City of Toronto

Don Mills
Economic Development Study

February 2026

nblc
N. Barry Lyon Consultants Ltd.

City of Toronto

Don Mills Economic Development Study

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Disclaimer:

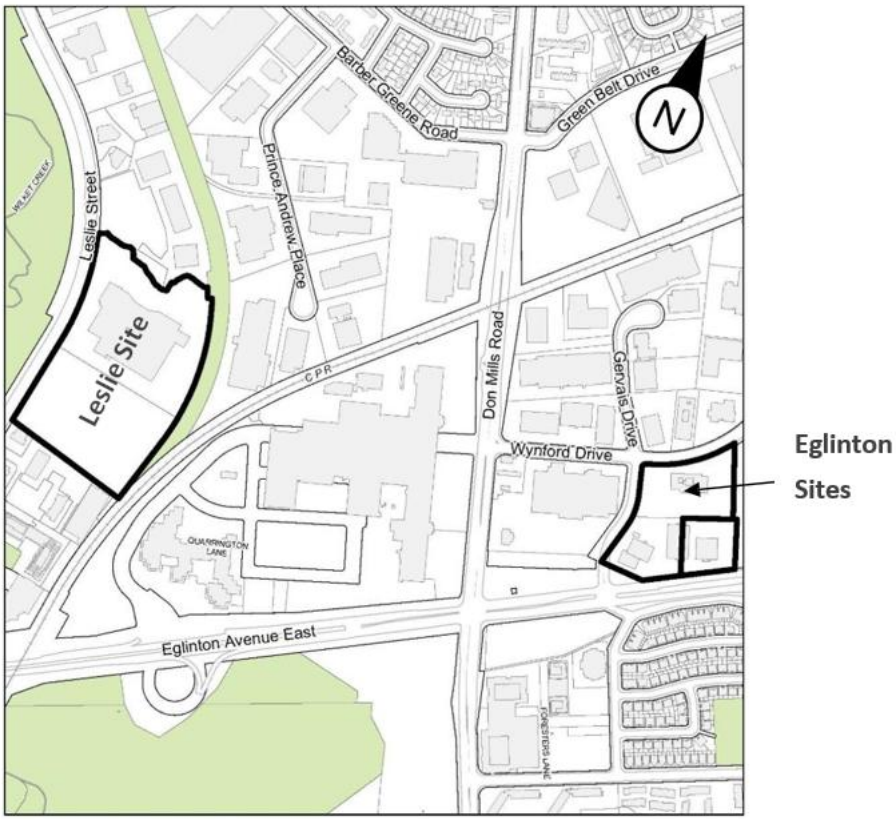
The conclusions contained in this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC, therefore, assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.

This report has been prepared solely for the purposes outlined herein and is not to be relied upon, or used for any other purposes, or by any other party without the prior written authorization from N. Barry Lyon Consultants Limited.

1.0 Introduction

N. Barry Lyon Consultants Limited (NBLC') has been retained by the City of Toronto to prepare an Economic Development Study for the Don Mills Regeneration Area, which is illustrated in **Figure 1** below and will herein be referred to as the Subject Lands.

Figure 1: Don Mills Regeneration Area



Source: City of Toronto.

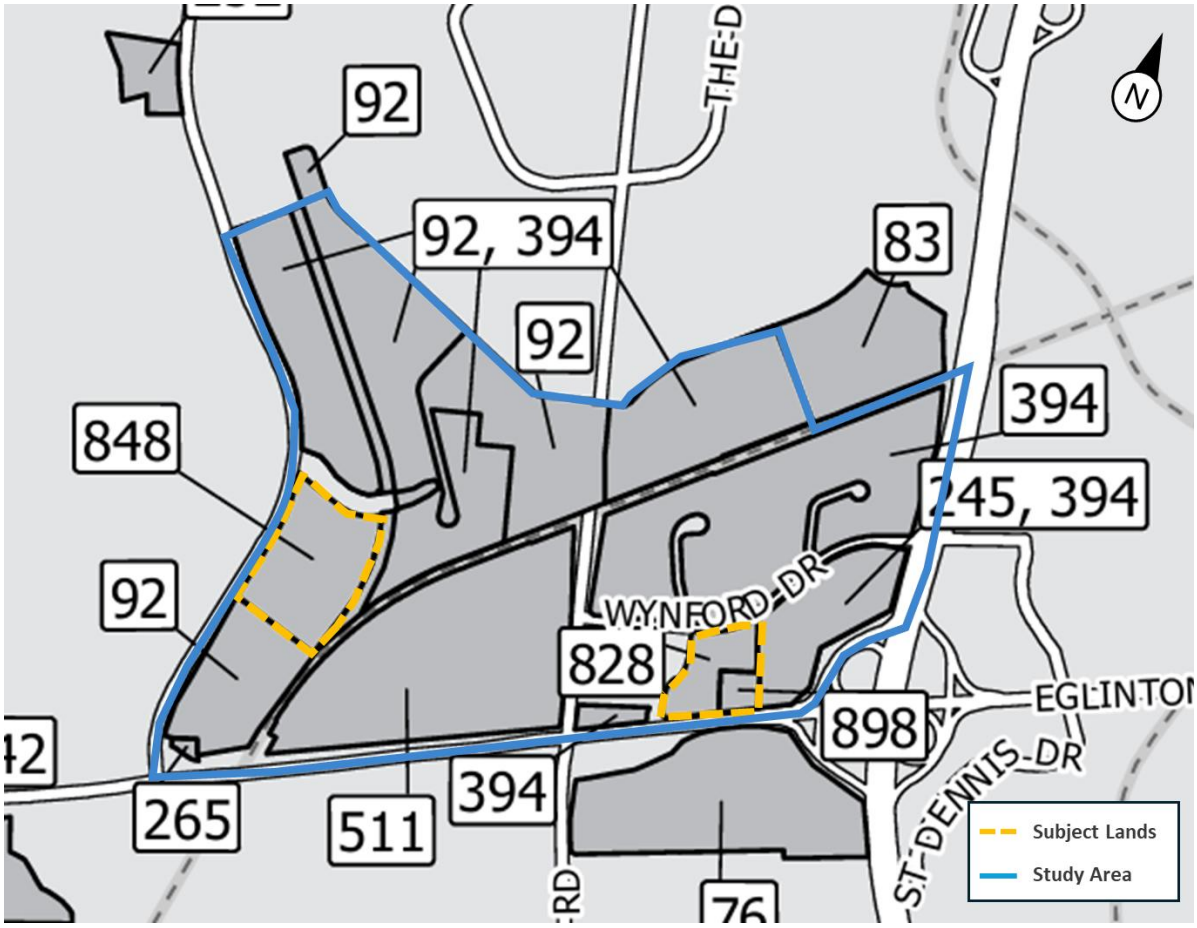
The Subject Lands consist of two property groups:

- The Eglinton Sites, which consists of the lands municipally known as 1200 Eglinton Avenue East, 15 Gervais Drive and 39 Wynford Avenue; and
- The Leslie Site, which consists of the lands municipally known as 1121 to 1123 Leslie Street.

These sites were converted from the *General Employment Areas* land use designation to the *Regeneration Areas* land use designation through Official Plan Amendment 653, which was approved by the Provincial Minister of Municipal Affairs and Housing in January 2025. There was a separate process for 1200 Eglinton Avenue East that achieved the same outcome. This resulted in

Site and Area Specific Policies (SASPs) 828, 848 and 898, which sets out the requirements for a Regeneration Area Study for the Subject Lands (**Figure 2**).

Figure 2: Study Area and SASPs



Source: City of Toronto.

The City's Official Plan designates certain lands in Toronto as *Regeneration Areas*, which opens unique areas of Toronto to a wide array of uses to help attract investment, re-use buildings, encourage new construction and bring life to the streets. A Regeneration Area Study provides an important opportunity to comprehensively study and guide the revitalization of these areas to develop a new vision for the lands with an updated policy framework.

The Regeneration Area Study for Don Mills will help identify what the future policies for the Subject Lands should be as they move from primarily employment uses to allow for housing, services and amenities.

This Economic Development Study will provide guidance and input on the non-residential market, which will assist staff with developing non-residential policies and other matters to guide the future redevelopment of these lands through the larger Regeneration Area Study being undertaken. This

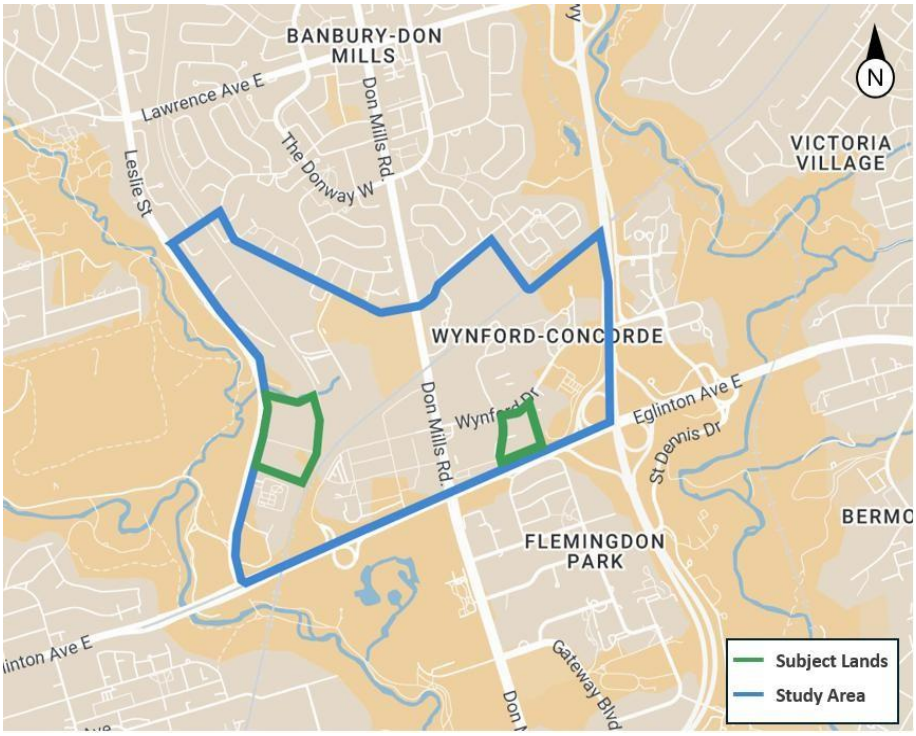
report assesses the Subject Lands and surrounding area to understand current market and physical conditions; broader, more macro-level employment trends in the City; detailed market conditions for specific employment uses such as office, and retail and service commercial, and light industrial; and broader land economic and market considerations of encouraging non-residential uses in a mixed-use context, leading to key findings and directions.

1.1 Study Area

Given the mobility of commercial markets, this Economic Development Study will assess both the Subject Lands in addition to employments trends in the wider area as illustrated by **Figure 3**. Unless otherwise indicated, this wider area will herein be referred to as the Study Area, with the Subject Lands referring to the actual Regeneration Area under study.

The Subject Lands and Study Area are assessed in more detail in the following section of this report.

Figure 3: Don Mills Regeneration Subject Lands and Study Area



Source: City of Toronto

1.2 Background

As identified above, three SASPs were prepared in support of the conversion of the Subject Lands from *General Employment Areas* to *Regeneration Areas*. Key policies from the SASPs that are directly relevant to this study include:

1.2.1 All three SASPs

- All uses permitted under the *General Employment Areas* designation and *Regeneration Areas* designation, including interim uses, with the exception of residential uses, overnight accommodations and live-work uses, are permitted on the Subject Lands prior to the completion of a scoped local area study that results in either a Secondary Plan or Site and Area Specific Policy.
- No form of residential and/or live-work uses will be permitted in *General Employment Areas* or *Regeneration Areas*, prior to the adoption of a Secondary Plan or Site and Area Specific Policy.
- A Land Use Plan that provides for the redesignation of *Regeneration Areas* lands to *Mixed Use Areas*, *Apartment Neighbourhoods*, *General Employment Areas*, and/or *Parks* and *Open Space* as appropriate. The Land Use Plan will determine the list of permitted non-residential uses as well as maximum percentages of these uses that contribute to the employment gross floor area.
- A Phasing Strategy and Implementation Plan to provide for the sequencing of development, including the provision of infrastructure and services. It must set out the amount of non-residential gross floor area to be constructed in each phase, prior to, or concurrent with residential gross floor area to provide a balance of employment and residential growth in all phases of development.

1.2.2 SASP 848 (1121 and 1123 Leslie Street)

- C) A for-profit club will be permitted as an interim use, prior to the adoption of a Secondary Plan or Site and Area Specific Policy. A for-profit club will not count toward the minimum 51 percent of non-residential gross floor area to be comprised of uses permitted in *Core Employment Areas* in Policy d) below.
- C) A minimum of 15 per cent of the total gross floor area on the lands, or 1.0 times the site area, excluding lands conveyed to the City or other public body for new parks, open spaces, natural areas, streets and/or lanes, whichever is greater, will be non-residential gross floor area, and:
    - i) a minimum of 51 percent of the minimum required non-residential gross floor area be comprised of uses permitted in *Core Employment Areas* such as office, medical office, lab, research and development facilities, media, information and technology facilities, cultural industry spaces, incubator and/or co-working space;
    - ii) must be compatible with residential uses; and
    - iii) be developed prior to or concurrent with any residential uses on the lands.

1.2.3 SASP 828 (15 Gervais Drive and 39 Wynford Avenue)

- D) A minimum of 15 per cent of the total gross floor area on the lands, or 1.0 times the site area, excluding lands conveyed to the City or other public body for new parks, open spaces, natural areas, streets and/or lanes, whichever is greater, will be non-residential gross floor area, and:

    i) a minimum of 51 per cent of the minimum required non-residential gross floor area be comprised of uses permitted in *Core Employment Areas* and must be compatible with residential uses; and

    ii) be developed prior to or concurrent with any residential uses on the lands in accordance with the Phasing Strategy and Implementation Plan.

1.2.4 SASP 898 (1200 Eglinton Avenue East

- C) A minimum of 1.0 times the site area, excluding lands conveyed to the City or other public body for new parks, open spaces, natural areas, streets and/or lanes, or 8,378 square metres, whichever is greater, will be non-residential gross floor area, and:

    i) a minimum of 51 per cent of the minimum required non- residential gross floor area be comprised of uses permitted in *Core Employment Areas* and must be compatible with residential uses; and

    ii) be developed prior to or concurrent with any residential uses on the lands in accordance with the Phasing Strategy and Implementation Plan in Policy d) ii) below.

This Economic Development Study is therefore meant to directly inform the policies related to non-residential requirements and permissions identified by the SASPs and copied above.

We also understand that the landowners of the Subject Lands are currently in the early stages of advancing development applications for these sites. Through this process, we understand that all the landowners are currently seeking reduced and more flexible non-residential requirements, primarily in response to weakening conditions in the office market.

1.3 Methodology and Data Sources

From a development economics perspective, the development of non-residential real estate requires consideration of two related key variables: **Demand** and **Feasibility**. Together, these variables define the amount, type and timing of space that tenants and businesses are both willing and able to absorb, given prevailing market prices and development economics.

This report therefore considers the key drivers of demand for various real estate classes (e.g., retail, office) by assessing macro and micro market trends and data, the factors that drive successful investment and absorption of new construction, the characteristics of the Subject Lands, current

market needs and other considerations to identify if there is demand for non-residential space in this location. If demand is identified, we then consider if the achievable absorption and rents would be high enough to justify new construction (i.e., is it viable) and if other offsets, such as increased residential density or other incentives/programs, could be offered to improve viability.

Understanding that the Regeneration Study will establish a framework to guide development over the long-term, this report also includes considerations related to longer term policy development, recognizing that real estate markets are cyclical and that current conditions may not prevail over the medium to longer term.

Data sources are identified throughout this report but generally come from paid subscription services such as CoStar, Geowarehouse and Altus Data Solutions. We have also used various publications, such as brokerage reports, consultant studies, as well as data provided directly from the City of Toronto, such as the Toronto Employment Survey.

2.0 Subject Lands and Study Area Conditions

The following highlights existing and emerging conditions in and surrounding the Subject Lands. This will provide a foundational understanding of the Subject Lands' context and ground the discussion to follow regarding the Study Area and City-wide employment and non-residential use trends and opportunities.

2.1 Physical Context and Surrounding Uses

The Subject Lands are located in the Don Mills–Eglinton area, which is a relatively central neighbourhood within the City that will soon be serviced by high-order transit (i.e., Eglinton LRT). This will provide a stronger connection to the Downtown Core by providing a dedicated-lane, mostly underground transit access to Eglinton Station. This will further be enhanced by the projected completion of the future Ontario Line subway in 2031, which will create a direct connection to Downtown. The neighbourhood is further supported by the Don Valley Parkway and major arterials, offering exposure and access by vehicle. This highway and vehicular access supported the use of the lands as an office and industrial park when they were originally developed decades ago.

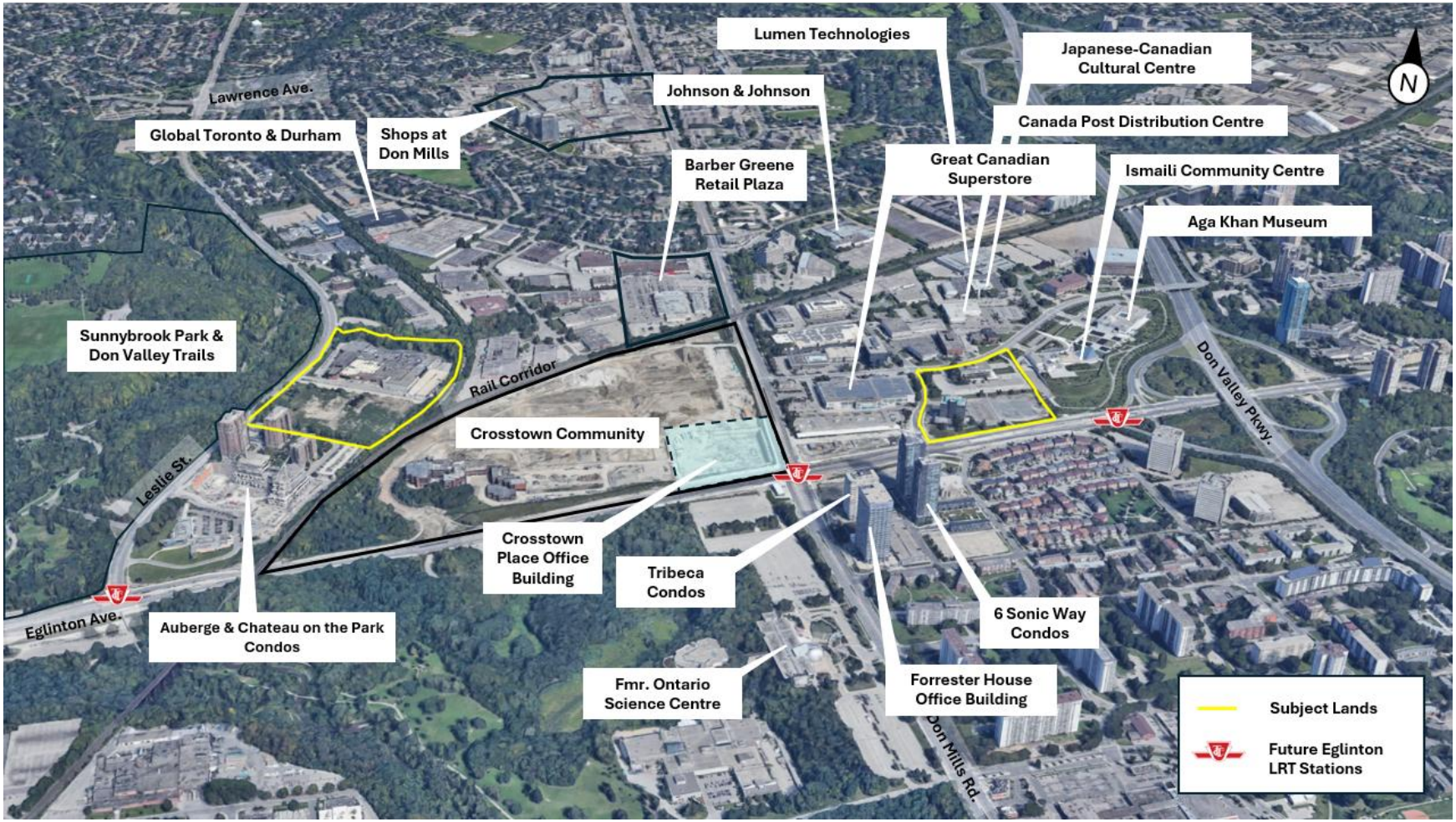
Today, the Study Area contains a concentration of low- and mid-rise office and industrial buildings that have gradually aged and experienced varying degrees of use and investment. Existing tenants comprise a mix of firms across several industries, including technology, media and health technology, such as Global News, Johnson & Johnson and Lumen Technologies (**Figure 4**). The Study Area contains a limited range of retail and service commercial uses, with a Real Canadian Superstore functioning as the primary supermarket. A smaller selection of food establishments and convenience retail options are located within the Barber Greene Plaza to the north.

The Study Area also includes several institutional and cultural facilities that support community recreation, including the Aga Khan Museum, the Ismaili Community Centre, the Korean Canadian Cultural Association, and the Japanese Canadian Cultural Centre. While these facilities represent important regional assets, they are generally located on interior roads and are accessible via automobile from major arterials and specific bus routes (e.g., 34C Eglinton, 100 Flemingdon Park) that enter these areas.

West of the Leslie Site, the Don Valley and Sunnybrook Park have historically functioned as the primary green and open space amenities serving the area, a role that has only recently been supplemented by the completion of Big Bear Park within the Crosstown Community (see **Section 2.2**).

As noted in **Section 1.0**, the Subject Lands comprise two distinct sites: the Eglinton Sites and the Leslie Site. The following is a more detailed description of their physical context and surrounding land uses.

Figure 4: Subject Lands and Surrounding Context



2.1.1 Eglinton Sites

The Eglinton Sites are located east of Gervais Drive and have significant frontage along Eglinton Avenue East. The sites comprise three distinct properties (**Figure 5**):

- 15 Gervais Drive, located at the western end of the grouping of properties, is currently occupied by an 8-storey office building of just over 93,100 ft^2 of rentable building area (RBA), which is owned by Resident (formerly Plaza Partners). Current tenants include Northspace, Sommerville Construction and the Sutherland Chan School of Massage Therapy[1].
- 39 Wynford Drive, located at the northern end of the grouping, is occupied by a 4-storey, 62,500 ft^2 office building owned by Bridgemarq (formerly Brookfield) Real Estate Services. Current tenants include Bridgemarq, Ontario Gaming and Royal LePage.
- 1200 Eglinton Avenue East, located at the eastern end of the site, is currently vacant, having previously contained a mid-rise office building of about 119,400 ft^2.

Overall, the Eglinton Sites benefit from extensive on-site parking, with the properties being connected by large surface parking lots, and strong regional accessibility, with the Don Valley Parkway located approximately a one-minute drive away. The site is also within an approximately five-minute walk of future Eglinton LRT service at the Don Valley and Aga Khan stations.

Figure 5: Street View of Eglinton Site Properties

[1] Rentable Buildings Areas (RBA), tenants, and other building details sourced from CoStar.

Immediately north and northeast of the Eglinton Sites are additional office buildings of a similar completion year and condition (e.g., pre-1980s construction and surface parking configurations), with the DVP on-ramp located to the east. Collectively, these characteristics reflect a legacy, auto-oriented built form that continues to shape movement patterns and site functionality. Consistent with this condition, there is no pedestrian crossing at Eglinton Avenue and Gervais Drive, requiring pedestrians to detour to Don Mills Road or DVP crossings and limiting direct pedestrian connectivity between the Eglinton Site and the high-rise residential buildings to the south.

2.1.2 Leslie Site

The Leslie Site is more removed from Eglinton Avenue East and the core of the established business park, a condition exacerbated by an uphill pedestrian route and physical separation from the broader area by the existing rail corridor. Located along Leslie Street north of Eglinton Avenue East, approximately half of the Leslie Site is occupied by a low-rise mixed-use industrial and office building owned and occupied by OTT Financial, a financial technology firm. The southern portion of the Leslie Site is currently vacant, having previously accommodated a warehousing facility (**Figure 6**).

Figure 6: Street View of Leslie Site Properties

As a result of its relative isolation, grade change and limited connectivity, the Leslie Site is approximately a 20-minute walk from the intersection of Eglinton Avenue East and Don Mills Road and requires a longer, indirect automobile trip—approximately 10 minutes—to access the Don Valley Parkway on-ramp. Pedestrian conditions along Leslie Street further exacerbate this separation, as traffic volumes are high, vehicle speeds are relatively fast and the roadway alignment is winding, collectively creating a hostile pedestrian environment. There will be a future Sunnybrook Park stop along the Eglinton LRT line – about a 10-minute walk from the Site – which will improve transit accessibility compared to current conditions.

The pedestrian environment is further constrained by the absence of street-front retail uses or other pedestrian-oriented destinations that would animate the public realm or draw foot traffic into the local area.

The site is however located across the Wilket Creek Park and its trail network, and by extension Sunnybrook Park, providing easy access to a significant amount of park space.

2.1.3 Recently Completed Developments

As of Q1 2025, one major development was completed within the Study Area:

- **1095 Leslie Street (Auberge & Château on the Park)** – a three-tower, approximately 890-unit mixed-use residential development.

In addition, two major developments were completed just outside the Study Area boundaries:

- **905 Don Mills Road (Don Mills Retirement Residence)** – a 10-storey, 134-unit retirement residence with no non-residential space, replacing a former auto repair facility.
- **1185 Eglinton Avenue East (6 Sonic Way)** – a two-tower, approximately 655-unit residential development, also with no non-residential space, replacing a former office building.

Taken together, these conditions reflect a Study Area that remains defined by legacy office park characteristics and auto-oriented infrastructure, but which is increasingly subject to redevelopment pressures and change driven by broader residential growth, transit investment, and the repositioning of former employment lands. These emerging dynamics are beginning to reshape the Don Mills– Eglinton area and are discussed further below.

2.2 Emerging Context

Within the Study Area, the master-planned Crosstown Community will act as a major residential hub, containing not only 5,000 units across multiple apartment buildings and townhome complexes, but also adding parks, walking trails, a community recreation centre, retail options and office spaces

(**Figure 7**). The development is also introducing a bridge over the railway corridor connecting to the Leslie Site and the Don Mills Trail, improving access to local retail and green space.

The recently completed, 9-storey Crosstown Place office building introduces Class A office property to an area that has not seen major office development since the 1980s. While the current context is challenged, the completion of this community and of the Eglinton LRT line will improve the Study Areas' competitive positioning. Townhouse condominium projects, including Crest Gardens and Townhomes at Crosstown, as well as a mid-rise condominium apartment building (Crest at Crosstown), have also been completed and have begun occupancy. The remaining apartment buildings are anticipated to be completed between 2026 and 2028.

The redevelopment of this former employment area—commonly referred to as the Celestica Site—is expected to enhance the overall attractiveness of the Don Mills–Eglinton area for future residential, retail and service commercial and office investment. As this community matures, it will improve the market awareness and marketability of surrounding properties by reinforcing the area's identity as a new high-density urban neighbourhood supported by increasingly animated public open spaces and a more complete community environment.

Figure 7

Source: CrosstownCommunity.ca

2.3 Employment Conditions

The City of Tonto has provided employment data for the Study Area (**Figure 8)** collected through the Toronto Employment Survey. As of 2024, there were nearly 33,300 jobs within the Don Mills Employment Survey Area (**Table 1** for employment numbers; **Figure 7** for Survey Area boundaries). The largest share of employees worked within the office sector (61%), followed by retail (12%) and institutional (9%). Most employment is full-time rather than part-time.

This is larger than the Study Area and covers lands south of Eglinton Avenue and north of Barber Greene Drive.

The Study Area has just over 11,500 jobs (representing 35% of employment in the Survey Area) consisting of 8,200 full-time and 3,300 part-time jobs. This is spread across 343 establishments.

As identified in **Figure 9**, employment within the Study Area has declined since its 2015 peak of 36,600 jobs. While this employment held steady at roughly 35,000 until 2022, it dropped considerably towards 33,300 jobs in 2024. Overall, employment has only grown by 300 jobs since 2014, representing an average annual increase of just under 30 jobs (1%).

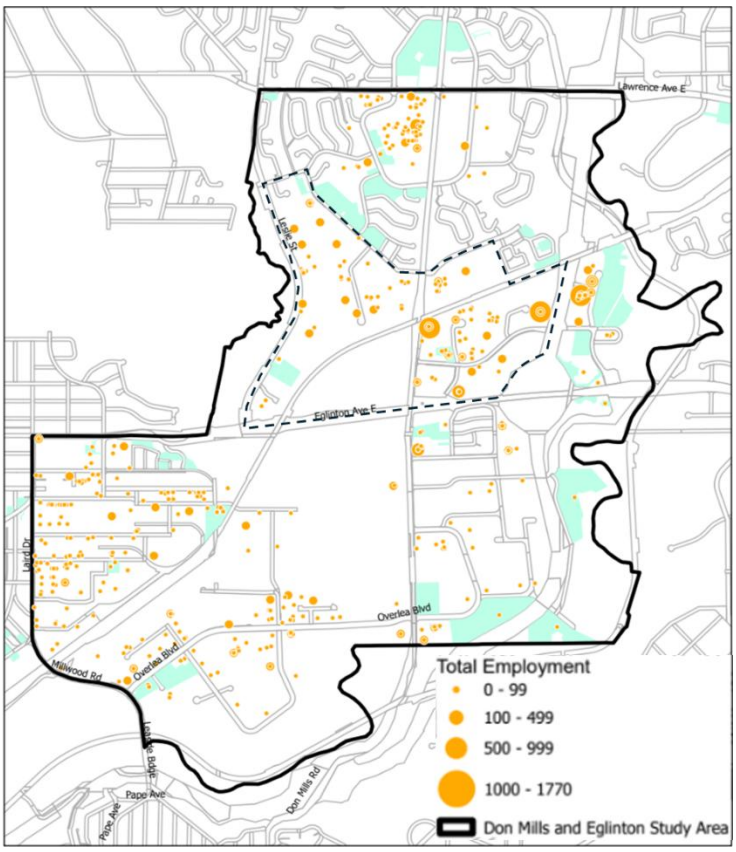
Table 1: Employment by Sector (2024), Don Mills Employment Survey Area[1]

Sector	Full-Time Employment	Part-Time Employment	Total Employment	Establishments
Manufacturing and Warehousing	2,605	103	2,708	71
Retail	2,091	2,055	4,146	209
Service	1,244	1,041	2,285	206
Office	15,865	4,597	20,462	633
Institutional	1,929	989	2,918	98
Community and Entertainment	337	463	800	34
Total All Sectors	**24,071**	**9,248**	**33,319**	**1,251**

Source: City of Toronto

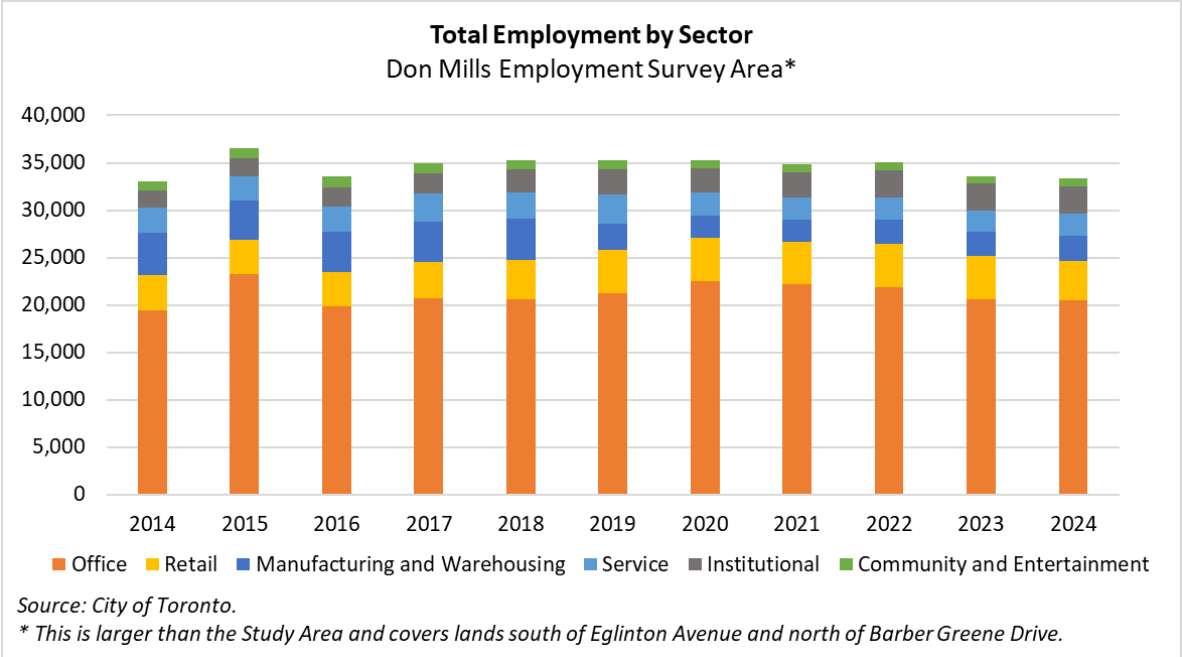
1) This is larger than the Study Area and covers lands south of Eglinton Avenue and north of Barber Greene Drive.

Figure 8 (Study Area in Broken Lines)



Source: City of Toronto. NBLC.

Figure 9



Source: City of Toronto.
** This is larger than the Study Area and covers lands south of Eglinton Avenue and north of Barber Greene Drive.*

Employment decline has been most significant in the manufacturing and warehousing sector, which saw a 38% drop to 2,700 workers. There were also more moderate decreases in the service (-16%) and community and entertainment (-12%) sectors, with modest increases in the office (+5%) and retail (+10%) sectors. The largest increases were seen in the institutional and entertainment (60%) sector, where employment increased from 1,800 to 2,900 jobs. This growth was concentrated between 2015 and 2022, at which point employment peaked and stabilized at 2,900 jobs. These shifts reflect a gradual transformation away from the area's previous designation as an industrial park, while maintaining a large traditional office sector presence.

While office employment remains high in the Study Area, it is important to identify that this sector has seen only moderate employment growth over the past 10 years within the wider Don Mills Employment Area and is experiencing significant challenges characterized by high vacancy and relatively low rents in both the old and new buildings, which will be assessed in more detail in **Section 4** of this report.

3.0 City of Toronto Employment Trends

The following summarizes key macro employment trends across the City of Toronto as presented in the most recent 2024 Toronto Employment Survey (TES). All figures and tables in this section are also taken directly from the 2024 TES.

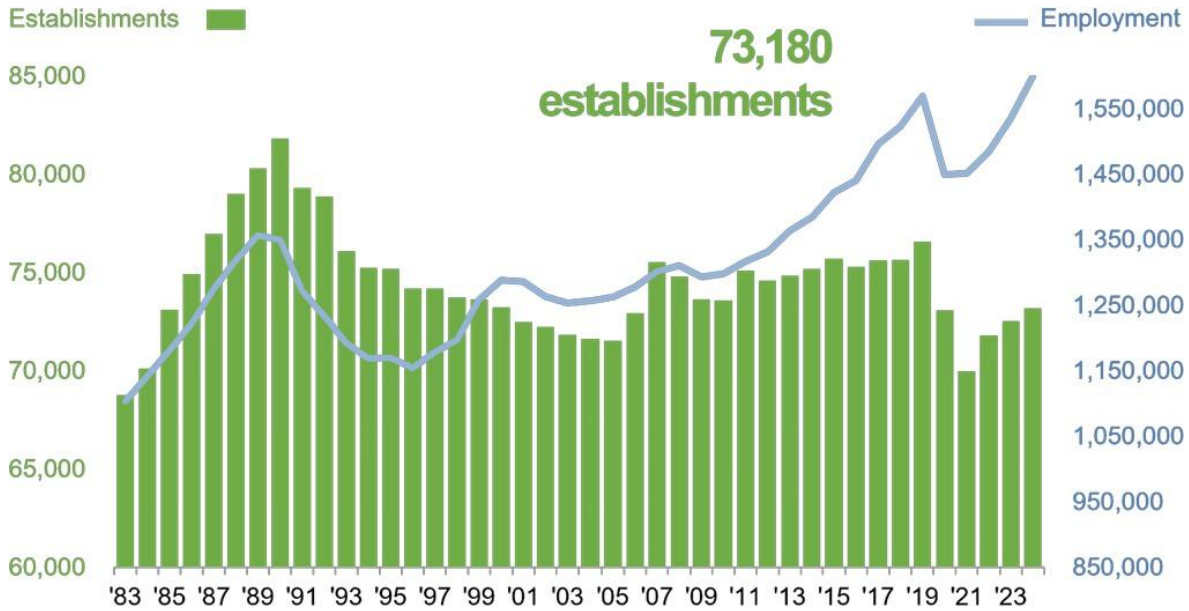
3.1 The City's Employment Base is Still Recovering Following the Pandemic

As identified in **Figure 10**, the City experienced significant employment losses at the onset of the COVID-19 pandemic. These losses continued into 2021 and were followed by two years of negligible growth. Employment began to grow again in 2022 and, by 2024, had fully recovered and surpassed the 2019 peak of approximately 1.57M jobs. As of 2024, the TES estimates the City of Toronto to have just over 1.6M jobs.

While overall employment has increased, the number of business establishments has not recovered since the pandemic. After substantial decreases in both 2020 and 2021, this has increased every year beginning in 2022 but remains well below the 2019 high.

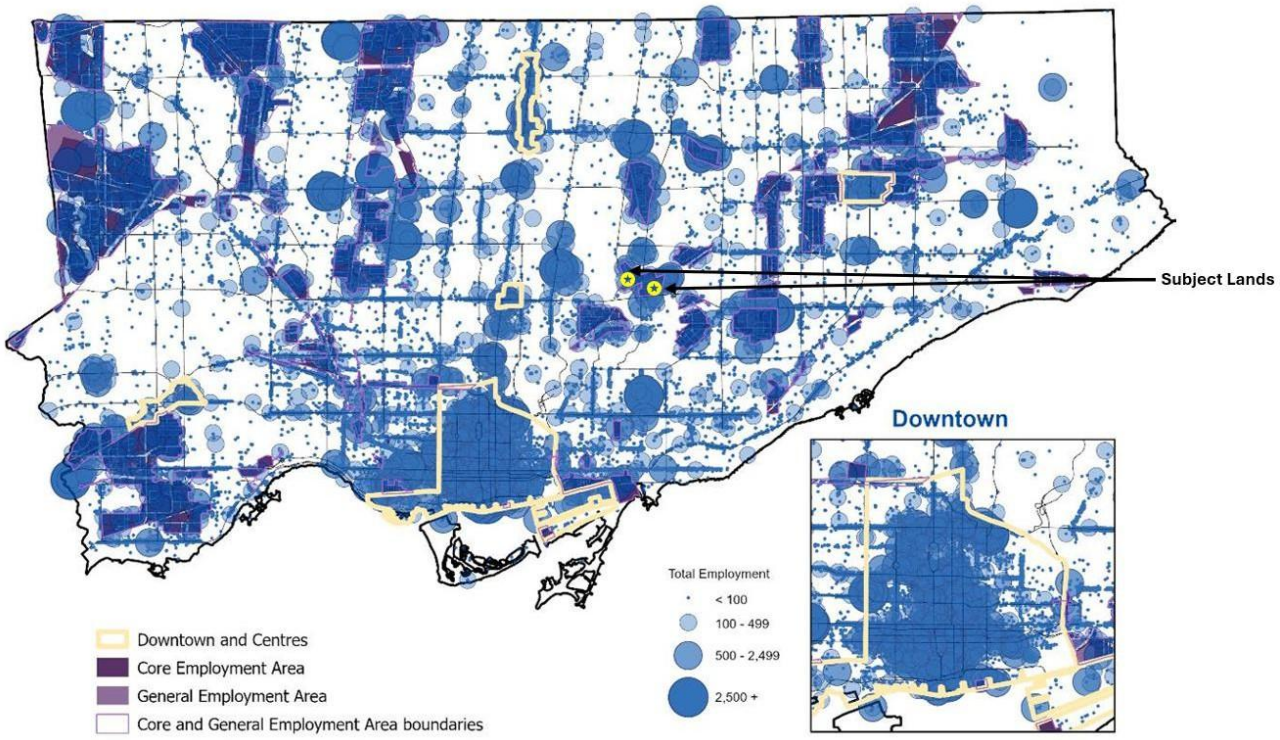
The above trends signal a stabilizing economy; however, growth has been tempered by rising unemployment, growing economic uncertainty—further increased by tariffs and trade disruptions with the United States—and elevated lending rates. Of note, part-time employment grew at a quicker pace than full-time employment, following longer term trends observed since 2014.

Figure 10: Employment and Business Establishment Trends in the City of Toronto



Source: City of Toronto 2024 Employment Survey Bulletin.

Figure 11: 2024 Employment Distribution in the City (Subject Lands Noted by Star Icons)



Source: 2024 City of Toronto Employment Survey Bulletin.

3.2 Employment Remains Concentrated

Toronto's employment is heavily concentrated within the Downtown, the Yonge Corridor and the City's large continuous Employment Areas as identified by **Figure 11**, with the Subject Lands being in a strong employment node outside of these core areas.

When considering the City's employment growth, of the 65,000 net new jobs created in 2024, 42,300 were located within the Downtown, representing 65% of all growth. Since 2019, the Downtown has accommodated virtually all the City's employment growth, with other areas experiencing a net decline over the same period.

3.3 Employment Growth in Don Mills Employment Area is Sluggish Compared to the City

The Don Mills Employment Area, which encompasses a smaller geography than the Study Area, has exhibited a similar lack of job growth. It contained 11,400 jobs as of 2024, which is only slightly more than in 2014 (11,140 jobs) and 2019 (10,860 jobs). When compared to 2014, this indicates an increase of only 2% over a 10-year period. This is markedly more sluggish than the city as a whole, which has seen employment grow from 1.38 million in 2014 to 1.6 million in 2024, representing a 16% growth rate. As noted above, the vast majority of this City-wide growth has occurred in very few locations, predominantly within the Downtown.

3.4 Employment Growth is Led by Office and Institutional Sectors, with Retail and Services Lagging

As identified in **Figure 12**, employment growth in the City over the past decade has primarily been driven by the office and institutional market, with the office sector accounting for nearly 60% of all employment growth over this period (2014 – 2024). This was driven by strong increase in office development within and immediately surrounding the Downtown and a few select nodes, such as Liberty Village. Similar trends have been identified over the past year as well, with these two sectors driving most of the City's employment growth.

The service and retail market has experienced major fluctuations over the same timeframe, with both sectors significantly smaller since 2019 (i.e., prior to the pandemic). While these sectors are gradually recovering, growing modestly in 2023 and 2024, they remain well below 2019 levels. Of note, the TES provides the following observations for these key categories:

- Retail gained 1,570 jobs between 2023 and 2024, an increase of 1.1%. Recent years have seen volatility in retail, with growth in 2019, a large loss of 9.1% in 2020 and moderate growth since

then that has not reached pre-pandemic levels. Retail employment has had the slowest growth of the six categories[2] between 2014 and 2024.

- Service had a strong increase of 10,460 jobs or 6.2% since 2023. Despite these gains, service employment still has the largest loss of jobs over the last five years at 9.7%, which was influenced by the COVID-19 pandemic.
- Office employment added the highest number of jobs in 2024, with 23,360 new jobs. Similarly, Office has added the most jobs in the last five years and ten years, 35,430 and 126,280 respectively. Office along with Institutional were the only categories to have increased total employment in the last five years.
- Institutional saw an increase of 22,960 jobs or 8.1% in the last year, almost the same number as Office, even though it has less than half the total number of jobs as that category. This strong growth has led the categories between 2019 and 2024 (11.9%) and between 2014 and 2024 (30.6%).

3.5 Growth Projections Remain Strong

Despite softening market conditions, the City of Toronto's employment base is projected to increase to 2051. As identified in **Figure 13**, Toronto is forecasted to grow to 1,979,000 jobs by 2051—a 0.6% increase in employment per annum, over the current 30-year planning horizon. This would create 371,000 new jobs between 2016 and 2051.

3.6 Remote Work has Impacted the Job Market

The TES estimates that approximately 15% of businesses allow their employees to work remotely, with nearly 75% of office businesses allowing remote / hybrid work. This is an expected finding, as remote work in other employment categories/sectors is more challenging or impossible.

As will be explored in more detail to follow, this has had a substantial impact on the office market, particularly as it relates to new office space need and new construction—as key finding of the City of Toronto Office Space Need study (discussed further in **Section 4.1.2** of this report).

4.0 Non-Residential Trends, Preferences and Analysis

The following section provides a more fulsome analysis of key employment sectors that can typically be accommodated in a mixed-use and high-density residential context, and likely would be contemplated in the context of the Subject Lands. These uses are typically found at the ground-level

[2] The six categories utilized in the TES based on Land Us Activity Codes are: Manufacturing and Warehousing; Retail; Service; Office; Institutional; and Community and Entertainment.

of residential towers but can also be standalone buildings. The sectors under consideration include professional office, retail and other population servicing commercial uses, as well as light industrial uses. We note that institutional and cultural uses may also fall under these general categories, depending on the specific use and considerations for these uses are provided later in this report.

This section of the report identifies key trends and data, factors driving demand and investment decisions, and the locational and building characteristics of identified uses, along with other sector specific analyses. This analysis is undertaken at both the City and Study Area level and concludes with a summary identifying employment gaps, demand, and key opportunities and challenges faced by the Subject Lands.

Figure 12: Employment by Category

	Total Number of Employees				Net Change	% Change	Net Change	% Change	Net Change	% Change
Category	**2014**	**2019**	**2023**	**2024**	**2014-2024**		**2019-2024**		**2023-2024**	
Manufacturing & Warehousing	124,610	136,570	128,520	127,380	2,770	2.2%	-9,190	-6.7%	-1,140	-0.9%
Retail	144,540	154,130	145,630	147,200	2,660	1.8%	-6,930	-4.5%	1,570	1.1%
Service	170,630	197,110	167,610	178,070	7,440	4.4%	-19,040	-9.7%	10,460	6.2%
Office	662,970	753,820	765,890	789,250	126,280	19.0%	35,430	4.7%	23,360	3.1%
Institutional	233,730	272,750	282,210	305,170	71,440	30.6%	32,420	11.9%	22,960	8.1%
Community & Entertainment	47,920	55,430	45,420	53,230	5,310	11.1%	-2,200	-4.0%	7,810	17.2%
Total	**1,384,400**	**1,569,810**	**1,535,280**	**1,600,300**	**215,900**	**15.6%**	**30,490**	**1.9%**	**65,020**	**4.2%**

Source: 2024 City of Toronto Employment Survey Bulletin.

Figure 13: Toronto Employment Forecast

Scenario	2016	2051	2016-2051	Per Annum	Per Annum % (CAGR)	Years
Growth Plan Reference	1,608,000	1,979,000	371,000	10,600	0.6%	35
	2011	**2021**	**2011-2021**			
TES 10 Years to 2021	1,317,300	1,451,520	134,220	13,422	1.0%	28
	2013	**2023**	**2013-2023**			
TES 10 Years to 2023	1,363,850	1,535,290	171,440	17,144	1.2%	22
	2014	**2024**	**2014-2024**			
TES 10 Years to 2024	1,384,390	1,600,300	215,910	21,591	1.5%	17

Source: 2024 City of Toronto Employment Survey Bulletin.

4.1 Office Market

The following assesses the office market in the City of Toronto, which focuses on professional office uses (e.g., tenanted and owner-occupied professional office, co-working space, creative studios, etc.). This does not include medical office or other professional service spaces that are population serving and more closely aligned with retail and service commercial uses, which is considered in **Section 4.2** to follow.

These professional and creative uses can be included in standalone buildings or within the lower levels / podium of high-density residential towers, both being common and appropriate typologies in mixed-use developments.

4.1.1 Factors Driving Office Investment

Understanding the various factors influencing office investment is crucial to understanding the depth and characteristics of office demand in any location. While the site selection priorities of businesses requiring office space may differ, the fundamental preferences of prospective tenants and by extension, office developers, typically align. This has remained consistent despite shifting real estate, financial and economic markets in recent years. The following provides an overview of these key factors:

- **Preference for Amenity Rich and Mixed-Use Environments** – The most significant impact for office investment locations—not only in Toronto but across North America—is a growing preference for locations within amenity-rich communities that offer walkable opportunities to both live and work. This is in stark contrast to single-use office parks that were once the primary target of major office developers. This aligns with the profile of emerging young professionals who place a high value on living in environments that offer creative outlets, a broad range of cultural and social pursuits, and avoid the need for cars and commuting.

  This has become even more pronounced since the onset of the pandemic as landlords and businesses attempt to lure employees back to the office.

- **Access to Labour** – Businesses require access to a deep pool of qualified employees. Today's employees are increasingly seeking to work and live within the same community, or at least within a reasonable commuting distance, ideally by high-order transit. To better compete for this talent, office development gravitates towards established or emerging mixed-use areas that are accessible by transit and offer a significant supply of housing.

- **Transit** – Related to the above, access to rapid transit is increasingly important in the GTA due to road congestion and average daily commute times approaching 70 minutes. Even with hybrid and work from home policies, the costs and time associated with commuting are expected to

persist and underpin demand for convenient and affordable transit service. Again, transit-oriented properties will be more attractive as businesses attempt to bring employees back to the office, in addition to lowering parking requirements that can make project more viable.

- **Agglomeration Economics** – Many knowledge-based employment uses also gain efficiencies by locating near each other, often improving economies of scale and networking effects. In Toronto, the financial services sector in Downtown Toronto, the creative and technology clusters in the brick-and-beam districts in the Downtown West and East ends, and the major corporate headquarters located near Pearson International Airport are all examples of this type of clustering.
- **Regionally Competitive Pricing** – Office development also naturally gravitates to the highest demand areas where the highest rents can be charged. This, combined with the factors identified above, explains why most office investment has occurred in a small geography within Downtown Toronto over the past decade, as discussed further to follow.

  To compensate for off 'centre ice' locations that do not offer the same access to amenities, high- value employees, rapid transit and potential for agglomeration economics, lower rents must be offered to help drive demand. This would also likely include abundant and cheap/free parking options—which add significant costs to a project—and tenant inducements (e.g., free months rent) resulting in lower overall gross rents. Reducing rents in addition to carrying higher parking costs can erode the viability of these projects.
- **Capital Costs and Operating Competitiveness** – A significant consideration for a business will also be the 'cost of doing business' in one location over another. This is particularly true when comparing locations within the City of Toronto's inner suburbs to the suburban office nodes not far north by car from the Don Mills-Eglinton area, such as in Richmond Hill and Markham. Factors such as development charges, property taxes, lease rates, vacancies and other related variables will all influence the decision on where to locate. Of note, while Toronto used to offer property tax rebates through the Imagination, Manufacturing, Innovation and Technology (IMIT) program for office developments to compensate for higher tax rates relative to competing suburban municipalities in the GTA, this program is no longer offered.
- **Parking** – Unlike downtown Toronto, which is well-served by rapid transit, suburban offices continue to rely on the provision of ample affordable parking. This often involves large properties capable of accommodating significant surface parking, as underground parking will undermine viability.
- **Population and Employment Growth** – The City of Toronto is forecasted to grow considerably in the decades to come in both population and jobs. The Growth Plan forecasts that the City will

accommodate approximately 3.65M people and 1.98M jobs by 2051, which is an increase of 832,000 people and 371,000 jobs from the 2016 census totals.

- **Exposure and Visibility** – Office and/or signage visibility to the travelling public is also an important consideration for many businesses who use their real estate as part of their marketing and branding strategy. This is particularly true in suburban locations, even including buildings that front Don Mills or Eglinton, but this branding is especially observed in major office towers in Downtown Toronto.

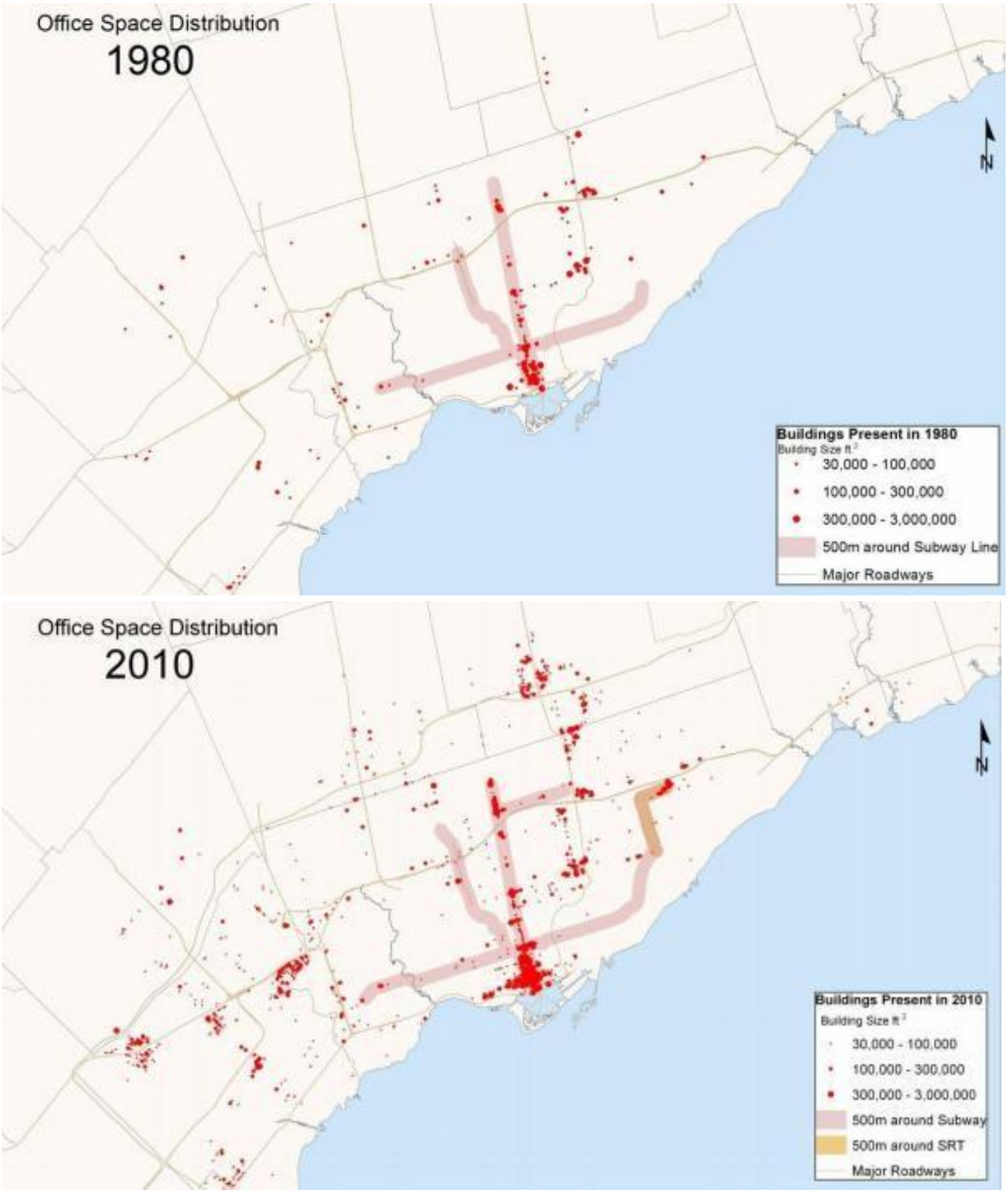
How do these Drivers of Demand Influence Investment Activity

Leading up the 1980s, most office development in the GTA was occurring in Toronto's financial core as well as select locations along the subway system and other non-transit serviced areas adjacent to major highways. As illustrated by **Figure 14**, some development was also occurring in Mississauga and smaller scale buildings in Markham and Vaughan. However, the vast majority of major office developments were occurring in Downtown Toronto, which included the establishment of major office projects such as Commerce Court and the TD Centre that continue to anchor the financial district today.

Leading into the 1980s and 1990s, office development continued to occur in Toronto (Downtown and elsewhere), however significant office development also began to occur in suburban locations in the "905 Region". This trend was due to the popularity of the suburbs as a housing option, relative ease of commuting by automobile (supported by easy access to the Don Valley Parkway), expansion of the GO commuter rail network, less expensive land and favourable commercial tax rates, the ability to acquire large properties to accommodate ample surface parking, worker preferences for suburban office parks and many others. This is also illustrated in **Figure 14**, showing the wider distribution of offices across the broader GTA by 2010.

Since 2010, office investment began to shift back to the City of Toronto and specifically the Downtown, with the following key trends and data points identified:

Figure 14: Distribution of Office Space in the GTA in 1980 and 2010



Source: Canadian Urban Institute: The New Geography of Office Location, March 2011

- In their review of the City's IMIT incentive program in 2017[3] , Hemson estimated that 72% of all major office investment in the GTA occurred within the City of Toronto between 2011 and 2016.
- According to Colliers[4] , between Q3 2015 and Q3 2025, 68% of all new office space added to the GTA market was in the City of Toronto, with Downtown and Midtown absorbing nearly 80% of this space.
- Reviewing locational trends within the City of Toronto, the City's 2024 Office Space Needs report found that between 2019 and 2024, approximately 9.2M ft[2] [5] of office space was added, of which 81% was located in the Downtown. As identified in **Figure 15**, office development has been heavily concentrated in the Downtown, with about 80% of all new office space delivered within 2km of Union Station [6].
- When considering proposed office investment, the City's Office Space Needs Report identifies that 70% of under-construction office space and 47% of proposed office space is located Downtown.
    - While the share
    - of proposed office space in the Downtown is low relative to under- construction and recent development activity, the report identified that this is due to the significant amount of office space proposed at East Harbour, east of the Downtown.
    - However, given current weaknesses in the office market, as will be explored to follow, we understand Cadillac Fairview is requesting a significant reduction in the amount of non-residential space in their East Harbour development.
    - Proposed office space can materialize for a variety of reasons too, such as planning policy requiring office through redevelopment (e.g., SASP on an Employment Land Conversion, Office Replacement Requirement) to support complete communities as opposed to a market-led decisions. The viability of these developments is also unknown as they have not yet advanced.
    - The above trends and supporting figures are illustrated in **Figure 16**.

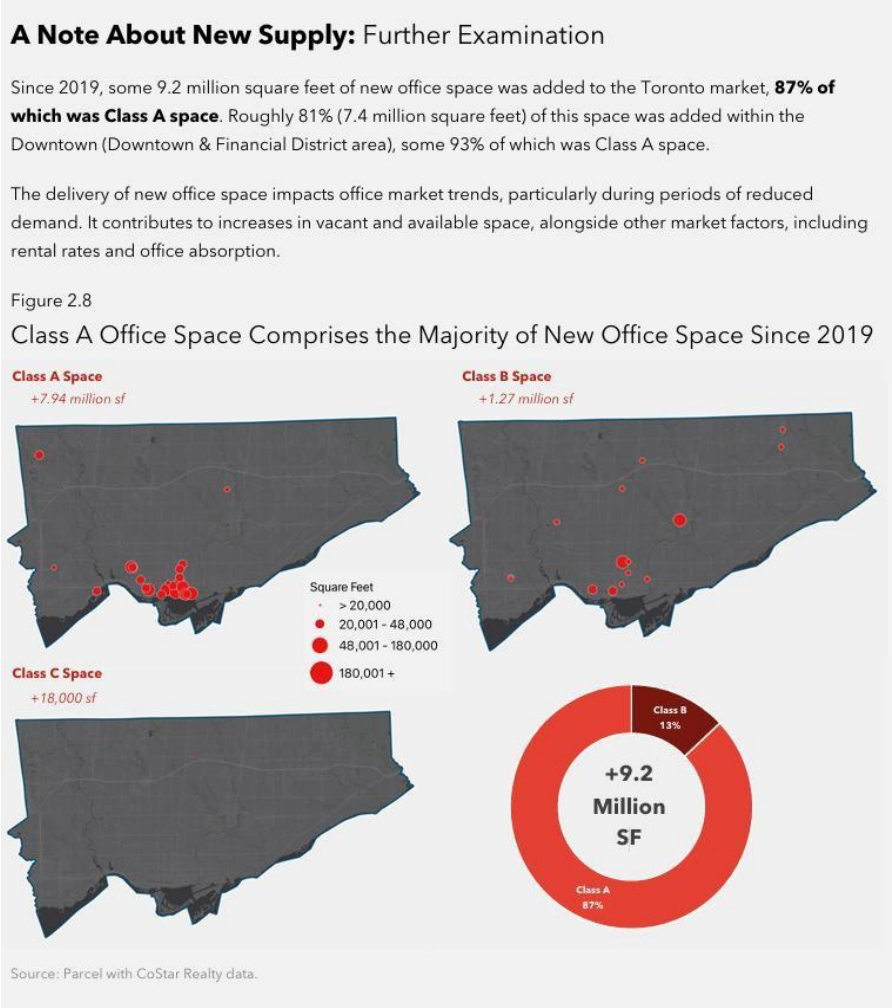
Given the above evolution of investment patterns and policy, supply has become increasingly concentrated in a select few market locations in the City, primarily the Downtown and fringe Downtown submarkets. This trend has been influenced by the drivers of demand identified above, with office developers, tenants and businesses becoming increasingly drawn to the Downtown

[3] City of Toronto IMIT Program Review: Findings And Recommendations
[4] Colliers Q3 2025 Toronto Office Report
[5] City of Toronto Office Needs Space Study
[6] NBLC review of Building Permit Data through the City's Open Data platform.

where transit service levels and amenities are the greatest, there are concentrations of economic activity (i.e., agglomeration economics), space demand and achievable rents are highest, and parking demand are lowest (tied to strong multi-modal transit context and pedestrian walkability, as well as the complexity and cost of underground parking construction). This is a trend observed not only in Toronto, but generally across North American and European cities with dense downtowns, traffic congestion, relatively well-developed infrastructure to support various modes of transportation.

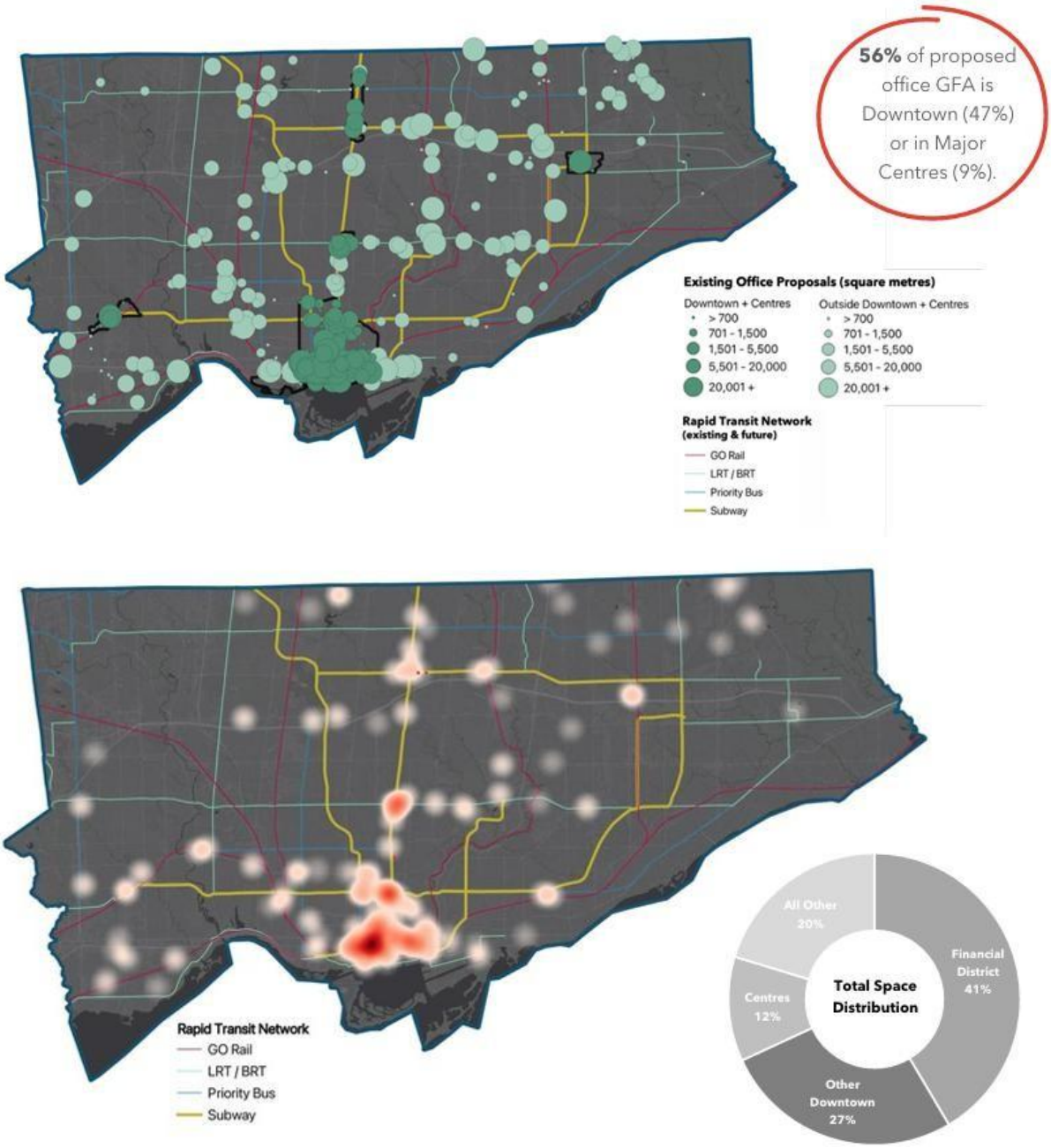
The implications are significant, as office development in locations outside of these prime market areas have struggled to achieve demand and viability, which has resulted in a lack of investment in these locations. It is important to also identify that these trends were observed at a time when the office market was experiencing extraordinary strength and investment activity. The market has shifted significantly since the onset of the pandemic, which is explored in more detail to follow.

Figure 15: Location of New Office Supply (2019-2024)



Source: Parcel Economics Toronto Office Space Needs Study.

Figure 16: Total Office Development Applications (Top) and Active Office Development Applications* (Bottom) Across City of Toronto.



Source: Parcel Economics Toronto Office Space Needs Study.

* Total applications refer to all proposed projects. Active applications are those which have been approved, for which Building Permits have been applied or have been issued and/or those which are under construction.

4.1.2 The City of Toronto's Office Market is Facing Significant Market Challenges

The City of Toronto retained Parcel Economics in 2023 to review office space need across the City, including validation of current and anticipated market conditions to gain an improved understanding of potential policy directions that could help yield the ideal type and scale of office uses in preferred locations.

This study—referred to as the Office Space Need Study—characterized the current market, identified key short- and longer-term challenges introduced by the pandemic, estimated demand for office space looking forward and considered the viability of new office investment in different locations across the City. The following are key findings from this work:

- Due to market challenges introduced by the pandemic—which accelerated pre-existing trends such as remote and hybrid work, declining floor space per worker, and more concentrated development patterns—and compounded by a significant volume of under-construction and recently delivered space, **there is not expected to be any net new demand for office space in the City of Toronto until at least 2034**.
- The report assumes demand for new office space may return to pre-pandemic levels by 2034; however, a long list of factors could shift/delay this recovery over the longer term. These factors include the continuation or acceleration of remote and hybrid work practices; ongoing reductions in floor space per worker; the extent to which the current pipeline of proposed office space is delivered; potential reduction to employment forecast; and other related variables.
- Given the above market demand challenges, the study unsurprisingly found that the development of new standalone office projects are currently unviable, including those located in the Downtown and other strong market locations. Retrofits of existing office buildings, as well as replacement of older office buildings within larger redevelopments, were also generally found to be unviable.
- While not copied in this report, the Office Needs Study includes a fulsome assessment of the data and market conditions leading to these findings.

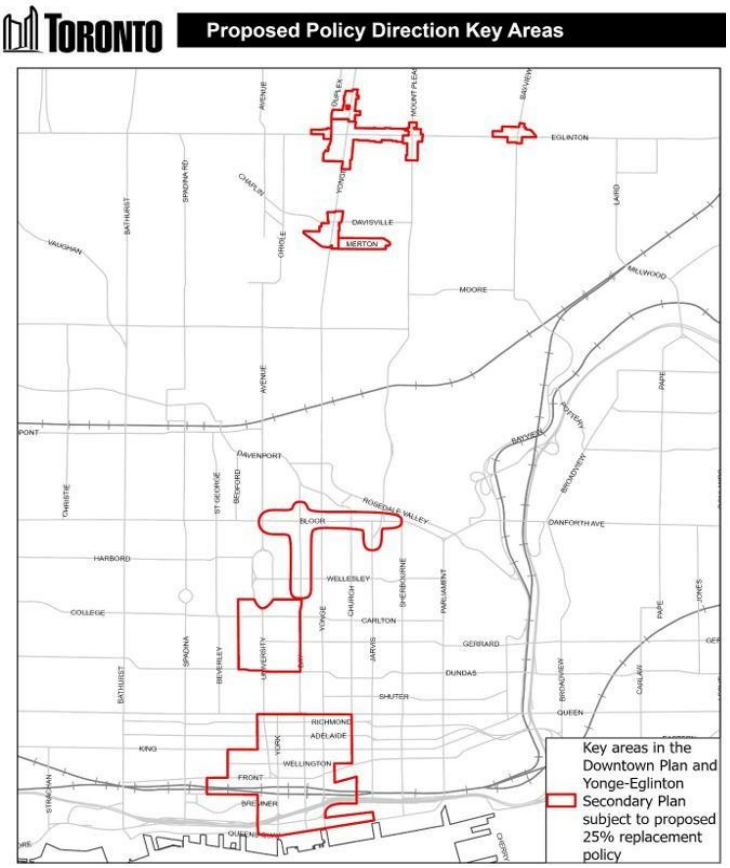
These factors are likely to result in office development becoming even more selective and concentrated, with locations like Downtown Toronto becoming even more favoured, especially as competition for tenants remains high.

The City has responded to these market conditions by proposing an adjustment to the office replacement policy of the Official Plan as follows:

- Reducing replacement requirements from 100% replacement to 25% in the areas identified by **Figure 17**, which would also prevail over any Secondary Plan requirements.

- Other parts of the Downtown, Midtown and other transit nodes (within 500 metres of an existing or an approved and funded subway, light rapid transit or GO train station)in the City that are not identified within **Figure 17**, but previously subject to office replacement through Chapter 3.5.1.9 of the Official Plan, are no longer subject to these requirements. The Leslie Site would not have been subject to Chapter 3.5.1.9 of the Official Plan. This relaxation would, however, apply to the Eglinton Sites.
- Additional flexibility has also been proposed that will allow replacement space to include any non-residential space and/or affordable housing, rather than just office space.
- The new replacement policy will direct staff to revisit the policy framework every four years or until, in Council's opinion, the supply and availability of office in the City has returned to a healthy state, putting in place a temporary office replacement policy framework that is responsive to market conditions and Council priorities.
- At the time of writing this report, City-wide office market conditions have not materially changed and the findings would remain consistent today.

Figure 17
Attachment 2
Key Area Subject to Proposed 25% Replacement Policy



Source: Office Space Needs Study Parcel's Final Report

4.1.3 Study Area Office Market Conditions

From a non-residential perspective, the Study Area can be characterized as a traditional office and industrial-oriented (warehousing, distribution) employment area, comprised of lands that were originally developed and historically attractive due to their largely undeveloped (agricultural) nature, proximity to the rail corridor, and the then-newly constructed Don Valley Parkway. Most office buildings here were built between the 1960s and 1980s and contain plenty of surfacing parking areas to accommodate car commuters to and from this employment area. Since this time, the Study Area experienced a decline in office activity, coinciding with a broader shift in office market preferences toward more transit-oriented, walkable and amenity-rich locations, particularly within Downtown Toronto and other established mixed-use centres.

The following section summarizes current local office market conditions, considering the previously discussed drivers of demand and investment activity, as well as the significant supply-side challenges expected to persist across the City for many years to come.

Current Inventory Characteristics

In total, the Study Area contains 23 office properties, collectively accommodating just over 2.2M ft^2 of office space, including some existing office properties on the Subject Lands. For context, this inventory represents approximately 1.2% of the City's total office supply. This inventory is summarized in **Table 2**, with the location of the properties identified in **Figure 18**.

The office tenant base is diverse, with key industries including law, real estate, and health technologies. A range of institutional organizations, such as labour organizations, churches and the TTC, also occupy office space within the Study Area. The largest single tenant is Bell, which owns and occupies a 6-storey data centre located at 100 Wynford Drive.

As identified in **Table 2**, while there is diversity in terms of building size, most buildings are modest in scale with no developments over 10-storeys in height. Most buildings are under 100,000 ft^2 of Rentable Building Area (RBA), with most being under 70,000 ft^2. These buildings are typically situated on large lots, set back considerably from the street and flanked by extensive surface parking and landscaped open space. This built form reflects the historically prevalent business park, automobile-oriented development pattern envisioned for these lands and would generally not be considered transit-friendly.

The highest concentration of office space is located in proximity to the Don Mills Road and Eglinton Avenue East intersection (wherein the Eglinton Site is located) and closer to regional highway access. Larger-scale office buildings in this area more typically comprise closer to 150,000 ft^2 of RBA, reflecting historic market preferences for highly visible, arterial-oriented locations with strong

vehicular accessibility to highways. Notwithstanding this pattern, the newest office property in the Study Area—Crosstown Place, completed in 2023—represents a departure from this legacy form, delivered as a transit-integrated office development directly associated with the Eglinton LRT service and new Crosstown master planned community.

By contrast, approximately 35% of the Study Area's office inventory is located further northwest along the Leslie Street corridor (wherein the Leslie Site is located), at a considerable distance from rapid transit. These buildings are generally separated from the Don Mills and Eglinton intersection by a 20-minute-plus uphill walk, limiting their functional relationship to the emerging transit-oriented office cluster. As a result, most employees working in these buildings would expect to rely primarily on automobile access rather than transit.

Of note, while both the Eglinton and Leslie Sites are in areas with a varying level of office space concentration, the Eglinton Site is easily accessible to adjacent offices through internal roads and crosswalks, while the Leslie Site is separated from adjacent offices by undeveloped land (i.e., rivers, grassy fields and lack of paved surfaces), creating a greater sense of isolation and resulting in weaker agglomeration economic impacts.

Reflective of this comparatively less competitive—and historically less desirable—location, there has been no recent office reinvestment or new development along the Leslie Street corridor. Office buildings in this area tend to be smaller in scale, often less than 50,000 ft^2 of rentable building area ('RBA'), and are frequently single-storey structures, further distinguishing them from the larger, more centrally located office properties within the Study Area.

Aside from the recent Crosstown Place development, office properties in the Study Area are classified as Class B or Class C. Class B buildings generally offer utilitarian space with average features and amenities and tend to attract a broad range of tenants. By comparison, Class C office properties are characterized by limited, if any, building amenities and basic suite finishes, with correspondingly lower market rents required to support occupancy. Class A office properties, by contrast, represent the highest-quality segment of the market, featuring modern construction, superior amenities and the highest achievable rents.

Except for Crosstown Place, there has been no new office development and very limited reinvestment in the existing office stock. This reflects not only limited market interest in delivering new office space within the Study Area, but more fundamentally a limited willingness among tenants to pay rents sufficient to support modern, higher-quality office development. The development economics and leasing performance of Crosstown Place, and their implications for office feasibility, are discussed in greater detail in **Section 4.1.4** of this report

Table 2: All Office Properties within the Study Area[1], As of November 2025

Map ID	Building & Address	Built Year/ Renovated	Building Class	No. of Storeys	Total Rentable Area (SF)	Total Vacant (SF)	Vacancy Rate	Availability Rate	Min. Net Asking Rate ($PSF/Year)	Max. Net Asking Rate ($PSF/Year)
1	Crosstown Place *1176 Eglinton Av E*	2023	A	9	294,577	103,791	35.2%	35.2%	$28.00 [2]	$35.00 [2]
2	Morneau Sobeco II *895 Don Mills Rd*	1985	A	9	135,975	40,503	29.8%	38.0%	$15.00	$15.00
3	Morneau Sobeco I *895 Don Mills Rd*	1985	A	9	138,083	129,731	94.0%	94.0%	$15.00	$15.00
4	18 Wynford Dr -	1990	A	7	145,852	0	0.0%	0.0%	-	-
5	1131A Leslie St -	1985	B	5	9,066	9	0.1%	45.9%	-	-
6	1131 Leslie St -	1985	B	1	6,737	0	0.0%	0.0%	-	-
7	Bell Data Centre-Toronto *100 Wynford Dr*	2011	B	6	441,884	0	0.0%	0.0%	-	-
8	95 Barber Greene Rd -	1976	B	3	70,976	0	0.0%	0.0%	-	-
9	**Ontario Federation Of Labour Building** ***15 Gervais Dr***	**1968**	**B**	**8**	**93,111**	**1,543**	**1.7%**	**54.4%**	**-**	**-**
10	**1123 Leslie St** **-**	**1962**	**B**	**2**	**34,349**	**0**	**0.0%**	**0.0%**	**-**	**-**
10	1135 Leslie St -	1959	B	1	8,535	0	0.0%	0.0%	-	-
11	1127 Leslie St -	n/a	B	1	22,059	0	0.0%	0.0%	-	-
12	1129 Leslie St -	n/a	B	1	18,585	0	0.0%	0.0%	-	-
13	29 Gervais Dr -	n/a	C	3	49,159	0	0.0%	0.0%	-	-

14	50 Gervais Dr -	1971	C	5	97,183	0	0.0%	0.0%	-	-
15	885 Don Mills Rd -	n/a	C	4	89,000	19,976	22.4%	22.4%	$9.00	$15.00
16	40 Wynford Dr -	n/a	C	3	57,171	0	0.0%	0.0%	-	-
17	90 Wynford Dr -	1968	C	6	180,264	0	0.0%	0.0%	-	-
18	50 Wynford Dr -	n/a	C	3	29,780	0	0.0%	0.0%	-	-
19	1125 Leslie St -	1965	C	1	66,880	0	0.0%	0.0%	-	-
20	**39 Wynford Dr** **-**	**1962**	**C**	**4**	**62,478**	**0**	**0.0%**	**0.0%**	**-**	**-**
21	74 Gervais Dr -	1966	C	1	1,038	0	0.0%	0.0%	-	-
22	One Medical Place *20 Wynford Dr*	1964	C	4	41,993	9,702	23.1%	23.1%	$20.00	$20.00
23	1165 Leslie St -	1959	C	6	176,856	0	0.0%	0.0%	-	-
Total / Average:				4	2,271,591	305,255	13.4%	18.5%	$9.00	$20.00

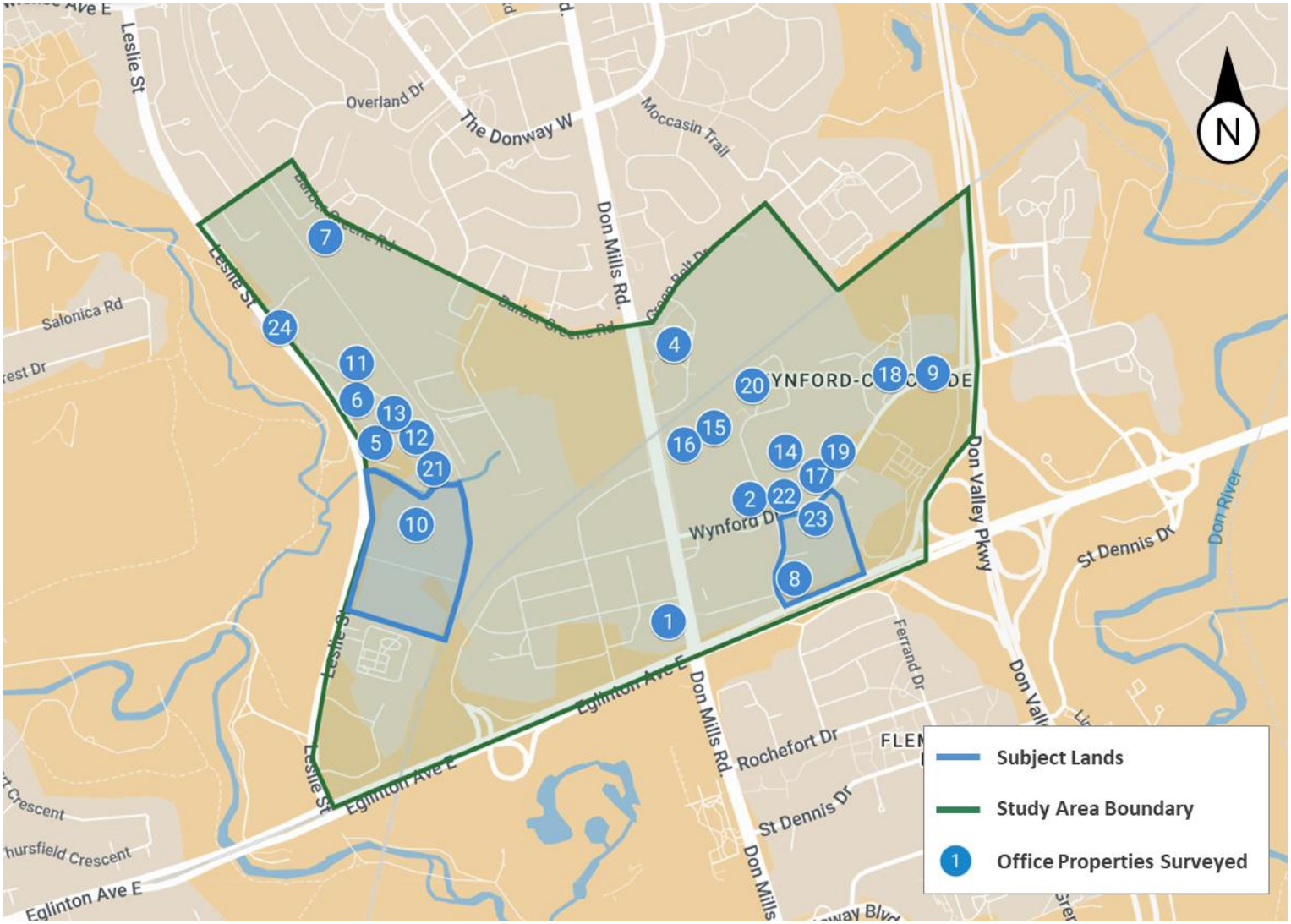
Source: CoStar.

*Bolded properties are Subject Lands properties.

1 - Study Area bounded by Eglinton Avenue East, Leslie Street, Don Mills Avenue, and Barber Greene Drive / Green Belt Drive.

2 - This estimate was confirmed from discussion with brokers.

Figure 18: Location of Office Properties Surveyed in the Study Area



Most office properties in the Study Area remain reliant on surface parking, which is typically included in the rent. Parking is generally provided at ratios ranging from approximately 1.3 to 2.9 stalls per 1,000 ft^2 of RBA. Notably, Crosstown Place currently offers prospective tenants parking at ratios of up to 3.0 stalls per 1,000 ft^2 of RBA, priced at approximately $100 per month. This approach likely reflects the building's positioning as a transit-integrated office development in advance of the full opening of the Eglinton Crosstown LRT.

Local Office Market Indicators

Beyond total inventory, a standard set of market indicators can be used to assess overall office market health, tenant demand, pricing thresholds and development feasibility. These indicators include vacancy rates, availability rates, absorption trends and rental performance. Availability rates reflect the balance between available space and tenant demand, with rates of approximately 8% to 10% generally considered healthy. Absorption trends indicate whether occupied office space is expanding or contracting over time, while asking and achieved rents provide insight into landlord pricing power and development viability.

Vacancy refers to currently unoccupied space, while availability refers to currently occupied space wherein the tenants have decided not to renew their lease plus vacant space. Low availability rates indicate a healthy market with strong demand, while the inverse represents an oversupply relative to actual demand. In a healthy market, most of the available space should eventually be leased by a new tenant and occupied, but in a weak market, available spaces may become vacant, indicating low demand. These conditions are also impacted by the quality and class of the spaces being offered on the market.

Vacancy and availability rates in the Study Area are currently elevated at approximately 13.6% and 16.5%, respectively, reflecting weaker office demand. These rates are broadly consistent with vacancy levels across the wider North York area (approximately 14.4%) and slightly higher than City-wide office vacancy (approximately 12.6%), which has risen significantly since the onset of the pandemic. City-wide vacancy, however, has declined over the past year, from 14.2% in Q4 2024, indicating the beginning of a recovery trend in the office market. Return-to-work mandates are likely contributing to this and may accelerate office occupancies over the new year as more return-to-office mandates come in effect. While this may improve the market outlook for new office investment quicker than anticipated in the City's Office Needs Study, short term challenges remain from a macro perspective. Further, investment is likely to continue to focus downtown and other prime market locations, with non-central locations such as the Subject Lands to continue to experience longer-term demand challenges.

Vacancy and availability figures are also skewed upward by Crosstown Place and the two Morneau Sobeco Buildings (895 Don Mills Road), which currently account for approximately 90% of vacant space in the Study Area, or just over 274,000 ft^2 of RBA. 103,000 ft^2 of this is within Crosstown Place alone, which has a vacancy rate of 35%.

Net asking rents within the Study Area generally range from approximately $9 to $15 per square foot (psf). Older office buildings—typically 40 to 60 years in age—are concentrated at the lower end of this range and would require substantial retrofitting and refurbishment to meet modern office standards. While such investment may improve occupancy, it would require tenants to pay materially higher rents to make reinvestment financially viable for landlords.

Crosstown Place, as the newest office building in the Study Area, provides an important benchmark for assessing tenant willingness to pay for modern office space in this location. NBLC conducted broker interviews to better understand these dynamics. While asking rents are reportedly in the high-

$20 psf range, significant leasing inducements are being offered to secure tenants. Given current vacancy and availability levels, the market is clearly tenant-driven, suggesting that achievable rents are meaningfully lower than asking rents. Once inducements are accounted for, net effective rents are understood to be in the high-teens to low-twenties psf range.

The following cases highlight the impact of accessible amenities on achievable rents for office spaces:

- While just outside of the Study Area, it is noted that office space at the Shops at Don Mills, located north along Don Mills Road at Lawrence Avenue, has achieved net rents of approximately $20 psf, with free parking offered in some cases. While similarly accessible to Downtown Toronto and regional highways via the DVP, this location benefits from a dense, pedestrian-oriented amenity environment. Brokers indicated that access to such amenities can support rental premiums of approximately $5.00 psf relative to locations with fewer modern amenities.
- Outside the Study Area, office space at 3381 Steeles Avenue East—located east of Steeles and Highway 404—has achieved rents in the mid-$20 psf range. In addition to being a new Class A office building, the property benefits from its location within the highly amenity rich Steeles Technology Campus, which supports stronger tenant demand and higher achievable rents.

4.1.4 Crosstown Project Demonstrates Weak Demand and Viability for New Office Investment in the Study Area

Crosstown Place, the only new office building delivered in the Study Area since the mid-1980s, was completed in 2023 under a unique set of circumstances tied to the sale and redevelopment of the former Celestica lands. The inclusion of the approximately 295,577 ft^2 office building was a required component of the broader master-planned redevelopment, enabling conversion from Employment Land and the introduction of mixed-use residential development across the remainder of the site. In addition, lease-back provisions with Celestica helped satisfy pre-leasing requirements necessary to secure construction financing.

Despite being occupied in 2023, strong tenant inducements and relatively modest rents, the building is still over 35% vacant. This is well above the average vacancy of the larger area and City as a whole, and demonstrates the challenges of leasing modern and more expensive office space in the current market and outside of the City's strongest and most established office nodes.

These circumstances underscore that Crosstown Place should be understood as a highly contextual and policy-driven project rather than a market-led precedent for new office development elsewhere within the Study Area. Further, despite policy successfully resulting in the delivery of this space, it remains highly challenged with significant vacancy that will affect the viability of any additional space added to the market.

4.1.5 Competitive Position of Study Area

When assessed against key demand and investment drivers (**Table 3**)—including the primary factors of high-order transit, urban amenities, agglomeration benefits, and achievable rents—the Study Area occupies a secondary and highly price-sensitive position within the broader office market. Both new and older buildings experience considerable levels of vacancy, reflecting a lack of demand within the Study Area for new office spaces. This is highlighted by Crosstown Place, which despite having been completed in 2023 continues to have a 35% vacancy rate. Slow population growth, poor amenity context, middling transit accessibility, and low rents all result in a constrained competitive position. While there is significant development slated for the Study Area (e.g., Crosstown), high development and construction costs, alongside weak demand for condominium apartments and reduced immigration targets, will weaken the scale and speed of future residential development here and in turn, office space development.

Moreover, due to current market challenges, it is highly likely that new office investment will become even more concentrated in the years ahead and continue to favour locations like the Downtown and other areas where rents and demand are high enough to justify new construction.

While demand could be secured for low-rent space included at the Subject Lands—more likely for the Eglinton Sites—the viability of developing this space will be challenging.

4.1.6 Concluding Thoughts—Two Very Different Sites

Overall, while the opening of the Eglinton Crosstown LRT and the continued build-out of the master-planned Crosstown Community are expected to improve long-term office market fundamentals within the Study Area, these benefits will not be evenly distributed across all locations.

Table 3: Subject Lands Office Market - Competitive Factors

Characteristics	Eglinton Site	Leslie Site	Downtown
Amenity-Rich, Mixed-Use Environment			
Agglomeration Economics			
Access to Labour / Residential Areas			
Access to Public Transit			
Access to Expressways & Highways			
Operating Costs			
Achievable Rents			
Population Growth			
Exposure and Visibility			
Overall Office Demand			

Notes:
Red - Conditions not supporting demand.
Yellow - Conditions moderately supporting demand.
Green - Conditions supporting demand and contributing to new development.

The Leslie Site lacks the demand fundamentals required to attract new office tenants or to support the rents necessary for new office construction given its limited amenity access and physical separation from the Don Mills–Eglinton node, high-order transit, and adjacent office use. These conditions are unlikely to materially change over the near to mid-term, including with the addition of a future bridge crossing.

By contrast, the Eglinton Sites are better positioned to accommodate some level of office occupancy over the longer term, particularly as transit service commences and residential density in the area increases. This could include retention and reinvestment in existing office buildings where they are determined to be retained for their heritage value, reinvestment to a modern-office standard is possible, and rents can be achieved that absorb the cost of the project—similar to development of new office. However, shorter term challenges in both the office and high-density residential market will have implications on the long-term development and viability of these lands, which will be assessed in more detail later in this report.

4.2 Retail and Service-Commercial Markets

The term retail generally refers to the sale of goods directly to consumers and encompasses a wide range of uses. Retail uses are often grouped into destination-oriented retail, where customers are willing to travel specifically to purchase certain goods, and non-destination retail, which serves more routine, day-to-day needs.

Non-destination retail is typically expected to be in convenient and accessible locations, ideally close to where people live or near frequently used community destinations such as schools, libraries and recreation centres; it is also often referred to interchangeably as 'local population-serving' or 'convenience-based retail'. Retail businesses selling both destination and non-destination goods can be accommodated across a variety of commercial formats, including super-regional shopping centres, neighbourhood strip plazas, mixed-use main streets, and, increasingly, within the ground floors of high-density mixed-use residential buildings. Each of these 'shopping centre' typologies have a different role in a regional hierarchy of retail markets.

In addition to traditional retail establishments, service-commercial uses often co-locate with retail. These typically include personal services (such as salons and repair services), fitness and wellness uses, food and beverage establishments (including restaurants, cafés and bars) and other customer-facing service operations (including dentist and medical offices) that involve direct interaction with the public or commercial clients. **Table 4** illustrates the composition of potential retail and service-commercial categories that are typically used to assess retail supply, gaps in a market and potential space need.

4.2.1 Factors Driving Retail and Service-Commercial Investment

Several fundamental factors influence need for additional retail and service-commercial uses and where it is most suitable to locate in terms of serving consumer needs and supporting business viability. Below is a summary of some of these considerations:

- **Population and Job Growth** – As residential intensification takes place, the influx of new residents will increase the need for accessible retail and service-commercial uses, particularly if not already offered in the vicinity of a growth area.
- **Agglomeration Economics** – Like office uses, retailers often like to locate near each other to create more destination type space, even if the uses themselves are convenience-based retail type uses. Practically, this provides consumers with a more convenient shopping location, which provides choice and comparison-shopping opportunities.
- **Market Saturation** – Notwithstanding the above, investors seeking the most appropriate location for a particular use must carefully balance the benefits of clustering with like or

complementary uses against minimum population and employment thresholds, as well as the risk of oversaturating any individual retail or service-commercial category.

While there is no definitive standard, the following ranges can be treated as indicative population thresholds required to support various retail and service-commercial categories. These benchmarks can be used to assess the potential need for additional uses or, conversely, the risk of oversaturation:

- Convenience stores and small food retail: ~2,000–4,000 people
- Quick-service restaurants and take-out food uses: ~3,000–7,500 people
- Personal services (i.e., salons, small fitness studios): ~5,000–10,000 people
- Neighbourhood-scale professional services (i.e., medical, banking): ~7,500–15,000 people
- Small urban-format grocery stores: ~8,000–15,000 people
- Full-service supermarkets: ~15,000–30,000+ people

- **Demographics** – Income, age, household composition and resulting spending habits in an area also shape the nature of retail demand.
- **Tourism** – In areas with high levels of tourism, there is also increased demand for commercial space that caters to visitors, including supporting attractions and amenities like luxury stores, souvenirs and a variety of dining options.
- **Vehicle Access and Parking** – Vehicular accessibility and the availability of convenient, visible parking remain among the most critical drivers of sales performance and business viability for many retail and service commercial uses, particularly destination-based retail such as supermarket stores, discount retail, specialty shopping and casual dining. These uses rely on customers willing to travel from a broader trade area and typically require direct access from arterial roads and convenient parking. Convenience-based retail and services are generally less parking-intensive on a per-visit basis, but still benefit from some level of accessible, short-term parking to support quick trips, service appointments, deliveries and ride-share activity.
- **Transit Accessibility** – Proximity to rapid transit can meaningfully support retail and service commercial demand by expanding the effective customer base beyond immediate surrounding neighbourhoods, particularly for food services, personal services and other non-destination uses that align with daily or routine travel patterns. Transit accessibility is typically less critical for destination-oriented retail, where customers are more likely to arrive by car and make less frequent but longer visits. However, in higher-density urban contexts, strong transit access can partially offset reduced parking supply for smaller-format retail and service uses, provided that surrounding population density and pedestrian conditions are supportive.

- **Visibility and Street Exposure** – High visibility and clear exposure from major streets are important contributors to customer awareness, impulse visits and overall commercial performance across most retail and service commercial categories. Destination-based retail, in particular, benefits from prominent frontage, signage opportunities and direct exposure to high- volume vehicular corridors.
- **Foot Traffic Patterns** – Convenience-based retail and service commercial uses benefit from visibility, specifically, consistent pedestrian activity and are most viable when integrated into daily movement patterns, such as along primary pedestrian routes, near building entrances or adjacent to transit access points. This is because strong and predictable foot traffic improves customer capture and repeat visits, ultimately supporting higher sales productivity.
- **Rent Expectations and Business Feasibility** – The ability of retail and service commercial uses to operate successfully is also influenced by rent levels relative to achievable sales volumes. In locations where pedestrian activity is limited, higher rent expectations can materially constrain business feasibility, even where surrounding population or employment levels may appear sufficient. Conversely, locations with strong foot traffic and customer capture can better support market rents and a broader range of viable uses.

Table 4: Composition of Destination vs. Convenience Type Commercial Uses, by Retail and Service-Commercial Categories

Destination Type Retail	Destination / Convenience Type Retail	Convenience Type Retail and Services
Home Furniture, Furnishing, & Electronics Building & Outdoor Home Supplies Clothing & Accessories Store Entertainment & Recreation	General Merchandise Stores Miscellaneous Stores	Specialty Food Financial, Insurance, Legal & Real Estate Services Healthcare & Social Assistance - including medical office and dental, among others Other Convenience Retail & Services Supermarket Personal Care Beer, Wine, Liquor Food Services & Drinking Places

4.2.2 Per Capita Retail and Service-Commercial Space Need Is Down, but Consumer Trends Continue to Support Local Convenience-Based Use

Over the past decade, and particularly since the pandemic, the retail market has undergone structural changes. While retail demand remains tied to employment, income growth and consumer confidence, population and employment growth no longer translate into proportional increases in brick-and- mortar retail and service-commercial space. Even where the factors outlined in **Section 4.2.1** suggest a business case for retail investment, the amount of space warranted today is typically lower than in prior market cycles.

This shift reflects the continued growth and normalization of e-commerce, app-based purchasing and omni-channel retailing, which have permanently altered consumer behaviour. Consumers increasingly combine online and in-store shopping, using physical locations for convenience, pickup, returns and services rather than traditional, inventory-heavy retailing. These trends are not expected to reverse and are likely to intensify over time, particularly as digital adoption continues to expand across all age cohorts, including an aging population that is also increasingly comfortable with online purchasing.

As a result, per capita retail and service-commercial space requirements have declined, even as overall consumer spending continues to grow. At the same time, demand for local, convenience-based and service-oriented uses remains resilient. Retail and service-commercial categories that meet immediate, routine or in-person needs, such as food and beverage uses, personal care and wellness services, fitness, medical and professional services and small-format grocery and food retail, continue to rely on physical storefronts and remain closely tied to daily activity patterns.

Notwithstanding the reliance of local population-serving uses, these conditions have also made retail investors and operators more selective in terms of where they choose to locate and deploy capital. With lower per capita space needs, investors are increasingly focused on repositioning or backfilling existing vacant space or targeting only those locations that offer the strongest demand fundamentals, including high visibility, strong foot traffic, effective customer capture and the greatest likelihood of achieving sustainable sales performance and market rents. Locations that lack these attributes face increased difficulty in attracting new retail investment, even where population growth is occurring.

4.2.3 Study Area Retail and Service Commercial Market Conditions

Understanding how the demand drivers and structural trends discussed in **Sections 4.2.1** and **4.2.2** play out locally is essential to assessing whether additional retail and service-commercial space may be supported within the Study Area, and where such space would most appropriately be located. This section examines the Study Area within its broader competitive retail context and evaluates

local market conditions, including existing supply, vacancy, per capita space provision and potential gaps in the marketplace.

Rather than quantifying a precise amount of "warranted" retail space, the analysis is intended to clarify the likely role and function of retail and service-commercial uses in the Study Area, identify constraints on retail investment and inform the range and scale of uses that could reasonably be supported over time, having regard to surrounding supply, accessibility and planned development.

Role of the Study Area in the Competitive Retail Landscape

It is important to appreciate that the Study Area does not function as a destination retail node within the City's retail hierarchy. Instead, it primarily acts as a resident and employment-oriented, local- serving retail area, with higher-order and destination-oriented retail needs met elsewhere within the broader regional trade area.

The anticipated regional trade area is defined as the distance area residents of the Subject Lands, combining the Leslie and Eglinton Sites, would reasonably travel to within about a 20-minute drive or a 45-minute transit trip. Within this area, there are numerous established destination retail nodes, including four super-regional shopping centres, nine regional shopping centres and a wide range of community-scale centres (**Table 5** and **Figure 19**). Major destinations such as the Eaton Centre, Yorkdale Mall, Scarborough Town Centre and Fairview Mall are all within roughly a 20-minute drive of the Subject Lands due to proximity to the Don Valley Parkway. The presence and accessibility of these large shopping centres reinforce the conclusion that the Study Area is not intended to compete as a destination retail location.

Notably, the Shops at Don Mills is located approximately a 5-minute drive north of both the Subject Lands sites Shops at Don Mills functions as a major local mixed-use retail centre, commonly referred to as a Lifestyle Centre, combining destination and convenience retail and service uses, with an activated public open space and a dense surrounding residential context. Over the past two decades, residential development in and around the Study Area has been supported in part by its proximity to the Shops at Don Mills. While access to these uses typically requires travel by car or transit rather than direct walkability, the availability of a high-quality mixed-use retail environment within a short drive has nonetheless enhanced residential marketability. This proximity, alongside other locational advantages such as access to major transportation corridors, employment areas, and established neighbourhoods, has helped attract new residents (i.e., Auberge On The Park and early-phases of the Crosstown project) despite the absence of a concentrated, walkable retail node within the Study Area itself.

For more routine and day-to-day retail needs, residents rely on nearby strip plazas and power centres in eastern Leaside, located approximately a 5-minute drive or 15-minute transit trip west of the Subject Lands. These centres include national-format retailers such as Home Depot and Canadian Tire, as well as grocery stores, food and beverage uses, financial services and personal services that support local demand. Notably, the Eglinton Site is also adjacent to a Great Canadian Superstore, a full-product and service range supermarket, including a Joe Fresh clothing and pharmacy section, a medical clinic, and ample surface parking.

With the exception of the Shops at Don Mills, retail activity within the 2-kilometre radius of the Subject Lands itself is largely characterized by convenience and service-oriented uses intended to serve nearby residents and workers, rather than by concentrations of retail designed to draw from a broader regional market. The recent relocation of the Ontario Science Centre further reduces visitor- driven activity and incidental retail spending within the immediate area.

Table 5: Regional Profile of Shopping Centres, As of December 2025

Map ID	Mall/Shopping Centre Name	Shopping Centre Type	GLA (SF)	Vacancy (%)
1	CF Toronto Eaton Centre	Super Regional Mall[1]	2,066,423	0.0%
2	Yorkdale Shopping Centre	Super Regional Mall[1]	2,000,000	0.0%
3	Scarborough Town Centre	Super Regional Mall[1]	1,306,875	0.0%
4	CF Fairview Mall	Super Regional Mall[1]	851,662	1.6%
1	Lawrence Square	Regional Mall[2]	657,821	20.1%
2	Shops at Don Mills	Regional Mall[2]	458,843	0.0%
3	Bayview Village	Regional Mall[2]	451,779	0.0%
4	Cedarbrae Mall	Regional Mall[2]	395,714	0.0%
5	Pacific Mall	Regional Mall[2]	350,500	2.3%
6	Bridlewood Mall	Regional Mall[2]	331,188	2.0%
7	Gerrard Square Shopping Centre	Regional Mall[2]	320,028	1.0%
8	Agincourt Mall	Regional Mall[2]	317,425	0.0%
9	First Markham Place	Regional Mall[2]	362,084	0.0%
10	East York Town Centre	Regional Mall[2]	355,256	13.1%
-	Shoppers World Danforth	Community Mall[3]	326,303	0.6%
-	Malvern Town Centre	Community Mall[3]	291,435	12.4%
-	South Unionville Square	Community Mall[3]	284,351	4.7%
-	Eglinton Square	Community Mall[3]	282,589	0.0%
-	SmartCentres Toronto	Community Mall[3]	259,230	0.0%
-	Shops on Steeles at 404	Community Mall[3]	240,000	3.2%

-	Yorkville Village	Community Mall[3]	221,500	0.0%
-	Denison Centre	Community Mall[3]	196,899	0.0%
-	Parkway Mall	Community Mall[3]	192,092	0.9%
-	Victoria Terrace	Community Mall[3]	181,917	1.9%
-	Lakeshore & Leslie Plaza	Community Mall[3]	175,738	0.0%
-	King High Line	Community Mall[3]	174,784	0.0%
-	White Shield Plaza	Community Mall[3]	149,560	1.3%
-	Kennedy Commons	Community Mall[3]	148,278	0.0%
-	Cachet Centre	Community Mall[3]	147,173	1.9%
-	The Villages of Abbey Lane	Community Mall[3]	139,702	0.0%
-	Shoppes of the Parkway	Community Mall[3]	138,633	0.1%
-	Lawrence Plaza	Community Mall[3]	136,288	0.0%
-	Liberty Plaza	Community Mall[3]	134,739	0.0%
-	Woodside Shopping Centre	Community Mall[3]	130,064	0.0%
-	RioCan Leaside Centre	Community Mall[3]	125,489	0.0%
-	Bayview Glen	Community Mall[3]	122,434	0.0%
-	Downsview Plaza	Community Mall[3]	120,525	1.3%
-	Riverdale Plaza	Community Mall[3]	120,317	0.0%
-	New Horizon Centre	Community Mall[3]	115,000	0.0%
-	Times Square	Community Mall[3]	110,797	0.0%
-	Hyde Park Plaza	Community Mall[3]	109,548	0.0%
-	Markham Town Square	Community Mall[3]	107,736	0.0%
-	The Bayview Mall	Community Mall[3]	105,457	0.0%
-	New Kennedy Plaza	Community Mall[3]	104,164	0.0%
n/a	All Other Retail	All Other Retail in Trade Area[4]	67,101,237	1.5%
		Total / Average:	**82,419,577**	**1.5%**

Notes:

1) Extensive offerings of anchors and destination retailers, as well as larger food courts, and a comprehensive mix of entertainment. Typically, 800,000 sf or larger.

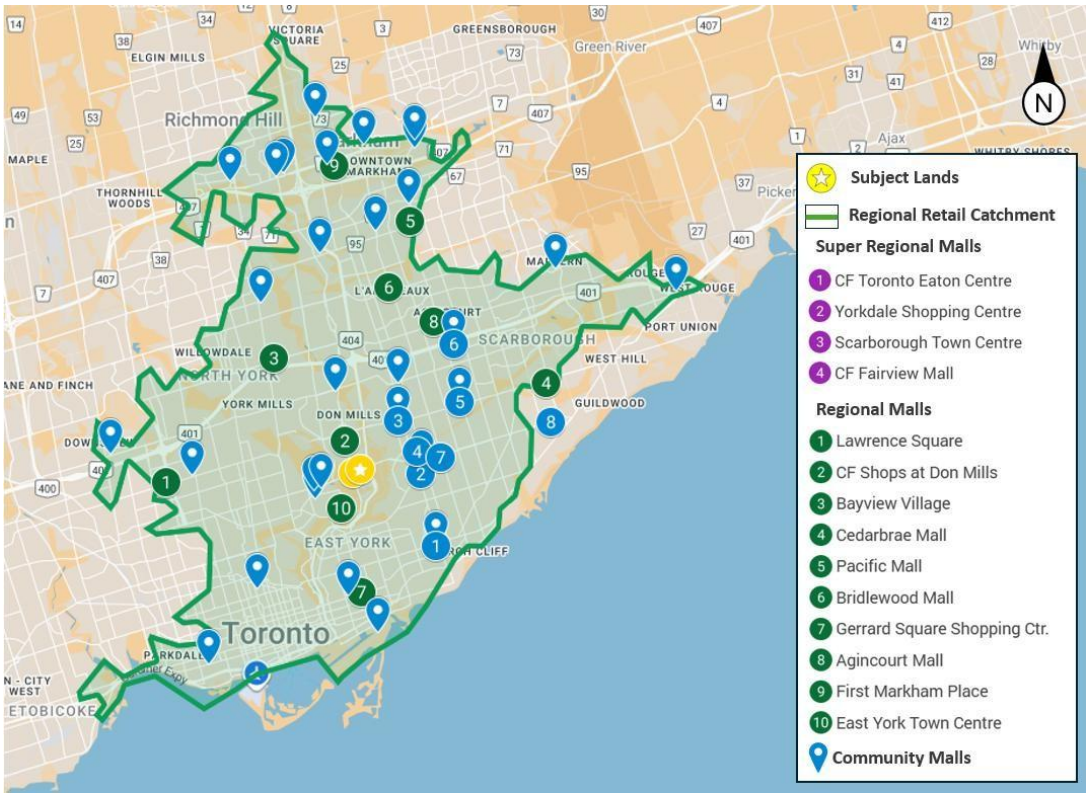
2) Includes retailers selling fashion apparel, accessories and shoes, and home furnishing, electronics, toys, etc. Typical GLA is between 300,000 and 799,999 sf.

3) Offers products and services focused on daily shopping needs. Typically, a cluster of attached retail units that can be open-air and/or enclosed with significant street parking. Often has a GLA between 100,000 and 400,000 sf.

4) Other refers to all other types of retail buildings, including but not limited to stand-alone retail, neighbourhood centres, an strip centres.

Source: CoStar. NBLC.

Figure 19: Regional Retail



Source: CoStar. NBLC.

Local Retail and Service Commercial Market Indicators

Within a 2.0-kilometre radius of the Subject Lands, there is an estimated 2.5M ft² of retail and service-commercial space (**Table 6**). Approximately 16% of this inventory is occupied by supermarket and grocery uses, 16% by financial, insurance, legal, and real estate services, and 13% by general merchandise stores. Based on a 2021 Census population estimate of the local area of approximately 76,500 residents , this equates to an overall provision rate of roughly 33.4 ft² per capita.

In a suburban Toronto context that does not function as a defined destination retail node, retail and service-commercial demand within a 2-kilometre catchment is typically population-serving in nature. When both convenience-oriented and limited destination-oriented uses are considered, total retail provision is generally expected to fall within a range of 20 to 25 ft² per capita, with the lower end of this range increasingly typical over time given evolving retail formats, changing consumer behaviour, and continued growth in e-commerce.

Within this context, the Study Area's retail mix is weighted toward convenience-based uses, which account for approximately 22.7 ft² per capita, compared to approximately 10.6 ft² per capita attributable to destination-oriented uses. Collectively, this indicates that the Study Area is well-serviced by retail and service-commercial space overall, particularly with respect to convenience-based, population-serving uses—this is not, however, surprising given the presence of Shops at Don Mills.

On a more local scale, there is limited retail and service-commercial space within a walkable 800-metre radius of the Subject Lands (**Figure 20**). Most existing retail is concentrated along Don Mills Road, with a smaller cluster located north of the Subject Lands along Barber Greene Road. While a limited number of grocery stores and restaurants are located within walking distance, there are no general merchandise stores, and overall retail choice remains constrained. The primary exception is the Great Canadian Superstore immediately adjacent to the Eglinton Site. By contrast, the Leslie Site is not currently accessible to any retail or service-commercial uses.

Vacancy in the Study Area and surrounding local catchment is also limited at approximately 2%, or roughly 73,000 ft² of total space. Roughly 65% of this vacant space is concentrated at East York Town Centre (45 Overlea Boulevard), a legacy strip plaza built in the 1960s.

Taken together, local population levels, the scarcity of walkable retail options, and indicative population thresholds for various retail and service-commercial categories suggest there may be demand for modest, convenience-oriented uses, particularly as new residents are introduced through redevelopment. However, this does not imply that the Subject Lands represent an optimal or preferred location for retail investment, particularly when considered in the context of surrounding supply and competitive alternatives.

In addition to existing conditions, planned and approved development will introduce a substantial amount of new retail and service-commercial space in the broader area. The Crosstown Community is expected to deliver approximately 120,000 ft² of ground-floor retail and commercial space along Don Mills Road and within a new internal retail promenade. In addition, approximately 273,000 ft² of non-residential space has been approved on the Leslie Site, primarily in the form of a large private club. It is important to note that while this private club space would contribute toward the SASP non- residential space requirement, it would not contribute towards the 51% *Core Employment Areas* use requirements. Moreover, by virtue of its private nature, may or may not be publicly accessible, limiting its ability to satisfy the retail and service-commercial needs generated by net new residents of the Leslie Site, the Eglinton Site, or other nearby intensification. A further 42,000 ft² of retail and service-commercial space is proposed as part of a mixed-use development at 805 Don Mills Road, located directly across from the Eglinton Site on the south side of Eglinton Avenue East.

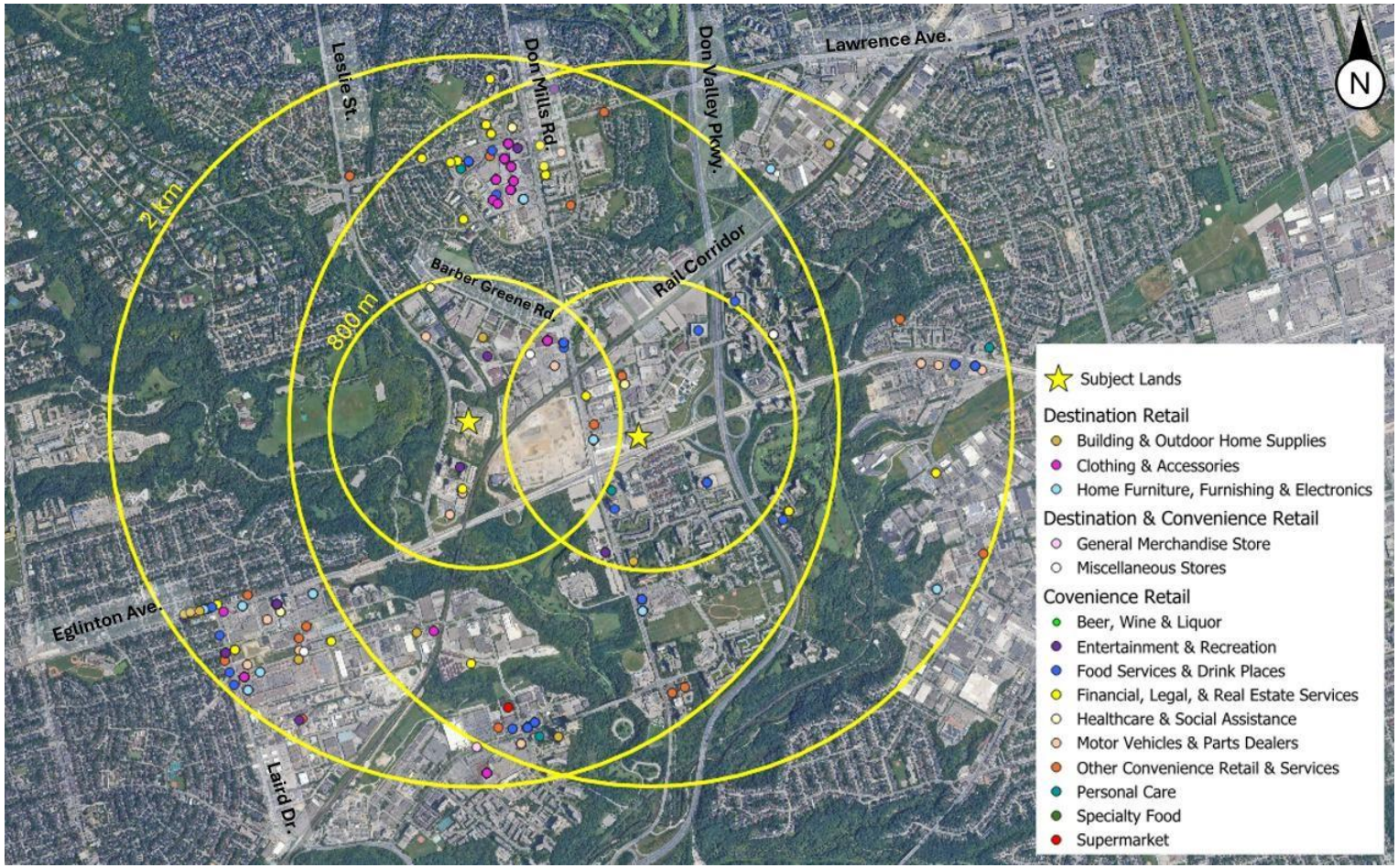
Table 6: Gross Leasable Area (sf) of Existing Local Retail Tenants by Category, As of November 2025

Tenant Type	0 km - 0.8 km: Convenience Retail and Services	0 km - 0.8 km: Destination Retail	0.8 km - 2.5 km: Convenience Retail and Services	0.8 km - 2.5 km: Destination Retail	Total
Entertainment & Recreation	0	59,000	0	94,900	153,900
Financial, Insurance, Legal & Real Estate Services	0	91,600	0	329,300	420,900
Food Services & Drinking Places	0	28,500	0	210,900	239,400
Healthcare & Social Assistance	20,400	0	119,300	0	139,700
Motor Vehicles and Parts Dealers	106,100	0	90,700	0	196,800
Other Convenience Retail & Services	21,100	0	116,600	0	137,700
Personal Care	5,500	0	54,800	0	60,300
Specialty Food	0	0	35,500	0	35,500
Supermarket	263,600	0	145,200	0	408,800
Building & Outdoor Home Supplies	22,800	0	127,400	0	150,200
Clothing & Accessories Store	1,200	0	105,100	0	106,300
Home Furniture, Furnishing, & Electronics	300	0	111,700	0	112,000
General Merchandise Stores	0	0	333,400	0	333,400
Miscellaneous Stores	12,600	0	44,900	0	57,500
Retail Category	0	0	0	0	0
Total:	**453,600**	**179,100**	**1,284,600**	**635,100**	**2,552,400**

Source: CoStar. NBLC.

** 14 tenants did not have GLA data and were excluded - none were major or anchor tenants.*

Figure 20– Local Retail



Source: CoStar. NBLC.

4.2.4 Competitive Position of the Subject Lands and Key Takeaways

Overall, the analysis indicates that the redevelopment of the Subject Lands would be expected to generate modest, population-serving retail and service-commercial demand, broadly consistent with approximately 20 ft² per capita over time, as new residents are introduced. This demand would be weighted primarily toward convenience-based uses (e.g., retail, food services, personal services and select professional/medical services) rather than destination-oriented formats. Additionally, it would naturally emerge after a threshold population is established. At present, vacant space within the Study Area is limited, suggesting there is relatively little short-term capacity within existing commercial premises to absorb incremental demand as it emerges.

Importantly, however, warranted 'need' for new commercial space does not necessarily translate into the delivery of space on-site—in this case, either on the Leslie Site or the Eglinton Sites. As summarized in **Section 4.2.1**, retail and service-commercial investment is driven not only by population growth, but also by business viability factors such as visibility and street exposure, customer capture, agglomeration of complementary uses, transit access, pedestrian conditions, and appropriate rent expectations. In this context, the Subject Lands exhibit constraints that limit their ability to capture and convert future population-driven demand into viable on-site commercial space, especially for the Leslie Site, as summarized in **Figure 21** and below:

- **Leslie Site** – The Leslie Site faces several contextual constraints that limit its competitiveness for retail and service-commercial investment, notwithstanding future residential growth. The site is somewhat isolated due to the presence of natural areas/ravine conditions to the west and a grade change to the south and north that makes walking less comfortable and direct, particularly for older demographic. From an access and placemaking perspective, the site's frontage along a fast-moving segment of Leslie Street reduces pedestrian comfort and the potential for storefront visibility and impulse trips. While a rail crossing is forthcoming, the continued presence of the rail corridor also acts as a barrier that separates the site from surrounding areas and the potential inflow of pedestrian traffic, limiting potential customer capture and spending. Taken together, these factors suggest that despite a theoretical need for convenience-based uses as population increases, the Leslie Site is not well-positioned to attract and sustain meaningful, publicly accessible retail and service-commercial space at grade.
- **Eglinton Sites** – The Eglinton Sites are comparatively better positioned to accommodate some retail and service-commercial space that is directly tied to population and employment growth on-site, supported by stronger frontage and broader exposure along Eglinton Avenue. However, even this site will compete for a share of future demand with nearby projects that exhibit stronger demand fundamentals, most notably the Crosstown Community, which is expected to deliver approximately 120,000 ft² of ground-floor retail/commercial space in a more cohesive, planned environment, including an internal retail promenade. The Crosstown

project will also benefit from an agglomeration of significant community-oriented uses (i.e., the twin ice rink and open spaces, a new LRT station and a major office project), which will help anchor pedestrian activity both during daytime and evening hours, and increase the length of stay/dwell time, all being key drivers of retail viability. As a result, a meaningful share of incremental convenience-oriented demand generated by area intensification is likely to be satisfied off-site, in locations that offer stronger visibility, clustering and customer capture.

Notwithstanding the above, the Eglinton Site could function at the edge of the emerging retail node forming at the Don Mills Road and Eglinton Avenue node. In such edge locations, smaller- footprint, convenience-oriented uses are typically most appropriate, such as cafés, take-out food, or personal services (i.e., salons). Professional and medical office uses are also appropriate, as they are less dependent on continuous foot traffic, are visited less frequently and do typically require some degree of dedicated short-term parking for patients/clients.

Figure 21: Subject Lands Retail Market - Competitive Factors

Characteristics	Leslie Site	Eglinton Site
Population and Job Growth		
Density of Retail and Related Uses (Agglomeration Economics)		
Market Gaps		
Tourism		
Vehicular Access and Parking		
Access to Public Transit		
Foot Traffic Patterns		
Achievable Rents*		

Notes:

Red - Conditions not supporting demand.

Yellow - Conditions moderately supporting demand.

Green - Conditions supporting demand and contributing to new development.

*Assumes modestly scaled retail and services commercial spaces, appropriate to a fringe location, with adequate access to customer parking if service-oriented.

4.3 Employment Land Employment (ELE) Market

Employment Lands – Employment (ELE) consist of jobs located within designated Employment Areas and are primarily associated with industrial and light-industrial activities such as manufacturing, processing, warehousing, distribution and logistics, utilities (e.g., data centres and waste management) and some forms of office-based research and development (R&D).

Many of these uses generate noise, vibration, heavy servicing, truck traffic or extended operating hours and therefore require separation from sensitive land uses such as residential

neighbourhoods, schools and hospitals. Employment Area designations—particularly *General Employment Areas*—are intended to preserve this separation, ensure long-term land-use compatibility, and protect employment capacity for activities that cannot function in mixed-use environments.

In practice, there are a limited subset of Employment Lands – Employment job types, or business establishments, that may be accommodated within a vertical or horizontal mixed-use context, including ground-floor or podium space within residential towers. These uses typically occupy flex or hybrid employment spaces that sit between traditional office and industrial uses and are characterized by clean operations, daytime hours, limited servicing needs and low noise or vibration levels.

Typical examples include:

- **Urban production and maker spaces** – Small-scale manufacturing and fabrication such as prototyping, furniture making, textiles, electronics assembly, ghost kitchens or craft breweries. These uses are typically clean, operate primarily during daytime hours, and generate limited deliveries.
- **Repair, service, and craft uses** – Local repair and craft businesses such as bicycle repair, limited electronics servicing, tailoring, and instrument repair. These uses are highly compatible with mixed-use environments due to their small footprints, low noise levels, and walk-in customer traffic.
- **Creative and cultural production** – Artist studios, digital print shops, and shared maker spaces focused on creative industries. These uses can generate employment and street animation while operating with low environmental impacts.
- **Film and media uses** – Production offices, editing and post-production suites, small-scale sound stages, and equipment storage ancillary to filming activities. These uses are typically office-like in nature and can be compatible with residential buildings through soundproofing, limited loading, and controlled hours of operation.
- **Office-intensive R&D and life science uses** – Including dry labs, testing facilities, and lab-office hybrids associated with biotechnology, medical devices, and pharmaceutical activities. At an urban, mixed-use scale, these uses are also commonly referred to as “Green Labs” too, which are simply designed and operated to reduce energy and water consumptions, minimize chemical use and waste, and improve indoor air quality and ventilation efficiency. They are non-manufacturing operations but typically require enhanced building systems and strict safety protocols.

- **Limited warehousing and storage functions** – In some cases, small-scale storage uses may be accommodated within mixed-use formats; however, these typically generate lower employment densities and require careful design to manage servicing, loading, and truck access.

Collectively, all of the above more limited subset of flex or hybrid uses—which have potential to be integrated into a vertical or horizontal mixed-use residential context – tend to behave more like retail or commercial sectors, particularly production and maker uses, repair and service uses, and creative and cultural activities. As such, they generally fall within the discussion of retail and commercial markets assessed in **Section 4.2** of this report, with the added consideration that they are highly cost-sensitive and typically seek lower-rent space in older buildings within Employment Areas, rather than new, high-value residential podiums, unless some form of operating subsidy is available. In market terms, many of these users resemble office or retail tenants in lease size and space configuration, but their ability to pay rent remains constrained by industrial-style business economics.

Another subset are **Life Science** uses, which behave more like office markets, albeit with added complexity and specific locational requirements. These uses are heavily concentrated in a limited number of select nodes where agglomeration economies, proximity to research institutions, post-secondary facilities, and specialized lab infrastructure strongly support viability. Key examples include:

- **Toronto** – The Discovery District, anchored by UHN, SickKids, Sinai Health, and the University of Toronto, where uses include research labs, clinical research, and office-lab hybrids, typically located in dedicated institutional or office buildings rather than residential podiums.
- **Mississauga** – The GTA's largest suburban life sciences hub, particularly around Meadowvale and the Airport Corporate Centre, hosting pharmaceutical manufacturing, medical devices, and R&D campuses supported by business park zoning, highway access, and larger floorplates.
- **Markham** – Technology and innovation parks focused on medical technology, diagnostics, and applied R&D, generally located in office or flex-industrial buildings near Highways 404 and 407.
- **Hamilton** – A growing life sciences cluster anchored by McMaster University and Hamilton Health Sciences, with development concentrated near institutional campuses and innovation parks.

Across the GTA, life science uses generally locate in employment lands, research districts, and hospital-adjacent areas, where zoning, servicing capacity, and building specifications—such as power, ventilation, and floor loading—can support laboratory activity.

Purpose-built life science buildings are far more common than integration into residential mixed-use podiums.

Film uses exhibit similar locational patterns. Film production and associated activities—including post-production, storage, maker spaces, and office functions—tend to locate in established employment nodes such as the Port Lands, the South of Eastern Employment Area, the emerging Downsview node, Hamilton, and other designated film districts. Across the region, film uses primarily occupy industrial and employment areas, with only limited, office-like functions (e.g., editing suites or production offices) occasionally integrated into mixed-use buildings. Typically, production offices and post-production space seek close proximity to filming locations and studio facilities—conditions that are not generally supported within residential podium environments.

4.3.1 Factors Driving ELE Investment

For traditional industrial classes, the supply of appropriately sized, serviced properties will be a key determinant of investment. Beyond these baseline requirements, a range of additional locational attributes will influence where more traditional ELE industrial development occurs, including speculative projects, pre-leased investment properties and purpose-built facilities. In practice, the following three factors tend to have the greatest influence on demand and location decisions.

- **Highway and Intermodal Access** – Traditional ELE uses are most strongly attracted to locations that offer direct, efficient access to markets and suppliers, typically in proximity to 400-series highways, intermodal facilities and established freight and logistics corridors. This exposure to major transportation routes is particularly critical to support distribution, logistics and trade-oriented operations.
- **Market Ready Site and Suitable Building Formats** – Equally important is the functional character of the available properties, including building configurations that accommodate at-grade loading, service functions and flexibility for future expansion.

By contrast, less-traditional ELE sectors (creative industries, maker spaces, film offices, and office-intensive R&D) are influenced by these physical factors but also by urban and labour-market dynamics, which were alluded to above, including:

- **Potential for Agglomeration Impacts and Innovations** – Creative industries, digital media, and life-sciences-related R&D continue to grow in urban regions with large and diverse labour pools. These sectors typically require collaborative, hands-on environments that conventional office space does not normally have. As a result, demand is often generated for studio-style spaces, innovation hubs, and shared facilities that support collaboration, knowledge exchange, and talent attraction. This dynamic underpins the clustering of such uses in locations such as those mentioned above, like the MaRS Discovery District—where space is heavily subsidized—as well

as smaller innovation hubs associated with the University of Toronto (St. George and Scarborough campuses), Toronto Metropolitan University, and the George Brown–Waterfront Innovation Cluster—all of which are located in a highly-urban mixed use context.

- **Proximity to Labour and Transit** – Proximity to labour and transit remains important for these sectors; however, many users do not require prime office nodes. Instead, they tend to prioritize reasonable transit accessibility combined with more affordable space, enabling them to attract and retain talent without bearing core-market office rents.
- **Flexible Spaces, Lease Agreements and Rents** – These sectors are often comprised of start-ups, entrepreneurs, and SMEs that require commercial space capable of supporting experimentation, short lease terms and incremental expansion. Discussed in greater detail below, such users are generally less able to absorb high rents or long-term lease commitments and therefore tend to seek flexible leasing structures, smaller unit sizes and mixed-use environments with lower barriers to entry. These needs are commonly accommodated through co-working and other flexible workspace models. A good example of this are ghost kitchens.
- **Operating Costs –** Across all ELE segments, long-term operating costs—rent, property taxes, utilities, insurance, and maintenance—are often more important than initial development costs. Because many industrial, production, and R&D users operate on thin margins and compete in regional or global markets, even modest cost increases can undermine business viability.

  This sensitivity strongly favours:

  - Lower-cost employment lands
  - Older or simpler building stock
  - Locations outside high-rent, residential-driven markets

As a result, traditional industrial users have increasingly migrated to fringe GTA markets such as Milton, Halton Hills, Pickering, and Brampton, where land values and operating costs are materially lower than in Toronto.

Even urban-oriented ELE uses—creative industries, film, and life sciences—require sub-office rents and typically locate in purpose-built employment, institutional, or flex buildings, rather than high-value mixed-use podiums, except where subsidized or institutionally anchored.

4.4 Regional Industrial Markets Have Outperformed Other Real Estate Classes but are in a Period of Normalization

The following section summarizes recent trends in the traditional industrial market, drawing on CBRE broker reports for Toronto and the GTA from Q3 2021 to Q3 2025, supplemented by CoStar market data.

Over the past several years, we note that the GTA industrial market has performed very well relative to other major real estate asset classes. Over the past decade, industrial rents increased significantly (up 180%, from about $5.70 psf per year, now averaging $16.00 psf per year), driven by sustained demand, limited availability, and a prolonged period of historically low vacancy.

These strong demand conditions have been amplified in recent years given changes in supply chains, the acceleration of e-commerce, and evolving logistics and inventory management practices. Demand has been particularly concentrated in modern, large-format industrial facilities offering high clear heights, extensive dock access, large floorplates, greater column separation, and thicker flooring, etc., which for a period of time supported elevated leasing activity, historically low vacancy levels, continued upward pressure on rents and increased new investment activity in strategic locations. This included a shift by major institutional investors toward industrial assets, which were increasingly perceived as a more resilient and durable real estate asset class.

Industrial vacancy declined to a historic low of approximately 0.8% in late 2021, prompting a substantial wave of new development across the region. As this new supply has been delivered, vacancy and availability have increased. As of Q3 2025, vacancy has risen to approximately 4.3%, with availability increasing to approximately 6.6%, and is expected to modestly increase further over the near term as recently completed space is absorbed. For context, a healthy industrial market typically exhibits an availability rate of approximately 5% to 7%.

More recently, leasing activity and rental growth have also moderated as occupiers have become more cautious in response to broader economic uncertainty and trade-related considerations.

At the same time, the form of industrial development delivered in recent years has evolved. As indicated, new construction has skewed towards large-scale, high-specification buildings designed to accommodate e-commerce and major logistics users. As the market recalibrates, the pool of users able to occupy these facilities has narrowed, underscoring the growing importance of a diversity of site size, configuration, access, and built form options in determining where industrial demand can realistically be accommodated.

Overall, current indicators suggest the GTA industrial market is transitioning from a period of unusually strong demand and rapid expansion to a more selective phase. While long-term

fundamentals remain positive, recent trends highlight that industrial demand is increasingly tied to physical and locational characteristics—an important consideration when assessing the role and function of smaller or more constrained industrial areas such as the role of the Study Area and Subject Lands.

4.4.1 Study Area Industrial Market Conditions

As previously discussed, the Study Area was developed as a planned post-war employment district initially accommodating a range of light industrial, warehousing, and technology-oriented uses on large, flexible parcels with some rail access but strong highway connectivity. Through the 1960s to 1980s, the area supported a mix of manufacturing and service-industrial activity (e.g., testing, printing, packaging, and other trade-related uses) alongside early corporate and R&D functions, including facilities associated with IBM and later Celestica, as well as other light-industrial and flex-industrial uses along the Wynford and Leslie Street corridors. From the late 1980s onward, many legacy industrial and flex-industrial buildings were gradually adapted or replaced with more low-rise, campus-style office formats accommodating corporate headquarters (e.g., Bell Canada), engineering, and other professional services firms. Over time, institutional uses have also been introduced to the area (e.g., Aga Khan Museum and Ismaili Centre). Today, the Eglinton / Don Mills node, including the Leslie Street corridor, continues to function primarily as a suburban office employment area, characterized by low-rise buildings, surface parking, and continued reliance on automobile access. This trajectory reflects the area's long-standing role as a higher-order, office-oriented employment node rather than a traditional industrial district, further reinforced by the introduction of the Eglinton Crosstown LRT, which has enhanced transit accessibility and supported office-led employment intensification.

Current Inventory Characteristics

Today, the Study Area reflects a more mature and highly constrained submarket. The Study Area contains approximately 1.5M ft^2 of industrial inventory, across just 22 buildings, comprised entirely of older building stock, with almost all properties constructed prior to the 1970s. This inventory is primarily concentrated north of the active rail corridor (approximately 70%), as well as west of Don Mills Road and east of the Don Mills Trail (approximately 45%).

The building stock is mostly occupied by single-tenant industrial properties (63%); however, floorplates are generally small by contemporary standards. Typical unit sizes range from approximately 50,000 to 60,000 ft^2, with relatively few properties (six total) exceeding 100,000 ft^2. The largest facilities in the Study Area generally do not exceed 175,000 ft^2.

- The only exception is a 260,000 ft^2, property located at 1123 Leslie Street Buildings, which is immediately north of the vacant portion of the Leslie Site. The property at 1123 Leslie Street

was developed in the early 1960s as the Canadian headquarters and manufacturing facility for Wrigley Canada, accommodating office functions alongside gum production and packaging. Following the closure of manufacturing operations in 2016 as part of broader industry consolidation, the site transitioned away from industrial use. It was subsequently repurposed as the head office of OTT Financial—a financial services and fintech company providing wealth management, payment solutions, international remittances, and related corporate functions. The site's transition follows the Study Area's broader evolution from light-industrial and flex activity toward office-oriented and professional service-type employment.

- Further noting limited reinvestment in the area as a traditional employment area, most properties are characterized by lower clear ceiling heights—typically under 15 feet—limited dock access, and constrained site layouts when compared to newer industrial developments elsewhere in the GTA.
- For context, being developed in most instances 60 years ago, most industrial and flex buildings in the area would likely require significant reinvestment to meet modern occupier requirements. These properties also lack several key attributes that currently drive industrial investment, including direct 400-series highway access and operating efficiencies associated with newer construction. By contrast, contemporary warehousing and distribution facilities in the GTA are typically 350,000 ft^2 to over 1.0M ft^2 in size and offer clear heights of 30 feet or greater (e.g., 6351 Steeles Avenue East, 601 Milner Avenue, and 1395 Tapscott Road).
- Reflecting these constraints, industrial development activity within the Study Area has been limited. Over the past twenty years, no new industrial buildings have been added to the Study Area and there have been very minimal signs of reinvestment. A 1966-built industrial warehouse property located at 35-37 Prince Andrew Place was renovated in 2023 to increase its ceiling heights to a more contemporary standard of 28 ft, plus some façade improvements. As of report writing, however, about half of the property remains vacant with an asking rate of $20 psf.

Industrial Market Indicators

The industrial market within the Study Area is characterized by limited and shrinking supply, but persistent occupancy and increasing redevelopment pressure, reflecting its role as a mature and land-constrained employment area within the city that is under transition.

It is important to note that industrial demolitions associated with redevelopment and employment conversion pressures have exceeded new construction, depleting the industrial inventory by approximately 1.2M ft^2 over the past ten years (or about 45%). Notably, this reduction is predominantly the result of the demolition of the former Celestica (IBM) building, comprising approximately 1.0M ft^2, to make way for the Crosstown project, as well as the demolition of

approximately 62,000 ft² on the Leslie Street site, which was home to the manufacturing component of the former Wrigley property. While a lesser contributor, it also includes demolition of an industrial warehousing property to make way for the Auberge on the Park high-density residential and hotel project at 1095 Leslie Street.

Despite the aging nature of the building stock and limited reinvestment, vacancy and availability remain low (2.4% vacant and 4.3% available, at the time of reporting), indicating that existing space continues to accommodate local and legacy industrial users.

Together, these conditions underscore the constrained nature of the Study Area industrial market conditions and the growing tension between continued employment use and competing land-use pressures.

Industrial rents within the Study Area also remain relatively affordable, with average asking rents around $17.00 psf per year for much smaller spaces, compared to $18.00 psf to $25.00 psf for new, large-format space elsewhere in the GTA, which may not be functionally or financially suitable for many occupiers.

4.4.2 Competitiveness of the Study Area and Key Findings

When assessed against the location and cost fundamentals outlined in **Section 4.3.1**, the Study Area is not competitive for the forms of traditional industrial development that are currently driving regional industrial growth.

As outlined in the preceding sections, the Study Area was developed as a planned post-war employment district initially accommodating light industrial, warehousing, and technology-oriented uses. Over time, however, many of these legacy industrial and flex-industrial functions were gradually displaced or adapted as the area transitioned toward low-rise, campus-style office employment, followed more recently by the introduction of a modest amount of cultural uses. This evolution has been reinforced by rising land values, limited reinvestment in industrial building stock, and improved transit accessibility associated with the Eglinton Crosstown LRT.

While the Study Area continues to benefit from relatively affordable rents by Toronto standards and proximity to the urban core, it lacks several of the key attributes that most strongly influence traditional industrial location decisions. These include direct access to 400-series highways, a supply of large contiguous and fully serviced lots, modern building configurations, and the operating efficiencies associated with newer industrial parks in lower-cost fringe GTA locations. As a result, the Study Area is unlikely to attract modern logistics, warehousing, or large-scale industrial investment, regardless of broader regional market conditions.

At the same time, the Study Area continues to play a more limited role in accommodating a subset of employment uses, including a clustering of institutional (e.g., Canada Post), medical offices, cultural uses (e.g., Aga Khan and Korean Cultural Centre), and some film and media support functions (e.g., Panavision rentals, Global Media).

Some of these uses may align more closely with the less-traditional ELE segments described in Section 4.3.1. These types of uses may be possible to accommodate in a high-density residential mixed-use context. Discussed in greater detail in the concluding section of this report, the ability to integrate such uses points to the likely need for the public sector to assist in closing the gap between project costs and revenues with financial incentives, particularly where delivered at more contemporary standards with commensurate rents.

Discussed in greater detail in the concluding section of this report, the ability to integrate such uses in a higher-density residential mixed use context or even within light industrial or flex space at a more contemporary standard (with commiserate rents) points to the likely need of the public sector to assist in closing the gap between project costs and revenues with financial incentives.

Overall, while the Study Area's long-term competitiveness for traditional industrial investment is limited, its remaining employment lands continue to serve an important economic role by accommodating urban, lower-cost, and transitional ELE uses that cannot be sustained in higher-value mixed-use environments. This tension, between employment function and redevelopment pressure, generally defines the Study Area's industrial and employment condition.

Table 7: Subject Lands Industrial Market - Competitive Factors

Characteristics	Golden Mile
Access to Expressways & Highways	
Access to Transit*	
Agglomeration Economics	
Access to Labour	
Operating Costs	
Achievable Rents	
Exposure and Visibility	
Overall Industrial Demand	

* Applicable to less traditional ELE uses that can be accommodated in a more urban, vertical or horizontal mixed- use context.

Notes:

Red - Conditions not supporting demand.

Yellow - Conditions moderately supporting demand.

Green - Conditions supporting demand and contributing to new development.

5.0 The Impact of Weakening Residential Market Conditions on Non-Residential Policy Development

This section further considers the financial viability of non-residential space within a mixed-use residential project, as proposed on the Subject Lands, and the role that the residential component typically plays in generating viable outcomes.

5.1 High-Density Residential Market Assessment

Following several years of sustained growth, it is important to note that Toronto's apartment market has softened considerably since roughly mid-2022. The following outlines the key factors contributing to this shift, including Federal population and immigration policy changes, as well as elevated construction and borrowing costs. We conclude by providing a forward-looking outlook of Toronto's high-density residential market.

5.1.1 Tightened Immigration Targets are Having Short Term Impacts, but Future Readjustments are Expected

Canada's long-term growth depends heavily on immigration. With an aging population, low birth rates and ongoing labour shortages across many sectors, the country increasingly relies on newcomers to help sustain its workforce. Immigrants play an essential role in supporting productivity, filling gaps in key industries and contributing to overall economic growth.

However, in early 2024, the Government of Canada announced reductions in temporary migration. A two-year intake cap was introduced, limiting new study permit approvals to approximately 360,000 for 2024 which is about 35% lower than the 2023 level[7]. Simultaneously, the federal government set a target to reduce temporary residents to 5% of Canada's population (an approximate 20% cut) within three years[8]. These measures primarily target international students and other short-term visa holders—both of which are predominant renter groups in Toronto.

Further, in October of the same year, the Canadian government also announced that permanent resident (immigration) targets would be reduced from 500,000 to 395,000 in 2025, 380,000 in 2026 and 365,000 in 2027. These reductions will have a significant impact on Canada's growth in the coming years, projected to result in a marginal population decline of 0.2% in both 2025 and 2026, before returning to modest growth of 0.8% in 2027.

These measures are short-term actions designed to address housing shortages as well as pressure on infrastructure and social services. Restricting immigration over the long term is not sustainable

[7] Statistics Canada.
[8] Ibid.

for the Canadian economy. We expect therefore that by 2027 there will be significant economic pressure

to return to stable, positive, growth and immigration targets will be adjusted accordingly. However, these measures have undoubtedly impacted real estate decision making, at the least in the short-term.

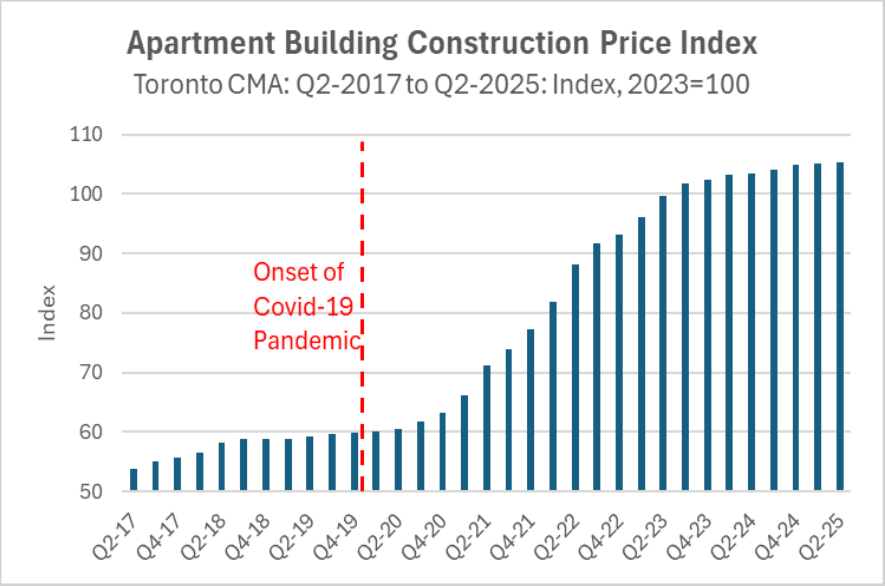
5.1.2 Elevated Construction Costs are Impacting Development Viability

Following several years of strong housing demand and record levels of construction activity, the feasibility of new development has become increasingly constrained by elevated construction costs. Developers across the GTA and other major markets have faced persistent cost pressures that have significantly eroded project viability, particularly for high-density housing.

Construction costs were historically increasing close to inflation as identified by the Building Construction Price Index between 2010 and 2020 (~2% to 3%). Construction costs then began increasing rapidly after the pandemic due to a variety of compounding issues related to supply chain disruptions, material and labour cost increases, competition for labour, tariffs and taxes and other similar considerations (**Figure 22**). Construction costs increased by nearly 70% between 2020 and 2025, whereas the index increased by only 34% between 2010 and 2020.

While construction costs have begun to stabilize, with growing signals that costs are likely to moderate looking forward, real estate pricing has declined over this period, compounding the impact on viability.

Figure 22



Source: Statistics Canada.

5.1.3 Stable Inflation has Taken the Pressure off Borrowing Costs

To tackle rising inflation, the Bank of Canada consecutively increased its benchmark interest rate 10 times over the course of 2022 and 2023. This had an impact on residential pricing, but this also increased construction borrowing costs, which have had an impact on the feasibility of new development and on the land market. This means that financing and carrying costs, which would be in addition to the construction cost increases identified above, have also risen dramatically. At the

At the same time, access to financing and debt is also becoming more difficult, which is also impacting overall development feasibility and activity. Rental projects in particular have become almost exclusively reliant on CMHC financing products in order to advance.

In 2025, however, inflationary pressures have eased, and the Bank of Canada has been steadily reducing its policy rate. While this has yet to stimulate new sales activity, lower borrowing rates are important as a factor that will set the stage for market recovery.

5.1.4 Rising Interest Rates had an Immediate Cooling Effect on Resale Pricing

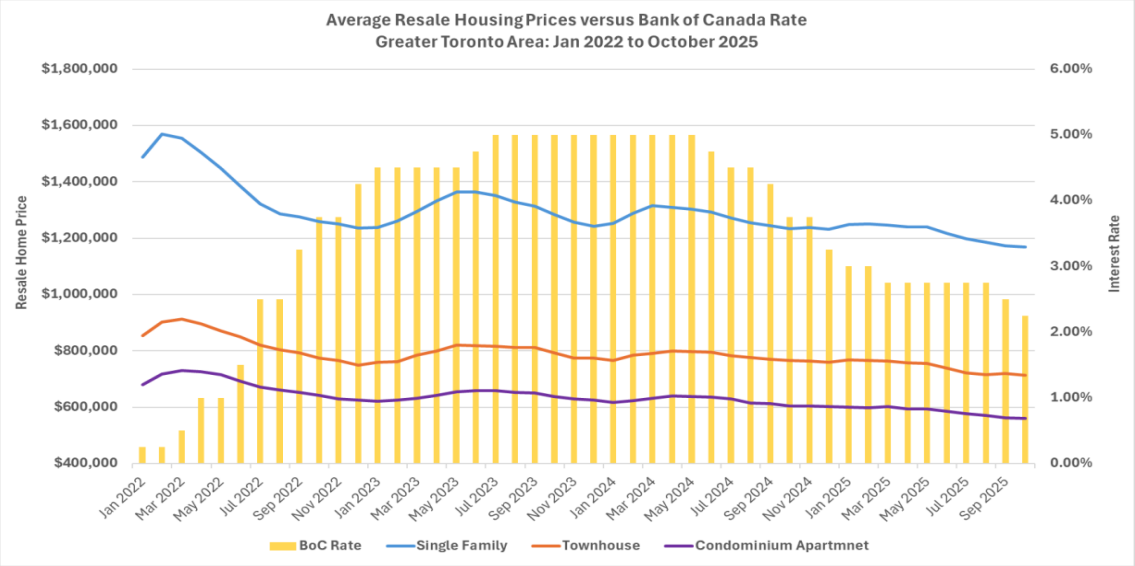
Rising interest rates had an immediate cooling effect on the real estate market, with home prices declining from early-2022 peaks (**Figure 23**). Since February 2022, single family homes, townhomes, and condominium apartment prices have declined 25%, 20% and 21%, respectively. Despite recent rate cuts, the market has not yet positively responded, with all housing types continuing their downward trajectory. For example, single-family and condominium apartments have declined 5% and 7% over the past year, despite significant interest rate decreases.

5.1.5 Resale Price Decline is Affecting the New Sale Condo Market

Due to the above softening in the resale market, the price gap between new and resale apartment pricing has never been higher (**Figure 24**). Currently, the average price of a resale apartment in the City is $791 psf, whereas the average new sale price is $1,385 psf. This is a significant delta that would represent around $400,000 based on a typical 700 ft^2 unit.

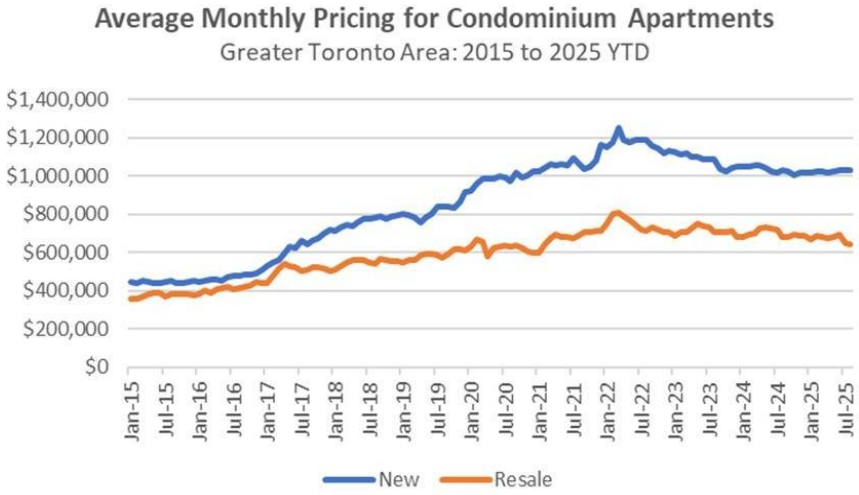
While the gap between new sale and resale began to be distorted leading into 2019 and 2020, fueled by low-interest rates and speculation that prices would continue to rapidly accelerate, this is no longer the case. For both investors and end-users, this has resulted in reduced demand for new apartments given the price premium and reduced outlook for future appreciation.

Figure 23



Source: Bank of Canada, TREB

Figure 24



Source: Altus Data Solutions, MLS

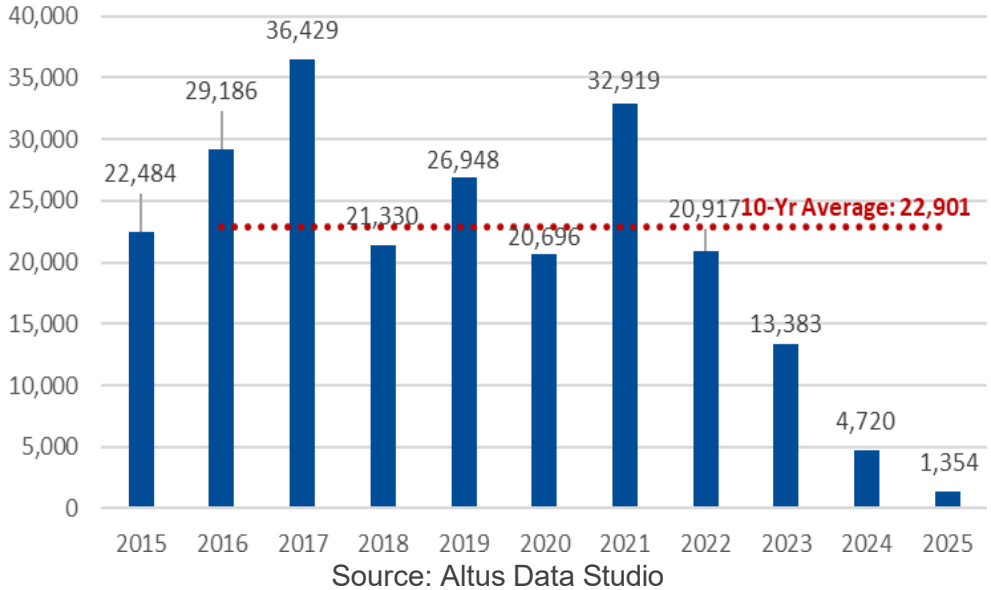
5.1.6 Investors Have Abandoned the High-Density Condominium Market, Resulting in Record Low Sales, No New Project Launches, and Cancellations

In light of the factors noted above, new condominium apartment sales within Toronto, but also the wider GTA and Province, have declined to record lows. As identified in **Figure 25**, new condominium apartment sales in the GTA averaged 22,901 over the past decade, with nearly 33,000 sales recorded as recently as 2021. However, sales have reduced each year since this time, resulting in only 4,720 sales in 2024, with 2025 now expecting to reach 1,500 sales total. According to Zonda—a real estate data collection and research firm—Toronto experienced just 25 new sales in October.

The collapse in sales is occurring primarily because the investor market, which primarily supports the development of high-rise condominiums, has retreated. This is largely due to the pricing distortion between resale and new sale condos identified above, new units being cash flow negative if rented[9] and the lack of expected value appreciation over the coming years. The market is therefore rejecting pricing at current levels, however due to high land acquisition and development costs, there is little to no 'room' in the proforma of developers to reduce pricing and maintain viability. As a result, projects are currently sitting on the market with little sales, with project cancellations hovering at significantly higher rates than during the peak market period of 2022 and 2023 (**Figure 26**). Many developments have also entered delinquency, with development groups also laying off staff.

As a result of slower sales and higher costs, launch[10] activity for new condominium apartments in the former City of Toronto has hit new lows. **Figure 27** shows that launch activity has decreased notably since 2022, with just 869 units introduced in 2024 and 72 so far in 2025. This contrasts sharply with the past 10 years when the city averaged approximately 8,200 units launched annually across an average of 27 buildings. This is a reaction by the development community to prevailing market conditions and weak viability.

Figure 25
New Condominium Apartment Sales
Greater Toronto Area: 2015 to 2025 YTD

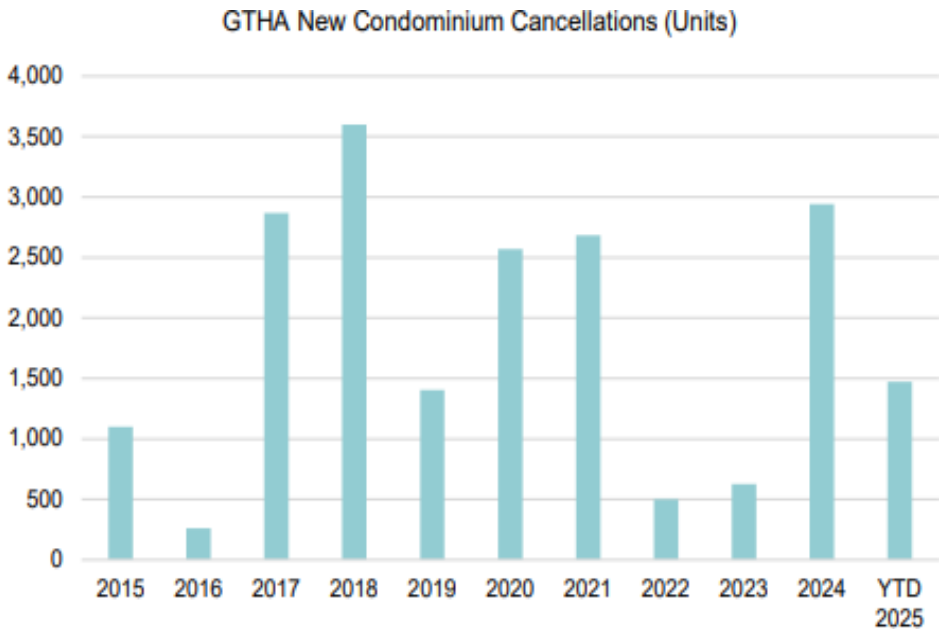


Source: Altus Data Studio

Figure 26

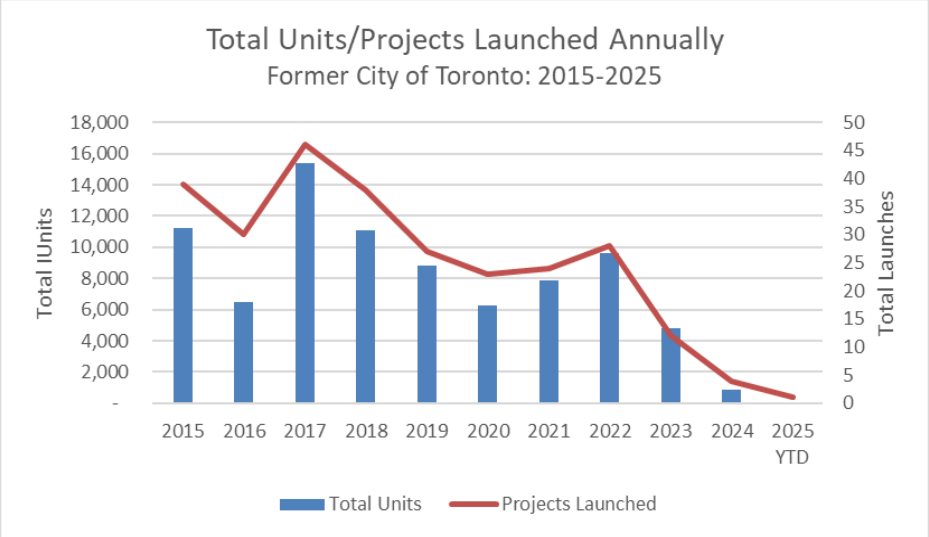
[9] Storeys article – "Most Toronto Condo Investors are Cash Flow Negative"

[10] Means a new condominium project beginning pre-construction sales.



Source: Urbanation.

Figure 27



Source: Altus Data Studio.

5.1.7 Apartment Starts have Declined with a Higher Proportion of Rental

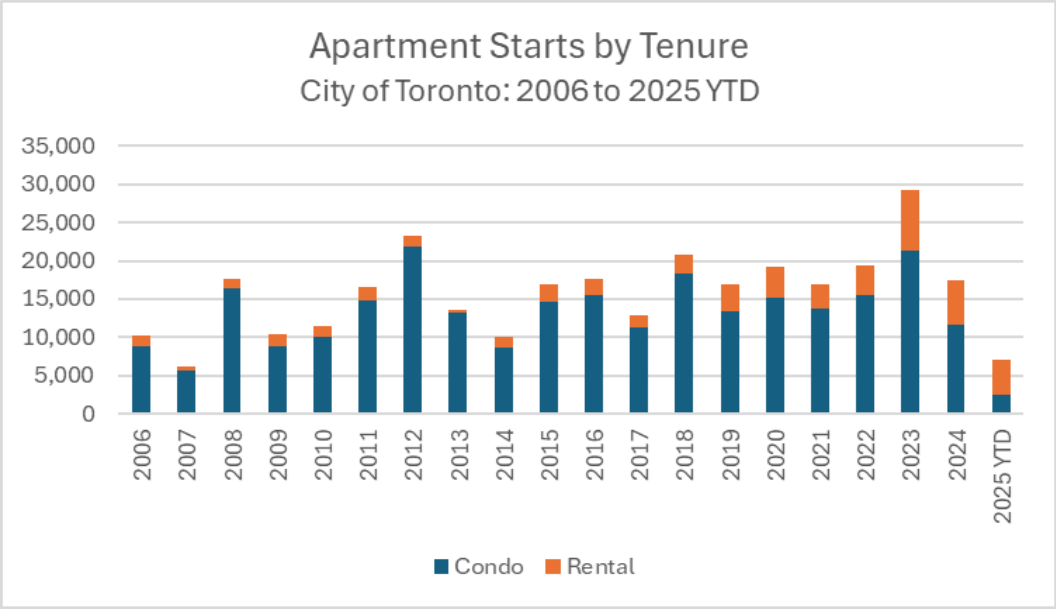
As identified in **Figure 28**, new apartment starts have been strong over the past decade, with 2023 experiencing the most apartment starts on record within Toronto, totaling 29,325 starts, 55% above the 10-year annual average. However, apartment construction has since declined due to the wider challenges identified above.

While overall apartment starts have begun to slow since 2023, the share of rental apartments has remained relatively high through 2024 and 2025, supported by government incentives encouraging

rental development, such as the removal of HST on new purpose-built rental housing, affordable housing developments, City incentives (e.g., Rental Housing Supply Program) and federal programs such as the MLI Select Program.

In the wake of a challenging market context, CMHC financing programs have played a key role in supporting rental supply across Canada, with over 88% of rental apartment starts supported by these initiatives in 2024[11]. Almost 80% of these rental apartment starts are financed specifically through the MLI Select program, which has become an important product for the development of rental buildings in the current market environment. Notwithstanding, the sustainability and longevity of these financing programs moving forward is unknown, with this finding also illustrating the impact of elevated borrowing and construction costs and the reliance on government programs to maintain viability.

Figure 28



Source: CMHC Housing Portal

5.1.8 Rental Market Conditions Have Softened

As identified in **Figure 29**, vacancy rates for purpose-built rental (PBR) apartments in Toronto have fluctuated significantly over the past decade. Newly built rental buildings (completed since 2000) have consistently exhibited higher vacancy rates than the overall PBR stock, largely attributed to greater turnover in newer buildings and higher pricing. Newer projects typically command higher rents, leading tenants to move more frequently, whereas older, rent-controlled buildings experience lower turnover as tenants seek to retain below-market rents. This dynamic leads to

[11] CMHC 2025 Mid-Year Rental Market Update

higher vacancies in new projects, which is also influenced by new projects finishing construction and taking many months to fully lease and occupy.

The pandemic year of 2020 marked a temporary spike in vacancy rates, particularly for newer buildings (over 8%), due to weakened rental demand within the City. Since 2022, the overall vacancy rate across all purpose-built rentals has remained below a balanced level of 3–5%, indicating continued tight market conditions. In contrast, vacancy in newer PBR buildings has risen steadily to a balanced rate of approximately 4.6% in 2024, largely attributed to the significant influx of new supply in recent years, as well as immigration decline. While formal data through CMHC is not yet available, rental surveys completed by NBLC, in addition to reports and interviews through the development community, indicate that vacancies have continued to trend upward in 2025.

We also conducted a survey of privately leased condominium apartment units within Toronto between 2010 and 2025 YTD (**Figure 30**)[12]. After a decline in rental rates following the pandemic, rents rebounded significantly, rising by 17% year-over-year in 2022 and a further 9% in 2023, reaching a peak monthly rent of $2,908.

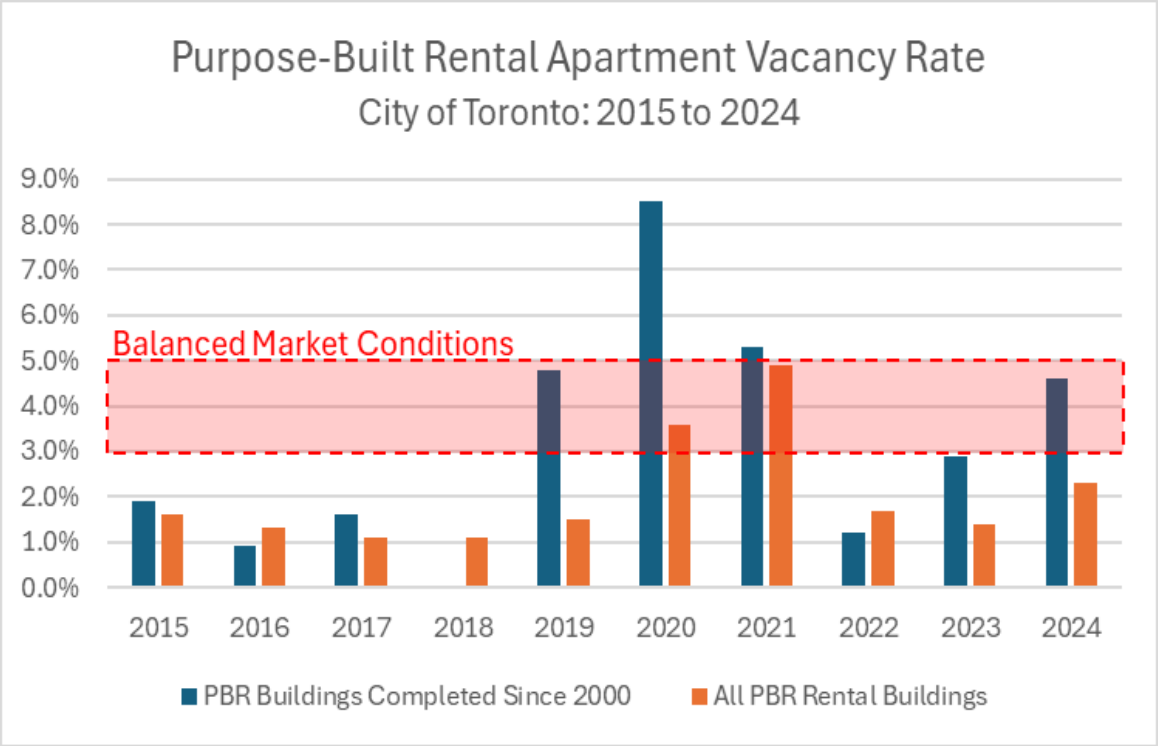
Since 2023, however, rental rates have started to decline, falling by 4% year-over-year in 2024 and an additional 3% year-over-year in 2025 (January to September). Similar trends are identified in the PBR marketplace, with rentals.ca showing that rents for one-bedroom units in Toronto decreased 5.1%[13] year over year as of September 2025, with two-bedroom rents decreasing by 7.0% year over year. These rental rate declines are likely understated, as many buildings are also currently offering incentives to attract tenants.

This market softening is due to immigration and Temporary Foreign Worker reductions as well as the significant increase in rental and condominium supply in recent years. While the rental market is currently experiencing softness, this is expected to be short-lived, whereas more structural and long-term challenges are likely to persist in the condo market.

[12] Condominium rental data was used as it could be pulled for the current period and is available historically through MLS, whereas CMHC rental data was not available for 2025 and does not accurately reflect the rents of vacant and available units. This data provides the most current indication of market rents, with rates for newer condominium and PBR apartments being similar.

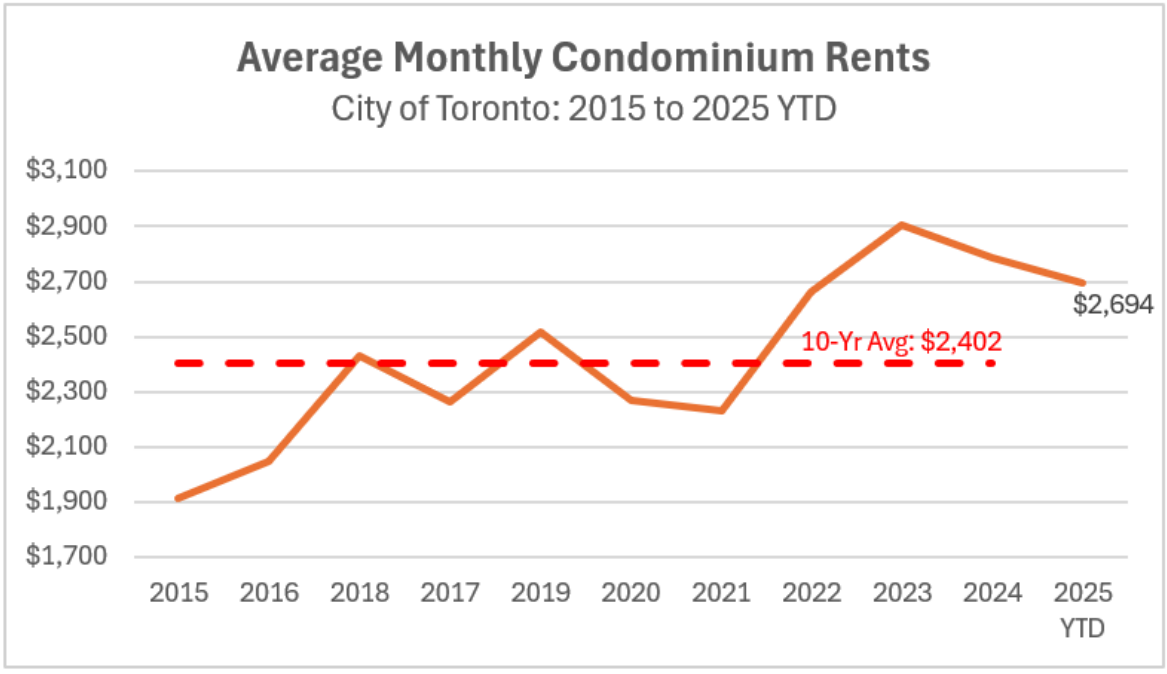
[13] January 2026 Rentals.ca Report

Figure 29



Source: CMHC Housing Portal

Figure 30



Source: Toronto Regional Real Estate Board

5.1.9 Land Values are Compressing in Response to these Market Conditions

Due to these market challenges, the value of land in the market is compressing. The dynamics of slower sales, declining pricing and elevated costs will place downward pressure on the amount a developer can afford to pay for a development site while maintaining their required profit threshold.

The average high density land sale in Toronto is currently $65 psf in 2025, based on a small number of transactions, compared to about $115 psf in 2022. While land value compression is positive for groups seeking to acquire a development site, this is also resulting in fewer land sales as landowners wait for pricing to recover. This is also resulting in high-density land values being less than or similar to lower-density commercial uses, meaning these sites are not transacting and are not currently viable for redevelopment.

Within the context of this assignment, a key variable supporting the redesignation of *General Employment Areas* to *Mixed Use Areas* is the understanding that land values will significantly increase, which the City can leverage to secure local benefits such as affordable housing, non-residential space, parks, and others, as well as collecting the associated Community Benefits Charge (CBC). This dynamic is no longer occurring, with employment land in many situations supporting stronger demand and value than residential.

5.1.10 Tariff Threats from the United States Create New Market Uncertainty

While there are signs that the macroeconomic forces impacting the Toronto real estate market are slowly shifting, they are being replaced by escalating trade tensions between Canada and the United States. This presents additional risk to economic stability and consumer confidence. It is difficult to forecast how this situation will evolve over the coming years and how it will impact the housing market; as well as employment markets, with implications for major household decisions.

5.1.11 Market Outlook

Looking forward, we expect purpose-built rental investment to continue to make up some of the near- term housing demand shortfall. We expect the number of development companies engaged in the development of purpose-built rental to grow, particularly if the current lending and incentive programs remain in place. Overall, rental housing starts across the City should remain at elevated levels relative to historical trends.

However, it is also important to identify that rental housing faces viability challenges that are largely being overcome with CMHC financing products and other incentives. Rental projects will also support lower land values relative to condominium developments, with generally thin proforma margins that make the provision of significant community benefits challenging, as well as introducing non-residential uses at rates that do not support project viability.

The return of the condominium market will be delayed until the near-term supply issue is resolved. We expect that as the current supply grinds down in 2028 and 2029, demand will increasingly shift into the resale market. With the majority of the market now directed at the resale sector, pricing should eventually increase. With higher pricing, aided by lower costs and stable interest rates, the economics of new development should then improve and justify investment of the more mid-term.

However, it is also likely that the market will need to shift to more end-user focused product characterized by larger units, slower absorption and more modest scale. It is important to appreciate that the GTA condominium apartment market has relied heavily on investor-purchasers over the last two decades to quickly reach the 60% to 80% pre-sales thresholds typically required for construction financing. Compared to investor-purchasers, end-user purchasers are less willing to wait four to six years, or longer, from purchase to occupancy, so early sales by investors have been critical. With likelihood of fewer investor purchases relative to peak-sales activity in the late-2010s, project scales will need to be recalibrated to reach construction financing in a reasonable period (e.g., historically, considers to be around 8 to 12-months).

This will require a complete market reset where land values remain depressed, and development costs reduce to allow viability. This will also likely increase competition for prime market locations, with higher density developments in weaker market areas to face significant longer-term viability challenges.

The condominium apartment market is therefore experiencing longer-term structural changes that will not easily be resolved. In this environment, we expect viability to remain weak until either costs decrease and/or sales and pricing increases. The challenges facing the high-rise condominium apartment market, particularly outside of strong market locations, cannot be understated.

5.0 Non-Residential Market Feasibility

Understanding the challenges in the office market, the following primarily focuses on the inclusion of other non-residential space (e.g., retail, service commercial, etc.). Within this context, it is important to identify that non-residential space within a high-density mixed-use building (i.e., ground floor, podium) is rarely viable on its own, even in strong market locations. This is due to the high

construction costs of delivering a high-density project relative to achievable rents, a dynamic that is illustrated in Figure 30 to follow:

- Construction costs (hard, soft, and land costs) for high-rise projects will range depending on several factors but generally fall around $850 psf outside of the Downtown. This assumes a land cost of $50 psf as well as financing costs.

- Assuming a net rent of $30 psf, and a cap rate of 6%[14], this would result in a capitalized value of
- $500 psf. This results in a net loss of $350 psf for every square foot of non-residential space included in the project.
- If 10,000 ft^2 of non-residential space were included in a development, this would result in a loss
- of $3.5M in the developer's proforma.
- To break even, the developer would need to charge $50 psf in net rent, and to make an attractive profit, a minimum of $60 psf would need to be charged. It is important to identify that this does not include any allowance for additional parking to support the commercial use, tenant improvements, or vacancy allowance.
- This compares to net rents that are well below the sub-$30 psf threshold across all non-residential markets surveyed.

These dynamics explain in part why developers often push back on heightened non-residential requirements, to the degree possible. In most situations, even where general demand for commercial space is strong, tenants are unwilling to pay rents that would result in a profitable outcome for the developer. This dynamic is even more problematic in weaker market locations, particularly where rents are lower and spaces are likely to be vacant for longer periods. Even when vacancy in the current building stock is low, it is important to identify that these are often older buildings with low rents, which is difficult to replicate in new development due to the high costs of construction.

Figure 31: Economics of Non-Residential Space Within a High-Density Project (Prototypical Example)

Dollar Amt.	Cost/Revenue Item
$850	Hard, Soft, and Land Costs (psf)
$30	Net Rent (psf)
6%	Cap Rate
$500	Value (psf)
-$350	Gap to Break Even (psf)
-$3,500,000	Profit/Loss per 10,000 sf
$50	Rent Required to Break Even
$60	Rent Required to Profit

No parking costs, TI, Vacancy, or other related cost assumed.

[14] CBRE Q3 2025 Canada Cap Rate Report

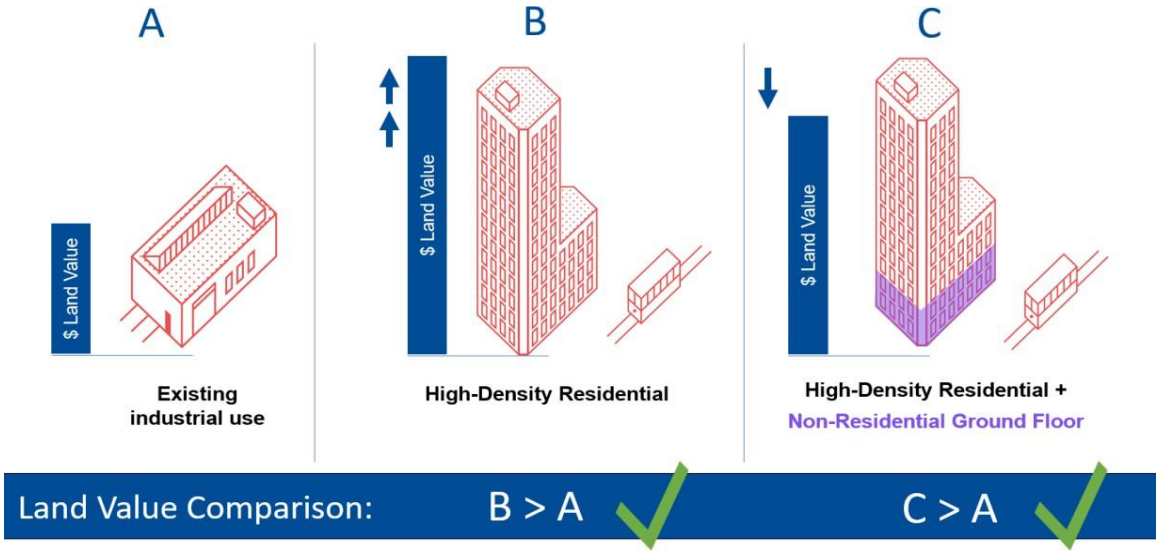
Developers will often still pursue some non-residential space in most developments as this helps them satisfy planning policy but also increase demand for the residential component. For instance, future purchasers and renters may prefer developments that have a commercial offering, which also helps support the creation of community and place. The redevelopment of shopping centres by commercial developers and REITs may also support the replacement of existing commercial space. However, as identified above, this requires a robust high-density residential market where the value of the residential density can more than offset the loss resulting from the inclusion of non-residential space, which essentially becomes a cost in the proforma.

5.2 Residential Market Softening – Implications for Non-Residential Requirements

In stronger market cycles, the redesignation of Employment Lands would result in a strong increase in land value, which can then be offset by the City requiring community benefits and other outcomes such as employment. As illustrated by **Figure 32**, so long as the land value remained above the initial employment value, the policy framework would be effective, and development could proceed while also achieving City objectives.

Currently, the dynamics in **Figure 32** are not present. In many situations, the value of high-density residential may be below or similar to employment land values, with any non-residential requirement or other non-market outcome eroding value and viability further. This creates a challenging context for mandating non-residential and other non-market outcomes through policy development, and particularly through an Employment Land conversion process. The compounding effects of a challenged residential and office market, which is likely to persist for many years, makes non- residential policy development particularly challenging at the present time.

Figure 32: Land Value Comparison of Employment Land Redesignation (Hypothetical Example)



6.0 Key Findings and Directions

The office market is facing significant long-term challenges, where demand for net new space is unlikely to materialize for at least ten years. In this environment, the office market is likely to favour the strongest market locations such as Downtown Toronto, a trend that was already apparent leading up the pandemic. This will make any policy requiring office space on the Subject Lands challenging to implement for the foreseeable future, which also applies to the retention of existing office space that currently exists. In an improved market context, it is likely that the Eglinton Sites could have supported some office investment, whereas the Leslie Site was unlikely to support significant office investment regardless of market timing.

Looking at retail and service commercial space, including applicable institutional, cultural, and light industrial uses, the characteristics of the Leslie Site does not support significant non-residential space. While some ground-floor retail and other service commercial offerings might be supported, it is highly likely that this space will encounter vacancy and viability challenges over the longer term if developed with high-density residential development. Private clubs also commonly have a high potential for customer inflow, but not outflow, and will likely result in the cannibalization of demand by including food and other offerings within the use itself, rather than creating any 'spin off' demand in the surrounding area.

The Eglinton Sites, on the other hand, have a better market appeal for a wide range of commercial space, including medical office uses. However, the amount of space provided/required will need to be calibrated to the market and development plans for the properties, which is discussed further below. It is also identified that the delivery of this space will still rely on a robust high-density residential market, as these uses are unlikely to be viable on their own as assessed in **Section 5** of this report.

6.1 Key Considerations for Policy Development

Employment conversions typically result in a significant increase in underlying land value. In stronger market cycles, this uplift can support the delivery of non-residential space and other outcomes, such as employment, or local amenities, such as institutional and cultural uses. Under current conditions, however, land value uplift associated with residential redevelopment is insufficient to support such outcomes. At the same time, the overall market fundamentals underpinning non-residential development are challenged, creating further headwinds.

Any firm policy requiring a significant amount of non-residential space, which often is a loss leader in mixed-use developments, is highly likely to sterilize properties from advancing in the near-term. Reducing or eliminating these requirements will therefore allow residential projects to advance more quickly and introduce new housing in an emerging transit-oriented location. On the other

hand, allowing properties to advance with little non-residential inclusion and/or local amenities is a lost opportunity that surrenders part of the justification for converting the lands to begin with.

The City therefore has a few options to consider as the policy context for these lands as they are developed. These options should not be treated as a recommended policy approach, but rather possible scenarios to pursue and probable outcomes.

6.1.1 Apply SASP Policies as Currently Written

If the City's primary objective is to secure non-residential space, applying the SASP as written to the Subject Lands may achieve this over the longer term. However, as demonstrated throughout this study, these prescribed non-residential outcomes and requirements for Core Employment space are not currently feasible and are unlikely to be feasible for a considerable period of time under prevailing market conditions.

Maintaining these requirements without flexibility may result in little to no redevelopment activity over a prolonged period, as landowners and developers wait for market conditions to improve to support the City's desired non-residential outcomes. This would, in turn, delay the delivery of new housing and associated local amenities, job opportunities, etc.

At the Leslie Site, this is likely to result in development not occurring for the long-term. At the Eglinton Sites however, these sites are likely to experience demand for more meaningful non-residential outcomes over time, however the timing of this demand and market recovery is estimated to be at least ten years. This may, however, be satisfactory as future development applications are likely to be multi-phased and they will build-out for many years. This suggests demand and feasibility of providing non-residential space may emerge in later phases at the Eglinton Sites.

6.1.2 Eliminate Non-Residential Requirements

If the City's primary objective is to advance new residential development quickly to address the housing crisis, reducing or eliminating non-residential requirements will assist in this objective. While this may result in development happening sooner, non-residential opportunities will be lost. We intentionally state this as a possible outcome, as this speaks to the fact that the high-density residential market is currently on hiatus and the timing in which it recalibrates and returns, particularly, the condominium apartment market is unclear. In other words, elimination of non-residential requirements altogether will not necessarily lead to housing delivery over the short-term.

6.1.3 Be Flexible: Monitor and Revisit Market Conditions and Feasibility

The City could take a more flexible approach that attempts to balance short and long-term market conditions, while also considering the characteristics of each property under consideration. This could involve a flexible, market-responsive approach to non-residential requirements for the Subject Lands that explicitly recognizes the need to monitor and revisit market conditions and project feasibility over time. Real estate markets are dynamic, and the level, timing and form of non- residential demand will vary based on broader economic conditions, absorption of competing projects elsewhere in the City, evolving office and retail trends and the extent to which key demand drivers—such as transit accessibility, population growth, amenity provision and agglomeration—are realized.

Accordingly, non-residential requirements should not be treated as static or permanent, but rather subject to reassessment, for example, at appropriate planning approval milestones, informed by up-to-date market and feasibility evidence.

Additionally, consideration could be given to permitting applicants to propose other non-market outcomes as an alternative to non-residential requirements, such as the preservation of heritage properties or the delivery of affordable housing. While this approach does not resolve the underlying feasibility challenges, it introduces greater flexibility under current market conditions and recognizes that some sites may be better suited than others to accommodate different non-market objectives.

6.1.4 Apply a Differentiated Approach Between the Leslie and Eglinton Sites

Given their differing locational characteristics and long-term demand fundamentals, a differentiated approach to non-residential requirements could be considered:

- The Leslie Site is unlikely to experience demand for new office investment. Further, even modest retail commercial space within the ground floor of buildings is likely to experience modest/negligible demand.
- The Eglinton Sites could support modest retail and commercial uses from a demand perspective today; however, these would create a cost to the project that could delay the development of new mixed-use buildings when the residential market eventually recovers. Over the longer term, these sites will be better positioned to accommodate more meaningful employment investment, including office, once the office markets recover (~10 years).

Recognizing these differences will be important in creating a viable policy framework.

6.1.5 Non-Residential Policy Requirements (Type and %)

Given prevailing market conditions, the City could introduce a policy that is as flexible and expansive as possible, rather than requiring specific employment uses that are considered Core Employment (e.g., office, light industrial). Non-residential could therefore be defined to include all compatible non-residential uses, including office, but be expansive to include all types of non-residential development, at least over the short-term. Given current market conditions, this is the best approach to securing non-residential development.

Similarly, tying non-residential requirements to a proportion of overall density is challenging if the densities advanced are high. This will increase the amount of non-residential space required, which may necessitate including this space either on the upper floors of a podium or in standalone buildings. In the absence of a viable office market, this creates a challenging environment to implement a 'sliding scale' approach to non-residential development. The City could instead consider the amount of space that might be accommodated reasonably within the ground floor and podium of future developments and quantify the non-residential requirement in that way (e.g., a specific gross floor area, % of the ground floor and podium area, etc.). The advantage of this 'bottom-up' approach is that the focus can be placed on the design of non-residential space that is marketable and does not create functional design / project cost issues that undermine overall feasibility of a project.

6.1.6 Short and Long-Term Flexibility

The City could maintain the long-term vision of the SASPs, as currently written, but introduce flexibility as suggested above over the near-term. This might involve a policy that identifies the current SASP language as the City's long-term objective but introduces relaxed requirements today.

The policy could also identify that a commercial study will be undertaken every three to five years, with the requirements adjusted as permitted by the market.

Alternatively, it might be possible to establish the above 'low' and 'high' non-residential thresholds, but require the applicant justify their proposal with a commercial market study at the time of site plan application, with the requirement that a building permit is pulled within 24 months or similar[15]. This approach could be used to de-risk scenarios wherein a landowner may secure a lower non-residential requirements, only to wait many years to actually advance the development. This assessment should evaluate the amount, form and type of non-residential development that can

[15] 24 months is provided as an example. A maximum amount of time should be selected wherein it is reasonable to assume a project could advance from site plan approval to building permit issuance, but not so great that market conditions are likely to materially shift.

be supported under prevailing market conditions and identify the specific uses proposed, having regard to site characteristics, surrounding market context and overall project viability.

To ensure objectivity and defensibility, such assessments should be subject to City staff review or independent third-party peer review to validate assumptions, methodologies and conclusions. This approach allows non-residential requirements to be calibrated to demonstrated market capacity at the time development is advanced, rather than at an earlier point in the market cycle.

6.2 Other Strategies the City Could Advance to Improve Non-Residential Outlook

The City could consider advancing incentives specifically to improve the viability of residential development, which would result in increased housing supply but also recreate the context where increased residential density can create enough value to offset requirements for affordable housing, non-residential space, and other similar items. This would establish the context observed over the previous decade, where the City was able to leverage below-market outcomes such as non-residential space and affordable housing in new development projects.

Alternatively, the City could consider introducing new incentives specific for the inclusion of non-residential space in these types of projects, beyond the incentives offered through the existing EDGE program. This could be an incentive program specific to the Study Area, all *Regeneration Areas*, or expanding the EDGE program to incentivize a broader list of non-residential outcomes city-wide. Common incentives to investigate could include property tax and development charge waivers, however a comprehensive analysis should be undertaken to determine appropriate incentive types and amounts. This program could also offer incentives that vary by location and could be reevaluated regularly to determine if incentives are still needed as market conditions improve.

In parallel, non-financial incentives and process-based tools could play a meaningful role in improving development feasibility and market responsiveness. These could include:

- **Expedited and coordinated development review** for projects that incorporate employment space;
- **Greater flexibility and permissiveness in permitted employment uses**, particularly for less-traditional ELE uses, subject to site plan control and compatibility testing. While market demand and viability for light-industrial and flex-type uses currently appears weak in the Study Area, commercial markets are highly mobile and occupier business models are not always fully understood at the outset. Allowing a broader range of flex and hybrid employment uses reduces development hurdles and enables the City to be more opportunistic as market conditions evolve. Beyond what is permitted today, this could expand to allow for: urban production and

maker spaces; repair, service, and craft uses; creative and cultural production and facilities; film and media support uses; office-intensive research and development (including dry and green labs); technology and innovation uses; food innovation uses such as ghost kitchens; flexible office formats including coworking and incubator space; education and workforce development uses; non-profit and institutional employment; and limited ancillary storage directly related to on-site employment. Greater flexibility to permit institutional, retail, and cultural uses should also be considered without strict requirements for specific uses, the rents these types of uses can afford to pay often do not justify investment without subsidy or a strong residential market.

- **An outcome-based policy approach that prioritizes employment generation**, adaptability, and land-use compatibility over rigid use classifications, thereby increasing the likelihood that space can respond to changing demand over time rather than being locked into formats that may no longer be viable.

Beyond site-specific incentives, there is also a role for public-sector leadership in establishing focal points and supporting agglomeration. As demonstrated in other transitional employment areas, this may include:

- **Strategic public or institutional tenancy** to anchor early phases of redevelopment; and
- **The inclusion or subsidization of shared amenities**, such as cultural facilities, community or innovation spaces, or flexible meeting and event venues, that improve marketability and support clustering effects.
- **Economic Development Intervention,** by municipal economic development teams, can also help developers find and secure tenants by acting as a market connector, facilitator, and risk-reducer. Economic development can actively pursue and connect businesses with applicants, while also stacking available incentives, to help satisfy non-residential requirements. Beyond simply satisfying requirements, staff can also help secure specific tenants to try and create a hub of activity (i.e., agglomeration economics) that can drive future investment without the need for continued public sector investment/intervention. In some cases, cities can anchor projects by recruiting public-sector, institutional, or quasi-public users, or by aligning the project with broader city initiatives (innovation hubs, incubators, cultural districts) that create built-in demand and leasing momentum.

For the Eglinton Sites, the planned opening of the Eglinton LRT, together with continued reinvestment in the public realm, will improve longer-term prospects. However, near-term success will depend on flexibility, targeted assistance, and a willingness to accept incremental and transitional employment outcomes, rather than a single, idealized end state.

Taken together, these measures would not eliminate the underlying market constraints facing the Study Area, but they would **expand the range of viable opportunities**, improve the likelihood of

employment attraction, retention and adaptation, and better align policy expectations with market realities during a period of continued transition. It is important to note that even with these strategies in place, viability is likely to remain challenged over the near term.

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