

## REPORT

### Council

**Meeting Date: May 29, 2023**

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**FROM:** Economic Development Department

**DATE:** May 16, 2023

**SUBJECT:** 2022 Economic Development Annual Report

**LOCATION:** Town-wide

**WARD:** Town-wide

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#### **RECOMMENDATION:**

That the information in the staff report from the Economic Development department titled 2022 Economic Development Annual Report, dated May 16, 2023 be received.

#### **KEY FACTS:**

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

- Council approved the Oakville Economic Development Strategy in 2019.
- The purpose of this document is to provide an update to Council on 2022 economic activity, competitive positioning, and departmental initiatives in support of Economic Development Strategy goals.
- This report and presentation are provided to Council for information.

#### **BACKGROUND:**

In 2019, Council approved a new five-year Economic Development strategy for Oakville. The strategy was developed in consultation with the business community, residents, and key stakeholders, and 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.

In addition to strategy goals, the department has prioritized pandemic response and recovery initiatives since 2020. In 2022, the Government of Ontario initiated a return to pre-pandemic business operations with the gradual lifting of all public health restrictions in advance of the summer months. Throughout the year the department continued to work in collaboration with community partners and local businesses to respond to pandemic impacts and promote continued local economic growth.

This report provides an update on economic activity in 2022 and key initiatives in support of Economic Development strategy goals. In 2023, the department will undertake the development of a new strategy to further strengthen and diversify the Oakville economy over the next five years.

## COMMENT/OPTIONS:

### **Oakville Business Activity**

In 2022, Oakville welcomed new companies to the community and celebrated the growth of the existing business base. Investments in facility expansions and innovation resulted in job creation and key sector growth.

### **New Company Arrivals**

The list below highlights new company arrivals in 2022 and totals approximately 300 new jobs. Lower than average new employment creation reflects pandemic impacts on new investment activity. Most new company arrivals moved operations into existing industrial space with a concentration of activity in ward 6 employment areas.

Name	Description	Ward
Agilisium	Software consultant	6
Blyth Brewing and Distilling	Beverage manufacturing company office operations	6
Canada Sleep and Décor Ltd.	Home textile goods	6
Candybox Marketing	Digital marketing agency	6
Clover Co.	Coworking and studio space	2
Eagle Partners Financial Solutions	Financial planning and wealth management firm	3
Groupe 3737	Not-for-profit supporting women entrepreneurs	
Hilti Canada Corporation	Construction industry manufacturer and supplier	6
Meditex Global Ltd.	Medical equipment and supplies	6
Wolseley Canada Inc.	Distributor of plumbing, HVAC, waterworks and industrial products	6

*Town of Oakville, Economic Development department, April 2023; CBRE Marketview Reports 2022*

Several of Oakville's new companies are market leaders in the construction industry supply chain. Of note, Hilti Canada Corporation moved its head office from Mississauga, bringing 100 new jobs. In addition, Wolseley Canada, a major construction industry wholesale distributor, opened a new 21,000 sq.ft. location in Oakville on Winston Park Drive.

Within the professional services sector, Oakville welcomed award-winning digital marketing agency, Candybox Marketing to the community in November. The

company is celebrated as one of Canada's best workplaces and is ranked among its fastest-growing companies. Oakville continues to be a draw for new investment in the coworking market, with Clover Co. opening a new location on Speers Road designed to provide collaborative coworking space for entrepreneurs and content creators.

### Expansions & Investments

In 2022, economic activity also took the form of existing company expansions with several major employers investing in facility upgrades to drive innovation and expand operational capacity. Private and public sector investments in Oakville company growth created new jobs supported key sector development.

Zeton, a world leader in pilot plant design and fabrication, consolidated operations into their newly expanded 77,000 sq.ft. facility on Michigan Drive. The expansion project was designed to house the company's full staff team and to support the fabrication of sanitary systems for the food, biotech and pharma industries. The advanced manufacturing sector experienced further growth with major employer Collins Aerospace investing in upgrades to their South Service Road location to expand operational capacity.

Within the professional services sector, Siemens Canada celebrated its 110<sup>th</sup> anniversary with a reimagining of their Canadian headquarters in Oakville. The company unveiled newly renovated office space to support hybrid work and a state-of-the-art living lab to foster opportunities for co-creation. Software company Questica continued to expand their Oakville headcount throughout 2022 to grow operations within the community.

Oakville's coworking market experienced further growth as Ace Coworking celebrated the opening of a second facility on Trafalgar Road. Ace Coworking's expanded operations create new flexible and dedicated office and meeting room space for entrepreneurs to start and grow their businesses in Oakville.

Several Oakville companies were successful in receiving major provincial and federal funding support to strengthen Ontario's manufacturing supply chain and advance innovation:

- Burloak Technologies, in partnership with McGuire Aero Propulsion Solutions Inc., received \$5.7M in funding through NGen: Canada's Advanced Manufacturing Supercluster. The funding supports the development of new advanced manufacturing technology for parts applications, including high temperature and high-speed rotating parts, and is supported by the National Research Council of Canada.
- Canadian Hospital Specialties Ltd., a medical device manufacturer and distributor, received provincial funding through the *Ontario Together Fund* to modernize and expand operations in Oakville, creating 50 new jobs. Funding for the project will build the domestic supply chain of made-in-Ontario products and support emergency readiness.

- Fourmark Manufacturing, a family-owned manufacturer of recyclable packaging for the food, health, beauty, and industrial sectors, received \$1.4M in repayable contributions from the Federal Economic Development Agency for Southern Ontario (FedDev). The funding will be used to adopt new equipment, increase production capacity, and create new jobs.

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

The Economic Development department monitors annual commercial and industrial development activity. Oakville's non-residential tax base represents 13.65 per cent of the total assessment base and contributes 20.10 per cent of all town taxes levied. In 2022, this amounted to \$45.4 million in tax revenue collected.

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

The list below highlights the top ten commercial and industrial development projects in 2022, based on highest total building permit construction value.

Type	Description	Address	Construction Value	Area (sq.ft.)	Ward
Industrial	New single-storey, multi-unit industrial buildings – Tafia Developments	65, 71, 77, 83 & 89 Loyalist Trail	\$12.5M	167,684	7
Office	Interior alterations to FCT Canada offices	2235 Sheridan Garden Dr	\$8M	85,024	3
Hotel	Construction of new five-storey hotel	2913 Sherwood Heights Drive	\$8M	62,151	3
Industrial	New one-storey industrial building – Melrose Investments	3278 South Service Rd W	\$7.5M	127,665	1
Industrial	New one-storey industrial building – Melrose Investments	3518 Wyecroft Rd	\$7.5M	46,027	1
Office	New multi-use, two-storey office condominiums – iQ2, Black Dog Development	1939 Ironoak Way	\$6M	39,977	6
Industrial	Company expansion – Collins Aerospace	1400 South Service Rd W	\$5M	10,215	2
Retail	New Food Basics grocery store	3535 Rebecca St	\$3.9M	34,517	1

Retail	Uptown Core retail improvements	234 Hays Blvd	\$2.4M	165,981	5
Office	Tenant fit-out – CIBC wealth management	2275 Upper Middle Rd E	\$1.5M	5,856	6

Source: Town of Oakville, Economic Development, AMANDA, Building Permits, 2022

### Commercial Building Permit Activity

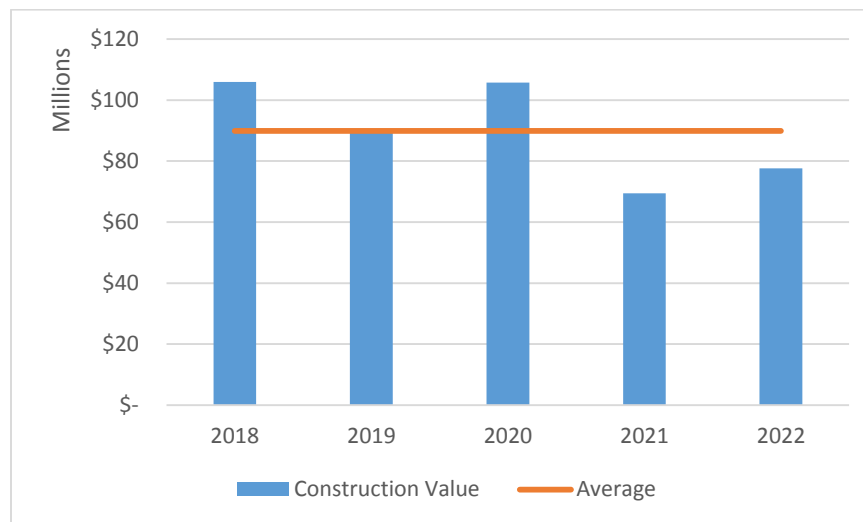
Commercial development activity increased overall in 2022, with total square-footage and construction values higher than in 2021. Building permit activity primarily took the form of interior alterations, with companies like FCT Canada investing in improvements to existing office space. New commercial development activity accounted for a total of 206,188 sq.ft. of total development and includes new multi-use office condos in the iQ2 development on Ironoak Way.

Construction Value	Area (sq.ft.)	Number of permits
\$77.6M	1,222,021	222

Source: Town of Oakville, Economic Development, AMANDA Building Permits, 2022. Permit revisions not included.

### Five-year Commercial Building Permit Activity, Total Construction Value

Annual Average Construction Value: \$106M



Data does not include permit revisions.

### Industrial Building Permit Activity

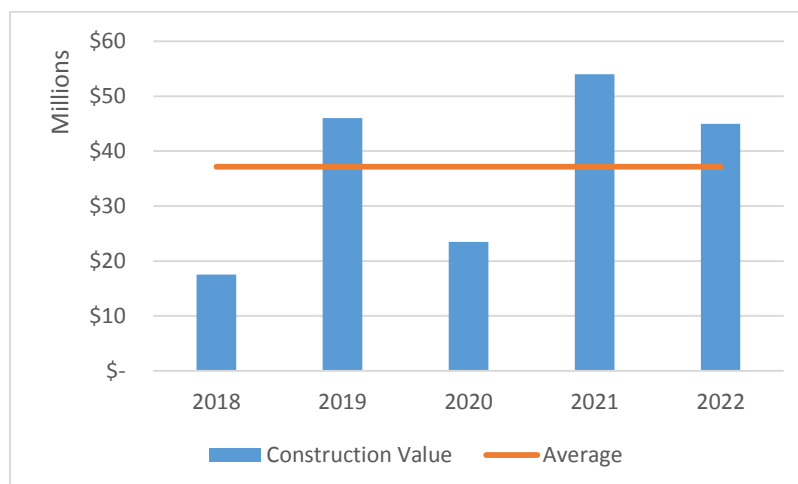
Industrial development activity reflects a decrease in building permit construction values from 2021, however the total construction value remains higher than the five-year average at \$44.9M.

Oakville's industrial market continues to grow with new development activity accounting for 78% of total square-footage of building permit activity and totalling 351,134 sq.ft. Major industrial development projects will bring new space to a high-demand market, and include five new single-storey industrial buildings on Loyalist Trail in North Oakville and two new single-storey industrial buildings in Melrose Investments' Burloak Business Park.

Construction Value	Area (sq.ft.)	Number of permits
\$44.9M	449,188	36

### Five-year Industrial Building Permit Activity, Total Construction Value

Annual Average Construction Value: \$37M



Data does not include permit revisions.

## Oakville Real Estate Market Overview

### Office Market

Oakville's office vacancy rate increased to 19.6% in 2022 from 18.6% in 2021 and includes direct and sublet activity. Of note, the overall net rental rate per sq.ft. in Oakville's office market reflected the highest asking net rental rate across the GTA West in Q4 of 2022.

Commercial real estate market reports reflect a year-over-year increase in sublease activity signalling office tenants may be seeking to mitigate costs associated with unused real estate. The department continues to engage with office-based employers and ICI realtors to understand the impacts of the shift to work-from-home, rising interest rates, and inflation on the Oakville office market. An analysis of the

current state of the market will be undertaken through the development of Oakville's new five-year Economic Development strategy.

Inventory (sq.ft.)	Vacancy rate (per cent)	Vacant space – direct & sublet (sq.ft.)	Weighted avg. net rental rate (per sq.ft.)
4.7M	19.6%	917,705	\$19.34

Source: CBRE Marketview Snapshot, Oakville Office Q4 2022

### Industrial Market

Oakville's industrial market remains in high demand with the vacancy rate reaching a record low 0.3% in 2022, down from 1.9% in 2021. New industrial construction commenced in 2022 on several major projects which will alleviate some demand for space and create new opportunities for investment. Construction has started for Fengate's Oak West Corporate Centre Phase II, which includes 3 new single-storey industrial buildings and will total approximately 360,000 sq.ft.

Inventory (sq.ft.)	Vacancy rate (per cent)	Average sale price (per sq.ft.)	Weighted avg. net rental rate (per sq.ft.)	TMI (per sq.ft.)
18.6M	0.3%	\$417.14	\$15.49	\$3.84

Source: CBRE Marketview Snapshot, Oakville Industrial Q4 2022

### Competitive Position

To ensure Oakville remains competitive for new investment, the Economic Development department benchmarks the town against 17 surrounding Greater Toronto Area (GTA) municipalities in the areas of non-residential development charges (DCs), property taxes, and industrial land sale values.

As outlined in *Appendix A: Competitive Position*, Oakville's commercial market remains highly competitive from a cost perspective. Oakville ranks within the top five municipalities reviewed for non-residential property taxes and development charges, making it a competitive market for new office investment.

Oakville's industrial market remains relatively less competitive, with industrial tax rates higher than more than half of the municipalities reviewed, and development charges only slightly more competitive, ranking within the top ten. Despite this, Oakville's industrial market continues to experience high demand.

In 2022, Oakville was once again recognized by Site Selection Magazine as one of the best locations to invest in Canada for the fourth year in a row. Oakville's new company arrivals, facility expansions, and new job creation have earned the community recognition among Canada's top 20 locations by the international site selection publication.

### **Economic Recovery Efforts**

Although public health restrictions gradually eased throughout 2022, Oakville's business community remains in a period of economic recovery. Many businesses face continued cost pressures resulting from inflation, rising interest rates, and changing workplace operational models.

Oakville's Economic Development department continued to work in collaboration with strategic partners and the local business community to address issues facing the local economy emerging from the pandemic.

- **Commercial Recovery Initiative:** Oakville's Commercial Recovery Initiative was approved in 2020 to support main street businesses through the pandemic. The initiative was extended until the end of 2022 and included waived fees and the use of on-street parking spaces for Oakville's seasonal patio program to support local businesses and add to the vibrancy of Oakville's commercial districts.
- **Digital Main Street Program:** The Digital Main Street program continued to help more local businesses adopt online technologies to improve sales, marketing, and back-office operations. In 2022, the Town of Oakville received \$195,000 in grant funds to extend the program until 2024. The local Digital Service Squad has three trained specialists that can support small businesses as they digitally transform how they promote and run their business.

The DSS worked with 250 new and existing businesses in 2022, and 54 businesses were successful in receiving a \$2,500 Digital Transformation Grant. Since launching in 2019, the program has assisted more than 550 businesses through one-on-one consultations and 201 businesses have received the \$2,500 grant, totaling over \$500,000.

- **Recovery and Resiliency Committee:** The department continued to meet regularly with the Oakville Chamber of Commerce, Business Improvement Area Associations (BIAs), Visit Oakville, and Halton Region Small Business Centre to identify ways to work in partnership to support economic recovery and resiliency.
- **Workplace Self-screening Rapid Antigen Testing Program:** The Town continued to work in partnership with the Oakville Chamber of Commerce to provide free rapid antigen test kits through the Ministry of Health and Health Canada's Supervised Self-Screening Program for workplace employee screening. More than 12,700 kits were distributed through the program in 2022 to 430 businesses, helping to reduce the spread of COVID in the workplace.

### **2022 Department Updates**

In February 2022, Dorothy St. George retired from the Town of Oakville after leading the Economic Development department for 14 years. Following Dorothy's



retirement, the Town welcomed new Director Rebekah Diec Stormes, moving from the Manager role to the leadership position.

At the same time, the department moved operations under the Community Development Commission allowing for greater opportunities for alignment and collaboration with Commission departments.

Key initiatives undertaken by the department in 2022 include:

- **Brownfields Community Improvement Plan (CIP):** Autochrome Ltd. completed a Phase II ESA on their property at 520 Speers Road in 2022. Previously approved through the Brownfields CIP Environmental Study Grant program, the company was successful in receiving grant funding for the project from the Town of Oakville in partnership with Halton Region.
- **Corporate Calling Program:** The department continued corporate calling efforts throughout 2022 to gain a stronger understanding of current operations, priorities, and challenges facing the business community and to introduce department supports.
- **Film Office:** The Film Office received 135 film requests and coordinated 107 film days in 2022, resulting in \$150,000 in town revenue. Filming activities occurred on municipal streets, in recreation facilities, parks and open space, as well as in Downtown Oakville and Kerr Village BIAs. The Film Office was pleased to welcome Adam Sandler in *You Are SO Not Invited To My Bat Mitzvah!*, Arnold Schwarzenegger in *UTAP* and Nicolas Cage in *Dream Scenario*.
- **Ontario Auto Mayors:** In partnership with Trillium Network for Advanced Manufacturing, the department hosted an Auto Mayors Economic Development Officers (EDO) meeting to revisit the 2021 Action Plan and develop updated recommendations for the next term of Ontario Auto Mayors. The working session included participation from more than 25 municipalities from across the province together with Ontario's auto makers to explore ways to support the industry's transition to electric vehicles (EVs).
- **Perspective Globe & Mail Insert:** In October 2022, the department participated in the Oakville edition of Perspective Magazine, distributed through The Globe & Mail. The magazine positioned Oakville as one of Canada's best locations to invest, highlighted the town's incredible quality of life, and showcased transformative upcoming change in Midtown Oakville.
- **Toronto Global Funding Renewal:** Halton Region entered into a new three-year funding agreement with Toronto Global for the provision of foreign direct investment (FDI) services, ending in 2025. The department continues to work in partnership with Toronto Global through Halton Region to promote Oakville as a destination for international investment.

**2023 Strategic Priorities**

In 2023, the Economic Development department will continue to prioritize ongoing support for the growth and diversification of the Oakville economy. With a view to respond to new changes facing the local business community, 2023 efforts include:

- The development of a new five-year Economic Development Strategy
- A Municipal Accommodation Tax (MAT) utilization strategy
- The launch of a new Film Office Pilot to attract and support investments in the film industry in Oakville
- Continued support of the Ontario Auto Mayors initiatives to promote growth in the automotive sector
- Supporting the development of a new permanent seasonal patio program in partnership with Planning Services.
- Conducting a review of Community Improvement Plans (CIPs) to identify mechanisms to further promote and incentivize new investment and job creation
- Undertaking a data project to create an up-to-date inventory of businesses in Oakville to better understand the community's employment base and key sector growth
- Hosting a familiarization tour in partnership with Halton Region and the Ministry of Economic Development, Job Creation, and Trade for international attendees of the Collision Toronto Conference to showcase Oakville's thriving technology sector and promote opportunities for new investment

**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

Prepared by:

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Senior Economic Development Officer

Recommended and Submitted by:

Rebekah Diec Stormes

Director