

Report To:	Chair and Members of the Administration and Finance Committee
From:	Mark G. Meneray, Commissioner, Legislative & Planning Services and Corporate Counsel
Date:	December 10, 2014
Report No. - Re:	LPS07-15 - Economic Development 3rd Quarter 2014 Report on Business Investment and Results under the Region's Economic Development Strategy

RECOMMENDATION

THAT Report No. LPS07-15 re: "Economic Development 3rd Quarter 2014 Report on Business Investment and Results under the Region's Economic Development Strategy" be received for information.

REPORT

Executive Summary

- Report No. LPS07-15 highlights business investment and economic activity in Halton as well as Halton Region's Economic Development activities and results under the Economic Development Strategy during the 3rd quarter of 2014.
- Overall building permit value in Halton fell 20 percent in the 3rd quarter of 2014 compared to the same period in 2013. This was solely the result of a significant drop in institutional investment (down 86 percent) following last year's inclusion of the new Oakville Hospital in 3rd quarter 2013 permit values. Industrial, commercial and residential permit values all increased during the 3rd quarter from the same period last year.
- Halton's unemployment rate in the 3rd quarter was 4.1 percent – significantly below the region's five year average unemployment rate of 5.5 percent.

Discussion

3rd Quarter 2014 – Announcements and Activities

Commercial and Industrial

On July 7, iFly Toronto held a grand opening for its new indoor skydiving facility at the Oakville Entertainment Centrum at Winston Churchill and the QEW. The iFly facility is the first of its kind in the Greater Toronto Area.

On August 26, Miami-based Burger King and Oakville-based Tim Horton's announced their planned merger. This merger will form the world's third-largest fast-food company. It is expected that the corporate headquarters of the new entity will be located in Canada.

On August 18, the Government of Canada announced a \$3.3 million investment in Communications and Power Industries Canada Inc. (CPI Canada) in Halton Hills to develop an innovative mapping system for a first-ever global surface water survey.

On September 17, RioCan Real Estate Investment Trust announced a \$30 million redevelopment of RioCan Oakville Place that will include the first Pusateri's Fine Foods in the West GTA. The RioCan Oakville Pusateri's location is expected to create approximately 150 jobs and is scheduled to open in time for the holiday season 2015.

General

On July 7, a new state-of-the-art science lab, which will focus on the management and monitoring of invasive aquatic species such as Asian carp, opened at the Canada Centre for Inland Waters in Burlington.

On July 22, the Town of Milton voted to transfer 150 acres of land valued at approximately \$50 million to Wilfrid Laurier University as part of its endorsement of Laurier's plan to build a new university campus in Milton.

On September 3, the Town of Oakville received a 2014 Google eTown Award which recognizes the digital savviness of a community's businesses.

3rd Quarter 2014 - Halton Construction / Building Permit Activity

Halton's total value of new construction and expansions during the 3rd quarter of 2014 dropped 2 percent from the previous quarter and 20 percent over the same period in 2013, falling to just under \$354.7 million in building permit value (Table 1). The decrease is exclusively attributed to the significant drop in institutional construction value during the period (from nearly \$207 million in 2013 to approximately \$29.6 million). The main building permits for the new Oakville Hospital were issued during the 3rd quarter 2013, totalling over \$168 million.

Meanwhile, other building permit types rebounded significantly over last year's values. Industrial investments climbed 88 percent from \$16 million to over \$30 million during the 3rd quarter of 2014. Commercial retail and office construction increased 89 percent, from almost \$44 million to nearly \$83 million. And, the residential sector invested over \$189 million, for a 22 percent increase over the same period last year. Several condominium apartments, including one on Randall Street in Oakville for \$38 million, contributed to the residential increase.

Table 1 - Construction Value (\$thousand) of New Developments in Halton, 3rd Quarter 2013 vs. 3rd Quarter 2014*

Type of Construction	Burlington		Oakville		Milton		Halton Hills		Halton Region	
	Q3 2013	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014
Residential	11,632.9	17,163.4	124,339.1	112,550.3	11,784.9	48,279.8	7,398.3	11,589.2	155,155.2	189,582.6
Industrial	4,864.4	15,143.0	1,109.4	4,714.2	2,213.4	7,665.3	7,884.8	2,678.0	16,072.0	30,200.5
Commercial	8,736.6	22,971.5	21,198.1	35,909.3	8,847.1	17,844.5	5,173.0	6,132.4	43,954.8	82,857.6
Institutional	14,135.5	2,490.0	179,124.1	14,364.9	12,876.6	884.0	837.0	11,855.0	206,973.2	29,593.9
Other	8,344.0	12,469.8	660.1	2,626.5	4,485.3	4,967.2	5,305.8	2,354.8	18,795.1	22,418.4
Total Value	47,713.4	70,237.7	326,430.7	170,165.1	40,207.3	79,640.8	26,598.9	34,609.4	440,950.3	354,653.0

* Figures may not add due to rounding

Source: Local Municipal building departments and Halton Economic Development.

Significant industrial projects initiated in the 3rd quarter of 2014 included an addition at Liebherr-Canada in Burlington (\$8 million), a new Operations Centre for Union Gas in Milton (\$5 million), an addition at ABs Machining in Burlington (\$4 million), an addition at Canterbury Coffee which opened a coffee plant in Oakville last year (\$4 million), and a new laboratory and testing facility at the Norjohn Business Park in Burlington (\$2.2 million).

The only major commercial office construction initiated during the quarter was a multi-storey office and retail building at 1100 Walker's Line in Burlington (\$7.7 million). Commercial retail developments underway include a new Homewood Suites hotel on Parkhill Drive in Milton (\$16 million), announced last quarter, a new retail building on Appleby Line in Burlington (\$7.8 million), and the new Thomas Alton Plaza (\$4.2 million).

Other notable investments made during the 3rd quarter involve the new Islamic Centre of Oakville (\$10 million), an addition at the Acton Arena (\$10 million), and renovations at the Hockey Training Academy in Oakville (\$6.3 million).

Table 2 - Top Industrial and Commercial Developments in Halton, 3rd Quarter 2014*

Name of Development	Location	Building Type	Area (sq ft)	Construction Value (\$)
Liebherr-Canada	Burlington	Industrial Addition	35,350	\$8,000,000
1100 Walker's Line	Burlington	New Multi-Storey Office and Retail Building	59,000	\$7,673,400
Union Gas	Milton	New Operations Centre	7,870	\$5,000,000
ABs Machining	Burlington	Industrial Addition	40,840	\$4,000,000
Canterbury Coffee	Oakville	Industrial Addition and Foundation	24,640	\$4,000,000
KingSett Capital Brownridge Road	Halton Hills	Retrofit for New Industrial Facility (no new GFA)	67,135	\$2,400,000
Norjohn Business Park	Burlington	New Laboratory and Testing Facility	26,145	\$2,200,000
2770 Portland Drive	Oakville	Industrial Building Alterations	42,540	\$1,581,000
1425 North Service Road East	Oakville	Office Building Alterations	30,330	\$1,127,000

* Listing of all non-residential, non-institutional and non-retail developments in excess of \$1 million in construction value.

Source: Local Municipal building departments.

A total of 2,018 building permits were issued in Halton during the 3rd quarter, representing an increase of 20 percent from the same period in 2013. Residential permits accounted for 36 percent of all building permits issued, while 12 percent of permits issued were attributable to non-residential developments (Table 3).

Table 3 – Number of Building Permits Issued in Halton by Development Type & Municipality, 3rd Quarter 2013 vs. 3rd Quarter 2014

	Residential*		Non-Residential**		Miscellaneous***		Total	
	Q3 2013	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014
Burlington	30	49	107	72	249	553	386	674
Halton Hills	57	74	36	30	59	100	152	204
Milton	113	254	49	47	245	214	407	515
Oakville	455	340	132	99	154	186	741	625
HALTON REGION	655	717	324	248	708	1,053	1,687	2,018

* includes apartment registrations, renovations and additions

** includes industrial, commercial, institutional (ICI)

*** excluding signs

Source: Local Municipal building departments

Economic Conditions and Indicators

In Ontario, employment increased by 25,000 workers in September and the unemployment rate fell by 0.3 percentage points to 7.1%, the lowest since October 2008. Compared with 12 months earlier, employment in the province rose by 49,000 (0.7% increase).

Halton's unemployment rate during the 3rd quarter was 4.1 percent, representing a notable decrease from 4.9 percent during the same quarter in 2013 but consistent with the 4.0 percent in the previous quarter of this year. Overall, Halton's labour force is performing well in comparison to its five year (2009-2014) average unemployment rate of 5.5 percent.

Meanwhile, the number of Halton residents participating in the labour market was at 74.0 percent, edging down from 74.5 percent in the previous quarter but notably higher than the 72.8 percent during the same quarter of 2013 (Table 4).

Table 4 – Halton Economic Indicators 3rd Quarter 2012 to 3rd Quarter 2014

Economic Indicator	Q3 2012	Q3 2013	Q3 2014	2013/2014 % or pp change
Total Population ¹	505,678	518,311	530,924	↑ 2.4%
Population Density (per sq km) ²	523	536	549	↑ 2.4%
Unemployment Rate ³	6.8%	4.9%	4.1%	↓ 0.8pp
Participation Rate ³	75.5%	72.8%	74.0%	↑ 1.2pp
Employment Rate ³	70.3%	69.2%	71.0%	↑ 1.8pp
Employment Insurance Beneficiaries ⁴	4,680	4,877	4,637	↓ 4.9%
Halton Ontario Works Caseload ⁵	1,988	1,852	1,786	↓ 3.6%
Number of Businesses ⁶	38,034	41,348	43,361	↑ 4.9%
Employment ¹	258,444	265,956	273,469	↑ 2.8%
Business Bankruptcies ⁷	7	7	na	na
Total Construction Value ⁸	\$811,765,510	\$440,950,344	\$354,652,990	↓ 19.6%
Industrial	\$12,153,000	\$16,072,045	\$30,200,454	↑ 87.9%
Commercial	\$99,617,114	\$43,954,819	\$82,857,634	↑ 88.5%
Institutional	\$375,411,696	\$206,973,195	\$29,593,868	↓ 85.7%
Residential	\$295,941,401	\$155,155,165	\$189,582,645	↑ 22.2%
Industrial Vacancy Rate ⁹	5.1%	2.5%	3.2%	↑ 0.7pp
Office Vacancy Rate ¹⁰	14.3%	16.2%	18.8%	↑ 2.6pp
Occupied Dwelling Units ¹	183,677	189,124	194,569	↑ 2.9%
Housing Sales ¹¹	1,336	1,865	2,032	↑ 9.0%
Average Housing Price ¹¹	\$550,484	\$572,513	\$612,822	↑ 7.0%
Average Days on the Market ¹¹	28	29	26	↓ 10.3%

Sources:

- 1 Halton Region Best Planning Estimates, June 2011 (forecasted)
- 2 Based on Halton's land area of 967 square kilometres
- 3 Statistics Canada, Labour Force Survey Estimates (Custom Tabulation, 3 month moving average, unadjusted).
- 4 Statistics Canada, Employment Insurance Statistics (Table 276-0032, average number of beneficiaries receiving regular benefits).
- 5 Employment Halton (September monthly average)
- 6 Statistics Canada, Canadian Business Patterns. As of June 2012, 2013 and 2014.
- 7 Office of the Superintendent of Bankruptcy Canada.
- 8 Local Municipal building departments and Halton Economic Development
- 9 CBRE. Based on rates in Burlington, Milton and Oakville.
- 10 CBRE. Based on rates in Burlington and Oakville.
- 11 Toronto Real Estate Board, Market Watch

Halton Region's Economic Development Activities and Results

The 2012-21 Economic Development Strategy establishes direction for Halton Region's Economic Development services and programs and informs decision making for economic development within Halton. The Strategy is premised on five key pillars supporting economic growth in Halton, namely:

- Employment Lands
- Existing and Emerging Sectors
- Investment Attraction and Retention
- Entrepreneurship and Innovation
- Quality of Place (Including Tourism and Physician Recruitment)

Within these five pillars, the Strategy sets out twenty-three Strategic Directions and specific actions, targets and performance measures to be carried out in two five-year phases, 2012-2016 and 2017-2021. The significant results achieved under the Economic Development Strategy in the 3rd quarter, 2014 include:

Investment Attraction and Retention

- On September 24, Economic Development staff presented a regional overview and employment land update to approximately 30 members of the Building Industry and Land Development Association who have a focus on industrial and commercial land development.
- Completion of the provincially funded Tourism Investment Feasibility study which identified specific tourism investment concepts that leverage Halton's natural assets and for which Halton presents a strong market opportunity. Halton Region will work with the province to market these concepts to potential tourism investors.
- Completion of Phase 1 of the federally funded Investment Attraction Target Sector Deep Dive Project. Phase 1 involved identifying the top three sectors for Halton to proactively focus investment attraction efforts considering Halton's assets and global market opportunity for future investment. The identified sectors; Financial Services, Engineering, and Information Communication Technology all focus on Halton's highly skilled labour force. Phase 2 will drill-down into each of the three sectors to develop specific value proposition material that will support investment attraction outreach.
- Economic Development launched an advertising campaign targeting an intermediary site selection audience promoting Halton as one of the best locations to do business in Canada and to drive attendance to the Real Estate Forum on November 6 and "Doing Business in Halton" webinar on December 10.

Entrepreneurship and Innovation

- The Small Business Centre and local business mentors assisted with the training and coaching of twelve student entrepreneurs in the annual Summer Company program. The Summer Company businesses launched this summer included a hockey equipment reseller, children's book publisher, a bean bag chair manufacturer/distributor and an audio speaker manufacturer/distributor.
- On August 13, the division hosted the annual joint Halton Chamber Business After Five Networking Event. This event was held in partnership with the four local Chambers of Commerce. It was a successful event with approximately 300 people in attendance. The Regional Innovation Centre (HalTech) and Milton Education Village Innovation Centre as well as local small business owners had display tables.

- On July 8, a Business to Business (B2B) networking event was hosted at the Milton Education Village Innovation Centre. The format was speed networking which was similar to the prior B2B events held in 2013 and 2014. The event was attended by 30+ clients of the Small Business Centre.

Quality of Place (Halton Physician Recruitment and Halton Tourism)

- In July the second group of family medicine residents trained at the Halton McMaster site completed their 2 year FM residency training, with one off to do an emergency medicine fellowship year, one doing locum work throughout the area, and another taking over a retiring doctor's practice.
- Halton Region's Cycling Maps were updated to incorporate a tourism component and a focus on the Milton Velodrome and Halton's most popular cycling routes. The maps were distributed through cycling shops, tourism offices, Halton Region, RTO3 (a pan-regional tourism marketing organization spanning Hamilton, Halton and Brant) and at events attended by the Region and RTO3 including two large September events: Hamilton's Super Crawl and Epic Tour Halton (a gran fondo style event that attracted 3,300 cyclists to Halton). A website was created on the Region's site to augment the information on the map (halton.ca/cycling).
- The second annual Harvest Halton, a farm to chef event bringing Halton's finest chefs and local farmers together was held at Country Heritage Park on October 5th. The event featured 10 restaurants, 25 farmers and vendors, three wineries, two breweries as well as children's activities and six musical guests. Advertising and promotion of the event was co-sponsored with RTO3. Halton.ca/harvest provided information online.
- The Pumpkin Trail kicked off on September 19th featuring 26 locations. The map, created in conjunction with RTO3, was distributed at all tourism offices, RTO3 offices and events, the Region, participating locations, Farmers' Markets and Fall Fairs and at all events attended by the Region. Harvest.ca/pumpkintrail provided information online.

FINANCIAL/PROGRAM IMPLICATIONS

The cost of preparing the Economic Development quarterly report is funded from the Economic Development Operating Budget.

Respectfully submitted,



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Mark G. Meneray
Commissioner, Legislative & Planning
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Approved by



Jane MacCaskill
Chief Administrative Officer

If you have any questions on the content of this report,
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Attachments: None