Downtown Winnipeg Employment Study



AltusClayton

URBAN STRATEGIES INC.

Downtown Winnipeg Employment Study

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City of Winnipeg, Planning, Property and Development Department

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EXECUTIVE SUMMARY

Altus Clayton, in conjunction with Urban Strategies Inc., was retained to prepare a downtown employment study for the City of Winnipeg. Preparation of this study comes at a critical and very opportune time for the City, and will assist the City of Winnipeg in its downtown redevelopment effort in the years ahead.

The City's long term development strategy, *Plan Winnipeg 2020,* places a high policy priority on the redevelopment of the downtown. The plan empowers City Council to undertake measures to promote downtown development, encourage downtown living, and promote a safe downtown.

Why is the well-being of a city's downtown imperative? The quality of life across the metropolitan area is closely linked to the vitality of its downtown. Downtown is where visitors and investors form impressions of the city - it is the social, cultural and economic heart of a city and its healthy development is a key ingredient to successful economic development across the entire metropolitan area.

This study provides an analytical review of current and emerging conditions in downtown Winnipeg and provides a roadmap for potential development in the downtown as it plays a key role in supporting anticipated economic development over the next 25 years.

Key findings from this report include:

- The City of Winnipeg has taken an important step in recognizing that the efforts and strategies required to promote and accommodate economic development in the next 25 years will differ substantially from the types of economic development tools used in the past. Economic development in the coming age will centre around planning for well functioning attractive cities, and competing against other cities on this basis, in order to attract and retain a talented and skilled demographic. This is the most important resource for business development in the coming age of national labour shortages.
- Downtown's that play important contributing roles to successful economic development in cities have a number of characteristics including a range of amenities enhancing the attractiveness of the area as an employment location, a mix of housing and employment opportunities; and successful institutions, such as museums and

sports and arts venues. Winnipeg's downtown is endowed with many assets, including a strong employment base, rich architecture including an inventory of historic buildings, and a range of high-calibre companies that include representatives of Canada's leading national corporations and successful local corporations.

- The City has promoted good planning and revitalization of the downtown through several special policy efforts in recent years, including CentrePlan (1994), Plan Winnipeg 2020 (2001), Getting Down to Business (2002), Heart of Gold (2006), and now this study.
- Winnipeg's downtown is an important employment node within the city and metropolitan area. The downtown supported some 57,000 jobs in 2001 – 40 percent of which were located in major office buildings and a further 29 percent part of the broad public sector (public administration, health and education). The downtown supports about 25 percent of the metropolitan area's workforce.
- Recent economic development downtown appears to have lagged the remainder of the metropolitan area, however, as there has been a shift in the number of firm from downtown to suburban locations, particularly small and medium sized firms, over the 2001-2006 period.
- Winnipeg's downtown has a healthy office leasing market, with about 55 Class A buildings including three "marquee" (30 storeys or more) buildings. All told the downtown supports about 12.8 million sq. ft. of office space and in 2006 was showing a slightly elevated vacancy rate of some 7.2%.
- Occupancy costs are higher in downtown Winnipeg than in suburban office space, but this is in large part reflective of the mix of higher-quality space – especially the Class A space in higher buildings. This market dynamic is typical in other Canadian cities too.
- Winnipeg wants to shore up support for the downtown as a preferred business location and it can learn from efforts undertaken by other cities including:
    - Vancouver's 1975 Downtown Official Development Plan placed a strong focus on encouraging a strong mix of both residential and employment space downtown, and this has set the tone for the nature of development in that city over the past 30 years that include some of the highest rates of walking to work in the downtown core of any major Canadian city;

- Edmonton's recent Capital City Downtown Plan places a strong emphasis on promoting economic development by eliminating duplication among agencies; holding economic forums every two years; developing a Downtown Research Centre; conducting a market research and implementing a downtown business plan;
- Calgary's City Centre Plan places an emphasis on promoting public transit use through certain policy instruments and through funding and planning;
- Regina has chosen to provide financial incentives to promote business growth downtown, and a very strong share of total metropolitan employment is located in downtown compared to other cities;
- The City of Toronto's new Official Plan provides strong directives to work with the private sector to ensure that amenities such as specialty retail and entertainment districts are developed within proximity to the financial core;
- Ottawa's Downtown Revitalization Plan in 2000 introduced several measures to increase residential development downtown, and its more recent Downtown Urban Design Strategy (2004) promotes good design through a committee and a reward system; and
- Montreal's 2004 Master Plan promotes land assembly by the City in order to encourage larger developments.

- Among these eight major metropolitan areas, Winnipeg's downtown (including the "outer core" employment areas around the downtown):
  - Has the third-highest concentration of employment downtown, the second highest among manufacturing jobs;
  - Has the highest concentration of health care jobs;
  - Has the second highest concentration of jobs in finance, real estate and professional services;
  - Has the fourth highest concentration of information industry jobs.
- So, in general, relative to other Canadian cities, Winnipeg's downtown already plays a major role in its local economy.
- In the next 25 years, Winnipeg's economy is likely to generate some 93,500 net new jobs – under a realistic economic development scenario. Of these some 9,700 are likely to be "major office" jobs

and most of these should be downtown. The economy will generate additional office jobs, to be accommodated in business-park style office spaces, many of which will be located outside of the downtown and generally within Industrial Policy Areas of the city or industrial lands in the Rural Municipalities.

- Successful economic development efforts for downtown, therefore, should focus on identifying and facilitating key decision criteria, particularly among the types of firms that provide office type employment. A number of studies are reviewed and key location factors identified.
- Some of the key factors that have the ability to affect location within Winnipeg, and over which the City can exert some control through policy in some cases, are:
    - Relative occupancy costs – which can include pass through from development costs and municipal taxes;
    - Parking availability and costs;
    - Quality and quantity of "amenities" including commercial/retail amenities and arts, culture and sporting venues;
    - Presence and integration of educational institutions and populations in the downtown; and
    - Availability and quality of public transit, including rapid transit infrastructure.
- All told, if the City of Winnipeg can build on its assets downtown, address and facilitate key areas affecting location decisions and continue its efforts to also promote population growth downtown, then it should be able to see the development of up to 9,700 net new jobs over the planning period (plus ancillary jobs).
- Major office type employment of this magnitude would likely support the development of an additional 3.7 million sq. ft. of office space downtown, which could mean some 18 new buildings.

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1 INTRODUCTION

1.1 INTRODUCTION

Altus Clayton, in conjunction with Urban Strategies Inc., was retained to prepare a downtown employment study for the City of Winnipeg. Preparation of this study comes at a critical and very opportune time for the City, and will assist the City of Winnipeg in its downtown redevelopment effort in the years ahead.

The City's long term development strategy, *Plan Winnipeg 2020,* places a high policy priority on the redevelopment of the downtown. The plan empowers City Council to undertake measures to promote downtown development, encourage downtown living, and promote a safe downtown.

Why is the well-being of a city's downtown imperative? The quality of life across the metropolitan area is closely linked to the vitality of its downtown. Downtown is where visitors and investors form impressions of the city - it is the social, cultural and economic heart of a city and its healthy development is a key ingredient to successful economic development across the entire metropolitan area.

1.2 PURPOSE OF THE REPORT

The purpose for this study is to provide a thorough review of the traditional and current roles of Winnipeg's downtown in promoting and accommodating the City's employment and local economic development, with a focus on assessing the downtown's traditional and emerging unique strengths.

The analysis and findings in this report build on and are integrated with findings and recommendations, including the macro-economic framework, presented in the *Employment Lands Strategy* (ELS) conducted by another consulting team headed up by Altus Clayton. This report provides additional detail in terms of economic development potential in the downtown area.

1.3 REPORT STRUCTURE

In addition to the Introduction, this paper has an additional eight chapters:

- Chapter 2 sets out the economic development context for this report and for the need and importance of a strong downtown employment area for the good of the entire region from an economic development perspective.
- Chapter 3 presents the existing policy framework guiding development in downtown Winnipeg;
- Chapter 4 illustrates 2001 employment by detailed sector in Winnipeg's central business district relative to the CMA;
- Chapter 5 estimates and illustrates the change in Winnipeg's central business district employment between 2001and 2006, using the data from Statistics Canada's Business Registry;
- Chapter 6 analyzes the central business district office space as so to further examine the state of Winnipeg's central business district economy between 2001 and 2006;
- Chapter 7 provides a brief summary of other CMAs' recent downtown development plans;
- Chapter 8 compares the 2001 Census data for central business district employment in Winnipeg relative to the Winnipeg CMA to the data in other major metropolitan areas in Canada, together with a review of best practices, or other successful experiences in downtown revitalization; and
- Chapter 9 offers a vision for the potential employment development in downtown Winnipeg given the economic development context for potential growth in Winnipeg and a review of the array of factors that can influence business location between downtowns and other employment areas within the city and region.

1.4 A NOTE ON DOWNTOWN AREAS REFERRED TO IN THIS REPORT

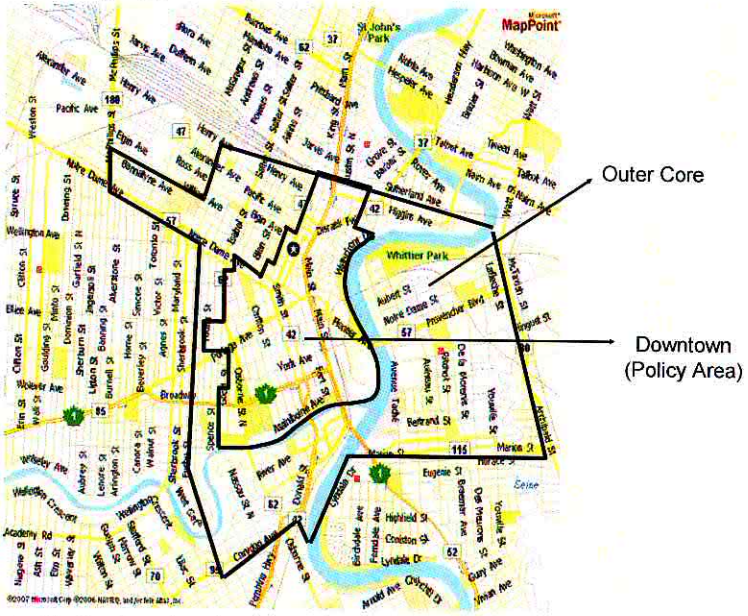
To collect selected cities' central business districts data, we first have to define the central business district for each city. By our definition, a central business district must have distinct boundaries within which most major office buildings are located and only a few single-detached residential dwellings exist.

Some city's central business districts are well defined and compact such as Regina, Calgary and Winnipeg's; some cities such as Toronto, Montreal and Vancouver have much larger geographic areas, consequently, their central business districts are harder to define and office buildings are spread out among nodes throughout the CMA.

Winnipeg's central business district in this report includes the downtown area defined by the City within a policy context plus the immediate outer core surrounding it. Although this broader geographical definition of the central employment area goes beyond the policy area of primary concern to the City, it provides a more realistic framework, from an economic development perspective, to describe and understand current trends in central area economic development relative to other areas within the City or region. Thus, the central business district in this study is larger than the policy area (Figure 1). This treatment also helps to make the findings from Winnipeg with respect to central business district employment consistent with other cities referenced in this report, especially the analysis in Chapter 7[1].

Figure 1

City of Winnipeg, Study Area



Source: Altus Clayton Based on data from MapPoint

1.5 CAVEAT

This report relies on information from a variety of secondary sources. While every effort is made to ensure the accuracy of the data, we cannot guarantee the complete accuracy of the information used in this report from these secondary sources.

[1] Most other cities' downtown areas include some immediate surrounding outer cores.

This report has been prepared solely for the purposes outlined herein and is not to be relied upon or used for any other purposes or by any other party without the prior written authorization of Altus Clayton, Division of Altus Group Limited.

2 ECONOMIC DEVELOPMENT FRAMEWORK

Why is it important within an economic development context for the City of Winnipeg take action to understand the economic role played by the downtown business community and consider measures to strengthen and foster further growth downtown? Because the entire economy depends on it.

The City of Winnipeg's Comprehensive Employment Land Strategy, 2008, sets out an important paradigm that will guide the pace and style of economic development in the next 25 years.

The City of Winnipeg took an important step in recognizing that the efforts and strategies required to promote and accommodate economic development in the next 25 years will differ substantially from the types of economic development tools used in the past. In the City of Winnipeg's Comprehensive Employment Land Strategy, 2008, a new economic development paradigm was set out, including:

- In old economic development paradigms, cities compete against other cities for economic development by attracting investment in order to ensure that the local demographic has adequate employment opportunities;
- In the next 25 years, one of the most important macroeconomic challenges for Canada will be progressively tighter labour markets, nationally, as the growth in the labour force slows significantly due to the aging of the population; and
- In response, the type of competition in which successful cities will engage, will be to focus on attracting a talented and skilled demographic – which in turn will endow the city with the most valuable resource potential employers are seeking – an adequate workforce.

Attracting and fostering a talented demographic is achieved by focusing "economic development" efforts on building liveable and attractive cities that provide attractive places to live, play and work.

Paramount among these efforts is fostering an attractive place to live, and cities can achieve this by providing an environment that encourages the private sector to bring forward an attractive range and mix of new housing, and promoting housing affordability by reducing government-imposed costs.

Equally important is planning for attractive places to work. In the Employment Lands Strategy, the City recognizes that planning for an adequate range and mix of employment lands, which could be developed into attractive work places with links to amenity-rich neighbourhoods, is a critical step toward this goal.

The role and function of Winnipeg's downtown in contributing toward this economic development objective is also critically important. The downtown offers existing and potential development opportunities for residential development and a wide range of employment forms.

In addition, the downtown core represents the public face of the City for visitors which can play an important economic development function.

Downtown's that play important contributing roles to successful economic development in cities have a number of characteristics:

- They endow a range of amenities enhancing the attractiveness of the area as an employment location, thus helping firms in one of their largest challenges – attracting and retaining talent;
- They provide a mix of housing and employment opportunities that encourages live-work arrangements and promotes economic activity beyond regular business hours, further increasing the economic viability of downtown commercial amenities; and
- They include successful institutions, such as museums and sports and arts venues, in order to improve the "face" of the city and provide a cultural focus drawing more of the city's citizens to identify with and frequent the downtown core, again increasing the economic viability of downtown commercial amenities, and further providing a boost to this virtuous cycle of downtown development.

Winnipeg's downtown is endowed with many assets, including a strong employment base, rich architecture including an inventory of historic buildings, and a range of high-calibre companies that include representatives of Canada's leading national corporations and successful local corporations.

This economic development framework provides two important guiding principles for Winnipeg's employment lands strategy:

1) Planning for employment lands requirements is a matter of considering the quantity of lands required to support employment growth, plus considering a range and mix of locations and features that will best match the emerging needs of Winnipeg's current and future employers, including suitable flexibility of zoning within employment areas to allow a range of mix of employment type activities – from industrial to commercial to institutional to retail and other amenities; and
2) Land planning regimes must keep enough flexibility to adapt to changing conditions as they occur and warrant. Designating lands for industrial use today should never preclude their redesignation in the future to other more suitable uses as might be demonstrated.

With this in mind, Winnipeg's employment land strategy focuses on assessing the broad high-level requirements for employment lands within the City of Winnipeg over the next 25 years, while assessing the ability of the existing supply of designated lands to address these requirements while considering at the same time the potential suitability for some of the existing supply toward other uses as market context may dictate. The employment lands strategy believes that maximising economic development potential within the City of Winnipeg is a primary goal, and that considering land use within a market context and considering the highest and best use will generally always bring about more liveable, affordable communities and provide the right incentives to encourage the development industry to provide the range and mix of housing, employment-related properties, commercial, retail and other amenities which will help to build the local population base, retain and attract families to the City of Winnipeg, develop a skilled, talented and creative labour force base and ultimately maximise economic development potential.

3 DOWNTOWN EMPLOYMENT AND DEVELOPMENT POLICIES

This section sets out the existing and historical policy environment which has guided development in downtown Winnipeg in the past. These policies are set out in order to help understand the factors which have helped promote downtown employment growth and development, along with establishing a framework for new policies which will help Winnipeg fulfill its vision of improving employment concentrations downtown significantly over the next two decades.

The City of Winnipeg rightfully believes that the downtown plays an important role as the social, cultural and economic heart of the city. Economic development downtown helps to promote and revitalize this vision. A comprehensive economic development framework accounts for employment areas throughout the region and helps to promote and enhance the types of employment and business development which is appropriate, ultimately, for each area. The City has a substantial existing framework of policies which attempt to strike this critical balance of promoting economic development downtown while recognizing the important role played by economic and business development in other areas of the city and the region.

3.1.1 CentrePlan

CentrePlan: Working Together for Winnipeg's Downtown was adopted in 1994. It was written in concert with *Plan Winnipeg 2010*. This document was created through public involvement sessions with downtown stakeholders and interest groups on establishing directions and decisions for the future of Winnipeg's downtown. *CentrePlan* is comprised of two documents: "Visions and Strategies" (five in total) and an "Action Plan." The "Vision and Strategies" section breaks down the overall vision, such as a "vision of prosperity and innovation", into subsections, such as "committing to economic sustainability" and then offers a strategy to reach that vision, such as "keep and attract targeted businesses and activities in the downtown." This document offers broad and generic solutions to real issues that Winnipeg faces/faced, such as "develop a number of methods to promote and reinforce housing downtown." Although this document is almost fourteen years old, most of the issues raised in this document remain, which suggests that the document did not include viable and realistic strategies to address the goals for the future of Downtown.

The "Action Plan" is divided into two parts. The first half, Action Plan 1997-1999, flushes out the five visions that were highlighted in *CentrePlan*. The five visions are then divided into actions. The actions are then explained by addressing the partner, the resources, the explanation of the initiative, the first steps and the benefit. This structure does address the steps that need to be taken and how the vision is going to be reached. However, since this document is fourteen years old and there appears to be no monitoring of this section, it is difficult to assess if this document is useful in addressing the issues and most notably resolving the problems that might impede development.

The second part of the document is an evaluation of the Action Plan for 1995-1996. This section highlights the status of the strategies and the conclusion and next steps. With regard to encouraging development, this type of exercise creates a reassurance that steps are being taken to address some of the highlighted issues in Downtown Winnipeg as well as creates an open and transparent environment to invest.

3.1.1.1 Vision and Strategies (December 1994)

The purpose of the plan is to bring positive changes in Winnipeg's downtown and create and promote the image of a thriving downtown for local residents and visitors.

The Plan outlines the vision of the future downtown:

> *...as the heart and pride of the city, encompasses all that is good about Winnipeg. It is a welcoming and caring place for all people, it provides an optimistic economic environment, and it is an exciting vibrant place that works well for everyone.*[2]

The five components of the vision are:

- A vision of community and belonging with strategies to promote integration, provide safety and security, develop strong neighbourhoods, establish self-reliance, and promote social harmony;
- A vision of prosperity and innovation with strategies related to providing economic opportunities and committing to economic sustainability;

[2] City of Winnipeg, *The CentrePlan: Working Together for Winnipeg's Downtown*, 1999.

- A vision of effectiveness and efficiency with strategies that ensure accessibility of downtown, promote integrating land usage, and commit to excellence in urban design and public services; and
- A vision of soul and personality with strategies related to strengthening out heart, celebrating our special features, honouring our heritage and tradition, and projecting a vibrant character.[3]

To promote downtown economic development, the plan recommends that:

- The city should alter its policy to locate appropriate government offices and services in the downtown;
- Encourage the educational institutions to locate their facilities (including student housing and related services) in the city centre; and
- Actively attract companies in the information and telecommunication industry as an opportunity for economic growth in downtown.[4]

With the plan, there was a second document, Action Plan 1995-1997, that identified 30 actions to be undertaken during those tow years. The Action Plan was re-written again for the 1997-1999 period. Many of those actions suggested in the Action Plan were completed over the years.[5]

3.1.1.2 Development Framework (June 1999)

The Development Framework was introduced to provide a graphic representation with explanatory texts of the physical development of the downtown in keeping with the vision adopted in CentrePlan.

Its principal recommendations are to:

- Plan, develop operate and manage downtown as a single entity with special status, not as disconnected unclaimed parts;
- Identify principal neighbourhoods, districts and character areas;
- Preserve, protect and enhance downtown's natural and built heritages;
- Consider all physical aspects of urban environments that make experiences pleasurable, civilized and positively interactive;

[3] ibid.
[4] ibid.
[5] Downtown Initiative Committee, *Getting Down to Business: The Downtown Initiatives Report on Consultation*, 2002.

- Invest in the public realm; and
- Support and encourage private sector investment that advances CentrePlan's goal and fulfils Development Framework directions.[6]

The intent of those recommendations is to:

- Better serve a diverse population;
- Reinvest in downtown's strength, amenities and features; and
- Create a positive investment environment for private partners.[7]

With those principal actions, the Framework suggests to:

- Form a high technology corridor (with a broadband/fibre optic infrastructure) through the Exchange District providing access to high-tech companies and Red River College's downtown campus; and
- Reconfigure the library into the Manitoba Centre of Knowledge so to push further downtown economic development.[8]

3.1.2 Plan Winnipeg 2020 Vision (December 2001)

Plan Winnipeg 2020 is a long rang policy plan, intended to guide the City's development into the twenty-first century. It is the foundation of all other City documents, budgets, policy works, programs and development initiatives. The Plan put the downtown revitalization as one of its top priorities.

The "Downtown First" policy outlined in the Plan consists of:

- Promote downtown development by encouraging the retention, recruitment, development, and incubation of unique and important business in the downtown, with particular emphasis on the creation of a downtown digital economy;
- Encourage downtown living by providing incentives such as heritage tax credit programs, building code equivalences for heritage buildings, and mixed-use zoning that promote the provision of housing including warehouse conversions and new construction throughout downtown;

[6] City of Winnipeg, CentrePlan Development Framework, 1999.
[7] ibid.
[8] ibid.

- Promote a safe downtown by maintaining a street level police presence in the downtown and giving priority to the downtown for police efforts, including graffiti control;
- Promote the excitement of downtown by supporting and promoting festivals in downtown and ensuring the downtown is the location of choice for major arts, culture and entertainment amenities;
- Celebrate the downtown's special features and heritage by promoting the uniqueness of its character areas including Chinatown, Broadway, Exchange District and Forks;
- Encourage accessibility to and within the downtown by supporting universal access and providing of short-term downtown parking to offer convenient access to downtown businesses;
- Integrate rivers, parks, and green spaces in the downtown by protecting, preserving, and enhancing the natural amenities and linking them where feasible; and
- Promote high standards of urban design in the downtown by encouraging the integration of public art and aesthetics into the downtown landscape.[9]

3.1.3 Getting Down to Business: The Downtown Initiatives Report on Consultation (September 2002)

This report was done by the Downtown Initiatives Committee chaired by the Mayor with participants from other government departments and private sector. The purpose of the study is to:

- Make the downtown the best place to conduct business throughout the city; and
- Create a vibrant, health, attractive and safe downtown while maintaining a sense of history and place.[10]

The recommended six strategies are to:

- Clarify the plan for downtown by undertaking the development of Small Area Plans in key downtown locations and adopting a comprehensive downtown parking policy to clarify the role of the civic parking authority;

[9] City of Winnipeg, *Plan Winnipeg 2020 Vision*, 2001.
[10] Downtown Initiative Committee, *Getting Down to Business: The Downtown Initiatives Report on Consultation*, 2002.

- Make the rules match the plan by preparing urban design principles and guidelines to compliment the zoning by-law ensuring that match the intent of CentrePlan, the Framework and the by-law;
- Streamline the development application process by establishing a single decision-making authority for all downtown development applications and assigning the most senior staff to work with the major developers and on the more complex proposed developments;
- Build staff commitment by implementing a regular customer service training program for all front line staff involved in development review;
- Provide resources to deliver on expectations by reviewing and prioritizing future downtown capital projects ensuring alignment with CentrePlan and the Framework; and
- Improve the communication with private sector by creating a downtown page on the City of Winnipeg website where all downtown related information can be accessed.[11]

3.1.4 Heart of Gold: Strategic Business Plan 2007-2009 (Mid-Year 2006)

Heart of Gold is CentreVenture's strategic business plan for 2007-2009. The goal of the plan is "to create enough visible improvement, and enough atmosphere of change and momentum, to achieve a 'tipping point' in people's perception of the downtown."

This plan focuses on two select areas: the properties fronting on both sides of Portage Ave and the properties fronting both sides of Main Street, highlighting that there needs to be improvement since the "market is not yet functioning adequately" in both areas.

CentreVenture is projected to make a net cash investment of $17.28 million over the three year period to implement the *Heart of Gold Plan*, comprised of:

- $8.0 million in the Focus Areas,
- $3.6 million for investments in projects not located in the Focus Areas and
- $5.68 million for Public Destinations.

Overall, this Plan provides a detailed review of areas that need improvement, and it also includes the economic incentives to begin the change process.

Corporate strategies that are built-into the Plan are attempts to ensure the downtown remains, or becomes an attractive and desirable place to do business and attract people back to the city centre.

Some of those strategies are to:

- Create the Special Safety Wardens unit who can assist pedestrians and provide direction guidance to citizens;
- Facilitate the creation of public amenities of the character of the Plaza Skate Board at the Forks;
- Acquire up to three troubled properties in the "Heart of Gold" area, totalling at $2.0 Million;
- Continue to administer the Housing Tax Credit programs as to promote residential construction in the downtown area; and
- Invest in up to three strategically located parking service facilities over next year years at an estimated cost of $1.1 million per project.[12]

3.1.5 Downtown Winnipeg Zoning By-Law (May 2004)

To reflect downtown Winnipeg policies introduced in the *CentrePlan*, *Development Framework*, and *Plan Winnipeg 2020*, the City Council created a new downtown zoning by-law to guide the physical development of downtown Winnipeg. It regulates and controls the types of land use, building heights, density, signs, parking and loading requirements, and provides for urban design review of all development in the downtown area.[13]

Some important new features and innovations of the zoning by-law are:

- It is organized on a geographic basis: the geographic areas are distinct in terms of look, function, or character;
- Regulations are bundled: each of the four sectors (including Multiple-Use, Character, Downtown Living, and Riverbank) has its own land use, bulk, sign, parking, loading, and urban design regulation;
- There are no overlapping layers of zoning regulations: a property can only be located within one of four sectors;

[11] ibid.
[12] CentreVenture Development Corporation, *Heart of Gold: Strategic Business Plan 2007-2009*, 2006
[13] City of Winnipeg, *Downtown Winnipeg Zoning By-Law*, 2004

- Residential development is encouraged throughout downtown Winnipeg: residential development is permitted in every sector, except Riverbank;
- Built form regulations are simplified: the number of building height and floor area ratio categories has been reduced;
- Parking is not required to be provided in conjunction with new development; and
- Urban design review is enhanced: introduced of Key Considerations provides upfront disclosure of bases fro urban design review throughout the downtown.[14]

Noteworthy among the components above is that the City does not require developers to provide parking for new development. This can be seen as a progressive step, as it reduces the cost of private development where parking is not required from a market perspective. Ultimately, as sites fill in, the long term implications could create a potential business opportunity for multi-storey parking in strategic locations for either private or public agencies.

3.1.6 Various Initiatives

Throughout the years, there have been various initiatives introduced by the city to directly or indirectly promote downtown development. Some of them are:

- Get Together Downtown Festival: started in 2001, it is a three-day family orientated festival on Portage Avenue in the downtown;
- Downtown business tax cute: in 2005, the council approved the 20 percent business tax cute for business located in the downtown area. Early 2007, this tax cute expanded to the rest of the city; and
- Red Tape Commission: its goal is to cut unnecessary layers of regulations. So far, it has eliminated the amount of paperwork required for ticket retailers, fundraisers, arts venues, delivering a $300,000 tax cute to citizens. Also, large festival organizers can now apply for permits with only a single form.

[14] ibid.

4 WINNIPEG'S CENTRAL BUSINESS DISTRICT EMPLOYMENT STRUCTURE IN 2001

This chapter presents a broader overview of Winnipeg CMA's economy for last three decades, compared with Canada and Manitoba, and employment by sector pattern in Winnipeg CMA, the central business district and the downtown area for 2001, providing a basic concept about the state of Winnipeg's downtown economy and its macro-environment.

4.1 WINNIPEG CMA

The Winnipeg region is in the midst of a strong and steady economic growth period. Key indicators show (Figure 2):

- In terms of employment growth, jobs have advanced at about 1 percent per year between 2001 and 2006. In 2006, the Winnipeg CMA contributed some 8,800 jobs with an employment growth rate of 2.4 percent – the highest rate of growth since 2002;
- The Winnipeg CMA continues to experience one of the lowest unemployment rates among major cities in Canada at 4.6 percent in 2006; and
- Population gains in recent years have been modest with the Winnipeg CMA accounting for 60 percent of the provincial population.

Figure 2

Key Economic Indicators, Winnipeg CMA and Manitoba, 2001-2006

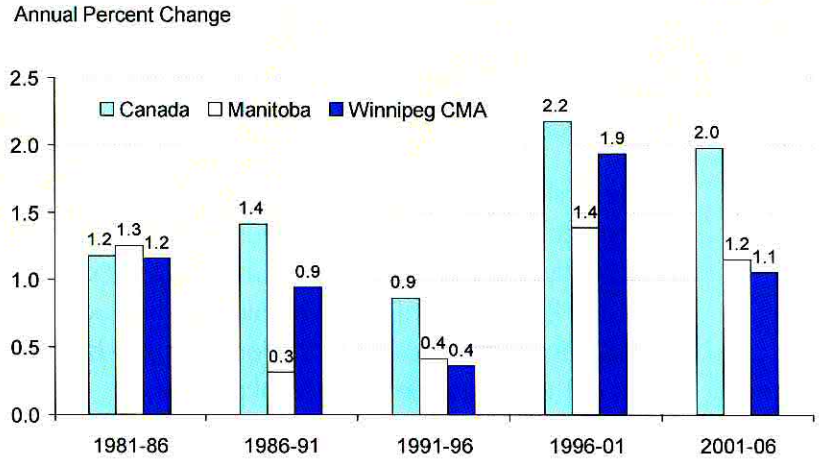
	Winnipeg CMA		Manitoba	CMA as % of Manitoba
	*2001-2005**	*2006*	*2006*	*2006*
Employment** (000s)	361	370	587	63
Employment (%growth)	0.6	2.4	-	
Unemployment rate	5.2	4.6	4.3	
Real GDP, 1997 $Billion	21.1	22	34.2	64
Population (000s)	698	707	1,179	60
Population (% growth)	0.5	0.3	-	
Net Migration	1,700	2,539	1,398	182
Housing Starts*	2,160	2,777	5,028	55
Non-residential investment ($ millions)	287	385	875	44

* Annual Average, For real GDP, it is from 2004-2005.
** Place of Work Employment
Source: Altus Clayton based on data from Statistics Canada and CMHC

Figure 3 presents historical employment growth rates for Canada, Manitoba and for the Winnipeg CMA.

Figure 3

Employment Growth, 1981-2006



Source: Altus Clayton based on data from Statistics Canada
Labour Force Survey (Census for CMA prior to 1991)

The pattern of Winnipeg's employment growth vis-à-vis the larger regional context outlines the following:

- Employment growth in Manitoba is consistently lower than the national average except between 1981-1986;
- Employment growth in the Winnipeg CMA has sometimes outperformed and sometimes underperformed with respect to the rest of the province. Over the entire period, growth in Winnipeg CMA averaged some 0.2 percentage points faster than the province as a whole; and
- The gap between employment growth in the province and the Winnipeg CMA narrowed in the late 1990s returning to growth levels observed in the early 1980s.

Going forward, it is reasonable to assume employment growth in the Winnipeg CMA will continue to grow steadily and over the long term somewhat slower than the country as a whole, but still somewhat stronger than the average of the province of Manitoba.

4.2 EMPLOYMENT BY SECTOR PATTERN IN WINNIPEG CMA, 2001

Employment by sector in the Winnipeg CMA in 2001 (Figure 4) shows an economy that has a number of major industries including:

- Broad public sector with 27.1 percent of total employment;[15]
- Office sector with 22.5 percent;[16]
- Retail trade sector with 15.4 percent;[17] and
- Manufacturing sector with 13.3 percent.

The large share of broad public sector employment can provide a safety-net against economic downturns, because majority of public institutions do not significantly slash jobs even during an economic slowdown. On the other hand, the large share of public employment reduces the potential growth of the local economy, because in the long run, the broad public sector only grows at the same pace as the local population.

[15] The Broad Public Sector includes Education, Health Care and Public Administration industries all of which are funded by the government.

[16] The office sector includes a number of broad categories including: information and cultural, finance and insurance, real estate, professional, scientific and technical services, management of companies and enterprises, administrative support, and other services.

[17] Retail trade sector contents both retail and wholesale industries.

Figure 4 **Employment*, Winnipeg CMA, Central Business District and Downtown, 2001 Census**

	CMA	Share of Total	Central Business District**	Share of Total	Downtown	Share of Total	Central Business District Share
	Persons	*%*	*Persons*	*%*	*Persons*	*%*	*%*
Primary	2,995	0.9	110	0.1	70	0.1	3.7
Manufacturing	46,960	13.3	5,000	5.7	2,590	4.5	10.6
Utilities	4,310	1.2	410	0.5	400	0.7	9.5
Construction	14,560	4.1	745	0.9	470	0.8	5.1
Retail	54,335	15.4	7,360	8.4	5,375	9.4	13.5
Logistics	23,545	6.7	4,375	5.0	4,140	7.3	18.6
Office	79,125	22.5	29,275	33.6	22,295	39.1	37.0
Community	6,985	2.0	1,620	1.9	1,195	2.1	23.2
Tourism	23,980	6.8	5,485	6.3	4,215	7.4	22.9
BPS***	95,265	27.1	32,825	37.7	16,305	28.6	34.5
Total	352,065	100.0	87,175	100.0	57,030	100.0	24.8

* Place of Work Based
** Including the Downtown and its immediate outer core
*** Broad Public Sector (Education, Health Care and Public Administration)
Source: Altus Clayton based on data from Statistics Canada

4.3 EMPLOYMENT BY SECTOR PATTERN IN WINNIPEG'S CENTRAL BUSINESS DISTRICT, 2001

Comparable to the CMA, Figure 4 shows that a majority of the 87,175 employees in the central business district was employed in either:

- Broad public sector with 37.7 percent of total central business district employment; or
- Office sector with 33.6 percent.

By contrast, Winnipeg's central business district has significantly less manufacturing and construction sector jobs than the CMA as a whole in 2001, reflecting the mainly service based economy in the district.

Altogether, the employment in the Winnipeg's central business district was about one-quarter of the total employment in the CMA in 2001, demonstrating the significance of the central business district economy.

By sector, the central business district was the workplace for about 37 percent of all office professionals in the CMA and approximately 35 percent of all public sector workers.

Those numbers suggest that the central business district held a significant share of the high value-added jobs in the CMA. This reinforces the

significance of a healthy central business district to the city's economy, because the future economy will increasingly rely on high value-added service industries for growth.

4.4 EMPLOYMENT BY SECTOR PATTERN IN WINNIPEG'S DOWNTOWN, 2001

Similar to the central business district, Figure 4 shows that in 2001, a majority of the 57,030 employees in Winnipeg's downtown was employed in either:

- Office sector with 39.1 percent of total downtown employment; or
- Broad public sector with 28.6 percent.

The broad public sector had a larger share of employment than the office sector in the central business district; the opposite was true for the downtown. This is because the downtown employment data excludes two major health institutes, the Health Sciences Centre and the St. Boniface General Hospital which are located in the outer core area.

5 WINNIPEG'S CENTRAL BUSINESS DISTRICT AND DOWNTOWN BUSINESS ESTABLISHMENT, 2001-2006

5.1 BACKGROUND

Because the 2006 census data are still not fully available, data from the Business Registry at the Statistics Canada is used to approximate Winnipeg's central business district and downtown employment change between 2001 and 2006.

The data are collected from the Statistics Canada's Business Register Division (BRD) which maintains the Business Register (BR) - the central repository of information on businesses in Canada. The Business Register maintains a complete, up to date and unduplicated list on all active businesses in Canada that have a corporate income tax (T2) account, are an employer or have a GST account with an annual gross business income of over $30,000. Thus, the data provides a general sense of the state of downtown business environment.

5.2 CHANGE IN NUMBER OF TOTAL ESTABLISHMENTS

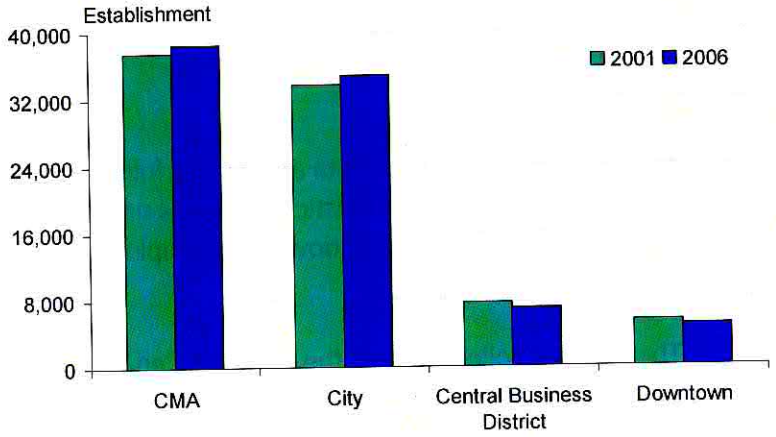
The change of total business establishments for both Winnipeg CMA and the central business district between 2001 and 2006 (Figure 5) shows that:

- In 2006, there were some 38,543 firms in Winnipeg CMA, an increase of 986 establishments from 2001;
- Some 92 percent of Winnipeg CMA's firms were small or medium firms in 2006;[18]
- There were 616 companies shut down within the central business district during this period, pushing the total number of central business district establishment down to 7,027 firms in 2006; and
- Generally speaking, businesses located in the city centre were larger than the CMA average - about 90 percent central business district companies were small or medium firms.

[18] Out of the 38,543 firms, the size of 18,272 firms was indeterminate. In the calculation of the share of small and medium firms, we have excluded those indeterminate firms from the total number of firms. We treat a firm with less than 50 employees as small or medium size. Firms with 50+ employees are categorized as large size.

Figure 5

Number of Firms, Winnipeg



Source: Altus Clayton based on data from Statistics Canada, Business Registry Division

The change of total business establishments for Winnipeg's downtown between 2001 and 2006 (Figure 5) shows that:

- There were 567 companies shut down within the downtown during this period, pushing the total number of central business district establishment down to 4,877 firms in 2006; and
- Businesses located in the downtown were even larger than the central business district's average - about 89 percent downtown businesses were small or medium companies.

The data suggests that some companies might have moved from the downtown to other employment areas within the CMA between 2001 and 2006. Nonetheless, there were some consolidations among companies located in the downtown during this period, including the merger of Assiniboine, Astra and Vantis credit unions. Company mergers will reduce the number of business establishments in the downtown, but have less effect on the total employment in the area.

5.3 CHANGE IN NUMBER OF ESTABLISHMENTS BY SIZE

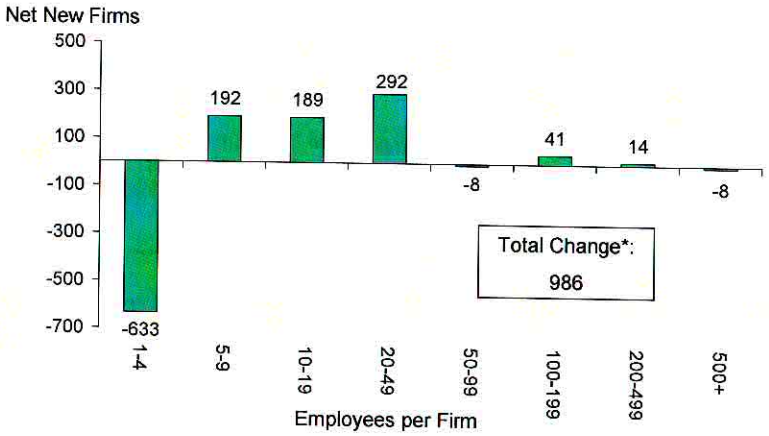
This section gives a detail analysis concerning to the change in number of firms by size. Combining with the analysis of change in total establishment, the section will form a clearer picture of the central business district employment change between 2001 and 2006.

The change of business establishments by size in Winnipeg CMA between 2001 and 2006 (Figure 6) illustrates that:

- The CMA had the largest increase of firms within the 20-49 employees category, about 292 new[19] businesses established during this period, following by the 5-9 and 10-19 categories;
- Those increases partially offset the vast decrease of 633 firms within the 1-4 employees category; and
- Many small firms have likely grown into medium-size firms or consolidated with others during this period.

Figure 6

Net New Firms by Employee Size Category, All Industries, Winnipeg CMA, 2001-2006



* Chart does not show growth in "indeterminate" category (self employed, other firms with no size category), which was +907 firms
Source: Altus Clayton based on data from Statistics Canada Business Registry Division

The change of business establishments by size in Winnipeg's central business district between 2001 and 2006 (Figure 7) shows that:

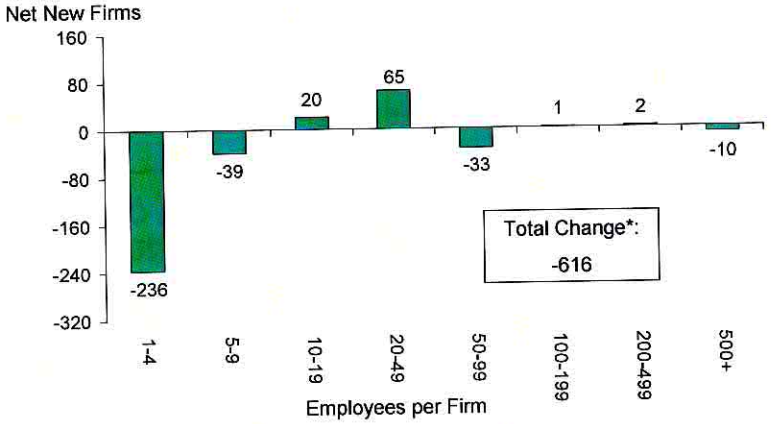
- Similar to the CMA, the central business district also lost a large number of firms within the 1-4 employees category;
- Unlike the CMA, the rise in medium size companies only partially offset the decrease in small firms; and
- There were some 40 large firms that either scaled down their operations or moved out of the central business district during this

[19] Those companies were not necessarily newly created - a fair amount of them were likely existing firms which grew into larger sizes.

period, consequently, the number of large company decreased to about 422 in 2006.

Figure 7

Net New Firms by Employee Size Category, All Industries, Central Business District, 2001-2006



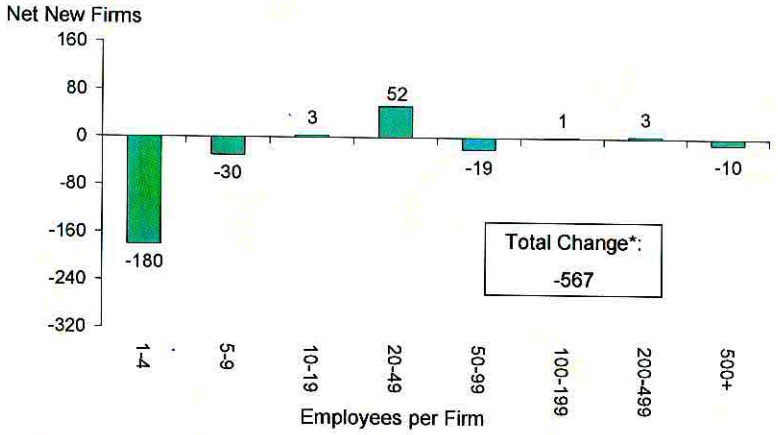
* Chart does not show growth in "indeterminate" category (self employed, other firms with no size category), which was -386 firms
Source: Altus Clayton based on data from Statistics Canada Business Registry Division

The change of business establishments by size in Winnipeg's downtown between 2001 and 2006 (Figure 8) shows that:

- Similar to both the CMA and the central business district, the downtown also lost a large number of firms within the 1-4 employees category;
- Also like the central business district, the rise in medium size companies only partially offset the decrease in small firms; and
- The ten 500+ businesses that either scaled down their operations or moved out of the central business district during this period were all previously located in the downtown area of the district, hurting the downtown employment the most.

Figure 8

Net New Firms by Employee Size Category, All Industries, Downtown Winnipeg, 2001-2006



* Chart does not show growth in "indeterminate" category (self employed, other firms with no size category), which was -387 firms
Source: Altus Clayton based on data from Statistics Canada Business Registry Division

5.4 CHANGE IN NUMBER OF ESTABLISHMENTS BY INDUSTRY

There was a decline in the total number and the average size of firms in Winnipeg's central business district between 2001 and 2006. This analysis is to indentify which industries contributed the most to the decline.[20]

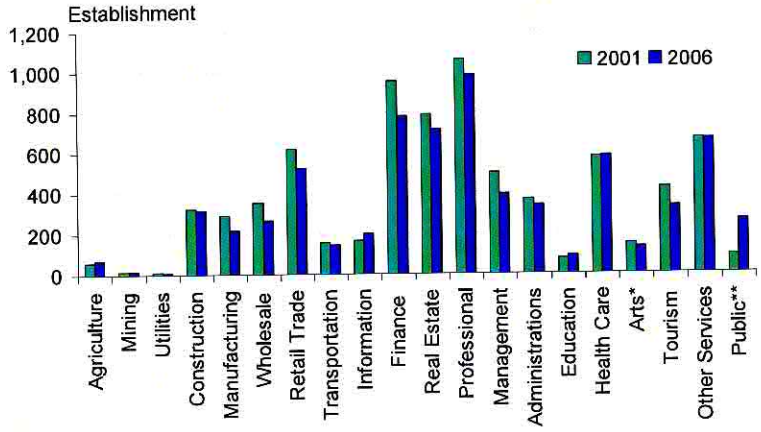
Figure 9 illustrates the change in the number of firms by industry within Winnipeg's central business district. It points out that:

- The majority of decline was from the private service sector with the finance industry leading the way; and
- The decline in private sector from central business district was partially offset by a significant gain in public administration entities.

[20] Since the downtown area is a part of the central business district and the change in business establishments by industry in the downtown was similar to the central business district during this period, we only focus on the district as a whole for this analysis.

Figure 9

Number of Firms by Industry, Central Business District



* Arts, Entertainment and Recreation ** Public Administration
Source: Altus Clayton based on data from Statistics Canada, Business Registry Division

The change in the number of firms in the central business district financial industry[21] (Figure 10) demonstrates that:

- The majority of decline was from the 1-4 employees category, about 23 firms closed down or moved away;
- The number was mixed among the medium and large size - the increase in some medium size firms was accompanied with decline in others; and
- There was only one newly created large financial firm with 500+ employees between 2001 and 2006 which could reverse some employment losses from smaller financial companies.

However, there were still some positive developments within the central business district financial industry during this period including:

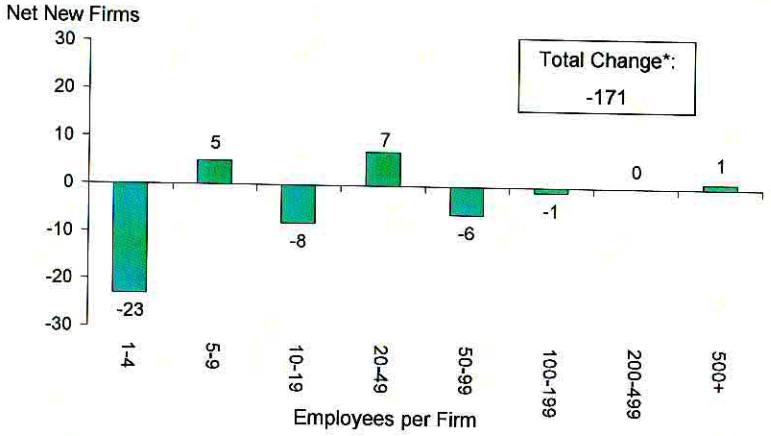
- Credit Union Central of Manitoba officially opened to the public in April 2006, with some 200 employees working at its downtown office; and
- On September 13, 2006, shareholders of Assiniboine, Astra and Vantis credit unions approved the proposed merger, eventually

[21] Although Statistics Canada changed its data collecting methodology between 2001 and 2006, there should not be a large, if any, decrease in the number of business establishments in Winnipeg's financial sector due to this methodological change.

created the 10th largest credit union in Canada with $1.8 billion combined assets and 521 employees.[22]

Figure 10

Net New Firms by Employee Size Category, Finance, Central Business District, 2001-2006



* Chart does not show growth in "indeterminate" category (self employed, other firms with no size category), which was -146 firms
Source: Altus Clayton based on data from Statistics Canada Business Registry Division

Figure 11 illustrates that the public administration sector was the bright spot of the central business district economy during the 2001-2006 period - with an increase of 171 establishments, it partially offset the decline in the private sector.

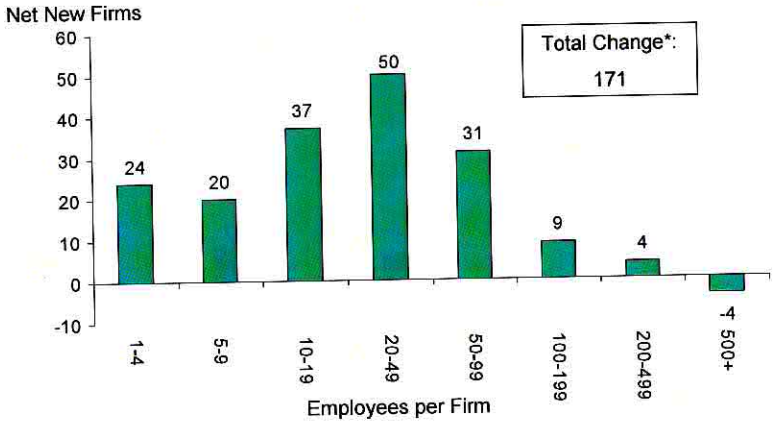
However, due to the change of the data collecting methodology from Statistics Canada, the large increase in the number of business establishments in the public administration sector was not all because of the employment growth.[23]

Consultations with the City staff (human resource) confirmed that there was no dramatic change in City employment downtown between 2001 and 2006.

[22] The information is from the September 2006 *Winnipeg Labour Market Bulletin*.
[23] During this period, Statistics Canada decided to further divide public administration departments into various smaller offices. Therefore, the 2006 data is somewhat overstated.

Figure 11

Net New Firms by Employee Size Category, Public Administration, Central Business District, 2001-2006



* Chart does not show growth in "indeterminate" category (self employed, other firms with no size category), which was 0 firms

Source: Altus Clayton based on data from Statistics Canada Business Registry Division

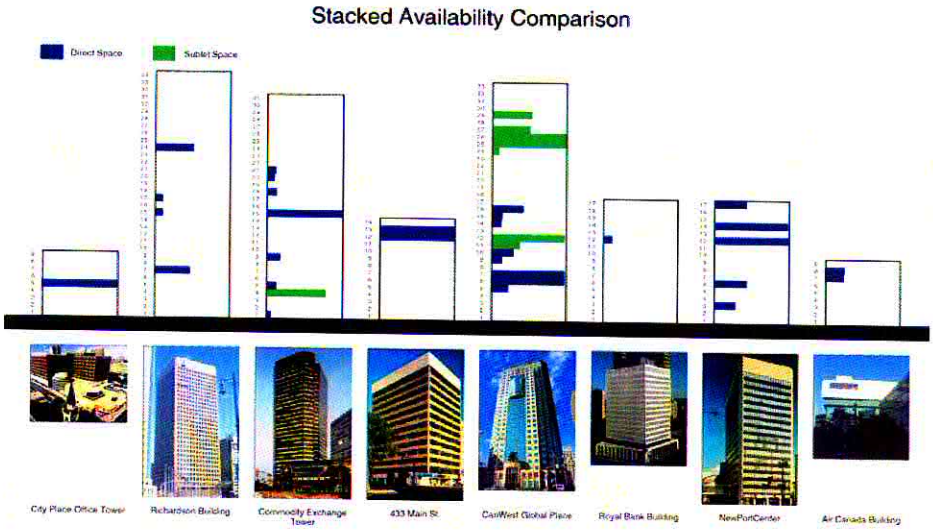
6 WINNIPEG'S CENTRAL BUSINESS DISTRICT OFFICE SPACE

Because office buildings occupy a majority of the central business district employment land, a healthy office rental market is essential to the district economy. This analysis of the office space further elucidates the state of central business district's office employment between 2001 and 2006.

6.1 WINNIPEG OFFICE RENTAL MARKET, 2006

In 2006, there were about 178 office buildings in Winnipeg CMA with over 15 million sf. of total floor space. Figure 12 illustrates some major office buildings in Winnipeg CMA and their current available leasing space. All of Winnipeg's major buildings have at least some direct or sub-lease space available.

Figure 12



Source: Altus Clayton based on data from Altus InSite

The central business district office market had approximately 131 buildings with an estimated 12.8 million sf. floor space in 2006, over 11.9 million sf. of which occupied (Figure 13). All Class A[24] office buildings are located in

[24] Class A: Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high Quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

the central business district, helping the district to attract premier employers such as financial groups and professional services companies.

Figure 13

Winnipeg Office Space, 2006

Geographic Area	Class	No. of Buildings	Inventory	Occupancy	Vacancy Rate
			Sq.Ft.		%
Central Business District					
	A	7	2,143,232	1,922,479	10.3
	B	39	5,204,353	4,918,114	5.5
	C	85	5,493,833	5,081,796	7.5
		131	12,841,418	11,922,388	7.2
Other Employment Areas					
	B	25	979,086	914,466	6.6
	C	22	1,353,623	1,310,307	3.2
		47	2,332,709	2,224,773	4.6

Source: Altus Clayton based on data from Cushman & Wakefield LePage

However, with a vacancy rate of 10.3 percent in 2006, property owners of those premium office buildings were evidently facing challenges. Recent tenant activity in Winnipeg has evidently been toward more value moves, including moves to lower cost suburban and/or Class B[25] or Class C[26] space downtown, both of which had much lower vacancy rates than Class A.

In 2006, office space in the central business district had higher overall vacancy rate than buildings in the remainder of the city. With about 4.5 times more office space, the central business district was still the main location for office employment within the CMA.

6.2 OFFICE MARKET, 2001-2006

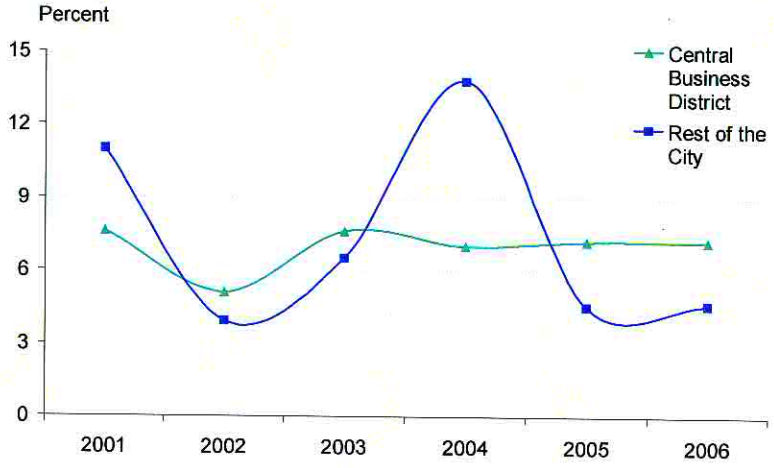
In general, Winnipeg's central business district office space vacancy rate fluctuated much less between 2001 and 2006 than the rest of the city, illustrating a more stable central business district office rental market (Figure 14). The rest of the office rental market had a larger fluctuation in its vacancy rate, partially due to its relatively small size: since there was limited office space, even the loss of a medium size tenant can dramatically increase the total vacant space in percentage term, pushing the vacancy rate up.

[25] Class B: Buildings competing for a wide rang of users with rents in the average rang for the area. Building finishes are fair to good for the area and systems area adequate.

[26] Class C: Buildings competing for tenants requiring functional space at rents below the average for the area.

Figure 14

Office Vacancy Rate, Winnipeg, 2001-2006



Source: Altus Clayton based on data from Cushman & Wakefield LePage

Between 2001 and 2006, there was absorption of some 832,126 sf. office space in Winnipeg's central business district (Figure 15). Assuming the space factors stayed constant during this period, the central business district office employment likely rose modestly through this period, despite the decline in the number of small and medium sized office type firms, as noted earlier.

Figure 15

Central Business District Office Space, Winnipeg, 2001-2006

Year	Total Inventory	Total Occupancy	Vacancy Rate
	Sq. Ft.		*Percent*
2001	12,000,000	11,088,000	7.6
2006	12,841,418	11,920,126	7.2
2001-2006	841,418	832,126	(0.4)

Source: Altus Clayton based on data from Cushman & Wakefield LePage

In 2008, the completion of the 695,000 sf. Manitoba Hydro Office Tower will have the potential to dramatically change Winnipeg's downtown office market. Its Impact Report stated that:

> *The addition of such a significant amount of fully leased (or nearly fully-leased) space will bring Class A vacancy percentages downward. However, the utilities exodus from a nearby Class B property at 444 St. Mary Avenue will increase Class B vacancy*

levels over the short term. Overall suburban vacancy could increase significantly as Manitoba Hydro gives up space.[27]

The new headquarter certainly will have a positive impact on the central business district employment, because the building is going to be the workplace of over 2,000 Manitoba Hydro employees plus assorted rental space, a significant boost to the district economy.

6.3 RECENT MARKET DYNAMICS, DOWNTOWN OFFICE MARKET, 2007

Altus InSite is considered the commercial real estate industry's primary provider of national office market data and perspective. For over ten years, the company has collected and published real estate market data that is national, consistent, accurate, timely, credible, transparent and independent. This section provides perspective and commentary on the Winnipeg downtown market with data collected through the Altus InSite system. The Altus InSite database tracks activity in 64 of Winnipeg's largest multi-tenant office buildings, and is a dynamic supply of information on conditions in Winnipeg and is updated on a quarterly basis. This section provides a framework for assessing on-going conditions as they evolve.

Figure 16

Change In Occupied Area Summary

Market -- Winnipeg District -- Downtown Node -- All Class -- All

AS OF Q4 2007	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	TOTAL OCCUPIED AREA (SQ. FT.)	VACANT & LEASED (SQ. FT.)	SUBLET VACANT AREA (SQ. FT.)	DIRECT AVAILABLE VACANT (SQ. FT.)	CHANGE IN OCCUPIED AREA. FROM PREV. QTR (SQ. FT.)	CHANGE IN OCCUPIED AREA. FROM PREV. YEAR (SQ. FT.)
Winnipeg MARKET	64	9,187,771	7,603,928	0	15,000	568,843	-32,506	-80,705
Downtown DISTRICT	64	7,657,201	7,122,022	0	15,000	520,179	-35,675	-100,159
CLASS A	9	2,434,586	2,282,688	0	15,000	136,897	51,395	3,384
CLASS B	29	3,981,922	3,725,550	0	0	256,372	-77,953	-97,086
CLASS C	16	1,240,694	1,113,784	0	0	126,910	-9,117	-6,475

Source: Altus Clayton based on data from Altus InSite

[27] Avison Young, *Manitoba Hydro Office Tower: Information & Impact Report*, May 2007.

- Winnipeg's downtown office market lost some 20,000 sq.ft occupied area to suburban markets in 2007 (Figure 16.
- Although most downtown office buildings are Class B, generally they are smaller than Class A buildings.
- Within Winnipeg's downtown office market, Class A out performed both Class B and Class C, in terms of absorption in 2007, but not enough to offset declines in Class B and Class C space, resulting in a net loss of some 100,000 sq. ft. of occupied space.
- With the new Hydro Manitoba building coming into the downtown market and absorbing Hydro employment currently scattered across the B and C class buildings, these other classes will continue to be under pressure.
- The decline in occupied space downtown began after the second quarter of 2007 (Figure 17)

Figure 17

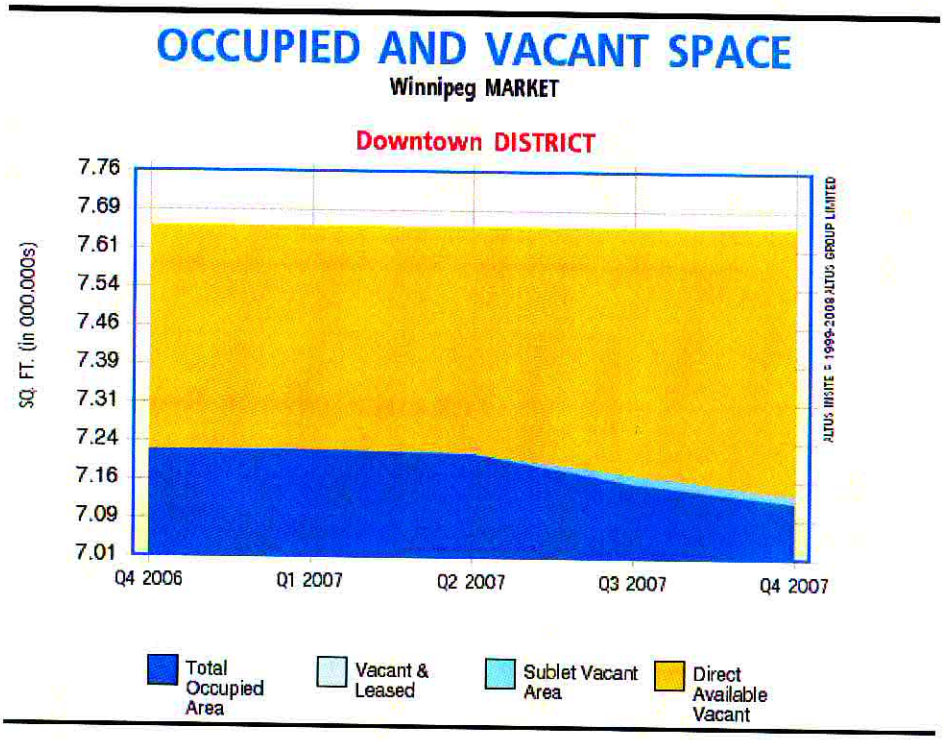


Figure 18

Winnipeg Leasing Activity

Commitments Reported by District

ROLLING FIVE QUARTER HISTORICAL DATA

AS AT January 30, 2008	QTR & YR	TOTAL ACTIVITY		NEW TENANTS		RENEWALS		EXPANSIONS		SUBLETS	
		NUMBER OF DEALS	TOTAL OFFICE AREA (SQ. FT.)	NUMBER OF DEALS	TOTAL OFFICE AREA (SQ. FT.)	NUMBER OF DEALS	TOTAL OFFICE AREA (SQ. FT.)	NUMBER OF DEALS	TOTAL OFFICE AREA (SQ. FT.)	NUMBER OF DEALS	TOTAL OFFICE AREA (SQ. FT.)
Downtown	Q1 2008	0	nd	0	nd	0	nd	0	nd	0	nd
	Q4 2007	0	nd	0	nd	0	nd	0	nd	0	nd
	Q3 2007	3	19,386	1	6,229	2	13,157	0	nd	0	nd
	Q2 2007	1	38,272	1	38,272	0	nd	0	nd	0	nd
	Q1 2007	2	20,742	2	20,742	0	nd	0	nd	0	nd
Winnipeg Outlying Districts	Q1 2008	0	nd	0	nd	0	nd	0	nd	0	nd
	Q4 2007	0	nd	0	nd	0	nd	0	nd	0	nd
	Q3 2007	0	nd	0	nd	0	nd	0	nd	0	nd
	Q2 2007	0	nd	0	nd	0	nd	0	nd	0	nd
	Q1 2007	0	nd	0	nd	0	nd	0	nd	0	nd

Source: Altus Clayton based on data from Altus InSite

- Most of Winnipeg's office leasing activities took place in the first half of the 2007 and a majority of those transactions were new contracts rather than renewal of existing agreements (Figure 18).

Figure 19

Tenant Options Report

COMPARISON OF LEASING OPTIONS FOR TENANTS

OFFICE SPACES AT SELECTED NODES (Market - District - Node - Class)	AVAILABLE SPACE				AVAILABLE RATE		
	NUMBER OF BUILDINGS	BUILDINGS WITH MORE THAN 50,000 SF	BUILDINGS WITH MORE THAN 10,000 SF	NUMBER OF SPACES BETWEEN 4,000 TO 9,000 SF	DIRECT %	SUBLET %	TOTAL %
Winnipeg - Downtown - Downtown - A	9	1	5	7	5.5	3.6	9.1
Winnipeg - Downtown - Downtown - B	29	1	10	7	6.3	0.9	7.2
Winnipeg - Downtown - Downtown - C	16	1	3	4	12.9	0.0	12.9
Winnipeg - Winnipeg Outlying Districts - East - B	1	0	0	0	0.0	0.0	0.0
Winnipeg - Winnipeg Outlying Districts - North - B	7	0	2	0	15.1	0.0	15.1
Winnipeg - Winnipeg Outlying Districts - South - B	2	0	0	0	3.4	0.0	3.4

Source: Altus Clayton based on data from Altus InSite

- Currently, every Winnipeg's downtown office building has some available space for rent (Figure 19).
- Since the availability rate is relatively high in the downtown office market regardless of the class, the downtown office rental market remains at year end a solid renter's market.

Figure 20

Occupancy Costs Summary

Market -- Winnipeg District -- Downtown Node -- Downtown Class -- All

AS OF Q4 2007	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	ESTIMATED ASKING RATE (AVERAGE $ PSF)	REALTY TAXES (AVERAGE $ PSF)	OPERATING COSTS (AVERAGE $ PSF)	IN-SUITE POWER (AVERAGE $ PSF)*	TOTAL TOP (AVERAGE $ PSF)	TOTAL DIRECT RENT (AVERAGE $ PSF)
Winnipeg MARKET	64	9,187,771	$13.53	$4.41	$8.57	nd	$11.70	$25.23
Downtown DISTRICT	54	7,657,201	$13.73	$4.43	$8.61	nd	$11.95	$25.68
Downtown NODE	54	7,657,201	$13.73	$4.43	$8.61	nd	$11.95	$25.68
CLASS A	9	2,434,586	$15.77	$6.29	$9.15	nd	$13.95	$29.72
CLASS B	29	3,991,922	$12.66	$3.38	$7.95	nd	$10.66	$23.32
CLASS C	16	1,240,694	$8.11	nd	nd	nd	$13.62	$21.73

*Note: In-Suite Power may already be included in Average Operating Costs.

Source: Altus Clayton based on data from Altus InSite

- Winnipeg's downtown office market's rental rate is more than 28 percent higher than the suburb's, resulting in a cost disadvantage for the downtown market (Figure 20). Nonetheless, the downtown has various amenities that the suburb lacks off which compensate the higher rent cost in the downtown.

Occupancy Costs Summary

Market -- Winnipeg District -- Winnipeg Outlying Districts Node -- All Class -- All

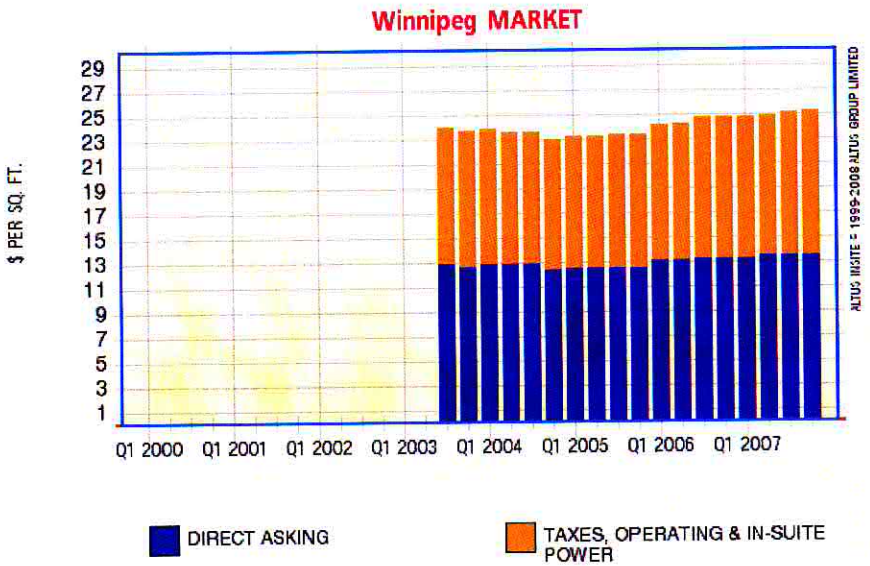
AS OF Q4 2007	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	ESTIMATED ASKING RATE (AVERAGE $ PSF)	REALTY TAXES (AVERAGE $ PSF)	OPERATING COSTS (AVERAGE $ PSF)	IN-SUITE POWER (AVERAGE $ PSF)*	TOTAL TOP (AVERAGE $ PSF)	TOTAL DIRECT RENT (AVERAGE $ PSF)
Winnipeg MARKET	64	9,187,771	$13.53	$4.41	$8.57	nd	$11.70	$25.23
Winnipeg Outlying Districts DISTRICT	10	530,570	$11.20	$2.79	$5.72	nd	$8.79	$19.99
CLASS A	0	0	nd	nd	nd	nd	nd	nd
CLASS B	10	530,570	$11.20	$2.79	$5.72	nd	$8.79	$19.99
CLASS C	0	0	nd	nd	nd	nd	nd	nd

*Note: In-Suite Power may already be included in Average Operating Costs.

Figure 21

Average Rental Rates

Winnipeg Market · All District · All Node



Occupancy Costs Summary

Market -- Greater Calgary District -- Downtown Node -- All Class -- All

AS OF Q4 2007	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	ESTIMATED ASKING RATE (AVERAGE $ PSF)	REALTY TAXES (AVERAGE $ PSF)	OPERATING COSTS (AVERAGE $ PSF)	IN-SUITE POWER (AVERAGE $ PSF)*	TOTAL TOP (AVERAGE $ PSF)	TOTAL DIRECT RENT (AVERAGE $ PSF)
Greater Calgary MARKET	398	49,715,117	$29.26	$5.13	$9.76	$2.56	$13.25	$42.51
Downtown DISTRICT	141	33,608,244	$33.92	$5.49	$10.05	$2.56	$14.61	$48.43
CLASS A	47	22,237,511	$34.37	$5.74	$9.94	$2.33	$15.25	$49.62
CLASS B	56	9,110,444	$35.40	$3.95	$10.90	$2.97	$13.32	$48.72
CLASS C	38	2,260,289	$25.31	$1.23	$9.45	nd	$11.53	$36.84

*Note: In-Suite Power may already be included in Average Operating Costs.

Occupancy Costs Summary

Market -- Greater Ottawa District -- Ottawa Downtown Node -- All Class -- All

AS OF Q4 2007	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	ESTIMATED ASKING RATE (AVERAGE $ PSF)	REALTY TAXES (AVERAGE $ PSF)	OPERATING COSTS (AVERAGE $ PSF)	IN-SUITE POWER (AVERAGE $ PSF)*	TOTAL TOP (AVERAGE $ PSF)	TOTAL DIRECT RENT (AVERAGE $ PSF)
Greater Ottawa MARKET	404	39,620,056	$17.12	$7.37	$8.05	$1.25	$14.26	$31.38
Ottawa Downtown DISTRICT	72	14,363,712	$21.57	$8.73	$8.83	$1.67	$17.02	$38.59
CLASS A	30	9,311,539	$24.16	$9.61	$9.38	nd	$19.19	$43.35
CLASS B	29	3,921,200	$17.32	$5.70	$7.29	$1.67	$13.11	$30.43
CLASS C	13	1,130,973	$13.08	$4.64	$6.61	nd	$11.85	$24.91

*Note: In-Suite Power may already be included in Average Operating Costs.

- Both Calgary and Ottawa's downtown office markets have a much higher rental rate than Winnipeg, especially, Calgary, whose rental rate is almost twice as high as Winnipeg's.
- The rental rate of Ottawa's downtown Class B office buildings has a significant (over 43 percent) discount compared to Class A office buildings. This may have prevented the Class B from a large decrease in occupied area in 2007.

Figure 22

Available and Vacant Space Summary

Market -- Winnipeg District -- Downtown Node -- Downtown Class -- All

AVAILABLE SPACE SUMMARY

AS OF January 30, 2008	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	DIRECT AVAILABLE AREA (SQ. FT.)	DIRECT AVAILABLE RATE (%)	SUBLET AVAILABLE AREA (SQ. FT.)	SUBLET AVAILABLE RATE (%)	TOTAL AVAILABLE AREA (SQ. FT.)	TOTAL AVAILABLE RATE (%)
WINNIPEG MARKET	64	8,187,771	611,774	7.5	122,157	1.5	733,931	9.0
DOWNTOWN DISTRICT	54	7,857,201	547,277	7.1	122,157	1.6	669,434	8.7
DOWNTOWN NODE	54	7,857,201	547,277	7.1	122,157	1.6	669,434	8.7
CLASS A	9	2,434,585	134,913	5.5	87,324	3.6	222,237	9.1
CLASS B	29	3,981,922	252,712	6.3	34,833	0.9	287,545	7.2
CLASS C	16	1,240,694	159,652	12.9	0	0.0	159,652	12.9

Available and Vacant Space Summary

Market -- Winnipeg District -- Downtown Node -- Downtown Class -- All

VACANT SPACE SUMMARY

AS OF January 30, 2008	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	TOTAL OCCUPIED AREA (SQ. FT.)	VACANT & LEASED (SQ. FT.)	SUBLET VACANT AREA (SQ. FT.)	DIRECT AVAILABLE VACANT (SQ. FT.)	TOTAL VACANT AREA (SQ. FT.)	TOTAL VACANT RATE (%)
WINNIPEG MARKET	64	8,187,771	7,465,476	0	122,157	600,138	722,295	8.8
DOWNTOWN DISTRICT	54	7,857,201	6,990,365	0	122,157	544,679	666,836	8.7
DOWNTOWN NODE	54	7,857,201	6,990,365	0	122,157	544,679	666,836	8.7
CLASS A	9	2,434,585	2,214,946	0	87,324	132,315	219,639	9.0
CLASS B	29	3,981,922	3,694,377	0	34,833	252,712	287,545	7.2
CLASS C	16	1,240,694	1,081,042	0	0	159,652	159,652	12.9

- There was a total of 733,400 sq.ft office space available in Winnipeg as of January 30, 2008. Since there was a negative absorption last year, the overall available rate may continue to increase in the short term, putting more pressures on office building landlords to cut the rental rate.

Figure 23

Peer Group Comparison Report

Market -- Winnipeg District -- Downtown Node -- Downtown Class -- A

OCCUPANCY COSTS SUMMARY

AS OF January 30, 2008	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	ESTIMATED ASKING RATE ($ PSF)	REALTY TAXES ($ PSF)	OPERATING COSTS ($ PSF)	IN-SUITE POWER ($ PSF) *	TOTAL TOP ($ PSF)	TOTAL DIRECT RENT ($ PSF)
SUBJECT								
330 St. Mary Ave.	1	143,569	$13.00	nd	nd	Inc	$11.77	$24.77
CanWest Global Place	1	605,890	$16.50	$6.86	$8.52	Inc	$15.38	$31.88
SUBJECT AVERAGE	2	324,630	$15.73	$6.86	$8.52	nd	$14.58	$30.31
VARIANCE TO PEER	0	-176,803	-$0.73	$2.15	-$0.98	nd	$0.37	-$0.37
PEERS								
Commodity Exchange Tower	1	642,864	$16.00	$4.60	$9.74	Inc	$14.34	$30.34
Richardson Building	1	460,000	$17.00	$4.86	$9.22	Inc	$14.07	$31.07
PEER AVERAGE	2	501,432	$16.46	$4.71	$9.50	nd	$14.22	$30.67

*Note: In-Suite Power may already be included in Average Operating Costs.

Source: Altus Clayton based on data from Altus InSite

Peer Group Comparison Report

Market -- Winnipeg District -- Downtown Node -- Downtown Class -- A

AVAILABLE SPACE SUMMARY

AS OF January 30, 2008	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	DIRECT AVAILABLE AREA (SQ. FT.)	DIRECT AVAILABLE RATE (%)	SUBLET AVAILABLE AREA (SQ. FT.)	SUBLET AVAILABLE RATE (%)	TOTAL AVAILABLE AREA (SQ. FT.)	TOTAL AVAILABLE RATE (%)
SUBJECT								
330 ST. MARY AVE.	1	143,569	11,257	7.8	0	0.0	11,257	7.8
CANWEST GLOBAL PLACE	1	605,690	52,771	10.4	72,324	14.3	125,095	24.7
SUBJECT AVERAGE	2	324,630	32,014	9.9	36,162	11.1	68,176	21.0
VARIANCE TO PEER	0	- 176,803	6,260	4.7	28,662	9.6	34,922	14.4
PEERS								
COMMODITY EXCHANGE TOWER	1	642,864	31,891	5.9	15,000	2.8	46,891	8.6
RICHARDSON BUILDING	1	460,000	19,617	4.3	0	0.0	19,617	4.3
PEER AVERAGE	2	501,432	25,754	5.1	7,500	1.5	33,254	6.6

Source: Altus Clayton based on data from Altus InSite

Figure 24

Peer Group Comparison Report

Market -- Winnipeg District -- Downtown Node -- Downtown Class -- A

VACANT SPACE SUMMARY

AS OF January 30, 2008	NUMBER OF BUILDINGS	TOTAL OFFICE AREA (SQ. FT.)	DIRECT AVAILABLE VACANT (SQ. FT.)	VACANT & LEASED (SQ. FT.)	SUBLET VACANT AREA (SQ. FT.)	TOTAL VACANT AREA (SQ. FT.)	TOTAL VACANT RATE (%)
SUBJECT							
330 ST. MARY AVE.	1	143,669	11,257	0	0	11,257	7.8
CANWEST GLOBAL PLACE	1	505,690	50,173	0	72,324	122,497	24.2
SUBJECT AVERAGE	2	324,630	30,715	0	36,162	66,877	20.6
VARIANCE TO PEER	0	-176,803	4,961	0	28,662	33,623	14.0
PEERS							
COMMODITY EXCHANGE TOWER	1	542,884	31,391	0	15,000	46,391	8.6
RICHARDSON BUILDING	1	460,000	19,617	0	0	19,617	4.3
PEERS AVERAGE	2	501,432	25,754	0	7,500	33,254	6.6

Source: Altus Clayton based on data from Altus InSite

- The peer group comparison report allows companies to compare occupancy costs and available space of different office rental properties as to more effectively decide their office locations.

The Altus InSite office market monitoring system is designed to provide practical space sourcing tools for the real estate industry, but also proves valuable as a market monitoring tool for economic development agencies, municipalities and other groups. The timeliness of the Altus InSite data, which is updated on a quarterly basis will prove useful for parties with an ongoing interest in Winnipeg's downtown economic development to monitor and update the findings in this report.

7 DOWNTOWN DEVELOPMENT POLICIES IN OTHER CITIES

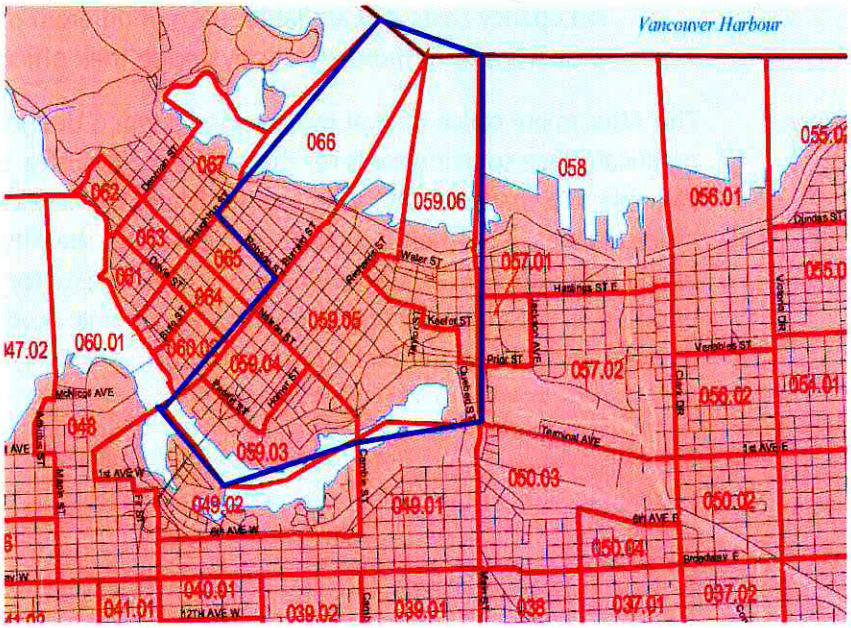
Chapter 2 set out existing policies in the City of Winnipeg aimed at promoting and enhancing downtown employment development. Later in this report (Chapter 8) Winnipeg's experience in economic development downtown by sector is examined in comparison to several other major cities across Canada. This chapter sets the framework for that comparison, but setting out in broad terms some of the recent downtown development policies in place in other jurisdictions that may help to provide context for the findings in Chapter 8.

7.1 VANCOUVER

Vancouver is the largest city in the province of British Columbia. Its city centre is surrounded by water on two sides and adjacent to the famous Stanley Park, a 404.9 hectare urban park. (Figure 25)

Figure 25

City of Vancouver, Downtown Study Area



Source: Altus Clayton based on data from Statistics Canada

7.1.1 Downtown Official Development Plan

The Development Plan was originally adopted in 1975 and has been amended from time to time as necessary, as recently as September, 2007. It

provides "the general framework for the preparation of development plans for all individual buildings or complexes of buildings"[28] in the downtown.

Some of the main objects of the Plans are to:

- Improve the general environment of the Downtown District as an attractive place in which to live, work, shop and visit;
- Encourage more people to live within the Downtown District;
- Provide for flexibility and creativity in the preparation of development proposals;
- Support the objectives of the Greater Vancouver Regional District as referred to in *The Liveable Region 1976/1986*, to decentralize some office employment to other parts of Greater Vancouver by discouraging office developments considered inappropriate in the Downtown District; and
- Improve transportation downtown by encouraging greater transit usage, discouraging automobile usage for journeys to work, and by maintaining automobile access for non-work trips including shopping, business and entertainment.[29]

The By-law calls to use both regulations and interpretive requirements to achieve its goals and guide the downtown development. A distinction between regulations and interpretive requirements in the By-law is as follows:

- Regulations are set out for land use; maximum standards for building density in terms of floor space ratio; maximum standards for parking and minimum requirements for loading; and
- Interpretive requirements are set out with respect to the permitted height of buildings, social and recreational amenities and facilities.[30]

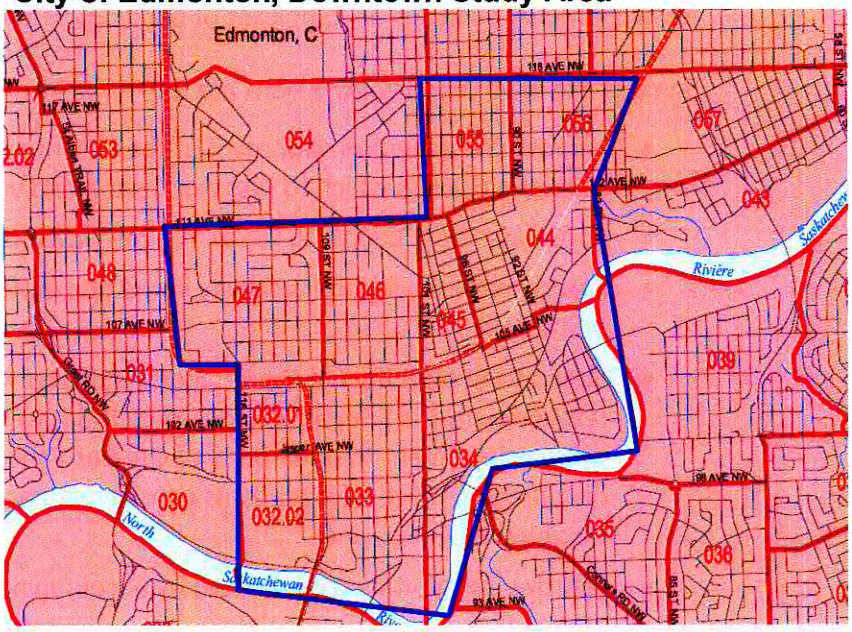
7.2 EDMONTON

Edmonton is the capital of the province of Alberta, located on the North Saskatchewan River in the central region of the province. The downtown is divided into five districts: Commercial/Cultural Core, Warehouse District, Jasper Avenue West, Capital City Precinct and McKay Avenue Area. (Figure 26)

[28] City of Vancouver, *Downtown Official Development Plan*, Nov. 1975.
[29] ibid.
[30] ibid.

Figure 26

City of Edmonton, Downtown Study Area



Source: Altus Clayton based on data from Statistics Canada

7.2.1 Capital City Downtown Plan, April 1997

The Plan was originally approved in 1997. Since then, a number of by-laws have been incorporated into it. The version in this study is an office consolidation edition for Capital City Downtown Plan. This edition contains all amendments and additions to the original Plan up to February 2005.

To achieve the vision of downtown as a place for people to live, work, gather, and play, the Plan presents a development concept addresses six aspects of the downtown environment including:

- Strong residential population;
- Quality physical environment;
- Proactive business climate;
- Preservation of natural beauty;
- Parking and accessibility; and
- Distinct neighbourhoods.[31]

With the development concept, the Plan also recommends a set of policies and actions. Some of them are:

[31] City of Edmonton, *Capital City Downtown Plan: Office Consolidation*, 2005.

- Promote economic development by eliminating duplication among agencies; holding economic forums every two years; developing a Downtown Research Centre; conducting a market research and implementing a downtown business plan;
- Build downtown's residential population by focusing housing efforts on the McKay Avenue Area and Warehouse District; providing development incentives for housing in form of reduced amenity and parking requirement; offering $4,500 for each new housing unit developed within the downtown (Downtown Housing Reinvestment Program);
- Improving downtown parking by adding meter parking near shops and businesses; reducing meter rates and extending meter durations; providing two hours of free parking on Saturdays and free parking starting at 5pm instead of 6pm on weekdays; relaxing enforcement; and
- Support commercial and institutional activities by creating an Enterprise Zone in the Warehouse District; encouraging government agencies to relocate to downtown; building downtown as a centre for knowledge-based businesses.[32]

7.3 CALGARY

Calgary is the largest city in the province of Alberta, located in the south of the province, approximately 80 kilometres from the Canadian Rockies. In general, the downtown is bordered by 24th Street W. on the west, 3rd Avenue S. and Eau Claire on the north, the Elbow River on the east and the CPR mainline tracks on the south. (Figure 27)

7.3.1 Centre City Plan, May 2007

The newly approved downtown development plan presents a long term strategic vision for the downtown and a set of specific short and medium-term actions.

To make the downtown a liveable, thriving and caring place, the Plan addresses the following main topics:

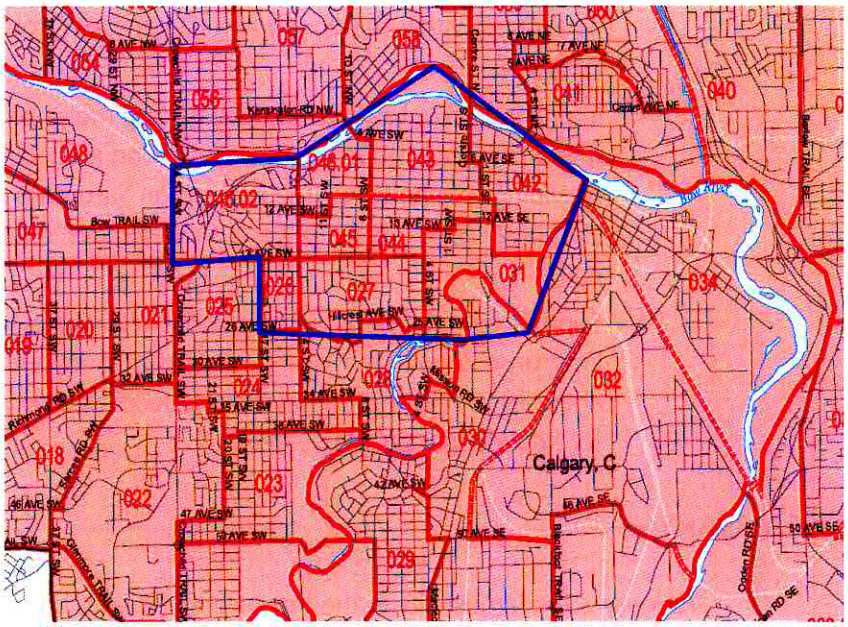
- Overall urban structure;
- Neighbourhood planning;

[32] City of Edmonton, *Capital City Downtown Plan: Office Consolidation*, 2005.

- Special area policies;
- Open spaces;
- Urban design, architecture and the public realm;
- Vitality; and
- Community building.[33]

Figure 27

City of Calgary, Downtown Study Area



Source: Altus Clayton based on data from Statistics Canada

Some policies and actions that included in the Plan are to:

- Encourage new residential developments in the downtown by establishing a favourable downtown property tax rate for residential floor area; waiving any redevelopment levies; considering incentives for local; neighbourhood scale amenities including cafes and food stores; supporting the refurbishment of older existing residential buildings;
- Conduct regular surveys on the satisfaction of downtown employees with their city centre location, including their likes, dislikes and suggestions for action;
- Encourage the use of public transit by expanding the Restricted Parking Area, within which, developments are limited to providing a maximum of 50 percent of their required parking on-site with a

[33] City of Calgary, *Centre City Plan*, 2007.

requirement to make a cash-in-lieu of parking payment to the city for the balance. The city will be responsible for the provision of future parking facilities; and

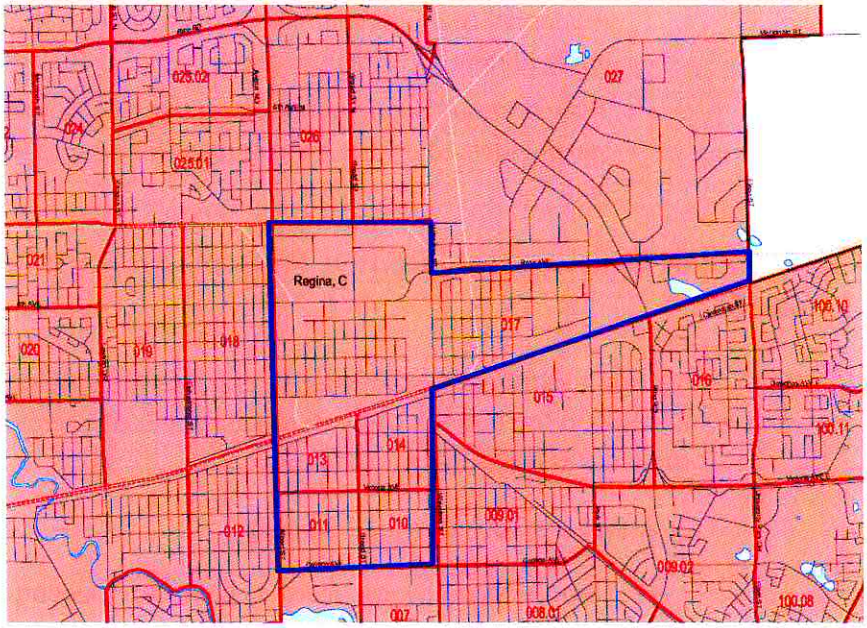
- Support the concept of installing bicycle parking in new commercial parking facilities.[34]

7.4 REGINA

Regina is the capital of the province of Saskatchewan. The city is the cultural, social and commercial centre for southern Saskatchewan. The city has a relatively compact centre where most office buildings are located and a majority of economic activities are carried out. (Figure 28)

Figure 28

City of Regina, Downtown Study Area



Source: Altus Clayton based on data from Statistics Canada

7.4.1 The Future of Housing in Regina: Laying the Groundwork, July 2000

The report examines Regina's housing issues and provides several recommendations to the Mayer's Advisory Committee on Housing on the ways to promote housing within the city.

The report found some key issues affecting the housing development in the downtown such as:

[34] City of Calgary, *Centre City Plan*, 2007.

- The cost of converting existing buildings;
- Obstacles to new constructions;
- Parking;
- Financing; and
- Incentives.

At the end of the report, several recommendations related to downtown housing made to the Committee including:

- A Building Conversion Subcommittee should be formed to identify buildings for possible conversion to residential use and determine the available funding for downtown housing projects;
- The downtown Residential Incentive Program introduced in 1996 which provide a maximum of five years tax exemption for new residential condominium and rental properties should continue to apply to new construction; and
- The city should work with senior governments and other stakeholders to attract more student-housing to the downtown area.[35]

7.4.2 Economic Development Incentive Program: Property Tax Exemption, 2006

The incentive program is intended to enhance the development of priority industries in the target location throughout the city, create high quality jobs, broaden and diversify the local economy.

The framework of the program includes:

- Using a system which allocates points for meeting target achievement in the following areas-jobs, investment, sector, location, technology, R&D and sustainability;
- Those target locations are the downtown, Warehouse District, Research Park, Airport Authority and Exhibition Park; and
- The term of the exemption varies between 2 and 5 years and the amount of the exemption varies between 25 and 100 percent.

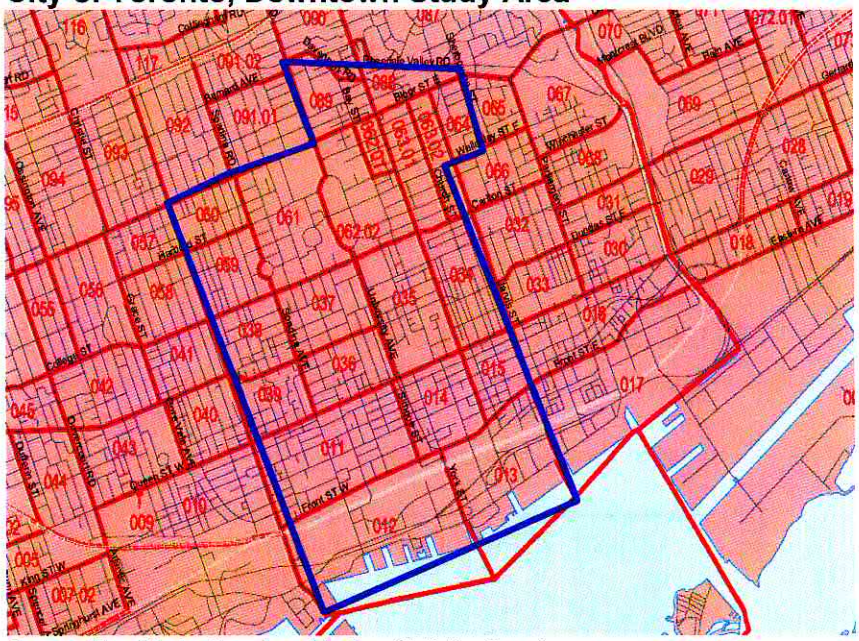
[35] City of Regina, *The Future of Housing in Regina: Laying the Groundwork*, 2000.

7.5 TORONTO

Sited on the northwest shore of Lake Ontario, Toronto is the largest city in Canada and the capital of the province of Ontario. Toronto is the economic, cultural and entertainment centre of Canada and downtown Toronto is the heart of the centre. Over the years, Toronto downtown has developed a diversified economy ranging from financial and public administration sectors to tourist and entertainment sectors. (Figure 29)

Figure 29

City of Toronto, Downtown Study Area



Source: Altus Clayton based on data from Statistics Canada

7.5.1 Official Plan, Nov. 2002

Toronto adopted the Official Plan to create a vision for the future of Toronto and guide all development activities in the city. The Plan signals out that a dynamic downtown is critical to the health of a city and the surrounding region.

To keep the downtown as a healthy and attractive place to live and work, and continue to draw new projects to the city centre, the downtown policies of the Official Plan will shape the downtown by promoting development that:

- Builds on the strength of downtown as the premier employment center in the GTA;

- Provides a full range of housing opportunities for downtown workers and reduces the demand for in-bound commuting; and
- Focuses on the financial district as the prime location for the development of prestige commercial office building s and landmark buildings that shape the skyline.

Moreover, the government should work with private sector to:

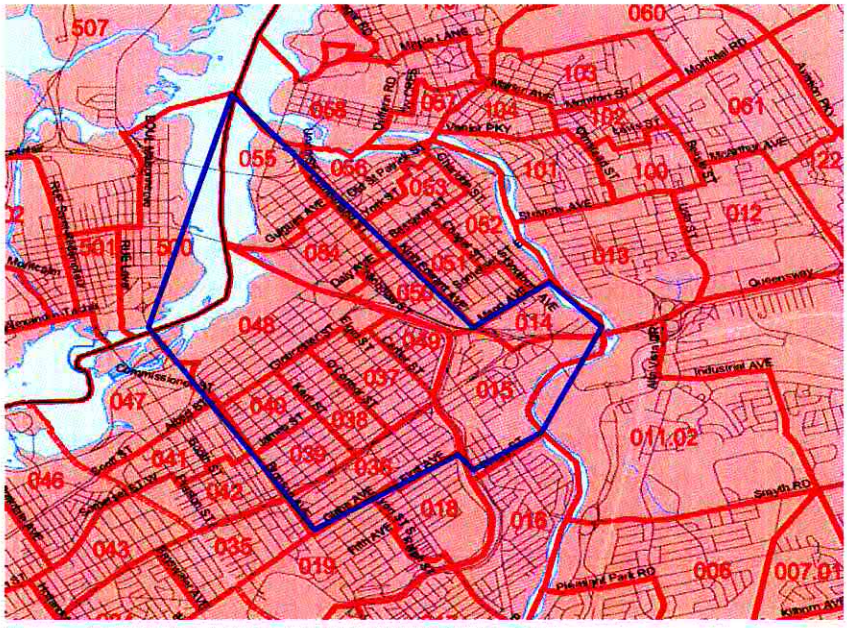
- Support and enhance the specialty retail and entertainment districts as important regional and tourist destinations;
- Maintain a high quality business infrastructure including a stable and secure hydro-electric grid and communication networks; and
- Create a research and business development alliances among the health, education, biotechnology and biomedical sectors in the downtown area.

7.6 OTTAWA

Located on the eastern edge of the province of Ontario, Ottawa is the Capital of Canada. The Parliament Hill and various federal departments and agencies are located in the downtown, attracting millions of tourists each year to the city. (Figure 30)

Figure 30

City of Ottawa, Downtown Study Area



Source: Altus Clayton based on data from Statistics Canada

7.6.1 Downtown Revitalization Action Plan, May 2000

In 2000, the City Council approved the Plan aimed at to reverse the erosion of the downtown residential community and attract residential projects back to the city centre.

To simulate the downtown residential development, the Plan introduced several policies such as:

- All downtown commercial and residential development was exempted from payment of building permit and planning application fees;
- Residential developments of 50 units or less were exempted from the 5 percent parkland levy in the downtown with the exception of the Lebreton Flats area;
- The development charge was waived for residential development; and
- Parking standards or residential development above commercial uses in the core area and along Eglin, Bank, Somerset and Bronson Streets were eliminated, while standards were reduced in the ByWard Market area and along Rideau Street.[36]

7.6.2 Downtown Ottawa Urban Design Strategy 20/20, March 2004

Approved by the City Council in 2004, the Strategy is

> *a strategic document that can be used as a tool to help develop, guide and implement future development projects within Ottawa's downtown area.*[37]

It includes built form guidelines by precinct area and 41 targeted projects such as:

- Creating a Downtown Design Reward;
- Institutionalizing the public space acquisition programs;
- Establishing a Downtown Ottawa Urban Design Group; and
- Forming partnerships with private sector to guide development.[38]

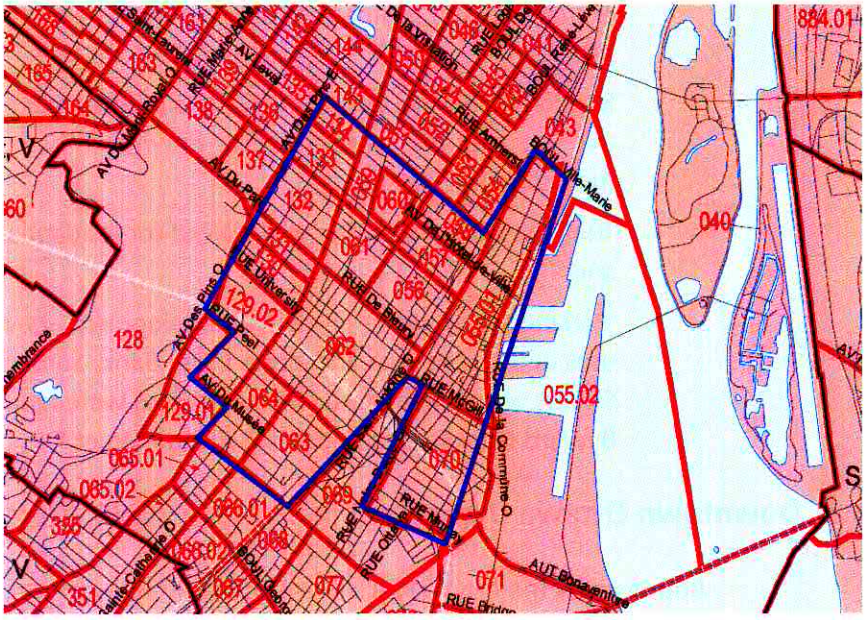
[36] CMHC, *Residential Intensification Case Studies: Municipal Initiative, Ottawa.*
[37] City of Ottawa, *Downtown Ottawa Urban Design Strategy 20/20,* 2004.
[38] ibid.

7.7 MONTRÉAL

Montréal is the largest city in the province of Quebec, the only province whose official language is French (although New Brunswick is bilingual). The city is heavily influenced by French culture which can be seen in its downtown, the economic, arts and entertainment centre of the city. (Figure 31)

Figure 31

City of Montreal, Downtown Study Area



Source: Altus Clayton based on data from Statistics Canada

7.7.1 Master Plan, Dec. 2004

The Plan is the reference guide for all planning and development issues in the CMA. It provides a vision for the future of the city as well as measures for achieving its objectives.

In the Plan, the city outlines its general goals for its downtown development as to:

- Develop vacant lots;
- Promote residential development; and
- Improve the design quality of public spaces and main thoroughfares.[39]

[39] City of Montréal, *Master Plan*, 2004.

So as to achieve its development goals, the City will:

- Support the development of vacant lots through appropriate measures, such as a rigorous application of parking regulations, the development of new standards in parking lot design, or the acquisition and assembly of lots;
- Focus on promoting residential projects in the Paper Hill and Chaboillez areas;
- Create new bikeway links and increase the number of secure bicycle parking areas;
- Prioritize the needs and comfort of pedestrians when redesign the public realm; and
- Study different scenarios for the redesign of the south-western section of the Central Business District.[40]

[40] City of Montréal, *Master Plan*, 2004.

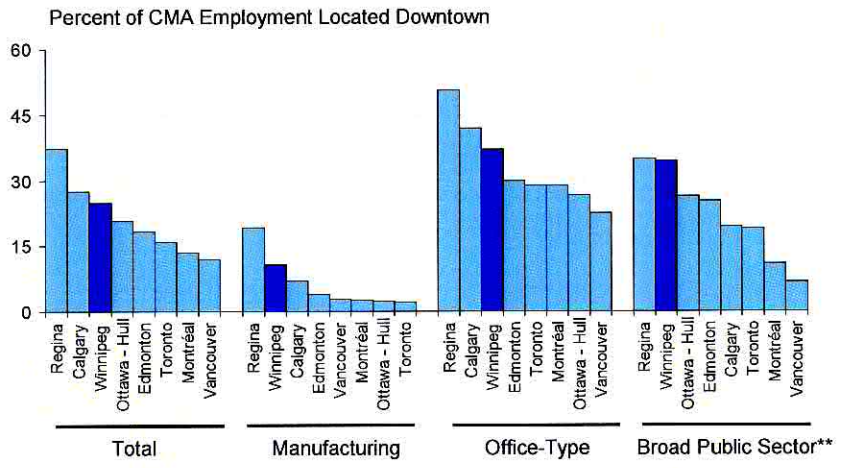
8 WINNIPEG VS OTHER MAJOR CANADIAN METROPOLITAN AREAS, 2001

This analysis plus Winnipeg's central business district data explains in a broader concept about the state of the district economy by comparing Winnipeg's central business district employment structure to seven other Canadian major cities, providing a benchmark of the central business district employment by sector in 2001.

Among the eight selected CMAs, Winnipeg had the 3rd highest percent of central business district employment as percentage of the total CMA employment in 2001, showing strength in all three sub-categories: manufacturing, office and broad public sectors (Figure 32).

Figure 32

Share of Central Business District Employment*, by Sector, Selected CMAs, 2001 Census



* Place of Work Based ** Broad Public Sector (Education, Health Care and Public Administration)
Source: Altus Clayton based on data from Statistics Canada

The high concentration of office and broad public employment in the city's central business district is not just a Winnipeg phenomenon. Generally speaking, a significant share of employment in those two sectors is located in central business district in all of the selected cities compared with a much smaller share of manufacturing jobs.

The relatively smaller share of office type employees located in Vancouver's central business district is partially due to the effects of *The Liveable Region*

1976/1986 development policy whose goal was to decentralize some office employment to other parts of Greater Vancouver by discouraging office developments considered inappropriate in the central business district.

8.1 MANUFACTURING

With increasing competition from imports, the Canadian manufacturing sector has gone through a painful transformation particularly within the traditional industries such as food processing (e.g. meatpacking, flour million), lumber, pulp and paper, printing, and clothing. Over the decades, the sector has transformed itself by focusing on less labour intense and advanced technology industries including aerospace manufacturing, agribusiness manufacturing and biotechnology and life sciences industries.

To reduce operating cost and comply with city by-laws[41], most manufacturers choose suburbs where land price is relatively lower with easy assess to major transportation system to build their production facilities. Thus, in most of the selected eight cities, there was only a small share of employment in manufacturing sector located in city centres in 2001 (Figure 32).

Relatively speaking, Winnipeg had a larger manufacturing based employment in its central business district than the other selected cities in 2001 (except Regina). From Winnipeg's 2001 Business Registry data, a majority of the city's downtown manufacturing firms had less than ten employees, thus, most of those companies are local manufacturers with a small production scale whose production facilities historically have been located in the city centre.

Also, in 2001, a majority of the central business district manufacturing employment was in either clothing or printing companies, including Western Glove Works whose signature brand is "Silver Jeans" and Richlu Manufacturing whose signature product is "Tough Duck" work-wear.

8.2 EDUCATION

The "broad public sector", encompasses three industries: education, health care and public administrations. Each of those provides a unique and critical service to citizens.

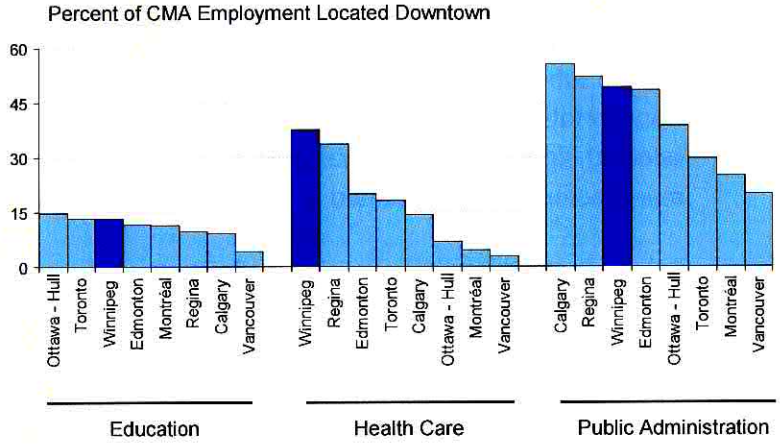
[41] Most cities have land-use restriction to prohibit large manufacturing facilities locating in the central business district.

Typically, education jobs are rather less concentrated in city centres, compared to other two public service industries (Figure 33). Most educational institutions such as elementary and high schools are spread out within a city.

Only large institutions such as universities and colleges are likely to centralize their operations at one location, but a majority of them are not located in the central business district[42]. Consequently, all eight major cities have similar shares of education workers located in their city centres.

Figure 33

Share of Central Business District Employment*, Public Service Sector, Selected CMAs, 2001 Census



* Place of Work Based
Source: Altus Clayton based on data from Statistics Canada

8.3 HEALTH CARE

With 37.6 percent of Winnipeg CMA's health workers employed in the city's central business district in 2001, Winnipeg led the way for other CMAs (Figure 33), partially due to the two large health institutions located in the district: the Health Sciences Centre and the St. Boniface General Hospital.

There are only two major hospitals in Regina CMA: the Regina General Hospital (located in the central business district) and the Pasqua Hospital. As

[42] Although Toronto, Winnipeg and Montreal have major universities located in their city centres, there are also major universities located outside of the central business district in those cities. As a result, the effect on employment ratio is balanced out.

a result, Regina also had large share of health workers employment located in its central business district in 2001.

By the same argument, the relative smaller shares of health sector employment in Montreal and Vancouver city centres are due to the exclusion of major health institutions in those two cities' central business districts such as Royal Victoria Hospital in Montreal and Vancouver General Hospital in Vancouver.

With the future growth of the biotechnology sector, a growing and aging population, and emphasis on future investment in health care degree programs, employment in the health care sector should increase over coming years and will account for more share of total employment. Thus, Regina and Winnipeg's central business districts will benefit the most from this economic trend relative to other employment areas in those two cities.

8.4 PUBLIC ADMINISTRATION

All eight selected CMAs had large shares of public administration employees in their central business districts in 2001, in part because governments want to operate at central locations to ensure convenient services for their citizens. Also, the public sector owns a few office buildings in city centers such as city halls and provincial legislation buildings by historical legacy.

Several local governments such as Winnipeg and Edmonton have development policies that encourage government agencies to locate their offices in the downtown area to promote downtown economy, and bring people and businesses back to their city centres.

Figure 33 shows that shares of government employees located in city centers of Calgary, Regina, Winnipeg and Edmonton are almost 10 percentage points larger than the shares in Toronto, Vancouver and Montreal. This difference is partially due to the configuration of those CMAs.

For the first group CMAs, they are all made up by a dominate city with some surrounding relative small cities or townships. For the second group, there is also a centre city within each of them, but the centre city is not an overwhelmingly dominating one, thus, each of the surrounding cities or townships still has a strong local government. As a result, the share of government employees located in city centers of the second group is relatively smaller.

The share is further reduced in Vancouver since Vancouver City Hall is located outside the city's central business district.

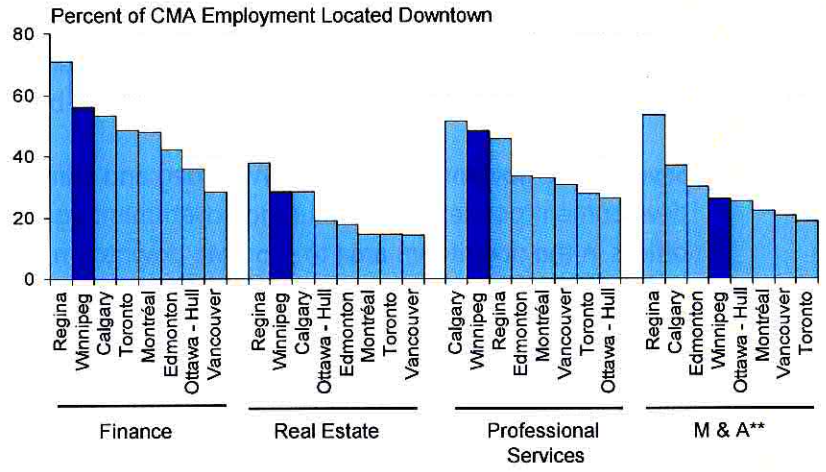
8.5 FINANCE AND PROFESSIONAL SERVICES

On the whole, finance and professional service employment is fairly concentrated in city centres in 2001 (Figure 34). Those two industries encompass a wide variety of business, ranging from banking groups, trust companies, investment dealers and insurance companies, to law firms, consulting accounting companies and scientific research groups.

The high concentration of these two sectors in central business districts is partially due to network effects - those companies desire to be close to their competitors/peers to get better market information so as to enhance their abilities to compete.

Figure 34

Share of Central Business District Employment*, Professional Service Industries, Selected CMAs, 2001 Census



* Place of Work Based ** Management and Administration
Source: Altus Clayton based on data from Statistics Canada

In 2001, Winnipeg's central business district had higher shares of total CMA employment in most professional service industries, compared to other selected cities, except management and administration industry (Figure 34). This can be beneficial for Winnipeg's central business district economy, as those industries provide high value-added services and future growth prospect of those industries remains upbeat.

Due to its compact geography, Regina had about 71 percent of its finance industry employment located in its central business district in 2001, more than twice the share in Vancouver which has a planning policy that decentralizes office employment[43]. Vancouver is the only city (among the selected eight CMAs) that has a downtown policy to decentralize certain office employment to other part of Great Vancouver Area. But, in the recently approved downtown policy, Calgary expands parking restriction area in its downtown which could discourage some major office building projects.

8.6 REAL ESTATE

The real estate sector mainly contains real estate leasing and brokerage businesses, with a minor interest in leasing commercial and consumer equipment. Again, Regina had the largest share of real estate related employment located in its central business district in 2001 among all eight selected cities (Figure 34).

This is due to the effect of its compact geography but it also can be the result of its Downtown Residential Tax Incentive Program which promotes new residential condominium and rental projects in the downtown area by providing up to fives years of tax exemption.

Although other cities also had planning policies to encourage downtown residential developments, they did not have the same significant financial incentive as Regina.

8.7 MANAGEMENT AND ADMINISTRATION SERVICES

The sector not only includes managements of enterprises such as offices of holding companies, regional corporate offices and subsidiary managements, but also administrative services firms, investigation and security firms, and waste collection and disposal companies. Since there are not many managements of enterprises, a majority of employment in this sector is in back-office services and waste management industries, thus, they are less concentrated in the city centre.

[43] In Regina, most office buildings are located in the downtown. Residential and industrial buildings occupy the area outside of the city centre.

8.8 TRADE AND TOURISM

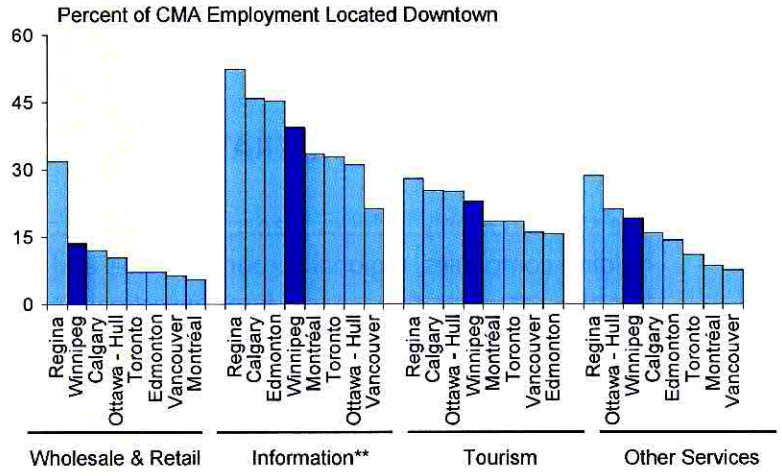
In 2001, the trade sector was less concentrated in the city centre within all eight selected CMAs, except Regina (Figure 35). This sector comprises of large national wholesale and retail companies as well as small and medium sized local retailers and wholesale distributors.

Although some retailers such as flagship department stores are located in the city centre, a large component of retail industry is spread out through the city in order to be close to their customers. Also, the growing popularity of big-box stores which are usually located adjacent to major highways or other transportation links also decentralizes retail employment away from the central business district.

Similar to the retail industry, even though major hotels and high-end restaurants are likely located in the central business district, a great part of the tourism industry (accommodation and food services) is also stretched out throughout the city. As a result, the eight selected cities' share of the tourism industry employees located in their city centers was fairly inline with each other in 2001.

Figure 35

Share of Central Business District Employment*, Customer Service Sectors, Selected CMAs, 2001 Census



* Place of Work Based ** Information and Cultural Industries
Source: Altus Clayton based on data from Statistics Canada

8.9 INFORMATION AND CULTURAL INDUSTRIES

The sector includes publishing companies, film production firms, software publishers, and radio and television broadcasters. Because most city newspapers publishers, and radios and television broadcasters are located in city centers by convenience and historical inheritance, this sector has much higher concentration ratio in the central business district than other customer service sectors (Figure 35).

9 BUSINESS DEVELOPMENT PROSPECTS FOR DOWNTOWN WINNIPEG, 2008-2031

The analysis to date in this study has suggested that in recent years Winnipeg's downtown has faced challenges in attracting and retaining businesses relative to other locations within the City and region. To bring businesses back to the downtown area, the local government has to create a favourable business environment. This chapter is going to explore several factors that will attract jobs back to the central business district, particularly office employment, and sets out the prospects for business development downtown from a macroeconomic perspective.

9.1 ECONOMIC DEVELOPMENT POTENTIAL, WINNIPEG, 2008-2031

This section presents employment projections for the Winnipeg CMA and the province of Manitoba. The fastest growing sectors in Winnipeg through the projection period will be manufacturing, construction and transportation. This mirrors anticipated trends at the Provincial level (see Figure 36).

Employment in the Winnipeg CMA is forecast to grow at annual growth rate of 1.1 percent over the medium term and 0.8 percent in the long term with the economy adding some 3,700 jobs annually over the next 25 years and outperforming the provincial economy.

More detail on this forecast and the sectoral factors considered is presented in the *City of Winnipeg Comprehensive Employment Lands Strategy, 2008*.

Figure 36

Employment, Manitoba, Winnipeg CMA 1996-2031

	Actual		Projection		Annual Average Growth			Annual Percent Growth		
	1996	2006	2016	2031	1996-2006	2006-2016	2016-2031	1996-2006	2006-2016	2016 2031
	Number of Persons Employed (000s)				*Number of Persons (000s)*			*Percent*		
Manitoba										
Primary	48.4	35.9	39.3	42.3	(1.3)	0.3	0.2	(2.9)	0.9	0.5
Manufacturing	58.5	66.6	73.9	81.7	0.8	0.7	0.5	1.3	1.0	0.7
Construction	25.0	29.9	36.1	42.4	0.5	0.6	0.4	1.8	1.9	1.1
Transport., storage, utilities	58.9	64.4	71.6	80.0	0.6	0.7	0.6	0.9	1.1	0.7
Trade	77.1	91.3	99.6	109.8	1.4	0.8	0.7	1.7	0.9	0.7
FIRE	27.9	34.2	37.2	41.0	0.6	0.3	0.3	2.1	0.8	0.7
Educational services	36.7	45.5	48.8	52.5	0.9	0.3	0.2	2.2	0.7	0.5
Health care services	61.8	79.6	86.1	95.6	1.8	0.6	0.6	2.6	0.8	0.7
Public Admin.	36.4	35.0	38.2	42.3	(0.1)	0.3	0.3	(0.4)	0.9	0.7
Other services	86.6	104.6	114.1	125.2	1.8	1.0	0.7	1.9	0.9	0.6
Total	**517.3**	**587.0**	**644.8**	**712.9**	**7.0**	**5.8**	**4.5**	**1.3**	**0.9**	**0.7**
Winnipeg										
Primary	3.6	3.3	3.4	3.5	(0.0)	0.0	0.0	(1.0)	0.4	0.2
Manufacturing	43.9	44.0	51.6	57.2	0.0	0.8	0.4	0.0	1.6	0.7
Construction	14.8	15.3	17.6	20.8	0.1	0.2	0.2	0.3	1.4	1.1
Transport., storage, utilities	40.7	36.6	44.6	49.8	(0.4)	0.8	0.3	(1.0)	2.0	0.7
Trade	52.4	54.9	62.0	63.7	0.2	0.7	0.1	0.5	1.2	0.2
FIRE	21.0	24.3	27.3	33.5	0.3	0.3	0.4	1.5	1.2	1.4
Educational services	24.2	32.1	33.8	39.9	0.8	0.2	0.4	2.9	0.5	1.1
Health care services	38.3	48.1	55.1	67.1	1.0	0.7	0.8	2.3	1.4	1.3
Public Admin.	25.3	28.6	31.4	35.1	0.3	0.3	0.2	1.2	0.9	0.8
Other services	64.2	82.4	85.4	94.1	1.8	0.3	0.6	2.5	0.4	0.7
Total	**328.4**	**369.5**	**412.3**	**463.0**	**4.1**	**4.3**	**3.4**	**1.2**	**1.1**	**0.8**

Source: Forecasts:Altus Clayton, Historical: Statistics Canada

Altus Clayton

9.1.1 Growth in Major Office Employment – Winnipeg CMA

The approach used to determine major office employment is structured around land use-based employment categories as described below:

- Major office employment is employment contained within free-standing buildings over 20,000 net sq. ft. in size.
- Population-Related employment is employment that exists in response to a resident population that is primarily not located in employment areas or major office jobs.
- Employment Land employment is the range of uses and economic sectors occupying industrial-type buildings, typically concentrated in industrial parks and other designated employment areas.

Figure 37 presents the employment growth forecasts for the Winnipeg CMA, by land based category, for the period 2006-2031.The distribution of current employment by these groups' show:

- A slight decline in major office employment between 2001 and 2006 by 192 jobs proceeded by growth of 1.5 percent (9,705 net new jobs) between 2006 and 2031;

- Growth in population-related employment between 2001 and 2006 by 8,920 jobs. In 2001, there was 1 job for every 5.3 persons in population-related sectors compared to 1 job for every 5.2 persons in 2006. This factor is expected to moderate slightly such that by 2031, there will be about 1 job for every 4.9 persons;
- Slow growth in employment land employment of about 8,700 jobs (0.8 percent) between 2001 and 2006. Employment lands will accommodate over 50 percent of future net new employment – some 47,250 persons through to 2031. More about this distribution can be found in the *City of Winnipeg, Comprehensive Employment Lands Strategy, 2008*.

Figure 37

Forecasts of Employment Growth by Land Based Category, Winnipeg CMA, 2006-2031

	Employment Land	Major Office	Population-Related	Total
Employment				
2001	205,078	20,782	126,200	352,060
2006	213,830	20,590	135,120	369,540
2011	227,083	22,785	143,974	393,843
2021	246,618	26,253	157,687	430,558
2031	261,075	30,295	171,670	463,040
Employment Growth				
2001-2006	8,752	(192)	8,920	17,480
2006-2011	13,253	2,195	8,854	24,303
2011-2021	19,535	3,468	13,713	36,716
2021-2031	14,457	4,042	13,983	32,482
2006-2031	47,245	9,705	36,550	93,500
As a % of Total				
2006-2031	50.5	10.4	39.1	100.0

AltusClayton

Source: Altus Clayton

Forecasts for the Winnipeg CMA over the 2006-2031 period show:

- Total employment growth will be almost 1 percent per annum – 61,018 net new jobs in the 2006-2021 period and 32,482 net new jobs in the 2021-2031 period;
- Employment likely to be accommodated in major office development, outside of the City's employment lands areas, is

forecast at 1.6 percent per year for a total of 9,705 net new jobs; and

- Major office jobs are expected to account for about 10 percent of all employment over the 2006-2031 period.

Suburban business park office-type employment will play a significant role in terms of overall development within the City's industrial policy areas, but the "major office" jobs through the forecast period as set out in the figure above will largely be located downtown. The ability for the City to ensure that this economic development framework plays out as assessed will continue to hinge on the strategic management of overall economic development prospects, and factors that can influence downtown development in particular.

9.2 FACTORS THAT INFLUENCE BUSINESS LOCATION DECISIONS

There have been many studies about the intra-urban employment movement and business location decisions. This section is a summary of some of those studies.

9.2.1 Corporate Real Estate Site Selection: A Community-Specific Information Framework, 2001

Joseph S. Rabianski, James R. DeLisle and Neil G. Carn: Journal of Real Estate Research

A key decision that corporations must make is site selection. The article presents the major factors and individual items that should enter such decisions, both financial and non-financial considerations such as:

- Competitive labour cost;
- Proximity to market/supplier;
- Business climate and taxes; and
- Quality of life concerns.

Finally, the article concludes with a typology of community-specific studies that are generated to support site selection decisions.

9.2.2 Job Sprawl: Employment Location in U.S. Metropolitan Areas, 2001

Edward L. Glaeser, Brookings Institution and Harvard University; Matthew Kahn, Tufts University; and Chenghuan Chu, Stanford University

The survey of the location of jobs in the 100 largest U.S. metropolitan areas finds that:

- Across the largest 100 metropolitan areas, on average, only 22 percent of people work within three miles of the city centre and about 35 percent of people work more than ten miles from the city centre;
- Among U.S. regions, the Northeast has the least job sprawl, but several metropolitan areas in the West also have concentrated employment centres;
- Job sprawl is not a function of the age of a metropolitan area; and
- There is a significant relationship between political fragmentation and the degree of job decentralization.

It argues that in metropolitan areas with large amounts of decentralization (i.e. with large numbers of municipalities), firms are more likely to choose locations based on property taxes, and municipalities are more likely to engage in property tax competition in order to attract and retain firms.

9.2.3 Where Are the Jobs: Cities, Suburbs, and the Competition for Employment, 1999

John Brennan and Edward W. Hill, Levin College of Urban Affairs, Cleveland State University

The analysis of private sector job growth in the central cities and suburbs of 92 large metropolitan areas between 1993 and 1996 finds that:

- More than half of central cities had increase in jobs, but their growth rates trailed the growth rate of their suburbs;
- One-quarter of the central cities experienced employment losses while their suburbs enjoyed employment gains; and
- Among the cities which gained new jobs during this period, 82 percent lost private sector employment market share to their suburbs.

The analysis finds that the decentralization of employment affects cities in all parts of the country. It is by and large an issue of planning, no matter where in the country that city happens to be located. In come cases cities that fought the decentralization trend, and outdid their suburbs, were not necessarily ones that are generally hailed as "comeback cities." Even Newark, long synonymous with urban decline, gained slightly more private

sector jobs than its suburbs through focusing on key factors to attract business to the central business district.

9.2.4 Selecting Administrative Office Space, 1992

Hugh O. Nourse, Department of Insurance, Legal Studies, and Real Estate, University of Georgia

This paper is a cross-case analysis of thirteen corporations examining administrative office space searches and selections. The study finds that:

- Administrative office space should be located in diverse geographic locations for political reason and avoid areas with low unemployment rate to prevent the firm from influencing local community wage rate; and
- Other important factors influencing office location decisions are the state of infrastructure such as telecommunication and power systems, transportation and occupancy cost.

The most important factor is the activity to be housed in the new facility. The second is the linkage of the activity with other corporate functions. So, the distance between headquarters and the new administrative office is also important.

9.2.5 Business Location Decision-Making and the Cities: Bring Companies Back, 2000

Natalie Cohen, Centre on Urban Metropolitan Policy, the Brookings Institution

The paper suggests that changes in technology, business organization and government policies influence business location and relocation decisions.

Some factors influence business site (i.e. intra-urban) decisions are:

- Transportation;
- The presence or absence of tax liens;
- Title complexities on the property;
- Cost and availability of water, sewer, solid waste disposal;
- Telecommunications capacity; and
- Possible environmental remediation.

The paper also provides three top reasons for a business choosing a metropolitan area including:

- The supply of skilled labour;
- The permitting process and bureaucracy; and
- Tax incentives.

The study authors offer some strategies for attracting businesses to a city. Some of the strategies are:

- Incorporating Education and Training into Economic Development;
- Speeding-Up the Permitting Process and Simplifying Bureaucracy;
- Tax Incentives and Tax Packages: They are uniformly viewed as low priorities by location consultants, relatively unimportant to the basic decision. Tax rates are considered after the more basic location analysis—and then only to rule out places that are "out of line" on key factors such as corporate income taxes, personal income taxes, unemployment tax, and workers compensation. The only other time taxes figure heavily into the equation is when a company is choosing among sites within a metropolitan area, where all the other factors are equal. Unfortunately, tax incentives have become what real estate executives call "table stakes"; that is, they are assumed to be a basic part of the package;
- Rethinking Brownfield and Environmental Policies;
- Marketing the City;
- Replicating "Suburban" Assets in the City: For example, Chicago uses special districts as a way of giving companies more control over their immediate environment and neighbours, thereby making these sites comparable to a suburban business campus; and
- Engaging Private Sector Leadership

9.2.6 Strategic Drivers of Location Decisions for Information-Age Companies, 1998

Martha A. O'Mara, Harvard University, Journal of Real Estate Research

The study examined the location decision-making process of forty companies with high quality "information-age" jobs. With respect to intra-urban decisions, the author divides location decisions into three categories:

- Green Acres: The motive for companies to move into a large scale green area is the desire for more control over its physical

surroundings. Those companies believe that being located in a pleasant environment can help to attract the best workers and provide ability to easily expand operations on-site. Examples given in the paper of "green acres" companies include:

  - Electronic Data System, a leading global technology services company delivering business solutions to its clients; and
  - Rhone-Poulenc Rorer (RPR), an international pharmaceutical research, development and manufacturing company;

- New Urbanites: New companies locate in city centres and are attracted to urban cores with access to employee housing, good public transportation systems, reasonable traffic, and adequate and cheap parking. The presence of urban amenities including restaurants, shops, entertainment was also cited as attractions. Examples given in the paper of "new urbanite" companies include:
  - Huelbein, a liquor distributor; and
- Recommitment: Businesses recommitted to the city centre because of their historical affinities to the downtown community that has retained its quality of workforce and living standards. Examples given in the paper of "recommitted" companies include:
  - Bausch & Lomb (B&L) is a leading supplier of optical products;
  - Octel, the world's leading supplier of voice technologies that integrate with both telephone and data networks.

Overall, companies consider the speed and responsiveness to their specific concerns from municipalities more important than financial incentives. Other factors such as the quality of living, local labour supply and infrastructure quality are also critical.

9.3 FACTORS AFFECTING BUSINESS LOCATION DECISION, DOWNTOWN WINNIPEG

In general, factors that influence the office employment location can be divided into two groups: financial issues such as occupancy cost and parking fees and non-financial issues such as concerns related to the quality of life. This section examines those factors that influence business location decision relating to Winnipeg's downtown.

9.3.1 Occupancy Cost

The major cost difference between offices located in downtown area and in suburbs is the occupancy cost. This section illustrates the magnitude of the leasing rate gap between downtown and the rest office buildings in Winnipeg.

The current average leasing rate of downtown office buildings is some $25.54 per square foot representing a 28 percent premium compared to the $19.99 per square leasing rate in outlying districts (Figure 38). However, the majority of the premium is related to the mix of Class A office space in the downtown inventory, which generally bears a higher lease rate due to building features and quality. It appears that there is little to no "downtown premium" per se in the Winnipeg leasing market.

The stronger mix of Class A space found in the downtown helps to attract premium tenants such as financial service companies and law firms.

Figure 38

Winnipeg Occupancy Cost, 2007

	Number of Buildings	Total Office Space	Estimated Asking Rate	Total TOP*	Total Direct Rent
		Sq. Ft.		*$ Per Square Foot*	
Winnipeg	64	8,186,379	13.54	11.57	25.11
Downtown	54	7,655,809	13.74	11.80	25.54
CLASS A	9	2,434,586	15.75	13.96	29.71
CLASS B	29	3,981,922	12.69	10.42	23.11
CLASS C	16	1,239,301	8.11	13.62	21.73
Outlying Districts	10	530,570	11.20	8.79	19.99
CLASS B	10	530,570	11.20	8.79	19.99

* Including Realty Taxes, Operating Cost and In-Suite Power.
Source: Altus Clayton based on data from Altus InSite

AltusClayton

Further study shows that:

- For Class B buildings, the downtown leasing rate premium decreases to around16 percent (Figure 38);
- The estimated lease rates of currently-available Class B office spaces are compatible between the downtown and suburban markets (Figure 39);
- The gross rent difference is partially related to the higher taxes, operating costs and in-suite power (TOP) in downtown space; and

- Some downtown office buildings have relatively high vacancy rates, giving tenants an advantage during the lease negotiation to further reduce rent rate.

For example, the Credit Union Central Plaza located at 215 Garry St. recently has had a vacancy rate as high as 21.2 percent (Figure 40).

Figure 39 **Office Space Availability Comparison*, Winnipeg**

Location	Total Office Area	Year Built	Class	Total TOP**	Estimated Rent Rate	Total Estimated Gross Rent	Direct Available Vacant Area	Total Vacant Rate
	Sq. Ft.				*$/Sq. Ft.*		*Sq. Ft.*	%
Downtown								
363 Broadway Ave.	190,105	1977	B	10.62	12.00	22.62	16,004	8.4
215 Garry St.	162,000	1976	B	11.23	13.50	24.73	34,341	21.2
1661 Portage Ave.	108,912	1972	B	10.25	12.00	22.25	1,250	1.1
Outlying Districts								
1313 Border St.	102,572	1975	B	7.34	8.00	15.34	36,702	35.8
530 Kenaston Blvd.	42,917	1979	B	9.00	12.00	21.00	1,768	4.1

* Those Class B office buildings are collected based on their "Year Built" to keep them compatible for analysis.
** Including Realty Taxes, Operating Cost and In-Suite Power.
Source: Altus Clayton based on data from Altus InSite

AltusClayton

Figure 40

215 Garry St.
Building Overview



Market:	Winnipeg	**Realty Taxes:**	nd
District:	Downtown	**Operating Costs:**	nd
Node:	Downtown	**In-Suite Power:**	Inc
Building Class:	B		
Building Name:	Credit Union Central Plaza	**Total TOP (2006):**	$11.23
Number of floors:	18		
Total Office Area:	162,000		
Typical Floor Size:	nd		
Year Built:	1976		



COMMENTS

AVAILABLE & VACANT SPACE SUMMARY
Credit Union Central Plaza

DIRECT AVAILABLE (sf)	34,341	DIRECT VACANT (sf)	34,341	DIRECT AVAILABLE (sf)	34,341
DIRECT AVAILABLE VACANT (sf)	34,341	VACANT AND LEASED (sf)	0	SUBLET AVAILABLE (sf)	0
SUBLET AVAILABLE (sf)	0	SUBLET VACANT (sf)	0	PROBABLE* AVAILABLE (sf)	0
TOTAL AVAILABLE (sf)	34,341	TOTAL VACANT (sf)	34,341	TOTAL PROBABLE AVAILABLE RATE (%)	21.2
TOTAL AVAILABLE RATE (%)	21.2	TOTAL VACANT RATE (%)	21.2	*Space not being marketed but expected to be available*	

Available Space Listings

Credit Union Central Plaza,215 Garry St.,Winnipeg

Suite /Floor	Has Floorplan	Lease Type	Available Space	Possession Date (mm/dd/yy)	Termination Date (mm/dd/yy)	Estimated Asking Rate	Rate Type	TOP	Total Rent	Verification Date (mm/dd/yy)
2	No	Direct	4,659	5/1/2005	nd	$13.50	Face	$11.23	$24.73	10/27/2006
3	No	Direct	6,648	2/1/2005	nd	$13.50	Face	$11.23	$24.73	10/27/2006
4	No	Direct	6,648	2/1/2005	nd	$13.50	Face	$11.23	$24.73	10/27/2006
5	No	Direct	1,087	2/1/2005	nd	$13.50	Face	$11.23	$24.73	10/27/2006
7	No	Direct	1,199	11/1/2005	nd	$13.50	Face	$11.23	$24.73	10/27/2006
100	No	Direct	2,900	5/1/2005	nd	$13.50	Face	$11.23	$24.73	10/27/2006
101	No	Direct	11,200	3/1/2005	nd	$13.50	Face	$11.23	$24.73	10/27/2006

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9.3.2 Parking Spaces and Cost

Another concern for companies in weighing the merits of downtown location is the availability and cost of parking for their employees and clients. This section provides a summary of the downtown parking market.

The Winnipeg Parking Authority (WPA) manages some 2,500 parking meters in the city centre and on streets near the Health Sciences Centre and St. Boniface Hospital. In addition, there are three WPA parkades (Winnipeg Square Parkade, Millennium Library Parkade, and Civic Centre Parkade) and 8 WPA surface parking lots located in the downtown area (Figure 41).

Figure 41

Winnipeg Downtown WPA Parking Structures

	Number of Parking Stalls	Monthly Fee	Reserved Monthly Fee
	Units	*Dollars*	
Winnipeg Square	978	160	200
Millennium Library	535	118	155
Civic Centre	450	95	165

Source: Altus Clayton based on data from Winnipeg Parking Authority

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The average monthly fee for downtown WPA parkades ranges from $95 up to $200 with reserved space, implying an annual expense ranges from $1,140 to $2,400 for a downtown employee. In most cases, suburban or industrial area office or business parks offer the parking where cost to the employee can be reduced to zero in most cases. Thus, the downtown parking fee is a significant cost premium for employees and companies.

However, many downtown office buildings already have structured parking. Companies can and do negotiate a total leasing package when they sign the contract, effectively reducing parking cost for at least some of their employees and/or clients.

Furthermore, Winnipeg Transit operates busses in and out of the downtown area, providing a certain alternative to the cost of parking. On top of the regular city public transit, the Downtown Winnipeg BIZ also runs a free shuttle bus within the downtown area, providing a convenient transportation service for downtown employees and visitors.

In 2004, to advance *Plan Winnipeg* downtown policies and the vision created in *CentrePlan,* the Downtown Winnipeg Zoning By-law did not require parking facilities to be provided in conjunction with new development or redevelopment in the downtown area (See Section 3.1.5). Although this policy has likely increase the financial attractiveness of developing new downtown office projects, it also puts pressures on the downtown parking space.

The new Manitoba Hydro headquarter will be the first large-scale test for the zoning By-law. When it is completed in 2008, it will host over 2,000 Manitoba Hydro employees supported by only 152 underground parking spaces.[44] While this development will present certain challenges to the existing downtown parking structure, it will not be surprising to see the

[44] Avison Young, *Manitoba Hydro Office Tower: Information & Impact Report*, May 2007.

emergence of other private and public sector parking supply responses to any additional demand that stems from this new downtown space.

9.3.3 Amenities

A range and mix of attractive amenities is a critically important component of a well-functioning downtown. Many cities focus their revitalization efforts downtown by trying to capitalizing on traditional attractions - art and culture, but research suggests that new facilities offer cultural amenities within a larger framework of urban renewal. New projects are linked to existing galleries and performance spaces by transportation systems or parks and are built close to housing, stores, and offices. New, well planned, facilities can boost street life and commercial activity in downtown areas.

Downtown amenities fall into two broad categories – commercial amenities (shops and restaurants) and cultural amenities (arts, culture and sports facilities.) In both cases amenities promote a vibrant downtown lifestyle, make downtown leasing space more attractive to tenants and bring vitality to downtown districts after business hours.

Downtown Winnipeg has a modest supply of commercial amenities, including mall spaces, street-front retail and attractive retail and restaurant clusters, such as in the Exchange District.

In fact previous economic development efforts focused on the downtown have generally stressed the importance of amenities, and the strengthening cluster in the Exchange District may be related to the focus in CentrePlan on identifying "character areas" for each district, in part defined the their amenities.

Despite some order of commercial and entertainment amenities in the downtown, there is generally a lack of basic shopping opportunities for residents in the downtown, such as grocery stores. The Downtown Business Association's Downtown Resident survey, conducted a few years ago, indicated that having nearby parks and open green spaces were the most important Downtown amenities desired, followed closely by the presence of a grocery store within walking distance of their home, being able to stay Downtown for all shopping needs, and having retail or service commercial storefronts at street level Downtown.

The second most frequently cited reason for moving Downtown after proximity to work was the nearby presence of amenities such as grocery stores, retail stores and other services. The City's online survey indicated that

downtown residents would like to see improved variety and quality of shops and services, specifically groceries and hardware stores. They indicated a desire for amenities such as parks and plazas, and a desire for more streetscaping and beautification initiatives.

The presence of a mix of housing and employment downtown is critical for a revitalized and well functioning downtown, and an area of improvement in the downtown is specific amenities focused on the resident population, which, in turn, will foster a more conducive employment environment.

In connection to arts and culture amenities, the City should continue to investigate opportunities to host, promote and attract arts and cultural festivals and special events to downtown Winnipeg at various times during the year. The more people are encouraged to come downtown and enjoy positive experiences, the greater the likelihood of enticing them to consider living downtown. Such activities can also bolster local businesses

The City has already made considerable strides in this area and should continue to explore opportunities to attract people to Downtown Winnipeg for a range of activities. In terms of parks and other public spaces, the City should continue to pursue opportunities to work with partners and bring this type of space into the downtown fabric. In terms of commercial amenities, the City should be adopting policies that will assist the private sector to invest in these types of opporunities. Land assembly is an issue downtown for larger-format food stores and other appropriate commercial amenities. The City should consider if they can play a role in assisting in land assembly efforts associated with the development of innovative new commercial amenities.

9.3.4 Education Institutions

The City of Winnipeg is endowed with many post secondary institutions some of which play an important role in or near the downtown:

- Winnipeg Technical College (WTC) offers over 24 applied skills training programs in Business, Health Care, Information Technology, and Skilled Trades as well as professional certification examinations. Established 1983, WTC has over 1,000 students at its two campus, both of which are located in the south part of the city;
- Red River College serves almost 40,000 learners each year and employs more than 900 full-and part-time employees across its Winnipeg-based and regional campuses. The college has gained a reputation for graduating skilled, knowledgeable and motivated

individuals able to immediately become contributing members of the workforce. Three of its campuses are located in Winnipeg, and one of them, the Princess Street Campus, downtown;

- Canadian Mennonite University (CMU) is Christian university that offers degrees in the arts, music, music therapy, theology and church ministries. CMU was chartered by the Province of Manitoba in 1998 and built on over 60 years of history and tradition. Located at the edge of the Assiniboine Forest in southwest Winnipeg, CMU currently has over 2,000 students;
- University of Manitoba is the province's premier post-secondary educational institution and its only research-intensive university. In all, 82 degree programs are offered, 51 at the undergraduate level. The university has an enrolment of some 27,000 students during a normal school year and contributes $1.2 billion to the social and economic vitality of the province in annual economic activity. The university's the main campus, Fort Garry Campus, is a 233-hectare complex on the Red River in south Winnipeg and its Bannatyne Campus located just west of the downtown is a complex of 10 buildings for health science education and research in dentistry, medicine, medical rehabilitation and pharmacy. In September 2008 the Asper School of Business at the University of Manitoba leased some 7,000 sq. ft. of office space in a downtown office tower that was the former headquarters of Great West Life. This space will be used for give the school a significant presence downtown, and is an excellent example of confidence in and investment in the downtown by Winnipeg's premier educational institution; and
- University of Winnipeg is located at the footstep of Downtown Winnipeg, offering 800 courses in more than 40 subjects to more a total of 9,340 undergraduate students. The university also has a strong continuing education division, offering employees the opportunity to continue their education while staying at their current jobs.

Benefits of having post-secondary educational institutions in a city, especially in the downtown area include:

- With the high demand for skilled workers, today companies increasingly focus on the education level of the local labour force when they make location decisions. Advanced educational institutions can produce high skilled labour for the local economy and attract businesses to the city;

- In an information-age economy, cities that have well established education and training systems are more attractive to high skilled immigrates and growth sector companies;
- Educational institutions can also help the city to revitalize its downtown area. Some of those institutions are large employers. By locating in the downtown area, they create ample opportunities for job seekers;
- By setting up student housing in the downtown area, those institutions can increase the number of downtown residents. In addition, those students form a stable consumer group, boosting downtown retail and housing rental market activities; and
- Because university students generally have more active lifestyles, an increasing student population will bring new life to the downtown area.

The strong presence of post secondary educational institutions, and their constituent communities, in Winnipeg, many of which have some presence in or around the downtown, is an important asset in general for the city's economic development and could be the foundation of successful downtown revitalization.

The City of Winnipeg can leverage off of existing institutions and by promoting additional student housing in downtown Winnipeg.

One of the features of the more vibrant downtowns is a resident student population associated with the downtown location of one or more universities and/or colleges. The City of Hamilton, for example, made special efforts to entice McMaster University to open a downtown campus, which was ultimately unsuccessful. Among the advantages of student housing is that many students do not require parking, will live in relatively small units or shared accommodation, are prepared to live in relatively basic accommodation, and tend to support local retail businesses. Generally speaking, students are less likely to be dissuaded from living downtown due to concerns about security.

Student housing need not be developed in the form of large scale, high-rise buildings. Indeed many students prefer small-scale developments. Student housing may be a logical use for the adaptive re-use of existing buildings where parking cannot easily be provided.

Since there are already existing proposals for student housing in association with the University of Winnipeg and Red River College, these projects, if

they proceed, may reduce potential demand for student housing to be developed by the private sector.

9.3.5 Transit

Winnipeg Transit operates busses in and out of the downtown area, and the Downtown Winnipeg BIZ also runs a free shuttle bus within the downtown area, providing some augmentation to the transit service.

Unlike many other large cities in Canada, Winnipeg has no rapid transit system connecting the downtown employment areas with other employment nodes, suburban residential areas and/or its airport. Considerable research suggests that transit ridership modal splits are highly dependent on the presence of a reliable rapid transit system, and that cities that implement rapid transit see much higher shares of downtown employees opting for transit relative to systems that rely on general traffic bus service.

Rapid transit solutions for the downtown have been considered in Winnipeg and *Plan Winnipeg 2020* set out a transportation concept plan that includes both a comprehensive network of high-speed transit lines and a complimentary network of bus-only routes in dedicated rights-of-way.

Recently a proposal for an initial phase of a bus rapid transitway (BRD) to run from the Forks down the Pembina Highway corridor ultimately to the University of Manitoba have been considered again. The BRD proposal is in early stages, but the conceptual plan has been approved in 2005. In September 2008, the City of Winnipeg and The province of Manitoba have reached a $138 million funding agreement for the first phase of the BRD, making the transit plan one step closer to break ground.

Rapid transit in general is clearly an important component to ultimately improving the functionality of the downtown as an employment area, and the City should improve the prioritization of this existing initiative. The proposed

Concurrently, the City should also investigate improvements to the existing in-traffic bus service. For example, as an added incentive for students to live in Downtown Winnipeg, the City should investigate the feasibility of an all-day, two-way express bus service operating between Downtown Winnipeg and the University of Manitoba. While there are currently several express bus routes operating between downtown and the University of Manitoba, most operate at rush hours only and are geared to transporting suburban

residents downtown in the morning and back home in the evening. This service could also possibly appeal to employees at the University of Manitoba.

In view of the attraction of living in Downtown Winnipeg for workers at the Health Sciences Centre, consideration should be given to extending the Downtown Spirit free bus service to the Health Sciences Centre.

Also, to enhance accessibility to shopping for Downtown residents, the feasibility of extending the Downtown Spirit bus service to Osborne Village should be investigated. This would provide access to the closest supermarket to Downtown Winnipeg. Finally, extended hours of service should be investigated.

9.4 ROLE THE CITY CAN PLAY IN PROMOTING DOWNTOWN EMPLOYMENT REVITALIZATION

This section presents priorities for the City of Winnipeg to consider in its critical role in planning for the further revitalization of downtown Winnipeg. The recommendations put forth in this section are based in a synthesis of the information presented in the foregoing chapters, in particular:

- Current strengths and weaknesses of Winnipeg's downtown business structure, as set out in Chapter 4 and 5;
- Recommendations in previous planning efforts for downtown that have been implemented in whole or in part and which appear to be working, as set out in Chapter 3;
- Revitalization and downtown employment building efforts in other cities in Canada that appear to be having a material impact on the style and scope of downtown development, as set out in Chapter 7;
- The economic development potential for employment, particularly "major office" employment growth, as set out in the economic development framework; and
- Factors, based on the literature review presented within this report, that influence business location decisions as set out in Section 9.2.

Although there are various steps that the City can take to further promote the downtown revitalization initiative, there are some priorities that the City should emphasize, including in areas of:

- Infrastructure. The City can make the biggest impact on the downtown's continued revitalization by focusing on what it does

best: provide critical infrastructure to improve the attractiveness and functionality of the district. Examples of key infrastructure that will assist in the development of downtown are parks, upgraded roadways, transit and rapid transit, pedestrian movement infrastructure (either below ground or at second storeys), parking spaces, etc.;

- Land management: The City can play an important role in fostering and promoting and in some cases engaging in important land assembly operations in order to assist the private sector in brining forward residential, commercial or other developments that will assist in the economic development of the downtown area;
- Policy Framework: The City should continue its efforts to simplify government procedures and reduce the layers of regulations, making the local policy environment more business friendly. The local government could also use various policies to bring more retail/service commercial businesses and institution establishments into the downtown area which will help the downtown to attract local citizens. For example, the government can introduce a tax-break for restaurants or bars located in the downtown core.

9.5 CONFIGURATION OF POTENTIAL DOWNTOWN DEVELOPMENT

Based on the employment projections developed in the City of Winnipeg's Comprehensive Employment Lands Strategy, and presented in Figure 37, under a reasonable base case economic development scenario the Winnipeg economy is likely to develop some 9,700 net new "major office" jobs over the period 2006-2035 and the vast majority of these will be found in the Downtown.

Assuming that all 9,700 major office jobs did create demand for office space downtown, then the implications of this demand on office space requirements is as estimated in Figure 42:

- Working with the assumption that office space is demanded in the proportion of roughly 350 sq. ft. per major office job, the simple space requirements from 9,700 net new jobs is some 3.4 million square feet;
- In addition to this, a certain amount of new construction in the downtown will be required over the forecast period to offset office space that is removed from the market either through demolition or conversion to alternative uses. A conservative estimate of some 10,000 sq. ft. per year of replacement demand is incorporated, as is

a 10% contingency factor bringing the total space requirements for major office space to some 4.0 million square feet;

Figure 42

Downtown Winnipeg, Office Space Growth Requirements

		2006-2011	2011-2021	2021-2031	**2006-2031**
Major Office Employment Growth	Net new Jobs	2,195	3,468	4,042	**9,705**
Space Factor	Sq. Ft. per Job	350	350	350	**350**
Space Requirements	Sq. Ft.	768,280	1,213,760	1,414,740	**3,396,780**
Replacement Space Requirements	Sq. Ft.	50,000	100,000	100,000	**250,000**
Requirements with 10% Contingency	Sq. Ft.	900,110	1,445,140	1,666,210	**4,011,460**
Vacant Space (start of period)	Sq. Ft.	921,292	821,182	650,000	
Period New Supply	Sq. Ft.	800,000	1,273,960	1,666,210	**3,740,170**

Source: Altus Clayton

AltusClayton

- In 2006 the office vacancy rate in downtown Winnipeg was some 7.2 percent – which although down from 2001 at 7.5 percent, is still somewhat elevated from a typical balanced market benchmark of some 5 percent. Thus, it is reasonable to assume that some of the space requirements will be satisfied by absorbing some of the excess supply currently in the market. Assuming that markets return to a healthy balance through the forecasts, the cushion of vacant space is assumed to fall from some 0.92 million square feet in 2006 to 0.65 million in 2021 and beyond;
- All told, therefore, the net new space demand downtown through the forecast period will be some 3.7 million sq. ft.;
- The current period may see new supply of some 0.8 million, which includes the Manitoba Hydro building (0.68 million sq. ft.), the announced Winnipeg Health Authority building (0.08 million sq. ft.) and an additional 40,000 sq. ft.. The next two periods will see additional levels of new construction to the tune of about 1.2 million sq. ft. in the 2011-2021 period and finally some 1.7 million sq. ft. in the 2021-2031 period.

In terms of provision of this space, it is reasonable to assume that there will be a variety of building types which will come to market to in response to the demand for office space. Based roughly on the current configuration of good class B or class A space in Winnipeg, the potential new development

could yield some 18 new buildings, including two (one in addition to the Manitoba Hydro building) new "Marque" buildings (Figure 43).

Figure 43

Downtown Winnipeg, Office Space Growth Configuration

		2006-2031		
Total Growth	Sq. Ft.	3,740,170		
Typical Floor Plate, Class A	Sq. Ft.	17,000		
Required Storeys	Storeys	220		
Building Mix	**Distribution**	**Buildings**	**Storeys**	**Sq. Ft.**
Marque Developments, ~35 Storeys	5%	2	70	1,190,000
Typical Developments, ~11 Storeys	55%	9	99	1,683,000
Small Developments, ~4-5 Storeys	40%	7	51	867,170
Total		**18**	**220**	**3,740,170**

Source: Altus Clayton

AltusClayton

10 CONCLUSIONS

Altus Clayton, in conjunction with Urban Strategies Inc., was retained to prepare a downtown employment study for the City of Winnipeg. Preparation of this study comes at a critical and very opportune time for the City, and will assist the City of Winnipeg in its downtown redevelopment effort in the years ahead.

The City's long term development strategy, *Plan Winnipeg 2020,* places a high policy priority on the redevelopment of the downtown. The plan empowers City Council to undertake measures to promote downtown development, encourage downtown living, and promote a safe downtown.

This study provides an analytical review of current and emerging conditions in downtown Winnipeg and provides a roadmap for potential development in the downtown as it plays a key role in supporting anticipated economic development over the next 25 years.

This study finds that Winnipeg's downtown, from an employment perspective, already accounts for a large share of total employment and is on-par or better than other major cities in this regards. It also finds that there are a number of key criteria that will affect business location in the future, but that they are within reach of municipal policy to promote and manage. Successfully managing economic growth and promoting the downtown as a key employment area for certain sectors will support the need for some 3.7 million square feet of additional office space downtown over the next 25 years.