

III THE EMPLOYMENT GROWTH OUTLOOK

This chapter describes the employment growth outlook for the City of Vaughan over the next 25 years, within the context of the *Growth Plan* rules and targets and the forecasts shown in the draft *Region of York Official Plan*.

Total employment in the City of Vaughan is forecast to grow to approximately 266,100 jobs in 2031, representing an increase of nearly 65% from the 2006 employment of approximately 160,000 jobs. This is a significant amount of employment growth, reflecting the strong long-term economic outlook for the GTA, the structure of the economy and the City of Vaughan's strategic location. Notwithstanding the current period of economic uncertainty, the long-term outlook remains positive.

Over half of the City's future employment growth will be employment land employment, which will be characterized by modern, high-value industrial development including manufacturing, warehousing and logistics activities. The major office sector is not forecast to grow as rapidly, reflecting the presence of established office markets in other York Region communities, particularly the Towns of Markham and Richmond Hill, and their capacity to accommodate growth.

The outlook for major offices has implications for employment land as well as the range of uses that should be planned to be accommodated within the VMC and the Highway 7 mixed-use corridor.

A. EMPLOYMENT IS FORECAST TO GROW STEADILY

The employment forecast for the City of Vaughan is the forecast prepared by the Region of York, within the context of the overall economic outlook for the GTA and the *Growth Plan*, which provides a total employment allocation of 780,000 jobs to the Region of York in 2031, growing from approximately 460,000 jobs in 2006.¹

Notwithstanding the current economic slowdown, in our view the fundamentals are in place for continued, long-term growth once the recovery takes hold. Within the context of continued economic growth in Canada, Ontario and the GGH and strong policy directions to encourage economic vitality, employment in the City of Vaughan is forecast to grow to approximately 266,100 jobs by 2031.

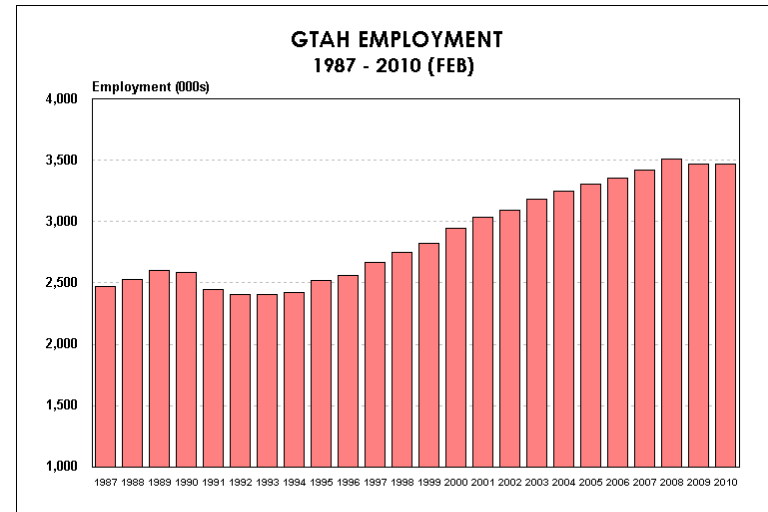
¹ For details, see *The Growth Outlook for the Greater Golden Horseshoe, Hemson Consulting Ltd, January 2005*.

1. Forecast Is for Continued Economic Growth in the GTAH to 2031

In our September 2009 report, it was noted that the national and global economies were in a period of great uncertainty. Since that time, it appears that the Canadian and global economies are recovering from the recession, though the strength of that recovery remains uncertain.

Over the long term, however, we are of the view that the GTAH will remain a highly attractive location for new investment and employment growth. As shown in the graph facing, since the end of the recession of the early and mid-1990s, employment has grown rapidly and steadily. The recent decline and stabilization in employment have been somewhat less severe in the GTAH than in many other communities, particularly some major United States markets, and the pattern of sustained employment growth in the region is clear.

As a result, and within a broader national and global context, we remain of the view that the GTAH is very well-positioned to be a focus of growth when the economic recovery takes hold. Over the forecast period to 2031, economic output is anticipated to continue to grow, accompanied by associated growth in employment and income across the GTAH as well as in the Region of York and the City of Vaughan.

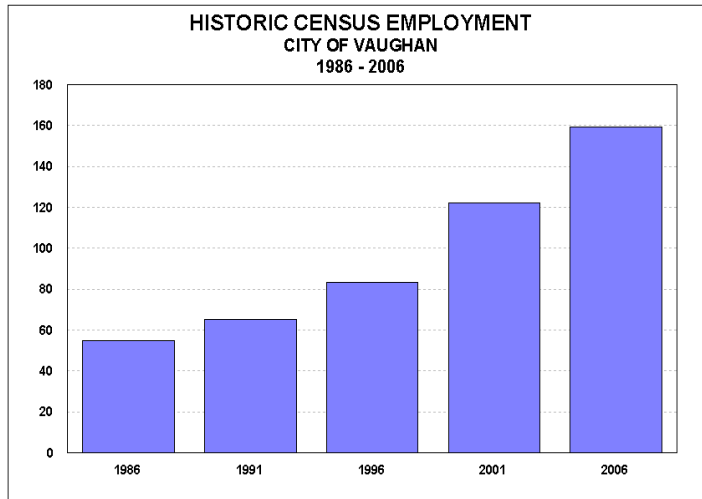


Source: Statistics Canada, Labour Force Historical Review, February 2010.
 Note: GTAH defined as Toronto, Hamilton & Oshawa CMA's

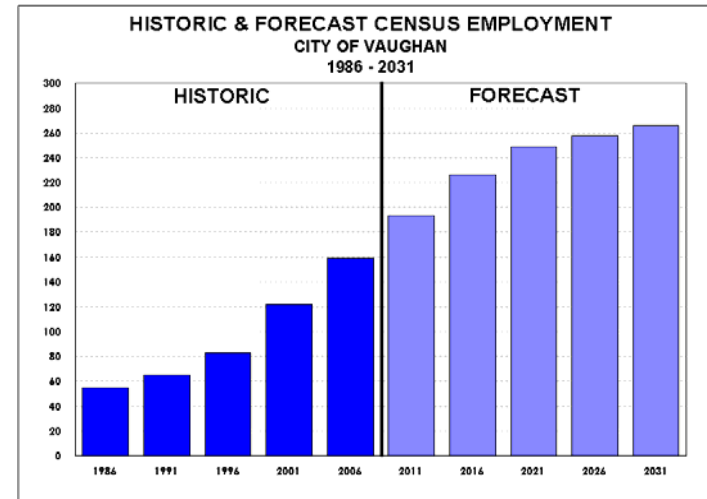
2. Vaughan Economy Has Been Performing Very Well

Within the broader GTAH context, and as described in our June 2008 background paper on employment, the City's economy has been performing strongly in recent decades. The City of Vaughan has one of the largest local municipal economies in the GTAH and one of its largest labour forces.

As shown below, employment has almost tripled since 1986. Reflecting this strong employment growth, the City is a significant net importer of labour. Vaughan has an activity rate of over 60%, which is well above the York Region average and much more characteristic of a central city than a suburban community.



Source: Hemson Consulting Ltd., based on Statistics Canada Census Data.



Source: Hemson Consulting Ltd., based on York Region Official Plan, June 2009 Draft.

3. Employment in Vaughan Is Forecast to Grow to Over 266,000 Jobs by 2031

The employment forecast for the City of Vaughan has been prepared by the Region of York within the context of the economic outlook for the GTA in the Provincial *Growth Plan*, which, in our view, remains a reasonable long-term economic outlook.

According to the Region, employment in the City of Vaughan is forecast to grow to just over 266,000 jobs in 2031, largely maintaining the City’s past strong economic performance. The Region’s employment forecast for Vaughan is illustrated in the graph facing.

We have reviewed the Region’s forecast and consider it to be reasonable and appropriate for long-range planning purposes in the City of Vaughan. Under the Regional forecast, the rate of employment growth in the City of Vaughan is anticipated to slow towards the end of the period, although the City of Vaughan is forecast to maintain its current share of approximately 35% of the overall Regional employment.

B. EMPLOYMENT LAND WILL PLAY A MAJOR ROLE IN ACCOMMODATING GROWTH

The approach taken by Hemson Consulting Ltd. to forecasting employment growth is based on three land use-based categories—major office, population-related and employment land employment. The categories and their main characteristics are summarized below.

- **Major Office Employment** is employment contained within free-standing buildings over 20,000 net sq. ft. in size. This is distinct from the term “major office” as used in the *Growth Plan*.¹
- **Population-Related Employment** is employment that exists in response to a resident population that is primarily not located in employment areas or major office jobs. This category includes retail, education, health care, local government and work-at-home employment.

¹ For employment forecasting and most land use planning purposes, the “major office” label has been defined as freestanding office buildings greater than 20,000 net sq. ft. (1,860 m²) in size. The Growth Plan uses the same expression — major office — for a different purpose. In the Growth Plan, major office policies address the desire to locate large office buildings of 10,000 m² (108,000 sq. ft.) or greater in transit-oriented locations to encourage greater transit use. Except as otherwise noted, this report’s use of major office is the “20,000 sq. ft. or more” definition.

- **Employment Land Employment** refers to jobs accommodated in primarily low-rise industrial-type building space and multiples, the vast majority of which are located within business parks and industrial areas.

It is for employment land employment where there is the most competition with other communities, and where land use planning and local economic development policy can have the strongest influence on the amount of employment that is accommodated:

- Population-related employment is driven by growth in local population and is accommodated within existing neighbourhoods and commercial areas and through the normal course of secondary planning for most new residential communities.
- Major office employment occurs at very high densities and as a result the land supply is virtually unlimited. The location of major office development is driven mainly by market forces and is typically less responsive to planning policy than population-related or employment land employment.

1. More Than Half of Future Employment Growth Will Be Accommodated on Employment Land

As described in our June 2008 background paper on employment, employment land employment is forecast to account for more than half of the total employment growth over the 2006 to 2031 period. This reflects the role that employment land currently plays in accommodating economic development and the type of development:

- By type, employment land employment currently accounts for approximately 112,000 jobs, or nearly 70% of the City’s total employment.
- An estimated 37,000 jobs, or approximately 25% of the City’s employment, are population-related in a variety of locations throughout the community, including residential neighbourhoods and the downtown, but also within employment areas, primarily as retail and institutional use; and
- The remainder, approximately 10,000 jobs or just over 5% of the total employment, is employment in major offices.

The estimated employment by type for the City of Vaughan in 2006 is shown in Table 10 below.

Table 10		
City of Vaughan Employment by Type, 2006		
Employment Type	Number of Jobs	Percentage
Major Office Employment	10,000	5%
Population-related Employment	37,300	25%
Employment Land Employment	111,900	70%
Total	159,200	100.0%

Source: Hemson Consulting Ltd. based on Statistics Canada, Census of Canada.

By geography, employment areas in the City of Vaughan accommodate an even larger share of employment because they contain virtually all of the city’s employment land employment, in addition to much of the City’s office employment and some of the population-related employment, including retail and institutional uses. The City’s employment by type is consistent with patterns observed in other communities in the GTA where all types of employment cluster within the geographic employment areas.

Measured either by type, or geography, however, it is clear that employment land has played a major role in accommodating employment and new investment in the City of Vaughan in the past. This relationship is anticipated to continue over the forecast period. As shown in Table 11 below, employment land is forecast to accommodate well over half of the City’s employment growth forecast to 2031.

Table 11				
Employment Forecast by Major Type City of Vaughan, 2006 – 2031				
Employment Type	2006	2031	Growth	Share
Major Office	10,000	19,500	9,500	9%
Population-related	37,300	64,700	27,400	26%
Employment Land	111,900	181,900	70,000	65%
Total	159,200	266,100	107,900	100%

Source: Hemson Consulting Ltd.

Note: Totals may not add due to rounding.

The forecast of employment by major type shown in Table 11 is consistent with the Region of York's updated land budgeting analysis. While there are some minor differences in the specific approach taken, under either the Region's forecasting work or the analysis undertaken by Hemson Consulting Ltd., the City of Vaughan will accommodate a significant amount of employment land employment over the period to 2031.¹

2. Major Office Employment Is Not Forecast to Grow as Rapidly over the Planning Period

Currently, the City of Vaughan does not have a large office market. Major offices account for only 10,000 jobs, or approximately 5% of total employment. Vaughan, like most other GTAH municipalities, has not attracted a high proportion of major office employment to date. In the 905 area, offices are concentrated in just a few locations, mainly in Mississauga, Markham and Richmond Hill.

¹ *The Region of York, in its updated March 2010 land budget report, provides a forecast of employment growth by employment type. In the Region's work, major office employment is forecast to account for approximately 6% of total growth. Population-related employment is forecast to account for 28% of the growth and employment land employment to account for the balance, as well as majority of growth, approximately 66% of the total. For details, see York Region 2031 Land Budget, prepared by York Region Planning and Development Services, March 2010.*

We expect this pattern may change somewhat over the planning period as the City grows and matures, but the potential for significant new major office development in the short term is limited. The most competitive areas for major office development in the GTAH are relatively well-established and have abundant capacity to accommodate future development.²

The location of future demand for major offices in Vaughan is anticipated to be largely on employment land, particularly locations with superior transportation access. Over time, however, it is anticipated that some limited major office development will be attracted to the VMC and will take advantage of the redevelopment of sites along the Highway 7 corridor as one result of major transit investments.

3. A Key Planning Issue Will Be the Extent to Which Vaughan Can Direct the Location of Offices

Under the *Growth Plan*, municipalities are encouraged to direct major office development to major transit stations and intensification corridors (Section 2.2.5) and away from designated Employment Areas (Section 2.2.6.4). Historically, however, land use planning has had a weak influence on the location of major offices.

² *Outside of the City of Toronto, there are three major suburban office nodes: one in southern York Region in the Towns of Markham and Richmond Hill, along Highway 401 in the City of Mississauga and along the Queen Elizabeth Way corridor in the Town of Oakville and the City of Burlington.*

- The experience in the GTAH has been that the location of major offices is driven primarily by market demand. Most major office development outside of the City of Toronto has occurred not in planned transit nodes, but rather in greenfield business parks with high visibility and easy access to major expressways.
- Despite the success of some other municipalities in attracting offices, for instance the City of Mississauga, few office concentrations have actually been built in planned transit nodes or, in Mississauga's case, in the City Centre. Offices have instead been attracted to locations easily accessed by Highway 401. This is consistent with the experience of other communities in the GTAH.¹

The City of Vaughan's growth management work has been based on attracting a significant amount of major office development to occur in the VMC. Offices are also contemplated to occur as part of the mixed-used development envisioned to occur at certain nodes along the Highway 7 corridor; however, the City's desire from an urban structure perspective is to concentrate the largest offices and headquarters in the VMC. To this end, the draft official plan seeks to establish the following hierarchy of office uses:

- Major office uses greater than 12,500 m² per lot will be located in the VMC and at future subway stations;

- Office uses up to 12,500 m² per lot will be permitted in appropriate Intensification Areas; and
- Office uses up to 7,500 m² per lot will be permitted in Prestige Employment designations. Ancillary offices, directly associated with another employment use, will be permitted throughout Employment Areas.

While there may be many *opportunities* spatially and from an urban design standpoint to provide for major office development in these locations, the potential supply of major office sites as envisioned vastly exceeds any reasonable expectation of demand by businesses to occupy them before 2031. One of the key challenges Vaughan will face in achieving the City's and *Growth Plan* intensification and employment objectives, especially in the VMC, is the extent to which the major offices can be encouraged to locate in other locations.

The most significant component of the City's future employment growth will be employment land employment, accommodated within areas designated primarily for industrial-type use. Under the *Growth Plan*, the City of Vaughan is directed to ensure that an appropriate supply of employment land is in place to accommodate the growth forecast. Accordingly, the next section turns to a discussion of the current supply of employment land in Vaughan and its adequacy to accommodate future demand.

¹ For details, see The Growth Outlook for the Greater Golden Horseshoe, *Hemson Consulting Ltd.*, 2005, page 49.

C. LAND SUPPLY IS NOT SUFFICIENT TO ACCOMMODATE DEMAND

As discussed in the 2008 employment background paper, one of the main reasons for the City of Vaughan's strong economic performance has been a large and competitive employment land supply. A wide range of economic activities is accommodated on employment land in Vaughan, including major concentrations of traditional industrial activity, and the current supply is not sufficient to accommodate the Region's employment forecast.

The City of Vaughan's employment land requirements are estimated by applying a density factor to the employment land employment that is forecast in 2031. While the land need estimate depends strongly on the density that is chosen, it is clear that at prevailing densities — either City-wide or for more recent development — there will be a shortage of employment land to 2031.

Based on this analysis, at least the current supply of employment land should be maintained. Approximately 370 gross ha of additional employment land is indicated to meet the City's needs, virtually all of which can be accommodated in the 340 net hectares planned for the Highway 400 North Lands.

1. Vaughan Has a Total Supply of Approximately 3,700 Net Hectares of Employment Land

Currently, the City of Vaughan has a total employment land supply of approximately 3,710 net hectares, excluding lands occupied by major retail uses, but including the small amount of land occupied by major offices. Provided under separate cover is a detailed area-by-area review of the City's employment land supply, including detailed mapping of employment lands with block numbers.

The supply analysis is based on the employment land within the City's employment areas. For analytical purposes the employment land supply does not include the small number of scattered remnant employment sites generally abutting railway lines in the City¹. For the long-term analysis, these scattered sites do not contain any significant amount of the existing base or future growth potential.

Of the total employment land supply, approximately 2,480 net hectares, or just under two-thirds, are occupied. The remainder of the employment land supply, 1,240 net hectares, is vacant and includes the approximately 340 net hectare Highway 400 North lands.

¹ *The limitation of the inventory to the employment areas is strictly for analytical purposes in this report. The exclusion of any employment land parcel from the inventory is not in any way to be interpreted as a recommendation or opinion respecting the conversion of any of these sites to other land uses. The policies of the Provincial Policy Statement, the Growth Plan and Regional and local official plans apply for these matters.*

The Highway 400 North lands are included in the supply because OPA 637, which applies to them, has been adopted by the City of Vaughan, although it has not yet been approved by the Region of York. As described in our June 2008 background paper on employment:

- Vaughan’s employment land supply is primarily oriented towards highway corridors. There are 25 separate employment areas in Vaughan, which can be grouped into four broad areas based on their proximity to Highway 427, Highway 407, Highway 400 and the Concord Railway yards in central Vaughan; and
- Most of the occupied employment land supply is accommodated in the southern and more developed part of the community, whereas most of the vacant supply is located near the edges of the community in new greenfield areas.

The City of Vaughan’s employment land supply is illustrated by the map on the following page.








From a market perspective, virtually the entire supply of employment land is suitable and marketable for continued employment uses, based primarily on its superior transportation access and proximity to major economic infrastructure, such as the rail yards.

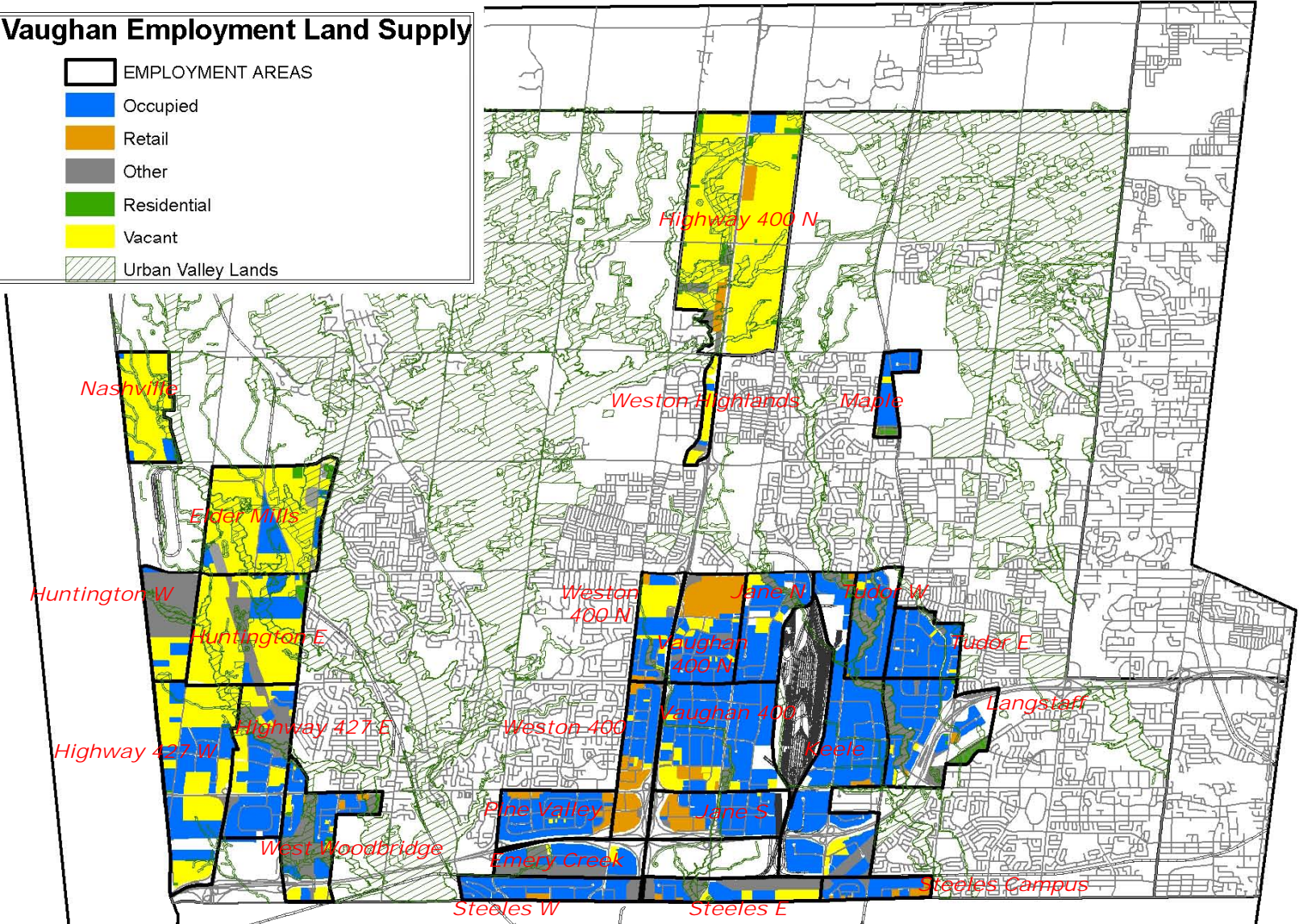
2. Current Trends Suggest That the Density of New Employment Land Development Is Declining

Currently, the City-wide employment land density is estimated to be approximately 47 jobs per net ha. Despite planning objectives to the contrary, however, economic trends indicate that densities on employment land are likely to continue to decline as a result of two factors:

- First, over the forecast period, Vaughan’s employment land density is likely to decrease because of the continued development of larger, more efficient and more automated industrial buildings, which result in employment densities lower than the current City-wide density; and
- Second, the employment density of existing areas, particularly the larger and somewhat older areas in central Vaughan will begin to decline.
- Most employment areas follow a pattern of maximizing employment densities when first built, and then after a couple of decades begin to decline in employment density as buildings age and the use of space changes. This is referred to as “declines in the existing base” and in our view is a key factor to be considered in long-range planning.

City of Vaughan Employment Land Supply

-  EMPLOYMENT AREAS
-  Occupied
-  Retail
-  Other
-  Residential
-  Vacant
-  Urban Valley Lands



Source: Hemson Consulting Ltd. based on the City of Vaughan GIS Department and City of Vaughan 2007 Ortho Photograph.
 Note: This map is dated year-end 2009.

The Province, in its background report on employment lands notes that:

The manufacturing sector is expected to continue to be a major contributor to the economy of the Greater Golden Horseshoe and the whole of Ontario. Productivity is expected to continue to grow in this sector, primarily due to new technologies and increases in production efficiencies. Research shows that the Greater Golden Horseshoe is following North American and global trends of building bigger and more efficient industrial facilities that house fewer employees, particularly in the logistics and distribution sectors. So, even as employment density (jobs per hectare) in manufacturing declines, it is expected that this important economic sector will continue to generate significant land demand.¹

3. Even at Relatively High Employment Densities, the City Will Face a Shortage of Employment Land

The nature of the GTAH economic base is such that a significant share of employment is accommodated in large, land-extensive, single-storey, industrial-type buildings on employment land. This built form is related to the structure of the GTAH economy and is not anticipated to change rapidly or significantly through the forecast period.

¹ Planning for Employment in the Greater Golden Horseshoe Background Paper, May 2008, prepared by the Ontario Growth Secretariat, Ministry of Public Infrastructure Renewal, Province of Ontario.

Forecasting employment land need requires striking a balance between the policies seeking higher employment density and economic forces suggesting the opposite direction. The need for employment land in the City of Vaughan is therefore estimated using the existing density of 48 jobs per net hectare on currently developed lands and 50 employees per net hectare for the development of vacant lands between now and 2031.

While somewhat lower than other communities such as Richmond Hill and Markham, a density of 50 jobs per net hectare is slightly higher than other major employment land markets to the west in Mississauga, Brampton and Halton Region. These markets are comparable to Vaughan, although have a greater concentration of logistics and distribution uses which are characterized by a very low employment density. In our view, this approach represents a reasonable balance between economic forces which suggest a declining employment density over time and new Provincial and Regional policies which seek to increase employment densities.

In addition to assuming a relatively high future density, the calculation does not take into account any significant declines in the existing employment land base, nor does it account fully for the portion of population-related employment that typically locates on employment land. Should future development occur at lower densities, the need for employment land would be even greater.

Using a density of 50 jobs per net hectare for new development, it is estimated that demand for employment land will just slightly exceed the current supply in Vaughan, including the City-approved Highway 400 North lands. As shown in Table 12 on the following page, demand exceeds the current employment land supply by approximately 30 gross ha.

Estimated Capacity of Employment Land to Accommodate Growth, City of Vaughan, 2008 to 2031			
			Table 12
Existing Land Capacity	Occupied Employment Land, 2008	2,480	net ha
	Vacant Employment Land, 2008	900	net ha
	Highway 400 North Lands	<u>340</u>	net ha
	Total Employment Land, 2008	3,710	net ha
	Less Long-Term Land Vacancy (see note)	(0)	net ha
	Developed Land at Full Development	3,710	net ha
Employment Land Employment Capacity	Developed Land at Full Development (net ha)	3,710	net ha
	Employment Density (Existing)	48.0	jobs per ha
	Employment Density (New)	50.0	jobs per ha
	Employment Land Employment Capacity	180,700	jobs
Employment Demand	Employment Land Employment in 2031	181,900	jobs
	Employment Land Employment Capacity	180,700	jobs
	Requirements for Additional Land	1,200	jobs
Need for Additional Employment Land	Requirements for Additional Land	1,200	jobs
	Employment Density	50.0	jobs per ha
	Additional Land Need	20	net ha
	Total Land Need (in gross ha at 80% net to gross)	30	gross ha
Conclusion:	Given the nature of the data, the amount of growth forecast and the long planning horizon, the difference of 30 ha is minimal. It should not be interpreted as justification for additional urban employment land designations at this time beyond final approval of the planned Highway 400 North lands.		

Source: Hemson Consulting Ltd. based on information provided by the City of Vaughan.

Note: Consistent with the Region's analysis of employment land, long-term land vacancy has not been taken into account. Normally, Hemson would account for a long-term vacancy rate of 5% of the total land base.

It must be emphasised that the shortage of employment land shown in Table 12 is very small when considered within the context of the size of the City's existing supply and expected demand for employment land. The results of the analysis in Table 12 should therefore not be interpreted as a justification for additional urban expansion, but rather as an indication that the supply and demand for employment land in the City of Vaughan are in balance to 2031, as long as the Highway 400 North lands are given approval to proceed.

4. It Is Difficult to Change This Pattern Through Land Use Planning Policy

Many planners and policy-makers have suggested that the current pattern of low-density employment land development should be changed. Suggestions include increasing density or encouraging the intensification of existing areas, including the re-purposing of the standing building stock. As we have argued in other reports, these involve changes to the industrial market and both are exceptionally difficult objectives to achieve through land use planning.

Planning policy can regulate land and buildings, but cannot control the density of employment or the structure of the economy. Similarly, when municipalities face constraints to their employment land supplies, there is often the expectation that employment intensification will enable higher densities and reduce overall employment land requirements. This is also an increasingly common argument advanced in support of applications to convert employment land to other non-employment uses.

There is little evidence, however, to support this argument. In the past, the potential for employment intensification has been limited. There is no established economic base, i.e. a range of types of industries, for employment intensification, and the experience of most other communities in the GTA is that planning policy — if not in combination with significant public sector financial assistance — has a weak influence on employment land density or intensification.

5. Results Are Consistent With the Region of York's Updated Land Budget Analysis

As with the forecast of employment by type, the estimate of land need is also consistent the Region of York's updated land budgeting analysis. Under either the Region's forecasting work or analysis undertaken for this report, Vaughan will require current employment land designations as well as the Highway 400 North lands to 2031.

The Region's March 2010 land budget report indicates a need for approximately 380 gross hectares of employment land, which translates into approximately 300 net ha of employment land using a gross-to-net factor of 80%. The Region's work, however, excludes the approximately 340 net hectare Highway 400 North lands from the supply calculation. Including the Highway 400 North lands in the Region's work would also suggest that supply and demand are reasonably in balance.¹

¹ For details see York Region 2031 Land Budget, prepared by York Region Planning and Development Services, March 2010.

The City of Vaughan economy has performed well in the past and is well-positioned to continue performing well to 2031. One of the major reasons for the City's success has been a large and competitive supply of employment land, for which demand is anticipated to remain strong.

The City will need to maintain almost all of its current supply of employment land to take full advantage of future economic opportunities. If the density of future economic development is lower than anticipated in this analysis, additional employment land designations may be required through subsequent official plan reviews.

While additional lands may not be required at this time, substantially maintaining the existing employment land supply, including Highway 400 North lands, is required. As a result, major redesignations of employment land to other urban uses are therefore not recommended. Some minor changes, however, may be appropriate for site-specific reasons and these are discussed in the next chapter.