

In Association With



APPENDIX A -

Executive Summary of the Town of Markham Employment Lands Strategy – Phase One



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Executive Summary

The Town of Markham Will Remain a Market Leader for Business Attraction and Economic Growth for Years to Come

- The Town of Markham occupies a highly advantaged position within the regional, provincial and national economy.
- Markham has earned the reputation of being a progressive, forward-thinking, business-friendly community that is supported by a visionary economic strategy focused on partnership, innovation and talent. Markham has positioned itself clearly in the hearts and minds of business and the investment community as, *Canada's High Tech Capital*.
- Over the past twenty-five years, Markham has successfully capitalized on its strategic location just 25 minutes north of downtown Toronto. In doing so, it has attracted business investments from top-tier global firms, and is now the Canadian base of operations to some of the biggest, most successful corporations in the world.
- In addition to Markham's cluster of "blue-chip" companies, the Town is also home to a solid base of small and medium sized companies operating in a diverse range of industries, including those that serve local, domestic and international markets. Markham's business community is highly diverse. It includes business in virtually every sector, many of which are directly connected to, or are affiliated with, parent companies in the U.S., Europe or Asia.
- Markham is at the very forefront of the Greater Golden Horseshoe's (GGH's) transition into a globally-significant centre for information technology, innovation, business services and international trade. Any *smart* company looking to do business in the Toronto market will; almost certainly, consider the Town of Markham as one of its prospective locations from which to do business.
- The Town of Markham has a clear sense of itself, and its new economic development strategy, *Markham 2020*, released in 2008, is aggressively focused on driving new corporate investment by companies operating in the technology, health care, financial services and professional services/design industries. Markham also has its sites on expanding its market profile in the area of culture, entertainment, media and other creative based industries.

Markham Must Ensure that its Land Supply and Infrastructure Can Support Its Growth Potential

- Markham's ability to carry forward its well-established track-record of success depends, in large part, on the ability of new and existing companies to find or maintain business sites that provide a high-quality, engaging business environment for their employees.
- The challenge for the Town of Markham, over the long-term, is to ensure that there is a certain degree of balance between the supply of high-quality, competitively priced land which can support business formation; while at the same time, ensuring that existing and future employment areas are simultaneously supported by modern, high quality infrastructure, especially good quality transit. Increasingly, as the Town of Markham (and the region around it) grows in numbers, the availability of efficient and reliable public transit connected to key employment nodes will play a pivotal role in the decision making process of where businesses choose to locate.
- As Markham's residential base continues to grow over the next 25 years, it is fundamentally important that its economy grows in a measured response. While directing job growth and economic activity toward areas that have the highest opportunity to support transit remains a dominant theme in the Town's Growth Management Strategy, additional lands to accommodate new business and emerging industries over the same period are fundamentally important to ensure that a full range of job opportunities are available to Markham residents.
- The Town of Markham understands that a sustainable community is, first and foremost, predicated on the success of connecting Town residents with high-quality local job opportunities. But, Markham is not an island. It's an important regional node that attracts workers from a broad labour market. Improving local and regional transit opportunities that successfully connect its key employment areas with the broader regional labour market will be fundamental to Markham's stated interest in becoming a greener, healthier and more sustainable community.

Getting Ready for a Quarter Million Jobs in the Town of Markham

- Based on recent York Region Population and Employment forecasts (released in June 2008, and developed as part of the York Region Official Plan Update), the Town of Markham is projected to add approximately **139,000 new residents** and **90,000 new jobs** between 2008 and 2031.
- By 2031 Markham will need to physically accommodate a total of nearly 250,000 jobs.
- The ratio of jobs to people, referred to commonly as the *activity rate*, is expected to increase from 56% in 2006 to nearly 60% in 2031. From a growth management perspective, this means that job growth is expected to grow at a faster rate than population growth.

- Compared to other municipalities in the GGH an activity rate above 55% is already considered to be high. Expanding the activity rate upwards to 60% recognizes that the Town of Markham is poised to become an even more important employment node within Toronto's economy. The increase to 60% over the forecast period correctly reflects Markham's true economic potential, and also recognizes the physical capacity that it has to add a high number of jobs.

Markham's Industrial Areas are Integral to the Town's Success

- The Town of Markham's existing *industrial* areas (or "employment areas") are well-positioned to accommodate a significant amount of new economic growth. On-going investment by landowners and business in these areas over the next twenty-five years could involve infill of vacant or underutilized sites with new construction, as well as the adaptive re-use of older buildings with alternative and/or new types of economic activity.
- Mature employment areas in Markham such as Denison-Steeles, Risebrough and Thornlea are vitally important assets to the Town that will help strengthen the long-term competitive position the Town of Markham by providing affordable, timely and flexible options for new business to locate and existing business to expand.
- Markham's three major industrial-type employment land categories - *General Industrial Area (GLA)*, *Business Park Area (BPA)*, and *Business Corridor Area (BCA)* – provide a wide variety of land development and facility options for businesses engaged in manufacturing, wholesale, distribution, construction, research and development, software development, and business services.
- Markham's Business Park Areas are especially well-suited to accommodate large corporate head office-type functions, many of which provide a combination of administrative, product development, design, manufacturing, and distribution functions all under the same roof.
- In Markham, all three industrial land use categories support what is broadly known as **Employment Land Employment** (or ELE), which is now part of the planning lexicon under the Provincial Places To Grow Plan (the Growth Plan).
- It is estimated that approximately 35% of the Markham's total employment base (defined as jobs in Markham) is accommodated in buildings that are characterized as "industrial", "ground-oriented" or "multi-tenant/flex industrial" type buildings. In 2008, the Town of Markham supported about 55,000 ELE jobs. Based on York Region's employment projections, Markham's ELE employment base is expected to grow by nearly 31,500, reaching 86,500 by 2031.
- Over the longer-term, ELE growth is anticipated to grow at a healthy pace, reaching an estimated 107,400 by 2051. While the provincial growth plan does not require municipalities to

accommodate growth beyond 2031, as part of this study, we have considered the long term capacity of Markham's land supply, and its ability to physically support on-going economic growth beyond the mandated 2031 planning horizon.

Major Office Buildings Are an Important Feature of Markham's Economic Landscape

- In addition to conventional industrial-type employment, Markham also has similarly large share of its employment base engaged in white collar occupations – that is, jobs found within in major office buildings.
- In 2008, Major Office Employment (or MOE) represented about 34% of all jobs in Markham. Based on York Region's estimates, the Town currently supports about 53,000 jobs in office buildings that are larger than 10,000 square metres.
- Based on York Region's long-range projections for Markham, MOE is expected to reach nearly 89,000 jobs by 2031; continuing to grow upwards to an estimated 115,500 by 2051.
- By 2016, it is expected that the number of jobs within major office buildings in Markham will, for the first time, exceed the number of jobs within more conventional, low-rise, industrial-type buildings.
- Over the 2008 – 2031 forecast period, it's anticipated that the number of MOE jobs in Markham will grow by nearly 36,000 jobs. In physical terms, this translates into approximately 1.0 million square metres (10.7 million square feet) ¹ of new office space. For illustrative purposes, 1 million square metres is roughly comparable to *five* First Canadian Place² office towers; or, conversely, about the same amount of office space that exists today. In effect, Markham will need to double the size of its inventory to accommodate growth.
- At the present time, approximately 90% of Markham's major office jobs are in buildings located in the Town's industrial business park areas– particularly sites in the general vicinity of Highway 404 and Highway 7 (including the Allstate Business Park and Commerce Valley). The other 10% are located within the (emerging) Markham Centre area, Warden and Highway 407. Virtually all of Markham Centre's office employment is actually attributed to just three businesses: IBM, Honeywell and Motorola.
- The Markham Centre planning area, which is now designated as an *Urban Growth Centre* under the Province's Places to Grow Plan (aka 'the Growth Plan'), and subject to on-going planning by

¹ Measured as Gross Floor Area (GFA) on the basis of 28 square metres GFA/employee.

² At 72 storeys, First Canadian Place located at King and Bay Street in Toronto is Canada's largest office complex at 200,000 square meters (2.2 million square feet) of office spaces.

the municipality and a small group of private sector landowners, is intended to be developed as the *primary* destination for Major Office Employment (MOE).

- The Langstaff area, which is also designated as an Urban Growth Centre under the Growth Plan, is intended to be developed with a significant office component.
- While this area will accommodate several new office buildings going forward, it is also quite likely that other competing uses in Markham Centre – particularly residential - will exert some development limits on the overall amount of office space that can, and will be achieved at this particular location. Going forward, it is strongly encouraged that the policies in the Town’s new Official Plan provide direct support, as well as clear incentives and inducements to actively encourage, facilitate and expedite the development of office buildings in Markham Centre to the very full extent possible. Such policies should also be applied to redevelopment sites along Highway 7 and Yonge Street (or Key Development Area), where high density office development can also be achieved. Particular focus should be placed on the development of office uses within walking distance of major transit services - both existing and proposed.
- It is our view that Markham Centre will, over time, evolve into a highly specialized office node, providing opportunities for larger companies to build high-profile signature-type buildings. However, in order for Markham Centre to achieve its full potential, the Town will need to carefully consider new land use policies that help to level the playing field with competing locations that can also support office development. Innovative parking solutions and expanded transit service will be critically important to the successful take up of moderate to large amounts of office space in Markham Centre. Without direct local and regional policy support, however, Markham Centre could potentially build out predominately with residential-type uses.
- Notwithstanding the opportunities in Markham Centre, it is our view that the traditional business park areas of Markham will continue to support the highest number of office jobs - accounting for somewhere in the order of 75% to 90% of the total MOE in the Town by 2031.
- Under our “reference” employment forecast ³ we anticipate that Markham’s 1.0 million square metres of new office space would be relatively evenly distributed between:
 - Markham Centre and under-utilized, non-business park parcels along Highway 7 and Yonge Street (47%), and
 - vacant lands in the Business Park Areas of the Town (53%).

³ Reference Forecast for employment land requirements assumes that share of major office employment in Markham’s industrial areas will decline gradually from its current level of 90% down to 75% by 2031.

- Development and physical accommodation of new MOE jobs based on typical space yields of 28 sm GFA/employee) would stimulate the development of nearly 475,000 square metres (5.1 million square feet) in Markham Centre plus other Key Development Areas, and 525,000 square metres (5.7 square feet) within existing more traditional business park areas.
- The development of 1.0 million square metres of office space over a 23-year planning horizon (2008 to 2031), translates into approximately 43,500 square metres (468,000 square feet) of new office space per year. This pattern of growth and development is generally consistent with building permit activity for new office construction in the Town of Markham over the past decade. Between 1996 and 2007, for example, new office construction has averaged about 50,000 square metres per year. For illustrative purposes, annual growth of 43,500 square metres would generally translate into three to four new office buildings per year.

Commercial and Institutional Job Growth will also play an important role in Markham's Economy

- While industrial and office employment make up large and important sources of economic growth, the Town will also need to accommodate a healthy share of jobs that can directly support the day-to-day needs of its rapidly growing population base.⁴ Jobs which directly support residents are commonly referred to as, Population Related Employment (or “PRE”). This category represents the third and final category of employment activity that must be considered as part of any long-term land need strategy.
- Population Related Employment (PRE) includes all jobs in government, healthcare and education. It also includes all jobs in retail, food services (restaurants), automotive sales and service, leisure and recreation, and places of worship.
- For the most part, PRE job growth is directly tied to population growth. Typically, PRE jobs grow at a rate commensurate with residential development. For definitional purposes, individuals that work at home are also included in the PRE category. But, for forecasting purposes, this segment of PRE must be excluded from our land needs calculations since these jobs are not supported by industrial, commercial or institutional land requirements.
- In 2008, PRE accounted for about 32% of Markham's total employment base. In total, just over 50,000 jobs within the Town were classified as PRE. This includes about nearly 12,000 individuals that worked at home. Between 2008 and 2031, our forecasts suggest that the total number of PRE jobs in the Town will increase by nearly 23,000 jobs.

⁴ According to York Region forecasts (prepared in 2008) Markham's population is forecasted to grow from 284,900 in 2008 to 423,500 by 2031. This represents an increase of 138,600 persons.

- Excluding the growth in work at home segment (which is conservatively estimated at 5,400 new jobs), the actual number of PRE jobs that will require some form of commercial, industrial or institutional land support is estimated at 17,500 new jobs. For long-range planning purposes, the Town will need to be assured it can physically accommodate this level of PRE job growth.
- Based on our analysis of prevailing employment patterns, approximately 15% of the Town's PRE jobs⁵ are situated within the Markham's industrial areas.
- While there are clearly PRE jobs in all three industrial categories, the Business Corridor Areas, by virtue of their orientation along key arterial roads, account for the largest share of PRE jobs on industrial lands.
- Over the forecast period, we have assumed that the share of PRE jobs on industrial lands will continue to represent about 15% of the PRE employment base. Our assumption takes into account that certain PRE uses will continue to seek out permitted locations within Markham's industrial areas where they can not only serve the needs of nearby workers (i.e. restaurants), they can also take advantage of more favourable (lower) rental rates compared to more conventional commercial sites. Moreover, we have also recognized that certain industrial sites in the Town offer highly attractive locational features in terms size, visibility and proximity to underserved and or growing residential neighbourhoods in Markham. This is a concern in regard to protection of industrial lands, because in many cases, the market opportunity for PRE development on some of the larger industrial sites (especially in the BCA category) can be more immediate and more supportive of PRE based developments.
- Based on our forecasts most of the new PRE jobs within industrial areas will be related to either retail, personal services and restaurants (accounting for approximately 990 new jobs); and automotive related businesses, such as vehicle dealerships and repair services (accounting for approximately 1,100 new jobs). Together these two categories will make up about 90% of the PRE jobs on employment jobs. The remaining 10% will relate to education, day care, leisure/recreation facilities and places of worship. In total, PRE jobs on industrial lands will account for just over 2,300 new jobs over the 2008 to 2031 forecast period.
- The bulk of new PRE jobs will be situated in other parts of Markham that are well-positioned next to/within residential areas, and which, from a land use perspective, can support new commercial and institutional activities as of right. Such areas of Markham would include:

- ***Institutional Sites*** (schools, hospital, government employment)

⁵ The 15% share is based on PRE jobs net of those that work at home. In other words, it is 15% of PRE jobs that take place outside of the home on commercial, industrial and institutional lands.

- **Markham Centre** (retail, services, restaurant, private healthcare, government, community and leisure)
- **Key Development Areas on Highway 7 and Yonge** (retail, services, restaurant, private healthcare and leisure)
- **Vacant commercial sites** (retail, services, restaurants, private healthcare and leisure)
- In total, we estimate that the Town of Markham will need to physically accommodate **about 14,350 new PRE jobs on non-residential/non-institutional lands over the 2008-2031 planning horizon**. The commercial lands in the Town of Markham are expected to play a significant role in accommodating these new PRE jobs. Our best estimates suggest that:
 - approximately 8,100 new PRE jobs (56%) will need to be accommodated on the vacant commercial sites over the forecast period;
 - 4,000 PRE jobs (28%) will need to be accommodated within Markham Centre (and underutilized sites along Highway 7 and Yonge Street, including new PRE retail uses in the Markham portion of the Langstaff Gateway); and
 - 2,300 (16%) will need to be accommodated on industrial lands.
- New commercial and institutional development will be required to support PRE job growth, and to ensure that future residents are adequately served by local shops and services. As part of the strategy we considered the physical space requirements, the land requirements as well as the per capita space ratios that would be needed to support an additional 138,600 new Markham residents over the 2008-2031 periods.
- Based on our analysis of existing and future conditions we have determined that Markham should be planning for a net, total increase in the order of 500,000 to 600,000 square metres (5.2 to 6.5 million square feet) of commercial space to support employment growth over the 2008 to 2031 planning horizon.
- Markham Centre, Highway 7 and Yonge Street, including Langstaff Gateway are intended to be built-out with complementary, street-related commercial space. Our estimates suggest that these areas, on a combined basis, should support approximately 140,000 to 155,000 square metres (1.5 to 1.7 million square feet) of new PRE space. This is approximately 25% to 28% of the total new PRE space required in the Town.
- Markham Centre, for example, is now being planned to accommodate upwards of 40,000 new residents. These new residents will need to be served by new, complementary PRE commercial businesses. Using a conservative estimate of 25 square feet (2.3 square metres) per capita for

local/convenience oriented merchandise and services (i.e. food, pharmacies, restaurants, personal services, etc.), 40,000 residents stimulate the development of close to 1.0 million square feet (95,000 square metres) of new space. Additional retail/service space would also be supported in Markham Centre by a substantial influx of new office workers.

- While intensification will play an important role in the accommodation of new PRE/commercial space, the majority of PRE growth will ultimately be directed to Markham's vacant commercial sites.
- The Town of Markham currently has approximately 105 net hectares of vacant land designated for commercial development. This amount of land could realistically support, approximately 262,000 to 314,000 square metres (2.8 to 3.4 million square feet) of built space, assuming a build to land coverage factor ranging between 25-30%.
- Recognizing that there is typically one retail/service commercial job for every 400 square feet (37.2 square metres) of built commercial space, **Markham would require somewhere in the order of 300,000 square metres (3.2 million square feet) of new space to support 8,100 new PRE.** This is comparable to the amount of commercial space which could be supported on 105 hectares of vacant land identified above. On this basis, Markham's existing commercial land supply could physically support, all the new retail development warranted by growth to 2031.
- The existing supply however is extremely "tight" and would likely not allow for an adequate provision of vacant commercial land over the duration of the 23 year forecast period. Moreover, the type of commercial space which could be integrated into these areas may be limited by various competing development interests, since much of the vacant land is actually designated as a Community Area which provides for mixture of uses, including medium and high density housing.
- As a strategy, Markham should continue to encourage the timely development of complementary commercial facilities as part of the secondary and community planning process. Based on best practices, we suggest that future commercial facilities in Markham should be planned and evaluated on the basis of 35 to 45 square feet per capita.
- Over the planning horizon, as new residential areas in Markham come on stream it is recommended that the Town encourages developers to make adequate provisions for new retail and service commercial space. While the amount of commercial space will vary according to the presence of existing and proposed commercial space in the local area, applications for new commercial development should clearly demonstrate that there is sufficient market support at the location proposed; and that such facilities will not impact the planned function of other parts of the Town's commercial hierarchy, especially strategic nodes such as Markham Centre.

More Jobs Will Necessitate More Intensive Use of Existing Employment Land

- While Markham can reasonably accommodate all of its PRE-type employment within its vacant commercial land supply and use PRE to guide mixed use in Markham Centre, Langstaff Gateway and elsewhere; our analysis clearly suggests that Markham's industrial areas will require more careful attention. It is our view, that the amount of employment growth being planned over the long term will require the Town to make strategic additions of new land which are capable of supporting a diverse range of economic activity.
- The Town of Markham currently has an industrial (employment) land supply of approximately $\pm 1,525$ net hectares - of which, approximately $\pm 1,040$ net hectares are occupied, and ± 485 net hectares are vacant or underdeveloped.
- Since the early 1980s, business interests in Markham have developed or "absorbed" about 830 hectares of industrial land. This translates into an average absorption rate of approximately 30 hectares per year. In more recent years, land development trends in Markham have compressed somewhat, falling to between 22 to 25 hectares per year.
- Assuming that future development patterns are carried forward at an annual rate of 25 hectares per year, and that all of Markham's industrial areas are fully-serviced on a timely basis, Markham's existing vacant supply of land (i.e. 485 net hectares) would be completely exhausted in less than 20 years. Even taking a more conservative approach whereby 20% of the existing vacant supply remains "structurally vacant" Markham's employment land supply would effectively be exhausted within 15 to 16 years.
- At the present time, the Town of Markham currently has less than 200 hectares of land which are zoned and serviced. These lands are commonly referred to as *market-ready industrial*. An inventory of 200 hectares, employing the same absorption levels, could potentially be exhausted in less than 8 to 10 years. There is now growing urgency to ensure that more lands in the Town are pre-zoned *and* serviced to ensure that the Town's competitive edge as a top-tier business location is preserved.
- While absorption is one way to evaluate future land requirements, there are some important limitations to this approach, especially when planning over a long time frame. The key problem with the absorption methodology is that it fails to capture the changing role that a municipality plays within a regional employment market over time. For example, industrial lands that were once considered *peripheral* begin to play a more central role as population, highways, public transport and other new infrastructure are introduced.
- The Town has firmly established itself regionally (and *nationally*) as a significant employment cluster for a number of high growth sectors. In turn, this reputation has accelerated the level of interest in Markham as a leading location for business investment, especially for companies in

technology-intensive fields. Markham's profile as a business hot-spot has also helped accelerate residential activity as more workers and more business leaders choose to live in the community as well.

- In order for Markham to maintain this positive momentum, the business community will come to expect that a supply of equal - if not better – located lands is available, on an on-going basis, to support future investments. With a diminishing land base, however, investors will ultimately be faced with fewer and fewer “workable” development options. Over time, the sites that remain vacant are those that have some form of development impediment or constraint, such as a compatibility with a neighbouring use, fragmented ownership structures, lack of highway exposure, irregular parcel size, etc.
- The *preferred* method for calculating long-term land need is one that integrates employment growth and a variety of employment densities which are applied to different types of built forms.
- The research and analysis contained within this report strongly suggests that Markham's role as a major employment hub will continue to grow and evolve. Over time, it is fully expected that Markham will take on an even greater role as an *urban* office market in addition to the industrial market in which the Town has competed successfully for many years. Markham will need to maintain an adequate supply of land that is sufficiently large enough to physically accommodate a healthy share of combined ELE (industrial-oriented) and MOE (office-oriented) job growth over the next 25 years.
- The on-going importance of the manufacturing sector cannot, and should not, be overlooked in planning for the Town's economic future. Markham, because of its diversified economic base, and because of its international reputation as a top-tier business community, is precisely the type of place where the province's manufacturing base is most likely to flourish. Markham offers its manufacturing base a strong platform from which to build a successful future. The Town must ensure that it is doing everything possible to secure, protect and accommodate Markham's full economic potential.
- While the vacant employment land supply could “functionally” support the total amount of ELE growth, the net effect would be that no additional MOE or even PRE jobs (both of which are also poised for significant growth) could be physically accommodated in Markham's industrial areas. It is important to keep in mind that in 2008, about 90% of Markham's MOE jobs (or 47,800 office jobs) and about 15% of Markham's PRE jobs (or 5,100 retail/service commercial jobs) are situated on *industrial* land. On a combined basis, there are nearly as many MOE and PRE jobs on industrial lands as there are ELE jobs.

- Based on the analysis prepared in this report, Markham's employment areas will need to accommodate approximately 63% of all new jobs over the planning horizon.⁶ Such an analysis assumes that Markham Centre - along with other Key Development Area along Highway 7 and Yonge Street which can support commercial intensification - are built out expeditiously over the next 20 to 25 years, *and* that they are built at relatively high densities.
- Markham's vacant and developable employment land supply (estimated at 485 net hectares) will be an important, albeit diminishing aspect of Markham's ability to support and maintain high quality employment growth on a go-forward basis. Certain land development opportunities in Markham – such as the Buttonville airport lands, Cathedral, 404 North and the Markham East Highway 407 lands– provide excellent opportunities for business investment. But, these areas are not sufficiently large enough to entirely meet Markham's employment forecasts.
- It is our view that Markham's existing employment nodes, such as Denison-Steeles, Risebrough and Thornlea will continue to adapt and respond to cyclical changes in the economy; and that over time, these areas will play a major defining role in helping Markham to stimulate new entrepreneurial ventures, and attract new fledgling industries such as clean technologies and other emerging business opportunities. While new greenfield land development opportunities are required to accommodate economic growth, it will be equally important to manage the existing employment areas, and the quality of the building stock within them, in order to ensure that they can support a fully diversified economy.

The Town of Markham Needs More Than 400 Hectares of New Employment Land By 2031

- For analytical purposes we have “tested” the *total* land supply to determine whether Markham's existing industrial land base is sufficiently large enough to meet long-term growth requirements associated with 90,000 new jobs by 2031. In other words our analysis is predicated on the total $\pm 1,525$ net hectares of industrial land – rather than simply trying to apportion job growth to the ± 485 net available hectares capable of supporting future development
- The Town of Markham's employment areas are among the best utilized employment lands anywhere in the GGH. The Town of Markham's employment areas, excluding properties with major office building, support about 60 jobs for each occupied hectare. By way of comparison, Markham is much “denser” on average than a number of other leading “employment-rich” municipalities such as: Vaughan (47 jobs/ha), Mississauga (44 jobs/ha), Brampton (42 jobs/ha) and Oakville (40 jobs/ha). For long-range forecasting purposes we have assumed that Markham's employment areas, net of future major office development, will continue to accommodate employment activity at a rate of 60 jobs/net hectare.

⁶ Excluding work at home.

- The presence of major office buildings as well as population related employment within Markham's employment areas provides significant up-lift to the Town's overall employment density— particularly within the designated BPA and BCA lands. Our best estimate for 2008 indicates that the inclusion of MOE and PRE jobs in addition to ELE employment elevates Markham's average mixed density level to approximately **103 jobs per net hectare** (calculated as 107,600 jobs/1,040 occupied hectares).
- For long-range forecasting purposes, we have assumed Markham's employment lands are, and will continue to be, well-positioned to attract additional office development, and that these developments will continue to achieve higher job densities over time. For forecasting purposes we have assumed that Major Office development sites will be able to support about 280 to 285 jobs per net hectare.
- Based on Markham's current land supply estimate of 1,525 net hectares our calculations of future land need - including a very conservative 7.5% adjustment for "market contingency" ⁷ - suggests that the Town will reasonably require between 1,840 to 1,940 net hectares by 2031. In other words, even with the available designated vacant lands, including the potential represented by a possible redevelopment of the Buttonville Airport (approximately 48.0 net hectares) for business park purposes, Markham does not currently have sufficient employment land designated within the current settlement area to fully support its allocated employment growth to 2031.
- Markham will therefore require somewhere in the order of **315 to 415 net hectares of additional employment land** to adequately accommodate 2031 growth. On a gross land area basis (i.e. adjusting for additional lands needed to accommodate new roads, services, utility corridors, storm water management and other environmental features – calculated at net area x 1.25), the total amount of new industrial land would be in the order of **395 to 520 gross hectares of new land outside the current settlement area**. By way of comparison, this amount of land is roughly about the same size as the Denison-Steeles Employment Area which is now fully built out.

Markham Needs More Than 850 Hectares of New Employment Land To Accommodate Economic Growth to 2051

- Over the longer-term (2031-2051), the municipality will continue to require new land if it wishes sustain on-going economic growth opportunities over the next 40 years. Our best estimates suggest that Markham would require a total employment land supply of somewhere between 2,200 to 2,300 net hectares by 2051. Markham would therefore require somewhere in the order

⁷ Market Contingency is applied as a vacancy safeguard to ensure that there are lands available above and beyond what is immediately required to support current employment activity levels. A 7.5% market contingency is very low compared to what we would normally advocate. This rate has been used as a means to avoid any over designation of land.

of 680 to 787 net hectares of additional land. On a gross land basis this would be in the order of **850 to 980 gross hectares of new land *outside* the current settlement area.**

- A *Regional Land Budget* was recently developed by York Region (January 2009) as part of their Regional Official Plan conformity exercise, as required under the new Provincial Growth Plan.
- The Region is fully aware that several of its high growth local area municipalities (such as Markham) will require new urban land to support their on-going economic growth potential. The Region's own land forecast for Markham has arrived at a conclusion similar - specifically that the Town of Markham will require new employment lands between now and 2031 which are *outside* its current settlement area boundary. Specifically, the Region has identified a gross land need, exclusive of a "market contingency" for **437 developable hectares** of land outside the current settlement area to be set aside for *employment purposes* in the Town of Markham. The Region's numerical conclusions are generally consistent with analysis prepared above (i.e. 395 to 520 gross hectares of new land in Markham by 2031). The Region, however, has not yet identified longer-term land requirements (i.e. beyond 2031), but it is understood that additional land development capacity remains available above and beyond what is required for both community (residential and retail) and employment land requirements up to 2031.

Provision of High-Performance Employment Areas Will be Key to Accommodating Growth

- Markham's future employment areas should continue to build on the successful principles that have helped Markham establish a strong leadership position in the GGH market for developing high-quality, high-performance business areas. In many ways Markham's employment areas have helped "set the planning bar" for the greenfield development standards now included in Provincial planning policy (50 jobs/hectare).
- Outside of Markham Centre, Buttonville Airport represents one of, if not *the* strongest candidate sites in the Town to establish a large high performing business park area. Redevelopment of these lands (approximately 48 net developable hectares) could provide an excellent opportunity to concentrate a significant amount of future employment activity within a relatively well defined area that could be readily served by transit. Having said that, the development of the Buttonville Airport lands remains highly uncertain at this time. The decommissioning of the airport requires significant planning attention, and remains closely tied to a number of external forces, such as: (i) the advancement of the Pickering Airport over the long-term, (ii) the potential transfer of private aviation activities to Oshawa Airport on an "interim basis", and/or (iii) the ability of Pearson International Airport to adequately serve the commercial needs of private aviation interests on a short to medium term basis while Pickering Airport moves through the regulatory and development process. From a land use perspective Buttonville Airport should be protected and maintained as a priority employment development opportunity.

- Notwithstanding the potential for both Markham Centre and Buttonville Airport to accommodate new jobs, our analysis clearly indicates that Markham will still need *new land outside* the current settlement area to support its 2031 employment forecasts.
- The Town of Markham is looking to establish itself as a leader in the development of ecologically sustainable business environments. The Town is moving forward with District Energy facilities as well as specific waste diversion programs directed at industry. Markham's ability to stake out a clear leadership position in the sustainability arena – either through the development of a “best in class” eco-industrial business park or through the attraction of high profile pioneering companies in the fields of energy, recycling or advanced building material - has the potential to further elevate Markham's stature on a global stage as a centre of excellence for green industry and product innovation.
- The Town is also undertaking several studies in support of sustainability. The conclusions and recommendations of these studies will contribute to identifying sustainable practices to be applied in support of ecologically sustainable business environments.

So, Where Can Markham Logically Expand It's Industrial Land Base?

- The lands outside the current settlement area in Markham which are best suited for future employment uses are clearly those that are contiguous to the currently designated employment areas in the north end of the Town (i.e. the 404 North Employment Area). Lands which should be set aside for employment uses to meet 2021 and 2031 planning requirements should include all developable lands in the vicinity of 19th Avenue, extending easterly toward the Warden Avenue Corridor and southerly toward a corridor paralleling Elgin Mills Road.
- The addition of **350 to 400 net developable hectares** new lands in this area are considered beneficial for the following reasons;
 - *Critical Mass*: larger employment areas are generally more successful because they provide greater stability to users, and provide for greater flexibility in terms of developing a range of accommodation opportunities for business activities with differing site size requirements.
 - *Proximity to Highway 404*: the lands are well-positioned vis-à-vis Highway 404 which has been and continues to be the primary economic corridor of eastern York Region linking Markham, Richmond Hill, Aurora, Newmarket and Whitchurch-Stouffville.
 - *Labour Access*: the provision of new employment uses in North Markham will help improve the live/work relationship for not only Markham residents, but indeed much of York Region's workforce including those in Richmond Hill, Aurora, Newmarket and Whitchurch-Stouffville.

- *Transportation & Transit*: a large new employment node in this area has the potential to alleviate traffic pressures elsewhere in Markham, and would also help minimize the distance travelled by workers living in other built up areas of York Region, including Richmond Hill, Aurora and Newmarket. Employment in this area has the potential to reduce commuting distances and improves the capacity of Highway 404 by enabling counter-flow commuting patterns.

Markham Should Take a Long-Range View of It's Industrial Land Assets

- Provincial and Regional policies designed to better protect the rural landscape around Markham are now firmly in place. These new policies put clear physical limitations on where future urban growth in Markham will occur. The intent of the policies are to encourage smarter, better integrated and more compact communities that help reduce the need for excessively long commuting patterns.
- Based on our assessment of anticipated growth requirements in Markham, there is *now* a window of opportunity that exists to firmly and clearly establish the right amount of employment land in the best possible location. The time in which this window will remain available is uncertain. It is quite possible that if these lands are not “reserved” for employment, that other competing interests such as residential and retail may undermine the objective of achieving a healthy live/work balance in Markham.
- On this basis, it would be prudent to protect the Town's long term interest in accommodating future employment growth now, while at the same time maintaining the ability to make future adjustments over time which may be in the best interests of the Town.
- In light of Markham's on-going need for employment land, and in recognition of a *fixed* and *finite* amount of developable land outside the current settlement area, the Town of Markham should consider the possibility of establishing a new designation in its OP – one that formally protects between 400 and 500 gross hectares of *additional* land for long range employment purposes beyond the current 2031 planning horizon.
- Such a designation would both support and extend the underlying core planning principles of achieving balanced community growth not only in the short to medium term, but indeed well into the future. It is recommended that a *Long-Range Employment Land Reserve, 2031-2051* designation be considered for further study. It is suggested that lands placed in this designation would, in effect, be protected from any form of urban land development, save and except, any potential employment uses that cannot reasonably be accommodated in other parts of Markham, due to factors such as: size, location, compatibility or other mitigating circumstances. The *Long Range Employment Land Reserve, 2031-2051*, could remain in effect until a specified date, at which time the lands would either be formally be designated for employment development purposes, or maintained in their Long Range Employment Land Reserve Status. The opportunity to actually

convert these lands for alternative purposes (i.e. to residential or major retail) should be withheld until future planning has determined, the full extent of Markham's 2051 employment growth and land requirements.

- This designation is intended to provide a pre-emptive planning solution – one that seeks to avoid the need for future incremental additions to the land supply that could potentially involve sub-optimal or poorly located sites. At the same time, the designation would also ensure that the best remaining employment lands are not lost to residential and/or retail uses. The intent here is to avoid fragmentation of Markham's employment land supply. It is our opinion that the best lands will continue to be those that are (a) readily accessible to major 400 series highways; (b) connected to other employment areas; and (c) not cut-off or encumbered by intervening residential development patterns around them.

Markham Needs to Deal With Short-to Medium Term Employment Land Supply Issues

- Notwithstanding long-term employment land deficiencies, our analysis also demonstrates that Markham's current land supply may actually fall into a competitive shortfall position between 2016 and 2021. As a pre-emptive and short-term measure, Markham should support the addition of approximately 35 hectares new employment lands in the Cornell Secondary Plan, particularly the lands situated in the east, between Highway 407 and Highway 7. These lands, in our opinion, help establish a critical mass necessary for a viable employment node in East Markham - one that is tightly focussed around the Highway 407/Don Cousens Parkway interchange. Moreover, these lands have the potential to be developed as a unique, high-quality business park enclave – offering an attractive interface with Rouge Park, which is located immediately east of the site. Sites like these are indeed rare opportunities. There is an excellent precedent of lands which share similar location/site features that have been developed with quality employment uses. Lands in Mississauga adjacent to the Etobicoke Creek, for example are now home to HP, Bell, RIM and TD Financial Group.

The Town of Markham Should Resist Employment Land Conversions

- Past conversion of industrial lands, especially those well-suited to accommodating ELE and MOE jobs, to other uses have now impacted the supply of land for these employment types. In light of the employment land shortfall that exists, Markham should avoid any further conversions of its industrial land supply, including retail-based projects which seek to establish large format shopping facilities on parcels that are intended for conventional employment.
- Our analysis clearly demonstrates that Markham does not have sufficient industrial land to support its employment forecasts. Conversions of large tracts of industrial land to other uses only serves to exacerbate this condition, and ultimately accelerate the need to replenish these lands with new supply outside the current settlement area. The piece-meal conversion of portions of existing employment areas, such as along an 'edge' should also be avoided, since the effect of the conversion will create a climate for more conversions in the future.

A New Employment Land Policy Framework is Required in the Town's OP Update

Phase 2 of the Employment Lands Strategy will include the preparation of new planning policies for employment in Markham. Based on the work in Phase 1, we have identified the following policy proposals for consideration:

- While no major changes are recommended for the Business Park Area (BPA) designation, it is suggested that certain lands designated BPA should be reserved for only major offices uses. This can be achieved through modifications to the secondary plans and implementing zoning by-laws. The 'major office areas' would be focused on areas that are currently the site of only 'major office' uses and vacant lands at key intersections.
- There is a potential benefit in considering redefining the General Industrial Area (GIA) and Business Corridor Area (BCA) designations in order to better reflect the range of uses and transitions taking place within them, and to provide greater land use controls that prevent the encroachment of uses that should be located in other areas. To this end, a new designation is proposed for the Markham Official Plan - *Employment Area*. This designation would combine the GIA and certain lands within the BCA designations that provide a common and inter-related function. Use provisions in the new Employment Area designation would support a broad range of industrial based functions and business activities, including: manufacturing; wholesale trade; warehousing; storage; automotive, machinery and equipment repair; and only accessory retail and service commercial uses.
- There is also a need to reflect the fact that other lands now designated GIA and BCA as well certain lands in the Commercial Corridor Area (CCA) and Major Commercial Area (MCA) designations have, over the years evolved into more of a mixed use function. To this end, we are proposing consideration of a new designation - *Employment Mixed Use Area*. This designation would be applied to locations that have transitioned beyond conventional industrial functions, and/or which now include high concentrations of business that provide regional oriented services. It is our proposal too that these locations continue to be classified as *employment*.
- In reviewing the other commercial designations in Markham, we are proposing that most of the lands within the Community Amenity Area (CAA) designation and certain lands within the Commercial Corridor Area (CCA) designations be compressed into a single new designation, *Residential Mixed Use Area*. In addition there is also an opportunity to compress Major Commercial Area and Retail Warehouse Area into a single new designation called simply, *Retail Commercial*. Certain lands within the BCA designation could also be included within the new Retail Commercial designation.
- Consideration should be given to a new employment designation for Markham Centre that will help to support the creation of a broad range of uses that ensure that Markham can meet its density requirements on a timely basis as required under the Provincial Growth Plan. Major office buildings should be supported in Markham Centre, particularly on lands that provide good exposure to Highway 407 and the adjoining arterial roads and access to the wealth of higher order transit facilities that are planned. While major office uses are important from a density perspective, population related employment uses, namely institutional buildings and carefully planned retail amenities, will be an important aspect that will help shape the vitality and success of Markham Centre as a top-quality, master planned downtown area. The addition of residential

uses in Markham Centre will also assist in establishing Markham Centre as a key destination in the Region of York.

- Finally, Highway 7 is also intended to develop as a mixed use corridor supported fully by Viva Transit service improvements. Major office uses should be encouraged throughout the entire Highway 7 Corridor. Consideration should be given, at a minimum, to as-of-right major office permissions on all properties along the Highway 7 frontage particularly in key development areas; consideration to mandating office development at key locations may be appropriate.
- Consideration will be given to the policies for office uses on Yonge Street especially in the vicinity of subway stations and Yonge and Highway 407 in Phase 2.
- A more detailed analysis of the recommended changes to the Official Plan will be conducted in Phase 2.