

SEATON EMPLOYMENT LANDS ECONOMIC DEVELOPMENT STUDY UPDATE



HEMSON
Consulting Ltd.

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EXECUTIVE SUMMARY

As an update to the *Highway 407 (Seaton Lands) Economic Development Study* completed in 2007, this report evaluates the challenges and opportunities to the development of the Seaton Employment Lands in the context of a revised outlook for employment lands in the Greater Toronto Area and Hamilton (GTAH).

A. LAND SERVICING AND PLANNING FRAMEWORK

Since the 2007 study was undertaken, significant progress has been made in bringing the lands to market:

- Transportation and servicing plans have moved from the conceptual phase to the detailed design phase;
- Phase 1 of the Highway 407-East Extension is scheduled to be completed in 2015;
- Funding and financing arrangements for municipal services are close to being finalized; and

- Implementing amendments to the Province's *Central Pickering Development Plan*, the *Region of Durham Official Plan* and the *City of Pickering Official Plan* and *Zoning By-law* are now in effect and set the framework for development of the Pickering Innovation Corridor. The first phase of Seaton employment lands is nearing draft plan approval and development readiness.

The current zoning by-law governing the Seaton Lands allows for a range of activities and services under the Prestige Employment designation, from light manufacturing and business services activities to hotels and convention centres. The zoning by-law also restricts the extent of warehousing and logistics activities. This may limit Seaton's development prospects in the near term, as the warehousing and logistics sector has been one of the fastest growing sectors in the GTAH over the past decade.

B. BROAD MARKET OUTLOOK

The 2007 Study provided an outlook for the Seaton employment lands based on economic data to 2006, prior to the 2008-2009 recession, which caused a sharp decline in manufacturing employment and output across the GTA. As a result, the market for employment lands has gone through an extensive period of slow demand.

This study takes account of the outlook that reflects the resurgence of the U.S. economy, the declining value of the Canadian Dollar and the sharp decrease in energy prices. Altogether, and notwithstanding the lingering effect of the recession, the general economic outlook for the manufacturing and supporting industrial sectors is expected to be reasonably favourable. Over the medium to long term, Seaton's attractiveness as a location for a wide range of employment land uses is anticipated to increase.

C. SEATON'S OUTLOOK AND PROSPECTS

The Seaton Employment Lands are expected to be available for development by 2017. The key advantage of the Seaton Lands is its location within new Seaton Community and its direct access to Highway 407:

- The Seaton Community presents one of the largest greenfield residential development opportunities within the GTA. Increased population growth in Durham and, specifically, the Seaton Community, is expected to increase demand for employment lands in the City of Pickering; and
- The improvements to the regional highway infrastructure through the on-going work on the Highway 407-East Extension will improve the connection between Durham and Seaton and the rest of the GTA.

Furthermore, there is a limited supply of existing developable employment lands in Pickering (not including the Seaton lands). Moving forward, any substantial employment related development in Pickering will have to occur in Seaton.

As many of the established employment land areas elsewhere in the GTA mature in the coming years, the Seaton Highway 407 Employment Lands will become a major new greenfield area in the GTA East employment land market.

I BACKGROUND AND INTRODUCTION

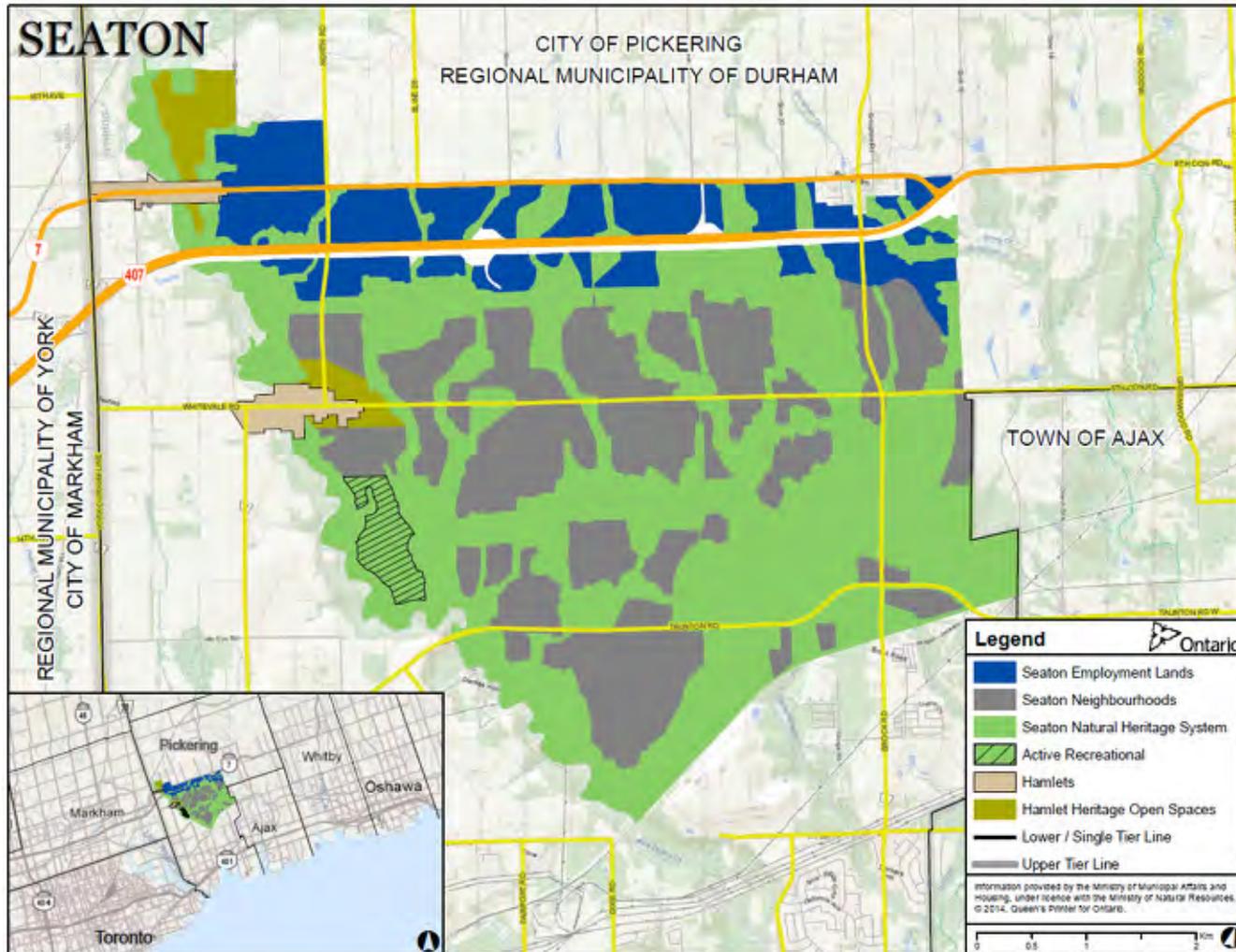
In 1974, the Province of Ontario assembled a substantial land holding in central Pickering which is now known as the Seaton lands. Two years prior, the Federal Government had assembled land immediately to the north as the site for the potential future Pickering Airport.

In May 2006, the Province of Ontario approved the *Central Pickering Development Plan* (CPDP). The CPDP provides the framework within which the Seaton lands will be developed with a combination of residential, employment and other uses. Under the CPDP, the northern part of the Seaton lands is largely designated for prestige employment land uses. Encompassing an overall gross area of approximately 335 ha (830 acres), the prestige employment lands occupy both frontages of Highway 407 between the hamlet of Green River and Brock Road, a distance of approximately seven kilometers. The area is bounded on the north by Highway 7 and on the south by a section of the Natural Heritage System which is a key feature of the overall

plan. Map 1 on the following page illustrates the overall context for the Seaton lands.

Infrastructure Ontario, on behalf of the Ministry of Economic Development, Employment and Infrastructure, is responsible for managing the development of the prestige employment lands. One of the first tasks that was undertaken by Infrastructure Ontario was the preparation of an economic development study of the employments lands. The study was completed in April, 2007. Among other things, the study identified the types of businesses that would be attracted to the area and what would need to be undertaken in order to assist in servicing and marketing the land in appropriate stages.

Map 1



While a land exchange with private developers has been implemented for large parts of the Seaton lands that have been designated for residential and commercial development, the Province continues to maintain ownership of the employment lands. The goal of Infrastructure Ontario is to maximize the return on these lands while at the same time fulfilling key policy objectives for the area as described in the CPDP.

Since 2007, a substantial amount of preparatory work has been undertaken in order to enable development of the lands to begin. Most importantly, agreements concerning the construction and financing of the infrastructure are close to being finalized and design contracts are expected to be awarded shortly.

Due to its excellent location and scale, the Seaton employment lands represent the most significant opportunity to accommodate new jobs for the City of Pickering. For this reason it is important for the City to have a good understanding of the environment within which the lands will be competing, the strengths and challenges that the location offers and the likely pace at which the lands will develop.

The report is divided into six sections. Section II provides a detailed site assessment of the employment lands from a locational, transportation and servicing perspective. In Section III, the policy and planning framework that governs development activities in Pickering and Seaton are presented. This is followed by the employment land market context in Section IV. In Section V, the market assessment and prospects for the Seaton employment lands are presented. Finally, Section VI concludes with the main findings of the report.

II SEATON EMPLOYMENT LANDS ASSESSMENT

This section of the report provides an assessment of the Seaton employment lands in terms of key factors that affect the market for the lands in terms of urban design, planning and employment uses. In addition, this section provides a detailed discussion of the implications of transportation and transit networks and of potential water and wastewater servicing arrangements.

A. OPPORTUNITIES AND CONSTRAINTS AFFECTING URBAN DESIGN AND PLANNING

The development of the land use concept, site planning and built form appearance are influenced by a number of factors. These factors include:

- General Situation
- Natural Heritage System (NHS)
- Site configuration and adjacency to highway frontages

- Interface with Hamlet Communities
- Future adjacent development

1. General Situation

As noted previously, the Seaton employment lands are located on both sides of the Highway 407 corridor between the hamlet of Green River to the west and Sideline 16 to the east. The total length of the corridor is nearly seven kilometers. The majority of the employment lands are located between Highway 407 and Highway 7. A smaller proportion is located south of Highway 407 and one large block is located in the western part of the employment lands located north of Highway 7. Taking account of natural heritage features, planned transportation corridors, existing road rights-of-way and cultural heritage features, the estimated gross developable area amounts to approximately 330 ha (820 acres). Phase 1 of the development will contain approximately 78 ha (192 acres) of land that can

be developed for employment uses. Subsequent phases will provide a further 152 ha (567 acres) of developable employment land. The subdivision plans for the area provide a variety of parcel sizes ranging from as small as 0.7 ha (1.7 acres) and up to 10 ha (25 acres). Because of the configuration of the site and the location of Highway 407, many of the parcels will have excellent exposure which is a desirable feature for many users.

The employment lands are part of the larger Seaton community which is located just to the north of the existing urban area of Pickering. The Seaton lands are currently occupied by mainly agricultural and rural residential uses. This will likely change rapidly as development of the residential neighbourhoods begin. The employment lands are well separated from these neighbourhoods to the south by the NHS with the exception of a small area in the southeast part of the employment lands. The hamlets of Green River and Brougham are at the west and east ends of the lands. Green River is largely a residential community while Brougham has a number of commercial establishments at the crossroads of Highway 7 and Brock Road (Regional Road 1).

The employment lands, while currently quite removed from developed areas of Pickering and Markham are very accessible because of their adjacency to Highway 407. Travel time west to Highway 404 is about 10 minutes while Highway 401 is about a 10 minute drive south on Brock Road. Accessibility will be further improved once the easterly extensions of Highway 407 and the West and East Durham links to Highway 401 are completed (2015-2020).

Immediately to the north of the employment lands is the site for the proposed Pickering Airport. When built, the airport will at first act as a regional airport replacing Buttonville Airport in Markham, which is scheduled to close sometime after 2015. Potentially it could evolve into a reliever facility for Pearson International after it reaches its planned capacity. In addition to airport uses, a portion of the site is to be allocated to employment uses. These uses would likely be located along the north side of Highway 7 and would be complementary to the Seaton lands.

2. Natural Heritage System

The Natural Heritage System is a unique aspect of the employment lands area. North-south wooded valleylands punctuate the development area across its length, and have been integrated into the urban design of the area.

- The NHS divides the lands into distinctive development zones or “pockets”;
- Some “pockets” have extensive, uninterrupted boundaries adjacent with natural lands, creating the opportunity for unique, sensitive site planning and built form that integrates well with the natural landscape; and
- Access to some of the parcel requires crossings of the natural lands which will have cost implications for development.

3. Site Configuration And Highway Frontage

The employment lands extend approximately seven kilometres along the north and south sides of Highway 407 and the south side of Highway 7 to the north. The spacing and characteristics of these roadways

have a distinct impact on the shapes and sizes of the development parcels:

- The close proximity of Highway 7 and Highway 407 results in overall parcel depths between the two roadways of approximately 450 m. This parcel depth has an impact on how the local road is configured and lot depths;
- There are opportunities for site frontage along Highway 7 and Highway 407;
- Narrower parcels on the south side of Highway 407 benefit from high visibility highway frontage and adjacency to the NHS;
- A large, unobstructed parcel north of Highway 7 between Sideline 32 and North Road benefits from access to Highway 7 and the potential for larger lots with internal access; and
- The south side of Highway 7 has the potential for a consistent landscape and built form character.

4. Interface With Brougham And Green River

Two existing hamlet communities define the west and east limits of the employment lands.

a. Brougham

The employment lands abut the southern, eastern and western edges of Brougham. Although the hamlet lies outside the employment lands boundary, its rural/residential character and its streetscapes and built form have been given consideration in planning the area.

b. Green River

On the west, the employment lands border a small portion of the eastern boundary of Green River. The requirement for appropriate interface treatment has been taken into account in developing the planning through the designation of a District Park west of Sideline 32 to act as a buffer.

5. Adjacent Development / Planned Land Uses

There are two primary future land uses designated adjacent to the employment lands:

- The federally owned lands reserved for the proposed Pickering Airport.
- At the Brock Road By-pass, abutting the southern boundary of the employment lands is one of the medium density neighbourhoods and Community Nodes of the future Seaton residential area.

Development of airport-related employment services may occur along the north side of Highway 7. Such uses are not anticipated to have a significant impact on the scale and quality of built form and landscaping measures established along the south side of Highway 7. If other employment uses are also developed on part of the federal lands they are likely to be complementary to the anticipated uses in the Seaton employment lands.

In contrast, the interface between the employment lands and the medium-density neighbourhood west of Brock Road By-pass has required more sensitive planning given the planned residential uses to the south. Accordingly, adjacent parcels are designated "Prestige Employment Node", which are largely descriptive of office-type uses.

The existing draft neighbourhood plans identify a wide variety of lot configurations. The proposed lotting configuration, shown in Table 1, has relatively larger shares in the small land-use categories than the anticipated market demand, which in recent years has favored land extensive uses. However, there is sufficient flexibility in the plan to allow consolidation of lots to create larger parcels as required.

Table 1

**Employment Land
Neighbourhood Site Size Distribution**

Site Size (ha)	Number of Sites	Site Share	Land Share
0.7-2.0	13	20%	9%
2.1-3.5	18	28%	20%
3.6-5.0	18	28%	33%
5.1-8.0	15	23%	38%

B. TRANSPORTATION

In keeping with the transportation needs of a new community of the size of Seaton, the transportation infrastructure serving the area both internally and externally is being substantially increased. The

improvements will make future development in the area more accessible and interconnected.

1. Road Improvements

The planned major improvements to the existing network of freeways and concession roads are as follows:

- Highway 407 to Brock Road widening from 4 to 6 lanes and 2 new interchanges at Sideline 26 and Sideline 22.
- The easterly extension of Highway 407 to Highway 35/115 with connecting links to Highway 401. The work is being undertaken in two phases. The first, to Harmony Road with the West Durham link to Highway 401 will be completed by 2015. The second phase is to be completed by 2020.
- Widening of Highway 7 immediately east of the Seaton area to Highway 12 and between Brock Road and Baldwin Street in Whitby.
- Brock Road By-Pass of Brougham. This project is currently underway in conjunction with the Highway 407 extension project.

- Within the Seaton lands as a whole, a full network of local and collector roads will be constructed. Some of the work will be undertaken on behalf of the Region of Durham. The balance of the major road projects will be carried out by the private landowners acting as a group. Local roads within the employment lands and elsewhere will be the responsibility of the developers of individual subdivisions.

2. Transit

The Region of Durham has identified the following major transit corridors:

- 407 Transitway along the south side of Highway 407 in a 60 metre ROW with transit stations planned at York-Durham Townline, Sideline 26, Sideline 22 and a re-aligned Brock Road. The 407 Transitway is a long-term transit initiative with no current commitments for timing of implementation.
- Highway 7 and Brock Road for providing inter-regional service.

- Sideline 26/Whites Road will potentially provide inter-municipal and local transit services. Local transit is to be extended in the long term as development proceeds.
- Metrolinx has studied the potential of providing GO Rail service on the Belleville and Havelock lines but commitments to do so have not been made.

The *Central Pickering Development Plan* also anticipates frequent local transit service on Sideline 22 and North Road. As yet no specific plans have been finalized with regard to transit service for the employment lands.

C. SERVICING

Because of the lake-based nature of services in the Region of Durham, the employment lands will be serviced through extensions to water and wastewater systems that will be built to service other parts of the Seaton lands to the south. Plans for servicing these lands have largely been finalized and a timetable established. The servicing will be undertaken in a phased manner. Detailed arrangements have been made regarding both construction and construction for works required for

Phase 1. It encompasses 13,350 residential units and 80 ha (200 acres) of employment lands.

In 2010, the Region of Durham commissioned an Environmental Assessment (EA) for roads, water and sewer infrastructure necessary to service the Seaton area. The EA was recently completed and provides the recommended roads, water and wastewater infrastructure required to service all the Seaton lands, including the employment lands.

Specific details regarding water and wastewater servicing are set out below.

1. Wastewater Servicing

The employment lands will require a wastewater collection network. The employment lands are well upstream of existing sewers and therefore must rely on connections through the new services in the area of Seaton to the south.

Emphasis will be placed on constructing multiple services in one corridor so as to expedite construction of services in areas already slated for construction for one or more

different services (sewers, watermains, road widenings, telecommunications, etc.).

The first part of the Seaton employment lands to receive servicing (Phase 1) will be located between Sideline 26 and 22 based on the potential phasing of development of the residential lands to the south. Although not yet certain, at present the likely date when servicing will be available to the employment lands is Spring 2017. The timing of servicing for subsequent phases will depend on the pace of development to the south.

The Environmental Assessment involved a comparative evaluation of the potential sanitary sewer alignments and the wastewater pumping stations. All of the trunk and sub-trunk sewers will flow by gravity to the Duffin Creek Water Pollution Control Plant.

The six regional trunk sewers that were defined to provide sufficient wastewater servicing to the Seaton lands and other lands in the CPDP are:

- West Seaton Trunk
- West Seaton Sub-Trunk

- Central Seaton Trunk
- Central Seaton Sub-Trunk 1
- Central Seaton Sub-Trunk 2
- East Seaton Trunk

2. Water Servicing

The employment lands require a network of water infrastructure to provide water service. Similar to the wastewater services, the area must rely on an extension of existing infrastructure as there is a long distance to existing Regional services. In order to service the employment lands, existing water services must be expanded and the recently completed Environmental Assessment has identified the preferred solution.

Given the existing topography and corresponding pressure zone boundaries, the employment lands cannot be serviced until the network of pumping stations and reservoirs is extended to within or just north of the area.

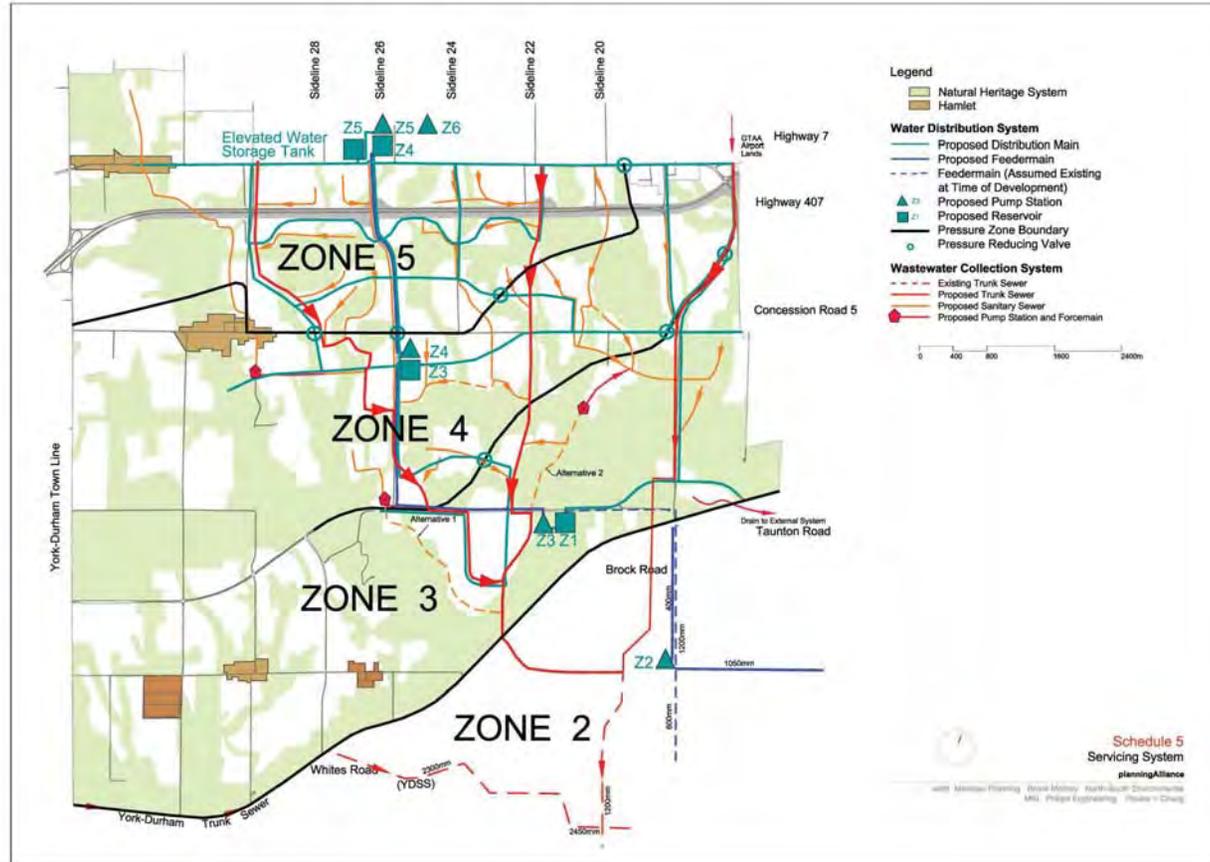
The preferred water system is comprised of watermains in Zones 3, 4 and 5. The siting of the regional watermains is

dependent on the regional road layout and the water system facilities that were considered necessary. The preferred system utilizes reservoir storage, which is preferred over a series of elevated tanks.

The preferred water system consists of the following:

- Zone 3 (Z3) – Z3 Pumping Station and Z3 Reservoir
- Zone 4 (Z4) – Two Z4 Pumping Stations and a Z4 Reservoir
- Zone 5 (Z5) – Two Z5 Pumping Stations and a Z5 Elevated Tank

The servicing system plan is illustrated in Map 3 on the following page.



3. Development Charges Will Be Used To Pay For Services

Among the most significant tasks that has been undertaken since 2007 is the negotiation of funding and financing arrangement relating to the infrastructure required for the development of the Seaton lands. These arrangements are expected to be finalized soon. Development charges are a key component of the funding arrangements. The charges will be a combination of City and Region-wide charges for all funded services with the exception of water and wastewater services. For these services, an area-specific charge for the Seaton lands will apply. Of specific importance to the employment lands, the charges will be calculated and applied based on site area rather than building size. This will favor higher density development while discouraging projects with high building-to-site ratios.

D. TELECOMMUNICATIONS

Provision of telecommunications infrastructure in advance of development of the employment lands will be key to attracting users that will be targeted for Seaton.

Because Seaton is a large new urban area, a proactive approach to the installation of advanced telecommunications infrastructure should be taken. The required fibre optic infrastructure should be installed along with other infrastructure as the Seaton lands are serviced. In the detailed planning for the employment lands, consideration should be given to the establishment of a planned service conduit within future servicing corridors (including telecommunications infrastructure) that when extended, would access all of the employment lands.

III PLANNING FRAMEWORK ENABLES DEVELOPMENT OF PHASE 1 TO PROCEED

This section provides a description of the planning framework for Seaton taking account of changes since the 2007 Economic Development Study was prepared. Recent amendments to Provincial, Regional and local municipal policies and plan that impact development of Seaton are discussed in this chapter, including established permitted and prohibited uses on employment lands and the status of planning implementation.

Significant work has been undertaken in recent years at Provincial, Regional and local levels in order to clarify and complete planning matters for the development of Seaton to proceed. Implementing amendments to the Province's *Central Pickering Development Plan*, the *Region of Durham Official Plan* and the *City of Pickering Official Plan* and *Zoning By-law* are now in effect and set the framework for development of the Pickering Innovation Corridor, with the first phase of Seaton employment lands nearing draft plan approval and development-readiness.

A. BROADER PROVINCIAL POLICY CONTEXT SUPPORTS GROWTH IN SEATON

Planning within Durham, Pickering and the Seaton community is required to be consistent with the policies of the Province's *Growth Plan* and the *Provincial Policy Statement* (PPS), both of which have undergone updates related to planning for employment and growth in recent years.

The *Growth Plan* provides direction for managing growth, including the forecasts of population and employment that the Region of Durham must plan for through Schedule 3. Through Amendment 2 to the *Growth Plan*, adopted in June 2013, these forecasts were updated and extended to a 2041 planning horizon. Durham is now anticipated to reach 970,000 residents and 360,000 jobs at 2031; and 1,190,000 and 430,000 residents and jobs respectively to 2041. The growth forecasts for Durham are significantly higher under Amendment 2 than the 960,000 residents and

350,000 jobs that were originally anticipated for the Region. This heightens the impetus for development of Seaton, particularly for the employment lands component.

The *Provincial Policy Statement* (PPS) complements the *Growth Plan*, articulating Provincial direction for land use planning. An updated PPS came into effect on April 30th 2014, which among other matters, strengthens provincial direction for employment lands planning. The 2014 PPS supports longer-term planning for employment lands, the development and protection of employment areas in close proximity to goods movement corridors and economic development and investment-ready communities. Bringing the Seaton employment lands into development aligns with the thrust and intent of the updated PPS, ensuring an adequate, accessible employment land supply and promoting investment-readiness in the City of Pickering.

B. AMENDMENT 1 TO CPDP PROVIDES BASIS FOR SEATON PLANNING IMPLEMENTATION

The *Central Pickering Development Plan 2006* (CPDP or “the Plan”), establishes the Province’s vision for Central

Pickering and sets the framework for the development of Seaton. The Plan sets out the broad goals, objectives and policies which are to be supported and implemented through amendments to the *Region of Durham Official Plan* and *City of Pickering Official Plan* and Zoning By-law.

Amendment 1 to the CPDP came into effect in January, 2012 with the purpose, among other matters, of clarifying:

- the relationship of the CPDP with the *Growth Plan*;
- the population and employment forecasts for the CPDP Area (Seaton) and the intent that they are to be used for the purposes of planning to 2031; and
- the planning implementation process for Seaton.

‘Section 5 Implementation’ of the CPDP was amended to reflect its relationship with the *Growth Plan* with respect to the forecasts used for planning:

This Plan provides direction to deal with growth management matters in the Development Plan Area. These specific

objectives and policies are intended to support overall implementation of the *Growth Plan for the Greater Golden Horseshoe, 2006*. The population and employment forecasts that have been established under this Plan for 2031 will be used by the Region when it is undertaking its conformity exercise with the *Growth Plan*.

Amendment 1 to the CPDP establishes forecasts of population and employment to a 2031 planning horizon, consistent with the *Growth Plan*; as well as for an ultimate build-out scenario expected to occur beyond the 20 year planning horizon. Under Amendment 1 to the CPDP, Seaton is anticipated to accommodate a population of 61,000 residents to 2031 and 70,000 residents at build-out; and 30,500 jobs to 2031 and 35,000 jobs over the long-term.

Local level planning for growth and development of Seaton is delegated to the Region of Durham and City of Pickering through implementing amendments to the *Durham Region Official Plan* and *City of Pickering Official Plan* and Zoning By-law.

C. UPDATED AIRPORT REGULATIONS MINIMALLY IMPACT SEATON EMPLOYMENT LANDS

Another element of policy affecting development of Seaton lands is in the process of review and update of the airport zoning regulations. In June 2013, the Federal Government announced a new plan for the Airport Lands and Transport Canada is now in the process of defining a smaller portion of the Airport Lands as an airport site together with updated Pickering Airport Zoning Regulations (AZRs). However, it is not anticipated that the update will change the impact of the regulations on the Seaton employment lands. Some height restrictions are already in place based on the original AZR's which have been in effect since 2005. The principle impacts of the AZRs on the Seaton employment lands are influenced by the following:

- the Seaton employment area is within the “outer surface” of both the existing and proposed AZRs;
- the outer surface is an imaginary surface established at a constant elevation of 45 metres above the assigned elevation of the airport reference point;

- the existing and proposed AZRs restrict building and natural growth heights in the outer surface to 45 metres from the airport reference point which would permit approximately ten to twelve building storeys;
- the height permitted on a specific site would be determined by the site's elevation in relation to the airport reference point which has an assigned elevation of 255 m; and
- AZR's also control bird hazards and electronic interference.

D. DURHAM REGIONAL OFFICIAL PLAN AMMENDMENTS 114 AND 128 ESTABLISH REGIONAL VISION FOR GROWTH

The Region of Durham has implemented two significant amendments to the *Durham Regional Official Plan* that affect planning for growth and development in the Region. ROPA 114 designated the Seaton lands as 'Special Policy Area A (Pickering)' on Schedule A of the *Regional Official Plan* and acknowledges the authority of the CPDP with respect to Seaton lands. ROPA 114, implemented phase one of a comprehensive official plan

review. Subsequently, the Region undertook a growth management strategy, *Growing Durham*, which represented the Region's *Growth Plan* conformity exercise. ROPA 128 was approved by Regional Council in 2008 and by the Ontario Municipal Board in January 2013; it is for the most part also in effect. ROPA 128 implements the population and employment targets of *Growth Plan* Schedule 3, providing a basis for growth planning in the City of Pickering, including Seaton.

Section 13.2.1.3 of the *Durham Region Official Plan* supports the CPDP and requires that "detailed policies and neighbourhood plans for the Seaton Urban Area to implement the Central Pickering Development Plan shall be incorporated into the City of Pickering Official Plan." Amendment 22 to the *City of Pickering Official Plan*, the "Seaton Conformity Amendment", responds to this, addressing the requirements of the CPDP and fulfilling the next key implementing step in enabling development of Seaton to proceed.

E. CITY OF PICKERING OFFICIAL PLAN AMENDMENT 22 APPROVED AND IN-EFFECT

The City of Pickering has also undertaken significant planning for the Seaton urban area in recent years, implementing and building on the general direction of the CPDP, *Durham Regional Official Plan* and the existing policies of the *City of Pickering Official Plan* with detailed neighbourhood level plans and a Seaton-specific zoning by-law. *Pickering Official Plan Amendment 22* (OPA 22) was approved by the Ontario Municipal Board and came into effect on March 26, 2014. The Amendment sets the context for development of Seaton to proceed, establishing land use policies and Schedules for the community, re-designating the ‘Seaton Study Area’ to ‘Seaton Urban Area’ on Schedule A – Land Use of the *Pickering Official Plan*. The Seaton Urban Area comprises the following range of urban designations: *Community Nodes*, *Mixed Corridors*, *Prestige Employment*, *Low Density Areas*, *Medium Density Areas* and *High Density Areas*.

OPA 22 responds to direction in the CPDP for local level planning, establishing six neighbourhood plans with local population and employment targets and land use Schedules. Among the six neighbourhood plans

established through OPA 22, the Highway 407 Employment Lands are primarily contained within “Neighbourhood 21 – Pickering Innovation Corridor” with a small portion located in “Neighbourhood 20 – Thompson’s Corners” which includes employment lands as well as residential and mixed use designations.

Seaton is being planned as a transit-oriented community. A primary goal of the CPDP is *the provision of a transportation system that provides choices in transportation mode, including ensuring that the community is designed in a manner that supports public transit*. OPA 22 further supports the intent of the CPDP by establishing minimum transit-supportive densities to ensure the viability of transit at the earliest stages of development. It is anticipated that the provision of transit will occur on an incremental basis as Seaton develops over time and based on necessary funding agreements between the Province and development community. There is also an expectation of greater inter-regional transit connections occurring as the phases of Seaton build-out, as the Region continues to grow, and as future Provincial and Regional investments support the policy thrust of the *Growth Plan*. The extent to which the envisioned multi-

modal transportation system is established will contribute to the development of Seaton as a complete community, enhancing the viability of both the residential and employment areas and supporting achievement of the long-range growth outlook for Seaton.

OPA 22 provides for 30,500 jobs by 2031 and 35,000 jobs through long-term intensification within the entire Seaton urban area. Of the 30,500 total jobs planned to 2031, 18,800 are anticipated within the Highway 407 employment lands. Of this number, 13,400 would be within the Pickering Innovation Corridor. The additional 5,400 would be within the Thompson's Corners portion of the employment lands. The balance of planned employment will be in small format office, retail and service industries in the Community Node and Mixed Use Corridor designations as well as institutional and recreational facilities throughout the residential designations and mixed use designations and home occupations in all residential and mixed use designations.

With regard to the Seaton employment lands, OPA 22 provides for office, manufacturing and service industries

in Prestige Employment designations, again primarily in the Pickering Innovation Corridor, the area generally bound by Duffins Creek to the west, Highway 7 to the north, Sideline 16 to the east, and the Seaton Natural Heritage System to the south. Schedules XII (Map 3) and XIII (Map 4) from OPA 22 on the following pages illustrate the layout of designated land uses.

The Seaton employment lands are intended to develop in a phased manner with the Phase 1 employment lands comprising the central portion of the Employment Land, running along both sides of Highway 407 and encompassing two planned interchanges at Sideline 22 and 26; the Brock Road interchange.

F. OFFICIAL PLAN AMENDMENT 22 PRIORITIZES PHASE 1 EMPLOYMENT LANDS

In order to support the development readiness of Seaton employment lands and promote job creation, the City of Pickering has prioritized servicing and infrastructure investment for the Seaton Phase 1 employment lands through OPA 22:

- a) ensuring that the first phase of the Prestige Employment designation, consisting of a minimum of 80 hectares of employment land between Sideline 26/Whites Road and Sideline 22, is serviced with trunk water and sanitary servicing concurrent with servicing Neighbourhood 16: Lamoreaux and shall be set out in the “Staged Servicing and Implementation Strategy”;
- b) encouraging Hwy 407/ETR to construct the Sideline 26/Whites Road interchange concurrent with servicing the first phase of the Prestige Employment designation;
- c) encouraging Metrolinx to provide for bus rapid transit along Highway 407/ETR concurrent with servicing the first phase of the Prestige Employment designation; and
- d) ensuring that subsequent phases of employment lands are available for development in conjunction with the development of the other residential neighbourhoods.

The City has articulated the general direction for permitted uses and a preferred ordering of development. This direction is set out in greater detail through the in-effect Seaton Zoning By-law and a Phase 1 employment lands draft plan of subdivision, currently nearing approval.

G. SEATON ZONING BY-LAW ESTABLISHES PERMITTED AND PROHIBITED USES

The Seaton Area Zoning By-Law (City of Pickering Zoning By-law 736/14) came into effect on March 26, 2014. The by-law implements *Pickering Official Plan* direction for Seaton lands. It establishes in greater detail permitted and prohibited uses, regulating the use of land, and construction of buildings and structures. The by-law establishes permitted and restricted uses for the Pickering Innovation Corridor, according to the following categories of employment related land use:

- Prestige Employment General (PEG);
- Prestige Employment Node (PEN);
- Prestige Employment – Heritage Lot (PE-HL); and

- Employment Service (ES).

Zoning is also in place for Storm Water Management (SWM) and the Natural Heritage System (NHS).

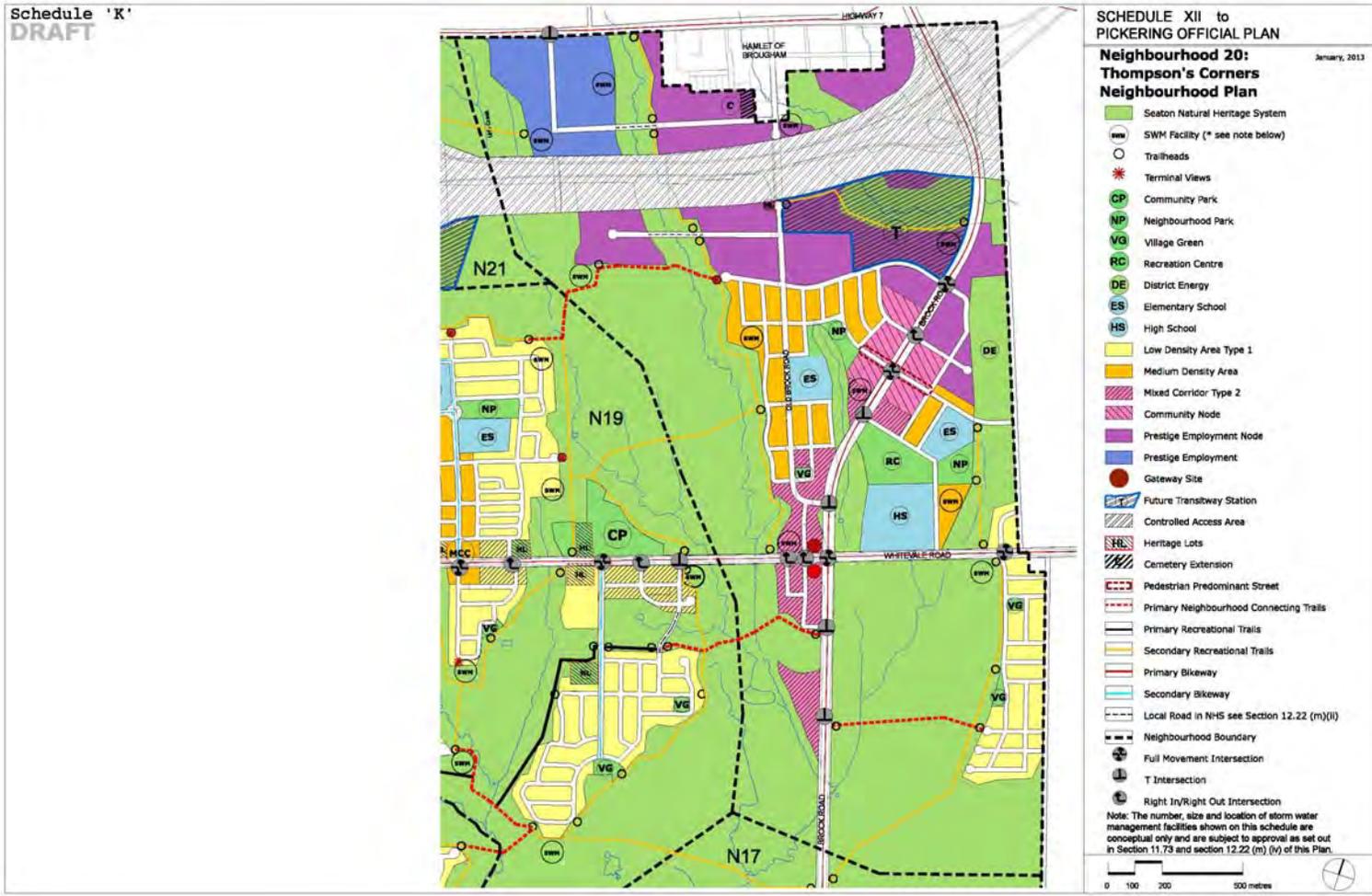
The most permissive of the employment zone use categories is the Prestige Employment General (PEG), which allows for:

- light manufacturing;
- food processing;
- business services;
- graphics and design;
- educational / research facilities; and
- data and communications.

The Prestige Employment Node (PEN) designation restricts light manufacturing and food processing, unlike the PEG category. It does permit visitor and convention services such as hotels and convention centres. The Heritage Lot zoning category further restricts

manufacturing, food processing, business services, and educational/ research uses.

An Employment Service zone located at the proposed Sideline 26/Whites Road interchange is intended to support local employment activity with a range of uses serving the employment base. It is the only zone that permits a gas bar use. Consistent with the vision and preferred development concept for Seaton employment lands, office uses are permitted in all employment zones.





The subdivision plan provides finer grained detail for the development of roughly 25 blocks of Prestige Employment Node and Prestige Employment General land uses and the transit-way station. Locations are established for stormwater management facilities, new municipal roads and the Natural Heritage System, including linkages within the Pickering Innovation Corridor and to the adjacent residential and mixed use neighbourhoods.

Figure 2



It is anticipated that the Province will sign off on the pending financial agreement in the very near term,

enabling final approval by the Ontario Municipal Board. Once this occurs, the first phase of Seaton employment lands will be ready to proceed to plan registration, site planning and issuance of building permits, insofar as the conditions of the registered draft plan are met. The timing of development of the Phase 1 employment lands, and subsequently the balance of the Pickering Innovation Corridor, will ultimately be determined by the construction completion dates of the necessary servicing infrastructure, earliest estimates of which suggest 2017.

This section has described the current state of the planning framework for Seaton together with implementation matters related to development of Phase 1 of the employment lands. As summarized below, considerable progress has been made since the 2007 Economic Development study was prepared.

- A number of changes to Provincial policy have come into effect in recent years which impact planning in Durham, Pickering and Seaton, most notable are updates to the *Growth Plan for the Greater Golden Horseshoe* (the *Growth Plan*) 2013, the Provincial

Policy Statement (PPS) and to the *Central Pickering Development Plan* (CPDP) 2012.

- The Province’s CPDP articulates a broad, shared vision for Seaton of a complete community based on sustainable development and a mix of employment, residential and natural heritage uses. The plan is implemented at the local level through the *City of Pickering Official Plan*.
- Significant work has been undertaken at the Regional and local municipal level to implement Seaton. This work has culminated with amendments to the *Durham Region Official Plan* and the *City of Pickering Official Plan* and Zoning By-law which taken together, establish the vision and locally permitted uses for Seaton lands.
- Draft plans of subdivision have been prepared (and approved for the residential and mixed use lands) for several Seaton neighbourhoods, including the first

phase of employment lands located in the easterly portion of the newly established “Pickering Innovation Corridor”.

- The Phase 1 employment lands are approaching development readiness, with draft plan approval almost in place, pending final sign off from the Province to the satisfaction of the CIP and acceptance at the Ontario Municipal Board. Once the draft plan receives final approval, the first phase of employment lands can proceed towards completing the conditions of approval, registration of the plan of subdivision, servicing the subdivision and then site planning and issuance of building permits.

The timing of initial development will be dictated by the servicing plans and the construction of infrastructure requirements. For the employment lands "shovel-ready" sites are anticipated to be available sometime in 2017 or 2018.

IV DEMAND FOR EMPLOYMENT LAND CONTINUES TO GROW

This chapter discusses the demand for employment in terms of the types of uses typically accommodated on employment lands and assesses the major economic sectors in Durham and Pickering that are likely to demand employment land in Seaton.

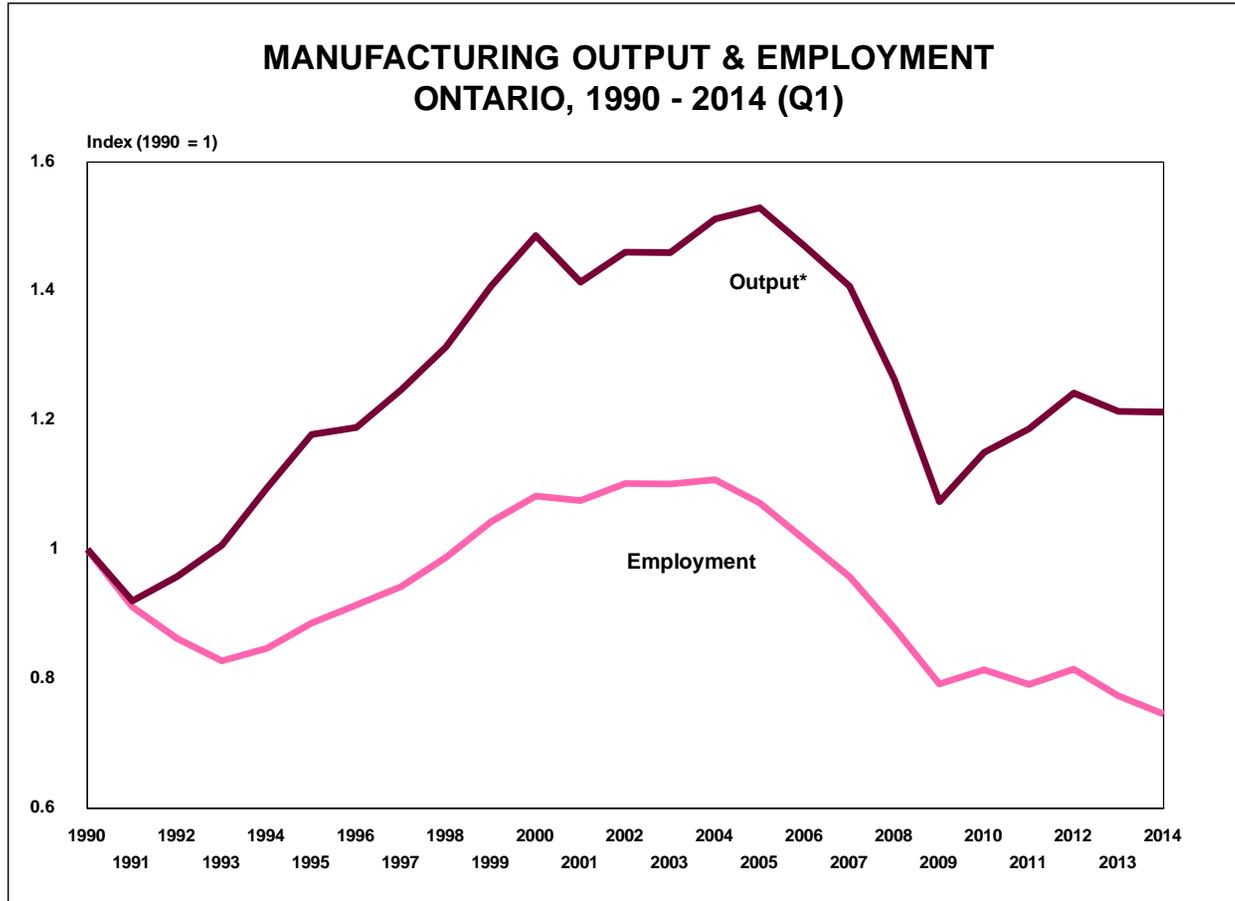
A. CHANGES IN THE GTA/H INDUSTRIAL ECONOMY FOLLOWING THE 2009 RECESSION

The Greater Toronto and Hamilton (GTA/H) area continues to be one of the fastest growing and economically dynamic regions in North America. Over the last few decades, however, the region has been transitioning from a manufacturing based post-war industrial hub to a 21st century service-oriented economy. This shift is driven by the rise of China as a global manufacturing centre and more recently by the 2008-2009 economic recession.

1. The 2009 Recession Caused A Sharp Decline In Manufacturing

As shown in Figure 3, since the 2008-2009 recession manufacturing employment has continued to decline even though manufacturing output (as measured in terms of contribution to GDP in 2007 dollars) has slowly been increasing. The transition away from a manufacturing based economy has led to a decline in traditional manufacturing jobs. However, the industrial focus of the regional economy has remained strong. The decline in employment is being offset by the automation of industrial processes, which has resulted in increases in productivity. Overall, the GTA/H is maintaining its importance as a regional hub for goods production. In addition, due to the overall growth in the economy, and of population and employment in the GTA/H, there has been growth in other activities that locate on employment lands. As a result, the demand for new industrial-type employment lands to accommodate uses other than manufacturing remains high.

Figure 3



Source: Hemson Consulting Ltd. based on Statistics Canada - Labour Force Survey & Ministry of Finance - Ontario Economic Accounts. *Output defined as Manufacturing GDP in 2007 dollars.

Figure 4 summarizes the shift in employment sectors. At the time of the previous study, undertaken for the Seaton employment lands in 2007, the largest share of employment in the GTAH was in manufacturing followed by retail trade. In contrast, the 2011 employment figures based on the National Household Survey show that retail trade has overtaken manufacturing as the largest sector. However, one sector related to manufacturing that has grown during this period is logistics.

The effect of the losses in employment, particularly in the manufacturing sector, was not as pronounced in terms of physical space. Real estate does not adapt as quickly as operations or output so while output has fallen sharply, the physical space in manufacturing facilities has not changed as much. Unlike past recessions where there have been major closures, this recession has not seen many major closures in the region. Changes have manifested more in terms of underutilization of space rather than plant/facility closures as operations are stepped back. As a result, the dip in economic activity has not resulted in as strong an increase in vacancy. The relatively stable vacancy rates are a function of

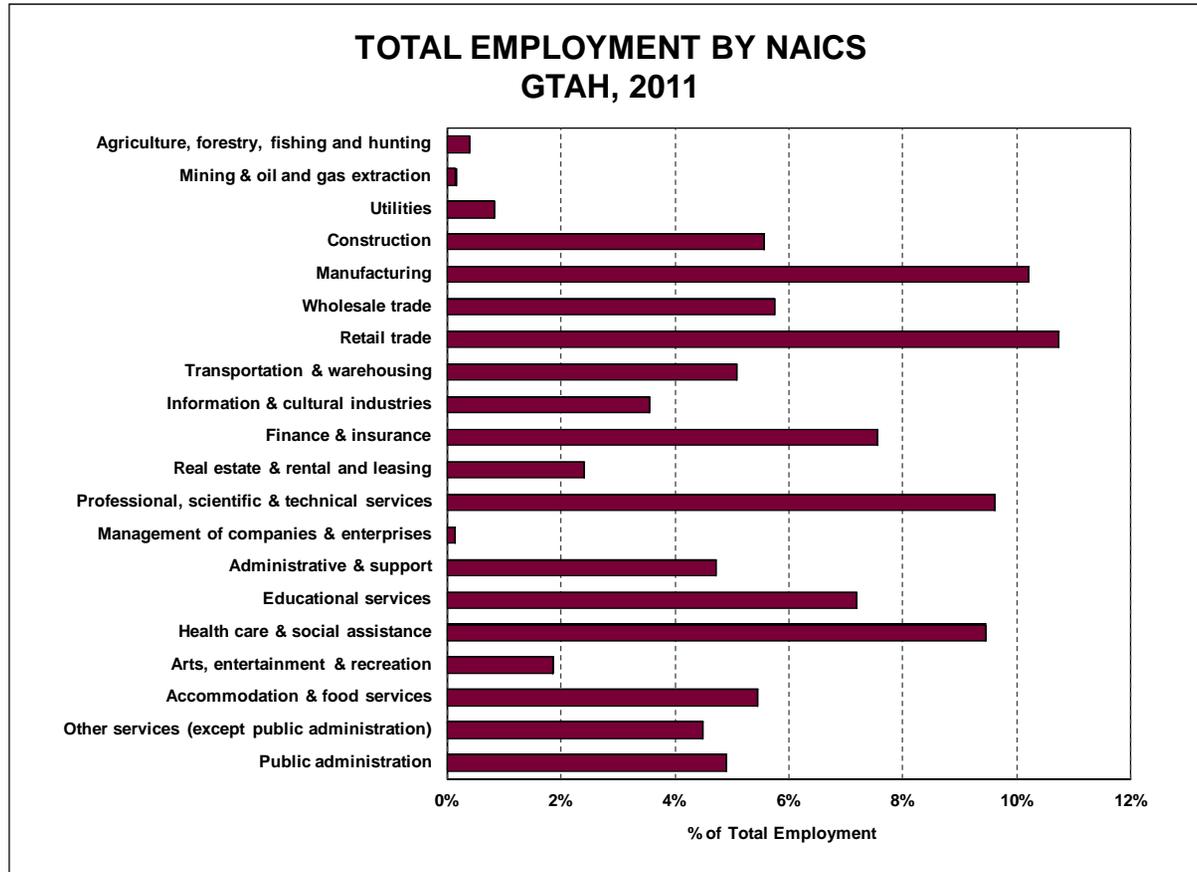
underutilized space still being held rather than being put on the market for sale or lease.

2. The Logistics Sector Has Been On A Consistent Upward Trend

As primary manufacturing activities moved offshore to locations such as China, much of the development that is occurring on industrial lands in the GTAH is for logistics, warehousing and distribution facilities¹. Reflecting the shifts in economic sectors, while some of the new facilities are for manufacturing (albeit with fewer jobs owing to automation of processes and increased productivity) others have been built to accommodate a range of business services. These include some of the largest warehousing and distribution facilities in the region. While not a new phenomenon, these logistics centres are being built in numbers and at a scale that is unprecedented.

¹ *It is important to note that warehousing and distribution functions are only allowed as ancillary uses and not as standalone uses, according to the City of Pickering zoning by-law.*

Figure 4



Source: Hemson Consulting Ltd. based on Statistics Canada 2011 National Household Survey.

The rise in distribution functions in recent years is the result of many factors including: the need to distribute goods that are now manufactured offshore, the rise of more specialized and centralized manufacturing functions within North America and an increased focus on supply chain management to increase operational efficiency. Over the longer-term, a more balanced growth is anticipated as logistics continues to grow, but also as the other sectors recover and begin to need new building space to support growth.

3. The US Economy Is Key To The Success Of Canadian Manufacturing Sector

In their most recent outlook on the Canadian manufacturing sector², KPMG notes that Canadian manufacturers are in a favourable position to attract some of the “on-shoring”, or “re-shoring” activity that has been a key element in the U.S. recovery. This refers to the trend among some major manufacturers to bring back to North America processes that had been had

² “Canadian Manufacturing Outlook 2014: Leveraging Opportunities, Embracing Growth”, KPMG

previously been shifted to low-cost jurisdictions, notably Asia.

Rising energy costs, added pressure on lead times, and increased inflation in China has made Canada and the U.S. more competitive as sourcing nations. Issues with quality and consistency of product have also driven Canadian manufacturers to look to on-shoring for their sourcing strategies.

As Statistics Canada notes in *The Daily*, the dollar value of total exports rose 13.4% from June 2013 to June 2014 while the value of total imports rose by 8.7%.³ As this report is being written, a resurgent U.S. economy, a declining Canadian Dollar and sharply lower energy prices are expected to yield a broader economic recovery in manufacturing and supporting industrial sectors.

³ “*The Daily, Wednesday August 6, 2014: Canadian International Merchandise Trade June 2014*”, Statistics Canada, August 6, 2014

According to the Statistics Canada Manufacturing Year in Review 2013 Report, overall manufacturing exports have continued to climb since 2009. The automotive industry, which has a substantial base in the GTA, was one of the sectors that saw the largest decline in overall sales over 2013. This is, on the other hand, a continuing declining trend in sales in the automotive sector in Canada since 1999. Conversely, sales in the US have doubled overall since 2009 and the automotive industry in the US has performed better than in Canada.

This follows on the heels of a US economic recovery following the 2009 recession, which lagged behind that of Canada's. Following on the recovery of the US economy and a Canadian dollar that is no longer on-par with the US dollar, Canada's economic outlook is expected to be favourable. However, the optimistic outlook must still be taken with a side of caution, since much of the recovery in recent years in Canada has been due to major investments in the public administration, health and education sectors, which are less susceptible to market fluctuations as other economic sectors.

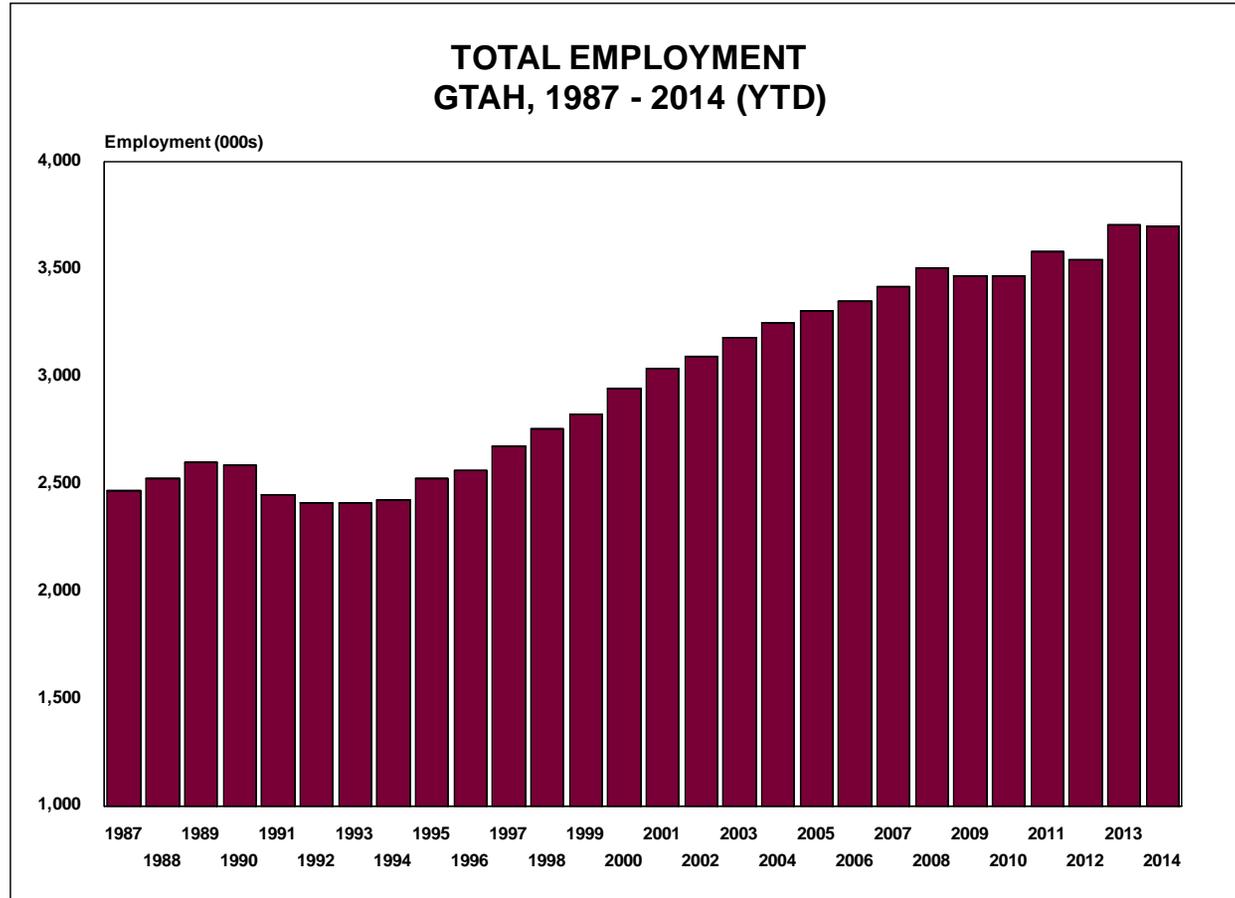
The economic recovery is reflected in the trend in overall employment across the GTA, which has largely

maintained an upward trend since the mid-1990s. Figure 5 shows total employment in the GTA from 1987 to 2014 (year to date). Slowdowns in the US economy in the past are reflected in employment in the GTA, with substantial dips in the early 1990s and in 2009-2010.

4. While Manufacturing Jobs Have Declined, Office Jobs Have Increased Especially In Toronto

One of the effects of Provincial policy such as the *Growth Plan* has been the changes in the residential development market within the region. The most dramatic of these changes has been the boom in high density developments. The condo boom has led to significant residential growth in downtown Toronto, which has in turn attracted a population-serving employment function as well as a number of major office developments. The shift in employment and sectoral preferences for locations close to housing amongst workers has increased demand for offices to locate downtown in the competition to attract and retain talent. This shift is reflected in the drop in employment land absorption in the last decade, as shown in Figure 6.

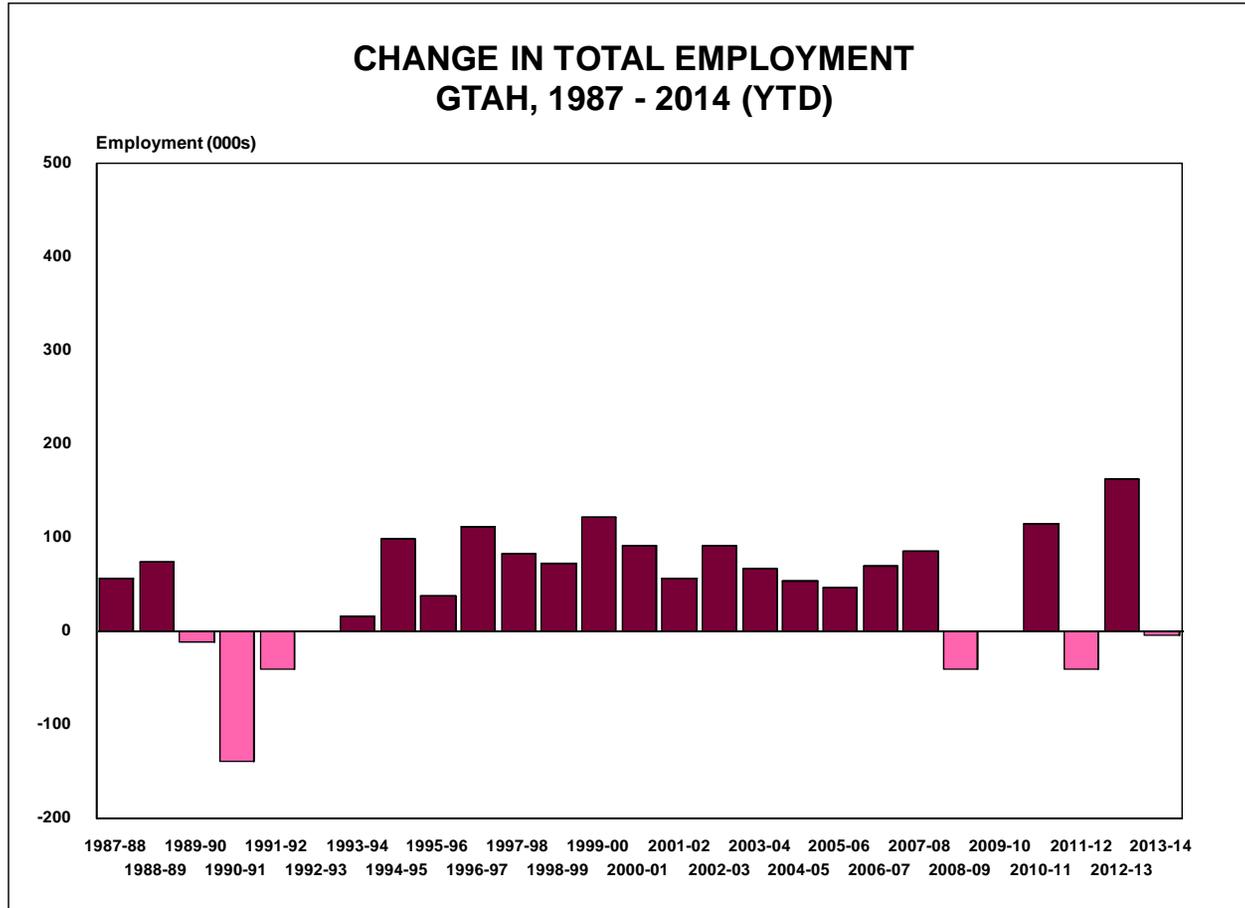
Figure 5



Source: Statistics Canada, Labour Force Historical Review.

Note: GTAH defined as Toronto, Hamilton & Oshawa CMA's

Figure 6



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

Although the 2008-2009 recession caused a significant drop in absorption levels, overall land absorption was in decline since 2004, reflecting changes in the overall development landscape well before the economic shock of the recession (see Figure 7). This is largely the case for those sectors that rely on younger talent, such as the finance, technology and communications sectors. Organizations that are already entrenched in suburban markets and that are readily able to attract and retain employees will continue to operate in traditional suburban office nodes, often built on employment lands. Although the recession interrupted the market cycle of employment land absorption and growth, demand for employment land for employment uses is not expected to continue declining. In GTA East, the Highway 407 East Extension will increase the importance of employment lands in the East, particularly in Durham.

In addition to enhancements to major infrastructure, Durham Region has also benefited from significant population and housing growth over the last five years. Better connectivity and greater population will contribute to demand for employment to be located in Durham.

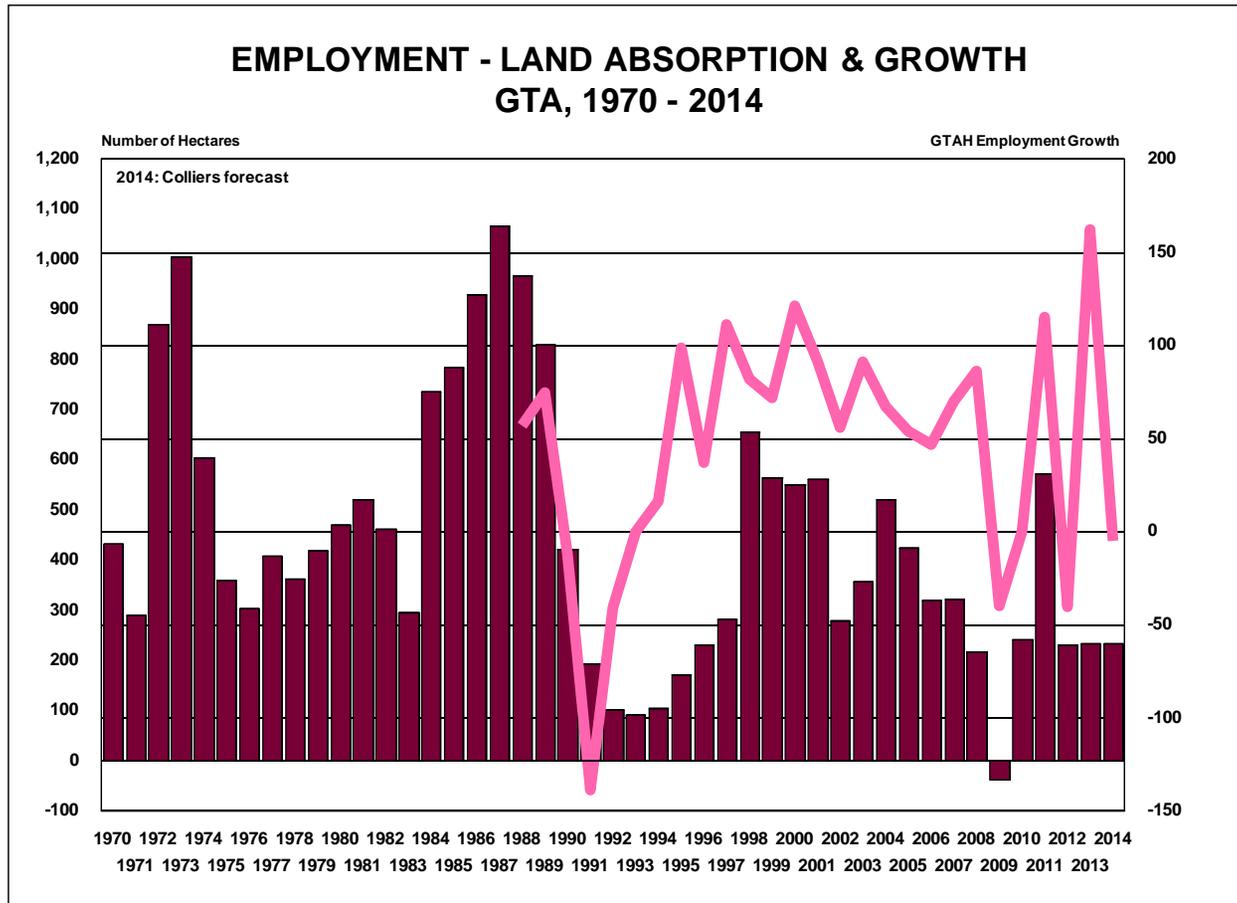
B. DURHAM REGION EMPLOYMENT LAND EMPLOYMENT FORECAST

Growth forecasts have been prepared to reflect recent demographic and economics shifts in the Region. Table 2 describes the total employment land needed to accommodate growth in Durham Region from 2011 to 2051, to account for updated information provided in the 2011 Census and National Household Survey.

Total employment is expected to grow by approximately 280,000 employees by 2051, of which almost 137,000 will be working on employment lands. The total employment figures are re-categorized from NAICS categories into land-use based categories for the purposes of determining land need. These are:

- Employment land employment (ELE), which refers to employment accommodated primarily in low-rise industrial-type buildings, the vast majority of which are located within business parks and industrial areas;

Figure 7



Source: Hemson Consulting Ltd. based on Municipal data provided and Colliers International Market Report, Fall 2013.

- Major office employment (MO) refers to the jobs accommodated within free-standing buildings more than 20,000 net square feet (1,858 m²) in size; and
- Population-related employment (PRE), which is employment that primarily serves a resident population including retail, education, health care, local government and work-at-home employment.

A fourth category, rural-based employment (RB) consisting mainly of scattered rural area jobs including agriculture and primary industries plus uses typically found in urban employment areas, are not considered as they are not located on urban land designated for industrial or commercial use.

Shares of the total amount of employment growth expected to be on employment lands is determined according to prevailing market trends. In addition to employment land employment, a majority of major office development also tends to occur on employment lands. A smaller portion of population-related employment, particularly in retail, tends to locate on employment lands as well.

Table 2

**Employment Land Need
Region of Durham, 2011 - 2051**

	ELE	MO	PRE	RB	Total
Emp. Growth	105,510	41,120	128,540	4,960	280,130
Share on Emp. Land	100%	60%	5%	0%	
Growth on Emp. Land Density (Emp. per Ha)	40	200	75	0	136,609
Land Demand (Ha)	2,637.8	123.4	85.7		2,846.8

Source: Hemson Consulting Ltd.

Land demand is calculated using employees per ha density assumptions, which are derived based on current and recent trends in employment and floor space construction by employment type. However, these densities are calculated based on Regional averages and may deviate at the local municipal level. In total, approximately 2,850 ha of land will be required to accommodate the forecast employment growth on employment lands.

C. SECTORAL SHIFTS IN DEMAND FOR EMPLOYMENT LAND

With the decline in overall manufacturing activities on many traditionally industrial lands along with the build-out of available greenfield land across many parts of the GTA, employment lands have become highly desirable locations for new development. A number of activities are now locating on employment lands including industrial, office, retail and service uses. The range of building forms that can accommodate these activities, however, is still fairly limited.

As evident in Table 3, Durham has a good share of total employment in the transportation and warehousing sector (3.1%), which may increase following the completion of the Highway 407-East Extension. It must be noted, however, that uses related to distribution and warehousing are limited to ancillary uses in the City of Pickering Zoning By-law. The development of such facilities in Pickering will have to be as additions to other permitted uses. Although Durham still maintains a significant share of total employment in manufacturing (10.5%), it is nearly half of what it used to be in 2005 (18.9%).

Table 3

Share of Total Employment by Industry
Region of Durham & Other '905' Census Divisions
2011 National Household Survey

Industry	Durham	Other '905'	Diff.
Primary (Agriculture, etc)	1.2%	0.5%	0.7%
Resource Extraction (Mining, etc)	0.1%	0.1%	0.0%
Utilities	5.2%	0.4%	4.7%
Construction	3.2%	3.8%	-0.5%
Manufacturing	10.5%	14.7%	-4.2%
Wholesale trade	4.1%	9.1%	-5.0%
Retail trade	15.6%	12.8%	2.7%
Transport & warehousing	3.1%	6.5%	-3.3%
Information & cultural industries	2.0%	2.7%	-0.7%
Finance & insurance	3.3%	5.3%	-2.0%
Real estate & rental & leasing	2.1%	2.3%	-0.2%
Prof., scientific & tech. services	5.5%	9.1%	-3.6%
Management of companies	0.1%	0.2%	-0.1%
Admin. & support, waste management & remediation services	3.7%	4.0%	-0.4%
Educational services	8.8%	6.4%	2.4%
Health care & social assistance	11.8%	7.5%	4.3%
Arts, entertainment & recreation	2.7%	1.5%	1.2%
Accommodation & food services	6.9%	5.4%	1.5%
Other services (except public admin.)	4.5%	4.1%	0.4%
Public administration	5.6%	3.7%	2.0%

Within the manufacturing sector, however, a significant portion of total employment in Durham is in the transportation equipment manufacturing (42.9%), as shown in Table 4. This is largely due to the presence of the General Motor's plant in Oshawa, which alone accounts for over 4,000 jobs in this category. This share has reduced since 2005 and may continue to drop depending on GM's plans post-2016, when its agreement with the Government of Canada to produce 16% of its North American built cars in Canada expires.

However, although the initial outlook is not optimistic, events elsewhere in the GTAH hold an optimistic outlook for the regional manufacturing sector. For example, Honda Canada recently completed the construction of its new national headquarters in Markham. The facility includes the corporate offices as well as research and development, warehousing and testing facilities. Hyundai has recently announced the construction of a new distribution facility in Markham. In addition to the new developments in GTA North and together with an already existing automotive and distribution submarket in the east, it is not inconceivable

that future developments would continue to move into Durham Region.

Table 4

**Share of Total Employment by Manufacturing Sector
Region of Durham & Surrounding GTA Census Divisions
2011 National Household Survey**

Manufacturing	Durham	Other '905'	Diff
Food	2.9%	11.0%	-8.1%
Beverage and tobacco product	0.6%	1.5%	-0.9%
Textile mills	0.8%	0.3%	0.5%
Textile product mills	0.3%	0.6%	-0.3%
Clothing	0.6%	0.7%	-0.1%
Leather and allied product	0.0%	0.1%	-0.1%
Wood product	2.3%	1.7%	0.5%
Paper	3.0%	2.8%	0.2%
Printing and related support	3.4%	5.8%	-2.4%
Petroleum and coal product	0.3%	0.6%	-0.3%
Chemical	5.4%	6.4%	-1.1%
Plastics and rubber products	6.9%	7.3%	-0.5%
Non-metallic mineral product	2.8%	2.9%	-0.1%
Primary metal	4.4%	2.3%	2.1%
Fabricating metal product	6.4%	10.1%	-3.7%
Machinery	6.0%	8.7%	-2.7%
Computer and electronic product	4.3%	7.6%	-3.4%
Electrical equipment, appliance and component	1.2%	2.7%	-1.5%
Transportation equipment	42.9%	17.0%	25.9%
Furniture and related product	2.0%	5.9%	-3.9%
Miscellaneous	3.6%	3.9%	-0.2%

D. SEATON'S PLACE IN DURHAM'S EMPLOYMENT LAND MARKET

Pickering's employment profile based on the 2011 NHS has stayed fairly consistent with the findings of the 2005 study. The Utilities sector still maintains the largest share of employment; in fact, the share has increased from 14% to 17%. The manufacturing sector has declined from 14% to 7%; however the same occurred in the rest of Durham as well, with the share of manufacturing dropping from 10% to 11%.

Within the manufacturing sector, Pickering still maintains its prominent position in materials and machinery manufacturing, with a wide distribution of employment across several subsectors. For the rest of Durham, employment is still overwhelmingly in the automotive sector.

The 2007 study reviewed development activity in comparable municipalities across the GTA. Municipalities examined were Pickering, Ajax and Whitby in Durham; Mississauga, Brampton and Caledon in Peel Region; and Vaughan and Markham in York Region.

Table 5

Share of Total Employment by Industry
Region of Durham & Other '905' Census Divisions
2011 National Household Survey

Industry	Pickering	Rest of Durham	Diff.
Primary (Agriculture, etc)	0.5%	1.4%	-0.9%
Resource Extraction (Mining, etc)	0.0%	0.1%	-0.1%
Utilities	17.2%	2.7%	14.5%
Construction	4.3%	3.0%	1.3%
Manufacturing	7.1%	11.2%	-4.1%
Wholesale trade	5.5%	3.8%	1.6%
Retail trade	14.8%	15.7%	-0.9%
Transport & warehousing	3.2%	3.1%	0.1%
Information & cultural industries	2.2%	1.9%	0.3%
Finance & insurance	3.3%	3.3%	-0.1%
Real estate & rental & leasing	2.0%	2.1%	-0.1%
Prof., scientific & tech. services	7.3%	5.2%	2.1%
Management of companies	0.1%	0.1%	0.0%
Admin. & support, waste management & remediation services	3.3%	3.8%	-0.5%
Educational services	6.3%	9.3%	-3.1%
Health care & social assistance	7.0%	12.8%	-5.8%
Arts, entertainment & recreation	2.5%	2.7%	-0.2%
Accommodation & food services	5.9%	7.1%	-1.2%
Other services (except public admin.)	4.7%	4.5%	0.2%
Public administration	2.9%	6.2%	-3.3%

Table 6
Share of Total Employment by Manufacturing Sector
Region of Durham & Surrounding GTA Census Divisions
2011 National Household Survey

Manufacturing	Pickering	Rest of Durham	Diff.
Food	2.6%	2.9%	-0.3%
Beverage and tobacco product	2.6%	0.3%	2.3%
Textile mills	0.0%	0.9%	-0.9%
Textile product mills	1.3%	0.1%	1.2%
Clothing	0.0%	0.7%	-0.7%
Leather and allied product	0.0%	0.0%	0.0%
Wood product	1.5%	2.4%	-0.8%
Paper	7.4%	2.4%	5.0%
Printing and related support	5.9%	3.1%	2.8%
Petroleum and coal product	0.0%	0.3%	-0.3%
Chemical	10.5%	4.7%	5.8%
Plastics and rubber products	7.4%	6.8%	0.6%
Non-metallic mineral product	2.6%	2.8%	-0.2%
Primary metal	5.0%	4.3%	0.7%
Fabricating metal product	13.5%	5.5%	8.0%
Machinery	10.9%	5.4%	5.5%
Computer and electronic product	8.9%	3.6%	5.3%
Electrical equipment, appliance and component	2.0%	1.1%	0.8%
Transportation equipment	6.5%	47.7%	-41.1%
Furniture and related product	1.7%	2.0%	-0.3%
Miscellaneous	9.6%	2.8%	6.7%

Tables 7-9 provide the details of industrial development in selected municipalities across the GTA from 2006-2014, based on non-residential building permits and Cushman & Wakefield Market Beat Reports. Overall, the average GFA developed from 2006-2014 has reduced significantly (by more than 50% in Pickering and over 80% in Mississauga). Likewise, the average lot size of new buildings has been reduced by roughly 50% across the board. However, the average building size of new industrial completions has remained the same in Pickering but has more than doubled in Peel and York Regions. This is consistent with recent trends in the rise of the warehousing and distribution sector in these municipalities. In addition to warehousing and distribution, Mississauga and Markham have also added significant amounts of office space, increasing the share of office in new developments from 28% to 48% in Mississauga and 16% to 63% in Markham. In Pickering, much of the new industrial space consisted of facilities related to public utilities followed by warehousing.

Table 7		
Recent Development Activity in Durham Region		
Study Area	Pickering	Ajax & Whitby
Average annual industrial GFA developed over the study period ⁽¹⁾	141,200 sq ft	52,300 sq ft
Average lot size of new industrial buildings ⁽²⁾	1.51 acres	0.71 acres
Average building size of industrial completions ⁽³⁾	46,700 sq ft	27,500 sq ft
Average density (site coverage) ⁽⁴⁾	41.1%	41.1%
Number of Permits	2007-2014: 80	2006-2014: 147
Predominant functions of known businesses ⁽⁵⁾	Industrial (53.9%), Retail (27.7%), Office (15.2%), Auto Related/Other (2.2%), Speculative (0.9%)	Storage/Warehouse (36.1%), Industrial (16.1%), Parking Garage (14.2%), Retail (13.8%), Other (9.3%), Office (8.5%), Food (2.0%)
Developments under construction		

Notes:

1. The average annual industrial GFA developed between 2008 and 2014 is taken from the Cushman & Wakefield – Market Beat Reports.
2. The average lot size is based on site measurements using Google Earth.
3. Based on Cushman & Wakefield – Market Beat Reports, 2008 – 2014.
4. Calculation of the building and lot size.
5. Data based municipal building permits.

Table 8		
Recent Development Activity in Peel Region		
Study Area	Mississauga	Brampton & Caledon
Average annual industrial GFA developed over the study period ⁽¹⁾	655,820 sq ft	765,785 sq ft
Average lot size of new industrial buildings ⁽²⁾	4.81 acres	7.11 acres
Average building size of industrial completions ⁽³⁾	209,530 sq ft	309,610 sq ft
Average density (site coverage) ⁽⁴⁾	42.6%	37.7%
Number of Permits	2006-2014: 239	2011-2013: 151
Predominant functions of known businesses ⁽⁵⁾	Office (48.0%), Retail (22.1%), Distribution (12.7), Manufacturing (11.9%), Hotel/Restaurant (2.8%), Self Storage (2.5%)	Distribution (32.3%), Retail (21.5%), Office (13.6%), Manufacturing (9.4%), Commercial Multiple (8.8%), Hotel/Restaurant/Conference (5.5%), Self Storage (5.4%), Banking (1.8%), Auto Retail (1.6%)
Developments under construction	Prologis Canada Inc. – 531,928 sq ft	Canadian Tire – 1,491,814 sq ft Hopewell Development – 575,000

Notes:

1. The average annual industrial GFA developed between 2008 and 2014 is taken from the Cushman & Wakefield – Market Beat Reports.
2. The average lot size is based on site measurements using Google Earth.
3. Based on Cushman & Wakefield – Market Beat Reports, 2008 – 2014.
4. Calculation of the building and lot size.
5. Data based municipal building permits. For Brampton & Caledon, only Brampton permits were available

Table 9

Recent Development Activity in York Region		
Study Area	Vaughan	Markham
Average annual industrial GFA developed over the study period ⁽¹⁾	629,000 sq ft	155,650 sq ft
Average lot size of new industrial buildings ⁽²⁾	5.94 acres	1.45 acres
Average building size of industrial completions ⁽³⁾	258,900 sq ft	63,440 sq ft
Average density (site coverage) ⁽⁴⁾	41.6%	37.4%
Number of Permits	2007-2014: 49	2007-2014: 45
Predominant functions of known businesses ⁽⁵⁾	Distribution (50.4%), Industrial (14.3%), Retail (12.7%), Office (9.5%), Hotel (6.9%), Manufacturing (6.1%)	Office (62.8%), Industrial (26.6%), Hotel (10.6%)
Developments under construction		

Notes:

1. The average annual industrial GFA developed between 2008 and 2014 is taken from the Cushman & Wakefield – Market Beat Reports.
2. The average lot size is based on site measurements using Google Earth.
3. Based on Cushman & Wakefield – Market Beat Reports, 2008 – 2014.
4. Calculation of the building and lot size.
5. Data based municipal building permits.

E. EMPLOYMENT LAND POLICY ENCOURAGES A DIVERSITY OF USE AND TYPOLOGY

Employment lands have evolved from comprising mainly traditional industrial uses to accommodating a range of different types of activities including industrial, office and ancillary retail and service uses. Employment land areas were traditionally home to largely industrial-type uses in a relatively narrow range of sectors. Today, employment land areas are home to a wide range of functions in many economic sectors. With continuing globalization, the nature of manufacturing in Canada has changed, becoming more specialized and customized and generally cleaner and higher value than in the past. As is discussed later in the report, warehousing, distribution, logistics and supply chain management are major growing sectors responding to the need to efficiently move goods within and between major urban areas. Although these uses currently comprise a growing sector in GTAH employment lands, they are not permitted as standalone uses in Seaton, except as ancillary uses to other functions.

1. Employment Land Areas Accommodate a Wide Range of Functions

Today, employment land areas are still home to industrial-type activities such as manufacturing, assembly and warehousing but also include major office and ancillary retail and service uses as well as institutional and recreational uses. In addition, functions that were traditionally separated such as office and plant are increasingly being integrated on one site.

The mix of different types of employment varies by employment land area. For example, the business parks at Highways 404 and 7 in Markham and Richmond Hill tend to have much higher major office components than employment land areas in Brampton, Vaughan and Milton, which tend to be much more focused on manufacturing, warehousing and distribution. Most of the retail and service uses in employment areas tend to be located at the edges of the business parks to allow for access to a wider community customer base in addition to the employees in the employment land area.

2. Employment Land Facilities and Built Form

To accommodate the greater range of uses in employment areas, the number of different types of facilities has also increased. Employment land areas can contain manufacturing and assembling operations, warehousing and distribution facilities, multi-tenant buildings, retail showrooms, corporate campuses, office buildings and research and development facilities.

Individual employment land facilities are also becoming more diverse with the potential for a number of different functions to be combined into one facility. Flexible facilities which are becoming increasingly common, allow businesses to change the amount of space used for different functions within a building.

While the range of uses and types of facilities has increased in employment areas, the basic built forms are very similar across most employment areas. There are three basic forms common to recently developed employment areas (see sample pictures on the following page).

- **Single or Two-Storey Box:** Can accommodate a wide range of activities including manufacturing, warehousing, distribution, assembly, office, retail, research and development. The two-storey component of the building is usually associated with only the office use.
- **Industrial Multiple:** Contains smaller flexible space that can accommodate the functions of the large box buildings but at a smaller scale. Multiples can contain business support, small-scale retail and health-related uses in addition to light manufacturing and office uses.
- **Pure Office Building:** Contains administrative and other office functions in a pure office form, usually at least two storeys.

Within these basic categories, there are potential numerous variations based on building size and the share of different functions within each.

Planning in new employment land areas in the GTA is evolving to consider built form as well as use. Because of the wide range of functions accommodated in

employment areas in similar types of buildings, very narrow restrictions on use are not always effective. Prestige employment development such as is being sought for the Seaton employment lands involve a high level of investment and maintenance and high quality site design and landscaping. Control of building and site design are the keys to developing prestige employment areas.

EMPLOYMENT LAND BUILT FORMS



Pure Office



Single Storey Industrial



Multi-Tenant



Combination Office / Industrial

V SEATON MARKET ASSESSMENT AND PROSPECTS – UPDATE

Following the analysis provided in the previous chapters, this chapter looks at Seaton’s prospects in the context of the overall employment lands market in the GTAH.

A. EMPLOYMENT LAND MARKET ACTIVITY IS SHIFTING

Analysis of employment trends and recent development activity shows that municipalities in GTA West, particularly Brampton, Mississauga and Milton, continue to dominate the market for industrial development. However, the nature of that development is very different from the type that characterizes industrial activity in Durham. Durham may be closer in character to the GTA North than the GTA West employment lands. The GTA West employment lands are home to most of the logistics, warehousing distribution activities that have characterized much of the growth on employment lands. In contrast, municipalities in GTA North have a more diverse base, historically in traditional manufacturing but increasingly dominated by

office and prestige industrial uses such as those associated with the high-technology sector.

B. SEATON IS CONTRIBUTING TO ACHIEVING DURHAM’S EMPLOYMENT GOALS

Durham Region has historically had a low employment activity rate. The activity rate is the ratio of employment to population and provides a measure of a community’s economic independence. From 2001-2006, Durham’s activity rate stayed stable between 37-38%. However, it has since decreased to 35%. This is in stark contrast to other municipalities in the GTAH, where activity rates varied between 50-60%. Table 10 shows activity rates for selected municipality across the GTAH.

Table 10

Activity Rates
GTA Census Divisions & Selected Municipalities
2001 - 2011

Municipality	2001	2006	2011
City of Vaughan	67.2%	66.4%	64.2%
City of Mississauga	62.4%	64.4%	62.7%
City of Toronto	57.8%	58.7%	57.8%
City of Burlington	51.0%	53.8%	54.8%
City of Pickering	39.8%	41.3%	51.9%
City of Markham	60.7%	54.5%	51.3%
GTA	52.7%	52.6%	49.9%
Region of York	52.2%	51.7%	49.4%
Region of Peel	54.0%	52.4%	49.4%
Region of Halton	50.5%	49.6%	45.9%
Town of Oakville	51.4%	49.6%	45.5%
City of Hamilton	41.8%	43.4%	41.6%
Region of Durham	37.2%	37.7%	35.0%
City of Brampton	41.1%	35.9%	32.7%

*Activity rates are based on the Total Employment & Census population.

While Durham's activity rate has declined, the activity rate specifically for Pickering has increased from 41% in 2006 to 52% in 2011. This is a big contribution to Durham's overall policy goals, which is to increase the Region's activity rate to 50%. With further development on the Seaton employment lands and other conditions

remaining stable, Seaton will be able to contribute significantly to Durham's employment goals.

C. SEATON IS WELL-POSITIONED TO BECOME THE MAJOR EMPLOYMENT AREA IN DURHAM

On-going improvements to the regional highway infrastructure will improve connection to Durham/Seaton. Currently, GTA West benefits from the existence of major transportation infrastructure required to support the growing logistics sector. Seaton's place along the Highway 407-East corridor will be further enhanced following the completion of the 407-East Extension. Phase 1 of the Extension will open in 2015 and will provide Seaton a direct link to Oshawa and Highway 401 via Highway 7. Phase 2 will further extend the connection further east. In a nutshell, with the completion of the 407 Extension, Durham will no longer be on the "edge" of the GTAH vis-a-vis the transportation infrastructure. It is anticipated the improved access to highway infrastructure further east will enhance the importance of the Seaton lands from a logistics perspective. At the moment, Sobey's has a large distribution center in Whitby and Loblaws has a third

party provider (Aspect Retail Logistics), representing two examples of major logistics operations already in the Region.

Durham's existing stock of employment lands is located primarily along Highway 401. For Durham Region, the most recently available inventory of employment land supply is from 2006 (conducted as part of the *Growing Durham* study), shown in Table 11. Overall, Durham had a total of 2,033 hectares of developable employment lands.

Table 11

**Region of Durham Employment Land Supply
Year-End 2006 (Net Vacant Developable Hectares)**

Municipality	Net Developable	Vacancy Adjustment	Total
Pickering	422	58	364
Ajax	327	69	258
Oshawa	315	104	211
Whitby	599	101	498
Clarington	581	72	509
North Durham	288	95	193
Total	2,532	499	2,033

*Notes: Vacancy adjustment accounts for sites which are unlikely to develop over the long-term due to odd/small lot sizes, site inactivity, and land banking which can often tie up potentially vacant developable lands.
Source: Growing Durham*

Although more up-to-date information is not available, the City of Pickering's Marketing and Business Development Program year end summary (2012) identified a lack of shovel-ready employment lands in Pickering, leading to an inability of the City to "respond to investment inquiries that have a potential for job creation." As of 2006, Pickering had approximately 364 ha of employment lands, much of which has been absorbed since. Moving forward, any substantial development in Pickering will have to occur in Seaton.

**D. THE DEVELOPMENT OF THE SEATON
EMPLOYMENT LANDS WILL BE A SLOW BUT
STEADY PROCESS**

In general, the development of employment lands around the GTA/H will depend on the steady recovery of the economy from the 2009 recession, which has had an as-yet undetermined effect on the market's natural business cycle. The manufacturing sector will make a comeback, but it will be a slow process. However, the importance and appeal of employment lands continues to grow with the unabated population growth in the GTA/H. Demographic shifts have a strong effect on the real estate market. Although people are staying in apartments

longer and delaying the purchase of ground-related housing due to family formation in later years, it is not yet clear how this delay will affect the land for residential development in the future.

Beyond traditional industrial activities, employment lands are also likely to attract more office development over time. The office development market has largely been consolidating in the last few years, with much of the growth from 2006-2012 occurring in the Cities of Toronto and Mississauga. The key drivers of growth behind office development in these markets are the existing base and demographics. In Toronto, much of the new development has been attributed to a cultural shift; the condo boom has brought an influx of young professionals who prefer to seek employment close to their residence. This spells good news for Durham Region, which is seeing higher than average levels of residential development. The availability of ground-related housing may attract condo-dwellers later on as they seek new housing with family formation. It is anticipated continued population and residential growth will help to bolster demand for employment within the municipality.

The Seaton lands will be attractive to businesses and organizations who will want to locate close to their employees. Seaton is one of the few greenfield employment land development opportunities available in its scale and bears resemblance to Meadowvale in Mississauga.

E. DURHAM'S EMPLOYMENT LAND CONTINUES TO BE LESS EXPENSIVE

With mounting pressure for land and a limited supply for shovel-ready parcels, the price for employment lands in Durham has increased since 2006. In Pickering, the price per acre increased from \$275,000 in 2006 to more than \$332,000 by 2010. This is approximately \$50,000 less than the median across the GTA. Table 12 shows the prices-per-acre for fully serviced employment lands:

Table 12

**Fully Serviced Employment Land Prices
Selected GTA Municipalities, 2008-2010**

	Price Per Acre	Difference from Median
Pickering	\$332,500	\$(50,000)
Ajax	\$376,500	\$(6,000)
Markham	\$379,500	\$(3,000)
Richmond Hill	\$382,500	\$-
Aurora	\$380,000	\$(2,500)
Vaughan	\$625,000	\$242,500
Toronto	\$1,047,500	\$665,000
Mississauga	\$710,000	\$327,500
Brampton	\$601,000	\$218,500
Oakville	\$708,500	\$326,000
Milton	\$327,500	\$(55,000)
Median	\$382,500	

The comparison of average employment land prices puts Pickering in a favourable position in terms of potential for development. Although Milton's average land price is lower than the median than Pickering's, it is important to note that the average price in Milton in 2006 was close to \$400,000. As employment land prices in Milton have dropped, prices in Pickering remain relatively low and have been rising.

The key limitation behind this comparison, however, is the dated nature of the data used. Pending availability of up-to-date data on the price of employment land across the GTAH, it is assumed that the market has largely been flat due to the lack of activity over the last few years, as a result of the 2008-2009 Recession and its impact on the manufacturing sector.

F. MAJOR OFFICE DEVELOPMENT TENDS TO CLUSTER IN EXISTING MAJOR OFFICE CONCENTRATIONS

Office development in the GTA originated in the financial core of the City of Toronto, which remains the largest concentration of office development in the region. Office development migrated outwards from the Downtown area and, in the 1980s, suburban office concentrations emerged in Mississauga around the Airport and City Centre, the Highway 427 corridor in Etobicoke as well as smaller nodes in Burlington and Oakville. Today, outside of the City of Toronto, the largest concentrations of office development are in Mississauga and Markham. The majority of new office development continues to occur in business park settings

as opposed to downtown or node locations, despite strong planning support for these locations.

The office market is very competitive given that there is a limited, albeit growing, demand for space. Many municipalities are competing to attract new office development.

Durham's major office buildings comprise about only 5% of the total office space in the GTA outside of the City of Toronto. The Durham office market is concentrated in the major urban municipalities in Downtown Oshawa, the Pickering Town Centre node area and the employment areas of Pickering, Ajax and Whitby. A large share of the office space in Durham are non-competitive buildings occupied by single users such as the OPG office buildings in Pickering, the GM Canada headquarters in Oshawa and the Durham Regional offices in Whitby.

For Seaton's employment lands, the major areas with which it will compete for new office development will be the Highway 404/Highway 7 area in Markham and Richmond Hill; Markham Centre, a planned community further east along Highway 7 and other locations in

southern Durham. When Buttonville closes, it too could become a strong competitor. Seaton's competitive advantage will be its ability to provide campus-style office locations with nearby natural environment amenities at a lower land price than Markham. Although the sites will not be ready for development until at least 2018, the current trend favouring downtown Toronto may soften demand for a number of years until the residential areas of Seaton begin to fill and the downtown workforce begins to move out of condominiums to seek ground-related housing.

G. SEATON SWOT ANALYSIS

A re-examination of the strengths and weaknesses facing the Seaton lands in light of new developments shows the opportunities of the site remain while some of the challenges have been resolved:

1. Strengths

The main strengths of the Seaton lands, namely its location and position as a large-tract of developable land under single ownership, still remain to this day. These are further enhanced by opportunities arising from:

- The strong pace of population and housing growth in Durham Region, which generates nearby demand for both employment and the labor necessary for businesses to locate there; and
- The availability of a large tract of greenfield employment land with a high proportion fronting on a major highway in a market where much of such land has been used up.

2. Weaknesses

Many of the weaknesses identified in the 2007 report were related to Seaton's position at the end of Highway 407 "which currently dead-ends at Brock Road" and insufficient access to Highway 401. With the completion of Phase 1 of the Highway 407-East extension, not only will the Seaton lands be located on a through-way, but will also have an easterly connection to Highway 401 via Highway 7 in Oshawa. Although these improvements will still be insufficient to attract businesses in the logistics, warehousing and distribution sectors who have driven recent growth in employment lands development, it is a non-issue as standalone

warehousing and distribution uses are not permitted by the City's zoning by-law.

3. Opportunities And Threats

With the limited activity in the employment lands market due to the effects of the recession, the opportunities and threats facing Seaton largely remain unchanged. The assessment of opportunities and threats may be more amenable to re-examination once regular market cycles resume.

Durham has historically formed a relatively small component of the GTA employment land market. In the coming years, however, the Seaton Highway 407 employment lands will become a major new greenfield area in the GTA East employment land market. Seaton's main competition will be from the Highway 404 corridor and other parts of Durham.

VI CONCLUSION

This report consisted of a re-examination of the potential for the development of the Seaton employment lands in Pickering, Ontario. Building on the assessment undertaken for the Ontario Realty Corporation in 2007, it examined changes in the regulatory frameworks and in the real estate market over the previous 8 years to provide an update based on new information and insights.

The report presented a detailed site assessment of the employment lands from a locational, transportation and servicing perspective. This was followed by the policy and planning framework that governs development activities in Pickering and Seaton and in turn by the employment land market context. Finally, the market assessment and prospects for the Seaton employment lands were presented.

The analysis presented in this report reviewed the potential for development on the Seaton lands in light of

the shift in market cycles and in particular the effects of the 2008-2009 Recession. It was determined that Seaton will maintain its potential as a prominent location for long-term economic development, following the ongoing and steady recovery of the Canadian manufacturing sector.

Overall, Seaton has the potential to become a successful employment area, although there are some challenges to development in the near-term.