

# 2013 State of the Downtown Report

City of London



## **Executive Summary**

The centre of the City of London is its downtown. Measuring the health of the downtown is important in understanding how the downtown, and City as a whole, are doing.

### **Current Value Assessment**

Because a revitalized area will generally have higher property values than one in decline, property assessment values can measure the impact of revitalization efforts by using the change in assessment values to determine the effectiveness of revitalization initiatives. Although growth in CVA was not as fast as previous years, 2012 and 2103 saw growth of over 4% and 2% respectively.

### **Incentive Program Activity**

Since 1988 the City of London has been offering financial incentives to encourage maintenance, improvement, and adaptive reuse of buildings downtown. These incentive programs offset the extra costs of refurbishment of heritage buildings in the downtown. The use of the programs by property owners shows the willingness of property owners to reinvest in their buildings and the relevance of the programs.

### **Street Level Vacancy Rates**

When there are a number of vacant storefronts the attractiveness of an area decreases significantly. This measure not only helps to determine specific areas which may be struggling but also areas of larger revitalization potential in the downtown. Street vacancy on major downtown pedestrian routes (Richmond, Kind and Dundas streets) shrunk to 11.5% from 12.1% between 2011 and 2013

## **Festivals and Events**

Attracting more people to the downtown is a major goal of revitalization efforts. Downtown London saw over a million visits to the downtown from city, regional and national visitors in 2012 and 2013.

## **Education Centres**

The combination of staff and students boost the level of activity in the Downtown every time an education centre is located Downtown. In 2013 a new Fanshawe College was established in a rehabilitated building on Dundas Street. This brought 400 new students plus staff to the downtown.

## **Business Mix**

A diverse business mix in a downtown will bolster its long-term vitality. Examining the business structure allows us to look at how well the Downtown attracts and retains business. This examination includes not only the number of new businesses but their composition in terms of market function.

## **Demographic Changes**

Seeing more people live in the downtown is a great indicator that the area is desirable and revitalizing. Downtown residents not only invest through their rent and mortgages but also provide a market for downtown retailers and activate downtown streets through their pedestrian travels. Census data released in 2013 indicate over 4000 people now call downtown home.



### Introduction

This is the sixth State of the Downtown report. They comprise a decade of monitoring the result of City Council investments in the Downtown. Since 2003 indicators have been used to examine the effectiveness of City Council’s revitalization initiatives for the Downtown.

### What’s Happened Since 2011

Downtown revitalization occurs through City-initiatives, private investment and more visitors coming to the downtown. Here is a summary of changes between 2011 and 2013.

- Road or Sewer improvements were made along Dundas, Ridout, Talbot and York Streets
- The creation of the Downtown Heritage Conservation District now

protects heritage buildings in the downtown.

- Extension of the City funding for the Enhanced Financial Incentive Programs for Downtown continue the City’s financial partnering with private reinvestment in the downtown.
- The City’s Transportation Master Plan was completed. It promotes the downtown as a centre of activity and transit.
- A sidewalk café pilot program tested out new ways to eat and drink outdoors within downtown London.
- The Dundas “Flexible Street” has received council support to undertake a detailed scoping study

- 2013 saw the arrival of a Fanshawe College campus in downtown London, bringing people and activity to the Downtown.
- After a Canada-wide design competition the Market Lane Redesign has been built, connecting two of Downtown's most significant features, Dundas Street and the Covent Garden Market.
- 2013 also saw London host the ISU World Figure Skating Championships. The event was held entirely in downtown London bringing hundreds of international guest and thousands more to see and experience the downtown with over 62,000 tickets sold.



Budweiser Gardens



Covent Garden Market

### Downtown Venues

The City has made significant investment in downtown activity generators. These include the Covent Garden Market, Budweiser Gardens and the Central Library.

The Covent Garden Market has averaged between 25 and 30 thousand visitors weekly. Sales at the end of 2013 were \$15,900,000.

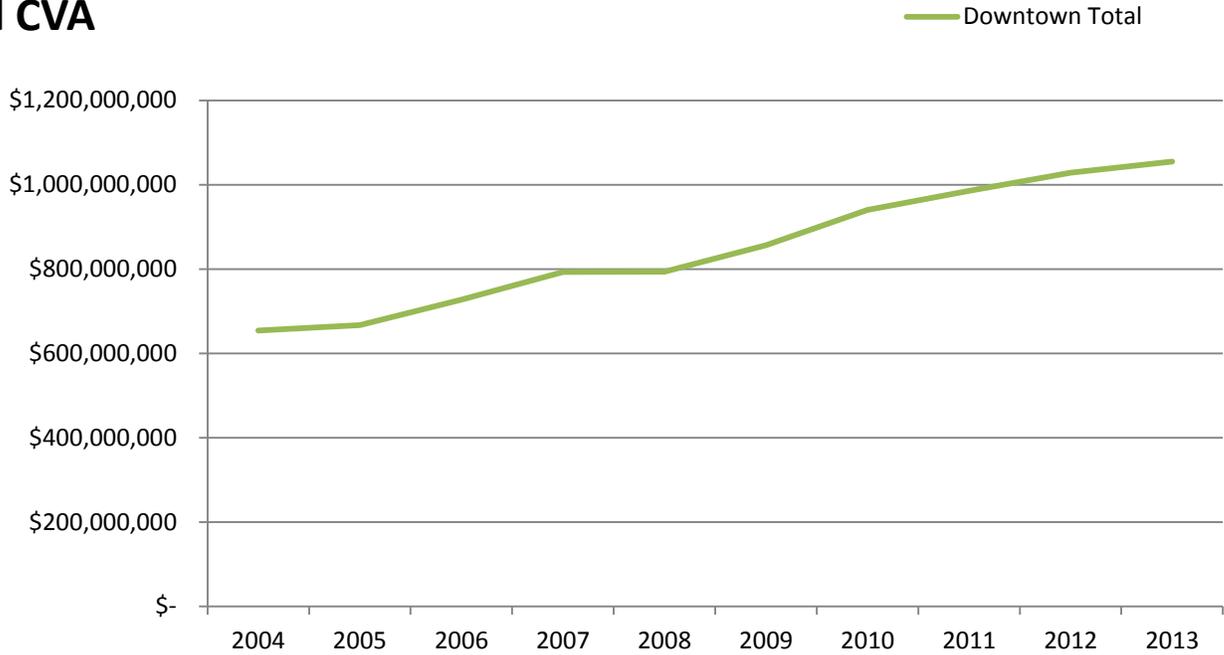
Budweiser Gardens saw 675,631 people attend 147 events in the year ending June 2013. In the previous year 654,207 people attended 141 events at Budweiser Gardens. This resulted in revenue of \$1,042,806 to the City as a result of the City's initial investment.

The Central Library in both 2012 and 2013 saw over 900,000 visitors, over 1.5 million items borrowed and over 3,000 programs run.



The Central Library

# Total CVA



## Current Value Assessment

Assessment data provide a clear picture of the value of the buildings in a given area. Current Value Assessment (CVA) for an area is the aggregation of the property assessment values within the given area, in this case the downtown. Growth in this number reflects either an appreciation in the value of those buildings, the addition of new buildings, or a combination of the two. Changes in tax class (based on changes of use) or appeals by owners to change the value may complicate this number but an upward trend indicates a growth in the assessed value of the area. This growth indicates a combination of investment in, and development of, the downtown. A continued increase in the property value of downtown is reflected in a continued increase in the Current Value Assessment (CVA).

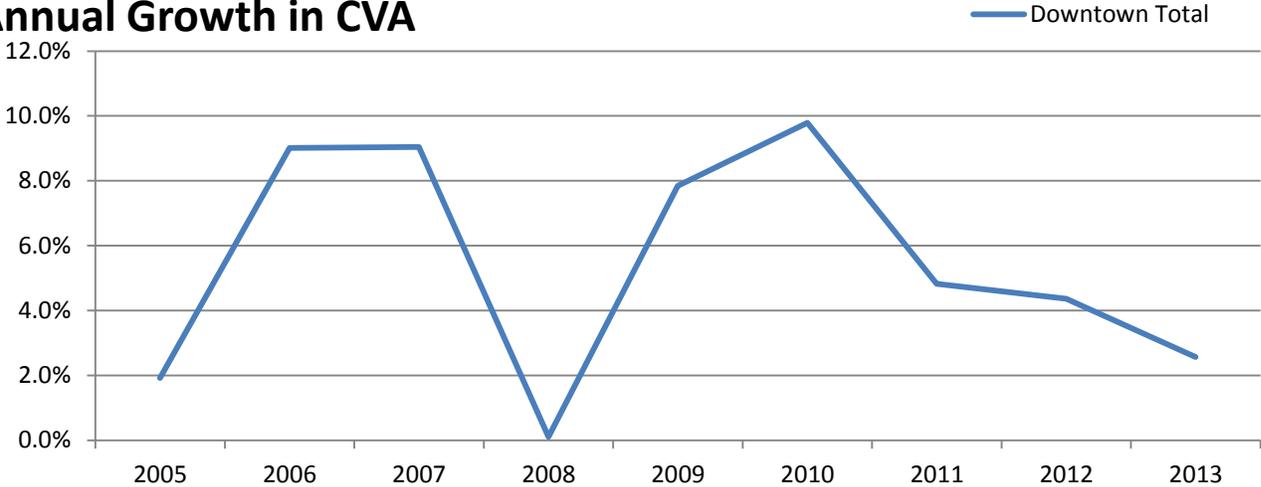
As a result of major declines experienced by Downtown London in the 1990s City Council set increases in tax value in the Downtown as one of the major goals for the Downtown Millennium Plan.

The increase from 2011 to 2013 in CVA saw the downtown reach \$1,054,692,127 - over a billion dollars. The continued CVA growth resulted in a total of 7% growth (4.4% in 2012 and 2.6% in 2013) from 2011 to 2013. The graph of annual growth rate (next page) shows this change is less than previous years. It is an improvement from 2008 when 0% growth was recorded.

Over the past decade there is a distinct and significant increase in the current value assessment of properties downtown. In 2004 the total CVA was \$654,434,460 and by 2013 it has grown to \$1,054,692,127, a 61% increase over ten years. This demonstrates that significant investments and changes are being made.

As seen in the Total CVA graph above, the trends are almost entirely positive for the 2005-2013 period. Although the rate of growth has slowed in recent periods reflecting the impact of the 2008 recession, it is worth noting that even in 2008 no decline was experienced. This rate of growth may fluctuate as properties redevelop and fewer properties are

# Annual Growth in CVA



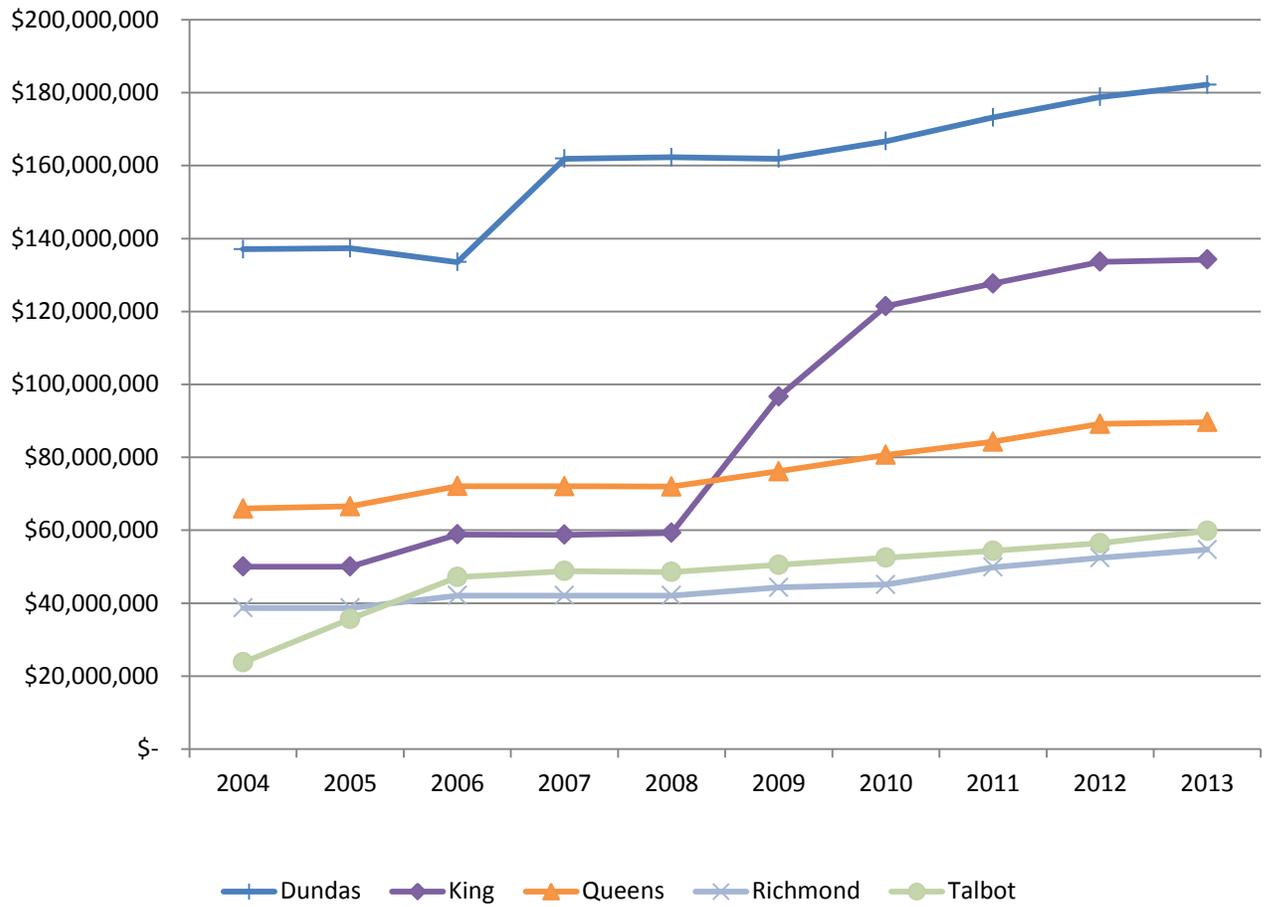
available for improvements. A decreased rate of growth should not be unexpected as part of the evolution of downtown London.

The CVA for downtown London has grown at an average of over 6% year after year. Closer examination indicates that this growth has not been consistent over the past decade with a drop to no growth in 2008 followed by a solid recovery. The pace of growth since 2010 has been declining. However, continued growth year over year is still the prevailing pattern for the downtown.

Across the Downtown growth in CVA has not been uniform. What the data do show however is that every street in the downtown has experienced some growth in CVA. The larger jumps tend to be indicative of significant projects being completed on a given street. The continued upward pattern on all streets indicates that assessment values are rising as a result of increases in market value. This increase in market value is the trend we are looking for as it shows a rising demand for the properties downtown.



## Total CVA by Street

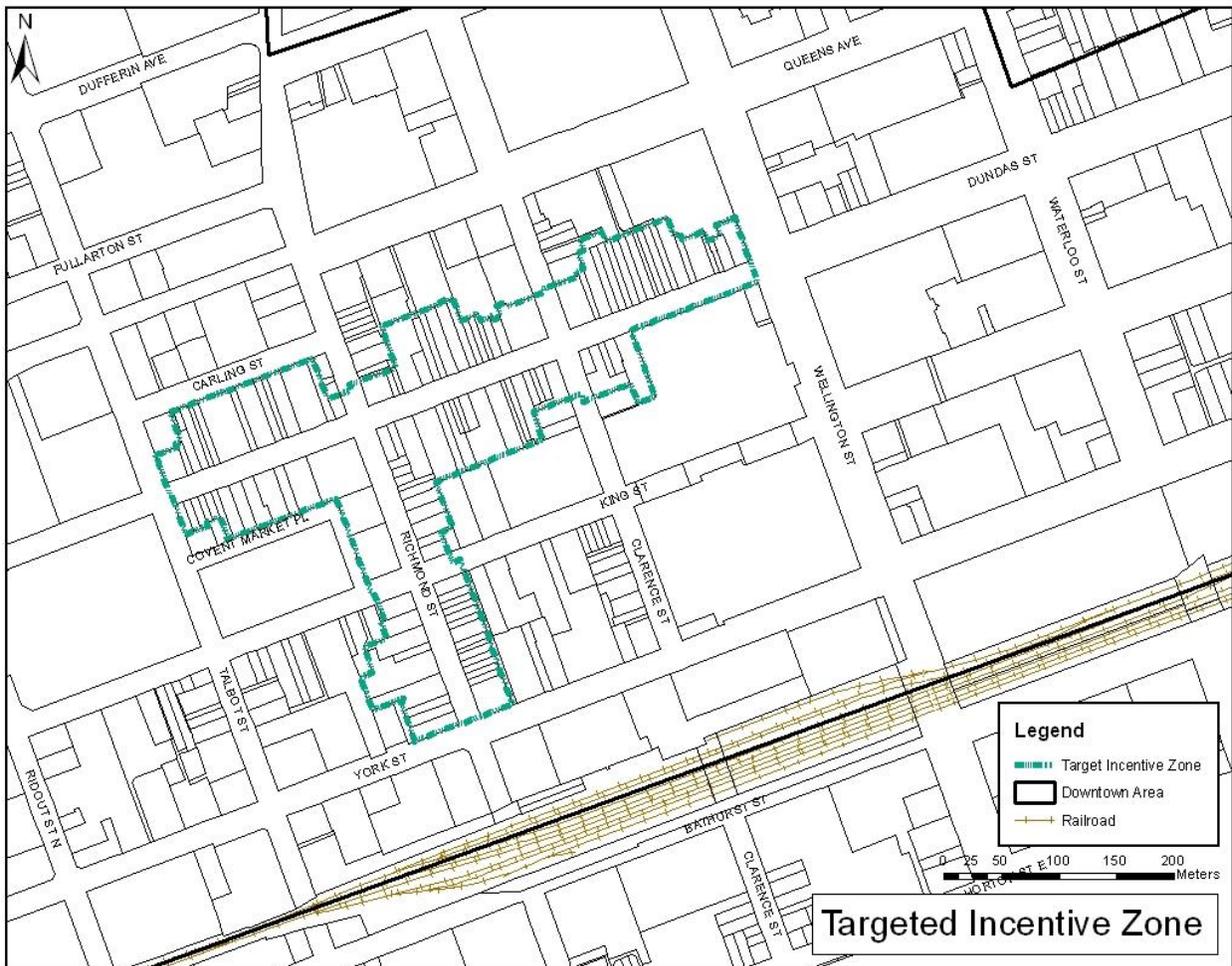


London's main street, Dundas Street, has the highest CVA within the downtown at \$182,194,473. It saw growth of 3.2% and 1.9% in 2012 and 2013 respectively. The growth in CVA for King Street has seen it surpass Queens Street as the second most valuable street, in terms of CVA, within the downtown, largely due to the 2008 development of the Renaissance Tower North. With growth of 4.7% in 2012 and 0.5% in 2013 the CVA is now \$134,216,715. Queens Street has seen growth and plateaus over the past decade. With growth of 5.6% in 2012 and 0.6% in 2013 it now

has a CVA of \$89,643,143. Development between 2004 and 2006 saw Talbot Street overtake Richmond Street in CVA. Richmond now has a CVA of \$52,616,250 (5.1% growth in 2012 and 4.3% growth in 2013) while Talbot's CVA is \$59,817,751 (3.8% growth in 2012 and 6.0% growth in 2013).

## Targeted Incentive Zone

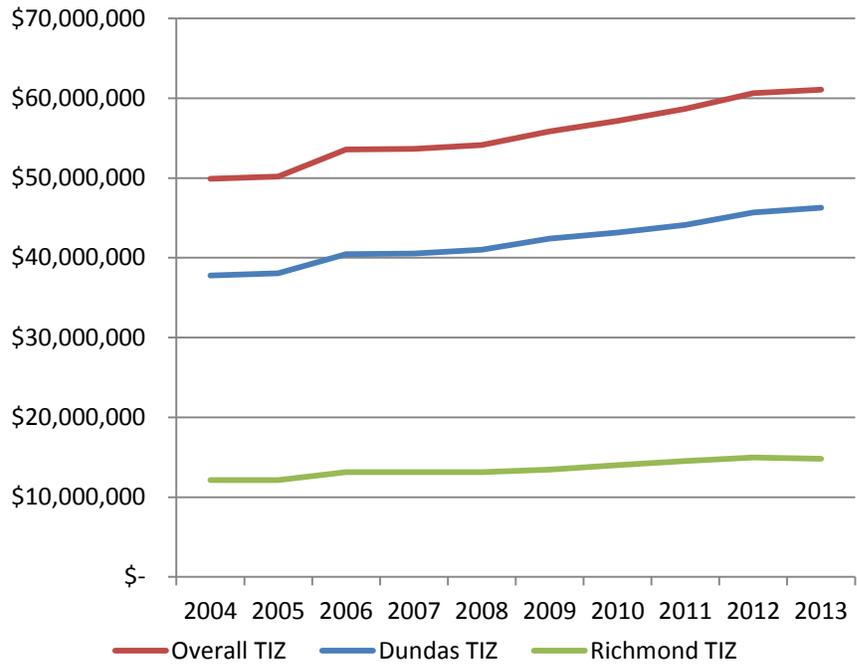
The Targeted Incentive Zone (TIZ) was established in 2008 to spur the revitalization of the main pedestrian corridors along Dundas and Richmond Streets. These main corridors are important in maintaining, and where necessary creating, a vibrant, distinct pedestrian-oriented area. The TIZ runs from York to Dundas on Richmond and from Talbot to the Central Library at Wellington on Dundas Street. The City of London has created several incentive programs for property improvement within this area to encourage its revitalization.



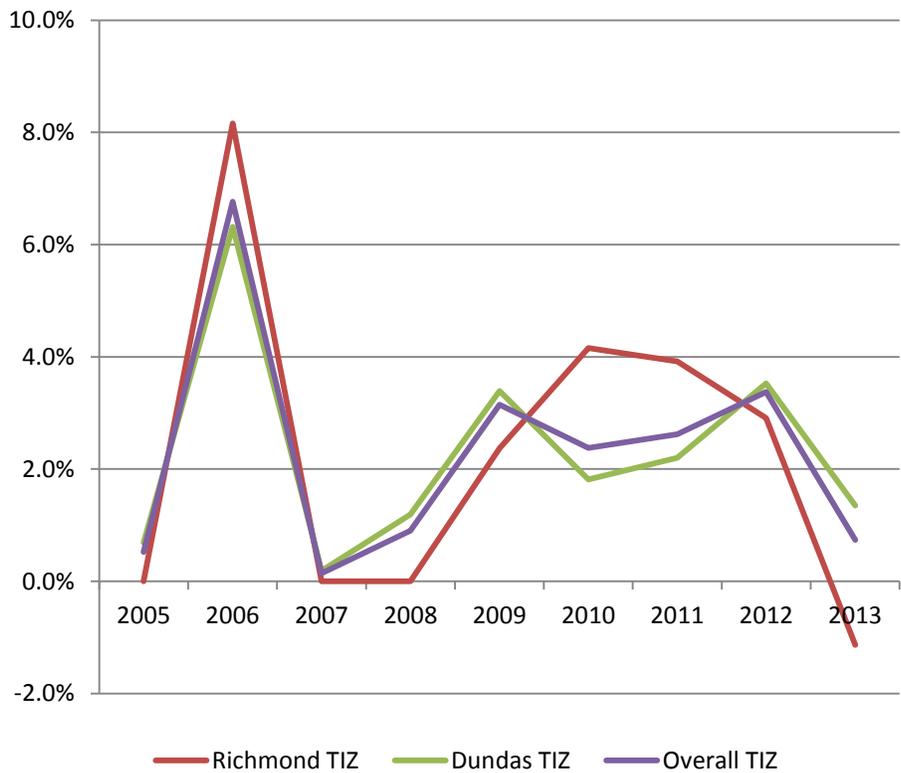
The Current Value Assessment indicator for the TIZ area within the downtown is more susceptible as to individual building changes based on the smaller number of buildings in its boundaries. Nevertheless, the TIZ shows the same general trend as the greater downtown with a steady increase upwards over time reflected through the overall CVA. In the 2011 to 2013 period the TIZ saw 4.1% growth.

Within the TIZ, the year 2013 shows a decrease in pace of growth for Dundas (1.3% growth for 2013), and a decline in CVA for Richmond (-1.1% growth in 2013). The rate of growth for 2012- 2013 did remain overall positive for Richmond with 1.7% growth over the two-year period (compared to 4.9% growth for Dundas). The CVA decrease on Richmond is likely due to an assessment change where a former commercial site was converted to an institutional use which carries a lower assessment value.

### Total CVA within the TIZ



### Annual Growth in CVA within the TIZ



## Financial Incentive Programs

In 1988, the Facade Improvement Loan Program was initiated by the City of London to encourage the improvement of existing building facades to spur revitalization in the Downtown. The 1998 Downtown Millennium Plan included two new incentive programs – the Upgrade to Building Code Loan Program and the Redevelopment Grant Program. These programs were implemented to:

- Support the maintenance, improvement, beautification and viability of the historic building stock in the Downtown. The building stock in the Downtown is a unique and integral part of the Downtown and cannot be replicated outside the Downtown. The building stock also plays a large role in projecting London's image not only to current residents of the City of London, but to potential investors as well as tourists.
- Encourage the development of residential units in older buildings through conversion and adaptive reuse. Help property owners ensure their buildings meet current building code regulations.
- Assist in the regeneration of London's Downtown by supporting the development of distinctive, interesting, and attractive commercial facades and spaces in existing Downtown buildings.
- Assist in the solidification of the Downtown assessment base.

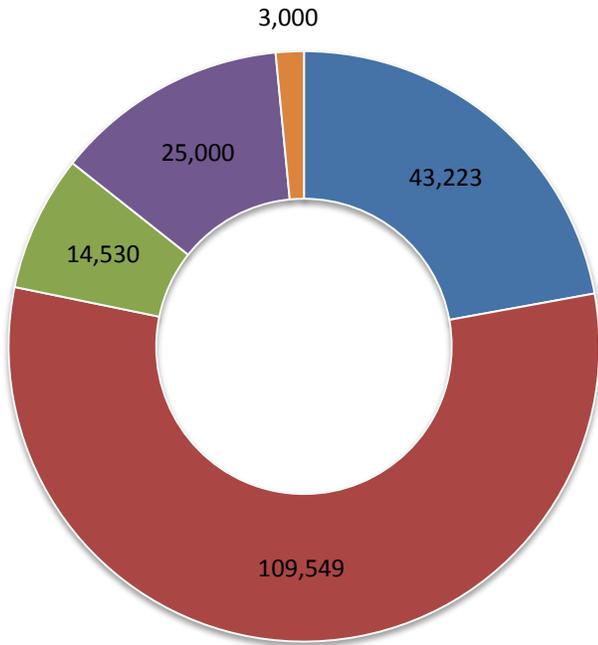
These programs provided significant benefit to downtown revitalization over the first decade of the programs in 2008. The City supplemented these programs to address decline along the main corridors of Dundas and Richmond aimed at Downtown property owners located within the Targeted Incentive Zone. The new programs were:

- Forgivable Facade Improvement Loan Program
- Forgivable Upgrade to Building Code Loan Program
- Non-Street Front Facade Improvement Loan Program
- Awning, Lighting and Signage Grant Program
- Heritage Building Assessment Grant Program
- Heritage Building Improvement Grant Program
- Tax Holiday Grant Program

Although the targeted programs expired in 2012 the Forgivable Façade Improvement Loan Program and the Forgivable Upgrade to Building Code Loan Program were both brought back in 2013.



## Program Funds Delivered 2012-2013 (\$)

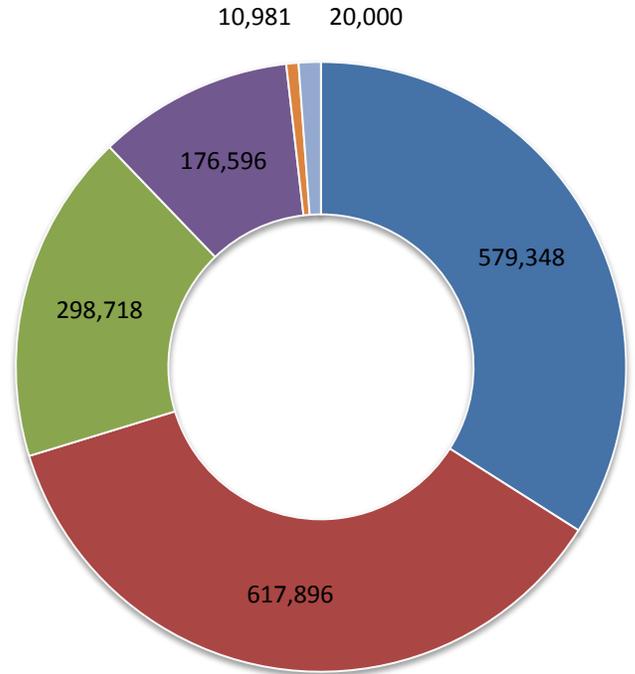


\$195,301 Total

- Upgrade to Building Code
- Forgivable Upgrade to Building Code
- Façade Improvement
- Forgivable Façade Improvement
- Awning Signage and Decorative Lighting

In 2012 and 2013 the majority of funds were used for Forgivable Upgrade to Building Code loans (56.1% of funds delivered) with the Upgrade to Building Code program second (22.1% of funds delivered). Only 1.5% of funds delivered went to non-recoverable grants (through the Awning Signage and Decorative Lighting program).

## Program Funds Delivered 2008-2013 (\$)



\$1,703,539 Total

- Upgrade to Building Code
- Forgivable Upgrade to Building Code
- Façade Improvement
- Forgivable Façade Improvement
- Awning Signage and Decorative Lighting
- Heritage Assessment/Improvement

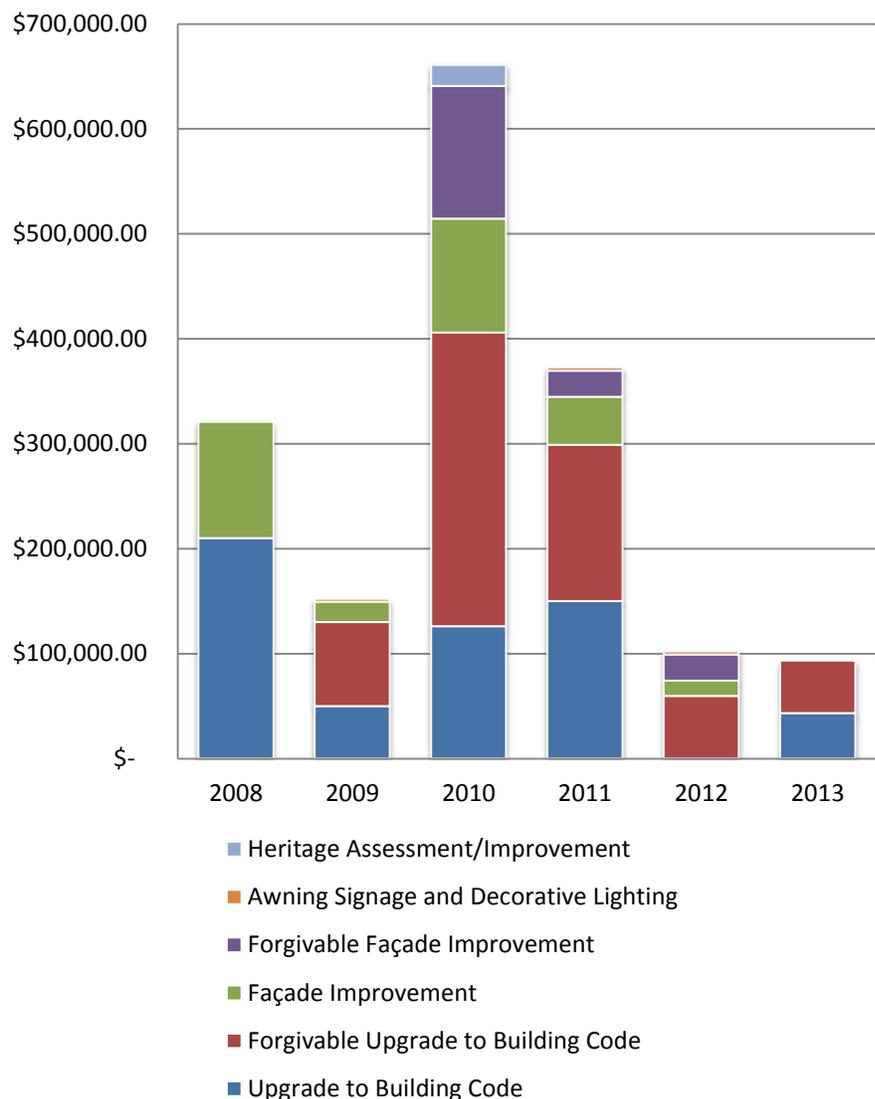
The last five years have seen the two Upgrade to Building Code programs make up the majority of the funds used with a combined 70.3% of the funds delivered going to those programs. Only 1.8% of funds delivered went to the two grants programs, the rest was delivered in the form of recoverable loans.

|  | 2008    | 2009    | 2010    | 2011    | 2012    | 2013   | Total     |
|--|---------|---------|---------|---------|---------|--------|-----------|
| <b>LOAN PROGRAMS</b>                   | \$      | \$      | \$      | \$      | \$      | \$     | \$        |
| Upgrade to Building Code               | 210,100 | 50,000  | 126,025 | 150,000 | 0       | 43,223 | 579,348   |
| Forgivable Upgrade to Building Code    | 0       | 79,877  | 279,691 | 148,779 | 59,549  | 50,000 | 617,896   |
| Façade Improvement                     | 110,567 | 19,422  | 108,540 | 45,659  | 14,530  | 0      | 298,718   |
| Forgivable Façade Improvement          | 0       | 0       | 126,596 | 25,000  | 25,000  | 0      | 176,596   |
| <b>GRANT PROGRAMS</b>                  |         |         |         |         |         |        |           |
| Awning Signage and Decorative Lighting | 0       | 2,750   | 2,231   | 3,000   | 3,000   | 0      | 10,981    |
| Heritage Assessment/Improvement        | 0       | 0       | 20,000  | 0       | 0       | 0      | 20,000    |
|  | 320,668 | 152,050 | 660,858 | 372,438 | 102,079 | 93,223 | 1,701,315 |

Over the past 5 years over \$1.7 million has been spent on the programs. Approximately \$29 000 were grants, with the rest in loans which are repayable to the City. Approximately 60% of the money spent has supported the two Upgrade to Building Code programs.

Both the adjacent graph and the table above indicate that program utilization peaked in 2010. In 2010 every program was being used by businesses in the downtown. There has been a decrease in program usage over the last three years largely due to the expiry of the targeted programs and the limited reinstatement of only some. The continued use of the programs since their reinstatement indicates that the community continues to see a value in the programs.

### Program Use by Year



## The Downtown Rehabilitation and Redevelopment Grant Program

To support the restoration and rehabilitation of buildings in the Downtown the City set up The Downtown Rehabilitation and Redevelopment Grant Program. Through this program those property owners who improve their downtown properties are eligible to receive a grant equal to a portion of the increase in tax when the improved property is reassessed. The funding is received as a grant in the year after taxes are paid. This program is intended to run for ten years with the size of the grant decreasing over the length of the program. The size of the grant may also vary depending on the building with rehabilitation of heritage buildings receiving the largest proportional grant followed by renovations to meet urban design guidelines, and with new build redevelopment receiving the smallest portion. New build however are likely to receive significant funds from the program given that this development (from vacant to whatever is developed) will likely have a larger assessment value increase.

An examination of the programs numbers indicates that the program is increasingly popular (42 grants in 2011 up to 45 in 2012 both up from 20 in 2010). The structure of the grants however means that despite the increase of three new grants issues in 2012 over 2011 the amount delivered still decrease from 2011 to 2012.



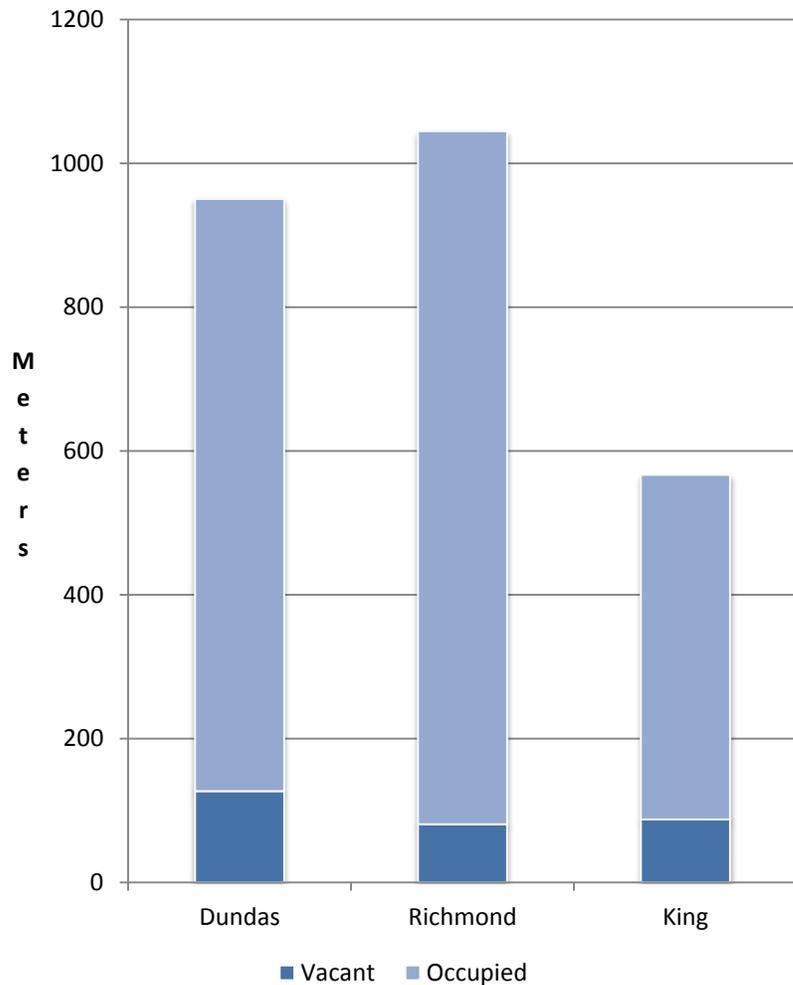
| Year                   | 2008     | 2009      | 2010      | 2011      | 2012      |
|------------------------|----------|-----------|-----------|-----------|-----------|
| <b>Grants Issued</b>   | 6        | 23        | 20        | 42        | 45        |
| <b>Value of Grants</b> | \$ 4,191 | \$ 23,033 | \$ 19,895 | \$ 71,012 | \$ 65,223 |

## Vacant Storefronts

A vibrant downtown includes a consistently vibrant pedestrian experience. The streetscapes in downtown London create that vibrancy with occupied storefronts. A comparison between the 2013 situation and that in 2011 shows a modest improvement over the time period with a decrease of 0.6% in unoccupied street frontage.

The study area was comprised of King Street from Ridout to Clarence, Dundas Street from Talbot to Wellington and Richmond Street from York to Queens. The overall positive trend is maintained on both Dundas and Richmond streets within the study area which saw decreases in vacant frontage of 16.6 and 33.3 meters respectively. King Street on the other hand has seen a decrease of 36.2m in occupied space over the past two years, within the study area.

## 2013 Occupied and Vacant Street Frontage



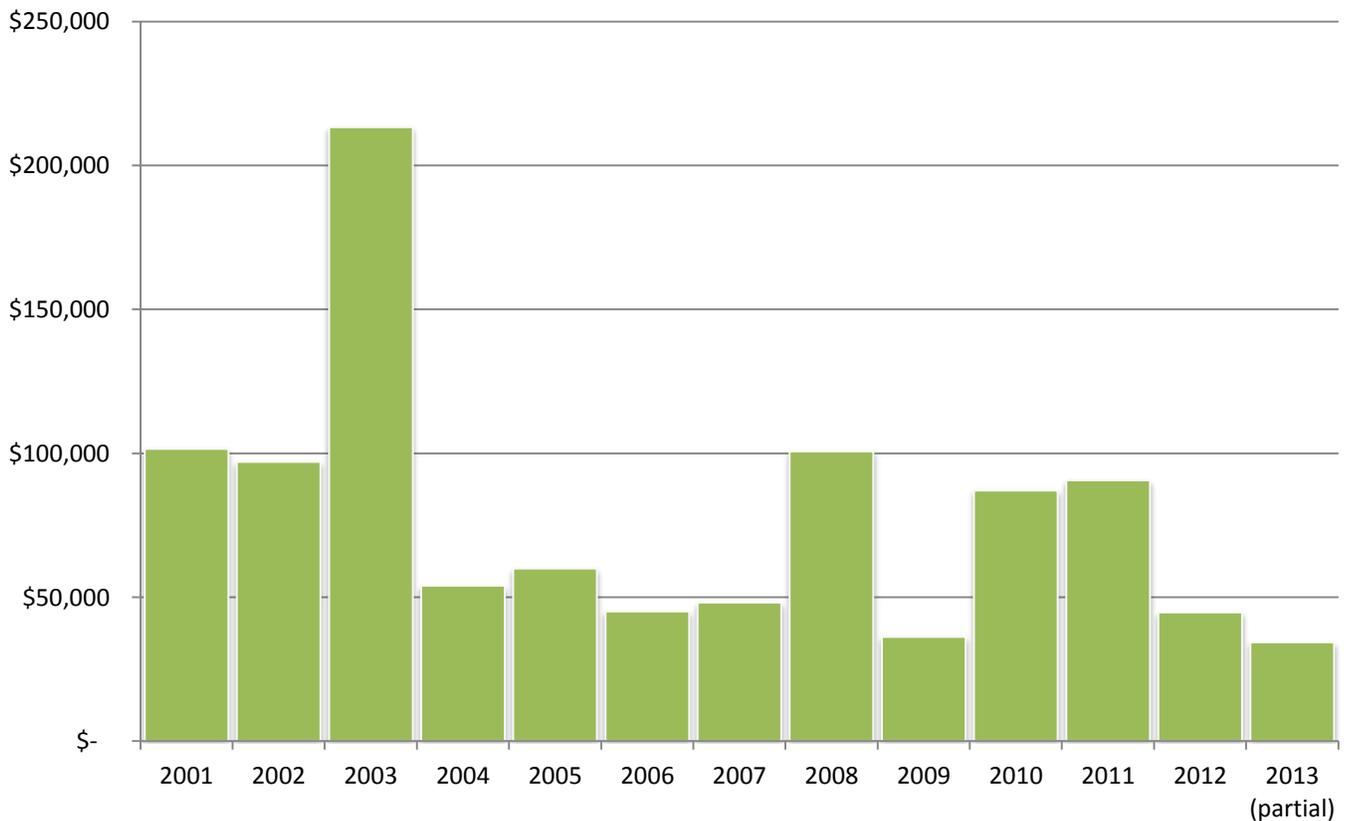
| 2013 | Vacant Frontage | Length (m)   | Total(m)       | Percentage of Street |
|------|-----------------|--------------|----------------|----------------------|
|      | Dundas Street   | 126.9        | 950.3          | 13.3%                |
|      | Richmond Street | 80.9         | 1,044.4        | 7.7%                 |
|      | King Street     | 87.5         | 566.9          | 15.4%                |
|      | <b>Total</b>    | <b>295.2</b> | <b>2,561.6</b> | <b>11.5%</b>         |
| 2011 | Vacant Frontage | Length (m)   | Total(m)       | Percentage of Street |
|      | Dundas Street   | 143.5        | 950.3          | 15.1%                |
|      | Richmond Street | 114.2        | 1,044.4        | 10.9%                |
|      | King Street     | 51.3         | 566.9          | 9.0%                 |
|      | <b>Total</b>    | <b>309.0</b> | <b>2,561.6</b> | <b>12.1%</b>         |

## About Face Grants

About Face Grants are provided by the Downtown London BIA. They deliver business owners in the downtown funds to help improve their storefront which generates a revitalized streetscape in the downtown. In 2012 and 2013 a total of 15 businesses received an About Face Grant to improve their storefronts. In the 2012-2013 period under \$50,000 was delivered in each year, well below the 2003 peak where over \$200,000 in About Face Grants were provided.



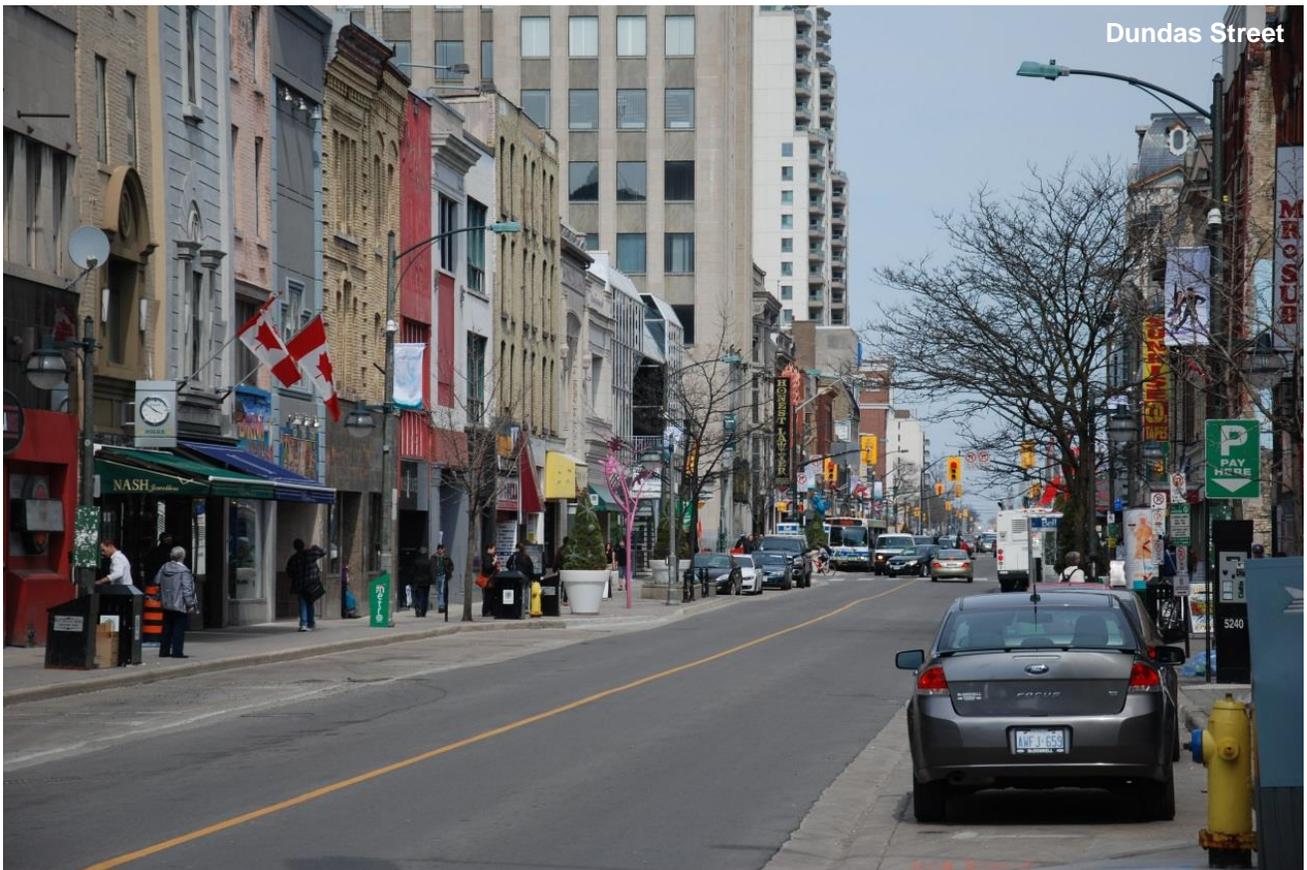
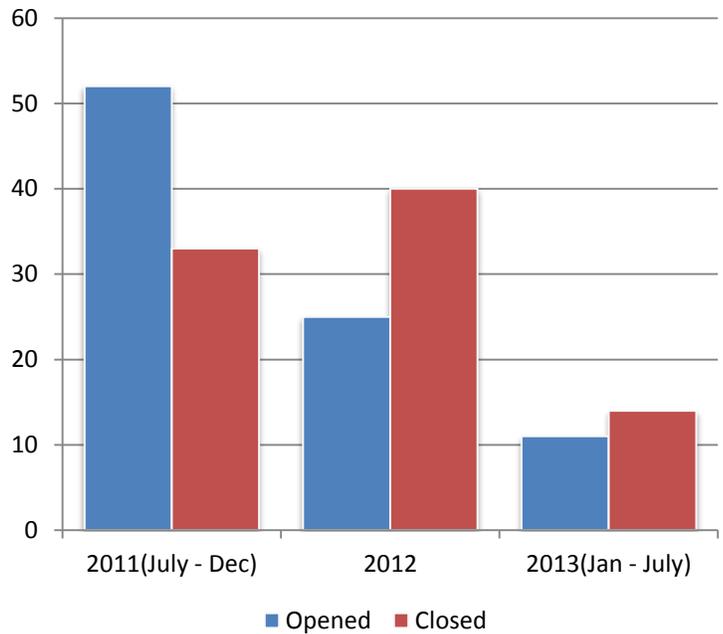
## About Face Grants Annual Investment



## Business Openings and Closings

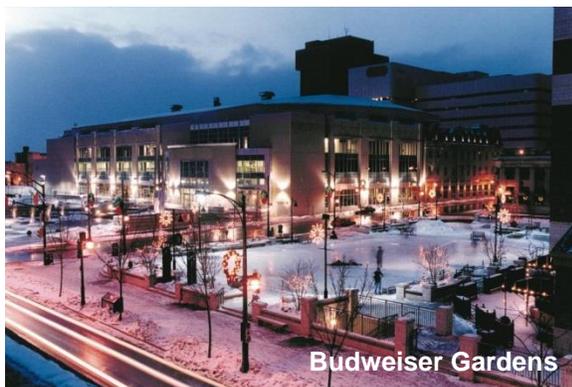
Business openings tend to give some confidence that investors see a positive business climate while business closings impart the opposite. The trend over the last two years has been a decrease in the opening of new businesses. This may be reflective of the less than ideal economic situation in the London area over the period which has continued to see an unusually high level of unemployment in the region. As the bar graph shows business closings have also decreased in number after an upward spike in 2012. The gap between openings and closings has also narrowed considerably.

## Business Openings and Closings



## Festivals and Events

Downtown London in 2012 and 2013 welcomed hundreds of thousands of visitors. In 2012 there were 41 events with 396,145 attendees and in 2013, thirty-one events brought 377,595 attendees downtown. Over the 2 year period this meant over three quarters of a million visitors to the downtown. These are all in addition to attendance at Budweiser Gardens which, as previously stated, drew 654,207 people in 2012 and another 675,631 people in 2013.



In 2013 downtown London hosted the ISU World Figure Skating Championships. This event brought 6,525 people (individuals visiting, not tickets purchased) to London for the week of March 11-17. Spectators spent \$5 million dollars in London for the ISU Figure Skating World Championships. This results in a total economic impact of \$17.2 million in London alone.

Annual summer festivals continued to be a fixture within and around the downtown. In June London Fringe Festival brought in dozens of performers from around the country to largely downtown venues. The festival recently added Nuit Blanche, a night of street festivities based around a Dundas Street open solely to pedestrians.



July festivals include Sunfest and the Home County Folk Festival. Over 200,000 visitors came to Sunfest in 2013. The Home County Folk Festival estimated its attendance at between 125,000 and 150,000 in recent years. July also featured Rock the Park in Harris Park with well over 25,000 attendees. Ribfest continued to grow and saw 50,000 attendees in 2013.



The Grand Theatre hosted over 200 shows year round with an annual attendance of 104,843 for the 2011-12 and 119,080 for the 2012-2013 seasons.



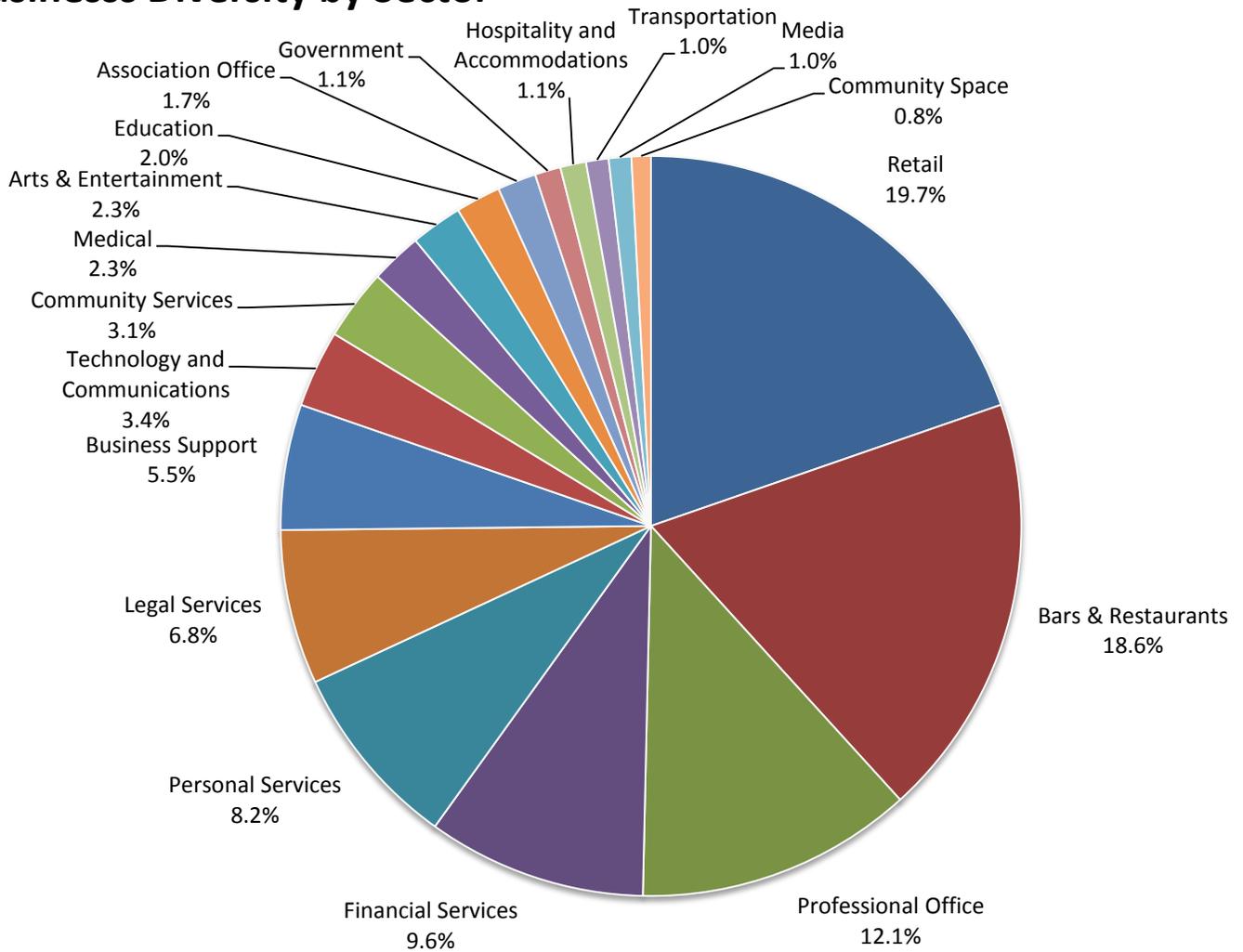
Fanshawe Centre for Digital and Performing Arts

## Education

In the 2012-2013 period Fanshawe's Centre for Digital and Performance Arts was completed. This new campus located on Dundas at Market Lane officially opened in January 2014. Upon opening the new campus has more than 400 students plus staff. It is expected that at full capacity the Centre for Digital and Performance Arts will contribute \$80 million annually to the local economy.

Downtown London continues to have a number of post-secondary institutions located within it. Everest College, Western Continuing Studies, College Boreal and Fanshawe (now with 2) all have locations within the downtown. Also within the Downtown the London International Academy offers boarding programs for international secondary school students looking to improve English prior to post-secondary entrance.

## Business Diversity by Sector



### Business Diversity

There are currently 711 businesses operating in the Downtown. Downtown London has a wide variety of sectors represented. These businesses serve office workers, residents and visitors. As an example of a vibrant downtown it is a positive sign that both retail and eating establishments (bars and restaurants) are among the largest sectors in the downtown with 140 retail establishments and 132 eating establishments respectively. Since the 1990s the City of London has also endeavoured

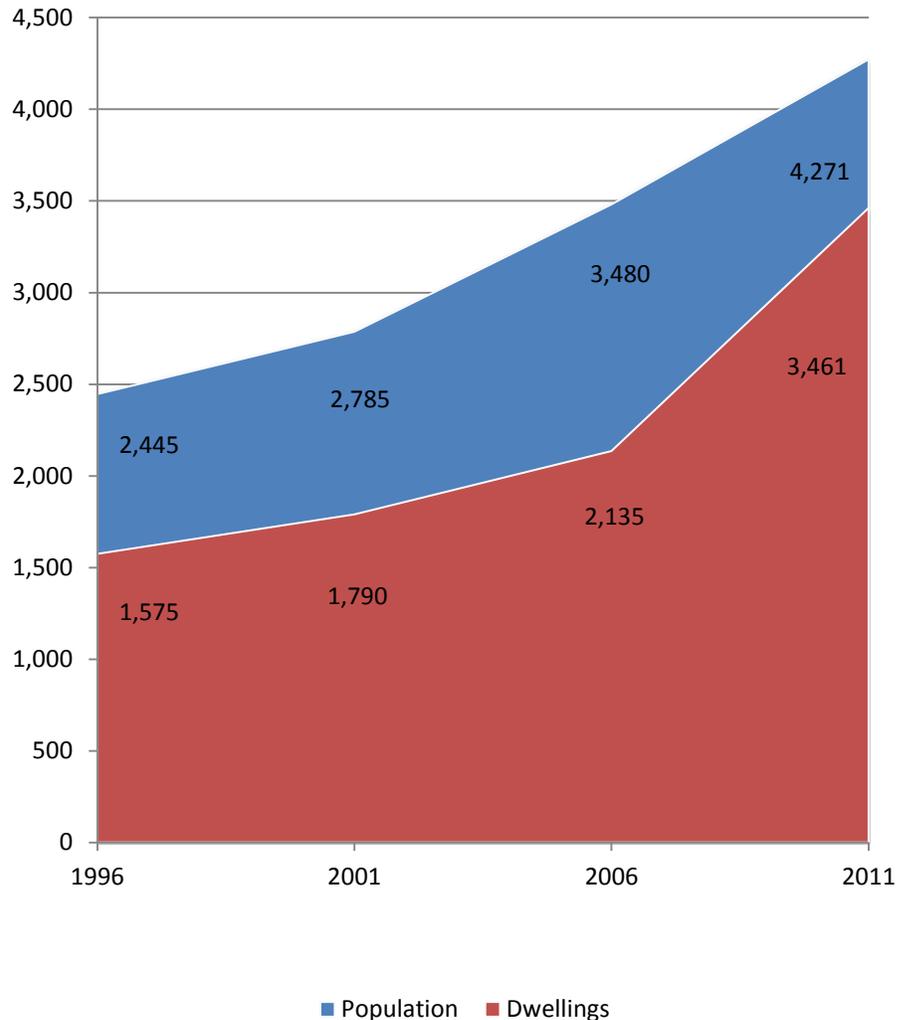
to make Downtown London the primary location for offices within the city. The proliferation of these uses inside the Downtown, including legal, government and professional office is in keeping with City goals for the area.

It is important to note that the pie chart above indicates the number of businesses as opposed to numbers employed in a given sector.

## Demographic Change

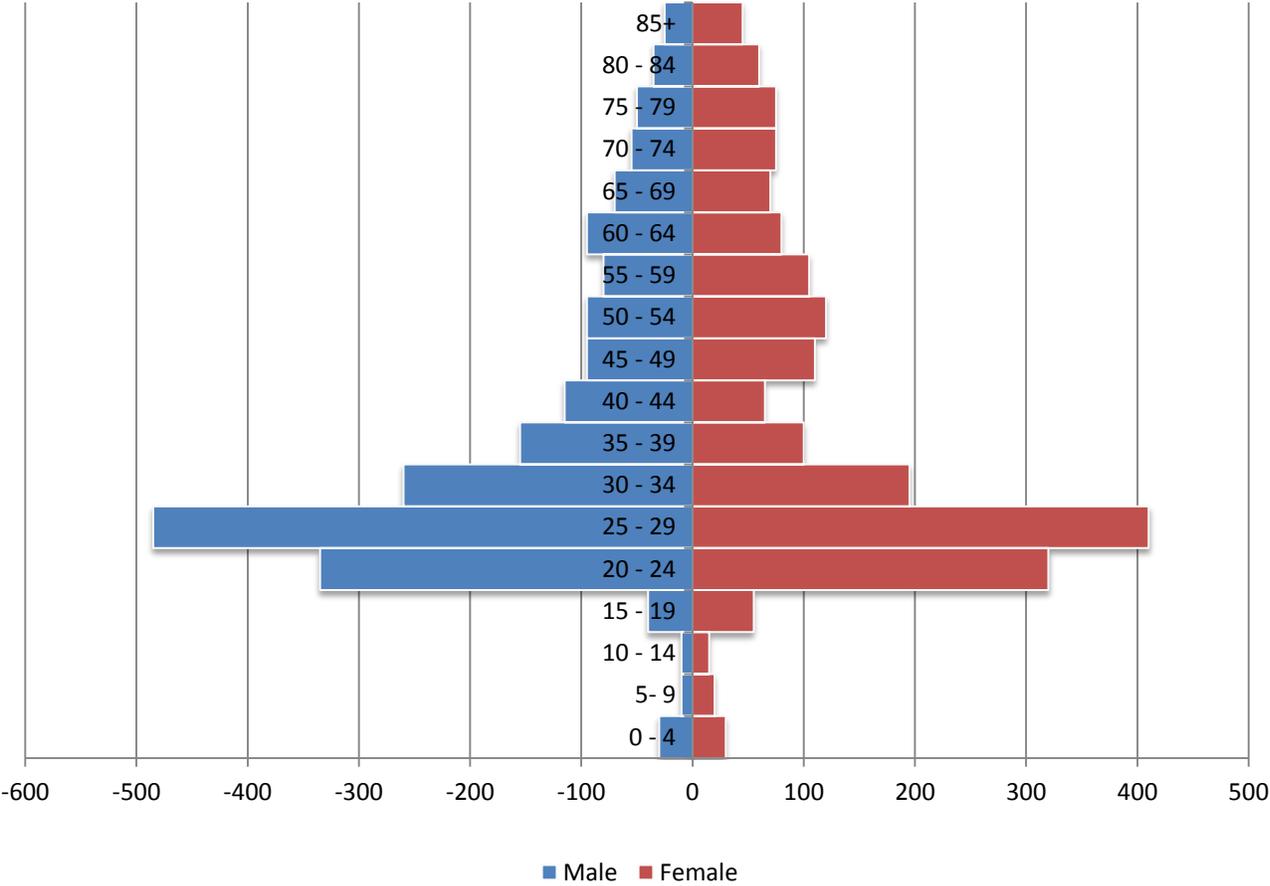
Downtown London has seen notable demographic shifts over the past four censuses. The latest available data (from the 2011 census) indicates that the Downtown has seen 74.7% population growth over the 15 year period from 1996 to 2011. This growth in population correlates with an even larger growth in the number of dwellings at 119.7% growth over the 15 year period. This breaks down to 7.98% growth in number of dwellings annually and 4.98% growth in population on an average year. The latest 5 year period (from 2006-2011) shows a 4.55% growth in population annually and a 12.42% growth in dwelling counts. As the growth in population is lower than the growth rate for dwellings, the average size of household in the Downtown is shrinking from an average of 1.63 people per household in 2006 to 1.23 per household in 2011. Growth is continuing to occur in the Downtown both in population and dwelling counts.

## Downtown Population and Dwelling Counts



| Age Cohort | 1996  | 2001  | 2006  | 2011  |
|------------|-------|-------|-------|-------|
| 0-19       | 195   | 150   | 220   | 215   |
| 20-44      | 1,445 | 1,575 | 2,035 | 2,450 |
| 45-64      | 460   | 610   | 635   | 785   |
| 65+        | 400   | 460   | 530   | 560   |

# Downtown Population Breakdown 2013



The age breakdown of an area provides a better indication of who is living in the Downtown. Ultimately what we see in the downtown is a comparatively young population. Although growth is notable across all age groups the 20 through 34 cohorts dominate the population breakdown.



## Household Income in the Downtown

Average household income in the City of London as a whole has risen from 2001 at a rate of 27%. In the Downtown itself the increase is comparable at 30%. This indicates that incomes in the downtown are catching up to those city-wide.



Carling Street

| Planning Area | Average Household Income |          |          |
|---------------|--------------------------|----------|----------|
|               | 2001                     | 2006     | 2011     |
| City-wide     | \$57,589                 | \$68,899 | \$73,107 |
| Downtown      | \$46,201                 | \$53,807 | \$59,766 |

| Planning Area | Median Household Income |          |          |
|---------------|-------------------------|----------|----------|
|               | 2001                    | 2006     | 2011     |
| City-wide     | \$46,153                | \$53,564 | \$56,241 |
| Downtown      | \$34,667                | \$46,908 | \$50,553 |

When we examine median household income, the difference in growth between the downtown and the city as a whole is more pronounced than when comparing averages. Whereas the increase in median household income over the decade for the city was 22%, in the downtown the increase was more than double that at 46%. What this indicates is that much of the increased population in downtown is in households with more income.



Storefront on Dundas Street

| Planning Area | Labour Force Participation Rate |      |      |
|---------------|---------------------------------|------|------|
|               | 2001                            | 2006 | 2011 |
| City-wide     | 68%                             | 68%  | 65%  |
| Downtown      | 71%                             | 71%  | 74%  |

### Labour and Employment

Downtown London differs from the city as a whole when it comes to labour and unemployment. As the City of London has seen a decreasing Labour Force Participation rate, Downtown London is trending the other way with an increasing portion of the downtown population within the labour force. What this means is that people moving to downtown London are coming not just to live and for entertainment, but are finding work as well.



County of Middlesex Building

| Planning Area | Unemployment Rate |      |      |
|---------------|-------------------|------|------|
|               | 2001              | 2006 | 2011 |
| City-wide     | 7%                | 6%   | 9%   |
| Downtown      | 9%                | 7%   | 10%  |

Downtown London's unemployment rate is in keeping with that of the city as a whole. The recession of 2008 continues to affect London and downtown within it having created a jump in the unemployment which as of yet has not returned to pre-2008 levels.



Patio off of Dundas Street



## Conclusion

Downtown London continues to thrive. People are moving in and finding places to work. Although the growth rate in many areas is not as significant as it once was, the trends remain positive. People are investing in downtown London and the increase in value is being recognized. The City of London is continuing to find downtown businesses willing to partner with them to invest in downtown London.

## Coming Up

2014 and 2015 are going to see continued activity and investment in the Downtown. The City is releasing its new Downtown Master Plan. The Canadian Country Music Awards are coming to Downtown London. The Forks of the Thames will be examined as part of an international design ideas competition for the central reaches of the riverfront, being hosted by the London Community Foundation. And finally, planning approvals for new residential buildings in and within walking distance of Downtown continue to indicate the trend for making one's home in the heart of London.