CUSHMAN & WAKEFIELD

EMPLOYMENT LAND, OFFICE, AND RETAIL MARKET ANALYSIS

PREPARED FOR:

CITY OF MISSISSAUGA

September 17, 2024

John Barber
Supervisor, Business Initiatives & Planning, Economic Development
City of Mississauga

Regarding: Employment Land, Office, and Retail Market Analysis

Dear John,

The following report provides a profile of Mississauga's economy, along with historic perspectives and an outlook for the city's office, industrial, and retail markets. We are pleased to once again have had the opportunity to demonstrate our market intelligence capabilities to the City of Mississauga and appreciate the assistance and input from staff in the development of this report.

Respectfully submitted,

Cushman & Wakefield

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EXECUTIVE SUMMARY

Background and Purpose of the Report

This consulting report is provided to the City of Mississauga for the purposes of assisting City staff and Council in the planning of its employment lands, including evaluating conversion requests and preserving a strategic supply for future development. This work serves as a companion to a *Local Land Economic Assessment* report prepared by Hemson Consulting.

Economic Profile

Mississauga's population was approximately 756,000 in 2023, while total employment was just less than 500,000. Based on Census 2021 data – the most recent source available for municipal comparisons – Mississauga had both the second highest population and second highest number of employees by place of work (based upon where the employee works, not where they reside) among Greater Toronto Area (GTA) municipalities.

In alignment with its regional employment ranking, Mississauga has the GTA's second largest inventories of both office and industrial space. The city also ranks second in terms of office space per capita, at 38 square feet (sf) per person – well above the 29 sf per person average GTA-wide. Mississauga ranks fourth highest in terms of industrial space per capita at almost 250 sf, which is double the GTA-wide average of 122 sf.

Overall, Mississauga has a very diverse economy from an employment by industry perspective, with relative strengths across industries. The top 10 subsectors include industrial-type jobs (transportation and warehousing; manufacturing), office-type jobs (professional, scientific, and technical services; finance and insurance), institutional-type jobs (health care and social assistance; educational services) and more. This translates into a variety of land use requirements which are exhibited in the range of City Structure Elements (i.e., Employment Areas, Corporate Centres, Downtown, Major Nodes, Community Nodes, Neighbourhoods, and Special Purpose Areas) across Mississauga.

Each of the City Structure Elements accommodates a mix of industries and employment types. Industrial-type employment is concentrated in the city's Employment Areas (53% share of total jobs within Employment Areas) and Corporate Centres (30% share), along with Special Policy Areas – particularly the Airport area (67% share). Office-type employment is predominantly found within the Corporate Centres (46% of total jobs within Corporate Centres), Downtown (26% share), Community Nodes (16% share), and Employment Areas (14% share). Institutional-type jobs represent the largest share of employment within the Major Nodes (60% share within Major Nodes), Neighbourhoods (47% share), and Downtown (36% share). Retail & Services employment accounts for a substantial share of jobs in the Community Nodes (51% share of all jobs within Community Nodes) and Neighbourhoods (42% share). Other Professions (a broad categorization that encompasses employment in the administrative and support, waste management, and remediation services; construction; utilities; and primary industry sectors) are most prevalent within Employment Areas (10% share of total jobs within Employment Areas) and within Community Nodes (9% share).

Overall, Mississauga's employment is concentrated within a relatively small number of Character Areas, which fall within the City Structure Elements. The top 12 Character Areas are home to approximately three-quarters of total employment in Mississauga, while the top five Character Areas – Northeast Employment Area (West), Meadowvale Business Park Corporate Centre, Airport Corporate Centre, Gateway Employment Area (East), and Airport Special Policy Area – account for 50% of total jobs. In terms of employment growth over the past decade, it is notable that significant growth has taken place across a range of City Structure Element types – Employment Areas, Corporate Centres, Major Nodes, Airport Special Policy Area, and the Downtown Core.

Mississauga's City Structure Element types and Character Areas have historically offered a range of locational options in satisfying the site selection needs of businesses, including varied transportation/transit accessibility, proximity to labour, and a range of amenities. While a vast supply of available land designated for employment uses – particularly office and industrial uses – has helped foster substantial economic development over the past several decades, with increased scarcity of vacant lands, opportunities for intensification and regeneration on existing employment lands will play an increasingly important role in accommodating future growth. It will be important to protect these opportunities going forward.

The presence of key transportation infrastructure elements within Mississauga – including Toronto Pearson International Airport, Great Lakes St. Lawrence Seaway shipping access via Lake Ontario, multiple 400-series highways, and GO Transit linkages with other municipalities – underpins a unique capacity to move goods and people, and as a result, has made Mississauga a premier location for employers across industries. Proximity to several intermodal truck-rail hubs further enhances goods movement, while being located on the west side of Toronto offers more ready access to U.S. border points in Niagara and Windsor (i.e., shipping can avoid central GTA traffic). The presence of Toronto Pearson International Airport, Canada's largest airport, has resulted in Mississauga's economy taking on regional significance. The adjacent employment “supercluster” surrounding Toronto Pearson International Airport is Canada's second largest concentration of employment, drawing industrial and office-type jobs, and supportive services.

Office, Industrial, and Retail Market Overviews

Mississauga is home to seven office submarkets, as tracked by Cushman & Wakefield. In descending order by size these are as follows: Airport Corporate Centre (8.9 million sf), Meadowvale (5.9 million sf), Hurontario Corridor (5 million sf), Airport-Other (4.1 million sf), Mississauga City Centre (3.8 million sf), Sheridan (0.9 million sf), and Cooksville (0.8 million sf). Altogether, this office inventory totals approximately 29.5 million sf. At year-end 2023, the vacancy rate for Mississauga (16.1%) was lower than Toronto’s Central Area (16.6%) for the first time since 2005, and Mississauga’s rate declined over the first half of 2024 to a level of 15.3%. At mid-year 2024, rents ranged from approximately $18.00-$20.00 per square foot (psf) in the four Mississauga office submarkets reported by Cushman & Wakefield, which is in line with the GTA Suburban average of around $19.35 psf. The GTA’s top six submarkets accounted for nearly 85% of total new Suburban office supply completed since 2000. Together, Mississauga’s seven submarkets are home to 48% of this new supply, led by Airport Corporate Centre (5.2 million sf), Meadowvale (3.4 million sf), and Hurontario Corridor (2.1 million sf).

Mississauga had a mid-year 2024 industrial inventory of 179 million sf, which accounts for a 22% share of the overall 824 million sf inventory GTA-wide. Mississauga’s industrial vacancy rate has closely followed the trend for the overall GTA over the past two-plus decades. The mid-year 2024 vacancy rate for Mississauga of 3.9% is up from the all-time low of below 1% recorded in 2021 yet remains below the long-run average of around 5%. The nearly 29 million sf of new supply added in Mississauga over the past 20 years has accounted for 20% of the GTA’s new industrial space – the highest among all municipalities. For 15 years from 2002-2016, net rents remained in a tight range from $5.00-$6.00 psf. As the vacancy rate tightened considerably in 2017 with demand outpacing new supply, rental rates subsequently began to increase rapidly. Despite the economic slowdown brought on by the pandemic, industrial rents more than tripled from year-end 2016 (roughly $6.10 psf) to year-end 2023 ($19.50 psf) in Mississauga, although rents have since moderated to $18.40 psf through mid-year 2024.

CoStar data for mid-year 2024 indicates that the City of Mississauga is home to just over 30 million sf of retail space. Of this, nearly one-third is located across the city's Employment Areas (9.8 million sf), while 9% is located within the Corporate Centres (2.7 million sf). Mississauga's Downtown is home to a further 10% of the inventory (3.1 million sf). The remaining one-half of the retail stock (14.7 million sf) is spread across other parts of the city. Clearly, Mississauga's areas of employment are home to not only a vast supply of office and industrial space but also a considerable share of retail activity. Retail vacancy has trended downward in Mississauga during the past 10 years. CoStar reports a city-wide retail vacancy rate of just 1% at mid-year 2024. From 2014-2023 the City of Mississauga added 2.5 million sf of new retail inventory – with a further 145,000 sf added through mid-year 2024. The city's Employment Areas were home to a substantial share of this new building stock (60%, or 1.5 million sf – including over 1 million sf added in 2021 alone). The overall retail net rental rate has ranged from $19.00-$23.50 psf over the past 10+ years in Mississauga, based on CoStar's data. A modest decline is noted in 2020 – which coincides with the onset of the pandemic – followed by moderately rising rates thereafter.

Office, Industrial, and Retail Market Outlook

The office market everywhere is in a very dynamic state presently. Roughly four years since the lockdowns precipitated by the COVID pandemic, office occupiers are still trying to rationalize their workplace. There are noticeable differences in areas of the market including building types (newer and highly amenitized buildings outperforming older commodity buildings), across industry sectors (varied preferences and capabilities to work hybrid/remotely versus in-office), and within organizations themselves (divisions that are highly collaborative versus more independent work-focused professionals).

The urban office market faces challenges in 2024 and beyond, but there are bright spots in activity. Some of the demographic shifts at the height of the pandemic were temporary, as people still want to live in large, vibrant cities. Increased remote and hybrid work is shifting occupier demand, and reducing willingness of employees to commute, but much of that impact has already filtered through the system. Portfolio right-sizing will moderate in coming years. There may be some pressure for office building conversion as landlords with under-performing product seek alternative uses. This is more likely to be true for older, less amenitized buildings, where reinvestment to modern standards cannot be justified based on achievable rents.

Mississauga will continue to represent a preferred suburban office market alternative, drawing upon the site selection factors that have fostered its growth over the past several decades. Enhanced amenities, services, and supporting transit will help continue to make Mississauga's office nodes sought-after locations for businesses. Mississauga's various City Structure Elements offer a range of site selection alternatives to suit the preferences of office occupiers.

The industrial sector is typically considered the least dynamic of the major commercial real estate asset classes (office, industrial, and retail). However, in recent years supply chain pressures brought on by the pandemic and a rise in online shopping have acted to impact industrial space markets. Warehousing and distribution facilities have dramatically increased in demand over the past decade or more as the rate of eCommerce activity has accelerated. Sites for last-mile distribution have taken on even greater importance within urban environments.

The industrial sector should remain a bright spot among the major commercial real estate asset classes over the long term, with new facilities needed to serve the region's growing population base. As Mississauga's remaining supply of vacant industrial land is absorbed, opportunities for infill development, demolition and redevelopment, and multi-storey new construction will likely all play a role in continued growth in the local market.

The outlook for Mississauga's retail sector is a likely decline in the amount of physical shopping centre space per capita over time, along with the closure of under-performing store locations. Shopping centres are commonly a focal point and entrenched element of a neighbourhood/community. In the future, there may be an opportunity to transform some of these more distressed assets into mixed use redevelopment sites combining retail-commercial space with other uses, including medium and higher density forms of residential development. These major land parcels are invariably well located within the urban environment providing superior access to transportation and transit infrastructure. However, sites that abut employment areas serve not only the nearby residential base but also workers and businesses in the adjacent business park/employment area, providing important services and amenities. It is important to preserve these retail-commercial shops and services uses as lands redevelop. In fact, the city's Employment Areas have been home to considerable new supply in recent years, which is notable.

INTRODUCTION

Background and Purpose of the Report

This consulting report is provided to the City of Mississauga for the purposes of assisting City staff and Council in the planning of its employment lands, including evaluating conversion requests and preserving a strategic supply for future development. The scope of work for this report was developed by City staff with input from Cushman & Wakefield and stems from a City of Mississauga Corporate Report dated October 4, 2023, which sought approval to retain a consultant to perform this analysis. This work serves as a companion to a *Local Land Economic Assessment* report prepared by Hemson Consulting.

ECONOMIC PROFILE

Introduction

Using data from various sources, the following section of the report profiles Mississauga's economy by illustrating the composition and location of employment by industry based on its City Structure Elements and Character Areas and compares the city to other Greater Toronto Area (GTA) municipalities. It also links Mississauga's *Economic Development Strategy 2020-2025* to on-the-ground needs of occupiers and highlights the city's strengths in terms of key site selection attributes. Mississauga is a regionally-significant economic centre with a diverse industry base that relies upon a similarly regionally-significant and diverse supply of non -residential land and buildings which has contributed to its success.

Mississauga in the GTA Context

Population and Employment

Mississauga's population was approximately 756,000 in 2023, while total employment was just less than 500,000. Based on Census 2021 data – the most recent source available for municipal comparisons – Mississauga had both the second highest population and second highest number of employees by place of work (based upon where the employee works, not where they reside) among the GTA's municipalities (refer to Appendix A).

In the following analysis we compare Mississauga's employment by industry (using place of work data) versus other parts of the GTA for both 2021 and 2016 (in order to show employment pre-pandemic and also in 2021 – the most recent Census data). Given the large variance in the size of the population and employment base among the municipalities, we have created some groups. The following comparisons are provided in Exhibit 1: (a) City of Toronto, (b) City of Brampton, (c) Southern York Region (Vaughan, Markham, and Richmond Hill), (d) Southern Halton Region (Oakville and Burlington), and (e) Southern Durham Region (Pickering, Ajax, Whitby, and Oshawa).

It is important to note that the 2021 Census data is considered quite problematic as the impacts of the pandemic affect the survey. A significant increase in work from home and declines in some hard-hit industries impact these results.

EXHIBIT 1

GROUPINGS OF MUNICIPALITIES – POPULATION AND EMPLOYMENT BY PLACE OF WORK

Municipality	Region	Population (2021)	% Share	Employment by Place of Work (2021)	% Share
Toronto	Toronto	2,794,356	42%	1,411,641	44%
Mississauga	**Peel**	**717,961**	**11%**	**398,697**	**12%**
Brampton	Peel	656,480	10%	244,974	8%
Southern York Region	York	863,628	13%	429,911	13%
Southern Halton Region	Halton	400,707	6%	206,069	6%
Southern Durham Region	Durham	539,736	8%	202,966	6%
Other GTA		739,117	11%	321,953	10%
TOTAL		**6,711,985**	**100%**	**3,216,211**	**100%**

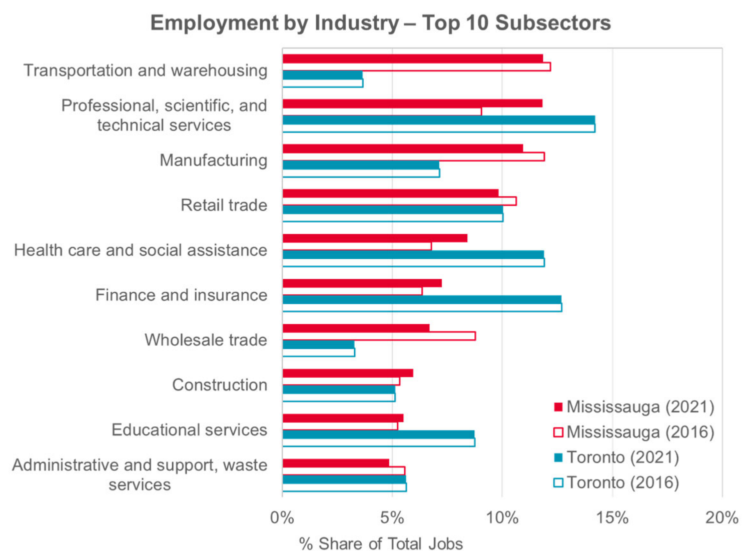
Note: Southern York Region includes Vaughan, Markham, and Richmond Hill; Southern Halton Region includes Oakville and Burlington; Southern Durham Region includes Pickering, Ajax, Whitby, and Oshawa.

There are 20 2-digit NAICS codes[1] that comprise the industry subsectors across the economy. In 2021, Mississauga had 398,700 persons by place of work, according to Census data and adjustments made by Hemson Consulting in order to apportion those workers with no fixed place of employment. The ten largest NAICS subsectors accounted for 83% of total jobs in Mississauga in 2021 (and 82% in 2016). These top 10 subsectors – transportation and warehousing; professional, scientific, and technical services; manufacturing; retail trade; health care and social assistance; finance and insurance; wholesale trade; construction; educational services; and administrative and support, waste services – are compared against the other GTA geographies in Exhibits 2-4 below by share of total employment in 2021 and 2016, in order to profile the composition of employment. Overall, Mississauga has a very diverse economy from an employment by industry perspective, with relative strengths across industries. The top 10 subsectors include industrial-type jobs (transportation and warehousing; manufacturing), office-type jobs (professional, scientific, and technical services; finance and insurance), institutional-type jobs (health care and social assistance; educational services) and more. This translates into a variety of land use requirements which are exhibited in the range of City Structure Elements across Mississauga.

Mississauga compared to Toronto

- Industrial-type jobs – transportation and warehousing, manufacturing, and wholesale trade – account for a greater share of jobs in Mississauga compared to Toronto.
- Toronto's Central Business District is home to substantial office employment in sectors including professional, scientific, and technical services, as well as finance and insurance, which are proportionally much larger in Toronto compared to Mississauga.
- Health care and social assistance (including the downtown hospital network) and educational services (various universities and colleges) account for a greater share of jobs in Toronto versus Mississauga.

EXHIBIT 2

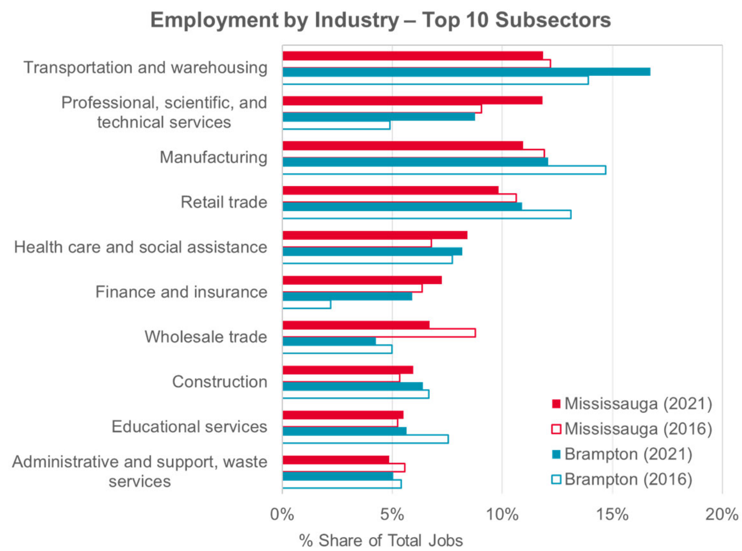


[1] The North American Industry Classification System (NAICS) is an industry classification system developed by the statistical agencies of Canada, Mexico, and the United States. It is designed to provide common definitions of the industrial structure of the three countries and a common statistical framework to facilitate the analysis of the three economies. NAICS is a comprehensive system encompassing all economic activities. It has a hierarchical structure. At the highest level, it divides the economy into 20 sectors. At lower levels, it further distinguishes the different economic activities in which businesses are engaged. (Source: https://www.statcan.gc.ca/en/subjects/standard/naics/2017/v3/introduction).

Mississauga compared to Brampton

- Industrial-type jobs in Brampton account for a greater proportion of overall employment than in Mississauga, led by transportation and warehousing as well as manufacturing.
- Professional, scientific, and technical services accounts for a higher share of employment in Mississauga.
- In many other industry sectors, overall employment is fairly similar between the two neighbours.

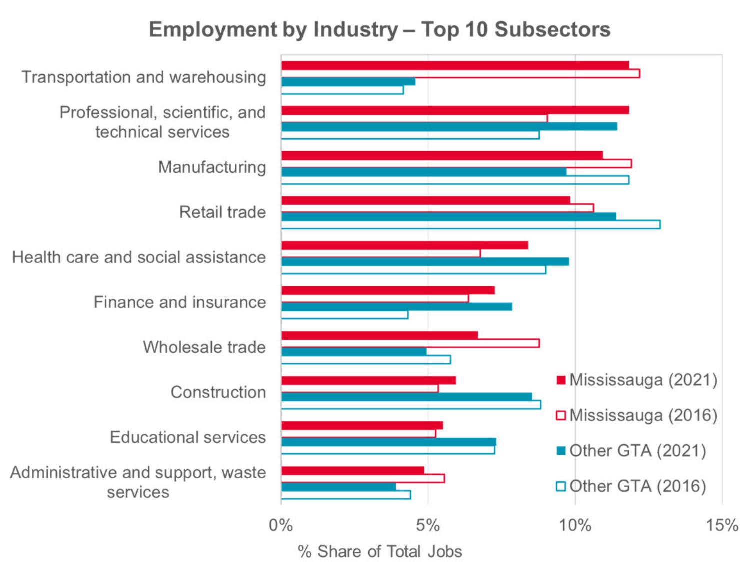
EXHIBIT 3



Mississauga compared to Rest of GTA

- Other GTA is comprised of the GTA's municipalities excluding Mississauga, Toronto, and Brampton – which are profiled separately above.
- The transportation and warehousing sector accounts for a substantially greater proportion of employment by industry in Mississauga compared to Other GTA.
- Construction and the educational services industries are two notable subsectors that account for a greater share of employment in Other GTA versus Mississauga.

EXHIBIT 4



Office and Industrial Space

Exhibit 5 below profiles the inventories of office and industrial space across the GTA, ranked in descending order by 2021 population. Note that Cushman & Wakefield does not track the office and industrial inventories of some of the GTA's smaller/outlying municipalities (Clarington, Halton Hills, Whitchurch-Stouffville, Georgina, East Gwillimbury, King, Scugog, Uxbridge, and Brock). The following are some notable observations:

- Mississauga has the GTA's second largest office inventory. It also ranks second in terms of office space per capita, at 38 square feet (sf) – well above the 29 sf per person average GTA-wide.
- Mississauga also has the GTA's second largest industrial inventory, trailing only the City of Toronto. In space per capita terms, Mississauga ranks fourth highest at almost 250 sf per capita, which is double the GTA average (122 sf per capita).

EXHIBIT 5

COMPARISON OF MUNICIPALITIES – OFFICE AND INDUSTRIAL SPACE

Municipality	Office Space (sf)	Rank	Office Space per Capita (sf)	Rank	Industrial Space (sf)	Rank	Industrial Space per Capita (sf)	Rank
Toronto	140,976,832	1	50	1	222,303,483	1	80	14
Mississauga	**27,468,937**	**2**	**38**	**2**	**178,799,185**	**2**	**249**	**4**
Brampton	2,295,775	7	3	9	103,363,544	3	157	5
Markham	11,593,577	3	34	3	32,100,160	6	95	11
Vaughan	2,956,256	6	9	7	101,179,422	4	313	1
Oakville	4,332,977	4	20	4	24,157,165	7	113	8
Richmond Hill	2,030,011	8	10	6	13,711,539	11	68	16
Burlington	3,507,214	5	19	5	23,548,665	8	126	6
Oshawa	Not tracked	-	-	-	19,521,461	10	111	9
Whitby	Not tracked	-	-	-	9,954,400	14	72	15
Milton	Not tracked	-	-	-	34,152,779	5	257	3
Ajax	Not tracked	-	-	-	10,496,769	13	83	13
Pickering	662,601	9	7	8	11,588,502	12	117	7
Newmarket	Not tracked	-	-	-	7,326,007	15	83	12
Caledon	Not tracked	-	-	-	21,188,358	9	277	2
Aurora	Not tracked	-	-	-	6,554,847	16	106	10
TOTAL	**195,824,180**	**-**	**29**	**-**	**819,946,286**	**-**	**122**	**-**

Note 1: The industrial inventory for Milton/Halton Hills has been assigned entirely to Milton for the purposes of this space per capita comparison. Much of the industrial inventory lies along Highway 401.

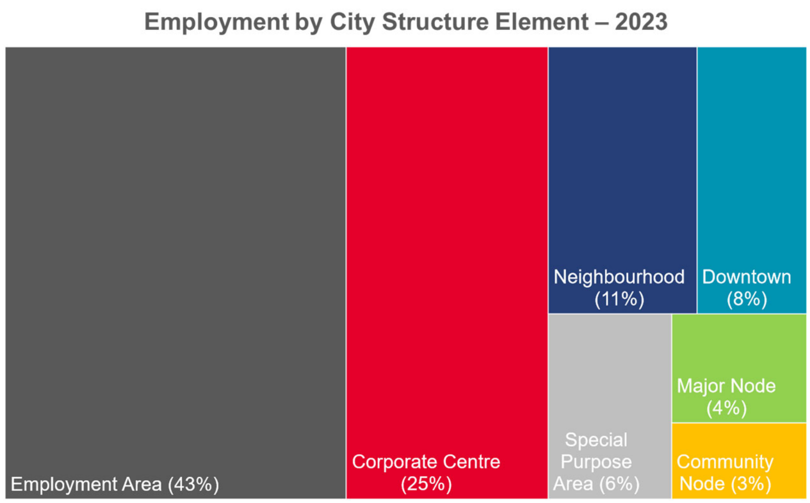
Note 2: Cushman & Wakefield does not track the office and industrial inventories of some of the GTA's smaller/outlying municipalities.

Employment Area Profiles

The City of Mississauga conducts an annual survey of businesses (note: a survey was not completed in 2020 due to the pandemic). This surveying provides a snapshot of employment across the city's Character Areas and illustrates employment by industry based on NAICS codes – which is the focus of the analysis that follows – as well as other insights into the type of employees (full-time, part-time, temporary), the number of years the business has been in Mississauga, and more.

Exhibit 6 presents the 2023 survey data by City Structure Element type: Employment Area (EA), Corporate Centre (CC), Neighbourhood (NHD), Downtown (DT), Major Node (MN), Community Node (CN) and Special Policy Area (SPA).[2] The city's 10 Employment Areas and four Corporate Centres together account for just over two-thirds of total employment (refer to Character Areas map in Appendix A).

EXHIBIT 6



Cushman & Wakefield has combined different sets of NAICS sectors into broader categories[3] in order to profile the nature of employment across the City Structure Elements. These groupings are as follows:

- Industrial – This category includes manufacturing, transportation and warehousing, and wholesale trade employment. These sectors together accounted for a 35% share of total employment in Mississauga in 2023.
- Office – This group includes finance and insurance; information and cultural industries; professional, scientific, and technical services; real estate and rental and leasing; and management of companies and enterprises. Together, these sectors accounted for a 21% share of total employment in Mississauga in 2023.
- Institutional – Jobs in health care and social assistance, educational services, and public administration are encompassed in this category, which accounted for a 16% share of Mississauga's overall employment in 2023.
- Retail & Services – This category includes retail trade; accommodation and food services; arts, entertainment, and recreation employment; and other services. This captures a spectrum of amenities and services for workers and residents in the city. This category represented a 21% share of total jobs in 2023.

[2] Note: The Special Policy Area data consists predominantly of employment at Toronto Pearson International Airport.
[3] Note: Jobs labeled with an NAICS code of "N/A – No description on record" have been excluded from these figures.

- Other Professions – A broad categorization that encompasses employment in the administrative and support, waste management, and remediation services; construction; utilities; and primary industry sectors. These sectors accounted for a 6% share of total employment city-wide in 2023.

Exhibit 7 below profiles the preceding categorization of NAICS sectors across the City Structure Element types. The following are some notable observations:

- Industrial-type employment is concentrated in the city's Employment Areas (53% share of total jobs) and Corporate Centres (30% share), along with Special Policy Areas (67% share).
- Office-type employment is predominantly found within the Corporate Centres (46% of total jobs), Downtown (26% share), Community Nodes (16% share), and Employment Areas (14% share).
- Institutional-type jobs represent the largest share of employment within the Major Nodes (60% share), Neighbourhoods (47% share), and Downtown (36% share).
- Retail & Services employment accounts for a substantial share of jobs in the Community Nodes (51% share of all jobs) and Neighbourhoods (42% share).
- Other Professions are most prevalent within Employment Areas (10% share of total jobs) and within Community Nodes (9% share).
- Within the non-residential-focused areas of the city – the Employment Areas and Corporate Centres – Retail & Services jobs still account for an 18% and 11% share of total employment, respectively. These are important amenity elements that support the local businesses as well as nearby residents.

EXHIBIT 7

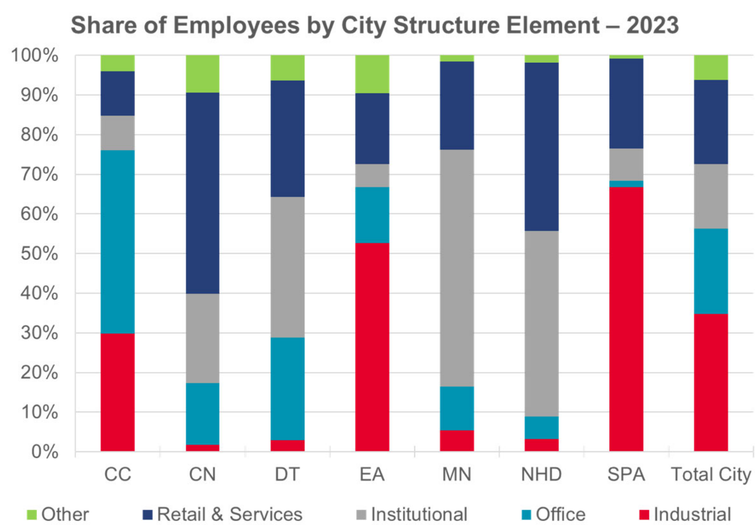
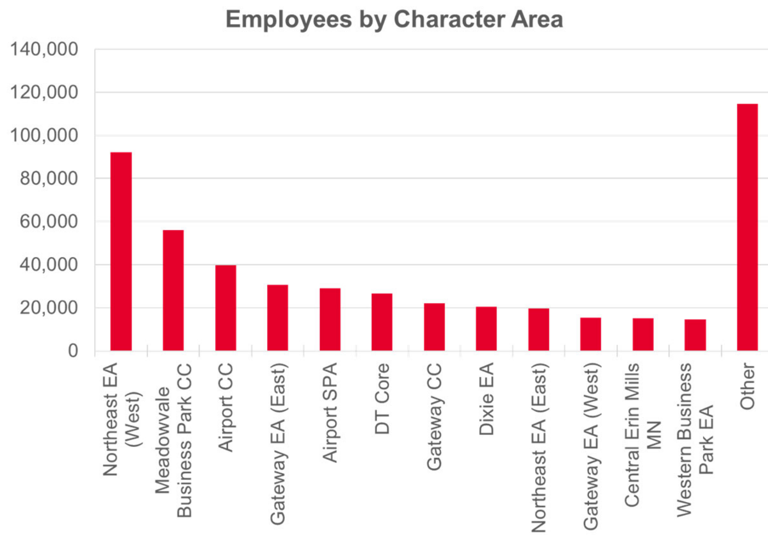


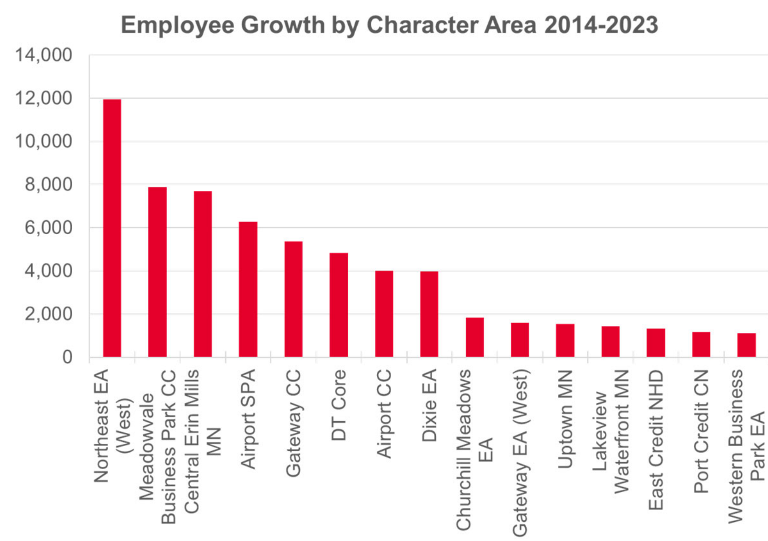
Exhibit 8 presents data from the 2023 survey of businesses. A total of 496,200 employees at 27,190 businesses were identified. The top 12 Character Areas are home to approximately three-quarters of total employment in Mississauga, while the top five Character Areas account for 50% of total jobs.

EXHIBIT 8



Using the 2014 survey, it is possible to identify changes by Character Area over the past decade. The top five Character Areas in terms of employment growth for the 2014-2023 period were Northeast EA – West (11,950 jobs added), Meadowvale Business Park CC (7,890), Central Erin Mills MN (7,690), Airport SPA (6,260), and Gateway CC (5,370). It is notable that significant growth has taken place across a range of City Structure Element types – Employment Areas, Corporate Centres, Major Nodes, Airport SPA, and DT Core – although the Employment Areas and Corporate Centres have been key contributors. Exhibit 9 illustrates employment growth for the top 15 Character Areas over the past decade.

EXHIBIT 9



Key Success Factors for Mississauga

The following section identifies factors that have made Mississauga historically successful in attracting employment. We comment on these attributes and their ongoing role in enabling growth and build upon them to anticipate future opportunities to sustain this competitive advantage.

- A vast supply of available land for the development of employment uses – particularly office and industrial developments – helped foster substantial development over the past several decades.
  - While the city's Corporate Centres and Employment Areas have remaining vacant land, opportunities for intensification and regeneration will play an increasingly important role in fostering growth in the decades to come and will be key to unlocking future employment potential. It is important to protect for these opportunities and not introduce sensitive uses within or abutting employment lands.
- Mississauga is home to an enviable range of key transportation infrastructure elements, including Toronto Pearson International Airport, Great Lakes St. Lawrence Seaway shipping access via Lake Ontario, multiple 400-series highways, and GO Transit with linkages to other municipalities. Proximity to several intermodal truck-rail hubs further enhances goods movement.
  - All of these site selection attributes related to labour accessibility/mobility and goods movement remain vital elements in attracting and retaining employers. Increasing congestion is impacting commuting times across the GTA. Ongoing investments in public transit and providing active transportation options where feasible will enhance mobility within the city, as well as providing connections to neighbouring cities.
- Toronto Pearson International Airport is a substantial employment generator; the adjacent employment "supercluster" is Canada's second largest concentration of employment, drawing both industrial and office-type jobs. Toronto Pearson International Airport's Noise Exposure Forecast (NEF) contours limited/prohibited the incursion of sensitive land uses (e.g., residential) in proximity to the airport, which enabled the establishment of a vast area for employment uses.
  - Although freight cargo volumes have increased at Hamilton's John C. Munro Hamilton International Airport in recent years, Toronto Pearson International Airport will remain a critical supply chain component and economic driver for business in the GTA.
- Due to their large building footprint (and accordingly, land cost), warehousing and logistic uses are attracted to large sites on the urban periphery. Mississauga has been a top location for such businesses. Also, being on the west side of Toronto, Mississauga offers more ready access to U.S. border points in Niagara and Windsor (i.e., shipping can avoid central GTA traffic).
  - A declining land supply – particularly for the larger parcels sought by major warehousing/logistics suppliers – will impact Mississauga's ability to capture market share in the coming years. Municipalities such as Caledon and Milton – located on the GTA periphery – have emerged over past decade or more as major competitors attracting new supply in this sector of the economy. Looking forward, other southern Ontario markets such as Guelph, Cambridge, Brantford, and Simcoe County (along Highway 400) will increasingly be home to new major warehousing/logistics operations, given their cost-competitiveness and considerable supply of lands. In Mississauga, opportunities for demolition of older buildings and redevelopment of modern warehousing/distribution facilities within established Employment Areas will be a path to growth and investment.
- Mississauga's many Character Areas have historically offered a range of locational options in satisfying the site selection needs of businesses. They offer varied transportation/transit accessibility, proximity to labour, and a range of amenities.

   - The city's Character Areas continue to evolve and serve a range of functions. Some are employment-focused, while others feature more of a mix of uses. Ongoing infrastructure investment will be key to providing locations where businesses will seek to locate, and creating an urban, amenity-rich environment with good accessibility via private and public transportation options (including active transportation) will enable Mississauga to remain competitive. In particular, ongoing planning of the Downtown, Community Nodes, and Major Transit Station Areas will result in potential for new places for employment, as well as intensification of existing uses – particularly higher density building forms in mixed-use developments. The city's employment focused areas – its Employment Areas and Corporate Centres – have attracted considerable employment growth over the past decade and their site selection attractiveness must also be supported by ongoing infrastructure investments as needed.

- Access to labour has historically been a key success factor for Mississauga.
   - Employers seeking younger, well-educated workers gravitated towards Downtown Toronto over the past decade or more, with the influx of new residential developments in proximity to the Central Business District. Housing affordability is increasingly a key consideration as household formation occurs. Mississauga must strive to provide a mix of housing options in order to attract the labour supply sought by employers in the economy of the 2020s and beyond – aligned with the City's *Economic Development Strategy 2020-2025* that targets specific high-growth and high-demand industry sectors. A desire to live closer to work – especially among the millennial generation – should be reflected in urban planning and policy decisions going forward. Related to this is a desire for mixed-use/"urban" environments featuring restaurants/bars, retail, recreation options, a high-quality public realm, etc. – all contributing to a quality of place which will help offset the urge to work from home/remotely.

Mississauga's Economic Development Strategy – Key Sectors and Linkage to Employment Areas

Mississauga's *Economic Development Strategy 2020-2025* sets out the City's priorities for growth. The Core Economic Priorities are: (1) Support Globally-Minded Business; (2) Develop Distinctive Places; and (3) Deliver Durable Infrastructure. Embedded in the Strategy is a prioritization of four Sectors of Focus, which are: (1) Advanced Manufacturing; (2) Smart Logistics; (3) Life Sciences; and (4) Higher-Value Business Services. The purpose of this section of the report is to link these Core Economic Priorities and Sector Focus approach to the city's employment areas.

The Strategy states that "as Mississauga responds to the global drivers of change, the City must target its efforts on the places where growth can make the greatest contribution to our overall strategic ambitions and on those business sectors which have the long-term potential to safeguard our competitiveness." (pp. 6) The Strategy structures economic growth opportunities into the following three areas:

- "Economic Growth Centres: Places with the greatest potential to drive forward the next phase of Mississauga's economic growth and which require a collaborative strategic approach that draws on the insight, investment, and energy of all the city's departments, organizations, and businesses.
   - Pearson 401 Aerotropolis, Downtown, and Port Credit (including Lakeview Innovation District).
- Knowledge Intensive Districts: Smaller locations outside the growth centres but which have scope to accommodate more employment and new business activity in our priority sectors.
   - Meadowvale, Sheridan Science and Technology Park, and University of Toronto Mississauga Campus.
- A set of critical Economic Connections: Transportation links across the city that are vital for interconnectivity, travel, and distribution of people and goods.
   - GO Network, Dundas Connects, Lakeshore Connecting Communities, Hurontario Spine, 401/403/407/QEW Highways, and Airport Connections." (pp. 6-8)

The Strategy states that “Mississauga needs to continue to attract new businesses in established and emerging sectors; however, the thrust of our strategic economic development efforts will increasingly focus on encouraging innovation and entrepreneurship from within (a) those elements of the economy on which we already rely most for jobs and economic output and (b) those growing sectors with further growth prospects going forward.” (pp. 9) The four broad sector groupings which are the City’s focus for strategic growth are discussed below, along with their linkage to locations for employment.

- Advanced Manufacturing (prominent subsectors: Aerospace, Automotive, Food & Beverage, and Cleantech) – Manufacturing businesses are found across the city’s Employment Areas. Future opportunities for capturing growth will come in the form of absorption of remaining vacant designated employment lands, intensification on occupied but under-utilized sites, and the demolition of older functionally-obsolete buildings to make way for development of modern industrial facilities. Higher-value activities within the manufacturing supply chain, R&D, and urban manufacturing will be drivers of growth opportunities which align with Mississauga’s place in the region.
- Smart Logistics (prominent subsectors: Transportation, Distribution & Delivery, and Warehousing & Storage) – Mississauga has a successful history of attracting businesses in the transportation and warehousing sector given its land supply, proximity to multiple 400-series highways and Toronto Pearson International Airport, and growing labour pool. The warehousing/logistics sector is a land-intensive use, and the city’s diminishing land supply may limit its ability to attract Smart Logistics users. Opportunities for the demolition of older functionally-obsolete buildings to make way for development of modern facilities should be encouraged. As well, planning for multi-storey warehousing/logistics facilities should be anticipated in the coming years/decades (such facilities are not common in North America, but may be economically-viable in high-cost land markets with superior locational attributes – which characterizes Mississauga).
- Life Sciences (prominent subsectors: Pharmaceuticals, Biotechnology, Diagnostics, Medical Devices, and Digital Health) – Mississauga's life sciences sector has seen significant growth, with key investments in office, research & development, and dedicated lab space. Since 2020, leading multinationals – including AstraZeneca, Bora Pharmaceuticals, Roche Canada, Eurofins Alphora, and Resilience Biotechnologies – have invested over $1.5 billion locally. Mississauga's inventory of wet lab space has also experienced key public and private sector investments, including SpinUp, a wet lab incubator at the University of Toronto Mississauga, and SPEC Labs, which recently announced plans to build a multi-tenant wet lab facility with Sheridan Business Park.[5][6][7] Life sciences facilities benefit from proximity to institutional uses including hospitals and universities and will seek sites in prestige business parks and downtown mixed-use environments, such as those found in Mississauga.
- Higher-Value Business Services (prominent subsectors: Finance & Insurance, Business Technology, Financial Technology, and Business, Management, Scientific & Technical Services) – The firms offering higher-value business services tend to seek space in major office buildings within downtown/urban environments and in suburban office parks, including sites with access to amenities to attract and retain workers. Notably, hybrid/remote work arrangements that flourished over the past few years spurred by the pandemic means that office space requirements for these industries are presently being reevaluated by many firms.

The City’s Strategy aligns with its economic profile and key success factors. There is a focus on a diversity of leading industries that leverage the considerable office and industrial real estate (buildings and land) that is present which provides a range of site selection options for prospective occupiers.

[5] https://investmississauga.ca/wp-content/uploads/2024/05/IM-LifeSciences_profile_DIGITAL.pdf
[6] https://financialpost.com/pmn/business-wire-news-releases-pmn/spec-labs-secures-lease-to-establish-state-of-the-art-wet-lab-facility-in-mississauga-on
[7] https://www.utm.utoronto.ca/main-news/utm-creates-spinup-u-ts-first-wet-lab-incubator-life-science-start-ups

CURRENT HEALTH OF MISSISSAUGA'S OFFICE, INDUSTRIAL, AND RETAIL MARKETS

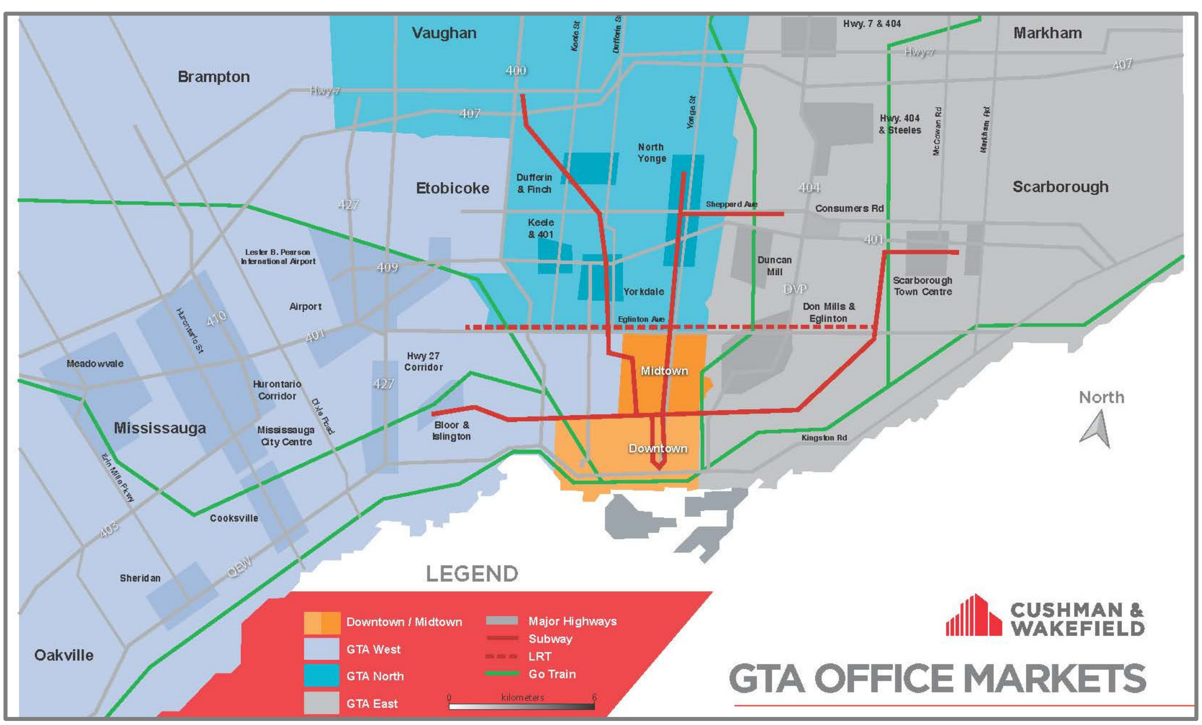
Office Market Overview

Introduction

Cushman & Wakefield tracks the GTA office market by submarkets (denoted in shading on Exhibit 10 below) which represent nodes/concentrations of office supply. The overall market is divided into the Central Area (Downtown and Midtown Toronto) and the Suburbs – GTA West, North, and East.

- Downtown: The largest GTA submarket in terms of office inventory, it is bounded by Bloor Street to the north, Lake Ontario to the south, the Don River to the east, and Bathurst Street to the west. Downtown Toronto is home to the Central Business District, which includes the Financial Core and other Downtown Fringe areas. The Financial Core is centred on the intersection of Bay Street and King Street. The office submarkets surrounding the Core are collectively known as the Downtown Fringe (Downtown North, South, East, West, and King West) and contain a range of building forms, including office towers and converted "brick and beam" industrial properties.
- Midtown: The Midtown market is bounded by Bloor Street to the south, Eglinton Avenue to the north, Bayview Avenue to the east, and Marlee Avenue/Oakwood Avenue/Ossington Avenue to the west. The nodes at Yonge & Bloor, Yonge & St. Clair, and Yonge & Eglinton are the focus of office activity in this submarket, along with properties along St. Clair West. These sites offer proximity to the Downtown market and TTC subway accessibility at a lower cost of occupancy.
- GTA East: This market includes older business parks along the Don Valley Parkway, as well as offices located throughout Scarborough and Markham, plus Consumers Road in North York.
- GTA North: This market includes the Yonge Street nodes at Sheppard Avenue and Finch Avenue, as well as other smaller office concentrations in North York and other suburban areas to the north of the City of Toronto, including Vaughan.
- GTA West: The GTA West market includes Etobicoke, Mississauga, Brampton, Oakville, and other dispersed offices to the west of the City of Toronto.

EXHIBIT 10

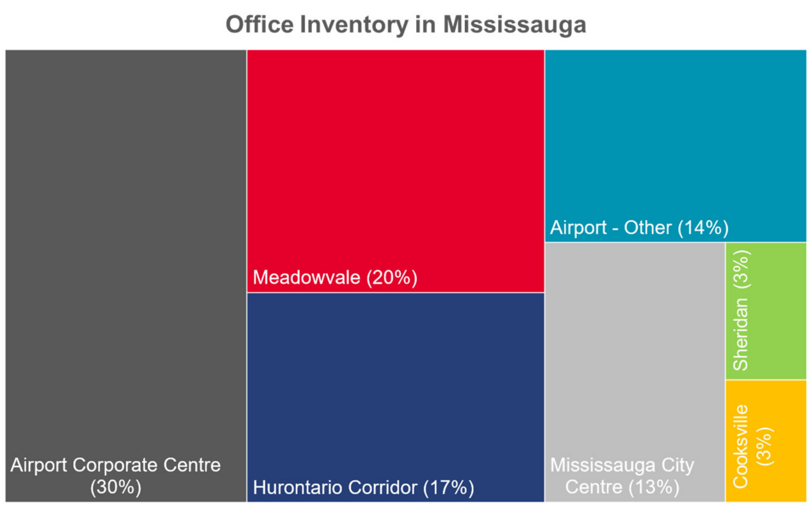


In order to focus this analysis of the GTA's office market and Mississauga's performance in particular, we will examine the market metrics for Mississauga's submarkets and compare them to several other active suburban office submarkets over the past 10-20 years. Three of Mississauga's office submarkets occupy spots among the top six across the GTA Suburbs in terms of new supply since 2000. By descending order of new supply these include Airport Corporate Centre (5.2 million sf), Hwy 404/Hwy 7 (4.3 million sf – straddling the border of Richmond Hill and Markham), Meadowvale (3.4 million sf), Oakville (3 million sf), Hurontario Corridor (2.1 million sf), and Vaughan (1.8 million sf). Together, these six submarkets have accounted for approximately 85% of all new Suburban office supply since 2000.

Inventory

Mississauga is home to seven office submarkets, as tracked by Cushman & Wakefield and illustrated in Exhibit 11. In descending order by size these are as follows: Airport Corporate Centre (8.9 million sf), Meadowvale (5.9 million sf), Hurontario Corridor (5 million sf), Airport-Other[8] (4.1 million sf), Mississauga City Centre (3.8 million sf), Sheridan (0.9 million sf), and Cooksville (0.8 million sf). Altogether, this office inventory totals approximately 29.5 million sf.

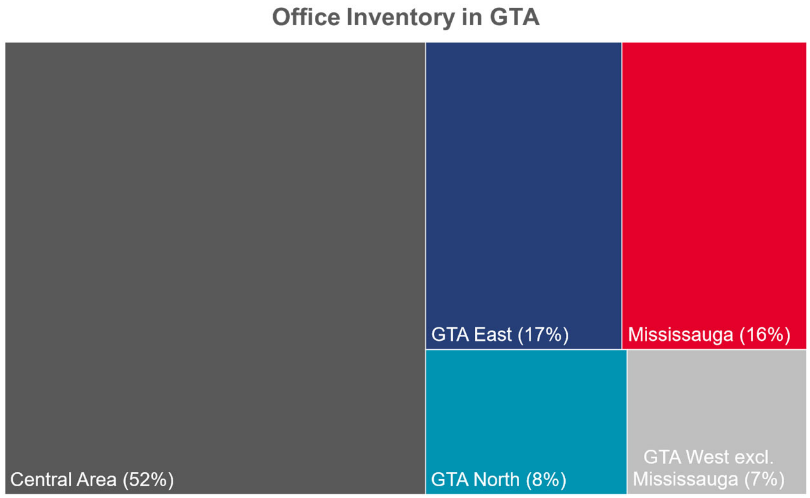
EXHIBIT 11



Mississauga's seven submarkets account for one-third of the total Suburban office inventory and a 16% share of the overall GTA office market (the Central Area and Suburbs combined), as shown on Exhibit 12.

[8] The Airport-Other office submarket surrounds Toronto Pearson International Airport on the north side of Highway 401 and includes buildings located in Mississauga (approximately 50% of the inventory) and Etobicoke (approximately 50% of the inventory). Cushman & Wakefield does not distinguish between these two municipalities in our quarterly statistical tracking (they are combined). It is has been included in its entirety in the data analysis as a Mississauga submarket.

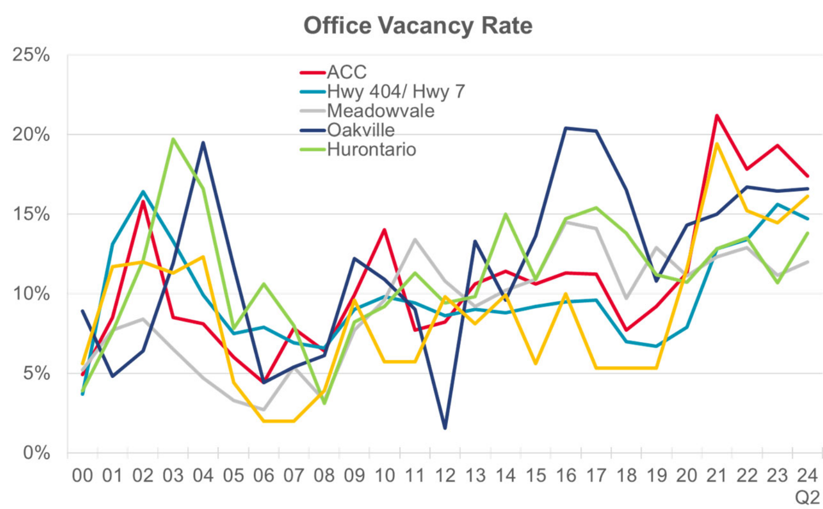
EXHIBIT 12



Vacancy Rate

At mid-year 2024, the overall vacancy rate for the GTA Suburbs was 16.7%. At 17.4%, Airport Corporate Centre presently has the highest vacancy rate among the six most active Suburban office submarkets based on new supply added since 2000. In contrast, Mississauga's Hurontario Corridor (13.8%) and Meadowvale (12%) are at the low end of the range. The Vaughan, Hwy 404/Hwy 7, and Oakville submarkets range from approximately 14.5%-16.5%. Although there is variation among these individual submarkets – as indicated in Exhibit 13 – the overall trend saw vacancy lowest in the latter part of the 2000s with the present level of vacancy comparable to rates seen circa 2002-2003 and 2021-2022.

EXHIBIT 13



When comparing Mississauga's seven office submarkets, there was a much wider spread in rates through the 2000s compared to the late-2010s, when vacancy had converged in a range of 10%-15% – with the exception of the under-performing outlier Airport-Other submarket. Since the onset of the COVID-19 pandemic, vacancy has increased in the Airport Corporate Centre, Mississauga City Centre, and Airport-Other submarkets (each presently in the high-teens), while the level of vacancy has remained fairly stable in Meadowvale and Hurontario (around 12-14%) and has declined in the comparably smaller Sheridan and Cooksville submarkets, as seen in Exhibit 14.

EXHIBIT 14

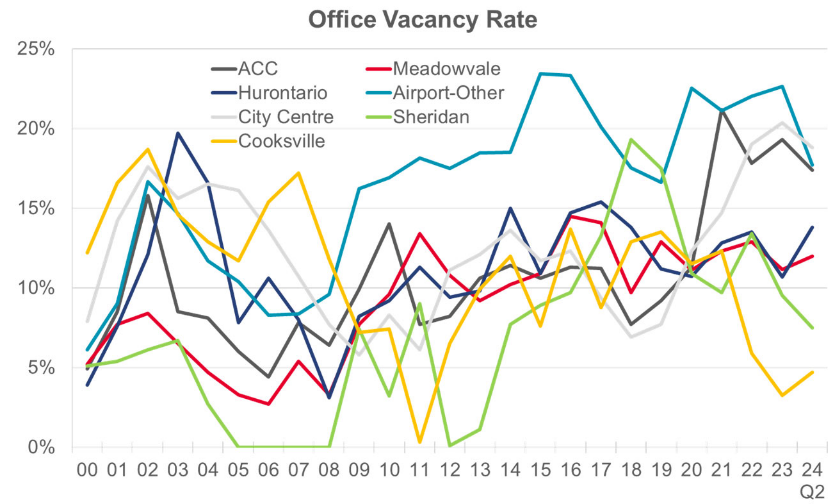
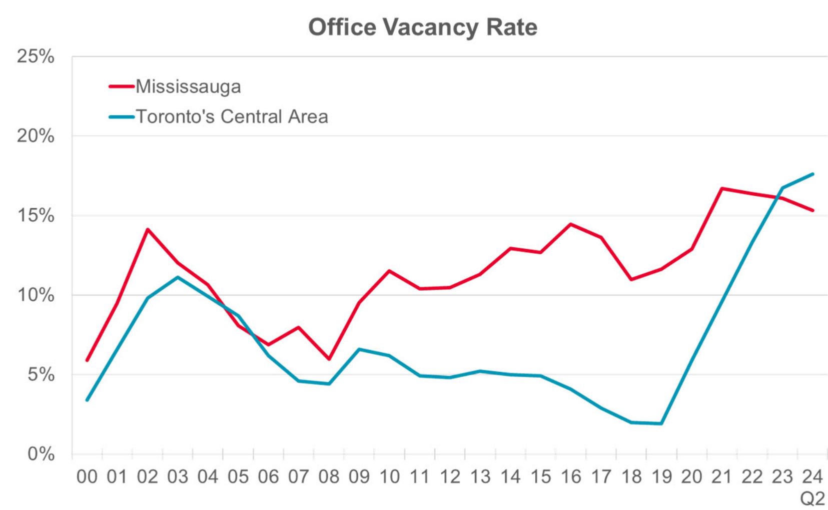


Exhibit 15 below compares Mississauga's overall vacancy rate with the Central Area (Toronto's Downtown and Midtown office markets as a whole). During the 2000s, the two markets trended together in terms of the vacancy rate rising and falling in tandem. During the 2010s, Toronto's Central Area (vacancy fell to just 2% pre-pandemic) substantially outperformed Mississauga (vacancy fluctuated from around 10%-15%). From 2020 onward, vacancy in the Central Area has increased sharply compared to a more modest rise in Mississauga. At year-end 2023, the vacancy rate for Mississauga (16.1%) was lower than Toronto's Central Area (16.6%) for the first time since 2005.

EXHIBIT 15



New Supply

From 2000-2013, the Suburbs (12.7 million sf) accounted for close to three-quarters of total new office supply across the GTA, with the Central Area (5.8 million sf) representing a one-quarter share -as seen in Exhibit 16. From 2014-onward, this ratio reversed, with the Central Area (19.6 million sf – approximately 75% share) far outpacing Suburban new supply (4.8 million sf – approximately 25% share). At mid-year 2024 there was 2 million sf of new office space under construction across the Central Area, while only 0.2 million sf in the Suburbs.

EXHIBIT 16

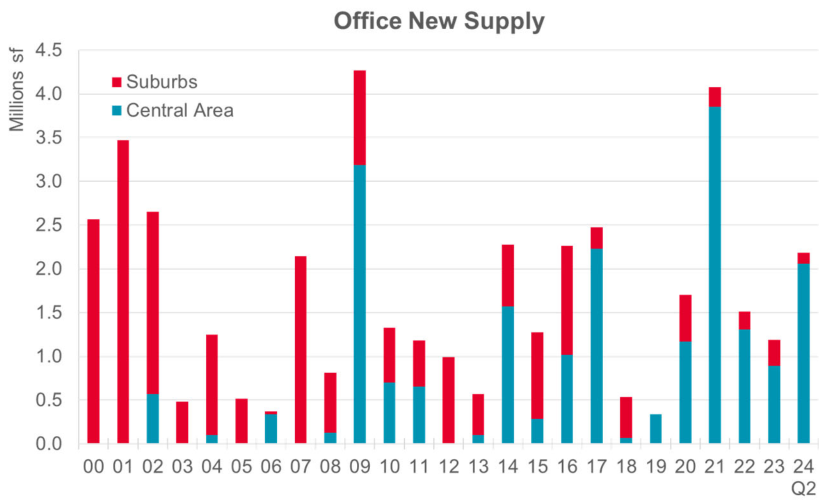
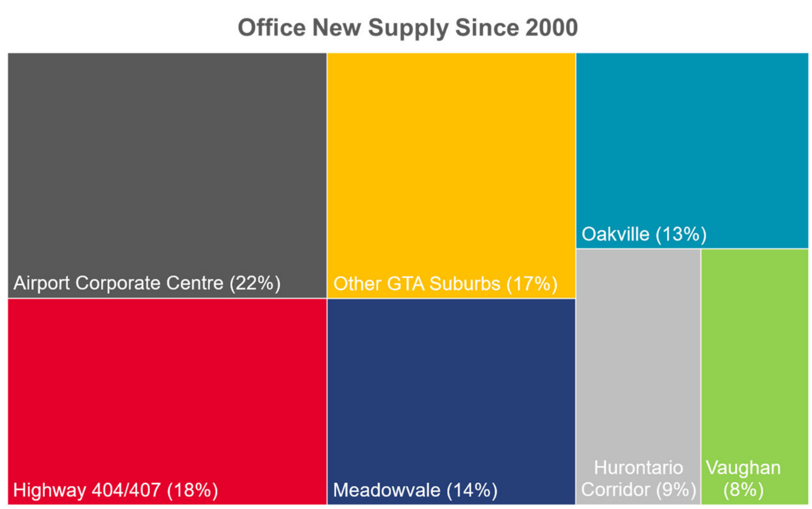


Exhibit 17 illustrates that the top six submarkets accounted for nearly 85% of total new Suburban office supply completed since 2000 GTA-wide. Together, Mississauga's seven submarkets are home to 48% of this new supply, led by Airport Corporate Centre (5.2 million sf), Meadowvale (3.4 million sf), and Hurontario Corridor (2.1 million sf).

EXHIBIT 17



Rental Rates

Among the six most active Suburban office submarkets, Class A average asking net rents are predominantly within a range of around $19.00-$21.00 psf, while Mississauga's Airport (in which buildings from the Airport Corporate Centre and Airport-Other submarkets are combined together, as tracked by Cushman & Wakefield) ranks lowest, at just over $18.00 psf net, as shown on Exhibit 18.

- Note: If the buildings that comprise the Class A market in Airport Corporate Centre were reported separately from the Airport-Other buildings, it is likely that rents would be in the $20.00 psf range, mirroring the other competitive markets identified below.

EXHIBIT 18

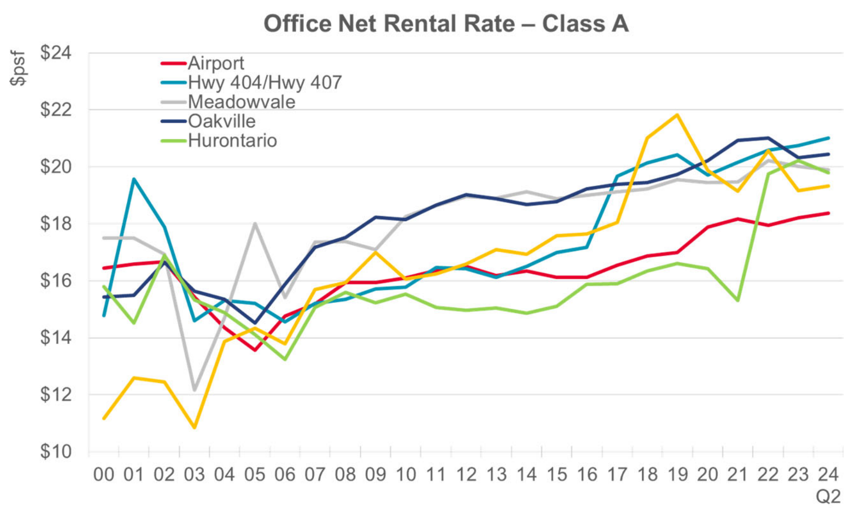
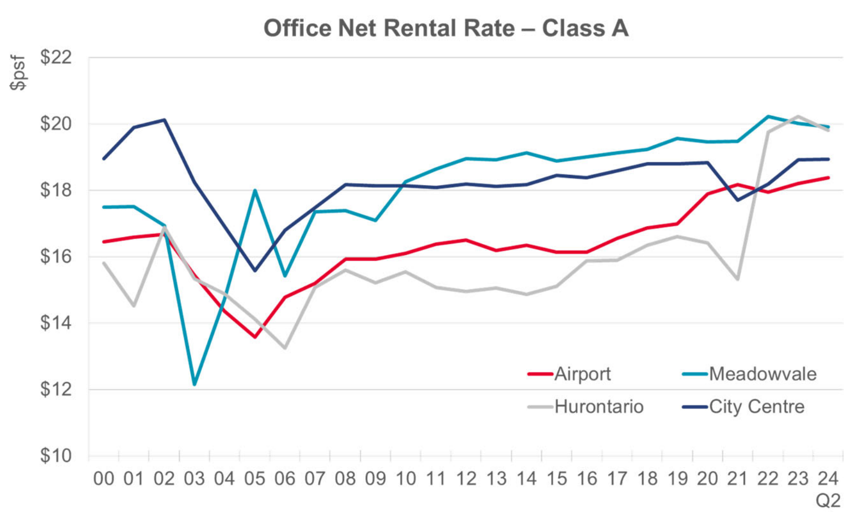


Exhibit 19 below presents historical average asking net rental rates for Class A office space across Mississauga. Cushman & Wakefield does not report rental rates for some of the smaller Suburban office submarkets, and this includes Sheridan and Cooksville in Mississauga. As noted above, the figures for Airport encompass buildings in both Airport Corporate Centre and Airport-Other (Airport Corporate Centre on its own would perform at or near the upper end of the range for Mississauga's office submarkets historically). At mid-year 2024, rents ranged from approximately $18.00-$20.00 psf in the four markets reported by Cushman & Wakefield, which is in line with the GTA Suburban average of around $19.35 psf.

EXHIBIT 19



Industrial Market Overview

Introduction

Cushman & Wakefield tracks the GTA industrial market by municipality (including the City of Toronto's six former municipalities). In order to focus this analysis of the GTA's industrial market and Mississauga's performance in particular, we will examine the market metrics for the five most active submarkets over the past 20 years. Five submarkets – Mississauga, Milton/Halton Hills (which are tracked as a single submarket), Brampton, Vaughan, and Bolton/Caledon – have together accounted for 65% of total new industrial supply this past decade and 70% of the new supply over the past 20 years. These competitive submarkets – three of which are also located in GTA West – are examined in further detail below.

Inventory

As indicated on Exhibit 20, Mississauga had a mid-year 2024 inventory of 179 million sf, which accounts for a 22% share of the overall 824 million sf inventory GTA-wide. In descending order by size, the GTA's largest industrial markets include Mississauga (179 million sf), Brampton (103 million sf), Vaughan (102 million sf), North York (72 million sf), and Etobicoke (66 million sf); put together the City of Toronto's six former municipalities total over 222 million sf (a 27% share of the total GTA inventory). Together, the top five submarkets represent nearly two-thirds of the overall GTA industrial building stock, as per Exhibit 21.

EXHIBIT 20

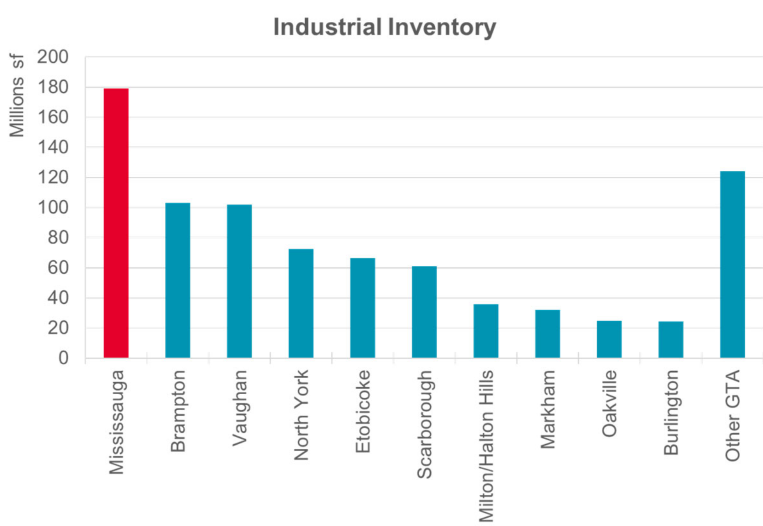
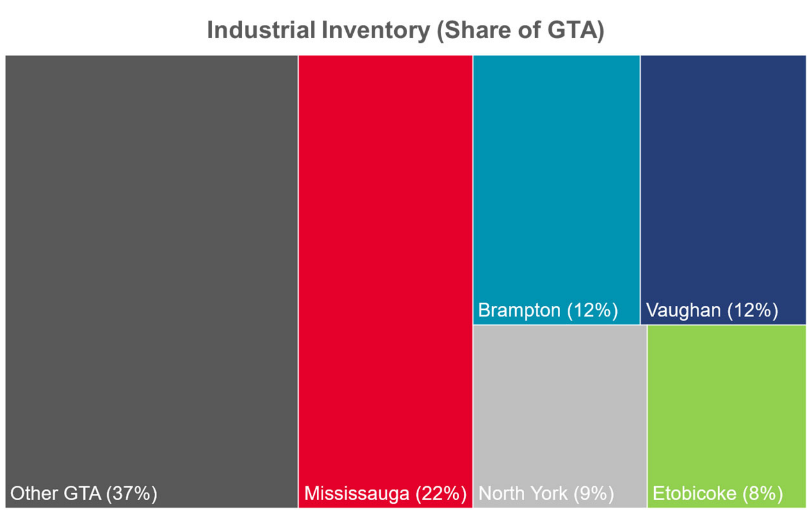


EXHIBIT 21



Vacancy Rate

Mississauga's industrial vacancy rate has closely followed the trend for the overall GTA over the past two-plus decades, as indicated in Exhibit 22. In the early to mid-2000s, Mississauga's vacancy rate was roughly 100 basis points above the GTA average; however, this spread has been negligible since 2015. The present vacancy rate for Mississauga of 3.9% is up from the all-time low of below 1% recorded in 2021 yet remains below the long-run average of around 5%.

EXHIBIT 22

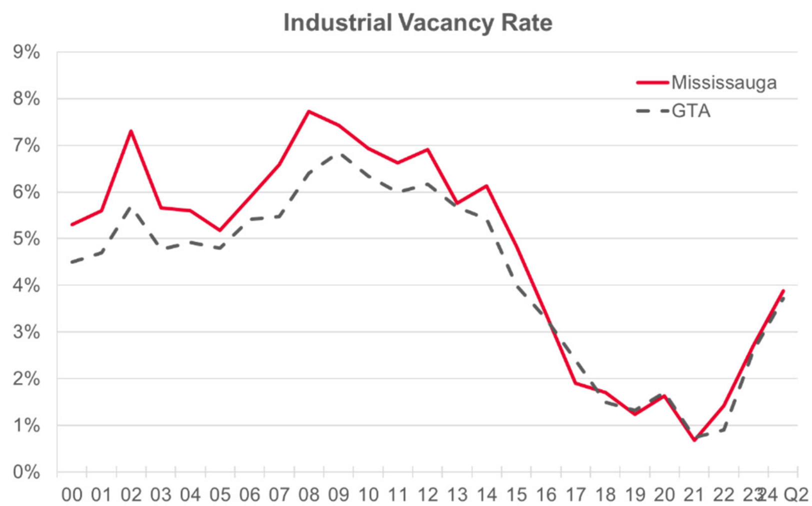
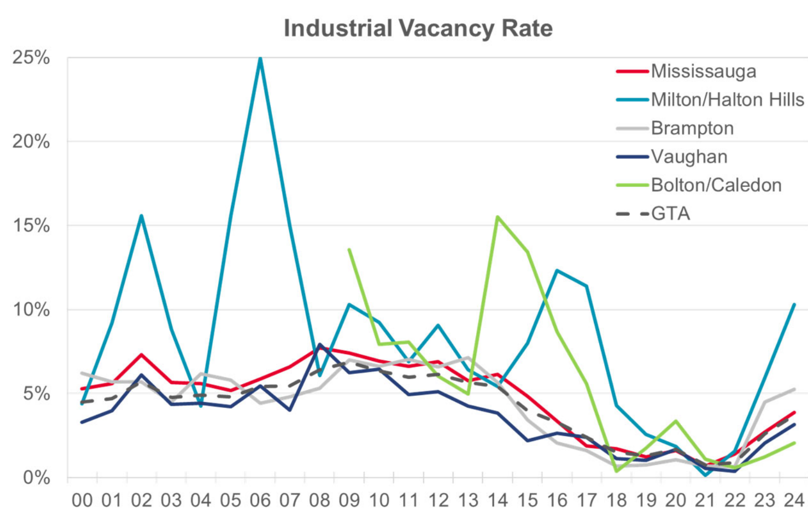


Exhibit 23 below compares Mississauga's vacancy rate to the other most active GTA submarkets since 2000. It has remained in a close range with both Vaughan and Brampton, whereas Milton/Halton Hills and Bolton/Caledon have exhibited periods of much higher vacancy attributable to their comparably smaller but rapidly growing inventories and periods of unabsorbed new supply that impacted vacancy (generally over the short term).

EXHIBIT 23



New Supply

The nearly 29 million sf of new supply added in Mississauga over the past 20 years has accounted for 20% of the GTA's new industrial space – the highest among all municipalities. The next most active submarkets included Brampton, Vaughan, Milton/Halton Hills, and Bolton/Caledon. Together, these five submarkets were home to almost 70% of total new industrial supply GTA-wide, as per Exhibits 24-25.

Although Cushman & Wakefield does not distinguish between manufacturing-type buildings and warehousing/distribution facilities, the vast majority of this new supply has been warehousing/distribution facilities, often with very large footprints (250,000 sf and up). Over the past decade, the rise of online shopping in particular has fueled demand for such buildings. Mississauga, Brampton, and Vaughan attracted significant growth in this segment, and more recently demand has moved further west and north to Milton and Bolton/Caledon due to the availability of larger sites and the relatively more affordable cost of land.

EXHIBIT 24

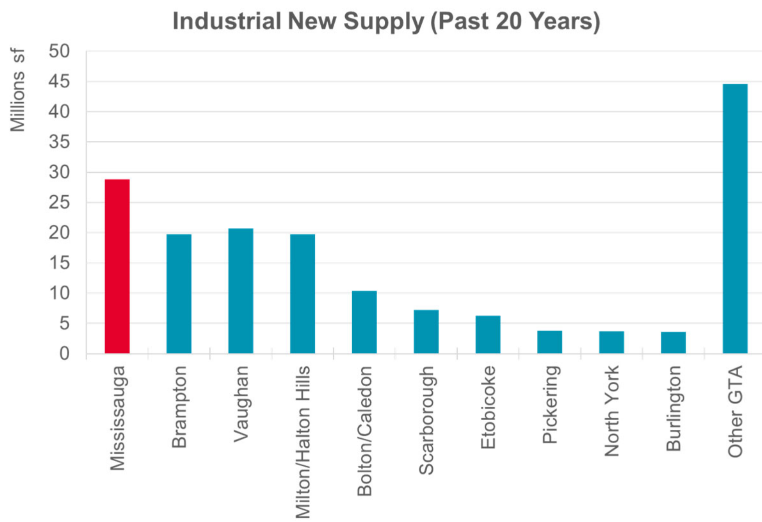
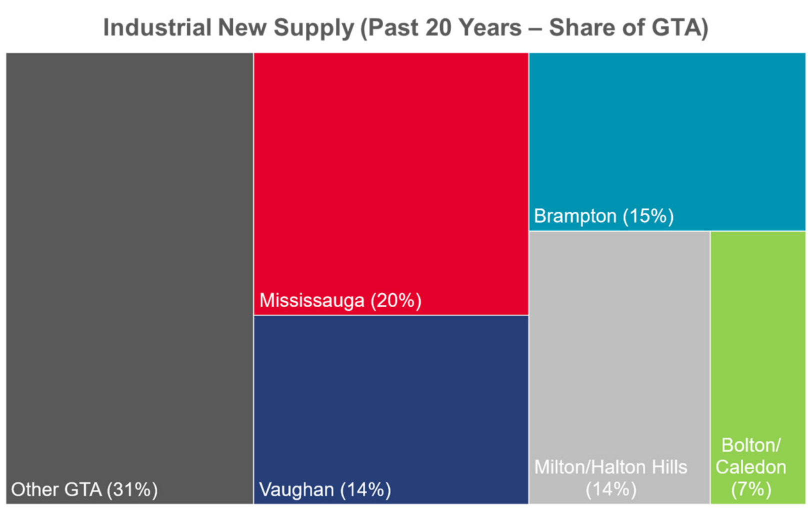


EXHIBIT 25



Rental Rates

Cushman & Wakefield has been tracking net rental rates by municipality since 2002. Over this time, Mississauga's average asking net rent has closely tracked with the overall rate for the GTA – as seen on Exhibit 26. For 15 years from 2002-2016, net rents remained in a tight range from $5.00-$6.00 psf. As the vacancy rate tightened considerably in 2017 with demand outpacing new supply, rental rates subsequently began to increase rapidly. Despite the economic slowdown brought on by the pandemic, industrial rents more than tripled from year-end 2016 (roughly $6.10 psf) to year-end 2023 ($19.50 psf) in Mississauga, although rents have since moderated to $18.40 psf through mid-year 2024. A similar trend is evident across the active submarkets that are profiled below on Exhibit 27, which closely track the performance of Mississauga. Of note, year-end 2023 represents a market peak, as rates have softened into the first half of 2024.

EXHIBIT 26

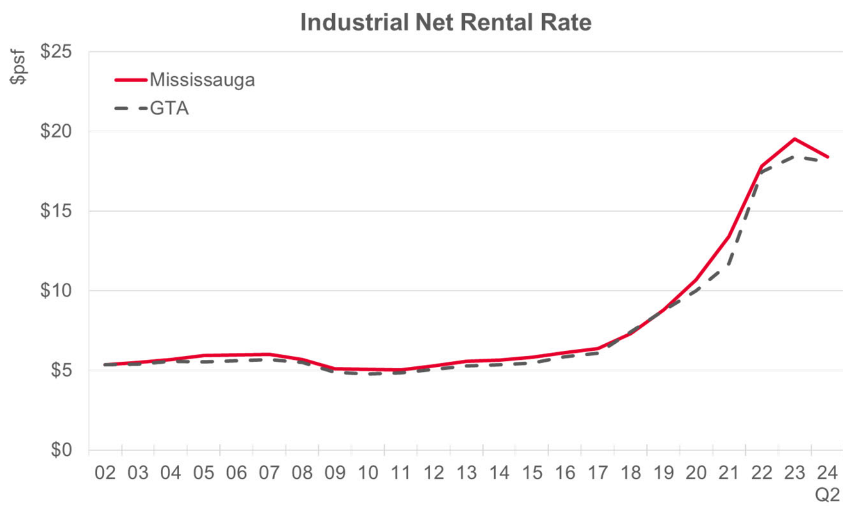
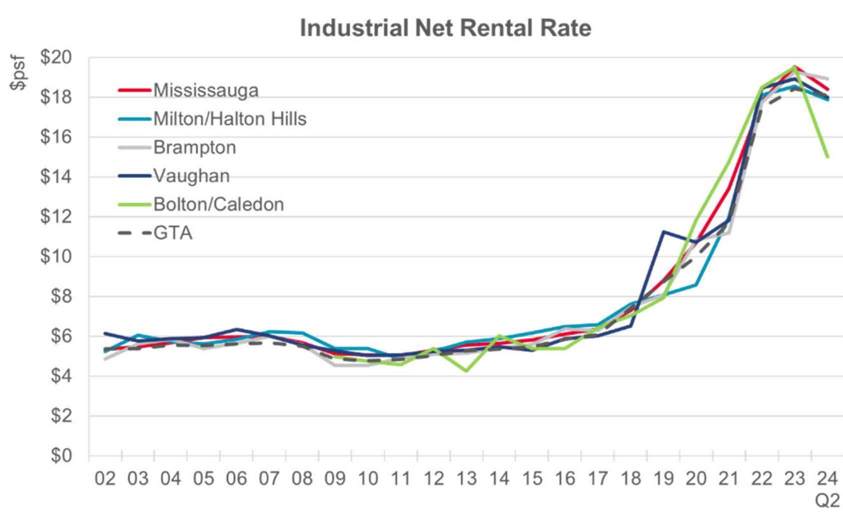


EXHIBIT 27



Retail Market Overview

Market Trends and Perspectives

The retail sector is a constantly evolving business, with changing store formats, shopping centre formats, anchor tenant brands, and consumer behaviour. The arrival and abrupt departure of Target; the continued expansion of Walmart; the demise of Sears and Zellers; the entry/exit of new US department stores; ongoing consolidations in the grocery segment (Sobey's acquiring Canada Safeway; Loblaw acquiring Shoppers Drug Mart); Leon's acquisition of The Brick – these are a few of the significant changes seen across Canada's retail landscape in just the past decade or so.

Shopping centres constitute the major supply-side channel for the delivery of goods and services to consumers. In Canada, shopping malls emerged in the latter half of the 1950s and challenged the long-standing dominance of stores in strips and historic downtowns. By the end of the 1960s, sales activity in shopping centres exceeded those in stores on strips. With retail activity along retail strips giving way to malls and plazas in the 1960s, the next innovation in retail real estate took place in the 1990s with the onset of big box and power centre format shopping centres – highlighted in Canada by the entry of Walmart – which slowed the development of traditional shopping centre format development. Stores in categories such as furniture and home furnishings, electronics and appliances, general merchandise, and others located in neighbourhood, community, and regional-scale shopping centres began to experience severe pressure in the face of competition from freestanding stores operating in a big box format, or in a power centre cluster. With regard to employment areas, retail-commercial properties on the periphery of industrial and office parks emerged to serve both the nearby employees/businesses and residential neighbourhoods in proximity to the shopping centres by providing restaurants/coffee shops, food retailers, and a range of personal and business services.

The most pressing current trends impacting retail real estate relate to the rapid adoption of eCommerce and the transfer of shopping centre sales to the online marketplace. This is linked with an associated decline of store sizes, as retailers adapt to evolving conditions. A number of big box retailers are exploring smaller sized box stores due to concerns over productivity and underutilized square footage. Also, smaller format stores are more compatible in urban environments when seeking infill sites, as prime sites are not as readily available (or in the case of higher land costs – unaffordable).

The rise of on-demand delivery businesses (Uber Eats, DoorDash, Instacart, various grocery delivery services, etc.) has changed the way consumers shop. The convenience and timeliness of app-based services has replaced some extent of convenience commercial shopping trips that used to occur. Restaurant food delivery has been commonplace for decades, but only recently have relatively low cost third-party service providers entered the market to deliver on-demand goods such as groceries, convenience items, drug store items, beer/wine/liquor, and more. This has disrupted sales at convenience stores, which have always relied on higher margins than grocery stores and drug stores to be profitable, while capitalizing on their convenient location within residential and mixed use areas. As a result, personal services businesses such as hair/beauty services, dental/medical services, cleaners, and others, have taken on greater importance as tenants to draw customer traffic to convenience commercial shopping centres.

Consolidation in the retail industry is changing the nature of shopping. A prime example is the acquisition of Shoppers Drug Mart by Loblaw. Increasingly, Shoppers Drug Mart locations have incorporated food as an element of the store offering – sometimes close to one-half of the floorspace. The result is a blurring of retail formats compared to prior decades where there was much clearer segregation of goods from one business to another.

The growing popularity of dollar stores has impacted the retail landscape. These low-cost general merchandise stores often anchor neighbourhood shopping centres and convenience commercial strip plazas. Offering a wide range of goods including food, party supplies, toys, home décor, gifts, art supplies, and much more, they have become a key competitor to convenience stores (which typically have higher mark-ups on the goods they sell).

Consumers have embraced online shopping, and savvy retailers are pursuing new ways of engaging with mobile shoppers, such as applications (apps) that track consumer locations in proximity to their stores within a shopping centre (using the GPS functionality of the mobile device) and offer targeted promotions – even based upon previous buying experiences.

Online-focused retailers may open small store locations in shopping centres or other locations to showcase various products and allow consumers to experience the merchandise – see it first-hand, try it on – but ultimately place an order electronically. The shopper does not leave with the merchandise; it is shipped directly to their home. In this eCommerce era, people are already conditioned to receiving product through the mail/by courier. Online shopping has emerged as a necessary sales channel for many retailers – one that is gaining increased attention and investment. While shopping will remain an experience, eCommerce is ultimately about convenience.

Retail Market Metrics in Mississauga's Employment Areas, Corporate Centres, and Downtown

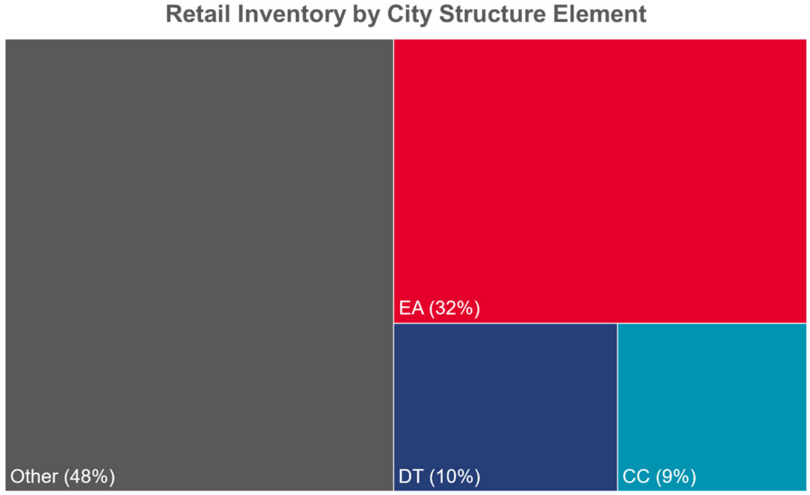
City of Mississauga staff provided data from CoStar (an analytics and marketing service provider to the commercial real estate industry). The purpose of this data review is to assess the historic performance of retail space within the city's Employment Areas, Corporate Centres, and Downtown. These retail-commercial properties offer vital services and amenities to the workers and businesses nearby (and neighbouring residential areas).

Inventory

CoStar data for mid-year 2024 shown on Exhibit 28 indicates that the City of Mississauga is home to just over 30 million sf of retail space. Of this, nearly one-third is located across the city's Employment Areas (9.8 million sf), while 9% is located within the Corporate Centres (2.7 million sf). Mississauga's Downtown are home to a further 10% of the inventory (3.1 million sf). The remaining one-half of the retail stock (14.7 million sf) is spread across other parts of the city. Clearly, these areas of employment are home to not only a vast supply of office and industrial space but also a considerable share of Mississauga's retail activity.

EXHIBIT 28

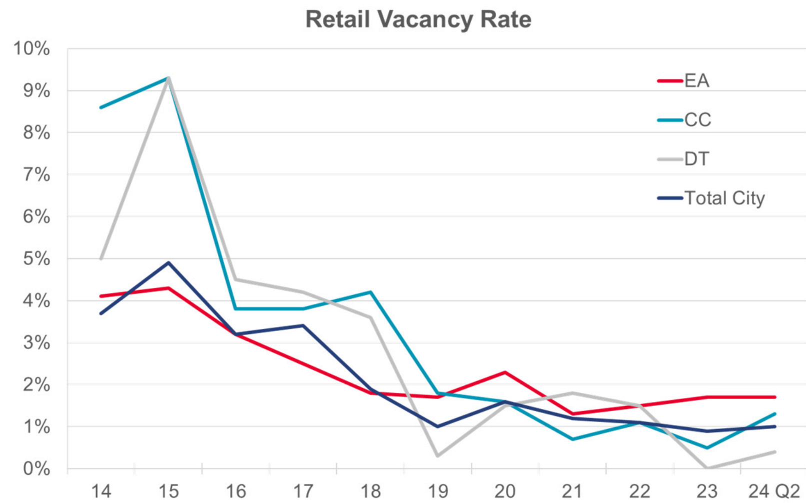
Retail Inventory by City Structure Element



Vacant Space

Retail vacancy has trended downward in Mississauga during the past 10 years, as profiled on Exhibit 29. CoStar reports a city-wide retail vacancy rate of just 1% at mid-year 2024. Of note, while vacancy in the Corporate Centres and Downtown was in the range of 9% in 2015 compared to closer to 4%-5% in the Employment Areas and Total City, this gap has since narrowed considerably, or has been eliminated altogether. It is interesting to note that the pandemic had a very marginal and short-lived impact on vacancy rates in Mississauga, according to the CoStar data – including across the city's areas of employment.

EXHIBIT 29

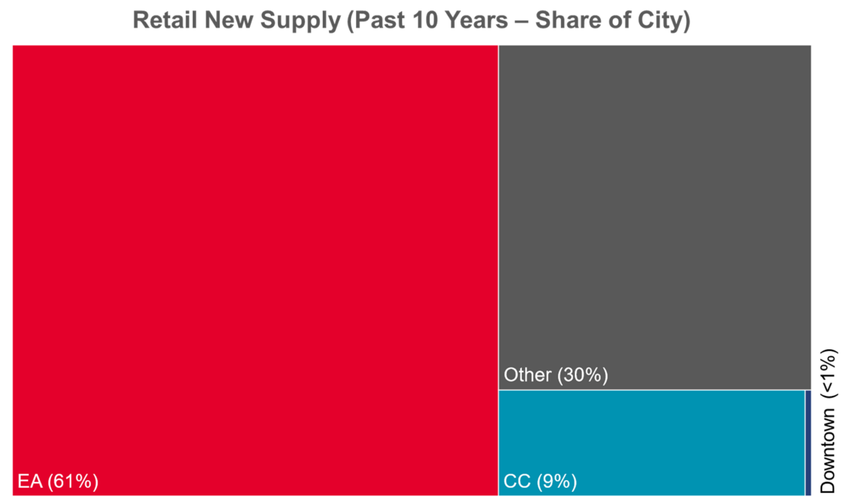


New Supply

According to CoStar's data, from 2014-2023 the City of Mississauga added almost 2.5 million sf of new retail inventory – with a further 145,000 sf added through mid-year 2024 – as per Exhibit 30. The city's Employment Areas were home to a substantial share of this new building stock (61%, or 1.5 million sf – including over 1 million sf added in 2021 alone).[9] The Corporate Centres accounted for a 9% share of new supply (around 225,000 sf), while the Downtown saw negligible new supply. Other areas of the city represented a 30% share of retail construction completions (740,000 sf). Lands within the city's employment-focused areas have been a key contributor to increasing the supply of retail space over the past decade.

[9] The 800,000 sf Ridgeway Commercial Centre was completed in 2021, accounting for the majority of this new supply.

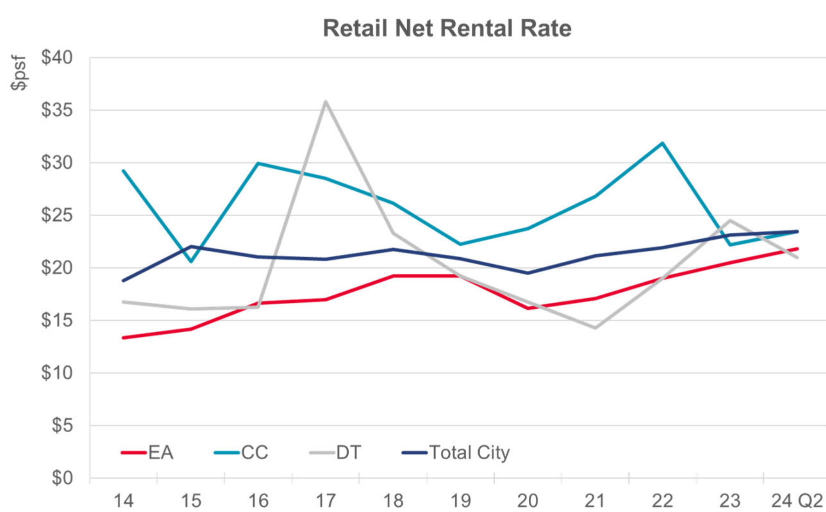
EXHIBIT 30



Rental Rates

The overall retail net rental rate has ranged from $19.00-$23.50 psf over the past 10+ years in Mississauga, based on CoStar's data shown on Exhibit 31. A modest decline is noted in 2020 – which coincides with the onset of the pandemic – followed by rising rates thereafter. While the rental rate trendline has been fairly similar for the Employment Areas compared to the overall city, rates within the Corporate Centres and Downtown are notably more volatile (this can be explained in part by the comparably smaller inventories in these areas). At mid-year 2024, net rents across the three employment areas (EA, CC, and DT) were within a range of $21.00-$23.50 psf.

EXHIBIT 31



MISSISSAUGA'S OFFICE, INDUSTRIAL, AND RETAIL MARKET OUTLOOK

Office Market Outlook

The office market everywhere is in a very dynamic state presently. Roughly four years since the lockdowns precipitated by the COVID pandemic, office occupiers are still trying to rationalize their workplace. There are noticeable differences in areas of the market including building types (newer and highly amenitized buildings outperforming older commodity buildings), across industry sectors (varied preferences and capabilities to work hybrid/remotely versus in-office), and within organizations themselves (divisions that are highly collaborative versus more independent work-focused professionals).

In the early quarters of the pandemic, market surveys indicated a sharp rise in the amount of vacant space that was being sublet. Over time this has diminished as a share of overall vacancy, although the rate of vacancy continues to climb in Toronto's Central Area. At the same time, increases in the GTA Suburbs – including Mississauga – have been more muted. In fact, Mississauga's overall office vacancy has declined slightly since 2021 (from 16.7% at year-end 2021 to 15.3% at mid-year 2024).

An aggressive development pipeline (particularly in Downtown Toronto, which had a vacancy rate of just 2% at year-end 2019) that was initiated during the strong office demand environment pre-COVID is nearing its end. Downtown Toronto recorded 7.2 million sf of new supply from 2020-2023 and a further 4 million sf will be delivered in 2024-2025. In contrast, the GTA Suburbs recorded 1.2 million sf of new supply in 2020-2023 and have a remaining pipeline of approximately 200,000 sf. The end of the new supply cycle will alleviate pressure from this aspect of the market – and it is notable that this future Downtown supply is approximately 75% pre-leased, so the effects of these new supply completions will be felt most profoundly at the existing buildings being vacated by the tenants taking on the new supply as it arrives.

The office is still a central part of the economy and a driver of productivity, career development, culture, and innovation. The urban office market faces challenges in 2024 and beyond, but there are bright spots in activity. Some of the demographic shifts at the height of the pandemic were temporary, as people still want to live in large, vibrant cities. Increased remote and hybrid work is shifting occupier demand, and reducing willingness of employees to commute, but much of that impact has already filtered through the system. Portfolio right-sizing will moderate in coming years.

Well located, top-tier office product is very much in demand. There will be a lull in new construction activity once this supply cycle ends, and this creates opportunities for renovated offices and assets slightly further down the value chain. There may be pressure for conversion as landlords with under-performing product seek alternative uses. This is more likely to be true for older, less amenitized buildings, where reinvestment to modern standards cannot be justified based on achievable rents.

Occupiers are committed to the office as a part of their business strategy – even if they are offering more employee flexibility than they did pre-pandemic. Remote work has been successful in many respects. However, many young employees want to be in the office because it is a place for connection and personal development. To appeal to workers of all ages, the office experience should focus on sustainable practices, superior technology, and inviting amenities.

In a hybrid work environment, many occupiers continue to look at centralized, urban office locations as the best option for their workforce. Mississauga will continue to represent a preferred suburban office market alternative, drawing upon the site selection factors that have fostered its growth over the past several decades. Enhanced amenities, services, and supporting transit will help continue to make Mississauga's office nodes sought-after locations for businesses. The urban core continues to be attractive to people looking for economic opportunity and vibrant, diverse places to live. Residents have flocked back to the cities. As Mississauga continues to urbanize and densify, opportunities to live closer to work and within mixed use areas increase. Offices within employment areas will also remain in demand, as these successful locations already offer proximity to business clients and an established amenities and services to support these workers. Mississauga's various City Structure Elements offer an array of site selection alternatives to suit the preferences of office occupiers.

Although the amount of remote work is structurally higher than it was in 2019, the majority of companies are moving forward with hybrid workplace strategies that have employees splitting time between being in the office several days a week and working remotely. The net impact of hybrid work policies on space needs is much smaller than when employees shift to 100% remote work, and fully remote workplace strategies continue to be an outlier among North American companies. There is reason to believe that much of the impacts of increased hybrid and remote work have worked their way through the system. Organizations with stated workplace policies are still leaning heavily on hybrid work ecosystems, with 50% of the firms tracked by Cushman & Wakefield Research currently utilizing a hybrid structure. However, that is down from 58% in 2022, and the share of companies with an office-centric (i.e., 3+ days per week in the office) workplace policy has increased from 19% to 35%. As companies change their policies, they almost always shift towards more in-office work, not less. In fact, over one-third of firms that were "remote-first" in 2022 have shifted to either hybrid (25%) or office-centric (11%) policies. One-fourth of organizations that were hybrid in 2022 have shifted to be office-centric over the past two years. All of this points to the fact that companies may be past "peak remote" work, as most occupiers are focused on how they optimize in-office attendance along with employee flexibility to maximize productivity, career development, innovation, culture, and employee engagement.

Demand is not equally shared across office product. The real winners over the past four years have been offices that are newly constructed, recently renovated, and/or offer the latest in amenities for its occupants. The flight-to-quality trend persists within Toronto's Downtown market, as occupiers increasingly direct attention toward top-tier buildings with features that foster experiential workplaces designed to attract talent and enhance their competitive advantage. The top-tier office market in Toronto has proven resilient to cyclical changes, consistently emerging as a frontrunner, even in the current cycle. In Mississauga, the Class A inventory represents a 69% share of the office inventory, while Class B accounts for 27%, and Class C just 4%. The majority of this office stock will continue to appeal to a broad range of prospective occupiers. However, older buildings that have not been maintained to modern standards may face pressure for conversion. Smaller buildings located on larger sites within business parks may be targeted for demolition and the sites redeveloped for alternative employment uses such as industrial, which has seen high demand for well-located sites given the persisting low vacancy rates and rising achievable rents for new product in the GTA. Adaptive reuse to support urban manufacturing – mixing light industrial uses and workshops alongside office activities – is another possible future, although issues related to compatibility must be addressed.

Suburban locations must offer an urban environment to compete for sought-after Major Office Employment. Over the past decade or more, there has been a profound shift in new office construction to Downtown Toronto from the surrounding Suburbs. This is due to a number of factors including superior transit service, accessibility to a young and educated pool of labour residing nearby, and the wealth of amenities offered to workers. Suburban municipalities must offer a compelling alternative on more than just a financial (rent) basis. Enhanced multi-modal transportation and an urban, amenity-rich environment is sought-after, and highly valued among office occupiers, and seen as critical in order to entice workers back to the office rather than working remotely. Existing high density employment areas should be a priority for increased transit service and infrastructure, as opposed to planning for service to upstart locations that may emerge as nodes over time.

Industrial Market Outlook

The industrial sector is typically considered the least dynamic of the major commercial real estate asset classes (office, industrial, and retail). However, in recent years supply chain pressures brought on by the pandemic and a rise in online shopping have acted to impact industrial space markets. Warehousing and distribution facilities have dramatically increased in demand over the past decade or more as the rate of eCommerce activity has accelerated. Sites for last-mile distribution have taken on even greater importance within urban environments.

The GTA industrial market had seen rental rates remain in a range around $5.00-$6.00 psf net for much of the past two decades, until 2017, when rents began to increase rapidly. This coincided with rising space demand and falling vacancy, as the pace of new supply did not keep up with absorption. The vacancy rate declined from its historic norm of around 5% to just 2% in 2017 – and to less than 1% in 2021-2022. From 2017-2023, average asking net rental rates nearly tripled from around $6.30 to $18.40 psf net. Of course, this rate of increase is not sustainable, and signs of moderation are evident in data through mid-year 2024 which show rents softening slightly to $18.10 psf an average across the GTA. In the near term there is no indication that rents will adjust downward significantly, as vacancy remains below historic norms and the extent of new supply added and remaining under construction is not sufficient to provide meaningful relief for prospective occupiers anytime soon. Eventually, if rents remain elevated, the economics of new development could result in prospective users of space in the GTA seeking alternatives in other nearby markets such as Guelph, Kitchener-Waterloo-Cambridge, Hamilton, Brantford, Barrie/Simcoe County, etc.

One consequence of the pandemic is that manufacturers are likely to hold more inventory as they seek more flexibility and less vulnerability to disruptions. Diversifying component sourcing – including an emphasis on localizing or regionalizing components to be closer to plants while holding more inventories- will require additional logistics real estate. Reshoring or nearshoring would shorten supply chains, effectively reducing long lead times, thereby giving manufacturers more control over production quantities to allow for greater flexibility in response to demand.

The outlook for warehousing and logistics demand remains bright, as eCommerce continues to expand structurally, and reorganized supply chains enable faster and more cost-efficient delivery. One emerging phenomenon that has not yet occurred in the GTA industrial market is multi-storey industrial new construction. This is typically seen in high-cost land markets where occupier demand is sufficient to warrant the higher costs of construction on properties with optimal site selection attributes (highway access, labour proximity, etc.). Such buildings could one day become a feature of the Toronto and area industrial scene. A market such as Mississauga that has relatively high costs for industrial lands and a subset of its industrial stock of well-located but aging buildings that are reaching obsolescence are the key preconditions for such development to occur. However, competitive land supply on the GTA's periphery and beyond counterbalances the likelihood of multi-storey industrial development. Nonetheless, planners should anticipate such uses on the horizon, if not the very near term.

The industrial sector should remain a bright spot among the major commercial real estate asset classes over the long term, with new facilities needed to serve the region's growing population base. It will remain important to ensure the availability of nearby services and amenities for workers, as well as access to transit. As Mississauga's remaining supply of vacant industrial land is absorbed, opportunities for infill development, demolition and redevelopment, and multi-storey new construction will likely all play a role in continued growth in the local market.

Retail Market Outlook

Many large shopping centres across the GTA are in the process of redevelopment or have applied for conversion into mixed use concepts incorporating retail-commercial spaces with residential and other uses (some office space, institutional/community space, etc.). These major land parcels are invariably well located within the urban environment providing superior access to transportation and transit infrastructure. Going forward, these densified sites will support the replacement retail activities that occur on site and within the nearby nodes of activity.

Statistics Canada data reveals that Canadians became increasingly reliant on retail e-commerce platforms in the face of COVID-19. Retail consumers have shown that, as restrictions were lifted, eCommerce remained an attractive method of shopping as some businesses increased their online presence and continued to invest in their online capabilities. After a sharp increase at the onset of the pandemic, retail eCommerce sales receded in 2021-2023 but remain well above pre-pandemic levels. The share of retail eCommerce sales as a proportion of total retail sales rose from 3.9% in 2019 to a peak of close to 7% in 2021, before moderating. Looking forward, this rate is anticipated to grow as more activity shifts to the online marketplace. Certain aspects of the retail sector will now be more severely challenged, and we will see more store closures as a result.

The retail sector is always evolving due to quickly changing consumer tastes. If any sector knows how important it is to adapt, it is retail. The pandemic itself and the post-pandemic inflationary economic environment has induced some longer-lasting behaviors in consumers, with shifting preferences towards dollar stores, discounters, warehouse clubs, and lower price superstores. Overall discretionary-type spending may be impacted for a prolonged period of time – particularly among individuals who have seen sharply higher housing costs (mortgage or rent payments) and have scaled back major purchases.

The pandemic accelerated the ongoing demise of the weakest shopping centres and malls. There will be winners and losers in different retail categories, but this will be the "last straw" for some businesses that were already in a precarious position, following up significant retail bankruptcies and store closures that have taken place in recent years. The clothing/apparel, entertainment, and restaurant/food court focus of many enclosed shopping centres is not fully aligned with shopping patterns seen during the crisis, with those tenancies listed being more oriented towards discretionary purchases.

Some of the hottest trends in physical retail in recent years have included experiential concepts, entertainment, food and beverage, food halls, fitness clubs, upstart independent brands, digital native retailers, and pop-up stores. Retail is moving from being a standalone shopping destination to becoming the ultimate amenity in live/work/play communities. The pandemic accelerated the ongoing trend of malls and shopping centres adding mixed use elements.

On a positive note, circumstances such as the pandemic presented a rare opportunity for some landlords to reposition a property, upon the (previously unanticipated) departure of a major/anchor tenant. While seen as important drivers of consumer traffic, to some degree the typically long-term nature of retail anchor/major tenant leases can also encumber a property owner's ability to actively manage the asset over time.

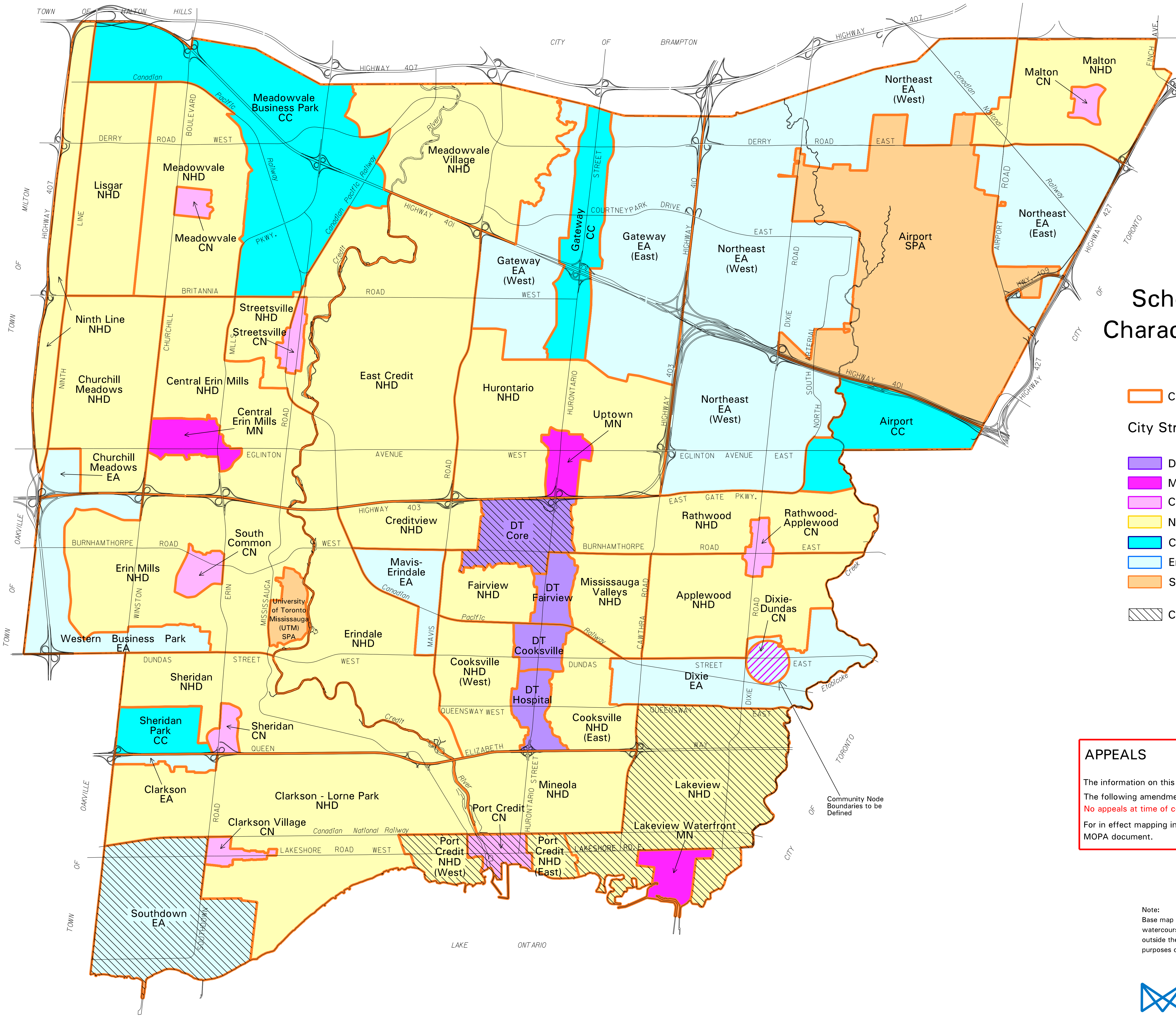
The outlook for Mississauga is a likely decline in the amount of physical shopping centre space per capita over time, along with the closure of under-performing store locations. Shopping centres are commonly a focal point and entrenched element of a neighbourhood/community. In the future, there may be an opportunity to transform some of these more distressed assets into mixed use redevelopment sites combining retail-commercial space with other uses, including medium and higher density forms of residential development. However, sites that abut employment areas serve not only the nearby residential base but also workers and businesses in the adjacent business park/employment area, providing important services and amenities. It is important to preserve these retail-commercial shops and services uses as lands redevelop. In fact, the city’s Employment Areas have been home to considerable new supply in recent years, which is notable.

APPENDIX A

Map of Character Areas

EXHIBIT 32

Schedule 9
Character Areas



Character Area

City Structure

- Downtown (DT)
- Major Node (MN)
- Community Node (CN)
- Neighbourhood (NHD)
- Corporate Centre (CC)
- Employment Area (EA)
- Special Purpose Area (SPA)
- Character Area Subject to Local Area Plan

APPEALS

The information on this schedule reflects Council adopted amendments.

The following amendments are under appeal and affect this schedule:

No appeals at time of consolidation.

For in effect mapping information refer to the Consolidation Tables and MOPA document.

Note:
Base map information (e.g. roads, highways, railways, watercourses), including any lands or bodies of water outside the city boundaries, is shown for information purposes only.

MISSISSAUGA

APPENDIX B

Comparison of Municipalities – Population and Employment

EXHIBIT 33

COMPARISON OF MUNICIPALITIES – POPULATION AND EMPLOYMENT BY PLACE OF WORK

Municipality	Region	Population (2021)	% Share	Employment by Place of Work (2021)	% Share
Toronto	Toronto	2,794,356	42%	1,411,641	44%
Mississauga	**Peel**	**717,961**	**11%**	**398,697**	**12%**
Brampton	Peel	656,480	10%	244,974	8%
Markham	York	338,503	5%	147,685	5%
Vaughan	York	323,103	5%	196,215	6%
Oakville	Halton	213,759	3%	108,526	3%
Richmond Hill	York	202,022	3%	86,011	3%
Burlington	Halton	186,948	3%	97,543	3%
Oshawa	Durham	175,383	3%	58,747	2%
Whitby	Durham	138,501	2%	56,953	2%
Milton	Halton	132,979	2%	58,728	2%
Ajax	Durham	126,666	2%	44,506	1%
Clarington	Durham	101,427	2%	34,784	1%
Pickering	Durham	99,186	1%	42,760	1%
Newmarket	York	87,942	1%	45,136	1%
Caledon	Peel	76,581	1%	37,733	1%
Halton Hills	Halton	62,951	1%	29,356	1%
Aurora	York	62,057	1%	31,051	1%
Whitchurch-Stouffville	York	49,864	1%	21,091	1%
Georgina	York	47,642	1%	16,022	<1%
East Gwillimbury	York	34,637	1%	13,961	<1%
King	York	27,333	<1%	11,296	<1%
Scugog	Durham	21,581	<1%	8,964	<1%
Uxbridge	Durham	21,556	<1%	9,511	<1%
Brock	Durham	12,567	<1%	4,322	<1%
TOTAL		**6,711,985**	**100%**	**3,216,211**	**100%**