

# York Region Employment Trends Review

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 Planning for growth

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## List of Acronyms and Abbreviations

B.O.M.A.	Building Owners and Managers Association
C.P.	Canadian Pacific
E.M.S.I.	Economic Modeling Specialists Intl.
F.S.I.	Floor Space Index
F.S.W.	Floor Space per Worker
G.D.P.	Gross Domestic Product
G.F.A.	Gross Floor Area
G.G.H.	Greater Golden Horseshoe
G.T.A.	Greater Toronto Area
G.T.H.A.	Greater Toronto and Hamilton Area
ha	Hectare
L.Q.	Location Quotient
N.A.I.C.S.	North American Industry Classification System
N.F.P.O.W.	No Fixed Place of Work
O.M.A.F.	Ontario Ministry of Agriculture and Food
O.R.M.	Oak Ridges Moraine
P.S.T.S.	Professional, scientific and technical services
Q.E.W.	Queen Elizabeth Way
S.E.P.H.	Survey of Employment, Payrolls and Hours
sq.ft.	Square feet or square foot
sq.m.	Square metre
T.P.I.A.	Toronto Pearson International Airport
U.S.D.	United States Dollars

# Executive Summary

## Introduction

York Region retained Watson & Associates Economists Ltd. (Watson) to undertake a review of regional and local employment trends to the year 2041. The purpose of the study is to address key trends regarding the evolving regional economy and the impacts of these changes on the rate and type of employment growth anticipated for York Region over the next 30 years. Particular attention has been given to the potential influence of these economic trends on long-term employment land needs and the competitiveness of York Region and its Area Municipalities.

The results of this assignment are intended to be used to assist York Region in updating its long-term employment forecast to 2031 and 2041 by Area Municipality in accordance with Growth Plan Amendment No. 2 and to inform the Region's policy review. The analysis is also intended to inform the Region on the nature of future development within employment areas with respect to the rate and location of development, employment density and mix of employment uses.

## Macro-Economic Trends Influencing Employment Growth and Employment Lands Development

The Ontario economy has experienced significant volatility over the past decade, including a period of strong economic growth followed by an economic recession and subsequent gradual recovery. This recovery has been more pronounced within the Greater Toronto and Hamilton Area (G.T.H.A.) relative to the remaining Province of Ontario. This has largely been a result of the ability of the G.T.H.A.'s economy to adapt to an economy which is increasingly driven by the service sector.

Over the past decade, the composition of industrial development in Ontario has evolved, with less emphasis on the manufacturing sector and more emphasis on the goods movement sector. While the manufacturing sector remains vitally important to the provincial economy with respect to job growth and economic output, employment growth in this sector is anticipated to be modest for the foreseeable future. These structural changes in the economy are altering the character of economic activities on employment lands and impacting the built form and character of employment areas.

Market demand on employment lands in mid-sized to larger urban centres has also been increasingly driven by growth in the "knowledge-based" or "creative class"

economy, which are largely accommodated within office developments and typically located within prestige employment areas. Further, there is increasing demand to accommodate employment-supportive commercial and institutional uses on employment lands, which cater to the growing office sector.

### **G.T.H.A. and York Region Employment Trends**

The G.T.H.A. has a highly diverse employment base which, similar to the provincial economy as a whole, is gradually shifting from a goods-producing economy to a service-producing economy led by strong growth in a number of service-producing sectors. The rate at which this shift has occurred has accelerated in recent years, driven by significant declines in the manufacturing sector brought on by the 2008/2009 global economic downturn. Recent economic data suggests that this sector is now showing signs of stabilization at the G.T.H.A. and York Region levels. The highly competitive nature of the manufacturing sector will require production to be increasingly cost effective and value-added oriented, which bodes well for firms that are specialized and capital/technology intensive.

York Region is home to a broad range of employment sectors with manufacturing being the largest, accounting for 16% of total employment. Manufacturing sectors related to transportation equipment, machinery, food and metal products have shown the strongest employment growth rates in York Region over the past five years. The wholesale trade sector is also a dominant York Region employment cluster, which has experienced steady employment growth since 2006. Comparatively, the composition of the employment base by sector in York Region is similar to the G.T.H.A. as a whole; however, the York Region economy is slightly more weighted towards goods-producing sectors.

Employment growth rates throughout York Region are largely influenced by the broader G.T.H.A. economy. Employment growth rates have been strongest across knowledge-based sectors. The professional, scientific and technical services sector and the management of companies and enterprises sector are highly concentrated relative to the Province and are steadily growing. Other emerging knowledge-based clusters, including finance, real estate and leasing, education and health care and social assistance, have experienced very high employment growth rates. In turn, this has fueled strong employment growth across the construction sector, as well as population-related businesses in retail and accommodation and food services.

## **York Region Employment Lands Structure and Recent Development Trends**

York Region's designated employment lands currently accommodate approximately 294,000 jobs, representing approximately 54% of the employment base. York Region's employment base on employment lands is dominated by the industrial and office sectors. From 2006 to 2013, employment on the Region's employment lands increased by 14% (35,700 jobs). The office and industrial sectors accounted for 53% and 43% of employment growth, respectively, and 17% was accommodated in major office buildings.

Between 2006 and 2013, the following observations can be made with respect to development activity on employment lands in York Region:

- Employment land absorption averaged approximately 92 net ha per year;
- Approximately half of employment land absorption was in the City of Vaughan;
- 43% of employment growth on absorbed employment lands has been in the industrial sector, followed by 26% in office employment, 23% in retail/personal services and 8% in institutional; and
- Based on an analysis of a sample of building permit data, two-thirds of development activity on employment lands was in the industrial sector, 30% in the commercial sector and 3% in the institutional sector.

York Region's employment areas continue to play an important role in accommodating business growth in the Region. For businesses in York Region that have located to their current location since 2009, 64% of associated employment has been accommodated on employment lands. However, an increasing share of development activity on employment lands in York Region is occurring in non-industrial sectors.

## **Impact of Recent Economic Recession on Employment Lands**

The impact that the economic recession had on employment growth, particularly in the industrial sector, was significant on employment lands absorption and development activity on employment lands in York Region. Industrial development activity and employment lands absorption, which had remained relatively strong through 2008, declined significantly from 2009 to 2010, followed by gradual recovery post-2010.

The existing industrial base in the Region was also negatively impacted by the economic recession. Industrial vacancy rates peaked during the 2008/2009 period, but have since declined back to more balanced market levels. The following provides a few key highlights of the impacts of the recent economic recession on York Region's

employment lands, based on a review of existing businesses and industrial building space as of 2006:

- Over the 2006-2013 period, employment levels within 2006 industrial building space fell by approximately 7%, equivalent to approximately 8,500 jobs. This included a 20% decline (12,100 jobs) in manufacturing sector employment.
- The decline in manufacturing employment was attributed to both business downsizing and closures. The losses in manufacturing employment were partly offset by gains in other sectors including construction, management of companies and enterprises, education services, finance and insurance, utilities, and administration and support services.
- Industrial vacancy rate data suggests that the utilization of industrial space in the Region has returned to pre-recession levels. However, the mix of sectors accommodated has shifted with less emphasis on the manufacturing sector, and overall employment accommodated within existing industrial space is lower than in 2006.
- While the Region experienced strong growth in wholesale trade, and transportation and warehousing, employment growth associated with these sectors was not accommodated within the existing industrial building space and was instead accommodated through new development in greenfield areas.
- The overall economic viability of the existing industrial space is relatively healthy, with the exception of some larger-scale manufacturing plants which closed over the 2006-2013 period and remain unoccupied. While it is possible that some of these buildings may be reoccupied, they were typically custom-built for a specific manufacturing business and may prove challenging to reoccupy.
- Of employment growth within the Region's employment areas over the 2006-2013 period, 26% has been accommodated on greenfield lands and 74% within the built boundary.

### **Employment Density on Employment Lands**

York Region's employment density on employment lands is relatively high compared to the G.T.H.A. average. Over the 2006-2013 period, overall employment density on employment lands in York Region has remained relatively stable, averaging 59 jobs per net ha in 2013.<sup>1</sup> While average floor space per worker (F.S.W.) in the industrial sector is declining both in existing building stock and in new development, it is being offset by a greater share of non-industrial sectors being accommodated on employment lands

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<sup>1</sup> Including major office and development on private services.



which typically have lower F.S.W. levels than the industrial sector. Further, floor space index (F.S.I.) levels in new industrial development are generally higher than in the existing base which is helping offset the decline in F.S.W. observed in the sector.

### **York Region Office Market**

Office employment accounts for approximately one-fifth of the employment base in York Region. Approximately 79% of office employment is located within employment lands. York Region has experienced relatively strong growth in office employment over the 2006-2013 period. Over this period, 61% of total office building G.F.A. constructed has been accommodated on employment lands, compared to 18% within the Region's Centres and Corridors and 20% in other areas.

A significant share of office employment in York Region is accommodated within major office buildings.<sup>1</sup> Three-quarters of major office G.F.A. in York Region is located on employment lands. Nearly one-third of businesses that have located to their current location within major office buildings in York Region since 2009 have been in the professional, scientific and technical services sector, followed by 20% in health care and social services, and 11% in finance and insurance. More than three-quarters of major office development over the 2006-2013 period has been accommodated on employment lands.

Major office development averages 207 jobs per net ha in the Region and densities are higher for major office development on employment lands than outside employment lands. Over the 2006-2013 period, F.S.W. in major office buildings has remained constant while F.S.I. of recently constructed major office buildings has declined.

### **Employment Growth Trends by Local Municipality**

All of York Region's local municipalities exhibited relatively strong employment growth over the 2006-2013 period with the exception of Newmarket which experienced relatively limited employment growth. East Gwillimbury demonstrated exceptionally strong employment growth over the period, with a 47% increase. Over the 2006-2013 period, 86% of employment growth was accommodated in the south part of the Region within the municipalities of Vaughan, Markham and Richmond Hill. Vaughan accounted for nearly half of the Region's employment growth over the period.

A large share of the Region's industrial employment growth over the period was accommodated in Vaughan. Approximately 83% of office employment growth over the

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<sup>1</sup> Major office buildings reflect buildings 20,000 sq.ft. (1,858 sq.m.) and greater.

period was accommodated within the south York Region municipalities of Markham, Vaughan and Richmond Hill. In terms of employment growth on employment lands in the Region, approximately 89% has been accommodated within the south York Region municipalities of Vaughan, Markham and Richmond Hill.

### **Long-Term Industrial and Office Outlook for York Region and Implications on Employment Land Needs**

In many respects York Region's long-term employment potential is largely tied to the success of the G.T.H.A. and Greater Golden Horseshoe (G.G.H.) as a whole. York Region's location within the G.T.H.A. poses both economic opportunities and challenges.

With a robust economy and diverse mix of export-based employment clusters, the G.T.H.A. is highly attractive on an international and national level to new businesses and investors as a world class "City/Region." In turn, this continues to support strong G.G.H. population growth levels largely driven by international and inter-provincial net migration.

Notwithstanding the success of the G.T.H.A., international competition for business development and investments is becoming increasingly fierce in today's "new economy." Moreover, regional competition within the G.T.H.A. and the surrounding "Outer Ring" is also intense. York Region is located within proximity to a number of large urban/suburban municipalities with which it competes directly for business attraction and investment. All of these municipalities generally offer regional attributes which largely appeal to prospective international and local firms.

One of the key challenges for York Region regarding the future non-residential development relates to the macro-economic trends that the Region cannot control, such as the strength of the global economy and the competitiveness of the North American economic base relative to emerging markets. At the regional level, there are also physical challenges facing the G.T.H.A. and York Region, including traffic congestion, aging infrastructure, servicing constraints, and an aging labour force base which has the potential to impede population and employment growth.

As previously mentioned, the Region is expected to see moderate employment growth in the industrial sector over the coming decades. Industrial employment growth in the Region is anticipated to be driven largely by the goods movement sector (wholesale trade and transportation/warehousing) and construction sector with modest employment growth in manufacturing.

The nature of new development in the industrial sector is expected to be markedly different than the existing base. New manufacturing employment growth is anticipated primarily in small to mid-sized businesses (less than 100 employees). Average employment density in the manufacturing sector is also expected to decline due to increased automation in this sector. It is anticipated that 15% to 20% of future employment land absorption in York Region will be accommodated in manufacturing-related development in the form of both standalone and multi-tenant facilities.

On the other hand, strong growth potential in the goods movement sector is expected to drive demand for increasingly larger warehousing facilities, typically located in competitively priced greenfield locations across the G.T.H.A. Given York Region's competitive profile, demand is anticipated to continue across a range of development sizes from small to mid-sized warehouses to large-scale land-extensive distribution centres and logistics hubs with individual facilities averaging over 25,000 sq.m. in G.F.A. Due to the land expansive nature of this fast-growing sector, the goods movement sector is expected to account for the largest share of greenfield employment land absorption over the next 30 years.

Given the Region's strong attractiveness to knowledge-based sectors, the distribution of employment on employment lands across the Region will continue to be increasingly concentrated in the office sector. Over the long term, it is anticipated that the market for office-based employment within York Region's employment areas will continue to be concentrated in the larger municipalities of southern York Region. However, growing opportunities will exist to accommodate knowledge-based sectors throughout all areas of the Region in multi-tenant industrial condos and other smaller-scale office settings such as mixed-use areas and institutional buildings. There is anticipated to be increasing opportunity to accommodate office employment outside of employment areas, most notably within the Region's Centres and Corridors.

### **Role of Employment Lands in York Region in Accommodating Future Employment Growth**

For both international and locally-based industries, York Region's employment areas have a strong appeal given their proximity to major regional infrastructure, including the Toronto Pearson International Airport (T.P.I.A.), 400-series highways, inter-modal facilities, rail, proximity to the U.S. border, and access to skilled labour and post-secondary institutions. The above attributes in York Region have produced a highly competitive and diverse employment market, which has provided developers with a

broad range of market choice with respect to site selection, access/exposure, zoning, price, etc., for non-residential development.

It is anticipated that a significant share of future employment growth within York Region is anticipated to be accommodated on employment lands. In addition to accommodating industrial development, employment lands will also continue to play an important role in accommodating office employment. Moving forward, it is imperative that the Region continue to provide a sufficient supply of serviced and designated employment lands to provide sufficient market choice in accommodating the broad range of future industries which are anticipated to locate on these lands.

### **Factors Impacting Future Employment Land Need in York Region**

Identifying future employment land needs in the Region is in part dependent on assumed forecast employment densities. Employment on employment lands density can vary depending on many factors, including type of land use, built form and site characteristics.

Over the 2006-2013 period, Region-wide employment densities on employment lands (expressed in jobs per ha) have remained relatively constant. It is foreseeable that future employment densities on employment land in York Region will likely remain relatively stable over the forecast period.

While some intensification opportunities do exist through infill, expansions and redevelopment, the majority of the future growth in the industrial sector will need to be accommodated through greenfield development. With respect to the office sector, there are likely more opportunities to accommodate employment growth within existing employment areas, through infill and site redevelopment than in the industrial sector. However, there will continue to be market demand for office space in greenfield areas, particularly as part of integrated warehousing/distribution facilities and within standalone office parks.

# 1. Introduction

## 1.1 Terms of Reference

York Region retained Watson & Associates Economists Ltd. (Watson) to undertake a review of regional and local employment trends to the year 2041. The purpose of this study is to address key trends regarding the evolving regional economy and the impacts of these changes on the rate and type of employment growth anticipated for York Region over the next 30 years. Particular attention has been given to the potential influence of evolving economic trends on long-term employment land needs and the competitiveness of York Region and its Area Municipalities.

The results of this assignment are intended to be used to assist York Region in updating its long-term employment forecast to 2031 and 2041 by Area Municipality in accordance with Growth Plan Amendment No. 2 and to inform the Region's policy review. As a key focus of this update, Watson has undertaken a comprehensive assessment of the economic and employment growth trends across the G.T.H.A. (Greater Toronto and Hamilton Area) and York Region, to address the Region's employment growth potential by major employment sector. The major employment sectors/categories reviewed include primary, industrial, office, retail/personal service, institutional, work at home and no fixed place of work.

As a key part of this comprehensive review of employment trends by sector, Watson has also undertaken an assessment of employment density trends on employment lands and within the major office employment category. This assessment includes a review of trends regarding average floor space per worker (F.S.W.), floor space index (F.S.I.) and employees per hectare. This review of employment density trends on employment lands and within major office development is intended to provide a more thorough understanding of future land requirements for employment lands across York Region. This information is also relevant for future D.C. by-law updates for the Region and its local municipalities.

The quantitative analysis discussed above is intended to inform the Region on the nature of future development within employment areas with respect to the amount, type, location, density and mix of employment uses. These evolving employment trends are anticipated to influence needs for future infrastructure, amenities and other employment-supportive uses to ensure that York Region's employment areas remain attractive, vibrant and competitive.

## 1.2 Employment Data Sources and Definitions

### 1.2.1 Data Sources

#### Employment Data

The analysis presented herein relies primarily on employment data from York Region's annual employment survey data and E.M.S.I. data maintained by the Ministry of Agriculture and Food (O.M.A.F.).

The York Region employment survey is an annual comprehensive survey of businesses across York Region. The survey is intended to identify the location, size, type and characteristics of businesses operating in the Region. Through the management of time series data, there is an ability to monitor trends and changes in business activity and employment levels within the Region. The analysis provided herein relies on the 2006, 2011 and 2013 employment surveys to identify employment trends in the Region. The employment data utilized from the Region's employment surveys to identify trends in employment growth by sector are based on surveyed employment and does not include non-contact estimates, work at home or farm-based employment. The employment density on employment lands trends analysis is also based on surveyed employment but includes a non-contact estimate.

There are some noted time-series compatibility issues when comparing 2006 to 2011 and 2013 data. The survey has evolved over the years and the 2006 survey is not considered as comprehensive in nature as the 2011 and 2013 surveys. Further, recent corrections to N.A.I.C.S. coding may not have been corrected comprehensively in older survey data which makes time-series analysis at the sectoral level more challenging. While these data compatibility issues may result in certain nuisances in the analysis, the analysis presented herein does provide a reasonably reliable summary of recent employment trends in the Region.

The E.M.S.I. dataset is maintained through the Ministry of Agriculture and Food (O.M.A.F.). It is maintained through *Analyst*, a web-based tool which contains a series of employment, labour force and demographic datasets developed by E.M.S.I. (Economic Modeling Specialists Intl.) for all municipalities in Ontario. The employment data is provided by N.A.I.C.S. and reflects all place of work employment (including no fixed place of work). The employment data is based on Canada S.E.P.H. (Survey of Employment, Payrolls and Hours) and Canadian Business Patterns data and is considered relatively reliable. The provincial-wide coverage of the dataset allows for comparison of employment trends across the G.T.H.A. relative to York Region.

## Other Data

The study also relied on a sample of G.I.S.-based geocoded non-residential building permit data and land absorption data provided by York Region staff to assess development trends on employment lands over the 2006-2013 period.

### **1.2.2 Definitions**

#### Employment Sectors

The employment sector analysis contained herein is based on 2-digit N.A.I.C.S. (North American Industry Classification System) coding. For reporting purposes, the data is also aggregated to a major employment sector level using the following categories: industrial, office, retail/personal service, institutional and primary, as defined in Figure 1.

**Figure 1: Major Employment Sectors Defined**

Major Sector	Sector (2 Digit NAICS)	
Industrial	22	Utilities
	23	Construction
	31-33	Manufacturing
	41	Wholesale Trade
	48-49	Transportation & Warehousing
	56 (50%)	Admin. & Support Services (incl. Waste Mgmt.) (50%)
Office <sup>1</sup>	51	Information & Cultural Industries
	52	Finance & Insurance
	53	Real Estate & Rental & Leasing
	54	Professional, Scientific & Technical Services
	55	Mgmt. of Companies & Enterprises
	56 (25%)	Admin. & Support Services (incl. Waste Mgmt.) (25%)
Retail/ Personal Services	44-45	Retail Trade
	71	Arts, Entertainment & Recreation
	72	Accommodation & Food Services
	81	Other Services (except Public Admin.)
	56 (25%)	Admin. & Support Services (incl. Waste Mgmt.) (25%)
Institutional	61	Educational Services
	62	Health Care & Social Assistance
	91	Public Administration
Primary	11	Agriculture, Forestry, Fishing & Hunting
	21	Mining & Oil & Gas Extraction

Source: Watson & Associates Economists Ltd.

1. Office-based employment is accommodated in a range of office space with a portion accommodated within major office buildings.

### Major Office

For the purposes of the report, major office is defined as free-standing office buildings 1,858 sq.m. (20,000 sq.ft.) or greater. This differs from the definition used in the Growth Plan for the Greater Golden Horseshoe and York Region Official Plan (2010) which defines major office as either a free-standing building of 10,000 sq.m. (107,639 sq.ft.) or greater or having 500 or more jobs.



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## 2. Macro-Economic Trends Influencing Employment Growth and Employment Lands Development

### 2.1 Macro Economic Trends

The following provides a brief overview of the macro-economic factors which are anticipated to influence regional and local employment growth trends and corresponding employment lands development.

#### *2.1.1 Economic Outlook for Canada and Ontario*

The Canadian economy has achieved modest G.D.P. growth since the global economic recession of 2008/09 but has not yet sustained the economic growth levels experienced prior to the recession, as illustrated in Figure 2. The economic recession hit Ontario relatively hard with significant declines in manufacturing output, particularly in the auto sector, and in construction. While the Ontario economy has experienced a rebound in economic activity since the 2008/2009 global economic downturn, the rate of growth has been marginally lower than the national growth rate. That said, provincial GDP levels between 2014 and 2016 are forecast to gradually rise and out-perform the national average. The stronger growth is attributed, in part, to an improvement in the economic outlook in the United States (U.S.) and an improving export market. The strength of the recovery of Ontario's export-based sectors will hinge largely on the longer-term economic health of the global and U.S. economies and the Canadian/U.S. dollar exchange rate.

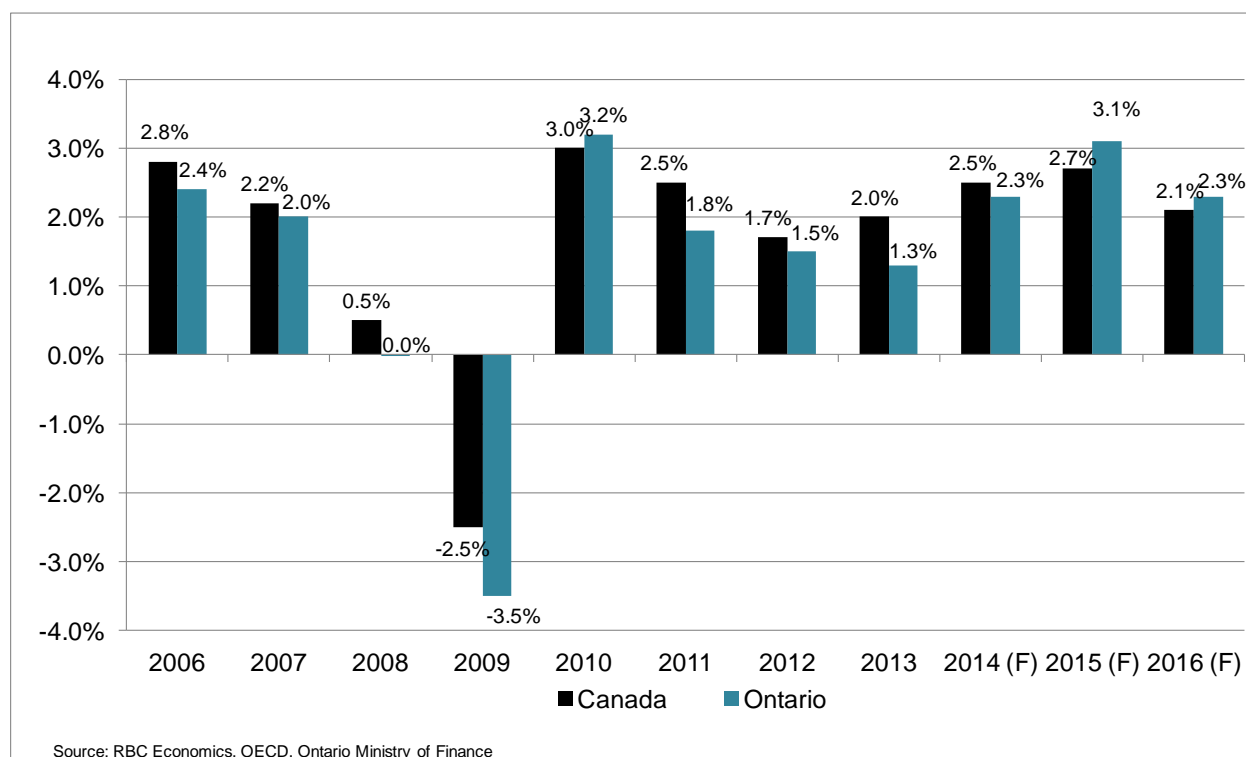
The long-term value of the Canadian dollar will influence the health and nature of the provincial economy, particularly the export-oriented goods producing sectors. A high Canadian dollar relative to the U.S. dollar has posed challenges for Ontario's export-based sectors in recent years. Given that over 80 percent of Ontario's international exports are destined for the United States, the Canada/U.S. currency exchange rate is particularly relevant for Ontario.<sup>1</sup> Over the last two years, the Canadian dollar has steadily depreciated against the U.S. dollar (valued at approximately \$0.76 U.S.D. as of September, 2015) and is now trading below to its 25-year historical average value. The highly competitive nature of the manufacturing sector will require production to be

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<sup>1</sup> Ontario's Long-term Report on the Economy, Ministry of Finance, Government of Ontario, 2010.

increasingly cost effective and value-added oriented, which bodes well for firms that are specialized and capital/technology intensive.

**Figure 2: Annual Real G.D.P. Growth, Ontario and Canada**



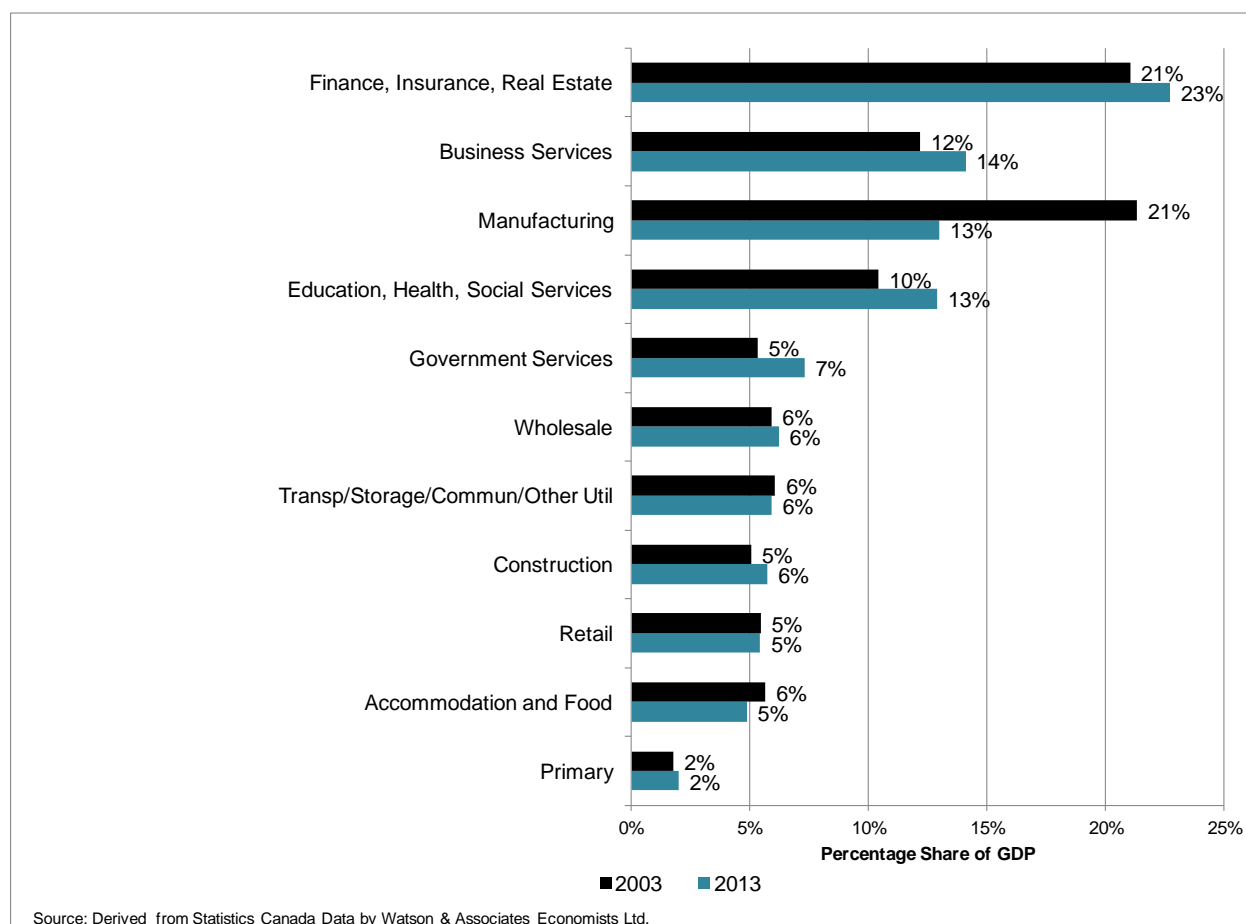
### **2.1.2 Shift in the Provincial Economic Structure**

The Ontario economy is facing significant structural changes. Over the past decade, the economic base, as measured by G.D.P. output, has shifted from goods-producing sectors (i.e. manufacturing, utilities and primary) to service-producing ones. Much of this shift has occurred in the past five years, driven by G.D.P. declines in the manufacturing sector which were most significant immediately following the 2008/2009 global economic downturn. As illustrated in Figure 3, manufacturing, a significant component of the provincial economy, has seen its relative share of G.D.P. decline from 21% in 2003 to 13% in 2013 largely as a result of increased global competition. The challenges of the manufacturing sector are also reflected in the Ontario labour force, which declined by 31% over the 2004-2014 period in the sector.<sup>1</sup> However, it is important to note that provincial labour force rates in the manufacturing sector have been relatively stable since 2010.

<sup>1</sup> Derived from Statistics Canada Labour Force Survey data by Watson & Associates Economists Ltd.

In contrast, service-based sectors, such as financial and business services, have seen significant increases over the period. Growth in the service-based sectors has been driven by strong growth in domestic demand, particularly in consumer spending.

**Figure 3: Province of Ontario G.D.P. by Sector, 2003 and 2013**



Looking forward over the next several years, it is anticipated that the goods-producing sector will continue to experience a moderate employment increase across Ontario, largely driven by a continued recovery in the manufacturing sector combined with continued growth in transportation and warehousing and wholesale trade. The macro-economic factors (i.e. U.S. economic recovery, declining Canada/U.S. dollar exchange rate) discussed in the previous section further support this trend.

## 2.2 Evolving Nature of Employment Lands

Structural changes in the economy are changing the character of economic activities on employment lands and impacting the built form and character of employment areas in Ontario. Over the past decade, the composition of industrial development in Ontario has evolved, with less emphasis on the manufacturing sector. Increased outsourcing of

manufacturing production to emerging global markets continues to erode the existing domestic manufacturing base and shift future employment opportunities abroad. Increasingly, domestic manufacturers are required to streamline production through increased product innovation, specialization and automation to remain competitive.

While the manufacturing sector has contracted, there have been growth opportunities in other forms of industrial development. Post-recession (i.e. post 2009) industrial development has been largely oriented to large-scale industrial buildings housing wholesale trade, distribution and logistics. This has been driven by increasing demand in the “goods movement” sector to store and manage the distribution/transportation of goods produced both locally and imported from abroad. These facilities tend to be land-extensive and typically located in greenfield areas which are accessible and offer future expansion potential. As a result of this trend, combined with increased automation in the manufacturing sector, average employment density levels on employment lands across many G.T.H.A. municipalities have fallen in recent years.

Market demand on employment lands has also been increasingly driven by growth in the “knowledge-based” or “creative class” economy, including employment sectors such as professional, scientific and technical services, finance, insurance, real estate, information and culture, health and education. These sectors are largely accommodated within office developments and typically located within prestige employment areas. Further, there is increasing demand to accommodate employment-supportive commercial and institutional uses on employment lands, particularly in business parks, which offer amenities and services convenient to local businesses and their employees.

## **2.3 Observations**

The Ontario economy has experienced significant volatility in the past decade, including a period of strong economic growth followed by an economic recession and subsequent gradual recovery. This recovery has been more pronounced within the G.T.H.A. relative to the remaining Province of Ontario. This has largely been a result of the ability of the G.T.H.A.’s economy to adapt to an economy which is increasingly driven by the service sector.

Recent structural changes in the economy have created many challenges and opportunities for municipalities regarding the role of employment lands in accommodating non-residential development. As such, employment land stewardship is of increasing importance to ensure long-term sustainability and competitiveness.

In light of recent trends, forecasting future land requirements for employment uses is becoming increasingly more complex. In the context of the aforementioned changes occurring in the macro-economy, a number of questions arise regarding the rate and nature (i.e. type, form and density) of employment growth in York Region by Area Municipality. Based on the Growth Plan forecast, it is anticipated that an additional 390,000 jobs are to be accommodated within York Region over the 2011-2041 time horizon.<sup>1</sup> How these additional jobs are attracted, where and how new development is accommodated and what infrastructure expansions and improvements are made (i.e. transit, roads, water/sewer, etc.) will directly impact the competitiveness of the Region and the quality of life of its workers and residents.

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<sup>1</sup> Based on a York Region 2011 employment base of 510,000 jobs and an employment forecast of 900,000 jobs by 2041 in accordance with the Growth Plan for the Greater Golden Horseshoe, 2006 Office Consolidation, June 2013.

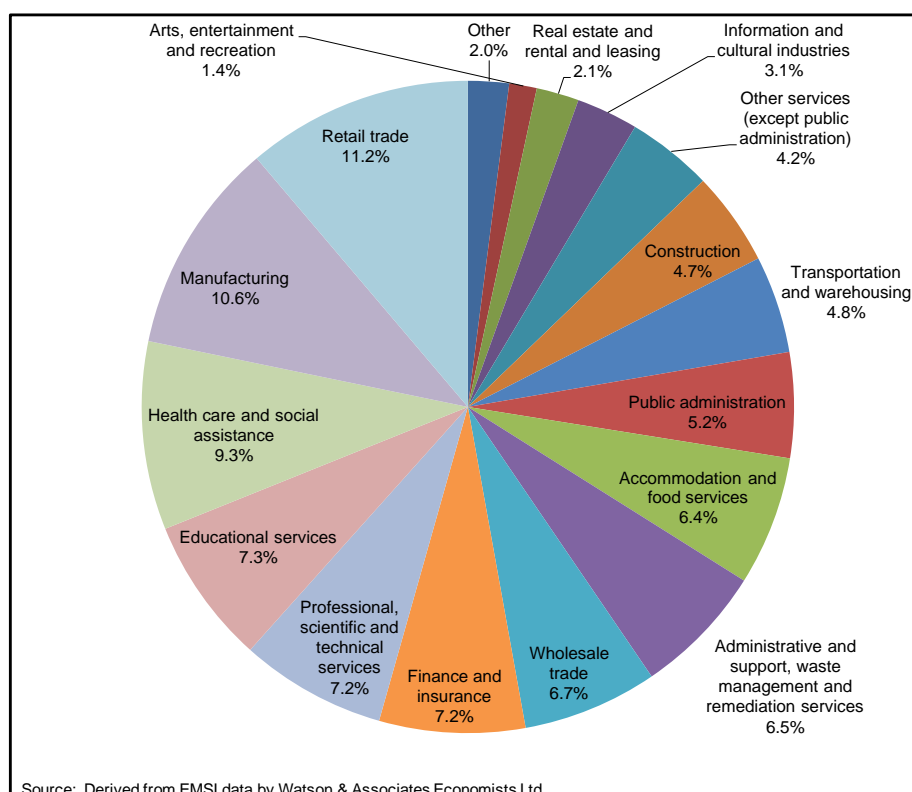
### 3. G.T.H.A. Employment Trends

The following provides a review of the G.T.H.A. employment structure and recent employment trends by sector.

#### 3.1 G.T.H.A. Employment Profile

The G.T.H.A. has a highly diverse employment base, as illustrated in Figure 4. Manufacturing remains one of the G.T.H.A.'s largest employment sectors, accounting for 11% of total employment. Next to manufacturing, the G.T.H.A.'s largest employment sectors are in the service sector. This includes retail trade, health care and social assistance, educational services, professional, scientific and technical services (P.S.T.S.) and finance and insurance. The G.T.H.A. also has significant employment in a number of industrial sectors including wholesale trade, transportation and warehousing and construction.

**Figure 4: G.T.H.A. Employment by Sector, 2014**



### 3.2 G.T.H.A. Employment Trends by Sector

Similar to the provincial economy as a whole, the nature of the G.T.H.A. economy is changing. Over the past 20+ years, the composition of G.T.H.A. employment has gradually shifted from a goods-producing economy to a service-producing economy, led by employment growth in sectors such as accommodation and food, health care and social assistance, professional, scientific and technical services and retail trade. The rate at which this shift has occurred has accelerated in recent years, driven by significant declines in the manufacturing sector immediately following the 2008/2009 economic downturn. However, recent G.T.H.A. employment trends show the manufacturing sector has started to stabilize and is now gradually rebounding.

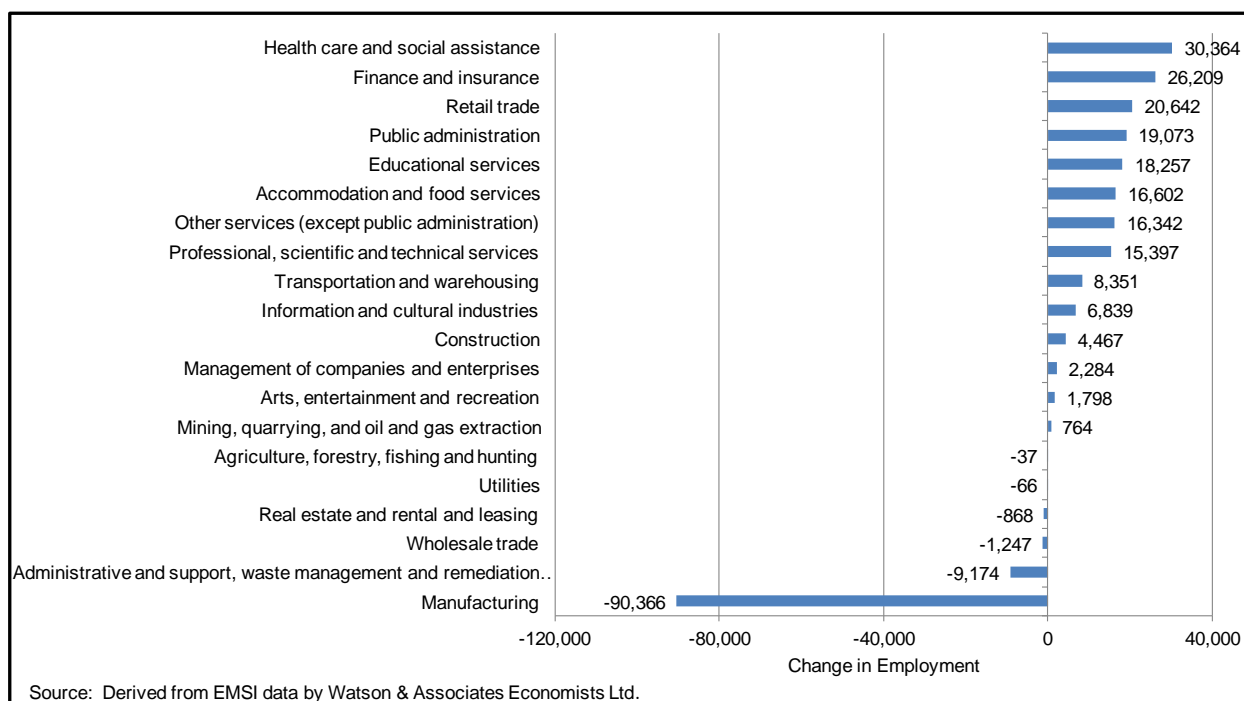
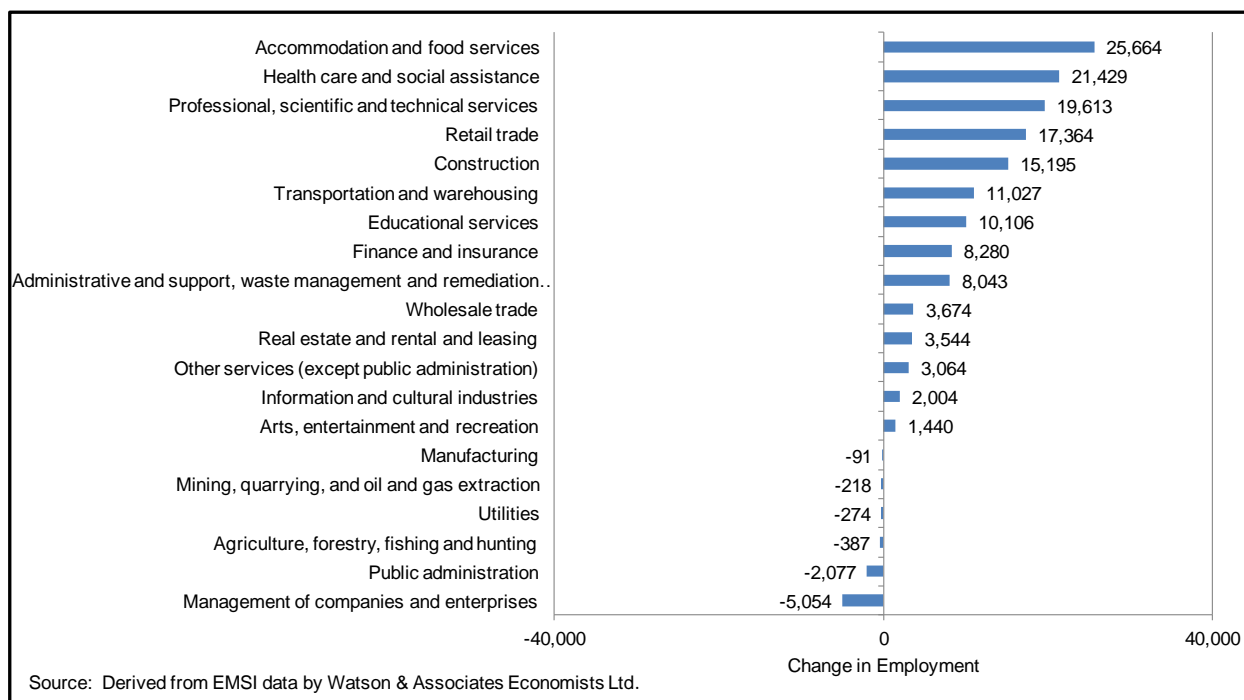
Figure 5 and Figure 6 summarize G.T.H.A. employment growth trends by sector over the 2006-2009 and 2010-2014 period, respectively. Despite the global economic slowdown, G.T.H.A. employment levels steadily increased in almost all major sectors of the service sector economy since 2006. Many of these sectors, including professional, scientific and technical services, financial services, information and cultural industries, education services, health care and social services as well as real estate, represent the knowledge-based and creative-class economy.”<sup>1</sup> A number of the uses within these sectors are permitted on employment lands across the G.T.H.A. and represent a growing share of the employment base on employment lands, most notably in the most heavily populated urban G.T.H.A. municipalities.

The G.T.H.A. has also experienced significant employment growth in the goods movement sector over the past decade. Structural changes in the global economy continues to drive the need for new consolidated, land-extensive warehousing facilities in competitively priced markets (typically located in greenfield areas) to store and manage the distribution/transportation of goods. This trend continues to pose challenges regarding land utilization and intensification opportunities in established industrial areas.

Strong population growth across the G.T.H.A. has also fueled steady growth in the retail and accommodation and food sectors. As illustrated in Figure 4, the retail trade sector has surpassed the manufacturing sector in terms of total G.T.H.A. employment. While the manufacturing sector will continue to represent an important sector of the G.T.H.A. economy, it is anticipated that its share of total G.T.H.A. employment will continue to gradually decline over the next 30 years.

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<sup>1</sup> Richard Florida, *The Rise of the Creative Class*. 2002

**Figure 5: G.T.H.A. Employment Growth by Sector, 2006-2009****Figure 6: G.T.H.A. Employment Growth by Sector, 2010-2014**



### 3.3 G.T.H.A. Employment Cluster Analysis

Ultimately, the aggregate indicators of the G.T.H.A.'s economic performance are determined in large measures by the competitiveness of its industry clusters. A cluster is a set of inter-linked private sector industries and public sector institutions, whose final production reaches markets outside of the local market. An expanding export base is a key component to the economic prosperity of the local economy and surrounding area, because exports bring money into the local market to be circulated among local-serving enterprises and their employees.

Location Quotients (L.Q.'s) are a commonly used tool in regional economic analysis to identify and assess the relative strength of industry clusters. They assess the concentration of economic activities within a smaller area relative to the overarching region in which it resides. The L.Q. for a given municipality or local geographic area is calculated by dividing the percentage of total local employment by sector, with the percentage of total broader employment base by sector. An L.Q. of 100% identifies that the concentration of employment by sector is consistent with the broader employment base average. An L.Q. greater than 100% identifies that the concentration of employment in a given employment sector is higher than the broader base average, which suggests a relatively high concentration of a particular employment sector. Employment sectors with a relatively high L.Q. generally serve both the local population base as well as employment markets which extend beyond the boundaries of the municipality. Alternatively, employment sectors with an L.Q. of less than 100% identify particular employment sectors which have relatively lower concentration and are generally under-servicing the needs of the local economy.

#### ***3.3.1 Major Industry Clusters in the G.T.H.A.***

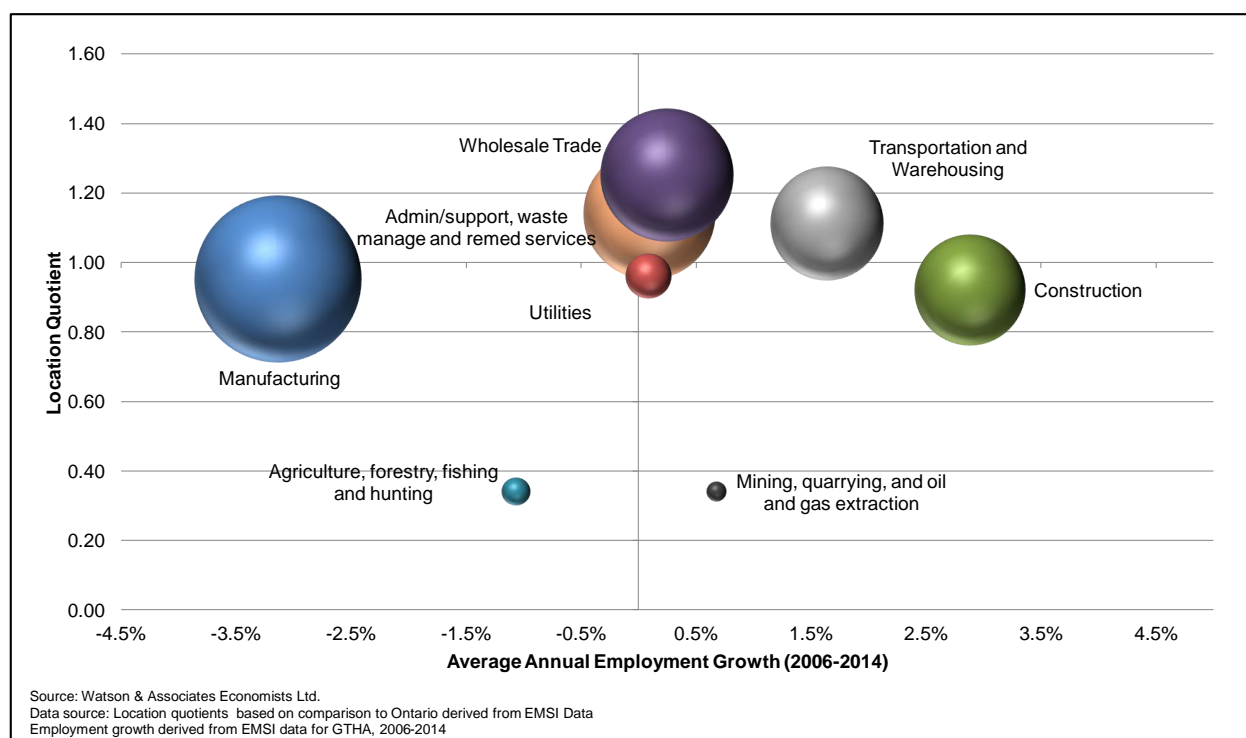
Figure 7 and Figure 8 summarize the industry clusters within the G.T.H.A. by goods-producing and service sectors. While the G.T.H.A. faces increasing global competition, the regional economy is comprised of a highly diverse mix of industry clusters related to manufacturing, technology and services. This diversity is a key strength of the G.T.H.A. economy, with most of the top traded industry clusters throughout North America having a strong presence in this region.

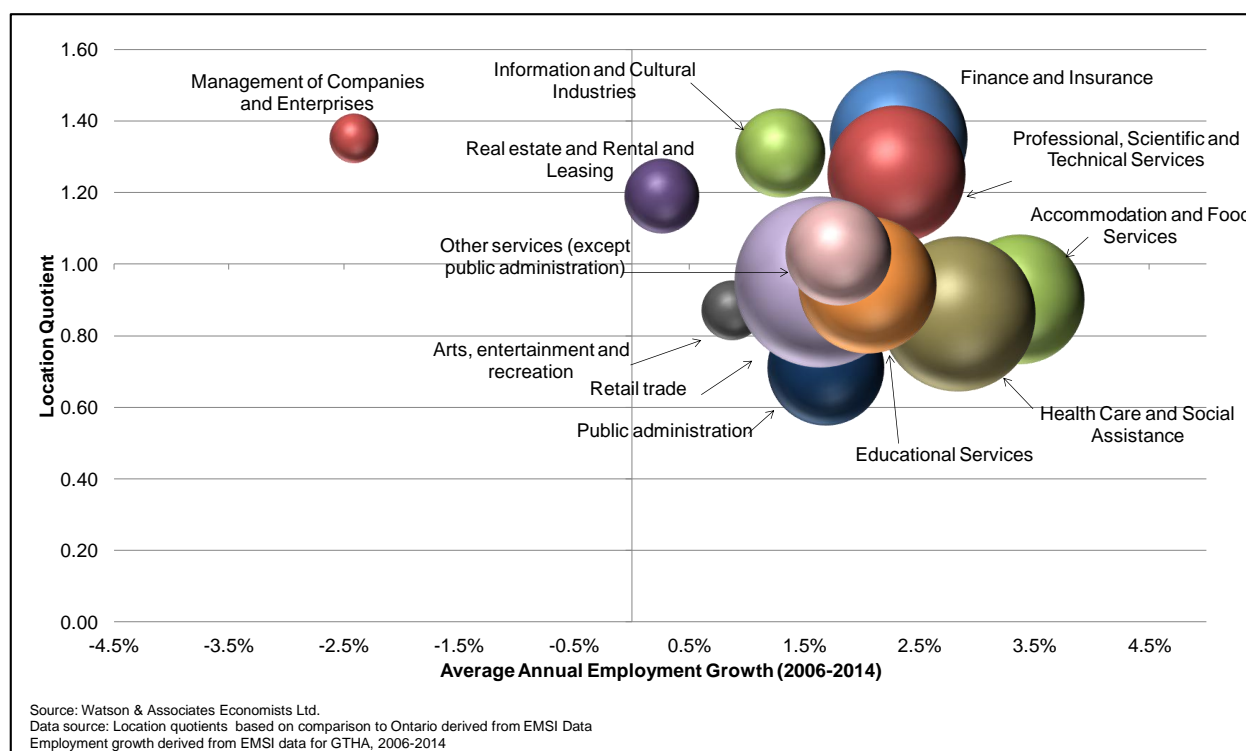
As illustrated in Figure 7, the manufacturing sector represents a dominant G.T.H.A. industry cluster, but as previously mentioned, has experienced a steady annual employment decline since 2006. As previously noted, the manufacturing sector across the G.T.H.A. has gradually rebounded since 2010. The transportation and warehousing

sector is also a dominant G.T.H.A. employment cluster, with a strong concentration in municipalities with proximity to the Toronto Pearson International Airport (T.P.I.A.) and intermodal facilities. More specifically, municipalities such as Mississauga, Brampton, Milton and Vaughan have experienced significant growth in this sector over the past decade.

With respect to the service sector, the G.T.H.A. has a number of established industry clusters in knowledge-based sectors, including finance and insurance, professional, scientific and technical services, education and health care and social assistance. While other emerging knowledge-based sectors, including information and cultural industries, real estate and rental leasing, are smaller in scale, they are highly concentrated and have a strong employment growth outlook. The retail and accommodation and food sectors are also large, heavily concentrated and steadily growing across the G.T.H.A.

**Figure 7: G.T.H.A. Goods-Producing Sector Cluster Size and Growth Matrix**



**Figure 8: G.T.H.A. Service-Producing Sector Cluster Size and Growth Matrix**

### 3.4 G.T.H.A. Employment Cluster Analysis – Spatial Analysis

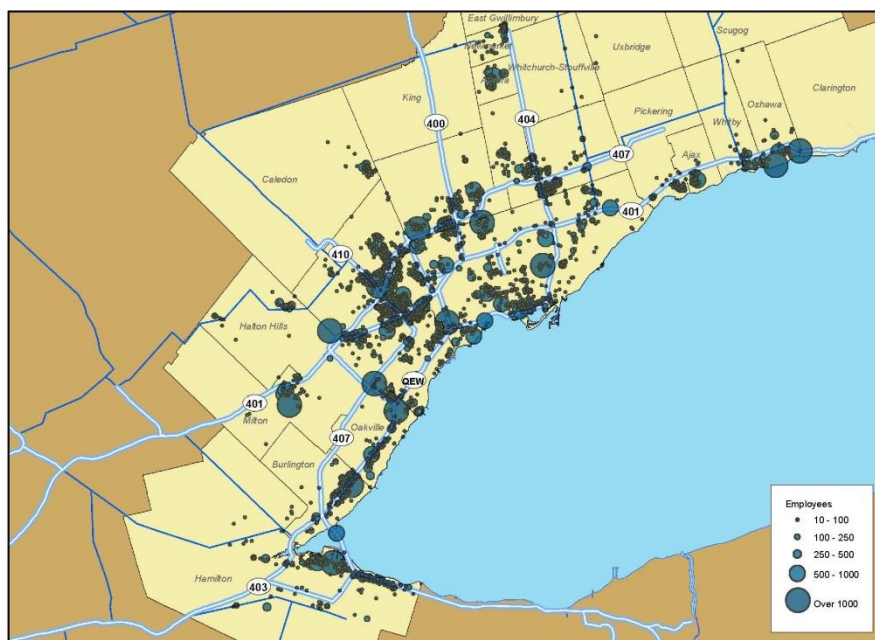
The spatial distribution of key G.T.H.A. industry clusters is illustrated in 9 through 14 and discussed below. The spatial assessment was developed based on business level N.A.I.C.S. employment data.

### 3.4.1 Goods-Producing Sectors

#### Manufacturing

As shown in Figure 9, manufacturing employment is widely distributed throughout the G.T.H.A. Major concentrations are located in proximity to the Toronto Pearson International Airport, within Mississauga, Brampton and Vaughan, in Oshawa and along the Q.E.W. corridor in Burlington and Oakville. Notable concentrations are also found in Ajax/Pickering, Newmarket/Aurora, the 427/Q.E.W. area of Toronto, in Hamilton and the Highway 404/407 area in Richmond Hill and Markham.

**Figure 9: G.T.H.A. Manufacturing Sector  
by Business Employment Size**



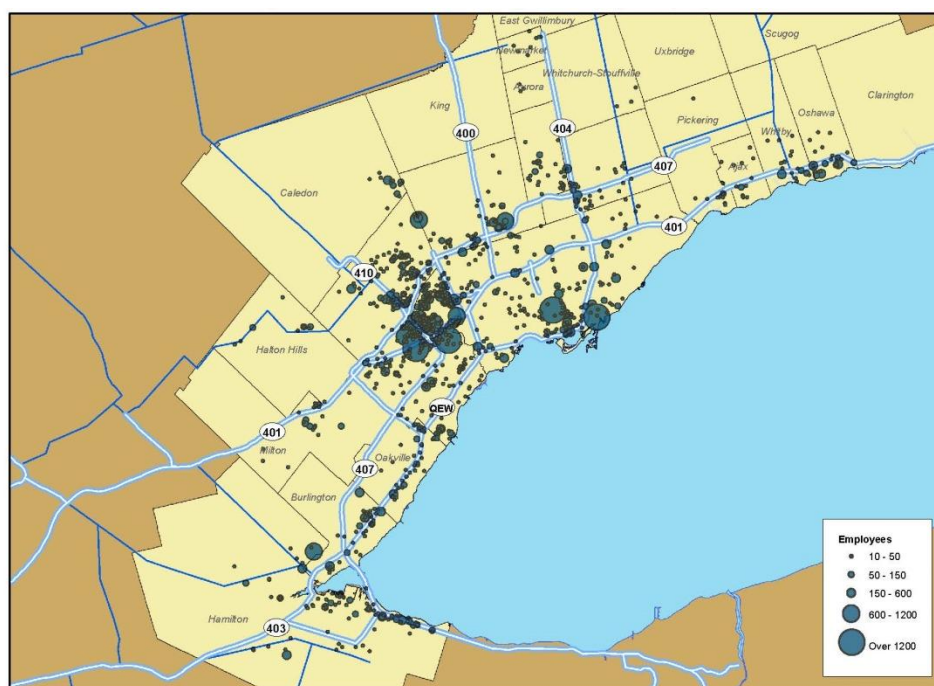
Source: Watson & Associates Economists Ltd., data adapted from Hoovers Business Directory, 2011.

## Transportation and Warehousing

Transportation and warehousing is a large and rapidly growing G.T.H.A. employment sector. As illustrated in Figure 10, businesses associated with this sector are predominately located in the periphery of the T.P.I.A., within the Highway 410 South/Bramalea Gateway area. Other major nodes include the Highway 400/407 area of Vaughan. The Canadian Pacific (C.P.) Intermodal Facility within the Vaughan Enterprise Zone will continue to drive growth and investment in the transportation and warehousing sector in York Region, particularly in the City of Vaughan.

Rising G.T.H.A. land prices will continue to generate development pressure for new land extensive industrial uses in locations across southern Ontario which offer ample market choice to accommodate near-term demand and future expansion requirements. Locations that offer vacant serviced land with 400-series highway access at prices which are low relative to the G.T.H.A. average will be in strong demand.

**Figure 10: G.T.H.A. Transportation & Warehousing Sector by Business Employment Size**

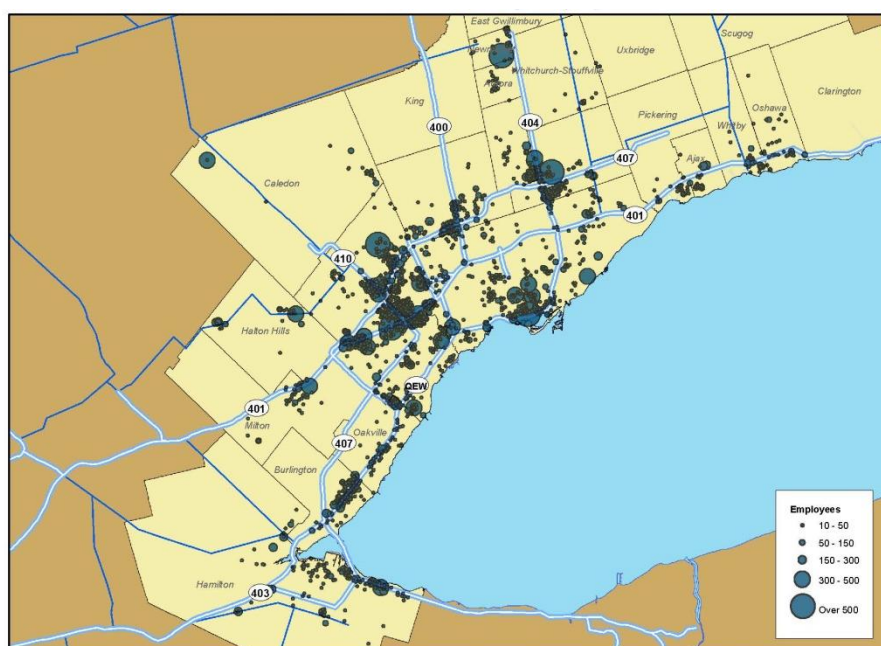


Source: Watson & Associates Economists Ltd., data adapted from Hoovers Business Directory, 2011.

## Wholesale Trade

Wholesale trade, which includes businesses primarily engaged in wholesaling merchandise and providing related logistics, marketing and support services, is also a large and growing employment cluster in the G.T.H.A. The cluster is primarily concentrated in the west and north of the G.T.H.A., as illustrated in Figure 11. The largest concentration of businesses associated with the wholesale trade sector is located within the Gateway area around the T.P.I.A. in Mississauga and with proximity to the intermodal facility in Brampton. Other major nodes include the Highway 400/407 area in Vaughan (in proximity to the Vaughan intermodal facility), the Highway 404/407 area in Markham, the Dundas/Q.E.W. area in Oakville/Mississauga, along the 401 corridor in Milton, and in East Burlington along the Q.E.W.

**Figure 11: G.T.H.A. Wholesale Trade Sector  
by Business Employment Size**



Source: Watson & Associates Economists Ltd., data adapted from Hoovers Business Directory, 2011.

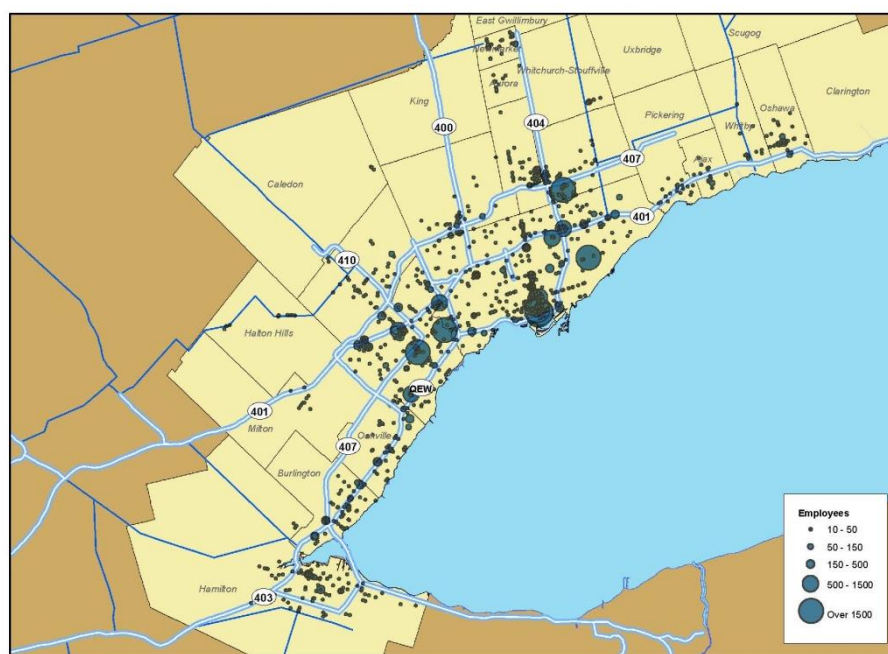


### 3.4.2 Service-Producing Sectors

#### Finance and Insurance

The finance and insurance sector is one of the largest and most important economic clusters in the G.T.H.A. As illustrated in Figure 12, large concentrations of financial service businesses are situated throughout the G.T.H.A. with the greatest concentration located in the Toronto downtown core. Other major nodes in the City of Toronto include Highway 427 South in Etobicoke and the Highway 404/401 area in Scarborough. Outside of the City of Toronto, large clusters are located in Mississauga (primarily within the City Centre, Gateway and Meadowvale areas) and in the Highway 404/407 area of Richmond Hill/Markham.

**Figure 12: G.T.H.A. Finance and Insurance Sector by Business Employment Size**



Source: Watson & Associates Economists Ltd., data adapted from Hoovers Business Directory, 2011.

**Figure 13: G.T.H.A. Information and Cultural Industries Sector  
by Business Employment Size**

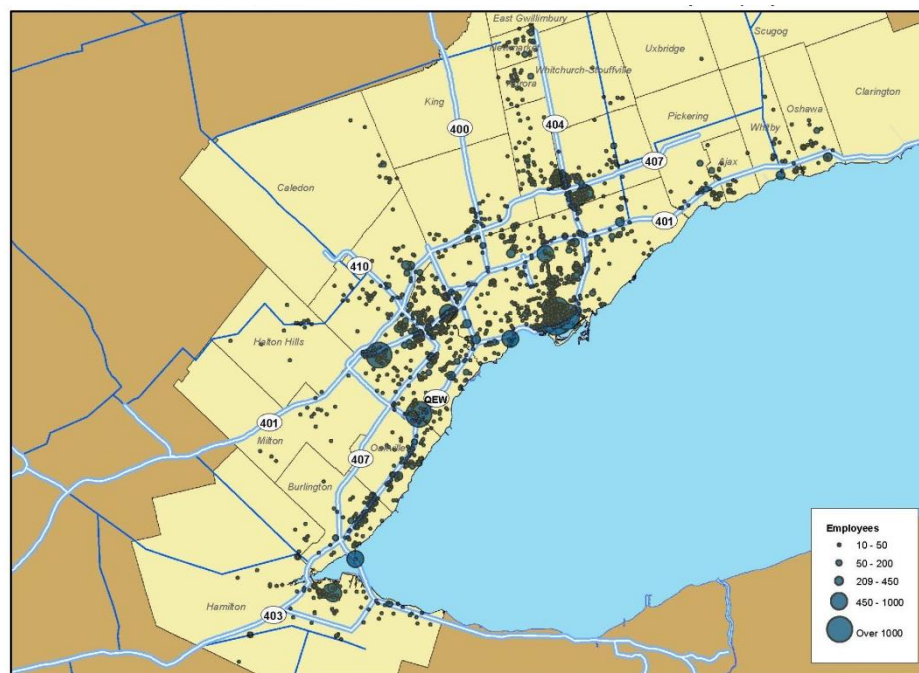




## Professional, Scientific and Technical Services

The professional, scientific and technical services sector forms one of the largest employment clusters in the G.T.H.A. As shown in Figure 14, employment within this sector is concentrated within the City of Toronto (downtown core and Don Mills area), Mississauga (Airport/Gateway, Meadowvale) and Markham (Highway 407/404 area).

**Figure 14: G.T.H.A. Professional, Scientific and Technical Services Sector by Business Employment Size**



Source: Watson & Associates Economists Ltd., data adapted from Hoovers Business Directory, 2011.

## **3.5 G.T.H.A. Trends in Industrial/Office Development Activity**

This section provides a review of recent development trends in the office and industrial market in the G.T.H.A. and, more specifically, in York Region.

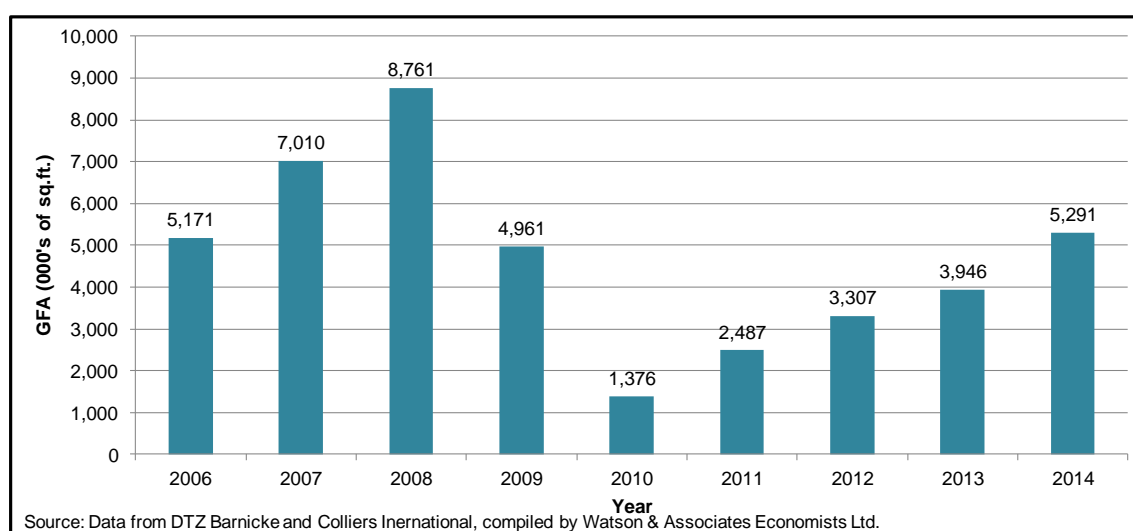
### ***3.5.1 Industrial Development Activity***

Over the past five years, industrial development has been largely oriented to large-scale industrial buildings housing wholesale trade, transportation/warehousing and multi-tenant industrial condominiums, accommodating a range of industrial and non-industrial uses.

Figure 15 summarizes new industrial building completions in the G.T.H.A. during the 2006-2014 period, expressed in gross floor area (G.F.A.). As illustrated, the G.T.A.

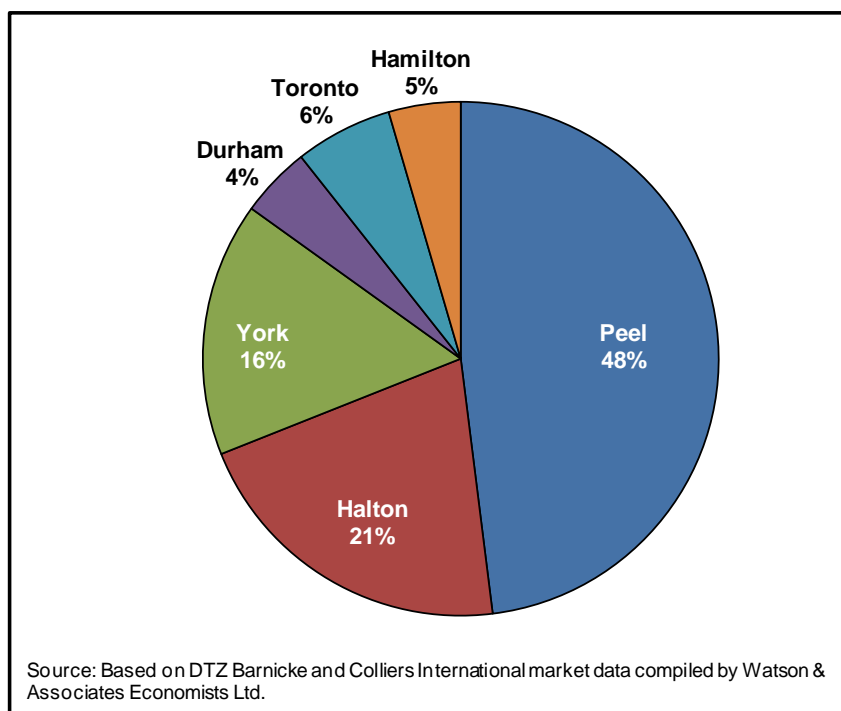
experienced significant growth in industrial development between 2006 and 2008, peaking at 8.4 million sq.ft. in 2008. With the onset of the recent global economic recession, development activity dropped sharply in 2009 to 4.8 million sq.ft. and declined further in 2010 to 1.4 million sq.ft. Since bottoming out in 2010, the G.T.A. industrial sector has been steadily rebounding; however, recent industrial development activity (2011 to 2014) remains below pre-recession levels. Coinciding with the increase in industrial development activity since 2010, vacancy rates have declined gradually and net market rents have risen, albeit at a marginal rate.

**Figure 15: Industrial Development within the G.T.H.A. (000's G.F.A.), 2006-2014**



Over the 2006-2014 period, Peel Region accommodated nearly half (48%) of G.T.H.A. industrial development, as illustrated in Figure 16. In comparison, Halton Region accounted for 21%, York Region 16%, City of Toronto 6%, Durham Region 4% and the City of Hamilton 5%.

**Figure 16: G.T.H.A. Share of Industrial Development Activity (G.F.A.), 2006-2014**



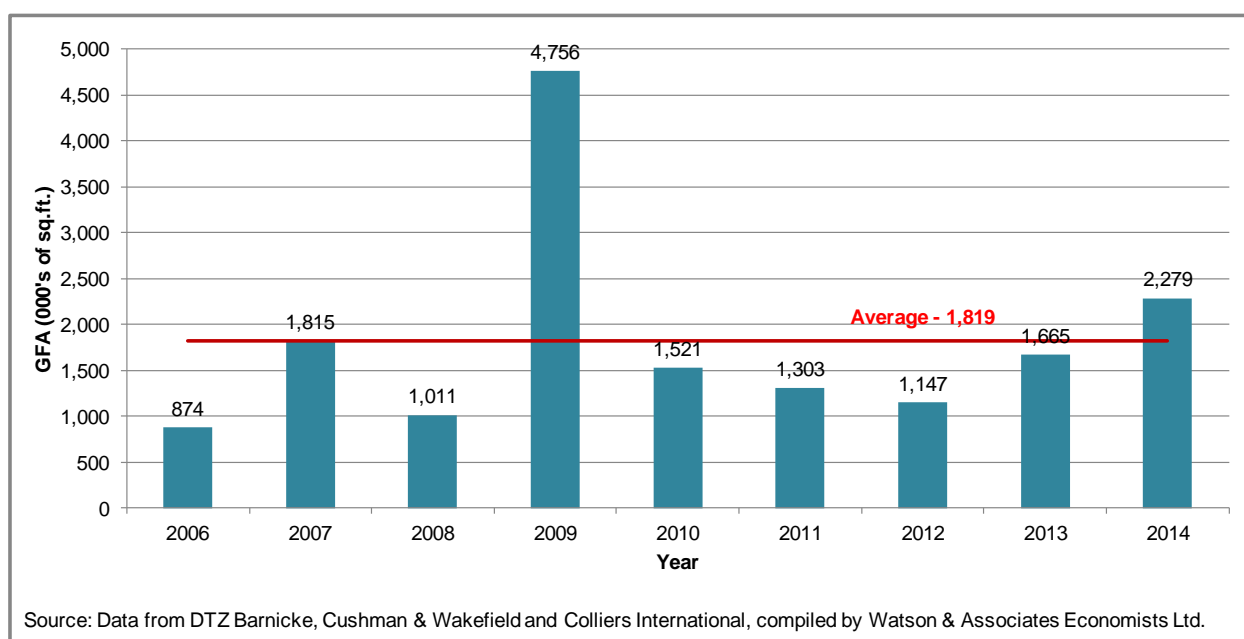
The majority of recent industrial development in the G.T.H.A. has been focused largely along the Highway 401 corridor in Mississauga, Brampton and Milton, and in the Highway 400/407 area of Vaughan.

### ***3.5.2 Office Development Activity***

Figure 17 summarizes new office building completions (expressed in G.F.A.) in the G.T.H.A. during the 2006-2014 period.<sup>1</sup> As shown, office development has exhibited strong growth since 2006, despite the recent economic downturn, averaging between approximately 1 and 2 million sq.ft. per year except in 2009.<sup>2</sup> In 2014, office development activity totalled 2.3 million sq.ft., moderately higher than the historical annual average over the 2006-2014 period.

<sup>1</sup> Excludes City of Hamilton for which data was unavailable.

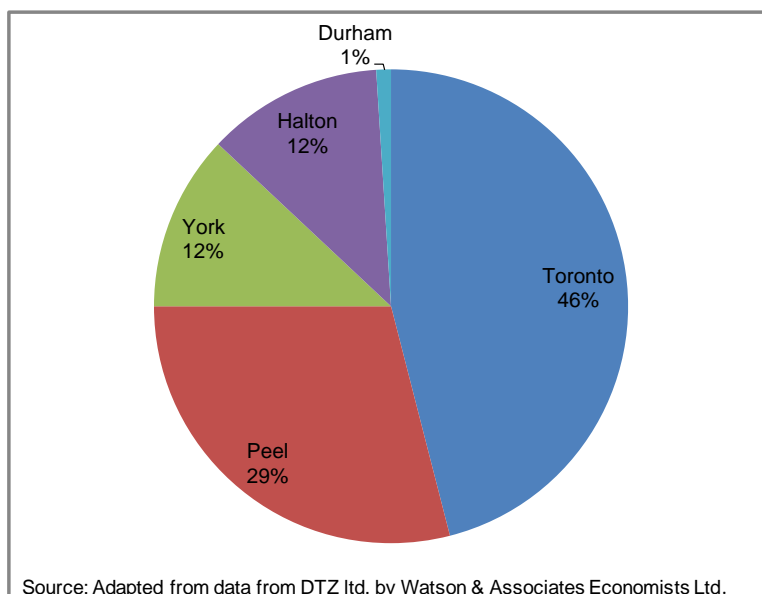
<sup>2</sup> The significant amount of office development in 2009 (compared to other years) is largely attributed to two large-scale office towers (over 1 million sq.ft. each) developed in the Toronto core.

**Figure 17: Office Development within the G.T.H.A. (G.F.A.), 2006-2014**

As shown in Figure 18, 46% of G.T.A. office development over the 2006-2013 period occurred in the City of Toronto. Outside of Toronto, Peel Region accommodated the largest share of new office G.F.A. (29% of the G.T.A. total), followed by York Region (12%) and Halton Region (12%). In contrast, Durham Region has had limited new office development. Of the office development within the suburban G.T.H.A. market, the majority has been comprised of 50,000 to 150,000 sq.ft. Class “A”<sup>1</sup> single and multi-tenant buildings.

<sup>1</sup> Class A office space is defined by the Building Owners and Managers Association (B.O.M.A.) as the most prestigious buildings competing for premier office users along with high-quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

**Figure 18: G.T.A. Share of Office Development Activity, 2006-2013**



Since 2006, G.T.A. office development has been concentrated within the Toronto downtown core and in employment areas and corridors in the larger municipalities of York Region,<sup>1</sup> the City of Mississauga, along the Highway 401 corridor, and the Q.E.W. corridor in the Town of Oakville.

<sup>1</sup> Markham, Vaughan, Richmond Hill, Aurora and Newmarket.

## 4. Overview of York Region Employment Trends, 2006-2013

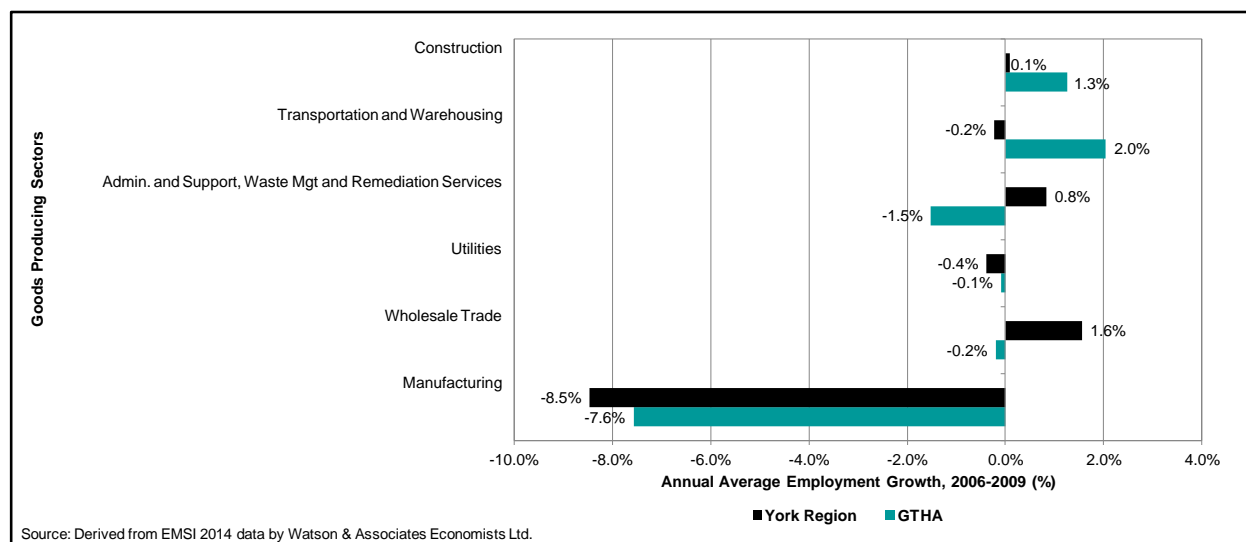
The following provides a summary of employment trends in York Region over the 2006-2013 period.

### 4.1 York Region Employment Growth Trends Relative to G.T.H.A.

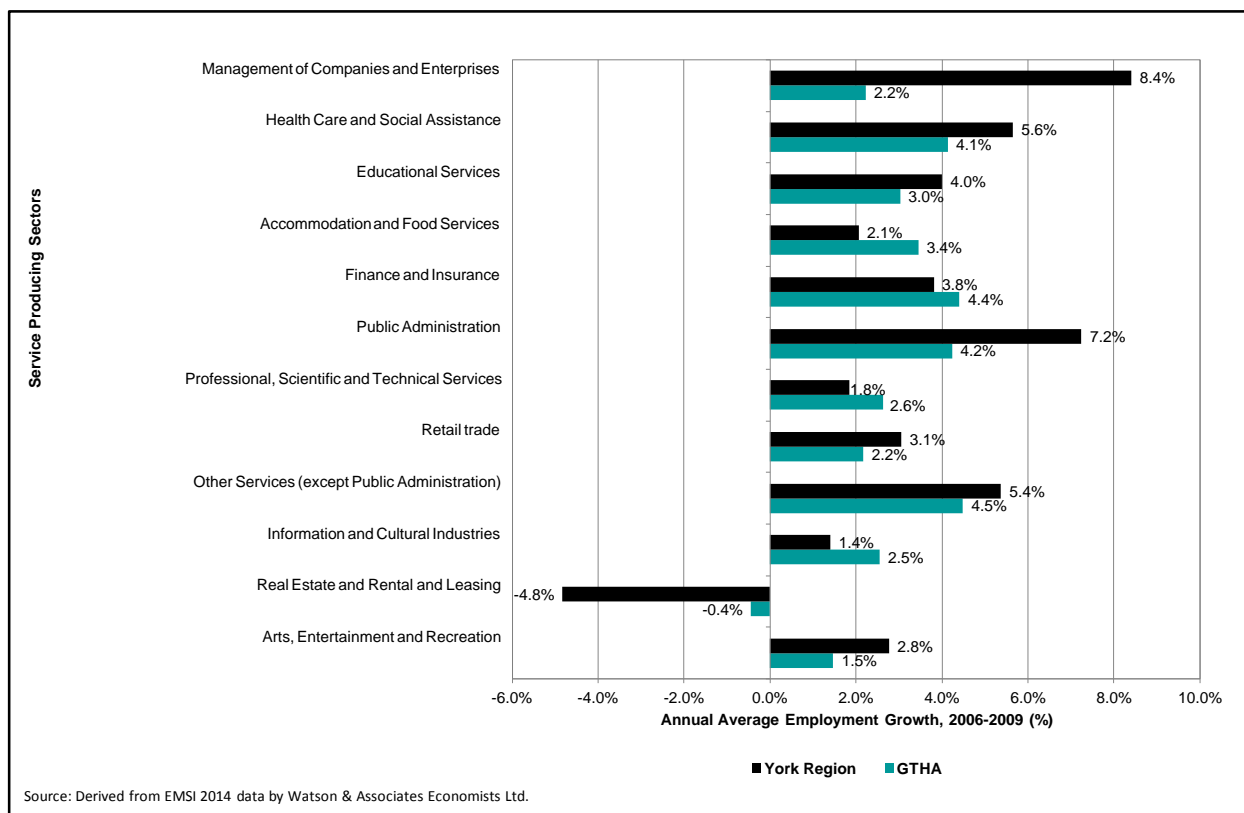
Employment growth rates throughout York Region are largely influenced by the broader G.T.H.A. economy. Similar to the G.T.H.A., the York Region employment base has experienced significant shifts following the economic recession of 2008/2009.

Figure 19 through Figure 21 summarize employment growth rates in the goods-producing and service-producing sectors over the 2006-2009 time period for York Region and the G.T.H.A. As illustrated, the goods-producing sectors within York Region experienced a steady decline in employment over the period, in contrast to the service-producing sectors which experienced strong growth over the same time period.

**Figure 19: York Region and the G.T.H.A. Goods-Producing Employment Growth by Sector, 2006-2009**



**Figure 20: York Region and the G.T.H.A. Service-Producing Employment Growth by Sector, 2006-2009**



**Figure 21: York Region and the G.T.H.A. Employment Growth – Goods-Producing vs. Service-Producing Sectors, 2006-2009**

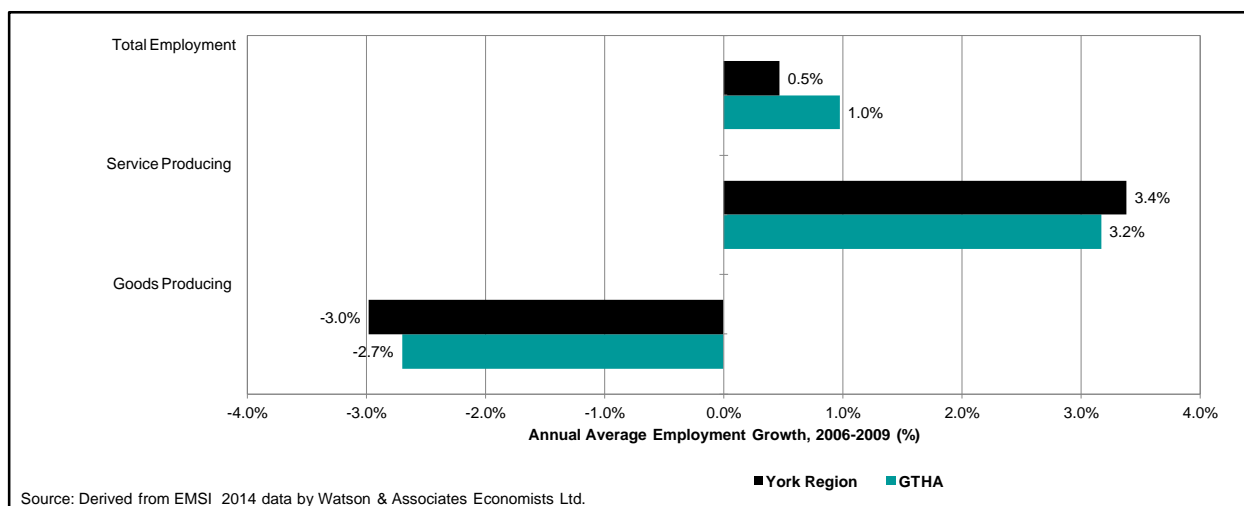
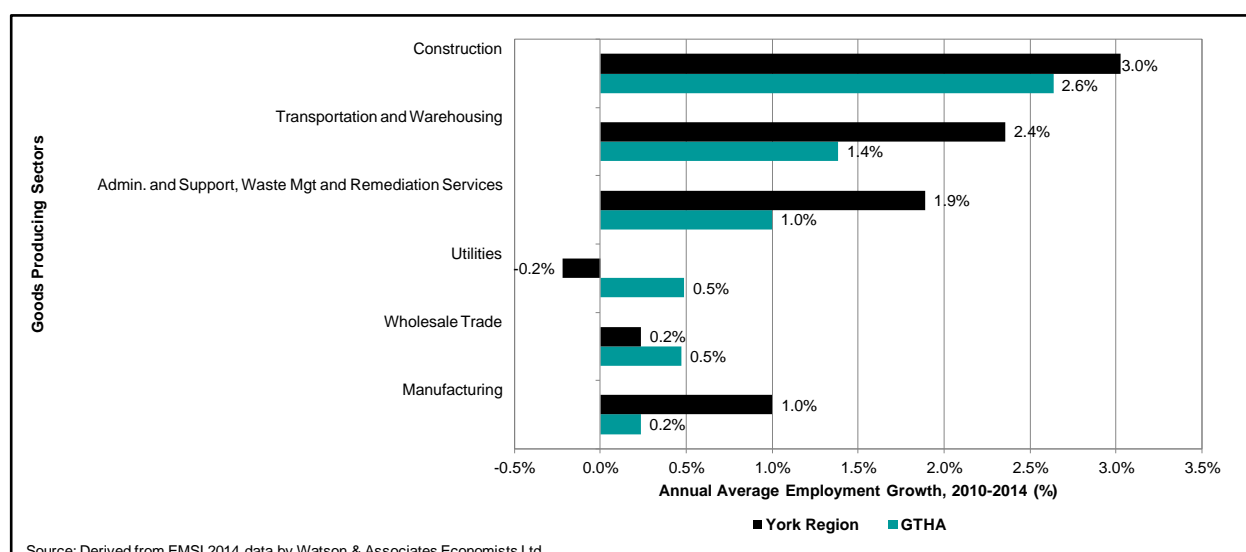


Figure 22 through Figure 24 summarize the rate of annual employment growth across the G.T.H.A. and York Region during the past six years. Following the economic recession of 2008/2009, the overall economy rebounded strongly within York Region with recent annual employment growth approximately double the G.T.H.A. average.

Similar to the G.T.H.A., the service-producing sectors have experienced slightly higher growth rates comparative to the goods-producing sectors in York Region; however, the gap in employment growth rates has narrowed significantly.

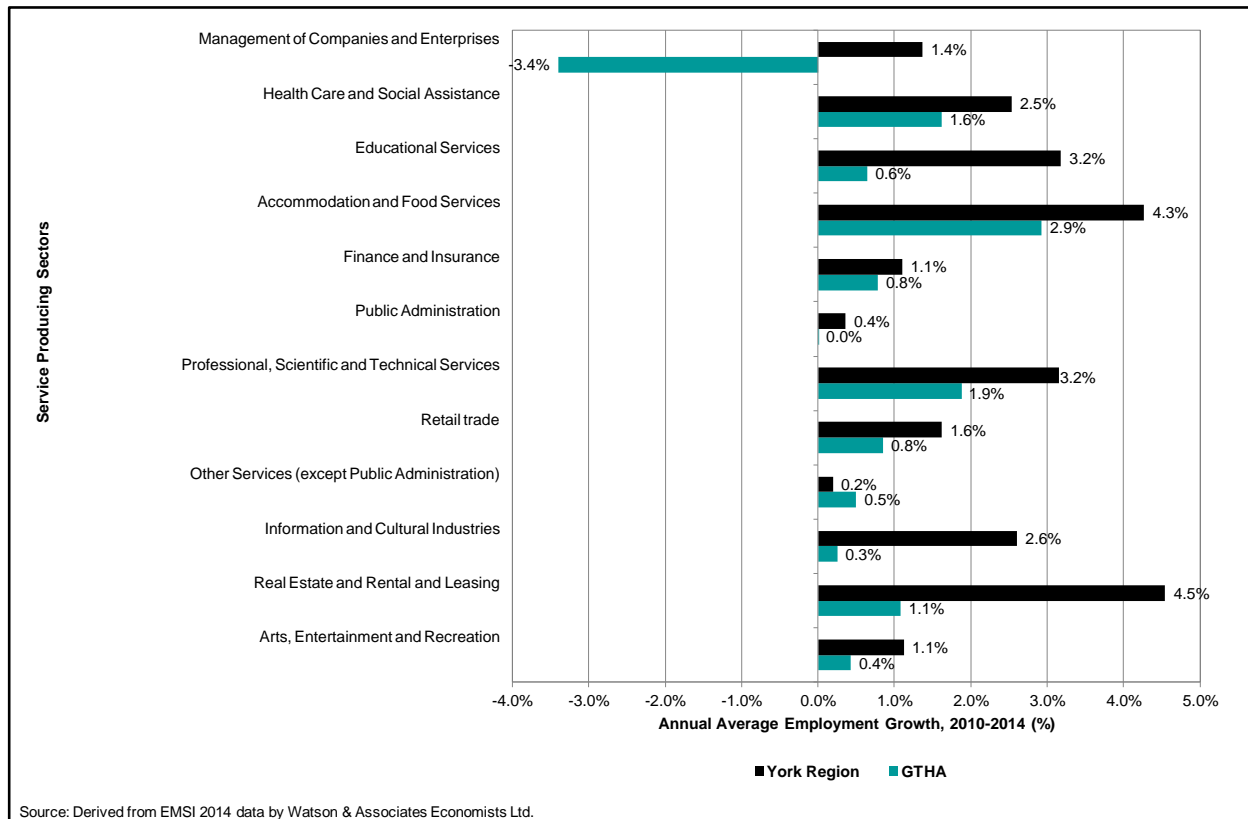
Employment growth rates have been strongest across knowledge-based sectors related to business services, health and education, as well as transportation and warehousing. In turn, this has fueled strong employment growth across the construction sector, as well as population-related businesses in retail and accommodation and food services. It is also important to note that the manufacturing sector in York Region experienced employment growth over the past several years. Comparatively, all industrial sectors in York Region except for utilities experienced a significantly higher rate of employment growth in York Region relative to the G.T.H.A. as a whole.

**Figure 22: York Region and the G.T.H.A. Goods-Producing Employment Growth by Sector, 2009-2014**

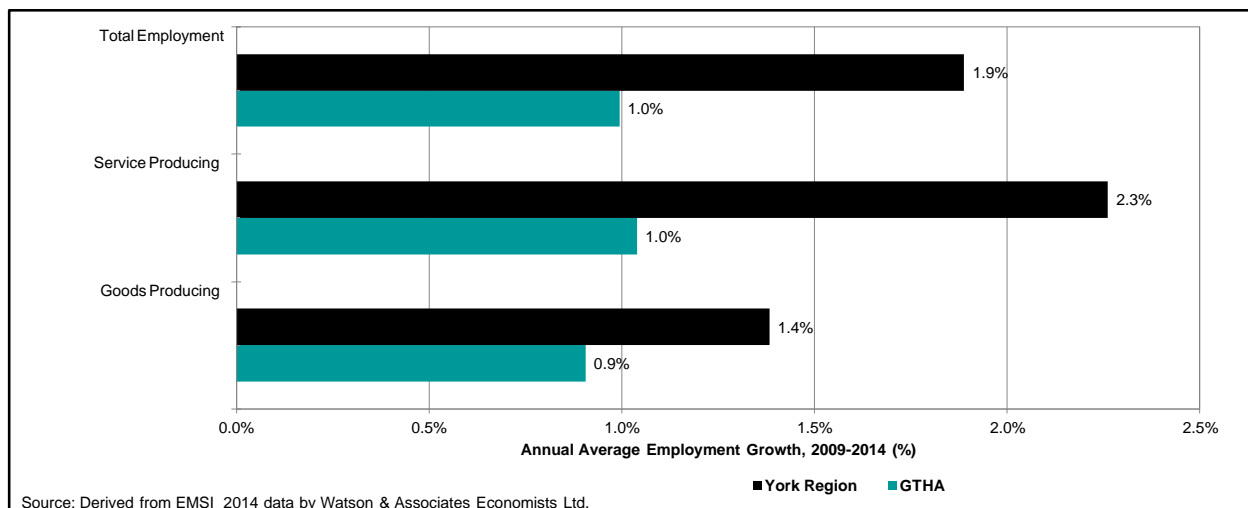




**Figure 23: York Region and the G.T.H.A. Service-Producing Employment Growth by Sector, 2009-2014**



**Figure 24: York Region and the G.T.H.A. Employment Growth – Goods-Producing vs. Service-Producing Sectors, 2009-2014**



## 4.2 York Region Employment Trends by Major Employment Sector

York Region's employment base is dominated by the industrial sector, which accounts for 36% of total employment as illustrated in Figure 25. This is compared to 27% in retail/personal service, 22% in office and 15% in institutional.

**Figure 25: York Region Employment by Major Sector, 2013**

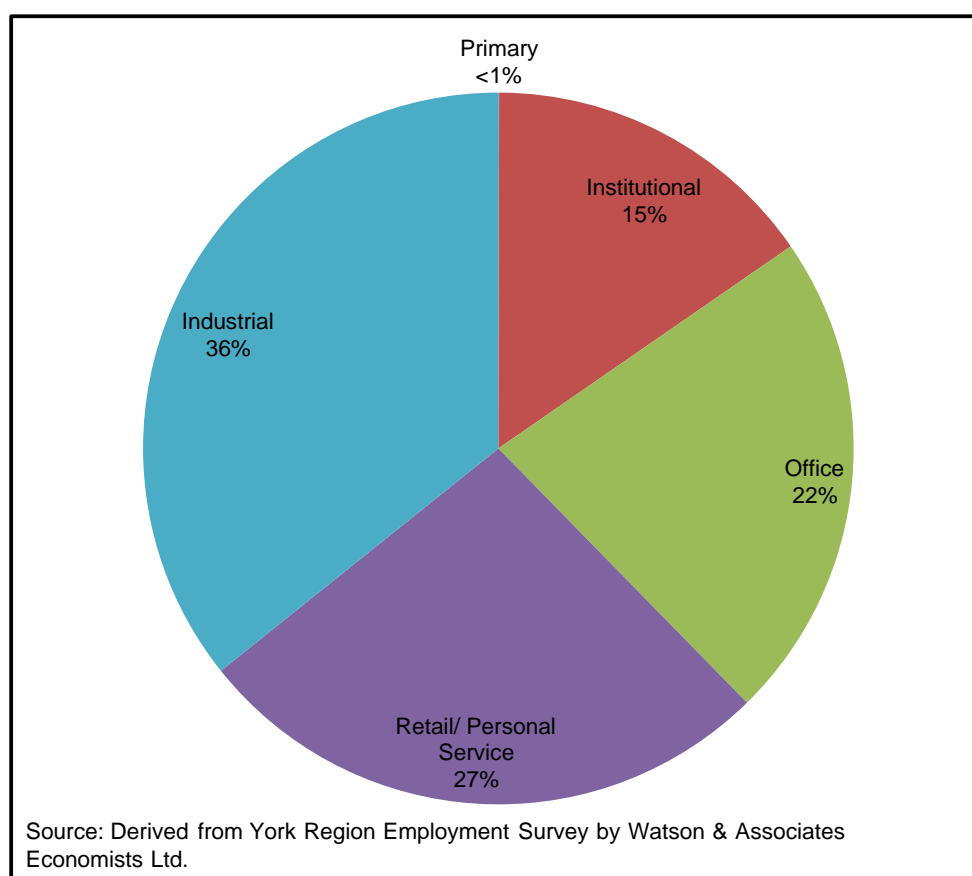
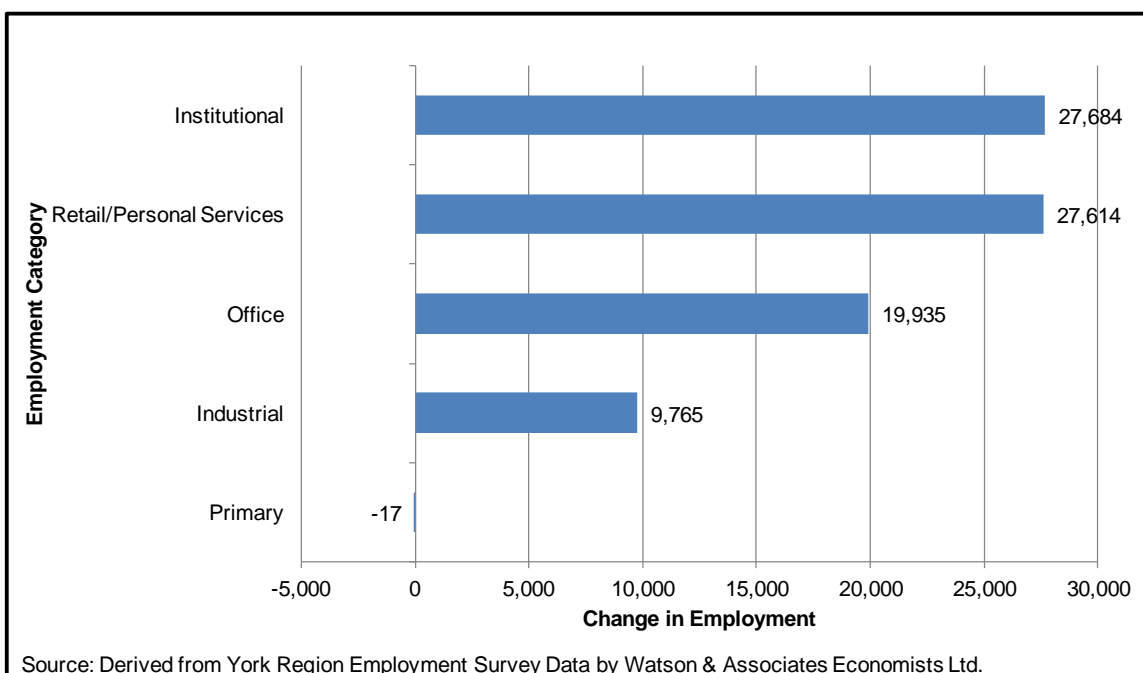


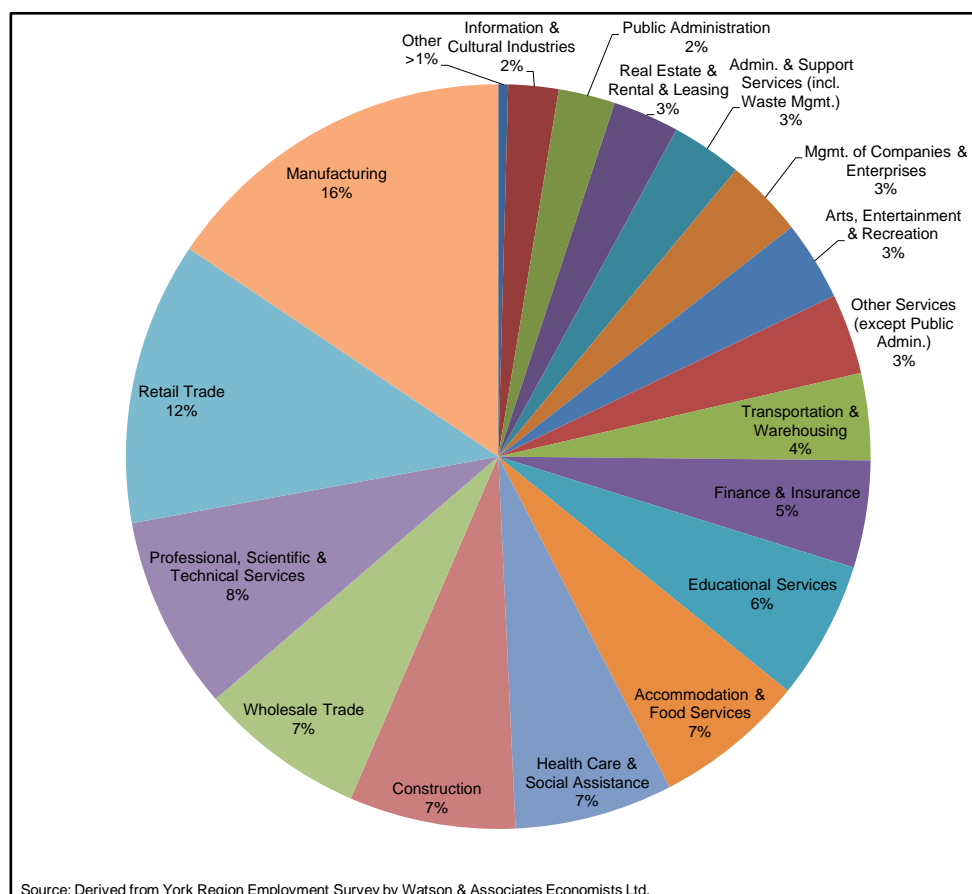
Figure 26 illustrates the employment growth by major employment category. Over the 2006-2013 period, job growth in York Region was concentrated in the institutional and retail/personal services sectors with employment growth of 27,700 and 27,600, respectively. Over the same period, the office and industrial employment sectors experienced employment growth with increases of 19,900 and 9,800 respectively.

**Figure 26: York Region Employment Growth by Major Sector, 2006-2013**

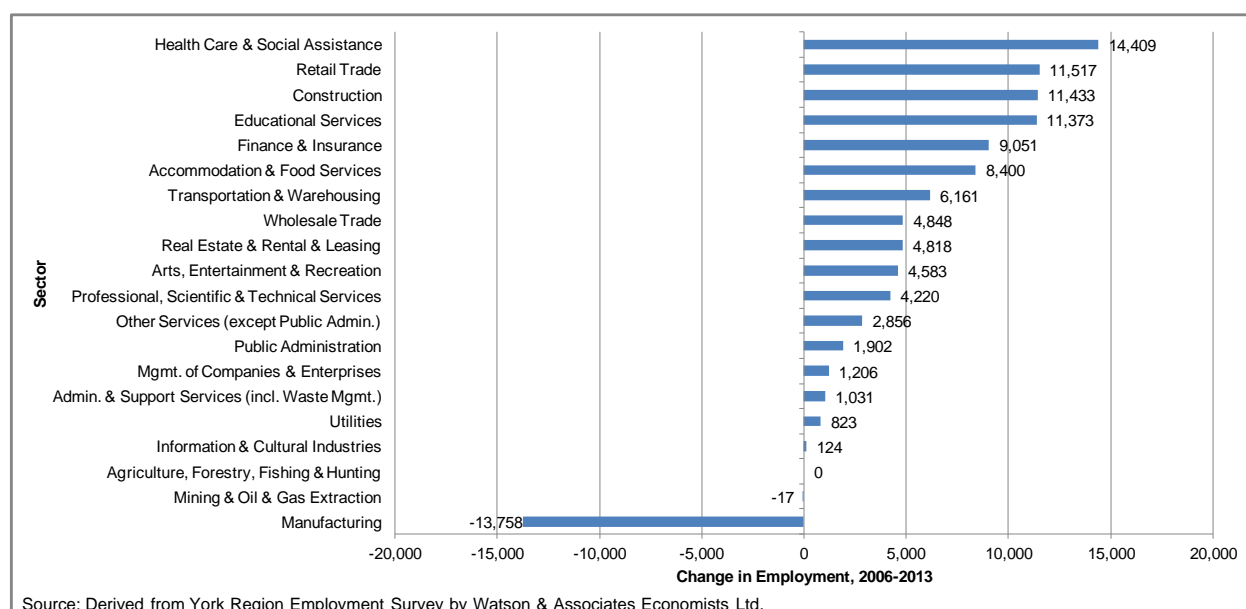
### 4.3 York Region Employment Trends by Sector

York Region is home to a broad range of employment sectors with manufacturing being the largest, accounting for 16% of surveyed employment, as illustrated in Figure 27. Comparatively, the composition of the employment base by sector in York Region is similar to the G.T.H.A. as a whole; however, the York Region economy is slightly more weighted towards goods-producing sectors.

**Figure 27: York Region Employment by Sector, 2013**



Similar to the G.T.H.A., over the 2006-2013 period, York Region experienced a significant decline in manufacturing employment, as illustrated in Figure 28. Although this sector has experienced significant job losses since 2006, manufacturing remains the largest employment sector within York Region. In contrast, the Region has experienced strong employment growth in health care and social assistance, retail trade, construction, educational services, finance and insurance, and accommodation and food services.

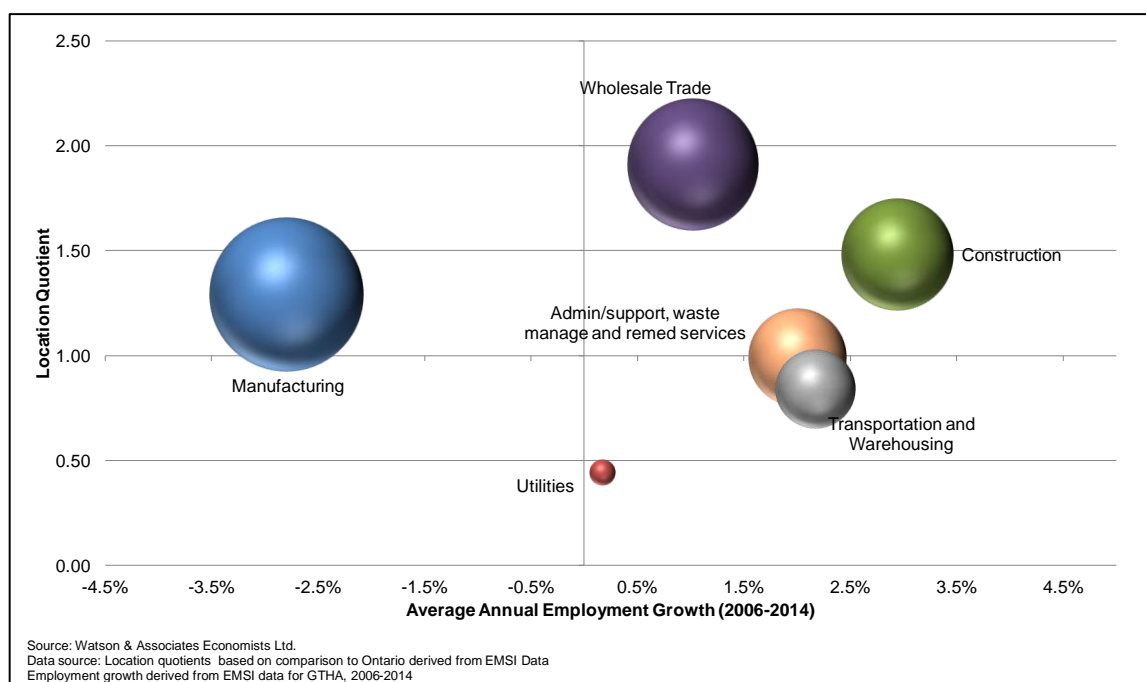
**Figure 28: York Region Change in Employment, 2006-2013**

#### 4.4 York Region Employment Cluster Analysis – Location Quotients

Figure 29 and Figure 30 summarize the industry clusters within York Region by goods-producing and service sectors. Similar to the G.T.H.A., the York Region economy is comprised of a highly diverse mix of industry clusters related to manufacturing, wholesale trade, construction, technology, retail trade and business services.

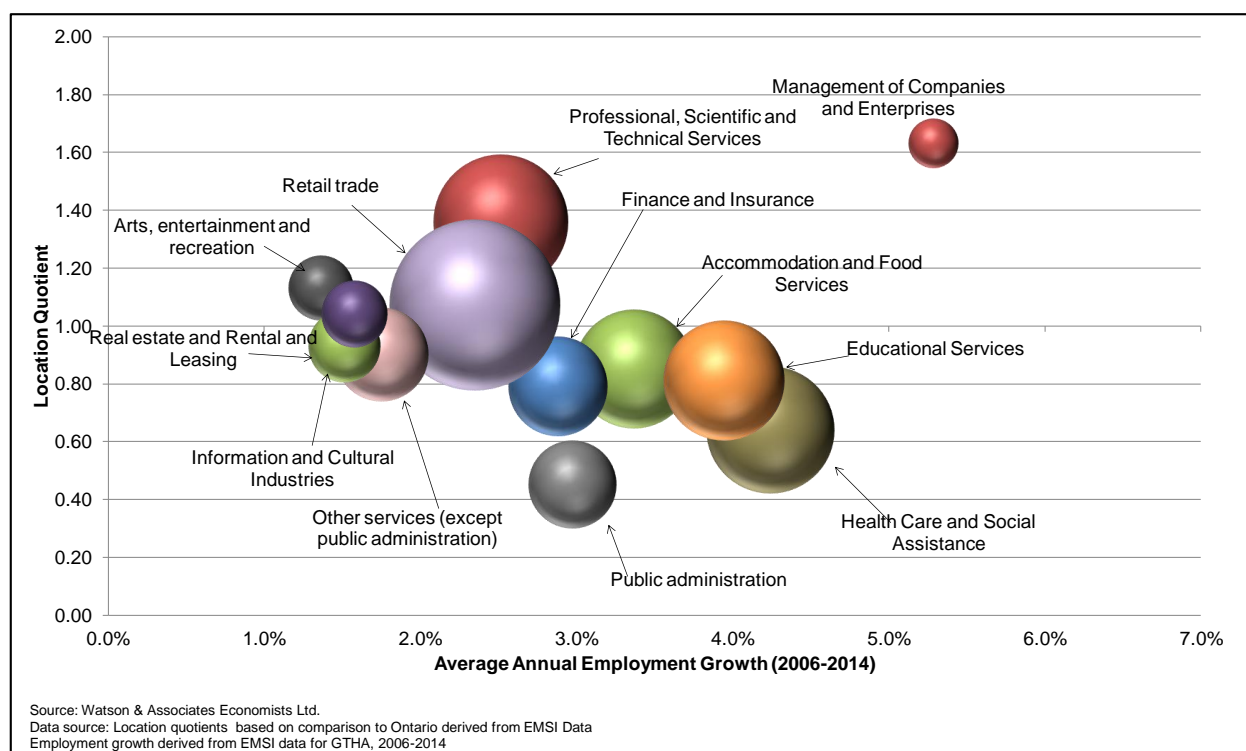
As illustrated in Figure 29, the manufacturing sector represents a dominant York Region industry cluster. While the manufacturing sector experienced an employment decline between 2006 and 2013, employment levels within this sector have rebounded in York Region since 2010. Manufacturing sectors related to transportation equipment, machinery, food and metal products have shown the strongest employment growth rates in York Region over the past five years.

The wholesale trade sector is also a dominant York Region employment cluster, which has experienced steady employment growth since 2006. This employment cluster is most heavily concentrated in the more urbanized municipalities of southern York Region, most notably Vaughan and Markham.

**Figure 29: York Region Goods-Producing Sector Cluster Size and Growth Matrix**

With respect to the service sector, York Region has a number of established and emerging industry clusters in knowledge-based sectors. The professional, scientific and technical services sector and the management of companies and enterprises sector are highly concentrated relative to the Province and are steadily growing. Other emerging knowledge-based clusters, including finance, real estate and leasing, education and health care and social assistance, have experienced very high employment growth rates over the past six years across the Region.

The retail and accommodation and food sectors are also large, heavily concentrated and steadily growing across York Region.

**Figure 30: York Region Service-Producing Sector Cluster Size and Growth Matrix**

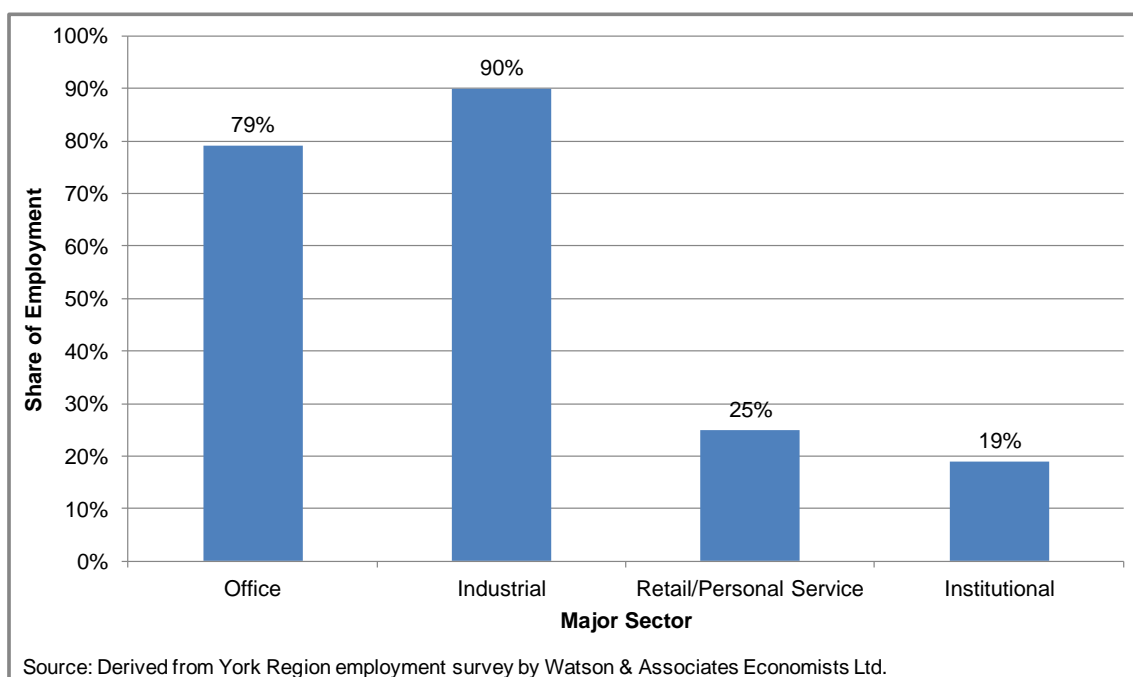
## 5. York Region Employment Lands Structure and Recent Development Trends

The following provides a summary of recent employment and development activity trends on employment lands within York Region.

### 5.1 Employment Lands Employment Structure

York Region's designated employment lands currently accommodate approximately 294,000 of the Region's 547,500 jobs, representing approximately 54% of the employment base.<sup>1</sup> This includes 90% of the Region's industrial employment, 79% of office employment, 25% of retail/personal service and 19% of institutional employment, as shown in Figure 31.

**Figure 31: York Region Share of Employment on Employment Lands by Major Sector, 2013**



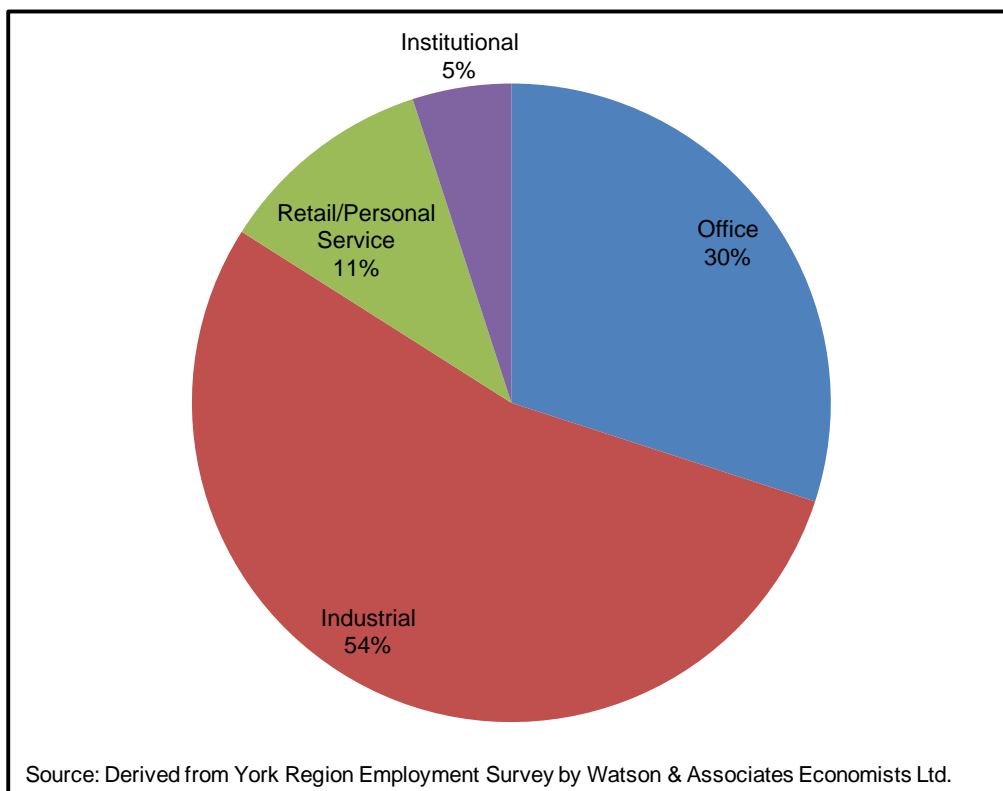
York Region's employment base on employment lands is dominated by the industrial and office sectors. As shown in Figure 32, 54% of employment on employment lands is

<sup>1</sup> Total employment in York Region of 547,500 jobs as identified in the 2013 York Region Employment and Industry Report.

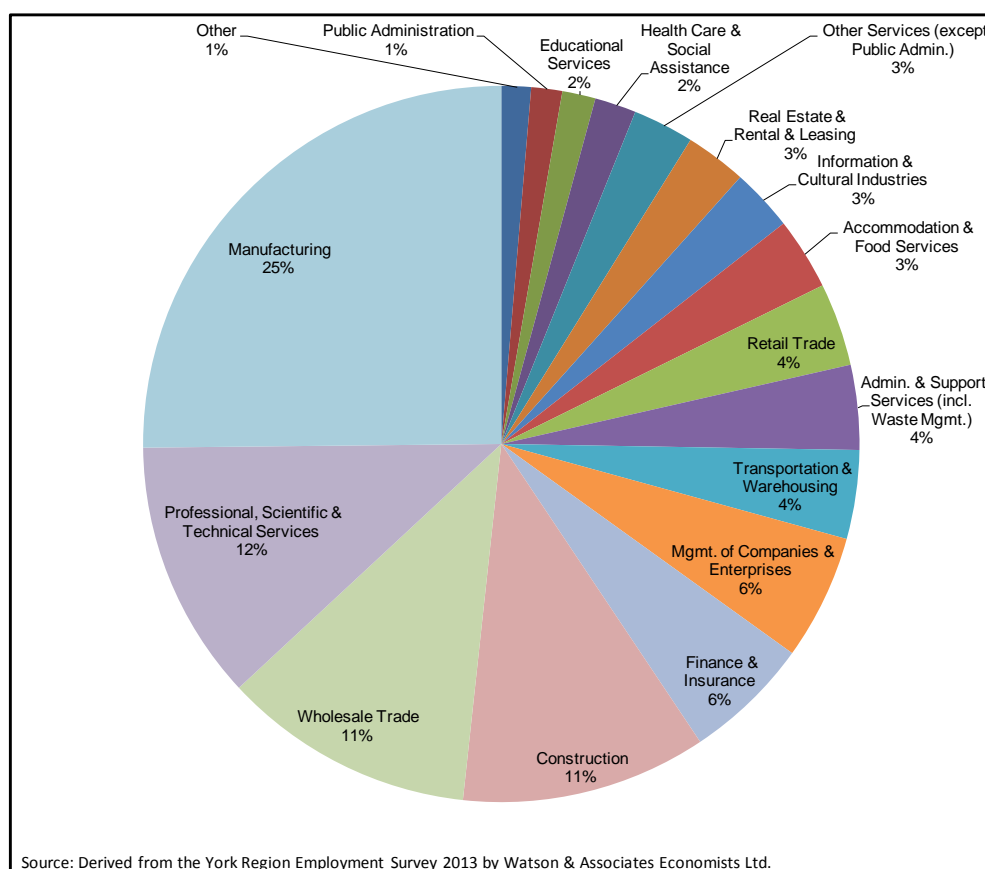


within the industrial sector followed by 30% in the office sector. Retail/personal service and institutional employment account for 11% and 5% of employment, respectively.

**Figure 32: York Region Employment on Employment Lands by Major Sector, 2013**



As illustrated in Figure 33, 25% of York Region's employment on employment lands is in the manufacturing sector, followed by 12% in professional, scientific and technical services, 11% in wholesale trade and 11% in construction. The remaining employment is largely in other service-oriented sectors.

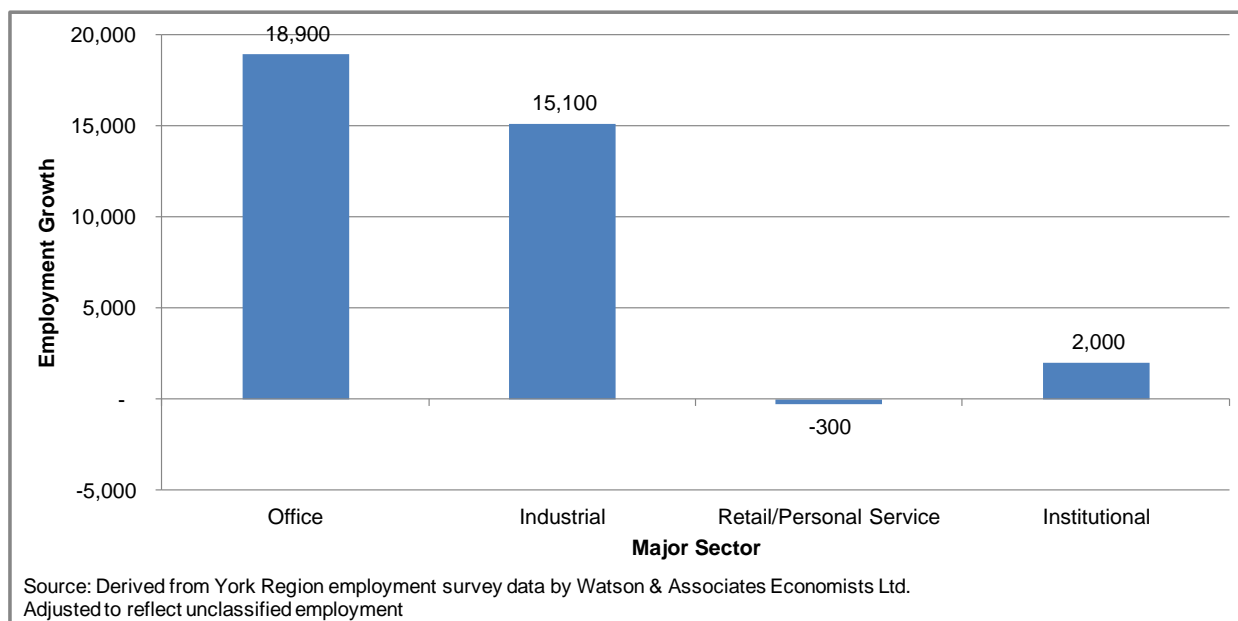
**Figure 33: York Region Employment on Employment Lands by Sector, 2013**

## 5.2 York Region Employment Trends on Employment Lands

From 2006 to 2013, employment on the Region's employment lands increased from 258,000 to 294,000, an increase of 35,700 jobs. Figure 34 summarizes employment growth on York Region's employment lands by major employment category over the period. Key observations include:

- The office sector represents the largest growth sector on employment lands with an employment increase of 19,000. This represents approximately 53% of employment growth on employment lands over the period;
- The industrial sector represents the next largest employment sector, accounting for 43% of employment growth on employment lands (15,000 jobs);
- The institutional sector accounted for 5% of employment growth on employment lands (2,000 jobs); and
- The retail/personal service sector experienced a slight decline in employment on employment lands.

**Figure 34: York Region Employment Growth on Employment Lands by Major Sector, 2006-2013**

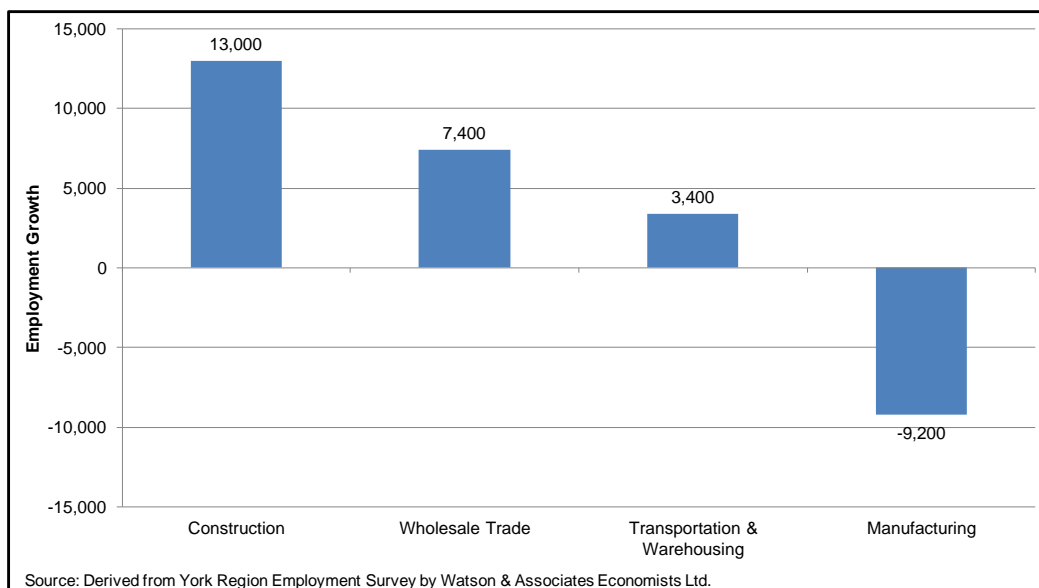


### 5.3 York Region Employment Trends on Employment Lands in Industrial and Office Sectors

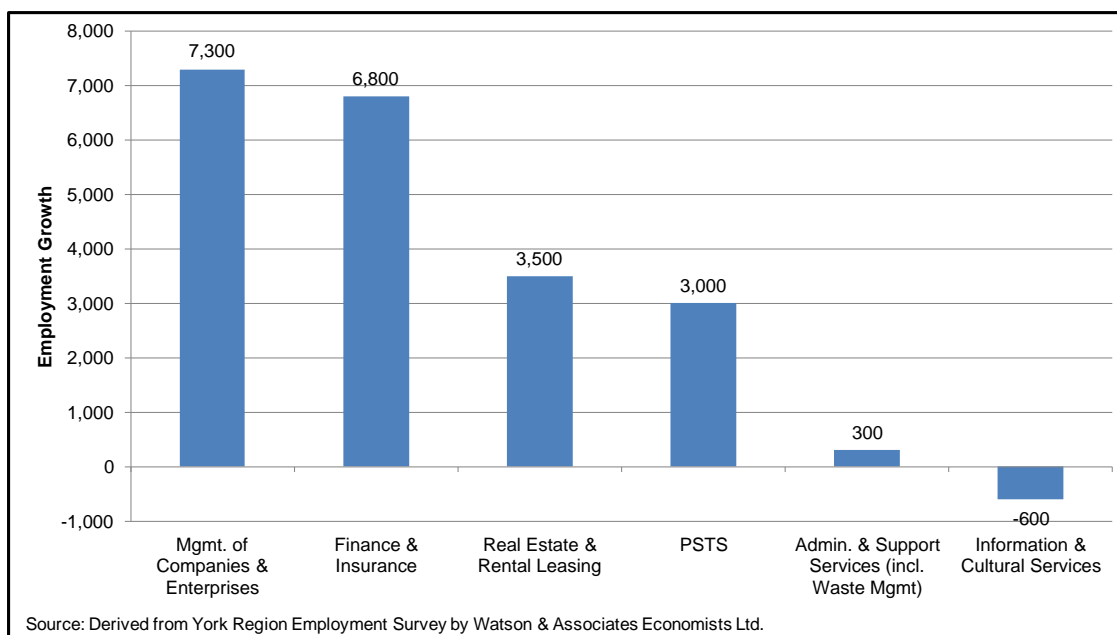
Figure 35 and Figure 36 present the industrial and office related employment growth on employment lands over the 2006-2013 period by key two-digit N.A.I.C.S. sector, respectively. Key observations include:

- The Region's employment lands experienced relatively strong employment growth in construction and wholesale and moderate employment growth in transportation and warehousing. In contrast, employment within the manufacturing sector declined significantly;
- The Region's employment lands experienced strong employment growth in finance and insurance, and real estate and rental and leasing, and moderate growth in professional, scientific and technical services; and
- Employment on employment lands in the information and cultural services sector declined modestly.

**Figure 35: Industrial Employment Growth on Employment Lands by Sector, 2006-2013**



**Figure 36: Office Employment Growth on Employment Lands by Sector, 2006-2013**



Of the 35,700 employment increase on employment lands over the 2006-2013 period, 5,900 (17%) was major office employment, as shown in Figure 37.

**Figure 37: Employment Growth on Employment Lands and Share of Major Office, 2006-2013**

Employment Growth on Employment Lands with Major Office	35,700
Major Office	5,900
Employment Growth on Employment Lands excluding Major Office	29,800

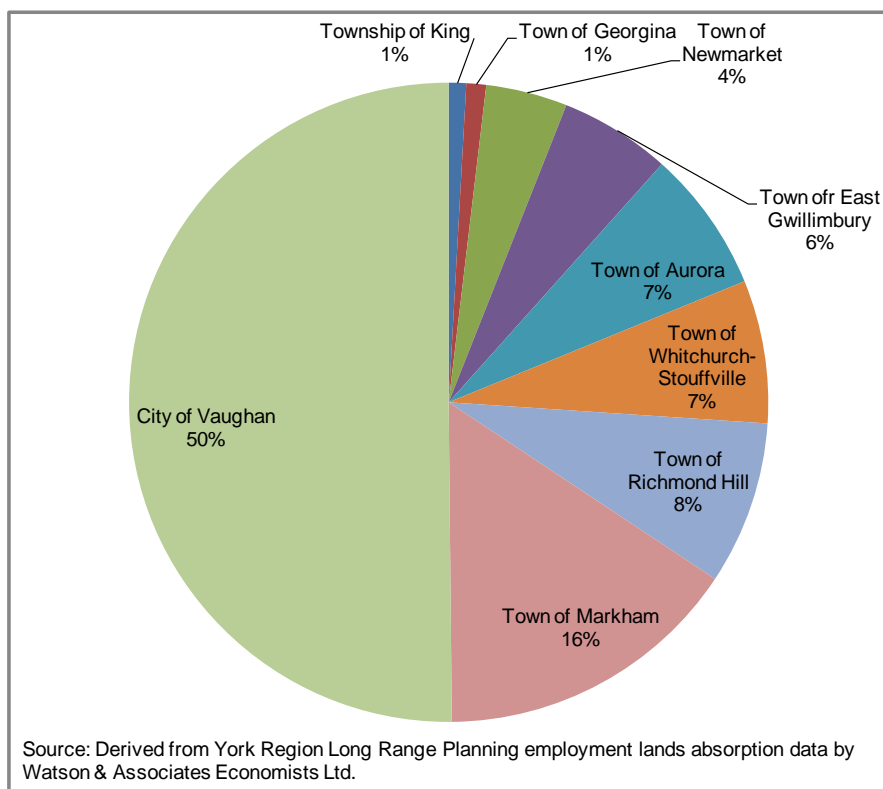
Source: Derived from York Region Employment Survey by Watson & Associates Economists Ltd.

## 5.4 Employment Lands Absorption

Between 2006 and 2013, employment land absorption levels have averaged approximately 92 net ha per year in York Region. Annual employment lands absorption has fluctuated widely, characterized by strong absorption levels over the 2006-2008 period, followed by a significant slowdown over the 2009-2011 period during the global economic downturn, and a strong rebound in 2012 and 2013.

Figure 38 summarizes the location of recent employment absorption on employment lands in York Region by local municipality between 2006 and 2013. During this period, half (50%) of employment land absorption has been in Vaughan followed by Markham (16%), Richmond Hill (8%), Whitchurch-Stouffville (7%), Aurora (7%), East Gwillimbury (6%), Newmarket (4%), Georgina (1%) and King (1%).

**Figure 38: York Region Share of Employment Land Absorption by Area Municipality, 2006-2013**



Region-wide, the 2006-2013 absorbed employment lands accommodated approximately 23,200 jobs. Of this, 14,100 jobs (60%) were accommodated in the built boundary compared to 9,100 (40%) within greenfield lands.

Figure 39 summarizes the employment growth on employment lands absorbed over the 2006-2013 period by major employment sector.<sup>1</sup> As shown, 43% of employment growth has been in the industrial sector, followed by 26% in office employment, 23% in retail/personal services and 8% in institutional.

<sup>1</sup> As identified through the 2013 York Region Employment Survey.

**Figure 39: York Region Employment Growth on Absorbed Employment Lands by Major Sector, 2006-2013**

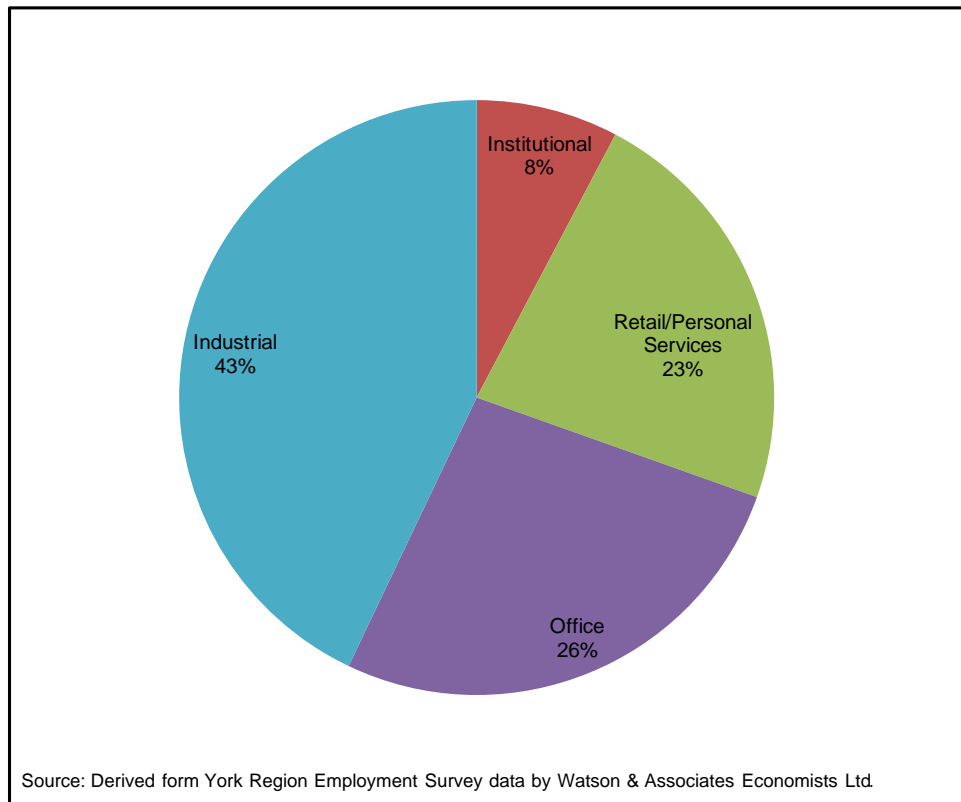
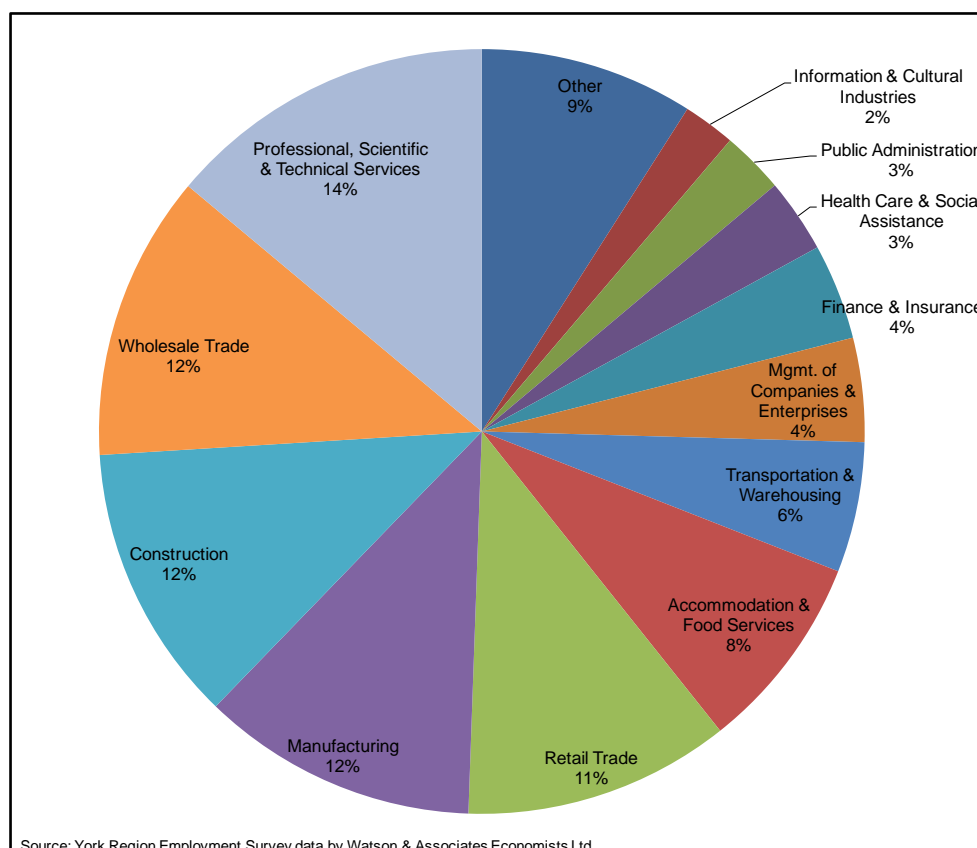


Figure 40 summarizes the employment growth on employment lands absorbed over the 2006-2013 period by sector.<sup>1</sup> Key sectors which have been accommodated on recently absorbed employment lands include professional, scientific and technical services, wholesale trade, construction, manufacturing and retail trade.

<sup>1</sup> As identified through the 2013 York Region Employment Survey.

**Figure 40: York Region Employment Growth on Absorbed Employment Lands by Sector, 2006-2013**



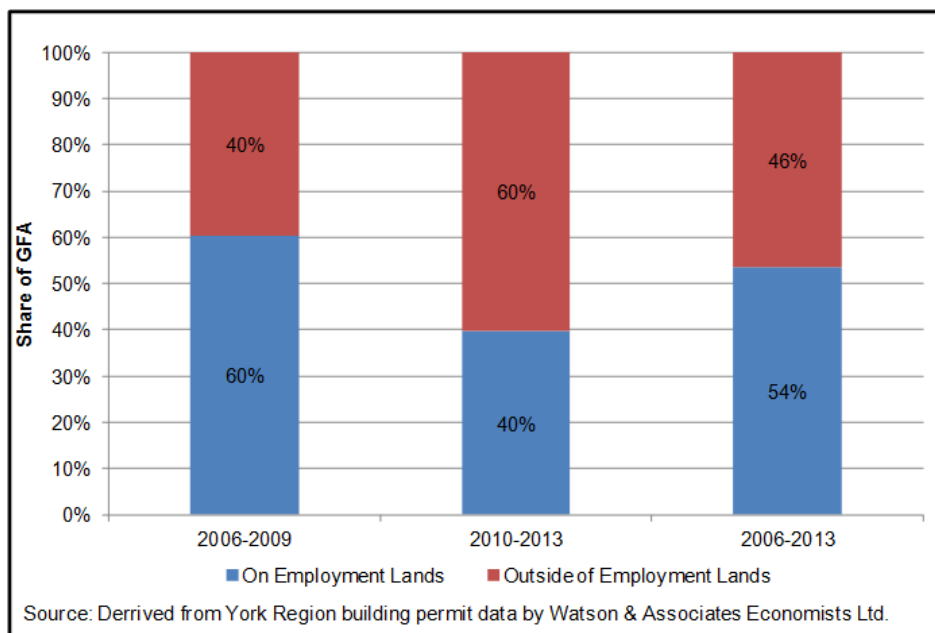
## 5.5 Recent Development Activity on Employment Lands

Over the 2006-2013 period, 54% of non-residential development activity<sup>1</sup> in York Region has been accommodated on employment lands, as shown in Figure 41. During this period, the share of Region-wide non-residential development on employment lands decreased from 60% between 2006 and 2009 to 40% between 2010 and 2013. This is largely attributed to the decline in industrial and office development activity over the period; two sectors which historically have been highly concentrated on employment lands.

<sup>1</sup> Analysis based on a sample of geo-coded non-residential building permit data (new construction only) provided by York Region Long Range planning.

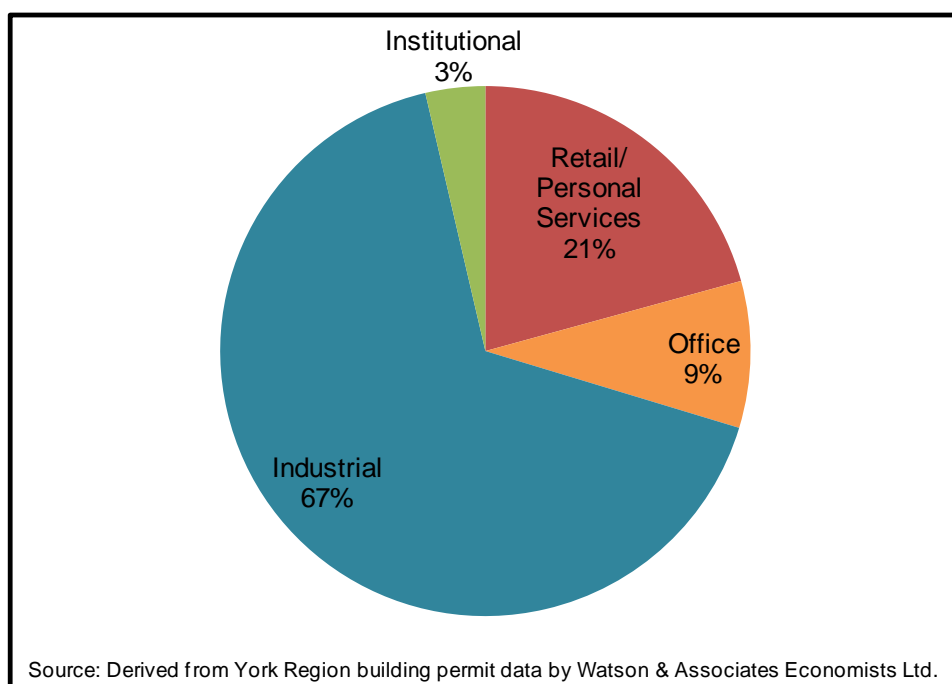


**Figure 41: York Region Location of Non-Residential Building Development (New Construction), 2006-2013**



Over the 2006 to 2013 period, two-thirds of development activity on employment lands has been in the industrial sector, followed by 30% in the commercial sector and 3% in the institutional sector, as illustrated in Figure 42.

**Figure 42: York Region Development Activity (New Construction) on Employment Lands by Major Sector, 2006-2013**



An increasing share of development activity on employment lands in York Region is occurring in non-industrial sectors. As illustrated in Figure 43, over the 2006-2009 period, 70% of development on employment lands was within the industrial sector (compared to 16%, 10% and 3%, respectively, in the retail/personal service, office and institutional sectors). Over the 2010-2013 period, the share of development within the industrial sector decreased to 56% with the retail/personal service, office and institutional sectors accounting for 34%, 5% and 4% of G.F.A., respectively.

**Figure 43: York Region Development Activity (New Construction) on Employment Lands by Major Sector, 2006-2013**

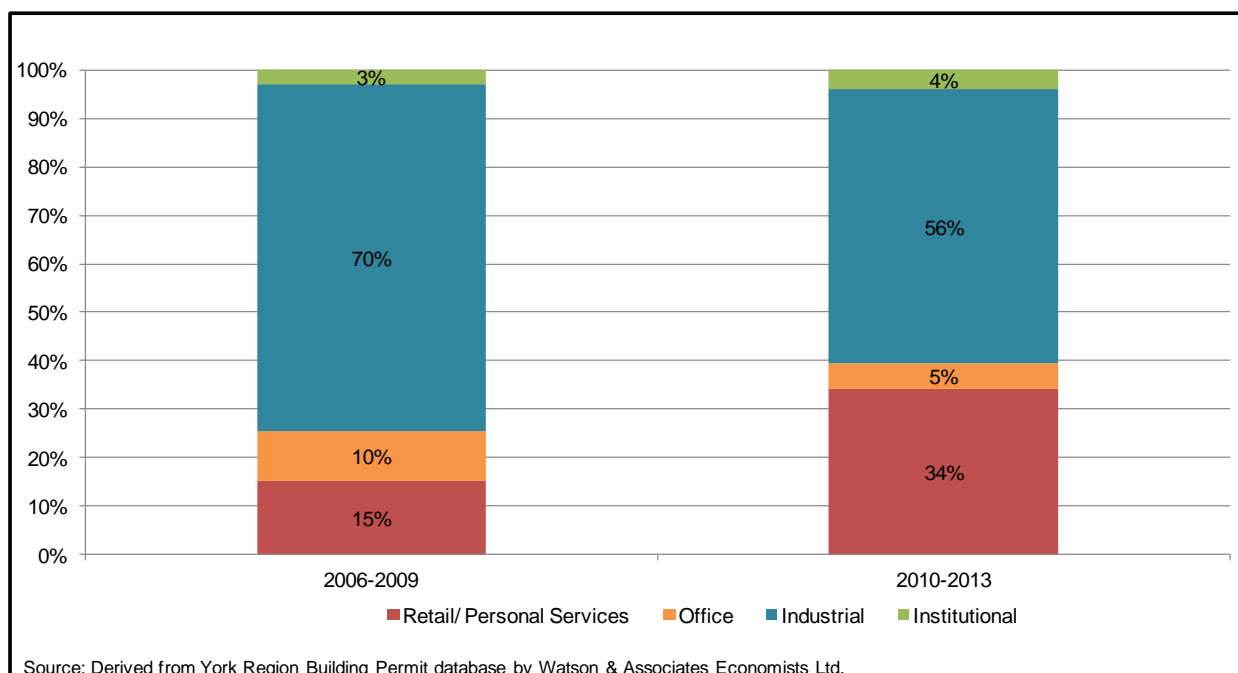


Figure 44 summarizes the percentage of non-residential development activity on employment lands (in terms of G.F.A.) by local municipality in York Region over the 2006 to 2013 period. Similar to land absorption trends on employment lands, recent non-residential construction has been heavily concentrated within the City of Vaughan. During the 2006 to 2013 period, Vaughan accounted for nearly half (49%) of new development on employment lands, followed by Richmond Hill (19%), Markham (15%), Aurora (9%), Whitchurch-Stouffville (3%), Newmarket (2%), East Gwillimbury (2%), Georgina (1%) and King (less than 1%).

**Figure 44: York Region Development Activity on Employment Lands by Area Municipality, 2006-2013**

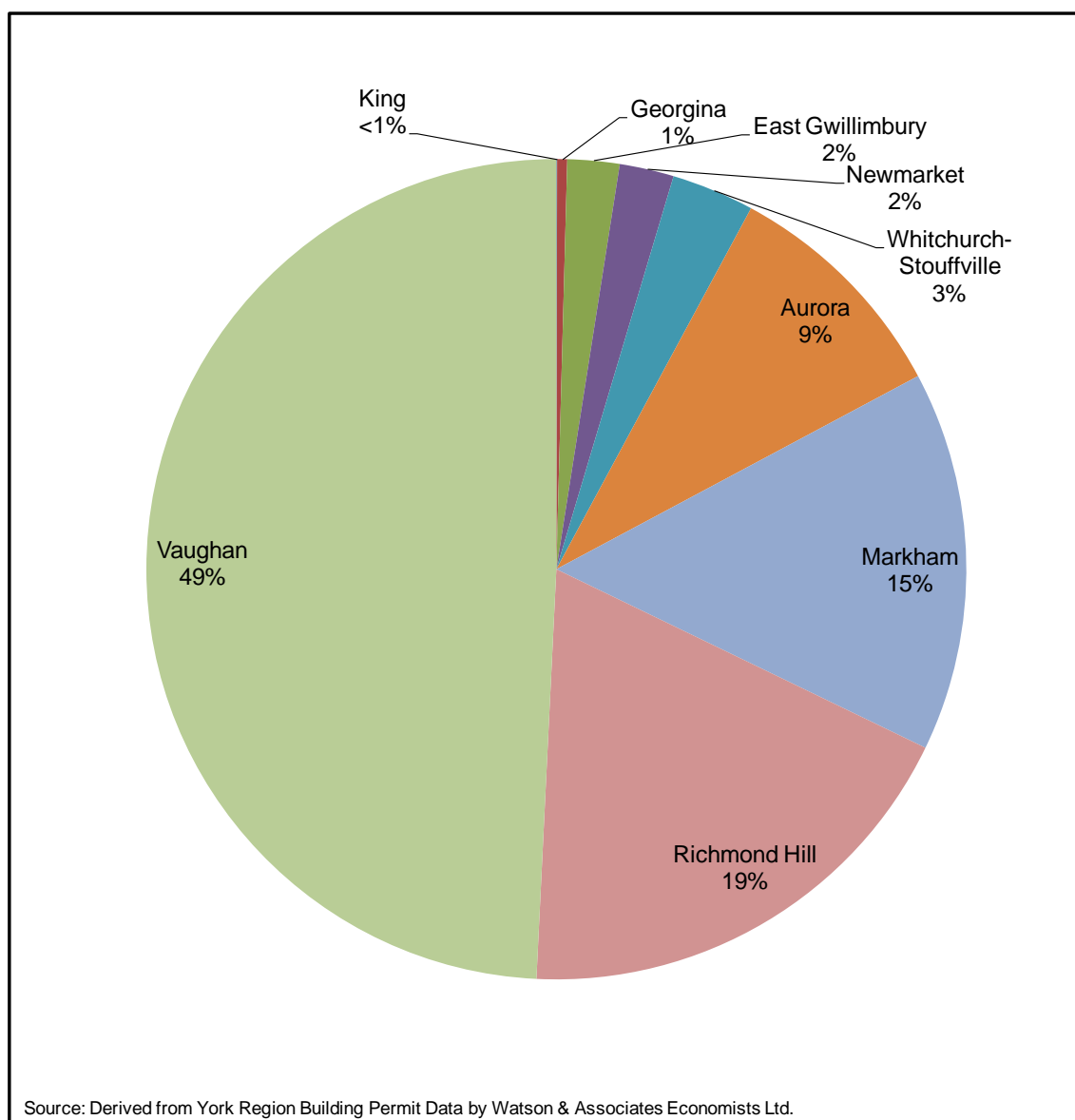
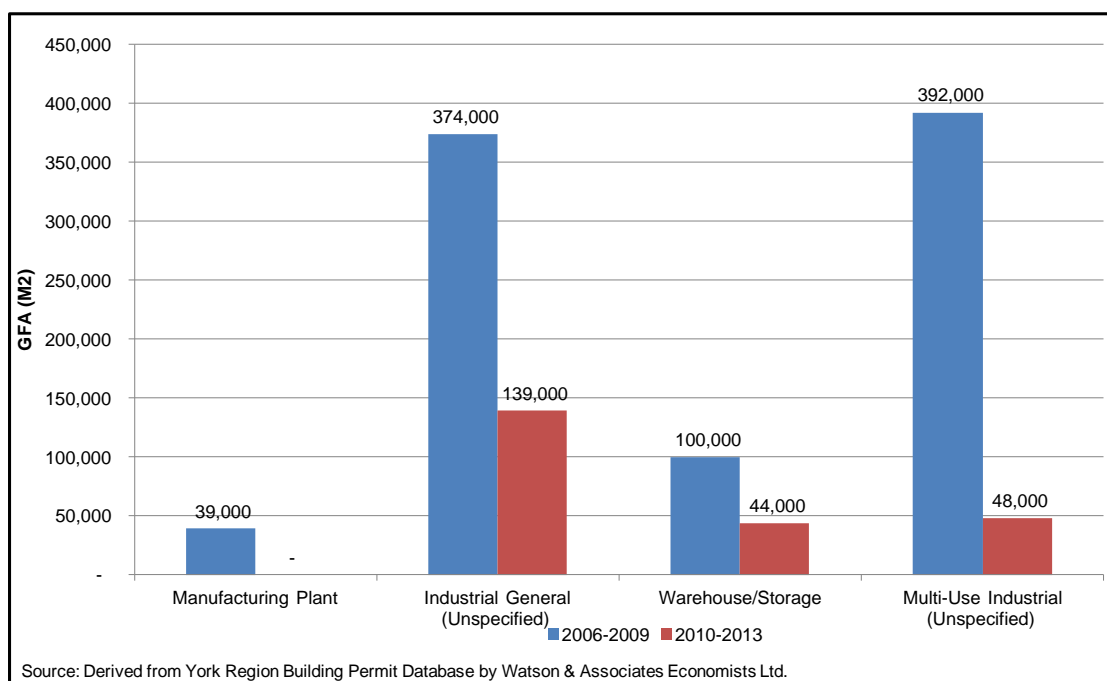


Figure 45 summarizes new industrial G.F.A. by building type in York Region over the 2006-2009 and 2010-2013 periods. As shown, all industrial building types experienced a significant decrease in development activity between 2006-2009 and 2010-2013.

**Figure 45: York Region Industrial Development Activity on Employment Lands by Building Type, 2006-2013**



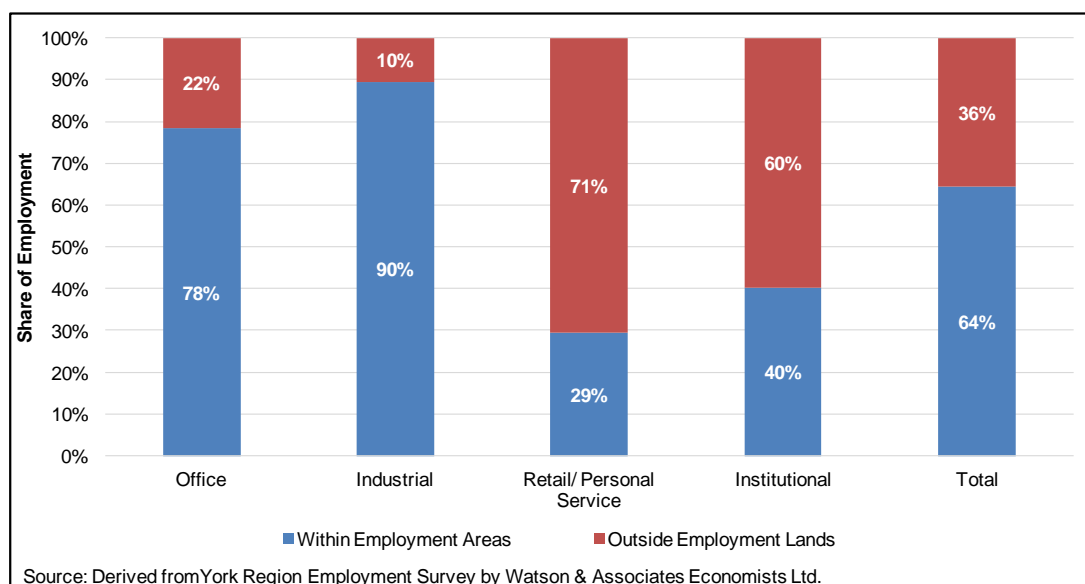
## 5.6 York Region Business Location Characteristics

The following provides further commentary on employment trends based on businesses that have located to their current location since 2009 with respect to geographic location and building typology. This reflects both new business and businesses which have moved from another location based on the York Region Employment Survey.

### 5.6.1 Geographic Area

York Region's employment areas continue to play an important role in accommodating business growth. For businesses in York Region that have located to their current location since 2009, 64% of associated employment has been accommodated on employment lands, as illustrated in Figure 46. With respect to industrial and office employment, 90% and 78% of employment has been accommodated on employment lands, respectively. In contrast, 29% of retail/personal service and 40% of institutional employment has been accommodated on employment lands.

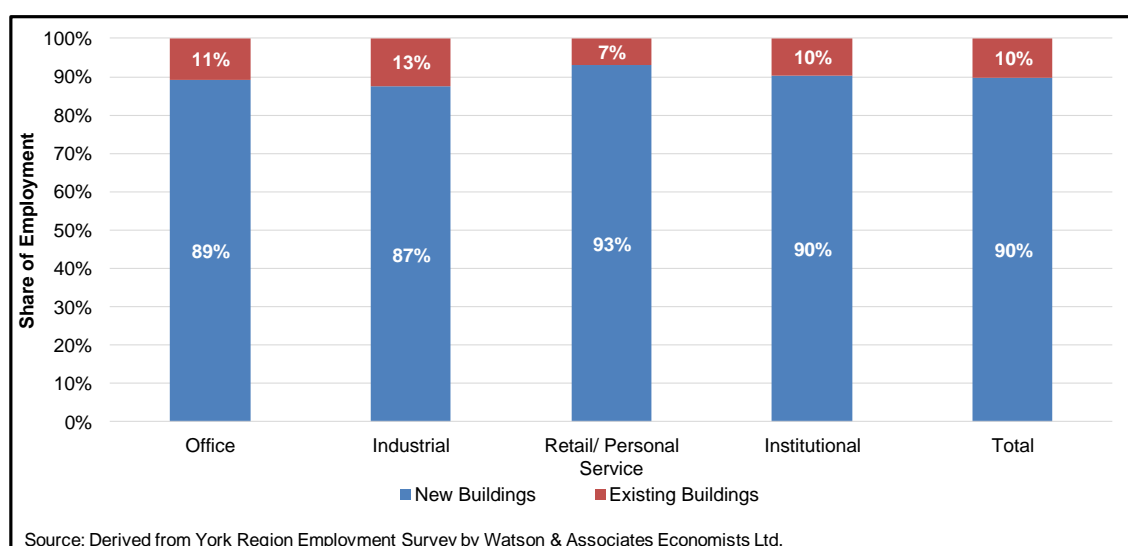
**Figure 46: York Region Geographic Location of Employment Growth Associated with Businesses Established at their Current Location Since 2009**



### 5.6.2 New Development vs. Existing Buildings

Figure 47 summarizes the percentage of employment associated with businesses that have located to their current location since 2009 by building type. Of the employment identified, 90% has been accommodated within new buildings while 10% has been accommodated within existing buildings. The share of employment accommodated within existing buildings is highest for industrial and office sector employment (13% and 11%, respectively).

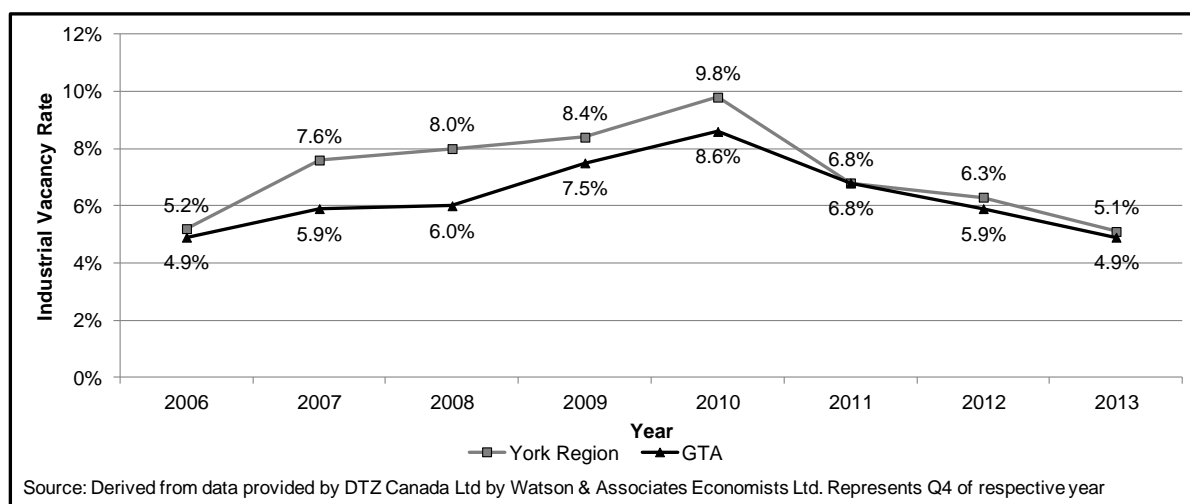
**Figure 47: York Region Share of Employment Growth Associated with Businesses Established Since 2009**



## 5.7 Industrial Vacancy Rates

Figure 48 summarizes the average industrial vacancy rate in York Region and the G.T.A. between 2006 and 2013. The industrial vacancy rate in York Region increased from 5.2% in 2006 to a peak of 9.8% in 2010, coinciding with the 2008/2009 recession. Thereafter, the vacancy rate has gradually declined to 4.9% in 2013. Since 2011, the Region's industrial vacancy rate has been close to the G.T.A. average.

**Figure 48: Average Industrial Vacancy Rate York Region vs. G.T.A., 2006-2013**



## 5.8 Changes in Employment Levels within Existing (2006) Industrial Building Space in Employment Areas, 2006-2013

An assessment of employment within existing industrial building space in employment areas (as of 2006) was undertaken to assess the change in employment levels between 2006 and 2013. This involved a review of buildings built as of 2006 in employment areas compared against employment accommodated within these buildings from 2006 to 2013 (where data was available).<sup>1</sup> This review identified that over the 2006-2013 period, employment levels within the 2006 industrial building space fell by approximately 7%, equivalent to approximately 8,500 jobs, as summarized in Figure 49.

<sup>1</sup> Reflects buildings that were coded as "Industrial" in the Region's employment survey.

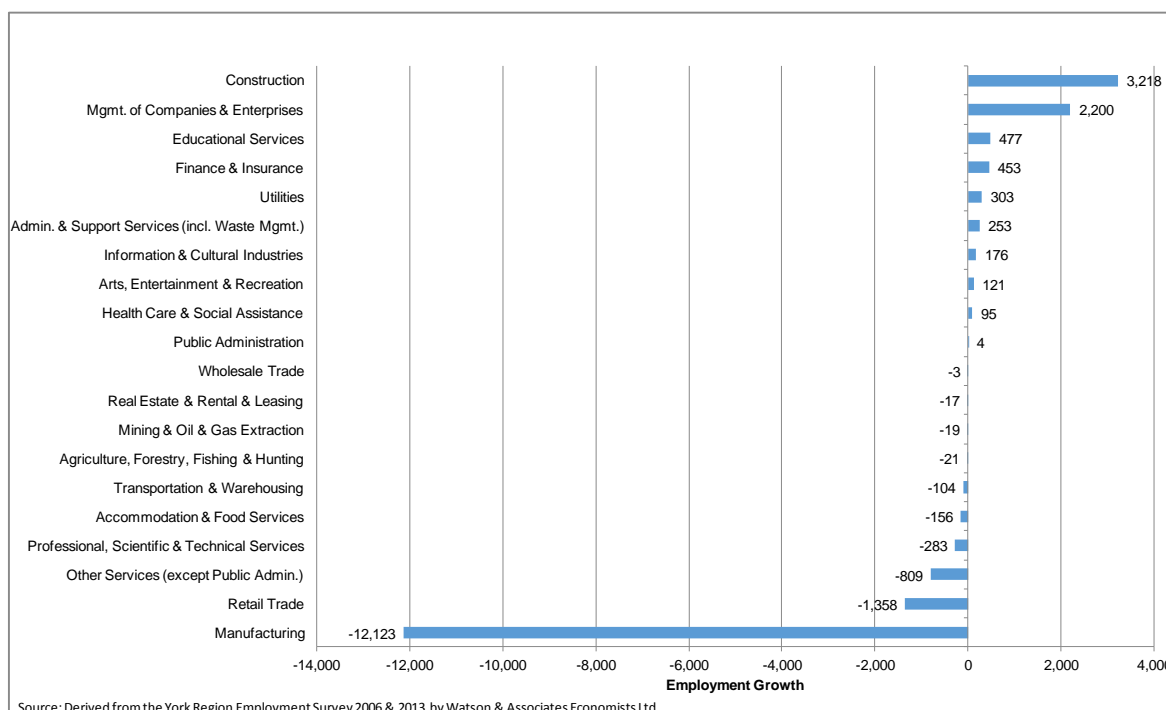
**Figure 49: Change in Total Employment in 2006 Industrial Building Space in Employment Areas, 2006-2013**

2006 Employment	119,600
2013 Employment	111,100
Change in Employment 2006-13	(8,500)

Source: Watson & Associates Economists Ltd.

The decline in the employment base is largely attributed to a significant decline in manufacturing employment, attributed to both business downsizing and closures. Over the period, employment in the manufacturing sector within 2006 industrial building space declined by 20% (12,100 jobs), as shown in Figure 50. The losses in manufacturing employment were partly offset by gains in other sectors including construction, management of companies and enterprises, education services, finance and insurance, utilities, and administration and support services. While the Region experienced strong growth in wholesale trade, and transportation and warehousing, employment growth associated with these sectors was not accommodated within the existing industrial building space and was instead accommodated through new development on greenfield lands.

**Figure 50: Change in Employment by Sector within 2006 Industrial Building Space in Employment Areas, 2006-2013**



As previously illustrated in Figure 48, the industrial vacancy rates in the Region in 2006 and 2013 are comparable (5.2% vs. 4.9%), suggesting that the utilization of industrial

space has returned to pre-recession levels. While the utilization of space is similar, the mix of sectors accommodated has shifted with less emphasis on the manufacturing sector. Further, overall employment accommodated within 2006 industrial space is lower in 2013 than in 2006.

Though there have been shifts in the industrial sector and employment yields are lower than they once were, the overall economic viability of the existing 2006 industrial space is relatively healthy. The exceptions are some larger scale manufacturing plants which closed over the 2006-2013 period and remain unoccupied.

This premise is also supported in the employment density analysis which identifies that there has been minimal change in overall employment densities within the Region's employment areas over the 2006-2013 period.

## **5.9 Changes in Manufacturing Employment in York Region, 2006-2013**

As previously discussed, over the 2006-2013 period, York Region lost a significant number of jobs in the manufacturing sector. While the decline in manufacturing employment in the Region was significant over the period, it was similar to that experienced in the G.T.H.A. as a whole. Significant declines in employment occurred in fabricated metal product manufacturing, plastics and rubber products manufacturing, transportation equipment manufacturing, furniture and related product manufacturing and computer and electronic product manufacturing. A large share of the job losses occurred in mature employment areas.

Over the period, the Region had a net decline of approximately 14,000 jobs in the manufacturing sector as illustrated in Figure 51. This included a loss of 32,000 jobs due to business closures and 16,000 job losses due to business downsizing. This was partly offset by a gain of 14,000 jobs through business expansions and 20,000 jobs through new businesses.



**Figure 51: York Region Change in Employment in Manufacturing Sector, 2006-2013**

	<b>Change in Employment, 2006-2013</b>
Business Closures	(32,000)
Business Downsizing	(16,000)
Business Expansions	14,000
New Businesses	20,000
<b>Net Change</b>	<b>(14,000)</b>

Source: Derived from 2006 and 2013 York Region Employment Survey data by Watson & Associates Economists Ltd.

Over half (53%) the employment lost through business closures involved large-scale manufacturers with more than 100 employees. This has resulted in a number of large vacant standalone industrial buildings which offer redevelopment potential. While it is possible that some may be re-occupied, they were typically custom built for a specific manufacturing business and may prove challenging to reoccupy. This poses challenges regarding land utilization and intensification opportunities in established industrial areas.

## **5.10 Review of Density Trends on Employment Lands**

The following section provides a review of density trends on employment lands with respect to employment density, average floor space per worker (F.S.W.) and average floor space index (F.S.I.). Commentary on recent trends and potential impacts on future employment land demand is also provided.

### ***5.10.1 Employment Density Trends***

Figure 52 summarizes the average employment density (jobs per net ha) on employment lands in York Region over the 2006-2013 period.<sup>1</sup> As of 2013, employment density on employment lands averaged 59 jobs. This average employment density on York Region employment lands includes major office employment.<sup>2</sup> Excluding major office employment, the average employment density on York Region employment lands in 2013 was 50 jobs per net ha. Over the 2006 to 2013 period, employment density on employment lands in the Region has remained relatively constant.

<sup>1</sup> Includes development on private services.

<sup>2</sup> To be consistent with the Greater Golden Horseshoe Forecast to 2041 Technical Report, November 2012, major office has been defined as free-standing office buildings 1,858 sq.m. (20,000 sq.ft.) or greater. This differs from the definition used in the Growth Plan for the Greater Golden Horseshoe and York Region Official Plan (2010) which defines major office as either a free standing building of 10,000 sq.m. (107,639 sq.ft.) or greater or having 500 or more jobs.

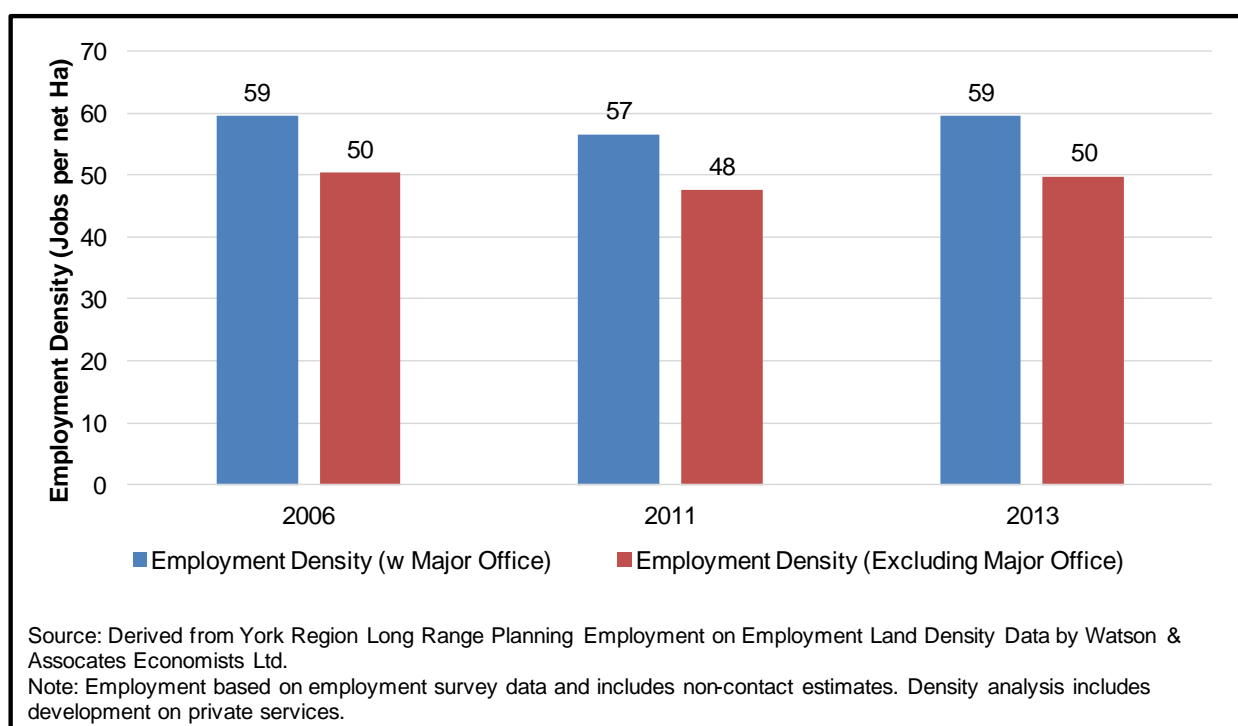
**Figure 52: York Region Employment Density on Employment Lands, 2006-2013**

Figure 53 summarizes the average employment density on employment lands absorbed over the 2006-2013 period. During this period, the average employment density on absorbed employment lands was 67 jobs per net ha including major office and 60 jobs per net ha excluding major office. Comparatively, the average employment density achieved on employment lands associated with recent construction in York Region is moderately higher than the Region-wide average in 2013. However, the size of the lands absorbed compared to the existing base is relatively small and this has had a minimal impact on the overall employment density observed between 2006 and 2013 as illustrated in Figure 53.

**Figure 53**  
**York Region Employment Density on Absorbed Employment Lands, 2006-2013**

	<b>Jobs per net Ha</b>
Employment Lands Including Major Office	67
Employment Lands (Excluding Major Office)	60

Source: Watson & Associates Economists Ltd.  
 Derived from employment lands absorbed over 2006-2013 period and employment associated with corresponding development identified in the 2013 York Region Employment Survey.  
 Excludes non-contact employment estimates

### ***5.10.2 Trends in Floor Space per Worker (F.S.W.)***

Figure 54 summarizes the average floor space per worker (F.S.W.) on employment lands between 2006 and 2013. During this period, the average F.S.W. on employment lands has remained relatively stable, averaging approximately 46 sq.m. per employee 2013, compared to 45 sq.m. per worker in 2006. Excluding the major office component, the average F.S.W. is 54 sq.m. in 2013.

**Figure 54: York Region Employment on Employment Lands Floor Space per Worker, 2006-2013**

	<b>2006</b>	<b>2013</b>
With Major Office	45	46
Excluding Major Office		54
Major Office		20

Source: Derived from 2006 and 2013 York Region employment survey data based on business GFA and employment by Watson & Associates Economists Ltd.

Figure 55 illustrates the F.S.W. for employment within 2006 buildings in employment areas by building type compared to densities in 2013 in the same building inventory.<sup>1</sup> The overall F.S.W. within existing (2006) building space in employment areas has increased marginally from 45 sq.m. per worker to 50 sq.m. per worker.

<sup>1</sup> 2013 F.S.W. based on occupied buildings only.

**Figure 55: York Region Employment on Employment Lands Floor Space per Worker within 2006 Industrial Space, 2006-2013**

Building Type	Floor Space per Worker (sq.m.)	
	2006	2013
Industrial/Industrial Condo	59	61
Mixed-use Industrial/Office	54	47
Mixed-use Office/Retail	30	28
Office	22	26
Retail	39	35
<b>Average</b>	<b>45</b>	<b>50</b>

Source: Derived from 2006 and 2013 York Region employment survey data based on total business GFA and employment associated with building type by Watson & Associates Economists Ltd.

Over the 2006-2013 period, employment densities within new development on greenfield lands have been marginally higher than the existing base, averaging 51 sq.m. per worker. This is attributed to the higher composition of lower density uses such as wholesale trade accommodated in these greenfield lands.

### **5.10.3 Trends in Floor Space Index**

As of 2013, the average floor space index (F.S.I.) for existing development on employment lands in York Region was 31%; however, in recent years the average F.S.I. of non-residential development on employment lands has increased. As summarized in Figure 56, the average F.S.I. of development on employment lands over the 2006-2013 period was 37% (with major office) and 36% (excluding major office).

**Figure 56: York Region Floor Space Index of Development on Absorbed Employment Lands, 2006-2013**

	F.S.I.
Employment Lands Including Major Office	37%
Employment Lands (Excluding Major Office)	36%

Source: Watson & Associates Economists Ltd.

Note: F.S.I. is defined as the ratio of a building's total floor area in relation to the size of the land on which it is built.

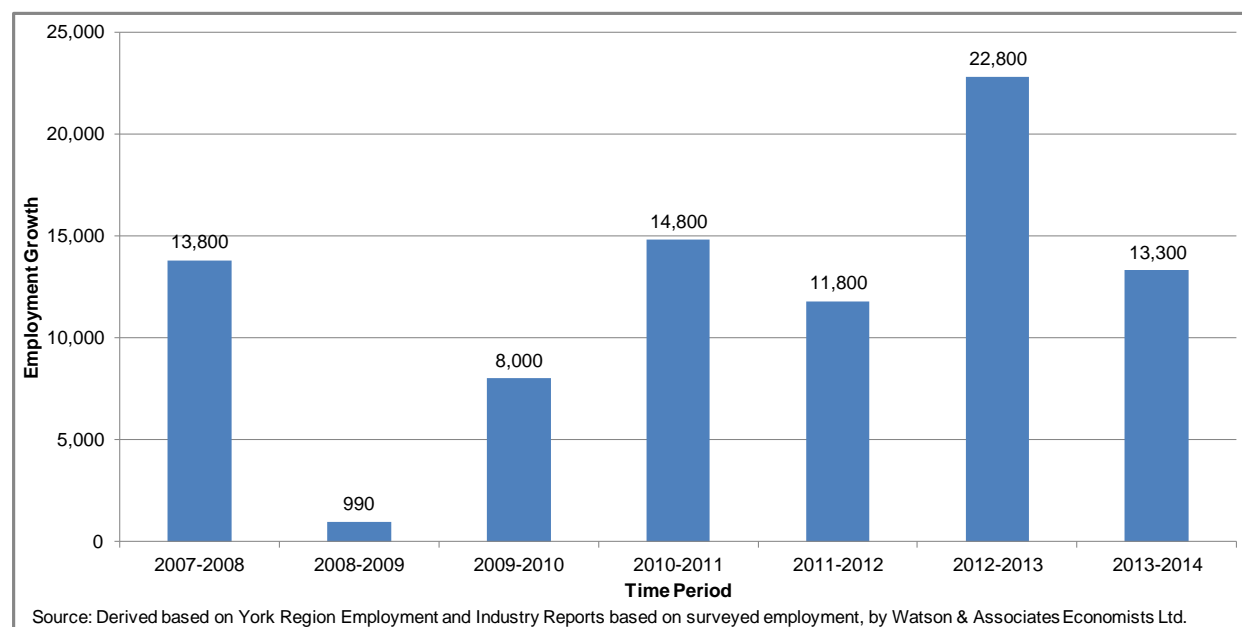
### 5.10.4 Observations

York Region's employment density on employment lands is relatively high compared to the G.T.H.A. average. Over the 2006-2013 period, overall employment density on employment lands in York Region has remained relatively stable. While average F.S.W. in the industrial sector is declining both in existing building stock and in new development, it is being offset by a greater share of non-industrial sectors being accommodated on employment lands which typically have lower F.S.W. levels than the industrial sector. Further, F.S.I. levels in new industrial development are generally higher than in the existing base which is helping offset the decline in F.S.W. observed in the sector.

## 5.11 Impacts of the Economic Recession and Subsequent Economic Recovery on Employment Lands

As summarized in Figure 57, the economic recession resulted in a minor decline in total employment levels in the Region in 2008 and 2009, but employment growth recovered strongly in 2010. Since 2010 annual employment growth levels have moderated. The industrial sector was hit hardest during the economic recession while office employment was not impacted to the same degree.

**Figure 57: York Region Change in Annual Employment, 2007-2014**



As previously discussed, most of the employment decline in the industrial sector was in manufacturing. Post-2010, employment levels in manufacturing have increased modestly but remain well below pre-recession levels.

The impact that the economic recession had on employment growth, particularly in the industrial sector, was significant on employment lands absorption and development activity on employment lands in York Region. Industrial development activity and employment lands absorption, which had remained relatively strong through 2008, declined significantly through 2009 to 2010, followed by gradual recovery post-2010.

The existing industrial base in the Region was negatively impacted by the economic recession. As previously discussed, industrial vacancy rates peaked during the 2008/2009 period, but have since declined back to more balanced market levels. This suggests that during the economic recession the industrial base in the Region experienced a moderate decline in business and employment activity. A significant share of this decline was in the manufacturing sector. Post-recession, there has been a strong uptake of vacant industrial space; however, as previously discussed, this uptake of existing space has been comprised of a broader range of uses than in the past.

The economic recession, in many ways, accelerated the shift from goods-producing sectors (i.e. manufacturing) to service-producing ones. These structural changes in the economy are altering the character of economic activities on employment lands and impacting the built form and character of the Region's employment areas. This has been observed in the development activity on the Region's employment lands which, over the 2006-2013 period, has shifted from the industrial sector to a larger share of commercial/institutional sectors.

Despite the economic slowdown, the Region has accommodated a significant amount of new non-residential development on its employment lands over the 2006-2013 period. The majority of this has been accommodated through new development on greenfield lands, as illustrated through recent non-residential land absorption. The Region, however, has also seen a notable amount of building permit activity within the built boundary, reflecting expansions and infill activity. Of total employment growth on employment lands over the 2006-2013 period, approximately 26% was accommodated within new development on greenfield lands, as illustrated in Figure 58. The density of development, as measured by employment density, F.S.I. and F.S.W., has remained relatively stable over the 2006-2013 period.

**Figure 58: York Region Employment Growth on Employment Lands  
by Land-Use Category, 2006-2013**

	Employment	% Share
<b>Employment Growth on Employment Lands</b>	<b>35,700</b>	<b>100%</b>
Greenfield	9,200	26%
Built Boundary	26,500	74%

Source: Watson & Associates Economists Ltd.

## 6. Overview of York Region Office Market

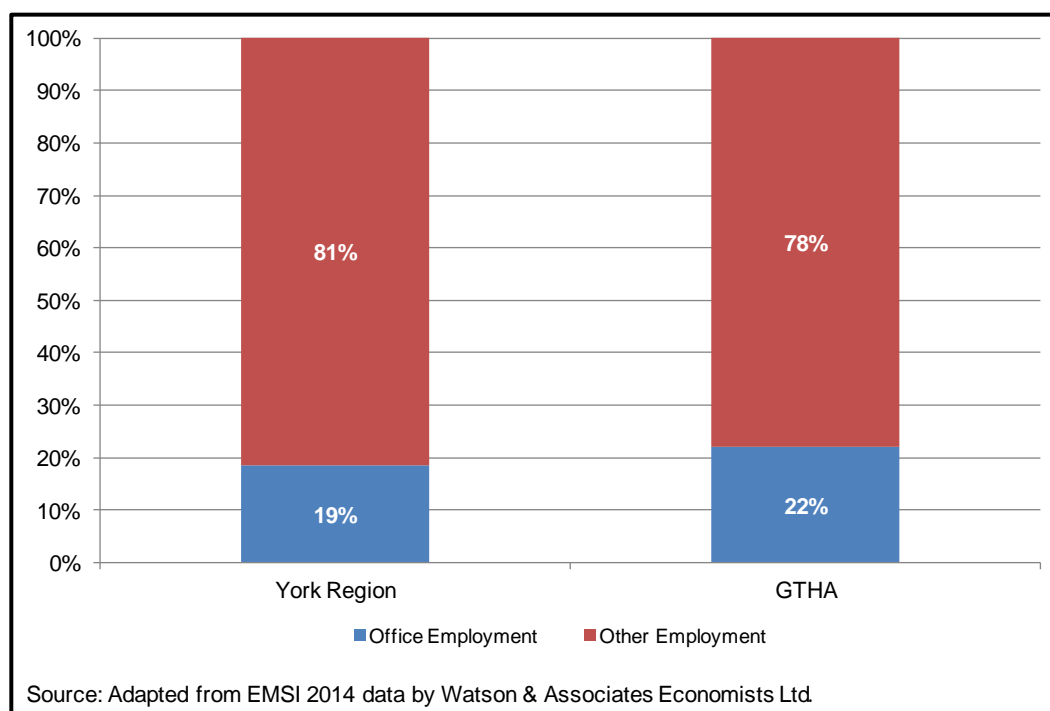
The following provides a summary of trends in the York Region office market with respect to office employment and major office building<sup>1</sup> space.

### 6.1 Office Employment Trends

#### 6.1.1 Office Employment Trends within G.T.H.A. Context

Office employment in York Region totals 110,000 jobs.<sup>2</sup> Figure 59 summarizes office employment within York Region relative to the G.T.H.A. As shown, office employment represents 19% of the employment base in York Region compared to 22% in the G.T.H.A.

**Figure 59: York Region and G.T.H.A Office Employment as Share of Total Employment, 2014**



York Region has experienced relatively strong growth in office employment over the 2006-2014 period, as shown in Figure 60. Over the period, office employment in the Region has increased by 22% compared to 13% in the G.T.H.A. as a whole. A

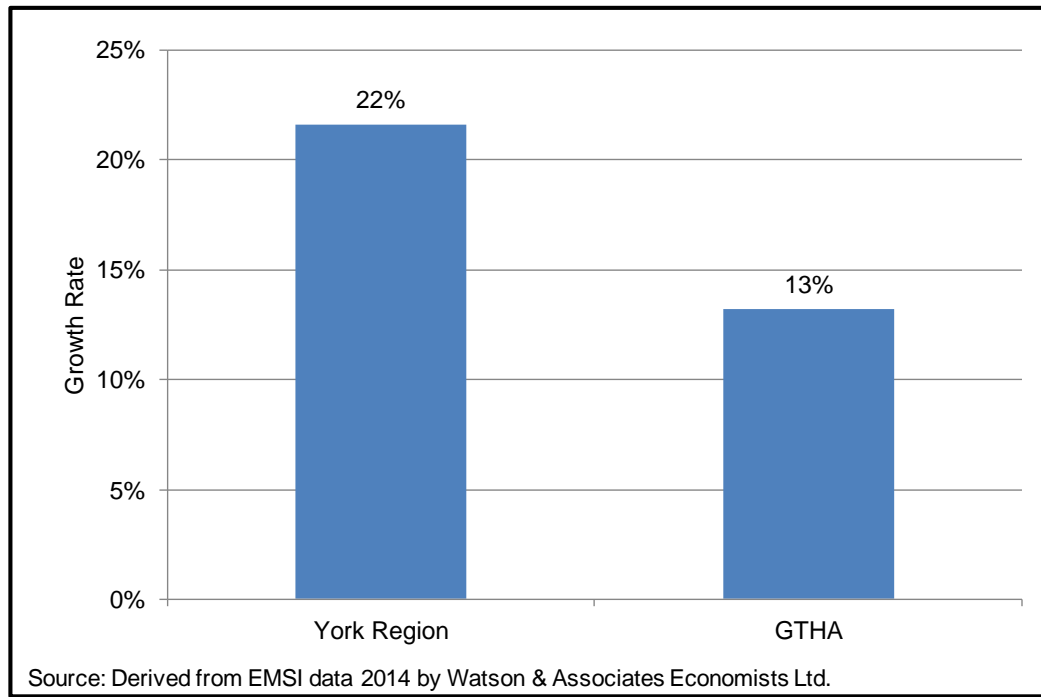
<sup>1</sup> Reflects office buildings 20,000 sq.ft. (1,858 sq.m.) and greater.

<sup>2</sup> Derived from 2013 York Region Employment Survey by Watson & Associates Economists Ltd.



significant share of office employment growth in York Region since 2006 has been in professional, scientific and technical services and finance and insurance sectors.

**Figure 60: Office Employment Growth, 2006-2014**



### ***6.1.2 York Region Office Employment by Location and Building Type***

Figure 61 summarizes the location of employment within office space in York Region. As shown, 82% is located within employment lands while 13% is located within the Region's Centres and Corridors and 5% is located in other areas of the Region.

**Figure 61: York Region Location of Employment Within Office Space, 2013**

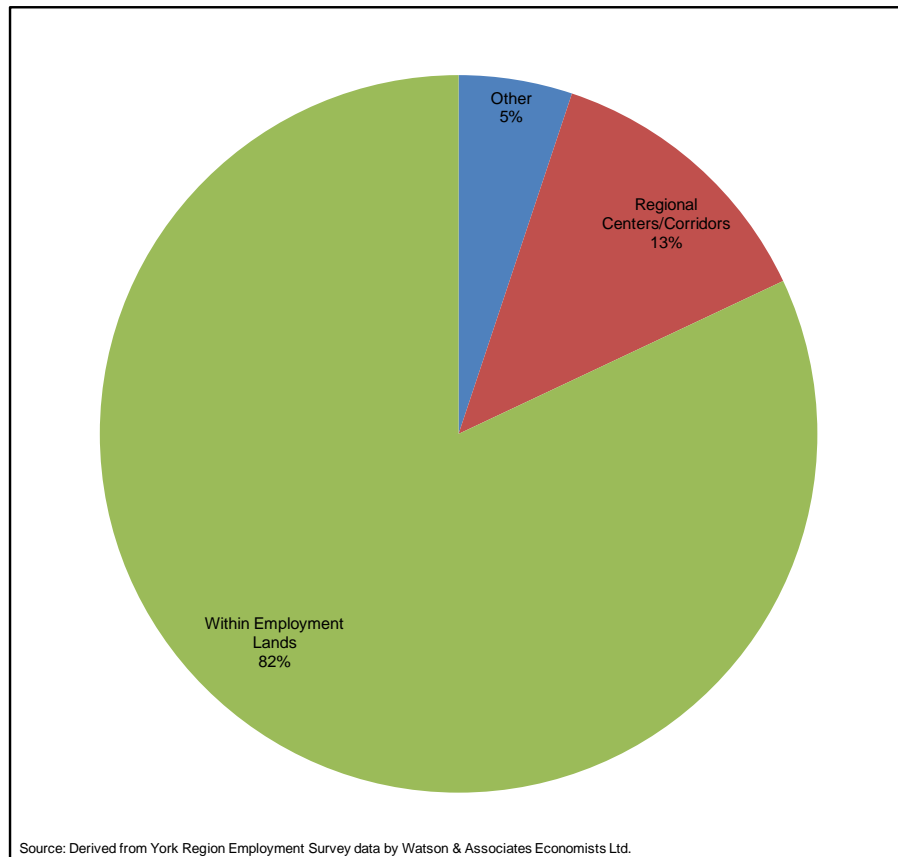
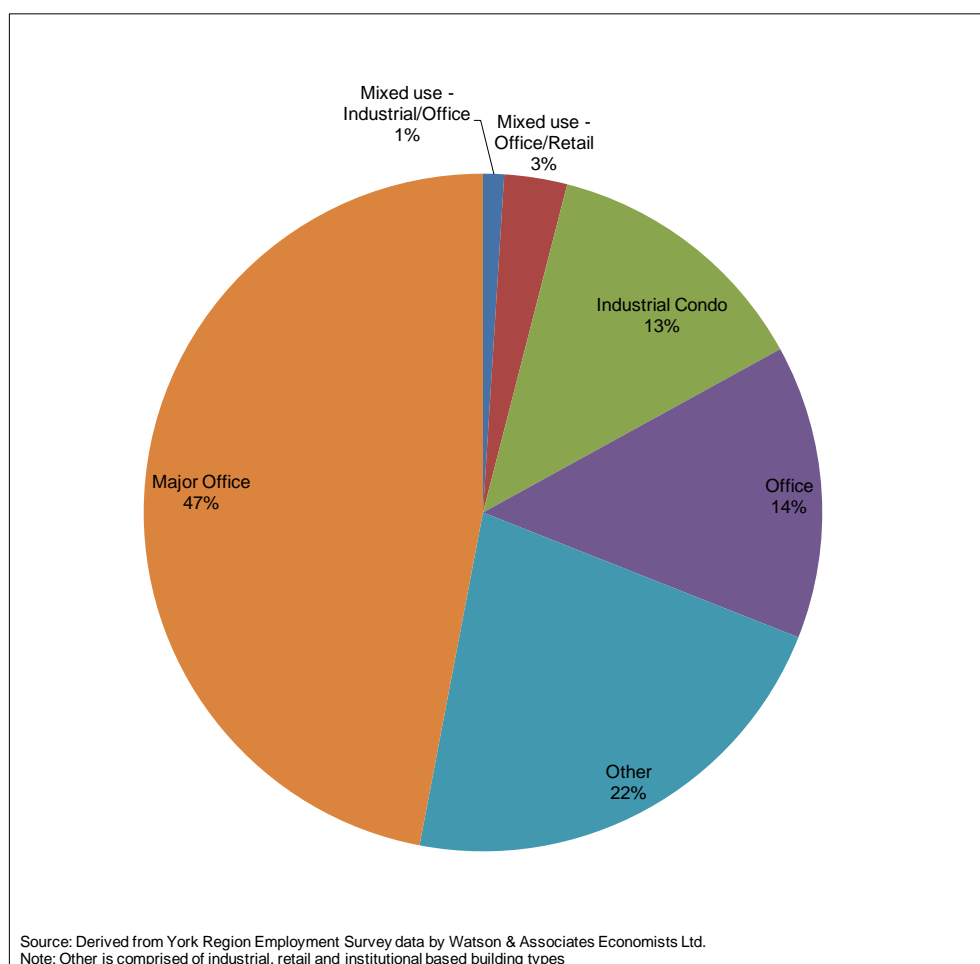


Figure 62 summarizes where office employment in York Region is accommodated by building type. As shown, the majority (47%) is accommodated within major office buildings, followed by 22% in various other buildings, 14% in other office buildings and 13% in industrial/condo space such as mixed-use and institutional buildings.

**Figure 62: York Region Office Employment by Building Type, 2013**

## 6.2 Major Office Market

### 6.2.1 G.T.A. Office Space Inventory

The G.T.A. comprises Canada's largest concentration of office space, and one of the five largest in North America, with a total office space of 171.8 million sq.ft.<sup>1</sup> Figure 63 summarizes the share of office space within the G.T.A. as of Q3 2013. As shown, 70% of G.T.A. office space is located within the City of Toronto while York Region accounts for 9% of the total (16.2 million sq.ft.).

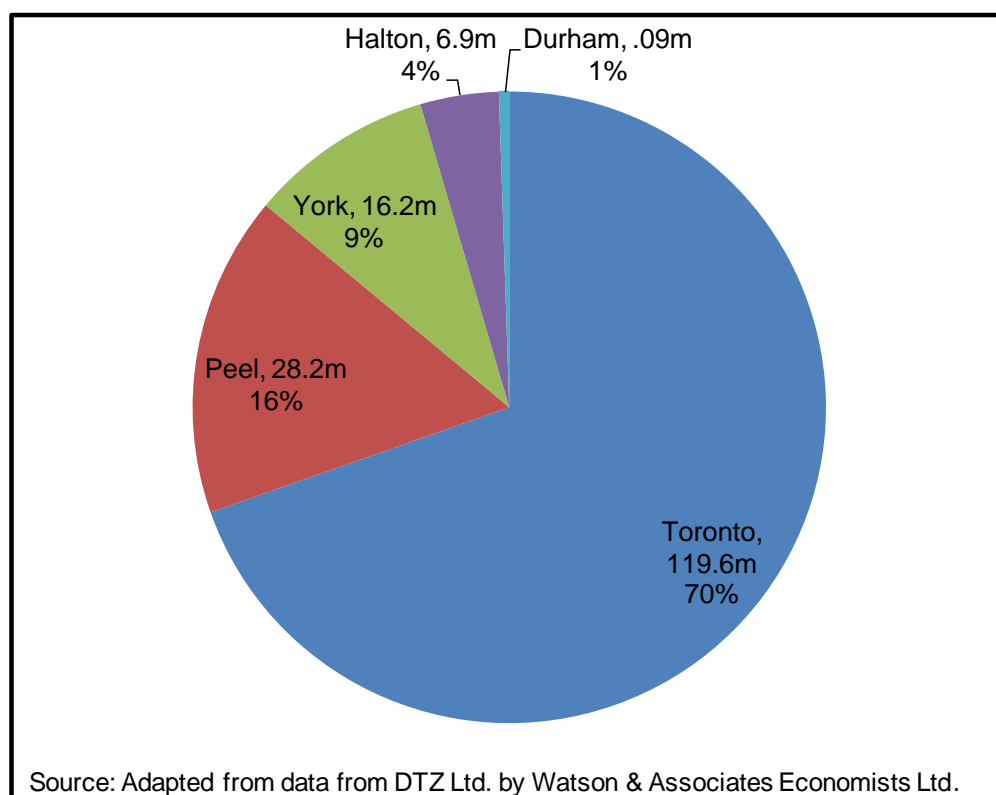
Of the office space within the City of Toronto, nearly 60% (70 million sq.ft.) is located within the downtown core. The remaining office space in the City of Toronto is situated in a number of urban nodes including North York Centre and Yonge/Eglinton, and in a

<sup>1</sup> Q3 2013, DTZ Canada Ltd.

number of suburban employment areas including Don Mills, Highways 401/404 and Highway 404/Steeles.

Outside of the City of Toronto, major office clusters are located in York Region (Highways 404/407 in Markham and Richmond Hill and the Highway 400 Corridor in Vaughan), Peel Region (Mississauga Airport Corporate Centre, City Centre and Meadowvale), and Halton Region (Q.E.W. Corridor in Burlington and Oakville).

**Figure 63: G.T.A. Total Office Space by Upper/Single Tier Municipality (Millions Sq.ft.), 2013**



Office development patterns in the G.T.A. have shifted significantly over the past 15 years. This is illustrated in Figure 64 which shows the proportionate share of new office G.F.A. by upper/single-tier municipality in five-year increments over the 1999-2013 period. As shown, the City of Toronto's share of new office development has steadily increased from 12% over the 1999-2003 period to 57% over the 2009-2013 period. Of the 5.9 million sq.ft. of development within the City of Toronto over the 2009-2013 period, 88% (5.1 million sq.ft.) was in the downtown core, comprised of eight office towers.

Over the same period, all "905" upper-tier municipalities have seen a decline in their share of the new office development market. The most dramatic has been the decline

in activity in York Region, which has seen its share of new office market development decline from 29% in 1999-2003 to 7% in 2009-2013. This is reflected also in absolute terms, where development activity over the 2009-2013 period was approximately one-fifth of the level achieved over the 1999-2003 period.

**Figure 64: Share of New Office Building Completions G.F.A. by Upper/Single-Tier Municipality, 1999-2013**

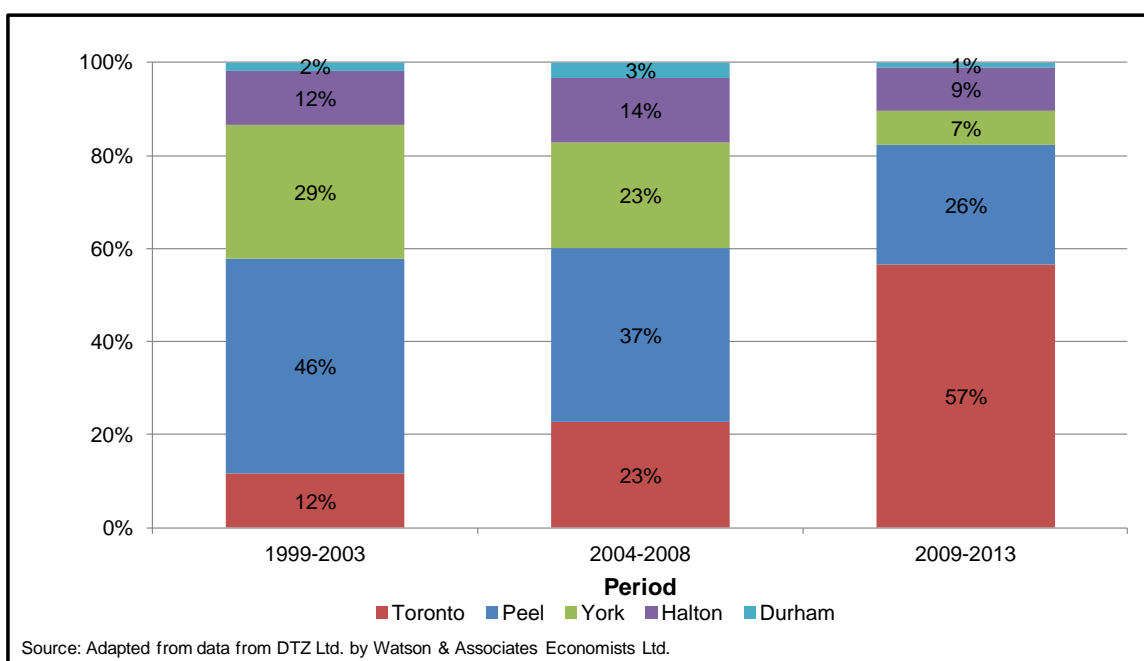
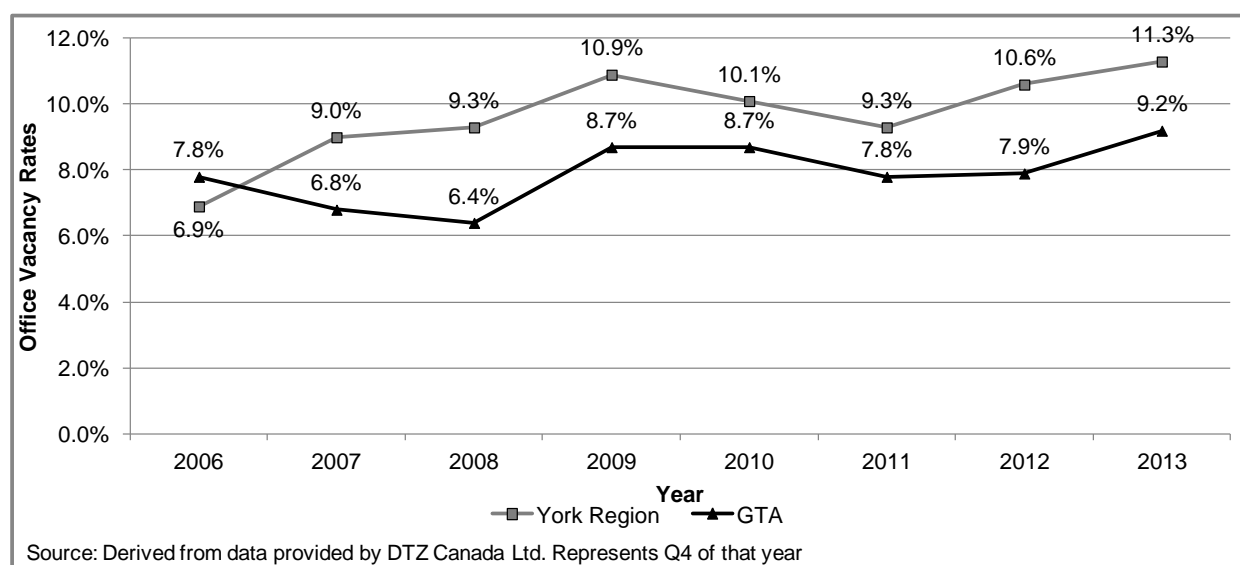


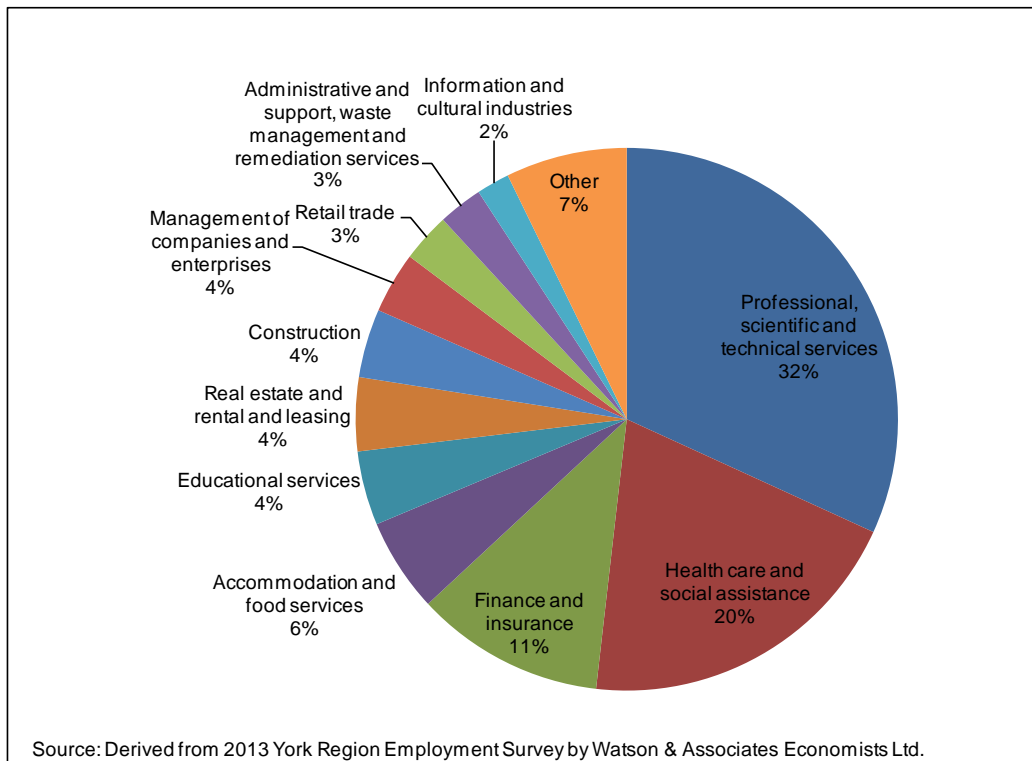
Figure 65 summarizes office vacancy rates in the G.T.A. and York Region over the 2006-2013 period. The G.T.A. average office vacancy rate during the period was lowest in 2008, when it was 6.4%, and vacancy rates gradually increased to 9.2% in 2013. In comparison, office vacancy rates in York Region have historically been higher than the G.T.A. average, having increased since 2006 from 6.9% to an average of 11.3% in 2013, well above the G.T.A. average.

**Figure 65: G.T.A. and York Region Office Vacancy Rates, 2006-2013**

### ***6.2.2 Employment Growth Accommodated in Major Office Buildings in York Region***

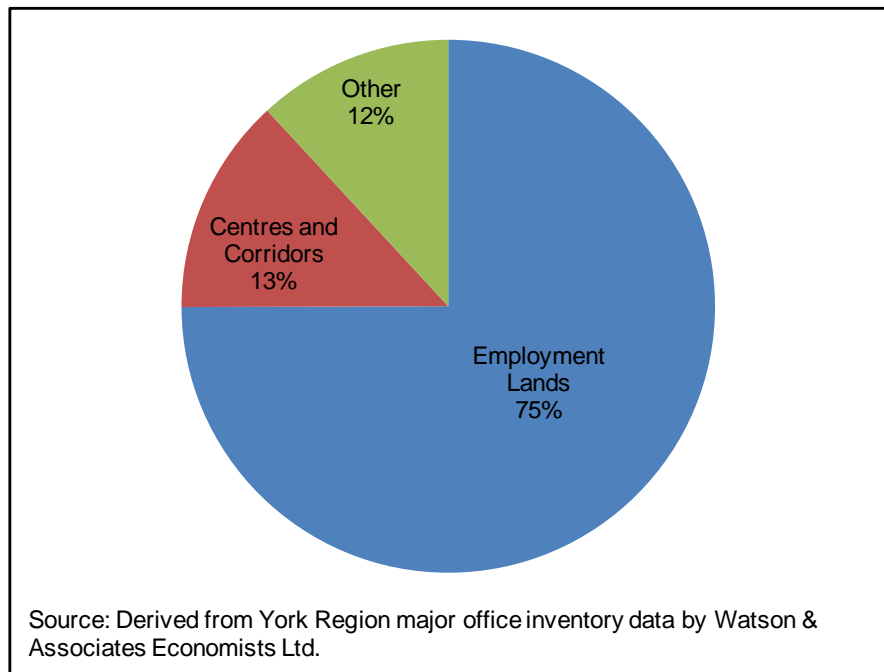
Figure 66 summarizes the proportionate share of employment by sector in businesses which have been accommodated within the Region's major office buildings between 2009 and 2013. As shown, nearly one-third of business that have located to their current location within major office buildings since 2009 have been in the professional, scientific and technical services sector, followed by 20% in health care and social services, and 11% for finance and insurance. Though York Region has historically been relatively strong in management of companies and information, and cultural industries sectors, business employment growth in these sectors within major office buildings has been more limited since 2009.

**Figure 66: York Region Employment Growth from Businesses Located in York Region Major Office Buildings Since 2009**



### ***6.2.3 Geographic Location of Major Office Buildings***

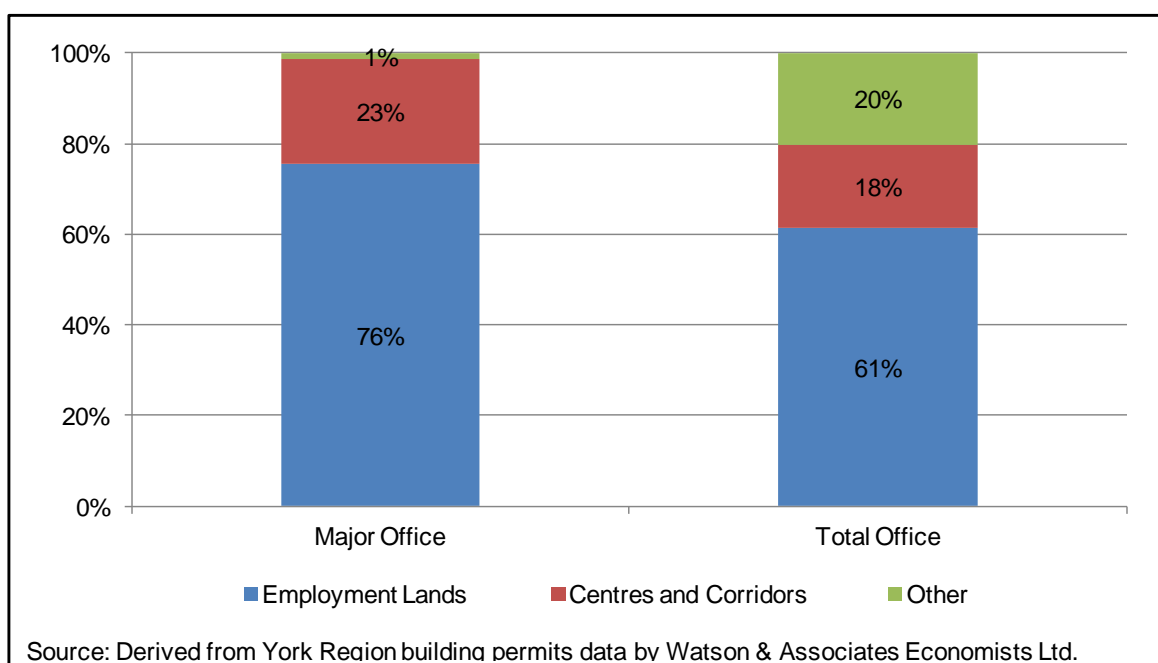
York Region's employment areas have historically accommodated the majority of the Region's major office development. Of the Region's major office G.F.A., 75% of G.F.A. is located on employment lands, followed by 13% in the Region's Centres and Corridors and 12% in other areas, as shown in Figure 67.

**Figure 67: York Region Major Office Location by G.F.A., 2013**

### 6.3 Recent Development Trends in Office Development

Over the 2006-2013 period, 61% of total office building G.F.A. constructed, including major office, has been accommodated on employment lands, compared to 18% within the Region's Centres and Corridors and 20% in other areas, as illustrated in Figure 68. When assessing major office development only, the share of development shifts largely to Employment Lands and Centres and Corridors, which accommodated 76% and 23% of the development, respectively.



**Figure 68: York Region Office Development by Location, 2006-2013**

## 6.4 Review of Major Office Employment Density

### 6.4.1 Trends in Employees per Net ha

Figure 69 summarizes average employment density for major office development in York Region. As shown, major office development averages 207 jobs per net ha in the Region. Densities are lower for major office development on employment lands than outside of employment lands (204 jobs per net ha vs. 222 jobs per net ha).

**Figure 69: York Region Employment Density for Major Office Development by Location**

Location	Employment Density (Jobs per net Ha)
Major Office on Employment Lands	204
Major Office outside of Employment Lands	222
<b>Weighted Average</b>	<b>207</b>

Source: Adapted from major office inventory density analysis from data provided by York Region Long Range Planning by Watson & Associates Economists Ltd.

Major office development constructed since 2006 has had an average employment density of 135 jobs per net ha, lower employment density than the existing Region-wide major office inventory average.<sup>1</sup>

#### **6.4.2 Trends in Floor Space per Worker (F.S.W.)**

Figure 70 summarizes major office F.S.W. in York Region in 2013 for all buildings and those constructed between 2006 and 2013. As illustrated, the average F.S.W. averages 20 sq.m. per employee within major office buildings in the Region. The average F.S.W. for office buildings constructed over the 2006-2013 period is comparable to the overall average of 20 sq.m. per employee. While conventional office space F.S.W. is trending downward, a large share of recent office developments in York Region have included a non-office component (e.g. training centres) which tend to raise the overall F.S.W., offsetting the lower F.S.W. in conventional office space.

**Figure 70: York Region Trends in Major Office F.S.W., 2013**

<b>Period of Construction</b>	<b>FSW (sq.m. per job)</b>
All Buildings	20
Constructed 2006-2013	20

Source: Derived from 2013 York Region Employment Survey by Watson & Associates Economists Ltd. Reflects all businesses within Major Office buildings where GFA and employment data was available.

#### **6.4.3 Trends in F.S.I.**

Major office F.S.I. in York Region averages 45%, but this varies by geographic location and age of building. As illustrated in Figure 71, major office F.S.I. on development located within employment lands averages 44% compared to 48% for buildings located outside of employment lands.

**Figure 71: York Region Major Office F.S.I. by Geographic Location**

<b>Location</b>	<b>F.S.I.</b>
Major Office on Employment Lands	44%
Major Office outside of Employment Lands	48%
<b>York Region Major Office Average</b>	<b>45%</b>

Source: Adapted from major office inventory density analysis from data provided by York Region Long Range Planning by Watson & Associates Economists Ltd.

<sup>1</sup> This may be in part due to higher vacancies in newer office buildings.

Major office buildings constructed since 2006 have notably lower F.S.I. than those constructed prior to 2006 (33% vs. 49%, respectively), as shown in Figure 72.

**Figure 72: York Region Major Office F.S.I. by Development Period**

Period of Construction	F.S.I.
Major Office Constructed 2006-2013	33%
Major Office Constructed pre 2006	49%
<b>Major Office Average</b>	<b>45%</b>

Source: Adapted from major office inventory density analysis from data provided by York Region Long Range Planning by Watson & Associates Economists Ltd.

#### **6.4.4 Observations**

While major office employment densities in the Region are relatively high, the data analysis suggests that employment densities for newer buildings are lower than for older structures. This is attributed to a lower average F.S.I. in the newer developments than in the existing office base. The lower F.S.I. is a result of significant development activity of low-rise suburban office buildings some of which also incorporate non-office functions (e.g. warehousing).

## 7. Employment Growth Trends by Local Municipality

This assignment included a detailed review of employment growth trends on employment lands by employment area/business park over the 2006 to 2013. The analysis is based on the results of the 2006, 2011 and 2013 York Region employment surveys. The following provides high-level observations on the data provided:

- All of York Region's local municipalities exhibited relatively strong employment growth over the 2006-2013 period with the exception of Newmarket which had relatively limited growth. East Gwillimbury demonstrated exceptionally strong employment growth over the period, with a 47% increase.
- Of total employment growth in the Region over the 2006-2013 period, 86% was accommodated in the south part of the Region within the municipalities of Vaughan, Markham and Richmond Hill. Vaughan accounted for nearly half of the Region's employment growth over the period.
- Vaughan experienced relatively strong industrial employment growth over the period. In comparison, Newmarket, Aurora and Richmond Hill experienced a moderate decline in industrial employment. Industrial employment growth in Markham was limited.
- With the exception of King Township, East Gwillimbury and Whitchurch-Stouffville, each of the Region's local municipalities experienced strong gains in office employment over the 2006-2013 period.
- Approximately 84% of office employment growth over the period was accommodated within the south York municipalities of Markham, Vaughan and Richmond Hill. Aurora also showed strong office employment growth in absolute terms.
- In terms of employment growth on employment lands in the Region, approximately 89% has been accommodated within the south York Region municipalities of Vaughan, Markham and Richmond Hill.

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## **8. Long-Term Employment Outlook for York Region and Need for Employment Lands**

### **8.1 Introduction**

In many respects York Region's long-term employment potential is largely tied to the success of the G.T.H.A./G.G.H. as a whole. York Region's location in the G.G.H. presents both opportunities and challenges. As previously identified in Chapter 3, the G.T.H.A. represents the economic powerhouse of Ontario and the centre of much of the economic activity in Canada. With a robust economy and diverse mix of export-based employment clusters, the G.T.H.A. is highly attractive on an international and national level to new businesses and investors. In turn, this continues to support strong G.G.H. population growth levels largely driven by international and inter-provincial net migration.

Notwithstanding this success, international competition for business development and investments is becoming increasingly fierce in today's "new economy." Moreover, regional competition within the G.T.H.A. and the surrounding "Outer Ring" is also intense. York Region is located within proximity to a number of large urban/suburban municipalities with which it competes directly for business attraction and investment. All of these municipalities generally offer regional attributes which largely appeal to prospective international and local firms.

One of the key challenges for York Region regarding the future non-residential development relates to the macro-economic trends that the Region cannot control, such as the strength of the global economy and the competitiveness of the North American economic base relative to emerging markets. At the regional level, there are physical challenges also facing the G.T.H.A. and York Region, including traffic congestion, aging infrastructure, servicing constraints, and an aging labour force base which has the potential to impede population and employment growth.

### **8.2 Region-wide Employment Sector Outlook**

The following provides an outlook for employment growth by major sector in York Region through to the year 2041. Commentary on employment growth potential in work at home and no fixed place of work is also provided.

### ***8.2.1 Industrial Sector Outlook***

The Region is expected to see moderate employment growth in the industrial sector over the coming decades. Industrial employment growth in the Region is anticipated to be driven largely by the goods movement sector and the construction sector with modest employment growth in manufacturing. Further discussion is provided below regarding employment growth potential within the manufacturing and goods movement sectors.

#### Manufacturing

Manufacturing remains vitally important to the provincial economy with respect to job growth and economic output. While employment levels in the manufacturing sector have declined in recent years across the Province as a whole, this sector is showing signs of a gradual recovery largely driven by the gradual recovery of the U.S. economy and the decline of the Canadian dollar relative to the U.S. dollar. This recovery is also starting to take shape across York Region.

Looking forward, the manufacturing sector is expected to continue to play an important role in York Region, however, the highly competitive nature of the manufacturing sector will require production to be increasingly cost effective and value-added oriented, which bodes well for firms that are specialized and capital/technology intensive. As technology has become more sophisticated, manufacturers are implementing increasingly advanced techniques for delivering their manufactured products to the marketplace. York Region remains a competitive location for manufacturing in the G.T.H.A. given its existing manufacturing base, transportation infrastructure, access to a skilled workforce and quality of life attributes.

For York Region, employment growth in the manufacturing sector is anticipated in a number of established and emerging sub-sectors such as machinery manufacturing, printing and related support activities, and computer and electronic product manufacturing. The nature of new development in this sector is expected to be markedly different than the existing base. New manufacturing employment growth is anticipated primarily in small to mid-sized businesses (less than 100 employees). Following recent trends, employment yields are expected to be significantly lower than in the past, with lower employment densities due to increased automation in this sector.

### Transportation and Warehousing/Wholesale Trade

Ontario has also experienced significant employment growth in the goods movement sector over the past decade. This sector is highly concentrated in the G.T.H.A. municipalities which are located within proximity to the T.P.I.A. Other regional infrastructure attributes, including access to 400-series highways and intermodal facilities in Brampton and Vaughan, have also played a key role in driving demand within this sector across the G.T.H.A. In York Region, development in the transportation and warehousing/wholesale trade sector has been concentrated to the southern municipalities, including the City of Vaughan, the City of Markham and the Town of Richmond Hill.

While demand from the transportation and warehousing sector is anticipated to continue across the G.T.H.A., rising industrial land prices will continue to force development pressure for large-scale land expansive industrial uses into competitively priced markets which offer ample market choice to accommodate near-term demand and future expansion requirements. G.G.H. municipalities such as Brantford, Guelph, Puslinch, Cambridge, Woodstock, Caledon, East Gwillimbury, Georgina and Bradford West Gwillimbury will increasingly compete with larger G.T.H.A. urban areas within this sector. As a result of this trend, combined with increased automation in the manufacturing sector, average employment density levels on employment lands across many G.T.H.A. municipalities have fallen in recent years and will continue to fall in the future.

#### ***8.2.2 Office-Based Employment Outlook***

As previously mentioned, the employment base in York Region has steadily shifted towards the service-sector and knowledge-based economy over the past decade. Knowledge is now recognized as the driver of productivity and economic growth, leading to a new focus on the role of information, technology and learning in economic performance. In an increasingly knowledge-based environment, the ability to cultivate, retain and attract talented workers, high-value jobs and innovative businesses is vital for the future economic prosperity of York Region and its local municipalities.

As a result of the Region's strong attractiveness to knowledge-based sectors, the distribution of employment on employment lands across the Region will continue to be increasingly concentrated in the office sector. Over the long term, it is anticipated that the market for office-based employment within York Region's employment areas will continue to be concentrated in the larger municipalities of southern York Region. However, growing opportunities will exist to accommodate knowledge-based sectors

throughout all areas of the Region in multi-tenant industrial condos and other smaller-scale office settings such as mixed-use areas and institutional buildings. There is anticipated to be increased opportunity to accommodate office employment outside of employment areas, most notably within the Region's Centres and Corridors.

Major office developments are anticipated to add significant employment growth to York Region between 2011 and 2041. As identified in Chapter 6 herein, the major office sector has experienced strong employment growth over the past eight years, averaging approximately 1,100 new jobs per year. While the office market for York Region as a whole continues to strengthen, the market has been largely concentrated in Markham, Richmond Hill, Vaughan and Aurora. Looking forward, the office market for municipalities in central and northern York Region is anticipated to improve; however, limited growth is likely to occur in the form of major office development in these municipalities.

Our review of office employment growth trends for York Region and the G.T.H.A. as a whole suggests that employment growth in the major office land-use category for York Region will be relatively strong over the 2011-2021 period. Over the longer-term period (i.e. post 2021), it is anticipated that the Region's share of G.T.H.A. office employment growth will increase as York Region's urban centres, nodes and corridors continue to mature.

### ***8.2.3 Retail/Personal Service and Institutional Employment Outlook***

Retail/personal services and institutional employment is forecast to steadily increase across York Region in response to strong population growth forecast for the Region during the 2011 to 2041 period. Based on the recent G.T.H.A. and York Region employment growth trends identified in Chapters 3 and 4, it is anticipated that York Region will continue to experience steady employment growth in these major sectors.

### ***8.2.4 Outlook for Work at Home and No Fixed Place of Work Employment***

In addition to reviewing employment trends by usual place of work, consideration has also been given to the employment outlook in York Region for employees who work at home as well as employees who have no fixed place of work (N.F.P.O.W.). Statistics Canada defines N.F.P.O.W. employees as "persons who do not go to the same work place location at the beginning of each shift." Such persons include landscape contractors, travelling salespersons, independent truck drivers, etc.



Over the next 30 years, work at home employment in York Region is expected to steadily increase, with a gradual increase in the share of total employment driven by forecast growth in the knowledge-based and creative economy. This will be facilitated by opportunities related to telecommuting and increased technology.

Demographics also play a role in the employment outlook for work at home employment. As the Region's population and labour force continues to age, it is likely that an increased number of working and semi-retired residents will be seeking lifestyles which will allow them to work from home on a full-time or part-time basis.

N.F.P.O.W. employment has experienced strong employment growth in recent years in York Region. Over the 2006-2013 period, the share of employment in this category increased from 10% to 14% of total employment. N.F.P.O.W. is highly concentrated in the construction and goods movement sectors and to a lesser extent in knowledge-based sectors such as information and cultural industries and professional, scientific and technical services. As previously mentioned, these sectors are anticipated to experience strong employment growth in the future. As such, the Region is expected to experience strong growth in N.F.P.O.W. employment over the forecast period, and its share of employment in the N.F.P.O.W. category is expected to continue to gradually increase.

### **8.3 Employment Outlook for York Region's Area Municipalities**

Building on the analysis carried out in the previous Chapters of this report, the following section provides an assessment of future employment growth by sector by Area Municipality in York Region.

#### **Town of Aurora**

The Town of Aurora has strong growth potential in office-based employment sectors including information and cultural industries, professional, scientific and technical services, finance and insurance, education, and management of companies and enterprises. The Town also has moderate growth potential in the goods movement sector, specifically smaller to mid-sized development in the wholesale trade sector. Growth potential in retail/personal services is anticipated to be more moderate than in the past as population growth begins to slow as the Town approaches buildout. While the Town has a strong concentration of employment in manufacturing, forecast growth in this sector is expected to be limited.

### Town of East Gwillimbury

East Gwillimbury is expected to experience strong population growth in the coming decades which is expected to drive employment growth in population-related employment sectors including retail and food and accommodation, education services, health and social services and construction. The goods movement sector is also expected to experience steady employment growth driven by land availability and competitive industrial land prices. The agricultural sector, which has a high concentration of employment in the Town, is forecast to experience modest growth.

### Town of Georgina

Over the forecast period, the Town of Georgina is expected to accommodate a significant amount of population-related employment growth including retail/personal services, food and accommodation, education services, and health and social services. The Town is also expected to experience moderate growth in manufacturing and knowledge-based sectors including professional, scientific and technical services, construction, transportation/warehousing and wholesale trade.

### Township of King

King Township has growth potential in manufacturing, construction and agriculture. Industrial sector growth prospects are anticipated to be oriented towards small to medium-sized firms. Magna's recent decision to locate its corporate head office and research and development operations to King Township will serve as a catalyst for future development in the municipality. Retail/personal service sector development will be more limited given the relatively modest level of population growth forecast for the Township.

### City of Markham

Markham is expected to experience strong growth in office-based employment including information and cultural industries, professional, scientific and technical services, management of companies and enterprises as well as finance and insurance. The City is also expected to see strong growth in a number of population-related sectors including educational services, and health and social services. Steady employment growth is also anticipated in the retail/personal services sector to accommodate the City's growing population base. The City is expected to see relatively limited growth in the industrial sector.

### Town of Newmarket

Newmarket has strong employment growth potential in education services, health and social services and public administration. The Town also has strong growth prospects in a number of knowledge-based sectors including finance and insurance as well as information and cultural industries. Newmarket has relatively limited growth prospects in the industrial sector.

### Town of Richmond Hill

Strong office-based employment is forecast for Richmond Hill from employment sectors such as professional, scientific and technical services, finance and insurance, management of companies and enterprises and information and cultural industries.

Employment growth within the Town's employment areas will ultimately be driven by demand from a broad range of goods producing, knowledge-based and employment supportive sectors. The rate of employment growth on employment lands, however, is projected to decline relative to historical trends as the Town's remaining vacant greenfield employment lands approach build out. This finite employment land supply is also anticipated to influence the built form of employment on employment lands towards more compact and land-intensive uses.

### City of Vaughan

The City of Vaughan has strong growth prospects in a number of industrial sectors including transportation/warehousing, wholesale trade, manufacturing and construction. Employment demand in these sectors will continue to be driven by the availability of greenfield employment lands and proximity to the C.P. intermodal facility. The proposed extension of Highway 427 to Major Mackenzie Drive, which is planned to be completed by 2020, is anticipated to be a major driver of employment demand around the C.P. intermodal facility.

The City of Vaughan also has strong employment growth potential in office-based employment related to sectors such as professional, scientific and technical services, finance and insurance and real estate. The City also has strong growth prospects in population-related sectors including retail/personal services, educational services and health and social services.

### Town of Whitchurch-Stouffville

Whitchurch-Stouffville has strong growth prospects in the construction sector and in population-related employment including retail/personal services, education services and health and social services. Whitchurch-Stouffville also has moderate employment growth potential in professional, scientific and technical services, information and cultural industries and real estate and leasing.

## **8.4 Role of Employment Lands in York Region in Accommodating Future Employment Growth**

For both international and locally-based industries, York Region's employment areas have a strong appeal given their proximity to major regional infrastructure, including the T.P.I.A., 400-series highways, intermodal facilities, rail, proximity to the U.S. border, and access to skilled labour and post-secondary institutions. As a result, many of the municipalities in York Region have been very successful in attracting a variety of industries within a broad range of industrial, office, retail and institutional sectors. The above attributes in York Region have produced a highly competitive and diverse employment market, which has provided developers with a broad range of market choice with respect to site selection, access/exposure, zoning, price, etc., for non-residential development.

It is anticipated that a significant share of future employment growth within York Region will be accommodated on employment lands. Employment lands will continue to be the primary location for industrial development in the Region. Employment areas will also continue to play an important role in accommodating office employment. Moving forward, it is imperative that the Region continue to provide a sufficient supply of employment land over both the short- and long-term planning periods through a full range of employment land sites to market choice requirements.

There is a large concentration of highly marketable employment lands in southern York Region. As a result, municipalities such as Vaughan, Richmond Hill, Markham, Newmarket and Aurora have traditionally been successful in attracting a steady absorption of new industries within a broad range of industrial and commercial sectors. As the supply of vacant employment lands steadily declines in many of these more mature municipalities, centrally and northerly located York Region municipalities are growing increasingly attractive for employment lands development. Whitchurch-Stouffville, East Gwillimbury and Georgina are well-positioned geographically to

potentially benefit from this anticipated gradual shift of employment growth on employment lands.

The following provides additional commentary on the employment land requirements for the industrial and office market. Discussion on implications for future employment densities within employment areas is also provided.

#### ***8.4.1 Industrial Sector***

As previously mentioned, the strong growth potential in the goods movement sector is expected to drive demand for increasingly larger warehousing facilities, typically located in competitively priced greenfield locations across the G.T.H.A. Given York Region's competitive profile, demand is anticipated to continue across a range of development sizes from small to mid-sized warehouses to large-scale land-extensive distribution centres and logistics hubs with individual facilities averaging over 25,000 sq.m. in G.F.A. These facilities are also increasingly being integrated with on-site office and manufacturing/assembly. With respect to size and employment density, the average building and lot size of development within the goods movement sector has steadily increased across York Region, while average employment densities have steadily decreased. Due to the land expansive nature of this fast-growing sector, the goods movement sector is expected to account for the largest share of greenfield employment land absorption over the next 30 years.

In addition to the goods movement sector, the manufacturing sector is also anticipated to account for a steady amount of forecast land absorption across York Region in the form of both standalone and multi-tenant facilities. Based on recent development trends and growth prospects, it is anticipated that 15% to 20% of future employment land absorption in York Region will be accommodated in manufacturing-related development in the form of both standalone and multi-tenant facilities.

#### ***8.4.2 Office-based Employment***

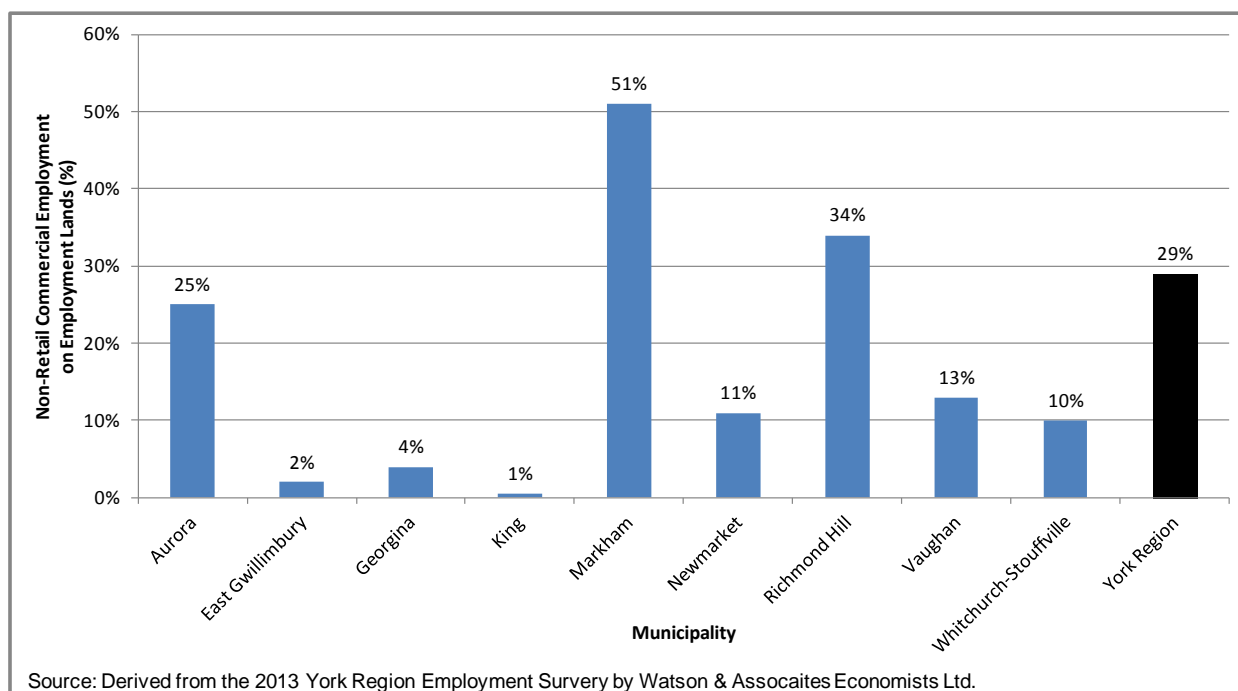
The strong growth potential of the office sector driven by the knowledge-based and creative class economy will continue to influence the built form and density of York Region's employment areas, in particular the Region's business parks. As summarized in Chapter 6, employment growth in the office sector in York Region has been largely accommodated in both multi-tenant and large-scale or major office development. The Region's employment areas are often attractive to businesses which require a mix of office and non-office space. For example, in Richmond Hill Mazda Canada and BMW Canada offices are not of a typical office design as they include a large non-office

component. BMW Group Canada's head office includes a four-storey office building and a 22,000 sq.ft. (approximately 24% of total G.F.A.) training centre with service bays to accommodate automobiles and large equipment.

The physical characteristics which make employment areas successful are also changing as a result of the evolving knowledge-based economy. While access and exposure to 400-series highways and major arterial roads are still critical for most industries, other factors including access to transit, access to labour, availability of amenities and employment-supportive uses within walking distance, as well as housing opportunities for a broad range of income levels, are also often cited by commercial brokers as the most important physical attributes of business parks.

Figure 73 summarizes the percentage of commercial employment excluding retail employment on employment lands in York Region by local municipality. The current geographic distribution of office development on employment lands is largely concentrated in Markham, Richmond Hill and Aurora. On the other hand, the percentage of office employment on employment lands is relatively low for the City of Vaughan and the remaining municipalities within central and northern York Region.

**Figure 73: York Region Share of Non-Retail Commercial Employment on Employment Lands by Local Municipality, 2013**



### ***8.4.3 Trends Toward More Amenity-Driven Employment Parks***

Another observation that has been becoming more apparent in recent years is the trend towards more mixed-use and amenity-driven employment areas that contain a broader mix of land uses including office commercial, retail and mixed-use.

There is a strong connection between the physical and social quality of place and economic growth in the knowledge-based and creative-based industries. Communities that offer a compact, transit-supportive and pedestrian-oriented environment with amenities, entertainment and culture activities and a mix of land uses with a critical mass, density and complexity, will create a sense of place and quality of life that will contribute to attracting jobs and talent. As such, consideration could be given to integrate residential, retail and prestige commercial and industrial uses within prestige employment areas and business parks across York Region.

Recognizing the evolving structural changes in the economy, there are a number of business park development projects/concepts across Canada which have introduced a more integrated urban structure relative to traditional employment areas and business parks.

### ***8.4.4 Future Employment Densities on Employment Lands***

Identifying future employment land needs in the Region is in part dependent on assumed forecast employment densities. Employment on employment lands density can vary depending on many factors, including type of land use (employment sector), geographic location, land values, built form (e.g. building height, gross floor area allocation to common areas, operations, equipment, storage) and site characteristics (e.g. floor space index or coverage ratios resulting from landscaping, parking, and requirements for outside storage).

Within York Region, employment density varies widely by sector. Major office, research and development, multi-tenant industrial/commercial and manufacturing tend to have higher employment densities. In contrast, wholesale trade, warehousing, transportation, utilities and communications generally have lower employment densities on average. While overall employment density on employment lands in York Region is relatively high compared to the G.T.H.A. as a whole, it varies widely by area municipality, largely influenced by the nature of the sectors accommodated and the type of employment land (e.g. prestige vs. general).

As highlighted in Chapter 5, over the 2006-2013 period, Region-wide employment densities on employment lands (expressed in jobs per ha) have remained relatively constant. This is in contrast to G.T.H.A.-wide trends which suggest that average employment densities on employment lands are declining. While the average F.S.W. associated with new development on employment lands has increased in recent years, average F.S.I. levels associated with new development has increased.

Despite the general downward trend in employment densities in the industrial sector, the following identifies a number of factors which are anticipated to influence the physical nature of development on employment lands across York Region and help maintain the employment densities at current levels. These include:

- Continued growth in knowledge-based employment – highly human capital intensive characterized by high employment densities and largely accommodated in employment areas;
- Increases in employment land values which tend to improve land utilization through higher F.S.I.; and
- A continuing trend toward a broader range of employment-supportive uses on employment lands which typically have higher employment densities than industrial uses.

Given these factors, it is foreseeable that future employment densities on employment lands in York Region will likely remain relatively stable over the forecast period.

#### ***8.4.5 Future Demand for Greenfield Employment Lands***

Economic volatility across the macro-economy in recent years has strongly influenced the rate and nature of employment growth across the Region. In summary, the York Region economy was characterized by a period of strong growth, contraction and recovery over the past decade.

As a result of the 2008/2009 global economic downturn, industrial building vacancy rates increased sharply, however, industrial space has now returned to utilization levels similar to pre-recession levels. While some larger-scale vacant manufacturing plant sites exist which offer redevelopment opportunities, existing industrial space is close to capacity with limited opportunities to accommodate future employment growth. While some intensification opportunities do exist through infill, expansions and redevelopment, the majority of the future growth in the industrial sector will need to be accommodated through greenfield development.



With respect to the office sector, there are likely more opportunities to accommodate employment growth within existing employment areas through infill and site redevelopment than in the industrial sector. There will, however, continue to be market demand for office space on greenfield lands, particularly as part of integrated warehousing/distribution facilities and within standalone office parks.

## 9. Conclusions

Over the past decade, the economic base in York Region and its local municipalities has steadily shifted towards the service-sector and knowledge-based economies. This trend continues to have a strong influence on the built-form, density and competitiveness of York Region's employment areas, particularly business parks, which are most attractive to the knowledge-based sector.

Notwithstanding the significant structural changes in the provincial, regional and local economies, the goods-producing sector still remains a vital component of economic growth. While the global recession of 2008/09 has had a significant impact on recent job losses in manufacturing and related industrial activities, this sector is now showing signs of stabilization at the provincial and regional levels. In York Region, employment within the manufacturing sector has gradually rebounded since reaching a low point in 2010. Over the next two decades, it is anticipated that the manufacturing sector will continue to experience a moderate employment increase in York Region, driven by the gradual recovery of the U.S. economy and declining Canada/U.S. dollar exchange rate.

York Region has also experienced significant employment growth in the transportation and warehousing sector over the past decade. While demand from the transportation and warehousing sector is anticipated to continue across York Region, rising industrial land prices will continue to force development pressure for large-scale land extensive industrial uses to more competitively priced markets in York Region, such as East Gwillimbury, Georgina and/or markets outside the Region to the north or west.

Employment growth within the Region's employment areas will ultimately be driven by demand from a broad range of goods-producing, knowledge-based and employment-supportive sectors. However, the rate of employment growth on employment lands is projected to decline relative to historical trends as a result of the aging of the labour force and diminishing supply of remaining vacant greenfield employment lands in several municipalities.

Notwithstanding this success, regional competition for the talent necessary to support innovation, investment and entrepreneurship is fierce. As the economy in Ontario becomes more premised on knowledge-based activities and occupations, increasing educational attainment and talent retention will become critical. As such, York Region needs to position itself as a hub for innovation to capitalize on the human capital that currently exists in York Region while encouraging ongoing entrepreneurship, small business development and investment retention.