



Regional
Centres



TORONTO
REGION
BOARD OF TRADE

economic
blueprint
institute

FROM CRISIS TO OPPORTUNITY:

Challenges Today and Futureproofing for Tomorrow in the
Regional Centres of Canada's Innovation Corridor

June 2021

Ready for Reopening and Recovery

To develop a path forward for our economy and the businesses that power it, the Toronto Region Board of Trade (TRBOT) launched its Reimagining Recovery Framework in May 2020. The Framework outlined six specialized recovery work tracks, informed in consultation with 25 stakeholder tables comprised of more than 350 individuals, 300 businesses and all three levels of government, as well as 29 recovery events with over 7,100 virtual attendees. Two of these work tracks addressed the pandemic's impact on our physical workplaces. Two others focused on the pandemic's impact to sectors and our economic zone, the Innovation Corridor.¹

Building on the work and success of this Framework, TRBOT, with support from the Government of Canada through the Federal Economic Development Agency for Southern Ontario, embarked on a journey to solve for the safe reopening, continued operation, and recovery of business districts.

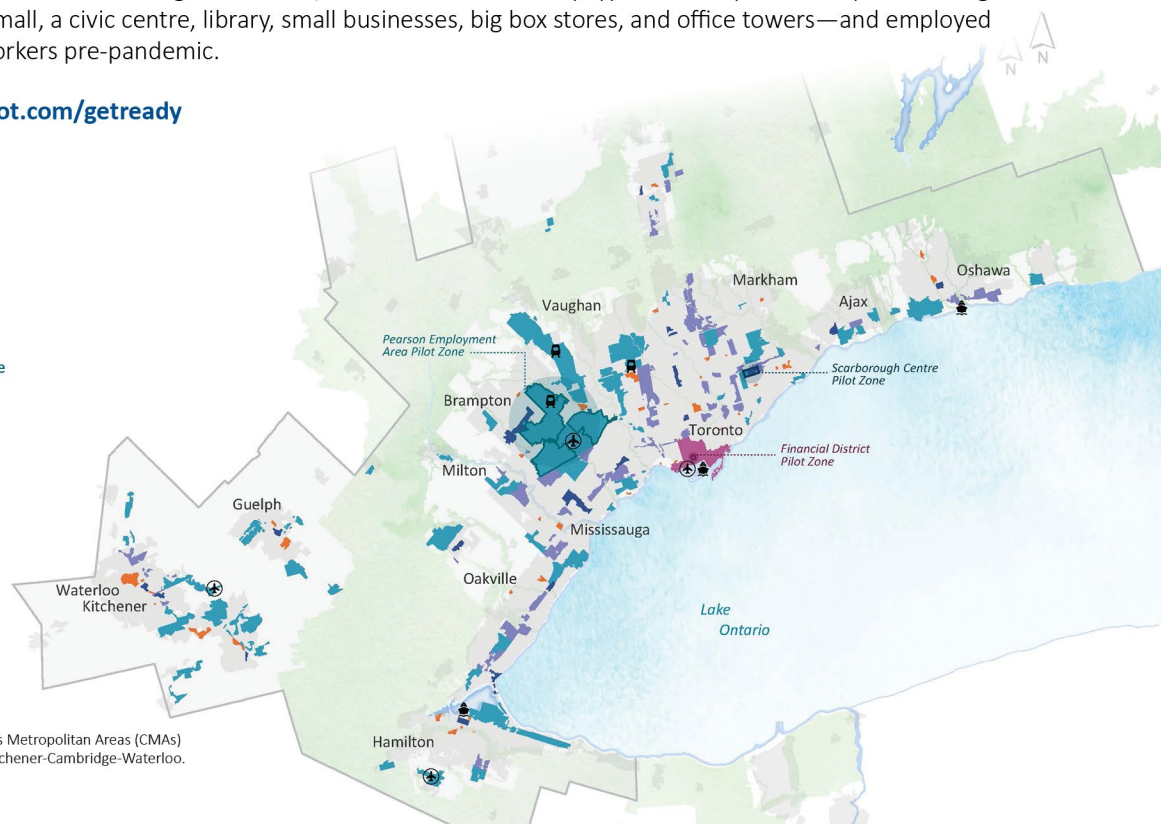
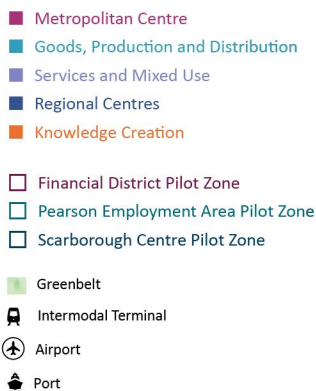
The outputs include five business district reports which examine similarities and differences in mitigation needs and how best to support their recovery. The districts chosen mirror the types of business districts in other parts of Ontario and Canada. These are:

- **Metropolitan Centre:** The dominant urban centre of a region, defined by its density and variety of services – such as finance and professional services, tourism, and retail.
- **Goods, Production and Distribution:** Areas defined by the production and movement of goods — such as manufacturing, warehousing, and logistics.
- **Services and Mixed Use:** Less-dense areas with a mix of activities including professional services, light industrial, and retail.
- **Regional Centres:** Hubs that are home to civic and government institutions, as well as professional and retail services that attract local workers and nearby residents.
- **Knowledge Creation:** Engines of the innovation ecosystem, including post-secondary schools and teaching hospitals.

Additionally, pilot zones were selected in three districts across the Toronto Region. Key organizations were engaged to explore their needs and concerns around continuing to operate safely through the COVID-19 pandemic. For each zone, actionable guides have been created to enable the right conditions to support workplaces in minimizing COVID-19 transmission risk and ensure consistent, clear communications between employers and their workers.

- **Financial District Pilot Zone:** Located in the Metropolitan Centre, the FDPZ is the heart of downtown Toronto. Dominated by financial and business services, this zone employed approximately 118,000 people, 21% of the Metropolitan Centre's 550,000 pre-pandemic workers.
- **Pearson Employment Area Pilot Zone:** In a Goods Production and Distribution District, this zone includes many businesses that have remained open with mitigations in place. Prior to the pandemic, the Pearson Employment Pilot Zone employed more than 200,000 people, 63% of the more than 300,000 workers in and around the Toronto Pearson Airport Employment Zone.
- **Scarborough Centre Pilot Zone:** A Regional Centre, this zone includes many types of workplaces and public-facing spaces—including a mall, a civic centre, library, small businesses, big box stores, and office towers—and employed more than 17,500 workers pre-pandemic.

To learn more, visit www.bot.com/getready



1. The Innovation Corridor comprises five Census Metropolitan Areas (CMAs) of Oshawa, Toronto, Hamilton, Guelph and Kitchener-Cambridge-Waterloo.

Foreword

When the COVID-19 pandemic began in March 2020, all our lives changed. Not just in the practical sense of new routines, new ways of getting around or sharing spaces, but also in the collective way we talked about this historic moment. Terms like “PPE,” “flattening the curve” and “herd immunity” are now used and understood widely. This was because the problem – in this case, a highly contagious virus – threatened each and every one of us, so we needed a shared lexicon to overcome it collectively. In other words, a new language for new times. In this report, one in a series on each of the five types of Business Districts, we deep dive into the conditions unique to the Regional Centres (RC) that will determine a safe re-opening and the economic impacts of the pandemic on the District. The report complements TRBOT’s mitigation playbook for the Scarborough Centre Employment Zone which identifies actions that address actual and perceived health and safety concerns to reduce the risk of virus transmission as the vaccine rollout takes place.

In this series of reports that spotlights business districts across Canada’s Innovation Corridor, the Toronto Region Board of Trade introduces a framework for characterizing, understanding and analyzing the region’s economic makeup and assessing the impact of the pandemic. Again, a new language for new times. Because the truth is that the pandemic was not the first existential threat to the Toronto region’s prosperity, nor will it be the last.

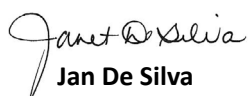
Historic population growth, driven by strong immigration and job creation, left our region as one of the world’s most expensive places to buy a home with some of most congested roads, highways and subways. Our fastest growing sectors – like construction, AI, cleantech – are facing a shortage of skilled workers. Businesses that start in the region aren’t able to scale here, or they find themselves unable to access new consumer markets.

The ways we’ve historically tackled such issues are also coming up short. Piecemeal, project-by-project investments by federal and provincial governments can’t keep up with the region’s expanding list of needs. A legacy funding model fiscally straps municipalities, of which there are 34 across the Corridor, within their own city limits. Yet drivers of our economy – the smooth flow of people and goods, a highly-skilled workforce, a competitive and trading market – transcend municipal boundaries. Now, more than ever, we require more data nuanced ways to understand, plan for and address barriers to growth in our regional economy.

The Business District Report Series, which this report belongs to, are that guide. The reports use research and insights from our data-driven Economic Blueprint Institute to deep dive into five types of business districts first debuted in the Board’s 2020 regional recovery playbook, Shaping Our Future. Five ways to view, understand and analyze parts of the Innovation Corridor defined not just by where but by what.

By mapping and profiling these districts we better understand how they’ve been impacted by the pandemic and what each requires to recover. For instance, financial services offices in downtown Toronto have different needs than warehouses and e-commerce fulfillment centres around Pearson Airport. Because recovery is a global endeavour, this Business District Report Series also provides a methodology for others to apply to their own regions.

After all, when it comes to managing COVID-19 and planning for recovery there is no one-size-fits-all solution. Studying the unique, place-based structure of our economy can give us the map to navigating out of this pandemic-fuelled recession – and seizing on the region’s still untapped potential.



Jan De Silva
President & CEO,
Toronto Region Board of Trade



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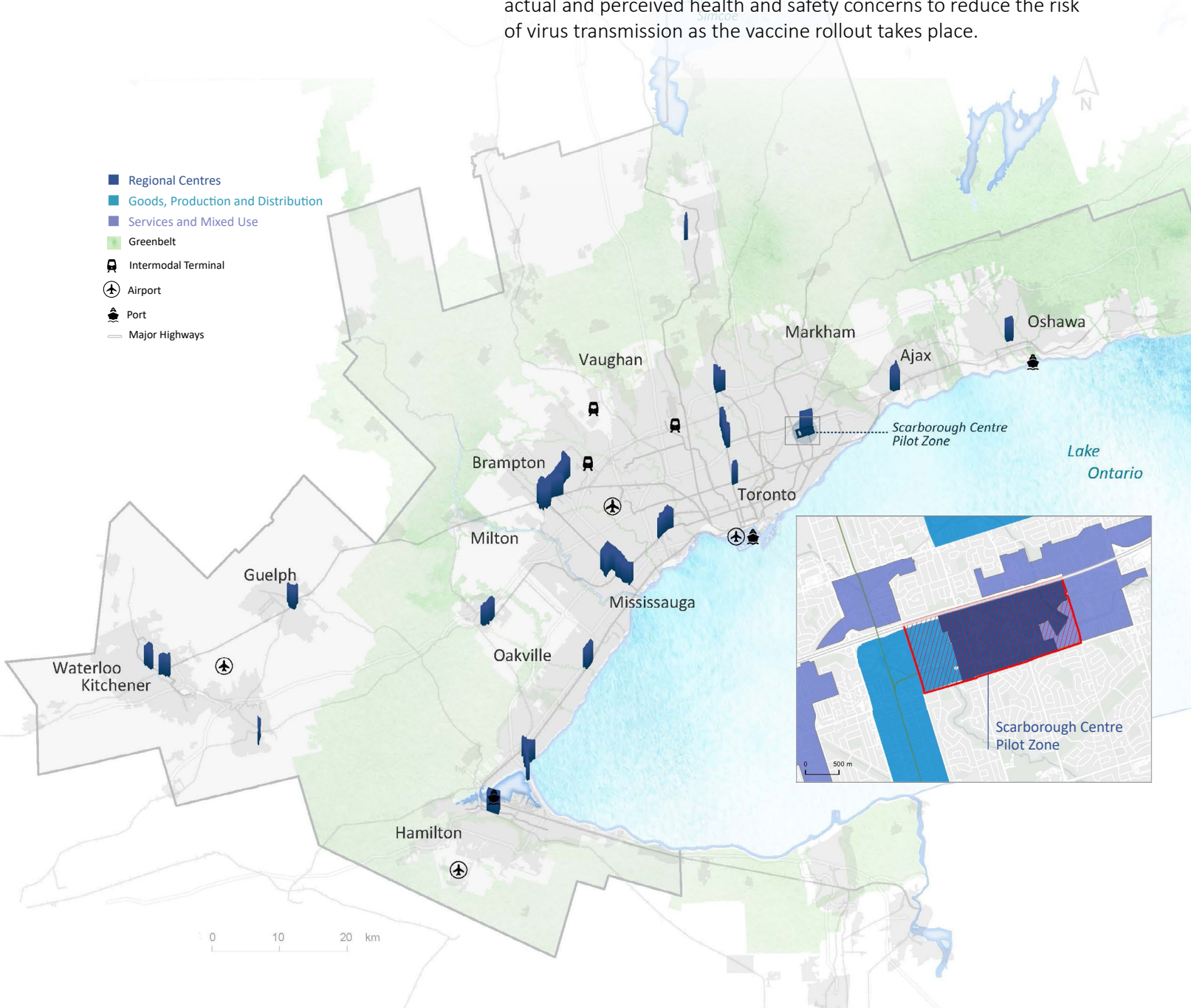
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Executive Summary

In *Shaping Our Future*, the Toronto Region Board of Trade (TRBOT), through its Economic Blueprint Institute (EBI) introduced a Business Districts framework to measure and track regional economic recovery. These Districts transcend the boundaries of the 34 municipalities that make up the Innovation Corridor (the “Corridor”) because this economic zone functions regionally.

In this report, one in a series on each of the five types of Business Districts, we deep dive into the conditions unique to the Regional Centres (RC) that will determine a safe re-opening and the economic impacts of the pandemic on the District. The report complements TRBOT’s mitigation playbook for the Scarborough Centre Employment Zone which identifies actions that address actual and perceived health and safety concerns to reduce the risk of virus transmission as the vaccine rollout takes place.



Economic Health in the Corridor

More than a year after the pandemic, the negative impacts to the economy persist. As of March 2021, employment in the Corridor has fallen by 243,000, or 5% since the start of the pandemic.¹ There are also notably fewer operational businesses across the Corridor – the number of active businesses declined by 5% between February and December of 2020.²

However, the pandemic-induced economic crisis has not prompted widespread bankruptcies. In fact, according to The Office of the Superintendent of Bankruptcy, consumer and business insolvencies dropped 30 and 24 per cent in 2020, respectively, relative to 2019 levels.³ A similar story is conveyed in Dun & Bradstreet's data on financial stress scores, which have not changed significantly for businesses across the Corridor.

Fiscal support from governments and a formidable pivot in business practices have gone a long way in enabling businesses to stay afloat. Curb side pick-up was quickly established as a norm, and programs such as Digital Main Street and TRBOT's Recovery Activation Program (RAP) have helped businesses go digital and build resilient business processes. Still, to weather the storm businesses have racked up substantial debt. Small businesses in Ontario have taken on an additional \$66.7 billion in debt due to the pandemic – an average of nearly \$208,000 per business.⁴ As government supports wind down, it will be crucial for policy makers to continuously assess the fiscal health of businesses and respond accordingly.

Economic Health in the Regional Centres

Regional centres across the Corridor were hit hard during the pandemic but proved to be generally more resilient than the Metropolitan Centre (MC). Located in municipalities across the Corridor these established and planned urban centres accounted for over 290,000 jobs pre-pandemic⁵, including sizeable numbers of institutional office jobs and retail on Main Street or in big suburban malls such as Square One in Mississauga and the Scarborough Town Centre. Distinct from the large concentration of residents and workers in downtown Toronto, these mini downtowns serve as smaller central hubs for local communities in cities across the Corridor. The RC also hosts a range of major transit hubs that not only provide access to workers in the District,

The pandemic-induced economic crisis has not prompted widespread bankruptcies. In fact, according to The Office of the Superintendent of Bankruptcy, consumer and business insolvencies dropped 30 and 24 per cent in 2020, respectively, relative to 2019 levels.

but also serve as connection points for commuters traveling to other locations in the Corridor.

The combination of high occupational capabilities for remote work (close to 53% of the workforce) and a slowdown in the number of people who visited shopping malls and retail outlets led to a sharp drop in travel to the RC and decline in overall consumer spending in the District. Many of those hardest hit were small businesses, including restaurants, which were impacted by government mandated restrictions and lockdowns. Travel and consumer spending in the District have only seen partial recovery relative to pre-pandemic volumes.

Prior to the pandemic, the growing trend of the concentration of knowledge and office workers in the MC had led to a weakening of demand for office space in many suburban regional centres, including Scarborough, Mississauga, and Oakville. These centres had higher than 10% vacancy rates for office space compared to 2% in downtown Toronto. As the impacts of the pandemic took hold across the Corridor, vacancy rates in these office markets continued to rise.

Employment in highly impacted industries accounted for 27,000+ jobs and 9% of the District's pre-pandemic total workforce⁶, the second highest share across the Corridor. These hard-hit sectors, which include Air Transportation; Arts, Recreation and Entertainment; and Accommodation and Food Services, have experienced significant losses in employment and economic activity—leaving many low-wage workers in vulnerable positions. The concentration of tourism related activity in the District is unsurprising, given the reputation of the District as emerging urban centres that are popular destinations for local and regional visitors.

EXECUTIVE SUMMARY

As the economy of the Innovation Corridor begins to re-open and recover, key factors affecting the continued economic health of the RC include:

Re-opening

Reopening the District will be largely dependent on managing the safe use of transit and density in the RC to protect both workers and customers. While the car-centric nature of the District facilitates a safe return to work, regional centres across the Corridor hold strategic importance as key community transit hubs, including for local commuters. To reopen safely, businesses will need to follow social distancing and mitigation guidelines for retail and office buildings. The ability of regional centres such as the Scarborough Centre, and the workers that are employed in these areas, to bounce back will be dependent on practices and approaches that allow for safe reopening and the ability to attract nearby residents and foot traffic back into the RC. Adequate measures for the safe use of transit, the use of technology-driven mitigations, and optimizing the use of public space will be key for enticing workers and visitors to return to the RC.

Drivers of Recovery

The long-term prosperity of the RC will, in part, be influenced by its ability to: (i) transform into live-work communities, and (ii) attract local and regional visitors. Many industry experts predict there will be a push for 'satellite locations' post-COVID, increasing the demand for coworking spaces in suburban areas. To compete with established metropolitan office markets, the RC must strive to become more than just offices and shopping malls. Governments and businesses must work to invest in housing, amenities, remote-work hubs, and workspaces to help build more complete live-work-play communities. The District must also reinvent itself in the face of the growing prominence of e-commerce, which has reduced foot traffic and in-person spending in the RC. To counteract any sustained impacts to the retail sector, and visitor spending more generally, stakeholders in the District must strive to establish regional centres as go-to destinations for both local and regional visitors alike.

Some of the larger regional centres, in Brampton, Markham, Mississauga, Etobicoke, and North York, are in advanced stages of municipal visioning, planning, and redevelopment. The goal is to make them more attractive places to live, work, and play, with a particular focus on a reconfigured street grid that is more amenable to walking, active transportation, and a destination for shopping and entertainment. The



To counteract any sustained impacts to the retail sector, and visitor spending more generally, stakeholders in the District must strive to establish regional centres as go-to destinations for both local and regional visitors alike.

close proximity of many regional centres to regional rapid transit including Toronto Transit Commission (TTC) subway lines along Bloor and Yonge Streets and GO Rail – which is continually seeing improved levels of service – adds to their potential to become mixed-use live, work, and play destinations for residents and visitors from across the Corridor.

Acceleration of e-commerce and automation induced by the pandemic also pose long-term risks to vulnerable workers and the fiscal health of cities. As e-commerce penetration and technological adoption continues to shape everyday operations in the workplace, reskilling and upskilling programs are required to match the needs of companies to the skillsets of the labour market. This includes an active role for employers in providing the appropriate learning infrastructure in collaboration with educational institutions. The post-pandemic recovery poses a unique opportunity to rebuild our communities for long-term sustainability, prosperity, and equity. Given their geographic dispersion and connectivity across the Corridor, regional centres are critical to furthering these efforts.

EXECUTIVE SUMMARY

Building a Strategy for Recovery

Pre-Pandemic Pain Points and Opportunities:



Challenging Conditions for the Commercial Office Real Estate Market

Many regional centres saw a weakening demand for office space as knowledge-oriented jobs concentrated in the MC.



Lack of Connectivity and Reliance on Auto Travel

Despite being key transit hubs and connected to GO Rail, many suburban regional centres are challenged by low service levels and the lack of local feeder transit service. This means most travel to the RC is by private automobile.



Designated Urban Growth Centres

Each of the regional centres is designated as one of 25 existing urban growth centres across Ontario's long-range Growth Plan for the Greater Golden Horseshoe. Despite existing challenges, these established centres, and a few planned centres such as the Vaughan Metropolitan Centre, are prime examples of redevelopment and investments in transit infrastructure and social institutions.

Pandemic Impacts:

Impacted Local and Regional Visitor Economy

Many local retailers, restaurants, bars, and other businesses related to the local and regional visitor economy have been hit hard by the pandemic. Regional centres have the potential to attract local spending, by bolstering themselves as "mini downtowns".

Decline in Consumer Traffic

The closure of large community hubs such as shopping malls during several lockdowns and reduced presence of institutional office workers has pushed consumers out of the District. Some of this forgone economic activity may persist with the rise of e-commerce.

Weakening Commercial Office Real Estate Demand

Demand for commercial office real estate, which was already lower than in downtown Toronto in many regional centres, continued to weaken during the pandemic.

Post-Pandemic Recovery Strategy:



Reimagining the RC as a place to live, work, and play

Ambitious re-imagining and redevelopment projects for key regional centres, which includes more housing, the growing acceptance of remote work, and connectivity to regional rapid transit, provides an opportunity to build attractive places to live, work, and play.



Implementing Regional Express Rail (RER) and Fare and Schedule Integration

The building out of all-day, two-way GO Regional Express Rail, with more frequent service as well as fare and service integration of all Corridor transit agencies, will improve connectivity and make regional centres more attractive places to live, work, and visit.



Futureproofing our Workforce

As workplaces continue to evolve, governments and employers must continue to invest in the local workforce. This includes retraining or upskilling the labour pool to be better equipped with the skills required by employers.

Developing a Business District Framework for Canadian Cities:

The Business District framework developed for the Innovation Corridor is based on two primary data sources: 1) employment area designations captured in municipal official plans and the provincially significant employment zones as referenced in Ontario's growth plan for the Greater Golden Horseshoe; and

2) estimated number and type of jobs based on 4-digit Industry (NAICs) Codes and Place of Work Status for the Employed Labour Force 15 years and older from the 2016 Canadian Census.

To determine a Business District type, we overlaid census tracts with employment areas and where boundaries did not match, we allocated

jobs based on percentage of overlapped area. It is not a perfect science. However, the established Business District framework provides a working model for better understanding economic activity in the Corridor that can be refined with the next census, and as more granular economic and jobs data are brought to the project.



Re-Opening Drivers:

Challenges and Opportunities for Regional Centres



ENABLING SAFE TRAVEL:

Establishing the Safe Use of Major Transit Hubs Across the Corridor



ENABLING SAFE BUILDINGS & DISTRICT:

Managing Moderate Density and Mixed Use Business Areas

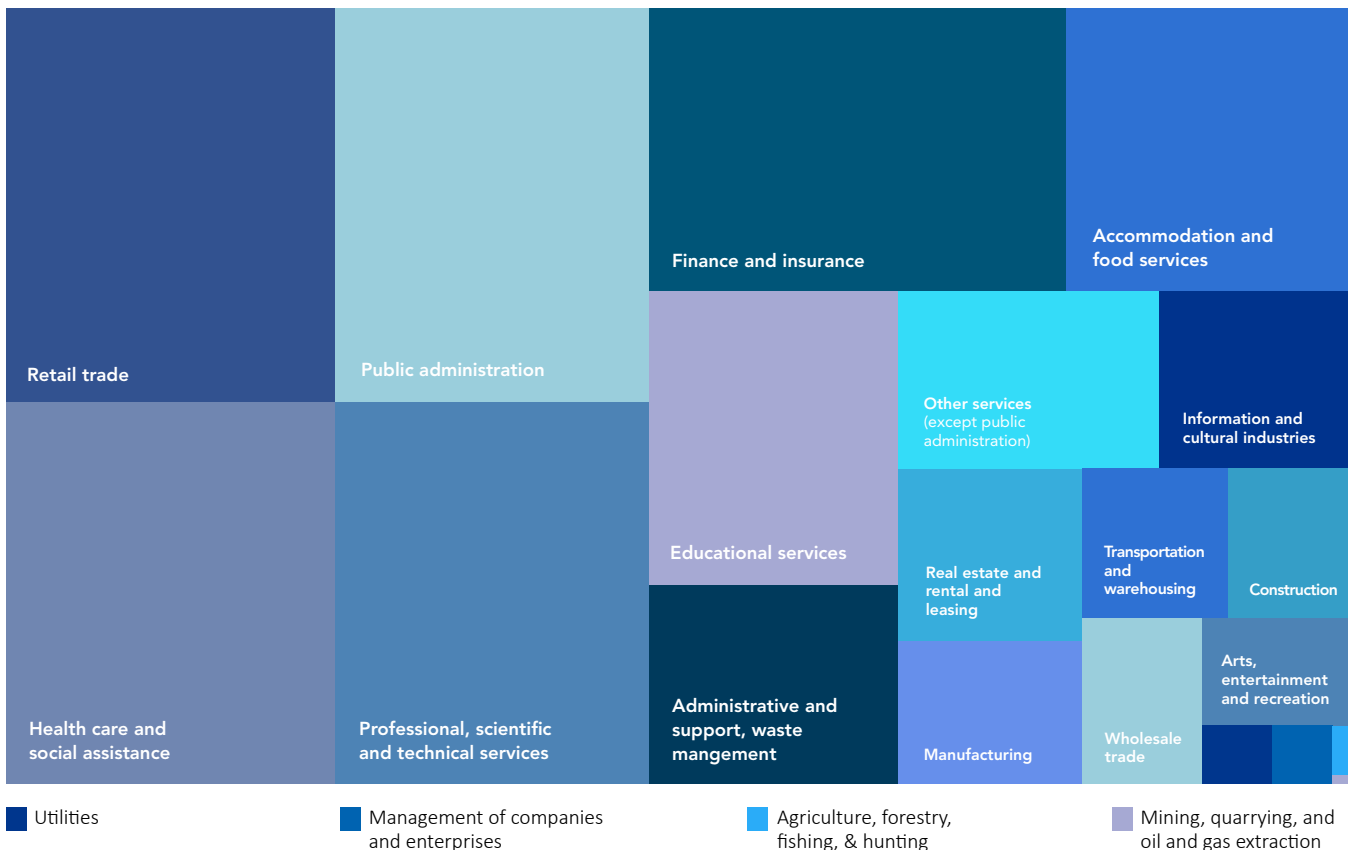
RE-OPENING DRIVERS

To reopen safely, businesses and institutions in the District will need to follow social distancing and mitigation guidelines for retail and office buildings and explore opportunities to use smart technology to promote transit use and address density challenges.

The Regional Centres (RC) consists of hubs that are home to key civic and government institutions and professional and retail businesses (Figure 1). Prior to the pandemic, the District was the place of work for more than 290,000 individuals⁷ and a go-to destination for visitors. This changed with the pandemic as its many office workers moved to work from home and government-imposed lockdowns resulted in Corridor-wide business closures, ultimately hurting the RC's economy. The pandemic contributed to sharp drops in trip volumes to the RC, and over the past year travel has only seen partial recovery relative to pre-pandemic volumes.

The safe reopening and resurgence of the District is a critical aspect of a Corridor-wide recovery, as it hosts several key community transit hubs and a significant concentration of workers across many sectors. To reopen safely, businesses and institutions in the District will need to follow social distancing and mitigation guidelines for retail and office buildings, and explore opportunities to use smart technology to promote transit use and address density challenges.

FIGURE 1: Employment Breakdown by Sector, Regional Centres, 2016



Source: "Place of Work," Statistics Canada, Census (2016)



ENABLING SAFE TRAVEL: Establishing the Safe Use of Major Transit Hubs Across the Corridor

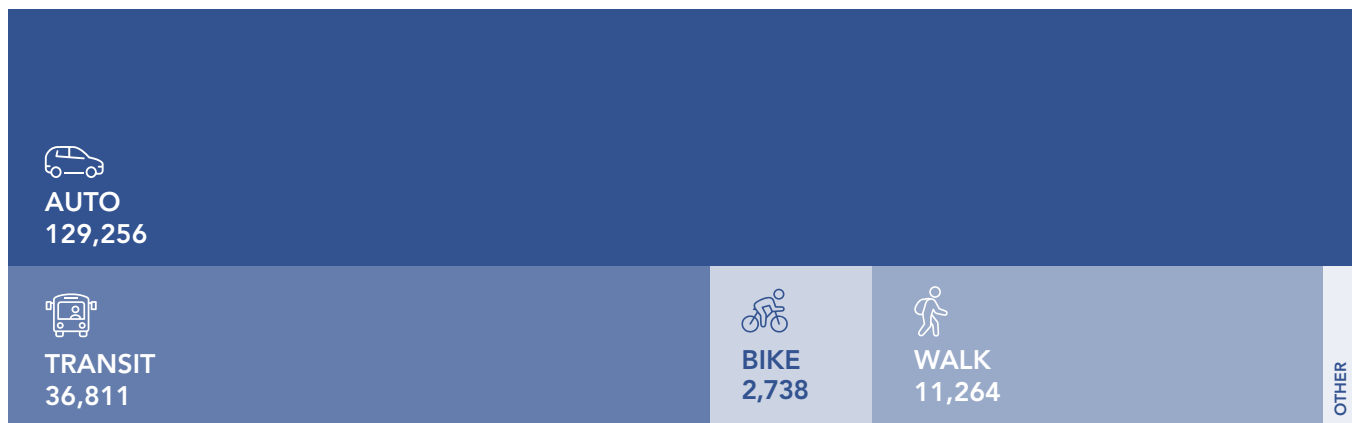
The RC hosts a range of major transit hubs that not only provide access to workers in the District, but also serve as connection points for commuters traveling to other locations in the Corridor. Despite accounting for close to 5% of the total land area across all Business Districts, the RC represented 10% of total commuter trip destinations in 2016⁸ and 17% of all vehicle trips ending in one of the five Business Districts in 2019.⁹ Workers in the RC predominantly use some form of automotive transportation, which accounted for 71% of daily work trips in 2016. An additional 20% used transit and close to 8% used an active mode of travel (walking or biking to work) (Figure 2).¹⁰

Both vehicle-based and rail-based traffic to the RC dropped sharply in the aftermath of the shutdown (Figures 3 and 4). Vehicle-based commuter traffic has

Workers in the RC predominantly use some form of automotive transportation, which accounted for 71% of daily work trips in 2016. An additional 20% used transit and close to 8% used an active mode of travel (walking or biking to work).

only seen partial recovery relative to pre-pandemic volumes. The ramifications of enabling safe travel to and through these hubs are profound for both economic activity in the District, as well as other regions in the Corridor connected to these transit nodes. As key community transit hubs, a sustained recovery of commuter traffic through the RC will depend on ensuring transit safety and allowing travelers to maintain physical distancing protocols.

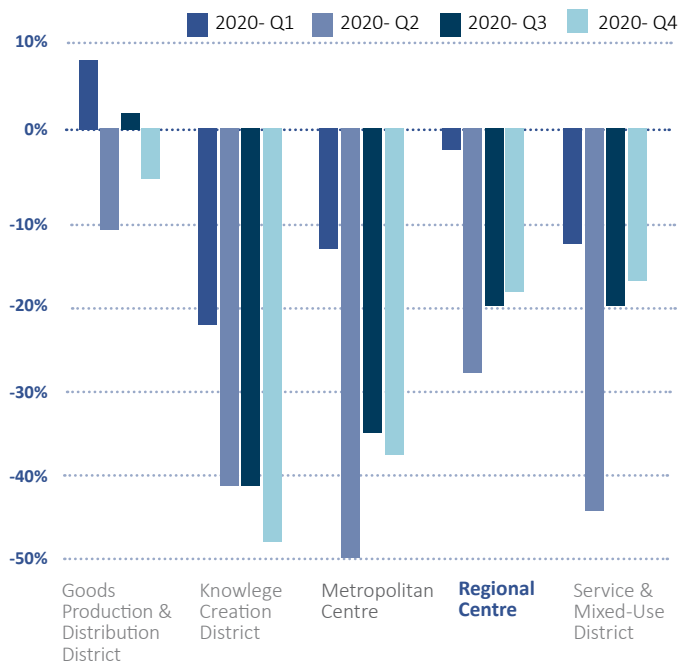
FIGURE 2: Commuter Trips by Transportation Mode, Regional Centres, 2016



Note: "Auto" modes of transport include travel by personal vehicle, taxi, ride hailing service, or a motorcycle. "Transit" transportation includes trips in which the primary mode of travel is some form of transit, which includes both local transit and GO Transit trips. "Work trips" are defined as trips made by workers from their residential zone to their place of employment. Any trips involving intermediate stops between a place of residence and work are ignored in this analysis. Home to work trips captured in this analysis are more representative of commuting patterns. Intermediate trips likely account for a small share of commuting trips and do not have a significant impact on the overall findings of our analysis. Trip counts represent estimates for trips made during a typical 24 hour weekday in 2016. Source: Data Management Group at the University of Toronto Transportation Research Institute, Transportation Tomorrow Survey (2016).

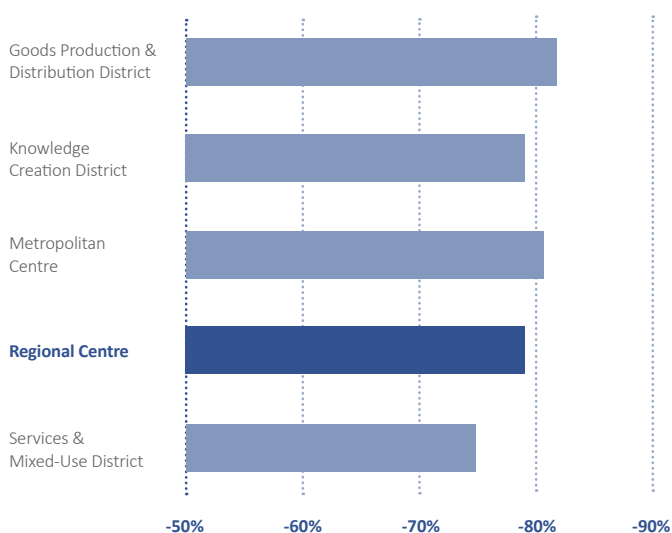
RE-OPENING DRIVERS

FIGURE 3: Year-over-Year % Change in Daily Vehicle Trips for Home to Work Commuters, All Vehicles, Q1 2020 – Q4 2020



Note: Data represents changes in the average daily vehicle trips for workers that commute from home to work in the Business District by car, truck, or bus.
Source: Streetlight (2020).

FIGURE 4: Year-over-Year % Change in the Streetlight Rail Index (Trip Activity to a District), Sept-Oct 2019 to Sept-Oct 2020



Note: Data on travel by rail from streetlight includes passenger trips on commuter & regional rail, metro & heavy rail, light rail, and tram & streetcars. Analysis based on traffic in September and October are provided as Streetlight currently only provides rail data for the months of April, May, September, and October for 2019 and 2020.
Source: Streetlight (2020).

Several RC areas are clustered around large shopping malls, including Scarborough Town Centre, Pickering Town Centre, Oakville Place, and Square One in Mississauga, naturally making retail a large focal point for economic activity.

ENABLING SAFE BUILDINGS AND DISTRICT: Managing Moderate Density and Mixed Use Business Areas

The RC shares many built form and land use characteristics with the Metropolitan Centre (MC). The RC has the second-highest number of business properties in buildings with 12 storeys or more – 105 versus 299 in the MC, and 93% of properties in the District have walk-up potential (defined as having six floors or less).¹¹ The job density of the District is also the second highest among the five Business Districts, with just over 9,000 jobs per square kilometre.¹²

The RC has a significantly higher concentration of retail space relative to other Business Districts, representing 21% of total floor area in business properties (the MC has the second highest at 8%) (Figure 5). The same is true for combined office/retail space. As of December 2018, the RC also had more retail businesses than the MC – 2,760 versus 2,100.¹³ Several RC areas are clustered around large shopping malls, including Scarborough Town Centre, Pickering Town Centre, Oakville Place, and Square One in Mississauga, naturally making retail a large focal point for economic activity. Retailers in these areas are less likely to be dependent on daytime office workers for their business relative to the MC, which means the easing of retail restrictions could have a greater effect in helping the District recover.

The RC is also notable for its relatively high concentration of institutional properties such as schools, places of worship, and health care facilities. In combination with the shopping malls and train stations at the District's core, these properties play an important role in establishing these areas as civic centres.

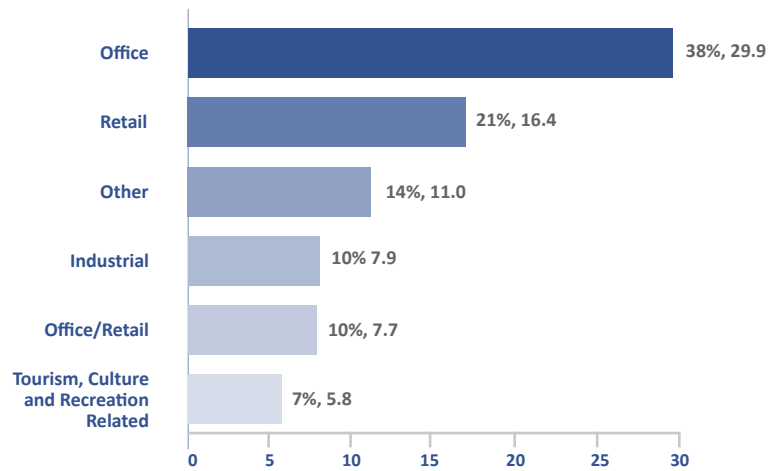
RE-OPENING DRIVERS

Balancing the use of technology solutions whilst addressing privacy concerns will be critically important for ensuring the safety of the workers in the District who continue to travel to and from work.

As the RC continues to be redeveloped, and density in the District rises, policies and initiatives that optimize the use of public space will be critical to encourage workers and visitors to return to the District. This includes expanding and integrating a network of public spaces to improve accessibility and allowing commuters and visitors to move safely within the District. The urban form of the RC is currently conducive to automobiles, but dedicating more land to public space and increasing pedestrian and cyclist access promotes active behavior and allows for physical distancing. For example, the closure of main streets in the cities of Kitchener, Waterloo, and Guelph to create space for cyclists and pedestrians and the addition of new bike lanes are initiatives that enable workers to travel safely and sustainably.¹⁴

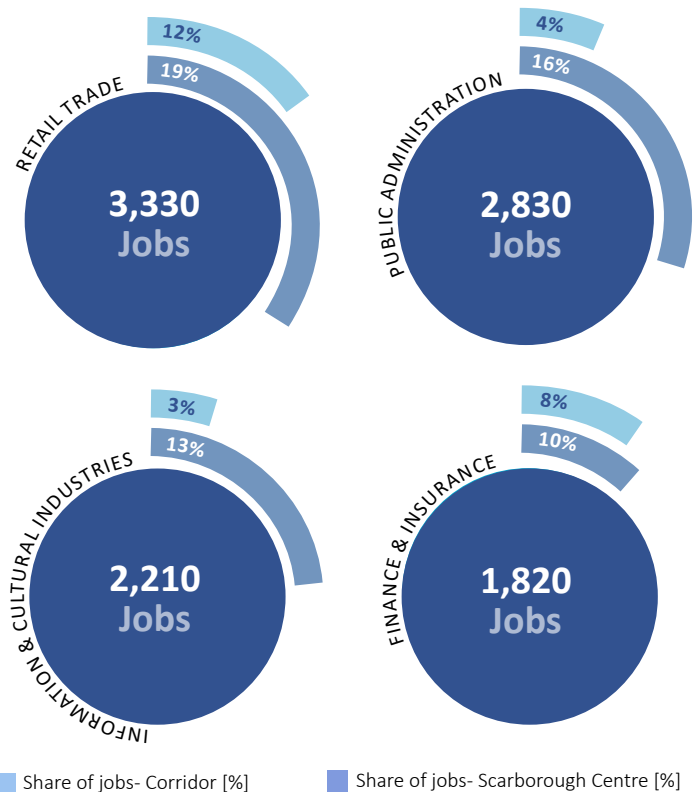
Cities should also explore the use of smart city technology applications to help manage density and transit use. Innovations like New Zealand's COVID Tracer app, which scans QR codes to create a digital diary for users, will help streamline contact tracing efforts and instill a greater sense of safety throughout the District.¹⁵ Digital mobility tools such as trip planning apps should also be encouraged to help commuters plan around peak travel times. Last September, the City of Hamilton launched a new mobile app for trip planning just as its HSR bus service was preparing to welcome back more users.¹⁶ Incorporating health and safety measures into these tools will help facilitate reopening. Balancing the use of technology solutions whilst addressing privacy concerns will be critically important for ensuring the safety of the workers in the District who continue to travel to and from work.

FIGURE 5: Total Floor Area (square feet, millions) of Business Properties, Regional Centres, 2020



Note: "Other" includes a wide variety of property types, including institutional buildings and commercial condominiums.
Source: MPAC data, based on properties active as of December 2020.

Top Four Sectors in the Scarborough Centre Pilot Zone by Employment



Note: Job numbers have been rounded to the nearest 10.
Source: "Place of Work," Statistics Canada, Census (2016)

RE-OPENING DRIVERS

The highest share of jobs in the [Scarborough Centre] Pilot Zone is captured by the retail trade sector, which accounted for approximately 19% of jobs in 2016 and 21% of all firms active in 2019 with 1+ employees.

Scarborough Centre Pilot Zone: Profile of Retail and Main Street Firms and Workers

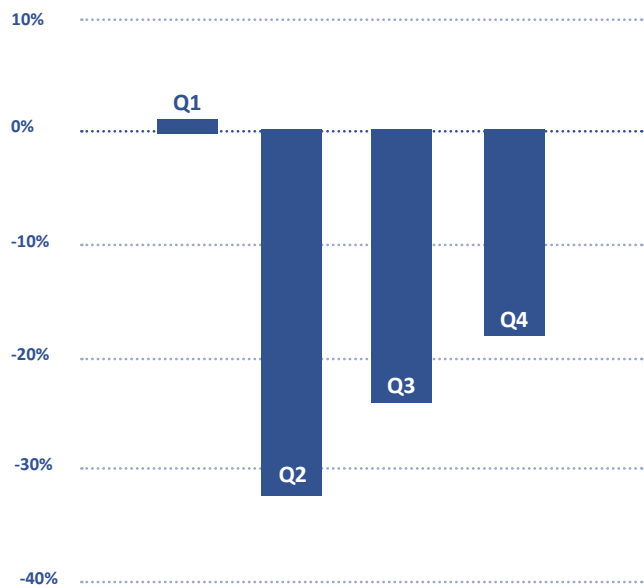
The Toronto Region Board of Trade (TRBOT) engaged with the City of Toronto and its partners active in and around the Scarborough Centre to identify best practices and approaches to prevent the spread of COVID-19. While these practices are captured in the [Scarborough Centre Employment Zone Playbook](#), the RC report focuses on profiling the retail and main street firms and workers in this Pilot Zone.

The highest share of jobs in the Pilot Zone is captured by the retail trade sector, which accounted for approximately 19% of jobs in 2016¹⁷ and 21% of all firms active in 2019 with 1+ employees.¹⁸ As a community hub, the Scarborough Centre is home to a cluster of 'Main Street' small businesses. These businesses include a range of small retailers, arts and recreation firms, restaurants, and dry cleaners that employ between 1 and 19 people.¹⁹ Together, these firms make up more than a quarter of all firms with at least one employee in the Pilot Zone. Low-wage sales and service jobs – many of which are heavily featured in these firms – have a significant presence in the Centre, representing 31% of the workforce.

Commuter travel into the Scarborough Centre demonstrates the extent to which everyday operations and employment levels have been impacted. Despite recovering from the sharp drop in the second quarter of 2020, home-to-work commuting by vehicle remains more than 15% below trip volumes in 2019 (Figure 6).²⁰ The ability to rebound to pre-pandemic foot traffic and economic activity in the Pilot Zone will be contingent on safe reopening and the ability to attract visitors. The combination of key mitigations for the Centre are laid out in the [Playbook](#). Transformative initiatives to entice visitors will lay the groundwork for safe reopening and long-term recovery for the Centre.



FIGURE 6: Year-over-Year % Change in Daily Vehicle Trips for Home to Work Commuters, All Vehicles, Scarborough Centre, Q1 2020 – Q4 2020



Note: Data represents changes in the average daily vehicle trips for workers that commute from home to work in the Pilot Zone by car, truck, or bus.
Source: Streetlight (2020).

MITIGATION TOOLKIT

For a full list of mitigations that can be used to help improve safety in the RC, [click here to access the Mitigation Toolkit](#).



Recovery Drivers:

Challenges and Opportunities for Regional Centres



Building Strong Live-Work Communities



Attracting Foot Traffic Back into the District



Supporting Highly Impacted Industries & the Local Visitor Economy



Challenges Facing Vulnerable and At-Risk Workers



Fiscal Health of Cities

RECOVERY DRIVERS

Post-pandemic, established regional centres such as downtown Brampton and planned regional centres such as the emerging Vaughan Metropolitan Centre have the potential to become dense, diverse, attractive, and well-connected destinations to live, work, and visit. Despite unique COVID-19 challenges propagated by the District’s concentration of retail stores, regional centres are also well-positioned to leverage their strengths and capitalize on a growing interest in more affordable satellite suburban offices.

The RC is already the focus of provincial and municipal growth and infrastructure plans, and benefits from having an increasing number of residents who live in midrise and condominium developments. The RC is also a popular shopping destination and has adequate regional transit connectivity, with Toronto Transit Commission (TTC) subway lines and planned GO Regional Express Rail (RER) corridors that will provide more frequent service. Many workers in the regional centres, however, face long-term disruptions to their jobs with permanent shifts in demand and the acceleration of automation-related changes in the workplace, particularly in the case of retail workers.

Building Strong Live-Work Communities

Approximately half (48%) of total floor area in business properties across the RC is comprised of office and combined office/retail space.²¹ Many of these areas are rapidly being developed with the intent of becoming robust live-work neighbourhoods. Mississauga City Centre, for example, is in the process of fundamentally transforming the underutilized parking space surrounding Square One into an urban mixed-use neighbourhood, with 37 new high-rise towers that will feature new condos, offices, retail, and green spaces. Plans target housing for 35,000 people.²² Brampton is also in the process of revitalizing its downtown, but plans are currently on hold pending the recommendations on the light rail transit (LRT) environmental assessment (EA) on Main Street, currently in development.²³ The Vaughan Metropolitan Centre, with access to the University subway line extension, has ambitious plans to house tens of thousands of workers and residents in a dense community near Highway 7 and Highway 400.²⁴

Yet prior to the start of the pandemic, demand for office space in several regional centres across the Corridor was much lower than it was for Downtown Toronto. While the vacancy rate for office space in Q1 2020 was only 2.0% for Downtown Toronto, in Scarborough, Mississauga City Centre, and Oakville it was 16.3%, 10.7%, and 16.7%, respectively. These markets are now seeing even higher vacancy rates (Figure 7).

While the vacancy rate for office space in Q1 2020 was only 2.0% for Downtown Toronto, in Scarborough, Mississauga City Centre, and Oakville it was 16.3%, 10.7%, and 16.7%, respectively. These markets are now seeing even higher vacancy rates.

FIGURE 7: Office Vacancy Rates (% , All Classes) – Select CBRE Office Submarkets

	Q1	Q2	Q3	Q4
Waterloo Core	8.2	2.8	2.4	2.4
Brampton	2.2	3.5	3.3	4.1
Downtown Toronto	2	2.6	4.8	7.2
Yonge & Eglinton	3.8	4.6	7.7	9.7
Mississauga City Centre	10.7	11.6	11.4	13.4
Burlington	14.3	13.6	14.6	17.8
Scarborough	16.3	16.3	16.3	18.1
Oakville	16.7	17	18.1	19.2
Kitchener Core	11.9	9.7	14	19.7

Source: CBRE, Toronto Historical Office Data, (Q4 2020).

Not all regional centres are seeing struggling office markets, however. Waterloo’s Core and Brampton now have lower vacancy rates than Downtown Toronto. Both of these markets have healthy industry bases and relatively limited office supply, each with approximately 1 million square feet of office space. For regional centres where office space is in large supply, planning for recovery may provide an opportunity to pilot new uses of space and office configurations to attract tenants. Many observers predict there will be an increase in demand for coworking spaces in suburban areas as employers pursue a ‘hub and satellites’ model of operations post-COVID.²⁵ Analysis from the UK reveals that while office searches have increased overall since April 2020, this has been driven almost exclusively by satellite locations.²⁶

The RC is ideally suited to fill this demand but will require significant effort and coordination between business and government to ensure they become complete communities. This includes the prioritization

RECOVERY DRIVERS

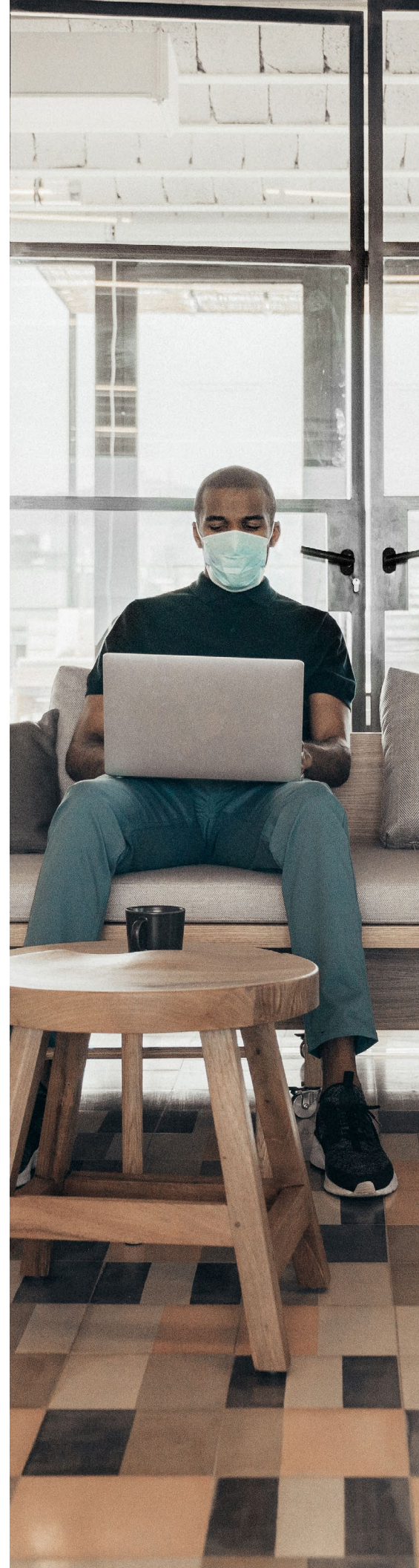
To better position themselves as suburban live-work communities, municipalities must work with builders, developers, and existing landlords to invest in place-based solutions that help the RC to evolve to be more than just offices and shopping malls.

and inclusion of affordable housing and a variety of housing types beyond single unit condominiums. Detached house prices across the GTA have soared by 21% year-over-year as of February 2020²⁷, as many young families have sought more space in the suburbs. The Toronto Regional Real Estate Board predicts the average price of a resale home will surpass \$1 million for the first time this year – a worrying trend for the region.²⁸ As TRBOT has noted in past research, unaffordable housing “forces out key industry workers such as cooks, social workers, nurses, tradespeople, childcare workers, and teachers. Without people to fill these jobs, businesses suffer, and the city becomes less livable for everyone.”²⁹ Without housing that workers can afford and that can suit a broad range of spatial needs and lifestyles, the RC will be limited in its ability to support balanced live-work hubs and contribute to solving the affordable housing challenge.

To better position themselves as suburban live-work communities, municipalities must work with builders, developers, and existing landlords to invest in place-based solutions that help the RC to evolve to be more than just offices and shopping malls. Instead, it must be transformed into vibrant communities that offer the potential for live, work, and play. Local governments should strive to make their cities more attractive by investing in amenities, developing remote-work hubs, and providing additional workspace and conference rooms for remote workers.

The proximity of many regional centres to regional rapid transit, TTC subway lines along Bloor and Yonge Streets, and GO Rail – which is continually seeing improved levels of service – adds to their potential to become mixed-use live, work, and play destinations for area residents and visitors from across the Corridor. With 15 GO rail stations within 2 kilometres of regional centres, the District is well placed to attract workers and visitors, and shift transit patterns away from private automobile.

Regional fare and service integration, particularly the integration of transit schedules between local agencies and GO Transit, can help accelerate this shift. Transit connectivity through these hubs can be further strengthened by improving local feeder transit and a number of transit initiatives either recently built, currently under construction, or in planning, including the Toronto Eglinton Crosstown LRT, the Scarborough Subway Extension, Hurontario LRT, Hamilton Light Rail Transit, and Waterloo Region LRT. Expanded Regional Express Rail, with two-way, all-day service through most of the GO Rail network, will provide cleaner, cost-effective transit options and increase the overall accessibility and productivity of the RC.



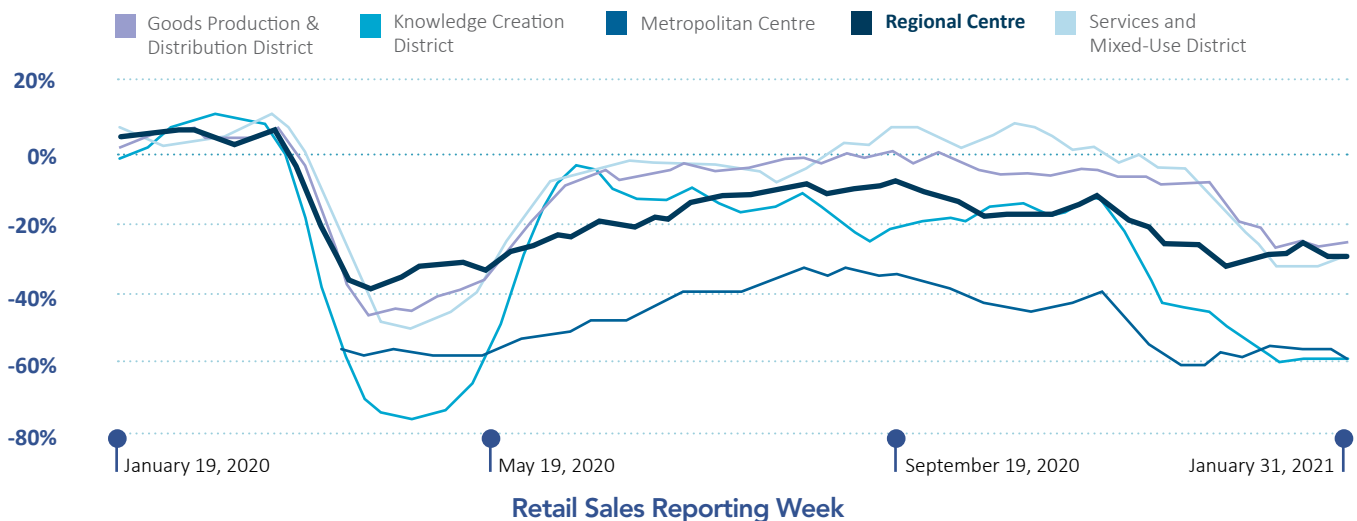
Attracting Foot Traffic Back into the District

Among the five Business Districts, the RC has seen the least volatility in consumer spending levels based on in-store transactions. As the nation-wide lockdowns were initiated, in-person total spending dropped approximately 40% relative to 2019 levels (Figure 8). As restrictions were loosened, consumption levels rose but remained below pre-pandemic levels through to November and dropped once again as restrictions were re-introduced at the end of the year. While the drop in travel and entertainment purchases such as hotels, restaurants, airlines, and transportation services faced the largest decline – dropping as much as 83% year-over-year – retail and service purchases also dragged overall spending down.

Given the prominence of retail stores and malls in the RC, the weakness in in-person retail sales continues to curtail overall economic activity in the District. The RC accounts for 9% of retail trade employment and 10% of retail business establishments across the Corridor.³⁰ A permanent drop in retail spending, influenced in part by a rise in e-commerce, will likely have negative consequences for the large share of retail workers and businesses that are a defining part of the District’s economic fabric (12% of employment). Recovery will also be conditional on the secondary downtowns and regional community hubs that make up the District reemerging as popular destinations for locals and regional visitors alike. To address these concerns, governments must track local spending and traffic activity in these strategic regional hubs and develop strategies to help attract traffic back into the District.

As the nation-wide lockdowns were initiated, in-person total spending dropped approximately 40% relative to 2019 levels.

FIGURE 8: Year-over-Year % Change in Consumer Spending Levels (3-Week Moving Average), In-Store Transactions, January 2020 – January 2021



Note: Dates for consumer spending data are reported based on the start of the retail sales reporting week, which starts on Sunday. Consumer spending data corresponds to year-over-year changes in weekly transactional dollar volume. In-store transactions are represented by 'card present transactions' recorded by Moneris. In-store transactions that are recorded as 'card not present transactions' are not included. Only Moneris-acquired credit and debit transaction data are included. Source: Moneris (2021).

Supporting Highly Impacted Industries and the Local Visitor Economy

According to our analysis of total employment losses in the Corridor³¹ and total decline in economic activity across Canada³², the three industries most impacted by the pandemic are: Air Transportation; Arts, Recreation and Entertainment; and Accommodation and Food Services (collectively referred to as ‘highly impacted industries’ throughout this report). The RC has the second-highest share of employment in highly impacted industries (Figure 9). This is explained by the presence of regional community hubs and the number of restaurants, bars, and cafes in the District’s downtown cores. Employment in highly impacted industries accounted for 27,100 jobs and 9% of the pre-pandemic total workforce – a share comparable to the MC (10%).³³ The vast majority of these jobs fall within the accommodation and food services industry. The RC also contains 1,900 businesses within these highly impacted industries, 70% of which are small businesses with 1 to 19 employees.³⁴

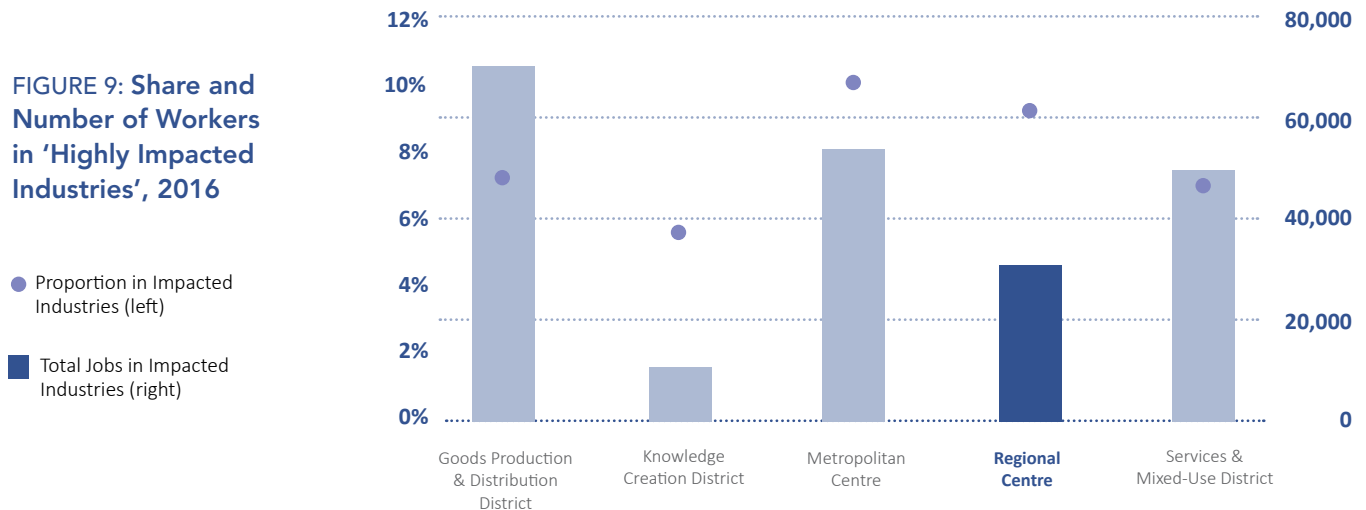
There is significant overlap with the identified ‘highly impacted industries’ and the domestic tourism economy across the Corridor. The centres in the RC serve as small-scale hubs for cultural and entertainment activities, as well as leisure and hospitality. 7% of total business property floor area in the District is tourism, culture, and recreation-related, comparable to the 8% seen in the MC.³⁵ Jobs in tourism-related activities³⁶ account for 31,220 jobs

The RC has the second-highest share of employment in highly impacted industries. This is explained by the presence of regional community hubs and the number of restaurants, bars, and cafes in the District’s downtown cores.

within the District, approximately three quarters of which fall within food and beverage-related industries.³⁷

To bolster the domestic tourism economy, the province recently committed \$150 million to a 20% tourism credit to encourage residents to travel within the province.³⁸ A push for local spending may in fact benefit the RC because of its ‘mini downtown’ appeal and greater access to green space – without the higher density of the downtown core and the associated heightened perception of risk. Municipalities can harness these strengths by devising strategies that support local businesses while keeping health and safety, long-term sustainability, and environmental impacts in mind. For example, the City of Guelph has moved to digitize events and expand patio season to allow restaurants, bars, and cafes to continue generating revenue. They have also implemented lane closures to support pedestrians and cyclists and are promoting safe outdoor activities.³⁹

FIGURE 9: Share and Number of Workers in ‘Highly Impacted Industries’, 2016



Note: Highly Impacted Industries includes Air Transportation; Arts, Recreation and Entertainment; and Accommodation and Food Services. Source: “Place of Work,” Statistics Canada, Census (2016).

RECOVERY DRIVERS

Addressing Challenges Facing Vulnerable and At-Risk Workers

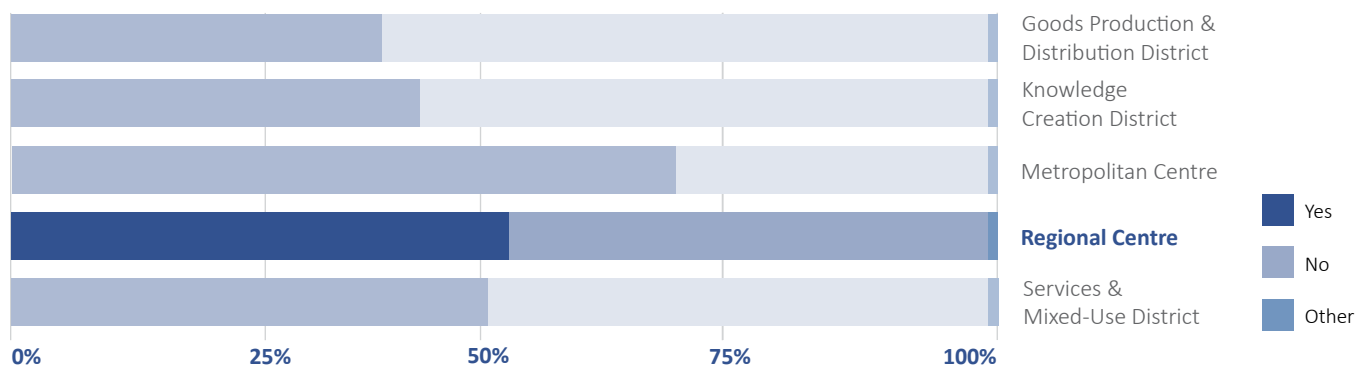
Sales and service occupations, whose average incomes are well below the average after-tax income in the Corridor,⁴⁰ constitute a large proportion of jobs in highly impacted industries, including 82% of jobs in the accommodations and food services and 32% of jobs in the arts, recreation and entertainment sectors in Ontario. In part due to the significant presence of the retail sector in the District, these low-wage occupations make up 27% of employment in the RC (the highest share of all five Districts), or 78,690 in total employment.⁴¹ As restrictions are eased, these workers will continue to face a combination of greater transmission risks due to the face-to-face nature of their occupations and uncertain job prospects as retail and service industries may face potential structural changes.

Due to the high presence of public administration and professional service sectors, the RC has the second highest remote work capacity across the Corridor, with approximately half (53%) of workers able to accommodate work-from-home measures (Figure 10). Of those unable to work remotely, retail salespersons were by far the most predominant occupation group, representing 5% of the total

Due to the high presence of public administration and professional service sectors, the RC has the second highest remote work capacity across the Corridor, with approximately half (53%) of workers able to accommodate work-from-home measures.

workforce (the highest share of the five Districts) or 14,160 workers in the District.⁴² As lockdowns and restrictions persist and e-commerce continues to shape the future of retail, workers in this sector may face temporary disruptions or lay-offs – particularly those working for non-essential retailers. Hudson’s Bay laid off 600 workers in sales and middle management positions across Canada as recently as December 2020 due to store closures.⁴³ Notably, marginalized groups such as racialized minorities, immigrants, women, and young people are disproportionately represented in the retail sector.⁴⁴ This raises concerns around the compounding impacts of COVID-19 for the most vulnerable segments of the population in the District.

FIGURE 10: Proportion of Workers with a Capacity for Remote Work, 2016



Note: The 'Other' category includes workers in occupations where the capacity for remote work could not be determined.
Source: "Place of Work," Statistics Canada, Census (2016); EBI classification of occupations with capacity for remote work.



Office support workers also fall amongst occupations with the highest risk, with more than 35% of workers in these occupations predicted to be at high risk of automation-related job transformations. These workers make up 6% of the total workforce in the RC — the highest share across the five Business Districts.

Some economic disruptions in the RC may outlive the pandemic, including the increasing automation of tasks in the workplace. The RC has the largest share of workers in occupations facing a high risk of automation-related job transformations at 31% (defined as having at least 10% of the workforce with a 70% chance or higher risk of automation-related job transformation), slightly above the Corridor average.⁴⁵ From an industry perspective, however, the RC fares better than other Business Districts with 39% of workers in the RC employed in industries deemed most at risk of automation-related job transformation — the second lowest share across the five Business Districts. Included among the occupations most at risk of automation-induced changes are sales representative and salespersons positions. Sales representatives in wholesale and retail trade make up 5% of the total workforce in the District, compared to 3% in the MC. According to a McKinsey study, approximately half of the activities in retail can be automated using current, at-scale technologies.⁴⁶ Retailers have begun investing in technologies ranging from self-check-out kiosks and autonomous cleaning robots to advanced planning systems that will support not just in-store operations but also supply-chain and headquarter functions. Office support workers also fall amongst occupations with the highest risk, with more than 35% of workers in these occupations predicted to be at high risk of automation-related job transformations. These workers make up 6% of the total workforce in the RC — the highest share across the five Business Districts.

The implementation of workplace technologies calls for targeted policy solutions and investments that mitigate local impacts, prioritize job and financial security, and ensure the protection of workers. Technological transformations in workplaces provide an opportunity to increase productivity through the evolution of jobs and creation of new roles. Employers play a vital role in ensuring that workers have access to learning infrastructure that allows them to bridge skills gaps and make successful transitions. In fact, many employers have begun developing reskilling and upskilling programs for their workers in collaboration with educational institutions. However, the acceleration of workplace automation means quick and diligent action is needed to keep pace with changes and ensure minimal strain and disruption for our most vulnerable workers.



Fiscal Health of Cities

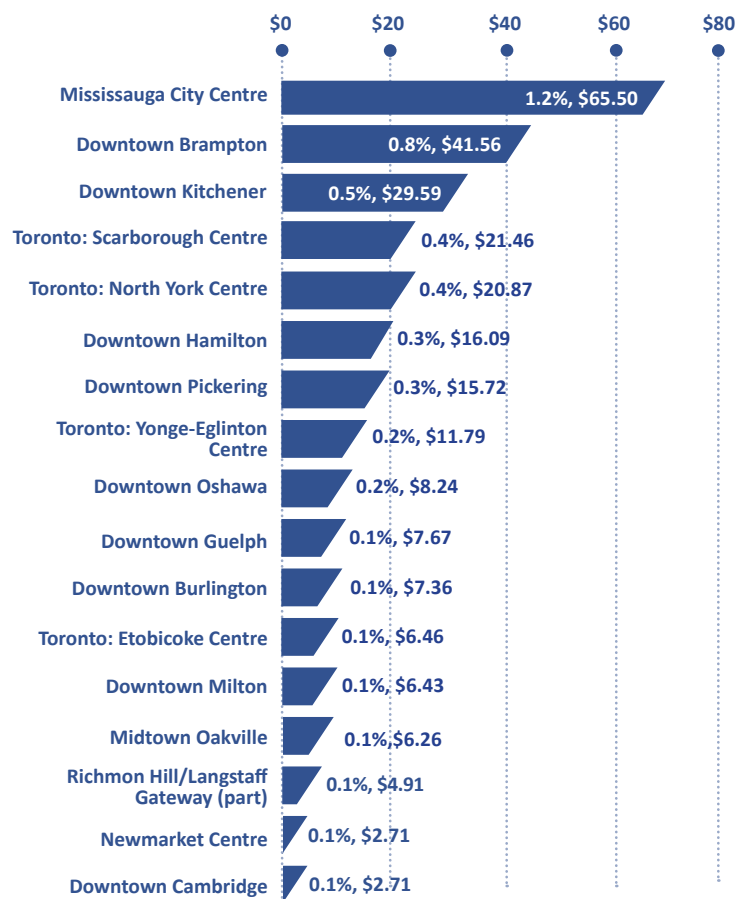
It is no secret that cities have been deeply affected by the impacts of COVID-19. Early in the pandemic, cities were forecasting record budget deficits due to rapid and sustained declines in typical sources of revenues. Municipalities across the region, reflected in the regional centres, will be increasingly challenged in the years to come to make up for revenue shortfalls and rebuild much of the vibrancy and economic vitality that made cities attractive places to work and live. Of particular importance are property taxes, the most significant and stable source of revenue for cities across the Corridor.

The largest property tax-generating regional centre in the Corridor is Mississauga City Centre, which generates approximately \$66 million in commercial and industrial property tax revenue for Peel Region, City of Mississauga, and education tax for the province of Ontario (Figure 11).⁴⁷ More than half of this amount is from retail and an additional \$1.9 million is from combined office/retail properties. Across the 17 regional centres, roughly 46% of all commercial and industrial property tax revenue comes from retail properties, by far the highest percentage of the five Business Districts (Figure 12).

The economic significance of retail, especially large shopping malls, to regional centres across the Corridor poses challenges to municipalities, as the rise in online shopping may have long-lasting effects on bricks-and-mortar retail. According to IBM's U.S. Retail Index, the pandemic has accelerated the shift away from physical stores to digital shopping by roughly five years.⁴⁸ Statistics Canada data shows that while total retail sales in

Across the 17 regional centres, roughly 46% of all commercial and industrial property tax revenue comes from retail properties, by far the highest percentage of the five Business Districts.

FIGURE 11: Commercial and Industrial Property Tax Revenue (millions) by Municipality, Regional Centres, 2019



Note: Total tax revenue includes revenue collected by upper and lower tier municipalities, where applicable. For example, total tax revenue for City of Mississauga includes taxes collected by both the City of Mississauga (lower tier) and Peel Region (upper tier). Property tax revenue amounts based on 2019 Phase-In Current Value Assessments. Source: MPAC data, based on properties active as of December 2020.

RECOVERY DRIVERS

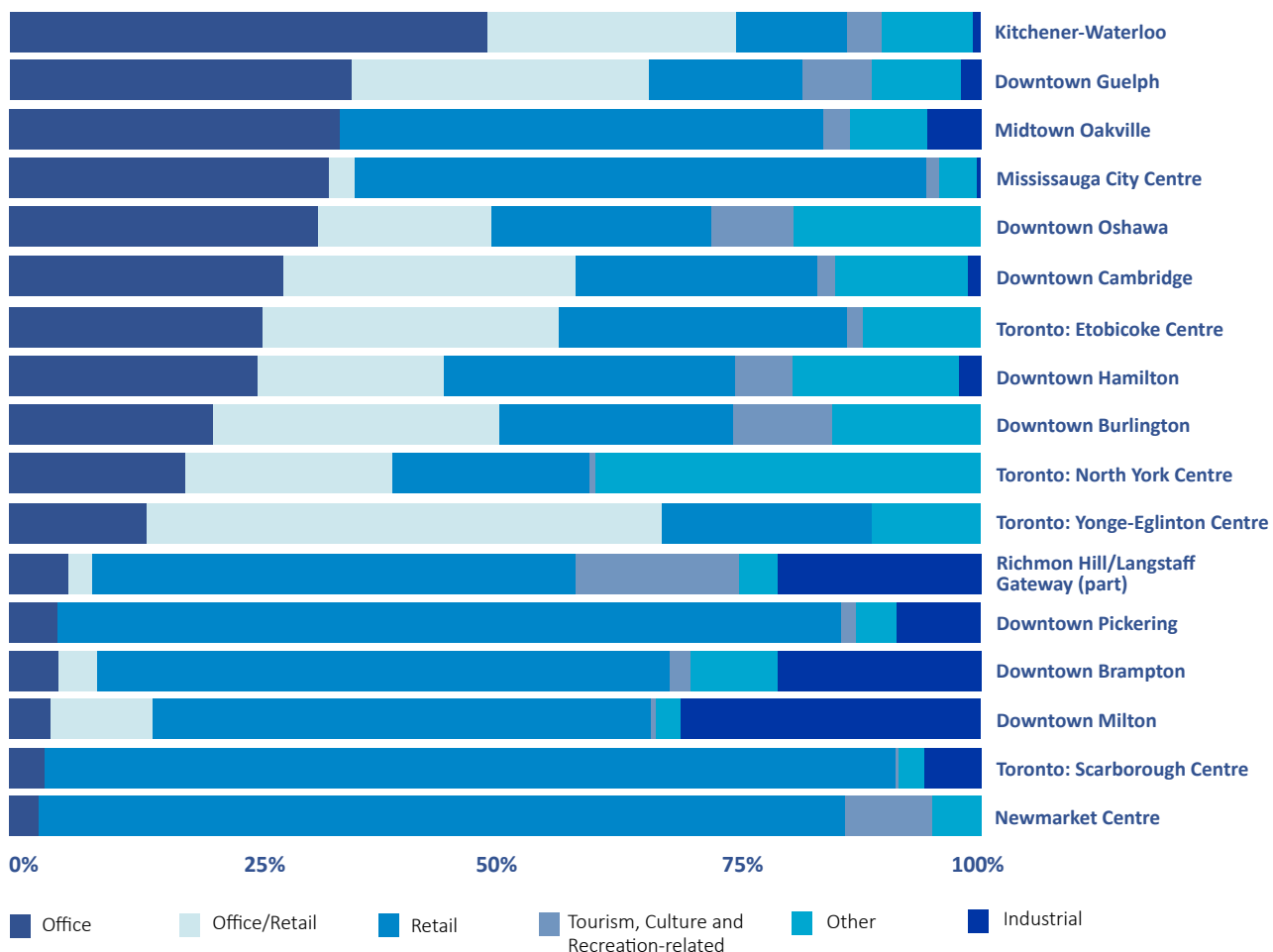
Canada fell by almost 19% between February and April 2020, the e-commerce share of retail sales nearly tripled, rising from 3.7% to 10.4% of total sales (Figure 13). The share leveled off over the summer, as more retailers were able to open their stores, but has steadily climbed since.

E-commerce sales in Canada are significantly behind other countries – notably China, where e-commerce accounts for 25% of total retail activity – but analysts predict that low online-penetration countries like Canada are likely to see significant growth over the next several years.⁴⁹

As noted above, many regional centres, including Mississauga City Centre, Etobicoke Centre, and Vaughan Metropolitan Centre, are undergoing intense development to repurpose underutilized land for housing and employment. According to CBRE, many owners of retail centres are exploring the potential to build warehouse space, given the high demand for industrial space across the region.⁵⁰ There is widespread recognition among real estate owners and developers that shopping malls are prime locations for urban transformation.⁵¹

E-commerce sales in Canada are significantly behind other countries – notably China, where e-commerce accounts for 25% of total retail activity.

FIGURE 12: Share of Commercial & Industrial Property Tax Revenue by Property Type, Regional Centres, 2019



Note: "Other" includes a wide variety of property types, including institutional buildings and commercial condominiums. Property tax revenue amounts based on 2019 Phase-In Current Value Assessments. Source: MPAC data, based on properties active as of December 2020.

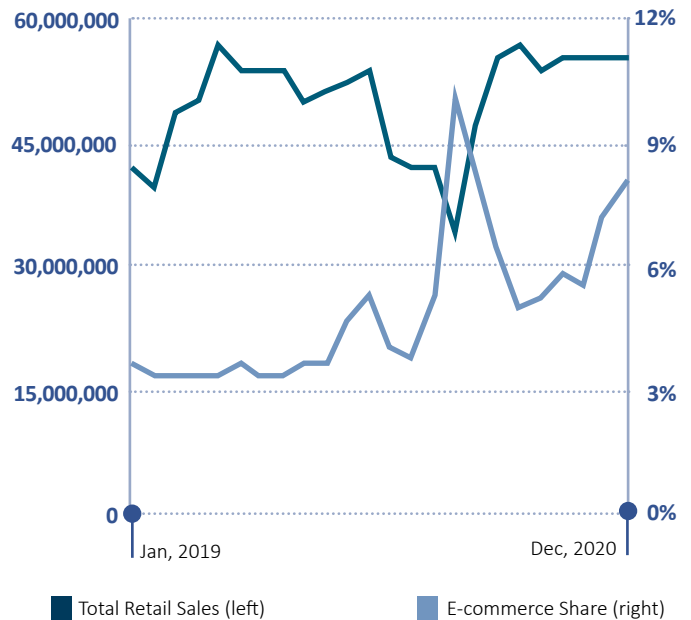
RECOVERY DRIVERS

While there are exceptions, the regional centres that generate the most property tax revenue tend to be ones with a higher concentration of office space. Four of the top five regional centres in terms of commercial and industrial property tax revenue (Mississauga City Centre, Kitchener-Waterloo, Scarborough Centre, and North York Centre) have at least 47% of total floor area allocated to office and combined office/retail space (Figure 14).

These commercial office areas may not be as valuable in the real estate market as those in Downtown Toronto, but they likely have greater potential for economic resiliency and growth than their counterparts who are mostly reliant on retail. Rental income for malls has plummeted during the pandemic (in May 2020, Canadian mall owners received approximately 15% of what they would normally), and the financial challenges facing most retailers means rents may take years to fully recover – if they do at all.⁵² These trends may impact mall property values and their associated tax revenue.

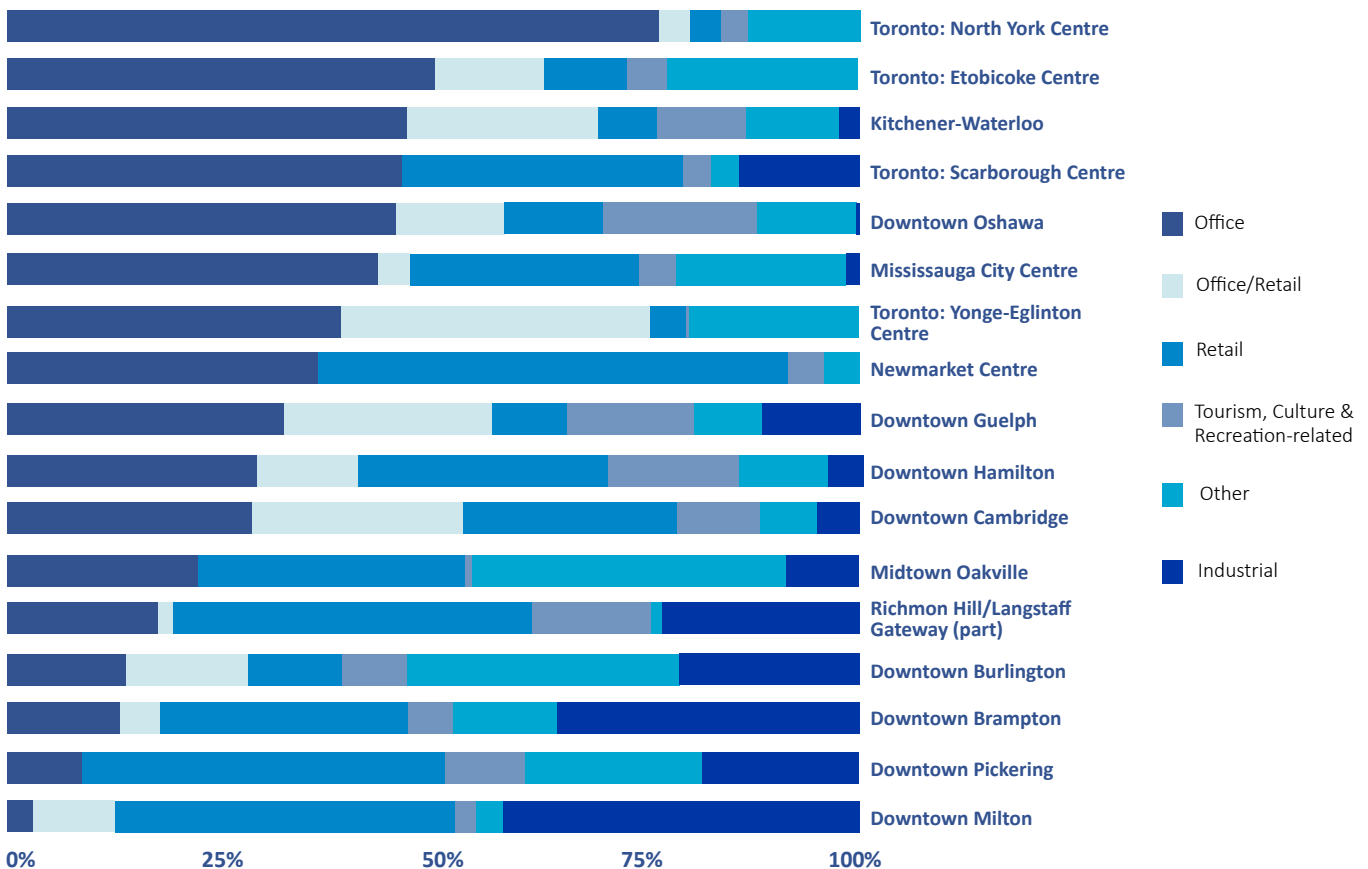
Most retail across the RC will need to adjust to the reality of e-commerce. Whether some space should be repurposed for industrial or office uses should be determined based on the industry base and local assets currently found in the area, with a goal to build on them over time.

FIGURE 13: Retail Sales and E-Commerce Share, Canada, January 2019 – December 2020



Note: Retail e-commerce sales reported by Statistics Canada only include sales made by Canadian retailers. Purchases made by Canadian consumers from foreign-based retailers are excluded.
Source: "Table 20-10-0072-01," Statistics Canada, Retail e-commerce sales, accessed March 2021.

Figure 14: Share of Total Floor Area in Business Properties by Property Type, Regional Centres, 2020



Source: MPAC data, based on properties active as of December 2020.

Building a Strategy for Recovery



Re-imagining the RC as a place to live, work, & play



Implementing Regional Express Rail (RER) & Fare & Schedule Integration



Futureproofing our Workforce

A successful post-COVID recovery will require careful and effective management of key drivers and trends that pre-dated the COVID-19 virus as well as impacts that were either brought about or accelerated by the pandemic.

Before the pandemic, regional centres, both established and planned, were the focus of large visioning, planning, and infrastructure investments by different orders of government, especially by municipalities. These centres, however, struggled to attract businesses and saw a weakening of demand for commercial office real estate as knowledge workers were increasingly drawn to the MC. During the pandemic, regional centres were hurt economically by the departure of remote workers and visitors, and also face threats to bricks-and-mortar retail with the rise of online shopping.

A long-term strategy for recovery for the District must deploy policies that address these challenges head on through place-making, infrastructure, and workforce initiatives:

Improved accessibility through active transportation corridors and local feeder transit, which connects to regional transit, can catalyze more residents to live in the District and more visitors to visit these areas regularly.



Re-imagining the RC as a place to live, work, and play

While regional centres that are heavily dependent on main street businesses and shopping centres face dual challenges from the rise of remote work and online shopping, they are well positioned to potentially benefit from other pandemic related trends such as the need for satellite offices and coworking space. This would entail the implementation of ambitious municipal visioning across the Corridor to re-imagine these centres as denser suburban mixed-use live, work, and after-hours entertainment destinations for local and regional visitors. Regional centres, which are designated as Urban Growth Centres in Ontario's long-term Growth Plan for the Greater Golden Horseshoe, are already destinations for local visitors. Improved accessibility through active transportation corridors and local feeder transit, which connects to regional transit, can catalyze more residents to live in the District and more visitors to visit these areas regularly.



Implementing Regional Express Rail (RER) and Fare and Schedule Integration

The building out of GO Regional Express Rail (all-day, two-way), which connects many suburban regional centres to downtown Toronto, is an added infrastructure investment that can benefit the RC. For more urban locations in Etobicoke, Scarborough, and North York, their proximity to rapid transit such as the subway along Bloor and Yonge Streets is key as post-pandemic trends play themselves out. Fare and service integration discussions between Metrolinx, the Corridor's regional transit agency, and local transit agencies including the TTC, will, if successful, be a key recovery driver as will a focus on Mobility as a Service (MaaS) applications that integrate on-demand and other first and last mile mobility solutions.



Futureproofing our Workforce

The shift towards e-commerce and increased automation efforts pose critical risks to workers currently employed in the District, including sales and services, and office support workers who are prominent in the RC. To ensure that these trends benefit both businesses and workers requires active investments in the local workforce. Employers must work with existing training providers and government to assess the needs of the current and future workplace, and retrain or upskill workers accordingly. Changing skills requirements must be continuously matched by efforts to address any gaps in the labour market.

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Lead: Marcy Burchfield

Research: Saad Usmani

Data Analysis: Dillon Baker,
Rupa Mukherjee-Yazik, Andre Torquati,
and Zaki Twaishi

Contributions from: Phinjo Gombu

Consultants: Ashleigh Ryan,
Natasha Goel, and James Bullbrook

Design: Lisa Davison Design

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The **Toronto Region Board of Trade** is one of the largest and most influential chambers of commerce in North America and is a catalyst for the region's economic growth agenda. Backed by more than 13,500 members, we pursue policy change to drive the growth and competitiveness of the Toronto region, and facilitate market opportunities with programs, partnerships and connections to help our members succeed – domestically and internationally. To learn about the Board's economic recovery efforts and response to COVID-19, visit supportbusiness.bot.com. For more on making Toronto one of the most competitive and sought-after business regions in the world, visit bot.com and follow us at [@TorontoRBOT](https://twitter.com/TorontoRBOT).

The **Economic Blueprint Institute (EBI)** is a strategic initiative of the Toronto Region Board of Trade with the goal of developing an economic blueprint for the Innovation Corridor. To expedite the region's economic recovery, EBI is taking a research and data-driven approach to understanding COVID-19 recession impacts and developing a regional strategy that identifies economically enabling priorities.

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