

Waterfront Toronto

Phase 1: Economic Impact Analysis (2001-2009)



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Executive Summary

- Between 2001 and March 2009, Waterfront Toronto, directly or indirectly through other public agencies, has invested over \$600 million into revitalization projects.
- 89% of Waterfront Toronto’s expenditures were made in Toronto and 95% were made in Ontario.
- The largest share of Waterfront Toronto’s expenditures were made in creative, knowledge-based industries, including design, engineering and environmental services, and construction related industries.
- Waterfront Toronto contributes funds towards projects that are not only under its own direction but also to other public agencies for the provision of regional infrastructure impacting the waterfront, such as GO Transit.
- Direct investment by Waterfront Toronto between 2001 and 2009 has created:
 - Approximately 8,400 full-time years of employment, of which almost 70% were in the City of Toronto. The majority of the jobs created were in the *construction* sector, the *professional, finance, insurance, real estate and leasing* sector, and the *scientific and technical services* sector which are associated with skilled and high value jobs. Jobs in the later sector are largely related to design, engineering and environmental services with a high degree of innovation and are in industries which are targeted by the City and the Province as part of their economic development initiatives.
 - \$1.6 billion in total economic output to the Canadian economy. The majority of this economic growth will accrue in the City of Toronto.
 - Total government revenues of approximately \$180 million to the Federal Government, approximately \$124 million to the Provincial Government, and approximately \$20 million to the City of Toronto.
- Although these expenditures are significant, they are still quite small compared to the recurring benefits, such as permanent jobs, property taxes, income taxes, tourism spending etc. that will be experienced with the development of the office,

residential, commercial and cultural and entertainment uses, that would not occur without the initial direct investment by Waterfront Toronto.

- In addition to these quantitative benefits, the investment and leadership demonstrated by Waterfront Toronto will:
 - enhance Toronto's, Ontario's and Canada's reputation as international visitor destinations;
 - raise the profile of Toronto, Ontario and Canada as a world-class place to do business and to work;
 - develop Toronto's reputation as a true-waterfront City, that rivals the best in the world;
 - demonstrate Canadian leadership in the area of urban sustainability and community revitalizations;
 - competitively position Toronto as a leading global centre for creativity, design, and green innovation; and
 - attract billions of dollars in private sector construction and business investment.

1. Introduction

Following the release of the Toronto Waterfront Revitalization Task Force's report in March 2000, the Government of Canada, the Province of Ontario, and the City of Toronto jointly announced their support for the creation of Waterfront Toronto (formerly Toronto Waterfront Revitalization Corporation) to oversee and lead waterfront renewal.

The development of successful waterfront projects in other cities such as London, New York, and Barcelona, has shown that a separate corporation with a strong, clear mandate to coordinate and oversee an integrated strategy is crucial to making waterfront revitalization a reality. Waterfront Toronto was formally established in the fall of 2001, and was up-and-running in February 2002.

The mission of Waterfront Toronto is to position Toronto at the very forefront of an elite group of global cities by transforming the waterfront into a series of beautiful, sustainable communities, that are connected by parks and public spaces, and, which together, foster economic growth in knowledge-based, creative industries, and ultimately – help to redefine how the city, province and country are perceived on the international stage.

To date, Waterfront Toronto, directly or indirectly through other public agencies, has invested over \$600 million into revitalization projects. This investment has led to the creation of jobs and economic growth for the City, the Province and Canada. In addition to these quantifiable benefits, waterfront revitalization generates a wide range of less tangible but potentially more substantial impacts in the way of enhancing the image and profile, growing the City's tourism base, and the introduction and development of sustainable building and design technologies.

Waterfront Toronto is developing a performance measurement framework that will link its strategic objectives to a series of key performance indicators and targets. Waterfront Toronto's strategic objectives are focused on six core themes:

1. Strategic Development
2. Design Excellence
3. Public Accessibility

4. Economic Prosperity
5. Fiscal Sustainability
6. Operational Effectiveness

Inherent in Economic Prosperity and Fiscal Sustainability are key performance indicators focused on the economic impact of waterfront revitalization. This report responds to Waterfront Toronto's desire to measure the economic impact of its direct investment in waterfront revitalization, as well as the indirect, multiplier impacts of these investments, including value added.

This report is the first of two phases examining the direct, indirect and induced impacts of Waterfront Toronto's revitalization investment. This first phase focuses on the economic impacts of Waterfront Toronto's investments from its inception through 2009. A second phase will be completed in the coming months that will measure the impacts of future investments, which, based on the scope of the Plan, are extensive.

2. Direct Investment by Waterfront Toronto

Since 2001 Waterfront Toronto has taken a leadership role in planning and implementing the revitalization of Toronto's waterfront. Between 2001 and 2009 Waterfront Toronto has invested a total of \$641.9 million, either through expenditures by the organization or through infrastructure investment by other public sector agencies on Waterfront Toronto projects. The first step in analyzing the economic impact of Waterfront Toronto's investments is to review historic expenditure patterns and the distribution of these expenditures by various industry categories. For the purposes of our analysis, industry categories have been defined using the 2007 North American Industry Classification System (NAICS).

Waterfront Toronto's direct expenditures fall into one of two categories: those made directly by the organization and those made by others on behalf of Waterfront Toronto. An example of the latter would be the flood protection landform in the West Don Lands, which is being constructed by the Ontario Realty Corporation.

In the case of Waterfront Toronto expenditures, which account for 74% of the direct investment, urbanMetrics had access to detailed financial reports, which provided a description of each expenditure, the nature of the project, and the location of the vendor that provided the service or material. Where expenditures were made by other agencies, the financial data was not as precise, and some estimates were required in order to allocate expenditures by industry sector. These estimates were based on the type of project and Waterfront Toronto's own spending patterns on similar projects.

Direct expenditure patterns have been illustrated in Figures 2-1 to 2-3. Expenditures shown in these figures are in current dollar values excluding inflation.

Figure 2-1 summarizes total expenditures between April 1, 2001 and March 30, 2009 by industry classification and vendor origin.

Figure 2-1: Direct Expenditure by Industry Category and Vendor Origin

Industry Category (NAICS 2007)	Vendor Origin				Total	% of Total Expenditures
	Toronto	Other Ontario	Other Canada	International		
Accommodation and Food Services	\$620,000	\$8,000	\$1,000	\$0	\$629,000	0%
Administrative and Other Support Services	\$1,411,000	\$86,000	\$209,000	\$3,000	\$1,710,000	0%
Arts, Entertainment and Recreation	\$277,000	\$0	\$3,000	\$0	\$279,000	0%
Construction	\$203,856,000	\$15,118,000	\$572,000	\$0	\$219,546,000	34%
Crop and Animal Production	\$0	\$8,000	\$0	\$0	\$8,000	0%
Education Services	\$132,000	\$11,000	\$1,000	\$0	\$144,000	0%
Finance, Insurance, Real Estate and Renting and Leasing	\$165,612,000	\$1,466,000	\$13,000	\$121,000	\$167,211,000	26%
Public Administration	\$35,589,000	\$644,000	\$0	\$0	\$36,233,000	6%
Information and Cultural Industries	\$2,415,000	\$180,000	\$40,000	\$82,000	\$2,717,000	0%
Manufacturing	\$963,000	\$61,000	\$472,000	\$0	\$1,496,000	0%
Mining and Oil and Gas Extraction	\$11,000	\$163,000	\$0	\$0	\$173,000	0%
Other Services (Except Public Administration)	\$1,146,000	\$25,000	\$0	\$1,866,000	\$3,037,000	0%
Professional, Scientific and Technical Services	\$142,339,000	\$20,435,000	\$6,946,000	\$24,567,000	\$194,287,000	30%
Retail Trade	\$273,000	\$229,000	\$0	\$0	\$502,000	0%
Transportation and Warehousing	\$1,649,000	\$137,000	\$14,000	\$18,000	\$1,818,000	0%
Utilities	\$9,871,000	\$0	\$0	\$0	\$9,871,000	2%
Wholesale Trade	\$2,115,000	\$123,000	\$0	\$0	\$2,239,000	0%
Grand Total	\$568,279,000	\$38,693,000	\$8,271,000	\$26,657,000	\$641,899,000	100%
Percentage of Total Expenditures	89%	6%	1%	4%	100%	

Source: Waterfront Toronto, 2009; Ontario Realty Corporation, 2009; urban Metrics estimates, 2009

Note: Figures have been rounded to nearest \$1,000

Figure 2-2 illustrates spending by year. As noted by this figure, expenditures have generally increased over time, reflecting the movement of projects from the conceptualization and design phases through to construction and implementation.

Figure 2-2: Direct Investment by Industry Category and Fiscal Year

Industry Category	Fiscal Year								Total
	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	
Accommodation and Food Services	\$0	\$23,000	\$34,000	\$53,000	\$89,000	\$157,000	\$156,000	\$116,000	\$629,000
Administrative and Other Support Services	\$0	\$101,000	\$103,000	\$18,000	\$196,000	\$327,000	\$446,000	\$520,000	\$1,710,000
Arts, Entertainment and Recreation	\$0	\$0	\$3,000	\$3,000	\$10,000	\$20,000	\$132,000	\$111,000	\$279,000
Construction	\$0	\$73,000	\$2,229,000	\$18,428,000	\$40,409,000	\$46,911,000	\$30,323,000	\$81,172,000	\$219,546,000
Crop and Animal Production	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000	\$8,000
Education Services	\$0	\$0	\$0	\$2,000	\$2,000	\$6,000	\$38,000	\$95,000	\$144,000
Finance, Insurance, Real Estate and Renting and Leasing	\$26,000	\$590,000	\$15,023,000	\$6,872,000	\$21,813,000	\$19,517,000	\$32,153,000	\$71,218,000	\$167,211,000
Public Administration	\$164,000	\$2,905,000	\$4,298,000	-\$4,764,000	\$4,573,000	\$4,133,000	\$8,478,000	\$12,943,000	\$36,233,000
Information and Cultural Industries	\$0	\$345,000	\$185,000	\$166,000	\$257,000	\$438,000	\$503,000	\$823,000	\$2,717,000
Manufacturing	\$0	\$21,000	\$15,000	\$20,000	\$28,000	\$146,000	\$395,000	\$872,000	\$1,496,000
Mining and Oil and Gas Extraction	\$0	\$0	\$0	\$0	\$21,000	\$36,000	\$75,000	\$40,000	\$173,000
Other Services (Except Public Administration)	\$0	\$8,000	\$19,000	\$106,000	\$586,000	\$1,403,000	\$777,000	\$139,000	\$3,037,000
Professional, Scientific and Technical Services	\$467,000	\$7,536,000	\$9,588,000	\$23,706,000	\$27,891,000	\$23,444,000	\$42,990,000	\$58,665,000	\$194,287,000
Retail Trade	\$0	\$221,000	\$24,000	\$14,000	\$29,000	\$75,000	\$84,000	\$56,000	\$502,000
Transportation and Warehousing	\$0	\$11,000	\$1,599,000	-\$1,524,000	\$67,000	\$176,000	\$1,418,000	\$71,000	\$1,818,000
Utilities	\$0	\$0	\$0	\$0	\$0	\$51,000	\$41,000	\$9,778,000	\$9,871,000
Wholesale Trade	\$0	-\$15,000	\$142,000	\$111,000	\$97,000	\$412,000	\$326,000	\$1,165,000	\$2,239,000
Grand Total	\$657,000	\$11,820,000	\$33,262,000	\$46,714,000	\$96,068,000	\$97,253,000	\$118,335,000	\$237,791,000	\$641,899,000

Source: Waterfront Toronto, 2009; Ontario Realty Corporation, 2009; urbanMetrics estimates, 2009

Note: Figures have been rounded to nearest \$1,000

The following table illustrates the distribution of Waterfront Toronto’s direct expenditures by project/precinct.

Figure 2-3: Direct Expenditures by Project/Precinct

Project/Precinct	Amount*	Percentage of Total Expenditures
Corporate	\$44,497,000	7%
Central Waterfront	\$77,433,000	12%
District Energy Facility	\$12,180,000	2%
East Bayfront (1)	\$112,201,000	17%
Lower Don Lands	\$43,589,000	7%
Lake Ontario Park	\$15,877,000	2%
Port Lands Area	\$5,233,000	1%
Suburban Parks	\$24,764,000	4%
Transportation	\$32,597,000	5%
West Don Lands (2)	\$92,380,000	14%
Waterfront Wide Initiative	\$13,731,000	2%
Sub Total - Waterfront Toronto Directed Projects	\$474,482,000	74%
Go Transit Expansion	\$130,000,000	10%
Union Pearson Link	\$25,000,000	4%
Harbourfront Centre Operating Funds	\$1,400,000	0%
Discovery Centre	\$1,000,000	0%
Waterfront Project Secretariat (City)	\$2,424,000	0%
Waterfront Project Secretariat (Federal)	\$4,492,000	1%
Technical Studies	\$2,100,000	0%
Dockwall Repairs (City)	\$1,000,000	0%
Total - All Waterfront Toronto Expenditures	\$641,899,000	100%

Source: Waterfront Toronto, 2009; Ontario Realty Corporation, 2009; urban Metrics estimates, 2009

1) Includes Waterfront Toronto expenditures relating to the Corus Entertainment Building

2) Includes flood protection landform

Note: Figures have been rounded to nearest \$1,000

Central Waterfront

In addition to other projects, Waterfront Toronto has focused its initiatives on four geographic precincts along the water's edge. The Central Waterfront, which extends 3.5 kilometres from Bathurst Street to Parliament Street, is the most developed of the four. While there has been much development over the past few decades, it generally lacks a coherent look and feel, and it is difficult to distinguish public from private space. The plan for the central waterfront features a continuous promenade and boardwalk connecting new public spaces that are supported by a series of pedestrian bridges. Investment in the Central Waterfront by Waterfront Toronto has included the construction of the Spadina WaveDeck and continued planning of the continuous public waters edge and boardwalk and the Reese and Simcoe WaveDecks. Waterfront Toronto also contributed to the development of the Corus Entertainment office complex.



Spadina WaveDeck



East Bayfront Rendering

East Bayfront

Roughly the same size as Canary Wharf and Battery Park City, East Bayfront is the jewel in the waterfront crown. Located right on the water, this 22 hectare (55 acres) site is within walking distance of Toronto's financial core, as well as several established neighbourhoods and dozens of entertainment and cultural attractions.

East Bayfront is being targeted as a prime site to attract significant new employers to the city. The new district will have 7,000 residential units, jobs for 8,000 people to 1.5 km of continuous water's edge promenade. This project is still in the planning and predevelopment stages. Investment to date has primarily involved the planning and design of public spaces and land acquisition.



Berm Construction on West Don Lands

West Don Lands

The West Don Lands is comprised of 80 acres that runs from Parliament Street in the west to the Don River in the east and from King Street down to the rail corridor. The area is almost entirely owned by the provincial government. Key Elements of the West Don Lands Precinct Plan include 5,800 residential units, 23 acres of parks, transit connections within five minutes of each home, and one million square feet of employment uses.

In May 2005, Waterfront Toronto received Toronto City Council approval for the West Don Lands Precinct Plan. Implementation is now well underway for West Don Lands revitalization. Work being done to prepare for this revitalization is being carried out in partnership with the Ontario Realty Corporation and Toronto and Region Conservation.

Work to date has included:

- Master Planning of the Community
- Building Demolition
- Soil and Groundwater Management
- CN Bridge Expansion
- Flood Protection and Infrastructure
- Bayview Avenue Realignment
- River Street Extension

Lower Don Lands

The Lower Don Lands is an area that generally bounded by the Don rail yard and Gardiner Expressway on the north, the Parliament Street slip on the west, the shipping channel on the south and Don Road on the east.

Waterfront Toronto, the City of Toronto and Toronto Transit Commission, as tri-proponents, are undertaking a study that integrates the Municipal Class Environmental Assessment (Class EA) process with the Precinct Planning process, in this area.

A Master Plan will be developed for transportation (including transit), water/wastewater and storm water management in the Lower Don Lands Area, in accordance with the Municipal Class EA 2000, as amended in 2007 (Phases 1 and 2). To date, expenditures by the three partners have primarily included planning and the conducting of environmental assessments.



Lower Don Lands Concept

Other Initiatives

Outside of the four precincts, Waterfront Toronto has invested in a range of other initiatives, including:

- The completion of a Master Plan for **Lake Ontario Park**, extending from Cherry Beech to Ashbridges Bay, connecting to the Eastern Beeches.
- The design of a **District Energy Centre** – a centralized sustainable energy facility to meet the heating and cooling demands of the new waterfront neighbourhoods.
- The development of **Mimico Waterfront Park** in Etobicoke and the first phase of **Port Union Waterfront Park** in Scarborough.

- The construction of Cherry Beach Sports Fields and the Leslie Street Greening in the **Port Lands**.
- **Transportation Investments** over the entire waterfront, such as planning for the Union Station Subway second platform, the Gardiner/Lakeshore Blvd Environmental Assessments, and the planning and construction of the extension of Front Street.
- **Other Waterfront Wide Initiatives**, including sustainability initiatives, intelligent communities initiative, and soil remediation.
- Capital contributions to the expansion of **GO Transit Service** and the **Union Pearson Link**.

2.1 Expenditure Summary

Highlights of Waterfront Toronto's expenditures to date include:

- **89% of Waterfront Toronto's expenditures were made locally.** Of the \$641.9 million spent to date, \$568.3 million has been directed toward businesses that are located directly within the City of Toronto.
- **95% of all Waterfront Toronto's expenditures were made within Ontario.** Almost \$606.9 million has been directed to businesses based in Ontario. Most of these expenditures have been made in the *Professional, Scientific and Technical Services*, and *Construction*, and *Finance, Insurance, Real Estate and Renting and Leasing* industries which combined employed almost 20% of Ontario's workforce in 2006.
- **Only 4% of Waterfront Toronto's expenditures were made outside of Canada.** Typically these expenditures were made in the design and engineering categories. It is important to note that international firms bidding on Waterfront Toronto projects were required to partner with local firms allowing for a transfer of knowledge and expertise.
- **Some 34% of Waterfront Toronto's expenditures were made in the construction industry.** These expenditures have gone towards highly paid skilled workers who are working on Waterfront Toronto directed projects including the flood protection landform in the West Don Lands, Cherry Beach Sport Fields, Spadina, Rees and Simcoe WaveDecks, and the Mimico and Port Union waterfront parks, among others. Expenditures in construction support the high skilled

and high wage jobs in this industry. Economic spin-offs from the construction industry include secondary expenditures on materials and equipment, much of which is sourced from Canadian companies.

- **Approximately one third of Waterfront Toronto’s expenditures were directed toward creative and knowledge-based industries.** Waterfront Toronto has made 30% of their expenditures in the *Professional, Scientific and Technical Services* industry and were related to planning and design, as well as other preliminary work on the various waterfront precincts. As has been outlined in considerable detail in the work of Richard Florida, the creative industries will be the primary driver of economic growth in Canada in the future. Investment in these industries will have lasting impacts that cannot be illustrated by economic modelling alone. Secondly, as discussed in Section 5, there is a direct relationship between public sector design and private sector investment. Projects with high quality public design components are able to attract increased private sector investment through higher densities, higher value land uses, and higher value construction.
- **The reach of Waterfront Toronto’s expenditures extends well beyond the waterfront.** Waterfront Toronto contributes funds towards projects that are not only under its own direction but also to other public agencies for the provision of regional infrastructure that have an impact on the waterfront. Thus far these expenditures include a \$130 million capital contribution towards Go Transit’s track and signal upgrades.
- **Some 26% of expenditures support the Finance, Insurance and Real Estate Sector.** Based on total employment, the “FIRE” sector is, by far, Toronto’s most important industry. The City of Toronto is actively positioning itself as a global centre of finance – one that is directly supported by a highly respected banking and capital market regime. To date, expenses in this category are largely related to the acquisition of land for parks and community-based development. By acquiring and consolidating development parcels, Waterfront Toronto is enhancing the longer term value of its investment – another impact that cannot be represented in traditional economic modelling.

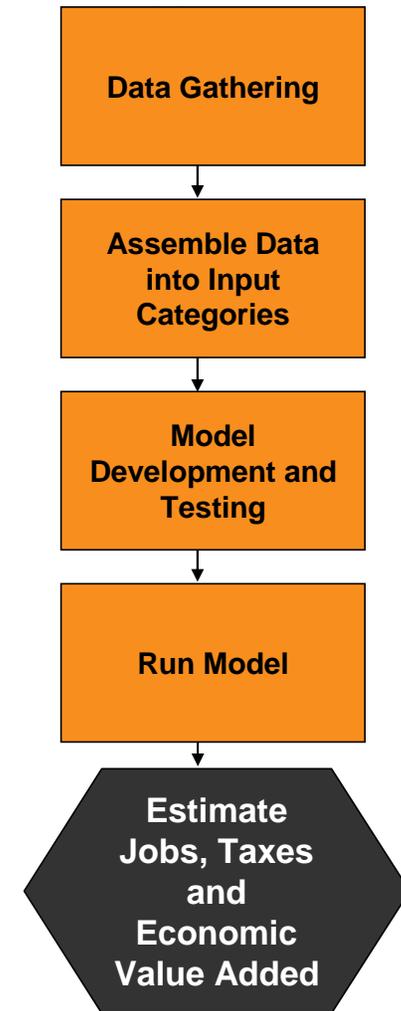
3. Economic Impact Approach

The economic impacts of the investment by Waterfront Toronto have been estimated using two separate approaches: quantitative and qualitative. The quantitative impacts, which are discussed in the following two sections have been estimated using a mathematical model which simulates the flow of expenditures through the economy. The model is designed to provide Waterfront Toronto with a reliable measure of the impact of their expenditures on job creation, incomes, value added to the economy and taxes and other government revenues.

As illustrated on the diagram to the right, the main steps in running an economic impact model are: compiling the input spending data; assembling the data to ensure all expenses are accounted for and divided into categories to ensure that the individual economic sectors are appropriately represented; calibrating the model to the local economy using employment data; testing against expected results; and running the finalized version of the model.

The expenditure data was provided to urbanMetrics by Waterfront Toronto. Total expenditures, which amounted to over \$641 million from April, 2001 to March, 2009 were derived from two sources. Direct expenditures by Waterfront Toronto were itemized in detail by Waterfront Toronto staff, and included the nature of the expenditure, vendor and vendor’s origin. Expenditures made on Waterfront Toronto projects by other organizations, such as the Ontario Realty Corporation, were less detailed. In some cases, estimates had to be made with regards to the nature of each expenditure item. The data gathering stage involved several meetings with Waterfront Toronto’s financial and technical staff to review expenditures and to confirm assumptions made by urbanMetrics.

Economic Impact Model General Approach



The data assembly stage involved allocating each expenditure item to an industry sectors using the 2007 North American Industry Classification System (NAICS) and by vendor origin. Vendor origin was based on invoice addresses and was classified as either:

- City of Toronto
- Other Ontario
- Other Canada
- Outside Canada

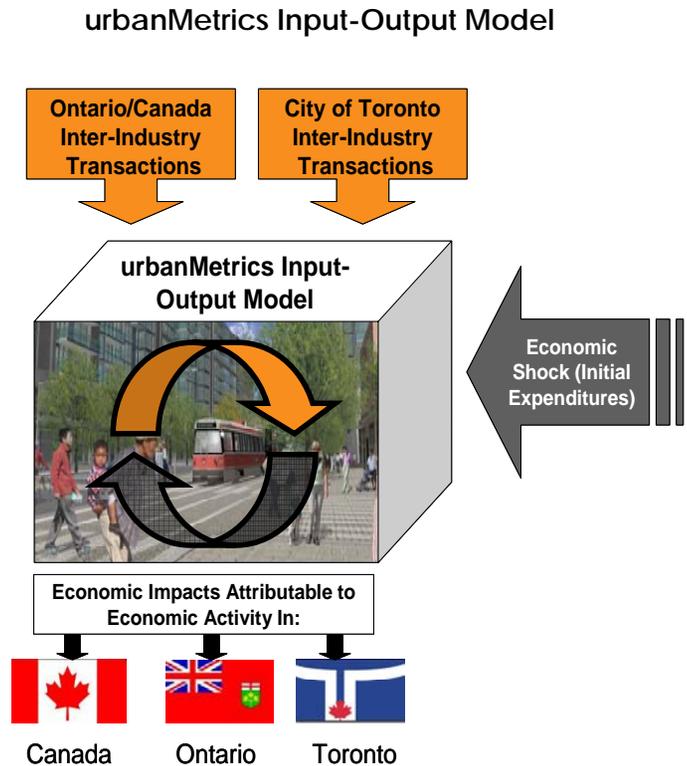
Vendor origin was used only to determine if there was an extreme pattern of expenditures that may require making adjustments to the model. In this case, expenditure by vendor origin was considered within a normal range for similar projects and was adequately accounted for by the model. As a result, they have been used in this report for illustrative purposes only and do not affect the results produced by the model.

3.1 urbanMetrics Economic Impact Model

The economic impact of Waterfront Toronto’s historic investments has been measured at the national, provincial and municipal level, through the use of the urbanMetrics Input-Output model.

Our model is based on Input-Output tables produced by Statistics Canada. These tables illustrate the structure of the economy through the depiction of transactions (sales and purchases) made among and between different industry sectors of the economy.

National, Provincial and local impacts have been determined using Waterfront Toronto expenditure data related to salaries, contracted services, construction materials, professional services, equipment rentals, legal and administrative costs, and other



related costs. These inputs have been analyzed using the urbanMetrics Input-Output model in order to generate value added to the economy, income, employment by sector and tax impacts.

Unlike gross output impacts, value added impacts represent the true incremental expansion to the economy. Therefore, our analysis only considers value added impacts. The model has been developed to generate the following four economic impacts:

- Value Added
- Employment
- Labour Income
- Revenues to the 3 Levels of Government

It considers the **direct impact of spending** by Waterfront Toronto, as well as the **indirect and induced impacts** that are spread more broadly across the Province and Canada.

3.2 Quantitative Estimation of Economic Impacts

Estimating the economic impacts involves modelling the *direct*, *indirect* and *induced* impacts of Waterfront Toronto's investments, on different spatial scales. Specifically, this has involved the estimation of economic multipliers to measure the marginal impact of these expenditures on gross output (sales), value added to GDP, employment, labour income and accrued taxes and tax credits going forward.

This phase of the project involved two stages discussed below:

Stage 1: Data Acquisition from Waterfront Toronto

The accuracy of the economic impact modeling is dependant upon the detail of expenditure data provided by Waterfront Toronto. Most expenditures by Waterfront Toronto are made within Toronto or Ontario. However, the economic impact model used by urbanMetrics assumes that all expenditures are made within the area being modelled and as a result leakage has been built directly into the analysis. Waterfront Toronto expenditures can be classified in three ways:

- Expenditures made by Waterfront Toronto directly;
- Expenditures made by other organizations on behalf of Waterfront; and
- Expenditures made by Waterfront in the form of contributions to larger regional projects that will ultimately aid in the revitalization of the waterfront.

Economic impact multipliers have been calculated for each of these expenditure categories, on a local, provincial and national basis. The components of these multipliers are discussed below in relation to Stage 2 of the modeling process.

Stage 2: Estimation of Economic Impacts

urbanMetrics inc. developed an economic impact model based on the Canadian National Input-Output Accounts, which can be used to estimate the total impact of expenditures on an aggregate and industry-specific basis. For the purposes of this report, the model was calibrated to estimate economic impacts on the Toronto economy as well as on the Ontario and Canadian economies.

The basic principle of the model is the concept that each dollar of expenditure on goods and/or services purchased from a given industry sector circulates and re-circulates within the economy, thereby multiplying the effects of the original expenditure. As such, this process is referred to as the multiplier effect. An estimated multiplier for Waterfront Toronto's expenditures has three components:

- *Direct Impacts*, which represent the initial operating and/or capital investments in the waterfront. These expenditures include the purchase of labour, equipment, other infrastructure and related services;
- *Indirect effects*, which represent the subsequent purchases by suppliers required to produce the goods and services related to original Waterfront Toronto investments; and
- *Induced Impacts*, which result when workers employed in the sectors, stimulated by initial and indirect expenditures, spend portions of their incomes on consumer goods and services.

Direct, indirect and induced impacts are estimated in terms of the following measures:

- **Gross Output** – a measure of total sales throughout the economy in question, as a result of an initial expenditure on goods and/or services produced by an industry.¹
- **Value Added (Gross Provincial Product)** – represents the net impact on the economy after eliminating the double counting that can occur when calculating gross output and lead to the calculation of inflated multipliers. This measure only considers final goods (gross sales less cost of purchased inputs). At the local level “value added” is typically smaller, than the initial expenditure, due to leakage.²

¹ For example with respect to a construction project, an initial expenditure would be made to pay for the design firm and contractor. The design team would then hire staff, purchase equipment and materials, such as computers, software, paper, etc. The construction company, would also hire labourers, pay for construction equipment and materials. The staff in turn would purchase goods and services from their wages to support their everyday living. The sum of all of these expenditures would be the gross output. This, however is not the true impact on the economy as it involves double counting (e.g. the initial expenditure, in reality covered wages and salaries, equipment, etc. of the contractors it hired).

² For example, a firm building a project in one jurisdiction may purchase equipment and supplies from another. Furthermore design and construction employees may live outside of the jurisdiction in which the project is being built and thus spend their wages in other jurisdictions closer to their homes.

- **Employment** – total *full-time, full-year* jobs generated by direct, indirect and induced expenditures. For one-time capital expenditures, such as those being analyzed, the employment figures produced by the model represent years of full-time employment. For example, one job identified by the model represents the equivalent of one person working full-time for the duration of one year.
- **Labour Income** – total value of wages, salaries and benefits received by employees associated with direct, indirect and induced expenditure.
- **Government Revenues** – revenues accruing to federal, provincial and local jurisdictions as a result of direct, indirect and induced expenditures. Revenue categories include personal and corporate income tax, sales taxes (e.g. PST and GST), property taxes and other miscellaneous taxes, tariffs and fees.
- **Multipliers** are expressed by the ratio of total impacts (direct, indirect and induced) to initial expenditures. For example, the value added multiplier is calculated by dividing total value added by the initial expenditure on the bundle of goods and/or services in question. The only exception is that of the employment multiplier, where total employment is divided by direct employment in order to preserve the common units.³

3.3 Qualitative Analysis of Impacts and Benefits

It is important to recognize that the impact of Waterfront Toronto's business activities span beyond the quantifiable impacts (as can be illustrated by the model). In fact, it is likely that these other benefits may dwarf those which have been estimated by the model, for two reasons:

- The model only captures the one-time capital expenditures, which have been made over the past eight years. The most significant impacts will occur once these developments are in place, creating recurring benefits from private investment and visitor expenditures to the area. For example, the capital expenditures made by Waterfront Toronto, will generate not only long term capital spending by the private sector, but result in the creation of permanent jobs associated with the new

³ For example, the gross output multiplier on a \$10 million construction project can be thought of in the following manner. Some \$2 million of the budget was paid to the design firm for staff wages, equipment and materials. Some \$5 million was paid to the construction firm for wages, materials and equipment. Subsequently, design and construction employees paid \$1 million from their wages for food, entertainment, and other living expenses. The gross output would be \$10 + \$5 + \$2 + \$1 million, or \$17 million, or a gross output multiplier of 1.7.

businesses attracted to the water's edge. Economic benefits will be created to the extent that these jobs are *new* to Toronto, Ontario and Canada. Furthermore, as a tourist destination, the capital projects produced by Waterfront Toronto, will attract new visitor expenditures to the City, the Province and to Canada. Where possible, these types of impacts will be addressed in the second phase of our analysis, which addresses planned expenditures by Waterfront Toronto.

- Secondly, innovative capital expenditures, such as those made by Waterfront Toronto produce “qualitative benefits”, which cannot be modelled using traditional economic impact analysis, but none the less, produce economic value. For example, a vast amount of literature exists with regards to the economic development potential of waterfront revitalization projects. This includes academic and trade publications, in addition to a multitude of professional reports. We have reviewed the relevant literature and identified the main economic development impacts associated with waterfront revitalization, which have been summarized in Section 5 of this report. These types of expenditures have attempted to quantify the less tangible results of their investments, including identifying the benefits to communities, regions, provinces and the nation as a whole.

4. Summary of Economic Impacts

The following graphs and figures provide a summary of the economic impacts generated by the investments by Waterfront Toronto between 2001 and 2009. As detailed in Section 2, Waterfront Toronto invested over \$641 million on projects intended to make the waterfront a more compelling, people oriented place.

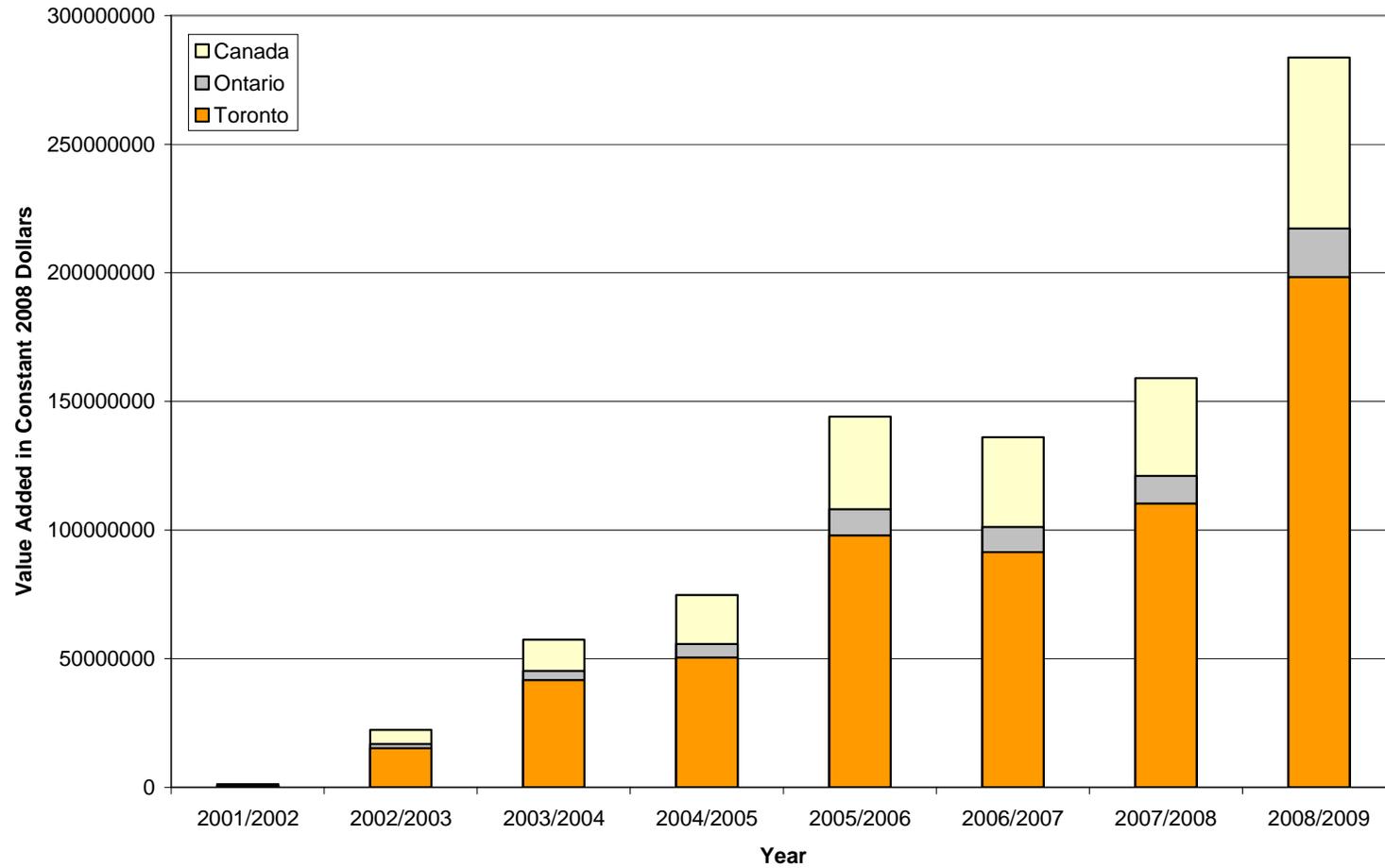
In constant 2008 dollars, this investment equated to approximately \$727.6 million. This investment in the economy will:

- Generate 8,406 full-time years of employment, of which almost 70% will be in the City of Toronto. The majority of these jobs were either construction or the professional, scientific & technical services sectors, which are both associated with skilled and high value jobs. Jobs in the later sector are largely related to design, engineering and environmental services with a high degree of innovation and are in industries which are targeted by the City and the Province as part of their economic development strategies.
- Stimulate \$1.6 billion of gross output for the Canadian economy. The majority of this economic growth will accrue in the City of Toronto.
- Stimulate \$879 million in total value added expenditures, \$411 million of which will be accrued in the City of Toronto
- Result in total government revenues of \$180 million to the Federal Government, \$124 million to the Provincial Government, and \$20 million to the City of Toronto.

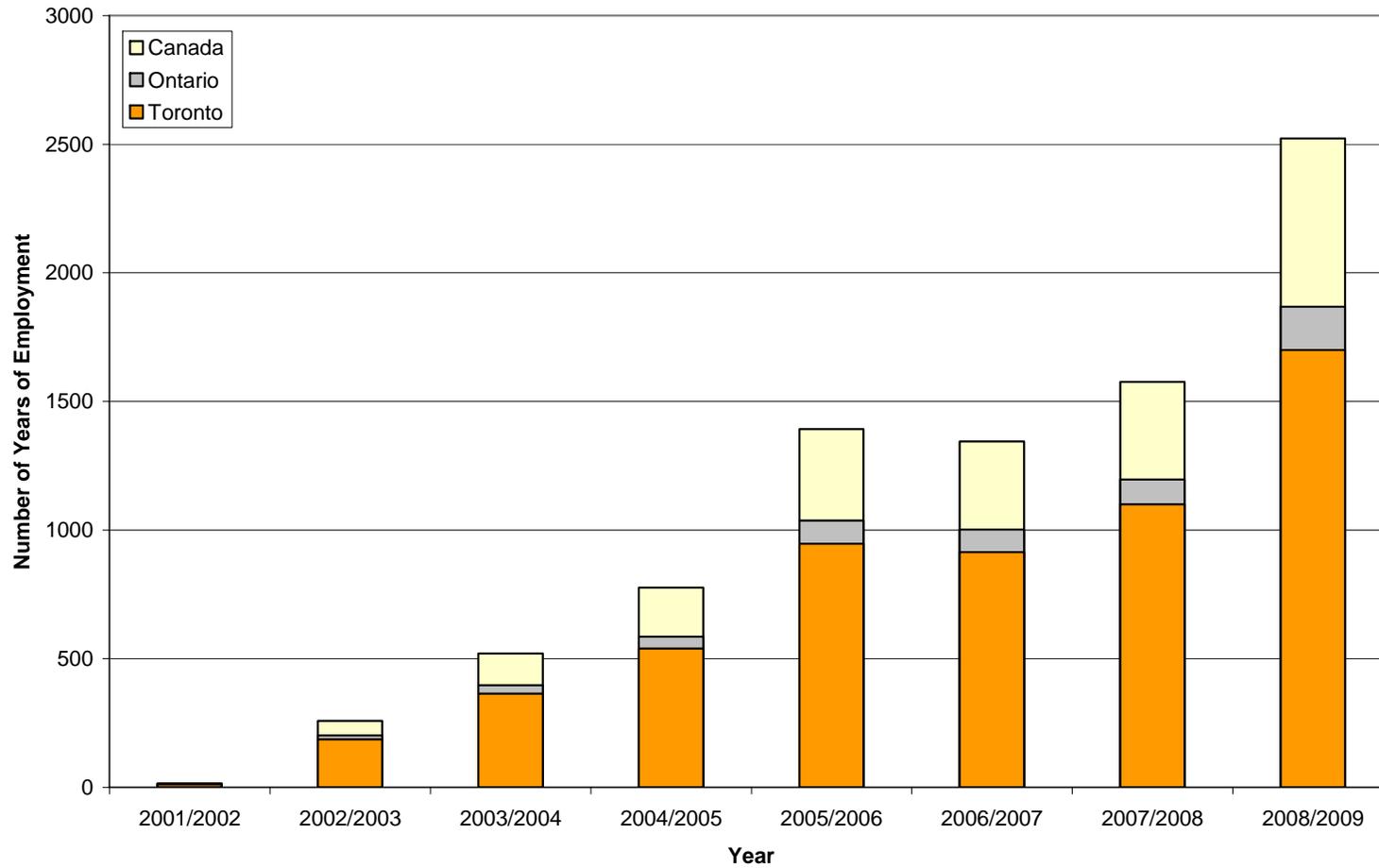
As noted above, although these expenditures are significant, they are still relatively small compared to the recurring benefits, such as permanent jobs, property taxes, income taxes, tourism spending etc. that will be experienced with the development of the commercial, office, residential, cultural and entertainment uses, that could not occur without the investment by Waterfront Toronto.

Furthermore, as is discussed in the following section, there are a wide range of non-quantifiable benefits that will be realized as a result of the Waterfront Toronto plan actually taking shape. Again, these will be many times the size of the one time capital impacts analyzed in this report.

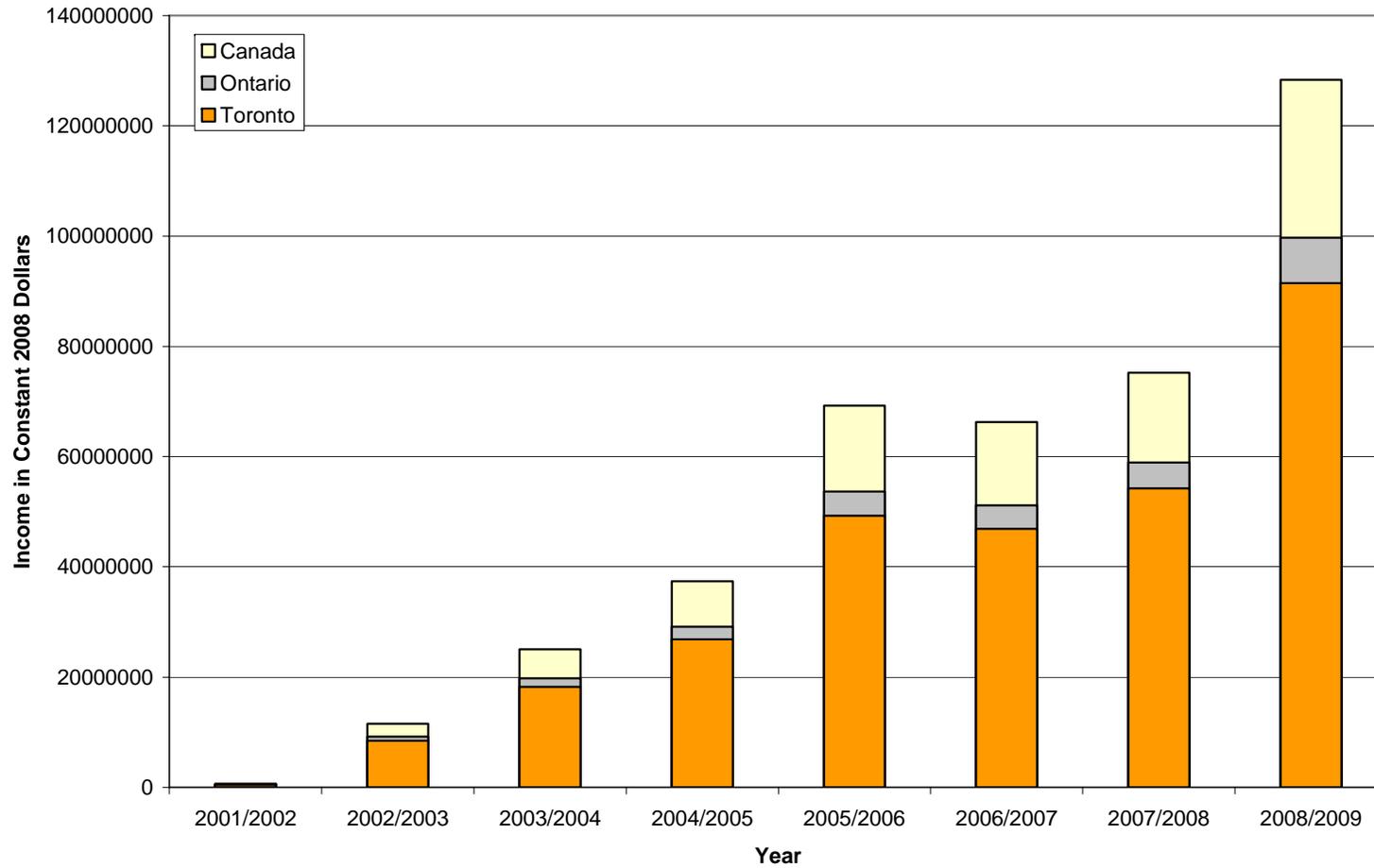
Total Economic Value Added by Waterfront Toronto Expenditures (by year)



Total Employment Impacts of Waterfront Toronto Expenditures (Years of Employment)



Total Labour Income Impacts Generated by Waterfront Toronto Expenditures



Total Government Revenues Generated Through Waterfront Toronto Expenditures

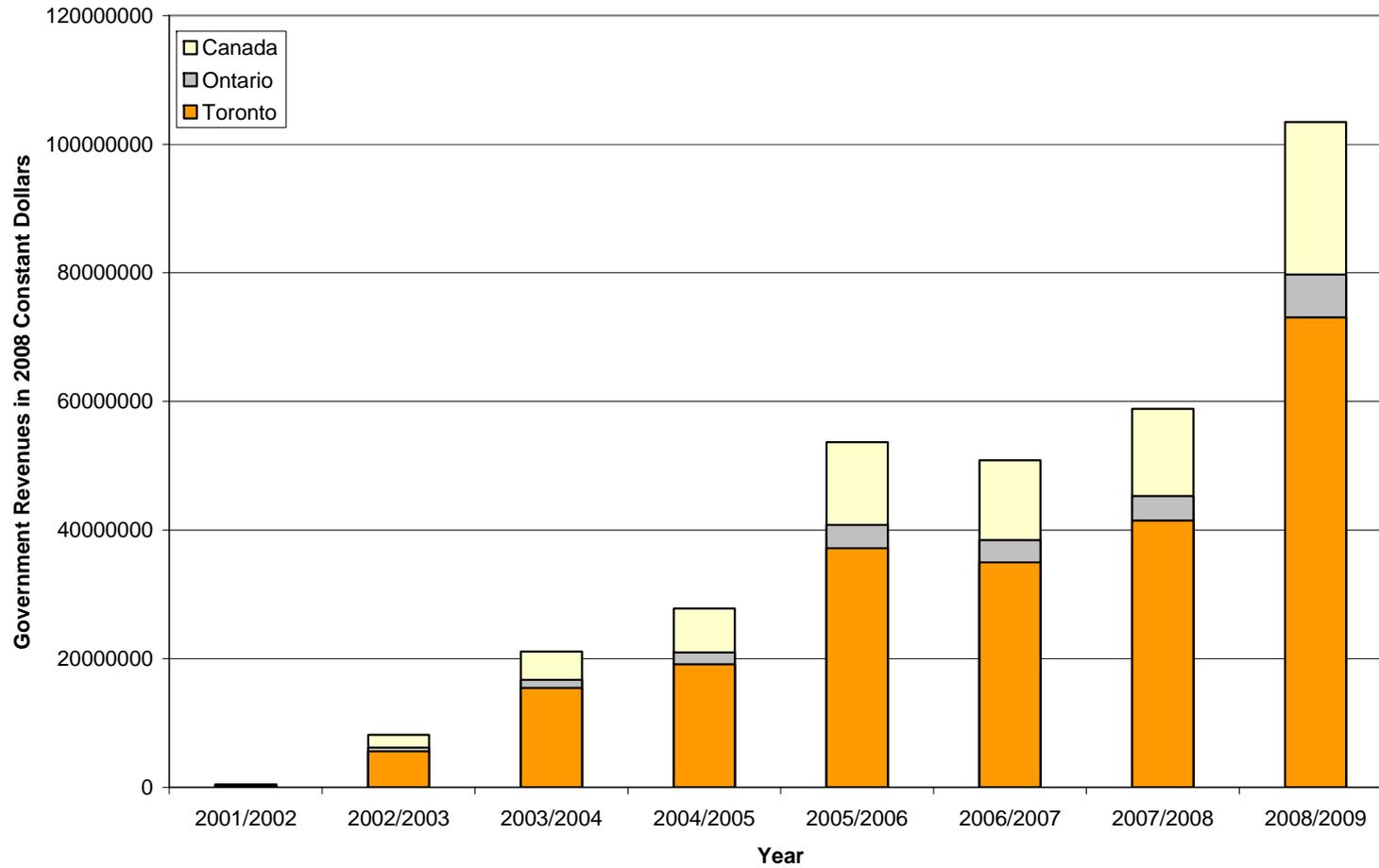


Figure 4-1: Toronto Economic Impact Summary
(Constant 2008 Dollars)

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	Total
Initial Expenditure	\$971,451	\$17,179,814	\$46,619,091	\$61,428,534	\$119,987,735	\$113,828,921	\$129,752,910	\$237,791,011	\$727,559,468
Impact: Gross Output									
<i>Direct</i>	\$971,451	\$17,179,814	\$46,619,091	\$61,428,534	\$119,987,735	\$113,828,921	\$129,752,910	\$237,791,011	\$727,559,468
<i>Indirect and Induced</i>	\$656,833	\$11,506,081	\$26,546,531	\$34,585,322	\$66,204,711	\$61,978,447	\$73,775,229	\$126,400,874	\$401,654,029
Total	\$1,628,284	\$28,685,895	\$73,165,622	\$96,013,856	\$186,192,446	\$175,807,369	\$203,528,139	\$364,191,886	\$1,129,213,497
<i>Multiplier</i>	1.68	1.67	1.57	1.56	1.55	1.54	1.57	1.53	1.55
Impact: Value Added									
<i>Direct</i>	\$543,791	\$9,634,247	\$28,492,499	\$34,478,605	\$65,806,108	\$61,248,469	\$74,679,370	\$136,527,206	\$411,410,296
<i>Indirect and Induced</i>	\$315,493	\$5,551,451	\$13,201,198	\$15,961,165	\$32,118,427	\$30,178,299	\$35,656,677	\$61,800,572	\$194,783,282
Total	\$859,283	\$15,185,698	\$41,693,697	\$50,439,770	\$97,924,535	\$91,426,768	\$110,336,048	\$198,327,778	\$606,193,577
<i>Multiplier</i>	0.88	0.88	0.89	0.82	0.82	0.80	0.85	0.83	0.83
Impact: Employment (Full-Time, Full-Year Employment)									
<i>Direct</i>	7	129	240	388	636	622	758	1,113	3,894
<i>Indirect and Induced</i>	3	57	125	152	310	292	342	587	1,868
Total	11	187	364	540	947	914	1,100	1,700	5,762
<i>Multiplier</i>	1	1	2	1	1	1	1	2	1
Impact: Labour Income									
<i>Direct</i>	\$335,673	\$5,880,284	\$12,289,661	\$19,164,371	\$33,998,856	\$32,461,123	\$37,579,273	\$62,524,960	\$204,234,200
<i>Indirect and Induced</i>	\$149,004	\$2,610,097	\$5,959,357	\$7,667,668	\$15,271,584	\$14,444,937	\$16,665,290	\$28,934,498	\$91,702,436
Total	\$484,677	\$8,490,380	\$18,249,018	\$26,832,039	\$49,270,440	\$46,906,060	\$54,244,563	\$91,459,458	\$295,936,636
Impact: Total Taxes									
<i>Federal</i>	\$204,094	\$3,593,288	\$8,919,480	\$11,876,620	\$22,444,076	\$21,187,629	\$24,942,246	\$43,140,135	\$136,307,568
<i>Provincial</i>	\$97,396	\$1,727,776	\$5,149,552	\$6,048,032	\$12,005,665	\$11,258,483	\$13,432,802	\$23,946,649	\$73,666,355
<i>Local</i>	\$15,088	\$276,392	\$1,396,091	\$1,186,416	\$2,739,461	\$2,531,472	\$3,108,651	\$5,964,702	\$17,218,274
Total	\$316,578	\$5,597,456	\$15,465,124	\$19,111,067	\$37,189,203	\$34,977,583	\$41,483,699	\$73,051,487	\$227,192,197

Figure 4-2: Ontario Economic Impact Summary
(Constant 2008 Dollars)

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	Total
Initial Expenditure	\$971,451	\$17,179,814	\$46,619,091	\$61,428,534	\$119,987,735	\$113,828,921	\$129,752,910	\$237,791,011	\$727,559,468
Impact: Gross Output									
<i>Direct</i>	\$971,451	\$17,179,814	\$46,619,091	\$61,428,534	\$119,987,735	\$113,828,921	\$129,752,910	\$237,791,011	\$727,559,468
<i>Indirect and Induced</i>	\$818,035	\$14,351,390	\$32,880,965	\$44,325,112	\$85,054,785	\$80,305,886	\$93,377,777	\$161,342,814	\$512,456,763
Total	\$1,789,485	\$31,531,204	\$79,500,056	\$105,753,646	\$205,042,520	\$194,134,807	\$223,130,687	\$399,133,825	\$1,240,016,232
<i>Multiplier</i>	1.84	1.84	1.71	1.72	1.71	1.71	1.72	1.68	1.70
Impact: Value Added									
<i>Direct</i>	\$543,791	\$9,634,247	\$28,492,499	\$34,478,605	\$65,806,108	\$61,248,469	\$74,679,370	\$136,527,206	\$411,410,296
<i>Indirect and Induced</i>	\$407,035	\$7,164,198	\$16,750,640	\$21,202,064	\$42,245,496	\$39,962,488	\$46,383,323	\$80,669,100	\$254,784,345
Total	\$950,826	\$16,798,445	\$45,243,140	\$55,680,670	\$108,051,604	\$101,210,957	\$121,062,693	\$217,196,306	\$666,194,641
<i>Multiplier</i>	0.98	0.98	0.97	0.91	0.90	0.89	0.93	0.91	0.92
Impact: Employment (Full-Time, Full-Year Employment)									
<i>Direct</i>	7	129	240	388	636	622	758	1,113	3,894
<i>Indirect and Induced</i>	4	73	157	198	400	379	439	755	2,405
Total	12	202	397	586	1,037	1,001	1,197	1,868	6,300
<i>Multiplier</i>	2	2	2	2	2	2	2	2	2
Impact: Labour Income									
<i>Direct</i>	\$335,673	\$5,880,284	\$12,289,661	\$19,164,371	\$33,998,856	\$32,461,123	\$37,579,273	\$62,524,960	\$204,234,200
<i>Indirect and Induced</i>	\$188,896	\$3,312,541	\$7,505,841	\$9,941,784	\$19,681,243	\$18,705,569	\$21,331,952	\$37,147,804	\$117,815,629
Total	\$524,570	\$9,192,824	\$19,795,502	\$29,106,155	\$53,680,098	\$51,166,692	\$58,911,224	\$99,672,764	\$322,049,829
Impact: Total Taxes									
<i>Federal</i>	\$223,163	\$3,929,015	\$9,658,498	\$12,968,797	\$24,555,069	\$23,227,179	\$27,176,587	\$47,071,326	\$148,809,634
<i>Provincial</i>	\$108,148	\$1,917,017	\$5,565,788	\$6,662,680	\$13,187,449	\$12,398,654	\$14,688,680	\$26,147,957	\$80,676,373
<i>Local</i>	\$17,867	\$325,257	\$1,503,370	\$1,344,097	\$3,038,813	\$2,819,164	\$3,430,249	\$6,522,657	\$19,001,473
Total	\$349,177	\$6,171,289	\$16,727,656	\$20,975,574	\$40,781,332	\$38,444,998	\$45,295,515	\$79,741,939	\$248,487,479

Figure 4-3: Canada Economic Impact Summary
(Constant 2008 Dollars)

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	Total
Initial Expenditure	\$971,451	\$17,179,814	\$46,619,091	\$61,428,534	\$119,987,735	\$113,828,921	\$129,752,910	\$237,791,011	\$727,559,468
Impact: Gross Output									
<i>Direct</i>	\$971,451	\$17,179,814	\$46,619,091	\$61,428,534	\$119,987,735	\$113,828,921	\$129,752,910	\$237,791,011	\$727,559,468
<i>Indirect and Induced</i>	\$1,384,417	\$24,319,724	\$55,012,390	\$79,301,974	\$151,100,613	\$144,367,193	\$162,457,202	\$282,922,166	\$900,865,679
Total	\$2,355,868	\$41,499,538	\$101,631,481	\$140,730,508	\$271,088,348	\$258,196,114	\$292,210,112	\$520,713,178	\$1,628,425,147
<i>Multiplier</i>	2.43	2.42	2.18	2.29	2.26	2.27	2.25	2.19	2.24
Impact: Value Added									
<i>Direct</i>	\$543,791	\$9,634,247	\$28,492,499	\$34,478,605	\$65,806,108	\$61,248,469	\$74,679,370	\$136,527,206	\$411,410,296
<i>Indirect and Induced</i>	\$721,971	\$12,702,923	\$28,997,552	\$40,319,660	\$78,272,923	\$74,826,347	\$84,314,246	\$147,105,912	\$467,261,535
Total	\$1,265,762	\$22,337,169	\$57,490,052	\$74,798,266	\$144,079,031	\$136,074,816	\$158,993,617	\$283,633,118	\$878,671,831
<i>Multiplier</i>	1.30	1.30	1.23	1.22	1.20	1.20	1.23	1.19	1.21
Impact: Employment (Full-Time, Full-Year Employment)									
<i>Direct</i>	8	134	248	401	658	643	784	1,150	4,025
<i>Indirect and Induced</i>	7	125	273	375	735	702	793	1,372	4,380
Total	15	259	520	776	1,393	1,345	1,576	2,522	8,406
<i>Multiplier</i>	2	2	2	2	2	2	2	2	2
Impact: Labour Income									
<i>Direct</i>	\$335,673	\$5,880,284	\$12,289,661	\$19,164,371	\$33,998,856	\$32,461,123	\$37,579,273	\$62,524,960	\$204,234,200
<i>Indirect and Induced</i>	\$323,378	\$5,677,865	\$12,742,700	\$18,193,056	\$35,260,989	\$33,807,231	\$37,648,794	\$65,804,060	\$209,458,073
Total	\$659,051	\$11,558,149	\$25,032,361	\$37,357,427	\$69,259,845	\$66,268,354	\$75,228,067	\$128,329,020	\$413,692,273
Impact: Total Taxes									
<i>Federal</i>	\$266,804	\$4,698,206	\$11,428,739	\$15,731,238	\$29,835,471	\$28,356,089	\$32,664,849	\$56,832,611	\$179,814,006
<i>Provincial</i>	\$173,634	\$3,068,818	\$8,204,593	\$10,557,000	\$20,550,137	\$19,471,558	\$22,577,430	\$39,883,525	\$124,486,695
<i>Local</i>	\$21,999	\$395,364	\$1,484,889	\$1,524,179	\$3,262,065	\$3,057,636	\$3,627,441	\$6,737,756	\$20,111,328
Total	\$462,436	\$8,162,388	\$21,118,222	\$27,812,417	\$53,647,673	\$50,885,282	\$58,869,720	\$103,453,892	\$324,412,029

Figure 4-4: Total Jobs Created by Industry Category 2001-2009

Industry	Toronto	Ontario	Canada
Crop and Animal Production	0	0	0
Mining and Oil and Gas Extraction	1	1	1
Utilities	10	40	54
Construction	4	1,705	2,505
Manufacturing	13	15	20
Wholesale Trade	20	22	30
Retail Trade	8	8	11
Transportation and Warehousing	33	35	45
Information and Cultural Industries	27	29	39
Finance, Insurance, Real Estate and Renting and Leasing	762	845	1,158
Professional, Scientific and Technical Services	2,796	2,980	3,757
Administrative and Other Support Services	23	25	32
Education Services	3	3	3
Arts, Entertainment and Recreation	3	4	5
Accommodation and Food Services	7	8	11
Other Services (Except Public Administration)	183	187	209
Public Administration	345	392	526
TOTAL IMPACT	5,762	6,300	8,406

Source: Waterfront Toronto, 2009; Ontario Realty Corporation, 2009; urban Metrics estimates, 2009

5. Qualitative Impacts

In addition to the quantifiable impacts presented in the previous section, there are a wide range of less tangible, and likely much more significant impacts, in terms of contributing to Toronto's long term prosperity.

5.1 Increasing Tourist Spending in Toronto, Ontario and Canada

- **Toronto is an international Tourist gateway to Canada, and Toronto's waterfront is an untapped asset that can catapult Toronto onto the international stage.** The on-going transformation of Toronto's Lester B. Pearson International Airport heralds Toronto's goal of being a true, *world* city. Over the past several years the airport has been handling volumes in the order of 26 to 30 million passengers per year. By 2020 this number is targeted to reach 55 million, a clear sign of Toronto's growing role as a global centre for business, recreation and tourism. There are now firm commitments in place to move forward with a fixed rail link connecting Pearson airport to downtown Toronto's Union Station. This initiative provides further evidence that Toronto's downtown core will continue to be the primary destination for the vast majority of international tourists and business travelers entering the region. While these investments may be large, they are only the start of what needs to be done to secure Toronto's place among the ranks of other world cities. Generating tourism requires more than modern infrastructure and well designed terminal facilities. It requires a clear commitment by all levels of government and the private sector to developing and supporting high quality tourism experiences that appeal to savvy international tastes. The visionary nature and quality of detail encompassed in the Waterfront Plan will ensure that these investments in hard infrastructure will pay clear economic dividends by attracting increased tourism revenues to Toronto, Ontario and Canada.
- **The Waterfront will enable Toronto to boldly compete for international travellers.** True world cities have instant brand recognition. Their names speak for themselves. Nobody needs to be convinced that New York is cosmopolitan, that Paris has great restaurants, that Milan is a fashion centre, or that Sydney has a wonderful opera house. World cities have the ability to connect with people instantaneously – including those that have never visited them. While marketing is important, no campaign, no matter how well conceived, can elevate Toronto to the ranks of these cities, without the creation of a bold and resonating visitor experience. Neither the City of Toronto, nor the Province, or the rest of the country for that matter, can afford to sit back while other cities transform themselves into top-tier destinations for

world travel, international business, and culture. Waterfront Toronto has provided both vision and leadership in its resolve to see Toronto take its rightful place alongside the finest cities in the world.

- **The Waterfront Toronto plan brings together many individual visitor experiences to create an unparalleled tourism cluster.** Harbourfront Centre, the Rogers Centre, the CN Tower, Air Canada Centre, Queens Quay Terminal, the Metro Convention Centre, the Toronto Island, Union Station, the Royal York Hotel, tall skyscrapers – these are all important pieces of the overall visitor experience. They are good, but they have the capacity to be *great* provided that the right resources are deployed to bring these elements together in a meaningful way. The Waterfront Toronto Plan aspires to bring dozens of isolated pieces together into a more uniquely Toronto experience. There are still vast areas of the waterfront that remain unwelcoming to visitors. There have been many successes on the Waterfront in the past thirty years, many of which are owed in large part to the vision and commitment of key government agencies determined to implement positive and lasting change.
- **Making Toronto More than Just a One Trip City.** Tourism, like any business today, is built on relationships. Everyone is keenly aware that a good relationship requires: hard work, support, mutual respect and clear determination to succeed. In a tight global tourism marketplace, cities need to continuously improve, innovate and refresh themselves in order to keep visitors coming back again and again. Toronto has benefited greatly from the cultural renaissance that has gripped the City in recent years. A strong public commitment toward arts funding has successfully brought about a series of high profile additions and has enhanced the international appeal of Toronto. The AGO, the ROM, the Gardiner Museum, the Four Season Opera House and the Sharp Centre for Design at OCAD have collectively helped push Toronto back into the international cultural limelight. Cumulatively these investments, along with other important recent additions such as the Distillery District, H2O Park, the Toronto Music Garden, BMO Field, etc. have helped to revitalize Toronto. But, governments cannot afford to stop now. The pieces are almost in place but they need to be tied together into a more cohesive experience that will encourage international audiences to give Toronto a hard second look. The Waterfront Toronto plan is an ambitious undertaking – one that will tie together the frenetic buzz of the city with the serene splendour of the lake.

5.2 Raising the Profile of Our Identity

- **Making a Bold Statement about the Importance of an *Urban Canada*.** Toronto is a city renowned for its diversity. It has not only openly embraced change, it has emboldened itself by inviting fresh perspectives; by stimulating dialogue about itself; by giving creative license to people who want to push the status quo; and by building community involvement as a means of securing success at every turn. Large city-regions like Toronto are now regarded as the primary drivers of economic growth and prosperity. They are the incubators for new ideas and bold changes in the world. Toronto's waterfront will be developed as a series of dynamic neighbourhoods, commercial areas and unique open spaces. Once completed it will be home to some 40,000 residents and will support an additional 40,000 new jobs that will help re-define Toronto as a clean, green, and modern place to live, work and invest. The Waterfront Toronto plan provides the backdrop for Canada, Ontario and Toronto to provide real-world solutions that demonstrate best practices with respect to regional growth management, climate change, affordable housing, transit, economic competitiveness, healthy living, and excellence in urban design. There is no other opportunity where the stakes are as high, and the payoff is so great. The Waterfront Plan will enable Toronto and its development sector to become market leaders in the development of a new urban footprint.
- **Showcasing Toronto as a visionary place for city building.** Toronto has an excellent track-record of developing thoughtful, innovative and inclusive neighbourhoods. The St. Lawrence neighbourhood garnered international attention in the 1970's. It attracted planners, designers and developers to the City to see first hand the best-in-class example of how to build vibrant mixed downtown communities and how to transform long-neglected areas of the inner city into vibrant new neighbourhoods. The project sent a strong signal to the international community that Canadians remained steadfastly committed to city building and reversing the problems created by urban sprawl. The Waterfront Toronto plan will ensure the successes of the past will continue to resonate, and that Toronto will once again become the City to emulate.
- **Developing the World's Newest Neighbourhoods.** While the attention of the development industry has been focused on the rapid transformation of cities in the Middle East, Southeast Asia and China, internationally renowned architects, designers and other city visionaries have been closely monitoring the ascension of Toronto onto the world's stage over the past several years. Toronto has been subtly building a name for itself with a succession of big-wins in terms of new landmark buildings, a vibrant arts scene, major investment by globally significant companies and the attraction of high profile academics, scientists and thought-leaders to Toronto. What makes Toronto unique, is that it is

a city of neighbourhoods. The new Waterfront Toronto plan embraces this ideal. At its core, it establishes a blueprint for a series of inter-connected neighbourhoods that will help redefine what a world-class neighbourhood should be in terms of inclusively, modernity, human-scale and green design.

- **Helping to Attract the Best and Brightest Talent to Toronto.** Companies in Toronto enjoy a unique perspective of being on the pioneering edge in a number of emerging areas including R&D, commerce and the arts. Toronto is a major centre for innovation in the fields of new media, information technology, building design, environmental technologies, medical research and financial services. Toronto's leadership position in these areas is vitally important to both the national and provincial economies. To a large extent Toronto's large, diversified, urban economy has helped keep Canada on relatively sound economic footing. Toronto has been, and continues to be, an important knowledge hub - one that supports a high concentration of skilled workers and truly reflects Canada's prominence on the world stage. Toronto's economy, coupled with its laid-back urban lifestyle, will help to attract the best talent and the brightest minds from an international labour pool. The Waterfront Toronto Plan, particularly the urban community planned for East Bayfront, provides a sound stimulus to ensure that Toronto continues to be an attractive place to invest and attract top-tier talent.
- **Rewriting the Brownfield Development Play-book.** The Waterfront Toronto Plan represents an enormous commitment toward accelerating the brownfield redevelopment agenda. Around the world, brownfield redevelopment sites have become a focal point for policymakers and grassroots organizations determined to unlock the economic potential and realize the real community benefits of under-utilized, and often contaminated land holdings. Unfortunately too many brownfield plans fail to move forward because of lack of leadership or a lack of vision. The Waterfront Toronto plan represents one of the largest urban brownfield remediation projects anywhere in the world. A strong public commitment to the plan is as much about maximizing the development potential of some of the very best located land in North America, as it is about jumpstarting the country's emerging Green-technology sector. The scale of the project will keep Toronto's development community at the absolute forefront of the brownfield regeneration movement internationally. It will help to develop new green jobs and innovative green business practices. It will provide an unprecedented opportunity for Canadian firms across a number of sectors to develop home-grown expertise which can later be exported around the world.
- **Re-building Toronto From the Ground Up.** The economy of Toronto has undergone a radical transformation over the past 25 years. With only a few exceptions, Toronto's manufacturing legacy has nearly disappeared from the central

city. Across much of downtown Toronto, industrial buildings and former industrial areas are being transformed by new activities, new business opportunities and bold ideas for the future. The building industry - including the construction, engineering and design sectors - are vitally important to the Toronto economy and have been largely responsible for leading the transformation of the City. Over the past decade the development sector in Toronto has been operating at near capacity levels. Shortages of labour, building materials and heavy equipment have led to some delays, but projects now in the works are largely moving forward as planned. As the economy begins to weaken however, the construction and development sector is considered to be highly vulnerable to low consumer confidence and a protracted deceleration of condominium and commercial development activity. Building Toronto's future requires strong leadership and a commitment to long-term, strategic thinking. As labour conditions begin to soften, landowners and government leaders with a vested interest in waterfront revitalization can begin to take advantage of the opportunities that now exist in terms of advancing infrastructure and moving critical elements of the plan forward, such as parks, trail connections and environmental remediation.

5.3 Design Excellence Adds Economic Value

- **Waterfront Toronto's commitment to design excellence will add significant tangible economic value to the revitalization of the city's central area.** Studies show that well designed spaces are highly valued and appreciated by the people who use them, and that thoughtfully conceived spaces can add significant real financial value to the developments surrounding them. The Commission for Architecture and the Built Environment (CABE) in the UK has recently published a series of documents illustrating the critical linkages between urban design and economic value.

Waterfront Toronto's immediate plans for the East Bayfront precinct capitalize on many of the same principles that CABE has identified as being critical to maximizing the economic benefits of good design. With major tenants including Corus Entertainment and George Brown College's Centre for Health Studies, and the first ever George Brown residence building with space for 500 students, the East Bayfront precinct is already poised to bring 8,000 new jobs, and 6,000 new residents to the area. Supported by 5.5 hectares of parks and public open space, Waterfront Toronto's partnerships with Corus and George Brown will help to make the waterfront a year round destination.

- **Waterfront Toronto’s commitment to foster economic development is strengthened by its commitment to design excellence.** In a recent article titled *What Value Urban Design?* a team of researchers at the Bartlett School in London showed that good design can firmly place a new development at the higher end of the market, and can play a significant role in attracting and retaining high quality companies and well paying jobs. The report illustrated that good design is critical to support commercial activities such as cafes, shops and pubs, which in turn add vibrancy to an area. Good design, as highlighted by the research team can help deliver instantly recognizable spaces and instil greater confidence in areas undergoing revitalization and large scale transformation.

Waterfront Toronto is creating a vibrant urban area to which businesses and people will be drawn. By designing for a wide mix of uses including a new campus for George Brown College, residential uses, offices and studios, retail and cultural venues, the Waterfront Toronto Plan is looking to ensure that Toronto’s waterfront is an animated energetic and desirable area of the city. It is also looking to ensure that the designs that are being implemented recognize the distinct seasonal variations that impact visitation to the waterfront. Toronto’s commitment to excellence in design has already been acknowledged by a recent nomination for the new Spadina WaveDeck by the Design Museum of London for the 2009 Brit Insurance Design Award.

- **Waterfront Toronto’s design for the waterfront takes advantage of its natural features to add economic value.** CABA’s research into property values around parks in the UK showed that properties facing parks are priced, on average 8.7% higher than other dwellings in the same neighbourhood.⁴ Properties which do not overlook a park but were within a two block radius showed increases in value as well. CABA also found that a clearly linked network of green spaces helps to spread and increase property values throughout a neighbourhood, thus increasing the potential tax revenues for local government. Public parks and amenity spaces play focal roles in each of the planned waterfront neighbourhoods. The design for Toronto’s central waterfront includes a new continuous promenade and boardwalk along the water’s edge as well as 90 separate parks and parkettes spread throughout the entire waterfront. Integration of parks and open spaces throughout the waterfront does not just add economic value; it also provides significant social

⁴ CABA, *Does Money Grow on Trees* (2005).

benefits including ample recreational opportunities, meeting places and event venues such as those that will be available at Sugar Beach in the East Bayfront precinct.

- **Waterfront Toronto’s commitment to developing high quality streetscapes adds economic value.** Research done by CUBE in 2007 found that improvements in design quality on high streets throughout London helped to increase residential values by an average of 5%. Retail rental also experienced a 5% lift when supported by high quality design.⁵ Waterfront Toronto has placed an emphasis on quality design in the public realm. Plans for the West Don Lands incorporate the Dutch “woonerf”, a type of street design that creates shared spaces for pedestrians, cyclists and low speed motor vehicles by erasing traditional boundaries between sidewalks and streets. The first phase of the Leslie Street Greening design has already been completed and the design of the second phase is now underway. The project is meant to improve the ambiance of Leslie Street as it leads into the Port Lands and the future Lake Ontario Park. This focus on streetscape and quality design of the public realm has the potential to add similar value to Toronto’s waterfront revitalization as it did in the boroughs of London.
- **Waterfront Toronto’s master planning efforts will help to deliver fine grained, economically vibrant, mixed use neighbourhoods that might not otherwise have been possible.** Research done by CUBE in 2001 found that the most successful mixed use developments were those that were developed as partnerships between the public and private sector.⁶ Public sector involvement helps facilitate coordination across development, and helps stimulate the inclusion of positive social impacts in addition to economic value. Through various design competitions Waterfront Toronto has partnered with the best firms from Canada and around the world. Waterfront Toronto has been keen to ensure design excellence is achieved at every stage of the waterfront’s development. In 2005, a Design Review Panel was set up by Waterfront Toronto to help ensure that all proposed developments are implemented in a way that appropriately addresses and improves the public realm. The DRP is intended to add additional rigor to the WT Plan to ensure that future buildings and public spaces are developed in accordance with the high standards of design that are expected.

⁵ CUBE, *Paved with Gold* (2007).

⁶ Carmona et al. *The value of urban design* (CUBE, 2001)

5.4 Innovation and Inclusion through Sustainability

Waterfront Toronto is taking a leadership role in sustainable design and construction. The organization is setting new benchmarks in Toronto, Ontario and Canada for environmentally sustainable, socially responsible design that support transit oriented development.

- **Waterfront Toronto is targeting LEED⁷ Gold as the minimum standard on all new buildings. It is also participating in new pilot program to develop a new neighbourhood LEED certification framework.** LEED is an international third-party building assessment and certification tool that is administered in Canada by the Canada Green Building Council. Waterfront Toronto has gone one step beyond Vancouver's Southeast False Creek development, which includes the 2010 Olympic Village. The Southeast False Creek development has set a LEED target of silver for all residential and commercial buildings and gold for all civic and Olympic Village buildings.
- **Waterfront Toronto will feature a new purpose built district energy system.** District energy systems have the distinct advantage of reducing energy costs, lower carbon emissions and improving air quality. The district energy system being introduced on the waterfront will be adaptable so that as new environmentally sustainable technologies come on stream better alternatives can be introduced without disrupting services. District heating and cooling systems are becoming more common in Canada with systems already in place in downtown Toronto, Windsor, and Vancouver. Similar district heating systems have also been incorporated into other brown-field sites including the Southeast False Creek development in Vancouver, Hammarby Sjöstad in Stockholm and GWL-terrein in Amsterdam.
- **A large part of Waterfront Toronto's commitment to environmental sustainability is focused on ensuring that actual development processes themselves are sustainable.** Much of the lands to be developed are brown-fields that were heavily contaminated by their previous industrial uses and were created through infill. This is especially true in the Port Lands where significant remediation will be required to enable the revitalization of the area. Waterfront Toronto's goal is to recycle as much of the soil as possible instead of dumping it in a distant landfill as has traditionally

⁷ (Leadership in Energy and Environmental Design)

been the practice with contaminated soils. Waterfront Toronto plan to use globally recognized best practices whenever possible to establish a new “gold” standard for brown-field revitalization in Toronto, Ontario and Canada.

- **Waterfront Toronto has adopted a Transit First approach that will emphasize public transit as the primary mode of transportation across all waterfront planning precincts.** Public transit has been credited as the key to successful downtown redevelopment. Waterfront Toronto is reducing parking requirements in the waterfront precincts and planning neighbourhoods so that residents will be within a 5-minute walk of transit stops. The Environmental Assessment for the Cherry Street streetcar line was approved in 2008. The streetcar line will utilize a unique design that prioritizes transit users in which both sets of streetcar tracks will run on a dedicated right-of-way along the eastern side of the street. Similarly the redesign of Queens Quay Boulevard will see the streetcar tracks moved to the southern side of the road, where they will act as a buffer between the new grand pedestrian-friendly linear park to the South and vehicular traffic to the North. These innovative pedestrian and transit oriented designs will not only help support movement of future waterfront residents, but will also support movement to the waterfront by the rest of Toronto, Ontario and Canada. Thus ensuring accessibility to Toronto’s new “Blue Edge” for all.

5.5 Stimulating Private Sector Investment

- In addition to the impacts created by historic expenditures, future expenditures will take Toronto’s waterfront from vision to reality, including construction of the public spaces and infrastructure to support the four precincts and other initiatives outside of Waterfront Toronto’s sphere of influence. The investments that are being made today by Waterfront Toronto are intended to draw attention to the international development community about the economic and community benefits of getting involved the transformation of Toronto’s waterfront. The provision of best in class infrastructure (transit, district energy, wireless) and community amenities (parks, pathways and improvements to the public realm) will ultimately lead to private sector partnerships and additional investment bringing thousands of new jobs, visitors and residents to the waterfront.

In the second phase of this report, we analyze the impact of these future expenditures.

Appendix A: North American Industry Classification System (NAICS) 2007

Appendix A: North American Industry Classification System (NAICS) 2007

The following appendix provides a brief overview of the NAICS 2007 classification system and the two-digit level industry classifications as described by Statistics Canada.

The North American Industry Classification System (NAICS) is an industry classification system developed by the statistical agencies of Canada, Mexico and the United States. Created against the background of the North American Free Trade Agreement, it is designed to provide common definitions of the industrial structure of the three countries and a common statistical framework to facilitate the analysis of the three economies. NAICS is based on supply-side or production-oriented principles, to ensure that industrial data, classified to NAICS, are suitable for the analysis of production-related issues such as industrial performance.

11. Agriculture, Forestry, Fishing and Hunting

This sector comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, harvesting fish and other animals from their natural habitats and providing related support activities.

Establishments primarily engaged in agricultural research or that supply veterinary services are not included in this sector.

21. Mining, Quarrying, and Oil and Gas Extraction

This sector comprises establishments primarily engaged in extracting naturally occurring minerals. These can be solids, such as coal and ores; liquids, such as crude petroleum; and gases, such as natural gas. The term "mining" is used in the broad sense to include quarrying, well operations, milling (for example, crushing, screening, washing, or flotation) and other preparation customarily done at the mine site, or as a part of mining activity. Establishments engaged in exploration for minerals, development of mineral properties and mining operations are included in this sector. Establishments performing similar activities, on a contract or fee basis, are also included.

22. Utilities

This sector comprises establishments primarily engaged in operating electric, gas and water utilities. These establishments generate, transmit, control and distribute electric power; distribute natural gas; treat and distribute water; operate sewer systems and sewage treatment facilities; and provide related services, generally through a permanent infrastructure of lines, pipes and treatment and processing facilities.

23. Construction

This sector comprises establishments primarily engaged in constructing, repairing and renovating buildings and engineering works, and in subdividing and developing land. These establishments may operate on their own account or under contract to other establishments or property owners. They may produce complete projects or just parts of projects. Establishments often subcontract some or all of the work involved in a project, or work together in joint ventures. Establishments may produce new construction, or undertake repairs and renovations to existing structures.

31-33. Manufacturing

This sector comprises establishments primarily engaged in the physical or chemical transformation of materials or substances into new products. These products may be finished, in the sense that they are ready to be used or consumed, or semi-finished, in the sense of becoming a raw material for an establishment to use in further manufacturing. Related activities, such as the assembly of the component parts of manufactured goods; the blending of materials; and the finishing of manufactured products by dyeing, heat-treating, plating and similar operations are also treated as manufacturing activities. Manufacturing establishments are known by a variety of trade designations, such as plants, factories or mills.

41. Wholesale Trade

This sector comprises establishments primarily engaged in wholesaling merchandise and providing related logistics, marketing and support services. The wholesaling process is generally an intermediate step in the distribution of merchandise; many wholesalers are therefore organized to sell merchandise in large quantities to retailers, and business and institutional clients. However, some wholesalers, in particular those that supply non-consumer capital goods, sell merchandise in single units to final users.

44-45. Retail Trade

The retail trade sector comprises establishments primarily engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

48-49. Transportation and Warehousing

This sector comprises establishments primarily engaged in transporting passengers and goods, warehousing and storing goods, and providing services to these establishments. The modes of transportation are road (trucking, transit and ground passenger), rail, water, air and pipeline. These are further subdivided according to the way in which businesses in each mode organize their establishments. National post office and courier establishments, which also transport goods, are included in this sector. Warehousing and storage establishments are subdivided according to the type of service and facility that is operated.

51. Information and Cultural Industries

This sector comprises establishments primarily engaged in producing and distributing (except by wholesale and retail methods) information and cultural products. Establishments providing the means to transmit or distribute these products or providing access to equipment and expertise for processing data are also included.

52. Finance and Insurance

This sector comprises establishments primarily engaged in financial transactions (that is, transactions involving the creation, liquidation, or change in ownership of financial assets) or in facilitating financial transactions.

53. Real Estate and Rental and Leasing

This sector comprises establishments primarily engaged in renting, leasing or otherwise allowing the use of tangible or intangible assets. Establishments primarily engaged in managing real estate for others; selling, renting and/or buying of real estate for others; and appraising real estate, are also included.

54. Professional, Scientific and Technical Services

This sector comprises establishments primarily engaged in activities in which human capital is the major input. These establishments make available the knowledge and skills of their employees, often on an assignment basis. The individual industries of this sector are defined on the basis of the particular expertise and training of the service provider.

55. Management of Companies and Enterprises

This sector comprises establishments primarily engaged in managing companies and enterprises and/ or holding the securities or financial assets of companies and enterprises, for the purpose of owning a controlling interest in them and/ or influencing their management decisions. They may undertake the function of management, or they may entrust the function of financial management to portfolio managers.

56. Administrative and Support, Waste Management and Remediation Services

This sector comprises two different types of establishments: those primarily engaged in activities that support the day-to-day operations of other organizations; and those primarily engaged in waste management activities.

61. Educational Services

This sector comprises establishments primarily engaged in providing instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities and training centres. These establishments may be privately owned and operated, either for profit or not, or they may be publicly owned and operated. They may also offer food and accommodation services to their students.

62. Health Care and Social Assistance

This sector comprises establishments primarily engaged in providing health care by diagnosis and treatment, providing residential care for medical and social reasons, and providing social assistance, such as counselling, welfare, child protection, community housing and food services, vocational rehabilitation and child care, to those requiring such assistance.

71. Arts, Entertainment and Recreation

This sector comprises establishments primarily engaged in operating facilities or providing services to meet the cultural, entertainment and recreational interests of their patrons. These establishments produce, promote or participate in live performances, events or exhibits intended for public viewing; provide the artistic, creative and technical skills necessary for the production of artistic products and live performances; preserve and exhibit objects and sites of historical, cultural or educational interest; and operate facilities or provide services that enable patrons to participate in sports or recreational activities or pursue amusement, hobbies and leisure-time interests.

72. Accommodation and Food Services

This sector comprises establishments primarily engaged in providing short-term lodging and complementary services to travellers, vacationers and others, in facilities such as hotels, motor hotels, resorts, motels, casino hotels, bed and breakfast accommodation, housekeeping cottages and cabins, recreational vehicle parks and campgrounds, hunting and fishing camps, and various types of recreational and adventure camps. This sector also comprises establishments primarily engaged in preparing meals, snacks and beverages, to customer order, for immediate consumption on and off the premises.

81. Other Services (except Public Administration)

This sector comprises establishments, not classified to any other sector, primarily engaged in repairing, or performing general or routine maintenance, on motor vehicles, machinery, equipment and other products to ensure that they work efficiently; providing personal care services, funeral services, laundry services and other services to individuals, such as pet care services and photo finishing services; organizing and promoting religious activities; supporting various causes through grant-making, advocating (promoting) various social and political causes, and promoting and defending the interests of their members. Private households are also included.

91. Public Administration

This sector comprises establishments primarily engaged in activities of a governmental nature, that is, the enactment and judicial interpretation of laws and their pursuant regulations, and the administration of programs based on them. Legislative activities, taxation, national defence, public order and safety, immigration services, foreign affairs and international assistance, and the administration of government programs are activities that are purely governmental in nature.