



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	April 4, 2018
SUBJECT/REPORT NO:	2017 Downtown Urban Growth Centre Employment Survey and Vacancy Update (PED18073) (Wards 1, 2 and 3)
WARD(S) AFFECTED:	Wards 1, 2 and 3
PREPARED BY:	Edward John (905) 546-2424 Ext. 2359
SUBMITTED BY:	Glen Norton Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

That Report PED18073 respecting the 2017 Downtown Urban Growth Centre Employment Survey and Vacancy Update be received.

EXECUTIVE SUMMARY

This Report highlights the Employment Survey taken during the Summer of 2017. The scope of the survey includes the Downtown Hamilton Urban Growth Centre. This area is bounded 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. The survey is conducted annually to measure the Urban Hamilton Official Plan (UHOP) target of 250 persons and jobs per hectare and to assess how effective Urban Renewal incentives are in redeveloping the Downtown and measuring employment and office vacancy.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: N/A

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

An employment survey of the Downtown Community Improvement Plan Area (CIPA) 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 Urban Growth Centre 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 by 2031.

It is noted that changes to the boundary of the study area were made this year to ensure the area aligns exactly with the approved UGC of the UHOP, understanding that previous reported results also accounted for “rounding out” of certain areas such that they aligned with the previous Downtown CIPA. It is considered that aligning exactly with the approved UGC will on a go-forward basis, ensure a more consistent City approach to capturing the people and jobs per hectare measurements.

In 2017, there were an estimated 25,359 jobs within the UGC. This result represents an increase of 332 jobs over the same defined UGC area of the 2016 Employment Survey.

This figure has maintained and slightly increased from the previous recorded numbers which represented the highest increase in jobs since the inception of the survey. As it pertains to the UGC density, the density is currently 189 people and jobs per hectare with the target rate of 250 people and jobs per hectare. This 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 to maintain community vibrancy and economic benefit.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

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 was considered as part of a review of the Downtown Secondary Plan and while, still in draft form, it is not expected to make any change to this requirement. The review of the Downtown Secondary Plan considered 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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ANALYSIS AND RATIONALE FOR RECOMMENDATION

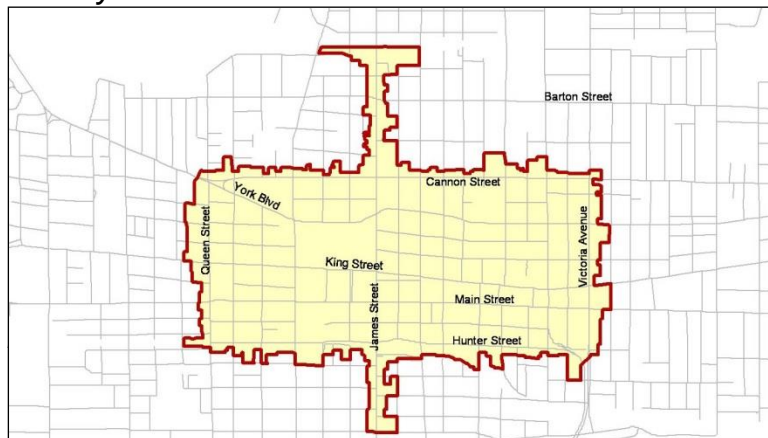
2017 Survey (UGC)

Tenure	Jobs	%
Full-time	17,133	68%
Part-time	5,963	23%
Seasonal	2,263	9%
Total	25,359	100%

Annual Totals (UGC)

Year	Jobs	Increase
2016	25,027	
2017	25,394	332

Survey Area



Downtown Hamilton Urban Growth Centre Employment

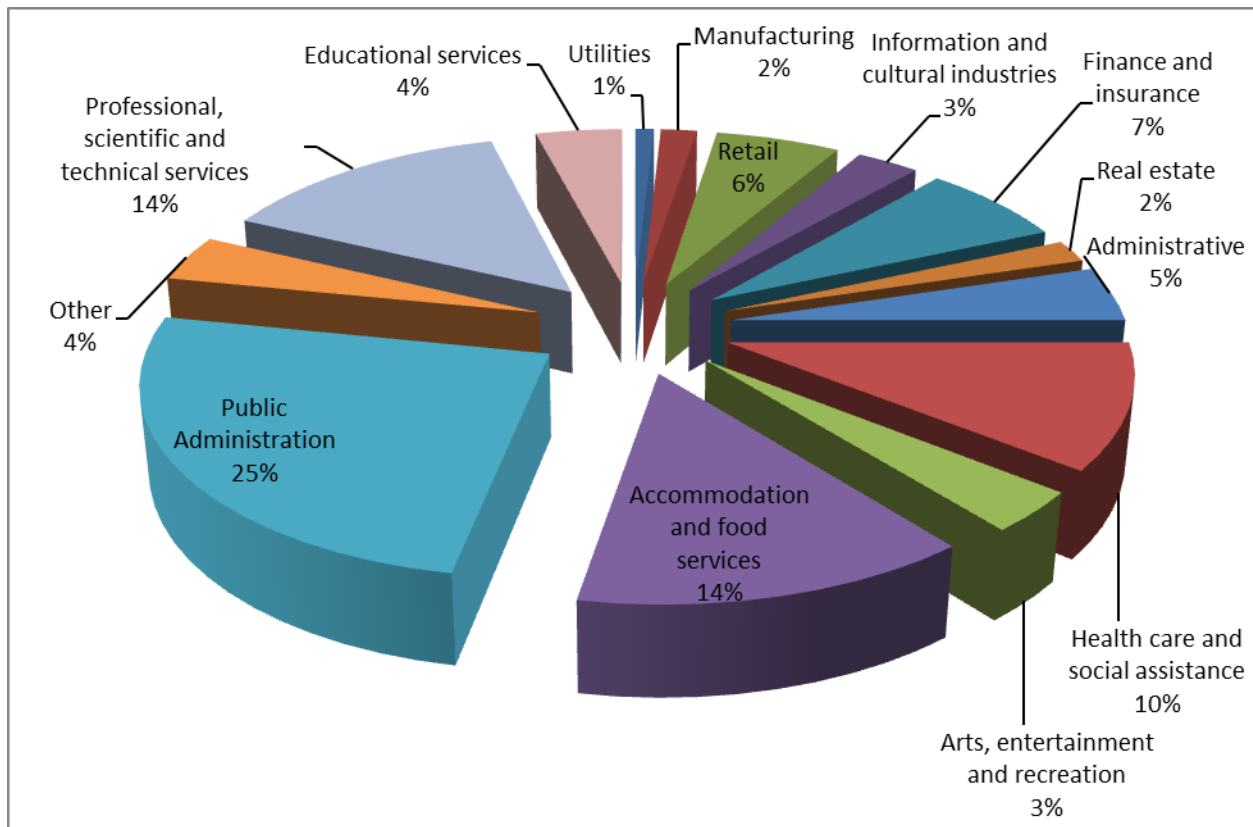
Type	2016	2017	Change 2016-2017
Utilities	259	220	-39
Construction	45	34	-11
Manufacturing	393	429	36
Wholesale trade	45	31	-14
Retail	1423	1483	60
Transportation and warehousing	62	115	53
Information and cultural industries	814	748	-66
Finance and insurance	2061	1753	-308
Real estate and rental and leasing	558	479	-79
Professional, scientific and technical services	3559	3485	-74
Management of companies and enterprises	0	9	9
Administrative	1459	1175	167
Educational services	1037	1031	-6
Health care and social assistance	2560	2683	123
Arts, entertainment and recreation	1202	879	-323
Accommodation and food services	2240	3464	1224
Public Administration	6097	6348	251
Other	1213	993	-220
Total	25,027	25,359	332

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Urban Growth Centre 2017



Public Administration workers (Federal, Provincial and Municipal, including Police) continue to account for one quarter of the jobs in Downtown Hamilton, which has witnessed a notable growth since 2016 of approximately 5%. Professional and Scientific employment has decreased from the 2016 percentage, accounting for 74 fewer jobs in the Downtown. Finance, Insurance and Real Estate (FIRE) sector has however witnessed the most significant declines, representing an overall decrease of 14% or 387 fewer jobs. This drop was particularly reflective of the reductions by Bank of Nova Scotia which vacated over 35,000 sq. ft. after relocating some office functions out of Hamilton.

The Creative Industries sector saw a decrease in jobs in the downtown whereas Retail and Accommodation and Food Services saw an increase with “Accommodation and Food Services” in particular representing 54% growth, including an additional 1,224 new jobs.

The larger downtown employers for 2017 continue to be Public Administration, Health Care and Professional / Scientific. The year 2017 saw a total of 332 new jobs introduced to the Downtown area. There was no one single employer which attributed

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to this increase but rather an accumulative increase across all the major sectors. These sectors are now also being accompanied with the significant rise in the Accommodation and Food Services sector, which represented 13% in the 2017 Survey.

It was noted that 2016 was a unique year as it witnessed significant growth of 1,000 plus jobs in the market from previous years. Although 2017 did not demonstrate a sizable increase, it did maintain a solid, steady increase of 300 plus job growth. Declining numbers in the FIRE sector and professional and scientific services represent the largest area of concern. Further review found much of this decrease can be attributed to the Bank of Nova Scotia as opposed to a declining trend in the overall sector. Urban Renewal efforts for 2018 include conducting a FIRE sector feasibility study as well as creating a FIRE sector brochure and profile to position our efforts towards attracting and growing this sector. In addition, we are currently designing a targeted multi-year marketing campaign encouraging investment in Hamilton's commercial office opportunities.

Downtown Commercial Vacancies

In addition to the number of jobs, the survey records the number of vacant and occupied commercial units and office suites in storefronts with direct access from the street. The overall visible commercial street front vacancy indicator in the UGC is 10%, a sizeable decrease from 19% in 2016. It is noted that the vacancy in some buildings in 2016 resulted from the restoration / renovation of the space and was only temporary. The percentage vacant can vary by location, but in general, we have seen fewer vacancies across the board.

The lower number of vacant commercial units and office suites in storefronts with direct access from the street generates a positive and vibrant street level, fostering increased activity and investment.

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 2017, there was 5,289,012 sq. ft. of office space available, with 719,667 sq. ft. vacant, resulting in a 13.6% office vacancy rate. The 2017 vacancy rate is relatively stable compared to last year. Even though the Downtown saw an 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 Downtown 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. Brand name co-working

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companies are starting to show interest in Hamilton’s positive evolution. However, parking continues to be a required amenity.

Average lease rates vary from \$8.50 per sq. ft. to \$23 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 are attracted to Hamilton’s growth, for available sites, skilled talent, no congestion, efficient transportation, intermodal connectivity, and quality of life amenities, as well as more affordable housing.

Most of the large office space facilities continue to hold the highest vacant office space. Large office towers have a significant proportion of vacancy rate in the Downtown UGC. Hypothetically, if we were to remove this space from the inventory, the office vacancy rate would be closer to 9%.

The office supply continues to change as the Finance, Insurance, Real Estate sectors are starting to offer their employees co-working, working from home, and hoteling options. Buildings are being 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. The Office Tenancy Assistance Program (OTAP) and Commercial Property Improvement Grant Program (CPIGP) continue to be offered in the community downtowns including the Downtown UGC.

Downtown Urban Growth Centre Office Vacancy (sq. ft.) Year End	2011	2012	2013	2014	2015	2016	2017
Inventoried Space	5,124,900	5,327,345	5,190,095	5,265,516	5,263,295	5,293,291	5,289,012
Vacant Space	618,555	684,010	674,655	671,656	743,190	731,534	719,667
Vacancy	12.1%	12.8%	13.0%	12.8%	14.1%	13.82%	13.6%

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, creative industries, and young entrepreneurs. Existing offices tend to be for legal, accounting, finance, insurance, real estate offices, creative industries and studios.

Hamilton commenced the OTAP in 2010. In May 2016 Council approved the revised Community Renewal Community Improvement Plan (CRCIP). One of the revisions to the CRCIP included a modification of OTAP from a one percent loan to a zero percent loan; OTAP is available to downtown Hamilton and all the community downtowns. This change has seen a noticeable increase in applications, with five applications received in 2017.

The Commercial Façade Property Improvement Grant Program was also offered until the end of 2014 and is now available again as part of the CIP review. The Business

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Improvement Area Commercial Property Improvement Grant Program continues to also be available today. These Programs were considered complimentary to the OTAP.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.1 Continue to grow the non-residential tax base.
- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

APPENDICES AND SCHEDULES ATTACHED

N/A

EJ: dt