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January 30, 2024

Project: OL.OA

VIA EMAIL - vicki.tytanec@oakville.ca
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Re: Midtown Oakville Preferred Concept

Dear Town Staff & Consultant Team Members,

SGL Planning & Design Inc. represents Oak-Lane Park Investments Inc., the owners of 570 Trafalgar Road (the “subject site”), which is currently leased to Oak-Land Ford Lincoln. We have been participating in the Midtown Secondary Plan for the past three years and have provided numerous submissions on behalf of our client. We have reviewed the presentation material for the January 30th 2024 Committee of the Whole meeting. Our client is concerned, as the preferred concept shows the subject site within a *Mixed Use Office and Education Focus* precinct, with office uses shown specifically on the site, along with a new mid-block connection. The preferred concept remains similar to Concept A and we submitted a letter detailing our concerns with that concept on December 15th 2023.

We acknowledge that a residential base (or *underlying land use*) is proposed across all of the subject site. We also acknowledge that key policy directions, per the January 30th presentation slides, include “establishing minimum directions for non-residential employment generating uses within precincts, particularly in the precincts with the most complex land use expectations and greatest height and density.” However, at this time, it is unclear what proportion of the lands will be required for office uses versus residential. Would there be a minimum percentage of gross floor area that our client would be required to provide for office uses in a redevelopment plan? Or would specific office buildings be required, as it appears to be shown in the renderings on slide 37 (axonometric drawings)?

What if office space is not supported by market demand by the time the site is redeveloped?

The presentation slides from the October 25th, 2023 Midtown Oakville Public Engagement Session include a brief discussion of the market, noting that “the development of Midtown Oakville must consider market trends and plan for the future” and state that “high interest rates and remote work prevalence have slowed demand for

both residential **and office** [emphasis added].” These slides also note that “historic low demand [for office] must be considered” and that more spaces are becoming vacant.

A recent Coldwell Banker Richard Ellis (CBRE) report, *Canada Office Figures Q4 2023*, notes that, in Toronto, 625,000 square feet of new office supply “was delivered mostly vacant”. In fact, several Ontario cities (Toronto, London, Waterloo Region) posted rising vacancy, with Toronto’s being the result of slowing leasing and vacant new supply. Numerous media outlets have published articles on the subject, with the Toronto Star noting that the current office vacancy rate is at its highest level since 1996, with 17.4% of downtown office space sitting empty in Q4. This same article speaks to Toronto’s suburban office space (i.e., areas outside of the downtown core) and even higher vacancy rates (20.3% in Q4). The Star quotes Sal Guatieri, senior economist and director at BMO Capital Markets, who said: “The office space is the hardest hit segment of commercial real estate” and “office space vacancy rate will stay elevated until a lot more of these buildings can be converted to other uses, in particular living spaces”. More than 2.5 million square feet of office space (0.5% of nationwide inventory) was converted to residential uses in 2023. Factors impacting the reduced need for office space include the work-from-home movement, risk of recession, high interest rates, cost cutting measures by businesses and increases in wages.

Our client is prepared to provide for non-residential uses on the site including a potential flagship car dealership. However, in our opinion, an office focus on the subject site does not consider current market conditions or potential future trends. A requirement that office uses be provided for on the lands at 570 Trafalgar Road does not align with our client’s vision for the future of the site and may result in underused/vacant space which could be better allocated to different uses, including providing much-needed housing in the Greater Toronto Area.

Sincerely,

SGL Planning & Design, Inc.



Paul Lowes MCIP RPP
Principal



Graham Barrett
Planner

c.c. Stephen Waque [REDACTED]