over the past 20 years (1985 to 2005): a clear indication of continued investment in the industrial building stock, nearly all of which is located in the employment districts. As shown below, Toronto's share of the total has declined over time, but the City has managed to maintain in excess of 30 per cent of the GTA market in recent years. This is an extraordinarily large proportion of industrial investment from an area often perceived to be "obsolete" or not of significant relevance in the broader GTA marketplace.

The same positive picture is painted by building space statistics. As shown below, the industrial vacancy rate declined significantly during the 1990s as the economic recovery took hold and remains low, suggesting continued use and reuse of the existing building stock for a variety of economic uses.

While new development land plays a relatively small part in the City's overall employment base, Toronto still accommodated over 500,000 m² of new industrial space, occupying 140 net ha of employment land between 1999 and 2005. While neither the land or space is all net new supply (because there were some demolitions and some properties were redeveloped), this is all *new investment* in the City's building stock. This is summarized in the table below.



Source: Hemson Consulting Ltd. based on Statistics Canada



Source: Cushman and Wakefield Lepage

Table 9	
Land Area of New Industrial Development City of Toronto 1999-2005	
Year	Net Ha Developed
1999	12
2000	6
2001	59
2002	11
2003	22
2004	19
2005	14
Total	143

Source: City of Toronto Economic Development Office

According to information provided by the City of Toronto Economic Development Office, this new development translated into an estimated 6,200 jobs and over 500,000 m² of built space.

The following examples provide an indication of the type of new industrial development that has been occurring in recent years in the City of Toronto. As can be seen, Toronto has accommodated new industrial investment across a wide range of built forms and different types of economic uses.



Company Name: Sandman Hotel
Location: Reading Court, Rexdale
Year Started: 2006
Approx. Size: unknown



Company Name: CanPar
Location: 260 Eighth St., South Etobicoke
Year Started: 2006
Approx. Size: 170,000



Company Name: ASA Alloys
Location: 81 Steinway Blvd., Claireville
Year Started: n/a
Approx. Size: unknown



Company Name: Tiffany Gate Foods
Location: 195 Steinway Blvd., Claireville
Year Started: n/a
Approx. Size: unknown



Company Name: Under Construction & For Lease
Location: Tapscott Road, Scarborough
Year Started: 2005
Approx. Size: unknown



Company Name: Under Construction
Location: Select Ave. east of State Crown Blvd.
Year Started: 2005
Approx. Size: 15,000

	
<p>Company Name: Viva Magnetics Location: 1663 Neilson Rd., Scarborough Year Started: 2004 Approx. Size: 250,000 sq. ft</p>	<p>Company Name: Cloke-Kirby Location: 165 Dynamic Dr., Scarborough Year Started: 2005 Approx. Size: 40,000 sq. ft</p>
	
<p>Company Name: Under Construction Location: Select Ave., Scarborough Year Started: 2005 Approx. Size: 20,000 sq.ft</p>	<p>Company Name: Under Construction Location: State Crown and Select Ave., Scarborough Year Started: 2005 Approx. Size: 15,000 sq. ft</p>
	
<p>Company Name: Ocean Seafood Co. Location: 81 Scottfield Rd., Etobicoke Year Started: 2004 Approx. Size: unknown</p>	<p>Company Name: Ontario Electrical Contracting Co. Ltd. Location: 7 Compass Court, Scarborough Year Started: 2003 Approx. Size: 40,000 sq. ft.</p>

	
<p>Company Name: NRT and Corner Edge Location: 10 Compass Court, Scarborough Year Started: 2004 Approx. Size: 75,000 sq. ft</p>	<p>Company Name: Giffels Location: 410/420/426 Nugget Ave., Scarborough Year Started: 2005 Approx. Size: 410 - 511,000 sq. ft; 420 - 138,000 sq.ft.; 426 - 38,000 sq.ft.</p>
	
<p>Company Name: Cinram Location: 400 Nugget Ave., Scarborough Year Started: 2004 Approx. Size: 550,000 sq.ft</p>	<p>Company Name: Thompson Corp. Location: 1120 Birchmount Rd., Scarborough Year Started: 2005 Approx. Size: 90,000 sq. ft</p>

Long term demand is defined by the current employment forecasts for the City of Toronto: the forecast in the Province's *Places to Grow* initiative, and the target for growth contained in the *City of Toronto Official Plan*. Both of these documents expect continued growth across the City as a whole to 2031, but with one key distinction. *Places to Grow* is a market-based forecast based upon development patterns and policies in place at the time the forecasts were prepared. The outlook provided in the *City of Toronto Official Plan* is a target inserted by the Minister of Municipal Affairs and Housing based upon the GTA regional forecasts released in 2000.

B. PLACES TO GROW CONTAINS A FORECAST OF 200,000 NEW JOBS IN TORONTO BY 2031

The forecast prepared as background to the Province's *Places to Grow* initiative anticipates that employment in Toronto will grow to approximately 1.64 million jobs in 2031, up by 200,000 jobs from 1.44 million in 2001. This is based upon an expectation that growth will be constrained by Toronto's limited ability to accommodate the land extensive components of the GTAH employment market, but that the employment districts will maintain their relative strength and stability as demonstrated over the past decades and in the recent period 1999 to 2005.

The *Places to Grow* forecasts are structured in terms of three land-use-based categories — major office, employment land and population-related employment — distributed within the GTAH according to market shares¹. It is important to note that the land use-based categories are by types of employment, not geography. By type, employment land employment is predominantly industrial-type employment. By geography, employment areas including Toronto's employment districts mostly accommodate employment land employment, as well as major offices (as seen in the density analysis) and population-related employment.

Experience from other communities shows that older employment areas do accommodate redevelopment and reuse of existing industrial-type buildings over time, but rarely with increased levels of employment. The *Places to Grow* forecast is the growth outlook

¹ Major office employment is employment in freestanding office buildings greater than 1,860 net m² (20,000 net square feet) in size. Population related employment is employment that exists in response to a resident population, including: retail; education and health care; and home-based employment. Employment land employment is jobs accommodated in the primarily low-rise industrial type building space and multiples.

that is expected to occur in the absence of policy intervention to change this pattern. Future growth is concentrated instead in the major office and population-related sectors of the local economy, that are not constrained by land supply. These two key assumptions warrant attention.

No Major Policy Intervention for Employment Areas

- The growth forecast in *Places to Grow* is the outlook that is anticipated to occur in the absence of policy initiatives undertaken by the City or Province to achieve higher growth, particularly as it relates to the employment areas and districts. It does, however, assume that the necessary investments in infrastructure will be made in order to accommodate the growth that is anticipated.

The “constant policy” assumption underlying *Places to Grow* includes an assumption that the employment land base is maintained, the tax differential with 905 is not addressed and the City does not undertake any other initiative to increase the market attractiveness of its employment districts.

In most older, developed employment areas some buildings are typically recycled and reused by the market but rarely for significant additional employment. The main exception is where existing factories or warehouses are reused for office uses. Generally, however, overall density tends to decline over time. Densities decline due to a number of factors, including: conversions; increased efficiency; and labour productivity through technological change. Given this expectation, the forecast for employment land employment is for moderate growth during the 2001 to 2006 period and then gradual decline to 2031.

Significant Growth in Offices and Population-Related Sectors

- Balancing the stability in the employment areas and districts is an assumption of significant growth in the major office and population related sectors. Major office employment is expected to return to stronger levels of growth, primarily concentrated in the downtown and centres. The likelihood of stand-alone offices in scattered locations outside established concentrations in Toronto is limited.

The *Places to Grow* forecast is summarized below. Details are provided in its background report, *The Growth Outlook for the Greater Golden Horseshoe*.¹

¹ The Growth Outlook for the Greater Golden Horseshoe, *Hemson Consulting Ltd, January 2005*.

Table 10		
City of Toronto Growth Forecast Contained in <i>Places to Grow</i>		
Year	Employment (000s)	Growth
2001	1,440	-
2006	1,490	50
2011	1,540	50
2016	1,570	30
2021	1,600	30
2026	1,620	20
2031	1,640	20
Growth	200	200

Source: *The Growth Outlook for the Greater Golden Horseshoe*, Hemson Consulting Ltd, Reference Forecast, Compact Growth Scenario

C. TORONTO OFFICIAL PLAN CONTAINS A MORE AMBITIOUS TARGET — CALLING FOR 380,000 NEW JOBS BY 2031

The *Toronto Official Plan* was adopted by Council in November 2002 and forwarded to the Minister of Municipal Affairs and Housing for approval. On March 17, 2003, the Minister modified and approved in part the new *Official Plan*. One of the most significant modifications was the inclusion of specific population and employment targets that Toronto should accommodate a minimum of 3 million new residents and 1.835 million jobs by the year 2031 (Section 2.1 Policy 2).

The source of the employment target included in the *Official Plan* is a set of regional forecasts recommended by the GTA Population and Projections Steering Committee (or GTAC, comprised of the Office of the GTA, the City and the GTA Regions) in March of 2000. These forecasts are one of a series of long-term forecasts undertaken for the GTA, prepared as an update to a set of forecasts previously prepared in 1993 for the Office for the Greater Toronto Area (OGTA). The latest forecast in this series is contained in *Places to Grow*. Two key points warrant attention:

1. Real Estate and Policy Constraints are Not Considered

The GTAC recommended forecasts were prepared using a method based largely upon growth by economic sector. This differs from the *Places to Grow* forecast in that constraints related to real estate and other policy matters are implicitly rather than explicitly incorporated into the growth outlook.

2. The Distribution of the Regional Forecast is Based on Trends by Economic Sector

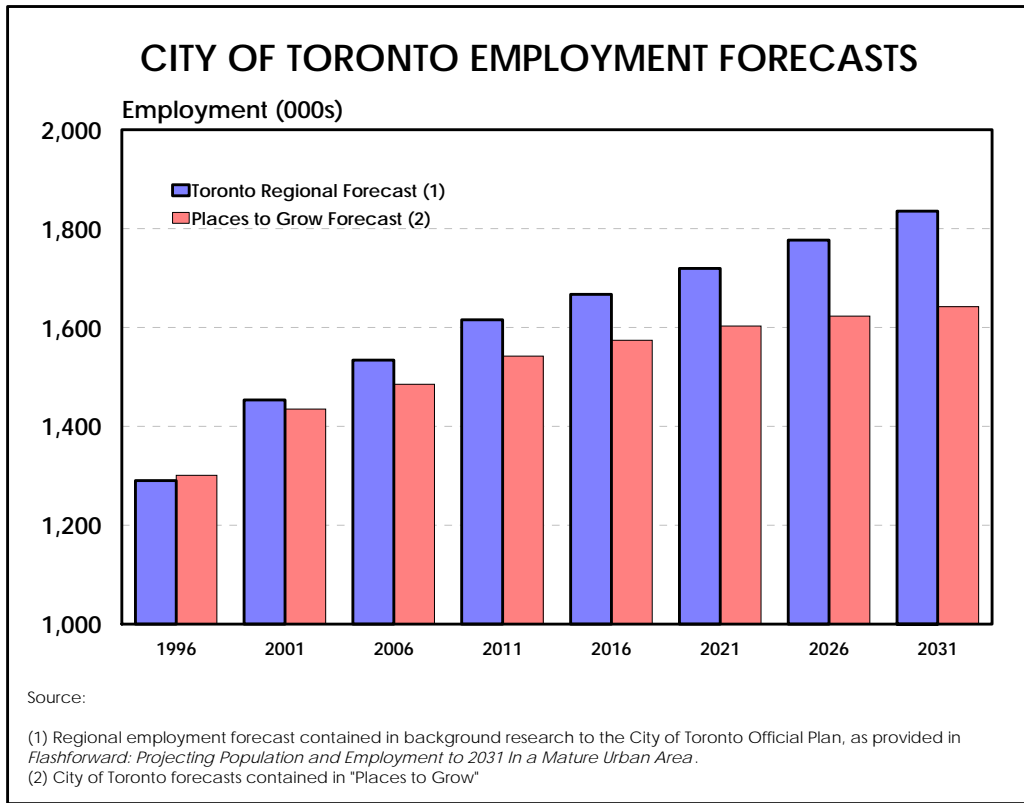
As part of the background research to the *City of Toronto Official Plan*, a detailed analysis was undertaken to distribute the Regional forecast by economic sector to the City of Toronto. This analysis was structured around determining Toronto's share of the GTA economy by sector over time and then determining the distribution of this employment within the City within the control totals of the GTAC recommended forecast. The resulting forecast is summarized in the table below. Details are provided in the background report: *Flashforward: Projecting Population and Employment to 2031 in a Mature Urban Area*.¹

Year	Employment	Growth
2001	1,455	-
2006	1,535	80
2011	1,615	80
2016	1,665	50
2021	1,720	55
2026	1,775	55
2031	1,835	60
Growth	380	380

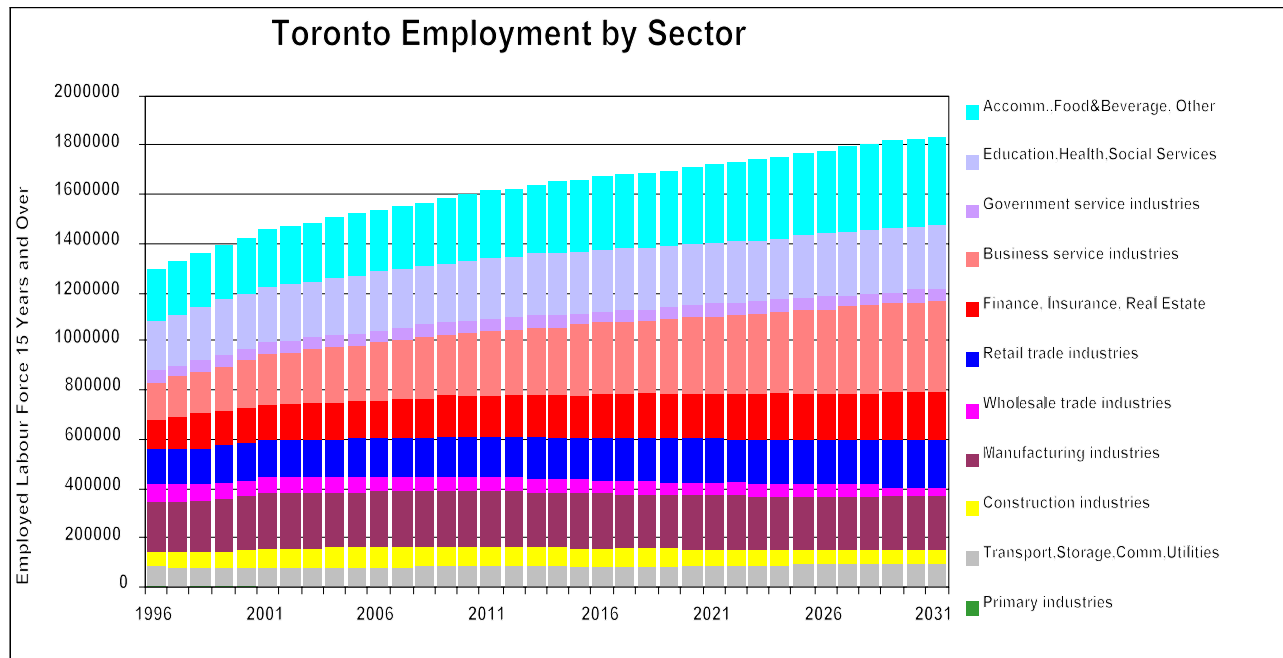
Source: *Flashforward*, City of Toronto, June 2002

As illustrated below, this is a more ambitious target than the growth forecast contained in *Places to Grow*.

¹ *Flashforward: Projecting Population and Employment to 2031 in a Mature Urban Area*. June, 2002 *Toronto Urban Development Services*



The general expectation for future growth in employment by economic sector, as reflected in the background research to the *City of Toronto Official Plan*, is for declines in the more "traditional" economic sectors such as primary activities and wholesale trade balanced by growth in services, particularly: business service industries; accommodation, food and beverage, and Finance, Insurance and Real Estate (FIRE). Projected growth in Toronto employment, by economic sector is illustrated below.



Source: Toronto City Planning Division, Policy and Research (2002) Flashforward, p. 93

From a geographic perspective, rapid growth in services suggests that employment in large office buildings as well as population-related employment will need to grow significantly to achieve the target. There are also, however, implications for the employment districts:

- While much of Toronto's office employment is accommodated in freestanding major office buildings, there are also office-type uses accommodated in non-traditional forms in the employment districts, such as smaller stand-alone structures and industrial multiples.
- Likewise, while a significant component of Toronto's population-serving employment is accommodated in the *Centres* and along main streets, many other commercial and retail activities are scattered throughout the employment districts in the form of large format power centres as well as reuse of buildings for retail and other local-serving uses.

Not only will employment in the office and population-related sectors need to grow to achieve the *Official Plan* employment target, so too will employment in the Employment districts. The next section discusses our estimate of the range of new building space that will need to be added in the districts to achieve the employment target.

D. TO ACHIEVE THE TARGET, UP TO 6.7 MILLION m² OF NEW SPACE WILL NEED TO BE ADDED IN THE DISTRICTS

The estimate of new space that will need to be added to the employment districts is undertaken from three perspectives, in order to provide a range on future demand. The high end of the range is based upon the assumption that the geographic distribution of employment in the City — the distribution referred to earlier of employment districts accommodating 30 per cent of the City-wide employment, an additional 30 per cent accommodated in the Downtown with the remaining 40 per cent accommodated in the other centres and scattered locations across the City — will not vary in the next 25 years. From this perspective, employment in the districts would need to grow by 112,000 jobs or 6.7 million m² of new building space.

The mid-range estimate is based upon an expectation that the sectoral mix of new space in the future will be different than the existing base, likely with more office-type uses at a higher density, meaning a slightly lower than 30 per cent proportion of employment growth in the districts. From this perspective, employment in the districts would need to grow by an estimated 70,000 jobs in about 3.5 million m² of new building space.

At the low end, the *Places to Grow* forecast anticipates stability in the level of employment in industrial-type activities which are a large part of the employment in the districts. City-wide, all of the employment growth is forecast to be in major offices and population-related employment, though a component of these types will be accommodated in the districts. An estimate in the range of 25,000 jobs would seem reasonable to represent this growth.

As a matter of comparison of these three outlooks, the high end of the forecast range would mean attracting to the City of Toronto about 11 per cent of the industrial-type employment growth in the GTA over 2001 to 2031 period. The mid-range estimate would mean attracting about 7 per cent and the low end is for stability in industrial-type activities in the districts.

1. To Maintain the Current Geographic Distribution of Employment in Toronto, 112,000 New Jobs or 6.7 million m² of New Space Needs to be Added

As discussed in the introduction of the report, the employment districts accommodate just over 30 per cent of the total City-wide employment. An additional 30 per cent is accommodated in the Downtown with the remaining 40 per cent accommodated in the other centres and scattered locations in the City. The patterns shown by the historic data from the recession low in 1994 to today indicate that the distribution of 30 per cent to the districts has remained fairly constant. Assuming that the existing employment distribution pattern does not vary greatly in the next 25 years, employment in the districts will need to grow by an estimated 112,000 jobs to 2031. This is shown below.

Table 12	
Growth in Employment Districts Required to Maintain Current Market Share to 2031	
Share of Employment in Employment Districts Based upon City of Toronto Employment Survey	
2001 Employment in Employment Districts	399,200
2001 Total Employment	1,286,000
Share	31%
Growth Expected Based on Existing Distribution Pattern	
2031 Employment Target, Restated to City of Toronto Employment Survey Definition (See Note)	1,645,000
Share in Districts (Maintaining 2001 Share)	31%
2031 Employment District Employment	510,000
Growth in the districts 2001-2031	111,800

Source: Hemson Consulting Ltd. Based upon Statistics Canada 2001 Census, City of Toronto Official Plan, and Toronto Employment Survey 2004

Note: The 2031 employment target for Toronto is a Census employment estimate, which is a different definition than the City of Toronto Employment Survey. The target is restated to the Employment Survey definition based upon its observed share of the 2001 Census — 90 per cent. The 2001 total employment in Toronto according to the survey is 1,286,000 jobs whereas the 2001 total Census employment in Toronto is 1,435,000 jobs.

An estimated 6.7 million m² of new space would be required to accommodate these jobs based upon a factor of 65 m² per employee. The 60 m² of floor space per worker is based on a weighted average of an assumed mix of development over the long-term in the employment districts:

- 30% office development at 30 m²
- 30% prestige industrial at 60 m²,
- 30%; standard industrial at 80 m²
- 10% transportation and storage at 100 m².

The non-office portion of the mix is collectively at about 75 m², approximating the City-wide average for new development between 1999 and 2005. This space estimate is based upon a judgement of the typical mix that might be expected, noting that actual buildings and uses are a gradation between what might be considered prestige industrial and transportation and storage.

2. Accounting for the Changing Sectoral Mix Over Time Suggests that Less Built Space Would be Required — about 5.2 Million m²

While the above estimate is based on an historical geographic distribution, an alternative approach to the need for space could be developed from a sectoral perspective. Based on the sectoral analysis in *Flashforward*, the employment districts would be expected to accommodate net employment growth of about 70,000 jobs between 2001 and 2031.

The *Flashforward* analysis indicated declines over time in the primary, manufacturing, construction, wholesale trades and government sectors. These losses are more than balanced by gains in the transportation & communications, retail trade, FIRE, business services, education, health & social services and accommodation, food & other services sectors. A reasonable translation of this forecast into new space need is shown below.

Space Growth in Employment Districts Required to Accommodate the <i>Flashforward</i> Distribution to Districts		Table 13
2001-2031 Employment lost from declining sectors, distributed as follows:	(27,900)	
1/3 accommodated by declining density in continuing businesses	(9,300)	
1/3 vacating space that is demolished	(9,300)	
1/3 vacating space that is reused by growing sectors	(9,300)	
Space associated with declines in existing businesses	0 m ²	
Space associated with demolition (standard industrial @ 80 m ² per employee)	(740,000) m ²	
Space associated with reuse (standard industrial @ 80 m ² per employee)	(740,000) m ²	
2001-2031 Employment gained in growing sectors	98,400	
Space required for growing sectors (60 m ² per employee, as above)	5,900,000 m ²	
Less reused space from declining sectors	<u>(740,000) m²</u>	
Net New Space Addition	5,160,000 m ²	

Source: Hemson Consulting Ltd. Based upon background work to *Flashforward*.

3. A Significant Amount of this New Space Will Need to Occur Through Reuse, Redevelopment and Intensification

Based upon an historical geographic distribution, the high end of the estimate is that 6.7 million m² of new space will need to be added to the districts to achieve the employment target in the *Official Plan*. The mid-range estimate, based on sectoral change, is that 5.2 million m² of new space will need to be added.

The low end of the range is based upon the growth outlook contained in *Places to Grow*. As discussed earlier, under *Places to Grow*, the employment land component of jobs in the districts is not anticipated to grow. The districts are, however, expected to accommodate growth in other types of employment. A small amount of major office employment is expected to occur in the districts over time, though the majority is anticipated to occur in the Downtown and other established concentrations. The districts are also expected to play a somewhat larger and continuing role in accommodating the population-related employment forecast, consistent with recent experience.

Based upon the expectation that the employment districts will accommodate 5 per cent of the major office employment forecast and 20 per cent of the population-related employment forecast for Toronto, 25,000 jobs is considered a reasonable estimate of employment growth that would occur in the employment districts under the *Places to Grow* forecast. This would result in a space demand of 1.5 million m².

Given the range of new space demand in the employment districts, there is the question of how and where this development will be accommodated. A reasonable distribution would be as follows:

- Of the total space demand, the build-out of the City's remaining greenfield employment land, at 40 per cent coverage and standard industrial-type use, would accommodate 360,000 m².
- The development of half of the remaining vacant supply, at 60 per cent coverage reflecting a mix of industrial and office use, would accommodate 1,380,000 m². For the most part, the provision of development on the vacant lands would be expected to occur in the normal course of development of the City. However, this is an optimistic expectation given that only a small amount of the vacant supply is considered readily available for development.

The balance will need to be accommodated through reuse, redevelopment, reuse and intensification. As shown below, the residual new space demand in the districts, after accounting for greenfield development and development on other vacant parcels is up to 5,460,000 m². This is a net new space requirement. Potential declines in the existing base are not incorporated into the estimate.

Table 14			
Accommodating the Range of Space Demand in the Districts			
	Low Demand (<i>Places to Grow</i>)	Medium Demand (<i>Flashforward</i>)	High Demand (Maintaining Share)
Space demand	1,500,000 m ²	5,160,000 m ²	6,720,000 m ²
Less space provided on build out of greenfield land @ 40% coverage (standard industrial)	(360,000) m ²	(360,000) m ²	(360,000) m ²
Less space provided on development of ½ of remaining vacant supply @ 60% coverage (mix of industrial and office)	(1,380,000) m ²	(1,380,000) m ²	(1,380,000) m ²
Remaining space demand to be provided through expansion, infill and intensification	nil	3,420,000 m ²	4,980,000 m ²

Source: Hemson Consulting Ltd. Based upon background work to Flashforward, background work to *Places to Grow*, and data provided by City Planning Division and Economic Development Office.

Under *Places to Grow* there is no remaining space demand to be provided through expansion, infill and intensification. The forecast employment growth (of all types) is expected to be accommodated on the existing greenfield and vacant employment district

land supply. The challenge is under the mid and high end range of the forecast, where a significant amount of space would need to be provided through expansion, infill and intensification. Based upon the short term economic outlook, it has been estimated that the employment districts could add 6,300 new jobs over the next five years.

E. EMPLOYMENT DISTRICTS COULD ADD 6,300 NEW JOBS OVER THE NEXT FIVE YEARS

In order to prepare a short-term outlook for demand in the districts, a range of private sector forecasts for Canada and Ontario was reviewed, as was recent industrial development activity in the City of Toronto between 1999 and 2005. The general expectation is for continued good performance in the Canadian and Ontario economy. Job creation in Ontario is expected to be led by services, which bodes well for Toronto's employment districts given the shifting make-up of employment and recent growth in these types of activities. Within the context of this growth outlook and recent patterns of industrial development, it is estimated that Toronto's employment districts could add 6,300 jobs in new development over the next five years.

1. Canadian Economy Expected to Perform Well

The Canadian economy has been performing well in recent years. The domestic economy is strong and near full capacity. The employment market is operating near full capacity and wages are beginning to rise. Domestic demand is anticipated to remain healthy and will lift real growth to 3.4 per cent in 2006.¹

Within Canada, the strongest performance is anticipated to occur in the resource-based economies, particularly in the west, and Newfoundland and Labrador due to anticipated major developments in mining and oil. In the short term, strong demand for commodities will fuel spending in the resource sector. Over the long term, a softening in external markets and an anticipated mid-cycle slowdown in the US will slow growth. Growth in real GDP is forecast to decline to 2.6 per cent by 2007.²

In 2006 and beyond, residential construction is projected to ease in all regions, as a result of rising interests rates and continued erosion in affordability. The Bank of Canada is

¹ Royal Bank Economic and Financial Market Outlook, 2005 - 2006, October 2005

² TD Quarterly Economic Forecast, December 2005.

expected to continue raising the overnight rate by early 2006, then rates are expected to decline in the latter part of next year.¹

2. Ontario Faces Challenges in Manufacturing, But is Expected to Adjust

Despite relatively strong growth in recent years, Ontario's overall economic performance is anticipated to remain moderate in coming years. The main factor influencing the near-term economic forecast is continuing high energy prices and the high value of the Canadian dollar. Just as high energy prices are fuelling the economic boom in western Canada, they are placing strain on Ontario which is the largest provincial importer of energy in the country.²

The continued appreciation of the dollar will also have a strain on the Ontario economy, which is dominated by the manufacturing sector. This is already reflected in the loss of 61,000 factory jobs during the past three years; representing 90 per cent of the nation-wide net loss in the manufacturing sector during this period.³ Notwithstanding the challenges facing manufacturing, however, the key export industries in Ontario still have significant skills advantages and competitive labour costs when compared to the United States.⁴ On balance, the Ontario Ministry of Finance is anticipating good performance across a wide range of economic indicators:

- Real GDP is forecast to grow by 3.1 per cent annually from 2006 to 2010;
- The annual rate of employment growth is forecast to increase to 1.5 per cent by 2006 and decline to 1.2 per cent in 2007 and 1.0 per cent from 2008-2010.
- The unemployment rate is forecast to continue to decline from the current 6.5 per cent to 6.2 per cent in 2006 and then rise to 6.4 per cent in 2008 -2010
- Housing starts are anticipated to decline from the their 2005 level of 75,000 to around 65,000 per year through 2010.
- Retail sales will continue to grow by 5 per cent per year, and the consumer price index is forecast to remain at around 2 per cent to 2010.

¹ *Ibid.*

² *Scotia Bank Group, Provincial Pulse Ontario Profile*

³ *Statistics Canada, The Daily, January 27, 2006*

⁴ *2005 Ontario Economic Outlook and Fiscal Review, Ministry of Finance*

3. Future Job Growth Anticipated to be Focused in Service-Producing Sectors

Projections to 2009 indicate that the main source of new job creation in Ontario will be in the service industries. The service sector — including health care, social assistance, wholesale and retail trade, professional, scientific and technical service, accommodation and food and others — will account for over three-quarters of the projected new jobs in the economy. The manufacturing and construction sectors and primary resource industries and utilities are anticipated to make only a modest contribution to projected job creation. Specifically, Human Resources and Development Canada expects that:

- The professional and technical occupational group is expected to account for nearly one quarter of job growth to 2009;
- Manufacturing and processing occupations will contribute only about 10 per cent of new jobs, with managers expected to make up a similar share; and
- About 8 per cent of new jobs are anticipated to be created in construction, manufacturing and other skilled trades.¹

4. Short-Term Outlook Suggests New Opportunities For The Employment Districts — 6,300 Jobs in New Development Could be Added in the Next 5 Years

The outlook for continued growth in the Ontario economy, and particularly the outlook for continued growth in Ontario's service sector economy and retail spending are both very positive indicators for the employment districts. Growth in services, including retail and commercial uses, is one of the major features of recent economic activity in the employment districts.

Based upon a consideration of the short-term economic outlook combined with a review of industrial development activity in the City between 1999 and 2005, it is estimated that 6,300 jobs could be added through new development in the employment districts over the next five years. The estimate is undertaken within the context of the recent recovery of employment in the districts from the job loss experienced after 2000, the pattern of new development activity and current policies. There are two components to this estimate—an estimate of the jobs likely to be accommodated on the greenfield employment land supply in northeastern Scarborough and the jobs likely to be accommodated on other existing vacant sites in the rest of the City. These are discussed in turn below.

¹ *Human Resources Development Canada, Overview of Ontario's Employment Patterns 2005*

An Estimated 3,200 Jobs Will be Accommodated on Greenfield Employment Land in Northeastern Scarborough

The major opportunity for Toronto over the next five years is the greenfield land supply in northeastern Scarborough — located primarily in the Tapscott employment district. The estimate of jobs accommodated on these lands is based upon the expectation that they will develop rapidly once servicing is provided, as discussed below.

- The development of the greenfield supply in the Tapscott employment district has been delayed because of the absence of water and sewer services, however we understand that these services are being extended to north Tapscott in 2006.
- Once servicing is provided it is reasonable to expect that two-thirds of this land could be developed in it's first five years on the market. Two-thirds of 90 net ha would provide 60 net ha of new development land.
- At 40% coverage, 60 net ha would amount to 240,000 m² of space. At an estimated 75 m² per employee, this would accommodate about 3,200 jobs. This assumes a predominantly industrial-type built form and use, consistent with the City-wide average floor space per worker for new industrial development between 1999 and 2005, excluding the very low density uses such as self storage.

Existing Vacant Sites are Anticipated to Accommodate a Further 3,100 Jobs

In addition to greenfields in northeastern Scarborough, there will continue to be development on existing vacant sites in the rest of the City. The estimate of development expected to occur on these sites is based on the geographic distribution of industrial development in the City between 1999 and 2005, as discussed below.

- Based upon information from the City of Toronto, approximately 890 jobs were created annually through industrial development during the 1999 to 2005 period. Of this total, an estimated 62 per cent or 550 jobs were accommodated in eastern Toronto. The balance, an estimated 340 jobs were accommodated in other locations. Continuing the recent trend of industrial employment generation in these other locations suggests that 1,700 jobs would be generated over the next five years (an estimated 340 jobs annually over five years).
- The estimate of near-term employment generation in eastern Toronto must be discounted to avoid double counting of the greenfield supply. Continuing half of the recent trend of industrial employment generation in eastern Toronto suggests that 1,400 jobs would be generated over the next five years (an estimated 280 jobs annually over five years).

- Combining the estimate of near term employment generation in eastern Toronto with other locations results in a total of 3,100 jobs.

Combining the estimate of employment generation on new greenfield lands with continued development elsewhere in the City results in a total of 6,300 estimated jobs over the next five years. A range of development scenarios could be associated with this outlook, depending upon the density of future development. For example, 6,300 jobs could be accommodated in:

- 505,000 m² of standard industrial-type space at 80 m² per employee, occupying 125 net ha of site area at 40 per cent coverage;
- 375,000 m² of prestige industrial-type space at 60 m² per employee, occupying 95 net ha of site area at 40 per cent coverage; or
- 190,000 m² of office space at 30 m² per employee, occupying 30 net ha of site area at 60 per cent coverage.

This latter scenario while theoretically possible is unlikely to occur. The greenfield component of Toronto's employment land supply is likely to develop with predominantly standard industrial type use, consistent with competing areas in nearby 905 communities. A more reasonable expectation would be for a mix of standard and prestige industrial development to occur in the employment districts over the short term.

Toronto's employment districts remain an important location for business formation. The districts have shown a remarkable stability in employment historically, and new investment continues. In order to achieve the *Toronto Official Plan's* employment target, however, up to 6.7 million m² (72 million sq.ft.) of new space will need to be developed within the employment districts. In the short term, it is estimated that the employment districts could add 6,300 additional jobs in new development. This would translate into a maximum of 505,000 m² (5.4 million sq.ft.) which is only a small proportion of the total space that will need to be added over the long term, under either the high or mid range sector-based scenario for 5.2 million m² (56 million sq.ft.) of new space.

A significant proportion of future growth in the employment districts will need to occur through redevelopment, reuse and intensification. This is consistent with the broader intent of the emerging Provincial policy context which seeks to promote more intense forms of development in existing areas. Within employment areas, this type of

development has not been a significant contributor of growth in Toronto or in other communities. Some redevelopment and reuse has been occurring, but not at the scale that will be required to achieve the employment targets in the new *Official Plan*. It will be a significant challenge and this reinforces the need for policy initiatives to protect the employment districts and stimulate new investment.

The next section turns to a discussion of the actions that are required to address the attractiveness of the employment districts, both for continued new development and for maintaining or attracting growth within the existing building stock.

IV ABILITY TO ACHIEVE THE GROWTH FORECAST DEPENDS UPON HOW INTENSELY THE SUPPLY CAN BE REUSED

To achieve the employment target contained in the *City of Toronto Official Plan*, up to 7 million m² of new space will need to be accommodated in the employment districts. A SWOT analysis was undertaken to help identify the approach that is required. There are a number of opportunities for the districts, but they require policy support for success. At a minimum, Toronto needs to protect the existing supply to capitalize on its advantages related to the diversity in built stock and the price of land relative to nearby areas in the 905. In addition, further policy intervention is required to increase the attractiveness of the existing land and buildings.

A. SWOT ANALYSIS

The SWOT analysis discusses the strengths, weaknesses, opportunities and threats facing Toronto's employment districts. These are discussed below.

1. Strengths

The employment districts in the City of Toronto have many strengths. Most are related to Toronto's role as a central city of a large economic region. The following are key:

- Toronto is located at the centre of the GTA and has a large concentration of people and jobs.
- The employment districts are well distributed across the City and are well served by roads and rail. Growing congestion is a problem for some areas, but generally from a transportation perspective the access is an advantage.
- From a commuting perspective, Toronto also remains the easiest place to get to for most people. A very large and diverse labour pool with access to City and regional transit is a significant competitive advantage.
- Toronto accommodates a wide range of services providing support to the office sector and other commercial activities. The presence of a diverse business service sector is also a competitive advantage.

- There is a large and diverse land and building base to accommodate growth. Toronto has newer buildings and older buildings, including many small stand-alone buildings that are generally not available in the 905 area. These types of buildings could be attractive to a range of start-up firms.
- Toronto is permissive to a wide range of economic uses. In particular, Toronto has locations permitting a range of heavier industrial-type activities for which there is an increasing difficulty in finding suitable sites.

2. Weaknesses

The main weakness of the employment districts is that they are limited in the range of uses for which they can compete. The following are key:

- There are some remaining greenfield sites, but the supply of vacant land is limited. The building stock is not competitive for a range of large-scale industrial uses.
- The existing building stock is older and subject to a relatively higher tax cost structure, especially for industrial users. The existing building stock is difficult to retrofit to large-scale industrial standards.
- The perception of Toronto as an expensive place to do business limits market appeal.
- The perception of Toronto's industrial base is that it is aging, increasingly obsolete and in transition to other uses also limits market appeal.
- Few districts have a clear market presence. For example, Toronto does not have a "Meadowvale" such as in the City of Mississauga, which has a clearly identifiable boundary and market presence.
- In the past, a lack of certainty in land use has been a deterrent to investment and often used as justification for conversions. The loss of employment land through conversions is a major concern, addressed through a new policy context for employment land in the new *Official Plan*.
- It is easier to develop in a new industrial park than to redevelop mature and aging areas where it may be necessary to demolish buildings and remediate brownfields prior to construction.

3. Opportunities

There are many opportunities for the employment districts, mostly related to the very rapid economic and demographic growth forecast for the GGH. The following are key:

- Toronto will always be the central place within the region and there will always be new firms that need to be in the central city of the GGH. This includes firms in a wide range of sectors, including traditional industrial uses that the City has advantages in attracting.
- Over time, the districts will become more competitive. The increasing land prices in surrounding areas will make the districts more affordable relative to the 905.
- Also, the gap between non-residential taxes and the surrounding areas is narrowing, and will continue to do so in the future. These relative land value and tax changes will assist the overall competitiveness of the City, particularly as it relates to the viability of new and existing space.

Particularly, declining taxes release more of the tenant's occupancy cost to spend on real estate. This has the beneficial effect of increasing the relative value and narrowing the value gap between employment and residential land, which may help to reduce pressure for conversion.

- Toronto also has an opportunity through policy and fiscal tools to further address the conversion issue. The approval of the new *Official Plan* will strengthen the certainty of land use outcomes in the employment districts, which may reduce the attractiveness of pursuing conversions. This, together with the new Provincial Policy Statement, *Places to Grow*, and proposed planning reforms including the new *City of Toronto Act* will further diminish opportunities for the conversion of employment land.

4. Threats

The main threat is pressure for the conversion to other uses, and the continued aging of the stock. The following are key:

- The City has modernized the policy context for employment land but has been significantly delayed in this effort due to appeals at the Ontario Municipal Board. Provincial policy is only now being modified to support *Official Plan* policy.
- The price differential between residential and employment land will continue to drive pressure to convert employment land. As the speculative value of residential land remains high and the risk of failure low, pressure for conversion will continue.

Pressure for conversion is occurring across the City, focussed in the Central Inner City and the edges of other districts.

- If Toronto does not take action to resist the conversion of employment land, this will contribute to continued corporate relocation, job loss and declining assessment and tax revenue.
- In some areas where the stock is oldest there is the further risk of limited reinvestment resulting in continued deterioration and obsolescence. Some buildings may become too old to be used for any industrial-type purpose.
- Similarly, growing congestion in some parts of the City will also significantly limit the potential for parts of the supply to accommodate additional employment growth.

The SWOT analysis is summarized in the table on the following page.

Table 15			
Summary SWOT Analysis City of Toronto Employment Districts			
Strengths	Weaknesses	Opportunities	Threats
<p>Location at the centre of the GTAH</p> <p>Large and diverse supply of employment districts well served by roads and rail</p> <p>Very large and diverse labour pool with access to transit</p> <p>Wide range of locations and building types, including small stand alone structures not available in 905</p> <p>Large and diverse business service sector</p> <p>Variety of permitted uses, including traditional industrial uses</p>	<p>Very limited supply of greenfield sites, making it difficult to accommodate large-scale industrial uses</p> <p>Older building stock, which is difficult to retrofit for modern industrial</p> <p>Perception of Toronto as a high cost location, aging and obsolete</p> <p>Higher relative tax cost structure, especially for industrial use</p> <p>Lack of clear market identity of many districts</p> <p>In the past, lack of certainty in land use has been a deterrent to investment</p> <p>Difficulty in development compared with 905</p>	<p>Rapid growth forecast for economic region</p> <p>Increasing land prices in Peel and York</p> <p>Narrowing tax gap between 416 and 905</p> <p>Address conversion pressure through policy</p> <p>New Official Plan, combined with other Provincial Policies will strengthen certainty of land use outcomes in the employment districts</p>	<p>Pressure for conversion</p> <p>Lack of current policy tools to address conversion pressure and protect employment land</p> <p>“Do Nothing” — could mean continued loss of jobs and declining tax and assessment</p> <p>Growing congestion limits market appeal</p>

B. POLICY SUPPORT IS REQUIRED TO ACHIEVE MORE INTENSE DEVELOPMENT IN THE DISTRICTS

There are a number of opportunities for Toronto's *Employment Districts* but they require policy support for success. There is very little greenfield supply remaining, and it will be difficult to accommodate new uses in a building stock that is aging and not competitive for a range of large-scale industrial uses. The redevelopment of existing sites for new uses will be equally challenging:

- Land costs tend to be higher in an older urban environment. In newer greenfield areas, greater available space can mean simpler and lower cost land purchase.
- Site preparation may involve the demolition of existing structures, and the chances are higher that the project may encounter contamination, unstable ground conditions, deteriorated infrastructure or related issues.
- While the cost of the materials may be roughly the same for a new industrial building, construction may be more complicated due to: scheduling, conflict with neighbours, construction staging needs such as deliveries or planned power outages and parking.
- In greenfield locations, both site preparation and construction tend to be simpler.

While these are significant challenges, the potential for success in attracting development depends largely on how attractive the districts can be made for new investment. There is significant demand within the City and there are a number of strengths and opportunities such as the labour pool and transportation. However, policy assistance is required to maintain and improve the competitiveness of the existing space and to improve its attractiveness for development and redevelopment.

C. TWO MAIN POLICY INITIATIVES ARE REQUIRED

Given the challenge associated with accommodating significant additional development in the districts, accommodating future demand, attracting new investment and ensuring that the city remains competitive in a global marketplace, Toronto must ensure that as much of the land supply in the districts as possible is retained for employment land purposes. While some component of future demand will be accommodated in the form of higher density office buildings, most will be in more industrial-type buildings and industrial– hybrid space. To encourage additional development, policies are required to increase the market attractiveness of the existing land and buildings.

1. Toronto Must Protect As Much of the Employment Districts As Possible

Toronto must protect the Employment Districts to achieve the low *Places to Grow* forecast of 1.64 million jobs by 2031. The Employment Districts must be protected to retain existing levels of employment and accommodate at least the incremental growth anticipated by the lower forecast. This outlook anticipates a continuation of current policies to actively protect employment land. If Toronto cannot protect the districts there will be little hope of achieving this forecast or the target now contained in the *Official Plan*.

- The main factor to be overcome is the value gap between residential and non-residential use. Toronto has a number of opportunities and advantages because of its role as a central place, but there must be incentives for the landowners to invest in employment uses within the City’s employment districts.
- The higher the risk of achieving a conversion the lower the speculative value of residential use.
- A strong policy context is required. This can either take the form of a policy context that makes it clear redesignation is not an option, or, if conversions do occur that programs are in place to assist the City in acquiring targeted employment land within the employment districts.
- Employment intensification needs to be encouraged through traditional mechanisms such as capital investment as well as the development of new and innovative tools.

2. Actions Must be Taken to Improve the Attractiveness of the Employment Districts for New Investment

To achieve significant additional development within the districts requires significant investments in the existing stock. Owners need to have an incentive to invest at least to current standards and then upgrade the buildings so they are attractive for large-scale use.

- Achieving this objective requires not only protecting the supply but also promoting increased efficiency in land use — either finding a way to “free up” land or encourage the redevelopment of under-utilized sites.
- Approval of the City of Toronto *Official Plan* is expected to provide a greater certainty in the land use outcomes in the employment districts and will reinforce the planned urban structure for accommodating growth.
- Toronto must also continue to actively attract new firms to the employment districts. The *New City of Toronto Act* may provide opportunities for new and innovative tools to promote employment intensification. This, and other issues will be addressed in the next stages of the study.

V NEXT STEPS

Given the conclusion that the entire supply of land in the employment districts is required to accommodate future demand and that steps must be taken to improve the market attractiveness of the districts, the next phase of work will be to examine the tools and mechanisms that are available to achieve these goals:

- Case studies will be undertaken to identify best practices from other communities.
- Proforma analyses will be undertaken to identify the extent of intervention required — from the perspective of cost to the municipality — in influencing current development economics to encourage employment intensification and new development within the employment districts.
- Based upon this analysis, the types of actions required in each of the districts will be identified, and specific strategies will ultimately be developed for the Park Lawn Road area in the South Etobicoke district, and the Black Creek Drive area in the Weston Road–Junction employment district.

Consistent with the new Provincial policies related to protecting employment land, it is important to note that the City of Toronto has already taken steps to encourage new investment in the employment districts, including:

- The Employment Revitalization Program;
- The New Toronto Community Improvement Plan, including the pilot project to offer industrial and office investment grants; and
- Ongoing tax policy reforms to improve Toronto’s cost competitiveness relative to the 905 area.

These and other possibilities will be considered in the next phase of work.

APPENDIX

Detailed Employment Land Supply

Summary of all Employment Districts

Estimate of Net Occupied and Vacant Employment Land Supply	Hectares
Total Area of Parcels, Excluding Roads	8,462
Vacant Subdivided Properties	464
Vacant Unsubdivided Land (greenfield)	116
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>579</u>
Residual Occupied Area (total area less total vacant area)	7,883
Adjustments to Occupied Area	
Hydro Corridor	199
Rail Corridor	365
Parkland	92
Residential	49
<u>Total</u>	<u>705</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	93
Total Net Vacant Area (subdivided and net greenfield area)	556
Total Net Occupied Area	7,177
Total Net Vacant Area	556
Total Net Occupied and Vacant Area	7,734
Share Developed	93%

Estimate of Employment Density

Total Net Occupied Area	7,177
Total Employment	386,979
Total Area-Wide Density	54
Office Space (square metres)	2,098,720
Estimate of Employment	82,124
Estimate of Land Area	466
Adjusted Net Occupied Area	6,711
Adjusted Employment	304,855
Adjusted Density	45

Employment District 1: North West Etobicoke

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	403
Vacant Subdivided Properties	22
Vacant Unsubdivided Land (greenfield)	0
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>22</u>
Residual Occupied Area (total area less total vacant area)	382
Adjustments to Occupied Area	
Hydro Corridor	0
Rail Corridor	6
Parkland	1
Residential	4
<u>Total</u>	<u>12</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	22
Total Net Occupied Area	370
Total Net Vacant Area	22
Total Net Occupied and Vacant Area	392
Share Developed	95%

<u>Estimate of Employment Density</u>	
Total Net Occupied Area	370
Total Employment	13,029
Total Area-Wide Density	35
Office Space (square metres)	12,393
Estimate of Employment	485
Estimate of Land Area	3
Adjusted Net Occupied Area	367
Adjusted Employment	12,544
Adjusted Density	34

Employment District 2: Rexdale

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	1,394
Vacant Subdivided Properties	90
Vacant Unsubdivided Land (greenfield)	0
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>90</u>
Residual Occupied Area (total area less total vacant area)	1,304
Adjustments to Occupied Area	
Hydro Corridor	64
Rail Corridor	19
Parkland	15
Residential	0
<u>Total</u>	<u>98</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	90
Total Net Occupied Area	1,205
Total Net Vacant Area	90
Total Net Occupied and Vacant Area	1,296
Share Developed	93%

Estimate of Employment Density

Total Net Occupied Area	1,205
Total Employment	48,907
Total Area-Wide Density	41
Office Space (square metres)	235,374
Estimate of Employment	9,210
Estimate of Land Area	52
Adjusted Net Occupied Area	1,153
Adjusted Employment	39,697
Adjusted Density	34

Employment District 3: South Etobicoke

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	1,084
Vacant Subdivided Properties	62
Vacant Unsubdivided Land (greenfield)	0
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>62</u>
Residual Occupied Area (total area less total vacant area)	1,022
Adjustments to Occupied Area	
Hydro Corridor	38
Rail Corridor	101
Parkland	9
Residential	11
<u>Total</u>	<u>160</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	62
Total Net Occupied Area	862
Total Net Vacant Area	62
Total Net Occupied and Vacant Area	924
Share Developed	93%
<u>Estimate of Employment Density</u>	
Total Net Occupied Area	862
Total Employment	45,992
Total Area-Wide Density	53
Office Space (square metres)	115,846
Estimate of Employment	4,533
Estimate of Land Area	26
Adjusted Net Occupied Area	837
Adjusted Employment	41,459
Adjusted Density	50

Employment District 4: Hwy 400 Corridor

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	860
Vacant Subdivided Properties	29
Vacant Unsubdivided Land (greenfield)	0
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>29</u>
Residual Occupied Area (total area less total vacant area)	831
Adjustments to Occupied Area	
Hydro Corridor	15
Rail Corridor	12
Parkland	3
Residential	1
<u>Total</u>	<u>30</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	29
Total Net Occupied Area	801
Total Net Vacant Area	29
Total Net Occupied and Vacant Area	830
Share Developed	96%

<u>Estimate of Employment Density</u>	
Total Net Occupied Area	801
Total Employment	37,874
Total Area-Wide Density	47
Office Space (square metres)	16,516
Estimate of Employment	646
Estimate of Land Area	4
Adjusted Net Occupied Area	797
Adjusted Employment	37,228
Adjusted Density	47

Employment District 5: Weston Road / Junction

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	61
Vacant Subdivided Properties	10
Vacant Unsubdivided Land (greenfield)	0
Total Vacant Area (subdivided and greenfield)	10
<hr/> Residual Occupied Area (total area less total vacant area)	51
Adjustments to Occupied Area	
Hydro Corridor	0
Rail Corridor	2
Parkland	0
Residential	0
Total	2
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	10
Total Net Occupied Area	49
Total Net Vacant Area	10
Total Net Occupied and Vacant Area	59
Share Developed	83%

<u>Estimate of Employment Density</u>	
Total Net Occupied Area	49
Total Employment	2,485
Total Area-Wide Density	51
Office Space	38,461
Estimate of Employment	1,505
Estimate of Land Area	9
Adjusted Net Occupied Area	40
Adjusted Employment	980
Adjusted Density	24

Employment District 6: Central Inner City

<u>Estimate of Net Occupied and Vacant Employment Land Supp</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	134
Vacant Subdivided Properties	7
Vacant Unsubdivided Land (greenfield)	0
Total Vacant Area (subdivided and greenfield)	7
<hr/> Residual Occupied Area (total area less total vacant area)	127
Adjustments to Occupied Area	
Hydro Corridor	0
Rail Corridor	6
Parkland	1
Residential	9
Total	17
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	7
Total Net Occupied Area	110
Total Net Vacant Area	7
Total Net Occupied and Vacant Area	117
Share Developed	94%
<u>Estimate of Employment Density</u>	
<hr/>	
Total Net Occupied Area	110
Total Employment	13,054
Total Area-Wide Density	119
Office Space	180,982
Estimate of Employment	7,082
Estimate of Land Area	40
Adjusted Net Occupied Area	70
Adjusted Employment	5,972
Adjusted Density	86

Employment District 7: Dufferin Keele North

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	658
Vacant Subdivided Properties	25
Vacant Unsubdivided Land (greenfield)	0
Total Vacant Area (subdivided and greenfield)	25
Residual Occupied Area (total area less total vacant area)	633
Adjustments to Occupied Area	
Hydro Corridor	23
Rail Corridor	0
Parkland	8
Residential	1
Total	32
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	25
Total Net Occupied Area	601
Total Net Vacant Area	25
Total Net Occupied and Vacant Area	625
Share Developed	96%

<u>Estimate of Employment Density</u>	
Total Net Occupied Area	601
Total Employment	30,170
Total Area-Wide Density	50
Office Space	95,195
Estimate of Employment	3,725
Estimate of Land Area	21
Adjusted Net Occupied Area	580
Adjusted Employment	26,445
Adjusted Density	46

Employment District 8: Dufferin Keele South

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	690
Vacant Subdivided Properties	15
Vacant Unsubdivided Land (greenfield)	0
Total Vacant Area (subdivided and greenfield)	15
<hr/> Residual Occupied Area (total area less total vacant area)	674
Adjustments to Occupied Area	
Hydro Corridor	0
Rail Corridor	17
Parkland	0
Residential	4
Total	21
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	15
Total Net Occupied Area	653
Total Net Vacant Area	15
Total Net Occupied and Vacant Area	669
Share Developed	98%
<u>Estimate of Employment Density</u>	
<hr/>	
Total Net Occupied Area	653
Total Employment	24,717
Total Area-Wide Density	38
Office Space	58,284
Estimate of Employment	2,281
Estimate of Land Area	13
Adjusted Net Occupied Area	641
Adjusted Employment	22,436
Adjusted Density	35

Employment District 9: Don Valley Parkway Corridor

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	712
Vacant Subdivided Properties	19
Vacant Unsubdivided Land (greenfield)	0
Total Vacant Area (subdivided and greenfield)	19
<hr/> Residual Occupied Area (total area less total vacant area)	693
Adjustments to Occupied Area	
Hydro Corridor	3
Rail Corridor	20
Parkland	4
Residential	1
Total	28
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	19
Total Net Occupied Area	665
Total Net Vacant Area	19
Total Net Occupied and Vacant Area	684
Share Developed	97%
<u>Estimate of Employment Density</u>	
<hr/>	
Total Net Occupied Area	665
Total Employment	74,528
Total Area-Wide Density	112
Office Space	1,079,870
Estimate of Employment	42,256
Estimate of Land Area	240
Adjusted Net Occupied Area	425
Adjusted Employment	32,272
Adjusted Density	76

Employment District 10: Milliken

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	193
Vacant Subdivided Properties	21
Vacant Unsubdivided Land (greenfield)	11
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>32</u>
Residual Occupied Area (total area less total vacant area)	161
Adjustments to Occupied Area	
Hydro Corridor	12
Rail Corridor	4
Parkland	0
Residential	1
<u>Total</u>	<u>17</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	9
Total Net Vacant Area (subdivided and net greenfield area)	30
Total Net Occupied Area	144
Total Net Vacant Area	30
Total Net Occupied and Vacant Area	174
Share Developed	83%

<u>Estimate of Employment Density</u>	
Total Net Occupied Area	144
Total Employment	7,407
Total Area-Wide Density	51
Office Space	18,171
Estimate of Employment	711
Estimate of Land Area	4
Adjusted Net Occupied Area	140
Adjusted Employment	6,696
Adjusted Density	48

Employment District 11: Tapscott Marshalling Yard

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	1061
Vacant Subdivided Properties	70
Vacant Unsubdivided Land (greenfield)	105
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>174</u>
Residual Occupied Area (total area less total vacant area)	886
Adjustments to Occupied Area	
Hydro Corridor	33
Rail Corridor	145
Parkland	20
Residential	5
<u>Total</u>	<u>202</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	84
Total Net Vacant Area (subdivided and net greenfield area)	153
Total Net Occupied Area	684
Total Net Vacant Area	153
Total Net Occupied and Vacant Area	838
Share Developed	82%
<u>Estimate of Employment Density</u>	
Total Net Occupied Area	684
Total Employment	32,123
Total Area-Wide Density	47
Office Space	18,914
Estimate of Employment	740
Estimate of Land Area	4
Adjusted Net Occupied Area	680
Adjusted Employment	31,383
Adjusted Density	46

Employment District 12: Scarborough Hwy 401 Corridor

<u>Estimate of Net Occupied and Vacant Employment Land Suppl</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	344
Vacant Subdivided Properties	49
Vacant Unsubdivided Land (greenfield)	0
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>49</u>
Residual Occupied Area (total area less total vacant area)	295
Adjustments to Occupied Area	
Hydro Corridor	0
Rail Corridor	2
Parkland	22
Residential	1
<u>Total</u>	<u>25</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	49
Total Net Occupied Area	270
Total Net Vacant Area	49
Total Net Occupied and Vacant Area	320
Share Developed	85%

<u>Estimate of Employment Density</u>	
Total Net Occupied Area	270
Total Employment	16,433
Total Area-Wide Density	61
Office Space	171,479
Estimate of Employment	6,710
Estimate of Land Area	38
Adjusted Net Occupied Area	232
Adjusted Employment	9,723
Adjusted Density	42

Employment District 13: West Central Scarborough

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	306
Vacant Subdivided Properties	10
Vacant Unsubdivided Land (greenfield)	0
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>10</u>
Residual Occupied Area (total area less total vacant area)	296
Adjustments to Occupied Area	
Hydro Corridor	0
Rail Corridor	10
Parkland	5
Residential	0
<u>Total</u>	<u>16</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	10
Total Net Occupied Area	281
Total Net Vacant Area	10
Total Net Occupied and Vacant Area	290
Share Developed	97%

<u>Estimate of Employment Density</u>	
Total Net Occupied Area	281
Total Employment	17,248
Total Area-Wide Density	61
Office Space	15,979
Estimate of Employment	625
Estimate of Land Area	4
Adjusted Net Occupied Area	277
Adjusted Employment	16,623
Adjusted Density	60

Employment District 14: West Scarborough

Estimate of Net Occupied and Vacant Employment Land Supply	Hectares
Total Area of Parcels, Excluding Roads	431
Vacant Subdivided Properties	19
Vacant Unsubdivided Land (greenfield)	0
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>19</u>
Residual Occupied Area (total area less total vacant area)	412
Adjustments to Occupied Area	
Hydro Corridor	12
Rail Corridor	11
Parkland	5
Residential	0
<u> Total</u>	<u>28</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	19
Total Net Occupied Area	385
Total Net Vacant Area	19
Total Net Occupied and Vacant Area	403
Share Developed	95%

Estimate of Employment Density	
Total Net Occupied Area	385
Total Employment	21,270
Total Area-Wide Density	55
Office Space	41,258
Estimate of Employment	1,614
Estimate of Land Area	9
Adjusted Net Occupied Area	376
Adjusted Employment	19,656
Adjusted Density	52

Employment District 15: South East Scarborough

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	106
Vacant Subdivided Properties	8
Vacant Unsubdivided Land (greenfield)	0
<u>Total Vacant Area (subdivided and greenfield)</u>	<u>8</u>
Residual Occupied Area (total area less total vacant area)	97
Adjustments to Occupied Area	
Hydro Corridor	0
Rail Corridor	8
Parkland	0
Residential	9
<u>Total</u>	<u>17</u>
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	8
Total Net Occupied Area	80
Total Net Vacant Area	8
Total Net Occupied and Vacant Area	89
Share Developed	91%
<u>Estimate of Employment Density</u>	
Total Net Occupied Area	80
Total Employment	1,064
Total Area-Wide Density	13
Office Space	-
Estimate of Employment	-
Estimate of Land Area	-
Adjusted Net Occupied Area	80
Adjusted Employment	1,064
Adjusted Density	13

Employment District 16: Airport Corporate Centre

<u>Estimate of Net Occupied and Vacant Employment Land Supply</u>	<u>Hectares</u>
Total Area of Parcels, Excluding Roads	24
Vacant Subdivided Properties	8
Vacant Unsubdivided Land (greenfield)	0
Total Vacant Area (subdivided and greenfield)	8
Residual Occupied Area (total area less total vacant area)	17
Adjustments to Occupied Area	
Hydro Corridor	0
Rail Corridor	0
Parkland	0
Residential	1
Total	1
Gross to Net Adjustment For Unsubdivided Land	80%
Estimate of Net Greenfield Area	0
Total Net Vacant Area (subdivided and net greenfield area)	8
Total Net Occupied Area	15
Total Net Vacant Area	8
Total Net Occupied and Vacant Area	23
Share Developed	66%
<u>Estimate of Employment Density</u>	
Total Net Occupied Area	15
Total Employment	678
Total Area-Wide Density	44
Office Space	-
Estimate of Employment	-
Estimate of Land Area	-
Adjusted Net Occupied Area	15
Adjusted Employment	678
Adjusted Density	44