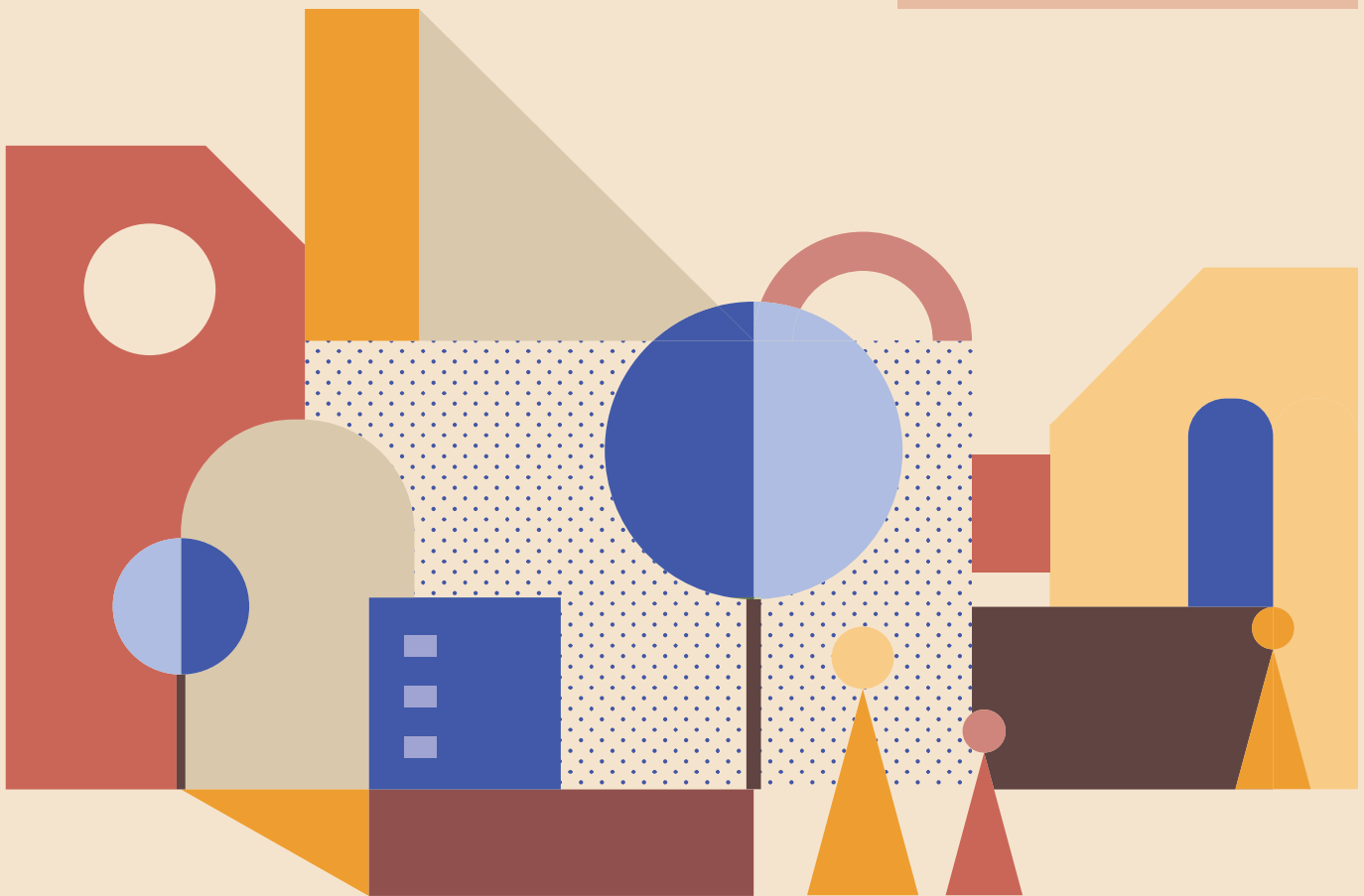


Non-Residential Current Conditions and Projections

March 2025



City of Toronto

North York Centre Non-Residential Current Conditions and Projections.

Project Website: toronto.ca/nycentre

LAND ACKNOWLEDGEMENT

We acknowledge that North York Centre is located on lands within the City of Toronto that are the traditional territory of the Anishnabeg, Haudenosaunee and Wendat peoples, and now home to many diverse First Nations, Inuit and Métis peoples. The lands in Toronto where North York Centre is located are covered by Treaty 13 with the Mississaugas of the Credit First Nation.

AFRICAN ANCESTRAL ACKNOWLEDGEMENT

The City of Toronto acknowledges all Treaty peoples – including those who came here as settlers – as migrants either in this generation or in generations past – and those of us who came here involuntarily, particularly those brought to these lands as a result of the Trans-Atlantic Slave Trade and Slavery. We pay tribute to those ancestors of African origin and descent.

Prepared by:

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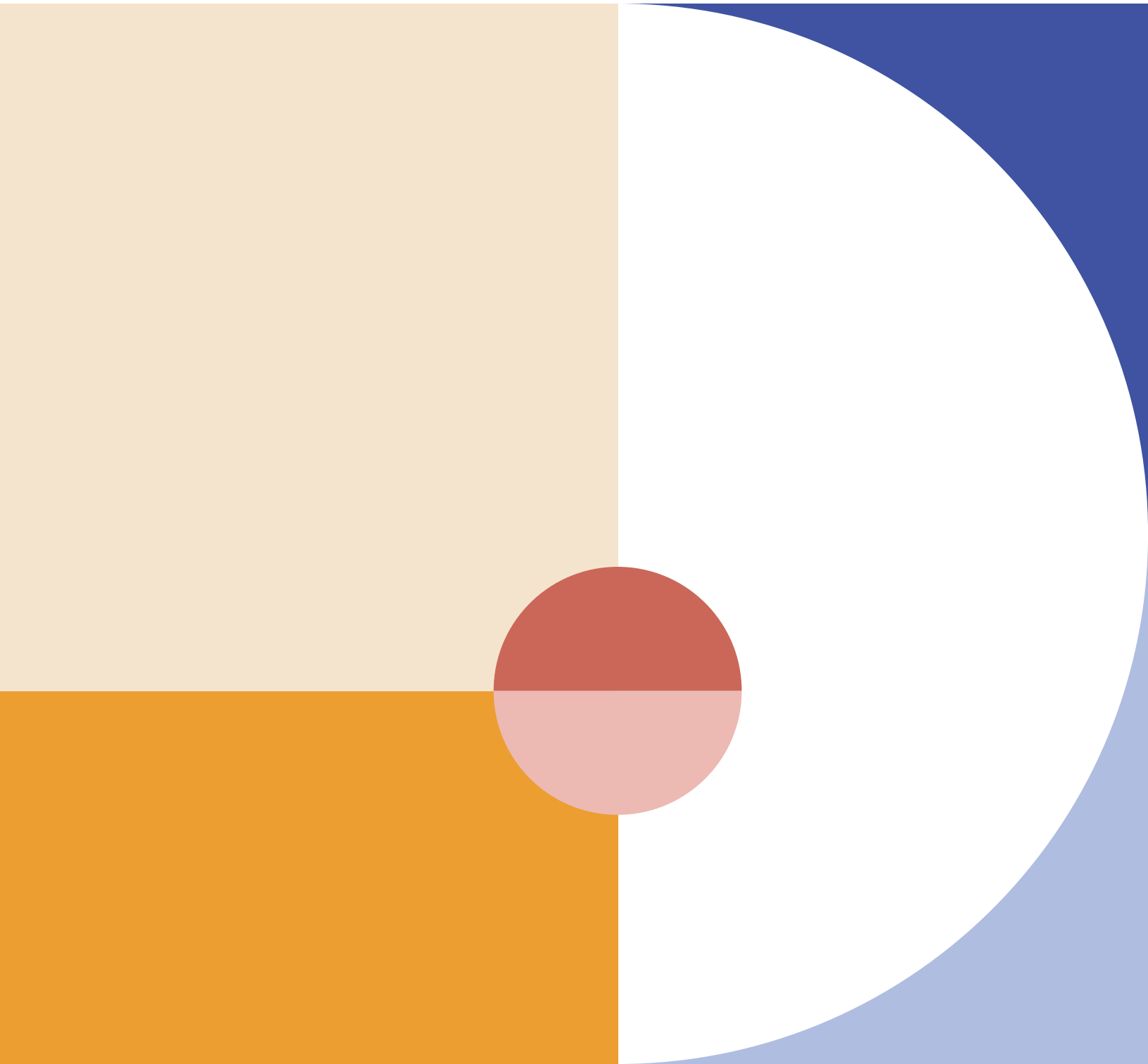
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Executive Summary



Introduction

North York Centre is a vibrant, transit-oriented community of over 50,000 residents and nearly 34,000 employees, making it Toronto's largest office-based employment hub outside of Downtown.

The Centre is currently guided by the North York Centre Secondary Plan (NYCSP). The NYCSP has successfully fostered economic growth and commercial office development in the area, but given that it was adopted in 1997, it requires a comprehensive update to reflect current conditions.

This report has been prepared as part of the North York at the Centre Study, which is reviewing the NYCSP to provide a renewed vision and planning framework for the Centre. The Report offers an overview of Centre's economic landscape, including:

- Applicable non-residential land use policy frameworks;
- The Centre's retail and service space and office space inventories;
- Analysis of market performance and utilization;
- projections of future needs for retail and service space, as well as office space; and,
- Implications for the NYCSP Review and subsequent update.

Policy and Regulatory Overview

A review of provincial and municipal policies and regulations relevant to the development of non-residential uses in North York Centre was conducted as part of the Study. The complete review is provided in Section 2 of this Report. The primary policy documents reviewed include the:

- Provincial Planning Statement, 2024;
- Toronto Official Plan, Chapter 1-5; and,
- North York Centre Secondary Plan.

Provincial Planning Statement, 2024

- In October 2024, a new Provincial Planning Statement (PPS 2024) came into effect and replaced the previous Provincial Policy Statement (PPS 2020) and Growth Plan for the Greater Golden Horseshoe (Growth Plan).
- Policy 2.8.1.4 directs major office and major institutional development to major transit station areas (MTSAs) or other strategic growth areas where frequent transit service is available, such as North York Centre. The emphasis on directing major office and institutional development to MTSAs and strategic growth areas supports the Centre's role as an office hub and could provide opportunities for further institutional growth, such as health and educational facilities, in addition to its established office sector.

Toronto Official Plan

- The Official Plan establishes an Urban Structure for the City and identifies North York Centre as one of four Centres located outside of the Downtown.
- Centres are places with excellent transit accessibility where jobs, housing and services are concentrated. Centres are intended to grow into complete, mixed-use communities by accommodating significant employment and residential growth in a transit supportive manner. Under policy 2.2.2.2 of the Official Plan, all Centres are to be guided by Secondary Plans that address a number of requirements, including "creat[ing] a positive climate for economic growth and commercial office development". The non-policy text in Section 2.2.2 specifically notes that North York Centre "should continue to grow as an important commercial office location. It should also continue to be a vibrant residential and cultural centre" (p.2-18).

- Under the Official Plan, areas around higher-order transit stations are established as MTSAs. Within the Centre, this applies to the Finch, North York Centre, and Sheppard-Yonge subway stations. These areas are intended to be focal points for intensification through high-density residential and commercial development.

North York Centre Secondary Plan (NYCSP)

- The NYCSP was adopted by the former City of North York City Council in 1997 and later incorporated into the Toronto Official Plan in 2002 following amalgamation.
- The NYCSP divides the study area into North York Centre South and North York Centre North, which are further divided into a hierarchy of Mixed Use Areas with corresponding land use policies. North York Centre South is intended to be a mixed-use area with a particular emphasis on establishing commercial nodes and supporting substantial office buildings, while North York Centre North is intended to be a predominantly residential area with open space, recreational, and community-related uses located throughout.
- The NYCSP identifies Prime Frontage Areas along Yonge Street, Sheppard Avenue and Finch Avenue, where at-grade street-facing narrow frontage retail uses are required, and below-grade and internalized retail uses are discouraged (8.1.16), which has helped create the diverse and fine-grained retail character that the Centre is known for today.

Retail – Current Conditions

An assessment of notable retail trends in North York Centre was completed, followed by the development of a detailed retail space inventory by retail category. As part of this study, customer usage patterns were assessed, segmented between those who live in the Centre, those who come to the Centre to shop and dine, and those who commute to the Centre for work. The details of the assessment, including the retail space inventory, are provided in Section 3 of the Report.

Notable Retail Trends

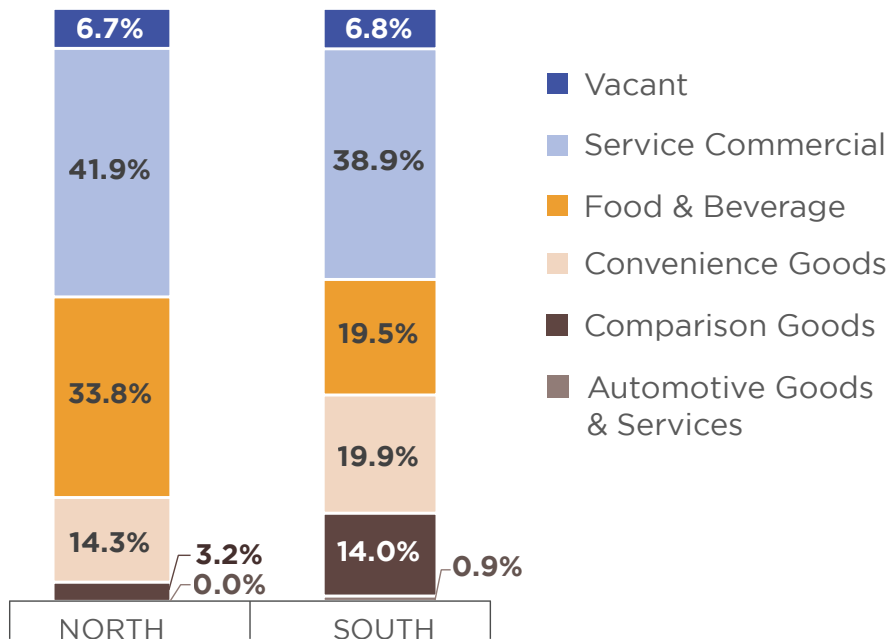
- The retail industry across Canada is undergoing significant transformation, driven by technology and evolving consumer behaviors. The rise of e-commerce and the integration of multiple sales channels have become essential for retailers' market reach and sales success. The COVID-19 pandemic accelerated these trends, increasing the share of e-commerce sales in Canada, all of which is applicable to the North York Centre context.
- Concurrent to the rise of e-commerce is a return of neighbourhood serving retail that provides quick convenience either close to people's homes, or where they work. This could include convenience stores, small grocery stores, quick-service restaurants, and personal services.

Retail in North York Centre – Overview of Current Supply

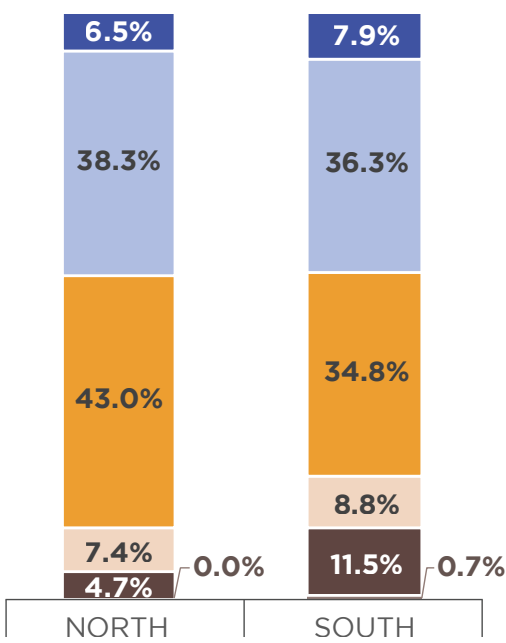
- North York Centre has nearly 1.5 million square feet of retail space across 784 storefronts.
- The retail inventory is categorized into automotive goods, comparison goods, convenience goods, food & beverage, and service commercial. Service commercial and food & beverage categories dominate the retail landscape, accounting for over 63% of retail floor space and 75% of storefronts.
- Vacancy rates are relatively healthy, at just under 7% on a floor area basis, and just over 7% on a unit-count basis.
- The fine-grained retail storefronts found primarily along Yonge Street are an important component of the area’s character and support a wide range of independent businesses. The retail character and mix of North York Centre is distinct in the North vs. South, as summarized in the figures below:

Retail Usage Patterns

- Using smartphone-derived customer movement data for the 2022 calendar year, an analysis has been prepared on the usage patterns for retail areas in North York Centre.
- Residents of North York Centre account for nearly 72% of retail visits. This figure increases to 79% on evenings and weekends. The majority of commercial activity is concentrated in specific areas, such as along Yonge Street and near Finch Station.
- Non-residents of the Centre and office workers also contribute to retail activity, particularly around major transit hubs and the full-service grocery stores found in the Centre’s South.



Distribution of Floor Area by Category within each portion of Study Area (North vs. South)



Distribution of Unit Count by Category within each portion of Study Area (North vs. South)

Retail Current Conditions Strengths, Weaknesses, Opportunities and Challenges (SWOC) Analysis

	Strengths	Weaknesses
Current	<ul style="list-style-type: none"> • The Centre is a well-regarded and known hub for hospitality and dining, particularly multi-cultural food offerings. • Home to many amenities that attract residents and non-residents alike, including fitness, arts, outdoor space, diverse food and beverage, and extensive personal and health services. • Contiguous retail and service space on ground floors along Yonge Street. • Advantageous linkages to subway lines, with proximate linkage to other regional transit routes. • Proximity to a major highway interchange. • Concentration of office space to support daytime retail and dining economy. • Vibrant multi-cultural atmosphere. • Presence of a hotel – a critical component of building and selling a business, event and tourism destination. • Relatively healthy vacancy levels. 	<ul style="list-style-type: none"> • Struggles with retail turnover and persistent vacancies or inadequate tenancies in indoor and underground retail spaces, some of which are poorly designed and conceived. • Recent high office vacancy rates and lower overall worker volumes day-to-day in occupied space is having an impact on the daytime economy. • Not a comparison-shopping destination.

Opportunities

- Growth of community through infill development.
- Secondary Plan update will create more demand for employment space and retail, and will create opportunities to extend retail slightly further east and west from Yong Street, thus improving neighbourhood access.
- Opportunity to build upon and leverage existing mix of retail tenants.
- Opportunity to work closely with developers to ensure that future retail space is designed and built with tenant needs in mind, to allow for proactive tenant attraction.
- Post-COVID hybrid and dispersed work model may create demand for more satellite offices in North York Centre, which will help to drive the daytime economy.

Challenges

- Tightening margins on retail and inability to pass all costs along to the customer could increase the rate of business failure and space turnover.
- Persistence or increase in office vacancy may further undermine daytime retail activity and overall viability of those businesses that cater to that market.
- Growing perception around lack of safety in the public realm
- Increasing street crime / property crime resulting in higher business costs for cleaning, maintenance, repair and security, further undermining margins.
- Only one hotel; hotel is a foundational piece for promoting a business / tourism and office destination.

Retail – Forecast of Future Opportunity

A demand analysis was undertaken to identify the potential for incremental additional retail and service commercial floor area in North York Centre to a forecast horizon of 2051. This demand forecast indicates how much retail space, by retail category, will be warranted by 2051 based on population growth estimates. The complete analysis is provided in Section 4 of this Report.

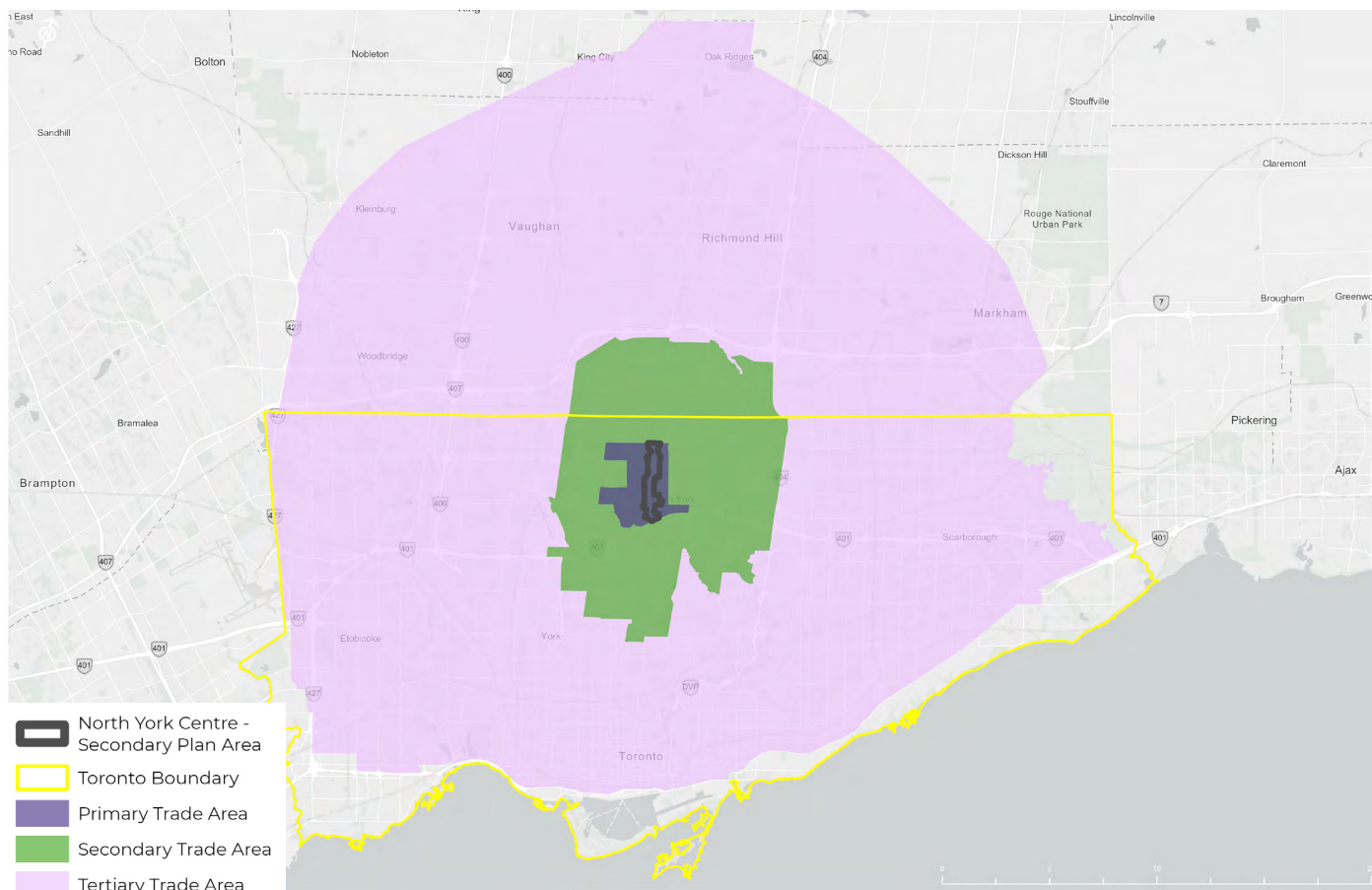
Retail Forecast Methodology

- The retail space forecasting involved five key elements which are listed below and described in more detail afterwards.
 1. Geographic Extent of Trade Area: Identifying the Primary, Secondary, and Tertiary Trade Areas for North York Centre.
 2. Population Growth: Projecting population growth within each trade area.
 3. Retail Expenditure Potential: Estimating the retail expenditure potential of trade area residents.
 4. Spending Capture Rates: Determining the extent of current and future spending that can be captured within North York Centre.
 5. Translation to Floor Area: Converting captured spending into projected retail floor area demand.

North York Centre Retail Trade Areas

Trade Areas and Drawing Power

- The Primary Trade Area (PTA) includes all of North York Centre and nearby areas to the east and west, and is based on the Traffic Zone boundaries and associated population projections. The Secondary Trade Area (STA) is a larger area where neighbourhoods have convenient access to the Centre, including north nearly to Highway 407. The Tertiary Trade Area (TTA) extends further in all directions, though primarily remains within the City of Toronto, except where the TTA extends north to Aurora.
- The PTA residents account for 32% of retail visits indicating strong local reliance on the Centre's retail offerings.



North York Centre Retail Trade Areas

Population Growth and Retail Expenditures

- Population projections show significant growth in all trade areas, with the PTA expected to grow from 89,600 residents in 2024 to 131,564 by 2051. Notably, this projection is based on current conditions and does not consider increases in density that could result from updated Secondary Plan policies. Retail expenditure potential is projected based on income growth and spending patterns, with adjustments for e-commerce trends.

Expenditure Potential

- The expenditure potential of the trade area is based on the total population and the total retail spending potential of that population. The Expenditure Potential would equal the total amount of spending that could potentially be spent by residents of North York Centre, before adjusting for trade area residents making retail purchases in different neighbourhoods and online.

Local Spending Capture

- Local Spending Capture rates are applied to estimate the net retail expenditure potential within North York Centre. The analysis shows that the PTA will continue to be the source of the majority of retail spending within North York Centre, but significant spending contributions will be expected from the STA and TTA residents.

Projected Retail Space Demand

- By 2051, North York Centre is projected to support an additional 609,000 square feet of retail space, driven by population growth and increased retail expenditure. This includes:
 - 50,000 square feet for convenience retail (grocery, liquor, pharmacy);
 - 30,000 square feet for comparison retail (furniture, clothing, general merchandise);
 - 280,000 square feet for food and beverage establishments; and,
 - 220,000 square feet for service commercial uses.
- Overall space demand translates to approximately 3,000 linear metres (nearly 10,000 feet) of double-loaded frontage. This means a significant amount of new retail and service space will be needed to support the Centre's growing population, before considering the potential for increased densities in some areas as a result of updating Secondary Plan policies.

Retail Considerations for the Secondary Plan

Based on the retail analysis completed, some key findings and considerations for the Secondary Plan would include:

- Given relatively low retail vacancy rates it is expected that nearly all of the projected incremental floor area opportunity will require construction of new retail floor space. Some of the vacant space in North York Centre has struggled to find long-term tenants, and might not be suitable for new businesses due to factors such as unit size, configuration or cost.
- Retail related policies should continue to prioritize Yonge Street as the primary commercial spine of North York Centre, while also reflecting the fine-grained nature of retail spaces. There is also opportunity to extend retail toward the east and west in strategic locations, to create more nodes of commercial activity, a diversity of spaces, and overall better connections to surrounding neighbourhoods. These strategic locations should be prioritized based on a variety of criteria including proximity to subway stations, current and planned public realm conditions, pedestrian / multi-modal access and other factors. An example of an east-west retail street in the Centre today is Spring Garden Avenue.
- As the area grows – and particularly as land use policy changes are considered as part of the Secondary Plan review – adaptability should be encouraged in the way ground floor spaces are designed along streets that have the potential to support retail or service uses in the future, even if demand does not exist at the time of development. For example, although not currently within Centre boundaries, Willowdale Avenue demonstrates such potential.
- Provision for retail units of all sizes is important to ensure flexibility and resiliency to respond to changing business needs, and serve different business types. Providing smaller retail units (e.g., 500 square feet or less) can help to ensure a mix of businesses and service providers can be supported in the area, and can be a very helpful market entry point for small business startups, as they are often more affordable (many of which support independent ethnically-based businesses in the Centre today). Large units remain important as well, for uses such as grocery stores, but should continue to be encouraged to locate on storeys above or below the ground floor.

- Non-residential uses that do not help to activate the ground floor, such as dental offices, should also continue to be directed to second storey units or above, as established by the current Secondary Plan, to ensure continued vibrancy in the Centre's public realm. These types of policies could also be useful in discouraging or not allowing ghost kitchens and /or dark stores to locate on the ground floor, which can negatively impact the public realm.
- There are opportunities for community / cultural organizations, not-for-profit agencies, etc. to find homes in these retail spaces and policies should support this diversity of uses.
- Retail has the potential to help draw larger employers to the area, offering staff opportunities to socialize and meet their daily needs during and after work hours.

Office – Current Conditions

An assessment of the current office market conditions in North York Centre was completed. This included the creation of an inventory of existing office space supply (by classification), an analysis of how these spaces are used, and commentary on their relationship to employment and commuting patterns. Also included is an overview of how North York Centre compares to other notable office clusters in the region. The complete assessment is provided in Section 5 of the Report.

Office Space Inventory

- North York Centre has nearly 9 million square feet of office space across 36 buildings. The office market is categorized into Class A, B, and C spaces, with varying vacancy and availability rates.
 - Class A – eight (8) buildings with a total of 3.63 million square feet. These buildings have the highest vacancy and availability rates compared to other classes, indicating challenges in attracting premier office tenants;
 - Class B – twenty-one (21) buildings with a total of 4.63 million square feet. These buildings have lower vacancy and availability rates compared to Class A; and,
 - Class C – seven (7) buildings with a total of 716,420 square feet. These buildings are primarily used for civic institutional functions and have stable occupancy.

Employment in Office Space

- Office-based jobs account for a significant proportion of employment in North York Centre. The area has approximately 27,409 office-based jobs, representing 82% of total employment. Accounting for both ground floor retail jobs and space (which are covered by the retail analysis) and the over 2.1 million square feet of vacant and available office space at the time, this equates to an average of 245 square feet per office worker.

Commuting Patterns

- The mobility data analysis reveals that office workers in the Centre commute from various parts of Toronto and surrounding areas. While the TTC's Finch Station and Sheppard-Yonge Station are significant points of activity, indicating a substantial share of office worker commutes being made via public transit, the dispersed nature of commuter activity also suggests many workers are dependent on personal automobiles in their trips to and from the office.

Comparison with Other Office Clusters

- North York Centre has higher office vacancy and availability rates than most other office clusters, indicating challenges in attracting and retaining office tenants. The market rent per square foot is mid-range, making it less expensive than premier office locations like Downtown Toronto, but also more expensive than many other urban nodes in the region.

Trends Affecting Office Employment

- North York Centre has maintained its trend as a middle market office hub, but remains more expensive than the regional average. The gap between North York Centre and Downtown has steadily widened since 2016. The Centre is not primarily competing on cost.
- The decoupling of market rental prices between North York Centre and the Downtown coincided with a deviation in vacancy rates, which prior to 2016 had remained generally in step with each other.

- Office vacancies surged across the region in the wake of the COVID-19 pandemic with many office-based businesses re-evaluating their space needs, resulting in a buyer's market and many businesses shifting their locational preferences.
- The comparatively precipitous increase in vacancy and availability rates, when measured against the rest of the market, post-pandemic suggests that North York Centre is not the preferred location for many of these office users given the ensuing 'flight to quality'.
- While office-based jobs remain the predominant form of employment in North York Centre, they have declined in both share and total number of jobs in the area over the past decade, accounting for 78.5% of all jobs in 2022. This share shift is attributed to the growth in local Service and Institutional sector jobs, both of which have grown considerably, though not enough to offset the loss in office employment over the same period.

Office Current Conditions SWOC Analysis

	Strengths	Weaknesses
Current	<ul style="list-style-type: none"> Well-established cluster of existing office space and key employers. Advantageous linkages to confluence of major subway lines, with proximate linkage to other regional transit routes. Proximity to major highway interchange to support auto-dependent workers. Concentration of government related office uses serves to anchor economic activity and insulates the area from broader economic cycles. Offers mix of factors considered ideal by many office tenants, including accessibility, walkability, restaurants and other retail and health services. 	<ul style="list-style-type: none"> Few 'premier' private sector employers currently located in the area. Many buildings are older, may not offer the same mix of amenities as other new Class A space. The area has historically struggled to compete with other GTA nodes. Perception as middle-market that fails to offer the prestige of the Downtown and emerging nodes, while also lacking the affordability that is attractive to other users. Is often outshone by the vibrancy and sense of place that other regional hubs, like the Downtown, are known for. High vacancy and availability rates limit opportunities for near-term rent growth
	Opportunities	Challenges
Future	<ul style="list-style-type: none"> Residential growth in the Centre through a Secondary Plan update may create more demand for employment space. Addition of complementary retail, services and amenities to the Centre through a Secondary plan refresh could support office retention and attraction. Investment in and improvements to the public realm (e.g., Transform Yonge and the BIA's Streetscape Master Plan) could help to overcome negative perceptions of the area. Post-COVID hybrid and dispersed work model may create demand for more satellite offices in North York Centre. Explore opportunities to allow non-traditional office space users to adapt available space for emerging needs. Strategic conversion of limited office space on condition it be used to subsidize reinvestment in remaining employment space. 	<ul style="list-style-type: none"> Overcoming existing negative image (as indicated through stakeholder interviews). 'Flight to quality' favours Downtown and newer office stock. Difficult to encourage reinvestment in existing space and creation of new space given high vacancy and availability rates. Pressure to convert existing space into non-employment uses (e.g., residential, retail, etc.) may erode economic capacity of the Centre over time. Emergence of suburban office nodes in Markham and Vaughan has undercut some of the northern GTA commuter shed for office users that might otherwise have been drawn to North York Centre. Economic headwinds caused by high interest rates and evolving continental trade relations in near future may discourage reinvestment in space.

Office – Forecast of Future Opportunity

Building on the current conditions assessment of North York Centre’s office market, a forward-looking estimate of office-based employment and associated space needs was developed. The future opportunity review looks at how demand for office space will evolve based on estimated employment growth and trends in how much office space is used per employee. The complete analysis is provided in Section 6 of this Report.

Methodology

- The methodology involves two core components: employment change, and associated space need. Employment projections are based on traffic-zone level projections provided by the City. Space needs are calculated using the average floor space per worker, adjusted for hybrid work arrangements. The analysis also considers the existing vacant and available office space in North York Centre.

Employment Change

- The projections include low, medium and high scenarios for growth, reflecting different rates of potential employment change on a citywide basis, based on the 2021 Toronto Employment Survey (TES) through to 2051. These projections of total employment were revised to reflect the study area boundaries of the North York Secondary Plan Area and recent job losses observed in the 2022 TES. The resulting job growth is summarized in the following table.

North York Centre Projected Total Office Employment, Excluding Retail, 2022, 2041, 2051

North York Centre Projected Total Office Employment, Excluding Retail, 2022, 2041, 2051

Scenario	2022 Total Office Jobs	2041 Total Office Jobs	2021–41 Change	2051 Total Office Jobs	2021-51 Change
Low	26,159	27,925	+ 1,766	31,506	+ 5,347
Medium	26,159	28,324	+ 2,165	32,674	+ 6,515
High	26,159	29,264	+ 3,105	34,377	+ 8,218

Source: B&A Studios, based on data provided by City of Toronto & CoStar.

Space Needs

- Building on the analysis of current office floor space utilization, including for some degree of vacancy (assumed at 8%), three sets of assumptions for average Floor Space per Worker were developed. These scenarios represent a range of potential impacts from different work-from-home and hybrid work arrangements, requiring as much as 260 square feet per worker on the high end, and as low as 141 square feet per worker on the low end.

Projection Scenarios

- Both total employment change and space needs elements were combined to present three different scenarios representing a Low, Medium and High outlook for growth and space need between 2022 and 2051, summarized below.

Projected Incremental Office Floor Space Demand by 2051

Projected Incremental Office Floor Space Demand by 2051

2022–2051	Low	Medium	High
Change in Office Employment	5,347	6,515	8,218
Average Office FSW for New Space	141	203	260
New Floor Space Demand (SF)*	753,000	1,323,000	2,135,000

Source: B&A Studios. Note (*) Figures have been rounded.

- Of the three scenarios, the Medium demand scenario is considered the most likely combination of factors and serves as the reference outlook, with the Low and High scenarios serving as bookends for testing planning policy outcomes. By 2051, the demand for office space is projected to grow between approximately 753,000 SF and 2.1 million SF above current occupancy rates. Most of this demand is projected to materialize in the tail end of the projection period between 2041 and 2051, largely on account of most near term demand being absorbed by upcoming projects in other parts of the city.

Capacity to Accommodate Growth

- Under the Low demand scenario, there would be more than enough space within the existing vacant supply to accommodate demand through to 2051 and beyond. Assuming no conversions of office space to non-employment uses are permitted, the pace of growth in the Medium demand scenario would only exceed the available vacant space by the last year of the projection window. Meanwhile, the High demand scenario suggests the need for space would surpass the existing vacant supply by 2044.

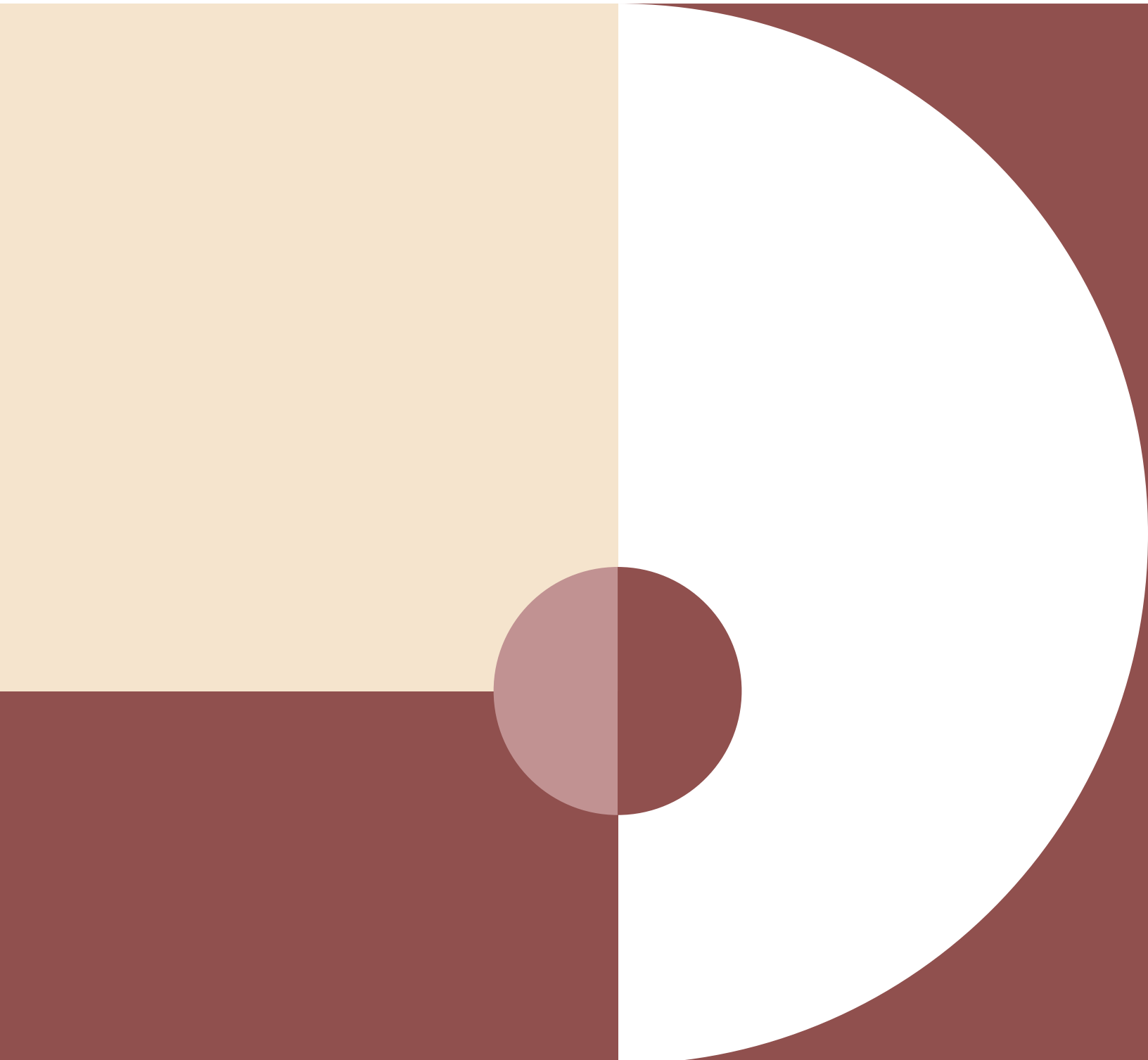
Considerations for North York Centre Secondary Plan

Based on the analysis of office space in North York Centre that was completed, the key findings and considerations for the Secondary Plan would include:

- Over the long term, the demand for office type jobs is expected to recover and grow, though the total amount of jobs drawn to North York Centre and the amount of space required to accommodate them could vary significantly depending on where hybrid return-to-work arrangements and associated space needs eventually crystalize.
- Realistic, evidence-based planning should accommodate these near-term market conditions, while also reflecting a longer-term vision for the Centre by safeguarding office growth potential for future economic vitality and resilience as demand may return.
- Under current market conditions, the development of new office uses, even as a component of a mixed-use residential project, is challenging. Inclusion of an office-only requirement may prevent the near-term development of many potential soft sites, though it is still recommended that the City encourage the inclusion of office and employment uses in key locations along the Yonge Street spine and in close proximity to subway stations, especially near the Sheppard-Yonge interchange station.
- The current market dynamic of ‘flight to quality’ by businesses places North York Centre’s Class B and older Class A office stock at a competitive disadvantage for attracting growth from many office users in the near-term without considerable retrofits. That said, this supply is anticipated to play a valuable regional economic role by presenting comparatively affordable transit-accessible office space for certain types of businesses, such as start-ups and local businesses seeking centrally located space to grow. This type of supply may also present a reasonable option for institutions, community service providers and not-for-profit organizations looking for affordable space.
- Recognizing the changing nature of work and challenges North York Centre faces in attracting office users that may be considering newer office stock in other parts of the City, new opportunities for near-term employment growth in office space may come in the form of more diverse types of employment. Increasing residential growth in the Centre and surrounding areas will increase demand for population-serving employment uses beyond retail, that may include demand for things like daycare space and other services that could be accommodated in North York Centre’s office stock, given appropriate land use permissions.
- Given the continued uncertainty facing the office market, both locally and more broadly, the City will need to monitor office employment and vacancy rates closely over the life of the updated North York Centre Secondary Plan to evaluate the need for specific policy adjustments and pivots. Demand projections vary rather significantly based on how the market is likely to react over time. With existing vacant space able to accommodate most, if not all, office employment demand over the next 10 years or more under current conditions, policies in the near term should focus on protecting and tenanting existing office with other employment generating uses, as to maintain the role of the Centre as a significant employment hub.



01. Introduction



North York Centre (also referred to as “the Centre” or “Study Area”) is a vibrant, transit-oriented community, serving as the home for over 50,000 residents and a workplace for nearly 34,000 employees. As the largest office-based employment hub in the City Toronto outside of Downtown, North York Centre is one of four *Centres* identified in the City’s Official Plan (OP).

Guided by the Official Plan, all Centres, including North York Centre, are mandated to foster a positive environment for economic growth and commercial office development. The North York Centre Secondary Plan (NYCSP) serves as the pivotal policy framework, steering the Centre’s transit-oriented growth in both employment and residential domains. This framework mirrors overarching Provincial policy which identifies North York Centre as an Urban Growth Centre.

North York Centre is envisioned to be multi-use, accommodating various functions such as office, retail, service, institutional, hotel, entertainment, residential, community, and open space uses.

Particularly, the southern region of North York Centre is designated as the preferred location for cultural and governmental uses, ensuring a well-balanced and diversified urban landscape.

In numerous respects, North York Centre reflects many of the economic objectives set out by local and provincial policy. The area is home to a significant concentration of the region’s major office inventory outside of the Downtown core, supported by a diverse retail corridor that runs the length of the neighbourhood. Meanwhile, the total number of jobs in the area has remained relatively stable over the past decade, largely driven by office-based employment which has accounted for approximately four out of every five jobs in the area over that time.

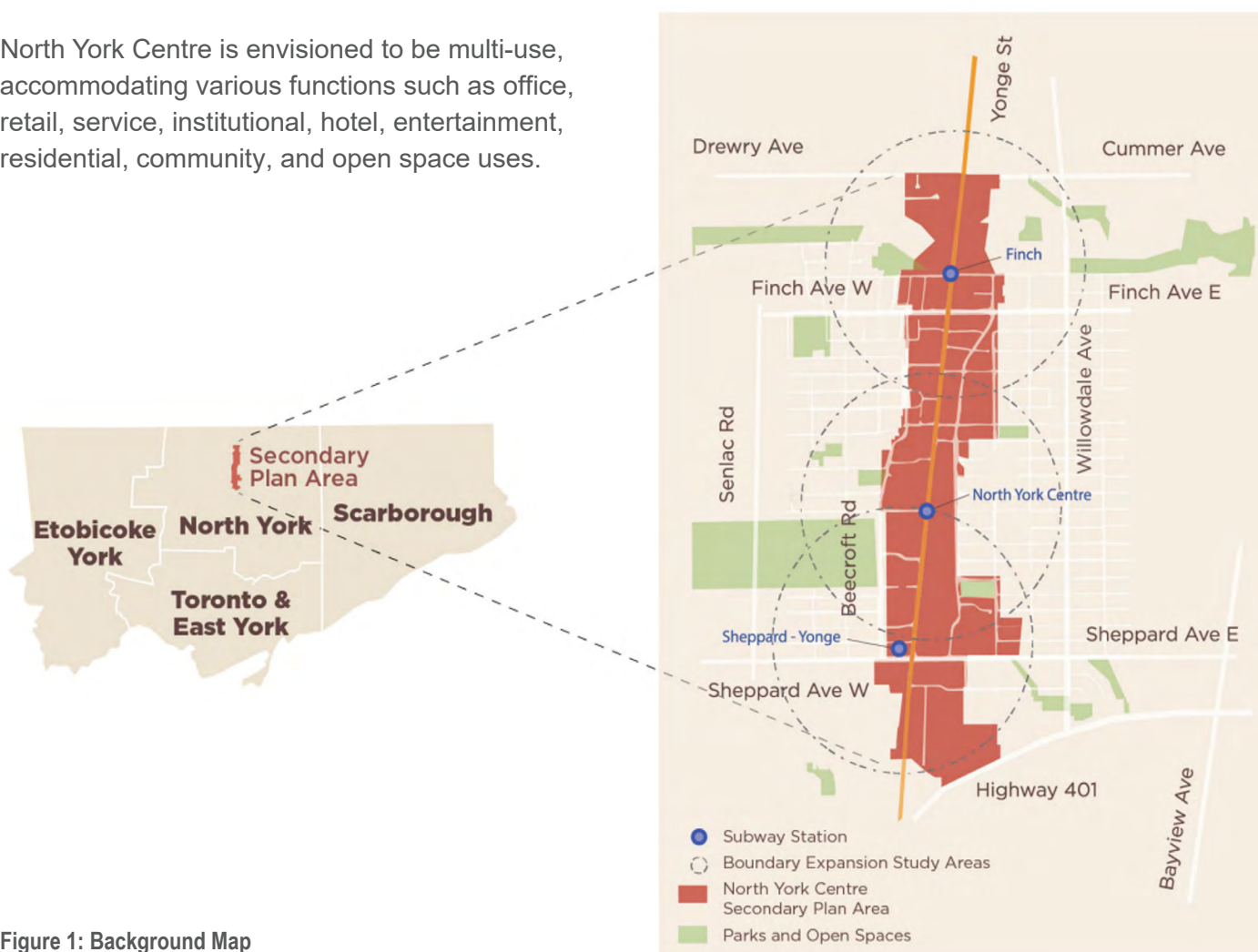


Figure 1: Background Map

However, achieving further economic growth in recent years has proven challenging. Despite being a priority area for attracting growth supported by a mix of employment space focused land use policies, North York Centre has lagged other parts of the City in terms of investment in non-residential space. It also has not added significant additional employment since reaching a high of nearly 38,800 jobs in 2010.

This report offers a comprehensive overview of North York Centre's economic landscape, non-residential land use policy frameworks, current inventories of employment space, and analysis of market performance and utilization. Through an in-depth analysis, this report seeks to provide valuable insights to guide strategic decision-making and contribute to the sustained growth and prosperity of North York Centre as a key economic hub in Toronto.

Additional Study Inputs

North York at the Centre

This report has been prepared in concert with the broader North York Centre Secondary Plan Review (North York at the Centre), which will provide guidance for refreshing a vision and planning framework to ensure the Centre continues to grow into an inclusive, resilient, and complete community. Future components of the Non-Residential Use Study will continue to inform and be informed by North York at the Centre.

This report includes:

- A review of relevant provincial and local land use policies with regards to the promotion, protection and delivery of non-residential space in North York Centre.
- A detailed overview of the retail uses in North York Centre, including inventory of space, and an assessment of utilization and customer mobility data.
- A comprehensive summary of office uses in North York Centre, including detailed analysis of the current inventory, its market performance, relation to local employment activity, and commuting patterns of office users.
- Two high-level Strengths, Weaknesses, Opportunities and Challenges (SWOC) analyses of North York Centre, first as a regional retail location, and secondly as a regionally significant hub for employment activity.

Office Space Needs Study

The City is undertaking a city-wide study to explore options for amending Official Plan policies for office replacement in a way that balances office needs in the short-term and long-term, to ensure the City's economic role remains competitive and resilient. The research and preliminary findings from the Office Space Needs Study have been considered in preparing this report. The Study discussed in further detail in Section 2.

Stakeholder Engagement

To supplement our understanding of shifting employment trends post-pandemic from the current context review, additional stakeholder engagement was undertaken. The engagement involved structured interviews with professionals familiar with the office real estate landscape of North York Centre and the broader regional office market. The participants were carefully selected to ensure a comprehensive analysis of office space and broader economic dynamics in North York Centre, including commercial leasing, property management, real estate investment, and the operation of local office-based businesses.

A total of six (6) interview sessions were conducted in both one-on-one and group formats with twelve (12) total participants. The interview structure was designed to delve into various aspects of office space use and future trends, with participants asked to share insights based on their unique experiences and knowledge of the market.

Topics covered included, but were not limited to:

- The immediate effects of the pandemic on office dynamics.
- Specific space requirements for different business types.
- The practical impacts of remote and hybrid work policies.
- Comparative rent costs and space availability between North York Centre and other nodes
- Transit and infrastructure accessibility.
- The importance of local amenities, agglomeration economics and supporting services on location choices and employee attraction/retention.
- Changing fit out requirements for modern offices.
- Other opportunities and constraints facing North York Centre as a regional office hub.

Relevant feedback from each of the interviews was used to inform and validate the development of employment and space need assumptions. While individual responses have been withheld for privacy reasons, general findings from the interview responses are included in text boxes throughout the remainder of this report.

02. Policy and Regulatory Overview



This policy and regulatory review summarizes planning policies, regulations, standards, and guidelines that are relevant to non-residential land uses in North York Centre. These documents include the Provincial Planning Statement (2024), City of Toronto Official Plan, North York Centre Secondary Plan, North York Zoning By-law

2.1 Provincial Policies

2.1.1 Provincial Planning Statement (2024)

In October 2024, a new Provincial Planning Statement (PPS 2024) came into effect and replaced the previous Provincial Policy Statement (PPS 2020) and Growth Plan for the Greater Golden Horseshoe (Growth Plan). The Provincial Planning Statement is issued under Section 3 of the *Planning Act* and provides policy direction on matters of provincial interest related to land use planning and development. It is recognized that municipal official plans are the most important vehicle for implementing the Provincial Planning Statement, and all local planning is required to be consistent with the PPS 2024.

One of the most relevant policy in the PPS for non-residential uses is 2.8.1.4, which states that “major office and major institutional development should be directed to major transit station areas [MTSAs] or other strategic growth areas where frequent transit service is available”. Major office uses are also recognized as “major trip generators” that are a part of transit supportive development in MTSAs.

and applicable municipal strategies, standards, guidelines and studies. The planning and regulatory framework continues to evolve, including through the introduction of provincial legislation, Ministerial approval of various City policies, appeal of City policies at the Ontario Land Tribunal (OLT), and emerging direction from ongoing studies.

The emphasis on directing major office and institutional development to MTSAs and strategic growth areas supports North York Centre’s role as an office hub and could provide opportunities for further institutional growth, such as health and educational facilities, in addition to its established office sector.

PPS Policy 2.2.1 includes direction for planning authorities to facilitate residential intensification including the redevelopment of underutilized commercial and institutional sites. While Policy 2.8.1 directs planning authorities to promote economic development and competitiveness by providing opportunities for a diversified economic base, including maintaining a range and choice of suitable sites for employment uses which support a wide range of economic activities and take into account the needs of existing and future businesses.

2.2 Municipal Policy and Regulations

2.2.1 Toronto Official Plan

The Official Plan is a land use planning tool adopted by the City of Toronto under the authority of the *Planning Act*. It establishes a vision, principles, and policy framework for guiding growth and development in the city through an urban structure, designation of areas for appropriate land uses, and establishing city-wide policies. An overview of key Official Plan policies relevant to non-residential land uses in North York Centre is provided below.

Urban Structure and Land Use

Policy 2.2 of the Official Plan establishes an Urban Structure for the City and policies for Downtown, Centres, Avenues, and Employment Areas as identified on Map 2. North York Centre is one of four Centres located outside of the Downtown. Each Centre is intended to grow into complete, mixed-use communities by accommodating significant employment and residential growth in a transit supportive format. Under policy 2.2.2.2 of the Official Plan, all Centres are to be guided by Secondary Plans that address a number of requirements, including “creat[ing] a positive climate for economic growth and commercial office development”. The non-policy text in Section 2.2.2 specifically notes that North York Centre “should continue to grow as an important commercial office location. It should also continue to be a vibrant residential and cultural centre” (p.2-18). In keeping with the Centres designation, the majority of North York Centre is designated as *Mixed Use Areas* on Map 16 of the Official Plan, with land use policies provided under Section 4.5.

Creating a Strong and Diverse Economy

Under Section 3.5.1 of the Official Plan, additional policies are provided to encourage transit-oriented office growth in Centres and within walking distance of existing and approved and funded subway, light rapid transit and GO stations (3.5.1.2). Additional policies specify that new office development will be promoted within 500 metres of existing or approved and funded subway, light rapid transit or GO station, however, these policies remain under appeal at the OLT (3.5.1.6, 3.5.1.7, 3.5.1.9).

The Future of Retailing

Policies under Section 3.5.3 promote a diverse retail sector that provides shopping opportunities for local residents, employees and tourists (3.5.3.1). From a design perspective, Official Plan policies promote more intense, pedestrian and transit-friendly retail formats, as well as indoor connections to subway stations (3.5.3.1 and 2). The policies also encourage development in Centres to include street-related retail at the base of larger developments, with a fine grain of entrances and/or articulation of storefronts to promote walking (3.5.3.3). To provide opportunities for small businesses, the Official Plan enables area-specific policies to be developed for a maximum store or commercial unit size and minimum first-storey height, based on considerations such as prevailing store sizes in the area and vacancies (3.5.3.5). To address the growth of e-commerce, Official Plan policies also encourage multi-level industrial development on sites with access to highways and major roads, and the inclusion of parcel delivery and pick up spaces in new mixed-use development (3.5.3.7). Finally, development proposals in Mixed Use Areas with existing retail are required to demonstrate the amount and location of replacement retail space required to meet the daily needs of the local community, including access to fresh food and convenience needs (3.5.3.6).

2.2.2 North York Centre Secondary Plan

The North York Centre Secondary Plan was adopted by the former City of North York City Council in 1997 and later incorporated into the City of Toronto Official Plan in 2002 following amalgamation. The NYCSP policy framework has guided the Centre's transit-oriented employment and residential growth for over 25 years through significant change and intensification.

The NYCSP divides the Study Area into North York Centre South and North York Centre North, which are further divided into a hierarchy of Mixed Use Areas with corresponding land use policies.

- North York Centre South is intended to be a mixed-use area with a particular emphasis on establishing commercial nodes and supporting substantial office buildings. Accordingly, Section 2.1.2 of the Secondary Plan prohibits residential uses in *Mixed Use Area A* and limits the allowable percentage of residential uses to 50% in *Mixed Use Area B*.
- North York Centre North is intended to be a predominantly residential area with open space, recreational, and community-related uses located throughout. Accordingly, Section 2.2.3 of the NYCSP limits commercial use percentages to focus new development on residential uses in *Mixed Use Areas E–G*. In *Mixed Use Area H* permitted uses are limited to institutional uses. Maximum percentages of commercial uses in *Mixed Use Areas E–G* range from 20%-65% of total gross floor area.

Additionally, Map 8-2 of the Secondary Plan identifies Prime Frontage Areas along Yonge Street, Sheppard Avenue and Finch Avenue, where at-grade street-facing narrow frontage retail uses are required, and below-grade and internalized retail uses are discouraged (8.1.16). Office and retail buildings are also encouraged to have active frontages and incorporate retail spaces that animate the streetscape. Notably, the GFA of street-related retail uses to a depth of 30 metres is exempted from the calculation of total GFA, provided the retail uses are located at grade in the Prime Frontage Area, and are directly accessible from the street.

With regard to urban design, under policies 8.5.3.2 and 8.5.3.3 less active uses like banks, offices and health care uses may be prohibited along the Yonge Street sidewalk and Sheppard and Finch Avenues sidewalks respectively. These policies also provide that office and residential entrance lobbies along these sidewalks may be restricted to a maximum width of 6 metres, and that an individual retail/service commercial store front along these streets may be restricted to a maximum width of 14 metres. Policy 8.5.3.2 also encourages retail commercial uses that animate the street are along Yonge Street on the ground floor with entrances at grade. Finally, policy 8.5.6.8 encourages underground connections between developments and rapid transit stations and specifies that such connections may include commercial uses within them.

Although no longer in-effect following changes to Section 37 of the *Planning Act*, the Secondary Plan provides incentives for the inclusion of office and other non-residential uses. Historically, developments that provided over 15,000 square metres of new office space could offset some costs through contributions to pedestrian and transit infrastructure.

2.2.3 Office Space Needs Study

The City is undertaking a study to explore options for amending Official Plan policies for office replacement in a way that balances office needs in the short-term and long-term, to ensure the City's economic role remains competitive and resilient. The study also considers the need for new housing, including affordable housing, and the growing space needs for alternative employment sectors, such as retail, service commercial, cultural and entertainment-based activities, institutional uses, storage and warehousing, and life sciences.

Phases 1 and 2 of the study concluded with a report in July 2024 including proposed policy directions for office conversion. The key findings were that for areas with in-force 100% replacement policies (i.e. the Downtown and Yonge-Eglinton Secondary Plan area), reducing this requirement to 25% and enabling the provision of alternative uses such as affordable housing or other non-residential uses would meet city building objectives in light of existing and projected office demand. The proposed policy directions also recommend the office replacement policy be reviewed every four years to remain responsive to changing market conditions and City priorities.

North York Centre was not included in the proposed policy directions in consideration of the ongoing North York at the Centre Study, including the non-residential study.

2.2.4 Major Transit Station Areas

Under the Official Plan, and in accordance with the Provincial Planning Statement (2024), areas around higher order transit stations are established as Major Transit Station Areas (MTSAs). Within the Centre, this applies to the Finch, North York Centre, and Sheppard-Yonge subway stations. These areas are intended to be focal points for intensification through high-density residential and commercial development, alongside convenient, direct, and accessible transit facilities.

Under OPA 570, the boundaries and minimum density targets for the three MTSAs in North York Centre, which are all Protected Major Transit Stations (PMTSAs), were established and include:

- **Finch Station PMTSA:** 350 residents and jobs combined per hectare;
- **North York Centre Station PMTSA:** 400 residents and jobs combined per hectare; and
- **Sheppard-Yonge Station PMTSA:** 350 residents and jobs combined per hectare.

OPA 570 was adopted by City Council in June 2022 and is pending approval by the Province.

2.2.5 Zoning By-law 7625

All properties within the North York Secondary Plan area are zoned under the former North York Zoning By-law 7625 (Zoning By-law), as amended. There are a variety of residential, non-residential and mixed use zoning categories, which apply to different properties in the Secondary Plan area.

The Zoning By-law incorporates zone categories and associated regulations that specifically affect non-residential uses in North York Centre. These include:

- **General Commercial (C1)** – Permits a wide range of uses, including office, retail, and institutional. C1 zoning is prevalent along major commercial streets like Yonge Street, allowing for the development of both low- and high-rise commercial buildings.
- **District Shopping Centre (C3)** – Applies to larger commercial centres and permits regional retail uses, such as shopping malls and major institutional uses like daycares and places of worship. Several properties zoned C3 have site-specific exceptions that allow for more flexible development.

As part of North York at the Centre, the intent is to incorporate North York Centre into the city-wide Zoning By-law 569-2013.

2.2.6 Priority Retail Streets Zoning By-law (2019)

City Council adopted the Priority Retail Streets Zoning By-law Amendments on November 26, 2019. Both the City of Toronto Zoning By-law 569-2013 and the former City of Toronto Zoning By-law 438-86 were amended. These Zoning By-law Amendments provide direction on the land use requirements for the Priority Retail Streets identified in the Downtown Plan. It is important to note that these Amendments do not apply to North York Centre.

The Amendments require that on the first storey of a new mixed-use or non-residential building on designated Priority Retail Streets, a minimum of 60% of the lot frontage be dedicated to street related retail and service uses. These uses include retail stores, retail services, service shops, medical offices, education use, art galleries, financial institution, and offices. For these uses, a minimum of 60% of the surface area of the main wall of the first storey facing the priority retail street must be windows or doors.

2.2.7 City-wide Strategies

Action Plan for Toronto's Economy (2024)

In November 2024, City Council adopted an Action Plan for Toronto's Economy (2025-2035) – a roadmap for the City to strategically maximize its levers and collaborate with its partners to enhance Toronto's economy in the next ten years. The roadmap contains a foundational objective - Getting the Basics Right, which is supported by three priorities: Strong Main Streets, Quality Jobs, and Global Competitiveness. The Action Plan emphasizes reducing barriers to economic inclusion, in recognition that prosperity is not being shared equitably across neighbourhoods, sectors and communities.

Particularly relevant components of the Action Plan when considering future non-residential land use policies for North York Centre include the development of:

- an inclusive economic development framework (Action #4);
- ground floor commercial replacement/requirement policy for main streets to protect independent businesses impacted by real estate development (Action #11);
- community land trusts (Action #19); and,
- land use policy changes and/or incentives to facilitate adaptive reuse of vacant office space (particularly Class B and C) (Action #21).

Culture Plan (2024)

In November 2024, City Council adopted Culture Connects: An Action Plan for Culture in Toronto (2025-2035). The Plan sets out a bold new vision for culture in Toronto where everyone, everywhere, can discover, create and experience culture. Many of the actions identified in the Plan are focused on funding, programming, marketing, research and data, partnerships. The Plan also identifies the need for a Cultural Infrastructure Study in the immediate term to determine space needs across Toronto, set space targets by type and geography, assess City properties for their potential to be adapted for cultural use, and prioritize cultural space development outside of the Downtown, particularly for Indigenous, Black, and equity-deserving creatives throughout the city. Coordination with the Cultural Infrastructure Study can inform updated land use policies for North York Centre.

2.2.8 Other Standards, Guidelines and Studies

North York Centre is subject to other standards, policies and guidelines that affect non-residential uses.

Toronto Green Standard (2022)

The Toronto Green Standard (TGS) is Toronto's sustainable design and performance requirements for new developments. Applications submitted on or after May 1, 2022, are required to meet Version 4 of the TGS. Tier 1 performance measures must be met, and compliance is reviewed through the planning approval process. Applications pursuing the voluntary TGS Development Charge Refund Program must meet the program requirements in addition to Tier 1.

TGS Version 4 for Mid to High-Rise Residential and Non-residential development applies to residential apartment buildings four storeys and higher, and all Industrial, Commercial and Institutional (ICI) developments. TGS includes provisions relating to air quality; building energy, emissions, and resilience; water quality and efficiency; ecology and biodiversity; and waste and circular economy.

Retail Design Manual (2019)

The Retail Design Manual contains best practices intended to provide guidance on developing successful ground floor retail spaces. It includes retail design best practices to inform, guide, and educate those involved in the design and development of retail uses. This includes developers, architects/designers, City Staff, and property managers.

The Guide includes sections regarding the design of the building, street and retail frontage, and the retail space.

Mall Redevelopment Guide (2021)

The Mall Redevelopment Guide provides principles, supported by precedents, illustrations and demonstration plans, to consider during the redevelopment and/or intensification of mall or shopping centre sites. The principles are focused on the structuring of urban design elements of mall sites, such as streets and blocks, parks and open spaces, and the interface of retail uses and the public realm. The intent of the Guide is to support the integration of mall sites into the surrounding urban fabric and ensure the creation of complete communities at every scale.

The Guide provides guidance to help inform planning and design frameworks for mall sites. It is to be used by City staff, land owners, developers and their consultants, at the earliest stage of mall redevelopment proposals.

Retail Main Streets Study (2020)

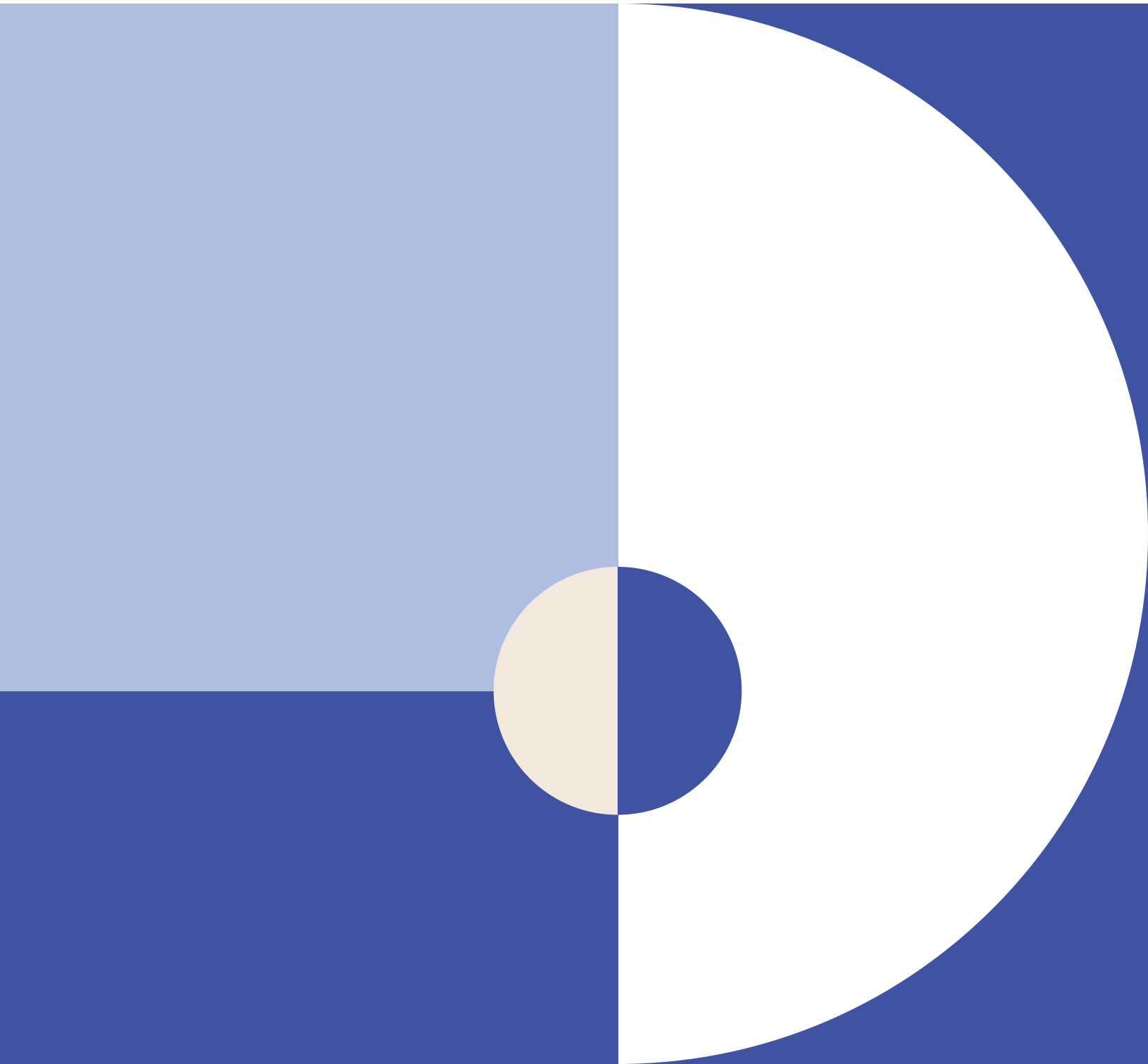
In January 2020, the City of Toronto published a report prepared by Three Sixty Collective titled the *Current State & Future of Toronto's Retail Main Streets* (Study). Retail Main Streets are centres of employment, economic activity, cultural expression and social diversity, and are integral to the well-being and prosperity of the city and the local neighbourhoods they serve. The findings and recommendations of the Study will inform and guide City policies, programs and advocacy positions.

The Study outlines key factors impacting Toronto independent main street business success and sustainability, including the costs of doing business, challenges surrounding the regulatory framework, a lack of time or specialized knowledge, and issues related to municipal infrastructure and services. Priority action areas identified in the Study include:

- small business support services, both within City Hall and indirect support delivered by external associations and agencies;
- increasing independent businesses' access to space;
- property tax reform;
- public safety; and,
- community economic development.

In December 2020, the City published an update report incorporating the impact of COVID-19 on Retail Main Streets. In addition to the priority action areas proposed under the original Study, the update report adds two new priority areas: nurturing innovation and addressing high ground-floor vacancy levels.

03. Retail – Current Conditions



North York Centre, home to more than 50,000 residents and 35,000 employees, has nearly 1.5 million square feet of combined retail, service commercial and restaurant floor area as of September 2023 (hereafter collectively referred to as “retail”). Its retail environment serves the day-to-day needs of the Centre’s substantial and growing local resident population, its daytime non-resident working population, and the needs of residents in immediately surrounding areas and beyond. While the Centre is not a regional destination for comparison goods retail such as apparel, accessories, electronics and furniture,

its strengths are found in its unique and highly robust, eclectic offering of restaurants and array of personal, professional and health services.

This section provides a brief overview of notable retail trends before presenting a detailed inventory of retail space in North York Centre, by retail category. This section concludes with a discussion of customer usage patterns within the Centre, segmented between those who live in the Centre, those who come to the Centre to shop and dine, and those who commute to the Centre for work.

3.1 National Retail Trends

The retail industry across Canada is undergoing a significant transformation, driven by technology and evolving consumer behaviours. Some of these trends have been accelerated through changes related to the COVID-19 pandemic. These trends are important to consider in relation to both the current and future retail landscape of North York Centre. Understanding emerging macro trends around spending patterns, customer preferences and business requirements can help existing and prospective retailers, landlords, brokers, strategic planners and others, plan a path forward that will allow the Centre to take advantage of opportunity in service of the broader vision for the area’s future. An understanding of trends also informs core assumptions in retail demand projections, as presented in Section 4.

3.1.1 E-Commerce and Omni-Channel Retailing

The rise of online shopping and the integration of multiple sales channels have become essential for retailers’ market reach and sales success. Embracing e-commerce and creating a seamless omnichannel experience allows retailers to reach a wider customer base and provide the convenience and flexibility that is now expected as the norm amongst many (if not most) shoppers. Gen Z wields significant and growing influence on the retail landscape, and while many retailers have made progress in areas such as marketing investment and digital payment to cater to this group, there is still room for growth amongst many retailers in providing unique in-store experiences.

The COVID-19 pandemic had a significant impact on the Canadian economy in 2020. As the virus spread and lockdowns were imposed, many businesses had to close their doors and workers had to stay at home. This created a surge in e-commerce sales, which had been growing steadily before the crisis. E-commerce purchases accounted for a larger share of total retail sales in Canada as a result of this shift.

In 2019, 3.5% of all retail sales in Canada occurred through e-commerce channels. This figure increased to 6.1% in 2020, and 6.5% in 2021. And although e-commerce sales have decreased since the 2021 peak – down to 5.5% in 2022 and 5.4% in 2023 (to end of Q3)¹ – overall the outlook for e-commerce remains generally positive.²

E-commerce sales in Canada continue to lag many other markets, particularly the United States where the US Census Bureau data places e-commerce sales at 14.9% of total unadjusted sales as of Q3 2023. And while some of this US vs. Canada e-commerce spending gap is attributable to Canadians spending their online dollars in the US, there remains ample opportunity for growth in the Canadian market.

E-Commerce

What is missing from Canadian Stats?

Data from Statistics Canada and the US Census Bureau suggest a large gap between Canadian and American online spending as a proportion of total sales (5.4% vs. 14.9% unadjusted, Q3 2023).

However, what the Canadian data does not capture is Canadian online spending at US retailers.

According to a 2017 BCG report, Canadians spend more than 1/3rd of their online dollars in the USA, and in some categories, Canadians report as much as 60% of their online spending is done in the USA. This pattern is reflected in a 2020 report from Online Business Canada, which stated that 64% of Canadian online shoppers make their purchases in the US.

03

Figure 2: E-Commerce Unadjusted Retail Sales as % of Total Retail Sales, Canada

Going forward, Canadian retailers will need to invest in creating engaging and personalized in-store experiences that align with Gen Z's motivations and values. They will also have to work to overcome some of the broader barriers to e-commerce growth in Canada, such as the presence of US and other international website competition, price discrepancies (including shipping costs), regulatory barriers, and infrastructure gaps. From a land use planning perspective, the increasing significance of e-commerce in the retail landscape will have a variety of implications:

- **Changes to physical retail space needs** – there will continue to be a decrease in the per-capita demand for traditional retail spaces over the coming decades, and a corresponding increase in the demand for warehouses and smaller-scale distribution hubs. This shift will increasingly blur the line between industrial and commercial uses, particularly in situations where larger retailers convert or design what would have been 'commercial' spaces into 'distribution and warehousing' functions.
- **Urban warehouses** – the need for and expectation of near instantaneous delivery of goods

¹ StatCan Table 20-10-0556-01

² The relatively large and growing importance of e-commerce is, and is expected to continue to be, most pronounced in retail sectors such as Sporting goods, book sales, toys/ hobbies/ games, clothing and accessories, and electronics.

ordered online (e.g., within a matter of hours), necessitates warehouses and smaller distribution points located close to consumers. This is already leading to trends of micro-warehousing (e.g., 10,000 to 20,000 square foot hubs) seeking integration into urban environments. These types of urban warehouses – which may come in the form of commercial space that has been converted over to distribution and logistics use – may have implications for traffic management, curbside management, and other zoning regulations.

- **Dark Stores and Ghost Kitchens** – the rise of dark stores (retail locations converted to delivery hubs) and ghost kitchens (delivery-only restaurants), present additional considerations and challenges for land use planning. These types of businesses may operate out of areas that are more commercially-oriented and zoned, but they will usually have different traffic generating patterns and business hours. Dark stores are most commonly associated with the retail grocery sector where in high delivery demand markets, stores are being turned over either partially or in their entirety for these purposes. Dark Stores may have impacts on street life and the activation of the public realm.

3.1.2 Personalization and Customer Experience

While not of direct relevance within the context of land use planning considerations, it is nevertheless important to consider other aspects of retail landscape evolution and their possible implications for future tenant mix and space usage patterns. The

rise of online shopping and integration of multiple sales channels have, as noted above, become essential for retailers. Embracing e-commerce and creating seamless omnichannel experiences allow for retailers to reach a wider customer base and provide both convenience and flexibility. However, while retailers across the country have made progress in areas such as creative marketing investment and digital payments, there remains room for growth in providing unique in-store experiences – an increasingly important point of differentiation as businesses cater to the now predominant Gen Z buying group.

Medium and larger-scale retailers can and do use data analytics to understand customer behaviors and use that intelligence to offer personalized product recommendations. And while this level of analytics may be out of reach for many of the smaller retailers, there are other avenues for enhancing personalization and customer experience they may explore. These include things like personalized homepage and navigation based on customer browsing history and preferences; automatic out-of-stock recommendations for similar products; shoppable social media posts; and what is known as ‘continuous shopping’ – allowing customers to save items in their virtual carts and make that cart accessible across different devices.

These macro-trends serve as an important foundation for evaluating the current and future retail landscape in North York Centre.

3.2 Retail Space Categorization

The retail space categories outlined below is used throughout this report for analysis and presentation of **retail inventory** data at both the regional (Toronto Census Metropolitan Area, or CMA) and Study Area levels. Regional level information is derived from a review of data provided to the consulting team by City of Toronto staff, while North York Centre retail information has been gathered and analysed through an inventory process conducted in the Study Area by the consulting team and City staff in September, 2023.

Each entry in the retail inventory – both regional and Study Area level – is categorized according to the following two-tiers:

- **The first tier** – ‘roll up’ category – is the upper-tier umbrella category; it is helpful for the purposes of summary reporting and general understanding of typical shopping dynamics.
- **The second tier** – ‘detailed categories’ – provides more detail into the nature of the roll-up category grouping. Each of the detailed categories used is not necessarily the most detailed classification of a given tenant-type that is available. The North American Industry Classification System (NAICS) for retail, service commercial and restaurants provides for a more detailed breakdown in many cases.³

³ NAICS codes can be applied at the 6-digit level. The first 2 digits identify the sector (e.g., 45 is Retail Trade). The next two digits identify the subsector (e.g., 4551 is Grocery stores). The final two digits identify the industry (e.g., 455110 is “Supermarkets and Other Grocery (except Convenience) Stores.”)

Table 1: Retail Classification Schema

First Tier (Roll-Up) Categories	Second Tier (Detailed) Categories
Automotive Goods and Services	Auto parts, accessories, tires, Gas stations (excluding convenience store)
Comparison Goods⁴	Clothing stores; Electronics and appliance stores; Furniture and Home Furnishings stores; General merchandise stores; Jewellery, Luggage, Leather Goods stores; Miscellaneous store retailers; ⁵ Shoe stores; Sporting goods, hobbies, books, and music stores. ⁶
Convenience Goods⁷	Supermarkets and other grocery stores; Convenience stores; Liquor stores; Health and Personal Care stores; ⁸ Specialty Food stores.
Food and Beverage	Full-service restaurants; ⁹ Limited service eating places. ¹⁰
Service Commercial	Personal services; Finance and Insurance services; Professional services; Educational services; Health services; Social services; Travel services; Repair and Maintenance services; Other services.
Vacant	Unoccupied space, including vacant space that is still subject to lease payments.

4 Comparison Goods are 'higher order' goods which are purchased less frequently than convenience goods, and for which consumers are more likely to do comparison shopping.

5 Miscellaneous Store Retailers sub-sector includes businesses engaged in retailing specialized lines of merchandise. This includes florists, office supplies stores, stationery stores, gifts, novelty and souvenir stores, used merchandise stores, pet and pet supplies stores and art dealers. It also includes any other business not classified to any other industry grouping that is primarily engaged in retailing new merchandise.

6 Sporting goods, hobbies, books and music stores sub-sector includes businesses primarily engaged in retailing sporting goods, games and toys, sewing supplies, fabric patterns, yarns and other needlework accessories, musical instruments, and books and other reading materials.

7 Convenience Goods are 'lower order' goods that are typically purchased on a more frequent basis. These are often the predominant businesses in local shopping areas.

8 Health and personal care stores sub-sector include business primarily engaged in retailing health and personal care products. Drug stores and pharmacies, cosmetics, beauty supplies and perfume stores, optical goods stores, food (health) supplement stores and health appliance stores are included.

9 While NAICS definition for this category does not include bars, taverns and pubs, these uses are rolled into the full service restaurants sub-sector for the purposes of this retail classification schema.

10 Limited service eating places include restaurants where patrons order or select items at a counter, food bar, or cafeteria line, and pay before eating.

Table 2 below provides further detail looking specifically at the “Service Commercial” category and its sub-categories. Given the prominence of service commercial within the Study Area, it is important to have a more nuanced understanding of what is embedded within each of the category groupings.

Table 2: Service Commercial Category – Detailed Breakdown

Service Commercial Category	What is included?
Personal services	Barber/ beauty parlour; nails; tattoos; spas; drycleaners / laundry services; clothing alterations;
Finance and Insurance Services	Banks; credit unions; cheque cashing places; insurance agents; investment services; money exchanges
Professional services	Accountants, lawyers, real estate services, other professionals.
Educational services	Language schools; performing arts; martial arts; vocational training; dance studios; post-secondary institutions; secondary institutions.
Health services	Doctors, dentists, orthodontists, chiropractors, physiotherapists, occupational therapists, optometrists, laser medical centres, rehabilitation centres, pain clinics, acupuncture, x-ray/ ultrasound, labs, other ambulatory care facilities.
Social services	Childcare, immigration consulting, community centres, youth groups.
Travel services	Travel agents
Repair and Maintenance Services	Electronics repair; shoe repair.
Entertainment and Recreation Services	Live performance, movies, exhibits, artistic production, sports/ recreational activities, hobbies / leisure interests.
Other services	Pet spas; printers; custom clothing; couriers; photography studios; psychic readers; car rental agencies; condo sales centres.

3.3 Regional Context

3.3.1 Retail Sales

The Toronto CMA, encompassing over 20 census subdivisions (CSDs) including 10 municipalities with a population of at least 100,000, accounts for approximately 46% of Ontario's retail expenditures. From 2017 to 2022, nominal retail sales in the Toronto CMA increased by 34%, rising from \$100.3 billion in 2018 to \$134.4 billion in 2022 (unadjusted), while population growth over that period was approximately 5%. By comparison, the provincial level retail sales (which includes the Toronto CMA) increased by 28% - from just under \$230 billion to \$295.4 billion, on population growth of approximately 10%.

Looking at sales in real dollar terms¹¹ (based on 2002 dollars), the real retail sales levels in the Toronto CMA increased by 16% from 2017 to 2022, from \$76 billion to \$87.9 billion. Adjusted for population growth over that time, real sales increased by just under 7.5%. In comparison, provincial retail sales increased by 11% during this same period (from \$174.3 billion to \$193.2 billion), and just under 3% on a population-adjusted basis.

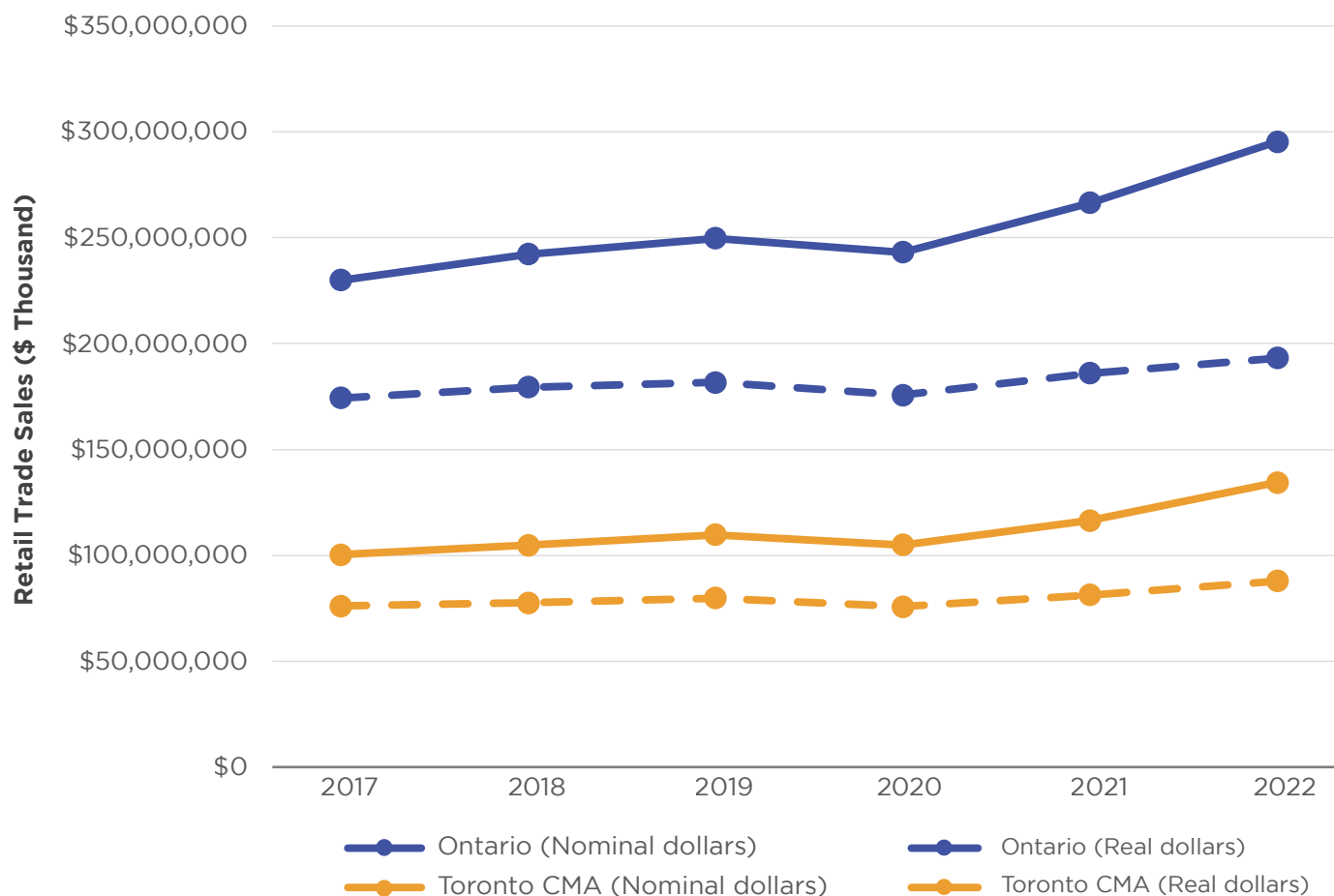


Figure 3: Retail Trade Sales (X\$1,000, unadjusted), Toronto CMA and Ontario, 2017 to 2022

¹¹ Real dollars are dollars adjusted for inflation. In contrast to 'nominal' dollars (the face value without adjustment), real dollars present a more accurate measure of value and purchasing power over time.

Some notable observations regarding nominal retail trade sales from the Toronto CMA are as follows:

- The percent growth of most retail sectors in Toronto has been higher than the same sectors at the provincial level. This includes Food and beverage retailers, Furniture, home furnishings, electronics and appliance retailers, Health and personal care retailers, Gasoline stations and fuel vendors, Clothing, clothing accessories, shoes, jewelry, luggage and leather goods retailers, and Sporting goods, hobby, musical instrument, book, and miscellaneous retailers.
- Major sectors that show the **largest retail sales growth** in the Toronto CMA over this period include:¹²
 - Sporting goods, hobby, musical instruments and books, and miscellaneous retailers, with 58% sales growth from 2017 to 2022, compared to provincial level growth of 52%.
 - General merchandisers, with 47% sales growth in Toronto, as well as at the provincial level.
 - Building materials and garden equipment and supplies dealers, with 43% sales growth in Toronto from 2017 to 2022. This is similar to the growth at the provincial level (42%).
- Sectors that have **lower or negative growth** in comparison to the province as a whole include:
 - Shoe retailers – these recorded a -1% trend in Toronto CMA from 2017 to 2022. In contrast, shoe retailers across the province had growth of 4% in the same period.
 - Beer, wine and liquor retailers – growth of 4% in the Toronto CMA contrasted with 12% growth across the province in the same period.

3.3.2 Retail Inventory

Up until 2017, the Centre for the Study of Commercial Activity (CSCA) at Ryerson (now Toronto Metropolitan) University prepared an annual inventory of retail and service commercial floor area across the Toronto CMA. This inventory had been conducted annually since 1996, providing a methodologically consistent longitudinal data set for tracking change in the retail landscape at regional, municipal and local levels. While the most recent update of this database is now nearly seven (7) years old, it remains the most comprehensive snapshot of the retail landscape across the Greater Toronto Area and the only such dataset offering information on categorized store counts, floor areas and vacancies.

As of 2017, the Toronto CMA contained approximately 150 million square feet of combined retail / service commercial floor area across approximately 50,200 individual storefronts.¹³ Comparison goods comprised the most significant category on a floor area basis (41.2% of total), while Service Commercial businesses were the most significant from a storefront count perspective (26%).

¹² Does not include sectors that do not cover the full 2017-2022 period due to incomplete data

¹³ Based on analysis of CSCA GTA Point Data 2018 for Toronto CMA.

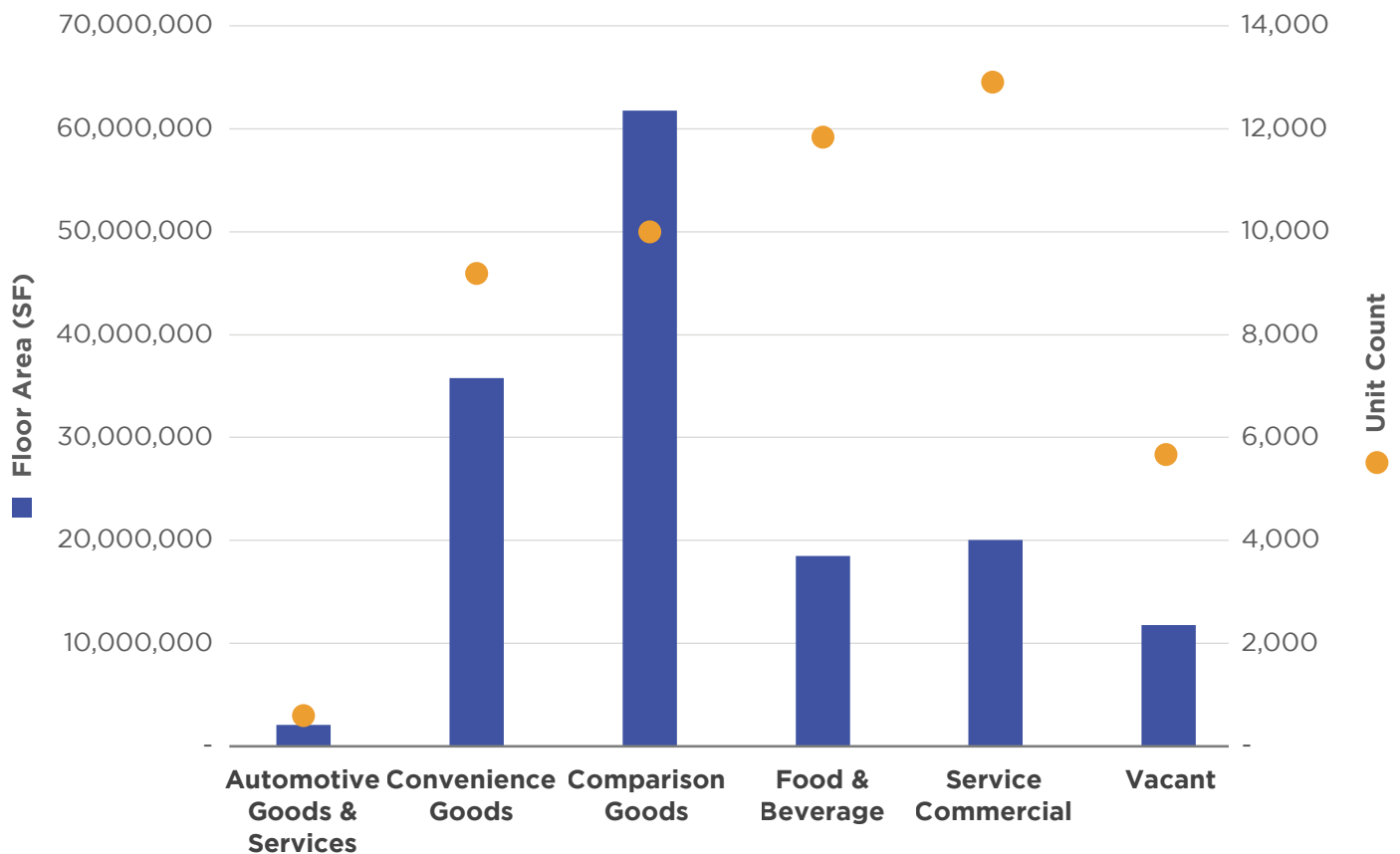


Figure 4: Toronto CMA Retail Floor Area and Unit Counts, 2017

Source: CSCA, GTA Retail Point Data, 2018, Analysis by Urban Systems

Table 3 below presents a summary of the 2017 Toronto CMA retail inventory on a floor area and unit count basis (absolutes and relative proportions of total), with comparisons against the 2023 North York Centre Retail Inventory (as presented in Table 4) for proportions of overall floor space and average retailers' size. While a comparison of inventories taken six years apart is not ideal for assessing the Study Area's total retail space relative to Toronto CMA totals, it is useful for illustrating the relative weighting of retail categories in the Study Area relative to the region. While the regional retail landscape has likely grown considerably since 2017, it is unlikely that there has been substantial change in the relative weighting of retail categories. Assuming this is accurate, it is clear to see the substantially greater weighting of Service Commercial and Food and Beverage in the Study Area. This weighting is further illustrated in the detailed discussion of the Study Area's retail inventory in sections below.

Table 3: Retail Floor Area and Unit Counts, Toronto CMA, 2017, with comparison to 2023 North York Centre Inventory

	Floor Area (SF)	Unit Count	% Floor Area	% Unit Count	Avg. Unit Size	% of Floor Area, Toronto CMA (2017) vs. North York Centre (2023) (+/-)	Avg. Unit Size, Toronto CMA (2017) vs. North York Centre (2023) (% above or below)
Automotive Goods and Services	2,109,456	598	1.4%	1.2%	3,528	+0.8%	+12%
Convenience Goods	35,758,710	9,192	23.8%	18.3%	3,890	+5.4%	-8%
Comparison Goods	61,728,984	10,002	41.2%	19.9%	6,172	+30.2%	+154%
Food and Beverage	18,520,976	11,836	12.4%	23.6%	1,565	-11.0%	+25%
Service Commercial	20,079,591	12,906	13.4%	25.7%	1,556	-26.2%	-24%
Vacant	11,761,210	5,665	7.8%	11.3%	2,076	+4.5%	+18%
TOTAL	149,958,927	50,199			2,987		+58%

Source: CSCA, GTA Retail Point Data 2018 and Urban Systems' North York Centre Retail Inventory, 2023

3.4 Retail Space in North York Centre

3.4.1 Retail Inventory Development and Categorization Approach

In September 2023, an inventory was undertaken to assess the retail, service commercial, and restaurant landscape in North York Centre. This forms the baseline for the retail opportunity and demand projections presented in Section 4.

Developing the retail inventory was a multi-stage process comprised of retrieving and analysing existing data sets and field work to supplement and confirm data accuracy. In general terms, the approach was as follows:

1. **CoStar Data Retrieval:** A data set containing location, business name and floor area¹⁴ of street-front and mall-based retail, service commercial and restaurant businesses (“retail” collectively), was retrieved by City of Toronto staff from the CoStar database; this database identified 591 retail tenants in North York Centre, collectively occupying 1,332,700 square feet of floor area.
2. **Toronto Employment Survey (TES) Check:** The CoStar data was then cross-referenced with the 2023 TES. Any data points from the TES that had not been captured in the CoStar inventory were added to the master list of tenants. This process revealed nearly 200 unique data points that had not been captured by CoStar.
3. **Field Survey:** With the combined CoStar + TES baseline inventory data cleaned, checked and mapped in GIS,¹⁵ a four-person team comprised of consultants and City staff undertook a two-day comprehensive field survey of the Study Area.¹⁶

Through this survey all data points were either confirmed or updated, missing floor area values were filled in, vacancies were identified, and any data points that did not appear in either the CoStar or TES data were added.

4. **Coding and Sorting:** The updated inventory was then coded through a two-level categorization structure (presented below). As part of this process, any data points that had been captured which were not retail spaces were removed.

This comprehensive inventory not only quantifies the overall commercial ‘footprint’ in terms of business counts and floor space, but also highlights the diverse range of retail, service commercial, and restaurant establishments contributing to the economic vibrancy of the Study Area. It highlights many of the area’s strengths, along with weaknesses and challenges, all of which are documented in subsequent sections of this document.

The final, consolidated and cleaned retail inventory data set identified approximately 1,475,000 square feet of retail space in North York Centre, distributed across 780 storefronts. Compared against the CMA-level retail inventory for 2017, North York Centre represents approximately 1.6% of the region’s retail storefronts and 1% of retail floor area. These proportions have likely decreased over the past six years with the addition of new retail areas across the GTA.

¹⁴ The floor area data field was not available for all units.

¹⁵ Note that mapping often involved ‘clustering’ of points in a random pattern at a single address, where specific unit numbers were absent. While this is sufficient for the purposes of capturing retail units in the inventory and approximately geo-locating these uses on a given block, it does not allow for cleanly mapping the retail inventory.

¹⁶ Field survey was completed on September 18th and 19th 2023.

3.4.2 Retail Inventory Summary

Tables and figures below provide an overall breakdown of the retail inventory (in summary) for North York Centre. The inventory results are first presented for the overall Study Area, before breaking it out by sub-area (North vs. South) in order to better understand differences in mix and sub-area characteristics. Table 4 below shows the inventory for the entirety of the Study Area.

Table 4: North York Centre Retail Inventory

Category	Unit Count Total	Floor Area (sq.ft.) Total	Average Floor Area (sq.ft.)
Automotive Goods / Services	3	9,472	3,157
Auto Parts, Accessories, Tires	3	9,472	3,157
Comparison Goods	67	162,573	2,426
Clothing Stores	6	41,157	6,993
Electronics and Appliances	9	4,133	459
Furniture and Home Furnishings Stores	3	7,644	2,548
General Merchandise Stores	4	50,617	12,654
Jewelry, Luggage, Leather Goods Stores	7	7,110	1,016
Miscellaneous Store Retailers	29	40,946	1,412
Shoe Stores	2	2,966	1,483
Sporting Goods, Hobby, Book, and Music Stores	6	4,000	667
Convenience Goods	64	271,338	4,240
Convenience Stores	11	9,591	872
Health and Personal Care	21	62,289	2,966
Liquor Stores	3	23,795	7,932
Specialty Food Stores	18	16,858	937
Supermarkets and Other Grocery	11	158,805	14,437

Category	Unit Count Total	Floor Area (sq.ft.) Total	Average Floor Area (sq.ft.)
Food and Beverage	299	345,817	1,256
Full-Service Restaurant	115	196,282	1,707
Limited-Service Restaurant	184	149,335	808
Service Commercial	290	586,212	2,037
Educational Services	15	29,151	1,943
Entertainment and Recreation	17	188,179	11,069
Finance and Insurance Services	26	86,316	3,320
Health Services	68	136,846	2,012
Other Services	13	14,912	1,147
Personal Services	98	88,445	886
Professional Services	26	26,860	995
Repair and Maintenance Services	10	4,139	414
Social Services	7	7,659	1,094
Travel Services	7	4,205	601
Vacant	57	99,896	1,753
GRAND TOTAL	780	1,475,308	1,891

3.4.3 Overall Study Area Inventory Observations

Figure 5 below presents the retail inventory data for North York Centre in terms of each category’s relative contribution to the overall floor area or unit count inventory in the Centre. Key observations regarding current inventory distribution are discussed further below.

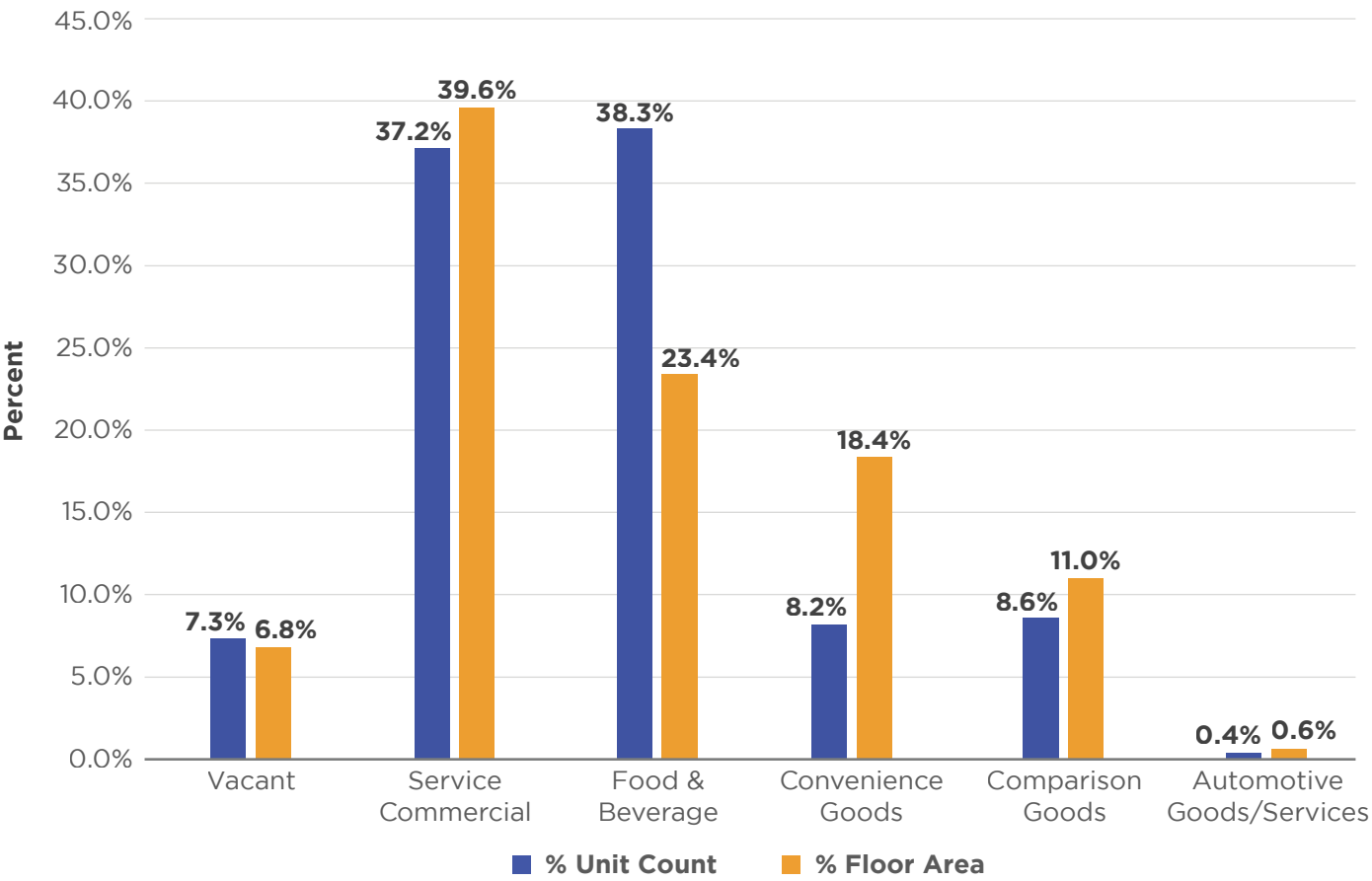


Figure 5: Retail Categories as a Proportion of Total Floor Area and Total Unit Counts

Category predominance varies when analyzed on floor area vs. business count basis

The ‘roll-up’ categories of Convenience Goods and Food and Beverage show the greatest differentials between relative floor area presence and relative storefront count.

• **Convenience Goods:**

- This category shows an outsized contribution to overall retail floor area (18.4%) relative to storefront count (8.2%) in the Study Area.
- Relative contribution to overall floor area is primarily a function of the Supermarket and Other Grocery sub-category. While accounting for 11 storefronts (representing 17% of the category and 1% of all categories), this sub-category encompasses nearly 159,000 square feet, which represents 58% of the category and 11% of all categories.
- Given the relative contribution of Supermarket and Other Grocery to the overall presence of the Convenience Goods category in North York Centre, it follows that this category shows the largest average unit sizes across all major categories, at 4,240 square feet. This average size is brought up considerably by the Supermarket and Other Grocery sub-category, where the average store size is nearly 14,500 square feet.

• **Food and Beverage:**

- This category, encompassing both full-service and limited-service restaurants, plus bars, pubs and lounges, shows an outsized contribution to overall unit count (38.3%) relative to overall floor area (23.4%). This is the inverse of the relationship seen in the Convenience Goods category.
- Relative contribution to overall unit count from this category is primarily attributable to the 184 Limited Service Restaurants, with an average unit size of 812 square feet. While this sub-category accounts for over 60% of active businesses in the Food and Beverage category and nearly 24% of all storefronts in North York Centre, it encompasses only 43% of the floor area in the category, and 10% of floor area in the Centre overall.

- The Full Service Restaurant sub-category, by comparison, shows relative consistency in proportional contribution to unit count and floor area, at 14.7% and 13.3%, respectively.

Overall Predominance of Service Commercial and Restaurants

Referring again to Figure 5 above, over 63% of retail floor space and 75% of retail storefronts are occupied by the combination of Service Commercial and Food and Beverage categories.

• **Service Commercial:**

- This large category grouping encompasses a diverse array of sub-categories, (see Table 4 above), which together form the predominant category cluster in North York Centre in terms of relative floor area occupied (39.6%).
- The category encompasses a combined 584,612 square feet (40% of total) and 287 businesses (37% of total).
- The top 3 categories on a **floor area basis** are (1) Entertainment / Recreation (32%), (2) Health Services (23%), and (3) a tie between Personal Services and Finance / Insurance (15%).
- The Entertainment and Recreation sub-category is primarily comprised of one large movie theatre (~64,000 sq.ft.), and four commercial gyms (51,000, 22,000, 15,000 and 11,500 square feet).
- The top 3 sub-categories on a **unit count basis** are (1) Personal Services (34%), Health Services (24%) and (3) a tie between Finance and Insurance Services and Professional Services (9%).

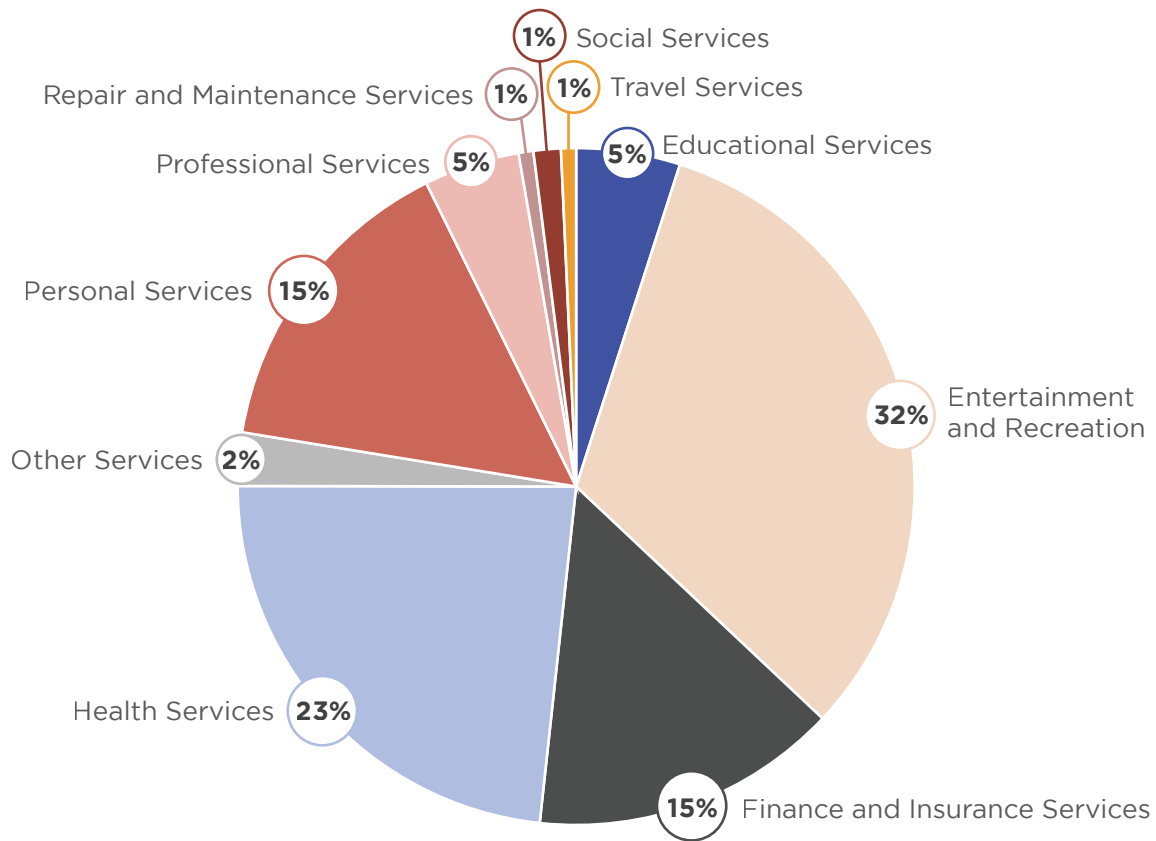


Figure 6: Service Commercial Sub-Categories as % of Total Service Commercial Floor Area

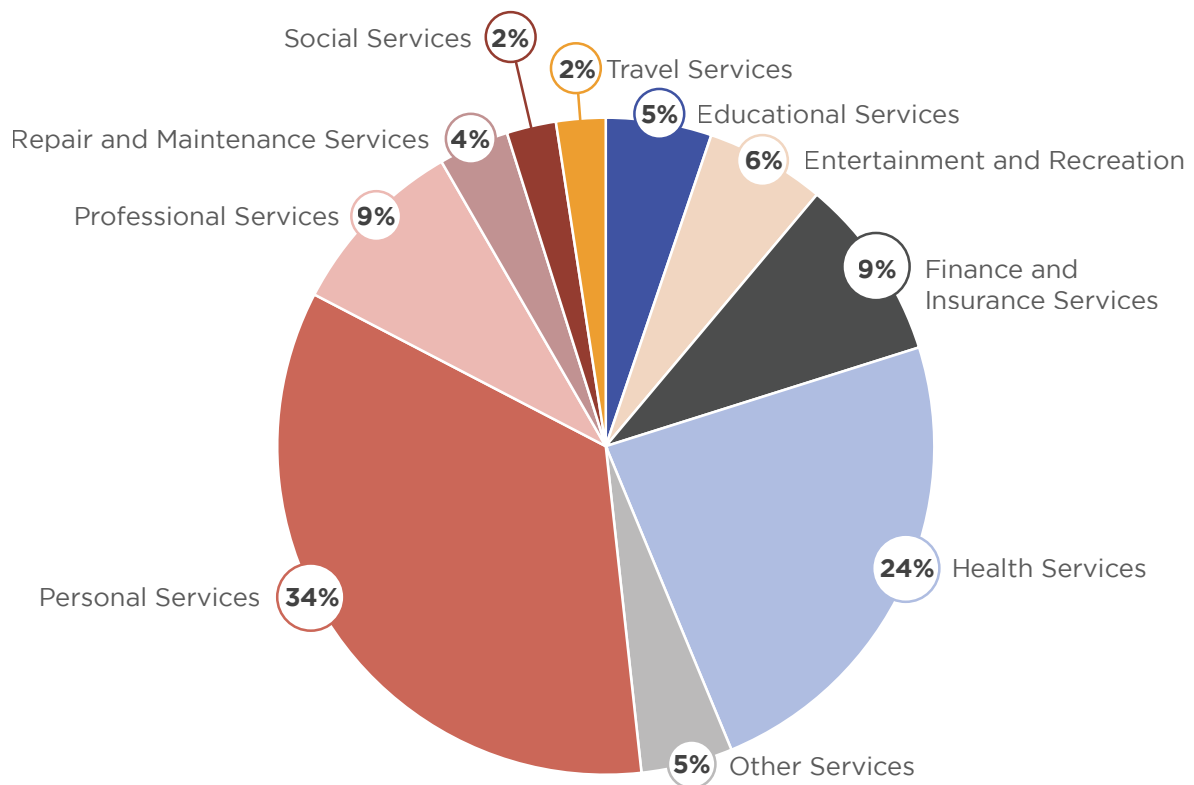


Figure 7: Service Commercial Sub-Categories as % of Total Service Commercial Unit Count

- **Food and Beverage**

- This broad category, encompassing full-service and limited-service restaurants, encompasses nearly 344,500 square feet (23% of total floor area in the Study Area), across 299 businesses (38% of total).
- The average floor area for full-service restaurants, at 1,707 square feet, is more than double that of limited-service restaurants at 812 square feet. As a result, while full-service restaurants occupy 57% of restaurant floor area, they take up 39% of restaurant storefronts. Limited-service restaurants occupy 43% of restaurant floor area and account for 61% of restaurant storefronts.

Important Role Of Convenience Retail

- Convenience retail, and particularly Supermarkets and Other Grocery stores, have a notable presence in the Study Area, at 18.4% of floor area and 8.2% of storefronts.

- **Grocery Stores:**

- Supermarkets and Other Grocery stores account for nearly 159,000 square feet, encompassing 11 stores.
- The 11 stores range in size from under 2,000 square feet to 40,000 square feet. They account for 59% of floor space in the Convenience Goods category. The sub-category includes:
 - » Five stores of 5,500 square feet or less.
 - » Four stores of 20,000 square feet or more.
 - » Two stores falling between 7,500 and 10,600 square feet.
 - » The larger grocery stores at 40,000 square feet (Loblaws) and 34,600 square feet (Whole Foods).
 - » There are three H-Mart stores in the Study Area, with an average size of 3,600 square feet.

- **Health / Personal Care:**

- There are 21 businesses classified under Health and Personal Care in North York Centre, encompassing nearly 62,300 combined square feet.
- These businesses range in size from small kiosks (~200 square feet) to nearly 16,000 square feet. This includes 11 pharmacies.
- 75% of the floor area in this category exists within three Shoppers Drug Marts and two Rexall pharmacies.

- **Specialty Foods:**

- There are 18 businesses classified under the Specialty Food Stores category, together encompassing nearly 17,000 square feet.
- This category accounts for 28% of convenience retail businesses, but only 6% of convenience retail floor area.
- The category includes an eclectic array of bakeries, delis, meat shops, and chocolatiers, with an average unit size of under 650 square feet.
- There are numerous businesses in this category which occupy spaces that are 500 square feet or less.

- **Convenience Stores:**

- There are 11 businesses classified as Convenience Stores in the Study Area, together encompassing just under 9,600 square feet.
- As with specialty food stores, convenience stores are significantly more prominent on a store count basis (17%) than a floor area basis (4%).
- Average convenience store size is under 900 square feet.

- **Liquor Stores:**

- There are three liquor stores in the Study Area, together encompassing just under 24,000 square feet.
- These three businesses are comprised of two LCBO locations and one small-scale specialty wine store.

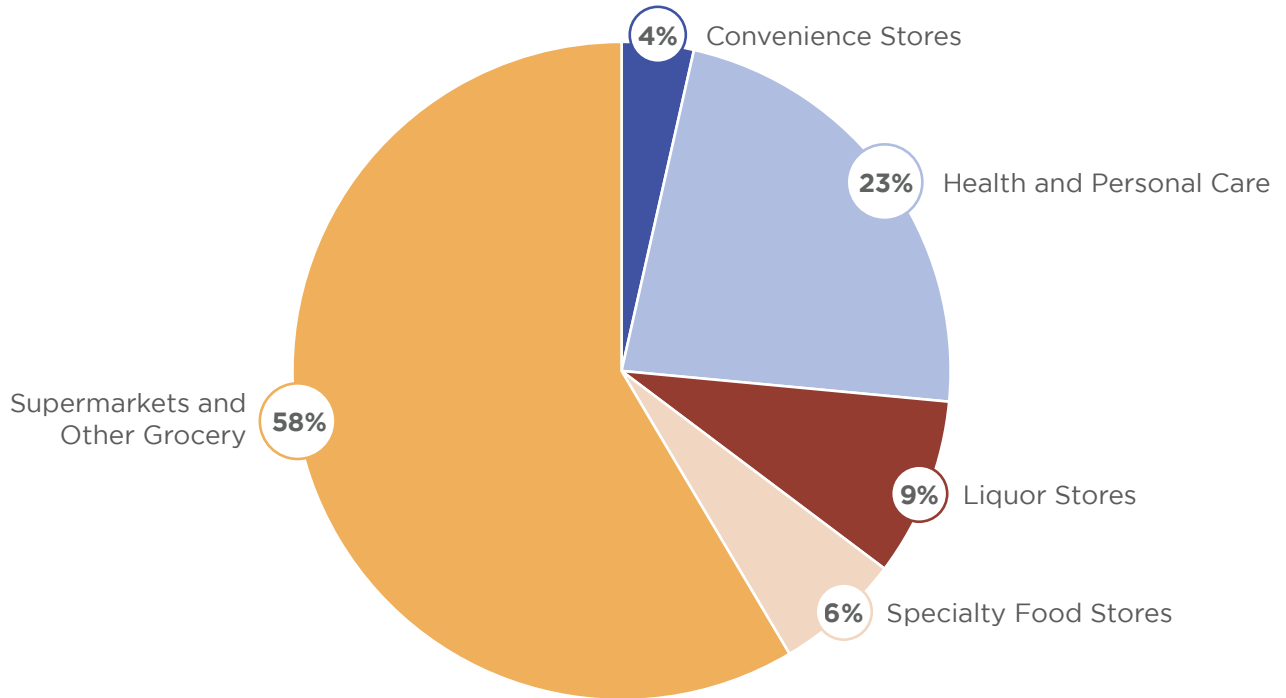


Figure 8: Convenience Goods Sub-Categories as a % of Total Convenience Goods Floor Area

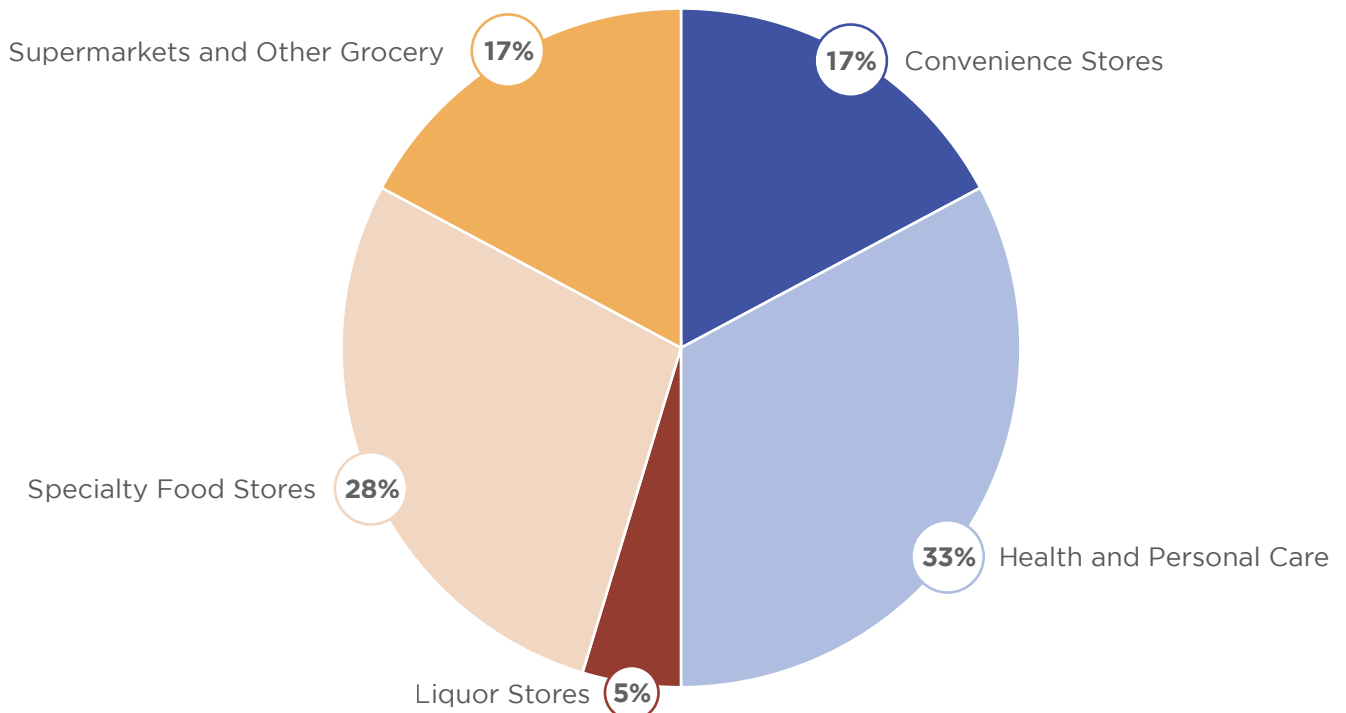


Figure 9: Convenience Goods Sub-Categories as a % of Total Convenience Goods Unit Count

Relatively Limited Comparison Goods Offerings

- Comparison goods retailers have a similar presence to convenience good retailers in terms of proportion of storefronts in the Study Area (8.2% vs. 8.6%); however, they make up a substantially smaller proportion of overall floor area (11.0% vs. 18.4%).
- Excluding the “Miscellaneous store retail” category, comparison goods account for just 8% of floor area and less than 5% of total storefronts (see Figure 5 above).
- The average unit size in this roll-up category, at 2,426 square feet, is considerably larger than that seen in Food and Beverage or Service Commercial. This average is brought up by four larger General Merchandise stores which have an average size of 12,654 square feet. These include a 25,000 square foot Winners and two Dollarama stores of 11,300 and 13,230 square feet.
- Within this roll-up category, the three most prominent sub-categories (accounting for a combined 84% of floor area) are: General Merchandise Stores (31%), Clothing Stores (28%) and Miscellaneous Store Retailers (25%). On a storefront count basis, Miscellaneous Store Retailers form the predominant category at 43%.

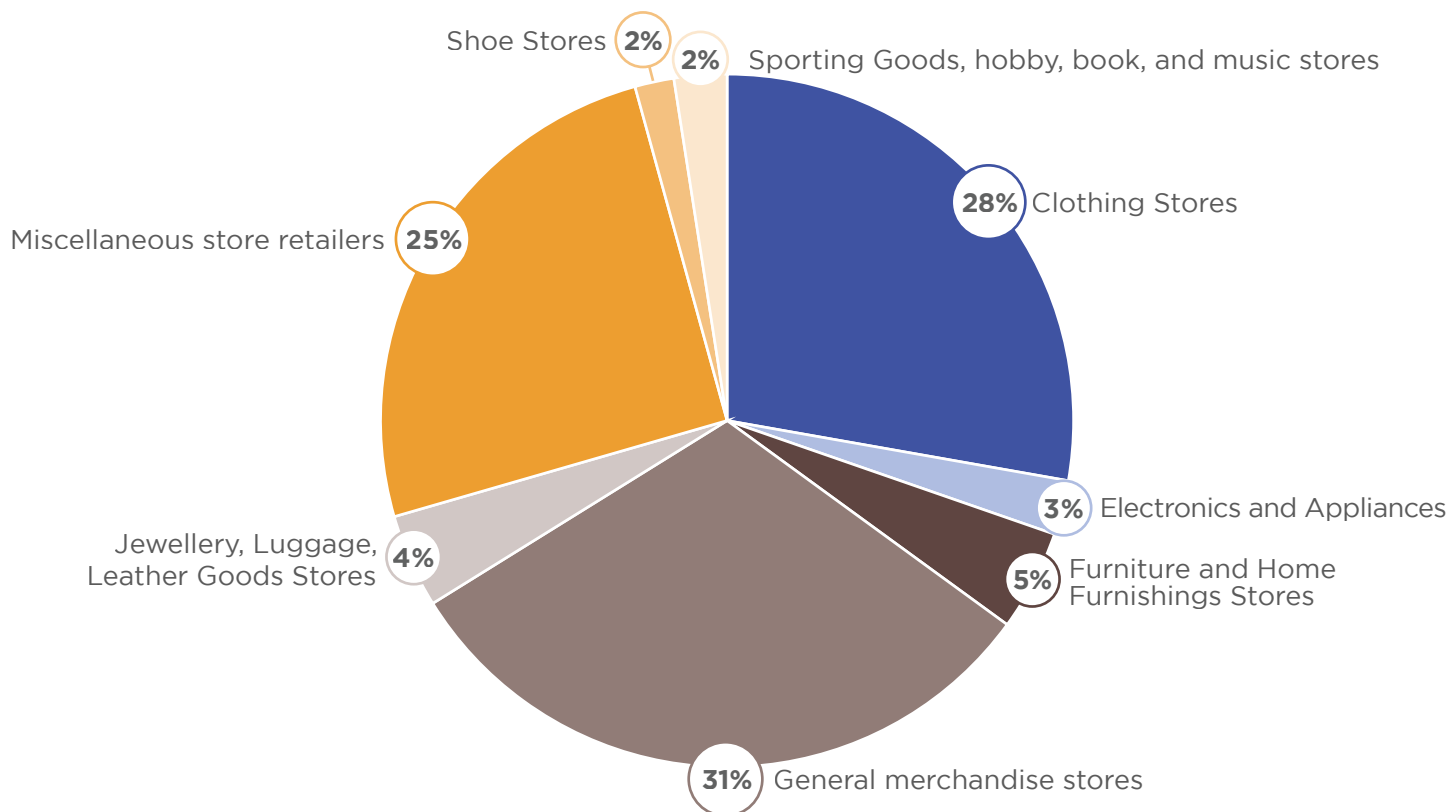


Figure 10: Comparison Goods Sub-Categories as a % of Total Comparison Goods Floor Area

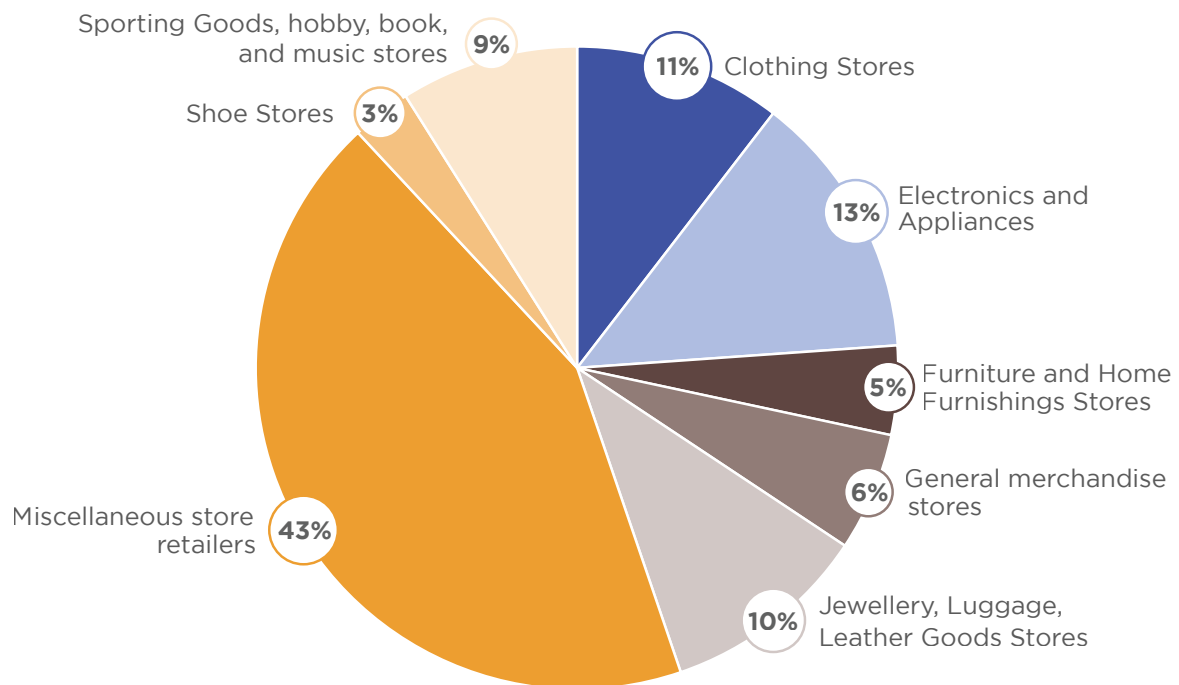


Figure 11: Comparison Goods Sub-Categories as a % of Total Comparison Goods Unit Count

Healthy Vacancy Rates

- Vacancy in North York Centre is just under 7% on a floor area basis and just over 7% on a unit count basis. This is at the higher end of a 'healthy' vacancy rate range (typically considered 5-7%). This is shown in Figure 12.
- If vacant spaces at North York Centre mall are removed from the inventory, overall vacancy for the Centre falls to only 5% on a floor area basis, and 5.8% on a unit count basis.
- If the series of vacancies at 5210 Yonge Street are removed from the inventory, vacancy rates fall to under 5%.

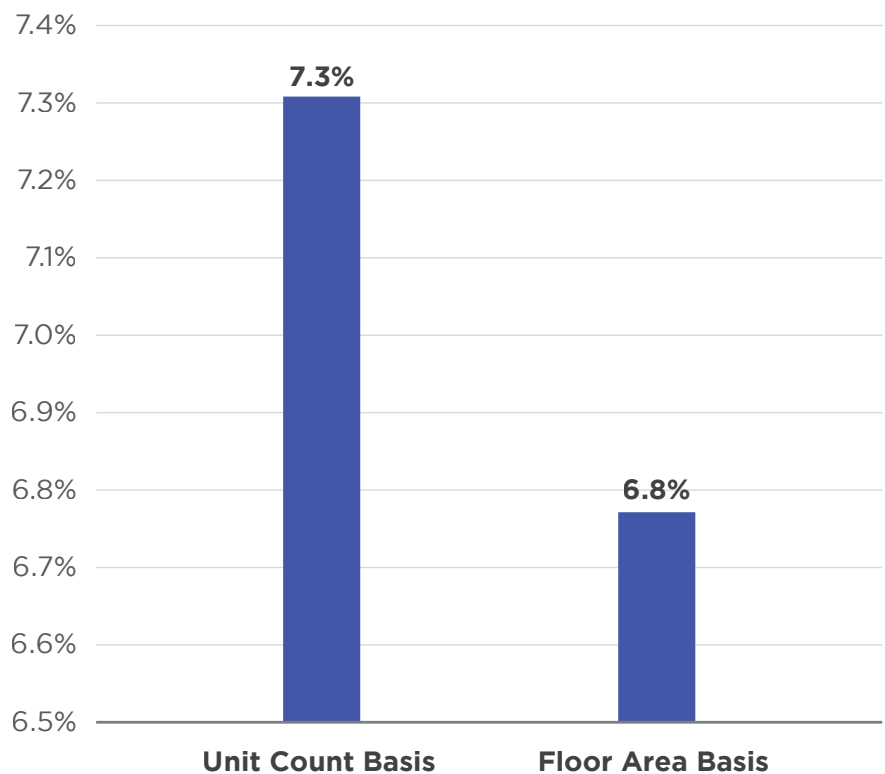


Figure 12: Retail Vacancy Rates in North York Centre, by Floor area and Unit Count

3.4.4 Retail Inventory by Sub-Area: North vs. South

To provide further detail on the nature of North York Centre retail today, the inventory has been segmented into North vs. South portions of the Study Area. This north-south segmentation is consistent with that used in the existing North York Secondary Plan (i.e., North York Centre North vs. North York Centre South), with the bisecting line following the alignment of Eglerslie Avenue and Norton Avenue. Figure 13 below is taken from the current North York Centre Secondary Plan, depicting the boundaries of the Secondary Plan area and the North / South dividing line.

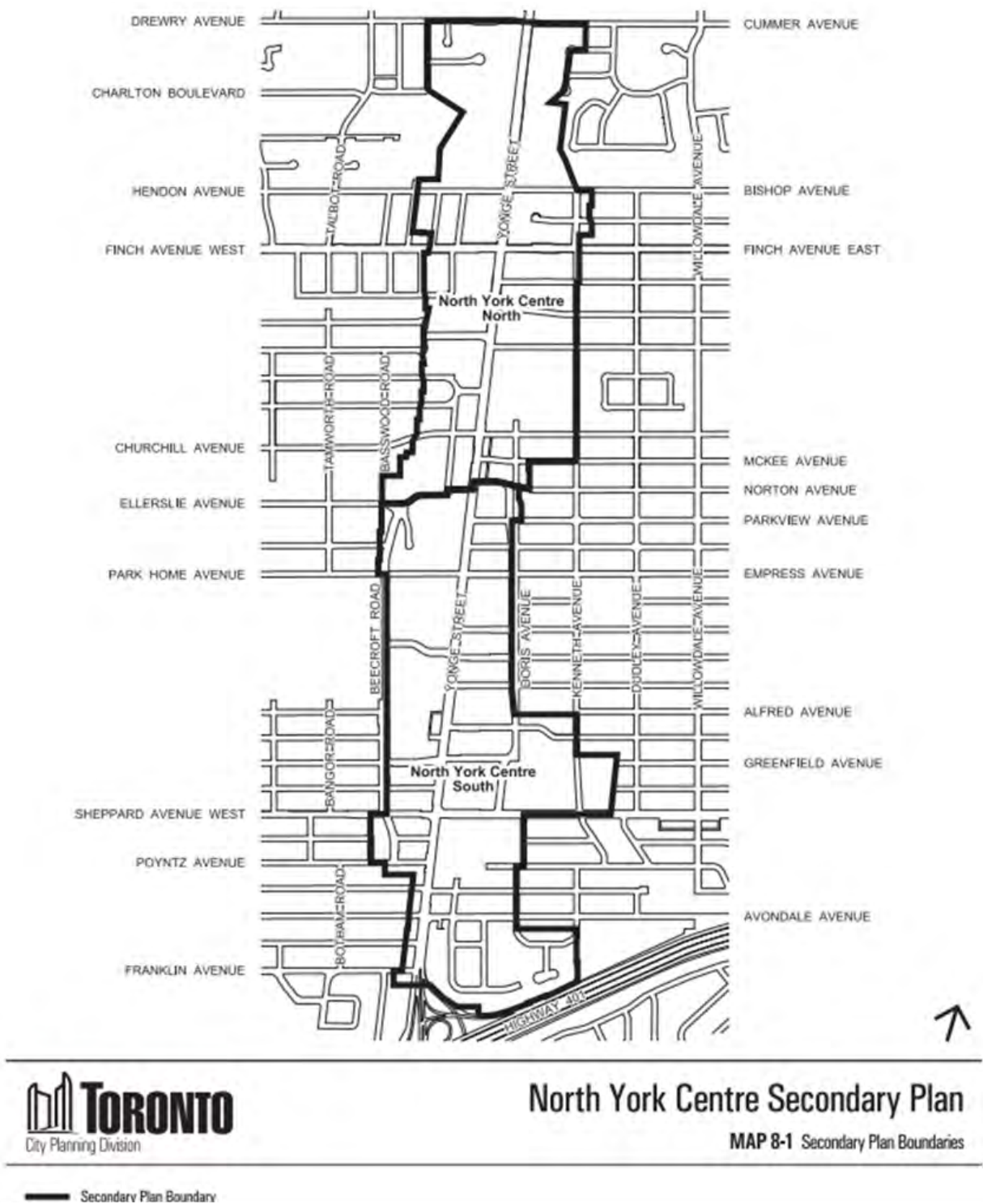


Figure 13: North York Centre North and North York Centre South

The retail character and mix of North York Centre is distinct in the North vs. the South.

- While the overall distribution of retail storefronts is slightly biased to the South (57%) versus the North (43%), the floor area distribution is notably greater in the South (73% vs. 27%).

- The South is also home to larger-scale enclosed shopping centres such as Hullmark Centre and Yonge Sheppard Centre, and contains the majority of the larger grocery stores (Loblaws, Whole Foods, Longo's and Food Basics in the South, vs. Metro in the North).

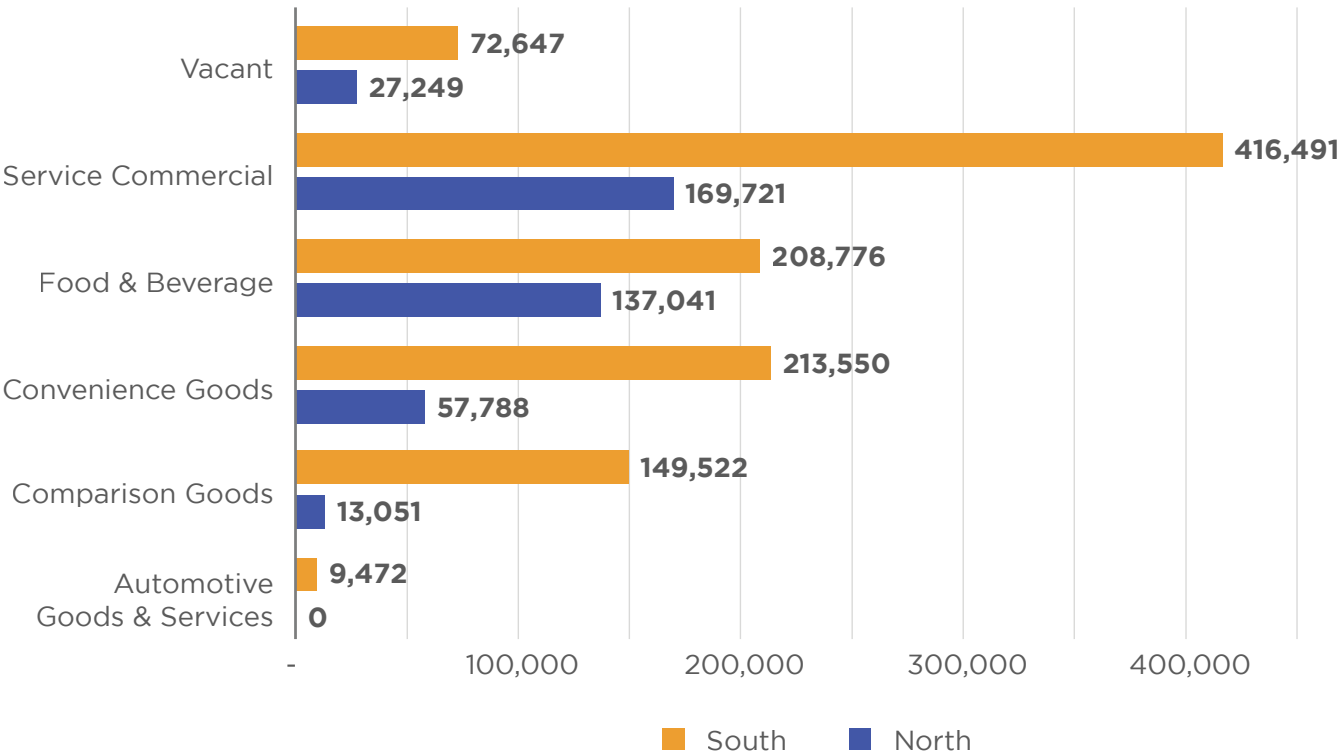


Figure 14: Floor Area (sq.ft.) by Category, North vs. South

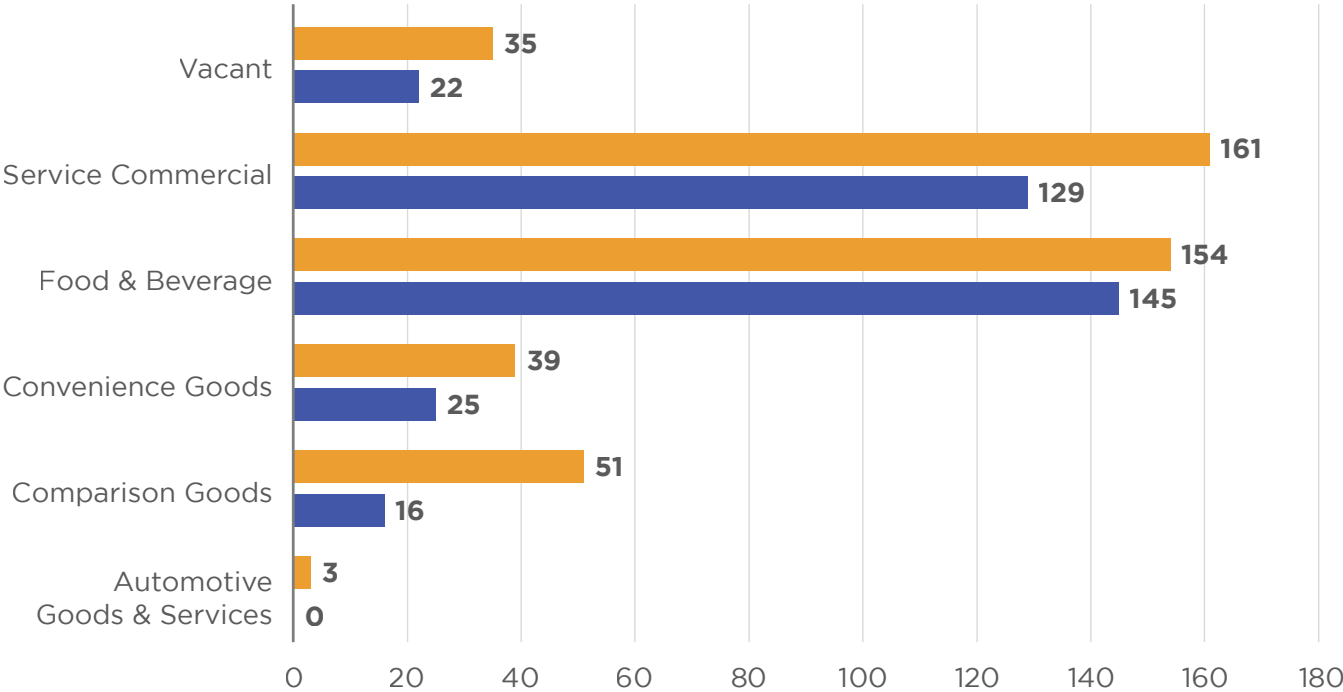


Figure 15: Unit Count by Category, North vs. South

The South has 2.5 times the retail floor space of the North, but only has 30% more businesses. The average business size in the South is over 2,400 square feet, while in the North it is approximately 1,200 square feet. The North also has an outsized proportion of the Study Area's inventory of Food and Beverage and Service Commercial businesses (48% and 44%, respectively) despite considerably less floor area (40% and 29%).

- **Comparison Goods:** this category is almost entirely represented in the South, which houses 92% of the category's floor area and 76% of its businesses.
- **Convenience Goods:** 79% of floor area and 61% of businesses are in the South; the substantially larger average business size for convenience retail in the South (5,476 vs. 2,312 square feet) is primarily due to the presence of larger supermarkets.
 - The South is home to nearly 124,000 square feet of retail grocery, including the four major supermarkets (Whole Foods, Longo's, Loblaws, Food Basics).
 - Retail grocery offerings in the North are quite limited, at only 35,000 combined square feet. Most of this floor area is contained within the Metro supermarket at 20 Church Avenue; the balance is distributed across three other grocers of 3500 square feet or less (Joy Mart and two H-Marts).
- **Food and Beverage:** The North stands out from a Food and Beverage offerings perspective. The distribution of floor space in this category is relatively balanced (48% North, 52% South). However, the unit count is more heavily weighted to the South (60% vs. 40%). There are many small, culturally diverse independent food and beverage establishments in the North. Average floor area is 945 square feet in the North and 1,356 square feet in the South.
- **Service Commercial:** under 30% of floor space, but approximately 44% of units in this category are located in the northern part of the Study Area.
 - On a unit count basis, both the North and South show a service commercial balance weighted towards personal services and health services.
 - Personal services have an equal absolute presence in the two halves of the Study Area, while Health services are more prominent in the South.
 - On a floor area basis, Entertainment and Recreation stands out for its presence in the South vs. the North; this is due to the presence of the Cineplex theatre and four large commercial gyms.
- **Vacancy:** vacancy rates are nearly equal in North and South on a floor area basis (6.7% vs. 6.8%), and slightly higher in the South vs. North on a unit count basis (7.9% vs. 6.5%).¹⁷ On either a unit count or floor area basis, vacancy rates in each half of the Study Area can be considered relatively healthy. Many of the vacancies in the Study Area are in the indoor or underground commercial spaces. In the South, a large portion of vacant space is located within North York Centre mall. Notably, two additional vacancies have been added to this inventory since completion of the survey, based on spot checks conducted as part of the post-inventory categorization process.

¹⁷ Vacancy rates are calculated as the total vacancy (unit counts or floor area) within each sub-area (North or South), divided by the total unit count or floor area of each sub-area.

Table 5: Complete Inventory, by North vs. South, by Floor Area and Unit Counts

Category	Floor Area (sq.ft.) North	Floor Area (sq.ft.) South	Floor Area (sq.ft.) Total	Unit Count North	Unit Count South	Unit Count Total
Automotive Goods / Services		9,472	9,472		3	3
Auto parts, accessories, tires		9,472	9,472		3	3
Comparison Goods	13,051	149,522	162,573	16	51	67
Clothing Stores		45,157	45,157		7	7
Electronics and Appliances		4,133	4,133		9	9
Furniture and Home Furnishings Stores		7,644	7,644		3	3
General merchandise stores	1,055	49,562	50,617	1	3	4
Jewelry, Luggage, Leather Goods Stores		7,110	7,110		7	7
Miscellaneous store retailers	10,096	30,850	40,946	13	16	29
Shoe Stores		2,966	2,966		2	2
Sporting Goods, hobby, book, and music stores	1,900	2,100	4,000	2	4	6
Convenience Goods	57,788	213,550	271,338	25	39	64
Convenience Stores	4,458	5,133	9,591	6	5	11
Health and Personal Care	11,210	51,079	62,289	5	16	21
Liquor Stores	735	23,060	23,795	1	2	3
Specialty Food Stores	6,246	10,622	16,868	9	9	18
Supermarkets and Other Grocery	35,149	123,656	158,805	4	7	11

Category	Floor Area (sq.ft.) North	Floor Area (sq.ft.) South	Floor Area (sq.ft.) Total	Unit Count North	Unit Count South	Unit Count Total
Food and Beverage	137,041	208,776	345,817	145	154	199
Full Service Restaurant	82,532	113,750	196,282	67	48	115
Limited Service Restaurant	54,509	95,026	149,535	78	106	184
Service Commercial	169,721	416,491	586,212	129	161	290
Educational Services	10,280	18,871	29,151	7	8	15
Entertainment and Recreation	33,841	154,338	188,179	9	8	17
Finance and Insurance Services	17,858	68,458	86,316	10	16	26
Health Services	46,578	90,268	136,846	25	43	68
Other Services	3,551	11,361	14,912	4	9	13
Personal Services	38,701	49,244	87,945	50	49	99
Professional Services	12,656	13,204	25,860	14	12	26
Repair and Maintenance Services	1,413	2,726	4,139	3	7	10
Social Services	2,500	5,159	7,659	4	3	7
Travel Services	1,843	2,862	4,705	3	4	7
Vacant	27,249	72,647	99,896	22	35	57
Grand Total	404,850	1,070,458	1,475,308	337	443	780

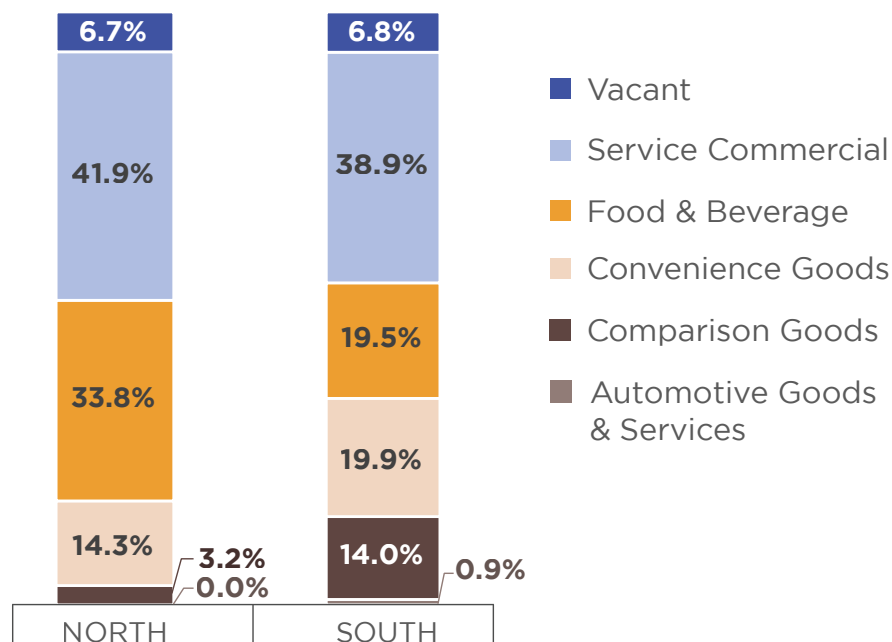


Figure 16: Distribution of Floor Area by Category within each portion of Study Area (North vs. South)

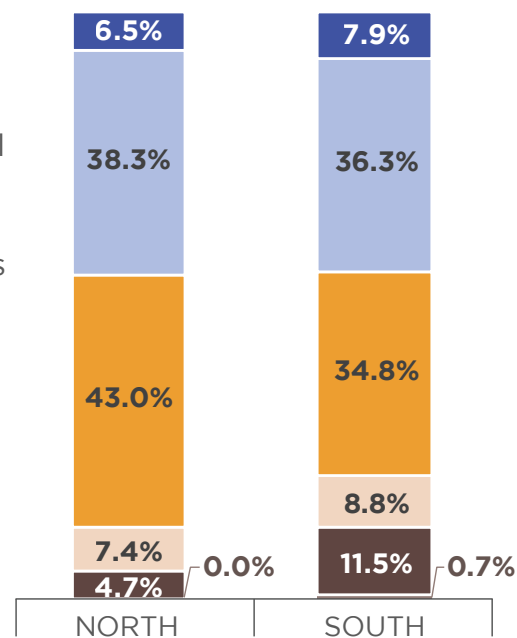


Figure 17: Distribution of Unit Count by Category within each portion of Study Area (North vs. South)

3.5 Retail Usage Patterns in North York Centre

3.5.1 Overview

Using customer movement data purchased from Near Intelligence (now Azira) for 2022, an analysis has been prepared on the usage patterns of retail areas in North York Centre. The primary focus of this analysis is to identify 'hot spots' of activity, based on visitation data that has been weighted by visit frequency.

The data used for this analysis is purchased based on the delineation of a defined geographic area, in this case, the North York Centre Study Area in its entirety. Any device that had a 'common evening location' ('home') or 'common daytime location' ('work') within the Study Area in 2022, or any other data point from anywhere in the world that crossed into the Study Area in 2022, was potentially captured in the data set.¹⁸

¹⁸ Devices are identified using a randomized alphanumeric sequence to ensure complete anonymity. It does not allow for identification of the nature of the device, or who it belongs to. Further, the data does not show precisely where a device (or its user) lives or works; rather the data is 'staggered' to show approximate, but not precise locations.

The data set was then spatially linked in GIS, and assessed to start answering some of the key questions for this current conditions review, including:

- How do North York Centre residents interact with the North York Centre retail landscape?
- Amongst those who come into North York Centre to shop and dine, where do they tend to gather for extended periods?
- For those who commute to North York Centre to work in its many offices, which retail areas are used most frequently?
- How do patrons of North York Centre's only hotel interact with the retail landscape in the Centre?

Given the geographic length of the Study Area, the Centre has again been divided into 'North' vs. 'South' sub-areas for the purposes of analysis and reporting. This allows for a finer-grained look at usage patterns.

All maps of usage patterns presented in this section depict activity 'hot spots' that are **weighted for frequency of visits**. This allows us to capture the importance of repeat visits by customers over the course of the year, rather than just the volume of unique visitors that arrived at a given location.

3.5.2 Overall Usage Statistics – Residents and Non-Residents

The vast majority of visitation to retail locations in North York Centre is attributable to residents who live within the Centre.

- **All retail visits:** According to the 2022 movement data, **residents of North York Centre account for nearly 72% of retail visits** throughout the year, against 28% amongst non-residents.

- **Evenings and weekends:** If the data is filtered to account only for usage of retail space outside of normal business hours (i.e., evenings and weekends), this pattern is more pronounced: **79% of retail visits are from residents**, 21% are from non-residents.
- **Weekdays:** This resident-heavy pattern becomes somewhat less pronounced when focusing only on weekday business hours, during **which resident retail visits account for 60%**, versus 40% from non-residents. This is likely due to the combined influence of residents leaving North York Centre to work elsewhere in the City or region, and inbound commuters shopping and dining during the work day.

3.5.3 Retail Activity Hot Spots – Northern Half of Study Area

The first set of maps presented below compares retail activity patterns in the northern half of North York Centre amongst three groups:

- **Residents:** defined as any device that had a 'common evening location' in North York Centre in 2022.
- **Inbound shoppers:** defined as devices that had (1) a common evening location outside of North York Centre (i.e., residency outside of the Study Area boundaries), (2) a common daytime location outside of the Study Area (i.e., they do not commute in for the purposes of going to work), and (3) entered any of the premises identified as 'retail' in the inventory.
- **Inbound commuters:** defined as devices that had a common evening location outside of North York Centre, and a common daytime location within one of the properties identified as office space (as discussed in Section 4).

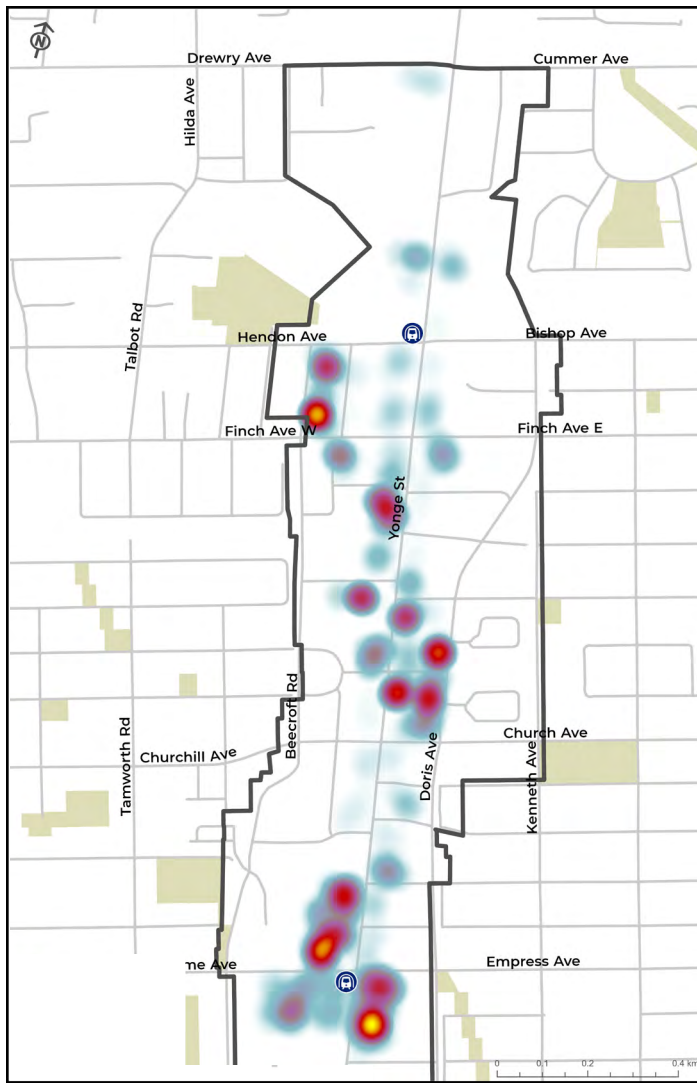


Figure 18: Northern Retail Activity – Residents – Business Hours

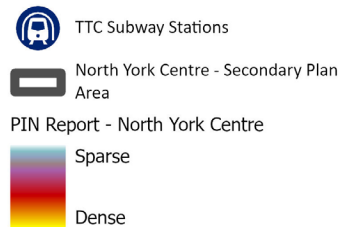
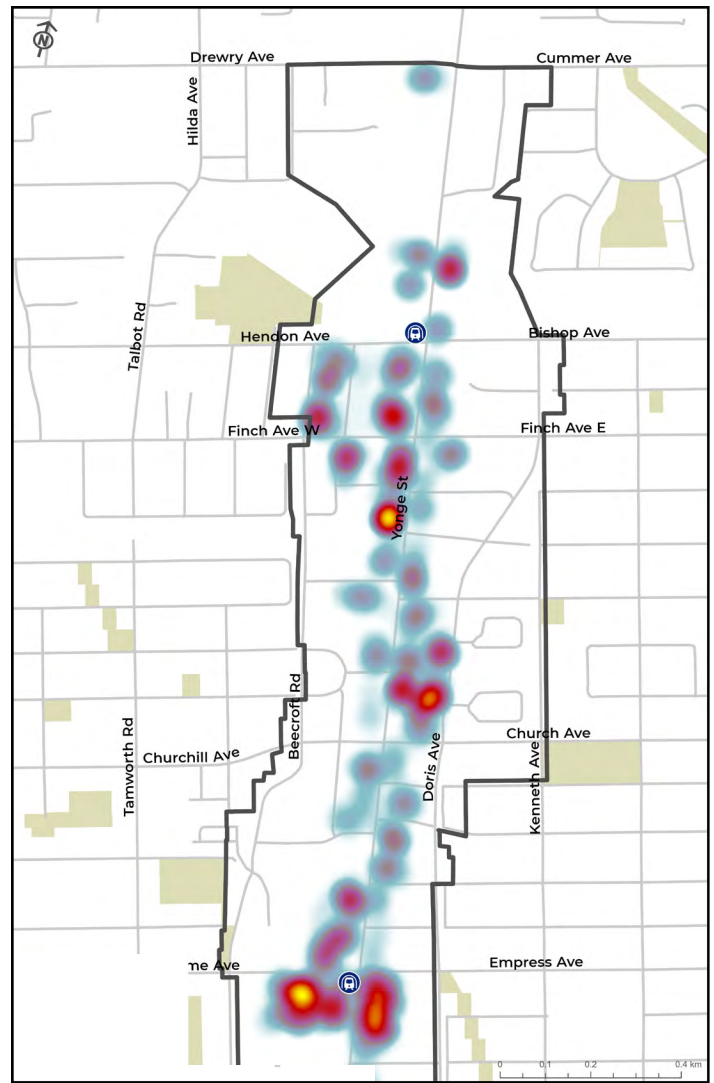


Figure 19: Northern Retail Activity – Non-Residents – Business Hours

The maps displayed above depict distinct usage patterns amongst these three sets of user groups.

Resident Activity

Notable hot spots of activity amongst **residents** are as follows:

- Yonge St (west side), North of Empress Ave, south of Parkview Ave.
 - This area is home to Aroma Espresso Bar, Boston Pizza, Pet Valu, and a TD Canada Trust.
- Yonge St (east side), north of Church Ave, south of Byng Ave.
 - This is the “Tridel” building, which houses many small strata retail units, comprising an array of unique restaurants and personal service businesses.
- Yonge St (west side) at Kempford Blvd.
 - Cluster includes Yonge Finch pharmacy, a sushi restaurant, and some professional and personal service providers.
- Yonge St (west side) between Holmes Ave and Olive Ave.
 - Various personal, financial and health service businesses.
- North of Finch Ave W, between Duplex Ave and Greenview Ave.
 - Retail cluster with a convenience store, limited-service restaurants, full-service restaurants, and some personal services.

Non-Resident Activity

- For non-residents, the most significant activity hot spots appear around the Metro Grocery store on Church St, the Finch TTC station (Finch Ave W and Yonge St) and the area north of the Finch bus station (where there is also a TTC entrance). These transit stations are captured in the ‘retail usage’ data because each of these station areas also contain some retail tenants. This is likely an indication of a significant inflow of non-resident shoppers via transit, and not necessarily heavy patronage of the retail locations within the stations.
- Excluding the transit centres, other notable hot spots for non-resident activity include:
 - West side of Yonge St between Holmes Ave and Olive Ave (health services, financial services, and cafes).
 - East side of Yonge St south of Norton Ave (CIBC, café, chiropractic and dental clinics).
 - West side of Yonge St, north of Park Home Ave, south of Parkview Ave (Aroma Espresso Bar, Boston Pizza, TD, Pet Valu).

Inbound Office Worker Activity

Inbound office worker activity hot spots are most significant at the GO Transit and TTC stations. As with the case of non-resident shoppers, this is interpreted as a case of significant volumes of office workers passing through these stations as part of their daily commute, not necessarily an indicator of the level of patronage of office workers at retail locations within these hubs.

Outside of the transit hubs, notable points of retail contact for inbound office workers include:

- Yonge St between Holmes Ave and Tolman St – this includes Shoppers Drug Mart, BMO bank and a variety of personal service, health service and limited service food locations.
- Small food and beverage and service commercial operators in the base of the Tridel building. This includes frontages along Yonge St, Byng Ave and Northtown Way.
- CIBC and nearby health services at Norton Ave and Yonge St (noting that some of this activity is likely also associated with the floors of office space above).
- Corner of Yonge St and Eglerslie Ave – this is likely capturing on-site construction workers at 5250 Yonge St.

Resident vs. Non-Resident Office Worker Activity

The two pairs of maps below focus on those who work in North York Centre's office buildings, segmenting those workers between those who also live in North York Centre, and those who commute from elsewhere. The first map pair compares the retail usage patterns during business hours (Monday-Friday, 8am-8pm), while the second pair looks at off hours (early morning, evening, and weekends).

Unsurprisingly, **resident office worker** usage patterns during the weekday business hours are much less centred around major transit hubs than those of non-residents; resident usage is heavily clustered around the pool and library west of North York Centre mall at 5140 Yonge St. There are also hubs of activity around the locations of the Aroma Espresso Bar and Boston Pizza, and towards the southern end of the RioCan Empress Centre. Outside of business hours, resident office worker activity hot spots remain clustered around the North York Centre mall complex, and the Empress Centre.

Non-resident office workers' hot spot is located at the edge of North York Centre mall (likely centred on the Starbucks). Additional activity is associated with the RioCan Empress Centre, however their activity is focused on the north end of that centre which is home to the Loblaws grocery store and the LCBO liquor store. Outside of business hours, the activity hubs are associated with major transit stations, and the office buildings and retail space around the Yonge St and Tolman St intersection.

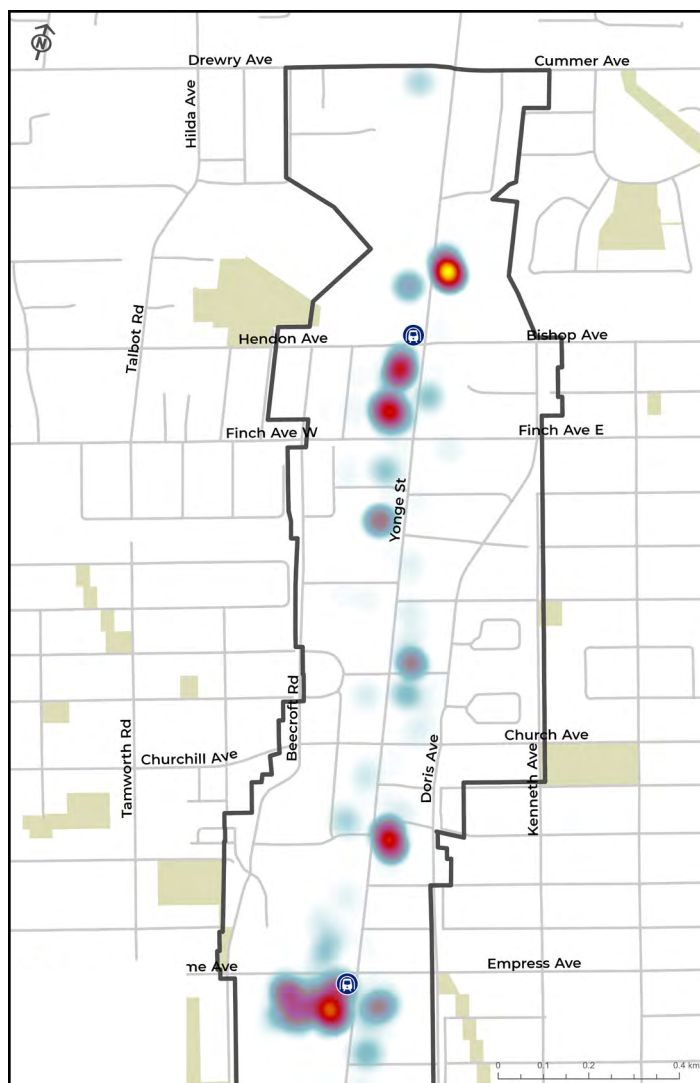


Figure 20: Northern Retail Activity – Non-Resident Office Workers – Business Hours

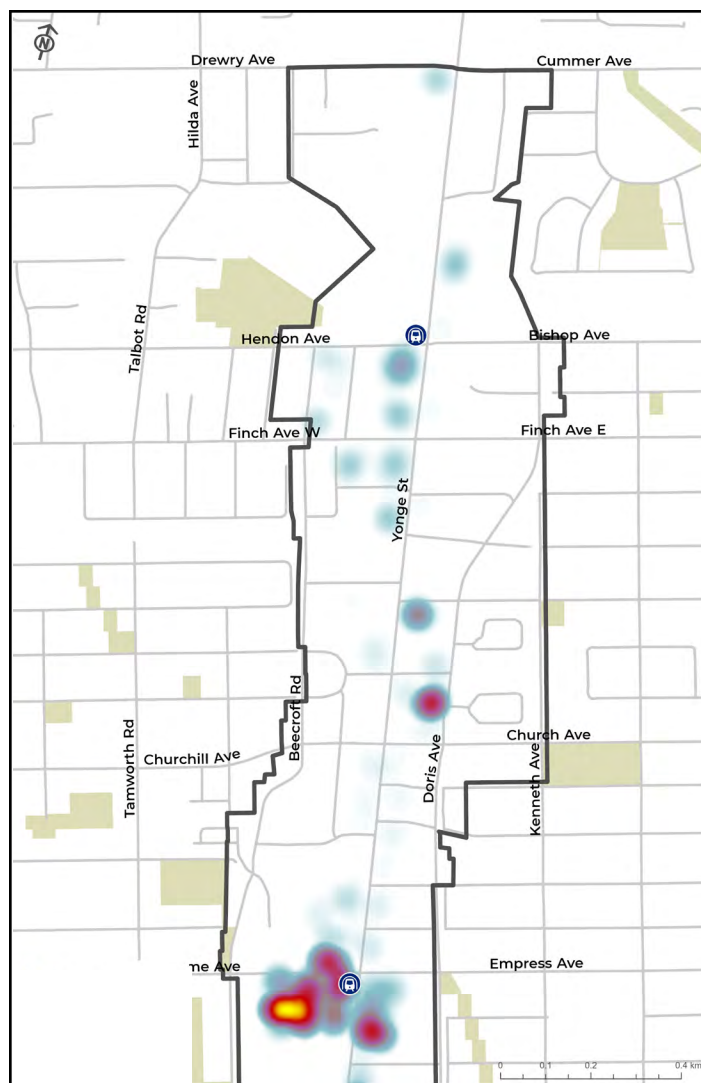


Figure 21: Northern Retail Activity – Resident Office Workers – Business Hours

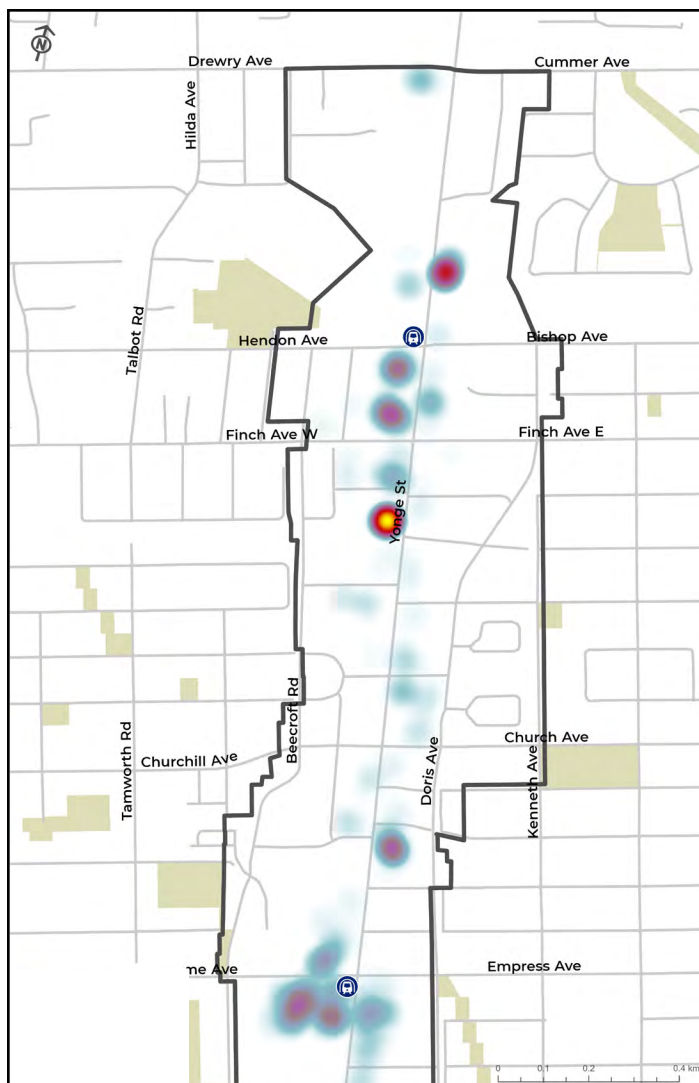


Figure 22: Northern Retail Activity – Non-Resident Office Workers – Off Hours

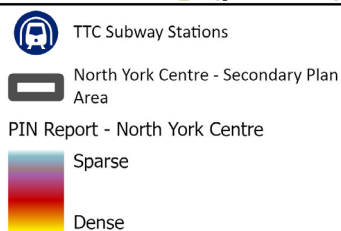
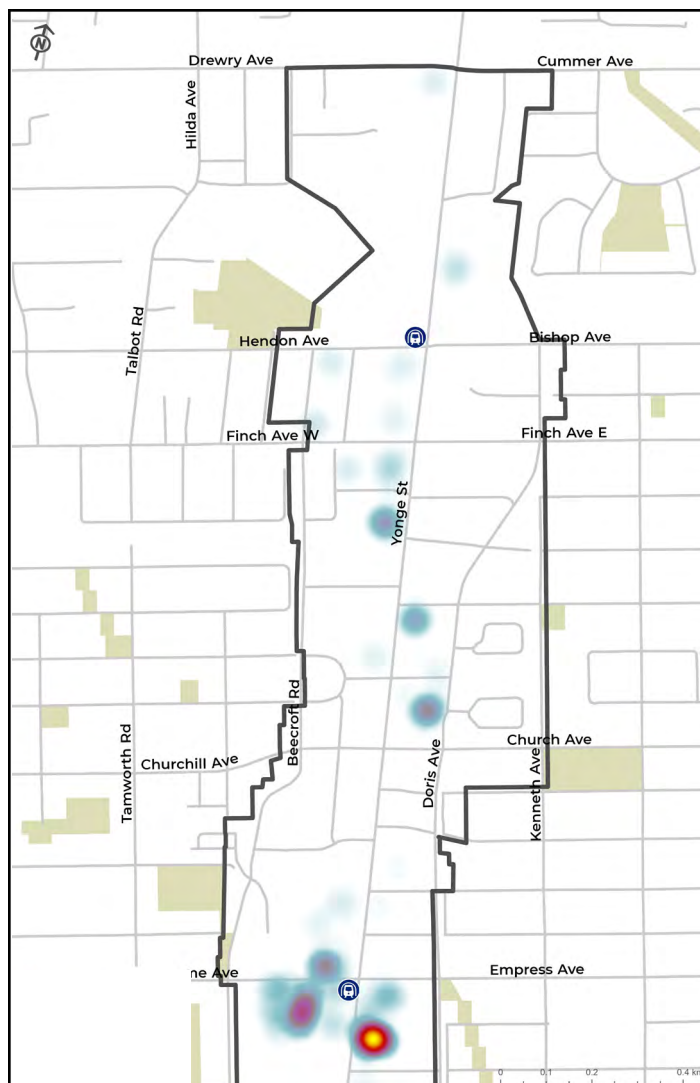


Figure 23: Northern Retail Activity – Resident Office Workers – Off Hours

3.5.4 Retail Activity Hot Spots - Southern Half of Study Area

As with the northern half of the Study Area, the first set of maps below depict retail activity patterns in the southern half of North York Centre, for residents, inbound shoppers, and inbound commuters.

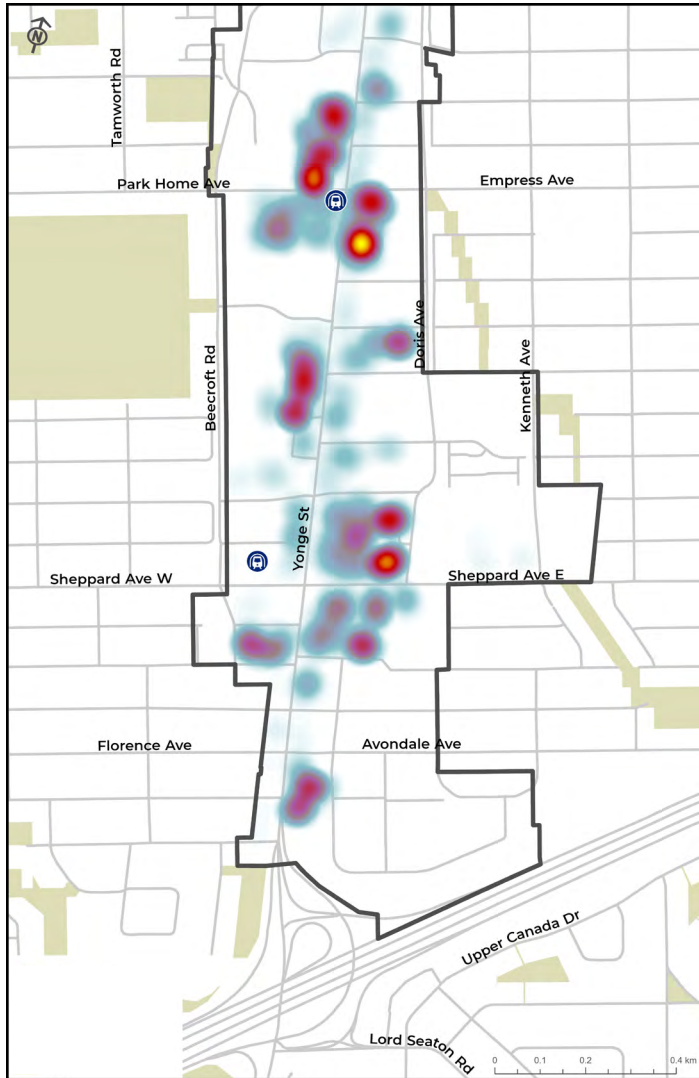


Figure 24: Southern Retail Activity – Residents – Business Hours

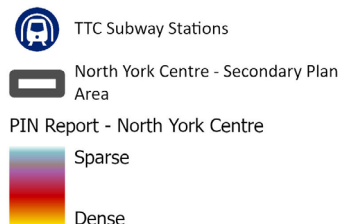
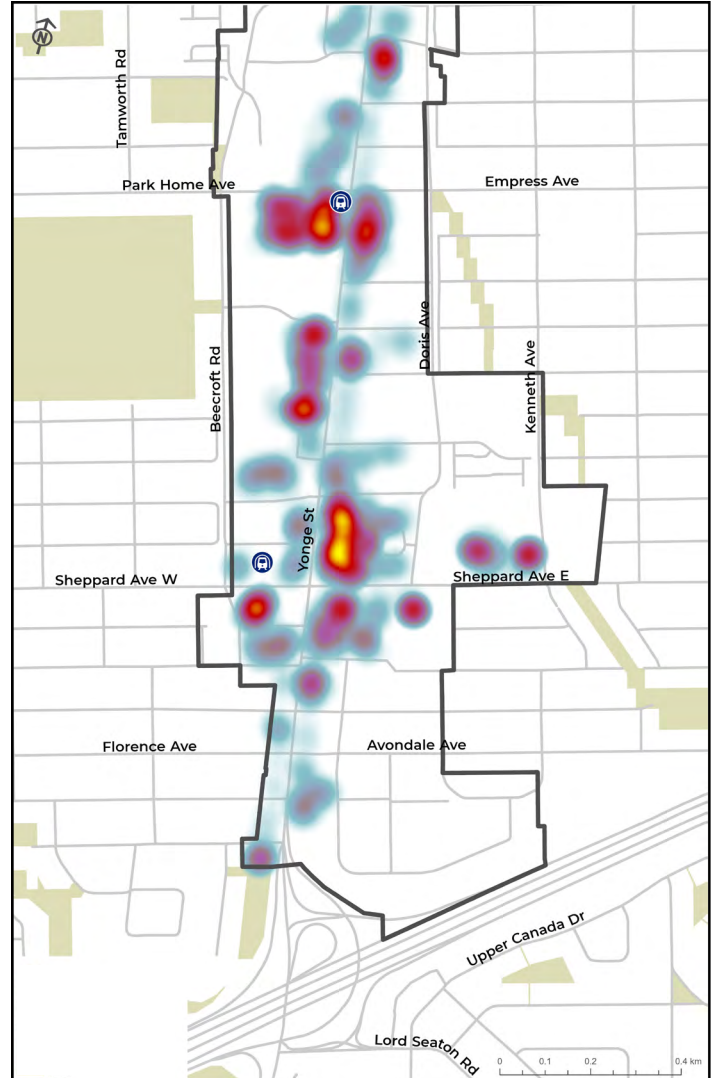
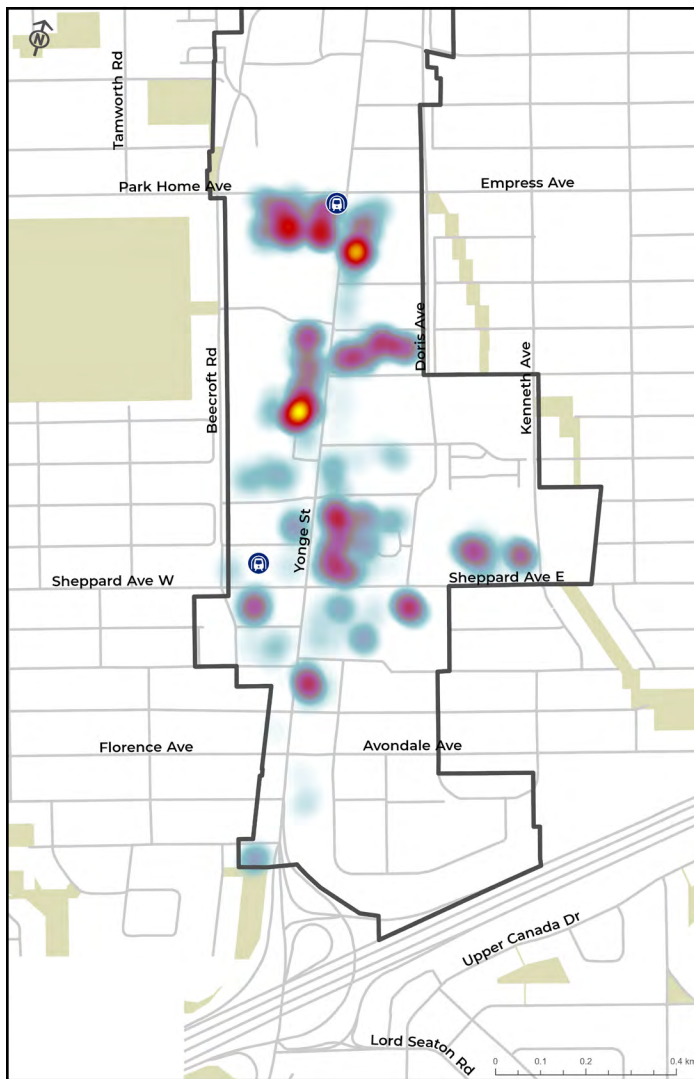


Figure 25: Southern Retail Activity – Non-Residents – Business Hours



TTC Subway Stations



North York Centre - Secondary Plan Area

PIN Report - North York Centre



Sparse



Dense

Figure 26: Southern Retail Activity – Office Workers – Business Hours

Resident Activity

There are many hot spots of resident shopping and dining activity in the southern half of North York Centre. Notable hot spots include:

- West side of Yonge St between North York Blvd and Hollywood Ave – notable tenants include Café Landwer, Pizzeria Libretto, Chipotle, and Tim Hortons.
- Yonge Sheppard Centre – Longo's, Shoppers, Dollarama and many limited service food offerings.
- Hullmark Centre – Whole Foods and an Izakaya restaurant.
- Emerald Park – LCBO, Food Basics, and numerous small independent food and beverage and other merchandisers in an interior strata mall space.
- Shoppes of Avondale Ave (Avondale Ave and Yonge St) – Rabba Foods, Pharmasave and health / personal care services.

Non-Resident Activity

The primary differences from resident retail activity are the relatively higher weighting of activity at the Yonge Sheppard Centre, and particularly the portion of the Centre that is home to the Longo's grocery store. There is less activity around the Rabba foods toward the south, which appears to be more oriented to resident shoppers. Further, there is more activity associated with TTC station entrances, suggesting that many of those coming into the Centre to shop, dine and recreate are arriving and departing via transit.

Inbound Office Worker Activity

Like inbound shoppers, inbound office workers' interaction with North York Centre's retail environment centres around the Yonge Sheppard Centre and shows notable hot spots of activity around TTC station entrances.

There are also clear usage patterns associated with areas that are home to both full-service and limited service restaurants, as well as other points of convenience retail service such as pharmacies.

Resident vs. Non-Resident Office Worker Activity

The daytime weekday non-resident office worker usage patterns are not dissimilar from the overall office worker retail usage patterns depicted in Figure 27, although there is slightly less activity emphasis around the Yonge Sheppard Centre. Activity amongst non-resident office workers outside of typical business hours / business days is, again, oriented around TTC station entrances, with additional hot spots related to areas with grocery and dining opportunities.

The resident office worker daytime usage patterns are heavily focused at 4950 Yonge Street which, in addition to being a sizeable office tower, is home to a large Goodlife Fitness Centre and Galleria Supermarket. The hot spot also suggests significant levels of activity immediately to the north, around the Tim Hortons location. Outside of core office hours and on weekends, hot spots are more focused around RioCan Empress, The Keg, Goodlife Fitness, and to a lesser degree, the Yonge Sheppard Centre.

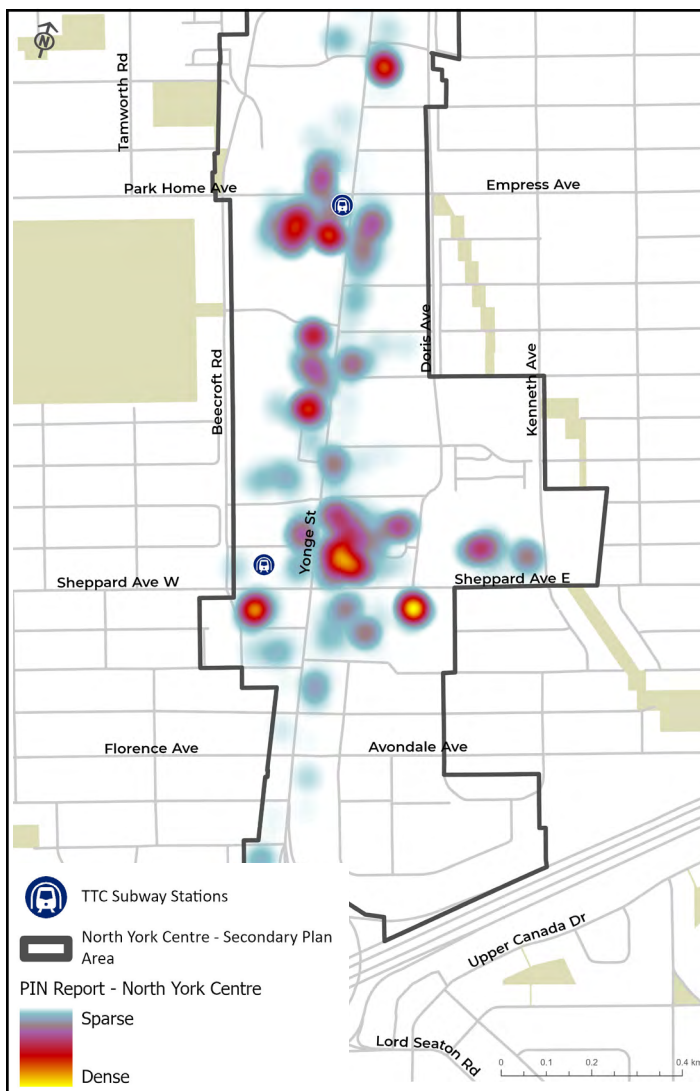


Figure 27: Southern Retail Activity – Non-Resident Office Workers – Off Hours

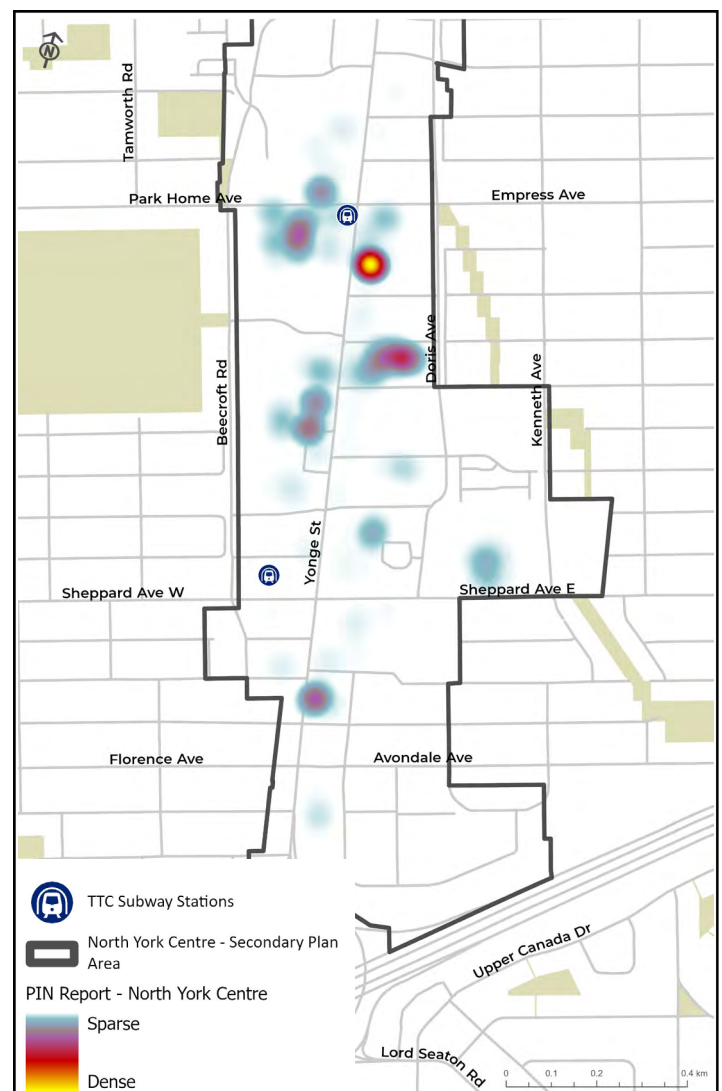


Figure 28: Southern Retail Activity – Resident Office Workers – Off Hours

3.6 Interactions between Hospitality and Retail Functions in North York Centre

A mobility data analysis was also prepared to identify how users of the Novotel hotel in North York Centre interact with the Centre’s retail offerings.

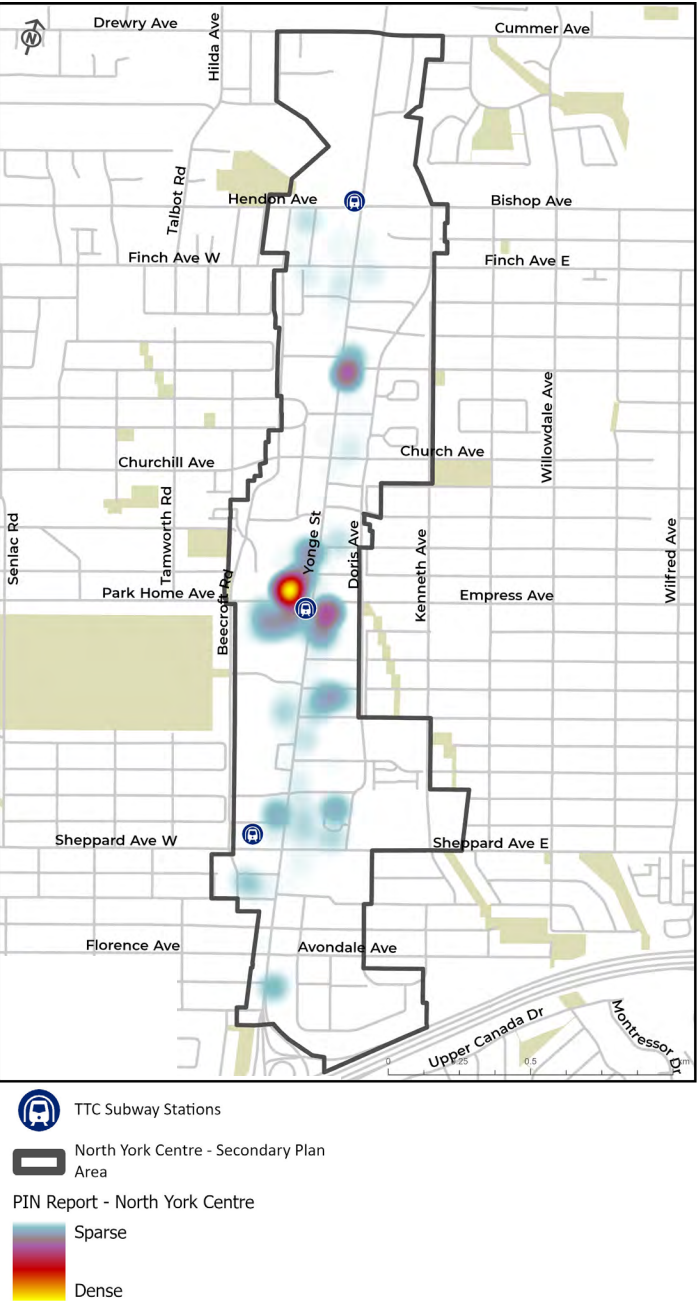


Figure 29: Retail Usage Patterns of Novotel Guests, 2022

Figure 29 shows retail usage patterns of hotel patrons zoomed out to the Study Area extent. Viewed at this level, it appears that activity is largely clustered immediately around the hotel, with spillover to restaurants immediately to the northeast and southeast, as well as to the Empress Centre across Yonge St to the southeast. Other activity spots include retail and service businesses on the ground level of the Tridel building on the east side of Yonge St to the north, food and beverage clusters around the intersection of Yonge St and Elmwood Ave (Jack Astor’s Bar and other restaurants), and along Yonge St in the block immediately north of Sheppard Ave (variety of limited and full-service restaurants).

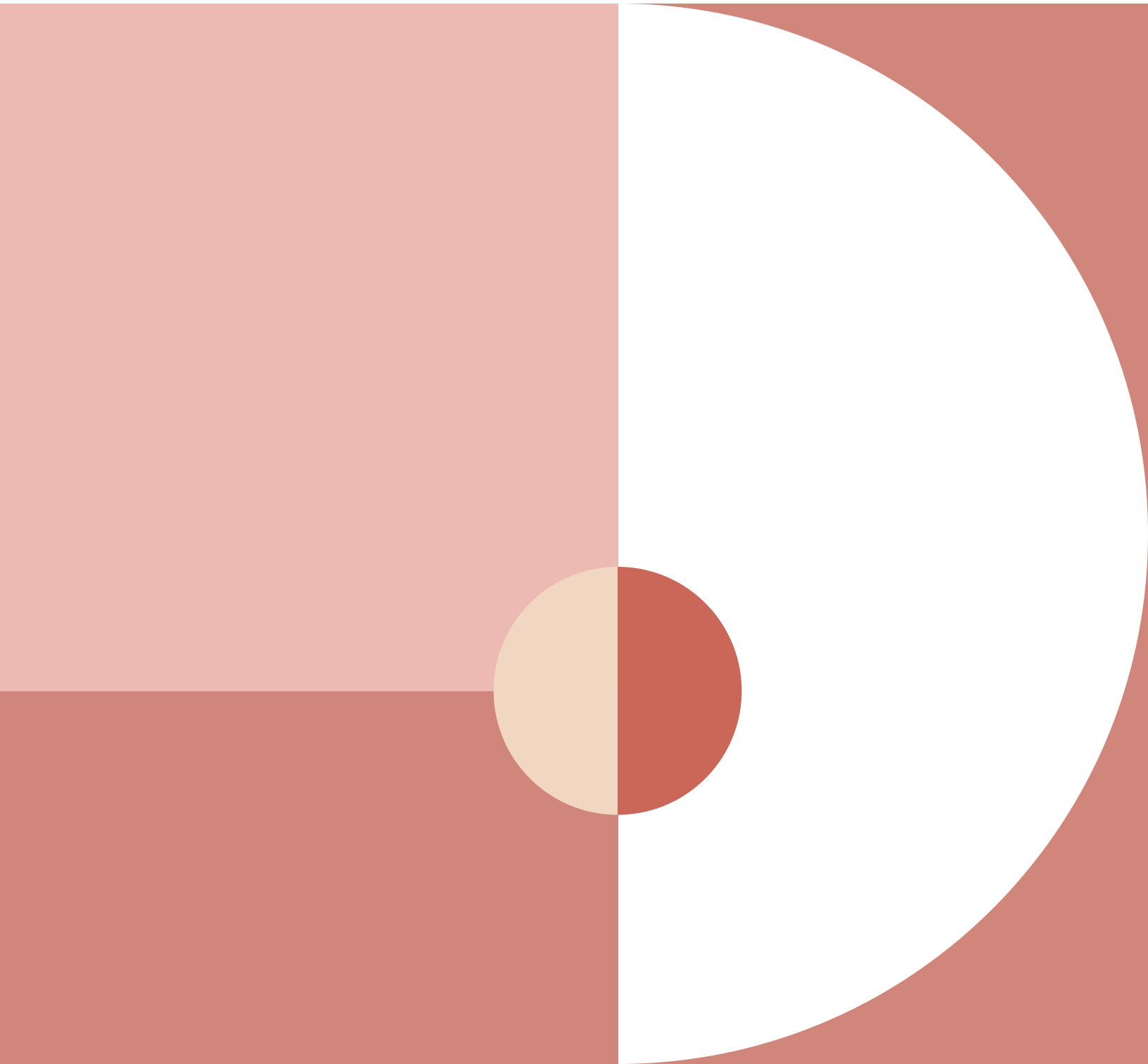
3.7 SWOC Analysis

Based on a broad assessment of the current conditions and usage patterns of retail in North York Centre, the following Strengths, Weaknesses, Opportunities and Challenges were identified regarding its current and future outlook as a retail service centre and destination.

	Pros	Cons
Current	<p>Strengths</p> <ul style="list-style-type: none"> • The Centre is a well-regarded and known hub for hospitality and dining, particularly multi-cultural food offerings. • Home to many amenities that attract residents and non-residents alike, including fitness, arts, outdoor space, diverse food and beverage, and extensive personal and health services. • Contiguous retail and service space on ground floors along Yonge Street. • Advantageous linkages to subway lines, with proximate linkage to other regional transit routes. • Proximity to a major highway interchange. • Concentration of office space to support daytime retail and dining economy. • Vibrant multi-cultural atmosphere. • Presence of a hotel – a critical component of building and selling a business, event and tourism destination. • Relatively healthy vacancy levels. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Struggles with retail turnover and persistent vacancies or inadequate tenancies in indoor and underground retail spaces, some of which are poorly designed and conceived. • Recent high office vacancy rates and lower overall worker volumes day-to-day in occupied space is having an impact on the daytime economy. • Not a comparison-shopping destination.

	Pros	Cons
Future	<p>Opportunities</p> <ul style="list-style-type: none"> • Growth of community through infill development. • Secondary Plan update will create more demand for employment space and retail, and will create opportunities to extend retail slightly further east and west from Yong Street, thus improving neighbourhood access. • Opportunity to build upon and leverage existing mix of retail tenants. • Opportunity to work closely with developers to ensure that future retail space is designed and built with tenant needs in mind, to allow for proactive tenant attraction. • Post-COVID hybrid and dispersed work model may create demand for more satellite offices in North York Centre, which will help to drive the daytime economy. 	<p>Challenges</p> <ul style="list-style-type: none"> • Tightening margins on retail and inability to pass all costs along to the customer could increase the rate of business failure and space turnover. • Persistence or increase in office vacancy may further undermine daytime retail activity and overall viability of those businesses that cater to that market. • Growing perception around lack of safety in the public realm • Increasing street crime / property crime resulting in higher business costs for cleaning, maintenance, repair and security, further undermining margins. • Only one hotel; hotel is a foundational piece for promoting a business / tourism and office destination.

04. Retail – Forecast of Future Opportunity



4.1 Introduction

Building upon the current conditions and trends analysis presented in Section 3, a demand analysis was undertaken to identify the potential for incremental additional retail and service commercial floor area in North York Centre to a forecast horizon of 2051. The intent of this analysis is to:

- Project incremental retail / service commercial space requirements for North York Centre out to 2051, broken out by broad retail category.
- Assess the future retail space opportunities in relation to current retail property vacancies, to determine how much net new space could be supported to a 2051 planning horizon.
- Identify land use planning implications associated with retail space demand, specifically:
 - How floor area opportunity translates to linear blocks of street-facing retail, and
 - Where street-facing retail could be 'required' vs. 'encouraged'.

Consistent with Section 3, for this analysis the term retail is used as a catch-all that is inclusive of:

- Businesses selling durable and non-durable goods.
- Service providers offering personal, professional, recreation, entertainment and health services.
- Food and beverage operators, including both full-service and limited-service restaurants.

The approach to this analysis builds upon the current conditions work outlined in Section 3 above, including the comprehensive inventory of all retail space in North York Centre. It includes the following broad stages of analysis, which are detailed in the Methodology section to follow:

- Identification of the extent of retail 'drawing power' of North York Centre.
- Translating the above into retail 'trade areas'.
- Profiling and projecting the population and retail expenditure potential of these trade areas.
- Translating resident retail expenditure potential into locally-captured retail dollar, based on visitation and retail sales estimates.
- Identifying and quantifying the role of North York Centre office workers from a retail sales standpoint.
- Translating all of the above into a projection of incremental retail floor area in North York Centre.

4.2 Retail Forecasting – Methodology

The methodology to develop the demand projections for retail space in North York Centre considers five broad interrelated elements: (1) **Geographic extent** of North York Centre’s trade area; (2) **Population growth** within each trade area¹ (3) **Retail expenditure potential** of trade area residents; (4) **Extent of current and future spending that can be captured**; and (5) translation of captured spending to **floor area**. The projection approach is summarized in the figure below, and discussed in subsequent sections.

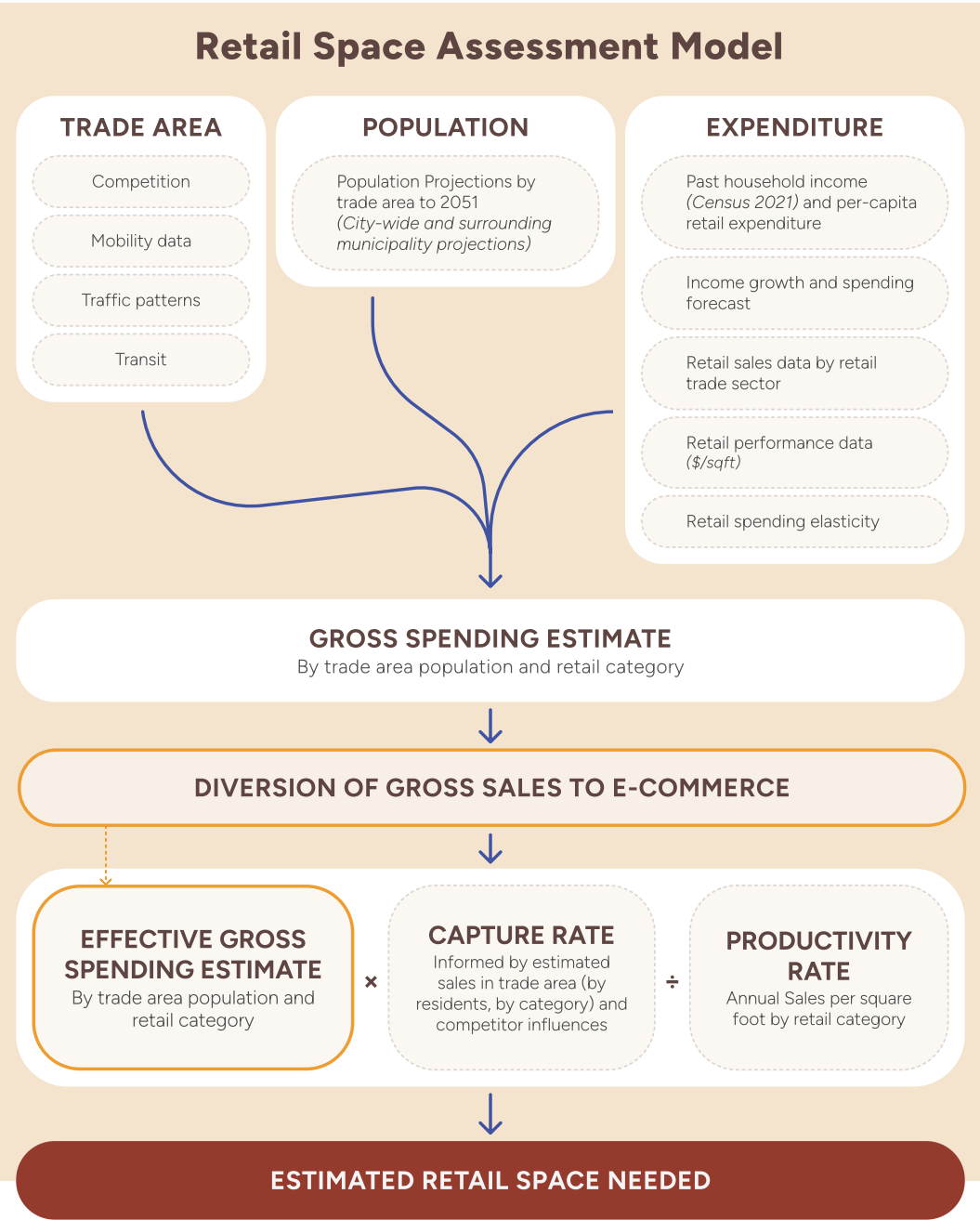


Figure 30: Approach to Retail Demand Projections

¹ The population projections are based on current conditions and do not account for/reflect updated land use and density permissions being explored as part of the Secondary Plan review. The final retail space demand used for the Secondary Plan update will reflect the growth estimate associated with the Preferred Option at the end of Phase 2.

4.3 Trade Areas and Drawing Power of North York Centre

4.3.1 Context

Understanding the geographic extent of North York Centre's retail drawing power is a crucial first step in preparing projections of future retail growth opportunity. As indicated by the existing retail inventory, North York Centre's retail landscape appears relatively dynamic and healthy today, with core strengths in full and limited-service food and beverage offerings and a wide array of both personal and professional services. It also provides a reasonable selection of convenience good retailers including grocery stores, pharmacies, and liquor stores. Notably, the offerings in some of these latter categories are stronger toward the southern end of the Study Area. And while the Study Area has relatively fewer offerings across comparison goods categories, we expect that there could be some opportunities for future growth in some of these categories. This growth opportunity will be limited, however, by both the nature of the competitive landscape (including major destination malls nearby), and broader trends around the proportion of retail dollars being captured through e-commerce portals vs. within bricks-and-mortar locations.

Interview Feedback - Arts, Culture, Food and Services

Stakeholders view North York Centre's restaurants, cultural offerings, and personal services as core strengths that can be built upon as North York Centre grows. "It is a great place to live, work and play", according to the Director of the Yonge North York BIA, with amenities that are not found elsewhere in the City. The area also benefits from its geographic centrality, alongside multi-modal accessibility.

4.3.2 Trade Area Delineation - Approach

Using the analysis of human mobility data as a guide, the primary and secondary retail trade areas of North York Centre were identified. Trade area delineation is the first step for preparing retail demand projections, as presented below.

The process of trade area delineation began with a review of all human mobility data points that crossed over into one of the Centre's retail locations in the 2022 calendar year.² The data was further filtered and reviewed through a series of database queries, first sifting out users who made less than one trip a month to the Study Area, and then further filtering to account only for the top 70% of more frequent visitors. As noted previously, the vast majority of retail visitation in North York Centre is attributable to Centre residents.

In general terms, the analysis of drawing power and visitation – leading to delineation of trade area extent – was prepared as follows:

- First, the mobile device common evening locations (CELs) (i.e., home) and common daytime locations (CDLs) (i.e., work) locations from the movement data were filtered to account for any device which crossed the 'geo-fenced' threshold of any building with retail floor space in North York Centre for 2022.
 - Office workers in North York Centre were defined by overlaying CDLs with office building footprints.³
- Second, data was filtered to exclude those who made fewer than twelve (12) visits to North York Centre retail establishments in the calendar year
- After an initial data run, the data was further filtered to exclude "infrequent" visitation, which was defined as anyone who visited a retail location in North York Centre less than twice per month in 2022.

² Looking at this data in an unweighted point-based format proved unhelpful, as data points covered the entirety of the GTA and well beyond.

³ CDLs were used in this exercise rather than actual 'movement' data (i.e., any unique device ID crossing over the building footprint threshold) to avoid capturing brief visitations to office locations, or those who may be visiting ground-floor retail locations at the base of office podiums.

4.3.3 Trade Area Delineation – Results

Based on the results of this spatial mobility data modelling, alongside review and consultation with City staff, the following trade areas were established. Note that the boundaries of trade areas were adjusted to align with Traffic Zone boundaries for the purposes of forecasting.

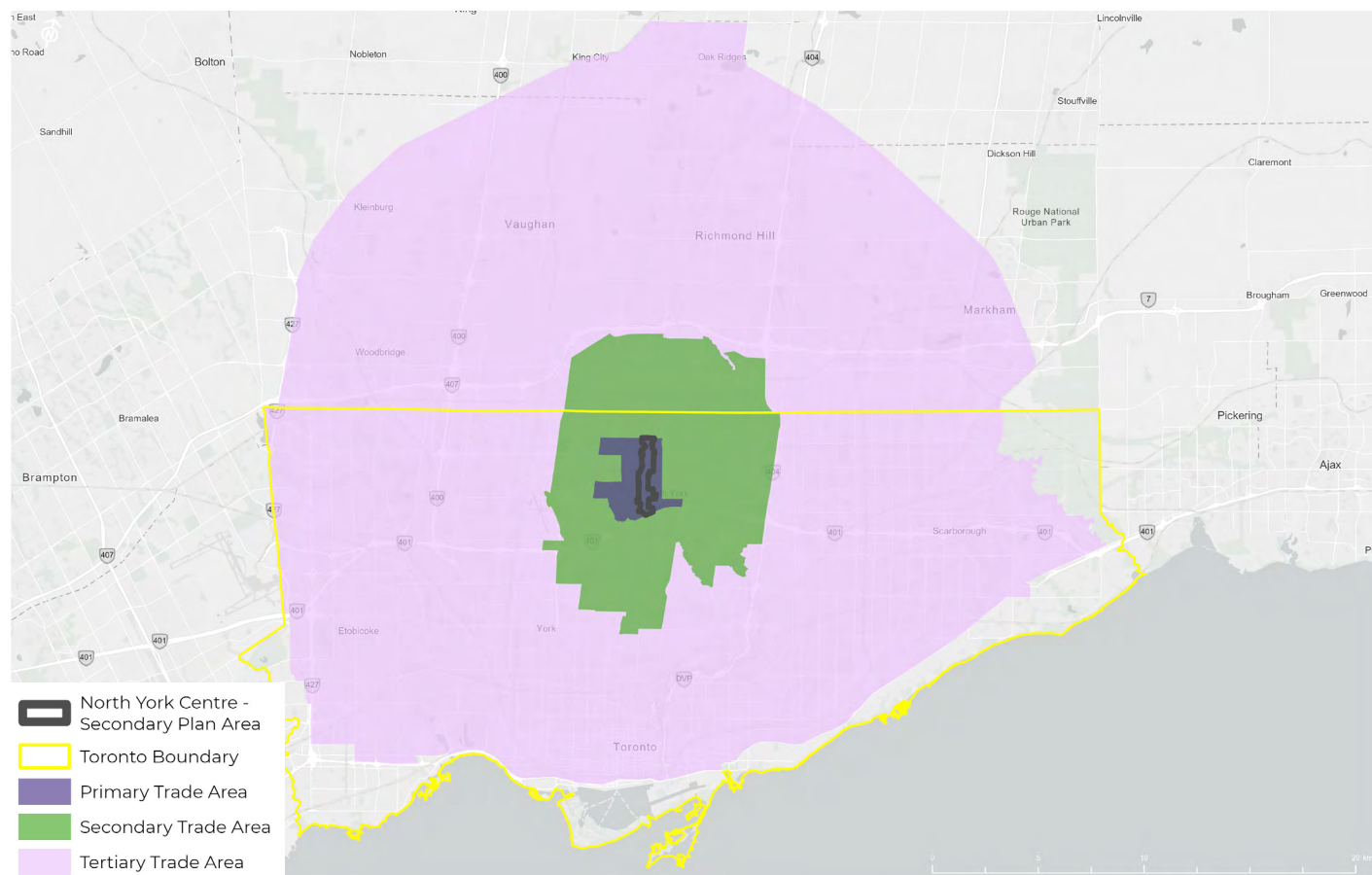


Figure 31: North York Centre Retail Trade Areas

Primary Trade Area (PTA)

The PTA encompasses the Study Area (North York Centre) and Traffic Zones to the immediate east and west, as shown in dark purple in Figure 31 above. The PTA is divided into these two sub-sections to allow future population growth testing for each.

The western extent of the PTA is Bathurst Street, while the eastern extent is generally Willowdale Avenue. Towards the south it extends east as far as Bayview Avenue. Spatial modelling suggests that residents of this area rely on the offerings of North York Centre for their day-to-day shopping needs, based on frequency of visitation. PTA residents account for approximately 32% of retail visitation in North York Centre.

Secondary Trade Area (STA)

Depicted in green in Figure 31, the STA radiates outward in all directions from North York Centre. It extends nearly to Highway 407 in the north (past the northern extent of the City of Toronto as depicted by the yellow line in Figure 31), west to Dufferin Street, east to Highway 404, and south as far as Eglinton Avenue.

Tertiary Trade Area (TTA)

The TTA, shown in pink in Figure 31, encompasses a large geographic area across most of the City of Toronto, and up through the northern suburbs. At its northernmost extent, the TTA reaches Bloomington Road in Aurora.

4.3.4 Retail Visitation by Trade Area

Table 6 below provides a snapshot of the 2023 estimated population of each trade area, alongside each trade area's relative contribution to retail visitation in North York Centre. The final column of the table – the "Population-Weighted Visitation Index" – combines population and retail visitation to provide insight into the relative importance of each trade area to the overall retail landscape of North York Centre. A higher index value indicates that an area efficiently converts population to local retail visits.

Table 6: Retail Visitation by Trade Area of Residence, and Population-Weighted Retail Visitation Index

Trade Area of Residence	Est. # of Residents, 2023	% of Retail Visitation to North York Centre	Population-Weighted Retail Visitation Index
North York Centre PTA	61,300	25.4%	100
PTA Outside North York Centre	28,300	6.6%	61
Total PTA	89,600	32%	
STA	469,800	23.6%	13
TTA	3,141,700	30.5%	3

Source: City of Toronto, Environics Analytics. Analysis by Urban Systems

While the proportions of visitation to North York Centre retailers is relatively well distributed across the varied trade areas, when considered in relation to their respective populations, we see the outsized role played by the PTA, as compared to those coming from further afield. This underscores both the relative importance of North York Centre as a retail and service hub for the resident and nearby population, and the relative breadth of retail offerings available to those in the broader region which may reduce their frequency of travel to North York Centre.

If it is assumed that the relationship between trade area population and proportion of retail visitation to North York Centre remains static over time, then the TTA would need to add 47 residents for every 1 resident added to the PTA to have the same relative impact on North York Centre retail spending and supportable floor area.

An additional layer of analysis that is important for both context and projection purposes is the distinction between retail visitation attributable to those who work in North York Centre and those who do not.

Table 7 shows the proportion of retail visitation attributable to residents and workers from each trade area.

Table 7: Resident and Worker Retail Visitation by Trade Area of Origin⁴

Trade Area of Visitor Origin	% of Retail Visitation from Trade Area Resident non-workers*	% of Retail Visitation from Trade Area Resident workers**
Primary Trade Area – North York Centre	88.8%	11.2%
PTA Outside North York Centre	88.7%	11.3%
Secondary Trade Area	90.8%	9.2%
Tertiary Trade Area	88.5%	11.5%
Beyond TTA	92.1%	7.9%

*Residents of identified trade area who **do not work** in North York Centre

Residents of identified trade area who **work in North York Centre

The relationship outlined in the table above between residents and workers (or in the case of the Centre itself, resident workers vs. resident non-workers) is used as the basis for adjustments within the forecasting methodology to account for what is assumed to be additional floor area supported by daytime spending from office workers.

⁴ Acknowledging that in-office work frequency was lower in 2022 than it was in 2023 or 2024 or where it is likely to stabilize over the coming years, the proportions of retail visitation from workers living in the STA, the TTA and beyond are likely to play a larger role in the future than that shown in this table. The extent to which these figures change will be subject to changes in work-from-home / hybrid work arrangements, as discussed in Section 5.

4.4 Population Growth and Gross Retail Expenditures

Supportable retail space over the next 30 years in North York Centre is projected based on population growth, associated retail expenditure potential of that population, and expected localized capture of that spending.

4.4.1 Population Growth by Trade Area

Population growth projections rely on two sets of data inputs, one from the City of Toronto, the other from Environics Analytics.

- **Forecasting population growth within City of Toronto:** For any trade area, or portion of a trade area, that falls within the boundaries of the City of Toronto, the retail forecast relies on population projection data at the Traffic Zone (TZ) level provided by City staff.⁵ This forecast projects population in 5-year increments from 2016 to 2051 for each of the City's 659 TZs. Trade area boundaries have been aligned with TZ boundaries to ensure population forecasting consistency and to avoid the need for additional assumptions around distribution of population (current and future) within TZs.
- **Forecasting population growth beyond City of Toronto:** A small portion of the STA and a much larger portion of the TTA encompass land and population beyond City limits. To derive population forecasts for these geographies, block-level population forecasts prepared by Environics Analytics were used.

The following table presents projected population growth for each trade area, in 10-year increments, to 2051.

Table 8: Population Growth Projection by Trade Area

Trade Area	2021	2031	2041	2051
PTA – North York Centre	60,291	67,607	76,970	87,913
PTA Outside North York Centre	27,384	32,313	37,348	43,651
STA	459,000	534,892	616,660	706,961
TTA	3,056,582	3,508,760	3,984,282	4,511,191
TOTAL	3,603,257	4,143,572	4,715,260	5,349,716

Sources: City of Toronto, Environics Analytics

⁵ Population and Dwelling Projections (2023), City of Toronto Planning Research and Analytics.

4.4.2 Gross Retail Expenditure Potential by Trade Area

Real dollar forecasts of retail expenditure potential for residents of each trade area have been prepared through analysis of per-capita income growth and patterns of retail expenditure by broad retail category. This process, as depicted in the flow chart in Section 4.2 above, accounts for:

- Retail trade data, by retail category, at the Provincial level (Statistics Canada).
 - Pre- and post-tax household income levels and projected growth in income at both the Provincial and trade area level (per aggregated DA-level income from the 2021 Census).
 - Retail trade data by retail trade sector at the Provincial level (Statistics Canada).
 - Real income levels at the Trade Area level, per Census information obtained via Environics Analytics DemoStats database linked to ArcGIS.
 - Food and beverage expenditures data from the Survey of Household Spending (via Environics).
- Using these data sets, the following analytical steps were taken:
 - **Provincial vs. Trade Area Income Levels:** The differentials between provincial and local level incomes were examined, and income data was standardized at the trade-area level based on provincial current accounts disposable income information as a proportion of census aggregate after-tax income.
 - **Spending Elasticity:** Category-specific spending elasticity was calculated based on the relationship between changes in annual retail spending by category and changes in per-capita income by retail category. This was done at the provincial level.
 - **Income Growth and per-capita spending forecast:** Real incomes at the trade area level were projected into the future, using a 1% per annum rate of real change.
 - **Per-capita gross retail spending:** Projections of trade-area-level retail expenditures, by retail category, were projected by applying historical retail spending elasticity by retail category and projected per-capita income levels.
 - **Expenditure projections:** Gross retail expenditure potential by category was projected out to 2051 for each trade area based on population growth estimates and an assumption around change to real expenditures over time.

4.4.3 E-Commerce Expenditure Projections

Having derived gross retail expenditure potential, by retail category, at the trade area level and projected that expenditure potential into the future based on expected population growth and real changes to both income and spending, the next modelling step was to determine the proportion of gross expenditure potential that are 'diverted' or discounted before converting spending to physical floor areas. This diversion accounts for the proportion of retail dollars that are not spent in bricks-and-mortar retail locations, but rather are captured via e-commerce portals.

These estimates are derived from Statistics Canada data tracking retail e-commerce sales at the national level month-over-month.

Table 9 below provides a snapshot of projections of e-commerce sales as a proportion of total national sales for select categories, in 10-year increments from 2024 to 2044, and then a final 8-year increment to 2051.

Table 9: Projected Trends in E-Commerce (as proportion of gross retail spending) by category

Retail Categories	2024	2034	2044	2051
Furniture and home furnishings stores	11.2%	20.3%	26.7%	31.2%
Electronics and appliances	29.4%	41.3%	52.6%	60.5%
Building materials, garden equipment, supplies	6.2%	11.4%	15.5%	18.4%
Supermarkets and Other Grocery	13.1%	21.9%	30.9%	37.2%
Clothing Stores	16.1%	28.0%	35.6%	40.9%
Shoe Stores	16.1%	28.0%	35.6%	40.9%
Jewellery, Luggage, Leather Goods Stores	16.1%	28.0%	35.6%	40.9%
Sporting goods, hobby, book, and music stores	13.8%	25.1%	33.6%	39.5%
General merchandise stores	12.6%	21.2%	28.4%	33.4%
Miscellaneous store retailers	0.0%	0.0%	0.0%	0.0%
Motor vehicle sales	0.0%	0.0%	0.0%	0.0%
Auto parts, accessories, tires	6.2%	11.4%	15.5%	18.4%
Health and personal care	10.5%	19.5%	27.5%	33.1%

Source: Statistics Canada Effective Gross Expenditure Potential

The table below provides a snapshot of projected 'effective gross' retail expenditure (EGRE) potential (after net-out for online spending), by trade area and retail category, to 2051.

Table 10: Effective Gross Retail Expenditure Potential, by Trade Area, to 2051 (\$X,000) – PTA – North York Centre

North York Centre PTA in 2015 dollars, (\$,000)	2024	2034	2044	2051
Furniture and Home Furnishings Stores	20,363	18,860	17,727	16,627
Electronics and Appliances	16,926	15,177	13,246	11,587
Building Materials, Garden Equipment, Supplies	81,490	98,721	121,581	140,228
Supermarkets and Other Grocery	122,712	129,017	135,117	138,353
Convenience Stores	12,302	14,838	18,114	20,853
Specialty Food Stores	22,205	33,987	45,738	55,976
Liquor Stores	40,069	46,543	54,710	61,332
Clothing Stores	27,457	24,881	23,404	22,016
Shoe Stores	6,284	6,374	6,819	7,100
Jewellery, Luggage, Leather Goods Stores	6,710	7,052	7,810	8,326
Sporting Goods, Hobby, Book and Music Stores	15,816	15,689	16,051	16,161

North York Centre In 2015 dollars, (\$,000)	2024	2034	2044	2051
General Merchandise Stores	127,102	140,885	159,114	172,343
Miscellaneous Store Retailers	38,065	48,923	63,292	75,653
Motor Vehicle Sales	341,958	443,381	577,916	693,955
Auto Parts, Accessories, Tires	23,771	30,574	39,540	46,952
Health and Personal Care	95,801	109,786	127,017	139,483
Gasoline	88,020	101,055	117,327	130,343
All Retail Categories	1,090,050	1,285,742	1544,525	1,757,286
Food and Beverage	182,254	227,722	287,367	338,141
All Retail Categories, plus Food and Beverage	1,272,303	1,513,464	1,831,892	2,095,428

Table 11: Effective Gross Retail Expenditure Potential, by Trade Area, to 2051 (\$X,000) – PTA Outside North York Centre

PTA net of North York Centre In 2015 dollars, (\$,000)	2024	2034	2044	2051
Furniture and Home Furnishings Stores	8,752	8,265	7,702	7,178
Electronics and Appliances	7,546	6,971	6,125	5,408
Building Materials, Garden Equipment, Supplies	42,140	52,801	65,846	77,069
Supermarkets and Other Grocery	58,607	64,022	68,182	71,049
Convenience Stores	6,033	7,561	9,385	10,993
Specialty Food Stores	13,614	18,841	25,523	31,591
Liquor Stores	19,027	22,959	27,438	31,299
Clothing Stores	12,019	11,168	10,507	9,913
Shoe Stores	3,027	3,191	3,472	3,679
Jewellery, Luggage, Leather Goods Stores	3,332	3,637	4,093	4,438
Sporting Goods, Hobby, Book, and Music Stores	7,400	7,618	7,916	8,104

PTA net of North York Centre In 2015 dollars, (\$,000)	2024	2034	2044	2051
General Merchandise Stores	63,351	72,904	83,652	92,144
Miscellaneous Store Retailers	19,720	26,208	34,325	41,630
Motor Vehicle Sales	178,514	239,065	315,164	383,789
Auto Parts, Accessories, Tires	12,950	17,062	22,181	26,618
Health and Personal Care	49,283	58,454	68,519	76,385
Gasoline	41,383	49,325	58,190	65,753
All Retail Categories	546,700	670,055	818,219	947,041
Food and Beverage	63,244	81,948	104,952	125,501
All Retail Categories, plus Food and Beverage	609,945	752,003	923,171	1,072,542

Table 12: Effective Gross Retail Expenditure Potential, by Trade Area, to 2051 (\$X,000) – Secondary Trade Area

Secondary Trade Area in 2015 dollars, (\$,000)	2024	2034	2044	2051
Furniture and Home Furnishings Stores	113,846	100,704	84,068	69,340
Electronics and Appliances	111,234	100,631	85,250	72,543
Building Materials, Garden Equipment, Supplies	890,763	1,110,556	1,365,354	1,572,354
Supermarkets and Other Grocery	1,044,738	1,146,600	1,214,842	1,253,164
Convenience Stores	114,382	143,951	177,656	205,880
Specialty Food Stores	311,014	422,913	559,161	677,018
Liquor Stores	334,447	405,258	481,646	543,745
Clothing Stores	166,783	149,028	131,503	116,201
Shoe Stores	55,089	58,360	63,178	66,279
Jewellery, Luggage, Leather Goods Stores	64,942	71,088	79,428	85,127
Sporting Goods, Hobby, Book, and Music Stores	125,245	129,189	133,199	134,750
General Merchandise Stores	1,244,043	1,435,121	1,634,180	1,778,537

Secondary Trade Area in 2015 dollars, (\$,000)	2024	2034	2044	2051
Miscellaneous Store Retailers	418,307	552,900	713,623	851,372
Motor Vehicle Sales	3,850,748	5,105,325	6,621,801	7,924,154
Auto Parts, Accessories, Tires	300,032	387,329	490,453	575,089
Health and Personal Care	1,031,412	1,218,821	1,410,015	1,547,596
Gasoline	709,304	847,865	993,421	1,109,959
All Retail Categories	10,876,330	13,385,637	16,238,778	18,583,106
Food and Beverage	1,098,635	1,423,580	1,805,274	2,129,794
All Retail Categories, plus Food and Beverage	11,974,965	14,809,217	18,044,052	20,712,900

Table 13: Effective Gross Retail Expenditure Potential, by Trade Area, to 2051 (\$X,000) – Tertiary Trade Area

Tertiary Area in 2015 dollars, (\$,000)	2024	2034	2044	2051
Furniture and Home Furnishings Stores	998,414	926,734	852,693	784,555
Electronics and Appliances	848,409	767,078	661,303	572,572
Building Materials, Garden Equipment, Supplies	4,481,042	5,486,236	6,696,807	7,669,903
Supermarkets and Other Grocery	6,416,899	6,838,013	7,116,944	7,249,391
Convenience Stores	654,075	799,569	970,017	1,110,771
Specialty Food Stores	1,425,576	1,932,962	2,568,278	3,114,312
Liquor Stores	2,087,824	2,457,703	2,870,701	3,201,118
Clothing Stores	1,361,086	1,240,205	1,147,863	1,064,854
Shoe Stores	330,379	339,707	361,170	374,105
Jewellery, Luggage, Leather Goods Stores	359,596	382,939	421,266	446,629
Sporting Goods, Hobby, Book, and Music Stores	816,549	820,388	833,490	834,392
General Merchandise Stores	6,827,086	7,666,345	8,599,927	9,262,335

Tertiary Area in 2015 dollars, (\$,000)	2024	2034	2044	2051
Miscellaneous Store Retailers	2,095,616	2,721,582	3,489,269	4,141,187
Motor Vehicle Sales	18,918,573	24,768,154	31,973,887	38,108,868
Auto Parts, Accessories, Tires	1,351,990	1,746,359	2,227,836	2,619,910
Health and Personal Care	5,250,382	6,083,518	6,978,594	7,611,628
Gasoline	4,558,064	5,301,290	6,113,808	6,754,333
All Retail Categories	58,781,560	70,278,782	83,883,851	94,920,865
Food and Beverage	7,255,233	9,177,155	11,494,948	13,443,595
All Retail Categories, plus Food and Beverage	66,036,793	79,455,937	95,378,799	108,364,460

4.5 Local Spending Capture

4.5.1 Deriving Expenditure Capture Rates

Having completed the retail sales diversion calculations, the next step converts Effective Gross Retail Expenditures (EGRE) into 'net captured' retail expenditures within the Study Area. This conversion calculation is based upon assumed spending 'capture rates' by retail category.

Determination of capture rates is based on a number of core assumptions and analytical steps, drawing upon a variety of data points including retail visitation estimates by trade area of origin (per the mobility data analysis), expenditure projections (as outlined in the preceding section), and estimates of retail sales based on historical available data and industry benchmarks. A core assumption in deriving capture rates for this analysis is that **retail visitation is a reasonable proxy for retail sales**.

To illustrate what this means, consider the following example:

- **Sales from Trade Area residents:** if residents of a given trade area account for 25% of visitation to a store or retail area, and if this is used as a proxy measure for achieved sales in a given category in this location, then we may infer that 25% of assumed sales volume in that category is sourced from these residents. If we assume that total sales in this example category are \$100 million annually, and the gross spending potential from the trade area residents is \$80 million annually, then the calculation is:

$$\text{Sales from Residents} = \text{Total Sales} \times \text{Visitation Rate} = \$100\text{m} \times 25\% = \$25\text{m}$$

- **Capture Rate:** the 'capture rate' of those residents' dollars would then be the sales from residents divided by the gross spending potential in the category amongst those residents. This can be calculated as follows:

$$\text{Capture rate} = (\text{Sales from Residents} / \text{Gross Spend Potential}) = (\$25\text{m} / \$80\text{m}) = 31.3\%$$

This approach outlined above assumes that spending is evenly distributed across all visitors, which may not always be the case. For instance, customers who live closer to (or within) the Study Area are shown to visit more frequently than those further away,⁶ but they may spend less per visit, or vice versa. In the absence of actual sales data showing customer point-of-origin and basket size, the assumption of equal distribution of spending is used.

Using this approach, the following capture rates have been derived for each retail category. These capture rates remain static in the model, applied to the EGRE figures for residents in each trade area, year-by-year, category-by-category.

⁶ This is evidenced, for instance, by a nearly equal "% visitation to NYC retail" from the PTA's ~95,000 residents, vs. the TTA's ~3.1 million residents.

Table 14: North York Centre Retail Capture Rates by Category and Trade Area, applied to Effective Gross Expenditures

Category	North York Centre PTA	PTA Outside North York Centre	STA	TTA
Furniture and Home Furnishings	4.2%	2.6%	0.7%	0.1%
Electronics and Appliances	11.1%	6.5%	1.6%	0.3%
Auto Parts, Accessories, Tires	3.5%	1.7%	0.3%	0.1%
Supermarket and Other Grocery	25.9%	17.2%	2.4%	0.5%
Convenience Stores	13.7%	7.3%	1.4%	0.3%
Specialty Foods	19.1%	9.2%	1.4%	0.4%
Liquor	11.9%	6.6%	1.3%	0.3%
Clothing	19.9%	11.8%	3.0%	0.5%
Shoes	6.5%	3.5%	0.7%	0.1%
Jewellery, Luggage, Leather Goods	23.3%	12.3%	2.2%	0.5%
Sporting Goods, Hobbies, Books, Music	3.6%	1.9%	0.4%	0.1%
General Merchandise	3.6%	1.9%	0.3%	0.1%
Miscellaneous Stores	11.6%	5.8%	1.0%	0.3%
Health and Personal Care	12.4%	6.3%	1.1%	0.2%
Restaurant Food and Beverage	39.7%	29.9%	6.1%	1.2%

Source: Urban Systems, based on analysis of 2022 mobility data

Note that all projections presented below assume that capture rates remain static to the forecast horizon. Future forecast adjustments may consider the floor space implications of not only alternate population projection scenarios for the PTA, but also the potential implications if 're-capture' of spending that currently flows elsewhere in the region is achieved.

4.5.2 Net Retail Expenditure Potential

Expenditure capture rates presented in the table above are applied to the EGRE potential over time, for each trade area, resulting in the following tabulation of net (i.e., captured) retail expenditure potential in North York Centre. Note that in some categories, net expenditure potential is shown to decrease over time, despite population growth and overall increases in gross expenditure potential. This is a function of the trendline for e-commerce

spending diversion in those categories. For example, in the “Electronics and Appliances” category, net expenditure potential (in constant dollars) from North York Centre residents is shown to decrease from around \$2 million in 2024 to under \$1 million by 2051. This is due to the projected diversion of spending to e-commerce portals increasing from 29.4% to 60.5% over that time frame.

Table 15: North York Centre Net Retail Expenditure Potential, by Trade Area – North York Centre PTA

North York Centre PTA in 2015 dollars, (\$,000)	2024	2034	2044	2051
Furniture and Home Furnishings Stores	861	798	750	703
Electronics and Appliances	1,879	1,685	1,471	1,287
Supermarkets and Other Grocery	31,789	33,423	35,003	35,841
Convenience Stores	1,685	2,032	2,481	2,856
Specialty Food Stores	4,810	6,486	8,729	10,683
Liquor Stores	4,777	5,549	6,523	7,312
Clothing Stores	5,454	4,942	4,649	4,373
Shoe Stores	409	415	443	462
Jewellery, Luggage, Leather Goods Stores	1,567	1,647	1,823	1,944
General Merchandise Stores	4,548	5,041	5,693	6,166
Miscellaneous Store Retailers	4,419	5,679	7,347	8,782
Auto Parts, Accessories, Tires	832	1,070	1,384	1,643
Health and personal care	11,911	13,650	15,793	17,343
Sports, Hobbies, Books, and Music Stores	602	597	611	615
Food and Beverage	72,376	90,432	114,118	134,281
All Retail Categories	147,919	173,446	206,818	234,292

Table 16: North York Centre Net Retail Expenditure Potential, by Trade Area – PTA Outside North York Centre

PTA Outside North York Centre in 2015 dollars, (\$,000)	2024	2034	2044	2051
Furniture and Home Furnishings	225	212	198	184
Electronics and Appliances	491	453	398	352
Supermarkets and Other Grocery	10,096	11,029	11,746	12,240
Convenience Stores	440	551	684	801
Specialty Food Stores	1,256	1,738	2,354	2,914
Liquor stores	1,247	1,505	1,798	2,051
Clothing Stores	1,424	1,323	1,245	1,174
Shoe Stores	107	112	122	130
Jewellery, Luggage, Leather Goods Stores	409	446	502	545
General Merchandise Stores	1,187	1,366	1,568	1,727
Miscellaneous Store Retailers	1,153	1,533	2,008	2,435
Auto Parts, Accessories, Tires	217	286	372	446
Health and Personal Care	3,109	3,688	4,323	4,820
Sports, Hobbies, Books and Music Stores	157	162	168	172
Food and Beverage	18,894	24,481	31,353	37,492
All Retail Categories	40,412	48,887	58,840	67,483

Table 17: North York Centre Net Retail Expenditure Potential, by Trade Area – Secondary Trade Area

Secondary Trade Area in 2015 dollars, (\$,000)	2024	2034	2044	2051
Furniture and Home Furnishings	800	707	591	487
Electronics and Appliances	1,745	1,579	1,337	1,138
Supermarkets and Other Grocery	25,191	27,647	29,292	30,216
Convenience Stores	1,564	1,969	2,430	2,816
Specialty Food Stores	4,466	6,073	8,029	9,721
Liquor Stores	4,435	5,374	6,387	7,211
Clothing Stores	5,064	4,525	3,993	3,528
Shoe Stores	379	402	435	456
Jewellery, Luggage, Leather Goods Stores	1,454	1,592	1,779	1,907
General Merchandise Stores	4,222	4,871	5,546	6,036
Miscellaneous Store Retailers	4,102	5,422	6,998	8,349
Auto Parts, Accessories, Tires	772	997	1,263	1,481
Health and Personal Care	11,059	13,068	15,118	16,593
Sports, Hobbies, Books and Music Stores	559	557	595	602
Food and Beverage	67,195	87,070	110,415	130,264
All Retail Categories	133,009	161,872	194,208	220,805

Table 18: North York Centre Net Retail Expenditure Potential, by Trade Area – Tertiary Trade Area

Tertiary Trade Area in 2015 dollars, (\$,000)	2024	2034	2044	2051
Furniture and Home Furnishings	1,033	959	882	812
Electronics and Appliances	2,254	2,038	1,757	1,521
Supermarkets and Other Grocery	30,557	32,562	33,890	34,521
Convenience Stores	2,021	2,470	2,997	3,431
Specialty Food Stores	5,769	7,822	10,393	12,602
Liquor Stores	5,729	6,744	7,877	8,784
Clothing Stores	6,541	5,960	5,516	5,117
Shoe Stores	490	504	536	555
Jewellery, Luggage, Leather Goods Stores	1,879	2,001	2,201	2,333
General Merchandise Stores	5,454	6,124	6,870	7,399
Miscellaneous Store Retailers	5,299	6,882	8,823	10,471
Auto Parts, Accessories, Tires	998	1,289	1,644	1,933
Health and Personal Care	12,089	13,543	15,535	16,944
Sports, Hobbies, Books and Music Stores	722	726	737	738
Food and Beverage	86,796	109,789	137,517	160,829
All Retail Categories	167,228	199,411	237,175	267,992

Table 19: North York Centre Net Retail Expenditure Potential, All Trade Areas

All Trade Areas in 2015 dollars, (\$,000)	2024	2034	2044	2051
Furniture and Home Furnishings	2,919	2,676	1,420	2,186
Electronics and Appliances	6,369	5,755	4,963	4,297
Supermarkets and Other Grocery	97,633	104,661	109,931	112,818
Convenience Stores	5,709	7,022	8,591	9,904
Specialty Food Stores	16,301	22,119	29,505	35,920
Liquor Stores	16,189	19,172	22,586	25,359
Clothing Stores	18,483	16,750	15,403	14,193
Shoe Stores	1,385	1,433	1,537	1,603
Jewellery, Luggage, Leather Goods Stores	5,309	5,686	6,306	6,729
General Merchandise Stores	15,410	17,401	19,676	21,328
Miscellaneous Store Retailers	14,973	19,516	25,176	30,037
Auto parts, Accessories, Tires	2,819	3,642	4,663	5,504
Health and Personal Care	37,768	43,949	50,769	55,700
Sports, Hobbies, Books and Music Stores	2,041	2,062	2,111	2,127
Food and Beverage	245,261	311,772	393,403	462,866
All Retail Categories	488,568	583,616	697,041	790,572

4.5.3 Treatment of Service Commercial Categories

Beyond retail (durable and non-durable goods) and restaurants (limited and full-service), there are a wide range of service commercial businesses that make up a core component of the retail landscape. As noted in earlier sections presenting North York Centre's current (as of fall 2023) retail inventory, service commercial businesses account for a sizeable proportion of the overall ground-level retail commercial floor space in the Study Area. However, unlike other retail categories, the relationship between expenditures and floor area is not always so clear.

Take the offices of doctors or dentists as an example, or the floor area occupied by a large financial institution. For each of these cases, retail spending data will tell us little about how much space is required to provide an effective level of service for a local population, as these types of spaces are not directly dependent on consumer-to-business expenditures for their viability.

In the absence of a clear link between spending and floor area for many service commercial categories, the approach taken to project future floor space needs is based on target ratios between service commercial space and all other retail space. For North York Centre, that target ratio is based primarily on the ratio observed in fall of 2023. Based on our observations of the overall retail mix and vacancy at that time, in conjunction with input from Yonge North York BIA and other stakeholders on the level of ‘health and vitality’ of North York Centre retail in general, we do not believe that any substantive increase or decrease in service commercial is required in relation to the overall mix of retail. As such, projections of future retail demand include a ‘service commercial gross-up’ factor that assumes a static ratio between overall retail space (inclusive of food and beverage) and service commercial space over time.

4.5.4 Gross-up for Office Worker Spending

As noted in earlier sections, smartphone mobility data allows for an understanding of retail visitation patterns amongst those who come to shop / dine / recreate, versus those who come to shop / dine / recreate *and* also work in North York Centre. As was outlined in Table 2, the proportions of retail visitation attributable to trade area residents who work in North York Centre ranges from 9.2% to 11.5%. Amongst residents of the PTA (NYC + balance), the ratio is approximately 11.3%.

There is limited data available to shed light on the typical daytime spending patterns of office workers, or how spending may vary between those who live in / near a major retail cluster versus those who live *and work* in / near that cluster. In the absence of this data, we have simply applied a 10% gross-up factor to supportable floor space across food and beverage and convenience retail categories

to account for likely incremental space supported by what is, on average, about 10% visitation attributable to daytime workers.

4.5.5 Frictional Vacancy Allowance

In addition to the above noted floor area ‘gross-ups’ to allow for service commercial and incremental demand driven by office workers, one final addition is the allowance for a vacancy buffer. In any given retail district, an ideal situation is not to achieve 100% occupancy as this does not allow any flexibility for new businesses to enter a market or existing businesses to relocate / expand within their market. Some commercial vacancy is therefore a necessary attribute of a healthy commercial precinct. This is often referred to as “frictional” or “cyclical” vacancy. This can be differentiated from “structural” vacancy, which refers to properties that are perpetually vacant for any number of reasons. Those types of properties are problematic for landlords, nearby businesses, and the overall health and vitality of a commercial district. A common rule of thumb in the commercial brokerage industry is that a frictional vacancy rate of around 5-7% is healthy, and depending on the context, beyond 7% can be acceptable.

For the demand analyses presented here, we adopt a ‘target vacancy rate’ of 5%. This means that, whatever the projected future demand for occupied floor space, a vacancy allowance is included such that total vacancy equals 5% of the future warranted commercial floor space. For instance, if projections for the area suggest a need for an additional 100,000 square feet in 10 years (all occupied space), the actual targeted floor area at that point in time is 105,000 square feet to achieve a 5% vacancy target.

4.6 Projected Retail Space Demand

Based on the foregoing analysis, incremental retail space supportable in North York Centre is projected as follows. Figures below are inclusive of all gross-up factors noted above, including a 5% frictional vacancy allowance.

- **By 2034**, an additional **200,000 square feet** of combined retail floor area is projected as supportable in North York Centre. Over 40% of this incremental supportable floor space is in the food and beverage category, an additional 35% is service commercial, and much of the balance is across the array of convenience retail goods inclusive of grocery, pharmacy and miscellaneous goods retail.
- **By 2044**, the incremental floor area supportable grows to nearly **430,000 square feet** of combined retail floor area across North York Centre.
- **By 2051**, the incremental floor area supportable grows to nearly **610,000 square feet** of combined retail floor area across North York Centre.

Table 20: Incremental Warranted Floor Area (square feet)*

Category	2034	2044	2051
Convenience Retail (Grocery, Liquor, Pharmacy)	19,000	40,000	50,000
Comparison Retail (Furniture, Clothing, Sporting Goods, General Merchandise, etc.)	10,000	23,000	30,000
Restaurant Food and Beverage	90,000	190,000	280,000
Service Commercial	71,000	153,000	220,000
+ Vacancy Allowance	10,000	21,000	29,000
TOTAL	200,000	427,000	609,000

*Inclusive of office worker spending gross-up + vacancy allowance.

Note that the above growth forecasts are based on population growth estimates for existing land uses, and do not reflect potential changes in land use designations or Centre boundary expansions as part of the Secondary Plan Review. Updated forecasting may be warranted to reflect alternate growth forecasts reflective of land use policy changes. Future forecasting updates may also consider other modelling modifications, including altered capture rate assumptions across retail categories, altered assumptions regarding e-commerce spending diversion, or other modifications as made possible by new data availability.

4.7 Converting Floor Area to Frontage

The floor area forecasts presented above can be roughly converted to linear retail frontage using assumptions on average retail unit depth, average block coverage, and average retail frontage. A rule-of-thumb assumption is that a 60% 'active frontage' is typically achievable after accounting for lobbies and service areas. Some case-study measurements for recent site plans in North York Centre suggest that a higher figure – perhaps up to 85% average frontage – could be achievable.

Using a conservative working assumption of 60% active commercial frontage, 90% average block coverage, and 18 metre average unit depth, we arrive at the following estimates of double-loaded single-level retail frontage supportable:

- 200,000 square feet = ~1,000 metres of double-loaded retail frontage
- 414,000 square feet = ~2,000 metres double loaded frontage supportable
- 609,000 square feet = ~3,000 metres double loaded frontage supportable.

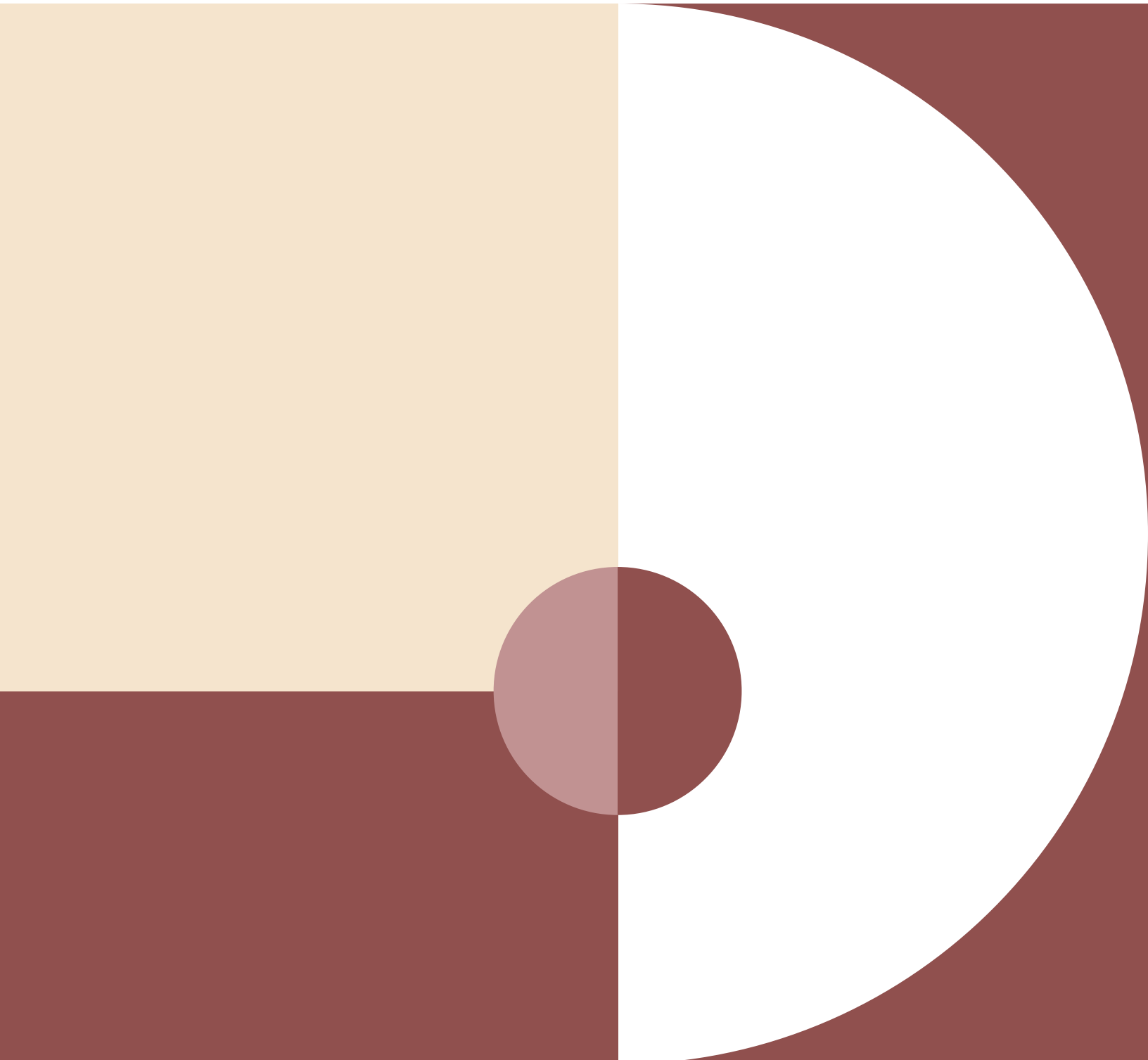
4.8 Considerations for North York Centre Secondary Plan

Taking together all of the findings from the current conditions research, the retail space demand projections, and feedback received from both stakeholders and City staff, there are several factors to consider when developing policy related to retail space in the North York Centre Secondary Plan update:

- Overall, with growth of population over the next 30-years – and particularly growth of the Primary Trade Area – the demand for net new retail and service commercial space is expected to grow quite considerably. By 2051, there is expected to be demand for approximately 40% more retail commercial floor area than currently exist in North York Centre today.
- This growth forecast is premised on a particular set of population growth and spending capture assumptions, each of which may evolve quite considerably as work progresses on the Secondary Plan. Revisions to demand projections should be undertaken once updated population projections have been completed for the Study Area and the PTA areas outside of North York Centre. Further research on the extent of spending capture by category, and opportunities for outflow re-capture, could also be prepared and integrated into future forecast updates to paint a more nuanced picture of how the area could evolve as population grows.
- Adaptability in the secondary retail streets will need to be considered to accommodate incremental additional demand that is not captured in this initial model.

- Given the relatively low vacancy rates in North York Centre today, and the nature of the spaces that are vacant or which have struggled with more frequent turnover, we expect that nearly all of the projected incremental floor area opportunity will require the construction of new retail floor space. We expect that most, if not all, of this new space will be constructed in properties that are mixed-use in nature.
- Retail related policies should continue to prioritize Yonge Street as the primary commercial spine of North York Centre. There is also opportunity to extend retail toward the east and west in strategic locations, to create more downtown nodes of commercial activity, a diversity of spaces, and overall better connections to surrounding neighbourhoods. These strategic locations should be prioritized based on a variety of criteria including proximity to subway stations, current and planned public realm conditions, pedestrian / multi-modal access and other factors. An example in the Centre today is Spring Garden Avenue. Future locations for priority retail expansion could include Park Home Avenue, Empress Avenue, Church Avenue and others.
- As the area grows – and particularly as land use policy changes are considered as part of the Secondary Plan review – adaptability should be encouraged in the way ground floor spaces are designed along streets that have the potential to support retail or service uses in the future, even if demand does not exist at the time of development. For example, although not currently within Centre boundaries, Willowdale Avenue demonstrates such potential.
- Provision of retail units of all sizes is important to ensure that there is flexibility and resiliency to respond to changing business needs, and serve different business types. Providing smaller retail units (e.g., 500 square feet or less) can help to ensure a mix of businesses and service providers can be supported in the area, and can be a very helpful market entry point for small business startups. Large units remain important as well, for uses such as grocery stores.
- Small retail units are often more affordable, and can serve as much-needed homes to small independent businesses (many of which are ethnically-based businesses in the Centre).
- Non-residential uses that do not help to activate the ground floor, such as dental offices, should continue to be directed to second storey units or above, as established by the current Secondary Plan.
- Policies for the Centre may consider preparing for uses such as ghost kitchens and / or dark stores, as indicated by the analysis provided.
- There are opportunities for community / cultural organizations, not-for-profit agencies, etc. to find homes in these retail spaces and that policies should support this diversity of uses.
- Retail has the potential to help draw larger employers to the area, offering staff opportunities to socialize and meet their daily needs during and after work hours.

05. Office - Current Conditions



North York Centre is one of the most significant office hubs in the Greater Toronto Area (GTA). The Study Area boasts an office space supply of just under nine million square feet, distributed across 36 different buildings, comprised of both freestanding and mixed-use built forms. This section inventories the supply of office space in North York Centre by office classification, details how these spaces are utilized, summarizes their relationship to employment and commuting patterns, and provides a high-level overview in terms of how they compare to other notable office clusters in the region.

In the context of this report “office space” is defined as a designated area within a building or

complex that is specifically designed and equipped for conducting administrative, professional, or business activities that is at least 10,000 square feet or larger. This distinction is to separate out smaller office spaces that occasionally chose to locate in Commercial Retail Units (CRUs), including at-grade shop spaces and low-rise podiums. While these spaces can be used by office-type functions, like doctors’ offices, dentists and others, the built form of these spaces are generally more oriented towards retail uses. By drawing the line at 10,000 square feet, the analysis still accounts for larger office podium components that can accommodate larger office-based firms in a mixed-use form.

5.1 Regional Context

The Greater Toronto Area is Canada’s largest and most diverse economic hub for office employment and space. With an inventory of 275 million square feet of existing office space tracked by brokerages, plus another 12 million square feet actively under construction, the GTA far exceeds other regional office markets across the country in terms of scale and activity. The market is centered around the City of Toronto, which accounts for two-thirds of the region’s total office inventory.

Toronto is recognized as Canada’s financial capital, home to the headquarters of major banks, insurance companies and investment firms. It is also known as a global hub for mining and resource-related firms, while also hosting a thriving business and professional services sector, encompassing legal, accounting and advertising firms. Supported by a number of world-renowned universities, colleges and research institutions, Toronto has also emerged as a global technology and innovation hub. It is home to numerous tech start-ups and incubators, with a focus on artificial intelligence, fintech, health tech, and digital media.

While most of the region’s office space is concentrated in Toronto’s Downtown core, the broader market is supported by a network of regional nodes, amongst which North York Centre is one of the largest. These clusters, which are located in a mix of designated Centres and other office-oriented employment hubs, act as ancillary office market hubs that both serve the wider region and support economic resiliency across a broad range of economic functions.



Figure 32: Greater Toronto Area Geographic Context

5.2 Office Space in North York Centre

As with the retail analysis, an inventory of the office supply in North York Centre was developed in support of the opportunity and demand projections in the Section 6. Development of the office inventory similarly involved multiple stages, compiling various sources, and assessing them against each other to confirm veracity. This process included:

- **CoStar Data Retrieval:** A data set containing the location, rentable floor area, tenants, occupancy rates, and other pertinent data related to office-type business activities was compiled by the consulting team using the CoStar database as of October 2023. This inventory returned a total of 40 unique office building files totalling 8,840,900 square feet of Rentable Building Area (RBA)¹, plus one other building currently under construction, totalling 145,300 square feet and two other buildings proposed for future development, totalling an additional 238,000 square feet of potential future supply.
- **Built Form Review:** The consulting team then conducted a thorough review of each identified office file from the CoStar dataset, overlaying their listed addresses against the City of Toronto's parcel and building massing files, complemented by a check utilizing the most recent satellite and street view images available via Google Earth. This review determined that certain separate office listings were effectively cumulative components of individual buildings, while others were either double counts of other files, or office functions occupying retail CRUs. This review helped to validate the 10,000 square foot minimum threshold for cumulative office files within a building.²
- **Toronto Employment Survey (TES) Check:** The revised inventory of buildings and parcels was then cross-referenced against data from the 2022 TES to confirm the tenant mix and employment linked to the identified office inventory. The TES review was also assessed against Land Use Activity Codes to determine if any significant concentrations of office-type employment were tied to spaces not found in the CoStar inventory. Through this review, the existing data points were effectively confirmed, and two additional office buildings were added to the original inventory.
- **Coding and Sorting:** The updated inventory was then coded based on two key dynamics: Built Form Typology (split out between standalone office buildings, office space in mixed use buildings, and civic institutional buildings) and Office Class (graded between Class A, B, and C, based on CoStar's assessment of local market characteristics). Taken together, these dynamics help to provide valuable context on both the performance and attractiveness of North York Centre's office spaces, along with implications for future land use policies.

Based on this review, the overall office supply in North York Centre was refined down to **36 unique buildings**, with a cumulative inventory of **8,979,491 square feet of RBA**. The location and quantum of this inventory is mapped on the following page.

¹ This is the primary output of gross space in a building as tracked by CoStar. Expressed in square feet, this area includes the usable area and its associated share of the common areas. Typically, rents are based on this area. It is the space the tenant will occupy in addition to the associated common areas of the building such as the lobby, hallways, bathrooms, equipment rooms, etc.

² Certain office spaces in the CoStar inventory include ground floor retail spaces. These range in function from small dry-cleaning services and coffee shops to retail bank branches and public gyms. CoStar does not clearly delineate the amount of space allocated to retail uses, as these floors also include the lobby and other functions tied to the other office space. Assuming all ground floor and retail concourse space in these mixed-retail offices were truly retail space, it is estimated it would account for 446,501 SF of RBA.

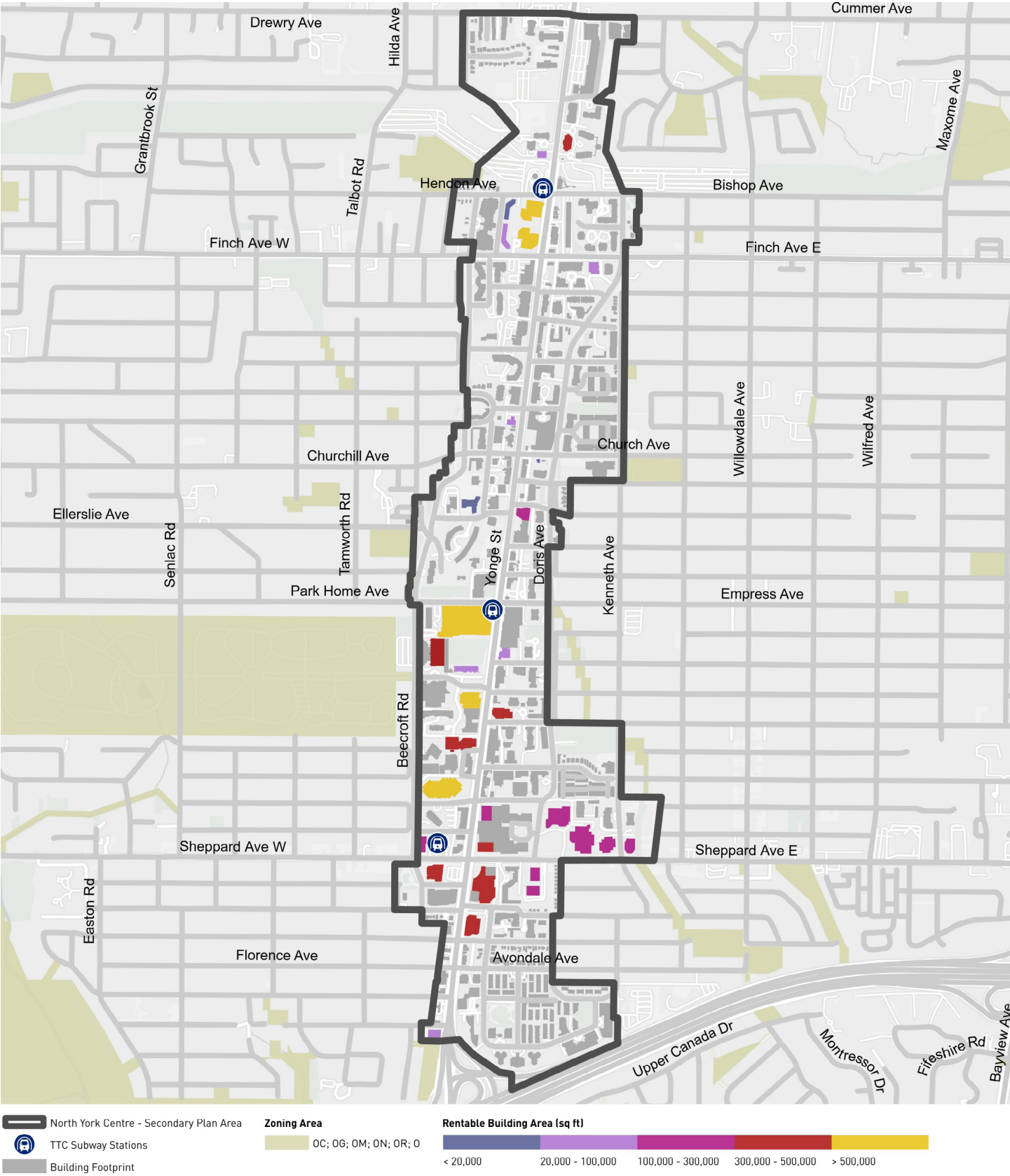


Figure 33: North York Employment Study - Rentable Building Area

These office spaces have been broken out into different market classes, as identified by CoStar. These three categories provide a general idea as to the quality of the space, and the type of market user that it may appeal to, broken out as follows:

- **Class A:** A highly desirable property with high-quality construction, workmanship, material, and systems, often including significant architectural features, quality finishes, abundant amenities, and first-rate maintenance and management. These spaces are often occupied by prestigious tenants with above average rental rates in an excellent location with exceptional accessibility and visibility. Buildings in this class tend to be newer (built in the past 10-years) or have recently undergone significant retrofits.
- **Class B:** Typically offer more utilitarian space without special attractions. Space in this category will often have ordinary architectural design and structural features, with average interior finish, systems and floor plans, adequate systems, and overall condition. It will typically not have the abundant amenities and location that a Class A building will have. These kinds of spaces often appeal to a wide range of users with average rents. They lack prestige and usually depend on lower price to attract tenants.

- **Class C:** Generally, a no-frills, older building that offers basic space. The property has below-average maintenance and management, a mixed or low tenant prestige, and sub-standard elevators and mechanical/electrical systems. While not considered functionally obsolete, they often are not seen as particularly desirable. As with Class B buildings, they chiefly rely on lower prices to attract tenants and investors.

A Note Regarding Unclassified Buildings: Over the course of the inventory review, two additional mixed-use buildings with significant office floor space components were identified that were not included in the CoStar office inventory. These properties, located at 4665 Yonge St and 5200A Yonge St appear to have been misclassified by CoStar as apartment and retail space, respectively. For this inventory, these spaces have been categorized as Class B office space, based on their built form and characteristics shared with comparable properties.

Table 21 below provides a high-level summary of the inventory of office space in North York Centre, broken out by classification and performance.

Table 21: Summary of North York Centre Office Space, by Classification, October 2023

Class	Bldgs	Rentable Bldg Area (SF)	Market Rent (SF/YR)	Vacant Space (SF)	Vacancy (%)	Available Space (SF)	Available (%)
A	8	3,632,531	\$43.20	700,205	19.3%	1,289,257	35.5%
B	21	4,630,540	\$38.79	573,479	12.4%	856,746	18.5%
C	7	716,420	\$34.40	-	0.0%	-	0.0%
Total	36	8,979,491	\$40.26	1,273,684	14.2%	2,146,003	23.9%

5.2.1 Vacancy and Availability Rates

Vacancy is a metric of how much square footage is not leased in a commercial building and is a standard indicator of overall office performance. Availability rates, on the other hand, represent space that is actively on the market and may include space available for lease, sublease, or sale. This may include currently occupied space that is approaching the end of its lease period. With many office-based businesses re-evaluating their space needs following the shifts caused by the COVID pandemic, there is a considerable amount of underutilized office space under lease across the market, much of which is now listed for sublease. For the purpose of this study, both figures are shown to help paint a more comprehensive picture of office utilization.

5.2.2 Class A

In total, there are eight 'premier' Class A designated office buildings in North York Centre, with another three currently in stages of planning and development. A total supply of 3,632,531 square feet of Class A space currently exists, with another 145,300 square feet under construction and 238,000 square feet of proposed space beyond that. The average age of existing space is 26 years, though many buildings have since been retrofitted to bring them up to market standard.

Table 22: Summary of Class A Office Supply in North York Centre, October 2023

Address	Rentable Building Area (SF)	Vacant Space (SF)	Vacancy (%)	Available Space (SF)	Available (%)
5140 Yonge St	730,967	210,146	28.7	224,463	30.7
5650 Yonge St	567,885	51,033	9.0	522,631	92.0
5150-5160 Yonge St	552,257	219,955	39.8	225,883	40.9
5000 Yonge St	542,315	88,764	16.4	172,408	31.8
4711 Yonge St	390,000	43,475	11.1	59,813	15.3
4773-4789 Yonge St	377,840	8,582	2.3	5,809	1.5
5001 Yonge St	309,000	37,655	12.2	37,655	12.2
110 Sheppard Ave E	162,267	40,595	25.0	40,595	25.0
Total Class A:	3,632,531	700,205	19.3	1,289,257	35.5

Class A space features the highest vacancy rate (19.3%) and availability rate (35.5%) when compared to other office space in North York Centre. This availability rate is somewhat inflated by 5650 Yonge St, of which 92% of its total 567,885 square feet RBA is listed as available, despite being over 90% leased by the Ontario Teachers' Pension Plan. Excluding this one outlier brings the Class-wide average availability down to 25.0%, though there are still significant quantities of vacant and available space within some of the area's larger Class A buildings.

It is clear based on these vacancy and availability rates that North York Centre is struggling to attract the kind of premier office tenants and larger employers that would otherwise occupy this kind of space. This is likely the result of multiple factors, including the outsized impact of work-from-home and hybrid work arrangements on the space needs of larger Class A tenants when compared to other office users, as well as a competitive disadvantage for North York Centre's Class A office space when compared to other, more desirable office nodes located in the GTA region. These competitive factors are discussed further later in this chapter.

5.2.3 Class B

There are twenty-one Class B office buildings in North York Centre, totalling 4,630,540 square feet RBA. At more than 51% of total supply Class B is the predominant class of office in the area. This building stock tends to be older than North York Centre's Class A stock, with an average of 39 years since construction across the Class B buildings.

Vacant and available space is considerably lower amongst Class B buildings, totalling 573,479 square feet vacant (12.4%), and 856,746 square feet available (18.5%). As with Class A space, much of this vacancy trend can be attributed to a few key buildings which feature much higher vacancy rates, specifically 4950 Yonge St, 45 Sheppard Ave E, and 5 Park Home Ave, each of which features vacancy rates of over 40%. While this space is currently outperforming the Class A inventory in North York Centre, the vacancy and availability rates are still considered high for any office sub-market.

Table 23: Summary of Class B Office Supply in North York Centre, October 2023

Address	Rentable Building Area (SF)	Vacant Space (SF)	Vacancy (%)	Available Space (SF)	Available (%)
4900 Yonge St	560,979	-	-	-	-
5700 Yonge St	543,775	5,343	1.0	24,858	4.6
2 Sheppard Ave E	494,947	24,086	4.9	50,821	10.3
4950 Yonge St	445,000	178,732	40.2	174,732	39.3
25 Sheppard Ave W	374,209	47,516	12.7	100,802	26.9
5775 Yonge St	313,015	54,813	17.5	69,093	22.1
90 Sheppard Ave E	281,081	-	-	9,399	3.3

Address	Rentable Building Area (SF)	Vacant Space (SF)	Vacancy (%)	Available Space (SF)	Available (%)
100 Sheppard Ave E	280,081	-	-	96,869	34.6
5255 Yonge St	261,938	93,033	35.5	145,989	55.7
4881 Yonge St	144,084	42,267	29.3	50,208	34.8
45 Sheppard Ave E	130,307	60,314	46.3	63,380	48.6
5200A Yonge St	125,850	-	-	-	-
40 Sheppard Ave W	101,312	-	-	7,865	7.8
47 Sheppard Ave E	101,193	12,046	11.9	13,438	13.3
4576 Yonge St	93,163	9,124	9.8	9,124	9.8
5 Park Home Ave	91,115	42,350	46.5	36,313	39.9
5075 Yonge St	87,000	1,209	1.4	1,209	1.4
5800 Yonge St	86,000	-	-	-	-
5734 Yonge St	59,584	2,646	4.4	2,646	4.4
4665 Yonge St	29,529	-	-	-	-
5290 Yonge St	26,378	-	-	-	-
Total Class B:	4,630,540	573,479	12.4	856,746	18.5

5.2.4 Class C

Class C office space features the smallest total of office space at 716,420 square feet. Most of these buildings are government owned and primarily used for civic institutional functions (e.g., North York Civic Centre, the Toronto District School Board, and Catholic Education Centre), or are comprised primarily of stratified owner operated spaces (ex. the office mall located on the ground floor of 2-20 Finch Ave W). These buildings also tend to be much older, with an average age of 46 years since construction.

Table 24: Summary of Class C Office Supply in North York Centre, October 2023

Address	Rentable Building Area (SF)	Vacant Space (SF)	Vacancy (%)	Available Space (SF)	Available (%)
5100 Yonge St	302,387	-	-	-	-
80 Sheppard Ave E	199,325	-	-	-	-
5050 Yonge St	78,797	-	-	-	-
31 Finch Ave E	44,562	-	-	-	-
2-20 Finch Ave W	42,934	-	-	-	-
5400 Yonge St	30,546	-	-	-	-
30 Ellerslie Ave	17,869	-	-	-	-
Total Class C:	716,420	-	-	-	-

Market rental and occupancy data on Class C spaces is limited, as they are rarely put out to the open market. These spaces tend to be fairly stable as a result of their consolidated ownership, but it can be difficult to judge the utilization of office space itself without the vacancy and availability figures commonly tracked by brokerages.

5.2.5 Location of Vacant and Available Supply

The current rate and amount of vacant and available space ranges across the Study Area, with the most significant concentrations of available supply found in larger Class A and B buildings located further north along the Yonge St corridor, as shown on the following page. The concentration of mid-sized office buildings (100,000 to 500,000 square feet RBA) located in the vicinity of the Sheppard-Yonge subway station and along Sheppard Ave have comparatively lower supplies of available space than the other office buildings located near North York Centre station and Finch station.

This could potentially be due to a number of reasons, including the closer proximity to the confluence of the two subway lines located at Sheppard-Yonge station (including better access to the transit-oriented population in communities and additional regional transit linkages located further along Line 4) and easier access to the Highway 401 interchange to the south of the Study Area.

The significant supply of stratified condominium office spaces in the Hullmark Centre (4773-4789 Yonge St) may also be less impacted by the broader trends affecting the post-COVID office market due to the mix of smaller investor and owner-occupied units. Alternatively, the fractured nature of the condominium ownership may simply cause it to be slower in reflecting these impacts over time when compared to some of the larger, more consolidated spaces found further north up the Yonge St corridor.

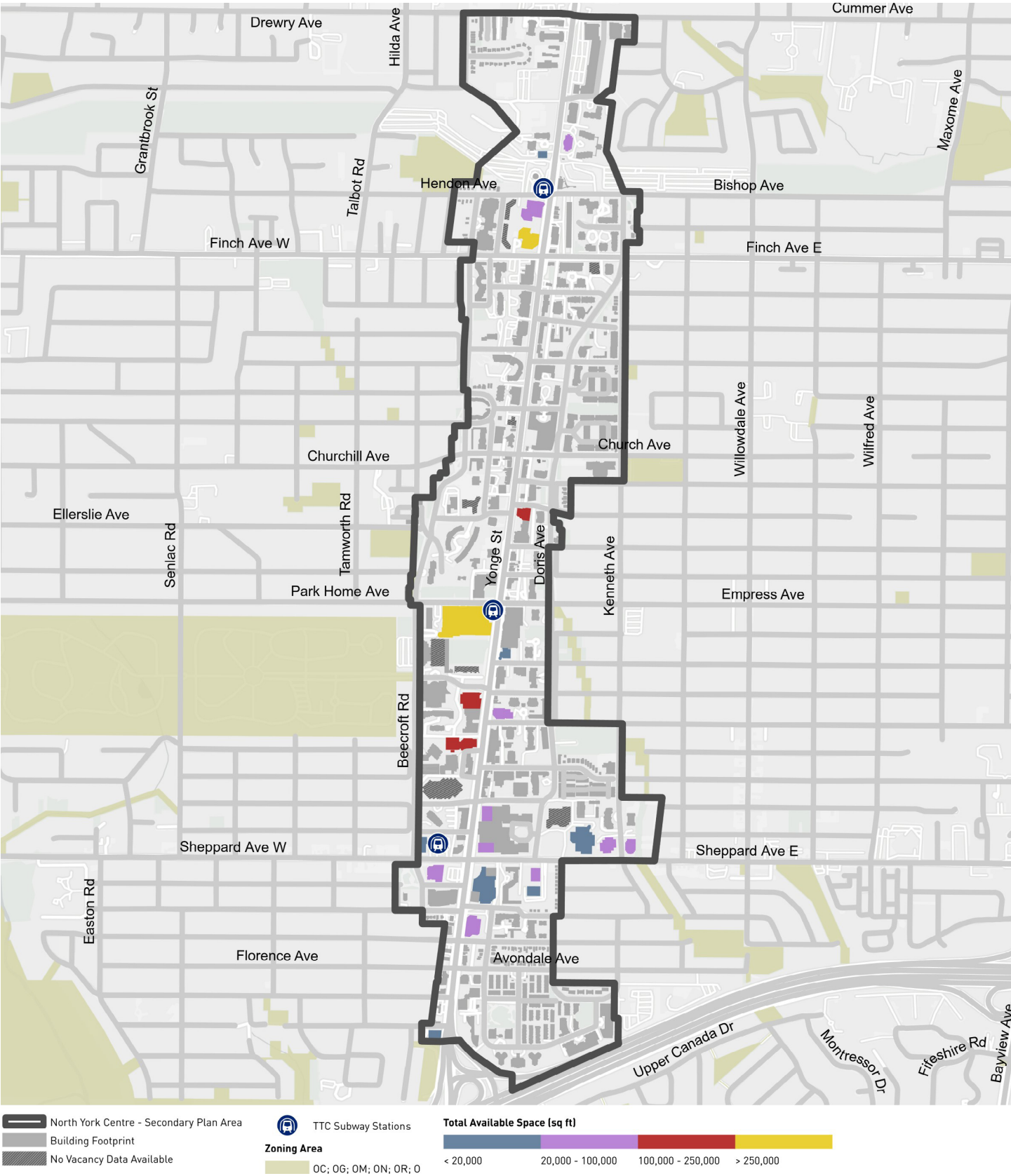


Figure 34: North York Employment Study - Total Available Space

5.3 Employment in Office Space

5.3.1 General Floor Space per Worker

Following the establishment of the office space inventory, the next step of the analysis was to identify the relationship between built space and employment. To do this, the consulting team mapped employment data provided by City Staff from the 2022 Toronto Employment Survey (TES) against the identified office buildings in the Study Area. This was done through an initial overlay of geospatial point data using X and Y coordinates against the identified building footprint and parcel data. Doing so provided a preliminary list of employers that are understood to have been operating in the space as of the summer months of 2022, when the most recent TES was conducted.

This initial list was then validated and supplemented by a detailed review of addresses in the TES files against the addresses of the identified office buildings in the area to ensure that no businesses in the TES inventory were missed.³

Of the 1,364 unique entries in the original TES data, 658 were linked to office buildings in the Study Area. This accounts for 27,409, or 82%, of the 33,773 total jobs identified in North York Centre in 2022.

These businesses and their associated total employment counts were then attributed to their respective office buildings to calculate the approximate amount of Floor Space per Worker (FSW) associated with the jobs therein. A high-level summary of the employment floor space breakdown by office classification is provided in the following table.

Table 25: Office Employment and Estimated Floor Space per Worker, by Office Class, North York Centre

Office Class	Total Employment (2022)	Total Rentable Building Area (SF)	Gross FSW (RBA / Jobs)	Available RBA (SF)	Net FSW (RBA-Available / Jobs)
A	12,194	3,632,531	298	1,289,257	192
B	12,336	4,630,540	375	856,746	306
C	2,879	716,420	249	-	249
Combined	27,409	8,979,491	328	2,146,003	249

³ Through this review, employment data was cross-checked against CoStar occupancy lists for given buildings. This exercise identified a number of businesses within the office inventory that did not appear to have an associated TES entry. Given the different nature of the two data sources, it is difficult to ascertain exactly how many of these entries were missed at the time of the 2022 survey, but the gap does suggest that total office employment in the area may be underrepresented.

While building-specific figures varied, the overall ratio of jobs to gross office space results in an FSW that falls towards the higher end of what might be expected for office-related employment in a major centre at 328 square feet per worker. However, once the RBA is netted down to account for available space, including vacancies and sublets which are not effectively being used, the resulting net FSW figures fall much more closely in line with expectations at 249 square feet per worker. Notably, FSWs for Class A space are significantly lower than jobs in other spaces, which also reflects the higher average cost for these spaces, which tends to drive a push for efficient use of space amongst Class A space-occupiers.

5.3.2 Adjusted Floor Space per Worker

Recognizing that certain office buildings in North York Centre feature ground floor, basement, and concourse space that doubles as public-oriented retail space, a second round of analysis was conducted to estimate the impact of this space and its associated employment on the overall FSW figures. A total of 16 buildings in the office inventory were assessed as having significant ground-oriented retail components, totalling approximately 446,501 square feet of RBA.⁴

The TES records associated with these buildings were then reviewed to identify any businesses located on the retail-oriented floors, along with other businesses that did not include a floor or unit indicator. Employment associated with these businesses⁵ were flagged to be netted out of subsequent calculations to refine the employment FSW calculations to only the office-related space and job counts. The results are summarized in the following table.

Table 26: Office Employment and Estimated Floor Space per Worker, by Office Class, North York Centre, Excluding Retail

Office Class	Total Employment (2022)	Total Rentable Building Area (SF)	Gross FSW (RBA / Jobs)	Available RBA (SF)	Net FSW (RBA-Available / jobs)
A	11,627	3,400,502	292	1,284,144	182
B	11,736	4,416,068	376	850,879	304
C	2,796	716,420	256	-	256
Combined:	26,159	8,532,990	326	2,135,023	245

The decrease of 1,250 retail related jobs and associated space resulted in a modest decrease to the FSWs, calculated at 326 gross square feet per worker, and 245 net occupied square feet per worker.

⁴ This figure represents an estimate, calculated by totaling the total RBA of all floors with majority retail function in lease stacking plans as tracked by CoStar. Only buildings with a significant portion of ground floor, below grade, and concourse retail functions were considered as part of this net out. As such, a building with a small internal coffee or convenience kiosk would not be netted out.

⁵ In most cases, all businesses on the subject floor were flagged for exemption, including all restaurants, retailers, gyms, and health and dental clinics. In cases where the business was a clear office function (ex. a law firm, consulate, etc.) the business record and its employment were retained in the overall count.

5.3.3 Sectoral Breakdown of Employment

To better understand the composition of office-based employment in North York Centre, a further breakdown of employment by industry sector was prepared. This analysis utilizes North American Industry Classification System (NAICS) codes associated with each business tracked in the 2022 TES data to provide additional context on the types of economic activities that choose to locate in this space. A summary of the employment linked to office space is provided in the table on the following page.

Public administration represents the largest sector in terms of office-based employment in North York Centre, accounting for 21% of the total (after accounting for retail employment).

This is not surprising given the concentration of municipal, provincial, and federal offices located in the area. This is followed closely by Professional, scientific, and technical services, which account for 20% of local office-based jobs. Finance and insurance-focused employment rounds out the top three employment sectors at 18%. It is worth noting that this is after netting off the 422 jobs associated with commercial retail bank branches on the ground floor of numerous office buildings in the area. Together, these three sectors account for nearly 3 out of every 5 office jobs in the Study Area.

Table 27: Employment in Office Buildings in North York Centre, by Sector, based on 2022 TES

Sector (2-Digit NAICS)	Total Office Employment	Share of Total	Excluding Retail Space	Share of Non-Retail
91 Public administration	5,505	20.1%	5,505	21.3%
54 Professional, scientific and technical services	5,128	18.7%	5,116	19.8%
52 Finance and insurance	5,012	18.3%	4,590	17.7%
55 Management of companies and enterprises	2,526	9.2%	2,526	9.8%
81 Other services (except public administration)	1,818	6.6%	1,772	6.8%
61 Educational services	1,717	6.3%	1,663	6.4%
56 Admin. and support, waste mgmt. and remediation	1,593	5.8%	1,593	6.2%
62 Health care and social assistance	1,181	4.3%	1,107	4.3%
53 Real estate and rental and leasing	695	2.5%	689	2.7%
48-49 Transportation and warehousing	565	2.1%	565	2.2%
51 Information and cultural industries	385	1.4%	197	0.8%

Sector (2-Digit NAICS)	Total Office Employment	Share of Total	Excluding Retail Space	Share of Non-Retail
41 Wholesale trade	349	1.3%	349	1.3%
72 Accommodation and food services	337	1.2%	1	0.0%
71 Arts, entertainment and recreation	202	0.7%	21	0.1%
44-45 Retail trade	200	0.7%	17	0.1%
23 Construction	180	0.7%	180	0.7%
Total	27,393	100.0%	25,891	100.0%

5.4 Movement Patterns Related to Office Space

To understand where office workers are coming from, and how activity in these spaces influences commuting patterns, an analysis of cellular mobility patterns was undertaken similar to that prepared for the retail and hospitality space. This analysis mapped the relative travel and destination trends of individuals that spent the majority of their work week in any of the identified buildings in the North York Centre office inventory. The resulting outputs of the analysis are demonstrated in the heatmap on the following page, which illustrates where these same individuals were likely to be when not in the office space, along with the approximate commute shed of office workers.

The mobility data illustrates a number of interesting takeaways, summarized as follows:

- A considerable amount of activity appears to be occurring in the neighbourhoods immediately adjacent to the Study Area, indicating a significant number of office workers may be living in the residential communities just beyond the Study Area boundary.
- The overall commute shed of local office workers is spread across Toronto, with noted concentrations in the Downtown and Midtown, but also with many faint areas of activity spread more broadly amongst various residential neighbourhoods.
- There are likewise several visible hotspots to the north in neighbouring Markham and Vaughan. Many of the more clearly distinguished concentrations of activity correspond with schools and smaller retail nodes, indicating office users may be making numerous stops on their commute to and from work that are not in the boundaries of the Study Area.
- Some of the most intense concentrations appear to be linked to major transit interchanges, specifically Finch station to the north, and Oriole GO station and Don Mills station to the east. Given these each represent major transfer points to other forms of regional public transit, it is likely that many office-employees are commuting in from further afield and having to wait to transfer at these junction points. Similar concentrations are visible at Eglinton and Bloor-Yonge stations to the south along Line 1, indicating they too are important junctions, if perhaps not as prominent as northern and eastern connections.

- Except for Midtown and portions of the Downtown core, activity at other stops along the rest of Line 1 and most of Line 2 of the subway system is relatively muted. This appears to indicate that few North York office-workers live along the broader subway system as compared to other parts of the surrounding region.

Given the spread of activity across the region, including areas that are not necessarily directly accessible by transit (this may change in the future with the planned Yonge North and Sheppard West subway extensions), it is likely that a fair number of North York Centre's office workers rely on personal automobiles or carpooling for their commute. Based on the distribution of activity to the east and west, it is likely that Highway 401 remains a critical linkage for these commuters.

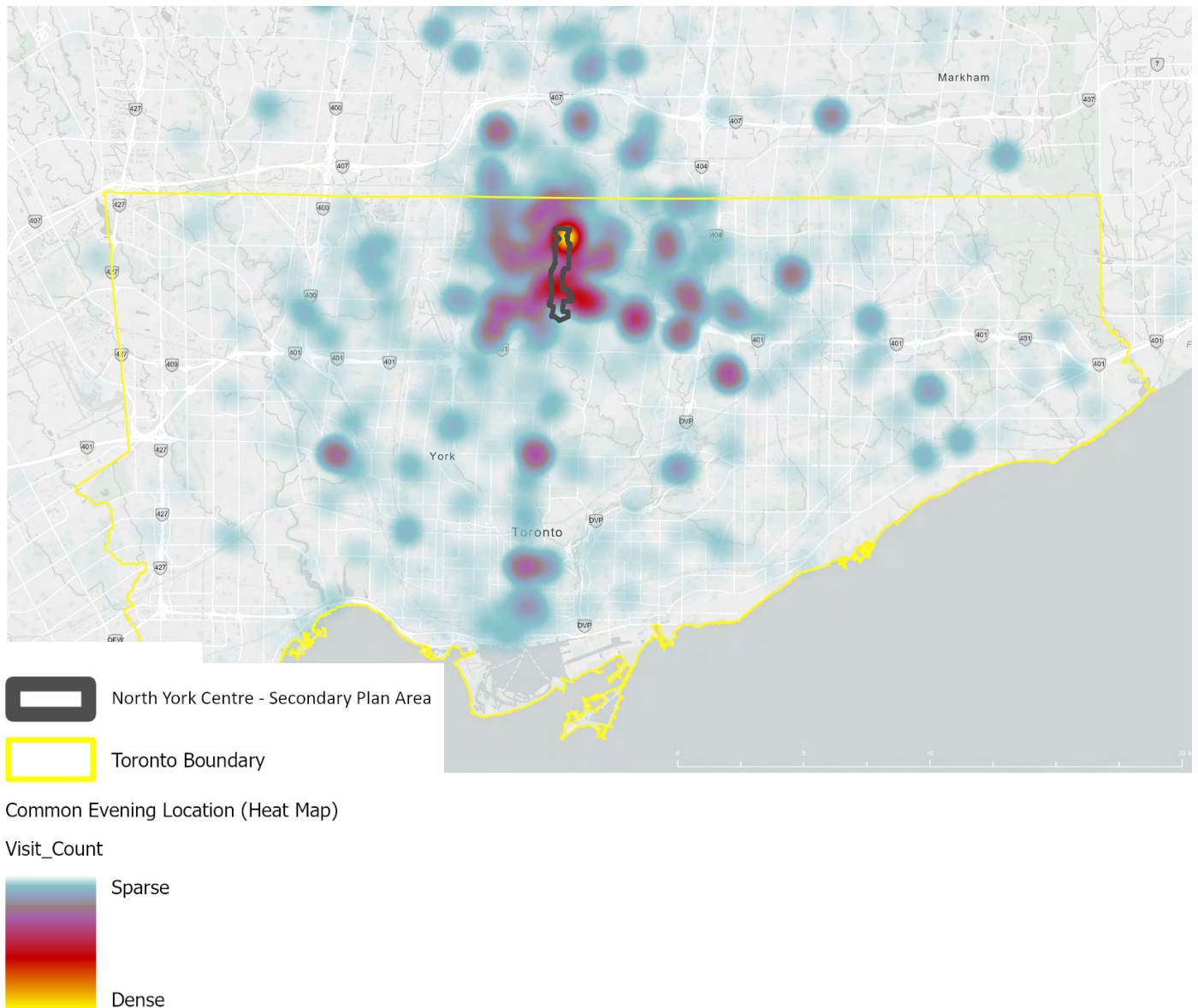


Figure 35: Human Mobility Data, North York Centre Daytime Office Users

5.5 How North York Centre Compares to Other Office Clusters

To understand the current context for North York Centre's office market, it helps to measure it against other major office clusters in the region. As one node among many in the broader office market ecosystem, North York Centre both supports and competes for investment and growth. An overview of how North York Centre compares is provided in the following table.

Table 28: Comparable Office Clusters in the GTA, Key Market Statistics, CoStar, December 2023

Region	Total Office Space (SF)	Under Const. (SF)	Vacancy Rate (%)	Avg. Market Rent/SF	Avg. Market Sale/SF
Toronto Urban Growth Centres					
Toronto Downtown	111,000,000	6,400,000	11%	\$50	\$535
North York Centre	9,000,000	145,000	14%	\$40	\$398
Yonge Eglinton Centre	5,700,000	97,000	11%	\$40	\$455
Scarborough Centre	2,400,000	0	11%	\$34	\$333
Etobicoke Centre	1,500,000	33,000	10%	\$41	\$443
Toronto Employment Areas (EA)					
Consumers Road EA	3,800,000	0	13%	\$30	\$285
Duncan Mill EA	3,200,000	0	7%	\$32	\$329
Victoria Park - Steeles EA	2,600,000	0	11%	\$33	\$296
Liberty Village EA	2,600,000	0	11%	\$41	\$441
South of Eastern EA	422,000	1,800,000	10%	\$39	\$443
Neighbouring Office Clusters					
Mississauga-Toronto - Airport Corporate Centre	12,800,000	0	10%	\$31	\$298
Markham - 407 Cluster	9,700,000	289,000	10%	\$34	\$304
Mississauga - City Centre	3,700,000	0	19%	\$36	\$329
Vaughan - VMC	1,100,000	0	4%	\$34	\$297

With just shy of nine million square feet of office space, North York Centre is the second largest Urban Growth Centre and the fourth largest sub-area in the broader GTA market. Like most other nodes in the region North York Centre is dwarfed by the sheer volume of office space and activity concentrated in Downtown Toronto. For nearly two decades since emerging from an economic slowdown in the early 2000s, the Downtown has been the preeminent location for many firms in the region and is a major destination for Class A tenants. This is visible in the premium market rents and sale prices demanded by the Downtown market, as well as the 6.4 million of additional space under construction despite the post-pandemic volatility and uncertainty regarding changing need for space.

Analyzing market rent per square foot across the GTA further contextualizes North York Centre’s position with a rate of \$40 per square foot, placing it in the mid-range among surveyed nodes.

North York Centre’s market rates align with Toronto’s other designated UGCs outside of the Downtown, including Etobicoke and Yonge Eglinton Centres. This also puts space in North York Centre at a similar cost per square foot as that found in South of Eastern and Liberty Village Employment Areas, though these locations are distinct in that they are both considered emerging office nodes that have benefited from their proximity to the Downtown.

The presence of lower market rents in office-focused Employment Areas like Duncan Mill, Victoria Park - Steeles, and Consumers Road (ranging from \$30 to \$33) indicates a more affordable pricing landscape in these specific locations. These areas lack the transit access of North York Centre and the other UGCs and are instead oriented towards more cost-conscious businesses.

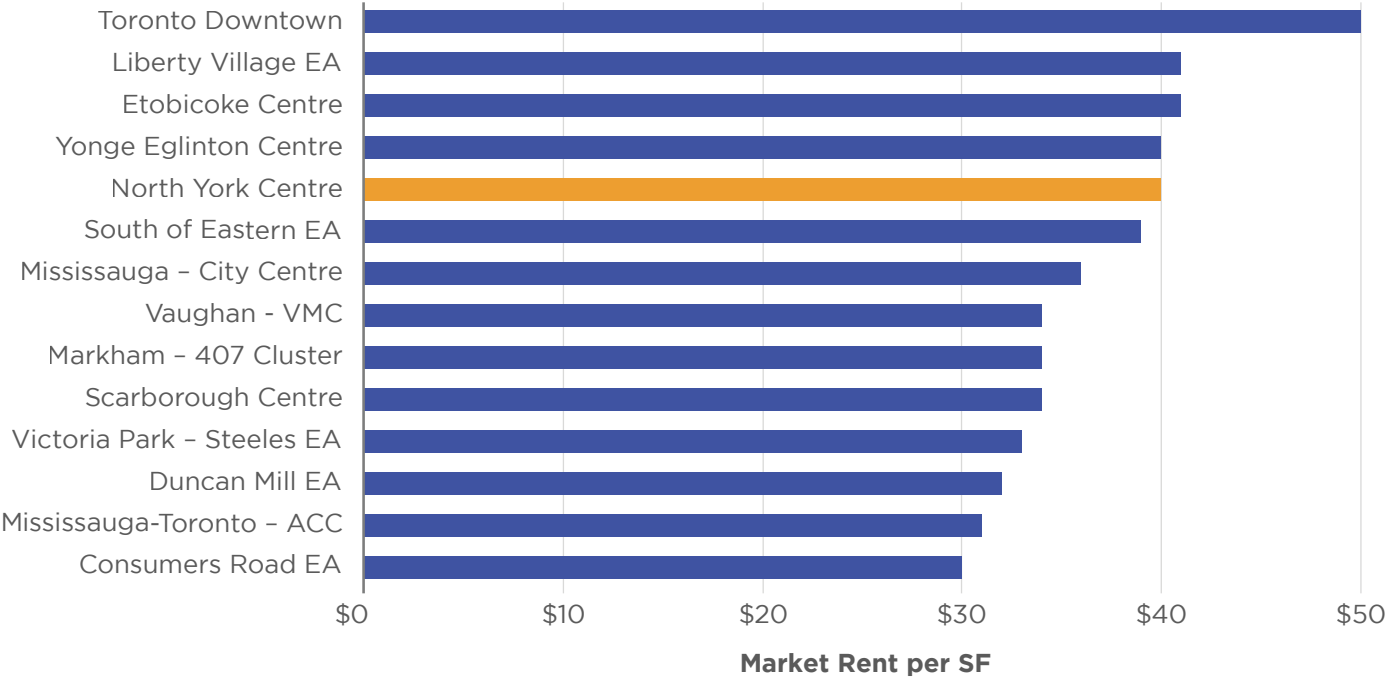


Figure 36: Market Rent per SF for Key Office Clusters in the GTA, CoStar December 2023

Established and emerging office clusters in neighbouring Mississauga, Markham, and Vaughan all also offer market competitive rates compared to North York Centre and the other Toronto UGCs, while also offering connectivity to both highways and regional transit. Vaughan Metropolitan Centre and Markham's 407 cluster are particularly noteworthy as they are positioned to capture some of the region's suburban growth that might otherwise be directed to North York Centre as the northernmost office node in Toronto.

The other key consideration between office clusters is vacancy and the availability of space. With vacancy in excess of 14% as of December, North York Centre currently has the second highest vacancy rate behind Mississauga City Centre, which currently sits at 19%. Meanwhile, most of the other office clusters, including the Downtown, other Toronto Centres, and many of the office-oriented *Employment Areas* are hovering in the 10 to 11% vacancy range. Interestingly, the GTA-wide vacancy rate sits at just 9.4%, indicating that suburban office spaces outside of the identified clusters have been more successful at securing and maintaining leases in the aftermath of the pandemic.

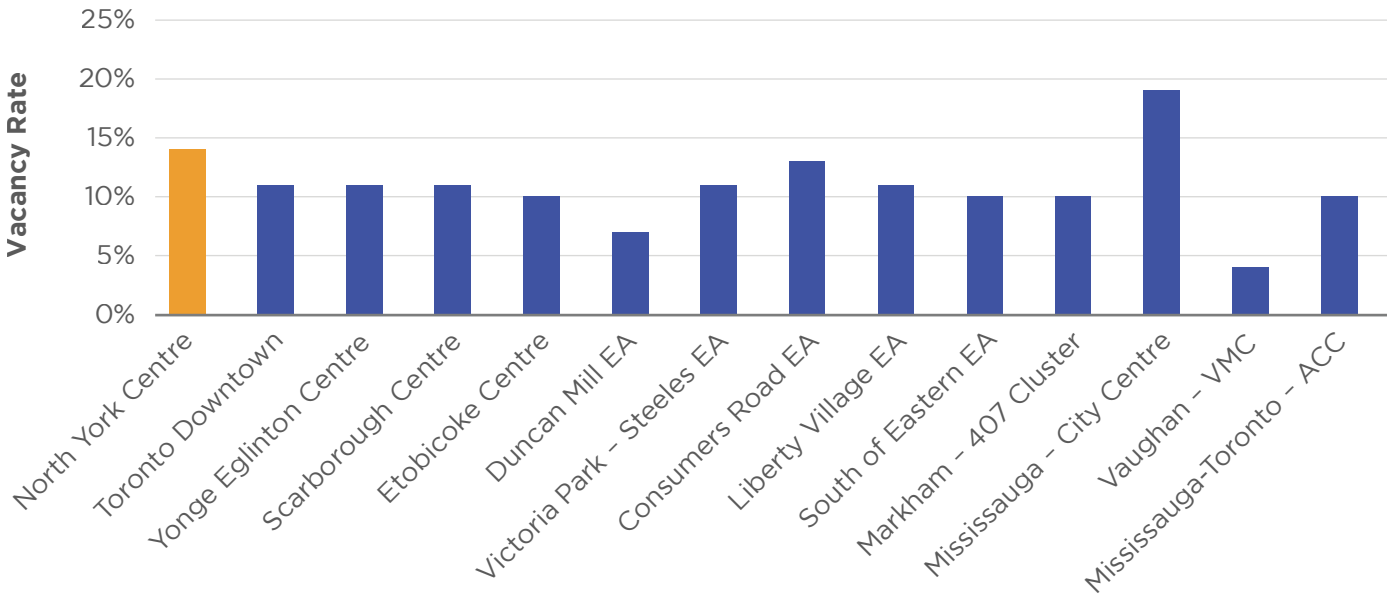


Figure 37: Vacancy Rates for Key Office Clusters in the GTA, CoStar December 2023

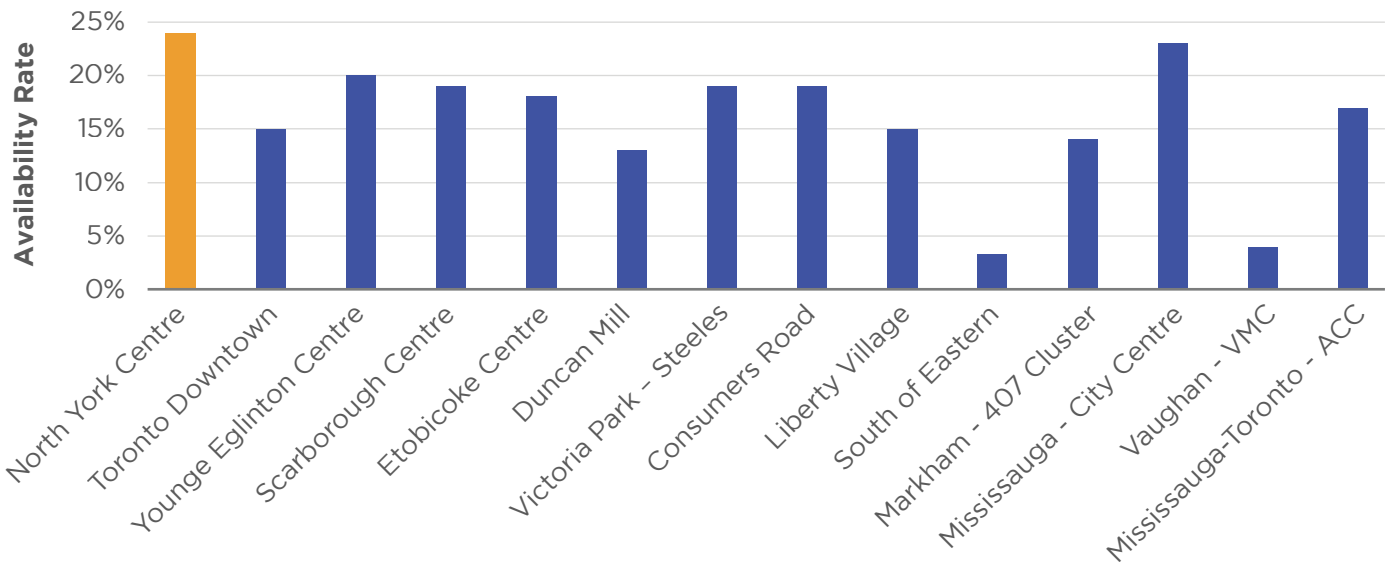


Figure 38: Availability Rate for Key Office Clusters in the GTA, CoStar December 2023

As office users continue to navigate their space needs in relation to changing hybrid-work from home modes, the availability rate is a key factor to consider alongside vacancy. Detailed CoStar data indicate that the North York Centre, with an availability rate just below 24%, has the highest concentration of available space of the sub-markets considered. With the exception of Mississauga City Centre, no other cluster has availability over 20%. Meanwhile, the Downtown, which has been a historically tight market in the leadup to the pandemic, now features 17.8 million square feet of available space.

This has effectively enabled the ‘flight to quality’ being observed in recent years, with more options for office users to relocate to more desirable space and locations.

The convergence of high vacancy rates and availability rates in North York Centre, juxtaposed with its mid-range market rent costs, suggest a challenge to the office growth prospects in the area. The surplus of available office spaces may be difficult to fill in the near term given the competition and available space offered by regional competitors.

5.6 Trends Affecting Office Employment in North York Centre and Beyond

In order to evaluate the outlook for North York Centre and the GTA office market as a whole, it helps to understand how we got here, along with the economic shifts and trends that have shaped market preference and performance over time.

To do so, a historical analysis of key market indicators was prepared, focused on rental costs, vacancy, and availability rates. This latter element is particularly interesting due to the shocks and lingering impacts caused by the COVID-pandemic, and their implications for near term demand between office nodes within the region. For each of these key indicators, historic CoStar office market data over the past 10 years was collected and compared between North York Centre, Downtown Toronto, and the broader GTA market.

In addition to the CoStar data, the consulting team also conducted a cursory review of employment growth trends across the City of Toronto over the past decade. This analysis utilized historical TES data for each of the comparator sub-areas located within the boundaries of the municipality,⁶ broken out by six major Land Use Activity Codes (LUAC).⁷

This trend analysis serves to further illustrate North York Centre’s place in the regional office market, and how it has fared in relation to recent market events.

⁶ The TES only accounts for employment within the City of Toronto proper. As such, it cannot be used to evaluate employment change in the office nodes located in the neighbouring cities of Markham, Mississauga and Vaughan, nor does it fully encapsulate employment trends in nodes like the Airport Corporate Centre, which straddles the municipal border between Toronto and Mississauga.

⁷ Land Use Activity Code is a classification system developed by the Regional Information System Working Group that has been a standard component for classifying responses since the initial implementation of the Toronto Employment Survey. LUAC codes are distinct from NAICS codes in that they are primarily focused on relating employment to land use, rather than specific economic activity.

5.6.1 Rental Costs

Office rents across the region experienced a steady escalation in market rates in the years leading up to Q1 2020 when the first waves of pandemic-related shutdowns were first announced. In the time since, rental rates have remained relatively flat as the market continues to evaluate the need for future space.

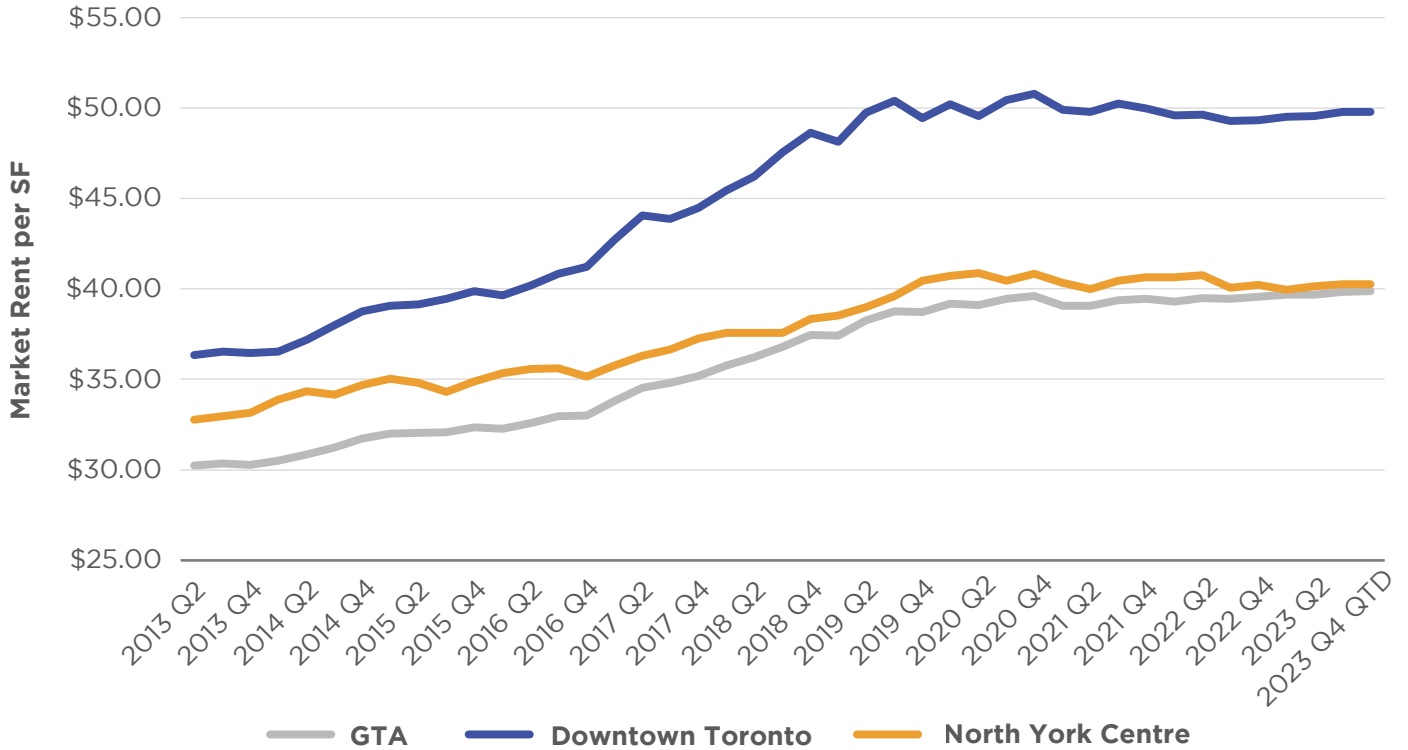


Figure 39: Historic Market Rent per SF Compared, CoStar, 2013 to 2023

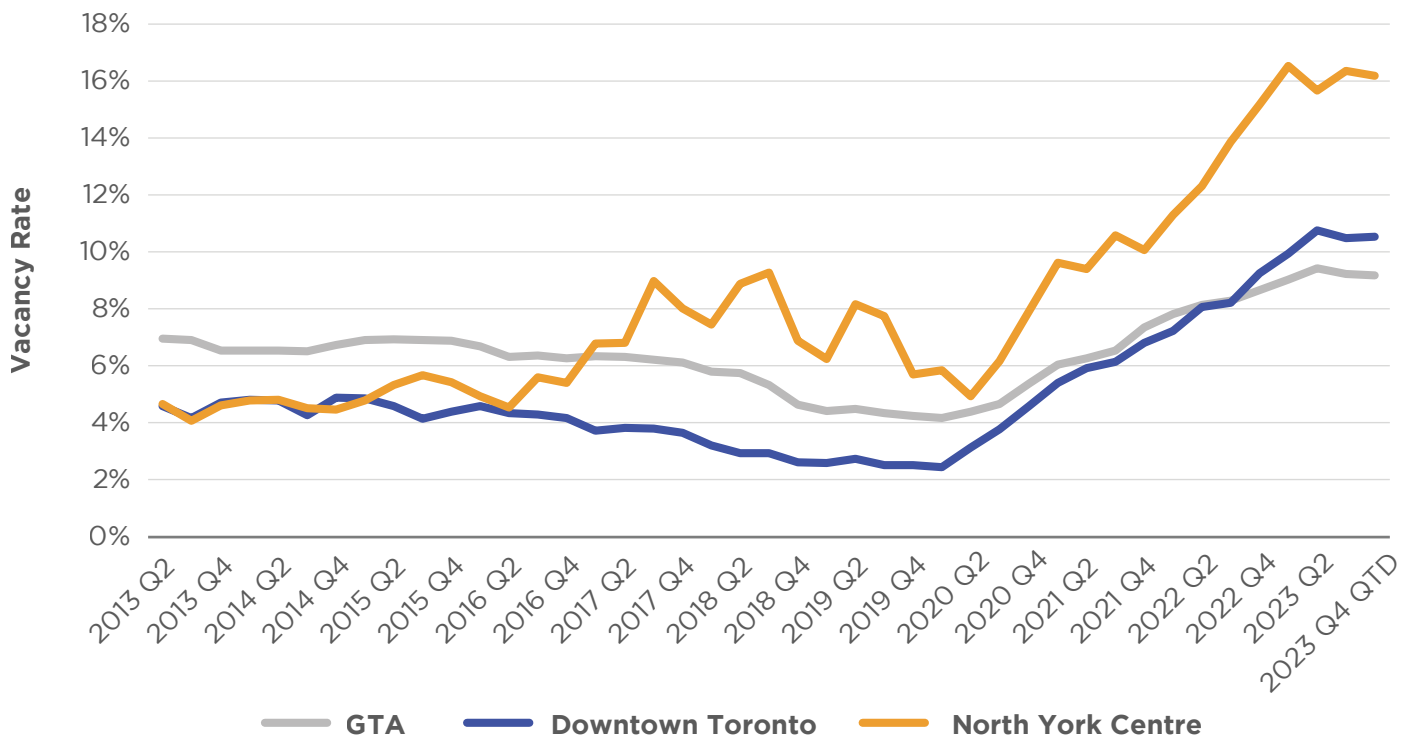


Figure 40: Historic Vacancy Rates Compared, CoStar, 2013 to 2023

North York Centre has maintained its trend as a middle market over this time, remaining less expensive than the Downtown, but more expensive than the regional average. That said, the gap between North York Centre and the Downtown has steadily widened since 2016, as local rent escalation has trailed the rate of growth experienced in the central core, bringing North York Centre more closely in line with the regional average since the onset of the pandemic. Keeping in mind that the GTA figure represents a region-wide average, this means that there is still a significant amount of supply that is more affordable than North York Centre, indicating that the area is not competing on cost, but instead its other features.

5.6.2 Vacancy and Availability Rates

Prior to 2016, vacancy rates in North York Centre had generally reflected those seen in the Downtown, hovering between 4 to 5%. Starting in Q2 2016, North York Centre began to experience a surge in vacancy that eventually reached a peak of 9.2%. Meanwhile the rate in the Downtown steadily declined, resulting in a vacancy rate as low as 2.4%. This deviation happens to coincide with the decoupling of market rental growth between the two markets during the same period.

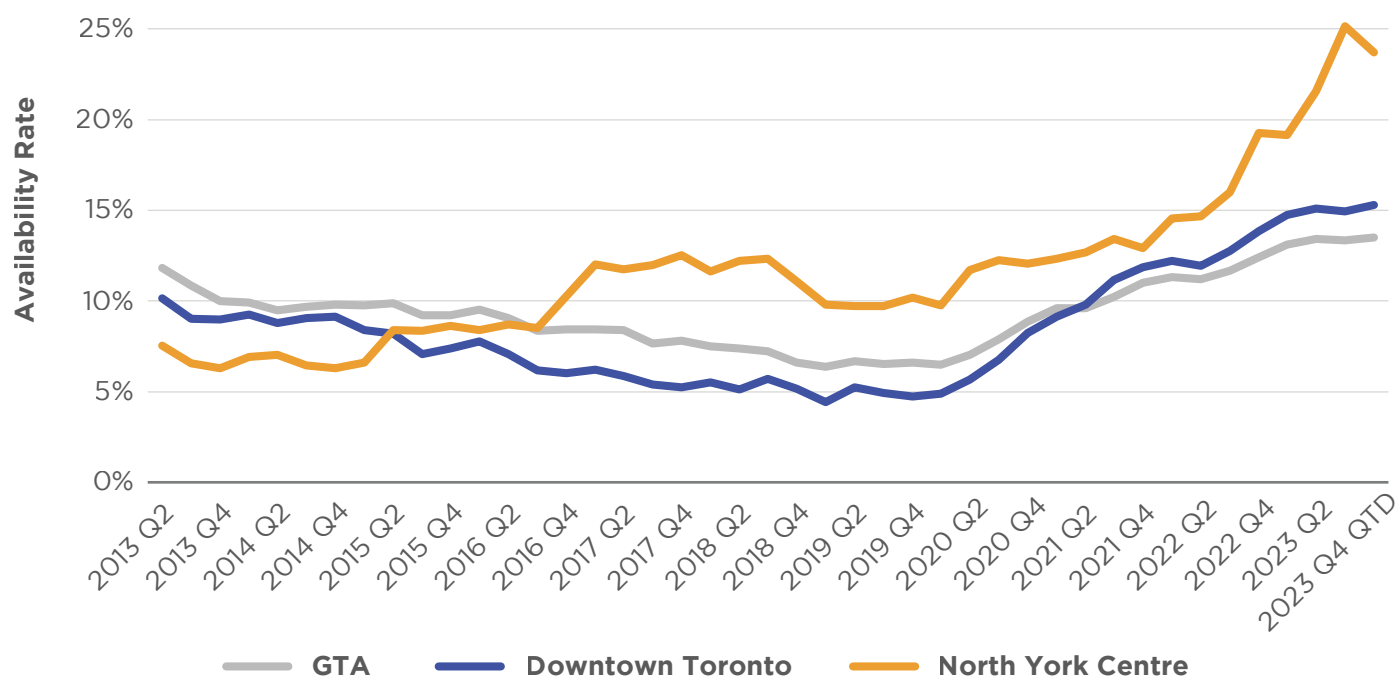


Figure 41: Historic Availability Rates Compared, CoStar, 2013 to 2023

Despite some volatility, North York Centre experienced a decline in vacancy between 2018 and early 2020 that was beginning to bring rates back closer in line with those seen in Downtown. While it is difficult to say with certainty, it is certainly possible that this resurgence may have been spurred by the sustained lack of availability in the Downtown and across the broader GTA market during this time.

Vacancies and availability rates in all markets have surged in the wake of the pandemic and the

reorientation of the broader office market. With many office-based businesses re-evaluating their space needs in the new hybrid in-office / work-from-home paradigm there is a glut of space available across the region, effectively creating a buyer's market for businesses when making their locational decisions. Judging by the comparatively precipitous increase in vacancy and availability rates when measured against the rest of the market, it appears that North York Centre is currently not the preferred location for many of these office users.

5.6.3 Employment Change Over Time

As shown in Figure 42 below, office-based jobs have long been the predominant form of employment in North York Centre. Job growth in the area has largely been contingent on the performance of the office market, with office-based jobs accounting for as much as 84% of all jobs in the area in 2010, when a record high of 38,791 jobs were recorded in the Study Area. Following that point, total employment in the area declined modestly before stabilizing around 35,000 for the bulk of the past decade.

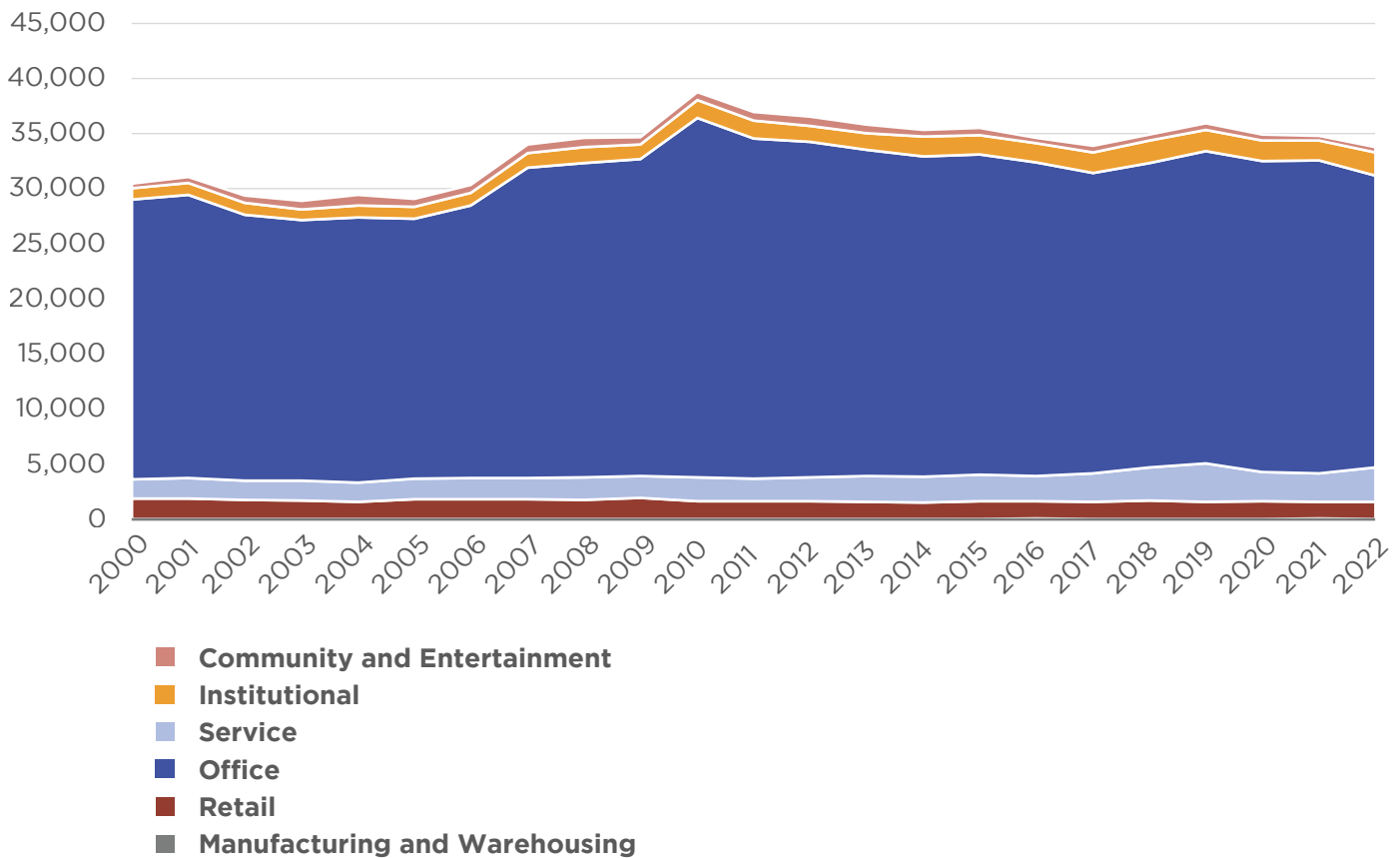


Figure 42: Total Employment in North York Centre, by LUAC Sector, Toronto Employment Survey 2000-2022

The only two notable dips over this period were in 2017, which happened to coincide with the previous surge in office vacancies, and now in 2022 with pandemic-related impacts having softened the local office market once more. Total employment in 2022 declined to 33,773 jobs, a low not seen since the employment surge that occurred between 2006 and 2007. Office jobs' share of total employment also declined to 78.5% in 2022, representing the lowest point seen in the available data.⁸

As shown in the table below, some of this share shift can be attributed to the growth in Service and Institutional sector jobs, both of which have grown considerably over the past decade. However, the growth in these sectors has not been enough to offset losses in office employment over that same period.

⁸ Due to differences in methodology, the total amount of Office sector employment in the TES does not directly match the estimated employment tied to office space shown earlier in this report. This is primarily due to jobs classified from other sectors also being located with NYC's office supply.

Table 29: Change in Employment by LUAC Sector, North York Centre, Toronto Employment Survey, 2012 to 2022

Sector	Manufacturing & Warehousing	Retail	Service	Office	Institutional	Community & Entertainment	Total
2012	57	1,603	2,139	30,471	1,437	818	36,525
2022	62	1,553	3,089	26,497	2,123	449	33,773
10-yr Change	5	(50)	950	(3,974)	686	(369)	(2,752)
% Change	8.8%	-3.1%	44.4%	-13.0%	47.7%	-45.1%	-7.5%

For context, a comparison of TES employment change was conducted between North York Centre and each of the other major office clusters located in the City of Toronto. The analysis compared change in both total employment and change amongst office sector jobs over the same 10-year period, while also breaking out the change between the pre-pandemic period (2012-2019) and post-pandemic period (2019-2022). The results of this analysis are detailed in the tables on the following page, and summarized as follows:

10-year Change

- While North York Centre was not the only office node to experience a net loss of employment over the past decade, it did experience the most significant loss in terms of absolute jobs and in the net loss of office employment.
- Apart from the Downtown and Etobicoke Centre, Toronto's designated *Urban Growth Centres* have experienced a net loss in terms of total employment and office jobs.
- Excluding Victoria Park – Steeles, the office-focused *Employment Areas* have experienced a considerable amount of net growth, over three quarters of which is attributed to office-related employment.
- Despite the differing growth dynamics, the other nodes remain considerably far behind North York Centre in terms of total employment.

Pre-Pandemic Change

- North York Centre was the only area amongst the identified clusters to experience a net loss of jobs in the seven years leading up to the pandemic.
- Excluding the Victoria Park – Steeles *Employment Area*, all the other nodes experienced growth in their office-based employment. The most growth activity occurred in the Downtown and ancillary areas of Liberty Village and South of Eastern, though both Etobicoke Centre and Scarborough Centre also saw considerable growth in office employment over this same period.

Post-Pandemic Change

- Of the assessed clusters, only the Liberty Village *Employment Area* has experienced a net growth in total jobs in the three years since the pandemic.
- While North York Centre continued to see declines in total employment since 2019, the rate of decline has been considerably slower than some of the other clusters. The rate of post-pandemic job attrition was less than that experienced in each of the other Centres outside of the Downtown.
- Despite these net losses in total jobs, many of the identified clusters still saw their total office-based employment counts increase between 2019 and 2022. While this growth has been more moderate than compared to the pre-pandemic trend, areas like the Downtown, Consumers Road and the Duncan Mill *Employment Area* all continue to attract office employment.

Table 30: Change in Employment Compared, Key Office Clusters in the City of Toronto, Toronto Employment Survey, 2012 to 2022 – Total Employment

Sub Area	2012	2022	10-year Change	% Change
North York Centre	36,525	33,773	(2,752)	-7.5%
Downtown Toronto	439,916	556,690	116,774	26.5%
Etobicoke Centre	9,004	9,956	952	10.6%
Scarborough Centre	15,543	14,124	(1,419)	-9.1%
Yonge-Eglinton Centre	17,699	15,974	(1,725)	-9.7%
Consumers Road EA	18,149	22,179	4,030	22.2%
Duncan Mill EA	18,290	20,147	1,857	10.2%
Victoria Park – Steeles EA	13,267	11,711	(1,556)	-11.7%
Liberty Village EA	9,643	16,512	6,869	71.2%
South of Eastern EA	1,586	2,050	464	29.3%

Table 31: Change in Employment Compared, Key Office Clusters in the City of Toronto, Toronto Employment Survey, 2012 to 2022 – Office Sector Employment

Sub Area	2012	2022	10-year Change	% Change
North York Centre	30,471	26,497	(3,974)	-13.0%
Downtown Toronto	295,952	391,004	95,052	32.1%
Etobicoke Centre	6,126	7,209	1,083	17.7%
Scarborough Centre	8,726	8,523	(203)	-2.3%
Yonge-Eglinton Centre	13,919	12,478	(1,441)	-10.4%
Consumers Road EA	16,490	19,506	3,016	18.3%
Duncan Mill EA	13,145	14,797	1,652	12.6%
Victoria Park – Steeles EA	10,092	8,541	(1,551)	-15.4%
Liberty Village EA	6,843	12,756	5,913	86.4%
South of Eastern EA	1,104	1,426	322	29.2%

Table 32: Change in Employment Compared, Key Office Clusters in the City of Toronto, Toronto Employment Survey, 2012 to 2019 – Total Employment

Sub Area	2012	2019	7-year Change	% Change
North York Centre	36,525	35,915	(610)	-1.7%
Downtown Toronto	439,916	575,444	135,528	30.8%
Etobicoke Centre	9,004	10,845	1,841	20.4%
Scarborough Centre	15,543	16,828	1,285	8.3%
Yonge-Eglinton Centre	17,699	18,717	1,018	5.8%
Consumers Road EA	18,149	22,362	4,213	23.2%
Duncan Mill EA	18,290	20,270	1,980	10.8%
Victoria Park – Steeles EA	13,267	13,839	572	4.3%
Liberty Village EA	9,643	14,735	5,092	52.8%
South of Eastern EA	1,586	2,697	1,111	70.1%

Table 33: Change in Employment Compared, Key Office Clusters in the City of Toronto, Toronto Employment Survey, 2012 to 2019 – Office Sector Employment

Sub Area	2012	2019	7-year Change	% Change
North York Centre	30,471	28,338	(2,133)	-7.0%
Downtown Toronto	295,952	378,928	82,976	28.0%
Etobicoke Centre	6,126	7,580	1,454	23.7%
Scarborough Centre	8,726	10,391	1,665	19.1%
Yonge-Eglinton Centre	13,919	14,213	294	2.1%
Consumers Road EA	16,490	19,363	2,873	17.4%
Duncan Mill EA	13,145	14,058	913	6.9%
Victoria Park – Steeles EA	10,092	10,035	(57)	-0.6%
Liberty Village EA	6,843	11,397	4,554	66.5%
South of Eastern EA	1,104	1,860	756	68.5%

Table 34: Change in Employment Compared, Key Office Clusters in the City of Toronto, Toronto Employment Survey, 2019 to 2022 – Total Employment

Sub Area	2012	2019	3-year Change	% Change
North York Centre	35,915	33,773	(2,142)	-6.0%
Downtown Toronto	575,444	556,690	(18,754)	-3.3%
Etobicoke Centre	10,845	9,956	(889)	-8.2%
Scarborough Centre	16,828	14,124	(2,704)	-16.1%
Yonge-Eglinton Centre	18,717	15,974	(2,743)	-14.7%
Consumers Road EA	22,362	22,179	(183)	-0.8%
Duncan Mill EA	20,270	20,147	(123)	-0.6%
Victoria Park – Steeles EA	13,839	11,711	(2,128)	-15.4%
Liberty Village EA	14,735	16,512	1,777	12.1%
South of Eastern EA	2,697	2,050	(647)	-24.0%

Table 35: Change in Employment Compared, Key Office Clusters in the City of Toronto, Toronto Employment Survey, 2019 to 2022 – Office Sector Employment

Sub Area	2012	2019	3-year Change	% Change
North York Centre	28,338	26,497	(1,841)	-6.5%
Downtown Toronto	378,928	391,004	12,076	3.2%
Etobicoke Centre	7,580	7,209	(371)	-4.9%
Scarborough Centre	10,391	8,523	(1,868)	-18.0%
Yonge-Eglinton Centre	14,213	12,478	(1,735)	-12.2%
Consumers Road EA	19,363	19,506	143	0.7%
Duncan Mill EA	14,058	14,797	739	5.3%
Victoria Park – Steeles EA	10,035	8,541	(1,494)	-14.9%
Liberty Village EA	11,397	12,756	1,359	11.9%
South of Eastern EA	1,860	1,426	(434)	-23.3%

5.7 SWOC Analysis

Based on the general assessment of the current context, the consulting team has identified Strengths, Weaknesses, Opportunities and Challenges facing North York's Centre and its outlook as a hub for office employment and investment.

	Pros	Cons
Current	<p>Strengths</p> <ul style="list-style-type: none"> Well-established cluster of existing office space and key employers. Advantageous linkages to confluence of major subway lines, with proximate linkage to other regional transit routes. Proximity to major highway interchange to support auto-dependent workers. Concentration of government related office uses serves to anchor economic activity and insulates the area from broader economic cycles. Offers mix of factors considered ideal by many office tenants, including accessibility, walkability, restaurants and other retail and health services. 	<p>Weaknesses</p> <ul style="list-style-type: none"> Few 'premier' private sector employers currently located in the area. Many buildings are older, may not offer the same mix of amenities as other new Class A space. The area has historically struggled to compete with other GTA nodes. Perception as middle-market that fails to offer the prestige of the Downtown and emerging nodes, while also lacking the affordability that is attractive to other users. Is often outshone by the vibrancy and sense of place that other regional hubs, like the Downtown, are known for. High vacancy and availability rates limit opportunities for near-term rent growth.

	Pros	Cons
Future	<p>Opportunities</p> <ul style="list-style-type: none"> • Residential growth in the Centre through a Secondary Plan update may create more demand for employment space. • Addition of complementary retail, services and amenities to the Centre through a Secondary plan refresh could support office retention and attraction. • Investment in and improvements to the public realm (e.g., Transform Yonge and the BIA's Streetscape Master Plan) could help to overcome negative perceptions of the area. • Post-COVID hybrid and dispersed work model may create demand for more satellite offices in North York Centre. • Explore opportunities to allow non-traditional office space users to adapt available space for emerging needs. • Strategic conversion of limited office space on condition it be used to subsidize reinvestment in remaining employment space. • Class B and C office space could provide more affordable option for community service providers, organizations and agencies. • Incentives being considered for adapting vacant, older office space for alternative non-residential uses. • Role of the public sector in the area and presence of institutional tenants. • North Yonge Subway extension and potential Line 4 extension to Scarborough Centre and Downsview. 	<p>Challenges</p> <ul style="list-style-type: none"> • Overcoming existing negative image (as indicated through stakeholder interviews). • 'Flight to quality' favours Downtown and newer office stock. • Difficult to encourage reinvestment in existing space and creation of new space given high vacancy and availability rates. • Pressure to convert existing space into non-employment uses (e.g., residential, retail, etc.) may erode economic capacity of the Centre over time. • Emergence of suburban office nodes in Markham and Vaughan has undercut some of the northern GTA commuter shed for office users that might otherwise have been drawn to North York Centre. • Economic headwinds caused by high interest rates and evolving continental trade relations in near future may discourage reinvestment in space.

06. Office – Forecast of Future Opportunity



6.1 Intent and Approach

Like the retail market assessment, the Office Market Assessment of North York Centre builds upon the findings of the current conditions assessment, supplemented by a review of several City of Toronto employment forecast studies and projections, to prepare a forward-looking estimate of office-based employment and associated space need. The resulting deliverables of this assessment include:

- Projected major office employment change and associated space requirements for North York Centre out to 2051.
 - Assessment of the potential demand for new office space against existing supply, vacant space, and market trends to determine where and when new office space is likely needed.
 - Land use planning implications associated with office space demand, specifically:
 - How to adapt existing and new office spaces to meet the changing nature of office work to ensure competitiveness amongst the broader regional office market.
 - Consider if, where, and to what degree policies requiring or encouraging office and/or other types of non-residential space may be warranted.
- Identifying the role of North York Centre in the regional office ecosystem and its ability to compete for different types of office-based employment relative to other emerging nodes.
 - Reviewing city-wide employment projections prepared by the City of Toronto, updated to account for changing office employment and space utilization trends in North York Centre.
 - Estimating total floor space needs based on projected job growth and changing floor space per worker needs based on changing hybrid in-office/work-from-home work arrangements.
 - Translate this need into three scenarios of projected demand for net additional space, once existing vacancies have been backfilled.

Defining Office Uses

In the context of this report “office space” is defined as a designated area within a building or complex that is specifically designed and equipped for conducting administrative, professional, or business activities that is at least 10,000 SF or larger. This distinction is to separate out smaller office spaces that occasionally choose to locate in Commercial Retail Units (CRUs), including at-grade shop spaces and low-rise podiums. While these spaces can be used by office-type functions, like doctors’ offices, dentists and others, the built form of these spaces are generally more oriented towards retail uses and are captured in the retail analysis. By drawing the line at 10,000 SF, the analysis still accounts for larger office podium components that can accommodate larger office-based firms in a mixed-use form.

6.2 Office Space Projection Methodology

The methodology used to develop the demand projections for office space in North York Centre is comprised of two core elements:

- A. **Employment Change** (i.e. the net change in office-based jobs); and
- B. **Space Need** (i.e. the average square feet of office space required per worker).

The product of these two elements results in the fundamental output and solution, which is the projected additional demand for office space in the area over that currently occupied today:

Net Change in Office Jobs X Average Floor Space per Worker = New Office Demand

Recognizing that a considerable amount of vacant space currently exists in the Study Area today, this analysis is taken one step further, identifying the surplus of space that must be backfilled before it is likely that new space will be required. This enables an estimation of **Net Floor Space Need** by 2051 across three different growth scenarios. In doing so, the projections consider the potential trajectory for growth and change based on evolving local and macro-economic trends, as we understand them today.

The development of the core elements of the office projections and associated demand scenario assumptions relied upon several inputs that were reviewed and refined through research and engagement conducted over the course of the study. The methodology and these inputs are summarized in the figure below as follows:

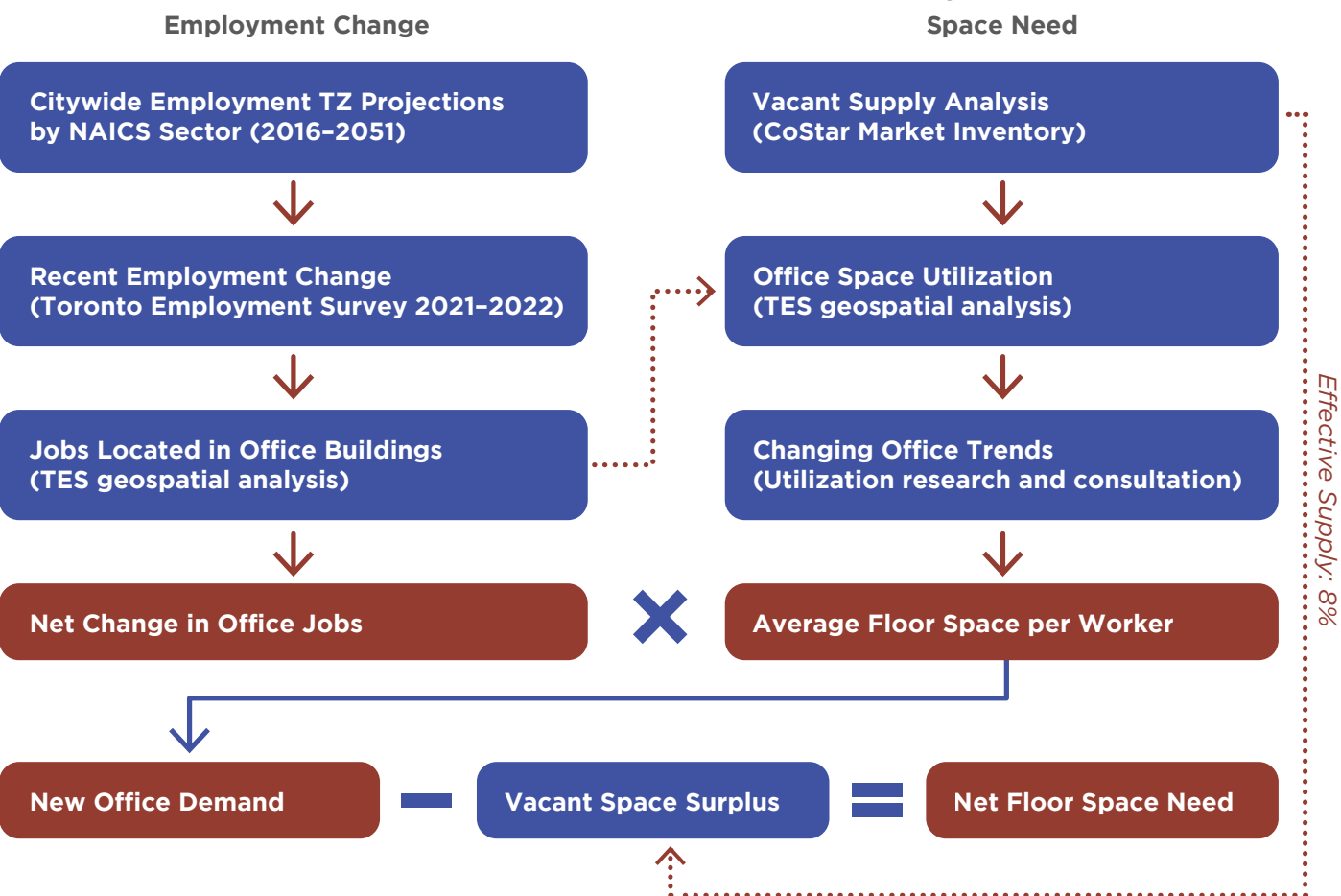


Figure 43: Methodology and Key Inputs for Office Demand Projections

6.3 Employment Change

6.3.1 City-wide Employment Projections

To ensure alignment with broader planning initiatives, the employment change analysis utilized the city-wide employment projection data provided by the City of Toronto. These projections are based on job figures originally prepared by Hemson Consulting for the years between 2016 and 2051, broken out by 2-digit North American Industry Classification System (NAICS) codes and allocated to different Traffic Zones (TZ) based on location-specific analysis from the Toronto Employment Survey (TES). These projections have been revised by City of Toronto staff to account for employment shifts observed in the 2021 TES, while also reflecting the potential impact of planned major non-residential developments, such as East Harbor and Downsview Airport, may have on the future allocation of employment growth.

Interview Feedback – Balancing Quality and Affordability

Economic considerations play a notable role in North York Centre serving as a business location, especially in relation to other office markets like Toronto’s Downtown. Several interviewees emphasized the lower cost of space in North York Centre as a factor for both attracting and retaining businesses, helping them manage overhead while maintaining access to essential services. This enables the accommodation of mid-market tenants seeking centrally located office space without the premium price tag of the Downtown. However, in the post-pandemic ‘flight to quality’ observed in the office market, some respondents noted North York Centre’s older class A and B buildings may struggle to compete with newly delivered projects in the Downtown and other emerging nodes found elsewhere in the region.

The projections include low, medium and high scenarios for growth, reflecting different rates of potential employment change at a city-wide level, with growth primarily assumed to occupy newer projects in the development pipeline before spilling over to other TZs based on historic growth patterns for different employment activities. Utilizing the TZs that cover North York Centre, we can use

these projections to estimate local place of work employment, which can further be broken out between total and office-based jobs.

A summary of the employment projections for the North York Centre Study Area and overall growth increment for each scenario is summarized in Table 36.

Table 36: North York Centre Projected Total Employment by Place of Work, 2021 to 2051

Scenario	2021 Total Jobs (Projected)	2051 Total Jobs (Projected)	Incremental Projected Change (2021-51)
Low	36,112	43,504	+8,677
Medium	36,112	45,016	+10,189
High	36,112	47,215	+12,388

Source: City of Toronto & Hemson Consulting

As part of the analysis, the consulting team reviewed the model, its methodology and associated assumptions. The review found the overall growth increment and allocation of jobs to be in reasonable alignment with our findings from the current conditions analysis and ancillary research. As such, the growth increment was utilized as a look forward input to the outlook that follows.

6.3.2 Recent Employment Change

The growth projections provided by the City are presented in 5-year increments, with the most recent being 2021, and reflect the entirety of the TZ boundary. However, the TZ boundaries do not exactly align with the North York Centre Secondary Plan boundaries, resulting in a slight deviation from the total employment count noted in the background study and current conditions analysis. Further, the current conditions analysis also included more recent employment counts from the 2022 TES, which demonstrated a notable decline in local employment from the previous year. The difference from these two factors is detailed in Table 37.

Table 37: North York Centre Projected Total Employment, Projection TZs and Study Area TES Analysis

Scenario	2021 Projection TZs	2021 Study Area	2022 Study Area
Total Usual Place of Work Employment	36,112	34,827	33,773
Difference	0	-1,285	-2,339

Source: City of Toronto

A review of the overlap between the Study Area and TZ boundaries determined that it is likely that all office-based employment within the growth increment ascribed to the TZs is likely to be absorbed within North York Centre proper based on existing land use permissions, locational preferences, market trends, and prevalence of existing vacant space. As such, 100% of the projected growth increment for office-based jobs is applied to the Centre.

The projections were then adjusted to reflect the decline in office employment and occupancy that occurred between 2021 and 2022, before the growth increments were applied in the following years through to 2051.

6.3.3 Jobs Located in Office Buildings

The employment projections were then adjusted to match the geospatial analysis conducted as part of the current conditions analysis, which identified jobs specifically located in major office buildings. This accounted for 27,409 total jobs in 2022, or roughly 81.2% of the total. This analysis was further refined to filter out retail jobs located on the ground floor and in atrium components of office buildings, which further reduced the number to 26,159 jobs, or 77.5% of the 2022 total, as shown in the table below.

Table 38: North York Centre Jobs Located in Office Buildings, 2021 and 2022

Scenario	Study Area Total Jobs	Jobs In Office Buildings	Office Jobs Only (excluding Retail)
2022	33,773	27,409	26,159
Share of Total	100.0%	81.2%	77.5%

Source: B&A Studios, based on data provided by City of Toronto

The share of office-only jobs (excluding retail) in the 2022 TES was then calculated for each 2-digit NAICS code. These shares are applied against the growth increment in each NAICS category over the course of the projection window to estimate the total number of jobs in freestanding office space.

Interview Feedback – Education Uses as an Emerging Office Opportunity Area

North York Centre boasts a diverse office market that hosts a range of industries, including financial services, legal services, and head offices for several local companies and producers – all contributing uniquely to the local economy.

When asked about the types of users that might be interested in space in North York Centre, many stakeholders noted the potential for post-secondary and other educational institutions as likely candidates. However, many of these same stakeholders expressed concerns regarding the potential impact of recently announced restrictions on migration and student visas, which could curtail the demand for such spaces.

6.4 Space Need

6.4.1 Vacant and Available Supply Analysis

The foundation of the space needs analysis is based on the detailed inventory of local office space prepared as part of the current conditions review. Development of the inventory involved multiple stages, compiling various sources (including data from the CoStar brokerage platform, a built form review, and the Toronto Employment Survey), and assessing them against each other to confirm veracity. The review confirmed 36 unique office buildings located in North York Centre, representing a cumulative inventory of 8,979,491 square feet of Rentable Building Area (RBA).

These office spaces were broken out into different market classes, as identified by CoStar, and assessed based on market performance in terms of average asking rent, vacant space, and available space (inclusive of sublet and other considerations). The findings of this analysis are summarized in the following table.

Table 39: Summary of North York Centre Office Space, by Classification, October 2023

Class	Bldgs	RBA (SF)	Market Rent (\$/YR)	Vacant Space (SF)	Vacancy (%)	Available Space (SF)	Available (%)
A	8	3,632,531	\$43.20	700,205	19.3%	1,289,257	35.5%
B	21	4,630,540	\$38.79	573,479	12.4%	856,746	18.5%
C	7	716,420	\$34.40	-	0.0%	-	0.0%
Total	36	8,979,491	\$40.26	1,273,684	14.2%	2,146,003	23.9%

Source: B&A Studios, CoStar, City of Toronto

Interview Feedback – Shifting Office Space Needs

Conversations with the stakeholders highlighted the inadequacies of current office layouts in many of North York Centre's older office buildings, citing that they often do not meet modern business requirements and signaling the need for significant building adaptations. This includes designing spaces that support shared use and flexible schedules to accommodate for the decrease in traditional office demand.

The current conditions analysis noted that while the current rate and amount of vacant and available space ranges across the Study Area, the most significant concentrations of available supply were in larger Class A & B building located further north along the Yonge Street corridor. Meanwhile, the concentration of mid-sized office buildings (100,000 to 500,000 SF of RBA) located in the vicinity of the Sheppard-Yonge subway station and along Sheppard Avenue have comparatively lower rates and overall supply of available space than other office buildings located further north near North York Centre station and Finch station.

Interview Feedback – Accessibility and Location

Many interviewees noted North York Centre's robust transit connections as an attractive quality of the area, giving the Centre a significant advantage over other secondary office nodes. Areas to the south of the Study Area were commonly identified as being the most desirable due to their access to two subway lines and the Highway 401 interchange.

While North York Centre is noted as having many of the features considered attractive for office users and investors, some stakeholders noted that more could be done. Specifically, investment into multi-modal and active mobility infrastructure was flagged as a possible improvement to enhance the overall connectivity of the Centre and maximize its potential as an office hub.

6.4.2 Office Space Utilization

The next step in determining floor space needs is based on understanding current office utilization rates in terms of the average Floor Space per Worker (FSW). This analysis relies in part on the identified jobs located in office space figure calculated in the Employment Change analysis as a key input to the calculation. Recognizing that certain office buildings in North York Centre feature ground floor, basement, and concourse space that doubles as public-oriented retail space, analysis was further conducted to separate out the space and employment tied to these uses, to prevent double counting with the retail analysis noted above. After accounting for the 446,501 SF of RBA and approximately 1,250 jobs associated with TES records on ground and sub floor units in buildings identified as having significant retail components, the current office utilization rate was calculated as follows.

Table 40: Office Employment and Estimated Floor Space per Worker, by Office Class, North York Centre, Excluding Retail

Office Class	Total Office Jobs (2022)	Total RBA (less retail) (SF)	Gross FSW (RBA/Jobs)	Available Space RBA (AS) (SF)	Net FSW (RBA-AS/ Jobs)
A	11,627	3,400,502	292	1,284,144	182
B	11,736	4,416,068	376	850,879	304
C	2,796	716,420	256	-	256
Combined:	26,159	8,532,990	326	2,135,023	245

Source: B&A Studios, CoStar, City of Toronto

While building-specific figures varied, the overall ratio of jobs to gross office space results in an FSW that falls towards the higher end of what might be expected for office-related employment in a major centre at 326 SF per worker. However, once the RBA is netted down to account for available space, including vacancies and sublets which are not effectively being used, the resulting Net FSW figures fall much more closely in line with expectations at 245 SF per worker. This Net FSW figure represents the minimum of office space required for each new worker beyond the space that was occupied at the time of the current conditions analysis, exclusive of any allowance for vacancy.

A Note Regarding Available Space

The Available Space category provided by CoStar includes office space that was either vacant or available for lease through sublease or the upcoming expiration of existing leases that had not yet secured a lease extension at the time of the data pull. In the case of the latter category, the space may have still been occupied by office-based businesses and workers at the time. Due to limitations in the detail of the data available, we assume this space was not utilized, with the caveat that the resulting Net FSW figure represents a conservative estimate of future demand.

Recognizing that some degree of vacancy is necessary to enable economic movement and growth within the local market, this Net FSW calculation is factored up by a ‘vacancy buffer’ to determine an Effective FSW for the projections. Outside of periods of structural disruption, such as that recently caused by the COVID-19 pandemic, it is considered generally healthy for the vacancy rate of most major North American office markets to range between 4% to 8%, though in some cases an acceptable rate can reach as high as 12%.

Accounting for North York Centre’s existing vacancy rate of 14.2% at the time of the current conditions assessment in October of 2023, as well as its status as an ancillary node to the regional central business district located in the Downtown, a vacancy buffer rate of 8% is considered reasonable for the purposes of calculating the Effective FSW. For context, this is also slightly lower than the 10-year average vacancy for the area, which was noted at 8.8% by CoStar at the time of the current conditions assessment. A vacancy buffer of 8% results in an average Effective FSW of 271 SF per worker, as shown in Table 41.

Table 41: Adjusted Floor Space per Worker, Accounting for Vacancy Buffer

Office Class	Total Office Jobs (2022)	Total RBA (SF)	Available Space RBA (AS) (SF)	8% Vacancy Buffer (VB) (SF)	Effective FSW (RBA-AS+VB/ Jobs)
A	11,627	3,400,502	1,284,144	272,040	305
B	11,736	4,416,068	850,879	353,285	334
C	2,796	716,420	-	57,314	277
Combined:	26,159	8,532,990	2,135,023	682,639	271

Source: B&A Studios, CoStar, City of Toronto

The Effective FSW figures serve as the baseline assumption for space need calculations in each projection scenario, which are further adjusted to meet the considerations of the scenario in question. These considerations are detailed further in the projection scenario section that follows later in this report.

6.4.3 Changing Office Trends

Post-pandemic, offices across Canada are experiencing varying levels of in-person return to work as employers experiment with hybrid or remote work. According to the Canadian Labour Force survey, the share of workers working primarily from home has continued to gradually decline since late 2022, down to 20% in November 2023, as shown in Figure 44.

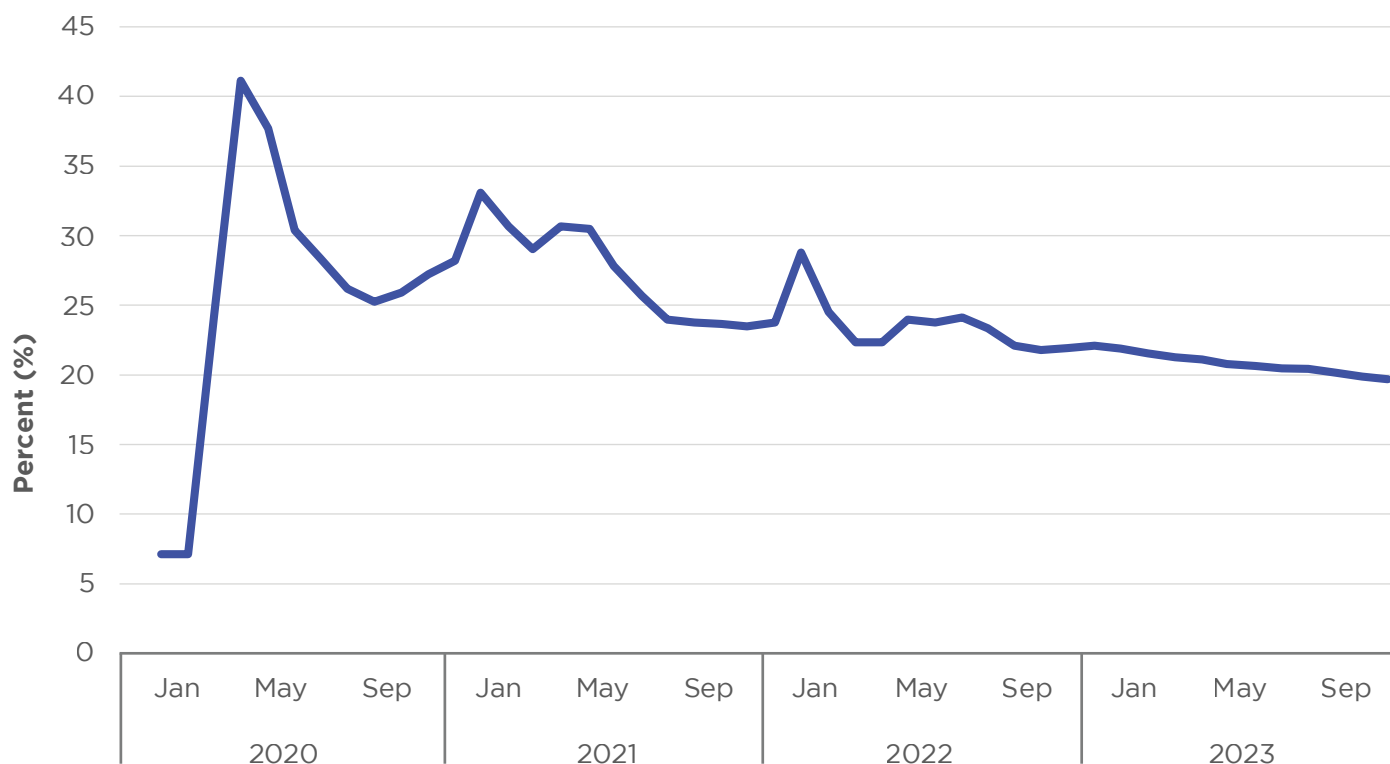


Figure 44: Percentage of Workers Working Most of their Hours from Home, January 2020 to November 2023

Source: Statistics Canada Labour Force Survey

This gradual decline is likely to continue for the foreseeable future, with 76% of Canadian office employers mandating some form of return to office policy.¹ In navigating the return to work, many businesses are increasingly opting for flexible and functional spaces over traditional office setups, reflecting a broader trend towards downsizing the square footage of many office spaces and adapting to hybrid work models and evolving operational needs. Coupled with the advent of new technologies to more easily enable space saving techniques like hoteling and hot-desking, the average FSW for many office users has declined sharply.

This is not a new trend, however, but instead an acceleration of many factors and practices that were occurring before the disruption of the pandemic necessitated and enabled a more rapid shift. Research shows this trend has largely been occurring in North American office spaces since the end of the 2008-09 'Great Recession', though Canadian offices are somewhat ahead of the curve in recent years, as shown in Figure 45.

¹ Cisco Systems, Reimagining Workspaces Survey. March 2024.

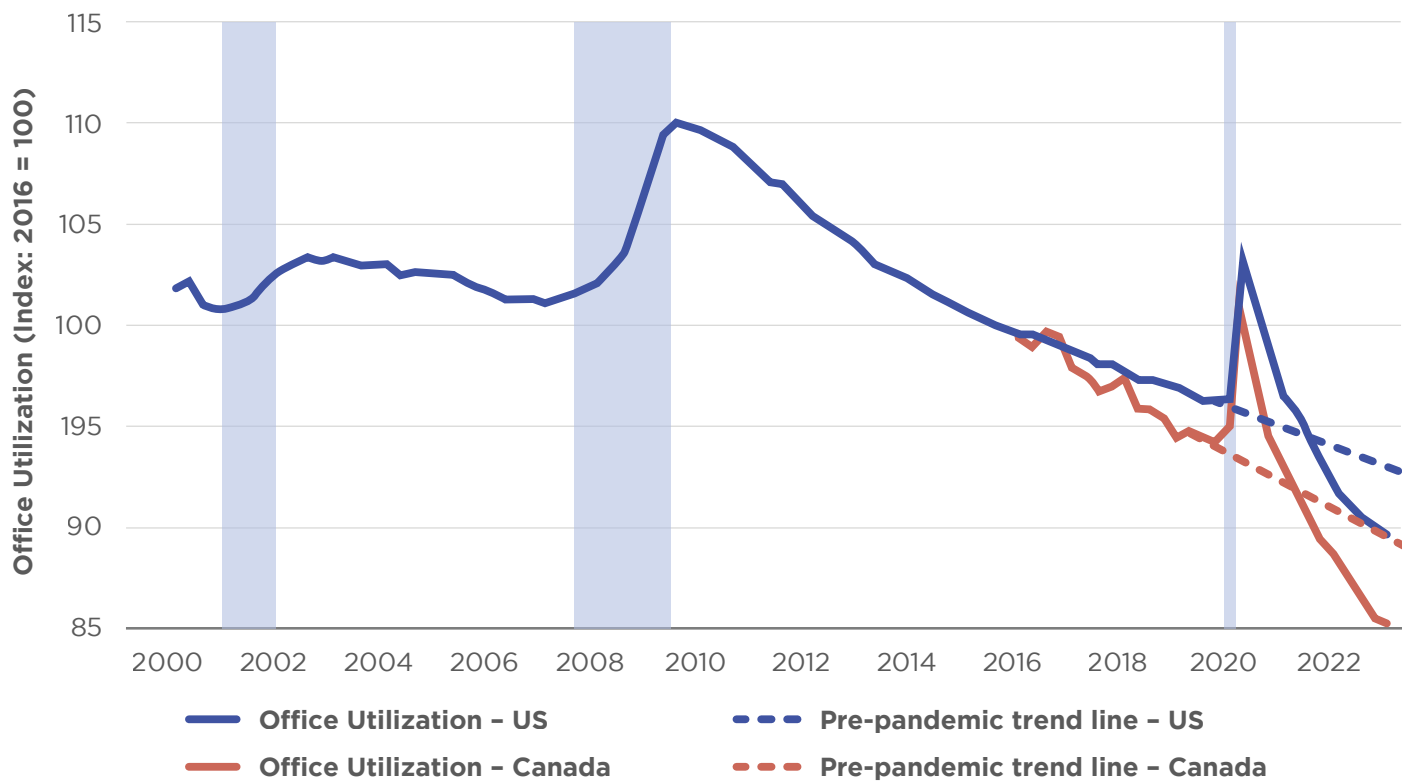


Figure 45: Change in Office Utilization Rate (Office Space per Employed Person), 2000 to 2023

Source: CoStar, Macrobond, June 2023

While certain office activities are more conducive to these types of space saving efficiencies than others (e.g. technology and creative firms have typically been more adaptable than doctors' offices and law firms), the trend towards reduced FSWs is also expected to continue as more office employers experiment with flexible alternatives while working to attract their workers back into the office. At the same time, this rapid push towards space savings coupled with hybrid work is resulting in some cases where more flexible and collaborative space is required to accommodate staff on the days when everyone is in the office, as noted in the interview example below.

Interview Feedback – The Push and Pull of Hybrid Work

Conversations with one office operator in North York Centre noted they had been able to reduce their post-pandemic space requirements by roughly 30% through hybrid work arrangements and other space saving efficiencies. However, they are now experiencing a need for more meeting rooms to accommodate the collaborative work that needs to be done on the days when everyone is back in the office at the same time, creating a demand for flexible board rooms or other meeting space either in the building or off-site somewhere nearby in the neighbourhood.

6.5 Projection Scenarios

Building on all elements identified in the methodology summary, future employment and associated space needs are projected across three different scenarios, each representing a low, medium and high outlook for growth, respectively. Each of these scenarios features varied assumptions related to the total amount of office job growth in North York Centre, how often these workers report to the office, and the associated space needs per worker, as informed by the background research and consultation with stakeholders.

The general narrative for each scenario is summarized as follows:

A. **Low demand scenario** presents a sluggish employment recovery from the recent dip coupled with low hybrid return to office (employees returning to office 2 out of 5 days).

- “NYC struggles to attract and retain office tenants, while post-pandemic return-to-the-office trends stall, suppressing the demand for space.”

B. **Medium demand scenario** presents modest employment recovery coupled with slight uptake in hybrid in-office time (employees returning to office 3 out of 5 days).

- “Following a gradual recovery in local jobs, adaptive reuse of existing spaces, and eventual shift towards more balanced hybrid work arrangements, office demand returns to historic levels.”

C. **High demand scenario** assumes more ambitious employment rebound and growth, accompanied by considerable return to work (employees returning to office 4 out of 5 days).

- “Driven by both new and existing businesses, steady investment in existing space, and a shift back towards in-person collaboration, NYC experiences a rebound in local jobs that begins to create demand for new space.”

Of the three scenarios, **the medium demand scenario is considered the most likely combination of factors and serves as a reference outlook.** The low and high demand scenarios are intended to serve as bookends for the purpose of testing the resiliency of planning policy outcomes. The specific assumptions integral to each respective scenario are summarized as follows.

Selecting a Base Year for the Projections

The City of Toronto projections are prepared on five-year increments, with the most recent year being 2021. However, as noted in the Current Conditions report, the 2022 TES indicated a decline in North York Centre’s total office-based employment, largely because of pandemic related shifts. While the long-term outlook for both total employment and office-based jobs is assumed to remain on track in terms of incremental growth over the 30-year projection horizon, we have adjusted the starting year to reflect the reduced employment numbers as of 2022.

6.5.1 Net Job Growth

The total employment count and composition for North York Centre follow the low, medium, and high scenario TZ-level allocations of employment included in the city-wide employment projections provided by the City of Toronto. These were broken out to account for only those jobs linked to office buildings, excluding identified retail components, with the results for 2022, 2041 and 2051 shown in the following table.

Table 42: North York Centre Projected Total Office Employment, Excluding Retail, 2022, 2041, 2051

Scenario	2022 Total Office Jobs	2041 Total Office Jobs	2021–41 Change	2051 Total Office Jobs	2021–51 Change
Low	26,159	27,925	+ 1,766	31,506	+ 5,347
Medium	26,159	28,324	+ 2,165	32,674	+ 6,515
High	26,159	29,264	+ 3,105	34,377	+ 8,218

Source: B&A Studios, based on data provided by City of Toronto & CoStar.

6.5.2 Assumed Floor Space Per Worker

Working from the previously calculated Effective FSW as a baseline, the assumed floor space per worker is adjusted further to reflect different hybrid working conditions becoming the predominant model in each respective scenario.

This adjustment takes a conservative assumption of demand by assuming that the Effective FSW can be reduced further depending on the amount of workdays in-office as a factor of the work week. Under this approach, overall space needs are reduced directly in line with the total number of weekdays in-office (e.g. in the low scenario, a two day in-office hybrid model becomes the norm, requiring only 40% of the baseline Effective FSW).

However, both research and consultation with office operators suggest that in transitioning to a hybrid work model, some efficiencies will be lost. A key reason for businesses to require workers back in the office as part of a hybrid model is to enable collaboration, resulting in some days where more workers will be present, often requiring more workstations and meeting rooms to accommodate such conditions. As such, a buffer is applied to each scenario to account for this extra space that will be required on days when more workers are in the office. A buffer of 30% is assumed for a two-day in-office hybrid model, based on feedback provided by local office operators that recently adopted a similar model, with a slightly reduced buffer assumed for the three- and four-day in office approaches. This results in a different Assumed FSW for each scenario, summarized below.

Table 43: Assumed Floor Space per Worker (SF) for New Space, by Scenario

Scenario	Effective FSW	In Office Share (%)	Buffer	Assumed FSW
Low	271	40%	+30%	141
Medium	271	60%	+25%	203
High	271	80%	+20%	260

Source: B&A Studios

6.5.3 Projected Office Space Demand

With the change in office employment and average assumed FSW confirmed, the net additional office floor space is calculated as the product of these two elements. The result for each scenario is summarized in the following tables.

Table 44: Projected Incremental Office Floor Space Demand by 2041

2022–2041	Low	Medium	High
Change in Office Employment	1,766	2,165	3,105
Average Office FSW for New Space	141	203	260
New Floor Space Demand (SF)*	249,000	439,000	807,000

Source: B&A Studios. Note (*) Figures have been rounded.

Table 45: Projected Incremental Office Floor Space Demand by 2051

2022–2051	Low	Medium	High
Change in Office Employment	5,347	6,515	8,218
Average Office FSW for New Space	141	203	260
New Floor Space Demand (SF)*	753,000	1,323,000	2,135,000

Source: B&A Studios. Note (*) Figures have been rounded.

By 2051, it is projected that the demand for office space will grow between approximately 753,000 SF of RBA to as much as 2.135 million SF above current occupancy rates. Most of this demand is projected to materialize in the tail end of the projection period between 2041 and 2051, largely on account of most near term demand being absorbed by upcoming projects in other parts of the city.

6.6 Capacity to Accommodate Growth

While each of the projection scenarios indicate varying levels of positive office space demand relative to what was occupied as of Fall 2023, it is also important to recognize that there is a considerable amount of vacant office space that can accommodate some, or even all, of that growth – depending on the scenario outlook in question. At the time of the current conditions analysis, North York Centre featured 1.27 million SF of vacant office space, representing 14.2% of the total local inventory.

Based on this supply of vacant space, North York Centre’s capacity to accommodate future growth within existing buildings will depend on the trajectory of office employment and utilization trends. Under the Low demand scenario, there would be more than enough space within the existing vacant supply to accommodate demand through to 2051 and beyond. Assuming no conversions of office space to non-employment uses are permitted, the pace of growth in the Medium demand scenario would only exceed the available vacant space by the last year of the projection window. Meanwhile, the High demand scenario suggests the need for space would surpass the existing vacant supply by 2044. The rates of growth in each scenario are illustrated in Figure 46.

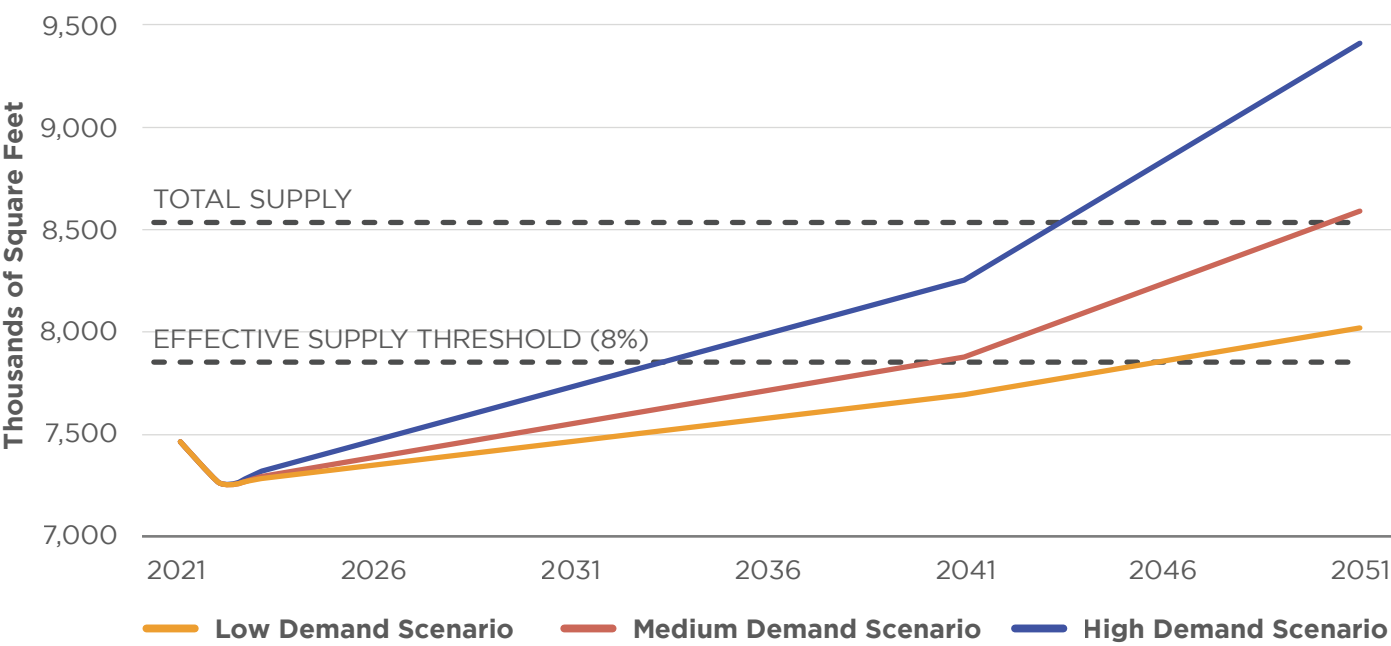


Figure 46: North York Centre Office Space Needs Projected Demand Scenarios, 2021 to 2051

Source: B&A Studios

While the bulk of projected demand could be met within the existing supply of built office space in most scenarios, this does not mean there is no potential for new office space development in North York Centre by 2051.

As noted previously, some vacancy is considered healthy in the local office market as it allows space for local businesses to grow while also accommodating potential newcomers. Conversely, as demand reaches the limit of the total supply, competition for space that will both suppress growth and put upward pressure on market factors could warrant the creation of new supply.

It was noted through stakeholder interviews that many of North York Centre's older Class A and Class B buildings may require retrofits to deliver the type of features and amenities sought by many post-pandemic office operators that would make the area more attractive as an office hub. While this type of improvement could be provided by significant investment into tenant improvements

by existing building owners, there may also be a market case to be made for new developments to deliver this space in a more efficient format.

Recognizing that there is a gap between total supply and the point at which market conditions may start to warrant consideration for the development of additional office space, we estimate this 'effective supply threshold' at an 8% vacancy rate. Assuming no conversions are permitted in the interim, this threshold accounts for just over 7.85 million SF of occupied supply. Any demand above this point represents frictional demand that could warrant the creation of net additional space in the Centre.

As shown in Table 46 on the following page, each of the demand scenarios will surpass this threshold within the projection horizon, indicating there is still a rationale to encourage the development of office employment space as part of North York Centre's continued growth.

Table 46: Projected Office Employment Demand Summary, 2022 to 2051

	Low Scenario	Medium Scenario	High Scenario
2022 Office Employment	26,159	26,159	26,159
2051 Office Employment	31,506	32,674	34,377
Net Office Employment (22-51)	5,347	6,515	8,218
Assumed FSW / New Office Job	141	203	260
Existing Occupied Floor Space (SF) *	7,259,000	7,259,000	7,259,000
New Floor Space Demand (SF)*	753,000	1,323,000	2,135,000
Total Floor Space Demand by 2051 (SF)*	8,012,000	8,582,000	9,395,000
Existing Effective Supply (SF)*	7,850,000	7,850,000	7,850,000
Net Floor Space Need Over Effective (SF)*	+162,000	+732,000	+1,544,400

Source: B&A Studios. Note (*) Figures have been rounded and may not sum to total.

- In the Low scenario, the cumulative demand for office space is projected to surpass the effective supply threshold by approximately 162,000 SF, which is unlikely to warrant the delivery of new space within the projection horizon (by 2051), assuming no existing spaces are converted and redeveloped to non-employment uses. Most demand will likely be met by existing buildings, though they may need to be retrofitted in order to attract modern office tenants.
- The Medium scenario will surpass the effective supply threshold by 732,000 SF, with a total demand surpassing that of the entire existing supply by the year 2051. It is considered likely that a modest amount of new office space will be required to accommodate this level of growth. Assuming no major freestanding office towers are converted, it is likely that this demand could be accommodated in the podium portion of several mixed used projects, with market preference indicating these would best be delivered towards the southern portion of the Study Area.
- Demand in the High scenario could see demand surpass the effective supply before 2041, and total existing supply by 2044. Given the quantum of demand indicated in this scenario, office-type non-residential components will likely be required in several mixed-use projects, spread more broadly throughout the Study Area. This could also warrant the development of one or more freestanding major office towers in the longer term.

6.7 Considerations for the North York Centre Secondary Plan

Taken together, the findings of the current conditions research, the office employment and space demand projections, and the feedback from relevant stakeholders indicate several factors that should be considered when developing policy related to office space in the North York Centre Secondary Plan update. These are summarized as follows:

- The impacts of the recent structural changes to the office market were particularly acute in North York Centre due to its regional competitive context and local characteristics. Both employment and space needs may remain in flux for the near future as office-based businesses continue to explore hybrid work arrangements and the economic opportunities created by these shifts, with heightened uncertainty for North York Centre in the near-term as a result.
- Over the long term, the demand for office type jobs is expected to recover and grow, though the total amount of jobs drawn to North York Centre and the amount of space required to accommodate them could vary significantly depending on where hybrid return-to-work arrangements and associated space needs eventually crystalize.
- Realistic, evidence-based planning should accommodate these near-term market conditions, while also reflecting a longer-term vision for the Centre by safeguarding office growth potential for future economic vitality and resilience as demand may return.
- The floor space demand modelling indicates that most demand can likely be accommodated within the existing supply of vacant space over the near future, though additional space may be warranted towards the tail end of the projection period (2041 to 2051), depending on how market factors evolve over time.

- The analysis of North York Centre's capacity to accommodate growth and the timing of future supply needs assumes that none of the existing office supply will be converted to non-employment uses. Should such a conversion be permitted, it would likely move forward at the point at which new space will be required.
- Under current market conditions, the development of new office uses, even as a component of a mixed-use residential project, is challenging. Inclusion of an office-only requirement may prevent the near-term development of many potential soft sites, though it is still recommended that the City encourage the inclusion of office and employment uses in key locations along the Yonge Street spine and in close proximity to subway stations, especially near the Sheppard-Yonge interchange station. Based on the presence of these features and recent historic office market performance, the area to the south of the Study Area south of Sheppard Avenue is flagged as an area where the inclusion of new office space as part of future redevelopment is likely to have the greatest benefit.
- The current market dynamic of business 'flight to quality' places North York Centre's Class B and older Class A office stock at a competitive disadvantage for attracting growth from many office users in the near-term without considerable retrofits. That said, this supply still may play a valuable regional economic role by presenting comparatively affordable transit-accessible office space for certain types of start-ups and local businesses seeking centrally located space to grow. This type of supply may also present a reasonable option for community service providers and not-for-profit organizations looking for affordable space.
- Recognizing the changing nature of work and challenges North York Centre faces in attracting office users that may be considering newer office stock in other parts of the City, new opportunities for near-term employment growth in office space may come in the form of more diverse types of employment. Increasing residential growth in the surrounding area will increase demand for population-serving employment uses beyond retail, that may include demand for things like daycare space and other services that could be accommodated in North York Centre's office stock, given appropriate land use permissions.
- Some interviewees mentioned potential to accommodate other types of alternative employment uses within the existing office supply, such as maker space, recreation uses, and low impact lab and manufacturing uses. These types of uses, and particularly lab and manufacturing uses, will be largely dependent on conflict mitigation within office buildings and the cost of necessary retrofits. Given the financial implications of such retrofits and the potential to conflict with or undermine other office functions, such uses are not considered particularly likely and would require further study as to whether they are appropriate on a case-by-case basis.

- On a fundamental level, North York Centre still features many of the infrastructure and amenity items that are considered desirable by many office businesses and workers. Beyond the issues of a slightly older office building stock, users currently located in the area speak to the advantages offered by the neighbourhood, including a diverse range of food and restaurant options and other local amenities that make it a pleasant place to work. Some respondents speculated that these features are not properly recognized by outsiders, particularly when compared to prominent nodes, like the Downtown. In planning for the continued growth and evolution of the neighbourhood, there may be opportunities to highlight these features to grow awareness and create momentum that attracts increased consideration from office employers. This may be done through marketing and other programs, though it will fall outside of Secondary Plan policies.
- Given the continued uncertainty facing the office market, both locally and more broadly, the City will need to monitor office employment and vacancy rates closely over the life of the updated North York Centre Secondary Plan to evaluate the need for specific policy changes and pivots. Demand projections vary rather significantly based on how the market is likely to react over time. With existing vacant space able to accommodate most, if not all, office employment demand in the next 10 years or more under current conditions, policies in the near-term should focus on protecting and tenanting existing office with other employment generating uses, as opposed to creating new space.
- Any consideration of office conversion requests should be weighed against both current market conditions and the long-term demand, whilst also respecting the challenge of creating new office space as more uses compete for the available supply of redevelopment sites. This will be informed by the directions of the city-wide Office Needs Study, but any policies will need to be tailored to the North York Centre context.
- Over the longer-term, it is still recommended that the City encourage the development of new office space, both to provide modern space that can better compete with other regional nodes, and to ensure North York Centre continues to offer enough employment space to fulfill its role as a mixed-use node to live and work.

