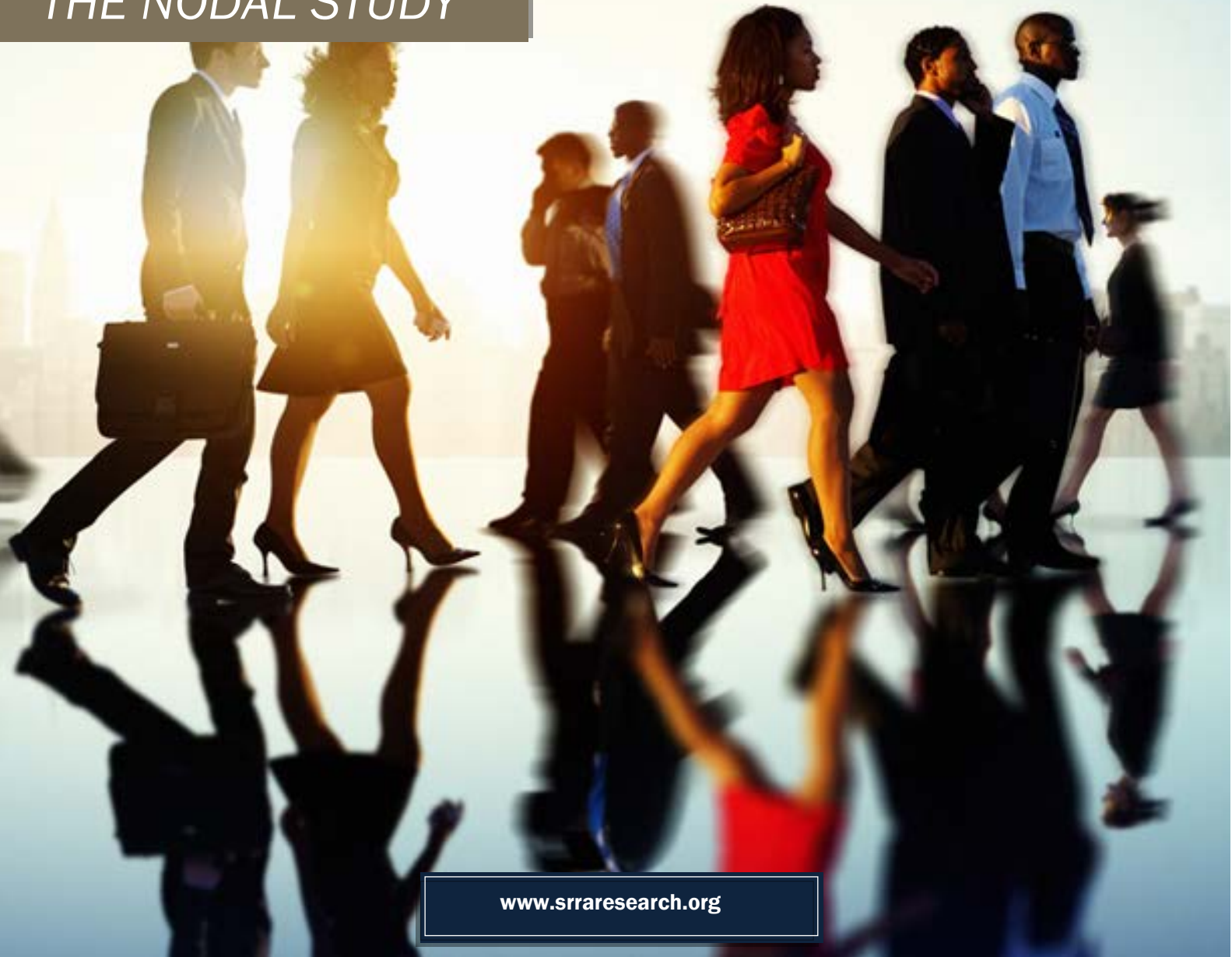


THE FUTURE OF OFFICE DEVELOPMENT IN THE GTHA

THE NODAL STUDY





SRRA is a not-for-profit organization, collaborating with both public and private sector organizations to provide strategic, non-partisan public policy research on the connections between infrastructure, land use and future economic welfare of the Greater Toronto and Hamilton Area (GTHA).

It is modeled on the Regional Planning Association (RPA), which has been serving this function for the New York City region since 1922. The [Canadian Urban Institute \(CUI\)](#) and [Real Estate Search Corporation \(RESC\)](#) formed to bring together their respective track records along with input from major public and private sector entities in the GTHA in providing unbiased, evidence based research to both public and private sectors. [Learn more: srraresearch.org](http://www.srraresearch.org).

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1. EXECUTIVE SUMMARY

The Nodal Study: The Future of Office Development in the GTHA is a high level assessment of places in the Greater Toronto and Hamilton Area (GTHA) where the next wave of office growth is likely to occur.

The GTHA is projected to welcome an additional 3.5 million people over the next 25 years,¹ which likely translates into a need for up to **100M sq. ft. of additional new office space**. Accommodating development on this scale – the equivalent of 40 buildings as large as the 72 storey First Canadian Place – requires new ways of thinking.

To understand where the development is likely to go, SRRA identified 350 companies able to provoke new office space – the tenants who have the power to trigger development of a new building. Using unique data, we interviewed a select group of the Region’s 40 major employers and conducted a ground-breaking set of interviews. This is the first time a region-wide set of general interviews with employers has been undertaken.²

Using existing real estate zones (or nodes) as the basis for our discussion, SRRA identified 27 existing and potential nodes in the GTHA, which account for 76% of the Region’s 216M sq. ft. of office space. These nodes were further sub-classified into 5 groupings.

As a result of the quantitative and qualitative approaches, SRRA identified 5 critical issues and trends.

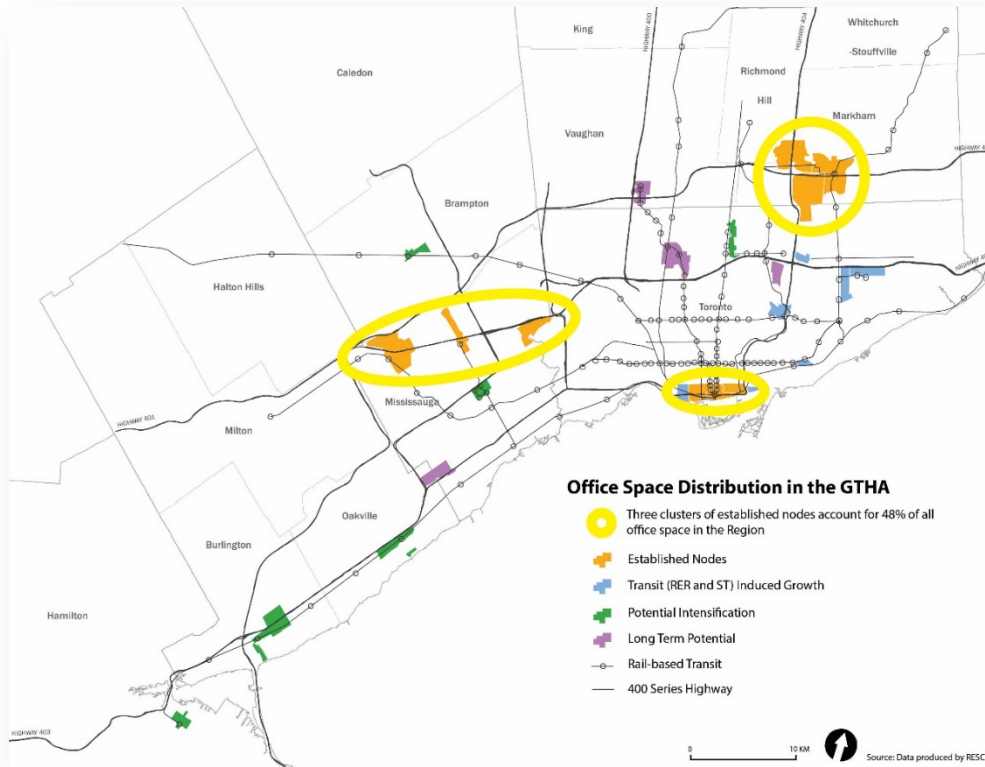
1.1 FIVE CRITICAL ISSUES & TRENDS

1. **No single location will do.** Although it is important to recognize the factors driving the Region as a whole, it is also vital to understand the conditions on the ground that influence the performance of individual nodes. Each node has a unique set of conditions, from its mix of tenants, land economics and site availability, to land use policies, historical investments in infrastructure, the ease with which new development can be approved, and access to a diverse labour force. The answers from employers are cause for concern: in the opinion of 40 key decision makers interviewed, there is no place in the Region that meets all their needs or which, in real estate parlance, could be considered ‘hot’ or ‘desirable’.
2. **Growth is only occurring in a small number of nodes.** Although the Region’s office inventory continues to increase, many of the nodes are growing slowly or not at all. Growth has been confined to a relatively small number of office nodes.

¹ The Ontario Growth Secretariat and Ministry of Finance forecast that the GTHA’s population could reach 9.5 million by 2041.

² A precedent for this approach was set by the City of Mississauga’s Office Strategy, a study undertaken for the City by the Canadian Urban Institute and Real Estate Search Corporation in 2008.

SRRA found that the majority of growth is dependent on the performance of only three clusters of established nodes,³ which comprise 48% of all the office space in the Region.



- Longer commute times have multiple negative impacts.** Commuting time and distances were identified as a significant concern by employers. Longer commuting time makes it increasingly difficult to attract and retain a workforce. Additionally, problems linked to commuting impacts worker productivity. Although the relationship between access to employment and place of residence has always been important, employers interviewed for this study emphasize that their employees are finding it more difficult to achieve an appropriate balance.
- Public policy regarding office development and higher order transit is absent at the provincial and local government levels.** Our research has confirmed that there is no public policy at either the provincial, regional or local level that adequately addresses the strategic advantage of locating office buildings close to higher order transit or which offers specific guidance with respect to the location of office space in places served by higher order transit. In the absence of direct, specific policies that address the needs of office users, office development continues to occur in locations that contribute to congestion rather than contributing to a

³ As detailed later in the Study, Toronto Financial Core and the Brick and Beam are two separate nodes. A grouping of nodes in Mississauga and in Richmond Hill and Markham also account for the majority of growth.



solution. Policies are required because office buildings are unique in as much as they concentrate a lot of workers in one place, making it possible to create vibrant, transit-friendly work environments.

5. **A new approach is desired by employers and developers to work together with government.** Employers indicated that understanding the drivers for both commercial and residential development is equally important in order to achieve a balanced approach to locational decisions. The decisions of commercial developers are driven by the needs of tenants whereas residential developers respond to market opportunities dependent on demographic change. Both development streams have traditionally been influenced by the cumulative impact of publicly funded infrastructure, with development decisions taken independently.

1.2 RECOMMENDATIONS

Based on our findings, SRRRA makes the following recommendations:

Transit plans and land use must be harmonized. A more detailed analysis needs to be undertaken to ensure the continued vitality of nodes that account for the majority of existing office space. This would include concrete transit plans to improve access and encourage better connectivity, together with related changes to land use and other public policy as appropriate.

We need more comprehensive employer input. Although employer interviews helped us define key problems, we recommend establishing and implementing a framework that will facilitate going back to these and other employers to review and comment on proposed solutions developed through this collaborative process.

Employers, government and developers need to work together. SRRRA recommends that the Province, in collaboration with upper tier and single tier municipalities in the inner ring of the Greater Golden Horseshoe⁴ and the employers responsible for triggering new office buildings as well as developers creating multi-residential development, establish specific policy guidance with respect to the location of major office developments.

Office development and transit need to be reframed as key components of City Building. SRRRA recommends as part of City Building initiatives, the close relationship between where business ‘can’ locate and the complex issue of connecting to where employees choose to live, be recognized as a backbone of policy. Residential builders, commercial employers, city planners and all stakeholders all have a role in helping inform transit decisions.

⁴ The Growth Plan for the Greater Golden Horseshoe divides the Region’s municipalities into the Inner Ring (south of the Greenbelt) and the Outer Ring.



2. GLOSSARY

*Prepared by the **SRRRA** Team with input and advice from the SRRRA Investment Partners as well as Dr. Eric Miller, Tom McCormack and Robert Hutton.*

2.1 OPERATIONAL DEFINITIONS

Higher Order Transit

References to higher order transit in this study refer to a range of rail-based transit options that provide riders with high capacity, high-speed service to and between specific destinations. Higher order transit covers subways as well as light rail transit (under certain conditions). The term also applies to transit services not yet available such as all day, two-way regional express rail in specific GO rail corridors or services as yet to be defined, as well as to very fast dedicated rail service as proposed for SmartTrack. The model for this future level of service is the Crossrail project in London, England.

We have avoided the term ‘rapid transit’ (often cited as a level of transit service where users have no need to consult a timetable) because we wish to be inclusive of future enhanced levels of service on GO lines, where headways have yet to be defined.

The Scope of this Study

The scope of **The Nodal Study** is on existing conditions with respect to the Region’s office market, the Greater Toronto and Hamilton Area. The Study focuses on nodes that meet specified criteria identified in 2014 with input from SRRRA Investment Partners regarding future potential. The analysis is not intended to be a definitive evaluation of all potential development sites in the Region. As noted in section 11 of the report, we have excluded from our analysis a number of well-established employment nodes (specifically those in the Yonge Street corridor) because of perceived limitations such as a lack of available development sites, unfavourable economic conditions or a combination of these and other factors.

The analysis carried out by SRRRA for **The Nodal Study** is based on:

- a high level assessment of growth potential informed by the availability of vacant sites;
- a review of each node’s performance over the past 10 years; and
- the node’s positioning within the regional market, taking into account perspectives provided by employers interviewed for the project.

Any preliminary conclusions regarding future development potential will be analyzed in more detail and verified in future reports.



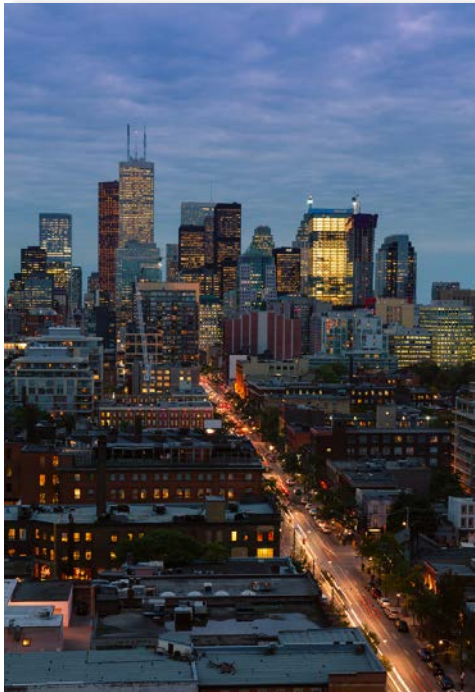
Definition of Public Policy

References to public policy in this study are intended to be broad, ranging from land use policy in official plans, municipal taxation policies and other components of economic development policies. The term also applies to investments in necessary infrastructure such as higher order transit, highways and other critical issues such as servicing capacity. Our inclusive approach to the concept of infrastructure is predicated on that provided by Statistics Canada which defines infrastructure as public or private sector investments that allow the economy to grow and thrive.

3. INTRODUCTION

Beyond a small group of dedicated planners, real estate developers and employers, few people give any thought as to why office buildings are located where they are. If this query crosses their mind at all, it usually takes a selfish form – where and how do I get to work? For the most part, people assume that as the city grows, more office buildings will be constructed. In a land as vast as Canada, in a region as dynamic as the Greater Toronto and Hamilton Area (GTHA), space won't be a problem. There will always be room to grow. We can go up, if not out.

Until recently, this would have been a reasonable assumption. But with more than 200M sq. ft. of office space in the Region – much of it inaccessible by public transit – and with worsening congestion on public transit and the Region's highways, this assumption is no longer true.



As the GTHA prepares to grow from six to nine million people over the next 25 years,⁵ and with a growing percentage of the Region's employment in office jobs, this will likely translate into a need for up to 100M sq. ft. of additional new office space. To accommodate development on this scale – the equivalent of 40 buildings as large as the 72 storey First Canadian Place – will require a new way of thinking. For the sake of tomorrow's commuters as well as their employers, it is important that the next round of office development be constructed in places that are easy to reach and good places to work.

Today, few office buildings are constructed without significant preleasing commitments from a major tenant. Yet until Strategic Regional Research Alliance (SRRA) undertook this Study, employers' opinions had not been directly canvassed by public policy makers.⁶ So, to begin filling what we perceive to be a major gap in public policy

regarding the location of office buildings, we sat down to talk to employers about what they need: where they want to build; what successful growth looks like to them; and their expectations for the future.

Using existing real estate zones (or nodes) as the basis for our discussion, we employed two methodologies – quantitative and qualitative – to examine the attributes of each node and how employers feel about them.

⁵ The Ontario Growth Secretariat and Ministry of Finance forecast that the GTHA's population could reach 9.5 million by 2041.

⁶ An exception is the City of Mississauga's office strategy, a study undertaken for the City by CUI and RESC in 2008.

Starting with the perspective of employers, **The Nodal Study** paints a picture of how the Region works today and why some aspects of current public policy may impede the future growth of employment.

Buildings have the capacity to shape a city for hundreds of years. Where they are located and the daily trip to and from those buildings is of no small importance. With the commuting experience becoming longer and more stressful, these factors affect the quality of life for a significant proportion of the Region's residents as well as the ability of employers to attract and retain the talent they need.



4. BACKGROUND

The shape and focus of office employment in the Region has fundamentally shifted in the past 35 years from a downtown-centered office space environment to a Region with multiple clusters. In the early 1980s, virtually all office space was located within the boundaries of the former Metro Toronto (now the City of Toronto) and more specifically in the downtown financial core. Businesses of all types, from financial services to data processing, were located there. Toronto's reputation as a transit-oriented city stemmed in part from the strength of high profile office space in the financial core and along the Yonge Street corridor.



Today, the suburban office market in the 905⁷ represents more than one third of the Region's office space (more than 65M sq. ft.), accommodating some 300,000 office workers. The clusters in the suburbs have formed around high tech, medical research, data processing, engineering services and other specialties. At present, few of these clusters can be reached easily by public transit. Since these buildings cannot be moved, providing transit connectivity after years of transit underinvestment is a vital first step to unlocking gridlock.

As the commercial real estate market expanded to the suburban areas of Toronto and adjacent 905 municipalities, office buildings were built primarily on lands once designated exclusively for industry. These areas were originally developed with restrictive land use policies in order to ensure the health of manufacturing. The range of uses permitted on industrial lands was limited in order to isolate truck traffic and noisy

manufacturing from adjacent residential neighbourhoods, and to keep land values and taxes specifically consistent with the economics of industry.

Allowing office buildings to be constructed in industrial areas (today referred to as 'employment lands' made it possible to develop office buildings inexpensively and to accommodate extensive amounts of surface parking. Industrial areas were not on the radar as places to be served by public transit because the density of industrial employment was generally too low. Industrial rights of way are designed with geometry more suitable for semi-trailers than the needs of people driving to work. These areas have over-generous setbacks that place buildings far from the street, discouraging walking and making it difficult for people transitioning from bus to their work place.

⁷ This refers to suburban municipalities outside of Toronto.



But as the number of office buildings increased – there is now approximately 100M sq. ft. of unconnected office space (or 500,000 jobs) in suburban Toronto and the surrounding 905 – there is often insufficient local road capacity to accommodate the rising concentration of people commuting by car.

Although the decisions to locate in industrial/office parks may have originally been motivated by a desire to minimize costs, employers today are seeking more amenity-rich locations in a mixed-use environment. This is something that traditionally has not been possible in industrial parks, which are characterized by an absence of amenities. A key challenge facing policy makers is how to strike a balance between creating a more attractive working environment without driving up the land values that made these locations affordable in the first place.

There are now more than 1,600 stand-alone office buildings adjacent to highways and in industrial/office parks across the Region. Each one reflects a set of complex locational decisions by developers and the original tenants. The consequences of those decisions over the long term (the lifespan of a building ranges from 50 - 100 years or more) often outlive the reasons they were built in the first place. The uses and tenants of that building may change, or the building may even be converted to another use, but the buildings and the transportation infrastructure that defines their accessibility remain.

5. WHY STUDY OFFICE BUILDINGS IN INDIVIDUAL NODES?

As outlined in the **Introduction**, SRRA has identified a gap in the research around the attributes of office buildings and the role they play in determining the success or failure of a region. This study represents a first step towards filling this gap.

Office buildings account for the greatest concentration of employment by any building type. More than 50% of all jobs in the City of Toronto are located in office buildings. Across the Region, this averages out to approximately one third of all jobs. As the inventory of office buildings in the Region continues to grow, it is important that we understand the needs of employers — the tenants capable of provoking development of a new office building — because since 2000, only about 12% of more than 350 new office buildings have been built on a speculative basis.⁸

As explained in numerous studies,⁹ the economy of the future will increasingly be focused on concentrations of employment in locations that offer workers an attractive, amenity-rich environment in locations easily accessible from where people live. The need to improve mobility choices for workers in existing and future buildings presents two inter-related challenges:

- to find ways to improve transit connectivity to the large inventory of existing office buildings that already exist; and
- to ensure that decisions on where to construct new office buildings are seen as an act of city building, so that transit infrastructure is designed to serve office clusters as well as new residential communities.

Every decision taken to construct an office building has long-term consequences. For example, employees working in office towers in Toronto’s financial core have contributed hundreds of millions of dollars to the fare box of TTC and GO over the years. Even though the companies that triggered the original decision to develop the buildings may have merged or moved, transit-accessible office space continues to be valuable to employers because the location provides companies with access to customers, amenities and the Region’s diverse workforce. The opposite can also occur. Buildings constructed in isolated locations, or in places where sustaining a critical mass of economic activity is not viable, become liabilities for their owners or otherwise fail to deliver a return on the public’s investment in infrastructure. For these reasons, establishing a rigorous policy framework to guide office location pays dividends to both the public and private sectors.¹⁰

⁸ Based on an analysis carried out by Real Estate Search Corporation in 2012.

⁹ See for example, “The Rise of Innovation Districts: A New Geography of Innovation in America,” Bruce Katz and Julie Wagner, *The Brookings Institution*, 2014

¹⁰ This topic is to be the subject of an upcoming research study by SRRA.



Locating office buildings adjacent to higher order transit is strategically important for a number of reasons. Principally, unlike industrial or retail employment, office jobs typically coincide with peak hour travel on a predictable basis five days a week. These contributions to the fare box cover operating costs. In the case of high volume transit corridors like the Yonge subway, they effectively subsidize less travelled routes.

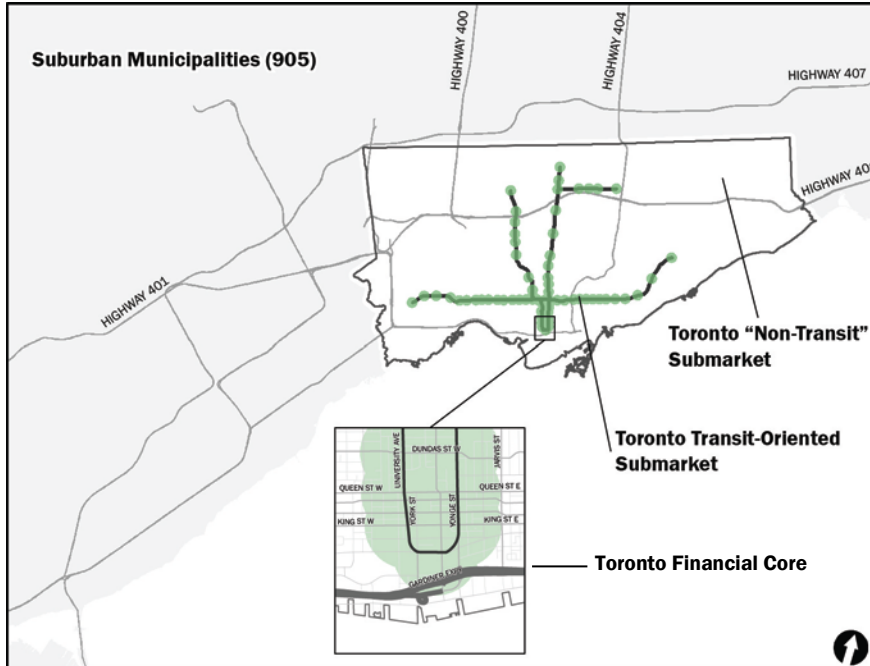
At the macro level, the majority of office jobs are permanent, high value jobs that provide a focus for the Region's economic development. At the micro scale, because office buildings concentrate large numbers of workers in a single structure, a cluster of office buildings can act as an anchor for the creation of walkable, amenity-rich working environments by providing customers for the micro economy that contributes to the vitality of an office node.

For the sake of the competitiveness of the Region, there is a lot at stake in getting this right. There are many reasons why some parts of the Region continue to grow while other areas stagnate or otherwise fail to stimulate growth. This is the case with office clusters as well. Explanations are inevitably complex, ranging from the impact of congestion on a company's ability to recruit to a lack of opportunity to expand operations in an area that would otherwise be considered satisfactory. In extreme cases, a company may choose to relocate to a different jurisdiction to find the right conditions to support its expansion; in others, a company will bide its time or otherwise 'make do'. Recognizing that nodes develop differently across the Region, SRRA examined each node separately as well as in the overall context of the Region's performance.

Some growth will occur within existing concentrations of employment, while other development will be attracted to new locations. The bottom line is the effort expended to manage the journey between home and work for GTHA residents consumes what some many consider to be an unhealthy proportion of the Region's transportation resources.

5.1 THE TRANSITION TO A MULTI-CENTRED REGION

In a report published in 2011,¹¹ the authors categorized the GTHA office market into four distinct areas or submarkets (shown below).



Each of the submarkets has a set of unique attributes and challenges for development. The earlier analysis is recapped here to acknowledge the many changes that have taken place since 2011. This forms the starting point for the current study.

The Toronto Financial Core Submarket

Office development in Toronto’s Financial Core, which accounts for 23% of the Region’s office space, is well served by TTC and GO. Recent new growth has triggered the expansion of the PATH system south of Union Station. Unlike many uni-functional central business districts, Toronto’s financial core has been built around a network of important cultural and institutional buildings such as City Hall, the courts, department stores, theatres, hospitals and hotels. Over the past 15 - 20 years, this mix has been expanded to include numerous residential condominium buildings, which have added round-the-clock vitality to the city’s streets. At the same time, however, residential development has reduced the number of sites available for commercial office development. The challenge of launching major new office projects is also exacerbated by the length of time required to approve large, complex buildings.

¹¹ [*The New Geography of Office Location and the Consequences of Business of Usual in the GTA,*](#) Canadian Urban Institute, 2011



There are a limited number of potential tenants able to make commitments for new space that will not be available for four or more years compared to the 905 where new space can be available in under two years.

Toronto Transit-Oriented Submarket

This submarket is defined as sites accessible to the subway. Most of the submarket's inventory of office buildings is located within 500 meters of Yonge Street. The submarket accounts for almost 25% of the Region's office space, but there has been very little new building in this market since 1990. Key reasons include the combination of unfavourable land economics, exacerbated by high taxes relative to the 905, and the shortage of easily developable sites capable of supporting new office buildings. The costs and complexity associated with assembling multiple small properties is prohibitive, in part because the cost of acquisition must compensate for the loss of rental income from retail or other uses once a commitment has been made to redevelop.

Toronto Non-Transit Submarket

Accounting for approximately 21% of the Region's office space, this submarket grew quickly in the 1960s and 1970s with auto-oriented, campus-style¹² development but has seen little new development since then. The notable exceptions are the 'Brick and Beam' neighbourhoods either side of the financial core, areas that were re-designated for mixed-use in the mid-1990s. There is now more than 17M sq. ft. of office space in this portion of the submarket, created for the most part through the conversion of industrial space (a cost-effective practice that takes significantly less time than commissioning new buildings). The potential for additional conversions is now limited. These neighbourhoods have also seen the development of a significant number of residential condominium buildings and street-related retail and other amenities.

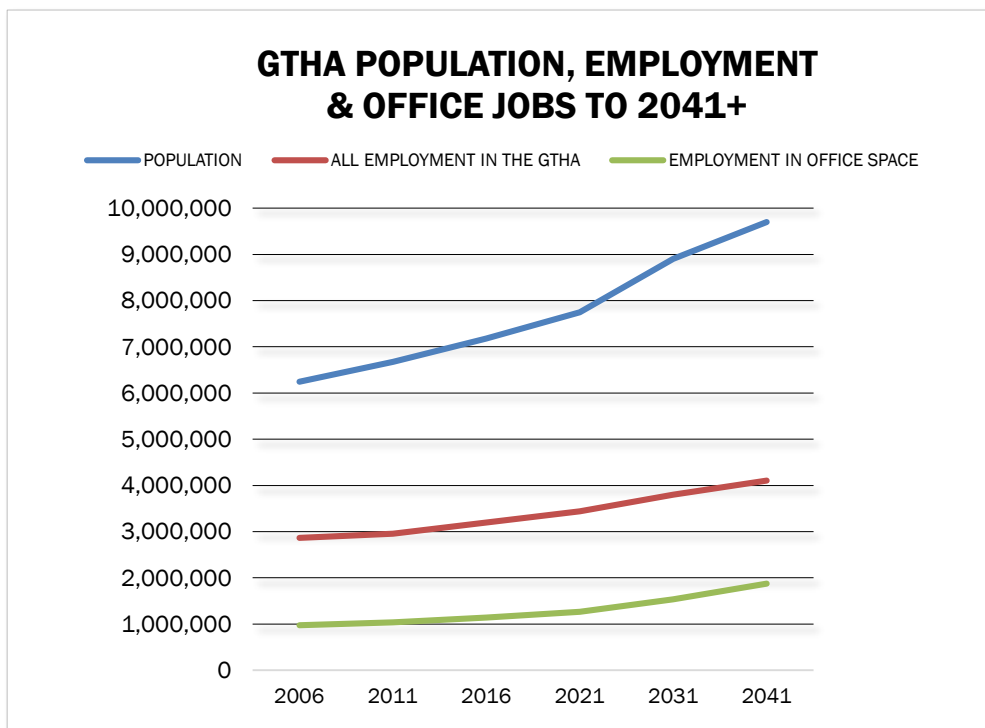
Suburban Municipalities (the 905)

As described earlier in this study, a significant proportion of suburban office development in the 905 (approximately 65M sq. ft. or 30%) has been overlaid on a physical layout intended for industrial development. Office workers commuting by car compete for road space with truck traffic serving logistics and other industrial functions. Office buildings in the 905 tend to be much smaller than in downtown Toronto, in part because they must devote large areas of land to surface parking, which in turn limits the floor space index that can be achieved on a given site. Smaller buildings are easier to lease up front, and can typically be completed in less than two years. This competitive advantage is increasingly being offset by worsening traffic congestion, however, underscoring the need for better transit.

¹² Office campuses are car dependent, low-density, office developments that are characterized by isolated buildings in heavily landscaped environments.

5.2 OFFICE SPACE REQUIRED IN THE NEXT GENERATION OF DEVELOPMENT

Current forecasts indicate that the Region’s population will grow from about six million today to more than 9.5 million by 2041, and top 10 million by mid-century.¹³ This will be accompanied by significant job growth. As the economy continues to change and adapt, with relatively fewer workers engaged in manufacturing in favour of increased emphasis on new economy employment, we can expect that a growing proportion of employment will be in office jobs. Over the past 30 - 40 years, improvements and efficiencies in office space design have seen a shift towards more intensive use of space per employee. We already know that 51% of jobs in Toronto are office jobs¹⁴ and best estimates suggest that this percentage is likely to increase over time in the Region as a whole, particularly in municipalities within the Inner Ring of the Growth Plan. The number of people working in office jobs – about one third of all jobs – could well exceed 1.5M by 2041.



Source: **Centre for Spatial Economics, 2015**

If the economy continues to grow as forecast, and if the historical relationship between population growth and the need to accommodate more office jobs is maintained, the Region could grow by another 100M sq. ft. of office space over the next 25 or so years.

¹³ Ministry of Finance, Ontario Growth Secretariat, and additional estimates provided by the Centre for Spatial Economics.

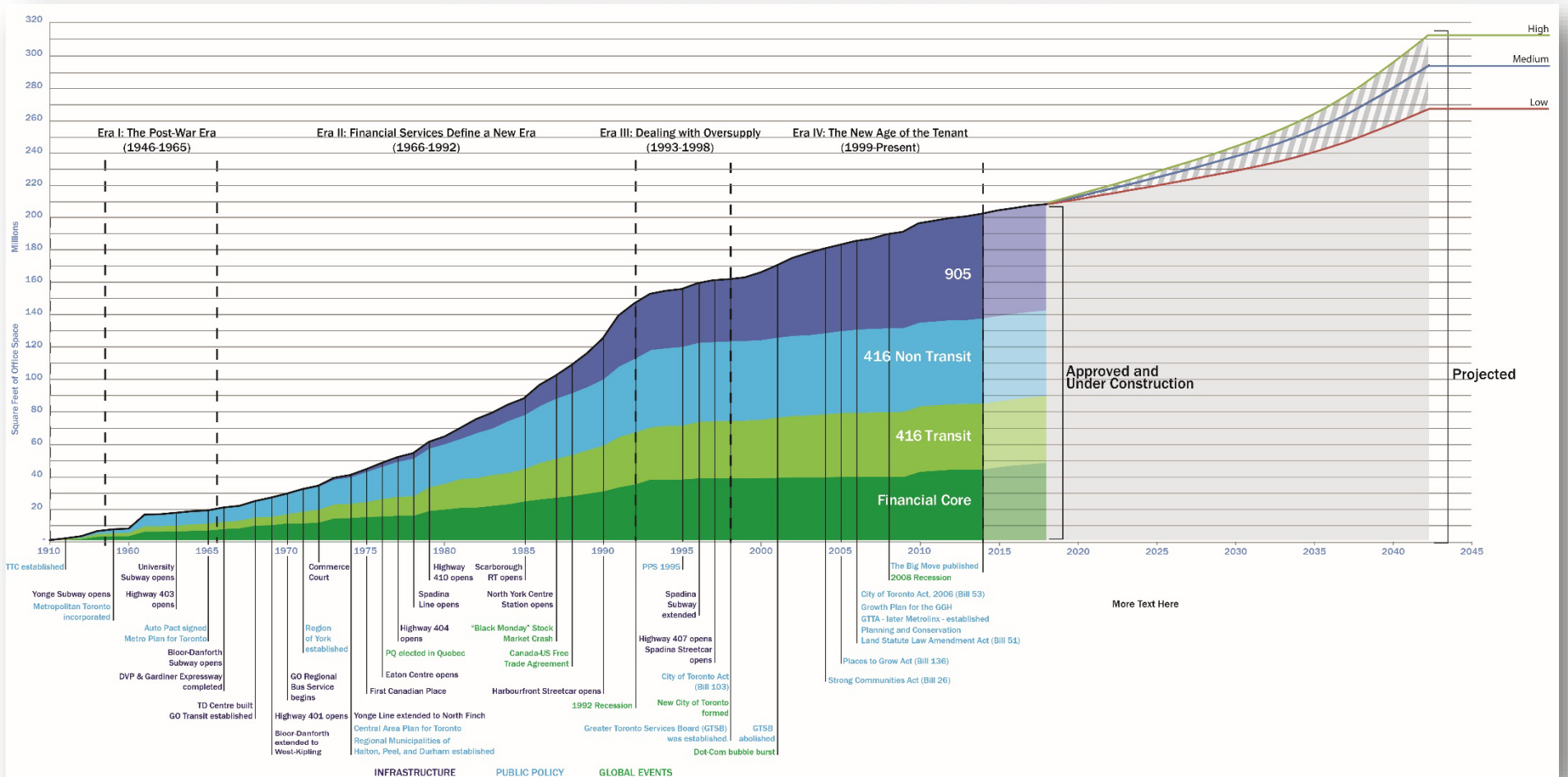
¹⁴ “Planning for Employment Uses in the City of Toronto,” Malone Given Parsons (with Real Estate Search Corporation), October, 2012



The majority of these jobs will likely be located in dedicated office buildings, but the forecasts anticipate that some of these office jobs may also be located in a variety of other building types, including converted industrial buildings.

As illustrated in the *graph on the following page*, the office market in the Region reached the 200M sq. ft. threshold in 2011, and has continued to grow to 216M sq. ft. This growth has taken place primarily in the 905 and Toronto's financial core (which now extends south of Union Station). The graph also shows planned growth to 2018 (under construction and pipeline projects to be completed). Our projection anticipates a minimum of 270M sq. ft. by 2041 (low) and up to 310M sq. ft. of new office growth by 2041 (high). Given that the timeframe beyond completion of pipeline projects and 2041 is less than 25 years, it is not unreasonable to assume additional growth beyond that period that would see the market grow to 325M sq. ft., which is 110M sq. ft. more than exists today.

5.3 CUMULATIVE TOTALS OF GTA OFFICE SPACE 1900-2041



6. PURPOSE & METHODOLOGY

It is important for the health of the Region that a significant proportion of the next wave of office development is located in places that are well served by public transit. Employers need access to labour markets and employees need the option of an attractive working environment within a reasonable commute time. In the past, transit investment has been made without a sufficient understanding of private investment in built form. The objective of this report is to provide the evidence which will inform new public policies and help reduce the risk of insufficient private investment around transit.

Using insights gained from employer interviews and data that SRRA gathered, *The Nodal Study* is intended to:

- provide insight into what factors determine where buildings are built;
- develop a structure for the analysis of the capacity and attractiveness of existing nodes to accommodate growth; and
- prove the value of aligning transit development with private investment to generate public benefit, sustained ridership.

To do this, SRRA developed an analytical framework to determine where:

- employers chose to build in the past and the suitability of those areas and new areas which may be attractive in the future; and
- opinions of business leaders in companies that are growing and which can provoke new construction were analyzed and applied to the analytical framework.

The purpose of this study is to provide the evidence to facilitate the alignment of employment with investment in transit.

The Transit Investment Panel headed by Anne Golden in the fall of 2013 stated that part of the funding problem of transit is building transit with high operating subsidies. That report outlined a series of conditions to the selection of transit priorities designed to reduce operating subsidies.¹⁵ Making major investments in transit and not having a comparable investment by the private sector in terms of businesses, residential and cultural space leads to low ridership and results in the need for operating subsidies.

¹⁵ *Transit Investment Strategy Advisory Panel, 2014 – Province of Ontario.*



To mitigate these risks, the SRRA team determined that the employers most likely to have a building constructed for them should be consulted. SRRA in consultation with its public and private sector partners developed a work plan for this research in this collaborative environment. This consultation with SRRA's Investment Partners shaped the selection of nodes and formed the outline of the questionnaire for the employers.

6.1 CLASSIFICATION OF NODES

We provided interviewees with details of each node and a map of their location to help with the selection of nodes for analysis and characterization. It was determined that each option should also have the capacity and/or the economic conditions which would allow for the construction of new buildings. During this process the SRRA team also studied the trends in each node to determine what areas had proven to be attractive in the last 40 years. This led to the identification of 27 existing and future nodes.

The criteria for selecting the nodes addressed:

- **An assessment of development readiness.** This is a subjective measure but takes into account experience regarding time to gain 'simple' approvals such as site plan agreements, the need to introduce an official plan amendment, and comprehensive rezoning or undertake a secondary planning exercise.
- **Current level of accessibility.** In some cases, nodes are already served by higher order transit (subway), and/or highway access. In other cases, where there are no plans currently in place to improve or provide higher order transit, lack of access is assessed as a current constraint, but the node has potential to be connected or served by future transit improvements.
- **Intensification potential.** A track record of growth and/or sufficient vacant lands or sites capable of accommodating a major office building that could be redeveloped to support intensive growth (subject to policy and other changes).
- **Potential for mixed-use.** Availability or potential for suitable infrastructure, and, in most cases, amenities or the potential to develop amenities suitable for a mixed-use environment. Exceptions were made for nodes with restrictions on use imposed by airport Noise Exposure Forecasts (NEF) requirements as in the case of Airport Corporate Centre.
- **Proof that the market is willing.** Evidence of existing employment to validate market acceptance. Again, some exceptions were made for underutilized areas considered to have potential for redevelopment.
- **Land economics.** Evidence that expectations with respect to land values and/or potential market rents would not be a barrier to generating new development.



6.2 SELECTION OF EMPLOYERS INTERVIEWED

Three hundred and fifty companies in the GTHA with a track record of growth were identified.¹⁶ The majority of new growth comes from existing companies. As noted in previous reports, the office market in the 905 has reached sufficient critical mass to trigger growth from within.

The following criteria were established to guide company selection:

- **Critical mass and a growth trajectory.** Companies should have a minimum of 250 workers, and demonstrate at least 1% annual growth in workers over the past decade.
- **An established covenant.** Companies must possess the financial strength to attract financing for new development in order to drive a decision to create a new office building.
- **Be well established in the region.** Companies may have multiple locations; need to consolidate space from multiple locations; limited growth prospects in current locations (requiring a move within 5 years) or all of the above.

The list of 350+ companies was segmented by sector and geography (i.e. location in the Region) to provide a representative sample of approximately 40 companies to be interviewed in depth.

- **Advertising, photography, marketing and related media services.** Companies interviewed in this segment of the economy have seen job growth of 44% over the past 10 years.
- **Architects, engineers and designers.** Companies in this segment have grown by 50%.
- **Broadcast, information technology and telecommunications.** Companies interviewed in this segment have grown by 30%.
- **Management, scientific and consulting services.** Companies interviewed have grown by 18%.
- **Finance.** Companies interviewed have grown by 21%.
- **Motion picture, TV and video production.** Companies interviewed have grown by 69%.
- **Publishing and new media.** Companies interviewed have grown by 80%.
- **Retail.** Companies interviewed have grown by 65%.
- **Multiple Locations.** 25% of companies interviewed have multiple locations (this includes those requiring a continuing sub-regional presence as well as companies that will potentially wish to consolidate space in a new location). 23% of companies are between 50K – 100K sq. ft. of space at present. 6% have between 100 and 150K sq. ft. The remainder is considered “large,” with 150K sq. ft. or more.

¹⁶ Data provided by RESC.



- **Confidentiality.** A commitment made to interviewees was that their comments would be confidential.

6.3 THE INTERVIEWS

A total of 40 in-depth interviews with relevant decision makers were conducted during 2014. The interviews generally lasted at least one hour. The companies interviewed covered three main categories:

CATEGORY	DESCRIPTION
1	Major employer with multiple locations and professional real estate departments.
2	Major employers (over 500 employees) with a single or primary location.
3	Employers with a single location and under 500 employees.

The findings were catalogued and analyzed. Because of the fluidity of new transit proposals with respect to higher order transit improvements during the past year, specific questions about proposals like the Provincial Regional Express Rail or SmartTrack were intentionally left for the next round of research. They may have had an impact on some of the responses and influenced some of the interviews.

A general, an open-ended framework was employed in the interviews. The higher level purpose was to find out what stakeholders – major employers across key sectors – would like in a node to provoke new building. The structure was designed to link growth plans with needs, and to link those needs to **The Nodal Study** so that economic/demand factors could be assessed. Given the extended period over which interviews were conducted, the interview structure may have been influenced by the political landscape as awareness of SmartTrack became heightened.

Typical questions we asked the interviewees included:

- What are the growth plans in the GTHA? The intent of this question was to ascertain the level of familiarity of respondents with provincial plans such as the Growth Plan and the Big Move.
- Is your current location meeting your expansion needs?
- What is the plan to meet those needs, short-mid-and long term?
- How do the nodes fit in with the location plans and/or alter relocation/expansion plans?
- If you built a new building today, where would you do it?
- What political or operating environment changes would you make to transportation, planning or tax policy?

7. INTERVIEW ANALYSIS

This section presents our preliminary findings from the interviews with employers and a detailed assessment of the nodes from the employer's perspective.

Overview from the interviews:

- virtually all those interviewed indicated that their companies had significant short term growth plans;
- growth among major employers was expected at the 3 to 5% range on average, with many of the Category 2 and Category 3 employers projecting higher growth;
- short term, most needs were being met in the current market; mid-term there were significant issues with the marketplace meeting needs; longer term, virtually all interviewees felt the marketplace and general operating environment in the GTHA may not be amenable to their needs;
- a number of companies are considering options, including relocation from their current site(s) or growing in another non-GTHA location; and
- no node “has it all” in terms of a desire to be located in a “hot spot”.

Employers were making adaptations within what they felt is a non-optimal office space environment over the short-term, but recognized that mid-term there were no optimal solutions on the horizon. Single location employers were generally constrained to the Toronto marketplace and felt they would have to ‘make do’ while more mobile or larger employers were looking to non-GTHA solutions to accommodate growth. The issue was not only office space availability; it was more driven by access to employees. Competitive factors were not high ranking, although service-based businesses were concerned about being competitive on cost as office costs were both a major element of fixed costs and an element where costs could create a competitive disadvantage – yet for the most part these businesses were currently tethered to a limited number of areas for image reasons.

7.1 FINDINGS

None of the nodes were fully optimal. To varying degrees, each had at least one significant deficiency.

Respondents overall spoke favourably with respect to the nodes as possible growth solutions, but there was little deeper foundation to their views. Respondents, particularly Category 3, had difficulty ‘visualizing’ the nodes in the framework of their mid to longer term business needs. This appeared to be an issue with ‘projecting’, and moving beyond entrenched views.

Turnaround time for new building is too long.

This was a simple issue of respondents believing that, regardless of favourability of any nodes, the current structural environment creates a much too lengthy turnaround time between conception, execution and delivery in the 416. This is not an issue in the 905.

The 905 is becoming less attractive as a result of increasing congestion.

Any possible advantage that 'GTHA Shadow' municipalities had in terms of congestion is no longer perceived to exist, so the playing field has largely been levelled. It is worth noting that many employers, particularly Category 1, had experimented with both satellite offices in non-core locations and 'work from home', and were migrating on both fronts back to their core, downtown locations. The trend towards migrating most 'work from home' employees back to 'in office' will continue in Category 1, will likely trickle down to Category 2, while the future impact on Category 3 is yet unknown.

Labour criteria in downtown different from 905 but access issues are common.

Although the labour mix in downtown is quite varied, ranging from high paid professionals to appropriately qualified clerical and support workers, employers cited a growing concern that their ability to retain and recruit is affected by challenges related to increased commute times. The suggestion is that there is a growing mismatch between where employers are today and where they think they need to be in future.

Costs are more of a driver than revenue potential.

Revenue growth was not an issue or limiting factor. Cost containment, particularly for Category 3 businesses and 'fee for service' businesses, was a major concern.

Investment incentives in GTHA lacking behind other cities (companies with US parents or connections are typically exposed to a multitude of state and/or municipal incentives).

It was felt overall that the GTHA lacked incentives to invest in commercial real estate on a significant scale compared to other jurisdictions.

Primary criterion in evaluating nodes is functionality.

Respondents tended to fall back on functional factors in evaluating the nodes – what is there now, or what the access environment is now – rather than aspirational factors – projecting what the potential could be.

Access to services is an important criterion.

As well as access to employees, access to services key to business operations and continuity was seen as critical. Although again there was little projection onto the nodal concept, in effect, employers were citing a need to create employment ‘hubs’ that were in a sense self-sufficient business communities. Services being the amenities during non-work periods.

Awareness of transit was low.

Although the SmartTrack concept was only introduced in later stage interviews, awareness of transit was low, particularly beyond existing as a plan. Awareness of specifics, details, or possible implications economically and to the respondent business plans was very low.

The lack of transit is a serious issue universally but there is little belief that politics can be overcome.

Respondents were highly detached from the political process around transit, and this was largely driven by lack of a culture that encourages private sector participation in “public policy discussions”. Traditional ‘consultation’ processes were seen as superficial and largely ineffective. At the same time, there was a high level of desire for active participation on a meaningful level. Respondents were highly engaged in the interview process and in fact offered both their assistance and future access to repeat the interview process as plans develop.

Delivery certainty on transit plans and continuity are significant obstacles perceptually.

A common refrain was that “the devil is in the details”, seeing actual delivery of any plan as fraught with continuity obstacles. Respondents have seen a multitude of transit plans over time and are concerned that large infrastructure development can be easily side-tracked by random elements along the critical path to completion.

Smaller/single location employers are less mobile.

Smaller, typically single location Category 3 employers but reaching into Category 2, and often service based businesses, were less mobile and had great concern over access to affordable, accessible office space for growth, yet were least prepared in terms of envisioning future options and plans. Some interviewees in this category located outside of the core noted their concern about the continued viability of their current location.



Generally, there few positive choices available for employers seeking to retain or attract new employees.

Employers had clear challenges on employee retention and availability of office space for growth, within an environment where they were often migrating employees back to core locations and accommodating growth within existing constrained space. The only true ‘active’ drivers were “image” and perceptions that related services were centered around primary downtown nodes. The lack of positive options as a driver for expansion was construed overall as having a negative impact in terms of their appetite to plan for future growth.

Respondents had great difficulty projecting the nodes onto future plans.

Visualization was still centered around traditional imagery of the ‘transit map’ and perceptions of existing hubs. But when asked about specific locations, the ‘transit map’ ceased to be relevant.

Smaller employers had the greatest difficulty projecting the nodes onto their future business needs, but in general they had more interest in “qualitative drivers,” related to the quality of work environment.

Smaller employers, generally Category 3, and also Category 2 employers with less real estate and/or planning infrastructure, were generally operating on a much shorter business planning cycle and real estate planning was typically done by a CFO or office manager, or in some cases by the CEO, and tended to be done only at key junctures such as lease renewal, and at that, on an ad-hoc basis. Primary drivers for these businesses were largely qualitative – corporate culture, employee lifestyle and work life balance, and corporate image relative to competitors. A number of interviewees, particularly those in Category 3, raised the issue of “how can successful mixed-use environments” be created, and how long does such a process take?

8. ASSESSMENT OF NODES

In *The New Geography of Office Location Study*,¹⁷ we catalogued office buildings into four groups based on access to existing rapid transit and the impact of municipal tax variations. For the purpose of this Study, our focus was on determining which nodes could accommodate growth and how attractive these nodes are to employers able to provoke development of a new office building.

The assessment and categorization of the nodes evolved through the interview process as a response to the discussion of their relative merits. Following presentation of the data and taking into account responses from the interviews, the SRRRA team interpreted the results of these interviews, added analysis of our own and developed the following groupings, totalling some 216M sq. ft. of office space in the Region:¹⁸

Established nodes with a high degree of acceptability over the past 25 years:

Slightly more than 100M sq. ft. of office space is located in *Established Nodes* such as the Toronto financial core and Brick and Beam in Toronto as well as nodes in the West 401 Corridor and Markham/Richmond Hill. The potential for growth in these 905 nodes would improve as a result of investment in RER and SmartTrack (and related changes in land use policy).

Nodes with the potential to be transformed into high density, mixed-use locations following the introduction of higher order transit:

Some 12M sq. ft. of office space is located in nodes referred to as *Transit Induced Nodes* where the potential future growth would likely be transformed as a result of improvements to transit service such as RER and SmartTrack.

Mixed-use environments that have lost favour with office users in the past 25 years but which could be revitalized:

A third set of nodes, city centres and downtowns have potential for further development as mixed-use nodes. These are referred to as *Potential Intensification Mixed-Use Nodes*. These nodes occupy approximately 30M sq. ft.

Nodes with long term potential:

A fourth set of nodes is considered to have *Long Term Potential*, and collectively account for less than 7M sq. ft. at present.

¹⁷ [*The New Geography of Office Location, and the Consequences of Business of Usual in the GTA,*](#) Canadian Urban Institute, 2011

¹⁸ RESC & CUI Geo Spatial Group, this represents over 1,000,000 jobs in the Region by far and away the location of these buildings defines peak hour congestion on the roads and in transit.



8.1 EXCLUDED NODES

Some 32M sq. ft. of the Region’s office space (15%), 21M sq. ft. of which is located on the Yonge Street subway, was excluded from our analysis because these areas do not meet the criteria for future growth, either as a result of problems with employee access, unfavourable land economics, lack of available sites, or a combination of these and other factors.

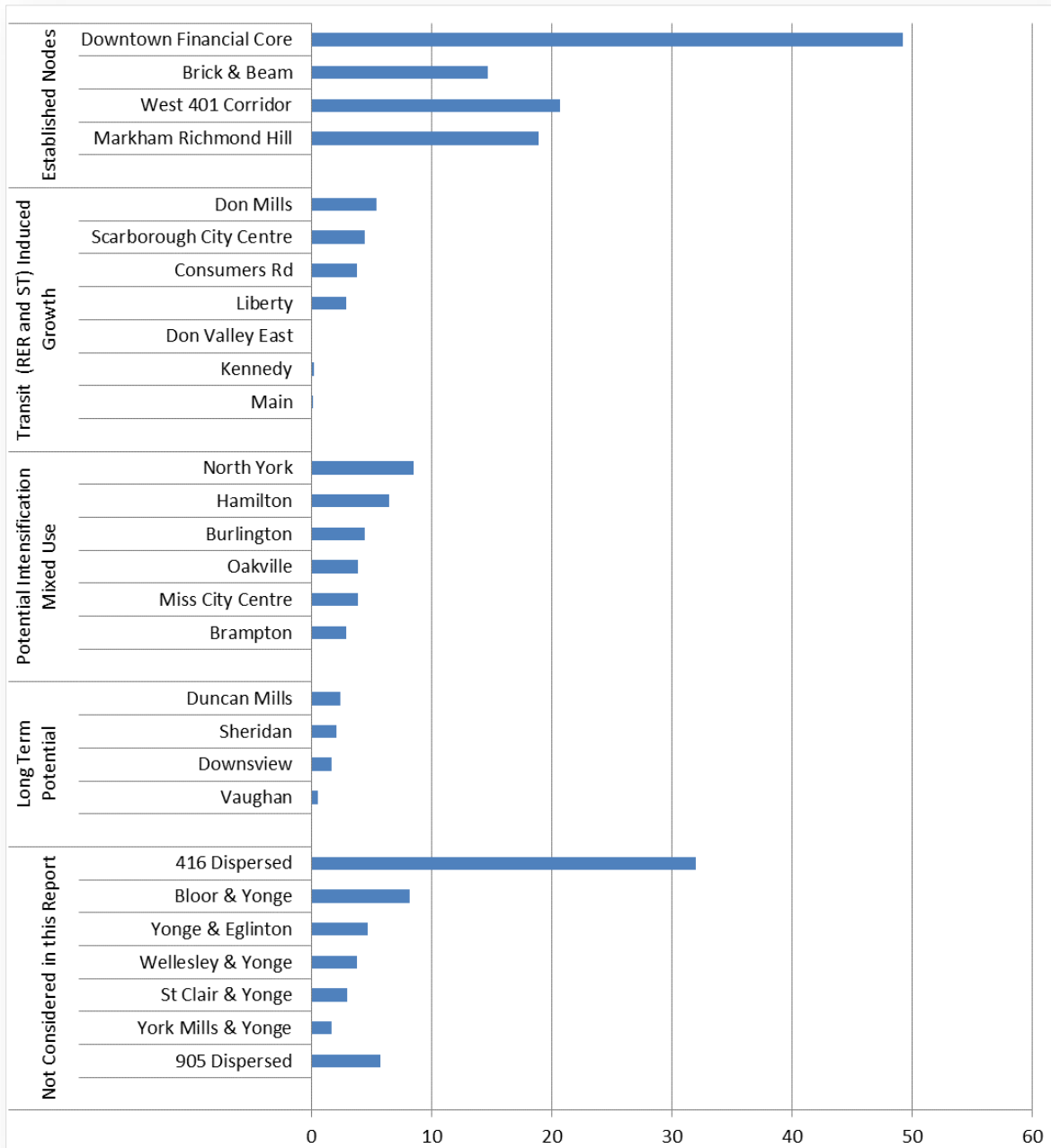
Finally, approximately 30M sq. ft. of office space is located in dispersed locations in Toronto (i.e. 416) and an additional 6M sq. ft. of dispersed space over and above the 905 clusters counted as “established nodes.”

The interviewees also differentiated between:

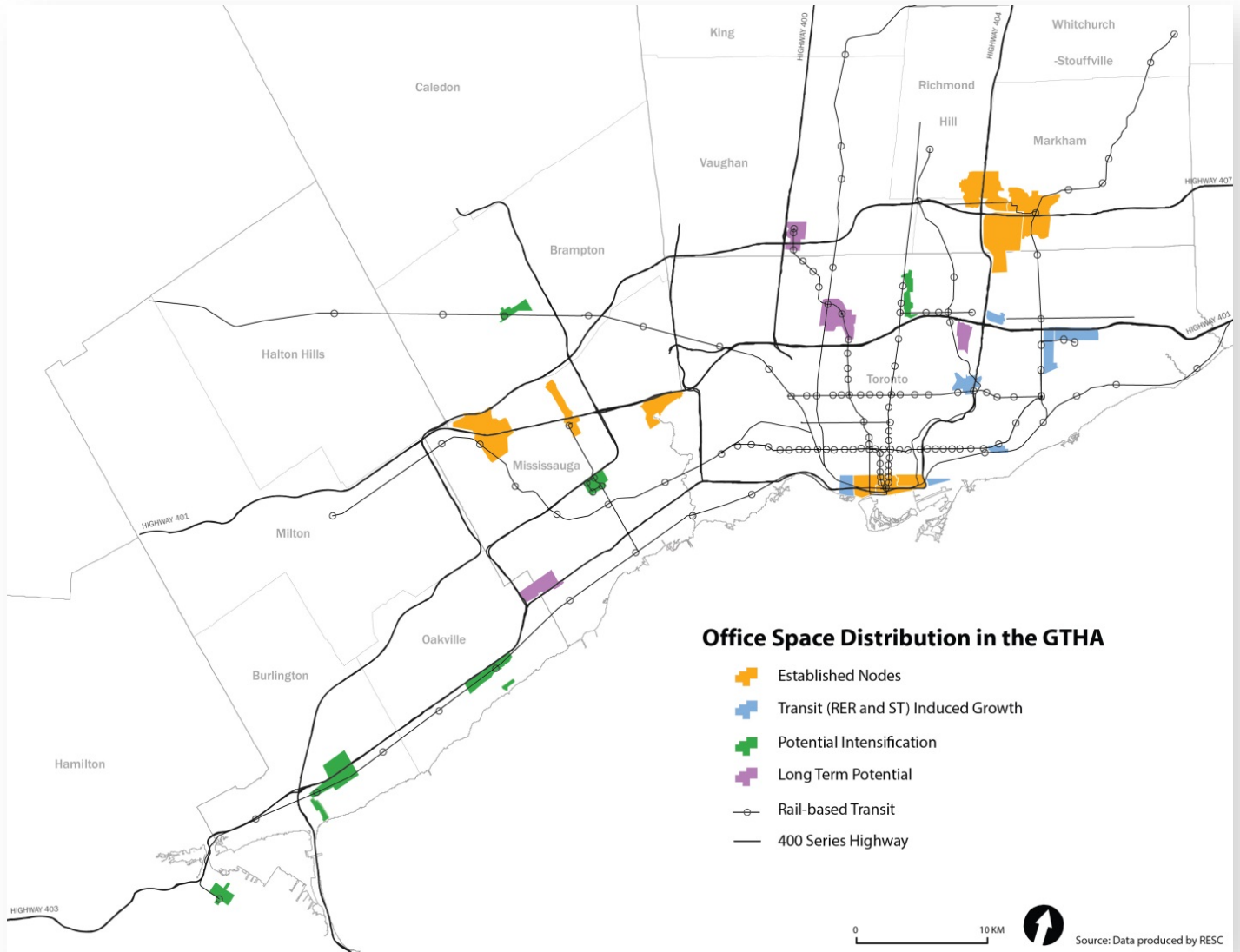
- the iconic ‘AAA’ towers of Toronto’s financial core;
- midsized buildings with urban appeal;
- isolated standalone buildings with auto-only access; and
- the “cool” regenerated Brick and Beam buildings.

The quality of the buildings in these types varied widely and as does pricing, with rents varying from \$7.50 per sq. ft. to \$75.00 per sq. ft., but despite these differences the location of the space was – and will always be – the most significant demand factor.

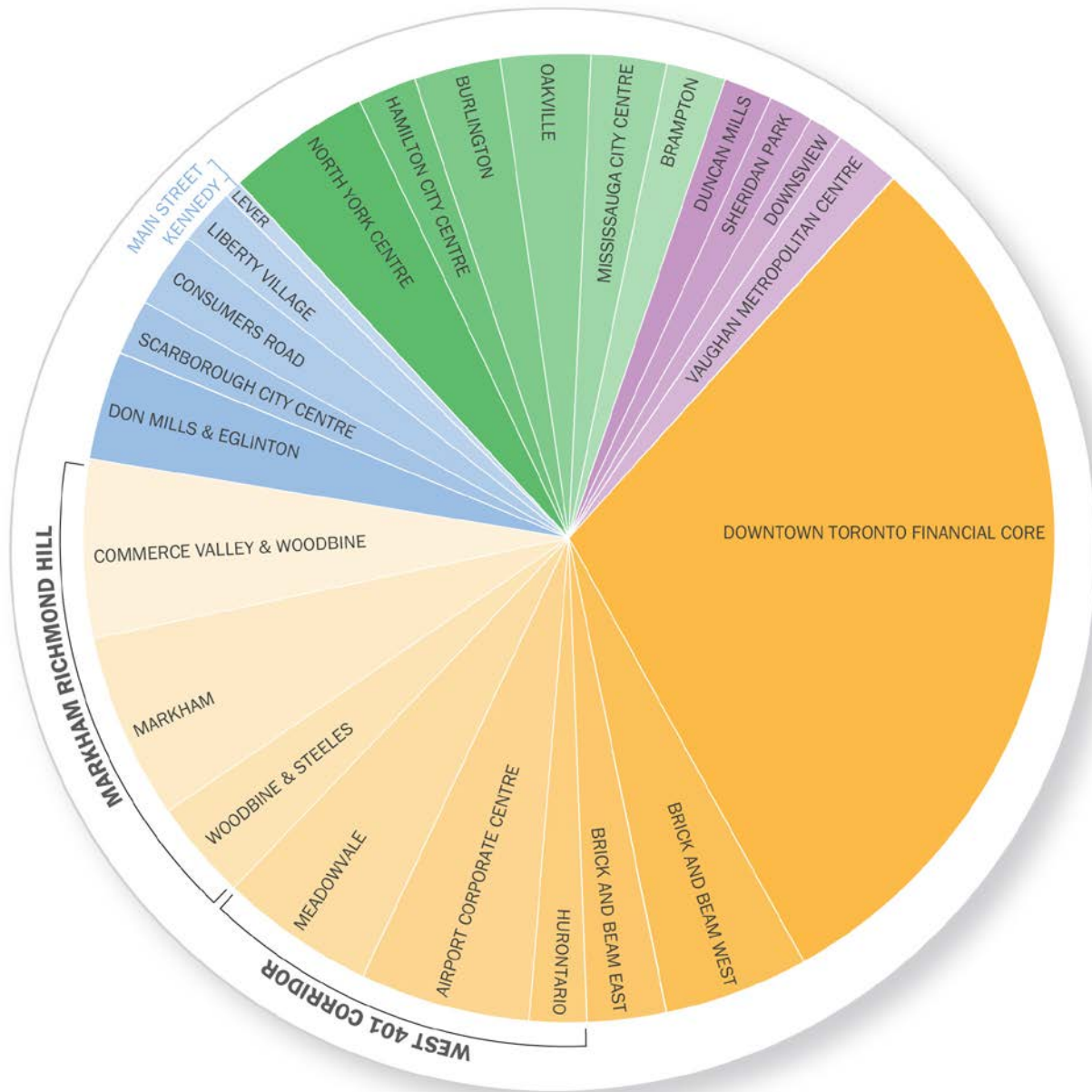
8.2 OFFICE SPACE DISTRIBUTION IN THE GTHA



8.3 OFFICE SPACE ALL NODES



8.4 PERCENTAGE OFFICE SPACE DISTRIBUTION BY GROUPS



- ESTABLISHED NODES
- TRANSIT ENDED GROWTH
- POTENTIAL INTENSIFICATION MIXED-USE
- LONG-TERM POTENTIAL

9. COMMENTARY

The role of public policy in city building is to provide a plan to facilitate growth. This Study does not purport to suggest where growth will occur. The objective is to suggest that public policy be informed to a greater degree by the voice of employers.

Recognizing that there are 27 nodes where the probability and capacity for growth is high but not uniform, changes to a broad range of policy in these areas are necessary especially where the public is considering investing billions of dollars in higher order transit.

Outside the downtown core, employers are telling us that congestion is stunting growth. These areas need transit to reach their full economic potential. Employers are telling us that transit alone is not sufficient to make a node acceptable.

“You have to have a plan but cities rarely grow according to plan.”

Paul Goldberger, Architectural Critic, Journalist & Educator

It is self-evident that employers seek out affordable office space. Setting in motion a process where public policy focuses on the need to encourage and support the creation of new affordable office space will pave the way for growth in the region. Regional Express Rail (RER), the provincial transit program, and SmartTrack, a municipal initiative, will provide the theoretical ability to connect established employment nodes. However, if the conditions surrounding these important transit plans are not conducive for the location of new office space investment, a great opportunity will have been missed.

Continuing collaborative research between the public and private sector voices of the Region, as developed with SRRA, will provide more detail as to how changes in public policy could potentially link employment, residential and cultural spaces together in a livable region.

The raison d’être of the modern metropolis is to make it possible to make the journey from home to work by transit but to minimize the need to do so.

Hans Blumenfeld, Architect & City Planner

10. CONCLUSIONS & RECOMMENDATIONS

10.1 FIVE PRINCIPAL CONCLUSIONS

The five principal conclusions from **The Nodal Study** are presented here, along with recommendations:

1. NO SINGLE LOCATION WILL DO Although it is important to recognize the factors driving the Region as a whole, it is also vital to understand the conditions on the ground which influence the performance of individual nodes. Each node has a unique set of conditions, from its mix of tenants, land economics and site availability, to land use policies, historical investments in infrastructure, the ease with which new development can be approved, and access to a diverse labour force. The answers are cause for concern: in the opinion of 40 key decision makers interviewed, there is no place in the Region that meets all their needs or which, in real estate parlance, could be considered “hot” or ‘desirable’.

2. GROWTH IS ONLY OCCURRING IN A SMALL NUMBER OF NODES Although the region’s office inventory continues to increase, many of the nodes are growing slowly or not at all. Growth has been confined to a relatively small number of office nodes. SRRRA found that the majority of growth is dependent on the performance of only three clusters of established nodes, which comprise 48% of all the office space in the region. These are:

- Toronto’s Financial Core;
- the Brick and Beam areas either side of the core;¹⁹
- a grouping of nodes in Mississauga; and
- a grouping of nodes in Richmond Hill and Markham.

3. LONGER COMMUTE TIMES HAVE MULTIPLE NEGATIVE IMPACTS Commuting time and distances were identified as a significant concern by employers. Longer commuting time makes it increasingly difficult to attract and retain a workforce. Additionally, problems linked to commuting impacts worker productivity. Although the relationship between access to employment and place of residence has always been important, employers interviewed for this study emphasize that their employees are finding it more difficult to achieve an appropriate balance.

4. PUBLIC POLICY REGARDING OFFICE DEVELOPMENT AND HIGHER ORDER TRANSIT IS ABSENT AT THE PROVINCIAL AND LOCAL GOVERNMENT LEVELS Our research has confirmed that there is no public policy at either the provincial, regional or local level that adequately addresses the strategic advantage of locating office buildings close to higher order transit or which offers specific guidance with respect to the location of office space in places served by higher order transit.

¹⁹ These two areas are described on the map in the Executive Summary as a single cluster.



In the absence of direct, specific policies that address the needs of office users, office development continues to occur in locations that contribute to congestion rather than contributing to a solution. Policies are required because office buildings are unique in as much as they concentrate a lot of workers in one place, making it possible to create vibrant, transit-friendly work environments.

5. A NEW APPROACH IS DESIRED BY EMPLOYERS AND DEVELOPERS TO WORK TOGETHER WITH GOVERNMENT

Employers indicated that understanding the drivers for both commercial and residential development is equally important in order to achieve a balanced approach to locational decisions. The decisions of commercial developers are driven by the needs of tenants whereas residential developers respond to market opportunities dependent on demographic change. Both development streams have traditionally been influenced by the cumulative impact of publicly funded infrastructure, with development decisions taken independently.



10.2 RECOMMENDATIONS

TRANSIT PLANS AND LAND USE MUST BE HARMONIZED.

A more detailed analysis needs to be undertaken to ensure the continued vitality of nodes with the majority of existing office space. This would include concrete transit plans to improve access and connectivity be encouraged, together with related changes to land use and other public policy as appropriate.

WE NEED MORE COMPREHENSIVE EMPLOYER INPUT.

Although employer interviews helped us define key problems, we recommend establishing and implementing a framework that will facilitate going back to these and other employers to review and comment on proposed solutions developed through this collaborative process.

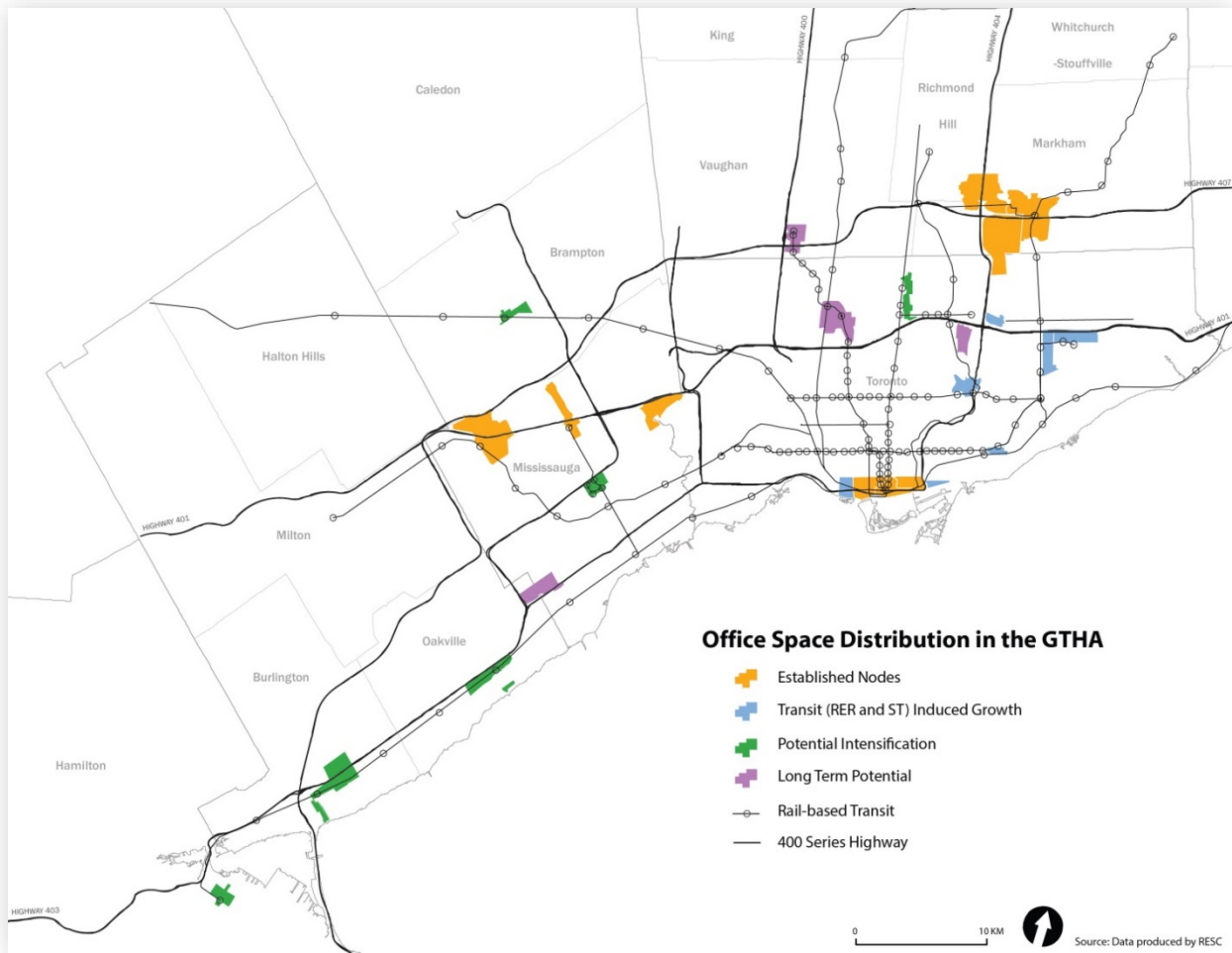
EMPLOYERS, GOVERNMENT AND DEVELOPERS NEED TO WORK TOGETHER.

SRRA recommends that the Province, in collaboration with upper tier and single tier municipalities in the inner ring of the Greater Golden Horseshoe, and the employers responsible for triggering new office buildings as well as developers creating multi-residential development, establish specific policy guidance with respect to the location of major office developments.

OFFICE DEVELOPMENT AND TRANSIT NEED TO BE REFRAMED AS KEY COMPONENTS OF CITY BUILDING.

SRRA recommends, as part of City Building initiatives, that, the close relationship between where business 'can' locate and the complex issue of connecting to where employees choose to live, be recognized as a backbone of policy. Residential builders, commercial employers, city planners and all stakeholders all have a role in helping inform transit decisions.

11. DETAILED ASSESSMENT OF NODES WITH MAPS & GRAPHS





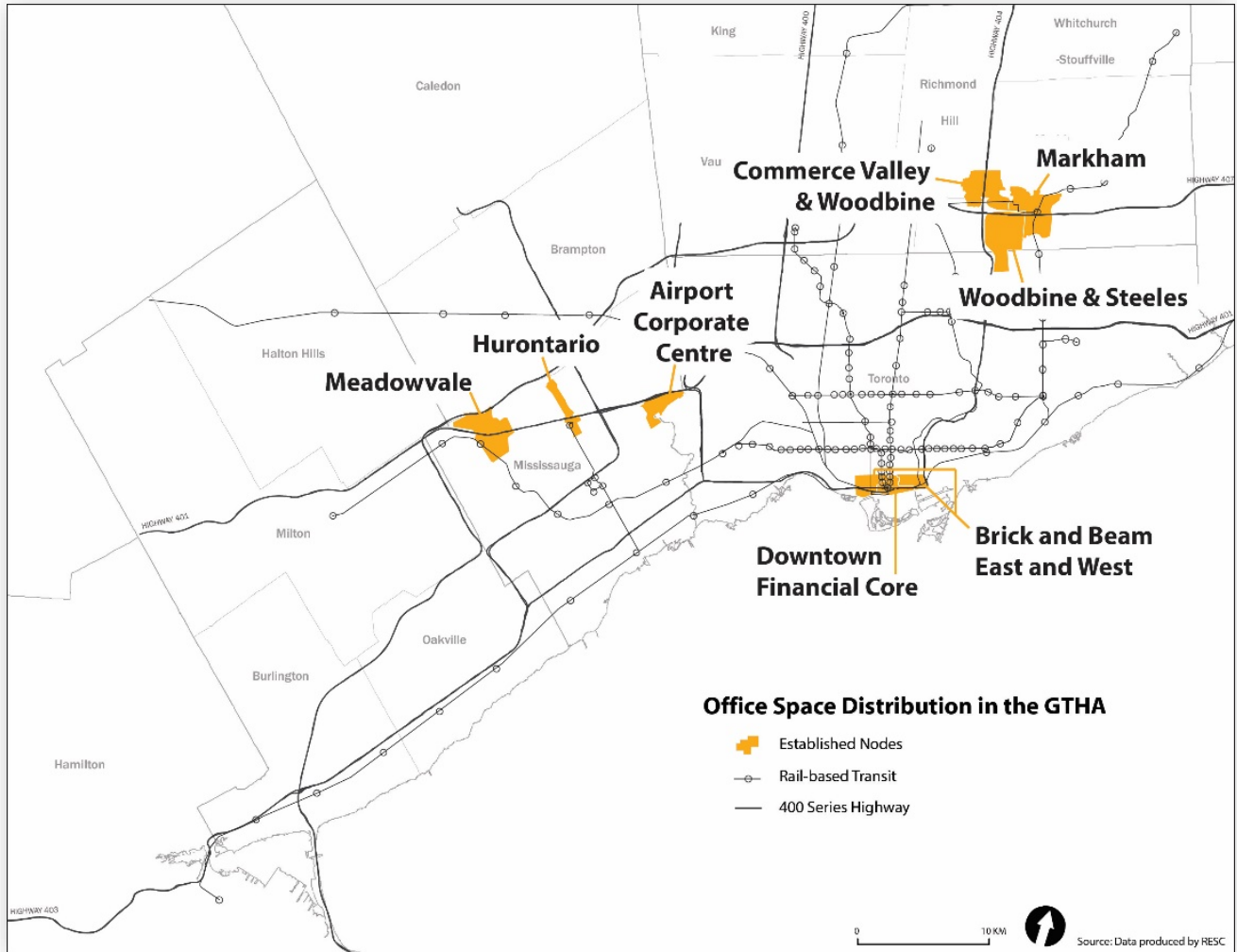
11.1 GROUP ONE – ESTABLISHED NODES

The established nodes account for approximately 50% of all office space in the Region or the location of half a million jobs. Their importance was confirmed through the interview process. Each of these nodes has experienced steady growth over the past 30 years. Although they differ in terms of quality, pricing and size of building, and tenant mix, each node has proven its value over time. The interview process indicated that all of these nodes have challenges with respect to accommodating future growth.

Each of these important nodes evolved as a result of specific public policy. For example, the transition from manufacturing to office space and residential in the Brick and Beam nodes is the direct result of a policy decision to deregulate the restrictions on use (industrial) to allow for any use, including residential.

The established nodes have limited short-term growth prospects, however, and interviews indicated that there may be challenges in meeting the needs of tenants in those nodes over the long term. The most notable challenge, as highlighted in the interviews, is access to labour markets. Employers indicated that each of these successful areas is becoming less accessible as a result of longer commuting times.

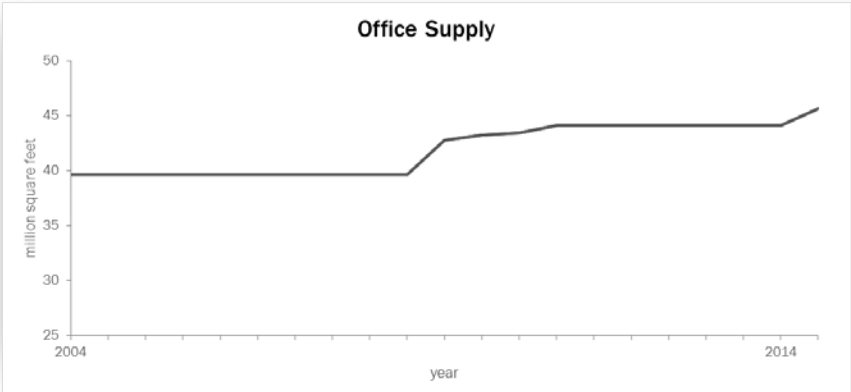
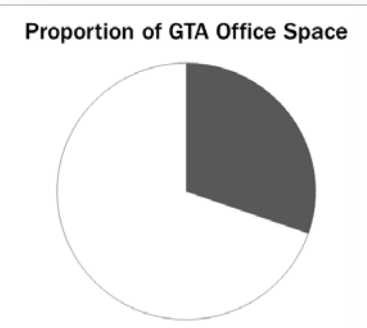
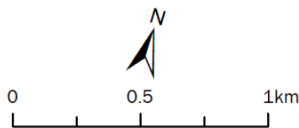
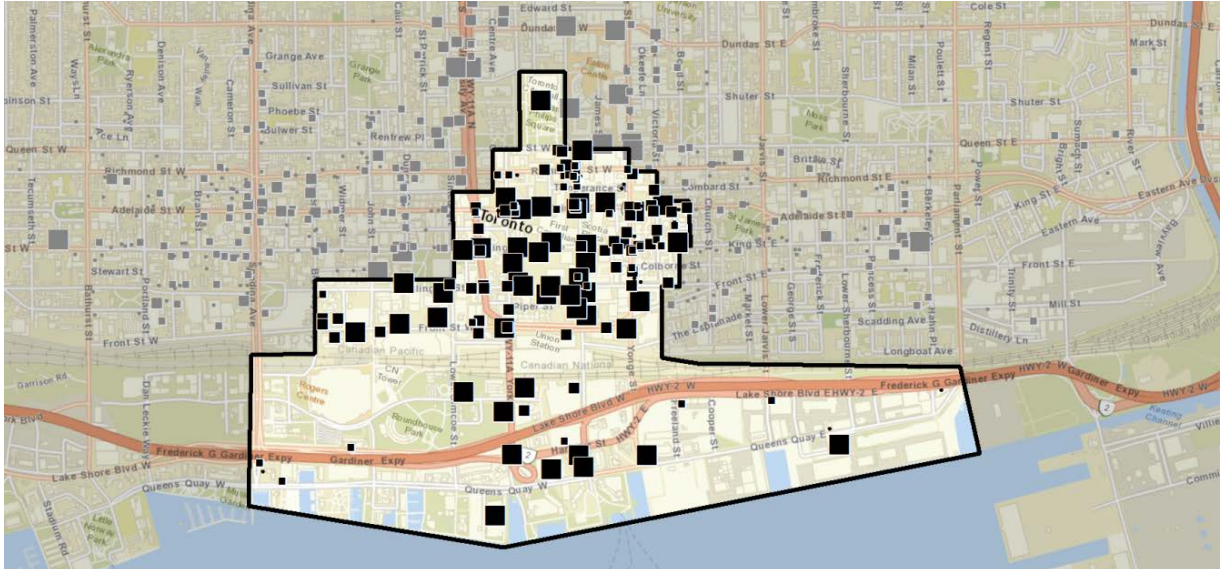
Other issues are covered in the node-specific analysis below. In the following node by node analysis particular attention is paid to the capacity of the node for new supply both from a physical perspective and from an economic perspective.



The established nodes account for approximately 50% of all office space in the Region or the location of half a million jobs

Established Nodes

Toronto Financial Core



The Toronto Financial Core experienced overall growth of 15% in office supply over the past decade, from 39.6M sq. ft. to 45.6M sq. ft. Most of this growth occurred between 2009 and 2011.



Toronto Financial Core

The dominant employment sector in this node is the financial services sector, which accounts for approximately 70% of existing leased space. This has allowed the node to grow steadily since 1980, absorbing an average of 650K sq. ft. annually for the past 35 years. Future development potential for new buildings is constrained by a dwindling supply of easily developable sites and high land values. These conditions translate into rental rates that can only be afforded by a narrow segment of the market – the financial services sector. There is currently 5.5M sq. ft. of space nearing completion or under construction but industry experts agree that the potential for future new growth will be limited to approximately 7M sq. ft., which would bring this important node close to a built-out condition.²⁰

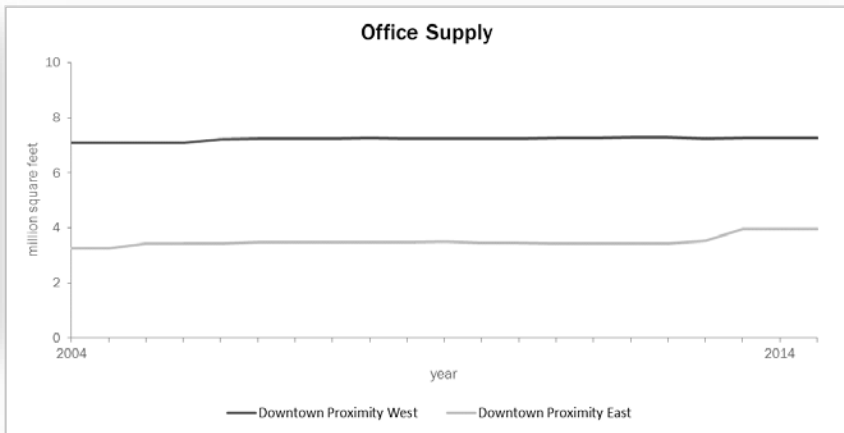
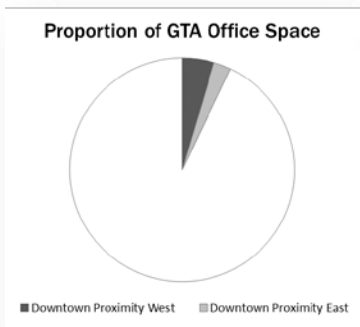
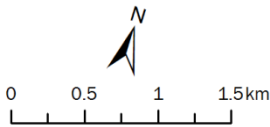
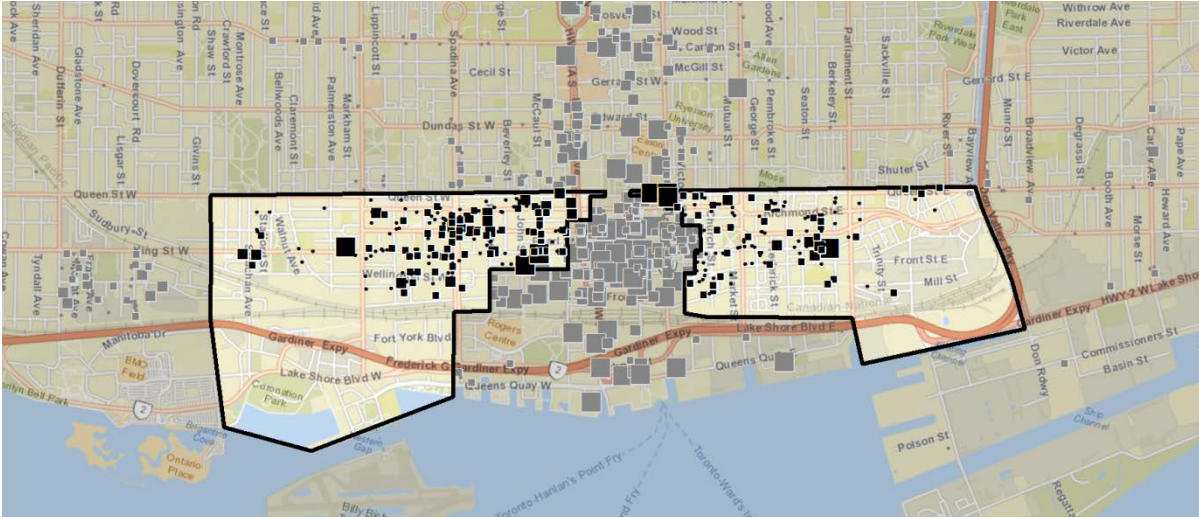
The key attribute of this area is the close knit concentration of offices, made possible by the PATH system which provides high capacity pedestrian access to relieve pressure on the above-grade sidewalks. The PATH system has now been extended to service the South Core. In addition, the area is well served by public transit, with the result that car usage is less than 25% of in-bound trips.

In addition to a dwindling supply of sites that can accommodate large office towers, an additional constraint on growth is the length of time required to get planning approvals for major projects. There is a limited pool of companies able to make commitments for space that will not be available for five or six years. As well, the introduction of residential condominiums into the mix has removed a large number of potential office development sites.

²⁰ *This assumes development on vacant sites.*

Established Nodes

Brick & Beam West and East



The West Side experienced overall growth of 2% over the past decade, increasing from 7.1M sq. ft. to 7.3M sq. ft. in 2014. This growth occurred from 2005 to 2007. There is one new building currently under construction. **The East Side** experienced overall growth of 22% in office supply, increasing from 3.2M sq. ft. to 3.9M sq. ft. The majority of the increase occurred between 2004 and 2005 (increasing by 170,000 sq. ft.) and between 2012 and 2013 (increasing by 500,000 sq. ft.). There has been no change in office supply since.



Brick & Beam West and East

There is approximately 19M sq. ft. of buildings of this type in downtown Toronto, which includes an area larger than the Brick and Beam node identified on the accompanying map.²¹ The variety and complexity of the converted building is an attractive feature for many businesses, especially ‘new economy’ industries. There are several reasons why this market place has succeeded including:

- affordability;
- space is readily available for occupancy in a short period of time;
- aesthetic appeal for many businesses for the ‘look and feel’ of the architecture; and
- the buildings are usually located in a walkable streetscape environment with readily accessible retail and other work place amenities.

The successful transition of the Brick and Beam area to a mixed use environment that appeals to a variety of new economy employers and an ever-increasing number of residents is in part due to the walkable street grid, which has provided a strong basis for animation at street level.

Vacancy rates in this node are among the lowest in the Region due to low supply and strong demand. As a result, rental rates in the area have been increasing faster than any other node in the Region. The challenge for this market place is to stay affordable. Over the past two years market rents have in some cases doubled. The area is likely to continue to see modest growth.

The capacity for this area to absorb significant amounts of office space is approximately 2M sq. ft. There are few sites large enough to accommodate buildings with 30K sq. ft. floor plates. Additionally, employers interviewed for this study tell us that it takes too long to get new space built and rental rates are now at a premium. However, even though office space is now being incorporated into residential projects, the addition of 100K or 250K sq. ft. office space per project is not likely to have an impact on the Region as a whole.

²¹ *Brick and Beam describes office buildings that have been converted from manufacturing and other types of buildings. It has become widely understood to include other forms of construction including old houses, low rise industrial buildings made from concrete blocks and many other styles of construction. For the purposes of this Study, the Brick and Beam node refers to the areas either side of the Toronto Financial District. These areas are characterized by having major condominium development and are served by a network of streetcar, GO rail and subway access. Additional Brick and Beam buildings located elsewhere were not included in this study because there are in dispersed areas with little potential for significant new development.*



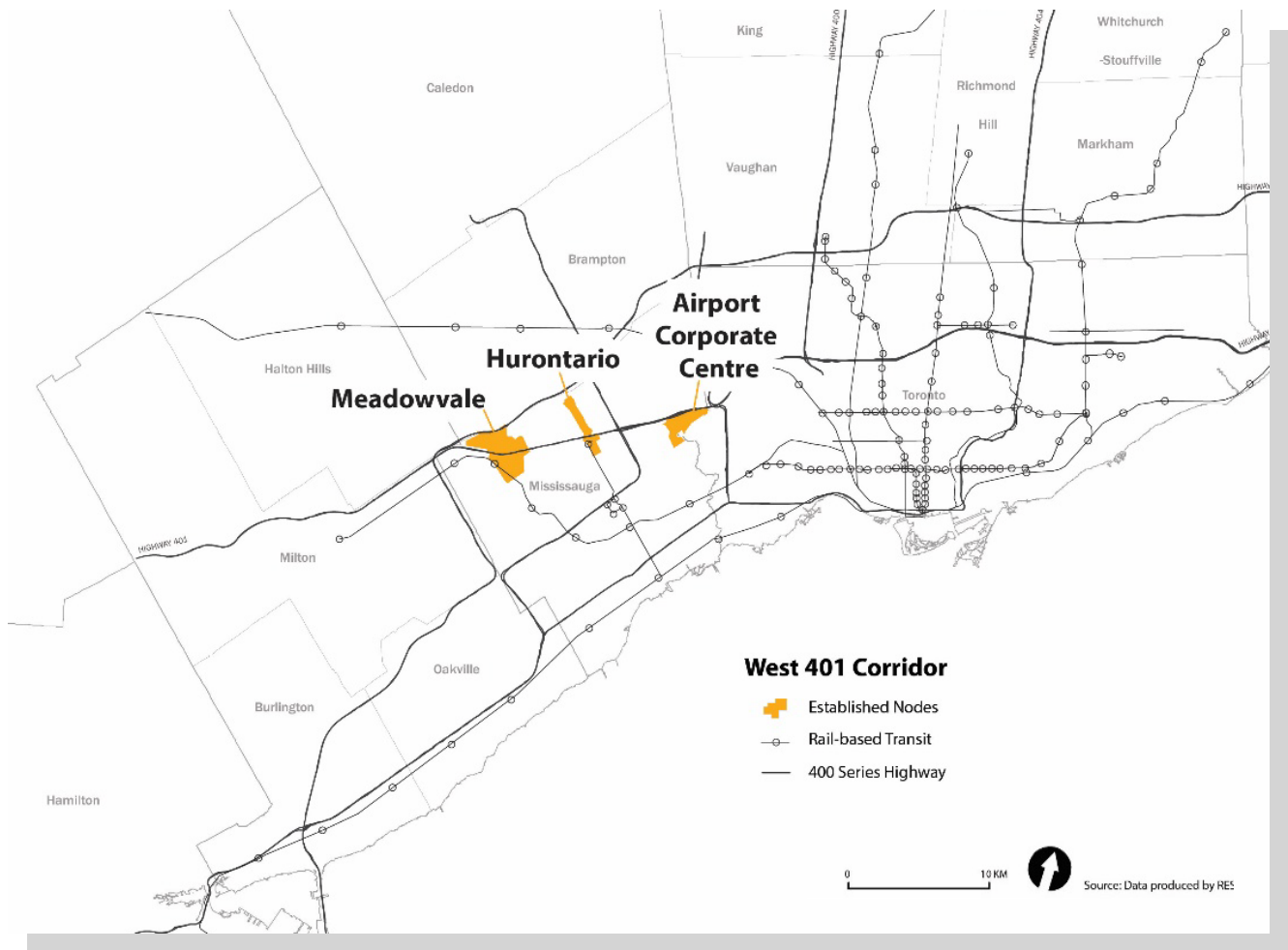
West 401 Corridor

The three nodes comprising the West 401 Corridor are presented together because of the area's collective importance to the Region (10% of all office space), its relationship to Pearson Airport, and its established residential development to the south and vast industrial lands to the north. The three nodes collectively have great appeal to employers and have grown as fast as the famous Canary Wharf development in the east end of London. Unlike Canary Wharf, the West 401 Corridor is not serviced by higher order public transit. A considerable amount of growth in this general area derives from within the nodes.

Mississauga has invested in bus transit, which provides modest levels of public transit for a limited number of people. Sections of a new 19 km bus-only roadway in the Highway 403/Eglinton Avenue corridor recently became operational. By and large, however, this corridor is serviced by the 401, 427, 403, 410 and 407 highways, all of which are congested during peak travel times, when most of the 100,000 office workers are travelling. These car trips compete for road space with truck traffic and other industry-related trips.

All three of the nodes have the potential to accommodate significant additional office space (e.g. tens of millions of sq. ft. of space) in future. However, employers are telling us these expectations are unrealistic unless higher order transit access is provided in this corridor.

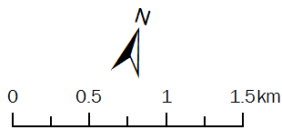
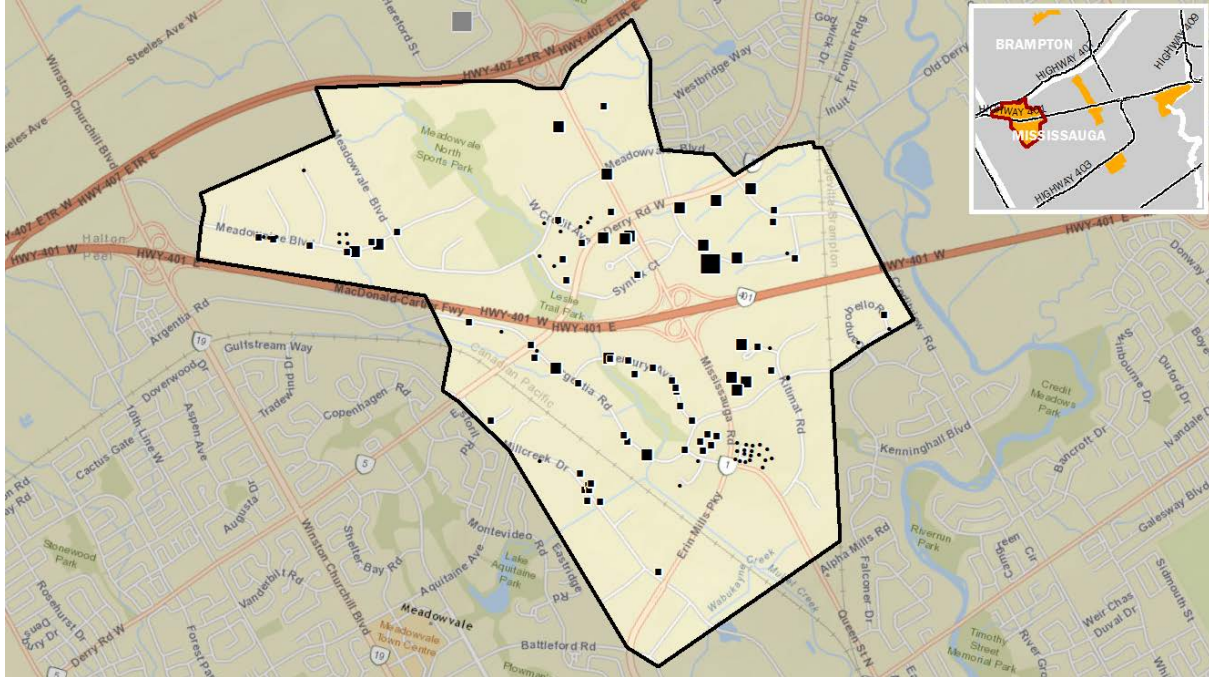
Unlike Canary Wharf, these nodes lack amenities and other uses for the benefit of office workers traditionally found in office environments. The appeal of these nodes in the past has been their low cost, and regional access to labour markets. To accommodate future growth, these elements must be addressed. However, public policy needs to first address the lack of amenity and provision of transit.



All three of the nodes have the potential to accommodate significant additional office space (e.g. tens of millions of sq. ft. of space) in future. However, employers are telling us these expectations are unrealistic unless higher order transit access is provided in this corridor.

Established Nodes

WEST 401 CORRIDOR - Meadowvale



Building Size x 1,000 sq ft

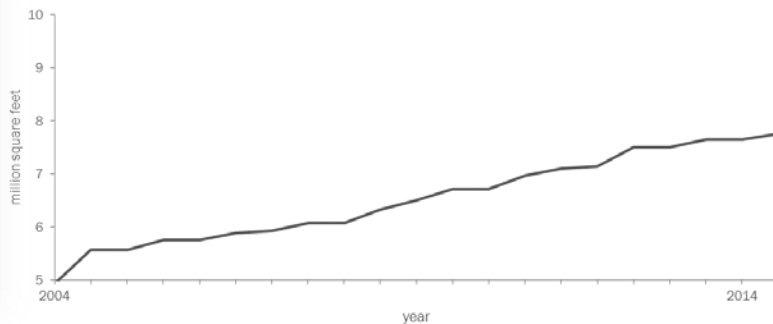
- 300+ (2)
- 100 - 300 (19)
- 30 - 100 (50)
- 0 - 30 (46)

Node Boundary

Proportion of GTA Office Space



Office Supply



Meadowvale experienced steady growth over the past 10 years, resulting in an overall growth of 58% in office supply from 4.9M sq. ft. to 8M sq. ft.

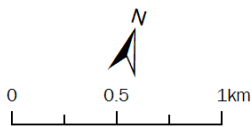
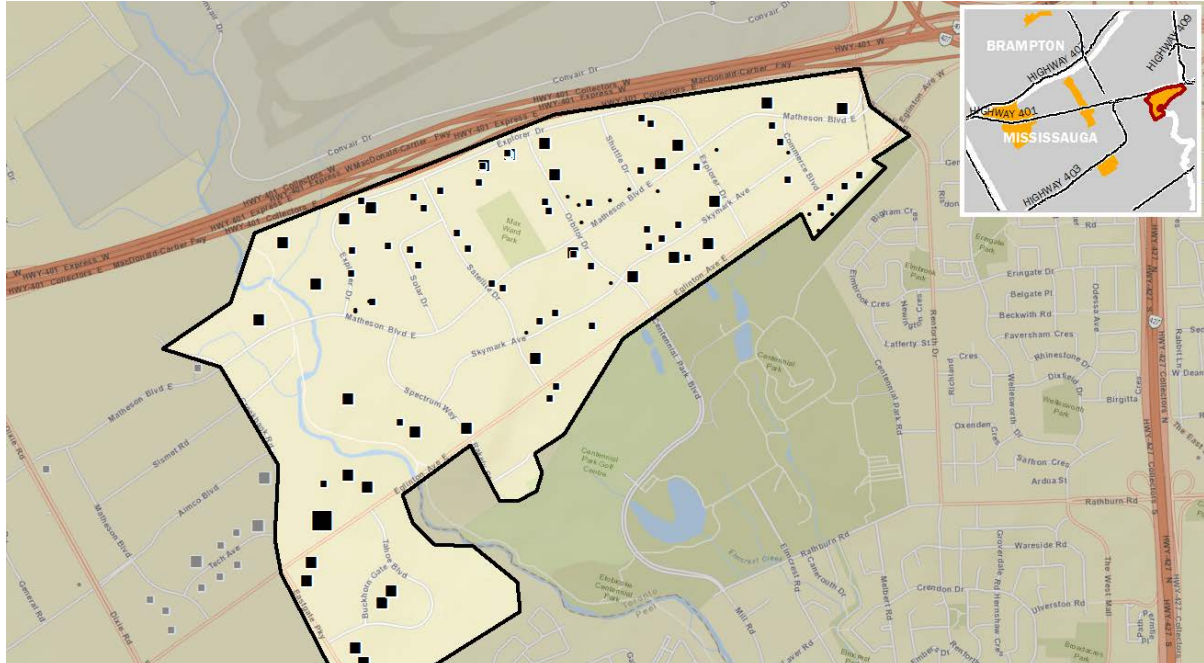


West 401 Corridor – Meadowvale

The first major office buildings were built in Meadowvale in the early 1970s. It has remained a consistently strong market since then. Meadowvale has come to be known as a significant bio/pharmaceutical cluster as well as financial services but remains almost exclusively suburban in its physical form. The potential for growth in Meadowvale is strong provided that it eventually receives higher order transit. Its short term capacity to grow is good because it is perceived to be on the western edge at the confluence of 401 and 407, beyond the worst bottlenecks for highway congestion, and is surrounded by strong residential markets. Short term growth could reach several hundred thousand feet per annum, but as the adjacent highways become increasingly congested, this will have an effect on its growth rate. The implementation of rapid transit on the Milton GO line will be limited until the heavy volume of freight traffic is reduced.

Established Nodes

WEST 401 CORRIDOR – Airport Corporate Centre



Building Size x 1,000 sq ft

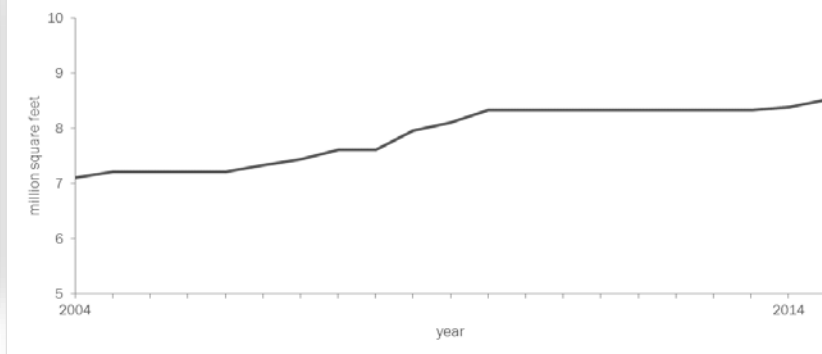
- 300+ (1)
- 100 - 300 (30)
- 30 - 100 (46)
- 0 - 30 (16)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



Airport Corporate Centre experienced a 20% increase in office supply over the past 10 years. The growth was steady from 2004 to 2008. The node grew again in 2011 (6M to 8.3M sq. ft.), and more slowly since then. The total inventory is currently 8.5M sq. ft.

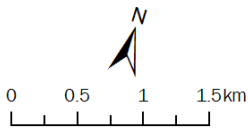
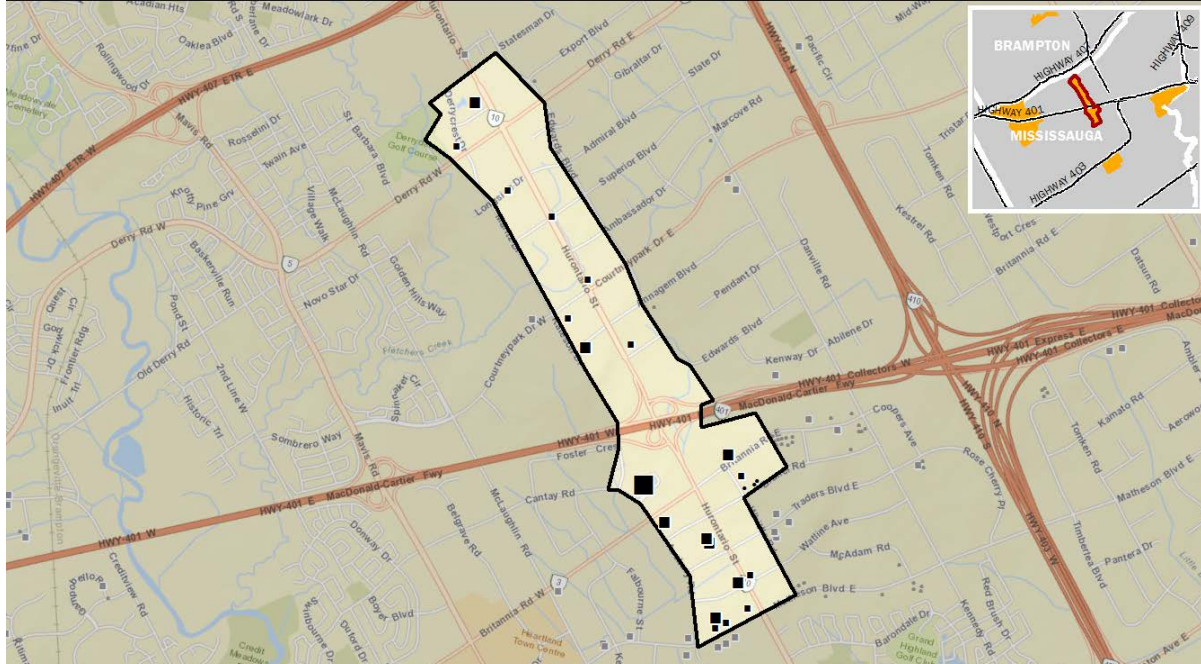


West 401 Corridor – Airport Corporate Centre

The proximity of this node to Pearson and the junction of the highways 401 and 427 made it very attractive over the course of the past 25 years. There are 56K jobs in the area housed in 8.5M sq. ft. of office space and 20M sq.ft. of industrial space. At one point, Airport Corporate Centre was one of the most sought after nodes in the Region. Airport Corporate Centre is one of the smaller industrial nodes, and as such, has potential to be redeveloped in a more transit-oriented fashion. It's proximity to 40,000 employees at the airport makes it attractive for the location of higher order transit, as proposed with the SmartTrack line. More importantly, with higher order transit, this node has the potential for continued growth because its land values have not been inflated through residential intensification (as a result of restrictions imposed by Noise Exposure Forecasts for the airport, residential uses are not permitted). The new bus rapid transit Right of Way (ROW) providing access to the City Centre will likely make the node attractive to employers seeking greater access to both urban and suburban style residential clusters.

Established Nodes

WEST 401 CORRIDOR – Hurontario



Building Size x 1,000 sq ft

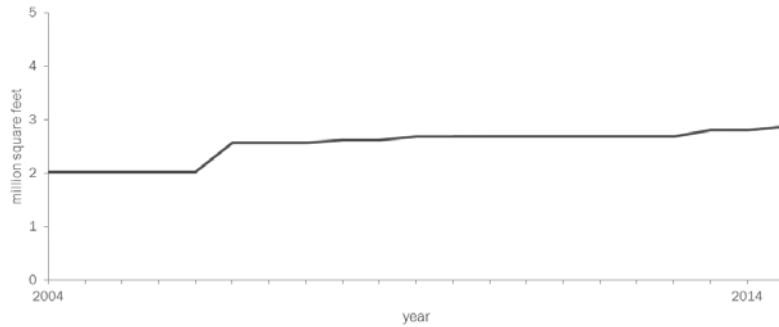
- 300+ (1)
- 100 - 300 (8)
- 30 - 100 (12)
- 0 - 30 (3)

Node Boundary

Proportion of GTA Office Space



Office Supply



The Hurontario Corridor experienced 43% growth in office supply in the past decade, increasing from 2M sq. ft. to 2.9M sq. ft. There was no change in office supply from 2004 through the first quarter in 2006. Majority of the growth occurred from 2006 to 2007 and has incrementally increased thereafter. The node has seen steady growth since 2012.



West 401 Corridor – Hurontario

The area continues to attract new office development. The value for implementing LRT on Hurontario has been recognized by the City. Implementation of the LRT will eventually release the capacity for this node to continue to grow. It is unlikely that this will occur in the near term as there are at present no firm plans to provide funding for the LRT, even though Metrolinx has acknowledged the potential of the project.



Markham/Richmond Hill

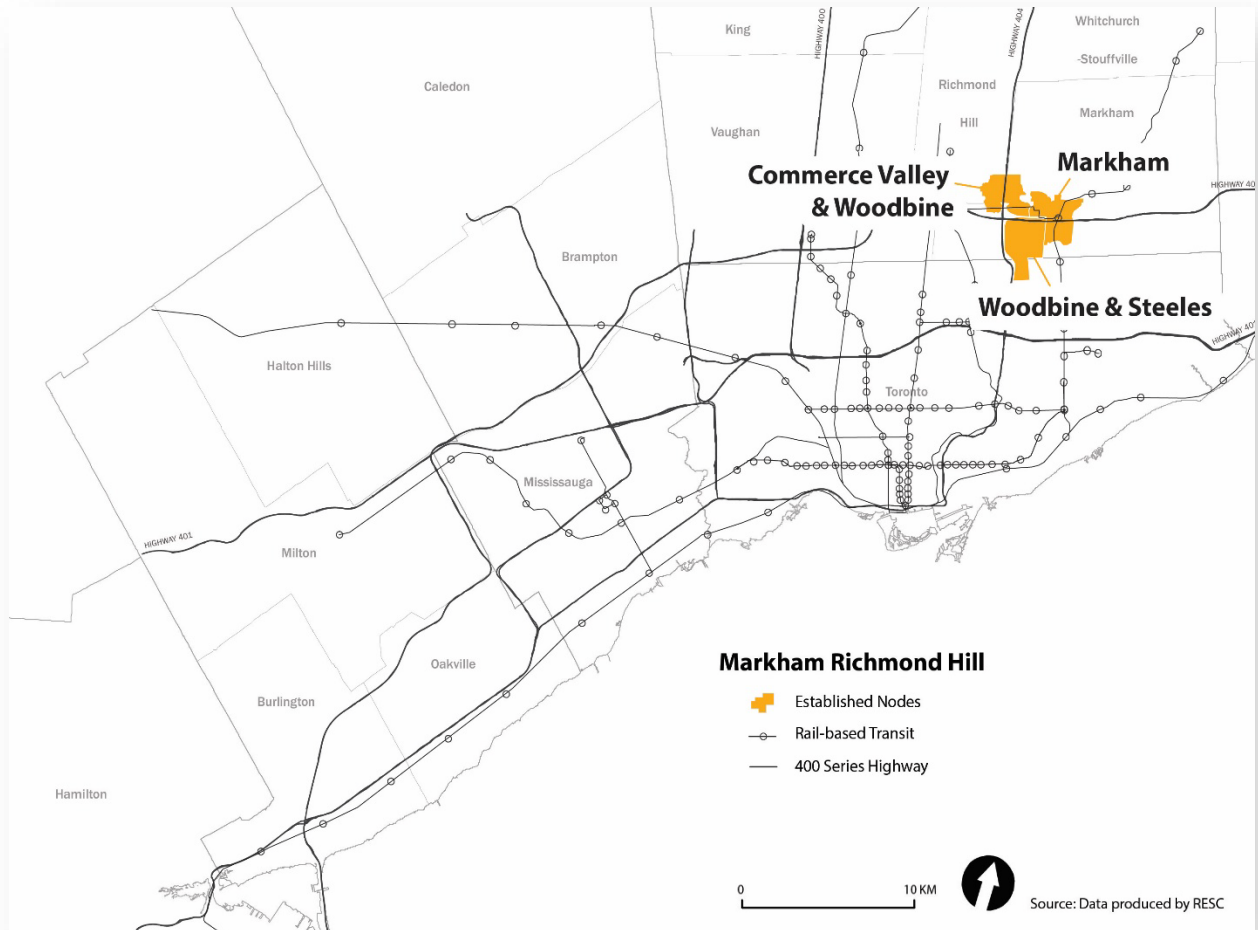
The three nodes comprising the Markham/Richmond Hill area, as with the 401 West Corridor, have developed around low cost, easily accessible land. They are serviced by the intersection of the 401/404 and 407 highways. The original employers, such as IBM, have been joined by high tech firms, engineering and data processing companies, to create diverse range of businesses. Like the West 401 Corridor market. What these nodes share in common is that the pace of development has declined in recent years. Employers are telling us that this slowdown is the result of difficulty of access and growing congestion.

The character of industrial development in this market area is relatively high density in terms of the number of employees working in the area. With the exception of Markham Centre (below), the ability of these established employment areas to further intensify or move towards a mixed-use model is constrained by the lack of higher order transit.

York Region, with its investment in the VIVA bus rapid system, has begun to address this issue in earnest. The problem to be overcome is the significant distance between existing office buildings and potential high speed transit corridors.

SRRA is engaging in new research to provide a better understanding of problems such as this, often referred as the “last mile challenge.” Employers told us that finding solutions to connectivity is essential in order for the area to continue to grow.

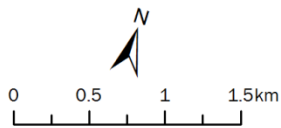
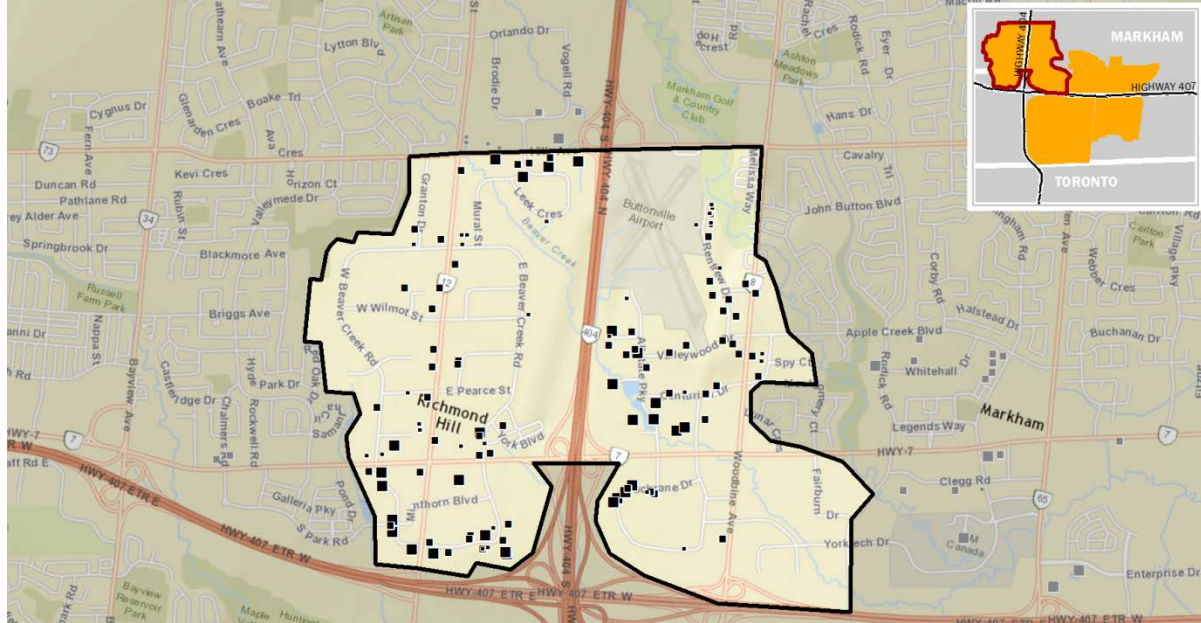
A possible competitive advantage of this corridor is the industrial mix of buildings. Many new industry companies are beginning to occupy industrial built form with high density employment. These new industries have a mix of office workers, product manufacturing (e.g. software), which do not require industrial style segregation, but do require low cost premises. Employers suggest that as these buildings continue to be converted to high density uses, connectivity and access to higher order transit is essential.



Employers told us that finding solutions to connectivity is essential in order for the area to continue to grow.

Established Nodes

MARKHAM RICHMOND HILL – Commerce Valley & Woodbine



Building Size x 1,000 sq ft

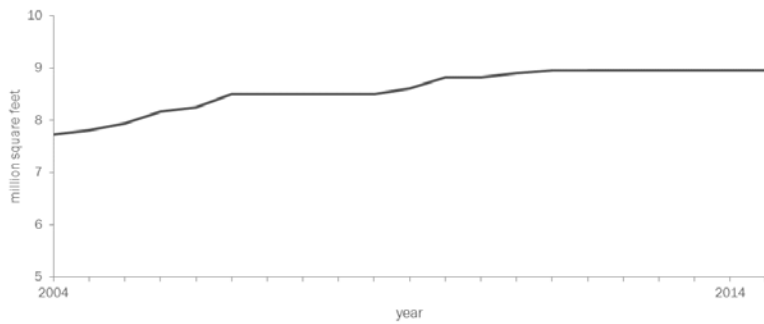
- 300+ (0)
- 100 - 300 (28)
- 30 - 100 (60)
- 0 - 30 (34)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



This node has experienced a 16% increase in office supply over the past 10 years, from 7.7M sq. ft. to 9M sq. ft. Most of the growth has occurred from 2004 to 2007 (770K sq. ft.) but remained flat until new space was added between 2009 and 2011 (355K sq. ft.).

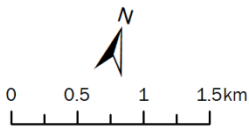
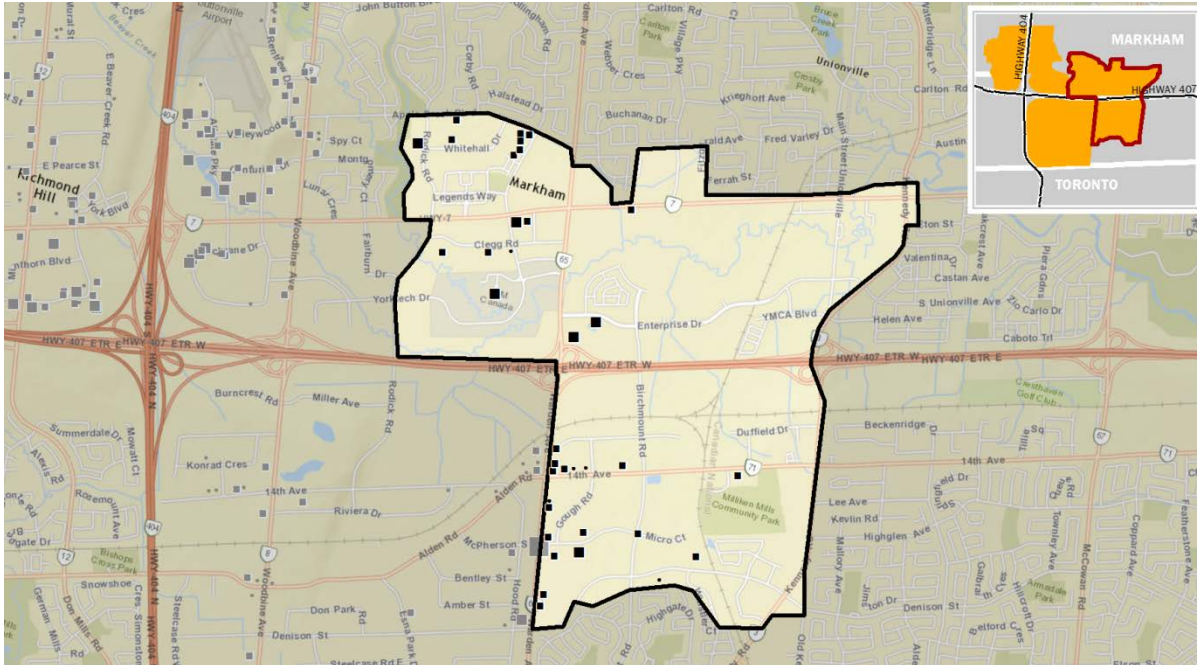


Markham/Richmond Hill – Commerce Valley & Woodbine

A traditional strength of this area is the high level of visibility provided by location adjacent to the major highways, offering the opportunity for companies to display their logos to a large number of commuters on a daily basis. As congestion both on the highways and local roads increases, however, this attribute may well prove to be less of a selling feature. It is also notable that the closing of Buttonville Airport will likely impact the rationale for locating in this area. Employers have told us that the lack of amenity and increasing challenges in terms of access are beginning to affect their ability to attract younger employees who may neither desire nor be able to easily afford to commute by car.

Established Nodes

MARKHAM RICHMOND HILL – Markham

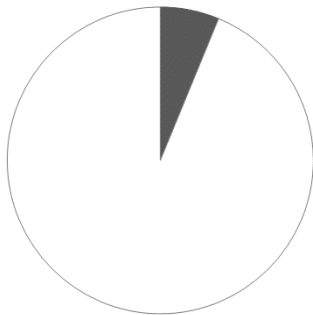


Building Size x 1,000 sq ft

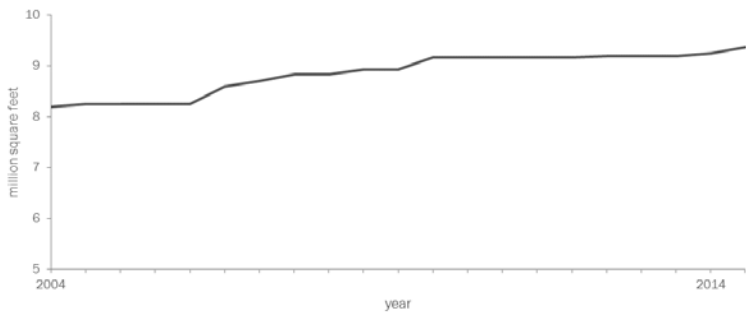
- 300+ (0)
- 100 - 300 (6)
- 30 - 100 (25)
- 0 - 30 (5)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



The node experienced 14% growth in office supply over the past 10 years, increasing from 8.2M sq. ft. to 9.4M sq. ft. The node experienced no growth from 2004 to 2006 but steady growth from 2006 to 2008. There was a notable increase in office space from 2009 to 2010 (228 K sq. ft.) but no further growth occurred until the first quarter in 2014.

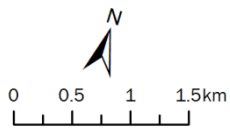
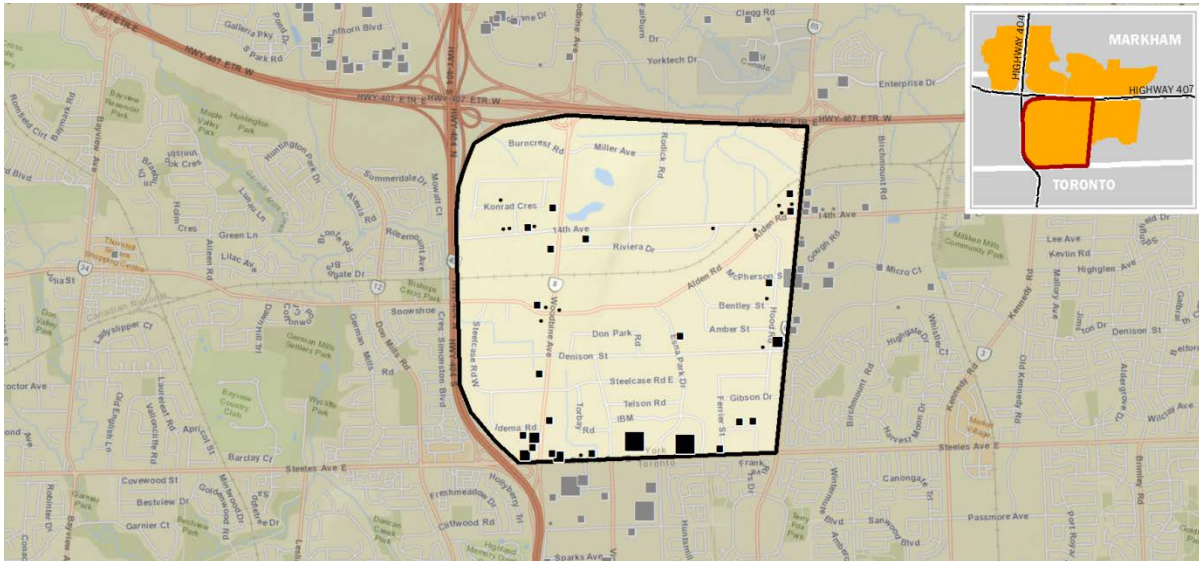


Markham/Richmond Hill – Markham

Markham Centre has benefited from a clearly defined, well organized planning regime that has proven attractive to both commercial and residential developers. Though still an auto-oriented environment, the City of Markham has made significant progress in providing for better public transit and encouraging a variety of different uses consistent with a city centre. For example, Markham Centre is the location of PanAm-related facilities and will soon be the home of a new campus for York University. Both RER and SmartTrack bring greater transit access to the area. If the City is able to offer additional incentives for development (such as the introduction of a parking authority) this node should be able to continue to grow.

Established Nodes

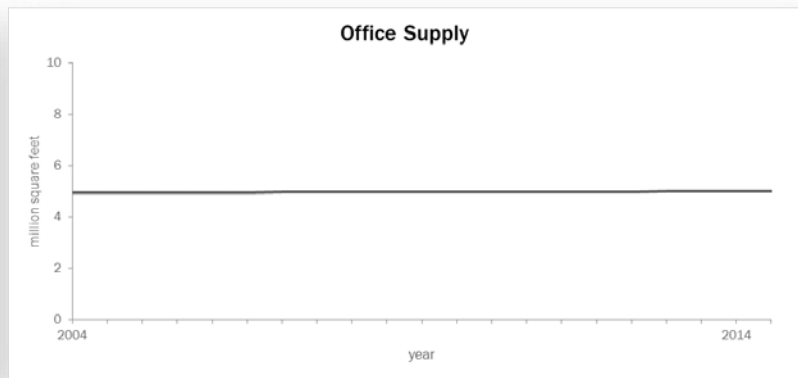
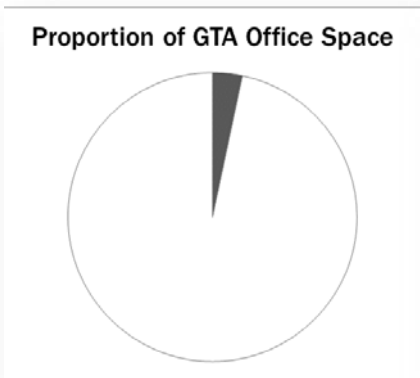
MARKHAM RICHMOND HILL – Woodbine & Steeles



Building Size x 1,000 sq ft

- 300+ (2)
- 100 - 300 (4)
- 30 - 100 (18)
- 0 - 30 (16)

Node Boundary



Woodbine and Steeles experienced only 1% growth over the past 10 years, increasing from 4.9M sq. ft. of office supply to 5M sq. ft.



Markham Richmond Hill – Woodbine & Steeles

This area initially grew in order to provide high visibility, low cost development opportunities in locations that could be accessed from the central and northeast part of the Region. Factors affecting the rate of growth of this node include higher tax rates south of Steeles Avenue and growing congestion fueled by the utilization of industrial buildings for office space.

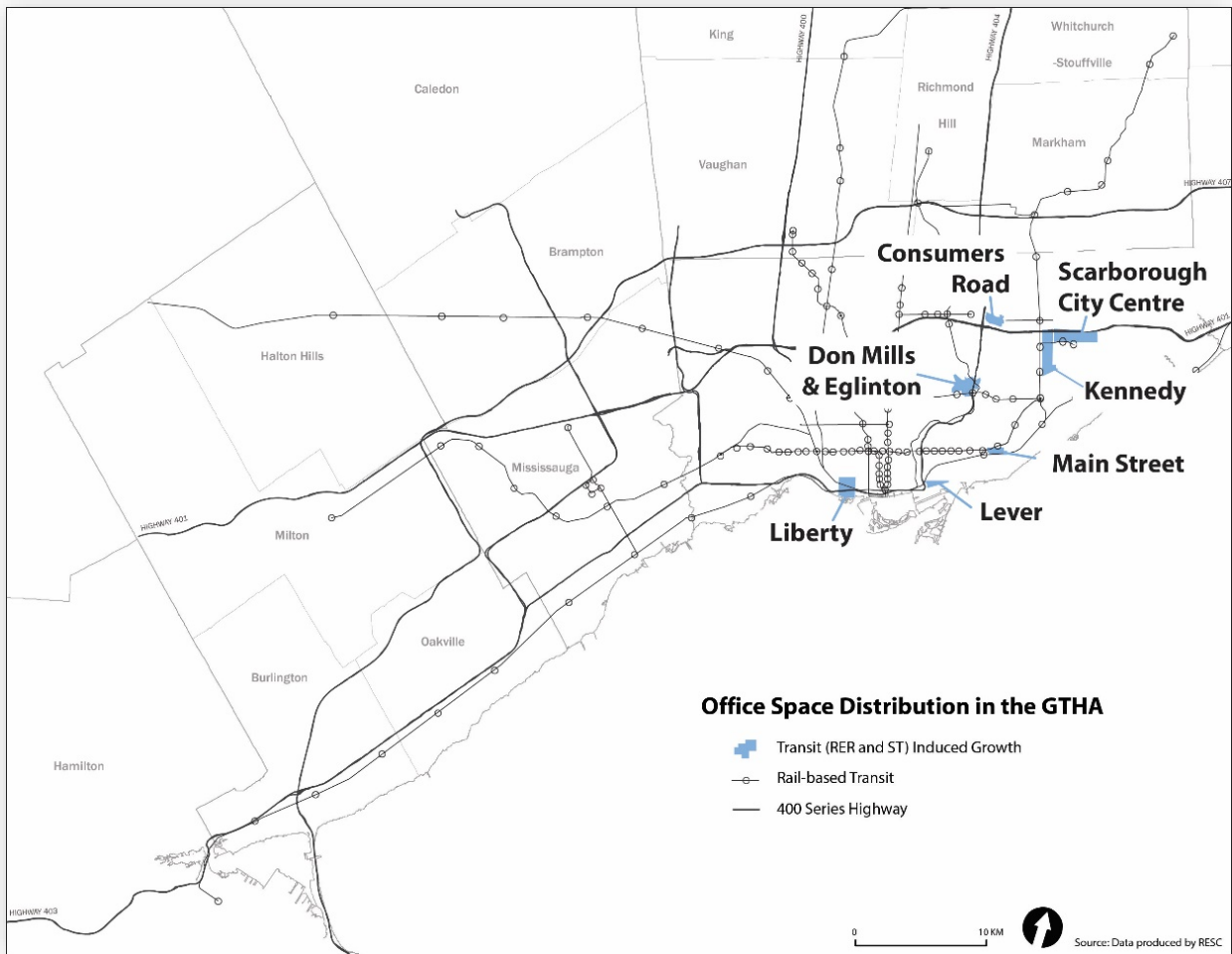


11.2 GROUP TWO – TRANSIT-INDUCED GROWTH (REGIONAL EXPRESS RAIL AND SMARTTRACK)

Transit-induced Nodes are defined as areas which are located on new transit routes that are under construction or areas that will become accessible as a result of the Provincial Regional Express Rail (RER) program and the SmartTrack initiative of the City of Toronto. Some nodes in this group have stopped growing while others have no office employment at present. The common denominator is that each node has the potential to grow significantly in the next few decades.

Where there has been no new office development during the past 25 years, the economic reality is that these buildings are valued at well below replacement levels. This is because the demand for these buildings has been weak. With the completion of the Eglinton Crosstown LRT and the improvement of the GO corridors, some employers suggest that these areas may become more attractive.

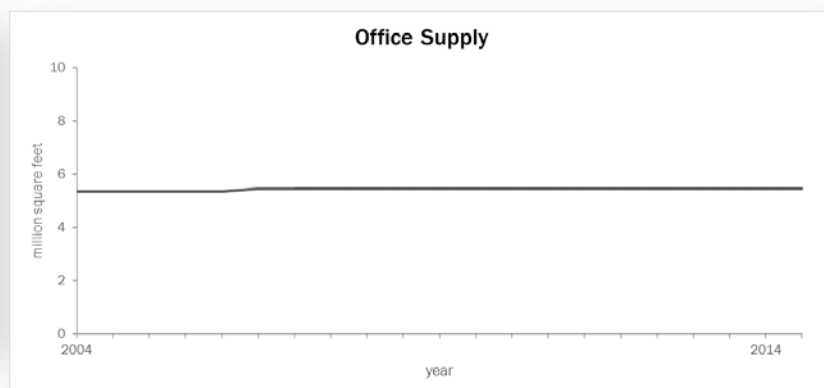
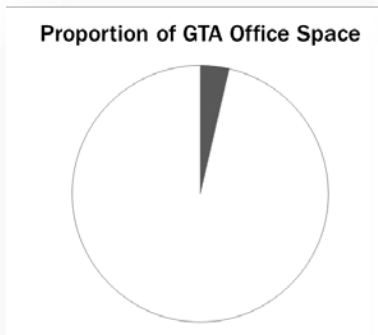
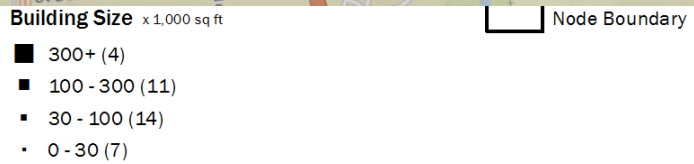
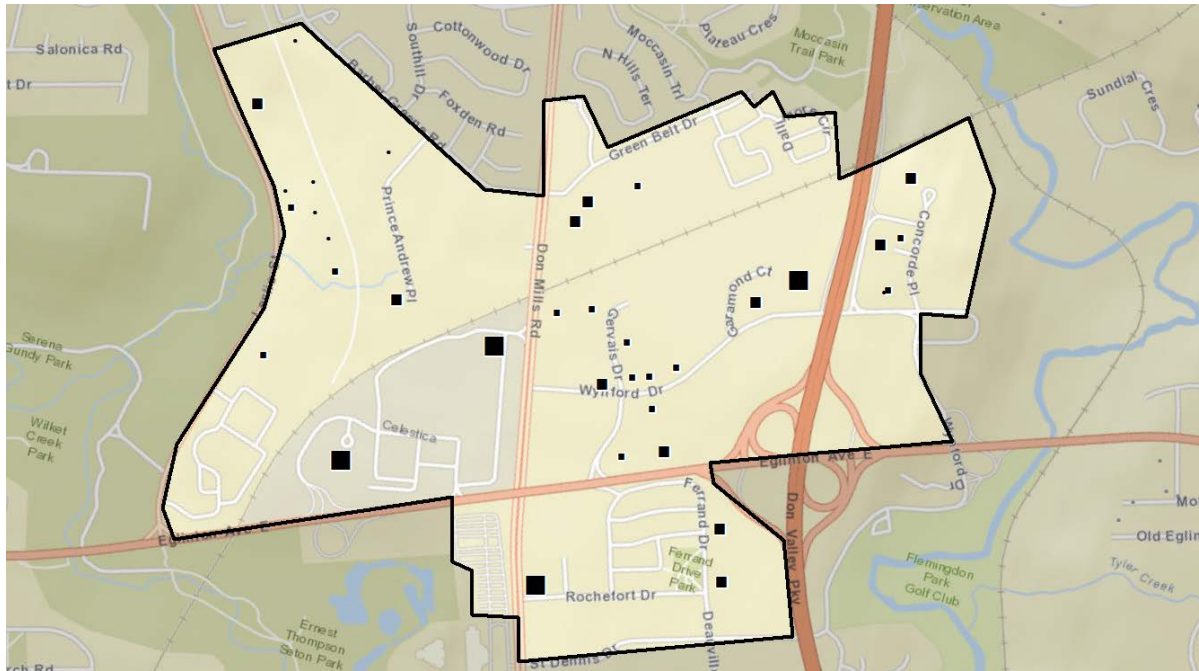
In the case of the four nodes with no existing office employment, particularly Don Valley East (Lever Bros site), the provision of higher order transit together with appropriate land use policies dramatically change the prospects for growth in these areas. The evaluation of how much new office space will occur in this group of nodes will be affected by land use policies, approval time lines, taxation policies and other public policy issues yet to be analyzed.



Some nodes in this group have stopped growing while others have no office employment at present. The common denominator is that each node has the potential to grow significantly in the next few decades.

Transit-Induced Growth (RER and ST)

DON MILLS & EGLINTON



The node experienced only 2% growth over the past 10 years, expanding from 5.3M sq. ft. to 5.5M sq. ft. Most of the growth occurred between 2006 and 2007 (100K sq. ft.).



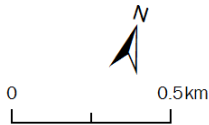
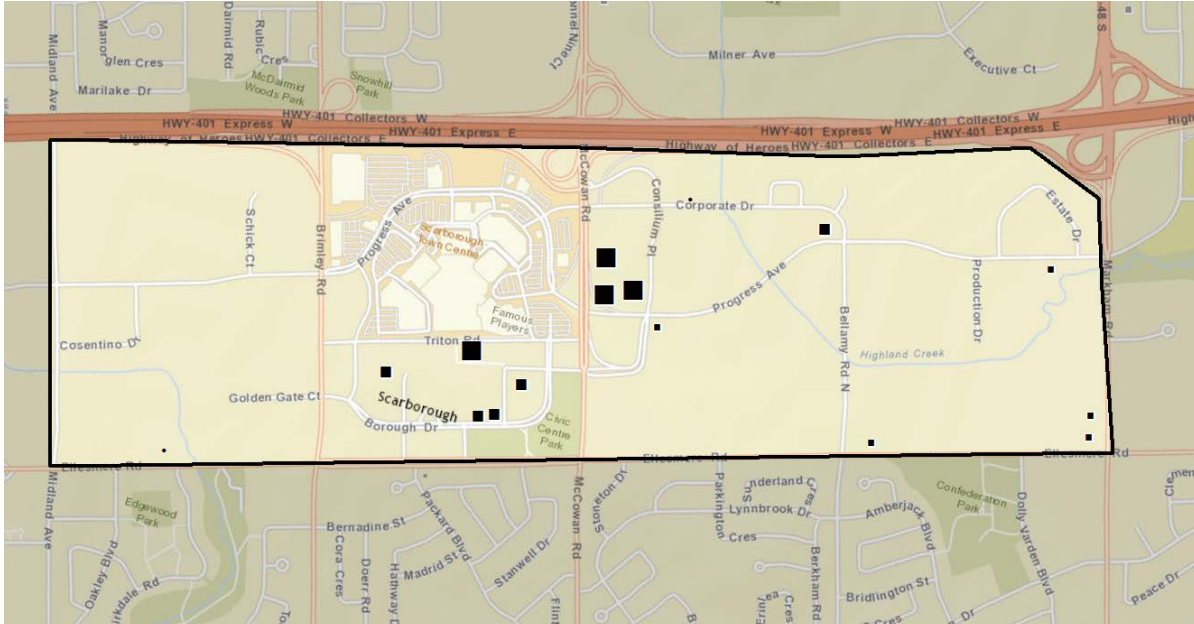
Don Mills & Eglinton

This node was established in the 1980s as one of the first office campus style locations, and, for sites east of Don Mills, on the basis of high visibility from the Don Valley Parkway. The area's attractiveness for employers was diminished by a lack of amenities and lower priced competition from further up the Don Valley and into York Region. A number of sites have been redeveloped for retail and institutional uses, as well as conversions to residential use. This is a direct result of a lack of commercial demand. About a decade ago, the decline of the node was underscored with the development of single family dwellings on a site adjacent to the DVP.

The development of the Crosstown LRT, currently under construction, may change this and lead to development that was not addressed in the context of the interview process. More work needs to be done to determine the potential for growth in this node.

Transit-Induced Growth (RER and ST)

SCARBOROUGH CITY CENTRE



Building Size x 1,000 sq ft

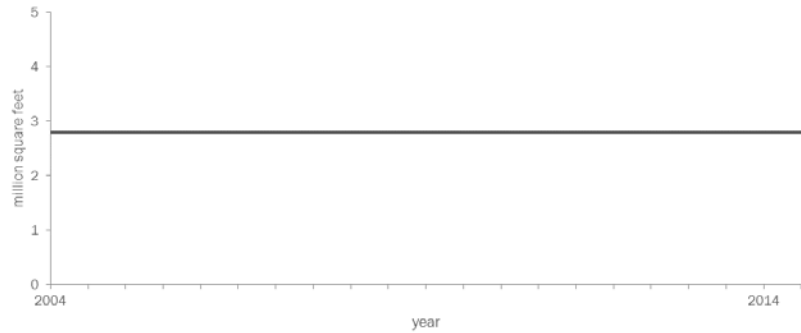
- 300+ (2)
- 100 - 300 (5)
- 30 - 100 (5)
- 0 - 30 (4)

Node Boundary

Proportion of GTA Office Space



Office Supply



There has been no growth in this node over the past decade, with the inventory holding steady at 2.8M sq. ft.

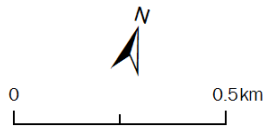
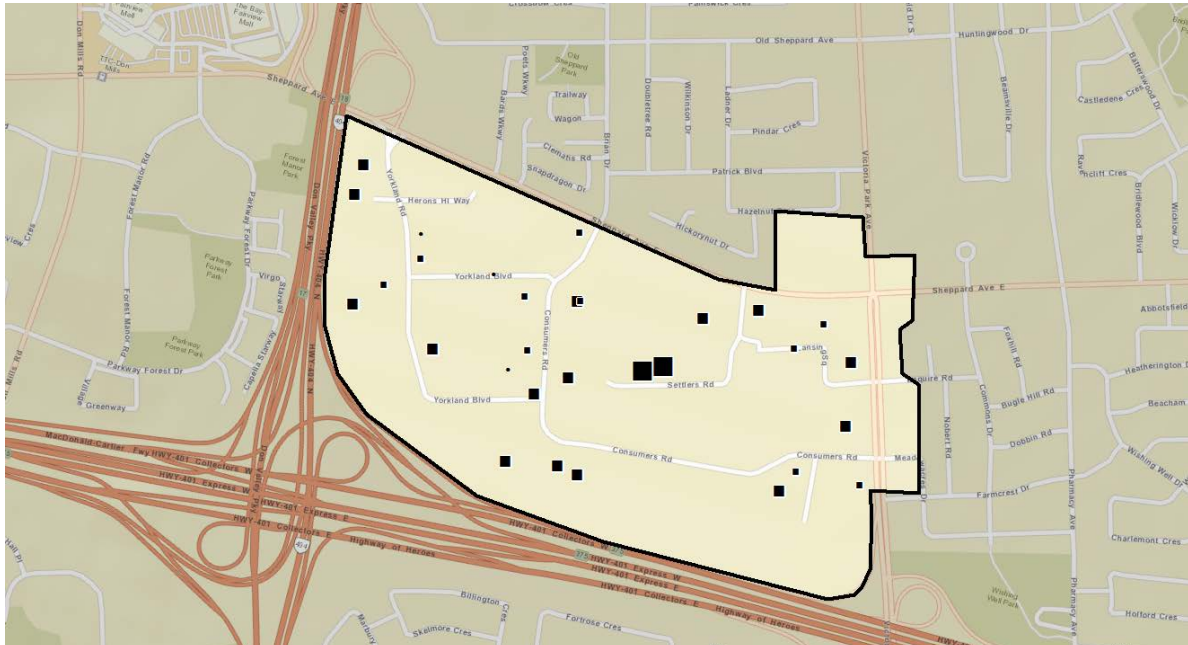


Scarborough City Centre

Scarborough's focal point is a large regional mall surrounded by parking. Its signature office development, The Consilium, was created at a time when suburban office space did not exist in the Region. It was a bold move based on the Scarborough Rapid Transit way connecting to downtown Toronto. The Federal and Provincial Governments also built office buildings in this node and it is the seat of municipal government offices. Since then, few other office buildings have been built outside of Scarborough City Centre proper. Like Mississauga City Centre, residential development on the periphery has changed the nature of this node. The interviews revealed that employers are reticent to consider Scarborough City Centre as a viable employment location. There is the potential of a change in the fortunes of Scarborough City Centre with the completion of SmartTrack but even this may not be enough to attract new employers.

Transit-Induced Growth (RER and ST)

CONSUMERS ROAD



Building Size x 1,000 sq ft

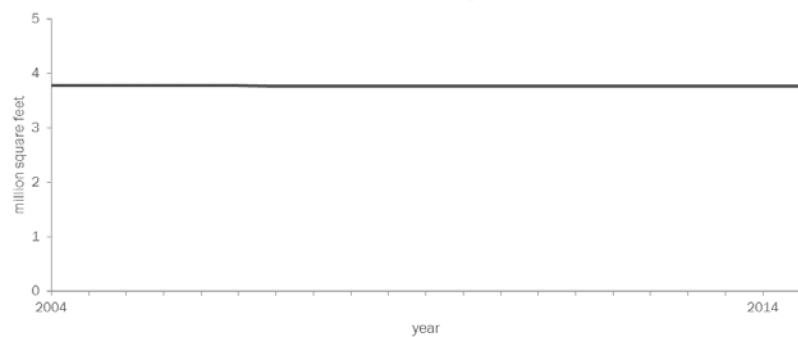
- 300+ (2)
- 100 - 300 (15)
- 30 - 100 (10)
- 0 - 30 (3)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



This node lost 100K sq. ft. of office space over the past decade. At the end of 2014, there was 3.7M sq. ft. of office space.

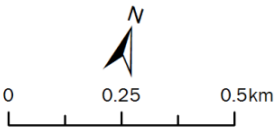


Consumers Road

Consumers Road was originally developed as an industrial park to take advantage of the access provided by the 401 and later the 404 extension of the Don Valley Parkway. The shift to office space in the 1970s represented a turning point in the approach to the development of 'employment lands'. No commercial office space has been built there for many years. Owners and tenants believed that the long-awaited Sheppard subway would provide essential higher order transit access but it never crossed the DVP. Marathon Realty went so far as to construct the first Class A office buildings in the node, including a meeting and restaurant location for the Toronto Board of Trade in expectation that the area would be upgraded as an office destination. This failed to materialize when the decision was made to terminate the subway extension on the west side of the Don Valley. Faced with competition north of Steeles Avenue (the tax line), the pace of development declined and residential development has recently been permitted in this node.

Transit-Induced Growth (RER and ST)

LIBERTY VILLAGE



Building Size x 1,000 sq ft

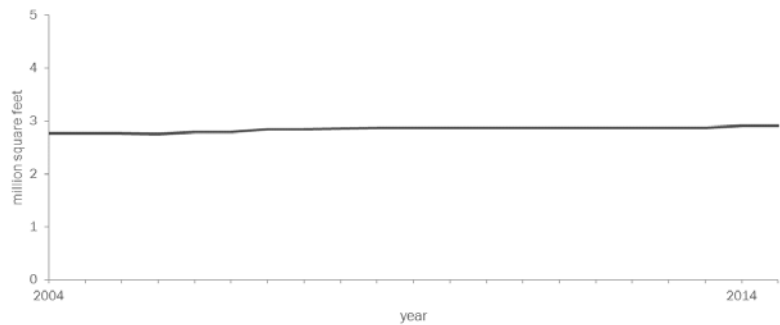
- 300+ (0)
- 100 - 300 (6)
- 30 - 100 (13)
- 0 - 30 (28)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



Liberty Village experienced only 5% increase in office supply over the past decade, increasing from 2.7M sq. ft to 2.9M sq. ft.



Liberty Village

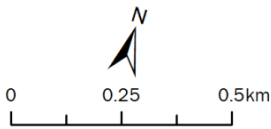
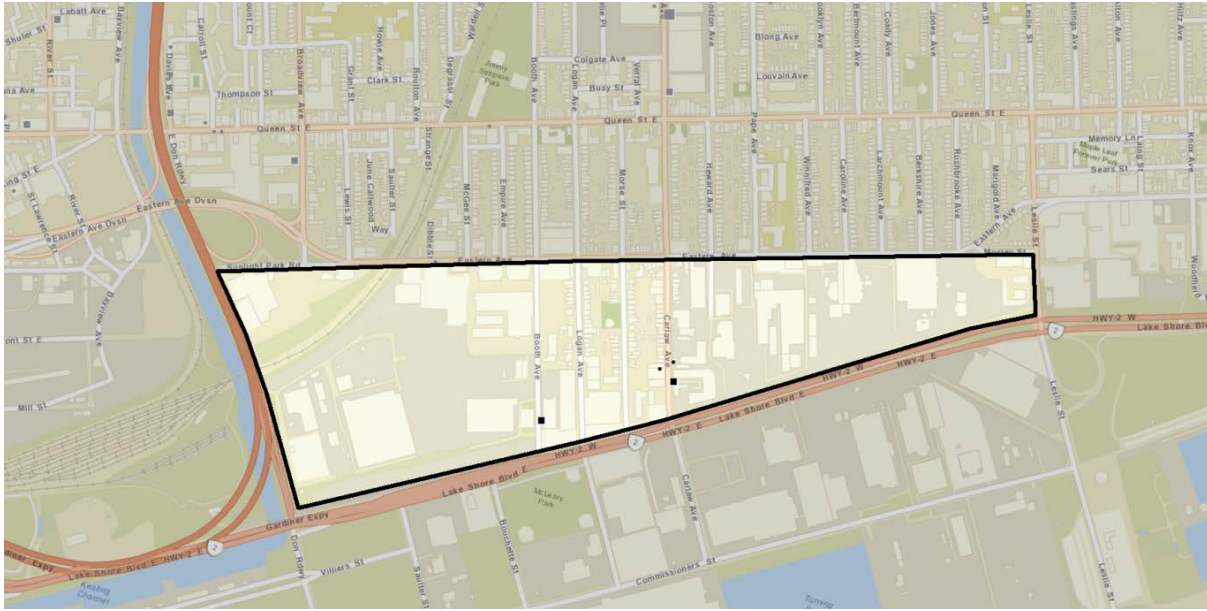
Unlike the rest of the Brick and Beam market, Liberty Village has considerable room to grow. Because Liberty Village is still zoned industrial and because the City of Toronto has been reluctant to allow high rise residential development in the south end of the node in order to preserve it for employment, this area has potential to house an additional 10M sq. ft. of office space in midrise office structures.

The potential for future growth is essentially linked to the value associated with the introduction of a new station in connection with the Regional Express Rail and SmartTrack proposals. Lakeshore West GO line recently introduced 30 minute service to the south end of this node with great success. Along with increased service levels and the future implementation of SmartTrack (which would relieve congestion on the King and Queen Streetcar lines), zoning changes in this area would greatly increase the development potential. This area and Don Valley East are potentially two of the most important new areas in the Central Area for future office employment.

Nevertheless, access to the area, as well as within the neighbourhood, will require significant attention and investment if the node's development potential as an employment node is to be reached. One of the challenges facing Liberty Village is fractured land ownership, which makes it relatively more difficult to reach consensus on a development plan or program for infrastructure enhancements that would improve pedestrian connectivity etc.

Transit-Induced Growth (RER and ST)

DON VALLEY EAST (LEVER)

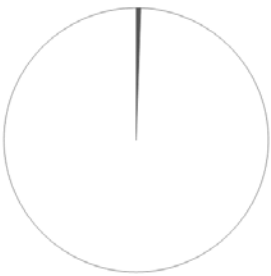


Building Size x 1,000 sq ft

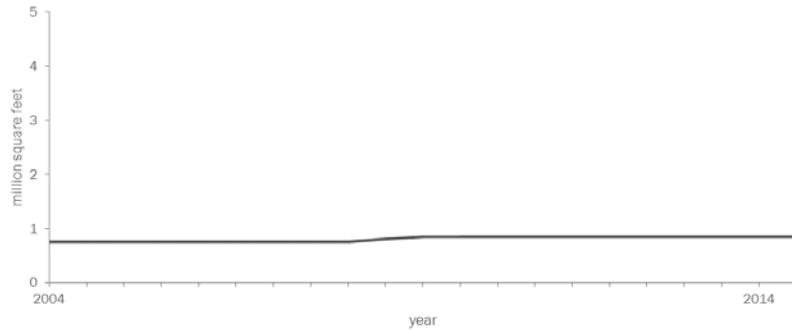
- 300+ (0)
- 100 - 300 (0)
- 30 - 100 (2)
- 0 - 30 (2)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



Don Valley East experienced 14% growth in office supply over the past 10 years, increasing from 7.5M sq. ft to 8.6M sq. ft. Almost all of this growth occurred between 2008 and 2009. There is no office development at present on the Lever site.



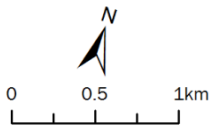
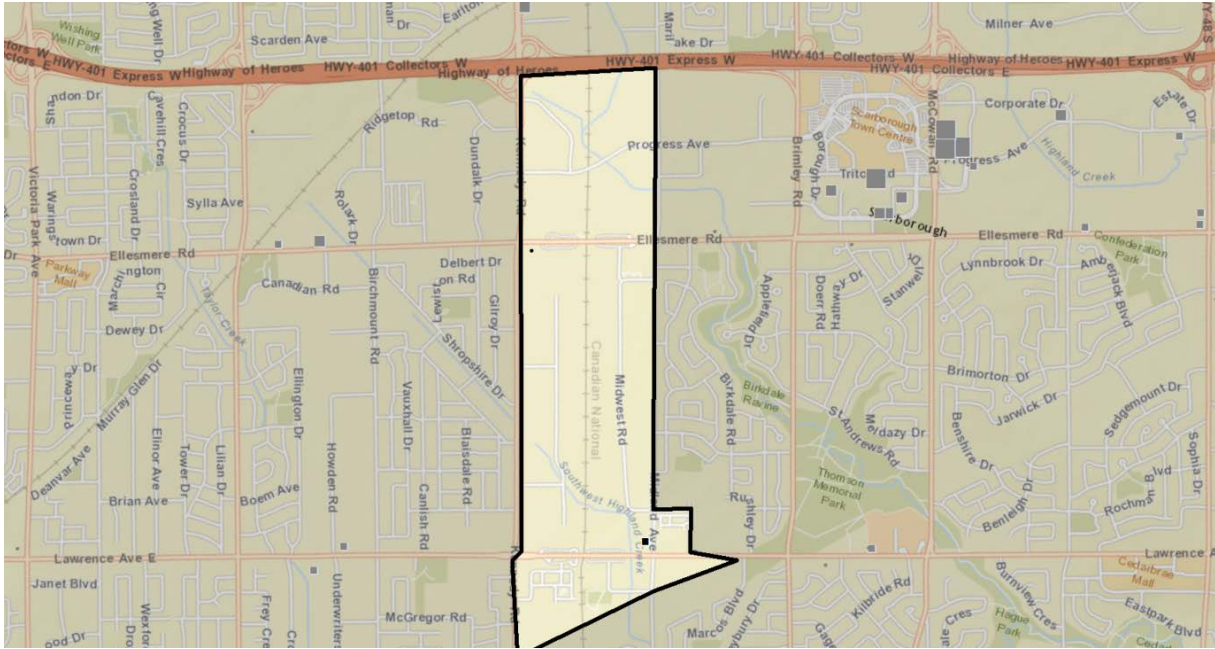
Don Valley East (Lever)

The development community is already talking about this node as Toronto's 'Canary Wharf', but only if SmartTrack is introduced at service levels that can deliver high speed access to a wider range of employees for commercial tenants. Interviewees, particularly those representing large corporations, are looking for affordable access to new economy workers and the affordable housing districts in Toronto's east end. This along with the intensification of condominiums in downtown Toronto give this area the characteristics for growth.

Currently, there is little office space in this area. Traditional barriers to office development east of Yonge, such as the gap imposed by the Don River and lack of local amenities means that this site will require significant investment by both the private and public sectors to create a diversity of uses in an attractive built form. Some interviewees emphasized that this location has significant potential as a bridge between the towers of the financial core and the campus environments associated with suburban development. Interviewees noted its visibility from the Don Valley as well as the opportunity to design and deliver a high quality mixed-use environment on what is essentially a "clean slate" on one of the Region's highest profile brownfield sites.

Transit-Induced Growth (RER and ST)

KENNEDY INDUSTRIAL LANDS

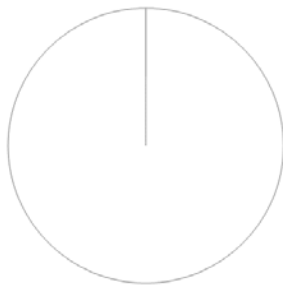


Building Size x 1,000 sq ft

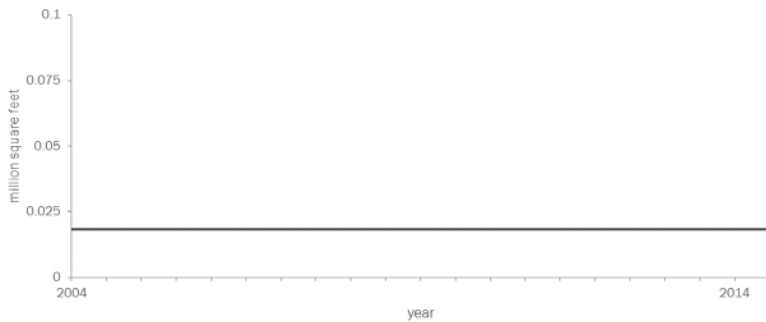
- 300+ (0)
- 100 - 300 (0)
- 30 - 100 (1)
- 0 - 30 (1)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



There is less than 19K sq. ft of office space in this node. There has been no growth over the past decade.

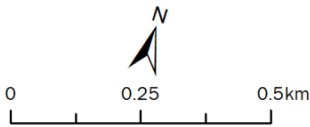


Kennedy Industrial Lands

Medium sized tenants, particularly those in the new economy, are looking for new low cost places to grow. The industrial stock is extensive and undervalued relative to replacement costs. This area could become a regeneration area with the benefit of an appropriate public policy framework and the introduction of SmartTrack. This would link residential opportunities as far away as Stouffville and the area would also connect with the new Eglinton Crosstown LRT. More work needs to be done to determine if this area has potential to be the focus of regeneration.

Transit-Induced Growth (RER and ST)

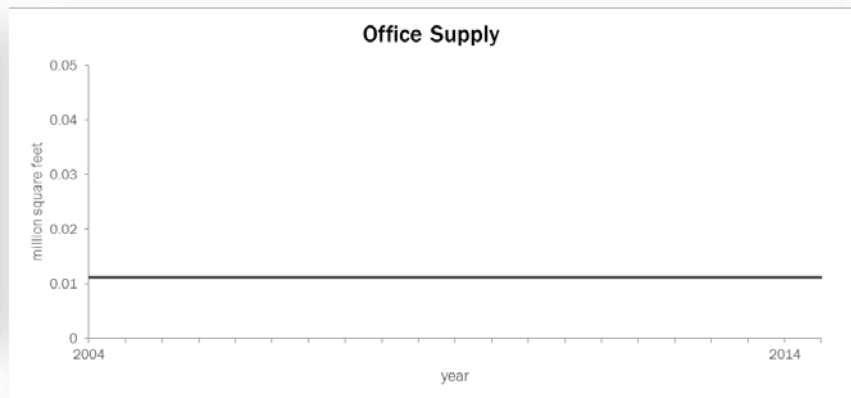
MAIN STREET



Building Size x 1,000 sq ft

- 300+ (0)
- 100 - 300 (0)
- 30 - 100 (0)
- 0 - 30 (2)

Node Boundary



There is approximately 11K sq. ft of office space in this node but no growth over the past decade.



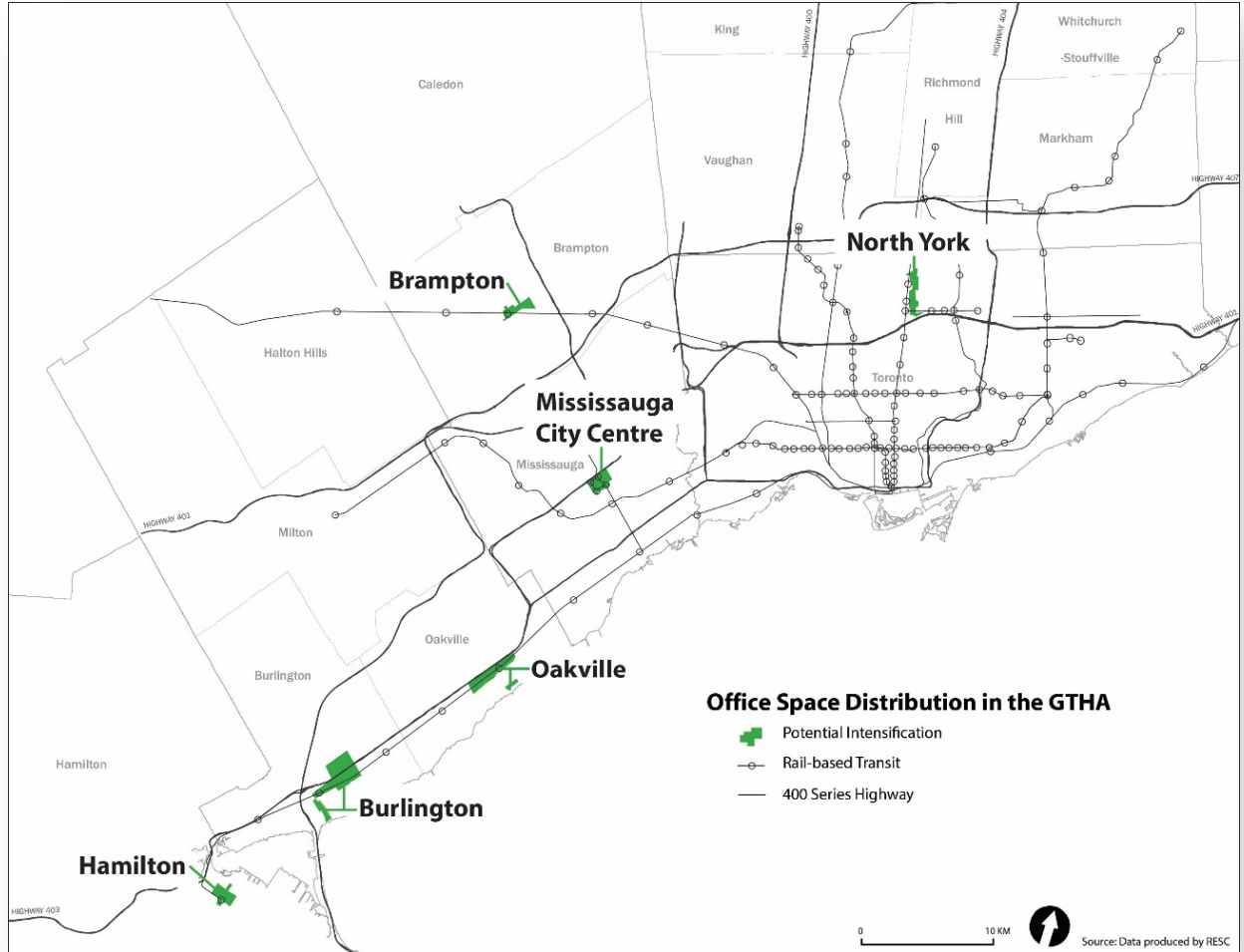
Main Street

Main Street is an as yet undeveloped node with large land areas suitable for major redevelopment. The transit initiatives that would transform this node are at a crossroads. The RER would provide access to Markham and locations in Durham. There is potential of a non-Union Station type VIA rail stop similar to Dorval. With three layers of rail-based transportation in one location, Main Street could become an attractive commercial hub.



11.3 GROUP THREE – POTENTIAL INTENSIFICATION MIXED-USE

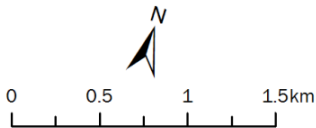
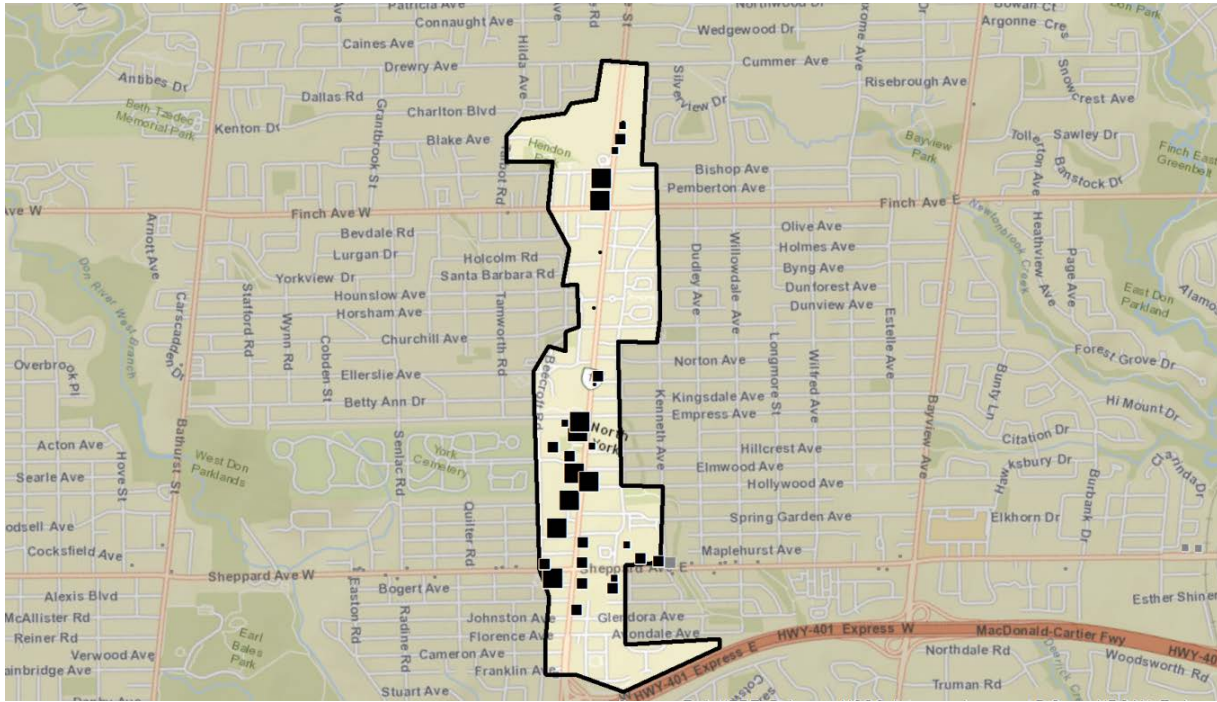
Most of the nodes in this grouping are established or designated city centres or downtowns. SRRA specifically asked employers why nodes in this grouping, which already have mixed-use amenities and in some cases some higher order public transit, have not proved attractive to tenants over the past 25 years. The answer is clear. Each of these mixed-use nodes has faced considerable competition from less expensive industrial locations that are accessible by major highways. In most cases, the approval process is shorter and less expensive in competing nodes. For example, North York Centre, with two subways, and residential development, has not seen any significant new office space in recent times. Mississauga City Centre has seen a great deal of condominium development but no new office space. Hamilton City Centre enjoys similar amenities but Burlington, has been the location of choice for over 2M sq. ft. of new office space.



Each of these mixed-use nodes has faced considerable competition from less expensive industrial locations that are accessible by major highways. In most cases, the approval process is shorter and less expensive in competing nodes.

Potential Intensification Mixed-Use

NORTH YORK CENTRE



Building Size x 1,000 sq ft

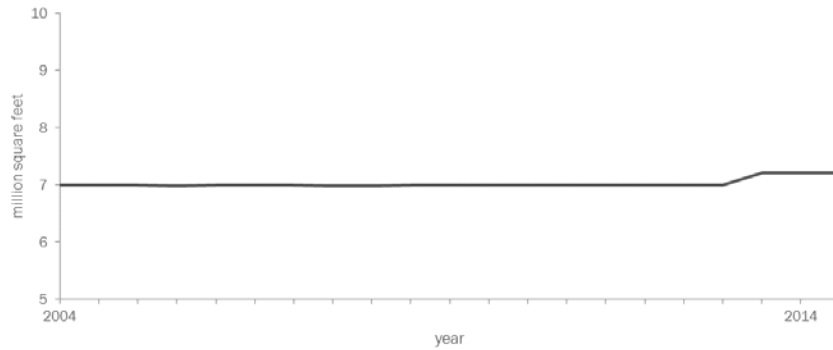
- 300+ (4)
- 100 - 300 (6)
- 30 - 100 (12)
- 0 - 30 (9)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



North York Centre experienced only 3% growth in office supply in the past 10 years, increasing from 7M sq. ft. to 7.2M sq. ft., the result of a new building completed in 2014.



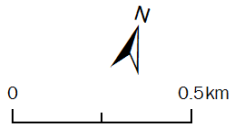
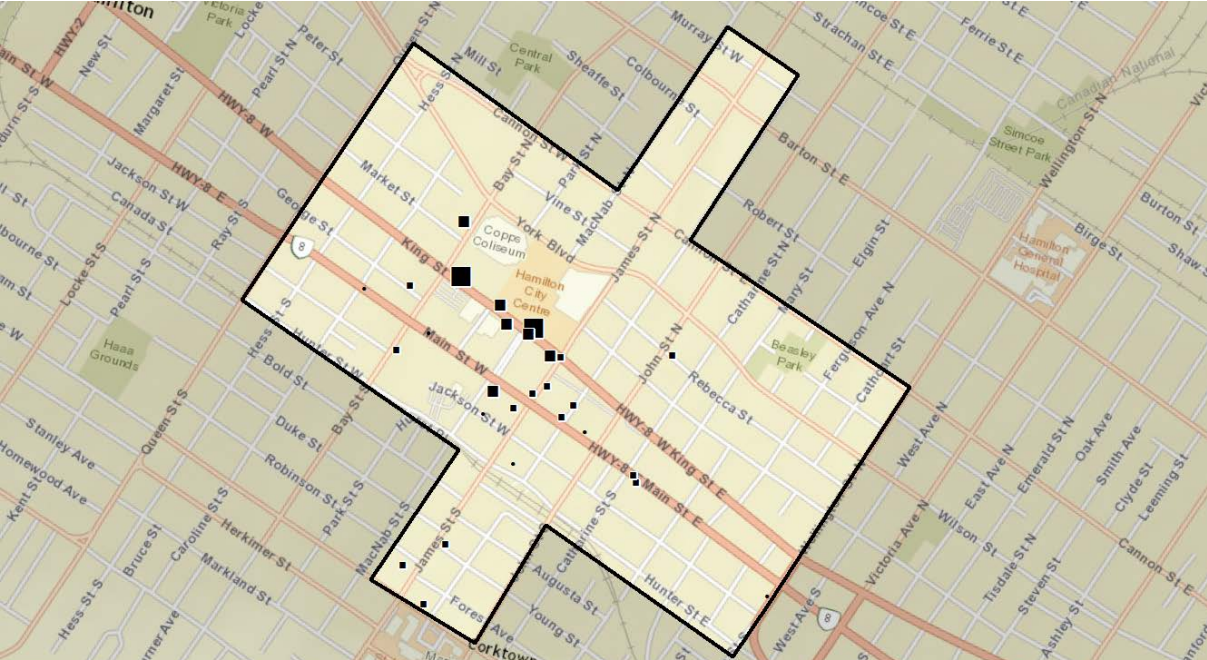
North York Centre

The irony of North York Centre is that on the surface it appears to have all the characteristics of a successful suburban node. At the same time, however, only a few office buildings have been constructed there in the past 25 years. This node has two subways (the Yonge and Sheppard line) and is accessible by Highway 401. At one end of Finch Avenue, two iconic first class buildings were constructed 25 years ago (North American Life Centre). Even though the land adjacent to this project is available, no other tenants have located here.

During the years that office development in North York remained stalled, over 40M sq. ft. of office space was constructed in non-subway locations (mostly in the 905). None of the tenants interviewed could say specifically why the node was not attractive. It would appear that the land values, which are high relative to non-transit locations, have discouraged office development. The physical structure of the node is neither walkable nor drivable, and the quality of the public realm was felt by interviewees to be mediocre.

Potential Intensification Mixed-Use

HAMILTON CITY CENTRE



Building Size x 1,000 sq ft

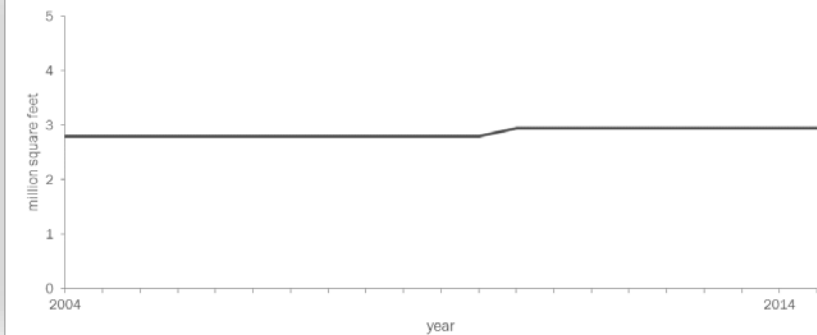
- 300+ (2)
- 100 - 300 (6)
- 30 - 100 (14)
- 0 - 30 (6)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



Hamilton City Centre experienced 5% growth in office supply in the past 10 years, increasing from 2.8M sq. ft to 2.9M sq. ft. New supply was added between 2009 and 2010.

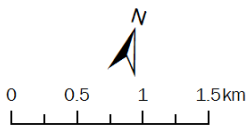


Hamilton City Centre

Plans are under way to improve transit access but forecasts suggest that this would only exacerbate the tendency to improve commuting to Toronto. The area has the benefit of many heritage structures that could become the basis for an attractive node, particularly for development of 'new economy' industries. However, for the foreseeable future, downtown Hamilton must be considered to be dependent on market demand from a localized area.

Potential Intensification Mixed-Use

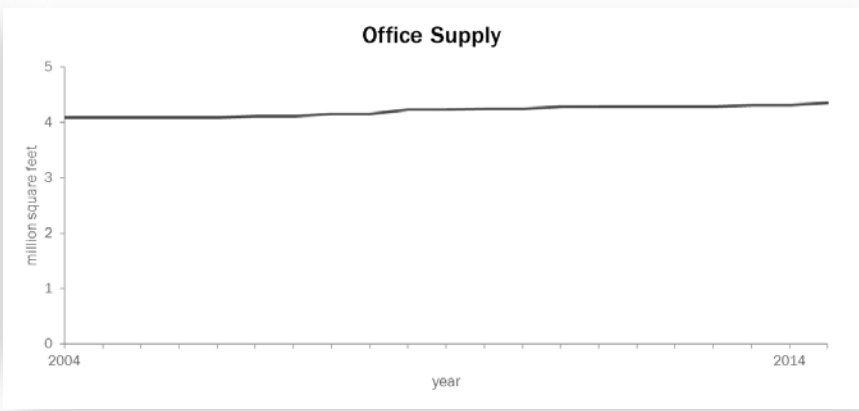
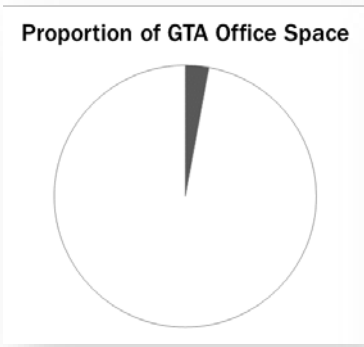
BURLINGTON



Building Size x 1,000 sq ft

- 300+ (0)
- 100 - 300 (1)
- 30 - 100 (27)
- 0 - 30 (15)

Node Boundary



This node experienced 6.5% steady growth in office supply over the past 10 years, increasing from 4M sq. ft. to 4.3M sq. ft.



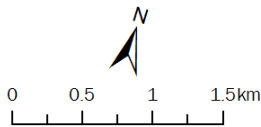
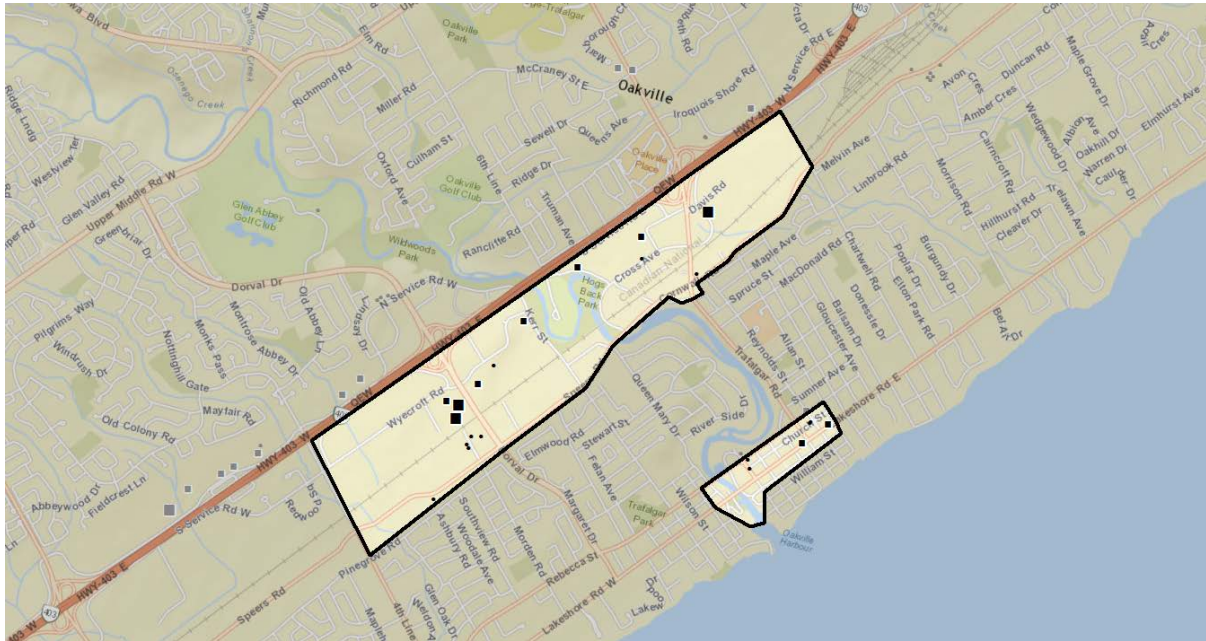
Burlington

Burlington's office market has been primarily focused in the industrial zones adjacent to the Queen Elizabeth Way. The potential of downtown, which has many attractive features, is undercut by the lack of pedestrian access between that area and office development on the highway. Although congestion is of increasing concern, the node has potential for modest growth as a result of its value as a hub within the western part of the GTHA.

Burlington, like Oakville, has an inviting waterfront which has the potential to attract commercial development. But the market potential is likely limited to enterprises focused on the local market.

Potential Intensification Mixed-Use

OAKVILLE



Building Size x 1,000 sq ft

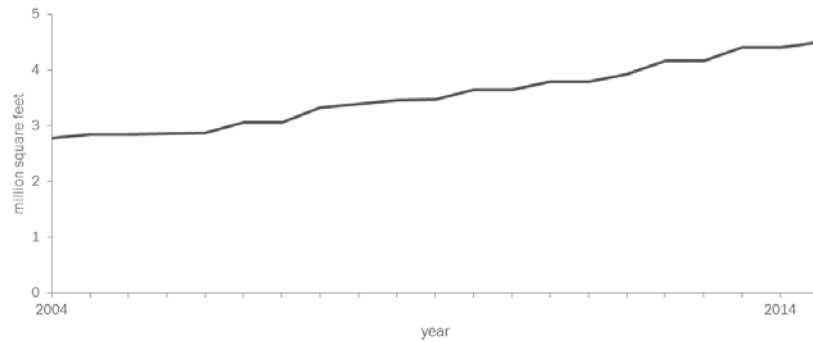
- 300+ (0)
- 100 - 300 (3)
- 30 - 100 (7)
- 0 - 30 (12)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



Oakville has experienced a steady increase in office supply over the past 10 years, which accounts for overall growth of 62% in office space from 2.7M sq. ft. to 4.5M sq. ft.



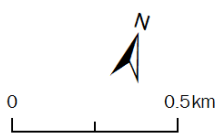
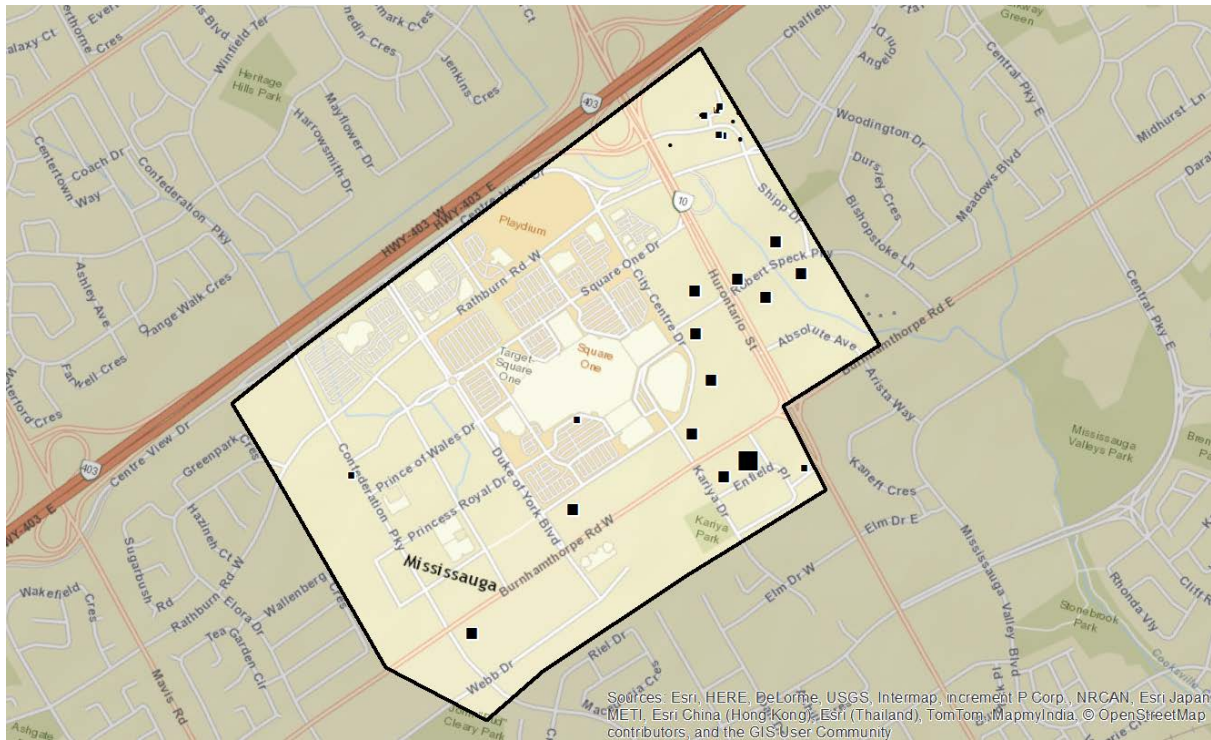
Oakville

The Oakville office market has been undergoing important changes in recent years. Traditionally seen as a local market that benefits from the visibility and accessibility provided by the QEW, Oakville is beginning a transition that would see its Midtown Core develop as a pedestrian-friendly, mixed-use hub. The area has seen steady growth in office space over the past decade, adding more than 1M sq. ft. of new space since 2004, with several new buildings designed to cater to tenants seeking a higher quality public realm.

The Town of Oakville has adopted an ambitious strategy to upgrade the area (part of a larger scheme called Liveable Oakville) with plans to overcome complex ownership and logistical issues in the area. Over time, the plan anticipates the development of significant amounts of residential and other uses. Planned infrastructure upgrades include relocating or burying hydro lines, realigning key arterial roads to improve access to the GO station, and improving pedestrian access through and within an area currently dominated by the QEW and the rail corridor. The recent addition of a third track to the Lakeshore West GO line will facilitate better GO train service to and from Toronto. Together with plans to better integrate bus connectivity, designation of the Midtown Core as an Urban Growth Centre and Mobility Hub promise to underscore the area's natural potential for future expansion.

Potential Intensification Mixed-Use

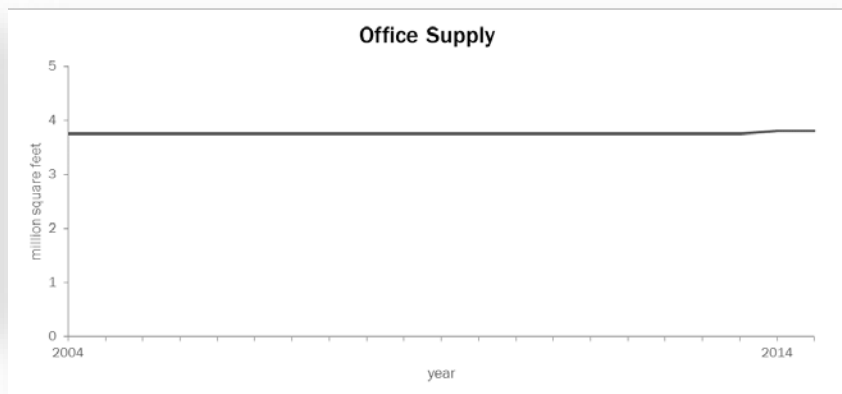
MISSISSAUGA CITY CENTRE



Building Size x 1,000 sq ft

- 300+ (1)
- 100 - 300 (11)
- 30 - 100 (9)
- 0 - 30 (10)

Node Boundary



This node experienced only a 2% increase in office space over the past decade, from 3.7M sq. ft. to 3.8M sq. ft., with one new building added in 2014.



Mississauga City Centre

In the early 1990s, Mississauga City Centre was established as the principal concentration of office space in the municipality, with approximately 3M sq. ft. of office space. Around this time, the city began an aggressive program to transform the area by encouraging residential development and other uses consistent with creating a vibrant downtown. This also coincided with a period of rapid office growth in the western part of the Region, with auto-oriented areas such as Meadowvale, Hurontario and Airport Corporate Centre proving to be increasingly attractive for tenants seeking inexpensive space and the opportunity to have their corporate logo identified with the building.

Several factors combined to undercut the desirability of the City Centre as a location for office development. As indicated in the graph above, there has been little office growth in the City Centre over the past decade. The recent construction of a small office building in the vicinity of Sheridan College was the first new building in over 20 years.

As documented in a study prepared by CUI and RESC in 2008, the economics of constructing office buildings in the City Centre compared unfavourably with returns on investment available to the developers of residential condominiums. A related issue was parking: the cost of constructing office buildings with structured or underground parking—a requirement in a downtown-like setting—could not be supported economically, particularly when compared to the low cost of surface parking in competing locations such as Airport Corporate Centre.

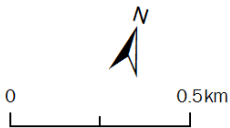
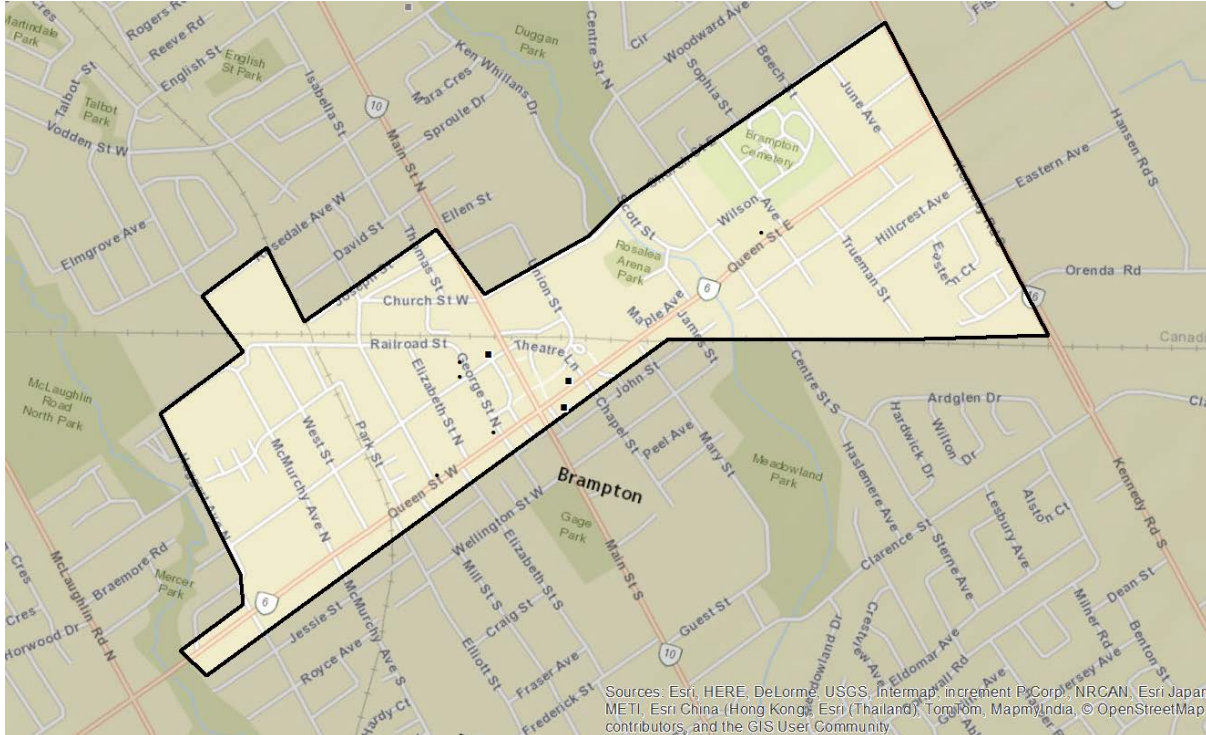
Recognizing that office growth had stalled in the City Centre, the City of Mississauga decided to create more favourable conditions for mixed-use and transit-oriented employment called Downtown 21. The framework resulted in new policies that addressed “the high cost of free parking,” a strategy for integrating a future light rail transit line in to the City Centre, implementation of a long-term plan to create a more attractive pedestrian streetscape as well a commitment to partnerships such as the one that result in the development of a new Sheridan College campus (named for former Mayor Hazel McCallion), which is already being expanded; by the end of 2016 the campus will accommodate more than 5,000 students.

As public transit service improves, amenities such as childcare facilities, library, performing arts centre and the addition of street-oriented restaurants and other uses, combined with a rapidly increasing residential community are helping to create critical mass to counteract the impact of Square One.

The introduction of Bus Rapid Transit (BRT) to the Airport Corporate Centre and potentially to the Airport, combined with initiatives to address the availability of parking will help this node does meet its development potential.

Potential Intensification Mixed-Use

BRAMPTON



Building Size x 1,000 sq ft

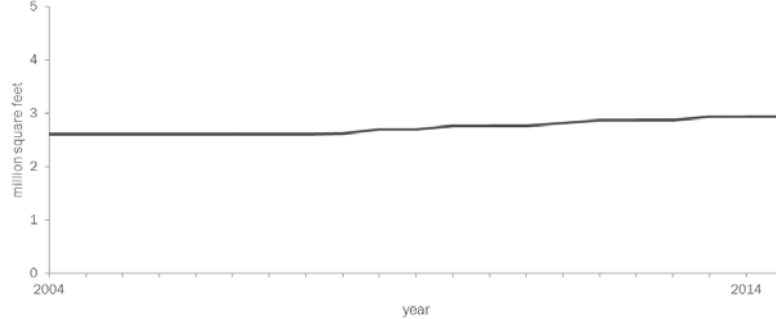
- 300+ (0)
- 100 - 300 (0)
- 30 - 100 (3)
- 0 - 30 (5)

Node Boundary

Proportion of GTA Office Space



Office Supply



Since 2010, this node grown from 2.6M sq. ft. to 2.9M sq. ft. over the past decade.



Brampton

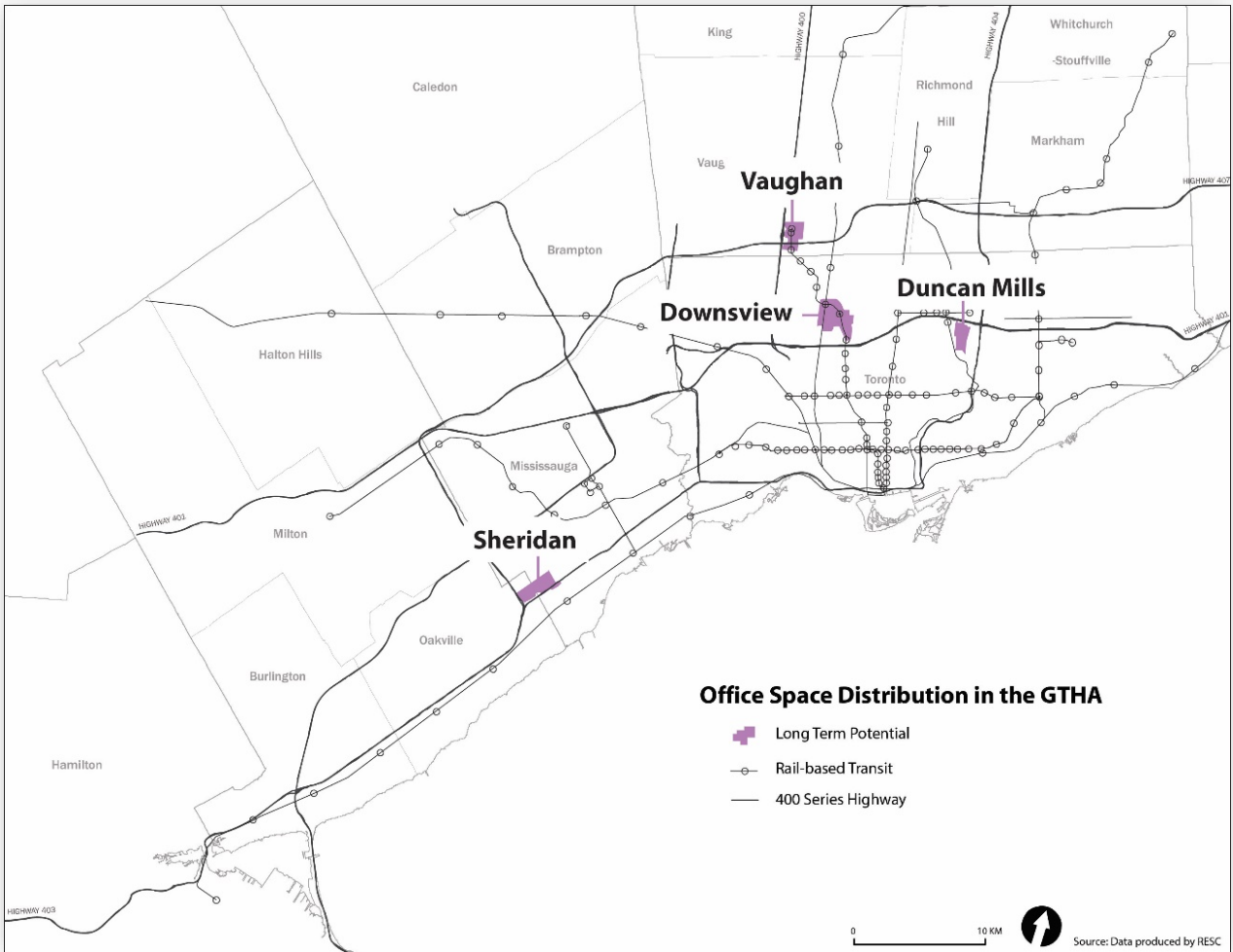
Brampton has not yet fulfilled its potential as an office location. The majority of its office space is located in industrial parks for which the momentum began across the border in Mississauga. The office buildings in these areas are almost entirely dependent on auto access. Conflicting priorities within the Brampton administration have affected the momentum for supporting an LRT linking Brampton via Hurontario to Port Credit. Meanwhile, the focus of the city's goals for improved transit is local in nature, together with a push to improve two-way all-day GO service. An exception to the rule was the decision by Nortel to convert a 1M sq. ft. manufacturing facility into a high quality office space. After Nortel went bankrupt, the space was taken over by Rogers.



11.4 GROUP FOUR – LONG-TERM POTENTIAL

Each of the nodes in this grouping has had good transit access or the promise of improved transit for some time, with the exception of Sheridan Park which is at the intersection of 403 and the QEW. Employers explain that even with transit these areas remain undesirable or at least are not a high priority. Unlike the previous grouping, these nodes do not have mixed-use markets to make them more attractive.

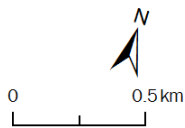
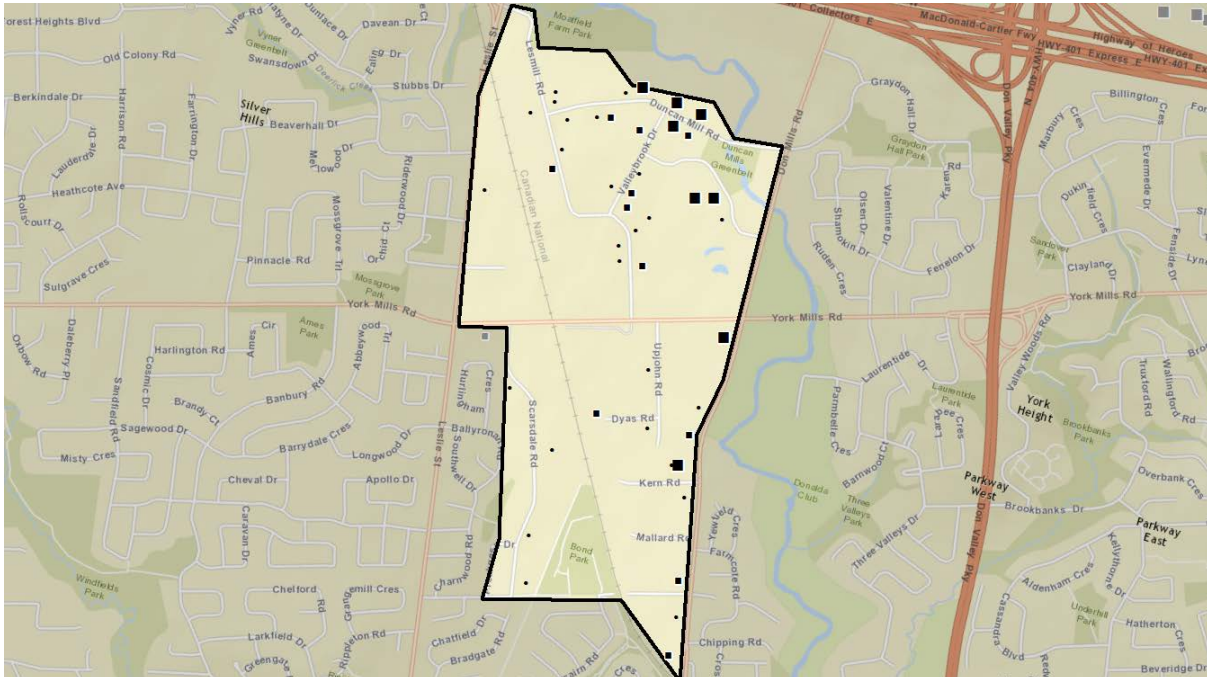
These were categorized in one group because interview results suggest that they are either too remote from existing clusters or not as competitive with other nodes. Each one of these nodes in theory ought to be ripe for growth with existing transit/highway access in place (only Sheridan Park in Mississauga is not adjacent to or about to be served by heavy rail). More importantly these nodes were seen as not competitive with other business parks in their region despite transit connectivity. They may have long-term potential to grow with the right policy framework.



Employers explain that even with transit these areas remain undesirable or at least are not a high priority.

Long Term Potential

Duncan Mills



Building Size x 1,000 sq ft

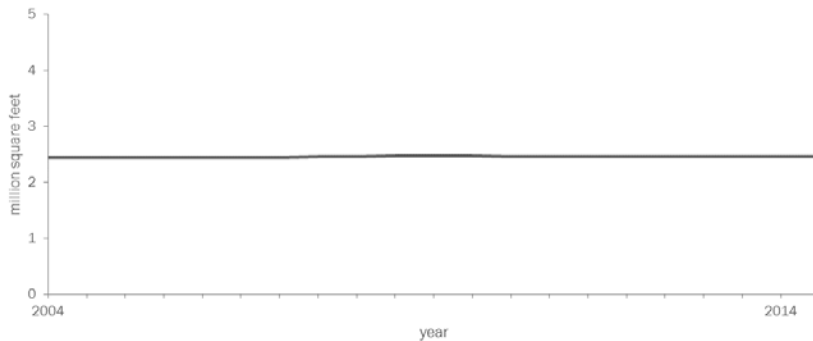
- 300+ (0)
- 100 - 300 (8)
- 30 - 100 (11)
- 0 - 30 (25)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



This node currently has less than 2.5M sq. ft of office space. There has been no significant growth over the past decade.

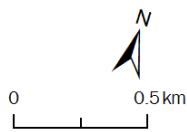
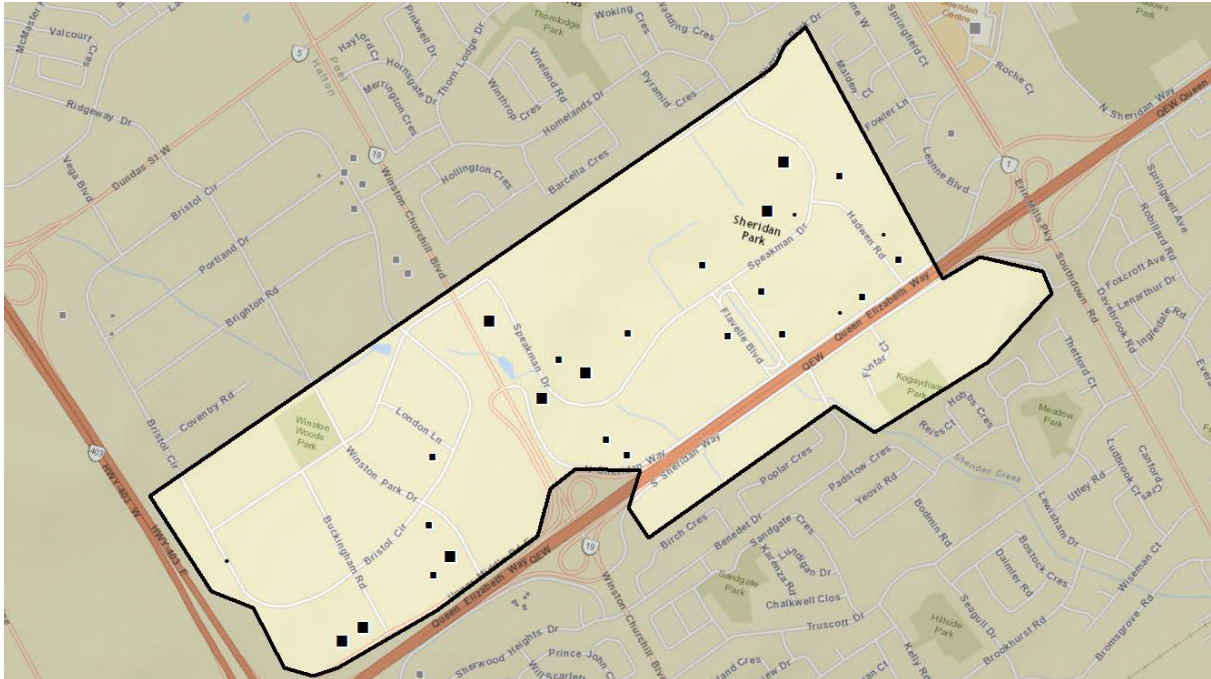


Duncan Mills

The Duncan Mills node is primarily a light industrial area and the office space built in that area was built over 35 years ago. As an office node it never developed and the low rental rates reflect that. However, it is close to a GO rail station and has considerable lands which are underdeveloped. This would suggest it could be an area for greater intensification.

Long Term Potential

SHERIDAN PARK



Building Size x 1,000 sq ft

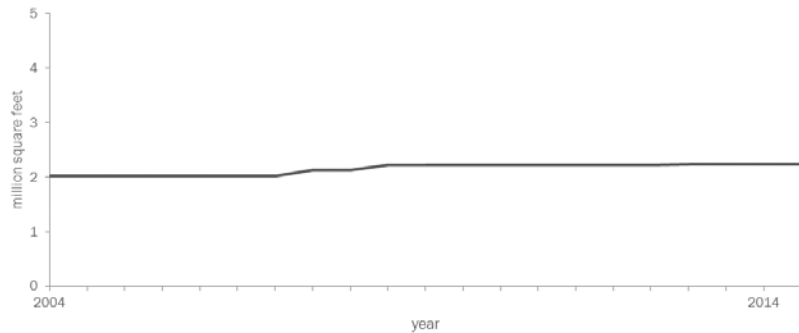
- 300+ (0)
- 100 - 300 (8)
- 30 - 100 (15)
- 0 - 30 (5)

□ Node Boundary

Proportion of GTA Office Space



Office Supply



Since 2010, this node experienced a small but steady increase in office supply of 200K sq. ft. with overall growth of 10%. There is approximately 2.2M sq. ft. of office space in this node.

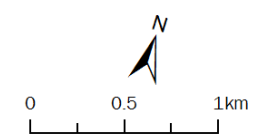
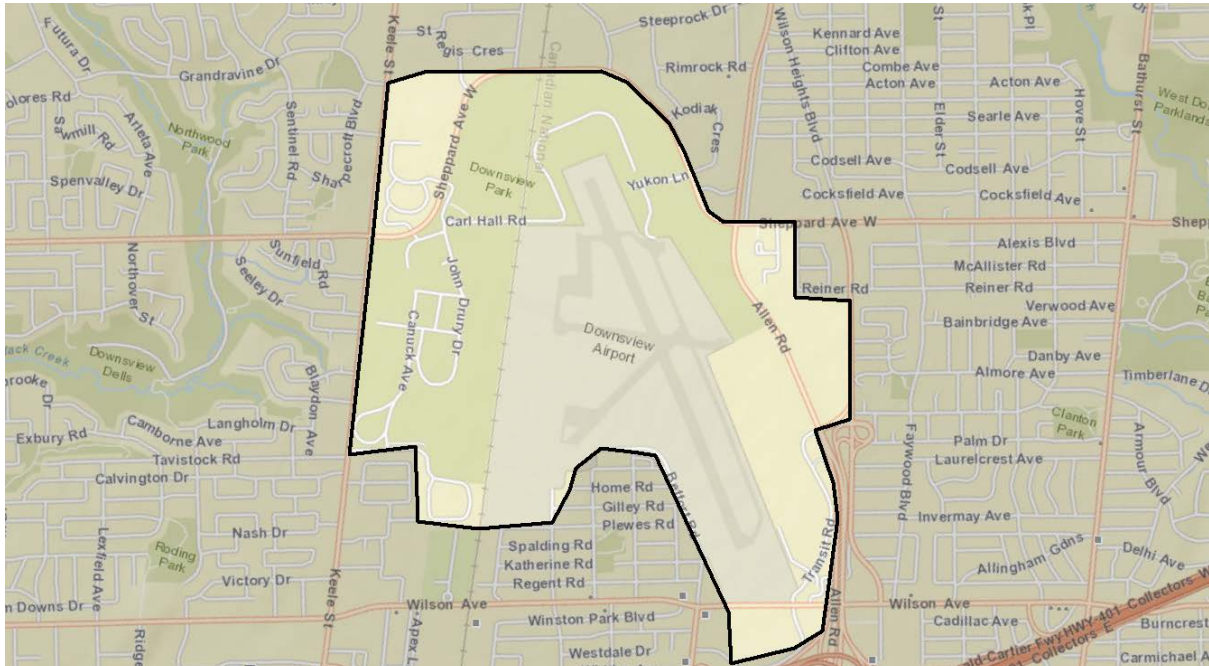


Sheridan Park

The Sheridan Park node includes the Sheridan Science and Technology Park (SSTP) as well as development across the municipal border into Oakville. Developed in the 1960s, the SSTP focused on specialized science based companies. It proved impractical to maintain this and was made more difficult because of its sprawling campus-like setting. Recent office projects have been built across the municipal boundary in Oakville. At present without any plans to provide better road or transit access, the potential for growth must be considered long term.

Long Term Potential

DOWNSVIEW (AEROSPACE)



There has been no growth over the past decade beyond 1.75M sq. ft. of office space.

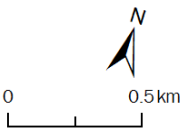
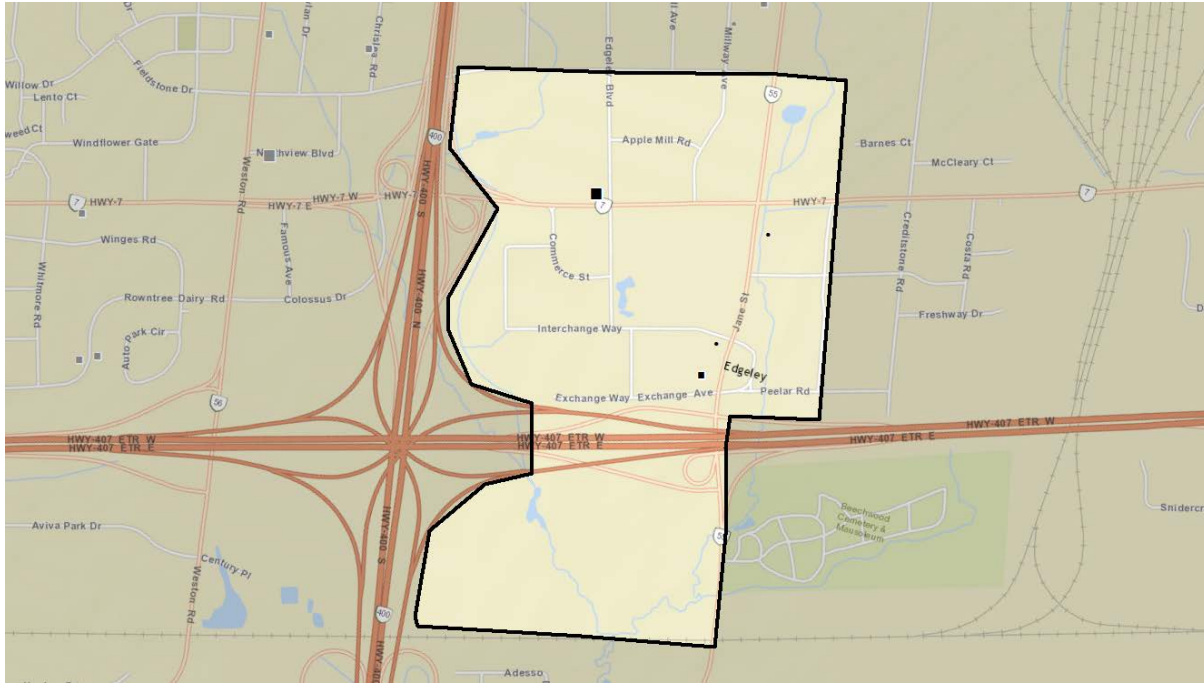


Downsview (Aerospace)

Although this node has three subway stops, it has very little market appeal beyond the specialized interests of the aerospace sector. Development of the area is constrained as a result of height restrictions related to the runways at Downsview. Development options to attract commercial where height restrictions are not a problem have not been successful.

Long Term Potential

VAUGHAN METROPOLITAN CENTRE (VMC)



Building Size x 1,000 sq ft

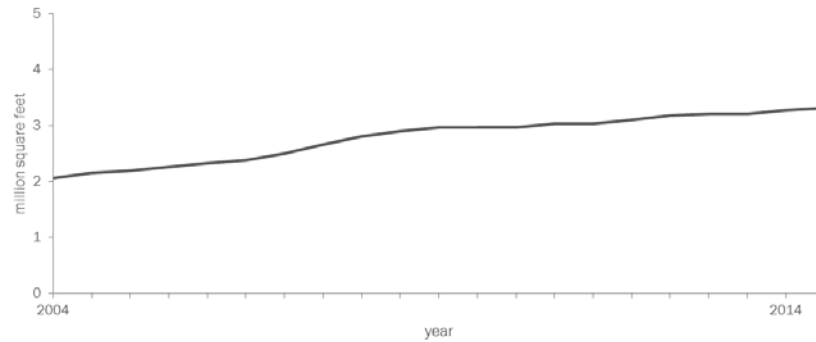
- 300+ (0)
- 100 - 300 (1)
- 30 - 100 (1)
- 0 - 30 (2)

Node Boundary

Proportion of GTA Office Space



Office Supply



The VMC node currently has four office buildings, for a total of 242k sq. ft. There is one building under construction, the first since 2006. The graph and pie chart illustrate growth in Vaughan overall, which has seen an increase of dispersed small scale office development of 62% over the past 10 years (from 2M sq. ft. to 3.3M sq. ft.).



Vaughan Metropolitan Centre

Although the subway is nearing completion, the development potential of this node is affected by two unrelated issues. Primarily, there is no significant office development in the Centre or in the adjacent areas. Interviewees who have toured the area are not enthusiastic. Secondly, the expectations for land value greatly exceed the market rents that could be earned at the location. It is also challenging to establish the conditions on the ground (such as appropriate parking standards) that will induce tenants to locate there while at the same time encouraging development of a transit culture. Of more significance may be the completion of the Viva Network of Bus right of ways

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