



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	January 18, 2017
SUBJECT/REPORT NO:	2016 Downtown Urban Growth Centre Employment Survey and Vacancy Update (PED17011) (Wards 1, 2 and 3)
WARD(S) AFFECTED:	Wards 1, 2 and 3
PREPARED BY:	Joe Muto (905) 546-2424 Ext. 7859
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

That Report PED17011 respecting the 2016 Downtown Urban Growth Centre Employment Survey and Vacancy Update be received.

EXECUTIVE SUMMARY

This Report summarizes the employment survey taken during the summer of 2016. The scope of the survey includes the Downtown Hamilton Urban Growth Centre (UGC), which for the purposes of this review includes both sides of all the boundary streets. The boundary streets are Queen Street to Victoria Avenue, Hunter Street to Cannon Street, and including James Street North to the CN Railway and south to Charlton Avenue. The survey is conducted annually to measure employment and office vacancy in conjunction with the Urban Hamilton Official Plan (UHOP) target of 250 persons and jobs per hectare and access the effectiveness of Urban Renewal incentives.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Not Applicable

Staffing: Not Applicable

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Legal: Not Applicable

HISTORICAL BACKGROUND

An employment survey of the UGC has been conducted during the summer on an annual basis since 2010, to track changing economic conditions and monitor the nature of employment and land use in the area. This monitoring assists staff in assessing our available programs and measuring growth targets for the UGC as outlined in the UHOP, which states that the UGC shall be planned to achieve a minimum gross density of 250 people and jobs per hectare (pjh) by 2031. In 2015 the UGC density was 185 pjh.

In 2016, there were an estimated 25,932 jobs within the UGC (from Queen Street to Victoria Avenue, Hunter Street to Cannon Street, and including James Street North to the CN Railway and south to Charlton Avenue – both sides of these corridors). This result represents an increase of 1037 jobs over the 2015 employment survey. This is the highest increase in jobs since the inception of the survey. This result is explained in further detail below. As it pertains to the UGC density, the new density is 189 pjh, which is also an increase from last year. This value brings us closer to the target rate of 250 pjh, and has the potential to increase, given the new residential developments that are proposed in the UGC. The rate of residential increase is important, but it's also important to increase the employment rate in the core so as to maintain community vibrancy and economic benefit for the entire City of Hamilton.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Growth Plan for the Greater Golden Horseshoe, 2006 recognizes urban growth centres as regional focal points for accommodating population and employment growth. The Plan mandates that City's with UGC's develop and implement targets through their official plan policies in consultation with the Province, the UHOP has done this.

Policies A.2.3.3.1 and 2.3.3.2 in the UHOP identifies the Downtown Urban Growth Centre Density Target has a set minimum gross density of 250 people and jobs per hectare by 2031. This minimum shall be considered as part of a review of the Downtown Secondary Plan. The review of the Downtown Secondary Plan shall consider the results of office and employment strategy studies and infrastructure needs studies completed for the Downtown area.

RELEVANT CONSULTATION

Geographical Information Systems – Planning and Analysis, Planning Division.

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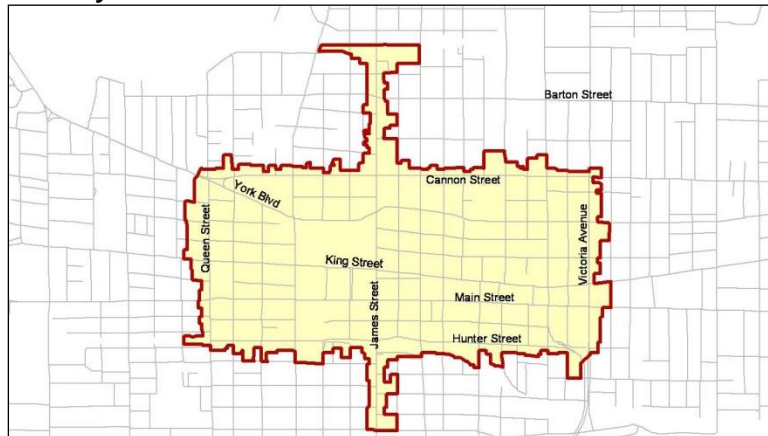
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ANALYSIS AND RATIONALE FOR RECOMMENDATION

2016 Survey

Tenure	Jobs	%
Full-time	17,834	69%
Part-time	6,652	26%
Seasonal	1446	5%
Total	25,932	100%

Survey Area



Annual Totals

Year	Jobs	Increase
2011	23,925	330
2012	24,015	90
2013	24,450	435
2014	24,700	250
2015	24,895	195
2016	25,932	1037

Downtown Hamilton Urban Growth Centre

Downtown Hamilton Urban Growth Centre Employment

Type	2011	2012	2013	2014	2015	2016	Change 2015-2016
Government	5,715	5,675	5,840	5,945	5,926	6,448	522
Professional / Scientific	4,030	4,125	4,200	4,330	4,008	4,958	950
Retail and Entertainment	3,515	3,655	3,935	3,735	4,420	5,509	1089
Finance, Insurance and Real Estate	2,875	2,875	2,765	2,875	2,170	2,609	439
Healthcare and Social Services	2,005	2,005	1,985	2,005	1,910	2,011	101
Creative Industries	2,005	2,060	2,120	1,905	2,090	1,354	-736
Non-Profit / NGO	1,160	1,120	1,335	1,645	1,280	1,338	58
Education	1,050	1,045	1,055	1,030	1,200	1,177	-23
Manufacturing	530	510	365	365	355	356	1
Other	1,040	945	850	865	1,538	172	-1366
Total	23,925	24,015	24,450	24,700	24,895	25,932	

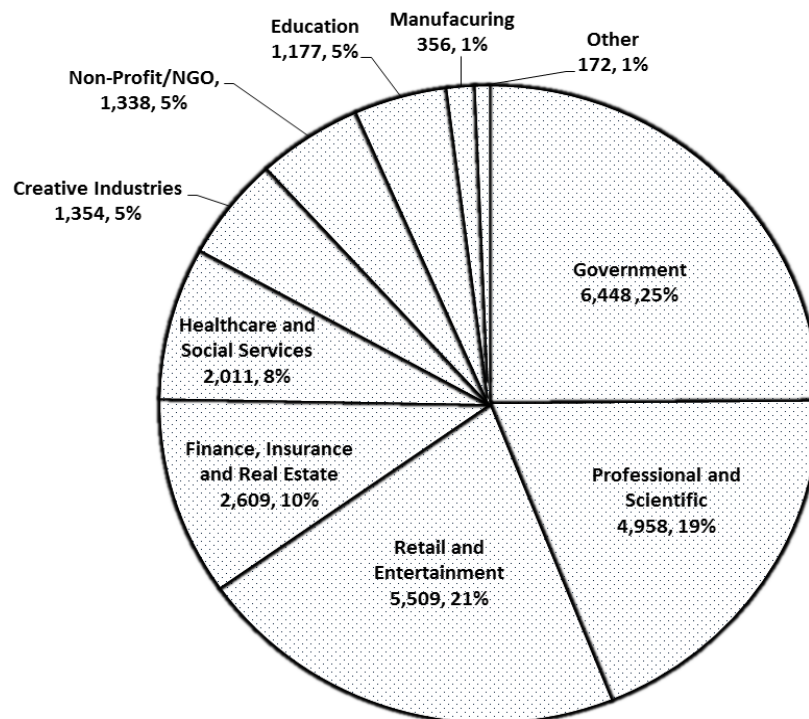
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2016 UGC Employment



“Government” workers (federal, provincial and municipal, including police) continue to account for one quarter of the jobs in Downtown Hamilton. This number is slightly higher than last year and is due to some increased federal jobs. “Professional and Scientific” employment also increased from the 2015 percentage, accounting for 19% of jobs in the Downtown. Finance, Insurance and Real Estate (FIRE) sector increased by one percent over the year, Old Republic Insurance accounted for an increase of 190 jobs. The “Creative Industries” sector saw a decrease in jobs in the Downtown. This is a result of previous surveying miscalculation in that some “Entertainment” businesses were captured within the “Creative” sector and inappropriately recorded. The “Retail and Entertainment” saw an increase of three percent over one year; this is not only a result of recording error. In fact, contributors to this sector included additional jobs to existing businesses and many new retail vendors including numerous restaurants. The “Other” section of the survey has seen a large deduction of records this year. The collection method varied this year which re-categorized occupation usage codes. These jobs were introduced to the other sections which better acknowledged the types of employment. Future surveys will use this revised methodology, making comparisons year-over-year more meaningful.

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The larger Downtown employers for 2016 continue to be the “Government” (local / police, provincial, and federal), “Retail and Entertainment” and “Professional / Scientific”. In 2016, a total of 1037 jobs were introduced to the Downtown. There was no one single employer which attributed to this increase but rather an accumulative increase across all the major sectors.

In the 2016 survey there were a total of 54 new business established in the UGC, which accounted for a total of 317 jobs. These jobs were spread out over various employment sectors. Other jobs came from various uses and the retail / restaurant sectors.

Downtown Commercial Vacancies

In addition to the number of jobs, the survey reports the number of vacant and occupied commercial units and office suites in storefronts with direct access from the street. As indicated below, the overall visible commercial street front vacancy indicator in the UGC is 19%, a decrease from 20% in 2015. The percentage vacant can vary by location, but in general, we have seen fewer vacancies across the board. The continued vibrancy of the James Street North corridor, known for arts, fashion and food, saw the storefront vacancy rate decline again this year. In 2016, it dropped 11% which accounts for a total drop in vacancy of 21% in the last two years.

Commercial Storefronts / Units with Direct Access from Street

	Urban Growth Centre		King Street East (James to Wellington)		King Street West (Bay to Queen)		James Street North (Wilson to Murray)		James Street South (Hunter to Charlton)	
Vacant	204	19%	45	23%	9	17%	14	12%	15	25%
Occupied	862	81%	148	77%	45	83%	101	88%	45	75%
Total	1066	100%	193	100%	54	100%	115	100%	60	100%

Downtown Office Vacancy Survey

The Urban Renewal Section also tracks vacancies within office buildings with a minimum of 5,000 sq. ft. of office space or greater in the Downtown UGC. In June 2016, there was 5,293,291 sq. ft. of office space available, with 731,534 sq. ft. vacant, resulting in a 13.82% office vacancy rate. The 2016 vacancy rate is down from last year by 0.28%. Even though the Downtown saw a significant increase in jobs, there were not many added to the larger office buildings which are 5,000 sq. ft. or greater, and the amount of space allocated to employees is now less than in past years.

The UGC offers a wide variety of office spaces to suit businesses that require flex office and co-working space, to brick and beam sites, to large multi-level tower locations, and, new development opportunities.

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Lease rates vary from \$10 per sq. ft. to \$25 per sq. ft. net depending on the amount of space taken, lease term, leasehold improvements and whether the space was recently renovated. Interestingly, we have heard anecdotally, that office clients came to Hamilton for available sites, skilled talent, no congestion, efficient transportation and intermodal connectivity.

Most of the large office space facilities continue to hold most of the highest vacant office space. Office buildings that have more than 100,000 sq. ft. of vacant space accounts for a significant proportion of vacancy rate in the UGC. Hypothetically, if we were to remove this space from the inventory, the office vacancy rate would be closer to 11%. The office supply continues to change as buildings become renovated and updated to a higher class of office space. Some office buildings are also providing model suites for prospective clients with “build to suit” accommodation available. It is also important to note that the Hamilton Health Sciences and IBM announcement made earlier this year has not been included in this year’s employment / office survey, which in its self has the ability to lower the vacancy rate for 2017.

Downtown Urban Growth Centre Office Vacancy (sq. ft.)

Year End	2010	2011	2012	2013	2014	2015	2016
Inventoried Space	5,159,800	5,124,900	5,327,345	5,190,095	5,265,516	5,263,295	5,293,291
Vacant Space	678,600	618,555	684,010	674,655	671,656	743,190	731,534
Vacancy Rate	13.2%	12.1%	12.8%	13.0%	12.8%	14.1%	13.82%

Hamilton continues to focus on positive opportunities in the professional, scientific, technology, and healthcare sectors, working closely with our commercial realty firms for our local office market success. Office inquiries tend to be for call centres, healthcare and young entrepreneurs. Existing offices tend to be for legal, accounting, finance, insurance, real estate offices, creative industries and studios. Anecdotally, new office users come to Hamilton for lower rates and available office spaces. However, tenants are indicating that quality of life and the ability of their employees to purchase homes in the Hamilton area is resulting in better retention of employees.

Hamilton commenced the Office Tenancy Assistance Program (OTAP) in 2010. In May 2016 Council approved the revised Community Renewal Community Improvement Plan (CIP). One of the revisions to the CIP included a modification of OTAP from a 1% loan to a 0% loan. OTAP is available to Downtown Hamilton and all the community Downtowns. The Commercial Façade Property Improvement Grant Program was also offered until the end of 2014 and is now available again as part of the 2016 CIP amendments. The Business Improvement Area Commercial Property Improvement

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Grant Program continues to also be available today. These Programs are considered complimentary to the Office Tenancy Assistance Program.

ALTERNATIVES FOR CONSIDERATION

Not Applicable

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Culture and Diversity

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

APPENDICES AND SCHEDULES ATTACHED

Not Applicable

JM/SR/GN

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