PlazaPOV

POSITIONING THE PLAZA

Understanding the form and function of Toronto’s strip plazas

TORONTO

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01.

INTRODUCTION

The City of Toronto is undertaking a city-wide study of commercial “strip plazas” to determine their current and potential future role in communities across Toronto, considering economic, social and cultural factors. Figure 1 below illustrates common strip plaza characteristics.[1]

Figure 1 - Strip Plaza Characteristics (Source: Toronto Star)

1. For this study, the term “strip plaza” refers to an attached row of stores and/or service outlets as shown in Figure 1 and described in Section 2.1 of this report. This definition is based on the CoStar Analytics definition for “strip centres” and existing academic research on the topic in the Toronto context. The definition may be subject to change as the study progresses.

Strip plazas provide a wide range of benefits to the communities they serve. For instance, they accommodate thousands of establishments across the city, including local businesses and service providers that help support the daily needs of residents. They also provide many thousands of job opportunities across different sectors, including space for entrepreneurship.

Regardless of such benefits, strip plazas are largely considered to be out-of-step with current community building practices and planning principles. Among other factors, they are designed to prioritize vehicles over pedestrians, and their form does not maximize the development potential of large sites. In turn, strip plazas are often thought of as redevelopment sites – particularly near higher order transit routes – and the potential impact of their loss is not considered. Developing a more detailed understanding of the role that strip plazas play is important and timely as development pressure continues to grow city-wide.

This report provides an overview of strip plazas in Toronto today. It begins by outlining the total number of strip plazas and their distribution across the city, as well as identifying common attributes of plaza sites and their operations. Next, it considers the demographic and physical characteristics of communities where strip plazas are most prevalent. Finally, it examines current development activity on strip plaza sites where redevelopment is proposed or underway.

02.

CITY-WIDE OVERVIEW

Strip plazas are a relatively distinct type of development in terms of their location, form, function and operations. City Planning has identified 323 strip plazas distributed throughout Toronto as of Fall 2023 (Figure 2).[2]

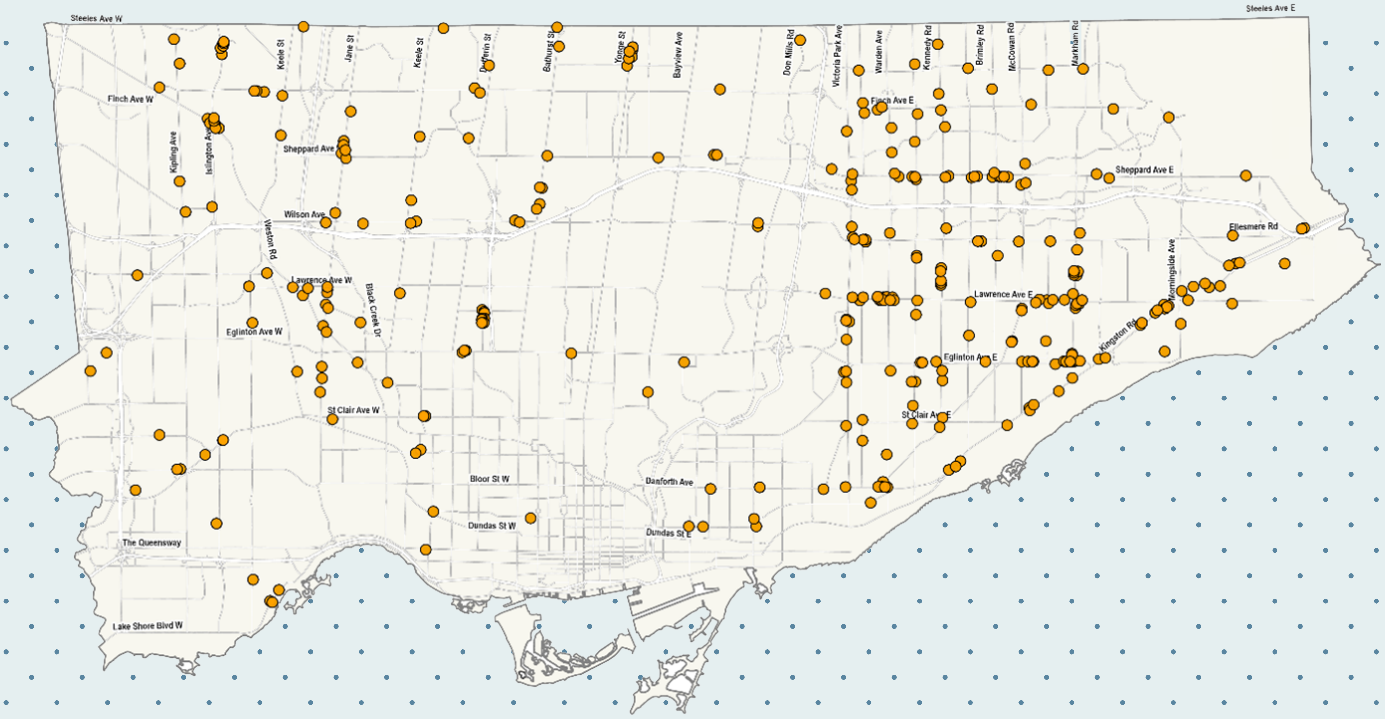

Figure 2 - City-Wide Overview of Existing Strip Plazas

Scarborough has the most strip plazas at 56%, followed by North York at 22% (Figure 3).

While strip plazas are widely distributed across Toronto, various locational and physical characteristics are commonly associated with the areas where they are most prevalent.

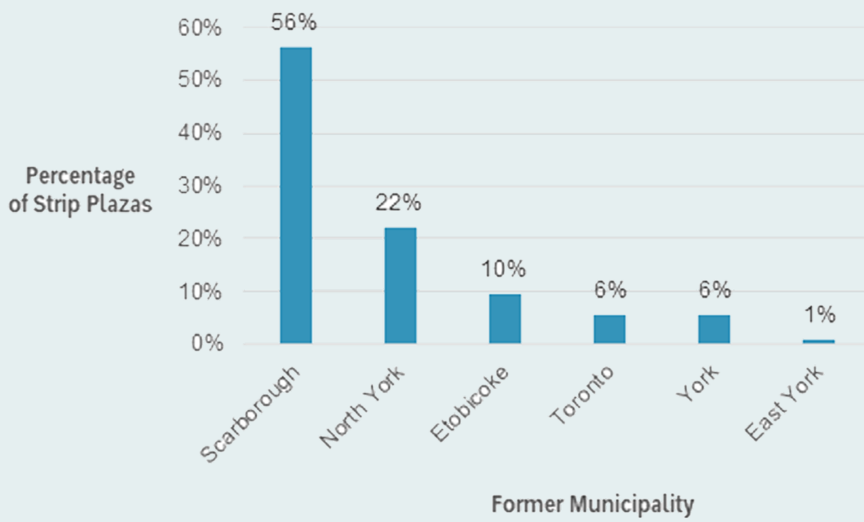

Figure 3 - Percentage of Strip Plazas in Former Municipalities

2. Strip plaza sites have been identified using CoStar Analytics and Toronto Employment Survey data, as well as through site visits conducted by the Study team. The total (323) is approximate and subject to change.

2.1 Location

Strip plazas are most common in Toronto's inner suburban areas where building construction predominantly occurred between 1951 and 1990 (Figure 4).

As shown in Figure 5 below, strip plazas were generally built throughout this same period to serve as commercial centres for emerging communities in these areas.

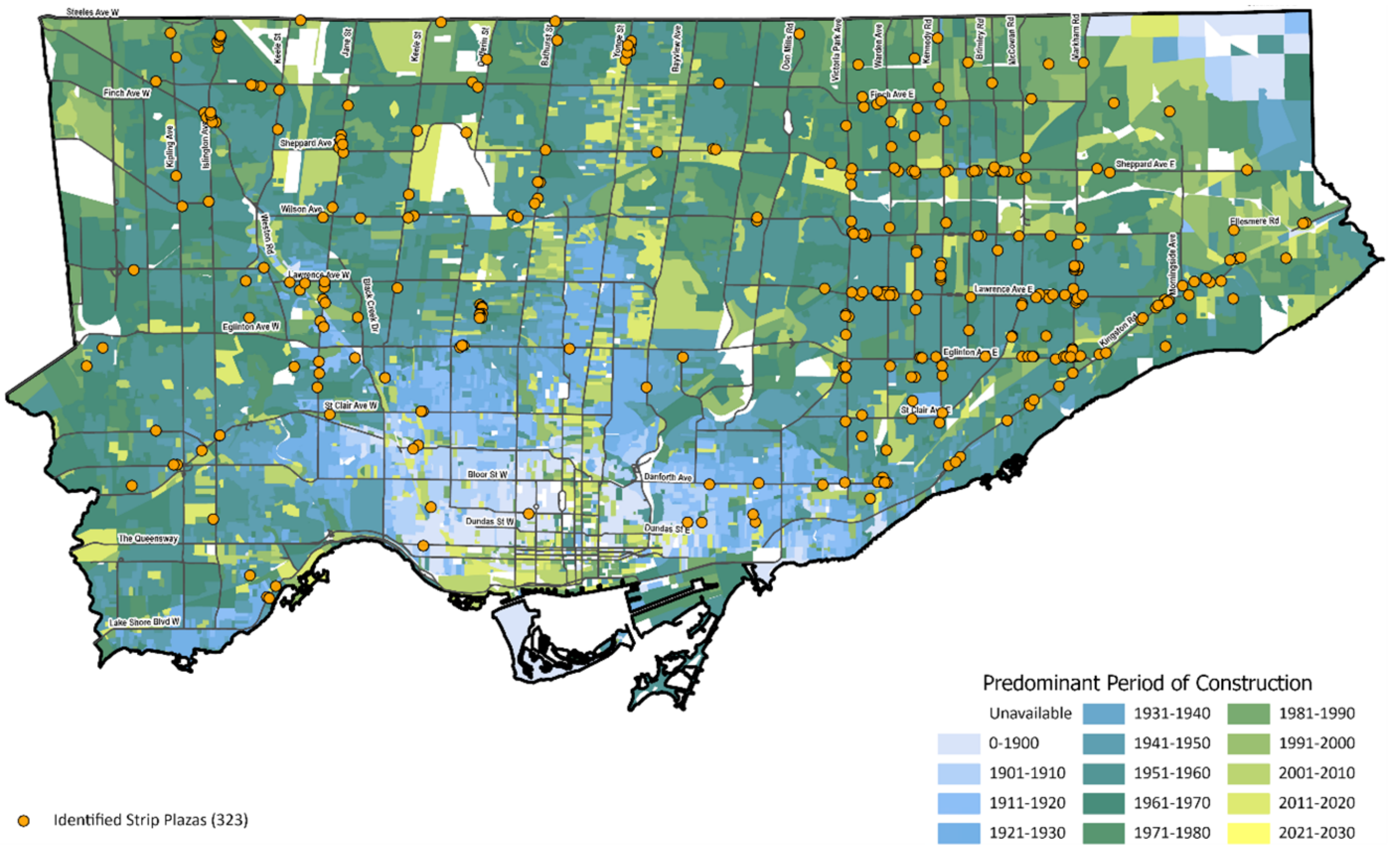

Figure 4 - Period of Building Construction

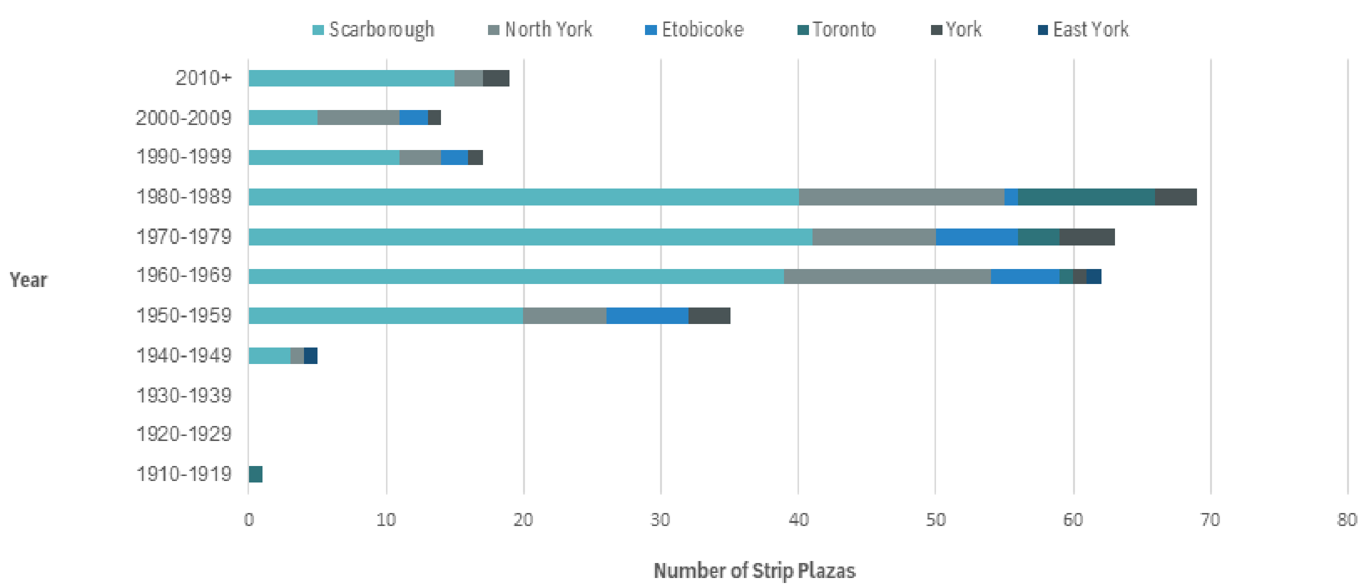

Figure 5 - Period of Strip Plaza Construction (Source: CoStar Analytics)

2.2 Planning Framework

Almost all identified strip plazas are located along the City's major streets, which allows them to be easily visible and conveniently accessible (Figure 6).

In terms of the City's urban structure, as established in Map 2 of the Official Plan[3], strip plazas are commonly located along ***Avenues***, and within or adjacent to ***Employment Areas*** (Figure 7). Conversely, very few plazas are currently located in the City's ***Downtown and Central Waterfront*** or ***Centres***, where growth and development are encouraged through policies and regulations allowing for taller buildings and higher densities. In turn, strip plazas today are typically located in lower density areas with lower building heights.

Taking a more detailed look at the relationship between Official Plan land use designations and strip plazas, Figure 8 demonstrates they are often located in ***Mixed Use Areas***, but it is not uncommon for plazas to be located in ***Apartment Neighbourhoods*** and ***General Employment Areas*** as well.

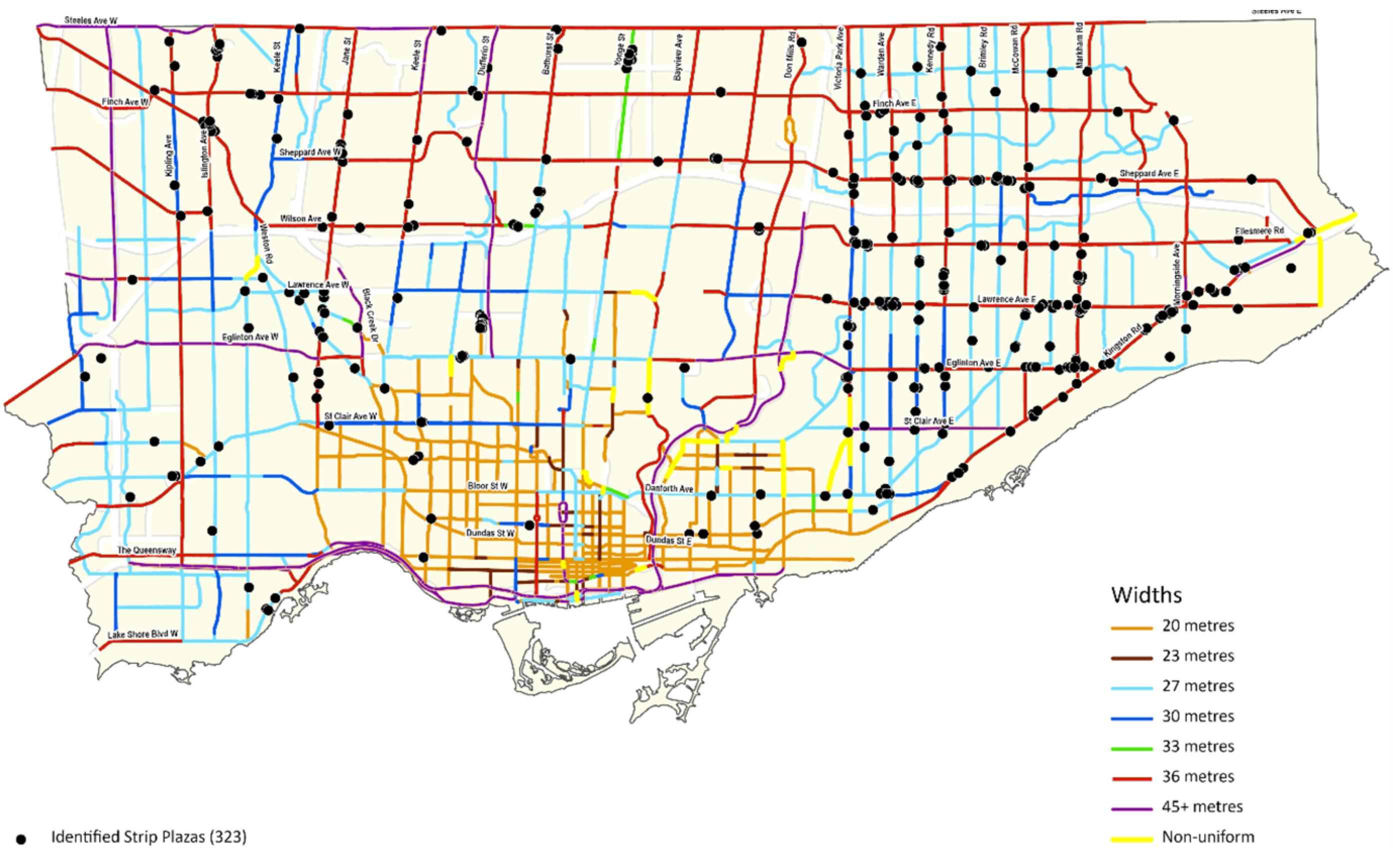

Figure 6 - Toronto's Major Streets (Source: Official Plan Map 3)

3. Detailed policies pertaining to these italicized terms can be found in Toronto's Official Plan (Toronto.ca/official-plan).

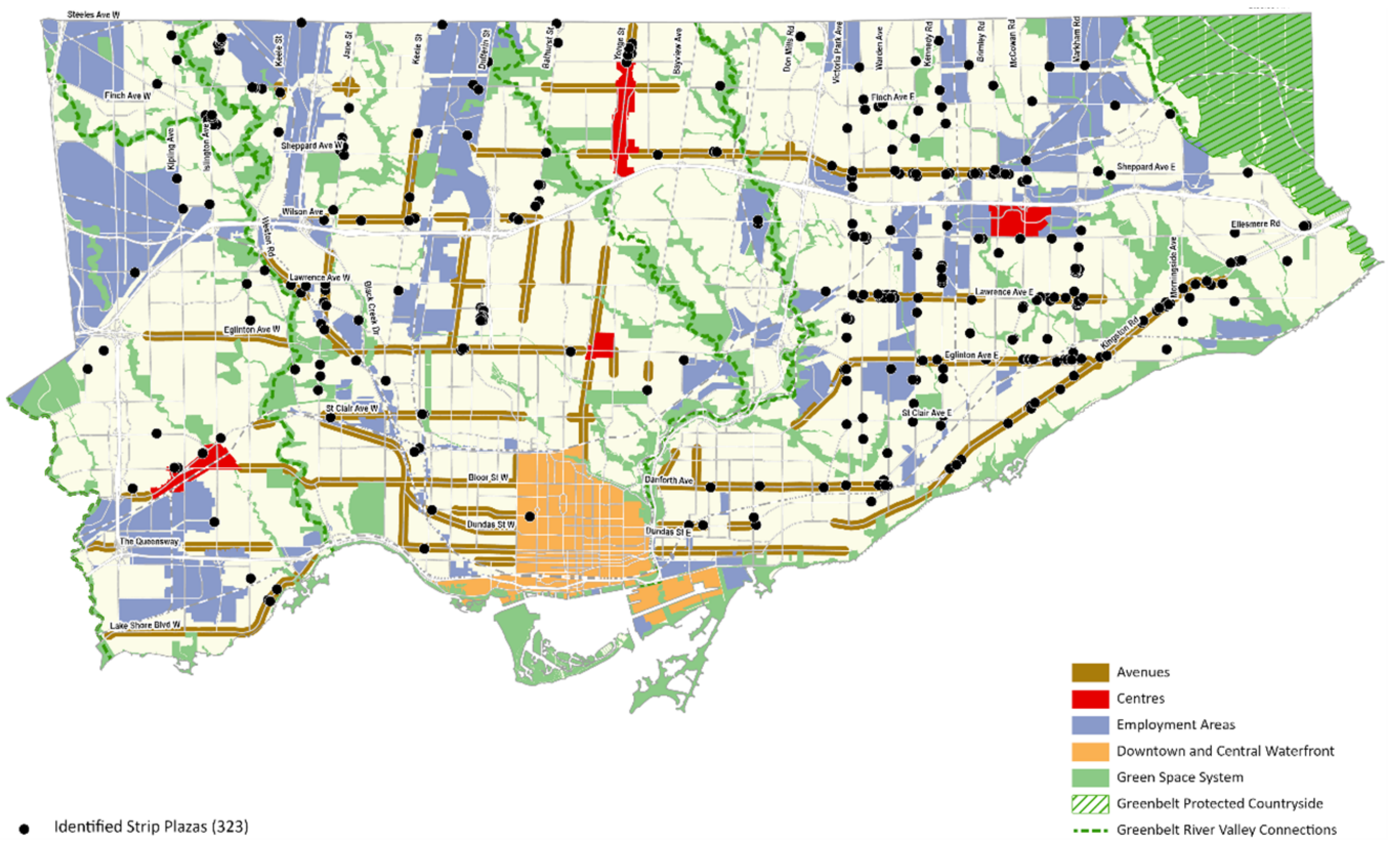

Figure 7 - Toronto's Urban Structure (Source: Official Plan Map 2)

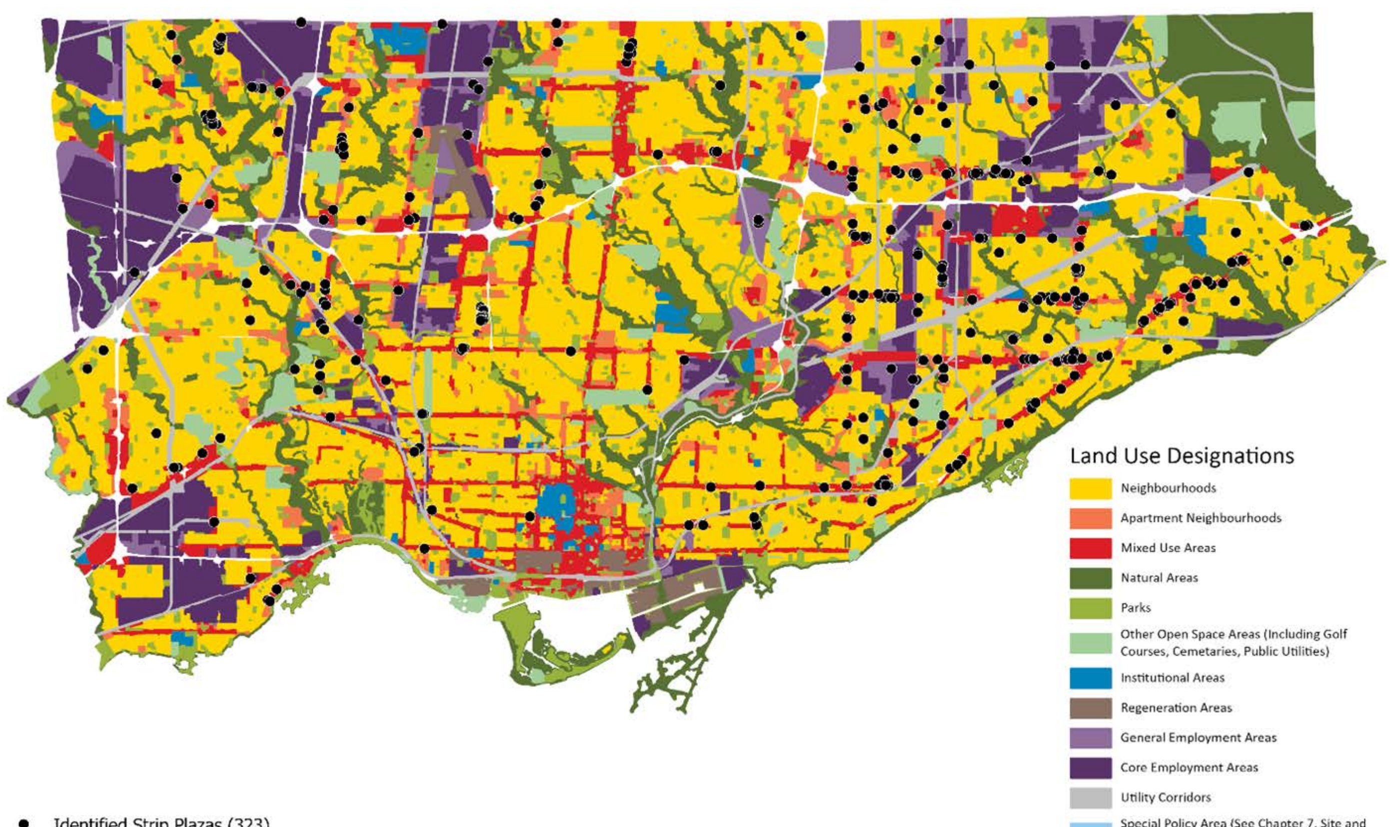

Figure 8 - Toronto's Land Use Designations (Source: Official Plan Map 4)

In Toronto's city-wide Zoning By-law 569-2013, a majority of strip plazas identified have commercial zoning. Approximately 54% are zoned Commercial Residential and another 13% are zoned Commercial Local. There are relatively few strip plaza properties in other zone categories: Employment Industrial (2%); Residential Apartment (2%); low-rise Residential (3%); and Open Space (1%). An additional 29% of identified plaza sites are not currently included within By-law 569-2013, and carry the zoning assigned by their respective former municipal (pre-amalgamation) zoning by-laws[4] (Figure 9). Further analysis will be required to determine the applicable zoning for these sites.

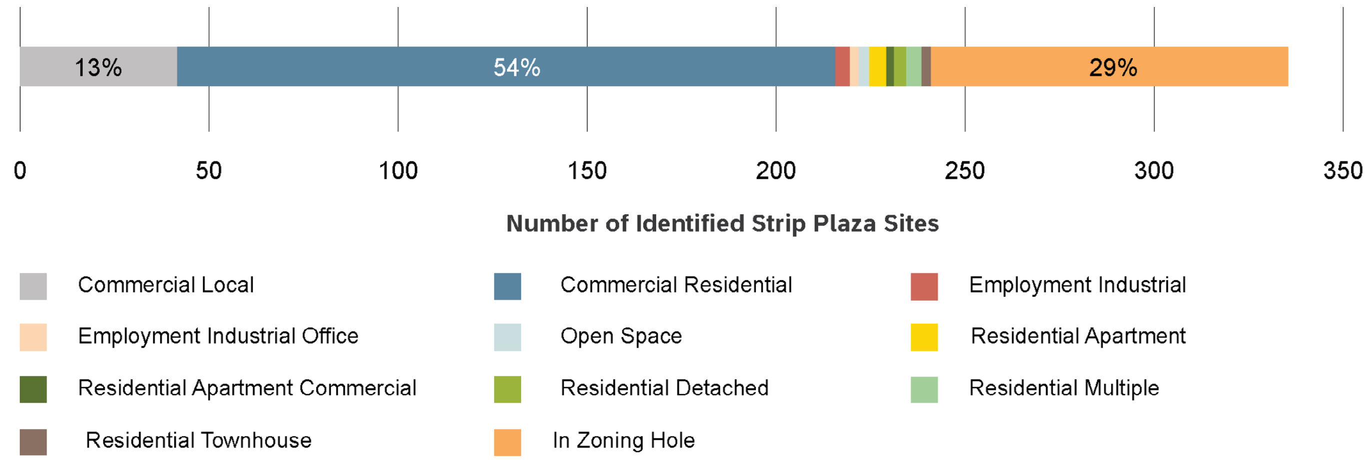

Figure 9 - Proportion of Zoning Categories for Identified Strip Plaza Sites

4. There are some plazas with sites that are covered by more than one zoning by-law, as such the sum of zoning descriptions identified for plazas is greater than the number of plazas in the inventory.

2.3 Form

Strip plazas are primarily defined and recognized by their physical form. They are comprised of an attached row of units with separate entrances, typically one or two storeys in height, and configured in a straight line or in an L or U shape with vehicle parking in front (Figure 10).

The separate units are commonly connected by an exterior sidewalk extending along the front. Large portions of the site are typically dedicated to vehicle parking, though the number of parking spaces varies. In most cases, parking and access for vehicles is prioritized over pedestrians, as the exterior sidewalk is rarely connected to the surrounding pedestrian network.

The total gross leasable area (GLA) of strip plazas, inclusive of all individual units, can vary quite significantly (Figure 11). Roughly 40% of identified strip plazas have a GLA of 10,000 m^2 or less, with another 40% having a GLA between 10,001 and 20,000 m^2, and the remaining 20% at greater than 20,000 m^2. More information about individual unit sizes is needed to better determine the role of strip plazas in supporting various types of commercial activity.

Figure 10 - Typical Strip Plaza Forms on Victoria Park Avenue (top) and Lawrence Avenue East (bottom)

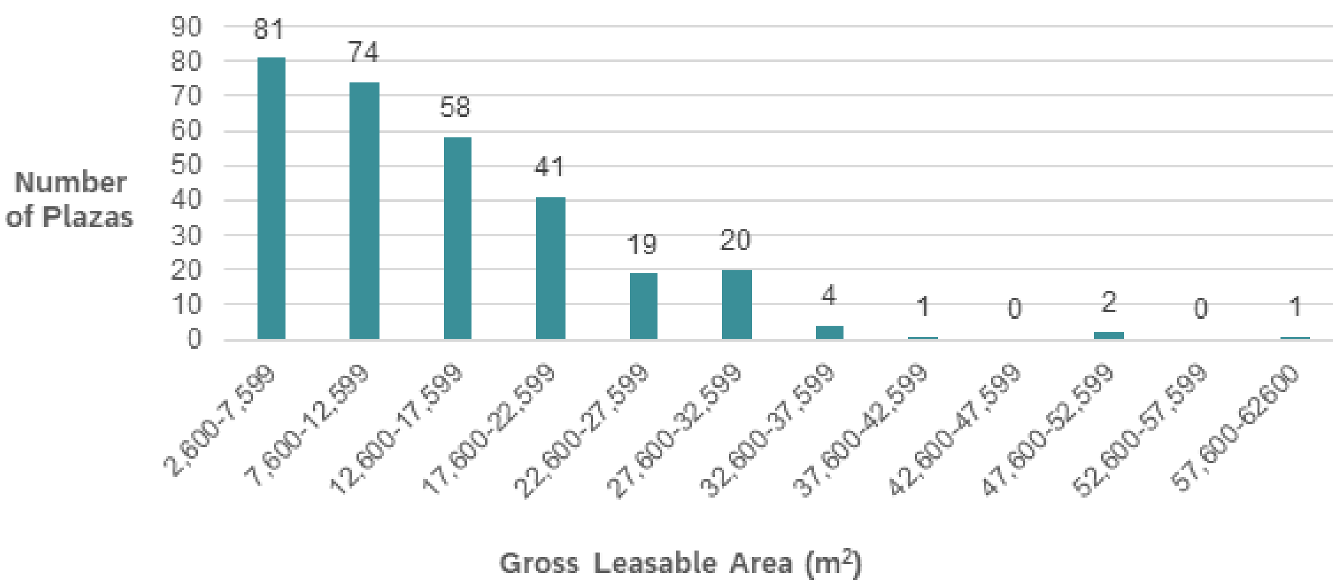

Figure 11 - Gross Leasable Area of Strip Plazas (Source: Co-Star Analytics)

2.4 Function

Strip plazas support more than 2,600 establishments across the city that represent a wide variety of uses (Figure 12). In reviewing a selection of existing plazas, common uses observed include restaurants and cafes, grocers, retailers, health services, professional services, and others that support daily needs, such as laundromats and hair salons. Many are ethnically based businesses, particularly restaurants and grocers, which is demonstrated by the business names and the use of different languages on signage. Most of the businesses were observed to be singular or unique to the Toronto context, with relatively few chain or franchise businesses occupying strip plaza units. This variety allows plazas to serve as a hub where many needs can be fulfilled in a single stop. In some cases, strip plazas in Toronto may include residential units, typically on the second storey. According to available data, 16% of identified strip plazas were found to contain residential uses on site.

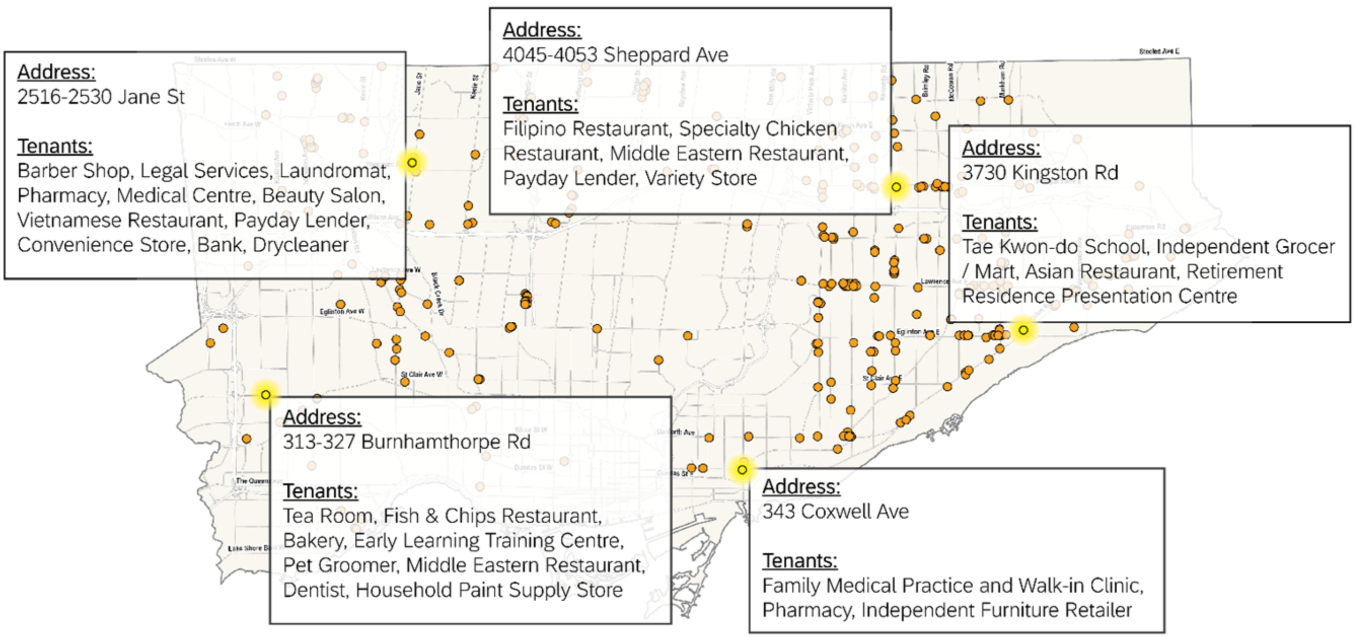

Figure 12 - Examples of Strip Plaza Tenants Across Toronto, Observed Summer 2023

Figure 13 - Typical Strip Plaza Form Including Residential Units on St. Clair Avenue West

2.5 Employment

Establishments within strip plazas provide thousands of jobs across Toronto. According to the Toronto Employment Survey, in 2022 the total number of jobs was roughly 11,700, of which more than half were full-time positions. The range of sectors in which these jobs were based also reflects the diversity of uses found in strip plazas (Figure 14).[5] The Food Services sector accounted for the greatest proportion of jobs provided by establishments in strip plazas at 33%, followed by the Retail Trade (22.6%) and Health Care and Social Assistance (13.5%) sectors.

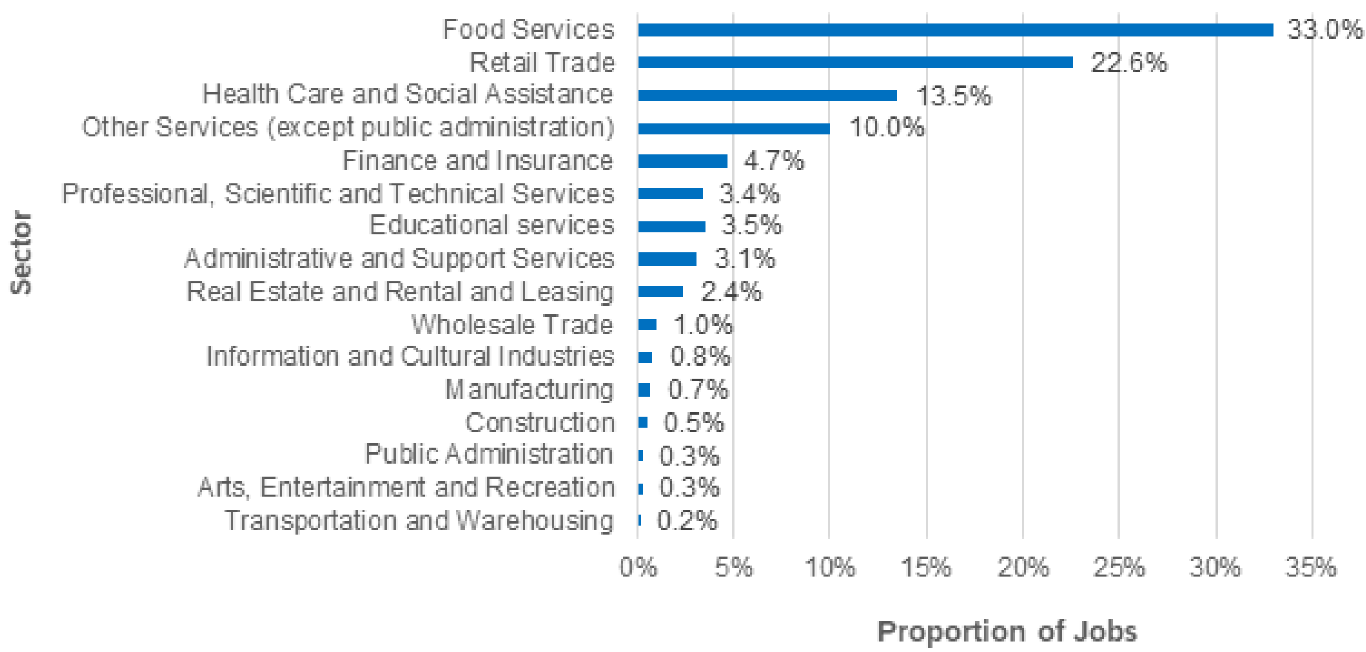

Figure 14 - Full and Part-Time Employment Sectors in Strip Plazas

5. Sectors are based on the North American Industry Classification Systems (NAICS) categories. Some categories have been revised slightly to reflect the types of jobs provided by establishments in strip plazas.

2.6 Operations

An initial online review of current listings indicates lease rates for ground floor units in strip plazas are lower than the average rates for commercial and retail units of similar sizes (Table 1). Initial findings also suggest this trend is magnified in comparison to new or renovated units.

Table 1 - Examples of Strip Plaza Retail Space Listings

Address[6]	Former Municipality	Size (sf)	Cost (monthly)	Cost (p/sf)	Comparable Cost (p/sf)[7]
206-3174 Eglinton Ave E	Scarborough	566	$1,500.00	$2.65	$42.74
4-4288 Kingston Rd	Scarborough	900	$3,995.00	$4.43	$42.74
2422 St. Clair Ave W	Etobicoke York	1,665	$2,400.00	$1.44	$33.48
2887 Keele St	North York	1,020	$3,450.00	$3.38	$33.48
1713 Eglinton Ave W	Toronto & East York	1,000	$2,995.00	$3.00	$48.42
758 Mount Pleasant Rd	Toronto & East York	1,758	$6,155.00	$3.50	$48.42

(Source: Realtor.ca, July 18,2023 & TRREB Commercial Realty Watch, Q2 2023)

According to CoStar Data Analytics, strip plazas have very low vacancy rates, with roughly 97% being completely leased. This demonstrates a high demand for this type or price point of space. By comparison, in the second quarter of 2023, JLL reported 9.6% of ground-floor storefronts were available for lease along retail corridors they assessed in Toronto.[8]

CoStar also reports that most plaza sites are singular lots, indicating they are likely controlled by one owner. Still, many sites are divided into multiple lots with potentially numerous property owners, which can add complexity to operations or coordinating investment opportunities.[9]

6. Listings were identified in Q3 of 2023 and may no longer be available or applicable rates may have changed.
7. Comparable costs were taken from the Toronto Regional Real Estate Board (TRREB) Q2 2023 Summary of Commercial / Retail Leasing Activity. Notably, this summary is a relatively small sample size, only includes listings reported on MLS and features a wide range of commercial / retail unit types (excluding office and industrial). For the purposes of comparison, only rates for units 2,500 square feet and smaller in size were used. Comparable costs are based on TRREB's division of Toronto into East, West, and Central study areas.
8. JLL Toronto Urban Retail Report Q2 2023: Toronto Urban Retail (jll.ca)
9. CoStar data was verified through an assessment of parcel fabric conducted by City Planning.

2.7 Community Demographics

Beyond the physical characteristics of areas where strip plazas are most prevalent, it is also important to understand the people who live in these communities and may depend on the goods and services offered to support their daily needs. While many strip plazas may serve a regional customer base, this analysis helps identify the role of plazas in local neighbourhoods.

Breaking the City down by census tract, as defined by Statistics Canada,[10] those with strip plazas located within them demonstrated the following characteristics:

2.7.1 Household Income

Strip plazas are generally located in areas with lower household incomes. As of 2021, census tracts containing strip plazas had an average income of $105,684, which is roughly 13% lower than the city-wide average income of $121,200. This trend is amplified in areas where strip plazas are more common, as 55% of plazas are located in census tracts that fall below the Toronto median total household income of $84,000, and just 5% in census tracts where the median household income is $121,000 or higher (Figure 15).[11]

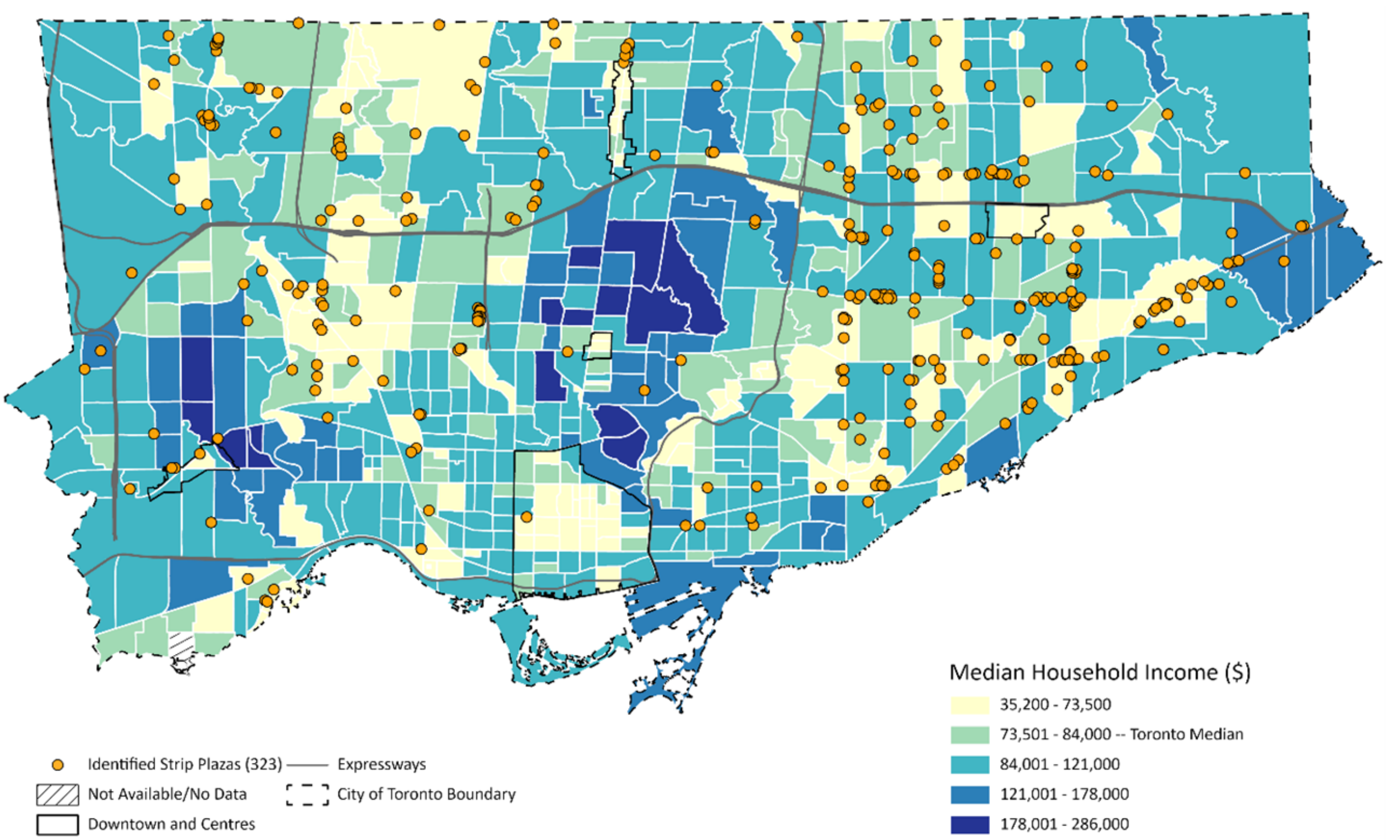

Figure 15 - Median Total Household Income, 2021 (Source: Statistics Canada)

10. Statistics Canada defines census tracts (CTs) as small, relatively stable geographic areas that usually have a population of fewer than 7,500 persons, based on data from the previous Census of Population Program.
11. In terms of average household incomes, 88% of strip plazas are located in census tracts that fall below Toronto's average household income of $121,200.

2.7.2 Racialized Population

Strip plazas are generally located in areas with a higher proportion of racialized persons.[12] As of 2021, 66.5% of the population in census tracts with strip plazas was comprised of racialized persons, which is more than 10% higher than the city-wide average of 55.7%. Regarding areas where strip plazas are more common, 80% of plazas are located in census tracts where the proportion of racialized persons is 50% or higher, with 44% in census tracts where that proportion is 75% or higher (Figure 16).

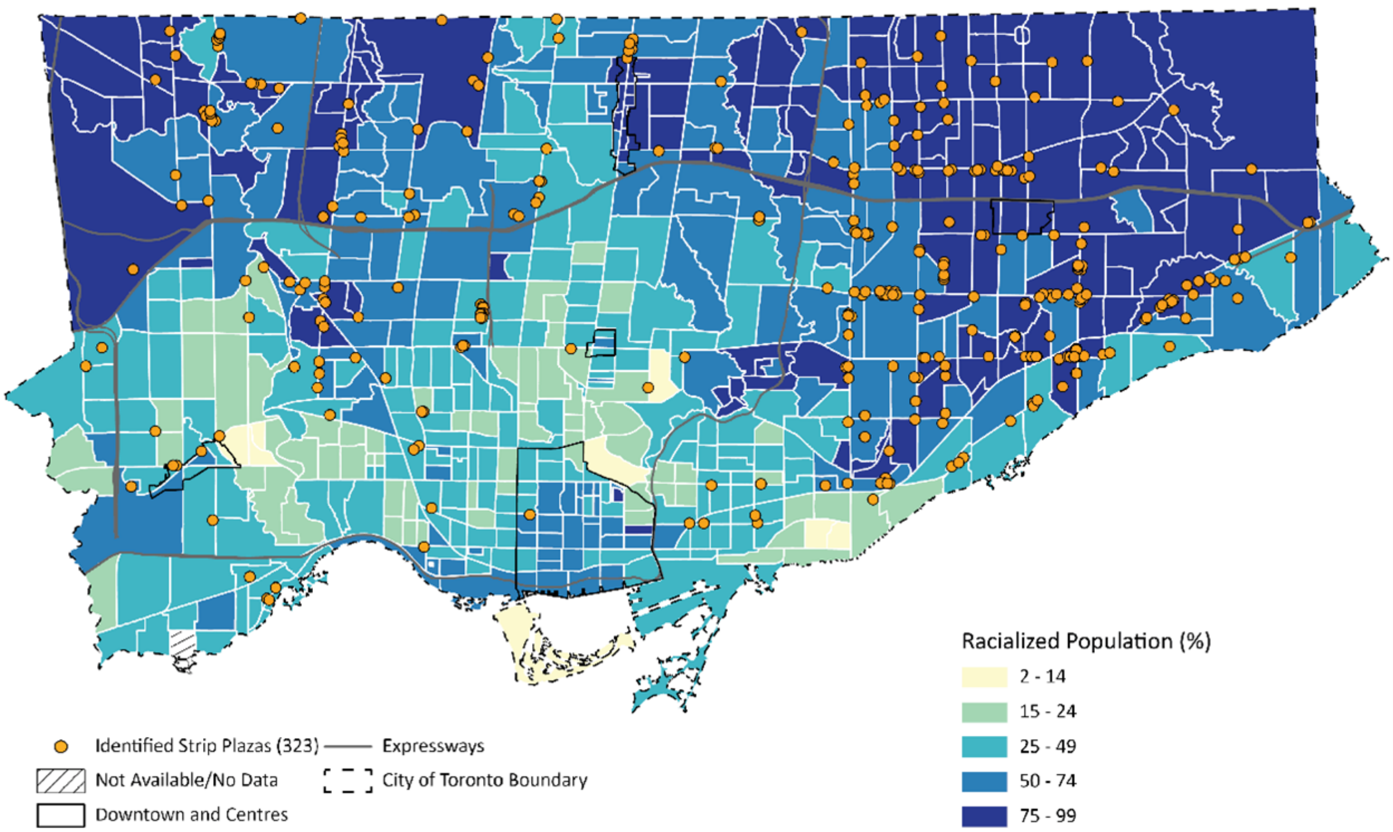

Figure 16 - Percentage of Racialized Population, 2021 (Source: Statistics Canada)

12. The Statistics Canada term for 'visible minorities' has been replaced with 'racialized persons'. It defines 'visible minorities' as persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour.

2.7.3 Immigrant Population

Strip plazas are generally located in areas with a higher proportion of immigrants and non-permanent residents. As of 2021, 57.5% of the population in census tracts with strip plazas was comprised of immigrants and non-permanent residents, which is more than 5% higher than the city-wide average of roughly 52%. The proportion of immigrants and non-permanent residents that are first-generation is also higher in census tracts where strip plazas are located at 58.3%, compared to Toronto overall at 52.9% (Figure 17).

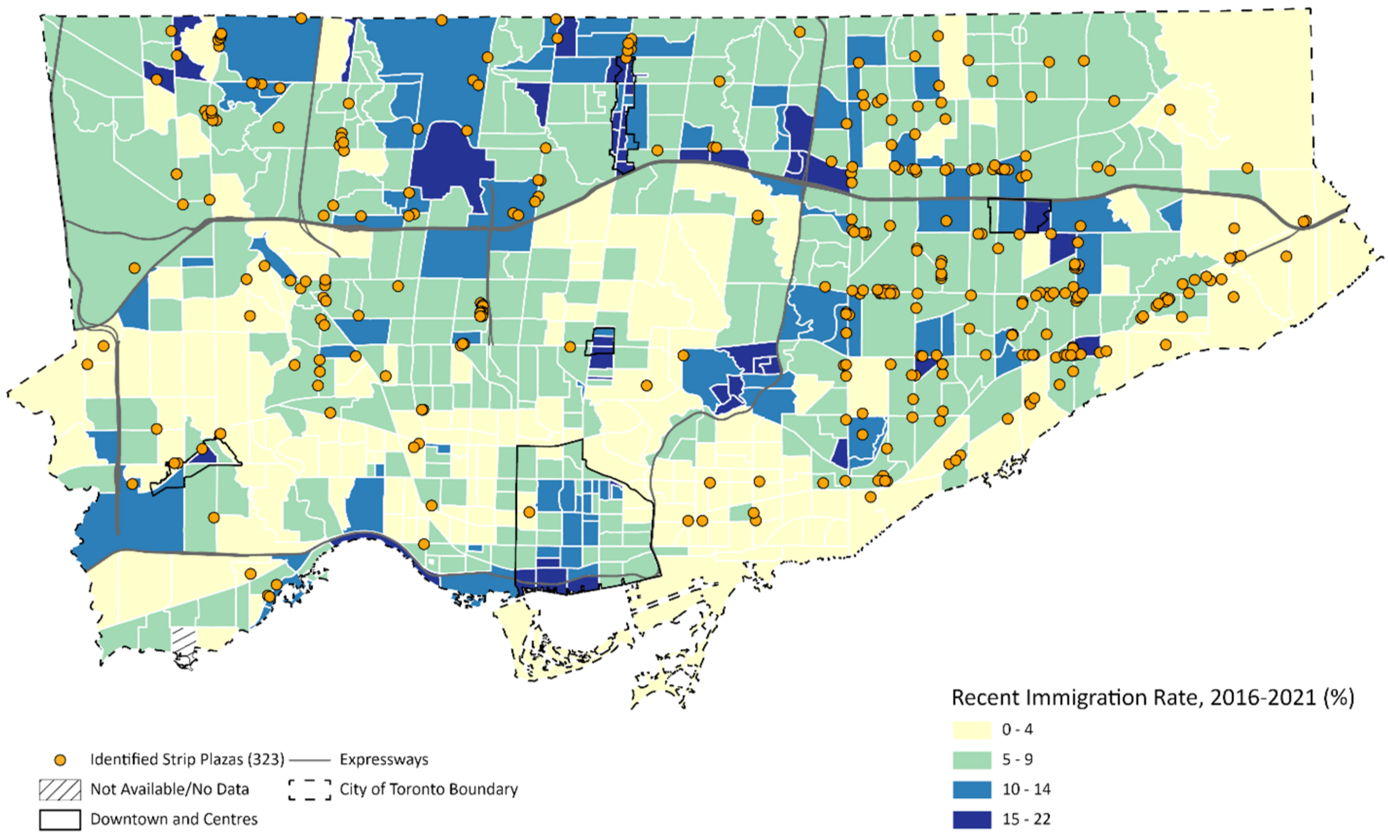

Figure 17 - Percentage of Recent Immigrants, 2016-2021 (Source: Statistics Canada)

03. DEVELOPMENT ACTIVITY

Many strip plaza sites across Toronto are being redeveloped or are currently under review for a proposed redevelopment. These instances may become more common as sites are considered for a more intense mix of uses, including housing, and as planned rapid transit projects near strip plaza sites advance.

3.1 Proposed and Active Projects

Over the past five-year period, from January 1st, 2018, to December 31st, 2022, there were 29 plaza sites in the Development Pipeline.[13] Of these projects,[14] 20 were identified as being 'Under Review',[15] while the remaining nine were identified as 'Active' (Figure 18).[16]

Most strip plaza sites in the Development Pipeline are located in the Scarborough area, and in particular, along Kingston Road where six redevelopment projects are currently Under Review.

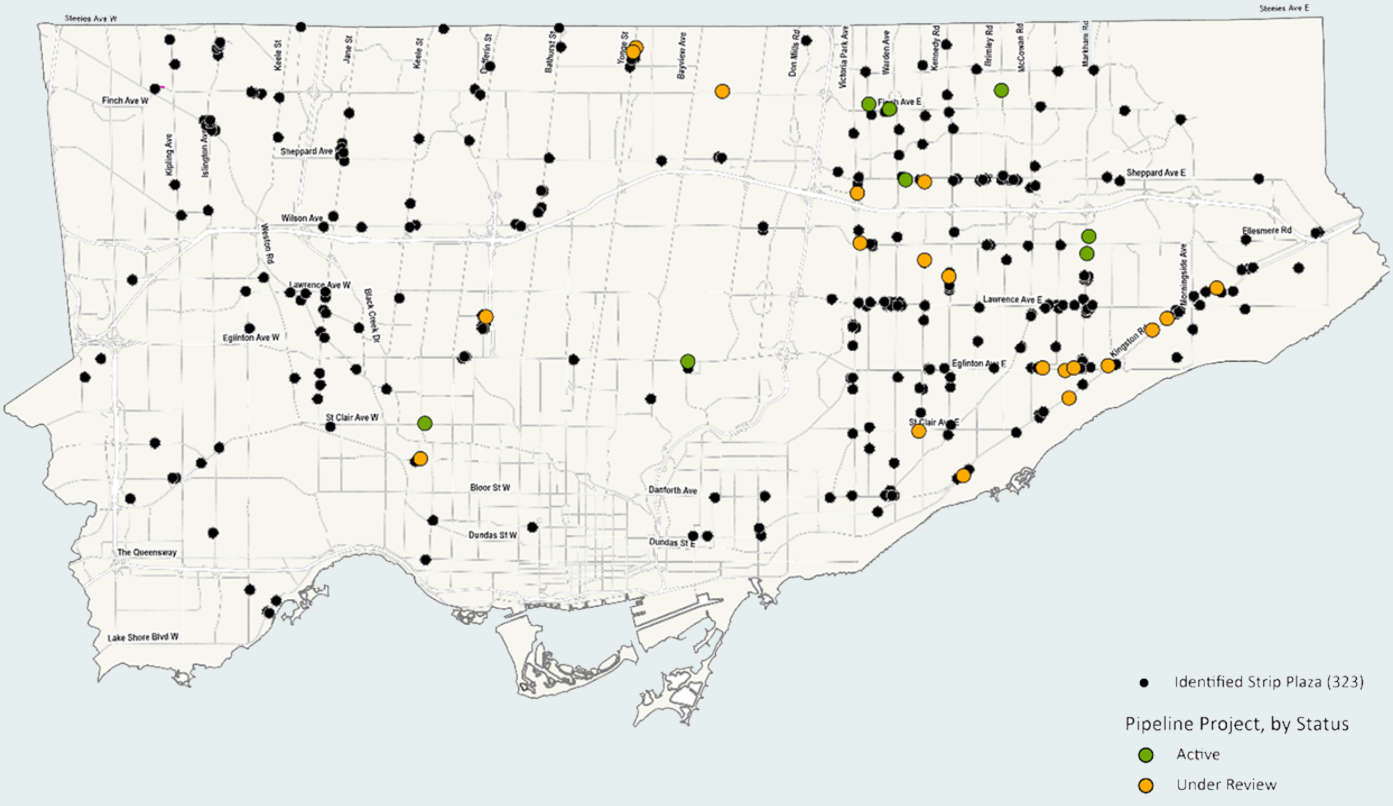

Figure 18 - Plaza Sites in the Development Pipeline

13. The Development Pipeline provides an overview of all development projects that are under review, approved or under construction, indicating how the City will continue to evolve and grow over the coming years.
14. Although not currently included in the Development Pipeline, an additional six sites were identified where strip plazas had recently been demolished.
15. Projects Under Review are those that have not yet been approved or refused and those that are under appeal.
16. Active projects are those that have been approved, have applied for or been issued a Building Permit, and/or are currently under construction.

As outlined in Table 2 below, with a total of 9,945 new residential units proposed, projects in the Development Pipeline will significantly increase the number of homes provided on these sites. At the same time, it will also result in a significant decrease of non-residential space by roughly 36%, or a total of nearly 20,000 square metres in gross floor area (GFA). As units in strip plazas are typically smaller, this likely represents a significant loss of individual retail-commercial units.

A decrease in the number of non-residential units due to redevelopment is an important factor. The smaller scale (and typically, lower lease rates) of these existing spaces is often more appropriate for local businesses, first time entrepreneurs and human service providers. The ***In Focus*** section below provides an overview of two strip plaza sites where redevelopment is proposed or underway, including the number of residential and non-residential units that will be lost or gained.

Table 2 - Summary of Development Activity (January 1, 2018 – December 31, 2022)

Pipeline		Existing		Proposed*				
Status	Number of Projects	Non-Residential GFA (m^2)**	Residential GFA (m^2)***	Non-Residential GFA (m^2)	Non-Residential % Change	Residential GFA (m^2)†	Total GFA (m^2)	Total Residential Units
Under Review	20	29,775	489	11,591	-61%	486,957	498,548	6,504
Active	9	24,566	0	22,890	-7%	274,930	297,820	3,441
Total	**29**	**54,341**	**489**	**34,481**	**-36.5%**	**761,887**	**796,368**	**9,945**

* No existing residential or non-residential GFA is being retained in the development pipeline projects.

** Existing non-residential GFA was missing for some projects and has been estimated using satellite imagery.

*** Existing residential GFA is located on properties abutting strip plaza sites that are part of the redevelopment.

† Residential % change is not provided because the existing was minimal and not associated with strip plaza sites.

IN FOCUS

1. 1221 Markham Road

	Existing / Demolished	Proposed / Developing	Change
Non-Residential GFA:	2,790 m^2	865 m^2	**- 1,925 m^2**
Non-Residential Units:	14	6	**- 8**
Residential GFA:	0 m^2	74,895 m^2	**+ 74,895 m^2**
Residential Units:	0	879	**+ 879**

Figure 19 - Previous Strip Plaza at 1221 Markham Road (Source: Google Street View)

Figure 20 - Proposed Development for 1221 Markham Road (Source: City of Toronto Application Information Centre)

2. 1650-1682 Victoria Park Avenue

	Existing / Demolished	Proposed / Developing	Change
Non-Residential GFA:	1,680 m^2	0 m^2	**- 1,680 m^2**
Non-Residential Units:	20	0	**- 20**
Residential GFA:	0 m^2	15,263 m^2	**+ 15,263 m^2**
Residential Units:	0	147	**+ 147**

Figure 21 - Previous Strip Plaza at 1650-1682 Victoria Park Avenue (Source: Google Street View)

Figure 22 - Proposed Development for 1650-1682 Victoria Park Avenue (Source: City of Toronto Application Information Centre)

3.2 Potential Future Development Pressure

It is difficult to predict the number of strip plaza sites that may be redeveloped in the future due to numerous variables, such as land ownership, planning approvals and site conditions. However, a common indicator of development interest is proximity to existing or planned higher order transit infrastructure. Several transit projects are planned near areas where many strip plazas remain, including the Scarborough Subway Extension, Eglinton East Light Rail Transit (LRT) Extension and Sheppard Subway Extension. Overall, more than half (52%) of strip plaza sites are located within 500 metres of an existing or planned higher order transit line (Figure 23), which is commonly considered to be a 5-10 minute walking distance.

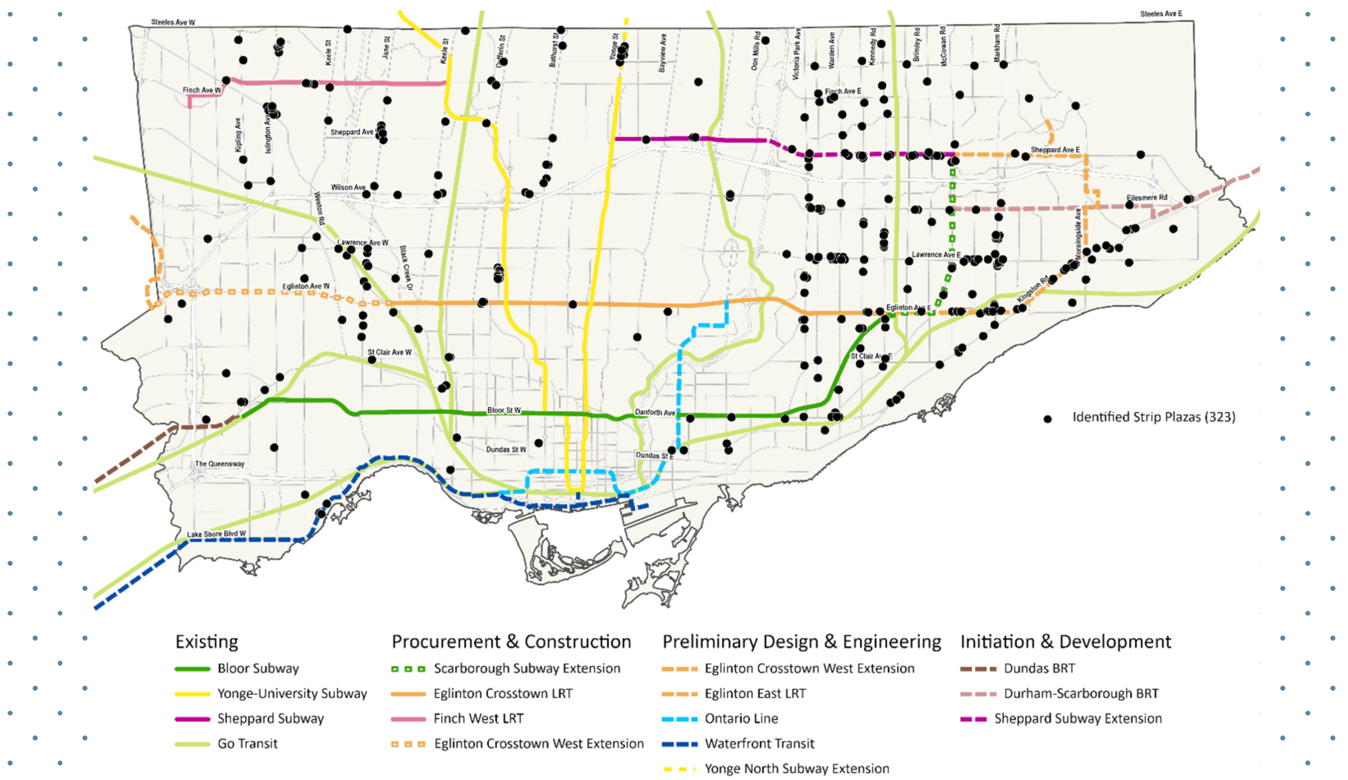

Figure 23 - Existing and Planned Higher Order Transit Infrastructure

Figure 24 - Former Strip Plaza at 5300 Yonge Street Fenced Off for Redevelopment (Source: Google Images)

04. KEY FINDINGS

The following conclusions can be drawn about Toronto's strip plazas today:

4.1 Distribution

- Today there are approximately 323 strip plaza sites across Toronto, most of which were built from 1960-1989, consistent with the dominant period of construction in these areas.
- Strip plazas are widely spread throughout Toronto, but they are predominantly found in the City's inner suburban areas, with the majority located in Scarborough (56%).
- Strip plazas are most common in areas where there is a high proportion of lower income households and equity deserving groups, including racialized persons and newcomers.

4.2 Role

- Strip plazas support a wide variety of uses, including local businesses, professional services and health services, as well as ethnic grocers, restaurants and retailers.
- Based on available data, site visits and a desktop review of available listings, vacancy rates in strip plazas are low, with one source reporting an average occupancy of 97%.
- Establishments within strip plazas provide approximately 11,700 jobs across Toronto in a variety of sectors, of which more than half are full-time positions.
- Approximately 16% of strip plazas also include residential units on site.
- Units in strip plazas can be more affordable than other commercial spaces, but more detailed information is needed to determine the competitive advantage they offer for businesses.

4.3 Redevelopment

- There are 29 strip plaza sites (approximately 9%) currently in the development pipeline, with additional sites identified where the demolition of a strip plaza has recently occurred.
- Redevelopment of these strip plaza sites is resulting in an overall loss of non-residential GFA and a decrease in the number of commercial units, though less is known about the latter due to the nature of information collected during the development review process.
- Redevelopment pressure on strip plaza sites has the potential to increase, as 52% of properties are located within 500 metres of existing or planned higher order transit lines.
- Additional factors that may impact redevelopment potential include lot size and adjacent land uses, existing building conditions and leases, ownership structure, neighbourhood amenities and planning permissions, which all require further consideration.

The information provided in this report will continue to be built upon as the study progresses. It will be used to guide discussions with community members, interested parties and City staff in determining the current and potential future role of strip plazas in communities across Toronto.

City of Toronto
City Planning Division
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www.toronto.ca/planning