



OAKVILLE

## REPORT

PLANNING AND DEVELOPMENT COUNCIL MEETING

MEETING DATE: MAY 15, 2017

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**FROM:** Economic Development Department

**DATE:** April 25, 2017

**SUBJECT:** Economic Development 2016 Annual Report

**LOCATION:**

**WARD:** Town wide

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### RECOMMENDATION:

That the staff report from the Economic Development department entitled *Economic Development 2016 Annual Report*, dated April 25, 2017, be received.

### KEY FACTS:

The following are key points for consideration with respect to this report:

- Council approved the Economic Development Strategy in 2009
- The purpose of this document is to provide Council with an update on 2016 economic activity, competitive positioning and departmental initiatives
- This report and presentation is provided to Council for information

### BACKGROUND:

In 2009, Council approved the Town's Economic Development Strategy, a comprehensive 10-year plan developed in consultation with the town's business community and Council. The deliverables in the strategy include annual reporting to Council regarding economic activity, competitive positioning and an update on the progress of departmental initiatives.

Over the past few years, the Economic Development department has used the annual report as an opportunity to prepare a marketing document used in corporate calling and investment attraction. This year, the decision was made to use those marketing dollars on new marketing initiatives. This year's update will be provided in this report, rather than as a separate document.

### Annual Reporting

The Economic Development department reports to Council annually on economic activity and competitive positioning including major non-residential development projects, a real estate market overview, new and expanding businesses, building

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permit activity and Oakville’s competitive position with regard to land values, development charges and tax rates.

**COMMENT/OPTIONS:**

**2016 ECONOMIC DEVELOPMENT UPDATE AND COMPETITIVE POSITION**

**Major non-residential building permits**

In 2016, the top ten non-residential building permits were a mix of commercial, industrial and institutional projects. These projects were valued at over \$183 million, which is much higher than the total value (\$54.3 million) of the top ten permits issued in 2015.

In 2016, the largest permits issued were for the Halton Regional Police Headquarters, a six-storey office building at 360 Oakville Place and the new Erinoak Kids Centre. Both the Halton Regional Police Headquarters and Erinoak Kids Centre are well into development and expected to be ready in fall 2017 and late fall/early 2018, respectively.

Address	Type	Area (sq. ft.)	Construction Value (\$ millions)	Description
2485 North Service Road W.	Institutional	202,950	47.0	Halton Regional Police Headquarters
360 Oakville Place Drive	Commercial	145,500	27.6	Proposed 6 storey office building
2000 Glenorchy Road	Commercial	79,100	26.1	Erinoak Kids Centre
2160 Baronwood Drive	Institutional	125,600	22.8	4-storey retirement residence
610 Chartwell Road	Commercial	106,800	18.9	4-storey office building
138 Sixteen Mile Drive	Institutional	78,500	13.5	2-storey elementary school
1075 McCraney Street East	Institutional	57,300	10.0	2-storey high school
528 Burnhamthorpe Road West	Institutional	35,000	6.2	Addition to private school
455 Michigan Drive	Industrial	40,200	6.0	New manufacturing building (Zeton)
1425 North Service Road W.	Commercial	47,400	5.3	2-storey car dealership (Audi)

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**Real Estate Market Overview**

Oakville’s industrial inventory has remained constant at 18.1 million sq. ft. as limited new industrial product has been constructed in Oakville in the past few years.

Oakville’s office market inventory continued to grow in 2016 reaching 3.8 million sq. ft. up from 3.1 million sq. ft. in Q4 2015. Vacancy rates have increased year-over-year with the addition of new supply into the market.

Market	Inventory (sq. ft.)	Availability Rate	Avg. Sale Price (psf)	Avg. Net Rental Rate	TMI (psf)
Industrial	18.1 million	4.2%	\$117.86	\$6.32	\$2.95

Market	Inventory (sq. ft.)	Vacancy Rate	Vacant Space	Avg. Net Rental Rate (psf)
Office	3.8 million	25.6%	963,342	\$18.89

Source: CBRE market reports for Oakville.

**New and Expanding Businesses**

In 2016, Oakville welcomed new companies to town and there were several expansions of existing companies. Below are some examples of companies that were new to Oakville or expanded in 2016 (expansions may refer to moving to a larger space and/or increasing in employees). Oakville exceeded its target of 1,000 new jobs per year and is well on its way to surpass this target next year with the announcement that Aviva Canada, a property and casualty insurance group, will consolidate its operations and bring approximately 800 jobs to this community.

Company Name	Growth	Description
MMM, a WSP Company	New Company	Engineering firm
Pusateris	New Company	Grocery retailer
Dave and Busters	New Company	Entertainment
Paladion	New Company	Cyber security
Zeton	New Company	Advanced manufacturing of pilot plants
Lifting Gear Hire	New Company	Equipment rental
Skyhawk	New Company	Telematics
Alphora Research	Expansion	Pharmaceutical ingredient manufacturing
Laker Energy Products Ltd.	Expansion	Material and component manufacturing for nuclear and energy industries
Geotab	Expansion	Telematics
NVT Phybridge	Expansion	Switch technology
Indellient	Expansion	Software development
Promation	Expansion	Nuclear engineering and manufacturing
Kingsway Soft	Expansion	Data integration software

**Building Permit Activity**

Building Permits Issued: New Construction

Type	Value (\$ millions)	Area (sq. ft.)	# of permits
Commercial	103.6	609,655	22
Industrial	6.5	44,912	3
Institutional	95.2	482,148	16

Building Permits Issued: Additions, Alterations and Improvements

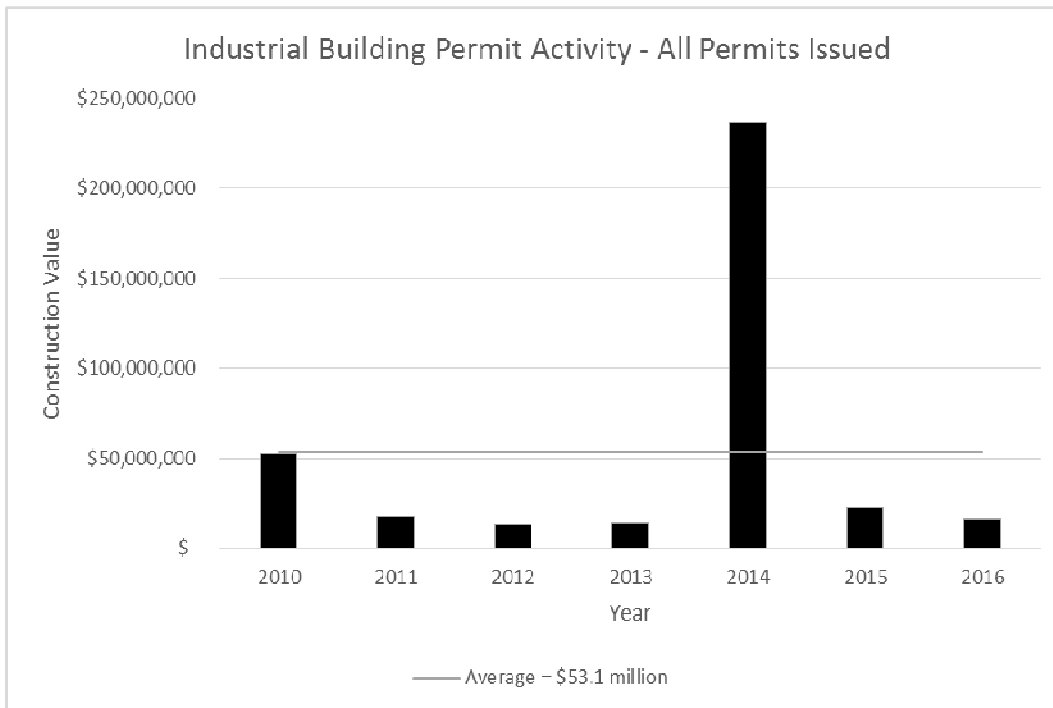
Type	Value (\$ millions)	Area (sq. ft.)	# of permits
Commercial	49.7	1,030,065	269
Industrial	9.9	207,587	38
Institutional	12.6	124,634	28

Total construction value for commercial building permits issued in 2016 reached over \$153 million. This is the highest value in recent years and well over the seven year average of \$108.7 million. New development accounted for approximately 68 per cent of the 2016 construction values at \$103.6 million. Of the \$49.7 million in commercial additions, alterations and improvements, additions accounted for \$10.4 million and approximately 67,000 sq. ft.

Major commercial building permits issued in 2016 included the Erinoak Kids Centre, the proposed 6-storey office building at 360 Oakville Place, the new 4-storey office building at 610 Chartwell Road in Midtown, and four new 2-storey office buildings along Speers Road.



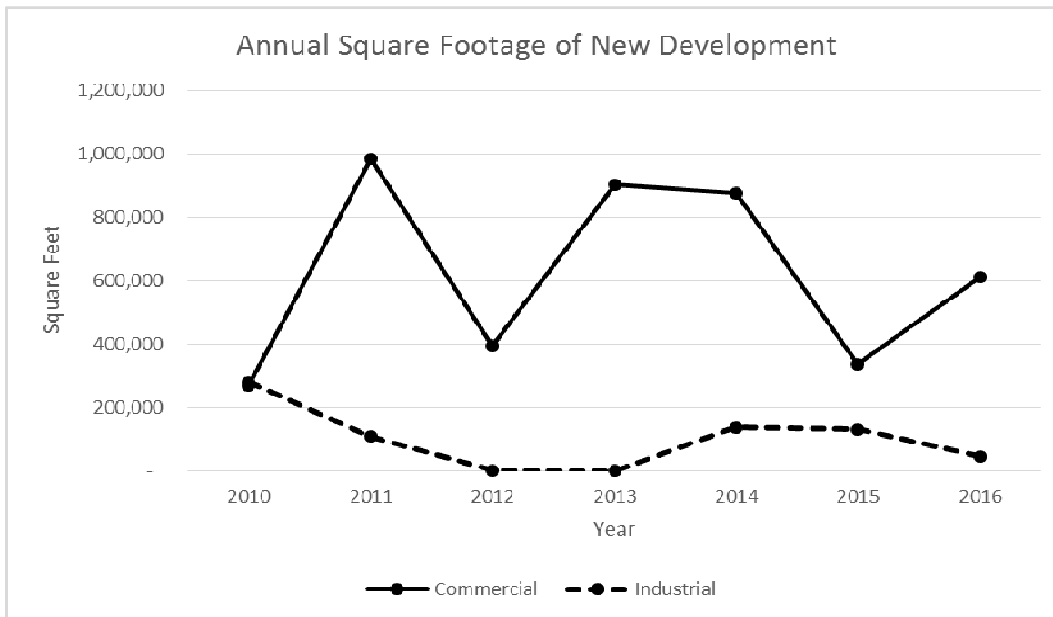
Total construction value for industrial permits reached \$16.4 million in 2016. Of this total, new construction permits accounted for \$6.5 million. The largest new construction permit issued was for the new Zeton advanced manufacturing facility on Michigan Drive in Great Lakes Business Park. At \$9.9 million, permits for additions, alterations and improvements were lower than in 2015, when they reached over \$16 million.



Construction values for institutional permits reached over \$107 million in 2016. The largest permit was for the construction of the new Halton Regional Police Service Headquarters. This permit was \$47 million and accounted for almost 50 per cent of total new construction. Other major institutional permits included the construction of a 4-storey retirement residence, a new high school (École secondaire Gaétan-Gervais) and a new elementary school (St. Gregory the Great Catholic Elementary).

Square footage of new commercial development increased significantly from 337,492 sq. ft. in 2015 to 609,655 sq. ft. in 2016. This is close to the seven year average of 624,602 sq. ft. Industrial square footage of new development decreased from 130,271 sq. ft. in 2015 to 44,912 sq. ft. in 2016. The square footage and construction values of commercial development have shown a pattern of fluctuation in which there is an increase in construction activity followed by a period of slower growth as product is filled. Square footage of new industrial developed has remained consistently low in recent years, not reaching over 200,000 sq. ft. since

2010. Industrial construction values have also remained low with the exception of 2014 when the permits for the Mid-Halton water treatment plant were issued.



**Competitive Position**

Attracting new investment and growing the existing business community are key components needed to achieve the Town of Oakville’s vision to become the most livable town in Canada. Oakville’s existing companies provide job opportunities, generate tax revenue, and act as positive corporate citizens, all of which contribute to Oakville’s high quality of life.

One of the Economic Development department’s strategic initiatives is to track Oakville’s competitive position for attracting new business investment. The competitive position analysis focuses on three major variables that impact investment decisions – land values, development charges and property tax rates.

The 2016 data continues to indicate that Oakville is well positioned to compete for and attract new office and commercial development while remaining less competitive in its ability to attract new industrial development, relative to other GTA communities. Oakville’s building permit values for new construction reflect the town’s ability to strongly compete in the office development market.

**2016 Employment Land Values**

In 2016, Oakville’s average price per acre of employment land was \$1,047,000. This is comparable to other GTA communities such as Mississauga, Markham and Richmond Hill and higher than other Halton Region municipalities.

Oakville’s average price per acre was higher than in 2015 as there were several commercial land transactions in 2016 which had values greater than \$1 Million per acre. This is compared to 2015 which had more industrial land transactions with a lower price per acre.

Municipality	Average price per acre (\$)
<b>HALTON</b>	
<b>Oakville (Built Boundary)</b>	<b>1,047,000</b>
Burlington (Built Boundary)	665,000
Halton Hills (Built Boundary)	122,000
Milton (Built Boundary)	523,000
<b>PEEL</b>	
Brampton	724,000
Caledon	306,000
Mississauga	1,003,000
<b>TORONTO</b>	
Toronto	1,593,000
<b>YORK</b>	
Aurora	632,000
Markham	1,012,000
Newmarket	N/A
Richmond Hill	1,038,000
Vaughan	704,000
Whitchurch-Stouffville	866,000
<b>DURHAM</b>	
Ajax	195,000
Oshawa	N/A
Pickering	N/A
Whitby	205,000

*Source: Real Net real estate transaction data with analysis completed internally. Land values were calculated using industrial, commercial and office land transactions over 1 acre. Municipalities with a minimum of 3 qualifying transactions were included. Values have been rounded.*

**2016 Development Charges**

Oakville’s development charges remained competitive with other GTA municipalities in 2016. Including regional and school board development charges, Oakville’s industrial and commercial development charge rates increased by \$0.20 per square foot over the previous year.

Oakville’s office/non-retail development charge rate is in the middle of the GTA rates. It is the highest rate in Halton Region; however, it is lower than all Peel and York Region municipalities.

On a ranking of development charge rates from lowest to highest, Oakville’s industrial development charge rate ranks 12<sup>th</sup> out of 18 GTA municipalities. It is the highest rate in Halton Region and only the York Region municipalities have higher rates than Oakville.

Municipality	Industrial		Office/Non-Retail	
	\$ per sq. ft.	Rank	\$ per sq. ft.	Rank
<b>HALTON</b>				
<b>Oakville (Built Boundary)</b>	<b>21.58</b>	<b>12</b>	<b>21.58</b>	<b>9</b>
Burlington (Built Boundary)	18.45	9	18.45	6
Halton Hills (Built Boundary)	13.21	2	15.66	2
Milton (Built Boundary)	14.35	4	14.35	1
<b>PEEL</b>				
Brampton	18.03	8	24.19	12
Caledon	16.98	7	23.12	11
Mississauga	21.20	11	29.08	17
<b>TORONTO</b>				
Toronto	18.67	10	18.67	7
<b>YORK</b>				
Aurora	24.89	14	24.89	13
Markham	21.95	13	21.95	10
Newmarket	26.17	17	26.17	15
Richmond Hill	26.88	18	26.88	16
Vaughan	26.13	16	26.13	14
Whitchurch-Stouffville	25.14	15	25.14	18
<b>DURHAM</b>				
Ajax	15.78	6	18.35	5
Oshawa	10.98	1	19.25	8
Pickering	14.85	5	17.42	4
Whitby	13.90	3	16.47	3

Source: Various municipal websites.

Note: Additional or area specific charges may apply in some communities.



**2016 Tax Rates**

GTA municipalities, including Oakville, reduced their industrial and office/non-retail tax rates in 2016.

At 2.942%, Oakville’s industrial tax rate ranked 12<sup>th</sup> out of 18 GTA municipalities and was higher than the GTA average of 2.820%. The office/non-retail rate ranks 6<sup>th</sup> lowest in the GTA at 1.801% and is below the GTA average of 2.107%.

Municipality	Industrial		Commercial	
HALTON	Per cent	Rank	Per cent	Rank
<b>Oakville (Built Boundary)</b>	<b>2.942</b>	<b>12</b>	<b>1.801</b>	<b>6</b>
Burlington (Built Boundary)	3.045	13	1.864	8
Halton Hills (Built Boundary)	3.069	14	1.879	9
Milton (Built Boundary)	2.747	11	1.681	2
<b>PEEL</b>				
Brampton	2.638	9	2.244	13
Caledon	2.391	8	1.969	11
Mississauga	2.371	7	2.025	12
<b>TORONTO</b>				
Toronto	2.706	10	2.640	14
<b>YORK</b>				
Aurora	2.141	5	1.827	7
Markham	1.961	1	1.673	1
Newmarket	2.206	6	1.883	10
Richmond Hill	1.997	2	1.705	3
Vaughan	2.004	3	1.710	4
Whitchurch-Stouffville	2.065	4	1.763	5
<b>DURHAM</b>				
Ajax	3.937	16	2.699	15
Oshawa	4.603	18	3.126	18
Pickering	3.936	15	2.699	16
Whitby	3.999	17	2.739	17

Source: Various municipal websites. Numbers have been rounded.

## **2016 DEPARTMENTAL INITIATIVES**

### **NEW INITIATIVES**

In 2016 new marketing initiatives were undertaken to attract companies to Oakville; consultations were held regarding the interim use of the former Post Office site; and a Brownfield study commenced to address contaminated and underutilized employment lands.

#### **Marketing**

The department was successful in its application for funding from the Government of Canada's Invest Canada – Community Initiatives program to develop a new international investment attraction website. The new website [www.investoakville.ca](http://www.investoakville.ca) was launched in January 2017 and provides users with a one-stop-shop to find information and data needed to make business decisions.

Staff undertook an update to the e-brochure tool, providing a full design and content update to better align with the messaging and design of the new Invest Oakville website.

The Town's site selection tool, Find Oakville, was updated to provide additional data for users including customized demographic reports, traffic counts, and business data from the Halton Region Employment Survey.

The department also launched a Twitter account in 2016, @InvestOakville. A Twitter plan has been developed to attract followers in 2017.

#### **Former Post Office Site**

Consultations were held with various stakeholders regarding an interim (5 year) use of the former post office site at 193 Church Street. A concept for an Innovation Hub was developed in consultation with partners including Sheridan College, the HalTech Regional Innovation Centre, and other stakeholders. The proposed Hub would involve a partnership comprising academia, business, and community organizations in a place designed for collaboration, learning, training and developing new ideas. Its focus would be technology-based innovation. Staff is currently assessing the costs to implement the Innovation Hub concept at this facility. A report will be presented to Council in 2017.

#### **Brownfield Redevelopment Study**

The department was successful in obtaining a Federation of Canadian Municipalities (FCM) grant for 50% of the costs for a brownfield redevelopment study. A Town and Region working group was formed to provide direction and input for the consultant's work. Incorporating input from a stakeholder consultation, a draft program is being prepared and will be reviewed at a public meeting later this year.

## **SUSTAINING PROGRAMS**

The department continued its work with existing programs for business retention and expansion, investment attraction, as well as international business development.

### **Investment Attraction**

Staff responded to site selection inquiries and provided related follow-up for the approval process. In 2016 a GTA marketing organization called Toronto Global was established that replaced the Greater Toronto Marketing Alliance. Staff participated in a familiarization tour and presentations to this organization so that they could learn about the investment opportunities in Oakville. Presentations and regular meetings with GTA realtors were also held to share information regarding investment leads.

### **Corporate Calling**

The mainstay of business retention is having a good understanding and relationship with existing companies. Through the department's corporate calling program, staff continue to learn about local companies, provide information and, where applicable, assistance.

### **China**

Meetings with various stakeholders including the Oakville-Chinese Business Association were held in 2016. A trade mission was completed in partnership with Sheridan College including a visit to Oakville's Sister City Huai'an, as well as Futian District in Shenzhen and Pengzhou District in Chengdu.

### **Auto Mayors**

Staff organized two meetings of the Auto Mayors in 2016 as well as a meeting with industry and economic development representatives in order to develop key elements for a national auto strategy. Policy briefing notes were prepared in consultation with industry representatives and the Automotive Policy Research Group at McMaster University.

## **CORPORATE INITIATIVES**

Staff was engaged in various cross-departmental projects in 2016 including the Land Use & Economic Impact Study for Glen Abbey Golf Course; the Employment and Commercial Land Review; Canadian Open Coordinating Committee & hospitality tent; exploration of partnership opportunities for the former post office site; and the development of a Services Agreement model for Visit Oakville.

## 2017 AREAS OF FOCUS

In 2017, in addition to the regular programs for business retention and investment attraction, the following work will be undertaken:

- Completion of the Brownfield Redevelopment Strategy.
- A detailed Mitigation Plan will be developed for the Lakeshore Road Streetscape Project, in consultation with the BIA and various town departments.
- Analysis and recommendations for the interim use of the former post office site will be completed.
- A Chinese newcomers' event was recently held and a "*Doing Business with China*" forum is being planned for the fall in conjunction with area municipalities and Halton Region.
- Staff will organize the Town's hospitality tent at the Canadian Open and participate on the coordinating committee with Golf Canada.
- Staff will work with other departments to coordinate a one-window approach for filming in Oakville.
- Various marketing initiatives will be undertaken including the development of videos to showcase Oakville's value proposition.
- Application for federal funding will be made to offset the costs of a new Economic Development Strategy; the study including stakeholder consultation will commence in 2018, to replace the Town's 10-year Economic Development Strategy (2009-2019).

## CONSIDERATIONS:

**(A) PUBLIC**  
N/A

**(B) FINANCIAL**  
There are no financial implications as this report provides an information update to Council.

**(C) IMPACT ON OTHER DEPARTMENTS & USERS**  
There is no impact on other departments and users.

**(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS**  
This report addresses the corporate strategic goal to:

- enhance our economic environment
- provide outstanding service to our residents and businesses
- be accountable in everything we do

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**(E) COMMUNITY SUSTAINABILITY**

This report provides an update regarding the economic activity in Oakville and Town initiatives that support economic sustainability.

Prepared by:  
Rebekah Stormes, BA, B.U.R.PI  
Senior Economic Development Officer  
Economic Development

Recommended and submitted by:  
Dorothy St. George, MBA, EcD  
Director  
Economic Development