

# Council Information Memo

**To:** Mayor Burton and Members of Council

**From:** Milan Bowie, Senior Economic Development Officer, Economic Development

**CC:** Jane Clohecy, CAO

Ralph Kaminski, Acting Commissioner of Community Development

Rebekah Diec Stormes, Director, Economic Development

**Date:** November 12, 2024

**Subject:** Status update on Economic Development Plan 2024-2029 and follow up on Discussion Items 7.2: 2023 Economic Development Annual Report and 7.3: Economic Development Plan:2024-2029 – Draft Strategic Directions, presented to Planning and Development Council on June 24, 2024

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## Comments

This memo is to provide an update on the timing of the new Economic Development five-year plan, as well as to respond to questions received during the presentations on the Economic Development Annual Report and the Economic Development Plan's strategic directions at the meeting on June 24, 2024.

## Status update on Economic Development Plan 2024-2029

The Economic Development department is deferring the presentation of the final Economic Development Plan from Nov 18, 2024 until the review of the alternative models for the Halton Region Small Business Centre has been completed in early 2025 and the results can be incorporated into the five-year plan.

## Background

In June 2024, the Economic Development department presented the staff report titled *Economic Development Plan: 2024-2029 – Draft Strategic Directions* to Planning and Development Council, at which time the report was endorsed for further public consultation. Following the endorsement, the Economic Development department worked with Deloitte, the consultant on the project, to create a two-page summary document and public engagement survey to gather feedback on the proposed strategic directions. Generally, respondents were supportive of the directions with feedback themes around timing and resourcing, connections with other town departments, and support for small business.

Since the June report and the subsequent public engagement survey, there has been a transfer of Economic Development programs and services from Halton Region to the local municipalities effective January 1, 2025. Staff from the local municipalities were involved in this review and are supportive of the changes. A budget request for 2025 has been made to assist the department in the immediate term with the transfer of economic development programs and services, as there is an expected increase in volume, as well as new services that the town has not provided in the past.

The Halton Region Small Business Centre is subject to further review, and alternate service delivery and governance model recommendations will be brought Regional Council in early 2025.

Given the changes outlined above, the Economic Development department, in consultation with executive leadership, has deferred the presentation of the final plan until the review of the small business service delivery model has been completed and the results incorporated into the plan. This will provide staff the opportunity to present Council with a five-year plan that acknowledges the full impact of the changes at the regional level. It is expected that staff will bring forward the updated plan in late Q1/early Q2 2025 so it will not result in a significant delay but will allow time to include all elements of the transfer of services.

### **Item 7.2: 2023 Economic Development Annual Report follow up**

#### **Q: Has there been a trend for retail space vacancy or demand increasing?**

A: Historically, the Economic Development department has not actively tracked retail space real estate data as resourcing has been aimed at supporting office and industrial-based companies. As such, the department does not have a record of historic retail space data.

The town's Business Improvement Associations (BIAs) track the vacancy rate in their respective districts. The Bronte Village BIA has maintained a steady rate of 7% since staff started tracking the data in 2023. In 2022, BIA staff worked with 360 Collective to complete an Economic Development Study that benchmarked the district at approximately 75% of a comprehensive retail-mix to be a complete district. Private development projects will bring over 45,000 square feet of ground floor commercial space in the next three years. The Bronte BIA plans to continue monitoring new development to understand the demand for retail space in the district. The Kerr Village BIA tracks their current commercial property vacancy rate to be at 3.5%, while noting that it usually hovers around 4 – 6%. The vacancy rate tracked by the Downtown Oakville BIA was 6.2% in September 2024. By comparison, for the same period in 2023, they reported a vacancy rate of 7.42% and have noted that vacancy rates have been trending downwards year-over-year for several years now.

**Q: How does the industrial market look in Oakville? Is there a demand for warehousing and is the demand the same in Burlington and Mississauga?**

A: The industrial market in Oakville remains active, reflected through continued lease activity and record-breaking development activity that reached approximately 1.5 million square feet in 2023, with the vacancy rate remaining relatively low at 5.1%<sup>1</sup>.

The Q3 2024 Peel, Halton and Hamilton Market Report from Colliers notes that rising availability rates in Burlington (5.3%) and Oakville (4.3%) could signal a softening in industrial demand as supply catches up, but despite these pressures tenant demand remains steady for well-located industrial properties<sup>2</sup>.

According to the same report, net absorption across the Hamilton, Halton and Peel markets was led by Mississauga at 189,672 square feet. In speaking with industry experts, it was noted that jurisdictions like Mississauga attract a different type of industrial investment due to its location, especially in the North which encompasses the 401 corridor. This area specifically is positioned to accommodate large-bay industrial operations, including logistics and warehousing and distribution.

From Q1 2023 to Q2 2024, several companies leased or purchased industrial space in Oakville, including but not limited to, Element Materials Technology, Nutem Custom Manufacturing, JFE Shouji Power, Snuggle Bugz, Cyclone Manufacturing, Paper Solutions, Stevens Omni and Buchanan Rubber<sup>3</sup>. Of these companies four are warehousing uses, ranging from approximately 23,500 - 55,000 square feet. Other uses include manufacturing and materials and product qualification testing, of which none occupy a larger footprint than 63,000 square feet. In addition to these companies, an existing Oakville company, Burloak Indoor Golf, announced its plans to relocate to a new industrial development, Wyecroft Park.

In speaking with local industrial real estate professionals, it was noted that most industrial-based companies they work with that are interested in the Oakville market are in advanced manufacturing, high-tech and small-scale warehousing sectors. This aligns accurately with site selection inquiries department staff receive and respond to in terms of space requirements and sectors.

**Q: How are you calculating what is vacant and what is up for lease? Provide methodology on the data behind the CBRE Marketview report.**

A: In the CBRE Marketview Snapshot for the office market, the vacancy rate includes direct and sublet space. Vacant space is defined as total office space in each area that is currently vacant and available for occupancy. Based on this method, it appears that they do include all spaces that are vacant and ones that are available for lease.

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<sup>1</sup> CBRE Marketview Snapshot, Oakville Industrial, Q2 2024.

<sup>2</sup> Colliers Peel, Halton and Hamilton Market Report, Q3 2024.

<sup>3</sup> Source: CBRE Marketview Reports, Q1 2023 – Q2 2024. Oakville Economic Development, 2024.

**Q: Oakville residents are highly qualified for any of these jobs – what is the percentage of residents that are employed by local businesses?**

A: The Town of Oakville is a net importer of workers, bringing in 8,190 more labour to work in local industries than labour leaving the town for work in 2021 (the most current data the department has).

Table 1 – Commuting patterns

	2021
Non-residents who commute into Oakville for work	32,805
Residents who commute out of Oakville for work	24,615
Net import (+)	8,190

Source: Statistics Canada, 2023.

In 2021, the sectors bringing in the largest number of workers included health care and social assistance (6,515), manufacturing (4,970) and retail trade (4,115). These were also the top three sectors in 2016.

In 2021, the sectors drawing workers outside of the town for work included health care and social assistance (3,710 workers), manufacturing (3,135 workers) and retail trade (2,715 workers). This was a shift from 2016 which included finance and insurance, professional, scientific and technical services and manufacturing as the top three in 2016. Pandemic-induced work from home policies that affected many workers in finance and insurance and professional, scientific and technical services influence this shift.

**Item 7.3: Economic Development Plan:2024-2029 – Draft Strategic Directions follow up**

**Q: How do we differentiate ourselves from our neighbours – Burlington, Brampton, Mississauga? How do we leverage the strengths that you've discovered through the work that has been done already? Are we all trying to attract the same type of investment?**

A: While Oakville may be similar to its neighbours from a locational perspective, there are significant attributes that set it apart. The town's competitive advantage can be seen through the areas of talent and technology, in which Oakville ranks number one when benchmarked against peer regions<sup>4</sup>, according to Deloitte's Creative Index Analysis<sup>5</sup>.

<sup>4</sup> The Town of Oakville was benchmarked against the City of Vaughan, City of Brampton, City of Hamilton, Kitchener-Waterloo, GTHA, City of Markham, City of Toronto and City of Burlington

<sup>5</sup> The Creative Index evaluation utilizes three measurements: Talent, Tolerance and Technology. These three factors, often referred to as the '3T's', are part of an economic development theory that emphasizes the significance of attracting and retaining creative capital. Creative capital differs from human capital, which involves the production of goods and services, as it focuses on the ability to generate innovative

This is reflected through the community's highly educated workforce, with more than 80% of the population aged 25-64 having attained a post-secondary degree/diploma, high concentration of knowledge-based occupations and significant number of STEM businesses and those conducting related activities. In addition to these strengths, Oakville is known for its beautiful natural landscape, abundant parklands, acclaimed schools and established neighbourhoods, all contributing to the livability and quality of life that it offers – a key driver in attracting investment to the community. Bringing all these aspects together, Oakville is the community *Where Living Works* – business thrives in Oakville because people thrive in Oakville, it's balancing work and life, all in one place.

**Q: Can you share more details on the marketing attraction plan and what is the timing for the plan to come out?**

A: The Economic Development department actively promotes Oakville as a desirable location to invest, through various channels including social media, Invest Oakville website and e-newsletter and participating in networking and industry events. These efforts are complemented by maintaining up-to-date marketing collateral, including the [Community Profile – Where Living Works](#) and participating in other promotional opportunities such as co-marketing campaigns with Toronto Global and Invest Ontario. The department plans to build upon these existing initiatives by developing an investment attraction marketing plan, which is identified as a short-term priority for the department.

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ideas, concepts, products and processes that contribute to distinct characteristics and advancing technologies.

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