GARDINER EXPRESSWAY AND LAKE SHORE BOULEVARD EAST RECONFIGURATION ENVIRONMENTAL ASSESSMENT

Economics Baseline Conditions Report

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EXECUTIVE SUMMARY

For the Gardiner Expressway and Lake Shore Boulevard East Environmental Assessment and Urban Design Study, HR&A completed a review of economic baseline conditions in the study area. This report provides a description of economic activity in the City of Toronto, the central waterfront district, and in the neighbourhoods directly adjacent to the section of the Gardiner Expressway-Lake Shore Boulevard being considered for reconfiguration (the "Primary Study Area"). The following is a summary of this work:

The City of Toronto (City) has a diverse, creative economy and is a globally competitive centre of commerce and innovation. Toronto serves as the economic and cultural capital of Canada. It has an annual gross city product of $151 billion[1], and is the fourth largest city in North America by population[2]. In addition to being one of the larger financial centres in North America, the City benefits from strong employment in "creative" industries, including media, communication, and cultural industries. These economic sectors have created a vibrant city that attracts individuals from all over the world. Like all cities with this character of economic activity, Toronto is dependent on a complex set of drivers for its future growth, many of which could be impacted by future reconfiguration of the Gardiner Expressway-Lake Shore Boulevard as a transportation artery and of the lands surrounding it as a development precinct. These drivers include the presence and accessibility of cultural and educational institutions, a high quality of life, attractive and centrally located housing and job centres, the efficiency of the regional transportation infrastructure, and Toronto's branding as a destination city.

The development of the waterfront is an important component of achieving the City's economic development goals. The City has an ambitious employment growth target of adding 20,000 net new jobs in the City per year Reaching this target requires the addition of significant commercial and retail space, as well as housing, within vacant and underutilized lands around the City. Redeveloping the waterfront from predominantly industrial to other uses supports the continued evolution of the City's economy to a diversified range of uses, while preserving industrial jobs as appropriate.

Waterfront revitalization will contribute to the City and Province of Ontario's sustainable growth goals. The planned waterfront developments provide the supply of quality residential and commercial real estate to support growth goals, and would do so in a manner consistent with the City and Province's goals for urban intensification as opposed to growth through regional sprawl. The downtown residential population has grown significantly over the past few years, and continued development of the waterfront is an important component required to meet anticipated demand. Infill development around the core also produces fewer environmental impacts by requiring less infrastructure, reducing automobile usage, and facilitating the growth of transit.

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[1] Economic Indicators Report, Toronto Economic Development, March 2013.
[2] City of Toronto Economic Development and Culture, 2013

The waterfront is developing in a manner that will support its growth as a tourist attraction. Surveys of tourists to Toronto indicate that the waterfront is a popular attraction. It is expected to become even more of a destination through the development of dynamic public spaces, cultural destinations, and recreation facilities, as well as construction of commercial and residential spaces.

The neighbourhoods and Precincts within the Primary Study Area consist of a combination of existing and planned residential, commercial and industrial uses. Much of the primary study area is underutilized, with a lack of coherent district land uses. In the Primary Study Area west of the Don Roadway, significant public investment and regulatory change being led by Waterfront Toronto is likely to yield a regenerated waterfront with opportunities to live, work and play, much of which will be impacted by changes to the Gardiner Expressway/Lake Shore Boulevard. Some portions of the study area east of the Don Roadway and north of Lake Shore Boulevard are stable residential neighbourhoods or industrial and commercial areas not currently slated for significant changes in land use. The latter areas do have potential for intensification.

The new waterfront precincts within the study area, West Don Lands, East Bayfront, Lower Don Lands and Keating Channel Precinct, consist of 25,000 units of planned housing and 2.3 million square feet of planned commercial development, to be developed on public and private lands through catalytic public infrastructure investment over the next 30+ years. HR&A estimated the total value of waterfront development at $11.3 billion or a net present value of $6.1 billion. These projections could be impacted through reconfiguration of the Gardiner Expressway as they relate to: the total amount of developable land parcels in the study area; the value per square foot of new development; and the absorption rate, and timing of revenue flows to the public sector, of planned development. In addition, the value of all existing and proposed land and buildings in the EA study area and near it (including the Central Business District) could be impacted by changes to the accessibility of these lands to the rest of the region.

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1. INTRODUCTION

Waterfront Toronto and the City of Toronto (City) have jointly undertaken an Individual Environmental Assessment (EA) and Urban Design Study to determine the future of the eastern portion of the elevated Gardiner Expressway and Lake Shore Boulevard from approximately Lower Jarvis Street to approximately Leslie Street (referred to as the Gardiner East EA). The EA is being completed pursuant to the Ontario *Environmental Assessment Act* (EAA).

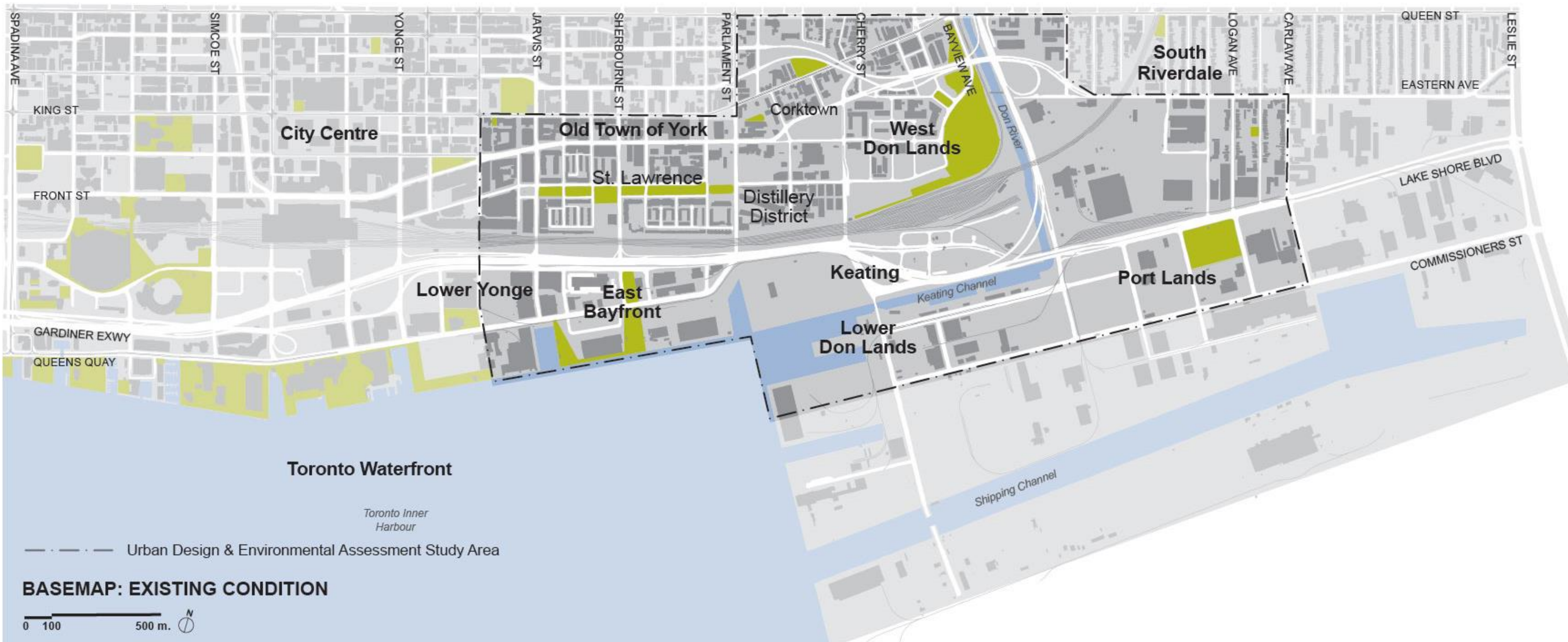
This baseline conditions report provides a description of economic activity in the City of Toronto, the central waterfront, and in the neighbourhoods directly adjacent to the section of the Gardiner Expressway-Lake Shore Boulevard being considered for reconfiguration (the “Primary Study Area”).

This Report has been prepared to document the economics baseline conditions in the study area. The Gardiner East EA Study follows a planning approach where environmental constraints or opportunities are considered in the context of the broadly defined environment under the EAA (i.e., the natural environment as well as the social, economic and heritage and other “environments” relevant to the undertaking). This Report forms part of the supporting documentation for the Gardiner East EA Study.

1.1 Study Area

In 2009 the study area for the EA was defined in the Terms of Reference (ToR) for the EA as the section of the Gardiner Expressway and Lake Shore Blvd East that extends 2.4 km from approximately Lower Jarvis Street to Logan Avenue. Since 2009 this study area has been revised to a slightly greater area in order to capture transition areas to the east and west and the Richmond/Adelaide interchange with the Don Valley Parkway (DVP). The study area now extends from approximately Lower Jarvis Street to approximately Leslie Street. This study area is referred to as the Environmental and Urban Design Study Area. It includes the lands in the vicinity of the section of the Gardiner Expressway and Lake Shore Boulevard East that are being considered for reconfiguration. These are the areas that could potentially experience disruption effects and be transformed through redevelopment opportunities. This is expected to include lands south of King Street to the waterfront. **Figure 1.0** illustrates the study area.

Figure 1.0: Study Area



2. STUDY METHODOLOGY/DATA SOURCES

Three geographic scales were considered in the characterization of baseline (existing and future) conditions. For the description of anticipated future conditions, it was assumed that full build out (redevelopment of the waterfront) in the study area would be achieved by the year 2031 as according to City approved development plans. Existing and future baseline economic conditions were developed to provide context and allow for comparison of the potential for change in each of these areas that may result from the alternatives being considered in the EA Study. The rationale for considering baseline conditions at each of these levels is provided below:

- **The City of Toronto**: It is important for the City to remain competitive at the regional and international level. The City must continue to provide a high quality urban living and working experience through amenities, such as open space, culture, recreational activities, and an efficient transportation system, that attract and retain a highly educated workforce.

- **The Toronto Waterfront**: The City, Provincial, and Federal governments have prioritized revitalizing the Toronto waterfront as a key to ensuring that the City remains one of the best places to live and work. Therefore, the assessment must consider the economic impacts of modifications to the Gardiner on waterfront development. Considerations to be examined include the role of the waterfront as a visitor destination, the number and types of employment (existing and planned) and the number and types of residents, and how these are affected by reconfigurations of the Gardiner.

- **Primary Economic Study Area**: There is a potential for incremental net value creation for the properties underneath and adjacent to the portion of the Gardiner Expressway and Lake Shore Boulevard considered in the EA study. To measure the economic contributions of these areas to the City, we look at current population, employment, and tax indicators, and projected values once the new neighbourhoods are developed. Neighbourhoods in the Primary Economic Study Area include:
    - St. Lawrence,
    - Distillery District,
    - Lower Yonge,
    - South Riverdale/Riverside (including the Eastern Avenue Employment Area),
    - Port Lands,
    - West Don Lands,
    - East Bayfront, and
    - Lower Don Lands and Keating Channel Precinct.

Baseline conditions have been described considering available secondary source information and through discussions with City staff (finance and economic development departments), Waterfront Toronto staff and with other applicable agencies (e.g., Toronto Board of Trade). The information used for this Report is considered accurate at the time of writing. Numbers and figures used as sources are considered estimates. See references section for a full list of studies, reports and data that was considered.

3. DESCRIPTION OF BASELINE CONDITIONS

3.1 Description of Existing Baseline Conditions

3.1.1 The Economy of the City and Region

The purpose of this section is to describe the City's economy to understand key drivers and trends covering business activity and employment, tourism, and quality of life for residents. These measures influence the City's economic competitiveness at the global level. Toronto's performance is also compared to other cities.

Comparison to World Class Cities

As the largest city in Canada and the fourth largest in North America, Toronto is a key location for many businesses. The City's highly educated workforce, relative affordability, diverse economy and easy accessibility make it an attractive business location. The City consistently ranks in the top 10 internationally and is recognized for having a "creative economy" and offering a high quality of life to its residents. Its core industries, identified as those for which Toronto has a higher concentration of employment than the region or country overall, are finance and insurance, information and culture, and management.

The urban regions in **Table 1.0** are generally considered to be sufficiently similar in economic clout and population size to represent the Toronto region's competitive set across North America.

Table 1.0: Comparison of North American Urban Regions[3]

	2012			Long-Run Trend (1993-2007)		
Urban area	Population (Metropolitan area, mils)	Nominal GDP (mils $, PPP rates)	GDP per capita (thousands $, PPP rates per resident)	Rank	Real GDP per capita (% change)	Employment (% change)
Calgary	1.3	79,332	61.6	54	2.3	3.9
Toronto	5.9	260,637	43.9	109	2.1	2.5
Vancouver	2.5	101,200	41.1	123	1.9	2.3
Montreal	3.9	142,845	36.2	155	2.0	1.8
Los Angeles	13.0	786,735	60.4	176	3.1	1.2
Boston	4.6	320,731	69.3	182	3.1	1.1
NewYork	19.1	1,209,637	63.2	210	2.4	1.0
San Francisco	4.4	306,554	69.0	220	2.6	0.9
Chicago	9.5	524,642	55.0	238	2.0	0.8

[3] Source: Global Metro Monitor, Brookings Institute, 2013

Seven city regions, including Toronto, were selected for a study on land use and multi-modal structures: Sydney, New York, Toronto, Chicago, London, Seoul, and Beijing. The following provides background economic information on each.

A 2013 Global Metro Monitor Report by the Brookings Institute compares current and long gross product growth rates for leading international cities. **Table 2.0** below includes data from this report comparing current gross domestic product for Toronto and the six cities selected for comparison. All currencies are calculated in US$. Toronto's gross domestic product (GDP) is US$261 billion (note this figure is purchasing power adjusted) and 5.9 million in total population. While not the largest by population, New York City is by far the largest in GDP with over $1,209 billion in 2012. Long-run trend comparison illustrates that Toronto's performance was solid, ranking higher than all comparable regions with the exception of Beijing. Most notably, of these seven cities, Toronto had the highest long-run annual employment growth of 2.5 percent.

Table 2.0: Comparison of Global Urban Regions[4]

	2012			Long-Run Trend (1993-2007)		
Urban area	Population (Metropolitan area, mils)	Nominal GDP (mils $, PPP rates)	GDP per capita (thousands $, PPP rates per resident)	Rank	Real GDP per capita (% change)	Employment (% change)
Beijing	21.1	427,156	20.3	46	8.7	2.1
Toronto	5.9	260,637	43.9	109	2.1	2.5
Seoul	24.1	773,864	32.2	110	3.9	1.9
London	14.1	731,171	52.0	141	3.5	1.5
Sydney	4.5	203,101	45.4	153	2.3	1.8
NewYork	19.1	1,209,637	63.2	210	2.4	1.0
Chicago	9.5	524,642	55.0	238	2.0	0.8

Studies by prominent organizations consistently rank Toronto in the Top 10 internationally (See **Appendix A**). A 2012 study by PriceWaterhouseCoopers ranked Toronto third overall behind only New York and London. This high ranking is due to the city's high score in the following categories: Intellectual Capital and Innovation; Health, Safety, and Security; and Transportation and Infrastructure.

The following discussion provides a brief description of the economy of each city in this comparative set.

Sydney.

Similar to Toronto, Sydney is Australia's economic and cultural capital but is not the national seat of government. The city's population of more than 180,000 understates its true size and influence as the Sydney region is home to 4.5 million people. The City's economy is the driver of the country's economic engine, responsible for 23% of its value added wealth. Thirty percent of the country's employment in

[4] Source: Global Metro Monitor, Brookings Institute, 2013

finance and insurance is located in Sydney and, therefore, services that support these sectors are also important components of the city's economy.[5] In 2012, Sydney's GDP was $203 billion.

New York[6]

New York City is the largest city in the United States, home to 8.3 million people within the five boroughs and 19.8 million in the greater metropolitan area. New York is also the business capital of North America with 42 of the Fortune 500 company headquarters in the city. While the service sector employs the most people, the finance and insurance sectors contribute the most in wages. The city is also known for the strength of its information, business services, and fashion industries. While no city in the western hemisphere is positioned to surpass New York as the business and financial capital, many, including Toronto, aim to be the leading secondary location.

Chicago[7,8]

Chicago is similar to Toronto in several respects with a city population of 2.7 million people and a lakeside location. It is also the second largest financial centre in North America, a position the City of Toronto aspires to occupy. The city touts a diverse economy with a strong manufacturing sector in addition to a large presence of financial and business services institutions. Its position in the Central Time Zone is a key asset. Chicago has grown due to its key position connecting the eastern and western halves of the United States. The importance of this location continues as Chicago is the largest intermodal freight handler in the United States, handling twice as much as Los Angeles and five times as much as New York.

London[9]

London is a global city that operates on a similar scale to New York. The largest city in Europe, it has a population of 8.3 million in the city and 15 million in the metropolitan region. Like New York and Toronto, it attracts a significant number of immigrants with nearly 30% of workers being from other countries[10]. London has surpassed New York as the global financial capital and is an important centre for international exchange, banking, and insurance and fund management. The London-based financial services sectors comprise more than 9.7% of national GDP and employ more than 360,000 people. The city's economy also performs strongly on business services and 75% of the Fortune 500 have an office in the city.

Seoul

[5] Source: Sydney City Planning
[6] Source: New York City Economic Development Corporation. Federal Reserve of New York.
[7] Source: CNN Money 2012 (http://money.cnn.com/magazines/fortune/fortune500/2012/states/NY.html)
[8] World Business Chicago
[9] Sources: Think London Sector Briefs
[10] City of London: http://www.cityoflondon.gov.uk/Corporation/media_centre/files2007/immigration_report.htm

Korea has emerged as one of the Asian powerhouse economies. As the fifth largest city in the world, Seoul's population of 10 million is 25% of the country's residents. The city and surrounding region dominate the country's economy, producing nearly half of its GDP. The city has five major industry clusters: fashion, printing, financial services, business services, information technology and digital content. Unlike other major cities in this group, the city lacks demographic diversity due to strict immigration laws. This creates a homogenous population that may limit its future innovation and growth.

Beijing

While Beijing's economy does not currently rank in the top tier of worldwide cities, that is expected to change in the coming decades. A 2013 study by PricewaterhouseCoopers projects average annual GDP growth to exceed seven percent a year for the next few years. Several factors are driving Beijing's growth. The city benefited from government and visitor spending as the host of the 2008 Summer Olympics. These investments lay the groundwork to support more business growth in the city.

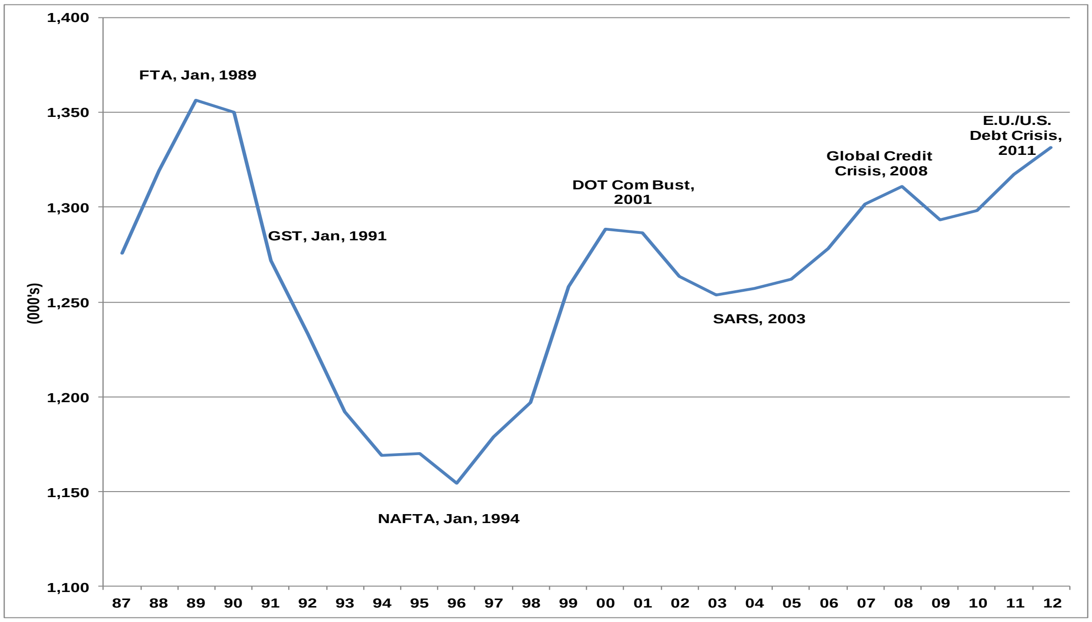
Toronto and the Region

Multiple geographies are used when describing the economic activity in and around the City of Toronto. Toronto anchors the Greater Toronto and Hamilton Area (GTHA) that is often referred to as the Greater Golden Horseshoe. With a population of almost seven million, the GTHA encompasses the densely populated area approximately from Niagara Falls to Oshawa and north to Barrie. The region with the economy most integrated with the City is referred to as the Census Metropolitan Area (CMA) and includes the City and 24 adjacent municipalities (population of 5.9 million). The City itself expanded more than a decade ago through a consolidation of the former cities of Toronto, Etobicoke, North York, Scarborough, and East York. The following discussion focuses mostly on the City of Toronto, but linkages to the greater CMA and GTHA are important considerations in its economic activity.

With a population of 2.79 million, Toronto is the largest city in Canada and the fourth largest in North America by population. It frequently ranks highly for its diversity, affordability, and quality of life by international studies, such as The Economist Intelligence Unit 2012 ranking of most liveable cities and a 2012 PriceWaterhouseCoopers study on "Cities of Opportunity". Toronto markets itself as the "Creative City," touting its mix of industries, cultural amenities, and highly educated workforce. In 2011, it had more than 25 million visitors[11] who contributed $5.1 billion to the regional economy[12]. High immigration is a key factor behind the city's economic growth: about half of residents were born outside of Canada.

[11] Source: Tourism Toronto, 2011
[12] Source: Ontario Ministry of Tourism, 2011

Figure 2.0: Employment in Establishments in the City of Toronto[13]



The City's overall 2012 employment was 1.33 million jobs, up by 1.1% or 14,300 jobs from 2011 as shown in **Figure 2.0.** This growth matches the national rate of employment growth of 1.0% and outpaces the Ontario rate of growth of 0.5 percent. Most of the net growth in jobs in the City is in office jobs, which accounted for 72% of the increase in 2012. The City's 2013 employment at establishments was 1.36 million jobs, with an additional 88,000 persons working at home and 140,000 employed but with no usual place of work[14]. The City has an annual gross city product of$151 billion.

The City contains 118 million square feet of office space, 281 million square feet of industrial space and 74 million square feet of retail space which service 74,600 businesses. While office space in the Central Business District is more expensive than in the region at a gross rental rate of $44 per square foot compared to $37 per square foot in the Greater Toronto Area as a whole and $29 per square foot in the suburban municipalities, it maintains a significantly lower vacancy rate. **Table 4.0** below summarizes key office space indicators for the fourth quarter of 2012.

Table 4.0: Key Office Space Indicators for the Fourth Quarter of 2012[15]

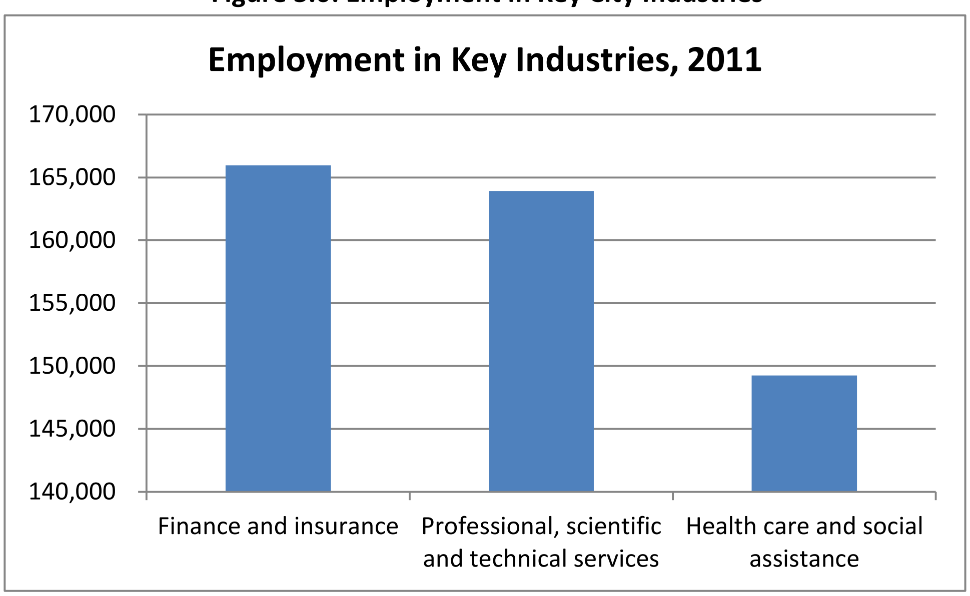
[13] Source: City of Toronto, Toronto Employment Survey
[14] Source: Statistics Canada, National Household Survey 2011
[15] Source: Economic Indicators report, March 2013, Source: Cushman & Wakefield, Q4, 2012

Indicator	City of Toronto Central Business District	Greater Toronto Area	Suburbs
Gross Rental Rate (PSF)	$44.46	$36.82	$29.04
Taxes and Operating costs	$22.58	$18.61	$14.56
Absorption	39,584	-111,333	-150,917
Vacancy Rate	4.80%	7.00%	9.20%

Prior to the current recession, a number of factors were driving economic activity. These factors will remain important to the City through the economic recovery. They are also critical in understanding how the Gardiner Expressway impacts the city-wide economy. The key drivers are:

- *Concentration in creative, high skill, and high salary industries* (**Figure 3.0**). Core industries are identified as those for which Toronto has a higher concentration of employment than the region or the country overall. Based on a comparative analysis of location quotient data provided by the City 's Economic Development Division, Toronto's strongest sectors (and the number of employees) are:
    - Finance and insurance (165,955)
    - Professional, scientific, and technical services (163,910)
    - Health Care and Social Assistance (149,255)

Figure 3.0: Employment in Key City Industries



Source: HR&A Analysis of Location Quotient Data
Provided by the City of Toronto, Economic Development Division

These industries are notable and have implications for the future of the City. They employ a highly educated and highly compensated workforce. When making location decisions, these workforce sectors can prioritize an urban experience with access to amenities such as open space, cultural resources, and recreational activities.[16] The City, therefore, should prioritize maintaining these types of amenities to continue to attract this type of business and workforce.

- *Growth in institutional employment.* Growth in institutional employment, including hospitals and universities, has outpaced growth in other sectors over the past decade. The institutional sector, which includes hospitals, universities, etc., grew by 16.4 percent between 2002 and 2012. It accounted for 19.1 percent of the total employment in 2012. In contrast, the manufacturing sector declined by 51,800 jobs during that decade. The 128,200 manufacturing jobs in 2012 accounted for only 9.6 percent of total employment. The office sector continues to have the largest number of jobs (638,100 in 2012) and accounts for nearly half of total employment.

  In addition to jobs, the expansion of the institutional sector generates facilities, events, and activities that draw people into the City. The presence of these institutions creates a place that becomes an even more valuable destination.

- *Growth of the core.* Employment growth in the Central Business District generally outpaced growth in other centres. Downtown has significantly greater employment density than outer core centres, including North York, Etobicoke, Scarborough, and Yonge-Eglinton. Downtown is noted for supporting a more diverse industry mix than the other centres, but financial and business services, government, and institutions are still the major employers. Growth downtown has been strong with the number of jobs in 2012 being 7.6 percent greater than in 2007.

- *Immigration to support diversity in the employment and population base.* Toronto has a long history of being open to and supportive of immigrants. Over 100,000 immigrants move to the region annually and more than 50 percent of the City's residents were born outside of Canada.[17]

3.1.2 The Toronto Waterfront

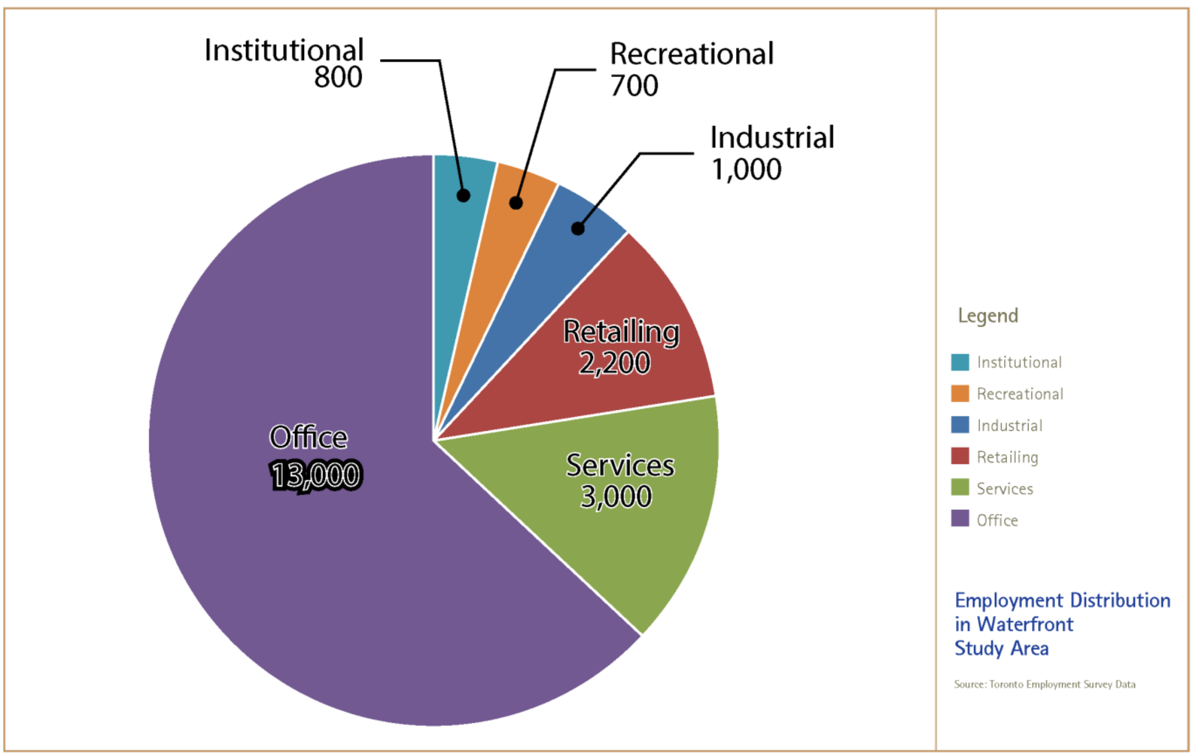
Like many industrial cities, the Toronto waterfront has been an underutilized asset. The waterfront is disconnected from the Central Business District and contains a number of sites in need of remediation, reconfiguration, and repositioning. Toronto is following in the steps of many world-class cities and revitalizing its waterfront to include a mix of commercial and residential development combined with cultural and institutional amenities and signature public spaces.

[16] Toronto Mayor's Economic Competitiveness Committee, Agenda for Prosperity, 2008.
[17] Toronto Mayor's Economic Competitiveness Committee, Agenda for Prosperity, 2008.

As organizers and catalysts of downtown revitalization, these projects contribute to Toronto's overall economic agenda. They enhance downtown's liveability in ways that are respectful of the City's history and culture, and secure the downtown's economic and competitive position at the centre of the region. By prioritizing parks and open spaces, Toronto acknowledges that the public realm is and will be both an important amenity for businesses and residents, and a highly visible aspect of the City's global identity.

The Toronto Waterfront is home to a small, but growing population of businesses. The study area contained 20,600 jobs in 2012, approximately the same number as in 1993. **Figure 4.0** illustrates the distribution of waterfront employment by sector. While office uses predominate due to the office buildings closer to the Central Business District and north of Lake Shore Boulevard, the waterfront is also an important centre of industrial and commercial employment, particularly in the Port Lands area.

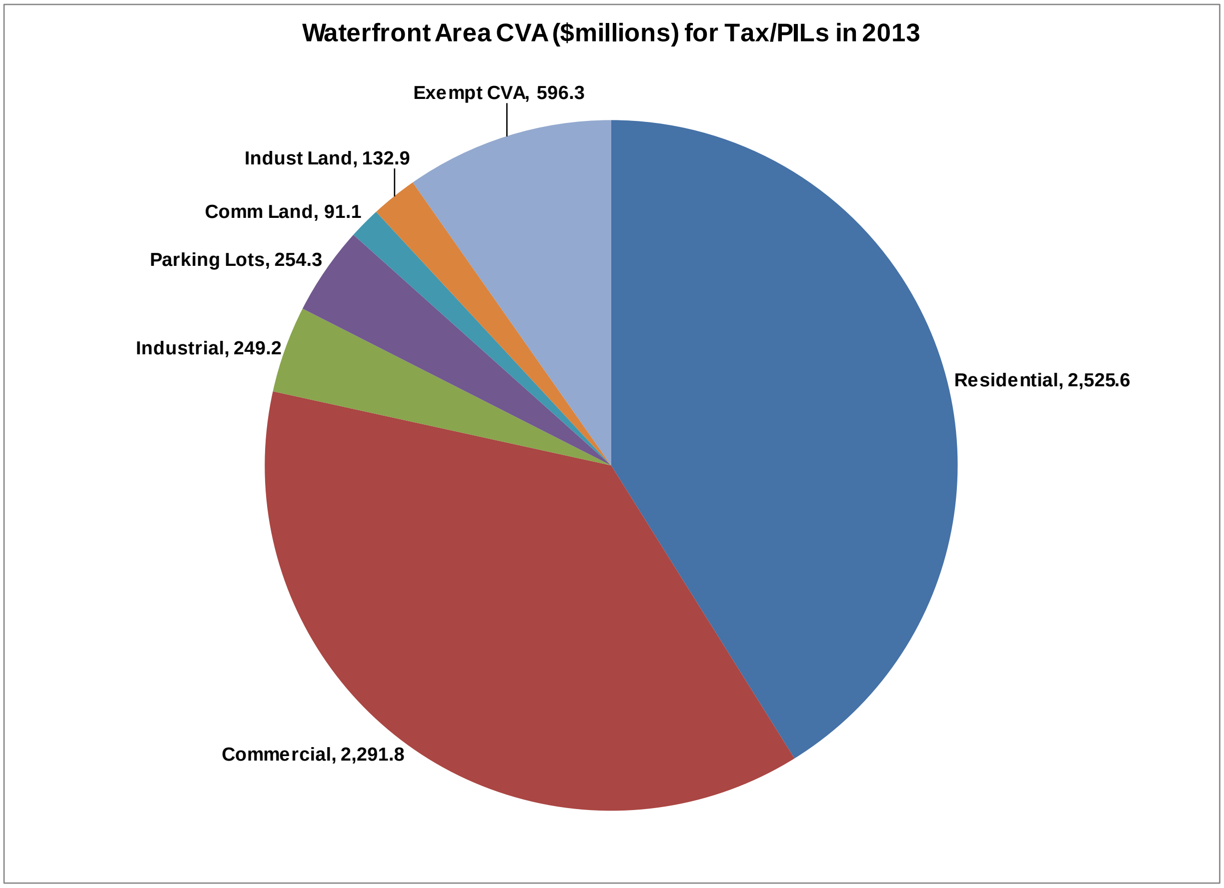
Figure 4.0: Distribution of Waterfront Study Area Employment (2012)[18]



In addition, the waterfront contains a significant amount of property value and economic activity. As shown in **Figure 5.0,** nearly 60% of the total $20 billion of this property value is from commercial/employment uses, largely consisting of office and retail uses in established neighbourhoods proximate to the Central Business District and north of Lake Shore Boulevard.

[18] City of Toronto, Toronto Employment Survey

Figure 5.0: Waterfront CVA for Property Taxation in 2013 (Millions $)



EDC Analysis of MPAC data

New development will be incorporated with a number of existing large-scale uses. These uses include PortsToronto (formerly Toronto Port Authority) operated properties. PortsToronto was established for the purpose of operating the port and has legislated responsibility for all port activities related to shipping, navigation, transportation of passengers and goods, and the handling and storage of cargo. In addition to the Port of Toronto (consisting of Marine Terminal 51 and Warehouse 52), it owns and operates the Billy Bishop Toronto City Airport, the Outer Harbour Marina and the Works Department. PortsToronto currently has a staff of 120 full-time employees and approximately 19 seasonal and part-time workers. Specific properties include:

- Billy Bishop Toronto City Airport occupies *83* acres on the western edge of the island closest to downtown. This facility presently accommodates commuter airlines and is popular as a training base for civilian pilots. It ranks yearly among Canada's busiest airfields. In recent times the airport has experienced annual movements of 2.0 million passengers.[19]

- The Port of Toronto. As the largest port on the Great Lakes, this facility occupies over 50 acres south and east of the Keating Channel near Cherry Street. The facility includes a heated 100,000 square foot bonded warehouse with indoor truck and rail bays. It offers a full range of services, including stuffing, de-stuffing, storage and distribution and benefits from both rail and highway access. The port handles over 2 million tons of goods annually. In 1999, an economic impact study indicated that the Port employed (both as direct employees and contractors) the equivalent of 1,500 full time jobs in cargo, tourism and recreation, representing an estimated regional economic impact of $422 million annually[20]. This figure does not include the value brought to the area by Porter Airlines, which uses the Toronto City Centre Airport.
- The Outer Harbour Marina. This facility is located in the Port Lands at the foot of Leslie Street. It includes over 600 slips for recreational boats.

In addition to PortsToronto-operated properties, the Port Lands contain a significant amount of industrial lands providing port-related and ancillary uses, much of which is owned by the City. In aggregate, the Port Lands support approximately *4,100*[21]jobs at present and are projected to support 27,000 jobs in the future.[22]

The waterfront is also a significant visitor destination, helping to attract over $5.1 billion in annual visitor spending in the City as a whole. While specific data on the number of waterfront visits is not available, A Tourism Toronto study revealed that over half of pleasure travellers to Toronto visited the Waterfront.[23] Based on the experiences of several major North American cities, such as Baltimore and San Francisco for which revitalized waterfronts have become significant tourist destinations, Toronto's waterfront is likely to draw even greater numbers of tourists as new developments continue.

3.1.3 Primary Economic Study Area

This section describes the contributions of the primary study area to the economic and fiscal condition of the City with the Gardiner Expressway in its current state. To this extent, the discussion considers current and future development in the neighbourhoods, population, employment, and the contribution of public spaces, such as the Sherbourne Common, River Square public plaza, and Don River Park.

Figure 1.0 in Section 1.5 illustrates this study area and the neighbourhoods.

[19] Toronto Port Authority, http://www.torontoport.com/, Accessed November 2009.
[20] The Mariport Group, 1999
[21] City of Toronto. Port Lands Profile. October 2013.
[22] Cushman & Wakefield. Port Lands Acceleration Initiative, Appendix 2. September 2012.
[23] Tourism Toronto, Tourism in Toronto: A Market Analysis, 2011.

The following section describes, for each neighbourhood, existing economic conditions, current property values, and employment levels.

Lower Yonge[24]. This area serves as the physical link between the Central Business District and the central waterfront precincts. It is characterized by a mix of uses, including residential, commercial and industrial, with employment concentrated largely in the LCBO headquarters and distribution centre, Loblaws store, and Redpath Sugar Factory. Although it contains relatively dense development, the area is characterized by incoherent land use that limits its contribution to the economic growth of the City and the waterfront. In the future, it could serve as a critical link between the City and the waterfront, with the Air Canada Centre, Union Station, and Harbourfront Centre just west of the study area borders. New residential development is already underway in the precinct: Cityzen Development's Pier 27 condominium project, located at the water's edge on Yonge Street, is nearly complete and will feature 303 residential units.

St. Lawrence. This historic neighbourhood includes a mix of lower density residential and commercial uses and several notable historic buildings, including the St. Lawrence Market, the Gooderham Flatiron Building, and the Sony Centre for the Performing Arts. The neighbourhood is well-established as a residential area with strong property values and relatively prosperous residents, and also generates substantial economic activity and employment centred around St. Lawrence Market and retail around Front Street. A relatively limited amount of new residential development is occurring at the neighbourhood's edges, including in some cases adjacent to the rail berm and Gardiner Expressway. The 57-storey L Tower, located on Yonge Street just north of the Gardiner Expressway, is currently under construction and will feature 600 luxury residential units.

Distillery District: The neighbourhood is a 13-acre former industrial district at the southwest edge of the future West Don Lands development, containing the largest collection of Victorian industrial architecture in North America. It has been redeveloped by Cityscape Holdings, Inc. as a pedestrian village and major arts and entertainment destination. Most of the redevelopment is complete and residential developments are underway, including the Gooderham Condominiums, which are expected to be completed this year. The retail and entertainment development has driven significant local and tourist activity and spending to this portion of the study area, particularly during the summer months. While rents and property values lag behind areas closer to the Central Business District, the growth of a critical mass in and around this area, including on the waterfront, has the potential to boost levels of economic activity further.

East Bayfront[25]. The East Bayfront area was developed in the early 1900s to support harbour activity. As the industries moved away, it became underutilized. While the precinct still contains a few low-density commercial uses – including a car dealership, distribution centers, and a sports tent – new development has taken place in recent years as part of the East Bayfront Precinct revitalization. Corus Quay, Corus

[24] Lower Yonge Precinct. City of Toronto's website. www.1.toronto.ca
[25] Waterfront Toronto.

Entertainment's new corporate headquarters, opened in 2010 and now houses more than 1,100 employees. George Brown College's Waterfront Campus opened in 2012 and now has nearly 4,000 students. Waterfront Toronto has also invested in creating two signature parks in the precinct – Sherbourne Common and Canada's Sugar Beach – in addition to the kilometre long Water's Edge Promenade and Boardwalk. Further details regarding these plans and developments are provided in the future conditions discussion, Section 3.2. Current property values and employment levels reflect the fact that East Bayfront is currently being developed and high land vacancy is the current condition.

<u>Lower Don Lands and Keating Channel Precinct.</u> At a key location between the Don River and the Inner Harbour as well as Downtown and the Port Lands, the Lower Don Lands currently consists of low density industrial and municipal uses, including Toronto Hydro, a recycling plant, and PortsToronto facilities. The precinct is currently bisected by rail links to area businesses and industries, the Don Rail Yard, water and sewer utilities, gas pipelines, hydro transmission lines, and roads. The property and employment assessment demonstrates the predominantly industrial character of the precinct today: land use and employment are predominantly industrial and commercial. Waterfront Toronto completed the Keating Channel Precinct Plan in May 2010, which assumes that Lake Shore Boulevard will be shifted north in Keating East to facilitate new development.

<u>West Don Lands.</u> West Don Lands is part of an area that was originally reserved as a public park at Toronto's founding in 1793. Over time, however, this land was divided up and sold. The area evolved into primarily an industrial district, due to its proximity to the Waterfront, Downtown, and the railroad. As these industries declined or moved to the suburbs, West Don Lands was left with underutilized property. The area is currently being developed by Waterfront Toronto, the Ontario Realty Corporation and the Toronto and Region Conservation Authority with a public park and mixed use development, including the site of the athlete's village for the 2015 Pan American and Paralympic Games. The first phase of River City, West Don Lands' first private sector development, was completed in 2013 and features 345 residential units. River City's phase two, which will include 248 units in three connected 12-storey mini towers, is currently under construction. Waterfront Toronto has also invested in creating public parks in the area. As of 2013, Underpass Park has been completed and Corktown Common is open as well. Current property values and employment levels reflect the fact that West Don Lands is currently under development and high land vacancy is the current condition.

<u>South Riverdale/Riverside.</u> This neighbourhood is a mix of residential and commercial uses. The housing stock in the portion of South Riverdale/Riverside located in the study area is limited and largely single-family Victorian units built during the early 1900s, with a limited number of new homes developed within the architectural and density context established by the older units. Leslieville is the neighbourhood at the east of South Riverdale; a portion of this neighbourhood falls in the study area near Leslie Street. South Riverdale/Riverside (and Leslieville) is recognized for its strong arts community. There are a range of arts institutions from small galleries to major film studios located between Eastern Avenue and Lake Shore Boulevard. There are also big box stores at Leslie Street and Lake Shore Boulevard.

Within South Riverdale is the Eastern Avenue Employment Area. The City of Toronto has designated the lands generally bounded by the Don Valley Parkway, Eastern Avenue, Woodfield Road and Lake Shore Boulevard East, as the South of Eastern Employment District. Planning documents for this area seek to preserve and enhance the health of the employment district by protecting it for employment growth. Uses such as film, media, business services, communications, information technology, new media, and cultural/creative sectors are particularly encouraged, in addition to typical manufacturing, warehousing, distribution and office uses. Retail uses are only permitted at a scale and function which support the employment uses. While some limited amount of commercial development has occurred, this land has not seen substantial economic development to date, partially due to its location at Downtown's edge.

Port Lands. The Port Lands contains a mix of commercial, industrial, and open spaces built on reclaimed land. Major industries and employment centres include those requiring large sites, such as bulk product storage (mainly salt), utilities, waste and recycling, PortsToronto facilities, and transportation related uses. The establishment of the Filmport (which is now called Pinewood Toronto Studios) district, on the south side of Commissioners Street, adds a large-scale studio use to the existing industrial use mix. Employment and property values reflect the district's largely industrial character. Waterfront Toronto and the City of Toronto completed work on the Port Lands Acceleration Initiative in 2011, which laid out a high-level road map for accelerating the Port Lands' development. This study found that there will be strong market interest in developing the Port Lands once flood projection, infrastructure, planning and cost allocation issues are settled. The area is currently under study through the South of Eastern Strategic Directions and the Port Lands and South of Eastern Transportation and Servicing Master Plan.

3.2 Description of Future (2013) Baseline Conditions

3.2.1 Waterfront Revitalization: Labour Supply and Productivity

According to the City 's Econometric Model (version 8) as reviewed in 2014, the total number of jobs in the City is expected to rise by 176,000 in the next 30 years. In addition to a comprehensive economic development strategy to attract businesses to the City and support business expansion, reaching this goal requires two supply inputs: space for people to work and space for people to live.

Revitalizing the waterfront from industrial to civic uses supports economic goals by providing residential and commercial space and creating public spaces and an urban experience that serve as an additional attraction to the city. In addition, environmental remediation costs aside, the development of these sites at planned density levels requires less infrastructure investment and less ongoing service investments per developed square foot than similar levels of investment at lower densities outside the city.

The revitalized waterfront may also reduce congestion and increase the City's productivity if major transportation improvements are put in place. A 2009 review by the Organization for Economic Co-operation and Development (OECD) found that traffic congestion in the Toronto region caused by urban sprawl, decades of underinvestment in public transit, and a disjointed system costs $3.3 billion a year in lost productivity. The region's labour and economic productivity growth rates were below the average of OECD metropolitan regions between 1995-2005, mainly due a significant decline in the manufacturing sector that has not been replaced with growth in other industries. As Toronto represents 45% of Ontario's GDP and nearly 20% of Canada's GDP, this lack of growth in the region has significant impacts on the province and all of Canada. The review strongly suggests that greater coordination is needed between the City and the region to implement policies that reduce auto dependence. Other environmental assessments found that commuting time costs $0.01 per vehicle kilometre traveled. Reducing this time, therefore, can produce significant benefits in increasing labour productivity. Significant initiatives have been taken by the municipal, provincial and federal governments, including the MoveOntario 2020 initiatives being implemented through the new regional transportation authority Metrolinx. Many of these initiatives relate to supporting new development in the Central Waterfront precincts.

The construction of dense, mixed-use developments in the East Bayfront, West Don Lands, and Lower Don Lands and Keating Channel precincts address this issue and are a natural expansion of the downtown core. Developing these areas, along with planned transit improvements, will create more options for people to live close to their workplaces and reduce automobile dependence. Particularly once the pedestrian improvements to Queens Quay are implemented, the corridor will serve as a strong multimodal connection between the new precincts and the Central Business District.

Research has demonstrated that compact growth patterns also produce savings for local governments. Researchers from the Center for Urban Policy Research at Rutgers University estimate that more compact growth produces savings of 15-20% on local roads and 8-15% on water and sewer services. Dense growth patterns reduce daily vehicle kilometres traveled, and thus negative environmental impacts of emissions and high commuting time, and provide more affordable housing.

Figure 5.0 illustrates the future (2031) conditions of the study area.

Figure 5.0: 2031 Baseline Conditions

3.2.2 Primary Study Area – Future Economic Conditions

The following sections provide the future economic conditions of the neighbourhoods and precincts in the study area. These descriptions are based on approved and proposed precinct plans and development plans at the time of this baseline conditions review. Additional economic data provided by the City was also consulted for these descriptions. This section discusses the waterfront precincts after providing conditions for the other study area neighbourhoods. This is because the large redevelopment plans for the waterfront precincts of East Bayfront, West Don Lands, Lower Don Lands and Keating Channel Precinct will dramatically alter economic conditions in those areas and are therefore dealt with in greater detail.

3.2.3 Future Economic Conditions in areas without Precinct Plans

St. Lawrence. While the St. Lawrence neighbourhood is primarily built out, residential demand is expected to increase as the neighbourhood's diverse urban fabric and proximity to the financial district make it a desirable place to live. Some residential development is occurring at the neighbourhood's edges, including in some cases adjacent to the rail berm and Gardiner Expressway. The neighbourhood is seeking improvements to the public realm to preserve and enhance its historic character, increase access to open space, and improve the pedestrian and cyclist experience. Economic conditions in this area are not forecasted to alter dramatically from existing conditions to 2031 based on known plans and/or development proposals.

Distillery District. The Distillery District is expected to continue to evolve as a major arts and entertainment destination. In addition to the residential and office development that is already considered in the existing conditions, there will be additional growth in this area. However, the most significant revitalization has already occurred and the economic conditions here are not anticipated to drastically alter. As this is a newly revitalized area, the economic conditions are anticipated to be consistent through to 2031.

South Riverdale. The residential portions of this area do not have current plans in process that would authorize significant residential redevelopment. However, the area is currently under study through the South of Eastern Strategic Directions and the Port Lands and South of Eastern Transportation and Servicing Master Plan. These studies are in progress and as they evolve the findings will need to be considered in the Gardiner East EA to ensure appropriate measures are taken to integrate the results and coordinate planning in the study area. In addition, the South of Eastern Employment District recently adopted Official Plan and Zoning By-Law amendments call for employment intensification of this area in the future. Any future development is limited by the soil conditions which require remediation. A Community Improvement Plan (CIP) for this area provides financial incentives for remediation and opens it up to redevelopment. In 2013, the Toronto City Council authorized a planning study for Leslieville to devise design and development guidelines for Queen Street East. Although this opportunity exists, no development proposals are currently known and future economic conditions are anticipated to reflect current conditions.

Port Lands. The recent Port Lands Acceleration Initiative (PLAI) has outlined the steps needed to spur private development in the Port Lands. Currently the Port Lands Planning Framework and the Port Lands and South of Eastern Transportation and Servicing Master Plan are underway to reimagine this area based on the findings and recommendations of the PLAI. The PLAI has conservatively estimated that the Port Lands could accommodate more than 9,600 residential units and more than 5.8 million square feet of commercial development over the next 30 years. If plans and infrastructure investments proceed as planned, the economics of this area will shift greatly by 2031 as the Port Lands transition from being an industrial space to a mixed-use neighbourhood. [26]The plans for Lower Don Lands and Keating Channel Precinct are discussed separately later in this section. For the portion of the Port Lands within the study area, limited industrial development is proposed at present but this is anticipated to change with the studies underway in the area. As studies in the Port Land evolve, the findings will need to be considered in the Gardiner East EA to ensure appropriate measures are taken to integrate the results and coordinate planning in the study area.

Lower Yonge. The Lower Yonge area is an area with redevelopment potential, particularly south of The Esplanade. The City's plans to extend Harbour Street to the east will alter the configuration of the area's northern most parcels. The City is also currently working on the Lower Yonge Precinct Plan, Urban Design Guidelines, and a Transportation and Servicing Master Plan, which will guide development in the area going forwards. One developer recently submitted a rezoning application to redevelop 1 and 7 Yonge Street by adding 10 storeys to the existing Toronto Star building, developing a 70 storey hotel/ residential building and a 40 storey office building, and developing four mixed-use towers on the site's northern block which would range in height from 75 to 88 storeys.

3.2.4 Future Economic Conditions in Waterfront Precincts

The portions of the study area anticipated for significant economic changes by 2031 are focused on the waterfront revitalization precincts. Plans for the new waterfront precincts were created with the assumption that the Gardiner Expressway would remain in place. Thus, the projections of total development potential reflect this assumption. The direct economic implications of these programs is summarized below.

For each of the precincts with City-approved plans, data obtained from Waterfront Toronto, the City and other sources was used to estimate the following:

- ***Gross square footage and number of units for commercial and residential uses***. Absorption is based on current Waterfront Toronto estimates

[26] Port Lands Acceleration Initiative: Appendix 3 (http://www.waterfrontoronto.ca/uploads/documents/appendix_3_development_model_assessment_nblc_final_1.pdf)

- ***Value of public land disposition***. Based on per square foot market value assumptions, expressed in today's dollars and on a discounted net present value basis.

- ***Total construction budget***. Based on current market estimates.

- ***Construction employment***. Based on industry ratios of jobs generated during construction per billion dollars of spending.

- ***Permanent employment***. Based on industry ratios of jobs per square foot.

- ***Total market value of development***. Based on market estimates of value per square foot.

The following discussion provides the future baseline conditions for the precincts based on the information at the time of this report. All value estimates are presented in 2013 dollars and on a discounted net present value basis using a discount rate of 6.5%.

East Bayfront: This waterfront neighbourhood is expected to be a prime location for new employers and attract a significant number of new residents. This area's revitalization is expect to take place over the next 10 – 15 years. Much of the area has already been developed or is currently under construction. At full build out, East Bayfront will have 8.6 million square feet of development and will support approximately 8,150 residential units, including 820 units of affordable housing. The precinct's first private development, Monde Condominiums, a mixed-use development located just north of Queens Quay, will feature over 500 residential units and is expected to open in 2016.

Based on projected development provided by Waterfront Toronto at the time of this baseline conditions study, **Table EBF1** presents the estimated buildable gross square footage and the ratio of residential to commercial uses.

Table EBF1: Total Planned Development for East Bayfront

Land Use	Units	Total GSF
Residential	8,152	7,400,000
Commercial		790,000
Retail		110,000
Institutional		300,000
Total	8,152	8,600,000

Assuming the public sector will sell the development sites to private sector developers at market rates, the public sector will receive disposition proceeds for the land. Based on figures confirmed by Waterfront Toronto, development rights are valued at $41 per buildable residential square foot and $25 per buildable commercial square foot. **Table EBF2** presents public proceeds for East Bayfront for the development that will take place from 2013 onwards over the next 20 years in 2013 dollars, and the net present value, assuming a 6.5% discount rate.

Table EBF2: Total Proceeds from Property Disposition for East Bayfront

Land Use	Total Proceeds (2013$)	Net Present Value (1)
Residential	$192,179,000	$125,524,000
Commercial	$23,162,000	$17,415,000
Retail	$3,324,000	$2,209,000
Institutional	$8,361,000	$6,922,000
Total (1) Discounted at 6.5%	$227,026,000	$152,070,000

Based on construction multipliers used in Urban Metrics' recent Economic Impact Assessment for Waterfront Toronto, approximately 8,310 direct and multiplier construction person years of employment will be created for every $1 billion of construction. Based on this assumption approximately 13,000 construction person years of employment will be created during the construction of East Bayfront.

To estimate the number of permanent employees per square, HR&A used the same employees per square foot multipliers used in the economic impact study of Waterfront Toronto conducted by Urban Metrics in 2012. **Table EBF3** shows this for East Bayfront.

Table EBF3: Total Permanent Jobs Created by East Bayfront

Land Use	Total Jobs @ Completion
Retail	270
Commercial	2,460
Institutional	530
Total	3,260

Upon completion of development, the value of property are expected to increase. Based on a scan of the Toronto real estate market by HR&A at the time of this baseline conditions study, which was confirmed by Waterfront Toronto, real estate values in 2013, on average, are approximately $400 per gross square foot for residential and $339 per gross square foot for commercial. A 3.44% escalation per year was applied to these figures for projection purposes. **Table EBF4** provides this for East Bayfront in net present value based on a 6.5% discount rate.

Table EBF4: Total Proceeds from Development for East Bayfront

Land Use	Total Proceeds (2013$)	Net Present Value (1)
Residential	$3,975,197,000	$2,307,075,000
Commercial	$338,646,000	$232,487,000
Retail	$46,133,000	$29,250,000
Total (1) Discounted at 6.5%	$4,359,976,000	$2,568,812,000

Lower Don Lands and Keating Channel Precinct: Development of the Lower Don Lands is at an earlier planning stage than West Don Lands and East Bayfront. Waterfront Toronto expects build out to begin following the absorption of new development in East Bayfront and West Don Lands. Once completed, the project will restore the mouth of the Don River, providing flood protection, access and open space improvements, and activate the areas along the Keating Channel with a mix of commercial and residential uses. This development will straddle the Keating Channel, creating a vibrant neighbourhood of mixed uses. The first area to be built out once flood protection is complete will be the Villiers Island Precinct on the south side of the Keating Channel. At full build out, the development of the Lower Don Lands and Keating Channel Precinct will contain nearly 14,000 residential units and 1.3 million square feet of commercial uses, according to the HR&A estimates for the precinct at the time of this baseline conditions study.

Based on current projected development provided by Waterfront Toronto, **Table LDL1** presents the estimated buildable gross square footage and the ratio of residential to commercial.

Table LDL1: Total Planned Development for Lower Don Lands and Keating Channel Precinct

Land Use	Units	Total GSF
Residential	13,741	12,570,000
Commercial		1,310,000
Retail		590,000
Institutional		400,000
Total	13,741	14,870,000

Assuming the public sector will sell the development sites to private sector developers at market rates, the public sector will receive disposition proceeds for the land. Based on figures confirmed by Waterfront Toronto, development rights are valued at $36 per buildable residential square foot and $20 per buildable commercial square foot. **Table LDL2** presents public proceeds for Lower Don Lands and

Keating Channel Precinct over the 20+ year phasing of precinct development in 2013 dollars, and the net present value, assuming a 6.5% discount rate.

Table LDL2: Total Proceeds from Property Disposition for Lower Don Lands and Keating Channel Precinct

Land Use	Total Proceeds (2013$)	Net Present Value (1)
Residential	$612,751,000	$214,857,000
Commercial	$29,819,000	$14,054,000
Retail	$12,859,000	$6,201,000
Institutional	$12,107,000	$5,686,000
Total (1) Discounted at 6.5%	$667,536,000	$240,798,000

Based on construction labour statistics[27], approximately 8,300 direct and indirect construction person years of employment will be created for every $1 billion of construction. Based on this assumption approximately 30,000 construction person years of employment will be created throughout the development of Lower Don Lands and Keating Channel Precinct. Based on employment ratios consistent with the economic impact study of Waterfront Toronto conducted by Urban Metrics, HR&A estimated the completed development would support 6,250 jobs at completion. **Table LDL3** shows this for the Lower Don Lands and Keating Channel Precinct.

Table LDL3: Total Permanent Jobs Created by Lower Don Lands and Keating Channel Precinct

Land Use	Total Jobs @ Completion
Retail	1,480
Commercial	4,070
Institutional	700
Total	6,250

Upon completion of development, the value of property will increase. Based on a scan of the Toronto real estate market by HR&A at the time of this baseline condition study, which was confirmed by Waterfront Toronto, real estate values in 2013, on average, are approximately $400 per gross square foot for residential and $339 per gross square foot for commercial. A 3.44% escalation per year was

[27] Per approach developed by Alex Carrick, Chief Economist at Reed Construction Data

applied to these figures for projection purposes. **Table LDL4** provides this for Lower Don Lands-North Keating in net present value based on a 6.5% discount rate.

Table LDL4: Total Proceeds from Development for Lower Don Lands and Keating Channel Precinct

Land Use	Total Proceeds (2013$)	Net Present Value (1)
Residential	$3,250,000,000	$1,400,000,000
Commercial	$710,000,000	$300,000,000
Retail	$320,000,000	$130,000,000
Total (1) Discounted at 6.5%	$4,280,000,000	$1,830,000,000

These results of these future conditions illustrate the advantages of redevelopment of waterfront precincts.

West Don Lands. The first phases of this development were completed in 2014 in order to deliver the Athletes Village for the 2015 Pan American and Paralympic games. The precinct is anchored by a major 16 hectare park, Corktown Common, providing a range of recreational and outdoor experiences for both neighbourhood and city residents. At full build out, the West Don Lands will contain nearly 4,800 residential units and nearly 200,000 square feet of commercial development. The residential component will contain a significant affordable housing component.

Based on current projected development provided by Waterfront Toronto at the time of this study, **Table WDL1** presents the estimated buildable gross square footage and the ratio of residential to commercial.

Table WDL1: Total Planned Development for West Don Lands

Land Use	Units	Total GSF
Residential	4,730	4,190,000
Commercial		200,000
Retail		100,000
Institutional		420,000
Total		4,910,000

At the time of this baseline conditions study it was assumed that the public sector would sell all of the development sites in the West Don Lands at market rates in order to determine the current market value of the parcels. Based on figures confirmed by Waterfront Toronto, development rights are valued at $37 per buildable residential square foot and $20 per buildable commercial square foot. **Table WDL2** presents public proceeds for West Don Lands over the 20+ year phasing of precinct development in 2013 dollars, and the net present value, assuming a 6.5% discount rate.

Table WDL2: Total Proceeds from Property Disposition for West Don Lands

Land Use	Total Proceeds (2013$)	Net Present Value (1)
Residential	$188,199,000	$133,584,000
Commercial	$ 4,834,000	$3,325,000
Retail	$2,424,000	$1,659,000
Institutional	$10,187,000	$7,333,000
Total (1) Discounted at 6.5%	$205,644,000	$145,901,000

Based on construction labour statistics[28], approximately 20,000 direct and indirect construction person years of employment will be created for every $1 billion of construction. Based on this assumption approximately 26,700 construction person years of employment will be created through the development of West Don Lands.

Based on the ratios developed in the economic impact study of Waterfront Toronto by Urban Metrics, HR&A estimated that at full build out the neighbourhood would support 1,600 jobs. **Table WDL3** shows this for West Don Lands.

Table WDL3: Total Permanent Jobs Created by West Don Lands

Land Use	Total Jobs @ Completion
Residential	250
Commercial	620
Institutional	770
Total	1,600

Upon completion of development, the value of property will increase. Based on a scan of the Toronto real estate market by HR&A at the time of this study, which was confirmed by Waterfront Toronto, real estate values in 2010, on average, are approximately $400 per gross square foot for residential and $339 per gross square foot for commercial. A 3.44% escalation per year was applied to these figures for

[28] Per approach developed by Alex Carrick, Chief Economist at Reed Construction Data.

projection purposes. **Table WDL4** provides this for West Don Lands in net present value based on a 6.5% discount rate.

Table WDL4: Total Proceeds from Development for West Don Lands

Land Use	Total Proceeds (2013$)	Net Present Value (1)
Residential	$ 762,971,000	$ 541,558,000
Commercial	$ 27,190,000	$ 18,700,000
Retail	$ 27,267,000	$ 18,662,000
Institutional	$ 57,303,000	$ 41,250,000
Total (1) Discounted at 6.5%	$ 874,731,000	$ 620,170,000

In Summary:

Based on current projected development at the time of this baseline conditions study, the estimated buildable gross square footage of the new waterfront precincts in the study area is 20 million square feet, including 25,000 units of planned housing and 2.3 million square feet of planned commercial space.

Assuming public lands upon which this development will occur are disposed of at between $36 and $41 per buildable square foot, the study area will yield total public proceeds of $495 million over the 20+ year phasing of precinct development in 2013 dollars, or $333 million in net present value, assuming a 6.5% discount rate.

Assuming 20,000 direct and indirect construction person years of employment are required for every $1 billion of construction[29], approximately 75,000 construction person years of employment will be created through the development of the waterfront precincts.

Full time employment upon project completion in the study area is estimated at over 28,000 jobs, which is based on ratios in the Urban Metrics report of 3.1 jobs per 1,000 gross square feet of commercial development, 1.7 jobs per 1,000 gross square feet of institutional development and 2.5 jobs for every 1,000 gross square feet of retail development.

It is estimated that the total value of waterfront development is at $11.3 billion based on 2013 estimated values of $400 per gross square foot of residential development and $339 per gross square foot of commercial development, escalated at 3.44% per year. This figure equates to $6.1 billion in net present value based on a 6.5% discount rate. The value of all existing and proposed land and buildings

[29] Per approach developed by Alex Carrick, Chief Economist at Reed Construction Data.

in the EA study area and near it (including the Central Business District) could be impacted by changes to the accessibility of these lands to the rest of the region as a result of the Gardiner East EA undertaking.

4. CONCLUSION

The current configuration of the Gardiner Expressway and Lake Shore Boulevard constrain the full potential of planned development in adjacent waterfront precincts and limit their connection with existing neighbourhoods. The elevated highway prevents development of adjacent buildings that have lower floors activated with retail, commercial or community uses on all sides, or that at minimum achieve a ground floor transparency that fosters a walkable residential district. This limits the potential for both retail and residential development. To mitigate traffic noise, the buildings would have fewer windows on the highway side. All of these buildings would essentially create “back doors” along the Gardiner Expressway, affecting the total amount of development, the value of that development, and the timing of absorption and therefore of revenues to public entities flowing from new development and associated workers and residents.

The combination of the roadway and the railroad tracks creates a physical barrier that separates the Lower Yonge, East Bayfront and Lower Don Lands precincts from the West Don Lands and existing established neighbourhoods in the city. The limited connection and physical barrier reduces the ability of the new development to catalyze redevelopment in existing areas. Reconfiguration of the Gardiner Expressway and Lake Shore Boulevard should consider how to improve the economic conditions in these precincts to support waterfront redevelopment and the economic prosperity of the city.

Appendix A: Toronto International Ranking

- Economist Intelligence Unit:

  Toronto ranked 4th most liveable city in the world (2012)

- Benchmarking Global City Competitiveness (The Economist): Toronto is ranked 12th of 120 global cities (2012)

- Smart Cities (Fast Company Magazine):

  Toronto ranked 1st in North America and 2nd in the world (2012)

- Global Economic Power Index:

  Toronto ranked as the 12th most powerful city globally (2011)

- KPMG's 2012 Comparative Alternative study:

  Toronto ranked 5th as world's most business competitive global city

- Top Cities to Find an IT Job in 2012 (Modis):

  Toronto is ranked 2nd in North America

- Toronto #4 of World's Top Tech Hubs (2012) :

  Toronto ranked 4th among 25 cities worldwide as a top tech hub by Startup Genome, a project that aims to increase the success rate of start-ups and accelerate the pace of innovation globally.

- Colliers International – Office Markets (2012)

  Toronto ranks 7th as having lowest vacancy rate of 75 office markets in North America

- Global Financial Centres Index (Z/Yen Group):

  Toronto is 10th among global financial centres (2012)

- Economic Momentum (CIBC):

  Toronto the city with the fastest economic momentum in Canada currently at its highest level in more than 10 years led by growth in population, employment and housing starts

- Cities of Opportunity 2012 PriceWaterhouseCoopers :

  Toronto ranked 3rd overall, behind only New York City & London

  - Intellectual Capital and Innovation 2nd
  - Health, Safety and Security 2nd
  - Transportation and Infrastructure 2nd
  - Sustainability 3rd
  - Ease of Doing Business 5th
  - Demographic and Liveability 5th
  - Cultural Vibrancy and Impact 5th

- Economic Clout 7th
- Technology Readiness 9th
- Cost of Living 10th