Appendix D

Town of Oakville

Midtown Oakville Market Feasibility Analysis

September 2024

N. Barry Lyon Consultants Ltd.

Town of Oakville

Midtown Oakville Market Feasibility Analysis

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Disclaimer:

The conclusions contained in this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC, therefore, assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.

This report has been prepared solely for the purposes outlined herein and is not to be relied upon, or used for any other purposes, or by any other party without the prior written authorization from N. Barry Lyon Consultants Limited.

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Executive Summary

N. Barry Lyon Consultants Limited ('NBLC') has been retained by the Town of Oakville ('the Town') to provide market expertise related to the Midtown Oakville area. As part of the ongoing work on the Midtown Oakville Official Plan Amendment, the Town requested a market analysis to help guide the policy framework and anchor it in market realities. This includes critically examining Halton Region's population and employment forecast for Midtown from a market perspective.

Our work examined historical trends for high-density residential and non-residential developments in Oakville and comparable communities to Midtown Oakville, and looks forward to the probable level of demand, considering emerging market influences.

Key findings and conclusions from this report include:

- The Town of Oakville has largely been a low to medium-density community, but with a growing level of market interest in high-density apartment living.
- The Midtown Oakville area has a number of elements that are working in its favour as the Town looks to have it transition to a mixed-use transit-oriented community. This includes transit accessibility, proximity to established retail centres, vehicular accessibility, and proximity to Sheridan College.
- Notwithstanding the above, there are some factors that need to be considered that could limit residential demand at this location, particularly in the near-term. This includes:
    - GO transit and local bus routes do not drive demand to the same extent as subway service or LRT service as part of a wider local transit network;
    - Most other similar communities to Midtown Oakville in the GTA have grown at modest paces – many averaging under 200 units absorbed annually, and few exceeding 400 units absorbed annually;
    - The current conditions of the area could make initial phases somewhat challenging from a market perspective due to the lack of a welcoming public realm, pedestrian environment, and the existing mix of uses.
- Given the above, expectations for residential demand and annual absorption should be tempered, particularly in the near-term. Over the next decade, NBLC expects that demand for residential uses in Midtown Oakville could be in the range of 200 to 300 units annually. It would be reasonable to assume that demand will grow over time, and that beyond the next 10-years, annual demand for residential units will grow beyond this range. Investments in the public realm by the Town of Oakville could also help boost demand at this location over the near and long-term.

- These estimates by NBLC are much lower than what has been forecasted through the Region of Halton's Joint Best Planning Estimates ('JBPE'), which suggest population in the Midtown Oakville area will grow at a pace that could require 500+ units annually. Outside of the City of Toronto, this would be an absorption rate that is surpassed only by powerful submarkets like Mississauga City Centre and Vaughan Metropolitan Centre (which is serviced by TTC subway service). While annual residential demand should grow over time, we do not believe that there is current market evidence for this level of annual absorption today or in the near-term (~10 years).
- Our estimates for annual residential demand are generally agnostic to building heights as they are not likely to materially impact market demand in Midtown Oakville. However, we do note that building heights impact how an area builds out and the overall feel of the community as projects are completed. Larger towers of 40 or 50+ storeys will require a longer build out timeline than those in the range of 20 to 30-storeys.
- Further, while there are several applications in Midtown Oakville for towers over 50-storeys, and market conditions can change in the future, there is currently no market evidence that would suggest near-term absorption success for projects at this scale. Projects of a more modest scale are likely to face less absorption risk while accelerating the build out of built form and public realm.
- On the non-residential side, the office market in the GTA is experiencing significant challenges, and soft market conditions are expected to be sustained for the foreseeable future. Oakville is not a significant office market, and is not expected to become one while these market conditions persist. We anticipate that the non-residential space in Midtown Oakville will be focused primarily on retail uses, particularly those that serve new Midtown residents.
- The Region of Halton's JBPE jobs forecast suggests that as much as 150,000 sf annually could be expected over the coming decades. Based on the current and forecasted conditions in the non-residential market, and historical and planned trends in comparable communities, these JBPEs are unrealistic for Midtown Oakville from a market perspective.
- Given the likelihood that attracting non-residential uses to this area will be more challenging than attracting residential uses, we conclude our report with a number of recommendations related to non-residential uses to maximize their impact. This includes:
  - Focusing retail uses along strategic spines, away from Trafalgar Road and Cornwall Road;
  - If office space is desired, considering offsets and public-sector interventions;
  - Maintaining flexibility for future office development;
  - Considering how public realm design can support retail and other non-residential uses;
  - Supporting retail uses with community amenities, and consistent and quality programming.

1.0 Introduction

N. Barry Lyon Consultants Limited (‘NBLC’) has been retained by the Town of Oakville (‘the Town’) to provide market expertise related to the Midtown Oakville area (herein referred to as ‘the subject site’).

As part of the ongoing work on the Midtown Oakville Official Plan Amendment, the Town is seeking a market analysis to help guide the policy framework and anchor it in market realities. This includes critically examining Halton Region’s population and employment forecast for Midtown Oakville from a market perspective.

Our analysis considers demand for the area based on a review of the site strengths and shortcomings and the historical performance of high density developments in the Town and other comparable communities.

Figure 1: Midtown Oakville Boundaries

2.0 Midtown Oakville

The Midtown Oakville area is 103 hectares and situated south of Highway 403 and north of Cornwall Road, between Cross Avenue and Chartwell Road. The area has been developed for a range of commercial and industrial uses, leveraging its access and proximity to the QEW.

The emerging vision for Midtown Oakville is to leverage the value of the GO transit service along with its strategic position within the community into a mixed-use, high-density development that will accommodate a notable portion of Oakville's growing population – which is expected to double between 2021 and 2051. The Town's current Official Plan identifies Midtown Oakville as a primary Growth Area, intended to accommodate the highest level of intensification. A minimum gross density of 200 jobs and residents per hectare has been established.

Halton Region released "Best Planning Estimates" for Oakville in August 2023. These estimates forecast that Midtown Oakville could achieve growth of nearly 32,000 persons and 12,000 jobs between 2021 and 2051. This represents about 14% of population growth and 12% of job growth in the Town of Oakville over this period.

Table 1 below summarizes the estimated growth by decade. This report examines these forecasts from a market perspective.

Table 1

Joint Best Planning Estimates - Population and Jobs
Midtown Oakville, 2021 to 2051

	2021		2031		2041		2051		30-Year Growth
	Total	10-Year Growth	Total	10-Year Growth	Total	10-Year Growth	Total	10-Year Growth	
Population	639	-	11,710	11,071	24,140	12,430	32,472	8,332	31,833
Jobs	5,459	-	7,376	1,917	12,801	5,425	17,268	4,467	11,809

Source: Halton Region Joint Best Planning Estimates, August 15, 2023

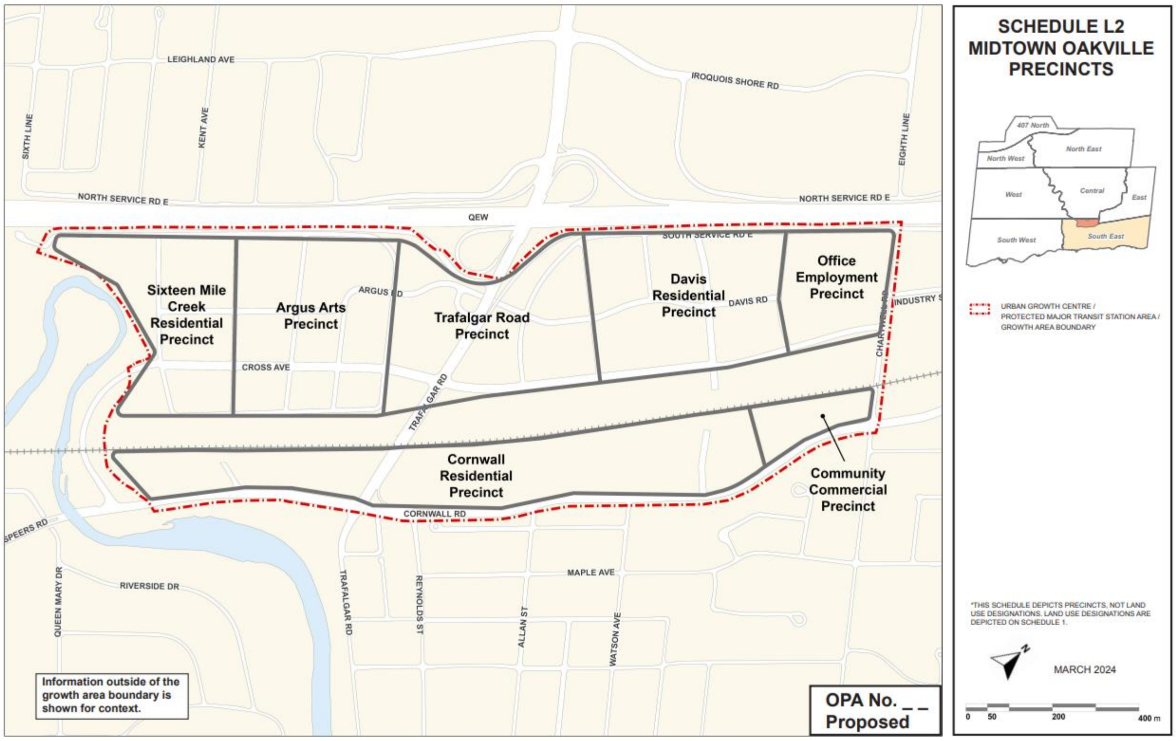
2.1 Draft Proposed Midtown Oakville Official Plan Amendment

According to the draft Official Plan Amendment ('OPA') for Midtown Oakville, the area will be split into seven precincts (Figure 2). The following provides a high-level overview of the vision for each of these precincts according to the OPA:

- **Trafalgar Road Precinct:** Located at the centre of Midtown Oakville, this precinct will have the most diverse mix of land uses and the highest intensity of development. This precinct acts as an important entryway into Midtown Oakville.

- **Argus Arts Precinct:** Located west of the Trafalgar Road Precinct, and directly north of the GO Station, this area is expected to include mixed-use development, including residential uses with a focus on providing the widest range of arts and cultural facilities and retail areas.

Figure 2: Midtown Oakville Precincts



Source: Town of Oakville

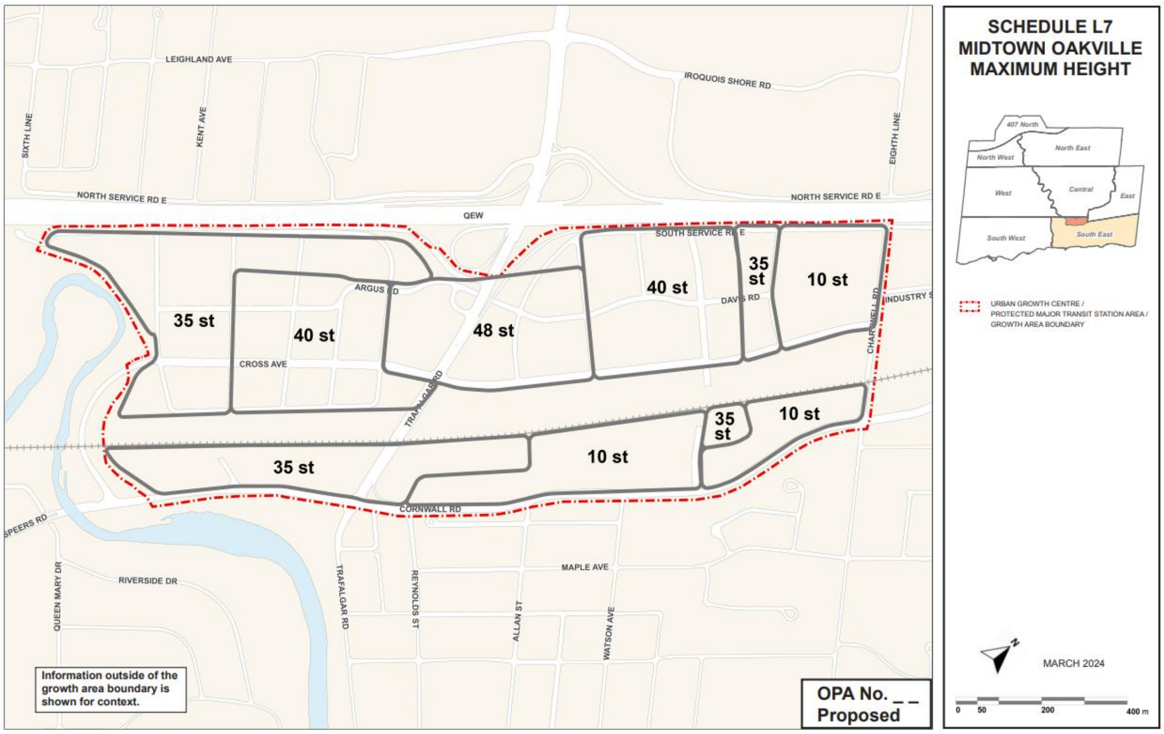
- **Residential Precincts:** There are three residential precincts in the Midtown Oakville area – Sixteen Mile Creek, Cornwall, and Davis. These precincts are envisioned as mixed-use neighbourhoods that include residential uses and community-serving retail and service uses. They are envisioned to provide transition from the higher density precincts to the established neighbourhoods surrounding Midtown Oakville.
- **Office Employment Precinct:** Located at the northeast end of Midtown Oakville, this precinct is intended to support existing and future employment uses including major and secondary office uses. The focus of this precinct is non-residential uses, as opposed to residential uses.
- **Community Commercial Precinct:** Located at the southeast end of Midtown Oakville, this precinct is envisioned to provide a non-residential land use buffer between the rail yard and sensitive uses, while also providing important retail, commercial, service, and institutional uses to serve the local community.

The focus of residential uses throughout Midtown Oakville will be apartment forms within mid-rise and high-rise buildings. Figure 3 illustrates the current direction related to maximum heights across

Midtown Oakville – ranging from a maximum of 10-storeys to the east and south, up to 48-storeys in the Trafalgar Road Precinct.

These maximum heights are subject to change as work on the OPA continues. We note that several development applications in the area are already meeting or exceeding these heights.

Figure 3: Midtown Oakville Maximum Heights



Source: Town of Oakville

2.2 Proposed Developments in Midtown Oakville

NBLC has identified 10 active development applications of note in Midtown Oakville. Table 2 provides summary information on the applications, while Figure 4 on page 6 illustrates their location. The following are some key findings from these applications:

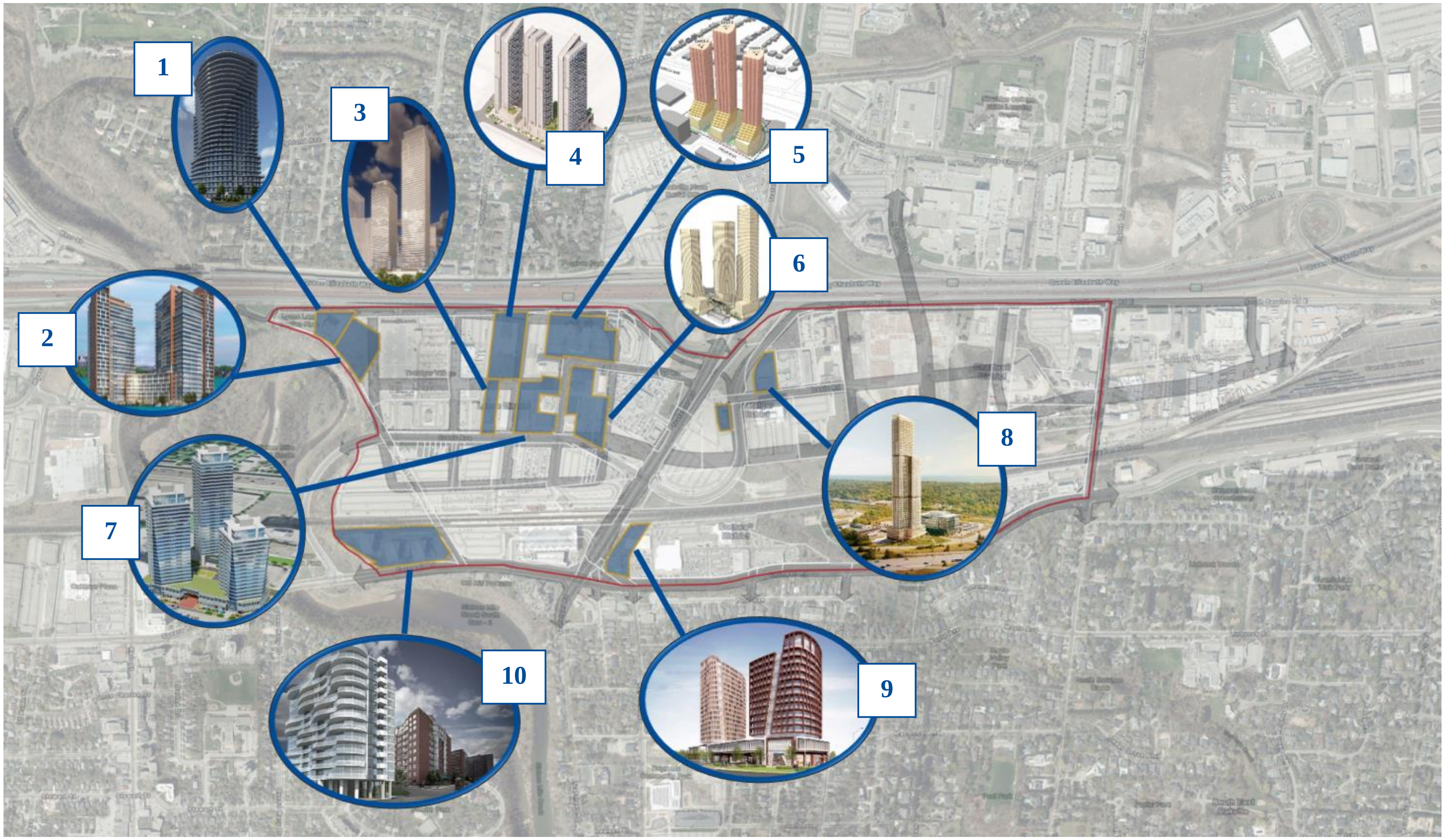
- The 10 applications total just under 8,900 apartment units, along with about 243,000 sf of identified non-residential space that features a near even split between proposed office and retail space. This non-residential space represents about 28 sf per residential unit.
- For the most part, these are large scale, multi phased developments, with 7 of 10 applications proposing multiple towers, five applications proposing building heights in excess of 40-storeys, including four with buildings above 50-storeys, and four applications proposing more than 1,000 units.

- Suite mix information was available for six applications. The mix of proposed units was skewed heavily towards one-bedroom units (with or without dens), accounting for 58% of units across these six applications. Two-bedroom units accounted for 31% of units, while three-bedroom and studio units accounted for smaller 7% and 4% proportions, respectively.
- NBLC was able to collect unit sizing information for the same six applications with suite mix information. Four of the six applications are considered to have very compact unit sizing – ranging from 575 sf to 607 sf on average – with the other two offering modestly higher (695 sf – 627 Lyons Lane) or generous unit sizing (894 sf – 70 Old Mill Road). The four applications with the smallest unit sizing are those with 1,000+ units, each proposing compact unit sizing closer to what is being constructed in Downtown Toronto than in new projects elsewhere in Oakville.
- Residential parking ratios (including residential visitors) average 0.74 spaces per unit across the nine applications where this information was available. Ratios ranged widely from 0.62 to 1.35 per unit, with four applications above 1.0 spaces per unit. The four applications over 1,000 units were the only ones in our survey to propose under 0.95 spaces per unit – each within a range of 0.62 to 0.66 spaces per unit.

The four applications with 1,000+ units in Midtown Oakville would be without precedence in Oakville. They all feature low parking ratios, very compact unit sizing, and higher proportions of one-bedroom unit types than has been typical in Oakville, as well as building heights and scales well beyond Town norms. Buildings of this size and composition rely heavily on a very strong investor market typically only found in the strongest market areas of the GTA.

Despite the additional transit connectivity associated with being located proximal to the GO Station in Midtown, this represents a new approach to apartment development in Oakville and it remains to be seen whether this approach can be successful from a market perspective at this scale. Currently, there is no market evidence that would suggest near-term absorption success for projects at this scale.

Figure 4: Locations of Active Development Applications in Midtown Oakville and Illustrative Renderings



Source: Images sourced from application information on Town of Oakville's website

Table 2

Active Development Applications Midtown Oakville, as of July 2024						
Map ID	Address	No. Buildings	Storeys	No. Units	Res. Parking Ratio	Non-Residential Space (sf)
1	627 Lyons Ln	1	27	281	1.00	-
2	599 Lyons Lane	2	12, 24	420	1.50	-
3	157 Cross Avenue	2	45, 61	1,198	0.65	40,031
4	166 South Service Road	3	44, 50, 58	1,851	0.63	63,011
5	590 Argus Road	3	44, 50, 58	1,750	0.66	27,481
6	217-227 Cross Avenue & 571-595 Argus Road	3	44, 49, 58	1,938	0.62	45,843
7	177-185 Cross Avenue & 580 Argus Road	3	12, 12, 20	552	1.25	32,776
8	349 Davis Road	1	58	388	1.35	24,114
9	281-291 Cornwall Road	2	14, 19	317	n/a	10,333
10	70 Old Mill Road	1	12	154	0.95	-
Total / Average (10 Applications):				**8,849**	**0.77**	**243,589**

Note: Residential parking ratio includes visitors. Source: Oakville Planning Department

3.0 Site and Surrounding Context

The following is a summary of the key site attributes that we believe will impact the marketability for a high-density residential development in this location:

- **Transit Access:** Midtown Oakville is the most transit-connected location in Oakville. The area includes the Oakville GO station, providing frequent commuter rail service between Hamilton and Toronto's Union Station. With Metrolinx's Regional Express Rail service, this station is expected to see 15-minute, two-way, all-day service in the future.

  Next to the GO station is the Oakville Transit bus terminal, featuring 16 local bus routes, providing service to locations across Oakville. The station also includes VIA Rail and GO bus service.

- **Highway Access:** The northern boundary of the Midtown Oakville area is the Queen Elizabeth Way ('QEW') / Highway 403. The proximity of the highway – accessed via Trafalgar Road – provides strong vehicular access for future Midtown Oakville residents and employees, improving access to jobs and other communities throughout the GTA.

- **Downtown Oakville:** Downtown Oakville is located less than two kilometres from the subject site, offering a wide range of shopping and dining options within a charming main street setting, as well as a number of annual events.

- **Retail Amenities:** Midtown Oakville features or is located within a short distance of major retail amenities. At Trafalgar Road and Cornwall Road is a retail plaza that includes a Whole Foods, Shoppers Drug Mart, LCBO, and other retailers and restaurants. Kerr Village is located to the west at Kerr Street and Speers Road with a number of retailers located at the intersection. Large format retailers including Home Depot can be found north of the GO station. Directly north of the QEW / Highway 403 is also Oakville Place, a major shopping mall with more than 75 retailers and dining options. Further north in North Oakville's Uptown Core, there is another concentration of retail amenities. While the proximity of these retail amenities will improve the area's residential marketability, they may limit demand for new non-residential space.

- **Sheridan College:** Sheridan College's Trafalgar campus is located a 5-minute drive or 20-minute bus ride to the north. Approximately 12,750 students attend this campus, along with approximately 2,300 faculty and staff. It is possible that this campus could drive some demand for residential uses on the subject site – either from students looking to rent, investors seeking to rent to students, or from faculty or staff.

- **Proximity to Employment:** Along the QEW / Highway 403 corridor to the west and east of Midtown Oakville, there is a significant concentration of employment uses. These uses could help drive demand for new housing from residents who want to live close to work. The nearby employment uses include the Oakville Ford Assembly Complex which employs approximately

3,600 people, making it the largest employer in Oakville. While the assembly complex is currently closed while it is being re-tooled, it is anticipated to re-open in 2027.

- **Sixteen Mile Creek and Recreational Amenities:** Sixteen Mile Creek runs along the west end of the Midtown Oakville area. The lands surrounding the creek provide a natural area with trails. Other recreational amenities are also located nearby including Glen Abbey Golf Course, Oakville Golf Club, and Cornwall Road Park.

While the above represents the positive features of the site, there are some shortcomings that should be considered and addressed where possible as the Midtown Oakville area is redeveloped.

- **Pedestrian environment:** The current state of Midtown Oakville prioritizes motor vehicles at the expense of the pedestrian environment. Narrow sidewalks along most roads, combined with high traffic along corridors like Cornwall Road and Trafalgar Road, and large expansive surface parking lots on many properties can make the environment uncomfortable for pedestrians today. However, it is likely that design interventions to improve the pedestrian environment can be incorporated through redevelopment, though this will take time over such a large geography.
- **Existing and Surrounding Uses:** The existing and surrounding mix of uses – particularly the large-format retail, expansive surface parking lots, and industrial/employment uses – could pose a challenge from a marketability perspective as not all prospective residents will want to live near these uses. This could be a particular challenge for early phases of development but should become less concerning as the area becomes more established as a mixed-use community.
- **Disconnected from Other Oakville Neighbourhoods:** The Midtown area is not currently well-connected to existing and established neighbourhoods in Oakville, making some parts of it feel as though it is on a bit of a island within the municipality. The presence of the rail corridor to the south, QEW/403 corridor to the north, and Sixteen Mile Creek to the west limit opportunities for porosity and connectivity to other areas of the Town.
- **Highway and Rail Corridor:** While access to the highway system and GO transit are two of the most significant strengths of Midtown Oakville, it is possible that they could also pose a challenge for the sites that are directly adjacent to them. Some residents may prefer not to live next to a highway or rail corridor, making the redevelopment of these parcels more challenging.

4.0 Oakville Residential Market and Demand Profile

The following provides an overview of the high-density residential market and current demand conditions in Oakville. This includes information on recent trends driving growth, forecasted population and housing growth, and commentary on market forces that are likely to impact Oakville's high density residential market in the coming years.

Oakville's Population Has Grown at a High Rate Over the Past Decade

Between the 2011 and 2021 Census periods, Oakville's population grew by 17% or 31,239 persons. This is a slightly lower rate of growth than in Halton Region (+19%), but well above that of the Toronto CMA (+11%).

Much of this new growth has occurred in North Oakville where there has been a significant amount of new residential development – consisting of a mix of low, medium, and high densities – in recent decades. South Oakville, closer to the subject site, has been more stable with less intense residential development for the most part.

The drivers of population growth in Oakville have been shifting over the past decade or more:

- Couple households with and without children have accounted for approximately 60% of household growth between 2011 and 2021. However, this growth slowed notably between 2016 and 2021, with one-person households growing at a higher rate according to Statistics Canada.
- In tandem with the more recent growth in one-person households – a group that often rents – renter households in Oakville have grown at a higher rate over the past decade in Oakville than ownership households, accounting for 58% of household growth and increasing from a 16% to 22% share of households. Despite this, purpose-built rental construction represents a small proportion of new development in Oakville – at just 6% of housing starts over the past five years.
    - Notably, the most significant growth in renter households since 2016 has not been within apartment built forms, but in single-detached homes. The number of renter households in single-detached homes rose by 1,865 households between 2016 and 2021, compared to 900 households in apartments, a total that was closer to that of townhouse renter growth (+735) than to single-detached homes.
- While only available at the Regional level (Halton), Statistics Canada's mid-year population estimates categorize what groups are driving population growth. We can generally assume that the groups driving Regional population growth are also doing so in Oakville. We note the following from this data set:

- Immigration has become a more significant driver of growth over the past decade relative to the one prior – estimated to represent 43% of population growth between 2014 and 2023, including 52% since 2019, compared to just 13% between 2004 and 2013.

- While internal migration – largely from elsewhere in Ontario – represented more than 60% of population growth in Halton between 2004 and 2013, this group has accounted for less than 30% of growth since 2014, including net negative internal migration in 2023 largely due to declining housing affordability.

- Non-permanent residents have increased their share of population growth from just 1% between 2004 and 2013 to 8% since 2014, including a high 35% share in 2023.

Annual Housing Completions Have Historically Been Under 2,000 Units

Between 2014 and 2023, Oakville averaged 1,616 housing completions annually, according to CMHC. The annual rate of completions only twice surpassed 2,000 units during this 10-year period.

More recently, housing completions have actually slowed in Oakville, averaging 1,485 units annually in the 5-year period between 2019 and 2023.

Notwithstanding this, the total number of completions in Oakville through the first half of 2024 has been very high at more than 2,600 units, higher than any other year on record despite only representing half the year. At the same time, housing starts have also been on the rise, averaging nearly 2,000 units per year since 2019, and already surpassing 3,000 units through the first six months of 2024. Given this, it is likely that Oakville will have elevated annual completions in the next three to five years.

Apartment Starts are on the Rise in Oakville

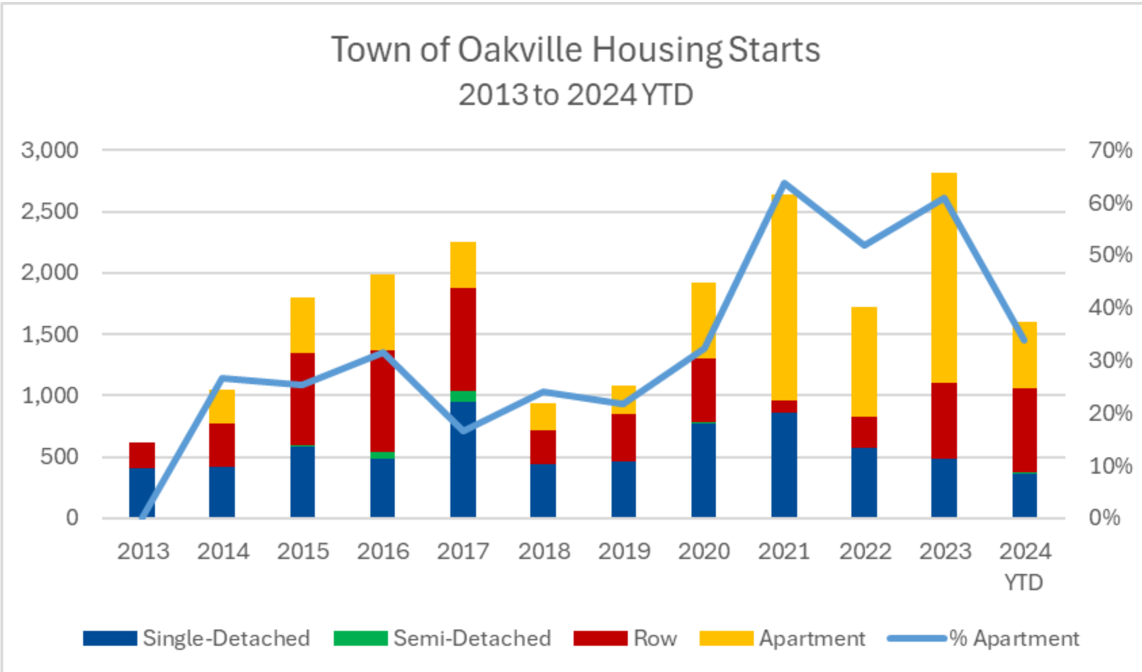
The Town of Oakville surpassed 600 apartment starts each year between 2020 and 2023, including two years of approximately 1,700 apartment starts (2021 and 2023) (Figure 5). This represents a significant increase from previous years, whereby only one of the previous six years saw more than 500 apartment starts.

This high rate of apartment starts in recent years has driven the high rate of housing completions in Oakville since the beginning of 2023 – with apartments representing about 70% of all completions, compared to about 35% over the previous five years, according to data from CMHC.

It is likely that the proportion of apartment starts will remain elevated in Oakville for the foreseeable future – though perhaps not as high as the 60%+ proportion noted in 2021 and 2023. As the supply of available greenfield lands continues to be extinguished and low-density housing prices continue to rise, apartments will only increase in appeal for future and current residents. While the recent

Regional Joint Best Planning Estimate ('JBPE') work does not delve into the split of forecasted housing units, the Town's most recent Development Charges Background Study (2022) indicates about a 50% share of apartment units over the 2021 to 2031 forecast horizon.

Figure 5



Source: Town of Oakville Planning and Development Hub

Increasing Apartment Construction Partially Driven by Affordability Challenges

Affordability constraints in the resale low-density housing market will continue to fuel demand for more attainable housing options like apartments across the GTA – including in the Town of Oakville.

The average price for a resale detached home has doubled in Oakville over the past 10 years from about $1,000,000 in July 2014 to just over $2,000,000, despite current market pricing being depressed due to elevated borrowing costs.

At the same time, incomes in Oakville only increased by 28% between the 2011 and 2021 Census periods. This is a significantly lower rate of increase than the increase in home pricing. The widening gap between income growth and housing price growth is a contributor to increasing demand for more attainable housing options including townhouses, condominium apartments, and other built forms that have yet to become significant parts of the local market like stacked townhouses. It also drives more people towards renting as they find it increasingly challenging to save a sufficient down payment to become a homeowner.

Large Majority of Apartment Starts are Condominium Tenure

Despite the rise in renter households in recent years, as noted above, there has not been a significant response from the market to deliver more purpose-built rental housing.

In the past decade, just 7% of all housing starts and 14% of apartment starts in Oakville have been for purpose-built rental units. All other housing starts have been ownership tenure, with the large majority of apartment starts being condominium tenure.

Significant Increase to Annual Development is Needed to Meet Regional Forecasts

The Joint Best Planning Estimates ('JBPE') completed by Halton Region in August 2023, indicate that a significant increase to annual residential development will be required moving forward to meet these targets. Table 3 summarizes these estimates, by decade for Oakville.

Across the 30-year planning horizon, the JBPE's indicate housing growth of more than 98,000 units from 2021 – an average of nearly 3,300 units annually, and a more than doubling of Oakville's total housing supply. The bulk of this growth is anticipated to occur over the next two decades, each forecast to average more than 3,400 units annually, before settling around 2,900 units per year between 2041 and 2051.

Table 3

Joint Best Planning Estimates - Housing Growth
Town of Oakville, 2021 to 2051

	Total Units	10-Year Growth	Annual Unit Growth
2021	73,571	-	-
2031	107,608	34,037	3,404
2041	142,398	34,790	3,479
2051	172,001	29,603	2,960
	Total / Average:	**98,430**	**3,281**

Source: Halton Region Joint Best Planning Estimates, August 15, 2023

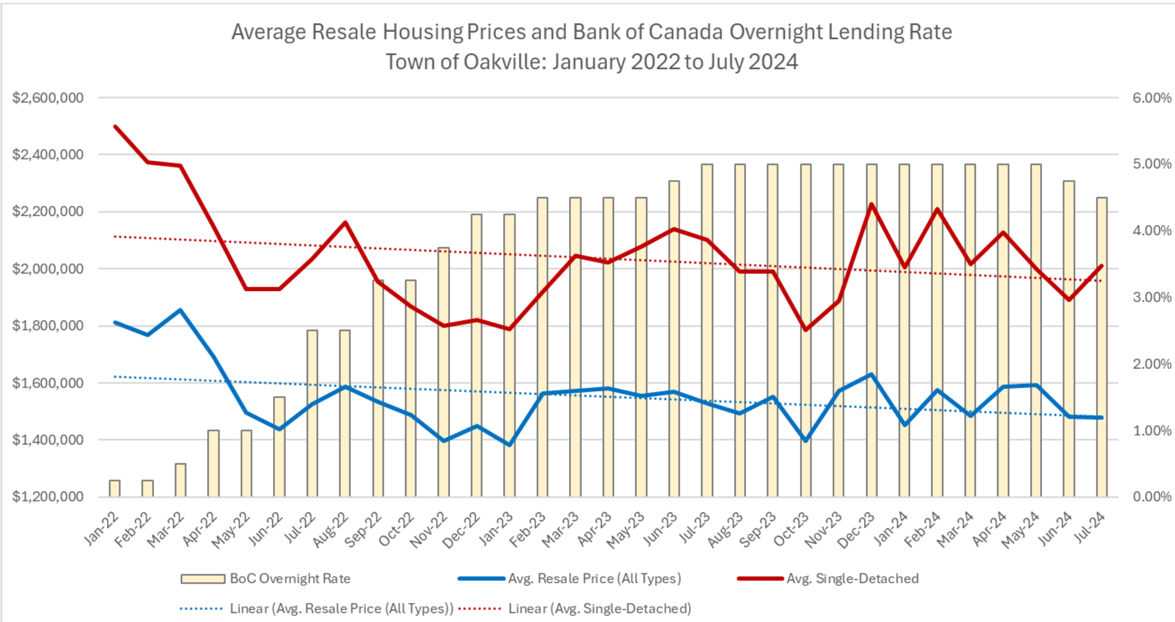
As noted previously, Oakville has averaged about 1,600 completions annually over the past decade. While some years more recently have well exceeded this, and housing starts have been on the rise, the 30-year forecast still represents a more than doubling of housing completions over a long time period. This is an aggressive assumption and the ability of Oakville to meet these targets will be reliant on both factors they can control (e.g. ensuring planning policies and processes are encouraging of new residential development) and factors outside their control (e.g. labour capacity, material availability, borrowing and construction costs, competition for demand from other municipalities, broader economic health, etc.).

Inflation and Rising Borrowing Costs have had Significant Impact on Residential Market

In order to tackle rising inflation, the Bank of Canada increased the overnight lending rate seven times in 2022, and three times during 2023. This had a significant impact on borrowing costs, leading to softening across most residential sectors. The resale market saw a notable drop in both sales and prices, while developers in the new construction sector have delayed many projects since the second half of 2022, leading to very low sales and declining pricing.

The resale market in Oakville peaked in early-2022, followed by a steep decline through Spring 2022 as interest rates started to climb. While resale prices have since fluctuated, two and a half years later in July 2024, they remained several hundred thousand dollars below the early-2022 peak (Figure 6).

Figure 6



Source: Bank of Canada, Toronto Region Real Estate Board

In the new home market, pricing for condominium apartments is down 5.5% on a per square foot basis and down 18% on an end-price basis from market peak (June 2022 and March 2022, respectively). Average prices for new low-rise homes in the GTA meanwhile are down 17% from the peak of the market in July 2022.

Higher interest rates have also impacted construction borrowing costs, which have had an impact on the feasibility of new development and on the land market.

Notwithstanding the above, it is notable that the Bank of Canada lowered the overnight lending rate by 25 basis points in June, July, and September 2024, with further cuts anticipated before the end of 2024 and into 2025. These recent rate cuts were the first in four years. At the time of writing it was still too early to determine what the ultimate impact of these cuts would be.

However, while it is possible that soft conditions could remain through much of the remainder of 2024, further rate cuts into the Spring of 2025 could bring more buyer interest back to the resale market – particularly if another 75 to 100 basis points are cut by then from the current 4.25% rate.

The new sale market may lag the resale market somewhat given challenges associated with construction costs and project feasibility.

Rising Construction Costs Impacting New Development

In addition to borrowing costs, construction costs have also been on the rise, having an impact on development feasibility and leading many projects to either be delayed or cancelled entirely.

These rising costs include both hard construction costs and soft costs such as municipal fees and charges. Table 4 summarizes how hard construction costs have changed in recent years, increasing between $83 to $175 per square foot, or 50% to 72%, since 2019, depending on the built form. At the same time, municipal fees and charges, particularly development charges, have also increased dramatically in many municipalities – including the Town of Oakville.

As costs increase, developers must either pursue pricing towards the higher end of the market, or not build at all if an adequate profit cannot be achieved. Rising costs mean that most developers now compete at the upper end of the market to achieve the rate of return on investment that will be required by lenders and equity investors in a project. Historically, new housing projects were positioned towards a broader segment of the population, including middle/ moderate-income groups, which was made possible by lower development costs and a strong supply of development-ready greenfield land where low-density housing could be built quickly.

Table 4

Change in Per Square Foot Construction Costs
GTA, 2019 to 2024

Housing Type	2019 Average	2024 Average	Change (2019 to 2024)	
Single-Detached	$165	$248	$83	50%
Townhouse	$133	$228	$95	71%
Stacked Townhouse	$158	$258	$100	63%
6-Storey Wood Apartment	$188	$288	$100	53%
12-Storey Apartment	$225	$338	$113	50%
25-Storey Apartment	$223	$338	$115	52%
40-Storey Apartment	$230	$383	$153	67%
60-Storey Apartment	$253	$428	$175	69%
Underground Parking	$138	$238	$100	72%

Note: Average pricing per square foot is based on the mid-point of the range provided by Altus Group in their annual construction cost guide.
Source: Altus Group

Labour Shortages Could Threaten Construction Industry Capacity

Labour supply for new development is a key factor contributing to the housing shortage and may be a limiting factor in the Province reaching its own goal of 1,500,000 new homes over 10 years, as well as longer term development goals for municipalities like Oakville.

The construction industry is already short an estimated 80,000 workers across Canada according to CIBC[1], including shortages for both labourers and skilled trades. A coming wave of retirements in the industry could make the problem worse over the next decade.

Job vacancies in the construction industry not only limit how much new housing can be delivered on an annual basis, but also drive-up building costs, which has a trickle-down effect on housing affordability. This could limit Oakville's ability to reach the aggressive development forecasts that have been set by Halton Region through their Joint Best Planning Estimates work.

Recent Changes to Immigration and Non-Permanent Residents Could Impact Residential and Employment Market Moving Forward

Canada's population grew by more than 1.2 million people (3.2%) in 2023, making it the highest annual population growth rate since 1957. The vast majority (98%) of the population growth was due to international migration (both permanent and temporary immigration).[2]

In 2023, Canada welcomed over 471,700 new immigrants, surpassing the Federal Government's target of 465,000 new immigrants for the year. This comes after a previous record-breaking 437,000 people became permanent residents in 2022. In response to critical labour shortages, the Federal Government has announced that annual immigration targets would increase to 500,000 newcomers in 2025 and 2026 (Figure 7).

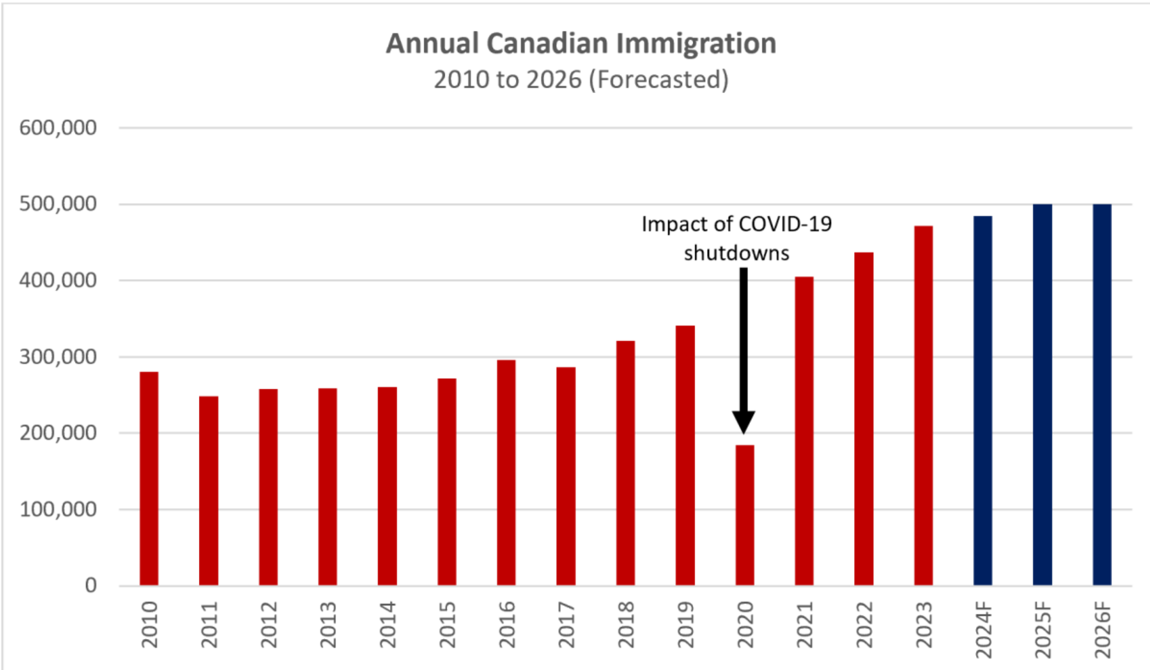
In addition to permanent residents, temporary migration to Canada has also surged in recent years, with a net increase of over 800,000 non-permanent residents in 2023. This was the second straight year that temporary immigration drove population growth and the third year in a row with a net increase of non-permanent residents. The majority of these non-permanent residents were temporary workers responding to labour market needs in the different provinces and territories, followed by international students.[3]

While Canada relies on immigrants to boost its economy and replace the aging population, record high population growth in recent years (largely attributed to a rise in temporary residents) has put further pressure on an already tight housing supply. In response to these impacts, the Federal

[1] Benjamin Tal – CIBC Economics In Focus: If they come you will build it — Canada's construction labour shortage, June 20, 2023.
[2] Statistics Canada
[3] Ibid

Government is planning to set limits on the number of temporary residents for the first time in Canada's history.

Figure 7



Source: Statistics Canada

Effective September 2024, Canada plans to reduce the number of temporary residents to 5% of the population, down from the current 6.2%, over the next three years.[4] This will essentially require that Canada's temporary residents go from an increase of more than 800,000 persons in 2023, to a decrease of 150,000 persons in each of the next three years.

These new restrictions on temporary residents will have a significant impact on Canada's growth in the coming years, despite growing immigration forecasts, with some reports indicating that annual growth is likely to decrease to about 1% annually from the 3% mark noted in 2023. How these changes will impact the Oakville market specifically remain to be seen, but this change has the potential to shift the level of demand for housing downward from the very high levels noted in recent years and is also likely to impact the employment market if companies are restricted in recruiting temporary workers.

With Price Growth Slowing, How Will Investors React in the Coming Years?

Since the early 2000's, the GTA condominium apartment market has largely been reliant on investors to drive sales to a point that builders are able to get construction financing from lenders. The

[4] CBC News: Federal government aiming to shrink temporary residents' share of population by 2027 (March 2024)

requirement for most projects to sell 70% or more of units prior to receiving construction financing has meant that pre-construction units have been less attractive to end-users who would rather not have to wait four to six years, or longer, to move into their unit.

As prices in the pre-construction condominium apartment market have increased – to levels well above similar resale units – most pre-construction investment units are no longer cash flow positive for their owners. Despite this, many investors justified their purchase given the expectation that the value of the unit will continue to appreciate annually through the pre-construction and construction periods, and for any time that they hold the unit after completion.

However, as pricing has taken a downturn over the past two years, many investors are unlikely to see the pay off they expected when purchasing a unit between 2019 and 2022. If the market remains soft in the coming years, or at least does not have the same high price growth expectations as in the past, this would reduce the appeal of these units for investors, further impacting the sales performance of new project launches. High forecasted housing completions in the GTA between 2024 and 2026 could also have a moderating impact on rent price growth, which could further impact investor decisions.

If investors are slow to return to the pre-construction market – or do not return to the same extent – it could create challenges for new development and for municipalities in trying to meet their housing forecasts, particularly in places that are expected to feature a high proportion of apartment growth. Any reduction in investor interest could also impact the scale of new development as the 40+ storey towers that have become more common in many communities may no longer be viable with slower sales paces. These dynamics are currently playing out with very few new construction apartment sales occurring in the since interest rates began to rise in 2022.

4.1 Oakville High-Density Residential Market Overview

The following provides some more detailed information on the high-density apartment market in Oakville, with additional commentary provided on macro-level market trends where appropriate. The focus is on apartment development – of condominium and rental tenure – given that this is likely to represent the large majority of new residential development in Midtown Oakville going forward.

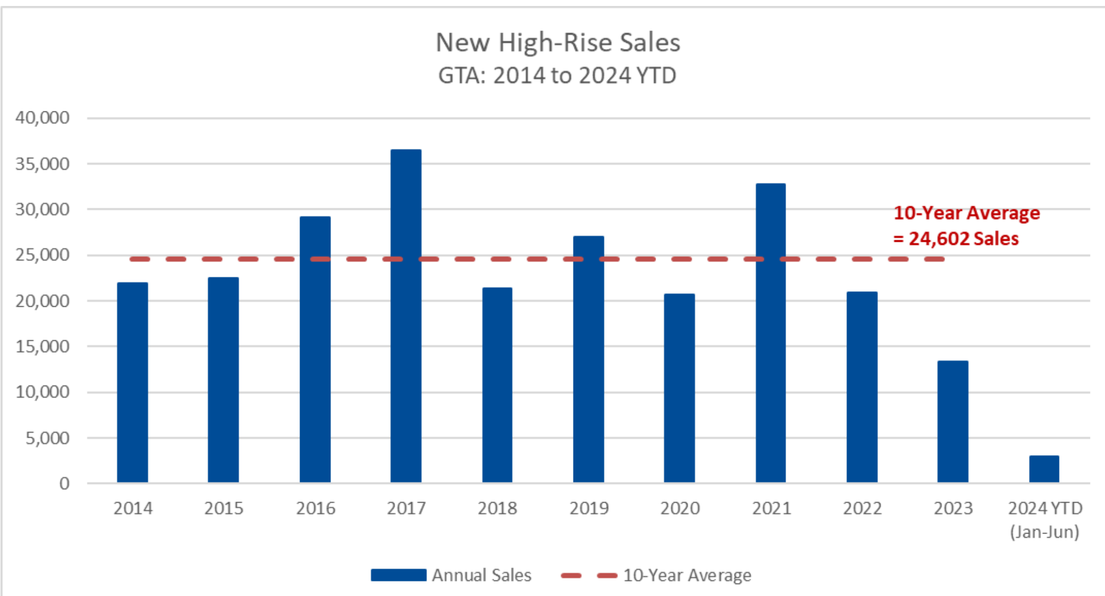
Condominium Apartment Market

As interest rates have increased since early-2022, the new condominium apartment market in the GTA has slowed, with few sales and fewer project launches. New high-density sales in 2023 were reported at less than 13,400 units (Figure 8), the lowest total since 2003. This contrasts sharply with the 10-year average of over 24,600 sales, including nearly 33,000 sales as recently as 2021. The slow sales trend has only worsened in 2024 – with sales totalling just 3,002 units through the first six months, putting 2024 on pace for fewer than half the number of sales as the already low 2023 calendar year.

The GTA level trend has also been noted in Oakville where new condominium apartment sales have slowed significantly in 2023 and 2024. As noted in Figure 9, sales slowed to fewer than 600 units in 2023 after a very strong run of nearly 1,400 units annually over the four years prior. The first half of 2024 has seen a continued slow down, with just 154 sales through six months, pacing for the lowest annual sales since 2014 (161 annual sales).

This recent run of high sales has been driven by investor buyers who have seen Oakville as a location with a shortage of rental options and more affordable purchase prices than other municipalities to the east like Mississauga and Toronto. Currently it remains unclear whether these investors will come back in the same numbers over the coming years as interest rates moderate in order to help to drive sales up to the same levels as 2019-2022.

Figure 8



Source: Altus Data Studio

Figure 9

Source: Altus Data Studio

Not only are more buildings being constructed in the north end of the municipality, but the scale of the buildings also tend to be larger, despite their distance further away from major transit and the Downtown Oakville area.

By comparison, South Oakville development has largely consisted of more modestly scaled mid-rise buildings – often positioned at the luxury market with a higher price point – along with some taller buildings in the Kerr Village and Bronte areas. The scale of buildings in the Downtown area is largely a function of planning restrictions rather than market demand.

This difference in scale – and total supply – is noted in Table 5 which summarizes actively marketing and recently sold-out condominium apartment projects in Oakville. Of the 18 buildings and nearly 3,600 units in our survey, 13 buildings and just over 3,000 units are located in North Oakville projects. These North Oakville buildings are taller (13-storeys average vs 7-storeys) and generally include far more units per building (232 units average vs 116 units). They are also generally priced more affordably, and because South Oakville projects are more likely to be positioned as luxury product, North Oakville developments also generally have smaller unit sizing.

Table 5

Actively Marketing and Recently Sold Out Condominium Apartment Projects As of June 2024					
Project Name	**Open Date**	**Storeys**	**Units**	**Sales / Month to 70% Sold**	**Sales / Month Overall**
North Oakville Projects					
ClockWork at Upper Joshua Creek - Phase 3	Oct-2023	7	163	86	18
Villages of Oak Park	Apr-2023	13	223	-	5
Post	Nov-2022	8	168	22	7
North Oak Condos at Oakvillage - Tower 4C	Sep-2022	20	231	-	2
Greenwich Condos at Oakvillage	Apr-2022	20	349	44	10
ClockWork at Upper Joshua Creek - Phase 2	Mar-2022	12	174	20	6
North Oak Condos at Oakvillage - Tower 4B	Jul-2021	16	166	9	13
North Oak Condos at Oakvillage - Tower 4A	Mar-2021	20	212	133	12
Butler	Nov-2020	8	181	58	22
Distrikt Trailside 2.0	Jul-2020	10	334	111	9
Branch	Oct-2019	8	343	23	6
Distrikt Trailside	Sep-2019	10	319	51	5
Oak & Co. - Tower IV	Apr-2019	14	154	18	2
Average (13 North Oakville Projects):		**13**	**232**	**32**	**7**
South Oakville Projects					
Gemini Condos - South Tower	Sep-2023	10	104	n/a	5
Gemini Condos - North Tower	May-2023	10	101	9	8
Residences at Bronte Lakeside	Aug-2022	6	196	n/a	4
Deane	Apr-2022	4	123	6	3
Berkshire Residences	Oct-2020	4	55	7	3
Average (5 South Oakville Projects):		**7**	**116**	**8**	**4**
Average (18 Oakville Projects)		**11**	**200**	**24**	**6**
Source: Altus Data Studio					

NBLC has noted a total of 80 condominium apartment buildings that are either currently marketing, under construction, or have completed across the Town of Oakville over the past 25 years. Of these 80 buildings, just seven (9%) have been over 20-storeys, to a maximum of 25-storeys, and only 14 have been taller than 12-storeys (18%), typically considered the maximum height for mid-rises. From a total unit perspective, they are also relatively modest, with only eight buildings having more than 300 units (10%), and 21 over 200 units (26%).

The information in Table 5 notes that absorptions have been relatively modest in these Oakville projects – averaging about 6 sales per project per month, with higher sales paces noted in the North Oakville projects. This suggests only modest investor interest in these projects.

However, these sales paces have been severely hampered by the aforementioned market slowdown. Looking at the column in Table 5 for absorption up to 70% sold – typically the threshold required to receive construction financing – we can see that sales paces were quite rapid for projects that launched prior to Spring 2022 when interest rates started to rise and the market began to slow.

While these high sales paces coincide with record sales paces in Oakville, it is likely that a 'normal' year falls somewhere in between more recent slower sales paces and the rapid rates of sales noted in the years prior to this market slowdown.

Finally, it is worth considering the mix of units that are being built in Oakville projects in recent years. According to suite mix data from 18 actively marketing condominium apartment projects in Oakville at the time of writing, approximately 55% of units in the more than 3,000 unit sample were studio or one-bedroom units (including units with dens). The remaining 45% included multiple bedrooms, predominantly two bedroom units with or without dens as three-bedroom units accounted for just 2% of all units (Table 6).

Table 6

Suite Mix and Unit Sizing - By Unit Type
Actively Marketing Condominium Apartment Projects, As of June 2024

Unit Type	No. Projects	No. Units	%	No. Sales	% Sold	Min Size (sf)	Max Size (sf)
Studio	1	1	0%	0	0%	428	428
1-Bedroom	16	675	21%	626	93%	460	748
1-Bedroom + Den	17	1,038	33%	935	90%	428	805
2-Bedroom	18	930	29%	827	89%	643	1,339
2-Bedroom + Den	17	304	10%	234	77%	702	1,753
3-Bedroom & Up	9	77	2%	69	90%	876	2,099
Other	9	130	4%	64	49%	628	1,508
Total / Average (18 Projects):		**3,155**	**100%**	**2,755**	**87%**	**428**	**2,099**

**Other includes 2-storey units and loft units.*

Source: Altus Data Studio

This trend of a higher proportion of studio and one-bedroom units – and a low proportion of three-bedroom units – is common across most communities in the GTA outside of projects that are positioned specifically towards end-users or the luxury market. The reason for this is that these smaller unit types have lower end prices, making them more attractive to the investors who have dominated sales in recent years.

New pre-construction units are generally considered unattractive for many end-users, including families, given that in most communities they can purchase a low-rise home on the resale market – or a resale condominium apartment unit – for far less than the cost of a new multi-bedroom condominium apartment unit, many of which now exceed $1,000,000. Furthermore, the purchaser has to wait three to six years before actually occupying the pre-construction unit, which does not typically align with the needs of end-users and families.

Unit sizing has also been declining in Oakville – following GTA-wide trends as developers try to keep end-prices down as costs have risen. This is particularly true in North Oakville projects where some buildings have one-bedroom units under 500 sf, two-bedroom units under 700 sf, and three-bedroom units as small as 876 sf (Table 6).

Rental Apartment Market

Oakville does not have a robust purpose-built rental apartment market. According to CMHC, Oakville had a total of 4,851 purpose-built rental units at the end of 2023, of which fewer than 450 had been completed since 2000. For the most part, high-density residential developers have primarily focused on the condominium market in recent decades as 83% of all purpose-built rental units were constructed prior to 1980.

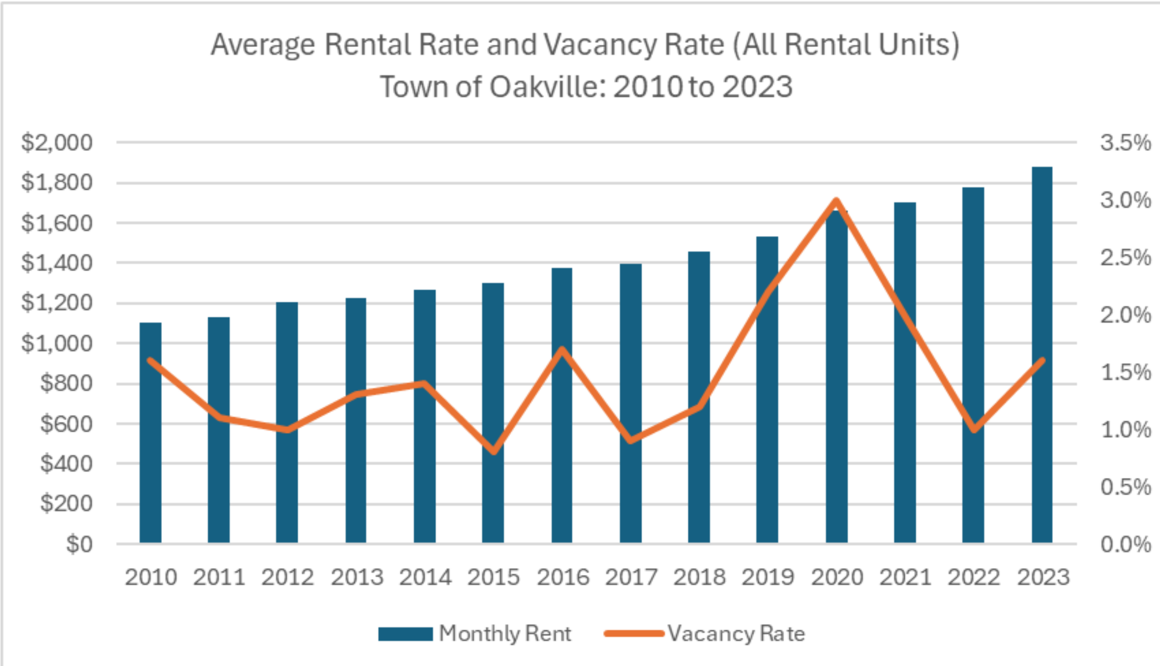
While purpose-built rental investment has been limited, this does not mean that rental demand has been soft in Oakville. As noted earlier, rental households have accounted for 58% of household growth over the past two Census periods in Oakville. Given that the purpose-built rental stock has not been growing significantly, this means that most of these renter households are renting from private investors – whether condominium apartments or low-rise homes. In fact, the number of renter households in single-detached, semi-detached, or townhouse built forms (+2,950 households) have increased far faster than those in apartments (+1,470 households) over the past five years as low-rise prices have increased significantly and affordability has declined.

Further, as noted in Figure 10, Oakville's vacancy rate has mostly hovered below 2.0% since 2010. Tight vacancy rates have meant that rental rates have risen fairly rapidly – averaging 5.4% increases annually over the past decade and rising from just over $1,200 per month in 2013 to nearly $1,900 per month in 2023 according to CMHC.

Notwithstanding this, these average rents from CMHC include all units regardless of age, quality, or whether they are currently rent controlled. A renter today would expect to pay much higher rates than this on the open market – the Toronto Regional Real Estate Board reports that one-bedroom condominium leases averaged just over $2,350 per month and two-bedrooms averaged nearly $2,950 per month in Q2-2024.

Despite this, developers have generally stayed away from purpose-built rental investment given the challenges of making a reasonable return, and less of a desire to build long-term assets. However, it is worth noting that there have been a number of changes that should benefit purpose-built rental development feasibility moving forward. Over the past 12 to 18 months, HST has been removed from new rental developments, the Provincial government announced that they will allow municipalities to provide purpose-built rental developments with a reduced property tax rate, and the Federal government is planning to bring back 10% accelerated capital cost allowance for rental developments. The Federal government also announced that they will be providing a $15 billion top-up to their existing Apartment Construction Loan Program.

Figure 10



Note: This data includes all rental units regardless of whether they are long-term rent-controlled. A renter seeking a unit on the market today would need to pay a higher price than the averages in this figure. Source: CMHC Housing Portal

These changes, along with the potential for further reductions to construction costs and interest rates in 2024 and into 2025 should help to improve the economic feasibility of new rental development in the coming years. While this may not mean that the market suddenly flips to rental being the predominant tenure of new apartment development, it should lead to increased investment relative to historical trends.

How Does Midtown Oakville Fit into the Local High-Density Market?

To date, Midtown Oakville has seen very little residential development activity, outside of three modestly-scaled condominium apartment buildings that were completed between 2000 and 2005, just west of the GO station.

Notwithstanding this, we would expect that the area will be attractive for new investment given its transit accessibility and the likelihood of permissive planning policies related to height and density relative to the rest of the municipality.

While early phases of development are likely to be met with more modest demand given the current conditions of the area, we would expect that interest will increase over time as the area builds out and as investments in the public realm occur given that there is no other location that is as well-connected from both a transit and vehicular perspective in the municipality. Though the forecasts in the JBPEs for Midtown Oakville may be higher than what is likely to materialize, particularly in the near-term, it is reasonable to assume that Midtown Oakville will be able to absorb a notable amount of the municipality's annual apartment demand going forward.

We would also expect that Midtown Oakville could set a new standard for building scale in the municipality – pushing beyond what is currently being constructed in North Oakville. However, this is not Downtown Toronto, or even Mississauga City Centre, so focusing on very tall buildings may slow the pace of build out of the area given that annual absorptions may be more modest than other more established and more powerful market locations (to be discussed in Section 6.0 and 7.0).

While Midtown Oakville may not surpass the high prices noted in some other South Oakville projects, we would expect that, as the area matures, it could garner pricing above those noted in North Oakville projects, potentially with smaller unit sizing. Over time, it is likely that projects in Midtown Oakville will offer some of, if not the smallest unit sizing in the municipality – a trend that is common in many transit-oriented communities where residents trade off living space for walkability and a host of surrounding amenities.

5.0 Oakville Non-Residential Market and Demand Profile

The following provides a high-level overview of the non-residential market, beginning with a summary of drivers of non-residential market demand – and whether they are present in Midtown Oakville – followed by an overview of the GTA and Oakville markets. The focus of this section is office and retail uses.

5.1 Drivers of Non-Residential Market Demand

To better understand the locational decisions that many non-residential developers and tenants make, it is important to understand the key factors that influence these decisions. The following are some of the key factors that drive investment in this space.

- **Access to Labour:** Arguably the most important factor shaping locational decisions, particularly for office space, is access to a deep and qualified pool of labour.
- **Transit Access:** Proximity to transit improves access for employees (labour) and for customers of a business.
- **Population Density:** Just like office tenants seek access to labour, retail businesses are typically attracted to areas that include denser populations – the greater the population density, the greater demand for retail and service uses. Population density also benefits office tenants and developers as they can take advantage of the growing population and pull from a larger labour pool.
- **Amenity-Rich Mixed-Use Environment:** There is a growing preference for amenity-rich communities that offer walkable opportunities to both live and work. Office tenants, in particular, are seeking these environments, but these areas are also attractive for retailers as they tend to attract more visitors.
- **Rents and Vacancy:** Lower rents relative to the wider market or other more popular nodes can make an area attractive to some tenants, while higher rents are attractive for developers. Available space is also important, though a lot of vacant space in a single location could be unattractive for some businesses, particularly retailers, and could be a red flag for developers.
- **Vehicular Accessibility and Parking:** Even with a growing societal preference for transit access, many suburban office/retail workers still rely heavily on private automobiles. However, this can be a double-edged sword as the need for more parking can reduce project feasibility.
- **Proximity to Post-Secondary Education:** Many sectors that fill urban office space seek to be proximal to post-secondary institutions which are a key source of highly skilled employees.
- **Agglomeration Economics:** Many office uses gain efficiencies by locating near each other, improving economies of scale, knowledge spillover, and networking effects. Agglomeration

economics also benefits retailers as concentrations of retail establishments can create shared customer bases and can increase the attractiveness of an area for retailers and consumers.

How Does Midtown Oakville Stack Up?

For the most part, the Midtown Oakville area is generally lacking in many of these drivers of non-residential demand: opportunities for agglomeration economics are currently minimal, population density is currently low, and the area is unlikely to be mistaken for an amenity-rich mixed-use environment in its current state. Further, while there is a significant amount of land which could accommodate large parking lots for new suburban-style office development (since underground parking would be very expensive), this would be contradictory to the current vision for Midtown Oakville which envisions a new dense, urban community.

Notwithstanding this, the study area does have good highway access and as it is built out, some of the other drivers should improve – most notably population density, access to labour, and the gradual emergence of a mixed-use environment. The presence of the Oakville GO station, as well as the bus terminal is also a positive, though these transit types may not be suitable for all residents and neither is as powerful of a driver of demand as a subway station. This location is also likely to have lower rents than Downtown Toronto (and even Downtown Oakville), which may be attractive for some non-residential tenants. However, lower achievable rents will also negatively influence the financial feasibility of developing new non-residential uses.

5.2 GTA Office Market

The following provides a high-level overview of the office market in the GTA to understand trends related to new investment, lease rates, vacancy, and how the market has been impacted in recent years by changes brought on by the COVID-19 pandemic.

Pre-Pandemic GTA Office Market

The COVID-19 pandemic has left a lasting impact on the non-residential market in the GTA, particularly the office sector, which is still, in 2024, in the process of recovering from the impacts in early-2020.

Starting a decade ago in 2014, and continuing until the onset of the pandemic, the market experienced tightening as an increasing number of tenants sought office space in the GTA. This trend persisted through 2018 and 2019, with the vacancy rate dipping to just 4.3% across the GTA in 2019 (Table 7).

Between 2014 and 2019, gross asking office rents in the GTA increased by 22% from under $32 per square foot (‘psf’) to just about $38.50 psf, along with an average annual net absorption of nearly 3,000,000 sf over these six years. Leasing activity during these six years was strong with 13,600,000 sf of annual leasing activity. Between 2014 and 2019, there was an average of 8,000,000 sf under construction each year with an average of 2,500,000 sf of new annual supply during these years.[5]

Table 7

GTA Office Market Statistics All Classes, 2014 to 2024									
Year End	Vacant Space (sf)	Vacancy Rate (%)	Available Space (sf)	Availability Rate (sf)	Annual Net Absorption (sf)	Annual Leasing Activity (sf)	Under Construction (sf)	New Supply (SF)	Avg Asking Rent (Gross)
2014	17,673,070	6.7%	19,599,435	7.4%	531,846	11,744,415	8,442,864	1,361,767	$31.63
2015	18,163,961	6.8%	20,307,308	7.6%	2,869,772	13,414,438	6,404,928	3,617,646	$32.25
2016	17,566,246	6.5%	20,025,520	7.4%	4,746,928	15,147,922	3,994,759	3,733,001	$32.89
2017	17,461,307	6.4%	19,294,744	7.1%	2,628,051	15,309,946	5,783,716	2,838,276	$34.98
2018	13,161,931	4.8%	14,557,096	5.3%	5,244,955	15,097,709	11,110,774	1,682,892	$37.21
2019	11,829,862	4.3%	13,415,064	4.9%	1,836,095	11,083,029	12,349,918	1,834,561	$38.49
2020	15,077,850	5.4%	18,289,432	6.6%	771,082	6,448,638	9,072,785	4,562,959	$39.37
2021	20,798,296	7.4%	24,645,981	8.8%	-3,926,417	6,708,831	12,755,779	2,346,212	$38.95
2022	25,110,510	8.8%	30,760,375	10.8%	179,930	9,898,023	9,069,950	4,705,627	$39.48
2023	27,234,426	9.5%	32,708,546	11.4%	-846,056	8,168,488	9,164,537	2,154,443	$40.56
YTD 2024	32,450,925	11.3%	38,519,248	13.4%	-1,350,333	2,867,857	8,043,039	1,289,970	$40.70
Source: Cushman & Wakefield, CBRE									

Despite the overall success of the office market across the GTA, it is crucial to recognize the pivotal role played by the Downtown Toronto submarket in driving this demand.

In 2019, nearly 40% of all office leasing activity in the GTA took place in Downtown Toronto. This trend had persisted over the years, with the Downtown submarket consistently leading leasing activity, contributing to an average of 44% of the demand between 2014 and 2019. Notably, Downtown Toronto boasted some of the lowest vacancy rates across the GTA, at just 2.6% by the close of 2019 (compared to 4.3% GTA-wide). The high demand didn't go unnoticed by developers, who focused the large majority of their investment efforts in Downtown Toronto. By the end of 2019, 81.7% of all office space under construction in the GTA was located in Downtown Toronto, reflecting its status as the prime location for office development.[6]

Post-Pandemic GTA Office Market

Into the first quarter of 2020, strong demand for office space persisted. However, the onset of the COVID-19 pandemic in March 2020 introduced unprecedented challenges. Many office-based businesses were able to swiftly transition to remote work arrangements and the demand for office space experienced a notable shift.

Uncertainty surrounding the duration and the severity of the pandemic prompted many businesses to reevaluate their office space needs, leading to a slowdown in leasing activity. Work-from-home became more common and even as health restrictions were lifted, many companies opted for a flexible arrangement or reduced their physical space requirements altogether. At the same time, a

[5] CoStar, custom property data prepared for N. Barry Lyon Consultants Limited (March 2024).

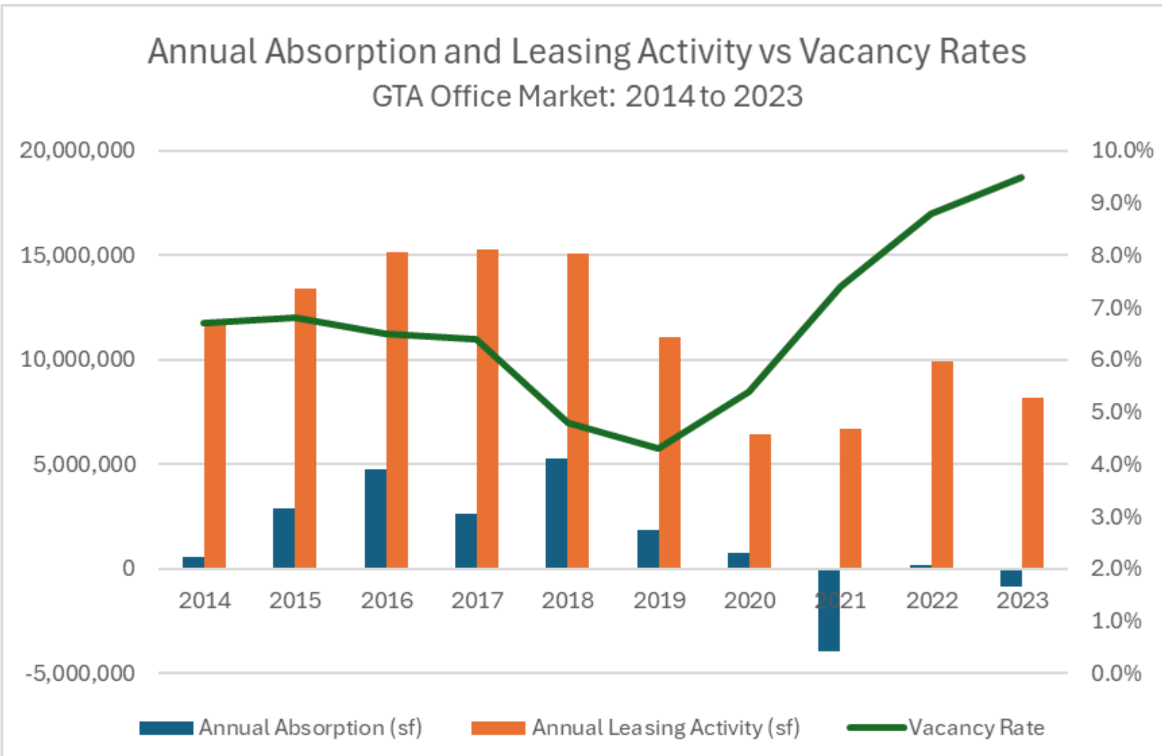
[6] CoStar, custom property data prepared for N. Barry Lyon Consultants Limited (March 2024).

significant amount of new office space continued to come online in the strongest Downtown locations from projects that were under-construction prior to the onset of the pandemic.

We note the following key trends in the GTA office market since the beginning of 2020:

- Negative absorption underscored the challenges faced by the office sector as it adjusted to the new realities brought about by the pandemic. By the end of 2021, there was nearly 4,000,000 sf of net negative absorption in the GTA, compared to an average of nearly 3,000,000 sf of positive annual absorption in the years leading up to the onset of COVID-19. While 2022 saw a modest amount of net positive absorption, the GTA office market has continued to experience net negative absorption in both 2023 and 2024 (Figure 11).

Figure 11

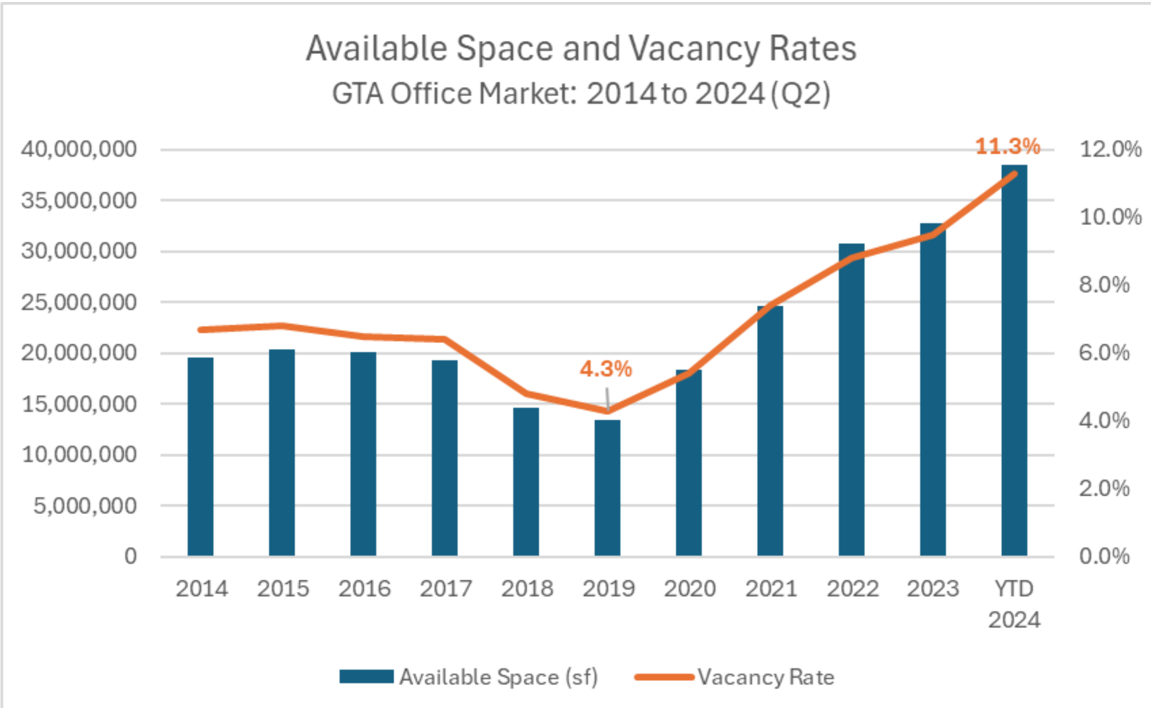


Source: CoStar

- The shift in tenant behaviour that has led to negative net absorption has resulted in rapidly increasing vacancy and availability rates and dwindling leasing activity. Vacancy rates have climbed from 4.3% at the end of 2019 to 11.3% in Q2-2024 (Figure 12), with availability hitting 13.4% in Q2-2024. By mid-2024, total available space surpassed 38,500,000 sf, a near tripling from the end of 2019.

- This is a very significant change and points to the potential for a soft market for an extended period. Even if the market were to revert to a similar rate of annual absorption noted prior to the pandemic (at 3,000,000 sf per year) – which is unlikely – it would take approximately eight and a half years for the market to revert to a similar level of available space as 2019, without accounting for the 8,000,000 sf of space under construction. A similar finding was identified by Altus Group, who has forecasted that the GTA's office oversupply could persist for 20 years or longer depending how demand and work-from-home trends shift moving forward.[7]

Figure 12



Source: Costar

- The increase in available space has been caused not only by reduced demand but also the combination of the completion of new supply (15,000,000 sf since beginning of 2020) and reduced leasing activity which has declined from an annual average of 13,600,000 sf between 2014 and 2019 to just 7,800,000 sf between 2020 and 2023.
- Class B and C office space outside Downtown Toronto have been hit particularly hard by softening demand, as many tenants in these older buildings are using current market conditions to move to higher quality spaces at reduced rents ('flight to quality'). It is possible that vacancy rates will continue to worsen in coming years as leases signed prior to the pandemic begin to expire.
- Before the onset of the pandemic, rental rates in the GTA office market experienced steady growth – averaging about a 4% increase annually, and up 22% between 2014 and 2019. This upward trend was reflective of the robust demand for office space driving a thriving economy

[7]NAIOP-Greater-Toronto-Office-Needs-and-Policy-Directions-in-the-GTA-Altus-Group.pdf

and increasing tenant interest in prime locations such as Downtown Toronto. However, rent growth has slowed since then – increasing by just 5.7% total since 2019.

- Notwithstanding this, the impact of softening demand has not been as severe for rental rates as for vacancy, available space, and leasing activity. Gross asking rents have increased in four of the past five years in the GTA, reaching $40.70 psf in Q2-2024.
- However, through discussions with brokers and a review of leasing activity, we understand that many landlords are offering significant incentives for tenants signing new leases by offering initial months of free rent, substantial tenant improvements, and other inducements as a way of not reducing the overall advertised net rents. Without these incentives, net rents would likely show more significant negative impacts.

Beyond the market stats noted above, we also note the following trends in the office sector:

- Many traditional office investors like REITs and pension funds now have bearish sentiments regarding the office sector in general, not only over the short-term but also over the long-term as the industry re-adjusts to a post-COVID equilibrium. Many pension funds and asset management firms have even begun a process of disinvesting from their office holdings, minimizing their portfolio's exposure to the sector.
- Leading into the pandemic was a period of very high optimism for the office market, which saw the largest surge in office projects beginning construction in decades across Canada. Market optimism was so high that many projects were willing to go ahead speculatively, or 'on spec'.[8] As the pandemic shattered this optimism, this is no longer the case. Projects that had begun construction before 2020 have continued and are now coming to market, although many are experiencing significant challenges with pre-leasing – and some have had pre-lease tenants choosing to break their lease agreements.
- NBLC has also noted from past conversations with major office developers that many projects that were not past the point of return, are being cancelled or put on hold indefinitely. This is true even for projects in the most sought-after marketplaces.
- Many office developers have no appetite for acquiring new land with the intention of office development, even in sought-after Downtown markets. One firm even went as far as to say that they are not even considering acquiring mixed-use land in Downtown market areas if planning policies dictate even a modest amount of office space in the podium level. This was particularly notable as this firm has pursued major standalone office projects in the past.
- The office construction pipeline has continued its downward trajectory since 2020, with projects that were planned and under construction prior to the pandemic coming to completion in 2021

[8] On spec means the project was speculative in nature and the builder was willing to begin the planning/construction process without a major tenant signed.

through 2023. This trend is obvious in Table 7, which indicates that under construction office inventory has declined from more than 12,000,000 sf in 2020 to about 8,000,000 sf in 2024.

5.3 Oakville Office Market

The landscape of the Oakville office submarket has undergone shifts akin to broader trends across the GTA since the onset of the COVID-19 pandemic – albeit not as drastic by some indicators due to the more limited supply of office space in Oakville (~8,300,000 sf).

Oakville is not a major location for new office development in the GTA – accounting for about 6% of the GTA's new office construction over the past decade.

The Oakville office market can be classified by the high number of low-rise buildings and the modest scale of most buildings, as 58% of buildings have fewer than 20,000 sf of office space, and 79% have fewer than 50,000 sf. Of the 228 office buildings identified in Oakville, 209 are between 1 and 4-storeys, accommodating 68% of all office space. The remaining 19 buildings are all mid-rise in scale between 5 and 8-storeys, with no high-rise office buildings.

Oakville's Pre-Pandemic Office Market

Between 2014 to 2019, the Oakville office market experienced fluctuations in vacancy and availability as approximately 200,000 sf of new space was completed annually. Though vacancy and availability increased leading to 2016, it declined each year to 2019, settling at 9.2% vacancy and 10.0% availability, lower than recent years but higher than the GTA-wide figures, indicative of Oakville's secondary or tertiary market positioning within the wider GTA (Table 8).

Table 8

Oakville Office Market Statistics
All Classes, 2014 to 2024

Year End	Vacant Space (sf)	Vacancy Rate (%)	Available Space (sf)	Availability Rate (sf)	Annual Net Absorption (sf)	Annual Leasing Activity (sf)	Under Construction (sf)	New Supply (SF)	Avg Asking Rent (Gross)
2014	463,996	7.2%	486,267	7.5%	163,232	241,132	448,253	222,971	$28.25
2015	690,203	10.4%	745,419	11.2%	-33,025	403,225	458,837	192,182	$28.41
2016	829,544	12.1%	879,317	12.8%	84,455	448,613	252,271	219,175	$28.22
2017	838,745	11.8%	887,392	12.5%	242,127	277,563	354,162	252,271	$30.54
2018	768,919	10.5%	786,604	10.7%	284,548	313,620	276,743	215,030	$32.17
2019	687,668	9.2%	746,120	10.0%	234,275	474,683	355,768	151,611	$30.51
2020	617,162	8.1%	698,011	9.2%	212,184	296,488	391,966	144,636	$32.12
2021	648,911	8.1%	744,301	9.3%	363,718	176,629	92,564	391,966	$30.16
2022	952,593	11.7%	1,270,759	15.6%	-172,965	268,890	90,503	130,564	$32.86
2023	666,210	8.1%	755,482	9.2%	364,045	223,691	75,184	82,999	$32.68
YTD 2024	647,400	7.8%	758,753	9.1%	160,995	145,828	0	75,184	$33.29

Source: CoStar

While vacancy and availability declined in Oakville prior to 2020, the relatively small office universe has meant that many other market indicators can swing wildly from year-to-year. For example, between 2014 and 2019, annual absorption ranged from net negative absorption of about 33,000 sf to net positive absorption of nearly 285,000 sf. Leasing activity also fluctuates greatly year-to-year, and while asking rents steadily increased to 2018, they declined in 2019 by more than $1.50 psf.

Oakville's Post-Pandemic Office Market

While the GTA office market has been clearly impacted by the pandemic, the impacts in Oakville have been more modest.

Vacancy and availability were actually down in 2020 and 2021 from 2019, though they did increase significantly in 2022 to 11.7% and 15.6%, respectively, as nearly 400,000 sf of new office space was completed in the year prior (Table 8).

The major change that has occurred to date is to leasing activity within Oakville. Compared to the period between 2014 and 2019, leasing activity is down by about 33% between 2020 and 2023 on an annual basis – declining from an average of about 360,000 sf per year to just 240,000 sf annually.

Further, sublease availability has also risen in a significant way from an annual range of 2.3% to 8.5% between 2014 and 2019 to a range of 13.1% to 33.4% between 2020 and 2023. If existing tenants choose to not renew their existing space in the coming years, the combined effect with elevated sublease availability could see vacancy and availability rise in a significant way in Oakville.

While the above is a potential concern, it is notable that the under construction inventory has declined precipitously in Oakville, with none identified in Q2-2024. This may help to limit any increases to vacancy and availability in the near-term relative to if more new supply was expected.

Asking rents in Oakville have followed a similar trend as the GTA, continuing to rise – albeit more slowly – in recent years, remaining relatively flat since 2018 and showing only a marginal increase of 3.5% between 2018 and Q2-2024. It is likely that landlords are also offering incentives in an effort to not reduce rents. Further, while stability in asking rents may be better than declines associated with softening demand, it is notable that this rent growth is flatter than at the GTA level where rents are up 9.4% over the same period.

Recent Office Investment in Oakville

Since 2014, about 1.5 million sf of new office space has been added to Oakville's office market. The new office supply in Oakville had a 20.5% availability rate as of Q2-2024, which is well above the municipal-wide trends, pointing to the soft demand for new space in the municipality.

Three recent buildings have been completed within or just outside the Midtown Oakville area. This includes:

- 139,000 sf of space at 360 Oakville Place Drive just north of the Midtown Oakville boundaries, completed in 2021;
- 104,000 sf of space at 610 Chartwell Road at the east end of the Midtown Oakville area completed in 2017; and,

- 157,500 sf of space at 354 Davis Drive, just east of Trafalgar Road, completed in 2013.

While the buildings at Davis Drive and Oakville Place Drive both had tight vacancy at the time of writing, it is notable that the building on Chartwell Road had more than 50% of its GFA available for lease at the time of writing.

5.4 GTA Retail Market

The pandemic has significantly reshaped the retail industry, not just in the GTA, but globally. Rapid changes are underway due to the surge in e-commerce, digital retail platforms, and the decline of traditional brick-and-mortar retailers. While these shifts were already underway, the pandemic acted as an accelerant. Businesses across the GTA were compelled to adapt their models to the evolving environment.

The reduced demand for brick-and-mortar stores has been particularly evident in larger regional retail centres and malls that have been earmarked for mixed-use redevelopment across the GTA. Consumer attitudes towards shopping have shifted, with e-commerce experiencing continued growth as people favour the convenience of shopping from home. However, spending on dining out remains robust, reflecting a persistent desire for socializing outside the home.

Unlike the office asset class, which saw a significant influx of vacant properties following the onset of the pandemic, the retail sector within the GTA experienced a different trajectory. While there have been changes and challenges, the demand for retail spaces in the GTA and surrounding areas has persisted. However, the evolving landscape of the retail sector has left the future uncertain, with businesses and investors closely monitoring market dynamics and consumer behaviour to adapt accordingly.

Between 2014 and 2019, the GTA retail market saw an average of 5,000,000 sf of annual leasing activity, about 2,800,000 sf of net annual absorption, and an average vacancy rate of 2.7%. Prior to the pandemic, in 2019, the vacancy rate stood at 1.8%, indicating a tight market despite the emerging influence of e-commerce. As the retail market in the GTA continued to tighten, rental rates experienced an upward trajectory, increasing by 16% to about $30 psf gross at the end of 2019.

Market conditions were even stronger for storefront retail (e.g. ground floor retail space) in the GTA in this period prior to the COVID-19 pandemic, with a vacancy rate of just 1.3% in 2019, and asking rental rates that followed a similar trajectory to the overall retail market.

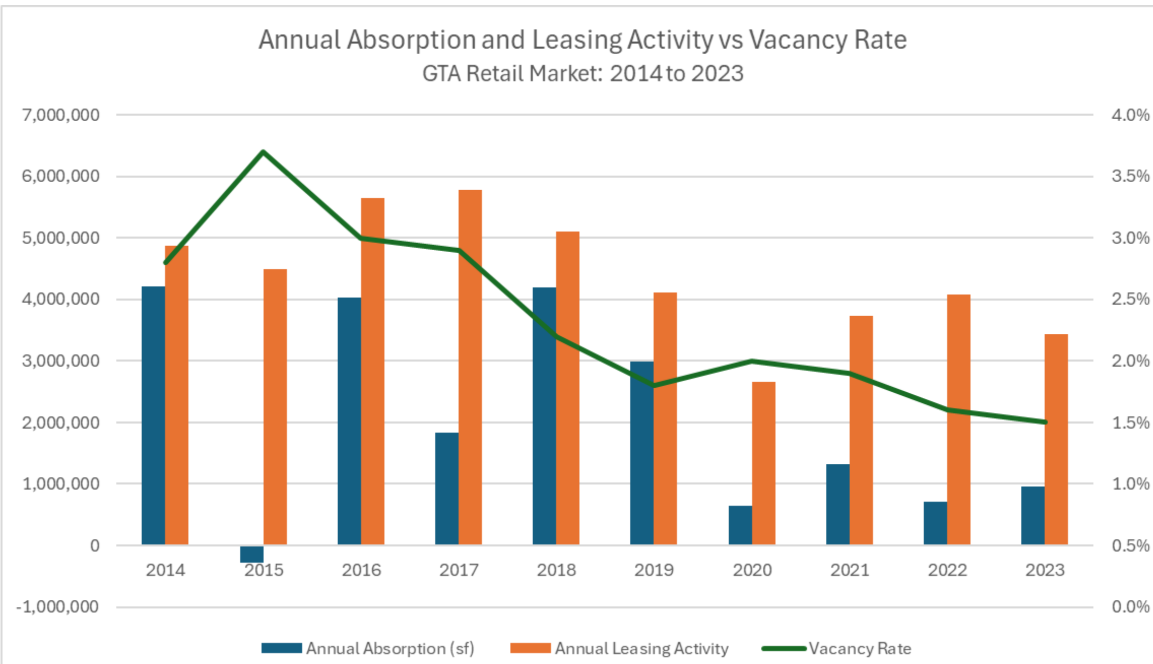
Between 2020 and 2023, annual absorption in the GTA retail market witnessed a significant decline from about 2,800,000 sf annually between 2014 and 2019 to about 900,000 sf annually – though all years still maintained positive absorption. Leasing activity also slowed in a significant way from about 5,000,000 sf annually to 3,500,000 sf annually (Figure 13).

Despite this slowdown in absorption and leasing activity, vacancy rates have actually declined – reaching about 1.3% in Q2-2024 overall, and 1.1% for storefront retail. Asking rents have also grown, at a rate of about 4% annually, compared to 3% annually between 2014 and 2019.

Part of the reason for the retail market's resilience is likely the fact that the pace of new supply being completed has also slowed – down to about 1,500,000 sf annually, compared to 2,500,000 annually prior to COVID-19 – while the population has grown rapidly. At the same time, many retailers have also done a good job of adapting to the changing retail environment and offering both e-commerce and brick and mortar options for their potential shoppers.

Notwithstanding this, while leasing activity has remained at or near 2019 levels from 2021 to 2023, the fact that absorption has declined so much does point to some vulnerability in the market if a significant amount of new supply were to complete in the coming years. This could lead to rising vacancy and softening rental rates.

Figure 13



Source: CoStar

5.5 Oakville Retail Market

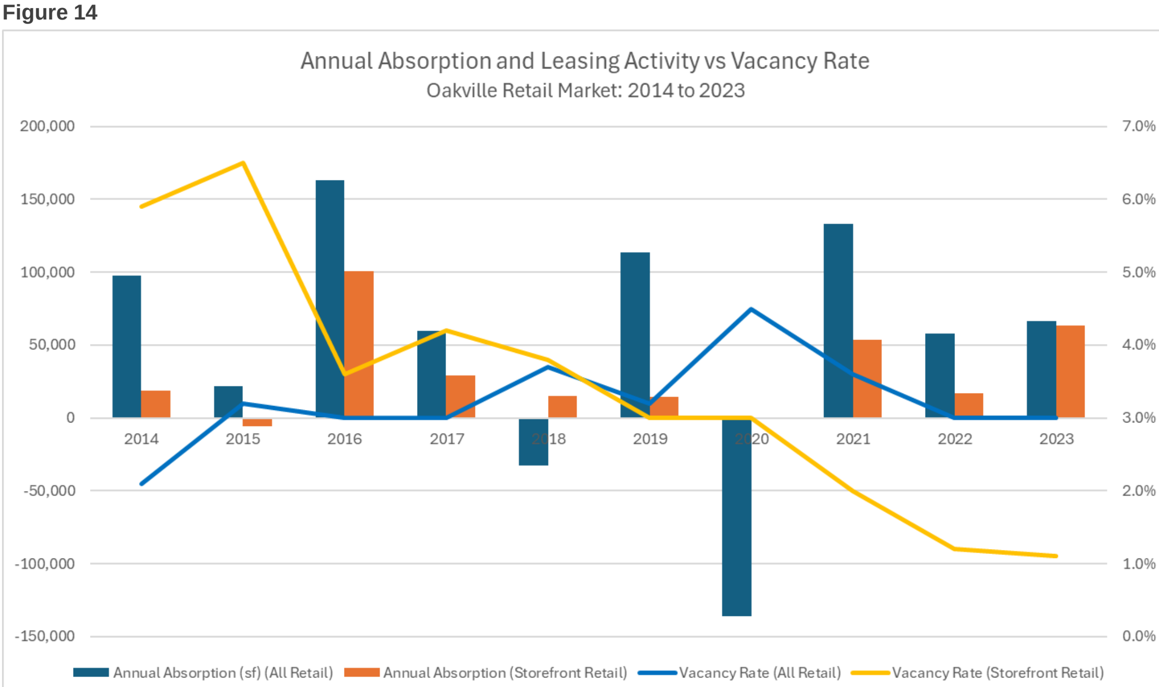
Oakville's retail market has followed similar trends to the overall GTA market – though conditions are not quite as tight as the GTA. Like most suburban markets in the GTA, Oakville's retail market is dominated by standalone retail, big box stores, and chain retailers that attract local and regional shoppers. This type of retail continues to help this asset class to flourish in an otherwise uncertain time for retailers.

Absorption in the Oakville retail market experienced notable fluctuation from 2014 to 2023, reflecting evolving trends and market dynamics, as well as the smaller scale of the market. Between 2014 and 2019, the average annual absorption stood at about 70,000 sf.

However, as 2020 arrived, there was a steep decline in absorption levels, with Oakville registering net negative absorption of 136,000 sf (Figure 14). Notwithstanding this, absorption levels have bounced back since 2021 – averaging 85,000 sf annually, higher than the pre-pandemic averages. Leasing activity has also declined by about 28% on an annual basis between these two time periods, while new supply has dropped from about 75,000 sf annually to 28,000 sf annually.

Unlike the GTA, Oakville did see a notable uptick in vacancy rates in 2020, increasing to 4.5% from 3.2% one year earlier, though this has since declined to 2.5% as of Q2-2024, the lowest mark since 2014. While asking rents flatlined in 2020 and 2021 as vacancy rates remained elevated, they have been on the rise in the years since, following the GTA trends.

Figure 14



Source: CoStar

Storefront retail in the Oakville market – similar to what may be expected as part of mixed-use buildings in Midtown Oakville – has been more resilient than the overall retail market. Vacancy rates have been on a steady decline for this type of retail since 2015 when they reached 6.5%. As of Q2-2024, the vacancy rate for storefront retail had declined all the way to 0.6%, and did not feature any increases on account of the pandemic.

At the same time, annual absorption, leasing activity, and new supply have all increased between 2020 and 2023 relative to 2014 to 2019 in Oakville, bucking the trends noted in the wider retail market and across the GTA. This is indicative of the demand for this type of retail, potentially driven by population growth through new mixed-use development being completed in places like the Uptown Core.

5.6 Key Findings

- The GTA office market experienced a shift in demand during the COVID-19 pandemic, leading to rising vacancy rates, fluctuating rental rates, and a halted development pipeline. While the impacts on the Oakville office market were not as pronounced as the GTA market overall, this is largely due to the lack of major office buildings and modest new/ continued investment occurring in the municipality. However, it is possible that office vacancy rates will continue to worsen in coming years as leases signed prior to the pandemic begin to expire.
- Increasing vacancy rates, combined with declining rates of absorption and the completion of the large amount of space that started construction prior to the pandemic, has meant that available space in the GTA has more than tripled. Even at pre-pandemic annual absorption rates, it would take approximately eight and a half years for the market to revert to a similar level of available space as 2019. This long timeline also does not account for new supply coming to the market over this period.
- Overall, the Midtown Oakville area does not currently accommodate a number of key demand factors that drive new office investment. Within the context of a softening market, the area will be even more disadvantaged in attracting new office investment as developers are expected to focus on prime market areas such as Downtown Toronto, the subway network in Toronto, and second tier markets such as the VMC, Meadowvale/Airport Corporate Centre in Mississauga, the technology and health science clusters in Waterloo and Hamilton, and other similar locations.
- While the office market has seen significant softening, the retail market in both the GTA and Town of Oakville has been much more resilient. Notwithstanding this, absorption and leasing activity has generally declined since 2019 on an annual basis. However, vacancy rates have remained tight and rental rates have continued to rise, partially on account of declines in the delivery of new supply on an annual basis.
- In terms of storefront retail – the type of retail that may be expected in mixed-use buildings in Midtown Oakville – conditions have been stronger post-COVID in Oakville than the overall retail sector. While this part of the market accounts for less than 20% of the overall retail space in Oakville, absorption and leasing activity have increased on an annual basis since 2020, and vacancy rates have declined.

6.0 Comparable Communities in the GTA

To understand how Midtown Oakville may build out in the coming decades from a market perspective, we can consider what is happening or being planned in other comparable communities across the GTA.

NBLC has collected residential and non-residential data on a variety of communities across the GTA for this comparison. When choosing which communities to compare Midtown Oakville to, we have chosen ones that include all or most of the following attributes:

- A location in the GTA, but outside of the former City of Toronto;
- Access to current or future high-order transit (subway, GO train, LRT);
- Preference for locations identified as Urban Growth Centres by the Province of Ontario;
- Locations with land available for significant intensification.

We also made an effort to include both planned communities and ones whose build out is well underway. Including communities that have been building out for several years, if not decades, helps us understand whether the plans for other areas like Midtown Oakville are realistic, and to understand what the market is actually delivering.

After proceeding with an initial scan of potential options for comparable communities, NBLC considered the following 10 communities for evaluation in this report:

- Aldershot GO;
- Appleby GO;
- Burlington GO;
- Downtown Pickering / Pickering GO;
- Golden Mile;
- Markham Centre;
- Milton GO;
- Mississauga City Centre ('MCC');
- Port Credit GO; and,
- Vaughan Metropolitan Centre ('VMC').

These communities provide for a mix of locations in municipalities of various scales, and are also at different states of build out – with some being very established today (e.g. MCC) and others yet to see the investment that is being planned for (e.g. Golden Mile). The list of communities also includes six that are within the western GTA, including four that are in Halton Region, in order to acknowledge Midtown Oakville's positioning within the wider region.

In order to compare these communities, we have considered a variety of factors. These will be discussed in subsections to follow and include:

- Proximity to Toronto;
- Transit Access;
- Building Heights;
- Residential Units per Building;
- Residential Unit Mix and Sizing;
- Residential Pricing Trends;
- Residential Parking Provisions;
- Annual Residential Absorption;
- Competitive Non-Residential Areas;
- Non-Residential Provisions.

Available data varied between communities, given differences between municipalities, different levels of build out, and differences in where each community may be within the planning process. Some of the data may also only be relevant for recent projects or within development applications. However, on a whole, there was sufficient data to start to understand how these communities are building out or are planned to build out, and what lessons may be learned for Midtown Oakville.

Within the context of residential uses, we primarily focused on apartments given that this will be the predominant housing type in Midtown Oakville. We also focus primarily on ownership housing as there has been minimal rental investment throughout these areas over the past 25+ years.

The following subsections provide detail on the factors listed above. Table 9, on the next page, provides a summary of the information that is to follow based on the factors noted above.

Table 9

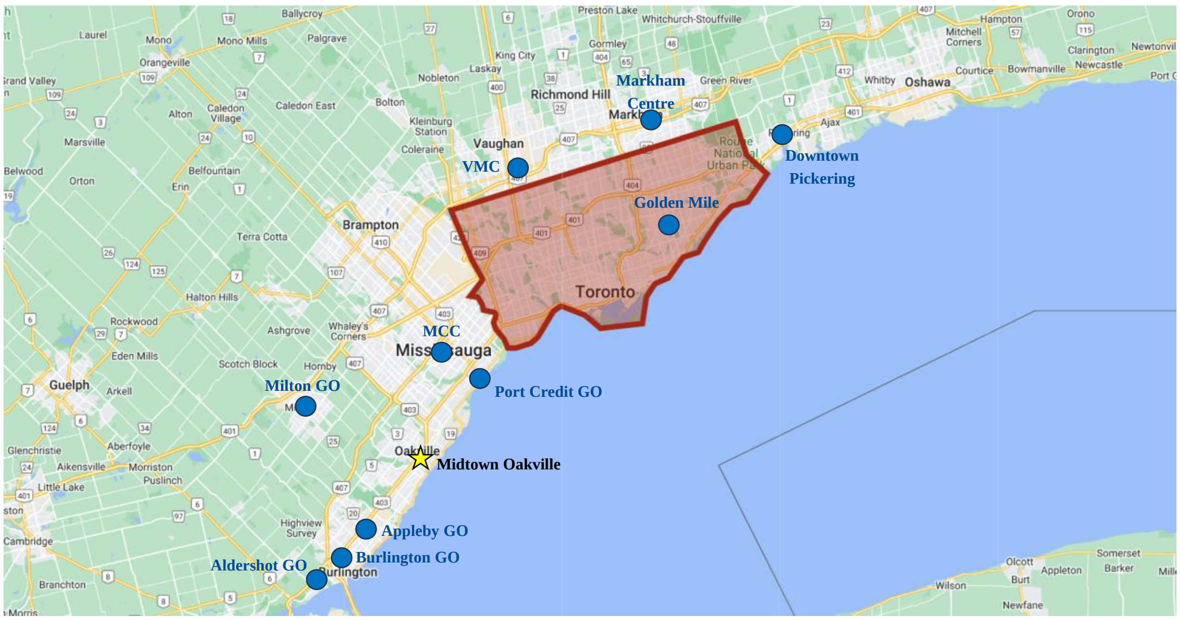
Summary Comparison Table - Midtown Oakville and Comparable Communities	Aldershot GO	Appleby GO	Burlington GO	Downtown Pickering	Golden Mile	Markham Centre	Milton GO	Mississauga City Centre	Port Credit	Vaughan Metropolitan Centre	Midtown Oakville
Proximity to Toronto											
Distance from Toronto Union Station	56 km	45 km	51 km	31 km	12 km	23 km	42 km	22 km	20 km	20 km	35 km
Transit Access											
Type of Transit	GO Train Local Bus	GO Train Local Bus	GO Train Local Bus	GO Train Local Bus	Future LRT Local Bus	GO Train Local Bus	GO Train Local Bus	Future LRT Local Bus GO Bus	GO Train Future LRT Local Bus	TTC Subway BRT Local Bus	GO Train Local Bus
Building Heights											
Average Height (Active / Completed Projects)	7	6	19	28	-	17	19	38	11	42	11
Range of Heights (Active / Completed Projects)	6 to 8	6	18 to 20	11 to 53	-	7 to 44	11 to 30	17 to 81	5 to 22	15 to 60	10 to 12
Range of Heights (Proposed Projects)	6 to 33	11 to 34	8 to 37	n/a	6 to 48	9 to 55	17 to 31	8 to 65	6 to 42	7 to 79	12 to 61
Residential Units per Building											
Average Units per Building (Active / Completed Projects)	96	70	152	382	-	233	227	428	137	474	102
Average Units per Building (Proposed Projects)	267	238	413	n/a	362	393	268	478	273	519	421
Residential Pricing Trends											
Average $PSF (Active Projects)	$960	-	$996	$1,104	-	$1,176	$1,037	$1,233	$1,032	$1,192	-
Residential Parking Provisions											
Average Parking Ratio (per unit) (incl. visitors)	0.93	1.00	1.03	n/a	0.62	0.69	1.21	0.82	0.85	0.61	0.77
Annual Residential Absorption											
Total Residential Units Released	583	217	825	4,027	92	10,966	1,815	26,333	2,009	12,328	-
Total Sold Residential Units	538	217	630	3,529	92	10,814	1,310	25,526	1,965	11,017	-
Sales Timeline (Years)	11	23	26	25	22	26	8	25	25	13	-
Annual Absorption (Units)	**51**	**9**	**25**	**142**	**4**	**422**	**162**	**1,014**	**79**	**861**	**-**
Competitive Non-Residential Areas											
More Established Non-Residential Area in Municipality	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Non-Residential Provisions											
Proposed Residential Units	3,199	2,378	3,774	n/a	31,151	19,511	3,954	10,528	8,527	45,183	8,849
Estimated PPU	1.62	1.62	1.62	n/a	1.75	1.92	1.59	2.12	2.12	1.91	1.99
Estimated Population	5,189	3,852	6,114	n/a	54,514	37,461	6,287	22,319	18,077	86,300	17,629
Proposed Non-Residential Space (sf)	37,641	44,122	67,905	n/a	1,944,951	786,168	24,090	411,977	503,046	3,362,040	243,589
Proposed Retail Space (sf)	*37,641*	*44,122*	*67,905*	*n/a*	*660,106*	*231,066*	*2,982*	*169,468*	*176,784*	*895,874*	*121,925*
Proposed Office Space (sf)	-	-	-	*n/a*	*596,137*	*405,605*	*21,108*	*93,562*	*152,414*	*2,190,167*	*116,818*
Proposed Other Non-Residential (sf)	-	-	-	*n/a*	*688,708*	*149,497*	-	*148,947*	*173,848*	*275,999*	*4,846*
Proposed Non-Residential GFA per Unit	**12**	**19**	**18**	**n/a**	**62**	**40**	**6**	**39**	**59**	**74**	**28**
Proposed Non-Residential GFA per Resident	**7**	**11**	**11**	**n/a**	**36**	**21**	**4**	**18**	**28**	**39**	**14**
Proposed Retail / Office GFA per Unit	**12**	**19**	**18**	**n/a**	**40**	**33**	**6**	**25**	**39**	**68**	**27**
Proposed Retail / Office GFA per Resident	**7**	**11**	**11**	**n/a**	**23**	**17**	**4**	**12**	**18**	**36**	**14**

Note: Active & Sold Out Projects include those that are in pre-construction, under construction, or completed since November 1998, according to Altus Data Studio.
Average $PSF is for available condominium apartments units only in actiively marketing projects, as of June 2024.
Sales timeline is based on the launch date of the first residential project in each community up until June 2024 and includes all housing types.
Parking information was not available for all development applications. Parking ratios are the number of parking spaces proposed per residential unit, including visitor parking spaces.
Other non-residential includes institutional, industrial, etc.
PPU is based on apartment PPU assumptions in most recent local Development Charges Background Study, with the exception of Midtown Oakville PPUs which are a weighted average of estimates from the JBPEs for new development from 2021 to 2051 from a Town of Oakville memo titled "Persons per Unit (PPU)" and dated April 11, 2024.
Source: Altus Data Studio, CoStar, Local planning departments.

6.1 Proximity to Toronto

The City of Toronto has a significant market impact on the wider GTA. Given its importance as the centre of commerce and as an employment centre, locations closer to Toronto tend to have more market appeal. When considering the location of the surveyed communities relative to Toronto (Figure 15), we can see that VMC, MCC, Markham Centre, and Downtown Pickering are all just beyond Toronto's borders. As will be demonstrated throughout this section, these also happen to generally be the most powerful market locations of those in our survey. Port Credit also benefits from its proximity to Toronto, as well as its waterfront location.

Figure 15: Proximity of Surveyed Communities to the City of Toronto



6.2 Transit Access

For the most part, the comparable communities have similar transit access to Midtown Oakville, with six of 10 communities offering similar GO train and local bus service, with a seventh (Port Credit) also benefitting from the future Hurontario LRT. The other three communities do not have GO train service, though they do offer residents either access to the TTC subway and Bus Rapid Transit (VMC) or to a future LRT line (Golden Mile, MCC), in addition to local bus service (Table 10).

In general, subway access has proven to drive demand for new investment more than any other transit type, and this is borne out in the data for VMC (see sections to follow). LRT service may also be more attractive than GO train service given that it provides residents with easier access to more local amenities, whereas GO transit is primarily used as a regional transit service. Finally, while local bus networks are a key part of every community, they do not tend to drive demand for new investment on their own.

Table 10

Transit Access by Comparable Community										
Aldershot GO	Appleby GO	Burlington GO	Downtown Pickering	Golden Mile	Markham Centre	Milton GO	Mississauga City Centre	Port Credit	Vaughan Metropolitan Centre	Midtown Oakville
GO Train Local Bus	GO Train Local Bus	GO Train Local Bus	GO Train Local Bus	Future LRT Local Bus	GO Train Local Bus	GO Train Local Bus	Future LRT Local Bus GO Bus	GO Train Future LRT Local Bus	TTC Subway BRT Local Bus	GO Train Local Bus
Note: Red = superior transit access to Midtown Oakville; Green = similar transit access.										

6.3 Building Heights

Building heights across the comparable communities vary significantly. VMC, MCC, and Downtown Pickering feature the tallest heights in the dataset, averaging 42-storeys, 38-storeys, and 28-storeys, respectively.

From there, Port Credit (11-storeys), Markham Centre (17-storeys), Burlington GO (19-storeys), and Milton GO (19-storeys) all have more modest average heights under 20-storeys, with Markham Centre being the only one with any building to date above 30-storeys. Aldershot GO and Appleby GO both feature much smaller scaled buildings, averaging 7 and 6-storeys, respectively.

When considering future development based on current development applications, the height of new buildings are anticipated to increase across the board. As noted in Table 11, the top end of the proposed height range exceeds what has been built to date (with the exception of MCC). In some cases, the future development represents a significant change – particularly in the three GO station areas in Burlington where a shift in local policy to direct more intensification to these areas has led to a notable response from the development community.

Notwithstanding the above, and notable for Midtown Oakville, the four comparable communities that are located in Halton Region (Aldershot, Appleby, Burlington, Milton) all have proposed building heights in development applications that are under 40-storeys, indicating their more modest market appeal relative to other more established nodes like MCC, VMC, and Markham Centre that can support much larger buildings.

Table 11

Apartment Building Height Information by Comparable Community	Aldershot GO	Appleby GO	Burlington GO	Downtown Pickering	Golden Mile	Markham Centre	Milton GO	Mississauga City Centre	Port Credit	Vaughan Metropolitan Centre	Midtown Oakville
Average Height (Active / Completed Projects)	7	6	19	28	-	17	19	38	11	42	11
Range of Heights (Active / Completed Projects)	6 to 8	6	18 to 20	11 to 53	-	7 to 44	11 to 30	17 to 81	5 to 22	15 to 60	10 to 12
Range of Heights (Proposed Projects)	6 to 33	11 to 34	8 to 37	n/a	6 to 48	9 to 55	17 to 31	8 to 65	6 to 42	7 to 79	12 to 61
Note: Active & Sold Out Projects include those that are in pre-construction, under construction, or completed since November 1998, according to Altus Data Studio.											

6.4 Residential Units per Building

The number of units per apartment building in each of the comparable communities follows a similar trend to the building heights. Additionally, information from active development applications also point to increasing building scales on a total unit basis in the future in each community.

Again, MCC and VMC have by far the largest average number of units per building, each exceeding 475 units on average. However, the numbers in several other communities are also notable – Markham Centre averages nearly 400 units per building, Burlington GO exceeds 400 units per building, while Aldershot GO and Appleby GO both average over 200 units per building despite existing buildings averaging less than 100 units.

The applications in Midtown Oakville point to an average building size of 421 units. This is the third highest average in our survey, surpassed only by MCC (478) and VMC (519). This is very significant for an area like Midtown Oakville and, with the exception of Burlington GO (413), is well beyond the building scales noted in other Halton Region communities, and above stronger market areas like Markham Centre (393) and Golden Mile (362).

Table 12

Units per Building by Comparable Community

	Aldershot GO	Appleby GO	Burlington GO	Downtown Pickering	Golden Mile	Markham Centre	Milton GO	Mississauga City Centre	Port Credit	Vaughan Metropolitan Centre	Midtown Oakville
Average Units per Building (Active / Completed Projects)	96	70	152	382	-	233	227	428	137	474	102
Average Units per Building (Proposed Projects)	267	238	413	n/a	362	393	268	478	273	519	421

Note: Active & Sold Out Projects include those that are in pre-construction, under construction, or completed since November 1998, according to Altus Data Studio.

6.5 Residential Unit Mix and Sizing

Across the nine communities that have active or completed apartment projects (Golden Mile is the lone exception), the suite mix for these projects is very similar to what was observed across the Town of Oakville in Section 4.0. As noted in Table 13, the split of single to multi-bedroom units across 170 buildings and nearly 55,000 units was approximately 55% to 45%. Like in Oakville, the proportion of studio (1%) and three-bedroom units (2%) were also minimal, with the bulk of units either including one or two bedrooms.

Also following the trends noted in the Oakville market, unit sizing varies greatly, with some options that are very compact and others that are very large in projects that are positioned to affluent end-users. However, we note a similar trend of increasingly smaller units amongst the newer projects.

When considering development applications, the suite mix shifts to a slightly higher proportion of studio and one-bedroom unit types (with and without dens) – accounting for 61% of units in applications with this information available. Two-bedroom unit types (with and without dens) account for 34%, with three-bedroom units at 5% (Table 14). Unit sizing in the development applications also represented a notable shift towards more compact sizing relative to active and completed projects in these communities.

These development applications have a very similar split to the Midtown Oakville applications noted earlier in Section 2.2, which consisted of a 62% / 38% split between single and multi-bedroom units.

Table 13

Apartment Suite Mix - Active and Completed Projects				
Unit Type	**No.**	**%**	**Min. Size**	**Max. Size**
Studio	695	1%	271	664
1-Bedroom	11,037	20%	412	958
1-Bedroom + Den	18,766	34%	462	1,187
2-Bedroom	16,266	30%	613	1,670
2-Bedroom + Den	6,989	13%	628	2,206
3-Bedroom	908	2%	821	3,358
Total / Average:	**54,661**	**100%**	**271**	**3,358**
Source: Altus Data Studio				

Table 14

Apartment Suite Mix - Development Applications					
Unit Type	**No.**	**%**	**Min. Size**	**Max. Size**	**Avg. Size**
Studio	1,394	2%	340	515	388
1-Bedroom	38,718	59%	399	708	571
2-Bedroom	21,923	34%	551	1,581	782
3-Bedroom	3,174	5%	820	1,305	1,046
Other	80	0%	697	1,902	1,276
Total / Average:	**65,289**	**100%**	**340**	**1,902**	**662**
Note: Not all applications had suite mix or unit sizing available. This represents just a sample of the units in development applications. Units types include those with and without dens. 'Other' refers to penthouse units, townhouse units, live/work units, and others. Source: Local planning departments					

6.6 Residential Pricing Trends

As with other residential indicators, MCC, VMC, and Markham Centre lead the way on pricing, all just above or just below $1,200 psf on average for available condominium apartment units in actively marketing projects. This is followed by Downtown Pickering around $1,100 psf, and the other communities – Aldershot, Burlington, Milton, and Port Credit – closer to $1,000 psf (Table 15).

Table 15

Pricing Differences Between Comparable Communities										
	Aldershot GO	**Appleby GO**	**Burlington GO**	**Downtown Pickering**	**Golden Mile**	**Markham Centre**	**Milton GO**	**Mississauga City Centre**	**Port Credit**	**Vaughan Metropolitan Centre**
Average $PSF (Active Projects)	$960	-	$996	$1,104	-	$1,176	$1,037	$1,233	$1,032	$1,192
Note: Average $PSF is for available condominium apartments units only in actiively marketing projects, as of June 2024. Not all communities had actively marketing projects. Source: Altus Data Studio										

6.7 Residential Parking Provisions

As one moves further from Toronto, parking ratios tend to increase. Based on development application data in each of the surveyed communities, the lowest proposed parking ratios were found in VMC (0.61 spaces per unit, including visitors), Golden Mile (0.62), and Markham Centre (0.69). The low parking ratios in the former two communities are supported by the fact that the VMC is served by a subway and Golden Mile is within the City of Toronto.

All other surveyed communities had proposed parking ratios above 0.8 spaces per unit, including MCC at 0.82. Notably, three of the four communities in Halton Region had proposed parking ratios of at least 1.0 space per unit, with the fourth (Aldershot GO) at 0.93 (Table 16).

Table 16

Residential Parking Ratios in Active Development Applications

	Aldershot GO	Appleby GO	Burlington GO	Downtown Pickering	Golden Mile	Markham Centre	Milton GO	Mississauga City Centre	Port Credit	Vaughan Metropolitan Centre	Midtown Oakville
Average Parking Ratio (incl. Visitors)	0.93	1.00	1.03	n/a	0.62	0.69	1.21	0.82	0.85	0.61	0.77

Note: Parking information was not available for all development applications. Ratios are the number of parking spaces proposed per residential unit, including visitor parking spaces. Source: Local planning departments

Given the above, the proposed developments in Midtown Oakville actually have one of the lowest average parking ratios at 0.77 spaces per unit – below more established locations in closer proximity to Toronto like MCC and Port Credit, and notably lower than the four Halton Region communities surveyed. Given the regional nature of GO Transit, a resident in Midtown Oakville would need to rely on local bus service and/or car share for many of their daily needs if they do not have their own vehicle. This could prove challenging for developers in the near-term prior to further buildout of the Midtown area if low parking ratios are pursued.

Lastly and also notable related to parking provisions, the Province has recently required that all municipalities remove any parking minimums in major transit station areas. As such, for any older applications in the data sample, it is possible that the developer will re-submit with a lower parking ratio. As such, it is possible that some of the average ratios noted in Table 16 will be lower if these projects are actually built.

6.8 Annual Residential Absorption

Table 17 provides some insight into the level of annual residential absorption in these areas. Once again, the range of absorption is very wide, with MCC and VMC at the top – averaging 1,014 and 861 units annually, respectively. These two locations are far and away the leaders from an absorption perspective, more than doubling the next highest area (Markham City Centre – 422 units). The number of units sold on an annual basis over long periods speaks to the power of these two locations as intensification centres and their established natures within the GTA. They are supported by a wide variety of amenities, close proximity to the highway system, and proximity to the City of Toronto.

Other than Markham Centre, all other communities have averaged less than 200 units annually, five of which were under 100 units annually.

However, there is some nuance to this data. For example, it is only recently that the City of Burlington has decided to focus their growth and intensification in their three GO transit station areas, and the policies associated with these areas are still being developed. As such, it is reasonable to believe that once the policy environment becomes more permissive, annual absorption will rise – likely at least to the level of Milton GO (162 units annually).

Golden Mile is in a similar situation in that the local Secondary Plan is currently under appeal at the Ontario Land Tribunal, but given the amount of proposed development, should see significant annual absorption in the coming years, particularly once the Eglinton Crosstown LRT completes construction.

Downtown Pickering's absorption numbers (142 units annually) could also be considered suppressed. The first building in the area launched for sales in August 1999 and development generally occurred sporadically until 2018. Since April 2018, nearly 2,700 units have been sold – an average of about 440 units annually, similar to Markham Centre. As the City of Pickering has embraced intensification in this area, the market has followed, recognizing the appeal of existing amenities, proximity to Highway 401 and the Pickering GO station, and the location just east of Toronto.

Midtown Oakville is not MCC or VMC from a market perspective, so it is possible that the experience at Markham Centre, and the more recent absorption rates in Downtown Pickering, represent a ceiling for the area. The appeal of Midtown Oakville from a market perspective is likely to reside somewhere in between these two locations, and the other Halton communities (Aldershot, Appleby, Burlington, Milton) as lower end comparables.

Table 17

Annual Residential Absorption by Comparable Community

	Aldershot GO	Appleby GO	Burlington GO	Downtown Pickering	Golden Mile	Markham Centre	Milton GO	Mississauga City Centre	Port Credit	Vaughan Metropolitan Centre
Total Residential Units Released	583	217	825	4,027	92	10,966	1,815	26,333	2,009	12,328
Total Sold Residential Units	538	217	630	3,529	92	10,814	1,310	25,526	1,965	11,017
Sales Timeline (Years)	11	23	26	25	22	26	8	25	25	13
Annual Absorption (Units)	**51**	**9**	**25**	**142**	**4**	**422**	**162**	**1,014**	**79**	**861**

Note: Sales timeline is based on the launch date of the first residential project in each community up until June 2024. Includes all housing types. Source: Altus Data Studio.

6.9 Competitive Non-Residential Areas

Each of the surveyed communities either already is a mixed-use transit-oriented community, or is planned to be one. As such, it is expected that they will all feature a fairly significant amount of non-residential space as they build out into complete communities.

In some cases these areas are expected to be the focal point for retail and office uses in their respective municipalities. That puts those areas at an advantage in attracting new non-residential investment over others that must compete with existing retail and office nodes (suburban, large-format retail areas provide competition for these uses, but are less directly competitive as an area that has an established concentration of streetfront retail).

VMC, MCC, and Downtown Pickering, for example, are the predominant locations for office and streetfront retail development in Vaughan, Mississauga, and Pickering. There are no other areas within these municipalities that can compete for these uses on the same level, and the non-residential space that is created is likely to add to the concentration of jobs and draw residents and workers from elsewhere in the municipality and the surrounding region.

By comparison, the three Burlington communities in our survey have to compete with the established Downtown Burlington area. As such, the non-residential space that is built in these areas is more likely to serve the on-site residents directly as opposed to the wider community, particularly any new retail space. Because of this, these areas are likely to accommodate less non-residential space than those areas noted above.

From this perspective, Midtown Oakville is more comparable to the communities in Burlington than it is to VMC, MCC, and Downtown Pickering. Downtown Oakville is located to the south, the Uptown Core has been growing rapidly to the north and has an increasing amount of non-residential space – particularly retail – and the Oakville Place mall is also located directly north of Midtown Oakville on the other side of the highway. While there will certainly be demand for some new non-residential space in Midtown Oakville, the existence of these established areas within the municipality may limit the demand for non-residential space to more modest offerings.

6.10 Non-Residential Provisions

Table 18 summarizes the amount of non-residential space that is proposed within the development applications in the surveyed communities, as well as Midtown Oakville.

Given the differences in the size of each community, we cannot simply consider the total amount of square footage proposed. Instead, we have compared the communities by considering ratios of non-residential space per residential unit, and per estimated resident. Given the likelihood of the non-residential space in Midtown Oakville consisting almost entirely of retail and office space – as opposed to industrial or institutional – we have also considered ratios of proposed retail / office space per unit and per estimated resident to exclude any impacts of industrial/institutional applications.

As with other factors analyzed above, there is a notable variance in the amount of proposed non-residential space that is being proposed from community to community. We note the following about these differences:

- The highest ratio of proposed non-residential space is found in the VMC – an area that is planned by the City of Vaughan to be the primary office node in the municipality. Office space accounts for about two-thirds of the total non-residential space proposed at VMC. Notwithstanding this, NBLC believes that much of this office space is proposed as part of requirements set forth by the City of Vaughan as opposed to true interest from the market to build this space. With the changes that have occurred in the GTA market since the onset of the COVID-19 pandemic (as outlined in Section 5.0), it is very unlikely that much of this space gets built in the near-term. More than half of the proposed office space is within applications from 2019 and 2020 – signifying that they were likely included prior to fully understanding the impacts of COVID-19 on this sector.

  - In addition to the development application information, it is notable that the VMC Secondary Plan is currently being updated. Information from the City of Vaughan indicates that the VMC could eventually accommodate more than 54,000 residential units, nearly 3,000,000 sf of office space, and over 850,000 sf of retail space. This would be the equivalent of 70 sf of non-residential space per unit, and 36 sf per resident. More than 3,900 units have been completed to date, along with 585,000 sf of office space across two new buildings.

- The next highest ratio of proposed non-residential space is found in Golden Mile at 62 sf per unit and 36 sf per resident. This part of Toronto is already an established retail centre and as such is expected to remain so as the area intensifies. However, the split of non-residential types is fairly even between retail, office and other (institutional and industrial).

  - The Golden Mile Secondary Plan envisions a total of 35,000 new residential units, with over 1.6 million square feet of non-residential space. The non-residential space will be broken down into 600,000 sf of new office space, 386,000 sf of new retail space, and 660,000 of industrial space. This would roughly equate to 47 sf per unit and 27 sf per estimated resident. Notably, the development applications propose more non-residential space than the Secondary Plan envisions, particularly retail space.

  - Also notable in Golden Mile is the significant amount of industrial space proposed (660,000 sf) that increases the total supply of non-residential space. Excluding industrial and institutional space, the Golden Mile applications total 40 sf per unit and 23 sf per resident – still a high amount, but more in line with other communities like Markham Centre and Port Credit.

- Port Credit has a high proportion of non-residential space in active development applications (59 sf per unit). However, 85% of this proposed non-residential space is in the singular Brightwater application – a large 73-acre master-planned community on the former Imperial Oil lands at the far west end of the community. Excluding this application, the other 12 applications identified in our research had a ratio of 17 sf per unit and 7 sf per resident, more in line with Aldershot, Appleby, and Burlington GO areas.

- Mississauga City Centre, despite its prominence within a large municipality, is middle-of-the-pack in terms of non-residential space and includes a fairly significant amount of proposed institutional space in the form of a new community centre (133,000 sf).
  - Notwithstanding this, it is important to note that the Square One District Master Plan (not included in the list of development applications) does plan for more than 4,900,000 sf of non-residential space, including 3,000,000 sf of office space, in addition to 18,000 new residential units. However, we note that this plan should be considered aspirational. Our understanding is that Oxford Properties (the landowner) does not have plans to develop new standalone office in the near term at Square One District, nor do they have requirements to do so from the City of Mississauga. In fact, we understand that Oxford Properties has been negotiating to reduce the amount of proposed office space in the Square One District given recent changes to office market conditions in the GTA. Other developers in MCC and other parts of the GTA could do the same in the coming years.
- The four communities in Halton Region all feature the lowest amount of non-residential space proposed based on the development application data collected by NBLC – ranging from 6 sf per unit and 4 sf per resident at Milton GO to 19 sf per unit and 11 sf per resident at Appleby GO. As noted previously, these areas all have established retail centres in their municipalities and are less likely to evolve into the major non-residential destinations envisioned in other communities. The proposed ratios also acknowledge the fact that in relative terms, Halton Region is not a strong market for major office space.

At 28 sf per unit and 14 sf per estimated resident, the development applications in Midtown Oakville place it around the mid-point of the surveyed communities – higher than the other Halton Region communities, but lower than stronger markets like VMC, MCC, Golden Mile and Markham Centre.

Table 18

Non-Residential Space Included in Active Development Applications

	Aldershot GO	Appleby GO	Burlington GO	Downtown Pickering	Golden Mile	Markham Centre	Milton GO	Mississauga City Centre	Port Credit	Vaughan Metropolitan Centre	Midtown Oakville
Proposed Residential Units	3,199	2,378	3,774	n/a	31,151	19,511	3,954	10,528	8,527	45,183	8,849
Estimated PPU	1.62	1.62	1.62	n/a	1.75	1.92	1.59	2.12	2.12	1.91	1.99
Estimated Population	5,189	3,852	6,114	n/a	54,514	37,461	6,287	22,319	18,077	86,300	17,629
Proposed Non-Residential Space (sf)	37,641	44,122	67,905	n/a	1,944,951	786,168	24,090	411,977	503,046	3,362,040	243,589
Proposed Retail Space (sf)	*37,641*	*44,122*	*67,905*	n/a	*660,106*	*231,066*	*2,982*	*169,468*	*176,784*	*895,874*	*121,925*
Proposed Office Space (sf)	-	-	-	n/a	*596,137*	*405,605*	*21,108*	*93,562*	*152,414*	*2,190,167*	*116,818*
Proposed Other Non-Residential (sf)	-	-	-	n/a	*688,708*	*149,497*	-	*148,947*	*173,848*	*275,999*	*4,846*
Proposed Non-Residential GFA per Unit	**12**	**19**	**18**	**n/a**	**62**	**40**	**6**	**39**	**59**	**74**	**28**
Proposed Non-Residential GFA per Resident	**7**	**11**	**11**	**n/a**	**36**	**21**	**4**	**18**	**28**	**39**	**14**
Proposed Retail / Office GFA per Unit	**12**	**19**	**18**	**n/a**	**40**	**33**	**6**	**25**	**39**	**68**	**27**
Proposed Retail / Office GFA per Resident	**7**	**11**	**11**	**n/a**	**23**	**17**	**4**	**12**	**18**	**36**	**14**

Note: Other non-residential includes institutional, industrial, etc. PPU is based on apartment PPU assumptions in most recent local Development Charges Background Study, with the exception of Midtown Oakville PPUs which are a weighted average of estimates from the JBPEs for new development from 2021 to 2051 from a Town of Oakville memo titled "Persons per Unit (PPU)" and dated April 11, 2024.
Source: Local planning departments

6.11 Key Findings

- Amongst the surveyed communities, Vaughan Metropolitan Centre and Mississauga City Centre are clearly the most powerful market areas, followed to varied extents by Markham Centre and Downtown Pickering. The four Halton Region communities (Aldershot GO, Appleby GO, Burlington GO, and Milton GO) all offer weaker market locations for a variety of reasons, and the data bears this out in terms of absorption, building scale, non-residential development, and other trends.
- From a market perspective, Midtown Oakville likely fits somewhere between these two groupings of communities – a stronger market location than the other Halton Region communities, but unlikely to reach the same levels of demand as a VMC or MCC.
- Comparing what has been built in these communities to what is proposed, we note the following important trends that are likely to be reflected in Midtown Oakville:
  - Buildings are becoming larger. In almost every community, the scale (e.g. number of units) and height of proposed buildings exceeds what has been built to date. This is a product of a number of factors, including:
    - Planning policies that encourage more intensification in these communities than in the past;
    - Restrictive planning policies in other parts of the municipality that push new growth and intensification to a limited number of areas;
    - High population growth in the GTA requiring more housing construction;
    - Increased demand for transit-oriented housing;
    - Affordability challenges pushing more households to apartment living.
  - Unit sizing is getting smaller and the overall suite mix is shifting to a slightly higher proportion of studio/one-bedroom units. This is also reflected in the Midtown Oakville development applications and is likely to persist until we see a shift to more end-users and families seeking to live in apartment buildings in these communities.
  - Parking ratios below 1:1 are becoming more common even in historically suburban municipalities. This is likely to increase over time, but it is notable that the further the community was from Toronto, the higher parking ratios generally tended to be.
- While these factors are influencing the average size of projects, the scale of proposals in many communities – including Midtown Oakville – is without precedence and market evidence. At a time when markets are soft and investors unlikely to return soon, developers seem to be seeking building heights that defy market logic.

7.0 Midtown Oakville Outlook

The Midtown Oakville area offers a very good opportunity for a new high-density, mixed-use community. The reasons to be optimistic about the area's market appeal include:

- Oakville has already shown itself to be a strong and growing market for high-density residential uses, with sales and housing starts having increased significantly in recent years;
- Oakville has a strong reputation as an attractive place to live and raise a family, as well as a great community for seniors and retirees;
- Proximity to transit – Midtown is the best-connected location in Oakville;
- Midtown is a short distance from the highway, providing good vehicular accessibility;
- Affordability concerns in the low-density residential market are leading more residents to pursue apartment living whether as owners or renters. As more households consider apartment-living in Oakville, Midtown will become an increasingly attractive location;
- Development activity will need to increase in a significant way in the coming decades in order for Oakville to meet or come near recent growth targets;
- Increased immigration targets in the coming years should see new Canadians continue to be a significant driver of population growth and drive demand for more new housing.

The following provides NBLC's recommendations and outlook for the Midtown Oakville area.

7.1 What Makes a Successful Community?: Importance of Public Realm Investments

Before delving into the recommendations and outlook, it is useful to consider some of the elements that make a successful community – particularly those elements that the Town of Oakville may have some control over from a planning or investment perspective.

The following are some key elements that will help in making the Midtown Oakville area more attractive for new development. These are items that, if executed well, can help to drive demand and increase the pace at which the area may build out.

- **Walkability/Pedestrian Realm:** Neighbourhoods that prioritize pedestrians over cars are desirable from both a residential and non-residential perspective. Sidewalks, street furniture, crosswalks, and the relationship between buildings and the street are all important. Short blocks and narrow roads also improve the public realm, slow traffic, and increase social/economic opportunities.
- **Public Spaces:** These spaces act as gathering places for the community and create a sense of place This includes parks, public squares, pedestrian mews, and others.

- **Community Amenities:** Like public spaces, they act as gathering places, but also include community infrastructure like daycares, libraries, schools, opportunity for recreation and other dynamics that make communities complete.
- **Architecture:** Great architecture adds value and can increase the profile of a community. While the Town of Oakville will not be designing the buildings that are constructed in Midtown Oakville, they can encourage the development community to strive for architectural excellence and take a leading role in the design of public facilities.
- **Programming:** Quality and consistent programming is critical to create a destination. Spaces for public and private programming should be considered in the planning process and encouraged through the development process.
- **Flexibility:** Successful communities have flexible space that can be used for a variety of uses and activities, for programming, pop up spaces/shops, different uses across seasons, etc.

Today, Midtown Oakville is lacking in all of these elements. While some will be improved through redevelopment by the private sector, the Town of Oakville should also consider public sector investments on any publicly-owned land where possible – particularly for amenities like parks, community spaces, and streetscape improvements. This would create a more attractive place for investment from the private sector and potentially increase the pace at which the area evolves into the complete community it is envisioned to be. Proactive acquisition of land or land swaps with existing landowners could also be considered in order to facilitate key moves early on in the area's redevelopment.

7.2 Estimating Residential Demand in Midtown Oakville

The Midtown Oakville area has a number of elements that are working in its favour as the Town looks to have it transition to a mixed-use transit-oriented community. This includes:

- Being the most transit-accessible location in Oakville;
- Proximity to a wide variety of established retail centres;
- Proximity to the regional highway system;
- Nearby to Sheridan College's Oakville campus.

However, as noted in this report, there are some factors that need to be considered to understand how the area is likely to build out, particularly in the near-term (~10 years):

- GO transit and local bus routes do not drive demand to the same extent as subway service or LRT service as part of a wider local transit network;
- Most other similar communities in the GTA have grown at modest paces – many averaging under 200 units absorbed annually, and few exceeding 400 units absorbed annually;

- The current conditions of the area could make initial phases somewhat challenging from a market perspective due to the lack of a welcoming public realm, pedestrian environment, and the existing mix of uses.

Given the above, the expectations for residential demand and annual absorption should be tempered, particularly in the near-term.

Are the JBPEs Realistic?

It is unlikely that Midtown Oakville will be able to achieve the forecasted residential growth in the JBPEs, particularly in the near-term.

In the first 10-year forecast period, the JBPEs suggest a population increase in Midtown Oakville of more than 11,000 persons to 2031. As shown in Table 19, this would require the development of nearly 6,000 new residential units (assuming all new units are apartment forms). Given construction timelines of three to five years for apartments, and the fact that no buildings are currently under construction or actively selling in Midtown Oakville, it is our view that this near-term forecast will not be achieved.

Table 19

Estimated Housing Requirement Based on JBPEs
Midtown Oakville, 2021 to 2051

	10-Year Residental Growth			30-year Growth
	2021 - 2031	2031-2041	2041-2051	
Population Growth	11,071	12,430	8,332	31,833
Persons Per Unit	1.85	2.06	2.08	1.99
Total Estimated Units	5,984	6,034	4,006	16,024
Annual Estimated Units	598	603	401	534

Note: Persons per unit assumes apartment built forms and 1.7 persons per unit as per the Town of Oakville's most recent Development Charges Background Study.

Even over the long-term, the JBPEs are very optimistic. Over the 30-year timeline, the forecasted population growth could require more than 500 units annually to be accommodated. As noted in Section 6.0, even surpassing 400 units annually in similar communities has been rare historically outside of established and more powerful locations like MCC and VMC.

While the annual demand for new residential units could eventually reach 500+ units in Midtown Oakville, it is likely to be in the back half of the 30-year planning period as the area becomes more established and built out, and public realm investments are made. Over the full 30-year planning horizon, this level of growth, on average, is unlikely based on market trends. Notwithstanding this, we do expect that the amount of growth forecasted through the JBPE's could be reasonable over a longer-term than the 30-year forecast period.

NBLC Residential Demand Estimates

In the near-term (~10 years), NBLC expects that demand for residential uses in Midtown Oakville could be in the range of 200 to 300 units annually. This would place the pace of absorption in Midtown Oakville somewhere between weaker markets like Milton GO and the strongest markets like VMC, MCC, and Markham Centre in our comparable community survey in Section 6.0.

The most recent Development Charges Background Study for the Town of Oakville forecasted a housing need of just over 800 apartment units annually over a 10-year growth period. This is in line with the average number of apartment starts over the past decade (887), though it is below the higher five-year average of just under 1,200 units annually.

If the next 10-years feature apartment growth within this range of 800 to 1,200 units annually, the suggested 200 to 300 units annually in Midtown Oakville would account for about 15% to 35% of total apartment demand in Oakville.

Beyond 10-years, forecasting from a market perspective can be more challenging given the ebbs and flows of any market and the inevitable evolution of housing markets. However, it would be reasonable to assume that demand will grow over time, and that beyond the first 10-years of build out the annual demand for residential units will grow beyond the suggested 200 to 300 units annually.

While NBLC's estimates of demand are relatively modest, there is potential for the Midtown Oakville area to attract more investment than estimated in the near-term with meaningful public realm improvements, as noted. If the Town of Oakville were to build new parks and community amenities, improve streetscapes, and make other investments, it is possible that it could accelerate market demand for both residential and non-residential uses, and kick-start the build-out timeline for the area.

While Midtown Oakville is likely to trail behind submarkets like Mississauga City Centre and Vaughan Metropolitan Centre, communities like Markham Centre and Downtown Pickering likely offer a 'best-case-scenario' for residential demand and absorption.

What Does this Mean for Building Heights?

Determining appropriate building heights can be challenging from a planning perspective. However, our estimates for annual residential demand are generally agnostic to building heights as they are not likely to materially impact market demand in Midtown Oakville.

Notwithstanding this, NBLC does note that building heights impact how an area builds out and the overall feel of the community as projects are completed.

For example, we have suggested annual demand of 200 to 300 residential units in Midtown Oakville. This annual residential demand can be deployed in a number of ways – it could be focused in one 50-storey tower every two years, in one 20 to 30-storey tower each year, or two 10 to 15-storey buildings every year. In each of these cases, the same amount of residential units may be delivered, but the amount of land required varies significantly.

The question becomes – what does the Town of Oakville want Midtown Oakville to be? And how quickly would the Town of Oakville like this area to build out?

If the annual demand is pushed into larger towers like some of the development applications in the area today, build out could take longer to achieve. In contrast, the completion of a smaller new building every year would speed up the overall build out and shorten the timeline to achieving the benefits that transit-oriented communities deliver.

Additionally, it is also important to consider that the market will pursue what it sees as the best opportunities. If a 50-storey tower is permitted but not feasible due to slow absorption, modest demand, or construction costs being too high, a developer might pursue a smaller building scale (or, wait until favourable economic conditions support the taller project). Mississauga City Centre is a good example of this – even without any height restrictions, about 60% of all apartment buildings launched in the past 20 years have been under 40-storeys, indicating that developers will not just simply max out building heights and densities in all cases.

Also worth considering related to building heights is that even if the Town of Oakville puts limits in place, the development community may still pursue taller buildings through planning amendments and/or appeals if they believe that the demand for larger buildings exist – or if larger buildings are perceived to be advantageous to development feasibility.

7.3 Estimating Non-Residential Demand in Midtown Oakville

The Midtown Oakville area is likely to face several challenges in attracting new non-residential uses – particularly new office development. As such, it will be important for the Town of Oakville to be strategic about how they approach any requirements for their inclusion.

Throughout this report, we have noted the following:

- Midtown will be in direct competition with established non-residential nodes like Downtown Oakville, Uptown Core, and Oakville Place. This has the potential to limit the demand for new non-residential uses in Midtown Oakville – particularly retail uses.
- The Midtown Oakville area currently lacks several key drivers of non-residential demand, though there will be opportunities to shift some of these drivers as the area builds out – particularly as it relates to population density and an amenity-rich, mixed-use environment – though the prospects in the near to mid-term are less positive.
- The office market across the GTA is currently very weak. It is possible that soft office market conditions could persist for as long as 20 years.

- Attracting major, standalone office development outside Downtown Toronto is very challenging. Most new office development outside Toronto tends to consist of low to mid-rise buildings with large surface parking requirements – something that would be contradictory to the dense, urban community envisioned for Midtown Oakville.
- Midtown Oakville has seen some modest major office investment since 2013. While this is positive, it is also possible that this recent investment, combined with weak market conditions today, will further limit the office development potential in Midtown beyond more modest offerings as part of mixed-use developments.

Given the above, we would anticipate that the non-residential space in the Midtown Oakville area will be focused primarily on retail uses, as opposed to office uses; and, particularly retail uses that will serve new Midtown Oakville residents.

Are the JBPEs Realistic?

As with residential uses, the JBPE's for Midtown Oakville appear to be overly optimistic for the 30-year planning period, though we would expect that this amount of growth could be reasonable over a longer-term. Table 20 notes that over the 30-year growth forecast, annual growth of more than 150,000 sf of non-residential space could be required to accommodate the number of jobs forecasted. This would translate to 295 sf per new residential unit – well beyond the ratios noted in the review of comparable precedents in Section 6.0.

Table 20

Estimated Non-Residential GFA Requirement Based on JBPEs
Midtown Oakville, 2021 to 2051

	10-Year Non-Residental Growth			30-year Growth
	2021 - 2031	2031-2041	2041-2051	
Job Growth	1,917	5,425	4,467	11,809
GFA per Job	400	400	400	400
Total Estimated GFA	766,800	2,170,000	1,786,800	4,723,600
Annual Estimated GFA	76,680	217,000	178,680	157,453
Total Estimated Res. Units	5,984	6,034	4,006	16,024
Non-Res GFA per Unit	128	360	446	295

Note: GFA per job is based on information from the Town of Oakville's most recent Development Charges Background Study.

Even at a more modest GFA per job assumption of 250 sf per job, the GFA requirement would be significant based on the job forecasts – in the range of 3,000,000 sf total and 100,000 sf per year (160 sf per residential unit).

While the market could change over the long forecast period, particularly for office space, NBLC would suggest that these JBPEs are unrealistic for Midtown Oakville to achieve by 2051 from a market perspective based on market evidence available at present.

As noted previously, we would expect Midtown Oakville to support a level of non-residential space that is somewhere in between the more powerful locations of VMC, MCC, and Markham Centre, but higher than the comparable Halton Region communities (Aldershot GO, Appleby GO, Burlington GO, Milton GO). Current development applications generally propose non-residential space that fits within this range and are generally thought to be at a reasonable scale for non-residential space integrated into mixed-use developments.

The following are some additional recommendations / considerations for non-residential uses in the Midtown Oakville area given the likelihood that it will be more challenging to attract non-residential investment relative to residential investment:

Focus Retail Uses Along Strategic Spines, Away from Trafalgar Road and Cornwall Road

It will be important to be strategic as to where new retail will be located to maximize its effectiveness in creating an attractive community and improving the chances of success for retail businesses.

In general, we would recommend avoiding focusing ground floor retail uses along both Trafalgar Road and Cornwall Road. We believe that both corridors would be challenging for this type of retail as they are uncomfortable for pedestrians due to their width and high traffic volumes. This is likely to lead to less foot traffic, which will attract lower quality retailers or lead to empty storefronts. The exception to this is if a major retailer like a grocer can be attracted to a large space in these locations – these types of anchor retailers can help attract people to the area and have positive spinoff impacts on retailers in the surrounding area.

If Office Space is Desired, Consider Offsets and Public-Sector Interventions

Instead of targeting standalone, major office developments in the Midtown Oakville area, which will likely be challenging to attract, we would recommend encouraging new office development as part of larger mixed-use developments if it is seen as desirable by the Town.

While the market for these spaces may still be limited, smaller amounts of office space in the podium of a new development are well-suited to attract businesses like medical offices, community services, community co-working spaces, and others that can serve what will be a growing local population.

To encourage developers to build office space as part of their mixed-use developments if they are not doing so on their own, we would suggest the following as potential approaches:

- Offer density offsets in exchange for new office space. For example, for every floor of office space provided within a new development, developers could be permitted to build an additional five storeys of residential uses. More analysis would be required to understand and calibrate the level of increased density needed to offset the losses associated with building office space.

- Consider public-sector interventions that could make this location more attractive for office-based businesses. This could include the construction of new amenities and community facilities, public realm improvements, or better and more frequent transit service.
- Offer direct financial incentives for the inclusion of new office space. Capital cost (e.g., development charge waivers) and operating cost (e.g., TIEGs) reductions can be effective in this regard, though it is important to note that incentives do not create demand for office uses.
- Consider a town-led acquisition of land that can be reserved for a future community/non-residential use when market conditions improve. By reserving a location for this use (and controlling for land cost), the Town could activate the space on an interim basis and facilitate a preferred form of development as the market evolves.

Maintain Flexibility for Future Office Development

Notwithstanding the above and the fact that the office outlook in Midtown Oakville is negative for the foreseeable future, we do recognize that the area is likely to have a long build-out period of several decades. Given this, it is possible that the market will shift over the longer term and Midtown Oakville could eventually become attractive for more new office investment.

As such, we recognize that there may still be some value in reserving some blocks for standalone office development, understanding that these will not be developed in the near-term. It will also be important to maintain flexibility in the policy framework to ensure that these blocks can be developed with other uses if a market for office space never emerges. We note that planning for office uses is already being done within the Office Employment Precinct at the east end of Midtown Oakville.

Consider How Public Realm Design Can Support Retail and Other Non-Residential Uses

As noted, two of the key reasons why the Trafalgar Road and Cornwall Road corridors are considered less appropriate for ground floor retail are the width of the roads and high traffic volumes. Given this, we recommend that consideration be given to how the roads that act as retail corridors can be designed to support new ground floor retail space as best as possible.

We would recommend considering the following for any retail corridors:

- Narrow road widths, ideally with two lanes of traffic instead of four or six. This will help to slow car traffic and make these streets more comfortable for pedestrians.
- Ensure roads are designed as high-quality pedestrian spaces with wide sidewalks and seating to attract people on foot to these corridors.
- As is planned in the draft OPA, ensure integration of active transportation infrastructure as part of these new retail corridors. This will help support the retail spaces – studies have shown that bike lanes, for example, have positive impacts on retail businesses – and will provide residents and visitors with an alternative to driving to or within these areas.

Figure 16 provides a rendering of a streetscape that achieves the above goals at Brightwater in the Port Credit area.

Figure 16: Main Street promenade at Brightwater Mississauga. The two-lane road, bike paths, wide sidewalks, and woonerf design combine to slow traffic and create a comfortable pedestrian-oriented retail corridor

Source: experiencebrightwater.ca

Support Retail Uses with Community Amenities, Consistent and Quality Programming

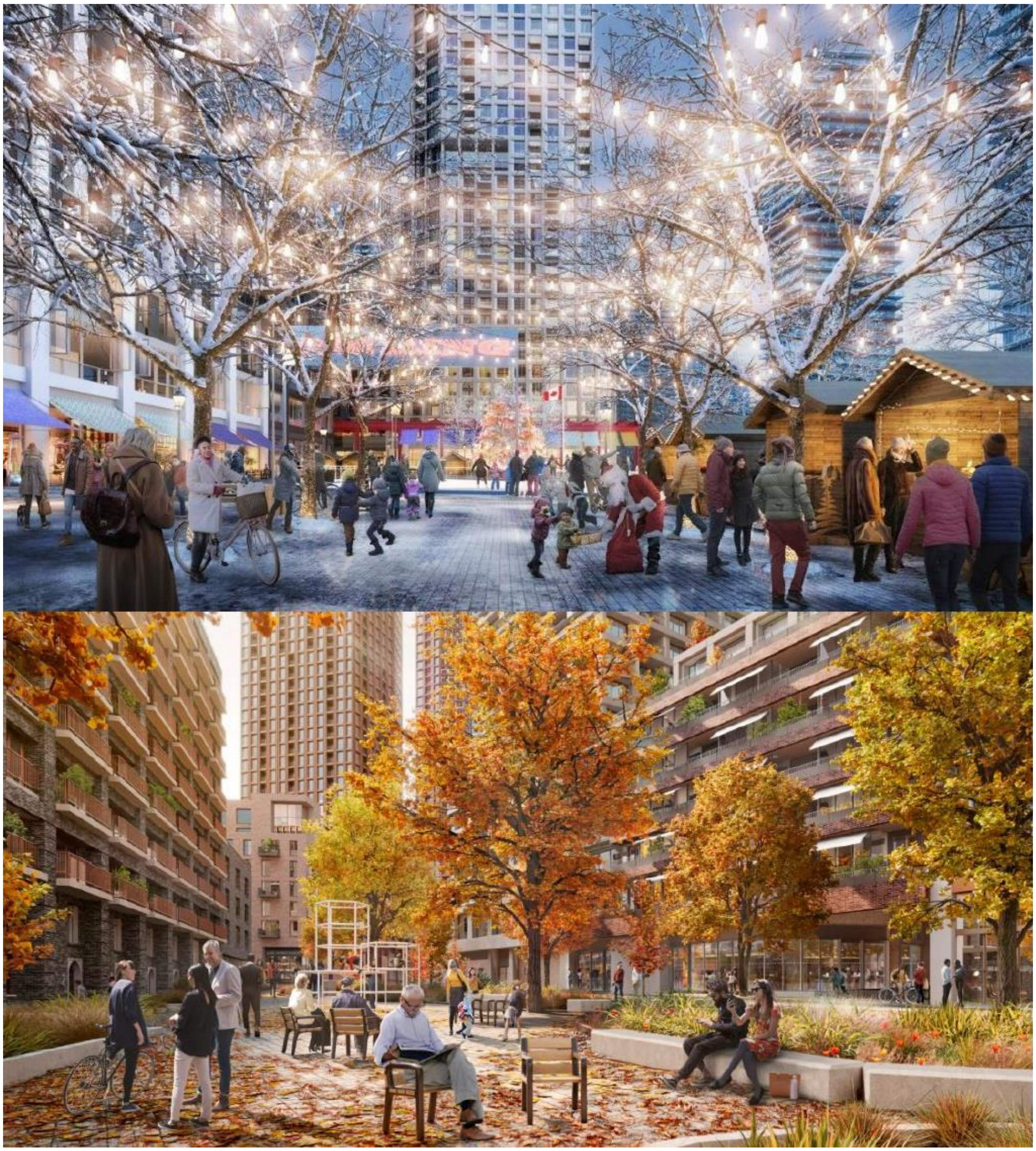
NBLC recommends extensive community amenities that can be shared by residents and visitors. Community amenities are a way for this area to stand out and bring attention, attracting a range of residents from not just Oakville, but from beyond the local market area as well. The amenities in the community should provide for a range of recreational and social amenities for all ages within a high-quality landscaped environment.

Parks and outdoor amenities will be particularly important in the design of the new community. The COVID-19 pandemic demonstrated the importance of outdoor spaces where people can gather. We note that several small parks are included in the current draft OPA. These spaces should be well thought out to ensure that they are attractive spaces where people want to spend time and where community events can occur. They should include places for people to sit and gather, and should be flexible to allow for a variety of four season community events and pop ups (Figure 17). They should also be located in close proximity to where most people in Midtown Oakville are expected to live.

These outdoor community amenities can help support non-residential uses in the Secondary Plan area – particularly if they are well-programmed and located near or along retail corridors. Programming drives traffic to the area, exposing people to the retail and other non-residential uses that they may otherwise not have known about.

Additional indoor community amenities should also be planned for in Midtown Oakville. Focus should be put on amenities that will improve the lives of the residents on site such as daycare spaces a community centre and/or schools. Including these types of community uses may also reduce some of the pressure to fill retail and office space in building podiums if agreements can be made with developers for these spaces.

Figure 17: Public spaces that can be used and programmed in all four seasons at 2150 Lake Shore Boulevard West (former Mr. Christie's site) in Etobicoke



Source: UrbanToronto

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