

# City of Guelph

## Interim Employment Lands Update



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## **Executive Summary**

The City of Guelph retained Watson & Associates Economists Ltd. (Watson) to prepare an Interim Employment Lands Update. This study provides a review of regional and local economic/development trends which are anticipated to influence forecast employment growth on employment lands in Guelph. The analysis identifies forecast employment growth on employment lands and an assessment of long-term employment land needs through 2041, in accordance with forecast employment land demand and available employment lands supply.

This assignment updates key elements of the City of Guelph 2010 Employment Lands Strategy (E.L.S.) with respect to forecast employment growth and employment land needs in accordance with the 2017 Growth Plan for the Greater Golden Horseshoe (G.G.H.), while having regard for the recently adopted Guelph Innovation District (G.I.D.) Secondary Plan. The study also considers and recommends areas for employment land conversions from a planning and economic perspective.

The study will also serve as a background document to the City's 2017 Growth Plan for the Greater Golden Horseshoe (G.G.H.) conformity exercise, City of Guelph Official Plan review and Clair-Maltby Secondary Plan. This study is considered to be an interim update to support on-going planning work related to the City's Municipal Comprehensive Review (M.C.R.) process as set out in the 2017 Growth Plan and the 2014 Provincial Policy Statement (P.P.S). The key findings of this report are summarized below.

### **Summary of Report Findings**

Employment lands form a vital component of Guelph's land-use structure and are an integral part of the local economic development and employment growth potential. The City of Guelph has a relatively large, stable and diverse employment lands base highly oriented to manufacturing that has evolved significantly over the past decade with respect to the mix of uses and location of new development. Guelph has experienced strong employment growth and development activity over the past decade, about half of which was accommodated on employment lands. Over the period of 2011 to 2016, the City experienced relatively strong growth in office-based employment, and a rebound in employment growth in the industrial sector, which has been largely accommodated on employment lands.

Over the 2012 to 2016 period, employment lands absorption has averaged 8 net ha (20 net acres) per year, moderately higher than in the previous five-year period.

Structural changes in the broader economy are altering the nature of economic activities and built form on employment lands and impacting their character. Over the past decade, the composition of industrial development in Ontario has evolved, with less emphasis on the manufacturing sector and more demand oriented to large-scale industrial buildings housing wholesale trade, distribution and logistics. Market demand on employment lands has also been increasingly driven by growth in the “knowledge-based” or “creative class” economies, including employment sectors such as professional, scientific and technical services, finance, insurance, real estate, information and culture, health and education. With an increasing emphasis on these knowledge-based sectors, major office, flex office and multi-purpose facilities encompassing office and non-office uses are becoming an increasingly dominant built form. There is also increasing demand to accommodate employment-supportive commercial and institutional uses on employment lands, that offer amenities and services convenient to local businesses and their employees.

Strategically located within the west G.G.H., Guelph has a strong appeal to new businesses and residents. As the G.G.H. continues to exhibit strong growth and as more mature municipalities in the West G.T.H.A. continue to build out, Guelph is expected to see growing demand for employment land development over the coming decades. One of the most critical aspects related to the economic competitiveness of Guelph is the marketability and availability of its employment land base relative to the surrounding market area. It is critical that the City continue to plan for employment uses with consideration to shifting market demand and evolving trends.

Guelph has an estimated employment base of approximately 82,000 in 2018. By 2041, the City's employment base is forecast to reach approximately 101,100. This represents an increase of approximately 19,100 jobs from 2018, or an annual employment growth rate of 0.9%. Of forecast employment over the 2018 to 2041 period, employment lands employment is anticipated to account for 44% of total employment followed by population-related employment (45%) and major office (11%).

Over the 2018 to 2041 period, employment lands are anticipated to accommodate approximately 8,410 jobs (excluding major office employment), which is approximately 44% of the forecast employment growth for the City of Guelph. In addition, employment lands are anticipated to accommodate 30% of the City's major office employment growth to 2041. Employment growth on employment lands, including major office over the 2018 to 2041 period is forecast to accommodate approximately 9,000 jobs, or 47% of the City's employment growth.

Given the large established employment lands base in Guelph, a wide array of opportunities for intensification exists. Based on recent trends in intensification and the likely redevelopment of intensification opportunities identified, it is anticipated that 15% of Guelph's employment growth on employment lands over the 2018 to 2041 period will be accommodated through intensification. Adjusted for intensification, the City is anticipated to require an additional 192 ha (474 acres) of employment lands to accommodate forecast employment growth over the 2018 to 2041 period, based on an average density of 40 jobs per net ha (16 jobs per net acre). This represents an average employment lands absorption of approximately 8 net ha (20 net acres) per year.

A major factor in the future competitiveness of the City's economic base is the quantity and quality of its vacant employment lands. It was identified that as of year-end 2017, Guelph has a total of 464 gross ha (1,147 gross acres) of vacant designated employment land, including a net developable vacant employment land supply of 428 net ha (1,058 net acres). The majority of the vacant employment land supply is located in South Guelph within the Hanlon Creek Business Park and the South Guelph Industrial lands along with the G.I.D in the east end. Based on further review, it is recommended that the City of Guelph consider the redesignation of approximately 50 hectares (123 acres) of employment lands to non-employment uses. This includes the lands currently designated for employment uses within the Clair-Maltby Secondary Plan Area. Adjusted for the sites that have potential to be converted, Guelph's net developable employment land supply is 378 net ha (934 net acres).

In accordance with the forecast employment land demand (192 net hectares or 474 net acres) and identified vacant employment land supply (adjusted for the potential employment conversions), Guelph is expected to have a surplus of 186 net ha (460 net acres) of employment land by 2041. The results of this study suggest

that the City has a sufficient supply of vacant designated employment lands to accommodate forecast demand on employment lands through 2041.

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# 1. Introduction

## 1.1 Terms of Reference

The City of Guelph retained Watson & Associates Economists Ltd. (Watson) to prepare an Interim Employment Lands Update. This study provides a review of regional and local economic/development trends which are anticipated to influence forecast employment growth on employment lands in Guelph. The analysis identifies forecast employment growth on employment lands and an assessment of long-term employment land needs through 2041, in accordance with forecast employment land demand and available employment lands supply.

This assignment updates key elements of the City of Guelph 2010 Employment Lands Strategy (E.L.S.) with respect to forecast employment growth and employment land needs in accordance with the 2017 Growth Plan for the Greater Golden Horseshoe (G.G.H.), while having regard for the recently adopted Guelph Innovation District (G.I.D.) Secondary Plan. The study also considers and recommends areas for employment land conversions from a planning and economic perspective.

The study will also serve as a background document to the City's 2017 Growth Plan for the Greater Golden Horseshoe (G.G.H.) conformity exercise, City of Guelph Official Plan review and Clair-Maltby Secondary Plan. This study is considered to be an interim update to support on-going planning work related to the City's Municipal Comprehensive Review (M.C.R.) process as set out in the 2017 Growth Plan and the 2014 Provincial Policy Statement (P.P.S).

## 1.2 Employment Lands within the City of Guelph Context

Employment lands form a vital component of Guelph's land-use structure and are an integral part of the local economic development and employment growth potential. They are home to many of Guelph's largest private-sector industrial employers, and increasingly accommodate a large share of the City's "knowledge-based" sectors.

Guelph's employment lands include a mix of general employment and prestige employment lands accommodating a range of light and medium industrial uses, as well as increasingly office-based employment. Employment lands also

accommodate limited ancillary and accessory retail and service uses which generally support the industrial/business function of the area.

Employment lands in the City of Guelph are largely comprised of lands designated “Corporate Business Park” and “Industrial” in accordance with the City’s Official Plan. These lands are located primarily within Guelph’s Northwest Industrial Park, Hanlon Business Park, Hanlon Creek Business Park, South Guelph Industrial lands, and York-Watson Industrial Park, as well as the Clair-Maltby Secondary Plan Area. Employment lands also include lands designated “Institutional/Research Park” within the University of Guelph Research Park and land designated “Employment Mixed-Use” within the Guelph Innovation District.

Through the development of the employment land base, the City is better positioned to build a more balanced and complete community. Development typically accommodated on employment lands generates relatively strong economic multipliers (i.e. spin-off employment) that benefit Guelph directly and indirectly. In addition, employment land development typically generates high-quality employment opportunities, which can improve socio-economic conditions within the community. Furthermore, achieving non-residential growth adds to a community’s assessment base, which can help support lower residential taxes and higher municipal service levels. Employment land development also tends to produce more positive net fiscal benefits for the community than other types of development. Thus, a healthy balance between residential and non-residential development is considered highly important to maintaining the economic and fiscal sustainability of the City of Guelph.



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## 2. Macro-Economic Trends Influencing Employment Lands Development

The following provides an analysis of the macro-economic factors which are anticipated to influence regional and local employment growth trends and corresponding demand for employment land in the City of Guelph.

### 2.1 Trends in Provincial Economy

The Ontario economy is facing significant structural changes. Over the past several decades, the provincial economic base, as measured by G.D.P. (gross domestic product) output, has shifted from the goods-producing sector (i.e. manufacturing and primary resources) to the services-producing sector. Much of this shift has occurred during the past decade, driven by G.D.P. declines in the manufacturing sector which were most significant immediately following the 2008/2009 global economic downturn. In contrast, service-based sectors such as financial and business services have seen significant increases over the past several years.

While the Ontario economy has experienced a rebound in economic activity since the 2008/2009 downturn, this recovery has been relatively slow to materialize. That said, provincial G.D.P. levels have sharply rebounded since 2013 and are forecast to remain above the national average in 2018/2019. Stronger provincial economic growth is attributed, in part, to steady improvement in the economic outlook for the U.S. and an improving export market due, in part, to a lower-valued Canadian dollar.<sup>1</sup>

As the economy has shifted away from more traditional goods-producing sectors and towards a more services-based economy, there has been a trend towards more knowledge-intensive and creative forms of economic activity, which is evident across many sectors within both the broader national and provincial economies and within Guelph's local economic base. This trend includes growth in financial services, business services, health care and social services, education and advanced manufacturing. In planning for long-term growth, these sectors are

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<sup>1</sup> Valued at approximately \$0.80 U.S. as of February, 2018.

anticipated to be amongst the key growth areas of Guelph's knowledge-based economy.

While the performance of the provincial economy is anticipated to remain strong over the near-term, there are potential risks to the national and provincial economies which are important to recognize. More specifically, this includes risks with respect to the proposed renegotiation of the North American Free Trade Agreement (NAFTA), the adoption of more protectionist trade measures in the U.S., as well as other proposed changes to U.S. fiscal and industrial policies. Domestically, the housing market continues to pose a significant risk to the overall economy. The sharp rise in Ontario housing prices – particularly in the Greater Toronto and Hamilton Area (G.T.H.A.) – has contributed to record consumer debt loads and eroded housing affordability.<sup>1</sup>

## **2.2 Economic Trends in the Greater Golden Horseshoe**

The City of Guelph is located within one of the fastest growing Cities/Regions in North America, known as the Greater Golden Horseshoe (G.G.H.). In many respects Guelph's long-term economic growth potential is largely tied to the success of the G.G.H. as a whole. The G.G.H. represents the economic powerhouse of Ontario and the centre of much of the economic activity in Canada. With a robust economy and diverse mix of export-based employment clusters, the G.G.H. is highly attractive on an international and national level to new businesses and investors. In turn, this continues to support strong G.G.H. population growth levels largely driven by international and inter-provincial net migration.

Collectively, the population for the entire G.G.H. is forecast to increase from 9 million in 2011 to 13.5 million in 2041, while the employment base is forecast to increase from 4.5 million in 2011 to 6.3 million in 2041.<sup>2</sup> This represents a population increase of 4.4 million people (148,000 annually) and an employment increase of 1.8 million (60,000 annually). This represents a substantial increase in population and

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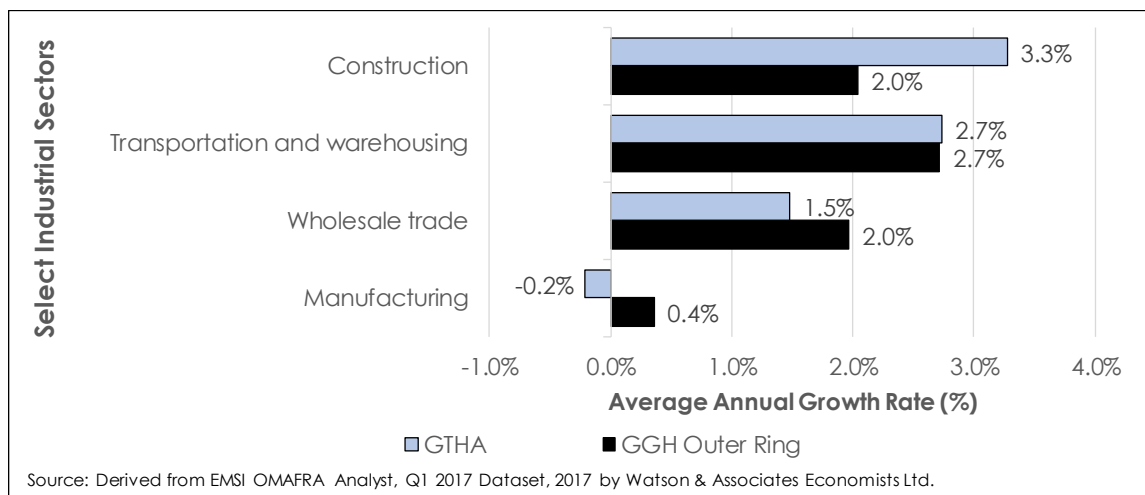
<sup>1</sup> Economic and Fiscal Outlook. Financial Accountability Office of Ontario (FAO). Assessing Ontario's Medium-Term Prospects. Spring 2017.

<sup>2</sup> Based on 2011 population and employment data derived from Greater Golden Horseshoe Growth Forecasts to 2041 – Technical Report (November 2012) Addendum by Hemson Consulting Ltd.; 2041 population and employment forecasts are based on the Growth Plan for the Greater Golden Horseshoe, 2017.

employment relative to other North American metropolitan regions of comparable population size.

Historically, population and employment growth rates have been somewhat stronger in the G.T.H.A. compared to the G.G.H. “Outer Ring.”<sup>1</sup> Over the 2011 to 2016 period, the G.T.H.A. achieved average annual employment growth of 1.7% compared to 1.4% in the G.G.H. Outer Ring.<sup>2</sup> Having said that, employment growth rates in industrial sectors and select “knowledge-based” sectors typically accommodated on employment lands have generally been stronger in the G.G.H. Outer Ring than in the G.T.H.A. As illustrated in Figure 1, employment growth rates in the construction, wholesale trade and manufacturing sectors have been higher in the G.G.H. Outer Ring than in the G.T.H.A., while growth rates in transportation and warehousing have been comparable. Within select “knowledge-based” sectors, the G.G.H. Outer Ring has also had relatively strong employment growth in professional, scientific and technical services as well as information and cultural industries, as illustrated in Figure 2.

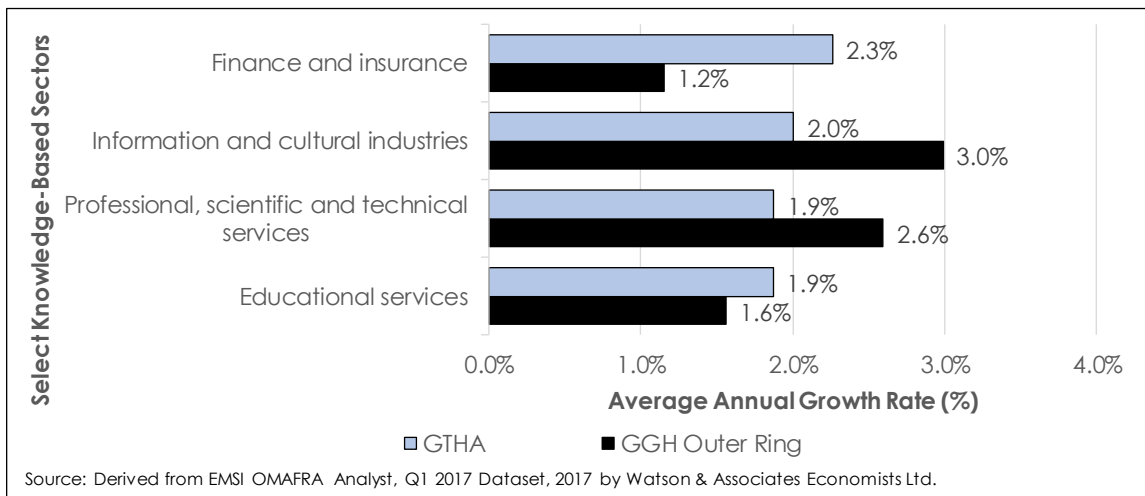
**Figure 1: Greater Golden Horseshoe Employment Growth by Select Industrial Sector, 2011 to 2016**



<sup>1</sup> G.G.H. Outer Ring refers to the area outside the G.T.H.A., including Wellington County, City of Guelph, Waterloo Region, City of Barrie, City of Orillia, Simcoe County, Dufferin County, Niagara Region, Haldimand County, Brant County, City of Brantford, Northumberland County, City of Kawartha Lakes, City of Peterborough and Peterborough County.

<sup>2</sup> Derived from EMSI OMAFRA Analyst, Q1 2017 dataset by Watson & Associates Economists Ltd.

**Figure 2: Greater Golden Horseshoe Employment Growth by Select Knowledge-based Sector, 2011 to 2016**



Over the 2018 to 2041 planning horizon, the share of population and employment growth within the G.G.H. is forecast to continue to steadily shift from the most populated urban municipalities of the G.T.H.A.<sup>1</sup> to the municipalities within the “G.T.H.A. countryside”<sup>2</sup> and the outer G.G.H. Overall, employment growth within the G.G.H. Outer Ring is forecast to grow at a slightly faster rate than in the G.T.H.A. over the 2016 to 2041 period.<sup>3</sup>

### 2.3 Trends in Employment Lands Development

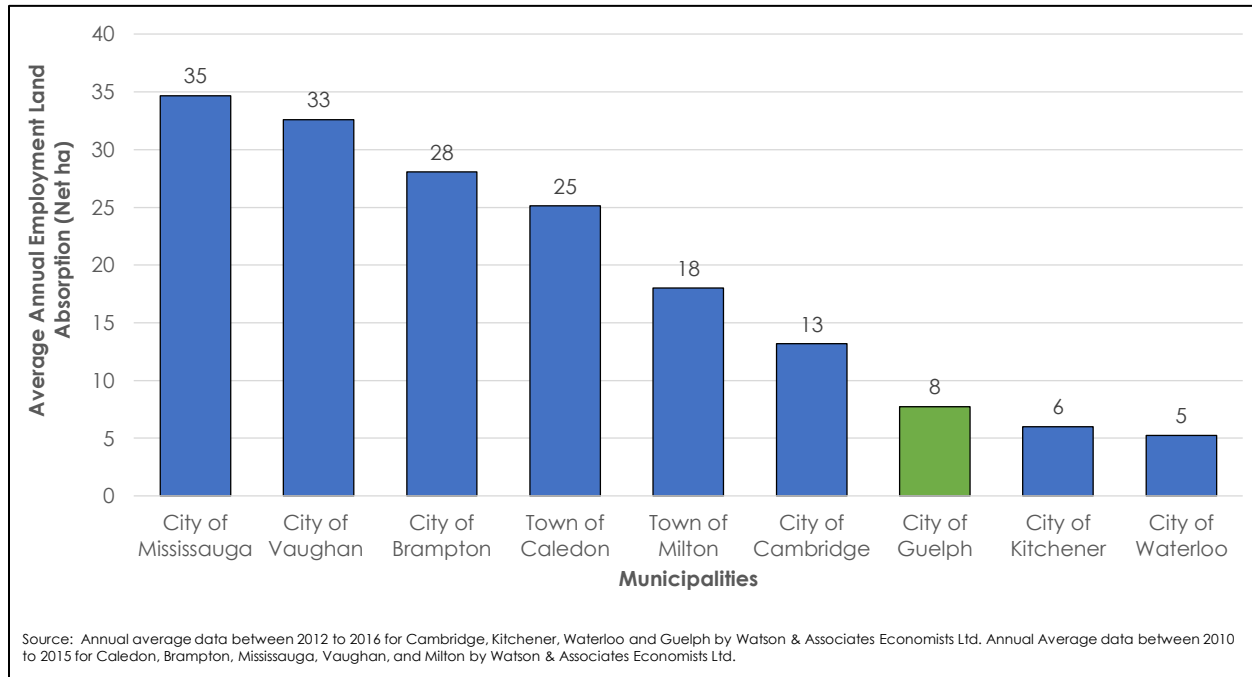
Over the past decade, employment lands development in the G.G.H. has been highly concentrated in southwest York Region and the West G.T.H.A. (Peel and Halton Regions). Figure 3 illustrates recent employment lands absorption trends by select West G.T.H.A./G.G.H. municipality. As shown, employment lands absorption has been strongest in Mississauga, Vaughan, Brampton, Caledon and Milton, with absorption averaging between 18 and 35 net ha per year, respectively. Employment lands absorption in the G.G.H. Outer Ring communities including Cambridge, Guelph, Kitchener and Waterloo has been more moderate, ranging between 5 and 13 net ha per year (12 and 32 net acres per year).

<sup>1</sup> Includes the City of Toronto, City of Hamilton, City of Burlington, Town of Oakville, City of Mississauga, City of Brampton, City of Vaughan, Town of Richmond Hill, City of Markham, City of Pickering, Town of Ajax, Town of Whitby and the City of Oshawa.

<sup>2</sup> Reflects all remaining G.T.H.A. municipalities not listed in the above footnote.

<sup>3</sup> Based on 2041 employment growth targets identified in the Growth Plan for the Greater Golden Horseshoe, the G.T.H.A. is expected to average 0.8% annual employment growth over the 2016 to 2041 period compared to 0.9% in the G.G.H. Outer Ring.

**Figure 3: Recent Average Annual Employment Land Absorption in Select Municipalities in West G.T.H.A./G.G.H. (Net ha)**



Over the past decade, employment lands absorption has been shifting from more mature municipalities such as Mississauga, Richmond Hill, Markham, and Burlington, to urbanizing G.T.H.A. municipalities with remaining vacant greenfield lands including Vaughan, Milton, Halton Hills and Caledon. Recent trends in the regional industrial real estate market indicate that G.T.H.A. suburban locations and G.G.H. Outer Ring communities including Guelph are well positioned to capture a growing share of development on employment lands in the future. As the larger urban areas of the North/West G.T.H.A. continue to mature and build out, increasing growth pressure is being placed on the remaining G.T.H.A. and G.G.H. Outer Ring municipalities which offer marketable development opportunities on employment lands.

Strategically located within the west G.G.H., Guelph has a strong appeal to new businesses and residents. This appeal is largely attributed to the City's geographic proximity to key regional infrastructure, including Highway 401 and regional transit (GO Transit), a large supply of serviceable greenfield employment lands, proximity to a skilled labour force, a high quality of life, and a number of post-secondary institutions within a 1- to 2-hour radius. Guelph's western G.G.H. location also offers proximity to the U.S. border and access to a number of major employment markets within southern Ontario and the U.S.

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## 2.4 Trends in Density on Employment Lands

Identifying future employment land demand and land needs is in part dependent on assumed forecast employment densities. Employment density on employment lands can vary depending on many factors, including type of land use, built form and site characteristics.

Average employment density levels on employment lands across many G.T.H.A./G.G.H. municipalities have fallen in the past decade. This has been driven primarily by the significant development activity in large-scale warehousing and distribution/logistics to serve the Goods Movement sector which typically generate relatively low employment levels per floor area of development. Further, increased automation in the manufacturing sector has led to declining employment densities in the sector, both within existing facilities and new developments.

Helping offset the decline in average employment densities on employment lands is the increasing share of non-industrial employment uses being accommodated on employment lands. In particular, the office sector is accommodated within multi-tenant and standalone office uses which have employment densities that are typically high. Office employment growth on employment lands also generates demand for on- and off-site employment amenities, which also tends to have an upward influence on employment density levels on employment lands. Further, higher utilization of land for industrial development, achieved through higher building coverage/F.S.I. (floor space index), has also helped stabilize employment densities. This high utilization of land has been driven largely by an appreciation in employment land values. These factors have influenced, and will continue to influence average employment density levels on employment lands in the G.G.H. and Guelph.

## 2.5 Planning for Employment Lands in the New Economy

Structural changes in the economy are altering the nature of economic activities and built form on employment lands and impacting their character. Over the past decade, the composition of industrial development in Ontario has evolved, with less emphasis on the manufacturing sector. While the manufacturing sector has contracted, there have been growth opportunities in other forms of industrial development. Post-recession (i.e. post-2009) industrial development has been largely oriented to large-scale industrial buildings housing wholesale trade,

distribution and logistics. This has been driven by increasing demand in the Goods Movement sector to store and manage the distribution/transportation of goods produced locally as well as goods imported from abroad, on lands with direct access to 400-series and other limited access highways.

Market demand on employment lands has also been increasingly driven by growth in the “knowledge-based” or “creative class” economy, including employment sectors such as professional, scientific and technical services, finance, insurance, real estate, information and culture, health and education. With an increasing emphasis on these knowledge-based sectors, office development is becoming an increasingly dominant built form.

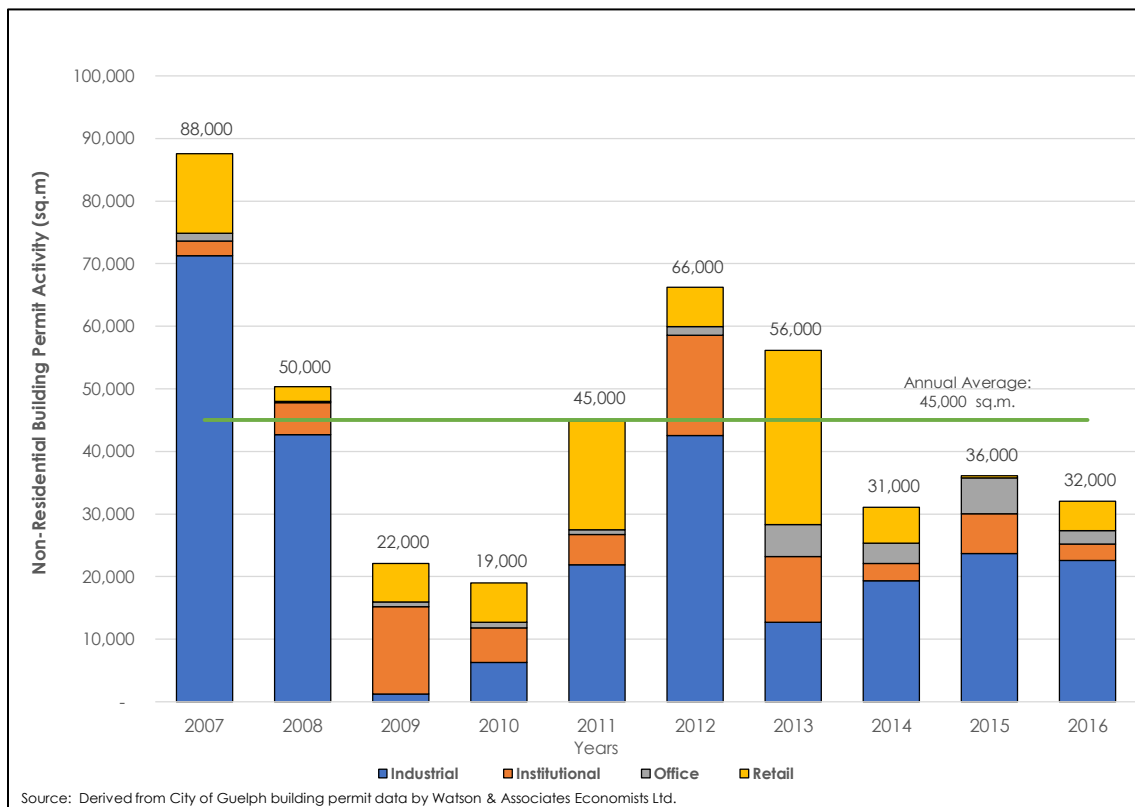
Development patterns are evolving in response to the needs of office tenants. The built form within Employment Areas is evolving to include a broader range of building typologies accommodating office-based employment. While major office continues to be a dominant built form, there is increasing market demand for flex office development and multi-purpose facilities encompassing office and non-office uses (e.g. R&D, training centres, wholesale trade) as well as campus style office development. Further, office tenants are increasingly looking for access/proximity to high-order transit and services/amenities, as well as environments that feature mixed-use development and offer opportunities for live/work. There is also increasing demand to accommodate employment-supportive commercial and institutional uses on employment lands, particularly in business parks, which offer amenities and services convenient to local businesses and their employees.

## 3. Guelph's Economic Structure and Growth Trends

### 3.1 Growth Trends

The City of Guelph has experienced steady employment growth and non-residential development activity over the past decade. Over the 2007 to 2016 period, the City accommodated an average of 45,000 sq.m (484,400 sq.ft.) of non-residential development activity annually, as illustrated in Figure 4.

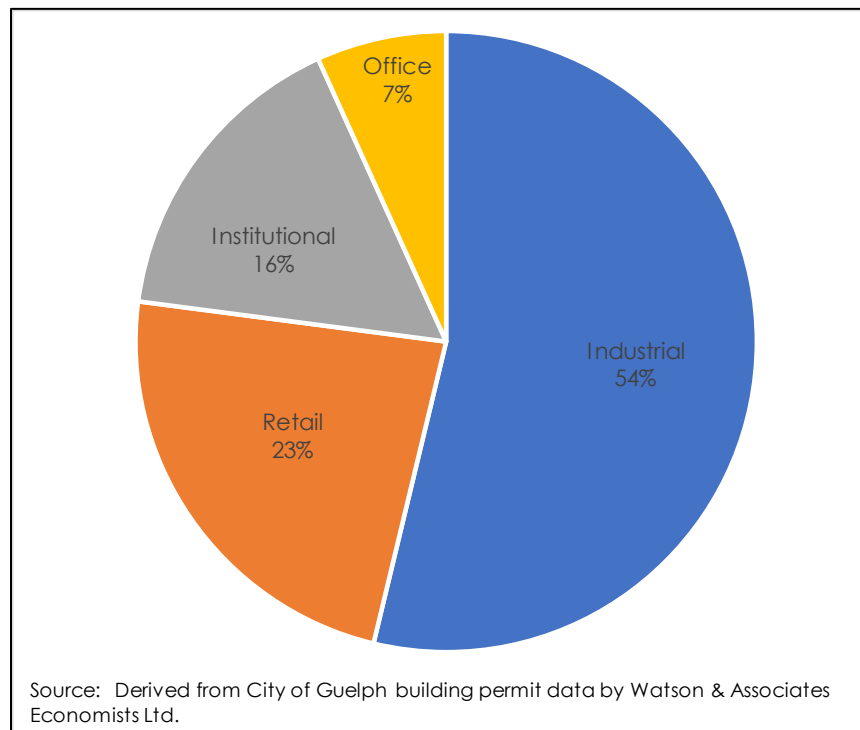
**Figure 4: City of Guelph, Historical Non-Residential Development Activity, 2007 to 2016**





Of the period, the majority (54%) was in the industrial sector, as illustrated in Figure 5. This is compared to 30% and 16% in the commercial and institutional sectors, respectively. The commercial sector component consisted of 23% retail and 7% office. From 2007 to 2011, there was an average of 44,800 sq.m (482,200 sq.ft.) of non-residential development activity. The following period from 2012 to 2016, experienced slightly lower non-residential development activity, averaging 44,200 sq.m (475,800 sq.ft.).

**Figure 5: City of Guelph, Non-Residential Development Activity by Major Sector, 2011 to 2016**



Over the 2001 to 2016 period, the City's employment base increased from 66,400 to 80,300, representing an increase of 21% or 14,000 jobs, as illustrated in Figure 6.<sup>1</sup> Over the period, employment growth within the City of Guelph averaged 1.3% annually. Over the same period, the City's population base increased from 109,900 to 136,400, representing an overall increase of approximately 24%.<sup>2</sup> Over the past

<sup>1</sup> Watson & Associates Economists Ltd. (includes No Fixed Place of Work).

<sup>2</sup> Population includes Census undercount of approximately 3.5%.

decade, the City's employment activity rate<sup>1</sup> has modestly declined, averaging 59% in 2016, as shown in Figure 6.

**Figure 6: City of Guelph, Employment Base and Activity Rate, 2001 to 2016**

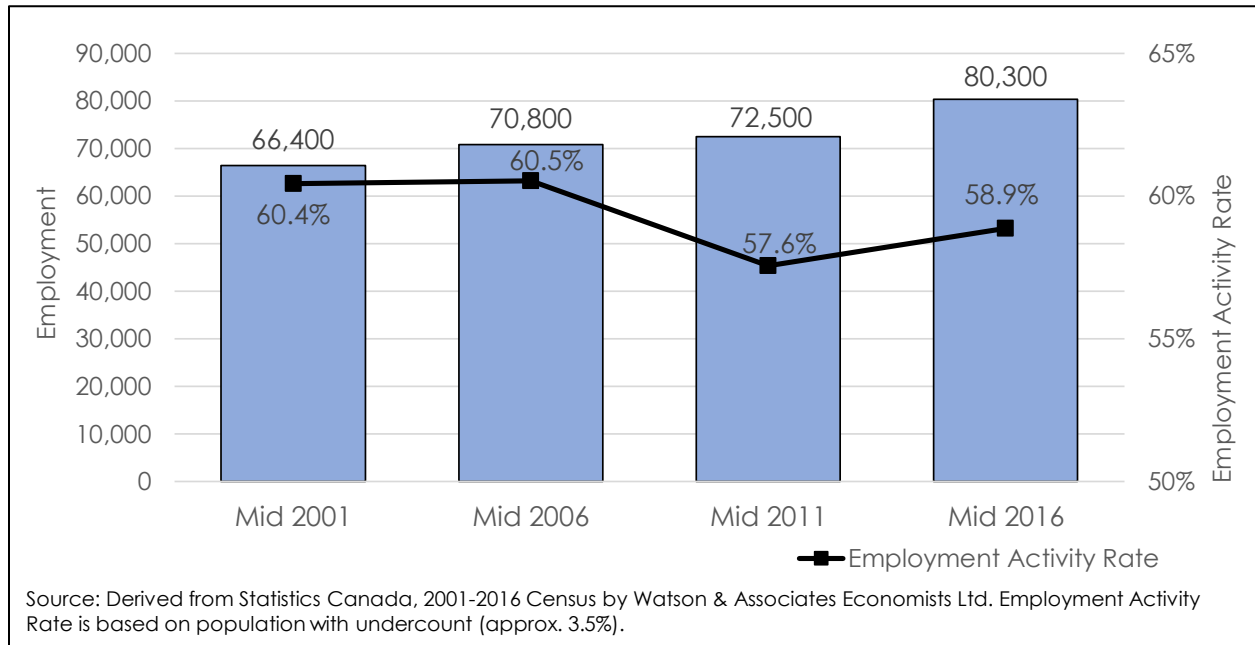
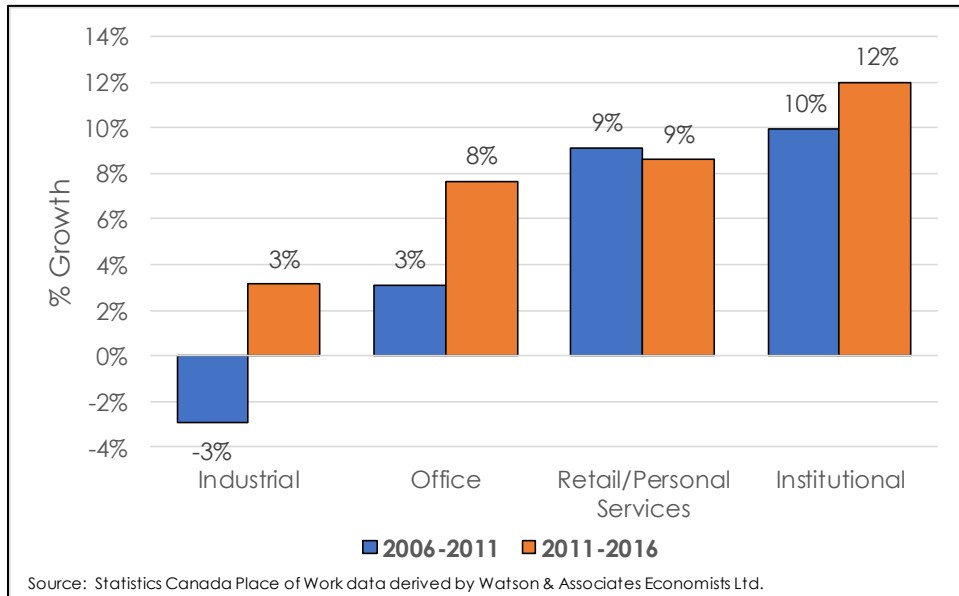


Figure 7 illustrates employment growth by major employment category over the 2006 to 2011, and 2011 to 2016 periods. As summarized, employment growth was concentrated in the institutional and retail/personal services sectors, totalling 27,700 and 27,600 jobs, respectively, over the 2006-2016 period. Over the same time horizon, the office and industrial employment sectors experienced employment growth with increases of 19,900 and 9,800 jobs, respectively.

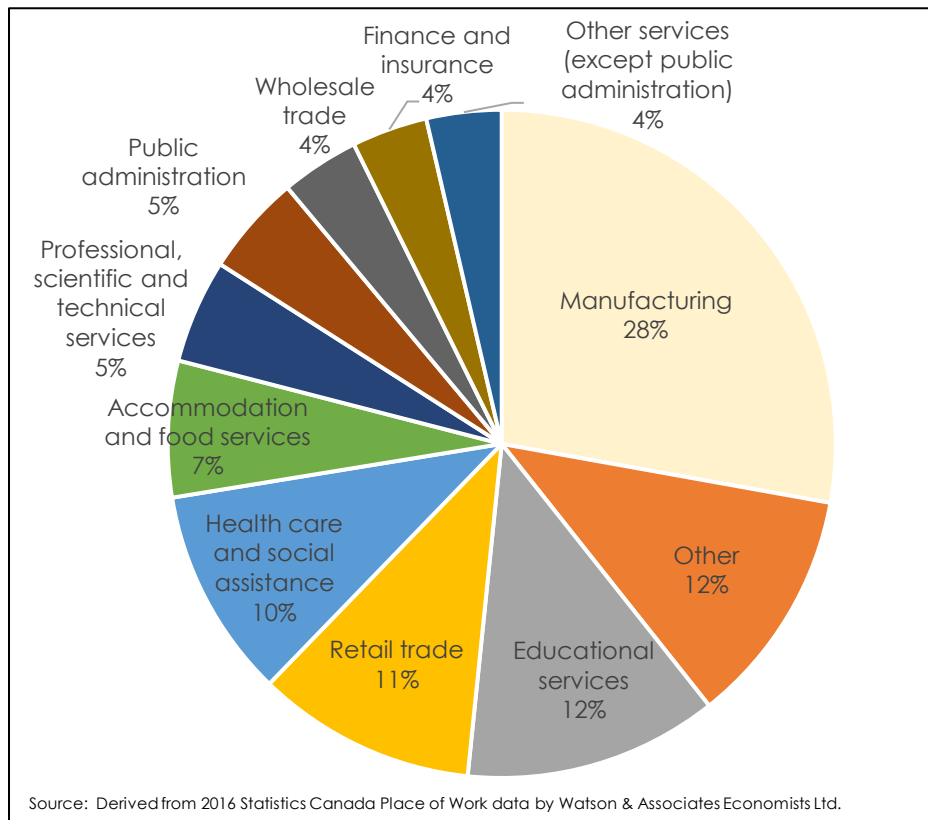
<sup>1</sup> An employment activity rate is defined as the number of local jobs in a municipality divided by the resident population.

**Figure 7: City of Guelph, Employment Growth by Major Sector, 2006 to 2011 and 2011 to 2016**



### 3.2 City of Guelph Employment Base by Sector

Figure 8 illustrates Guelph's employment base by sector for 2016. The largest sector in Guelph is manufacturing which accounts for 28% of the total employment base. Other key sectors in Guelph are educational services, retail trade, and health care and social assistance. While the goods-producing sectors still make up a large proportion of the employment base in Guelph, services-producing sectors, including accommodation and food services, and professional, scientific and technical services, represent a larger share of the employment base than a decade ago.

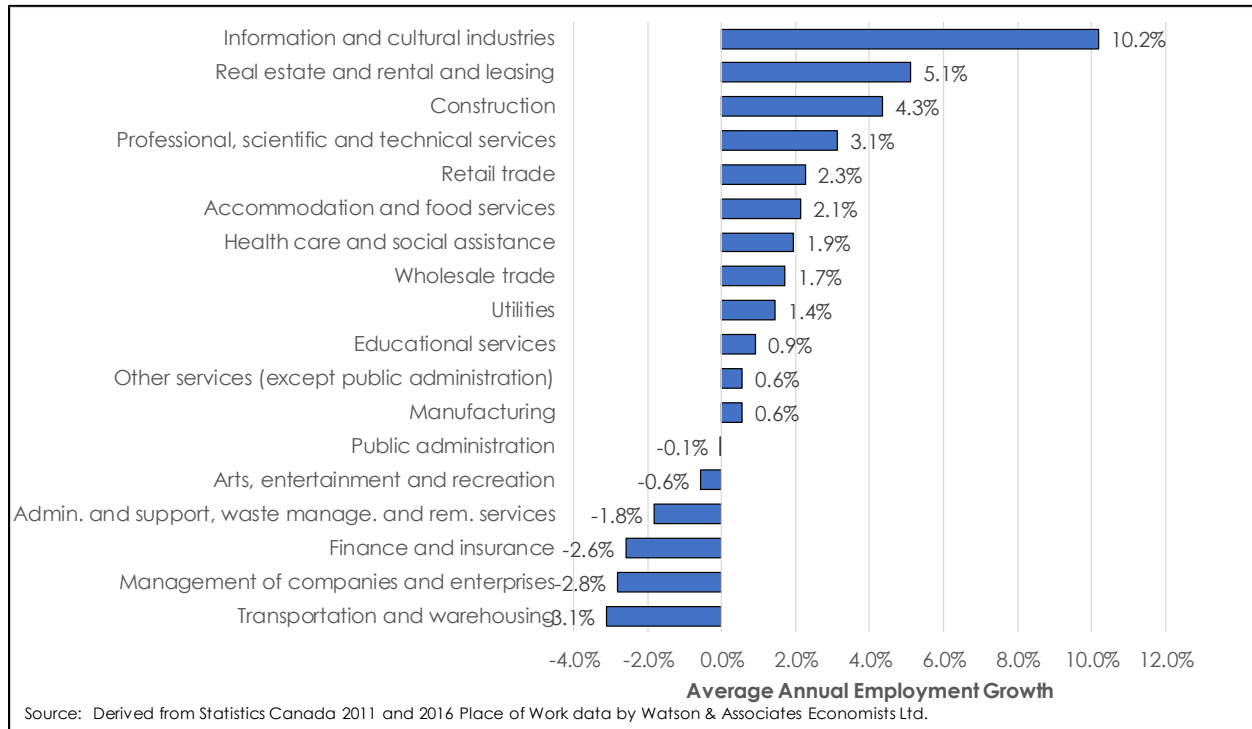
**Figure 8: City of Guelph, Employment Base by Sector, 2016**

### 3.3 Employment Growth Trends by Sector, 2011 to 2016

Similar to the provincial economy, the nature of Guelph's economy is changing. Over the years, the composition of Guelph's employment base has gradually shifted from the goods-producing sector to the services-producing sector.

Figure 9 illustrates the employment change by industry sector over the 2011 to 2016 period in Guelph. As shown, the fastest growing employment sectors were primarily in the services-producing sector, including information and cultural industries, real estate and leasing, and professional, scientific and technical services. Of the industrial sectors, construction, wholesale trade, and utilities exhibited the strongest employment growth during this period. In contrast, the manufacturing sector showed more moderate employment growth, while the transportation and warehousing sector exhibited a steady employment decline.

**Figure 9: City of Guelph, Average Annual Employment Growth by Sector, 2011 to 2016**



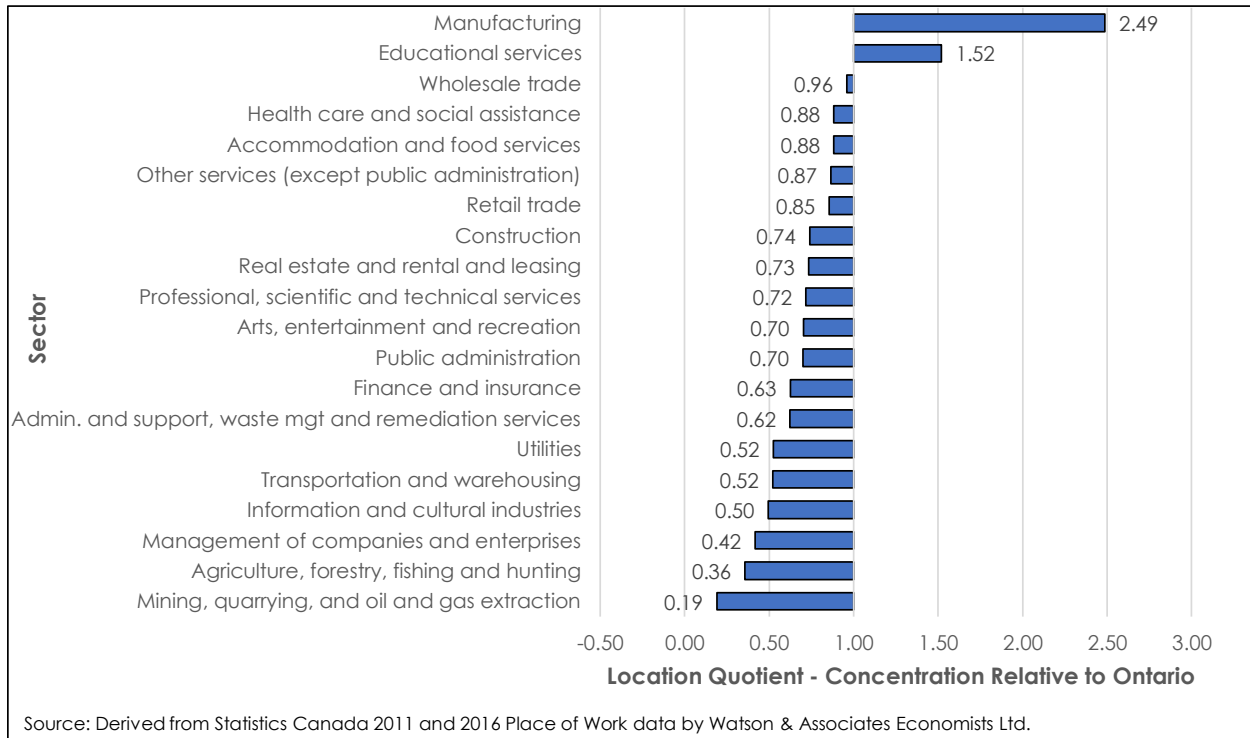
### 3.4 Industry Clusters in Guelph

Figure 10 illustrates the strength of employment sectors in the City of Guelph relative to the Province using Location Quotients (L.Q.).<sup>1</sup> As shown, Guelph's economy is largely oriented towards manufacturing, and educational services. Guelph has a relatively lower concentration of employment in all other sectors relative to the provincial average.

Guelph has demonstrated relatively steady employment growth in a number of sectors where it has a relatively high concentration of employment, including manufacturing and educational services. On the other hand, the City has experienced very strong employment growth in several sectors such as information and cultural industries, real estate and rental leasing, and professional, scientific and technical services, which have moderate concentrations of employment relative to the Province as a whole.

<sup>1</sup> An L.Q. of 1.0 identifies that the concentration of employment by sector is consistent with the broader employment base average. An L.Q. of greater than 1.0 identifies that the concentration of employment in a given employment sector is higher than the broader base average, which suggests a relatively high concentration of a particular employment sector or "cluster."

**Figure 10: City of Guelph, Location Quotient Relative to Ontario, 2016**



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## 4. Employment Lands Profile

### 4.1 Overview of Employment Lands

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

Guelph has approximately 640 net ha (1,580 net acres) of developed employment land with a large share in proximity to the Hanlon Expressway corridor in the City's south end and northwest, as presented in Figure 11. Guelph's employment lands accommodate approximately 2.1 million sq.m (23 million sq.ft.) of industrial space G.F.A.<sup>1</sup> Guelph's employment lands also accommodate a share of the City's office and institutional space.

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

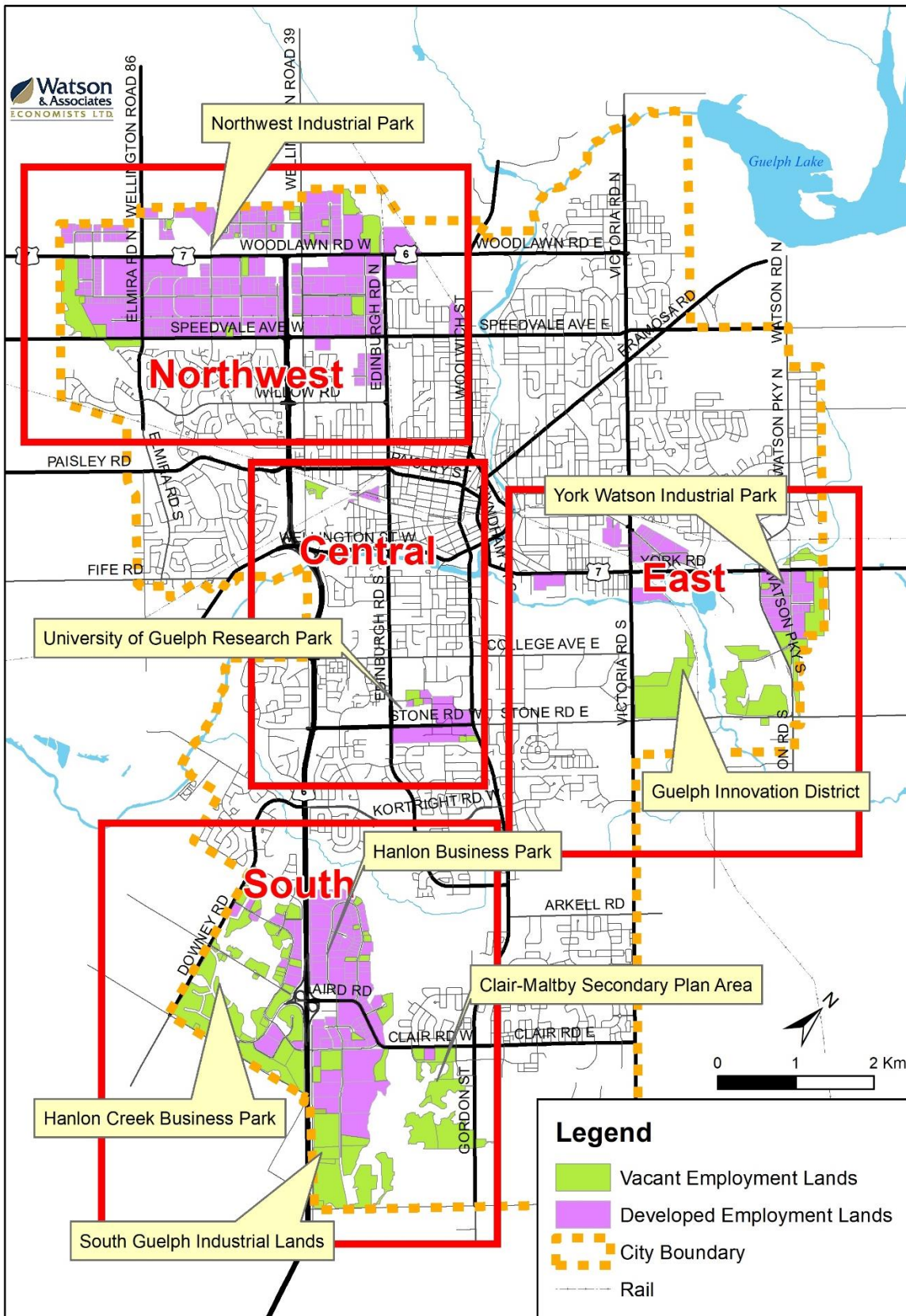
Guelph currently has approximately 50,200 sq.m (540,000 sq.ft.) of vacant industrial floor space, representing an industrial vacancy rate in Guelph of 2.1%.<sup>2</sup> Industrial vacancy has remained comparatively stable over the past five years. Guelph's relatively low industrial vacancy rate indicates that there is limited underutilized industrial buildings in the local industrial market.

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<sup>1</sup> Waterloo Region & Guelph, Industrial MarketBeat, Cushman Wakefield, Q3 2017.

<sup>2</sup> Ibid.

Figure 11: City of Guelph's Employment Lands





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The following provides an overview of Guelph's key industrial/business park areas.

### **Hanlon Business Park**

The Hanlon Business Park is located east of the Hanlon Expressway north of Clair Road. The park, which was municipally developed beginning in the mid-1980s, has a total land base of 141 net ha (348 net acres) and is largely built out. Hanlon Business Park has a significant employment base in advanced manufacturing, logistics/distribution and business services. Major employers include Sleeman's Breweries, Metalumen and Hammond Power Solutions. The Hanlon Business Park has a net land area of approximately 140 net ha (345 net acres) and is approaching buildout. While the park offers excellent proximity and exposure/visibility to the Hanlon Expressway as well as proximity to services and amenities including hotels and restaurants, it offers very limited opportunity for new development.

### **Hanlon Creek Business Park**

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

The park has direct access/visibility to the Hanlon Expressway which connects to Highway 401. The City has flexibility in the ultimate size and configuration of the developable lands, which is a great advantage since lands can be tailored to end users at competitive land prices. The park also features a large environmental reserve, which enhances the aesthetic appeal of the park.

### **Northwest Industrial Park**

The Northwest Industrial Park has Guelph's largest concentration of developed employment lands with approximately 1.3 million sq.m (13.8 million sq.ft.) of industrial space, accounting for more than half the City's industrial inventory.<sup>1</sup> The area

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<sup>1</sup> Cushman & Wakefield, Waterloo Region & Guelph Marketbeat, Industrial Q3 2017

accommodates a diverse range of employment sectors and is home to a number of the City's largest employers including Linamar Corporation, Polycon Industries, Johnson & Johnson, and Blount Canada Ltd. The area is well connected by Hanlon Creek Expressway and Highway 6/7 (Woodlawn Road). The planned new Highway 7 (limited access highway) connecting Guelph to Kitchener, which is currently in the design phase, is expected to enhance regional highway access to the area. The area is well served by a range of commercial services including restaurants and hotels located along the Woodlawn Road corridor. The Northwest Industrial Park is largely built out with some greenfield parcels remaining in the southwest. Some opportunities for expansions on existing developed sites and possible redevelopment also exist within this area.

### **South Guelph Industrial Lands**

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

### **University of Guelph Research Park**

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

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

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## **York-Watson Industrial Park**

The York-Watson Industrial Park is a general industrial area located in East Guelph to the southeast of Watson Parkway and York Road containing approximately 121,000 sq.m (1.3 million sq.ft.) of industrial space.<sup>1</sup> The area is home to manufacturing, wholesale trade and construction. The area has seen limited development activity over the past decade and is largely built out.

## **Future Employment Areas**

### Guelph Innovation District

The Guelph Innovation District (G.I.D.) is a planned mixed-use development, comprised of both employment and residential components focused on innovation, research and technology. The G.I.D. covers an area of 454 ha (1,120 acres) located east of the University of Guelph, adjacent to the university's arboretum lands. The large geographic area is bound by Victoria Road to the west, Stone Road to the south, Watson Parkway to the east and the Eramosa River to the north. The Guelph Innovation District Secondary Plan, which was adopted in 2014, identifies a buildout employment base of 8,500 and the area is expected to accommodate a significant share of the City's employment growth through 2041. With the intended uses and vision for the G.I.D., the employment lands component of the area is expected to accommodate an average employment density of 90 jobs per net ha (36 jobs per net acre).

### Clair-Maltby Secondary Plan Area

Covering an area of approximately 538 gross ha (1,329 gross acres), the Clair-Maltby Secondary Plan Area is the last remaining unplanned and undeveloped area within the City of Guelph. The area is located south of Clair Road and east of the South Guelph Industrial lands, extending south and east to the municipal boundary. The area includes 40 net ha (99 net acres) of designated employment lands that were previously part of the South Guelph Special Study Area and are now subject to the Clair-Maltby Secondary Planning exercise. In December 2017, City Council adopted the Recommended Conceptual Community Structure (C.C.S.) for the area. The C.C.S. provides an overall vision for the area which

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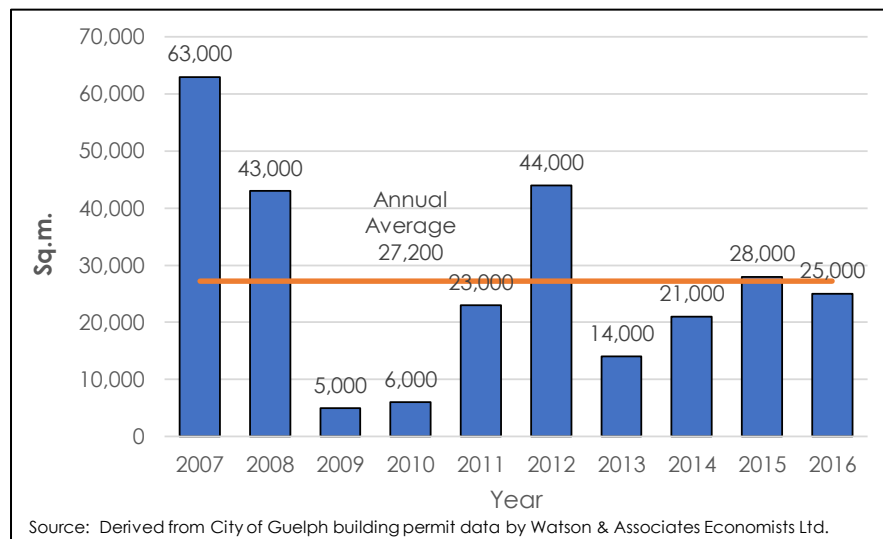
<sup>1</sup> Cushman & Wakefield, Waterloo Region & Guelph Marketbeat, Industrial Q3 2017.

identifies the area primarily residential in character, with commercial and mixed-uses along the Gordon Street corridors and potential for employment uses in strategic locations. Small-scale employment lands are identified within the southwest and southeast quadrants of the study area. The next phase of the secondary plan exercise will involve the development of more detailed development concepts.

## 4.2 Development Activity on Employment Lands

Figure 12 summarizes building construction (new and expansions) on Guelph's employment lands over the 2007 to 2016 period, expressed in G.F.A. (gross floor area). As illustrated, Guelph has averaged 27,200 sq.m (292,800 sq.ft.) of building activity on employment lands annually over the past decade. While development activity on employment lands has been relatively strong since 2011, activity has been below levels experienced prior to the global economic recession of 2009. Over the past five years, the majority of new development on employment lands has been accommodated in the Hanlon Creek Business Park as well as in the South Guelph Industrial lands.

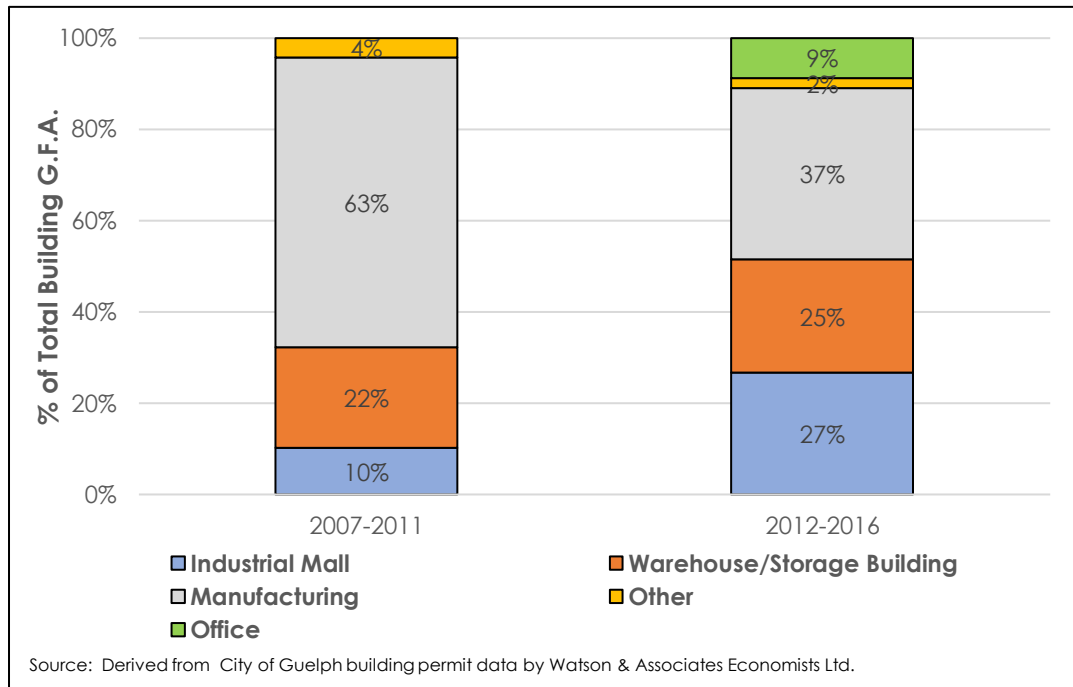
**Figure 12: City of Guelph Development Activity on Employment Lands, 2007 to 2016**



Historically, a large share of development activity on employment lands in Guelph has been associated with the manufacturing sector, but this has declined over the past decade. As illustrated in Figure 13, over the 2007 to 2011 period, 63% of development on employment lands was within the manufacturing sector, compared to 37% in the 2012 to 2016 period. Over the same period, office

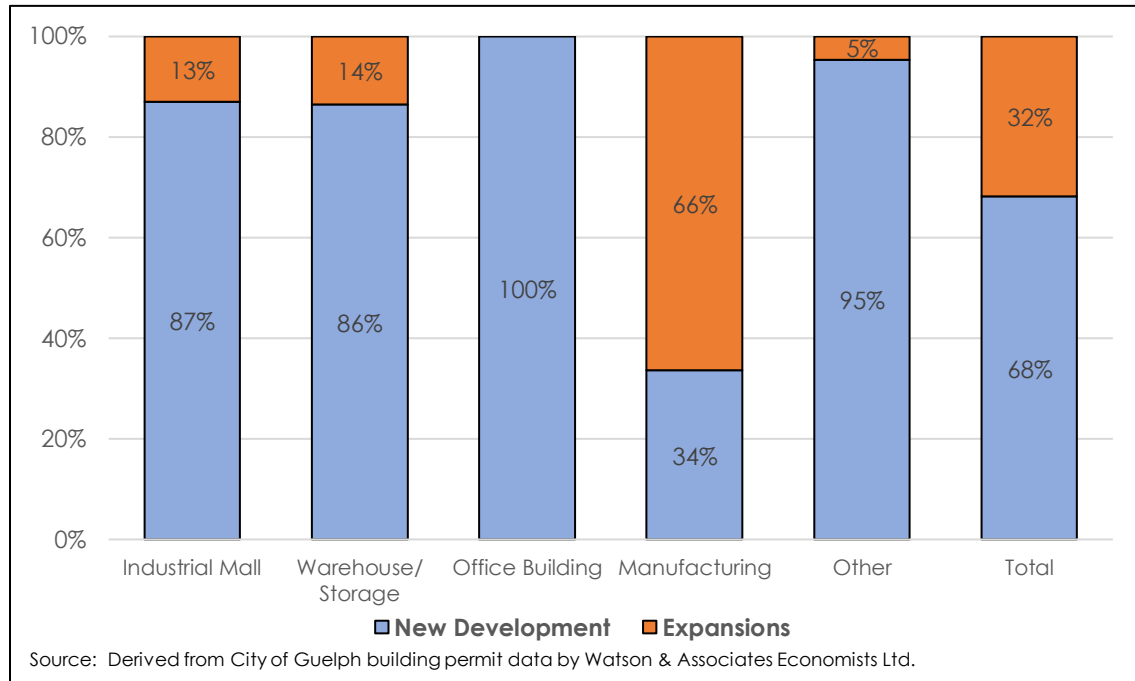
development and industrial malls (multi-tenant industrial buildings) experienced notable increases in share of total development on employment lands.

**Figure 13: City of Guelph Development Activity on Employment Lands by Sector/Land Use, 2007 to 2016**



Over the 2012 to 2016 period, expansions have accounted for a significant share of development activity, accounting for nearly two-thirds of building G.F.A., as illustrated in Figure 14. Expansions have been concentrated in the manufacturing sector (accounting for two-thirds of development activity in the sector), whereas expansion activity in other land uses/sectors has been more limited, as shown in Figure 14.

**Figure 14: City of Guelph Share of Development on Employment Lands  
New Developments vs. Expansions/Additions, 2012-2016**

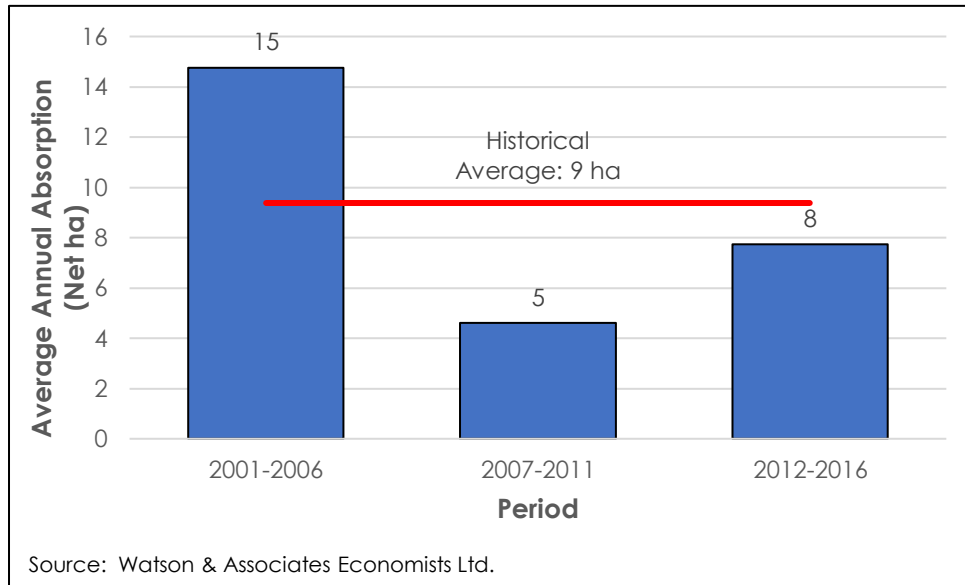


### 4.3 Employment Lands Absorption Trends

Figure 15 summarizes annual absorption on employment lands within Guelph over the past 15 years (i.e. 2001 to 2016). As illustrated, employment land absorption levels have averaged approximately 9 net ha (22 net acres) per year. Over the past five years, employment lands absorption has averaged 8 net ha (20 net acres) per year, which is notably higher than the average over the 2007 to 2011 period, but lower than the preceding five years (2001 to 2006).

As previously mentioned, the majority of recent land absorption has been concentrated in the Hanlon Creek Business Park and South Guelph Industrial lands. Approximately half of the employment accommodated on absorbed employment lands over the past five years has been in the industrial sector, compared to 23% within office-based sectors and 27% in other commercial sectors, as illustrated in Figure 16.

**Figure 15: City of Guelph Historical Employment Land Absorption, 2001 to 2016**



**Figure 16: City of Guelph Employment Growth on Absorbed Employment Lands by Major Sector, 2012 to 2016**

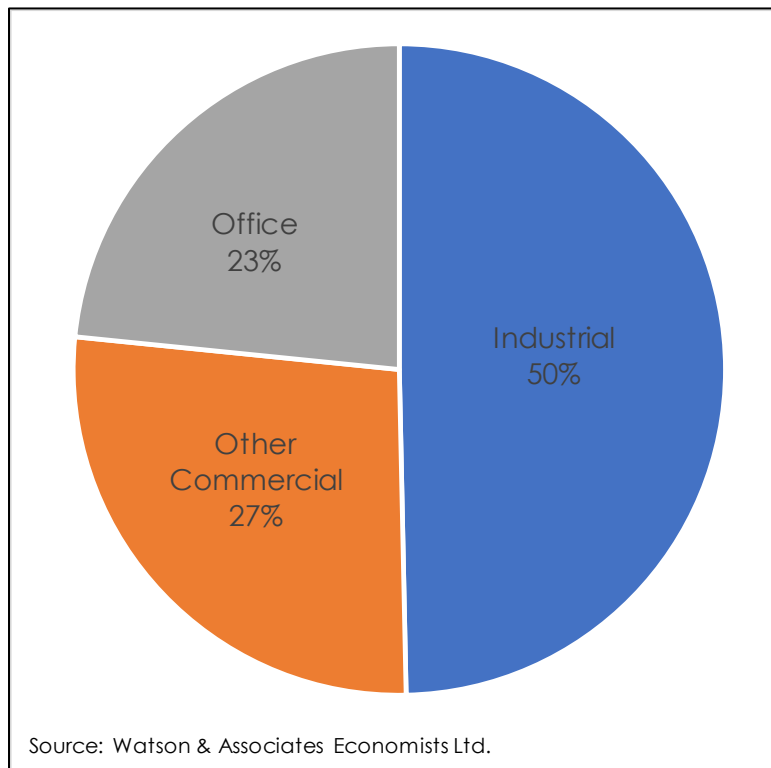


Figure 17 illustrates the employment density and land utilization characteristics of employment lands absorbed in Guelph over the 2012 to 2016 period. As shown,

employment density on absorbed employment lands has averaged 36 jobs per net ha (15 jobs per net acre), characterized by an average building F.S.I. of 28% and an estimated floor space per worker of 79 sq.m (850 sq.ft.).

**Figure 17: City of Guelph Employment Lands Absorption 2012 to 2016  
Development Characteristics**

Employment Density (Jobs per net ha)	36
Floor Space per Worker (sq.m.)	79
F.S.I.	28%

Source: Watson & Associates Economists Ltd.

#### 4.4 Underutilized Employment Lands

Given the large number of established industrial areas in Guelph, a wide array of opportunities exists for intensification.

Intensification can take on a number of forms, including development of underutilized lots (infill), expansion (horizontal or vertical) of existing buildings, and redevelopment of occupied sites. Intensification offers the potential to accommodate future employment growth and achieve improved land utilization resulting in higher employment density on developed employment lands. Higher land utilization on existing employment lands can also lead to more effective use of existing infrastructure (e.g. roads, water/sewer servicing), a built form that is more conducive to support public transit, resulting in communities that are more functional and complete.

Through a high-level desktop review using the developed industrial parcel inventory, building footprints and orthophoto overlays, 161 ha (398 acres) of Guelph's developed employment lands were identified as underutilized. This reflects parcels that have:

- a vacant portion (potential for severance or building expansion);
- relatively low building F.S.I. (less than 10%) or sites that are currently used exclusively for storage and/or parking; and
- redevelopment sites that are derelict, abandoned or underutilized built sites.

The underutilized parcels account for 25% of the total developed employment land base in the City. The highest share of underutilized lands is located in the City's older industrial areas.



Opportunities for infill development and building expansion exist within the City's existing industrial areas. An estimated 40 ha (99 acres) of developed lands have the potential for facility expansion within their existing sites. A further estimated 120 ha (297 acres) of land have low coverage and are primarily utilized for storage/parking which could be intensified or redeveloped. Intensification of these sites would increase employment densities and generate higher utilization of developed employment lands.

Identifying and evaluating intensification opportunities against market demand is challenging. The intensification potential of the underutilized industrial lands will largely be determined by future development plans of existing or future landowners, which is highly speculative. As discussed in section 4.3, over the past five years (2012 to 2016), the City has seen relatively strong development activity in expansions/additions on employment lands in Guelph, comprising close to one-third of total non-residential building activity. Having said that, redevelopment activity has been relatively limited historically.

Infill and redevelopment of existing developed lands is expected to continue to increase over time, largely driven by rising industrial land values and the continued buildout of the City's designated employment lands. Based on recent trends in intensification and the likely redevelopment of intensification opportunities identified, it is anticipated that 15% of Guelph's employment growth on employment lands over the 2018 to 2041 period will be accommodated through intensification. This assumption is reflected in the employment land needs analysis presented in Chapter 5.

To effectively assess and evaluate intensification potential and opportunities in Guelph, and to ensure that the City can meet the 15% intensification target identified, a comprehensive City-wide Employment Lands Intensification Strategy is recommended, which is beyond the scope of this study.

The timing and the potential amount of intensification on employment lands is based on a variety of market-driven conditions. Potential redevelopment or development of sites needs to be evaluated in terms of economic viability and marketability with respect to market demand. This aspect would form a significant component of an Employment Lands Intensification Strategy. As part of the intensification strategy, the City should also explore and identify financial incentives and implementation tools to facilitate intensification initiatives.

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## 4.5 Vacant Employment Lands Inventory

Working with a preliminary inventory of vacant employment land data provided by the City, an inventory of all designated employment lands in Guelph was prepared. The analysis was completed primarily through a desktop review using Geographic Information System (G.I.S.) mapping software. The spatial overlays utilized included parcel fabric, official plan and zoning overlays, hydrology, and 2017 orthophotos. Further, a windshield survey was completed to refine the analysis.

Figure 18 summarizes the total gross and net vacant industrial land supply for Guelph (as of year-end 2017) by geographic location. As illustrated, Guelph has a total of 464 gross ha (1,147 gross acres) of vacant designated employment land.

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

Reflecting the aforementioned adjustments, Guelph's net developable vacant employment land supply is estimated at 428 net ha (1,058 net acres), as summarized in Figure 18. The City of Guelph's vacant employment land inventory is presented by geographic area in Figures 19 through 22.

**Figure 18: City of Guelph Vacant Employment Land Inventory, Net Hectares**

Location	Total Gross Vacant (A)	Adjustments for Internal Infrastructure and Environmental Features <sup>1</sup> (B)	Net Vacant Employment Land Supply (C = A-B)
Clair-Maltby Secondary Plan Area	48	9	40
Guelph Innovation District	84	17	66
Guelph Research Park	5	1	4
Hanlon Business Park	10	0	10
Hanlon Creek Business Park	129	1	129
Northwest Industrial Park	58	4	54
South Guelph Industrial Lands	87	2	86
York-Watson Industrial Park	32	4	28
Other	11	0	11
<b>Total</b>	<b>464</b>	<b>37</b>	<b>428</b>

Source: Watson & Associates Economists Ltd.

Note: Numbers may not add up due to rounding.

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

Figure 19: City of Guelph Vacant Employment Lands – Northwest

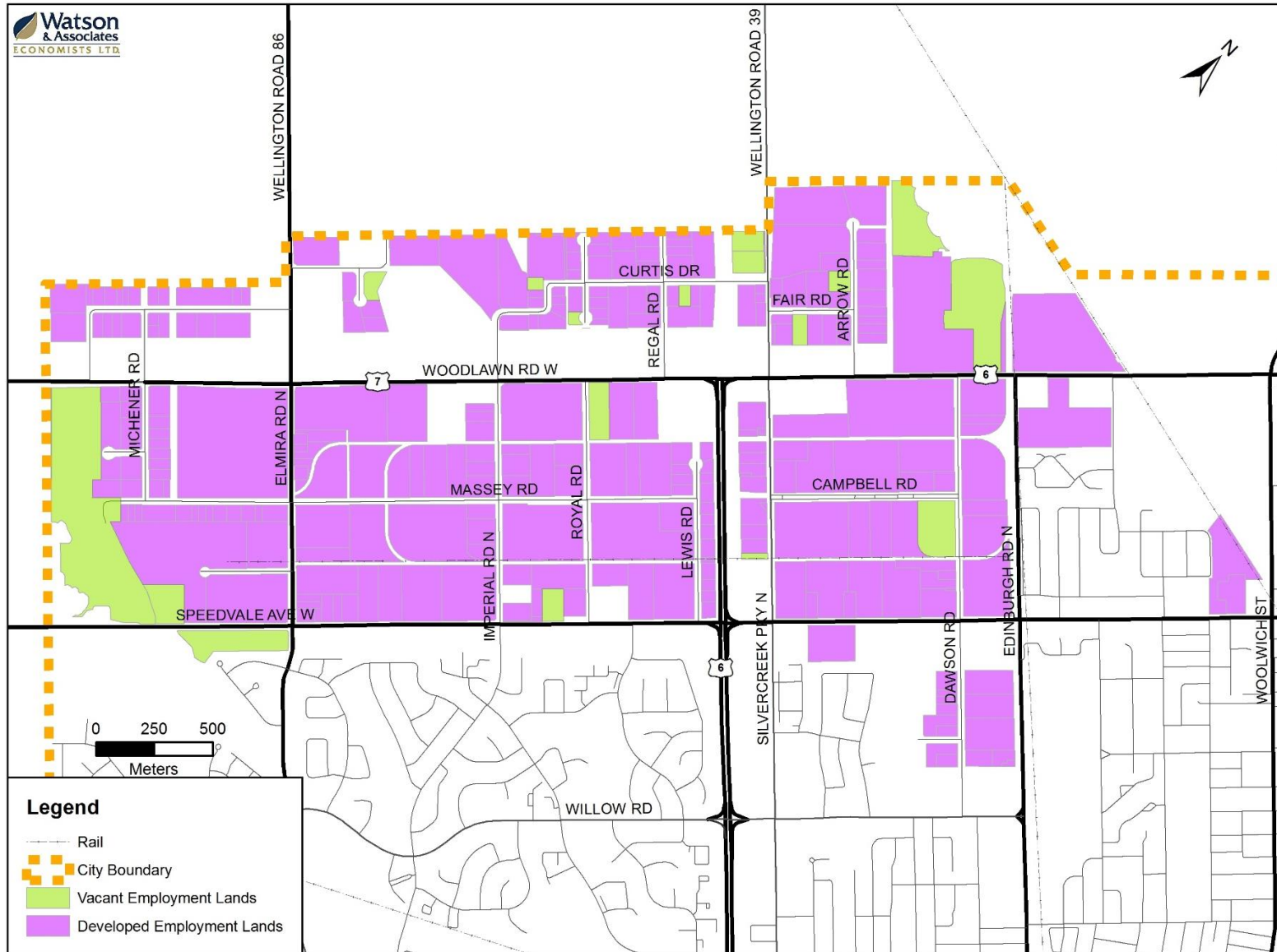


Figure 20: City of Guelph Vacant Employment Lands – Central

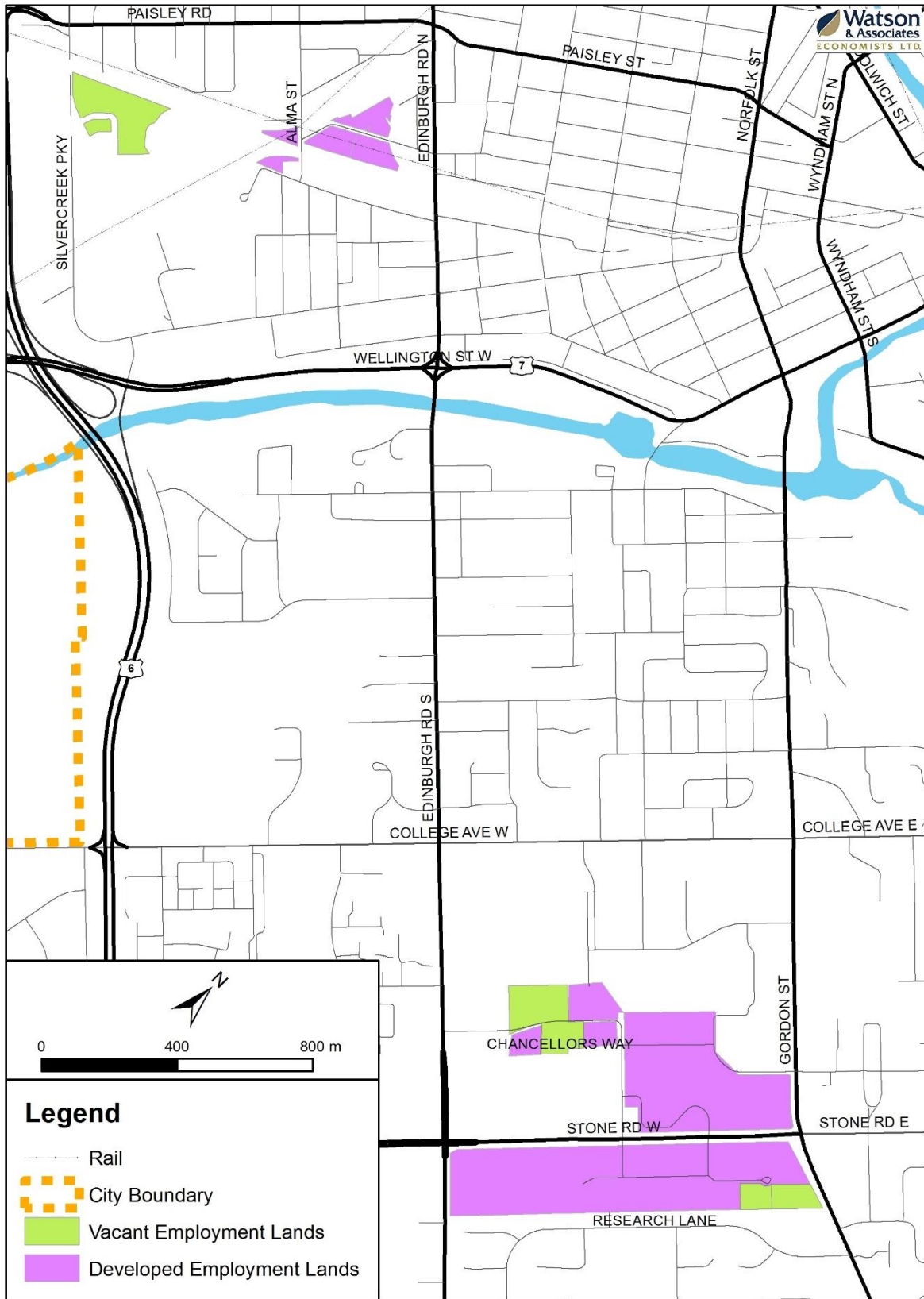


Figure 21: City of Guelph Vacant Employment Lands – East

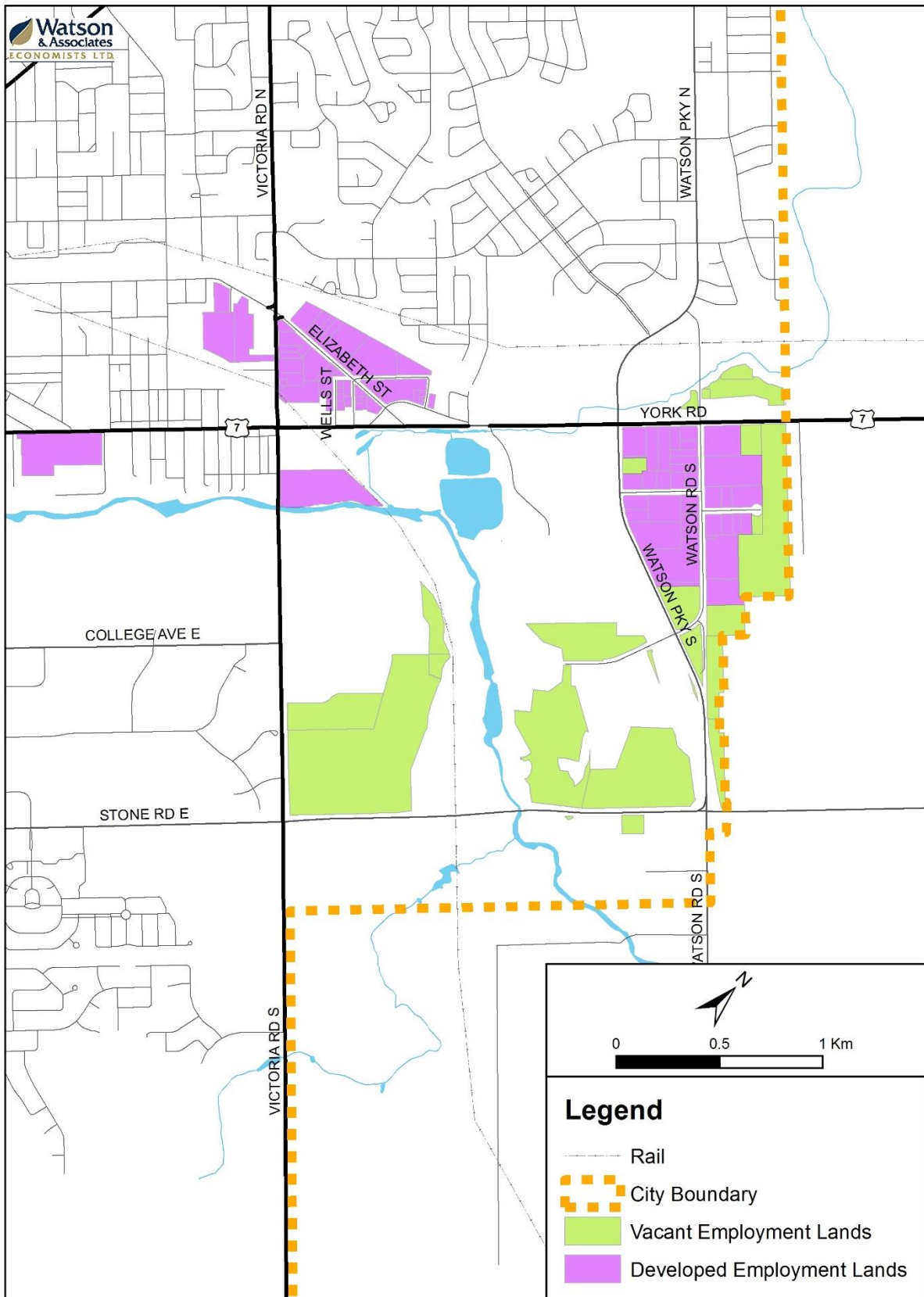


Figure 22: City of Guelph Vacant Employment Lands – South



## 4.6 Designated Employment Lands for Review and Potential Conversion

In association with the City, Watson has reviewed Guelph's employment lands on a site-by-site basis, to determine if potential conversions to non-employment uses are appropriate and justified from a planning and economic perspective. This city-wide review identified several sites designated for employment uses to be considered for potential conversion to non-employment uses. This exercise was completed through the framework of the employment land conversion component of a M.C.R. as directed by provincial policies under the 2017 Growth Plan and the 2014 Provincial Policy Statement (P.P.S.).

In total, three sites designated for employment uses have been reviewed, of which two have been recommended for conversion to a non-employment use.

### 4.6.1 Municipal Comprehensive Review – Definition and Requirements

In accordance with subsection 2.2.5.9 of the 2017 Growth Plan,

“the conversion of lands within employment areas or prime employment areas to non-employment uses may be permitted only through a municipal comprehensive review <sup>[1]</sup> where it is demonstrated that:

- a) there is a need for the conversion;
- b) the lands are not required over the horizon of this Plan for the employment purposes for which they are designated;
- c) the municipality will maintain sufficient employment lands to accommodate forecasted employment growth to the horizon of this Plan;
- d) the proposed uses would not adversely affect the overall viability of the employment area or prime employment area or the achievement of the minimum intensification and density targets in this Plan, as well as the other policies of this Plan; and
- e) there are existing or planned infrastructure and public service facilities to accommodate the proposed uses.”

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<sup>1</sup> In accordance with the 2017 Growth Plan, a Municipal Comprehensive Review (M.C.R.) is defined as, “A new official plan, or an official plan amendment, initiated by an upper-or single-tier municipality under Section 26 of the Planning Act that comprehensively applies the policies and schedules of this Plan.”



Subsection 2.2.5.11 goes on to state that any change to an Official Plan to permit new or expanded opportunities for major retail in an Employment Area may occur only through an M.C.R. undertaken in accordance with policy 2.2.5.9.

The 2014 P.P.S provides further direction with respect to the conversion of Employment Areas to non-employment uses. Subsection 1.3.2.2. of the 2014 P.P.S. states:

“Planning Authorities may permit conversion of lands within employment areas to non-employment uses through a comprehensive review,<sup>[1]</sup> only where it has been demonstrated that the land is not required for employment purposes over the long term and that there is a need for the conversion.”

This report represents a component of the City's M.C.R. exercise and provides the necessary analysis to address the employment conversion requirements under both the 2017 Growth Plan and the 2014 P.P.S.

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<sup>1</sup> In accordance with the 2014 P.P.S., a comprehensive review means:

- “a) for the purposes of policies 1.1.3.8 and 1.3.2.2 an official plan review which is initiated by a planning authority, or an official plan amendment which is initiated for adopted by a planning authority,
1. is based on a review of population and employment projections and which reflects projections and allocations by upper-tier municipalities and provincial plans, where applicable; considers alternative directions for growth or development; and determines how best to accommodate the development while protecting provincial interests;
  2. utilizes opportunities to accommodate projected growth or development through intensification and redevelopment; and considers physical constraints to accommodating the proposed development within existing settlement area boundaries;
  3. is integrated with planning for infrastructure and public service facilities, and considers financial viability over the life cycle of these assets, which may be demonstrated through asset management planning;
  4. confirms sufficient water quality, quantity and assimilative capacity of receiving water are available to accommodate the proposed development;
  5. confirms that sewage and water services can be provided in accordance with policy 1.6.6.; and
  6. considers cross-jurisdictional issues.”

#### 4.6.2 Employment Conversion Sites

As previously mentioned, three potential sites designated for employment uses were reviewed for potential conversion to a non-employment use. These sites are summarized below in Figure 23.

**Figure 23: City of Guelph Employment Lands Reviewed**

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

#### 4.6.3 Evaluation

Each potential conversion site was reviewed against the following evaluation criteria to determine its merits for conversion:

- Site is located outside an established or proposed industrial/business park;
- Site is isolated from surrounding designated employment lands;
- Site is surrounded by non-employment land uses on at least three sides;
- Conversion would not create incompatible land uses;
- Conversion of site will not negatively affect employment lands in the areas;
- Conversion would be consistent/supportive of City policy planning objectives;
- Conversion doesn't contravene any City policy planning objectives;
- Site offers limited market choice for employment lands development due to size, configuration, physical conditions, other; and
- Site does not offer potential future expansion on existing or neighbouring employment lands.

These evaluation criteria are discussed in a site-by-site analysis below and are summarized in Figure 24.

**Figure 24  
Planning and Economic Considerations and Evaluation of Potential Conversion Sites**

- A Site is located outside an established or proposed industrial/business park
- B Site is isolated from surrounding designated employment lands
- C Site is surrounded by non-employment land uses on at least three sides
- D Conversion would not create incompatible land uses
- E Conversion of site will not negatively affect employment lands in the area
- F Conversion would be consistent/supportive of City policy planning objectives
- G Conversion doesn't contravene any City policy planning objectives
- H Site offers limited market choice for employment lands development due to size, configuration, physical conditions, other
- I Site does not offer potential for future expansion by neighbouring employment lands

Site #	Site Name	A	B	C	D	E	F	G	H	I	Potential for Conversion
1	York Road/Victoria Road Employment Lands	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> *	<input type="checkbox"/> *	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> *
2	Clair-Maltby Employment Lands	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3	York Road/Watson Road Employment Lands	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Source: Watson & Associates Economists Ltd.

\* note - to be determined through further study

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#### **4.6.4 Potential Sites Reviewed for Employment Conversion**

##### **Area 1: York Road/Victoria Road Employment Lands**

Figure 25 identifies the geographic location of the York Road/Victoria Road employment lands. The subject lands are bound by service commercial lands to the south (located directly north of York Road), Victoria Road to the west, the Guelph Junction Railway to the north, and low-density residential lands to the east. Elizabeth Street diagonally intersects the subject lands, with occupied industrial uses located on each side of the street. In total, the site is 26.9 gross ha (66.5 gross acres) in area. The subject lands are currently designated "Industrial" in the City of Guelph O.P. The lands are occupied by a number of single-tenant and multi-tenant industrial uses related to manufacturing, utilities, construction, self-storage and business and commercial services.

Immediately south of the subject area, the lands along York Road are designated service commercial. At the southeast corner of York Road and Victoria Road, the lands are designated service commercial and neighbourhood commercial centre. West of Victoria Road, directly adjacent to the subject lands, a variety of land uses are designated including mixed office commercial and mixed business to the south, low-density residential at the centre, and service commercial towards the north along both sides of Victoria Road. The lands located southwest of the subject area are designated low-density residential.

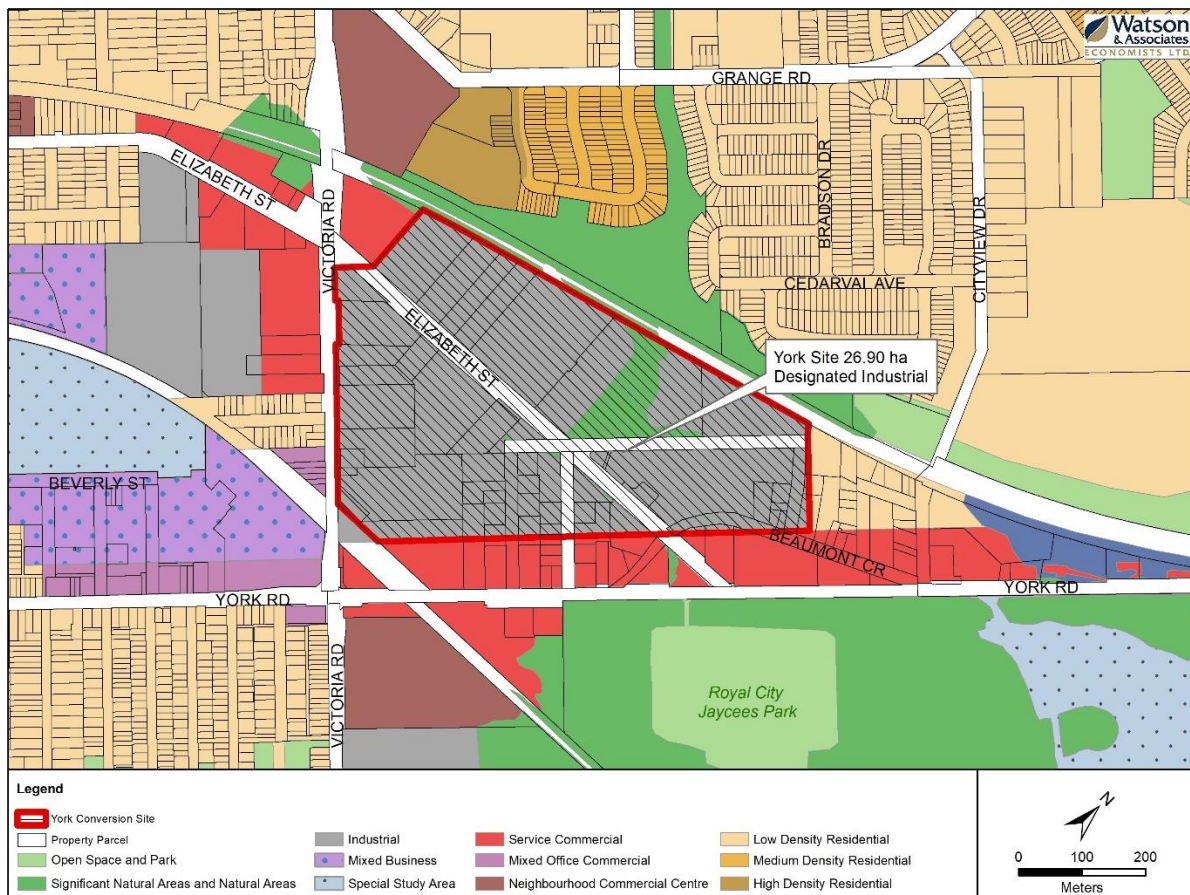
The subject area has a long history of heavy and general industrial use; however, it is recognized that this area, similar to many older industrial areas throughout the Province of Ontario are undergoing a period of economic transition. Many of the traditional heavy and general industrial sectors which dominated this industrial area within the City of Guelph have declined in recent decades. On the other hand, employment in light industrial and commercial sectors geared towards knowledge, research and innovation, are a primary focus of development on employment lands in Guelph.

The subject lands can be described as a "low-order" industrial area characterized by a mix of heavy industrial, general industrial, service commercial, institutional and residential uses. Many of the parcels within this area are underutilized or derelict. While there are a number of vacant parcels within the study area, many are potentially contaminated and prohibitive to redevelopment given potential remediation costs. Many of the active sites within this area are occupied by older

obsolete buildings with generally low market rents and relatively higher vacancy rates. These market characteristics generally discourage investment in new building stock within this area. As such, compared to other areas of Guelph, this area has experienced limited development in recent decades and is generally not viewed as a competitive location for industrial development when compared to other areas of the City. While lower rents may impede new investment, existing market conditions within this area may provide a more affordable option for industrial operations that require lower-order industrial design standards, and/or start-up companies which are more cost sensitive.

It is recommended that this area be considered for further study that would comprehensively review the subject lands given the transitional nature of the local area. This would include an assessment of local market opportunities within the context of surrounding land uses and amenities, as well as infrastructure and municipal service needs. The review should also engage with local businesses and residents within the local and surrounding neighbourhoods.

**Figure 25: York Road/Victoria Road Employment Lands**



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## **Area 2: Clair-Maltby Secondary Plan Area: Designated Employment Lands**

Figure 26 identifies the geographic location of the employment lands within the Clair-Maltby Secondary Plan Area, which total 43.7 gross ha (108.0 gross acres) in size. It is important to recognize that the existing “Industrial” and “Corporate Business Park” designations within this area were established in 2001 as a result of planning studies following their annexation in 1993. While the subject lands are currently designated “Industrial” and “Corporate Business Park”, the Official Plan requires a secondary plan to be completed for the area to determine future land uses. The Clair-Maltby Secondary Plan process has commenced and the Conceptual Community Structure was approved by Council in December 2017 as the basis for subsequent technical studies and analysis.

Despite the relatively large size of the currently designated employment lands within the secondary plan area, there are a number of challenges from a market demand and land-use planning perspective, as a result of their location.

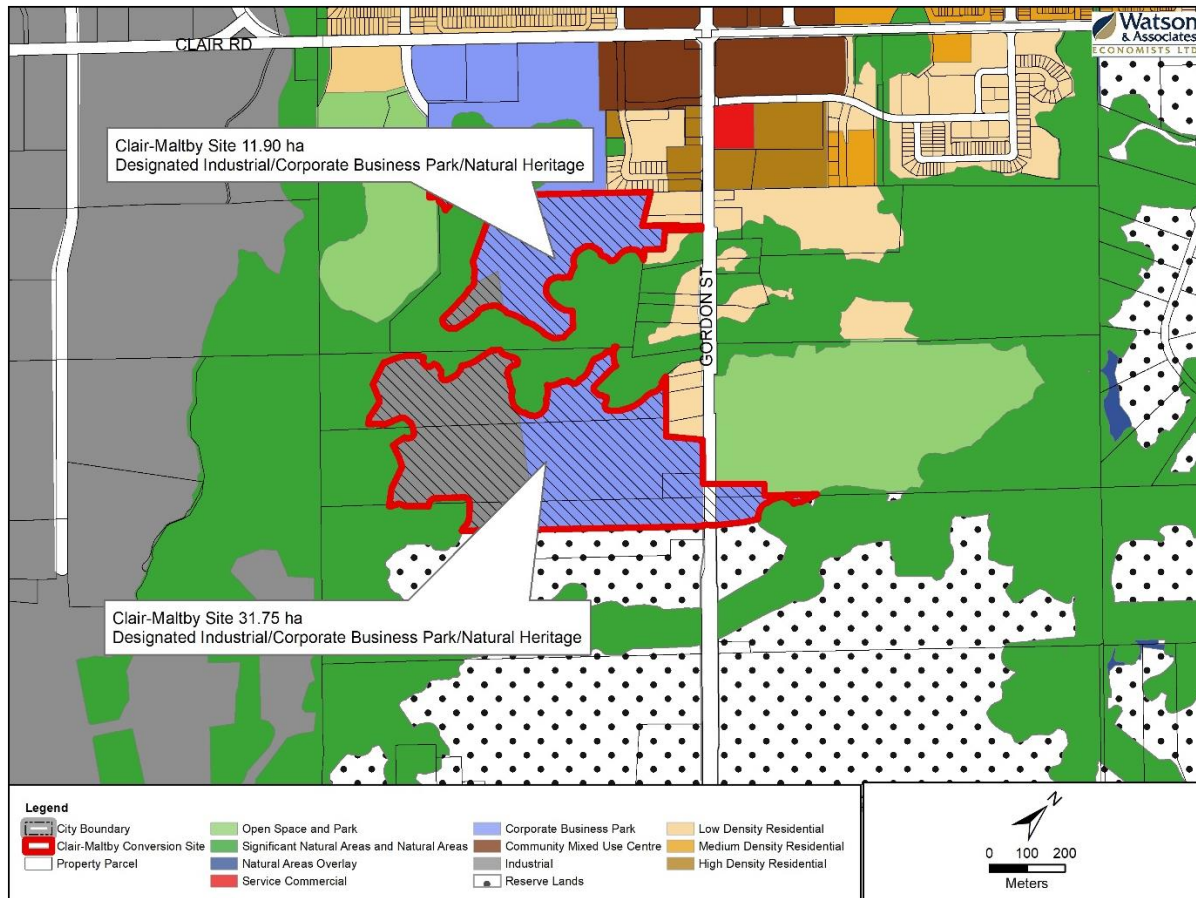
To begin, the subject lands are isolated from the existing South Guelph Industrial lands to the west by an extensive natural heritage system. The presence of the natural heritage system within the Secondary Plan Area requires that these lands are accessed from the east along Gordon Road via the existing arterial roads within the area. This would potentially force truck and vehicular traffic onto the arterial and local roads which surround the subject lands, including Clair Road and Maltby Road, as well as other proposed internal roads within the Secondary Plan Area. Under the current Conceptual Community Structure, these arterial roads would be heavily utilized by residential and commercial traffic.

It is also important to note that the current configuration of the designated employment lands within the Clair-Maltby Secondary Plan Area offers minimal frontage along Gordon Street. Furthermore, in accordance with the Conceptual Community Structure for Clair-Maltby, Gordon Street is planned to function as a high-density/mixed-use corridor within the study area. These local physical characteristics are anticipated to pose challenges with respect to the accessibility, circulation and land-use compatibility of the subject lands within the context of the broader vision for this area.

Given the potential local development constraints regarding the subject lands, combined with the sufficiency of the City’s long-term employment land supply to

2041, it is recommended that the existing lands within the Clair-Maltby Secondary Plan Area, designated "Industrial" and "Corporate Business Park," be converted to a non-employment land use.

**Figure 26: Clair-Maltby Employment Lands**



### Area 3: York Road/Watson Road Area

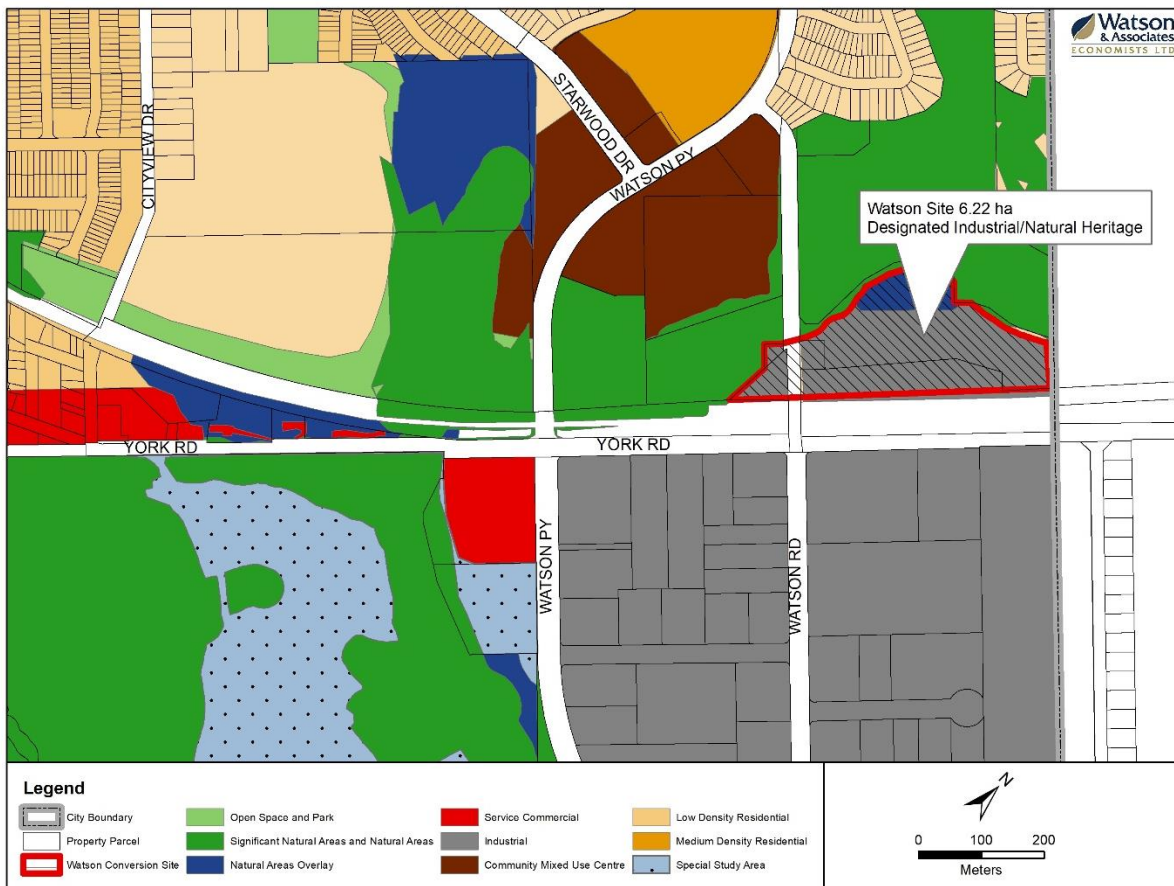
Figure 27 identifies the geographic location of the York Road/Watson Road employment lands. The subject lands are approximately 6.2 gross ha (15.3 gross acres) in area. The lands are bound to the north by a natural heritage system, to the east by the City municipal boundary, to the south by an easement located directly north of York Road, and to the west by Watson Road. The subject lands are separated from the designated employment lands to the south by the C.N. Rail corridor which runs generally parallel to York Road. The neighbouring lands to the east in the Township of Guelph/Eramosa are designated Hamlet, Core Greenlands and Prime Agriculture.

The lands located between the rail line and York Road are zoned Urban Reserve Lands. These reserve lands are owned by Metrolinx and have been set aside for a future high-speed rail line along this corridor. No timeline has been established to date regarding the high-speed rail line.

Given the limited size of the subject lands, their isolated nature from established employment lands, lack of direct exposure to York Road, and the identified long-term surplus of designated employment lands within the City of Guelph to 2041, it is recommended that this site is converted to a non-employment use.

No cross-jurisdictional issues are anticipated as a result of the conversion of these employment lands to a non-employment use.

**Figure 27: York Road/Watson Road Employment Lands**





#### 4.6.5 List of Potential Employment Land Conversions

This evaluation has identified two sites for conversion totalling 49.9 net ha (123.3 net acres), which would be removed from the vacant employment lands inventory, as shown on Figure 28.

**Figure 28: City of Guelph Sites with Potential for Employment Conversion**

Site #	Site Name	Gross Vacant Land Area Recommended for Employment Conversion (Hectares)
2	Clair-Maltby Employment Lands	43.7
3	York Road/Watson Road Employment Lands	6.2
	Total Land Area, ha	49.9

Source: Watson & Associates Economists Ltd.

#### 4.6.6 Growth Plan/P.P.S. Policies Addressed

In this analysis and evaluation of potential conversion sites, the policies under the Growth Plan have been specifically addressed. This discussion also subsumes the conversion test established under the 2014 P.P.S. A discussion of the policies is provided below, with additional detailed provided under each site analysis (see previous section).

#### **There is a need for the conversion (to non-employment land use).**

This analysis has been initiated as an interim update prior to the City's O.P. review process, as well as to inform the Clair-Maltby Secondary Plan process. The City of Guelph has not yet completed its Growth Plan Conformity Review in response to the 2017 Growth Plan. As such, the long-term greenfield residential land needs for the City to 2041 have not yet been determined. Accordingly, the need for employment conversions to support additional demand for greenfield residential lands will need to be further examined by the City.

#### **The City will meet the employment forecasts allocated to Guelph pursuant to this Plan.**

Phase 1 of this study established an employment forecast that is consistent with Schedule 3 of Places to Grow (Growth Plan). As summarized in Chapter 4 of this report, this forecast can be accommodated.

**The conversion will not adversely affect the overall viability of the Employment Area, and achievement of the intensification target, density targets, and other policies of the Plan.**

These potential conversion sites are generally isolated and/or fragmented parcels which are independent of existing or planned employment lands within the City. Thus, the proposed employment land conversion sites will have little to no impact on established employment areas. Given the relatively limited marketability of many of the subject sites, they will likely remain underutilized over the long term, which is inconsistent with provincial and local policies.

**There is existing or planned infrastructure to accommodate the proposed conversion.**

All sites considered for employment conversion have existing or planned infrastructure to allow for future development.

**The lands are not required over the long term for the employment purposes for which they are designated.**

As highlighted in Chapter 4, the City has a sufficient supply of vacant employment lands to meet forecast demand over the 2018 to 2041 period, adjusted for the removal of the subject employment sites from the vacant employment lands inventory.

**Cross-jurisdictional issues have been considered.**

None of the proposed conversion sites are adjacent to a municipal boundary, with the exception of the York Road/Watson Road site, which has been addressed specifically under the site analysis section.

## 5. City of Guelph Forecast Employment Growth and Employment Land Needs

### 5.1 City of Guelph Long-Term Employment Forecast by Major Sector, 2018 to 2041

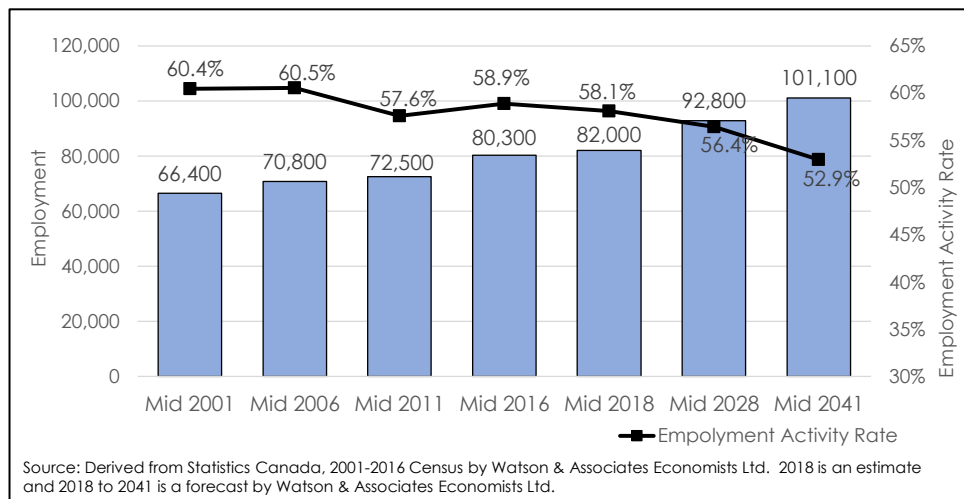
#### 5.1.1 City-Wide Employment Forecast

A long-term employment forecast to 2041 by land-use category has been provided herein for the City of Guelph. Also provided herein is a commentary with respect to key industry sub-sectors which are anticipated to drive market demand for non-residential lands over the 2018 to 2041 period.

Figure 29 summarizes the long-term employment forecast for the City of Guelph by total employment and employment activity rates<sup>1</sup> in comparison to recent historical trends. Key observations are provided below:

- By 2041, the City's employment base is forecast to reach approximately 101,100. This represents an increase of approximately 19,100 jobs from 2018, or an annual employment growth rate of 0.9%.
- Since 2001, the City of Guelph's employment activity rate (ratio of local employees to population) has moderately declined from 60% to 58%. Over the next 23 years, the employment rate is forecast to further decline to 53%, largely due to the aging of the population and labour force base.

**Figure 29: City of Guelph Employment, 2001 to 2041**



<sup>1</sup> An employment activity rate is defined as the ratio of total jobs to population.

### 5.1.2 City-Wide Employment Forecast by Major Sector

The following provides an outlook of forecast employment trends by major sector. Figures 30 and 31 provide a breakdown of the employment forecast by major sector.

#### Employment Lands Employment

- Employment lands provide opportunities to accommodate a wide-range of businesses and employment sectors, including:
  - Traditional industrial sectors, such as manufacturing, construction, logistics and distribution facilities requiring large sites with strong highway connectivity and opportunities for future expansion;
  - Businesses requiring integrated operations on larger sites in a “campus-style” setting. These integrated facilities often accommodate a combination of office, research and development, warehousing and logistics, and on-site manufacturing;
  - Flex office space, which has become a major trend across many markets in Canada. Flex office space allows occupants flexibility in the use and allocation of space according to operation needs. Tenants of flex office space may include businesses that require a blend of office and industrial site characteristics; and
  - Research and development facilities requiring large 1-storey or multi-storey facilities to operate.

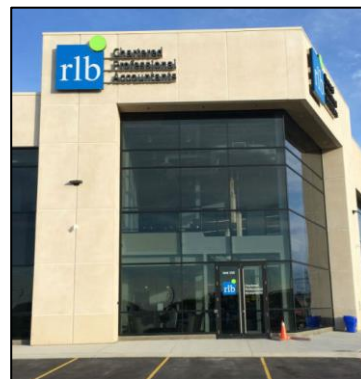


Multi-tenant space features flexible interior space design, high ceilings, and dock and grade loading.  
630 Laird Rd. – Southgate Business Park



An example of a large 1-storey building accommodating research and development.  
Agriculture and Agri-Food Canada,  
93 Stone Road West – University of Guelph Research Park

- In terms of an employment breakdown by sector, employment lands in the City of Guelph are comprised of 86% employment from the industrial sector, while the remaining 14% is comprised of employment in the commercial/population-related and institutional sectors.
- Employment lands account for approximately 43% of the employment base in the City of Guelph as of 2018. Since 2011, the share of the City-wide employment base on employment lands has changed slightly from 44% in 2011 to 43% in 2018.



Multi-tenant buildings on employment lands may include a blend of office, retail and industrial uses.

197 Hanlon Expressway –  
Southgate Business Park

### *Outlook for Employment Lands Employment*

- A range of industrial sectors, as well as specific commercial and institutional uses (e.g. office, service, ancillary/accessory retail) is forecast to be accommodated on employment lands within Guelph.
- A large portion of Guelph's key target sectors,<sup>1</sup> including advanced manufacturing, agri-food and innovation, environmental management, and information and communication technology, are anticipated to be accommodated on employment lands. These target sectors are anticipated to be accommodated in new and expanding multi-tenant industrial buildings, small offices, manufacturing plants and research and development facilities.
- Looking forward, employment lands in the City of Guelph are forecast to accommodate approximately 9,040 employees over the 2018 to 2041 period.<sup>2</sup> This represents approximately 47% of the City's total employment growth over that period. It is assumed that 100% of City-wide industrial employment growth will occur on employment lands, while 30% of the City's commercial/population-related and major office employment will be accommodated on employment lands.

<sup>1</sup> Four of the five growth sectors of the local economy that have been identified by the City of Guelph Economic Development. The fifth growth sector, tourism, is anticipated to be largely accommodated in community areas. The five identified growth sectors are summarized on the City of Guelph Economic Development webpage - <https://guelph.ca/business/economic-development-office/growth-sectors/#>, accessed February 12, 2018.

<sup>2</sup> Including major office employment located on employment lands.

## Major Office Employment

- Major office employment is comprised of employment accommodated in office buildings greater than 1,900 sq.m (20,000 sq.ft.). Typically, major office employment includes the following sectors<sup>1</sup> found in standalone multi-storey buildings:
  - finance and insurance;
  - information and cultural industries;
  - management of companies;
  - professional, scientific and technical services; and
  - real estate, rental and leasing sectors.
- Major office employment also comprises a component of employment in the institutional sector in the City of Guelph.
- Major office employment accounts for approximately 7% of the employment base in the City of Guelph as of 2018. Over the 2011 to 2018 period, employment in the major office category grew at an annual rate of 1.2% and added just over 450 jobs.

In the City of Guelph, major office employment is largely concentrated in the downtown area of the City and in the University of Guelph Research Park. Recent development trends suggest that the majority of new major office development, while small in scale, has occurred outside the downtown core, specifically in the University of Guelph Research Park.

- It is important to note that not all office employment will be accommodated in major office buildings. It is anticipated that a portion of office employment will be accommodated in smaller-scale standalone office buildings (less



Traditional multi-tenant major office space in the downtown core with large anchor.

130 Macdonell St. – Downtown



A 25,000 sq.ft. standalone office occupied by one tenant (NSF International).

125 Chancellors Way – University of Guelph Research Park



The institutional sector is a component of major office employment in Guelph.

Ontario Universities Application Ctr,  
170 Research Lane – University of Guelph Research Park

<sup>1</sup> NAICS codes 51, 52, 53, 54 and 55.

than 1,900 sq.m (20,000 sq.ft.)), and mixed-use buildings throughout the City, as well as multi-tenant commercial buildings on employment lands and in commercial areas.

### *Outlook for Major Office Employment*

- Looking forward, market demand for standalone office space is anticipated to strengthen within mixed-use environments, such as the downtown core and the City's corridors which are transit-supportive, pedestrian-oriented and offer proximity/access to amenities, entertainment, cultural activities and public spaces. Major office users are drawn to areas that attract and retain talent, provide a number of commuting options, and offer a work environment that is interesting and inspiring.
- Major office employment in the City of Guelph is forecast to accommodate approximately 2,100 employees over the 2018 to 2041 period. This represents 11% of the City's total employment growth over the 23-year forecast period.

### Commercial/Population-Related Employment

- Commercial/population-related employment includes work at home employment, employment in institutional and commercial sectors not accommodated in major office buildings or within Employment Areas. This includes areas such as the downtown core, commercial corridors and nodes, neighbourhood plazas, institutional campuses and schools, and standalone institutional and retail buildings. This employment category generally serves the local population base by providing convenient locations to local residents. Typically, as the population grows, the demand for this employment also increases to serve the needs of the City.
- While the local population is a major driver of growth for commercial and institutional employment, it is important to note that the City of Guelph is a major service centre (health care,



The University of Guelph is a major component of institutional employment that serves a population base from beyond the local area.

*University of Guelph Campus*



Retail developments responding to the needs of local residential areas as they grow.

*Longos Plaza - 24 Clair Rd. W.*

educational and government services) for the Province and draws retail spending from beyond the City.

- Commercial/population-related employment accounts for approximately 50% of the employment base in the City of Guelph as of 2018.

#### *Outlook for Commercial/Population-Related and Institutional Employment*

- As mentioned previously, the City's population is anticipated to increase by approximately 50,000 people between 2018 and 2041. Forecast population growth in the City of Guelph is anticipated to drive demand for future commercial and institutional employment.
- Macro-trends are anticipated to influence the demand for local commercial employment, in particular e-commerce and its impact on retail space. E-commerce is reducing the need for bricks and mortar retail space, a trend that is expected to accelerate over the forecast period.
- Commercial/population-related employment in the City of Guelph is forecast to accommodate approximately 8,700 employees over the 2018 to 2041 period, which represents 45% of the City's total employment growth over that period.
- The City of Guelph recently completed Stage 1 of its Commercial Analysis and Background Report, which provides detailed findings with respect to the City's commercial land needs to 2041.<sup>1</sup>

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<sup>1</sup> Commercial Policy Review. Stage 1, Commercial Analysis and Background Report. November, 2017. Submitted by Macaulay, Shiomi, Howson Ltd., in association with Tate Economic Research and Brook McIlroy Inc.



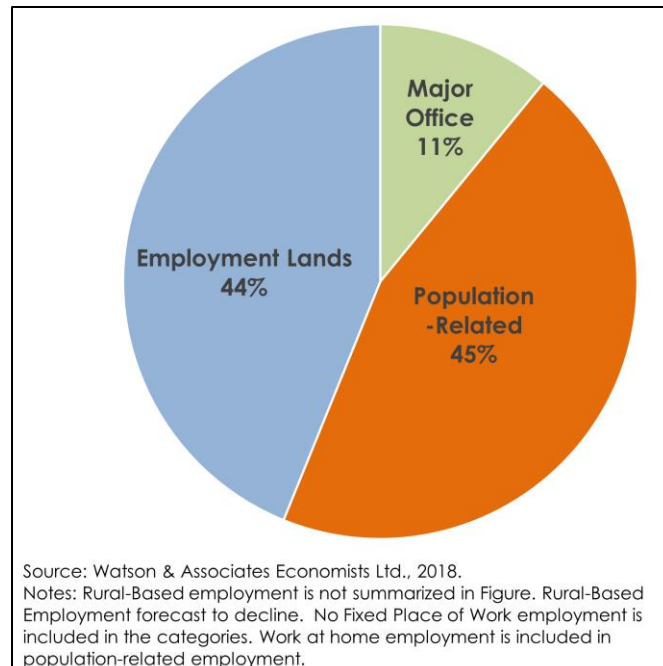
**Figure 30: City of Guelph, Employment Forecast by Sector, 2018 to 2041**

Period	Rural-Based	Major Office	Population-Related	Employment Lands (excludes Major Office) <sup>1</sup>	Total Employment
Mid 2011	445	5,180	35,220	31,655	72,500
Mid 2016	440	5,590	39,830	34,420	80,280
Mid 2018	420	5,635	40,720	35,250	82,025
Mid 2041	290	7,735	49,415	43,660	101,100
<b>2018 - 2041</b>	<b>-130</b>	<b>2,100</b>	<b>8,695</b>	<b>8,410</b>	<b>19,075</b>
<b>Annual Average</b>	<b>-6</b>	<b>91</b>	<b>378</b>	<b>366</b>	<b>829</b>

Source: Watson & Associates Economists Ltd., 2018

Note: No Fixed Place of Work is included in the Rural-Based, Industrial, Commercial/Population-Related and Major Office categories. Work at home employment is included in population-related employment.

1. Major office growth forecast within Employment Areas is calculated in the land demand for employment lands.

**Figure 31: City of Guelph, City of Guelph Employment Growth Distribution, 2018 to 2041**

## 5.2 Employment Land Analysis

### 5.2.1 Employment Growth Sectors Influencing Employment Land Demand

The following observations are provided with respect to industrial employment growth on employment lands by sub-sector.

#### Manufacturing

- As previously mentioned, the manufacturing sector remains vitally important to the provincial and regional economies with respect to job growth and economic output. While growth in traditional manufacturing sectors has declined in recent years, there is still demand for these activities throughout the broader Ontario economy. Canada and the United States have experienced some reshoring<sup>1</sup> of manufacturing employment over the past couple of years, due to rising shipping and labour costs in China and advanced manufacturing processes requiring skilled labour.<sup>2</sup> This trend, however, has been more pronounced in the United States, with lower energy costs and access to a larger consumer market.<sup>3</sup>
- Looking forward, there will continue to be a manufacturing focus in Ontario and the City of Guelph; however, industrial processes have become more specialized, capital/technology intensive and automated. This means that, as the regional manufacturing sector continues to recover, economic output will gradually increase; however, modest employment growth is anticipated in the manufacturing sector.
- The manufacturing sector in the City of Guelph has experienced a rebound in employment growth, adding 500 employees over the 2011 to 2016 period. This is in contrast to a loss of 1,470 employees over the previous five-year period (2006 to 2011).



New facility - Hammond  
Manufacturing  
55 Wilbert Street

<sup>1</sup> Reshoring is reintroducing domestic manufacturing to a country. It is the reverse process of offshoring.

<sup>2</sup> The Economist, A growing number of American companies are moving their manufacturing back to the United States, January 19, 2013.

<sup>3</sup> KPMG, KPMG's Canadian Manufacturing Outlook Report, 2014.

## Goods Movement (Transportation, Warehousing and Logistics)

- The Goods Movement sector (i.e. transportation/warehousing and wholesale trade) is an integral part of the G.G.H. and local economy. The Goods Movement sector represents approximately 6% of the current employment base in the City of Guelph.<sup>1</sup>
- The majority of employment lands within the City of Guelph offer strong access and connectivity to Highway 401 via the Hanlon Expressway, which facilitates trade regionally within the west G.T.H.A. market as well as with western Ontario markets.
- The Goods Movement sector is accommodated in a range of industrial building typologies reflecting the diverse sub-sectors that comprise the sector. This includes distribution centres, warehouses, fulfillment centres, delivery depots, logistics hubs, corporate office buildings of major logistics companies, trucking terminals, multi-tenant warehouses and terminals, cold storage buildings and transportation yards.
- Increased outsourcing of manufacturing production to emerging global markets continues to drive the need for new consolidated, land-extensive warehousing facilities to store and manage the distribution of goods produced locally as well as goods imported from abroad. Demand in the Goods Movement sector is anticipated to continue across the G.G.H., particularly in locations where available employment lands have strong connectivity to regional transportation infrastructure (i.e. intermodal facilities and 400-series highway access). Rising industrial land prices and diminishing employment land supply, however, continue to shift development pressure for mid- to large-scale, land-extensive industrial uses from large, mature G.T.H.A. municipalities, to other competitively priced Ontario markets which offer ample market choice and support regional infrastructure to accommodate near-term demand and future expansion requirements.
- Several factors have been changing the nature of the Goods Movement industry over recent years, including just-in-time manufacturing, e-commerce



TDL Group Distribution Centre  
950 Southgate Drive

<sup>1</sup> Based on data 2016 Census – NAICS codes: 41-Wholesale trade and 48-49 Transportation and warehousing.

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and globalization. It is expected that the industry will continue to evolve and, in the near-term, the following trends are expected in Canada:

- Just-in-time manufacturing will continue to be the industry norm, placing increasing emphasis on more frequent and smaller deliveries by truck transport;
- Automation of distribution centres allows for more vertical storage; however, the need for numerous loading bays will dictate land requirements, and the industry trend is for more and more bays at facilities;
- Larger facilities are a continuing trend versus smaller properties; typically, the larger the property, the lower the average employment density;
- Locations close to multi-modal facilities continue to be very attractive with access to rail – this is generating increased demand for larger-scale logistics hubs. Intermodal hubs typically require approximately 200 to 300 ha for intermodal infrastructure and loading/unloading areas. Express terminals are smaller (<100 ha);
- The increasing growth in e-commerce is anticipated to have a significant impact on employment growth and land demand related to the logistics sector. E-commerce sales in Canada have grown at a rate that is five times the pace of overall growth in retail trade. Online sales account for 6% of total Canadian retail spending. By comparison, U.S. online sales account for 9% of total spending.<sup>1</sup> Delivery expectations within this sector are increasing on an annual basis. As delivery times decrease, it is anticipated that demand for regional fulfilment centres will increase; and
- Reverse logistics – approximately 25% to 30% of online merchandise is returned, which is generating increasing needs for dedicated return centres.

### Construction

- The City has a relatively high concentration of employees in the construction sector. Over the forecast period, a portion of industrial employment growth is anticipated to be generated from construction employment, driven by both residential and non-residential development activity within the City and the

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<sup>1</sup> Purolator Logistics. Adapting your Canadian Supply Chain for E-commerce Efficiency. 2015.

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surrounding area. This includes employment associated with construction of buildings, heavy and civil engineering construction and speciality trade contractors.

- A large component of the construction sector is associated with employees that have no usual place of work (No Fixed Place of Work). Construction sub-sectors involved in large-scale construction projects typically require land to store equipment and machinery in proximity to major roads and highways. More specialized construction firms may require offices and facilities. Employment in this sector may include a wide-range of job types, including laborers, trades persons and engineers.

### Office Sector

- As previously discussed, the G.G.H. economy, including the City of Guelph, is transitioning from goods to services production.
- Looking forward over the next 20 years, employment growth on employment lands within the City will ultimately be driven by demand from a broad range of goods-producing, knowledge-based and employment-supportive sectors. Reflective of employment growth trends in the broader G.T.H.A. economy, Guelph's employment lands are anticipated to be particularly attractive, over the long term, to knowledge-intensive and creative forms of economic activity such as professional, technical and scientific services, information and cultural services, and real estate and insurance.
- These sectors are typically accommodated in standalone low-rise office, flex office and multi-tenant commercial/industrial space.

### Employment Supportive Uses

- Employment lands will continue to form a key component of the City of Guelph's urban structure and an integral part of the local economic development base. Recognizing the recent structural changes in the regional economy, there has been a shift in planning philosophy that calls for developing Employment Areas to provide a wider range of service uses and amenities which complement both knowledge-based and traditional industrial sectors. This concept is important to the vibrancy of both general industrial areas and business parks, since employees in all types of workplaces should have equitable access to services and amenities that support a good quality of life at work.

## **5.2.2 Employment Lands Employment Needs to 2041**

Figures 32a and 32b provides a summary of the employment lands growth forecast, while Figure 33 provides the associated land demand over the 2018 to 2041 planning horizon. Figure 34 provides a summary of the employment land demand in comparison to the current supply of designated employment lands.

### Employment Lands Growth Forecast

Employment on employment lands is forecast to increase from 35,300 in 2018 to 43,700 by 2041, an increase of 24%, or 0.9% annually. As summarized in Figure 32a, over the 23-year period, employment lands are anticipated to accommodate approximately 8,400 employees (excluding major office employment), approximately 44% of the forecast employment growth for the City of Guelph. In addition, employment lands are anticipated to accommodate 30% of the City's major office employment growth to 2041. Total employment growth on employment lands, including major office, over the 2018 to 2041 period is forecast to accommodate approximately 9,000 employees, or 47% of the City's employment growth.

### Employment Land Density

Over the long term (i.e. 2041), it is anticipated that employment densities associated with new development on employment lands in Guelph will differ between the G.I.D. and other locations in the City.<sup>1</sup> Based on the anticipated allocation of employment growth between the G.I.D. and the remaining employment lands, a density of 40 jobs per net ha (16 jobs per net acre) is forecast over the 2018 to 2041 period, as summarized in Figure 33.<sup>2</sup>

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

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<sup>1</sup> Employment on the G.I.D. lands is forecast to account for 18% of the employment lands employment. It is forecast that growth on the G.I.D. lands will occur post-2028.

<sup>2</sup> The density of 40 jobs per net hectare is a blended average of the G.I.D. and the remaining employment lands. Density assumptions are forecast at 90 jobs per net hectare (36 jobs per net acre) for the G.I.D. and 36 jobs per net hectare (15 jobs per net acre) for the remaining employment lands in the City.

expanding urban population base. This trend is anticipated to impact the density on employment lands outside the G.I.D.

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

On the other hand, growing demand within the multi-tenant and standalone office sector in the City of Guelph is anticipated to have an upward influence on average employment densities on employment lands over the long term. Office employment on employment lands also generates demand for on-site and off-site employment amenities which also tend to have an upward influence on average employment density on employment lands.

**Figure 32a: City of Guelph Employment Growth on Employment Lands and in Community Areas, 2018 to 2041**

Employment Type	Employment Growth, 2018-2041			Percent of City Employment Growth on Employment Lands (2018-2041)
	City-Wide	Employment Lands <sup>1</sup>	Community Areas <sup>2</sup>	
Rural-Based	-130	0	-130	0%
Industrial	4,835	4,835	0	100%
Commercial/Population-Related	12,270	3,575	8,695	29%
Major Office	2,100	625	1,475	30%
<b>Total Employment Growth</b>	<b>19,075</b>	<b>9,035</b>	<b>10,040</b>	<b>47%</b>
<b>Employment Lands Excluding Major Office</b>		<b>8,410</b>		<b>44%</b>

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

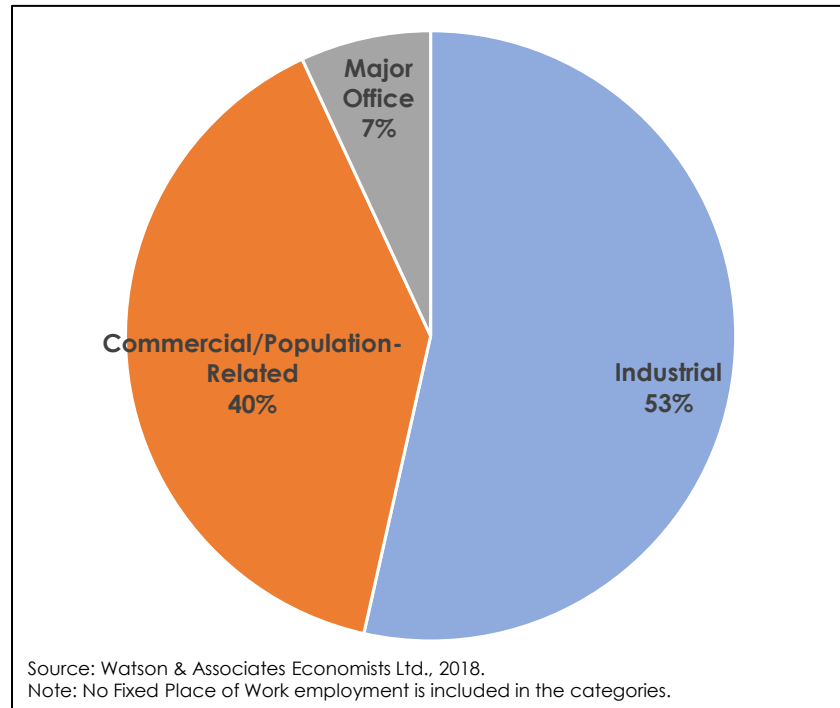
1. Growth within City Designated Employment Areas.

2. Excludes City Designated Employment Areas.

Note: No Fixed Place of Work is included in the Rural-Based, Industrial, Commercial/Population-Related and Major Office categories. Work at home employment is included in community areas.

As summarized in Figure 32b, the composition of employment lands employment growth is anticipated to include 53% industrial employment, 40% commercial/population-related employment and 7% major office employment.

**Figure 32b: City of Guelph Forecast Employment Growth on Employment Lands by Employment Type, 2018 to 2041**



### Employment Land Demand

As summarized in Figure 33, within the 2018 to 2041 forecast period, approximately 15% of employment growth on employment lands will be accommodated through intensification, such as expansion of existing buildings, additional development on already occupied parcels and infill on partially vacant lots. Adjusted for intensification, the City is anticipated to require an additional 192 net ha (474 net acres) of employment lands to accommodate forecast demand of 7,700 additional employees.



**Figure 33: City of Guelph, Employment Land Needs, 2018 to 2041**

Employment Land Demand	2018-2041
Employment Lands Employment Growth	9,035
Employment Growth Accommodated by Intensification (15%)	1,355
Total Employment Growth Adjusted for Intensification	7,680
Employment Land Density (jobs/net ha)	40
Employment Land Demand, Net ha	192

Source: Watson & Associates Economists Ltd., 2018.

### Employment Land Need

Figure 34 summarizes forecast serviced employment land needs to 2041. As discussed previously, within the 2018 to 2041 forecast period, the City is anticipated to require an additional 192 net ha (474 net acres) of employment lands to accommodate forecast demand.

- As discussed in Chapter 4, the City of Guelph has a vacant designated employment land supply of 428 net hectares (1,058 net acres). As summarized in Figure 34, the supply of vacant designated employment lands significantly exceeds the demand over the next 23 years. It is forecast that, post-2041, approximately 236 net hectares (438 net acres) of designated employment lands will remain.
- As discussed in Chapter 4, it is recommended that the City of Guelph consider converting approximately 50 net hectares (123 net acres) of employment lands to non-employment uses based on the criteria outlined in this report.
- Factoring in the potential conversion of 50 hectares (123 acres) of employment lands, the City of Guelph is left with a surplus of 186 net hectares (460 net acres) of employment lands post-2041 to accommodate future employment land needs.

**Figure 34: City of Guelph Employment Land Needs, 2018 to 2041**

<b>Employment Lands Employment, Land Needs</b>	<b>2018-2041</b>
<b>Employment Growth on Employment Lands Adjusted for Intensification</b>	<b>7,680</b>
<b>Forecast Land Density, Jobs/Net ha</b>	<b>40</b>
<b>Employment Land Demand, Net ha</b>	<b>192</b>
Employment Land Supply, Net ha as of 2018	428
Employment Land Needs	
Employment Land Need, Prior to Conversions, Net ha	236
Recommended Land Conversions, Net ha	50
<b>Vacant Land Supply Adjusted for Conversions, Net ha</b>	<b>378</b>
<b>Employment Land Need, 2018-2041, Net ha</b>	<b>186</b>

Source: Watson & Associates Economists Ltd., 2018.

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## 6. Conclusions

Employment lands form a vital component of Guelph's land-use structure and are an integral part of the local economic development and employment growth potential. The City of Guelph has a relatively large, stable and diverse employment lands base highly oriented to manufacturing that has evolved significantly over the past decade with respect to the mix of uses and location of new development. Guelph has experienced strong employment growth and development activity over the past decade, about half of which was accommodated on employment lands. Over the past five years (2011 to 2016), the City has experienced relatively strong growth in office-based employment, and a rebound in employment growth in the industrial sector, which has been accommodated largely on employment lands. Over the 2012 to 2016 period, employment lands absorption has averaged 8 net ha (20 net acres) per year, moderately higher than in the previous five-year period.

Structural changes in the broader economy are altering the nature of economic activities and built form on employment lands and impacting their character. Over the past decade, the composition of industrial development in Ontario has evolved, with less emphasis on the manufacturing sector and more demand oriented to large-scale industrial buildings housing wholesale trade, distribution and logistics. Market demand on employment lands has also been increasingly driven by growth in the knowledge-based or creative class economies, including employment sectors such as professional, scientific and technical services, finance, insurance, real estate, information and culture, health and education. With an increasing emphasis on these knowledge-based sectors, major office, flex office and multi-purpose facilities encompassing office and non-office uses are becoming an increasingly dominant built form. There is also increasing demand to accommodate employment-supportive commercial and institutional uses on employment lands that offer amenities and services convenient to local businesses and their employees.

Strategically located within the west G.G.H., Guelph has a strong appeal to new businesses and residents. As the G.G.H. continues to exhibit strong growth, and as more mature municipalities in the West G.T.H.A. continue to build out, Guelph is expected to see growing demand for employment land development over the coming decades. One of the most critical aspects related to the economic

competitiveness of Guelph is the marketability and availability of its employment land base relative to the surrounding market area. It is critical that the City continue to plan for employment uses with consideration to shifting market demand and evolving trends.

Guelph has an estimated employment base of approximately 82,000 in 2018. By 2041, the City's employment base is forecast to reach approximately 101,100. This represents an increase of approximately 19,100 jobs from 2018, or an annual employment growth rate of 0.9%. Of forecast employment over the 2018 to 2041 period, employment lands employment is anticipated to account for 44% of total employment, followed by population-related employment (45%) and major office (11%).

Over the 2018 to 2041 period, employment lands are anticipated to accommodate approximately 8,410 jobs (excluding major office employment), approximately 44% of the forecast employment growth for the City of Guelph. In addition, employment lands are anticipated to accommodate 30% of the City's major office employment growth to 2041. Employment growth on employment lands, including major office over the 2018 to 2041 period, is forecast to accommodate approximately 9,000 jobs, or 47% of the City's employment growth.

Given the large number of established industrial and business parks in Guelph, a wide array of opportunities for intensification exists. Based on recent trends in intensification and the likely redevelopment of intensification opportunities identified, it is anticipated that 15% of Guelph's employment growth on employment lands over the 2018 to 2041 period will be accommodated through intensification. Adjusted for intensification, the City is anticipated to require an additional 192 ha (474 acres) of employment lands to accommodate forecast employment growth over the 2018 to 2041 period, based on an average density of 40 jobs per net ha (16 jobs per net acre). This represents an average employment lands absorption of approximately 8 net ha (20 net acres) per year.

A major factor in the future competitiveness of the City's economic base is the quantity and quality of its vacant employment lands. It was identified that as of year-end 2017, Guelph has a total of 464 gross ha (1,147 gross acres) of vacant designated employment land, including a net developable vacant employment land supply of 428 net ha (1,058 net acres). The majority of the vacant employment land supply is located in South Guelph within the Hanlon Creek Business Park and

South Guelph Industrial lands along with the G.I.D. Based on further review, it is recommended that the City of Guelph consider the redesignation of approximately 50 ha (123 acres) of employment lands to non-employment uses. This includes the lands currently designated for employment uses within the Clair-Maltby Secondary Plan Area. Adjusted for the recommended employment land conversions, Guelph's net developable employment land supply is 378 net ha (934 net acres).

In accordance with the forecast employment land demand (192 net ha or 474 net acres) and identified vacant employment land supply (adjusted for potential employment conversions), Guelph is expected to have a surplus of 186 net hectares (460 net acres) of employment land by 2041. The results of this study suggest that the City has a sufficient supply of vacant designated employment lands to accommodate forecast demand through 2041.