



## REPORT

### Council

**Meeting Date: May 25, 2022**

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**FROM:** Economic Development Department

**DATE:** May 10, 2022

**SUBJECT:** 2021 Economic Development Annual Report

**LOCATION:**

**WARD:** Town-wide

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#### **RECOMMENDATION:**

That the staff report from the Economic Development department entitled 2021 Economic Development Annual Report, dated Tuesday, May 10, 2022 be received.

#### **KEY FACTS:**

The following are key points for consideration with respect to this report:

- Council approved the Economic Development strategy in 2019
- The purpose of this document is to provide Council with an update on 2021 economic activity, competitive positioning, and departmental initiatives
- The report includes a summary of the COVID-19 pandemic impact on Oakville businesses, and the Economic Development department response and support through recovery
- Council approved the COVID-19 Interim Recovery Action Plan in August 2021, one of five key recommendations being to support our local businesses
- This report and presentation are provided to Council for information

#### **BACKGROUND:**

In 2019, Council approved a new Economic Development Strategy for Oakville. The five-year strategy was developed in consultation with the business community, residents, and other stakeholders. The strategy speaks to the collective aspirations that emerged as priority in support of continued economic growth. The strategy's three goals focus on attracting new investment, responding to the needs of local businesses, and supporting the town's commercial districts.

On January 12, 2021, the Ontario government declared a state of emergency and issued a 28 day stay-at-home-order to address the rise of COVID-19 across the province. The stay-at-home order continued into March, when the world marked one year of the COVID-19 pandemic. The stay-at-home order expired on June 2, 2021, with the province entering step 1 of Ontario's Roadmap to Re-open framework on June 11.

At the onset of the pandemic, the Economic Development department was identified as an essential town service. As new COVID-19 variants emerged, the provincial government introduced new public health and workplace measures and, in some cases, temporary business closures. As a result, the department continued efforts to provide critical support and resources to the business and development community.

This report provides an update to Council regarding economic activity in 2021, the pandemic impact on the local economy, the Economic Development department response, and strategic initiatives.

## COMMENT/OPTIONS:

### **Business Activity**

Notwithstanding the impacts of the pandemic, Oakville welcomed several new companies across various industries and saw a number of existing companies expand in 2021. Together, this business activity resulted in approximately 1,000 new jobs.

### **New Company Arrivals**

The list below highlights several new employers locating in Oakville in 2021.

<b>Name</b>	<b>Description</b>	<b>Ward</b>
Wisecre Studios Inc.	Film/production studio	6
HealthPRO	Hospital equipment/supplies	6
Amazon	Warehousing	1
Danfoss	B2B	1
Worldpac Canada	Wholesale distributor	1
NVA Canada	Veterinary	2

*Source: Various business contacts, April 2022.*

Oakville welcomed Wisecre Studios, one of Canada's leading production companies, to the community in 2021. The project transformed nearly 79,000 sq.ft. of warehouse space into a film studio to accommodate changing productions, and employs up to 250 skilled workers daily. The studio is currently home to the CBS production of *Good Sam*, a medical drama starring Sophia Bush.

HealthPRO, a hospital equipment and supply company, is the newest tenant at 360 Oakville Place Drive, where they occupy nearly 12,000 sq.ft. and employ approximately 100 staff.

### **Company Expansions**

In addition to Oakville's new employers, existing Oakville companies including Geotab, Terrestrial Energy, SteriMax, Questica, Farm Boy, and ASL Distribution grew their staff complement in 2021.

Geotab, the world's number one commercial telematics provider, experienced rapid growth in 2021, adding 68 new jobs in various areas of the business. Geotab plans to continue to hire in 2022.

Terrestrial Energy reached an exciting milestone as they marked their 100<sup>th</sup> hire at the Oakville headquarters. In 2021, Terrestrial Energy added net 38 staff with the principal area of growth being in their engineering organization, by-far the largest component of the company.

After opening their first Oakville location in 2018, Farm Boy opened a second location in July 2021. Located in Bronte Village, the newly renovated grocery store employs approximately 140 staff.

### **Investment in People, Innovation, and Sustainability**

Continued investment in people, innovation, and sustainability is essential to supporting pandemic recovery and economic growth in Oakville. This section provides examples of federal and provincial funding investments and business innovation activity in 2021.

In late March, Siemens Canada virtually inaugurated its first Canadian MindSphere Application Center (MAC) at the Oakville headquarters. The centre now serves as an environment for customers and partners across multiple vertical markets to collaborate on driving their digital transformation agenda, focusing on smart energy grids, intelligent buildings and industry digitalization solutions serving.

Spark Power received a \$5.3 million investment through the Ontario government's Skills Development Fund to support new and enhanced state-of-the-art training to upskill 500 electrical workers. Spark Power also plans to create scholarships to encourage youth to pursue careers in electrical professions.

In December 2021, Polar Sapphire received a \$4.1 million investment from the federal government through Sustainable Development Technology Canada (SDTC). This is the second investment Polar Sapphire has received through the program, with this round of funding being used to improve the quality and purity of high-purity

alumina (HPA) used in lithium-ion batteries while expanding its market and supporting the growth of the green economy.

### **Non-residential Development Activity**

The Economic Development department monitors annual commercial and industrial development activity. Non-residential development is critical to the overall health of the economy and is a significant contributor to assessment growth. Oakville's non-residential tax base represents 12.03 per cent of the total assessment base and contributes 17.03 per cent of all town taxes levied. In 2021, this amounted to \$36,681,137 in tax revenue collected.

### **Major Non-residential Development**

The list below highlights the top ten industrial and commercial development projects in 2021, based on highest total construction value.

<b>Description</b>	<b>Type</b>	<b>Area (Sq.ft.)</b>	<b>Address</b>	<b>Ward</b>
Facility expansion: Zeton Inc.	Industrial	77,371	455 Michigan Drive	1
New two-storey office building: Spark Power	Commercial	40,056	1337 North Service Road E	6
New three-storey office building (shell only): The Interchange	Commercial	43,045	1670 North Service Road E	6
Facility expansion: Dana Canada Corp.	Industrial	3,886	656 Kerr Street	2
Tenant fit-out: new company, Kerr's Candy	Industrial	60,342	2351 Winston Park Drive	6
New two-storey building (shell only): IQ2	Commercial	28,277	1943 Ironoak Way	6
New two-storey banquet hall	Commercial	13,879	2496 Bristol Circle	6
Addition to create second floor: U-Haul Moving and Storage	Industrial	26,501 (addition) 44,929 (interior alternations)	1296 South Service Road W	2
Tenant fit-out: new company, Amazon	Industrial	49,998	529 Michigan Drive	1
Interior alternations: new company, Hilti Canada	Commercial	24,757	2201 Bristol Circle	6

Source: Town of Oakville, Economic Development, AMANDA Building Permits, 2021.

### Commercial Building Permit Activity

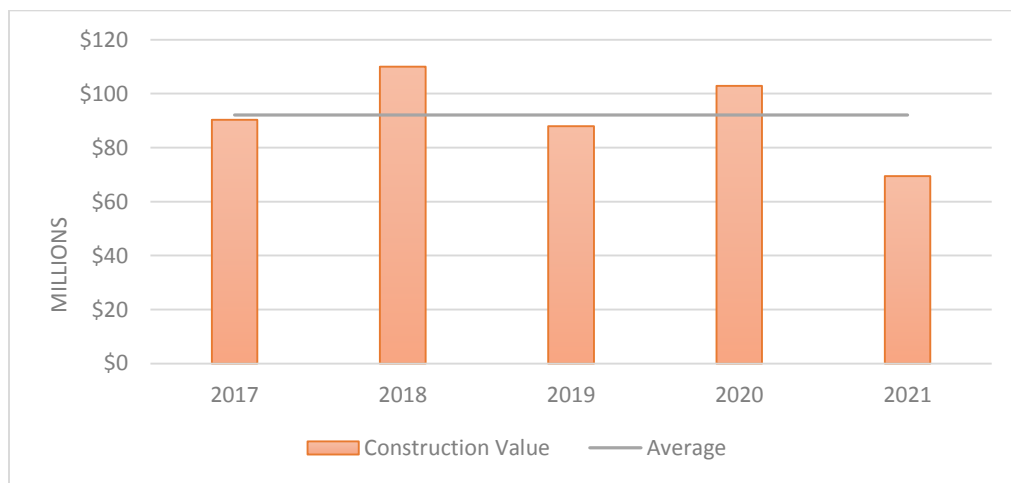
Commercial development activity reflected a reduction from 2020. Commercial construction values totaled \$69.4 million in 2021, marking the lowest total commercial construction value in the last five years. While the total construction value decreased, the number of permits increased from the previous year, due to a higher number of interior alterations and improvements to existing facilities.

New development also reflected a decrease from the previous year, totaling 164,153 sq.ft. in 2021. This new development included IQ2, a multi-building office condo development located on Ironoak Way and The Interchange, a three-storey office condo development located on North Service Road East. The construction of Spark Power’s new two-storey, state-of-the-art headquarters continued construction in 2021 with plans for completion in 2022.

Construction Value	Area (sq.ft.)	Number of permits
\$69.4 M	897,703	221

Source: Town of Oakville, Economic Development, AMANDA Building Permits. Permit revisions not included.

### Annual Commercial Building Permit Activity (Total Construction Value)



Does not include permit revisions

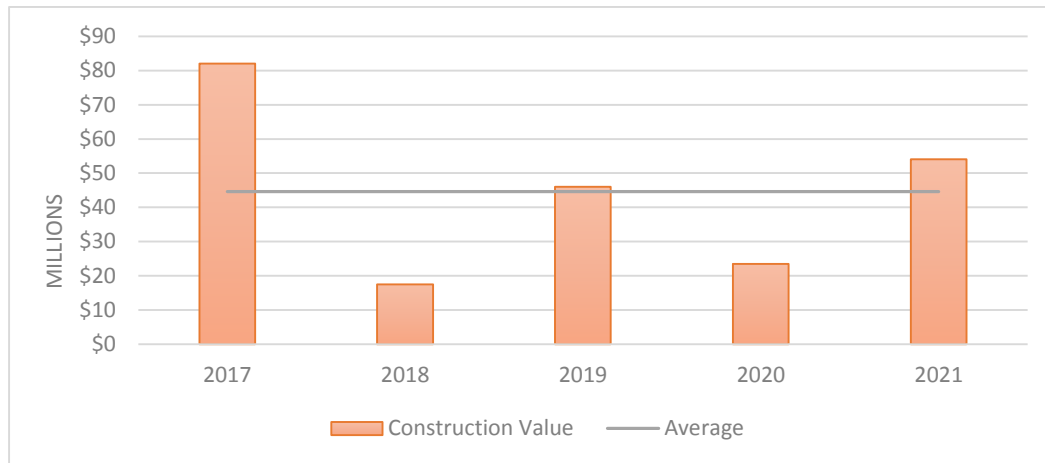
### Industrial Building Permit Activity

Industrial development activity experienced significant growth when compared to 2020 as the demand for industrial space continued to rise. Industrial construction values more than doubled in 2021, totaling \$54.3 million and included facility expansions at Zeton Inc., Dana Canada Corp., and U-Haul Moving and Storage, and the arrival of Kerr’s Candy on Winston Park Drive and Amazon on Michigan Drive.

Construction Value	Area (sq.ft.)	Number of permits
\$54.3 M	525,306	35

Source: Town of Oakville, Economic Development, AMANDA Building Permits. Permit revisions not included.

### Annual Industrial Building Permit Activity (Total Construction Value)



Does not include permit revisions

### Real Estate Market Outlook

#### Oakville’s Office Market

Oakville’s office vacancy rate continued to rise in the first three quarters of 2021, reaching its peak at 20.7 per cent in Q3, whereas Q4 2021 reflected the first decrease in the office vacancy rate since the onset of the pandemic.

Inventory (sq.ft.)	Vacancy rate (per cent)	Vacant space (sq.ft.)	Weighted avg. net rental rate (per sq.ft.)
4.5M	18.6	840,049	\$19.04

Source: CBRE Marketview Snapshot, Oakville Office Q4 2021.

#### GTA Office Market

The GTA office market experienced positive absorption for the first time since the onset of the pandemic in Q4 2021. With the emergence of the Delta variant in June and the Omicron variant in December, many companies pressed pause on plans to return to the office in 2021. The end of 2021 marks nearly two years of remote work, resulting in the increased importance of collaboration and team building when employees begin their return to the office. Overall, the market remains optimistic as a recent study found that the number of companies who anticipate an overall decrease in their office footprint decreased from 46 per cent in the summer of 2020

to 26 per cent in Q4 2021<sup>1</sup>. With the Ontario government taking action to further ease workplace safety and public health restrictions in Q1 2022, many companies have re-introduced their return to office plans, with a focus on the hybrid work model.

### **Oakville's Industrial Market**

The demand for industrial space continued to grow, outpacing supply throughout 2021. In Q4, the vacancy rate decreased from 2.4 per cent in 2020 to 1.9 per cent. For the second year in a row, the average net rental rate hit a record high at \$13.18.

There is currently a limited supply of shovel-ready industrial land and a low inventory of industrial product on the market. However, current site plan applications could bring additional industrial space to the market.

<b>Inventory (sq.ft.)</b>	<b>Vacancy rate (per cent)</b>	<b>Avg. sale price (per sq.ft.)</b>	<b>Weighted avg. net rental rate (per sq.ft.)</b>	<b>TMI (per sq.ft.)</b>
18.5M	1.9	\$323.40	\$13.18	\$3.93

Source: CBRE Marketview Snapshot, Oakville Industrial Q4 2021.

### **GTA Industrial Market**

GTA industrial rental rates stayed strong throughout the year, with the net asking lease rate reaching a record high for the 19<sup>th</sup> consecutive quarter in Q4 2021. Of the four Toronto submarkets, Toronto West now holds the highest net rental rate at \$13.26 and experienced the highest yearly absorption since year-end 2008. Industrial leasing activity remains highly active for various tenant industries including e-commerce, food and beverage, apparel and automotive.

### **Competitive Position**

To understand Oakville's competitive position as it relates to investment costs in the Greater Toronto Area (GTA), the department benchmarks Oakville against 17 surrounding municipalities in the areas of property tax, development charges, and industrial land sale values

As outlined in Appendix A: Competitive Position, Oakville's commercial market remains highly competitive, ranking within the top five in the cost comparison for taxes and development charges. Oakville's industrial market is relatively less competitive in the cost comparison for tax rates, remaining more costly than half of the municipalities reviewed, whereas Oakville's competitive position has improved from the previous year in the cost comparison for development charges. For the third year in a row, Site Selection Magazine, an international business publication covering corporate real estate and economic development, listed the

<sup>1</sup> Colliers Toronto Office Market Report, Q4 2021.

Town of Oakville in the top 20 of Canada's Best Locations to invest. Oakville is celebrated as a top choice for site selection based on significant investment and facility expansions at existing companies as well as new company arrivals.

### **Economic Development COVID-19 Response**

In 2021, new COVID-19 variants emerged prompting the provincial government to introduce public health and workplace safety measures. The Economic Development department continued to focus efforts on supporting the business community through its participation on the Recovery and Resiliency Committee, patio program, workplace self-screening rapid antigen testing program, and Digital Main Street.

### **Recovery and Resiliency Committee**

The Oakville Economic Development department along with the Oakville Chamber of Commerce, Oakville Business Improvement Associations, Visit Oakville, and Halton Region Small Business Centre form the Recovery and Resiliency Committee. The committee, which was originally formed to be the Mayor's Economic Task Force, meets regularly, providing the opportunity for key community organizations to come together and identify ways to support local businesses through the COVID-19 pandemic and into recovery.

### **Commercial Recovery Initiative**

On May 25, 2020 Council approved a Commercial Recovery Initiative to support Oakville businesses through the COVID-19 pandemic. Council extended this initiative until the end of 2022 to continue to support businesses through recovery.

- **Patio Program:** Oakville's new patio program was introduced as part of the initiative in 2020, allowing for patios, bistros, and outdoor merchandising and activities on private lands, public lands, and parking spaces. A total of 112 permits were issued in 2021, an increase of 20 per cent from the previous year. This year's patio program opened on April 13 and will run until November 1.

### **Workplace Self-screening Rapid Antigen Testing Program**

To support the safe reopening of the local economy, the Town of Oakville and Oakville Chamber of Commerce partnered to provide free rapid antigen test kits through the Ministry of Health and Health Canada's Supervised Self-Screening Program for workplace employee screening. The program was introduced with the objective to provide a valuable resource to small and medium-sized businesses to help identify asymptomatic or pre-symptomatic staff to help prevent the spread of COVID-19 in the workplace and in the community. Starting on May 11, kits were available for pick-up, by appointment only, at the former post office located at 193 Church Street. By the end of the year, 5,463 kits, which included 25 tests each, had been distributed to 1,140 businesses. The program was put on pause at the end of December 2021 due to limited inventory and resumed in March 2022.



**Digital Main Street (DMS)**

The Town of Oakville's Digital Main Street (DMS) program has been successful in serving the Oakville business community since 2019. The program was expanded in 2021 through \$75,000 in additional funding to support the Digital Service Squad (DSS). The DSS is a free resource available to small businesses that can assist with the development of a comprehensive plan to enhance their digital presence and help them apply for the Digital Transformation Grant to implement it. In 2021, the DSS worked with 215 business and 41 businesses were successful in receiving a \$2,500 grant, totaling \$102,500 through the Digital Transformation Grant program.

Since launching in 2019, Oakville's Digital Main Street program has continued to grow and has assisted more than 450 small businesses enhance their digital presence, promote products and services, and sell online. During that time period, 147 businesses were successful in receiving the Digital Transformation Grant.

**Office market investment attraction campaign – *Where Living Works***

To address Oakville's rising office vacancy rate, the Economic Development department made the decision to allocate funding received through the federal government's CanExport Community Investment Program (CECI) to support the design and layout of marketing materials for an investment attraction campaign. In alignment with the funding agreement, the department worked with an advertising firm, experienced in investment attraction and foreign direct investment (FDI), to create a digital advertising campaign to generate awareness and attract new investment to Oakville's office market.

- **Campaign development:** Through the development of the campaign, the department consulted with the business community, ICI relators, and regional and provincial partners to identify key reasons businesses choose to locate in Oakville. Through this consultation, we identified that the town's livability remains a key driver for new investment. The campaign, *Where Living Works*, brings awareness to the town's livability and the other advantages of choosing Oakville as a location to do business.
- **Key messaging:** Business thrives in Oakville, because people thrive in Oakville. It's more than balancing work and life. It's established neighborhoods, acclaimed schools, and abundant parklands – all in one place.
- **Digital marketing strategy:** The campaign launched in November 2021 on Site Selection and Area Development, two online publications that are considered among the industry's most respected and frequently utilized research tools for C-suite decision makers when looking to expand and relocate. Together, these paid promotions targeted Oakville's primary market, the United States, and generated approximately 500 gross impressions. In

addition to these paid promotions, the campaign was shared on the Economic Development department's social media channels and by our regional and provincial partners Halton Region, Toronto Global, and Invest Ontario.

### **Corporate Calling Program**

In 2021, the Economic Development department re-launched the Corporate Calling Program, providing department staff with the opportunity to have important conversations and gain a stronger understanding of current operations, priorities, and challenges among businesses in Oakville. Staff engaged with businesses across Oakville's four key sectors: professional services; digital media, ICT, and film; life sciences; and advanced manufacturing.

The program also provides an opportunity to generate awareness of department services, which include, but are not limited to, relocation and site selection services, economic, demographic, and sector data analysis, and land development and approvals assistance.

### **COVID-19 Business Recovery**

The Economic Development department continued to regularly engage with the business community as they began the road to recovery, working with partners to conduct online surveys and virtual meetings to assess the impact of the pandemic and identify areas requiring support.

### **Surveys**

In November 2021, Halton Region partnered with the Town of Oakville, City of Burlington, Town of Milton, and Town of Halton Hills to conduct a Halton Region Business Recovery Survey to better understand what measures would provide the best assistance in recovery. Of the 700 survey responses, 38 per cent represented Oakville businesses with the top five sectors of respondents being professional or business services, manufacturing, retail, health and life sciences, and personal care.

Non-essential businesses were among the hardest hit with 90 per cent reporting a decline in revenue and 50 per cent reporting that revenue decreased by more than half. Conversely, essential businesses experienced less significant revenues losses with one third of the group reporting no revenue loss or an increase in revenue. As businesses start working towards recovery, 77 per cent report that lost revenue will take more than one year to recover to pre-pandemic levels, if economic reopening continues, and 43 per cent of business owners that took on debt estimate repayment timelines exceeding two years. Many owners expressed interest in continuing with various measures initiated during COVID-19, including proof of vaccination policies for staff, expanded online sales capacity, and hybrid work options. Nearly half of survey respondents look to grow and hire additional staff in 2022.

In the area of support, businesses would like to see action and policy introduced by the federal and provincial governments to support recovery, including business tax reductions, decreased red tape, and electricity rate reductions, increased clarity on public health measures, and improved goods movement and trade. Whereas at the municipal level, businesses would like to see guidance relating to financial assistance, marketing and promotional support, financial assistance for expansion, hiring and training, and online presence and e-commerce.

In September 2021, the Peel Halton Workforce Development Group conducted an online GTA Employer Survey to identify how the labour market was changing during the current stage of recovery.

When identifying the impact of lockdowns on employment levels, nearly half of employers surveyed experienced a decrease in employment levels, while close to one fifth increased employment. According to the survey, sectors that saw an increase in employment included construction, health care and social assistance, manufacturing, professional, scientific and technical services, and transportation and warehousing. Whereas sectors with employment decrease included accommodation and food services, retail, and educational services.

When predicting hiring intentions for Q4 2021, nearly half of employers reported that they expect to increase the number of hires across all skill-level occupations with a specific focus on low and mid-skilled workers. When looking to specific skill expectations, employers are most interested in employable skills, technical and vocational skills, working independently, and leadership skills. Experience using basic software was noted as a requirement by 59 per cent of survey respondents. During the pandemic, nearly 50 per cent of employers said that their non-essential employees worked from home most of the time. Post-pandemic, the majority of employers with more than 100 employees expect to move to a hybrid model, with employees working from home 30-70 per cent of the time.

Oakville businesses took advantage of federal and provincial support programs, including but not limited to the Canada Emergency Wage Subsidy (CEWS), Canada Emergency Rent Subsidy (CERS), and the Ontario Small Business Grant. In January 2022, Statistics Canada released Regional and Community-level Canada Emergency Wage Subsidy data.

As outlined in Appendix B: Statistics Canada Community-level Canada Emergency Wage Subsidy (CEWS) data, Oakville businesses, across various industries utilized the wage subsidy to pay and rehire staff during the pandemic. When comparing data from March 2020 to March 2021, manufacturing remained the highest in subsidy amount, whereas accommodation and food services and retail trade presented in the top three for CEWS rehire count.

### **Economic Development Strategic Initiatives**

In addition to regular department functions for business attraction, retention and expansion, the following key initiatives were undertaken to support strategic goals and objectives.

#### **Business Stream pilot**

Economic Development, in partnership with Building Services, implemented a pilot program to provide enhanced service to priority non-residential building permit applications. The pilot was designed in response to feedback from the business and development community, and was identified as a major initiative in Oakville Council's Strategic Plan Refresh: 2019 – 2022. In 2021, three files were successfully supported through the pilot program, generating key sector job growth and new industrial development. The pilot service commitment included a dedicated team approach, enhanced communication, and a commitment to project timelines. As a result of this pilot, Building Services has created a new approach to permit issuance whereby each permit application will now be treated as a project. Each project will have a dedicated team assigned to ensure a timely approvals process and personal contact with staff to answer any questions or concerns. This new approach will get people building and enhance Oakville's competitiveness for new investment.

#### **Brownfields Community Improvement Plan (CIP)**

Oakville received and approved two Brownfield CIP applications in 2021. Abejen Investments Ltd. was successful in receiving a Phase I Environmental Study Grant and AutoChrome Ltd. was successful in receiving a Phase II Environmental Study Grant. Abejen Investments Ltd. completed their study in 2021 and AutoChrome Ltd. will complete their work in 2022.

#### **Customer Relationship Management (CRM) System**

In 2020, the Economic Development department identified the need for a customer relationship management (CRM) system to centralize business intelligence. In 2021, Economic Development, together with Information Technology Solutions (ITS) staff developed a CRM system on SharePoint. Since the system launched, it has enhanced customer service through improved information sharing, and has created operational efficiencies for the department.

#### **New Community Profile**

Oakville's new Community Profile – Where Living Works – was developed as a continuation of the investment attraction campaign that was launched in November 2021. The profile highlights the advantages of choosing Oakville as a location for business and key information for businesses to make an investment decision, including demographic data, top industries, and real estate market trends. The Town of Oakville received a Marketing Canada Award from the Economic Developers

Association of Canada (EDAC), recognizing Oakville's new Community Profile in the single publication five-plus pages category.

### **Ontario Auto Mayors**

The Ontario Auto Mayors 2021 Action Plan had three main areas of focus: competitiveness, investment attraction, and electric vehicle (EV) adoption. In 2021, EV financial incentives were proposed for consideration in the United States as part of the *Build Back Better* bill. In response, Mayor Burton wrote a letter on behalf of the Auto Mayors to the Federal government, advocating for equalizing action and conveying that without action, the proposed incentives hinder Ontario's ability to attract supply chain investments and will have long-lasting effects on the Canadian economy and jobs the automotive industry provides.

In November 2021, the Provincial government announced *Driving Prosperity Phase 2: getting ahead of the curve*. Mayor Burton, on behalf of the Auto Mayors, expressed support for *Phase 2* as its goals align with the Ontario Auto Mayors 2021 Action Plan. These goals will continue to strengthen the Ontario auto sector and ensure that it will remain competitive.

### **Oakville Film Office**

In 2021, Oakville's Film Office received more than 100 film requests, generating approximately \$750,000 in revenue. A long-term film contract was secured in 2020 with a major production company at Centennial Pool and the Oakville Centre for the Performing Arts – this project continued until the end of Q2 2021.

### **Toronto Global Targeted Regional Campaign**

In November 2021, Toronto Global, in partnership with Halton Region and the local municipalities, launched a regional targeted campaign for Halton Region with a focus on Automation and E-mobility. Complete with display advertisements, a landing page, business case, and promotion on social media, the campaign aimed to attract leads to complement the significant presence of the automation and e-mobility sector in Halton. The business case provided visibility for Oakville-based companies including Hexagon Manufacturing, Promotion, Javelin Technologies, Ford Motor Company of Canada, Dana Canada Corporation, JML Electric Inc., Geotab, Burloak Technologies, and Siemens Canada.

### **2022 Recovery Initiatives**

The Economic Development department will continue to monitor the impact of the pandemic on the business and development community throughout 2022. The department will continue to focus efforts on:

- Collaboration with stakeholders on recovery efforts
- Supporting Commercial Recovery Initiative programs
- Applying for additional funding to support the Digital Main Street Program

- Continuing a partnership with the Oakville Chamber of Commerce to support the Workplace Self-screening Rapid Antigen Testing Program
- Providing up-to-date information on programs and funding opportunities

**CONSIDERATIONS:**

**(A) PUBLIC**

N/A

**(B) FINANCIAL**

There are no financial implications as this report provides an information update to Council.

**(C) IMPACT ON OTHER DEPARTMENTS & USERS**

There is no impact on other departments and users.

**(D) CORPORATE STRATEGIC GOALS**

This report addresses the corporate strategic goal(s) to:

- Enhance our economic environment
- Continuously improve our programs and services
- Be accountable in everything we do
- Be the most livable town in Canada

**(E) CLIMATE CHANGE/ACTION**

N/A

**APPENDICES:**

Appendix A: Competitive Position

Appendix B: Statistics Canada Community-level Canada Emergency Wage Subsidy (CEWS) data

Prepared by:

Milan Bowie

Economic Development & Research Officer

Recommended and submitted by:

Rebekah Diec Stormes

Director