

2022



Strathroy-Caradoc EMPLOYMENT LANDS STUDY



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List of Acronyms and Abbreviations

| Acronym | Full Description of Acronym |
|------------|-------------------------------|
| A.I. | artificial intelligence |
| E.L.S. | Employment Land Study |
| G.D.P. | gross domestic product |
| G.F.A. | gross floor area |
| G.G.H. | Greater Golden Horseshoe |
| G.T.H.A. | Greater Toronto Hamilton Area |
| I.M.F. | International Monetary Fund |
| L.Q. | Location Quotient |
| N.F.P.O.W. | no fixed place of work |
| O.P. | Official Plan |
| P.P.S. | Provincial Policy Statement |
| sq.ft. | square feet |
| sq.m | square metre |
| W.H.O. | World Health Organization |
| W.T.O. | World Trade Organization |
| U.S. | United States of America |
| V.P.N. | virtual private network |
| Y.T.D. | year to date |

Executive Summary

As part of the five-year review and update of the Municipality of Strathroy-Caradoc's Official Plan (O.P.), Watson & Associates Economists Ltd. (Watson) has prepared an Employment Lands Study (E.L.S.). The E.L.S. explores future employment growth potential within Strathroy-Caradoc and corresponding future employment land needs. The technical analysis will help inform the development of land-use policies that are aligned to accommodate employment uses in the Municipality.

The primary objective of the Strathroy-Caradoc E.L.S. is to provide a long-term vision for the Municipality's Employment Areas to ensure that Employment Areas are continued to develop in a competitive and sustainable manner. Fundamental to this objective is an adequate supply and market choice of Urban Employment Area lands over the next 25 years and beyond within well-defined designated Employment Areas located primarily in Strathroy, and to a lesser extent in Mount Brydges. Employment Areas should be developed in a manner that allows the Municipality to build on past successes, while further enhancing the economic base through continued growth in a diverse range of employment sectors within the context of evolving macro-economic trends.

A broad range of considerations related to demographics, economics and socioeconomics are anticipated to impact employment growth in Strathroy-Caradoc over the coming decades. These factors will not only affect the rate and magnitude of growth but will also influence the form, density, and location of non-residential development.

The provincial and regional economies are gradually shifting to increasingly service-based and knowledge-based sectors. As a result of continuing structural changes occurring in the macro-economy, it is important to recognize that the above-mentioned trends will generate both positive and disruptive economic impacts related to labour force demand, industrial, commercial, and retail space requirements, as well as long-term employment land needs.

The coronavirus (COVID-19) pandemic is also having a significant negative impact on short-term macro-economic growth. Within the Strathroy-Caradoc context, near-term economic challenges due to this pandemic have resulted in elevated rates of unemployment with contraction in employment across a broad range of industry sectors. Despite the near-term challenges, employment levels are expected to largely recover in 2021 and long-term economic growth is expected to remain positive in Strathroy-Caradoc. Based on near-term trends observed, COVID-19 is accelerating previously noted technological disruptors, including e-commerce, the gig economy, and automation. Under COVID-19 public health measures, enterprises are increasingly required to rethink the way they conduct business with an increased emphasis on remote work enabled by technology. These trends are anticipated to fuel further growth for distribution/logistics centres, and place continued downward pressure on office space needs. Near-term and longer-term employment land demand in Strathroy-Caradoc is not anticipated to be negatively impacted by COVID-19.

Strathroy-Caradoc has a diverse employment base which incurred moderate growth over the past decade. Over the recent historical 10-year period (2006 to 2016), employment growth averaged 0.8% annually, growing from 8,900 jobs in 2006 to 9,600 in 2016, which was slightly

higher than the growth rate across the Province as a whole. The largest sector in the Municipality is manufacturing which accounts for 24% of total employment. Other key sectors include health care and social assistance; retail trade; accommodation and food services; wholesale trade; other services; transportation and warehousing; and construction.

Future employment growth within Strathroy-Caradoc is strongly correlated with the growth outlook and competitiveness of the broader regional economy. Over the next several decades, Strathroy-Caradoc's employment base is anticipated to steadily grow across a broad range of export-based and population-serving employment sectors. Over the 2021 to 2046 forecast period, Strathroy-Caradoc's employment base is expected to expand by approximately 44% (4,600 jobs), increasing to 15,000 jobs in 2046. This represents an average annual growth rate of 1.5% over the 25-year forecast period, moderately higher than historical trends.

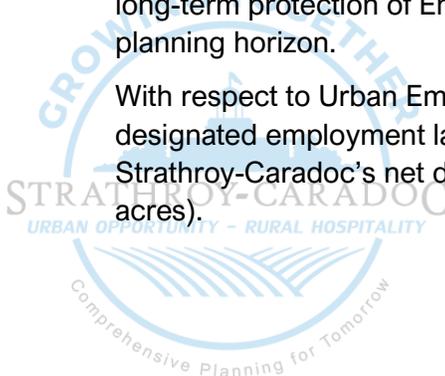
Employment growth over the 2021 to 2046 forecast period is expected across a wide range of sectors driven by continued diversity of the regional economic base and steady local population growth. Population growth is anticipated to drive the demand for population-related commercial and institutional employment in Strathroy-Caradoc. New residential and population-related development will also drive demand within the construction sector and influence investment across certain industrial sectors that are more closely driven by regional population growth (e.g., fulfilment centres, urban warehouses).

Most industrial and office commercial employment (export-based employment), however, is not closely linked to population growth. Employment within these sectors tends to be more influenced by broader market conditions (i.e., economic competitiveness, transportation access, access to labour, and distance to employment markets), as well as local site characteristics.

While Strathroy-Caradoc's economy is forecast to continue to steadily shift from goods-producing to services-producing sectors, the industrial sector is still anticipated to represent a key employment sector in the Municipality. Urban Employment Areas are anticipated to accommodate the bulk of this activity at 98% of the Municipality's industrial employment growth. Embracing the importance of planning for employment-supportive Employment Uses and the knowledge-based sector, Urban Employment Areas are anticipated to accommodate 25% of Strathroy-Caradoc's commercial growth and 15% of the Municipality's institutional employment growth.

The forecast Urban Employment Area land demand is anticipated to total 124 net ha (306 net acres) over the 2021 to 2046 period or approximately 5 net ha (12 net acres) annually. Assuming an extrapolation of annual land absorption from 2041 to 2046 through 2051, the land demand over the 30-year period is 141 net ha (348 net acres). According to the Provincial Policy Statement (P.P.S.), 2020, policy 1.3.2.7, municipalities may plan beyond 25 years for the long-term protection of Employment Areas provided lands are not designated beyond the planning horizon.

With respect to Urban Employment Area land supply, Strathroy-Caradoc has a vacant designated employment land supply of 107 net ha (264 net acres). Adjusted for land vacancy, Strathroy-Caradoc's net developable vacant employment land supply is 91 net ha (225 net acres).



In accordance with the existing supply of designated developable urban employment lands versus long-term demand, Strathroy-Caradoc has an insufficient supply of designated urban employment lands to meet long-term needs to 2046 and beyond. Based on the land needs analysis, a minimum of 58 gross ha (143 gross acres) of additional urban employment lands is required to accommodate forecast employment growth to 2046. By 2051, this identified deficit increases to a minimum of 88 gross ha (217 gross acres).

It should be noted that this analysis does not consider potential employment conversions. Chapter 7 provides a proposed designated employment lands conversion framework based on best practices and provincial policy framework.

The structure and quality of the Municipality's employment lands are major factors influencing the future competitiveness of Strathroy-Caradoc's economic base. To accommodate the steadily growing economic base within Strathroy-Caradoc, the Municipality's land-use planning policies must address the anticipated evolving nature of the local and regional economies and reflect the diverse needs of industry of all types and sizes over the long term. These policies must also offer a degree of flexibility and nimbleness that allows for relatively rapid responses to unforeseen changes, which can be a critical competitive advantage relative to competitive markets. Chapter 7 provides a series of policy recommendations. Each strategic recommendation outlines the current issues and opportunities associated with it, as well as policy or process-based actions for the Municipality of Strathroy-Caradoc to consider in its land-use and economic development planning activities.

Key policy recommendations in accommodating employment growth and protecting and maintaining a competitive Employment Area land supply are as follows:

- Continue to plan for future urban employment lands development within the Municipality of Strathroy-Caradoc and explore Employment Area expansion options to accommodate Employment Area shortfalls, preferably an expansion in proximity to Highway 402;
- Ensure that Urban Employment Area lands are well adapted to structural changes occurring in the evolving macro-economy, including planning for the knowledge-based sector;
- Restrict Major Retail uses in Urban Employment Areas by setting a maximum retail size threshold (larger than 2,000 sq. m), as well as a definition;
- Provide stronger direction regarding employment-supportive uses in Urban Employment Areas with clear objectives, criteria and definitions of these uses;
- Explore opportunities for intensification of Employment Areas within Urban Settlement Areas, as Employment Areas continue to mature and evolve;
- Develop a general marketing strategy to promote and develop the Municipality's Employment Areas;
- Establish O.P. policies to protect Urban Employment Areas, including an Employment Area conversion framework;
- Plan for an Urban Employment Area density target of 13 jobs/net ha and monitor the appropriateness of the density based on local development trends; and
- Undertake regular and on-going monitoring of the Urban Employment Area land supply and demand to assist with longer-term, land-use planning and land needs.

1 Introduction

1.1 Context

As part of the five-year review and update of the Municipality of Strathroy-Caradoc's Official Plan (O.P.), Watson & Associates Economists Ltd. (Watson) has prepared an Employment Lands Study (E.L.S.). The E.L.S. explores future employment growth potential within Strathroy-Caradoc and corresponding future employment land needs. The technical analysis will help inform the development of land use policies that are aligned to accommodate employment uses in the Municipality.

To ensure long-term economic and fiscal sustainability, there is an increasing need for municipalities to maximize opportunities to accommodate growth as well as strengthen industry and labour force attraction and retention. Strathroy-Caradoc faces a number of opportunities and challenges with respect to the management and growth of its existing and future employment lands in light of the evolving structural changes in the economy and disruptive factors that continue to influence the nature of the economy.

A major factor for the future competitiveness of Strathroy-Caradoc's economic base relates to the structure, quality and "investment readiness" of its employment lands. The Municipality has some control and ability to position itself in a positive manner when considering its regional competitive ranking. It is also important to recognize the critical role that a municipal land-use planning and employment lands policy framework serves in supporting and accommodating industrial development and economic activities in the Municipality. Land-use planning policies must consider the evolving nature of the local economy and reflect the diverse needs of established and emerging industries. Further, land-use policies must offer a degree of flexibility that allows for relatively rapid responses to disruptive factors, which can be a critical competitive advantage.

1.2 What are Employment Lands and Why are They Important?

Employment lands are an integral part of Strathroy-Caradoc's economic development potential and accommodate a significant share of the Municipality's businesses and employment.

Employment lands accommodate primarily export-based employment, including a wide range of industrial uses (e.g., manufacturing, distribution/logistics, transportation services), as well as specific commercial and institutional uses (e.g., office, service, ancillary/accessory retail) which generally support the industrial/business function of the employment area. In contrast to other urban land uses (e.g., commercial and mixed-use areas), employment lands provide the opportunity to accommodate export-based employment sectors that cannot be easily accommodated in other areas of the Municipality.

An Employment Area refers to a cluster of employment lands. The Provincial Policy Statement (P.P.S.) defines Employment Areas as "areas designated in an official plan for clusters of

business and economic activities including, but not limited to, manufacturing, warehousing, offices, and associated retail and ancillary facilities.”

Development typically accommodated on employment lands generates relatively strong economic multipliers (i.e., spin-off effects) that benefit the community directly and indirectly. In addition, employment lands development typically generates high-quality employment opportunities, which can improve local socio-economic conditions (i.e., live/work opportunities). Furthermore, achieving non-residential growth adds to a community's assessment base, which can help support competitive property taxes and stronger municipal service levels. Industrial development also tends to produce more positive net fiscal benefits for the community than other types of development such as residential and retail uses.

Through development of its employment land base, Strathroy-Caradoc will be better positioned to build more balanced, complete, and competitive communities. In order for Strathroy-Caradoc to continue to be competitive and attractive to a broad range of industrial and commercial sectors, the Municipality needs to ensure it has a sufficient supply and market choice of serviced employment lands.

2 Policy Context

The process of preparing the Municipality's new O.P. represents a Comprehensive Review (C.R.), in accordance with section 26 of the *Planning Act*. The O.P. must be consistent with the P.P.S., a provincial document that includes policy direction on matters of provincial interest related to land-use planning and development. The O.P. update is also an opportunity to ensure that O.P. policies continue to address evolving local priorities and changing community needs.

Employment land policies and regulations, and other guiding documents, play a key role in guiding development activity. The following provides a summary of the relevant provincial and local regulatory and policy framework that relates to Employment Areas and employment lands. These policies provide a framework for the analysis and policy directions outlined in Chapter 8.

2.1 Provincial Policy Statement

The P.P.S., 2020 provides policy direction on matters of provincial interest relating to land-use planning and development. It is issued under the authority of section 3 of the *Planning Act* and requires that all planning decisions “shall be consistent with” the P.P.S., 2020 (*Planning Act*, R.S.O. 1990, P. 13 s. 3).

Notable policies related to planning for Employment Areas in the updated P.P.S., 2020 include requiring municipalities to have enough urban land supply to meet projected needs for a planning horizon of 25 years and include Employment Areas as areas that could be planned for beyond this horizon, provided they are not designated beyond the planning horizon. This change largely relates to the goal of the P.P.S., 2020 to support the economy and job creation, in addition to providing greater predictability to the land-use planning system.

The P.P.S., 2020 recognizes the significant economic contribution of Employment Areas, and the importance of protecting and preserving them. The P.P.S., 2020 provides details on how municipalities should plan for employment. The P.P.S., 2020 policies suggest preparing and readying Employment Areas by identifying strategic sites, monitoring the availability and suitability of employment sites with a focus on market-ready sites, and actively seeking to address potential barriers to investment (policy 1.3.2). The policy further outlines that, during an O.P. review or update, planning authorities assess Employment Areas in local O.P.s to ensure the designation is appropriate for the planning function of the Employment Area (policy 1.3.2.2).

Finally, the P.P.S., 2020 employment policies outline lands within existing Employment Areas may be converted to non-employment uses provided the area has not been identified as provincially significant through a provincial plan exercise, or regionally significant by a regional economic development corporation (policy 1.3.2.5). The policy further outlines that there be an identified need for the conversion and that the land is not required for employment purposes over the long term, the proposed uses would not adversely affect the overall viability of the Employment Area, and the existing or planned infrastructure is available to accommodate the proposed uses. The P.P.S., 2020 employment policies demonstrate a significant provincial and regional emphasis on establishing and protecting a network of functional and market- and investment-ready Employment Areas throughout the Province.

2.2 Middlesex County Planning Context

The Middlesex County O.P. (Consolidated Version August 2006) was reviewed as it relates to growth management and more specifically employment directions that affect the Municipality of Strathroy-Caradoc.

In the Middlesex County O.P. (policy 2.3.1), settlement areas are identified as the preferred growth areas, having a role as the primary employment centres and location for commercial and industrial uses. This includes the settlement areas of Strathroy and Mount Brydges in Strathroy-Caradoc. In addition to where growth should be directed and planned for, the County O.P. also outlines the importance of preserving and protecting the large agricultural economic base, while also diversifying and attracting new opportunities (policy 2.3.4). The County also provides specifics on what it means to protect, preserve, and plan for employment growth and diversifying the County's economic base. For example, the policies focus on:

- Monitoring the supply of employment land to ensure there is sufficient supply;
- Ensuring employment centres are serviced by modern infrastructure systems like roadways, rail line and telecommunication networks;
- Encouraging local municipalities to promote a high standard of urban design to create healthy communities which will help attract investment;
- Supporting local municipalities to promote economic development opportunities adjacent to provincial 400-series highways, justified through an amendment to the local O.P.; and
- Retaining educational, health, cultural and religious facilities to ensure the County's communities are provided with opportunities to facilitate growth and well-being.

2.2.1 Municipality of Strathroy-Caradoc Official Plan

Employment Areas include industrial uses are outlined in section 3.3.3 of the O.P. for Strathroy and 4.3.3 for the Mount Brydges area. These areas are identified in the O.P. in Schedule B for Strathroy and Schedule F for Mount Brydges.

2.2.1.1 Industrial - Strathroy

Primary uses within areas designated “Industrial” in the Settlement Area of Strathroy include manufacturing, assembling and processing of goods or materials; repairing and recycling; warehousing and distribution of goods; truck terminals and building/construction contractors.

There are certain secondary uses permitted in the Industrial designated areas Secondary uses are intended not to undermine the viability of the area for industrial purposes or conflict with industrial uses. They include certain commercial, accessory, recreational and institutional uses.

Additional industrial designated areas in Strathroy include Special Policy Area 2 (779 Wright Street) and Special Policy Area No. 3 (Second Street at Adair Boulevard). The sites under this category have been identified Schedule ‘B’ and may also be used for purposes permitted within the commercial designation of this plan.

2.2.1.2 Industrial - Mount Brydges

Primary uses within areas designated 'Industrial' in the Settlement Area of Mount Brydges include manufacturing, fabrication, assembling, processing of raw materials or partially processed materials, goods or products; warehousing and the storage of bulk commodities; repair, servicing and maintenance operations; and transportation facilities. Certain non-residential uses are also allowed in industrial designation provided the uses are not in conflict with the surrounding industrial or residential uses.

2.3 Other Economic/Planning Studies

2.3.1 Middlesex County Housing Growth Forecast and Allocations by Local Municipality

During the spring of 2020, updated population projections for Middlesex County and its local municipalities were prepared by Middlesex County staff. These projections provided a range of low and high projections for population and housing by local municipality to the year 2046. Watson & Associates Economists Ltd. was retained to review and provide an update to the forecast the County had prepared and provide a low, reference and high scenario which allows local municipalities to select the projections that reflect their anticipated growth trends.

The Municipality of Strathroy-Caradoc recently adopted the high growth scenario for the purposes of the O.P. Review and planning for long-term growth. This population forecast was also used to inform the long-term employment forecast presented in Chapter 6.

2.3.2 Middlesex County Economic Development Strategic Plan

The Middlesex County Economic Development Strategy was published in December 2020. The strategy identifies and acts on regional issues with respect to economic development and

sustainability. The strategic plan also intends to guide investments in public-sector as well as private-sector resources. The four key objectives set out in the County's strategic plan are, as follows:

- Invest in people and places via rural revitalization;
- Entice talented workers and entrepreneurs to relocate here by leveraging the pace of rural life and nearby urban amenities;
- Attract investment in tech-based manufacturing, food production, and ag-tech; and
- Advocate for investment readiness and implement improvements in business development.

2.3.3 Municipality of Strathroy-Caradoc Strategic Plan

In 2020, Strathroy-Caradoc prepared a strategic plan that outlined a clear vision for the Municipality's future over the next 10 years. Outlined in this strategic plan are six distinct and specific goals that will not only guide but shape the way in which residents, businesses and employees interact in the Municipality. They are:

1. **Local Infrastructure:** households and businesses are supported by well-maintained infrastructure.
2. **Economic Development:** a place that offers a variety of economic opportunities for existing and future residents and businesses.
3. **Community Wellbeing:** community amenities and activities are accessible to all residents.
4. **Customer Service:** the Municipality offers responsive and exceptional service to every customer.
5. **Growth Management:** to be an inclusive community where municipal resources are optimized, and growth is managed to accommodate a range of needs.
6. **Destination Building:** providing a distinct experience that sets the community apart from others.

3 Macro-Economic Trends Influencing Employment Lands Development

The following provides an overview of recent macro-economic trends and regional growth drivers that are anticipated to influence future growth trends on employment lands within Strathroy-Caradoc.

3.1 Trends in the Global and Provincial Economies

Following steady economic growth since the world economy rebounded from the 2008/2009 financial crisis, the world changed dramatically in 2020. The December 2019 outbreak of



coronavirus disease (COVID-19) in Wuhan, China was officially declared a global pandemic by the World Health Organization (W.H.O.) on March 12, 2020 and has inflicted rising economic and human costs throughout the world. In response to the threat of further escalation associated with the spread of the virus, governments around the world have implemented quarantine and physical distancing practices in what has been referred to as the “Great Lockdown.”

To date, the downward impact of these containment measures on global economic output and consumer spending has been severe. Economic sectors such as travel and tourism, accommodation and food, retail and personal services, manufacturing, energy, and finance have been hit particularly hard. Furthermore, required modifications to social behavior (i.e., physical distancing) and increased work-at-home requirements resulting from government-induced containment measures and increased health risks have resulted in significant economic disruption largely related to changes in consumer demand and consumption patterns. Lastly, escalating tensions and constraints related to international trade have also begun to raise further questions regarding the potential vulnerabilities of globalization and the structure of current global supply chains.

At present, the level of sustained economic impact related to this “exogenous shock” to the world and Canadian economy is largely unknown. In light of the approvals of new vaccines and the threat of new variants of the COVID-19 virus, there is still some uncertainty around the impact of the pandemic in the future. Notwithstanding this uncertainty, it is generally clear that the longer COVID-19 persists on an international scale, the greater the severity of the current global recession. In its latest World Economic Outlook, the International Monetary Fund (I.M.F.) baseline scenario estimates that the global economy contracted 3.5% in 2020^[1] which represented a more significant economic contraction than what was experienced during the height of the 2008/2009 financial crisis.

As previously noted, it is important to recognize that there is a great deal of uncertainty around the duration and intensity of the pandemic as well as the effectiveness of policy responses. As such, more or less adverse scenarios are a possibility. In October 2020, the World Trade Organization (W.T.O.) forecast that the volume of world merchandise trade would decline by 9.2% in 2020 and rebound by 7.2% in 2021.

For Canada’s largest trading partner, the United States (U.S.), real G.D.P. (gross domestic product) was forecast to contract by 5.9% in 2020 and rebound by 3.9% in 2021.^[2] The recovery of the U.S. economy will largely depend on the U.S. administration’s response to deal with the virus domestically, in conjunction with their approach to on-going international trade and protectionist policies.

Over the past decade, the Canadian and Ontario economies have experienced relatively strong economic growth, as illustrated in Figure 3-1. Growth in 2019 eased to 2.0% in Ontario and

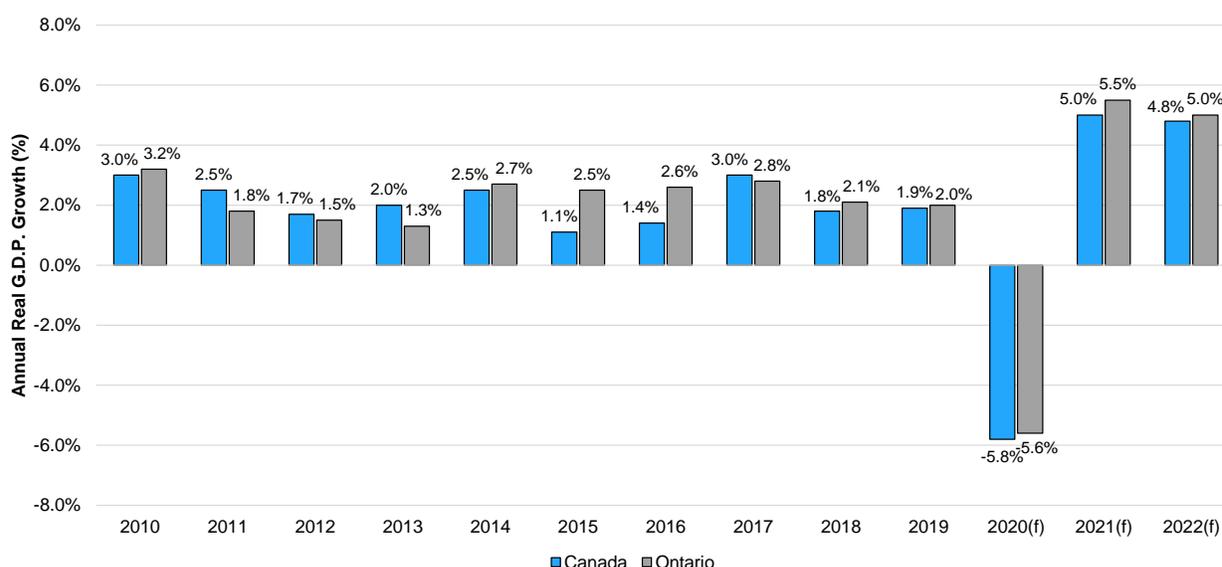
^[1] World Economic Outlook. International Monetary Fund. January 2021.

^[2] Ibid.

1.9% nationally, largely as a result of a tightening labour market and slowing global economic growth.

While the recent performance of the national and Ontario economies has remained relatively strong over the past several years through to early 2020, the COVID-19 pandemic poses significant risks to the national and provincial economies that are important to recognize. As illustrated in Figure 3-1, the Ontario economy was forecast to contract by 5.6% in 2020 before growth rebounds 5.5% in 2021. By 2022, RBC Economics forecasts the Ontario economy will continue its momentum growing by 5.0%, while the overall Canadian economy will grow by 4.8%.

Domestically, the Ontario housing market also continues to pose a risk to the overall economy, which is important to recognize when considering forecast labour force and employment growth trends. The sharp rise in Ontario’s housing prices has contributed to record consumer debt loads and eroded housing affordability.

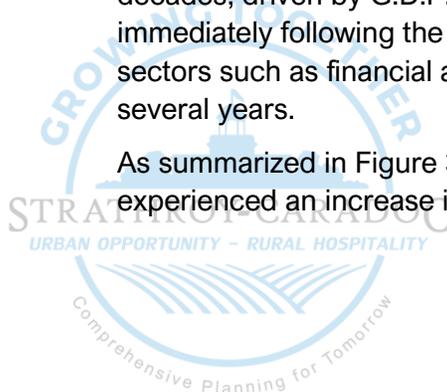


Source: 2007 to 2019 derived from BMO Capital Markets Economics Provincial Economic Outlook, and 2020 to 2022 (forecast) is from RBC Economics Provincial Outlook, December 2020, by Watson & Associates Economists Ltd., 2021.

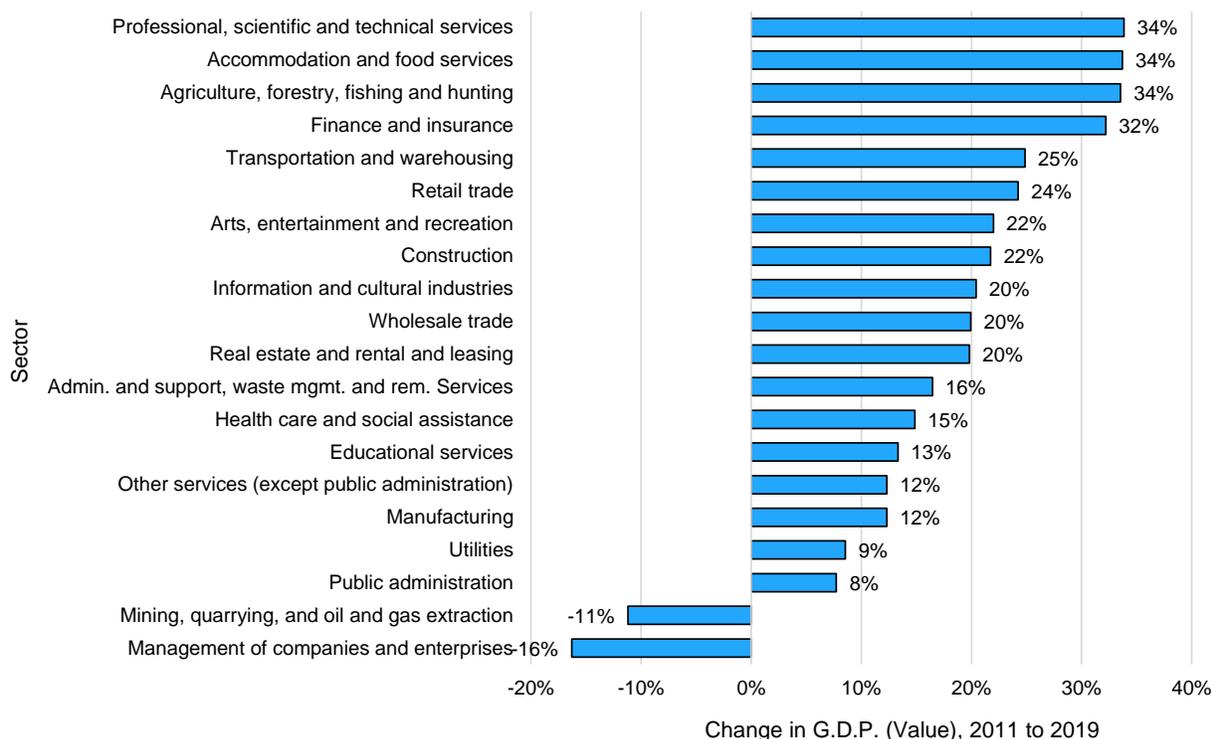
Figure 3-1: Annual Real G.D.P. Growth, Ontario and Canada, Historical (2010 to 2019), and Forecast (2020 to 2022)

Recent structural changes in the macro-economy experienced over the past several decades have been well documented. At the provincial level, Ontario’s economic base, as measured by G.D.P. output, has shifted from the goods-producing sector (i.e., manufacturing and primary resources) to services-producing sectors. Much of this shift has occurred during the past two decades, driven by G.D.P. declines in the manufacturing sector which were most significant immediately following the 2008/2009 global economic downturn. In contrast, service-based sectors such as financial and business services have seen significant increases over the past several years.

As summarized in Figure 3-2, a range of commercial, institutional and industrial sectors have experienced an increase in G.D.P. in Ontario over the past decade. G.D.P. growth has been



particularly strong in sectors including professional, scientific and technical services; accommodation and food services; finance and insurance; and agriculture, forestry, fishing, and hunting. Industrial sectors such as transportation/warehousing, wholesale trade, and construction had notable increases in G.D.P. The manufacturing and utilities sectors, in contrast, have experienced relatively modest G.D.P. growth over the past decade.



Note: Gross Domestic Product (G.D.P.) at basic price in chained (2012) dollars.
 Source: Derived from Statistics Canada Table 36-10-0402-01 by Watson & Associates Economists Ltd., 2021.

Figure 3-2: Provincial G.D.P. Growth by Industry Sector, 2011 to 2019

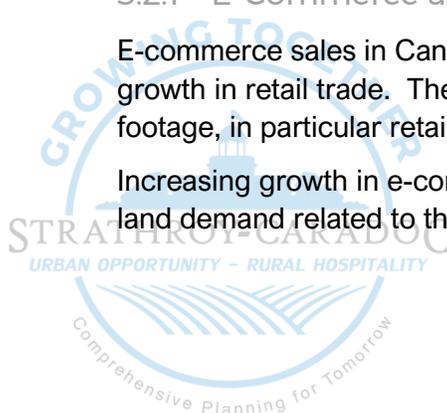
3.2 Emerging Industry Sector Trends

As previously mentioned, continued structural changes in the global economy and technological advancements will require municipalities to be increasingly responsive and adaptive to changing industry needs and disruptive economic forces. The following provides an overview of key industry and labour force trends that are expected to influence growth and development patterns in Strathroy-Caradoc over the coming decades.

3.2.1 E-Commerce as a Major Disruptor for Retail and Logistics

E-commerce sales in Canada have increased at a rate that is five times the pace of overall growth in retail trade. The rise of e-commerce has reduced the demand for retail square footage, in particular retail space for the sale of goods-based retailers.

Increasing growth in e-commerce is also having a significant impact on employment growth and land demand related to the logistics sector. Delivery expectations within this sector are



increasing on an annual basis. As delivery times decrease, it is anticipated that demand for regional fulfilment centres will increase. Further, it is estimated that 25% to 30% of online merchandise is returned which is also driving the need for reverse logistics and return centres.

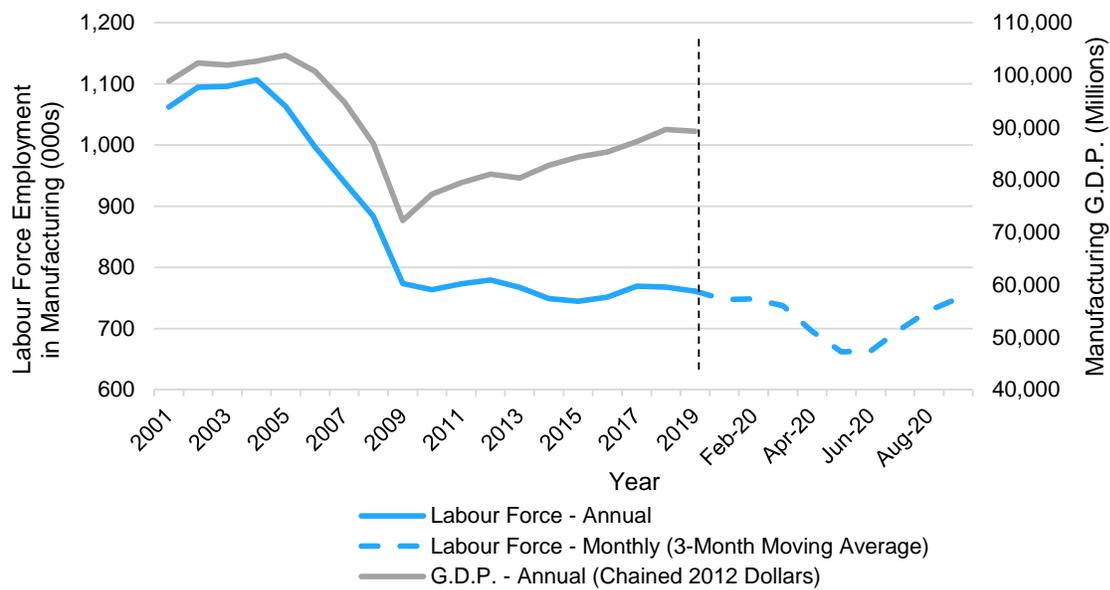
3.2.2 Potential Impacts of Technology on Commercial Services

Digital and mobile technologies are making it easier to access goods and services on-demand which has led to alternative platforms to purchase products and services. Among these platforms are those that support the sharing economy which provide opportunities for individuals to earn an income by leveraging under-utilized assets. These platforms are providing customers with an alternative to traditional buying/selling platforms, including those in hospitality (e.g., hotels and taxis) and office leasing (office sharing). Other alternative purchasing platforms are providing income-earning opportunities for individuals to perform services or tasks that are typically not outsourced by households (e.g., assembling furniture, small household repairs, picking up food at fast-food restaurants, meal preparation, grocery pick-up and delivery). It is anticipated that further advancements in the sharing economy will have increasingly negative impact on the need for non-residential building space and continued growth in precarious employment.

3.2.3 Trends in Manufacturing

While manufacturing remains vitally important to the provincial economy with respect to jobs and economic output, this sector is not anticipated to generate significant labour-force growth across the Province. In general, globalization has led to increased outsourcing of production processes to overseas manufacturers.

As shown in Figure 3-3, between 2003 and 2010, these challenges were further exacerbated in the manufacturing sector across Ontario and Canada due to a high Canadian dollar relative to other world currencies, particularly the U.S. dollar. Since 2010, the manufacturing sector across Ontario, has shown signs of a steady recovery in terms of economic output, measured through G.D.P. While manufacturing job losses have generally stabilized since 2010, the manufacturing sector has not represented a large component of job growth across Ontario in recent years.



Source: Annual labour force data from Statistics Canada Labour Force Survey, Table 282-0125, and monthly data from Table 14-10-0091-01. Annual G.D.P. data from Statistics Canada Table 36-10-0402 by Watson & Associates Economists Ltd., 2021.

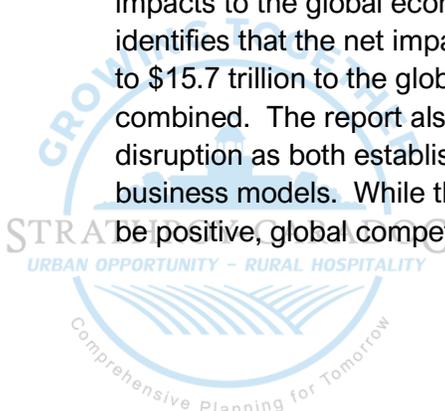
Figure 3-3: Manufacturing Labour Force Employment and G.D.P. in Ontario, 2001 to 2020 Y.T.D. (year to date)

While there will continue to be a manufacturing focus in Ontario and the Municipality of Strathroy-Caradoc, the nature of traditional industrial processes is rapidly shifting, becoming more capital/technology intensive and automated, with lower labour requirements. The highly competitive nature of the manufacturing sector will require production to be increasingly cost effective and value-added oriented.

3.2.4 Automation and A.I.

According to the Brookfield Institute for Innovation + Entrepreneurship, over the next 10 to 20 years, 42% of the Canadian labour force is at high risk of being affected by automation, either through significant task restructuring or elimination. Jobs that are anticipated to be most highly impacted by automation are primarily within occupations that are administrative, routine, or oriented towards sales and service. The Brookfield Institute report also notes that highly-skilled occupations are expected to grow much more quickly than the rest of the labour force and are at a lower risk of being negatively affected by automation. This suggests that more highly skilled labour will be a significant driver of Canada’s future economic growth.

Considerable research has recently been undertaken by institutions and consulting agencies to assess the potential impacts of artificial intelligence (A.I.) to businesses as well as its broader impacts to the global economy. A report prepared by PWC (PricewaterhouseCoopers) in 2017 identifies that the net impacts to global G.D.P. resulting from A.I. are anticipated to contribute up to \$15.7 trillion to the global economy in 2030, more than the current output of China and India combined. The report also identifies that over the next decade, A.I. will generate massive disruption as both established businesses and new entrants drive innovation and develop new business models. While the long-term net economic impacts of automation and/or A.I. appear to be positive, global competition from both established and emerging markets looking to capitalize



on potential opportunities related to this technology will be increasingly fierce. To prevent an undesirable, lose-lose scenario associated with anticipated technological changes in the economy – talent shortages, unemployment, and growing inequality – a number of critical actions are needed. This includes businesses assuming an active role in supporting their existing workforce through reskilling and upskilling, individuals taking a proactive approach to their own lifelong learning, and governments creating an enabling environment to assist in these efforts.

3.2.5 Trends in Work at Home and No Fixed Place of Work Employment

Over the 2001 to 2016 period, the percentage of Strathroy-Caradoc’s labour force defined as having a usual place of work declined, offset by a gradual increase in the share of people who commute out of Strathroy-Caradoc for employment and a steady increase in the share of no fixed place of work (N.F.P.O.W.) employment.

Statistics Canada defines employees with N.F.P.O.W. as “persons who do not go from home to the same workplace location at the beginning of each shift. Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc.” Within Middlesex County, the rising share of labour related to N.F.P.O.W. has been primarily driven by steady growth in the transportation and construction sectors which are typically characterized as having a higher percentage of off-site employees. Technological innovation and improved broadband regional telecommunications have been, and will continue to be, key drivers of economic expansion in knowledge-based sectors as well as the steady rise of the gig economy.^[3] Looking forward, continued advances in technology and telecommunications (e.g., 5G technology) is anticipated to further enable remote work patterns and ultimately increase the relative share of off-site employees over the long term. Over the coming decades, work at home and N.F.P.O.W. employment in Strathroy-Caradoc is expected to steadily increase as a result of these trends. Demographics and socio-economics also play a role in the future demand for off-site and work at home employment within an increasingly knowledge- and technology-driven economy. It is anticipated that many working residents in Strathroy-Caradoc, particularly younger adults as well as older adults (i.e., Baby Boomers) approaching retirement or semi-retirement will utilize technology to allow them to supplement their income in more flexible ways in contrast to traditional work patterns.

In addition to its broader impacts on the economy, COVID-19 is also anticipated to accelerate changes in work and commerce as a result of technological disruptions which were already in play prior to the pandemic. As such, enterprises will increasingly be required to rethink the way they conduct business with an increased emphasis on remote work enabled by technologies such as virtual private networks (V.P.N.s), virtual meetings, cloud technology and other remote work collaboration tools. These trends are anticipated to have a direct influence on commercial and industrial real estate needs over both the near and longer term. In light of these anticipated trends, it is important the long-term employment forecasts adequately consider the manner in

^[3] The gig economy is characterized by flexible, temporary, or freelance jobs, often involving connecting with clients or customers through an online platform.

which these impacts are likely to impact the nature of employment and associated building space needs by type as well as by place of work.

3.3 Planning for Employment Lands in the New Economy

With recent structural changes in the regional economy, there has been a shift in how employment lands are planned and developed. “Place making” is increasingly recognized as an important planning component in creating diverse and vibrant communities, which in turn can help attract local population and job growth providing that other necessary infrastructure requirements are

met.^[4] For employment lands, this is particularly relevant for light industrial and office commercial environments which integrate ancillary retail uses and other supportive amenities, with public open space and other civic infrastructure.

Driven by an increasing emphasis on innovation and technology, these evolving and emerging export-based sectors have siting, space and built-form requirements that are significantly different from traditional industrial sectors that have occupied employment lands in Strathroy-Caradoc in the past. This may include requirements related to broad infrastructure, transit access, energy efficiency, building and urban design standards, eco-industrial design principles and labour force access. Site configuration and integration of uses is also evolving particularly in Industrial Parks which often integrate operations combining office, research and development, warehousing and logistics, and on-site manufacturing in a “campus-style” setting.

3.4 COVID-19 and the New Economy

As discussed in section 3.1, COVID-19 is having a significant negative impact on short-term macro-economic growth. Within the Strathroy-Caradoc context, near-term economic challenges due to this pandemic have resulted in elevated rates of unemployment with contraction in employment across a broad range of industry sectors. Despite the near-term challenges, employment levels are expected to largely recover in 2021 and long-term economic growth is expected to remain positive in Strathroy-Caradoc. Based on near-term trends observed, COVID-19 is accelerating previously noted technological disruptors, including e-commerce, the gig economy, and automation. Under COVID-19, enterprises are increasingly required to rethink the way they conduct business with an increased emphasis on remote work enabled by technology. These trends are anticipated to fuel further growth for distribution/logistics centres, and place continued downward pressure on office space needs. Near-term and longer-term employment land demand in Strathroy-Caradoc is not anticipated to be negatively impacted by COVID-19.

^[4] Placemaking is a process of creating unique, quality locations, places or spaces that possess a strong sense of place. With respect to places of work, the concept of placemaking often encompasses the attraction of knowledge-based workers and businesses with an emphasis on collaboration, connection, and innovation.

3.5 Observations

A broad range of considerations related to demographics, economics and socio-economics are anticipated to impact employment growth in Strathroy-Caradoc over the coming decades. These factors will not only affect the rate and magnitude of growth but will also influence the form, density and location of non-residential development.

The provincial and regional economies are gradually shifting to increasingly service-based and knowledge-based sectors. As a result of continuing structural changes occurring in the macro-economy, it is important to recognize that the above-mentioned trends will generate both positive and disruptive economic impacts related to labour force demand, industrial, commercial, and retail space requirements, as well as long-term employment land needs.

To ensure the long-term competitiveness, growth and diversity of the Municipality's economic and employment base, planning efforts must be geared toward both the broader strengths of the regional economy, as well as specific target-sector investment attraction efforts. To accommodate the steadily growing economic base within Strathroy-Caradoc, the Municipality's land-use planning policies must aim to anticipate the evolving nature of the local and regional economies while also reflecting the diverse needs of industry of all types and sizes over the long term. These policies must also offer a degree of flexibility and nimbleness that allows for relatively rapid responses to unforeseen changes, which can be a critical competitive advantage relative to competitive markets.



4 Strathroy-Caradoc's Economic Structure and Growth Trends

4.1 Economic and Employment Profile

The Municipality of Strathroy-Caradoc is home to an estimated 10,400 jobs, as of 2021.^[5] The majority (76% or 7,910 jobs) are defined as usual place of work employment, while 840 (8%) are work at home and 1,650 (16%) are identified as off-site or N.F.P.O.W.^[6]

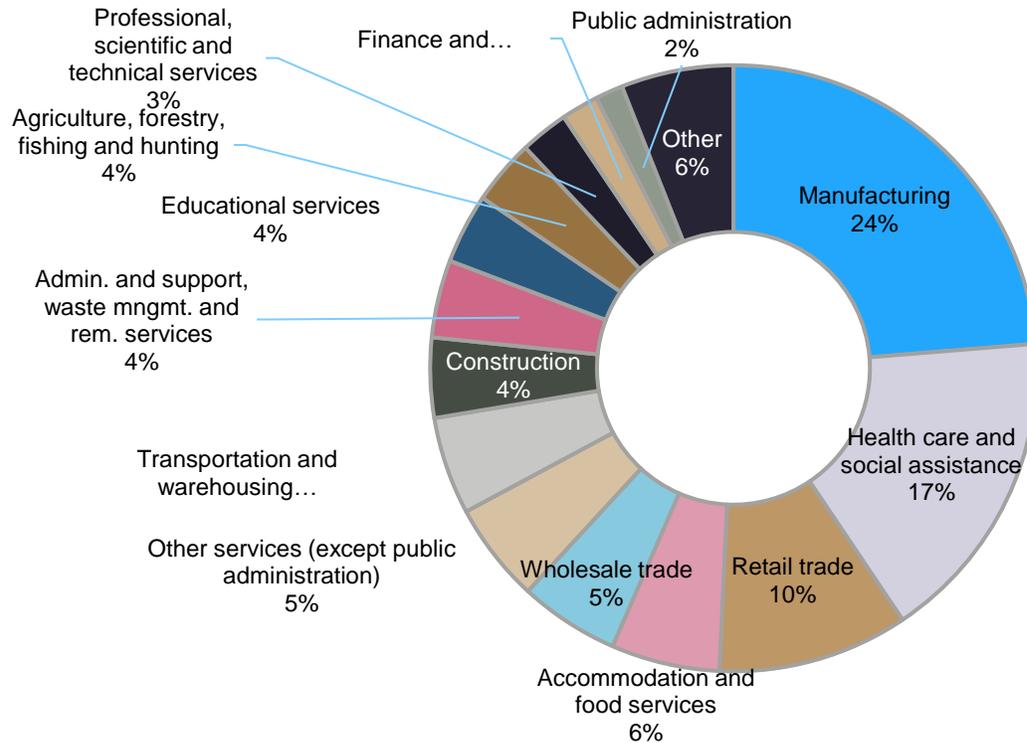
Strathroy-Caradoc has a diverse employment base, as illustrated in Note: Figures include employed and self-employed jobs.

Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2021.

Figure 4-1. The largest sector in the Municipality is manufacturing, which accounts for 24% of total employment. Other key sectors include health care and social assistance; retail trade; accommodation and food services; wholesale trade; other services; transportation and warehousing; and construction.

^[5] Watson & Associates Economists Ltd. estimate.

^[6] Watson & Associates Economists Ltd. estimate based on Statistics Canada 2016 Census Place of Work definitions.



Note: Figures include employed and self-employed jobs.
 Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2021.

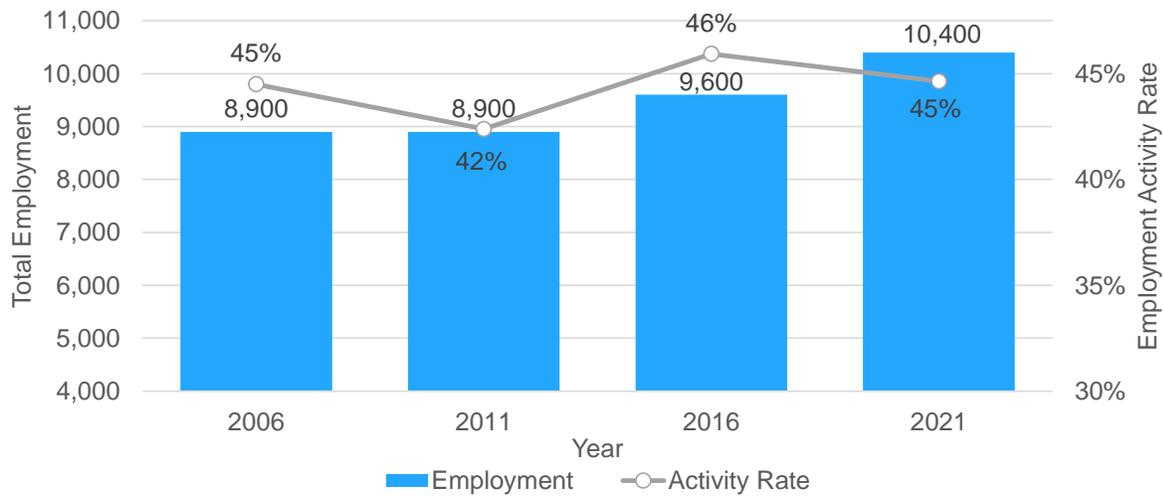
Figure 4-1: Municipality of Strathroy-Caradoc Employment by Industry Sector, 2020

4.2 Employment Growth Trends and Development Activity

The total employment base for the Municipality grew by 8.1% between 2006 and 2016, increasing from approximately 8,900 to 9,600 jobs, as illustrated in Figure 4-2. Over the recent historical 10-year period (2006 to 2016), employment growth averaged 0.8% annually, slightly higher than the growth rate across the Province as a whole. The Municipality’s employment base is estimated to total 10,400 in 2021, having increased by an estimated 830 jobs over the 2016 to 2021 period.

As illustrated in Figure 4-2, over the 2006 to 2016 period, the Municipality’s employment activity rate (ratio of jobs to population) was relatively stable at 46%, indicating that the local population base increased at the same rate as the local employment base over the 10-year period. The activity rate decreased slightly to an estimated 45% in 2021.





Note: Employment includes work at home and no fixed place of work. Employment activity rate is based on population with undercount.
 Source: 2006 to 2016 derived from Statistics Canada Place of Work data, and 2020 estimate by Watson & Associates Economists Ltd., 2021.

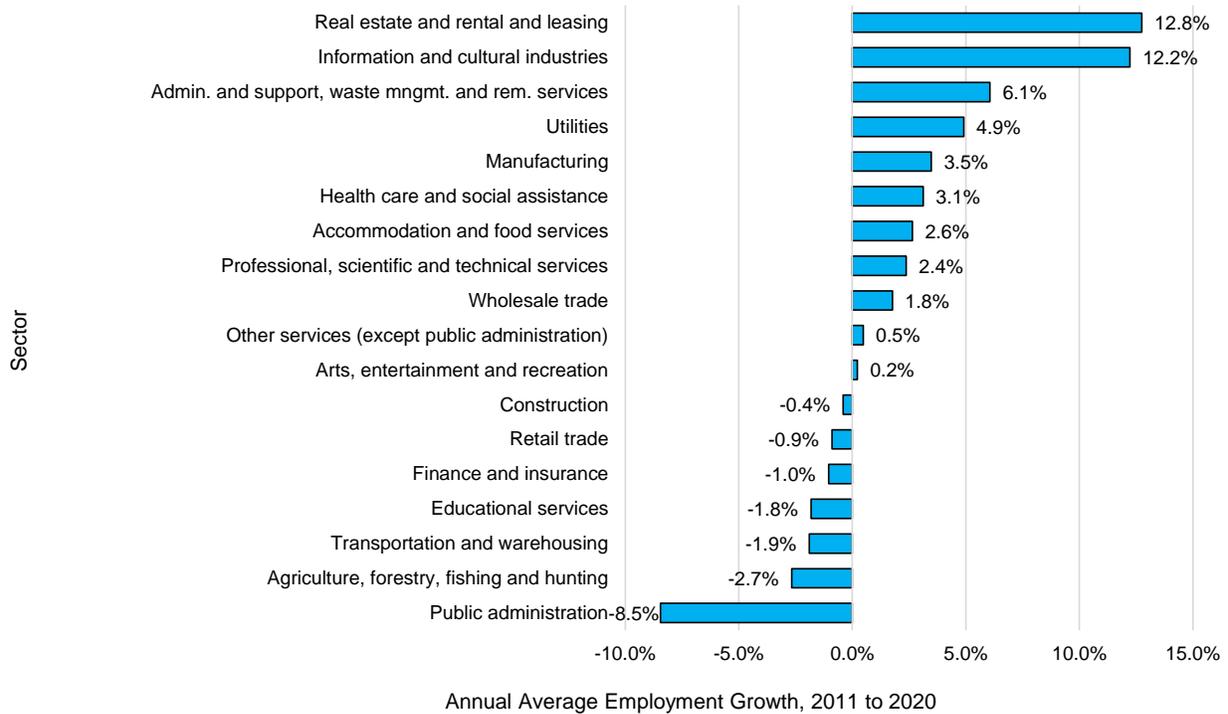
Figure 4-2: Municipality of Strathroy-Caradoc Employment and Activity Rate, 2006 to 2021

Similar to the provincial economy as a whole, the nature of Strathroy-Caradoc’s economy is changing. Over the past decade, the composition of the Municipality’s employment base has gradually shifted from goods-producing sectors to services-producing sectors. Note: Figures include employed and self-employed jobs. Management of Companies and Enterprises, and Mining, Quarrying, and Oil and Gas Extraction have been excluded from this list due to limited data.

Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2021.

Figure 4-3 illustrates the employment change by industry sector over the 2011 to 2020 period in Strathroy-Caradoc. Over the past decade, the Municipality has experienced strong growth in a few knowledge-based sectors including real estate and rental and leasing as well as information and cultural industries. The Municipality has also experienced growth within key industrial sectors including utilities manufacturing and wholesale trade, while construction and transportation and warehousing had a slight decline in employment over the period.



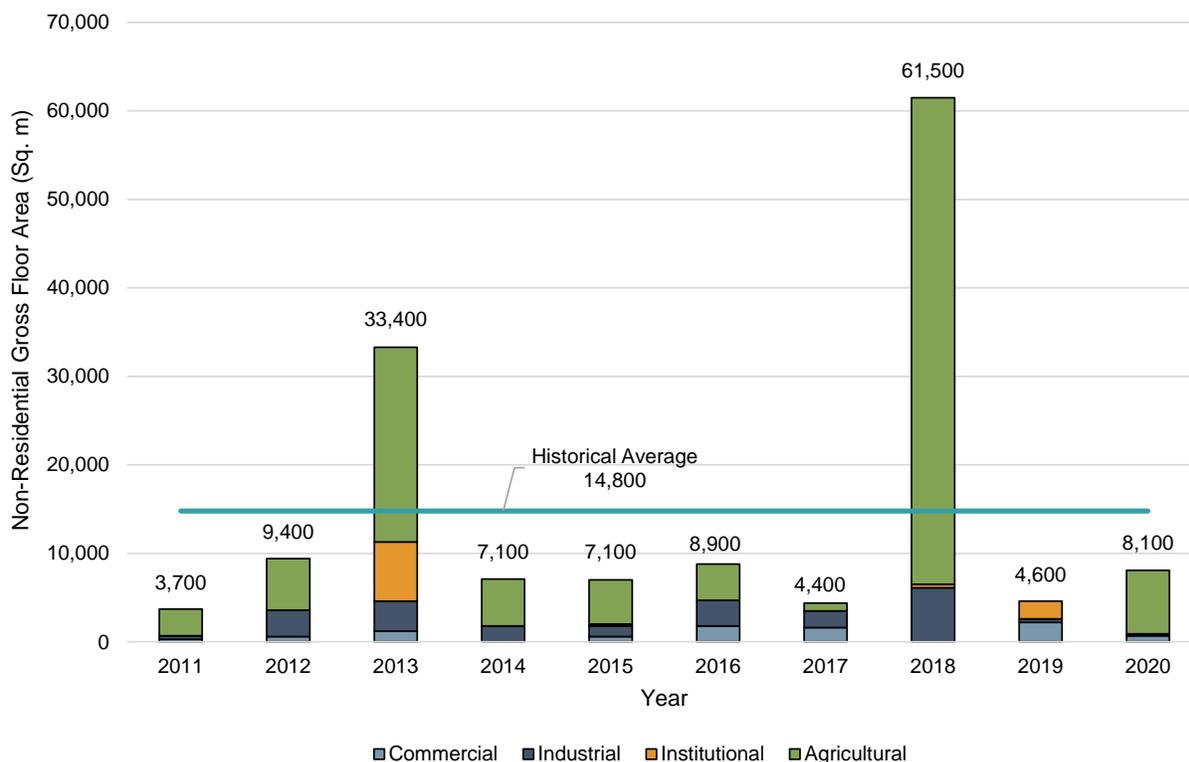


Note: Figures include employed and self-employed jobs. Management of Companies and Enterprises, and Mining, Quarrying, and Oil and Gas Extraction have been excluded from this list due to limited data.
 Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2021.

Figure 4-3: Municipality of Strathroy-Caradoc Employment Growth by Sector, 2011 to 2020

Between 2011 and 2020, Strathroy-Caradoc accommodated an average of 14,800 sq.m (159,300 sq.ft.) of non-residential gross floor area (G.F.A.) annually, as illustrated in Figure 4-4. There were a few years of notably strong non-residential development, for example in 2013 Strathroy-Caradoc recorded 360,000 sq.ft. (33,400 sq.m) of activity, mainly due to the addition of a greenhouse and hog barn and the construction of a public school. More recently, in 2018 there was strong activity in the agriculture sector with the development of multiple agricultural barns and riding arenas. Over the 2011 to 2020 period, more than half the non-residential development (73%) was in the agricultural sector. This is compared to 14% in the industrial sector, followed by 6% in each of the commercial and institutional sectors.





Source: Building permit data provided by the Municipality of Strathroy-Caradoc, summarized by Watson & Associates Economists Ltd., 2021.

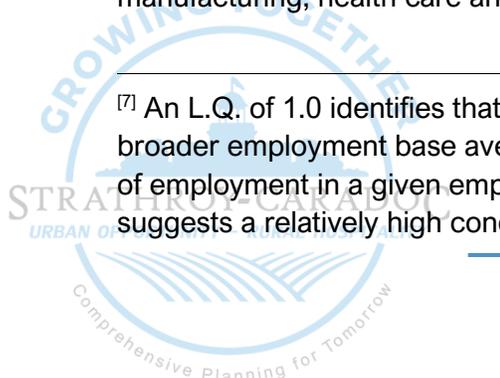
Figure 4-4: Municipality of Strathroy-Caradoc Non-Residential Development Activity, 2011 to 2020

The employment base within Strathroy-Caradoc can be grouped into two broad categories – export-based sectors and community-based sectors, the latter primarily referring to local population serving employment. Export-based sectors are comprised of industries (i.e., economic or industry clusters) producing goods or services that reach markets outside the community (agriculture and primary resources, manufacturing, research and development as well as other knowledge-based industries). Ultimately, the aggregate indicators of Strathroy-Caradoc’s economic performance are determined in large measure by the competitiveness of their industry clusters.

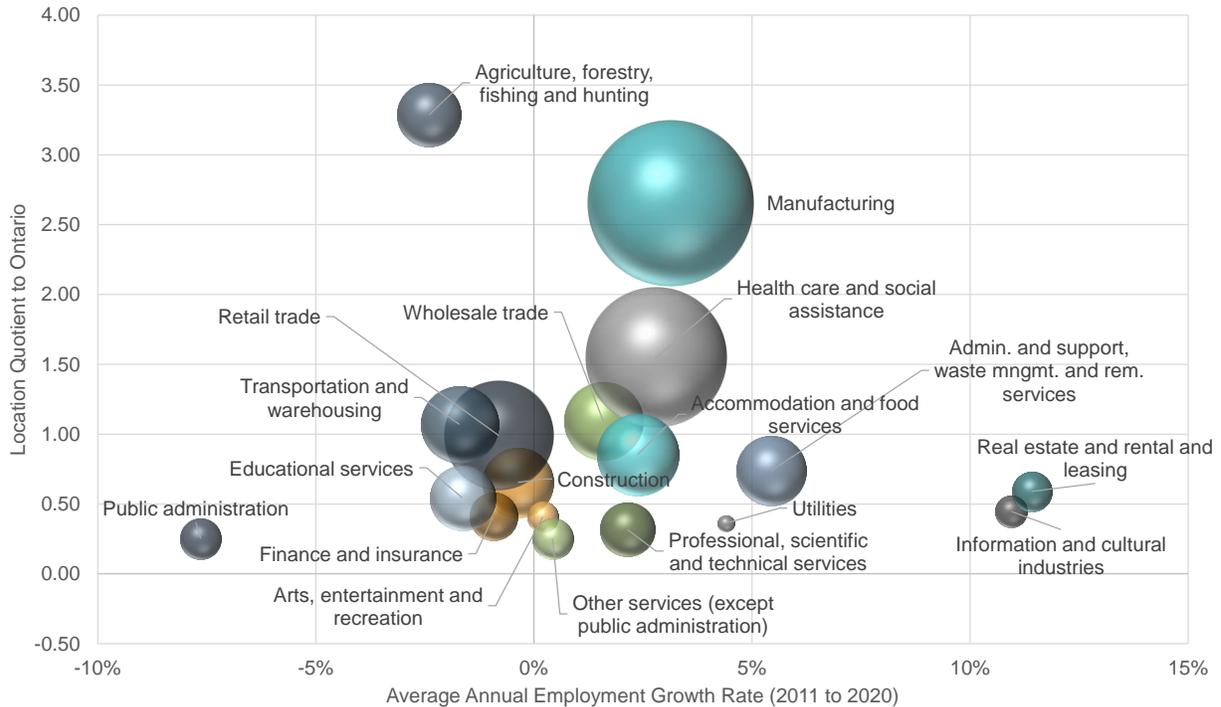
Location quotients (L.Q.s)^[7] are a commonly used tool in regional economic analysis to identify and assess the relative strength of industry clusters. Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2021.

Figure 4-5 illustrates the strength of employment sectors in Strathroy-Caradoc relative to the Province using L.Q.s. As shown, Strathroy-Caradoc’s economy is largely oriented towards manufacturing, health care and social assistance, retail trade, accommodation and food

^[7] An L.Q. of 1.0 identifies that the concentration of employment by sector is consistent with the broader employment base average. An L.Q. of greater than 1.0 identifies that the concentration of employment in a given employment sector is higher than the broader base average, which suggests a relatively high concentration of a particular employment sector or “cluster.”



services, and wholesale trade. Strathroy-Caradoc has a relatively lower concentration of employment in finance and insurance, arts and entertainment, information and cultural industries, and utilities. Over the past decade, Strathroy-Caradoc’s knowledge-based sectors such as professional, scientific and technical services, real estate and rental and leasing and information and cultural industries have grown the fastest in the Municipality. The Municipality has also experienced moderate employment growth in manufacturing employment.



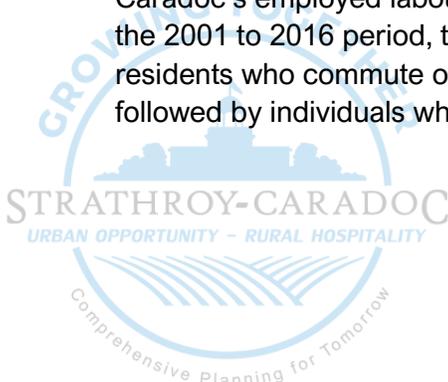
Source: Derived from EMSI data by Watson & Associates Economists Ltd., 2021.

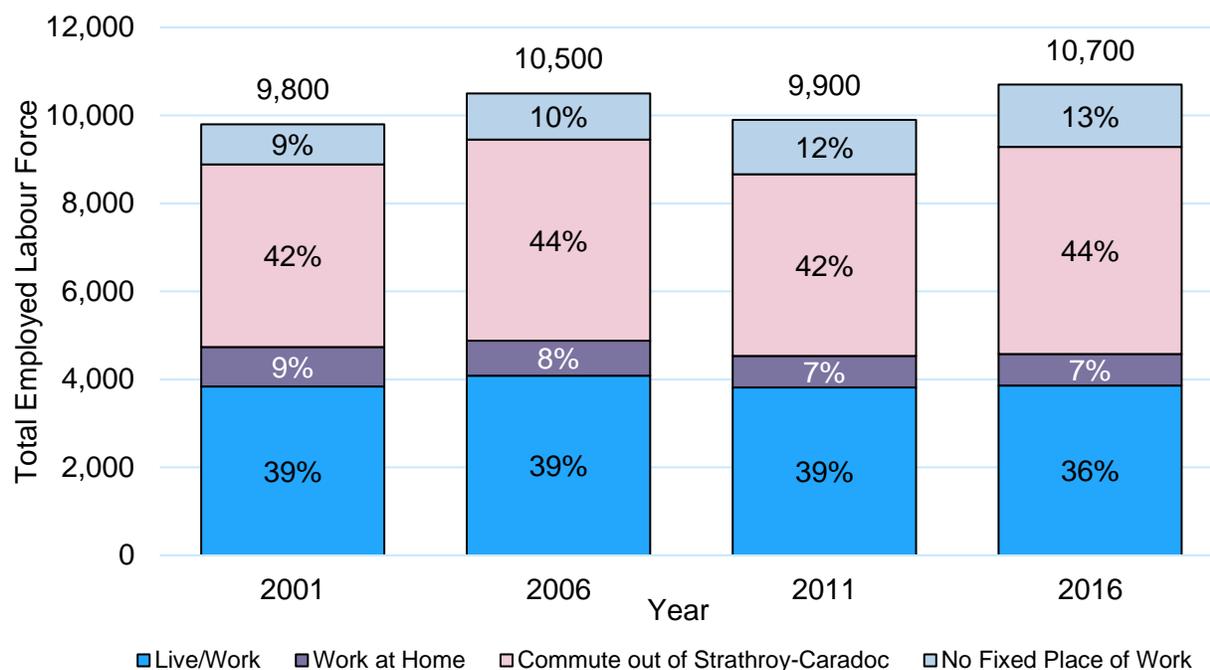
Figure 4-5: Strathroy-Caradoc Employment Sectors, Location Quotient to Ontario

4.3 Labour Force Trends

As previously noted, the availability of a local, skilled labour force is an increasingly important consideration in the new economy. Having a labour force that meets the needs and demands of business is essential to the municipal competitiveness of a municipality and the ability to attract industry and employment growth.

As illustrated in Figure 4-6, the Strathroy-Caradoc labour force is mostly concentrated by those who commute out of the Municipality for work. As of 2016, approximately 44% of Strathroy-Caradoc’s employed labour force lives and works in the Municipality or works from home. Over the 2001 to 2016 period, the share of the live/work labour force has declined marginally, with residents who commute out of the Municipality displaying the largest percentage increase, followed by individuals who have N.F.P.O.W.





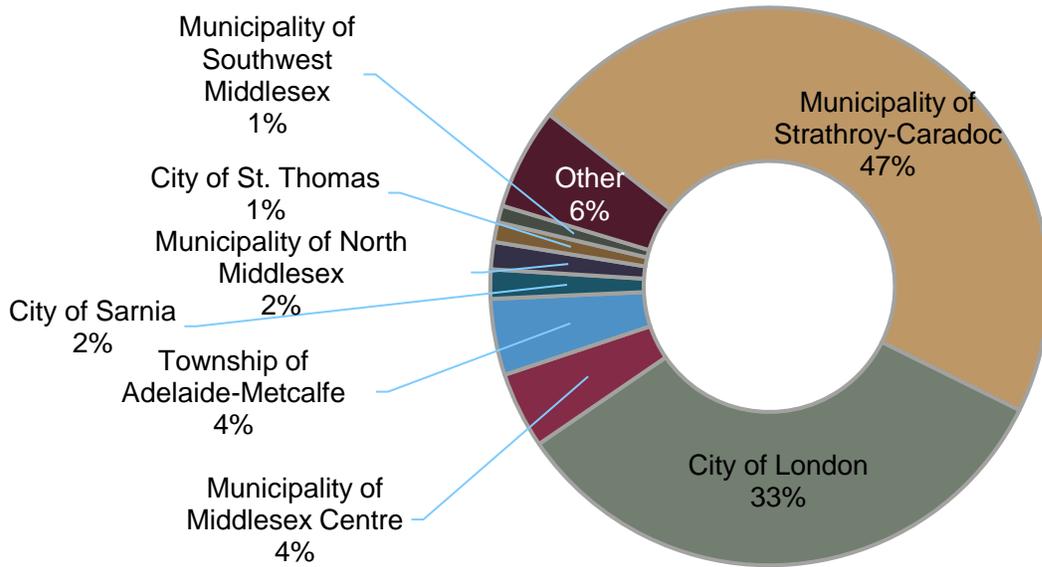
Note: Figures may not add precisely due to rounding.
 Source: 2001 to 2016 derived from Statistics Canada Census by Watson & Associates Economists Ltd., 2021.

Figure 4-6: Municipality of Strathroy-Caradoc Employed Labour by Place of Work, 2001 to 2016

Figure 4-7 summarizes where Strathroy-Caradoc residents commute to work, while Figure 4-8 identifies the municipality from where people employed in Strathroy-Caradoc commute. Key observations include the following:

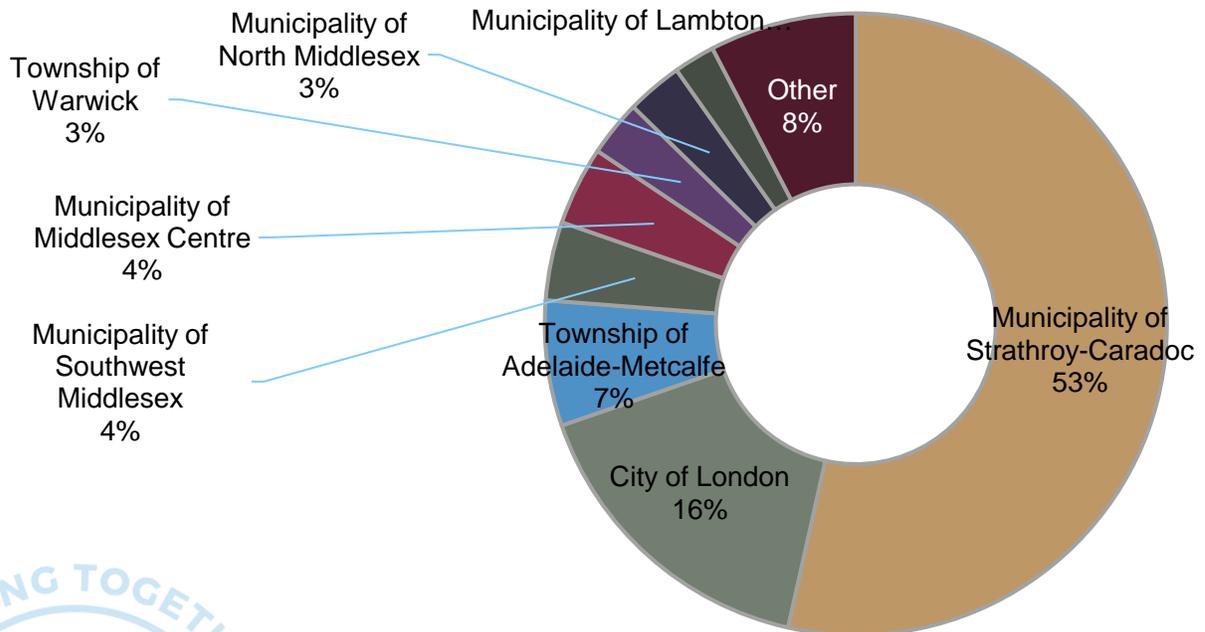
- As previously noted, live/work employment within Strathroy-Caradoc is relatively low (47%) and the percentage of out-commuters is relatively high;
- The City of London accounts for the largest component of Strathroy-Caradoc’s commuter-shed, comprising 33% of total out-commuters. Only 16% of London residents, however, commute to Strathroy-Caradoc for work;
- Between 2001 and 2016, commuting trends within Strathroy-Caradoc remained relatively similar in terms of live/work trends and in-commuting/out-commuting; and
- The Municipality of Strathroy-Caradoc remains relatively self-contained, though the live-work ratio has decreased slightly over the past decade. The number of people who work in the Municipality but reside in other municipalities has slightly increased over the period.





Source: Data from 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016325 by Watson & Associates Economists Ltd., 2021.

Figure 4-7: Where Municipality of Strathroy-Caradoc Residents Go to Work, 2016



Source: Data from 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016325 by Watson & Associates Economists Ltd., 2021.

Figure 4-8: From Where Those Employed in Strathroy-Caradoc Commute, 2016

4.4 Observations

Strathroy-Caradoc has a diverse employment base which has experienced moderate growth over the past decade. Future employment growth within Strathroy-Caradoc is strongly correlated with the growth outlook and competitiveness of the broader regional economy. Over the next several decades, Strathroy-Caradoc's employment base is anticipated to steadily grow across a broad range of export-based and population-serving employment sectors. The structure and quality of the Municipality's employment lands, discussed in detail in the following chapter, are major factors influencing the future competitiveness of Strathroy-Caradoc's economic base.

5 Strathroy-Caradoc's Employment Lands Profile

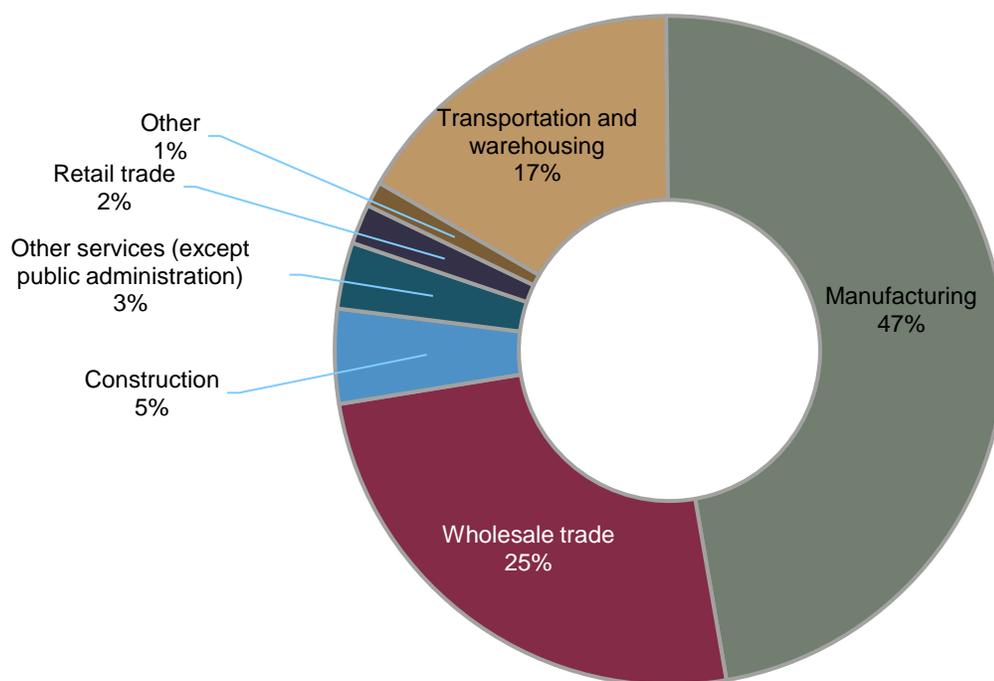
5.1 Overview

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

Strathroy-Caradoc's existing employment lands base totals approximately 154 net hectares (381 net acres) of developed land accommodating approximately 25% of the Municipality's total employment. Employment lands within the Municipality accommodate a broad range of industrial uses, including manufacturing, distribution/logistics, construction, and transportation. Source: Derived from InfoCanada data by Watson & Associates Economists Ltd., 2021.

Figure 5-1 summarizes the share of employment by sector on employment lands in Strathroy-Caradoc. The largest sector is manufacturing, which accounts for 47% of the total. This is followed by wholesale trade (25%), transportation and warehousing (17%), construction (5%), other services (except public administration) (3%), and retail trade (2%).





Source: Derived from InfoCanada data by Watson & Associates Economists Ltd., 2021.

Figure 5-1: Strathroy-Caradoc Employment on Employment Lands by Sector, 2020

Strathroy-Caradoc's employment lands are presented in Figure 5-2 and Figure 5-3. The following provides an overview of key Employment Areas.

- **Molnar Industrial Park** – The Molnar Industrial Park is a newer Employment Area in the northern part of Strathroy, along Wright Street. The area offers excellent access to Highway 402 via the interchanges at Centre Road and Hickory Drive and has highway visibility for sites in the north end of the park. Molnar is only partially built out and contains majority of Strathroy-Caradoc's vacant designated employment lands. The industrial park offers significant opportunities for greenfield development, as well as some opportunities for infill development. The Industrial Park includes a vacant 40 ha (100 acre) site being offered by the Municipality. Businesses are characterized as manufacturing operations, and facilities have been finished to varying external standards from more general industrial to prestige integrated office/manufacturing/distribution space. The Molnar Industrial Park is home to many of Strathroy-Caradoc's largest employers, including Ricco Food Distributors, Catalent Pharma Solutions, Lafarge, Anderson Corporation, Vari-form, Metamag Inc., Gray Ridge Egg Farms, Parmerit Inc., and Accucaps, among some smaller storage and industrial service businesses.
- **Albert Street Industrial Park** – This industrial park is an older Employment Area in the west of the community along Albert Street towards the southwestern part of the Strathroy settlement area. The northern part of the Industrial Park is largely occupied and accommodates a range of industrial and commercial uses, however, there are designated vacant lands towards the south of the railway tracks. Presently these lands do not have

road access and will need major transportation infrastructure improvements to ensure access for further development.

- **High Street Industrial Park** – This Employment Area is located east of Queen Street and south of Metcalfe Street East is similarly mature in nature and accommodates a diverse range of manufacturing and distribution facilities at varying levels of design. The High Street Industrial Park is largely built out and is one of the largest Employment Areas in all of Middlesex County. It includes some of the largest employers in the County as well, such as Langs Bus Lines, Bonduelle North America, Meridian Magnesium Products, Autotube Limited, and Vari-form (in three facilities). Other key businesses in the area include Purina, Pentacast Inc., and Sansin Corporation.
- **Mount Brydges** – There is a small industrial area located in the settlement area of Mount Brydges. It is mainly comprised of one large facility that is home to A-R Distributors, an office supplies distributor and wholesaler.



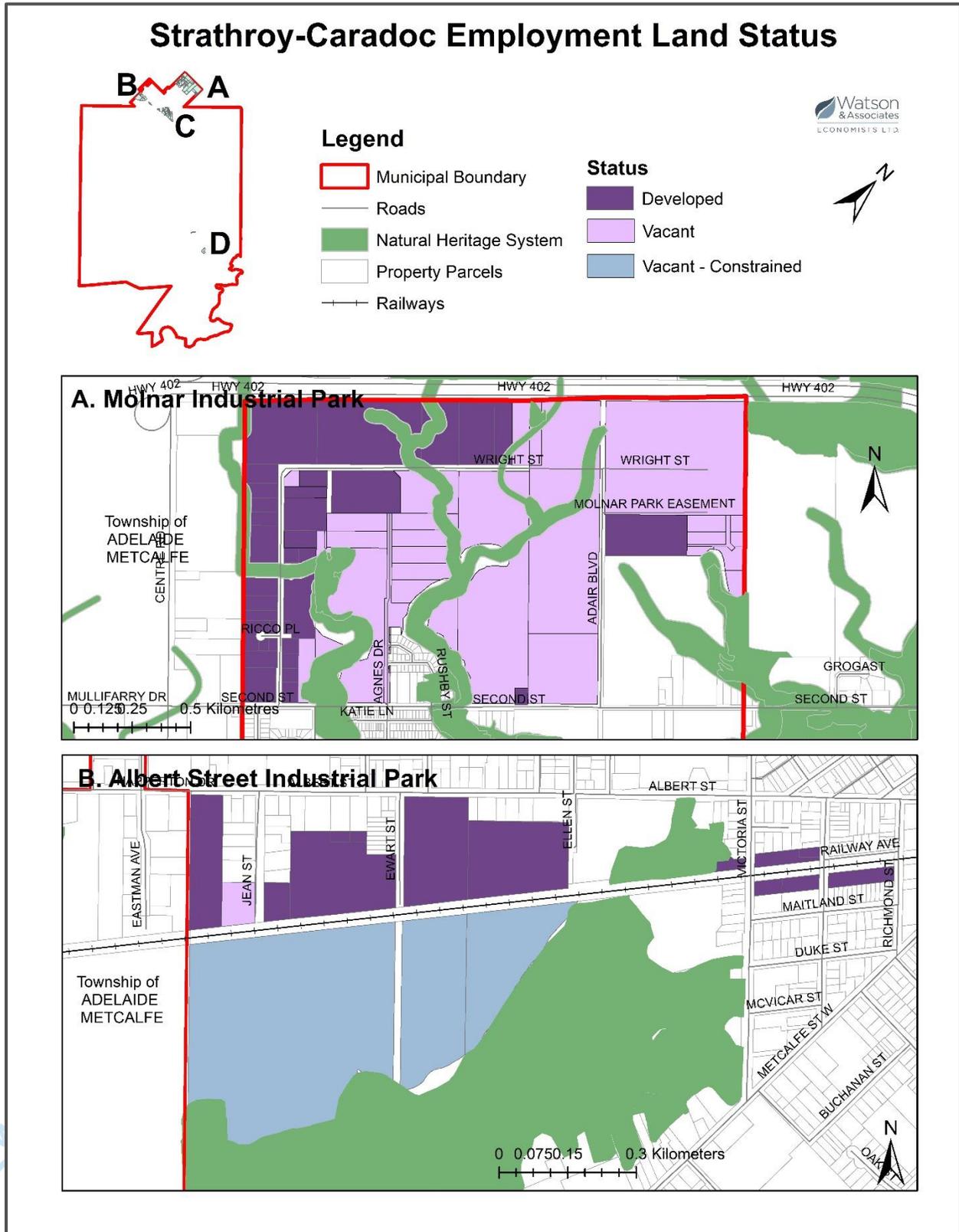


Figure 5-2: Strathroy-Caradoc Employment Land Status – Molnar Industrial Park and Albert Street Industrial Park

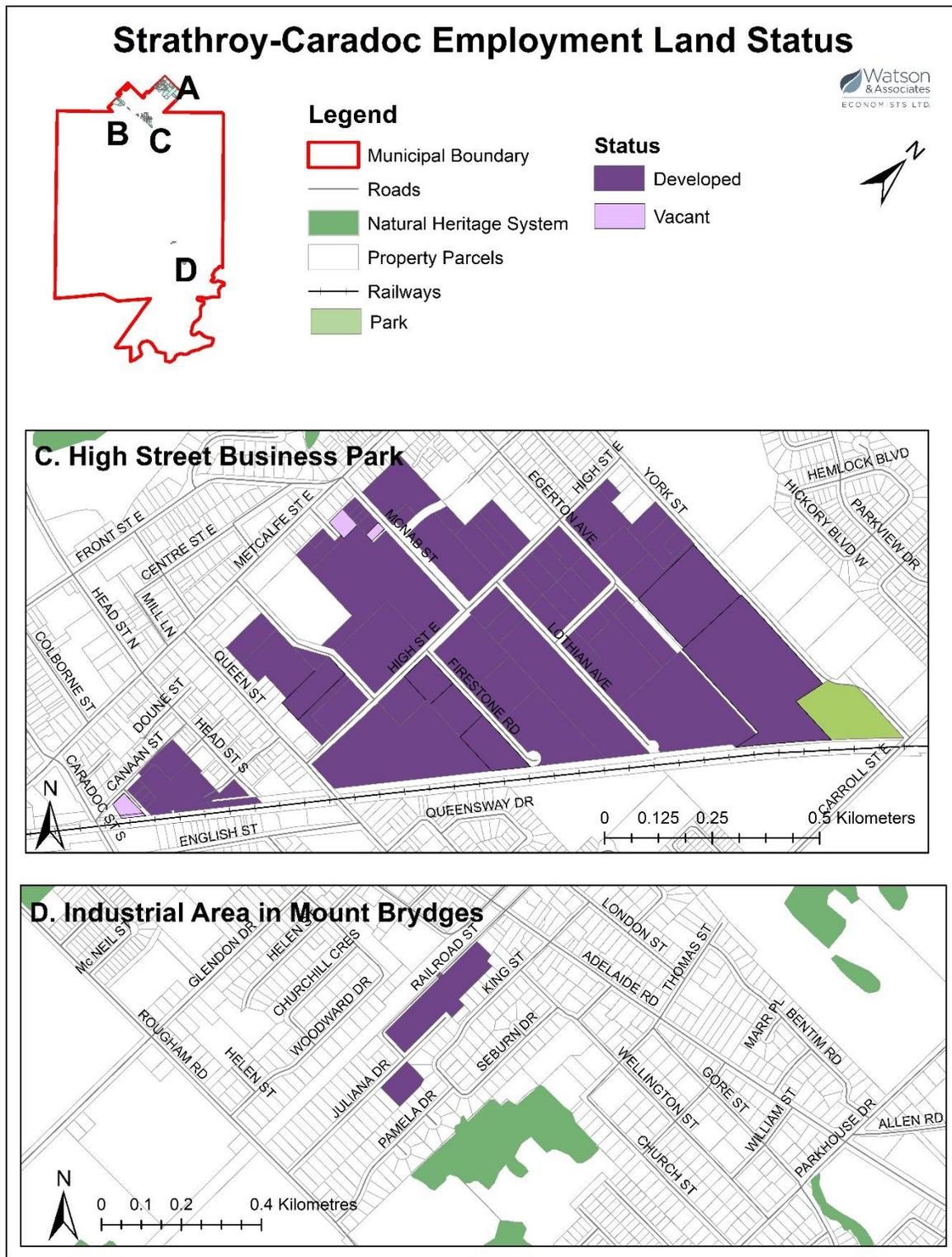
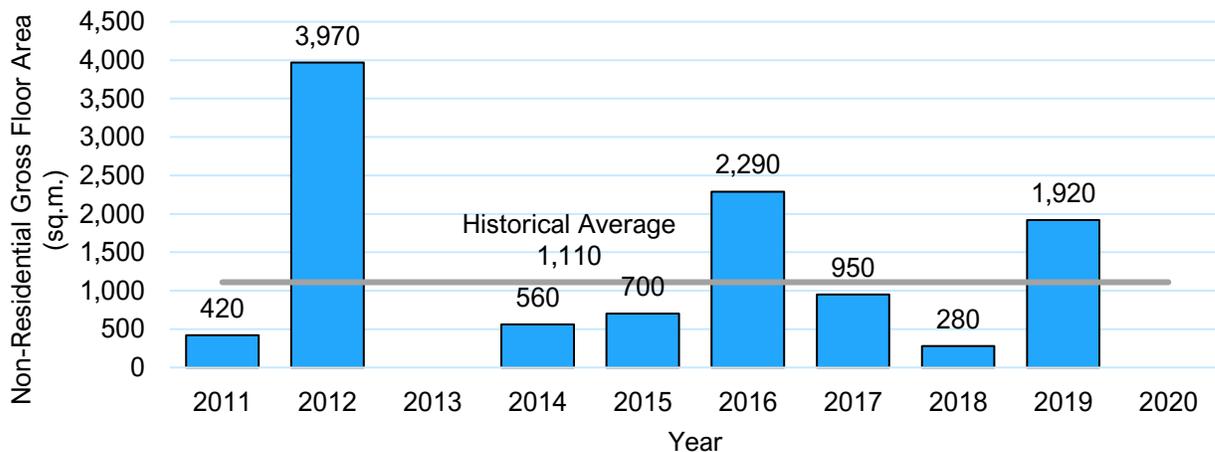


Figure 5-3: Strathroy-Caradoc Employment Land Status – High Street Business Park and Mount Brydges Industrial Area

5.2 Development Trends on Employment Lands

Figure 5-4 summarizes building construction (new construction and additions) accommodated on Strathroy-Caradoc’s employment lands over the 2011 to 2020 period, expressed in G.F.A. As illustrated, the Municipality has averaged approximately 1,110 sq.m (11,950 sq.ft.) of building activity on employment lands annually over the period. Approximately 84% the G.F.A. development over the decade has been associated with new construction, while 16% of G.F.A. has been attributed to additions to existing buildings. Over the past decade, majority of new development on employment lands has been accommodated in the Molnar Industrial Park with a few industrial developments in the High Street Industrial Park.



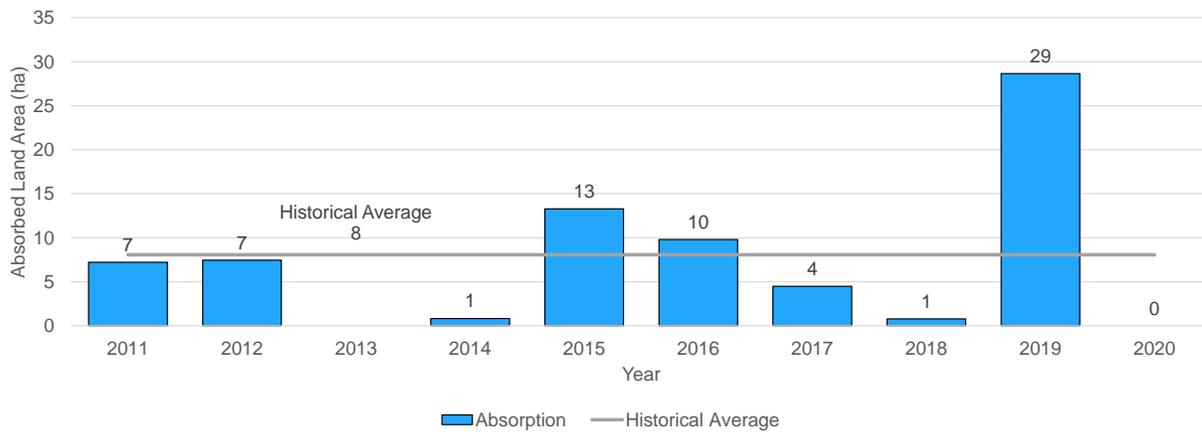
Source: Data provided by the Municipality of Strathroy-Caradoc, summarized by Watson & Associates Economists Ltd., 2021.

Figure 5-4: Strathroy-Caradoc New Construction and Expansions on Employment Lands, 2011 to 2020

5.3 Employment Lands Absorption Trends

Between 2011 and 2020, employment lands absorption in Strathroy-Caradoc totaled approximately 72 net hectares (179 acres), averaging approximately 8 net hectares (20 net acres) per year, as illustrated in Figure 5-5. In 2019, Strathroy-Caradoc experienced its highest annual employment land absorption, totalling approximately 29 net hectares (70 acres). In 2019, land absorption was mainly comprised of one large-scale industrial development in the Molnar Industrial Park (a manufacturing and showroom facility on Wright Street).

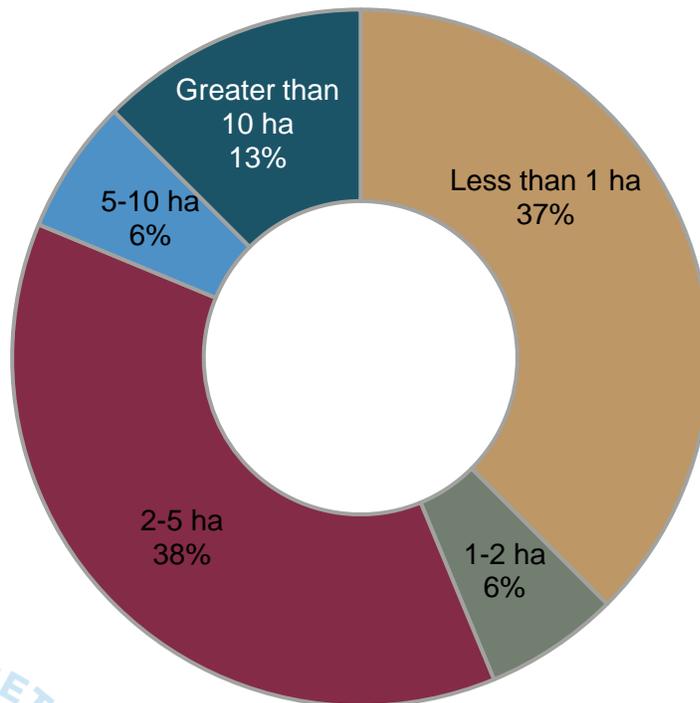




Source: Derived from Municipality of Strathroy-Caradoc non-residential building permit data by Watson & Associates Economists Ltd., 2021.

Figure 5-5: Strathroy-Caradoc Annual Employment Lands Absorption, 2011 to 2020

Figure 5-6 summarizes municipal-wide employment lands absorbed by parcel size between 2011 and 2020. As illustrated, smaller parcels of less than 1 hectare (2.5 acres) accounted for 37% of the total parcels. Parcels of 1 to 2 hectares (2.5 to 5 acres) in size accounted for 6% of total. Medium-sized parcels of 2 to 5 hectares (5 to 12 acres) accounted for 38% and parcels larger than 5 hectares (12 acres) accounted for 19% of the total parcels.



Source: Derived from Municipality of Strathroy-Caradoc non-residential building permit data from 2011 to 2020 by Watson & Associates Economists Ltd., 2021.

Figure 5-6: Municipality of Strathroy-Caradoc Employment Land Absorption by Parcel Size, 2011 to 2020

5.4 Opportunities to Accommodate Growth on Employment Lands

5.4.1 Vacant Employment Land Inventory

Strathroy-Caradoc’s vacant employment land inventory was developed using G.I.S.-based mapping software with various mapping overlays, including O.P. designation layers and orthophotos. Vacant designated employment lands were identified as those which fall under the O.P. designation of “industrial,” “Special Policy Area - 2” and “Special Policy Area - 3” and are located within the urban area. The geographic location of Strathroy-Caradoc’s vacant designated employment lands is illustrated in Figure 5-2 and Figure 5-3.

Table 5-1 summarizes the total gross and net vacant employment land supply for Strathroy (as of early 2021) by Employment Area. As illustrated, the Municipality has a total of 170 gross ha (420 gross acres) of vacant employment land, all of which was identified within the settlement area of Strathroy. In determining the net vacant land inventory, downward adjustments were made to reflect environmentally sensitive lands/environmental features as well as other constrained lands including the previously identified parcels south of the rail line in Albert Street Industrial Park.

The environmental take-outs were based on the Environmental Protection (E.P.) Lands layer as delineated in Schedule D of the Municipality’s O.P. Larger vacant unsubdivided parcels (i.e., 4 ha or greater) were also subject to an additional downward adjustment to reflect internal infrastructure with a net to gross adjustment of 75%. In accordance with the adjustments for internal infrastructure and environmentally sensitive/ constrained lands, the Municipality’s net developable employment land supply is estimated at 107 net ha (264 net acres).

| Settlement Area | Total Gross Land Area (ha) (A) | Environmental and Other Constraints Adjustment ^[1] (ha) (B) | Area Adjusted for Constraints (ha) (C = B – A) | Adjustment for Roads and Other Internal Infrastructure ^[3] (ha) (D) | Net Developable Employment Land Supply (ha) (E = C-D) |
|--------------------------------|--------------------------------|--|--|--|---|
| Strathroy | 170 | 37 | 137 | 30 | 107 |
| Mount Brydges | 0 | 0 | 0 | 0 | 0 |
| Strathroy-Caradoc Total | 170 | 37 | 137 | 30 | 107 |

Note: Based on gross land area with take-outs. Values are expressed in hectares unless otherwise noted.

^[1] Reflects environmental take-out of vacant employment lands encroached by environmentally sensitive lands identified as Natural Resources/Environment in the Official Plan Layers provided by the Municipality.

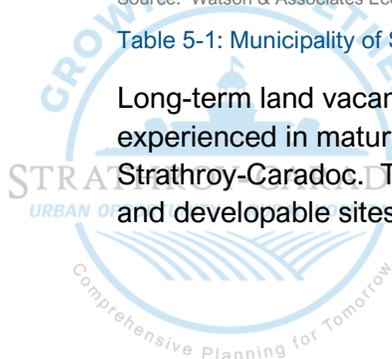
^[2] These lands include employment designated parcels southwest of the rail line in Albert Street Industrial Park which presently do not have road access.

^[3] Downward adjustment of 25% of the gross area (after environmental take-outs and other constrained areas as identified in) has been applied to account for internal infrastructure on parcels greater than 4 ha.

Source: Watson & Associates Economists Ltd., 2021.

Table 5-1: Municipality of Strathroy-Caradoc – Gross and Net Vacant Employment Land Inventory

Long-term land vacancy (i.e., vacant industrial parcels) is a common characteristic which is experienced in mature industrial parks throughout Ontario, including the Municipality of Strathroy-Caradoc. Typically, as employment lands are brought to market, the more marketable and developable sites absorb first. Often, the remaining less-marketable sites are fragmented



throughout the employment area, which limits their potential for larger scale development. Invariably, many of these sites remain vacant over the longer term, due to their limited market choice to end users. While these observations largely apply to more mature employment areas, over time it is foreseeable that the Municipality's newer employment areas will also begin to exhibit these characteristics.

Accordingly, additional reductions to the net developable vacant employment land supply have been made to account for long-term land vacancy, as summarized in Table 5-2. **Error! Reference source not found.** This adjustment accounts for sites that are unlikely to develop over the long term due to odd/small lot sizes and poor configuration, unfavourable site conditions (e.g., low-lying areas prone to flooding), underutilized employment sites and site inactivity/land banking, which may tie up potentially vacant and developable lands.

For the purposes of this analysis, an estimate of approximately 15% long-term land vacancy has been used (i.e., total net vacant land area X 15%). Adjusted for land vacancy, the Municipality's net developable vacant employment land supply is approximately 91 net ha (225 net acres).

5.4.2 Market Choice Requirements

Strathroy-Caradoc needs to provide a balanced inventory of shovel-ready and zoned developable vacant employment lands that is sufficient to meet market demand in the short to medium term. From a market choice perspective, one of the most important industrial site selection criteria, which is largely controllable by the Municipality, relates to ensuring that an ample supply of suitable vacant serviced (and serviceable) employment land is available for purchase and absorption. This involves providing a readily available and serviced employment land supply which is well beyond forecast absorption, to fully provide for a range of site selection choices with respect to:

- price;
- site size;
- availability and cost of servicing;
- neighbourhood and setting;
- O.P. designation/zoning;
- visibility;
- highway access;
- privacy;
- topography;
- tenure (lease vs. design build vs. own); and
- other industrial land market requirements which can be added, including soil conditions, site proportioning (frontage to depth), timing of servicing, site expandability, etc.

5.4.3 Intensification Supply Opportunities

Intensification can take a number of forms, including development of underutilized lots (infill), expansion (horizontal or vertical) of existing buildings and redevelopment of sites.

Intensification offers the potential to accommodate future employment growth and achieve improved land utilization resulting in higher employment density on developed employment

lands. Higher land utilization on existing employment lands can also lead to more effective use of existing infrastructure (e.g., roads, water/sewer servicing), a built form that is more conducive to support public transit, resulting in communities that are more functional and complete. Through a high-level desktop review using the developed employment parcel inventory, building footprints and orthophoto overlays, 24 ha (59 acres) of Strathroy-Caradoc's developed employment lands were identified as underutilized, all of which are located in the Strathroy urban settlement area. This reflects parcels that have:

- Sites currently being used exclusively for open storage and/or parking; and
- Parcels with relatively low building F.S.I. (less than 10%).

The underutilized parcels account for 16% of the total developed employment land base in Strathroy-Caradoc. The highest share of underutilized lands is in the Municipality's older industrial areas.

6 Strathroy-Caradoc Long-Term Employment Growth and Employment Land Needs

A number of regional and local growth drivers have been identified, which are anticipated to influence future employment growth within Strathroy-Caradoc. These drivers are briefly discussed below, followed by a long-term employment forecast for Strathroy-Caradoc and a corresponding employment land needs assessment.

6.1 Economic Growth Drivers

There are several factors that indicate economic growth within Strathroy-Caradoc over the long term will be relatively strong, building on the economic expansion experienced over the past decade. In turn, anticipated employment growth and new non-residential development will generate continued demand for employment land. These factors are discussed below.

Regional Growth Context

Despite the longer-term consequences of COVID-19 to some industries, firms and individuals, the long-term economic outlook for the regional economy generally remains positive. Long-term population and employment potential in Strathroy-Caradoc is closely tied to the economic outlook for the broader economic region. Generally, economic development activity, as measured by employment and population growth, has steadily increased across the regional economy over the past few years. This is expected to continue over the coming decades.

Population Growth Outlook

In accordance with the latest growth projections prepared for Strathroy-Caradoc, the Municipality's population is expected to increase from 24,100 in 2021 to 30,200 in 2031, and to

35,400 by 2046.^[8] This represents an increase of 47% over the 2021 to 2046 period, representing an average annual growth rate of 1.6% over the period.

Population growth is anticipated to drive the demand for population-related commercial and institutional employment in Strathroy-Caradoc. New residential and population-related development will also drive demand within the construction sector and influence investment across certain industrial sectors that are more closely driven by regional population growth (e.g., fulfilment centres, urban warehouses).

Most industrial and office commercial employment (export-based employment), however, is not closely linked to population growth. Employment within these sectors tends to be more influenced by broader market conditions (i.e., economic competitiveness, transportation access, access to labour, and distance to employment markets), as well as local site characteristics such as servicing capacity, highway access and exposure, site size/configuration, physical conditions, and site location.

Diversification of Economy

Continued economic diversification provides opportunities for a broader range of non-residential development potential and employment prospects for Strathroy-Caradoc. Recent development trends and employment and business growth over the past decade, as illustrated earlier, show a shift to more “knowledge-based” sectors in both the commercial and institutional sectors.

The diversification of the local economy is identified in the Middlesex County Economic Development Strategic Plan as one of the key objectives by which to attract and retain businesses in both traditional and emerging sectors as part of the COVID-19 Economic Resiliency Plan.^[9] The County’s Economic Development Strategic Plan identified four key opportunity sectors/areas including Agricultural Technology, Technology-based Manufacturing & Food Production, Agri-Tourism & Rural Revitalization, and Creative Industries.^[10]

Municipal Competitiveness

Strathroy-Caradoc offers a competitive cost of development environment which makes it attractive for new industrial development and has a relatively large supply of designated and shovel-ready employment land. The municipality also has access to 400-series highways, proximity to the U.S. market, and access to a growing working-age population and labour force. Strathroy-Caradoc also offers a relatively high quality of life which is an increasingly important attribute for both employers and employees.

^[8] Middlesex County Housing Growth Forecast and Allocations by Local Municipality by Watson & Associates Economists Ltd., 2021. The Municipality of Strathroy-Caradoc Council has approved the “High Growth” scenario as recommended in Municipality of Strathroy-Caradoc 2021-2046 Population and Housing Projections Council Report, BBP-2021-18, March 15, 2021.

^[9] Middlesex County Economic Development Strategy Update, December, 2020.

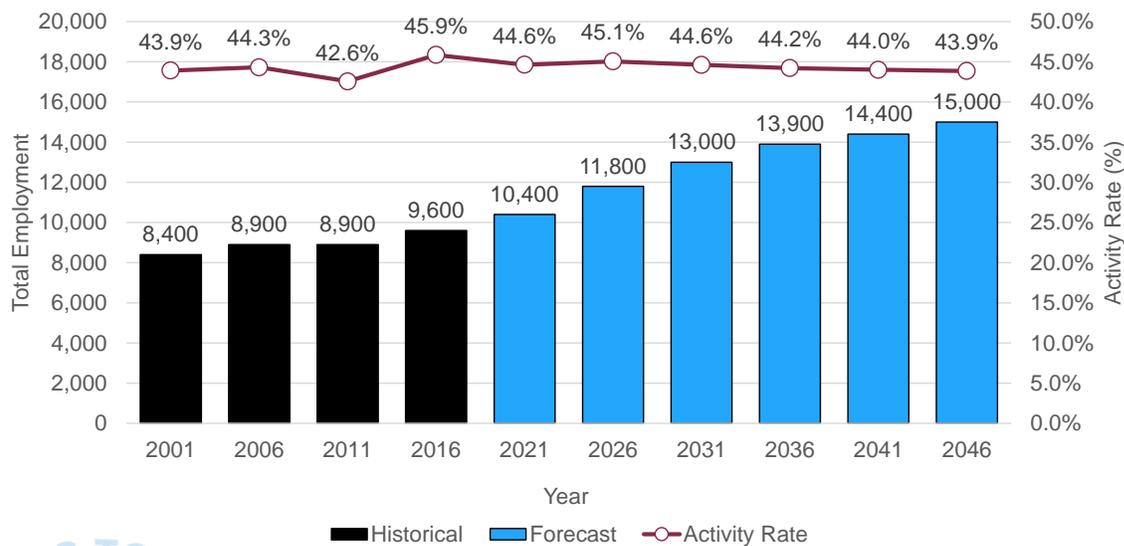
^[10] *ibid.*

6.2 Municipal-wide Employment Forecast by Sector, 2021 to 2046

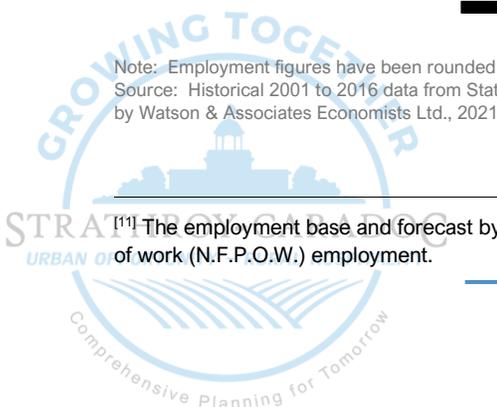
Future demand for employment lands within Strathroy-Caradoc is ultimately driven by forecast employment growth. A broad range of factors, as discussed in Chapter 3, is anticipated to drive future employment growth in Strathroy-Caradoc. These factors will not only impact the rate and magnitude of growth, but they will also influence the form and density of non-residential development and corresponding demand for employment lands. Based on a comprehensive investigation of local and regional employment growth drivers and a review of recent economic trends, a long-term employment forecast by major sector has been developed.^[11] The results of this forecast are summarized below. As of mid-2021, Strathroy-Caradoc’s employment base is estimated at approximately 10,400 jobs. As shown in

Figure 6-1, over the 2021 to 2046 forecast period, Strathroy’s employment base is expected to expand by approximately 44% (4,600 jobs), increasing to 15,000 jobs in 2046. This represents an average annual growth rate of 1.5% over the 25-year forecast period, moderately higher than historical trends, as illustrated in Figure 6-2.

With the exception of 2011, the activity rate in Strathroy-Caradoc has historically gradually increased suggesting that employment has been growing faster than the Municipality’s population growth. As of mid-2021, the activity rate in Strathroy-Caradoc is 44.6%. Over the forecast, the activity rate is expected to gradually decline from 44.6% in 2021 to 44% by 2041 due to the aging of the population and labour force, and the strong population growth expected over the period. Post-2041, the activity rate is expected to stabilize.

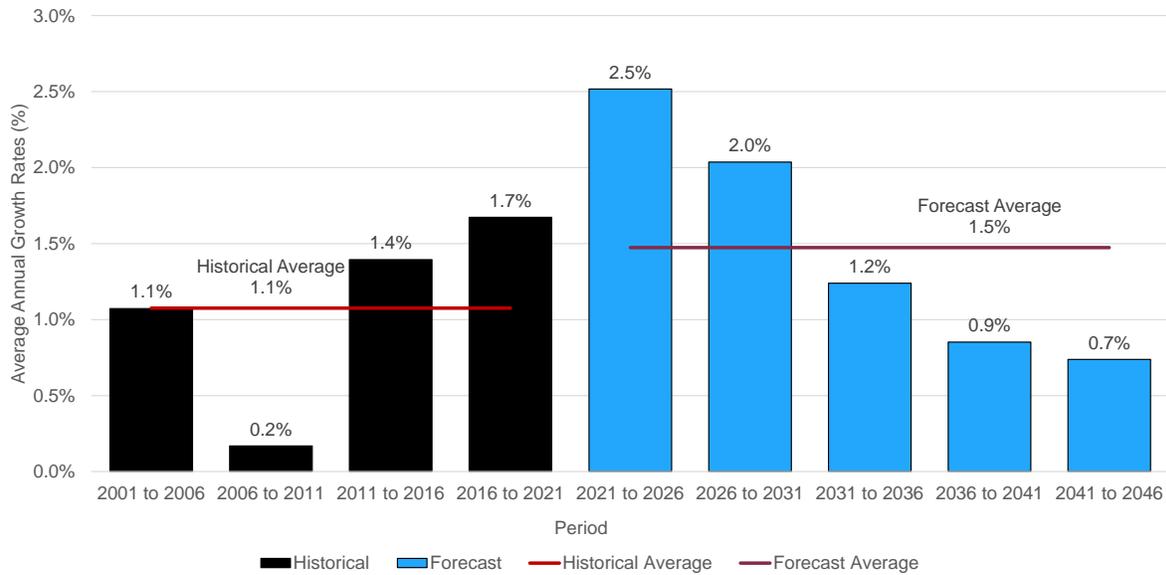


Note: Employment figures have been rounded and include work at home and N.F.P.O.W.
 Source: Historical 2001 to 2016 data from Statistics Canada Place of Work data derived by Watson & Associates Economists Ltd. Forecast prepared by Watson & Associates Economists Ltd., 2021.



^[11] The employment base and forecast by major sector (i.e., primary, industrial, commercial, and institutional) includes no fixed place of work (N.F.P.O.W.) employment.

Figure 6-1: Municipality of Strathroy-Caradoc, Employment Forecast, 2021 to 2046



Note: Employment figures have been rounded.
 Source: Historical 2001 to 2016 data from Statistics Canada Place of Work data derived by Watson & Associates Economists Ltd. Forecast prepared by Watson & Associates Economists Ltd., 2021.

Figure 6-2: Municipality of Strathroy-Caradoc, Annual Average Employment Growth Rates, Historical and Forecast

Figure 6-3 summarizes the municipal-wide employment forecast by sector in five-year increments to the year 2046.



| Year | Primary | Work at Home | Industrial | Commercial/ Population- Related | Institutional | N.F.P.O.W. ^[1] | Total |
|--------------------|---------|--------------|------------|---------------------------------------|---------------|---------------------------|--------|
| 2001 | 520 | 790 | 2,820 | 2,115 | 1,235 | 915 | 8,395 |
| 2006 | 400 | 790 | 2,920 | 2,365 | 1,330 | 1,050 | 8,855 |
| 2011 | 290 | 625 | 2,590 | 2,365 | 1,825 | 1,235 | 8,930 |
| 2016 | 270 | 730 | 2,925 | 2,485 | 1,750 | 1,415 | 9,575 |
| 2021 | 215 | 840 | 3,340 | 2,550 | 1,805 | 1,655 | 10,405 |
| 2026 | 215 | 965 | 3,630 | 3,070 | 1,955 | 1,935 | 11,770 |
| 2031 | 215 | 1,110 | 4,025 | 3,385 | 2,095 | 2,190 | 13,020 |
| 2036 | 215 | 1,220 | 4,290 | 3,540 | 2,225 | 2,360 | 13,850 |
| 2041 | 215 | 1,280 | 4,475 | 3,690 | 2,345 | 2,440 | 14,445 |
| 2046 | 215 | 1,335 | 4,635 | 3,840 | 2,460 | 2,510 | 14,995 |
| Incremental Growth | | | | | | | |
| 2021 to 2026 | 0 | 125 | 290 | 520 | 150 | 280 | 1,365 |
| 2021 to 2031 | 0 | 270 | 685 | 835 | 290 | 535 | 2,615 |
| 2021 to 2036 | 0 | 380 | 950 | 990 | 420 | 705 | 3,445 |
| 2021 to 2041 | 0 | 440 | 1,135 | 1,140 | 540 | 785 | 4,040 |
| 2021 to 2046 | 0 | 495 | 1,295 | 1,290 | 655 | 855 | 4,590 |

^[1] Statistics Canada defines employees with no fixed place of work as “persons who do not go from home to the same workplace location at the beginning of each shift. Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc.”

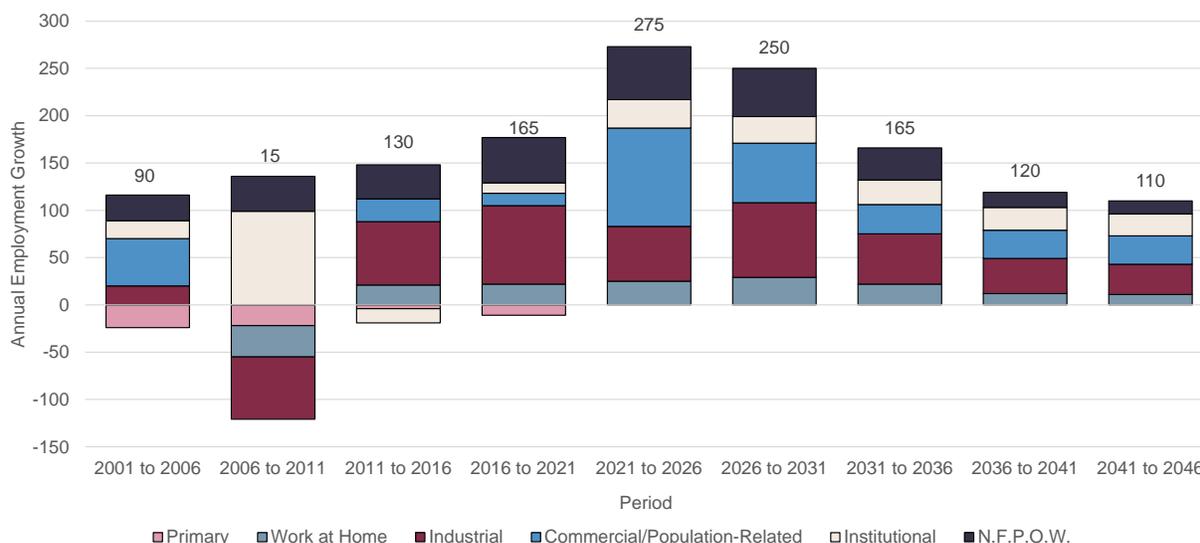
Note: Employment figures have been rounded.

Source: Historical 2001 to 2016 data from Statistics Canada Place of Work data. Forecast prepared by Watson & Associates Economists Ltd., 2021.

Figure 6-3: Municipality of Strathroy-Caradoc, Employment Forecast, 2021 to 2046

Figure 6-4 summarizes the average annual employment forecast by major sector over the forecast period in comparison to historical trends (2001 to 2021). As illustrated, over the 2021 to 2031 period, Strathroy-Caradoc’s employment growth is expected to slow down, averaging 275 jobs per year between 2021 to 2026 to 250 jobs per year between 2026 to 2031. Over the following decade, 2031 to 2041 period, average employment growth is forecast to decline from 165 jobs per year between 2031 to 2036 to 120 jobs per year between 2036 to 2041, with employment growth stabilizing at 110 jobs per year between 2041 to 2046.





Source: Historical 2001 to 2016 data from Statistics Canada Place of Work data. Forecast prepared by Watson & Associates Economists Ltd., 2021.

Figure 6-4: Municipality of Strathroy-Caradoc Average Annual Employment Growth, 2021 to 2046

Employment growth over the 2021 to 2046 forecast period is expected across a wide range of sectors driven by continued diversity of the regional economic base and steady local population growth. Population growth is anticipated to drive the demand for population-related commercial and institutional employment in Strathroy-Caradoc. New residential and population-related development will also drive demand within the construction sector and influence investment across certain industrial sectors that are more closely driven by regional population growth (e.g., fulfilment centres, urban warehouses).

Most industrial and office commercial employment (export-based employment), however, is not closely linked to population growth. Employment within these sectors tends to be more influenced by broader market conditions (i.e., economic competitiveness, transportation access, access to labour, and distance to employment markets), as well as local site characteristics.

While Strathroy-Caradoc’s economy is forecast to continue to steadily shift from goods-producing to services-producing sectors, the industrial sector is still anticipated to represent a key employment sector in the Municipality.

With respect to employment growth by major employment sector, the following observations have been made:

- The industrial employment base is forecast to increase by 1,300 jobs, accounting for approximately 28% of total employment growth. Significant employment opportunities are identified in sectors related to wholesale trade/distribution, manufacturing, construction, and transportation. It is anticipated that the majority of industrial employment growth will be accommodated within Strathroy-Caradoc’s Urban Settlement Areas.
- Commercial/population-related employment (which includes retail sectors) represents Strathroy-Caradoc’s second largest major sector with respect to total employment growth. This sector is largely driven by local population growth. A large share of this growth is expected to be in retail, personal services, and accommodation/food services. Commercial



employment growth is forecast to increase by approximately 1,290 jobs over the 2021 to 2046 period, accounting for 28% of total employment growth.

- Strathroy-Caradoc is anticipated to experience moderate employment growth in the institutional sector, representing 655 jobs (14% of total employment growth), largely driven by the need for increased health services, higher education, government facilities and other institutional facilities (i.e., cultural, religious, schools) associated with population growth.
- Primary industries (i.e., agriculture, fisheries, and other resource-based employment) are anticipated to experience no employment growth over the forecast period.
- In addition to reviewing employment trends by usual place of work, consideration has also been given to the employment outlook in Strathroy-Caradoc for employees who work at home. Over the forecast period, work at home employment in Strathroy-Caradoc is expected to expand by 500 jobs, accounting for 11% of the Municipality's overall employment growth. Work at home employment will be driven by forecast growth in the knowledge-based and creative economy. This will be facilitated by opportunities related to telecommuting and increased technology. Demographics also play a role in the employment outlook for work at home employment. As the Municipality's population and labour force continue to age, it is likely that an increased number of working and semi-retired residents will be seeking lifestyles that will allow them to work from home on a full-time or part-time basis.
- N.F.P.O.W. employment will account for the remaining 19% of the total employment growth for Strathroy-Caradoc. Over the 25-year period, N.F.P.O.W. is expected to grow by 855 jobs. Like work at home employment, N.F.P.O.W. is expected to steadily increase as a result of more opportunities for off-site work within an increasingly knowledge and technology driven economy.

6.3 Urban Employment Land Needs Analysis

In generating urban employment land need requirements for the Municipality of Strathroy-Caradoc, the following steps have been undertaken:

- **Remove Work at Home and No Fixed Place of Work Employment**
As identified in the growth analysis provided in section 6.2, forecast employment growth has been categorized into four major categories, including primary, industrial, commercial and institutional, based on 2016 Census data. These categories have been aggregated from specific employment sub-classifications based on the North American Industrial Classification (N.A.I.C.S.) system. As a first step, all estimated work at home and N.F.P.O.W. have been excluded from the employment land needs analysis, as these employees do not require land in designated Employment Areas.



- **Determine the Amount of Industrial, Commercial and Institutional (I.C.I.) Employment to be Located on Urban Employment Lands**

In accordance with the permitted uses on employment lands identified in the Strathroy-Caradoc Official Plan and Zoning By-law and anticipated market and development trends, a percentage of commercial and institutional employment growth has been allocated to the Municipality’s urban employment lands. Based on this review, an allocation of approximately 25% and 15% commercial and institutional employment, respectively, was considered appropriate, to reflect employment supportive uses. A total of 98% of industrial employment was allocated to urban employment lands. It should be noted that a small share of industrial employment growth is expected to be accommodated outside the urban settlement areas.

| Employment Sector | Percentage of Total Municipal Employment on Urban Employment Lands |
|-------------------|--|
| Industrial | 98% |
| Commercial | 25% |
| Institutional | 15% |

Source: Watson & Associates Economists Ltd., 2021.

Figure 6-5: Municipality of Strathroy-Caradoc Proportion of Employment Growth on Urban Employment Lands by I.C.I., 2021 to 2046

Forecast Employment on Urban Employment Lands

Figure 6-6 summarizes anticipated employment on employment lands over the next 25 years, based on the assumed allocation of growth on urban employment lands assigned by I.C.I. As illustrated below, Strathroy-Caradoc’s employment lands are anticipated to accommodate 37% of total employment growth. Over the 2021 to 2046 period, employment growth on employment lands is expected to total approximately 1,700 jobs. This includes approximately 1,270 jobs in the industrial sector, 325 jobs in the commercial sector, and 100 jobs in the institutional sector.



| Employment Type | 2021 to 2026 | 2021 to 2031 | 2021 to 2036 | 2021 to 2041 | 2021 to 2046 | Percentage of Total Employment on Employment Lands |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--|
| Primary | 0 | 0 | 0 | 0 | 0 | 0% |
| Work at Home | 0 | 0 | 0 | 0 | 0 | 0% |
| Industrial | 290 | 685 | 950 | 1,135 | 1,270 | 98% |
| Commercial/Population-Related | 130 | 210 | 250 | 285 | 325 | 25% |
| Institutional | 20 | 45 | 65 | 80 | 100 | 15% |
| N.F.P.O.W. | 0 | 0 | 0 | 0 | 0 | 0% |
| Total Employment | 440 | 940 | 1,260 | 1,500 | 1,690 | 37% |

Note: Figures may not add precisely due to rounding.
 Source: Watson & Associates Economists Ltd., 2021.

Figure 6-6: Municipality of Strathroy-Caradoc Forecast Employment Growth on Urban Employment Land, 2021 to 2046



6.3.1 Employment Land Density

Based on a review of existing business activity and employment, it was determined that Strathroy-Caradoc has an average employment density of 13 jobs per net ha (5 jobs per net acre) on developed urban employment lands.

It is recommended that Strathroy-Caradoc target a density on urban employment lands comparable to current market trends for the purpose of long-term urban employment lands needs analysis. The recommended target density identified herein has been used to generate future land demand on employment lands over the forecast period. It should be noted that the recommended average density on employment lands has been informed by recent and anticipated market trends and it is foreseeable that future density levels achieved on employment lands could differ, depending on the regional and local industrial market conditions. Accordingly, it is recommended that the Municipality monitor future employment density trends on employment lands on a five-year basis. This would involve tracking employment lands absorption and employment growth associated with these lands.

The highest employment densities are typically found in standalone office development, multi-tenant industrial buildings, manufacturing facilities, and employment-supportive uses, while construction, distribution/logistics, and transportation/warehousing tend to have lower employment densities.

6.3.2 Accommodation of Employment Growth Through Intensification

It is recognized that a portion of forecast employment growth on employment lands will be accommodated through intensification. Over the 2021 to 2051 period, an estimated 5% of employment growth on urban employment lands is expected to be accommodated through intensification. Moderate infill and expansion of existing developed sites is expected to occur over the forecast period.

6.3.3 Forecast Urban Employment Land Demand

In accordance with the aforementioned employment density and intensification assumptions, it is anticipated that Strathroy-Caradoc will require 124 net ha (306 net acres) of urban employment land to accommodate forecast growth of 1,690 jobs over the 2021 to 2046 period, as presented in Figure 6-7.



| Growth Period | Total Employment Growth on Employment Lands | Employment Associated with Intensification ^[1] | Employment on Employment Lands Adjusted for Intensification | Employment Density (Jobs per net ha) | Total Employment Land Demand (ha) | Annual Employment Land Absorption (ha) |
|---------------|---|---|---|--------------------------------------|-----------------------------------|--|
| 2021 to 2026 | 445 | 20 | 420 | 13 | 32 | 6 |
| 2021 to 2031 | 940 | 50 | 890 | 13 | 69 | 7 |
| 2021 to 2036 | 1,260 | 60 | 1,200 | 13 | 92 | 6 |
| 2021 to 2041 | 1,500 | 75 | 1,425 | 13 | 110 | 6 |
| 2021 to 2046 | 1,690 | 85 | 1,605 | 13 | 124 | 5 |

^[1] Assumes that 5% of the employment accommodated through intensification within established Employment Areas.

Note: Figures may not add precisely due to rounding.

Source: Watson & Associates Economists Ltd., 2021.

Figure 6-7: Municipality of Strathroy-Caradoc Forecast Urban Employment Land Demand, 2021 to 2046



6.3.4 Long-Term Employment Land Needs

Figure 6-8 summarizes forecast urban employment land needs for Strathroy-Caradoc over the 2021 to 2046 period based on the employment forecast and land demand identified above. A high-level estimate of land needs through 2051 is also provided.

As shown, based on the employment forecast above, the forecast employment land demand is anticipated to total 124 net ha (306 net acres) over the 2021 to 2046 period. Assuming an extrapolation of annual land absorption from 2041-2046 through 2051, the land demand over the 30-year period is 141 net ha (348 net acres).

With respect to land supply, as discussed in section 5.4.1, Strathroy-Caradoc has a vacant designated employment land supply of 107 net ha (264 net acres). Adjusted for land vacancy, Strathroy-Caradoc's net developable vacant employment land supply is 91 net ha (225 net acres).

In accordance with the existing supply of designated developable urban employment lands versus long-term demand, Strathroy-Caradoc has an insufficient supply of designated urban employment lands to meet long-term needs to 2046 and beyond. Based on the land needs analysis, a minimum of 33 net ha (82 net acres) of additional developable urban employment lands is required to accommodate forecast employment growth to 2046. By 2051, this identified deficit increases to a minimum of 50 net ha (124 net acres). This analysis does not consider potential employment conversions.

| | 2021 to 2026 | 2021 to 2031 | 2021 to 2036 | 2021 to 2041 | 2021 to 2046 | 2021 to 2051 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Employment Land Demand (ha) | 32 | 69 | 92 | 110 | 124 | 141 |
| Net Employment Land Supply (ha) | 107 | 107 | 107 | 107 | 107 | 107 |
| Net Employment Land Supply (reflects vacancy adjustment) ^[1] | 91 | 91 | 91 | 91 | 91 | 91 |
| Net Employment Land (ha) Surplus/(Shortfall) | 59 | 22 | (1) | (22) | (33) | (50) |
| Gross Land Needs ^[2] | – | – | (2) | (33) | (58) | (88) |

^[1] A 15% land vacancy adjustment has been assumed to account for vacant parcels of land which will not develop over the long term due to underutilization of employment sites and inactive sites/land banking.

^[2] Assumed a 75% net to gross ratio. Excludes land requirements associated with non-developable environmental features.

Note: Figures may not add precisely due to rounding.

Source: Watson & Associates Economists Ltd., 2021.

Figure 6-8: Municipality of Strathroy-Caradoc Urban Employment Land Needs, 2021 to 2051



The identified net land needs do not reflect site-specific take-outs, including open space, arterial roads/rail, stormwater ponds and easements. Further, it does not reflect future land vacancy, as previously discussed. Assuming a vacancy adjustment of 15% and a 75% net-to-gross ratio, this translates into a minimum requirement of 58 gross ha (143 gross acres) by 2046, and 88 gross ha (217 gross acres) of additional urban employment land for 2051, as presented in Figure 6-8. It is also important to note that this does not consider non-developable environmental features.

7 Strategic and Policy Recommendations

The primary objective of the Strathroy-Caradoc E.L.S. is to provide a long-term vision for the Municipality's Employment Areas that ensures that Employment Areas continued to develop in a competitive and sustainable manner. Fundamental to this objective is an adequate supply and market choice of Urban Employment Area lands over the next 25 years and beyond within well-defined designated Employment Areas located primarily in Strathroy, and to a lesser extent in Mount Brydges. Employment Areas should be developed in a manner that allows the Municipality to build on past successes, while further enhancing the economic base through continued growth in a diverse range of employment sectors within the context of evolving macro-economic trends.

The purpose of this chapter is to provide O.P. policy direction and recommendations that will assist Strathroy-Caradoc in effectively managing its Urban Employment Area lands over the 25-year planning horizon and beyond. According to the P.P.S. 2020, policy 1.3.2.7, municipalities may plan beyond 25 years for the long-term protection of Employment Areas provided lands are not designated beyond the planning horizon.

7.1 Proposed Designated Employment Lands Conversion Evaluation

According to the P.P.S, 2020, a conversion of Employment Area land to non-employment use must be demonstrated during a comprehensive review that the land is not required for employment purposes over the long term and there is a need for the conversion. Further, the conversion of the proposed non-employment uses would not adversely affect the overall viability of the Employment Area, and the existing or planned infrastructure is available to accommodate the proposed uses.¹²

The Consultant Team has prepared an evaluation criteria based on best practices and in accordance with the P.P.S. 2020.

1. Site is located outside an established or proposed industrial/business park or site is isolated from surrounding designated employment lands.

¹²PPS, 2020, policy 1.3.2.5.

2. Site is surrounded by non-employment land uses on at least three sides.
3. Conversion would not create incompatible land uses or conversion of site will not negatively affect employment lands in the area.
4. Conversion would be consistent/supportive of Municipal policy planning objectives and conversion doesn't contravene any Municipal policy planning objectives.
5. Site offers limited market choice for employment lands development due to size, configuration, physical conditions and other attributes.
6. Site does not offer potential future expansion on existing or neighbouring employment land.

7.2 Policy Recommendations

The following policy recommendations and action items support the guiding principles of the Strathroy-Caradoc E.L.S and build on the existing provincial and County of Middlesex policy frameworks. Each strategic recommendation outlines the current issues and opportunities associated with it, as well as policy or process-based actions for the Municipality of Strathroy-Caradoc to consider in its land-use and economic development planning activities.

| Recommendation 1: Continue to Plan for Future Urban Employment Lands Development within the Municipality of Strathroy-Caradoc | |
|---|--|
| Opportunities and Challenges | As identified in Chapter 6, the Municipality is anticipated to absorb a total of 141 net ha (348 net acres) of land within its Urban Employment Areas over the next 30 years (to 2051). Strathroy-Caradoc has a shortfall of 58 gross ha (143 gross acres) of Urban Employment Area lands over the next 25 years (to 2046), which increases to 88 ha (217 gross acres) over the 30-year horizon (to 2051). |
| Recommended Actions | <ul style="list-style-type: none"> • Explore Employment Area expansion options, preferably an expansion with proximity to the 402 Highway. The preferred Employment Expansion Area will be subject to section 1.1.3.8 of the P.P.S., 2020. |



| Recommendation 2: Ensure that Employment Area Lands are Well Adapted to Structural Changes Occurring in the Evolving Macro Economy | |
|---|---|
| Opportunities and Challenges | Structural changes occurring in the macro economy pose potential challenges and opportunities for future growth on employment lands in Strathroy-Caradoc. Given evolving trends in the Southern Ontario economy towards the knowledge-based sector, Strathroy-Caradoc will need to encourage and accommodate a wide range of business service and office uses, as well as employment-supportive uses in Employment Areas where appropriate. |
| Recommended Actions | <ul style="list-style-type: none"> Recognize the importance of Urban Employment Area lands in accommodating knowledge-based sectors in addition to traditional industrial sectors in the Municipality’s O.P. |

| Recommendation 3: Restrict Major Retail Uses in Urban Employment Areas | |
|---|--|
| Opportunities and Challenges | Large, freestanding, retail uses can potentially create negative impacts on the surrounding industrial or employment uses or impact the future prospects of the area for industrial development. Though large, freestanding, retail uses generate employment, they may also absorb large shares of land through their configuration or requirements (e.g., parking), draw considerable traffic from outside the immediate area (creating congestion in the industrial area), or affect the character of the Employment Area. As such, approaches should be developed to discourage major retail development in Urban Employment Areas. |
| Recommended Actions | <ul style="list-style-type: none"> Define major retail in the Municipality of Strathroy-Caradoc O.P as follows: “large-scale or large-format stand-alone retail stores or retail centres, having a gross leasable area of 2,000 sq.m or greater, that have the primary purpose of commercial activities.” |



| Recommendation 4: Provide Stronger Direction Regarding Employment-Supportive Uses in Urban Employment Areas | |
|---|---|
| Opportunities and Challenges | Recognizing the recent structural changes in the economy, there has been a shift in planning philosophy that calls for developing Urban Employment Areas that provide a wider range of employment-supportive uses and amenities, generally clustered at strategic locations (i.e., at major intersections, on the fringe of Employment Areas or transition areas). That said, the intention of employment-supportive uses in Urban Employment Areas should be to serve the needs of employers within the Employment Areas as opposed to the broader population. For this reason, major retail is not recommended in Employment Areas (refer to Recommendation 3). |
| Recommended Actions | <ul style="list-style-type: none"> • Introduce more defined policy direction in the Municipality’s O.P. to outline the goals and objectives related to employment-supportive uses in Urban Employment Areas (e.g., non-industrial, non-office uses should be of limited scale, or focused on serving businesses and employees in the Employment Areas). Such uses should minimize potential land-use conflicts and support a viable mix of commercial and industrial land uses. • Consider the introduction of more defined criteria or descriptions regarding the appropriate type, size and location of complementary non-industrial uses in Urban Employment Areas (e.g., eating establishments, daycares, personal and health care services and smaller-scale, service-oriented businesses) at strategic and accessible locations in existing and future Urban Employment Areas, where appropriate. |

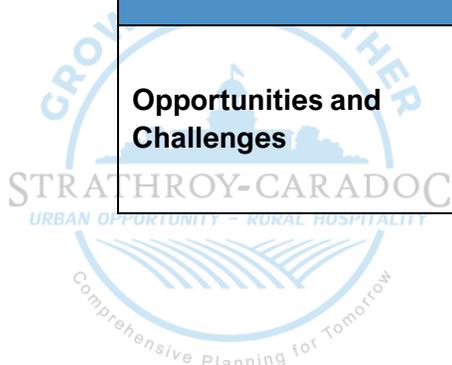
| Recommendation 5: Explore Opportunities for Intensification of Employment Lands within Urban Settlement Areas | |
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| Opportunities and Challenges | Future redevelopment, expansion and infill opportunities will continue to exist as the Municipality’s Urban Employment Areas continue to mature and evolve. The intensification potential on occupied and underutilized employment lands is not well understood given uncertainties regarding the future intentions of existing landowners. |
| Recommended Actions | <ul style="list-style-type: none"> • Promote and facilitate intensification/infill opportunities in existing Urban Employment Areas. • Explore opportunities for infill and redevelopment in mature industrial areas. |



| Recommendation 5: Explore Opportunities for Intensification of Employment Lands within Urban Settlement Areas | |
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| | <ul style="list-style-type: none"> • Work with landowners of large infill or redevelopment sites to assess interest in developing the lands and assessing feasibility of development. • Explore redevelopment opportunities on brownfield industrial sites. • Explore public-private partnerships that would encourage intensification and infill development opportunities within Employment Areas. |

| Recommendation 6: Plan for an Urban Employment Area Density Target of 13 jobs/net ha and Monitor Density | |
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| Opportunities and Challenges | <p>Based on a review of existing business activity and employment, it was determined that Strathroy-Caradoc has an average employment density of 13 jobs per net ha (5 jobs per net acre) on developed urban employment lands.</p> <p>It is recommended that Strathroy-Caradoc target a density on urban employment lands comparable to current market trends for the purpose of long-term urban employment land needs analysis.</p> |
| Recommended Actions | <ul style="list-style-type: none"> • Note: the recommended average density on employment lands has been informed by recent and anticipated market trends and it is foreseeable that future density levels achieved on employment lands could differ, depending on the regional and local industrial market conditions. • Accordingly, monitor future employment density trends on employment lands on a five-year basis. • Track employment lands absorption and employment growth associated with these lands. |

| Recommendation 7: Continue to Promote the Municipality’s Employment Areas and Identify Opportunities for Further Municipal Involvement in the Development of Employment Areas | |
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| Opportunities and Challenges | <p>Strathroy-Caradoc’s Employment Areas are important to the regional economy and account for a significant percentage of jobs in the Municipality. The Municipality should continue its active involvement</p> |



| Recommendation 7: Continue to Promote the Municipality’s Employment Areas and Identify Opportunities for Further Municipal Involvement in the Development of Employment Areas | |
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| | in the development and promotion of Employment Areas by exploring opportunities to improve its competitiveness in the market. |
| Recommended Actions | <ul style="list-style-type: none"> Maintain an active partnership with the County’s Invest in Middlesex enterprise and continue to provide local insight to the organization on key issues facing industry and business in Strathroy-Caradoc, as well as advocate on initiatives and programs that benefit Strathroy-Caradoc. Continue to support the municipal role in employment lands development in Strathroy-Caradoc and explore future expansion opportunities. Explore opportunities to establish incubator facilities within Strathroy-Caradoc to promote and encourage the development of start-up industries, particularly related to knowledge-based sectors and other export-based emerging industry clusters. |

| Recommendation 8: Establish O.P. Policies to Protect Urban Employment Areas, including an Employment Area Conversion Framework | |
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| Opportunities and Challenges | <p>The conversion of Employment Area lands to non-employment uses negatively impacts Strathroy-Caradoc’s economy in several ways:</p> <ul style="list-style-type: none"> It erodes the Municipality’s finite supply of designated Urban Employment Area lands; It potentially fragments the existing Employment Area land supply; and; It generally impedes the Municipality’s potential to accommodate “basic” or export-based job opportunities. <p>In very specific cases, through a comprehensive review (C.R.), the conversion of Urban Employment Area Lands to non-employment uses may be justified from a land-use planning and economic perspective.</p> <p>While section 7.3 of the Municipality’s O.P. notes that the conversion of lands within Employment Areas to non-employment uses may be permitted through a C.R., no direction is provided with respect to how subject employment land sites of interest within Employment Areas (i.e. non-employment development applications) are to be evaluated</p> |



| Recommendation 8: Establish O.P. Policies to Protect Urban Employment Areas, including an Employment Area Conversion Framework | |
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| | from a planning and economic standpoint for conversion to a non-employment use. The existing County of Middlesex O.P. does not provide a framework to evaluate Employment Area conversions. |
| Recommended Actions | <ul style="list-style-type: none"> Establish O.P. policies that stress the importance of protecting Employment Areas, especially those that have full municipal servicing (water/wastewater servicing) and those in proximity to major goods movement facilities and corridors for employment uses requiring those locations (in accordance with P.P.S., 2020 policies 1.3.2.5. and 1.3.2.6.). Building on Section 7.1 as presented herein, develop an approach to evaluating requested conversions on employment lands in collaboration with the County of Middlesex. This evaluation approach should establish criteria that is consistent with P.P.S., 2020 policy 1.3.2.5., supports County and local O.P. objectives and includes site-specific factors such as location, site size, configuration, marketability and future expansion potential. |

| Recommendation 9: Undertake Regular and Ongoing Monitoring of Urban Employment Area Land Supply and Demand to Assist with Longer-term Land-Use Planning and Land Needs | |
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| Opportunities and Challenges | Effectively accommodating urban employment land development over the longer term requires the implementation of programs and mechanisms to accurately receive, catalogue and assess industrial development information, as well as to assess the available supply of urban employment lands within the Municipality. The data collected and presented in this study offers the Municipality a base from which to work, but the Municipality will need to continue to update and monitor the information on a regular basis. |
| Recommended Actions | <ul style="list-style-type: none"> Develop a system for tracking and monitoring Urban Employment Area land supply and demand data, in accordance with the County of Middlesex O.P. policy on monitoring (policy 4.2) and building on baseline data provided in this E.L.S, to assist with longer-term planning and land-needs forecasting. Track development enquires and potential issues with the O.P. policies to ensure the effectiveness of the O.P. in accommodating employment growth which can be reviewed at the next O.P. review. Track the following key employment land supply and demand attributes: |



| Recommendation 9: Undertake Regular and Ongoing Monitoring of Urban Employment Area Land Supply and Demand to Assist with Longer-term Land-Use Planning and Land Needs | |
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| | <ul style="list-style-type: none">○ Historical land absorption on Urban Employment Area Lands by location, sector and size;○ Urban Employment Area land supply (i.e., serviced, serviceable and constrained); and○ Forecast Urban Employment Area land absorption against actual land absorption in Employment Areas.● Undertake a comprehensive update to the E.L.S. every five years at minimum. |

