APPENDIX E:
MARKET ANALYSIS


SOURCE: Google Earth (2019)

urbanMetrics inc.
market, economic and strategic advisors

HOSPITAL DISTRICT MIXED-USE NODE

Market & Development Trends Analysis

Oakville, Ontario

Prepared for the **Town of Oakville**

February 24, 2021

This document is available in alternative formats upon request by contacting:

info@urbanMetrics.ca
416-351-8585 (1-800-505-8755)

February 24, 2021

Ms. Diane Childs, Policy Planning and Heritage
Planning Services, Town of Oakville
c/o Mr. David Sajecki, MCIP, RPP, M.Pl, B.Eng LEED AP
Sajecki Planning
777 Richmond Street West, Suite 2025
Toronto, Ontario
M6J 3N5

Dear David:

RE: Hospital District Mixed-Use Node – Market & Development Trends Analysis (Oakville, Ontario)

urbanMetrics inc. ("urbanMetrics") is pleased to submit this *Market & Development Trends Analysis* report in support of the broader research program being undertaken as part of the Town of Oakville's Hospital District study. This report represents one of a number of supporting and preliminary technical studies that have been prepared on behalf of the Town by a multi-disciplinary team of consultants led by Sajecki Planning.

The primary purpose of this study has been to provide a range of supporting research and analysis to highlight a number of key considerations for any future development within the subject area from a market and economic perspective. It has included an assessment of a number of distinct land use types and real estate asset classes to consider the general type and scale of development that can reasonably be supported within the Hospital District in coming years.

Yours truly,

urbanMetrics

Christopher White, PLE
Associate Partner
cwhite@urbanMetrics.ca

Contents

Figures

Key Findings

The following provides a brief summary as to our key research findings and conclusions with respect to the nature and scale of development that can likely be supported as part of the future build-out of the Town of Oakville's Hospital District. These considerations are based on current market conditions and other recent development trends, as summarized in the more detailed reporting presented herein.

- While the subject lands are immediately accessible by Dundas Street—a primary east-west corridor that connects points across the northern portion of Oakville and other adjacent communities—a reconfiguration of this corridor to accommodate **higher order transit** (e.g., priority bus service, per the Metrolinx 2041 Regional Transportation Plan) will be critical to supporting any meaningful amount of office or other employment-type development throughout the Hospital District in coming years.
- With a forecast increase of some 40,000 to 50,000 new residents to 2041, the growth directed to **North Oakville** is anticipated to absorb more than half of the overall population growth projected across the entire Town. Development in and around the **Hospital District provides a direct opportunity to capitalize on this growth potential** and will clearly have significant implications on the underlying nature and character of the Town moving forward.
- While Oakville continues to exhibit a **distinct demographic profile**—above-average income levels; below-average international immigration; lower percentage of younger working-age professionals; few single-person households, etc.—future growth opportunities and an ongoing shift towards a more diverse supply of housing types could ultimately influence these conditions in coming years.
- Based on current labour force and commuting pattern information, there remains a distinct **opportunity for the municipality to recapture highly educated, high-income employment** currently leaving Oakville for other major business centres in the GTA. The Hospital District presents one opportunity to potentially recapture some of this high outflow of commuters, particularly in a number of professional and technical service type industry categories in which local residents are well-represented.
- Similar to above, place of work statistics for jobs within the Town of Oakville itself further demonstrate an **above-average proportion of employees within the Professional, Scientific and Technical Services, as well as other education and health care related fields**. These categories are of particular note in the context of the nearby hospital presence and other supporting businesses that could potentially co-locate within the Hospital District. They also tend to be slightly more flexible in considering relocation opportunities relative to other industries that are more strongly linked to major urban centres (e.g., financial services, legal, etc.).

- A review of active development applications in the Town of Oakville confirms that the Hospital District is poised to take advantage of the recent and ongoing concentration of development activity in the northern portion of the community and specifically **situated between two of the primary growth areas along the Dundas Street West corridor**. This review also highlighted the fact that—although an underlying focus on residential uses and specifically grade-related housing types remain prominent in Oakville—there continues to be a notable **shift towards a higher proportion of medium and higher-density residential uses** throughout the municipality. As these housing forms become increasingly commonplace in Oakville, it suggests increasingly supportive market demand conditions for higher-density uses within the Hospital District.

- Based on current market conditions and a review of supporting development near other comparable hospitals throughout Ontario and beyond, there is likely some **potential to accommodate office expansion within the Hospital District, though it is not likely to represent a meaningful concentration of major office space**, nor a prominent employment node in the broader context of Halton Region or the GTA. Our research suggests that this could reasonably involve the development of some 250,000 to 300,000 square feet of supportive office space.

  The municipality should also continue to be mindful of other potential growth areas throughout the community, including around the GO Station and along the QEW corridor, which are both planned to accommodate additional employment-related uses as the community continues to grow.

- The significant population and employment growth potential in North Oakville will undoubtedly require expansion to the existing retail/service commercial offering in order to maintain appropriate service levels within the community. The Town should **further explore the exact locations at which this new retail/service commercial space could best be delivered** and in particular determine the extent to which a portion can reasonably be included in the Hospital District.

- In addition to the major use types described above, other common hospital-related development opportunities that could provide a stable and reliable source of employment and potential demand for real estate include: **private pharmacies/drug stores**, **general practitioners' offices and diagnostic facilities (e.g., LifeLabs)**, as well as **adjacent seniors care facilities**. Similarly, there may also be opportunities for additional **regional-serving public institutions and community services-based facilities**, in addition to private enterprises such as **daycare facilities**.

- Our research suggests that most major urban centres or regions in Canada are generally only able to support one major or primary health sciences and research-based employment cluster, typically centred around a major hospital presence (e.g., University Avenue in Downtown Toronto). However, there may be opportunities to support secondary and more specialized nodes around other selected hospital locations within a given region. In order to have the opportunity to develop into a broader regionally significant node, it will be **important for the Hospital District to provide opportunities to differentiate itself from other similarly positioned hospitals throughout the GTA**. This could be achieved through pursuing academic partnerships, capitalizing on any notable areas of specialization or health services practice areas provided at a given hospital, or establishing a broader culture of innovation within the community.

Overall, Oakville is firmly established as a desirable community within the broader context of the GTA market with a notable concentration of highly-educated, high-income professionals and families. Similarly, the community continues to perform well with respect to a variety of residential and commercial real estate asset classes, with significant growth prospects forecast for the lands in the immediate vicinity of the Hospital District. Notwithstanding these positive attributes, the municipality could face notable challenges with respect to the future build-out of the Hospital District as a major office and/or employment node; particularly in the face of regional competition and increasing development growth pressures in selected submarket areas across the GTA. Provided that Oakville proceeds with caution in planning for the future development of this area, the Hospital District presents a rare opportunity to leverage the community's existing assets and further support a new direction for growth in North Oakville.

1.0 Site Context

1.1 Location

The subject lands are located at the northern edge of the existing built boundary of the Town of Oakville. Anchored by the recently constructed Oakville-Trafalgar Memorial Hospital, the lands are generally situated at the north-west corner of Dundas Street West and Third Line and also comprise a number of nearby properties in the immediate vicinity of the Hospital.

The subject lands are among the first of several active and planned developments in Oakville to occur on lands north of Dundas Street West. As such, the site is largely surrounded by undeveloped greenfield lands to the north and does not yet have an established street network or existing built form pattern.

The map in Figure 1-1 provides an illustration of the location and geographic extent of the subject lands—or Study Area—considered throughout this report.

Figure 1-1: Map of Hospital District Location and Geographic Extent

SOURCE: Sajecki Planning.

It is also important to note at the outset of this document that the subject lands are located within the broader North Oakville West Secondary Plan Area. This Secondary Plan provides guidance and structure as to how the area may ultimately develop over time, the range of uses to be included on these lands, as well as the general intent and underlying function of future development throughout the planning area.

The Secondary Plan generally envisions a range of higher density employment areas, in addition to significant supply of residential units at varying densities. At full build out approximately 10,200 jobs focused on both light industrial and office type uses, with a small complement of population-serving jobs, are likely to locate in this area. The subject lands (i.e., the Hospital District) are specifically referenced in the vision and direction established for this Secondary Plan Area.

1.2 Surrounding Land Uses

As noted above, the subject lands are located at the northern edge of the current extent of urban development in Oakville. As this area is rapidly evolving, the surrounding land uses—particularly to the north and to the west—are expected to be the primary focus of ongoing development interest and change.

Further to the discussion above, the following land use typologies are located immediately to the north, east, south and west of the subject lands.

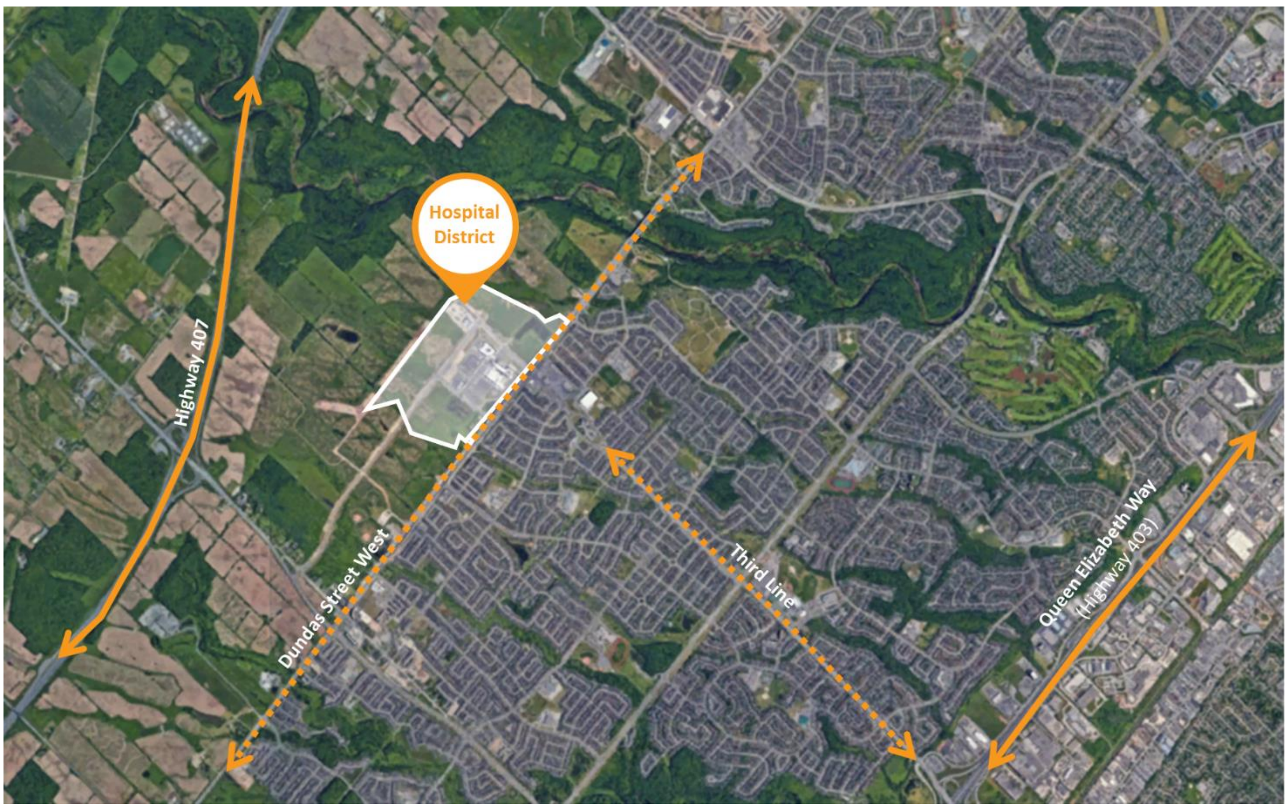
- **North** – to the immediate north of the subject lands are currently undeveloped greenfield lands.
- **South** – Lands to the south of the subject site (i.e. south of Dundas Street) are occupied by a range of existing low density residential and commercial development. The residential community located immediately to the south is primarily suburban in character, and comprised of predominately ground-oriented housing typologies (i.e. single-detached, semi-detached and townhome dwellings). Additionally, automobile-oriented strip malls or commercial plazas are located at the intersection of Third Line and Dundas Street, containing a total of some 110,000 square feet of local serving retail/service commercial uses.
- **East** – To the east of the subject lands are additional yet-to-be developed greenfield lands. However, we note that an active development application has been filed for lands immediately to the east of the Hospital. This development envisions a range of employment-based uses.
- **West** – Similar to the lands located to the north and east of the site, the lands located to the west of the subject site are largely undeveloped. Based on a site visit undertaken in February

2019, however, we understand that this 65-acre parcel of land is being actively marketed for sale as a commercial development opportunity.

1.3 Access

The subject lands are located at the northern edge of the built boundary of the City of Oakville. The Hospital District is served by a variety of existing and planned modes of transportation, as illustrated in Figure 1-2 and detailed further herein.

Figure 1-2: Transportation Network near Subject Site



SOURCE: urbanMetrics inc.

The subject site is immediately accessible by Dundas Street, a primary east-west corridor that connects points across the northern portion of Oakville, a well as to the neighbouring municipalities of Mississauga and Burlington. The node is located at the northern terminus of Third Line, which provides further access to commercial and residential areas in the south of Oakville.

In addition to local streets and arterials, two limited-access highways can be reached from the Hospital District:

- The subject site is located approximately three (3) kilometres to the east of an access point to **Highway 407**, a tolled high-speed corridor that provides east-west access to municipalities across the Greater Toronto Area; and,

- The Subject Lands are approximately 5 kilometres to the north-west of the **Highway 403** interchange with Third Line. Highway 403 provides direct access to Downtown Toronto to the east, as well as Hamilton, Niagara Region and the United States to the west.

In addition to automobile access, the Oakville-Trafalgar Hospital is directly served by three different bus routes, providing east-west service along Dundas Street, and access further south along Third Line, connecting to the Bronte GO Station on the Lakeshore West Line.

Reconfiguring Dundas Street to accommodate higher order transit in the form of priority bus service, or "Bus Rapid Transit Service", has been identified in Metrolinx's 2041 Regional Transportation Plan. If implemented, this proposal would provide direct connections from Brant Street in Burlington, through Oakville and ultimately terminating at Kipling Station on the TTC's Bloor-Danforth subway line.

This type of existing and potentially enhanced vehicular and higher order transit access will continue to be critical to support any meaningful supply of office or other employment-type development throughout the Hospital District in coming years.

2.0 Community Profile

As input to informing the market opportunity for the development of an employment node around the Hospital District, it is important to understand the current profile and demographic trends occurring in the surrounding community. The following provides a summary of the Study Area's demographic, economic and social characteristics, as identified by urbanMetrics through a review of available Census and other Statistics Canada data. This understanding of associated trends will serve an important function in developing a profile of the market opportunity on the subject lands.

2.1 Population

Existing

Figure 2-1 outlines historical population growth trends within Oakville, benchmarked against Halton Region, as well as the Toronto CMA. As shown, the population of Oakville was estimated at some 194,000 in 2016. This represents a 33.8% increase over the reported 2001 population of 145,000. In contrast, Halton Region's 2016 population was some 548,000, an overall increase of 46.1% over the same time period. Although the Town is growing at a faster rate than the Toronto CMA, the Town of Oakville is a slower growth jurisdiction, relative to the average for all of Halton Region.

Figure 2-1: Population Change

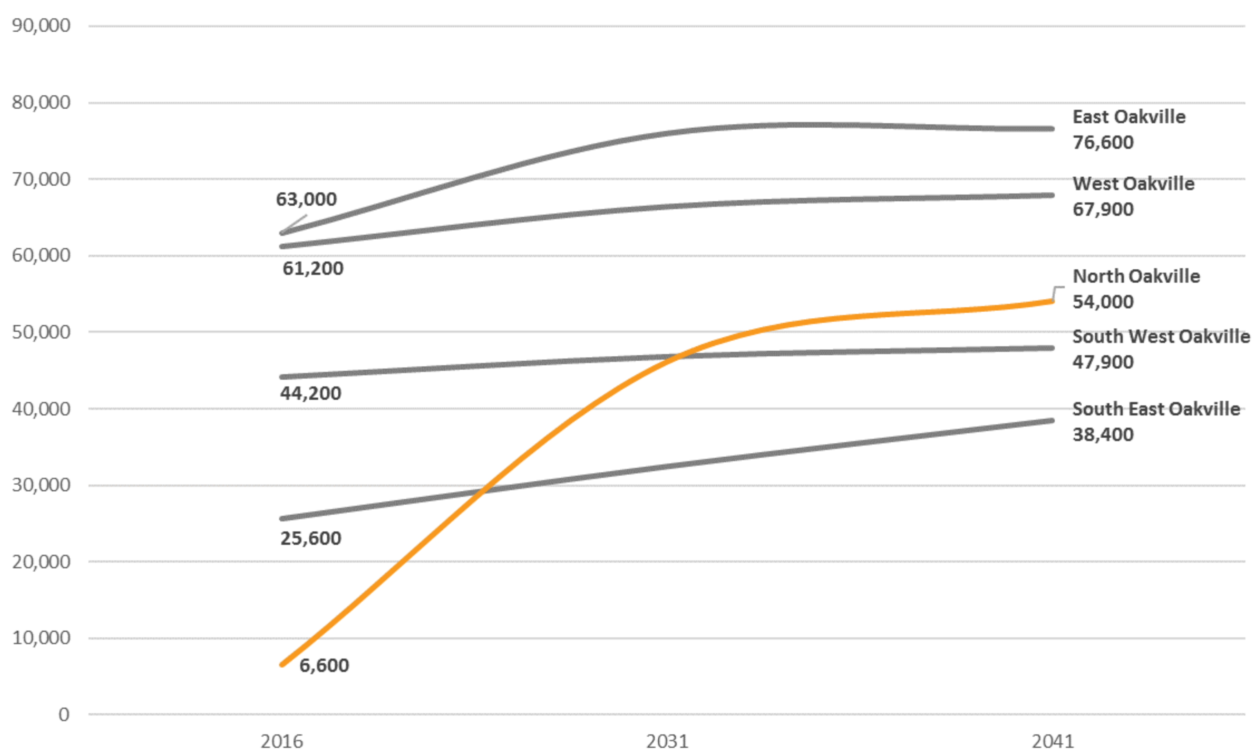
	2001		2006		2011		2016	Growth (2001-2016)
	145,000		166,000		183,000		194,000	
Town of Oakville		**21,000**		**17,000**		**11,000**		**49,000**
		14.5%		10.2%		6.0%		33.8%
	375,000		439,000		502,000		548,000	
Halton Region		**64,000**		**63,000**		**46,000**		**173,000**
		17.1%		14.4%		9.2%		46.1%
	4,683,000		5,113,000		5,583,000		5,928,000	
Toronto CMA		430,000		470,000		345,000		1,245,000
		9.2%		9.2%		6.2%		26.6%

SOURCE: urbanMetrics inc., based on Census of Canada. Figures rounded to the nearest 100.

Forecast

As outlined in Watson & Associates Economists' *Residential Growth Analysis* report of 2017, the Town is anticipated to experience significant population growth. As reported by the Census, the 2016 population of Oakville was some 200,600. By **2041, the forecasted population of Oakville is anticipated to increase by some 42%, to a total of 284,800**. However, a significant portion of this growth is not expected to occur evenly across Oakville. As shown in Figure 2-2 below, a substantial portion of the population growth expected in Oakville is forecast to occur in North Oakville, in the area surrounding the Hospital District. This area is forecast to grow by some 47,400 people over the 2016-2041 period. Indeed, the **growth directed to North Oakville is anticipated to absorb approximately 56% of the overall growth anticipated to occur across the entire Town**. As such, development in North Oakville will have central implications on the nature and character of the entire Town moving forward.

Figure 2-2: Forecast Population Growth



SOURCE: urbanMetrics inc., based on Watson & Associates Economists *Town of Oakville Residential Growth Analysis Study – Technical Report*, May 4th, 2017.
NOTE: Population estimates include census undercount. 2016 population shown is based on 2016 Census figure.

2.2 Demographics

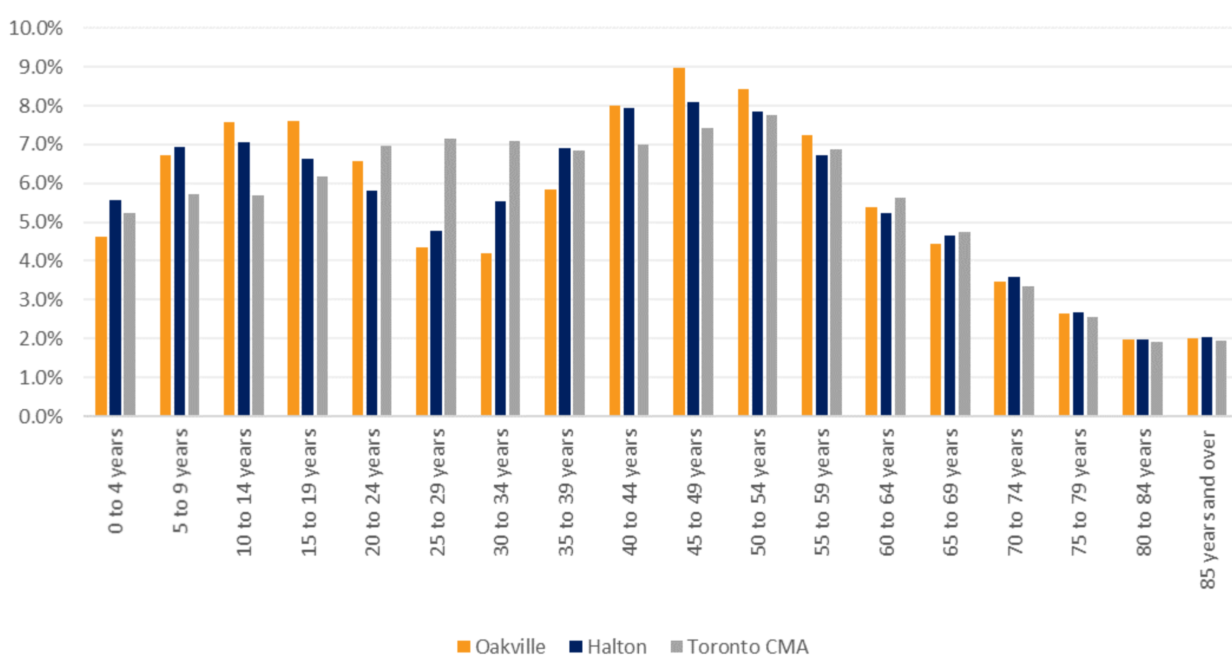
Age Profile

The age profile of Oakville differs slightly from the patterns demonstrated across Halton Region and the broader Toronto CMA. As shown in Figure 2-3, the Town of Oakville contains a slightly higher proportion of residents between the ages of 5 and 19, as well as the ages of 40 to 59. For example, some 21.9% of Oakville residents are between 5 and 19, significantly higher than the 17.6% demonstrated across the Toronto CMA.

Alternatively, the Town of Oakville has a significantly lower proportion of residents between the ages of 20 to 39 years of age. As shown, 20.9% of Oakville residents fall within this age range, compared to 23.1% for Halton Region, and 28.0% across the City of Toronto.

Overall, these findings suggest that Oakville is an attractive destination for families with children entering grade school. However, Oakville has a relatively **lower percentage of younger, working age individuals**, who are generally flocking to Downtown Toronto and other parts of the CMA. It is likely that these moves are, at least in part, driven by employment opportunities, as well as proximity to other amenities across the Greater Toronto Area.

Figure 2-3: Percentage Population by Age Range

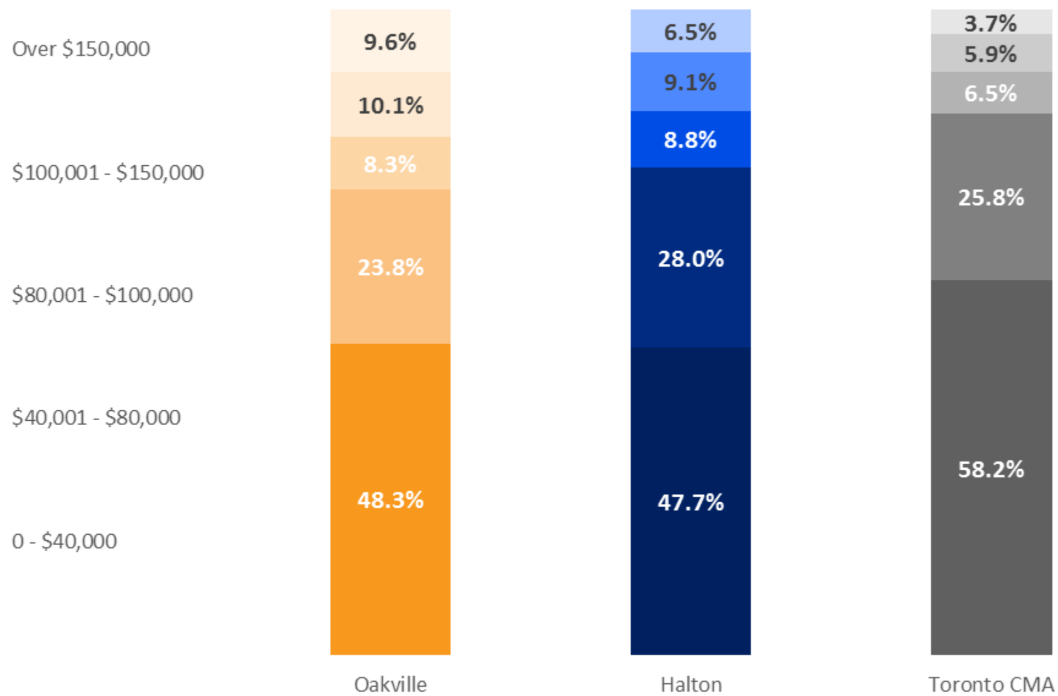


SOURCE: urbanMetrics inc., based on Census of Canada.

Income

Figure 2-4 shows the proportions of the population that fall within each of a number of identified income brackets. As shown, the Study Area contains a higher proportion of higher earning households than Halton Region and the broader Toronto CMA. Some 19.6% of Oakville households generate over $100,000 in annual household income. This figure is significantly higher than the 15.6% of Halton Region and 9.6% of Toronto CMA residents that earn the same threshold.

Figure 2-4: Total Household Income by Area, 2016



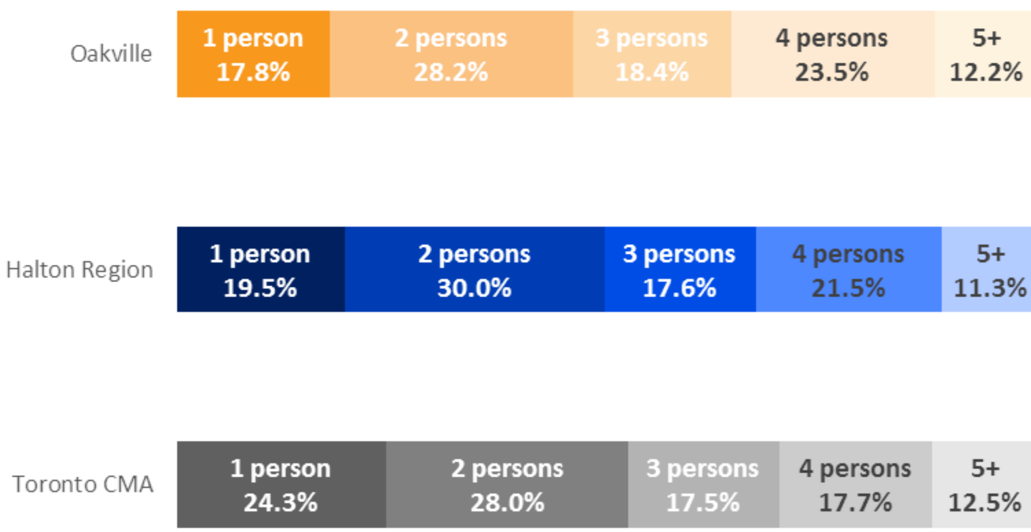
SOURCE: urbanMetrics inc., based on 2016 Census of Canada.

Households

As shown in Figure 2-5, the composition of households in Oakville differs slightly from that of Halton Region, and the broader Toronto CMA. In addition to the information shown below, Oakville's average household size of 2.9 is higher than that reported across the Toronto CMA of 2.7.

Some 54.0% of all Oakville households contain three or more residents. This figure is nominally higher than Halton Region at 50.4%, and substantially higher than the 47.6% figure recorded across the Toronto CMA. Notably, Oakville contains a **significantly proportion of single-person households**. Based on 2016 Census results, 17.8% of Oakville residents live alone, much lower than the 24.3% demonstrated across the Toronto CMA. The results of this further suggest that Oakville is viewed as a family-oriented community.

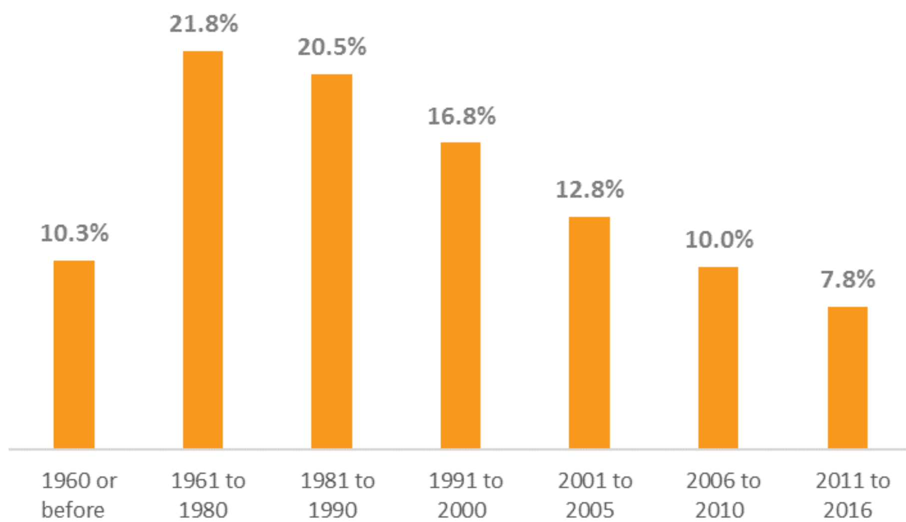
Figure 2-5: Household Composition, 2016



SOURCE: urbanMetrics inc., based on 2016 Census of Canada.

Furthermore, as shown in Figure 2-6, the pace of residential development across the Town of Oakville has been relatively consistent throughout the 20th century. The general downward trend in newly built residential units as a percentage of total units suggests that Oakville is a stable residential community with moderate growth rates. However, the community is not experiencing rapid development.

Figure 2-6: Study Area Dwellings by Age

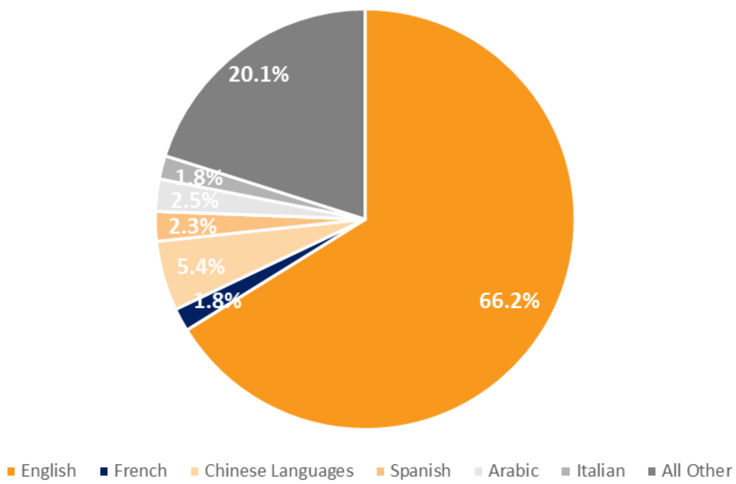


SOURCE: urbanMetrics inc., based on Census of Canada.

Language, Immigration and Minority Status

Figure 2-7 illustrates the distribution of Oakville residents by mother tongue. As shown, an overwhelming majority – some 66.2% - of Oakville residents identify English as their mother tongue. Amongst other languages, there is not an overwhelmingly dominant minority language. Rather, several languages are spoken by small percentages of the population. Of these, the most significant are Chinese Languages (i.e. Cantonese, Mandarin, etc.), spoken by some 5.4% of respondents.

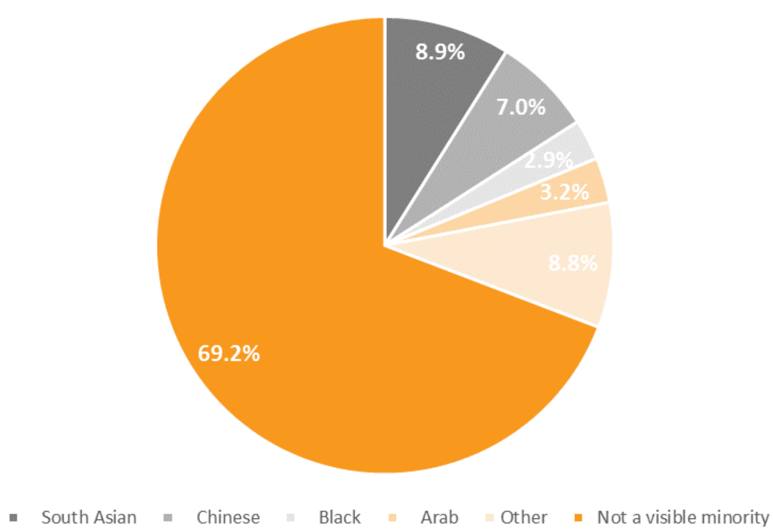
Figure 2-7: Study Area Mother Tongue



SOURCE: urbanMetrics inc., based on Census of Canada.

Figure 2-8 shows the visible minority status of individuals in the Study Area. As shown, some 69.2% of respondents do not identify as members of a visible minority. Of the other respondents, the most significant visible minorities in Oakville include residents who identify as South Asian (8.9%) and Chinese (7.0%).

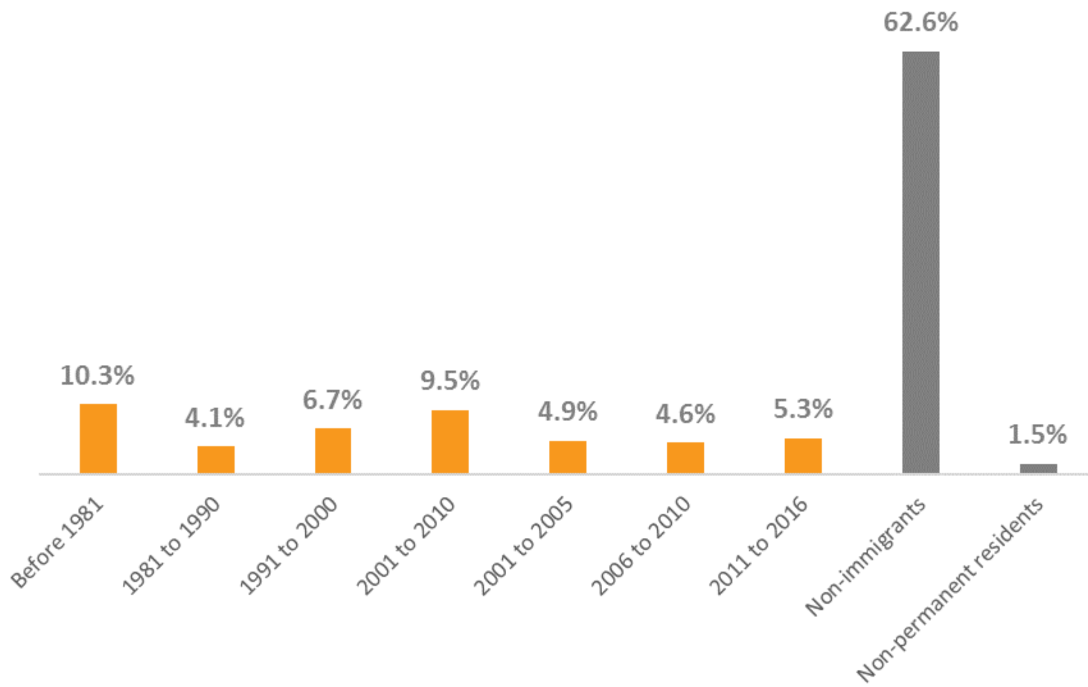
Figure 2-8: Study Area Visible Minority Status



SOURCE: urbanMetrics inc., based on Census of Canada. All other category include the following responses: Southeast Asian, West Asian, Korean, Japanese, Filipino, Latin American, Visible minority n.i.e., Multiple visible minorities.

Approximately 62.6% of residents of the Town of Oakville are non-immigrants to Canada. As shown in Figure 2-9 the Town has witnessed a relatively consistent rate of immigration. This figure has ranged from 10.3% prior to 1981, to 5.3% between 2011 to 2016. It is worth noting that in the three census periods between 2001 and 2016, the percentage of immigrants by arrival date has been relatively constant, averaging 4.9% over this period.

Figure 2-9: Study Area Immigration Status



SOURCE: urbanMetrics inc., based on Census of Canada.

2.3 Employment

In order to develop an understanding of the nature and scale of employment opportunities that could be realized on the subject lands, urbanMetrics has identified and analyzed several important factors and trends relating to Oakville's historical and current employment composition.

Existing

Figure 2-10 and Figure 2-11 present "Place of Work" data for the Town of Oakville, based on available Census data. This custom Statistics Canada output represents the breakdown of jobs located within Oakville, based on industry sector per the North American Industry Classification System (NAICS). This data is useful in understanding the overall supply of employment opportunities in Oakville, relative to other jurisdictions (i.e., versus the type of jobs held by residents of the local community but potentially employed elsewhere throughout the GTA and beyond). This Place of Work data also helps to identify whether employment areas in Oakville have a relative clustering of economic activity, or are underrepresented with respect to certain industry sectors. This information can be utilized to identify sectors in which there may be opportunities to attract future employment growth. As shown in Figure 2-10, a total of approximately 92,000 jobs are located within the Town of Oakville, yielding a job-population ratio of 0.47 (i.e., roughly one job for every two residents). This benchmark is higher than that experienced across the broader Halton Region area, but equivalent to the ratio shown for the broader Toronto CMA, on average. Based on this information, and despite the general perception of Oakville as being more of a "bedroom-community" within the GTA relative to the major employment centre of Toronto, the Town does in fact support a comparable ratio of jobs to residents to other jurisdictions throughout the CMA; particularly more suburban municipalities.

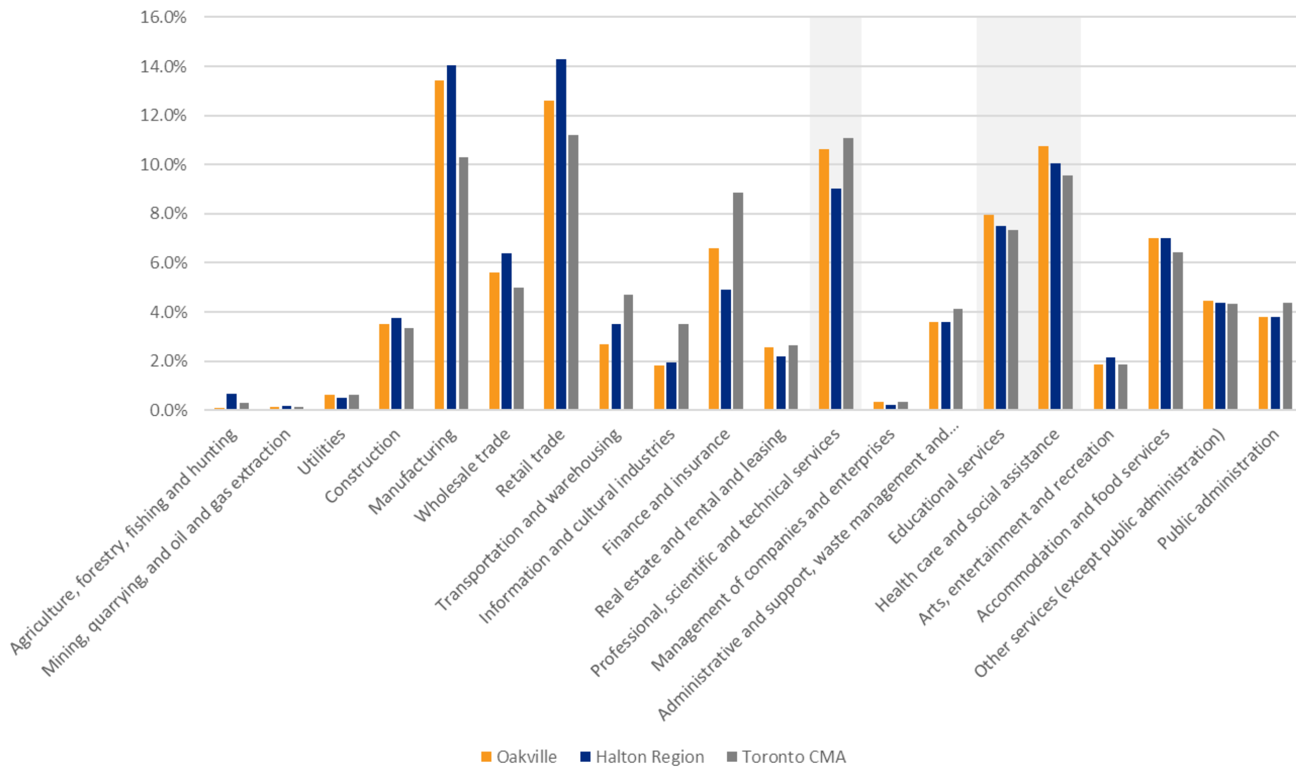
Figure 2-10: Employment to Population Ratio Comparison

	Oakville	Halton Region	Toronto CMA
Number of Jobs	91,855	233,910	2,785,105
Total Population	193,832	548,435	5,928,040
Employment - Population Ratio	**0.47**	**0.43**	**0.47**

SOURCE: urbanMetrics inc., based on 2016 Census of Canada.

As shown in Figure 2-11, Oakville additionally demonstrates a generally similar composition of employment by industry category when compared to average distributions for Halton Region and the Toronto CMA. With respect to employment opportunities in the Hospital District specifically, it is also worth noting that Oakville has a marginally higher proportion of individuals working in the areas of "Health Care and Social Assistance", as well as "Educational Services". Additionally, Oakville has a similar proportion of employment in the area of "Professional, Scientific and Technical Services", the NAICS category in which the majority of medical research positions would be categorized.

Figure 2-11: Relative Place of Work Data

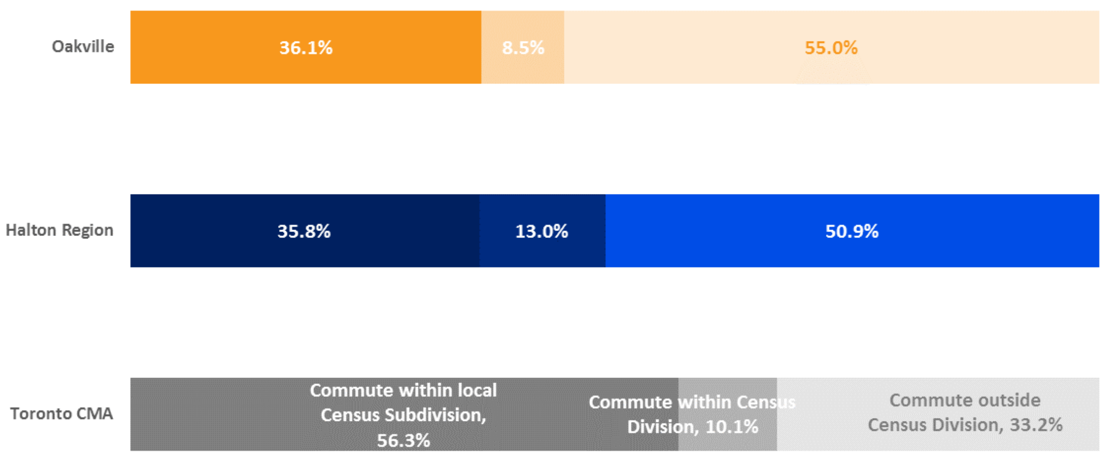


SOURCE: urbanMetrics inc., based on 2016 Census.

Figure 2-12 further demonstrates the commuting patterns of Oakville residents, compared to Halton Region and across the Toronto CMA. As shown, **the majority—some 55.0%—of Oakville residents commute to jobs outside of Halton Region**. In addition, **only 36.1% of residents claim to commute to jobs located within the Town of Oakville**. These figures are nearly inverse to patterns demonstrated across the broader Toronto CMA, where 56.3% of residents commute within their respective Census Subdivisions, and only 33.2% of residents commute outside of their Regional Municipalities.

This finding suggests that a substantial portion of Oakville's employment base travels outside of the municipality for employment opportunities, potentially re-enforcing the reputation noted above with respect to Oakville serving as a bedroom community to Toronto (e.g., potentially commuting to financial, professional and research-based employment in Toronto). Although this is not an unusual pattern for a suburban 905-municipality to exhibit, the proportion of residents commuting outside of Oakville is above average. Despite holding a relatively comparable rate of employment given its population base, it appears as though a significant amount of Oakville residents leave the Town for employment. Given these patterns, there is a strong impetus for the municipality to act to increase employment opportunities in Oakville.

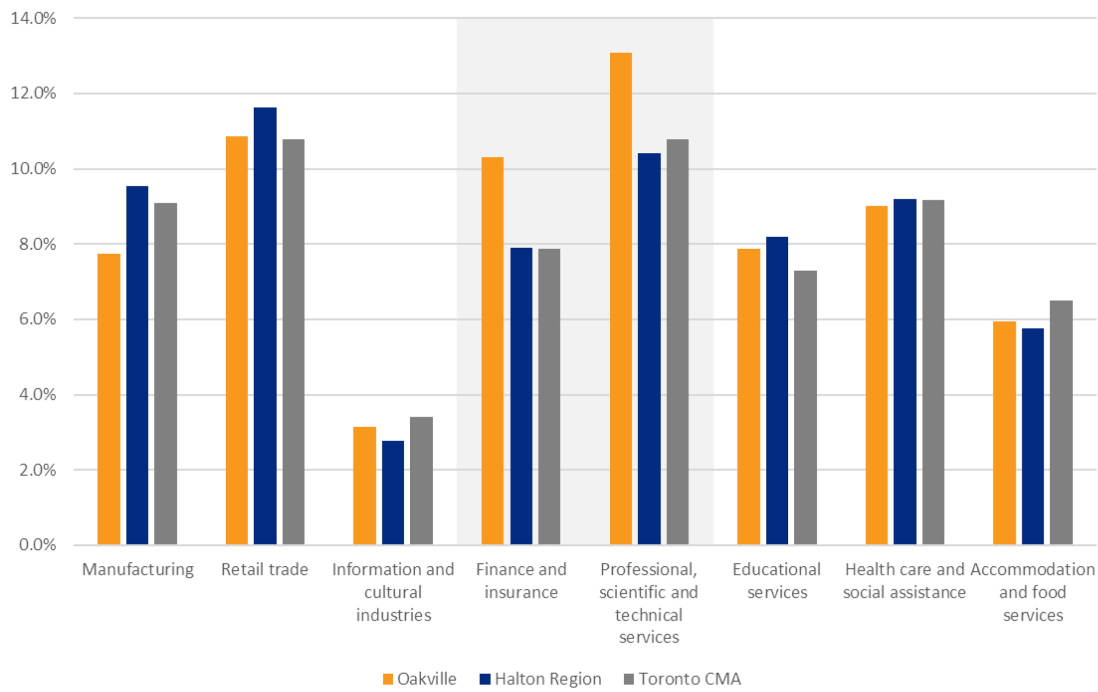
Figure 2-12: Commuting Patterns



SOURCE: urbanMetrics inc., based on 2016 Census.

Figure 2-13 illustrates specific fields in which Oakville residents are currently employed, irrespective of the specific geographies or municipalities in which these jobs are located. Generally speaking, the employment patterns for residents of Oakville are consistent with similar trends shown across Halton Region and the broader Toronto CMA. Oakville does have slightly higher proportions of residents working in the “Finance and Insurance”, and “Professional, Scientific and Technical Services” categories, which is consistent with the higher income profile of the community. A significant portion “Finance and Insurance” positions continue to be clustered in Toronto’s financial core, however, employment positions categorized as “Professional, Scientific and Technical Services” may—at least to some extent—be less location-dependent. As such, these types of jobs and corresponding businesses may be more flexible in considering relocation opportunities. The Hospital District presents one opportunity to potentially recapture some of the high outflow of commuters from Oakville, particularly in these types of professional services categories.

Figure 2-13: Oakville Residents' Employment based on Select NAICS Categories



SOURCE: urbanMetrics inc., based on 2016 Census.
NOTE: Only selected NAICS categories are shown and therefore this figure does not provide a comprehensive overview of employed individuals residing in Oakville by industry category.

Forecast

As outlined in the Liveable Oakville Official Plan and corresponding forecasts, the community is slated to experience a growth in employment of some **45,000 new jobs** between 2006 and 2031. The vast majority of this growth—some 35,000 jobs or nearly 80% of the Town-wide total—is expected to be concentrated within the North Oakville area where the Hospital District is located.

The market assessment presented further herein—including major employment categories, such as major office type uses—provides more detailed consideration for the potential job growth across the Town in coming years and how the latter could influence development in and around the Hospital District.

3.0 Development Trends

In addition to our review of the existing conditions within and near the subject lands, as outlined in the previous and following subsections of this report, it is also important to consider the type and extent of development activity that could potentially occur throughout the Town of Oakville in the coming years. To this end, we have reviewed development application information available from the Town of Oakville as well as other sources to identify a number of specific projects that can be expected to enter the market in coming years. The following provides a brief summary of our key research findings in this regard.

3.1 Recent Development Activity in Oakville

As shown in Figure 3-1 and the corresponding reference maps in Figure 3-2 and Figure 3-3, some 65 unique development projects have been identified throughout Oakville as part of our review. Although only a select few of these projects are located within the delineated Study Area and near the subject lands, other development activity identified throughout the balance of Oakville nonetheless provide additional insight as to the specific type(s) of development investment that are currently seen as most favourable in light of current market conditions and the more general locational characteristics of the community.

Location of Development

From our review, it is evident that the majority of the development in Oakville continues to be **focused along major arterial corridors and primarily concentrated within four distinct clusters**:

- Dundas Street West @ Bronte Road;
- Dundas Street West @ Neyagawa Boulevard to Trafalgar Road;
- Bronte Neighbourhood (Bronte Road @ Lakeshore Road West); and,
- Old Oakville/Central Oakville Area.

The Subject Lands are poised to take advantage of this recent, ongoing and anticipated growth, situated immediately between two of these growth areas along the Dundas Street West corridor.

Type of Development

In addition to the general concentration of development activity described above, we further note that the **majority of the projects identified are comprised of either residential uses and/or mixed residential uses** (i.e., primarily residential projects with some retail/service commercial type facilities and/or other secondary uses delivered at grade). As summarized in Figure 3-4, more than 80% of the total development projects identified in Oakville are primarily residential in nature. This is consistent with the dynamic that continues to prevail in other comparable municipalities throughout the Greater

Toronto Area, particularly across the more suburban 905-region where residential development dominates.

Similarly, it is also interesting to note that a significant portion of the residential development applications identified continue to be focused on lower density, grade-related type development. While there has been a noted shift towards higher density development formats and an increased prevalence of mixed-use developments with a range of housing/building types, grade-related housing continues to account for approximately half of the development applications identified[1].

Notwithstanding this obvious emphasis on residential uses, however, it is also important to note that a **range of other employment-focused projects are present**. In particular, our research identified a healthy mix of additional office, industrial, retail/service commercial, hotel and institutional projects. While the relatively limited number of such projects generally suggest that non-residential and commercial uses are not necessarily seen as the most viable uses at this particular location and point in timeit is possible that this is primarily a function of broader economic trends across Oakville and other similar suburban municipalities relative to the urban centres of Toronto (i.e., historically low demand and rental rates for this type of space locally and relatively high land/development costs, or a combination thereof). The presence of a major institutional anchor within the Hospital District, a broader shift towards more mixed-use development, as well as particularly strong population and employment growth prospects for Northern Oakville could all serve as important factors to support and establish more favourable market conditions allowing for an increase in non-residential uses as the area continues to build-out and mature.

[1] This relationship is expressed on the basis of the number and type of development applications identified only. The actual number of residential units and/or floor areas associated with these development projects would result in a more significant share of development occurring within medium and higher-density projects, further demonstrating the general shift towards this type of development.

Figure 3-1: List of Recent/Active Development Projects in Oakville

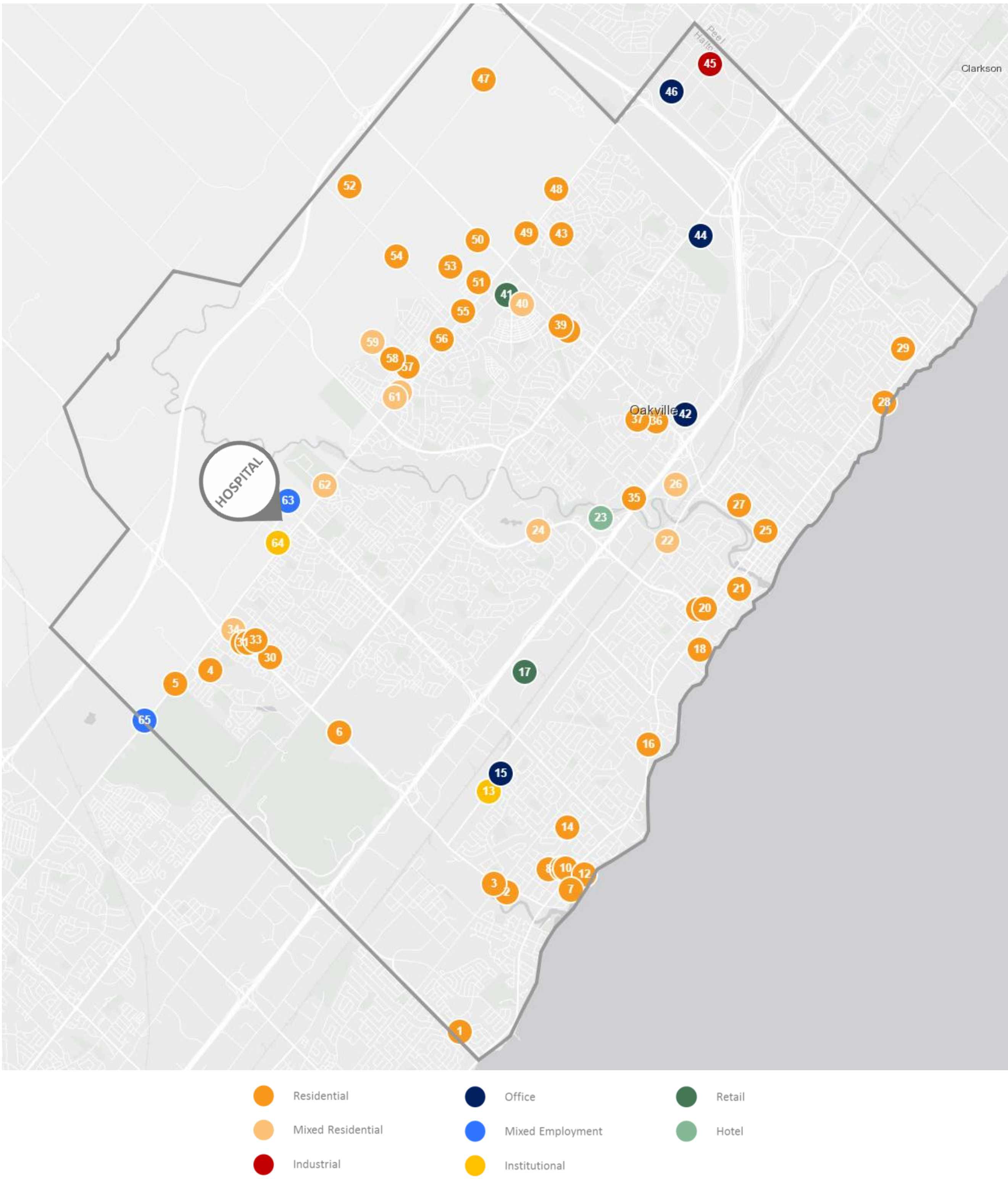
ID	WARD	ADDRESS	TYPE	STATUS	DESCRIPTION
1	1	181 Burloak Drive	Residential	Open	Rezoning for four detached dwellings
2	1	260 Bronte Road	Residential	Plan Registered	Application for seven residential detached dwellings
3	1	320 Bronte Road	Residential	In Circulation	Application for 28 attached dwellings, one single-detached dwelling and the conversion of a day care to a detached home
4	1	2470 Chateau Common	Residential	Draft Approved	Application for 63 townhomes
5	1	3340 Dundas Street West	Residential	Council Approved	75-unit townhome application
6	1/4	1401 Bronte Road	Residential	OMB Approved	1181 residential units on the former Saw Whet Golf Course Lands. Mix of single detached, town homes and apartments. https://www.oakville.ca/business/da-8844.html
7	1	47 Nelson Street	Residential	Public Meeting	Rezoning for lands to permit residential uses for four townhomes
8	1	2323 Belyea Street	Residential	Closed	Rezoning to allow 13 to 18 townhomes
9	1	2286 Sovereign Street	Residential	Council Approved	Twenty-unit townhome development
10	1	121 East Street	Residential	Council Approved	Six townhomes
11	1	83 East Street	Mixed Residential	Appealed	Redevelopment of a commercial site for an 18 storey, 140-unit apartment tower with retail/service commercial at grade
12	1	2220 Marine Drive	Residential	Appealed	OPA to permit a four storey 27-unit apartment
13	1	2250 Speers Road	Institutional	In Circulation	Dementia centre with short term residential
14	1	2123 Hixon Street	Residential	Council Approved	Subdivide lands for park and residential lands
15	1	2176 Speers Road	Office	In Circulation	Basement + 2 Storeys above grade
16	2	1215 Lakeshore Road West	Residential	Open	Application for draft plan to develop 26 detached lots
17	2	891 Progress Court	Retail	Closed	Zoning amendment to permit automotive dealership. No net increase in space
18	2	346 Lakeshore Road West	Residential	Council Approval	Subdivision for 19 new single detached dwellings
19	2	231 Rebecca Street	Residential	Closed	To construct 6 multiple attached units
20	2	210 Rebecca Street	Residential	Open	Development of 16 townhomes
21	2	79 Wilson Street	Residential	In Circulation	Two semi-detached residential units
22	2	65 Speers Road	Mixed Residential	Closed	19-storey building with 252 units and base commercial
23	2	170 North Service Road West	Hotel	Public Meeting	105-unit hotel
24	2	1333 Dorval Drive	Mixed Residential	Appealed	Redevelopment of Glen Abbey Golf Course
25	3	300 Randall Street	Residential	Open	Draft Plan for condominum stower
26	3	157 Cross Avenue	Mixed Residential	In Circulation	26 and 12 storey mixed use project with retail and office uses in a 4-storey podium
27	3	291 Reynolds Street	Residential	Draft Approved	Draft plan of subdivision for 19 single detached dwelling lots

28	3	10 Maple Grove Drive	Residential	Council Approval	Application for 18 townhouse blocks
29	3	165 Charnwood Drive	Residential	Open	Proposed ZBA/OPA to create 9 detached dwelling lots
30	4	2280 Baronwood Drive	Residential	Open	Draft plan to permit 24 townhome units
31	4	2390 Khalsa Gate	Residential	Open	4, three storey condominium buildings containing 122 units
32	4	2385 Khalsa Gate	Residential	Open	Creation of 166 townhouse units
33	4	2400 Baronwood Drive	Residential	Open	Draft Plan for five townhouse units
34	4	2467 Old Bronte Road	Mixed Residential	In Circulation	Construction of an eight-storey mixed use building
35	5	1020 Sixth Line	Residential	Appealed	OP to permit 86 townhouse units
36	5	297 Queens Avenue	Residential	Appealed	Development of a 10-storey apartment building with 153 units
37	5	1250 McCraney Street East	Residential	Open	Creation of 3 residential lots on surplus church property
38	5	2136 Trafalgar Road	Residential	Closed	Proposed zoning amendment to permit 59 townhomes
39	5	2158 Trafalgar Road	Residential	Clearing Conditions	Develop 114-four storey townhomes
40	5	216 Oak Park Boulevard	Mixed Residential	Open	Mixed use building containing ground floor commercial and three floors of residential, 108 units in total
41	5	217 Hays Boulevard	Retail	In Circulation	Free standing commercial building
42	6	418 Iroquois Shore Road	Office	Open	Condominium Office Building
43	6	Coronation Drive	Residential	Council Approved	Draft Plan of Subdivision for 53 detached dwellings
44	6	1900 Ironoak Way	Office	In Circulation	To construct a two-storey office building as a first phase of development
45	6	2941 Brighton Road	Industrial	In Circulation	Warehouse addition to an existing facility
46	6	2727 Portland Drive	Office	In Circulation	Two one storey buildings for professional offices
47	6	1264 Burnhamthorpe Road	Residential	Open	Draft plan of subdivision to create 370 residential units
48	6	Dundas Street East	Residential	Appealed	Draft Plan of subdivision to create 595 units
49	7	467 Dundas Street East	Residential	Draft Approved	ZBA & plan of subdivision for 520 units
50	7	Dundas Street East	Residential	Appealed	Development for various residential densities in a broader master plan
51	7	150 Sabina Drive	Residential	Open	53-unit condominium building
52	7	Burnhamthorpe Road	Residential	Appealed	ZBA for single detached and semi-detached townhome units
53	7	Dundas Street East	Residential	Plan Registered	ZBA & SUB
54	7	3369 Sixth Line	Residential	Open	ZBA to permit 544 detached dwellings, 74 semi-detached, village square and neighbourhood park
55	7	41 Dundas Street East	Residential	Draft Approved	Plan of subdivision to permit 530 dwelling units
56	7	103 Dundas Street West	Residential	Closed	8 storey apartment building
57	7	3006 Creekshore Common	Residential	Open	4-storey 62-unit apartment building and an additional 26 townhomes

58	7	3193 Carding Mills Trail	**Residential**	Draft Approved	Condominium application for 20 townhomes and 5 lane-based townhomes
59	7	Dundas Street West	**Mixed Residential**	Plan Registered	Rezoning to permit residential and mixed uses
60	7	393 Dundas Street West	**Mixed Residential**	In Circulation	To permit the construction of an 8-storey apartment building with 500 square metres of ground floor commercial space
61	7	407 Dundas Street West	**Mixed Residential**	Closed	Site plan to permit townhome and condo apartment developments with retail and the ground floor of an 8-storey tower
62	7	1357 Dundas Street West	**Mixed Residential**	Appealed	ZBA to permit low, medium and high density residential and employment uses
63	7	Dundas Street West	**Mixed Employment**	Public Meeting	Zoning By-law to permit four 15 storey buildings inclusive of a hotel and conference centre, medical office, retirement home and an employment use building with ground floor retail and underground parking using a mechanical parking stackers. Cumulative floor area proposed is approximately 1,000,000 sq.ft. Draft plan of subdivision proposes to divide the land into three blocks, reshape the Glen Oak Stormwater Management Pond, and provide one new public road extending from the Hospital entrance along Third Line through the site to William Halton Parkway and one internal private road.
64	7	2135 Dundas Street West	**Institutional**	Closed	Rezoning for seven storey seniors assisted living building
65	7	3629 Dundas Street West	**Mixed Employment**	Public Meeting	Application for Draft Plan of Subdivision for a range of employment uses

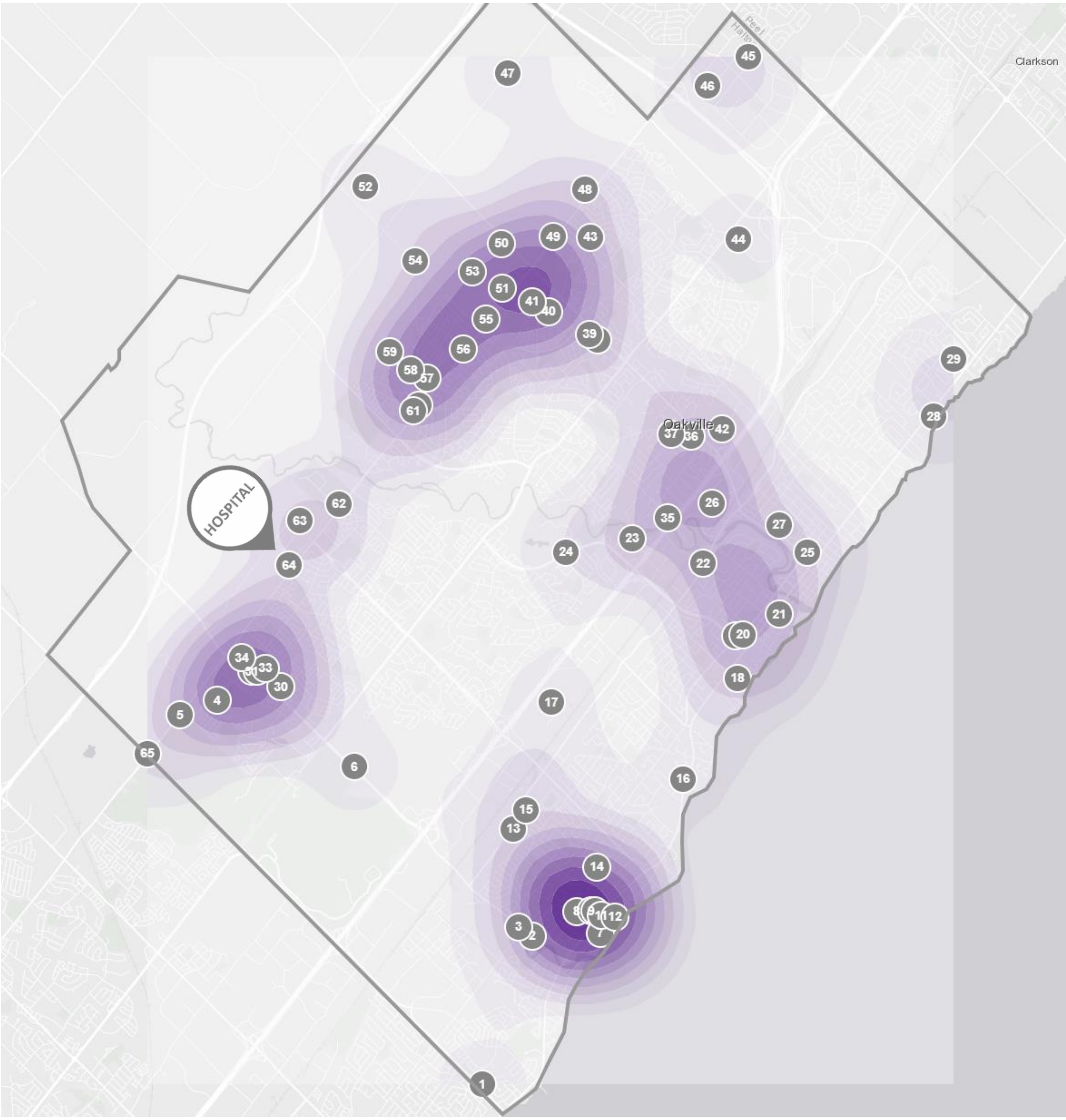
SOURCE: urbanMetrics inc., based on available development application statistics from the Town of Oakville.

Figure 3-2: Map of Recent/Active Development Activity in Oakville



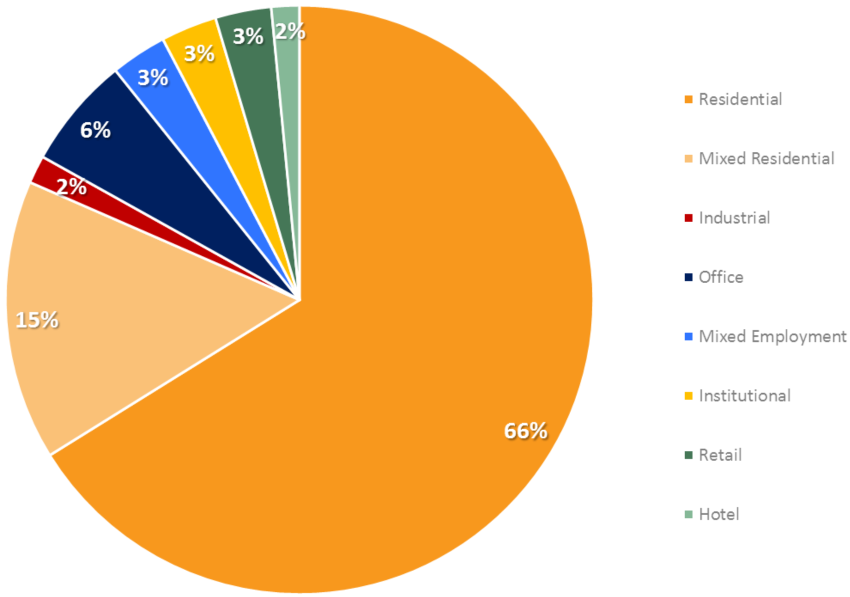
SOURCE: urbanMetrics inc., based on the development projects and corresponding identification numbers in Figure 3-1.

Figure 3-3: Clustering of Recent/Active Development Activity in Oakville



SOURCE: urbanMetrics inc., based on the development projects and corresponding identification numbers in Figure 3-1.

Figure 3-4: Type of Recent/Active Development Activity in Oakville



SOURCE: urbanMetrics inc., based on the development projects and corresponding identification numbers in Figure 3-1.

3.2 Hospital - Oriented Development Trends

Identification of Selected Hospital Cases

In addition to the above review of local Oakville-based development activity, urbanMetrics has conducted a high-level examination of existing development patterns surrounding selected hospital facilities across the Greater Golden Horseshoe and Southern Ontario. The purpose of this exercise has been to identify potential precedent or case study hospitals that could be relied upon to develop an understanding of market opportunities for similar or related development within the Hospital District. A range of short-listed hospital sites were identified across the Province as part of this process, however only a select few were ultimately considered in detail, as many locations had an extremely limited supply of surrounding development. The recently constructed Niagara Health Hospital in St. Catharines, and the Markham-Stouffville Hospital are two such examples.

Based on this dynamic and the detailed results of our review, we have identified the following facilities for further review and analysis:

- Mississauga General Hospital (Trillium Health Partners);
- Humber River Hospital;
- Etobicoke General;

- London Health Sciences;
- Southlake Regional Health Centre;
- Brampton Civic Hospital (William Osler); and,
- Milton General.

We note that hospitals located in Downtown Toronto (i.e. Toronto General Hospital, SickKids, Princess Margaret, St. Michaels etc.) were also deliberately excluded from our analysis, as their surrounding context is very different in a major urban centre. Adjacent and surrounding development related to these hospitals has occurred over the years due to a myriad of factors, including the presence of the University of Toronto, the growth of the Financial District to the immediate south, the general expansion of office-based uses in Downtown Toronto in recent years, as well as the continued influence of heightened residential growth pressures. Due to these factors, it is not possible to develop informed conclusions as to the role and extent of influence that the medical facilities themselves may have had on development in this area.

urbanMetrics additionally undertook a high-level review of hospital facilities across Canada to identify any obvious commonalities that may have influenced the demand for adjacent and supporting medical office related space and/or other uses. As a result of this review, it is clear that each major region examined generally contains a primary cluster of medical-related research activities and spaces. These research-focused facilities are typically clustered around either anchoring medical facilities (i.e., hospitals), and often contain a major university presence. Examples of these types of areas include the UHN Network along University Avenue in Toronto, McMaster University Medical Centre in Hamilton, Vancouver General Hospital, and Foothills Research Centre in Calgary. With each of these examples, the respective health sciences nodes comprise the overwhelming majority of medical research within each region. Any other hospitals tend to contain significantly smaller nodes of surrounding development activity. This could be an important consideration with respect to the Hospital District, as the majority of this type of major medical research activity is likely to continue to be concentrated within Downtown Toronto. As such, there may instead only be opportunities to develop a smaller secondary node in Oakville, and/or opportunities to develop a more specific and niche focus on one particular area of research.

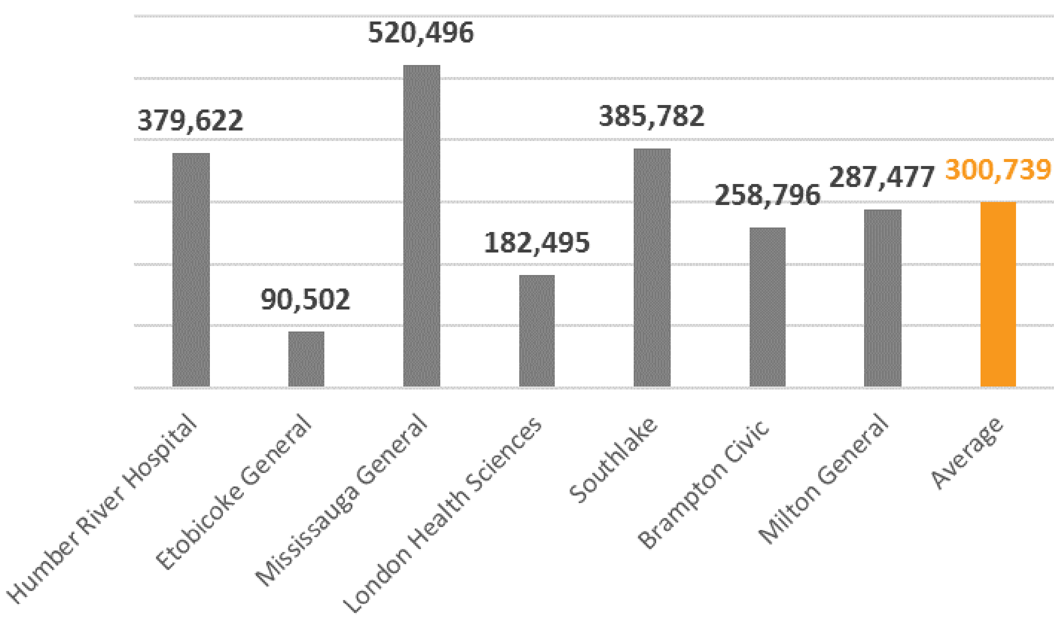
Research Summary

The following represents some of the findings from our analysis. Although the findings presented in this section do not necessarily indicate the exact amount of space that may be supported in the Hospital District as part of its future build-out, it does provide information on the typical experience exhibited across a range of comparable hospitals in Southern Ontario.

- Based on our review, and as shown in Figure 3-5, the hospitals examined each have some presence of adjacent commercial office space. The amount of space tends to range from over

500,000 square feet surrounding Mississauga General, to under 100,000 square feet serving Etobicoke General. On average, these hospital facilities are **generally accompanied by some 300,000 square feet of adjacent commercial office space**. Although difficult to determine at a high level, it is likely that a significant portion of the space highlighted is specifically located in such areas to take advantage of proximity to the hospital facility.

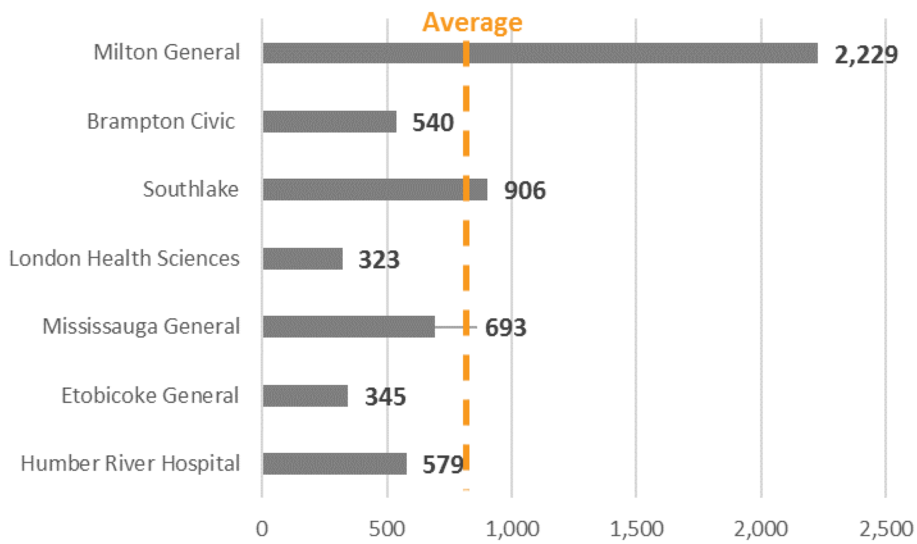
Figure 3-5: Office Space surrounding Major Hospital Facilities



SOURCE: urbanMetrics inc., based on infromation from CoStar Realty Services.
NOTE: Surrounding subject areas were delineated by urbanMetrics, based on our professional experience.

- In addition, and to better understand the relative size of each hospital facility, urbanMetrics also collected data pertaining to the number of patient beds at each hospital. Patient bed data allows for a baseline level of comparison, as well as an understanding of the relative size of each hospital. Figure 3-6 demonstrates the square footage of surrounding office space per patient bed available at each hospital. As shown, with the exception of Milton General, there is a reasonably tight and consistent range amongst the hospitals surveyed. The overall average has been calculated at some 800 square feet per bed, however if the Milton hospital is removed from the sample, that average drops to closer to 560 square feet per bed. Based on this factor alone, including the 457 beds provided at Oakville-Trafalgar Hospital, a total of **approximately 250,000 – 365,000 square feet of surrounding office space could potentially be supported in the Hospital District as a reasonable benchmark or target**. This space would likely be occupied by health industry type uses that are directly supportive of the primary hospital function of the area (e.g., potentially including family doctors, pharmacies, medical testing and diagnostics, etc.). This does not include any additional specialized research space that could ultimately be attracted to the Subject Lands.

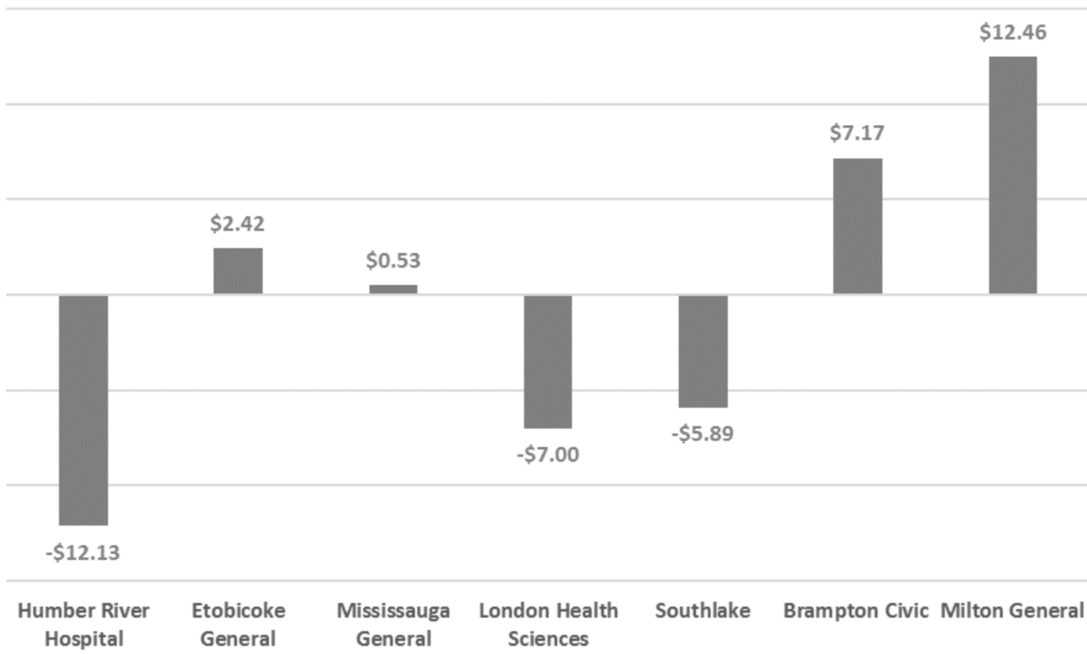
Figure 3-6: Square Feet of Adjacent Office Space per Hospital Bed



SOURCE: urbanMetrics inc., based on CoStar Realty Services. Total number of hospital beds obtained primarily from information produced by individual hospitals or health networks.

- Figure 3-7 demonstrates the rent differentials across each hospital facility surveyed. These differentials are benchmarked against the average of each municipality in which the selected hospital facilities are located. For example, rental rates surrounding Southlake are compared against average rates for the entire Town of Newmarket, whereas rates for Brampton Civic Hospital are compared against averages for the City of Brampton as a whole. Based on the results shown, there is a wide variation in rental rates and trends across the various sites surveyed. This suggests that there is not necessarily a significant premium, nor discount, in rental values associated with proximity to a major hospital facility. As such, this factor is unlikely to represent a major determinant in attracting additional development activity to the surrounding area.

Figure 3-7: Gross Rent Differential



SOURCE: urbanMetrics inc., based on CoStar Realty Services.
NOTE: Areas surveyed around each hospital facility were delineated based on urbanMetrics' discretion. Rental rate differentials were calculated based on the prevailing gross rental averages across the municipality in which each facility is located (i.e. Southlake Hospital is benchmarked against the City of Newmarket).

urbanMetrics further conducted a high-level desktop inventory of a number of more general uses that generally locate adjacent to hospital facilities. The purpose of this exercise is to demonstrate which uses are most commonly co-located on lands immediately adjacent to hospitals. The findings of this work provide insight into the potential uses likely to locate within the Subject Lands, and those for which there may be additional opportunity to attract. The uses considered and surveyed were limited to those located outside of the hospital's facilities (e.g. doctors' offices or pharmacies located on properties owned by a hospital were not included, for example).

As shown in the table below, all surveyed hospitals contain adjacent **private pharmacies** and **general practitioners' offices**. Additionally, the vast majority had adjacent **seniors' facilities**.

Of the hospital areas surveyed, only two contained a research facility. For the purposes of this analysis, research facilities are understood to be private-sector or non-profit organizations developing innovation software, hardware or technical solutions to medical-related issues. It is our view that attracting uses of this nature is critical for establishing a regionally significant employment hub that extends beyond the basic service functions of a traditional medical facility. The following provides a brief summary of the two organizations that operate these research facilities:

- **CreateIT** is an incubator space located adjacent to Newmarket's Southlake Regional Health Centre. Launched with the support of various organizations, including The Town of Newmarket, Seneca College, York University, York Region and ventureLAB, the centre aims to foster innovation in healthcare. It further is intended to serve as a catalyst to support a health-related business innovation cluster in Newmarket.

- Adjacent to the London Health Sciences facility are the offices of **ConnectCare**, an organization owned and operated by St. Joseph's Health Care London. ConnectCare's offices develop and maintain state of the art medical alert technologies, particularly offering support to seniors in the event of a fall or emergency. The intent of these products is to detect falls and medical alerts, ensuring that senior citizens can live independently.

As demonstrated through this research exercise, there are baseline uses and demands for auxiliary space associated with the development of a major medical facility, including pharmacies, doctors' offices and seniors' facilities. These **adjacent uses provide a stable and reliable source of employment opportunities, as well as demand for office space**. However, in order to develop into a broader regionally significant node, it is important to provide opportunities that attract less common uses, including external research facilities and corporate organizations. These users may be drawn to a location based on an academic partnership, a notable area of specialization for a given hospital, or surrounding community's culture of innovation. An integrated approach to planning and development could help the Hospital District ultimately develop and build-out in this manner.

Figure 3-8: Supporting Use Types Present Near Comparable Hospital Locations

	Humber River Hospital	Etobicoke General	Mississauga General	London Health Sciences	Southlake	Brampton Civic	Milton General	Totals
Family Doctor	✓	✓	✓	✓	✓	✓	✓	**7/7**
Specialist	✓	✓	✓	✓	✓	✗	✓	**6/7**
Research	✗	✗	✗	✓	✓	✗	✗	**2/7**
Seniors' Facilities	✓	✓	✓	✗	✓	✓	✓	**6/7**
Lab Testing	✓	✗	✓	✓	✓	✗	✓	**5/7**
Child Care	✓	✗	✗	✓	✗	✓	✓	**4/7**
Pharmacy	✓	✓	✓	✓	✓	✓	✓	**7/7**
Public Services	✓	✗	✓	✗	✓	✓	✓	**5/7**

SOURCE: urbanMetrics inc. Based on desktop review.
NOTE: Uses shown are illustrative in nature. This review was based on high-level research. More detailed, in-person confirmations may be required to confirm the findings presented.

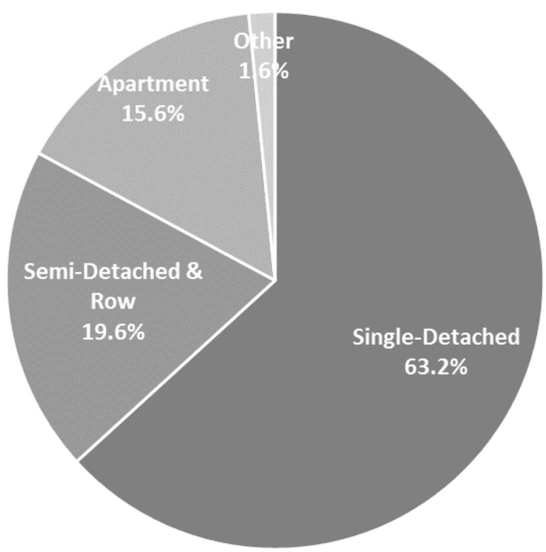
4.0 Market Conditions

In addition to our own professional experience and available in-house research relating to the market for a variety of real estate asset classes across the broader GTA, urbanMetrics has reviewed available market statistics for a range of private/market uses in Oakville that we believe are most relevant to the future build-out of the Hospital District (i.e., residential, office, retail/service commercial, etc.). This research provides a general indication as to the relative health and market opportunity for the provision of residential and non-residential/employment type uses within the Subject Lands in the coming years. This information will be important in informing the project consulting team of the potential to accommodate these types of uses, and how to plan for attracting such uses.

4.1 Residential

As shown in Figure 4-1, and based on data from 2011, approximately 63.2% of all housing stock in Oakville was represented by single-detached properties. This represents a notable majority of the existing housing stock in Oakville, with the balance comprised of 15.6% in low and high-rise apartment units, and 19.6% semi-detached or row housing. While Oakville has a similar composition to that of Halton Region, only 41.2% of all residential units across the Toronto CMA are single-detached.

Figure 4-1: Housing Mix in Oakville, 2011

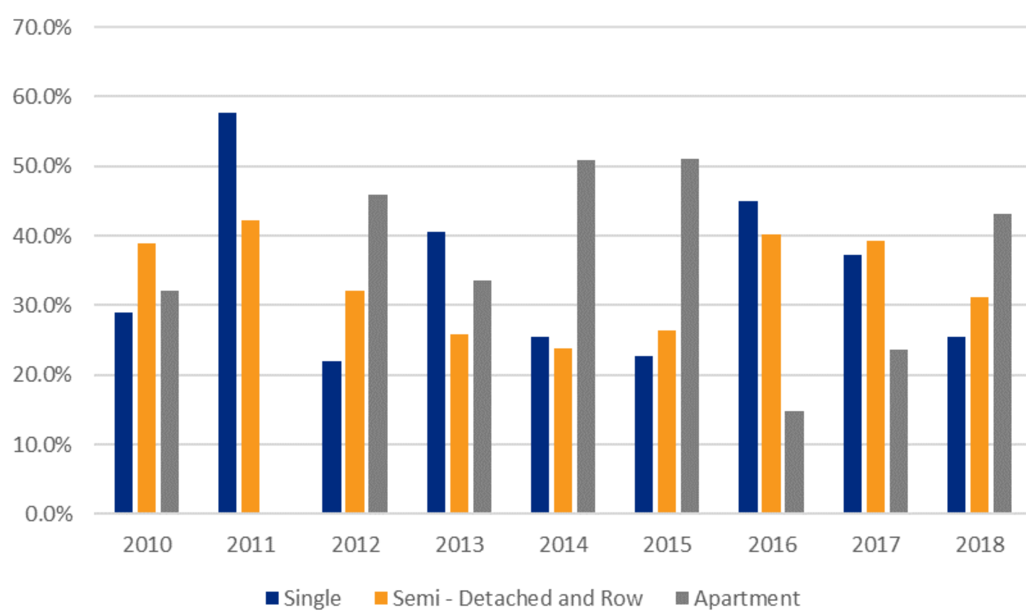


SOURCE: urbanMetrics inc., based on Canada Mortgage and Housing Corporation.

As discussed in Section 3.1 of this report, the majority of recent development applications filed in Oakville are primarily residential in nature. Furthermore, there is a higher proportion of medium and high density residential applications, including townhomes and apartment buildings. Market demand for all forms of residential product in Oakville appears to be high, including neighbourhoods throughout the municipality.

As further illustrated in Figure 4-2, the growth of residential units by housing type has varied significantly since 2010. However, it is interesting to note that the overall proportion of single-detached homes being constructed is significantly lower than historic averages and as currently reflected in the existing inventory. For example, in 2018, only one quarter (25.6%) of all residential unit starts were for single-detached properties. This pattern reflects the evolving demand for residential uses in Oakville.

Figure 4-2: Residential Starts by Unit Type in Oakville



SOURCE: urbanMetrics inc., based on Canada Mortgage and Housing Corporation.

With respect to the Hospital District, any residential uses that may be contemplated would likely be condominium product of medium or higher densities. Traditionally, Oakville has generally been defined by its character as a lower density community comprised primarily of single-detached residences. However, recent construction starts and development application activity reflects a trend towards higher-density housing. As these housing forms become increasingly commonplace in the Oakville market, it suggests a supportive market for higher-density uses on the Subject Lands.

4.2 Office

Inventory

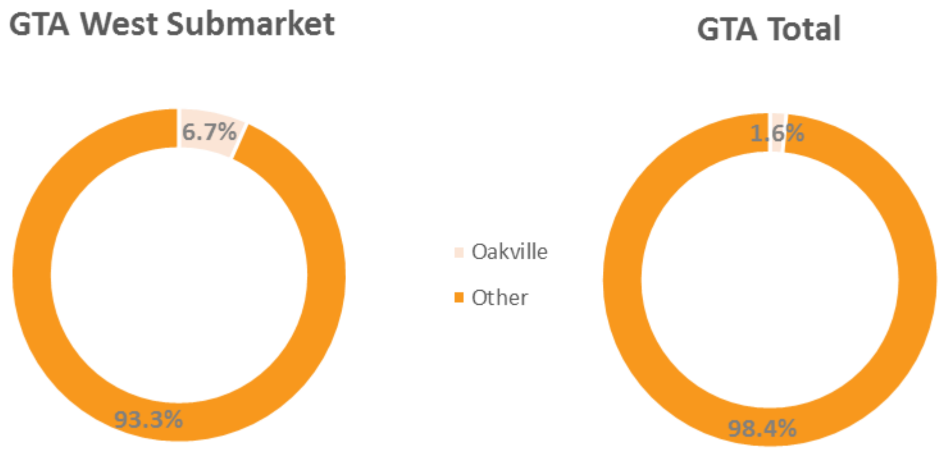
Based on office market statistics from the first quarter of 2019, there is currently a total of some 3.3 million square feet of office space located in the Town of Oakville. This represents an increase of approximately 30% from the 2.6 million square feet observed five years prior, in the second quarter of 2014.

As shown in Figure 4-3, the Town of Oakville comprises a very small portion of the overall GTA West Submarket. This submarket—which includes Mississauga, Brampton, Burlington, in addition to Oakville and other geographies—contains a total of some 49.9 million square feet of space. Within this context, Oakville functions as a relatively minor office node within the GTA West, containing roughly 6.7% of the total space. Across the entirety of the GTA, the Town of Oakville contains just 1.6% of the total supply of office space.

Further, within Oakville, a significant portion of the commercial office space is located along the QEW/403 corridor, rather than concentrated in Oakville's City Centre, or around GO Train Stations or other prominent facilities. Based on CoStar Realty Services data, some 2.6 million square feet of office space is concentrated along the QEW/403 corridor, representing the majority of this existing supply.

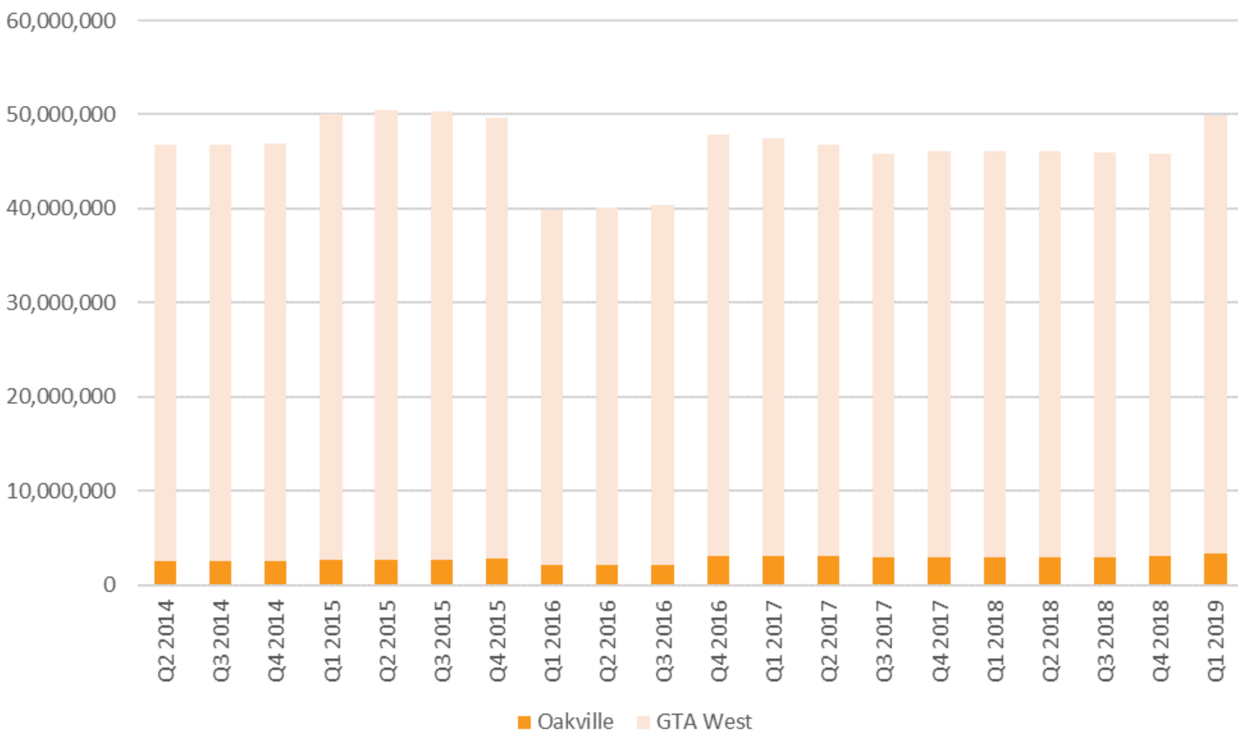
Notwithstanding the above observations with respect to its overall prominence in the context of the broader GTA office market, Oakville's relative proportion of office space has been increasing since 2014; from 5.5% to 6.7% in the GTA West zone and from 1.4% to 1.6% across the entire GTA. However, although the supply of Oakville's office space has increased in recent years, it still does not function as a major office node within the GTA, or even the GTA West office market.

Figure 4-3: Current Supply of Office Space in Oakville (Class AAA, A & B)



SOURCE: urbanMetrics inc., based on quarterly market statistics from Colliers International, Quarter 1, 2019.

Figure 4-4: Current Supply of Office Space by Submarket

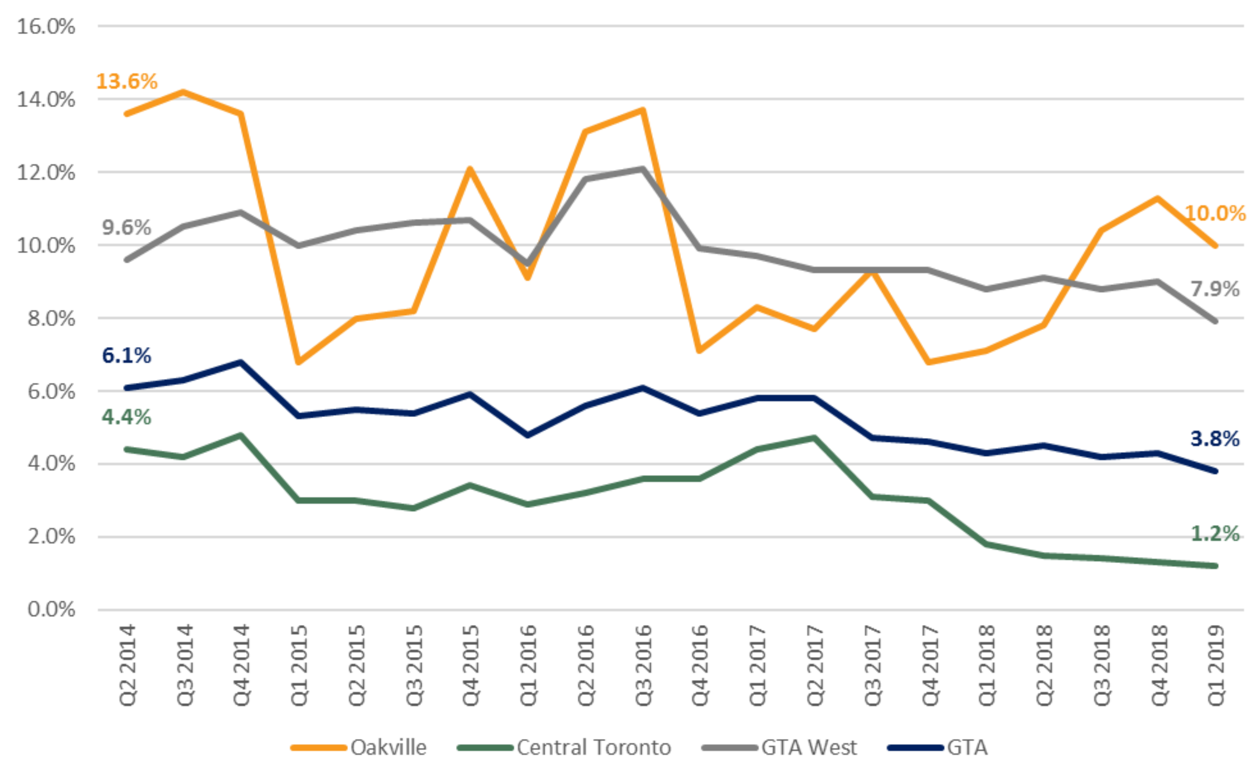


SOURCE: urbanMetrics inc., based on quarterly market statistics from Colliers International.

Other Trends

The following figures illustrate time series data relating to two other important variables for the office market: vacancy rates and rental rates, respectively. Figure 4-5 displays vacancy rates across various regions over the latest 5-year period for which data is available. As shown, the Town of Oakville generally has a higher than average vacancy rate when compared to the other geographies considered. Currently (i.e. Q1 of 2019), the Town exhibits a vacancy rate of 10.0%, which in and of itself is not necessarily concerning, but still significantly higher than the 3.8% rate experienced as an average across the broader Greater Toronto Area. In our professional experience, a healthy and balanced office vacancy rate ranges between 5.0% - 8.0%. Particularly in an economic environment of strong demand and low vacancy rates experienced across the Greater Toronto Area, a vacancy rate of 10.0% suggests that Oakville has limited relative appeal as a major office node.

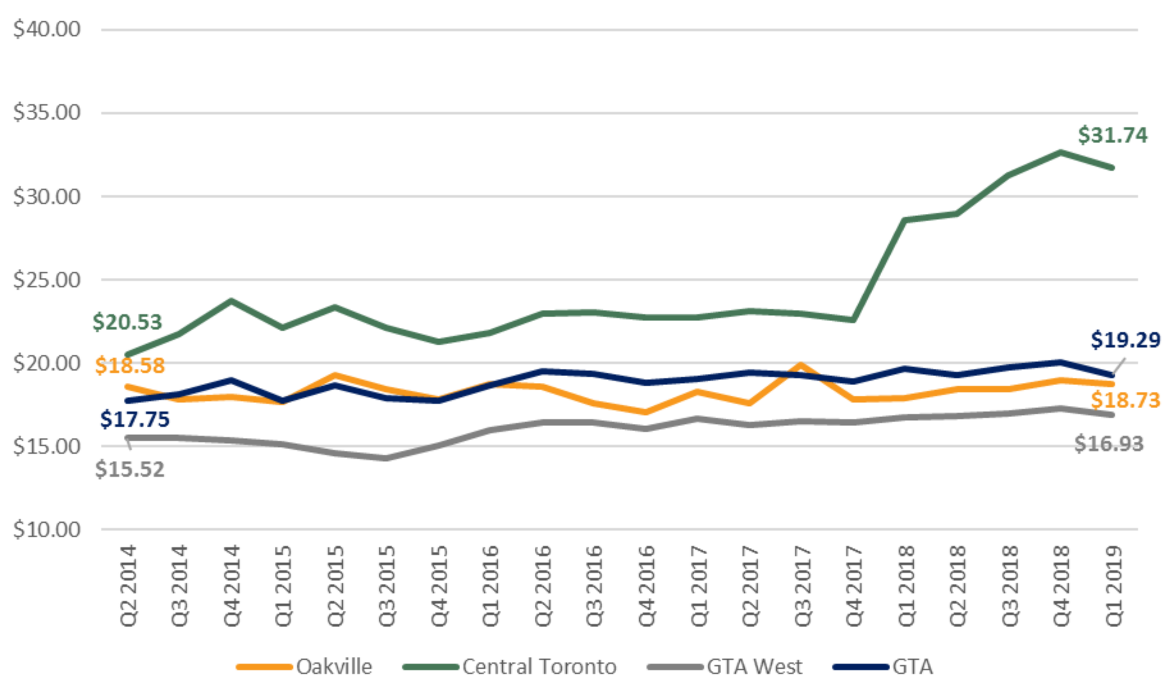
Figure 4-5: Office Vacancy Rates by Submarket



SOURCE: urbanMetrics inc., based on quarterly market statistics from Colliers International.

Similarly, net rental rates in Oakville fall slightly below the Greater Toronto Area benchmark. However, it is important to note that, to some extent, these figures are skewed by the premiums reflected in Toronto's central core. Over the course of the time period observed, asking rates in Oakville have only increased by some 0.8%, significantly below the increase of 8.3% experienced across the entire GTA West node. A lack of rental rate appreciation reflects limited demand pressures for office product across Oakville.

Figure 4-6: Net Rental Rates by Submarket



SOURCE: urbanMetrics inc., based on quarterly market statistics from Colliers International.

When considering these two performance indicators, a market with available existing supply (high vacancy rates) and low appetite for rental rate increases do not provide a compelling case to develop additional office space in the Town. Consequently, until market conditions become more favourable, the Hospital District is not likely to build-out with a significant amount of office space, unless targeted at very specific anchor tenants and/or specialized business activities (e.g., potentially related to the hospital).

Forecast Demand

Relying on a number of different statistical inputs, we have prepared long-range forecasts of potential major office employment and space growth across the Greater Toronto Area and Hamilton ("GTAH") Region. This analysis considers average office employment densities for each of the GTAH municipalities identified, as well as long-term employment growth forecasts for the GTAH based on the latest "reference" growth scenario identified as input to the Ontario Growth Plan for the Greater Golden Horseshoe, as prepared by Hemson Consulting Limited ("Hemson"). Although it is our opinion that these forecasts are overly conservative and likely under-estimate the amount of population and employment growth that is likely to occur within some of the municipalities identified—namely the City of Toronto—the forecasts nonetheless provide a reasonable measure of the total employment growth that could occur across the entire Region by 2041.

Figure 4-7 provides a detailed summary of the forecasts considered as part of this assessment, including the major office employment forecasts prepared by Hemson, as well as our application of average physical space requirements for office-based workers (i.e., space per worker factors).

Figure 4-7: Regional Office Employment Growth Forecast (2011 – 2041)

AREA	VARIABLE	YEAR				PERIOD GROWTH	GROWTH RATE	SHARE OF GROWTH
		2011	2021	2031	2041			
	Office Employment	8,500	14,800	23,790	34,610	26,110	307.2%	6.4%
Region of Durham	**Square Feet**	**1,700,000**	**2,960,000**	**4,758,000**	**6,922,000**	**5,222,000**	**307.2%**	**5.1%**
	Square Feet per Employee	*200*	*200*	*200*	*200*	-	-	-
	Office Employment	79,470	115,870	142,340	174,810	95,340	120.0%	23.4%
Region of York	**Square Feet**	**19,867,500**	**28,967,500**	**35,585,000**	**43,702,500**	**23,835,000**	**120.0%**	**23.3%**
	Square Feet per Employee	*250*	*250*	*250*	*250*	-	-	-
	Office Employment	604,580	664,880	695,860	734,030	129,450	21.4%	31.8%
City of Toronto	**Square Feet**	**126,961,800**	**139,624,800**	**146,130,600**	**154,146,300**	**27,184,500**	**21.4%**	**26.5%**
	Square Feet per Employee	*210*	*210*	*210*	*210*	-	-	-
	Office Employment	109,650	145,470	169,740	199,500	89,850	81.9%	22.0%
Region of Peel	**Square Feet**	**30,702,000**	**40,731,600**	**47,527,200**	**55,860,000**	**25,158,000**	**81.9%**	**24.6%**
	Square Feet per Employee	*280*	*280*	*280*	*280*	-	-	-
	Office Employment	25,360	41,380	53,510	68,390	43,030	169.7%	10.6%
Region of Halton	**Square Feet**	**7,608,000**	**12,414,000**	**16,053,000**	**20,517,000**	**12,909,000**	**169.7%**	**12.6%**
	Square Feet per Employee	*300*	*300*	*300*	*300*	-	-	-
	Office Employment	14,970	22,100	29,580	38,750	23,780	158.9%	5.8%
City of Hamilton	**Square Feet**	**5,089,800**	**7,514,000**	**10,057,200**	**13,175,000**	**8,085,200**	**158.9%**	**7.9%**
	Square Feet per Employee	*340*	*340*	*340*	*340*	-	-	-
	Office Employment	842,530	1,004,500	1,114,820	1,250,090	407,560	48.4%	100.0%
GTAH	**Square Feet**	**191,929,100**	**232,211,900**	**260,111,000**	**294,322,800**	**102,393,700**	**53.3%**	**100.0%**
	Square Feet per Employee	*228*	*231*	*233*	*235*	-	-	-

SOURCE: urbanMetrics inc., based on the "reference" employment projections prepared by Hemson Consulting Limited as input to the Province of Ontario's Growth Plan, as summarized in Hemson's technical report addendum of June 2013.

Based on the forecasts provided above, we estimate that the GTAH Region will see its 2011 inventory of office space increase from 192 million square feet to approximately 294 million square feet by

2041. Based on a projected total increase of 407,560 new office jobs in the GTAH, this will drive demand for an additional 102.4 million square feet of new major office space over the next 30 years[2].

Of this total, the Provincial forecasts allocate approximately 12.6% of the potential regional office space growth to Halton Region, of which a portion will be delivered within the Town of Oakville. However, given our extensive experience evaluating the market for office space in Downtown Toronto and across other parts of the GTA, we note that the majority of recent office space development activity continues to be primarily concentrated within the City of Toronto. As such, a much larger share of the future growth identified in this section is likely to occur in this area and the amount of office space ultimately constructed in Oakville and elsewhere across Halton Region is likely to be somewhat lower than shown in the forecasts above.

Of the remaining office space growth to be delivered outside of the City of Toronto, the majority of the new development is likely to be drawn to selected locations, including major transit/transportation hubs, along key 400-Highway corridors and other emerging "downtown" type areas (e.g., Vaughan Metropolitan Centre, Markham City Centre, etc.).

With respect to growth forecasts in Oakville, it is generally our view that any future growth will ultimately occur over a longer-term planning horizon. Particularly, as investments in transit infrastructure and publicly-led initiatives like the Hospital District are undertaken, demand factors may result in a longer term need for additional space. Based on recent market conditions and trends, there may be opportunity to capture some localized medical/research oriented commercial office space on the subject lands. However, in our view, larger, "major-office" type uses will generally continue to locate in Central Toronto for the foreseeable future. Over a longer term, the development of a regionally significant node of employment lands may be feasible as demand patterns evolve, and supportive infrastructure is put in place.

4.3 Retail/Service Commercial

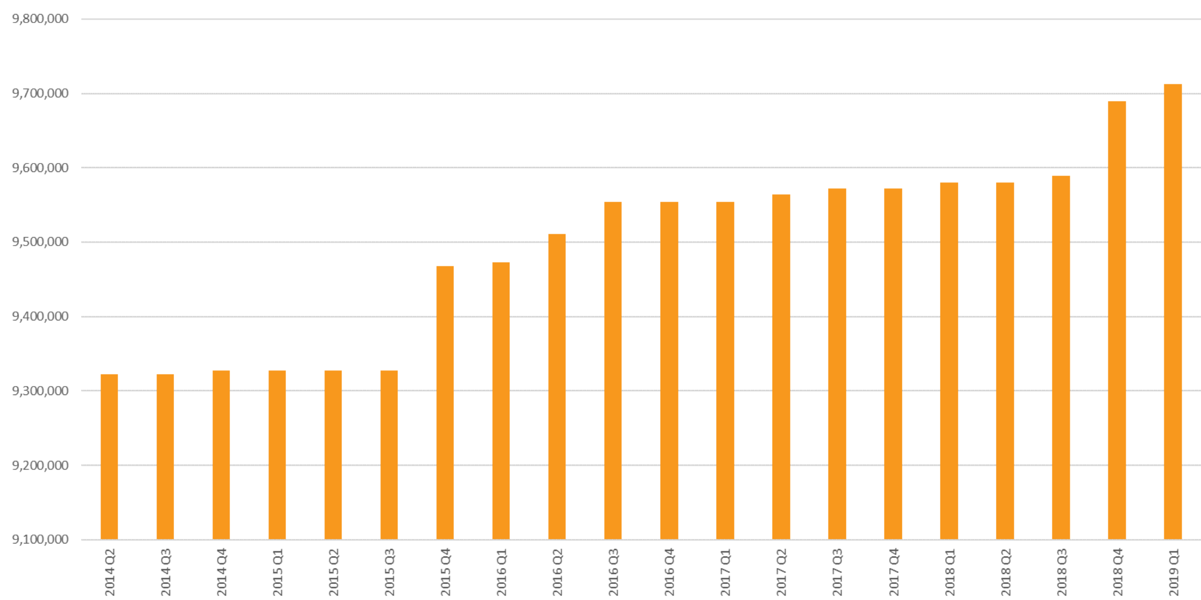
Inventory

Based on data obtained from CoStar Realty Services, the Town of Oakville is currently served by some 9.7 million square feet of retail/service commercial space. As shown in Figure 4-8, this space has grown over the previous five years. Over this period, the supply of commercial space has increased by 4.2% in Oakville. The increased supply of commercial space in Oakville is likely local population-

[2] These projections assume that office employment densities will generally remain constant over the forecast period. Alternatively, if floor space-per-worker ratios were to continue to trend downwards—which is possible given recent office utilization patterns in the Canadian office market, and specifically within the GTAH—the total additional space required throughout the region by 2041 would be somewhat lower. Similarly, these forecasts are based exclusively on the Hemson projections, which we believe to present an overly conservative estimate of future growth in this area.

serving and growth related. As new residential communities have been constructed and occupied by new residents, adjacent and supporting commercial centres have been developed to support them, primarily consisting of supermarkets, personal services and restaurants (i.e., convenience-oriented retail/service commercial facilities).

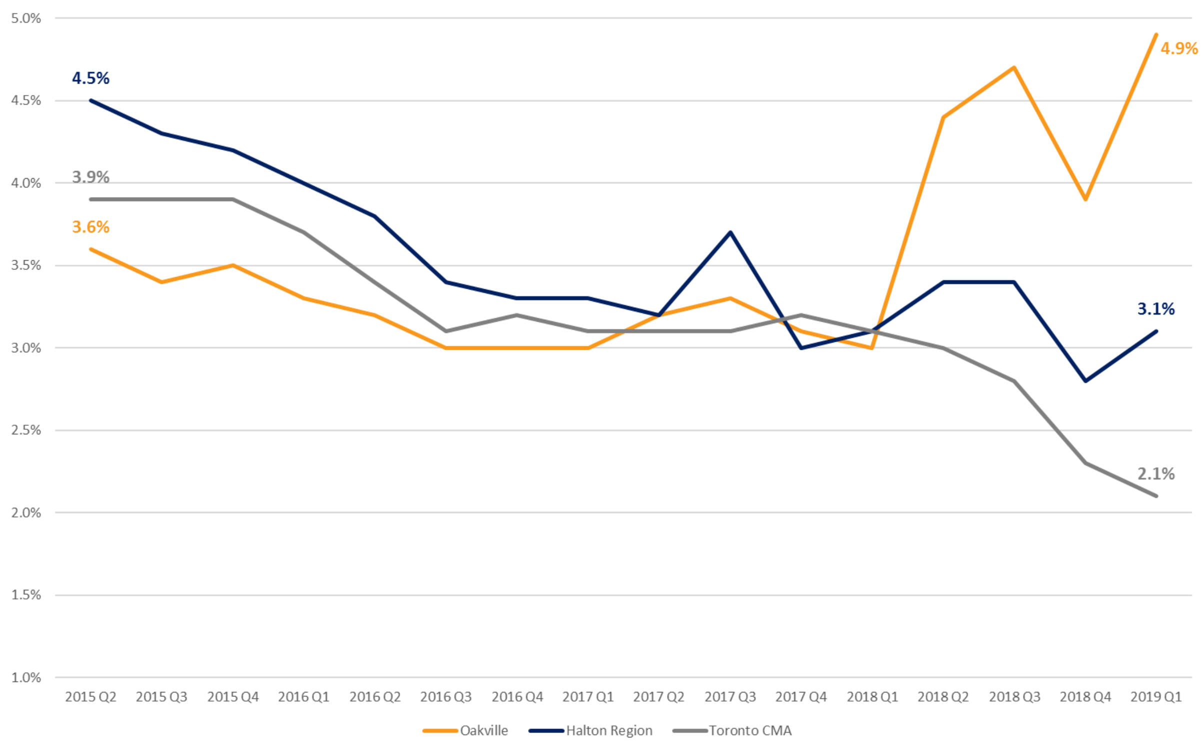
Figure 4-8: Retail/Service Commercial Inventory in Oakville



SOURCE: urbanMetrics inc., based on CoStar Realty Services.

Figure 4-9 demonstrates the vacancy rates for retail/service commercial space across Oakville, Halton Region and the Toronto CMA between 2015 and 2019. As shown, the Town of Oakville's vacancy rate has recently risen, to a current rate of some 4.9%. Outside of the recent spike, the vacancy rate in Oakville has been relatively stable over the time period surveyed. This figure is higher than the average rate of 3.1% shown across both Halton Region and the 2.1% across the broader Toronto CMA. However, a vacancy rate of 4.9% still falls well within the range for a healthy and balanced market for retail/service commercial uses.

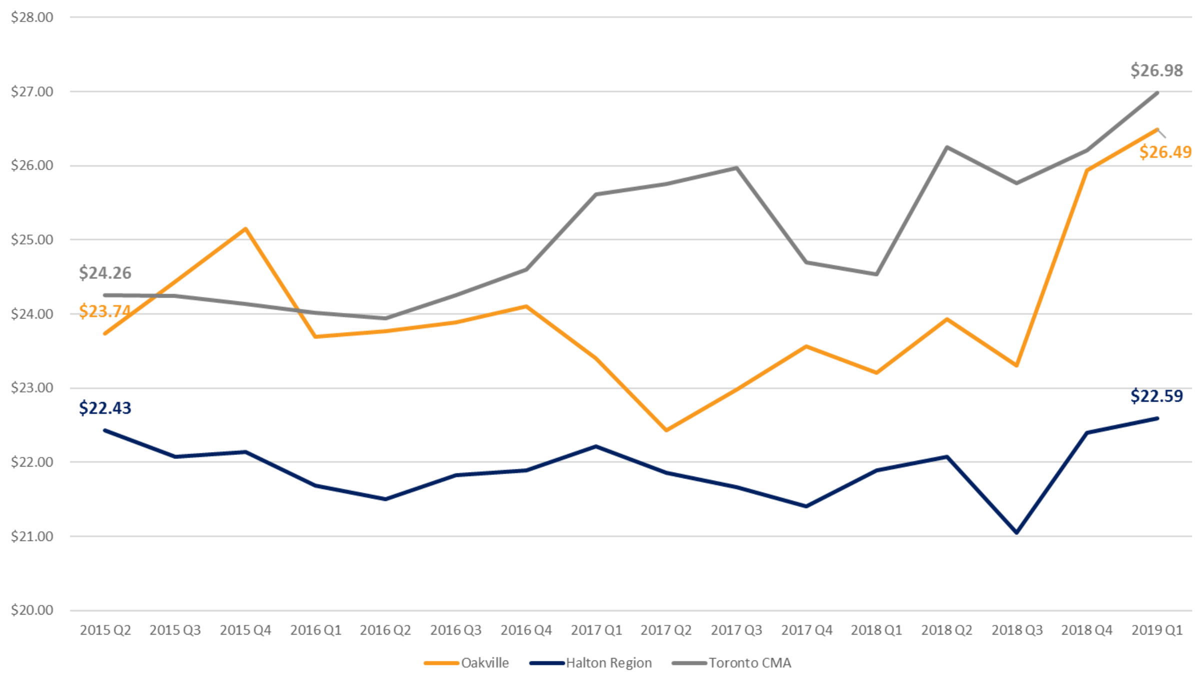
Figure 4-9: Retail Vacancy Rate in Oakville



SOURCE: urbanMetrics inc., based on CoStar Realty Services.

Figure 4-10 displays the net rental rates for retail/service commercial properties in Oakville. These rates, and their relationships across different geographies, are generally indicative of the demand for space within a given jurisdiction. As shown, net rates in Oakville for the current quarter are $26.49 per square foot. This figure is essentially on par with the average rate of $26.98 experienced across the Toronto CMA. It is worth noting that Oakville's rates are some 17% higher than the rates experienced across Halton Region. This figure suggests a reasonably significant premium on retail/service commercial space in Oakville, compared to surrounding municipalities.

Figure 4-10: Net Retail/Service Commercial Rents in Oakville



SOURCE: urbanMetrics inc., based on CoStar Realty Services.

Demand Forecast

Based on the statistics shown above, the current supply/demand balance for retail and service commercial space in Oakville is healthy, and the Town is viewed as a desirable retail destination that could likely support additional commercial space.

Furthermore, the Town of Oakville commissioned an *Employment and Commercial Review* in October 2016. This review identified a town-wide per capita service level of 47.8 square feet for retail/service commercial uses. A service level of 47.8 falls well within the range of a reasonably healthy and adequately served growing market. Based on urbanMetrics' previous experience, this range can fall anywhere between 40 – 50 square feet per capita on a community-wide basis, albeit often lower for more localized development areas (e.g., secondary plan areas and smaller districts, etc. that are more comparable to the Hospital District). Recognizing that the amount of commercial space to be located within the Subject Lands and the broader North Oakville area will likely be significantly lower than the Town-wide average, we have considered a more realistic service level of between 20 to 30 square feet per capita. Based on the population forecasts identified in Section 2.1 of this report, **a high-level and preliminary estimate suggests that the lands located within the North Oakville West Secondary Plan could ultimately support a total build-out of some 1.1 to 1.6 million square feet of**

retail/service commercial space[3] (i.e., including any existing space rather than on a "net new" basis). A portion of this space could be accommodated as part of redevelopment of the Hospital District.

Subject to a more detailed market demand forecasting exercise, it is reasonable to conclude that the forecasted population growth anticipated in Northwest Oakville will require at least some component of local and regional serving retail/service commercial amenities. In addition, these types of businesses will be further supported by the employment yields realized as part of the development of the Hospital District and broader Secondary Plan Area, as envisioned. A selection of these services may be located directly in the Hospital District itself, in addition to commercial plazas and nodes throughout the broader Secondary Plan Area.

4.4 Civic/Institutional Uses

urbanMetrics has also considered the availability and supply of existing civic/institutional uses which will be necessary to serve the Hospital District and broader Secondary Plan Area. As the Secondary Plan Area is relatively undeveloped, the provision of additional civic and institutional uses in this part of Oakville will be required in order to adequately serve the forecasted residential and employment base.

Based on past development trends and patterns in Oakville, it is important to differentiate between neighbourhood-wide and regional-serving institutional uses. Neighbourhood wide services, including public schools, municipal parks and trails are fundamental to complete communities. However, these uses most effectively serve their communities when they are embedded within them. Given the general nature and intensity of uses anticipated in the Hospital District, it is our opinion that the opportunity or feasibility of providing these uses within the Subject Lands is limited. Instead, these uses should be considered as part of the development of individual neighbourhoods and communities.

Alternatively, there are broader, regional serving uses which will be necessary to serve the Secondary Plan Area. Locating these uses on Hospital District lands may reinforce the regional importance of the node, and contribute to the mixed-use nature of the site. These uses could include a post-secondary presence, public library, community centre, or recreation facility, amongst other uses. More detailed analysis is required to determine the broader need for each of these individual uses, however it is important to consider the existing provision of such uses, as follows:

- The Hospital District is currently served by two libraries located nearly equidistant from the site. The **Glen Abbey Library**–located at 1415 Third Line–is approximately 4 kilometres to the

[3] A more detailed retail/service commercial demand analysis is required to confirm space needs for this area, in addition to confirming service levels and need by individual store category. This high-level estimate does not account for inflow/outflow, supply of existing retail/service commercial uses, or evolving trends in retail.

southeast of the site. Alternatively, the **Sixteen Mile Branch** is located at 3070 Neyagawa Boulevard, approximately 4 kilometres to the northeast of the site. Each of these locations are easily accessible by automobile, and located adjacent to existing public transit routes. However, these sites extend far beyond a reasonable walking distance threshold.

- The **Glen Abbey Community Centre** is located at 1415 Third Line, approximately 4 kilometres to the southeast of the site. In addition to hosting the Glen Abbey Library, the centre provides community rooms for events, a swimming pool, fitness arena, and gymnasiums. It further offers drop-in programs, pre-registered classes and youth summer camps.

- The **Sixteen Mile Sport Complex** contains the **Sixteen Mile Library Branch** embedded within a broader sports complex. This facility, located at 3070 Neyagawa Boulevard, offers four ice sheets, in addition to two community rooms. As such, the primary focus of the facility is on ice-related recreational activities.

- **Sheridan College** maintains a presence in Oakville, at 1430 Trafalgar Road. This facility is one of three campuses operated by Sheridan across the Greater Toronto Area. Sheridan College is currently the only post-secondary institution with a campus-like presence in the Town of Oakville. We further note that Sheridan College and their consultants are actively working towards preparing a new master plan for all of their GTA campuses, which could further influence the nature of this institutional presence in the coming years.