

2018 Downtown Urban Growth Centre Update

On an annual basis, surveys are conducted within the Urban Growth Centre (UGC) to collect data in order to analyze trends and benchmark the City of Hamilton’s results with respect to employment, commercial vacancies and office vacancies.

For the purposes of this review, the survey area includes both sides of the boundary streets which are Queen Street to Victoria Avenue, Hunter Street to Cannon Street and also includes James Street North to the CN Railway and James Street South to Charlton Avenue.

Survey Area



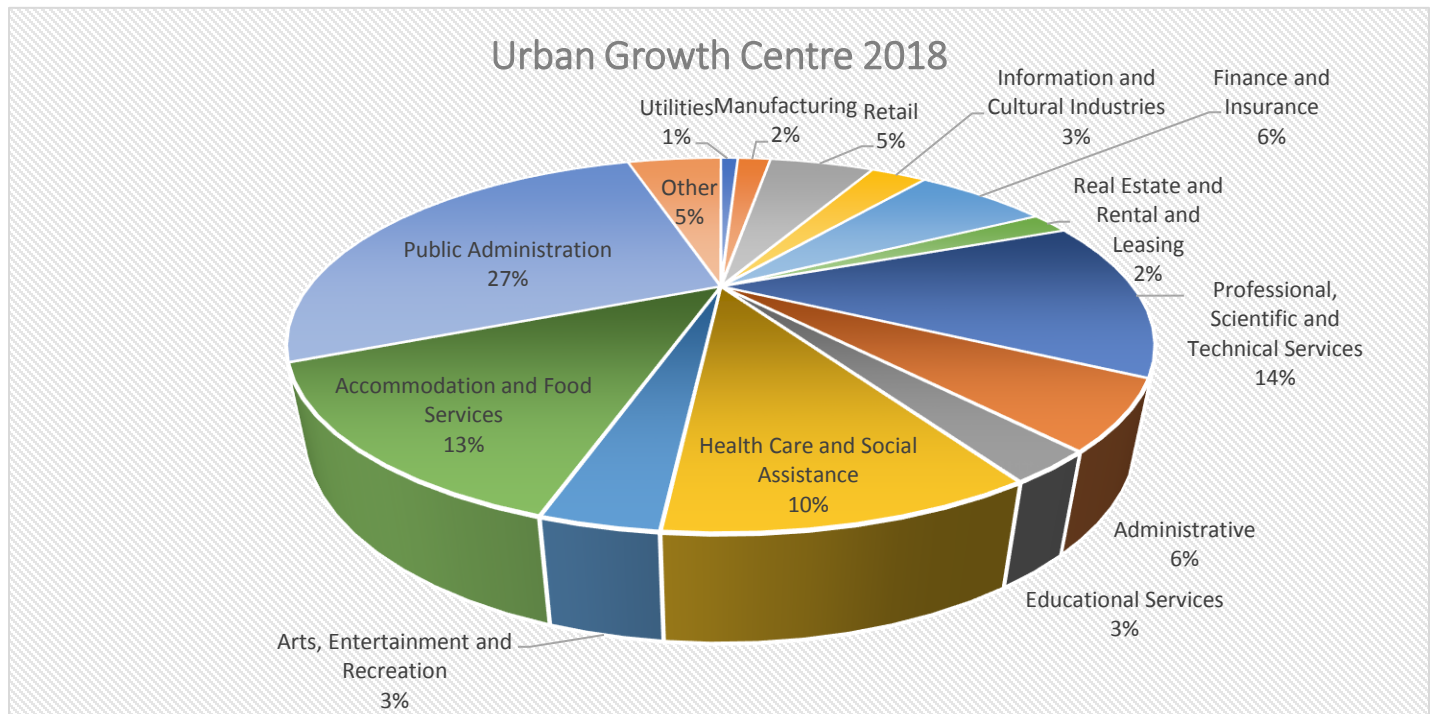
Downtown Employment Survey

Annually, the Employment Survey is completed throughout the summer for all businesses within the UGC. In 2018, there were 2,163 businesses and properties canvassed resulting in 25,666 jobs within the UGC boundaries. The responses showed an increase in 307 jobs across all industries, a 1.2% increase over 2017’s survey.

Downtown Hamilton Urban Growth Centre Employment by Industry Classification

NAICS	Type	2017	2018	Change 2017-2018
22	Utilities	220	221	+1
23	Construction	34	27	-7
31-33	Manufacturing	429	424	-5
41	Wholesale Trade	31	36	+5
44-45	Retail	1483	1343	-140
48-49	Transportation and Warehousing	115	108	-7
51	Information and Cultural Industries	748	712	-36
52	Finance and Insurance	1753	1669	-84
53	Real Estate and Rental and Leasing	479	482	+3
54	Professional, Scientific & Technical Services	3485	3448	-37
55	Management of Companies and Enterprises	9	0	-9
56	Administrative and Waste Management	1175	1472	+297
61	Educational Services	1031	665	-366
62	Health Care and Social Assistance	2683	2691	+8
71	Arts, Entertainment and Recreation	879	860	-19
72	Accommodation and Food Services	3464	3471	+7
81	Other Services (except public administration)	993	1209	+216
91	Public Administration	6348	6828	+480
	Total	25,359	25,666	+307

2018 Urban Growth Centre Employment



Public Administration workers (Federal, Provincial and Municipal, including Police) continue to account for a little over one quarter of the jobs in Downtown Hamilton, which has witnessed a notable growth since 2017, of approximately 7.5%. We have seen an increase in this sector since 2016. As per the information provided, 480 jobs were added in a year which can be attributed primarily at the Federal level. The addition of part time employees at Federal institutions/offices within the downtown core accounts for 389 jobs and 80% of the total increase in jobs within this sector.

Accommodations and Food Services as well as Professional, Scientific and Technical Services sectors each account for 14% respectively of the total jobs downtown. Both of these sectors remained relatively steady in line with 2017 numbers.

Administration and Waste Management sector also saw a 25% increase in the number of jobs within this sector. This increase can almost all be attributed to the addition of full-time call centre positions within the downtown core.

A drop of 366 jobs was seen within the Education Services sector versus 2017. It was found that in the 2017 Employment Survey, one employer was double-counted resulting in a overstatement of 227 jobs. Staff have now corrected this and will be accurately reporting moving forward. Staff have noted that due to realignments within the public schools, staffing decreases in this sector have been shown. This is a trend that staff anticipate to see reflected in the 2019 employment survey as well.

The City recently completed a Finance Insurance Real Estate Sector Feasibility study that examined the current state of the sector. The results of the study will be shared at an upcoming Committee meeting and provide insight on this sector's current employment and projections citywide. Although a slight decrease has been seen in the UGC, there is a rising trend of number of jobs in this sector across Hamilton.

In review of the data provided, it is seen that of the jobs added to within the UGC, 285 can be attributed to new businesses to the downtown. There have been fluctuations across various sectors as businesses shift but we are seeing growth and new, vibrant businesses locating in the downtown.

Annual Totals

Year	Jobs	Increase	% Change
2011	23,925	330	-----
2012	24,015	90	0.4%
2013	24,450	435	1.8%
2014	24,700	250	1.0%
2015	24,895	195	0.8%
2016	25,027	132	0.5%
2017	25,359	332	1.3%
2018	25,666	307	1.2%

Downtown Office Vacancy Survey

As shown in the chart included below, the vacancy rate of Downtown Office space has been declining year over year since 2015.

Downtown Urban Growth Centre Office Vacancy Year End 2018

Year	Inventoried Space (sq. ft.)	Vacant Space (sq. ft.)	Vacancy Rate
2011	5,124,900	618,555	12.1%
2012	5,327,345	684,010	12.8%
2013	5,190,095	674,655	13.0%
2014	5,265,516	671,656	12.8%
2015	5,263,295	743,190	14.1%
2016	5,293,291	731,534	13.8%
2017	5,289,012	719,667	13.6%
2018	5,316,916	677,585	12.7%

Additional office space added nearly 28,000 sq. ft. to the available inventory from the 2017 survey to the 2018 survey. Properties such as 10 George Street added space to the inventory in 2018. With new mixed-use developments as well as renovations of existing spaces in the UGC, staff anticipate the amount of inventoried space will continue to increase year over year.

The Urban Renewal Section continues to offer The Office Tenancy Assistance Program (OTAP) and Commercial Property Improvement Grant Program (CPIGP) in the community downtowns including the Downtown UGC. The OTAP program provides a zero percent loan for leasehold improvements and has seen a noticeable increase in applications, with three received in 2018.

Office Trends

One increasing office trend includes the growth of flex office and co-working space, bringing unique spaces to the downtown office market. Regus, the world’s largest global coworking provider opened a 13,000-sq. ft. space occupying the entire fifth floor of 21 King Street West. There is a growing trend of employers offering co-working, working from home and hoteling options to their employees.

Heritage adaptive reuse projects (e.g. King James) continue to attract tech and creative professionals to the core. These brick and beam buildings are being renovated and updated to a higher class of office space.

2018 marked significant progress in the areas of marketing available office space in the core. Hamilton was featured in CBRE’s Canadian Tech Talent Report highlighting the City’s office opportunities for tech workers and employers. In addition, Collier’s International Market Reports are prominently featuring available Hamilton Class A Office

spaces. In their Q4 – 2018 report, the gross rent for Class A space in Hamilton was \$26.21 which was lower compared to neighbouring communities; Burlington at \$31.31 and, Oakville at \$32.90.

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 10.4%, which is a slight increase in the vacancy rate from 2017, 10%. It is noted that the vacancy in some buildings in 2018 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 a trend of 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 in the downtown core.

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