



Shaping Guelph

**Employment Lands Strategy
Shaping Guelph:
Growth Management Strategy
November 27, 2020**

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Table of Contents

Key terms and nomenclature	iv
Acronyms	v
Executive Summary	vii
Planning policy context	viii
Macro economic trends influencing employment lands development and planning for employment uses	ix
Regional and local economic context.....	xi
Guelph's employment areas profile	xii
Forecast employment growth and employment land needs to 2051	xiii
Policy directions	xv
Planning for intensification within developed employment areas	xx
Monitoring industrial employment land development activity and needs	xxii
1. Introduction	1
1.1 City of Guelph Official Plan Review context.....	1
1.2 Study purpose and process	2
1.3 Technical brief purpose and context	3
1.4 Technical brief organization.....	4
1.5 Definitions and terminology	4
2 Policy context.....	7
2.1 Provincial context.....	7
2.2 Municipal context.....	12
2.3 Summary of policy context.....	20
3 Macro-economic trends influencing employment lands development ..	22
3.1 Trends in global and provincial economy	22
3.2 Economic trends in the Greater Golden Horseshoe	26
3.3 Emerging industry sector trends	30
3.4 Planning for employment lands in the new economy.....	33
3.5 COVID-19 and the new economy	37
3.6 Observations	38
4 Guelph's economic structure and growth trends	39
4.1 Economic and employment structure	39
4.2 Employment and development growth trends	40

4.3	Industry clusters in Guelph	43
4.4	Labour force trends.....	46
4.5	Industrial market.....	48
4.6	Major office market.....	49
4.7	Observations	50
5	Guelph employment lands profile	52
5.1	Overview of employment lands.....	52
5.2	Municipal role in employment lands development.....	57
5.3	Development activity on employment lands.....	57
5.4	Employment lands absorption trends.....	59
5.5	Opportunities to accommodate growth on employment lands	61
6	City of Guelph competitiveness within the GGH context	71
6.1	Labour force characteristics.....	73
6.2	Development and operating costs	75
6.3	Employment land supply.....	78
6.4	Observations	80
7	City of Guelph employment growth and employment land needs, 2021 to 2051	81
7.1	City of Guelph long-term employment forecast by major sector, 2021 to 2051	81
7.2	Employment area needs analysis, 2021 to 2051	85
8	Recommendations and next steps	92
8.1	Key questions and policy directions	92

Key terms and nomenclature

Key Term	Nomenclature / Short Form	Definition
Envision Guelph – the City of Guelph Official Plan	2018 Guelph OP	Existing OP consolidated in 2018
Growth Management Strategy	GMS	The Growth Management Strategy consists of a number of assessments, strategies, and analyses, and will provide directions for an updated Official Plan.
Municipal Comprehensive Review (MCR)	MCR	Used to refer to both the Growth Management Strategy.
Official Plan Update	OP Update	Process for updating the Official Plan
Shaping Guelph	None	The public-facing project name for the current Growth Management Strategy. Used on community engagement and promotional materials.
City of Guelph	The City	None
A Place to Grow: Growth Plan for the Greater Golden Horseshoe	APTG	2019 Growth Plan
Greater Golden Horseshoe	GGH	The geographic area identified as the Greater Golden Horseshoe growth plan area in Ontario Regulation 416/05 under the Places to Grow Act, 2005.

Acronyms

AI	Artificial intelligence
APTG	A Place to Grow: Growth Plan for the Greater Golden Horseshoe
BUA	Built-Up Area
DC	Development Charge
DGA	Designated Greenfield Area
EA	Environmental Assessment
EIS	Environmental Impact Study
ELS	Employment Land Strategy
FSI	Floor space index
FSW	Floor space per worker
GDP	Gross Domestic Product
GFA	Gross Floor Area
GID	Guelph Innovation District
GIS	Geographic information system
GGH	Greater Golden Horseshoe
GRCA	Grand River Conservation Authority
GMS	Growth Management Strategy
GTHA	Greater Toronto Hamilton Area
ha	hectares
HAS	Housing Analysis and Strategy
IMF	International Monetary Fund
LNA	Land Needs Assessment
LQs	Location Quotients
MCR	Municipal Comprehensive Review
MNR	Ministry of Natural Resources
MORE	Major office-related employment
MTSA	Major Transit Station Area

NFPOW	No Fixed Place of Work
NHS	Natural Heritage System
NPR	Non-Permanent Resident
OMB	Ontario Municipal Board
OP	Official Plan
PPS	Provincial Policy Statement
PPU	Person per unit
PRE	Population-related employment
PSEZ	Provincially Significant Employment Zones
RIA	Residential Intensification Analysis
SGA	Strategic Growth Area
sq.ft	Square foot/feet
sq.m	Square metre(s)
TDM	Transportation Demand Management
UGC	Urban Growth Centre
US	United States
VPN	Virtual Private Network
WHO	World Health Organization
WTO	World Trade Organization

Executive Summary

The City of Guelph is reviewing its Official Plan (OP), the guiding planning document that provides the long-term framework for growth, development, and the protection of valuable cultural and natural heritage resources located in the city. The OP and its policies will be updated to reflect matters of provincial interest under the Planning Act to be consistent with the Provincial Policy Statement (PPS), 2020 and to conform to A Place to Grow: Growth Plan for the Greater Golden Horseshoe (APTG), 2019 (including Amendment 1). The Municipal Comprehensive Review (MCR), known as Shaping Guelph, is the City's response to APTG which will ultimately result in an Official Plan Amendment (OPA).

The overall purpose of the MCR is to recommend a Growth Management Strategy (GMS) that sets out new growth-related directions and policies to bring the City of Guelph OP into conformity with the APTG. Dillon Consulting Limited (Dillon) and Watson & Associates Economists Ltd. (Watson) were retained by the City to complete the following growth-related components of the MCR:

- Employment Land Needs Strategy;
- Housing Analysis Strategy;
- Growth Scenario Planning; and,
- Land Needs Assessment.

The Employment Lands Strategy (ELS) provides a comprehensive examination of Guelph's Employment Areas, building on past studies as well as recent development activity and long-term trends over the 2051 planning horizon. The purpose of this technical brief is to:

- identify the city's long-term employment growth projections for Employment Areas;
- assess the ability of the Employment Areas to accommodate the city's long-term demand;
- recommend density targets for Employment Areas;
- provide policy direction to promote intensification of existing employment lands;
- outline whether any existing employment lands are no longer needed solely for employment purposes (i.e. what lands may be appropriate to convert to accommodate non-employment uses); and,
- provide strategic policy recommendations with respect to the city's Employment Areas.

The ELS will be coordinated with Prosperity 2020, the City's Economic Development Strategy, and Implementation Plan.

Employment Areas are an integral part of Guelph's economic development potential and accommodate a significant share of the city's businesses and employment. Employment lands accommodate primarily industrial uses (e.g. manufacturing,

distribution/logistics, transportation services), as well as specific commercial and institutional uses (e.g. office, service, ancillary/accessory retail) which generally support the industrial/business function of the industrial area. In contrast to other land uses (e.g. commercial and mixed-use areas), industrial employment lands accommodate export-based employment sectors that cannot be easily accommodated in other areas of the city.

Through development of its employment land base, the city will be better positioned to build more balanced, complete and competitive communities. For Guelph to continue to be competitive and attractive to a broad range of industrial and commercial sectors, the City needs to ensure that it has a sufficient supply and market choice of serviced employment lands.

This review is necessary to ensure that there is an adequate supply of employment lands by type and location to accommodate long-term demand and to satisfy Guelph's employment and economic objectives. To ensure that Guelph's employment areas remain competitive, this study also examines existing employment land policies, land-use regulations, and other guiding documents within the context of anticipated economic trends and industry demand patterns.

The following provides a summary of key study findings:

Planning policy context

The Planning Act is provincial legislation that covers the policies for land use planning affecting communities in Ontario. The Planning Act:

- sets out the framework for statutory planning and identifies how land is controlled for municipal land use planning;
- establishes the provincial interest in planning for employment opportunities; and
- sets up the legislative framework that is further implemented through several other provincial plans including the Provincial Policy Statement and APTG.

In accordance with Policy 5.2.2.1 of APTG, which states that the Minister will establish a methodology for assessing land needs to implement APTG, the Province has provided a Land Needs Assessment (LNA) document. The LNA document includes requirements that must be completed as part of the MCR to determine the total quantity of land needed to accommodate growth to APTG horizon, including the need for any settlement area boundary expansions, employment land conversions and the quantity of any excess lands. The LNA methodology recognizes that employment uses are evolving, and employment land requirements vary across the Greater Golden Horseshoe (GGH). Municipalities are required to review the forecast in Schedule 3 of APTG and provide a breakdown of the forecast by employment type to 2051 based on the outlook for employment growth. This report has been prepared in accordance with the LNA methodology for the GGH and the policies of APTG.

The City of Guelph OP was last approved in 2017 by the Ontario Municipal Board (OMB)¹, and includes population and employment forecasts to 2031. Employment Areas play a critical role in the local economy and the policies of the OP identify the importance of protecting them from conversion to non-employment uses. The City's current OP defines Employment Areas as areas that are designated in the OP for clusters of business and economic activities including but not limited to manufacturing, warehousing, offices, associated retail, and ancillary facilities. The OP includes a number of general policies to guide the planning of the City's Employment Areas. The OP also identifies four employment designations in Section 9, including Industrial, Corporate Business Park, Institutional Research Park and Mixed Business.

Macro economic trends influencing employment lands development and planning for employment uses

Over the past decade, the Canadian and Ontario economies have experienced relatively strong economic growth. Growth in 2019 eased in both Ontario and nationally, largely as a result of a tightening labour market and slowing global economic growth. While the performance of the national and Ontario economies has remained relatively strong over the past several years through to early 2020, the COVID-19 pandemic poses significant risks to these economies which are important to recognize. Currently, the level of sustained economic impact related to this "exogenous shock" to the world and the Canadian economy is largely unknown. Notwithstanding this uncertainty, it is generally clear that the longer COVID-19 persists on an international scale, the greater the severity of the current global recession.

Recent structural changes experienced in the macro-economy over the past several decades are well documented. At the provincial level, Ontario's economic base, as measured by GDP output, has shifted from the goods-producing sector (i.e. manufacturing and primary resources) to services-producing sectors. Much of this shift has occurred during the past two decades, driven by GDP declines in the manufacturing sector which were most significant immediately following the 2008/2009 global economic downturn. In contrast, service-based sectors such as financial and business services have seen significant increases over the past several years. Looking forward over the near-term, the Ontario economy is forecast to contract in 2020 before growth rebounds in 2021. Having said that, household spending in Canada is not expected to return to pre-pandemic levels until the second half of 2021. This is despite strong fiscal stimulus and historically low interest rates.

Continued structural changes in the global economy and technological advances will require municipalities to be increasingly responsive and adaptive to changing

¹ Currently referred to as the Local Planning Appeal Tribunal (LPAT).

industry needs and disruptive economic forces. Accordingly, this Brief explores a number of key industry and labour force trends that are expected to influence growth and development patterns in Guelph over the coming decades.

As also noted, COVID-19 is accelerating technological disruptors, largely including e-commerce, the gig economy, and automation. These trends are anticipated to fuel further growth for distribution/logistics centres, and place continued downward pressure on bricks-and-mortar retail stores and service, and office space needs.

Structural changes in the economy are further modifying the character of economic activities in employment areas and impacting their built form and character. Recognizing these recent structural changes in the regional economy, there is a need for the City to ensure that the amount, type, and location of the Guelph's established and planned employment areas are well aligned with anticipated market demand. A number of emerging industrial sectors are anticipated to influence the demand for employment lands in Guelph across a wide range of uses, including:

- Advanced manufacturing is evolving and is requiring integrated operations on larger sites in a "campus-style" setting. These integrated facilities often accommodate a combination of office, research and development, warehousing and logistics, and on-site manufacturing.
- The Goods Movement sector is evolving and responding to consumer demands, as e-commerce is growing in Canada. Emerging Goods Movement uses in Guelph are anticipated to include warehousing facilities requiring specialized functions that focus on serving the expanding urban population within the local and surrounding area. Key requirements include improvements to accessibility to the labour force, such as public transportation, and buildings with a range of design options.
- Market demand on employment lands has been increasingly driven by growth in knowledge-based or creative class economies. As these sectors continue to grow, major office, flex office and multi-purpose facilities encompassing office and non-office uses are becoming increasingly dominant built forms within employment areas.
- Accommodating an adequate mix of supportive uses on employment lands, such as retail and personal services, can strengthen such areas by providing amenities and services to employees and employers. Accommodating too much non-employment-supportive uses, however, can lead to land-use conflicts, influence land values, and eventually contribute to the erosion of employment.

As a result of these continued structural changes occurring in the macro-economy, it is important to recognize that the above-mentioned trends will generate both positive and disruptive economic impacts related to employment growth, local business investment, and labour force demand. Ultimately, these disruptive forces are also anticipated to have long-term impacts on the City's long-term employment

land needs, which should be regularly monitored when planning for Guelph's future Employment Areas.

Regional and local economic context

Guelph is located within one of the fastest growing regions in North America, known as the Greater Golden Horseshoe (GGH). Collectively, the population of the GGH is forecast to increase from 9.5 million in 2016 to 14.9 million in 2051, while the employment base is forecast to increase from 4.6 million in 2016 to 7.0 million in 2051. This equates to a population increase of 5.4 million people (155,000 annually) and an employment increase of 2.4 million (69,000 annually). This represents a substantial increase in population and employment relative to other North American metropolitan regions of comparable population.

The diverse and highly competitive GGH economy has fueled a steady level of employment growth over the past decade in most major sectors of the economy. Employment growth has been particularly strong related to knowledge-based and creative-class service sectors, including professional, scientific and technical services, financial services, information and cultural industries, education services, health care and social services as well as real estate. Within the service sector, economic growth has been notably robust for small- to medium-scale knowledge-based businesses that are focused on innovation, entrepreneurship and technology.

At the regional level, there is a diminishing employment land supply relative to demand in the larger GTHA markets, including the City of Toronto, City of Vaughan, City of Mississauga and the City of Brampton. As the more mature areas of the GTHA gradually build out, increasing outward growth pressure will be placed on the remaining vacant greenfield Employment Areas of the GTHA and the broader GGH.

The City of Guelph is home to an estimated 76,800 jobs, as of 2020. The City of Guelph has a diverse employment base. The largest sector in Guelph is manufacturing which accounts for 25 per cent of total employment. More specifically, the City has a relatively high employment concentration related to the following manufacturing sectors: automotive; metalworking technology; recreational and small electronic goods; trailers, motor homes and appliances; and production technology and heavy machinery. Other key sectors include education services; health care and social assistance; retail trade; accommodation and food services; professional, scientific, and technical services; wholesale trade and construction.

Future employment growth within Guelph is strongly correlated with the growth outlook and competitiveness of the economy within the GGH. Over the next several decades the City of Guelph employment base is anticipated to steadily grow across a broad range of export-based and population serving employment sectors. In several cases, these are also showing similar growth prospects at the broader regional level. Notwithstanding the opportunities generated by the strength of the GGH economy as a whole, it is important to recognize that Guelph will continue to

compete in attracting and retaining new business investment with many of the municipalities across the GGH and beyond. Each of these municipalities generally offer regional attributes that largely appeal to prospective international and local firms as well as new residents.

Guelph's employment areas profile

Guelph has a large and diverse existing employment areas base comprised of approximately 840 net hectares (2,075 net acres) of developed land. A large share is in proximity to the Hanlon Expressway corridor in the city's south end and northwest Guelph's employment lands base is largely a combination of municipally-developed and privately-developed business and industrial park areas.

Key industrial/business park areas include:

- Hanlon Business Park
- Hanlon Creek Business Park
- Northwest Industrial Park
- South Guelph Industrial Lands
- University of Guelph Research Park
- York-Watson Industrial Park
- The Guelph Innovation District (planned)

The city has averaged approximately 32,600 sq.m (350,900 sq.ft.) of building activity on employment lands annually over the 2006-2019 period. Warehousing and storage facilities experienced notable increases in share of total development on employment lands, increasing from 20 per cent in the 2006 to 2010 period, to 80 per cent in the 2016 to 2019 period.

The City of Guelph has a strong and successful history of municipal employment land development. The City continues to be a key employment land developer in Guelph, assembling and servicing land. The municipality is responsible for subdivision design, infrastructure development and land sales. The City of Guelph has developed a number of key industrial parks including Hanlon Business Park and the York-Watson Industrial Area. The City's current inventory of employment parcels available for development and sale are concentrated in the Hanlon Creek Business Park.

The competitiveness of Guelph's export-based economy is partly determined by the availability and quality of its developable employment lands. Further, market choice of shovel-ready industrial lands and the potential for future expansion are key factors in the industrial site selection process. Guelph's net developable vacant employment land supply is estimated at 391 net hectares (966 net acres). Given the large number of established employment areas in Guelph, opportunities exist for future employment intensification within these areas. Based on a further review of the net vacant industrial land supply, it was determined that Guelph has 155 net hectares (383 net acres) of shovel-ready employment land. The majority of

Guelph's shovel-ready employment land supply is located within the Hanlon Creek Business Park. The City of Guelph currently has four parcels for sale comprised of 13 hectares (32 acres) of land. The sites are located in Phase 1 of the Hanlon Creek Business Park.

Forecast employment growth and employment land needs to 2051

In accordance with Schedule 3 of APTG, Guelph's employment base is forecast to reach 116,000 jobs by 2051. This represents an increase of approximately 33,300 jobs between 2021 and 2051, representing an average annual growth rate of 1.1 per cent during this period, based on the anticipated 2021 employment estimate for the city of 82,700. Employment growth over the 2021- 2051 period by land use category includes:

- Population Related Employment (PRE) – forecast to increase by 17,500 jobs, representing 5 per cent of overall employment growth;
- Major Office Employment (MOE) - forecast to increase by approximately 5,800 jobs, representing 17 per cent of the City's total employment growth over the period;
- Employment Lands Employment (ELE) is expected to account for 31 per cent of total employment growth, with a total of 10,200 jobs; and
- Rural employment –a decrease of 200 jobs over forecast period.

Population growth is anticipated to drive the demand for population-related commercial and institutional employment in Guelph. New residential and population-related development will also drive demand within the construction sector and influence investment across certain industrial sectors that are more closely driven by regional population growth (e.g. fulfilment centres, urban warehouses).

Most industrial and office commercial employment (export-based employment), however, is not closely linked to population growth. Employment within these sectors tends to be more influenced by broader market conditions (i.e. economic competitiveness, transportation access, access to labour and distance to employment markets), as well as local site characteristics such as servicing capacity, highway access and exposure, site size/configuration, physical conditions and site location within existing and future employment areas throughout Guelph and the surrounding market area.

A large share of this employment growth is anticipated to be accommodated through employment land employment (ELE). Automotive; food processing and manufacturing; construction products and services; distribution and electronic commerce; transportation and logistics; production technology and heavy machinery industry clusters are also expected to experience relatively strong

employment growth and are expected to account for a significant share of ELE growth over the forecast period.

Knowledge-based industry clusters including: information technology and analytical instruments; environmental services; business services; as well as education and knowledge creation are expected to represent the strongest export-based employment sectors in Guelph between 2021 and 2051.

Employment areas in Guelph provide opportunities to accommodate a wide variety of employment sectors and businesses within a range of building types and forms. Employment areas in Guelph are forecast to accommodate approximately 15,000 jobs over the 2021 to 2051 period². This represents approximately 45 per cent of the Guelph's total employment growth over that period. It is assumed that 99 per cent of city-wide ELE growth will occur within employment areas, while 15 per cent of the city's population related employment (PRE) and 40 per cent of major office employment (MOE) will be accommodated within employment areas. In accordance with the above assumptions, employment growth within employment areas is anticipated to be comprised of 67 per cent ELE (10,100 jobs), 17 per cent PRE (2,600 jobs), and 15 per cent MOE (2,300 jobs).

Over the 2021 to 2051 forecast period, approximately 15 per cent of employment growth on employment lands is anticipated to be accommodated through intensification, such as expansions of existing buildings, additional development on already occupied parcels and infill on partially vacant lots. Adjusted for intensification, it is anticipated that the City will require 271 net hectares (670 net acres) of employment land within employment areas to accommodate forecast demand of 15,000 jobs over the 2021 to 2051 period. This represents an employment area land demand of 319 hectares (789 acres) based on a density of 40 jobs per hectare (16 jobs per acre). It is anticipated that average employment density levels within the employment areas in Guelph will increase from 38 jobs per gross hectare in 2021 to 40 jobs per gross hectare by 2051.

As previously identified, Guelph has a vacant designated employment land supply of 391 net hectares (966 net acres) or 458 hectares (1,132 acres). Reflecting parcels that are unlikely to develop due to physical constraints and a market vacancy adjustment, Guelph's developable vacant employment land supply is estimated to total 404 hectares (998 acres).

As identified in the 2018 City of Guelph Interim Employment Lands Update, a total of 50 hectares (123 acres) of employment lands are recommended be converted to non-employment uses based on Provincial and localized evaluation criteria. The proposed conversions encompass two sites:

² Including major office employment located on employment lands. Excluding major office, employment lands are forecast to accommodate 12,700 employees, representing 35 per cent of employment growth to 2051.

- Clair-Maltby Employment lands (43.7 hectares); and
- York Road/Watson Road Employment lands (6.2 hectares).

Reflecting the potential conversion of 50 hectares (123 acres) of employment lands as highlighted above, Guelph has an estimated 354 hectares (874 acres) of developable vacant employment land.

Based on the long-term employment land demand forecast provided hereinto the year 2051 and available, designated Employment Area land supply (adjusted for employment intensification), the City of Guelph is forecast to have surplus of 35 hectares (86 acres) of Employment Area land by 2051.

Policy directions

The following summarizes the key questions and policy directions of this Employment Lands Strategy:

What should constitute employment areas in the City's Official Plan?

The current Employment Area designations in the OP include Industrial, Corporate Business Park, Institutional/Research Park and Mixed Business designations. In addition to this, the GID Secondary Plan includes Employment Mixed-use 1 and Employment Mixed-use 2 designations.

From the perspective of the OP it is appropriate to maintain the current approach whereby Industrial, Corporate Business Park and Institutional/Research Park designations form the back-bone for the City's employment areas, as these locations accommodate the majority of the existing employment lands employment in the city and in the future are expected to accommodate a significant amount of growth. The Employment Mixed Use 1 and 2 designations in the GID should also be included as part of the City's Employment Areas. The Employment Mixed Use 1 and 2 designations in the GID should also be included as part of the City's Employment Areas; however, there may be a potential need to adjust the land use permissions within these designations in order to align with APTG requirements for Employment Areas. The Mixed Business designation applies to a smaller, isolated area in transition to the east of the Downtown which allows for a broader range of permitted uses compared to the other three designations. For the purposes of ensuring that the core employment functions are maintained and protected, it is recommended that the Mixed Business designation not be included as an Employment Area for the purposes of the City's OP conversion and protection policies.

The City should consider adding a new schedule to the OP which clearly shows the Guelph's Employment Areas on one figure.

Is the location and configuration of available employment lands sufficient and appropriate to accommodate employment uses across the range of targeted industrial and office commercial sectors?

As previously discussed, over the 2021 to 2051 period, employment lands are anticipated to accommodate approximately 45 per cent of the forecast employment growth for the city. When considering the city's regional competitive ranking and historical role in municipal land development, the City has influence on the supply of its Employment Areas. As such, to ensure that demand is not unduly constrained, it is critical that the City provide sufficient market choice of designated and developable Employment Area lands across Guelph.

In addition to Employment Areas, the Downtown (UGC) plays an important role in the attraction and accommodation of major office development within the city. Currently, approximately one third of the existing inventory is located in the Downtown (UGC), however, the area has not experienced any recent major office development activity. The city's urban structure and existing policy framework promote the Downtown (UGC) as an area for major office development. It is recommended that the City explore financial tools/incentives to attract major office development within the Downtown (UGC) over the long-term.

The Employment Area land needs analysis in section 7 identifies a small surplus of 35 hectares of Employment Area land by 2051, after recommended Employment Area conversions are factored. These results rely on the City being able to achieve an increasing density within its Employment Areas over time. The City should continue to monitor and track Employment Area land absorption and development activity, while promoting higher density built form and intensification to support maximization of the Employment Area land supply.

As previously noted, one of the most important site selection criteria that can be influenced by the city is an ample supply of suitable, vacant, serviced (and serviceable) employment land that is available for purchase and absorption. This inventory must provide a balanced market choice of sites, by site size and zoning, across all the city's Employment Areas. In order to allow for proper market functioning, the City should work to ensure that a minimum five-year supply of serviced industrial employment lands (by various sizes, zoning, and location) is available at all times throughout the forecast period.

While Guelph has a sufficient shovel-ready employment land supply to meet short- and medium-term needs, the City needs to proactively plan and service new growth areas to accommodate growth over the longer-term planning horizon. The City will need to ensure that the Phase 3 Hanlon Creek Business Park lands are development ready over the next 5-10 years. While South Guelph is expected to continue to accommodate significant growth over the next two decades, development potential in this area will become increasingly constrained as the area builds out. The City will need to advance planning and development of the GID to

accommodate longer-term employment land demand including those more highly oriented to knowledge-based sectors.

What should the city's employment density target be?

APTG requires that municipalities include an employment density target for all employment lands. Policy 3.14.6 should be updated to include a broader minimum city-wide target of at least 40 jobs per hectare to reflect both the city's long-term planning policy objectives for its employment areas as well as anticipated real estate market trends for these areas over the long-term. In addition, minimum density targets for individual employment land use designations can be effective in supporting increased density on employment lands. The following density targets are recommended for Employment Areas within the built up area and designated greenfield area:

- Industrial, 35 jobs per hectare;
- Institutional/ Research Park, 50 jobs per hectare; and,
- Corporate Business Park, 70 jobs per hectare.

While the Mixed Business lands are not recommended as part of an Employment Area, the City may choose to include a density target for these lands going forward (e.g. 35 people and jobs per hectare).

Are current policies sufficient to protect and retain existing employment uses that are only permitted in Employment Areas?

Within the context of the above Provincial direction, it is recommended that the City protect and reserve strategically important land for future employment purposes to the 2051 planning horizon and beyond. If not carefully evaluated, the conversion of Employment Areas to non-employment uses can potentially lead to negative impacts on City of Guelph economy in several ways. Under some circumstances, an Employment Area conversion may be justified for planning and economic reasons provided such decisions are made through using a systematic approach and methodology as set out herein. Section 4.6 of the 2018 City of Guelph Interim Employment Lands Update, provides an assessment of three Employment Area sites for the potential conversion to non-employment uses, including:

- Site 1 - York Road/Victoria Road Employment Lands
- Site 2 - Clair-Maltby Employment Lands
- Site 3 - York Road/Watson Road Employment Lands

In accordance with the Employment Area conversion review undertaken as part of the 2018 City of Guelph Interim Employment Lands Update, it is recommended that Employment Area sites 2) Clair- Maltby Employment Lands and 3) York Road/Watson Road Employment Lands are converted to a non- employment use. The York Road/Victoria Road Employment Lands are currently being reviewed by the City as part of the ongoing York/ Elizabeth land use review.

With respect to the City's Employment Area conversions policies, it is recommended that OP policy 3.14.2 is maintained to ensure that future Employment Area conversions occur only at the time of a municipal comprehensive official plan review (MCR) where the city has the ability to assess the need for the conversion and confirm any implications (i.e. the ability to meet its long range employment forecast and intensification targets, infrastructure considerations and long-term employment land needs). It is further recommended that the City consider enhancements to its Employment Area conversion policies as set out in Section 3.14.2 of the OP, to include additional localized evaluation criteria, building on Section 4.6.3 of the 2018 City of Guelph Interim Employment Lands Update.

In addition to the above, the City should consider updating its regeneration area policies. The current OP policies reference the 2006 Growth Plan policy framework which allowed for employment land conversion within lands designated as "regeneration areas." Regeneration areas are not mapped or identified in the current OP and since this policy approach is no longer part of APTG, policy 3.14.5 should be removed to avoid confusion and ensure clarity.

What are the City's recommendations with respect to identification of Provincially Significant Employment Zones (PSEZ)?

The Province has identified key Employment Areas across the GGH as PSEZ for the purposes of long-term planning for job creation and economic development. PSEZ designations are intended to capture the significant concentrations of employment across the GGH. In Guelph, the Employment Areas located in the south end of the City (including those located in Hanlon Creek Business Park, Hanlon Business Park and South Guelph Industrial Area) are identified as PSEZ Zone 21. The Province's PSEZ mapping excludes other Employment Areas elsewhere in the city, which are significant at the city-scale, but perhaps less relevant in the context of a broader GGH Employment Area system. From a policy perspective it would be appropriate for the OP to recognize the planned function of Employment Areas located in the PSEZ and also explain the importance of the city's other Employment Areas which were not recognized as provincially significant. The fact that other important Employment Areas were not identified as provincially significant should in no way imply that those Areas' are not significant at the city scale, for example the Northwest Industrial Area is also a significant cluster of employment uses at the city scale and is required to achieve the city's long-range growth allocations. The City may wish to consider including a schedule to support the policy framework for its PSEZ designations and include some policies to provide context for the PSEZ designation and the broader employment areas across Guelph.

What policy changes would strengthen the City's ability to accommodate employment growth associated with structural changes in an evolving economy?

The physical characteristics that make Employment Areas successful are also changing as a result of the evolving knowledge-based economy. As such, land-use planning policies must anticipate the evolving nature of the local economy and reflect the diverse needs of established and emerging industries. As previously mentioned, it is important to recognize that structural changes in the broader economy continue to alter the nature of economic activities in Employment Areas as well as impact the built form (i.e. siting requirements), integration of uses, and character of these lands.

Recognizing the recent structural changes in the regional economy, there is a need for Employment Areas to provide for a wide range of amenities and employment-supportive uses which complement both knowledge-based and traditional industrial sectors. Having said this, the intention of employment-supportive uses in Employment Areas should be to serve the needs of employers and employees within the Employment Areas as opposed to the broader population.

The City should continue to assess the provision for commercial, community, and institutional uses within Employment Areas on the degree to which the use:

- Supports/complements employment uses within Employment Areas;
- Does not adversely affect the stability of the Employment Areas;
- Does not adversely impact other designated employment uses (i.e. increased road traffic);
- Is compatible with neighbouring land uses (i.e. does not raise health and safety concerns); and
- Does not detract from the potential for the subject lands to be utilized for employment uses.

Each of the City's employment designations, including: Industrial, Corporate Business Park, Institutional/Research Park and Mixed Business permit a range of complementary uses, subject to requirements related to land use compatibility and/or consistency with the planning function of the designation.

Section 3.14.3 of the City of Guelph OP identifies that major retail uses are non-employment uses. In order to ensure that retail uses that are permitted as a secondary use within Industrial and Business Park designations do not become major retail and to ensure that more land remains available for employment uses that can only locate in Employment Areas, the City should consider restricting the maximum size of new retail space permitted in Employment Area designations.

One of the permitted uses in the Industrial designation is the provision of childcare centres as a complementary use subject to a Zoning By-law amendment provided that it will not detract from, and is compatible with, the development and operation of industrial uses. In accordance with Section 2.2.5.7 of APTG, it is therefore

recommended that childcare centres be removed as a permitted complementary use in the Industrial designation. Unlike other supportive uses in Employment areas such as restaurants and service shops, childcare centres are considered sensitive uses which require greater mitigation measures when located in proximity to industrial uses in the Industrial designation. The inclusion of sensitive uses within industrial areas may actually reduce the overall competitiveness of certain industries over time, as operators may be required to upgrade facilities when applying the Ministry of Environment, Parks and Conservation for new environmental permits. Given the desire to support existing industrial operations, it is therefore recommended that childcare centres be removed as a permitted complementary use in the Industrial designation.

Planning for intensification within developed employment areas

A large share of the city's employment land is underutilized and has future intensification potential. Infill and redevelopment of existing developed lands are expected to continue to increase over time, largely driven by rising employment land values and related development costs, and the continued buildout of Guelph's Employment Areas.

It is recommended that the City explore and monitor opportunities for infill and redevelopment in mature Employment Areas. Further, it is recommended that the City promote and encourage the further intensification of Employment Areas providing that the scale and type of intensification is consistent with the planned function of the area.

To help support these initiatives, the City should undertake an Employment Area intensification strategy to effectively assess and evaluate intensification potential and opportunities over the long-term. Such a strategy would help to ensure that the City can meet, and possibly exceed, the identified Employment Area intensification target of 15 per cent, as presented herein. The timing and the potential amount of intensification in Employment Areas is based on a variety of market-driven conditions. Potential redevelopment or development of sites needs to be evaluated in terms of economic viability and marketability with respect to market demand. This aspect would form a significant component of an Employment Area intensification strategy. As part of the intensification strategy, the City could also explore and identify financial tools/incentives and implementation tools to facilitate intensification initiatives.

As part of the strategy the City might also consider approaches to stimulate investment through physical improvements within its office parks (i.e. lands designated as Corporate Business Park and lands within GID), which is a key policy direction within APTG. Initiatives could include improving connectivity with transit and active transportation, streetscaping, reducing parking requirements and promoting Transportation Demand Management (TDM) measures and where

possible and appropriate location of higher density residential uses in relative close proximity to better support live-work opportunities (see policy 2.2.5.16 of APTG).

Finally, there are a few policies within the Official Plan which could be updated to include and promote employment area intensification as an important policy objective (Policy 3.10, 3.14).

Do current OP policies work together with Council's economic development initiatives to support the city's overall economic competitiveness and growth objectives?

It is recognized that there are various municipal interests and policies related to Employment Areas. It is important that there is alignment between the Official Plan and the City's economic development goals and objectives.

In response to the City's Corporate Strategic Plan to "build a diverse and prosperous local economy" the City prepared a new economic development strategy titled *Prosperity 2020 – Strategic Directions for Economic Development and Tourism*. Prosperity 2020 focuses on seven major themes. Themes that intersect with the ELS include Focus Investment and Growth; and Invest in Hard and Green Infrastructure.

With respect to economic diversification as identified in the Focus Investment and Growth theme, land- use planning policies must anticipate the evolving nature of the local and regional economy and reflect the diverse needs of established and emerging industries. Land-use policies must also offer a degree of flexibility and nimbleness that allows for relatively rapid responses to disruptive factors, which can be a critical advantage relative to competitive markets. The OP must also recognize the importance of Employment Areas in accommodating knowledge-based sectors in addition to traditional industrial sectors. This applies not only to the Guelph Research Park and the GID but also other Employment Areas in the city.

The goal of Invest in Hard and Green Infrastructure speaks to the importance of maintaining a steady supply of shovel ready employment lands. The importance of sufficient market choice with respect to shovel-ready employment lands is discussed in detail herein. In addition, It is also important to ensure that Employment Areas offer a broad range of building space market choice (e.g. business centres and incubators) for a range of business sizes (including small business) that have proximity to employment- supportive uses and access to public transit and active modes of transport.

For the City to achieve its long-term goals as outlined in the Economic Development Strategy and Implementation Plan, Employment Areas need to continue to offer opportunities for growth and development. This includes accommodating a large share of Guelph's employment growth, across a broad range of industry sectors, to maintain high levels of employment in the city relative to population growth.

The City's Economic Development Strategy and Implementation Plan sees the continued development of the Hanlon Business Corridor and the development of

Guelph Innovation District as key priorities for Employment Areas. As previously discussed herein, Hanlon Creek Business Park and the South Guelph Industrial Park are key greenfield growth areas in the city and the Northwest Industrial Area continues to offer intensification opportunities. The GID represents an important new growth area for the city over the longer term. As identified in the employment land needs analysis, the city's remaining greenfield areas including GID are critical in accommodating employment uses over the planning horizon.

Monitoring industrial employment land development activity and needs

Effectively accommodating employment land development over the longer term requires the implementation of programs and mechanisms to accurately receive, catalogue and assess industrial development information, as well as to assess the available supply of employment lands within Guelph. The data collected and presented in this study offers the City with a base from which to work, but the City will need to continue to update and monitor the information on a regular basis.

Building on baseline data provided in this study, it is recommended that the City develop a system for tracking and monitoring employment land supply and demand data, to assist with longer-term planning and land needs forecasting.



1. Introduction

1.1 City of Guelph Official Plan Review context

The City of Guelph is reviewing its Official Plan (OP), the guiding planning document that provides the long-term framework for growth, development and the protection of cultural and natural heritage resources located in the city. It is a legal document under the *Planning Act* that contains the goals, objectives, and policies to manage and direct physical (land use) change, and its effects on the cultural, social, economic, and natural environment within the community.

This review builds on the foundation of the existing OP. It includes a number of technical studies to update the recommended approach for managing population and employment growth to 2051 within the City of Guelph. The existing OP from 2018 replaced the previous OP that was adopted by Council in November 1994 and approved by the Minister of Municipal Affairs in December 1995. The OP went through a Municipal Comprehensive Review (MCR) and comprehensive update in

2001 and subsequently was amended three times to address provincial policy conformity:

- Phase 1 – OPA 39: Brought the OP into conformity with the Growth Plan and was adopted by City Council on June 10, 2009 and approved by the Ministry of Municipal Affairs and Housing on November 20, 2009; and is in full force and effect.
- Phase 2 – OPA 42: Introduced a Natural Heritage Strategy which established a sustainable greenspace network throughout the City and was adopted by Council in July 2010 and approved by the Ontario Municipal Board (OMB) in June 2014, and is in full force and effect.
- Phase 3 – OPA 48: Final phase of the five-year review was approved with modifications by the Ministry of Municipal Affairs and Housing in December 2013 and approved by the OMB in October 2017.

Phase 1 addressed the Growth Plan conformity component (through OPA 39) in accordance with the 2006 Growth Plan. Since then, there have been several updates to provincial policies as well as a number of emerging growth pressures. On May 2, 2019, the Province approved a new Growth Plan, A Place to Grow: Growth Plan for the Greater Golden Horseshoe (APTG), which took effect on May 16, 2019, and on August 28, 2020 Amendment 1 to the Growth Plan, 2019 came into force and effect. The amendment includes changes to the population and employment forecasts, extending the horizon year for planning to 2051, and other policies to increase housing supply, create jobs, attract business investment, and better align with infrastructure. The City is required to bring its OP into conformity with APTG (including Amendment 1) by July 1, 2022.

These provincial policy and legislative documents provide direction for municipalities on land-use planning including where and how to plan for growth. The project team will continue to monitor any changes to Ontario's planning system and their implications to the analysis in this study.

1.2 Study purpose and process

The policies and mapping of the City of Guelph OP will be updated to reflect matters of provincial interest under the Planning Act to be consistent with the 2020 Provincial Policy Statement (PPS) and to conform to APTG (including Amendment 1). The MCR, known as Shaping Guelph, is the City's response to APTG which will ultimately result in an Official Plan Amendment (OPA). Anything that is not growth related will be addressed through a separate OPA and is not within the scope of this study.

The overall purpose of the MCR is to recommend a Growth Management Strategy (GMS) that sets out new growth-related directions and policies to bring the City of Guelph OP into conformity with APTG.

Dillon Consulting Limited (Dillon) and Watson & Associates Economists Ltd. (Watson) were retained by the City to complete the growth-related components of

the MCR. The growth-related study is being undertaken in five tasks as described in **Figure 1-1** below:

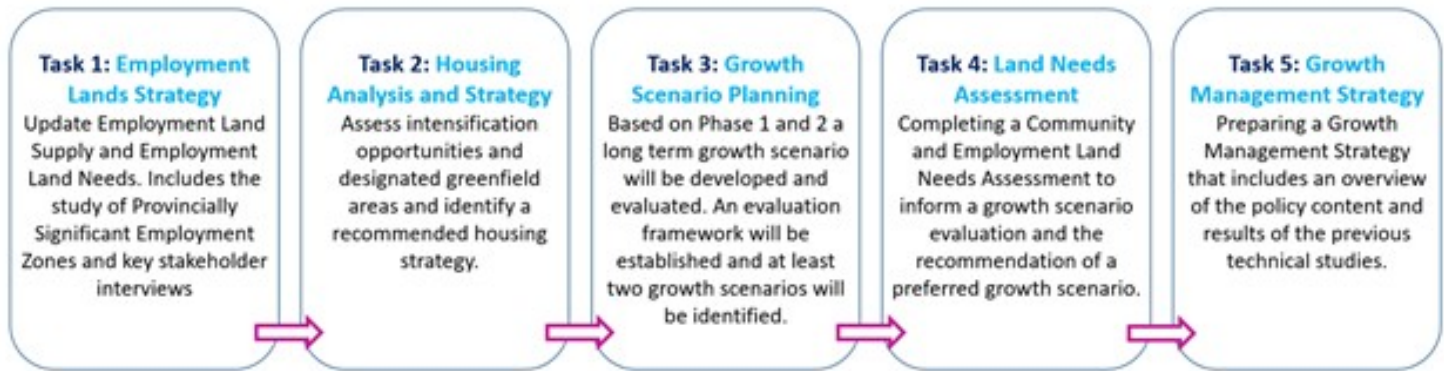


Figure 1-1: City of Guelph Official Plan Review in Five Tasks

A comprehensive consultation and community engagement program is being led by Lura Consulting (Lura) on behalf of the City. The Dillon and Watson team will be working closely with Lura and the City to support the engagement components of this study. The feedback and input resulting from the engagement activities will inform the development of Task 1 through Task 5, as shown in **Figure 1-1**.

In addition to the growth-related components of the MCR that the Dillon team is leading, the City is also undertaking a number of other background studies as part of the MCR process, including:

- A review of the City's vision and principles for growth; and
- A Residential Intensification Analysis.

The results of the City-led components of the study will feed into the growth analysis for the City and be part of the final MCR document.

1.3 Technical brief purpose and context

The Employment Lands Strategy (ELS) provides a comprehensive examination of the city's Employment Areas, building on past studies as well as recent development activity and long-term trends over the 2051 planning horizon. The purpose of this technical brief is to:

- identify Guelph's long-term employment growth projections for Employment Areas;
- assess the ability of the Employment Areas to accommodate the city's long-term demand;
- recommend density targets for Employment Areas;
- provide policy direction to promote intensification of existing employment lands;
- outline whether any existing employment lands are no longer needed solely for employment purposes (i.e. what lands may be appropriate to convert to accommodate non-employment uses); and

- provide strategic policy recommendations with respect to the city's Employment Areas.

Employment areas form the basis for planning for employment uses in accordance with APTG and the PPS. Employment lands are parcels designated for employment uses largely accommodated as clusters within Employment Areas.

In November 2008, Guelph City Council committed to the development of a new ten-year Economic Development and Tourism Strategy for Guelph — Prosperity 2020. This ten year strategy identified seven strategic directions that would help reach the City's economic and tourism goals. Two of which align with the ELS: Focus Investment and Growth; and Invest in Hard and Green Infrastructure. With Prosperity 2020 in its final year, the City is currently in the process of preparing a new economic strategy that will look to build upon the successes of Prosperity 2020. The ELS will be coordinated with Prosperity 2020 and its update.

1.4 Technical brief organization

The document is organized into eight sections, as follows:

- Section 1 presents the introduction, the purpose of the study, and the purpose of the strategy;
- Section 2 outlines the policy context that is relevant to planning for the employment lands in Guelph;
- Section 3 describes the economic and employment trends within the city;
- Section 4 describes the city's economic structure and future growth;
- Section 5 profiles the city's Employment Areas and describes the proposed development and opportunities for growth, while highlighting recommendations for the conversion of employment lands;
- Section 6 presents Guelph's competitiveness within the broader regional context;
- Section 7 outlines the long-term employment forecast for the city; and
- Section 8 presents recommendations and next steps for the strategy.

1.5 Definitions and terminology

The following highlights definitions for key terms that are used within this technical brief.

1.5.1 Employment Areas

This report uses the definition from APTG and from the PPS as "areas designated in an official plan for clusters of business and economic activities including, but not limited to, manufacturing, warehousing, offices, and associated retail and ancillary facilities." Employment Area refers to a cluster of employment lands.

1.5.2 Employment Lands

Employment lands (also known as industrial lands) typically include a broad range of designated lands, including light, medium and heavy industrial lands, business

parks and rural industrial lands. Employment lands accommodate primarily export-based employment, including a wide range of industrial uses (e.g. manufacturing, distribution/logistics, transportation services), as well as specific commercial and institutional uses (e.g. office, service, ancillary/accessory retail).

1.5.3 Employment Lands Employment

Employment lands employment (ELE) represents jobs accommodated in industrial-type buildings with virtually all employment located within Employment Areas. This includes largely industrial-sector employment such as manufacturing, wholesale trade, transportation and warehousing, construction, and utilities as well as a limited amount of employment associated with office commercial and employment-supportive uses. ELE includes population-related employment (PRE) but excludes major office.

1.5.4 Major Office Employment

In APTG, major office is described as “freestanding office buildings of approximately 4,000 square metres of floor space or greater, or with approximately 200 jobs or more.” Major office employment (MOE) is comprised of employment accommodated in office buildings greater than 1,900 sq.m. (20,000 sq.ft.). In this report, the phrase major office is generally used in regard to buildings that accommodate MOE and are aligned with office inventories. Major office functions are often concentrated in downtown areas or established suburban office parks. Developers can also pursue additional sites that complement other existing commercial/retail properties or planned projects. Office uses are increasingly encouraged to locate in centres and corridors where intensification is sought and where transit investments can be leveraged. Typically, MOE includes knowledge-based sectors found in standalone multi-storey buildings including finance and insurance; information and cultural industries; management of companies; professional, scientific, and technical services; and real estate, rental and leasing sectors.

1.5.5 Major Transit Station Area

APTG defines Major Transit Station Areas (MTSAs) as “the area including and around any existing or planned high-order transit station or stop within a settlement area, or the area including and around a major bus depot in an urban core. MTSAs are generally defined as the area within an approximate 500 to 800 metre radius of a transit station, representing a 10-minute walk.”

1.5.6 Population-Related Employment

PRE includes employment in institutional and commercial sectors not accommodated in major office buildings (MOE) or within industrial buildings (ELE). Work at home employment is also captured as PRE. PRE is located within the city’s urban area and largely accommodated in downtown areas, commercial corridors and nodes, neighbourhood plazas, institutional campuses and schools, and standalone institutional and retail buildings. A limited share of PRE is accommodated in Employment Areas within standalone institutional and retail commercial buildings.

1.5.7 Provincially Significant Employment Zones

The Province may provide more specific direction for planning in these employment zones. Provincially Significant Employment Zones (PSEZ) have been identified for the purpose of long-term planning for job creation and economic development. They can consist of Employment Areas and mixed-use areas that contain a significant number of jobs. There is one PSEZ (Zone #21) identified in the south end of Guelph (see section 2.1.3 for more information).

1.5.8 Rural Employment

Rural-based employment reflects jobs accommodated in locations outside of the urban area. Rural Employment consists primarily of primary sectors (e.g. agriculture, mineral aggregate extraction) within the countryside as well as PRE outside urban areas.



2 Policy context

2.1 Provincial context

2.1.1 Planning Act

The *Planning Act* is provincial legislation that covers the policies for land use planning affecting communities in Ontario. It sets out the framework for statutory planning and identifies how land is controlled for municipal land use planning. The Act establishes the provincial interest in planning for employment opportunities.

Section 1 of the Planning Act defines an “area of employment” as: “an area of land designated in an OP for clusters of business and economic uses including, without limitation, the uses listed in subsection (5), or as otherwise prescribed by regulation”

Section 1(5) of The *Planning Act* lists the following uses that pertain to the definition of “area of employment”:

- Manufacturing uses;
- Warehousing uses;
- Office uses;
- Retail uses that are associated with manufacturing, warehousing and office uses; and
- Facilities that are ancillary to manufacturing, warehousing and office uses.

The Act sets up the legislative framework that is further implemented through several other provincial plans including the PPS and APTG.

2.1.2 Provincial Policy Statement, 2020

The PPS provides high-level policy direction for planning and regulating the development and use of land within Ontario. All decisions that affect land-use planning for municipalities across Ontario must be consistent with the PPS. A few of the key over-arching policy directions are summarized below.

The policies in section 1 of the PPS Building Strong Healthy Communities provide guidance for facilitating efficient land use and development policies to support “strong, livable, healthy and resilient communities,” and protect the environment, public health, and safety of communities. Other policies in section 1 of the PPS encourage the promotion of economic growth, diversification of the economic base, and employment opportunities in rural areas (Policy 1.1.4.1f).

Facilitating economic development is outlined in Policy 1.3 of the PPS and provides direction for a range of employment opportunities to ensure a diversified economic base. The policies encourage “facilitating the conditions for economic investment by identifying strategic sites for investment, monitoring availability and suitability of employment sites, including market-ready sites, and seeking to address potential barriers to investment” (Policy 1.3c). Policies of section 1.3.2 on Employment Areas state that planning authorities should provide an appropriate mix and range of employment, opportunities for a diversified economic base, plan for, protect, and preserve Employment Areas, and ensure the necessary infrastructure is available. The OP review process is intended to assess current Employment Areas to ensure the designation is appropriate to the planned function of the Employment Area (Policy 1.3.2.2).

2.1.3 A Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2019

A Place to Grow: Growth Plan for the Greater Golden Horseshoe (APTG) outlines where and how growth and development should occur between now and 2051 within the Greater Golden Horseshoe (GGH). APTG provides more detailed policy guidance for employment lands planning. The following highlights the relevant policies which inform the City’s Employment Lands Strategy:

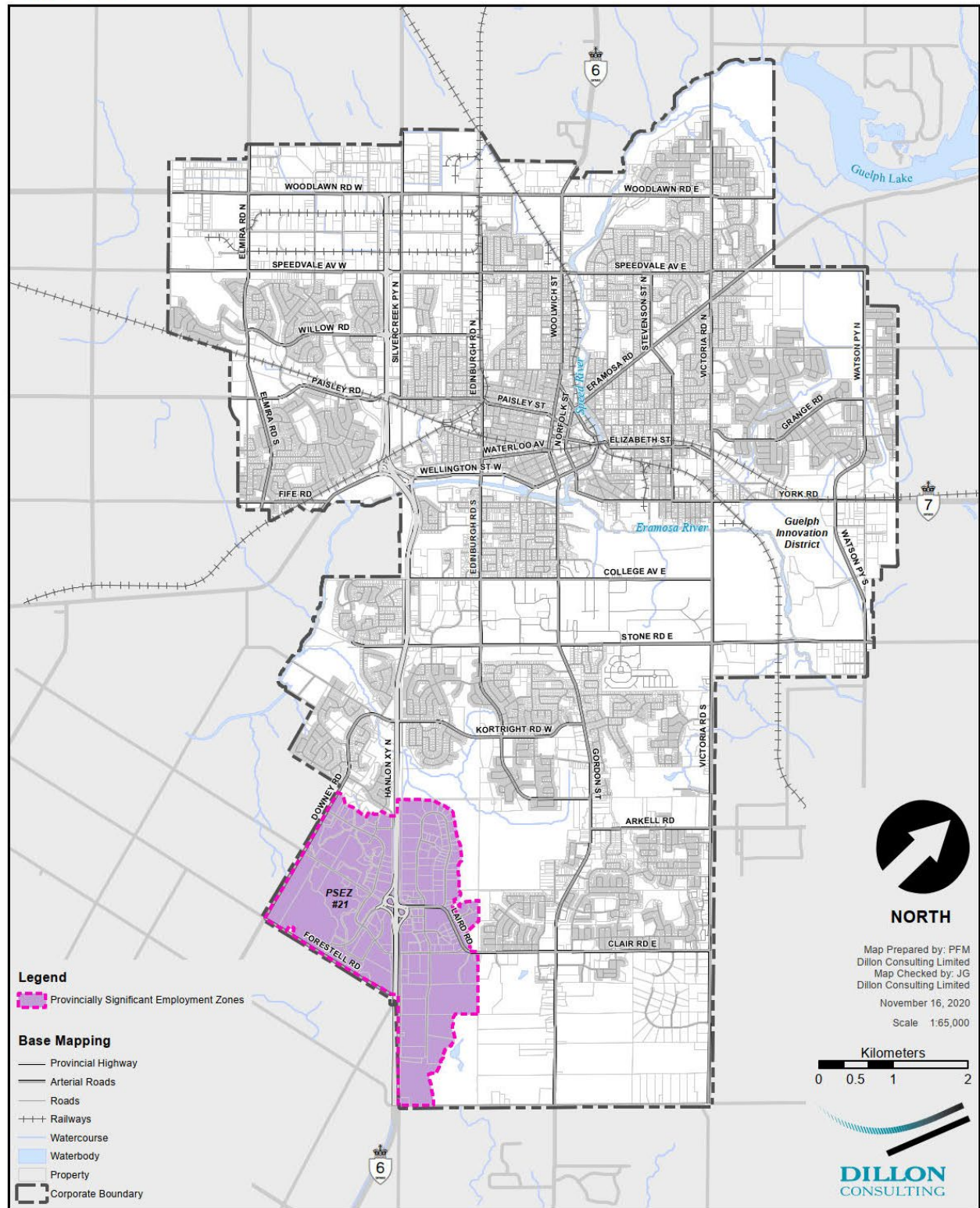
- i. Promoting development and economic competitiveness: Economic competitiveness must be promoted through the efficient use of Employment Areas. This ensures sufficient land is available in appropriate locations to accommodate a variety of forecast employment growth, to plan better connected, integrated areas, and to align land-use planning and economic development goals to attract and retain investment and employment (Policy 2.2.5.1a-d).
- ii. Directing office, institutional and retail uses generally away from Employment Areas: APTG directs major office and appropriate major institutional to urban growth centres (UGCs), MTSAs and other strategic growth areas with existing or planned frequent transit service. It also directs retail and office uses to locations that support active transportation and have existing or planned transit (Policy 2.2.5.2; Policy 2.2.5.3).
- iii. Guiding the planning of Employment Areas: Municipalities are required to plan Employment Areas with transit-supportive built forms while minimizing surface parking and developing active transportation networks (Policy 2.2.5.4)
- iv. Protecting lands near Goods Movement facilities: APTG directs municipalities protect lands within settlement areas in proximity to major Goods Movement facilities for manufacturing, warehousing, and logistics, and appropriate ancillary facilities (Policy 2.2.5.5).
- v. Designating and protecting Employment Areas: Single-tier municipalities are required to “designate all Employment Areas in official plans and protect them for appropriate employment uses over the long term” (Policy 2.2.5.6). In addition, APTG requires that municipalities prohibit residential and limit other sensitive uses that are not ancillary to the primary employment use, prohibit major retail uses and provide appropriate interface between employment and adjacent non-Employment Areas to maintain land-use compatibility (Policy 2.2.5.7).
- vi. Identifying long-term population and employment projections: Schedule 3 of APTG outlines the population and employment projections for Guelph. APTG estimates 203,000 people and 116,000 jobs by 2051.
- vii. Establishing criteria for the consideration of the conversion of Employment Areas: APTG identifies a number of criteria and conditions that must be met in order to consider the conversion of lands within Employment Areas to non-employment uses (Policy 2.2.5.9, 10 and 11).
- viii. Requiring municipalities to establish minimum density targets for all Employment Areas: APTG requires that all single-tier municipalities establish minimum density targets for all Employment Areas within settlement areas that are measured in jobs/hectare, reflect current and anticipated type and scale of employment, and reflect opportunities for intensification of Employment Areas on sites that support active transportation and are served by transit and will be implemented through OP policies, designations, and zoning (Policy 2.2.5.13).

APTG has also introduced a new policy framework that is intended to provide greater long-term protection for key employment areas that are provincially significant and better coordinate efforts to support their contribution to economic growth and improve access to transit. The following section describes the APTG policies for Provincially Significant Employment Zones (PSEZ).

2.1.4 Provincially significant employment zones

Policy 2.2.5.12 of APTG allows the Minister to identify PSEZ and provide specific direction for planning in those areas, to be implemented through appropriate OP policies, designations, and economic development strategies. The Province has identified one PSEZ in Guelph (Zone 21). The lands that comprise the PSEZ are located on the south-west side of Guelph as shown on **Figure 2-1**. This includes the Hanlon Business Park, the Hanlon Creek Business Park, and the Southgate Business Park. They are located east and west of Highway 6/Hanlon Expressway South and are in proximity to Highway 401.

CITY OF GUELPH OFFICIAL PLAN REVIEW
PROVINCIAL SIGNIFICANT EMPLOYMENT ZONES
FIGURE 2 -1



2.1.5 Land needs assessment methodology for the Greater Golden Horseshoe Region

In accordance with Policy 5.2.2.1 of APTG, which states that the Minister will establish a methodology for assessing land needs to implement APTG, the Province has provided a Land Needs Assessment (LNA) Methodology document. The original LNA methodology document was released in May 2018 for APTG and was subsequently updated and replaced with a new document in August 2020 to support the policies of APTG. The LNA methodology document includes requirements that must be completed as part of the MCR to determine the total quantity of land needed to accommodate growth to the horizon set out in APTG, including the need for any settlement area boundary expansions, employment land conversions, and the quantity of any excess lands. The LNA methodology recognizes that employment uses are evolving and employment land requirements vary across the GGH, and as such, municipalities are required to review the forecast in Schedule 3 of APTG and provide a breakdown of the forecast by employment type to 2051 based on the outlook for employment growth.

This report has been prepared in accordance with the LNA methodology for the GGH and the policies of APTG.

2.2 Municipal context

2.2.1 City of Guelph Official Plan

The City of Guelph OP was approved in 2017 by the Ontario Municipal Board (OMB)³, and includes population and employment forecasts to 2031 of 175,000 people and 92,000 jobs. Employment areas play a critical role in the local economy and the policies of the OP identify the importance of protecting them from conversion to non-employment uses. The city's current OP defines employment areas as areas that are designated in the OP for clusters of business and economic activities including but not limited to manufacturing, warehousing, offices, associated retail, and ancillary facilities (section 12, Glossary). The OP includes a number of general policies to guide the planning of the city's employment lands in section 3.14, including:

- Ensuring necessary infrastructure is provided to meet current and future employment needs.
- Planning and facilitating the development of employment lands to be transit supportive, compact in built form, and minimize surface parking.
- Directing major office and appropriate major institutional uses to the Downtown and areas with existing or planned frequent transit service.
- Establishing specific density targets for lands within the greenfield area, including 36 jobs per hectare for lands designated Industrial, 70 jobs per hectare for lands designated Corporate Business Park and an overall density of 46 jobs per hectare for employment lands within the greenfield area.

³ Currently referred to as the Local Planning Appeal Tribunal (LPAT).

- Encouraging employment uses with low job densities to locate on appropriately designated lands within the built-up area where there is convenient access to provincial highways or rail lines.
- The conversion of Employment Areas to non-employment uses (including major retail uses) is only permitted through an MCR where certain criteria have been met (Policy 3.14.2). The criteria include:
- The conversion will not adversely affect the overall viability of the Employment Area and achievement of the intensification target, density targets and other policies of this Plan;
- There is existing or planned infrastructure to accommodate the proposed;
- The lands are not required over the long term for the employment purposes for which they are designated; and
- Cross-jurisdictional issues have been considered.

Employment areas that are within the Downtown or regeneration areas are not subject to these conversion policies (Policy 3.14.4). The Downtown serves as a high-density major Employment Area that is intended to attract provincially and potentially nationally and internationally significant uses (Policy 3.8). Regeneration areas have been defined by the OP as areas where a transition of use from industrial to another use is anticipated during the planning horizon of the OP. They are often isolated or fragmented sites, and the transition of use may be desirable to support improved land-use compatibility to promote reinvestment in underutilized areas. There are no regeneration areas designated in the OP.

Policy 11.2.1.2, Principle 6 of the Guelph Innovation District Secondary Plan highlights the importance of reinforcing the Guelph Innovation District (GID) as a high-density Employment Area that attracts provincially and/or internationally significant employment uses. The GID includes Employment Areas designated as: Employment Mixed Use 1 and Employment Mixed Use 2. Employment Mixed Use 1 and 2 are shown on Schedule B of the GID Secondary Plan land use schedule. Lands designated as Employment Mixed Use 1 includes areas that are targeted for significant growth as landmark areas in the University-Downtown-GID area (Policy 11.2.6.3.3). Lands designated Employment Mixed Use 2 have a mix of uses including commercial, education, institutional, and some entertainment uses that serve to support the role of the Employment Area as part of the Guelph Agri-Innovation Cluster (Policy 11.2.6.3.4.1).

The OP identifies four employment designations in section 9, including Industrial, Corporate Business Park, Institutional Research Park and Mixed Business. Figure 2-2 shows Guelph's employment designations. The following highlights the function and permitted uses within each designation:

- **Industrial:** These lands are intended to function as serviced industrial land for a range of industrial uses and host various scales of establishments. Efficient use of the industrial lands is important to their function and the policies promote redevelopment of under-used or brownfield sites. The appropriate location of industrial uses is important to ensure land-use compatibility within the city. The permitted uses include:

- a. Industrial uses, including the manufacturing, fabricating, processing, assembly and packaging of goods, foods, and raw materials;
 - b. Warehousing and bulk storage of goods;
 - c. Laboratories;
 - d. Computer and data processing;
 - e. Research and development facilities;
 - f. Printing, publishing, and broadcasting facilities;
 - g. Repair and servicing operations;
 - h. Transportation terminals;
 - i. Contractors' yards; and
 - j. Complementary uses (such as corporate offices, open space and recreation facilities, restaurants, financial institutions, childcare centres, public and institutional uses, and utilities) which do not detract from, and are compatible with, the development and operation of industrial uses.
- Corporate Business Park: These lands are intended to function as space for office, administrative, and/or research and development facilities. The commercial uses permitted are restricted to those that serve the employment uses. The permitted uses include:
 - a. Office and administrative facilities;
 - b. Manufacturing;
 - c. Warehousing;
 - d. Hotel and convention facilities;
 - e. Research and development facilities;
 - f. Associated ancillary retail uses that are an integral component of the primary uses; and
 - g. Complementary or accessory uses may be permitted. Such uses may include restaurants, financial institutions, medical services, fitness centres, open space and recreation facilities, and childcare centres.
 - Institutional/Research Park: These lands are intended to function as dedicated areas for major institutional uses, or research facilities. A limited range of commercial uses are permitted, beyond service commercial uses that may serve to support the institutional and research park uses. Within the designation, buildings are intended to have appropriate massing, and site layout to develop a pedestrian-oriented and attractive streetscape. The permitted uses include:

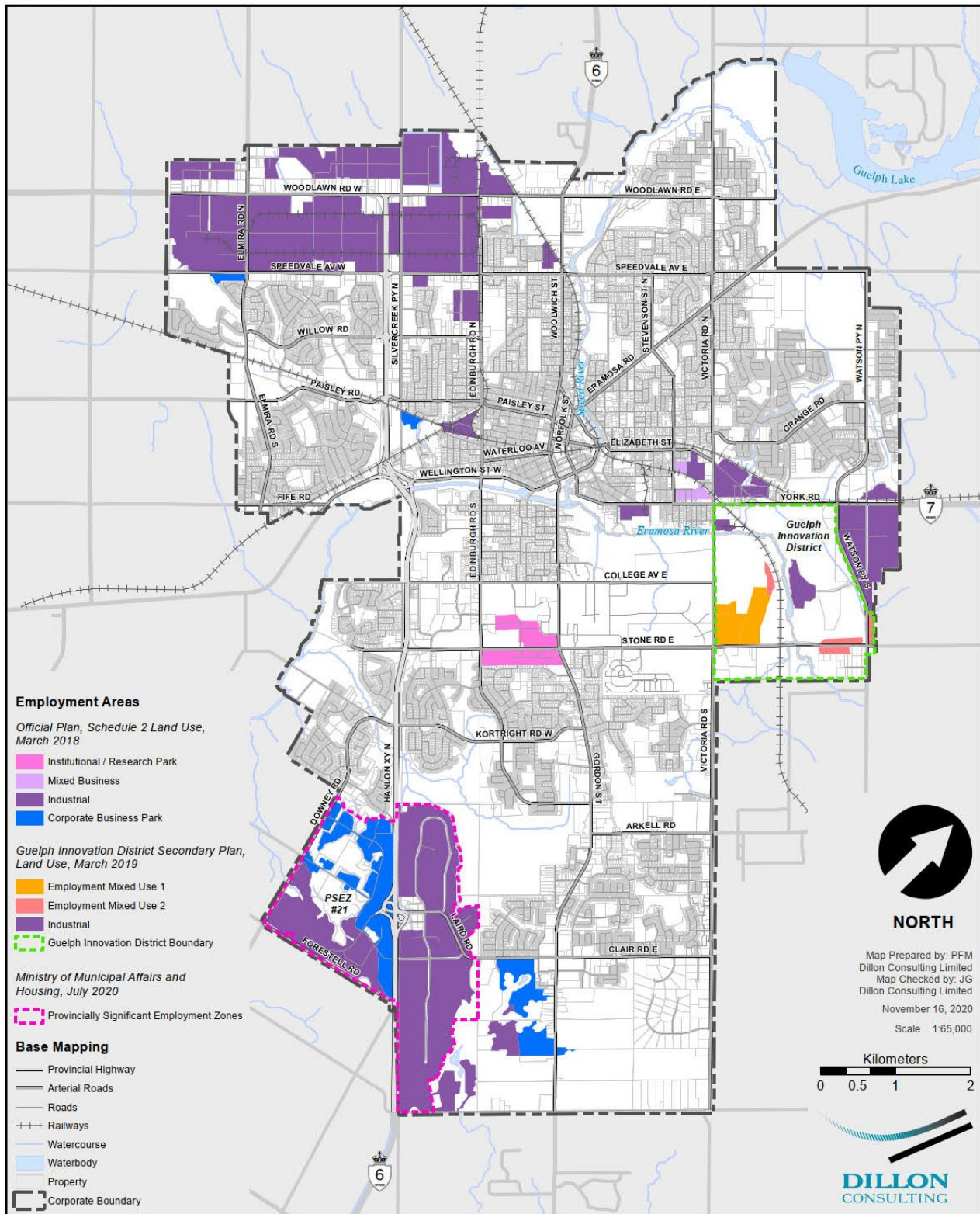
- a. Research and development facilities;
 - b. Computer, electronic, and data processing enterprises;
 - c. Offices;
 - d. Assembly and manufacturing of product lines requiring ongoing research and development support; and
 - e. Service commercial uses, such as restaurants and banks.
- Mixed Business: These lands are intended to provide a mix of business land uses that allow for reinvestment, intensification, and efficient use of the business lands. The lands are intended to support the needs of surrounding neighbourhoods, employees, and businesses with a compatible mix of industrial, office, institutional, and limited commercial uses. The permitted uses include:
 - a. Uses permitted in the Industrial designation;
 - b. Office;
 - c. Convenience commercial; and
 - d. Institutional.
- Employment Mixed Use 1 (GID): These lands are targeted for significant growth as a landmark area in the University-Downtown-GID trinity. They permit a mix of uses focusing on higher density, innovation, and sustainability. The permitted uses include:
 - a. Office and administrative facilities;
 - b. Research and development facilities;
 - c. Hotel and convention facilities;
 - d. Entertainment and recreational commercial uses;
 - e. Assembly and manufacturing of product lines requiring ongoing research and development support;
 - f. Associated ancillary retail uses that are an integral component of the primary uses;
 - g. Complementary or accessory uses may also be permitted. Such uses may include restaurants, financial institutions, medical services, fitness centres, open space and recreation facilities, and childcare centres; and
 - h. Low density employment uses such as logistics and warehousing are not permitted.
- Employment Mixed Use 2 (GID): These areas will have a mix of uses including office, commercial, educational, and institutional and to a lesser extent entertainment uses that will serve to support the role of the Employment Area. The permitted uses include:

- a. Research and development facilities;
- b. Office and administrative facilities;
- c. Cultural and education uses;
- d. Institutional uses;
- e. Entertainment and recreational commercial uses;
- f. Associated ancillary retail uses that are an integral component of the primary uses;
- g. Complementary or accessory uses may be permitted. Such uses may include convenience commercial uses and community facility uses; and
- h. Residential, live/work, and logistics and warehousing are not permitted.

CITY OF GUELPH OFFICIAL PLAN REVIEW

EMPLOYMENT AREAS

FIGURE 2 -2



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2.2.2 City of Guelph past Employment Lands Strategies

In 2018, the City of Guelph retained Watson to prepare an Interim Employment Lands Update which was the first phase of Guelph's employment land strategy. The Interim Report studied long-term employment land needs through 2041 in accordance with forecast employment land demand and available employment lands supply at the time. The report was produced to update key elements of the City of Guelph 2010 Employment Lands Strategy (ELS) using the 2017 Growth Plan and considering the adopted GID Secondary Plan. The Interim Report was used as a conformity exercise to the 2017 Growth Plan, and a background document for the CMSP and the City of Guelph OP Review. Since then, the PPS and APTG have been revised and updated with new planning horizons and density requirements. The analysis included within this report builds upon the 2018 Interim Employment Lands Update and represents a more comprehensive, up to date picture of the city's employment land context and policy conformity requirements based on current provincial policies.

The following provides an overview of the City's key industrial/business park areas. A more detailed discussion of these areas is provided in Section 5.

Hanlon Business Park: Located east of the Hanlon Expressway north of Clair Road. This park is approaching buildout and has a significant employment base in manufacturing, logistics and distribution, and business services. There is limited opportunity for new development.

Hanlon Creek Business Park: Located in South Guelph accounts for approximately one-third of the City's designated vacant employment lands. There are a range of uses including wholesale trade, low-rise office, flex office, and multi-tenant industrial. It has direct access to Hanlon Expressway which connects to Highway 401. A portion of the lands within the Hanlon Creek Business Park form part of the city's natural heritage system.

Northwest Industrial Park: This is the largest concentration of developed employment lands and accommodates a diverse range of employment sectors. Highway 7 extension is expected to enhance regional highway access to the area. This park is largely built out with some greenfield parcels that could be developed in the future and some opportunities for expansion on existing developed sites.

South Guelph Industrial Lands: This is a privately developed industrial park located south of Clair Road, east of Hanlon Expressway and home to large-scale tenants. There are large parcels available for future development.

University of Guelph Research Park: Located on Stone Road, next to the University of Guelph. This park was developed to enhance research at the university and connect institutions and has relatively high employment densities. There are some remaining vacant parcels available for development.

York-Watson Industrial Park: Located in east Guelph, southeast of Watson Parkway and York Road. This park has a focus in manufacturing, trade and construction with limited development activity expected in the future as it is largely built out.

2.2.3 Future Employment Areas:

Guelph Innovation District: Adopted in 2014 this planned mixed-use development covers 454 hectares and is located east of the University of Guelph. Located between Victoria Road (west), Stone Road (south), Watson Parkway (east) and York Road (north), it is expected to accommodate a large share of long-term employment growth. The employment component of the area is expected to accommodate an average employment density of 90 jobs per hectare.

Clair-Maltby Secondary Plan Area: Located south of Clair Road and east of the South Guelph Industrial lands. Covering approximately 538 hectares, this area is the last remaining unplanned and undeveloped area within the City and includes 40 net hectares of designated employment lands that were previously part of the South Guelph Special Study Area. The CMSP was ongoing at the time of the preparation of the 2018 Interim Employment Lands Update. At that time the CMSP envisioned the area as primarily residential in character with commercial and mixed uses along the Gordon Street corridor, and potential for employment uses in strategic locations; however, since this time there have been revisions to the CMSP have been made and the potential for employment has been removed.

The 2018 Interim Employment Lands Update had several important findings:

The city has a large, stable, and diverse employment base that is highly oriented to manufacturing that has evolved significantly in the last 10 years with respect to the mix of uses and location of new development. The city has experienced strong employment growth and development activity between the years 2008 and 2018, with half being accommodated on employment lands. There was high growth for the industrial sector which was largely accommodated for on employment lands.

There has been a shift in the nature of economic activities and consequently the built form of employment lands. From manufacturing to large-scale industrial buildings housing wholesale trade, distribution and logistics, there has also been an increase in knowledge-based economies. Professionals who work in these industries require major office, flex offices, and multi-purpose facilities. The City of Guelph recognizes that there is a need to accommodate employment- supportive commercial and institutional uses on employment lands and offer amenities and services that are convenient for local businesses and their employees.

The geographic positioning of Guelph has a strong appeal to new businesses and residents. It is important for the City of Guelph to leverage their position in the GGH and plan for employment uses that consider both market demands and evolving trends.

From 2018 to 2041, employment lands in Guelph are anticipated to accommodate approximately 9,000 jobs, which is approximately 47 per cent of the city's employment growth. Of employment growth on employment lands, 15 per cent is anticipated to be accommodated through intensification.

The City of Guelph is expected to have a surplus of land by 2041. The GID holds the majority of the vacant employment land supply. Re-designating approximately 50 hectares of employment lands to non-employment uses would be beneficial.

The recommended conversion of designated employment lands within Clair-Maltby Secondary Plan Area. The CMSP has existing "Industrial" and "Corporate Business Park" designations which are outdated as they were established in 2001. The secondary plan that is currently in progress determines the future land uses. The Conceptual Community Structure of the CMSP was approved by Council in December 2017 and is the basis for future studies. The CMSP lands are isolated and exist in the South Guelph Industrial Lands that are scattered with an extensive natural heritage system. This poses some geographic challenges as most of the existing arterial roads within the area would be subject to truck and vehicular traffic, specifically Clair Road and Maltby Road, and would make it so that these arterial roads would be heavily utilized by residential and commercial traffic. Furthermore, in the CMSP, there is minimal frontage along Gordon Street despite it being planned to function as a high-density/mixed-use corridor. These will all pose challenges in the future in respect to accessibility, land-use compatibility, and the broader vision for the CMSP. As recommended in the Interim Employment Lands Update prepared in 2018, these challenges can be mitigated by converting the existing lands that are marked as Industrial and Corporate Business Park to non-employment land uses.

Conversion of the York Road and Watson Road Employment Lands. The lands are bound to the north by a natural heritage system, to the east by the City of Guelph municipal boundary and to the west by Watson Road and are separated from the designated employment lands to the south by the CN Rail corridor, which runs generally parallel to York Road. These lands are located between the rail line and York Road and are zoned Urban Reserve Lands. These reserve lands are owned by Metrolinx and have been set aside for a future high-speed rail line along this corridor. Since the lands are isolated, have direct exposure to York Road, and are a surplus of employment land, the Interim Employment Lands Update suggests converting these employment lands to non-employment uses.

2.3 Summary of policy context

The PPS and APTG identify a number of requirements that the City of Guelph OP Review must address. These include:

- Identifying the long term (2051) employment projections for the city, and assessing the type of employment anticipated;
- Reviewing and updating the city's Employment Areas with policies to protect them for appropriate employment uses over the long-term;
- Identifying the supply of employment lands and opportunities for intensification within the city's employment lands;
- Reviewing the city's employment land conversion policies to ensure they conform to provincial policy while addressing local priorities for growth;

- Reviewing the city's employment land supply and demand and taking into consideration any of the conversions to ensure the city will have the appropriate amount of employment lands for a variety of employment uses to accommodate forecast growth to 2051;
- Establishing minimum density targets for all Employment Areas; and
- Designating Guelph's PSEZ and update applicable policies.

3 Macro-economic trends influencing employment lands development

3.1 Trends in global and provincial economy

Following steady economic growth since the world economy rebounded from the 2008/2009 financial crisis, the world has changed dramatically in 2020. The December 2019 outbreak of coronavirus disease (COVID-19) in Wuhan, China was officially declared a global pandemic by the World Health Organization (WHO) on March 12, 2020 and has inflicted rising economic and human costs throughout the world. In response to the threat of further escalation associated with the spread of the virus, governments around the world have implemented quarantine and physical distancing practices in what has been referred to as the “Great Lockdown.”

To date, the downward impact of these containment measures on global economic output, commodity prices, and consumer spending has been severe. Economic sectors such as travel and tourism, accommodation and food, retail and personal services, manufacturing, energy, and finance have been hit particularly hard. Furthermore, required modifications to social behaviour (i.e. physical distancing) and increased work-at-home requirements resulting from government-induced containment measures and increased health risks have resulted in significant economic disruption, largely related to changes in consumer demand and consumption patterns. Lastly, escalating tensions and constraints related to international trade have also begun to raise further questions regarding the potential vulnerabilities of globalization and the structure of current global supply chains.

Currently, the level of sustained economic impact related to this “exogenous shock” to the world and the Canadian economy is largely unknown. Notwithstanding this uncertainty, it is generally clear that the longer COVID-19 persists on an international scale, the greater the severity of the current global recession. In its latest World Economic Outlook, the International Monetary Fund (IMF) baseline scenario is forecasting the global economy to contract by 3 per cent in 2020, which represents a much more significant economic contraction than what was experienced during the height of the 2008/2009 financial crisis. For advanced economies, the IMF estimates 6.1 per cent contraction in growth in 2020, while emerging markets and developing economies are also projected to experience negative growth of 1.0 per cent.

Under the baseline IMF assumption that the pandemic recedes in the second half of 2020 and policy measures have been effective, growth is projected to rebound to 5.8 per cent in 2021. As previously noted, it is important to recognize that there is a great deal of uncertainty around the duration and intensity of the pandemic as well as the effectiveness of policy responses. As such, more or less adverse scenarios are a possibility⁴. The World Trade Organization (WTO) forecasts that the volume of world merchandise trade will decline by 13 per cent in 2020 and rebound by 22 per cent in 2021 under an optimistic scenario, and decline by 32 per cent and rebound by 24 per cent under a pessimistic scenario.⁵

In the United States (US), real GDP (gross domestic product) is forecast to contract by 5.9 per cent in 2020 and rebound by 4.7 per cent in 2021.⁶ The recovery of the US economy will largely depend on the US administration's response to deal with the virus domestically, to date having issued a \$2 trillion stimulus bill in March 2020, in conjunction with their approach to international trade and protectionist policies.^{7 8}

The trade war between the US and China, the world's two largest economies, which began in 2018 has also been a steady source of volatility for global markets and has negatively impacted global investment growth.⁹ Escalating trade tensions over the past several months between the two countries continues to add risk to global economic growth and further add to trade disruption as well as near-term market volatility.^{10 11}

Over the past decade, the Canadian and Ontario economies have experienced relatively strong economic growth, as illustrated in Figure 3-1. Growth in 2019 eased to 1.6 per cent in both Ontario and nationally, largely as a result of a tightening labour market and slowing global economic growth.¹² While the

⁴ World Economic Outlook. International Monetary Fund. Chapter 1 The Great Lockdown. April 2020

⁵ Trade set to plunge as COVID-19 pandemic upends global economy – Press Release. World Trade Organization. April 2020.

⁶ World Economic Outlook. International Monetary Fund. Chapter 1 The Great Lockdown. April 2020.

⁷ Ibid.

⁸ U.S. coronavirus stimulus checks: are you eligible and how much will you get? The Guardian. April 2020.

⁹ The Investment Cost of the U.S.-China Trade War. Liberty Street Economics. May 28, 2020.

¹⁰ U.S.-China Trade Tensions Are Back: Global Economy Week Ahead, Bloomberg, May 23, 2020.

¹¹ A U.S.-China trade war is the last thing the world economy needs now, CNN Business, May 19, 2020.

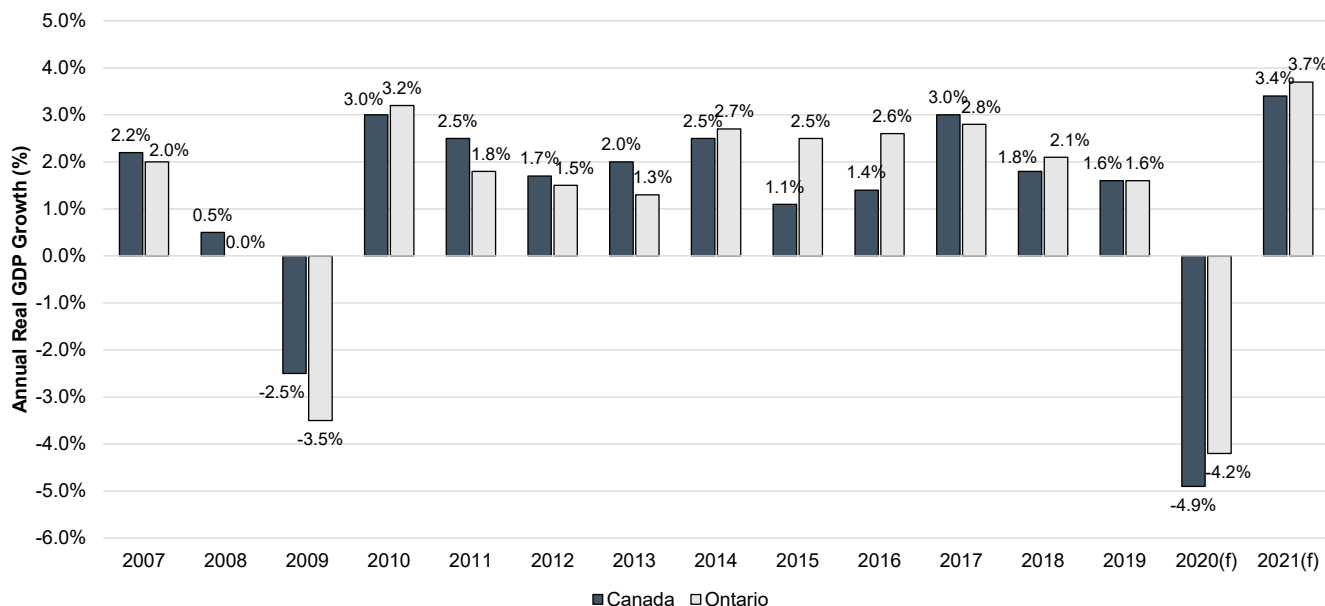
¹² BMO Provincial Outlook, Spring 2019.

performance of the national and Ontario economies has remained relatively strong over the past several years through to early 2020, the COVID-19 pandemic poses significant risks to these economies which are important to recognize. As illustrated in Figure 3-1, the Ontario economy is forecast to contract by 4.2 per cent in 2020 before growth rebounds 3.7 per cent in 2021.¹³ Having said that, household spending in Canada is not expected to return to pre-pandemic levels until the second half of 2021.¹⁴ This is despite strong fiscal stimulus and historically low interest rates.

Domestically, the Ontario housing market also continues to pose a risk to the overall economy, which is important to recognize when considering forecast labour force and employment growth trends. The sharp rise in Ontario's housing prices, particularly in the Greater Toronto and Hamilton Area (GTHA), has contributed to record consumer debt loads and eroded housing affordability. It is important to recognize that the accommodation of skilled labour and the attraction of new businesses are inextricably linked and positively reinforce one another. To ensure that economic growth is not constrained by future labour shortages during the post pandemic period, effort will be required by municipalities to continue to explore ways to attract and accommodate new skilled working residents to the GGH across a diverse range of employment opportunities and a broader choice of affordable housing options. Attraction efforts must also be linked to housing accommodation (both ownership and rental), municipal services, and infrastructure, as well as quality of life attributes which appeal to the younger mobile population, while not detracting from the region's attractiveness to older population segments.

¹³ COVID-19 Recession Deepens Fast from Coast to Coast. RBC Economics. April 13, 2020.

¹⁴ Conference Board of Canada, Canadian Outlook Summary, Summer 2020.



Source: 2007 to 2019 derived from BMO Capital Markets Economics, Provincial Economic Outlook, and 2020 to 2021 from RBC Economics Provincial Outlook - Update, April 2020, by Watson & Associates Economists Ltd.
 Note: 2020 to 2021 are forecast by RBC Economics.

Figure 3-1: Annual Real GDP Growth, Ontario, and Canada, Historical (2007 to 2019), and Forecast (2020 to 2021).

Recent structural changes experienced in the macro-economy over the past several decades are well documented. At the provincial level, Ontario's economic base, as measured by GDP output, has shifted from the goods-producing sector (i.e. manufacturing and primary resources) to services-producing sectors. Much of this shift has occurred during the past two decades, driven by GDP declines in the manufacturing sector which were most significant immediately following the 2008/2009 global economic downturn. In contrast, service-based sectors such as financial and business services have seen significant increases over the past several years.

As summarized in Figure 3-2, a range of commercial, institutional, and industrial sectors have experienced an increase in GDP in Ontario over the past decade. GDP growth has been particularly strong in wholesale trade; accommodation and food services; financial and insurance; and agriculture, forestry, fishing, and hunting. Knowledge-based sectors including professional, scientific, and technical services; information and cultural industries; and educational services have seen a notable increase in GDP. The manufacturing sector, in contrast, has experienced relatively modest GDP growth over the past decade.

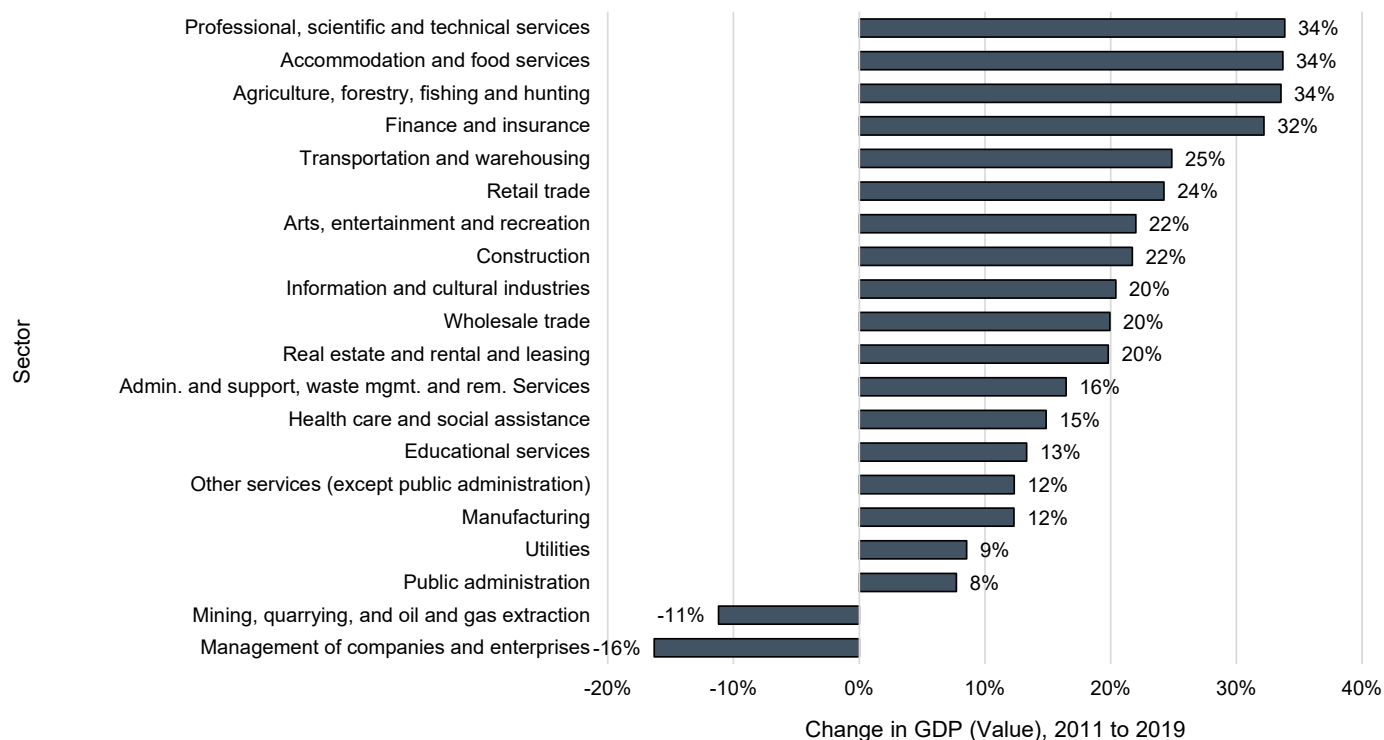


Figure 3-2: Provincial G.D.P. Growth by Industry Sector, 2011 to 2019

3.2 Economic trends in the Greater Golden Horseshoe

Guelph is located within one of the fastest growing regions in North America, known as the GGH, as illustrated in Figure 3-3.

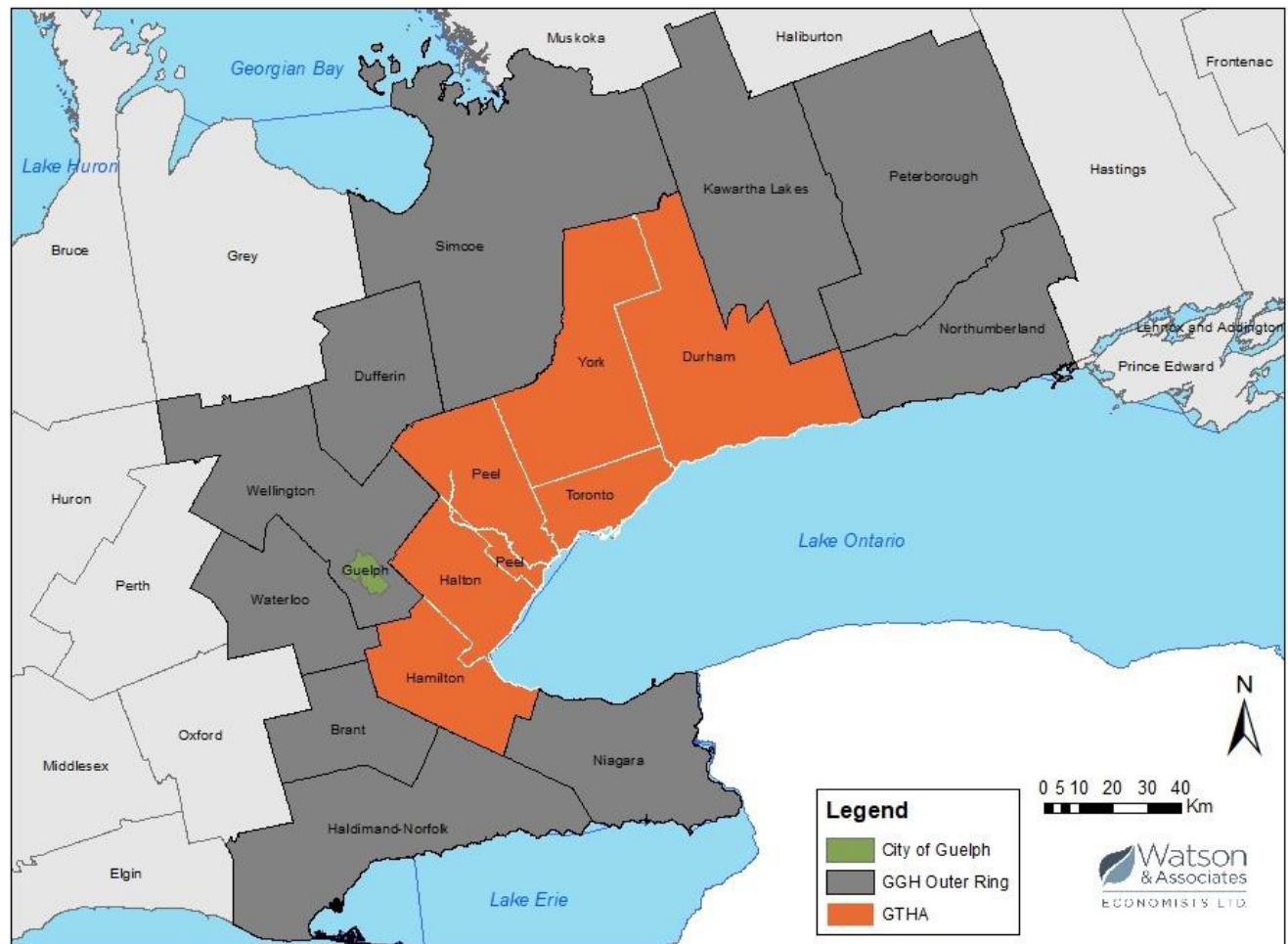


Figure 3-3: Inner Ring (GTHA) and Outer Ring Greater Golden Horseshoe (GGH)

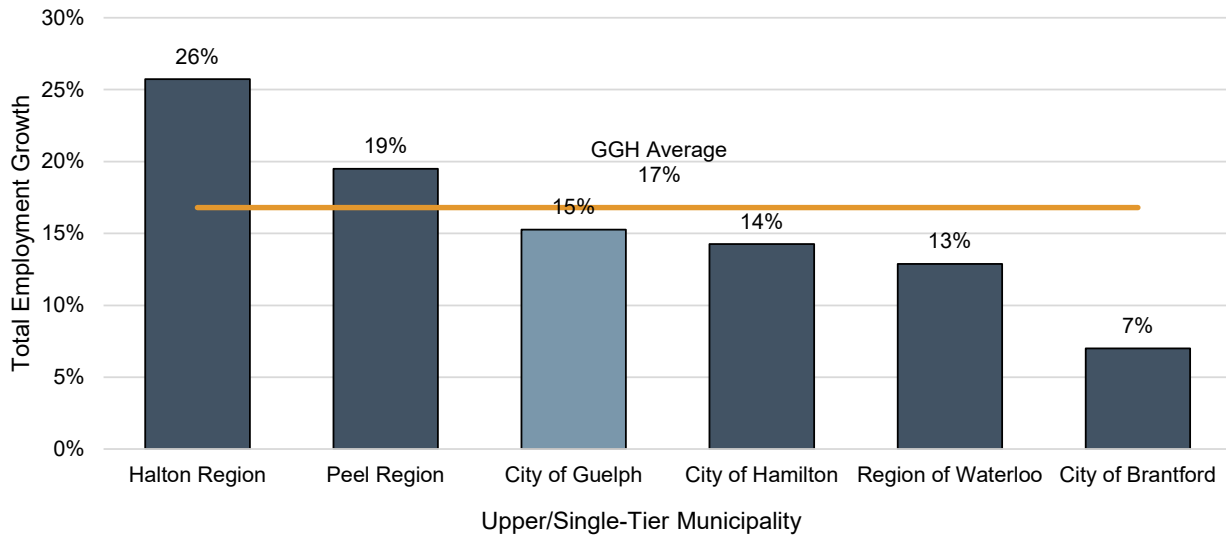
Collectively, the population of the GGH is forecast to increase from 9.5 million in 2016 to 14.9 million in 2051, while the employment base is forecast to increase from 4.6 million in 2016 to 7.0 million in 2051. This equates to a population increase of 5.4 million people (155,000 annually) and an employment increase of 2.4 million (69,000 annually). This represents a substantial increase in population and employment relative to other North American metropolitan regions of comparable population. With respect to forecast annual growth rates, both the GTHA and the GGH Outer Ring are anticipated to experience steady population and employment growth. From 2016 to 2051, the GTHA population and employment base is forecast to grow at a steady annual rate of 1.3 per cent and 1.2 per cent, respectively.¹⁵

¹⁵ 2016 based on Statistics Canada Census (population including the net Census undercount) and 2051 from Proposed Amendment 1 to A Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2020.

Overall, there is a diminishing employment land supply relative to demand in the larger GTHA markets, including the City of Toronto, City of Vaughan, City of Mississauga, and the City of Brampton. As the more mature areas of the GTHA gradually build out, increasing outward growth pressure will be placed on the remaining vacant greenfield Employment Areas of the GTHA and the broader GGH.

The diverse and highly competitive GGH economy has fueled a steady level of employment growth over the past decade in most major sectors of the economy. Employment growth has been particularly strong related to knowledge-based and creative-class service sectors, including professional, scientific, and technical services, financial services, information and cultural industries, education services, health care and social services as well as real estate. Within the service sector, economic growth has been notably robust for small- to medium-scale knowledge-based businesses that are focused on innovation, entrepreneurship, and technology.

Figure 3-4 summarizes the overall employment growth rate in Guelph compared to select upper/single-tier municipalities in the GGH over the 2011 to 2019 period. Halton Region exhibited the strongest employment growth (in percentage terms) with growth of 26 per cent, followed by Peel Region (19 per cent). Guelph's employment base expanded by 15 per cent over the period, marginally lower than the GGH average of 17 per cent, but higher than the City of Hamilton (14 per cent), Region of Waterloo (13 per cent), and the City of Brantford (7 per cent).

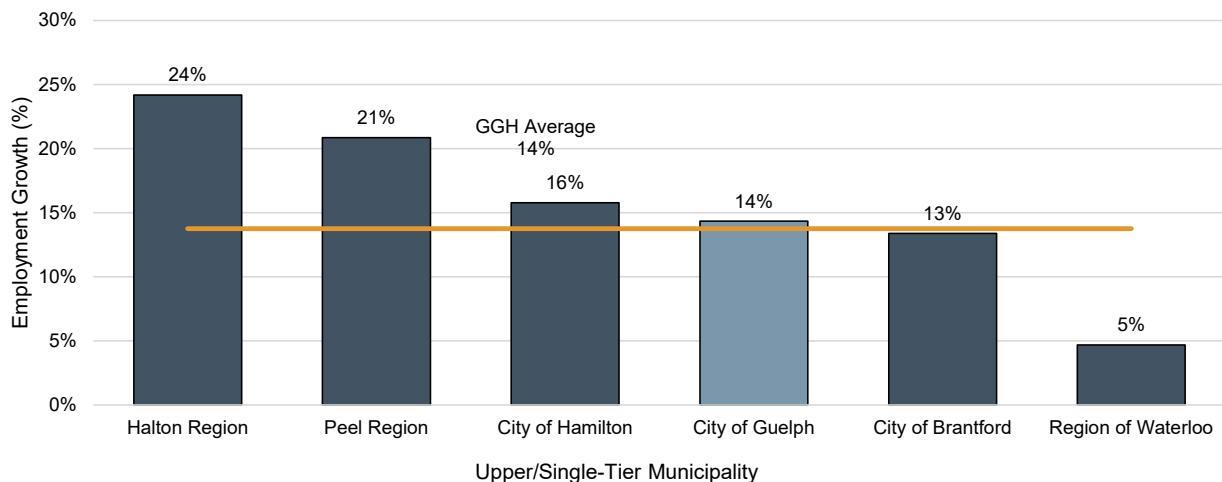


Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2020.

Note: Figure includes employed and self-employed jobs.

Figure 3-4: Total Employment Growth by Select Upper/Single-Tier Municipality in the GGH, 2011 to 2019

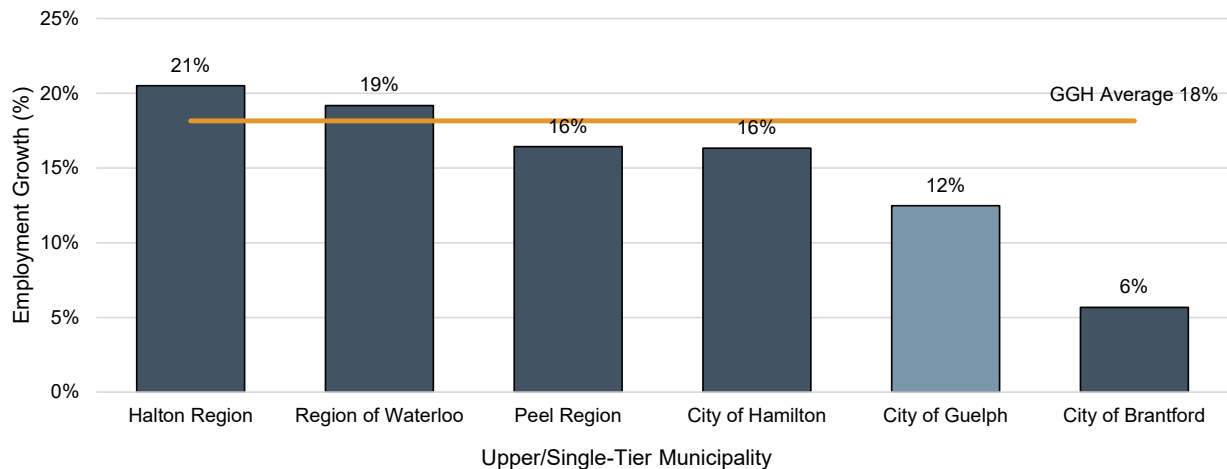
Figure 3-5 and Figure 3-6 summarize industrial and office-based employment growth, respectively, for Guelph over the 2011 to 2019 period, in comparison to other upper/single-tier municipalities within the GGH. Guelph's industrial employment base expanded by 14 per cent over the recent historical period, similar to the GGH average. This is compared to a growth rate in other municipalities which ranged between 5 per cent and 24 per cent. With respect to office-based employment, employment growth in Guelph expanded by 12 per cent, lower than the GGH average growth rate of 18 per cent.



Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2020.

Note: Figure includes employed and self-employed jobs.

Figure 3-5: Industrial Employment Growth by Select GTHA Upper/Single-Tier Municipality, 2011 to 2019



Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2020.

Note: Figure includes employed and self-employed jobs.

Figure 3-6: Office-based Employment Growth by Select GTHA Upper/Single-Tier Municipality, 2011 to 2019

3.3 Emerging industry sector trends

As previously mentioned, continued structural changes in the global economy and technological advances will require municipalities to be increasingly responsive and adaptive to changing industry needs and disruptive economic forces. The following provides an overview of key industry and labour force trends that are expected to influence growth and development patterns in Guelph over the coming decades.

3.3.1 E-Commerce as a Major Disruptor for Retail and Logistics

E-commerce sales in Canada have grown at a rate that is five times the pace of overall growth in retail trade. The rise of e-commerce has reduced the demand for retail square footage, in particular retail space for goods-based retailers.¹⁶

Increasing growth in e-commerce is also having a significant impact on employment growth and land demand related to the logistics sector. Delivery expectations within this sector are increasing on an annual basis. As delivery times decrease, it is anticipated that demand for regional fulfilment centres will increase. Further, it is estimated that 25 per cent to 30 per cent of online

¹⁶ Goods-based retailer refers to retail facilities that sell goods to be used or consumed at home, including food-oriented retail (supermarkets and convenience stores), beer, wine and liquor stores, pharmacies and personal care stores, home improvement stores and stores selling general merchandise, apparel and furniture.

merchandise is returned which is also driving the need for reverse logistics and return centres.

3.3.2 Potential Impacts of Technology on Commercial Services

Digital and mobile technologies are making it easier to access goods and services on-demand which has led to alternative platforms to purchase products and services. Among these platforms are those that support the sharing economy which provide opportunities for individuals to earn an income by leveraging under-utilized assets. These platforms are providing customers with an alternative to traditional buying/selling platforms, including those in hospitality (e.g. hotels and taxis) and in office leasing (office sharing). It is anticipated that further advancements in the sharing economy will have an increasingly negative impact on the need for non-residential building space and continued growth in precarious employment. Other alternative purchasing platforms are providing income-earning opportunities for individuals to perform services that are typically not outsourced by households (e.g. assembling furniture, small household repairs, picking up food at fast-food restaurants, meal preparation, grocery pick-up and delivery).

Businesses are increasingly using chatbot software programs on their websites and social media platforms which reduce the need for tasks by a live customer service representative. Chatbots are programmed with a set of instructions and word matching to recognize questions and respond with answers. Chatbots can manage an unlimited number of simultaneous conversations, provide answers faster than a human customer service representative, and deal more patiently with difficult customers. Similar technologies are also being used in physical commercial spaces and are increasingly expanding customer service capabilities (e.g. customer service kiosks). It is anticipated that as customer interaction technology advances, it will continue to negatively impact the need for employed customer service representatives.

3.3.3 Trends in Manufacturing

While manufacturing remains vitally important to the provincial economy with respect to jobs and economic output, this sector is not anticipated to generate significant labour-force growth across the Province. In general, globalization has led to increased outsourcing of production processes to overseas manufacturers.

Between 2003 and 2010, these challenges were further exacerbated in the manufacturing sector across the GGH and more broadly across Ontario and Canada due to a high Canadian dollar relative to other world currencies, particularly the US dollar. Since 2010, the manufacturing sector throughout Ontario including the GGH has shown signs of a steady recovery in terms of economic output, measured through GDP. While manufacturing job losses have

generally stabilized since 2010, the manufacturing sector has not represented a large component of job growth across Ontario in recent years.

While there will continue to be a manufacturing focus in Ontario and Guelph, the nature of traditional industrial processes is rapidly shifting, becoming more capital/technology intensive and automated, with lower labour requirements. The highly competitive nature of the manufacturing sector will require production to be increasingly cost effective and value-added oriented.

3.3.4 Automation and Artificial Intelligence

According to the Brookfield Institute for Innovation + Entrepreneurship, over the next 10 to 20 years, 42 per cent of the Canadian labour force is at high risk of being affected by automation, either through significant task restructuring or elimination. Jobs that are anticipated to be most highly impacted by automation are primarily within occupations that are administrative, routine, or oriented towards sales and service. The Brookfield Institute report also notes that highly skilled occupations are expected to grow much more quickly than the rest of the labour force and are at a lower risk of being negatively affected by automation. This suggests that more highly skilled labour will be a significant driver of Canada's future economic growth.

Considerable research has recently been undertaken by institutions and consulting agencies to assess the potential impacts of artificial intelligence (AI) to businesses as well as its broader impacts to the global economy. A report prepared by PWC (PricewaterhouseCoopers) in 2017 identifies that the net impacts to global GDP resulting from AI are anticipated to contribute up to \$15.7 trillion to the global economy in 2030, more than the current output of China and India combined. The report also identifies that over the next decade, AI will generate massive disruption as both established businesses and new entrants drive innovation and develop new business models. While the long-term net economic impacts of automation and/or A.I. appear to be positive, global competition from both established and emerging markets looking to capitalize on potential opportunities related to this technology will be increasingly fierce. To prevent an undesirable, lose-lose scenario associated with anticipated technological change in the economy – talent shortages, unemployment, and growing inequality – a number of critical actions are needed. This includes businesses assuming an active role in supporting their existing workforce through reskilling and upskilling, individuals taking a proactive approach to their own lifelong learning, and governments creating an enabling environment to assist in these efforts.

3.3.5 Trends in Work at Home and No Fixed Place of Work Employment

Over the 2001 to 2016 period, the percentage of Guelph's labour force defined as having a usual place of work declined, offset by a gradual increase in the

share of work at home employment and a steady increase in the share of off-site employment or employees with no fixed place of work (NFPOW).

Statistics Canada defines NFPOW employees as “persons who do not go to the same workplace location at the beginning of each shift.” Such persons include landscape contractors, travelling salespersons, independent truck drivers, etc. Within Guelph, the rising share of labour related to NFPOW has been primarily driven by steady growth in the transportation and construction sectors which are typically characterized as having a higher percentage of off-site employees. Technological innovation and improved broadband regional telecommunications have been, and will continue to be, key drivers of economic expansion in knowledge-based sectors as well as the steady rise of the gig economy.¹⁷ Looking forward, continued advances in technology and telecommunications (e.g. 5G technology) is anticipated to further enable remote work patterns and ultimately increase the relative share of off-site employees over the long term. Over the coming decades, work at home and NFPOW employment in Guelph is expected to steadily increase as a result of these trends. Demographics and socioeconomics also play a role in the future demand for off-site and work at home employment within an increasingly knowledge- and technology-driven economy. It is anticipated that many working residents in Guelph, particularly younger adults as well as older adults (i.e. Baby Boomers) approaching retirement or semi-retirement will utilize technology to allow them to supplement their income in more flexible ways in contrast to traditional work patterns.

3.4 Planning for employment lands in the new economy

As previously mentioned, structural changes in the economy are modifying the character of economic activities in Employment Areas and impacting their built form and character. In recognizing these recent structural changes in the regional economy, there is a need for the City to ensure that the amount, type, and location of Guelph’s established and planned Employment Areas are well aligned with anticipated market demand. This requires that near-term (i.e. shovel-ready lands) and longer-term land needs are adequately addressed. It also requires that the city’s Employment Areas to be uniquely planned and designed to accommodate a range of traditional industrial sectors related to manufacturing, Goods Movement, construction, and utilities. Employment Areas and mixed-use locations must also offer competitive attributes such as transit infrastructure, eco-industrial design principles, employment-supportive uses, and urban amenities, as well as other synergies to attract the growing

¹⁷ The gig economy is characterized by flexible, temporary, or freelance jobs, often involving connecting with clients or customers through an online platform.

knowledge-based sector. These real estate trends, which influence the planning of Employment Areas in today's economy, are explored below.

3.4.1 Planning for Industrial Sectors

A number of emerging industrial sectors are anticipated to influence the demand for employment lands in Guelph across a wide range of uses. Advanced manufacturing is evolving and is requiring integrated operations on larger sites in a "campus-style" setting. These integrated facilities often accommodate a combination of office, research and development, warehousing and logistics, and on-site manufacturing.

As previously mentioned, the Goods Movement sector is evolving and responding to consumer demands, as e-commerce is growing in Canada. Emerging Goods Movement uses in Guelph are anticipated to include warehousing facilities requiring specialized functions that focus on serving the expanding urban population within the local and surrounding area. Key requirements include improvements to accessibility to the labour force, such as public transportation and buildings with a range of design options.

3.4.2 Goods Movement Sector

As previously mentioned, recent industrial development activity across the GTHA and beyond has been driven by rising demand in the Goods Movement sector. Increased outsourcing of manufacturing production to emerging global markets continues to drive the need for new consolidated, land-extensive warehousing facilities to store and manage the distribution of goods produced locally as well as goods imported from abroad. This continues to drive demand for increasingly larger, more land-extensive warehousing facilities, generally in greenfield Employment Areas. Across North America, the Goods Movement industry is continuously evolving at a rapid pace. As previously mentioned, e-commerce and technological improvements represent the biggest drivers of change in the Goods Movement industry, driven by the rapid growth of mobile technology. Key considerations in planning for the Goods Movement sector include the following:

- Just-in-time manufacturing will continue to be the industry norm, placing increasing emphasis on more frequent and smaller deliveries by truck transport, typically during the last mile.¹⁸ As the e-commerce market continues to expand, this component of the supply chain is becoming increasingly important to businesses as it has a direct influence on the customer experience. In addition to the need to provide timely, accurate service delivery, it is also critical for industry to ensure cost efficiency

¹⁸ The last mile is commonly referred to in the logistics sector as the last leg of the transportation process from the distribution centre or fulfillment hub to the final destination (i.e. the retailer or consumer).

given that 30 per cent to over 50 per cent of total parcel delivery cost is associated with this leg of the supply chain.^{19 20}

- To overcome potential cost challenges, industries are acquiring properties in ideal urban locations and adaptively redeveloping existing buildings to create a new industrial product type: the urban warehouse. The features of the urban warehouse are as varied as the locations in which they are located, and often depend on the amount of goods being distributed. Unlike traditional fulfillment centers that grow horizontally, urban warehouses grow vertically with either high, clear heights or multi-level configurations that utilize complex automated material handling systems. By emphasizing volume of storage as opposed to area, high land prices can be spread across a greater storage capacity.²¹
- Automation of distribution centres allows for more vertical storage; however, the need for numerous loading bays will dictate land requirements, and the industry trend is for more and more bays at facilities. Using automated logistics solutions and robotic systems improves efficiency and reduces the requirement for daylight or height limits of warehouse space, thus allowing for more vertical storage. Vertical storage and increased automation also reduces the distance inside warehouses, further speeding up the delivery process.²²
- Autonomous trucking technology is currently being tested worldwide. A key driver of this technology is the reduction of transportation costs (i.e. labour) combined with improved road safety. Although the full implementation of driverless trucks remains far ahead in the future, advances in technology have come quicker than expected. Autonomous trucking technology is likely to affect industrial real estate in several ways. Lower transportation costs are anticipated to drive the need for fewer, but larger, consolidated warehouses in locations where land costs are lower.²³ Typically, the larger the property, the lower the average employment density.
- Locations close to multi-modal facilities continue to be very attractive with access to rail – this is generating increased demand for larger-scale logistics hubs. Core components of integrated intermodal terminals, often referred to as freight hubs or freight villages, include general

¹⁹ Breaking Down the “Last-Mile Delivery”: Challenges and Solutions. October 12, 2016.

²⁰ Parcel Delivery. The Future of the Last Mile. McKinsey & Company. September 2016.

²¹ Urban Infill: The New Frontier for E-Commerce. April 2017. Connor Commercial Real Estate.

²² Transformation of the Global Supply Chain. Automated Technology: Driving Change in Real Estate. CBRE. 2016.

²³ Ibid.

warehousing/storage, distribution centres, transshipment facilities, vehicle maintenance/repair services, and transportation/logistics uses.

3.4.3 Planning for knowledge-based sectors

As previously noted, recent market demand on employment lands has been increasingly driven by growth in knowledge-based or creative class economies. As these sectors continue to grow, major office, flex office and multi-purpose facilities encompassing office and non-office uses are becoming increasingly dominant built forms within employment areas.

Accommodating new development and expansions related to light industrial and office uses requires that employment areas are planned to achieve a compact, transit-supportive (e.g. connections to public transportation systems, and pedestrian-oriented environment with access to employment-supportive uses such as amenities, entertainment, cultural activities, and public spaces. At the same time, demand will continue to exist for industrial and commercial uses in prestige Employment Areas that offer ample land supply. For these Employment areas, highway access and exposure/visibility and design are critical, particularly for the corporate office component.

- To address the broad needs of industry, a range of employment and commercial areas by site size, access, designation/zoning, and surrounding land use should be considered across a range of locations throughout Guelph. In many cases, new major office/head offices accommodated in Employment Areas integrate industrial, office, and training facilities on site. Where feasible, prestige employment sites also provide significant land area to accommodate surface parking and, in some cases, future expansion potential. On average, employment density levels for integrated office/distribution and training facilities are much lower than standalone major office developments. Given the unique operational requirements of these facilities, such uses often cannot be accommodated in downtown or mixed-use office settings. In industrial/business parks, prestige office uses are often positioned at gateway locations (i.e. at major highway interchanges) with direct highway access/exposure as well as strong connectivity to arterial roads and offer live/work opportunities.

3.4.4 Planning for employment land supportive uses

Accommodating an adequate mix of supportive uses on employment lands, such as retail and personal services, can strengthen such areas by providing amenities and services to employees and employers.

Accommodating too much non-employment-supportive uses, however, can lead to land-use conflicts, influence land values, and eventually contribute to the erosion of employment lands.

While non-industrial uses can directly support the function of employment areas, large freestanding retail uses can potentially create negative impacts on the surrounding industrial or employment uses, which in turn, may negatively impact the future prospects of an area for industrial development. Though large, freestanding, retail uses generate employment, they may also absorb large shares of land through their configuration or requirements (e.g. parking), draw considerable traffic from outside the immediate area (creating congestion in the industrial area), or affect the character of the employment area. As such, approaches should be developed to discourage major retail development in employment areas.

Under APTG, employment land protection policies have been strengthened with respect to prohibiting uses such as major retail in Employment Areas. As a result, APTG provides that, for any major retail uses that are permitted in Employment Areas, a municipality should establish a size or scale threshold for such use. The definition of major retail is not specified in APTG or the PPS, 2020, as such restrictions for retail on employment lands varies across the GGH.

3.5 COVID-19 and the new economy

As discussed in section 3.1, COVID-19 is having a significant negative impact on short-term macro-economic growth. Within the Guelph context, near-term economic challenges due to this pandemic have resulted in elevated rates of unemployment with contraction in employment across a broad range of industry sectors. Despite the near-term challenges, employment levels are expected to largely recover in 2021 and long-term economic growth is expected to remain positive in Guelph. Based on near-term trends observed, COVID-19 is accelerating previously noted technological disruptors, largely including e-commerce, the gig economy, and automation. These trends are anticipated to fuel further growth for distribution/logistics centres, and place continued downward pressure on bricks-and-mortar retail store/service and office space needs.

COVID-19 has accelerated technological disruptions that were already in play prior to the pandemic, which has resulted in changes in the nature of work and commerce. As such, enterprises are now increasingly required to rethink the way they conduct business with an increased emphasis on remote work enabled by technologies, such as virtual private networks (VPNs), virtual meetings, cloud technology and other remote work collaboration tools. These trends are anticipated to have a direct influence on office commercial and industrial real estate needs over both the near and longer term. In light of these anticipated trends, it is important that the long-term employment forecast identified for Guelph adequately considers the manner in which these impacts

are likely to influence the nature of employment and associated building space and land needs by type.

3.6 Observations

A broad range of considerations related to demographics, economics, and socioeconomics are anticipated to impact employment growth trends throughout Guelph over the coming decades. These factors will not only affect the rate and magnitude of growth but will also influence the form, density, and location of non-residential development and the need for employment lands.

Over the past several decades, the provincial economy has been steadily shifting away from good-producing sectors and moving towards increasingly service-based and knowledge-based sectors. As a result of these continued structural changes occurring in the macro-economy, it is important to recognize that the above-mentioned trends will generate both positive and disruptive economic impacts related to employment growth, local business investment, and labour force demand. These disruptive forces are also anticipated to have long-term impacts on industrial, commercial, and retail space requirements, as well as long-term employment land needs, which must be considered and monitored on an on-going basis when planning for Guelph's future.



4 Guelph's economic structure and growth trends

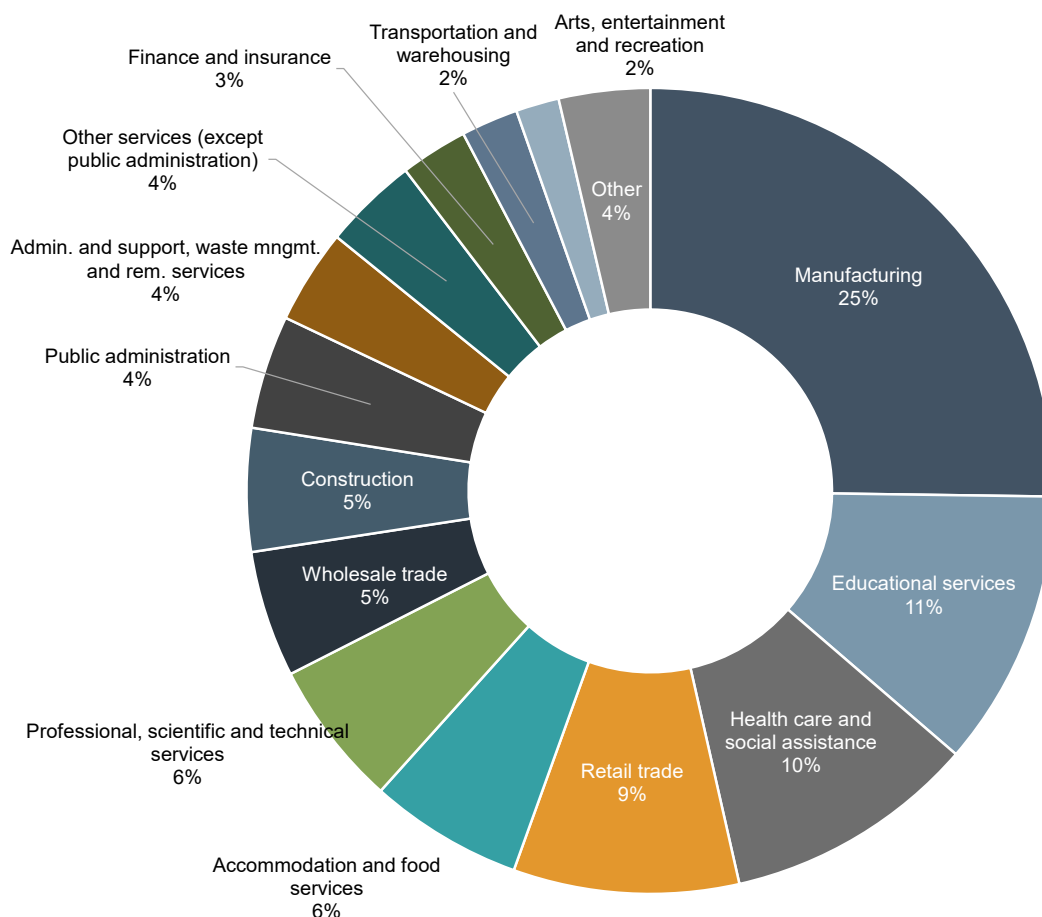
4.1 Economic and employment structure

Guelph is home to an estimated 76,800 jobs, as of 2020.² The majority (86 per cent or 66,100 jobs) are defined as usual place of work employment, while 4,700 (6 per cent) are work at home and 6,000 (8 per cent) are identified as off-site or having no fixed place of work (NFPOW).²⁴

The city has a diverse employment base, as illustrated in Figure 4-1. The largest sector in Guelph is manufacturing which accounts for 25 per cent of total employment. Other key sectors include education services; health care and social

²⁴ Watson & Associates Economists Ltd. estimate.

assistance; retail trade; accommodation and food services; professional, scientific, and technical services; wholesale trade and construction.



Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2020.
Note: Figures include employed and self-employed jobs.

Figure 4-1: City of Guelph Employment Base by Sector, 2019

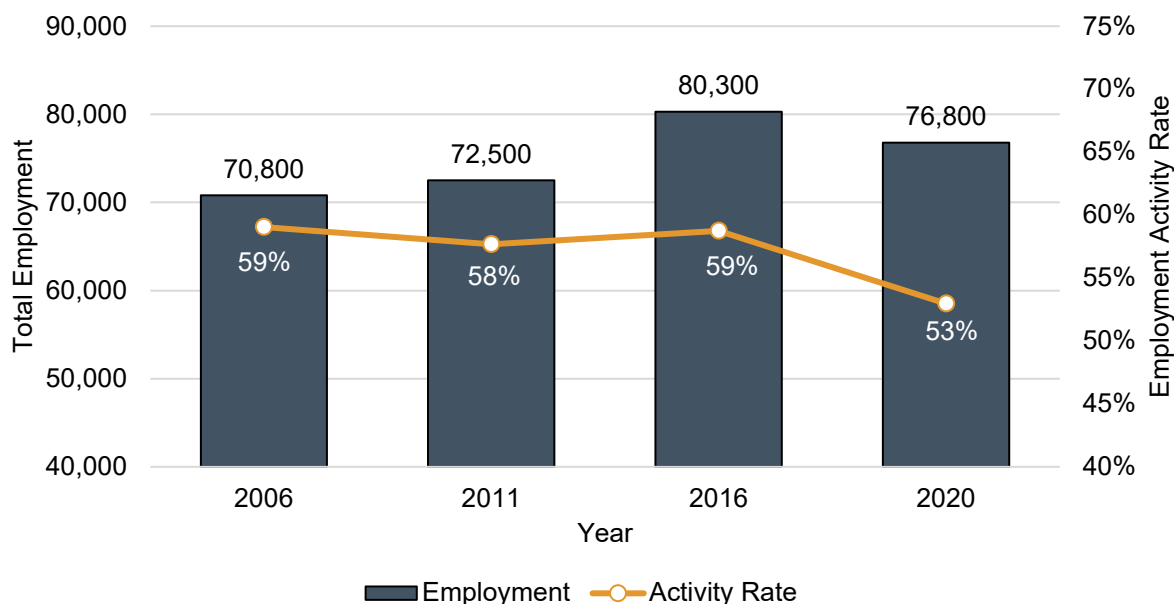
4.2 Employment and development growth trends

The total employment base for the city grew by 13 per cent between 2006 and 2016, increasing from approximately 70,800 to 80,300 jobs, as illustrated in Figure 4-2. Over the recent historical ten-year period (2006 to 2016), employment growth averaged 1.3 per cent annually, moderately higher than the growth rate across the GGH as a whole. Guelph's employment base with respect to work at home and NFPOW grew by 24 per cent and 41 per cent, respectively over the 2006 to 2016 period. This is compared to an 11 per cent increase in usual place of work employment over the same period.

Guelph's employment base is estimated to total 76,800 in 2020, having decreased by an estimated 3,500 over the 2016 to 2020 period. The decline is attributed to

the impacts of COVID-19 in 2020 and corresponding economic contraction resulting from government policy measures to maintain physical distancing.

As illustrated in Figure 4-2, over the 2006 to 2016 period, the city's employment activity rate (ratio of jobs to population) was relatively stable at 59 per cent, indicating that the local population base increased at the same rate as the local employment base. The activity rate has decreased to 53 per cent in 2020, meaning the local population base is increasing at a slightly faster rate than the local employment base, largely due to the impacts of COVID-19.



Note: Employment activity rate is based on population with undercount.

Source: 2006 to 2016 derived from Statistics Canada Place of Work data, and 2020 estimated by Watson & Associates Economists Ltd., 2020.

Figure 4-2: City of Guelph Employment Base and Activity Rate, 2006 to 2020

Similar to the provincial economy as a whole, the nature of Guelph's economy is changing. Over the past decade, the composition of the city's employment base has gradually shifted from goods-producing sectors to services-producing sectors. Figure 4-3 illustrates the employment change by industry sector over the 2011 to 2019 period in Guelph. Over the past decade, the city has experienced strong growth in a number of knowledge-based sectors including information and cultural industries, professional, scientific, and technical services and educational services. The City has also experienced strong growth in population-related service sectors including arts, entertainment and recreation, accommodation and food services and health and social services. Within the industrial sector, construction and manufacturing have experienced relatively strong employment growth while transportation and warehousing experienced a slight decline in employment.

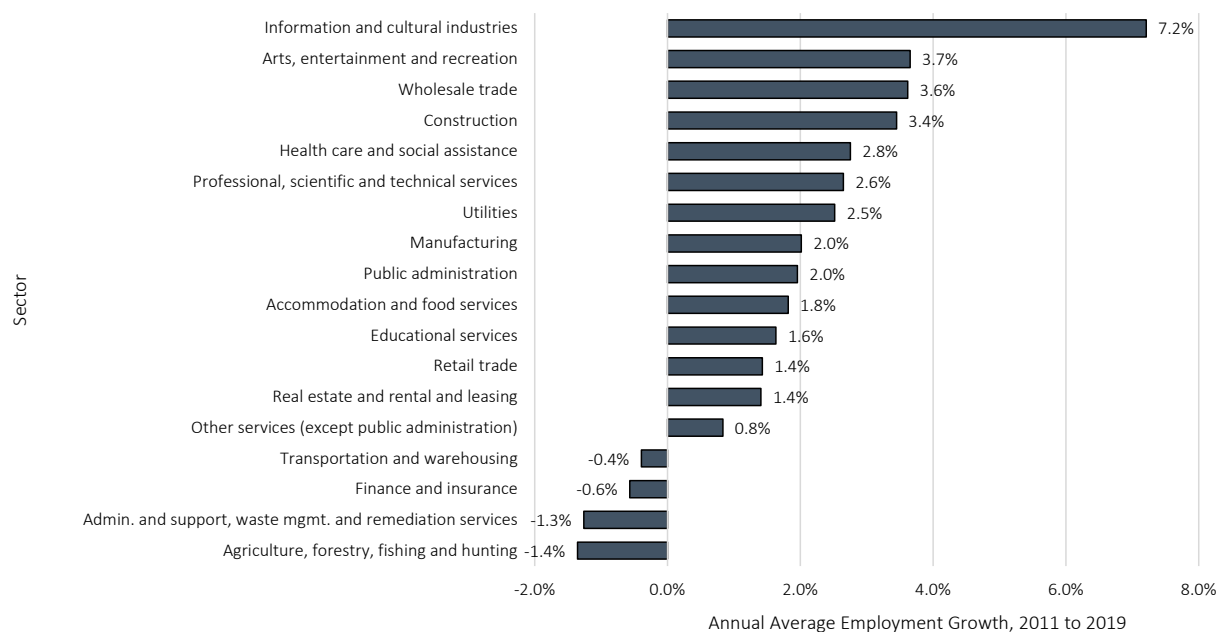
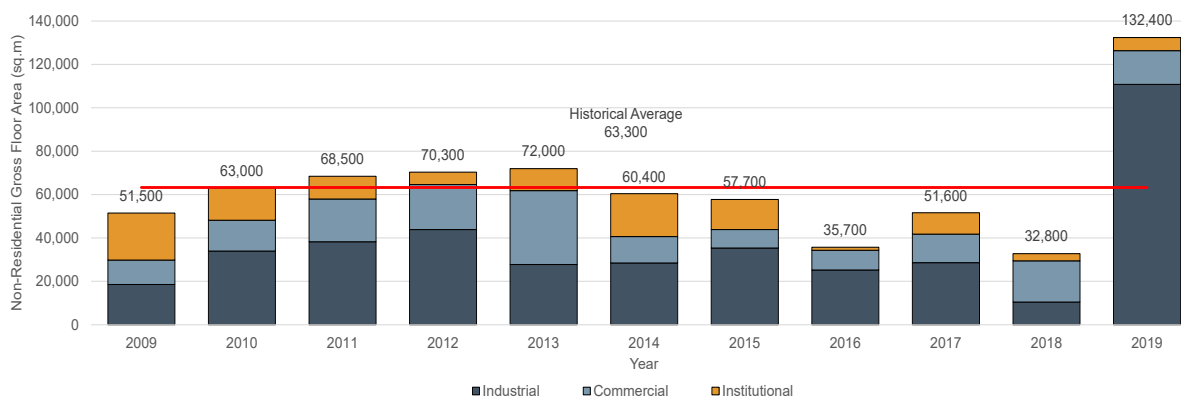


Figure 4-3: City of Guelph Employment Growth by Sector, 2011 to 2019

Between 2009 and 2019, Guelph accommodated an average of 63,300 sq.m (681,400 sq.ft.) of non-residential gross floor area (GFA) annually, as illustrated in Figure 4-4. Non-residential development activity in 2019 was notably strong, recording 132,400 sq.m (1.43 million sq.ft), which is significantly higher than the historical average achieved over the past decade. Over the 2009 to 2019 period, more than half of non-residential development (58 per cent) was in the industrial sector. This is compared to 25 per cent and 17 per cent in the commercial and institutional sectors, respectively.



Source: 2009 to 2019 data from the City of Guelph by Watson & Associates Economists Ltd., 2020.

Figure 4-4: City of Guelph Historical Non-Residential Development Activity 2009 to 2019

4.3 Industry clusters in Guelph

Ultimately, the aggregate indicators of Guelph's economic performance are determined in large measure by the competitiveness of their industry clusters. A cluster is a set of inter-linked private-sector industries and public-sector institutions, whose final production reaches markets outside the local market. An expanding export base is a key component to the economic prosperity of the local economy and surrounding area because exports bring money into the local market to be circulated among local-serving enterprises and their employees.

Location Quotients (LQs) are a commonly used tool in regional economic analysis to identify and assess the relative strength of industry clusters²⁵. Figure 4-5 illustrates the strength of employment sectors in Guelph relative to Ontario using LQs. As shown, Guelph's economy is largely oriented towards industrial sectors, including manufacturing and wholesale trade as well as educational services. The city has a relatively low concentration of employment in a number of sectors, including information and cultural industries, finance and insurance, utilities, transportation and warehousing and primary sectors.

²⁵ An LQ of 1.0 identifies that the concentration of employment by sector is consistent with the broader employment base average. An LQ of greater than 1.0 identifies that the concentration of employment in a given employment sector is higher than the broader base average, which suggests a relatively high concentration of a particular employment sector or cluster.



Figure 4-5: City of Guelph Location Quotient Relative to Ontario, 2019

Figure 4-6 illustrates the strength of top traded industry clusters in Guelph relative to the Province using LQs, size (based on employment), and recent growth trends. The size of the sphere illustrates the cluster's share of city-wide employment, and the numbering represents its relative LQ rank. The higher an industry cluster is on the graph, the higher its LQ; the more to the right the sphere is, the stronger its average annual employment growth has been from 2011 to 2019. The top right quadrant represents clusters in the city that have a strong concentration of employment relative to the Province and have experienced positive employment growth over the 2011 to 2019 period. As summarized, Guelph has a relatively high employment concentration in a number of goods-producing industry clusters relative to the Province as a whole, particularly automotive; metalworking technology; recreational and small electronic goods; trailers, motor homes and appliances; and production technology and heavy machinery. Between 2011 and 2019, each of these industry clusters experienced moderate to strong annual employment growth.

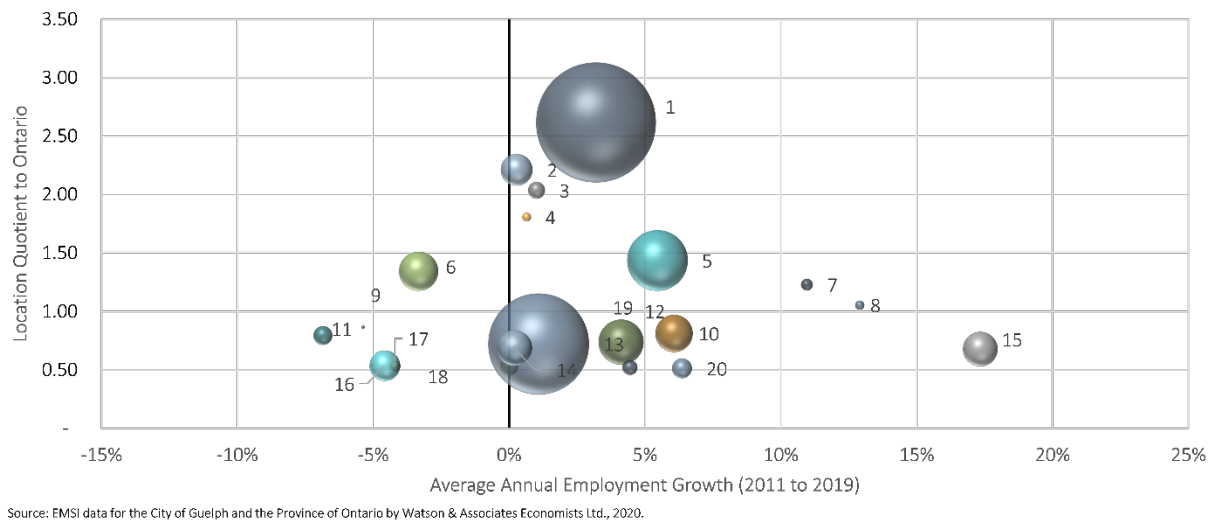


Figure 4-6: Industry Clusters in City of Guelph (2011 to 2019)

Cluster	Description
1	Automotive
2	Metalworking Technology
3	Recreational and Small Electric Goods
4	Trailers, Motor Homes, and Appliances
5	Production Technology and Heavy Machinery
6	Livestock Processing
7	Textile Manufacturing
8	Upstream Chemical Products
9	Leather and Related Products
10	Marketing, Design, and Publishing
11	Paper and Packaging
12	Food Processing and Manufacturing
13	Education and Knowledge Creation
14	Downstream Metal Products
15	Information Technology and Analytical Instruments
16	Lighting and Electrical Equipment
17	Performing Arts
18	Video Production and Distribution
19	Oil and Gas Production and Transportation
20	Vulcanized and Fired Materials

Note: Industry Clusters are ranked by LQ from highest to lowest.

Figure 4-7: Top Traded Industry Clusters in the City of Guelph, 2019

In general, service-producing industry clusters in Guelph are not as highly concentrated relative to broader provincial employment trends. A number of key knowledge-based industry clusters have experienced strong employment growth over the 2011 to 2019 period including information technology and analytical

instruments; marketing, design and publishing; and education and knowledge Creation, as illustrated in Figure 4-8 Key industrial-based industry clusters that have experienced notable growth over the past decade include upstream chemical products, textile manufacturing and vulcanized and fired materials.

Figure 4-8: City of Guelph Annual Employment Growth by Industry Cluster, 2011 to 2019

4.4 Labour force trends

As previously noted, the availability of a local skilled labour force is an increasingly important consideration in the new economy. Having a labour force that meets the needs and demands of business is essential to the municipal competitiveness of a municipality and the ability to attract industry and employment growth.

As illustrated in Figure 4-9, Guelph's labour force is highly concentrated by those who live and work within the city. As of 2016, approximately 65 per cent of the city's employed labour force lives and works in Guelph or works from home. Over the 2001 to 2016 period, the share of the live/work labour force has declined marginally, with residents who commute out of the city displaying the largest percentage increase, followed by individuals that have NFPOW.

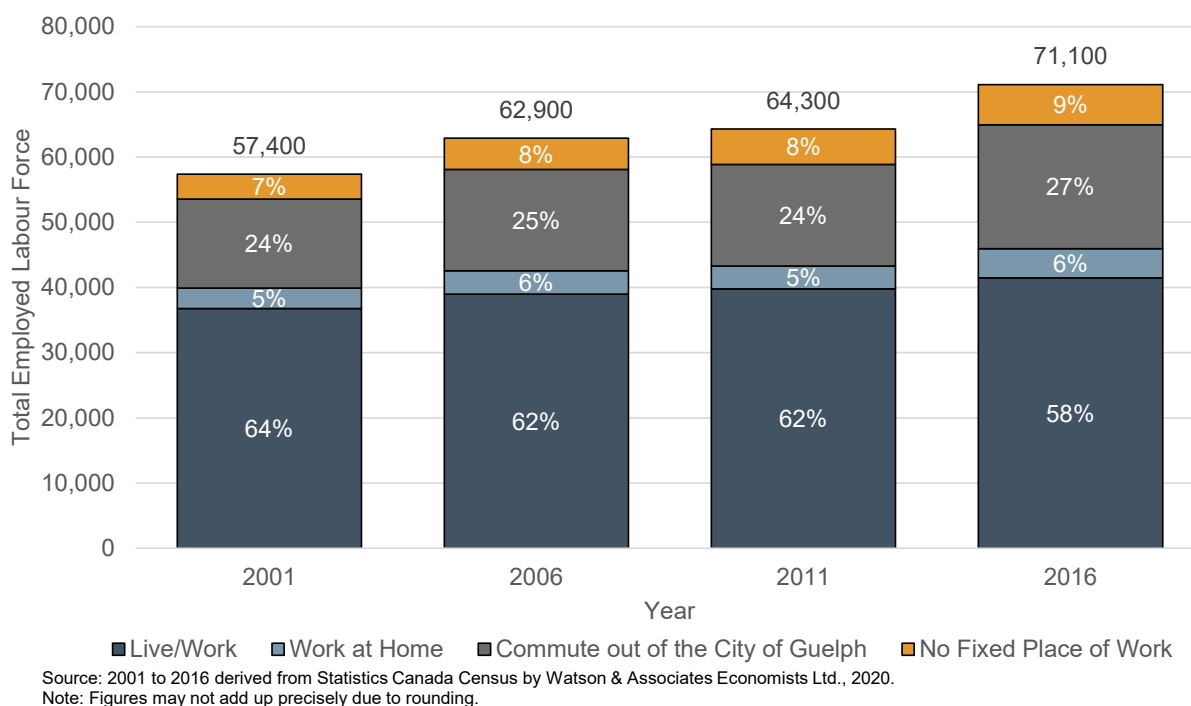
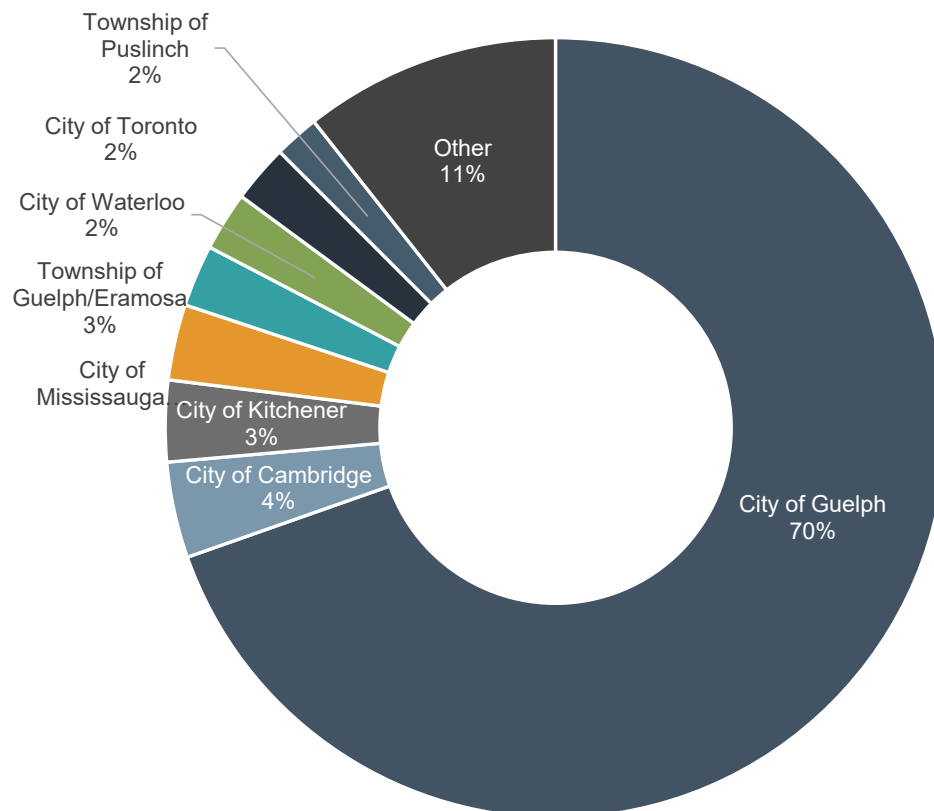


Figure 4-9: City of Guelph Employed Labour by Place of Work, 2001 to 2016

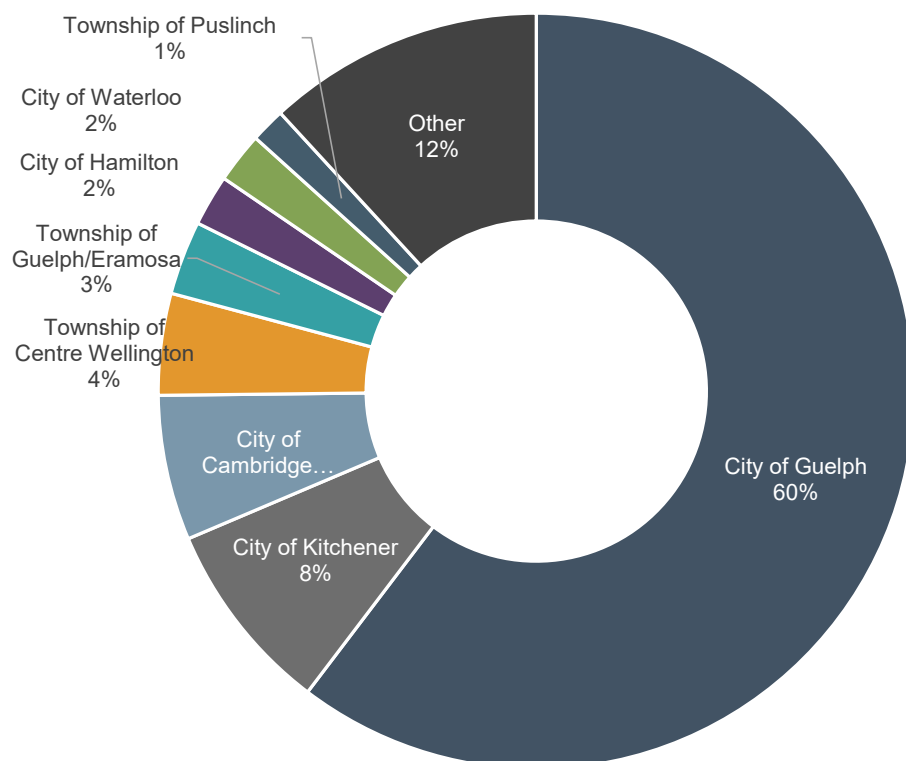
Figure 4-10 summarizes where Guelph residents commute to work, while Figure 4-11 identifies the municipality from where people employed in the city commute. Key observations include:

- As previously noted, live/work employment within Guelph is relatively high and the percentage of out-commuters is relatively low;
- The three cities in Waterloo Region (City of Cambridge, City of Kitchener, and City of Waterloo) account for the largest component of Guelph's commuter-shed, comprising 9 per cent of total out-commuters. These three cities also provide the largest share of in-commuters to Guelph relative to other surrounding municipalities. This emphasizes the relatively close economic and socio-economic interaction of these municipalities;
- Between 2001 to 2016, commuting trends within Guelph remained relatively similar in terms of live/work trends and in-commuting/out-commuting; and
- Guelph remains relatively self-contained, though the live-work ratio has decreased slightly over the past decade. The number of people who work in the city but reside in other municipalities has slightly increased over the period.



Source: Data from 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016325 by Watson & Associates Economists Ltd., 2020.

Figure 4-10: Where City of Guelph Residents Go to Work, 2016



Source: Data from 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016325 by Watson & Associates Economists Ltd., 2020.

Figure 4-11: From Where City of Guelph Employees Commute, 2016

4.5 Industrial market

Guelph has an estimated 1.9 million sq.m (20.4 million sq.ft.) of industrial building space.²⁶ Over the 2006 to 2019 period, Guelph has accommodated an average of 32,257 sq.m (347,218 sq.ft.) of new industrial development, annually.²⁷ During this period, new construction accounted for 64 per cent of development activity compared to 36 per cent related to additions/expansions.

The relative importance of regional and site level attributes required by industry sectors is evolving in response to structural changes in the macro-economy which is impacting industrial development patterns within Guelph. Industrial activity is increasingly centred on production processes that are time-sensitive, driven by just-in-time manufacturing, e commerce and an increasingly globalized environment. As a result, the location and site requirements within the industrial sector continue to evolve with an increasing emphasis on integrated multi-purpose

²⁶ CBRE Waterloo Region Industrial Marketview Q3 2020.

²⁷ Derived from City of Guelph non-residential building permit data by Watson & Associates Economists Ltd.

facilities that combine processing, research and development, training centres, and warehousing which leverage access to regional infrastructure and skilled labour.

Guelph has maintained a strong industrial base that has grown and evolved in connection with major transportation networks throughout the area. Location factors play a key role in the distribution of the dominant business clusters visible across Guelph today, such as manufacturing, transportation/logistics, wholesale trade, and construction.

4.6 Major office market

Guelph is home to approximately 135,017 sq.m. (1.5 million sq.ft.) of major office²⁸ space with about one-third (33 per cent) located within the Downtown (Urban Growth Centre) area, 50 per cent in employment areas and 18 per cent in other locations.²⁹ The vacancy rates for major office in Guelph has ranged between 9.6 per cent and 4.2 per cent over the 2011 to 2019 period.³⁰ Currently, the office vacancy rates in Guelph averages 3.9 per cent, with a relatively low vacancy rate in the Downtown (UGC) (0.7 per cent) compared to 5.4 per cent in other areas of the city.³¹

Guelph's major office inventory expanded by approximately 9,300 sq.m (100,114 sq.ft.) over the 2006 to 2019 period.³² Of this development, the majority (85 per cent) the new building floor space was accommodated within employment areas compared to 11 per cent within the Downtown (UGC) and 3 per cent within other areas of the city. Suburban low-rise buildings has accounted for the majority of new GFA constructed over the 2006 to 2019 period.

Office development and the employment sectors they typically accommodate have certain site-specific requirements including access to skilled labour; proximity to related industry clusters (companies and public institutions such as universities); access to public transit and major highways; and access to on-site amenities/services and proximity to off-site services. These factors can strongly influence business location decisions, both for new development and expansions. Within the Guelph context, the relative importance of these attributes is evolving, which is impacting office development patterns.

Demand for standalone low-rise office, research and development facilities, flex office and multi-tenant commercial/industrial space is anticipated to continue to account for a growing share of building GFA. A large portion of demand is

²⁸ Major office buildings include standalone office buildings (1,860 sq.m) 20,000 sq.ft. of GFA or greater.

²⁹ Watson & Associates Economists Ltd. estimate.

³⁰ CBRE Waterloo Region Office Marketview Q4 2011 and Q4 2019.

³¹ CBRE Waterloo Region Office Marketview Q3 2020.

³² Derived from City of Guelph non-residential building permit data by Watson & Associates Economists Ltd.

anticipated to be driven by growth in knowledge-based employment sectors including information technology, business services, and professional and technical services including engineering and environmental services, and research and development. Flex office space has become a major trend across many markets in Canada. Flex office space allows occupants flexibility in the use and allocation of space according to operation needs. Tenants of flex office space may include businesses that require a blend of office and industrial site characteristics.

While suburban locations including those in employment areas continue to be competitive locations for major office development, there is increasing demand for locations that offer access to high-order transit, a mixed-use environment, potential for live/work opportunities, and access/proximity to amenities and services. The quality and location of new office space are considered very important tools to attract and retain talent. As such, urban mixed-use environments are becoming increasingly desirable locations for office-related businesses.

Looking forward, market demand for standalone office space is anticipated to strengthen within mixed-use environments, such as the Downtown and locations which are transit-supportive, pedestrian-oriented and offer proximity/access to amenities, entertainment, cultural activities and public spaces.

4.7 Observations

Future employment growth within Guelph is strongly correlated with the growth outlook and competitiveness of the economy within the GGH. Over the next several decades City's employment base is anticipated to steadily grow across a broad range of export-based and population serving employment sectors. In several cases, these are also showing similar growth prospects at the broader regional level. Notwithstanding these opportunities generated by the strength of the GGH economy as a whole, it is important to recognize that Guelph will continue to compete in attracting and retaining new business investment with many of the municipalities across the GGH and beyond. Each of these municipalities generally offer regional attributes that largely appeal to prospective international and local firms as well as new residents.

Looking forward, the city also faces several broad opportunities and challenges related to its future economic growth potential and prosperity. Many of these opportunities and challenges relate to macro-economic trends over which the City has limited control. This includes the relative strength of the global economy, international trade policy, and the competitiveness of the Canadian economic base relative to other established and emerging global markets. On-going structural changes in the macro-economy and disruptive forces which are being further accelerated by COVID-19 further complicate this situation.

It is important for the City to navigate through these macro-economic factors to address how these trends are influencing local economic opportunities and challenges. At the local level, the City has considerable control and ability to

position itself in a positive manner when considering Guelph's regional competitive ranking. This requires the City to continue marketing itself as a hub for innovation, equipped with the human capital that is required to encourage on-going innovation, entrepreneurship, small business development, and local investment retention. A major factor influencing the future competitiveness of the city's economic base is the structure and quality of its employment areas, which is discussed in detail in the following chapter.



5 Guelph employment lands profile

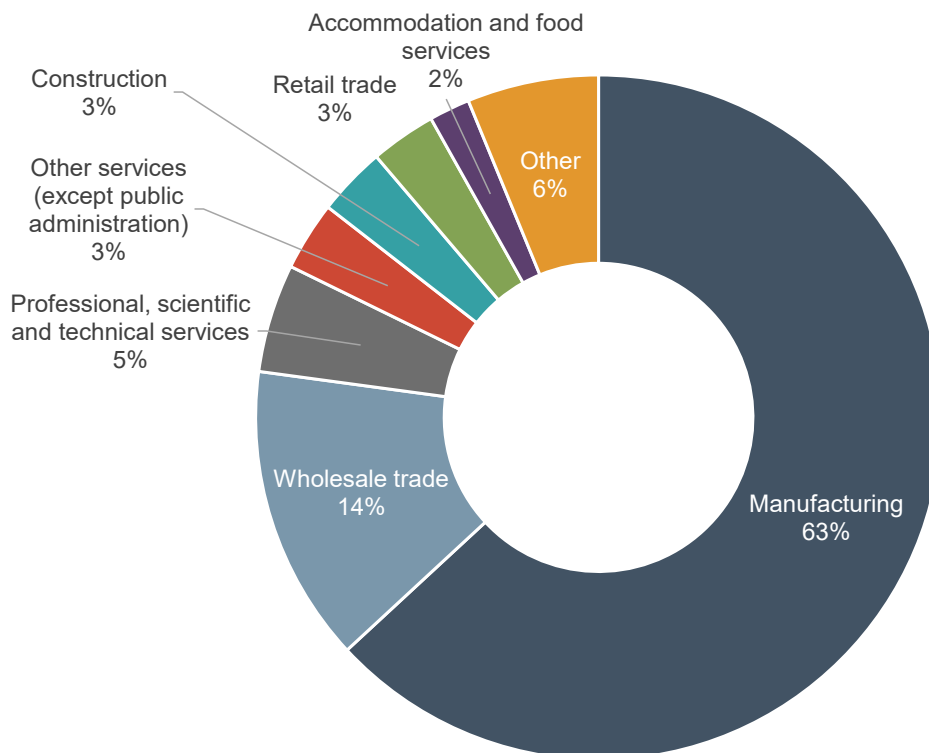
5.1 Overview of employment lands

Employment lands are an integral part of Guelph's economic development potential and they accommodate a significant share of the city's businesses and employment. One of the most critical aspects related to the economic competitiveness of Guelph is the marketability and availability of its employment land base relative to the surrounding market area. It is critical that the City continue to plan for employment uses with consideration given to market demand and trends.

Guelph has a large and diverse existing employment lands base, totaling approximately 840 net hectares (2,075 net acres) of developed land. A large share is in proximity to the Hanlon Expressway corridor in the city's south end and northwest.

Employment lands within Guelph accommodate a broad range of industrial uses, including manufacturing, distribution/logistics, construction, and transportation. In recent years, the city's employment lands have accommodated an increasing share of commercial (including office) and institutional uses.

Figure 5-1 summarizes the share of employment by sector on employment lands in Guelph. The largest is manufacturing, which accounts for 63 per cent of the total. This is followed by wholesale trade (14 per cent), professional, scientific, and technical services (5 per cent), other services (3 per cent), construction (3 per cent), retail trade (3 per cent) and accommodation and food services (2 per cent).



Source: Derived from 2019 InfoCanada Business Directory data by Watson & Associates Economists Ltd., 2020.

Figure 5-1: City of Guelph Employment on Employment Lands by Sector, 2019

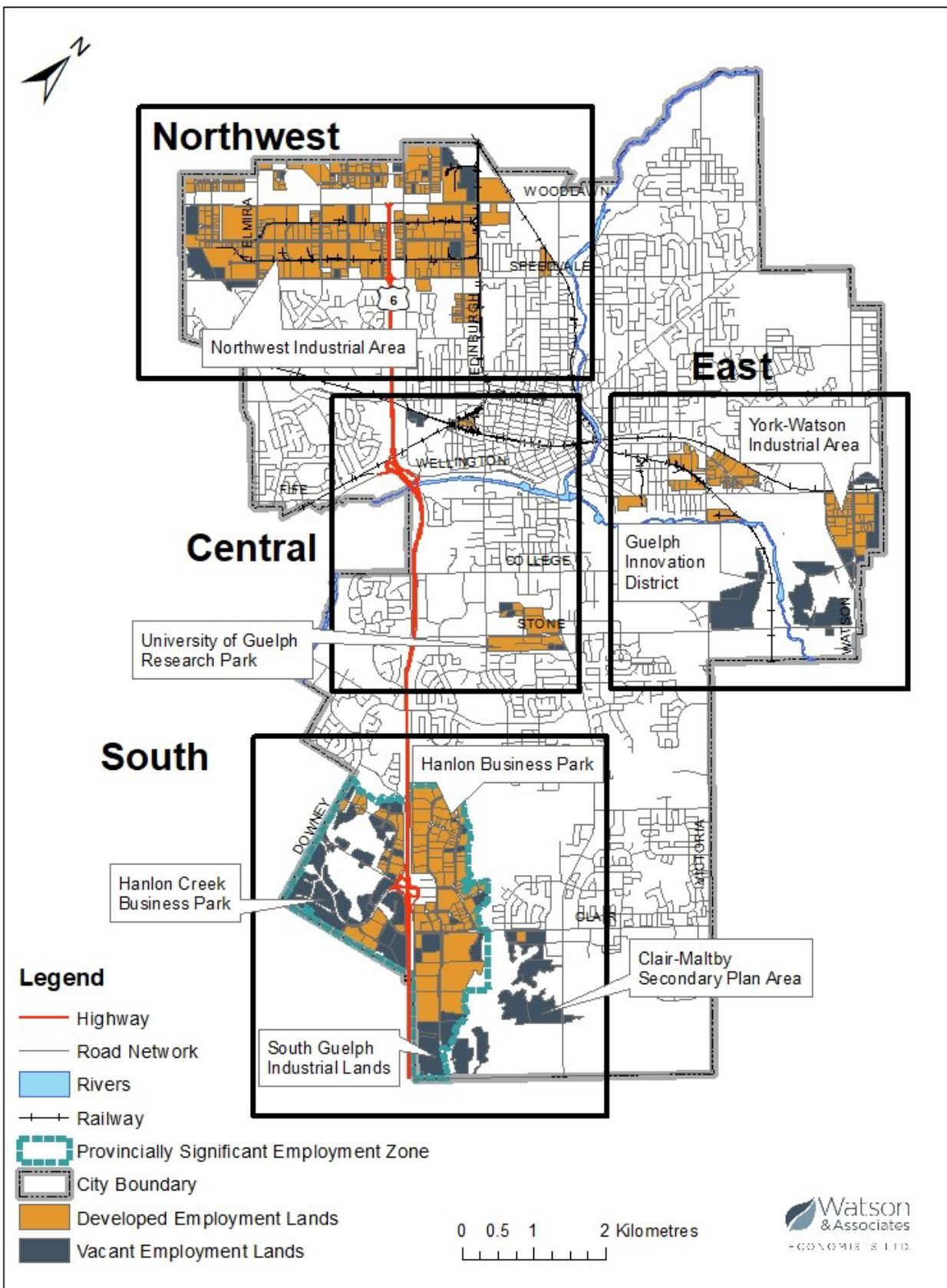


Figure 5-2: City of Guelph's Employment Lands

The following provides an overview of Guelph's key employment areas.

5.1.1 Hanlon Business Park

The Hanlon Business Park is located east of the Hanlon Expressway north of Clair Road. The park, which was municipally developed beginning in the mid-1980s, has a total land base of approximately 140 net hectares (345 net acres) and is largely built out. Hanlon Business Park has a significant employment base in advanced manufacturing, logistics/distribution, and business services. Major employers include Sleeman's Breweries, Metalumen Manufacturing, and Hammond Power Solutions. As of 2020, approximately 94 per cent of the Hanlon Business Park is developed; only a few parcels are vacant. While the park offers excellent proximity and exposure/visibility to the Hanlon Expressway, as well as proximity to services and amenities including hotels and restaurants, it offers very limited opportunity for new development.

5.1.2 Hanlon Creek Business Park

Hanlon Creek Business Park is a master planned business park located in South Guelph with a land base of 155 net hectares (383 net acres) that is largely unbuilt. The park accounts for about one-third of the city's designated vacant employment lands. The City is developing the park jointly with the private sector in three phases, with Phases 1 and 2 under development since 2013. Over the past few years, the park has experienced strong land absorption accommodating a range of uses including wholesale trade, low-rise office, flex office, and multi-tenant industrial development.

The park has direct access/visibility to the Hanlon Expressway which connects to Highway 401. The City has flexibility in the ultimate size and configuration of the developable lands, which is a great advantage since lands can be tailored to end users at competitive land prices. The park also features a large environmental reserve, which enhances the aesthetic appeal of the park. The park offers a range of shovel-ready development opportunities in Phases 1 and 2 and longer-term opportunities to accommodate future growth in Phase 3.

5.1.3 Northwest Industrial Park

The Northwest Industrial Park has Guelph's largest concentration of developed employment lands with approximately 1.3 million sq.m (13.8 million sq.ft.) of industrial space, accounting for more than half the city's industrial inventory³³. The area accommodates a diverse range of employment sectors and is home to a number of the Guelph's largest employers including Linamar Corporation, Polycon Industries, Johnson & Johnson, and Blount Canada Ltd. The area is well connected by Hanlon Creek Expressway and Highway 6/7 (Woodlawn Road). The planned new Highway 7 (limited access highway) connecting Guelph to Kitchener, which is

³³ Cushman & Wakefield, Waterloo Region & Guelph Marketbeat, Industrial Q3 2020.

currently in the design phase, is expected to enhance regional highway access to the area. The area is well served by a range of commercial services including restaurants and hotels located along the Woodlawn Road corridor. The Northwest Industrial Park is approximately 90 per cent built out with some greenfield parcels remaining in the southwest and in the northeast. Some opportunities for expansions on existing developed sites and possible redevelopment also exist within this area.

5.1.4 South Guelph Industrial Lands

The South Guelph Industrial Lands consist of a privately developed industrial park located south of Clair Road immediately east of the Hanlon Expressway. The area has experienced significant industrial development over the past decade including a number of standalone large-scale and multi-tenant industrial condominium buildings. Large-scale industrial tenants include the TDL Group (Tim Hortons) Distribution Centre, the Guelph Data Centre, and DENSO Corporation. The park offers flexible built-to-suit options and has a few large parcels which remain available for development.

5.1.5 University of Guelph Research Park

The University of Guelph Research Park, situated on Stone Road next to the University of Guelph, is home to a number of public- and private-sector research-related organizations. Key sectors of the park include life sciences, bio-tech, agri-food, and cleantech. The southern part of the park, located south of Stone Road, covers an area of 15 net hectares (37 net acres). Development of the southern part of the park started in the late-1980s by the University of Guelph and is largely built out. The northern part of the park, located along Chancellors Way, has been developed over the past decade, accommodating office development, and has some remaining vacant parcels. The park was developed to enhance research at the university and foster connections with other institutions.

The park is comprised largely of office, research-type, and low-rise office building formats, and has relatively high employment densities.

5.1.6 York-Watson Industrial Park

The York-Watson Industrial Park is a general industrial area located in East Guelph to the southeast of Watson Parkway and York Road containing approximately 134,000 sq.m (1.4 million sq.ft.) of industrial space³⁴. The area is home to manufacturing, wholesale trade, and construction. The area has had limited development activity over the past decade and is largely built out.

³⁴ Cushman & Wakefield, Waterloo Region & Guelph Marketbeat, Industrial Q3 2020.

5.1.7 Future Employment Areas Guelph Innovation District

The GID is a planned mixed-use development, comprised of both employment and residential components focused on innovation, research, and technology. The GID covers an area of 436 hectares (1,000 acres) located east of the University of Guelph, adjacent to the university's arboretum lands. The large geographic area is bound by Victoria Road to the west, Stone Road to the south, Watson Parkway South to the east, and York Road to the north. The GID Secondary Plan, which was amended and approved by the Ontario Municipal Board in 2017, identifies an employment base of 8,600 and the area is expected to accommodate a significant share of the city's employment growth through 2051. With the intended uses and vision for the GID, the employment lands component of the area is expected to accommodate an average employment density of 90 jobs per net hectare (36 jobs per net acre).

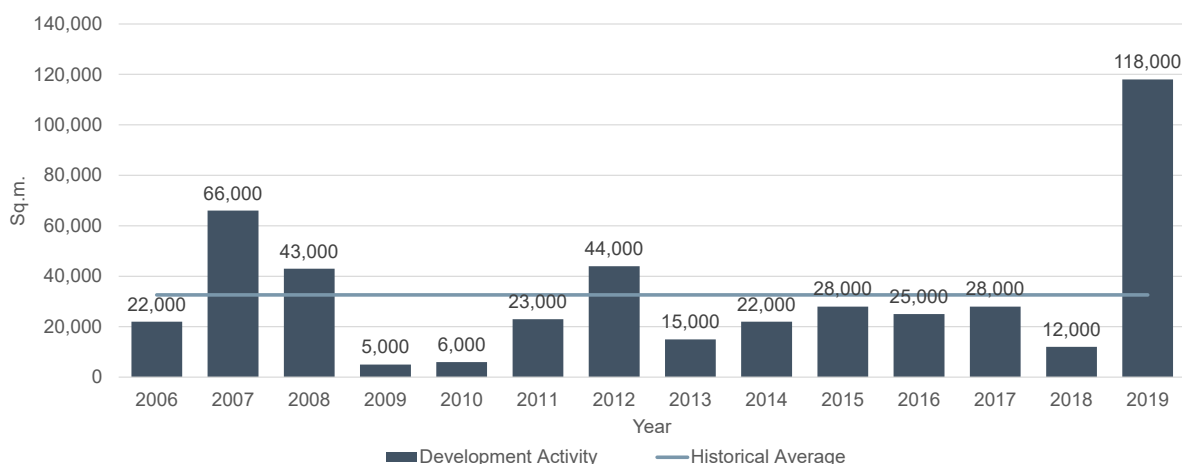
5.2 Municipal role in employment lands development

Guelph has a strong and successful history of municipal employment land development. The City continues to be a key employment land developer in the municipality, assembling and servicing land. The municipality is responsible for subdivision design, infrastructure development, and land sales. The City of Guelph has developed a number of key industrial parks including Hanlon Business Park and the York-Watson Industrial Area. The City's current inventory of employment parcels available for development and sale are concentrated in the Hanlon Creek Business Park.

5.3 Development activity on employment lands

Figure 5-3 summarizes building construction (new construction and additions) accommodated on Guelph's employment lands over the 2006 to 2019 period, expressed in GFA. As illustrated, the city has averaged approximately 32,600 sq.m (350,900 sq.ft.) of building activity on employment lands annually over the period. Approximately 48 per cent the GFA development over the decade has been associated with new construction, while 52 per cent of GFA has been attributed to additions to existing buildings.

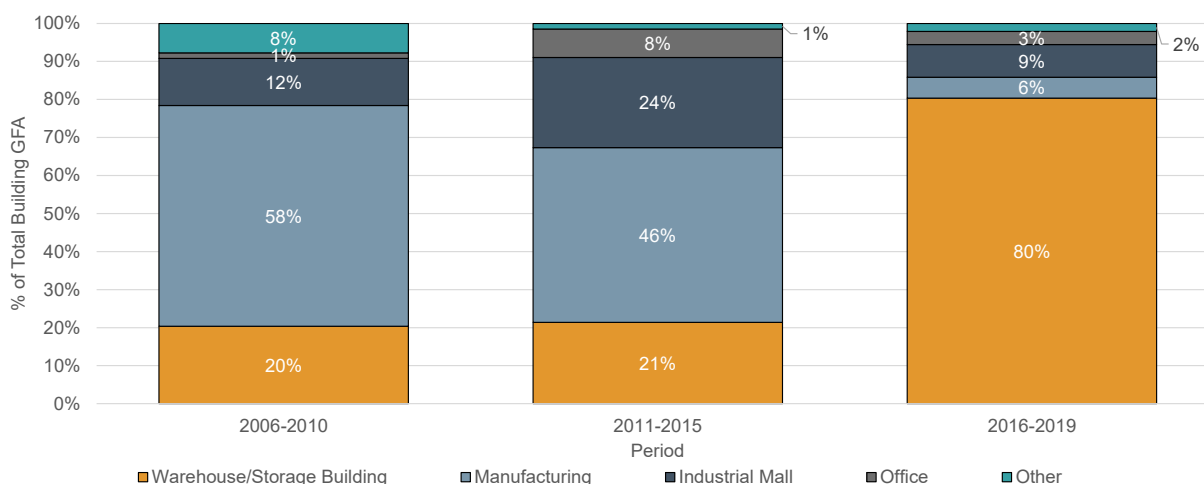
While development activity on employment lands has been relatively strong since 2011, activity has been below levels experienced prior to the global economic recession of 2009. Over the past five years, the majority of new development on employment lands has been accommodated in the Hanlon Creek Business Park, the South Guelph Industrial Lands, as well as the Northwest Industrial Area.



Source: Derived from the City of Guelph building permit data by Watson & Associates Economists Ltd., 2020.

Figure 5-3: City of Guelph – Non-residential Building Permit Activity on Employment Lands, New Construction and Expansions on Employment Lands, 2006 to 2019

Over the 2006 to 2019 period, the industrial building space has accounted for the majority of development activity on employment lands in Guelph. Historically, a large share of development activity on employment lands in Guelph has been associated with the manufacturing sector, but this has declined over the past decade. As illustrated in Figure 5-4, over the 2006 to 2010 period, 58 per cent of development on employment lands was within the manufacturing sector, compared to 46 per cent and 6 per cent in the 2011 to 2015 and 2016 to 2019 periods, respectively. Over the same period, warehousing and storage facilities experienced notable increases in share of total development on employment lands, increasing from 20 per cent in the 2006 to 2010 period, to 80 per cent in the 2016 to 2019 period.



Source: Derived from the City of Guelph building permit data by Watson & Associates Economists Ltd., 2020.

Figure 5-4: City of Guelph Development Activity on Employment Lands by Sector/Land Use, 2006 to 2019

Over the past decade, Guelph has witnessed a shift between expansions and new development. As shown in Figure 5-5, from 2006 to 2010, expansions accounted for 56 per cent of development. In the following period (2011 to 2015), expansions accounted for 48 per cent of the total development in the City, and in the most recent period (2016 to 2019) expansions accounted for 24 per cent of the total development. In contrast, new development has steadily increased, rising from 44 per cent between 2006 and 2010, to 76 per cent in the 2016 to 2019 period.

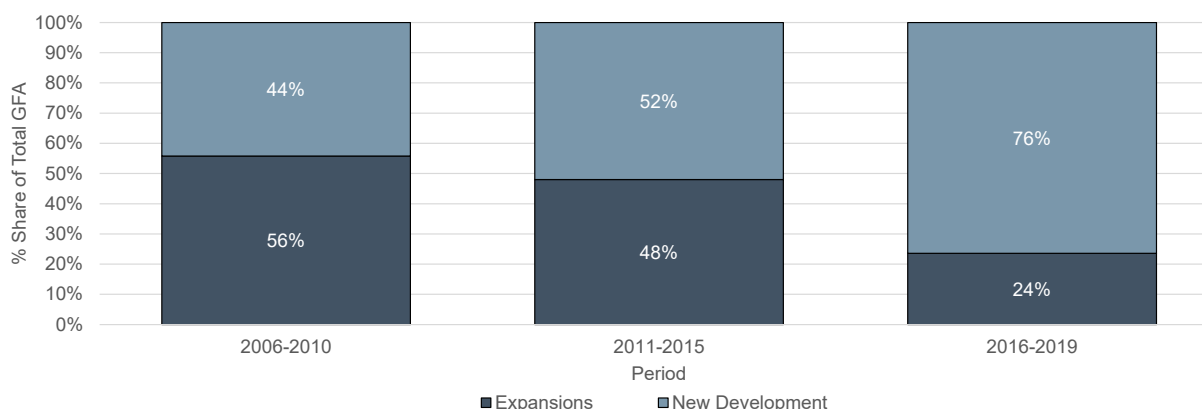
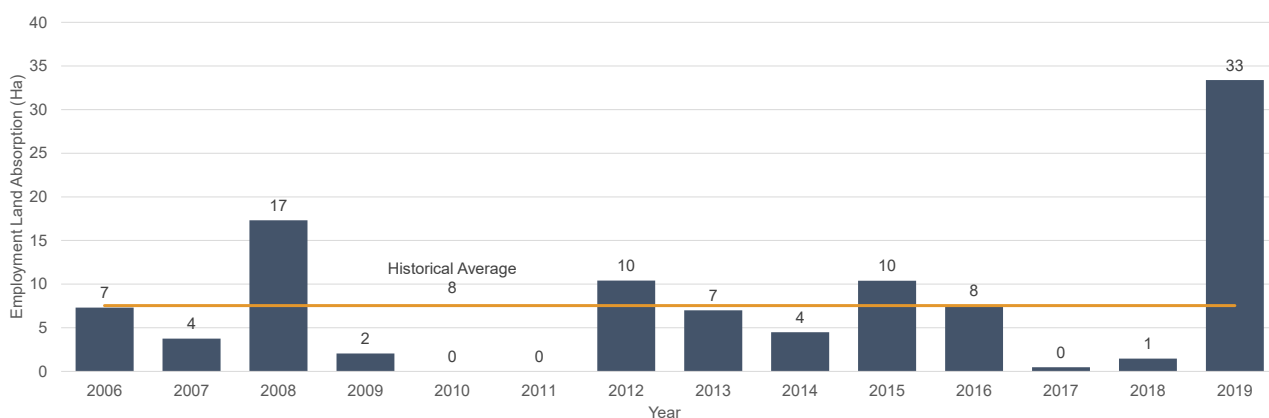


Figure 5-5: City of Guelph Share of Development on Employment Lands New Developments vs. Expansions/Additions, 2011 to 2019

5.4 Employment lands absorption trends

Between 2006 and 2019, employment lands absorption in Guelph totalled approximately 106 net hectares (260 acres), averaging approximately 8 net hectares (19 net acres) per year, as illustrated in Figure 5-6. Annual employment lands absorption fluctuated, characterized by strong absorption levels over the 2006 to 2008 period, followed by a slowdown over the 2009 to 2011 period resulting from the 2008/2009 global economic downturn. Since 2012, average annual absorption levels of employment land have been moderately strong. In 2019, Guelph experienced the strongest growth over the 2006 to 2019 period, absorbing approximately 33 net hectares (82 acres) of employment land. The 2019 land absorption was comprised largely of medium and large-scale industrial development in the Hanlon Creek Business Park and South Guelph Industrial Area.

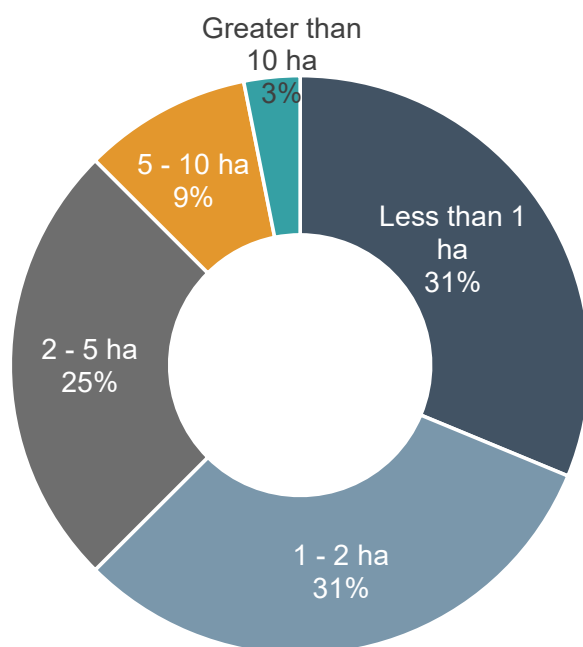


Source: Derived from the City of Guelph non-residential building permit for new construction by Watson & Associates Economists Ltd., 2020.
 Note: Figures have been rounded and reflect the net developable land area.

Figure 5-6: City of Guelph Historical Annual Employment Land Absorption, 2006 to 2019

Figure 5-7 summarizes city-wide employment lands absorbed by parcel size between 2011 and 2019. As illustrated, smaller parcels of less than 1 hectare (2.5 acres) accounted for 31 per cent of the parcels absorbed.

Parcels of 1 to 2 hectares (2.5 to 5 acres) in size accounted for 31 per cent of the total. Medium-sized parcels of 2 to 5 hectares (5 to 12 acres) accounted for 25 per cent. Parcels larger than 5 hectares (12 acres) accounted for 12 per cent of the total.



Source: Derived from the City of Guelph building permit data by Watson & Associates Economists Ltd., 2020.

Figure 5-7: City of Guelph Employment Land Absorption by Parcel Size, 2011 to 2019

Figure 5-8 summarizes the average floor space index (FSI) and floor space per worker (FSW) on employment lands absorbed within employment areas between 2012 and 2019. During this period, FSI averaged 28 per cent and FSW on employment lands averaged approximately 89 sq.m per employee (958 sq.ft. per employee). Based on these metrics, calculated employment density on absorbed employment lands is estimated to be 35 jobs per net hectare (14 jobs per net acre).

The highest employment densities are typically found in standalone office development, multi-tenant industrial buildings, manufacturing facilities, and employment-supportive uses, while construction, distribution/logistics, and transportation/warehousing tend to have lower employment densities.

Floor Space Index	Amount
Floor Space Index (FSI) ¹	0.28
Floor Space per Worker (FSW) (sq.m) ²	89
Employment Density (Jobs per Net hectare) ³	35

Source: Watson & Associates Economists Ltd., 2020.

¹ Derived from building permit data and characteristics of buildings located on urban employment lands absorbed over the 2011 to 2019 period.

² Derived from 2019 InfoCanada Business Directory data and review of businesses operating on absorbed employment lands and available data on total employment and business floor space.

³ Employment density calculated based on average FSI and FSW observed.

Figure 5-8: City of Guelph Employment Lands Absorption Density of Development, 2012 to 2019

5.5 Opportunities to accommodate growth on employment lands

5.5.1 Vacant employment lands supply

The competitiveness of Guelph's export-based economy is partly determined by the availability and quality of its developable employment lands. Further, market choice of shovel-ready industrial lands and the potential for future expansion are key factors in the industrial site selection process. This section provides a comprehensive assessment of Guelph's undeveloped employment land supply as of late-2020.

Building on the employment land supply completed in the 2018 Interim Employment Lands Update, an inventory of all designated employment lands in Guelph was prepared. The analysis was completed primarily through a desktop review using geographic information system (GIS) mapping software. The spatial overlays

utilized included parcel fabric, OP and zoning overlays, hydrology, and current orthophotos.

Figure 5-9 summarizes the total gross and net vacant industrial land supply for Guelph by geographic location. As illustrated, Guelph has a total of 429 gross hectares (1,060 gross acres) of vacant designated employment land.

The supply of vacant employment lands has been adjusted to exclude non-developable features from the inventory. Non-developable features include environmental lands as well as internal roads, stormwater ponds, and other internal infrastructure.

Reflecting the aforementioned adjustments, Guelph's net developable vacant employment land supply is estimated at 391 net hectares (966 net acres), as summarized in Figure 5-9. The city's vacant employment land inventory is presented by geographic area in Figure 5-11 through Figure 5-14.

Location	Total Gross Vacant (A)	Adjustments for Internal Infrastructure and Environmental Features ¹ (B)	Net Vacant Employment Land Supply (C = A-B)
Clair-Maltby Secondary	48	9	39
Guelph Innovation	84	17	67
Guelph Research Park	5	1	4
Hanlon Business Park	9	0	9
Hanlon Creek Business	117	1	116
Northwest Industrial	53	4	49
South Guelph Industrial	73	2	71
York-Watson Industrial	29	4	25
Other	11	0	11
City of Guelph Total Vacant Employment	429	38	391

Source: Watson & Associates Economists Ltd., 2020. Note: Numbers may not add up due to rounding.

¹ Reflects non-developable features including internal roads, storm water management facilities and other infrastructure as well as environmental features.

Figure 5-9: City of Guelph Employment Lands Absorption Density of Development, 2012 to 2019

Some vacant parcels, due to small size, fragmentation, odd configuration, access issues, etc., will likely not develop over the planning horizon. Based on a high level desktop review of designated vacant employment lands, a limited number of parcels were identified as unlikely to develop due to these physical constraints. This reduces the total vacant industrial land inventory by 8 net hectares (20 net acres), as summarized in Figure 5-9.

Long-term land vacancy is a common characteristic that is experienced in Employment Areas throughout Guelph and elsewhere in Canada. This reflects sites that are unlikely to develop to their full capacity due to underutilization of future development and parcel inactivity/land banking, which may tie up potentially vacant and developable lands. While these observations largely apply to Guelph's more mature industrial areas, over the next decade it is foreseeable that the city's newer industrial areas, as they mature, will also begin to exhibit these characteristics. For the purpose of this analysis, an estimate of 10 per cent long-term land vacancy has been applied to the net developable vacant employment land inventory. Adjusted for land vacancy, Guelph's net developable vacant industrial land supply is 345 net hectares (998 net acres), as summarized in Figure 5-10.

Location	Net Vacant Industrial Land Supply	Unlikely to Develop Due to Physical Constraints ¹	Net Developable Vacant Industrial Land Supply	Long-Term Land Vacancy Adjustment ²	Net Developable Vacant Industrial Land Supply Adjusted for Long-Term Vacancy
Clair-Maltby	39	0	39	4	35
Guelph Innovation	67	0	67	7	60
Guelph Research	4	0	4	0	4
Hanlon Business	9	0	9	1	8
Hanlon Creek	116	0	116	12	104
Northwest	49	6	43	4	39
South Guelph	71	0	71	7	64
York-Watson	25	2	23	2	21
Other	11	0	11	1	10
Total Vacant Employment	391	8	383	38	345

Source: Watson & Associates Economists Ltd., 2020. Note: Numbers may not add up due to rounding.

¹ Reflects sites unlikely to develop due to small size, site configuration and access.

² Long-term employment land vacancy adjustment – 10 per cent of net developable vacant lands. Accounts for employment land sites which may not develop over the long-term due to underutilization of employment sites and inactive sites/land banking.

Figure 5-10: City of Guelph Supply of Net Developable Employment Lands (ha)



Figure 5-11: City of Guelph Vacant Employment Lands - Northwest Industrial Area

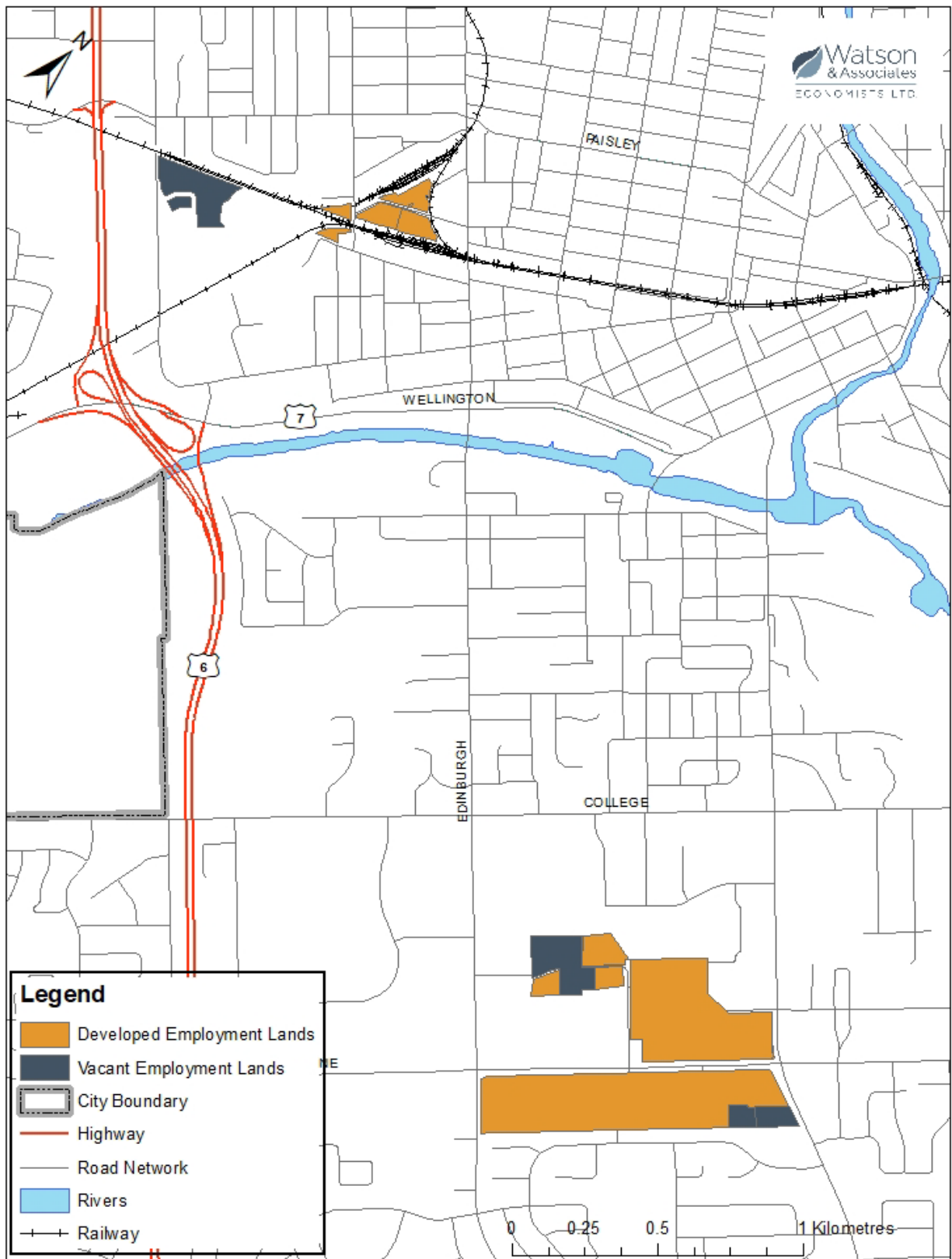


Figure 5-12: City of Guelph Vacant Employment Lands – Central

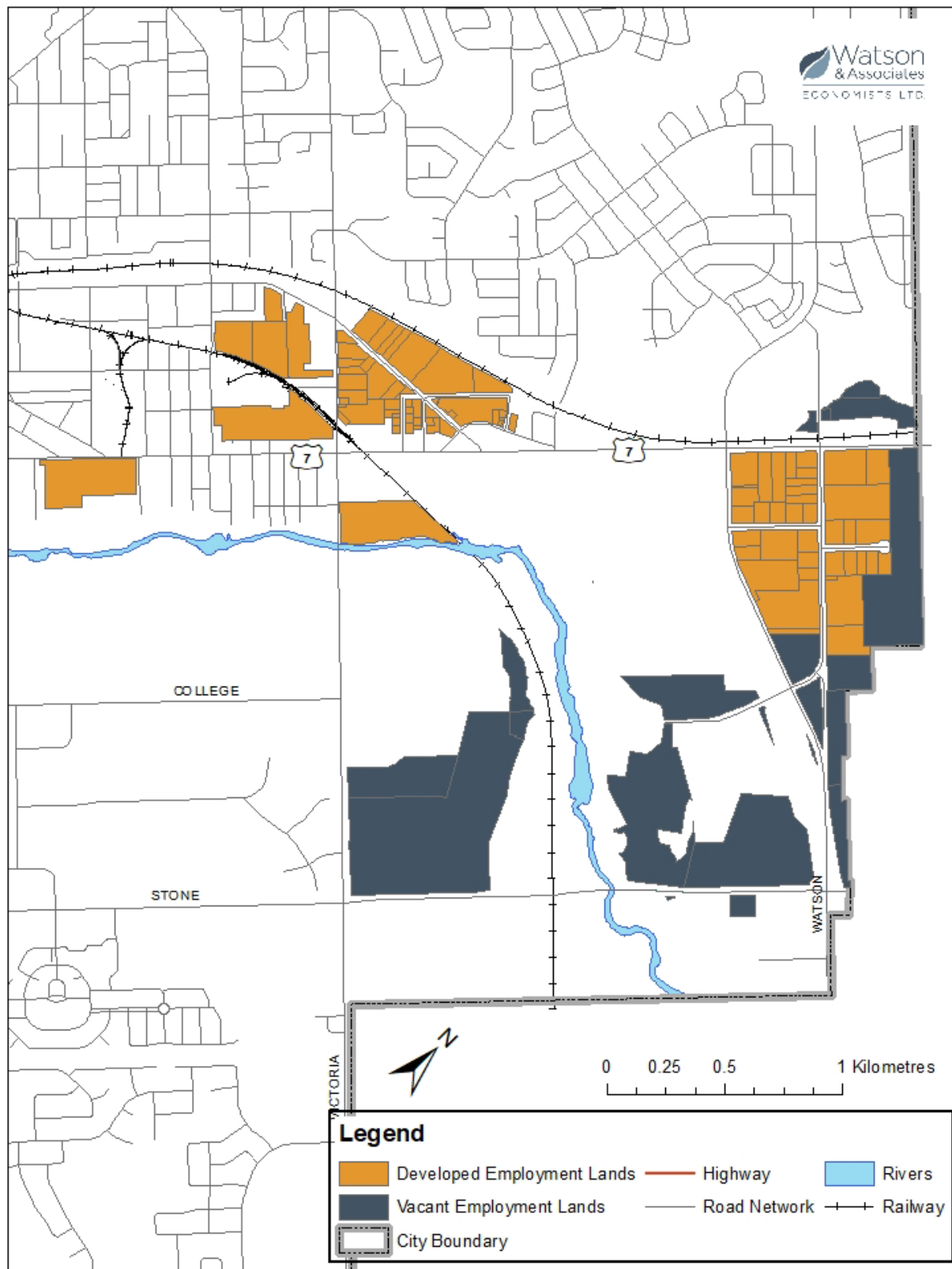


Figure 5-13: City of Guelph Vacant Employment Lands - East

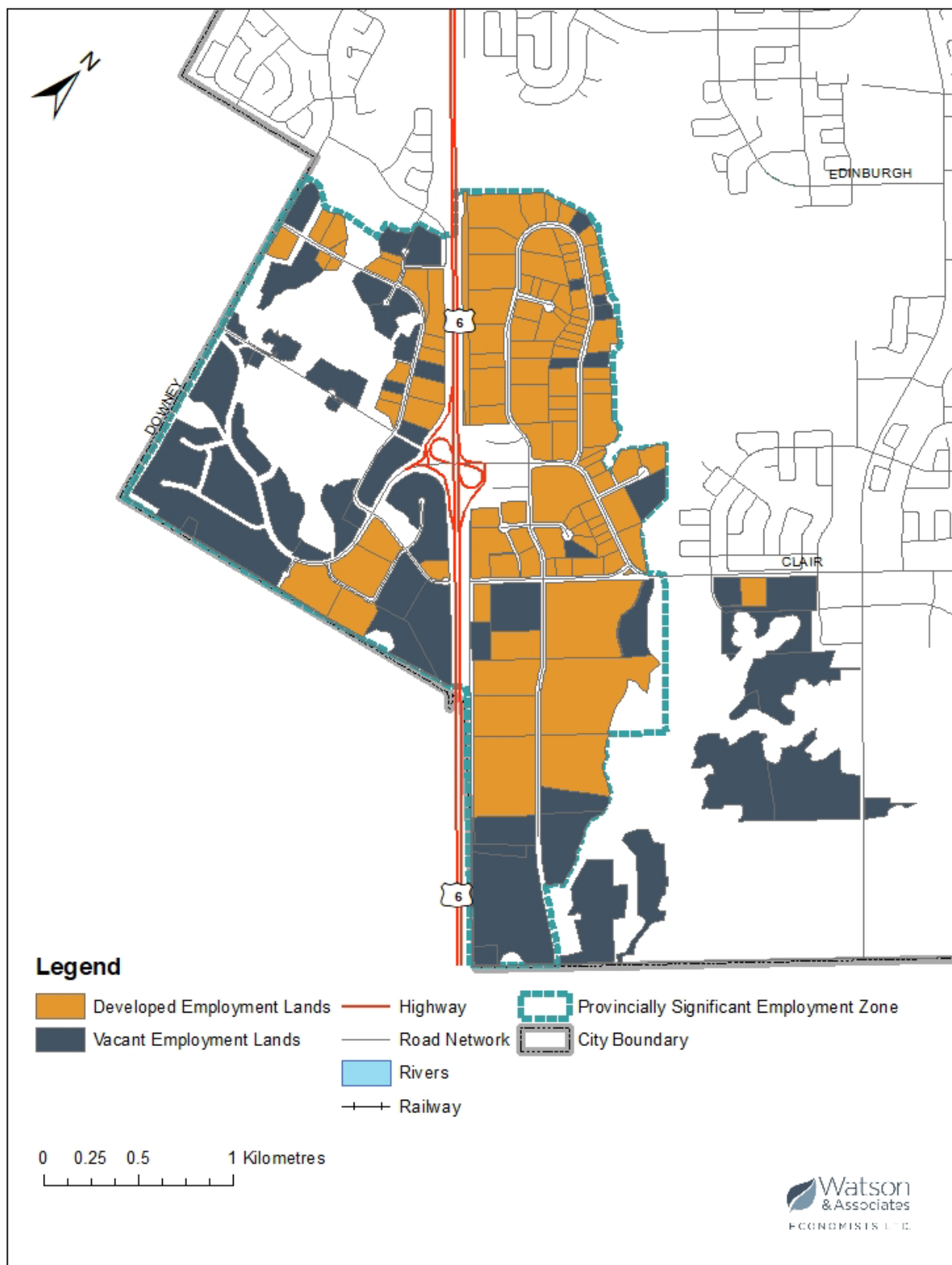


Figure 5-14: City of Guelph Vacant Employment Lands – South

5.5.1.1 Shovel-ready industrial land supply

Market choice of shovel-ready employment lands and potential for future expansion are key factors in the industrial site selection process. Based on a further review of the net vacant industrial land supply, it was determined that Guelph has 155 net hectares (383 net acres) of shovel-ready employment land³⁵. The majority of Guelph's shovel-ready employment land supply is located within the Hanlon Creek Business Park (Phases 1 and 2).

The City of Guelph currently has four parcels for sale comprised of 13 hectares (32 acres) of land. The sites are located in Phase 1 of the Hanlon Creek Business Park.

5.5.1.2 Market choice requirements

As a general rule of thumb, in order to allow for proper market functioning, it is recommended that a minimum five-year supply of serviced employment lands (by various sizes, zoning, and locations) is available at all times throughout the forecast period. Based on recent absorption trends, it appears that Guelph is currently meeting this requirement. Relative to absorption trends over the past five years, Guelph's overall composition of shovel-ready lands by parcel size appears to be well balanced against market demand for a broad range of parcel sizes.

With respect to development opportunities, the majority is located in South Guelph along the Hanlon Expressway corridor. Phases 1 and 2 of the Hanlon Creek Business Park offer significant shovel-ready development opportunities. Currently, a number of developers, including the City of Guelph, Cooper Construction, and Belmont Equity Group are developing sections of the park catering to a broad range of industrial and office commercial uses.

5.5.2 Underutilized employment lands

Intensification can take a number of forms, including development of underutilized lots (infill), expansion (horizontal or vertical) of existing buildings and redevelopment of sites. Given the large number of established employment areas in Guelph, opportunities for intensification exists. While it is beyond the scope of this assignment to undertake an employment area intensification study, a high-level review to assess the share of underutilized sites has been provided to determine supply potential for intensification.

Intensification offers the potential to accommodate future employment growth and achieve improved land utilization resulting in higher employment density on developed employment lands. Higher land utilization on existing employment lands can also lead to more effective use of existing infrastructure (e.g. roads, water/sewer servicing), a built form that is more conducive to support public transit, resulting in communities that are more functional and complete Through a high-

³⁵ Shovel-ready employment lands are defined as vacant parcels that have servicing in place (i.e. water, sewer, stormwater, and roads infrastructure). In addition, all planning and environmental approvals are in place.

level desktop review using the developed employment land parcel inventory, building footprints and orthophoto overlays, 142 hectares (351 acres) of Guelph's developed employment lands were identified as underutilized. This reflects parcels that have:

- Sites that are currently used exclusively for open storage and/or parking;
- Parcels with relatively low building floor space index (F.S.I.) (less than 10 per cent); and,
- Vacant buildings.

The underutilized parcels account for 17 per cent of the total developed employment land base in Guelph. The highest share of underutilized lands is in the city's older industrial areas including the Northwest Industrial Area.

Redevelopment activity has been limited and the majority of the recent activity has been related to expansion activity of existing businesses. Infill and redevelopment of existing developed lands are expected to continue to gradually increase over time, largely driven by rising employment land values and related development costs, and the continued buildout of Guelph's employment lands, especially in the most marketable locations.



6 City of Guelph competitiveness within the GGH context

Municipalities compete directly for business attraction with other communities in their respective regional market areas and beyond. This is particularly true for “export-based” sectors in the industrial and knowledge-based sectors which are largely accommodated in Employment Areas. Municipalities have a role to play in promoting economic growth by ensuring that they are “business investment ready” and “competitive.” In an increasingly competitive macro environment, municipalities need to better position themselves to capitalize on the economic potential and opportunities that exist within the “new economy.”

Having a comprehensive understanding of a municipality’s competitive position compared to other communities in the surrounding market area is a fundamental aspect of economic development. One of the challenges in addressing municipal competitiveness is the range of factors to consider, as illustrated in Figure 6-1. This includes a range of “hard” and “soft” factors. Many competitiveness factors are

national/provincial in nature on which the City of Guelph has limited influence. This includes such factors as the regulatory environment, dollar exchange rate, corporate taxation, and labour costs.

There are, however, a range of regional, community, and site level factors specific to the municipality and ones over which the City has some influence or control.

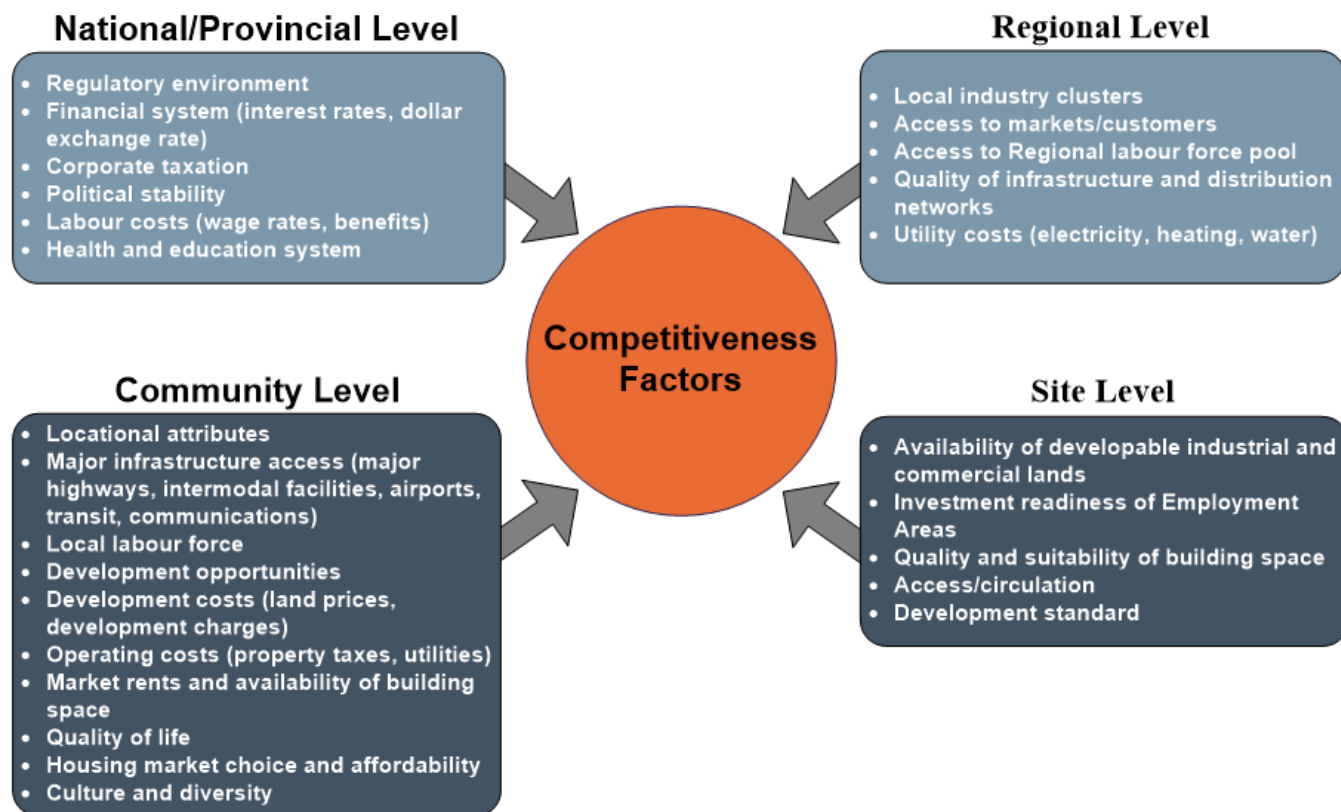


Figure 6-1: Municipal Competitiveness Factors

As previously mentioned, the GGH represents an economic powerhouse in Ontario and the center of a large portion of economic activity in Canada.

With a robust economy and diverse mix of export-based employment clusters, the GGH is highly attractive on an international and national level to new businesses and investors as a world class "City/Region." In turn, this continues to support strong GGH population growth levels largely driven by international and inter-provincial net migration. Notwithstanding the success of the GGH, global competition for business development and investments is becoming increasingly intense in today's "new economy." In many respects Guelph's long-term economic growth potential is largely tied to the success of the GGH as a whole. The strength of the broader regional G.G.H. economy and growth potential presents a tremendous opportunity for Guelph's economy.

Guelph is located within proximity to a number of large urban/suburban and rural municipalities with which it competes directly for business attraction and investment. All these municipalities generally offer regional attributes that largely

appeal to prospective international and local firms. Hence, community level factors can strongly influence business location decisions, both for new development and expansion. Market competitiveness is typically influenced by the following broad community level criteria:

- “Hard” factors – development costs (e.g. land costs, construction costs) and operating costs (e.g. property taxes, utilities’ costs); and
- “Soft” factors – proximity and access to major infrastructure, labour force, access to post-secondary institutions, availability of developable land, quality of life.

In addition to the regional site location factors, location preferences at the employment area level or local site level are largely influenced by the market choice of developable land, the quality and suitability of the vacant building space inventory, and the character of the employment area and compatibility with surrounding land uses.

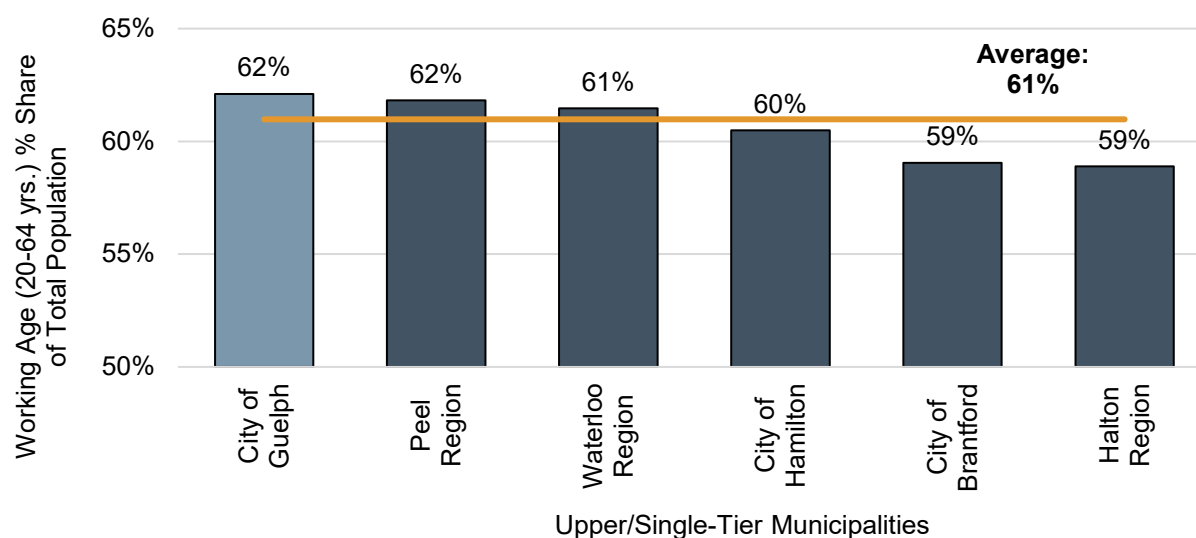
The industrial and office market is strongly influenced by regional and local site selection factors – investors typically have a broad geography from which to select. The retail sector is generally “captive” to a specific trade area and typically not as sensitive to these factors.

At both the regional and local levels, location requirements of industry can vary considerably depending on the nature of the employment sector/use. While cost of development and access/proximity to major infrastructure have historically weighed heavily on business location decision making, the relative weighting of factors is beginning to shift. Quality factors are becoming increasingly important in business location decision making. This is particularly apparent in knowledge-based sectors. These factors are explored herein, within Guelph and broader GGH context.

6.1 Labour force characteristics

An understanding of the composition and characteristics of a community’s labour force is necessary in determining competitiveness. Competitiveness in labour force and employment characteristics is typically assessed based on both demographic and economic indicators, which are meant to provide insight into the existing ability of the labour force to meet demand, and the emerging trends in terms of growth and skills that will influence competitiveness on a longer-term basis.

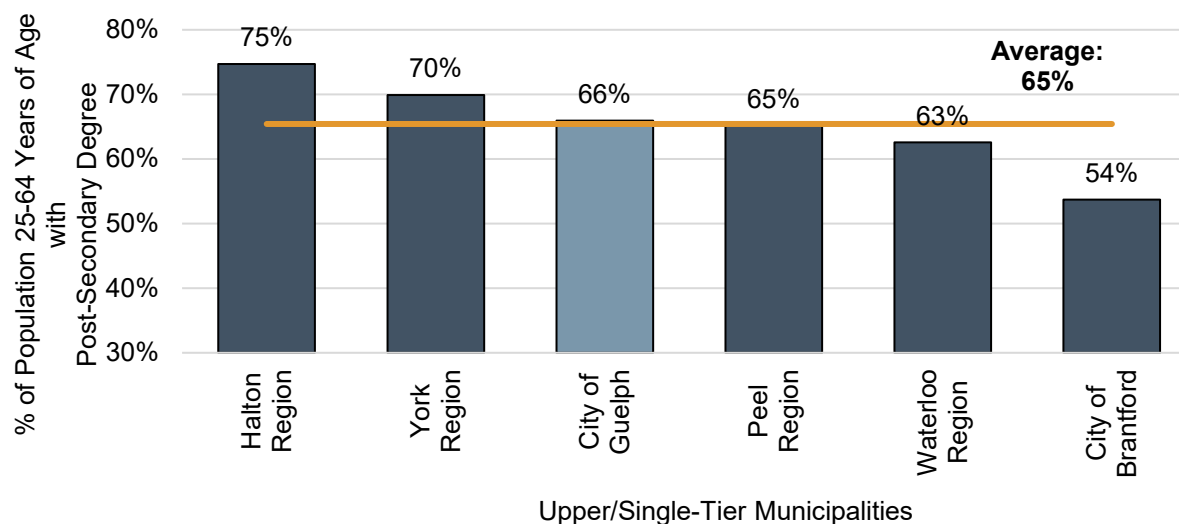
Figure 6-2 summarizes the proportion of the population that is of working age (20 to 64 years of age) by upper/single-tier municipality in the Regional Market Area. Comparatively, Guelph has a relatively higher proportion of population which is of working age, the highest among the surveyed comparators (62 per cent of total population). It is similar to Peel Region (62 per cent) and Waterloo Region (61 per cent) and is notably higher than in the City of Hamilton (60 per cent), City of Brantford (59 per cent), and Halton Region (59 per cent).



Source: Derived from 2016 Statistics Canada Census Data by Watson & Associates Economists Ltd., 2020.

Figure 6-2: Working Age Population within Select G.G.H. Upper/Single-Tier Municipalities

Figure 6-3 summarizes the proportion of the population (25 years and older) in Guelph and the surveyed upper/single-tier municipalities that have a post-secondary degree, including a university or college degree or diploma. As shown, 66 per cent of Guelph's population aged 25 to 64 has a post-secondary degree, which is comparable to the survey average of 65 per cent. Halton Region has the highest (75 per cent) and York Region the second highest (70 per cent) share of the population aged 25 and older with a post-secondary degree. Peel Region (65 per cent) is comparable to Guelph, and the lowest share is in the Region of Waterloo (63 per cent) and City of Brantford (54 per cent).



Source: Derived from 2016 Statistics Canada Census Data by Watson & Associates Economists Ltd., 2020.

Figure 6-3: Population Over the Age of 25 with a Post-Secondary Degree Within Select GGH Upper/Single-Tier Municipalities

6.2 Development and operating costs

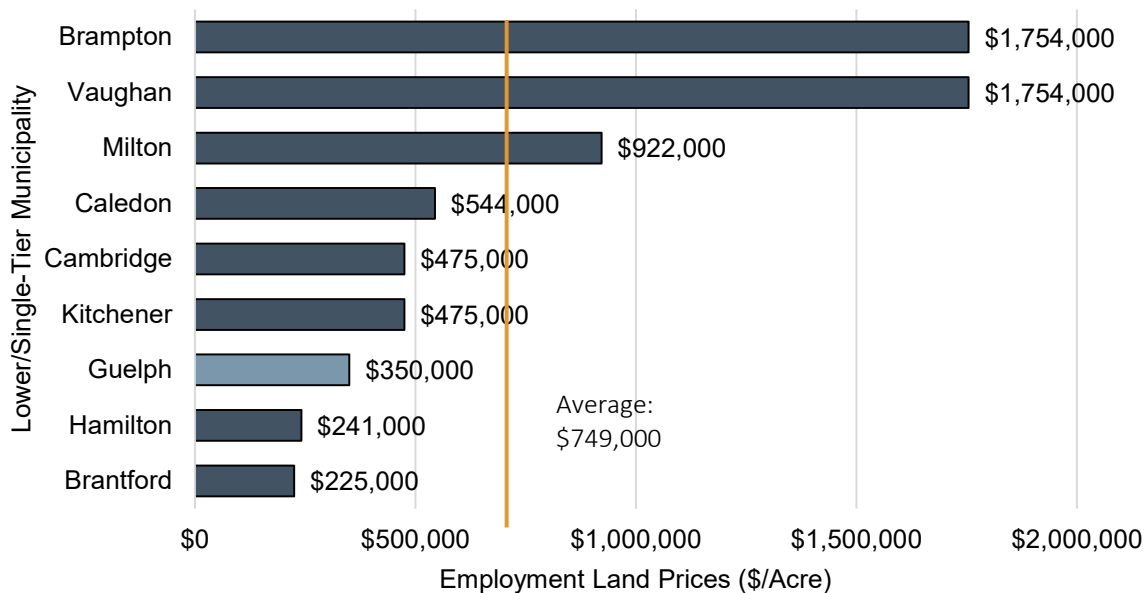
Development-oriented indicators and business costs represent a fundamental component of investment competitiveness. They can signal the strength of the local market from a development perspective, both in terms of feasibility and cost, as well as provide an indication of the diversity of market opportunities and market choice. In most respects, the availability and cost of development options are moderate to high priority location factors in most industrial and knowledge-based sectors of the economy. These costs may include one-time capital costs like development charges (DCs), and will include ongoing operating costs such as property taxes. The following provides a discussion of these cost considerations.

6.2.1 Price of serviced employment land

From a competitiveness perspective, employment land prices can provide a key advantage, especially for land-expansive uses such as transportation, wholesale trade/logistics, warehousing and large-scale manufacturing, but they are less of an issue for land intensive uses such as office development. Though competitive land costs provide an economic advantage in terms of the cost of development, very low land prices may be indicative of low market demand.

Figure 6-5 summarizes average employment land prices (\$/serviced acre) for Guelph and the comparator municipalities in the GGH, based on recent market survey data³⁶. As shown, employment land prices range between \$225,000 and \$1,754,000 per acre based on the survey average, with land prices generally highest in the GTA (City of Brampton, City of Vaughan, Town of Milton and Town of Caledon), followed by the cities within Waterloo Region, and lowest in the City of Brantford and the City of Hamilton. Employment land prices in Guelph are below the survey average of \$753,000/per acre, and very competitive compared to comparator GTHA and Waterloo Region municipalities.

³⁶ Reflects both prestige and general employment lands.



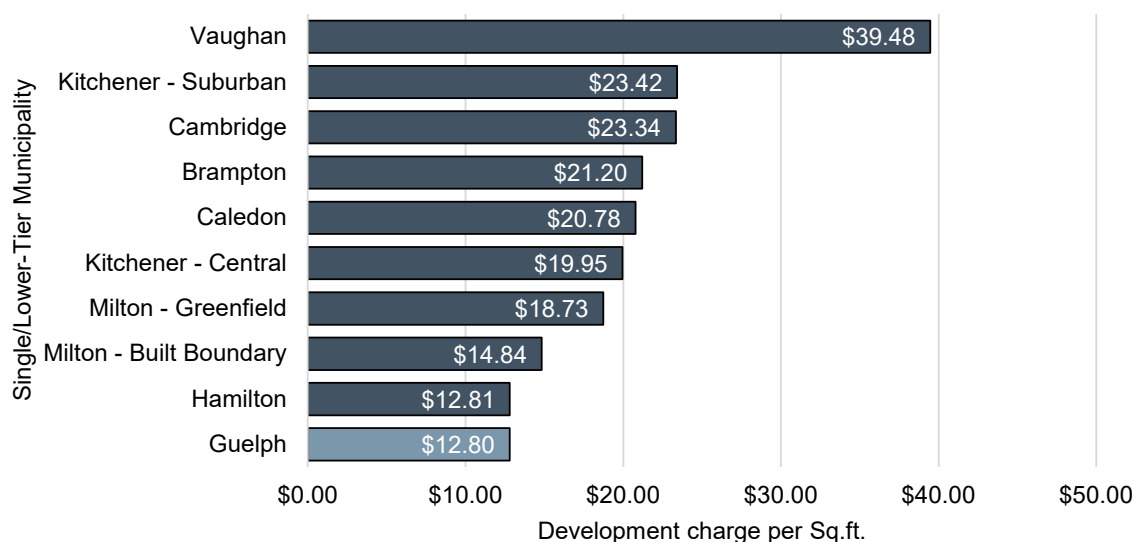
Source: Data provided by Colliers International with exception of Guelph and Brantford from Cushman & Wakefield Ltd., derived by Watson & Associates Economists Ltd., 2020.

Figure 6-4: Average Price of Employment Land (\$ per acre)

6.2.2 Development charges in the City of Guelph and comparator areas

DCs are one-time fees paid to a municipality to recover capital costs for infrastructure required to facilitate growth. The City of Guelph collects D.C.s for a range of hard and soft services. The non-residential D.C. in the City of Guelph applies equally to industrial and commercial office development. In some municipalities, the non-residential D.C. differs between industrial and commercial office development.

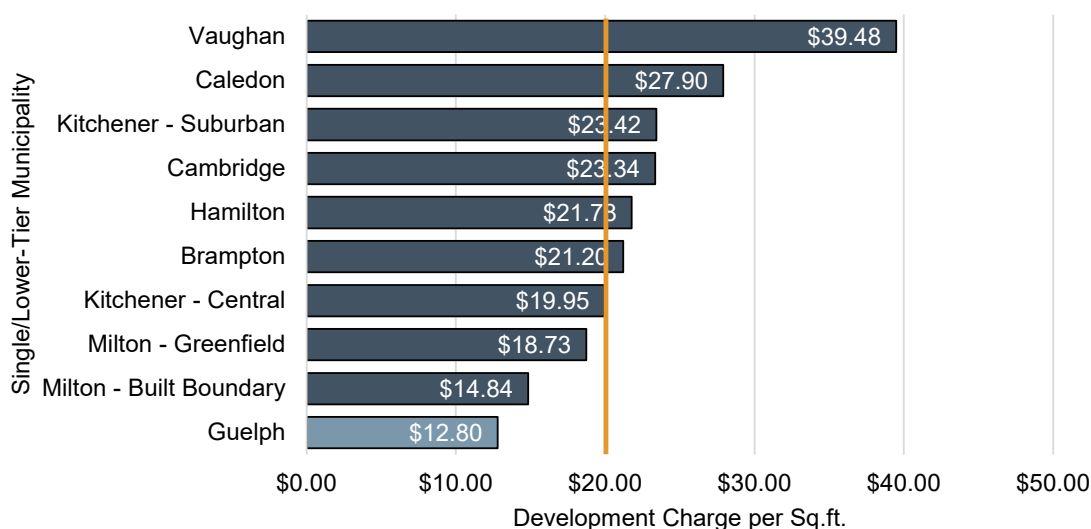
Guelph has the lowest development charges for industrial and commercial office development of the municipalities surveyed at \$12.80 per square foot of GFA, as illustrated in Figures 6-5 and 6-6 which is a significant competitive advantage.



Note: Development charge rates include exemptions and area-specific charges where applicable.

Source: Development charge rates as posted on municipal websites as of October 2020, by Watson & Associates Economists Ltd., 2020.

Figure 6-5: Industrial Development Charge Rates



Note: Development charge rates include exemptions and area-specific charges where applicable.

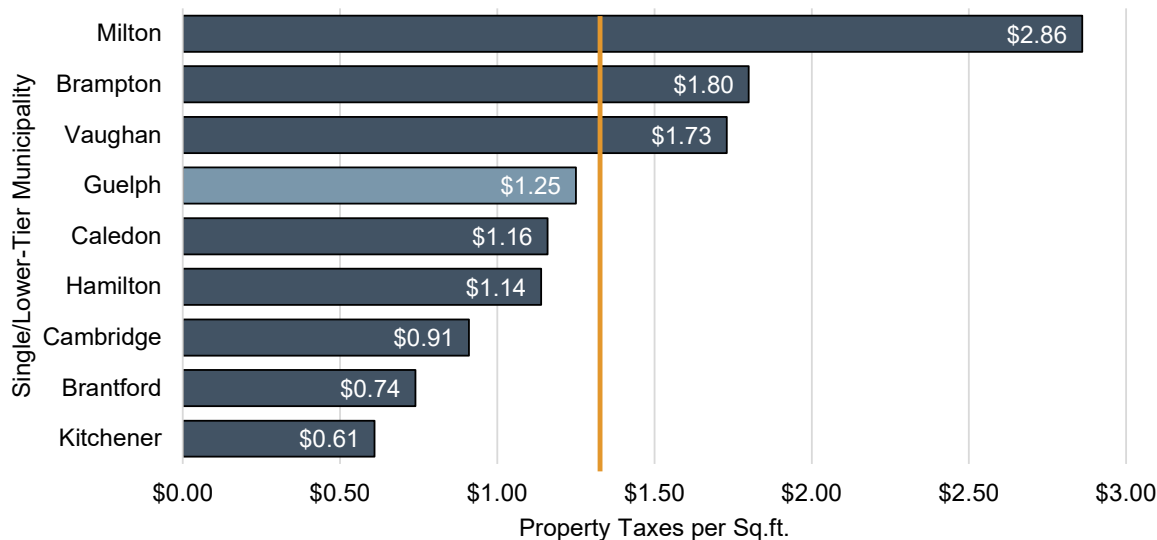
Source: Development charge rates as posted on municipal websites as of October 2020, by Watson & Associates Economists Ltd., 2020.

Figure 6-6: Commercial Office Development Charge Rates

6.2.3 Municipal property taxes in the City of Guelph and comparator areas

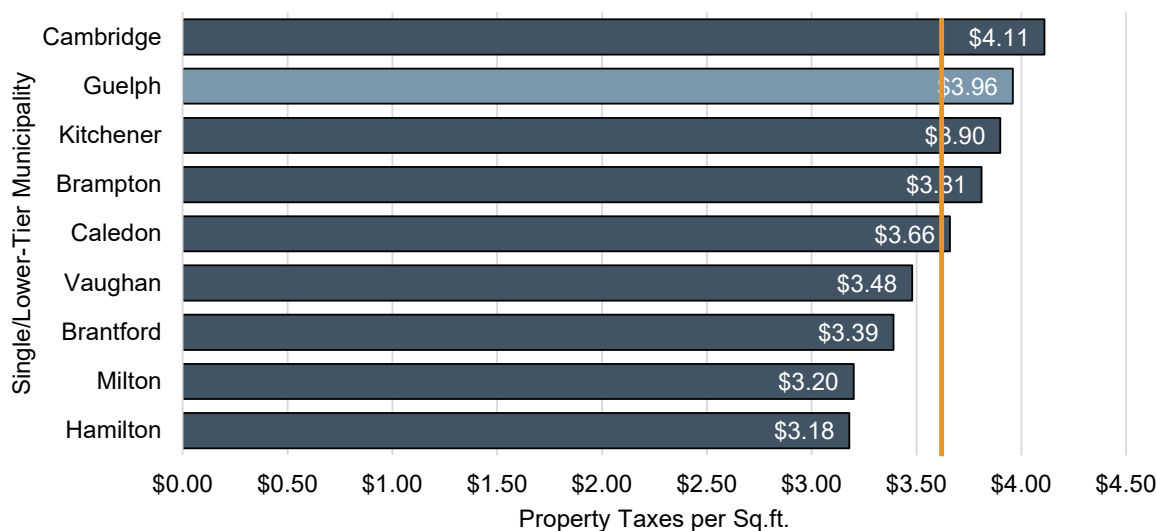
The *Municipal Act, 2001* provides municipalities with the ability to impose property taxes. This legislation sets out the requirements of municipalities when establishing and implementing their own tax policies. As shown in Figure 6-7, average industrial property taxes (on a per sq.ft. basis) in Guelph are close to the survey average, moderately higher than in Caledon, Hamilton, Cambridge, Brantford and Kitchener but significantly lower than in Vaughan, Brampton and Milton. With respect to office

commercial property taxes (on a per sq.ft. basis), rates in Guelph are moderately higher than the survey average, as illustrated in Figure 6-8.



Note: Industrial property taxes are based on large industrial use (greater than 125,000 sq.ft.). Comparison of taxes on a per square foot of floor area basis.
Source: Adapted from BMA Management Consulting Inc. 2019 Municipal Study, by Watson & Associates Economists Ltd., 2020.

Figure 6-7: Industrial Property Tax by Select Single/Lower-Tier Municipalities



Note: Commercial office building class selection was focused on buildings in prime locations within the municipality. Comparison of taxes on a per square foot of gross leasable area basis.

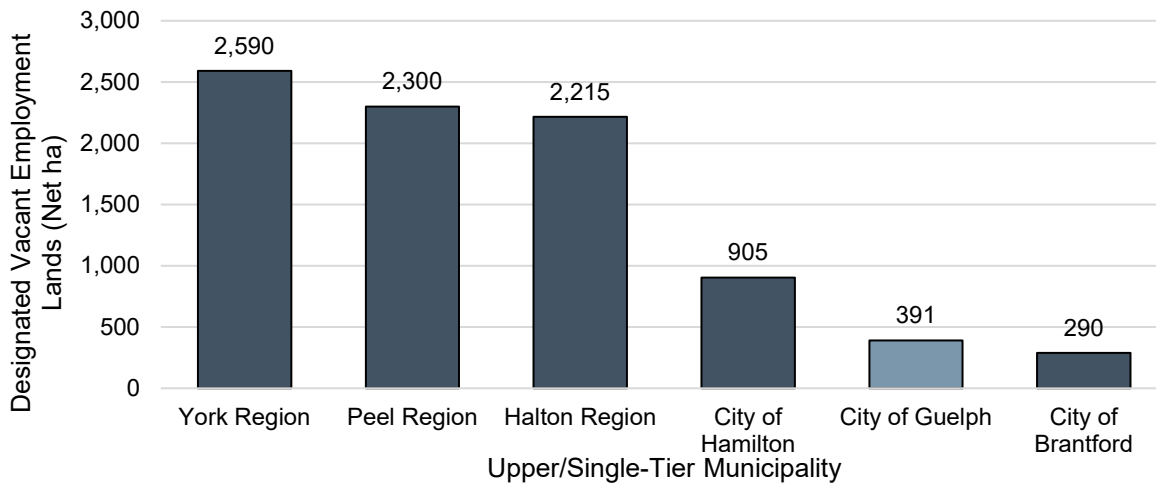
Source: Adapted from BMA Management Consulting Inc. 2019 Municipal Study, by Watson & Associates Economists Ltd., 2020.

Figure 6-8: Office Property Tax by Select Single/Lower-Tier Municipalities

6.3 Employment land supply

The competitiveness of Guelph's export-based economy is partly determined by the availability and quality of its developable employment lands. Figure 6-9 provides a

summary of the supply of designated employment lands within Guelph in comparison to select GGH upper/single-tier municipalities.



Source: City of Guelph derived from data received from City of Guelph. Data for other municipalities compiled from Employment Land Municipal Survey from 2016 to 2019 by Watson & Associates Economists Ltd., 2020.

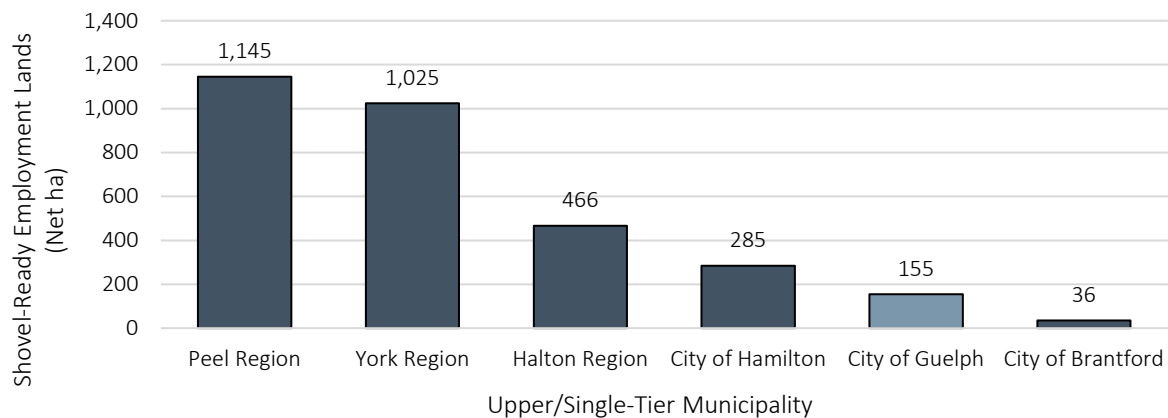
Figure 6-9: Vacant Designated Employment Lands in the City of Guelph and Select Upper/Single-Tier Municipalities.

Guelph has the second smallest supply of designated employment land relative to the comparator municipalities, totalling approximately 391 net hectares (966 net acres). A large share of this is located in the Hanlon Creek Business Park, South Guelph Industrial Lands, and the GID. In comparison, York Region, Peel Region and Halton Region have a notable supply of vacant designated employment land, totalling 2,590 net hectares (6,400 net acres), 2,300 net hectares (5,683 net acres), and 2,215 net hectares (5,473 net acres), respectively. The supply of vacant designated employment land in the City of Hamilton totals 905 net hectares (2,236 net acres), and the City of Brantford has the smallest supply of vacant designated employment land totalling 290 net hectares (717 net acres).

In the north and west GTHA, the designated employment land supply is concentrated in Brampton, Vaughan, Milton, Halton Hills, and Oakville. A number of larger, more mature urban municipalities in the north and west GTHA have diminishing supplies of vacant employment land, including Mississauga, Markham, and Richmond Hill.

The supply of shovel ready lands is also a key measure of a municipality's economic competitiveness. Figure 6-10 summarizes the supply of serviced shovel-ready employment lands within Guelph and surveyed upper/single-tier municipalities in the GGH.

With respect to shovel-ready vacant employment lands, Guelph has the second smallest supply (155 net hectares). Peel Region has the largest land supply (1,145 net hectares), followed by York Region (1,025 net hectares), Halton Region (466 net hectares), and the City of Hamilton (285 net hectares). The City of Brantford has the smallest supply totalling 36 net hectares (88 net acres).



Source: City of Guelph derived from data received from City of Guelph. Data for other municipalities compiled from Employment Land Municipal Survey from 2016 to 2019 by Watson & Associates Economists Ltd., 2020.

Figure 6-10: Vacant Shovel-Ready Employment Lands within the City of Guelph and Select Upper/Single-Tier Municipalities.

6.4 Observations

Guelph has a relatively high concentration of a highly skilled labour force which is well suited for knowledge-based sectors. The city also offers a relatively high quality of life which is an increasingly important attribute for both employers and employees. Guelph also offers competitive serviced employment land costs and DC rates compared to west GTHA municipalities, which makes it attractive for new industrial and office development. Guelph also has a relatively large supply of serviced shovel-ready designated employment land which provides for sufficient market choice.



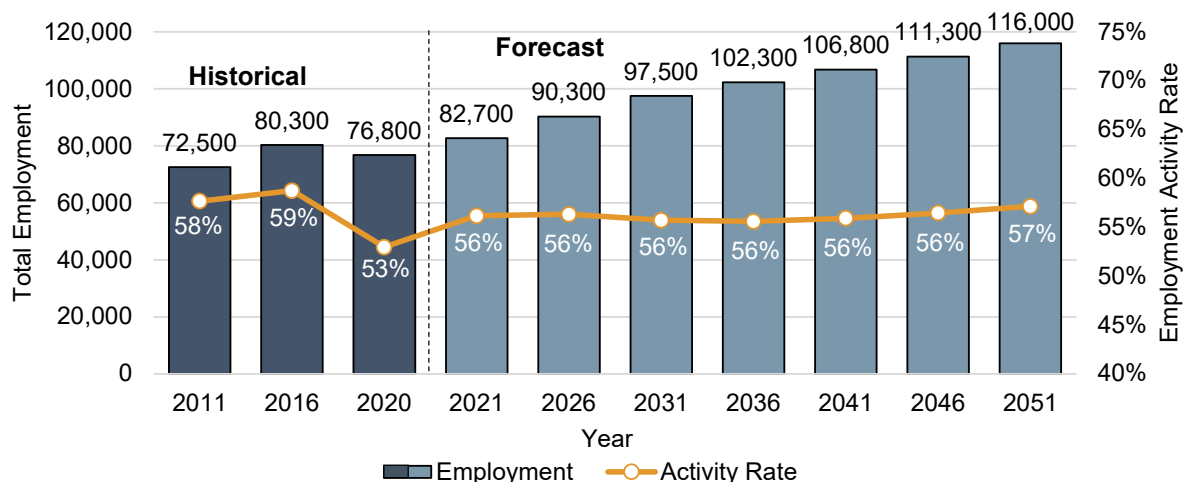
7 City of Guelph employment growth and employment land needs, 2021 to 2051

7.1 City of Guelph long-term employment forecast by major sector, 2021 to 2051

7.1.1 City-wide employment forecast

In accordance with Schedule 3 of APTG, Guelph's employment base is forecast to reach 116,000 jobs by 2051, as illustrated in Figure 7-1. This represents an increase of approximately 33,300 jobs between 2021 and 2051, representing an average annual growth rate of 1.1 per cent during this period, based on the anticipated 2021 employment estimate for the City of 82,700.

Figure 7-1 summarizes the long-term employment forecast for the city by total employment and employment activity rate (ratio of jobs per population) in comparison to recent historical trends. Between 2011 and 2016, Guelph's employment activity rate (ratio of jobs to population) increased marginally from 58 per cent to 59 per cent followed by a notable decline to 53 per cent in 2020 due to the COVID-19 driven economic downturn. Employment levels in Guelph are anticipated to recover in 2021, with employment expanding to 82,700 and an activity rate of 56 per cent. Over the forecast horizon, the employment activity rate is forecast to increase slightly to 57 per cent. The following provides a summary of employment growth by land- use category as previously defined in section 1.



Note: Employment activity rate is based on population with undercount.

Source: 2006 to 2016 derived from Statistics Canada Place of Work data, and 2020 estimated by Watson & Associates Economists Ltd., 2020.

Figure 7-1: City of Guelph – Historical and Preliminary Employment Forecast and Activity Rate, 2011 to 2051

7.1.2 City-wide employment forecast by major sector

Population growth is anticipated to drive the demand for population-related commercial and institutional employment in Guelph. New residential and population-related development will also drive demand within the construction sector and influence investment across certain industrial sectors that are more closely driven by regional population growth (e.g. fulfilment centres, urban warehouses).

Most industrial and office commercial employment (export-based employment), however, is not closely linked to population growth. Employment within these sectors tends to be more influenced by broader market conditions (i.e. economic competitiveness, transportation access, access to labour, and distance to employment markets), as well as local site characteristics such as servicing capacity, highway access and exposure, site size/configuration, physical conditions and site location.

A large share of this employment growth is anticipated to be accommodated through ELE. Automotive, food processing and manufacturing, construction

products and services, distribution and electronic commerce, transportation and logistics, production technology, and heavy machinery industry clusters are also expected to experience moderate to strong employment growth and are expected to account for a significant share of ELE growth over the forecast period. Knowledge-based industry clusters, including information technology and analytical instruments, environmental services, business services, as well as education and knowledge creation are expected to represent the strongest export-based employment sectors in Guelph between 2021 and 2051.

Figure 7-2 provides a summary of the preliminary employment growth forecast to 2051 by land-use category, while Figure 7-3 provides the employment growth forecast in five-year increments by land-use category over the 2021 to 2051 period. The largest incremental increase in employment is anticipated over the 2021 to 2031 period as summarized in Figure 7-3, with growth moderating post-2031. PRE growth is forecast to comprise over half (53 per cent) the City-wide employment growth from 2021 to 2051, followed by ELE (31 per cent) and MOE (17 per cent).

The following provides a summary of employment growth by land-use category.

7.1.3 Population-related employment

PRE generally serves the local population base by providing convenient locations to local residents. Typically, as the population grows, the demand for this employment also increases to serve the needs of the city. PRE also captures work from home employment. Guelph's population is anticipated to increase by approximately 55,800 people between 2021 and 2051.³⁷ Forecast population growth in the city is anticipated to drive demand for future PRE growth in the city. This includes employment growth in retail, personal services, accommodation and food, health and social services, and educational service sectors. PRE growth over the 2021 to 2051 period is expected to total 17,500, representing 53 per cent of overall employment growth in the city. PRE along with MOE is anticipated to represent an increasing share of the employment base within Guelph. The primary causes for this shift in the share of the city's employment base was previously discussed in section 3.

7.1.4 Major office employment

MOE in Guelph is forecast to increase by approximately 5,800 jobs over the 2021 to 2051 period. This represents 17 per cent of the city's total employment growth over the forecast period. MOE growth in Guelph will be driven largely by growth in key knowledge-based top traded industry clusters discussed in section 6.2, including information technology and analytical instruments and business services.

³⁷ Watson & Associates Economists Ltd.

7.1.5 Employment lands employment

Over the 2021 to 2051 forecast period, ELE is expected to account for 31 per cent of total employment growth, totaling 10,200 jobs, and reflects growth largely in industrial-based sectors. The growth in ELE is expected to be driven largely by a number of top traded industry clusters discussed in section 6.2 including automotive, aerospace and defense, construction products and services, and transportation and logistics.

7.1.6 Rural employment

Rural-based employment, employment primarily consisting of primary sectors, is anticipated to decline over the forecast period.

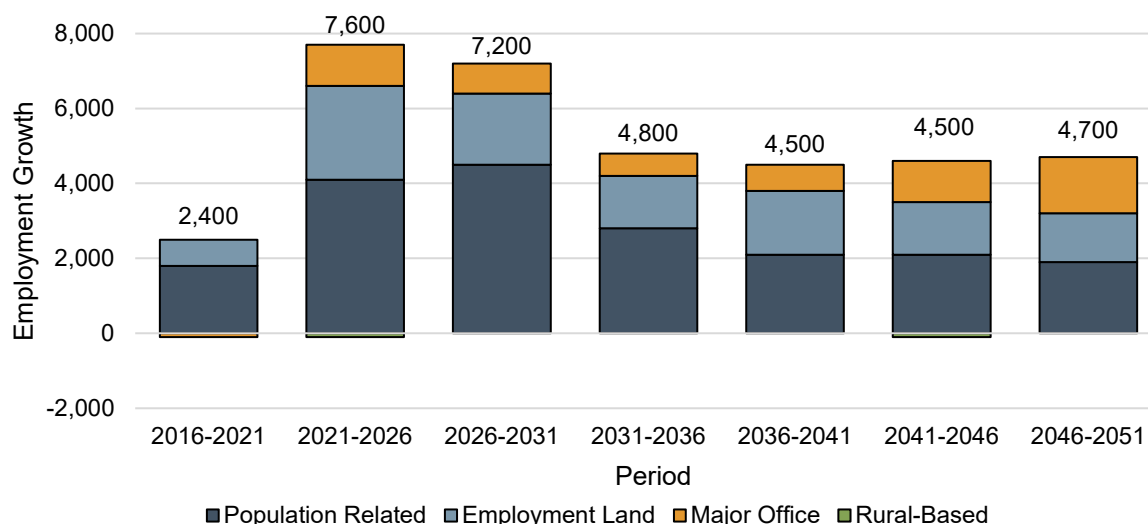
Planning Period	Rural	Population-Related Employment	Major Office	Employment Lands Employment	Total Employment
2016	200	47,300	5,300	27,500	80,300
2020	200	44,900	4,700	27,000	76,800
2021	200	49,100	5,200	28,200	82,700
2026	100	53,200	6,300	30,700	90,300
2031	100	57,700	7,100	32,600	97,500
2036	100	60,500	7,700	34,000	102,300
2041	100	62,600	8,400	35,700	106,800
2046	0	64,700	9,500	37,100	111,300
2051	0	66,600	11,000	38,400	116,000
2021-2051	-200	17,500	5,800	10,200	33,300

Share of City-Wide Employment

Planning Period	Rural	Population-Related Employment	Major Office	Employment Lands Employment	Total Employment
2021	0%	59%	6%	34%	100%
2051	0%	57%	9%	33%	100%
2021-2051	-1%	53%	17%	31%	100%

Source: Watson & Associates Economists Ltd., 2020.

Figure 7-2: City of Guelph – Preliminary Employment Forecast by Land-Use Category to 2051 and Share of City-Wide Employment



Source: Watson & Associates Economists Ltd., 2020.

Figure 7-3: City of Guelph – Preliminary Employment Forecast by Land-Use Category, Employment Growth in Five- Year Increments to 2051

7.2 Employment area needs analysis, 2021 to 2051

Figure 7-4 provides a summary of the forecast employment growth within Employment Areas over the 2021 to 2051 period based on the employment forecast presented in section 7.1 and the key industry sectors discussed in section 4.3 that are anticipated to drive market demand for employment lands over the planning horizon. Provided herein is a summary of employment area land needs for the City of Guelph to the year 2051.

7.2.1 Employment area growth forecast

Employment areas in Guelph provide opportunities to accommodate a wide variety of employment sectors and businesses within a range of building types and forms. As illustrated, employment areas in Guelph are forecast to accommodate approximately 15,000 jobs over the 2021 to 2051 period³⁸. This represents approximately 45 per cent of the Guelph's total employment growth over that period. It is assumed that 99 per cent of city-wide ELE growth will occur within Employment Areas, while 15 per cent of the city's PRE and 40 per cent of MOE will be accommodated within employment areas. In accordance with the above assumptions, employment growth within employment areas is anticipated to be comprised of 67 per cent ELE (10,100 jobs), 15 per cent PRE (2,600 jobs), and 18 per cent MOE (2,300 jobs).

³⁸ Including major office employment located on employment lands. Excluding major office, employment lands are forecast to accommodate 12,700 employees, representing 35 per cent of employment growth to 2051.

Employment by Land-Use Category	City-Wide for Employment Growth, 2021-2051	Employment Areas for Employment Lands (2021-2051)	Rural Areas for Employment Growth, 2021-2051	Community Areas for Employment Growth, 2021-2051	Share of City-Wide Employment Growth
Employment Land Employment (ELE)	10,200	10,100	0	100	99%
Population-Related Employment (PRE)	17,500	2,600	0	14,900	15%
Major Office Employment (MOE)	5,800	2,300	0	3,500	40%
Rural	-200	0	0	-200	0%
Total Employment Growth	33,300	15,000	0	18,300	45%
Employment Areas Excluding Major Office	not applicable	12,700	not applicable	not applicable	35%

Source: Watson & Associates Economists Ltd. Numbers may not add precisely due to rounding.

Figure 7-4: City of Guelph Preliminary Employment Growth by Sector and Location, 2021 to 2051

7.2.2 Employment area density

There are several macro-economic trends that are influencing average density levels on employment lands. Generally, average density levels on employment lands are declining in the manufacturing sector, as domestic manufacturers focus efforts on increased efficiency and competitiveness through automation. This trend is coupled with increasing demand for large, land-extensive warehousing and logistics facilities to support distribution and transportation of goods throughout the expanding urban population base.

The evolving form of industrial and non-industrial development on employment lands is also influencing average density levels on employment lands. Increasingly, major employers accommodated on employment lands are integrating industrial, office, and training facilities on-site. These sites also require significant land area to accommodate surface parking and, in some areas, future expansion potential. On average, employment density levels for integrated office/distribution and training facilities are much lower than standalone major office developments.

On the other hand, growing demand within the multi-tenant and standalone office sector is anticipated to have an upward influence on average employment densities on employment lands. Office employment on employment lands also generates demand for on-site and off-site employment amenities that also tend to have an upward influence on average employment density on employment lands. The GID offers strong opportunities for office-based employment and represents a significant share of Guelph's longer-term developable employment lands base.

As discussed in section 5.5, over the 2012 to 2019 period, employment density on absorbed employment lands within Guelph averaged approximately 35 jobs per net hectare (14 jobs per net acre).

Reflective of anticipated trends in employment density by sector as discussed above and the employment mix presented in Figure 7-4, it is anticipated that employment growth on employment lands within Employment Areas over the 2021 to 2051 period will average 47 jobs/net hectare (19 jobs/net acre), noticeably higher than the density achieved over the 2011 to 2019 period. The forecast employment density anticipates a larger share of office-based employment to be accommodated within employment areas than historically observed. The GID is anticipated to accommodate a significant share of this forecast employment growth at densities higher than in more traditional employment areas.

Employment density targets are reported on a gross basis in accordance with section 2.2.7.3 of APTG. On a gross basis, employment growth on employment lands with employment areas is expected to average 40 jobs per hectare (16 jobs per acre).

7.2.3 Employment area land demand

As summarized Figure 7-5, within the 2021 to 2051 forecast period, approximately 15 per cent of employment growth on employment lands is anticipated to be

accommodated through intensification, such as expansions of existing buildings, additional development on already occupied parcels and infill on partially vacant lots. Adjusted for intensification, it is anticipated that the City will require 271 net hectares (670 net acres) of employment land within employment areas to accommodate forecast demand of 15,000 jobs over the 2021 to 2051 period. In accordance with section 2.2.7.3 of APTG, this represents an employment land demand of 319 hectares (789 acres) based on a density of 40 jobs per hectare (16 jobs per acre).

Employment Land Demand	2021-2051
Employment Lands Employment Growth	15,000
Employment Growth Accommodated by Intensification (15%)	2,250
Total Employment Growth Adjusted for Intensification	12,750
Employment Land Density (jobs/net hectares)	47
Employment Land Demand, Net hectares	271
Employment Land Density (jobs/ hectares)	40
Employment Land Demand, hectares	319

Source: Watson & Associates Economists Ltd., 2020.

Figure 7-5: City of Guelph – Forecast Employment Area Land Demand, 2021 to 2051

As summarized in Figure 7-6, it is forecast that average employment density levels will increase from 38 jobs per gross hectares in 2021 to 40 jobs per gross hectares by 2051. As previously discussed, employment growth accommodated on vacant lands within Employment Areas is anticipated to average 40 jobs per hectares.

Comparably, average City-wide density levels on vacant lands within Employment Areas are forecast to be higher than the average density achieved in recent years (i.e. 2012 to 2019). It is important to note that intensification on underutilized and developed parcels will contribute to higher average density levels achieved in Employment Areas over the forecast period. As summarized in Employment Area Land Supply with Recommended Employment Conversions it is anticipated that 15 per cent of employment growth will be accommodated through intensification.

Employment Areas	Employment Within Employment Areas	Developed Employment Area (hectares)	Employment Density (Jobs per hectares)
2021	37,995	998	38
2051	52,995	1,317	40

Employment Areas	Employment Within Employment Areas	Developed Employment Area (hectares)	Employment Density (Jobs per hectares)
2021-2051	15,000	0	0
2021-2051, Intensification (15%)	2,250	0	0
2021-2051, excluding Intensification	12,750	319	40

Source: Watson & Associates Economists Ltd., 2020.

Figure 7-6: City of Guelph –Employment Area Density, 2021 to 2051

7.2.4 Employment area land supply with recommended employment conversions

As discussed in Chapter 5, Guelph has a vacant designated employment land supply of 391 net hectares (966 net acres) or 458 hectares (1,132 acres) in accordance with the Growth Plan section 2.2.7.3. Reflecting parcels that are unlikely to develop due to physical constraints and a market vacancy adjustment, Guelph's developable vacant employment land supply is estimated to total 404 hectares (998 acres).

As identified and recommended in the 2018 City of Guelph Interim Employment Lands Update, the City of Guelph the employment land needs analysis presented herein assumes approximately 50 hectares (123 acres) of employment lands is to be converted to non-employment uses based on the criteria outlined in that report. The proposed conversions encompass two sites:

Clair-Maltby Employment Area (43.7 hectares); and

York Road/Watson Road Employment Area (6.2 hectares).

Reflecting the potential conversion of 50 hectares (123 acres) of land in Employment Areas as highlighted above, Guelph has an estimated 354 hectares (874 acres) of developable vacant land in Employment Areas.

The City is currently in the process of reviewing and evaluating planning options for the York/Elizabeth Employment Area. This Employment Area forms part of the developed Employment Area inventory and any potential changes in land use designations for the subject lands will not have an impact on the employment land needs assessment presented herein.

Employment Area Land Supply	Net hectares	hectares
Vacant Land in Employment Areas (hectares)	391	458

Employment Area Land Supply	Net hectares	hectares
Less: Unlikely to Develop Due to Physical Constraints (hectares)	8	9
Less: Market Vacancy Adjustment (10%)	38	45
Developable Vacant Employment Area Land Supply Adjusted for Long-Term Vacancy (hectares)	345	404
Less: Recommended Conversions (hectares)	40	50
Developable Vacant Employment Area Land Supply Adjusted for Long-Term Vacancy and Conversions (hectares)	305	354

Source: Watson & Associates Economists Ltd., 2020.

Figure 7-7: City of Guelph – Employment Area Land Supply

In accordance with the LNA Methodology, Figure 7-8 summarizes the Employment Area land need at 2051 based on forecast employment land demand and supply identified above. Key highlights include:

Based on a 15 per cent intensification target and an overall target employment density of 40 jobs per hectares, the City will require 319 hectares (789 acres) to accommodate 15,000 jobs in 2051;

Guelph's Employment Areas comprise 354 hectares (874 acres) of vacant developable land, reflecting a 10 per cent market vacancy adjustment and recommended Employment Area conversions; and

Reflecting the identified Employment Area land demand to the year 2051 and available, designated Employment Area land supply, the City of Guelph is forecast to have a surplus of 35 hectares a (86 acres) of Employment Area land by 2051.

Employment Area Needs in 2051	Formula	Supply
Total Employment Land Demand, 2021- 2051 (hectares)	A	319
Designated Vacant Employment Area Land Supply Adjusted for Recommended Conversions (hectares)	B	354
Employment Area Surplus/(Deficit) (hectares)	$C = B - A$	35

Source: Watson & Associates Economists Ltd., 2020.

Figure 7-8: City of Guelph – Urban Employment Area Land Needs at 2051

7.2.5 Observations

Key conclusions from the above analysis are provided below. For context and comparative purposes, a comparison of long-term Employment Area land needs related to the 2018 City of Guelph Interim Employment Lands Update is also provided. Key observations include:

Over the 2021-2051 (30-year) period, 15,000 jobs are forecast to be accommodated within Guelph's Employment Areas. This is compared to 9,000 jobs identified over the 2018-2041 (23-year) period in the 2018 Interim Employment Lands Update;

Employment land demand is forecast to total 271 net hectares (670 net acres) over the 2021-2051 period. This is in comparison to 192 net hectares (474 net acres) identified for the 2018-2041 period in the 2018 Interim Employment Lands Update;

By 2051, a surplus of 35 hectares (86 acres) of employment land has been identified. In comparison, the 2018 Interim Employment Lands Update identified a surplus of 186 net hectares (460 net acres) by 2041.

8 Recommendations and next steps

8.1 Key questions and policy directions

The following summarizes the key questions and policy directions of this Employment Lands Strategy:

8.1.1 What should constitute employment areas in the City of Guelph Official Plan

As noted at the outset of this report, Employment Areas are those lands identified in the city's OP for clusters of business and economic activities including manufacturing, warehousing, offices, and associated retail and ancillary facilities. The current OP includes several Employment Area designations that allow for the above-noted uses, it is not necessarily appropriate to classify each designation as being part of the city's Employment Area policy framework for the purposes of Employment Area conversion/protection.

The current Employment Area designations in the OP include Industrial, Corporate Business Park, Institutional/Research Park and Mixed Business designations. In addition to this, the GID Secondary Plan includes Employment Mixed-use 1 and Employment Mixed-use 2 designations.

From the perspective of the OP it is appropriate to maintain the current approach whereby Industrial, Corporate Business Park and Institutional/Research Park designations form the back-bone for the City's Employment Areas, as these locations accommodate the majority of the existing employment lands employment in the city and into the future are expected to accommodate a significant amount of growth. The Employment Mixed Use 1 and 2 designations in the GID should also be included as part of the city's Employment Areas as these lands are a critical component of the Guelph Innovation District vision and important to meet the city's employment land needs, however, there may be a potential need to adjust the land use permissions within these designations in order to align with APTG requirements for Employment Areas. The Mixed Business designation applies to a smaller, isolated area in transition to the east of the Downtown which allows for a broader range of permitted uses compared to the other three designations. For the purposes of ensuring that the core employment functions are maintained and protected, it is recommended that the Mixed Business designation not be included as an Employment Area for the purposes of the City's OP conversion and protection policies.

The City should consider adding a new schedule to the OP which clearly shows the city's Employment Areas on one figure.

8.1.2 Is the location and configuration of available Employment Areas sufficient and appropriate to accommodate employment uses across the range of targeted industrial and office commercial sectors

Employment Areas form a vital component of the city's land-use structure and are an integral part of the local economic development potential of Guelph. Through development of its employment area land base, the city is better positioned to build more balanced, complete, and competitive communities. Thus, a healthy balance between residential and non-residential development is considered an important policy objective for the city.

As previously discussed, over the 2021 to 2051 period, employment lands are anticipated to accommodate approximately 15,000 jobs, approximately 45 per cent of the forecast employment growth for Guelph. When considering the city's regional competitive ranking and historical role in municipal land development, the City has influence on the market supply of its employment areas. As such, to ensure that market demand is not unduly constrained, it is critical that the City provide sufficient market choice of designated and developable employment lands across Guelph.

In addition to the Employment Areas, the Downtown (UGC) plays an important role in the attraction and accommodation of major office development within the city (as noted in Chapter 4). Currently, approximately one third of the existing inventory is located in the Downtown (UGC), however, the area has not experienced any recent major office development activity. The City's urban structure and existing policy framework promote the Downtown (UGC) as an area for major office development. It is recommended that the City explore financial tools/incentives to attract major office development within the Downtown (UGC) over the long-term.

The employment land needs analysis in section 7 identifies a small surplus of 35 hectares of employment land by 2051, after recommended employment land conversions are factored. These results rely on the city being able to achieve an increasing density within the employment lands over time. The City should continue to monitor and track employment land absorption and development activity to ensure the amount of land and densities are being utilized appropriately, while promoting higher density built form and intensification to support maximization of the employment land supply.

As previously noted, one of the most important site selection criteria that can be influenced by the city is an ample supply of suitable, vacant, serviced (and serviceable) employment land that is available for purchase and absorption. This inventory must provide a balanced market choice of sites, by site size and zoning, across all the city's employment areas. In order to allow for proper market functioning, the City should work to ensure that a minimum five-year supply of serviced lands in Employment Areas (by various sizes, zoning, and location) is available at all times throughout the forecast period.

It is important to ensure that not only is there sufficient land to accommodate forecast Employment Area demand but that the location and configuration of available lands in Employment Areas are appropriate to accommodate employment uses across the range of targeted industrial and office commercial sectors.

While Guelph has a sufficient shovel-ready Employment Area land supply to meet short- and medium-term needs, the City needs to proactively plan and service new growth areas to accommodate growth over the longer-term planning horizon.

South Guelph is highly marketable for a range of employment uses and has a range of supply opportunities to accommodate short-, medium-, and longer-term growth in the city. The City will need to ensure that the Phase 3 Hanlon Creek Business Park lands are development ready over the next 5-10 years. While South Guelph is expected to continue to accommodate significant growth over the next two decades, development potential in this area will become increasingly constrained as the area builds out. The City will need to advance planning and development of the GID to accommodate longer-term employment land demand including those more highly oriented to knowledge-based sectors.

8.1.3 What should the city's employment density target be?

The City of Guelph current Official Plan includes density targets for the city's greenfield employment areas:

- Industrial Greenfield, 36 people and jobs per hectare; and,
- Corporate Business Park, 70 people and jobs per hectare.

The above-noted policies are intended to support an overall greenfield density target of 46 people and jobs per hectare. APTG requires that municipalities include an employment density target for all employment lands. Policy 3.14.6 should be updated to include a broader minimum city-wide target of at least 40 jobs per hectare to reflect both the City's long-term planning policy objectives for its Employment Areas as well anticipated real estate market trends for these areas over the long-term³⁹. In addition, minimum density targets for individual employment land use designations can be effective in supporting increased density on employment lands. The following density targets are recommended for Employment Areas within the BUA and DGA:

- Industrial, 35 jobs per hectare;
- Institutional/Research Park, 50 jobs per hectare; and,
- Corporate Business Park, 70 jobs per hectare.

While the Mixed Business lands are not recommended as part of an Employment Area, the City may choose to include a density target for these lands going forward (e.g. 35 people and jobs per hectare).

³⁹ This is a blended average to account for 30 jobs per gross hectare (35 jobs per net hectare) on employment lands outside of the Guelph Innovation District and 77 jobs per gross ha (90 jobs per net ha) on the GID employment lands.

8.1.4 Are current policies sufficient to protect and retain existing employment uses that are only permitted in Employment Areas?

APTG emphasizes through policy 2.2.5.1 the significance of promoting the economic development and competitiveness of the GGH by:

- Making more efficient use of existing Employment Areas and vacant and underutilized employment lands and increasing employment densities;
- Ensuring the availability of sufficient land, in appropriate locations, for a variety of employment to accommodate forecasted employment growth to the horizon of this Plan;
- Planning to better connect areas with high employment densities to transit; and
- Integrating and aligning land use planning and economic development goals and strategies to retain and attract investment and employment.

Within the context of the above Provincial direction, it is recommended that the City protect and reserve strategically important land for future employment purposes to the 2051 planning horizon and beyond. If not carefully evaluated, the conversion of Employment Areas to non-employment uses can potentially lead to negative impacts on Guelph's economy in several ways. Firstly, inappropriate Employment Area conversions can reduce employment opportunities, particularly in export-based sectors, creating local imbalances between population and employment. Secondly, employment conversions can potentially erode the city's employment land supply and lead to further conversion pressure as a result of encroachment of non-employment uses within, or adjacent to, Employment Areas. Finally, inappropriate Employment Area conversions can potentially fragment existing Employment Areas and/or reduce their size (i.e. critical mass), undermining their functionality and competitive position. Ultimately, inappropriate Employment Area conversions may reduce the city's ability to attract and accommodate certain industries. It recognizes that under some circumstances, an Employment Area conversion may be justified for planning and economic reasons provided such decisions are made through using a systematic approach and methodology as set out herein. As previously mentioned, Section 4.6 of the 2018 City of Guelph Interim Employment Lands Update, provides an assessment of three Employment Area sites for the potential conversion to non-employment uses, including:

Site #	Site Name
1	York Road/Victoria Road Employment Lands
2	Clair-Maltby Employment Lands
3	York Road/Watson Road Employment Lands

Each of the above-mentioned sites were previously reviewed and evaluated for conversions to a non- employment use within the framework of the Growth Plan, 2019 (Section 2.2.5.9) and PPS 2020 (Section 1.3.2.4) as well through a series of local evaluation criteria, as set out in Section 4.6.3 of the 2018 City of Guelph Interim Employment Lands Update. In accordance with the Employment Area conversion review undertaken as part of the 2018 City of Guelph Interim Employment Lands Update, it is recommended that Employment Area sites 2) Clair-Maltby Employment Lands and 3) York Road/Watson Road Employment Lands are converted to a non-employment use. The York Road/Victoria Road Employment Lands are currently being reviewed by the City as part of the ongoing York/Elizabeth land use review.

With respect to the city's Employment Area conversions policies, it is recommended that OP policy 3.14.2 is maintained to ensure that future Employment Area conversions occur only at the time of a MCR where the city has the ability to assess the need for the conversion and confirm any implications (i.e. the ability to meet its long range employment forecast and intensification targets, infrastructure considerations and long-term enhancements to its Employment Area conversion policies as set out in Section 3.14.2 of the OP, to include additional localized evaluation criteria, building on Section 4.6.3 of the 2018 City of Guelph Interim Employment Lands Update.

In addition to the above, the city should consider updating its regeneration area policies. The current OP policies reference the 2006 Growth Plan policy framework which allowed for employment land conversion within lands designated as "regeneration areas." Regeneration areas are not mapped or identified in the current OP and since this policy approach is no longer part APTG, policy 3.14.5 should be removed to avoid confusion and ensure clarity.

8.1.5 What are the City's recommendations with respect to intensification of PSEZ areas?

As previously identified the Province has identified key Employment Areas as PSEZ for the purposes of long-term planning for job creation and economic development. PSEZ designations are intended to capture the significant concentrations of employment across the GGH. In Guelph, the Employment Areas located in the south end of the city (including those located in Hanlon Creek Business Park, Hanlon Business Park and South Guelph Industrial Area) are identified as PSEZ Zone 21. The Province's PSEZ mapping excludes other Employment Areas elsewhere in Guelph, which are significant at the city-scale, but perhaps less

relevant in the context of a broader GGH Employment Area system. From a policy perspective it would be appropriate for the OP to recognize the planned function of Employment Areas located in the PSEZ and also explain the importance of the city's other Employment Areas which were not recognized as provincially significant. The fact that other important Employment Areas were not identified as provincially significant should in no way imply that those Areas' are not significant at the city scale, for example the Northwest Industrial Area is also a significant cluster of employment uses at the city scale and is required to achieve the city's long-range growth allocations. The City may wish to consider including a schedule to support the policy framework for its PSEZ designations and include some policies to provide context for the PSEZ designation and the broader employment areas across the city.

8.1.6 What policy changes would strengthen the City's ability to accommodate employment growth associated with structural changes in an evolving economy?

As discussed in Chapter 3, the physical characteristics that make Employment Areas successful are also changing as a result of the evolving knowledge-based economy. As such, land-use planning policies must anticipate the evolving nature of the local economy and reflect the diverse needs of established and emerging industries. As previously mentioned, it is important to recognize that structural changes in the broader economy continue to alter the nature of economic activities in Employment Areas as well as impact the built form (i.e. siting requirements), integration of uses, and character of these lands.

Recognizing the recent structural changes in the regional economy, there is a need for Employment Areas to provide for a wide range of amenities and employment-supportive uses which complement both knowledge-based and traditional industrial sectors. Having said this, the intention of employment-supportive uses in Employment Areas should be to serve the needs of employers and employees within the Employment Areas as opposed to the broader population.

The City should continue to assess the provision for commercial, community, and institutional uses within Employment Areas on the degree to which the use:

- Supports/complements employment uses within Employment Areas;
- Does not adversely affect the stability of the Employment Areas;
- Does not adversely impact other designated employment uses (i.e. increased road traffic);
- Is compatible with neighbouring land uses (i.e. does not raise health and safety concerns); and
- Does not detract from the potential for the subject lands to be utilized for employment uses.

Each of the city's employment designations, including: Industrial, Corporate Business Park, Institutional/Research Park and Mixed Business permit a range of

complementary uses, subject to requirements related to land use compatibility and/or consistency with the planning function of the designation.

Section 2.2.5.7 of APTG states:

“Municipalities will plan for all Employment Areas within settlement areas by:

prohibiting residential uses and prohibiting or limiting other sensitive land uses that are not ancillary to the primary employment use.;

prohibiting major retail uses or establishing a size or scale threshold for any major retail uses that are permitted and prohibiting major retail uses that would exceed that threshold⁴⁰; and

providing an appropriate interface between employment areas and non-Employment Areas to maintain land use compatibility.”

Section 3.14.3 of the City of Guelph OP identifies that major retail uses are non-employment uses. In order to ensure that retail uses that are permitted as a secondary use within Industrial and Business Park designations do not become major retail and to ensure that more land remains available for employment uses that can only locate in Employment Areas, the City should consider restricting the maximum size of new retail space permitted in Employment Area designations.

One of the permitted uses in the Industrial designation is the provision of child care centres as a complementary use subject to a Zoning By-law amendment provided that it will not detract from, and is compatible with, the development and operation of industrial uses. In accordance with Section 2.2.5.7 a of APTG it is therefore recommended that child care centres be removed as a permitted complementary use in the Industrial designation. Unlike other supportive uses in Employment areas such as restaurants and service shops, child care centres are considered sensitive uses which require greater mitigation measures when located in proximity to industrial uses in the Industrial designation. The inclusion of sensitive uses within industrial areas may actually reduce the overall competitiveness of certain industries over time, as operators may be required to upgrade facilities when applying for the Ministry of Environment, Parks and Conservation for new environmental permits. Given the desire to support existing industrial operations, it is therefore recommended that child care centres be removed as a permitted complementary use in the Industrial designation.

8.1.7 Planning for intensification within developed employment areas

As discussed in Chapter 5, a large share of the city's employment land is underutilized and has future intensification potential. Infill and redevelopment of existing developed lands are expected to continue to increase over time, largely

⁴⁰ APTG defines major retail as large-scale or large-format stand-alone retail stores or retail centres that have the primary purpose of commercial activities.

driven by rising employment land values and related development costs, and the continued buildout of Guelph's Employment Areas, especially in the most marketable locations.

It is recommended that the City explore and monitor opportunities for infill and redevelopment in mature Employment Areas. Further, it is recommended that the City promote and encourage the further intensification of Employment Areas providing that the scale and type of intensification is consistent with the planned function of the area.

To help support these initiatives, the City should undertake an Employment Area intensification strategy to effectively assess and evaluate intensification potential and opportunities over the long-term. This strategy would help ensure that the city can meet, and possibly exceed, the identified intensification target of 15 per cent, as presented herein. The timing and the potential amount of intensification on employment lands are based on a variety of market-driven conditions. Potential redevelopment or development of sites needs to be evaluated in terms of economic viability and marketability with respect to market demand. This aspect would form a significant component of an employment land intensification strategy. As part of the intensification strategy, the City could also explore and identify financial tools/incentives and implementation tools to facilitate intensification initiatives.

As part of the strategy the City might also consider approaches to stimulate investment through physical improvements within its office parks (i.e. lands designated as Corporate Business Park and lands within GID), which is a key policy direction within the Growth Plan. Initiatives could include improving connectivity with transit and active transportation, streetscaping, reducing parking requirements and promoting Transportation Demand Management (TDM) measures and where possible and appropriate location of higher density residential uses in relative close proximity to better support live-work opportunities (see policy 2.2.5.16 of the Growth Plan).

Finally, there are a few policies within the Official Plan which could be updated to include and promote employment area intensification as an important policy objective (Policy 3.10, 3.14)

8.1.8 Do current OP policies work together with Council's economic development initiatives to support the City's overall economic competitiveness and growth objectives

It is recognized that there are various municipal interests and policies related to Employment Areas. It is important that there is alignment between the Official Plan and the City's economic development goals and objectives.

In response to the City's Corporate Strategic Plan to "build a diverse and prosperous local economy" the City prepared a new economic development strategy titled *Prosperity 2020 – Strategic Directions for Economic Development and Tourism*. Prosperity 2020 focuses on seven major themes. Themes that

intersect with the ELS include Focus Investment and Growth; and Invest in Hard and Green Infrastructure, which are discussed below.

Focus Investment and Growth emphasizes economic diversification by capitalizing on growth opportunities in knowledge-based sectors. Economic diversification includes examining opportunities to support the expansion of existing businesses and identifying opportunities for cross-over economic sectors (e.g. agriculture and tourism; agriculture and industrial; education and research; as well as recreational and retail).

The industry cluster analysis and employment forecast presented herein, provides insights into the range of employment sectors which are expected to drive employment growth within the city over the next 30 years. As presented, the city's economic base is expected to diversify, with an increasing share of employment within knowledge-based and service sectors. Employment Areas are anticipated to accommodate a significant share (45 per cent) of forecast employment growth.

With respect to economic diversification, land-use planning policies must anticipate the evolving nature of the local and regional economy and reflect the diverse needs of established and emerging industries. Land-use policies must also offer a degree of flexibility and nimbleness that allows for relatively rapid responses to disruptive factors, which can be a critical advantage relative to competitive markets. The OP must also recognize the importance of Employment Areas in accommodating knowledge-based sectors in addition to traditional industrial sectors. This applies not only to the Guelph Research Park and the GID but also other Employment Areas in the city.

The goal of Invest in Hard and Green Infrastructure speaks to the importance of maintaining a steady supply of shovel ready employment lands. The importance of sufficient market choice with respect to shovel-ready employment lands is discussed in detail in Section 8.1.2. In addition, It is also important to ensure that Employment Areas offer a broad range of building space market choice (e.g. business centres and incubators) for a range of business sizes (including small business) that have proximity to employment-supportive uses and access to public transit and active modes of transport.

It is recognized that Guelph's Employment Areas are an integral part of the city's economic growth potential. For the City of to achieve its long-term goals as outlined in the Economic Development Strategy and Implementation Plan. Employment Areas need to continue to offer opportunities for growth and development. This includes accommodating a large share of the city's employment growth, across a broad range of industry sectors, to maintain high levels of employment in the city relative to population growth.

The City's Economic Development Strategy and Implementation Plan sees the continued development of the Hanlon Business Corridor and the development of Guelph Innovation District as key priorities for Employment Areas. As previously discussed herein, Hanlon Creek Business Park and the South Guelph Industrial Park

are key greenfield growth areas in the city and the Northwest Industrial Area continues to offer intensification opportunities. The GID represents an important new growth area for the city over the longer term. As identified in the employment land needs analysis, the city's remaining greenfield areas including GID are critical in accommodating employment uses over the planning horizon.

8.1.9 Monitoring industrial employment land development activity and needs

Effectively accommodating employment land development over the longer term requires the implementation of programs and mechanisms to accurately receive, catalogue and assess industrial development information, as well as to assess the available supply of employment lands within Guelph.

The data collected and presented in this study offers the City with a base from which to work, but the City will need to continue to update and monitor the information on a regular basis.

Building on baseline data provided in this study, it is recommended that the City develop a system for tracking and monitoring employment land supply and demand data, to assist with longer-term planning and land needs forecasting.