

EC17.7

RETAIL MAIN STREETS

Update on Support for the Retail Sector

Presentation to Economic and Community Development Committee
November 12 , 2020



Key Findings to date

EDC has been researching the state of main street retail and weighing policy options for some time. Before finalizing, more time is needed to weigh the impact of COVID. This is an update report. A full report will be presented to Committee in the 2nd Quarter

- 1. Main streets and local business are important to Toronto residents and neighbourhoods**
 - 85% of residents think its important to be able to walk or bike to shopping districts
 - Over 90% prefer local independent businesses for many kinds of shopping (including specialty food, restaurants, personal services)
 - 45% are doing more shopping at independent businesses than 2 years ago
- 2. Main street success is strongly related to serving local neighbourhood (more than 30% of customers come from walking distance)**
 - Even more so since COVID – people are shopping locally to a greater extent
- 3. Independent retail is important to economy – more than 15,000 businesses with over 100,000 employees. Excludes automotive, chains & franchises, all non-food services.**

Key Findings to date cont'd

4. **Independent businesses predominate in main streets (75-80% of businesses in case study areas)**
 - While severely impacted by COVID, many have been able to innovate and pivot quickly to new ways of doing business to survive e.g. food-delivery, increasing digital presence
5. **In general, retail is decreasing slightly and services, especially food services, increasing as a per cent of businesses.**
 - Retail decreased from 29% to 26% of businesses between 2017 and June 2020
 - Services increased from 54% to 56% of businesses in same period
6. **Vacancy rates in most of the 11 case study areas were not high in 2017 (10% or less). COVID is changing this.**
 - As of June 2020, overall average vacancy in case studies was 11.4% with some areas experiencing 18% vacancy. The longer the pandemic continues the greater the risk of higher vacancy

Key Findings to date:

7. Seven Key Issues Identified so far:

- Difficult regulatory environment
- Shortage of protections for commercial tenants
- Need for community economic development (in non-BIAs and NIAs)
- In some main streets: redevelopment pressures, property value escalation accompanied by high rent and property tax increases
- In some main streets: safety and security issues
- Lack of Metrics and monitoring for main street
- Revenue loss due to COVID has made it difficult for businesses to meet fixed costs (rent, utilities, insurance, wages), increased unemployment, and the closure of many long-standing businesses

Actions being considered or underway:

Retail Main Streets Study Recommendation	Current and Proposed Initiatives
Provide one-on-one assistance to businesses; Outreach strategy focused on supporting main street independent business	• Digital Main Street program expansion • ShopHERE • BusinessTO Support Centre • Retail Accelerator Program
Explore opportunities to remove barriers for businesses and expedite processes	• CafeTO Program participation • Winter Activation Grant
Develop programs to provide low-cost space to entrepreneurs and start-ups	• Pop-Up Shops Program
Increasing Financial Support for Independent Businesses	• Expand Commercial Façade Improvement Program

Actions being considered or underway:

Retail Main Streets Study Recommendation	Current and Proposed Initiatives
Continue to facilitate community economic development	• BIA Capacity Building Program, BBPA, Mount Dennis
Closely monitor storefront vacancy, track and publish data on individual main streets	• Independent Main Street Dashboard • LocateHERE platform to highlight strength of individual mainstreets with key metrics and promote available retail spaces
Monitor affordability issues, support advocacy groups, TABIA	• Policy Framework Study on Property Tax Reform
Address public safety in retail main streets	• De-escalation training for store-front businesses • Safe and Inclusive retail training for BIAs

Conclusion

- Our main streets and independent businesses are strong and resilient but are facing unprecedented challenges due to Covid-19.
- The current pandemic represents a period of change and uncertainty in the retail sector
- Mid- to long- term impacts of COVID-19 on retail in Toronto are still unknown and are likely to be significant.
- Support for independent main street retailers must be expanded, evolve with the changing circumstances and must include supports from other orders of government
- Need to focus more on areas not supported by BIAs particularly in NIAs
- A further update report will be brought to Economic and Community Development Committee in 2021